Prom Country
Economic Impact and Visitor Profile
Executive Summary & Recommendations

2012/13

REPORT PRODUCED FOR SOUTH GIPPSLAND SHIRE COUNCIL

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Gabrielle Walters is a consultant specialising in consumer behaviour and marketing. She is also a lecturer in the School of Tourism at The University of Queensland, Brisbane.

Sally Driml is a consultant specialising in economic analysis. She is also a senior lecturer in the School of Tourism at The University of Queensland, Brisbane.

The views expressed in this publication are those of the researchers commissioned to undertake this research for the South Gippsland Shire Council.

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1 Executive Summary

This report, commissioned by the South Gippsland Shire Council, provides a detailed profile of visitors to South Gippsland, often referred to as Prom Country, over the summer, autumn and winter of 2012 / 2013 and explores the economic impact of tourism in this region taking into account seasonal variation.

1.1 Summary of secondary data

A summary of information available via secondary data sources to assess the economic value to tourism in South Gippsland is provided.

The economy of South Gippsland Shire is outlined. Secondary visitor data is examined and reveals that across 10 years international visitor numbers and nights are fairly consistent however domestic visitor numbers and nights have fluctuated being highest in 2003 to 2006 and lowest in 2009 (linked to bushfires). Day trip visits have increased in recent years, the latest 5-year average being 10% higher than the 10-year average.

Tourism expenditure is discussed however limited secondary data is available to inform expenditure in South Gippsland Shire. For comparative purposes, it is reported that in Victoria:

- average day trip expenditure per person is $100;
- average overnight domestic expenditure per person per night is $185; and
- average overnight international expenditure per person per night is $98.

Tourism Satellite Accounts for Victoria report on the economic contribution of both tourism direct expenditure and the indirect contribution generated from tourism and reveal that tourism contributed $8 billion directly and $19 billion in total to Victoria's Gross State Product in 2011-12.

1.2 What we did

Primary data collection undertaken for this project used qualitative and quantitative methods. Interviews were undertaken with 16 South Gippsland tourism operators to seek in-depth information on the local economic contribution of their businesses, their motivations and business constraints. We also collected information from visitors to South Gippsland on their expenditure, visitor characteristics and behaviour and their opinions, via questionnaires and online surveys. A total of 1029 usable surveys were collected.

The autumn data collection resulted in 288 usable responses. The winter data collection achieved a total of 178 usable responses. This was in addition to 563 usable surveys completed by summer visitors.

The resulting data was analysed by season and in comparison across summer, autumn and winter to identify differences and similarities in visitor characteristics and behaviours.

1.3 What we found

1.3.1 Interviews with tourism operators

The interviews aimed to inform knowledge and understanding of the economic flow on effects of tourism to South Gippsland, and the impact of natural disasters that had occurred in the region. Key findings include:

Employment

- Small B&Bs do not tend to employ additional staff and are fully owner operated;

- many staff in restaurants and cafes are employed on a casual basis from this local region;
- work is seasonal with additional casual staff employed over summer;
- it is difficult to attract chefs to work in the region;
- Wilson's Promontory National Park is the largest tourism employer in the region.

Importance of tourism

- Most accommodation providers rely on tourism for 80 to 100% of their revenue;
- restaurants estimate 80% of customers are tourists;
- cafes estimate 20% of customers are tourists;
- reliance on tourism varies from 60% of visitation to a local government attraction, 80% of revenue to a winery and 100% of visitation to Wilson's Promontory.

Occupancy

- The busiest months for accommodation providers is December to January;
- some experience an extended high season from September to April;
- most accommodation providers experience low occupancy over winter;
- annual occupancy is in the range of 35-50% apart from in Wilson's Promontory where it is in the range of 55-70%;
- low occupancy over winter impacts on annual revenue and business development.

Supporting the local economy

- Operators report strong local support in sourcing food produce and other products and employ local tradespeople.

Investment

- Operators reported low levels of investment in infrastructure and concern about low occupancy over winter and the slow economy as a constraint to investment.

Impact of natural disasters

- Operators reported that while they were significantly impacted by the 2011 floods in terms of visitor numbers, business growth remained steady over the past 5 years.
- The closure of Wilson's Promontory in 2011 impacted on many tourism operators and alerted them to the need for the region to promote a more diverse range of products.
- Response to the disaster was varied among operators; direct communication with clients was an effective strategy and the importance of strategic marketing communications was noted.

1.3.2 Quantitative Visitor Survey Results

Economic contribution of tourism

This study explored the economic impact of tourism to the South Gippsland region and found the following:

- in summer 95% of groups were 5 adults or less, in autumn/winter the same proportion of groups were 6 adults or less (excluding tour groups);
- in summer 95% of respondents stayed 13 nights or less; in autumn/winter maximum trip length was 10 nights;
- average number of nights spent in summer was higher at 3.7 than in autumn (2.8) and winter (2.5);
- average adult group size was similar across all seasons ranging from 2.1 to 2.4 persons;
- average spend per travel party on overnight trips was $639 per trip and $161 per day trip;
- per overnight trip average spend was highest in summer ($707) as was per person spend ($307);
- per person per night spend was highest in winter ($127), summer ($99)and autumn ($97) spend was similar;

- average expenditure per person per night for international visitors was higher ($95 to $128) than for domestic visitors in summer and across all seasons ($93 to $106);
- per person expenditure for day trippers was highest in winter ($80) than for summer ($42) and autumn ($57), and was $56 for all seasons;
- accommodation is the largest expenditure item however 27% of overnight visitors spent no money on accommodation;
- 30% of overnight visitors did not spend money on take-away or restaurant food and 32% did not buy groceries in Prom Country;
- estimated total tourist expenditure in South Gippsland in a year is $123 million.

The direct contribution from tourism to gross regional product is $45 million however the flow on effect of this supports a total of $101 million in gross regional product.

- direct tourism employment in South Gippsland accounts for 646 jobs;
- total tourism employment, including indirect tourism employment is 1,056 jobs;

In summary, tourists do bring money into the region at a rate for travel parties of around $640 per overnight trip and $161 per day trip. The combined seasons' results indicate that expenditure by overnight visitors is low relative to Victoria as a whole but similar to other coastal regions. The day trip estimate for combined seasons is also low compared to all Victorian regions.

Demographic profile of visitors

Analysis of the demographic profile revealed:

- gender representation is similar across all seasons;
- the age of visitors of summer is evenly spread across age groups however in autumn and winter 74% and 71% respectively were over 41;
- similar proportions of the sample were married or in a de-facto situation across all seasons – 84% in autumn, 86% in winter and 88% in summer;
- 58% of autumn visitors and 64% of winter visitors were empty nesters;
- across all seasons a high proportion of visitors were travelling as a couple;
- international visitation across the seasons was slightly higher in summer (18%) than autumn (15%) and winter (13%);
- interstate visitation to Prom Country is lower in the autumn (20%) and winter (16%) months than in summer;
- almost 25% of autumn visitors were retired compared to 20% of winter visitors;
- household income of visitors was less than $100,000 for over half the autumn sample and for nearly 50% of the winter sample;
- 20% to 25% of autumn/winter visitors are quite affluent in terms of household income.

Pre-trip planning

Examining pre-trip visitor behaviour, the data revealed the following:

- visitor trip planning was similar across all seasons with the Internet being the number one source of information followed closely by family and friends; and
- accommodation is predominantly booked directly with the operator or online.

Visitor travel behaviours

The travel behaviours of visitors while visiting Prom Country were explored in the survey and analysis of the data found that:

- across autumn and winter 65% of visitors were visiting for the first time however in summer 63% of respondents were repeat visitors;
- across all three seasons, approximately 28% of visitors visit at least once a year;
- accommodation choice differed in autumn and winter to the summer months with 25% of respondents staying in hotels or B&Bs and 26% in self-contained accommodation with only 23% staying in camping and caravan accommodation in autumn and very few in winter compared to 44% in summer;
- only 3% of autumn visitors stay in Wilson's Promontory compared to 37% in summer; visitors are well dispersed throughout the South Gippsland region in autumn and winter;
- Wilson's Promontory remains the most popular place for visitors in autumn and winter;
- half of the respondents across all seasons were travelling as a couple;
- 45% of autumn visitors and 34% of winter visitors were travelling to other parts of Victoria as part of their trip. In both cases more than half of these visitors were travelling either to or from Phillip Island;
- the most popular autumn and winter activities were scenic drives, exploring local wildlife, hiking and dining out; in autumn 48% or respondents engaged in swimming and beach activities compared to 70% in summer
- Wilson's Promontory is the most visited attraction across all seasons, in autumn the second most visited site is Coal Creek and in Winter, Agnes Falls
- awareness of the Grand Ridge Road among autumn/winter visitors is low – 13% were unaware;
- rest and relaxation is the biggest motivator for autumn visitors closely followed by the desire to experience nature; in winter and summer, nature is number one, followed by rest and relaxation;
- the majority of autumn visitors were satisfied or very satisfied with most of the regions attributes however were less satisfied with mobile reception, the condition of the roads and variety of shops, food and beverage; winter visitors were less satisfied overall;
- notably the friendliness of local business is rated lower in autumn than in winter and summer;

The market profile of Prom Country visitor is found to be similar across the summer, autumn and winter seasons indicating that seasonal promotional campaigns need not differ dramatically.

1.3.3 Recommendations

Recommendations resulting from this study include:

Destination Management

- product development is needed to grow visitation over the autumn/winter months which in turn would allow tourism operators to develop their business;
- PCRT or SGSC emphasise and enforce the importance of collaboration among tourism operators and facilitate educative and training opportunities to enable this;
- assign more resources to PCRT to allow for the education and recruitment of new members to address declining membership;
- to increase tourist awareness of a more diverse range of attractions in is recommended that PCRT assign some of its marketing budget to incorporate those attractions that tourists are less aware of;
- inter-regional marketing opportunities should be explored to cross promote

product offering with other destinations on the Prom Country visitor's travel route;
- the condition of the roads must be addressed for the safety of visitors.

Product Development and Investment Opportunities

- develop information on investment opportunities for use by local and state government investment advisory agencies;
- improve current and invest in new food and beverage outlets to increase expenditure and expand product offering;
- introduce guided tours through the national parks and other natural attractions to stimulate spending – this may be attractive to the large number of mature age visitors in autumn and winter;
- PCRT liaise with Melbourne coach companies to develop daytrip and overnight itineraries that include accommodation, restaurants and attractions;
- itineraries for self-drive visitors should also be developed to promote and encourage visitation to the regions natural attractions that are less well known and enhance visitor dispersal;
- develop a range of interpretive products such as guidebooks, informative touring maps and audio devices that provide commentary on local attractions to encourage people to spend time in local townships and visit a more diverse range of attractions, increasing visitor expenditure and satisfaction.

Promotion

- enhancements to the current mobile phone application to include functionality that facilitates itinerary planning aligned with visitor motives and demographics whereby visitors considering a trip to the region could enter their details (which in turn provides market intelligence to PCRT) and preferences and the application could present the ideal itinerary including where to stay, where to eat, what to see and how long they should stay. This has the potential to not only increase satisfaction but increase expenditure and length of stay;
- the region's food and wine providers should give heightened attention to marketing and promotional campaigns during the non-summer periods as well as any other 'indoor' attractions;
- finally an internal (intraregional) promotion campaign that communicates the importance of tourism and of the commitment to providing good customer service, not just from those working directly in tourism but all business operators in the region, will raise awareness among those who perceive themselves as having no affiliation with the tourism industry to the importance of all visitors to the region and its economy.

2 Recommendations

The interviews undertaken with Prom Country tourism operators suggested that many of these small business owners are reluctant to invest or grow their tourism business. The extreme seasonal nature of tourism activity in the region was the number one reason for this according to a majority of the operators. To encourage tourism investment from both existing and potential stakeholders, South Gippsland needs to focus on growing their non-summer periods by increasing visitor numbers, duration of stay, and expenditure. The preliminary study completed earlier this year proposed a series of recommendations as to how Prom Country may prosper in the summer months. The following recommendations are based on the findings of the market profiling / economic impact research undertaken during the autumn and winter seasons. The interests and opinions of Prom Country's tourism operators have also been considered in the formation of these suggestions – all of which aim to assist South Gippsland Shire Council and Prom Country Regional Tourism to develop a sustainable and economically viable tourism industry all year round.

The recommendations are separated into three distinct sections; destination management, opportunities for investment and promotional activities.

2.1 Destination Management

In the previous report, recommendations were made with regards to packaging and the need for cooperative marketing in the form of all inclusive travel itineraries (i.e. accommodation and food and beverage). Our interviews revealed that some operators, particularly those not located close to the Prom, are particularly keen to collaborate in this sense but found their potential 'partners' to be rather hostile towards the idea. Collaboration is essential to regional tourism destinations, particularly those whose services are widely dispersed geographically. The modern day traveller is time poor and will welcome a pre-planned itinerary that saves them the time and hassle of planning their travel to destinations they are unfamiliar with. It can also be frustrating for tired travellers who arrive at their regional destination late in the day only to learn that the nearest place to purchase a meal is a 45 minute drive. In addition, one motelier mentioned in the interview that coach companies had contacted their business for 'arranged tour' ideas within the South Gippsland region. Coach companies are a great source of visitors for Prom Country and offer significant economies of scale in terms of marketing spend. This particular operator however, despite her attempts, was unable to put together any kind of itinerary for the coach company due to a lack of cooperation from fellow operators.

It is therefore recommended that PCRT and/or SGSC emphasise and enforce the importance of collaboration among its operators and offer educative and training opportunities such as professional development workshops in this area, the facilitation of familiarisation tours and the continuation of the networking opportunities currently offered to members.

The second recommendation pertains to the region's regional tourism association PCRT. It is apparent that membership numbers of this essential organisation are decreasing and for the sake of a collaborative industry, it is important that tourism operators acknowledge their role in determining the destination's success. The interviews undertaken with operators indicated two issues in terms of their sentiment towards

PCRT. Firstly, it was apparent that some operators did not understand the value of being affiliated with such an organisation and secondly, some operators felt underrepresented by PCRT due to their not being closely affiliated with the Prom.

It is recommended that more resources be assigned to this organisation to allow for the education and recruitment of new members.

It is also recommended that PCRT assign some of its marketing budget to incorporate those attractions not likely to receive attention from the broader regional and state marketing bodies.

Inter-regional marketing opportunities exist for Prom Country to cross promote their product offering with destinations such as Phillip Island, Mornington Peninsular and the Yarra Ranges. It appears that consistencies exist in terms of the market characteristics and travel patterns of the autumn and winter visitor markets. Collaborative promotional activities might include exchange of tourist information between operators, the creation of a travel itinerary or the development of a themed travel route based on the common product offerings of the three regions (e.g. nature, arts and crafts, food and beverage, adventure etc). It is recommended that PCRT pursues such opportunities with nearby destinations.

The conditions of the roads remain to be a significant issue for tourists visiting Prom Country in terms of their satisfaction. Whilst there is no 'overnight' solution for this, relevant government institutions need to be continuously alerted to this infrastructure issue for the safety and wellbeing of visitors.

2.2 Product Development and Investment Opportunities

It was revealed in the summer study that visitors were spending relatively little on food and beverages; the same patterns emerged in both winter and autumn. However, it appears that the non-summer markets, whilst rating this activity high on their list of preferences, are somewhat dissatisfied with the range of food and beverage options available to them. Further, the demographic profile of the autumn/winter markets indicated that many of these visitors are travelling without children; hence they have the time to spend in restaurants and cafes without the burden of childcare.

Food and beverage facilities can not only provide opportunities for additional expenditure, but they also add to the appeal of a regional destination. Restaurants, bars and cafes provide tourists with indoor entertainment options which are particularly sought after in cooler seasons. Prom Country offers a plethora of opportunities for investment in this area especially in the southern part of the region where many of the accommodation facilities are self-catering and food and beverage facilities are limited to one small grocer. An increase in food and beverage options will also present further opportunities for collaboration between both accommodation and attraction providers, potentially increase the visitor's stay and most importantly their expenditure.

It is recommended that PCRT develops some information on key investment opportunities to promote to potential investors via the South Gippsland Shire Council, Tourism Victoria's Investment Attraction Team and invest Victoria.[1]

A small step in this direction would be the expansion of the Yanakie General Store or businesses in this vicinity. This area is perfectly placed to house a cafe or restaurant. A small business of this nature

[1] http://www.tourism.vic.gov.au/tourism-industry/2012-08-21-14-30-58.html
http://www.invest.vic.gov.au/

could also cater for hikers by offering picnic lunches and other take away options – which in turn would stimulate expenditure by those participating in 'free' activities.

Food and beverage facilities can not only provide opportunities for additional expenditure, but they also add to the appeal of a regional destination

Guided tours were listed in the previous study as a potential income generator. Considering the age segments of the autumn/winter market, the introduction of guided tours through the national parks and other natural attractions becomes even more viable. Understanding that the more mature market segments may not be as willing to embark on a hike or walking tour unaccompanied, an opportunity exists for a small business specialising in guided eco-tours for this segment. Again, this would stimulate expenditure from what would ordinarily be a free activity. Further opportunities to package these tours with food and beverage would also increase the visitor's average spend.

As noted above, there appears to be some interest by Melbourne based coach companies for touring routes within the region. It is recommended that PCRT liaise with these organisations to determine their requirements and work on designing daytrip and overnight itineraries for the coach owners to promote. There are substantial opportunities to be had by accommodation providers and local restaurant owners from accessing this market – particularly in the quieter months.

With the average length of stay during the autumn and winter months being less than 3 nights, consideration needs to be given to the development of itineraries that last 3 to 4 days. One of the differences between the summer and non-summer visitors is that those who visit in the non-summer months are less likely to be bound by time restrictions that evolve around school and work holidays. Many of the non-summer visitors were retired providing more support for the assumption that time is not an issue. This presents significant opportunity for Prom Country to increase the length of stay by showcasing the vast and varied number of activities and experiences the region has to offer via the development of a variety of itineraries likely to suit the needs of both retirees and those seeking rest and relaxation. The variety of impressive but somewhat underutilised natural attractions such as Agnes Falls, Mount Worth and Lyrebird Forest Walk are just some of the products that could be included in such packages - generating awareness and enhancing visitor dispersal. Again, collaboration among operators is imperative to the success of such a venture.

The non-summer visitors' preference for scenic drives and wildlife viewing present significant opportunities for the development of a range of interpretive products such as guidebooks, informative touring maps and audio devices that provide commentary on local attractions to encourage people to spend time in local townships and visit a more diverse range of attractions. These products could be made available for purchase from visitor information centres, local retailers and online for those who plan ahead. One challenge faced by nature based destinations such as South Gippsland is that many of the activities do not generate expenditure; the introduction of such products would encourage expenditure and enhance the visitor experience as well as increase their time spent in the region taking part in these self-guided interpretive tours.

2.3 Promotion

As mentioned previously, Prom Country's summer, autumn and winter markets are reasonably synergistic in terms of their market profile and visitor behaviour and the recommendations proposed in the summer report remain relevant across all seasons. However, based on our observations and our conversations with operators, we believe that more emphasis/marketing spend is needed for the promotion of the non-summer periods. The main reasons for this is that the Prom's popularity is such that it serves as a self-promoter for the region during the summer months with the majority of the market being repeat visitors. In autumn and winter however many new visitors come to the region and while the Prom may stand as a major drawcard, there is an opportunity to educate these newcomers of the various other natural attractions the region has to offer. The non-summer markets may also be less reticent to explore beyond the Prom as the beach style activities favoured by the summer market are obviously not as important in the cooler months. We therefore propose that PCRT consider the following recommendations when devising their future promotional strategies.

The current mobile phone application has been extremely well designed and we believe this can serve as a platform for a number of interactive promotional activities. The application currently lists touring routes whether on foot, bike or car and can also be used in the trip planning process. Functionality that facilities itinerary planning in alignment with visitor motives and demographics could be added whereby visitors considering a trip to the region could enter their details (which in turn provides market intelligence to PCRT) and preferences and the application could present the ideal itinerary including where to stay, where to eat, what to see and how long they should stay. Currently, while the application lists the region's attractions and tourism related services there is still a lot of planning involved for the visitor and for regional destinations in particular this can be quite onerous when one is not familiar with the distance to and from attractions from their accommodation and how far other supporting services such as restaurants, cafes and grocery stores etc. are. This can lead to frustration both before and during their stay which then compromises the experience. This innovation could also result in an increased expenditure and length of stay due to the visitor being more informed of what there is to see and do.

The autumn and winter markets are fond of dining out and given the extreme weather conditions the region is subject to in the winter months, indoor restaurants, cafes and hotels are often highly sought after as a place to take shelter. The region's food and wine providers should give heightened attention to marketing and promotional campaigns during the non-summer periods as well as any other 'indoor' attractions. It is important that Prom Country is seen as offering more than just nature based activities that are likely to be avoided when the weather is perceived as cold and wet. Art Galleries were also more popular among the autumn and winter visitors so these too should feature in the associated campaigns.

During our interviews with the regions restaurant and cafe owners, it was evident that every small operator had a 'story to tell' whether it be about their own background or that of the township or the business. An effective marketing exercise could be to highlight their stories as a weekly feature on the PCRT website or encourage some public relations activities to promote their business to the wider community and potential visitors. Lucy May's Cafe is one example of a business with a story worthy of telling.

The final recommendation refers to the internal promotion of the importance of tourism to the broader community of South Gippsland. It is crucial that those who are likely to come into contact with visitors understand that they play just as important a role as those directly involved. Local businesses such as service stations, chemists, medical practices, beauty services, convenience stores, bakeries and fashion retailers are all likely to service tourists and the quality of service they provide, the attitudes they display will inevitably leave a lasting impression on the visitor experience. Such stakeholders should be able to provide local information, give directions and advice on local attractions and supporting services. It is therefore important to advise those working in these sectors of their obligations in this regard. An internal (intraregional) campaign that communicates this message will raise awareness among those who perceive themselves as having no affiliation with the tourism industry of how important all visitors are to the region and its economy.