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Insights - News Corp Australia Tourism Innovation Conference

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2015

Document Version:

Publisher's PDF, also known as Version of record

[Link to publication](#)

Citation for published version (APA):

Reid, S. (2015, Nov 20). Insights - News Corp Australia Tourism Innovation Conference. Tourism Tropical North Queensland.

Total number of authors:

1

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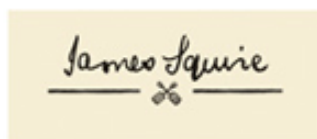
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Insights - News Corp Australia Tourism Innovation Conference

By: Stuart R M Reid



It's a great time to innovate!

Tourism is a vital industry for Tropical North Queensland (TNQ): it is “the mainstay of the TNQ economy” [1]. Tourism employs 18.8% of the workforce and produces 16.3% of Gross Regional Product. Tourism adds 10% GRP to two-thirds (12) of the 18 key industry classifications in TNQ.

TNQ has suffered a significant economic downturn since 2005. All industries including tourism have been negatively impacted. There are now signs of improvement. The 2014/15 financial year has demonstrated a return to growth in tourism.

The TNQ region now stands on the verge of new opportunities for growth. The fall in the Australian dollar will assist competitiveness in domestic and international markets and TNQ has can potentially benefit from growing tourism and investment from China.

TNQ tourism businesses must seize the opportunities. Benefits will not be won without effort. Now is the time to position your business to exploit the new opportunities on offer. It is the perfect time to innovate.

The What, Why and How of Innovation

Innovation and change are “inextricably tied” [5]. Basically, “when we talk about innovation we are talking about change” [7].

It is human nature is to resist change, but human and business resilience actually comes from the relentless pursuit of change [8]. Whether we like it or not, change will come. The world does not stand still. Markets change. Competitors innovate. Doing nothing means being left behind.

Innovation springs from change. Innovation is about exploiting opportunities from internal and external change [9]. So innovation starts with a proactive and positive attitude towards change and business improvement [8].

Innovation is about “changing or creating more effective processes, products and ideas” [10]. It is about finding a “new basis for competing or better means for competing in old ways” [5].

Innovation is “driven by the ability to see connections, to spot opportunities and to take advantage of them” [7]. By embracing change and seizing the opportunities from it, your business can stay one step ahead. In the turbulent and competitive environment of tourism, innovation is necessary for long-term business survival [11, 12]. In fact, “the only way to stay in business is to innovate” [13].

Your innovation journey starts by refusing to accept that every aspect of your business is the best it can be, that there is no room for improvement [8]. Put simply, it starts by asking ‘why?’ [8]. Innovation challenges you to lift your gaze from the view of your business as it is, to imagine what *could* be.

But imagination alone is not enough. Innovation is more than creativity; it is also about implementation [14]. If opportunities are to be seized, innovation needs action too. Innovation boils down to the implementation of your new ideas [15].

Your new ideas can relate to any aspect of your business. New ideas can be about the **product(s)** you offer to customers, or the **processes** you use to produce and deliver them, or the **position** you take in how you market, and to whom; or even, the **paradigm** or overall mental model shaping your business concept [7]. Innovation can also occur in your business relationships, such as forming new ways of working with other businesses, networks or industry associations [14].

Innovation does not have to be radical or big to be good. Your new ideas do not have to be new to the world, as in “never seen before”. Most successful innovation starts small [9]. Most innovation is about ‘doing what you do, but better’, rather than ‘doing something different’ [7].

In a nutshell, innovation is about a mindset of looking for ways to improve your business. If you habitually apply this mindset to every aspect of your business you can innovate to build a more successful and resilient business [8].

Setting the Scene: James O’Loughlin

Best known as the host of more than 300 episodes of "The New inventors" on ABC-TV, and for his witty and entertaining programs on ABC Local Radio, James is no stranger to innovation.

James O’Loughlin reminded us that innovators are not some special breed of people gifted with unique creative ability. Innovators are normal people, and “innovation is a process that everyone can do” [16]. Innovators **think**, and they **value ideas** [16].

James described how it is when people start something new: they try out different ways to see which works best and from that point on, they tend react to the same situation in the same way – relying on pre-established routines – they stop thinking and the underlying assumptions remain unchallenged. This is what James calls ‘habitual thinking’: reacting without thinking, relying on prior assumptions [16].

Systems and routines have their place. They help people to operate efficiently. But when things change, routines can deliver poor results: the old assumptions may not be valid anymore, and the old way may not be the best way.

As James says, “habitual thinking is the opposite of thinking” [16]. It is reacting without thinking. Innovators break habitual thinking by pausing to think. They think before they act, rather than just reacting.

Innovation starts with breaking habitual thinking, by pausing and thinking before acting. Take time to think. Pause and think. Pause, and check that the old assumptions are still valid. Pause, and look for specific insights in data. Pause and think like a customer.

So, with emerging opportunities for Chinese tourism, perhaps now might be a good time to pause and ask: ‘*Do Chinese visitors want the same kind of experience?*’

Innovators think. They spend a little time every day thinking about how to improve their business. What do they think about? They think about every aspect of their business, looking for ways to improve.

Innovators value ideas. As James says “the best way to have a good idea is to have a lot of ideas” [16]. Innovators welcome ideas from others, even bad ideas. So encourage others to come up with ideas. Make time to hear them and thank them, even for bad ideas. It takes courage to voice a new idea. Criticism is the fastest way to shut down the flow of new ideas; criticism risks missing out on a great idea.

- ✓ Pause. Think. Break habitual thinking.
- ✓ Question old assumptions. Are they still valid?
- ✓ Value ideas. Have lots of ideas.
- ✓ Encourage ideas from others.
- ✓ Welcome ideas, even bad ones.

Global Trends: Bernard Salt

Bernard Salt is a futurist who uses demographic and social change to interpret how society and business might evolve. Bernard’s opening address looked at spending trends and changes in consumer expectations and behaviour.

Population movements reflect changing social values and lifestyle preferences; the ‘sea change’ and ‘tree change’ phenomena is really a story about Australian cultural ‘gut values’. The evolving story drives markets - future business opportunities. Look forward. Focus on the Australian narrative of the *next* 10 years - this is where opportunities exist.

Domestically, the story is about generational change. Baby Boomers are “re-imagining how life is lived beyond 60” [17]. They are living longer, enjoying longer, and more active, retirement. A huge contingent of Baby Boomers are now entering that stage of the lifecycle when they will be inclined to travel and/or practice ‘wintering up north’.

The next generation, 'Generation X', will be interested in short breaks and the following 'Gen-Ys' will be seeking exotic travel. These are the local themes driving future business opportunity.

On the world stage, the evolving story is about the rise of India and China, where growing wealth will drive new demand for travel and lifestyle. Geographic proximity to China presents a massive potential opportunity for TNQ. Beijing is now arguably the world's most powerful corporate city, even surpassing New York. Again, global movements tell the story: over the last ten years, the number of Global 500 company headquarters fell from 36 to 25 in New York and grew from 12 to 51 in Beijing. Beijing is now home to more than double the number of Global 500 company headquarters than New York!

China's growing middle class will increasingly undertake international travel. Interestingly, the Chinese have a similar demographic story to Australia, in that their own brand of spoiled Gen Y, "little emperors", can view a holiday to Australia as an attainable aspiration; while their long-suffering parents may see a vacation to Australia as a reward for a lifetime of hard work [18].

Australia could benefit from the "Dubai effect" [18], where billionaires look for safe-haven lifestyle cities, an overnight flight away. Russian billionaires don't live in Moscow, they live in London. Wealthy Saudi Arabians moved to Dubai to run their businesses and enjoy a better lifestyle. China's wealthy elite will seek out lifestyle destinations too. Cairns could become a Lifestyle Haven for wealthy Chinese; it could become the "Costa Brava" of Asia – a place for wealthy Chinese to spend time. The Pacific Playground for the rich and powerful.

Cairns and the tropical north have nearly all the attributes needed. But Opportunities could be missed without direct air transport links to China, preferably including direct flights to 'second tier' cities.

Chinese Cities and the 'tiers'

City tiers in China usually refer to key characteristics such as economic development, provincial GDP, transport systems, and historical and cultural significance [2]. China's first-tier cities usually refer to "The Big 4" - Beijing, Shanghai, Guangzhou, and Shenzhen; second-tier cities include capital cities of each province or coastal cities like Tianjin, Chongqing, Chengdu, Wuhan, Xiamen.; and third-tier cities are usually medium-sized cities of each province [2]. Even third-tier cities have populations in the millions and represent a promising potential market for business [2].

Bernard Salt also highlighted the power of the "Dubbo effect" – having a galvanised community, energised to promote and develop opportunities around a common vision for the region and its future [17]. For TNQ, much could be gained by harnessing community support to press for stronger tourism and lifestyle connections into China.

- ✓ Demographic movements tell a story.
- ✓ Position for the evolving Australian story: Baby Boomers' warm wintering, 'Gen Xs' short breaks, 'Gen Ys' exotic experiences.
- ✓ Position for the evolving world story: China.
- ✓ There is huge potential in connections with China. Galvanise community vision to realise it.

Lifestyle and Education Factors

According to recent data, lifestyle and education are the key themes driving Chinese property investment interest in Australia.

Victoria is the current leader. Melbourne's schools and universities, and the city's cosmopolitan atmosphere make it the location of choice. "Melbourne is a popular destination for Chinese buyers, with a large number of Chinese students studying at the city's universities" [3].

Queensland is next, and Southport is the most popular location. Southport "boasts a business to beach lifestyle and is home to Griffith University which attracts students from all over the world to study medicine and dentistry" [3]. It has Bond University too.

Carindale and Toowong in Brisbane are the next suburbs of interest: each is close to universities, services and transport.

In each case, it seems the key ingredients are access to education and lifestyle.

Food for thought... Cairns is a lifestyle destination with two university campuses. The only missing ingredient is access. Direct flights to China may be the key.

Insights from the Business Panel

With James O’Loughlin moderating the discussion, Bernard Salt joined the expert Business Panel with former Queensland Treasurer **Keith De Lacy AM**; **Harvey Lister**, Chairman and Chief Executive of AEG Ogden, and Chairman of the Management of Cairns Convention Centre since 1994; **Gillian Saunders**, Head of Advisory Services at Grant Thornton in South Africa, with more than 25 years in consulting to the hospitality, tourism and leisure industries; and **Dr Ken Chapman**, CEO of Skyrail-ITM, and executive director of the Chapman Group.

The Panel all agreed that the rising middle class of the Chinese market presents a fabulous opportunity for the region; however, the gains will not be automatic. TNQ tourism businesses will need to fully understand the Chinese market. As Gillian Saunders said: “The Chinese are a game changer for this region, for the tourism industry globally, but we need to understand them better” [19]. There is a need to “understand your consumer, what they want and what they need when they travel” [19]. As the former Queensland Treasurer Keith De Lacy pointed out: “Just because Chinese visitors are coming to Cairns doesn’t mean you will be part of the action” [20]. Keith suggested that people could gain first-hand knowledge by visiting China, including the lesser known “second tier” cities, to gain deeper insight from immersion in the local culture [20].

In terms of marketing, Australia’s pristine environment is a key selling point. As Keith De Lacy noted, even blue skies can be amazing for visitors accustomed to the grey skies of large cities shrouded in smog. Panel members also highlighted the implications of the sharing economy and the rise of the connected generation, making it vital to be aware of digital touchpoints in marketing your tourism product. Dr Ken Chapman also stressed the distinction between hotel owners and operators, highlighting how important it was to satisfy the needs of hotel owners when seeking to attract investment interest from China [21].

Direct air links will play a crucial role in realising the potential opportunities associated with China. As Bernard Salt pointed out, to fully benefit from the potential for international tourism and investment from China, direct flights will be needed, and preferably extending to the ‘second tier’ cities as well [17].

- ✓ Know your market. Look for specific insights.
- ✓ Fully understand China. Perhaps visit China.
- ✓ Pay attention to your cyber touchpoints.
- ✓ Encourage direct air links to China.

Closing address: ‘Moon Shots’ by Dr Karl Kruszelnicki

Dr Karl Kruszelnicki’s presentation of scientific knowledge and insight provided a stimulating, positive and motivational speech capturing the spirit of innovation, and inspiring delegates to take action.

Dr Karl related the inspirational story of Chris Hadfield, who became the first Canadian to walk in space. Raised on a corn farm in Ontario, Chris decided he wanted to become an astronaut at age nine after watching the Apollo 11 Moon landing on television. So after high school he joined the Canadian Armed Forces, went to military college and obtained a bachelor’s degree in mechanical engineering. He then trained as a fighter pilot flying intercept missions before becoming a test pilot. He flew over 70 different types of aircraft. He then went on to complete a master’s degree in aviation systems. Watching the fall of the Berlin Wall in November 1989, he realised there could be future opportunities for international space flights, so he learned Russian too. In 1992 he was selected to become one of four new Canadian astronauts from a field of 5,333 applicants; in 1995 he joined a space shuttle mission to dock with the Russian Space Station Mir. In 2012, he joined the Soyuz flight for a long duration stay on board the International Space Station (ISS), and in March 2013 he became the first Canadian to command the ISS.

In relating this story, Dr Karl drew delegates’ attention to the value of a having a ‘Moon Shot’, or daring to dream. Chris’ story is a fitting example of how innovators act: he passionately pursued his goal, learning as much as he could, and he stayed alert to opportunities to realise his goal.

Dr Karl challenged delegates with the 'Moon Shot' of a zero carbon energy future for TNQ - a long-term goal that could position TNQ as a leader in renewable energy, reinforcing the pristine natural image of the region.

The TNQ community takes pride in living and working in a World Heritage area, and already recognises that there are good environmental and economic reasons for doing their bit to help the environment. The pristine environment is a key point of difference for TNQ. As the TNQ Destination Strategy [1] says, the 'Adventurous by nature' brand "captures the essence of TNQ as Australia's premier nature-based adventure destination". By further embracing sustainable practices, the TNQ region could potentially gain significant business benefits.

Sustainability makes good business sense. As the OECD says, sustainability is "an important driver for competitiveness, especially in the context of concerns about climate change and environmental conservation" [4]. Recent research by Roy Morgan, shows that there is an unmet demand for ecotourism experiences in Australia, providing "a stunning opportunity for accommodation providers and tour operators" [6].

Food for thought....Global problems like climate change present opportunities for businesses to innovate. Could Cairns become Australia's greenest city and add to its credentials as a dual World Heritage destination by taking steps to lower its carbon footprint, and reinforce TNQ's credentials as an eco-destination?

Explore your innovation potential

The News Corp Tourism Innovation Conference was held to inspire innovation, and give delegates meaningful advice on how to innovate. If delegates have been able to take some ideas from the conference and implement new practices in their businesses then the conference has been a success. However, it is only a step in your innovation journey.

Innovation is about adopting a particular mindset – a mindset of being open to possibilities for business improvement. It is about imagining the possible and being willing and able to make it happen - deconstructing what is, imagining what could be, and persisting until a great idea becomes an invaluable and exciting reality [8].

As James O’Loughlin said, “innovation is a process anyone can do” [16]. Innovators break habitual thinking: they pause and think, and challenge old assumptions. Innovators welcome new ideas and when they find good ideas they put them into practice [16].

Recent research into innovation in Australia [15] supports the following perspectives about successful innovators:

- ✓ They habitually learn more about the business they are in, so they can both find new ideas and effectively act on them too;
- ✓ They seek inspiration by looking at what others have done, and thinking about how the good ideas of others could be adapted to their business; and,
- ✓ They make good use of available resources and relationships to help them achieve their goals.

Innovators act like the Canadian astronaut Chris Hadfield: they prepare for the future; they pursue a vision, learn, and they seize upon opportunities from change. Change is a source of innovation opportunity [9]. Bernard Salt's exploration of the changing Australian narrative highlighted how the future will be different - it holds new opportunities [18].

So now is the perfect time to “pause and think”[16], and ask ‘why’? Now is the time to welcome the new ideas and new allies that could help your business innovate to position for the future; to seize the beckoning opportunities. Now is the time to make your innovation “Moon Shot” [22]. The News Corp Tourism Innovation Conference was held to help you take another small step in the journey along your innovation path.

“Innovation makes good business sense and it’s exciting.”
James O’Loughlin

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