

4 December 2020

## **"THE NEED FOR REGIONS TO RESPOND TO A CHANGING MARKET IN PREPARATION FOR A BOOM IN DOMESTIC TOURISM".**

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The progressive lifting of intrastate and interstate border restrictions, combined with the desire of many metropolitan residents to "get out of the city", is expected to generate considerable growth in domestic drive tourism through the balance of spring and throughout the upcoming summer.

Nationally, we are experiencing a multi-speed recovery process with some markets performing better than others.



Capital cities for example are expected to face continued challenges until their fundamental demand drivers (such as sporting, arts and cultural events, key attractions, retail and of course hospitality services) are restored to acceptable COVID-normal trading conditions. Additionally, some "less iconic" destinations may be "slower out of the blocks" to attract visitors than other regional markets.

Against this backdrop, drive tourism (in particular destinations within an approximate two-hour drive time from capital cities/major regional markets), is expected to be the primary beneficiary of this boom.

The appeal of drive tourism is underpinned by a combination of factors including ease of travel distances, travel time and consumer sentiment driven by health and hygiene concerns (particularly in the short to medium term), while confidence is being restored to the aviation sector.

Although international travel will be restricted for an indefinite period, it is anticipated a significant percentage of the \$30 billion spent by Australians travelling overseas in 2019, will be redirected into the domestic tourism market.

A domestic tourism boom offers far reaching positive impacts and provides an ideal opportunity to welcome new high yielding visitors into Regional Australia.

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Extending length of stay and increased yield are the two primary aspirational metrics targeted for regional tourism growth. Additionally, the ability to test, innovate and showcase regional tourism to a more sophisticated domestic market, has the ability to lay the foundation for a new era of tourism growth when international visitors eventually return to our shores.

Further benefits from increased short stay tourism are potentially significant ranging from growth in GRP, expanded employment opportunities and promoting regions for permanent migration.

The recent Regional Australia Institute Regions Rising Webinar Series on "Regional Tourism Adaptation during the Coronavirus Pandemic", shed important light on the expected boom in domestic tourism. Insights from this Webinar provided valuable feedback on likely trends in the short stay market based on post COVID-19 customer sentiment and new product development supporting drive tourism.

Regional towns (especially those within a 2-hour drive time from a capital city), can expect to welcome greater numbers of domestic visitors over the next 6-12 months and beyond. More remote locations should also expect to see increased visitation, particularly in summer when people have more time to holiday.

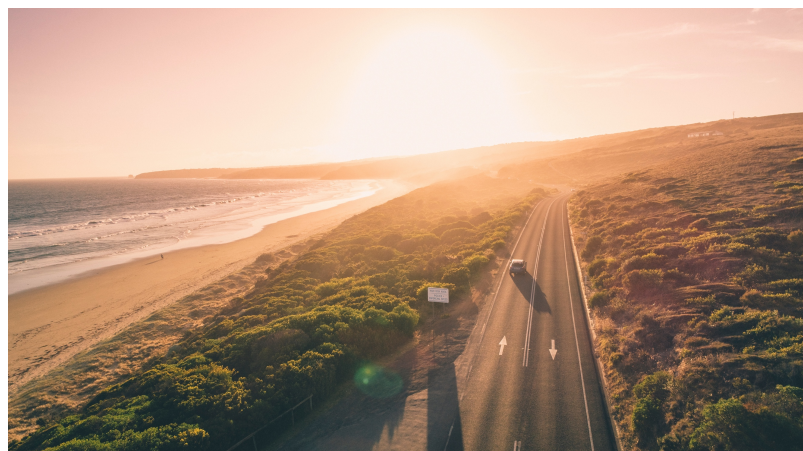
The anticipation of a new wave of attractive high yield visitors raises an important question as to whether your region is ready to capitalise on this rapidly changing market?

Continued restrictions supporting social distancing and the need for strict controls on health and safety, present challenges for regional markets especially in light of increased visitation.

It is an undeniable axiom of customer service that a great guest experience is conveyed to far fewer people than the "multiplier effect" caused through a bad guest experience.

With ratings so important across many platforms (TripAdvisor, Facebook, Twitter, Instagram, travel blogs etc), it is essential for regional stakeholders to do their best to prepare for an increasing number of diverse visitors, many of whom have been used to service levels and the quality of experience delivered in international markets.

For some time, a clear challenge for regional communities and regional tourism offices has been the ability to attract higher yielding internationals and international groups. In many respects, Axsia believes the next 12-24 months provide an ideal opportunity for regional markets to prepare for the return of international visitors with an improved product and guest experience that meets their expectations.



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A “whole of community” response is considered the best way to address changing visitor dynamics. Whether travelling through or staying overnight, the overall guest experience principally determines whether a trip converts into a positive recommendation and ideally a repeat visit.

Every stakeholder in a regional community has a role to play in delivering a great visitor experience.

Axsia has created a community checklist focused on key touchpoints in the customer experience. By considering (and where necessary updating/improving) these touchpoints, regions can not only help deliver a positive visitor experience but establish a pathway for future growth. Consideration and implementation of the Checklist can be undertaken on a number of levels – by tourism operators, local traders, community stakeholder groups, regional tourism offices and Local Government Organisations.

The Regional Tourism Market Checklist addresses the following focus areas:

- 1 **Market Identity** – a travel experience generally commences well before the physical journey. In attracting visitors to your region, this is a great opportunity to audit the community’s identity – consider your key endowments, points of difference and signature experiences. Contemplate a refresh if warranted.
- 2 **Online experience and/or promotional materials** – make sure the online experience is up to date including photos/videos. This can have a significant impact on a booking decision. Check all web links to ensure connection with stakeholder businesses are active.
- 3 **Important Travel Information** – make sure information is up to date. This can be an extensive process covering all visitor touch points from accommodation, food and beverage outlets, retail information, attraction trading hours/pricing, Council services and local amenities. Comprehensive information is generally greeted favourably, allowing guests to better prepare for their journey.

Most importantly, information regarding health and hygiene needs to be clearly stated and up to date. Global sentiment studies have consistently highlighted the number one issue for travellers is confidence in health and hygiene. A COVID-19 Community Health and Safety Policy provides potential visitors with confidence your Region is addressing this key concern.

- 4 **Value-Add** - Given delays will be inevitable (such as restaurant bookings), consideration should be given to promotions or value-added offers to demonstrate a community’s empathy with the guest experience. An offer with a long expiry, can help drive repeat visitation.
- 5 **Resourcing** - it is hoped growth in regional visitation will stimulate increased local employment opportunities. Where employment is likely to attract people into a region, it is recommended planning is undertaken to consider affordable worker housing. This is becoming an increasingly important issue particularly in markets dependent on seasonable visitation.
- 6 **Visitor Information Centres** – Community VIC are diverse from physical buildings (supported by staff and/or volunteers) to kiosks, community maps or more recently digital services. In preparing for increased visitor demand, it is considered important to review VIC resourcing. Where possible, upgrades should be considered. Funding opportunities supporting upgrades should be investigated.

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- 7 **Signage** – a signage audit can be of considerable value in improving the visitor experience. From public information to wayfinding, an investment in signage can assist visitors move more easily around your town or region. Signage can also assist in relieving community (often volunteer) resources, such as a Visitor Information Centre. Digital-ready markets might also consider the development of an app to improve the visitor experience.
- 8 **Public Amenities** – public amenities are critical for transient and overnight visitors. Opportunities exist for communities to upgrade amenities such as public toilets, change rooms, picnic tables, public BBQ, waste bins etc. Regional recover grants should be explored to investigate funding opportunities
- 9 **Visitor Management** – Regional and Shire Councils should have flexible plans in place to manage an increasing number of visitors. From a municipal services perspective, the downside to increased visitation is the additional pressure placed on services such as waste collection, public maintenance and monitoring community services. Councils need to plan for additional resourcing as deployment of service levels to meet increased demand has a direct impact on the guest experience.

Additionally, in light of post COVID-19 restrictions and social distancing, the opportunity exists for communities to consider a range of innovations designed to enhance the guest experience. Councils will have an important role to play in bringing these opportunities to fruition.

Australian regional communities are renowned for wonderful streetscapes. Whilst recognising the need to comply with all relevant regulations, communities should be encouraged to explore a range of options such as expanded outdoor seating (including dining), public entertainment, street vendors etc.

A flexible Council approval process would be of great assistance in supporting local traders. Communities are also encouraged to consider streetscape enhancements which might be available by way of Government grants.

- 10 **Market Gap Analysis** – the impending increase in domestic tourism provides an ideal opportunity for communities to undertake market gap analysis. While this analysis can take many forms, it can include a short stay accommodation audit, which is a valuable tool for communities to benchmark guest expectations against the guest experience. It is critical to understand the true quality of the guest experience. An accommodation audit importantly provides insights that assist with planning for improvements and upgrades. Additional market gap studies include a review of visitation demand drivers, identifying opportunities to support investment in new/upgraded accommodation and comparative broad regional analysis with the cooperation of neighbouring communities to identify opportunities to increase length of stay and yield.

Despite its obvious challenges, the post COVID-19 landscape has presented a unique opportunity for regional communities to showcase their unique assets and attractions to an increasing number of domestic visitors. Most importantly, these visitors are likely to include a higher yielding segment who have been the aspirational target of regions for many decades. The guest experience for these visitors will determine whether they become “one hit wonders”, long term repeat tourists or even new residents.

There are a range of initiatives regional communities can undertake to prepare themselves for the upcoming domestic tourism boom. Now is an ideal time for innovation and a whole of community response.

**About Axsia:**

**David Herman is an Executive Director with Axsia Pty Ltd.**

**Axsia is a unique provider of advisory services in the hotel, tourism and leisure sector. With more than 300 years combined industry experience, Axsia team members provide a wealth of practical experience in hotels, tourism and leisure as well as key disciplines aligned with hospitality businesses including but not limited to finance, development, operations, asset management, mergers and acquisitions.**

**Axsia works with people & organisations that share its integrity and passion for the hospitality, tourism and leisure sector across Australia and the Asia Pacific Region. Axsia's business is based in Melbourne, Australia with support offices in Sydney, Auckland and Singapore.**