# Marketing the Spirit of Tasmania.

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**Abstract:**

In 1993 the Tasmanian Government corporatised the Bass Strait ferry service operated by the Department of Transport and Works This coincided with the introduction of the new $150 million cruise ferry Spirit of Tasmania.

In planning for corporatisation a major marketing study was undertaken applying psychographic profiles to target individual market segments. From this study strategies were developed for marketing pricing, facilities, communication and sales distribution for the new ship.

The paper discusses the uses of these techniques and their application to the development and implementation of the marketing strategy. The paper describes the integration of the physiographic profiles in establishing the target markets, the communication plan and the development of facilities on the ship. It also reports on the first six months operation of the new vessel relating performance to the marketing strategy through the use of psychographic segments.

The Spirit of Tasmania more than exceeded its passenger budgets. For both numbers and revenue this was due to the success of the marketing strategy adopted and the way in which the strategy outcomes can be tracked using the psychographic profiles.

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## BACKGROUND

In January 1991 the Tasmanian Government purchased the German passenger ferry Peter Pan at a cost of over $150 million. This major investment decision (see Finch 1991) had been based on extensive studies including the demand for passengers and freight.

By mid 1992 the combined effects of the recession and competition from the fast ferry service provided by the SeaCat were seriously eroding passenger demand on the existing ship Abel Tasman. Annual passenger numbers fell from 214,000 to 162,700 in the 1991/92 financial year. With the new ship coming into service in late 1993 it was clear that something dramatic had to be done to ensure that the new ship was viable.

There are many studies of how to estimate the potential demand for a new service. This paper addresses how demand was built up for the new service using novel techniques that are becoming increasingly common in marketing but which are unfamiliar in the transport sector.

The authors were respectively the Project Manager for the Spirit of Tasmania, the strategic marketing consultant and the General Manager Marketing TT-Line.

TT-Line was established in 1985 as a Branch of the Tasmanian Transport Commission. In 1993 it was corporatised and became TT-Line Pty. Ltd. which coincided with the introduction of Spirit of Tasmania. The strategic reasons that led the Tasmanian Government to purchase the Spirit are outlined in an earlier ATRF paper (Finch, 1991).

A glossary of terms is included as an attachment to assist the reader.

## SEA TRAVEL TO TASMANIA

Overall passenger volume to Tasmania over a long period has moved in cycles of growth, peak and decline lasting between three and five years. These corresponded to the expansion of the economy, the value of the $A (affecting the relative prices of overseas travel) and inflation (influencing the propensity to spend or save).

There are clearly only two modes of transport to Tasmania. Even in 1946 more people flew than went by ship and since then the market share of air has grown relentlessly. By 1990/91 air travel accounted for 82% of arrivals in Tasmania.

Sea travel has responded to supply factors rather than the overall demand for travel. As capacity has increased so have volumes, but sea has not been able, because of capacity constraints, to benefit from any major growth in arrivals. The introduction of the Abel Tasman in 1985 almost doubled the market share of sea travel during a period of relatively slow growth. Following its introduction in late 1990, SeaCat was able to take a 36% share of sea passengers, at the Abel Tasman's expense, in its first year of operation 1991/92. This at a time when overall Tasmanian arrivals fell.

To set the Tasmanian travel market in context, Table 1 compares travellers to and from Tasmania with those travelling interstate and overseas.

Of these travellers to Tasmania, air is overwhelmingly chosen by those visiting friends and relatives (VFR) and business travellers.

**Table 1** **Australian Travel by Origin (Excludes day trips, and under 14 year-olds)**

| State/Country of Origin | 1991 Aust % | 91/92 Tasmania % | 91/92 TT-Line % | 91/92 Tas Index 1986=100 |
|---|---|---|---|---|
| NSW | 24 | 14 | 14 | 145 |
| VIC | 25 | 24 | 25 | 131 |
| QLD | 13 | 5 | 3 | 145 |
| SA | 7 | 4 | 5 | 123 |
| WA | 2 | 2 | 2 | 151 |
| NT | 1 | * | * | 106 |
| ACT | 10 | 2 | 2 | 165 |
| TAS | 1 | 41 | 40 | 106 |
| AUS | 83 | 92 | 91 | 122 |
| UK | 2.0 | 1.7 | 2.7 | |
| EUROPE | 1.9 | 1.6 | 3.7 | |
| USA | 2.0 | 1.7 | 1.3 | |
| NZ | 3.5 | 1.5 | 1.0 | |
| JAP | 3.8 | 0.3 | 0.4 | |
| ASIA | 2.7 | 0.2 | --- | |
| OTHER | 1.3 | 0.4 | --- | |
| TOTAL OVERSEAS | 17.1 | 7.8 | 8.6 | 209 |
| TOTAL | 100 | 100 | 100 | |

Source: DTM 1991/92, TVS 1991 and 1992 aggregated to provide 91/92 financial year data, 12 months to June

Note: Figures do not add to 100% because of rounding

Some 20% of air travellers (63,800 in 1991) were travelling on a fly drive package. A car is an important requirement for a Tasmanian holiday which is based on scenery, heritage and wilderness experiences. Compared to air sea travellers were much more likely to be on holiday or to visit friends and relatives and unlikely to be travelling on business. Of the sea modes, Abel Tasman carried proportionately more of holiday makers while SeaCat took a marginally higher share of business and VFR.

**Table 2 Market Shares by purpose of visit from Mainland, by Carrier**

| Market Segment | 1991 Air% | 1991 TT-Line% | 1992 Air% | 1992 TT-Line% |
|---|---|---|---|---|
| Business | 18.4 | 2.8 | 18.7 | 8.3 |
| Conventions | 6.9 | 2.4 | 7.3 | 0.6 |
| Total Business | 25.3 | 5.2 | 26.0 | 8.9 |
| VFR | 29.9 | 17.6 | 33.5 | 17.8 |
| Holiday | 10.5 | 55.3 | 12.6 | 50.3 |
| Fly Drive | 19.5 | 1.4 | 14.4 | 1.9 |
| Coach | 4.8 | 7.3 | 3.4 | 10.9 |
| Bush/Raft | 3.1 | 7.2 | 3.8 | 5.6 |
| Sport | 2.7 | 1.5 | 3.4 | 1.6 |
| Total Holiday | 40.6 | 72.7 | 37.6 | 70.3 |
| School | 0.6 | 1.0 | 0.5 | 2.1 |
| Other | 3.7 | 3.3 | 2.6 | 1 |
| All Purposes | 80.9 | 13.3 | 82.8 | 10.8 |

Note balance of travellers on SeaCat.

Surveys showed a number of other important features of the Abel Tasman travel.

- Tasmanians were relatively frequent travellers with over 50% travelling more than 4 times in the previous 5 years (TVS 1991)
- The majority of first timers on Abel Tasman were first timers to Tasmania. Very few visitors to Tasmania had been on the Abel Tasman before but over half the Tasmanians had been (RMRC 1992).
- More frequent visitors were travelling for VFR
- Visitors preferred to go to Tasmania in summer (surprise!) but Tasmanians stayed at home in January. In winter months the share of Tasmanian travellers exceeded visitors.

## CONSUMER ATTITUDES AND NEEDS

Traditionally, transport modellers have assumed that travellers are influenced by a range of cost and attractiveness variables. These are usually assumed to act in a uniform way across the community. However, it has been long realised that this is not always appropriate.

Marketers also have long been aware of the importance of lifestyle and recognise its importance. Market segmentation is the universal catchcry. The use of psychographic profiles represents current best practice in marketing and is gaining increasing acceptance.

The advent of large scale surveys using proprietary techniques of psychographic segmentation of the population has made it possible to use lifestyle and attitudes to develop the market for a range of products including transport services. In this case the study used the Roy Morgan Research Centre "Values Segments" (developed in conjunction with Colin Benjamin of the Horizon network). Readers should be aware that this is not the only psychographic database in Australia.

Decisions about saving, spending, borrowing or investing relate to such things as life cycle stage, income and economic situation. Such-decisions also relate to the consumer's perceptions and the expectations of the economic situation and their own aspirations and goals. Obviously there are factors deeply routed in people's value systems which set them apart from others.

Neighbours may be the same age, sex, income, socio economic group, marital status, with the same education, and number of children and yet have nothing in common in relation to tastes, beliefs, opinions and attitudes. An understanding of these additional factors not only enhances the demographics but also gives a clearer insight into why people respond the way they do to products, images and corporate communications.

Roy Morgan Research have been involved in "Values Studies" since the early 1970's. The technique has also had application in Europe.

Seven questions are used in combination with normal demographics to determine 15 lifestyle clusters known as "Values Segments". A full description of the clusters is contained in Appendix 1. In summary the sample base is 32,000 people interviewed face to face, sampled from the 13.4 million Australians over 14 years old.

This database is a single source, disaggregated information resource. The Values Segments within it clusters Australians into segments which share common attitudes and values. The psychographic clusters enhance the more usual demographic criteria and make them more useful for planning and targeting. Importantly because the media usage of the values segments are known, the system can be used both for strategic development and for implementation, media development and creative planning.

This base was expanded by a telephone survey of 1827 passengers on Abel Tasman who had travelled between November 1991 and May 1992 selected at random and 2777 interviews with air travellers over a longer period but weighted for the November to May period.

The RMRC "Value Segments" can be plotted onto a positioning map, see Figure 1. This has been applied by Brian Dermott and Associates using interpretive tools to identify and represent target markets. The y axis represents increasing education and occupational status while the x axis represents increasing age. Middle Australia is represented by *Conventional Family Life* and as they get older and the children leave by *Traditional Family Life*. Their children are *"Look at Mes"*. Above these are the *Socially Aware* and *Visible Achievement* and their children the *Young Optimism*.

For the ship there are important lifestyle differences between the Tasmanian travellers and those from the rest of the country, particularly Victoria where the largest proportion of visitors to Tasmania come. Compared to all Australians, in Tasmania :-

1. people tend to be more conservative, less open to new things, much more concerned about family togetherness and giving the kids a good start in life
2. there are significantly fewer wealth creators and affluent liberal minded and tertiary educated professionals
3. there is dearth of well off, tertiary educated young people.

Victorians on the other hand tend to have fewer family oriented *Conventional Family Life* and more *Socially Aware* - the greens and issues orientated.

Only 53.2% of Australians took a holiday in 1991 and only 22.8% went interstate. The most affluent and active are also the most likely to have holidayed. The holiday is an integral part of the lifestyle of *Young Optimists*, *Socially Aware* and *Visible Achievement*, groups which have both the interest and finance to enjoy them. These three groups account for 42% of interstate holidays although they only represent 31% of the population. Going on holiday is an important lifestyle discriminator.

A great deal of holiday behaviour is determined by the presence of children and the level of disposable income - see Table 3. However, the *Family Life* segments are less likely on average to take holidays. Nearly 70% of the *Conventional Family Life* segment have children and high debt levels. Less than half of this segment go on holiday. The *Traditional Family Life* segment who are older have fewer children at home and have paid off the house, have investments and often a new car. They are, however, relatively housebound. The *Real Conservatisms* also do not have children at home but they guard their money carefully and so are only average holiday makers.

The *Something Betters* have the income as both partners are working but almost all have loans. The holiday is an important part of their lifestyle but only about half go on holiday. Of the solos the *Young Optimisms* are big holiday makers but only half the Look at Me's holiday.

In the most affluent segments, *Visible Achievement* and *Socially Aware*, parents have the highest propensity to go on holiday. They are also likely to have children, 53% and 47% respectively, and larger families.

Almost 40% of children have *Visible Achievement* and *Socially Aware* parents - 1.6 million children under 15 years with 60% of these under 12. These two groups, while only 24% of the population also own 45% of the cars under 12 months old.

THE B D A POSITIONING MAP

BRIAN DERMOTT & ASSOCIATES

SEGMENT PROFILES SUMMARY 1993 FIGURE 1

THE ROY MORGAN RESEARCH CENTRE "VALUES SEGMENTS"

Developed in conjunction with Colin Benjamin of The Horizons Network

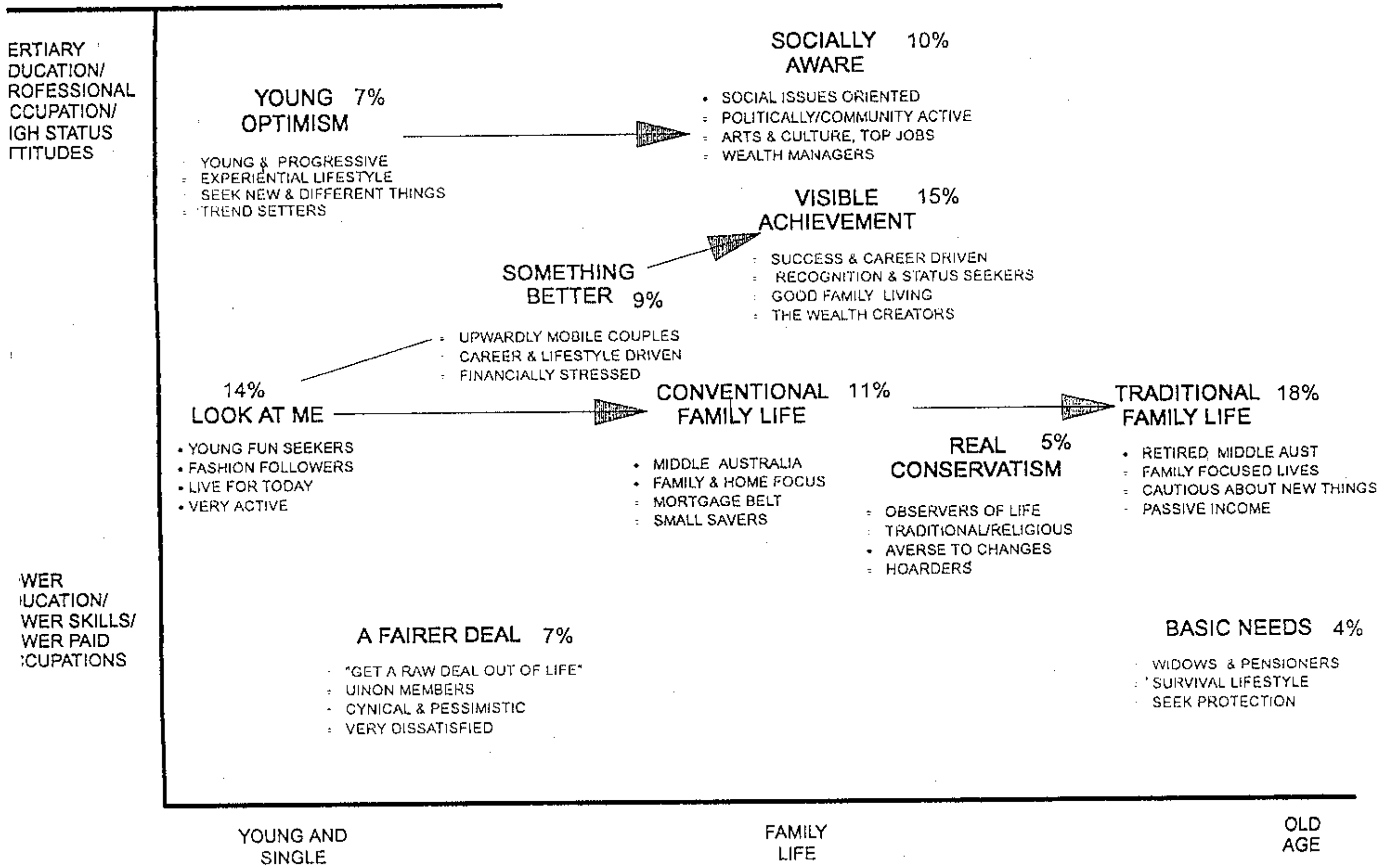


**Table 3 Income, competing expenditure and holiday behaviour by value segment**

| Value Segment | % Pop | % with Kids | % with Loan | % Renting | % with 50K+ Income | %with 20K+ Income Invested | % with new car | Holiday % of seg |
|---|---|---|---|---|---|---|---|---|
| % Total population | 100 | 31.5 | 40.3 | 22.6 | 22.1 | 15.2 | 29.2 | 53.0 |
| Basic Needs | 4 | 4 | 7 | 23 | 0 | 15 | 27 | 33 |
| A Fairer Deal | 7 | 37 | 33 | 47+ | 6 | 4 | 9 | 36 |
| Traditional Family Life | 18 | 4 | 15 | 10 | 3 | 23+ | 41+ | 47 |
| Conventional Family Life | 12 | 68+ | 58+ | 25 | 7 | 10 | 25 | 48 |
| Look at Me | 15 | 4 | 20 | 29 | (20) | 3 | 9 | 51 |
| Something Better | 9 | 57+ | 65+ | 32+ | 23 | 11 | 22 | 55 |
| Real Conservative | 6 | 37 | 47 | 12 | 26 | 20+ | 38 | 53 |
| Young Optimist | 7 | 5 | 25 | 36+ | 28 | 7 | 20 | 64+ |
| Visible Achiever | 15 | 53+ | 67+ | 13 | 56+ | 26+ | 45+ | 67+ |
| Socially Aware | 9 | 47+ | 62+ | 20 | 40+ | 24+ | 41+ | 68+ |

Notes: 1. The figures in the columns show the percentage of children, with loans in rental accommodation etc. in each lifestyle segment
2. "+" signs denote a higher than normal proportion of a factor in a segment relative to the total population eg: 68% of Conventional Family Life have children

Segmentations of sea and air travellers to Tasmania by lifestyle is shown in Table 4.

Those going on holiday to Tasmania, as opposed to VFR or other leisure travel, are very similar to Australian's other interstate holiday makers. There are, however, fewer *young families* and *couples* and *young solos*.

The Abel Tasman carried a very high proportion of *Visible Achievement* and *Socially Aware* (40% of passengers) and *Real Conservatism* (10%), relative to the general population. The profile of Tasmanians travelling on the ship was quite different. In part this was influenced by the different proportions of segments in Tasmania.

The psychographic profiling established six clear outcomes some of which were quite surprising :-

1. the distinctive profile of visitors confirmed that Tasmania was seen as a relatively high status destination and sea travel as especially so;
2. that the absolute number of visitors to Tasmania (2.97% of all interstate visits in 1991) was small so the market is very specialised;
3. there are two distinct markets - (see figure 2)
   : Tasmanians, who saw the ship primarily as a means of travel; and
   : Visitors, from the most affluent group with the newest cars, to whom the sea crossing appealed because of the experience and novelty

THE B D A POSITIONING MAP I

FIGURE 2

INTERSTATE HOLIDAY TRAVELLERS
LAST 12 MONTHS TO SEPT. 92

THE ROY MORGAN RESEARCH CENTRE "VALUES SEGMENTS"
Developed in conjunction with Colin Benjamin of The Horizons Network

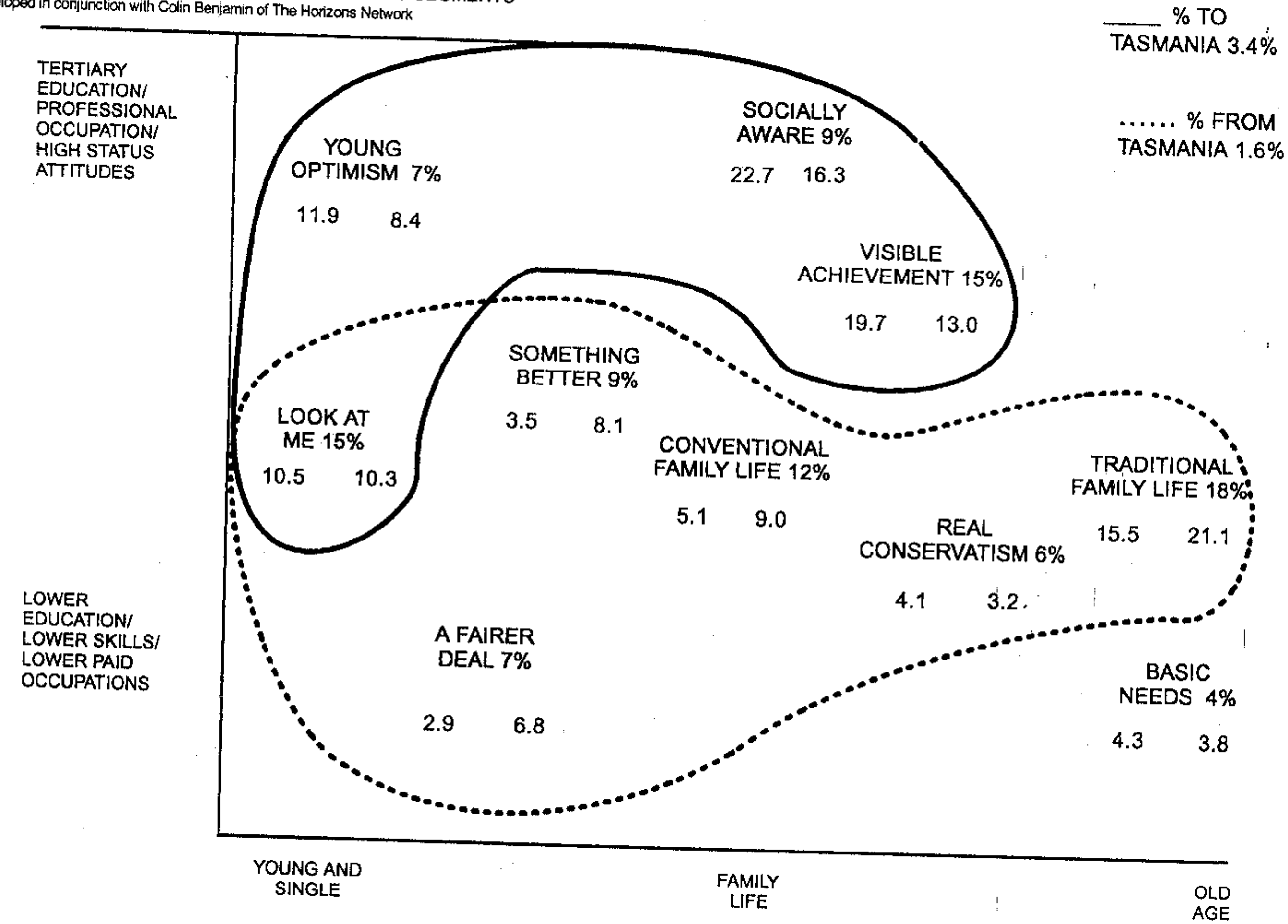


FIGURE 3

THE BDA POSITIONING MAP

BRIAN DERMOTT & ASSOCIATES

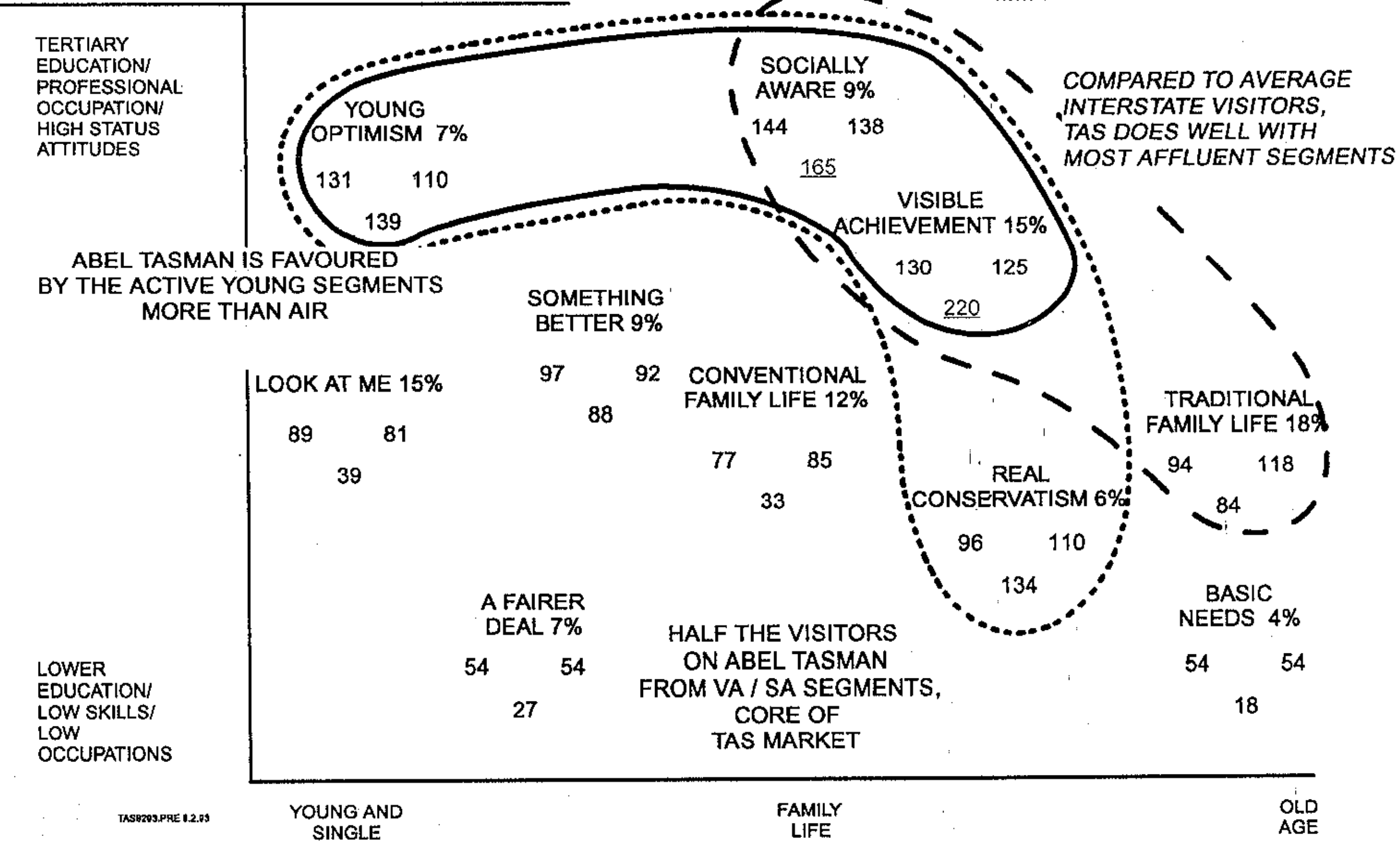
12 MONTHS TO MARCH 92
(Index: Total % = 100)
[GREATER THAN 110]

(MAINLAND VISITORS
TO TASMANIA)

THE ROY MORGAN RESEARCH CENTRE "VALUES SEGMENTS"
Developed in conjunction with Colin Benjamin of The Horizons Network

*____ INTERSTATE 23.7%* *- - - TASMANIA FLY 1.8%*

........ ABEL TASMAN 0.3%

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4. Tasmania is a relatively expensive destination and with fewer attractions for the young and for children than competing interstate destinations; and
5. The main reason for travelling by sea was to take the family car for the convenience value and enjoyment. Those segments with older cars *(Look At Me, Something Better, Conventional Family Life, A Fairer Deal)* were more likely to hire a car and hence fly drive. Graphically this is illustrated in Figure 3.

**Table 4 Sea and Air Travellers by Value Segment**

| Value Segment | % Pop. | % Interstate Hols | VISITORS TO TAS. % AIR (PLEASURE) | VISITORS TO TAS. % TT-Line | TASMANIANS % TT-Line | TASMANIANS % Tas pop. |
|---|---|---|---|---|---|---|
| Basic Needs | 4 | 2 | )9 | )3 | )2 | )11 |
| A Fairer Deal | 7 | 4 | ) | ) | ) | ) |
| Traditional Family Life | 18 | 16 | ) | ) | ) | ) |
| Conventional Family | | | 27 | 19 | 27 | 35 |
| Life | 12 | 9 | ) | ) | ) | ) |
| Look at Me | 15 | 13 | ) | ) | ) | ) |
| Something Better | 9 | 8 | 26 | 21 | 31 | 29 |
| Young Optimism | 7 | 9 | ) | ) | ) | ) |
| Real Conservatism | 4 | 6 | ) | ) | ) | |
| Visible Achievement | 15 | 20 | )38 | )57 | )40 | )25 |
| Socially Aware | 9 | 13 | ) | ) | ) | ) |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

NOTES: 1. The percentages of air and TT-Line travellers have been aggregated into composite segments to preserve the confidentiality of the data

## MARKETING STRATEGY

To be successful any business needs to determine its sustainable competitive advantages. TT-Line's marketing goals would be achieved by satisfying better than its competitors five renewable streams of consumer needs:-

1. the high level of interest among Australians in experiencing wilderness and heritage holidays in Tasmania
2. the desire of the majority of Australians to go on holiday in their own car;
3. the status, relaxation, luxury and romance associated with ocean cruising and an overseas holiday;
4. family reunions resulting from continuing emigration from Tasmania; and
5. the desire by Tasmanians for easy access to the mainland of Australia

This led to the development of five major consumer target groups :-

1. Touring in Tasmania by car

   This was aimed at *Visible Achievement* and *Socially Awares*. For them the holiday is a significant life experience, an opportunity to discover new cultures and experience interesting new sensations, food, wine, sights, sounds and feeling. This car, often a new and prestige model is an accessory to the experience and as manufacturer research shows the holiday is part of the justification for the car.

2. A Better Way to Go

   Aimed at repeat travellers who, with the appeal of the ship and the ability to take their own car, might switch from air. The main incentives would be price and ease of access to the ship. Target groups were *Traditional Family Life* and *Real Conservatives* visiting friends and relatives.

3. Special reasons segments

   Aimed primarily at young singles ie: *Young Optimisms* and *Look at Mes* segments who could be persuaded to switch from air by the value of travelling for sporting or special events with a group of friends in a car or van and the entertainment excitement and novelty of the sea trip.

4. Tasmanians who holiday or VFR by car

   Like mainland Australians these were aimed at *Visible Achievement*, *Socially Aware* and *Traditional Families*.

5. Better value travel for Tasmanians

   By offering the cheapest way to travel to the mainland of Tasmania the ship could attract younger Tasmanians both with families, *Conventional Family Life* and *Something Betters* and single *Young Optimism* and *Look at Mes*. These would be important to "up markets" in the off peak who would respond to short term price initiatives to fill otherwise unused capacity.

## IMPLEMENTATION

A marketing strategy, no matter how rigorously based is only as good as the effectiveness of its implementation. Given the extensive effort involved it is only possible to sketch out the outline of how this was achieved. Following best marketing practice there were five basic ingredients in the implementation :-

1. naming
2. pricing
3. product

4. communications
5. distribution

The name of the ship is its brand. It has to represent the whole marketing concept around which expectations of product quality can be created. A wide range of names was trialled in an extensive range of focus groups and "Spirit of Tasmania" emerged as by far the most powerful brand name. It communicates immediately with the Tasmanian association and links in with Tasmania's long standing clean and green and lifestyle images.

The pricing strategy was both a key defence against competitors, especially the SeaCat, and a major marketing weapon. A sophisticated pricing model was developed that mapped the five target markets and then allocated passengers to cabin types according to their value segments.

The interaction of passenger lifestyle and holiday type with the propensity to take their vehicle was included. Different demand elasticities were given to each market type based on estimates from Abel Tasman data. The total revenue was then determined by "guesstimating" on-board spending levels for each target market.

By running a number of sensitivity tests the pricing model showed the approximate revenue that different pricing strategies would earn.

The aim of the pricing strategies was to position the new ship as offering good value by "benchmarking" cabin prices with equivalent land based accommodation. Car prices, which had been about the $150-$170 level with Abel Tasman, were reduced to $90 in the off peak, the approximate cost of driving across Bass Strait. This was based on the RACV cost of operating a vehicle. Succinctly put, the strategy was to attract passengers by lowering the car price and hence fill the ship. This is an analogous to selling affordable razors to sell premium price razor blades. For budget travellers, those staying in backpacker accommodation, a key pricing objective was that the new ship would be the cheapest means of travel across Bass Strait.

The "Value Segments" played an important part of determining the product strategy. To maximise yield and to align the ship to suit the needs and moods of various passenger groups three streams were envisaged :-

1. A secluded club for grown ups based on *Visible Achievement, Socially Aware, Real Conservatism* and wealthier *Traditional Family Life*. Their experience would be centred around the a la carte dining room and the piano bar. They would probably use more expensive accommodation suites and porthole cabins

2. A high quality family environment aimed at *Visible Achievement, Socially Aware* and *Something Betters* travelling with their children. They would use a family themed restaurant, the children's play areas and family cabins

3. Budget travel centred on the cafeteria, the bar and the casino. This would be primarily a young group especially in summer. *Young Optimism* and *Look at Mes* using the backpacker accommodation but including *Conventional* and *Traditional Family Life* and perhaps *Basic Needs*.

The aim of the <u>product</u> development was to increase the activities onboard with shops, a casino and video arcade. A special feature is the visitor centre to help explain Tasmania and the sea crossing to the majority of visitors who had never been to Tasmania before.

These concepts were all extensively trialled in focus group discussions in the major markets.

These helped formulate the product concepts and the names for each area which would be important in communicating the features of the new ship.

A summary of the product targets, concepts and names is contained in Table 5. The "Value Segments" are an integral part of the product mix. Although the ship was not originally designed around the product concepts it was possible to group successfully the first concept onto one deck with the Huon Room, (a la carte restaurant), Leatherwood Lounge, (Piano Bar) and 1642 Club (exclusive lounge). For other concepts the facilities had to be partly grouped; for example, Admirals Casino and Tiger Lounge.

A <u>communications</u> model was adopted that integrated public relations and paid advertising by TT-Line and by others with the marketing concepts. This is shown in Table 6.

The media was targeted very precisely on the key values segments *(Visible Achievement, Socially Aware, Young Optimism, Traditional Family Life, Real Conservatism)* on mainland holiday intenders and on all Tasmanians. The media use by each "Value Segment" is accurately known. The Morgan Media Index outlines which lifestyle market segment watches what program. A sample page of the 1992 index is shown in Table 7. This makes it possible to target the message quite efficiently so that the right number of repeat messages can most cost effectively reach the target group.

TABLE 5

## THE SPIRIT OF TASMANIA

**CO-ORDINATING GUIDELINES FOR COMMUNICATION**

**SUMMARY OF PRODUCT TARGETS, CONCEPTS, AND NAMES** JULY 24 1993

| | SPIRIT OF TASMANIA | VISITOR CENTRE/RETAIL | STATEROOM | DISCOVERY | ADVENTURER |
|---|---|---|---|---|---|
| TARGET CONSUMER | VA, SA, TFL, RC, YO, LAM<br>SECONDARY: CFL, SB | (ESPECIALLY TASMANIANS) | VA,SA,TFL,RC<br>(NO KIDS) | VA, SA, RC<br>(WITH KIDS) | YO, LAM<br>(SINGLES) |
| | | | | | |
| PROMISE/ THEME | SPECTACULAR NEW WAY TO START YOUR TASMANIAN HOLIDAY | ***VISITOR CENTRE***<br>THE TASMANIAN EXPERIENCE STARTS HERE<br>***RETAIL***<br>THE BEST OF TASMANIAN WARES | SPECTACULAR NEW WAY TO EXPERIENCE TASMANIA "FIRST CLASS" | SPECTACULAR NEW WAY FOR THE FAMILY TO "DISCOVER" TASMANIA | SPECTACULAR NEW WAY TO START YOUR "TASMANIAN ADVENTURE" |
| | | | | | |
| STREAMS | | | | | |
| CONCEPT | | | SECLUDED QUALITY NO KIDS | FAMILY FUN,SAFE,FOR KIDS | RAGING FOR SINGLES |
| EAT | | | HUON ROOM(FINE DINING) | NAUTICALS(FAMILY RESTAURANT) | BASS STRAIT DINER |
| RELAX | | | LEATHERWOOD LOUNGE(PIANO) | GALACTICA(VIDEO GAMES) | BASS ST DINER(SHAKES |
| DRINK | | | 1642 CLUB(PRIVATE CLUB) | BASS ST DINER(SHAKES) | TIGER LOUNGE( BAR) |
| PLAY | | | LEATHERWOOD LOUNGE(PIANO) | CROW'S NEST(KID'S PLAY) | ADMIRALS CASINO |

TABLE 6

## THE THREE PHASES OF COMMUNICATING THE SPIRIT OF TASMANIA

| CONSUMER INFORMATION NEED | MEASURE | | COMMUNICATION RESPONSE | | | SPIRIT MESSAGE |
|---|---|---|---|---|---|---|
| | SCORES EX RMRC TRACKING STUDY | TOURISM TASMANIA | SPIRIT OF TASMANIA | | | |
| **1. PRE PURCHASE PHASE** | | | ADVERTISING | OTHER | RETAIL | |
| WHERE TO FOR HOLIDAYS? | | | | | | FREE INK BUILDS SPIRIT AWARENESS |
| I'VE HEARD TAS IS TERRIFIC | AWARENESS | TV , MAGS | | | | CONVERTS TASMANIA PREFERENCES |
| TAS IS CLEAN,GREEN AND HISTORY | POSITIONING | TV , MAGS | | PR/FREE INK | AGENTS | TRAVEL AGENTS DISPLAY POS AND |
| I'D LIKE TO GO TO TAS SOMETIME | PREFERENCE(16%) | TV , MAGS | | PR/FREE INK | AGENTS | DISTRIBUTE BROCHURE |
| IT'S TAS THIS YEAR OR NEXT | INTENTION (3%) | TV,MAGS,OFFERS | TV LAUNCH | PR/FREE INK | AGENTS,TT-LINE | SPECTACULAR NEW SHIP AFFORDABLE |
| GETTING THERE?STAYING? THE DEAL? | SHOPPING | TV,MAGS,OFFERS | TV + PRINT | BROCHURE | AGENTS,TT-LINE | 3 WAYS TO START THE TAS HOLIDAY |
| JUST THE TWO OF US & THE CAR | SHOPPING | | STATEROOM,PRINT | ONE BROCHURE | AGENTS,TT-LINE | OLD FASHIONED FIRST CLASS TRAVEL |
| 2 WEEKS WITH THE KIDS IN TASSIE | SHOPPING | | DISCOVERY,PRINT | STATE/DISC | AGENTS,TT-LINE | TAS' NEW FAMILY EXPERIENCE |
| WILDERNESS,CAMPING,FISHING | SHOPPING | | ADVENTURE,PRINT | ADVENTURER | AGENTS,TT-LINE | BEST START TO THE TAS ADVENTURE |
| THIS IS THE BEST DEAL FOR US | PURCHASE | | PRINT: OFFERS | DIRECT | AGENTS,TT-LINE | THE BEST VALUE TAS EXPERIENCE |
| | | | | PROSPECTING | SALES TRAINING | USE STREAMS TO SELL UP VALUE |
| **2. POST PURCHASE PHASE** | | MEDIUM | "SPIRIT" MESSAGE | | | |
| WE'RE BOOKED! WHAT A FANTASTIC TRIP THIS WILL BE-LOOK AT ALL THIS | TICKETS SOLD | POST PURCHASE BROCHURE | SPIRIT TICKETS GO TO AGENT OR DIRECT TO PASSENGER IN FOLDER EVOKING TOTAL EXPERIENCE + STREAM SPECIFIC INSERTS SHOWING HOW TO PREPARE AND GET THE BEST OUT OF THE TRIP | | | |
| | | STATEROOM | ARRIVAL,FIND THE CABIN,CLUB, RESTAURANT,VISITOR CENTRE RETAIL PLAN THE TRIP | | | |
| | | DISCOVERY | PACKING,FIND THE PIER,GETTING THERE EARLY.FINDING THE CABIN,KIDS ACTIVITIES. VISITORS CENTRE,DINE WITH KIDS OR WITHOUT,OPTIONS FOR LATER | | | |
| | | ADVENTURE | GETTING ON BOARD,THE VISITOR CENTRE,THINGS TO DO ,BARS GAMING, RAGING,ALL THE OPTIONS | | | |
| ARRIVED AT LAST- WHAT NOW? | ARRIVAL | CHECK IN | CHECK IN: COLLECT GOODY BAG WITH: | | | |
| | | STATEROOM | KEYS PORTER TO CABIN TODAY'S SPIRIT PROGRAMME | | | |
| | | DISCOVERY | KEYS,TODAY'S SPIRIT PROGRAMME, CROW'S NEST ACTIVITIES | | | |
| REVISED 24.7.93. | | ADVENTURE | KEYS, TODAY'S SPIRIT PROGRAMME,THE FUN FINDER GUIDE | | | |

FIGURE 4

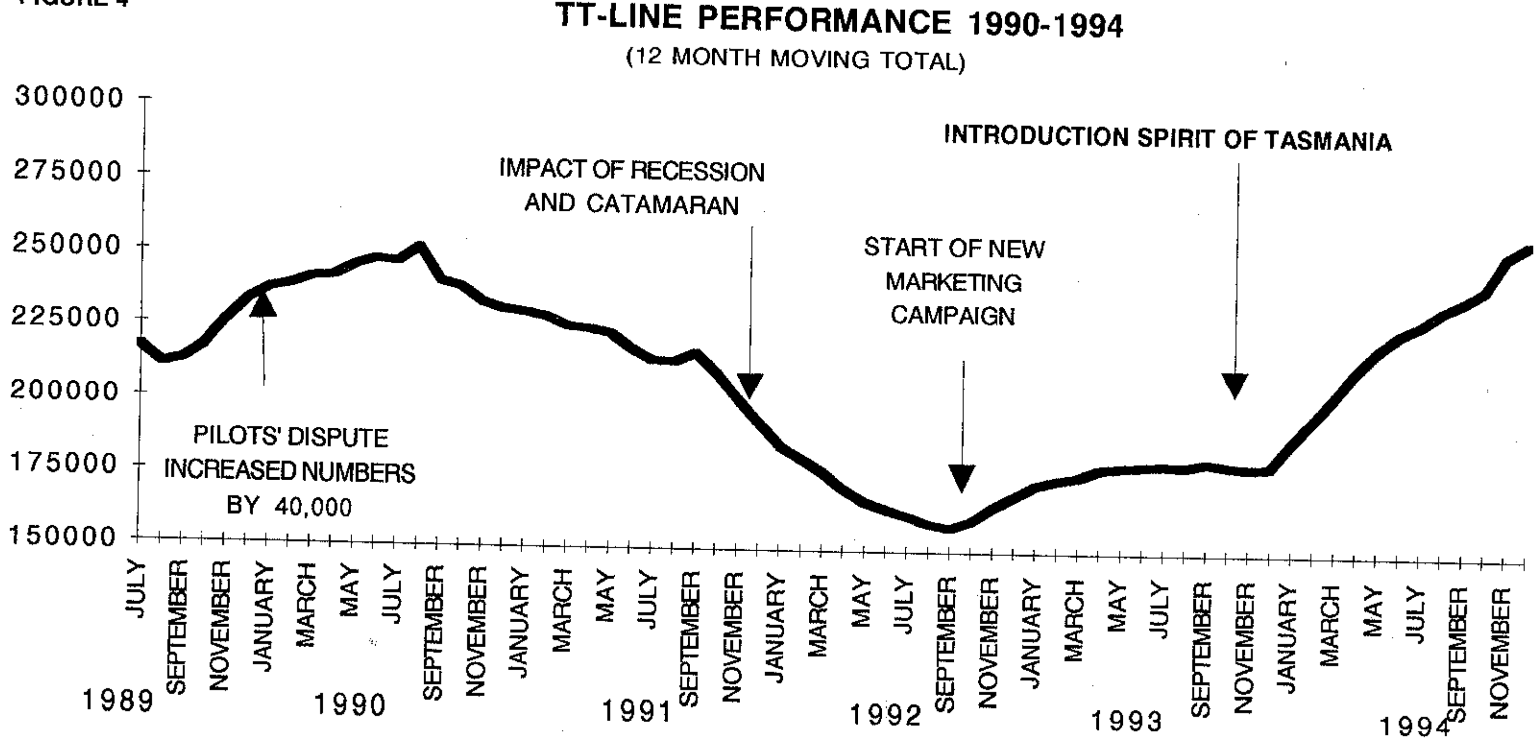

TT-LINE PERFORMANCE 1990-1994
(12 MONTH MOVING TOTAL)
300000
275000
250000
225000
200000
175000
150000
INTRODUCTION SPIRIT OF TASMANIA
IMPACT OF RECESSION AND CATAMARAN
START OF NEW MARKETING CAMPAIGN
PILOTS' DISPUTE INCREASED NUMBERS BY 40,000
JULY SEPTEMBER NOVEMBER JANUARY MARCH MAY JULY SEPTEMBER NOVEMBER JANUARY MARCH MAY JULY SEPTEMBER NOVEMBER JANUARY MARCH MAY JULY SEPTEMBER NOVEMBER JANUARY MARCH MAY JULY SEPTEMBER NOVEMBER JANUARY MARCH MAY JULY SEPTEMBER NOVEMBER
1989
1990
1991
1992
1993
1994

FIGURE 5

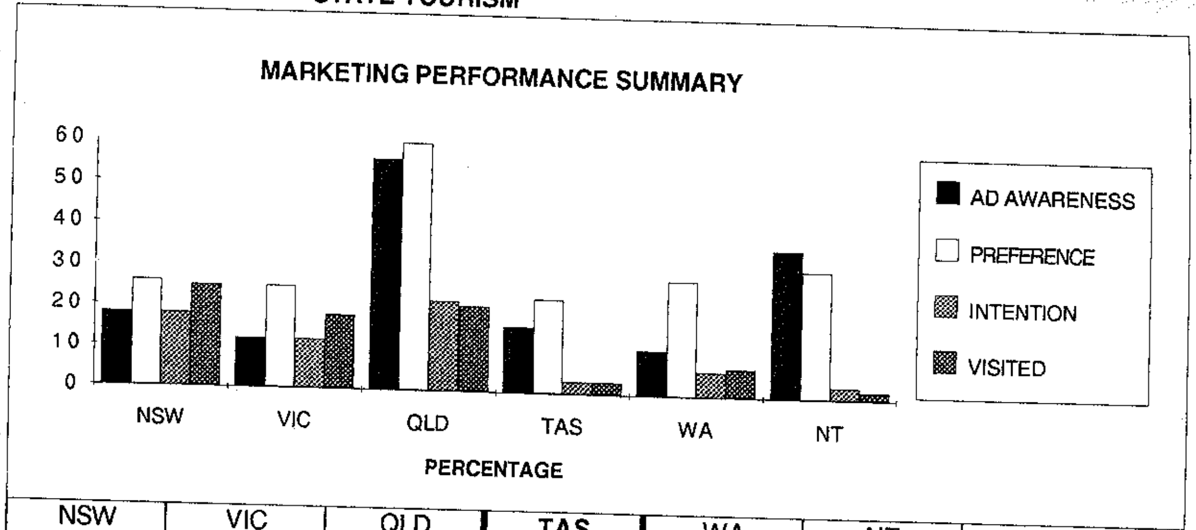
°TAS AWARENESS COMPETITIVE WITH NSW,VIC,WA,SA.

°PREFERENCE IS ALSO COMPETITIVE

°TAS PROBLEM IS CONVERSION DUE TO LOW VFR AND HIGH COST ACCESS

°IF TAS WAS AS GOOD AS WA VISITS WOULD BE 6%(25% CONVERSION)

## STATE TOURISM

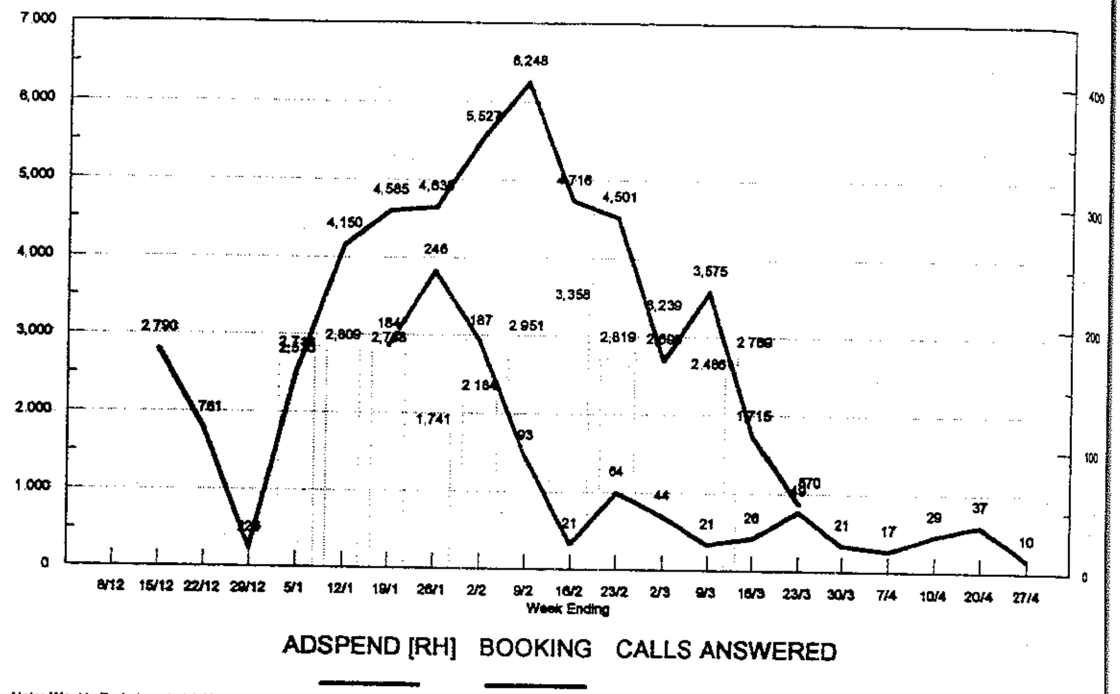



| | NSW | VIC | QLD | TAS | WA | NT |
|---|---|---|---|---|---|---|
| AD AWARENESS | 18 | 12 | 56 | **16** | 11 | 36 |
| PREFERENCE | 26 | 25 | 60 | **23** | 28 | 31 |
| INTENTION | 18 | 12 | 22 | **3** | 6 | 3 |
| VISITED | 25 | 18 | 21 | **3** | 7 | 2 |

1 ALL FIGURES ARE IN PERCENTAGES, SOURCE RMRC JAN-DEC 1993
2 THE RMRC TRACKING SURVEY MEASURES ON A QUARTERLY BASIS
ADVERTISING AWARENESS OF "ADVERTISING, PROGRAMMES, BROCHURES"
PREFERENCE FOR "PLACES LIKE TO VISIT ON NEXT HOLIDAY"
INTENTION TO "VISIT ON HOLIDAY WITHIN THE NEXT TWO YEARS"
HOLIDAY DESTINATION "VISITED IN THE LAST TWELVE MONTHS"
HOLIDAY IS DEFINED AS A MINIMUM OF 3 NIGHTS AWAY FROM HOME

**Figure 6**

## WEEKLY PERFORMANCE MONITORS
### Advertising and Bookings Taken




Note: Weekly Periods not strickly comparable
Calls are for Devonport only

## CONSUMER SATISFACTION

Roy Morgan Research was commissioned to carry out two small sample (300 each) surveys of mainland travellers covering each of the first two quarters of operations. This was set up as the first of an ongoing quarterly monitor of consumer characteristics, product usage, expenditure and satisfaction. The "Values Segments" were again used as a key indicator.

Table 7 shows that the primary and secondary markets exceeded target levels while the *Special Reason, (Young Optimism* and *Look at Me*), fell naturally below share. The Spirit clearly appealed to *Socially Aware* travellers and the overall mix of *Visible Achievement/Socially Aware* is very high.

Spirit was definitely seen as an integral part of the Tasmanian holiday. Almost all *Visible Achievers* and ¾ of SA's saw the trip as an experience not just a ferry.

A survey of the facilities also reported high satisfaction levels, 83% reported the trip as either "very good" or "fairly good". The ship's visitor centre was particularly popular. The "Huon Room", the fine dining restaurant, was also highly rated but its capacity was a problem. Both *Visible Achievement* and *Socially Awares* complained of the time it took to get a table and many went elsewhere and were disappointed. "Nauticals", the family restaurant rated well with *Visible Achievement*.

The budget restaurant was also rated well except by some *Visible Achievement* and *Socially Awares* a proportion of whom had been forced to eat there by the capacity problems in the other two restaurants. *Socially Awares* in particular were critical of the food which was not the quality they are used to eating. This is the negative side of targeting restaurants at particular groups.

The core enjoyment of the Spirit of Tasmania is, as anticipated, the sea voyage. *Socially Awares* in particular enjoyed being "at sea", the "views", the "cabins" and the "pleasant surroundings". They were also the most critical, particularly of getting on and off the boat and waiting times/capacity of the Huon Room. It must be remembered that loadings were averaging over 1000 passengers per sailing in this period with full vehicle decks. The criticisms also need to be considered within the context of high overall satisfaction levels.

Like any useful survey the monitor established a range of matters that need to be attended to. However, the extensive use of market research tied to "Value Segments" remains one of management's major tools in ensuring a successful launch and operation of the ship.

## SUMMARY

Throughout 1992 and 1993 there was much public disquiet about the possible success of the Spirit of Tasmania and particularly its expected passenger numbers. In the event even the optimistic targets were amply exceeded by a combination of good marketing and a product that fulfilled the expectations of the market.

## Table 7 Spirit compared to Tasmanian Visitor & Expenditure Profile

| Mainland Residents | % Pop | All Vis to Tas 1993 *TVS RMRC* | Tas Hol Vis 93 *RMRC* | "Spirit" PX Dec/Feb *RMRC* | Target set in Budget |
|---|---|---|---|---|---|
| **"Primary Targets"** Visible Achievement Socially Aware | 25 | 54 | 37 | 47 | 49 |
| **"Secondary"** Traditional Family Life Real Conservatism Something Better Conventional Family Life | 43 | 33 | 34 | 39 | 25 |
| **"Special Reason"** Young Optimism Look at Me | | | | | |
| Others | 21 | 12 | 21 | 13 | 25 |

*Source: RMRC mainland residents travelling on "Spirit"

The marketing strategy coherently linked naming, pricing, product and communications strategies through the extensive market research that identified target lifestyles.

This ensured that the Spirit of Tasmania specifically appealed to those with the income, interest and opportunity to travel to Tasmania by sea. A comprehensive communication strategy selectively appealed to these lifestyle groups and the onboard facilities were restructured to appeal to their tastes. While it is early in the operational life of the Spirit of Tasmania, regular market research using psycho profiles as an adjunct to more conventional surveys has already established itself as an important tool in maintaining the successful launch of the new ship.

The introduction of Spirit of Tasmania coincided with a change in corporate structure. On November 1, 1993 TT-Line became a proprietary company under the Commonwealth Corporations Law, having previously been a Division of the Tasmanian Department of Transport and Works. The successful move to a corporatised entity was achieved through the comprehensive and detailed strategic marketing campaign.

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## GLOSSARY

| | |
|---|---|
| VFR | Visiting Friends and Relatives |
| DTM | Domestic Tourism Monitor |
| TVS | Tasmanian Visitor Survey |
| Fly Drive | Package holidays where interstate mode is air and Tasmanian mode is rental car or campervan |
| SeaCat | Fast catamaran ferry service operated by Tasmanian Ferry Services between George Town and Welshpool from December 1990 to April 1993 |
| Mode | Type of transport e.g. sea, air |
| RMRC | Roy Morgan Research Centre |
| Psychographic | A value description system encompassing lifestyle and attitudes |

**APPENDIX 1**

## THE ROY MORGAN RESEARCH CENTRE "VALUES SEGMENTS"

### 1. WHAT ARE THEY?

- Demographics help describe particular groups within the population.

- However, there are also factors rooted in people's personalities which set them apart from others.

- We may live next door to someone of the same age, sex, income, socio-economic group, and marital status, with the same education, occupation and number of children, and yet have nothing in common with them in tastes, beliefs, values, attitudes and opinions.

- These additional psychographic factors also influence how people behave and how they respond to products, images and communications.

- The RMRC Values Segmentation is a system of grouping people into clusters who share similar attitudes and values as well as demographics.

- The psychographics therefore enhance the demographic groupings and provide a superior quality planning framework.

- The discreet segments are derived by combining responses to a battery of questions about attitudes to life, social issues, innovation, and demographics, using a proprietary algorithm painstakingly developed by RMRC in 1985 and continuously upgraded.

- The annual database comprises about 30,000 face to face interviews (2500 per month) which includes extensive questioning about products and brands owned and used, activities and purchase intentions.

- There are seven questions that are used to define values. These are :-

1. In your opinion should the smoking of marijuana be made <u>legal</u> - or remain <u>illegal</u>?
   - Legal
   - Illegal
   - Undecided
2. Do you think religion <u>should</u> - or should <u>not</u> be taught once a week in Government schools?
   - Should
   - Should not
   - Undecided

3. Which one of the following five goals is most important to you?
   - A prosperous life
   - A family life
   - An important life
   - A secure life
   - An exciting life
   - Can't say
4. Do you tend to agree or disagree with the statement "Women should take care of running their homes, and leave running the country to men"?
   - Agree
   - Disagree
   - Undecided
5. Some people are attracted to new things and new ideas, while others are more cautious about such things. What's your own attitude to what's new?
   - Very cautious
   - Cautious on the whole
   - It depends or varies
   - Attracted in the whole
   - Very much attracted
   - Don't know
6. Do you generally feel you get a raw deal out of life?
   - Yes
   - No
   - Can't say/Undecided
7. How would you describe your own general viewpoint, with regard to social issues and social trends in Australia?
   - Very traditional
   - Somewhat traditional
   - Middle of road
   - Somewhat progressive
   - Very progressive
   - Don't know

## 2. THE SEGMENT CHARACTERISTICS

- Refer to the BDA Positioning Map and consider first the continuum of middle Australia, "Look at Me", "Conventional Family Life", "Traditional Family Life":

- **Look at Me (15%)**

Young people seeking an exciting, prosperous life, and freedom from family commitments. They are fashion and trend conscious wishing to be seen as different from their family but similar to their peers. They are very active socially, wanting to escape the family home setting and enjoy both watching and taking part in sport and healthy lifestyle activity. They are not sophisticated or politically active, nor are they concerned about social issues. Financially they don't tend to plan ahead or budget.

In terms of advertising, this segment responds to visually dramatic, exciting and humours approaches, sensitive to cues which denote understanding of the young person's world.

**Conventional Family Life (12%)**

This is declining middle Australia, people whose life is centred around their families. They are generally over 35 years of age (but not yet 50), on average incomes and seeking greater financial security as they struggle to give their children better opportunities in life than they had. They are not ambitious and prefer to spend spare time with the family. When shopping, they look for value for money and are the most pressured by mortgage interest rates.

In terms of advertising, this segment responds to more familiar and conventional styles, with "popular" humorous and practical (i.e. product benefit) content; they are very influenced by pre-existing attitudes.

**Traditional Family Life (18%)**

This is the largest segment, and is really the over 50 version of middle Australia. They are people who retain a strong commitment to traditional roles and values and consider themselves right wing. They believe that God has a very important place in their lives, as does a continuing relationship with their children, now making their own way in the world. Most have completed less than 2 years of secondary education and are very cautious about new products and ideas. In terms of lifestyle, they don't seek activity and excitement, and are concerned about their health. Most live in their own home and are generally satisfied with their overall standard of living.

In terms of advertising, this segment responds to down to earth, practical ideas without pretensions; clear communication of benefits is important, very influenced by pre-existing images to issues such as security, etc.

Next consider the upwardly mobile movement, as some of the "Look at Me's" marry and try to "move up".

**Something Better (9%)**

These are younger couples on the way up, building up their own business and with responsible jobs. Although they are earning above average incomes, they spend a lot on lifestyle and are under financial pressure. The Something Better person is confident, ambitious and progressive and recognises quality and convenience as important components of value.

In terms of advertising, this segment responds to clever, unusual and special appeals; the aspirational lifestyle must be respected, along with privileges for achievers.

- **Visible Achievers (14%)**

This group of over 30's are visible success stories with above average incomes but retaining traditional values about home, work and society. They seek recognition of personal achievement, are confident and competent. They work for financial reward and job stimulation they seek visible "good living", travel, recreation and other evidence of success. There are plenty of "blue collar businessmen" in this segment.

In terms of advertising, this segment responds to clever, unusual and special appeals; the aspirational lifestyle must be respected, along with privileges for achievers.

At the top level are the tertiary educated segments:

- **Young Optimist (6%)**

The student generation, a little older than the Look at Me's, this is the group interested in "something new". They are active, tertiary educated young singles or couples living together. They are trendy, outgoing, ambitious and very career oriented. They look forward to moving out of the family home and see themselves as very progressive.

- **Socially Aware (9%)**

Tertiary educated people who are community minded, politically and socially active and enjoy persuading others to their opinion. They are avid arts goers, with no real money worries. This is the most educated segment of the community. The Socially Aware tend to be high income earners, senior management executives, bureaucrats or academics, and trying to live an important life.

In terms of advertising, this segment responds to stylist, tasteful and intelligent appeals; concepts and ideas are important, they reject hype and cliches.

This leaves three segments which fill out the lower end of the population:

- **A Fairer Deal (7%)**

  This group are working class and tend to be under 40, on low incomes struggling to make ends meet. Full time home duties for women and full-time employment for men reinforce traditional roles. Money worries and employment insecurity create high levels of pessimism and cynicism and many feel they are getting a raw deal out of life.

- **Basic Needs (5%)**

  Older, retired workers and widows living (often alone) on a pension Very traditional views with a strong Christian ethic. Fell vulnerable, seek protection and security.

- **Real Conservatism (5%)**

  Very cautious about new product and ideas, traditional and Christian views. Observers of society, not active participants; vote extreme right