Enterprise Dunedin

Product Development Review

# Summary of Findings & Next Steps

November 2021

Final

# Introduction: Aurora Australis - shining a light on Dunedin's product offering

This summary of findings is the result of extensive primary and secondary research, and provides a cornerstone in the product development review for Dunedin that should cater for both visitors and locals in the future.

Choosing the Aurora Australis as the hero image for this report carries significance for this review because:

- as a natural phenomena, Aurora Australis reminds us of the dynamic world we live in - keeping our heads down while we get the groundwork done and being truly spectacular - even phenomenal - when we decide to put on a show.

- this review is about shining a light on Dunedin's current visitor offering - illuminating the strengths of its portfolio of products, highlighting areas for improvement, and identifying any significant gaps.

Dunedin has a sound and distinctive product base and genuine market potential. The city and surrounding region have:

- been gifted with exceptional natural attractions
- inherited a rich built and cultural heritage that it is committed to protecting and celebrating
- encouraged a strong and vital resident community and far-flung groups of 'Dunedinites' - none of whom are afraid of sharing their opinions
- an inspiring history and aspirations for a bright future
- an untapped potential to elevate the region's Māori history and contemporary presence by embracing Matauranga and Tikanga Māori to add a new dimension to Dunedin's visitor experiences, thereby enabling mana whenua and Dunedin's sense of identity to be further strengthened

There is a strong fit between Dunedin's visitor offering and the experiences that different visitor markets are seeking, so there is untapped potential. However, Dunedin does not meet the needs and expectations of all markets - and nor should it attempt to. Being strategic about product development means leveraging Dunedin's unique strengths - or, its unfakeable assets* - rather than being driven by chasing the visitor dollar to the extent that we compromise on the authenticity of our offering and deplete or devalue our assets.

*with thanks to Sanchia Jacobs, CEO CODC for introducing us to this concept

## The 'benefits vs the burdens' of tourism - finding a workable balance

Enterprise Dunedin (ED) and the Dunedin City Council (DCC),  have made it clear that they would like to improve Dunedin's competitiveness as a visitor destination and in doing so,  to enhance the contribution, or value, of tourism to the region.

To 'play that game' requires substantial public and private sector investment.

It also requires tourism to be developed in a way that monitors, manages and mitigates unintended costs or burdens, while meeting the needs of different partners.  Such costs or burdens could include the depletion of environmental assets, disruption of local communities or the misappropriation of culture.

Many would argue that prior to the upheavals in the global tourism industry caused by the spread of Covid19, the industry enjoyed the benefits with little or no regard for addressing 'invisible burdens'.

A future-focussed product development review should be about finding the right balance, and prioritising opportunities to build-on and add to, Dunedin's product offering.  It should also ensure that the benefits offset the burdens.

The Dunedin Destination Plan (DDP) that will be delivered by Stafford Strategy in 2022,  will shine some further light on the opportunities and challenges for Dunedin to enhance the contribution of tourism to Dunedin, while also managing the impact of tourism on the environment and the city's infrastructure.
It will also provide a framework within which Dunedin is able to manage the future of tourism and find a workable and sustainable balance that meets the needs and aspirations of:

- the communities of Dunedin
- mana whenua - Kai Tahu
- commercial operators
- other sectors of the Dunedin economy that have links with tourism
- neighbouring tourism regions that ED shares tourism products or experiences with

In order to achieve these outcomes, the product development review should be considered alongside or integrated with, the Dunedin Destination Plan.

## Next steps

Presenting this summary of findings is a significant project milestone in the delivery of a product development review for Dunedin and should be the subject of considered discussion and debate.

In order to map a path towards the future, there is another significant step in the process required in order to present a final set of conclusions and recommendations.

That step is The Dunedin Garage Project (refer sections 9 and 10) which is our way of 'road testing' the thinking contained in this summary of findings and starting to build the road map for the future.

Finally, Aurora Australis provides more than a useful metaphor for the positioning of this review.

Along with some of Dunedin's other 'hidden assets', Aurora Australis is an extraordinary source of inspiration for the region's product development and promotion. Produced entirely by nature and characterised by intermittent appearances, natural phenomena like this can create that 'must go' sense of travel urgency that marketers are often searching for in order to drive the immediacy of travel demand.

Aurora Australis has the potential to be developed as a tourism experience in a class of its own. This is something that the northern hemisphere - with their counterpart Aurora Borealis - have understood and well and truly capitalised on.

*Glenys Coughlan*
'The Pyjama Strategist'

*Cristine Angus*
Angus & Associates

November 2021

## A guide to this summary of findings

This 'summary of findings' brings a range of different work streams together to inform the next stage in finalising a product development review. The review can be used to shape the kind of tourism future that Dunedin and its people would like to create.

The following sections include:

1. Background and considerations - recapping on the purpose of the product development review and some considerations that have been factored into our approach to this assignment.

2. An analysis of some of the global tourism mega trends that will shape the future of tourism and, by definition, how destination marketing and management plans (and this product development review) will need to be deployed and evolved.

3. The results of an operator survey designed by Angus &Associates and administered by ED's i-SITE team to identify the impact of Covid-driven shutdowns on Dunedin's product mix. Understanding where the gaps are, and might be, provides both a stocktake and a baseline from which to consider any rebuild or reinvention of Dunedin's product offering. The survey also provides a check on whether Dunedin's product offering is 'fit for purpose' - particularly in terms of the commitment to sustainability.

4. Key findings from the product audit undertaken as part of Stafford Strategy's destination plan work. The refresh of the Dunedin Destination Plan (DDP) is an important foundation for any product development work. This should set the context for the kind of tourism future that is possible and desirable, based on meeting the needs and expectations of a broad group of partners and stakeholders across all of the moving parts of the tourism system.

5. Key findings from research undertaken by TRA Market Research identify what the New Zealand domestic travel market is seeking in a holiday, and which segments of the market have the best potential for Dunedin. Any product development work should not only be based on a supply side analysis, but it makes sense that it is also informed by consumer/market demands. This will help to understand the markets appetite for different visitor experiences and the commercial potential of new or amended product or service offerings.

6. Tourism New Zealand market insights - a summary of trends and themes that TNZ's insights research tells us about the international and domestic travel markets. This provides the bigger picture within which to consider Dunedin's product development strategy. The TRA research is focussed in the domestic market, and although the complete recovery of international markets could be some way off, it is expected that the borders will open to some international markets throughout 2022. On that basis, while the domestic market will remain as a mainstay for tourism operators in the coming seasons, any product development work should consider and anticipate the preferences of international travellers and their new sensitivities about international travel.

7. Product development ideas generated from a zoom workshop with ED's tourism trade and marketing team that captures the team's knowledge of the strengths and gaps in Dunedin's current product offering and the opportunities that are open for development based on their understanding of the needs of the region's pre-Covid visitor markets, an understanding of what different trade partners are looking for and their knowledge of the competitor landscape..

8. A recap on The Dunedin 'place brand' and the values and attributes that make up the essential character of Dunedin. This has been included to ensure that there is a fit between any product development initiatives and the brand positioning that Dunedin owns. There has been some discussion about reviewing the Dunedin brand. We have conducted this review on the basis that the essentials of the 'place brand' will remain largely as they are, and that tourism's 'go to market' campaign branding may be refined given the fundamental change in market conditions (and potential changes in the region's product offering), and that a brand refresh would be timely, noting that mana whenua were not engaged as partners in the original brand work.

9. Bringing it all together - a summary of the themes and findings that have emerged from the different streams of work that have fed into the planning process and that should be 'road tested' before being built into a recommended product development strategy for Dunedin

10. The Dunedin Garage Project. An outline of how we propose to 'road test' the themes and findings included in this report. We also touch on the suggestion of designing an interview guideline to be used by the ED tourism marketing team to 'road test' the Garage Project thinking with key tourism trade partners like Air New Zealand, Tourism New Zealand and a range of ITOs, wholesalers, convention and incentive buyers and others. Finally, we suggest consideration of road-testing the product development concepts with a range of consumer groups.

# Dunedin product development review - the background

## 1. Purpose

This product development review was commissioned by Enterprise Dunedin in order to:

- understand and quantify gaps in the portfolio and any businesses at risk in Dunedin's current product offering

- identify longer term development opportunities - including the development of new products and services along with the extension or upgrade of existing product offerings that will :

    (a) reinforce Dunedin's brand positioning and enable Dunedin to better deliver on 'the brand promise'
    (b) encompass the wider Dunedin region - beyond the city of Dunedin's boundaries
    (c) enhance Dunedin's competitiveness as a visitor destination, and the contribution - or value - of tourism to the region

- ## Considerations

In advancing this product development review, our research and development approach has been informed by taking he following considerations into account.

### What's included in a product development review:

Tourism is not a manufacturing business that turns out carefully controlled and perfectly standardised products. Tourism 'products' encompass accommodation, attractions, activities, access (transport connectivity) and amenities (often developed for local residents but an important part of the visitor experience) .
Service - standard and style - is also part of the 'product' that visitors experience and events (business and lifestyle/entertainment) are also part of the mix .

The researching, planning, booking and sharing of memories about the experience are also part of tourism product. We have adopted this broad definition of 'product development' in our approach.

## Commercial reality:

Covid has impacted tourism harder and for longer than was initially contemplated, and the uncertainty continues. While the domestic market has held up well and provided some much needed business and cashflow for operators , nothing can be taken for granted. This means that any product development work needs to be considered within the context of transitioning through the phases of 're-establish, rebuild and reinvent' - respecting the fact that in many cases there will be a need to deliver a return on the current assets that are employed in tourism before contemplating reinvestment or new investment and a new future state.

There are already strong signals that banks and other financiers are wary of tourism lending, and as a separate - but somewhat related matter - there may be a degree of sensitivity about ED undertaking this kind of work and talking about new product development and investment when existing operators are struggling.

## Partnership with mana whenua:

Depending on the level of engagement with mana whenua that is achieved through the DDP process (and in ED's existing day-to day tourism work), we recommend that the development of formal tourism partnership between ED and mana whenua be considered. Very early on in this product development review process, the limited presence of Māori experiences and reflection of Māori culture in Dunedin's product mix was identified.

While mana whenua might be interested in developing new enterprises and visitor experiences that will add a stronger Māori presence to Dunedin's visitor offering , the bigger opportunity lies in partnering with mana whenua to better embrace and integrate Matauranga and Tikanga Māori across Dunedin's visitor offering, giving greater visibility mana whenua narratives and values.

## The national policy landscape:

Across New Zealand and around the world the tourism industry is having to respond to an onslaught of new policy, strategy and regulatory recommendations that if adopted in their entirety (or in some cases even if only some recommendations are adopted), could have far reaching implications for tourism internationally, nationally, regionally and locally.

New Zealand's Covid response forms part of the picture but, beyond that, the Parliamentary Commissioner for the Environment's Report on Tourism, DOC's new Heritage and Visitor Strategy, New Zealand's Climate Change Commission Recommendations and the response from the Ministry for the Environment, Waka Kotahi's Transport Strategy, Infrastructure New Zealand's Infrastructure Strategy and so on and so on ... there will be fundamental changes in the environment within which the tourism industry operates. And, that is all before agreement reached at COP26 came into play.

All of these changes (to the extent that they are fully or partially implemented) will no doubt form some of the more detailed thinking presented in the Dunedin Destination Plan.  We are flagging the policy and planning environment  here because the final product development review that is produced will also need to recognise the dynamics of that environment.  Some of the changes that will emerge will impact on cost structures and compliance guidelines, some will place restrictions on which activities can happen where, and what cannot happen, and some will point to opportunities for growth for those destinations willing to take a leadership role.

## The four or five capitals of well-being:

To a degree this relates to the item above, but it is something that sits across everything rather than being a sector-based framework.  Based on the United Nations Sustainable Development Goals, the five 'sustainability capitals' - natural capital, social capital, human capital, financial capital and built capital are increasingly being used to both guide policy decisions and measure performance as part of the pathway to achieving global sustainability goals.

This work has informed the New Zealand Treasury's Living Standards Framework.  Based on four (rather than five) capital stocks - natural, social, human and financial - these capitals provide  the cornerstones to delivering on the wellbeing of New Zealand's communities.  The approach requires that the balance between whether each stock or capital is being enriched or depleted is actively and progressively managed.

Tourism is now widely considered within this framework and Tourism New Zealand have embraced this framework as the underpinning to their approach to tourism.   Four capitals thinking also forms the backbone of Local Government's longterm plans and so, at many levels it make sense for Dunedin's product development review to reflect what is essentially a 'benefits and burdens' approach as part of the well-beings framework.

# Section 1: Tourism mega trends & disruptors

This analysis of selected tourism mega-trends and industry disruptors is included here because these are trends that will influence the evolution - or possibly revolution - of the global tourism industry as it is re-established,. And, this will in turn shape the marketplace within which Dunedin positions and promotes its product offering over the next decade and beyond.

Based on a 'mash-up' of work undertaken by the UNWTO, WTTC, OECD, WBCSD, McKinsey & Co, international business Skift Research, New Zealand think-tank 'Pure Advantage', Aotearoa Circle, Tourism New Zealand, The New Zealand Story and others; this summary isn't so much about predicting the future, as it is about projecting how re-emerging tourism markets might behave in response to wider global mega trends and disruptions and how destinations will need to plan for these changes.

What will motivate travellers? Where will they come from? What will they demand or expect? How do we connect with them in an increasingly digital world, and at what points in the customer journey do we connect for maximum effect?

And across all of this, how do we balance the aspirations of visitors with the aspirations of host communities, the needs of commercial operators and the capacity of our natural and built environments to sustain visitor growth?

Of fundamental significance to this current assignment, how does Dunedin adapt or respond to these changes in ways that deliver a competitive edge for the region? This is where the Dunedin place brand should provide significant guidance. In order to deliver a 'Dunedin difference' in our responses to these changes, what are the kind of attitudes and approaches that Dunedin's brand attributes, values and beliefs might suggest?

## In no considered order of priority, the mega-trends include:

### Accentuate the positive

There is growing interest in experiences that have a positive impact on local communities and the environment.
As a consequence, there is greater interest in websites and apps that highlight itineraries that feature these types of experiences, and from a destination management perspective, greater interest in understanding how tourisms 'burdens and benefits' are balanced. There is an opportunity to focus on unique and purposeful experiences with a light environmental foot print.

**Bye-bye boomer**

Millennials and Gen-Z will form a larger part of tourism consumer groups by 2040. How does our thinking about product development (in the broadest sense) capture shifts of significant proportions in the customer base? And, what does catering to both boomers and millennials demand as part of managing the transition?

**Low carbon & resource efficient - deeds not words**

Interest in the conservation and preservation of biodiversity is a well established tourism trend, but this is now being met with an escalating awareness of the need to contain energy consumption and greenhouse gas emissions with a keener interest in water quality, land-use and resource efficient production. In this context 'greenwashing' will not be tolerated. With heightened awareness of the causes and consequences of climate change there is far greater focus being placed on the measurement and evaluation of sustainability initiatives. Can the claims that any sustainability initiatives are built on be evidenced with hard data?

Note: An additional point for consideration is what's known as 'the scopes'. People tend to talk about GHG emissions in 'site' or 'mode' specific ways, but there is growing body of thinking around measuring what is known as Scopes 1,2 and 3. These scopes relate to the emissions that are produced directly (at destination), indirectly (via suppliers of goods and services to the destination) and induced (getting to and from the destination). What might Dunedin's thinking and response to the scopes be?

**Climate change - the consequences**

While the focus is on containing global warming, the consequences of global warming are already being felt and need to be dealt with. These include the increased frequency and intensity of adverse weather events, rising summer temperatures, the incidence of wildfires, changing snowfall patterns, rising sea levels and impacts on biodiversity. Travel destinations need to adjust not only to the challenges of reducing greenhouse gas emissions to contain climate change, but also prepare to address the consequences of changing local climates and take steps to mitigate these.

**Aviation - but not as we've known it**

As borders and destinations re-open and airline's rebuild their network, it is likely that larger aviation hubs will be the first to benefit from the recovery and that smaller or secondary airports will be underserved. What do Dunedin's air services look like during this rebuild. If there's a delay in re-establishing scheduled services and/or the schedule is limited, what are the opportunities for negotiating ad hoc capacity increases around special events or certain times of year (for example)

Down the track - but not too far away - the arrival of fully electric small planes, flying taxis and VTOL (vertical take off and landing) capability will open up new possibilities for regional or sub-regional services that will offer more opportunities for travellers to do and discover more.

Rather than the 'hub and spoke' model that we have become accustomed to, the networks of smaller airlines using these new technologies will more likely be point-to point.  How might short hop flight impact on visitor flows and where attractions are developed?

**Fuelling recovery - in the air and on the ground**

In aviation, the race towards clean energy - renewable electric, hydrogen electric, sustainable aviation fuels (and blends) is gathering momentum around the world.   In the medium term, as new energy sources and technologies are deployed and airlines replace or refit their fleets, it is likely that the costs of international air travel (particularly long haul) will increase long before it decreases.  This will impact on the 'democratisation of travel' that has fuelled tourism growth around the world.   What assumptions can be made about the consequences of the uptake of new technologies and what the long-run price curve might look like.  And, what might this look like for a relatively remote destination like Dunedin?

On the ground, the race is also on and while EVs and hybrids are already in common use,  if we looked across the surrounding areas of Dunedin, how widespread is the accessibility to charging stations?  And what does the conversion of buses, coaches,  trains and water-based transport look like and what mechanisms are available to drive conversion

**Joined-up transport solutions -  it's in the bag**

The location, capacity, efficiency, connectivity and costs of transport play a significant role in how destinations develop by influencing the mobility of visitors and the connectivity to visitor experiences.  Integrated transport systems and multi-modal hubs will become increasingly important as will on demand travel and seamless booking systems.  What kind of transport infrastructure might Dunedin develop?

Another trend in transport is what we could call 'transport the bags, the people will follow' this trend is about end-to end bag transfers that leaves the customer free to get out and explore as soon as they arrive at a destination with the smart and seamless transfer of bags to their accommodation.  When skis, snowboards, bikes and golf clubs are added to this it makes it a very attractive proposition for travellers.   What if this happened within a destination too -  super-smart on-demand shuttle services - getting you and your  'gear' to your next place of stay, or your next  experience?

**Covid, it's variants and other rogue viral outbreaks**

What seemed unimaginable is now real, and even if we get better at managing outbreaks of Covid, its variants and other virus, once international borders re-open, it is reasonable to expect that there will be heightened sensitivity and scrutiny around travel.  The New Zealand Story's Global Pulse Report (2021) already recognised this.  By definition, this will have a significant impact on destination choices and the activities that people participate in.  Will this be resolved through certification programmes or will demand for contactless travel increase?

**To bundle or unbundle?**

On one hand, there's a trend towards unbundling of services (promoting a 'base cost' plus 'add-ons' somewhat like 'seat plus' airline models). There's also an increase in direct selling and cross-selling by individual operators to boost the value of transactions per customer. Airline's already offer additional travel product and accommodation providers already rate highly with consumers as a source of detailed visitor information (ref TNZ research).

Emergence of subscription models (Netflix meets tourism) including a growing range of loyalty programmes and the promotion of pre-paid City passes? Whoever owns the customer, owns market power? Who will those players be - not necessarily those in traditional tourism distribution systems - where do we find them? And, how do we work with them?

**'Some work and some play' trumps 'all work and no play'**

Sometimes described as the emergence of the 'bleisure' market and something that digital nomads have known for some time, Covid has taught us what technology has always promised - we can work remotely and 'from home' could be "from anywhere' combining working remotely with with experiencing a range of leisure activities in different destinations.

This looks set to drive longer stay travel and increased demand for access to shared workspaces /'hot desks' (some hotels are offering this internationally). What does Dunedin's giga-town or CODE offering open up for the future?

**We're all in this together and going around in circles?**

Because of tourism's 'cross cutting' nature and close connections with other sectors, small improvements in supply chain management can create a significant impact - e.g. resource-efficient food-sourcing and consumption.

Grown here or sourced locally and seasonally, and/or 'made here for you' resonates not only because travellers like to try local food and beverages but because its better for the planet. This suggests that developing partnerships with key producers and suppliers will become more important ... and, as part of the circular economy 'built in' waste minimisation and management will take on new importance

**Brand authenticity rules**

Consumers are calling out for more authentic brands - they want authentic , 'fully realisable' brand experiences vs being seduced by cliched 'marketing speak'. This goes well beyond place or destination branding to include individual products and services at the destination.

Digital & mobile technology

Digital and mobile technology will change the ways in which visitors plan for, experience and relive their holidays. This will be amplified by connectivity with social media - connecting people quickly and early, and potentially operating outside of traditional tourism distribution models and supporting growth in social enterprise offerings.

Virtual Reality will become a more significant part of the planning and purchase process - allowing travellers to 'preview' what they would like to include in their itineraries. Visitors then look forward to implementing the plans they have designed for themselves and if what they get is not what they saw, it's not just the front desk that will hear about it.

In addition, mobile will become a real-time travel tool. Where travellers might normally have made some unplanned decisions at the destination, or asked their hosts for advice e.g. what restaurants they might visit. Smartphones and Bluetooth enabled near-field- communication (NFC) means those decisions are becoming increasingly informed by social media and new generations of 'trusted' influencers.

On the flip side, 'mobile as a travel tool' also impacts on how operators and destinations can manage travel flows and promote personalised real-time offerings. This also means that operators will need to be more vigilant about getting their customers to provide ratings and feedback. Share of voice will drive share of wallet.

A key point across 'all things digital' is the pace at which change is occurring. A recent report (June 2021) by McKinsey & Co claims that during the pandemic, there has been the equivalent of 10 years digital innovation in three months. That trend is unlikely to be reversed.

Blockchain & cryptocurrency

Related to the explosion in digital, blockchain technology will provide better forms of identity management and lends itself to more efficient and secure communications across the spectrum of travel service providers and official travel documents like passports and travel visas.

Without banks as intermediaries, cryptocurrencies provide an instantaneous peer-to-peer way of transacting. For international travellers there is no exchange rate risk. Some travel providers are creating their own cryptocurrencies. These developments will bring about huge shifts in traditional distribution channels. While Boomers may be running hard to catch up, Millennials will be setting a new pace.

Just Google It

Google's search capabilities make it easy to ask - "what is there to do in Dunedin? or "where can I go cycling in Dunedin ?"- as a way of building itineraries and making decisions about where to go and what to do. And, it doesn't stop there - Google is emerging as a de-facto OTA enabling people to search and book direct ... so travellers can dream it, find it, book it, do it and, at the same time, share it.  In this 'just google it' world, tourism operators will need to be a lot more proactive about encouraging their customers to rate their services and experiences.

Hi tech meets high touch?

At the same time that demand for contactless travel is growing (think airline kiosks, digital room keys, mobile wallets), the need for human connection is on the up.   How do we marry the best of both worlds as part of delivering visitor experiences?  What happens back of house vs front of house?

Other trends that are significant from destination management and product development perspectives include:

- a growing trend towards finding unique accomodation (in some markets) - seeking a sense of immersion vs pure relaxation
- stronger emphasis on the people factor - investing in training and workforce development
- the growth in Air B'n'B experiences and virtual tours (see Section 7)
- policy considerations around access to finance (role of green finance?) and incentivising the transition towards low carbon and climate resilient investment
- recognition that tourism's much broader stakeholder groups will need to  be factored into governance and management systems and structures, and that encouraging  public bodies, private entities and communities to operate in a more collaborative way will be essential to delivering experiences that guarantee visitor satisfaction and drive the destination's reputation.  What does 'fit for purpose' in this environment look like?

The product review undertaken by the ED Destination Marketing and Management Team also notes some emerging trends and what some early adopters and innovators in and around Dunedin are doing in response.

# Section 2:  i-SITE Operator Research - Mind the Gap

As a starting point for this review of product development needs and opportunities, we have looked at the mix and key characteristics of the businesses and the products/services that make up Dunedin's current tourism offering.  A framework was developed by Angus and Associates to capture the information needed and data was collected by Dunedin's i-SITE team using a combination of telephone survey and online search.

As at October 2021: -

- 10 of the 177 businesses identified are no longer operating/in hibernation
- Of those still operating (as at October 21), median years in operation is 18 years. There are very few new businesses (just 7 operating for less than 10 years).
- The bulk of operator activity is concentrated in Dunedin City (117 operators) and the Otago Peninsula (32).  There are 18 operating in the Port Chalmers area but very few elsewhere (e.g. Brighton 5, Karitane 2, Middlemarch 5, Waikouaiti 4)
- Dunedin tourism businesses have historically been very reliant on the international market (with international visitors representing almost 60% of customers on average).  The remaining 41% is split 25% domestic and 16% local.
- There is very little consistency/coherency in the profiling of key international or domestic market segments (i.e. how these segments are described or defined, other than in broad geographic segments - Australia, China, etc - or travel types - e.g. cruise).
- On average, operators are forecasting turnover at 62% of pre-Covid levels in the first full year post-Covid (i.e. comparing the first full year post-Covid with the last full year pre-Covid).
- Operators employed an average of 13 FTEs pre-Covid (median 4), and employ an average of 9 FTEs (median 3) currently.  This represents an approximate 25% reduction in staff as a result of Covid.
- Few operators are signatories to the Dunedin Wildlife Care Code (14),  the industry's Tiaki Promise (8) or TIA's Tourism Sustainability Commitment (14).

- Few operators employ seasonal and/or dynamic pricing. Excluding those with free/no admission charge, 35 have a fixed pricing structure, 7 some element of seasonal pricing and 11 some element of dynamic pricing.

- The largest groups of operators offer accommodation (102), tours (32), transport (24) and/or activities/attractions (24).

- The region's accommodation offering is heavily weighted to motels/serviced apartments (39) and B&Bs (23). The remaining are hotels (15), backpackers (7), holiday parks (5), lodges/boutique accommodation (9) and 'other' (7 - mainly farmstays).

- The region's activities/attractions are reasonably diverse but the offering is 'thin' with only a few operators offering activities in any given sector except for arts/culture/heritage (11) and wildlife encounters (13). The other most common offerings are cycling/mountain biking experiences (5), farm experiences (5), gardens (6), gifts and souvenirs (5), museums and galleries (7), photography (6), urban attractions (5) and walking/hiking (7).

## Implications

While the overall longevity of Dunedin's tourism businesses can be seen as a strength, it might also suggest a need to refresh and/or reinvent the region's offering for a changing consumer market.

The current concentration of Dunedin's tourism offering - both geographically and by experience type - also signals an opportunity for greater regional spread and diversification of the region's offering.

Surprisingly limited uptake/leverage of core industry programmes (such as the Dunedin Wildlife Care Code, Tiaki Promise and Tourism Sustainability Commitment) suggests that sustainability practices might be an important area for further investigation and development, especially given growing consumer scrutiny in this space.

# Section 4:  Key findings Stafford Strategy DMP product analysis

As part of the Destination Management Planning work being undertaken for ED by Stafford Strategy, an audit of Dunedin's accommodation offering and attractions and experiences has been completed.

In addition to identifying where there are gaps in Dunedin't product mix, the research has also involved 'visitor sentiment analysis' in relation to existing product.

## The accommodation audit - what have we got?

The Stafford Strategy accommodation audit includes commercial accommodation businesses and excludes Air B'n'Bs , holiday homes and unofficial camping areas.

The audit shows that:

- Dunedin's accommodation stock is largely clustered across the CBD with only a scattering across the wider region

- This kind of mix supports day trips around the region - using Dunedin City  as a hub -  but does not encourage or enable overnight stays outside of the City which would distribute visitor spend more widely across the region

- The mix of accommodation is diverse 'boutique properties' (B&B's, home and farm stays) are the biggest single category (40%) providing 11%of the total room stock, motels account for 21% of properties and 4% of the total room stock, hotels 7% of properties and 32% of room stock

- Holiday parks (cabins), campgrounds and backpacker hostels together provide 13% of bookable units

- Of the hotel and motel stock, most properties are described as 'older style accomodation' and within the hotel sector there are 'few 'internationally recognisable brands

In addition we observe that:

- New 'boutique-style' hotel stock has recently come online, a recent hotel acquisition by a well-regarded New Zealand brand will see a significant upgrade to an established Dunedin property and, there is at least one new early-stage development in the pipeline. But will these additions and developments be enough to drive a material increase in available (and desirable) rooms?

- Dunedin has not proven itself to be a City that has been able to secure new, large scale hotel development. As a consequence, the question needs to be asked about the extent to which the City's accomodation offering is limiting sustainable growth in overnight stays? For larger scale business and live entertainment and sports events, the city 'copes' but is that enough? And, with live events 'coping' usually means a significant number of people staying well outside the City and the region.

## Consumer sentiment analysis - what are the customers saying?

Stafford Strategy have calculated a consumer sentiment rating derived from Google and Trip Adviser ratings. Stafford Strategy reference this as a Net Promoter Score (NPS). NPSs are however based on a well established and accepted research methodology and it is therefore probably more appropriate to refer to the ratings that they use as a Consumer Sentiment Rating (CSR). The CSR uses a scale from 0-100, 100 being the top score and 50 the average. While a useful metric, that provides a measure of satisfaction and enables some comparison by category/type, the CSR results should be treated as indicative and before significant investment or pricing decisions are made, further analysis should be undertaken and considered.

Customer satisfaction across the commercial accommodation sector is just lower than average with a rating of 47. The exception is boutique properties which earn a rating of 67. Hotels sit well below the average and holiday parks, campgrounds and back packers sit even further down in the ratings scale. Pubs do not rate well either and that is interesting in a city known for its brewing and beers.

Stafford Strategy poses a question about whether some significant work needs to be done to correct the 'price-to-value' (PTV) proposition in some of these categories. This could be done by either renewing (upgrading) existing stock and/or reviewing current price points.

Also requiring further exploration are the extent to which new, higher quality properties will be needed in order to attract higher value visitor markets.

## The experience and attractions audit - What have we got?

This part of the audit focused on 'primary tourism experiences' and excluded experiences used by the local community. While this is understandable in terms of the integrity of the data, it will mean that the total utilisation of these attractions is under-reported . Similarly, events were excluded as were 'general parks' and 'general F&B experiences". Unique F&B experiences including distilleries and food tours have been captured in this audit.

The audit focussed on 203 tourism attractions of which the largest category was 'tours and tour operators' - perhaps reflecting the significance of the Cruise market to Dunedin. Walking and tramping trails were next (14% of all products identified) - some of these are managed by DOC and some by DCC).

There is limited visitor product outside the CBD and the Peninsula footprint and this is reinforced by the findings from the survey administered by the i-SITE team (ref Section 2) . There is limited beach product, and a small 'hub' linked to the Otago Central Rail Trail in Middlemarch.

55% of the experiences that were included in the audit were free. While visitors do spend on things other than activities and attractions , it does mean that spend per visitor - and the ability to recover the costs associated with visitors utilising walking trails - is compromised. Free product is also 'non commissionable' which has traditionally meant that travel trade partners are less inclined to promote it (because they can't actually sell it as part of their packages and clip the ticket).

Other observations from the audit are that there are limited all-weather experiences and limited 'purpose built' family friendly attractions (of relevance to both visitors and locals)

## Consumer sentiment analysis - What are the customers saying?

Overall, consumer sentiments in relation to Dunedin's attractions were considerably higher than the ratings for accommodation with an average rating of 63. This is as you might expect given that people consume experiences in a more immersive way than they do with most types of accommodation.

Satisfaction with water tours, fishing and diving topped the ratings at  90 and mountain biking, tracks and trails rated at 85.  Bike hire rated 79, Beaches rated 77, walking and tramping 76.  Some scores e.g. spas and yoga were high but there is very limited product available in those categories.

Activities that more people are experiencing **and** reviewing includes beaches, walking and tramping trails, art galleries, museums, natural attractions, significant buildings and landscapes, wildlife/animal encounters and gardens rated well.

On the whole, the results across the audit and the consumer sentiments suggest that people aren't coming to Dunedin for the quality and choice of accommodation and that they aren't that satisfied with some types of  accomodation when they get here  - with the exception of boutique properties (which generally offer personal hosting).

However when it comes to activities and attractions , satisfaction levels are good.   The opportunity to be addressed is ... would consumers be just as/or more satisfied if they paid for some of these experiences?

And consistent with the mega-trends research, how would they feel if some of what they paid was reinvested in trails, wildlife or restoration projects?

Finally, while there are some definite gaps in Dunedin's product offering, some of the region's strengths 'play' very well with the needs of the visitor segments that the TRA research identifies in the following section.

## Section 5:  TRA market segmentation research

The TRA market segmentation work was commissioned by ED to better understand the behaviour and motivations of New Zealand's  domestic travellers considering a trip to Dunedin.  The research was designed to determine which audiences might be prioritised, to identity the drivers of and barriers to visitation, and to develop marketing opportunities that could be used to enhance the attraction of Dunedin as a visitor destination .

Based on both qualitative and quantitative analysis , TRA have proposed five macro segments within the New Zealand travel market , four of which offer immediate opportunities for Dunedin.

1. Nature and Culture Immersers - looking to immerse in nature and culture  -20% of the New Zealand traveller market
2. Experience Seekers - Discoverers -looking for a variety of experiences but not extreme adrenalin  - 18% of the market
3. Experience Seekers - Hardcore- 'adventurers' - looking for extreme adventure activities - 9% of the travel market
4. Entertained Connectors - looking for an urban backdrop within which to connect with friends and family - 22% of the market
5. 'Occasionists' - those travelling for a specific purpose or event (including business events)  - 31 % of the market

TRA have also filtered these segments further - identifying demographic groupings like 'family groups' and 'silver groups', as well as migrant explorers each of which have their own specific interests and motivations in relation to visiting Dunedin.

TRA also analysed the segments by whether they fall within driving or flying range of Dunedin.  The micro segments suggest further insights on how to best position, package and promote Dunedin's offering within different geographies and demographics

For the purposes of the product development strategy,  we have largely focused on the needs and motivations of the macro segments, referencing the micro-segments to assess 'fit' e.g. family friendly options?

Looking at the macro segments in more detail and based on Dunedin's current product offering:

Nature and Culture Immersers are a ready fit - Dunedin has established equity with this segment with its reputation for wildlife, culture and heritage.

Experience Seekers (Discovery) appear to be 'ripe for the picking' based on Dunedin's current offering . This segment see this as the perfect time to make the most of New Zealand , but their 'destination choice set' is extensive and Dunedin needs to convince this group that it can tick all of their boxes in a (perhaps) surprisingly good way - from scenery to landmarks, to restaurants, cafes and bars, and arts and culture and shopping.  However, as highlighted in the Stafford Strategy product audit, work needs to be done to ensure that the style and standard of accommodation on offer, will match the expectations of this segment.

Hardcore Experience Seekers on the other hand do not identify as an immediate opportunity (but that is not to say that there aren't new products that could be developed if further analysis showed that this group has long term potential as we say 'bye bye' to the Boomers?)

Entertained Connectors - this segment is all about "shared experiences" and they place much higher priority on the urban offering - restaurants. cafes, bars and shopping which rank well ahead of scenery, walking and hiking.  This group has been identified as having immediate drive and flight range potential, but they need a call to action - a compelling reason to get everybody together and travel to Dunedin now.

'Occasionists' - for this segment, the choice of location is driven by the occasion - visiting family or friends, going to a live event or attending business meeting(s). Less influenced by destination marketing, the opportunity here is to re-visit Dunedin's event calendar and identify opportunities for targeted promotion around events that have already been locked in, promoting opportunities that might encourage
'Occasionists' to stay an extra day or two, as well developing new events to build out the calendar

The macro and micro segments that have been identified have been lined up against Dunedin's current product offering and used as part of ED's early thinking about new product development opportunities (see Section 7) .  The TRA findings will also be used in further scoping of new product  and investment opportunities.

To understand what international markets are seeking from a visitor experience and how Dunedin's offering might address those needs, Tourism New Zealand have undertaken significant market insights work in international markets (and more recently, as a result of Covid, this work has included the New Zealand domestic market).   A brief summary of that work is outlined in the following section.

# Section 6: Insights from Tourism New Zealand

Tourism New Zealand (TNZ) are committed to delivering on the New Zealand Government's goal of ensuing that 'tourism growth is productive, sustainable and inclusive and that it 'contributes to the intergenerational wellbeing of New Zealanders and their families'.

Having already shifted their approach from a focus on conventional measures of tourism's value to the concept of tourism being built around enriching New Zealanders and their communities, TNZ have now gone one step further and adopted the Treasury's Living Standards (well-beings) framework. As a result, their 2021- 2025 Statement of Strategic Intent broadens their definition of enrichment to 'enriching Aotearoa through the contribution of visitors to the economy, nature, society and culture.

Why is this relevant to Dunedin's product development strategy? TNZ spearhead New Zealand's international tourism branding and marketing efforts and as a consequence of Covid and the closure of international borders, TNZ have also become actively involved in New Zealand's domestic tourism market though the "Do Something New New Zealand" marketing campaign (and the research that underpins that). So, TNZ have a significant influence on shaping the visitor markets that Dunedin seeks to own a share of. Testing the alignment of Dunedin's target market segments with Tourism New Zealand's makes some sense ( see TNZ's international marketing investment priorities below).

TNZ's view of the operating environment recognises that there are range of potential recovery scenarios that need to be prepared for. And in line with the phased approach we referenced in the introductory sections of this report, they describe the transition to recovery as 'bridging between the phases of survive and restart, recover and transition, enrich and contribute'.

As borders re-open, their initial investment focus will be on the international markets of Australia, China and the USA.

In the following pages we top-line some of the market insights that will inform TNZ's approach in both domestic and international markets. More detail about each market can be found on TNZ's Corporate website [www.tourismnewzealand.com](http://www.tourismnewzealand.com)

## The New Zealand Domestic Market

Research undertaken in October 2021 confirms that within the domestic travel market, the overall appetite for domestic holidays remains strong with 69% of New Zealanders indicating that they intend to take a holiday in the next 12 months.   The family and empty nester segments show the strongest intentions.

Drilling into this further, while the main motivation is 'to relax and refresh'  40% or more of these intending domestic travellers are looking for - spectacular natural landscapes and scenery, places that they have not visited before (the discovery factor) and a range of accommodation options to suit different budgets. 30% or more prioritise good local F&B experiences, amazing beaches (trending upwards with the onset of summer), iconic attractions and landmarks, a good mix of outdoor and adventure.  A place that is easy to travel around in order to do and see things is also important.

Down the list , +/- 20% of respondents rated hiking, walking, wildlife, art and culture as priorities.

Advice or recommendations from friends or family is the main source of inspiration for these travellers, followed by online travel information, destination websites and accommodation websites.   How accessible is this information access Dunedin's 'touch points' and how are we

leveraging the significance of word of mouth.... targeting key opinion leaders and encouraging visitors to re-market etc?

Customer service and value for money are also important considerations.

## International Markets

Internationally, TNZ have long identified their target consumer markets as 'active considerers' these are people who identify New Zealand as a preferred destination for a holiday that they intend to travel to within the next three years.

With the strategic shifts outlined in TNZ's 'Statement of Strategic Intent', TNZ are adopting an even sharper focus within the  'Active Considers" honing in on 'high quality visitors'.    These are visitors who are more likely to be looking for experiences that map back to the four wellbeing - visitors that will engage in experiences that contribute to the economy, nature, society and culture.

In common with the domestic market the desire to 'relax, have fun, enjoy and explore' is a key motivator of leisure travel.

Of particular note in international markets, the repercussions of Covid have added more significant interest in safety and security when travelling to, from and around a destination. The significance of this does vary by market but tomorrow's travellers will be more acutely aware of these things (screening, hygiene, sanitisation etc) as well as the reputation that the destination 'owns' for the management of Covid. While a rapid response with lockdowns is a positive, the negative is becoming 'trapped' far away from home (see The New Zealand Story's Global Insight's work below).

TNZ have identified three early 'come back' international markets - Australia, the Unites States and China.

The Australian Market

As New Zealand's single largest visitor market, TNZ's insights work confirms that demand for a New Zealand holiday is likely to be strong once border restrictions are lifted.

In addition to relaxing and having fun, 'getting in touch with nature' is important to the Australian market along with learning and exploring new things. Some of these 'hot buttons' can be triggered through promotional campaigns, but having the authentic product or experiences to underpin that marketing promise, cannot be ignored.

The Australian market profiles as having a good seasonal spread - which is a positive for somewhere like Dunedin with its four distinct seasons.

<< should we add in here the A&A Tourism Sentiments research?? ie. Australian's have high awareness of Dunedin but a low desire to visit?? >>

The US Market

This market profiles as one that is holding 'pent up demand' for a holiday in New Zealand. Beyond the 'given' of having fun and relaxing, the US traveller considering New Zealand is looking for opportunities to learn and explore and do new things, wanting to get in touch with nature and 'feel a sense of adventure' (and important distinction vs experience active adventure). They are also seeking opportunities for self reflection and personal development.

The attributes of a destination that are of interest to this market include the quality of local food and drink, and they find appeal in 'interesting and vibrant cities'

China

More sensitive about the risks and management of Covid than some other visitors markets, a big driver for travellers from China is spectacular nature and beaches and a clean and unpolluted environment.  TNZ see strong growth potential in independent travellers, with some post 70 year olds preferring to travel independently with their families, while others in that age bracket are also inclined to tailor-made tours.

Trying to sum up the potential of any of these markets in just a page or two belies the depth of insights work that TNZ have invested in and their knowledge of the travel trade, but what we have written up here serves the purpose of illustrating the opportunities that exist to enable Dunedin to curate its product offering in a way that will have a stronger resonance with international target markets.

## 'The New Zealand Story' Global Insights

A collaboration between NZTE, TNZ , MFAT, TPK, MPI and others 'The New Zealand Story' describe their purpose as 'helping New Zealand business to tell their story to the word by leveraging what makes New Zealand unique'.

The NZ Story's start point is that:

*New Zealand is a progressive nation of creative idea-makers delivering new solutions while always caring for people and place.  Our story is grounded in our values - kaitiaki, integrity and ingenuity - it's who we are, what we stand for, and what we offer the world. Good things come from our country and the more the world knows about these, the greater chance we have to grow our global reputation.*

The New Zealand Story have recently released the results of their 'Global Pulse Check' which is designed to monitor how New Zealand's reputation is tracking in international markets.

For New Zealand tourism, the Pulse Check provides the following insights.

1. In the 2020 'check' there was a new-found appreciation of connecting with nature and this had elevated New Zealand higher up on traveller's bucket lists

2. In 2021 New Zealand's desirability has expanded beyond 'unparalleled nature' to an 'harmonious' way of life - New Zealand's 'people factor' is beginning to cut through

3. However, while people in some countries have admired New Zealand's rapid responses with lockdowns, it has also made New Zealand seem like it is further away than ever, with a prevailing risk of being caught here

4. Climate change and carbon footprints have also made it harder for some people to justifying flying to New Zealand (will this make sustainability programmes at destination an even more important attribute in destination choice ?)

5. In Australia there has been a broadening view or understanding of everything that there is to do in New Zealand. Does this open up new opportunities for Dunedin as a part of New Zealand that may be largely undiscovered by Australian visitor markets?)

6. Greater awareness of the role of Maori culture has helped to reinforce perceptions of New Zealand as 'inclusive and caring' particularly in Australia and the United States where there has been some reflection on the treatment of their indigenous people.

For more details about the New Zealand Story visit www.nzstory.govt.nz. where you will find further market insights, details about the 'Fernmark' and a range of brand assets and amazing stories.

## Section 7: Product Development workshop and brainstorm - ED's Tourism Team

In addition to the larger scale programmes of work that are coming together as part of Dunedin's tourism planning efforts, an initial discussion with the Enterprise Dunedin Destination Marketing and Management team was followed up with a workshop that tapped into the knowledge of the team and started the process of imagining what might be possible in Dunedin's tourism future.

The purpose of this step in the process was to :

- review the findings of the TRA customer segmentation work and, in particular, to look at how the needs and desires of the different visitor segments either fit - or don't - with Dunedin's current product offering

- consider the findings of the Stafford Strategy 'product audit' as part of identifying gaps, areas for improvement and new product development opportunities

- use the team's knowledge and experience with both consumer, trade audiences and operators about what travellers are looking for.

An extensive, inspired, ambitious and 'future-fit' range of product development opportunities were identified.

These ideas will be road-tested alongside others as part of "The Dunedin Garage Project' workshop (see sections 8 and 9) and the travel trade interviews that will follow as we consolidate the findings from this stage of the product review and The Garage Project workshop.

Accommodation
Hotel development including a five star international brand with spa facilities, a sustainability focus and of a scale that would support the C&I market as well as City events.

Motel development - product refresh, - with particular focus on sustainability and consider current concentration of motels and servicing future development (e.g. new hospital) and availability in other popular locations- beaches/ peninsula?

Boutique Accommodation - interest in hosted B'n'Bs from operators in European markets ,opportunities to leverage use of heritage buildings/homes (e.g. Corstophine House). This would also work with the preferences of some of the TRA-identified market segments.

Backpacker - opportunity to amp-up Dunedin's backpacker offering - consider talks with BBH/Base or develop own? Pods? What's hot/trending with backpacker offerings internationally? And, what about Holiday Parks?

Apartments plus - thought was also given to growth in the apartment market and the opportunities that are opened up by that, as well as peer to peer holiday home rentals although managing consistency of standards was noted as an issue

Lodges - from high-end to eco lodges (e.g. Kaimata Retreat/Cape Saunders) and with product extensions such as full service guiding as an optional part of the experience

Pubs & Bars - from an accommodation and hospitality perspective there are significant opportunities to redefine pub culture - Dunedin style. To refresh the Octagon's offering and leverage new developments in craft and micro brewing

Visitor Experiences

A huge range of opportunities that would add to Dunedin's activities and experience base were identified, Again these opportunities resonate well with ED's target markets and many have anticipated the opportunities (and threats) that the tourism mega-trends work suggests

Art Galleries - develop trails - map (could be digital) and/or guided tours, active art classes or meet the artist sessions, possibility of themed joined-up exhibitions (e.g. Wellington's 'Face to Face')

Air B'n' B experiences - [www.airbnb.co.nz/s/New-Zealand/experiences](http://www.airbnb.co.nz/s/New-Zealand/experiences) promoting a wide range of immersive and educational experiences

Beaches - spotlight on St Clair?, Surf school, wildlife encounters and walking tours at other beaches?

Bike Hire - significant opportunity to extend bike hire services including e-bikes (central delivery hub? hotel delivery?), consider staging the development of this opportunity as new cycle trails developed - e.g. Waihola, Taieri Gorge, 'The Tunnels' project

F&B - considerable opportunities to expand offering. Work is about to commence on the development of an F&B Strategy that will explore development opportunities such as - Distillery, Brewery, Brewery and Food tours (food and beer matches are cool), leverage existing events
( Beer Festival) and add /create new events 'Kai Hua Kai' (Simon Kahn). Explore foraging opportunities, (clams , native plants) and whisky tastings and distillery visits, as well as accelerating the development of 'Dine Dunedin'

**Family Fun** - immersive/interactive multi-media art experiences that could bounce off CODE (Centre of Digital Excellence) and build-out current offerings (e.g. www.teamlab.art and meowwolf.com) - both sensational ideas and a strong fit with Dunedin's art scene.
Other suggestions included development of a 'destination playground', high ropes/zip-line experiences and working with Stadium (AJ Hackett, climbing walls etc), mini-golf

Many other ideas were generated and need further exploration and validation before undertaking more detailed concept development.

These included:

- **The Gardens of Dunedin** : upgrade of Botanic Gardens Cafe, garden tours (seasonal), addition of new visitor experiences at the Botanic Gardens - night experiences, foraging?, beginners guide to propagation (without encouraging people to steal clippings) etc

- **The Eden Project** (an eco visitor attraction in Cornwall and an educational charity and social enterprise with the global mission of creating a movement that builds relationships between people and the natural world) www.edenproject.com

- **Golf** - a new take on short courses - feature range of courses and associated scenery, consider events,

- **Historic Buildings/Sites** - 'living heritage' active/interactive interpretation, better/creative use of, explore National Trust Model, light sites and buildings up

- **Horseriding** - Silver Peaks, Beaches

- **Mountain Biking** - guided, shuttle support, or chairlift access - e.g. Signal Hill?

- **Museums** - guided tours, commissionable and consistent product, family and adult opportunities, extend Toitu offering

- **Natural attractions** - add to offering - Dunedin naturally, - Sutton Salt Lake, Sinclair Wetlands., Roman baths, spas and onsen

- **Virtual Reality -** there are innumerable opportunities to do more in the VR space across the end-to-end visitor experience, and there are already good examples of of virtual tours and 'how to' businesses like Curation that can be used as reference sites e.g. www.onlineexperiences.co.nz

- **Walking tracks** - overnight tracks with hut facilities (e.g. Tunnel Beach to Sandymount, Blueskin Bay to Mt Cargill), need comprehensive review of quality and standard of tracks and to explore how to provide virtual guiding and interpretation

- **Water tours** (fishing, diving, cruising) - work with Dive Otago to identify diving possibilities , wreck diving?, Akina??, luxury overnight coastal cruises, extend inner harbour offerings like Port to Port cruises including Quarantine Island, Port Chalmers and Portobello Noting that the existing service acts as a water taxi for people doing the Peninsula cycle-way)

- Develop sea kayaking options?

- **Wildlife** - update use of digital (VR promotion), improve content - storytelling, conservation programmes, involve in active 'giving back - 'voluntourism', explore the potential for a 'Wildlife Hospital'?

- **Active Outdoors** - surf safari, rock climbing, coasteering, hang-gliding, giant sand dunes (snowboard training) ... would development of thee ideas make Dunedin more appealing to the Hardcore Experience Seekers identified in TRA's segmentation research? not enough fear and adrenaline maybe?

And more ...

- **Events** - scope to develop mid-winter carnival, leverage UNESCO City of Literature, develop The Vintage Run (with Central Otago) to leverage the touring route ... and so, so much more

- **Urban Seen** - inner City atmospheric lighting to give life to the City and its architectural assets at night,

- **On Campus** - tours (and mini lectures) Otago University and Otago Polytechnic & the education precinct

- **Getting around** - Trains - reintroduce steam engines (renewable energy source required) and promote transition of bus fleet to clean energy

- **Unique stays** - tree huts, domes, glamping opportunities, a night at the Museum

- **U of O Aquarium** possibilities?

- **Bring back trams** - a live discussion?

- **Curated Content** - as noted in the mega-trends section of this report, as consumers choose to research and build their own itineraries, the search for curated content and the building blocks for visitor itineraries is on. Enterprise Dunedin is already on the ball as part of the Plan D campaign (refer www.dunedinnz.co/visit/plan-D ) and, Alpaca Maps www.alpacamaps.com specialise in creating content-rich interactive maps to showcase visitor itineraries. Could we encourage interesting/influential locals to share their favourite things to do?

And more and more ...

AWARDS : Not part of the workshop, and on the edge of our brief, but worth considering? The UNESCO City of Literature Award is an asset that could be leveraged in a variety of ways to drive visitation. Are there other internationally recognised awards that ED and operators already have or that Dunedin could contest or apply for that would add to the region's 'trophy cabinet' and reputation, enabling more 'recognisable' visitor experiences to be developed

In addition , there are a number of product offerings that are under active review:

- **Stadium/Theatres** - theatre sector review - new venue needed (to replace Sammys? future of Mayfair?)
- **Dunedin Railways** - the future of Dunedin Railways is currently being worked through by the Dunedin City Council
- **NZ Sports Hall of Fame** - the future of this project is also being worked on

## Section 8 : The Dunedin Brand - Authenticity Rules

As part of the mega-trends analysis that was undertaken, there is a growing desire for authentic vs fabricated brands. Audiences want 'fully realisable' brand experiences vs being captured by, or responding to, cliched promotional language and marketing promises that will not be completely delivered on.

Dunedin has an authentic brand story - grounded in some irrefutable truths about both place and people - and designed to be used as a point of reference when communicating with a diverse range of audiences - people who might want to live, work, study, play or do business or invest in the Dunedin.

There isn't a 'one size fits all 'solution to communicating the brand story, different attributes encapsulated in the place brand can be dialled up or dialled down through targeted marketing initiatives. And, tone and manner should be changed-out to resonate with the audiences we want to grab the attention of and motivate a response from.

There has been some discussion about revisiting the Dunedin brand. We understand that this might involve looking at the relevance and resonance of the brand in some target markets rather than a complete revision the 'place brand' itself. A priority in any such review should be to include mana whenua in the process, and to review the brand positioning in the context of the wider Dunedin region vs what is largely City-focussed.

A brand refresh should not be dismissed, and yes campaign strategy and creative executions should be (and are) updated in-step with changing market conditions and trends in consumer motivations and needs. The idea of a refresh recognises that just as market dynamics change, the dynamics of places change and grow. However, to completely ignore the early foundations upon which the Dunedin place brand is built could compromise the authenticity of the brand.

So, assuming that the Dunedin 'place brand' stands and that the application of that place branding remains part of Dunedin's visitor marketing, it makes sense that recommendations about Dunedin's product development strategy are tested against the 'fit' with Dunedin's brand positioning and brand promise.

The **essence** of Dunedin's place brand is 'intrigue' - Dunedin holds a sense of intrigue and invites the curious to discover, learn and be inspired by what it offers ...

### The Brand Attributes
- an element of surprise
- a tenacious and ground breaking arts and culture scene
- a belief in quality education and personal advancement
- an ever changing environment that can take your breath away and rattle your bones - and with (some) facilities designed with that in mind ( e.g. covered stadium)
- a real sense of community , warm hearted, generous and willing to share an opinion or two
- solid institutions, character buildings
- a compact and walkable city surrounded by easy to access to a range of outdoor experiences

### Some Brand Values
- being connected to the natural environment (which offers both challenge and reward)
- honouring the past and inventing the future (both heritage and future-focussed)
- freedom of expression (creativity - art, fashion, poetry ,'the Dunedin Sound')

### The Dunedin Effect
As part of the place branding exercise, the impact that spending time in Dunedin can have on people was articulated as 'the Dunedin Effect'. The Dunedin Effect is a pretty powerful proposition to put in front of target audiences - and in many ways it issues a challenge - which goes back to the brand essence of creating a sense of 'intrigue'...

**Dunedin will bring out the real you:**
the complexity and the contradictions
the explorer and the thinker
the quirky and the downright traditional
the brave and generous heart
the fierce individualist in a genuine community
the intense and the down-to-earth
the creative and the practical
the sense of spontaneity and stewardship
the curiosity and the intrigue
the poet and the believer
Intrigued?

# Section 9 : The Themes to Road Test - Sustainable, Digital, Believable

Based on synthesising and analysing the material summarised in this report we have identified what we consider to be the main issues and opportunities that Dunedin will need to address in the short term in order to rebuild and reinvent - in the medium to longterm - the region's visitor industry.

These themes are headlined below and they need to be debated further, fully interrogated and thoroughly investigated so that we can agree on the ways in which Dunedin might advance some initiatives and activate a range of responses.

'The Garage Project' will be an important step in this 'investigation' process as will interviewing ED's tourism trade partners be - can they see the market potential in the ideas that are being considered?

Although beyond the scope of this project, in an ideal world we might also 'road test' some of the concepts with customer (and potentially community) groups in order to validate the recommended responses and prioritise the programme of work that will evolve from this.

In terms of the programme of work and priority setting, consideration should also be given to how the programme of work might be resourced and possibly funded (public, private or PPPs?). What quantum of investment might be needed and what's the best way to advance business cases for investment?

**In no particular order, the areas requiring further thinking are:**

1. Improving **regional spread** (considering the benefits and the burdens?) providing greater depth and breadth to visitor experiences

2. Lifting **product quality** region-wide e.g. upgrading accommodation stock, testing and resetting service standards

3. Shifting the **ratio** of paid: unpaid activities?

4. Leveraging and expanding the existing **events portfolio** ( including business events)

5. Embracing and embedding **Kai Tahu's values** , narratives, aspirations and more, across the product portfolio and enabling new start-ups or existing operators to develop a strong profile

5. Exploring the future of transportation services as an enabler of delivering connectivity to and through the region that is accessible, affordable and reliable

6. Collaborating within the city (e.g. university) , with neighbouring regions, eg touring routes and trails and with 'like' products outside the neighbouring regions - e.g art galleries, eco-sanctuaries, surfing

7. Responding to sustainability challenges and meeting zero emissions targets as these things come under far greater scrutiny - not only from governments but also from consumers

8. Leading digital development - in all forms and across all stages of the customer journey

9. Developing a food and beverage edge recognising that this isn't just about creating food and beverage experiences or events. It's about the whole caboodle of food and beverage offerings that are partaken in while visitors are in Dunedin being 'on brief'

10. Making more out of fashion, art, design and literature - these are things that are strongly associated with urban experiences and Dunedin has incredible wealth to draw on in this area

11. Enabling digital nomads to make themselves at home (at least for a while)

12. Honouring the authenticity of the brand across all product offerings (and assisting operators with this without becoming the 'brand police')

13. Including both locals and visitors in product development thinking - everyone enjoys a bit of recreation - and for visitors, a good part of any visitor experience normally includes sharing things with locals

14. Engaging/encouraging next generation business operators and consumers

Dunedin's hidden assets

Dunedin has some exceptional world-class assets that could be used to greater advantage and mutual benefit:

Aurora Australis .. the app, the phenomena

Otago University beyond (but certainly including) the physical campus - leading researchers/thinkers and alumni as a market ?

Dunedin's inner harbour and waterfront -think Auckland and Wellington's transformations ?

'World class' New Zealanders e.g. Sir Ian Taylor as Dunedin's Peter Jackson? Who are the others?

n.b. Dunedin may well have more hidden assets - we just couldn't find them

## The bigger challenge ...

There is a lot to consider and to explore across these themes, challenges and opportunities and while some of these things are unique to Dunedin, many are not.

For Dunedin to create a competitive edge where the region does not have an 'exclusive advantage' , we will need to find ways of creating an edge that provides a compelling point of difference. The points of difference required to do this will be found in the why and the how of the ways in which Dunedin chooses to respond. Again, the Dunedin place brand and its underlying values and beliefs can give some direction to this.

# Section 9:  The Dunedin Garage Project

## The Garage Project 'Mechanics'

In order to bring 'best of breed' thinking to Dunedin's product development plans, we are recommending that we convene a mini-taskforce made up 'subject matter experts' to undertake a product and service review and provide some creative thinking ...

a) Bringing fresh eyes, professional expertise and creative thinking to the development of Dunedin's visitor experiences

b) Providing a clear and 'what's in it for me?' point of difference to engage key operators across the wider Dunedin footprint.  This approach has been developed in part because let alone the struggles that operators are having to deal with to stay afloat, there has been feedback that there is a level of workshop and consultation 'fatigue'.   We want to do something that will offer operators the chance to walk away with ideas that they could consider introducing into their business/product/service immediately as well as promoting a sense of the longer-term opportunities.

c) Broadening the reach of tourism and strengthen alignment with other sectors of the region's economy – e.g. Events, Fashion & Design, IT & Digital, Education (academic and vocational), Food and Beverage

## How would this work?

The idea of labelling this approach to operator engagement  'The Garage Project' came from award winning ecotourism entrepreneur Trent Yeo.  Without in any way diminishing the severity of Covid's impact on the tourism economy, Trent has described the periods of border closure and lockdown as a bit like having your business 'in the garage'.

It's a good time for a thorough service check, to tinker with elements of performance, maybe 'trick things up' a bit, and to contemplate what you might do to improve/enhance the performance of the business overall.  As an extension to this thinking, it is also an opportunity to reflect on whether there is a need to mothball some things and bring new 'vehicles' into 'the fleet'.

The 'taskforce' concept is based on the PATA (Pacific Asia Travel Association) 'Development Taskforce 'model. This model involves bringing together a small group of well-qualified professionals from a range of different backgrounds who are asked to offer their advice on the development of a destination.

PATA task forces have been run throughout the Asia Pacific region including two New Zealand where the task forces were instrumental in the development of Wellington and the West Coast as visitor destinations.

The Garage Project Taskforce Members should be should be regarded as leaders in their respective fields.

In Dunedin's case (and as with the PATA Taskforce's) most of the taskforce members will be drawn from outside the region. However, we should not ignore local talent where there is rich expertise to capitalise on. For example, Simon Kaan (artist and cultural adviser with Aukaha).

The individuals will be contacted and recruited based on our summary of findings from the preceding steps - so, for example food, beer and wine experiences are likely to be a platform in the product development strategy. An approach has been made of to Sarah Meikle - a New Zealand leader in designing and delivering food and beverage tourism experiences and events. Sarah was instrumental in the development and delivery of Wellington in a Plate and has worked on a range of other F&B initiatives including Beervana Wellington.

The taskforce members will all receive a briefing pack prior to arrival, summarising our findings to date (this report), highlighting the issues and opportunities that we want to address, and confirming exactly what we require/expect of them when reporting back. The members will also be invited to ask for additional information or submit any questions prior to their visit.

It is proposed that the taskforce assemble in Dunedin the night before a field excursion and the workshop, experience an evening in Dunedin (we suggest they visit/stay in a range of restaurants and accommodation establishments).

The next day, and travelling together by coach, the taskforce members visit a number of predetermined and prearranged experiences that are reflective of the current pillars in Dunedin's product portfolio - wildlife/conservation, art & heritage, outdoor adventure/cycling etc. And, potentially if time allowed the 'tour' could include new sites for development or, maybe one of the underserved areas within the region, a discussion with Kai Tahu or?

At the end of that day we will run a carefully structured panel session to listen to the feedback, thoughts and ideas of the taskforce members- maybe using a simple SWOT analysis or custom-deigned 'product audit framework' along the lines of ...

Where did or do they see:

- assets that need improvement
- opportunities for digital enhancement
- gaps that need to be - or could be - filled
- assets that could be better leveraged
- new product opportunities that could be prioritised
- ideas or proposed developments that might benefit from a re-think - testing them against the creative thinking that emerges from the taskforce's visit e.g. future of cruise, trains, or rugby museums to name few

Early the next morning operators and other key influencers will be invited and encouraged to listen to and learn from the feedback (which can be 'moderated' overnight if necessary and structured under some key headings into a summary presentation).

Thought could also be given to inviting a few thought leaders to 'Zoom' in and present '10 x10 ideas to think about' on topics such as sustainability, being digital and other key issues and challenges that will need to be met.

A Q&A session will be built into the workshop, and workshop notes will be written up. We would aim to have some 'top suggestions for building back better' that operators could take away with them or be emailed as follow up.

## Going beyond

As an extension to this process - and given ED's broader business and capability development connections, - ED could consider some kind of business mentoring/ coaching service and offer this to operators to support them with putting new ideas into practice.

Maybe outside this project, ED could host a series of follow-up seminars on developing better business cases , talking to your bank, staff retention, entrepreneurial thinking, capital raising etc.

ED have secured some STAPP funding that could be used to support this work with operators. Discussions could also be promoted with Kanoa (previously the PGF), the Regional Business Partnerships programme and with MBIE - potentially in ration to the three 'transformations;' investment projects that the Minister of Tourism is seeking from each region through the DMP process

## Next steps and Final Report

We are working with ED to identify the best line up of thinkers to be part of the Garage Project and to work through the planning and logistics of the project (including confirmation of dates, itinerary etc) Covid and compliance requirements willing

Once the taskforce recommendations have been written up,  we have proposed that we do some concept testing with the travel trade to evaluate their response.

A final Directions & Recommendations report will be delivered within 8-10 working weeks of the conclusion of 'The Dunedin Garage Project'.

Thank you