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Saving Alice Springs Tourism

Why it will never 'bounce back' – but might leap forward

Dean Carson Charles Darwin University¹, Flinders University²
Doris Carson University of South Australia³
Greg Cartan Charles Darwin University¹
Tricia Vilkinas University of South Australia⁴

(1) The Northern Institute | Faculty of Law, Education, Business and Arts

(2) Flinders University Rural Clinical School | Poche Centre for Aboriginal Health

(3) Centre for Rural Health and Community Development | Centre for Regional Engagement

(4) School of Management | Division of Business

AIM

We want to see if the current 'crisis' can help Alice Springs (ASP) create a new path to prosperity for its tourism industry. We want to focus on analysing what IS happening in ASP tourism (rather than just criticising what is NOT happening) and identifying indicators which might inform new development paths.

This document is not a technical research document, although the opinions and insights are drawn from over ten years of research in the region. A list of more technical readings and data sources is included at the end of the document.

SITUATION SUMMARY

- ASP used to be a 'golden destination' in Australia throughout 1980s and 1990s. Tourism development was primarily driven by large-scale investments (hard and soft) from government and externally based big businesses.
- Tourism activity used to be based on a passive 'sightseeing' mass tourism model, which sought to attract high numbers of (international) visitors but at the same time encouraged high visitor turnover, short lengths of stay, low repeat visitor rates, and very homogenous trip experiences and itineraries.
- Visitor numbers have declined substantially over the past dozen years – total visitor numbers have declined by a third between 1999 and 2011, and leisure visitor numbers are down by more than 40% (the trend for other parts of central Australia, including Uluru, has been very similar).
- The industry is in decline in the town and region. Large businesses have started to withdraw over the past few years, and some have not been replaced (e.g. Melanka backpackers). Accommodation facilities and bed capacity have declined by over 25%. Some bus tour operators have pulled out (or merged with others). Transport services (Qantas/Jetstar, Tiger, Ghan) have been further reduced because of a lack of profitability. Several smaller (and locally based) businesses have been forced to shut down operations because they have been dependent on the larger operators 'feeding' customers to the rest of the system.
- Due to over-dependence on international markets and external investors, ASP (and Central Australia as a whole) has continued to be negatively affected by new 'crises' to much greater extent than other destinations in Australia. It seems that ASP has been in a constant 'crisis mode' over the past decade – each downturn in visitor numbers has been blamed on another externally caused crisis (various financial crises, airline strikes/collapse, terror attacks, SARS/ swine flu, exchange rates...), and more recently also on internal crises (social issues, Aboriginal disadvantage). These crisis events have always been played down by the government as a temporary phenomenon (assuming that the industry will just bounce back once external conditions improve). Until recently, there have not been (m)any serious attempts to re-consider previous marketing approaches and to start working on new development strategies.
- Just trying to revive what ASP did in the past (despite the generation of evidence of it no longer working) is probably not the way forward. There is increasing recognition, at least

within the local industry, that there needs to be a major shift in direction. So how can such a shift be described and implemented?

- Our research examines the fundamental structural (internal and external) changes that have affected ASP tourism over the past dozen years, and references international research on innovation within regional economic systems to examine how a new ASP tourism industry can use change to its advantage.

WHAT HAS CHANGED?

- ***A distant destination has become more distant***
 - Airlines have pulled out or cut back services – this trend will not be reversed any time soon. Government subsidies for airlines are not viable in the long-term; airlines won't introduce new flights unless there is sufficient demand.
 - Long haul coach travel in Australia has decreased by over 50% over the past decade, with coach travel (and to some extent rail travel) no longer seen as a viable option for many markets.
 - Increasing cost of fuel has increased the cost of self-drive travel. The costs of self-drive travel are likely to continue to increase for the foreseeable future.
- ***Poorly defined markets have been found to no longer exist***
 - Marketing approaches have usually focused on very broad generalised market segments to capture higher visitor numbers (e.g. the 'Experience Seekers', the 'Spirited Travellers' etc - which basically include pretty much everyone). This has restricted a focus on more targeted niche or special interest markets that could be more resistant to the current crisis.
 - The common government / destination marketing organisation (DMO) approach has been to swap one international 'experience seeker' market for another, if it was obvious that a particular market was no longer working. This strategy seems to have become 'locked in' and is still being rolled out today: Let's target 'the Chinese market'...until 'the European market' recovers again.
 - International tourism research emphasises that markets have actually become more specialised rather than less specialised over time (e.g. there is no such thing as 'the Chinese market', and all travellers are 'experience seekers' to a greater or lesser degree), and marketing approaches also need to become more specialised.
- ***The big external players won't engage in 'rejuvenation'***
 - The big external players have reached a point in the destination life-cycle that they can just pull out because of past returns on their initial investments., They have realised that returns on re-investment are likely to be low. Those who cannot afford to pull out (locals) are left to pick up the pieces – but with less capacity for investment than the external players.
- ***People who want to come have been replaced by (some) people who have to come***

- While traditional leisure tourism markets have declined, the business tourism market has remained relatively stable. The social issues in ASP, and the NT Emergency Response/Stronger Futures in particular, have generated substantial business, government and research travel over recent years. Accommodation and restaurant businesses that target these markets are doing better than those focused on the leisure market. However, other businesses (tour operators, souvenir shops, and even conventions and events etc) have struggled to cope with market changes.
- ***ASP as an international showcase destination within Australia has lost its punch***
 - Government (local, Territory and Australian) can no longer deny that the ‘golden days’ are over and trying to sell ASP as Australia’s most iconic Outback experience and a tourism success story no longer. There is increasing international recognition and coverage of the social issues in town which cause substantial threats to governments’ promotional and PR management efforts.
 - International tourism research suggests that a government focus on image correction and defending the status quo is likely to be ineffective in the short, medium, or long term.

CAN NEGATIVE CHANGES BE ‘TURNED UPSIDE DOWN’ TO A POSITIVE?

- ***A distant destination becoming more distant***
 - In the past, ASP was a byway on the trip or part of a much larger tour package: get here - tick it off, get to the rock – tick it off, move on to the reef or whatever was next. Now, we assume that those who manage to make it to ASP are much more committed to being here, and much more prepared to engage more fully in the destination (based on the relative cost and difficulty of access). Indeed, average length of stay of those visitors who still come seems to have increased over the past years. Hence, they might be open to a much wider range of products and experiences, including experiences that are much more connected to the ‘local’, to make the increased cost and time required to travel worthwhile.
- ***Poorly defined markets that have disappeared***
 - The remnant markets now appear to be much more easily definable, for example: grey nomads, 4WDers, event tourists (e.g. mountain biking, cultural festival), government service visitors, arts & creative tourists, educational tourists. These markets can be better researched, and the market/ destination match can be improved because there is less ‘noise’ from the poorly defined (e.g. ‘sightseer’) markets.
- ***The big external players won’t engage in ‘rejuvenation’***
 - There seems to be a renewed government (and industry) interest in encouraging the local industry to act, which was previously ignored in favour of supporting the interests of the big external players. The challenge for the local industry is that it needs to be innovative if it wants to stay local – whereas the outsiders have the option of abandoning the destination. For example, we are starting to see local businesses agitate for a change in the way the place is marketed by Tourism NT, meaning they are starting to take an interest in these sorts of decisions. The crisis may ‘force’ local

businesses to work on new strategies, whereas in the past they could just rely on government and external players to make these decisions. This renewed local spirit and agitation will be crucial for locally driven tourism rejuvenation – we need to focus on what support and leadership structures are required to help the industry realise its potential.

- ***People who want to come have been replaced by people who have to come***
 - There is a ‘captive’ market of visitors who come to ASP to address social disadvantage in town and surrounding communities (government visitors, NGO visitors, contractors, consultants, researchers), and who are required by their funding agencies to visit. This group has previously been a very ‘narrow’ tourism market in terms of product demand (they use accommodation, food and beverage and some meeting/ convention facilities but not much else), and there have not been many efforts to broaden the experiences for this particular market. There may be opportunities to get them involved in other activities, increase length of stay, and attract friends and family (VFR markets) – e.g. “stay for the weekend”, “bring your family” etc.
 - Accompanying this is a market of short-term visitors from within the Central Australia region who come to ASP largely to access health and community services. In the past, these tourists have been problematized and excluded from the tourism industry’s examination of its own potential. Some attention could be paid to how a new tourism industry could work with this market given that research from outside of the tourism industry has emphasised its economic contribution to the region.

- ***ASP as an international showcase destination within Australia has lost its punch***
 - There is a new maturity to the international market(s) that remain (i.e. the shift from passive sightseeing to more active experiences), and this can be built on to assess the viability of new markets (e.g. from China) and the way ASP might reach out to them. We no longer need to present the region as the ‘tick & flick’ mass destination (which is out of favour with new generations of travel), but as a more exclusive and mature destination.
 - The tourism decline, and particularly the reduced power of external investors in ASP tourism, provides an opportunity to step back from the traditional tourism ‘boosterism’ approach and take time to develop community based strategies for addressing social issues and fostering better relationships between residents and residents, and residents and tourists.

HOW CAN WE ENGAGE THE INDUSTRY IN LEAPING FORWARD?

Government needs to admit that the past tourism development path has become destructive and is no longer working. This may help to stop wasting energy and resources on denying the crisis, defending the status-quo, and trying to revive the past. Diversification and rejuvenation must be the key words for the future.

- Start talking about the benefits of smaller niche / special interest markets – redefine ‘success in tourism’ and promote the idea that 250,000 annual visitors who engage with the local industry may be more profitable and sustainable than 450,000 annual visitors being churned through by large external players.

- Identify and recognise the needs of the local industry – ignore the outsiders for a bit. Government investment decisions need to consider how they can build local industry capacity, instead of how they can attract new big external players who are seeking high-volume tourism. The challenge is that such an approach might not meet the ‘major projects’ ambitions of the NT government, but there is no evidence that new major projects will help ASP tourism in the short or long term.
- Knowledge is the key to innovation: information that the government has (and that we as researchers have), for example on market or industry trends, must be shared with the industry to allow them to make informed decisions. This is particularly important when information reflects the need for change. There have been too many examples of government trying to deny and hide negative information from the local industry – most likely to avoid panic, to protect the industry, and to not compromise promotional efforts aimed at saving the reputation of the destination. We need to think about a new role for government to play in a tourism innovation system – instead of a promoter, we need government to be a supporter and facilitator of knowledge exchange and creative processes.
- There is an opportunity for ASP to become a showcase example of how to get through a period of crisis and become something new yet valuable (similar to the Gold Coast Visioning process in the late 1990s, but this time followed through on a long-term basis). This process of rejuvenation is nothing to be ashamed of but needs to be monitored and communicated to the outside world.

THE CONTRIBUTION OF RESEARCH

Existing research capacity within government and industry is largely focused on market analysis. While there is an urgent need to develop more sophisticated market analysis strategies for ASP, these are likely to continue to be strategies that government and industry have some familiarity with, some competence in pursuing, and experience in interpreting.

Where research capacity needs to be developed is in understanding how the industry can organise itself to become more innovative. There has been limited systematic research into the structure of the industry in ASP – its strengths and weaknesses in terms of economic competence, networking and cooperation cultures, leadership, entrepreneurship, management of government/ community/ industry interactions, capacity to generate critical mass, and knowledge management. In our opinion, the ASP industry needs assistance both in understanding its own capabilities in these matters, and in developing strategies to enhance capabilities. Such research should therefore be locally focused, but also include a substantial component of international comparative work – where are the destinations with similar experiences to ASP? How have they managed such fundamental change? What has been the role of government?

The vision is for a more knowledgeable and capable ASP tourism industry which is equipped with the social, political, cultural, and economic capital required to achieve dramatic change in challenging times and in a challenging context. Our research to this point has demonstrated that it is possible to re-shape the fundamental structural changes that have led to ASP’s tourism demise into foundations for a new, more locally oriented, more sustainable, resilient, and adaptive industry.

FURTHER READING

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