THE NETWORK STRUCTURE OF TOURISM OPERATORS IN THREE REGIONS OF AUSTRALIA

Chris Cooper, Noel Scott, Roger March, Ian Wilkinson, Christof Pforr and Graham Thompson
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THE NETWORK STRUCTURE OF TOURISM OPERATORS IN THREE REGIONS OF AUSTRALIA

ABSTRACT
This report provides a summary of three individual project components that examined the structure of the tourism sector in several regions of Australia. These projects identify the interaction between tourism organisations in the study regions. This interaction was found by determining the networks of relationships between organisations. The projects used three different ways of collecting information about these inter-organisational networks. This report compares the three individual projects for their usefulness and provides recommendations on the further development of a tourism organisation network analysis method for the Sustainable Tourism Cooperative Research Centre (STCRC).

The results of these three projects indicate that the methods used are useful and enable the state of the organisational interactions in tourism regions to be charted and compared. Once network information is collected, analysis of inter-organisational relationships provides useful information about how different regions are structured, exchange information and work together. For example, in Victoria two regions were found to differ markedly in the centralisation of information dissemination. This information is presented in network diagrams that visually depict the relationships in a region. Networks may also be compared numerically on a number of measures as has been done in two regions of Western Australia, or examined in terms of their ‘production’ value nets, as has been done in the Hunter region in New South Wales. Thus the projects provide an indication of the diversity of approaches and results possible through using an organisation network analysis method.

This report also provides recommendations on further research to combine the three different approaches to measuring network structure into a best practice methodology. This would use the theoretical approach of the value net combined with the data collection processes exemplified in the Victoria and New South Wales study. Based on this, the report also recommends that a survey kit be developed by the STCRC. It is thought that a market for such a kit may exist but there is a need for further investigation in order to test the size of this market.

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The Sustainable Tourism Cooperative Research Centre, and Australian Government initiative, funded this research.

The overall project was coordinated by Professor Chris Cooper and Dr Noel Scott and was based on three separate project components, each conducted in a separate state with distinct authors and sponsors.

In Western Australia, the work was conducted by Dr Christof Pforr, with expertise and assistance from the Western Australian Tourism Commission.

In New South Wales, the work was conducted by Dr Roger March, with expertise and assistance from Tourism New South Wales and in particular Lawrence Franklin.

In Victoria, the work was conducted by Dr Noel Scott, with expertise and assistance from the Tourism Victoria and in particular Campbell Gome and Paul Albone.

Thanks go to doctoral candidates Giuseppe Marzana and Phillip Boksberger of the University of Queensland School of Tourism and Leisure Management, who helped collect the data and perform some of the analysis and reporting for this study.
SUMMARY

The overall study that is reported here examined the organisational structure of the tourism sector. Tourism is a sector of the economy that involves networks or organisations working together. This network of State Tourism Organisation-Sectoral Organisation-Regional Tourism Organisation-Tourism Operator interaction works better in some regions than others. This study aimed to increase the efficiency of the tourism network in regions of Australia by understanding the characteristics of the tourism stakeholders and their relationships.

The project involved three Universities working with regional and state tourism organisations to map the organisational structure of tourism in three states and five regions of Australia, and to provide recommendations on how to improve the efficiency of such inter-relationships. Each University worked with a State Tourism Organisation to identify a tourism sector-relevant ‘problem’ where the organisation of, and structural relationships between, tourism stakeholders were of concern. The common intellectual approach taken in the three project components discussed here is derived from the structural perspective on inter-organisational relationships and is broadly aligned to social network analysis.

One of the strengths of this report is that three different approaches were used to study these problems. This report summarises and draws conclusions from these three separate state-based project components, which are outlined in the following chapters. It provides a synthesis of the similarity and differences in the characteristics of the tourism stakeholders and their relationships found in the three project components.

Objectives of the Study

The overall objectives are:

1. To develop a framework for mapping and classifying the Australian tourism industry in terms of stakeholders, their numbers, type and distribution;
2. To develop a ‘kit’ or ‘package’ providing a method for analysis of the network of relationships between these stakeholders, identifying points of strength and weakness in the network;
3. To develop a recommended strategy for optimising the network, communications between stakeholders and thus the more efficient functioning of the tourism sector in Australia.

Methodology

This section provides an overview of the different methodologies used in the three studies. Although, each State’s research has a different approach to the understanding of how their tourism system works, all reports share the same structural perspective on inter-organisational relationships.

New South Wales report

The New South Wales report is a qualitative study and involved face-to-face interviews with 14 respondents. The interviews were conducted by a not homogeneous set of interviewers. Previous reports were also considered in order to gather background information about the region.

The Hunter region was selected as the case study for the perceived success of the region, defined in terms of:

- Relatively strong infrastructure investment;
- Coordination amongst tourism stakeholders regarded as effective and efficient;
- Strong involvement of the private sector with the Regional Tourism Organisation.

Victorian report

The study about the structure of the tourism sector in Victoria was articulated in two stages. It used both qualitative as well as quantitative methods.

Part 1 was based on sixteen face-to-face interviews. The total population studied included twenty-six organisations and as a result only just over half of the interviews proposed were achieved.

The interviews were conducted with the assistance of a formal interview protocol. The interview protocol contemplated two types of questions: open-ended questions, which had the objective to generate qualitative data, and structured questions that measured respondents’ preferences on a Likert scale.

Each of the respondents in the study was asked to identify their relationships with other stakeholders in the region. For each relationship, the importance to regional tourism and the power and skills of the other organisation were also identified. The relationship was examined based on contact for coordination and marketing

...
Part 2 was conducted by telephone. The findings are based on 105 interviews. The sample was taken from three shires (Bright n=36, Wangaratta n=30, Geelong-Otway n=39). Telephone calls were made to operators chosen at random from all members.

A standard protocol was developed and used in the telephone interviews to examine the relationships between organisations. In order to develop the standard protocol for the interviews, the researchers visited the three shires and had discussions with tourism managers in each shire. Responses were coded and analysed using UCINET 6.0 (Borgatti, Everett & Freeman 1999) in Parts 1 and 2.

**Western Australian report**

The report is based on quantitative data. A detailed background analysis (documents, news items; interviews etc) provided a list of 50 stakeholders perceived to be relevant to the new combined tourism region.

A survey was sent to each stakeholder by mail in October 2004. The survey contained five questions and all participants were given the list of 50 stakeholders identified up to that point and asked to add any important stakeholder(s) they felt should also have been included in the list. A standardised questionnaire was used to investigate the relational configurations between the identified stakeholders. The response rate for the survey was 68% (34 returned questionnaires).

The survey questions were constructed with the objective of gathering data relating to factors such as influence reputation, collaboration activity and participation in information exchange. These factors can be used to test for ‘mutual relevance’, that is, the extent to which “actors take each other into account in their actions” (Schneider & Werle 1991). Results were analysed using UCINET 6.0 (Borgatti, Everett & Freeman 1999).

**Key Findings**

**Network Characteristics**

In light of three different research questions, the findings of the three reports provide information about different characteristics of the networks under analysis.

- The New South Wales report introduces the concept of net values;
- The Victorian reports analyse problems among stakeholders and look at how the tourism system is structured in three different shires in order to predict an efficient way of organising around an RTO; and
- The Western Australian report looks in detail at how sub-networks change and how information and power relationships determine the structure of them.

**Discussion**

The three studies are based on the structural perspective of inter-organisational relationships. From different levels of aggregation, the research findings show both the complexity of the tourism system as well as the influence of the components of the system in the dynamics and performance of the system itself.

From a methodological point of view, the Victorian study seems to be innovative: it links stakeholders’ analysis to social networks analysis. The dimensions of importance, skills and power which are tested in the study provide an interesting framework for understanding the relationship among regional sector organisations in order to explain how the network of relationships is structured.

The Western Australian study was performed in a time of reengineering. It is interesting to understand the outcomes of a dramatic decision as the new territorial organisation of a tourism region. It also provides a meticulously detailed methodology to analyse sub-groups which are formed within broader networks. It is important to notice that power is also tested in the Western Australian study under the concept of influence reputation. However, the Victorian study refers to power in relation to a single stakeholder whereas the Western Australian study is more concerned in determining the influence reputation within the network.

Finally, the New South Wales study provides a way of describing tourism in terms of clusters and value chain, an analogy that could help to interpret the tourism phenomena within the transaction cost framework.

**Future Actions**

There are clear differences in the organisation and structure of tourism in different regions of Australia, which is most notable in the Victorian study. The Great Ocean Road region appears to have a more centralised structure compared to the other Victorian region studied. Further, this appears to have some relationship to the perceived performance of the Great Ocean Road region. However this conclusion requires further study.
The findings of this research indicate that the techniques used have value in describing and diagnosing the structure of tourism organisation in Australia. It is recommended that the STCRC further develop the techniques used here in order to provide a commercial kit.

The three reports are based on use of social network theory and analysis using commercially available computer software. The ability to incorporate these tools in a kit requires examination. This may restrict the type of kit offered.

The actual method of data collection differs across the three studies but a best practice study may be developed from these findings. It would be suggested that this be further tested before use in a kit. The actual method of data collection is considered to be transferable to an Internet-based form, although it would require tailoring in each case.

Based on these results, the possibility of a network analysis kit of some type warrants further analysis.

Future research could:

• Identify the size and characteristics of a specific market for a commercial kit. It is thought that a market for such a kit exists but there is a need for further investigation in order to test the size of this market.

• Reinforce techniques and develop commercial kit. This report provides an overview of three different studies of the structure of the Australian tourism industry. The studies were performed simultaneously, with the researchers framing their research questions in the way they considered appropriate. However, the findings of the research represent a snapshot of the structure of the Australian tourism industry.

• Develop a network analysis kit or package. The findings of the three reports indicate that opportunities for developments of a kit or package exist. Firstly, there appears to be a market for such a kit given that findings for three regions of Victoria have been of interest to the corresponding State Tourism Office. However, the price sensitivity of such a kit has not been examined in this report.
Chapter 1

ANALYSING INTERRELATIONSHIPS IN THE TOURISM INDUSTRY: A COMPARATIVE METHODOLOGY

Introduction

The overall project that is reported here involved three Australian universities working with regional and state tourism organisations to map the organisational structure of regional tourism in Australia, and to provide recommendations on how to improve the efficiency of such inter-relationships in the tourism industry. The project was funded by the Sustainable Tourism Cooperative Research Centre (STCRC). Each university worked with a state tourism organisation to identify a tourism industry relevant ‘problem’ or area of investigation where organisation and the structural relationships between tourism stakeholders were involved and of concern.

This report summarises and draws conclusions from these three separate state-based project components. It provides a synthesis of the characteristics of the tourism stakeholders and their relationships found in these three project components, and offers recommendations for evaluating the effectiveness of inter-organisational relationships in other regional tourism areas. Each of the three projects on which this summary and analysis is based are provided in the later chapters of this report.

The common intellectual approach taken in the three project components discussed here is derived from the structural perspective of inter-organisational relationships, and is broadly aligned to social network analysis.

Definition of Stakeholders and Research Objectives

The purpose of this section is to understand the theoretical underpinnings of the definition of boundaries in social network analysis and to relate the boundary definition to the different research questions addressed by the projects.

The New South Wales project (Chapter 2) identifies a central authority – Tourism NSW – in order to define the boundaries of the network. This approach (Farazmand 1999; Gissendanner 2003; Hughes, John & Sasse 2002; Laumann & Pappi 1973) has the underlying assumption that community leaders provide at least an initial set of actors. This initial set of actors is then complemented in the study by using snowball techniques (Goodman 1961) with the objective of understanding different perspectives on the tourism industry.

The actors analysed in the study were

- Accommodation suppliers (B&Bs and resorts like Eaglereach and Cyprus Lakes)
- Tourist attractions (e.g. Barrington Tops, Hunter Valley Gardens)
- Wineries (McWilliams)
- Transport operators
- Government non-tourism organisations (local government associations (LGAs), HV Ec Dev Auth)
- Government tourism organisations (Tourism New South Wales, regional and local tourism organisations)
- Trade and industry associations (wine industry organisations)
- Travel intermediaries (wholesalers and inbound tourism operators)

The New South Wales study used aggregate groups of organisations as the units of analysis. Rather than examining the individual relationships, the report provides a summary of the overall relationships between various groups of industry stakeholders.

The Victorian component of the project (Chapter 3), as mentioned previously, had two parts. The first examined sectoral organisations while the second examined these organisations and their relationships to regional tourism organisations.

The definition of the set of actors in the first part of the Victorian report was also provided by the local tourism authority, Tourism Victoria. The research question addressed in this part of the Victorian report was related to the determination of the nature of the relationship within sector organisations. The authors were concerned in including, within the set of actors, organisations “extremely diverse in their characteristics” (see Chapter 3) and the entities involved in the research were meant to be a fair representation of different sectors involved in tourism in Victoria.

The second part of the Victorian project moves the focus of the research from the perspective of inter-organisational relationships to the more specific interaction between coordinating organisations such as regional tourism organisations (RTOs), sectoral organisations (e.g. Australian Hotel Association) and individual business
operators. The objective of this part of the report is the understanding of intra- and interregional relationships between operators and coordinating organisations such as Regional Tourism Organisations and sectoral organisations.

The Victorian study therefore looked at relationships among:
- State-level sectoral organisations;
- Tourism organisations in two tourism regions; and
- Regional tourism organisations and State-level sectoral organisations.

Intraregional relationships occur between organisations within a region. Interregional relationships occur across regional boundaries between organisations in different regions and at different levels, such as between regional and state sectoral organisations. Therefore, the nature of the study required that the boundaries of the network analysed be defined in terms of geographically or administratively delimited actors. For this purpose two tourism regions were selected within Victoria. The regions were selected in order to allow a comparison between a well-known region (Great Ocean Road) and a developing region (Legends Wine and High Country).

From the Legends Wine and High Country region, two shires were selected: Bright and Wangaratta.

The organisations considered in the study were involved in the following activities:
- Business support services such as training, business advice especially related to occupational health and safety issues, employee salaries and conditions, representation to Government on policy issues and other member services;
- Sector marketing and promotion where an organisation may seek to promote recreational boating, business-related conferences, B&Bs and farmstays;
- Commercial activities that provide economies of scale; and
- Specific projects, which might include specific publications, events, or representation on committees.

The level of aggregation adopted by the Victorian study differs from the level of aggregation considered for New South Wales. The Victorian project, instead of observing the interaction among stakeholders from a macro perspective, considers the meso structure of the system (House, Thomas-Hunt & Rousseau 1995) to understand the interaction between the various components of the tourism system (Mill & Morrison 1992).

Although the New South Wales and Victorian studies deal with different research questions, both relied on the Regional Tourism Organisation to initially define the set of actors in the network under analysis. The Western Australian set of actors was built using a different perspective. The research question addressed in Western Australia examined the effectiveness of the communication among stakeholders. In particular, the research question was concerned with a reorganisation of the tourism regions of Western Australia, where the former eleven tourism regions were merged into five new tourism zones. For this purpose, the identification of stakeholders was initially based on a desk review and detailed background analysis (Chapter 4). This was added to by the stakeholders themselves, who were asked to identify any other actor they might have considered relevant to the study.

The unit of analysis used for the Western Australia study (Chapter 4) was the same as that used for the Victorian study, that is, the organisation

**Stakeholder analysis**

The Victorian study sought to characterise stakeholders based on the literature of stakeholder theory. A stakeholder analysis seeks to differentiate stakeholders on the basis of attributes and criteria appropriate to the specific situation. These may include:
- The relative power and interest of each stakeholder (Freeman 1984, p.64);
- The importance and influence they have (Grimble & Wellard 1997);
- The multiple ‘hats’ they wear; and
- The networks and coalitions to which they belong (Freeman & Gilbert 1987).

Stakeholder identification and ranking (Mitchell, Agle & Wood 1997; Ravnborg & Westermann 2002) plays an important role in the domain of tourism. In fact, the Victorian study analyses the relationships in the network beyond the properties of the network. The first part of the chapter is devoted not only to the identification of the stakeholders but also to the understanding of the relative importance on each stakeholder in Victoria. The dimensions along which Victorian stakeholders were ranked include: importance, skills and power. Each of these dimensions was investigated using the following questions:
- **Importance:** How important is this organisation to tourism in Victoria?
- **Skills:** To what extent do you believe that this organisation has a lot of skills and knowledge to contribute to tourism in Victoria?
- **Power:** How influential would you say this organisation is at getting things done for tourism in Victoria?

The stakeholder analysis is a unique feature of the Victorian study. Neither the New South Wales nor the Western Australian studies are concerned with the individual characteristics of the participants to the creation of tourism in their region of study. In terms of the methodology used for the identification of the characteristics of
stakeholders, the Victorian project relied on face-to-face structured interviews to assess the stakeholder characteristics mentioned above.

Relational content

After defining the boundaries and choosing the set of actors, a network analysis requires that the researcher identifies which kind of relationships have to be measured within the network in order to address the research question. The relational content can be defined as the linkages to be investigated (Knoke & Kuklinski 1991) or the ties that relate to at least one pair of actors (Wasserman & Faust 1994).

The Western Australian study’s approach to the characterisation of the relational content was to define it beforehand. The three ties among organisations that were employed in the network analysis were:

- **Influence reputation**: the perceived relative capacity of each actor to influence the establishment and day-to-day operations of the Australia’s South West (ASW).
- **Collaboration**: working together in a formal way (e.g. exchange of knowledge via meetings, seminars, workshops, sharing of resources).
- **Communication network**: exchange of information in terms of information received as well as information sent between a pair of stakeholders in ASW (e.g. via telephone conversations, letters, emails, flyers, advertising).

The Victorian study took a more exploratory approach to the definition of the relational content. This was reflected in the design of the research that allowed every respondent to indicate the reason and the frequency of the interaction with other stakeholder.

The New South Wales study defined the relational content as complementor relations. The emphasis was on the economic exchanges (positive in terms of collaboration, negative in terms of competition) that exist among the set of actors. During the study, links among and with wineries, other tourism operators and facilities, local hotels and accommodation providers, local restaurants, local arts and crafts, local industry and producers, local community and events inside and outside the region were observed. Although these links were identified, they were not formally conceptualised as relational content.
Chapter 2

NEW SOUTH WALES STUDY

Roger March and Ian Wilkinson, University of New South Wales

Introduction
Tourism is an industry that involves networks or organisations working together. This is particularly true in regional areas, where the dependence on successful tourism marketing and management by local communities, businesses and individuals is arguably far greater than for their counterparts in the large commercial, metropolitan areas of Australia. At the regional level, a primary tourism network is the nexus between state tourism organisation, each regional tourism organisation and tourism operators. This network works more efficiently and effectively in some regions than others.

This chapter looks at New South Wales; conceptualising the characteristics of the tourism stakeholders and their relationships, and offering recommendations for applying the developed template to evaluate the effectiveness of inter-organisational relationships in other regional tourism areas.

Methodology
After consultation with Tourism New South Wales, the researchers selected the Hunter Region (hereafter ‘the Region’) as the first case-study. This decision was based on the perceived success of the region: infrastructure investment is relatively strong, and coordination amongst tourism stakeholders is regarded as effective and efficient; in particular there was strong involvement of the private sector with the regional tourism organisation, the Hunter Regional Tourism Organisation. A list of key actors involved in the tourism industry in the Region were requested from and supplied by Tourism New South Wales.

Interviews were conducted with fourteen respondents. Most interviews were one-on-one; although on several occasions two respondents were interviewed together (e.g. the general managers of two resorts and the head of the regional tourism organisation were interviewed together). All interviews were taped (provided permission was received) and transcribed.

The interviews proceeded in a series of three main waves in July and August 2004, starting with the original list and then including other actors. Interviews were conducted by the two authors; some were conducted with Associate Professor Young from UTS also present. Snowballing techniques were used whereby at the completion of each interview, the respondents were asked to provide any other contacts for the researchers to interview that were likely to have different perspectives on the tourism industry or play different roles that had not been included in the original list of contacts. In so doing, different wineries (in terms of their scale and involvement in tourism) were added, as well as local tourism officers from in local tourism associations. All interviews were recorded, transcribed and analysed in order to identify the themes and issues to be elucidated in this report. Access was also granted to the draft marketing plan for the Hunter Region prepared by Calais Consulting. This provided useful background statistics and also served as another source for identifying issues and improving the researchers’ understanding.

One caveat must be acknowledged at this point. The researchers do not claim to have interviewed a representative sample of participants. Indeed, in the course of the interviews a number of other potentially valuable individuals and organisations were identified for future interviews. Notwithstanding this limitation, the research has identified the main issues and characteristics of the tourism industry in the region and informed the development of an analytical framework that can identify potentially important contextual factors that impact on the structure, operation and performance of the tourism industry. This has led us to develop a method of characterising tourism regions in Australia, which will allow future researchers to select additional regions for analysis in a more systematic and productive manner.

Findings

Value Nets of the Main Types of Actors in the Regional Tourism Industry
There are several ways of classifying the main types of actors participating in the tourism value chain. First are the tourists themselves, who can be broadly categorised by purpose and origin, i.e. leisure or business,
international or domestic. Second are what may be termed the frontline tourism actors, who provide one or more of the main elements of the tourist experience. These can grouped roughly into those providing direct tourism products and services, which include resorts and attraction suppliers, event organisers, transport operators, accommodation and food and drink facilities; and those providing support services to tourists, which include information services (e.g. media, guide books and websites, as well as advice from travel agents) and travel agents who sell packages and assist in tour planning.

Frontline tourist actors interact with various types of other actors in carrying out their activities. These interactions may be depicted in terms of their value nets. Value nets involve four generic interaction types in which a focal tourist actor is involved: competitors whose outputs reduce the value of the focal actors output (other tourism actors, intra- and interregional competitors, indirect competitors); complementors who enhance the value of the focal actors outputs (other tourism actors, support services, government organisations, trade and industry organisations); suppliers (of materials, technology, labour, finance, services and other component inputs); and clients (channel intermediaries linking a tourism operator with actual and potential tourists).

Interactions and relations also exist among these four types of actors, as well as with the focal tourist actor, which can enhance and constrain interactions with the focal actor. The following main actors in the tourist industry in the region were examined in terms of their value nets.

- Accommodation suppliers (B&Bs and resorts like Eaglereach and Cyprus Lakes)
- Tourist attractions (e.g. Barrington Tops, Hunter Valley Gardens)
- Wineries (McWilliams)
- Transport operators
- Government non-tourism organisations (local government associations (LGAs), HV Ec Dev Auth)
- Government tourism organisations (Tourism New South Wales, regional and local tourism organisations)
- Trade and industry associations (wine industry organisations)
- Travel intermediaries (wholesalers and inbound tourism operators)

**The Regional Context**

Tourism regions are defined by government and are administrative regions designed to reflect different types of local industry clusters of tourism-related activities and experiences. The regional context refers to the external, internal and historical situation of a tourism region that impact on the demand and supply of tourism facilities and experiences in the region. We consider each in turn.

While the administrative boundaries may be clear, from the perspective of tourism operators, industry and tourists – in particular – the boundaries are much fuzzier. Operators are likely to be part of the value chains and complementary and competitive networks of tourism experience providers that cut across regions and even States and nations. From a tourist’s perspective, administrative boundaries mean nothing; he or she cares only for what contributes or detracts from the tourism experience.

The proximity of the Hunter region to Sydney influences the number and types of tourists entering the region, including domestic and international travellers drawn to Sydney for leisure and business purposes. The north-eastern perimeter of the Hunter is a gateway from Sydney to the Northern New South Wales coastal resorts, to inland New South Wales, and further afield to Queensland. Lastly, the development of direct domestic and international flights into Newcastle Airport is changing the psychic boundary of the region, creating opportunities and threats as airport management seeks to tap into new market segments while, at the same time, opening up opportunities for destinations outside the Hunter.

As can be seen in Map 1, the region is characterised by a great diversity of tourist experiences. These vary from wine tourism around Cessnock and Pokolbin, for which the region is well-known, to nature-based experiences such as the Barrington Tops, horse riding and rearing (e.g. Scone), beach and coastal resorts (e.g. Port Stephens area), lakes and water sports (e.g. Lake Macquarie), and national heritage and city experiences (e.g. Newcastle and cruises). This diversity, as we shall see, presents challenges in coordinating and integrating regional promotion campaigns and marketing strategies. This is further exacerbated by the division of the region into twelve Local Government Areas (LGAs), each with its own tourist operations, experiences and ambitions. A conundrum of the Hunter region is that, despite the diversity of tourism experiences available, the overwhelming and dominating image of the region is ‘wine’ (as evidenced in research undertaken by the Hunter Economic Development Corporation). It was the consumer’s perception of the Hunter being about wine which led the Port Stephens Council to formally withdraw from the Hunter Tourist Region and align itself with the Mid North Coast tourism region. In contrast, the tourist area of Gloucester, located on the northern inland boundary of the region, and which includes part of the Barrington Tops, joined the Hunter Region because of the perceived closer tourist experience ‘fit’ with the Hunter Region.
The Hunter Region has a long history, which is reflected in the maturity of some industry sectors, its local heritage sites, and the existence of strong local affiliations and social structures. These can be a source of both strength and weakness in terms of tourism development. The Hunter Wine District is well-established and comprises some long-established operators and families, including some who are hostile to recent developments in tourism that detract from the more traditional wine focus. The strength of history and identification with the region is reflected also in the response to crises such as the 1989 earthquake and the closure of the BHP complex in Newcastle. Responding to these events has in part resulted in the formation of stronger partnerships and cooperation among key stakeholders in the region. Such heightened community resolve can be a valuable resource, as was seen in the response to the devastating cyclone damage to Gold Coast beaches in 1967 which led to a new, more cooperative relationship among local stakeholders.

In recent years, there has also been an influx of new players into the region, in particular into tourism and the service industry in general, where ease of entry has led to a growth in the number of small operators such as B&Bs, boutique wineries, restaurants and attractions (e.g., hot-air ballooning). Large-scale investment in tourism-related facilities is taking place, including hotels and accommodation (e.g., Crown Plaza and The Vintage development in Cessnock, French Village in Maitland), resorts (e.g., Eaglereach Nature Resort) and major attractions (e.g., Hunter Valley Gardens and the Honeysuckle Development in Newcastle).

Ironically, as new entrants have appeared in the region, tourism demand has been falling. Visitation to the Hunter region has declined in recent years in the key domestic market. While international visitation grew steadily from 1999-2002, in 2003 growth dipped by 9% (Travel in Australia 2003). The number of domestic visitor nights in 2003 was 5.3 million (op.cit.). The Hunter is primarily a short-stay, weekend market, with the exception of the coastal areas around Port Stephens, which attracts more annual holidaymakers. Tourist demand patterns reflect the types of tourists attracted, with distinct seasonal patterns and weekly cycles. Visitors to the region can be categorised as follows:

<table>
<thead>
<tr>
<th>Weddings</th>
<th>Events-related</th>
<th>Wine and food</th>
<th>Camping</th>
<th>Heritage-based</th>
<th>Weekends away</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day-trippers</td>
<td>Nature-based</td>
<td>Conferences</td>
<td>Business visitors</td>
<td>Bus tour groups</td>
<td>Visiting friends and relatives</td>
</tr>
<tr>
<td>Beach and water sports</td>
<td>Gay and lesbian</td>
<td>Annual holidays</td>
<td>Travel through market</td>
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</tr>
</tbody>
</table>

The maturity and history of the region is reflected in the changing industry mix in the region. The industries that have dominated the region are related to farming, mining, steel production and shipping. But, apart from wine, each of these industries is in decline for various reasons. Tourism is seen as an important potential source of future income, employment and economic growth, and this is not an easy transition for many communities and industries.
The challenges facing the region and the changing mix of industries and opportunities appear to be associated with a changing mix of people playing an important role in the region. A younger generation is slowly taking over from the long-established leaders of industry, such as in the wine industry. They have different attitudes and educational backgrounds and perhaps are more prepared to face up to and address the changing problems and issues confronting the region. Some of these are the sons and daughters of the previous generation, but others are newcomers associated with new investments, changes in ownership and changing government organisation. These newcomers bring with them experience of other regions and personal and professional networks that can be important resources for the region.

These new personalities may represent the future of the region, but they are still at an early stage of engagement and are still wrestling with older loyalties, practices and attitudes. One example of the changes taking place is the commissioning of a major strategic research and planning document by the regional tourist organisation, which is under new leadership. The draft plan calls for significant realigning of priorities and targets in order to make the region more market-oriented and responsive to challenges and opportunities. The extent to which this plan is accepted and implemented will depend to a large extent on the way different sectors of industry and different regions are able to collaborate and coordinate their activities and resources more effectively.

The Value Nets of Tourism Facility Operators

1) Focal Organisations and Internal Relations

Tourism operators include many different types of organisations involved in creating and delivering services such as resorts, accommodation, transport, food & beverage and other amenities. Among these operators, three differentiating elements emerged from our research.

The first is the degree of supply differentiation in the region. Organisations are involved in providing often markedly different tourist experiences and this is an underlying source of tension and coordination problems. This diversity is in part, but not totally, geographically-based, in that different parts of the region have natural and/or man-made differences that are associated with the production of different types of experiences. These include: (a) the wine producing area around Cessnock and Pokolbin (which the Hunter is traditionally associated with and known both domestically and internationally); (b) the nature-based experiences associated with the Barrington Tops and the flora and fauna of the Upper Hunter; (c) the beach and water-oriented coastal areas and lakes; (d) the Newcastle City experience and heritage areas; and e) the horse industry in the Scone area (a destination for special interest international and domestic tourists). Moreover, within each area there are differentiated offerings, that both add to the attractiveness of a region but which also cause conflicts among various operators, e.g. in the main wine producing area.

A second distinction is between wine and non-wine tourism, which is related to the first distinction but which is more than this. As mentioned earlier, wine is the overwhelming image of the Hunter Valley, and wine tourism is an integral part of the business of the area, with boutique wineries having developed in many districts. But the business model of the traditional winery is to produce wine for commercial gain, not to offer an ephemeral tourism experience, however defined and interpreted. For modern wineries, the core product may well be wine tourism rather than the wine itself. In this way, the importance of wine tourism varies considerably, both economically and psychologically, among wineries. For example, it is claimed that only one major winery advertises regularly in mainstream tourist magazines.

There is potential conflict between operators in the serious wine tourism market and operators targeting other types of tourists, particularly in major wine growing areas. Conflicts arise in relations between wineries, between wineries and other tourism operators, and between sub-regions of the Hunter. Recent ownership changes for some wineries that have moved the headquarters out of the region to South Australia have also affected the levels of commitment and involvement in the region of some major wineries. This has also affected their wine tourism activities in the region and their relations with other operators. The issue is strongly felt by many of the wineries and is seen to be reflected in declining cellar door sales in recent years. This has also led to a recent meeting of wineries under the auspices of the Hunter Vineyard Association, at which the issue was discussed and various actions were considered, including research into the issue and the formation of a wine tourism marketing group separate from the existing tourism organisation. There have been similar attempts to form breakaway groups of wineries in the past.

The third important distinction is between large and small operators. The barriers to entry are low in many areas and there has been a growth in small operators in the B&B and boutique winery sectors. This creates tensions due to different levels of managerial expertise, time horizons, and commitment to the region and tourism industry. The smaller firms are likely to be less sophisticated operators, inclined to rely more on local tourist organisations and to be more parochial and tactical in their demands regarding contribution to and use of funds.

Internal and external issues affect operators in their ability to serve and respond to tourism demands and to create valued tourism experiences. In a service industry like tourism, many employees are part-time marketers in
that they directly interact with tourists and are involved in many ‘moments of truth’ in which positive or negative experiences can be created that affect satisfaction. Tourists tend to expect employees to have thorough local knowledge and be helpful in response to questions, not only about the services offered by their organisation but also by others in the local community. For large operators, creating and sustaining the right attitudes and knowledge base among employees is a significant issue, especially when there tends to be a high turnover of staff due the itinerant nature of the industry. Thus regular briefing sessions may be held in which new and old staff mix and share local knowledge and experiences. As one respondent described it: ‘We have 280 staff on the property and they meet and interact with guests and we run orientations each week with new and old staff, including the security guys who are on Friday and Saturday nights.’

2) Relations with Intermediate and Final Customers

These relations include those with inbound tour operators and travel agents outside the region, mainly in Sydney but also overseas. Direct links with these are maintained by large-scale operators, including overseas wholesalers in major markets such as Japan and Singapore. Otherwise, operators rely on the promotional efforts of local and regional tourist offices, travel fairs and sales missions organised at the State or National level. In developing and maintaining relations with inbound tour operators and overseas wholesalers, competition is intense. Operators attempt to bundle their product offering in an attractive manner to match the needs of wholesalers and their end-customers, and this requires the building in of appropriate incentives as well as the briefing and education of frontline personnel who change frequently. Links are also established with relevant interest groups and other organisations related to the tourism experiences being offered. For example, Hunter Valley Gardens is developing links with similar resorts overseas and with the International Gardeners Association.

Transport and tour operators are another type of intermediate customer, whether they are based in the region or not. At the same time these organisers are suppliers in that they move the tourists to the region and are complementors because they have the potential to add value to the tourism experience as part of the travel experience. The conference market is important for some operators and areas, such as the wine country, especially in balancing the uneven demand over the week. The ability to handle large conferences is limited in the region, but is growing, with several major resort developments underway. Direct links are maintained by some major operators (e.g. Eaglereach and Cypress Lakes) to Sydney Convention & Visitors Bureau but this is mostly handled via Tourism New South Wales, the regional and sometimes local tourist office (e.g. HV Wine Country) which coordinates the local components for different elements of a conference bid.

3) Supplier Relations

Tourism operators rely upon the inputs and activities of others to carry out their business, and this can involve important links with organisations located both in the region and outside of it. Like any firm they are part of value chains through which ‘value’, in this case referrals to tourism experiences and services, are created and delivered to intermediate and final customers. The value chains that serve different types of operators extend beyond the region and overlap with chains for other types of products and services. An operator’s position in these value chains and the kinds of direct and indirect relations it has with suppliers is an important determinant of their performance. Here we will focus on certain types of inputs that play an important role in generating and delivering value to tourists.

First, because tourism involves people travelling to and around the region, rather than the services being delivered to them, there are many types of local inputs used by a tourism operator that directly bear on the quality of tourism services. This includes local infrastructure such as utilities, roads, transport and communication services and information facilities. Given the significance of day-trippers and self-drive tourists in the region, many of these services can play an important role. One issue identified during our interviews was the quality of signage systems and maps to aid travellers in the region, viz. the poor quality and lack of availability of good maps for tourists covering relevant parts of the region and their lack of availability outside the region. This was in part attributed to parochial attitudes in some areas, which aimed at restricting travel information narrowly to ‘how to get there’ and ‘how to get around’ rather than how to link in with other areas.

Labour supply is a significant issue in the region, as the kinds of jobs created by tourism development do not always fit the existing population, especially as the region transitions from one pattern of industry to another. Hence the reliance on supply from outside the region for certain types of employees, such as in food and beverage, and the resulting itinerant nature of staff hiring in many sectors of tourism, not to mention the difficulty of keeping quality staff for long periods. As one manager commented: ‘Food and beverage is a nightmare everywhere; getting wait staff, chefs, house managers, who are often itinerant types.’

There was a mixed story with regard to education and training services related to tourism, which is obviously linked to the personnel issue. In the main, the links that exist are fairly patchy and of marginal importance, even though, as a manager of a large tourism operation argues: ‘No state tourism organisation works unless it is closely tied to a Graduate School of Tourism.’ Specialist training for the industry has developed with tourism and hospitality courses being available through TAFE, and there are several tourism and hospitality courses being offered by universities in or near the region. Student work experience programs and project work involving local operators exist, but relations with the local education industry appear to be underdeveloped. Yet
in some areas there is an oversupply of well-educated people wanting to enter the tourism industry; e.g. there were a very large number of applications for one position in one of the Hunter’s major tourist offices.

Transport operators are an important source of supply of tourists to the region. While a significant proportion of the tourist market in the region is self-drive (where tourists supply their own transport), there are other segments that use coach, train and plane services. Tourism operators have cooperated in setting up shuttle bus services (e.g. Cypress Lakes and Hunter Valley Gardens) and have also developed their own links with particular coach companies and tour operators to support their businesses (e.g. McWilliams Wineries and Hunter Valley Gardens). The expansion of Newcastle Airport with direct flights to other cities and overseas opens up other tourism operators and some tourism operators have linked in with the airport’s coordinated promotion campaigns, such as to the Melbourne market. Newcastle Airport offers potentially valuable links to numerous airlines, which could become important partners in regional development. Links with the airport take place primarily through the RTO, with some tourism offices involved in joint promotions.

Funding is another potentially important factor for operators to address to facilitate the development of their products and services and to develop their markets. Larger operators can apply for government grants and EMDG support and have done so, but most rely on additional funds provided by their local and regional tourism organisation in the form of promotional support.

Lastly, information is an important input into tourism operations, and this comes from research activities conducted by the operators themselves, by government agencies and by research agencies. The tourism offices in a region gather information from visitors and feed this back to members and, in some areas, cooperative research activities have been undertaken among members to research particular issues and to develop regular feedback systems. A successful example is in the wine country, where cellar door sales and accommodation and restaurant occupancy rates are monitored via collaborative submissions of records to a research agency. In other areas, such systems have been trialled but have not always been successful (Newcastle being one example). As already noted, the RTO recently commissioned a consulting firm to undertake a large-scale research and planning audit, which is now in the process of being digested by the region’s stakeholders.

4) Complementor Relations

Actual and potential complementarities among tourism operators exist because people seek a variety of tourism experiences within and after trips. Hence referrals to and from areas offering similar or related experiences in other regions occur, and tour operators include packages that involve more than one region. The pattern of tourist movements and demand within and between regions during a trip and over a sequence of trips may be an area for further research in order to identify key linkages among areas that could indicate opportunities for closer collaboration and communication.

Many types of organisations, both within the region and outside it, can play the role of complementors to tourism operators in the region. We have already mentioned transport and tour operators. More generally other tourism operators in and outside the local areas and the region overall can be important complementors in that they enhance the sum total of tourism experiences offered.

Examples of links which could be developed or contemplated in the Hunter include:

• among and with wineries;
• with other tourism operators and facilities;
• with local hotels and accommodation providers;
• with local restaurants;
• with local arts and crafts;
• with local industry and producers;
• with the local community; and
• with events inside and outside the region.

Relations among operators can facilitate or hinder the development of the bundle of experiences offered to visitors to the region. The relevance and strength of these particular relations is a function of physical proximity, type of tourism demand, and other links between the activities and experiences involved. For example, close relations exist between some wineries and local accommodation providers and restaurants, who recommend each other; different types of operators combine to complement the experiences of conference delegates during their stay in the region; wineries of a similar standard develop informal links to pass on serious wine tourists among themselves, to complete a package for a tour operator, or to add value and variety to a stay elsewhere in the region through day trips and short stay options. Potential and actual relations with operators outside the region also exist to even out demand fluctuations, add value and to coordinate a tourism experience.

One example is the links between accommodation providers in Sydney and the region. In Sydney, hotels have their peak demand during the week, whereas the peak demand in the Hunter region is on weekends, so attractive rates can be offered that can ease the demand load in Sydney and vice versa. Tourism operators in the Hunter region combine to create a package for a tour operator in Sydney that includes other regions such as the Blue Mountains and the wineries. The Hunter Valley Wine Country Office is promoting the Sydney, Wineries and Port Stephens triangle as an attractive bundle for international tourists.
Several examples exist of productive relations which have formed between local operators and industry in particular parts of the Hunter region. One example is the Gresford Wine Trail, which links local wineries, hotels and retailers. Another is nicely illustrated by the Essentially Barrington Brand that was developed by a group of firms in the Barrington area to jointly brand several types of local products and services in order to better coordinate their resources and to enhance each one’s appeal. These include local beef, fish, chickens, alpacas, wines etc that are featured at local restaurants and resorts, sold to tourists and marketed elsewhere.

Local community relations affect the general ambience and attitude to tourists in the region. In some parts there has been, and maybe still is, antagonism towards tourism, which was seen to cause problems rather than benefits, e.g. pollution, open gates, reduced parking, and increased prices. But by developing better community relations and positive attitudes, tourism can add to the quality of local living. Keeping the local community informed of developments and opportunities is part of this, as all members of the community are potentially part-time marketers because they interact with visitors and may be asked questions about local amenities. Thus, some tourism offices run information sessions for locals, including such things as announcing a new restaurant, and introducing a new chef to local accommodation providers.

Personal and professional networks play a valuable role in developing and maintaining relations among operators, suppliers, government and the community. These include local networks, which have developed over time from living in the area and, because the region has a long history of settlement, these local networks can be strong. The wine industry is one example with numerous long-established family operations. The owners and managers know each other well, they socialise and their families are linked. But not all relations are harmonious and some longstanding animosities evidently exist. These relations can help and hinder relations between operators and organisations such as between the Hunter Vineyard Association and Hunter Valley Wine Country Tourism.

Personal and professional relations established with organisations outside the region are also a valuable resource linking the region to new ideas and wider networks. For example newcomers to the region bring with them their networks, relations and prior experiences, which can lead to opportunities for themselves and others in the region. The appointment of senior managers and administrators from outside the region is an example of this kind of development.

An important complementor for small operators are the local government tourist offices that provide visitor centres, guides, maps, and representation at regional and other forums. Larger operators also maintain relations with these offices in order to be included in the local guides and to participate in joint promotion and marketing activities coordinated through regional and local tourist offices. One opportunity for closer coordination between tourist offices and operators that was suggested to us relates to the development of relations with the media and wholesalers, and in particular to the offering of familiarisation visits or ‘famils’. This can be a problem to organise and coordinate, as it relies on persuading local accommodation providers to contribute rooms. One way to regularise this is for each accommodation provider to agree on a yearly contribution of rooms and these are drawn on as required by the organiser (subject to availability).

Events are a potential source of cooperation among tourism operators, their suppliers, the local community and governments. The wineries have initiated and supported various events such as jazz and blues festivals, opera and pop concerts, which have involved cooperation among local organisations. They can also be a potential source of conflict with local councils because of the effects on the local environment and infrastructure. Other areas have annual events organised by the community which attract tourists to the region and involve sponsorship and collaboration among participants and local organisations; examples are the Steam Fest and the Maitland area jazz festivals. Depending on the type of event, different networks of suppliers and local organisations are involved, and these extend to cooperation with the organisers of similar events in other regions in terms of scheduling and exchange of advice and information. A new problem in regard to such events is the recent change to public liability insurance rates. This has forced some events to be taken over by local councils and tourist offices.

Finally, mega events such as the Olympics and the Rugby World Cup require coordinated action among operators, which is typically organised through regional and state government organisations such as State Development. Through such action, the region has benefited by providing training bases for some teams, which have resulted in subsequent visits as well as general promotion. The Rugby World Cup was seen as particularly valuable by some in the wine growing area because of the increased visitor traffic during the times between games, and because of the opportunities to host visits by influential business people who were in Australia for the Cup.

5) Competitor Relations

Complementors are also potential competitors as they compete for a share of the tourist dollars spent in the region. Nowhere is this more apparent than in the intertype competition between serious wine tourism and other types of tourism. Serious wine tourists are seen as those that visit only two to three wineries, tend to buy more by the case, stay at better accommodation and eat at better restaurants. A significant complaint from some in the wine industry is that there has been a decline in the number of serious wine tourists. This is attributed to various factors, including: competition from other types of attractions that are featured more prominently in brochures
and regional promotions; visitors for non-wine-related trips and events (e.g. weddings, ballooning and sightseeing) fill up the limited accommodation available, especially on weekends, thus limiting access to the region for serious wine tourists; and the declining image of the Hunter as a serious wine producing region compared to other areas, due to the lack of loyalty and featuring of local wines in the region’s restaurants and hotels, the absence of government subsidies and that wine labels for domestic consumption do not have to indicate where the grape was grown.

Wineries also face competition in the retail wine market. Wineries are restricted in the prices they can charge because of established distributor agreements, particular with regards to Sydney distributors. The growing importance of the major retail chains, Coles and Woolworths, in liquor distribution, has also impacted on the role and value of wine tourism. The low prices offered by these chains reduce the appeal of buying wine in the region and hence harm the economics of wine tourism. (This does not apply to the smaller wineries that rely on wine tourism and local or direct sales only).

Competition for government development funds exists in the Hunter Region across industry sectors. Though regional development bodies see tourism as an important source of growth and employment in the region, the industry has to compete with other industries that may involve larger investments, longer-term commitment and the provision of jobs that better match the existing skills base. Competition also exists between regions in terms of the amount and type of assistance demanded. Smaller, less-developed areas can perceive that most tourism funding flows to and favours the larger players and already established areas, whereas they are seen to need such assistance less. This is partly a reflection of the parochialism and tactical focus of small-scale operators.

Interregional competition is important for some sectors and areas. As already noted, wineries are concerned about the declining image of the Hunter as a serious wine region compared to Victoria, Western Australia and South Australia areas, and thus see themselves in competition with them. The opening up of more direct links with these areas via the development of services at Newcastle Airport creates both opportunities and threats regarding such interregional competition. Tourism operators involved in offering other types of experiences in the region also have interregional and even international competition. Thus nature-based tourism areas compete with nearby regions, as do the beach and water resort areas.

Local Tourist Associations and Organisations

1) Types of Organisations and Internal Relations

Local tourism associations and organisations vary in size, level of development, ownership and control. They are typically funded and operated primarily by local councils and have grown over time to be separate operations, even independent enterprises in some cases. Funding is also derived from members of the local tourism industry, fee-based activities and services including ticket agencies, booking agencies and events management, and from government funding accessed through the RTO and through applications to other government departments and funding bodies (e.g. heritage councils, State Development).

The two most sophisticated, non-government-funded tourism organisations in the Hunter Region are the Hunter Valley Wine Country Tourism (HVWCT) and Port Stephens Limited, which represent mature tourism regions with a number of large scale tourism operators. HVWCT is an independently-operated, membership-based organisation, with 550 members and $2.5M in annual income. Its board of directors is elected from individuals involved in the local tourism industry. Two councils are also members of the board and contribute funding. Port Stephens Ltd, with 300 members, is an offshoot of the Port Stephens Council, which itself owns four holiday parks and one resort, is part owner of Newcastle Airport and has a property portfolio worth $20M. Port Stephens is a coastal resort area that attracts longer-stay holiday makers, rather than day-trippers and international tourists. In 2002, Port Stephens Ltd decided to formally withdraw from the Hunter Tourism Region and align itself with the Mid North Coast Region, a move which triggered tension between the Port Stephens group and the Hunter RTO. The decision was made because Port Stephens regards itself as a seaside holiday destination in stark contrast to the powerful wine image of the Hunter. In short, there was little perceived value in associating itself with a brand whose main image had no relation to its own positioning.

Other tourist offices are funded mainly by and operate as part of local councils, although they have developed into more autonomous operating units in recent times due to the growth and increased attention being given to tourism in the region.

Local tourism associations operate visitor information centres, produce local guides featuring their members, and offer various types of additional services depending on the locale. These additional services include community information and dialogue sessions, facilities management and booking services, events management, participation in local and other tourism fairs and exhibitions, and development and maintenance of media relations. Specialist conference development and facilitation services are also provided by some, whilst maintaining links with relevant bodies, such as the Sydney Convention and Visitors Bureau and Tourism New South Wales. Local tourism associations also coordinate bids to host conferences and attract events. An effective relationship between the section in a tourism organisation responsible for conferences and those responsible for other types of tourism activity is critical, and changes have taken place in organisational structures in some
tourism organisations to ensure greater leveraging between these two areas. Tourism Newcastle, for example, in order to improve communication and coordination, integrated these two functions into one, rather than having them separate.

2) Clients
The main stakeholders of local tourism associations are their members and tourists. Tourism associations represent their members and this can be a source of conflict among members and between them and other tourism operators. These conflicts mainly reflect the industry divisions we have already noted, such as wine versus non-wine and large versus small operators. Tourism associations can assist in maintaining links with intermediate customers and intermediaries such as inbound tour operators and travel agents and act as a point of contact for the region. Information and expertise is in part provided through links with the regional tourism organisation and state development organisations.

3) Suppliers
Local tourism associations are managed by a mix of full-time staff and volunteers. The qualifications, skills and experience of the full-time staff vary (the recently commissioned consultant’s report for the region pointed to deficiencies in some skill areas, such as sales and marketing). Funding is provided by local councils and by members. Tourism associations often have different membership levels, typically based on a sliding fee scale. Because funding comes from the local tourist information office(s), associations are constrained in their ability to participate in broader, strategic-level promotion and marketing projects unless direct benefits can be shown to their region. This also affects the way they evaluate the value of RTO activities. Some links exist with education organisations in the form of work experience programs and extension programs, but generally these seem underdeveloped.

4) Complementors
Potential complementors include other tourism associations and organisations, the regional tourism organisation, local councils, government departments and other quasi-government organisations such as the Department of State and Regional Development, Austrade, the Heritage Council, Hunter Economics Development Corporation, local tourism operators, and the general community.

Neighbouring tourism associations maintain personal and professional links between each other as well as with the regional tourism organisation. A number of examples of productive collaboration among tourism associations emerged during our research. These collaborations stemmed from a variety of triggers. First, there has been a merger of councils in the Upper Hunter area and this has provided a platform for more cooperation and interaction. The crises of the Newcastle Earthquake and the closure of BHP steelworks also sparked closer cooperation among councils and other affected parties that is still in evidence today. The development of Newcastle Airport creates opportunities to consider additional market opportunities, both interstate and internationally and the Airport was able to facilitate a collaborative promotional campaign targeting the Melbourne market, although not without a struggle and the need to address local rivalries and antipathies. Local tourism associations with similar or linked tourism experiences may also cooperate to mutual advantage. For example, in the wine area, two councils support the one tourism organisation: the HVWCT. The Barrington Tops is a tourism destination with a significant profile locally and internationally which covers more than one local council area. As the result of a trial meeting and discussion including people from various local tourist associations, a more coordinated effort among associations in neighbouring council areas was forthcoming. By coming together they were able to form personal links and discover their common interests and concerns. This led to them identify opportunities for mutual gain through improved communication and coordination of activities, for example, development of a shared website. Staff exchanges are also contemplated among associations to facilitate mutual understanding and cooperation.

Relations with Tourism New South Wales are important to local tourism associations which are linked indirectly through the RTO. Some have direct links to facilitate communication and cooperation in some activities, such as conferences. Strong views tend to be held about relations with Tourism New South Wales, not all of which are positive. Tourism New South Wales is an important source of funding and assistance in promoting the region, but the diversity of the region makes it difficult to satisfy all local tourism associations in the region within the one program. This again reflects the extent of the parochialism of local interests that exists in much of the region. Programs which focus on a limited tourism-related theme or only on major attractions are likely to be criticised as not being relevant to other local interests. A more serious issue relates to the level of communication and understanding of local issues and contexts in planning regional programs, and even in the designation of the boundaries of the region. Thus examples were provided of well-meaning programs that were unproductive or even destructive in particular areas because they failed to take into account local conditions, for example, a farm homestays promotion campaign when many farmers were still anti-tourism.

5) Competitors
Other local tourism associations can be both competitors and complementors. The lack of cooperation and coordination among councils has been highlighted as a significant problem, inhibiting tourism development in
the region due to local rivalries over funding and perceived benefits. This rivalry in part reflects the boundaries established as the basis for funding. These tend to create and reinforce a local mindset rather than one linked to tourism experiences and services that may cut across these boundaries. As one respondent noted, ‘tourists do not care where local government boundaries are’.

Discussion and Conclusion

A tourism region is an example of a local industry cluster, which plays an important role in creating and delivering economic value and in shaping the evolution and adaptation of the region. The nature and quality of the individual actors, as well as their relations with others in the region, determines the performance of tourism in the region and how it responds to changing conditions. The tourism industry is not separate from other industries in the region, and can interact with them productively or destructively. See Figure 1 for a graphic representation of stakeholder relationships of the Hunter tourism industry.

How well is the tourism industry in the Hunter Region performing? The criteria used to measure performance may include the growth and mix of tourism in the region, its response to changing opportunities such as the new links provided by the upgrading of Newcastle Airport, and the volume of new investments coming into the region. There is a need to develop better metrics to gauge tourism activities, structure and performance, and to facilitate benchmarking and comparisons of different regions. One measure needed is the plotting and evaluation of the pattern of relations and interactions among actors in the tourism industry in the region, and their links to other industry sectors, and that is the quantitative aim of the present project. In terms of the growth dimension, certain areas of the Hunter Region are mature tourist destinations whose demand has plateaued or even declined.

In terms of business networks, an evolution of the business networks in the region is occurring as stakeholders respond to the effects of the past and the changing conditions in which they now operate. Much research has been undertaken into the nature and role of networks of relations in local industry clusters to examine how they function, how they affect the performance of firms in the region and how they adapt to changing conditions.

We need to develop and adapt these ideas to the tourist industry because it is clearly linked to a local area or region and depends on the actions, interactions, resources and skills of the organisations involved in creating and delivering tourism experiences in the region.

We have identified various sources of conflict and tension in the relations between those involved in a regional tourism industry. Such conflict is not necessarily bad, as it reflects the complexity and ongoing adaptation of an industry to changing circumstances. What matters is whether such conflicts can be managed productively and channelled into meaningful responses and learning, rather than into damaging turf wars and destructive responses. In the Hunter region a number of sources of conflict and tension exist:

- Wine sales versus tourism services
- Wine tourism vs. non-wine tourism
- Tourism vs. other industry development
- Geographic market focus vs. customer segment focus
- Among types of tourism experiences
- Among local government areas
- Among tourism associations for members
- Region vs. region
- Local vs. regional focus
- Community needs vs. tourism demand
- Region vs. state vs. Sydney
- Mature vs. developing areas
- Large vs. small operators

Recommendations and Future Actions

How we define a region is problematic, as our analysis of the Hunter region demonstrates. The region is defined in part for political purposes, and contains local government boundaries within it for further political division. These divisions do not necessarily fit with, and in many cases clearly conflict with, the logic of tourism experiences and associated supply chains. This is reflected in the conclusions of the recently commissioned consultant’s report and our own analysis. The industry clusters need to be defined more in terms of the types of customer value being generated and markets served, and in terms of the actual or potential synergies between elements of their supply chains.

Focusing on the local players and their actual and potential interactions and relations is only part of the challenge. There is also a need to identify key external linkages on the demand and supply side, in order to assess their strengths and weaknesses and to determine how best to develop and maintain them for the good of
the region. These external relations are part of the eyes and ears of industry in the region, and a means for them to learn and respond to existing circumstances.

At the outset of this chapter we argued that the relations between economic actors matter as much if not more than their individual characteristics in accounting for the behaviour and performance of an economic system such as a regional tourist industry. We have identified a number different types of collaborative relations that exist among the actors involved in tourism networks and the functions of such relations. Examples of some of the main motivations for the forming effective and efficient relations are as follows:

- Pooling expertise and resources to better access funds from government and others organisations;
- Joint promotion activities, e.g. guides, trade fair representation and advertisements;
- Lobbying activities;
- Supporting and organising local and regional events;
- Tourism service bundling, e.g. developing and promoting tourism packages and linked tourism experiences to domestic wholesalers, inbound tour operators, retail travel agents and consumers;
- Joint resource development, e.g. airports, bus and shuttle services, roads, websites, and maps;
- Market research, e.g. sales and occupancy rate monitoring;
- Liability insurance; and
- Wine and tourism marketing.

Several potential opportunities for enhanced collaboration have been identified as:

- Among LGAs;
- Among operators and tourism associations by type of tourism experience;
- Among neighbouring tourism associations;
- Among accommodation providers for famils;
- Leading operators and local produce providers;
- Joint development of transport services within and to the region;
- Developing more links with the horse industry in the Scone area;
- Developing complementary relations with organisations outside the region, e.g. Tourism New South Wales, and other local tourism associations; and
- With education and training organisations in the region, e.g. TAFE and universities.

Lastly, several future research opportunities are suggested by our research:

- Tourism regions as local industry clusters: mapping and explaining structural change and evolution;
- Comparative tourism region structure, conduct and performance;
- Evaluating the nature and performance of inter-organisational relations in tourism regions;
- Identifying means of identifying and facilitating productive collaborative activities in tourism; and
- Linking relationship and network dimensions of regions to behaviour and performance.
Chapter 3

VICTORIAN STUDY

Chris Cooper and Noel Scott, University of Queensland

Introduction

This chapter provides results of two case studies conducted in Victoria in 2004. Tourism is a significant sector of the Victorian economy and involves the coordination and integration of the efforts of numerous organisations. In particular, it involves interaction between sectoral organisations that represent groupings of commercial and public businesses formed for a number of purposes.

While much of tourism is privately operated, efficient integration of these individual, often small businesses, requires coordination. Numerous organisations have been established to fill this role. In particular for this study, it involves interaction between coordinating organisations such as regional tourism organisations (RTOs), sectoral organisations (e.g. Australian Hotel Association) and individual business operators.

The first study examines the organisational networks related to tourism in Victoria at State level across sectoral organisations. This network is examined from the perspective of the organisations themselves as well as from the viewpoint of regional tourism operators and managers. The aim of the case study is to determine the nature of the relationships within sectoral organisations, and between sectoral organisations and regional tourism operators.

A two-part research approach was adopted. Firstly, in-depth interviews were conducted with the representatives of identified State and sectoral organisations. A standard interview protocol was developed and used to examine the relationships between the sectoral organisations identified by Tourism Victoria and shown in Appendix A. The interview protocol for the in-depth surveys is shown in Appendix B.

Secondly, a survey examined the relations between operators and these sectoral organisations in two regions. The methodology adopted is based on the use of stakeholder theory and social network analysis techniques. This chapter examines only the results of the first stage of the research (in-depth interviews).

The second case study examined both intra- and interregional relationships between operators and coordinating organisations such as Regional Tourism Organisations and sectoral organisations. Intraregional relationships occur between organisations within a region. Interregional relationships occur across regional boundaries between organisations either in different regions, or between regional and state sectoral organisations.

The regions chosen for the study were the Great Ocean Road Region and the Legends Wine and High Country Region. These two tourism regions where chosen to allow comparison between a well-known region (Great Ocean Road) and a developing region (Legends Wine and High Country). Each tourism region is composed of a number of Local Government Shires. From the Great Ocean Road region, the Geelong-Otway Shire was selected for study and from the Legends Wine and High Country region, two shires were selected, Bright and Wangaratta.

Initially, all three shires were visited and discussions held with the tourism managers in each. Next, a standard interview protocol was developed and used to examine the relationships between organisations. The survey instrument used is shown in Appendix C. Telephone surveys were conducted with around 30 members of the Geelong Otway Tourism Association (in the Great Ocean Road Tourism Region), Wangaratta Tourism and Bright Tourism (in the Legends, Wine and High Country Region). Telephone calls were made to operators chosen at random from all members. Interviews took place over two days on 1 and 2 December. Each organisation was given a code number as shown in Appendix C.

Responses were coded and analysed using Ucinet 6.0 (Borgatti, Everett & Freeman 1999). This computer program visualises the network of relationships reported between organisations.

Case Study 1

This study is based on sixteen interviews with key tourism sector stakeholders. While it may be argued that this is not a statistically significant sample, this is not particularly relevant to the study conducted here. The study interviewed those organisations that represent sectors of tourism in Victoria and as such are key organisations.

Characteristics of organisations interviewed

The organisations interviewed were extremely diverse in their characteristics, and differ in their interest or role in tourism. Some larger organisations are employer associations recognised by Acts of Parliament (e.g.
Restaurant and Caterers Association). These organisations provide advice, policy representation (including Government lobbying) and other services on behalf of members (who include tourism-related organisations). Many of the organisations interviewed see tourism as only one of many sectors in which they are involved (e.g. Australian Hotels Association). Others are primarily manufacturer associations that make products such as boats or caravans used in leisure and recreation as well as the tourism sector. Museums may also be considered of this type but as producing a service product. There are also sector umbrella organisations which are primarily commercial in nature and with members from small businesses (Getaway Victoria).

The activities of the organisations related to tourism include:

- **Business support services** such as training, business advice especially related to occupational health and safety issues, employee salaries and conditions, representation to Government on policy issues and other members services. In this area accreditation activities are common;
- **Sector marketing and promotion** where an organisation may seek to promote recreational boating, business-related conferences; B&Bs and farmstays. Some organisations undertake these promotional activities on behalf of Tourism Victoria and have an MOU to govern these activities;
- **Commercial activities** that provide economies of scale (Getaway Victoria); and
- **Specific projects**, which might include specific publications, events, or representation on committees.

The organisations interviewed may also be distinguished by the origin of the end customer. For a number of organisations, the end customers are primarily Victorians and probably not overnight tourists, e.g. Clubs Victoria. Alternatively, some organisations represent businesses that target interstate or overseas visitors (ATEC – Victoria/Tasmania).

Other organisations are more broadly focused on tourism (e.g. Tourism Victoria, Tourism Alliance Victoria Ltd, Cultural Tourism Industry Group, Tourism Australia, ATEC – Victoria/Tasmania, Victorian Tourism Industry Council, Melbourne Convention & Marketing Bureau (MCVB), and TTF Australia). Interestingly, these organisations with a broad focus on tourism tended to be seen as more important stakeholders and more central to the stakeholder network, as will be shown in the next section.

Organisations generally rated tourism in Victoria as having the same or slightly more importance than other industries in Victoria depending on the region.

The problems and issues faced by the respondent organisations were a mixture of common and one-off problems. Problems expressed by more than one organisation include legitimacy of tourism and hence participation by members in tourism, and recognition of particular types of tourism-related products by government. This recognition was often seen as related to availability of funding. Another common issue was the facilitation of training and skills development. The ability of time-poor staff to participate in meetings was raised as an issue. Two organisations raised the poor pay and employment conditions of tourism employees as an issue. Finally, increased competition, both domestically and internationally, was noted.

The most common responses as to the levers available to influence the direction of tourism were political in nature. It was considered that lobbying ministers or Tourism Victoria was effective in changing policy. Cooperative promotions or festivals were seen as ways of influencing the consumer, as was working with other organisations. One other approach was to have a full-time CEO and organisational stability. For one smaller organisation, working with the community was seen as an important way of influencing the direction of tourism.

Interestingly, the majority of respondents felt that their organisation was not particularly influential in the tourism sector with only two respondents feeling their organisation was very influential.

**Stakeholder evaluation of relationships**

Each of the respondents was asked to identify their relationships with other stakeholders in the region. For each such relationship, the importance to tourism in the region and the power and skills of the other organisation were identified and ranked. The questions used to determine individual rankings are given below. These are perceptions only, but they are the perceptions of people who count.

- **Importance**: How important is this organisation to tourism in Victoria?
- **Skills**: To what extent do you believe that this organisation has a lot of skills and knowledge to contribute to tourism in Victoria?
- **Power**: How influential would you say this organisation is in getting things done in tourism in Victoria?

These rankings are summarised as an average score for each organisation. These average scores are provided below in Table 1, and have been used to provide an assessment of the relative importance of key stakeholders in the region. In order to provide some overall ranking, the average scores on the importance, skills and power, columns were added together in the total average score column (Total). The lower the total score, the more important the organisation. Thus, Tourism Alliance Victoria was ranked as the most important organisation overall by this method.

The number of respondents who gave an opinion of each organisation varies; this is listed in the column labelled *Count*. For the purposes of this analysis, those organisations which had a relationship with only one other organisation were excluded from the table given below. This method for ranking organisations has the
problem that some organisations are ranked highly by all their contacts, but they only have contact with a few organisations. These may be termed niche organisations. Alternatively, some organisations have a broad range of contacts, but some of these contacts view them as less important. To avoid confusion between niche and broadly-based organisations, they are distinguished in the following table. The cut-off used for a broadly-based organisation here is that the number of organisations ranking it is greater than five.

<table>
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<tr>
<th>Broadly-based organisations</th>
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<th>Skills</th>
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<table>
<thead>
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Common issues and organisational characteristics

During the interviews with stakeholders, a number of common issues and problems were noted and are shown in Table 2. Funding is an issue for many organisations, and this leads to problems in obtaining economies of scale. Funding appears to be a primary problem for newer organisations, although this may be because organisations with continuing funding problems do not last long.

Other common issues are:

- The ‘newness’ of the organisation is related to the lack of knowledge or integration with other tourism organisations. For a number of these organisations, there were perceptions that they were excluded from or unaware of tourism information.
Tourism is seen as only a part, sometimes even a minor part, of their core role and activities and in fact only a few of the organisations contacted had tourism marketing or sales as a core role. This indicates that many organisations do not actively seek to promote tourism activity, are engaged in primarily sectoral roles and do not see the ‘bigger picture’.

### Table 2: Common issues across organisations

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Code</th>
<th>Funding a problem</th>
<th>Integration with industry a problem</th>
<th>Organisation only partly involved in tourism</th>
<th>Tourism marketing/sales core business</th>
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</tbody>
</table>
Stakeholder perception of Tourism Victoria

There is a clear identification of the role of Tourism Victoria as the peak body in planning, marketing and promotion of tourism in Victoria. There were some comments that Tourism Victoria is perceived as somewhat paternalistic. Some organisations felt that they were not perceived by Tourism Victoria as part of the tourism sector.

Relationship to regional organisations

Few of the sectoral organisations had any links to regional tourism organisations. Some organisations had regional organisations of their own (e.g. AHA). Generally, where links existed between sectoral organisations and regional tourism organisations, this was limited to particular locations.

Stakeholder network analysis

The theoretical basis for this study is that the structure of relationships between organisations in a region is an important contributor to the efficiency of communication and decisions made. In the following figure, the location of individual organisations is determined by the number and nature of the links to other organisations. Organisations that have many links are found in a central location.

The central organisations identified by stakeholders include the Melbourne Convention and Visitors Bureau, Tourism Victoria, Service Skills Victoria, Tourism Alliance Victoria, Victorian Tourism Industry Council and VECCI.

Discussion and Conclusion

Over the past few years, there have been a number of organisational changes in Victoria related to tourism. These include the collapse of the Tourism Council Australia (TCA) nationally and in Victoria, the creation of the Tourism Alliance from VTOA and CTVC and the creation of the Victorian Tourism Industry Council (VTIC) in part through the intervention of Tourism Victoria.

These structural shocks appear to have created a new landscape where sectoral organisations are reassessing their roles and seeking guidance and new relationships. The longer-term picture in Victoria has been the growth of destination marketing in areas such as the Great Ocean Road and Melbourne. However, these destination initiatives require coordination across local government boundaries, a role that is not a well accepted by these organisations. This may in part explain the success of sectoral organisations where these types of organisations appear to be able to cross local government boundaries.

In Victoria, the focus on integration appears to be on product initiatives or skill enhancement provided by accreditation and quality improvement. One such product concentration is based on food and wine products. However, another focus is destination-based, focused on Melbourne and related to conventions and events.
There exists some evidence to suggest that the degree of integration of sectoral organisations in tourism is not well-developed, especially for new organisations. Respondents attributed this to the relative importance of intrastate and local tourism and recreation in Victoria, and the recent failure of Tourism Council Australia.

Case Study 2

This study is based on 105 interviews with tourism sector operators. The sample was taken from three shires (Bright n=36, Wangaratta n=30, Geelong-Otway n=39).

Characteristics of Organisations Interviewed

The types of organisations from which respondents were interviewed are provided below in Table 3. They were categorised to examine any distinctions in the type of operators interviewed in each shire. Table 3 illustrates that the proportion of organisations interviewed in each category is relatively consistent across regions in terms of the percentage of operators in each of six categories.

Table 3: Type of organisation for which respondents work

<table>
<thead>
<tr>
<th>Category</th>
<th>Total N=105</th>
<th>Total %</th>
<th>Bright %</th>
<th>Wangaratta %</th>
<th>Geelong %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td>53</td>
<td>50</td>
<td>56</td>
<td>43</td>
<td>51</td>
</tr>
<tr>
<td>Activity</td>
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<tr>
<td>Food and wine</td>
<td>21</td>
<td>20</td>
<td>22</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>Retail &amp; services</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>3</td>
<td>8</td>
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<tr>
<td>Transport</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>10</td>
<td>5</td>
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<tr>
<td>Other</td>
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<td>6</td>
<td>13</td>
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<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Stakeholder Relationships

In order to determine the relationships between organisations in each shire, stakeholders were asked, “With which organisations in this region do you make contact for planning and marketing purposes?”

The relationships reported by those interviewed were recorded individually. The total number of relationships is an indication of the density of interaction in the shire. In the Bright area, 136 relationships were recorded in total, while in Wangaratta, 93 were recorded, and in Geelong, 77. These relationships need to be analysed further in order to account for the differences in the number of respondents. This is shown in Tables 6 and 7.

Table 4: Relationships in each region by type of operator

<table>
<thead>
<tr>
<th>Category</th>
<th>Total n=</th>
<th>Total %</th>
<th>Bright %</th>
<th>Wangaratta %</th>
<th>Geelong %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
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<td>59</td>
<td>47</td>
<td>60</td>
</tr>
<tr>
<td>Activity</td>
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<td>Food and wine</td>
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<td>6</td>
<td>2</td>
<td>0</td>
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<td>8</td>
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<tr>
<td>Transport</td>
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<td>6</td>
<td>0</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
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<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
In Table 5, we can see that the number of contacts for planning and marketing purposes varies considerably between different categories of operators. Transport, food and wine, and accommodation operator groups had above average numbers of contacts.

**Table 5: Average number of relationships reported by category of operator**

<table>
<thead>
<tr>
<th>Category</th>
<th>Relationship number</th>
<th>Organisations</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
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<td>53</td>
<td>3.2</td>
</tr>
<tr>
<td>Activity</td>
<td>30</td>
<td>13</td>
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<td>Retail &amp; services</td>
<td>6</td>
<td>6</td>
<td>1.0</td>
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<td>3.8</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>7</td>
<td>1.4</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>105</td>
<td>2.9</td>
</tr>
</tbody>
</table>

In Table 6, we can see that the number of contacts for planning and marketing purposes is highest in the Shire of Bright and lowest in Geelong-Otway. This difference appears related to the structural characteristics of the networks given below.

**Table 6: Average number of relationships reported by type of region**

<table>
<thead>
<tr>
<th>Location</th>
<th>Relationship number</th>
<th>Organisations</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bright</td>
<td>136</td>
<td>36</td>
<td>3.8</td>
</tr>
<tr>
<td>Wangaratta</td>
<td>93</td>
<td>30</td>
<td>3.1</td>
</tr>
<tr>
<td>Geelong-Otway</td>
<td>77</td>
<td>39</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>105</td>
<td>2.9</td>
</tr>
</tbody>
</table>

**Regional relationship networks**

The networks of relationships found in each shire was analysed and is visualised below. In this picture we see that Geelong-Otway tourism (code 150) is the focus of a highly organised network.
In comparison, the network in the Bright Shire is decentralised. Alpine Regional Tourism (code 110), Bright Chamber of Commerce (118) and Bright Visitor and Information Centre (107) provide some coordination.

A similar decentralised pattern is seen for Wangaratta in Figure 4. Here, Wangaratta Tourism (code 135) has a coordinating role, as does the Wangaratta Visitor and Information Centre (code 128). Interestingly a food and wine operator (code 38) also provides a coordination role.

The final area to be examined is the reported relationships between the operators in all three shires and the sectoral organisations at a State level. The results shown in Figure 5 illustrate the important and central role of three organisations. These are Tourism Victoria (code 184), the Australian Automobile Association (code 186) and the Royal Automobile Club of Victoria (code 190).

This figure also illustrates that coordination organisations at the state level, such as the Australian Hotels Association (of Victoria) (code 164) and Hotel Motel Accommodation Association (HMAA) (code 187) provide
some coordination, while the Victorian Tourism Industry Council (code 183) and Victorian Tourism Alliance Ltd (code 182) are not well-connected to the operators interviewed.

![Figure 5: Social networks reported between operators and selected state organisations](image)

**Discussion and Conclusion**

The results of this study indicate that there are significant differences between shires in the organisation of marketing and planning contacts. The centralised relationships in the developed Geelong-Otway Shire in the Great Ocean Road Region may be contrasted with the more diffuse relationships in the Legends Wine and High Country Tourism Region Shires of Bright and Wangaratta.

The relationship between different network structures and performance of tasks is not an exact science. Some key ideas in thinking about the effect of different structures on performance are control and information flow. These will be discussed here in general and the discussion should not be taken to reflect the actual situation in these regions. The discussion draws on knowledge of information processing in systems.

A centralised structure facilitates coordination by allowing information flow to be efficient. The same information may be sent easily from the central organisation to those surrounding it. There are no other organisations to interfere with the information flow or distort the message. On the other hand, the central organisation acquires power in being central. It has the power to use the flow of information to its advantage and may enforce rules regarding this.

Conversely, the advantage of less centralised network structures lies in the lack of one central organisation. This is the advantage of the internet, which was designed so that if parts of the network were destroyed, a message could still get through. Similarly in a less centralised network, messages may flow through many channels. This means that the network is robust, but in this situation there are many possibilities for distortion of information flows.

As a result of this discussion, it may be concluded that the more centralised structure in the Great Ocean Road Region is better at providing coordination than the other less centralised areas. However, this conclusion should be treated cautiously as there was no direct investigation to confirm this. Instead it provides direction for further investigation.

The findings of the examination of relationships between operators and state sectoral organisations are rather surprising. Tourism Victoria is seen as a coordinating organisation, as may be expected. However the role of the Automobile Associations in Victoria is surprisingly strong.
Chapter 4

WESTERN AUSTRALIAN STUDY

Christof Pforr and Graham Thompson, Curtin University of Technology

Introduction

WA was selected as a case study area to explore issues associated with regional tourism, and in particular, those dealing with WA’s new concept for regional tourism, which is outlined and explained in the Zone Strategy for Western Australia (WATC 2003c). In short,

The New Concept for State Tourism redefines the way the Western Australian Tourism Commission and regional tourism organisations work together to promote the State. Instead of the existing 11 regions, Western Australia will have five distinct tourism regions. These will mirror visitor expectations of our tourism products and give us an opportunity to market the landmarks and unique experiences in each area. The new regional tourism organisations will take responsibility for all intrastate marketing, and will work with the Western Australian Tourism Commission and the tourism industry on interstate and international marketing priorities. (WATC 2003b: 7)

The purpose of this case study, conducted by Curtin University of Technology (School of Management), was to investigate how effectively tourism stakeholders communicate and interact at a Regional level in Western Australia in the transition phase from 11 tourism regions to five tourism zones (Maps 2 and 3).

Key stakeholders of one of the five newly established tourism regions, Australia’s South West (ASW), were identified and asked to participate in a survey. The questionnaire was designed to explore how stakeholders of the former WA tourism regions South West (SW) and Great Southern (GS) have been involved from the onset in the planning and day-to-day operations of the tourism region Australia’s South West. The survey sought to identify which stakeholders were most actively involved in the establishment and ongoing operations of the new ASW region, and how knowledge and understanding of tourism issues are shared among stakeholders in both formal and informal capacities. Thus, the general aim of the survey was to measure communication and collaboration effectiveness among stakeholders in ASW. The data was then used to evaluate the transition to the new concept for regional tourism in WA.
Background: From Regions to Zones

A review of the Partnership 21 document (P21) (WATC 2001; now replaced by the new strategy Pathways Forward – Strategic Plan 2003-2008 (WATC 2003b)), a five year planning framework for WA’s tourism industry (2000-2005), was conducted in 2002, with wide-reaching implications for tourism in WA (WATC 2003b). It facilitated a debate which led to the development of a new vision for the future of WA’s tourism industry. The initiation of a new concept for regional tourism in WA has been a key component of this strategic plan.

During the P21 review, various concerns directly related to regional tourism in WA were identified. As a consequence, a number of recommendations were spelt out, calling for greater marketing synergies and prioritising resource needs at the regional level. Furthermore, the necessity to approach more effective development priorities within regional boundaries more in line with travel routes and tourism experiences in Western Australia was also highlighted.

The main purpose of the subsequent re-alignment of tourism boundaries was to enhance regional marketing efforts to create smaller, more memorable and marketable packages, in particular geared at the international and interstate markets, which in ASW, for example, only constitute about 5% and 8% respectively of visitors to the region (Tourism WA 2004). This marketing approach was anticipated to better reflect travel pattern, visitor experiences, product availability and iconic experiences.

Moreover, the new concept was also aimed to create more efficient and effective administrative arrangements for WA tourism, with greater control and responsibilities at the regional level (e.g. intrastate marketing and funding arrangements). Specifically, this justified the reduction of the existing 11 regions with ten Regional Tourism Associations (RTAs) to five tourism zones as well as the setting up of new organisational structures within these five new regional tourism entities.

The resulting five new RTOs, which are membership-based and under contractual agreement with Tourism WA (formerly the WA Tourism Commission), have as their main goal the promotion of tourism in their respective region. Thus, the new concept for State tourism, which came into effect in January 2004, re-defined the way Tourism WA and regional tourism organisations work together and, as Bob Kucera, the WA Minister for Tourism stated, “represents a paradigm shift in the way we do things” (Media Release 1/8/03).

However, such a major reshuffle of tourism at the regional level has not always been smooth, with occasional problems during implementation, despite setting up so-called interim steering committees for each zone and an implementation working group with representation from various stakeholders e.g. former RTAs, Local Government Association, WA Regional Development Council; WA Indigenous Tourism operators, Department of Local Government and Development, Local Government Authorities, Tourism Council Western Australia). Some of the contentious issues were related to: the structure of the new zones (e.g. the question of regional boundaries); funding (combination of base funding, competitive and performance-related grants); and human resources (e.g. chairperson, board, membership).
As outlined earlier, the case study focused in particular on issues surrounding the amalgamation of the two former tourist regions SW and GS into the ASW tourism region (see Maps 4-6). The new merged zone embraces key destination areas and follows visitor travel patterns and experiences to utilise resources more effectively and in a more market-driven and focused manner. The new tourism region, which stretches from south of Mandurah to Albany and east to Bremer Bay, is now the second most-visited tourism region in Western Australia with 2.14 million visitors in 2002/03 (Tourism WA 2004). It is based on a unique combination of natural attractions, such as a stunning coastline and beautiful beaches, exceptional forests, in particular the old-growth forests (e.g. Pemberton), and a diverse marine environment (e.g. whale and dolphin watching), as well as a renowned wine industry (e.g. Margaret River). These attractions offer great opportunities for nature-based and ecotourism experiences, but also great potential for wine tourism and the meetings, incentives, conventions and exhibitions industry (see Map 7). The new RTO of the ASW region was incorporated in December 2003. Its board comprises ten elected and two co-opted members.

Map 4: The former South West tourism region

Map 5: The former Great Southern tourism region
Although ASW might reflect better visitor expectations and experiences, and streamline regional marketing efforts, it brings together two very different destinations. The former SW region can be seen as rather powerful, as it was the second most popular tourist destination region in 2002, taking 19% of WA’s market share (after Perth with 36%). In comparison, despite having ranked fourth in the former regional tourism structure, the former GS region only had a 6% market share (WATC 2003a).

The seven elected board members represent different sub-regions (Margaret River Wine Region, Southern Forests, Blackwood River Valley, Great Southern Coastal, Southern Rural Heritage, Southern Range and Wine Country and the South West Tapestry). Furthermore, the board also includes three industry representatives from across the region and two members co-opted by the board.

This imbalance in performance as a tourist region is not only a reflection of the relative proximity to Perth as a gateway, but may also mirror different interests and development stages of the tourism industries. Not
surprisingly, some concerns and reservations towards the merger have surfaced, particularly in the more remote and less popular former GS tourism region. However, although overall much more in favour of the new zoning arrangement, the former SW region also had its share of critics.

‘If it isn’t broken, why fix it?’ is one sentiment being echoed by several individuals and groups in the former SW and GS tourism regions. There are essentially two reasons for this: mistrust towards the central state government in Perth with Tourism WA as its key tourism agency; and the perception that the previous arrangements for regional tourism at the local/regional level had been working quite well.

Nevertheless, it appears that overall across Western Australia the merger of the former 11 regions into five tourism zones has been received favourably. Based on Tourism WA data collected in mid-2003 (WATC 2003c) before the official commencement of the new regional zoning system, there was a moderate overall support (30%) for the new concept for regional tourism in WA, although more than half (53%) of the surveyed stakeholders expressed no particular view. The overall support was strongest in ASW (formerly known as ‘green zone’) with almost two thirds (64%) in favour of the realignment of the tourism regions.

However, when this very positive assessment is analysed in more detail by segregating the aggregate responses into those from the former SW and those from the former GS tourism region, a more differentiated picture emerges. The SW strongly supported this new arrangement (78% in favour) whereas support from the GS region amounted to only 27%.

This stark contrast in responses between the two former regions might be explained by the differences in the regions outlined earlier. According to Tourism WA research, the two most contentious issues were zoning and funding arrangements, with concerns mainly about size, membership and lack of equity between the two regions. For instance, only 22% of stakeholders in the former GS region assessed funding arrangements for the new zone positively in contrast to 78% in the former SW region. Also, in the former SW, 72% of stakeholders appeared to be content with the new boundaries, but only 43% of former GS stakeholders held this view.

**Progress at the Regional Level**

Data collected in October 2004 as part of this research project (mainly reflecting the transition period from the old to the new concept for regional tourism in WA, i.e. the first year running) mirrors these sentiments in a somewhat less extreme manner.

Overall opinion of stakeholders surveyed in the ASW region equals disapproval (47%), with only 6% holding no view on this issue. When analysing this data in relation to membership in the former tourism regions, stakeholders of the former SW appeared less enthusiastic about the new arrangements, now with only 50% in support and 42% against it. In the former GS region, support increased to 40%, but was still outweighed by 60% disapproval.

When comparing and contrasting the specific views of individuals from each former region, differences of opinion began to emerge more clearly as to the effectiveness of the merger. For example, there was the feeling amongst stakeholders of the former SW region that the merger had not really been necessary in the first place. It was also viewed as a top-down initiation by Tourism WA – stakeholders in the regions had little choice but to accept. This sentiment might be reflected in the moderate support and also the reasonable degree of apathy expressed in the high percentage of ‘no view’ responses in this study’s survey.

However, due to the strong engagement of various stakeholders of the former SW region (particularly Tourism South West) in the process leading to the new zoning, it is now anticipated that ASW has the potential to create future benefits for both regions, particularly in managing and marketing the new zone. The view was also expressed that previously existing joint marketing efforts in the regions were now formally acknowledged as future benefits for both regions, particularly in managing and marketing the new zone. The view was also expressed that previously existing joint marketing efforts in the regions were now formally acknowledged as future benefits for both regions, particularly in managing and marketing the new zone.

Moreover, stakeholders from the former SW anticipate future increases in funding and more effective and efficient use of resources (e.g. financial, physical, human). However, some major concerns about the merger were also raised, referring in particular to the size of the new region and the sheer number of tourism businesses, with the fear that this might create some difficulties in promoting the new ASW zone effectively. In this context, a shift away from the current intrastate market (87%) towards international and interstate marketing efforts was met with reservations, as potentially creating uncertainty and risk, particularly for smaller operations, whereas larger tourism businesses may find it easier to capitalise on the interstate and international markets.

This concern of ‘small vs. big’ is also mirrored in comments made by stakeholders from the less prominent and more remote former GS tourism region. Amongst its stakeholders there is widespread concern that the new tourism zone could ‘swallow up’ their businesses and their power to move and shape directions within ASW. The perception here is that communication and collaboration between stakeholders in the larger zone is, and may be in the future, less than effective. Stakeholders perceive that they are ‘lost in the system’ and hence that there is very little hope of gaining any advantage from the merger – so why bother?

This anticipation of lack of fairness and equity between former regions in the new tourism zone (i.e. membership base and funding arrangements) is at the core of the disapproval of the new zoning expressed by stakeholders of the former GS region. Moreover, stakeholders from both the former SW and GS regions felt that
the formerly operating RTAs worked well and had been able to form an effective network of partnerships within their boundaries. The new organisational arrangements might create a power imbalance favouring certain interests (including those who are simply more charismatic and able to use the media well) and disadvantage less prominent players, and also that it may lead to disproportionately allocated funds for marketing to tourism hot spots within the zone.

Network Analysis

Based on the above discussion, this study employed a network approach to further investigate the relational constellations amongst stakeholders from the new ASW tourism zone, focusing in particular on reputation, collaboration and communication activities.

The network aimed to identify which stakeholders have been most actively involved in the establishment and ongoing operations of the new ASW region and how knowledge and understanding of tourism issues are shared among stakeholders in both, formal and informal capacities.

The general aim, thus, was to measure ‘communication and collaboration effectiveness’ among stakeholders in the ASW tourism zone in an attempt to evaluate the transition to the new concept for regional tourism in WA.

The findings of this analysis are presented in the following section. The focus here was not so much on individual actors and their attributes, but more on the question of how these actors work together and communicate within the regional pattern. From a functional perspective, the activities of the newly established ASW board within these network structures were also assessed.

Methodology

Based on a detailed background analysis (documents, news items, interviews etc), a list of 50 stakeholders, perceived to be relevant to the new ASW tourism region, was compiled. The survey, which contained five questions, was sent out by mail in October 2004. Participants were given the list of 50 identified stakeholders and asked to add any other stakeholder(s) they felt should also have been included.

A standardised questionnaire was used to investigate the relational configurations between the identified stakeholders. The survey questions aimed to establish data relating to factors such as influence reputation, collaboration activity and participation in information exchange. These factors can be used to test for ‘mutual relevance’, that is the extent to which ‘actors take each other into account in their actions’ (Schneider & Werle 1991: 111). With 34 returned questionnaires, the response rate to this survey was 68%. On this basis, three networks were explored and discussed as mutually relevant criteria: influence reputation; collaboration; and information exchange.

Influence Reputation

The identification of the actors in a network which are viewed as the most and least influential allows for the determination of the influence reputation of that network system. The perceived relative capacity of each actor to influence the establishment and day-to-day operations of the ASW establishes a hierarchical structure; an overall ranking order of influence reputation. The higher the position of a stakeholder, the stronger the reputation to move and shape issues related to the new zoning arrangement.

It has to be pointed out, however, that the so identified positional elite do not necessarily have to play an equivalently active role. To measure influence reputation, each participant in the survey was asked to identify those on the list who played an influential role in the ASW’s establishment and operations. There were no limitations as to how many players could be nominated.

Responses were assembled into a square non-symmetric binary adjacency matrix with a cell entry of 1 if an actor in the \( i \)th row considered a stakeholder in the \( j \)th column to be especially influential and 0 for no such nomination. No entry was made for missing cases. Subsequently, the total number of 1s in the \( j \)th column provided the influence score of the \( j \)th actor. From this chooser-to-chosen matrix, a single, uni-dimensional scale was established, ranking all actors by their influence reputation.

Collaboration

The survey also established a picture of the cooperative activity of each stakeholder in the ASW network with collaboration being defined as working together in a formal way (e.g. exchange of knowledge via meetings, seminars, workshops, sharing of resources). The approach taken was similar to that described previously for the influence reputation network and respondents’ votes were again summarised in a square non-symmetric binary adjacency matrix. All results were ranked and the most important players in collaborative activities identified. A comparison between the results of influence reputation and co-operational activity networks reveals any divergence between influence perception and actual collaboration of the actors involved.
Information Exchange

To identify the domain’s communication network, a two-fold question was posed to the participants in the survey, namely from which stakeholder information relevant to the establishment and operation of the ASW was received, and also to which stakeholder such information (for example via telephone conversations, letters, emails, flyers, advertising) was most likely sent. Such a question provided not only a greater depth of information, but also allowed for the probing of answers and the inclusion in the analysis of stakeholders who did not respond. In accordance with the previously described method, two non-symmetric binary adjacency matrices were established and collapsed into a single multiplex matrix. Information exchange scores were ranked and data analysed specifically for the number and frequency of undirected and directed contacts, in other words one- and two-way communications.

In all sub-networks, calculation of densities, defined as the number of ties occurring in the matrix divided by the number of all theoretically possible ties, provided information about the frequency and nature of transmissions in each network structure. As network densities can range between 0 and 1, representing the extremes of a totally disconnected and a totally connected graph, the result provided a useful means of assessing the inclusiveness of the analysed network structures. For visual clarity, actors in network structures were generally only referred to as numbers.

Findings and Discussion

Influence Reputation Network

The influence reputation network of the new ASW tourism zone will now be discussed in greater detail, focusing on the perceived importance of the various stakeholders in its set-up, and also in the initial operational phase (Which of the listed stakeholders were in your opinion most influential in the establishment of the new South West Tourism Region? Which of the listed stakeholders have in your opinion been most influential in the day-to-day operations of the new South West Tourism Region?). Based on the results of the respective influence reputation matrices, Table 7 summarises the top ranking actors in the set-up phase, the perceived elite of this network, and therefore provides an overview of the highest scores of influence reputation SIR amongst these system leaders. The table contains only those fifteen stakeholders with a score of SIR ≥ 0.37, whereby all indices were rescaled to a maximum score of SIR = 1.00.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>SIR</th>
<th>Former Region</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>1.00</td>
<td>P</td>
<td>Y</td>
</tr>
<tr>
<td>10</td>
<td>0.71</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>45</td>
<td>0.71</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>17</td>
<td>0.59</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>23</td>
<td>0.59</td>
<td>GS</td>
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</tr>
<tr>
<td>18</td>
<td>0.44</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>28</td>
<td>0.44</td>
<td>GS</td>
<td>Y</td>
</tr>
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<td>32</td>
<td>0.44</td>
<td>GS</td>
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</tr>
<tr>
<td>13</td>
<td>0.37</td>
<td>GS</td>
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</tr>
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<td>31</td>
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</tr>
<tr>
<td>38</td>
<td>0.37</td>
<td>SW</td>
<td>N</td>
</tr>
</tbody>
</table>
As shown, highest ranking among the system leaders in the set-up phase is Stakeholder 48 from Perth (SIR = 1.00), followed by Stakeholders 10 and 45 (SIR = 0.71), both from the former SW region. However, although members from the former SW region take a clear leadership role, the overall regional picture appears to be more balanced, with six actors representing the former GS region. Another characteristic of this network is that almost three quarters of the elite are board members of the ASW tourism zone.

This pattern is mirrored in the day-to-day influence reputation hierarchy (see Table 8), with Stakeholder 48 again being the clear system leader (SIR = 1.00), this time followed again by Stakeholders 10 and 45, but also Stakeholders 28, 31, 43 and 47 (all SIR = 0.45). Their influence reputation SIR, however, is considerably lower than that of the system’s leader, with a gap of more than 50%. There is also less balance between the former regions of SW and GS, with only four representatives from the latter. It appears that the perception exists that the former SW exerts a much greater influence on the day-to-day operations of the new tourism zone. As would be anticipated, board members strongly outnumber non-board members by nine to four. Surprisingly, in both sets of data, the chair of the board is not perceived as playing a key role, with influence reputation scores SIR of 0.21 and 0.19 respectively. This finding might reinforce that the nomination of the chair was one of the contentious issues in the new regional arrangement for tourism (see earlier discussion).

Table 8: Influence reputation elite in day-to-day operations

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>SIR</th>
<th>Former Region</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>1.00</td>
<td>P</td>
<td>Y</td>
</tr>
<tr>
<td>10</td>
<td>0.45</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>28</td>
<td>0.45</td>
<td>GS</td>
<td>Y</td>
</tr>
<tr>
<td>30</td>
<td>0.45</td>
<td>GS</td>
<td>Y</td>
</tr>
<tr>
<td>43</td>
<td>0.45</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>45</td>
<td>0.45</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>47</td>
<td>0.45</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>17</td>
<td>0.36</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>18</td>
<td>0.36</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>23</td>
<td>0.36</td>
<td>GS</td>
<td>Y</td>
</tr>
<tr>
<td>9</td>
<td>0.36</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>32</td>
<td>0.36</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>38</td>
<td>0.36</td>
<td>SW</td>
<td>N</td>
</tr>
</tbody>
</table>

**Collaboration Network**

Question 3 of the survey (With which stakeholder(s) on the list have you collaborated on issues relevant to tourism in the South West region? Collaboration in this context means working together in a formal way (e.g. exchange of knowledge via meetings, seminars, workshops, sharing of resources)?) investigated how stakeholders work together on tourism-relevant issues and aimed to identify close collaboration between various actors within the new ASW. Figure 6 presents the overall network structure of collaboration.
Visually, this network appears to be rather compact and active, however, a calculation of its density unveils that collaborative activities amongst its members were not very intense, with a low density of 0.07. As presented in Figure 6, the network structure is very difficult to analyse, the network’s elite is therefore also summarised in Table 9, which displays the actors most involved in collaborative activities with their collaboration scores (sc) rescaled to a maximum value of 1.00.

Table 9: Network Structure

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>sc</th>
<th>Former Region</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.00</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>31</td>
<td>0.86</td>
<td>GS</td>
<td>Y</td>
</tr>
<tr>
<td>43</td>
<td>0.86</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>17</td>
<td>0.81</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>18</td>
<td>0.71</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>32</td>
<td>0.67</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>38</td>
<td>0.67</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>45</td>
<td>0.67</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>12</td>
<td>0.62</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>48</td>
<td>0.57</td>
<td>P</td>
<td>Y</td>
</tr>
<tr>
<td>25</td>
<td>0.52</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>7</td>
<td>0.48</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>49</td>
<td>0.48</td>
<td>P</td>
<td>Y</td>
</tr>
</tbody>
</table>

Taking into account only the number of ties, in other words, the number of contacts for collaboration, Actor 1 appears to be the most active, followed by Actors 31, 43 and 17. Although the two highest ranked actors are from the former GS tourism region, the overall collaboration elite is clearly dominated by members from the former SW tourism region.

Outside the contentious issue of the new concept for regional tourism promoted by Tourism WA (Actor 48), the government organisation appears to play no significant role in ways of working together in the new region on tourism issues in more general terms. Moreover, the perceived dominance of board members in the day-to-day
operations of the new zone (see Table 9) is not fully reflected in this collaboration snapshot as almost half of this elite’s stakeholders are not members of the ASW board.

It is also interesting to note that in most of the reported cases of collaboration the interactions were only one-way. This can be in part because the ties are unconfirmed, with the nominated partner for collaboration not having responded or, when both actors have opted to participate in the survey, could be a reflection of the differing assessment of the nature and strength of collaboration. Taking into account the intensity of collaborative interactions, the argument can be put forward that only those collaborations confirmed by both parties involved should be considered in the analysis.

It is therefore appropriate to manipulate the initial data set to obtain a so-called minimum symmetrised matrix, one which only identifies and takes into account those ties which have been confirmed by both actors. In a directed network those interactions can then be visualised as a two-pointed arrow. However, it has to be kept in mind that this manipulation will produce slightly skewed data, as it automatically excludes interactions involving non-respondents, which were unable or unwilling to confirm collaborative ties. But in the light of the high response rate to the survey (68%), this fact should not impact too greatly on the results obtained from this data manipulation.

The symmetrised minimum matrix derived from Question 3 is visualised in Figure 7. For clarity, isolates (i.e. actors with no reported ties) were excluded.

The analysis unveils an extremely low density of 0.01 within this network. Three ‘pendants’ are included, i.e. actors which have only one single confirmed interaction. Excluding them from the picture concentrates the analysis on only seven stakeholders, namely Actors 1, 23, 32, 45, 12, 25, 17 and 31, all with relatively similar collaborative activities. The picture also appears to be rather balanced, with equal representation from the former SW and GS tourism regions as well as board members and non-board members.

Figure 7: Collaboration network showing only confirmed transmissions

As an additional level of analysis, the former regional association of each actor is taken into account in Figure 8, with blue nodes referring to former members of the SW region and red nodes identifying stakeholders formerly from the GS region. The two central actors from Perth (48 and 49) are shown in black. For clarity, isolates and pendants were omitted from the figure. Again, the network is characterised by a low overall density of 0.07.
As the picture presented in Figure 8 is rather complex, the following figures also segregates them by region. Figure 9 shows only collaborative activities amongst members of the former SW region and Figure 10 concentrates on the former GS region. In both instances, again, isolates and pendants were omitted for visual clarity.
At first glance, collaborative activities amongst stakeholders from the former SW region appear more intense compared to their GS counterparts. However, when calculating the densities of the underlying network structures (lt = 0.08 for SW region and lt = 0.12 for GS region) it is evident that the visual impression is misleading and that, indeed, stakeholders from the former GS region tend to collaborate more actively within their traditional structures.

Comparing densities of the overall network structure of the newly formed tourism region (lt = 0.07) and that of the former GS region, a significant increase can be noticed, which indicates that stakeholders from that region still prefer to collaborate within their traditional structures.

As can be seen from Figure 9, core stakeholders from the former SW, all with very similar collaborative activities, are actors 17, 18, 38, 43 and 45, all but one of whom are board members of the ASW tourism zone. The group of core actors of the former GS region is smaller and comprises Stakeholders 1, 31 and 32, with only one of them being a member of the ASW board.

Retaining a regional focus, it is also interesting to assess specifically interregional collaborative activities, in other words, to identify those stakeholders who collaborate across the boundaries of the former tourist regions and therefore act as bridging actors. The findings of this particular analysis are shown in Figure 11, again omitting isolates and pendants for visual clarity.

With a density lt of 0.02, the activity within this particular network is even lower than observed earlier when taking an intraregional focus. It therefore appears that the stakeholders, in particular within the former GS region, still prefer to collaborate within their traditional networks. As can be seen from Figure 11 and also Table 10, the two stakeholders from Perth (Stakeholders 48 and 49) are very active within this network and perform an important bridging function between the two former regions. However, Stakeholders 43 (SW), 31 and 1 (both GS) are also relatively active across perceived regional boundaries.

Table 10: Elite of collaborative activities across former regional boundaries

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Sc</th>
<th>Former Region</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>1.00</td>
<td>P</td>
<td>Y</td>
</tr>
<tr>
<td>49</td>
<td>0.8</td>
<td>P</td>
<td>Y</td>
</tr>
<tr>
<td>43</td>
<td>0.8</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>1</td>
<td>0.7</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>31</td>
<td>0.7</td>
<td>GS</td>
<td>Y</td>
</tr>
<tr>
<td>18</td>
<td>0.5</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>32</td>
<td>0.5</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>17</td>
<td>0.4</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>28</td>
<td>0.4</td>
<td>GS</td>
<td>Y</td>
</tr>
<tr>
<td>45</td>
<td>0.4</td>
<td>SW</td>
<td>Y</td>
</tr>
</tbody>
</table>
In addition to taking a regional focus, it is also interesting to analyse more closely the role of board members in collaborative activities within the newly formed tourism region. Figure 12 displays board members as blue nodes and other stakeholders in red. Pendants and isolates were again omitted for clarity.

![Figure 12: Role of board members in collaborative activities in new tourism region](image)

More meaningful than this rather complex picture is an analysis of collaborative activities between board and non-board members (Figure 13) as well as ties amongst the various board members (Figure 14). As can be seen from Figure 13, most board members act as bridging actors, thus collaborating with stakeholders outside of the board’s composition.

The same picture emerges from Table 9, which presents the elite of collaborative activities. As mentioned above, more than half of the top 13 stakeholders are board members (Stakeholders 31, 43, 17, 18, 45, 48, 49), although interestingly the most active player in collaborative activities (Stakeholder 1) is not a member of the ASW Board.

![Figure 13: Board and non-board collaboration](image)
Compared to the overall network structure, Figure 14 presents the intra-board collaborative network as considerably more dense ($lt = 0.24$), illustrating a much higher degree of collaborative activities or intense cooperation within this group. Stakeholder 43 appears to be the most active player within the board’s realm, followed by Stakeholder s 31 and 49. This leadership group reflects great balance, with one representative from the former SW, another from the former GS and the third from Perth who holds the position of chair on the ASW board. Presenting the same intra-board network, but this time showing the former regional association of each stakeholder, the former SW in red, former GS in blue and the two stakeholders from Perth in black, as well as collaborative activities between stakeholders from the same region in blue and collaborative activities across former regions in red (Figure 15), it becomes evident that within the Board there is collaborative activity well beyond the former tourism boundaries.

Communication Network

Questions 4 and 5 (With regard to tourism in the South West Region, from which stakeholder(s) on the list have you received information (for example via telephone conversations, letters, emails, flyers, advertising)? With regard to tourism in the South West Region, to which stakeholder(s) on the list have you communicated information (for example via telephone conversations, letters, emails, flyers, advertising)?) of the survey were concerned with more informal information exchange activities amongst the various stakeholders, for example via telephone conversations, letters, emails, flyers or advertising. Thus, these communications are less involving and intense compared to collaborative activities.
The data obtained was collated into two binary adjacency matrices and then collapsed into a single multiplex matrix. This was then disaggregated in a multigraph procedure to create a new output matrix, which allowed for a fine grain analysis of the various modes of information exchange, i.e. two-way communication, one-way communication, and no exchange. The overall picture of information exchange is shown in Figure 16 and presents a rather complex situation (isolates and pendants were omitted for visual clarity). Compared to the network structure of collaboration, a much denser web of relation is presented here, with an overall density $lt$ of 0.27. Table 11 summarises the information exchange activities within this network by presenting the highest information exchange scores ($sie$) (rescaled to a maximum value of $sie = 1.00$) as well as the former regional affiliation and board membership of this network elite.

Figure 16: Detailed regional analysis

Table 11: Information exchange elite

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Sie</th>
<th>Former Region</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>1.00</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>17</td>
<td>0.81</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>7</td>
<td>0.75</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>12</td>
<td>0.67</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>1</td>
<td>0.61</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>31</td>
<td>0.53</td>
<td>GS</td>
<td>Y</td>
</tr>
<tr>
<td>25</td>
<td>0.39</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>38</td>
<td>0.39</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>48</td>
<td>0.36</td>
<td>P</td>
<td>Y</td>
</tr>
<tr>
<td>49</td>
<td>0.33</td>
<td>P</td>
<td>Y</td>
</tr>
<tr>
<td>45</td>
<td>0.33</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>43</td>
<td>0.33</td>
<td>SW</td>
<td>Y</td>
</tr>
</tbody>
</table>

It appears that the actors leading this elite system are mainly non-board members and, although a stakeholder from the former GS region is leading this information exchange elite, the majority of actors in this group represent the former SW region. A more detailed regional analysis follows.
Taking such a regional focus in the analysis, the network in Figure 16 can be segregated along former regional alliances. For the former SW region, the recorded activity of intraregional information exchange is presented in Figure 17, again isolates and pendants were omitted for visual clarity.

It appears that the actors leading this elite system are mainly non-board members and, although a stakeholder from the former GS region is leading this information exchange elite, the majority of actors in this group represent the former SW region. A more detailed regional analysis follows.

Taking such a regional focus in the analysis, the network in Figure 16 can be segregated along former regional alliances. For the former SW region, the recorded activity of intraregional information exchange is presented in Figure 17, again isolates and pendants were omitted for visual clarity.

![Network Diagram](image)

**Figure 17: Intraregional information exchange in South West region**

With a network density of 0.14, this subnet presents a considerably lower degree of information exchange activities. Most active in information exchange were Stakeholders 7, 12 and 17, with Stakeholder 17 clearly the system’s leader (Table 12).

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Sie (Undirected)</th>
<th>Sie (Directed)</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>1.00</td>
<td>1.00</td>
<td>Y</td>
</tr>
<tr>
<td>12</td>
<td>0.78</td>
<td>0.85</td>
<td>N</td>
</tr>
<tr>
<td>7</td>
<td>0.78</td>
<td>0.85</td>
<td>N</td>
</tr>
<tr>
<td>38</td>
<td>0.43</td>
<td>0.50</td>
<td>N</td>
</tr>
<tr>
<td>25</td>
<td>0.39</td>
<td>0.45</td>
<td>N</td>
</tr>
<tr>
<td>43</td>
<td>0.39</td>
<td>0.45</td>
<td>Y</td>
</tr>
<tr>
<td>50</td>
<td>0.35</td>
<td>0.40</td>
<td>N</td>
</tr>
<tr>
<td>5</td>
<td>0.35</td>
<td>0.40</td>
<td>N</td>
</tr>
</tbody>
</table>
When only two-way communications, or directed contacts, are considered (Figure 18, Table 12), the emerging picture is very similar. The same three stakeholders appear as the elite of this sub-network. Interestingly, this information exchange elite is clearly dominated by non-board members, with the system’s leader being one of the two only representatives of the ASW board.

Considering similar aspects in the former GS tourist region the following trends were found. The overall picture (Figure 19) of information exchange within that region presents a much denser sub-network ($lt = 0.25$) compared to the situation in the former SW, again a finding in line with observations made earlier with respect to collaborative activities amongst those stakeholders. Clear leaders in this network are Stakeholders 1, 31 and 32 (Table 13), who all show a higher level of activity in information exchange compared to the other members of this sub-network.
Table 13: Intraregional information exchange elite in the former Great Southern region

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Sie (Undirected)</th>
<th>Sie (Directed)</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>1.00</td>
<td>1.00</td>
<td>N</td>
</tr>
<tr>
<td>31</td>
<td>0.92</td>
<td>0.91</td>
<td>Y</td>
</tr>
<tr>
<td>1</td>
<td>0.75</td>
<td>0.82</td>
<td>N</td>
</tr>
<tr>
<td>6</td>
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<td>0.27</td>
<td>N</td>
</tr>
<tr>
<td>13</td>
<td>0.25</td>
<td>0.27</td>
<td>Y</td>
</tr>
<tr>
<td>15</td>
<td>0.25</td>
<td>0.27</td>
<td>N</td>
</tr>
<tr>
<td>23</td>
<td>0.25</td>
<td>0.27</td>
<td>Y</td>
</tr>
<tr>
<td>28</td>
<td>0.25</td>
<td>0.27</td>
<td>Y</td>
</tr>
<tr>
<td>34</td>
<td>0.25</td>
<td>0.27</td>
<td>N</td>
</tr>
</tbody>
</table>

Assessing the various information exchange activities within this intraregional sub-network for their directed nature (Figure 20, Table 13), it becomes evident that almost all of these activities were two-way communications. Although the leading trio are dominated by non-board members, the overall picture in the former GS region appears to be more balanced with respect to board membership compared to the SW situation.

Figure 20: Intraregional two-way information exchange in the former Great Southern region

It is also interesting to analyse information exchange activities not only amongst members of the former tourism regions, but also amongst those stakeholders that play an important role as bridging actors. Figure 21 displays these interregional information exchanges (again isolates and pendants were omitted for visual clarity) with nodes in red referring to stakeholders from the former GS region and those in blue to the former SW region.
It appears that Stakeholders 32 and 1 are highly important bridging actors, accounting for the vast majority of trans-regional information exchange activities (Table 14). Even when only assessing two-way communications (Figure 22, Table 14) these two actors again stand out. Interestingly, both are members of the former GS region and non-board members. It appears therefore that this group is not only particularly active in information exchanges within its traditional regional structure, but also in reaching out to their new partners in tourism.

Table 14: Interregional information exchange elite

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Sie (Undirected)</th>
<th>Sie (Directed)</th>
<th>Former Region</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>1.00</td>
<td>1.00</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>1</td>
<td>0.71</td>
<td>0.91</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>31</td>
<td>0.43</td>
<td>0.55</td>
<td>GS</td>
<td>Y</td>
</tr>
<tr>
<td>25</td>
<td>0.36</td>
<td>0.36</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>12</td>
<td>0.36</td>
<td>0.36</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>15</td>
<td>0.29</td>
<td>0.36</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>17</td>
<td>0.29</td>
<td>0.27</td>
<td>SW</td>
<td>Y</td>
</tr>
</tbody>
</table>
The data obtained on information exchange activities can also be analysed from a board member’s perspective. The overall picture of information exchange is presented in Figure 23, with board members shown as blue and non-board stakeholders as red nodes, omitting isolates and pendants for more visual clarity.

Figure 23: Overall picture of information exchange

Analysing this rather complex web of information exchange for activities between board members only (Figure 24), it appears that this sub-web is considerably more active compared to other information exchange groups (density It = 0.32). Particularly, board members 17, 49, 31 and 43 stand out as elite within this group (Table 15). Stakeholder 17 from the former SW region and Actor 31 formerly from the GS region have already been noted earlier as very active players in information exchange within their former regions, and in the latter case also across these traditional tourism boundaries. Interestingly, Stakeholder 43 (from the former SW region) appears to be mainly active in information exchange with board members, as this actor did not particularly stand out in any way in the former-region-focused analyses. Stakeholder 49 is one of the two central players from Perth.

Figure 24: Information exchange between board members
Table 15: Information exchange elite within board members only

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Sie (Undirected)</th>
<th>Sie (Directed)</th>
<th>Former Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>49</td>
<td>1.00</td>
<td>0.89</td>
<td>P</td>
</tr>
<tr>
<td>17</td>
<td>1.00</td>
<td>1.00</td>
<td>SW</td>
</tr>
<tr>
<td>31</td>
<td>0.82</td>
<td>0.56</td>
<td>GS</td>
</tr>
<tr>
<td>43</td>
<td>0.73</td>
<td>0.89</td>
<td>SW</td>
</tr>
<tr>
<td>45</td>
<td>0.45</td>
<td>0.44</td>
<td>SW</td>
</tr>
<tr>
<td>48</td>
<td>0.45</td>
<td>0.44</td>
<td>P</td>
</tr>
<tr>
<td>28</td>
<td>0.36</td>
<td>0.44</td>
<td>GS</td>
</tr>
</tbody>
</table>

Analysing this group for the frequency of two-way communications (Figure 25, Table 15), it appears that it is mainly Stakeholders 49, 17 and 43 that show directed, confirmed acts of information exchange. It may therefore be that two-way communications, and therefore a particularly intense exchange of information, involve mainly members from the former SW region and the central Stakeholder 49 from Perth. This is again an indication that the current ASW zone and the activity of its board appears to be driven by stakeholders from the former SW region. Although this is one of the most active sub-network structures in information exchange, it can be stated that generally, outside the communications within the ASW board stakeholders from the former Great Southern region and non-Board members are far more prominent in these less formal communication activities. This tendency becomes also evident in the following analysis.

Figure 25: Information exchange elite within board members only

Figure 26 only displays those acts of information exchange (excluding isolates and pendants) which have taken place between board (in blue) and non-board members (as red nodes). Screening the obtained data for those board members who are particularly active in such activities (Table 16), Stakeholder 17 (SW) emerges as the system’s leader, followed by Stakeholders 45 (SW) and 48 (P). Interestingly, the most active non-board players are Stakeholders 32 and 1, both from the former GS region. A similar trend is evident when concentrating the analysis only on two-way communications (Figure 27, Table 16). In this case, the clear leaders are Stakeholders 1 and 32, both non-board members from the former GS region, followed by board member 48 from Perth.
Table 16: Elite information exchange between board and non-board members

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Sie (Undirected)</th>
<th>Sie (Directed)</th>
<th>Former Region</th>
<th>Board Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>1.00</td>
<td>1.00</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>17</td>
<td>0.89</td>
<td>0.43</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>45</td>
<td>0.78</td>
<td>0.43</td>
<td>SW</td>
<td>Y</td>
</tr>
<tr>
<td>48</td>
<td>0.78</td>
<td>0.71</td>
<td>P</td>
<td>Y</td>
</tr>
<tr>
<td>1</td>
<td>0.78</td>
<td>0.86</td>
<td>GS</td>
<td>N</td>
</tr>
<tr>
<td>12</td>
<td>0.67</td>
<td>0.29</td>
<td>SW</td>
<td>N</td>
</tr>
<tr>
<td>31</td>
<td>0.67</td>
<td>0.29</td>
<td>GS</td>
<td>Y</td>
</tr>
<tr>
<td>38</td>
<td>0.67</td>
<td>0.57</td>
<td>SW</td>
<td>N</td>
</tr>
</tbody>
</table>
Conclusion

The discussion above illustrates that, despite positive responses to zoning in general within ASW, it is the perception of stakeholders, mainly from the former GS tourism region, that they have very little role to play in the new tourism zone. In other words, feelings of powerlessness remain, despite the efforts by Tourism WA to communicate and to promote the benefits of the merger and its assistance through the difficult transition phase. This suggests that communication and collaboration to date might not have been effective enough for a successful merger.

Working together on tourism relevant issues in the new regional tourism zone appears to be clearly dominated by members from the former SW tourism region. On the other hand, members of the former GS region in particular prefer to collaborate within their traditional regional structure. The analysis of collaboration between stakeholders has, however, also unveiled that the current nature and intensity of working together amongst the various ASW board members should lead the way in bringing together stakeholders of both former regions under the umbrella of the new tourism zone.

The board plays an important role here, as well it should, and also plays a significant bridging role, particularly in collaborative activities. All in all, the board members appear to take their role seriously in the current transition period, in that they work hard to try to bring together what was announced as a new concept for regional tourism very much in a top-down manner. This top-down approach was somewhat reflected in Tourism WA’s leading role in both influence reputation networks, although its actual role in working together and communicating within the new zone appears to be less significant.

Various interesting trends can also be seen in the analysed information exchange activities, which are also partly mirrored in the respective collaborative networks. Comparing collaboration networks with more informal information exchanges, it became evident that board members are less involved in the latter activities. This might reflect a situation where these informal communications mainly refer to day-to-day operations on the ground, and not so much to matters with importance for the entire ASW zone.

All in all, stakeholders from the former GS region that are mainly non-board members dominate information exchange, particularly two-way communications, which are much more significant than unconfirmed transmissions. It appears therefore that, particularly in the underlying information exchange networks, old alliances along former regional boundaries are still very relevant, despite the attempts of some actors to reach out across those traditional lines of operation. Tourism WA’s intention to reshuffle the management of regional tourism for the benefits of tourism and its WA stakeholders in particular, through growth in the interstate and international markets, might have ignored some of the underlying problems associated with such a major reform.

Pearce (1992), for instance, identifies three potential problem areas, namely scale, function and partnership, and how all three of these interact. He cites differing perceptions between local communities within each region about the products they have to offer and the markets they serve, and differing perceptions between local communities and potential tourists about the geography of their regions. The degree to which larger regions can bring together like products is thus brought into question. Other difficulties discussed were a perceived lack of control over funds, lack of understanding about the benefits of larger regions, and simple parochialism. Tourist organisations also function differently at different scales.
At the national and state levels, tourism organisations' priorities are marketing, development, research and planning, while at the local level the priorities are around visitor servicing. Replacing numerous administrative boundaries with fewer geographical boundaries in regional tourism planning does not necessarily change this situation, and may even serve to further weaken local tourism operators and communities in terms of their negotiating powers.

To better implement the new regional concept, much more attention should be paid in the future to the complex sets of interrelationships that often occur at the regional and local scales. These interrelationships form webs of conformity and conflict in ways that sometimes make it very hard to distinguish between them: leadership contests; local politics; conflicts between shires; personalities; jealousies; vested and business interests; pride; ownership; territoriality; and a shared sense of place.

This network analysis allowed an insight into on some of these issues, and should be used as a base for extensive consultation with all stakeholders involved to develop ways to work better together towards common goals and objectives in the new ASW tourism zone. It is also recommended that before the end of the initial three years of operation, as it is planned thus far, a similar network analysis should once more been undertaken to measure the success of uniting the various stakeholders under the umbrella of the ASW tourism zone. The 68% response rate to this survey was very encouraging and clearly shows interest in and appreciation of a study that investigates how effectively tourism stakeholders communicate and interact at the regional level.
Chapter 5

INDIVIDUAL STUDY CONTRIBUTIONS

New South Wales

The New South Wales study contributed through identifying the value nets of the main types of actors in the regional tourism industry. The concept of value nets relates to the idea of a value chain. A value net is therefore a description of how frontline tourism actors interact with various types of other actors in carrying out their activities.

These interactions may be depicted in terms of their value nets. Value nets involve four generic interaction types in which a focal tourism actor is involved:

1. **Competitors**, whose outputs reduce the value of the focal actors output (other tourism actors, intra and interregional competitors, indirect competitors);
2. **Complementors**, who enhance the value of the focal actors outputs (other tourism actors, support services, government organisations, trade and industry organisations);
3. **Suppliers** of materials, technology, labour, finance, services and other component inputs; and
4. **Clients**, channel intermediaries linking a tourism operator with actual and potential tourists.

Figure 28 is a graphical representation of a value net.

![Network Map of Hunter Region Tourism Inter-Organisational Relationships](image)

Figure 28: Network map of Hunter region tourism inter-organisational relationships

Looking at the dynamics within the value nets, another important finding of the study was the understanding of the importance of complementarities among tourism operators to enhance the tourism experience. The relevance and strength of the relations among operators appears to be functional in the physical proximity and type of tourism demand. The analysis of complementarities was balanced with the identification of a number of actual or potential conflicts. Sources of competition in the Hunter region include:

- Wine sales vs. tourism services;
- Wine tourism vs. non-wine tourism;
- Tourism vs. other industry development;
- Geographic market focus vs. customer segment focus;
Among types of tourist experiences;
Among local government areas;
Among tourist associations for members;
Region vs. region;
Local vs. regional focus;
Community needs vs. tourism demand;
Region vs. state and Sydney;
Mature vs. developing areas;
Large vs. small operators; and
Lack of coordination and cooperation among local tourism associations inhibiting tourism development.

Several opportunities for enhanced collaboration have been identified:

Among LGAs;
Among operators and tourism associations by type of tourism experience;
Among neighbouring tourism associations;
Among accommodation providers for families;
Between leading operators and local produce providers;
Joint development of transport services within and to the region;
Developing more links with the horse industry in the Scone area;
Developing complementary relations with organisations outside the region, e.g. Tourism New South Wales and local tourism associations; and
With education and training organisations in the region, e.g. TAFEs and universities.

**Results**

In NSW, the study focused on using a particular concept called a value net to examine relationships within a region, in this case the Hunter region. The difference between a value net approach and the Victorian and Western Australian approaches was in seeking to visualise organisations not as individuals but as groups. Groups are chosen to represent the way in which a network of firms produces customer value. This model is derived from the value chain, an idea introduced by Porter (1985).

Using this approach, the Hunter region study separated the discussion of organisational relationships into those between tourism operators, between organisations in distribution channels (inbound tour operators and travel agents), with suppliers to tourism operators, and between tourism operators, complementors (wineries, other operators outside the region, etc) and competitors. A similar study was performed using the RTO as the focal organisation.

The report indicates that the boundaries of a tourism region are difficult to define exactly. Further it provides examples of the collaborative and competitive relationships and activities that occur in the Hunter region.

**Victoria**

The findings of the Victorian study contribute to the understanding of sectoral relationships in tourism in Victoria along different perspectives.

First, the study reveals that Tourism Victoria is unanimously considered the peak body in planning, marketing and promotion for tourism in Victoria. However, the role of Automobile Association in Victoria is also quite strong.

Next, in terms of relationships with regional organisations, the evidence showed that few of the sectoral organisations had any links to regional tourism organisations. Some organisations had regional organisations of their own (e.g. AHA). Generally, where there were links between sectoral organisations and regional tourism organisations, it was limited to particular locations.

Some problems relating to the ability to strategically manage the tourism offer appeared to be shared by various organisations. Table 17 shows a synthesis of the common issues across organisations.
Table 17: Common issues across organisations

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Code</th>
<th>Funding a problem</th>
<th>Integration with industry a problem</th>
<th>Organisation only partly involved in tourism</th>
<th>Tourism marketing / sales core business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aboriginal Tourism Australia</td>
<td>1</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Aboriginal Tourism Marketing Association (ATMA)</td>
<td>2</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Accommodation Getaways Victoria</td>
<td>3</td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>ATEC – VIC/TAS</td>
<td>4</td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Australian Hotels Association</td>
<td>5</td>
<td></td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Boating Industry Association of Victoria Inc</td>
<td>6</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
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<tr>
<td>Camping Association of Victoria</td>
<td>9</td>
<td></td>
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<td>□</td>
</tr>
<tr>
<td>Caravan Industry Australia</td>
<td>10</td>
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<tr>
<td>Cultural Tourism Industry Group</td>
<td>12</td>
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<td>□</td>
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<td>□</td>
</tr>
<tr>
<td>Melbourne Convention &amp; Marketing Bureau (MCVB)</td>
<td>13</td>
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<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Museums Australia (Victoria)</td>
<td>14</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
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<tr>
<td>Restaurant &amp; Catering Association of Victoria</td>
<td>16</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
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<td>□</td>
<td>□</td>
</tr>
<tr>
<td>The Professional Tour Guide Association</td>
<td>18</td>
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<td>□</td>
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<td>□</td>
</tr>
<tr>
<td>Tourism Alliance Victoria Ltd</td>
<td>24</td>
<td>□</td>
<td>□</td>
<td>□</td>
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</tr>
<tr>
<td>Victorian Tourism Industry Council</td>
<td>25</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Victorian Wine Industry Council</td>
<td>26</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>

The Victorian study also reveals that within the same region there are significant differences between shires in the organisation of marketing and planning contacts.

The Geelong-Otway Shire appeared to have a very structured and highly organised network based around Geelong-Otway tourism (code 150), as shown in Figure 29.
On the other hand, both Bright Shire (Figure 30) and Wangaratta Shire (Figure 31) appeared to be more decentralised, with structures in which more than one organisation assumes the role of coordination.

Figure 29: Social networks reported in Geelong-Otway Shire

Figure 30: Social networks reported in Bright Shire
Results

In Victoria, sectoral organisations appear to play a more important role in tourism networks. It appears that tourism in Victoria and especially rural Victoria started earlier than in other states. As a result, organisations involved in tourism camping and caravan parks, automobile-related tourism, hotels and other traditional components of tourism are well-established. Similarly, local government has been aware of and involved in tourism as a form of economic development for many years. As a result, the development of integrated tourism management across regions of Victoria is politically and organisationally difficult.

Some regions of Victoria have however been able to implement strong regional tourism marketing and management (notably the Great Ocean Road region), due to innovative organisation across three separate shires. The study found significant differences in inter-organisational networks between two tourism regions of Victoria. The Great Ocean Road region network was much more centralised on the Regional Tourism Organisation than a comparative region.

Vertical relationships were also examined. Vertical relationships are between regional operators or regional tourism organisations and organisations that operate across larger geographic regions (say Tourism Victoria or sectoral organisations). The results highlighted the importance of bodies such as RACV for regional operators in addition to the expected importance of Tourism Victoria.

Finally, the relationship between different sectoral organisations was examined and a method developed to examine differences in power and authority. This highlighted the central role of Tourism Victoria as well as the role of a number of other organisations.

Western Australia

The results of the Western Australian study show that, despite a general consensus over the new zoning within ASW, there is a perception of stakeholders from both original tourism zones (although mainly from the former GS tourism region) that they have little role to play in the new tourism zone.

Working together on tourism-relevant issues in the new regional tourism zone appears to be clearly dominated by members from the former SW. On the other hand, members of the former Great Southern region in particular still preferred to collaborate within their traditional regional structure. The analysis of collaboration between stakeholders has, however, also unveiled that the current nature and intensity of working together amongst the various ASW board members should help in bringing together stakeholders of former regions under the umbrella of the new tourism zone.

The study also highlighted important patterns in information exchange activities and collaborative networks. The evidence shows that, mainly in the GS region, old alliances along former regional boundaries still play an important role in the dynamic of information flows.
Results
The study in Western Australia examined the changes in tourism organisation and interaction that have occurred as a result of a reorganisation of tourism region boundaries. It looked at the involvement of stakeholders in the planning of the amalgamation of two regions into one and also their involvement in the day-to-day operations of the reorganisation of the regional tourism organisation. In particular the study measured the influence, collaboration and relationships between stakeholders in both former regions.

The results indicate some continuing problems in the exchange of information and collaboration across former regional boundaries. They also provide a benchmark from which to measure further change in the structure of relationships in the amalgamated region.
Chapter 6

DRAWING THE CONCEPTUAL FRAMEWORKS TOGETHER

Discussion of Methodologies

The approach taken to analyse the three diverse studies was firstly to contrast the conceptual background of the three surveys and then to compare differences in methodology used.

The analysis and synthesis of the methodologies of the studies is based on three areas that are found to be critical in social network analysis. These are: boundaries; relational content; and definition of stakeholders. The purpose of this section is to enable the development of a better method of study and as a result is somewhat academic in nature.

The three different studies were based on two different but related approaches. While both use the idea of networks of organisations in tourism, they examine these at different ‘levels’. The first is a strategic management approach that looks at the configuration of the production process for tourism ‘products’. Here the focus is not on individual organisations but instead on units of the production process. The second approach is called social network analysis and is more useful for analysing a particular network of individual organisations and their interaction within this network. This second method allows a series of diagnostic characteristics of a network to be identified. These characteristics identify important network and organisational properties such as network density and organisation centrality. In turn these allow recommendations for increasing the efficacy of the network.

The NSW study took a strategic management approach to the problem of examining the networks of organisations involved in tourism in a region. It was based on the concept of a value net or value-creating system. The value-creating system approach is derived in part from the value chain concept developed by Porter (1985), as is shown diagrammatically below. Porter’s discussion of the value chain is derived primarily from a manufacturing perspective, and indicates a linear or sequential flow between the various components (i.e. inbound logistics, manufacturing, outbound logistics, marketing and sales, and after sales service). It also diagrammatically includes the support activities (i.e. firm infrastructure, human resources, technology and procurement).

![Figure 32: The value chain](Image)

Source: Adapted from Porter 1985

In a tourism destination, the production of the ‘product’ does not occur in this linear fashion or in a manner fully controllable by one company. Indeed, the production of tourism products may be better described as a loosely aligned group of independent companies, both public and private, that collaborate to provide services required by a customer. This conceptualisation of the tourism production process is similar to that used to describe new virtual companies, such as those utilising the Internet.
Instead of a value chain, this tourism and internet production process may be better termed a value creation system (Parolini 1999: 166). A value creation system is more closely aligned to the idea of a network and is based on the idea that the activities required to produce a tourism product may occur across a number of companies. Here, a network of firms both compete and cooperate to create customer value.

As Wilkinson and March said in Chapter 2, frontline tourist actors interact with various types of other actors in carrying out their activities. These interactions may be depicted in terms of their value nets. Value nets involve four generic interaction types in which a focal tourist actor is involved: competitors whose outputs reduce the value of the focal actors output (other tourism actors, intra- and interregional competitors, indirect competitors); complementors who enhance the value of the focal actors outputs (other tourism actors, support services, government organisations, trade and industry organisations); suppliers (of materials, technology, labour, finance, services and other component inputs); and clients (channel intermediaries linking a tourism operator with actual and potential tourists). Interactions and relations also exist among these four types of actors, as well as with the focal tourist actor, which can enhance and constrain interactions with the focal actor.

Parolini (1999: 62-63) defines a value-creating system as follows:

- A set of activities creating value for customers, carried out using sets of human, tangible and intangible resources and linked by flows of material, information, financial resources and influence relationships;
- It includes consumption activities, insofar as the value that final customers enjoy is also a function of the way they use and consume the potential value received;
- Final customers not only receive and consume the value created, but can also participate in value-creating activities;
- Activities may be governed by the market, a hierarchy or intermediate forms of co-ordination (company networks);
- Various economic players may participate in a value-creating system (companies, families, public bodies, non-profit organisations) by taking responsibility for one or more activities;
- An economic player may participate in more than one value-creating system.

This concept of a value net is illustrated in Figure 33, taken from Parolini (1999: 166). Here, the different components of a compact disc production process (individual boxes) are grouped into content production, CD production, distribution and technical support. This is illustrative of the value net approach. It is used because no tourism examples have been discussed in the academic literature. By identifying value-creating systems, it may be possible to determine the ways in which networks of firms may be more effectively configured (Parolini 1999: 166). Customer value here is the value received by customers from the purchase and is more than the selling price minus the buying price.

Figure 33: Configuration of value creating activities in one company

Source: Parolini 1999:166
This approach to the research is different from that used in the other two studies discussed here (Victoria and Western Australia). These use social network analysis to describe the interaction between ‘elite’ organisations. This is based on the idea that much insight into the organisation and efficiency of tourism regions may be obtained by mapping the network of organisations in that region. It is also based on the idea that many organisations may operate in a region, but some will have more influence and power than others (termed elite organisations). Thus, by examining and mapping the networks of elite organisations it may be possible to describe and diagnose network issues.

Three sets of properties of networks are of particular interest in understanding these elite networks.

1. **Type of relationship**: what is exchanged by the organisations? For instance, an RTO may provide and receive information from a visitor information centre.
2. **Strength of the relationship**: this refers to the strength and nature of the relation between two organisations.
3. **Network structure**: this refers to the overall pattern of relationships between the organisations. For instance, clustering, network density, and the existence of key organisations in the network are all structural characteristics.

**Bringing it Together**

These two different approaches to network analysis produce different results. The value net approach is high-level and strategic while the social networks approach is more analytic and focused on individual organisations. Thus these two approaches may complement each other and, as will be seen below, may be used together to provide a strategic and diagnostic tool.

The difference in the two approaches may be best illustrated by Figure 34. Here, the strategic value net approach is illustrated in the first line (1). The major areas of the tourism value net are shown as a square and connected by a line if they interact. The major functions in the value chain are economic development and marketing (by the tourism office and by wine companies), as well as the traditional tourism functions of accommodation, food, transport and, in this case, wine.

In comparison the social network approach is given in the third line (3). Here, the emphasis is on individual organisations (dots) that are connected by relationships (lines). The arrangement of these is determined so as to locate the most well-connected organisations in the centre of the diagram.

A hybrid method not previously discussed in the literature is shown on the second line (2). Here, features of both the value net and social network approaches are combined. Essentially this involves the arrangement of the organisations (dots) into the functions of the value net while retaining the lines connecting them. This innovation
allows the relationships between organisations to be seen within a value net framework and would appear to provide additional insight and analytical power.

**Conclusion**

Taken together, these studies indicate that network analysis has great potential in the study of regional tourism organisation. This could be to examine the value networks in regions, to determine the effectiveness of regional tourism amalgamations, to examine the relationships at a sectoral level or indeed many other topics.

The results are difficult to generalise as they indicate a number of specific organisational issues and problems in different regions. However, the results do generally indicate the usefulness of the approach and demonstrate the ability of network analysis to usefully contribute to the management of tourism.

Based on the analysis of these three reports, the development of a kit for examining social network relationships is warranted.
APPENDIX A: SECTORAL ORGANISATIONS IDENTIFIED FOR IN-DEPTH INTERVIEWS

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aboriginal Tourism Australia</td>
<td>1</td>
</tr>
<tr>
<td>Aboriginal Tourism Marketing Association (ATMA)</td>
<td>2</td>
</tr>
<tr>
<td>Accommodation Getaways Victoria</td>
<td>3</td>
</tr>
<tr>
<td>ATEC – VIC/TAS</td>
<td>4</td>
</tr>
<tr>
<td>Australian Hotels Association</td>
<td>5</td>
</tr>
<tr>
<td>Boating Industry Association of Victoria Inc</td>
<td>6</td>
</tr>
<tr>
<td>Bus Association Victoria</td>
<td>7</td>
</tr>
<tr>
<td>C/VECCI</td>
<td>8</td>
</tr>
<tr>
<td>Camping Association of Victoria</td>
<td>9</td>
</tr>
<tr>
<td>Caravan Industry Australia</td>
<td>10</td>
</tr>
<tr>
<td>Clubs Victoria</td>
<td>11</td>
</tr>
<tr>
<td>Cultural Tourism Industry Group</td>
<td>12</td>
</tr>
<tr>
<td>Melbourne Convention &amp; Marketing Bureau (MCVB)</td>
<td>13</td>
</tr>
<tr>
<td>Museums Australia (Victoria)</td>
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</tr>
<tr>
<td>Regional Victoria Conference Group</td>
<td>15</td>
</tr>
<tr>
<td>Restaurant &amp; Catering Association of Victoria</td>
<td>16</td>
</tr>
<tr>
<td>Service Skills Victoria</td>
<td>17</td>
</tr>
<tr>
<td>The Professional Tour Guide Association of Australia (PTGAA)</td>
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</tr>
<tr>
<td>Tourism Accreditation Board of Victoria</td>
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</tr>
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<td>Tourism Australia</td>
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<td>Victorian Caravan Parks Association Inc</td>
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<td>Tourism Alliance Victoria Ltd</td>
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<td>Victorian Tourism Industry Council</td>
<td>25</td>
</tr>
<tr>
<td>Victorian Wine Industry Council</td>
<td>26</td>
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</tbody>
</table>
APPENDIX B: INTERVIEW PROTOCOL

<table>
<thead>
<tr>
<th>Name of person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of organisation</td>
</tr>
<tr>
<td>Position</td>
</tr>
<tr>
<td>Type of organisation</td>
</tr>
</tbody>
</table>

About your organisation

Q1a. What are the main tourism related activities that your organisation performs?

Answer

<table>
<thead>
<tr>
<th>Code as</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional economic development (general)</td>
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</tr>
<tr>
<td>Destination marketing (domestic or international)</td>
<td>2</td>
</tr>
<tr>
<td>Product marketing (domestic or international)</td>
<td>3</td>
</tr>
<tr>
<td>Tourism planning and policy</td>
<td>4</td>
</tr>
<tr>
<td>Tourism product and service supply</td>
<td>5</td>
</tr>
<tr>
<td>Tourism infrastructure and special projects</td>
<td>6</td>
</tr>
<tr>
<td>Visitor services and information.</td>
<td>7</td>
</tr>
<tr>
<td>Provision of information about visitors and tourism trends</td>
<td>8</td>
</tr>
<tr>
<td>Training and education</td>
<td>9</td>
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<td>Other areas (specify)</td>
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Q1b. What are the main problems, issues or challenges you face in undertaking these activities?

Answer

Q1c. How important is tourism to the region compared to other economic activities in Victoria?

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Your organisation and tourism

Q2a. What are the main ‘levers’ that your organisation has to influence the direction of tourism in Victoria?

Answer
Q2b. In dealing with tourism in this region, my organisation is:
1 very influential
2 quite influential
3 moderately influential
4 not very influential
5 not influential at all

Q3a. Which organisations do you have contact with in terms of tourism at the State level?

Q3b. What is the main reason for your contact with these organisations?

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<th>Code</th>
<th>a) Organisation name</th>
<th>b) Reason for contact</th>
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Your contacts in tourism

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The role of Tourism Victoria and the (Federal) Office of National Tourism

Q4a. What the services and functions of Tourism Victoria?
Answer

Q4b. What are the main services that you currently receive from Tourism Victoria?
Answer

Q4c. What other services would you like to receive from Tourism Victoria?
Answer

Q4d. What are the main services and functions of Office of National Tourism?
Answer

Q4e. What are the main services that you currently receive from Office of National Tourism?
Answer

Q4f. What other services would you like to receive from Office of National Tourism?
Answer

The role of Regional Tourism Organisations

Q5a. What the role of RTOs in tourism, specifically Goldfields and Snowfields?
Answer

Q5b. What are the main services that you currently receive or provide these RTOs?
Answer

The management and coordination of tourism

Q6a. Thinking generally about tourism, how could the management and or coordination of tourism in Victoria be improved? What are the areas that are in most need of improvement?
Answer

Q6b. Where do you get most of your information about tourism in Victoria useful for planning/development/marketing?
Answer

Q6c. Which do you consider to be the main organisations involved in each of the following activities?

1. The tourism marketing of Victoria
2. Tourism product development of Victoria
3. Tourism planning for Victoria
4. Economic development of Victoria
APPENDIX C: TELEPHONE SURVEY INSTRUMENT

Hi ...
I am ringing on behalf of Tourism Victoria (Tourism Bureau). I am from the School of Tourism and Leisure Management at the University of Queensland.

The reason for calling you is that we need your comments as part of a project evaluating the Structure of the Tourism Industry in Victoria. The aim of this project is to improve coordination and effectiveness of tourism in Victoria. The University has been asked to do this work in order to ensure a neutral and confidential report.

Do you may have 10-15 minutes to complete this phone survey? Your answers will be taken absolute anonymous and confidential. Thank you.

Let’s start the survey!

**Question 1:** From the name of your organization I guess you are involved in .... Is that correct?
- [ ] Accommodation
- [ ] Food & Wine
- [ ] Activity
- [ ] Transportation
- [ ] Retail & Services
- [ ] Others:

**Question 2:**

<table>
<thead>
<tr>
<th>With which tourism organizations at a State and regional level do you have contact for coordination and marketing?</th>
<th>How often do you have contact?</th>
<th>How important is the contact?</th>
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</table>

Please try to force your interview partner to express his/her own opinion about his/her core business partners!

Please code as contacts per year for all contacts!

Page 1/2
## APPENDIX D: ORGANISATION CODES

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<td>Bed&amp;Breakfast Association</td>
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<td>Restaurant &amp; Catering Association of Victoria</td>
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<td>Victorian Backpacker Operators Association</td>
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<td>Golden Chairs Hotels</td>
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The Sustainable Tourism Cooperative Research Centre (STCRC) is established under the Australian Government’s Cooperative Research Centres Program. STCRC is the world’s leading scientific institution delivering research to support the sustainability of travel and tourism - one of the world’s largest and fastest growing industries.

**Research Programs**

Tourism is a dynamic industry comprising many sectors from accommodation to hospitality, transportation to retail and many more. STCRC’s research program addresses the challenges faced by small and large operators, tourism destinations and natural resource managers.

**Areas of Research Expertise:** Research teams in five discipline areas - modelling, environmental science, engineering & architecture, information & communication technology and tourism management, focus on three research programs:

- **Sustainable Resources:** Natural and cultural heritage sites serve as a foundation for tourism in Australia. These sites exist in rural and remote Australia and are environmentally sensitive requiring specialist infrastructure, technologies and management.

- **Sustainable Enterprises:** Enterprises that adhere to best practices, innovate, and harness the latest technologies will be more likely to prosper.

- **Sustainable Destinations:** Infrastructural, economic, social and environmental aspects of tourism development are examined simultaneously.

**Education**

**Postgraduate Students:** STCRC’s Education Program recruits high quality postgraduate students and provides scholarships, capacity building, research training and professional development opportunities.

**THE-ICE:** Promotes excellence in Australian Tourism and Hospitality Education and facilitates its export to international markets.

**Extension & Commercialisation**

STCRC uses its research network, spin-off companies and partnerships to extend knowledge and deliver innovation to the tourism industry. STCRC endeavours to secure investment in the development of its research into new services, technologies and commercial operations.

**Australia’s CRC Program**

The Cooperative Research Centres (CRC) Program brings together researchers and research users. The program maximises the benefits of research through an enhanced process of utilisation, commercialisation and technology transfer. It also has a strong education component producing graduates with skills relevant to industry needs.