Issues in future development of tourism in northern Australia

A Northern Perspective: CRN Northern Australian Development Conference 2014

Bruce Prideaux
James Cook University

Benxiang Zeng
Charles Darwin University

Tom Gray
Charles Darwin University

Sharron Harwood
James Cook University
Aim

• To examine a range of issues related to market failure and the search for a way forward.

Research method

• Archival analysis
• In-depth interviews with key informants in the study region
Background

• Visitor trends in northern Australia over the period 2000 to 2013 show that the tourism sector has stagnated in many areas and is in a state of decline in others.

• The situation looks even worse when compared to 60% growth of tourism globally over the corresponding period.

• This raises a number of questions about the future direction of the tourism sector.
Trends in North Australian Tourism in the Period 2000-2013

- In 2013 the combined domestic and international arrivals for Darwin (524,000) was **9% below** those of 2000 (574,000).

- In Broome, combined domestic and international arrivals for 2013 were 300,000, **down 30%** on 2000 arrivals (426,000).
Annual arrivals and % change in Tropical North Queensland

Source: Tourism Research Australia (2014)
Key Issues

• Indicators of stagnation or decline point to market failure

• Market failure may either result from selling experiences that are no longer in demand or the failure to rejuvenate existing experiences

• Understanding changes in the region’s comparative and competitive advantages, its level of competitiveness and changes in consumer demand are critical

• There is a need for greater understanding of tourist push factors (demand)

• The region needs to revitalise its pull factors (supply)

• Developing a mechanism to facilitate change
Responding to these issues

- These issues need to be addressed by the tourism industry, the public sector and the host communities who rely on tourism for employment.
- Economic response: Investment, policy changes and training
- Response to long term ecological issues such as changing climate and ecosystems change
- Cultural issues: a role for traditional land owners

Who will be responsible for undertaking this?
Market Responses

- Where experiences are no longer popular, the most effective response is to develop new tourism experiences to replace unpopular experiences.
- Where there remains some demand, the most appropriate response is to rejuvenate products to bring them into line with market expectations.

Problems
- Which products need refreshing?
- How can investors be attracted?
Strengths as tourism region

- Politically stable environment
- Locals’ recognition
- Proximity to economic growth zone in Asia
- Tropical lifestyle
- Delivery of quality tourism product
- Well-established industry
- Natural assets (savanna, deserts, reef and rainforest)
- International airports
Weaknesses as a tourism region

Expensive destination

Dated infrastructure

Lack of new investment for years

Problems encouraging new investment

Messy brand messages

Poor understanding of customers

Poor service
Drivers: Changing profile and needs of visitors

- Rapid growth of Asian outbound tourism especially Chinese
- Most tourists are urbanites and don’t understand nature
- Nature needs to be presented in new ways
- Tourists are looking for novel experiences that include city type experiences such as eating, shopping and entertainment
Market Response – Alice Springs

• Demand by current visitors is still for nature based experiences (NT Tourism 2014)
• Demand for Indigenous cultural tourism is still high
• Lack of accessible and informed Indigenous cultural products and services could be a problem (Nielson Research 2007; Tourism NT 2012)
• Tourists value authenticity
• The danger is only focusing on existing visitors and ignoring those who chose not to come!

Problem
Enhance existing experiences
OR
look for entirely new experiences?
The Need for New Drivers

AQUIS
Great Barrier Reef Resort
Cairns
Implications for Cairns

- Significant increase in visitor numbers and employment
- Opportunities for new tourism experiences
- Attract investment for new ventures
- Can generate tourism in surrounding areas

- Increased in cost of living
- Pressure on city’s infrastructure
- Danger of over-relying on one market
- Skills shortages
- Concentration of ownership may disadvantage other sectors of the tourism industry
The Way Forward

- Revitalising northern Australia’s tourism industry will not be a simple task - the tourism sector has yet to accept the challenges of rejuvenation.
- Attracting more visitors will require deeper understanding visitors and providing them with the experiences they desire.
- New experiences must recognise that visitor tastes are constantly changing.
- Attracting innovation and new investment will also be a challenge.

The Critical Issue:
Whose responsibility is it to ensure this happens?
Thank you!