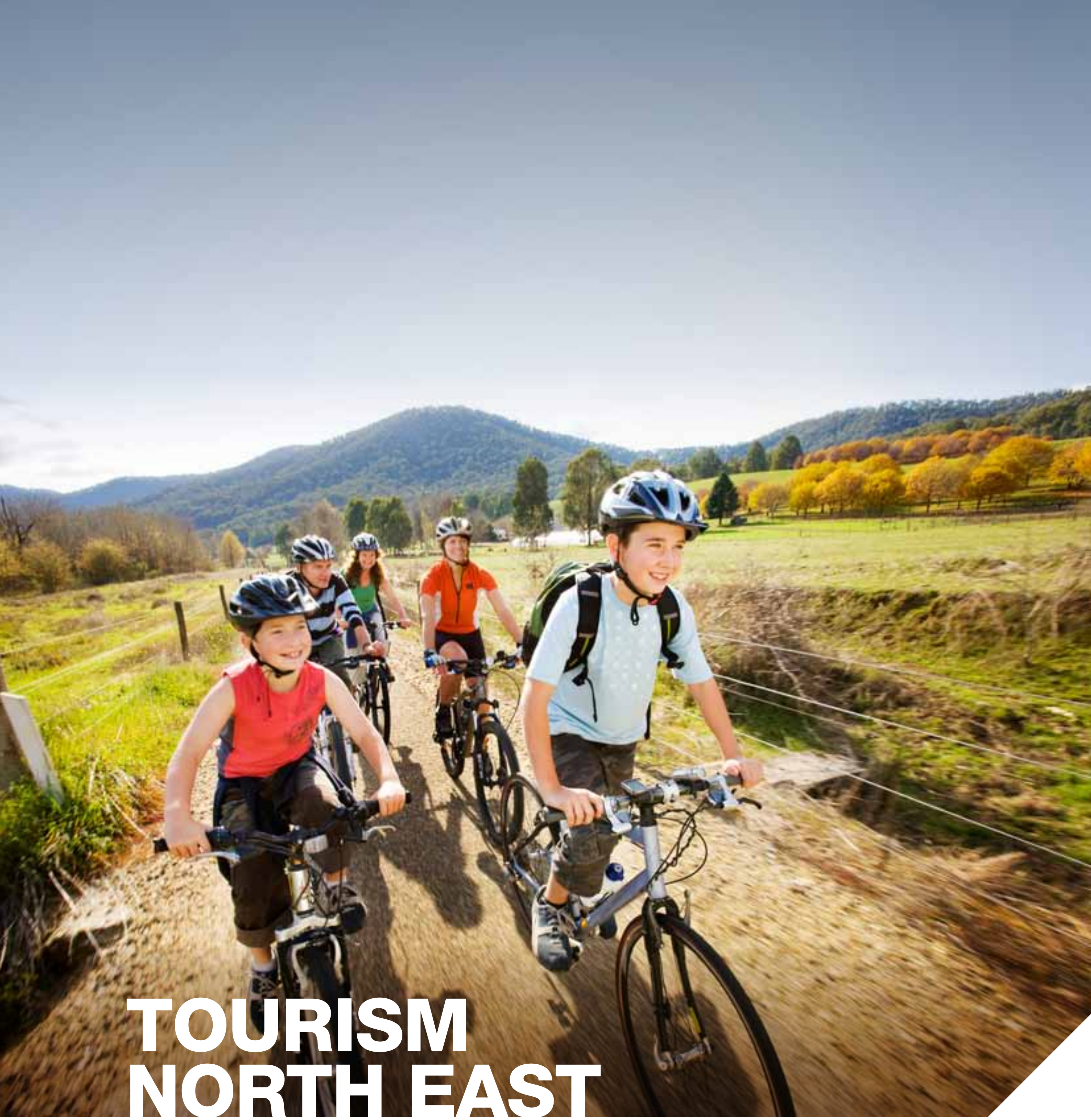


TOURISM NORTH EAST

STRATEGIC PLAN 2016/17 – 2018/19

TOURISM NORTH EAST

CONTENTS

EXECUTIVE SUMMARY

Tourism North East (TNE) is one of eleven regional tourism boards established at the directive of Tourism Victoria (now Visit Victoria), the State tourism organisation. TNE represents the region known as the High Country, which includes six shires – Alpine, Benalla, Indigo, Mansfield, Towong and Wangaratta – and the three major alpine resorts of Falls Creek, Mt Buller and Mt Hotham. TNE is charged with developing the long-term and overarching strategic vision and direction for this region, and looks to establish the High Country as the leading tourism region in Victoria.

TNE has developed a three-year Strategic Plan to provide a focus for its tourism efforts and to clearly define the organisation's role in realising the strategic objectives outlined in Victoria's High Country Destination Management Plan 2013-2023. This approach has been adopted to provide synergy between the strategic activities of TNE and its local government and industry partners.

The High Country currently attracts over 3 million visitors per annum who spend $692 million when in-region. Tourism accounts for 20.3% of gross regional product and employs 7,900 people (20.2% of regional employment). This Plan looks to drive further positive growth for the region's visitor economy.

To do this, TNE will leverage and enhance the region's key product strengths – cycle tourism, food/wine/ beer, snow, nature-based experiences, and arts/culture – to primarily attract increasing numbers of Lifestyle Leaders to the region. Accounting for 40% of the market, Lifestyle Leaders have a greater propensity to travel and spend than the average Australian, making them a valuable segment for the region. In terms of target markets, this Plan focuses on the region's core intrastate market, supported by efforts in the interstate and international space.

While the Australian tourism landscape is currently impacted by a range of external factors associated with the economy, technology, demographics and general holiday preferences and trends, TNE is looking to drive positive tourism outcomes for the region over the life of the Plan. This includes increasing total High Country visitation by 4%, growing domestic overnight visitation by 3% and increasing domestic overnight and day visitor spending by 2% and 4% respectively (all against the five year rolling averages for each category). Realising these objectives will require the collective efforts of the entire region, including ongoing investment in infrastructure, product development and marketing campaigns of scale.

To achieve these objectives, TNE will look to deliver on seven goals that are consistent with the regional priorities highlighted in the Destination Management Plan:

1. Achieve an ownership position in the Victorian cycle tourism space and be recognised as the State's premier bike destination
2. To develop a range of leading nature-based tourism hubs across the High Country that act as regional visitation and yield draw cards
3. To establish the region's arts and culture credentials to both diversify the demographic attracted to the High Country and increase dispersal
4. To evolve the winter offering of the major alpine resorts to ensure they continue to appeal to the visitor market and drive visitation, yield and job opportunities throughout the region
5. To lead innovation in the food, wine and beer space, creating a competitive differentiator for the High Country that drives tourism related visitation and yield opportunities throughout the region
6. For the High Country to set industry best practice for the use of digital technologies across all aspects of the region's offering, delivering a superior consumer experience that differentiates it from competitors
7. Maintain and grow a strong organisation and industry that delivers positive tourism outcomes for the High Country

This Plan identifies how TNE will contribute to achieving these goals, identifying a range of strategies, key performance indicators and targets required to deliver ambitious tourism outcomes for the region.

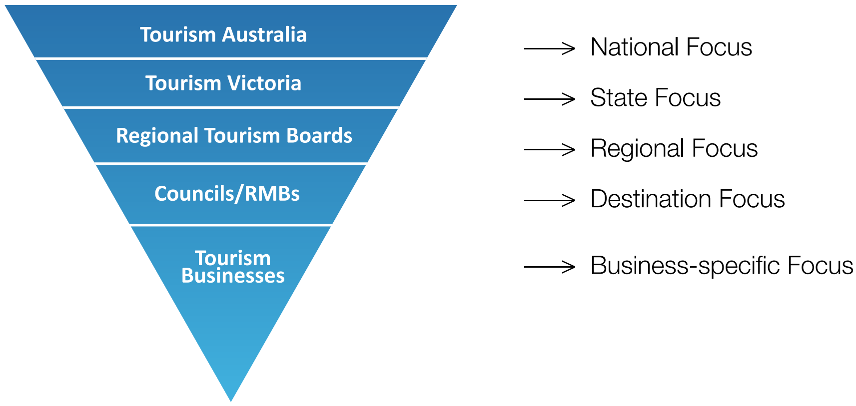
The budget required to deliver on this Plan is comprised of funding contributions from Visit Victoria (34% of operational and activity budget), local government partners (50%), industry (7%) and other sources (9%). Program expenditure will be determined on an annual basis, reflecting the level of revenue derived from these funding sources, as reflected in TNE's annual Business Plan.

The three-year Strategic Plan will be supported by an annual Business Plan that outlines the initiatives required to deliver on the strategies and targets identified in the broader document. The Business Plan will be reviewed and reported on quarterly, while the Strategic Plan will be reviewed every six months and reported on annually. Such reviews allow for any underperforming areas to be assessed and amended if required.

1. TOURISM NORTH EAST

Tourism North East is one of eleven regional tourism boards established at the directive of Tourism Victoria (now Visit Victoria), the State tourism body. The regional tourism boards were created to act as the peak tourism organisations for their areas, working in partnership with Visit Victoria, industry and a range of government partners to support and develop regional tourism.

These tourism boards sit within a broader Australian tourism industry, which are interrelated but have their own specific focus areas, as noted in the following diagram:



Tourism North East (TNE) is the tourism board that represents the north-east of Victoria, which is the region known as the 'High Country'. This region includes six shires – Alpine, Benalla, Indigo, Mansfield, Towong and Wangaratta – and the three major alpine resorts of Falls Creek, Mt Buller and Mt Hotham.

The councils and resort management boards within these shires/alpine resorts are financial stakeholders in TNE, providing structural funding to underpin its operations. State Government also financially supports the organisation through its Regional Tourism Partnership Program, administered via Visit Victoria.

TNE is governed by a Board of Directors that includes the CEOs of all the shires and resort management boards represented in the High Country along with six skills-based appointees, overseen by an independent chairperson.

2. VISION AND SCOPE

TNE is charged with developing the long-term and overarching strategic vision and direction for the High Country region, ensuring a platform for future tourism growth. Its efforts are guided by the following vision and supporting mission statement:

Vision:

To establish the High Country as the leading regional tourism destination in Victoria, with a thriving visitor economy based on a diverse range of engaging tourism experiences.

Mission Statement:

Tourism North East will work collaboratively with government and industry partners to strategically grow, enhance and promote the High Country tourism offering to deliver positive tourism outcomes for the region. It will drive strategic tourism efforts across the areas of planning, marketing, product development, industry development, infrastructure and advocacy, to ensure that the region offers memorable tourism experiences for visitors and strong tourism-related yield opportunities for the destination.

In realising this vision, TNE has several key responsibilities:

> **Regional marketing** – developing regional campaigns that look to drive awareness, dispersal and yield opportunities for the region.

> **Product development** – identifying gaps in the regional tourism offering and working with local government and industry partners to fill them, particularly in areas where the High Country can achieve differentiated product strengths.

> **Industry development** – working with tourism operators to enhance their offering and ensure long term sustainability, delivering a high-quality and consistent regional tourism product.

> **Facilitating tourism investment** – identifying infrastructure and investment opportunities and/or partnerships among private and public entities.

> **Research** – collaborating with local government and industry partners to determine common research requirements that can generate insights used for strategic planning for the region.

> **Advocacy** – uniting advocacy efforts across a variety of areas including funding support and legislative and policy issues.

> **Strategic planning** - leading strategic planning for the region as well as providing consultation for State and Federal tourism plans and programs.

3. STRATEGIC PLAN

This Plan identifies the strategic focus areas for TNE as an organisation between 2016/17 and 2018/19. It has been structured to support the regional projects outlined in Victoria's High Country Destination Management Plan 2013–23, which looks to identify regional priorities over the coming decade, unifying government and industry in a common development path.

This Plan therefore complements the Destination Management Plan by highlighting TNE's specific role in realising the long-term tourism objectives of the entire region as established in that document. This approach has been adopted to ensure true synergy between the efforts of TNE and its local government and industry partners, with all parts effectively maximising the efforts and outcomes of the whole region.

As identified in the Destination Management Plan, growth in the High Country's visitor economy will come as the result of focus and funding in three key areas – infrastructure enhancement/development, product/industry development and marketing.

In terms of infrastructure, TNE's role is to assist with project planning (where required) and to work with Local and State government partners to advocate for associated public and private sector investment. It will then play a key role in working with existing and new tourism businesses to activate tourism infrastructure with products that are engaging and relevant to visitors, generating regional yield and dispersal opportunities. It will also lead the coordination and delivery of innovative marketing efforts, uniting the regional product offering via contemporary campaigns that look to drive destination awareness and product conversion.

All of the strategies outlined in this document are subject to funding, in a time when the tourism landscape is in a state of flux. However, TNE is well positioned to leverage existing networks and its track record of success to maximise support for all components of this Plan.

4. HIGH COUNTRY PERFORMANCE

Over 3 million people visited Victoria's High Country in 2015, spending $692 million when in-region. Tourism accounted for 20.3% of gross regional product and employed 7,900 people (20.2% of regional employment). As such, Victoria's High Country is ranked second in the comparative importance of Victoria's tourism across regions (behind Phillip Island).

The High Country's visitors are primarily from the domestic market, including 1.4 million overnight visitors and 1.6 million day visitors. This market is currently also the most lucrative, with overnight visitors contributing $548 million to the local economy and day visitors generating $131 million.

In 2015, domestic day visitors to the region were up 5.2% from the previous year, accounting for 5.4% of all domestic daytrips to regional Victoria. The High Country's domestic overnight visitors were up 9.5% from 2014, accounting for 10.2% of all domestic overnight visitors to regional Victoria and 9.7% of domestic visitor nights.

The region also attracted over 24,000 international overnight visitors in 2015, who generated a further $13 million in local spend. International overnight visitation to the High Country was up 17.6% compared to the previous year, and accounted for 5.3% of all international overnight visitors to regional Victoria.

Analysis of visitation trends over the past nine years shows that domestic visitation has experienced slow but steady growth, while international visitation has remained fairly static.

In terms of visitor satisfaction, 68% of people who visit the region would recommend it as a holiday destination to others, ensuring that visitor satisfaction levels are significantly above industry benchmarks. This result is the fourth highest of 66 studies recorded by the benchmarking agency. The destination performs equally well among repeat and first time visitors.

5. HIGH COUNTRY BRAND

"No matter the altitude, whether you are in a valley, on a plain or on top of a mountain, it's about invigoration and feeling rewarded by authentic interactive experiences all leading to a natural high. Naturally spectacular and adventurous."

The High Country brand essence

Visit Victoria has developed clear and differentiated brands for each of the State's key tourism regions. Victoria's north-east is captured by the brand 'the High Country' which points to mountain adventures and a sense of discovery within a stunning and diverse natural environment.

Brand research conducted by Visit Victoria shows Victoria's High Country has the second strongest regional unprompted awareness in Victoria (13.3%) with Bright, Mansfield, Beechworth and the alpine resorts currently driving this awareness, along with key attribute associations of alpine adventure and snow.

Brand and perception research commissioned by TNE[1] also found that people's immediate associations and imagery of the High Country tend to relate to the alpine areas, however the diverse nature of the region – with its mountains, National Parks, wine-producing areas and waterways – is also a key contributor to the imagery of the region. The research found that the region's landscape, geography and topography are what set the High Country apart from other destinations.

Travellers to the region also frequently commented on the High Country having "a soul", with its primary associations being nature, food and wine experiences, ski fields, fresh air, clear skies and quaint country towns. The common thread throughout the qualitative findings were that the region has an authentic, peaceful and relaxing feel surrounded by a scenic and pristine environment full of friendly and genuine people that leaves visitors feeling recharged when they leave.

1. SGS Economics and Planning, Aug 2012: *North East Victoria Tourism Gap Analysis*

6. REGIONAL PRODUCT PILLARS

The High Country is defined by its product strengths – the five product pillars that are shared across the region and are unique to the local offering. To both focus and maximise the effectiveness of TNE's efforts, everything the organisation delivers is associated with these products:

Cycle Tourism

Bikes are a true strength of the region, particularly associated with the disciplines of mountain biking, rail trails and road cycling, which are available throughout the High Country. A robust bike infrastructure network, supported by high-quality bike experiences that are integrated with other key product pillars, ensure that this offering delivers strong tourism benefits to the High Country. The region's bike product is currently primed for growth, however further development of supporting bike services, central bike hubs and additional infrastructure to improve the network or fill current product gaps is required to ensure this product offering is truly world-class. The High Country also has the potential to achieve an ownership position within the Victorian bike space but must move quickly to secure this position ahead of competitors.

Food, wine and beer

The food, wine and beer product is mature and diverse, encompassing winery cellar doors, world-class restaurants, seasonal farm gate experiences, rich local produce, cooking schools, craft breweries and more. This product range has played a vital role in placing the High Country in the minds of visitors as a destination of choice for many years, and is important in that it acts as an anchor strength across all of the other product pillars. However, ongoing innovation within this sector is required if it is to maintain its strong position and continue to meet changing customer expectations.

Snow

This product category encompasses the vast array of unique snow-based activities available in the alpine resorts, which includes traditional sports like skiing and snowboarding as well as other snow experiences like skidoo rides, snow shoeing, dog sledding and snow tubing. The stunning alpine landscape also forms the perfect backdrop to enjoy food and wine experiences, luxury spa indulgences, a range of village experiences and more. The snow offer is appealing among both domestic and international markets but ongoing product evolution and attraction is required to ensure that the resorts broaden their market appeal for future sustainability.

Nature-based Experiences

The High Country's unique alpine environments and rich fertile valleys make it a popular nature based tourism destination. Visitors can participate in fishing, boating and watersport activities on rivers and inland waterways, enjoy hiking, biking and trail running across the peaks and throughout the valleys, and also take advantage of other adrenalin focused experiences such as micro-lighting, abseiling, caving and gliding. Supported tours, rich experiences, hire services and unique accommodation in sympathy with nature are now required to unite this great diversity of activities within dedicated nature-based tourism hubs.

Arts and Cultural Heritage

Visitors associate the High Country with culturally enriching experiences that draw from the history and culture of the area. Aboriginal heritage, the rich gold mining history, the legend of Ned Kelly and the story of the Man from Snowy River are all iconic cultural heritage aspects of the region. The High Country also features unique artworks that capitalise on and draw inspiration from the surrounding landscapes, and a variety of museums and historic sites that celebrate these experiences. This is a product pillar that requires further development to ensure that the region delivers immersive, memorable and experiential arts and culture experiences that meet current visitor expectations.

7. CUSTOMER SEGMENTS

High Country visitors are characterised by two key segments - *Lifestyle Leaders*, who account for 40% of the region's visitors, and *Habituals* who make up 28% of visitor numbers.

Lifestyle Leaders are progressive, educated and professional individuals who actively seek out new experiences. They enjoy an active social life and have extensive social networks in which they are viewed as trusted advisors and influencers of others. They are higher in affluence and discretionary expenditure than the average Australian, so travel frequently and spend more when traveling.

Lifestyle Leaders are based on a mindset and they cut across all regions, ages and life cycle groups. The key dimension that differentiates the market is life stage. Where people are at in their lives, their roles and responsibilities and their goals and ambitions, are key drivers in how they view travel and breaks and the various options on offer. Life stage motivations include:

> **SINK/DINK** looking for stimulation
> **Young families** getting the most out of limited travel opportunities
> **Older families** balancing and meeting the interests of everybody
> **Empty nesters** getting out and involved in life again
> **Retirees** immersing themselves in all of their interests and looking to explore

The Habituals are travellers who come to the High Country each year (sometimes many times a year) that tend to return to a consistent location and often travel with the same group. They are heavily influenced by the recommendations of friends and family members, prioritise value for money, and are often driven by familiarity with a destination. Both Habituals and Lifestyle Leaders are mainly self-drive markets.

The High Country primarily focuses on Lifestyle Leaders as their propensity to travel, experience new things and consider multiple destinations when they travel means that there is a strong ability to influence them with focused and motivating marketing communications and effective product development. Furthermore, the size of the segment and the yield it can drive within region by way of its higher natural spend also defines it as the most valuable market with the potential to drive greatest return on investment for the High Country.

It is also worth noting that the Lifestyle Leader market is a key focus for Visit Victoria and also strongly aligns with Tourism Australia's International Experience Seeker audience. As such, the region's efforts in this space are able to leverage broader state-wide and national tourism strategies.

While Habituals are not a marketing focus for the region, as they have largely predetermined where they will visit so there is little opportunity to influence their travel decisions, the ongoing development and revitalisation of regional products, infrastructure and tourism services will ensure this segment's ongoing satisfaction and commitment to the High Country.

8. TARGET MARKETS

In the year ending Dec 2015, 99% of visitors to the High Country were from the domestic market. Of this market, 53% visited just for the day, spending an average of $81 per trip. Those who stayed overnight (47%) stayed for an average of 2.8 nights - generating a total of 3.9 million visitor nights - and spent $141 per night when in-region.

Of the domestic overnight market, 81% were from intrastate with majority being from Melbourne (51%) with the remainder being from regional Victoria. In terms of the interstate market (19% of domestic overnighters) NSW was the largest source market.

During the same period, international overnight visitors accounted for 1% of the High Country's visitor market and generated 365,000 visitor nights. The UK was the region's largest source market for visitors (29%) followed by New Zealand (13.8%) and Germany (7.8%).

Across all of these markets, the holiday and leisure segment was the primary driver, with an average of 61% of visitors travelling for this purpose, followed by the visiting friends and relatives (VFR) market (24%).

As such, the focus of the region's marketing efforts is the intrastate market, with the primary focus being on Melbourne followed by regional Victoria, as it is the largest and most valuable in terms of visitor spend. This approach also places the High Country in a good position to leverage Visit Victoria's own intrastate efforts, maximising marketing spend and impact. Consideration will also be given to how campaigns can be extended most effectively into interstate markets like NSW to capitalise on existing visitation from these traditionally longer-stay and yielding markets.

From an international perspective, TNE will work with business across all product pillars to ensure products are developed that meet the needs of international customers, and continue to leverage Visit Victoria and Tourism Australia's own efforts and considerable budgets in key international markets. TNE will also look at how it can capitalise on the strong VFR market to target international visitors.

9. EXTERNAL MACRO & MICRO ENVIRONMENT ANALYSIS

Several key macro and micro trends are expected to impact the Australian tourism landscape, and therefore effect the outcomes of this Destination Management Plan over coming years:

Economic Outlook

In recent years the Global Financial Crisis impacted both tourism spending and travel trends. However, according to Tourism Research Australia,[2] the global economy continues to recover from this period with ongoing growth forecast. While economic growth is strongest among emerging economies, advanced economies are also slowly strengthening, providing a positive economic backdrop for international visitors in the near future.

The Australian economy continues to grow (although below trend), assisted by lower fuel prices, low interest rates and the decline of the Australian dollar against a number of lead trading currencies. Lower interest rates mean that many households now have more money to spend on discretionary items including travel.

At the same time, the drop in the Australian dollar has made inbound tourism more attractive and has made it more expensive for Australians to travel overseas. This is expected to result in growth in both inbound and domestic travel, going some way to mitigate the impact of outbound travel of Australian residents.

Australian Tourism

Tourism Research Australia predicts that domestic visitor nights will increase by 3.3% in 2015–16 and 3.7% in 2016–17 to 336 million nights. The 10-year average growth rate is forecast at 2.8%, with visitor nights expected to reach 413 million by 2024–25. Similar growth is forecast for domestic day trips for the next few years and into the future.

While domestic tourism will positively grow, the highest level of growth will be experienced in the inbound tourism market. Inbound visitors are forecast to increase by 5.9% in 2015–16 and a further 5.6% in 2016–17 to 7.9 million arrivals. The 10-year average growth rate is forecast at 4.1%, with arrivals expected to reach 10.6 million by 2024–25. Growth in arrivals from emerging markets like China, India and Malaysia are expected to outpace the global average growth rate, as is growth among leading western tourism markets like the US, UK and New Zealand. China is expected to be the largest source of growth in both inbound arrivals and inbound expenditure.

After strong growth in outbound travel over the last 10 years, driven by low-priced, easily accessible holidays offering the allure of an international experience, Australian resident departures slowed considerably in 2014–15. However, modest growth is forecast for the next 2 years (3.2% and 3.5% respectively) and the 10-year average growth rate after that is forecast at 3.3%, reaching 12.8 million departures by2024-25; less than previously forecast.

Tourism Technology

Technology has changed the way people research, book and interpret their holiday experience, and will continue to evolve over the life of this Plan. The digital space is a rapidly changing environment, requiring up to date technology understanding, constant investment in technology enhancements and the resource to generate and distribute great content. Handled correctly the digital space has a significant part to play in the way tourism operators grow their businesses and maintain clients, and for destinations and regions to attract new visitors.

This includes consideration for the changing visitor information environment, with traditional information centres experiencing declining visitation, necessitating a change to servicing models. This has also been matched by the increased prevalence and strength of online information sources and new booking platforms, in particular, the rise of online travel agents, which has led to increased digital disruption amongst traditional sales channels.

Social media is becoming more influential than ever, impacting where people travel, what they do and what they recommend, with 24% of people who use social media researching holiday destinations or travel offers[3]. Social media now ensures that consumers also take an active role in the communication, relationship management and brand development process associated with destinations and their tourism offering. And now, with the introduction of new platforms like Periscope (which has 10 million users since it launched in March 2015), this influence will grow, with travellers now able to see, hear and share in other people's tourism experiences in real time.

2. Tourism Research Australia, Nov 2015: *Tourism Forecasts 2015*
3. Sensis, May 2015: *Annual Sensis Social Media Report*

The Sharing Economy

Linked to growth in digital platforms and social media is the rise of the 'sharing economy' – online platforms that connect buyers and sellers, where people can borrow or rent assets owned by someone else, usually at a lower price than purchasing through standard channels. In Australia, the sharing economy has grown in the accommodation and transport sectors with the proliferation of businesses like Airbnb and Uber. It is changing the way people travel by providing them with new holiday options, but will also change the competitive landscape of the tourism industry with the introduction of new, often unregistered businesses.

Climate Change

For destinations like the High Country, with a tourism product that is dependent on the strength and diversity of its natural environment, climate change poses a real and significant threat. An increased occurrence of bushfires, issues with water supply and management (including problems like blue-green algae), decreasing snow levels, and environmental degradation are common occurrences impacting the tourism landscape and its ongoing sustainability.

Changing Demographics

Changing demographics and household structures represents both a challenge and an opportunity:

> Birth rates continue to drop but life expectancy increases, leading to an aging population, with over 65s expected to account for 19% of the Australian population by 2020. This will effect who is travelling and the nature of the tourism experience required.

> The increase in double income households often provides higher disposable income; however this is regularly offset by greater financial pressure from higher house prices and family care services, and work commitments can lead to stockpiling of annual leave.

> People are remaining as single and double income earners with no kids (SINKS and DINKS) for longer. Many people are delaying having families and family sizes are shrinking, again impacting the demographic of the traveller.

> Generation Y has grown up taking international holidays and continues this pattern into adulthood. Traditional domestic holidays, at the beach or visiting friends and relatives are increasingly rare.

> With almost one quarter of the population born overseas, holiday times are often reserved for visiting relatives. The flow on of this is the growth opportunities in the VFR market when overseas families visit Victorian based relatives.

> Melbourne is Australia's fastest growing city, with 75,000 people moving there each year who have no knowledge of the tourism offering outside of Melbourne. This creates challenges in terms of destination awareness but also defines a market with great potential.

Changing Holiday Preferences

A range of changing holiday preferences ensures that visitors are now looking for different holiday experiences and package options:

> A shift from the social media fuelled 'fear of missing out' (FOMO) to the converse 'joy of missing out' (JOMO) represents a change from trying to include as many things as possible in a holiday experience, to slowing down, unplugging from social media and living in the moment. Closely aligned to this is a desire for holidays offering digital detox.

> An increase in multigenerational travel, where three generations of family travel together, is a significant opportunity considering the potential size of the travel party.

> The growing Millennials market (those following Generation X) means that holiday destinations and tourism businesses now need to consider the needs of the youth market. Already accounting for 20% of the world's tourists, this group are looking for unique and authentic experiences and opportunities to learn something new, and are guided by recommendations from friends.

> According to trend analyst Future Laboratory[4], consumers are now aspiring to be the best they can be as individuals, leading to a growing demand for product customisation and tourism experiences that support their personal transformation.

4. Sensis, May 2015: *Annual Sensis Social Media Report*

10. THREE-YEAR REGIONAL OBJECTIVES

Within this tourism landscape, TNE will look to drive High Country visitation growth at a level reflective of the long-term targets identified in the Destination Management Plan – targets that are owned as a region as opposed to an individual entity.

That is, by Dec 2018 TNE aims to grow visitation to the High Country by 4% based on the five year rolling average, starting from the 2015 visitation average of 2,767,100 annual visitors. Rolling averages rather than point-to-point comparisons are used by TNE as they allow for natural fluctuations within the tourism market and industry.

Aside from growing the base number of visitors coming to the High Country, the region will also look to grow domestic overnight visitation by 3% over the life of the plan and increase average overnight spend by 2% over the same period. It will also look to increase domestic day visitor spend by 3%.

While TNE as an organisation drives the strategic direction of tourism within the region, the achievement of these objectives is one shared by the High Country as a whole. Realising these objectives will require the collective efforts of the entire region, including ongoing investment in infrastructure, product development and marketing campaigns of scale.

As TNE only controls approximately 5% of the expended tourism budget associated with the region, the impact of the collective influence of private operator initiatives and marketing programs of local government, resort management boards and other tourism associations must also be recognised.

11. STRATEGIC FOCUS

To achieve these objectives, TNE will look to deliver on seven goals that are consistent with the regional priority categories highlighted in the Destination Management Plan. These goals are:

1. Achieve an ownership position in the Victorian cycle tourism space and be recognised as the State's premier bike destination
2. To develop a range of leading nature-based tourism hubs across the High Country that act as regional visitation and yield drawcards
3. To establish the region's arts and culture credentials to both diversify the demographic attracted to the High Country and increase dispersal
4. To evolve the winter offering of the major alpine resorts to ensure they continue to appeal to the visitor market and drive visitation, yield and job opportunities throughout the region.
5. To lead innovation in the food, wine and beer space, creating a competitive differentiator for the High Country that drives tourism related visitation and yield opportunities throughout the region
6. For the High Country to set industry best practice for the use of digital technologies across all aspects of the region's offering, delivering a superior consumer experience that differentiates it from competitors
7. Maintain and grow a strong organisation and industry that delivers positive tourism outcomes for the High Country

Under each of these goals, TNE will implement a range of initiatives that can all be measured by clear key performance indicators (KPIs) and associated three-year targets, ensuring transparency and accountability. The output of these efforts will contribute to achieving the overarching visitation outcomes pursued by TNE and the region.

12. STRATEGIC DIRECTION

A) CYCLE TOURISM

Achieve an ownership position in the Victorian cycle tourism space and be recognised as the State's premier bike destination.

Overview

The High Country features a broad range of high-quality bike experiences, so is well positioned to attain an ownership within the Victorian cycle-tourism space. This includes three signature rail trails, over 240km of mountain bike trails and alpine ascents recognised as being the most challenging in Australia, ensuring that the region has something to offer all types and styles of riders.

Much of this infrastructure has been funded by partnerships between Federal, State and Local Government, and the private sector has responded through delivering a high-calibre range of cycle tourism experiences on the ground. This includes over 350 cycle friendly businesses across the region and a business community that is largely supportive of cycle tourism. The true return on this investment will be realised through increased visitation and yield opportunities associated with these assets and by supporting private operators in delivering more holistic and diverse cycle-tourism experiences.

Trends

Some cycle tourism trends that will impact infrastructure, product development and marketing efforts in the cycle tourism space are as follows:

Growth in electric bikes (e-bikes)

Nearly 48 million e-bikes are forecast to be sold worldwide by 2018[5] with the majority of these going to China (42.4 million). While Australia is trailing in this trend, it is still experiencing growing demand for these types of bikes for use on both mountain bike and rail trails, which will open up the cycle tourism experience to a new demographic of users. It will necessitate the development of new trail usage and maintenance requirements and industry changes to support the new type of bikes, and will also drive a change in the type of tourism experiences that visitors demand.

Increase in female participation

The cycle tourism market has seen a slow but steady increase in the amount of women who are riding bikes, particularly in road cycling and mountain biking. Women often look for opportunities to develop their skills and undertake tourism experiences with other women (separately from men) which has led to a growing demand for female only clinics, tours and holiday packages, and consideration for targeted marketing campaigns.

Growth in mature male road cyclists

Roy Morgan notes that over the last decade there has been significant growth in mature male road cyclists, with participation rates doubling among men aged 50-64 and more than doubling among men aged 65+[6]. Road cycling is a low impact sport that is ideal for people in these age brackets, as well as offering a strong social component that is also attractive. Again, growth in this demographic will necessitate a review of the associated tourism offering to ensure it meets the needs of these visitors.

Experience Requirements

Where people used to travel just for the ride experience, they are now looking for a more diverse and holistic holiday offering that combines a range of experiences including a strong food and wine or nature-based tourism component. Cycle tourism has also experienced a growth in cycle touring – multi-day riding trips between destinations - and an increase in demand for particular trail types, like mountain bikers looking for flow-down trails.

5. Statista, 2016: *Projected worldwide sales of electric bicycles in 2018, by region*
6. Roy Morgan Research, May 2015: *On your bike! Cycling participation picks up speed*

Regional Challenges

- > Awareness of the Victorian and High Country cycle-tourism offering is low, and limited funds are currently available to address the problem both in terms of out of region marketing and in-region product visibility.
- > There are a limited range of transport options that support visitors travelling with their bikes to the region, and also travel between key ride points when in-region.
- > There is a limited amount of facilitated product across the total High Country bike offering.
- > Lack of interconnected bike products throughout the region makes it difficult for people to research and book a multifaceted bike itinerary.
- > There is growing competition from other destinations looking to establish themselves as leaders in the cycle tourism space.
- > It is difficult for visitors to currently research their bike holiday throughout the region as they must reference multiple destination sites where cycle tourism is just one of many available products.
- > In the mountain bike space, there is a lack of progression perfect terrain (ie/ limited beginner and low-intermediate offering) meaning there is a gap in the offering. There are also issues associated with legalising community built trails, as well as dealing with trails with multiple owners and differing visions.

Strategic Approach

While the High Country features a strong range of bike infrastructure, a variety of enhancements, extensions and new trails are required to both fill current product gaps and evolve the offering to continue to engage customers. Over the next three years, TNE will work with its local government partners to identify these gaps and develop appropriate plans to fill them. In support of these efforts it will also advocate for public and private sector tourism infrastructure investment in priority cycle tourism projects, and address legislative issues associated with trail developments.

TNE will take a lead role in activating these trails through industry and product development initiatives. This includes working with existing cycle tourism businesses to enhance their current offering to deliver a world-class experience, as well as looking at ways in which their businesses can diversify to meet current market demand. These efforts will involve working with local government partners to attract new businesses to the region to fill product gaps that existing operators are unable to fulfil, and also securing products that differentiate the High Country offering.

From a marketing perspective, TNE will take the lead in uniting the High Country's bike offering under a master bike brand known as Ride High Country, and taking it to market with campaigns associated with the region's key bike disciplines (mountain biking, rail trails and road cycling). These campaigns will speak to the region's various cycle tourism customers, driving awareness and uptake of the regional offering while strengthening the overarching Ride High Country brand. TNE will also support local efforts to secure large-scale bike events that have the potential to raise the profile of the regional bike product and secure the High Country's position as a leader in the cycle tourism space.

To make it easier for customers to research, book and engage with the regional cycle tourism offering, TNE will coordinate the development of a Ride High Country website that will represent the region's entire bike product within the one portal. This will be supported by other digital channels that set the region apart and drive connection with the destination and its cycle experiences.

The commissioning of solid market research throughout the life of this plan across the three regional bike disciplines will be key in informing all infrastructure, marketing and product development efforts.

Three Year Strategic Focus

Goal	Strategy	KPI	Target
Achieve an ownership position in the Victorian cycle tourism space and be recognised as the State's premier bike destination	Develop a strong regional bike brand that can be used to represent and promote the regional offering, driving awareness among current and potential visitors	Development of a regional bike brand	Regional bike brand delivered in year one of plan
	Implement regional product marketing and communications campaigns that drive awareness and conversion for the three bike disciplines	The number of campaigns delivered and the results they achieve	Two campaigns delivered in year one of plan and three in years two and three; campaign targets to be determined annually
	Develop a strong and united digital presence that makes it easy for cyclists to research, book and share their bike experience in the High Country	The launch of the site and growth in usage/ sales statistics	Site launched in year one; usage/sales targets set after year one results are benchmarked
	Develop research initiatives that provide the market and product insights required to achieve an ownership position in this space	The delivery of insightful research projects that effectively guide strategic efforts	One bike research project per year
	Assist relevant LGAs with planning and grant funding efforts associated with developing/enhancing infrastructure outlined in the DMP	The number of infrastructure projects that TNE is involved with from a planning and/or advocacy perspective and the results achieved	2 key DMP projects progressed per year with results to vary per project
	Work with current cycle tourism industry partners to improve the quality of their products to ensure they deliver a high-calibre visitor experience	The number of industry individual business development sessions and/or briefings delivered	9 cycle-tourism related briefing sessions and 27 individual business development sessions per year
	Work with new and existing cycle tourism operators to diversify their products or deliver new offerings to meet existing product gaps	The number of operators engaged and the resulting new/ improved products delivered	3 operators engaged each year and at least 2 new/enhanced product delivered over the life of the plan
	Support LGAs in their bid to secure large-scale bike events that both drive visitation and secure the region's position as a leader in cycle tourism	The number of events progressed and secured	Assist LGAs to progress one significant event lead per year; and one large-scale event to be secured over the life of the plan

B) FOOD, WINE AND BEER

To lead innovation in the food, wine and beer space, creating a competitive differentiator for the High Country that drives tourism related visitation and yield opportunities throughout the region.

Overview

Of the 21 official wine regions found in Victoria, six of them are located in the High Country. This includes 96 wineries that are highly active, with many offering high-calibre vineyard dining, behind the scenes tours and tastings, and cellar door experiences (both public and private). This is complemented by a thriving and active microbrewery culture, with 6 craft breweries operating in the region.

The High Country is also renowned for its diverse food offering, which includes hatted restaurants (one restaurant with 2 hats, and three with 1 hat), 11 restaurants listed in The Age Good Food Guide, and an abundance of quality local produce that is used and distributed throughout the region, a great array of hands on cooking classes, a selection of popular farmer's markets and an emerging agri-tourism offering. This product portfolio is supplemented by a growing coffee and café culture that includes 4 dedicated coffee roasters.

Trends

Sustainability

Urban dwellers wanting to connect to the land, the environment and sustainable practises are increasingly seeking a sustainable tourism experience related to these philosophies. The High Country has strong green credentials with sustainable building, composting, organic and biodynamic food production, solar energy use, vegetable gardening and food self-sufficiency, and membership of Landcare groups all well-developed practises in the region. The agricultural history of much of the region and its nature based assets further strengthen the natural fit with the High Country developing sustainable tourism product experiences.

Agri-tourism

The popularity of understanding food production and connecting to the farmer and land from which produce has come is a well-documented trend. Italian rural areas have leveraged this trend through the development of agri-tourismo - the blending of agricultural production and tourism. Farm stays, holiday farm work programs, farm gate experiences and on farm cooking schools are all aspects of this emerging industry. The High Country is well placed to work with progressive agricultural producers to develop a tourism experience to meet the needs of the Australian visitor. Efforts in this space also have the potential to be a significant future growth reinvigoration lever for the region's food and wine community, and a sustainability driver for the farming sector.

Culinary Delight

Tourism Australia has found that visitors are now "culinary explorers" looking for local, authentic and high-calibre experiences that are driving a strong gourmet tourism that will drive growth across the country's food and wine industry.[7] Consumers want to explore new flavours presented to them in exciting formats, so they are surprised and delighted by their culinary experience. Business success will result from evolving the tourism experience to meet this demand.

Beverage Trends

According to trend analyst Future Laboratory[8], the global food and wine market is experiencing growth in demand for premium alcohol (including small-batch regional spirits) and craft beers. Against this backdrop, drinking trends are also evolving. There has been a resurgence in older and more traditional varieties, with current trends favouring vermouth, absinthe and the rediscovery of other classic drinks. Wine is also changing its image, moving away from its pretentious roots to become an everyday social beverage, which also impacts the way it is being consumed. The greatest opportunity facing the High Country is to take advantage of these growing trends, innovating and evolving its offering to meet consumer demand, and becoming a leader in this space.

7. Tourism Australia, *Tourism Australia Factsheet: Restaurant Australia*
8. The Future Laboratory, Feb 2016: *The Futures Report: Food and Drink 2016*

Regional Challenges

- While this category has long driven tourism growth in the region, it must continue to evolve in order to maintain relevance and meet the needs of the changing consumer market.
- There are 6 wine GIs in the region but their tourism offering is not clearly differentiated in the mind of the consumer, impacting the marketing and selling proposition.
- The region features a great diversity of food, wine, beer and spirit tourism businesses, however only a limited number of them are able to innovate to meet the emerging needs of consumers.
- A paucity of data exists relative to the changing needs of the wine, beer, spirits and food customers, best practice tourism offering analysis, and demand drivers among key visitor segments.

Strategic Approach

The food, wine, craft beer and spirits segment is important in that it underpins all of the High Country product pillars. To ensure that it maintains its relevance and strength among the region's target markets, it is essential that the offering continues to innovate, and that the industry behind it embrace ongoing tourism product evolution.

In order to keep abreast of current trends and their relevance to the High Country food, wine, beer and spirits offering, TNE will collaborate with key industry partners and LGAs to commission collaborative research into each of these categories.

Using the insights garnered from this research, TNE will then look to identify businesses that have the highest potential to innovate and work with them to develop tourism products that can engage and excite visitors, and act as distinctive product heroes.

In particular, TNE plans to take the lead in the agri-tourism space, working with businesses and other government entities to both understand and capitalise on the opportunities that are emerging in this area. TNE will look to be first to market with a distinctive offering that differentiates the High Country from other regional destinations.

Three Year Strategic Focus

Goal	Strategy	KPI	Target
To lead innovation in the food, wine, beer and spirits space, creating a competitive differentiator for the High Country that drives tourism related visitation and yield opportunities throughout the region	Research opportunities in the food, wine and beer space, looking at market segmentation, best practice analysis and demand drivers among key segments to support innovation initiatives	The delivery of insightful research projects that effectively guide strategic efforts	One piece of research delivered across each of the food, wine and other beverages categories over the life of the plan.
	Identify the businesses within the food, wine, beer and spirits category that have the greatest potential to innovate, and work with them to drive evolution within their tourism offering	The number of businesses worked with on innovation projects, the level of innovation achieved and the impact on the tourism experience	Work with 5 businesses per year to innovate their offering; tourism impacts to vary per business
	Work with industry to develop an offering that enables the High Country to take the lead in the agri-tourism space	The number of agri-tourism specific operators supported by individual/group business development sessions	20 operators supported via individual/ group business development sessions each year
	To educate industry about current and emerging trends to assist with driving innovation within their own business	The number of operators supported by individual/group business development sessions	40 operators supported by individual/ group business development sessions each year
	Work with existing businesses to ensure continual ongoing product development	The number of operators supported by individual/group business development sessions	80 individual businesses supported per year
	To work with the public and private sectors to drive innovative accommodation development in the wine region	The number of accommodation proposals progressed each year	One proposal progressed each year
	Implement a regional marketing & communications campaign and event program that celebrates innovation and diversity within this product pillar	The number of campaigns delivered each year and the results they generate	One campaign delivered per year; campaign results to improve YOY over the life of the plan

C) SNOW

To evolve the winter offering of the major alpine resorts to ensure they continue to appeal to the visitor market and drive visitation, yield and job opportunities throughout the region.

Overview

Over the last decade, the Victorian Alpine Resorts (including those outside of the High Country) attracted an average of 674,000 winter visitors who generated 1.3 million visitor days in the resorts. As such, the alpine resorts are a major contributor to the Victorian economy, with an estimated GSP of $570 million and 5,800 Full-Time Equivalent jobs being attributable to alpine resort winter activity.

The traditional snow market was driven by skiing and snowboarding, however the resorts are now looking to diversify their offerings to include things like sled dog rides, spa indulgences, and food and wine experiences. As a result, the alpine resorts are strong drawcards for international visitors, particularly from Eastern hemisphere markets, also presenting a motivating offer to the ever-growing visiting friends and relatives market. However, ongoing investment in the evolution of the snow experience is critical in ensuring the resorts maintain their position as key economic drivers for the region. There is also considerable opportunity to grow visitation in new market segments through diversification of the snow experiences on offer.

Trends

Climate Change

In 2012 the CSIRO and the Bureau of Meteorology[9] produced a report that found that the Victorian snow seasons are becoming increasingly impacted by greenhouse gas emissions, with future seasons likely to start later, finish earlier and decrease in length anywhere between 5-35 days by 2020. In line with this, resorts will experience lower maximum snow depths, with the number of good seasons likely to decline while the number of poor seasons is likely to increase. In turn, this means that it will be increasingly difficult to drive resort visitation attached to its traditional hero product, as well as meet customer expectations for their snow experience.

Global snowsport participation decline

Worldwide the snow industry is facing the challenge of generating long-term participation growth[10]. In many places, the market has reached maturity as baby-boomers represent the majority of participants. As they are exiting the sport, they are not being replaced by new generations of skiers, resulting in issues with market longevity.

Victorian visitation trends

Over the last decade, visitor numbers to the Victorian alpine resorts grew an average of 3.6%, and between 2005 and 2014 the number of skier days grew an average of 1.5%. However, visitors are now staying for shorter periods, and the resorts are experiencing occupancy issues during off-peak and mid-week periods. Resorts and mountain businesses must now look at innovative ways to capture the minds of consumers, convert them to visitors and increase their relative value.

Competing destinations

The variability of the Australian snow experience means that people are increasingly travelling overseas for their snow holiday, attracted to the offer of more consistent snow and an international travel experience. In particular, the New Zealand snow experience has increased in popularity, perceived as offering a better and more cost-effective snow experience during the same winter season as Australia.

Other people see snow holidays as expensive and complex. Alternate simple and low-cost Australian and international holiday options (particularly in Asia) are increasingly being seen as better holiday alternatives, particularly if people are only able to take one holiday annually.

9. CSIRO and the Bureau of Meteorology, Dec 2012: *Climate Change Impacts on Snow in Victoria*
10. Laurent Vanat, 2016: *2016 International Report on Snow & Mountain Tourism*

Regional Challenges

- The demographic of the traditional snow visitor is changing requiring the resorts to evolve their offering to meet their needs, which is challenging considering the mature nature of the winter product.
- The complex nature of a snow trip means that visitors often see it as too difficult, expensive and high-risk to invest in.
- The resorts are perceived as offering a poor value proposition, which has the ability to impact the long-term sustainability of their tourism markets.
- The high costs associated with operating businesses in the alpine resorts and the limited window available to generate revenue makes it difficult to attract new businesses to diversify the resort tourism offering.
- The regional winter marketing campaign administered on behalf of the Victorian resorts (under the Snow Victoria brand) is administered by an entity other than the regional tourism board. As such, it sits outside of Visit Victoria's regional marketing structure and is therefore limited in its ability to leverage valuable campaign funding and exposure opportunities. This campaign also excludes Mount Buffalo, which is a strategically important destination for capturing first-time snow visitors.

Strategic Approach

The ongoing sustainability and growth of the winter offering in Victoria's major alpine resorts is recognised as being central to a vibrant tourism market in the High Country. As such, it is essential to evolve the winter offering of the resorts to ensure they continue to appeal to the visitor market and drive visitation, yield and job opportunities throughout the region.

Each of the alpine resorts has gone through a resort master planning process identifying key projects required to achieve this goal. TNE will support these efforts by providing any further planning assistance required for key infrastructure projects, and also advocating for public sector support of these developments.

TNE will also work with the Resort Management Boards (RMBs) to diversify the resort product offering by attracting new businesses to the mountain capable of meeting the needs of target segments identified in the EY Sweeney segmentation research[11]. This includes consideration for developing flexible operations with low overheads. TNE will also work with existing operators to improve and diversify their offerings to better meet emerging customer needs and capitalise on new business opportunities presented via resort infrastructure investment.

To ensure that collaborative marketing spend for the resorts is maximised, TNE will also take an active role in the development and implementation of the Snow Victoria campaign.

11. EY Sweeny Research, 2015: *Victorian Snow Resort Segmentation*

Three Year Strategic Focus

Goal	Strategy	KPI	Target
To evolve the winter offering of the major alpine resorts to ensure they continue to appeal to the visitor market and drive visitation, yield and job opportunities throughout the region.	Assist RMBs with planning and grant funding efforts associated with developing/enhancing infrastructure outlined in the DMP	The number of infrastructure projects that TNE is involved with from a planning and/or advocacy perspective, and the results achieved	2 key DMP project progressed per year, with results to vary per project
	Work with current resort operators to evolve their product to meet the changing needs of resort visitors and leverage current travel trends	The number of winter specific individual business development and/or briefing sessions delivered for alpine resort businesses	Engage with 50 winter resort operators via individual/ group business development sessions each year
	Assist the RMBs in developing key products identified as part of the Destination Action Plan (DAP) process	The number of DAP products implemented	2 DAP products implemented at Hotham and Falls Creek over the life of the plan
	Identify products to meet the needs of the segments identified in the Snow Victoria (Sweeny) research and work with RMBs to secure new businesses capable of delivering them	The number of new businesses operating at the resort	1 in year two and 2 in year three
	Take a lead role implementing a Snow Victoria marketing and communications campaign to drive resort visitation among new/lapsed markets	The implementation of an effective annual marketing campaign and the shift in consideration set that it delivers among target segments	One effective campaign each year and a positive shift in snow holiday consideration (as measured by Sweeny evaluation research)

D) NATURE-BASED TOURISM

To develop a range of leading nature-based tourism hubs across the High Country that act as regional visitation and yield drawcards.

Overview

The diverse High Country landscape supports an abundance of nature-based tourism experiences including fishing, water sports, hiking and niche adrenalin focused experiences like micro-lighting, abseiling, caving and gliding.

Economic modelling released in March 2016[12] shows that nature-based activities add $6.2 billion per year to Victoria's economy, supporting 71,000 jobs or 2% of Victoria's total workforce. This report itemises this contribution by tourism region, identifying the High Country and Great Ocean Road as equally contributing the highest gross value to the State - $1.1 billion each. The High Country is the stand alone leader in sustaining employment opportunities associated with nature-based activities and recreation, supporting 13,200 FTE.

Trends

Opportunity to connect

Nature-based recreation is increasingly being seen as the perfect way to disconnect from electronic devices and the hectic, fast-paced world and reconnect with family, friends and unique environments. This trend supports the growth of nature-based tourism and the development of associated products that can facilitate people's desire for quality time in diverse natural landscapes.

Nature-based tourism experiences

People are looking for experiential and engaging nature-based tourism experiences that offer high levels of interpretation, services and accommodation. There is also growing demand for facilitated experiences, particularly activities that allow for some level of learning or skill-building.

Nature-based Accommodation

There is a demand for accommodation that is unique and located within natural surrounds – in forests, near water or showcasing natural assets to enable visitors to feel closer to nature. This could include basic eco-style accommodation or glamping, or be a larger five-star development delivered in sympathy with the natural environment. This product gap points to opportunities for relevant and astute tourism operators and investors.

Regional Challenges

> There is currently a limited number of high-quality and experiential facilitated nature-based tourism experiences available in the High Country.

> Current nature-based tourism operators have relatively small operations with limited ability to innovate or diversify their product, market their offering, or make it available through a variety of sales channels. These efforts are further hampered by high operating costs associated with insurance and meeting safety/regulatory requirements.

> Most regional nature-based tourism businesses specialise in offering only one activity/experience, which makes it difficult for visitors to book a multi-product itinerary.

> A high level of infrastructure investment is required to develop effective nature-based tourism hubs.

> There is already strong competition in the Victorian nature-based tourism space from destinations like Gippsland and the Grampians.

> Climate change and other environmental issues including bushfires and water problems (like blue-green algae) pose a challenge for businesses that are based in the natural environment.

12. Marsden Jacob Associates, March 2016: *Victoria's nature-based outdoor economy - key estimates and recommendations*

Strategic Approach

While the High Country offers a broad range of nature-based tourism experiences, it does not have any true iconic heroes in this space (outside of the snow season, which is profiled in a separate product pillar). That is, a lack of either standalone hero products or destinations that can act as strong nature-tourism hubs.

Through this Plan, TNE will support efforts to develop strong nature-based tourism infrastructure and assets at the alpine resorts and around key waterways, taking an active role in the planning and advocacy process associated with hero tourism opportunities.

Nature-based efforts include developing common product strengths across the major alpine resorts and taking them to market under collaborative green-season marketing campaigns. It also involves working with LGAs associated with significant waterways to attract new businesses capable of delivering water-based tourism experiences that can activate the product.

This work is particularly important in the alpine resorts as it will assist them in operating on a year-round basis, offering future viability in the face of climate change and its expected impact on the winter offering.

Three Year Strategic Focus

Goal	Strategy	KPI	Target
To develop a range of leading nature-based tourism hubs across the High Country that act as regional visitation and yield drawcards	Assist relevant LGAs with planning and grant funding efforts associated with developing/enhancing key nature-based tourism infrastructure outlined in the DMP, including consultation/negotiation with relevant land managers	The number of infrastructure projects that TNE is involved with from a planning and/or advocacy perspective, and the results achieved	2 key DMP projects progressed per year with results to vary per project
	Work with the alpine resorts to develop green-season products that are common across the destinations and can be developed into collective strengths	The number of new products developed and/or operators secured	One new product offering or operator per year
	Implement a green-season marketing and communications campaign for the alpine resorts that raises brand and product awareness of common alpine products	The number of campaigns delivered each year and the results they generate	One campaign delivered per year; campaign results to improve YOY
	Work with LGAs to identify and attract businesses capable of delivering new nature-based tourism products associated within inland waterways	The number of new products developed and/or operators secured	One in year two, and two in year three
	Work with existing nature-based tourism operators to enhance, diversify and/or improve their offerings	The number of nature-based forums and/ or individual business development sessions delivered	Three nature-based forums and 12 individual business development sessions delivered per year

E) ARTS AND CULTURAL HERITAGE

To establish the region's arts and culture credentials to both diversify the demographic attracted to the High Country and increase dispersal.

Overview

Tourists travelling for arts, culture and heritage pursuits have seen steady global growth, offering an appealing way for visitors to engage with the country or destination they are visiting. These travellers are seeking 'real' experiences that allow them to connect with local traditions and history, and represent a valuable market as they typically stay at a destination for longer and have a higher average spend than standard visitors.

The High Country has a rich history associated with mountain cattleman, the legend of Ned Kelly, gold mining heritage, and ties with a unique indigenous culture. The region is also known for its range of quaint historic towns and villages, which feature charming streetscapes that allow visitors to immerse themselves in a bygone era. As such, it is well positioned to enhance its offering to capitalise on growing interest in these types of experiences.

Trends

Growth in younger cultural tourists

Cultural tourism visitors are defined as those who have attended a theatre performance, a concert or other performing arts, a cultural festival, fair or event, visited a museum, art gallery, or a history or heritage site or participated in a craft workshop while on their trip. Continued growth in cultural tourism in Victoria is expected to result from increased interest amongst younger visitors[13]. As such, opportunity exists for destinations to develop engaging, contemporary and innovative offerings in this space to meet their needs, including the effective use of technology to facilitate and enhance product delivery.

Indigenous Experiences

Visitors to Victoria are looking for indigenous tourism experiences that are positive, future focused, highlight unique cultural components and are a part of wider Australian cultural heritage experiences[14]. The High Country has the ability to develop strengths in this space and then leverage broader promotional efforts of Visit Victoria and Tourism Australia to take them to market.

Immersive Experiences

Research commissioned by TNE shows that people who visit the High Country are looking for arts and cultural products that are immersive, memorable and experiential, however they are currently disappointed by the regional offering. It is important to develop this product to meet customer expectations and also to generate new opportunities to use arts and culture products to diversify the region's other product pillars.

Regional Challenges

- Perception research confirms that visitors to the High Country have a high expectation of what the region will deliver in terms of cultural heritage based tourism experiences but there are not adequate products to meet these needs.
- Many destinations within the region feel that they already have a strong arts, culture and heritage product, so developing new interpretations of existing offerings will require a significant perception shift.
- The High Country has not traditionally been acknowledged as having a strong aboriginal tourism offering.
- The High Country lacks a peak art, culture and heritage body through which to tap into market insights and coordinate tourism efforts.

Strategic Approach

The High Country's rich history and artistic leanings means that it has huge potential in the arts, culture and heritage space. However, few High Country destinations have moved beyond the traditional interpretation of cultural heritage, and what is on offer is largely limited and lacking cohesion, with no stand-alone hero products. In order to meet customer expectations in this space, TNE will lead work with LGAs and relevant industry partners to develop a united arts, culture and heritage offering. This includes driving market research to inform product development, and scoping experiential product (both new and reimagined existing offerings) that can be supported across the High Country and developed into a regional strength.

During the plan period, TNE will also look at where it can develop relationships with other organisations, attractions and regions that can complement and enhance the High Country offering, and be leveraged for marketing and advocacy purposes.

Three Year Strategic Focus

Goal	Strategy	KPI	Target
To establish the region's arts and culture credentials to both diversify the demographic attracted to the High Country and increase dispersal	Assist relevant LGAs with planning and grant funding efforts associated with developing/enhancing infrastructure outlined in the DMP	The number of infrastructure projects that TNE is involved with from a planning and/or advocacy perspective, and the results achieved	1 key DMP project progressed per year, with results to vary per project
	Secure industry insights and research that looks to drive clearer understanding of the cultural tourism that supports product development within this space	The delivery of initiatives that provide insights that effectively guide strategic efforts	One strategic research/insights initiative delivered per year
	Lead efforts to scope and implement new arts, culture and heritage product that is immersive, experiential and contemporary	The number of new products scoped and implemented	One product scoped per year and at least one implemented within the life of the plan
	Develop relationships with other destinations/organisations with strengths in the arts and culture space that can be leveraged for the benefit of the region	The number of relationships developed and the benefit they deliver to the region	One strategic relationship secured per year with the benefit delivered assessed on a per-partnership basis

F) DIGITAL EXCELLENCE

For the High Country to set industry best practice for the use of digital technologies across all aspects of the region's offering, delivering a superior consumer experience that differentiates it from competitors.

Overview

Digital technology is now an essential part of the tourism experience. Digital channels are used to research and book travel plans, facilitate and/or complement the tourism experience, and also to engage with customers pre, during and post visit.

The High Country destination and product offering is represented online via the Regional Digital Platform (RDP) — a collaboratively built, maintained and enhanced technology platform that delivers multiple destination and regional tourism websites with consolidated online booking capabilities.

The roll-out of this platform has meant that the industry as a whole has up-skilled to maximise their online presence, which has also lead to an improvement in the region's digital presence to meet current visitor demand.

Trends

The rise of Online Travel Agents (OTA)

The global duopoly in the OTA market has been a major disruptor of consumer booking behaviour resulting in many accommodation businesses now being dependent on these distributors for the majority of bookings. Having obtained a dominant market share the OTAs are growing margin through commission increases, and over the medium term this is likely to impact the economic viability of many tourism operators, particularly those at the low-to-mid price point.

Enhanced role of technology in visitor servicing

When considering a holiday, 80% of travellers use the Internet to plan their trip, with visitors who book online viewing an average of 32 websites in the inspiration/plan/book cycle, and those who book offline viewing 22 sites in the same cycle.

Once they have arrived at their destination, 84% of travellers will use a search engine on a mobile device to find available activities and excursions, and 36% of them refer to the destination website or app. As a result, the number of people now engaging traditional Visitor Information Centres for their servicing needs is rapidly declining in favour of these more dynamic, immediate and customisable digital channels.

Influence of Social Media

Social media is a crucial part of the visitor experience, used for researching, capturing and promoting the tourism offering. That is, 52% of travellers were so influenced by social media that they changed their original travel plans, while 62% of leisure travellers want to see a video before they make a final holiday decision. Furthermore, 76% of social media users post vacation photos to their social networks[15]. As such, social media channels are now central to influencing booking decisions, product and brand development, and word of mouth promotion of the tourism offering. Social media has also had a profound on marketing efforts, with third party endorsement via online sources now forming an integral part of marketing, communication and PR planning.

15. Rezdy, 2016: *Travel Statistics for Tour Operators*

Regional Challenges

- > Online booking is becoming the norm across the travel industry but the number of operators in the High Country that have live bookable product is significantly behind the industry average, particularly in the tours and experiences categories.
- > Regional businesses have found it a challenge to keep pace with the rapid introduction of new tourism technology and the effective integration of it into all aspects of their businesses.
- > The quality of operator websites is often poor, and the level of confidence in the digital marketing/social media space is relatively low.
- > The RDP has ensured that regional destinations have a website presence but not all LGAs and/or industry operators have the skills or resources available to manage and utilise them effectively in this increasingly dynamic environment.

Strategic Approach

While the RDP has met its brief in ensuring that all destinations within the region have a contemporary website presence and that industry has experience in selling online, the architecture on which it was built needs updating, and new functionality is required to address current management and usability issues. As such, under this Plan TNE will work to migrate the sites to a new open source platform that will resolve existing issues, future proof the site, allow for destination specific customisations, reduce operating costs, and ensure that it will never be reliant on the IP/skill-set of a specific website agency. This move will also allow TNE to implement a suite of innovative and market-leading tourism technologies over the life of the strategy in an efficient and cost-effective manner, benefitting all stakeholders.

At the same time, TNE will lead digital research efforts to determine the latest technologies that the High Country should be adopting to better service visitor needs, and use this as a basis to collaboratively scope market-leading tourism technologies and then work with LGAs on their implementation.

To improve the digital experience offered by the region, TNE will also work with LGAs and industry to improve their digital skill-set, online asset management processes and content optimisation, and also enhance their capacity to capitalise on emerging technological trends.

Three Year Strategic Focus

Goal	Strategy	KPI	Target
For the High Country to set industry best practice for the use of digital technologies across all aspects of the region's offering, delivering a superior consumer experience that differentiates it from competitors	Enhance and extend the Regional Digital Platform to improve the customer experience	The number of customer-focused improvements to the RDP implemented, and the number of site visits secured	One significant platform improvement implemented each year and 15% combined-average YOY growth in website users
	Improve RDP functionality and management processes to enhance the operator experience with associated destination websites	The number of operator-focused improvements to the RDP and the benefits they deliver	Two improvements delivered per year
	Review content management practices to optimise the quality, accuracy and timeliness of content on destination websites	The implementation of new content management processes and the improvements they deliver	Two new processes implemented over the life of the plan; improvements to be assessed on a project-by-project basis

Three Year Strategic Focus (continued...)

Goal	Strategy	KPI	Target
For the High Country to set industry best practice for the use of digital technologies across all aspects of the region's offering, delivering a superior consumer experience that differentiates it from competitors	Grow the number of followers and level of engagement on social media accounts exclusively managed by TNE	Best practice engagement metrics based on Facebook and Instagram algorithms	Brand advocacy and fan acquisition targets established for all social accounts annually
	Grow visitation and improve the search rankings of websites exclusively managed by TNE	The number of unique visitors for each website and improvements in their search profile	5% minimum YOY growth across TNE's key websites
	Develop research and market insights to guide investment and implementation of the latest and most effective digital technologies	The delivery of insightful research projects that effectively guide strategic efforts	Two pieces of relevant research delivered over the life of the plan
	Work with industry and local government partners to enhance the High Country tourism offering through digital technologies	The number of digital product innovation sessions delivered	4 sessions delivered per year
	Build industry capability around the dynamics of online bookable products, effective tools and active yield management	The number of businesses supported via individual development and/or briefing sessions The number of businesses with live bookable product	60 individual businesses supported; and 5% YOY growth in bookable accommodation product
	Lead the scoping and implementation of technologies that will act as key regional differentiators	The number of products scoped and implemented	One significant product scoped per year and two implemented over the life of the plan

G) ORGANISATION AND INDUSTRY GROWTH AND SUSTAINABILITY

Maintain and grow a strong organisation and tourism industry that actively drives positive tourism outcomes for the High Country.

Overview

TNE has operated for 5 years and during this time has proven itself to be an effective and highly-valued tourism entity. TNE is a mature, confident and ambitious organisation that, over the life of this Plan, looks to leverage its established networks and proven track record to drive prioritised projects of significance for the region.

This work includes leading the region and its tourism industry through a period of unprecedented change, which includes:

> A time of economic constraints for Local Government in the face of rate capping;
> A renewed focus from the State Government on regional Victoria's visitor economy as one of the State's key job growth sectors; and
> The creation of Visit Victoria, resulting from the merger of Tourism Victoria and Victoria Major Events Company.

These changes have created a state of flux and uncertainty across the tourism industry, however they also have the potential to generate new opportunities for regions that are ready to act as the tourism landscape settles.

Trends and Challenges

Regional Tourism Board Sustainability
Although recent Government reports highlight the importance of regional tourism boards, additional public funding support for their operation or programs has yet to be forthcoming. As TNE and other regional tourism boards around Victoria currently have limited funding, the ongoing sustainability of the organisation within the regional model is a challenge. State Government funding is critical to the success of regional tourism, as is maintaining tourism as a priority among all Local Government partners across the High Country.

Tourism Sector Sustainability
Regional visitor numbers have remained fairly static over the last decade but the requirements of the market have changed rapidly. This combined with a number of crisis events and technology, labour force and economic factors means that some sectors of the tourism industry are struggling to remain viable.

Lack of International Relevance
The majority of visitors from international tourism growth markets such as India and China are currently not dispersing to regional areas further than 1.5 hours from a major centre. A lack of strong public transport options, culturally relevant travel hygiene factors and proximity to Melbourne will continue to limit the ability of the High Country to appeal to these growth markets. While Visit Victoria and Tourism Australia invest heavily in these markets, the region is currently left with little ability to leverage their investment.

Strategic Approach

TNE will continue to work to ensure that the organisation remains strong, nimble and innovative to successfully navigate the fast-changing tourism landscape. It will do this by ensuring that the organisation is financially stable, minimises risks that have the potential to impact organisational success, and through implementing strategies aimed at maintaining a happy and productive staff.

TNE will lead stakeholders via the development of insightful regional strategies that are regularly reviewed to ensure that targets are met and that initiatives evolve to meet changing market demands. It will work to improve engagement with its Local Government and industry partners so that the scope of work undertaken by the organisation is properly understood and valued. This will be completed by an ongoing performance review process that allows stakeholders to provide TNE with feedback on its work and its ability to meet the needs of its diverse partner base.

TNE will also engage with and leverage the marketing efforts of state-wide and national tourism bodies like Visit Victoria and Tourism Australia, along with other organisations relevant to the High Country tourism experience.

TNE's success is impacted by the strength and offering of the High Country's tourism businesses. As such, TNE will work with industry to improve the regional offering, particularly its accommodation and international product, as well as supporting ongoing product innovation across the pillars. This work will be supported by PR efforts that link complementary tourism experiences throughout the region.

TNE will assist industry in working more cohesively via the development of destination specific actions plans that identify a united brand positioning, target markets and product development and differentiation required to drive positive visitation outcomes. Collaboration will also be encouraged by industry-wide networking sessions, and through preparing regionally for crisis.

Three Year Strategic Focus

Goal	Strategy	KPI	Target
Maintain and grow a strong organisation and industry that delivers positive tourism outcomes for the High Country	Maintain the financial stability of the organisation to ensure that it can continue to lead regional tourism efforts	Net profit as reflected in the quarterly P&L report	Maintain a positive net profit position and a healthy reserve
	Maintain a happy, safe and effective team capable of driving regional tourism efforts	Level of satisfaction with TNE as an employer	Overall staff satisfaction level with TNE as an employer to be rated 8 or above.
	Manage organisational risk by mitigating any threats posed to TNE or its tourism activities	Maintenance of a risk register	Risk register updated quarterly
	Review TNE developed strategic documents to ensure they deliver positive tourism outcomes for the region	The periodic review of major strategic documents	Plans and associated reviews delivered as scheduled
	Review organisational performance to ensure that it is fit for purpose and meets the needs of stakeholders	Level of stakeholder satisfaction with TNE performance as gauged via annual stakeholder feedback survey	YOY improvement of rating of various components of TNE performance
	Actively engage stakeholders regarding TNE initiatives/ efforts to ensure the role and deliverables of the organisation are understood and valued	The implementation of a communication and engagement plan	Plan to be implemented annually and to deliver positive relationship/ perception outcomes for TNE
	Ensure that the region is prepared to deal with crisis	The implementation of crisis preparedness initiatives and participation/input into regional emergency planning	Maintenance of a crisis communications strategy and delivering of at least one crisis training session per year; involvement in applicable regional planning sessions
	Work with industry to improve the standard of accommodation offered across the region	The delivery of individual/group business development sessions designed to improve the regional accommodation offering	30 accommodation providers supported by individual/group business development sessions each year

Three Year Strategic Focus (continued...)

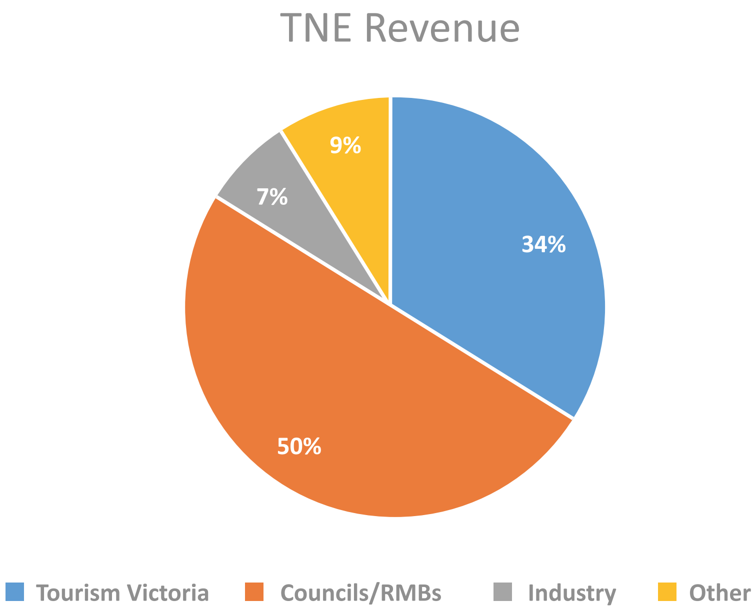
Goal	Strategy	KPI	Target
Maintain and grow a strong organisation and industry that delivers positive tourism outcomes for the High Country	Work with industry to develop products across all of the pillars that are suitable for international markets	The number of international initiatives or opportunities secured/ delivered each year	5 international initiatives/opportunities per year
	Engage with and be seen as an active contributor in regional, State and national tourism organisations	The number of major tourism organisations engaged with and the benefits they deliver to the region	Active and regular engagement with all key tourism bodies
	Leverage the marketing campaigns and efforts of broader tourism and industry entities to gain exposure for the High Country	The number of complementary campaigns leveraged each year	One significant campaign each year (subject to relevant external campaign opportunities)
	Unite destination efforts of industry and LGAs under dedicated Destination Action Plans	The number of plans completed each year	Two per year
	Develop opportunities for industry to network, driving cross pillar collaboration and a well-connected region	The number of industry networking sessions delivered and how well they are attended	Two per year with a minimum of 50 participants each
	Support industry through effective PR campaigns that drive cross pillar promotion among relevant markets.	The number of media clips secured each year	At least 55 clips secured each year
	Strengthen industry's ability to diversify via an innovation based seed funding program	The number of businesses involved in the Kickstart program and the resulting end-products	5 businesses included in the program per year, with results to vary per business
	Assist LGAs in their attempts to secure high-profile strategic events that support regional product pillars, through funding and stakeholder advocacy efforts	The number of events that TNE assists LGAs with each year	NA – efforts reflective of the YOY support requirements of the LGAs

13. BUDGET

TNE's budget consists of operational and activity funding contributions from Visit Victoria, local government partners (councils and resort management boards), industry and other sources.

The budget for this Plan is developed in a period of financial uncertainty, when the ongoing commitments of Visit Victoria to the regional tourism boards is yet to be confirmed; the TNE Memorandum of Understanding is soon to expire; and local government partners are facing budget restrictions as a result of rate capping.

While this makes it difficult to make revenue projections with certainty, TNE will work towards sustaining its revenue sources over the life of the Plan in line with the following (which is consistent with its 2016/17 operational and activity buy-in):



TNE will also look to bolster the funding commitments of its tourism partners with additional public sector investment sought via grant funding for key projects, and by looking for financial efficiencies through working collaboratively with other tourism entities (like the regional tourism boards) to deliver joint projects of scale.

Program expenditure will be determined on an annual basis, reflecting the level of revenue derived from key funding sources. This expenditure will be noted in TNE's annual Business Plan, submitted to the TNE for review and approval by April each year

14. MEASUREMENT AND CONTROL

The annual Business Plan contains the initiatives required to deliver on the strategies and associated KPIs outlined in this document. The Business Plan will be reviewed on a quarterly basis and reported to the TNE Board and associated stakeholders.

The three-year Tourism North East Strategic Plan will be reviewed every six months and reported on annually. This includes analysis of where the region stands in terms of meeting its three-year visitation targets, and how the Plan has delivered on its annual targets.

Regular reviews will enable TNE to assess areas where strategies are not delivering on intended KPIs and provide context for where items should be amended to deliver better tourism outcomes for LGA stakeholders and the region as a whole.