



New South Wales
Department of State and
Regional Development

Tourism



New South Wales

Is the Tourism Industry for You?

What is Tourism?

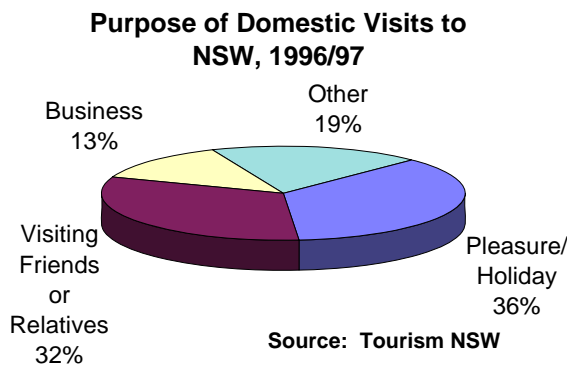
Tourism has been defined as the temporary movement of people (visitors) from one area to another in search of leisure, pleasure, recreational and business activities.

So who are these visitors and where do they come from?

They are people travelling around our State to enjoy our scenery, attractions, services and people. They may be staying in a place from anywhere between one night and 14 weeks (source: World Tourism Organisation). They may be on a day trip from surrounding areas or they may come from other areas of New South Wales, Australia or from overseas.

The main purpose of visits in New South Wales, based on Australian visitors that stay at least one night, is represented below.

The tourism industry in New South Wales has developed to service and support the needs of these visitors.



Tourism Facts - Australia and New South Wales

Total earnings derived from tourism in Australia were around \$60 billion in 1995/96, of which \$47 billion was attributed to domestic tourism. Domestic and international tourism to New South Wales generated \$20 billion in gross expenditure in 1995/96.

It is predicted that domestic tourism in Australia will grow from 1996/97 to 2006/2007 at an annual rate of 1.1%. International tourism is expected to have an average annual growth of 5.9% between 1997 and 2007. New South Wales is expected to share in this growth.

In New South Wales, tourism employs 240,000 people or 8.6% of the State's workforce (source: BTR, Tourism Forecasting Council and Tourism New South Wales estimates).

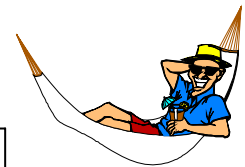
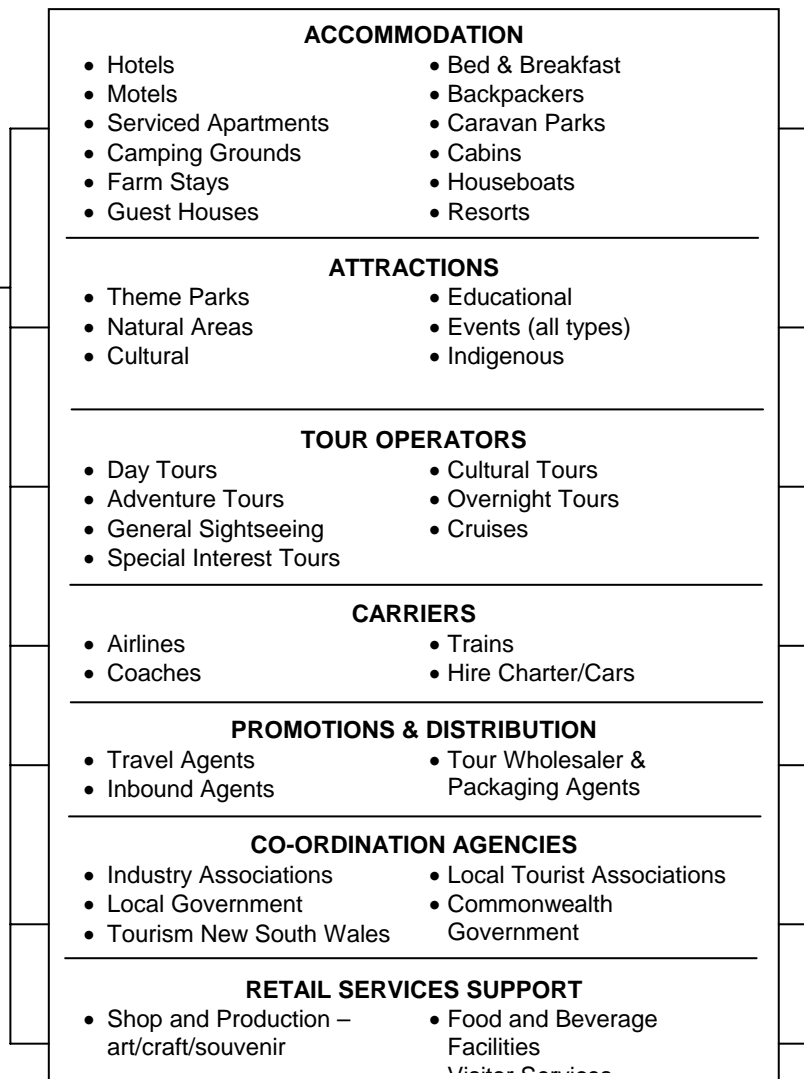
What is the Tourism Industry?

The tourism industry, in common with many other industries, is made up of a number of sectors. Think for example, of the motor vehicle industry. Its end product is a motor vehicle, but outputs produced by many different firms must be assembled to produce that vehicle. It is a commonly held misconception that the tourism industry is made up of little more than hotels and motels, but in reality there are many sectors of the tourism industry.

Elements of the Tourism Industry



**TOURISM
INDUSTRY**



HOLIDAY

Many other businesses, such as local shops, restaurants, clubs and the like also provide services to visitors as well as residents.

Some of the products of the various tourism industry sectors include:

- a means of transport from one area to another;
- somewhere to sleep and eat;
- things to see, activities to participate in, education;
- places to obtain information and book holidays;
- advertisements highlighting the benefits of destinations;
- regulations, controls standards and a long term plan for the tourism industry.

It soon becomes clear that all the sectors of the tourism industry have to co-operate and work efficiently to create the industry's ultimate product - *an enjoyable holiday*.

The Nature of Tourism Businesses

Almost 95% of tourism businesses in New South Wales are small businesses which provide a range of services to visitors, often on a 24 hours-a-day basis and always seven days a week. Tourism is often a seasonal business and careful planning is required to survive.

Tourism is a *people* based industry because so many of its outputs are service orientated. It is for this reason that one of the keys to the success of New South Wales as a visitor destination in the future will be the provision of quality service to visitors equal to international best practice.

Factors which are likely to dictate the success or failure of a tourism business are similar to those that generally affect any small business, in particular the following special aspects relate to a service-orientated business:

- lack of capital;
- poor attention to pricing;
- lack of skills development and staff training;
- poor business management skills and development;
- lack of tourism industry understanding and experience;
- poor marketing skills;
- a product-focussed rather than a customer-focussed business orientation;
- inability to cope with or acquire changing technology and information systems;
- premature attempts to enter into international markets;
- unrealistic expectations.

Personal Suitability for a Tourism Business

Tourism is a financially demanding business. However, the personal demands of running a tourism business, which can be far more significant, are all too often overlooked.

The following are just *some* of the personal *advantages* and *disadvantages* of running a tourism business that must be balanced.

Advantages

- Independence
- Possible financial rewards
- Personal satisfaction
- Control of direction
- Contact with a wide range of people

Disadvantage

- High level of responsibility
- High financial risk
- Long working hours
- Lack of time away
- Close contact with people who may have different attitudes, habits or beliefs
- Need to be friendly all the time
- Pressure on self and family relationships

For example, while a small tourism business may initially appear to be an ideal pastime to keep you active in a friendly setting, there is every chance that you could end up working harder than you ever have before. In short, you must be prepared to accept the fact that your current lifestyle will change.

So let's take a look at a checklist of some of the personal attributes of an ideal tourism business person.

Personal Checklist

Requirement	Yes / Have
• Ability to work with people even under stress	<input type="checkbox"/>
• Capacity to work long and unusual hours	<input type="checkbox"/>
• Industry experience and willingness to undertake training	<input type="checkbox"/>
• Ability to relate to people from different social and cultural backgrounds	<input type="checkbox"/>
• Sensitivity to the needs of groups and individuals	<input type="checkbox"/>
• Ability to solve problems quickly	<input type="checkbox"/>
• Ability to keep cool under pressure	<input type="checkbox"/>
• Total support of spouse, family and others involved/affected by the business	<input type="checkbox"/>
• Ability to project a positive attitude through appearance and speech	<input type="checkbox"/>
• Good general fitness	<input type="checkbox"/>
• Good public relations and selling skills	<input type="checkbox"/>

If you feel that you possess, or can acquire, **all** of these attributes then there is every chance that you are personally suited to establishing a tourism business.

What Special Knowledge, Skills and Resources Will I Need?

Personal suitability to tourism must also be matched by the possession of, or access to, a range of skills, knowledge and resources to maximise the chances of the long term survival of your tourism business. For example, do you feel comfortable with your ability to tackle the following?

Feasibility Assessment

- Being able to determine if there is a market for your business.
- Identifying sources of information.
- Preparation of basic operating/revenue projections.
- Knowledge of industry rules of thumb (eg cost of food and beverage as a percentage of revenue).

Financing

- How to prepare a financing proposal for a potential financier.
- How to structure the optimum financing package (how much debt is too much, is leasing viable, etc.).
- Which institutions could be approached for tourism finance.

Product Design/Location

- How should the product be designed/located to ensure it meets the needs of the target market?
- How can design be used to set the product apart?
- Which architects are best for your project?

Approvals/Regulation

- What approvals are needed before you can begin operating?
- How do you apply for requisite approvals, what information is required?
- What licences are you required to hold?

Business Planning

- How is a business plan prepared?
- What areas must be covered, should goals be set?
- How often should the plan be reviewed?
- Setting the overall budget.

Marketing

- How is a marketing plan prepared?
- What pricing strategy should I adopt?
- What target audience am I aiming for?
- What are the most effective marketing mediums for my product?
- What percentage of annual income should be allocated to marketing?

Recruitment/Training

- What types of staff are best for my business?
- Under what conditions should they be employed - eg is enterprise bargaining appropriate?
- What training opportunities are available?
- How can I motivate my staff to perform?

Management

- What is your role as manager of the business?
- What procedures must be put into place?
- Do I know enough about accounting practices?
- What are the taxation requirements?

Industry Structure/Consumer Behaviour

- What are the optimum distribution channels for my product?
- How does my business fit in with other tourism sectors?
- Should I be forming business alliances or joining industry associations?
- Do I know enough about the behaviour patterns of my potential customers?

Business Enterprise Centres

Business Enterprise Centres (BECs) are contracted by the NSW Department of State and Regional Development (DSRD) to provide a variety of services to assist those intending to start or buy a business, and those in existing businesses wishing to expand, diversify or improve their management skills.

First Base is a self-help resource centre which provides specialist assistance to people in business and those people going into business for the first time. Services include publications on a broad range of business management topics, self-help self-paced computer-based evaluation and guidance programs and general information. First Base is available at all BECs which are contracted by DSRD.

Small Business Advisory Services are available through all BECs which are contracted by DSRD, to provide information and assistance to start-up and existing businesses. Clients may also access the Financial Management Research Centre's Business Benchmarks and a number of other facilitated computer systems during an interview.

The Small Business Skills Development Program provides a range of short, low-cost workshops specially developed by DSRD to address a number of issues confronting people contemplating starting a business, and those owners and managers whose businesses are in the formative stages of development. The workshops are delivered by BECs across New South Wales. People wishing to attend workshops should contact their nearest BEC for timing and frequency of workshops.

BECs can also provide tourism business information papers, which have been developed by Tourism New South Wales. These papers contain information to assist in planning and operating a new tourism venture. They include reading and contact lists for tourism operators and advice on developing a new tourism product.

It is important to think carefully about going into any business, so consider:

Is the Tourism Industry for You?