Riverina Tourism Marketing Study

May/June 2010

Introduction

This report has been compiled from the field research conducted by RDR Director, Ian Bennett.

The overall objective was to develop a definitive perspective on the breadth and depth of marketing activity within an RTO.

Riverina Regional Tourism [RRT] was chosen as the first RTO and based on the results and feedback, the research may be used in conjunction with other RTO's across the state.

The research looked at tourism marketing from the perspective of the different stakeholders [being Tourism NSW, FORTO, RRT, Councils, accommodation operators, experience operators].

The results have been presented in an aggregated context - confidentiality of individual comment and data was an important feature in gaining the overall data that has been used.

Purpose

"The study is been funded by the Forum of Regional Tourism Organisations (FORTO).

FORTO is committed to securing continued support by the NSW Government to Regional Tourism, local government and private operators. As part of this strategy it is considered desirable to demonstrate the level of existing promotional activity across all RTO's as well as the application of best practice.

With this in mind FORTO has approached Riverina Regional Tourism Board to participate in a pilot study. This study will explore marketing and communication budgets and associated strategies across the Riverina by all stakeholders including Councils and a representative sample of operators."

source: letter from RRT Chair, Ken Murphy to industry stakeholders

Management Summary

The economic benefit and affect of tourism on local regions is not fully appreciated or understood at most levels of the Riverina tourism industry.

The RTO needs to work with government and industry to develop an industry education program based on case studies and ROI. Without a full understanding of what tourism does and can contribute in terms of economic benefit it is unlikely that there will be any substantive changes in marketing budgets throughout the region.

Marketing dollars are spread too thinly, across too many mediums and with limited discipline to who is being targeted and what results are expected. RRT and TNSW can help raise awareness with regard the cost of media and how much campaigns cost - both at a local level and in metro markets. And how collaboration can help small budgets become more substantial and effective.

The region is dominated in tourism numbers and budgets by 2 councils [Wagga Wagga and Griffith] with the remaining local councils/shires comprising a huge geographic area but limited tourism resources and budget. These smaller LGA's need to work together in tourism as much as they share resources across other departments as they cannot afford to stand alone and compete.

Over 90% of council tourism budgets goes to the operational running costs of Visitor Information Centres. Therefore, the priority for many Council General Managers is to try to reduce the impact of this cost on already stretched financial budgets. The role of the VIC needs to be re-considered based around changing consumer behaviour. The VIC is an ideal entity to capture and manage local content.

Some smaller shires do not have marketing plans, budgets or resources. Their skills are limited but the product contained within their regions is critical to the 'experience' tourists will have. They cannot leave the marketing to local entrepreneurs who risk everything and need to work with RRT to ensure the 'experience' is sustainable.

Across the board there is a desire to do more but everyone is limited by budget and resources [there are plenty of entrepreneurs in the region who have created unique events/destinations/ experiences]. There is widespread respect for the RRT and the role it is performing. A recent change to RRT strategy [few projects but bigger budgets] has shown early stages of encouraging results.

Operators are still recovering from the economic impacts of the GFC and drought. We cannot expect much in terms of product innovation unless there is serious support and collaboration across all stakeholders. Whilst this represents the biggest opportunity, it will need strong leadership, management and support to show how the two sectors public and private can work together.

Across RRT, over $4m is spent on tourism marketing. This can be broken down to $2.7m spent by councils and in excess of $1m by operators especially accommodation operators [top 50 are spending on average $12,000 pa and next 100 are spending on average $5,000 pa]. This data does not take into account travel operators such as airlines, road or rail nor the media industry which promotes tourism across all platforms.

The overwhelming use of these tourism marketing dollars is spent on internal markets and infra-structure. Even the operators tend to focus on local markets rather than looking to increase visitation into the region. Markets such as Canberra and Melbourne are being targeted by RRT but with limited budgets. RRT needs greater industry support through consolidation of spends.

The most commonly stated targeted audiences are VFR [visiting friends and relatives] or nomads [touring the highways]. This is quite limiting but reflects the majority of product availability in RRT. RRT needs to develop plans to look at different audiences such as groups, families and vertical markets which have high average spends such as empty nesters, double income no kids and the pink dollar.

There is little evidence of product development aimed at new tourism markets such as eco-tourism and agri-tourism. Most operators do not have the time, budget or skills to develop new product and are not convinced there is a market. Local exploration of joint public/private sector initiatives to develop new product need to be considered urgently and RRT can help lead the local industry.

The region has an incredible range of events that can be better integrated into the regional tourism strategy enabling a concerted strategy and plan based around overnight visitation.

There is limited understanding with regard the scale,scope and limitations of RRT's budgets. The Riverina region as a brand [rather than as a location which is measured] is not measured, tracked or invested in outside of activity planned with TNSW. This is a major opportunity for RRT to work with local industry to define the need for the brand, the values of the brand and how the brand will be communicated.

Stakeholders believe it is RRT's job to promote the region but do not understand the dynamics and challenges of making a limited budget cover an entire geographic area as diverse as RRT.

Whilst operators collectively spend over $1m per annum on marketing, the majority of this spend is on memberships, print media and online booking engines. This spend needs to be consolidated through RRT to enable a stronger push of the Riverina brand to a wider audience. It can only be achieved by operators supporting RRT as RRT can access government funding and incentives.

All stakeholders see the need to increase spend and resources online but need help to work out what is effective - the variety in web sites is enormous. Everyone has one the same as everyone has a brochure. The opportunity online lies with search engines - RRT can help the local industry by implementing a search engine strategy to drive traffic to local web sites. This can be done quickly and cost effectively.

The role, cost and use of the Visitor Information Centres needs to be reviewed as it consumes over

90% of council marketing dollars and resources. Making the information available online and to a broader audience is critical to keep in line with consumer behaviour.

The role of the Tourism Manager is intrinsically linked to the management of the VIC. Whilst this is understandable given the cost of VIC's, it means the role is primarily focussed on internal audiences rather than driving traffic into an area.

Tourism Managers need to take a more active role in support and delivery of RRT services [some already do]. Whilst this will require a change in focus, it is critical for the future success of regional tourism as it needs more collaboration to deliver better outcomes with existing resources.

Growth of new experiences based around changing consumer behaviour represent one of the largest opportunities for the region to explore in a collaborative manner. With a strong history in agriculture and with growing consumer interest in what we eat and how we cook it, agri-tourism is a market sector that can be explored with existing product partners some of whom already export to international markets but have limited regional exposure.

There are also examples from other regions that can be adopted for RRT. The successful 100 mile concept from Canada that leverages local produce is an example of taking an overseas idea and adapting it to local use [see Orange] as are the partnerships that can be developed, through food and wine with the Sydney International Food Festival.

Recommendation

There is enough marketing budget within Riverina to justify driving towards Tier 1 status. The councils are spending over $250,000 pa on marketing activity, much of each focussed on inbound markets thereby in effect competing against each other. Operators, even the small local B&B's are spending over $250,000 pa - often on local advertising and through third parties.

This combined spend with the addition of transport partners [rail and air] plus the collaboration with larger regional operators means that the RRT could access a larger budget from the regional partnership program.

Within RRT there are a number of core events that are unique and have built strong and large followings - with attendances of between 10,000 and 20,000 these events do not have competitors but have broad appeal. By working together, as an industry, these events can be used to drive visitation across RRT but it will only happen through a concerted and integrated approach lead by RRT that brings the accommodation operators closer to the strategy.

Author’s comments

Outside of the management summary there are 3 critical areas of concern for the author;

1. The financial and operating viability of many small experience operators. Run as either not-for-profit businesses or heavily reliant on volunteers, these experiences are critical to the future of the regions tourism marketing yet many ‘struggle’ from year to year. The RTO needs to create a mechanism to ‘health check’ experience operators and will need support from TNSW to ensure these operators are not lost to the industry.

2. Many of the accommodation operators are working long hours and do not have the time to think and work strategically. Many have no formal hospitality training and are often semi-retired. There seems to be a lack of young families who are looking to make a career out of tourism accommodation in the region

A review of accommodation operators, their skills, strengths and weaknesses would help to identify opportunities. It is quite clear that most operators are now using technology to the level of having a web site but few understand how to optimise their spends to drive visitation.

3. Overall, the local councils and shires spend in excess of $2.7m on tourism yet over 90% of this spend is focussed on infrastructure such as Visitor Information Centres. This by nature means that tourism marketing dollars are limited and focussed on tourists already in the region.

Every council has a different model for the VIC. Some work better than others. The role of the VIC needs greater debate - we need them but we also need a consistent delivery across the RTO and state. Are they retail? Are they travel agents or booking agents? The traveller will see a huge amount of printed collateral across the region which is varied in terms quality and content.

Methodology

The research was conducted by face to face interview or by telephone interview.

Most interviews were on average 75 minutes long.

The questionnaire was developed jointly by RDR and the RRT and approved for use by the RRT board [see appendices].

The RRT board wrote to its council and shire members and to a broad spectrum of operators across the region.

RDR then contacted, directly, the contacts and set up interviews.

It is a recommendation of RDR that for future studies, FORTO be more closely involved with the selection criteria for operators especially the larger operator groups/chains.

RDR has spoken to travel operators and media companies to ascertain their impact on regional tourism budgets. Whilst this has been used as indicative, RDR recommends TNSW undertake a fuller analysis of these state wide operators [examples such as Rex, CountryLink, Best Western, Country Comfort] in terms of their budgets, resources and plans.

Councils

Question 1. How do you define marketing i.e advertising, promotions, staff headcount, infrastructure, marketing collateral such as brochures, partnerships/memberships, web sites?

Most councils responded with similar answers.

The list was predictable. Advertising tended to focus on local newspapers [non tourism], radio and sometimes television. For most of the councils print advertising was the focus [Visitor Guides] as they could use advertising revenues to off-set costs.

Staff costs and web sites were seen as different budget lines albeit they fell into a general commitment to tourism.

Outdoor was used sparingly [a surprise when a lot of the tourism product is based around the highways].

There were some concerns over the use of mediums such as social media. This is based around a genuine concern over privacy but also a lack of knowledge on how to use the channels for marketing purposes.

THE FOCUS ON PRINT MEDIA IS AT ODDS TO WHERE OPERATORS WANT TO SPEND THEIR MONEY. This will grow as an issue.

Question 2. How much do you spend on marketing your town/shire to visitors?

With over 90% of tourism budgets going towards the cost of running a VIC, the variance in spend on actual tourism marketing [ie once costs associated with the VIC are excluded] ranges from $130,000 to as low as $3,500.

Collectively there is, at best, under $300,000 spent by local councils on tourism marketing as compared to tourism in total.

Over 20% of this budget is spent on shows such as Camping & Caravanning - this is both a direct and indirect cost [space hire to staffing]. Shows and print media are the two dominant spend activities for councils.

We need to assess how budgets are allocated and look for innovative ways to increase the percentage spent on tourism marketing. A 10% change in where the money is allocated will increase funds across RRT by over $250,000.

This not only puts into context the value issue of RRT [more budget enables RRT to deliver greater value] but highlights the need to refocus the tourism effort to attract more inbound traffic.

A broader discussion around the cost of the VIC's, their role and how they are resourced would be beneficial.

Can the VIC be less bricks and mortar and maybe mobile so there can be 'kiosks' positioned around key traffic points? Should a VIC become an outsourced retail and/or franchisee model [there are a couple of good examples in RRT]? How can we reduce the burden of running a VIC on the tourism manager so that they can focus on the broader regional strategic issues?

Question 3. Have the ways you market to potential travelers and those visiting your area changed over the last 3 years? How?

There is limited tracking of traveler profiles at a local level and thus a strong reliance on RRT accessed data.

Most VIC's conduct a survey of some kind but profiling of travelers seemed to be ad-hoc.

The GFC quite clearly saw a reduction in traveller traffic on highways and in particular the grey nomad market.

Councils have not substantially changed the way they market to potential travelers over the last 3 years. There has been a slight increase in web based activity but nowhere as near as the change in behaviour from the operators. It is still primarily a print based commitment via the VIC but also through financial membership, a commitment to RRT. The risk is to assume and expect too much from a limited commitment to RRT.

Overall, there does not seem to be a deep understanding of visitor profiles and changing media patterns and costs outside of the audiences such as VFR. There are a couple of clear exceptions to this as the larger spending and sized councils take a greater interest in looking for newer audiences.

Question 4. Do you see this changing over the next 3 years and how?

The overwhelming response was that there would not be much change as budgets were not going to increase. If anything the General Managers expect more pressure on their budgets and as tourism is one of the last financial commitments, we can assume tourism marketing will continue to fight for budget growth.

This means that most activity will be based on what is done to date and what needs to be done to keep activity ticking over.

Growth in digital media and digital platforms is continually assessed and yet with limited funds at a local level, the best Councils can do is to keep up with refreshing web site content and some basic functionality.

If, though, Councils could see more collaboration between operators they would support such activity where they can. There is a widespread feeling that operators tend to look to Council continually to fund any activity. Councils do not have the funds but do have resources and are happy to work with operators in this context.

Question 5. How do you plan for the budget? Is it a percentage of turnover or campaign based or historical trend?

There is no formal process for tourism marketing. It is often one of the last budgetary decisions based on what is left and what has been committed to or what was spent in previous years.

This is linked to the lack of data on economic benefit, lack of visitor tracking plus pressure on budget lines.

RRT in partnership with FORTO and TNSW needs to look at developing a template that can be used across the state to help drive consistency in budget planning. By using TRA data we can determine the number of visitors to a Council area and the number of stays. This is a starting point every year to determine what activity will be spent to maintain those numbers and what will be spent to increase those numbers.

Question 6 Local Government question: One of the key outcomes of this study is to demonstrate to the State Government the significant level of funding by all Councils in the region on marketing and promotion of tourism. This information would be used to lobby for further funding allocations under the NSW Regional Partnership Program. Your assistance with the following summary of expenditure on tourism marketing and promotion would be appreciated.

Direct marketing and Promotional Budget: ________

Salaries (including Visitor Information Centre staff): __________________

Other Operating Costs including visitor information centres:

____

Total tourism expenditure: ______________________

For the purpose of this exercise tourism expenditure is defined as all activities relating to marketing and promotion of tourism in the shire/city including Visitor Information Centres and events organised to attract visitors to the area. It does not include expenditure on economic development activity, road signage or local community/ civic events such as Australia Day activities.

Answers were ad-hoc. In some instances there were no salaries as the VIC is run on a voluntary basis.

I have applied a percentage range to each report line;

Direct marketing and promotional budget - 10-15%

Salaries - 50-60%

Other operating costs - 30-40%

Almost every Council relies on voluntary help at their VIC as the desire to keep the VIC open for as many hours as possible is recognised. The VIC is a core mechanism for the Council to raise local advertising revenues. The larger councils are raising tens of thousands to help offset costs but as the size of Council diminishes so does the level and value of advertising [and so does the quality of publication].

Smaller Councils should consider working together to provide a centralised approach to Visitor Guides that can reduce costs and increase revenues.

Question 7/8. How do you measure the effectiveness of your expenditure on marketing and promotion? Are there any gaps in your analysis? If so what are they?

Measurement of effectiveness is based and related directly to the type of activity. Some expenditures are committed too not because they will deliver a return but because the expenditure is linked to a basic community service.

Therefore marketing metrics are not widely used [3 councils mentioned and discussed some approach and commitment to metrics].

Effectiveness is measured through either anecdotal feedback or sometimes through basic metrics such as web site 'hits'.

One of the challenges for councils is that effective measurement is almost impossible without industry feeding back data and this has proved either problematic or non-existent.

Every council is comfortable and uses KPI measurements for a wide variety of tasks. This is used to determine whether a plan has been executed well and is a good basis for measurement until a broader agreement around metrics can be reached. The term ROI was occasionally raised but there is little understanding how this can work in the context of tourism marketing.

There is an opportunity for RRT and TNSW to develop clear guidelines and case studies based on campaign measurement and effectiveness, to help drive consistency and also start to develop clear campaign ROI.

Question 9. What are your core marketing objectives for this year and have they changed?

There was a diverse range of responses to this question primarily determined by size of Council. Whilst visitation is widely accepted as the real benefit there was an acceptance that individual Councils could not do much to really impact visitation.

Core marketing objectives such as opening up and attracting new markets, building new product experiences or increasing visitation nights were not mentioned.

Instead the objectives tended to relate to supporting events, supporting regional bodies such as RRT and maintaining plans already in place. The larger councils did have more specific objectives based around airports and destinations and partnerships.

Question 10. Who are you primarily targeting and why? How much is directed at local area marketing to, say, intra-state or inter-state?

Almost 100% of council tourism funds are targeted at the local market - visitors already in the region. At this stage their commitment to targeting intra or inter state visitors is through membership of the RRT. How RRT does this is, on the whole, not really understood unless the council plays an active role in RRT.

The reason for this is driven by budget and resource and in many cases through a lack of knowledge. It is seen as pragmatic and a sensible use of limited resources to maximise effort where the activity can be seen and understood. Local media and events fit this category.

Question 11/12. How do you attract new visitors and where do they come from? Have you noticed any changes in terms of visitor profile/type of stay?

Whilst every Council wants to attract new customers, very few have the plan or budget to put in place programs to do so. There is a huge reliance on the camping and caravanning market.

There is good understanding of the VFR and grey nomad market but outside of this there are few plans to attract a younger, more family orientated audience. Audiences who may stay longer and spend more.

Tracking of audiences is usually through the VIC capturing of visitor data.

There has been little change in visitor profile across the region albeit concern about numbers since the GFC is widespread.

Examples of multi-cultural marketing are evident around the farming areas and where casual workers are required. This is an area that could be explore in greater detail around seasonal activities and food and wine. RRT can assist with developing strong links to the SIFF [Sydney International Food Festival].

Weekend traffic from Canberra and north Victoria is actively targeted and the RRT is seen as a useful conduit to develop promotions and packages.

Question 13/14. Detail the different ways you advertise (eg radio, television, newspaper, magazine). How do you decide which to use? How do you work out the relative importance of the above? How do you prioritise by resources and budget?

Decisions on how to spend the tourism dollars is driven by what is remaining once commitments to the VIC are made, memberships are paid and core collateral commitments made [eg Visitor Guides]. Councils use local media heavily to reach their core constituents but only when this is linked to events does it have a tourism based message. Therefore, by nature, the use of media for tourism is tactical and largely unplanned.

The one constant medium that can be better utilised is the VIC. Whilst it is a core piece of infrastructure and a huge cost, for many of the Councils it is the key commitment to tourism. There are varying models across the region in terms of locations within towns, cross-subsidising through partnerships and out-sourcing the management. Whilst there is a partial move to make the environment part retail with the selling of local produce, the core opportunity to drive overnight visitation is not pushed.

The experience as a traveller therefore is varied. At this stage the content is print collateral based. The opportunity to make the VIC experience more visual and dynamic and electronic is enormous and RTT and TNSW can provide support and guidance to the Councils in this area. Where there is electronic devices/kiosks the content is limited and not in real time.

Question 15/16. Is the way you use the different media types changing? If so, please give reasons. Are there ways you're marketing now, or not marketing now, that you would like to do more of? What are the reasons this isn't happening as you would like?

There is general acceptance that media is changing but some reluctance to change too fast as most councils do not believe their core audience [the retired traveller] use electronic/digital media much. Even the provision of basic services such as WIFI is not provided or promoted yet the promotion of easy access is known to be a key visitation driver [ref. MacDonalds attracting the casual business market] especially to new audiences. Federal commitment to NBN should encourage use and development of WIFI especially for those areas affected by poor network access.

Councils rely on RRT to promote tourism and are happy to support where possible the trade and industry shows. These are seen as core activities and easy to support - measurement tends to be anecdotal [attendance figures, distribution of material].

The councils do commit budget and resources to maintaining a web site and they would like to do more .

Overall, the approach is conservative and reliant on other organisations to really drive the tourism message and product across the media landscape. The councils will support whenever and wherever they can but keeping up with media trends is not seen as a core activity.

Question 17. Do you partner with other local organisations? Which ones and why and are there any rules/guidelines you need to adhere to?

In terms of tourism marketing, and outside support for RRT, there is limited partnership activity across the region.

There are instances where councils actively compete against each other in terms of timing and promotion of events.

Whilst the councils have different structures through which they work together, tourism is left to RRT. This puts a huge onus on RRT to deliver a marketing strategy across all the councils in the region.

Most councils would actively encourage local operators to work together but historical evidence suggests that this is not as successful as it should be and often ends up at council to fix. Chambers of Commerce are varied across the state to being good and respected to non-existent and problematic.

Whilst councils can and do share resources across departments such as Economic Development, tourism is not as it is under-funded to begin with, with few FTE's across the region. Councils need the operators to come together and work with them.

There is an enormous opportunity for RRT, FORTO and TNSW to work with Chamber's of Commerce to get a consistent approach to tourism and operator collaboration which will be supported by councils.

Question 18. How can Tourism NSW, FORTO and the RRT help you better?

There is widespread support and respect for RRT. Not just strategically but also the personnel.

This is even more credible when some of the Councils are very new to RRT and when there is a new Murray/Darling tourism organisation about to be launched.

Due to the size of some of the Councils, there will always be a value equation/challenge for RRT to deliver against. At this stage the increase in membership fees will be accepted.

Most Councils do not see TNSW or FORTO or RRT as resources they can look to utilise. For those Councils that do not have a marketing plan, these resources would be useful and indeed important to develop these plans and look at how to leverage already limited budgets.

TNSW and FORTO have low profiles and visibility across the region. Overall, there is clarity around the respective roles but the common request is for more resources and budget.

RRT can assist in better planning and spend of budgets through assisting, where needed, with the development of marketing plans.

Question 19. Do you use digital marketing tools such as online advertising, social media, online booking systems to promote your business/shire? Do you believe you have a strong understanding of online media and its impact on marketing and tourism?

Across every council, there is an increase in the use and planned use of the internet. For most councils this is based around a web site used primarily for local communication. There are pages related to tourism - most provide a basic service.

There is extremely limited understanding of social media and how it can be utilised for marketing. Over 50% of the respondents expressed some concerns around privacy issues and associated risks. These concerns, whilst valid, can be addressed with sensible policy and execution.

Very few councils are using the medium for marketing purposes. Basic search is not being used, nor linking to other sites. With the rapid changes in consumer behaviour this is a missed opportunity.

This is as much an issue of resources and budget as much as awareness of what the channel can provide.

There is an opportunity for RRT to provide basic web services across the RTO - to improve organic search listings and links that will increase traffic between local sites.

Question 20. How can you make your budget go further or get a greater return for you?

To date there is limited direct measurement of marketing activity. Most decisions are based on historical behaviour ['we did it last year, so we'll do it again'] and supporting the VIC.

For most councils, the planning of marketing budgets is driven by trying to make a budget go as far as possible and to try and keep some degree of consistency. There is currently little to no scope for testing new media.

There is also the issue that the marketing budget has two roles of which tourism is secondary to local advertising [which can range from job advertising through to road works and public notices]. This means that tourism marketing rarely has any plan built around it so that issues such as 'return' are not considered.

Question 21. Is staffing an issue for you in achieving your visitation/tourism objectives? If you had unlimited resources what additional staffing would you undertake?

For councils who do not have a tourism manager, this question had an obvious answer! Resource sharing has been undertaken by some councils in the area of Economic Development and it seems logical to explore how councils could share a marketing/tourism resource. Whilst distance was mentioned as a potential barrier, in real terms this is an opportunity that should be explored.

Tourism managers have to focus on the operation of the VIC. Part of that is to raise funds locally to support the cost of developing the local visitor guide and another huge part is to manage the many volunteers who help keep the VIC open across the week.

The VIC is often seen and used as a break for the traveller. Whether Council needs to cover the cost needs a broader debate. Examples of co-locating VIC's, especially in smaller shires, into local retail businesses would be a worthy consideration and free up resources and budget for marketing purposes.

Question 22. What are the obstacles to advancing tourism? Locally, regionally, state-wide, nationally

Every council responded with the same two local issues of budget and resources. They would like to do more but tourism is not seen as a priority.

The larger councils spend more time and resources on maintaining marketing infra-structure.

RRT is seen to be approachable and active but limited in its scope.

There is a desire to see operators get more involved and to improve their skills and become less reliant on council funding.

There is limited awareness of what campaigns are currently running either by TNSW or by other states. This seems to relate to the issue of a low industry profile from which tourism suffers.

The issues of national tourism are seen as too distant and too far removed from local requirements.

RRT can assist with raising the profile of tourism by sharing case studies of successful global tourism campaigns. This may assist in changing perceptions of what works and what does not. Great examples would be either the Tourism New Zealand campaign or the worlds best job campaign from Queensland. Both these campaigns have public case studies and show, when done properly, how effective and impactful tourism can be.

Question 23. Are there any segments of the visitor market that you believe are not being serviced?

Whilst some councils want to develop a broader product experience and can see the advantages in developing agri-tourism or eco-tourism based product, they are extremely limited in what they can develop without investment. On the whole, they recognise the limitations to the local tourism product but will need intervention through federal or state grants to fast track development that will attract new audiences.

The councils also want to see the operators working together rather than competing locally so that they can develop strategic plans in tandem with the local community.

Overall, the councils would like to attract new visitors and do have ideas/plans as to how. But until the plans can be funded then the approach will be to continue based on what resources they have today and which audiences already come.

Question 24. LGA Specific: How Does the Council Planning department work with the Tourist Managers re Local Environmental Plans (LEP'S)etc?

Across the board, the answer was the same. The tourism manager, when there is one, is not actively engaged with LEP's. In the larger councils there is a level of engagement but not formally.

Operators

Question 1. How do you define marketing i.e advertising, promotions, staff headcount, infrastructure, marketing collateral such as brochures, partnerships/memberships, web sites?

Answers were varied but with limited strategy and planning. At an individual level, events are better managed and planned as there tend to be committees or teams. Accommodation operators plan around a budget and tend not to develop a specific marketing strategy.

Accommodation operators are spending more money online and less on print advertising and collateral. Whilst this is encouraging, the real reasons are that the web is seen as cheap and brochures seen as expensive and usually unproductive - most operators do not know how to measure their web activity, they are happy to get hits and rely on booking engines to deliver them customers. To a degree the web allows accommodation operators to forget about marketing!

The increase in online spend is directly linked to booking engines and the fees/commissions/memberships required to get access. This can represent up to 70% of their annual budget for operators such as caravan parks and small b&b's.

Print advertising is seen as important for local support but to a diminishing degree. It is used for events.

Whilst operators have their own brochures/flyers, the amount they are spending on this is decreasing.

There was a surprising lack of innovation at operator level with new technology or media.

Signage is seen as important especially near highways albeit not a lot of consideration is given to the quality of content or the message.

Experience Operators, working with small budgets tend to be far more innovative with how they spend their dollars.

Whilst evidence of a clear strategic plan is lacking, their ability to stretch limited resources is excellent. Their budgets, as local events, can be as low as a few hundred dollars. On average the budgets are $3-5k with some of the larger events able to generate sponsorship revenues to allow for the support of admin staff.

They look for any opportunity to get their message out to a broader audience and are using social media and pr to good effect.

Again they are using the web to decrease costs spent on print media.

Local media across radio, print media and tv are leveraged to get their message out as 'news' but this is ad-hoc.

Question 2. How much do you spend on marketing your town/shire to visitors?

Variance in budgets is not as widespread when compared to Councils. Operators know they have to spend money, it is more of a case as to where do they think they get a return and how far they can make the budget stretch.

It must be noted that many accommodation operators are managers rather than owners. This can and does lead to cautious planning as the manager is often either risk adverse or just not empowered to make major marketing decisions.

The operators are being sold to on an almost daily basis by email, direct mail and, in the larger towns, face to face. Working out who to commit to is hard and often driven by historical behaviour.

There is no actual logic or formula applied to planning a marketing spend [for example, % of turnover or profit]. It is driven by what can be afforded and what was done before.

Most operators are spending approx. $5k on web, $3k on flyers and $3k on advertising with $2-4k on signage or miscellaneous collateral. It varies based on size of operation and whether owner or manager. The smallest operator will spend $5k whereas the larger operators are spending $25k.

Discussions with the state wide chains will help clarify what they spend on a local level.

With limited access to funds - budgets spent on promoting experiences was limited. In one instance the budget was a couple of hundred dollars for the year so their marketing strategy was a colour photocopy that at least they could hand out to people.

When there are funds, it usually goes towards admin and project management.

Marketing budgets are based on what can be done for as little as possible.

For events, the budgets, for marketing, ranged from a few hundred dollars to a couple of thousand dollars.

This only changed if either the Councils supported the event/experience, there was external funding from either state or federal government or the event could attract commercial sponsors.

Question 3. Have the ways you market to potential travelers and those visiting your area changed over the last 3 years? How?

Overall there has been little change in how operators market to travelers over the past 3 years. There have been decreases in the reliance on print media and even local media and an increase to using web sites but this has been done in line with a reduction in budgets due to the GFC, drought and a belief that the web is cheap.

Very few operators create 'campaigns' and tend to react to media offers that have been used in the past or where they feel they need to advertise - this was often the rationale behind advertising in Visitor Guides.

There is an over reliance on VFR, grey nomads and highway traffic. The GFC has caused a change in thinking as the grey nomad market has decreased - numbers have not yet [anecdotally] returned to pre-gfc volumes. Highway traffic is an easy market for most operators even though the trade rates mean it is very competitive. Overall there is little differentiation in the B&B market by facilities or price so operators tend to sign up with as many 'engines' as they can afford and let the engines do the marketing.

Question 4. Do you see this changing over the next 3 years and how?

Whilst everyone tends to expect to spend more on the web, there is little clarity or explanation as to why and how.

Discussion around social media, integrated media planning and/or collaborative marketing were seen as important but that there was neither the time or budget or understanding to develop these areas.

Most operators would like to improve signage and imagery

There is a clear opportunity for RRT to keep the industry up to date with changes in consumer media behaviour, sending out relevant articles and guides. Very few operators knew that there are online videos for google and facebook - whilst cost was seen as a constant issue, these services are freely available. Whilst the audience is time poor they need the education to help them realise that the web is for all audiences.

Question 5. How do you plan for the budget? Is it a percentage of turnover or campaign based or historical trend?

For most operators the budget is based on what can be afforded at any given time. Where possible they try not to commit funds in advance and they tend to run the budget in line with cashflow. This results in short term spending and also results in most operators appearing where all the other local operators appear.

There is limited knowledge and appreciation of how demand funding works and how operators could work together to address similar issues or opportunities. The thinking is extremely local and tactical.

Question 6 Private operator question:

What is your current budget for marketing and promotion of your enterprise for this financial year? Staff costs, Marketing material costs such as print and media, Consultants , Service providers

There are no staff costs assigned to marketing. When it is an event based experience, an allocation of time and role is allowed for marketing but at best it is a couple of thousand dollars so there is a strong reliance on free media and contacts/networks. This in essence means that marketing skills within operators are self taught, based on recommendation/word of mouth, previous experience or not a major priority and left to other parties.

Print and media spends are measured as there is a define supplier invoice but there is little consideration or budget for content. One of the challengers for operators looking to attract new visitors is what they can send or provide visitors in the decision making cycle. A quick review of properties in Riverina and listed in wotif show's the diversity available across the popular 4* range of properties.

Most operators do not allocate a budget for consultants or service providers - the cost is built into a task.

Question 7/8. How do you measure the effectiveness of your expenditure on marketing and promotion? Are there any gaps in your analysis? If so what are they?

Accommodation operators determine effectiveness through 'bums in beds'.

Linked to this is that most accommodation operators work to a promotional budget rather than a clearly defined marketing plan. Spends are allocated by what is seen to work, who has given up the best deal and what needs to be done quickly.

With the wide choice of media available and limited budgets, operators tend to make assessments quickly as to whether something works or not.

This particularly relates to online booking engines and to membership based organisations.

The measurement process is not particularly structured [some use spreadsheets aligned to a marketing plan, but a clear minority] and is reliant on them querying where a lead came from [when it is a phone lead].

The growth in use of email is providing an opportunity to link a lead to activity albeit it is a scatter gun approach

Question 9. What are your core marketing objectives for this year and have they changed?

This question challenged most of the respondents. For the majority, the response is to do what was done last year, do it cheaper, utilise more of the third party service providers especially online and hope more visitors come. On average, operators plan about 50% return visitation - albeit they do not know until the person returns [there was no evidence of loyalty programs or repeat visitor vouchers to encourage this].

Objectives such as building a prospect database, increasing consideration, building brand differentiation are areas not considered by accommodation operators. They do not have the time or experience or, in most cases, the appetite to learn. Events/experience operators do have an appetite for a more formal approach. This is driven by the drive to always source third party funding and that most often decisions are made by committee.

Here there are basic levels of lead tracking and good media management. Planning is based around funding cycles and the impact it has on the event.

Question 10. Who are you primarily targeting and why? How much is directed at local area marketing to, say, intra-state or inter-state?

Accommodation operators are predominantly either fulfilling trade business from the highways, relying on local VFR activity [weddings and funerals] or the retiree market [which come as both groups and individuals]. In essence they market to an audience already coming to or through the region and put little focus to inter-state.

One of the regions largest operators has realigned its strategy to again focus on this market - it had tried to market inter-state but found that the return on the investment to be too slow and not sustainable from their own budgets.

Experience operators tend to look further afield and attract visitors from around the state and from Victoria and the ACT. Whilst their budgets are limited, the exposure and reputation of the events attracts a broad and valuable audience. Integrating this activity into the broader marketing plan will allow closer co-operation between accommodation operators, councils and the event committee's.

Question 11/12. How do you attract new visitors and where do they come from? Have you noticed any changes in terms of visitor profile/type of stay?

Events organisers are constantly looking for ways to attract more visitors and year on year seem to be building solid events and audiences. The audiences tend to be younger and more family orientated - this is the core opportunity for RRT.

Question 13/14. Detail the different ways you advertise (eg radio, television, newspaper, magazine). How do you decide which to use? How do you work out the relative importance of the above? How do you prioritise by resources and budget?

There are limited marketing plans and decisions on how and where to advertise are driven by sometimes short term tactical needs and opportunities. Most operators will advertise in the local tourism visitor guide but many are sceptical about the number of leads and thus return they truly get.

Whilst there has been a growing focus on using the internet it has been to develop web sites or to link to third party booking engines. Few operators understand how to use and leverage google and other search engines to drive traffic to sites. This remains an immediate opportunity for RRT.

Question 15/16. Is the way you use the different media types changing? If so, please give reasons. Are there ways you're marketing now, or not marketing now, that you would like to do more of? What are the reasons this isn't

happening as you would like?

Because budgets are already low and not driven by strategic plans, understanding of media channels, how these channels interact and how the consumer is changing media consumption is low. Whilst exposure through education will help, the RRT can take the lead by developing a clear digital strategy that can then be opened to local operators.

On another level, the use of 'outdoor' advertising is limited. On the highways, there are examples of national advertisers using Outdoor sites to good effect - RRT can help, with support from TNSW, both LGA's and operators better understand how to leverage these sites to drive traffic to locations.

Question 17. Do you partner with other local organisations? Which ones and why and are there any rules/guidelines you need to adhere to?

Accommodation operators try to work together at a local level through Chambers of Commerce or local tourism groups.

These groups tend to have limited impact or results due to infrequency of meeting and mixed local priorities.

It usually results in limited marketing activity and so become underfunded programs. The opportunity to integrate local events with accommodation operators will provide a longer term strategy as the operators will see an obvious and immediate benefit. At this stage they are not partnering because it is too hard.

Question 18. How can Tourism NSW, FORTO and the RRT help you better?

Most accommodation operators are aware of RRT but have no clear idea as to the relationships with TNSW and FORTO and how the relationships work - from both a funding and resource perspective.

Accommodation operators are working long hours, have limited funds and limited marketing skills. They are increasingly reliant on third parties for bookings and do their best to deliver an excellent experience. They have limited capacity to think strategically as their biggest worry is visitation in 24 hours time.

TNSW, FORTO and RRT can best help accommodation operators through the development of online training solutions that can be accessed 24/7 and through the sharing of case studies. These need to be provided online to address both the distance issue and the time-poor issue.

Experience operators have a good understanding of how the industry works and operates mainly because they regularly look for and apply for grants.

They feel distant to TNSW as an organisation and would like more access especially around programs they can tap into.

Partnerships is another area of interest for most experience operators.

The real issue for these operators is financial. They try their best but some are working off annual budgets less than $1000 so there is an absolute limit to what they can achieve. Their other issue is that as they are voluntary they are totally reliant on goodwill and this needs to be reflective in any strategy.

The RRT can help by creating an Events Community through which experiences and case studies can be shared.

Question 19. Do you use digital marketing tools such as online advertising, social media, online booking systems to promote your business/shire? Do you believe you have a strong understanding of online media and its impact on marketing and tourism?

Every accommodation operator has a web site. The budget spent on building their site varied from $3,000 to $15,000. Once built, most [60%] seemed to think that the job was done and do not budget for ongoing content updates.

Every accommodation operator is increasing their budget online and looking to decrease their budgets in areas such as print.

Across the smaller operators, some have a basic room management system [often self built and in Excel] that enables them to keep track of bookings.

Most operators are using membership platforms or third party booking platforms to generate traffic [eg. nrma or wotif].

Across the region, online booking is representing up to 40% of all bookings and this is expected to grow. 80% of accommodation operators are cynical of the booking engine commissions they have to pay and almost see it is a marketing cost.

Very few operators are using analytics to measure their web site in terms of visits and conversions.

It is clear that operators see the importance of the web and its growing impact. At this stage they have not aligned this against audience behaviour where most will claim that their visitor numbers are driven by repeat business!

Experience operators struggle to maintain a basic service so funding and maintaining a web site is a budgetary and resource challenge.

Some of the larger events have a broader understanding and have built sites that they use as the premium communication channel.

The more sophisticated operators are using social media more so than the accommodation operators.

Basic use of search engines is not really understood or leveraged.

At this stage they are yet to work out how they could benefit from working together to increase their online visibility - another area where RRT can assist by creating a common Facebook/LinkedIn/

Flickr strategy.

Question 20. How can you make your budget go further or get a greater return for you?

Education based around new media, social media and collaborative campaigns will increase confidence that these activities can be utilised without too much risk.

Basic help with ROI metrics and especially online analytics will enable RRT to oversee the tracking and measurement of local activity. This aggregated data will help operators better understand their relative performance as compared to the rest of the local market - currently their competitors.

Question 21. Is staffing an issue for you in achieving your visitation/tourism objectives? If you had unlimited resources what additional staffing would you undertake?

Most operators have limited marketing skills and at best they may have attended some courses

Their focus is on the daily operation and function of the business

Spare time is then given to tourism and marketing

As the number of online booking engines has grown, a growing number of operators are ‘happy’ to allocate their marketing dollars to these third parties as long as they can see some bookings. This fits into their time poor situation and allows them to access the online market when they do not have the necessary skills to do so alone.

Every dollar raised or committed goes to staffing costs so that experiences can actually take place.

Support and help is always going to be welcome especially opportunities to better integrate into regional plans or market to broader audiences

Question 22. What are the obstacles to advancing tourism? Locally, regionally, state-wide, nationally

Most accommodation operators want more money spent promoting the local areas. The perspective as to who they compete against is driven by locality rather than a broader understanding of tourism trends and challenges.

They do not really care what happens across the region or state, their issues are local. Very few operators have considered working together on campaigns [this is driven by a competitive

When asked who should promote the local

Question 23. Are there any segments of the visitor market that you believe are not being serviced?

There is an enormous opportunity for RRT to engage with local industry and explore, together, new market opportunities. As mentioned previously there is a huge reliance on the VFR market and whilst this is vibrant and returning frequently, this audience is unlikely to grow the market or encourage external investment and product development.

Agri-tourism has been left to the local councils to drive but with growing interest in food represents an opportunity for RRT to develop new destinations and experiences.

Question 24 Operator Specific: How does local council tourism help you at present? Are there any other strategies that could be used to further promote your enterprise?

Responses were on the whole neutral

Local tourism was seen as a useful and needed resource although expectations are pretty low

Accommodation operators want the local tourism resource to, in over 50% of the respondents, do the marketing for them and their town/area but they do not see many new visitors apart from highway traffic

The operators try to get involved as much as they can but they are limited by time and dollars

Whilst the issue of collaboration is seen as a good thing to pursue, very few are actively seeking it and this is where the local tourism manager can help through the RRT

The operators are keen to reduce their spends on printing material and also have limited time and skill to manager their web sites. Whilst they are happy to use third party booking engines, most are unhappy with the level of commissions they have to pay.

Knowledge of best practice is limited. Signage is often either in the wrong place, too small and far too busy. Providing clear guidelines will help operators get the most out of their budget in the basic areas of spend.

Whilst the councils often have accommodation listings on their web sites, the operators receive relatively few enquiries and bookings through these sites. Actively driving traffic to council web sites will help reduce reliance on the third party sites and was seen as a potentially hugely positive action that could be undertaken

Event and experience operators rely heavily on local tourism support from Council. This is not just in a marketing sense through promotion in the VIC and other Council assets but the resource support is critical to the success of the event

There is a stronger relationship with Experience Operators and Council than accommodation operators

Helping with ticketing and booking

Appendices:

1. Questionnaire sample

2. Approach to Strategic Planning

Background

This project is being sponsored by FORTO to better understand and measure the existing marketing plans, budgets and resources within the Riverina RTO [across all tourism stakeholders]. The Riverina has been chosen as the first RTO for this project due to its history of collaboration across the industry.

The project will also explore areas of best practice that can be shared across the stakeholders [with agreed disclosure only] and recommend areas where collaborative based programs may be beneficial in terms of ROI on marketing activity.

This Q&A is a working document whereby we are looking to collect as much data as possible. It does not mean every question needs to be answered or that other questions/comments cannot be added.

Please note that all answers are confidential and will not be shared - results will be presented at an aggregate level.

Questions	Answers
How do you define marketing i.e advertising, promotions, staff headcount, infrastructure, marketing collateral such as brochures, partnerships/memberships, web sites	
How much do you spend on marketing your town/shire to visitors?	
Have the ways you market to potential travelers and those visiting your area changed over the last 3 years? How?	
Do you see this changing over the next 3 years and how?	
How do you plan for the budget? Is it a percentage of turnover or campaign based or historical trend?	

Questions	Answers
Local Government question: One of the key outcomes of this study is to demonstrate to the State Government the significant level of funding by all Councils in the region on marketing and promotion of tourism. This information would be used to lobby for further funding allocations under the NSW Regional Partnership Program. Your assistance with the following summary of expenditure on tourism marketing and promotion would be appreciated. Direct marketing and Promotional Budget: _______ Salaries (including Visitor Information Centre staff): _______ Other Operating Costs including visitor information centres: _______ Total tourism expenditure: _______ For the purpose of this exercise tourism expenditure is defined as all activities relating to marketing and promotion of tourism in the shire/city including Visitor Information Centres and events organised to attract visitors to the area. It does not include expenditure on economic development activity, road signage or local community/ civic events such as Australia Day activities. **Private operator question:** What is your current budget for marketing and promotion of your enterprise for this financial year? Staff costs Marketing material costs such as print and media Consultants Service providers	
How do you measure the effectiveness of your expenditure on marketing and promotion?	

Questions	Answers
Are there any gaps in your analysis? If so what are they?	
What are your core marketing objectives for this year and have they changed?	
Who are you primarily targeting and why? How much is directed at local area marketing to, say, intra-state or inter-state?	
How do you attract new visitors and where do they come from?	
Have you noticed any changes in terms of visitor profile/type of stay?	
Detail the different ways you advertise (eg radio, television, newspaper, magazine). How do you decide which to use?	
How do you work out the relative importance of the above? How do you prioritise by resources and budget?	
Is the way you use the different media types changing? If so, please give reasons.	
Are there ways you're marketing now, or not marketing now, that you would like to do more of? What are the reasons this isn't happening as you would like?	
Do you partner with other local organisations? Which ones and why and are there any rules/guidelines you need to adhere to?	
How can Tourism NSW, FORTO and the RRT help you better?	
Do you use digital marketing tools such as online advertising, social media, online booking systems to promote your business/shire? Do you believe you have a strong understanding of online media and its impact on marketing and tourism?	

Questions	Answers
How can you make your budget go further or get a greater return for you?	
Is staffing an issue for you in achieving your visitation/tourism objectives? If you had unlimited resources what additional staffing would you undertake?	
What are the obstacles to advancing tourism? -locally, -regionally, -statewide, -nationally	
Are there any segments of the visitor market that you believe are not being serviced?	
LGA Specific: How Does the Council Planning department work with the Tourist Managers re Local Environmental Plans (LEP'S)etc?	
Operator Specific: How does local council tourism help you at present? Are there any other strategies that could be used to further promote your enterprise?	

Approach to Strategic Planning

Understanding the market category	Competitor Analysis
Audience Segmentation	Understanding our audience needs
Products and Services	What are we communicating?
Objectives	Primary and Secondary
Brand Positioning	Brand Values
Key Messages	Communication Planning
Desired Outcomes	Measurement and Analysis

We employ a holistic approach to working with our clients. An approach based on our experience gained working with companies and organisations around the world. It is collaborative and sharing as we look to discover the key insights that will drive our communication solutions.

RDR works with brands to ensure that the solution is;

Simple Consistent Engaging Different