

Tourism 2025: an industry perspective

Simon Wallace and Steve Riley

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Abstract

Purpose – *Tourism 2025 – Growing Value Together/Whakatipu Uara Ngatahi is a framework to unite New Zealand’s large and diverse tourism industry and ignite strong, aspirational economic growth. Its goal is to see the tourism industry contribute \$41 billion a year to the New Zealand economy by 2025, up from \$24 billion now. It provides vital context for some collective actions by big or small industry clusters and for thousands of actions individual businesses will take each year. The paper aims to discuss these issues.*

Design/methodology/approach – *A wide range of tourism industry stakeholders were consulted over an 18-month period to ensure the project was being developed on a solid, evidence-based foundation. There was strong stakeholder support for a framework which the private sector takes ownership of and responsibility for, but which also recognises that public sector support is vital. The project team developed a “straw-man” growth framework model which resulted in carrying out detailed investigations and consultation to test and, where necessary, adjust that model into its final form.*

Findings – *There were four major forces shaping the global tourism market. There was one positive force for New Zealand countered by three tough challenges. The strawman growth framework comprised five separate yet inter-connected “cycle of growth” themes. These themes are relatively consistent with global national tourism plans that were studied. Used intelligently and in harmony, with the industry fully understanding the inter-relationships and inter-dependencies within the “cycle of growth”, the key themes enable the tourism industry to successfully come to grips with the challenges and opportunities ahead.*

Originality/value – *Tourism 2025 is aimed at aligning the industry on a pathway towards aspirational growth.*

Keywords *Strategy, Tourism, Stakeholders, New Zealand, Framework, Trends*

Paper type *Viewpoint*

Introduction: context for Tourism 2025

Despite the New Zealand tourism industry generating over \$24 billion in annual expenditure, including almost \$10 billion (Statistics New Zealand, 2013) in export earnings, and directly and indirectly providing almost one in ten jobs, until Tourism 2025 there was no overarching cohesive strategic framework within which the industry operated.

Tourism New Zealand (TNZ) had an international-facing “destination New Zealand” marketing strategy. The Government had its “Building Export Markets” policy. Local authorities had their own individual tourism strategies, as did private sector businesses.

However, there was no “glue” holding these plans together, no agreed high-level sense of direction, no end-to-end connection between supply and demand.

Private and public sector leaders making key decisions directly or indirectly of importance to tourism were often doing so in at least partial isolation from each other and without a big picture to help guide them.

On the world stage New Zealand was in a minority. A large number of other countries (including many of our direct competitors) had a National Tourism Plan (NTP) which looked across the whole of tourism, supply and demand.

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New Zealand was dropping off the pace. Our international performance in tourism over the last five years had been poor in terms of visitor expenditure and market share. We needed to act fast, decisively and cohesively.

Development of the growth framework

A “NTP” concept was conceived at the 2012 Tourism Industry Association (TIA) Summit. Figure 1 illustrates the various phases for Tourism 2025.

Over the last 18 months, a wide range of tourism industry stakeholders were consulted to ensure the project was being built and developed on a solid foundation.

There was strong stakeholder support for a plan which the private sector takes ownership of and responsibility for, but which also recognises that public sector support is vital.

Early on, stakeholders endorsed the proposition that the two key pillars underpinning the plan should be “economic growth” and “quality of visitor experience”.

The project team developed our “straw-man” Growth Framework model as an output of Phase 2, which resulted in carrying out detailed investigations and consultation to test and, where necessary, adjust that model into its final form.

The global context: is the industry structured to succeed?

The starting point for the development of the substantive plan was to take a close look at global tourism and to develop an informed understanding of the major forces shaping that worldwide market.

We identified four major forces shaping the global tourism market:

- the growth being driven by the growing middle class, which is creating new outbound markets, predominantly in Asia.

This positive force is countered by three tough challenges:

- the emergence of new tourism destinations;
- the forecast for slowing growth rates for tourism overall, particularly for advanced economies like New Zealand; and
- strong and coordinated competition for the tourism dollar from both emerging and advanced economies.

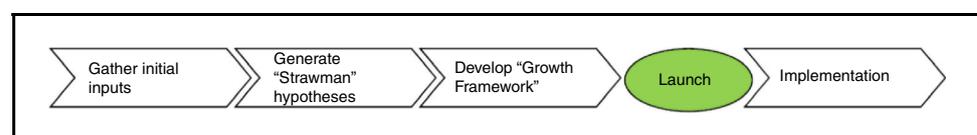
We came to the unmistakable conclusion that we are now in an extremely intense competitive race for the global tourism dollar.

Within that global context, we then looked to see how well our industry is structured in order to work out how best to survive and prosper.

Our conclusion was that, although we have many people and organisations doing great work, the structure within which we operate is not well organised and that is holding back our progress.

One of the major gaps relates to our lack of a systematic, cohesive approach to the collection/creation, dissemination and use of top quality data and insights (tourism insight) to drive our key strategic decision-making processes.

Figure 1 Tourism 2025 project phases



Growth triggers

At the conclusion of Phase 2 of our work, the project team designed a straw-man growth framework. This was made up of the following themes:

- shifting the view of productivity from an outcome to an objective;
- adopting a “complete journey” view of visitor experience, cascading down to visitor facilitation;
- taking a granular-level approach to demand-side product packaging and delivery;
- moving sustainable air connectivity to industry-wide priority; and
- at the centre of this is adopting a systematic approach to industry cohesion throughout the multi-year implementation journey.

Within this model we identified what we believe are the five major themes which, if working superbly well together in unison, will trigger strong sustainable long-term economic growth for our Industry. Those themes are:

- prioritise insight to drive and track progress;
- target for value;
- drive value through outstanding visitor experience;
- productivity for profit; and
- grow sustainable air connectivity.

There is nothing magical or radically new about the straw-man we have proposed. The themes we have chosen largely appear, in one form or another, in most of the 20 NTPs of other countries that we have studied.

Looked at in isolation, none of the key themes, by themselves, will unlock the growth potential we are targeting.

But used intelligently and in harmony, with the industry fully understanding the inter-relationships and inter-dependencies within this “cycle of growth”, these key themes enable our industry to successfully come to grips with the opportunities and challenges in front of us.

To reject this type of model is not an option unless the industry prefers to retain what has largely been a reactive, fragmented and poor performing approach to the survival of our industry in a fast-changing tourism environment at home and abroad.

A united industry influencing our own destiny

Regardless of how effective the other parts of the proposed Growth Framework are, they will only work if the industry commits to a joined-up, systematic approach to implementation of this plan including further in-depth development of various strategic components.

New Zealand’s dairy industry has demonstrated the benefits of industry cohesion operating in a very volatile and fast-changing international environment.

In this respect, the project team has learnt a lot from Australia’s Tourism 2020 model which is characterised by a strong, patient 4-5 year long focus on building the necessary foundations for growth before expecting tangible rewards.

Part of implementation will be a periodic (annual) process for assessing and communicating performance against the framework. Again, there is much to learn from Australia’s approach to this.

Our aspirational goals

Tourism is a complex, multi-dimensional, tough, highly competitive industry, but by aligning behind a common goal each of us can then work on overcoming the particular obstacles we

face. For all our diversity, for all our differences, we share one “waka” (canoe). Our aspiration is for annual tourism revenues to be \$41 billion by 2025 (Figure 2).

To achieve that, we must grow international tourism at a rate of 6 percent year on year and domestic tourism at a rate of 4 percent year on year. The focus is revenue, rather than visitor numbers – we will grow volume, but we will grow value faster.

Implementation

Tourism 2025 reflects an industry which is aligned on a pathway towards aspirational growth. This is a framework, not a strategic plan. It is not intended to be a prescriptive recipe for industry and individual business success. Instead, what Tourism 2025 does is provide vital context for some collective actions by big or small industry clusters and, more importantly, for the thousands of actions individual businesses take each year.

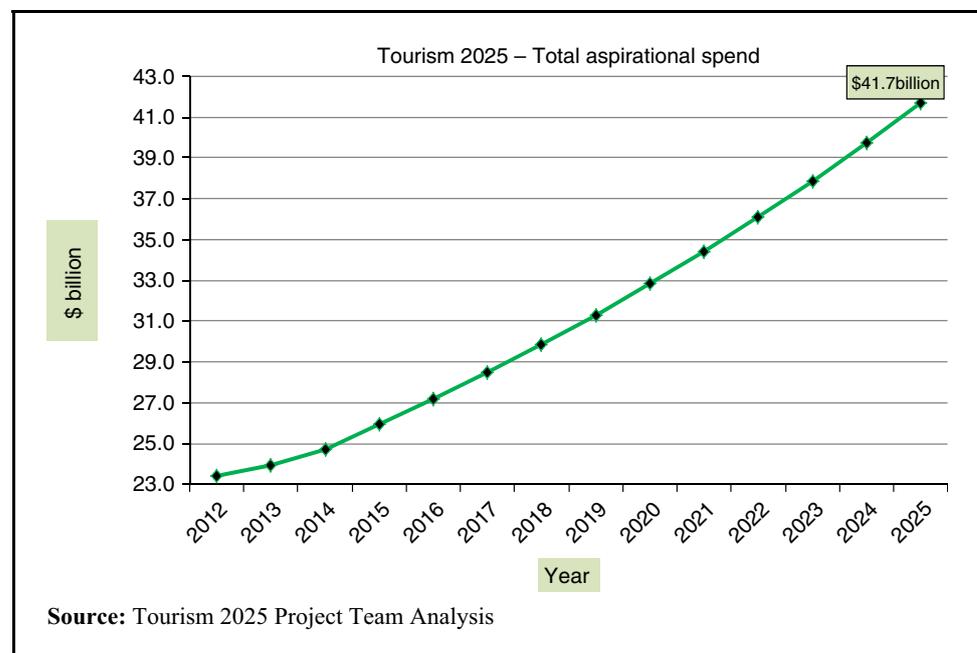
A Tourism 2025 scorecard will be used by the industry to track progress. This scorecard will annually record industry performance against a range of key performance indicators being developed by TIA with industry support. It is not just about tracking the top-line dollar performance. It is also about understanding what lies beneath those figures and, in a range of areas, what must be true if top-line aspirations are to be realised.

TIA has the following areas of responsibility for the implementation of Tourism 2025:

- to be the framework’s custodian – communicate the stories that show Tourism 2025 in action;
- use the annual TIA Summit to publish progress against the aspirational goals;
- encourage and support tourism sectors to play their part; and
- lead or co-lead some Tourism 2025 initiatives.

Ultimately, the success of Tourism 2025 lies with the collective New Zealand tourism industry. The framework has been created, opportunities for value identified and a clear growth

Figure 2 Tourism 2025 – total aspirational spend



path highlighted. There is something in this framework for everyone and it is incumbent on all players, large and small to grasp the opportunities so the industry can achieve the aspirational goals it has set.

For more information: www.tourism2025.org.nz

Reference

Statistics New Zealand (2013), *Tourism Satellite Account, Year Ending March 2013*, Statistics New Zealand, October, p. 14.

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