



DOMESTIC TOURISM INTERNATIONAL BENCHMARKING STUDY

INTERNATIONAL BENCHMARKING REPORT ON BEST PRACTICES IN DOMESTIC TOURISM
SEASONALITY, DISPERSAL & INDUSTRY SUPPORT/STRUCTURES ACROSS 8 COUNTRIES
AND SELECTED STATES/PROVINCES

AUGUST 2019

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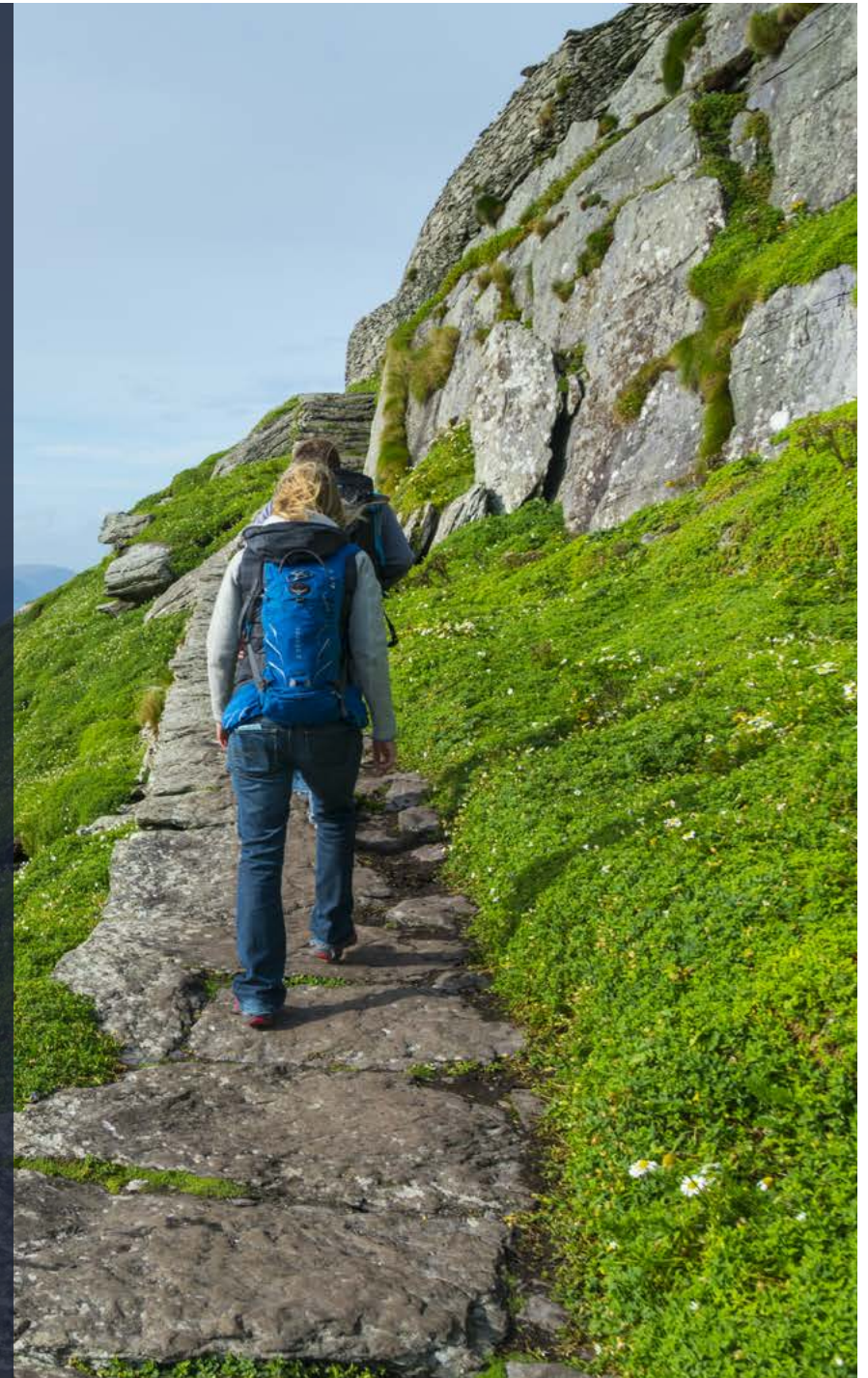


DOMESTIC TOURISM BEST PRACTICES

SUMMARY OF REPORT

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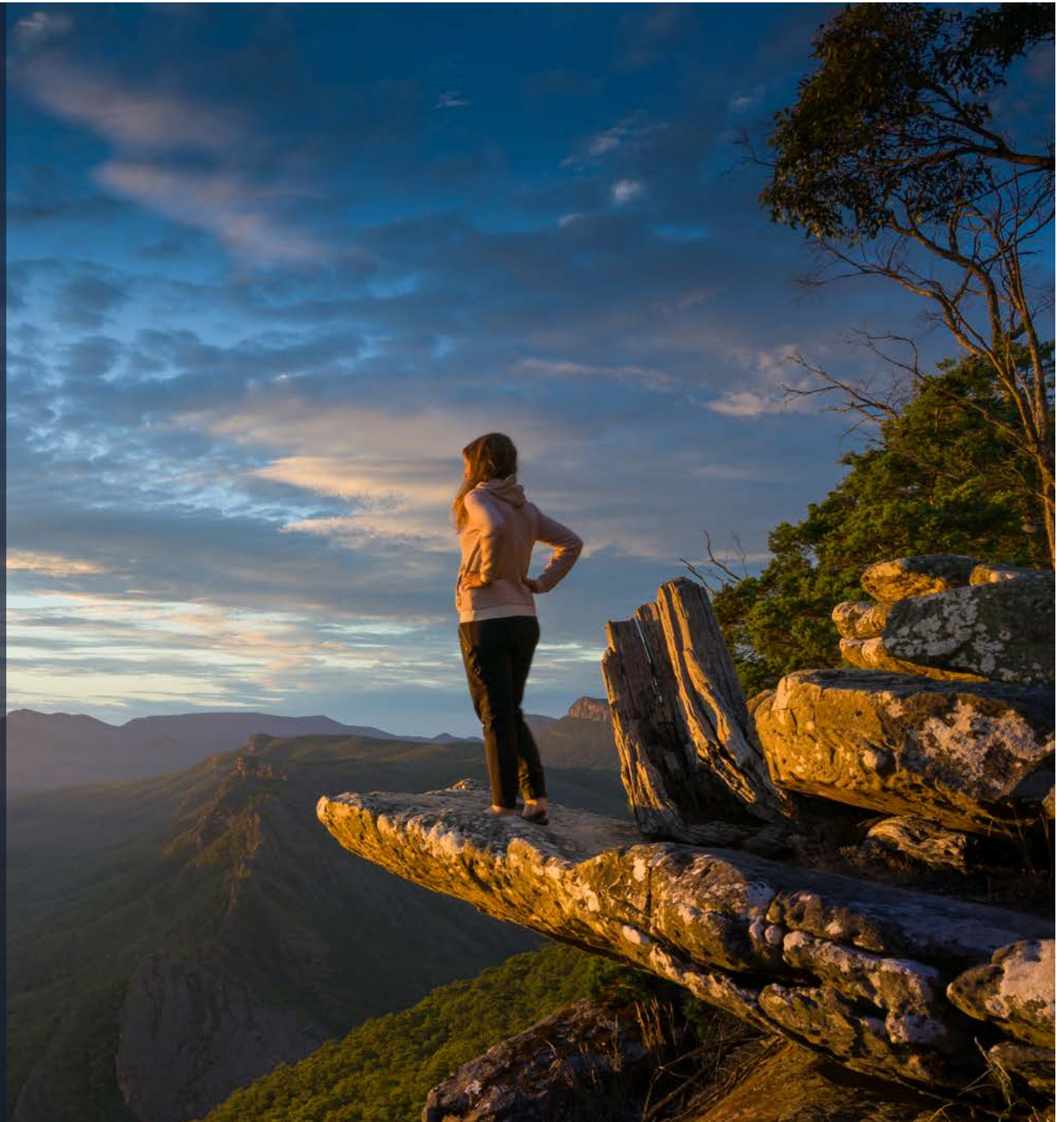


DOMESTIC TOURISM BEST PRACTICES

INTERNATIONAL BENCHMARKING: BACKGROUND & METHODOLOGY

INTERNATIONAL BEST PRACTICES
IN DOMESTIC TOURISM TO DRIVE
REGIONAL & SEASONAL DISPERSAL
AUGUST 2019

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PURPOSE OF PROJECT

This international benchmarking project reviews global best practices in dispersal and off-season domestic travel.

In 2018 an initial, top-level review of international examples – the Domestic Dispersal Initiative – was funded by four New Zealand Regional Tourism Organisations (Northland, Bay of Plenty, Ruapehu and Tairāwhiti-Gisborne). This highlighted the value of a more in-depth review of best practices from a group of eight nations, which was funded by the Ministry of Business, Innovation and Employment.

As is the case in the nations reviewed in this international benchmarking study, domestic tourism is the foundation of the visitor economy in New Zealand – especially in

the regions. However, as was noted as far back as 1993: “Domestic tourism in New Zealand has generally been the poor and neglected cousin of international tourism, both in terms of official policy and research.”*

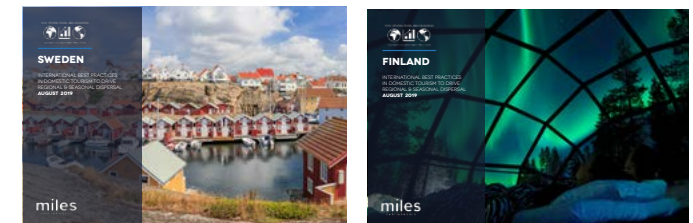
Domestic tourism represents more than two thirds (66%) of visitor spending in non-gateway regions of New Zealand – and an even higher share in most of the ‘surge regions’ being supported by the Provincial Growth Fund. Domestic travel is therefore central to New Zealand regional tourism industry creating significant, widely shared and sustainable economic growth in these regions.

Industry feedback during the development of the Aotearoa Tourism Strategy has highlighted funding and coordination issues in building domestic tourism, particularly in the regions. The initial 2018 high-level review of international 30+ peer countries and states/provinces showed that most countries, states/provinces have fundamentally different models to New Zealand in how they organise, support, fund and coordinate domestic tourism, including in its relationship to international tourism.

The initial list of 30+ countries included in the Domestic Dispersal Initiative was further refined to a target list of 12 nations and states for inclusion in the final report:

1. Victoria – Australia
2. New South Wales – Australia
3. Tasmania – Australia
4. Oregon – USA
5. Colorado – USA
6. Arizona – USA
7. Canada
8. Ireland
9. England & Great Britain
10. Finland
11. Sweden
12. Slovenia

To get a deeper insight and more accurately assess the Scandinavian nations of Sweden and Finland, we contracted Group Nao – Signe Jungersted and Peter Romer Hansen – who are based in Copenhagen, Denmark, and who offered extensive experience working for and with destinations in the region.



METHODOLOGY

This international benchmarking project combined secondary research and qualitative primary research - online, phone and face-to-face interviews. These one-on-one interviews with more than 30 senior executives from Destination Marketing Organisations and related government agencies in eight countries sought to understand their learnings, insights and lessons from domestic tourism. We focused on their experience in programmes and investments that sought to improve the dispersal of visitors to more remote regions – especially in the off season and shoulder seasons. Many of these interviews were conducted on a webinar platform and recorded.



Interview with Humphrey Walwyn,
Head of Research & Evaluation,
Visit England, reviewing their
Tourism Exchange GB solution.



Interview with Mats Svensson,
Co-owner and chairman of Holiday Club Hotel and Resort,
former chairman of Aare's DMO.

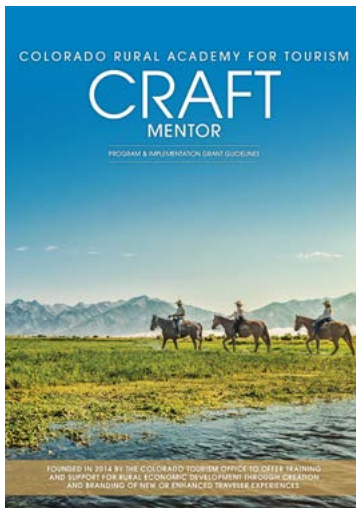
We also reviewed over 100 research reports, strategies and plans from these destinations to provide further background on how domestic tourism is managed including structures, funding, marketing programmes, industry and community engagement. We have highlighted the most important of these resources at the end of each best practice section, and in each national or state section of this report.

'Domestic Dispersal Initiative' Summary Report, August 2018, Miles Partnership & Quality Tourism Ltd.

**"Domestic Tourist Travel Patterns in New Zealand", Douglas G. Pearce, GeoJournal, Vol. 29, No. 3, March 1993*

Specific sources and references are included at the end of each section and summary list shared in the 'List of Sources and Resources' section of this report.

For ease of international comparison we have converted costs and budget figures from local currencies to United States dollars (USD) where possible."



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EXECUTIVE SUMMARY

INTERNATIONAL BENCHMARKING REPORT ON
BEST PRACTICES IN DOMESTIC TOURISM SEASONALITY,
DISPERSAL & INDUSTRY SUPPORT/STRUCTURES ACROSS
8 COUNTRIES AND SELECTED STATES/PROVINCES

AUGUST 2019

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DMO INTERNATIONAL BENCHMARKING

DOMESTIC TOURISM BEST PRACTICES

EXECUTIVE SUMMARY

An introduction to five international best practices.

This international benchmarking project explores global best practices in how domestic tourism can address two fundamental challenges facing tourism in many destinations: how do destinations improve dispersal and address seasonality? With the dramatic growth in travel and tourism around the world many nations, states or provinces are dealing with tourism 'hot spots'. Conversely with rural communities in many countries struggling with industries in decline and/or the drift of young people to the cities, many rural and remote regions are seeking far greater opportunities from tourism. This study sought to identify the best practices in how destinations can spread the benefits of tourism across their country, state or province and across the year.

The benchmarking specifically researched best practices in these 12 destinations:

1. Victoria – Australia
2. New South Wales –Australia
3. Tasmania – Australia
4. Oregon – USA
5. Colorado – USA
6. Arizona – USA
7. Canada
8. Ireland
9. England & Great Britain
10. Finland
11. Sweden
12. Slovenia

This review combined secondary research and qualitative primary research - online, phone and face-to-face interviews. These one-on-one interviews were with more than 30 senior executives from Destination Marketing Organisations and related government agencies in eight countries including six individual states. We also reviewed over 100 research reports, strategies and plans related to how domestic tourism is managed in these destinations.



DRIVING REGIONAL ECONOMIC DEVELOPMENT FROM TOURISM

BUILDING ECONOMIC OPPORTUNITY IN THE
REGIONS IS BASED ON **3 INTERRELATED FACTORS**
- EACH CENTRAL TO SUSTAINABLE ECONOMIC
GROWTH & QUALITY EMPLOYMENT





THREE DRIVERS OF REGIONAL TOURISM GROWTH

The objective of dispersal is to both reduce pressure on visitor 'hot spots' and, more importantly, create growth in new and emerging visitor regions. This international benchmarking study identified three interrelated 'drivers' creating positive outcomes for these regions (see figure on previous page):

- 1. A commitment to tourism:** In many regions, tourism is one of the most, if not the most, important source of opportunity for business, employment and a more vibrant, healthy community. Regional economic development needs long term attention and a robust public/private partnership to develop travel and tourism.
- 2. A focus on domestic tourism:** In every nation we reviewed, domestic tourism sits at the centre of growing tourism in the regions. Domestic visitors represent the vast majority of tourism in all but one of the eight nations reviewed. They are far simpler and less expensive to reach, have easier access and are usually more comfortable to explore 'off the beaten track'. For this reason, most of the destinations we reviewed have a significant and ongoing commitment to domestic tourism – coordinated nationally or state-wide to support the foundation of domestic travel.
- 3. Dispersal, seasonality and capability:** Achieving widely shared and sustainable tourism benefits from domestic tourism requires meaningful long-term action in three areas; creating and highlighting reasons for visitors to *disperse*, reducing *seasonality* and building the knowledge, resources and *capabilities* of the regional businesses and DMOs.

5 INTERNATIONAL BEST PRACTICES

THIS INTERNATIONAL BENCHMARKING STUDY REVEALED **5 INTER-RELATED BEST PRACTICES** – ALL CRITICAL TO BUILDING STRONG REGIONAL TOURISM OUTCOMES



CAPACITY & CAPABILITY

A proactive, long term commitment to capability building with regional DMOs and tourism businesses is critical. This includes education, training and support in digital marketing, product development and the customer experience.



EVENT OPPORTUNITIES

Events are an important part of stimulating regional and/or off-season travel. They also offer broader community & image benefits. Targeted education, funding and marketing support can create &/or grow regional events.



MARKETING TO MANAGEMENT

Official tourism organisations & tourism industries are undergoing a fundamental shift from a marketing led focus to a far greater emphasis on managing tourism outcomes including the broad-based costs vs. benefits of tourism.



DOMESTIC TOURISM FOUNDATION

Marketing to build dispersal and shoulder or off season travel starts and continues at home. International tourism can build off, but not replace the results generated by domestic tourism.



BALANCED INDUSTRY STRUCTURE

Getting the structure & funding to match the outcomes being targeted from tourism is critical. This includes the roles, responsibilities, funding and measurement framework for both national tourism agencies and regional DMOs.

FIVE INTERNATIONAL BEST PRACTICES

We started our benchmarking review with 30+ nations. We then looked in-depth at eight nations and 12 destinations in total (including individual states). This process identified five international best practices that underpin the most successful outcomes from domestic tourism – particularly in improving dispersal and seasonality. These are highlighted below and in the associated infographic. Each is then described in depth on the following pages with specific international examples and references:

- 1. Marketing to management:** After years of sustained growth, tourism is discovering the constraints of communities and the environment – the limits of growth. Success now rests on a deeper commitment to managing tourism and ensuring its benefits are shared.
- 2. Domestic tourism foundation:** New or emerging regions grow on this foundation. That foundation is an engaged, loyal domestic visitor base. International tourism can build off, but not replace, domestic tourism in generating the outcomes that regions seek.
- 3. Capacity and capability:** Solving dispersal and seasonality is the work of many - small businesses, start-ups, small town community leaders and so on. Success is more bottom up than top down. It is critical to focus on the long-term, difficult but rewarding work of building your industry's and community's capability and capacity.
- 4. Event opportunities:** Events – community inspired, authentic and unique, even quirky – offer the opportunity to make a step change in a region's visitor economy. It is important to build expertise in how to identify and support events that can make a difference.
- 5. Balanced industry structure:** If you want widely shared outcomes and if you seek to improve dispersal and seasonality, then your industry's resources, focus and funding need to reflect this.

Review the following five sections for a fuller description on each best practices with case study examples from around the world and summary of the critical areas for action.

COUNTRY AND STATE OUTLINES

In the full report we summarise the results of our research, interviews and review of the 12 international destinations. For each we identify why we selected this destination, then summarise the key parts of their programmes and activities that are impacting dispersal and seasonality, and that illustrate the best practices above.



FIND YOUR OWN WAY

While we identify five overarching best practices and dozens of specific learnings from the 12 destinations it is clear there is no set of solutions that will work for every destination. No single destination is world class in every area. Even the strongest of the destinations have some notable areas for improvement - enhancing the quality of measurement and reporting is a common example. Destinations must embrace learnings and best practices from around the world and customise them to their needs. Look at your community's aspirations, the passions of your visitors and what is practical in your destination. Then adapt, brainstorm and refine with your industry and community partners. Find your own way by creating solutions that are world class in your destination.

DMO INTERNATIONAL BENCHMARKING



DOMESTIC TOURISM BEST PRACTICES

INTERNATIONAL BENCHMARKING: 5 BEST PRACTICES

INTERNATIONAL BEST PRACTICES
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HIGHLIGHTS

MAINTAINING THE WELCOME

'Manaakitanga' – the hospitality of the host community is the foundation of successful tourism in every part of the world. Successful regional tourism needs close, effective communication with local communities. Nurturing their active support is central to maintaining the social licence for tourism to operate – regionally and nationally.

QUADRUPLE BOTTOM LINE

Best practice needs business support, community support – and also a commitment to protecting culture and the environment. A balance of business and communication skills with 'kaitiakitanga' – of being good stewards or guardians. Government agencies, DMOs and industry associations need the practical funding, skills and responsibilities that reflect these quadruple bottom line responsibilities.

BROAD-BASED MEASURES

A strong, independent measurement framework is needed across all these four areas. This is the weakest area we found in international best practice – but is critical. A rigorous and objective measurement framework of data and research that reports on progress and holds key organisations accountable is needed.

WHY THIS MATTERS:

- Tourism growth has spurred rising concerns about the impact of tourism on communities & the environment.
- Destination Marketing Organisations around the world are refocusing to also help manage tourism's costs and benefits – rather than simply market to attract visitors.

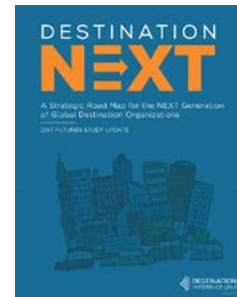
This international benchmarking study takes place at a period of major change for Destination Marketing Organisations (DMOs) and the wider tourism industry. Years of strong growth in travel and tourism have left many destinations with significant challenges, concerns and issues.



Figure 1 The Slovenia Tourism Board has put sustainability at the center of their efforts and is refocusing their resources (1).

Tourism is no longer seen by default as a positive to a community, city or region – and the tourism industry is struggling to adapt.

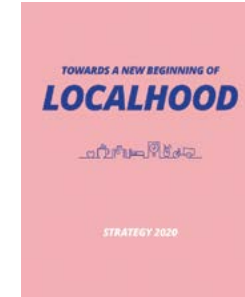
Overtourism was a term coined by Skift, the tourism media company (2) in 2016 and it has been widely used to describe concerns about tourism growth and the negative impacts of poorly managed tourism. Many of these issues have been challenges for decades but have been brought into sharp relief in recent years. These tourism management issues range from immediate, local concerns such as traffic or parking congestion to global challenges including the role of travel in climate change.



All of the destinations included in this benchmarking study and indeed most destinations globally are dealing with one or more of these issues. This was highlighted in the 2019 update to Destinations

International's Destination Next Future Study (3). The study surveyed more than 500 destination leaders in over 50 countries with respondents asked to rank 52 trends and 64 strategies. Three "transformational opportunities" were identified by the study: i. Destination Stewardship, ii. Community Alignment and iii. Digital (especially mobile) Conversion. These themes are central to the best practices that destinations must focus on to have a strong, healthy tourism sector.

QUALITY OVER QUANTITY



All the destinations studied in this report were moving aggressively to target visitors that generate the most benefits - longer stay and higher spending. Some, particularly Scandinavian destinations, are

going a step further and targeting those willing to 'live like a local'. The concept of 'Localhood' was first developed by Wonderful Copenhagen in their 2017 Destination Strategy (4) and describes a strategy of attracting visitors that maximise qualitative benefits, for example travelling to lesser visited neighbourhoods, while at the same time minimising visitors' impact (for example through walking, cycling or using public transport).



This attention to quality over quantity is also extending to the economic outcomes of tourism. For example, Canada's new tourism strategy puts front and centre the goal of 'Creating Middle Class Jobs' i.e. jobs that are well paid, year-round and sustainable.



INTERNATIONAL BEST PRACTICE 1

MARKETING TO MANAGEMENT



VISITOR EDUCATION

An associated trend is the increasing commitment to educating visitors on responsible travel. Amongst a range of destinations which include New Zealand, Iceland and Palau - Colorado has developed a visitor care code – partnering with ‘Leave no Trace’ to communicate important messages to visitors. A key theme of this ‘Colorado Cares’ education programme is like Copenhagen’s - asking visitors to “travel like a local. This has wider benefits. Colorado Tourism Office’s in-state resident survey in 2019 highlighted that awareness of these efforts to educate visitors strengthened community support for tourism (5).



WIDER BENEFITS OF TOURISM

A third global trend was a commitment to tourism outcomes beyond economic and business. Canada and the UK’s domestic marketing programmes have targeted millennials – both to switch travel plans from international to domestic (‘import substitution’) but also in Canada’s case to foster a sense of national identity for millennials – before and after the nation’s 150th anniversary (6). Finland’s domestic tourism campaigns ‘100 Reasons’ and ‘Welcome to Finland – Travel Near’ (7) both



emphasise to Finns (as well as international visitors) the wellness and social benefits of travel and tourism – in a country that celebrates its place as one of the ‘Happiest Countries on Earth’.

Finally, longer term, larger and more fundamental challenges for tourism loom. This includes managing growth in a world with 10 billion inhabitants and moving the tourism industry to a carbon free future. As Andrew Shevachman of Skift put it in July 2019 (8):

“Leaders need to start planning now for a world defined by overcrowding and limited resources.”



Skift Take The effects of climate change and overcrowding on global destinations will converge over the course of the coming decades. Leaders need to start planning now for a world defined by overcrowding and limited resources. — Andrew Shevachman



Tourism’s skills and responsiveness in helping manage these challenges will be central to not only short-term questions on funding and support but more fundamental questions on its size and role in the society of the future.

Destination Canada’s campaign promoted domestic travel to Canadian millennials for both tourism benefits and to strengthen their sense of national identity.

RESOURCES & NOTES:

1. Strategy for the Sustainable Growth of Slovenian Tourism 2017 to 2021, Slovenia Tourism
2. Skift: “The Genesis of Over Tourism” August 2018: <https://skift.com/2018/08/14/the-genesis-of-overtourism-why-we-came-up-with-the-term-and-whats-happened-since/>
3. Destination Next Futures Study 2014, 2017 and 2019. Destinations International
4. Wonderful Copenhagen Tourism Strategy 2017 and 2020
5. Colorado Tourism Office Research 2019. Discussed by Cathy Ritter, Destinations International Annual Convention July 24th 2019
6. Destination Canada Millennial Travel Program Results 2017
7. Finland 100 Reasons & Welcome to Finland Campaigns – see Finland country section
8. Skift “How Bad Will It Get When Overtourism Meets Climate Change” July 2019 <https://skift.com/2019/07/30/how-bad-will-it-get-when-overtourism-meets-climate-change/>

A DETAILED LIST OF SOURCES & RESOURCES IS OUTLINED IN THE FULL REPORT



HIGHLIGHTS

START LOCAL

Domestic tourism underpins the visitor economy in almost all regions. These visitors are cheaper to reach, have fewer barriers and are more familiar and confident travellers. Domestic visitors also provide a reliable source of business during any economic, security, or health shocks impacting international tourism. The marketing plans of regions should reflect the importance of this market.

BUILD LONG TERM, REPEAT VISITATION

Loyal, regular, repeat visitors are the most valuable type of tourism. These repeat visitors can become life-long ‘customers’ and often move from simply visiting to invest in the community, in businesses or in some cases, becoming part time or permanent residents.

FUNDING & RESOURCES

In smaller nations without a State or Provincial structure and with large national tourism organisations, specific attention is required. It is important to ensure sound regional funding mechanisms – and facilitate a national or macro regional structure to share resources and coordinate domestic programmes (see Best Practice 5).

WHY THIS MATTERS:

- In all the countries we examine (with the exception of Slovenia) domestic tourism represents 70% or more of visitor spending.
- Domestic visitors are usually far simpler, less complicated and lower cost for DMOs and businesses to reach and convert. This includes the opportunity build loyal, regular, repeat visitors.
- Domestic visitors provide the foundation of regional tourism development – especially for shoulder and off-season travel. International visitation can build off, but not replace, this foundation.

Domestic tourism provides the vast majority of visitor numbers and spend in all but one of the nations we looked at. Even in the small European country of Slovenia with just 2 million residents and over 84 million Europeans living in its neighbouring countries of Italy, Austria, Hungary and Croatia, domestic tourism still accounts for one third of all visitor spending.

In New Zealand, domestic tourism accounts for 60% of all visitor spending* and 70-90% in many of the rural and remote regions most in need of



economic growth. International visitor growth has occurred in most regions of New Zealand but it remains a far smaller part of the total visitor economy and has typically been heavily skewed to summer travel - exaggerating problems with seasonality.*

Therefore, in New Zealand and every country we reviewed, domestic visitation is central to successfully building the tourism economies of rural and remote regions.



Anna Moran of Nova Scotia Tourism outlined it plainly:

“You simply can’t do the development of tourism in rural regions without a hyper local focus.”



In Nova Scotia’s case this means undertaking marketing within the Province, as a starting point for tourism in their least developed regions – even before targeting visitors from the neighbouring Maritime Provinces. Together, visitors from Nova Scotia and the Maritime Provinces of Canada, represent almost half of all tourism spending in the Province.

In the Australian State of Victoria, Visit Victoria dedicates around one third of its budget to Intra- State tourism marketing, complimenting a further one third dedicated to other domestic or Inter- State travel, and one third to international tourism, working with Tourism Australia. Visit Victoria’s research and strategy has identified the difficulty of getting residents of other Australian States to travel to rural Victoria – especially in the off-season. Targeting Melbourne residents to make this trip is a far more accessible, low cost and effective market.

The \$2.8 million USD ‘Your Happy Space’ Campaign provides the foundation of the State’s efforts to grow travel to regional Victoria.

Figure 1 Visit Victoria’s ‘Your Happy Space’ is the latest version of their Intra State marketing campaign - activating the Melbourne market to travel to rural Victoria - especially in the shoulder and off season

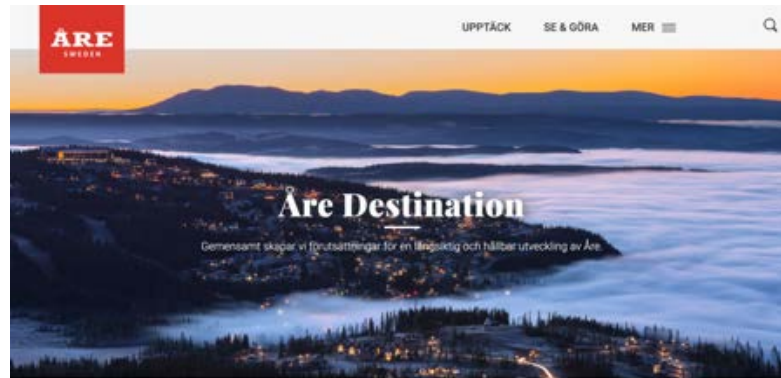
Figure 2 The Slovenia Tourism Board work with over 700 community groups which run visitor centers and events across the country to support regional communities - efforts which are often focused on domestic tourism. This support is provided through a national association; ‘Turzistonva Zlvesa Slovenise’

*Analysis of Regional Tourism Estimates for NZ RTOs - Domestic Dispersal Initiative Summary Report August 2018 Miles Partnership & Quality Tourism Ltd.



“We have decided not to aim to be on the bucket list of destinations to visit once... for, us it is important to build strong relations with the visitors - for repeat visits. This is why the domestic and nearby markets are very important for us. We focus on local hospitality and welcoming – not campaigning for long haul tourists. This will pay off in the long run.”

Therese Sjölundh, CEO,
 Destination Åre AB

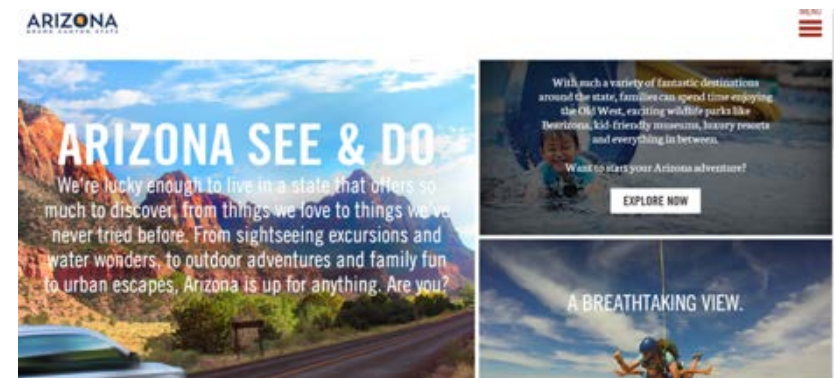


Are (Åre) in Sweden, one of the country’s most successful regions in developing tourism, has focused its efforts on building its domestic visitation, particularly from regular repeat visitors.

Of course the destination of Are welcomes international visitors, but the destination weighs its marketing investments towards building relations and loyalty in the local markets over opportunities shared by their larger regional tourism board and Visit Sweden’s to join international marketing programs:

The DMO in Are enjoys solid support and funding from its tourism industry that gives it a high degree of stability and freedom. The destination has a type of private sector Tourism Improvement District that provides funding from a wide range of businesses in the community.

This tension between the goals of a National Tourism Office focused on international visitation and States/Cities or Regions wishing to emphasise markets closer to home is not unusual. It can become a major issue when the funding and resources of individual Destinations is weak – or there is poor understanding and coordination between the NTO and individual Destinations on the region’s specific tourism strengths and weaknesses – and the markets, domestic or international that provide the best opportunity.



Arizona is a hugely popular US visitor destination that dedicates over \$1 million USD per annum to a summer campaign (the State’s off season), to entice Arizona residents to take a road trip to lesser known parts of the State. The US State of Oregon has a similar level of investment in its in-State marketing programme.

In all these examples, the Provincial or State Tourism Organisation take a leadership role in domestic, including in-State tourism. Applying adequate resources to domestic and intra State tourism appears to be a particular challenge in smaller nations without State or Provincial structures e.g. Finland and Sweden.

RESOURCES & NOTES:

1. New Zealand Tourism Satellite Accounts, Stats New Zealand, 2018
2. Nova Scotia Tourism Marketing Resources & Strategies: <https://tourismns.ca/>
3. Visit Victoria – ‘Your Happy Space’ Campaign: <https://www.visitmelbourne.com/Regions/Your-happy-space>
4. Arizona Tourism Office – Summer Campaign: <http://www.summerinaz.com/>

A DETAILED LIST OF SOURCES & RESOURCES IS OUTLINED IN THE FULL REPORT



HIGHLIGHTS

PARTNER WITH COMMUNITIES & BUSINESSES

Given the capacity constraints of most small DMOs and tourism businesses, support should not simply be top-down, it must be based on a partnership with engaged community and business partners.

FOCUS & RESOURCES

Capability building is slow, challenging and complex. It takes a long-term commitment and requires skilled staff and resources to succeed. It is important to set expectations accordingly and have a multi-year time frame to assess results.

CROSS AGENCY & INDUSTRY SUPPORT

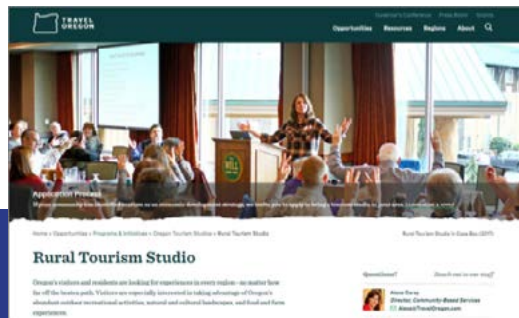
A wide range of public and private organisations need to be involved. This is especially important in tackling challenges like digital capability, regulations (e.g.: to smooth event development) and workforce development issues. Tourism industry commitment and support is also critical as capability building must be a public and private partnership.

WHY THIS MATTERS:

- Many regions do not have businesses or supporting agencies such as DMOs with the necessary skills, capacity or resources to succeed alone in a competitive travel market.
- More fundamentally, many regions lack compelling 'reasons to visit' – visitor experiences that are either appealing to visitors or have the right facilities or customer service.

International best practice is clear. A fundamental part of building dispersal and year round tourism is based on long term, targeted capacity and capability building alongside businesses, DMOs and other local agencies. This training, education and support is difficult, complex and needs to be customised to local conditions, however, it is usually essential. Regional tourism businesses and experiences can organically emerge, but the speed and quality of this growth is greatly enhanced by targeted government and industry support. Our review of international best practice identified the need for support in these 4 primary areas:

Figure 1 Travel Oregon's Rural Tourism Studios is one part of their long-term commitment to developing tourism in regional and rural Oregon. The State Tourism Office has 9 full time staff dedicated to engaging with these communities and their business partners seeking to grow their visitor economy.



DMO SKILL & RESOURCE DEVELOPMENT



Most of the destinations have a range of proactive ways to support the skills, capabilities and resources of the individual Destination Marketing Organisations with whom they work. The Slovenia Tourism Board has one of the more structured approaches with a Digital Academy and Marketing &

Management Academy that the 35 DMOs must participate in and pass, before they can work collaboratively with the National Tourism Board. The education process works within the 4 macro regions the country has developed and lasts over 4-8 months with exams and testing.

Building DMO Capability is also subject to the industry structure and funding issues outlined in Best Practice 5. In Slovenia – the 35 DMOs are organised into 4 macro region. The country has also just enacted a second bed tax to help pay for these types of programmes.

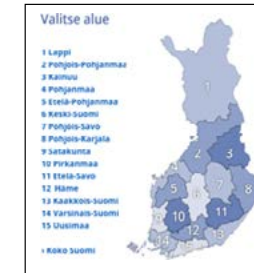
COMMUNITY ENGAGEMENT

Building regional tourism economies must include the active support and involvement of the local community. The US State of Oregon – a world leader in building tourism capacity in rural communities – engages with rural communities that demonstrate a real interest and commitment to working with the State. This process starts with a community workshop where a wide range of community stakeholders work with the Rural

Tourism specialists to identify opportunities and develop an action plan that has community consensus and commitment. A range of funding options are available, but these are coop and partnership based, with the community and local businesses expected to contribute.

BUSINESS TRAINING & EDUCATION

Oregon is just one example of a destination active in business training and education. The State employs 9 full time staff focused on rural tourism support and training – including running workshops with communities and business.



Indeed, most of the destinations reviewed had a proactive national or State approach to building skills and capabilities of tourism businesses. This includes Finland, where a network of 15 Centres for Economic Development, Transport & the Environment (ELY) provide support to tourism businesses. Each of these centres have at least 1 tourism specialist – an example of general business support services provided by a government also offering specialist tourism training. Colorado has a range of impressive rural tourism education programmes – including a mentorship scheme connecting experienced businesspeople to start up or growing tourism businesses for one-on-one advice.



DIGITAL MARKETING SUPPORT

Online marketing and distribution is a critical skill in travel and tourism success – both to reach potential visitors and guests and then convert them – cost effectively. However, large digital platforms such as Google, Facebook and Online Travel Agencies (Expedia and Booking.com) dominate the online landscape, and control a vast majority of tourism online advertising and online bookings. Small to medium enterprises are particularly weak in digital marketing skills – which directly impacts their ability to attract new customers and/or run a profitable business. For example, it has been estimated that Online Travel Agencies control over 80% of all online accommodation bookings in New Zealand – sometimes commanding a 20%+ commission margin.

Almost every destination we reviewed including Tasmania and the other Australian States, Canada, Ireland, the UK, Finland and Slovenia, are all specifically building digital marketing skills or support services to tackle these issues. This includes in Tasmania's case, an extension of the State Government's 'Digital Ready' programme, but with specific resources for tourism operators and specialist 'Digital Mentors' who can provide one-on-one support. In a number of these markets including Australia, the UK and Finland, the Government agencies have invested in specific technology solutions to ease the online distribution of product (especially from SMEs) onto major online booking platforms.

Figure 1. Colorado's rural tourism development efforts include a mentorship programme connecting SME businesses in rural regions to experienced advisors.

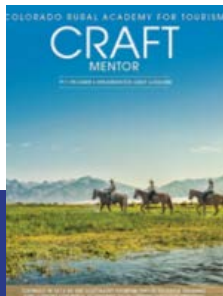
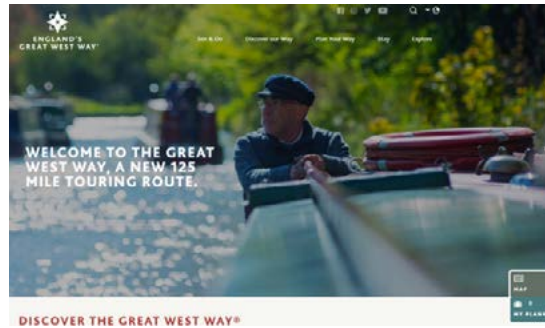


Figure 2 & 3 Tasmania, Australia and the UK are amongst a wide range of destinations to offer targeted digital marketing support to tourism businesses. In the UK's case this includes investment in technology solutions – e.g.: Tourism Exchange GB, to improve the availability of product on online distribution platforms, especially from SMEs.



England has a world class tourism infrastructure and product development fund - the 'Discover England Fund' which supports the development of experiences such as the "Great West Way" touring route.



The programme is based on detailed research – both on visitor interests, target market segments and case study examples from around the world.

REGULATIONS & WORKFORCE ISSUES. Finally, tourism capability building efforts often extend into other areas of business competitiveness including reviewing regulations and tackling workforce issues, including challenges with seasonal workforce and skills. Finland's 'Tourism 4.0' industry development programme (see the Finland section of this report) is perhaps the most comprehensive version of engagement on these topics.

RESOURCES & NOTES:

1. Slovenia Tourism Board 2018/2019 Work Programme: <https://www.slovenia.info>
2. Travel Oregon's Rural Tourism Studios: <https://industry.traveloregon.com/opportunities/programs-initiatives/oregon-tourism-studios/rural-tourism-studio/>
3. Colorado Tourism Office CRAFT Studios <https://industry.colorado.com/colorado-rural-academy-tourism-craft>
4. Tasmania's Digital Ready for Business Programme <https://digitalready.tas.gov.au/>
5. Tourism Exchange GB: <https://trade.visitbritain.com/txgb/>
6. Finland's 'Tourism 4.0' Program: <https://tem.fi/en/tourism-4.0-action-programme>
7. Discover England Fund: <https://www.visitbritain.org/discover-england-fund-overview>

A DETAILED LIST OF SOURCES & RESOURCES IS OUTLINED IN THE FULL REPORT



HIGHLIGHTS

EVENT FOCUS

Events provide compelling reasons for visitors to travel to regional destinations and/or travel in the off season. Destinations need a proactive event strategy at both a regional and state/provincial and/or national level.

PICK WINNERS

The evidence is clear - public funding support can be essential to launch and/or scale an event. However, public support must be targeted, contestable and cooperative – a mix of central and local government funding with private partners. The six-part model outlined in this report (Silverlining Strategy) provides one sound model for picking event winners. (2)

WIDER BENEFITS:

Successful events resonate beyond visitor opportunities. They enrich communities, celebrate unique history, cultures or traditions or empower other parts of the community and economy, for example: local food, artists, music or entrepreneurs. In picking winners be sure to value these wider community, business and cultural benefits.

WHY THIS MATTERS:

- Events can be transformational to regional destinations seeking to create reasons to visit – particularly in the shoulder or off season.
- Events can be influential beyond generating visitor nights and spending – helping shift the perception of a destination as a great place to visit, study, do business or even live.
- There is clear evidence that public agencies (with private partners) have an important role to encourage, empower and actively support regional events.

Events have been an important part of tourism from historic times when religious events brought people together in a special location. Today, around one third of domestic visitors in most Western markets report (1) having travelled in the previous year at least once to an event – whether it be sporting, cultural, food or religious.

In Australia, a world leader in regional events, there has long been a consensus that “Events are important drivers of regional tourism” (see below).

For regional destinations events can be particularly impactful, as a range of the destinations we reviewed illustrate:



Dark MOFO (see image) is a ‘fringe’ music, arts and food festival held in Hobart, Tasmania (3). Dark MOFO spun out of a successful



New Caption text: Figure 1 Dark MOFO, held for 12 days around the shortest day of the year in Hobart, Tasmania has been a transformational event for a destination previously seen as an unexciting city to visit in the winter off season”

summer arts event, with this winter solstice version transformational for this regional city in Australia’s smallest state. Dark MOFO has helped transform the image of Tasmania as an exciting, even ‘edgy’ place to visit – even during the off season. It is now supported by Tourism Tasmania and a wide range of private sponsors, and this support has helped grow the event into one of Australia’s iconic winter festivals.

Australian cities and states have a long track record of creating and/or building successful off-season events.

Sydney’s VIVID arts and ideas festival is perhaps the most striking example. Direct incremental visitor spend has dramatically grown, while public subsidy of the event has sharply declined – highlighting a critical best practice of public support helping create and/or grow an event and then stepping back as it gains attendance and builds commercial opportunity. This focus on off-season events has expanded from major cities to also actively facilitating regional events.

For example, Visit Victoria has moved the popular music and arts festival White Nights to the off season, and, in addition to the Melbourne festival, is partnering with the Victorian community of Ballarat to run a regional version.



“For 57% of first-time visitors to the region, the event was the main reason for visiting; likewise for 69% of repeat visitors. Three-quarters of event attendees would not have gone to the destination on this occasion if not for the event.” Tourism Research Australia “Events – Drivers of Regional Tourism” (5)



Most of the destinations we reviewed have some form of proactive and coordinated national, state or provincial support or funding for events. This includes Oregon, Colorado, Arizona, Ireland and Slovenia and Sweden:

“We work intensely with events as a driver for the destination. It is important to us, because we have limited marketing budgets. Events are always good ‘reasons to go’, but also platforms for visibility.”

Therese Sjölundh, CEO,
Destination Åre AB

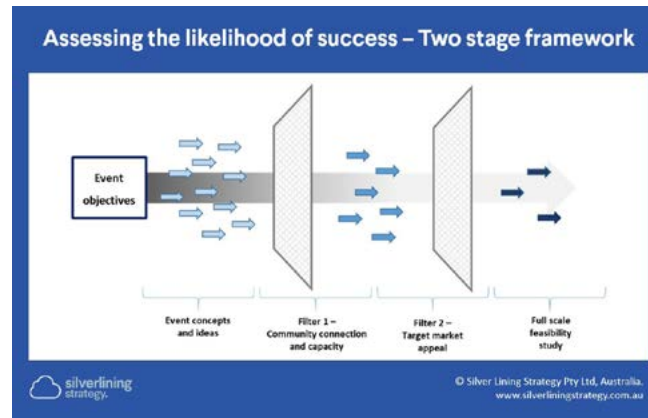
However, Australia stands apart as the most successful destination to support regional events over several decades.

All the Australian states have some form of event incubation and/or support services including, in most cases, an active regional event fund which targets funding to new or existing events with significant opportunity and/or in critical regional locations. (4)



The Boggabri Drivers Campfire is an example of a smaller (but growing) event in New South Wales, Australia with strong community and heritage benefits.

Destination NSW has one of the longest running event funds (since 1996) over which time they have supported 380 separate events, most of them across regional New South Wales. Some, like the Boggabri Drivers Campfire tap into the heritage and history of regional NSW and have slowly built a loyal following. Events of this type are as much an investment in heritage and community as they are in tourism development.



Picking winners is obviously a critical part of success in supporting events. Stu Spiers who worked at Destination NSW (and was involved in the launch of Sydney’s Vivid festival) has developed a robust methodology for assessing events (see below). The model assesses the likelihood of event success against two filters – on both the supply and demand side of the event business. The first, **Community Connection and Capacity** covers three areas of assessment: i. alignment with community values, ii. event delivery capacity and iii. key stakeholder support. The second, **Target Market Profile & Appeal** assesses the event against: i. its unique points of difference, ii. the target audience profile and iii. planning & positioning including the availability of dates.

Measurement of results and event impact needs to be a critical part of event support. Events usually need several years to build support – but also need objective measurement to assess progress, reaffirm viability and guide decisions on when and how to reduce government financial support. For example, Visit Victoria requires economic impact studies of all events over a certain size and assesses the overall impact of their regional efforts through visitor perception and conversion studies.

Figure 3 c. Event Feasibility Model. Stu Speirs, Silverlining Strategy, Australia. <https://www.silverliningstrategy.com.au>

RESOURCES & NOTES:

1. Research on event travel from the State of the American Traveler 2009 - 2019. Destination Analysts.
2. Event Feasibility Model. Stu Speirs, Silverlining Strategy, Australia. <https://www.silverliningstrategy.com.au>
3. Dark MOFO website: <https://www.darkmofo.net.au/>
4. Tasmania, Victoria and New South Wales event strategies and/or regional event funds – see individual state report pages.
5. “Events - Drivers of Regional Tourism”, Tourism Research Australia 2014

A DETAILED LIST OF SOURCES & RESOURCES IS OUTLINED IN THE FULL REPORT





HIGHLIGHTS

PUBLIC AND PRIVATE

Successful emerging regions often have both local and central government providing support but always with energetic private business partners. This includes generating a mix of public and private revenue, and offering specific bookable product in every campaign.

COORDINATING AGENCY FOR DOMESTIC OR IN-STATE TOURISM

All but the small nation of Slovenia has some type of coordinating national (or state/provincial) agency for domestic tourism. Such an entity can be largely DMO and industry-led as in Finland, provide an umbrella national campaign to target a specific group (for example, millennials) as in Canada and the UK, or can take more of a leadership role – more directly managing regional DMOs as in the Australian States or Ireland. There is likely no one ‘best practice’ model, but some type of solution is essential to activate the all-important domestic market for dispersal and off-season travel.

NATIONAL AND LOCAL

A wide range of the destinations we reviewed have some type of ‘macro regional’ DMO structure – including the Australian States, Oregon, Ireland and Slovenia. While they present their own challenges – especially in the absence of macro regional funding – they can make real sense for visitors, for tourism partners and for scale and efficiencies.

FOCUSED INTERNATIONAL MARKETING ORGANISATION

From this international review, it is clear a stand-alone marketing organisation largely or entirely focused on international visitor marketing still has merit. Almost all the countries have retained this model.

WHY THIS MATTERS:

- Nations and states or provinces need to match the outcomes they are seeking from domestic tourism with a well aligned industry structure and allocation of resources.
- Few if any of these best practices can be implemented without the right industry structure of public agencies, private sector partners and funding models that support them.

Getting the right outcomes in travel and tourism relies on having the right industry structure – including the right balance of public entity roles, responsibilities, skills and funding.

In reviewing international best practices six areas emerged as being critical to getting this alignment right. We draw on examples from across all the nations, but Finland and Ireland emerged as offering the most comparable examples for New Zealand.



Figure 1 Tourism Ireland is focused 100% on international visitor marketing. Fáilte Ireland – the national tourism development authority has even greater funding to build industry capability and capacity, coordinate regional DMOs & empower domestic tourism marketing

PUBLIC AND PRIVATE PARTNERSHIPS

Successful regional tourism development needs to be a smart balance of central and local government with the private sector.

Government support is usually essential to help fund many of the best practices outlined in this report for regions, but services should typically be co-op based, including contributions from private business. Partnerships should offer value to the business community – and this should be reflected in the co-op funding models they rely on. This is the case in many of the destinations we reviewed from Victoria, Australia to Finland, Oregon, USA to Slovenia. (1)

BALANCED INDUSTRY ORGANISATIONS

Both Ireland and Finland have dedicated international tourism marketing organisations; Tourism Ireland and Visit Finland. Like Tourism New Zealand they are solely focused on marketing to international visitors. Balancing these organisations, both nations also have separate and substantial organisations to tackle the full range of tourism development and management issues facing each nation.

Figure 2. The Slovenia Tourism Board takes a partnership model to many of its programmes asking private businesses to reach a minimum standard and/or invest to participate in programmes



Fáilte Ireland, the National Tourism Development Authority, has wide responsibilities including industry capability building, product and event development, operating the nation’s visitor centres and coordinating domestic tourism. (2) These responsibilities receive a high degree of focus and support - Fáilte Ireland has an annual budget of just under \$90 million USD (80 million euro) vs. Tourism Ireland which receives just over \$50 million USD (45 million euro).

Finland has a similar funding balance, though with smaller amounts. (3) Visit Finland receives dedicated funding of just \$12-15 million USD per annum. Multiple government agencies support tourism development under the leadership of the Ministry of Economic Affairs and Employment, collectively investing \$15-25 million USD in regional tourism development and business capability building, including the ‘Tourism 4.0’ development goals. This includes funding from the EU rural & structural programmes and grants for SME investment and development.

Figure 3. Visit Finland is focused 100% on international marketing - while the Ministry of Economic Affairs & Employment works with industry association Suoma to target the domestic visitor market

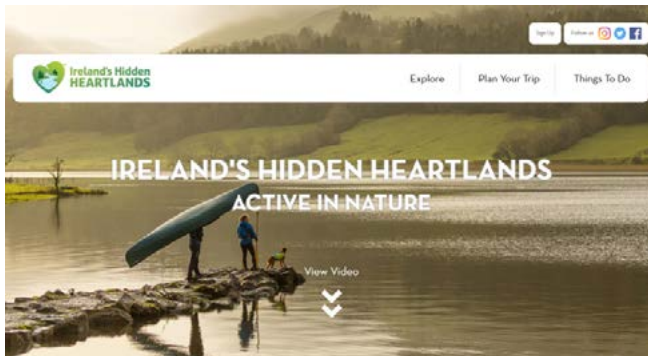


miles
PARTNERSHIP



COORDINATING ENTITY FOR DOMESTIC TOURISM

In larger countries with state or provincial tourism offices, the need for coordinating domestic tourism efforts is limited. These entities have the budget and scale to take the lead in most situations. National investment in domestic programmes tend in these larger nations to be specific and targeted; for example, Destination Canada or Visit England/Britain's millennial campaigns.



However, in smaller countries such as Ireland or Finland this is not the case. In comparison to New Zealand, Ireland and Finland both have single or multiple entities that take the lead at a national level on domestic tourism.

Fàilte Ireland makes this investment through the four macro regional entities – working with local communities and the private sector to market the more remote parts of the country – for example, the 'Hidden Heartlands' region.

In Finland's case the national domestic tourism marketing campaign '100 Reasons' is led by Suoma – the Finland Association of Tourism Industry Associations, combining both DMOs and industry partners. They receive some support from the Ministry of Economic Affairs and Employment, including content readily adapted from international marketing for a domestic audience (for example, the 'Welcome to Finland – Travel Near' influencer video).

Figures 1 & 2: Nationally coordinated campaigns in both Ireland and Finland seek to build domestic travel to lesser known parts of their country - especially in the off season.



THE RIGHT NUMBER AND TYPE OF DMOs

Around the world the number and diversity of DMOs often present challenges, following local political boundaries with little relationship to tourism and with widely varying capabilities and resources. Many of the nations and states we reviewed have taken steps to address this issue by creating larger 'macro' regions to help coordinate and support local DMOs and to generate some efficiencies of scale. All the Australia states, plus Oregon and Colorado in the US, plus Ireland have some form of macro regions, as does Slovenia.

Ireland has the most tightly controlled model with four regions, with a high degree of funding, staffing and management provided from the national level. For example, the macro region 'Wild Atlantic Way' on Ireland's west coast has 20+ Fàilte Ireland staff based in the region. There are clear benefits in such a model – but finding the right balance between national efficiencies and local control and flexibility is important. No one model stood out as 'best practice' and likely the answer is finding the right balance that works for your own country, state or province.



Figure 3 The Slovenia Tourism Board engages with their 35 individual DMOs via 4 macro regions



NATIONAL VS. LOCAL/REGIONAL CONTROL AND MANAGEMENT

The issue of 'macro regions' is one part of the critical issue of local/ regional vs. national control of tourism development. Successful tourism development needs to be guided by the local communities but within a national framework. These national policies, and in some cases laws, need to be responsive to the local concerns and needs of regions.

NATIONAL OR STATE/PROVINCE VS. REGIONAL FUNDING

Finally, finding the right balance of national vs. regional capabilities depends in large part to having the right funding sources. A number of the destinations studied have either a bed tax or some form of Tourism Improvement District – often down to local counties or cities. These provide robust, consistent funding to local DMOs. Without such revenue streams, funding of local government and DMOs can be uneven and poorly aligned with the demands of a growing tourism industry. From our review of international best practice there appears to be two possible options:

- i. Responsive, national funding: Developing a bi-partisan commitment from national or state governments to develop a responsive budgeting process to support regional tourism – for example to increase funding as tourism grows.
- ii. Local and/or regional revenue streams: This include options such as bed taxes or Tourism Improvement Districts. These regional and local funding models need a robust framework for gathering revenue and for how funds will be invested in order to avoid money being diverted away from tourism. For example, a major study by US Travel and Civitas Advisors in 2018 highlighted that 50% of bed tax revenue raised by US cities is spent in areas with little or nothing to do with tourism. (5)



Figure 4 A study by US Travel and Civitas in 2018 highlighted that over 50% of bed tax revenue goes into the consolidated fund of City Government

RESOURCES & NOTES:

1. The Slovenia Tourism Board <https://www.slovenia.info/en/business/about-slovenian-tourist-board>
2. Fáilte Ireland <http://www.failteireland.ie> and Tourism Ireland <https://www.tourismireland.com/>
3. Visit Finland <https://www.visitfinland.com/> and Suoma – National Association of Tourism Associations <https://100sytya.fi/>
4. Finland's Ministry of Economic Affairs and Employment - Tourism 4.0 programme: <https://tem.fi/en/tourism-4.0-action-programme>
5. Lodging Tax Review US Travel Civitas Advisors 2018 <https://www.ustravel.org/research/lodging-tax-review-how-assessments-work-your-destination>

A DETAILED LIST OF SOURCES & RESOURCES IS OUTLINED IN THE FULL REPORT