

Marketing Expenditure of the Queensland Tourism Industry

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About this Report

This Marketing Spend of the Queensland Tourism Industry Report documents the results of a volunteer student project under the work experience program (WEXP) with the Queensland Tourism Industry Council (QTIC).

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1. Executive Summary

Successful and sustainable destination marketing requires synergy between the public and private sectors, but little is known about the marketing contribution of private tourism businesses across the State of Queensland. This research project investigates the marketing expenditure of private tourism businesses in Queensland in the year 2016–17, with an aim to provide reliable estimated figures of the total and average tourism marketing expenditures to inform future policy interventions.

A brief review of literature and analysis of case studies was conducted to highlight the importance of destination marketing and to identify key factors that contribute to a sustainable funding approach. The case studies consistently highlighted the significance of government support in destination marketing and provided an evidence base for various public-private funding models, which can benefit the Queensland's tourism industry.

Primary research was conducted to collect and analyse the marketing expenditure data of private tourism businesses in Queensland. An online questionnaire was distributed to 2,014 QTIC members during the period November 2017 to February 2018. A total of 75 valid questionnaires were received. The survey was complemented by secondary research that involved analysis of annual reports of publicly listed tourism companies in Queensland to extract marketing expenditure data.

The results indicate that in the year 2016–17, private tourism businesses in Queensland spent on average \$50,207 on marketing. The total expenditure is estimated at \$270 million with large tourism businesses contributing 23% to the total marketing expenditure, even though they only account for 7% of the total industry. Half of the expenditure was dedicated to online and print advertising while television and radio received the least funding allocation.

Research limitations pertain to the relatively small and fragmented sample. Recommendations are provided to expand the current work, including alternative methods to conduct the analysis and explore regional differences. By providing an overview of the state of the tourism industry in terms of marketing spend, the results of the research are expected to inform future government policy in establishing a sustainable funding model to regain the competitiveness of Queensland as a destination and to bring a strong return on investment for

the Queensland government, industry and community. Building a competitive brand image for Queensland requires the efforts of the whole tourism industry in Queensland and in particular, financial support from both the government and the private sector.

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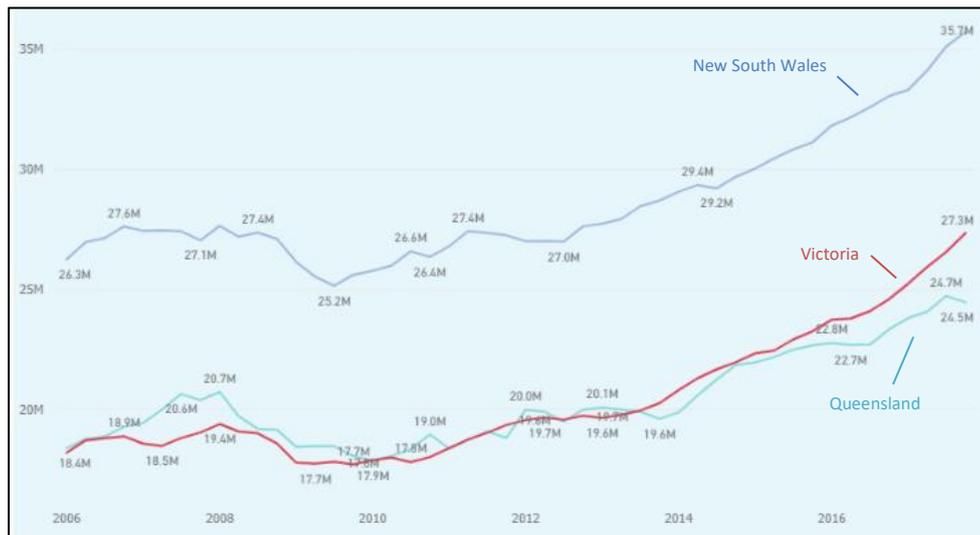
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2. Introduction

Tourism has become an increasingly important industry in contemporary society. The growing middle-class population and the rise of low-cost carriers have contributed to a strong demand for tourism. According to the United Nations World Tourism Organization (UNWTO, 2018), international tourist arrivals reached 1.3 billion with an astonishing growth rate of 7% in 2017, which marked the highest growth in the past seven years. The tourism industry generated 10.2% (US\$7.6 trillion or approximately AU\$9.75 trillion) of global GDP and 292 million jobs, contributing one in every 10 jobs to the global economy (World Travel & Tourism Council [WTTC], 2017). The contribution of tourism to the Australian economy is increasingly recognised, with 8.8 million international visitors in 2017, an increase of 6.5% from the previous year (Tourism Australia, 2018). While the direct GDP from tourism only accounted for 3.2% (or AU\$55.3 billion) of Australia's GDP, the growth of direct tourism GDP has exceeded the national economic growth for three consecutive years since 2014 (Tourism Research Australia, 2018). Likewise, the labour-intensive tourism industry generated 4.9% (or 598,200 jobs) of employment in Australia, which is equivalent to one in every 20 jobs in Australia (Tourism Research Australia, 2018).

At a state level, tourism contributed AU\$25 billion (AU\$12.6 billion direct contribution plus AU\$12.4 indirect contribution) or 7.9% of total Gross State Product to Queensland's economy, and generated 225,300 direct and indirect employment, representing 9.5% of Queensland's workforce in year 2015–16 (Jobs Queensland, 2017; Queensland Government, n.d.). In 2017, Queensland ranked number three in Australia after New South Wales and Victoria in terms of the number of visitors (24 million), including both domestic and international tourists (Figure 1). As illustrated in Figure 1, Queensland was ranked second in visitor numbers until 2013 when it was overtaken by Victoria.

Figure 1. Visitor numbers from top 3 states



Source: Tourism & Events Queensland (2017)

As far as the average length of stay is concerned, Queensland topped the list at 5.7 nights compared to 5.4 nights in New South Wales and 5 nights in Victoria and was 0.2% behind Victoria in terms of tourist expenditure in 2017 (Tourism & Events Queensland, 2017).

With a slowdown in some other sectors (e.g. mining) of the economy, tourism has become Queensland's largest export industry in 2015 and the economic impact of tourism has received increasing recognition by state and local governments. To regain the competitiveness of tourism in Queensland, the Queensland Tourism Industry Council (QTIC) conducted a series of forums to collect feedback from industry stakeholders. Destination marketing is a strategic priority to promote Queensland as a destination and attract greater visitor expenditure. A successful and sustainable destination marketing plan requires synergy between the public and private sectors, but little is known about the marketing contribution of private tourism businesses across the state. As such, this project is designed to investigate the marketing expenditure of private tourism businesses in Queensland in year 2016–17, with an aim to provide reliable estimated figures of the total and average tourism marketing expenditures and inform policy.

The report consists of a brief literature review on destination marketing, along with four case studies to examine the importance of a collaborative funding approach to destination marketing. The methodology section details the procedures to collect and analyse marketing

expenditure data. The findings are presented, followed by a discussion of implications and limitations of the current project.

3. The Importance of Destination Marketing

Destination marketing is defined as a type of marketing that promotes a destination, including a country, region, or city, with a purpose to increase the number of visitors (Pike & Page, 2014). According to UNWTO (2004, p. 10), “. . . destination marketing covers all the activities and processes to bring buyers and sellers together . . . is *a continuous coordinated set of activities* [emphasis added] associated with efficient distribution of products to high potential markets.” There are many different stakeholders involved in the process, including both public and private organisations and local residents (Baker & Cameron, 2008).

Increased tourism provides more opportunities to the state, and increases the level of competitiveness of the destination in the tourism market. Destination competitiveness has been described as tourism’s *Holy Grail* (Ritchie & Crouch, 2003); it refers to the destination’s ability to make the best use of resources and stand out from substitute products and services, or against global corporate brands. To increase tourists’ awareness of the destination, most destination marketing organisations (DMOs) use destination branding as one of the key strategies to create a competitive destination image to influence customer choice. Keller (2003) defined destination branding as a way to improve awareness of the location by linking desired associations to create a favourable image to attract visits and businesses. Branding provides a good starting point for destination marketing (Kavaratzis, 2004) and should be treated as the core of a destination marketing strategy (Pike & Page, 2014).

Building a competitive brand image for Queensland requires the efforts of the whole tourism industry in Queensland and in particular, financial support from both the government and the private sector. Prior research suggests that DMOs, including those cooperatives established by the private sector, would not have succeeded without government funding (Pike, 2016). Fundraising has been a perennial and challenging task for many DMOs, as it is time-consuming and diverts scarce financial and human resources away from other strategic and operational activities (Pike, 2016). To identify the key factors of a successful and sustainable funding approach to destination marketing, secondary research was conducted to learn from the experience of other destinations. In total, four cases were reviewed and will be discussed

in the following subsections, with a specific focus on the effect of governments' decision to increase or withdraw funding on destination marketing.

Case I: The Fall and Rise of Colorado Tourism

The consequence of a government overlooking the importance of destination marketing could be devastating for the government, private sector, and community, as can be observed in the case of Colorado, United States. In 1993, the Colorado government decided to cut the tourism promotion budget from US\$12 million to zero and as a result, Colorado's domestic market share plummeted 30% within two years (Siegel, 2015). Colorado lost over US\$2 billion tourism revenue annually after the budget cut. Colorado's market share on its important segment, which is summer resort, fell from number one to 17 among the states in 1994, just one year after the loss of funding (Siegel, 2015). A new tourism agency was created to coordinate tourism promotion with private funding. Nevertheless, the private sector funding model had not been successful to sustain funding because the contribution was not mandatory (Siegel, 2015). While the tourism industry was interested in promoting their individual businesses, there was no synchronised effort in branding and promoting Colorado as a destination. In 2000, the industry successfully convinced the government to reinstate promotion funding to US\$5 million. The effectiveness of the state's tourism funding was tracked over the next few years and a high return on investment of over 12:1 was reported (Siegel, 2015). In 2006, the Colorado government committed to increase the tourism promotion budget to US\$19 million. A combination of marketing approaches was employed, including digital media, traditional media and public relations. In just one year, Colorado tourism reached a new peak as it received 28 million tourists with a total spend of nearly US\$10 billion in 2006 (Siegel, 2015). These changes clearly illustrate that destination marketing should be recognised as an effective and essential spending item for the government and the industry to ensure sustainable revenue and growth.

Case II: Michigan and the "Pure Michigan" Campaign

The "Pure Michigan" campaign demonstrates an example of active government support for destination marketing in a challenging time. Prior to this campaign, there was an inconsistent effort in branding and promoting Michigan, United States. The tourism campaign, "Pure Michigan" was first launched in 2006 regionally and the state government doubled the promotion budget to US\$28 million to launch the campaign at a national level in 2009, a time when the state was going through a recession (Siegel, 2011). The campaign was heavily

broadcasted on television and radio, supplemented by billboards, bus wraps, and other print and digital media (Siegel, 2011). Michigan rose from 9th to 2nd among regional competitors just a few months after the campaign. The second year after the national launch of the campaign, tourist spending in Michigan increased 21% and 10,000 additional jobs were created (Siegel, 2011). The state observed a return of 3 dollars for every dollar spent on the “Pure Michigan” campaign as tourism brought in US\$114 million (+13%) tax revenue in 2010 (Siegel, 2011). Since then, tourism in Michigan has been growing steadily and helping the state to recover from the recession (VanHulle, 2017). In 2016, tourism contributed approximately US\$14.2 billion to Michigan’s Gross State Product, which is a 15% increase since 2010 (VanHulle, 2018). The state government continues to allocate funding to promote tourism, believing that the promotion budget generates more tax revenues than it costs. With the changing consumer behaviour in the digital era, more marketing efforts have been directed to digital and social media in contrast to television and radio, as it had been a decade ago when the campaign was first launched (Siegel, 2011; VanHulle, 2018). The national campaign has received strong support from the local tourism and hospitality industry. This case study demonstrates the importance of government funding in destination marketing, especially in an economically challenging time, and exemplifies that a concerted effort between the government and industry can better shape the destination’s brand, expand tourism revenues, and promote long-term, sustainable development of the local tourism industry.

Case III: Jordan’s National Tourism Strategy

The case of Jordan’s National Tourism Strategy exemplifies the significance of destination marketing, as evident in the remarkable improvement in the tourism sector and national economy after the implementation of the first National Tourism Strategy. Prior to 2004, Jordan faced various barriers to develop tourism, which included a lack of funding, the absence of promotional campaigns and marketing representatives abroad, a low awareness in the Jordanian society about the importance of tourism and its potential, and a fragmented organisational structure (Shdeifat et al., 2003). In 2002, Jordan performed below the world’s average in terms of tourism receipts—US\$485 per tourist in Jordan while the world’s average was US\$670 per tourist, and the average annual growth rate in tourist arrivals—5.8% in Jordan while the world’s average was 7% (Ministry of Tourism & Antiquities, 2004). The performance of the tourism industry in Jordan improved significantly after the launch of the National Tourism Strategy 2004–2010 (Ministry of Tourism & Antiquities, 2004). Destination marketing was identified as the number one pillar in the four-pillar strategic framework. A

public-private partnership model was used to secure sustainable funding to promote Jordan. According to the strategic plan, government funding was required to increase threefold from J\$9.6 million per annum in 2004 to J\$26 million per annum in 2010, while the private sector was required to match the growth from J\$2.4 million per annum in 2004 to J\$6.5 million per annum in 2010 (Ministry of Tourism & Antiquities, 2004). The proportion of public and private marketing funding was 1:4, with the government accounting for 80% of the marketing budget. The results of the National Tourism Strategy 2004–2010 was positive: Jordan’s visitor numbers increased 48% from 5.5 million in 2004 to 8.2 million in 2010; tourism receipts grew by 257%, from J\$943 million in 2004 to J\$2.4 billion in 2010; and direct employment soared by 85% with additional 25,000 jobs created in and by tourism (Ministry of Tourism & Antiquities, 2010). The revised National Tourism Strategy 2011–2015 continues to emphasise the importance of public-private partnership in destination marketing at both regional and international levels. In the 2011–2015 plan, the government would contribute J\$30 million marketing funding per annum while the private sector would invest J\$7.5 million each year, maintaining the 20-80 proportion (Ministry of Tourism & Antiquities, 2010). On top of that, 2% of annual tourism receipts would be allocated to destination marketing. In the revised plan, marketing efforts were directed towards digital distribution channels, including both social media and web-based platforms to reflect the consumer trends. This case study substantiates the importance of destination marketing and suggests a public-private funding model, which has proven to be successful in the Jordanian context.

Case IV: The Case of “Inspired by Iceland”

The case of Iceland demonstrates how the tourism industry in Iceland recovers from a crisis through a collaborative marketing effort between the government and the industry. Following the eruption of Eyjafjallajökull volcano in 2010, the tourism industry in Iceland experienced a high number of cancellations and a drop of 20% in visitor number in the summer season in 2010 (Íslandsstofa Promote Iceland, 2017). In response to this crisis, a public-private partnership was formed between the Icelandic government, the city of Reykjavik, and some of the country’s largest tourism companies to promote Iceland. The “Inspired by Iceland” campaign was funded by the government and private businesses and to be specific, the Icelandic government matches the amount funded by the private sector (Íslandsstofa Promote Iceland, 2017). The campaign was primarily an online campaign, focusing heavily on social media channels such as Facebook and YouTube, along with an interactive website. Since the launch of the destination marketing campaign in 2010, Iceland has seen a 19% average growth

in hotel bed nights, compared to 2–6% in the other Nordic countries, and a growth of 8% in visitor spending between 2013 and 2015 (Íslandsstofa Promote Iceland, 2017). International visitor arrivals have also increased substantially following the campaign, with an increase of 15.8% in 2011 and in 2016, the growth was 39% compared to the previous year, which is the biggest growth in tourist arrivals seen in Iceland (Icelandic Tourist Board, 2018). In 2016, tourism had a direct contribution of 8.4% to the national GDP compared to 3.6% in 2009 (Statistics Iceland, n.d.). This case study illustrates that by forming a strong partnership between government and business, tourism can counteract the negative effects of natural disasters and recover from a crisis that might arise.

Summary

The case studies presented consistently point to the significance of government support in destination marketing. Positive economic outcomes were observed in all four cases when the government increased tourism funding to promote a destination. At the same time, various models of public-private partnership were observed in the case studies, such as the 50-50 model in Iceland and the 20-80 model in Jordan. As seen in the case of Colorado, the incentive for private businesses to voluntarily invest in building a coordinated destination brand image is weak because private companies are more likely to direct the limited resources to promote individual businesses instead of the common good (i.e. destination marketing).

Government commitment, financial support and leadership are crucial to unite the tourism industry and to develop a synchronised destination marketing approach. A successful destination marketing model requires support from the community and the tourism industry to maintain a sustainable funding framework, and proper recognition of the social and economic contributions of tourism is fundamental to gaining such support.

4. Methodology

To collect the marketing expenditure of private tourism businesses in Queensland, a survey was undertaken from November 2017 to February 2018. The questionnaire (see Appendix A) consisted of five questions. The first three questions were designed to profile the business in terms of the location, business type and size. For the purpose of this project, tourism businesses were grouped into three broad categories: accommodation, tour (including tour operator, sightseeing transport and travel agency) or others (including museum, zoo, botanical garden,

nature reserve, conservation park, amusement park and other recreational services). Catering, transport (except for sightseeing transport) and retail trade were excluded in this project. The business size was determined by the number of employees, with small business defined as less than 19 employees; medium business defined as 20 to 199 employees; and large business defined as 200 employees or more. The categories of businesses type and size were determined using the Australian Bureau of Statistics Catalogue 8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016 (ABS, 2018) (see Appendix B). The remaining two questions related to marketing expenditure, including the total amount spent on marketing in year 2016–17 and the breakdown (in percentage) of the expenditure on different marketing channels. The survey was conducted online using Survey Monkey.

Initial email invitations (see Appendix C) were sent out to 2,014 QTIC members to outline the research aim and ethical information (see Appendix D). The email included a URL link to the online consent form and survey. The survey was also promoted to members via newsletters, newsflash and social media. One month after sending out the initial email invitation, the research team conducted follow-up phone calls targeting specific operators in order to ensure that the sample and the respective categories were reflective of the overall tourism industry population. Specifically, small businesses were under-represented in the survey response and therefore, calls targeted small businesses. The survey was concluded in February 2018 with a total of 111 responses. Based on the total survey responses (111) and the number of QTIC members (2,014), the estimated total survey participation rate was 5.5%. As presented in Table 1, nearly one third of the respondents started but did not complete the survey. Only 75 surveys that contained the total marketing expenditure data were considered valid.

Table 1. Response rate by business size

Business size	Total responses	Incomplete survey	Valid survey
Small	60	11	49
Medium	23	3	20
Large	9	3	6
Not specified	19	19	0
Total	111	36	75

A descriptive statistics analysis was performed using Excel to explore the profile of the sample in comparison to the tourism business population in Queensland. One outlier was identified and removed, resulting in 74 responses included in the data analysis. Due to the small

sample size and the under-representation of some business segments (see Table 2), weighting was mandatory to achieve a more accurate representation of the population. The weight was calculated using the proportion of a selected category in the population divided by the proportion of the same category in the sample (Bethlehem, 2009). The population data was extracted from ABS Catalogue 8165.0 (population breakdown see Appendix B). Table 3 presents the count of the population and sample according to business type and size, along with the corresponding weight while Table 4 presents the weight of different types of business within each size category.

Table 2. Population and sample profile

Business size	Population	Population %	Sample	Sample %
Small	5053	94.08%	49	66.22%
Medium	282	5.25%	20	27.03%
Large	36	0.67%	5	6.76%
Totals	5371	100.00%	74	100.00%

Table 3. Count and weight by tourism business type and size

Tour	Population	Population %	Sample	Sample %	Weight
Small	1699	31.63%	22	29.73%	1.064
Medium	61	1.14%	10	13.51%	0.084
Large	6	0.11%	2	2.70%	0.041
Total	1766	32.88%	34	45.95%	
Accommodation	Population	Population Percentage	Sample	Sample Percentage	Weight
Small	2874	53.51%	25	33.78%	1.584
Medium	184	3.43%	9	12.16%	0.282
Large	24	0.45%	3	4.05%	0.110
Total	3082	57.38%	34	50.00%	
Others	Population	Population Percentage	Sample	Sample Percentage	Weight
Small	480	8.94%	2	2.70%	3.307
Medium	37	0.69%	1	1.35%	0.510
Large	6	0.11%	0	0.00%	-
Total	523	9.74%	3	4.05%	

Table 4. Weight of business type within each size categories

Type / Size	Small	Medium	Large
Tour	0.75	0.43	0.42
Accommodation	1.11	1.45	1.11
Other	2.33	2.62	-

Average marketing expenditures were estimated using the weighted expenditure data to provide a more realistic estimation of the actual marketing spending of the tourism business population. The average expenditure was multiplied by the number of tourism businesses (i.e. population) for each business size in Table 1 to determine the total marketing expenditure. Lastly, the average percentage of the breakdown of expenditure on various marketing channels were calculated and the actual spending was derived by multiplying the mean percentage of each marketing channels and the estimated total expenditure. It is important to note that the sample size for the expenditure breakdown was even smaller as only 28 respondents reported the breakdown.

The primary data collection was complemented by secondary research where the publicly available annual reports of large tourism companies were analysed to extract expenditure data. Initially nine companies were identified as large tourism businesses in Queensland: Accor Hotels Group, Ardent Leisure, Australia Zoo, Emporium Hotels, Hilton Hotels, Mantra Hotels, Marriott Hotels, The Star Entertainment Group, and Village Roadshow. Nevertheless, Australia Zoo, Emporium Hotels, Hilton Hotels and Marriott Hotels were excluded as they are private businesses and therefore no public annual reports were available. Accor Hotels and Mantra Hotels are public businesses with published annual reports, but the reports did not indicate the marketing spend for the Australian market and were therefore excluded from the research. Village Roadshow was excluded because the annual report did not differentiate between expenses for businesses in New South Wales and those in Queensland. The two businesses which had sufficient information published in annual reports were Ardent Leisure and The Star Entertainment Group. Marketing spend for Star Entertainment’s tourism businesses (The Star Gold Coast and The Treasury Casino Brisbane) was calculated based on the proportion of total marketing spend in relation to total operating expenses. The percentage was then applied to the company’s tourism operating expenses in Queensland to estimate tourism marketing spend on businesses operated in Queensland:

$$\frac{\textit{Total Marketing Spend}}{\textit{Total Operating Expenses}} \times \textit{Tourism Operating Expenses in Queensland} \\ = \textit{Tourism Marketing Spend in Queensland}$$

Marketing spend for Ardent Leisure’s tourism businesses in Queensland, which include Dreamworld, WhiteWater World and Skypoint Observation Deck, was calculated based on the

proportion of total marketing spend in relation to total revenue as the annual report did not show a breakdown of expenses for tourism businesses in Queensland. The percentage was then applied to the revenue from businesses operated in Queensland to estimate tourism marketing spend:

$$\frac{\text{Total Marketing Spend}}{\text{Total Revenue}} \times \text{Tourism Business Revenue in Queensland} \\ = \text{Tourism Marketing Spend in Queensland}$$

5. Results

5.1. Average expenditure

In the year 2016–17, private tourism businesses in Queensland spent on average \$50,207 on marketing (Table 5). The standard error of this estimate is \$8,931, with a 95% confidence interval of \$32,408 to \$68,007. Small tourism businesses spent on average \$30,733, with a confidence interval of \$18,231 to \$43,235. Medium tourism businesses spent on average \$183,194 with a confidence interval of \$69,500 to \$296,889. Large tourism businesses spent on average \$1,730,100 with a confidence interval of -\$467,516 to \$3,927,716. The negative lower confidence limit is an econometric phenomenon that was resulted from the small and skewed sample. The lowest marketing expenditure reported was \$180 while the highest was \$4 million.

Table 5. Average marketing expenditure by private tourism businesses in Queensland

	Mean	Median	Standard Error	95% Confidence Interval	
				LCL	UCL
Queensland tourism marketing expenditure	\$50,207	\$23,758	\$8,931	\$32,408	\$68,007
Small businesses	\$30,733	\$16,650	\$6,218	\$18,231	\$43,235
Medium businesses	\$183,194	\$72,500	\$54,321	\$69,500	\$296,889
Large businesses	\$1,730,100	\$1,665,000	\$791,522	-\$467,516	\$3,927,716

Note: LCL refers to lower confidence limit while UCL refers to upper confidence limit.

5.2. Total Expenditure

In the year 2016–17, private tourism businesses in Queensland spent a total of \$269,663,638 on marketing (Table 6). The standard error of this estimate is \$3,261,241, with a 95% confidence interval of \$263,270,283 to \$276,056,993. Small businesses contributed \$155,292,734 (57.6%), medium businesses contributed \$51,660,834 (19.2%), and large

businesses contributed \$62,283,600 (23.1%) to the total Queensland tourism marketing expenditure.

Table 6. Total marketing expenditure by private tourism businesses in Queensland

	Total	%	Standard Error	95% Confidence Interval	
				LCL	UCL
Queensland tourism marketing expenditure	\$269,663,638		\$3,261,241	\$263,270,283	\$276,056,993
Small businesses	\$155,292,734	57.6%	\$3,093,997	\$149,227,157	\$161,358,311
Medium businesses	\$51,660,834	19.2%	\$4,079,471	\$43,630,631	\$59,691,037
Large businesses	\$62,283,600	23.1%	\$10,619,378	\$40,725,117	\$83,842,083

Note: LCL refers to lower confidence limit while UCL refers to upper confidence limit.

5.3. Marketing Expenditure Breakdown

Private tourism businesses in Queensland spent half of their marketing budget on online marketing (29.5%) and print advertising (22.9%). Other marketing expenses include fees for outsourcing of marketing activities to a marketing/creative consultant (8.7%) and other marketing expenses (8.1%), including memberships/associations, gifts and entertainment for clients/wholesalers. Queensland private tourism businesses were least likely to spend their marketing budget on television (0.7%) and radio advertising (0.6%).

Table 6. Marketing expenditure breakdown

Marketing Expenditure Category	Mean Percentage	Standard Error on Mean Percentage	Estimated Total Expenditure
Online advertising	29.5%	4.8%	\$37,643,652
Print advertising	22.9%	4.3%	\$29,258,141
Fees for outsourcing of marketing activities	8.7%	2.5%	\$11,119,917
Other marketing expenses	8.1%	2.1%	\$10,390,742
Sales and customer service	7.1%	2.4%	\$9,023,539
Billboard/sign advertising	6.1%	3.3%	\$7,838,630
Promotions	6.1%	3.6%	\$7,747,483
Trade shows	5.7%	1.5%	\$7,291,749
Public relations	4.4%	1.3%	\$5,605,532
Television advertising	0.7%	0.5%	\$911,469
Radio advertising	0.6%	0.4%	\$774,748

5.4. Marketing Expenditure Retrieved from Secondary Data

It is estimated that Ardent Leisure spent around \$3,417,415 on marketing Dreamworld, WhiteWater World and Skypoint Observation Deck. Star Entertainment spent around

\$33,641,092 on marketing Treasury Casino and The Star Gold Coast as well as the smaller businesses within each entity. For instance, Treasury Casino operates a large hotel, five bars, six restaurants and a large casino. As such, the estimated marketing expenditure of Ardent Leisure and Star Entertainment should not be considered as or compared to the marketing expenditure of a standalone tourism business. The estimated figures should only serve as a reference.

6. Discussion

The research indicates that in the year 2016–17, private tourism businesses in Queensland spent on average \$50,207. It is important to acknowledge that the tourism industry mainly comprises small businesses. Therefore, the distribution of the expenditure data demonstrates a skewness to the right with the tail of distribution longer on the right hand side. This is because most of the expenditure data are relatively small with a few large values contributed by large tourism businesses. Even within the small business segment, the expenditure data is highly fragmented with 8% of small businesses spending less than \$3,000 while 8% of small businesses spending more than \$150,000. Also because of the skewness, the lower confidence level of large businesses fall in the negative range. As such, the median is likely to be a more accurate estimation as it represents the mid-point of the sample, independent of skewness.

The total marketing expenditure by private tourism businesses in the year 2016–17 is estimated at \$270 million. Large tourism businesses contributed 23.1% to the total marketing expenditure, though they only account for 0.67% of the population. This finding indicates that small businesses spent proportionally much less on marketing and can potentially contribute more in a collective effort. Finally, the result shows that online media is the primary marketing channel, followed by print advertising. This is understandable as online platforms allow businesses to reach visitors from all over the world at a relatively low cost. As highlighted in the cases of Michigan, Jordan and Iceland, destinations can have great success using online marketing.

Limitations of this study include a small and highly fragmented sample. The survey had a low response rate and a large number of incomplete surveys, which means that the sample size was small in comparison to the population. Several challenges were encountered during data collection, which can potentially explain the low response rate. First of all, the survey was

conducted during peak season (i.e. Christmas and New Year). Several tourism businesses responded that the timing of the research was inconvenient. Second, businesses were less inclined to disclose the exact marketing expenditure figures and expenditure breakdown, even though the survey was anonymous. Third, some individuals whom the team contacted misunderstood the purpose of the survey and declined to participate. Further, the sample was skewed to the right with the expenditure data concentrating at the lower end due to the high number of small businesses. While the skewness might reflect the reality as the tourism industry is made up of a large proportion of small businesses, a high variance is observed in all three business size categories. As such, a normal distribution assumption may not be appropriate.

Based on the above limitations, further research is required to consider an alternative method of analysis. Using a method that is more robust to skewness, such as focusing on median instead of mean (see Appendix E for an alternative estimation based on median), and a bootstrap analysis to identify a more accurate confidence interval, which might provide a more reliable representation of the population. Additionally, a larger sample size is needed for more accurate results.

It is recommended that future research continues the current project to collect data over a longer period of time and during off-peak season (i.e., a longitudinal study) with clear communication to QTIC members about the purpose of the survey. A larger sample size will allow for further analysis to explore regional differences in marketing spend and understand differences within each business size category. Further investigation on whether businesses from the Whitsunday region spend more on marketing to recover from tropical cyclones (e.g., Cyclone Debbie in 2017) is also warranted. Finally, expenditure data can be more meaningfully interpreted if comparison data are available. Further research is required to compare the marketing expenditure and breakdown of private tourism businesses with that of government and other competitor states such as New South Wales and Victoria. Griffith University researchers have expertise in the areas of further investigation outlined in the report and are prepared to extend the current project in collaboration with QTIC and funding partners.

7. Conclusion

The project has achieved its aim to investigate the marketing expenditure of tourism businesses in Queensland. The results show that the private tourism sector contributed a substantial amount (\$270 million) to marketing but the extent of the spending contributed to destination marketing is unknown. As learned from the case studies, a successful destination brand and image requires a synchronised effort between public and private sectors. In particular, government support, commitment and leadership are crucial to destination marketing, and the lack of support can make or break the success of a destination, as seen in the case of Colorado. By providing an overview of the state of the tourism industry in terms of marketing spend, the results of the research are expected to inform future government policy in establishing a sustainable funding model to regain the competitiveness of Queensland as a destination and to bring a strong return on investment for the Queensland government, industry and community.

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Appendix A. Questionnaire

1. What is the postcode of your tourism business? _____
2. Which of the following business categories best describes your tourism business? (Please select only one)
 - a. Tour operators
 - b. Hospitality (i.e. accommodation providers, including F&B outlets within hotels but excluding standalone F&B businesses)
 - c. Other_____
3. How many employees does your tourism business have?
 - a. 0 to 19 persons
 - b. 20 to 199 persons
 - c. 200 or more persons

The following questions aim to determine the total amount your business has spent on marketing and marketing related activities in the 2016/2017 financial year. Marketing expenses include things such as advertising, promotions and public relations efforts. Marketing expenses exclude in-house staff costs, equipment, overheads, market research and in-kind expenditure. An approximate round figure is acceptable.

4. In the last financial year, please estimate how much in Australia dollar (\$AUD) your business spent on marketing. _____
5. Please estimate what percentage (%) of your total marketing expenditure has been on the following marketing activities.
 - Fees for outsourcing of marketing activities to a marketing / creative consultant
 - Print advertising (i.e. newspapers, magazines, travel guides, brochures)
 - Radio advertising
 - Television advertising
 - Billboard / sign advertising
 - Online advertising (i.e. search engine optimisation, social media, banner ads, mobile advertising, e-newsletters)
 - Sales and customer service
 - Public relations (i.e. sponsorships, press releases, donations, awards)
 - Promotions (i.e. customer contests, coupons, product samples_
 - Trade shows
 - Other marketing expenses (i.e. memberships / associations, gifts and entertainment for clients / wholesalers)
 - Total (Please note the percentages should sum to 100%)

Appendix B. Queensland Tourism Businesses Population Breakdown

ANZSIC Industry Code	ANZSIC Industry Label	Small (0-19*)	Medium (20-199)	Large (200+)	Total
4400	Accommodation	2874	184	24	3082
5010	Scenic and Sightseeing Transport	572	31	3	606
7220	Travel Agency and Tour Arrangement Services	1127	30	3	1160
8910	Museum Operation	29	5	0	34
8921	Zoological and Botanical Gardens Operation	15	3	0	18
8922	Nature Reserves and Conservation Parks Operation	24	4	0	28
9131	Amusement Parks and Centres Operation	197	14	3	214
9139	Amusement and Other Recreational Activities	209	11	0	220
9201	Casino Operation	6	0	3	9
	Total	5053	282	36	5371

Note: The data was extracted from ABS Catalogue 8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016. ANZSIC refers to Australia New Zealand Standard Industry Classification. *The numbers in the bracket indicate the number of employees.

Appendix C. Email Invitation

To the Owner, Manager and/or Financial Officer,

Would you like to help us help us demonstrate the significant annual investment being made by private tourism businesses in promoting and marketing destinations in Queensland?

We would like to invite you to participate in a tourism marketing expenditure research project conducted by the Queensland Tourism Industry Council (QTIC) in conjunction with Griffith University. This project is a direct outcome of the transformation project led by QTIC, which examined the structures and funding of the tourism industry to explore ways for Queensland to regain its competitive advantage. Based on the feedback from ten industry forums held across the state in early 2017, destination marketing has emerged as one of the strategic priorities. In order to identify sustainable funding structures and approaches to better promote destinations in Queensland, we need your input to determine the existing marketing expenditure of private tourism businesses in Queensland.

The marketing expenditure survey should take no more than 5 minutes to complete and your participation is completely voluntary. You can withdraw from the survey at any time. A decision not to participate, withdrawal, or refusal to answer any particular questions will not affect you adversely in any way whatsoever. There is no risk to you above the risks of everyday should you choose to participate in this survey. The information you provide will be completely confidential and the results of the survey will only be released in aggregate form so that there is no chance of identifying you or any other respondents. Please find the attached information sheet for more details about the project.

This project has been cleared by the human ethics committee of Griffith University in accordance with the National Statement on Ethical Conduct in Human Research. The ethics approval number is GU ref no: 2017/931. You are free to discuss your participation with project staff, Dr Elaine Yang on (617) 3735 6730 or e.yang@griffith.edu.au. If you have any concerns or complaints about the ethical conduct of the research project, you may contact the Manager, Research Ethics on (617) 3735 4375 or research-ethics@griffith.edu.au.

If you are willing to participate, please click on the following link to access the survey:

<https://www.surveymonkey.com/r/8XY2QK2>

If you would prefer to complete this survey over the phone, please reply to this email with your preferred contact method and availability.

Thank you for your participation.

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Appendix D. Information Sheet and Consent Form

Researching the Marketing Spend by the Tourism Industry in Queensland

Information Sheet

Please read this consent document carefully before you decide to participate in this study.

Research purpose:

The purpose of this research is to identify the marketing expenditure of the tourism industry in Queensland in year 2016-17. This research is a direct outcome of the transformation project led by Queensland Tourism Industry Council (QTIC), which examined the structures and funding of the tourism industry to explore ways for Queensland to regain its competitive advantage. Based on the feedback from ten industry forums held across the state in early 2017, destination marketing has emerged as one of the strategic priorities. In order to identify sustainable funding structures and approaches to better promote destinations in Queensland, we need your input to determine the existing marketing expenditure of private tourism businesses in Queensland.

What you will be asked to do:

Should you agree to participate in this research, you will complete a questionnaire survey in your capacity as the owner, manager and/or financial officer of the tourism business. The survey should take no more than 10 minutes and you have an option to complete the survey online or over the phone.

Who is qualified for the research:

Owners, managers and/or financial officers of tourism businesses (i.e. tour operators and hospitality businesses) of any sizes in Queensland are qualified for the research. Only one response is required from each business.

Voluntary participation:

Your participation in this research is completely voluntary. You can withdraw from the survey at any time. A decision not to participate, withdrawal, or refusal to answer any particular questions will not affect you adversely in any way whatsoever.

Expected benefits of the research:

Your participation in this research will help us determine the marketing expenditure of private tourism businesses in Queensland. This information is important to identify sustainable funding structures and approaches to better promote destinations in Queensland, which will eventually lead to a greater market share and income for tourism businesses.

Risks of the research:

There are no foreseeable risks associated with participation in this research.

Confidentiality:

Your participation in the online survey is anonymous. In the case where you complete the survey over the phone, your identity and the name of your companies will not be recorded in the survey. The information you provide will be completely confidential and the results of the survey will only be released in aggregate form so that there is no chance of identifying you or any other respondents.

Data storage and disposal:

All research data (survey responses and analysis) will be retained in a password protected electronic file at Griffith University Research Storage Platform for a period of five years before being destroyed.

Feedback to participants:

The outcomes of the research will be reported to QTIC, which is the representative of the tourism industry in Queensland. Research results may also be reported in academic publications. Please email the chief investigator, Dr Elaine Yang via e.yang@griffith.edu.au should you wish to receive a plain language summary of research results upon conclusion of the study.

Ethics clearance:

This project has been cleared by the human ethics committee of Griffith University in accordance with the National Statement on Ethical Conduct in Human Research. The ethics approval number is GU ref no: 2017/931.

Further questions

Please do not hesitate to contact the project staff, Dr Elaine Yang on ph 3735 6730 or e.yang@griffith.edu.au if you have further questions.

Independent contact for concerns:

If you have any concerns or complaints about the ethical conduct of this research please contact the Manager, Research Ethics and Integrity on ph 3735 4375 or by sending an email to research-ethics@griffith.edu.au.

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Online Consent Form

Please carefully read the statements below and indicate your agreement by checking the boxes next to each statement.

- I confirm that I have received a copy of the information sheet.
- I have read and understood the information about the research and have had the opportunity to ask questions.
- I understand my participation is voluntary and I am free to withdraw at any time without explanation or penalty.
- I understand that I can contact the Manager, Research Ethics, at Griffith University Human Research Ethics Committee on (617) 3735 4375 or research-ethics@griffith.edu.au if I have any concerns about the ethical conduct of the project (GU ref no: 2017/931).
- I agree to take part in this research project.

Appendix E. Alternative Estimations Based on Median

All calculations in this table were based on medians instead of means. The median absolute deviation for the tourism industry in Queensland was based on a weighted average of the spread in each business size category. Assuming a randomisation process with 2400 permutations, the total marketing expenditure for the industry is estimated to lay within the boundary of \$3 million and \$1.3 billion. Further analysis is required to test the robustness of the alternative estimations.

Average Expenditure Estimation (Median)				
	Median	Median Absolute Deviation	LCL	UCL
Queensland Tourism Marketing Expenditure	\$23,758	\$18,438	\$805	\$284,109
Small Businesses	\$16,650	\$12,900	\$540	\$173,400
Medium Businesses	\$72,500	\$46,560	\$12,062	\$835,563
Large Businesses	\$1,665,000	\$1,381,500	\$66,150	\$4,218,000

Total Expenditure Estimation (Median)				
	Total	Median Absolute Deviation	LCL	UCL
Queensland Tourism Marketing Expenditure	\$127,605,600	\$62,347,104	\$3,216,323	\$1,318,169,364
Small Businesses	\$84,132,450	\$65,183,700	\$2,728,620	\$876,190,200
Medium Businesses	\$20,445,000	\$13,129,920	\$3,401,343	\$235,628,625
Large Businesses	\$59,940,000	\$49,734,000	\$2,381,400	\$151,848,000