

MARKETING TOURISM IN REGIONAL AUSTRALIA: CHALLENGES - CASE STUDY OF NEW SOUTH WALES

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Abstract

With as many as 9.1 million visitors entering the Australian shores in the year ending July 2018, international visitors have made a record spend of approximately \$42.3 billion in the year until March of 2018. Tourism in Australia has shown a positive growth with international tourist arrivals to Australia increasing from 8.4 million in 2017 to 9 million in 2018 and the revenue from international visitor arrivals increasing from 39.8 billion to 42.3 billion. With this increase in tourism, it is intriguing to know how many of these visitors actually visit the regional areas of New South Wales.

For ease and convenience, the focus of this paper is to understand tourism in the regional areas of New South Wales. This said, Tourism 2020 is a whole-of-government and industry long-term strategy to build the resilience and competitiveness of Australia's tourism industry and increase the revenue for the country. Tourism 2020 has been explained at length in the latter part of this working paper. Although literature points out that there are a few challenges already affecting Australian tourism industry, this paper aims to analyse some of the key challenges surrounding tourism in the regional areas of New South Wales in particular, namely,

- 1) A need for better infrastructure in the regional areas of New South Wales that could help market tourism there including digital marketing
- 2) Better and improved customer service
- 3) Improved affordability.
- 4) Bringing uniqueness into every tourist locations in regional New South Wales rather than a monotonous feel. The concept of Product Differentiation that is much talked about in the subject matter of Marketing seems relevant here. It is easier to pull the demand for a product that is unique rather than indulge in vigorous competition when products are identical.

Out of the 3 areas identified in this paper, one of the main challenges being focused is to understand why touring overseas is better and more affordable for domestic residents than visiting the regional areas of Australia and New South Wales in particular.

Keywords: Marketing, Tourism in Regional Areas, Affordability, Tourism 2020, Overseas Travel.

1. Introduction

Tourism is clearly seen as a major contributor to the overall economic activity and growth. This contribution is through increased employment opportunities that accompanies rising tourism. Whilst examining tourism industry, it is imminent that there are 2 broad categories of tourism expenditure namely(Hooper & Van Zyl, 2011),

- 1) Tourism spending by Australian residents
- 2) Tourism spending by overseas visitors in Australia which could be an injection into Australia's circular flow.

With as many as approximately 91 million arriving into the Australian shores for the year ending July 2018(Anon., n.d.), international visitors have made a record spend of approximately A\$423 billion till March 2018. Although the tourism industry in Australia has shown a positive growth overall, this working paper aims to analyse some of the key challenges surrounding marketing tourism in the regional areas of Australia(White, n.d.); as earlier mentioned, we shall focus on New South Wales for easy understanding. The main issues that have been identified through various literature are:

- 1) Poor infrastructure
- 2) Poor affordability of accommodation
- 3) Poor rail network and connectivity
- 4) In addition to the challenges mentioned in various literature reviews, one other significant issue that impedes tourism in the regional areas is the overall similarity in our tourist attractions.

Alongside a non-empirical approach, this working paper also uses an empirical approach to compare the extent to which Australian residents prefer overseas than to be travelling regional. For the empirical side, this working paper will be based on the Causal research design to understand the reasonings behind selecting overseas tourist destination than regional/rural tourist destination for many Australians. The sample size for this particular research would be around approximately 600 respondents; survey questions are been discussed in the Appendix to this paper. The research methodology for this particular paper would be mixed methodology.

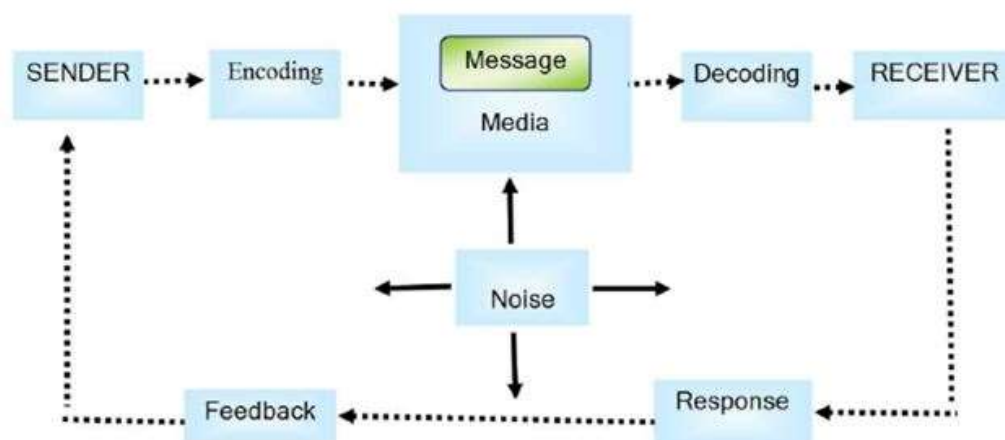
2. Growth of Tourism Industry in New South Wales, Australia

Literature reveals some convincing statistics that the tourism industry in Australia grew by 7.4% approximately in 2015-2016(Anon., n.d.). Other studies do exist that highlight the significance of tourism industry in terms of generating revenue to Australia. Tourism, as mentioned in the early parts of this essay, does generate approximately A\$94 billion in spending and contributes nearly A\$34 billion(Anon., n.d.) to Australia's GDP(Anon., n.d.). Breaking this further, a snapshot of our domestic tourists indicates that there has been a continuing increase in the overnight trips by roughly 7% that again contributes to around \$A\$100 million.

There are studies that expound Australia as a favourite tourist destination holistically for many foreigners. This can be dedicated to the fact that:

- 1) Australia has a beautiful coastline
- 2) Australia is along way away with many adventures
- 3) Our people are unique with their satire and humour
- 4) Australia is a land where people like individual considerations and Australian people like to be well informed. Using the elements in the communication process, the importance of communication and being well informed can be represented in the following way:

Elements in Communication Process



Indicating the importance of marketing, taking the relevant entities for a closer understanding, Message indicates the set of symbols that the sender uses to communicate, that implies the actual advertisement. Media is the communication channel that transmits the message to the receive. With relevance to this working paper, a proper flow of information would be imperative to promote tourism. While a feedback is the receiver's response, research also bring out that a good display of information increases the chances of its retention by the customer.

It is also worth considering a few facts surrounding Australian tourism holistically, which delineates the growing tourism industry in this country alongside an increasing spend by international tourists whilst in Australia. It is also interesting to note the *quid pro quo* arrangement that Australian tourists have with New Zealand as their most favoured tourist location. There are estimates indicating that international arrivals in Australia will increase to roughly 15 million by 2026 and 2027.

Alongside discussing about New Zealand being the most favoured touring destination for Australians, this working paper stretches to understanding in depth about where Australians prefer for overseas travel. Whilst discussing travel, a clear understanding of both short-term and long-term travel reasons alongside demographics comes in handy. With this working paper focussing on marketing tourism to the regional areas of New South Wales in particular, studies do indicate that NSW constitutes for roughly 35% of travellers and the average age for male travellers is 42 years, while that for a female is 40 years. While short-term travel is for less than a year and could well be visiting family and friends or business related, long-term travel could either be permanent or for well over a year. Viewing it from an economic perspective:

- 1) The value of the Australian dollar does add to the affordability factor
- 2) Being avid travellers, Australian prefer tropical locations as their preferred destinations for travel. Statistics do highlight a fair surge in tourists in both South-East Asia and Asia-Pacific regions from 22% in 1991 to 31 % 2014-2015
- 3) Australia's isolated location from the rest of the world is yet another reason for tourism concentration in South-East Asian and Asia-Pacific regions

3. Challenges Surrounding Tourism in Regional New South Wales, Australia

As mentioned in the earlier parts of this paper, regional tourism in Australia faces a few challenges that need attention:

- 1) In principio, overall, infrastructure in the country has been a letdown for promoting tourism in regional areas of Australia and in particular New South Wales.

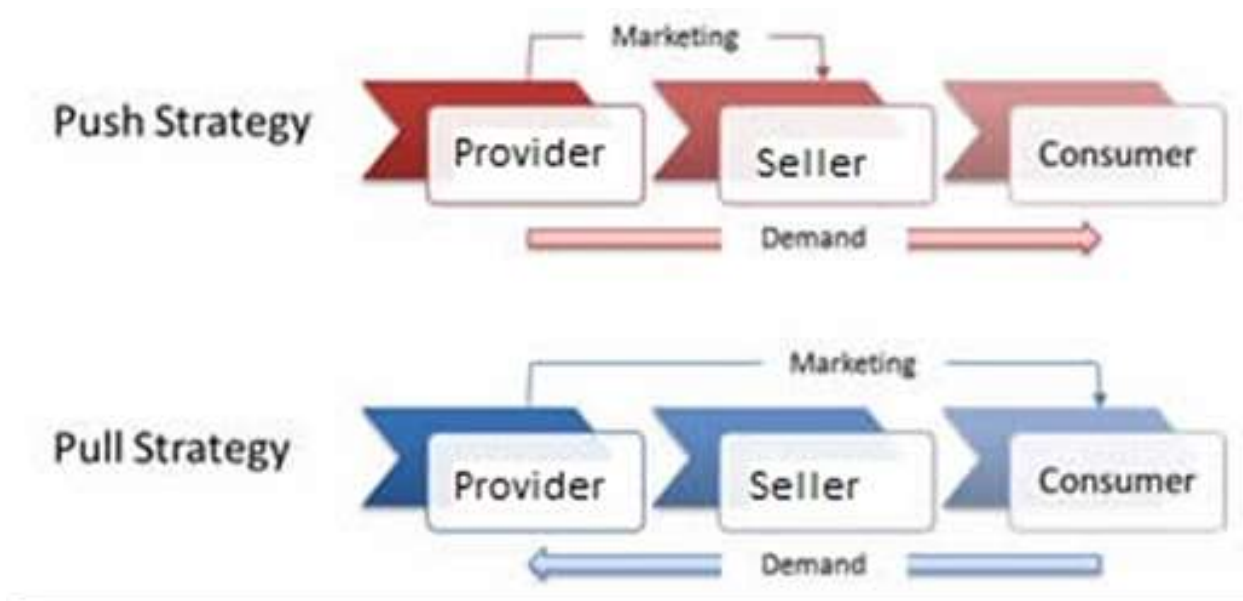
- 2) Second most challenging reason is the accommodation facilities in both regional and major metropolis that plays a profound part. With the occupancy rate during the peak times being close to 90% mark approximately, finding accommodation becomes difficult and a deterrent factor.
- 3) With the cruise market gaining popularity, a rise in demand for cruise has created shortage of port facilities, which in turn has been a deterrent factor.
- 4) Improper and expensive rail network between major cities adds to the array of factors that impede tourism in regional areas
- 5) Poor facilities in the major airports, proximity and infrastructure to and from airports have also contributed to the list of negative factors.
- 6) Along with the above mentioned challenges, lack of an unique identity for our regional tourist locations also contribute their share. Simply stated, similarity in all the regional town across New South Wales makes touring to the regional areas uninteresting than inviting.

4. Solutions and Conclusion

With a fair understanding of the challenges, it is imminent that marketing management as a whole involves building a good relationship with customers, giving that satisfaction and value. To ensure superior value, satisfaction and retention of customers, a sound understanding of the needs of tourists is paramount. Information at almost every level is needed to gather, sort, analyse, evaluate and make timely decisions to provide marketing in the regional areas and combat the challenges encircling promoting tourism in the regional areas. Going further into the concept of value chain, the very purpose is to understand the behaviour of costs within a business and also find out distinctive ways of gaining the competitive advantage through product differentiation.

Thus, to achieve customer satisfaction, a primary solution could be offered through the provision of high-speed rail network along the length and breadth of the country. This could relieve the pressure of the airports; it is disturbing to understand from literature reviews that Australia spends more time detailing the pros and cons of high-speed rail as against other countries like China, who are putting their thoughts into action.

Secondly, quality customer service that enhances value and customer satisfaction could have dual effects of not only mitigating the challenges of marketing tourism in regional areas overall but also serve as a pull marketing strategy to promote tourism in the regional areas of the country – in our case regional New South Wales. To better understand this term ‘pull strategy’, it is where we generate the demand for a product by creating an interest on the product through product differentiation, increased customer satisfaction and value. The provision of high-quality service implies equal responsibility from both federal and state governments to invest in tourism education programs, training at both vocational and higher educational levels in an accredited institution. Pull strategy can be best described in the following diagram as shown below (Maritz, 2017):



As is evident from the above, while pull strategy pulls consumers by creating a demand with product differentiation, the push strategy, on the contrary, is where the provider pushes the existing products to their consumers through vigorous marketing. Australian tourism in general, and, tourism in regional New South Wales, clearly appear better off with a pull strategy. With the aim to promote tourism far and wide, both Federal, State and Territories governments have resorted to a Tourism 2020 strategy.

Tourism 2020

One of the major strategies aimed to promote and foster tourism in Australia is the National Long-Term Tourism Strategy that was launched in Dec 2009 followed by the 2020 Tourism Industry Potential launched in 2010. Tourism 2020 marks a milestone in Australia's Tourism policy. It is an integration of long term focus, research and collaboration commenced under the National Long-Term Tourism Strategy. Tourism 2020 primarily aims to support this industry to maximize its economic potential. It also represents an unprecedented level of cooperation between the tourism industry and the state, territory governments along with the Federal government of Australia to address and alleviate all the barriers to industry growth. Focusing on the importance of tourism, Tourism 2020 aims at creating a policy framework that will support this industry growth and will provide all the tools to compete effectively in the global economy (Anon., n.d.).

With the tourism industry consisting of roughly 280,000 enterprises that support the visitor economy for a range of services such as accommodation, cafes, travel agents, retail store, education sector, medical insurance etc. to name a few, tourism is one such industry that plays an influential role in the economic development of regional Australia. Literature reveals that approximately 46 cents in every tourist dollar is being spent in regional parts of Australia. Improved quality, product choice, skills and infrastructure can help maximize and sustain economic value from Australia's natural advantages as a preferred tourism destination. With 6 key strategic areas being chosen, these are meant to help with developing tourism product and contribute to achieving a globally competitive tourism industry in Australia.

Thirdly, with there being disruptions in accommodations through the advent of Airbnb, studies reveal that Australia still offers very few development and investment incentive for developing more accommodation in regional touristic areas. This is unlike our neighbouring Asian nations who excel in the provision of infrastructure, accommodation and quality customer care at

affordable rates. Fourthly and most importantly, uniqueness in every tourist location would be that determining factor to attract tourism into in regional New South Wales.

New South Wales in particular and Australia in general has huge potential to attract large number of tourists both domestic and international towards the regional/rural area and generate revenues, however there is a gap in marketing these beautiful and untouched attractions. The full paper would tend to highlight some of these issues in a period of next 4 to 6 months.



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Appendix 1

Sample of Questionnaire for Primary Data Collection

1. Do you often travel?
2. Would you prefer travelling to regional areas or overseas?
3. If you have answered overseas, then your reasons would be:
 - A) Affordability
 - B) Poor customer service
 - C) Poor accommodation and poor availability
 - D) All of the above
4. How many times would you travel to overseas destination?
5. Do you have a favourite destination; why?
6. Would you prefer touring the regional parts of Australia?
7. To what extent have you travelled within Australia?
8. What are those interesting aspects that you may have experienced?
9. How different do you think is touring within Australia versus touring overseas?
10. How well the regional tourist destinations have been promoted or suggested to you by the travel agents or marketing companies?
11. Any suggestions?

