Using the Games to Optimize Tourism Benefits

Making Your City A Winner

Dr. Pi-Hsuan Monica Chien

24 November 2016

Presentation Outline

- The significance of tourism

- Mega sporting events and impact on international tourism – the case of Sydney 2000, London 2012, and Rio 2016

- Japan's tourism future and challenges

- Issues to consider for strategic planning

Tourism Multiplier Effects

how tourist spending enhances the economy

Image source: 2010 U.S. Travel Association Annual Report

International Tourism – A Key Economic Legacy

- The Olympics is expected to give rise to increased international travel to Japan in three phases:

  - Pre-Games visitors
  - Games visitors
  - Induced tourists

Sydney 2000 – A Mixed Success

- Hosting the Games did not have a strong advertising effect as Sydney was already a mature tourist destination.

- International visitor arrivals in Australia decreased – in 2000-01 tourism's share of GDP was 3.4 per cent; in 2008-09 it was 2.6 per cent.

- The market share of international tourists remained unchanged for Victoria in the period after the Games, but Queensland received increased visitors.

- A peak in international tourist arrivals in Australia for the six months after the Games may simply suggests that many tourists might have been discouraged to visit the country due to the Games.
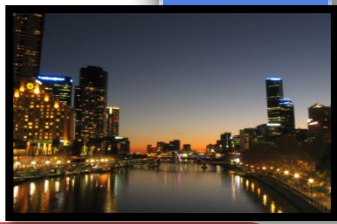
Cairns: Tropical city and gateway to Asia and beyond, with a vibrant multicultural population, diverse landscape and high tech facilities

Brisbane: A modern and diverse metropolis, offering visitors a 'big city' experience in a warm, friendly and relaxed environment, with easy access to coastal, island and natural experiences.
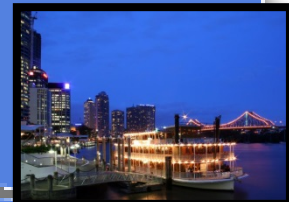
Melbourne: The "sporting capital of the world" – a city for shopping, dining and year-round sporting and cultural events.

Western Australia

Northern Territory

Queensland

South Australia
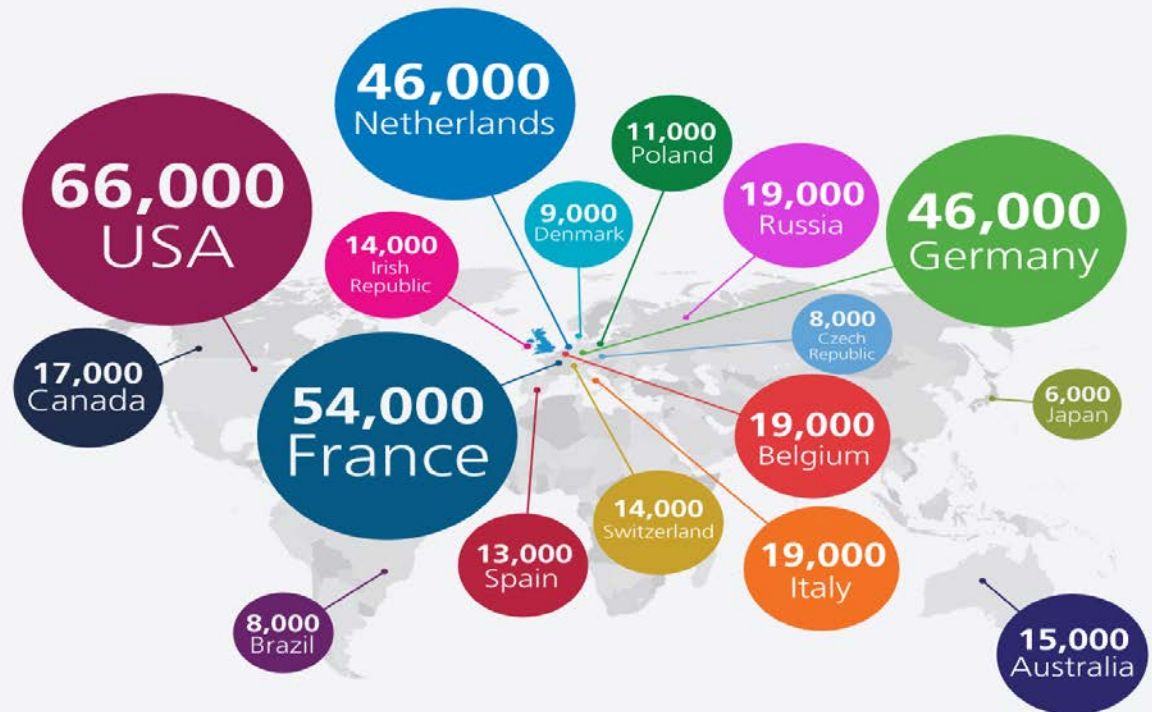
New South Wales

ACT

Victoria

TAS

London 2012

- A four-year (2011-2014) campaign to build awareness of Britain's attractiveness as a tourism destination.

- The campaigns focused on seven themes: culture, heritage, sports, music, countryside, food, and shopping.

- Large scale marketing strategy using both traditional and digital communication

London 2012 And Its Visitor Profile

Main source countries of visits to the UK for the Olympics 2012

How many people visited the UK from each country with main purpose being Olympics-related

- 46,000 Netherlands
- 11,000 Poland
- 19,000 Russia
- 46,000 Germany
- 66,000 USA
- 14,000 Irish Republic
- 9,000 Denmark
- 8,000 Czech Republic
- 17,000 Canada
- 54,000 France
- 6,000 Japan
- 19,000 Belgium
- 14,000 Switzerland
- 19,000 Italy
- 13,000 Spain
- 8,000 Brazil
- 15,000 Australia

Source: International Passenger Survey, ONS   V2 19/03/2013

www.ons.gov.uk

Office for National Statistics

Rio 2016 and International Tourism

- During 2008 to 2014, Rio's revenue from the overseas tourism market grew from 1.264bn USD to 2.104bn USD.

- The 2014 World Cup was part of this growth.

- USA is the #1 source of foreign visitors by country (19.3%), followed by Argentinians (14.3%) and French (4.7%).

- Rio's hospitality industry added 20,000 rooms (Brazilian Hotel Industry Association).

- Investment in the qualifications of professionals within the sector, improvement for sign-posting for visitors, and in the marketing of primary tourist destinations.

Source: Rio 2016 Official Web Site

Rio 2016 and International Tourism

Athletes themselves also contributed to Brazil's positive marketing. Swimming legend Michael Phelps wrote a touching tribute to Brazil and its people:

Michael Phelps @MichaelPhelps · Aug 19

Games and for making us feel so welcomed! #rio2016 #amazingolympics

↩ ⟲ 3.8K ♥ 13K ···

Michael Phelps @MichaelPhelps · Aug 19

As nice as it is to be home, I already miss the beauty of Rio and the friendliness of its people. Thank you Rio for hosting the...

↩ ⟲ 6.4K ♥ 28K ···

Challenges Faced By Japan's Tourism

A recent research by McKinsey & Company Japan (October, 2016) identified a number of key challenges in Japan's tourism future

- Visitor portfolio imbalance
- Unequal regional distribution
- Capacity constraints in major cities

China becomes the biggest travel market

It's Catching
China's growing travel bug shows no sign of going away

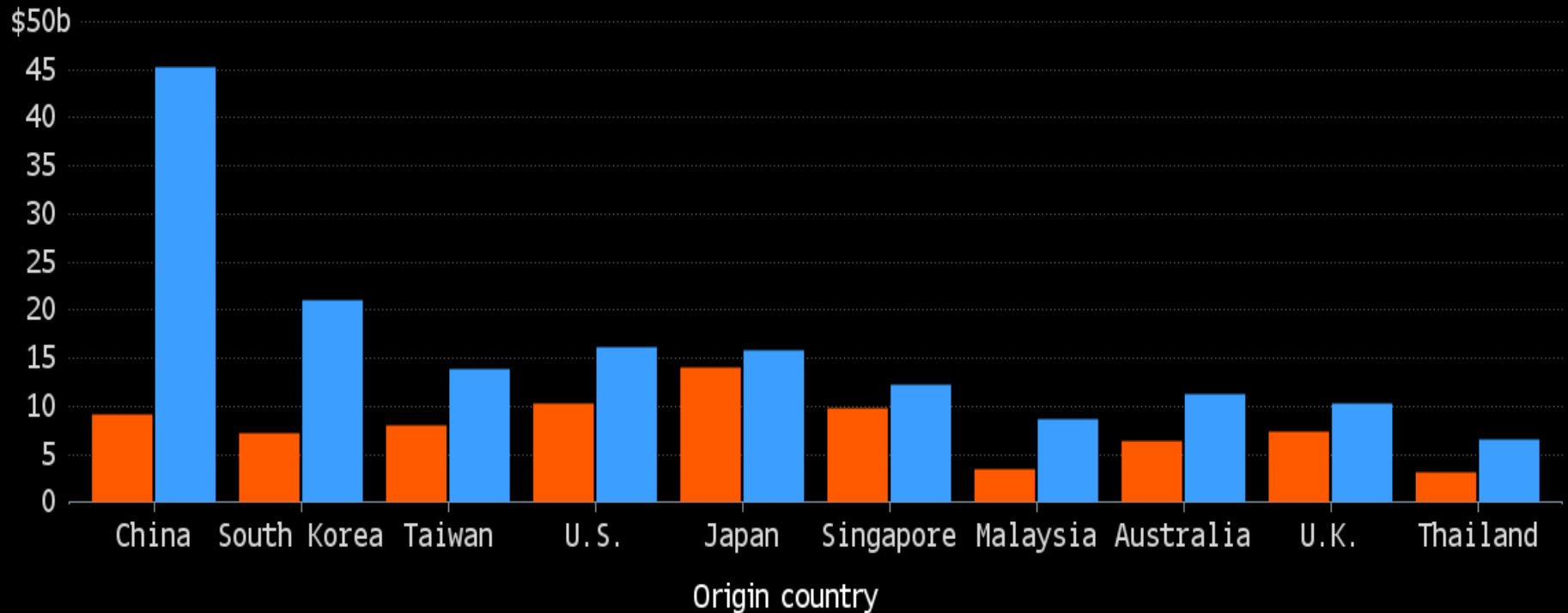Source: China National Tourism Administration, 2015 Travel Statistics Report

Bloomberg

Source: The Sydney Morning Herald (28 October, 2016)

China becomes the biggest travel market

Ni Hao, Big Spender

Chinese tourists are Asia-Pacific's biggest bingers

- 2009 total expenditure
- 2016

Chart showing total tourist expenditure ($b) by origin country: China, South Korea, Taiwan, U.S., Japan, Singapore, Malaysia, Australia, U.K., Thailand. Y-axis from $0 to $50b.

Origin country

Source: MasterCard

Bloomberg

Where are the Western Tourists?

- Japan has been successfully attracting Asian tourists, but it has not been able to convert interested Western tourists into actual visits.

- Low awareness of tourism assets

Difference in Conversion Rates between Asian and Western Tourists

(McKinsey International Tourist Survey, April 2016)

Legend:
- ○ Ratio of tourists remaining at each stage, by source
- ⇨ Conversion ratio from one stage to the next
- → (green) Japan's strengths (>+5% higher than average of other top destinations[1])
- → (red) Japan's weaknesses (>+5% lower than average of other top destinations)

Funnel performance of Japan by visitor source market, %[2]

Source	Awareness	→	Consideration	→	Visit	→	Willing to revisit
Asian							
China	98	90	88	70	62	83	51
Thailand	92	96	89	61	54	81	44
Western							
Australia	95	82	78	38	30	86	25
US	96	89	86	44	38	85	32
UK	93	85	79	41	32	76	25

1 Average of Australia, China, France, Japan, New Zealand, Spain, Thailand, the United Kingdom, and the United States.
2 Survey sample size = 3,077.

Source: McKinsey International Tourist Survey, April 2016

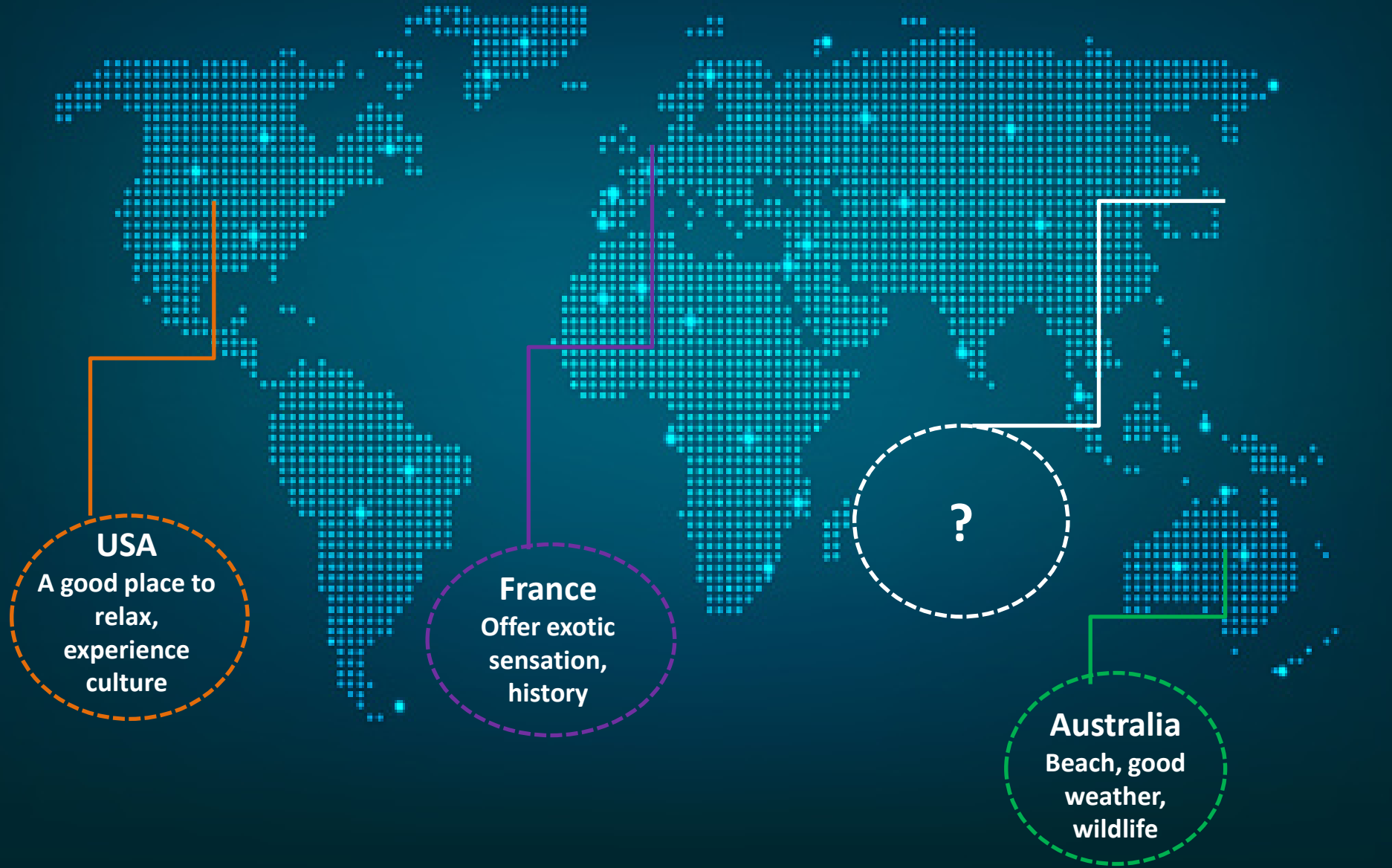# Leveraging Tourism Opportunities from Hosting the Games – How?

- A long-term vision and missions

- Destination tourism assets audit

- Has a SWOT analysis been conducted – Strengths, Weaknesses, Opportunities, and Threats?

- Develop a profile for the target market segments

- Consider strategic alliances

Hypothetical Evolution of a Tourist Area

Source: Butler (1980)
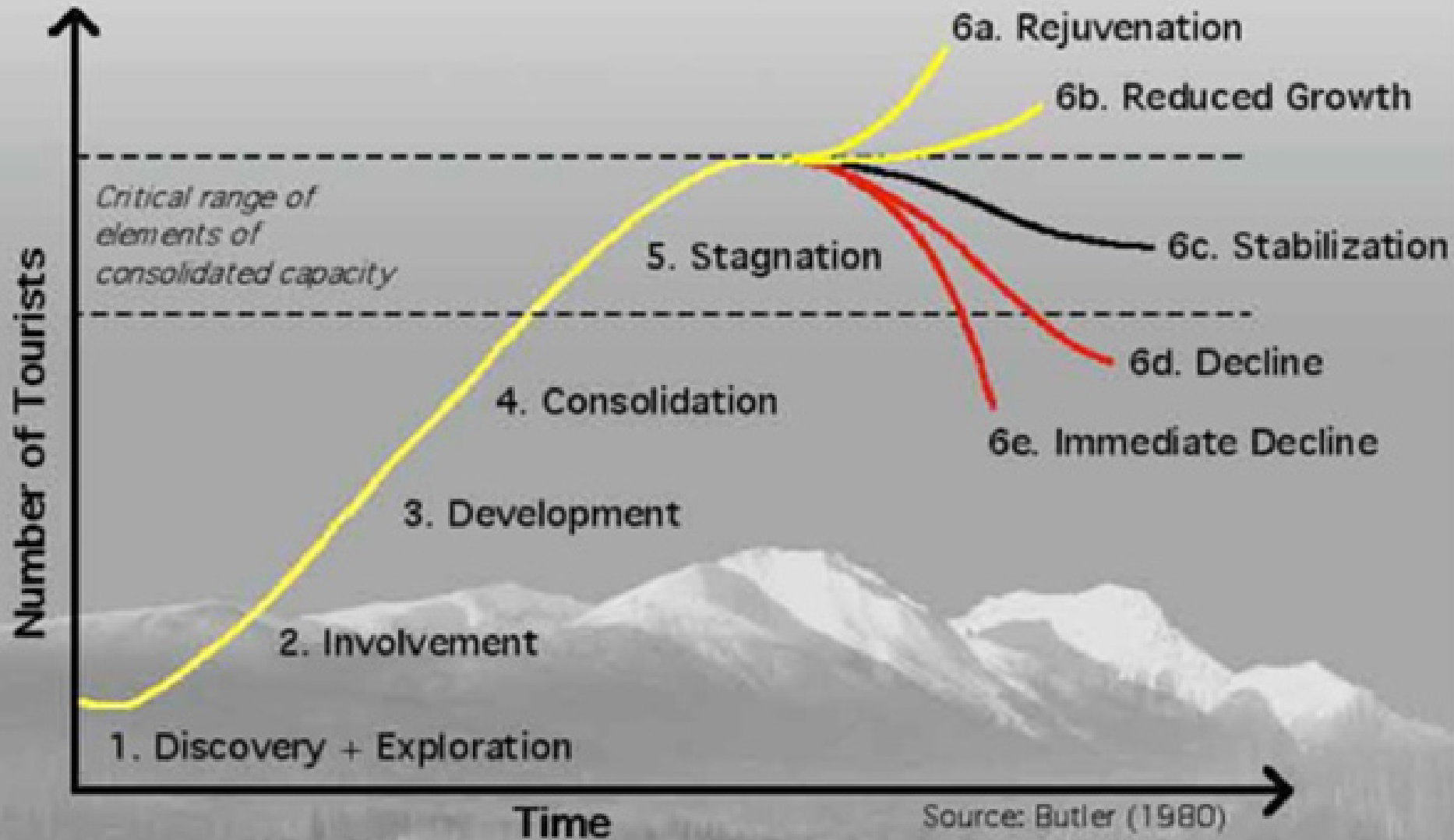
Who Are The Visitors?

- Tourists are not just visiting for the world-class sport on show

- International visitor profile – demographics, motivations, needs, preferred activities, travel companions, travel mode

- Tourist decision making, e.g., Perceived affordability, studies using choice modeling

- Assumed rules and customs may have to be made more explicit to visitors – understanding service from visitors' perspective.

Image source: http://www.apimages.com/

Strategic Priorities

- Assess destination event portfolio for more sustainable tourism benefits, e.g., theme years
  - Events can provide the focus of a themed year, or provide added value to a year long promotion
  - Can be used to spread visitor demand seasonally and geographically
- Language barriers – Multilingual signage not just for road signs, but also for public facilities, e.g., public toilet
- Resident responses to tourism development – community and local business consultancy

Image source: http://www.sanitary-net.com/utsukushitoilet/en/type/

Strategic Priorities

- Risk perception and management, e.g., theme park Dreamworld crisis ahead of the Commonwealth Games 2018.

- Disaster announcement and crisis response system – is simplified Japanese sufficient?

Banking Facilities

Medical Facilities

Mobile   Wi-Fi

Image source: https://www.getcloudcherry.com/blog/rio-olympics/

The Millennials –
Reaching the We, More, Now Generation
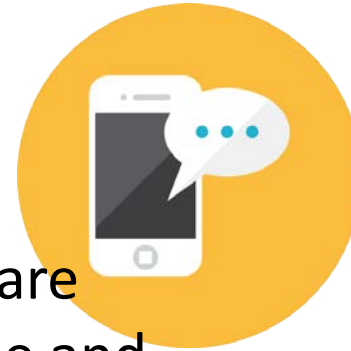
Very sociable by nature

More likely to be influenced by social media

Most digitally connected generation

They are mobile and access mobile internet

They like to stay connected when travelling

The Nexus between Tourism and International Education

- International students, study tours

- Destination ambassador

- Engagement through digitization and social media

Image source: Nikkei Asian Review (July 9, 2016)

Notes in relation to use:

- These materials are developed for the workshop and not for commercial use.

- These materials have been developed based on a variety of data that we believe to be trustworthy; however, we make no guarantees as to the accuracy or completeness of the data.

- These materials are developed based on the views of the presenter, and in no way represent the views of the University of Queensland as a whole.

- We take no responsibility for our audience's decisions, actions or any results therefrom which are taken on the basis of these materials.

- The presentations are exclusive intellectual property of the University of Queensland. Permission from the author is required for any reproduction or duplication of these materials.