

New Zealand

Key Market Message

The 2009 arrival figures from New Zealand continue to fluctuate, resulting in a decrease of one per cent in arrivals year to date, compared to 2008. This is attributed to the volatile economic environment and cautious consumers. Visitor arrivals are expected to continue to fluctuate throughout the remainder of the calendar year with a year-end forecasted decline in arrivals of 1.6 per cent. Aggressive airline pricing continues to position Australia competitively. The trade report a continued trend for shortened lead time for bookings to Australia.

1. Key Market Results and Achievements

- Tourism Australia's Transformation 2008/09 campaign concluded at the end of June. The 2009 Brand Health Monitor (quarter 1) reported a 70 per cent 'intention' to visit Australia in next 12 months, up from 61.4 per cent in 2008. A new iteration of the brand campaign is expected in market late in 2009.
- June and July saw 26 articles published through proactive PR including the result of visiting journalists (IMHP) with an estimated advertising value of NZ \$119,661.
- Tourism Australia hosted a delegation of 18 people to ATE 2009, held in June. This comprised of 11 wholesale delegates from New Zealand, four industry from New Caledonia and three media. Two representatives from Tourism Australia's New Zealand office also attended.
- In June, a VIP media and top industry event "Feast Your Senses" was hosted by Tourism Australia with the objective of further building media opportunities.
- For the year ending June 2009, there were 65,898 unique visitors to the New Zealand site of www.australia.com. This result is double the 2007/08 result.

2. Australian Travel Market

2.1 Market performance

- Arrivals from New Zealand continue to fluctuate in 2009, resulting in +10 per cent in January, -8 per cent in February, -3 per cent in March, + 6 per cent in April, -7 per cent in May and -6 per cent in June 09. Arrivals forecasts are expected to continue to fluctuate for the remainder of 2009.

- There were 90,800 visitors from New Zealand during May 2009 resulting in 7 per cent decrease compared to May 2008. This resulted in a 2 per cent decrease for the year ending May 2009. The Australian Forecasting Committee has re-forecasted a year end result of -1.6 per cent in arrivals (originally forecasted at -2.6% for 2009). *(Source: Australian Business Statistics)*
- Inflation remains the highest in 18 years at 5.1 per cent and unemployment is forecasted to rise to 7.2 per cent in 2010. (Over 60,000 jobs losses are expected by March 2010, currently 6.7 per cent and rising). This will continue to erode disposable income and keep many consumers cautious in 2009/10.

2.2 Airline Issues/Changes

- Pacific Blue announced new Hamilton operations, commencing from 1 August, 2009. To achieve this, Pacific Blue will reduce frequency on other sectors, for example, a 30 per cent cut in seats on the Auckland to Wellington route, a 37 per cent reduction on Christchurch to Wellington and Auckland to Dunedin flights. The airline plans to operate three flights per week from Hamilton to Sydney and three flights to Brisbane.
(Source: Travel Memo – 26 June, 2009)
- Qantas has increased its Tasman frequency and is now progressively rolling out its next generation 737-800s, featuring new seats and on-demand in-flight entertainment throughout the aircraft. The first aircraft fitted with the new product will be available on select Tasman routes from 1 September, offering 12 Business class seats and 156 in Economy.
(Source: Tabs on Travel, 23 July 2009)

2.2 Trade Information Summary (including Business Events)

- New Zealand's corporate travel companies Hogg Robinson Group (trading as HRG) and Atlantic Pacific American Express (APX) announced they will be merge under the APX brand effective from the 1 September 2009, headed by the current APX Chief Executive. The merge is viewed as a benefit to the business, especially with "corporate travel market down significantly on last year – as there is still a view to capitalise on the opportunity."
(Source: Tabs on Travel Today – 24 June, 2009)
- The Stella Group will sever its links with the failed Octaviar (formerly MFS) operation under a deal proposed by the administrator of the latter company. As a result 100 per cent of the Stella Group will be transferred to CVC Capital Partners – a move that industry sources say demonstrates that Stella and its owners are on a positive path to restructure and re-plan for the future.
(Source: Tabs on Travel Today – 02 July, 2009)
- Go Travel Brokers, a division of Go Holidays has announced that it will change its trading name to "The Travel Brokers" effective from 1 July 2009. The Travel Brokers is fully owned by the Stella Travel Services (STS), will become part of Stella Independent Retail Network (IRN). This move is in line with STS ensuring all of its retail travel operations are totally retail focused. Placing the Travel Brokers under the IRN banner will assist the group to grow its presence in the market. *(Source: Travel Memo – 23 June, 2009)*

- Meetings 2009 was held in Auckland from 21 to 23 July. Buyer interest was high despite the economic downturn with an unprecedented demand out of Australia. Air New Zealand increased buyer seat allocation to meet the demand. The incentive show was expected to generate NZ\$185 million worth of business. During the show, NZ\$25 million was booked and a further NZ\$160 million has been secured over the next year. (Source: *Tabs on Travel Today – 24 July, 2009*)
- Key New Zealand industry attended ATE 2009 (13 to 19 June) comprising of 11 delegates from eight key NZ organisations (Aim Holidays, Air NZ Holidays, GO Holidays, Infinity Holidays, Keith Prowse, Lifestyle Holidays, Stella and HOT Product) and four delegates from two key New Caledonian organisations (Unitours and Eden Tours).
- Testing of the refreshed Aussie Specialist Program for the New Zealand market is currently underway by Tourism Australia and STO partners. With the launch scheduled for December 2009, the program's aim is to more effectively meet the requirements of New Zealand industry. The refreshed Aussie Specialist Program will provide agents with an interactive website to develop knowledge and tools to sell a wider ranging and more compelling Australia offer to the New Zealand traveller.
- As at 30 June, New Zealand has total membership of 1891 Aussie Specialists in the program. 673 are qualified, 1188 are in training and 30 are Premier Specialists.

3. Current and Upcoming Activities in Market

3.1 Consumer Marketing:

Dates	Project / Event	Partners
25 June 2009	<i>Feast Your Senses – An Australian Food & Wine Journey</i> VIP Media + Industry Event (Invitation only)	N/A
June 2009	The third supplement of <i>Explore</i> released in June 09. The next edition is due late August.	Qantas and People Publishing
June 2009	Promotion (travel prize) with release of <i>Australia</i> DVD in conjunction with United DVD Rentals – winner drawn in June.	United Video Tourism Vic, Tourism NSW, South Australian Tourism, Northern Territory Tourism, Western Australia Tourism, Tourism Queensland, Qantas, Apollo Motor homes
August – Nov 2009	<i>Short Break Campaign</i> . Focusing on encouraging New Zealanders to take more frequent short break holidays to Brisbane, Sydney, Melbourne and Adelaide.	Tourism Queensland, Tourism New South Wales & Retail Partner (TBC)

3.2 Trade Marketing:

Dates	Project / Event	Partners
13-19 June, 2009	ATE held in Melbourne, Australia Tourism Australia's New Zealand office hosted a delegation of 18 key industry partners.	N/A
8 September 2009	PAICE: One day MICE trade event (Hosted by Promag, Skycity, Auckland) TA Business Events Australia – major sponsor. From a total of 104 exhibitors there are 41 Australian operators exhibiting to date including a TA Business Events Australia booth. Tourism Australia will host an informal reception for Australian exhibitors on Monday 7 September, 2009	N/A
12 – 16 October 2009	DREAMTIME 2009: Hosted by Business Events Australia in Sydney. Eight key New Zealand buyers invited to attend a two day educational in Sydney followed by the MICE trade event. Confirmation of buyers currently in progress.	Qantas

4. Media Environment

- Leading Fairfax Digital space, www.stuff.co.nz has embarked on an aggressive expansion campaign this month which will also include the appointment of a travel editor. *Stuff* has been loaded in the New Zealand IMHP plan and participation with this channel at an editorial level will deliver a multi faceted response to an Australian travel experience by one of their writers. This will include; multiple online travel stories, feeding into Fairfax print media outlets and posting on the wire service as a journalist feed. Additional online elements will include interactive twitter, blogging and facebook entries during the visit.
- State owned broadcaster TVNZ and Mediaworks' TV3 have both undergone significant budget cuts in terms of programme commissions and production. TVNZ has made significant redundancies in its news and current affairs sections. As such, the outsourced content such as travel, and any outdoor broadcasting including international or regional travel stories are attracting a fee from the participant, with the broadcaster's funding being retained for hard news and current affairs issues. Emerging from this are greater opportunities on a more sponsored flexible basis. Travel writers and bloggers are able to deliver sponsored travel segments to the broadcaster free of charge. The first of these will air early August and will feature Las Vegas and LA; opportunity providing a showcase of the destination rather than just a cross live segment.
- Anecdotal evidence points to a significant reduction in advertising spend (decrease of 1 per cent in media spend compared to year ending December 2007) resulting in job losses within the journalism sector or publishing areas.

Freelancers are hard hit with publishing houses opting to use staff writers across more than one title – presenting an opportunity for Tourism Australia to increase the ROI through the IMHP and also support for proactive PR (resulting in cost effective, well crafted press releases with high res imagery). The digital space is highly competitive amongst media outlets with volume and diversity being the order of the day. Media are increasingly asking for digital video footage for their online space

Please visit www.media.australia.com for details about Tourism Australia's International Media Hosting Program (IMHP) and general media information.

IMHP supporters can access publicity results at www.publicity.australia.com

5. General Travel Outlook

5.1 Political and Economic Outlook

- Consumer sentiment remains low, with rising unemployment (currently 6.7 per cent) and high inflation (currently 2 per cent). Retailers are hurting from the lack of demand, total retail is about 2 per cent lower than a year ago (current CPI 1.9 per cent in June 2009 compared to 4 per cent in June 2008). Many retailers are responding by reducing staff and over-time, resulting in the NZ GDP contracting 1 per cent in the first quarter of 2009 (currently -2.1 per cent).

(Source: Economic Overview - www.westpac.co.nz – July 2009)

- The latest Mastercard Consumer Purchasing Priorities survey shows that 46 per cent of Kiwis polled are planning to decrease their discretionary spend for the second half of the 2009 compared to the first half of 2009, however travel still features in the top five Kiwi spend categories. Dining and entertainment was the top (at 79 per cent), followed by fashion and accessories (at 55 per cent), and fitness and Wellness (at 53 per cent). Travel was forth in terms of New Zealander's planned spending with 44 per cent of those polled naming "travel" as their priority.

(Source: Tabs on Travel Today – 7 July, 2009)

5.2 Outbound Travel

- There was a total of 176,300 NZ overseas departures in the month of June 2009, down 9,700 (5 per cent) from the 186,000 departures in June 2008. June 2009 is the eighth consecutive month in which all NZ outbound departures were lower than for the same month of the previous year. In June 2009, there were fewer trips to Australia (down 5,400 or 7 per cent), the United Kingdom (down 1,900 or 14 per cent), and Fiji (down 1,100 or 9 per cent).
- For the June 2009 year, New Zealand departures totalled 1.920 million, down 57,500 (3 per cent) from the June 2008 year. Trips to Australia (936,900), the most popular destination, were down 26,700 (3 per cent) from the previous year. There were also fewer trips to the United Kingdom (down 5,700 or 6 per cent), Fiji (down 5,400 or 6 per cent), New Caledonia (down 4,500 or 38 per cent), and

China (down 3,200 or 5 per cent). There were more trips to Samoa (up 2,300 or 6 per cent).

(Source: www.stats.govt.nz)

- Air New Zealand's total passenger loads were down 5.5 per cent in the month of June - year on year. NZ reduced capacity by 12.3 per cent in the June month. Total short-haul passenger numbers were also down 4 per cent including a decrease in the Tasman/Pacific by 7.3 per cent. The carrier states that while total capacity was down 8.8 per cent, load factors have increased by 3.3 per cent for the month of June.

(Source: *Tabs on Travel Today* – 7 July 2009)

- For the week ending 25 July 2009, the top five travel sites for New Zealand based on unique visits were www.houseoftravel.co.nz with 24.91 per cent of market share, www.flightcentre.co.nz with 9.67 per cent, www.expedia.co.nz with 7.49 per cent, www.webjet.co.nz with 5.55 per cent, and www.expedia.com with 2.98 per cent.

(Source: *Hitwise* – 25 July, 2009)

6. Next 60 Days

New Zealand						
START DATE	END DATE	MARKET	PROJECT/EVENT	TARGET AUDIENCE	LOCATION	PARTNERS
Late Aug	Nov 2009	NZ	<u>Short Breaks Campaign</u>	NZ Experience Seekers – including Youth (20-34 years and Boomers)	National	Tourism Queensland, Tourism New South Wales and Retail Partner (TBC)
Late Aug 2009	Sept 2009	NZ	Supplement: <i>EXPLORE</i> Supplement to be distributed in late Aug 2009 – distributed by the <i>Sunday Star Times</i> (21 June 2009)	NZ Experience Seekers & Family	National	Qantas, People Publishing
08 Sept 2009	08 Sept 2009	NZ	PAICE 09 <i>1 day MICE trade event held in NZ (Hosted by Promag, Skycity, Auckland)</i> <i>TA Business Events Australia – major sponsor.</i> <i>There are 41 Australian operators exhibiting to date including a TA Business Events Australia booth.</i> <i>Tourism Australia will host an informal reception for Australian exhibitors on Monday 7 September.</i>	MICE industry NZ Buyers	Auckland	

