

New Zealand

Market Summary

New Zealand arrivals were down 2 per cent year to date for January to July 2009. This was in line with forecasts from the Tourism Forecasting Committee of -1.6 per cent for arrivals for 2009. Despite arrivals being down overall, leisure arrivals grew by 4 per cent over this period.

Despite the technical end to the recession, the New Zealand economy is still facing high household debt, credit deterioration and rising unemployment, which are impacting travel decisions. Cautious consumers are waiting for deals and creating late booking trends. Trade report forward bookings have dropped considerably, resulting in shorter lead time trends.

1. Market News

- Gross Domestic Product (GDP) rose by 0.1 per cent in the June quarter marking the technical end to the recession, following five successive quarters of decline. Despite the recession ending, economists do not predict much recovery until unemployment falls (currently 6 per cent, but expected to climb towards 7.5 per cent). The financial markets responded to the surprise increase in growth by driving the kiwi dollar higher (to US 72.6 cents) undermining the chances of a sustained export-led recovery. (Source: *GDP rise suggests recession may be over-* www.nzherald.co.nz – 24 September, 2009)
- Consumer confidence leapt to a four-year high in the September quarter, rising 14.3 points from the June quarter. Optimism is high and this is likely to be a result of improvement in the short term outlook for the economy and financial conditions in the year ahead, as well as noise about the end of the recession. Domestically, rising house prices and signs that employment figures have held up better than expected will have also impacted the rise in confidence.

Despite the improving confidence and optimism, consumer spending will still be impacted by high household debt, tighter credit and rising unemployment. However, there are indications that this is stabilising. (Source: *Here comes the sun -* www.westpac.co.nz - 24 September, 2009)

2. Consumer Insights

- The Lincoln University (New Zealand) tourism report has identified social networks as an important focus for tourism marketing. Whilst international tourists lock in decisions such as length of stay and accommodation prior to arrival, there are many decisions - such as choice of activities, daily purchasing decisions and expenditure - which remain open until arrival, and are determined by active seeking of social advice and assurance/reinforcement. (Source: *Travelmemo.co.nz – 1 September 2009*)
- Reports by market research company TNS support these findings. Their research showed blogging is a popular platform for social travel advice with 82 per cent of New Zealanders reading blogs - but only 14 per cent of New Zealanders as “true” blog contributors. TNS reports that of New Zealanders surveyed, 90 per cent belong to some form of social media including Facebook (87 per cent), Bebo (29 per cent), MySpace (11 per cent) and Twitter (10 per cent). (Source: *TNS Presentation – 22 September, 2009*)
- For the latest in visitor arrivals, please visit ‘Research & Statistics’ at www.tourism.australia.com

3. Trade Update

- The Australian and New Zealand Governments have agreed to streamline trans-Tasman travel for Australian and New Zealand passport holders as early as 2010. Travellers will be exempt from passing through immigration and customs using the Smart Gate system, which could result in lower costs for travellers and increases potential for increased flight routes. (Source: *Travel Memo, 07 Aug 2009. ONE News, 20 August 2009*)
- Stella has announced a separation of its travel and hospitality operations to form two separately managed, financed and independently-operated businesses. Stella Hospitality Group has changed its name to Mantra Group and Stella Travel Services is now run as STS (Stella Travel Services) Australia/New Zealand and STS UK. (Source: *Tabs on Travel, 03 August 09 & 14 August 2009*).
- STS will also be selling its 60 per cent stake in Travelsmart back to 30 member agencies. Travelsmart will retain supplier ties with Stella with a five year supply agreement and will continue to use wholesale product through Go Holidays and air from Smart tickets. (Source: *Tabs on Travel, 07 September 2009*).
- Shortened lead times are continuing to be a major challenge for industry. Last minute decisions are affecting travel agents, incentive operators, hoteliers, venue operators through their inability to plan service delivery and for the future. With the current economic climate, consumers are cautious and are not committing to business trips, meetings, rewards or motivation programs unless they are cost-effective. Many New Zealand businesses are using more cost effective mediums such as video and teleconferencing over regular trans-Tasman travel. New Zealand businesses are also choosing to host meetings and conferences on shore, to reduce cost of travel and time out of the office. (Source: *Travel inc August/September, 2009*)
- Travel management companies are also reporting an increase in the number of business travellers opting to take day-trips across the Tasman, rather than

staying overnight, in a bid to cut costs. Those who continue to travel for business are staying with their preferred carrier and not moving to low cost carriers. However, industry report that these trends apply to the small to medium enterprises (SMEs) rather than the larger companies. Larger corporate groups are still tending to stay overnight. (Source: *Business Travel News* – 23 September, 2009)

- As at 2 September 2009, the New Zealand Aussie Specialist Program had 1,880 members, of which 1,198 were in training and 682 Aussie Specialists were fully qualified.

4. Airline News

- Air New Zealand has announced the commencement of direct flights between Sydney and Rotorua. The carrier will operate a 152-seat A320 on the route, flying twice a week from 19 December 2009. The new services will make Australia significantly more accessible for travellers, rather than having to use the Auckland port. (Source: *Tabson Travel* – 7 August, 2009)
- Qantas welcomed the first of its Boeing 737-800 aircraft to New Zealand on 22 September 2009. The three new aircraft will be flying trans-Tasman routes by mid-October, with the remainder to arrive by 2011. The Qantas B737-800 is scheduled to initially fly on Auckland to Sydney and Auckland to Melbourne routes. (Source: www.qantas.com)
- Pacific Blue added three international routes in September: Hamilton to Sydney, Dunedin to Brisbane and Queenstown to Sydney. (Source: *Travel Memo* – 1 September, 2009)

5. Competitor News

- The *Great Kiwi Invite* campaign was launched in August 2009, a New Zealand Government initiative to drive tourism to New Zealand. This campaign encourages New Zealand to invite their overseas relatives and friends to visit New Zealand through a personalised invitation. The promotion includes a draw to win a trip to New Zealand by Air New Zealand. (Source: *Invite Your Friends, relatives to NZ: Key* - www.nzherald.co.nz – 15 August, 2009)
- Following the recent launch of the Qantas on-line agent training program, Qantas is considering additional modules following a notable response from travel agents. The program currently consists of three modules which many agents have already completed. Las Vegas has also released its agent training program in New Zealand. *Know It All* comprises four modules which agents must complete before graduating and becoming eligible for familiarisation visits and Regional Tourism Organisation support material. Both programs present competition for the Aussie Specialist Program. (*Tabson Travel*, 9 September and 17 August 2009 editions).

6. Key Campaigns and Activities in Market

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August to September campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
8 September 2009	8 September 2009	PAICE: One-day trade show held in Auckland for New Zealand MICE industry buyers. Business Events Australia was the major sponsor. There were a total of 116 exhibitors. Tourism Australia at a welcome function the evening prior for 44 Australian exhibitors. There were a total of 176 buyers attending.	NZ MICE industry buyers and influencers	
September 2009	September 2009	<i>Explore Magazine Supplements</i> : a 36 page glossy magazine with content comprising interesting and informative editorial, with a bent towards Short Breaks. Circulation of 110,000 through the <i>New Zealand Herald</i> . Three more supplements will take place in 2009/10.	Experience Seekers, Families and Youth (Young Adults 20-34ys)	People Publishing, Qantas

Upcoming campaigns and activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
4 October 2009	30 November 2009	<i>Short Breaks Campaign:</i> Marketing campaign to highlight short break holiday (three to four nights) opportunities across the Tasman. Focus on highlighting the vast array of experiences available in three to four days, specifically in Sydney, Brisbane, Gold Coast, Sunshine Coast, Melbourne and Adelaide. Print, PR and online presence.	Experience Seekers - Singles/Couples	Harvey World Travel, Air New Zealand, Tourism Queensland (Brisbane, Gold Coast and Sunshine Coast) & Tourism New South Wales
12 October 2009	16 October 2009	<i>Dreamtime:</i> Six key New Zealand buyers and two media are attending Dreamtime in Sydney to meet with the Australian MICE operators over a two-day Sydney educational visit and the three day meeting and business forum.	Key conference and incentive buyers and influencers	
1 October 2009	19 March 2010	<i>OZTalk 2010:</i> Engagement with travel trade and Australian industry commences to promote OZTalk 2010, the largest travel trade and consumer show of its kind in NZ. Seller registration opens 13 October and Buyer registration opens 27 October. OZTalk will be held in Auckland (19 to 21 March 2010).	NZ travel retail agents and head offices, Australian industry	Tourism Australia + STO's Qantas Retail partner TBC.
November 2009, January 2010	March 2010	<i>Explore Magazine Supplements:</i> a 36 page glossy magazine with content comprising interesting & informative editorial, with a bent towards Short Breaks. Total circulation will be 110,000 for each edition of Explore through the NZ Herald. Editions booked for November 2009, January 2010 and March 2010	Experience Seekers, Families and Youth (Young Adults 20 to 34ys)	People Publishing, Qantas