



Tourism Leadership Group
Comparator Analysis Research



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COMPARATOR ANALYSIS RESEARCH

Introduction

The following report summarises the research carried out by SDI on behalf of the Tourism Leadership Group on comparator countries, highlighting key themes and focusing on areas of relevance to the strategy development process. It doesn't include performance data and statistics, which are readily available, but rather it provides an insight into the countries' national strategies and best practice exemplars relevant to Scotland.

The report covers the following

- Emerging Themes and Key Findings
- Country Summaries:
 - **Australia**
 - **Canada**
 - **Austria**
 - **Norway**
- Next Steps

The research has been **led by SDI** (Glasgow) supported by field teams and local contacts as outlined below. Countries were identified and agreed by the steering group. The contacts made have expressed an interest in the outcome of Scotland's strategy and **welcome further discussions via SDI or directly with the TLG**.

The research focus was narrowed to four countries focusing on **Australia, Canada, Austria and Norway**. Research was also carried out on **initiatives in Ireland and Switzerland's integrated transport system**. SDI recommends that this information is fed into the implementation stage of the strategy.

COUNTRIES AND METHODOLOGY

SDI led: Field teams and local contacts:

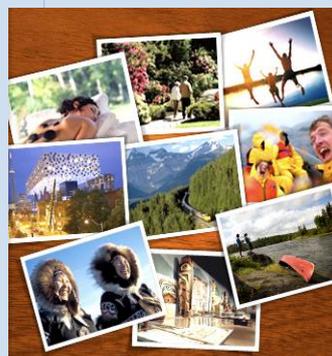
- **Ireland** – desk research (report available)
- **Norway** – British Embassy Oslo, Innovation Norway
- **Austria** – Invest in Austria, Federal Ministry of Economy, Tourism Austria
- **Switzerland** – British Embassy Berne
- **Australia** – Tourism Australia
- **Canada** – Canadian Tourism Commission (CTC)



EMERGING THEMES AND KEY FINDINGS

EMERGING THEMES AND KEY FINDINGS

- Market-driven strategies
- Experiential travel: Come and do” instead of “come and see”
- “Authentic experiences”
- Key assets/USPs and “value”
- Quality before quantity
- Government + industry approach
- **Setting Targets: Quantitative and Qualitative**



Before looking at the country summaries, the following highlights some of the findings of the research:

- Strong investment by others in **market-driven** strategies and a clear focus on **growing value from overseas markets** in all strategies with specific initiatives and actions emerging.
- Markets and customer segments are matched to **specific** propositions; focused on **experiences**.
- **Key assets** underpin the development and marketing of the destination’s **range of experiences** and are important for the **positioning of a destination** in the global marketplace.
- In both Austria and Norway their focus is on building their **industry capability**. Australia is the only strategy to have set out **quantitative targets** and set out gaps in capacity (in rooms, labour and flights).
- **Maintaining the quality and uniqueness of the destination** featured highly in Norway.
- None of the strategies were private-industry led, however **joint working groups of public sector and industry** were common across all of the countries and key to the implementation.

COUNTRY SUMMARIES

AUSTRALIA

Tourism 2020 was launched in December 2011 by Tourism Australia and Australian Government Department for Resources Energy and Tourism. It integrates the **National Long-Term Tourism Strategy (NLTTTS)** with the growth aspirations of the **2020 Tourism Industry Potential**.

Endorsed by all state and territory tourism ministers, it brings the existing work, research and collaboration between industry and governments into a single plan, one that **links tourism supply with demand**.

From the outset, it's Important to note that the strategy uses the word "**potential**". Targets are highly aspirational and are challenging to the industry. Using the word "Potential" helps manage the expectation but still allows the strategy to set **quantitative targets**.

The strategy is government-led, however, the nine appointed working groups are made up of government at all levels, and industry and have been key to the early achievements. The working groups spent time at the beginning of the implementation setting the foundations for the strategy. Now that the groundwork has been completed and a body of evidence has been produced, change is now happening and the groups have some notable early achievements (these are listed in the NLTTTS and the 2020 Progress reports). Conversation is also changing between industry and government. There's more focus (by the industry) on building their capabilities and less on just "getting cash" from government.

The strategy document itself has been kept to 6 pages - an attempt to keep it concise and clear with 6 strategic areas:

AUSTRALIA: Strategic Focus

Tourism 2020 : Six Priorities

- Grow demand from Asia
- Build competitive digital capability
- Encourage investment and implement regulatory reform agenda
- Ensure tourism transport environment supports growth
- Increase supply of labour, skills and indigenous participation
- Build industry resilience, productivity and quality



AUSTRALIA

The Ambition of Tourism 2020

AUSTRALIA: Strategy Highlights

Tourism 2020 Ambition

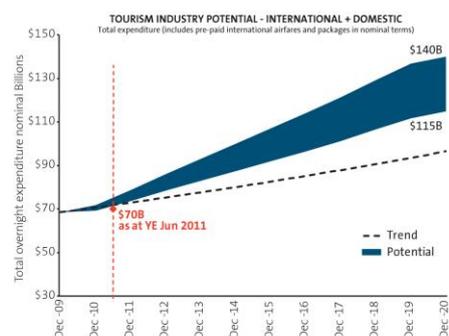
Achieve \$115-140 billion overnight spend

Grow labour force

Increase accommodation capacity – up to 70,000 rooms

Increase aviation capacity +50% for international

The potential for the industry in 2020



The Ambition of Tourism 2020 is to **grow overnight spend to \$115 - \$140bn by 2020**.

Setting the targets - **the demand component** was built first, based on visitor numbers, key markets, visitor spend etc. The target was reached through applying an economic modeller enabling them to forecast the opportunity.

This process provided **two targets** - one at the bottom of the range which reflects Australia **holding its market share**, the other, at the top of the range reflective of them **reaching their "potential"**.

Supply component: In order to meet the demand, they have set capacity building targets:

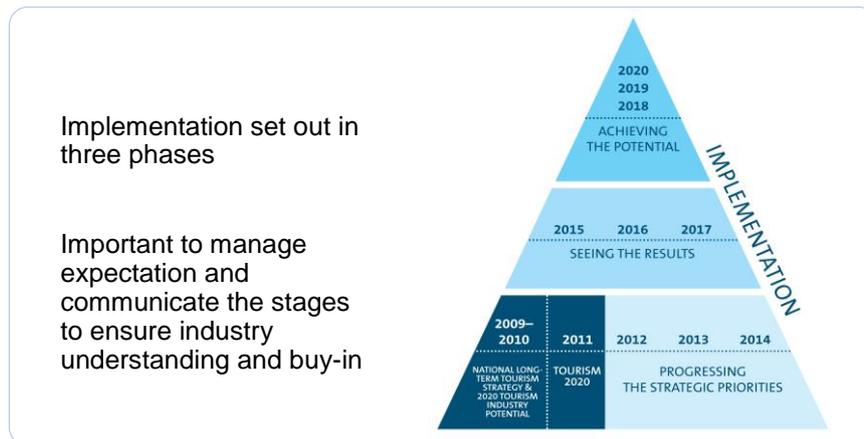
- The Labour force needs an additional 56,000 - 152,000 jobs to meet potential
- The No of additional rooms required is 40,000 - 70,000
- The aviation capacity needs to grow by 40 - 50% (International) and 25% (Domestic) to meet potential

Implementation of the strategy is being done in **three stages** which helps manage expectation:

- **Setting the foundations/processing the strategic priorities (2012 - 2014)**
- **Seeing The Results (2015 - 2017)**
- **Achieving The Potential (2018-2020)**

AUSTRALIA Implementing the strategy

AUSTRALIA: Implementing The Strategy



During the implementation, Leadership is provided by Tourism Ministers (federal, states, territories) but all stakeholders have important roles including Tourism operators and industry bodies, Working Groups, State and territory governments, Australia government.

Progress Reports with achievements are made available to all stakeholders (published on Tourism Australia's site). Results on the following performance indicators are being tracked and published:

- **Visitor Spend and Market Share (Australia's 12 key markets)**
- **Visitor Spend (Total International and domestic)**
- **Attracting Investment (measured by growth in number of rooms)**
- **Aviation Growth/Capacity (International and domestic)**

AUTRALIA 2020 China Strategy

Australia has experienced faster arrivals growth from China than any other market. The Strategy identifies potential for China to contribute \$7 -9 bn by 2020 and a market strategy just for China is now in place.

There have already been major campaigns with key airlines since receiving ADS in 1999 with an increased air capacity by 165% since 2010.

Tourism Australia has built a broad and robust distribution network and has trained and qualified 2,000 Chinese agents through the "Aussie Specialist Programme"; and there's been a great deal of work done with Australian and Chinese Governments on visa processing. Australia is now recognised as a benchmark for other ADS destinations.

There is a real emphasis on working with the industry to invest in and develop products to attract and retain Chinese customers.

The China Strategy sets out five clear priorities pivotal to achieving China's 2020 tourism potential. Having a market strategy ensures that Tourism Australia addresses the key areas which will ensure they continue to win market share but also it supports the industry to maximise the China opportunity.

AUSTRALIA: Strategy Highlights

China 2020

Australia has identified specific target markets.

China is Australia's most valuable market, contributing \$3.26bn to the economy in 2010

Australia represents a good benchmark for other ADS countries

The China Strategy has five key areas::



- Know the customer
- Geographic Strategy
- Quality Australian Experiences
- Aviation Development
- Partnerships

CANADA

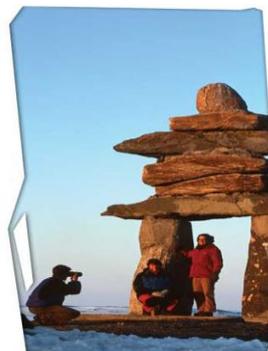
The document "Building a National Tourism Strategy" identifies challenges and lays out priorities for strengthening tourism competitiveness developed by the Federal/Provincial/Territorial (FPT) governments in consultation with industry. It is based on extensive analysis of the industry and the challenges it faces.

Six priority areas were identified where all three levels of governments can collaborate more closely – with each other and with industry – to improve tourism industry competitiveness and accelerate its growth:

CANADA: Strategic Focus

Canada's National Tourism Strategy: six priorities:

- border crossings,
- transportation infrastructure,
- product development,
- human resource development,
- tourism information and statistics
- tourism marketing.



Key challenge – loss of US visitors

The main challenge for Canada was that for many years Canadian tourism was dominated by a single market - the US and **the numbers of US visitors are falling** due to:

- The continuing strength of the Canadian dollar against the US dollar
- The necessity for US visitors to own a passport to enter Canada (since the Western Hemisphere Travel Initiative (WHTI) was introduced in 2009 meaning that a passport was required for crossing land borders into the US)

As such within recent reviews undertaken the CTC has purposely tried to reduce the reliance on the US as a market and increase reliance on other core and emerging markets. The result is a clear strategy and consistent approach in the 11 key markets below:

Emerging: Brazil, China, India, Japan, Mexico, South Korea

Core: Australia, France, Germany, UK, US

CANADA

The Explorer Quotient

Canada's brand was launched six years ago and promises consumers a life less ordinary, an opportunity to create their own extraordinary story and a fresh perspective on life and Canada.

For the last two years the Canadian Tourism brand has been ranked No 1 by Futurebrand - leapfrogging from 12th position in 2006.

CANADA: Strategy Highlights

Significant effort by CTC in International markets following decline in US visitors.

All assets, communications and values sit within the 'Keep Exploring' brand.

More effectively connecting the consumer with Canada's tourism and developing value propositions for very specific customer segments:- **The Explorer Quotient**

Results: New Initiative – **Signature Experiences Collection** - geared at International Markets - positive uptake by the industry.



CTC has two elements as its foundation; the first is Canada's tourism brand "Canada. Keep Exploring" and the second is **The Explorer Quotient (EQ)**, their proprietary consumer segmentation tool which customers can use on the official destination website.

EQ enabled CTC to clearly define its best-prospective travellers as well as the relevant communication channels, messages and experiences that motivate them to travel. These insights help develop marketing strategies that more effectively connect the consumer with Canada's tourism.

Their targets fall into 2 categories; Learners and Enthusiastic Indulgers. Segmented within those categories are Free Spirits, Authentic Experiences, Cultural Explorers, Social Samplers and Cultural History Buffs.

The CTC now works very hard to **develop specific value propositions for very specific customer segments**. The "spray and pray" technique is no longer deemed fit for purpose but rather marketing efforts are designed to align to the brand and meet specific needs of customers and simply incentivise their visit to Canada based on the experiences available there.

CANADA Signature Experiences Collection

The Canadian Tourism Commission has developed a collection of unique and distinctly Canadian experiences, which will help build the Canadian brand internationally.

The CTC realised that quality, authenticity and uniqueness of visitor experiences would be the feature of Canada's brand to differentiate it in the international marketplace. **Research showed travellers don't want to simply see things, they want to be engaged and they want to immerse themselves while travelling.**

Marketing tourism experiences based on an understanding of why people travel is the key to Canada's approach to competing on the global stage. **In July 2011, CTC launched the Signature Experiences Collection (SEC): The goal is to create demand for Canada in international markets by showcasing their unique destinations and experiences.**

CANADA: Strategy Highlights

Signature Experiences
Collection
d'expériences distinctives®



"A "signature experience" is one that is authentically Canadian and will be offered by a qualified Canadian-based business owner or operator. It engages the senses and will have a personal impact on the traveller.

The goal of the Signature Experiences Collection is to create demand for Canada in international markets by showcasing their unique destinations and experiences.

Opportunity for member companies to profile and market their uniquely Canadian experiences to the world. It will further encourage small and medium-sized tourism businesses to continue developing new and exciting experiences for international visitors".

SEC is being marketed to core international markets then to emerging markets. There is no cost to participating businesses. However, participation is through application only and applicants must:

- **Sell an "experience"**
- **Meet international demand**
- **Practice a high standard of international marketing**

It is **not a quality assurance or accreditation programme** - rather it is a collection of experiences that CTC will use to deliver consistent and relevant messages to potential travellers about Canada. Plenty of supporting material is available to businesses, including an "Experiences Toolkit" to help businesses understand experiential travel and whether their product fits with SEC. To date, **115 businesses have signed up offering a wide range of experiences across Canada.**

AUSTRIA

Austria's strategy highlights its **challenges** as being primarily around **seasonality, lack of innovation and the need to have the appropriate range of products and experiences** to meet customer demand. The Strategy launched by the Ministry of Tourism, Economy and Youth in 2010 aims to address these challenges.

AUSTRIA : Strategic Focus

Challenges:

- *Austria fears that it “rests on its laurels”*

- *Lack of innovation is prevalent due to past successes*

- *Summer Tourism is not as well developed as Winter Tourism experience*

- *Need to develop product and experiences to match increasingly sophisticated client demand*

New Ways Forward in Tourism

Launched in February 2010, the strategy focuses on five areas:

- Enhanced coordination of marketing
- More innovation
- Targeted financial support
- Better infrastructure
- Improved business conditions for enterprises.



The core areas of attention are:

- **Marketing**
Focus is on the USPs: - The Alps, Danube and Lakes, Cities and Culture.
There's a need for closer stakeholder co-operation at national and regional level and a focus on campaigns in neighbouring markets of Germany (37%), Austria (32%) and Netherlands (6%) which generate majority of overnights.
- **Innovation** - this is the key driver for the development of the tourism industry in Austria with innovative approaches attracting increased subsidies. A programme of best-practice awards and innovation workshops has been created.
- **Targeted financial support** - thematic priorities are related to USPs but also sustainability-related topics e.g. energy efficiency and innovation. **Product quality underpins all financial support.**
- **Infrastructure** - there is a need to strengthen infrastructure for **summer tourism**. There needs to be co-operation among regions especially for financing. Other priorities include alpine infrastructure, public transport and accessibility (tourism for all). Focus on “soft mobility” e.g. transnational EU Interreg project: www.alpine-pearls.com
- **Business Environment** - ensure a competitive business environment by keeping administrative burden low, especially for Small businesses

AUSTRIA

The three USPs and Quality

AUSTRIA: Strategy Highlights

The Three USPs

The prime focus for national marketing activity:

- Alps
- Danube and Lakes
- Cities and Culture.

•Agreed by the industry and government for their international recognition and values represented

•Supporting sub-themes include architecture and culinary attractions

Quality

“Austria’s official tourism policy follows the trend “Quality before Quantity”. This means, for example, that public financial subsidies to touristic enterprises are only granted if the planned investment promises to improve quality standards instead of enlarging the quantitative capacity”.

WKO Tourism in Austria Report March 2009

The USPs

The USPs were chosen as a result of several conferences, workshops and meetings involving the Austrian tourism industry, local Chambers of Commerce, the Austrian Tourism Bank, The Austrian National Tourist Office (ANTO) and The Austrian Government. The USPs were decided based on recommendations from industry professionals.

The USPs underpin all marketing activity and there’s a refusal to concentrate on short term trends at the expense of the USPs:

The Alps - focus is primarily addressing the seasonality issues

The Danube - Focus on walking and cycle paths as a priority for investment

Cities and Culture - focus is the international profile of music (Mozart, Strauss etc) as well as conference business, festivals, lifestyle and design

Quality

For several years, Austrian tourism has pursued the concept of quality tourism. **Instead of capacity building measures, the emphasis lies on quality improvement in every field** - aiming at a high-quality tourism offer including ecological and social aspects.

The actual understanding of quality does not only refer to the single components of a customer journey (like accommodation or services). Quality today also means preserving a healthy environment as well as cultural and regional identity.

AUSTRIA Monitoring and Tracking via an Annual Conference

AUSTRIA: Implementing the Strategy

Annual Tourism Conference

- Austrian high level annual tourism conference established, (location to move each year around regions). Timed for first quarter of the year.
- Conference driven by steering group of public sector officials supported by an Advisory Council (independent tourism experts).
- No quantitative targets set in the strategy. The conference monitors the implementation and allows for changes in priorities based on market intelligence presented.



The strategy is viewed more as a **work in progress** than a finished written document and can be adapted with regard to new developments or needs in the global or in Austria's tourism situation. There are no quantitative targets.

Its implementation is **monitored by the steering committee** who organises workshops on current topics e.g. climate change, education and gives recommendations to the conference. The implementation of the new tourism strategy is being monitored continuously.

The Annual Tourism Conference is key to the process and therefore is pivotal to the implementation of the strategy.

NORWAY

SDI looked at Norway's national tourism strategy, *Valuable Experiences* which was launched in 2007; a government strategy developed in close consultation with the tourism industry in Norway. It was developed by the Norwegian Ministry of Trade and Industry with 11 Ministries involvement as well as consultation with the industry. Innovation Norway is key to the delivery of the strategy. It should be noted that Norway's new strategy has just been launched (April 2012) and wasn't available at the time of the initial research. It is currently only available in Norwegian but Innovation Norway has advised that like Valuable Experiences, the new strategy also focuses on **qualitative outcomes**.

NORWAY: Strategic Focus

Valuable Experiences, Launched Dec 2007. New Strategy due 2012

Strategy objectives and priorities

- Greater wealth creation and productivity in the tourism industry
- Sustainable rural communities through year-round jobs in tourism
- Norway – a sustainable destination

- Innovation, Sustainable Tourism, Quality, Expertise, Destination Development, Marketing, Organisation

Focus on qualitative outcomes rather than quantitative

Achievements:

- No decline in total income to the sector
- Competences increased within the industry -generating Improved business performance in some destinations
- Viewed as a progressive destination for green tourism

Innovation Norway (IN) was set up in 2004 and replaced four organisations: The Norwegian Tourist Board, The Norwegian Trade Council, The Norwegian Industrial and Regional Development Fund, The Government Consultative Office for Inventors. Innovation Norway has the responsibility for the official travel guide - visitnorway.com.

“Innovation Norway’s objective is to promote private- and socio-economic profitable business development throughout the country and to release the commercial opportunities of the districts and regions by encouraging **innovation, internationalisation and profile-building**”.

IN state that the following are the benefits to the tourism industry from the restructure:

- IN focuses on “industry development” not just “trade promotion”
- A higher profile for the tourism sector
- More funding/business development support available to tourism businesses (than previously available).

NORWAY

Valuable Experiences

In consultations with IN, the focus on building the competences of the industry and ensuring the quality of the destination are paramount to its success in creating value in tourism, not volume. The term value not only applies to revenue but equally to landscape, culture, heritage, sustainability, external perception and the visitor experience.

It's important to note that Norway itself is still the greatest generator of visitors with 64% of all guest nights being Norwegians. However they have increased their marketing budget to target their key overseas markets - Germany, Sweden, Denmark, The Netherlands and the UK, which together equate for two thirds of the international visitors.

NORWAY: Strategy Highlights

Strategy vision – “...by offering valuable experiences, we will add value for visitors, companies, employees, the local community, the environment and Norway as a whole”

Focused on:

- increasing spend per tourist
- Positioning Norway as a destination
- Presenting key assets
- Improving the skills and product
- Maintaining the quality whilst managing national interest and impact on the community
- Aim to build up a region and a range of experiences – to develop product in the whole country.



Innovation Norway has looked at Scotland as an exemplar (in business tourism, nature and adventure tourism) and suggested there wasn't much Scotland could learn from Norway. However, Norway is moving from being a “come and see” destination to a “come and do” by reacting to the customer demand. IN aims to build a range of experiences across the whole country, highlighting key assets, such as the Northern Lights as a unique experience.

With regards to Business Tourism, Norway host a few large trade fair events such as ONS and NOR Shipping but MICE opportunities hasn't taken off as much as IN would have liked, primarily due to cost and time. Norwegian companies tend to hold conferences within 1.5 hours of an airport.

Knowledge and skills are a key part of IN's work and they organise courses for all areas of the industry from bus-drivers to hotel managers, and food producers to family-run activity companies. They aim to help increase skills in IT, service, hospitality, health and safety, marketing, business development etc. Norway's national quality assurance scheme was only introduced in 2010.