

# Lighthouse Report One

## Shining the Light on Customer Perceptions

Welcome to the first in what will become a series of quarterly Lighthouse Reports - beacons to help you navigate the ever changing waters of the tourism industry. These reports will provide up-to-date information about current trends in tourism.

They will:

- highlight changing trends in consumer behaviour that effect us all;
- help you to engage travellers fully in an unforgettable Tasmanian experience; and
- guide us all smoothly to our chosen destination – a strong and productive tourism industry for the benefit of all Tasmanians.

## Where we embark

Our first Lighthouse Report conveys the top-line results of the recent Perceptions Research Study commissioned by Tourism Tasmania to understand how existing and potential customers see Tasmania and how likely they are to visit us in the near future. Study groups included both interstate and intrastate visitors, with questions covering both cities and regional areas. It's important to note that this is the first time a study such as this has included the views of Tasmanians in the consideration of holidays within their own State.

Come with us and hopefully you be enlightened by the journey and see the opportunities for how we can all improve our proposition to the consumer and create the best result for tourism in Tasmania.

## The journey so far

Tasmanian tourism has grown substantially since June 2001:

- visitors have grown by 63% to 868,000;
- nights have grown by 45% to 7.041million; and,
- spend has grown by 133% to \$1.301billion.

Several years ago, we set out to position Tasmania as Australia's leading place for a nature-based holiday experience. Today, the research shows that we have achieved that objective and Australians see us owning this territory in the holiday stakes.

Not only are we top-of-mind as a nature-focussed destination within Australia, but Tasmania has won many international awards that confirm this position with our overseas travellers as well. These include the prestigious recognition from *Travel & Leisure* magazine in the US as the 'Best Island Destination in the South Pacific Region' and, again in the US, with Frommers naming Tasmania 'one of its must-see destinations for 2006.'

## Tasmania returns to TV

With the support of the Budget Enhancement funding over years from 2006, in January 2007, Tourism Tasmania was able to once again incorporate television into its media mix after nearly a 10-year hiatus from this medium. Under the banner of the 'Island of Inspiration' as our strapline, Tasmanian advertisements appeared on both free-to-air and pay-TV nationally, supported by an integrated print and outdoor campaign.

This new creative has resonated well with consumers in our core target markets on the mainland and the early results are showing we are moving in the right direction with our communications.

Outside of the recent Perceptions Study, Tourism Tasmania has also engaged with Roy Morgan Research to participate in their national Brand Health Tracking Studies conducted on a quarterly basis to monitor the impact of the various States' tourism advertising. The early indicators off the back of our return to television are promising and showing that Tasmania is performing well against the major competitors. Some of the highlights of the study are shown below:

### Increased Destination Tagline Awareness

For the period from January to March 2007, the Roy Morgan Research Holiday Tracking Survey reports an average of 11% of Australians aged 14+ had awareness (when prompted) of the Tasmanian destination tagline 'Island of Inspiration'.

This compared favourably against the previous tagline, 'A Rejuvenating Journey,' which had achieved an average of only three per cent in the same period for 2006.

### Increased Advertising Awareness

Preliminary results from the Roy Morgan Research Holiday Tracking Survey indicate an annual increase of almost 4% in 'prompted' advertising awareness for Tasmania to May 2007 amongst interstate Australians aged 14+ moving from 29.2% to 32.8%.

This increase outperformed competing domestic destinations with awareness of New South Wales advertising falling by 2.9% to 30.3% and Victoria falling by 3.4% to 28.7%.

### Increased Preference

Tasmania also experienced an annual increase in Australians aged 14+ who have a preference for holidaying in the State within the next two years – an important measure for monitoring the effectiveness of our communications.

In the period to May 2007, preliminary results indicate that 17% of respondents indicated a preference for holidaying in Tasmania, up from 15.4% over the same period in 2006 – an increase of nearly 2%.

Over the same period, preference for holidaying in New South Wales and Victoria fell by 3.8 per cent and 3 per cent respectively.

### Some Positive Qualitative Feedback

Separate communications development research conducted in early May 2007 with key target markets in Sydney and Melbourne was extremely positive.

In those sessions, respondents referred to the new tagline of 'Island of Inspiration' as..... "Bigger than life"; "Transforming"; "Says it all - - a complete thought"; "Makes Tassie more exciting".

Overall, the new communication was - -

- Well-liked, easily understood and seen to succinctly sum up the wonder and diversity of the destination.
- The campaign was seen to display Tasmania as a more 'dynamic' nature destination.
- The current television advertising was seen as being effective in achieving this with its multi-dimensional nature and its ability to tell a story.
- The television commercial was generally regarded as '*awesome*' by virtually all respondents who felt it gave Tasmania's nature experiences a depth and dimension most had never thought of or appreciated.

## Staying ahead of the changes

This is all encouraging information which tells us we are moving things in the right direction. The world we live in, however, has changed dramatically in the last five years and we need to ensure that we are constantly monitoring and adjusting our tactics to respond to these changes. Increasingly, we compete as a destination not just with other parts of Australia, but with highly attractive and aspirational overseas destinations. We are also challenged by the constantly changing patterns of consumer behaviour and spending, both within Australia and globally.

Over the past five years, people have continually decreased the amount of discretionary funds they are spending on leisure travel as compared with other household items.

Domestic tourism has been relatively flat, with only a slight increase over the past few recent quarters. Conversely, international outbound travel continues to grow on the increasing strength of the Australian dollar and the perceived value-for-money presented by overseas experiences.

The introduction of low-cost carriers into the Australian domestic (and international) travel market has also changed the behaviour of consumers. More people are travelling more frequently. However, they are increasingly staying away for shorter periods of time.

People's commitment to their work also challenges our industry - quite simply we are taking less time off work, less often. And when we do, we expect far more from our holidays and what they deliver to our needs.

Tasmania must respond to these new challenges and embrace the opportunities that arise from them to ensure we achieve maximum benefits for our industry.

## Our travellers and their perceptions

The Perceptions Study was undertaken by Colmar Brunton on behalf of Tourism Tasmania with Australians who were prepared to spend \$2,000 on a holiday and Tasmanians who were prepared to spend \$1,000.

The objective of the research was to better understand how not only existing customers perceived Tasmania, but also potential customers who had not previously considered Tasmania viewed the State as a holiday choice.

We wanted to identify what are the current motivational triggers for travelling to and around Tasmania and what are the current barriers associated with travelling to and around the State.

The project was comprehensive in its sample-size, involving 2038 interstate Australians and 525 Tasmanians.

### What our customers are seeking now

Both interstate and intrastate participants looked first at **what initially drives them to take a holiday** and then reviewed how well our holiday offerings matched those motivations.

For interstate people wishing to travel, *any* holiday destination today must provide opportunities for:

- socialising with people close to you;
- having fun;

- experiencing something different from everyday life;
- having a break from routine; and
- resting, relaxing and rejuvenating.

These motivations are core strengths of our destination and provide Tasmania with a very clear set of opportunities.

The qualitative research showed that Tasmania has three main perceptions associated with it as a holiday destination:

- nature;
- history and heritage; and
- food and wine.

The extensive level of quantitative research conducted confirmed this perception with the bonus that nature far outweighed the other two perceptions.

Tasmania is perceived to offer a mix of man-made and natural sites. The natural element does dominate with the perception that the key activities for tourists in Tasmania are outdoor-focussed through a range of medium to soft activities including bushwalking, hiking and camping as well as excellent short walks.

Generally, the research found that consumers tend to group holiday destinations into one of three very broad categories:

- a 'wild nature' category that includes perceptions of nature that might be difficult to access but are seen as worth the effort (*Tasmania's Cradle Mountain is located in this category*);
- a 'city' category that is dominated by perceptions of excitement, shopping and a wide variety of available activities; and
- an 'undifferentiated' category that contains the range of every other type of holiday experience.

Most of the perceptions around Tasmania are located within the 'undifferentiated' category providing substance to the long-held view that potential visitors know of the main destinations within the State, but they do not have enough knowledge of what lies 'beyond the surface'.

This presents a real opportunity for us to highlight the attractions, the products and experiences in different areas of the State that will create a unique personality for Tasmania, shifting perceptions and moving more consumers to choose Tasmania for their next holiday.

Some specific opportunities identified in the research included focusing more on:

- beach or coastal experiences
- unique shopping opportunities
- adventure-oriented experiences

Two perceptual concepts dominate a destination's positioning in the minds of most interstate travellers':

- perceived activities ranging from extreme nature-based activities through to total relaxation; and
- how involving the destination is - - from being boring through to exciting and having a wide variety of activities available.



Tasmania has significant opportunities which arise from our occupying two important perceptual positions:

- Cradle Mountain stands out as being positioned as a wild nature destination – but can benefit from a spread of experience;
- Outside of the major cities, the rest of Tasmania has limited clarity in the minds of potential customer as to the holiday offer and what activities are available - - what do you do when you get there?

These positions present a fertile platform upon which we can build new profile for the destination in the minds of our core consumers.

For example:

In the area of 'Having fun' - -

5% of respondents currently rank us as "a lively pacey place with plenty of excitement and lots to do".

On 'Restful and Relaxing' - -

5% currently rank us as "somewhere you can stay in luxury to pamper yourself".

On the question of 'Providing Something Different' - -

22.7% of respondents rank Tasmania as "easy to get to, but different enough to get away from everyday life".

These are areas which go to the heart of our offering. Tasmania can easily deliver on these key drivers, we just need to fine-tune the messaging to provide the depth of information that consumers need to better understand how our destination can deliver in these key areas they have identified as drivers in their decision-making process.

*So what drives people to seriously contemplate a trip?* From the research it appears Australians travelling interstate have three key criteria for any holiday destination to become one for serious consideration:

## 1. Accessible

*'great value for money, with friendly locals that is easy to get to'.*

'Value' must always be demonstrated in our offering so that price point does not make our state appear inaccessible. This does not mean that we need to sell our destination on price, but rather that the experience must be perceived as delivering value for money.

It is also important that we continue to address the barriers to conversion and travel to Tasmania, by identifying and taking effective, consistent action with those who can make a difference in our ability to deliver customers to Tasmania.

## 2. Aspirational

*'a destination that one must travel to at least once in your life'*

This is an area where we need to really build on our appeal to Australians. Destinations that are seen as being 'aspirational' will also go to the front of the queue when consumers are considering their holiday options.

### 3. Provides multi-themed experiences

*'everything from historic sites, shopping opportunities, food and wine, educational opportunities and local culture.'*

These are the three key areas that we must target in our communications to prospective audiences.

#### **Travellers want the *choice* of a wide variety of experiences – without necessarily *needing* to participate in all of them.**

Tasmania has three main perceptions associated with it as a holiday destination: nature, history and heritage, and food and wine.

However, we are not yet considered as a *'multi-themed experience destination'* – only 27.4% of interstate travellers ranked it as “a place with lots of different things to experience.”

*In the area of history and heritage* – Tasmania has a real significant advantage with 44% of respondents indicating that we have “interesting historical sites”.

*On Shopping* – Tasmania achieved a ranking of 27.9% of respondents who believed that the State was “a place where you can buy locally made and designed goods.”

*Food and wine* – while this is truly one of Tasmania's strengths and core appeals, we have only achieved a ranking of 24% of people seeing Tasmania as a destination offering good food and wine.

Both of these last two areas represent another huge opportunity for us to build on our profile as we can certainly deliver on these motivators.

Once these key areas are considered, our customers rate any holiday destination by the primary or the combination-type of holiday they seek. For our interstate travellers, these are:

- Coastal – we have a specific opportunity to grow the awareness of our beach or coastal experiences as the quality of these is largely unknown to potential visitors.
- Adventure – Cradle Mountain is the dominant association in this holiday type, offering a medium to long-term growth opportunity to capture a share of the adventure market.
- Short break – Hobart is currently the only city perceived to meet this criteria – giving great opportunities (in the first instance) for Launceston/Tamar Valley in conjunction with the new Tiger Airways service from Melbourne.
- Familiar – Once again, a key finding of the research was that most travellers do not know all Tasmania offers as a holiday destination. The primary certainty they have is that Tasmania is a nature-based destination.

Interstate travellers have a limited perception of what Tasmania has to offer as a holiday destination, and an even more limited perception of Tasmania's regions.

The research indicates that people are unable to verbalise experiences available outside of Hobart, Launceston, Port Arthur or Cradle Mountain. Visitors need to know about the other areas of Tasmania in order to fully understand the ease of accessibility and the experiences available around the Island.

## Our intrastate visitors – their perceptions

The behaviour of our intrastate travellers and what motivates them is not that different from the drivers affecting the consideration set of interstate visitors. The research has confirmed that there really is little need to have a vastly different approach to how we speak to Tasmanians about holidaying on their Island as compared to the proposition we present to our mainland visitors.

Unlike interstate customers, however, the only key buying criteria involved when choosing a holiday within Tasmania is *accessibility*. In that sense, the largest barrier to intrastate travel is the perceived lack of differentiation between the different areas of the State. Tasmanians see much overlap in the offerings across the State.

The major barrier therefore to holidaying within Tasmania is the lack of awareness of the variety of offers available.

## Charting our course for the future

Although we must maintain our nature positioning, the research has shown us that this must not be the total focus of our communications. Rather 'nature' must become the backdrop to other activities and experiences on offer – the canvass upon which we build the offerings of Tasmania.

In our dialogue with consumers, we need to include our story of the great food and wine available across the Island, our history and heritage, the unique designs of our local artists and our individual Island-culture. By doing so, we will open the eyes of our existing customers and introduce potential visitors to the broad range of activities and experiences available.

By showing how our destination offers multi-themed experiences, we will also improve the perception that we are accessible and aspirational. While we need to differentiate our regional brands across the multiple experiences they offer, we must simultaneously align those brands into the complete picture of Tasmania as a holiday destination.

We will use the findings of this report to enhance our brand positioning. We must clearly communicate our product to develop a new competitive edge. Our goal is to work together to strengthen ALL of our core appeals, to build Tasmania's aspirational and multi-themed experience positioning and improve travellers' perceptions of our accessibility and attractiveness as a holiday destination.

We look forward to continuing on the journey with you.