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Facilitating Broad Economic Development –Tourism

Marketing PNG Destination

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‘Marketing the Destination’ is the key priority area of Papua New Guinea (PNG) Tourism Master Plan 2007-2017. This study provides researched and theoretically proved knowledge essential for implementing the sixth strategy of ‘Marketing the Destination’ – *Review the current tourist market positioning and tagline by key source markets and test the consumers and travel trade.* A *Positivistic Research Paradigm* (Hussey & Hussey, 1997) was used and philosophical framework for ‘Marketing the Destination’ was developed. The research measured *quality of tourist products and employee service performances* in five main tourism sectors and *satisfaction from key source markets and potential markets* of PNG. The *quality of employee service performance* were measured using Service Quality Dimensions (SEVQUAL) and their core capabilities were analyzed. The study tested the assumption that the variables making up core capabilities determine the match between tourist expectations and satisfactions. Total of N=271 tourists (*n=80 Australia, n=54 Japanese, n=137 other potential markets*) responded. The results showed that each of the SEVQUAL variables enables or disables service quality performances. The result for all tourism sectors showed that all variables scored low on excellent and do not match tourist expectations. For example; out of total 271 respondents on international flights, only 15.49% rated *dependability* performance as excellent, only 38.01% very satisfactory, 33.60% satisfactory, 11.44% fair and 3.32% poor. The results from airlines industry show that

service provided by employees lacks core capabilities. In addition, the research found out that improvement in facets of service quality dimensions will improve employee performance and contribute to core capabilities. The research proved that core capabilities determine match of tourist expectations to satisfaction. The factors determinants for tourist satisfaction were examined and ontological assumptions (reality is objective and singular, apart from Researcher; variables of tourist expectations are independent variables and satisfaction as dependent variable) were articulated using *a destination-oriented system classification model*. Moreover, the phenomena of *quality employee service performance* being investigated proved the *epistemological assumption* (Researcher is independent from that being researched) that *core capabilities of employees are the determinants of satisfaction* and can be used to match all stakeholders' needs as operationalized by *yawarakai (soft) analytical model*. Furthermore, the research provides theoretical and policy implications and provides appropriate recommendations to both public and private sectors.

1.0 Introduction

Broad economic development can be facilitated using tourism sector become a dynamic, innovative and growing industry which can sustain the organisational lifecycle of PNG. In facilitating broad economic development three fundamental issues must be clarified. What sector and resources to use, what vision, goal or strategy to use and how to implement broad economic development. These issues can be translated into three broad questions in the context of tourism sector; When we make plans to use tourism sector to facilitate broad economic development, we must ask three vital questions; Where is PNG tourism now? Where do we want PNG tourism be in 2017, 2030, 2050 ? How do we take PNG tourism from where it is now to where we want it to be? This presentation will firstly, use these broad questions to update PNG tourism sector and address critical issues fundamental in facilitating broad economic development using this dynamic sector. Secondly, focused discussions around a particular key priority area of tourism Master Plan and its strategy. Thirdly, this report discusses the findings on how the strategy was used to explore critical issues in marketing PNG destination and the key priority area of Master Plan and provide an implication and way forward to facilitate tourism as a vital sector to achieve broad economic development.

2.0 Where is PNG tourism sector now?

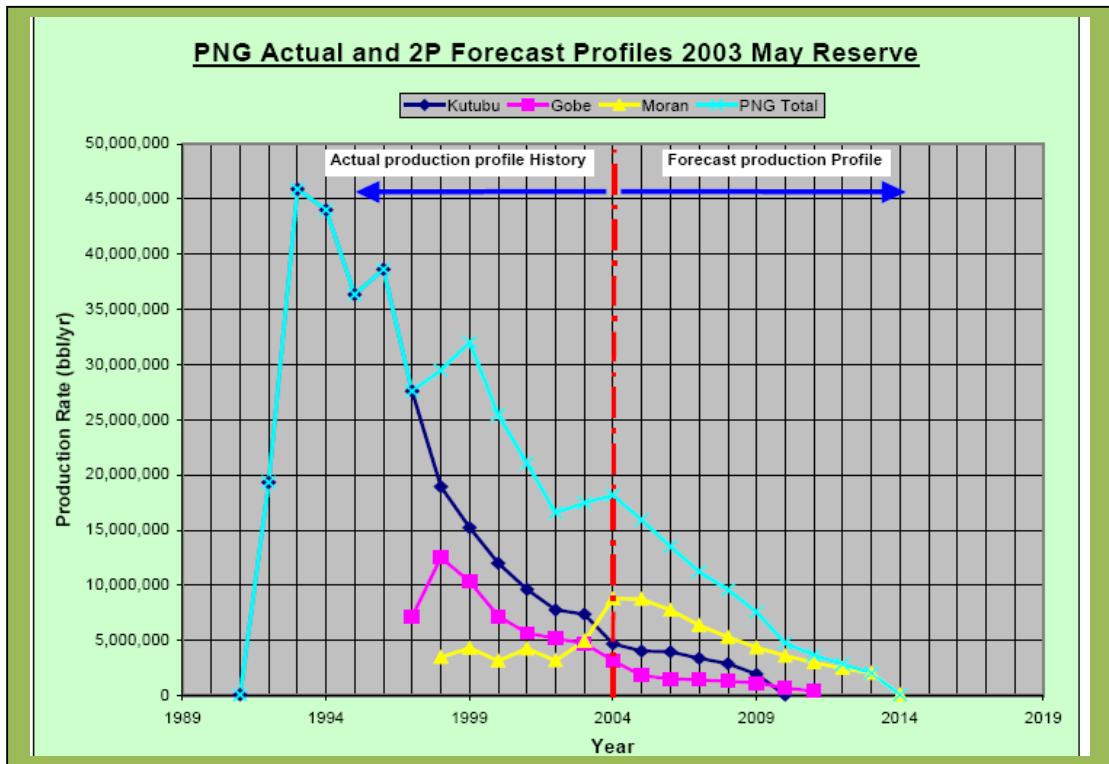
2.1 PNG economic scenario

Despite positive economic growth experienced, this has not translated into improvements in our social indicators. PNG's global Human Development Indicators¹ (HDI) ranking dropped from 128th out of 175 countries in 1994 to 145th out of 179 countries in 2005. This reflects our worsening social indicators.. In comparing with other countries, PNG lack access to basic services and infrastructure as well as a lack of access to income and income-earning opportunities (PNG Vision 2050, p.16).

Moreover, we have deterioration of public goods and services and lack of meaningful participation of the rural people in income earning. PNG enjoys substantial natural wealth and has experienced growth in total output and GDP. Current growth has been driven by high international commodity prices of mineral, forestry and agricultural commodities. The bulk of the people are in the informal sector dominated by the subsistence and semi-subsistence activities. Economic growth has not resulted in broad-based economic development involving ordinary citizens. A good example is Kutubu oil production. No tangible development and improvement of standard of living for rural majority of Kutubu people after 23 years of oil production.

¹. The HDI provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and enrolment at the primary, secondary and tertiary level) and having a decent standard of living (measured by purchasing power parity, PPP, income) (<http://hdr.undp.org/en/statistics/>).

Chart 1: Actual production 2003 and forecast production profiles



Source: 2003 December, Annual Report of Petroleum Activity in PNG, Petroleum Division, DPE (Peter Kol, Chief Engineer, DPE).

The oil production in PNG started in 1991, especially with the Kutubu oil field. The light blue line in chart 1 shows that oil production between initial years 1991 to 1992 was nearly 20,000,000 barrels (bbl.) and the production increased to 45,000,000 bbl. in 1993 (DPE, 2010).. The additional oil fields of Gobe and Moran have boosted the production from 23,000,000 bbl. in 1997 to about 32,000,000 bbl. in 1999 but continually decreased and in 2002 the country produced the lowest oil production of 16,000,000 bbl. PNG oil production had slight increases in 2003, 2005 and 2006, but decreased to 21,000,000 bbls in 2007. PNG produced the lowest in 2010 by 10,000,000 bbls and forecasted to end in 2014 after 23 years of production (*Chart 1*).

The oil and gas production from 2015 and onwards will be dictated by PNG LNG project requirements (Kol & DPE, 2011). The production oil and gas will increase and revenue will increase from 2015 onwards but by 2030 or 2040 the production rate will definitely decrease as we can learn from annual oil and gas production report shown in Charts 1. PNG will enjoy revenue from oil and gas for only 20 to 30 years. With an annual population growth of 2.3 to 2.7 percent of which 55 percent of the population are unable to read and write, PNG will have

increase in unemployment rate. The number of school drop out is also increasing at the rate of 50% and more (PNG Vision 2050, 2009, p.33).

Besides, mining industry is a revenue and employment generator for PNG. Most of the big gold and copper mine of the country have reached their maturity stage. Misima is closed, Ok Tedi mining plan to close in 2022 (EmTV News, 2011), to be followed by Pogera and Lihir. What industry will sustain the organisational life cycle of PNG ? Now while PNG is enjoying increase in revenue generation and economic growth, PNG must regenerate earning by reinvesting in tourism industry and achieve broad economic development.

2.2 Tourism Industry

Tourism industry has the potential to contribute significantly to the development of economy. It can be used for achieving broad economic development which is able to sustain organisational lifecycle of Papua New Guinea. Tourism is dynamic and growing industry which can create wealth to make the industries innovative and economy becomes competitive. Over the years the number of international tourists arriving PNG shores have increased dramatically (Vincent & Abe, 2006, p. 6). Tourism currently contributes to PNG's gross domestic product (GDP) to relatively small at about 2.5% but has strong potential to grow and become a dynamic, innovative and growing industry (Vincent P., 2009, p. 2). Researches by TPA show that international visitor arrival was approximately 69,260 in 2005, 77,330 in 2006 and 104,122 in 2007, 120,139 in 2008, 125, 291 in 2009, 146,350 in 2010, 263, 173 in 2011, 175, 203 in 2012 and 197, 152 in 2013 (TPA 2012 Arrival Report). Consequently, increased in international visitor arrivals to PNG can result in greater foreign currency earnings and reserves, higher employment levels, and generate demand for PNG tourist products and services and bring economic gains for many industries and people in PNG. Thus this dynamic and growing industry need partnership and collaborative effort by all PNG citizen to facilitate broad economic development.

3. Where do we want PNG Tourism be in 2017, 2030, and 2050 ?

This broad question is about strategy formulation. Facilitation of broad economic development need formulation of strategies to facilitate broad economic development and thoroughly examine and analyse existing vision, goals, objectives, startegies and policies and articulate using

management and marketing tools and approaches which can enable implement the broad economic development, in this case, tourism, management and marketing theories are essential.

3.1 Tourism Sector Review and Master Plan

The PNGTPA launched its The The Tourism Promotion Authority (TPA) has developed a Tourism Sector Review and Master Plan 2007-20017 that is targeted for 10 years. The plan stated overall goal as: '*Increase the overall economic value of tourism to the nation by doubling the number of tourists.....maximizing sustainable tourism growth for social and environmental benefit for all Papua New Guineans*' (Master-Plan 2007-2017, 2006, p. 8). The target set by PNGTPA was achieved from international visitor arrivals of 146, 350 (estimated 122,000) in 2010 which generated revenue of 1.4 billion (estimated K1.2 billion). The revenue generated in 2012 was K 1.6 billion, in 2013 was K1.75 billion and K1.78 billion is forecasted for 2015. In 2015 visitor arrivals and expenditure of tourists is expected to double because of 2015 South Pacific Game, boom in business activities, increase in international summits and conferences, etc.

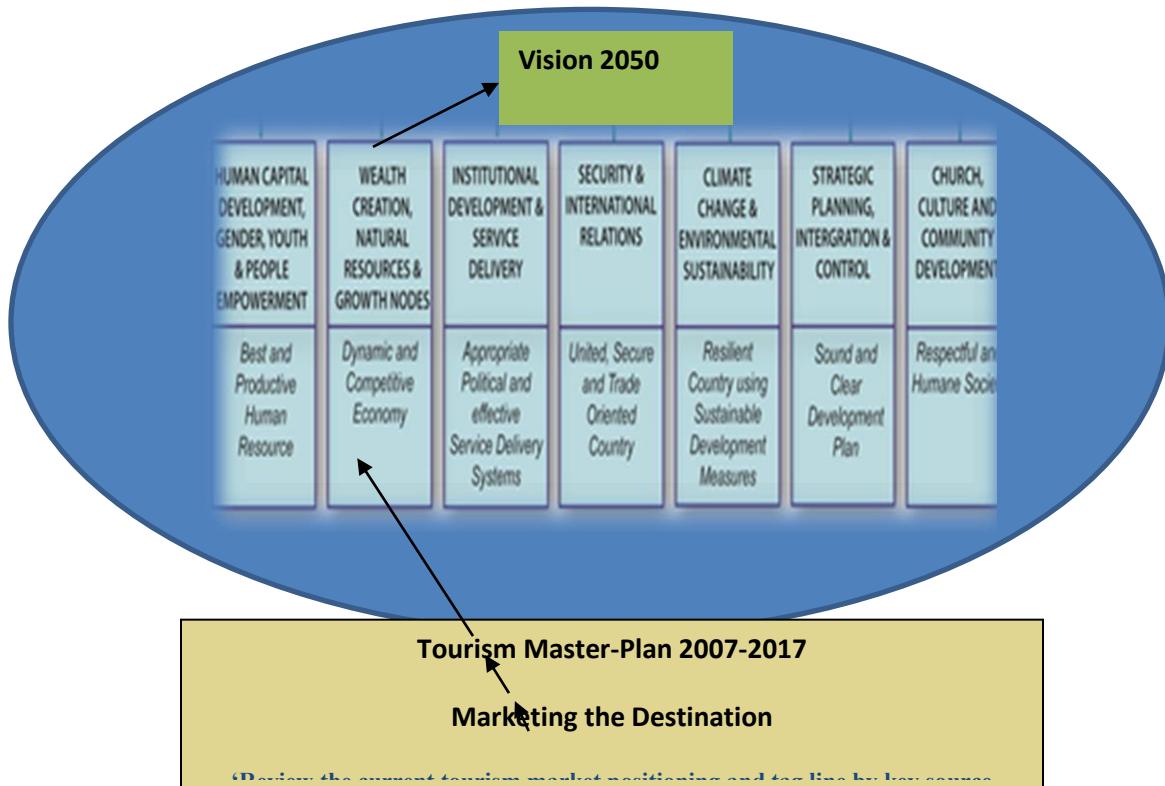
In order to reach the above overall goal, the tourism Master Plan 2007-2017 identified five (5) key areas in which to focus its tourism development program. They are as follows:

1. Marketing the Destination
2. Investment Incentives and Product Development
3. Transport and Infrastructure Development.
4. Human Resource Development
5. Institutions and Industry Partnerships.

The above five key priority areas can be used as a stepping-stone in developing tourism marketing strategies working towards achieving the National Vision 2050, especially, the seventh Pillar, "Wealth Creation". Tourism industry could provide employment opportunities for the growing population of PNG and increase contribution to GDP, sustain revenue generation and replace mining and petroleum industries.

3.2 Articulate Tourism Master-Plan to Vision

Figure 1: Link Tourism Master-Plan 2007-2017 to PNG Vision 2050



Source: Wording adopted from PNG Vision 2050, 2009, p.32 & Tourism Master Plan 2007-2017, 2006, pg. 9-10.

4.0 How do we take PNG tourism from where it is now to where we want it to be in 2017, 2030 and 2050 ?

This question is about implementation, the action part. It is about setting implementation strategies, such as; tourist destination marketing strategies. It is examining established tourism marketing strategies and assess implementation and monitoring whether goals and objectives are achieved and customers needs are fulfilled or not. Marketing and management approaches can be used to analyse operations, programs, procedures and processes of the implementation and monitoring performance.

4.1 Marketing PNG Destination

A research focused on ‘Marketing the Destination’ key priority area of Tourism Master Plan and investigated the sixth strategy using five (5) major tourism sectors and nine (9) tourist markets of PNG. The sixth key recommendation for the first key priority area, ‘Marketing the Destination’ is ***‘Review the current tourism market positioning and match (tag line) by key source market and test with consumers or the travel trade’***, (Master-Plan 2007-2017, p. 10).

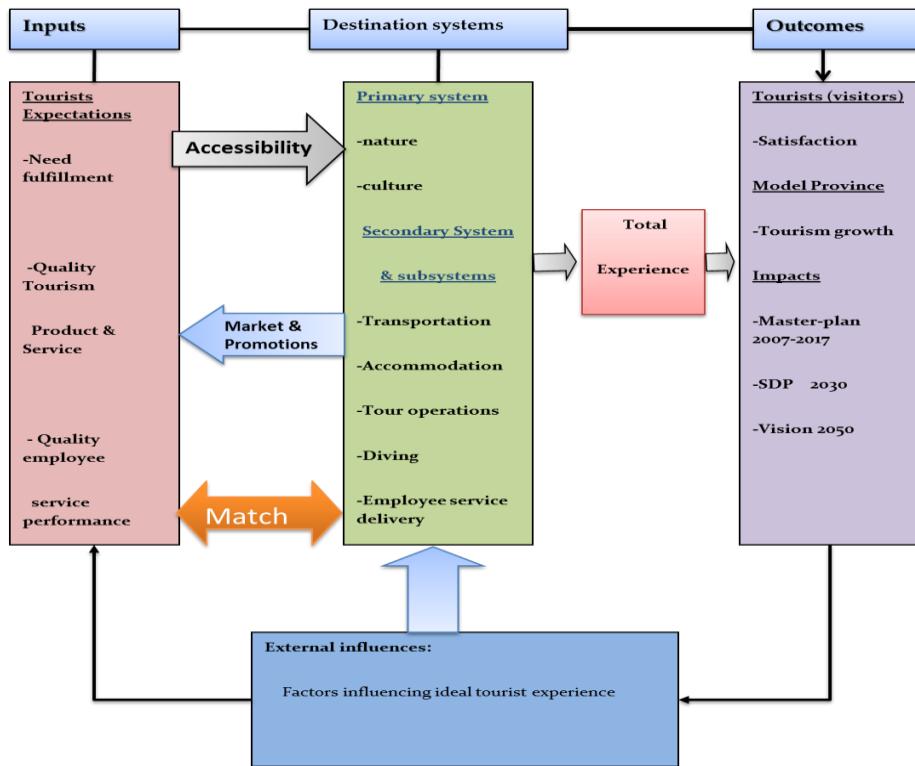
Both qualitative and quantitative research approaches were used and analysed the tourism markets using marketing segmentation variables; demographic, geographic, psychographic and behaviouristic variables to measure market characteristics, motivation, travel related behaviour patterns. The Service Quality Dimensions (SEVQUAL) were used to measure perceptions and attitudes towards employee service performance. The independent variables measured were factors such as need fulfilment, quality service and product and quality of employee service performance. The dependent variable is tourist satisfaction This report however, narrowed discussions on the findings of the quality of employee service performances. .

The study assumed that the quality of employee service performance is the most import factor of tourist expectation which determine tourist satisfaction. This assumption was measured using five (5) service quality dimensions as, reliability, responsiveness, empathy, assurance and tangible. Each dimensions were measured with four facets using five point likert scale. The five (5) major tourism sectors measured were: Accommodation, Tour Operators, Diving sector, Airline domestic and Airline International.

5.0 The Literature and destination-oriented systems model

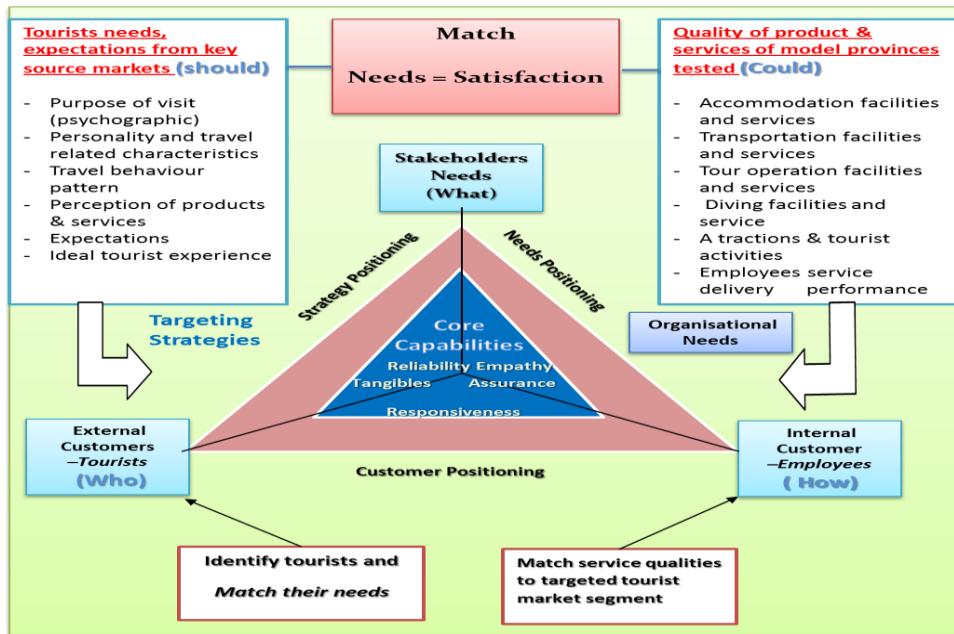
The destination oriented model articulates parent, immediate, related and core constructs of this study about matching tourist’s expectation for quality employee service performance tourist satisfaction. Systems theory is the parent literature, tourism and marketing are the immediate literatures, related literatures are motivation, internal and yawarakai (soft) marketing and service quality. The core constructs tested by this study are factors of tourist expectations (need fulfilment, quality service and products and quality of employee service performance and satisfaction which form independent and dependent variables of the study.

Figure 1. Destination-oriented systems classification model



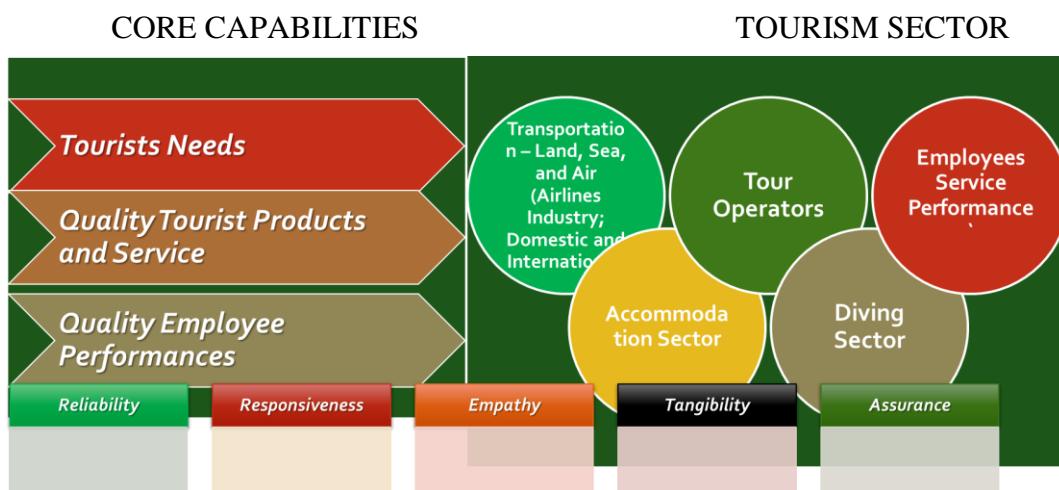
- The model is useful for destination-oriented marketing, because it provides a good theoretical framework for core constructs in destination marketing relevant for this research, such as; tourists expectations, experience and satisfaction explored and results provided by this research. Moreover, the model articulates related concepts and theories. The model provides a specific and explicit relationship between the INPUT..... variables and Destination systems with equitable outcome- Stakeholders.

Figure 2. Yawarakai Analytical Model



Yawarakai calls for balancing of stakeholder needs. (Organisation, customers –internal/external)

- ✓ **Quality service culture** becomes a determinant of tourists' (external customers) satisfaction.
- ✓ **Empowers employees** (internal customers) job satisfaction.
- ✓ **Core capabilities** are also needed by service-oriented organizations to develop a strong service culture. Core capability becomes domain, the core, centre of all in the Yawarakai Analytical Model



Five (5) Service Quality Dimensions

Chart 2. Reliability Ratings of International Airlines Employee Service Performance

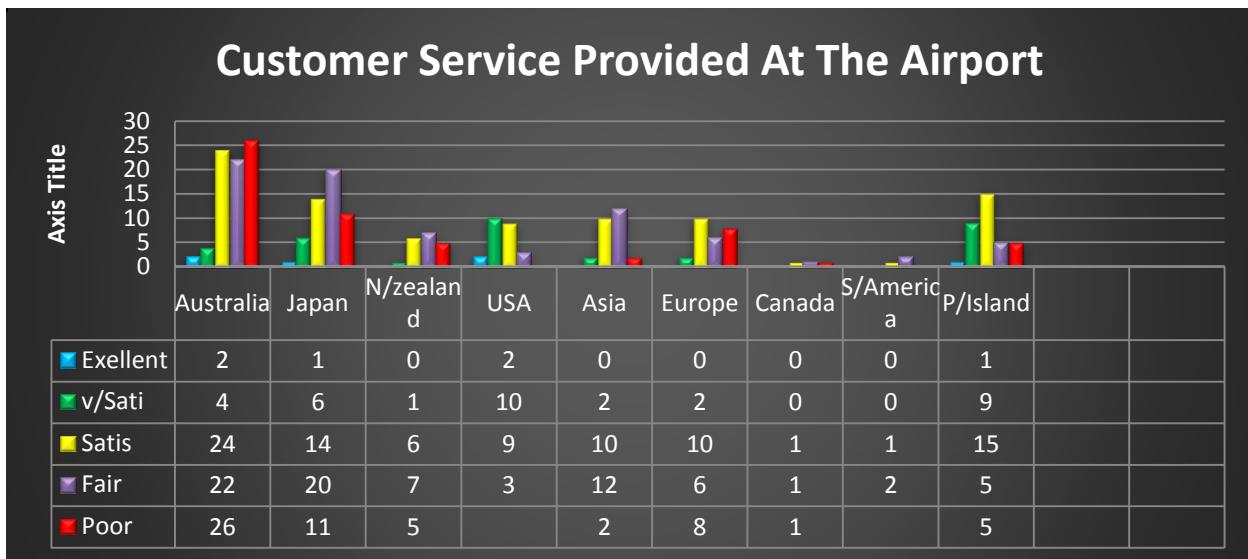
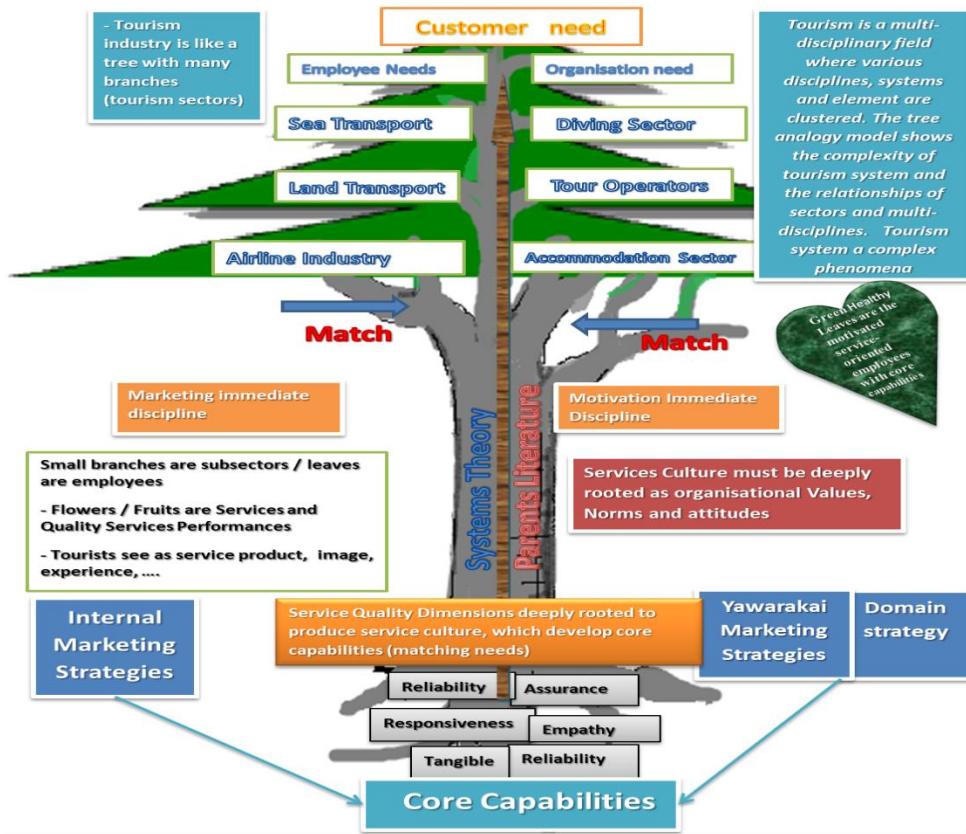


Chart 3. RELIABILITY OF INTERNATIONAL AIRLINES EMPLOYEE SERVICE PERFORMANCE



Figure 3. Tree Analogy Model



A ‘Mind Mapping of Core Capability’ is illustrated by the Tree analogy Figure. The Tree Analogy Model illustrates articulation of the classification and analytical models and research issues.

The Root of the tree are the Organisational Structure culture of tourism industry which must have strong service culture deeply rooted in service industries to produce service oriented service performance which can become core capabilities

Conclusion

Thus, identify strengths and weaknesses of PNG destinations and their position in tourism market. Thirdly, the study provides vital information for Provincial Tourism Bureaus of the five tourism model provinces' tourism marketing strategy framework for their "Marketing the Destination Strategy" stipulated in Tourism Master Plan 2007-2017. Fourthly, the thesis addresses several strategies and policies and identifies policy gaps. The findings would be useful for marketing plans to utilise as a stepping-stone for achieving Strategic Development Plan and National Vision 2050, particularly the "Wealth Creation" pillar (Kavanamur, 2002).

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