HVS

MARKET REPORT

# Sustainable Tourism - Destination Development

OCTOBER 29, 2003

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**Introduction** Tourism is a unique industry. It can effectively create its own demand through the creation of attractions and provision of supporting infrastructure, following the “build it and they will come” approach. This is why tourism has become what is sometimes the main source of income for remote and/or less developed countries and destinations - in particular those with significant natural attributes that can be exploited - and is often seen as the saving grace for struggling economies, on both macro and micro levels. However, despite this recognition of tourism’s potential as an economic growth stimulant, it should also be recognised that the successful development of a tourism destination is not as easy as it sometime seems and that sustainable development of tourism infrastructure is dependent on a complex array of criteria, which are often case and destination specific. This article provides a brief overview of the fundamentals for the successful development of tourist destinations **Tourism Strategy** In order to create a tourism industry, on a national, regional or local level, both the natural and man-made environment must be conducive to the development of supporting infrastructure to accommodate tourist demand. The legislative environment and financial commitments must be in place as well. A tourism strategy should be created, providing a tourism management and marketing structure, supporting research and product development and giving attention to risk management. It should also set out at protecting the very environment that provides the opportunity, and deal with issues such as environmental protection, heritage issues and limitations of carrying capacity. The strategy should be aimed at placing the tourism industry in a strengthened position for more holistic development over the long term. **A source of sustainable competitive advantage** The first logical requirement is the very heart of the industry: the attraction itself, the “raison d’etre”. This may be a natural phenomenon such as a beach or rainforest, a cultural attraction or based on other unique destination characteristics. It may also be a man-made attraction, such as a theme park, for example. **A holistic destination approach** Tourism development needs to be considered in relation to facilities and infrastructure already existing in any destination. New ventures should be complimentary to existing product and augment an existing destination ‘feel’. As visitors demand more ‘experiential’ tourism, the relevance of the “whole destination” and it’s ambience will become increasingly important. **Critical mass** The bigger the attraction base, the broader the appeal to a more diverse cross section of people, the more interest from transport carriers in servicing the destination and so on……. Critical mass drives the marketability and connectivity of a tourist destination. **Ease of access** Cost-efficient access from large cities and medium sized population

centres is a fundamental consideration. For regional and rural tourism attractions, ensuring a range of viable transport alternatives to meet target market affordability thresholds is critical to driving the success of any regional venture. Tourism is a competitive industry, even on a global scale. If access to a destination or attraction is too complicated, time consuming, expensive or not providing adequate capacity, even the most spectacular attraction will remain a secret to most tourists, as they will prefer competitive alternatives. Australia, for example, is considered by many as their most desirable tourist destination. However, relative distance and the associated cost of getting there are providing a significant barrier to most would-be visitors. **An existing population base** Related to the previous point is the need for a readily available demand base. Tourism attractions and facilities are often not solely developed for tourists, but also to appeal to the broader business and leisure markets existing within or close to the destination. Demand from a captive community helps to moderate seasonality and provides an opportunity to utilise promotion to stimulate consumption within a short timeframe, particularly in the case of accommodation establishments. **Political buy in, local support** There is a lot to be said for gaining the support of key political influencers, particularly at the local Government level, where most decision-making occurs. Managing the expectations of the local community, gaining their support and keeping all stakeholders informed on the progress of any venture from the very outset should help alleviate conflict. That said, sometimes communities can be 'parochial' and sensitive issues need to be managed with great tact and professionalism. **The right financing solution** Less debt, more equity – in most instances. This is moving away from debt-led models to some of the more innovative and sustainable models encountered in the late 1990s and early 2000s including mixed-use developments using residential sales of residential units to fund tourism components. **Understanding demand fundamentals** Understanding the demand fundamentals existing in any given tourist destination aids the modelling of realistic demand and revenue projections. The availability, timely provision and reliability of visitation data will assist financiers, developers, owners and operators in more accurately forecasting performance. **Marketing prowess** Marketing in tourism can be described as both science and art, or a complex interplay of the two. Developing the right marketing channels; the right contacts; understanding how the tourism distribution and promotion systems work in the regional and national context; taking a unique approach; and persistence. Attaining the mix right in the context of a regional destination and maintaining flexibility in the approach will most certainly drive performance. **The right staff** As a service based industry, labour and payroll costs are usually one of the highest expenses incurred by tourism businesses. Access to a skilled pool of employees is a vital consideration, particularly in regional areas. Regional ventures need to address the cost of training, importing/attracting skilled professionals from other areas and managing the likely transient flow of casual employees. **The Market Evolution Cycle** Once a tourist destination has commenced development and is maturing, it enters the market evolution cycle. Whether the development is carefully planned or just happened over time, at some point in time the carrying capacity of either the natural or social environment or the infrastructure may be reached. Saturation will occur, and the quality of the tourism product will decline, with a subsequent negative impact on the environment and the local community. As the quality of the attraction and/or the destination drops, so will the number of tourists visiting it. Their satisfaction level will also decrease or, worse, a less desirable type of tourism will develop. Typical evidence of this deterioration process include the following:

- deterioration of the natural ecology due to over- development and intensive use;
- pollution of beaches, lakes, rivers and underground water resulting from improper sewage and solid waste disposal;
- visual clutter of poorly designed, intrusive buildings and signs;
- pedestrian and vehicular congestion and pollution;
- insufficient capacity of utility services, such as water supply, electric power and telecommunications during peak use periods;
- changes in traditional land-use patterns, loss of open space, displacement of residents from prime land and

deterioration of community character;

- damage to archaeological and historical sites and scenic areas due to over-use or poor management;
- friction and resentment between the host community and tourists because of over-crowding of the tourism area and pre-emption of amenity features by tourists so that residents cannot enjoy them; and
- social problems including crime, drug abuse and prostitution.

**Rejuvenation Strategies** When developments or destinations reach a critical stage of capacity constraints, they may stagnate or begin to decline. However, if appropriate actions are taken, they can also be rejuvenated. Saturation levels of tourism sites and areas need to be anticipated and appropriate management strategies applied. The three strategies that can be considered separately or in combination are:

- increasing the carrying capacity;
- dispersing the pressure; and
- limiting access.

**Increasing the Carrying Capacity** Studies can be undertaken to determine which elements of the environment are reaching saturation and how to increase these particular aspects of capacity. In some - but not all - cases, capacity can be increased. Some of the management techniques that can be implemented locally to increase capacity are as follows:

- expand capacities of utility services such as water supply, sewage and solid waste disposal and telecommunications;
- expand capacities of transportation facilities and road services, or limit the use of these facilities, for example by not allowing private car use on congested access roads but providing bus service access from peripheral parking lots;
- relocate high-use attraction features closer to access points to reduce transportation demand;
- disperse tourist attractions and facilities to avoid congestion;
- replace multiple individual tourist facilities with larger group facilities;
- create one-way traffic systems to regulate and improve visitor flows;
- establish new trails and improve existing ones;
- provide visitor education to modify visitor behaviour;
- establish strict land use, design and environmental regulations on proposed new developments; and
- take renewal measures to improve existing development.

At regional, state and national levels, action may also be required to improve major support infrastructure such as airports and highways, adopting overall land-use and environmental standards and regulations, and providing grants or special loans to undertake necessary redevelopment in local areas. **Relieving Demand Pressure** Dispersing the pressure within the tourism area or wider region requires development of new attractions and tourist facility areas and the connecting transportation linkages. This is possible and often desirable, assuming that tourism resources of natural or cultural attractions exist elsewhere or new man-made attractions can feasibly be developed. Opening up of new tourism areas not only relieves pressure on existing tourist destinations, but also provides economic benefits of additional income and employment elsewhere. However, opening of new tourism areas requires much public and private investment in facilities and marketing of these new places. Often intervention at the national or regional levels is necessary to develop new destinations. Another option is to extend the visit season. This technique is used in conjunction with an effort to de-market overused attractions and facilities during their peak season period and to increase marketing efforts for the shoulder and low seasons. This can sometimes be accomplished through pricing policies and other incentive or disincentive techniques. This technique has the additional benefit of spreading out the income from tourism for local residents. **Limiting Access** An extreme and last-resort measure is to limit access to the number of tourists that can be

handled within the carrying capacity levels. Access limitation techniques include the following:

- imposing self-limiting measures, such as higher prices on room rates and admission fees;
- closure of certain places, such as environmentally fragile nature areas at certain times (to allow time for rejuvenation or during critical periods such as animal breeding seasons);
- limiting parking, passenger seat availability or another type of transportation capacity;
- establishing a maximum number of accommodation units (rooms, camping sites, etc.) allowed in the areas reaching saturation levels;
- establishing a maximum number of persons to be allowed at certain tourist attraction features at any given time;
- re-routing of traffic around tourism centres and allowing only pedestrian access to popular places; and
- prohibiting construction of new facilities through zoning or permit procedures.

Often access limitation is achieved simply when all accommodation is booked or transportation passenger seats are fully reserved during the peak periods. Disappointed tourists will often digress to alternative destinations, thus dispersing pressure. As a general trend, tourists are tending to take shorter but more frequent vacations throughout the year anyway, thus dispersing tourist use seasonally as well as geographically. **Conclusions** Government support at the macro level, including consolidating tourism organisations into more effective structures, enhancing the quality and quantity of information to guide tourism infrastructure development, product augmentation, diversification and rejuvenation as well as more focussed marketing activity should no doubt improve opportunities for tourism (re)development. However, it takes more than a policy platform to optimise the rate and style of tourism development. Professional planning and development assessments, the passion and commitment of local authorities and the community and the commitment of stakeholders who clearly understand the fundamentals of this unique industry are equally important. Existing visitation and product development trends show great promise for the future. Although mass tourism continues to drive visitor flows, there are shifts towards niche, special interest tourism and experiential tourism. Considerable opportunities are emerging to develop viable backpacker, food and wine, caravan, camping, cultural and heritage, nature-based and indigenous tourism products, for example, to attract more visitors and capitalise on higher visitor dispersal rates. In order to capitalise on these ever-changing opportunities, which are intrinsic to the nature of this wonderful industry, proper planning and a thorough assessment of development opportunities and constraints is vital. A moderate investment in professional support services will undoubtedly recoup itself through the long-term benefits derived from a sustainable and successful tourism project. **About HVS International** HVS International is a hospitality services firm providing industry skill and knowledge worldwide. The organisation and its specialists possess a wide range of expertise and offer market feasibility studies, valuations, strategic analyses, development planning, and litigation support. Additionally, HVS International supplies unique knowledge in the areas of executive search, investment banking, environmental sustainability, timeshare consulting, food and beverage operations, interior design, gaming, technology strategies, organizational assessments, operational management, strategy development, convention facilities consulting, marketing communications, property tax appeals and investment consulting. Since 1980, HVS International has provided hospitality services to more than 10,000 hotels throughout the world. Principals and associates of the firm have authored textbooks and thousands of articles regarding all aspects of the hospitality industry. **HVS International in Asia Pacific** Within Asia Pacific, HVS International provides consulting and valuation services from offices in Sydney, Singapore and New Delhi. HVS Executive Search provides its management search capabilities through dedicated offices in Hong Kong and New Delhi.