

## THE CONNECTED VISITOR ECONOMY BULLETIN



April 2018

# DESTINATION MARKETING TRENDS: REGIONAL DISPERSAL AND ITS ECONOMIC IMPACT

## INTRODUCTION

*What is regional dispersal and why is it essential for the future of tourism?* The promotion of greater dispersal of tourists and their spending is paramount to regional economic development goals in developed and emerging economies alike. In this feature, data trends on tourist dispersal are examined, as well as the measures tourism boards are taking to ensure long-term tourism benefits.

In 2017, United Nation World Tourism Organization (UNWTO) reported that destinations around the world welcomed over 1.322 billion tourists from inbound markets, with a year-on-year growth of 7 percent. Sources including UNWTO agree that not all cities currently benefit from this level of growth. Many destinations located outside of gateway cities experience detrimental economic impact because of regional businesses. Over-tourism in gateway cities leads to overcrowding, while more regional attractions may be neglected, or bypassed, by tourists.

<sup>1</sup> UNWTO, *World Tourism Barometer, Volume 16 Advance Release*, January 2018.



## 2017 DATA: WHAT BOOKING DATA REVEALS ABOUT TOURISM DISPERSAL

In this article, 'gateway cities' are an international port of entry into a country. These are cities that tourists typically visit on their way to a tourism attraction or region.

To ensure destination communities and local economies benefit from tourism comprehensively, it is important that tourists are discouraged from creating bottlenecks within gateway cities, adding to issues of overcrowding, which may have a detrimental impact on a traveller's experience and the environment. Instead, tourism boards are actively encouraging onward travel to inner cities and regions where travellers can enjoy authentic and rich experiences.



In many cases worldwide, overcrowding in gateway cities typically occur when a travel agent and traveller lack awareness of regional destinations, what to do and how to get there. In some cases, poor or expensive transport access deters tourists from visiting more rural and regional areas.

Tourism boards are faced with the ongoing challenge of training travel agents and promoting new regions to consumers who are bombarded with choice. Many first-time visitors want to tick-off a "bucket list" of destinations. Repeat visitors and domestic tourists are therefore key to driving dispersal. A range of strategies are used to drive dispersal including consumer offers, education for travel agents and incentives, self-driven itinerary promotion and working with industry operators to develop products and infrastructure.

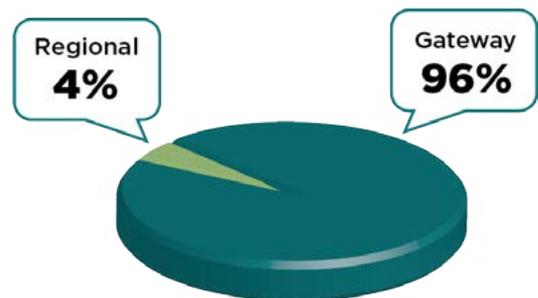


## TRENDS IN ASIA PACIFIC

Thailand's latest destination marketing campaign 'Shades of Thailand' launched in February 2018, aims at promoting lesser known regions, products and experiences. Campaign goals are to attract more repeat visitors and first-time visitors in areas off the beaten track.

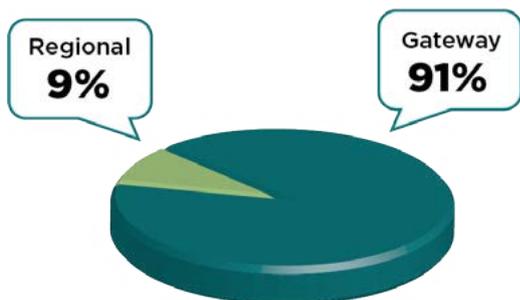
Analysing inbound air bookings to Thailand between January to December 2017, most of air bookings were dominated last year by gateway cities of international airports and major tourism destinations including Bangkok, Phuket and Koh Samui. The data demonstrated the need for authorities to ramp-up the 'Shades of Thailand' campaign. Following a growing trend of travellers wanting to experience unique culture and authenticity, Thailand's campaign encourages the discovery of new perspectives in existing attractions, or indulging in experiences in new attractions.

Thailand Air Bookings  
Gateway Cities vs Regional Cities 2017



Source: Travelport booking platforms.  
International markets 2017

Australia Air Bookings  
Gateway Cities vs Regional Cities 2017



Source: Travelport booking platforms.  
International markets 2017

In Australia, air booking arrivals to gateway cities including Sydney, Melbourne, Darwin, Canberra, Adelaide, Cairns, Townsville and Perth outweigh regional cities. This is in part due to gateway cities typically being financial and business hubs, with many attractions. Australian gateway cities are all coastal, making several centrally-based regions difficult and costly to access within limited vacation periods. Infrastructure, transport connectivity and destination education of regional areas are all contributing factors.



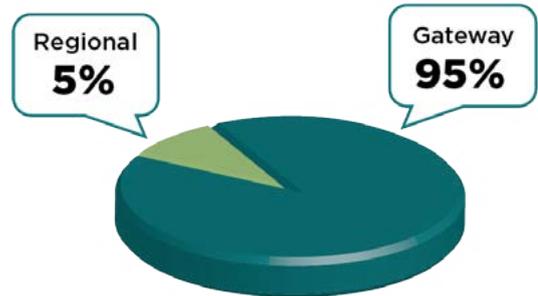
# TRENDS WITHIN KEY ASIA PACIFIC FEEDER MARKETS

Asia Pacific is the second most visited region in the world welcoming 308 million international tourists in 2016<sup>2</sup> with Europe and the Americas being key feeder markets of inbound travel. The same year, airline travel accounted for 63 percent of all arrivals.<sup>3</sup> Travelport found that regional dispersal is a key strategy of national and state tourism boards in Australia, North America and the United Kingdom. Data demonstrate the high concentration of air bookings in gateway cities versus regional cities.

## The United Kingdom

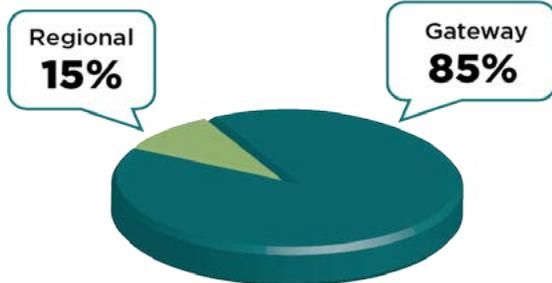
The UK has over 20 international airports. However, dispersal is still a common problem. Travelport data demonstrate that 69 percent of room bookings are concentrated in gateway cities including London, Birmingham and Manchester. Gatwick, Heathrow and London city dominate international arrivals.

UK Air Bookings  
Gateway Cities vs Regional Cities 2017



Source: Travelport booking platforms.  
International markets 2017

USA Air Bookings  
Gateway Cities vs Regional Cities 2017



Source: Travelport booking platforms.  
International markets 2017

## North America

Data from North America tells a similar story; bookings are more prominent in gateway locations in comparison to regional cities. Information gathered from over 50 international airports demonstrates that the major hubs of Boston, Chicago, Houston, Los Angeles, New York, San Francisco and Washington DC receive more visitors than smaller international airports.

Secondary and tertiary destinations are becoming more popular for travelers as they become more intrepid and value local and authentic experiences. Travelport works with many destinations in the USA, driving business outside of the gateways to help boost hotel revenue by capitalising on the large volume of bookings for major cities such as Miami. By targeting travel agents searching for Miami International Airport,

<sup>2</sup> UNTWO/GETRC, *Asia Tourism Trends, 2017*.

<sup>3</sup> *ibid*

Travelport helps steer agents and travelers to lesser traveled destinations such as Greater Fort Lauderdale and the Palm Beaches. Through competitive destination targeting, agents can entice travelers to stay longer and see more. These campaigns have yielded over 50 to 1 returns on investments for hotel room revenue and room nights booked year-over-year, dramatically increasing new and existing agency bookings.

Examples presented show that there is a growing need to ensure regional diversity becomes a key objective of tourism boards. Tourism Western Australia, a member of PATA, provides an example of regional dispersal in action.

## CASE STUDY: DRIVING DISPERSAL THROUGH DESTINATION MARKETING

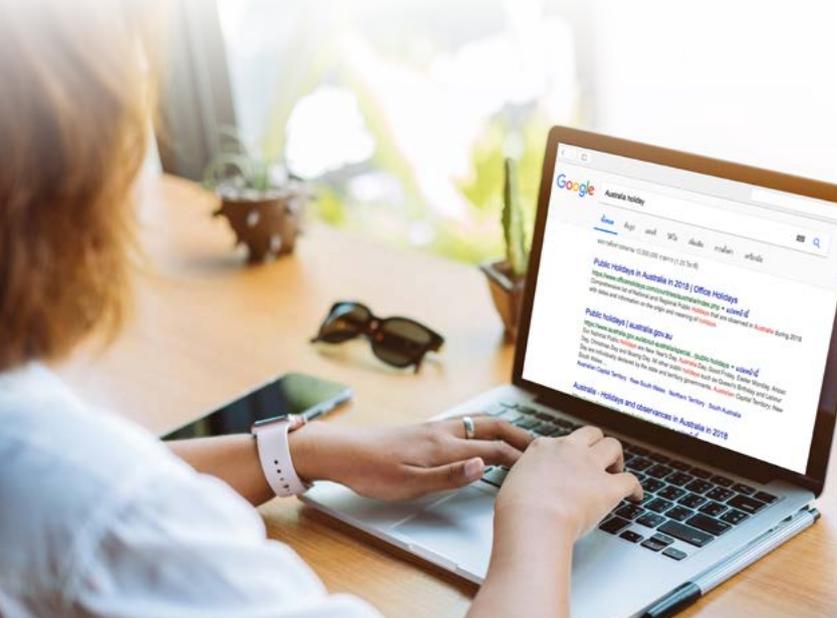
### The challenge: Addressing regional dispersal



Western Australia (WA) boasts an array of landscapes and experiences; however, the State Government agency – Tourism Western Australia, competes with international and interstate destinations which are often geographically closer to the east-coast. The challenge is educating agents and consumers on what Western Australia offers, including advice on how to get there and sample itineraries to help agents promote and book travel to the State. The subsequent challenge has become creating an urgency to book.

## THE SOLUTION

Tourism Western Australia is actively addressing the State's dispersal challenges through a range of promotional activities, including a two-phased campaign with Travelport Digital Media Solutions. Launched in February 2018, the first stage of the campaign focused on growing incremental bookings from domestic markets. The first phase ran for three months and involved driving traffic to a customised, interactive micro-site designed to increase agent and consumer awareness of Western Australia's five regions and what each has to offer.



Agents were offered an incentive for participating in a mini-destination training programme, and driven through the conversion funnel, with tactical offers and sample itineraries. Consumers were offered a grand travel prize for participating in a similar training programme. Tourism WA only targeted those that actively searched for Western Australia or its competitive destinations.

The results were measured by booking data from Travelport as well as digital marketing metrics. Results from phase one

demonstrated a positive incremental growth in Western Australia hotels (+8.1% year-on-year) and car hire bookings (+17.0% year-on-year). Agent engagement was particularly strong, with an above-average number of agents completing the training. This in turn generated a referral database for retargeting purposes.

Phase two of the campaign is currently underway, running March–June 2018. This phase aims to further increase incremental bookings to regional areas. The campaign is delivered through a co-operative self-drive campaign with local tourism partners, while continuing to stimulate the domestic market.

## SUMMARY

Data prove that over-tourism in gateway cities is an increasing issue worldwide. The data presented supports the priorities of tourism boards, to help promote regional dispersal to improve the economic benefits of tourism. Regional dispersal helps create jobs and benefit local businesses. Regional dispersal not only has positive economic impacts, but also environmental as there are growing concerns that heavily populated tourist locations and development may drain natural resources in densely populated areas. Cultural concerns of over-tourism in gateway cities are also evident. The ‘Shades of Thailand’ campaign aims to dilute over-tourism occurring in hubs such as Phuket, Bangkok and Koh Samui and drive tourists to more culturally unique regions and experiences.



Australian tourism boards, such as Tourism Western Australia, are devoted to regional dispersal as the above case study demonstrates. This is achieved through a complex approach, working behind the scenes on infrastructure, industry development and with knowledgeable partners such as Travelport to analyse the data trends, identify the challenges and address the objectives. Positive results are evident and Tourism Australia reports visitor spending up 6 percent in 2017.

Data are crucial as a starting point to identify over-tourism in cities, seasons and better understand tourist characteristics such as nationality. From this point forward, regional dispersal strategies should be developed for the greater benefit of all.





## ABOUT THE AUTHOR

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In her role as Global Head of Digital Media at Travelport, Monique leads the global Digital Media Business Development & Operations team for all lines of business i.e. airlines, car rentals, hotels and Destination Marketing Organizations (DMOs). Monique is responsible for the total strategy, revenues and operational planning of Digital Media for Travelport worldwide.

Previously Monique has been working as VP Business Development EMEA at Sabre Hospitality Solutions. Additionally she has also worked in a diverse range of Business Development, Sales & E-commerce roles at TravelClick and Utell-Pegasus Solutions.

Outside of work, Monique enjoys spending time with her husband, daughter and two dogs. She loves to walk in the woods, 'cruising' around in their convertible and traveling with her family to the South of France or other beautiful places in the world.

Her life's motto is: "The world is a book and those who do not travel only read one page."

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