Market overview

In 2016, New Zealand was Australia's largest inbound market for visitor arrivals, fourth largest market for total visitor spend and third for visitor nights.

Key importance factors for holiday destination choice

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety and security</td>
<td>59%</td>
</tr>
<tr>
<td>Value for money</td>
<td>50%</td>
</tr>
<tr>
<td>Rich history and heritage</td>
<td>35%</td>
</tr>
<tr>
<td>Friendly and open citizens</td>
<td>35%</td>
</tr>
<tr>
<td>Good food and wine</td>
<td>34%</td>
</tr>
</tbody>
</table>

Aviation routes from New Zealand to Australia

Which airlines do visitors from New Zealand use to travel to Australia?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Air New Zealand</td>
<td>48%</td>
<td>47%</td>
<td>46%</td>
<td>45%</td>
<td>44%</td>
</tr>
<tr>
<td>Virgin Australia</td>
<td>18%</td>
<td>17%</td>
<td>18%</td>
<td>16%</td>
<td>17%</td>
</tr>
<tr>
<td>Qantas Airways</td>
<td>14%</td>
<td>15%</td>
<td>13%</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>Jetstar (Australia)</td>
<td>8%</td>
<td>7%</td>
<td>8%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Emirates</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Air Asia X</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>China Airlines</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Lan Chile (Air Chile)</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Others</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Average nights stayed = 13
Median nights stayed = 7

Business Events

Tourism Australia focuses on the incentive sector in NZ, recognising that these events bring high economic value to Australia. Australia remains high in the consideration set of NZ business events buyers, aided by the strong rational benefits of being a safe and secure destination, providing excellent infrastructure and offering relatively inexpensive airfares. For more information on current trends in market and information on New Zealand’s business events distribution system, view the dedicated Business Events Market Profile for New Zealand at www.tourism.australia.com/statistics/market-profiles.aspx

Notes:
- *Average nights: the sum of all nights divided by the sum of all visitors.
- **Median nights: the midpoint length of stay for which 50% of visitors stay less and 50% stay longer.
- ◊ Data refers to an average of 2012-2016.
- § Refers to share of arrivals of respective purpose.
- ‡ Other includes education, employment and others.
- Sources: 1. Tourism Australia, Consumer Demand Project, 2016.
The charts on this page provide a trend overview of visitor arrivals and spend over the last 10 years by main purpose of visit, by first and repeat leisure\(^1\) visitors and also a snapshot of age demographic split of leisure visitors and spend.

**Visitor arrivals\(^1\)**

![Visitor arrivals chart](chart1.png)

**Visitor spend\(^2\)**

![Visitor spend chart](chart2.png)

**Visitor arrivals by main purpose of visit\(^1\)**

![Visitor arrivals by purpose chart](chart3.png)

**Visitor spend by main purpose of visit\(^2\)**

![Visitor spend by purpose chart](chart4.png)

**First and repeat leisure visitor arrivals\(^2\)**

![First and repeat leisure arrivals chart](chart5.png)

**First and repeat leisure visitor spend\(^2\)**

![First and repeat leisure spend chart](chart6.png)

**Leisure arrivals by age\(^2\)†**

![Leisure arrivals by age chart](chart7.png)

**Leisure spend by age\(^2\)†**

![Leisure spend by age chart](chart8.png)

Notes: Δ Leisure refers to main purpose of visit of holiday and visiting friends and relatives. † Age profile data refers to an average of 2012-2016.

The following table provides a summary of arrivals, spend and the proportion of repeat visitors to Australia by main purpose of visit: holiday, visiting friends and relatives and business.

<table>
<thead>
<tr>
<th>Purpose of Visit</th>
<th>Holiday</th>
<th>Visiting Friends and Relatives</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrivals¹</td>
<td>507,500 (40%)</td>
<td>427,200 (34%)</td>
<td>206,300 (16%)</td>
</tr>
<tr>
<td>Spend per trip²</td>
<td>$2,300</td>
<td>$1,500</td>
<td>$2,000</td>
</tr>
<tr>
<td>Spend per night²</td>
<td>$207</td>
<td>$127</td>
<td>$288</td>
</tr>
<tr>
<td>Repeat visitors²</td>
<td>92%</td>
<td>95%</td>
<td>96%</td>
</tr>
<tr>
<td>Average nights stayed²</td>
<td>11</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Median nights stayed²</td>
<td>7</td>
<td>7</td>
<td>3</td>
</tr>
</tbody>
</table>

The following provides an overview of top 10 regions visited by leisure visitors and the number of stopovers made in Australia by leisure visitors.

**Top 10 regions visited by leisure visitors**

- Sydney 28%
- Melbourne 24%
- Gold Coast 20%
- Brisbane 16%
- Sunshine Coast 7%
- Perth 6%
- Tropical North Queensland 4%
- North Coast NSW 3%
- Adelaide 3%
- Hunter 2%

**Overnight stopovers made in Australia by leisure visitors**

- 1 Stop 67%
- 2 Stops 15%
- 3-5 Stops 14%
- 6-8 Stops 2%
- 9+ Stops 1%

Read as: 15% leisure travellers from New Zealand visited 2 regions (and made at least one overnight stay).

Notes: ◊ Data refers to an average of 2012-2016. § Refers to share of arrivals of respective purpose of visit. * Leisure refers to main purpose of visit of holiday and visiting friends and relatives. ^Percentages will not add to 100% as one person can visit multiple regions. The data refers to visitors that made at least one overnight stay.

The trans-Tasman route remains Australia’s busiest international route in terms of direct capacity and frequency. Capacity grew 10 per cent in 2016, off an already large base. The majority of the New Zealand traffic to Australia originates from Auckland, Christchurch and Wellington. 2016 also saw the start of Singapore Airlines’ inaugural capital to capital Singapore-Canberra-Wellington service, which commenced in September 2016.

There is aggressive price competition on the trans-Tasman route, stimulating cheaper fares and impacting yields. Passenger share among carriers have remained largely unchanged, with Air New Zealand remaining the top choice of visitors from New Zealand to Australia (44 per cent).

All major carriers expanded their services between New Zealand and Australia in 2016. In addition to Singapore Airlines’ inaugural capital to capital service, two new fifth freedom services were introduced in 2016: Air Asia X’s Auckland-Gold Coast-Kuala Lumpur service and Philippine Airlines’ Auckland-Cairns-Manilla service.

Air New Zealand has further plans to boost its presence in Australia, with a premium passenger lounge planned at Perth’s international terminal, expected to open by end of 2017. The airline has also announced plans to operate its widebody Boeing 787-900 to Adelaide from late October 2017, which will offer premier travel options for travel to New Zealand and beyond New Zealand to the United States.

Arrivals from New Zealand to Australia maintained a steady three per cent growth in 2016. Average load factors were impacted in 2016 (down three percentage points to 78 per cent) with capacity growing ahead of inbound arrivals.
The following charts highlight the information sources that New Zealand consumers use to plan and book their holidays.

**Preferred sources for early planning and inspiration**

- **Been there before**: 37%
- **Friends or relatives that have been before or live there**: 33%
- **General internet searching**: 31%
- **Online flights booking site**: 29%
- **Online hotel booking site**: 20%
- **Traveller review sites**: 19%
- **Travel agent (telephone or in person)**: 17%
- **Travel or guide books**: 11%
- **Airline**: 15%
- **Brochures**: 13%

Read as: 37% of respondents indicate '(having) been there before' as a preferred source during the early stages of planning a holiday.

**Preferred sources for seeking information**

- **Friends or relatives that have been before or live there**: 31%
- **Been there before**: 30%
- **General internet searching**: 29%
- **Online flights booking site**: 20%
- **Travel agent (telephone or in person)**: 17%
- **Online hotel booking site**: 17%
- **Traveller review sites**: 15%
- **Sites for specific destinations**: 15%
- **Travel or guide books**: 11%
- **Brochures**: 10%

Read as: 31% of respondents indicate 'friends or relatives that have been before or live there' as a preferred source for seeking information about a holiday destination.

**Preferred sources used to book a holiday**

- **Directly through airline (online)**: 42%
- **Travel agent (telephone or in person)**: 37%
- **Accommodation provider (online)**: 28%
- **Travel agent (online)**: 10%
- **Directly through airline (telephone or in person)**: 6%
- **Other travel booking website**: 5%
- **Accommodation provider (telephone or in person)**: 4%
- **Tour operator (online)**: 3%
- **Other online source**: 2%
- **Tour operator (telephone or in person)**: 2%

Read as: 42% of respondents indicate booking 'directly through (an) airline (online)' as a preferred source when booking a holiday.

Source: Tourism Australia, Consumer Demand Project, 2016
NEW ZEALAND DISTRIBUTION

The New Zealand distribution system continues to evolve as online bookings for short haul travel grow. In response, traditional distributors are increasing their online capabilities. Bookings to Australia are primarily driven by low airfares and short/sharp sales, leading to a trend where consumers book airfares first and ground components later, rather than traditional package tours. Consolidation and re-branding of NZ distribution has taken place over the last two years.

Distribution system

**WHOLESALERS/ LARGE AGENCIES**

*Commission level: 20% to 25%*

- New Zealand has three major wholesalers which work in alliance with the retail travel chains. They are House of Travel Product, Helloworld and Infinity Holidays (Flight Centre Group). There are also smaller and more specialised wholesalers in the New Zealand market such as Lifestyle Holidays.
- Whilst there are preferred arrangements in place, wholesalers are open to deal with any retail agencies (with the exception of Infinity Holidays).

**RETAIL AGENTS**

*Commission level: 10% to 12%*

- There are approximately 400 listed retail travel agencies employing over 3,000 travel consultants in New Zealand.
- The main listed retail brands are as follows:
  - Flight Centre with over 130 branded retail, 45 travel brokers, 11 Cruise About stores, 5 Student Flights
  - House of Travel with 75 retail stores and 8 Orbit corporate travel stores
  - Helloworld (formerly Harvey World Travel & United Travel) have 70 branded retail stores, plus 100 brokers under The Travel Broker brand
  - World Travellers with 36 branded retail stores and 20 travel brokers
  - First Travel Group with 44 retail stores and affiliated agencies, plus 92 brokers under NZ Travel Broker brand
  - YOU Travel with 34 branded retail stores
  - Travel Smart with 10 branded and non-branded agencies.

**ONLINE**

*Commission level: 10% to 12%*

- Key travel websites include Air New Zealand, Qantas, Virgin Australia, Webjet, Wotif, Expedia, and House of Travel.
- Air New Zealand have a formal partnership agreement with Expedia for land inventory.
- House of Travel online brand Mix & Match also has a formal agreement with Expedia (beyond what HOT Product contracting directly – expanding their inventory).
NEW ZEALAND DISTRIBUTION

Trends

Distribution

» With over 60 per cent of New Zealanders booking travel to Australia online, traditional retail groups and airlines are increasing their online booking capability to meet demand.

» International airline services operate regularly from Auckland, Wellington and Christchurch. Limited service are available from the South Island centres of Queenstown and Dunedin.

» Aggressively priced trans-Tasman airfares (particularly for the East Coast) position Australia as a very accessible travel destination for New Zealand consumers.

Planning and purchasing travel

» More than 60 per cent of New Zealanders are now purchasing airfares online. Ground portions are being purchased either online (directly to product) or through retail agencies particularly for complex or regional itineraries.

» Many consumers use internet travel websites to research their holidays. However, traditional distribution channels remain a key source of information on holiday destinations and products.

Special Interest

» Operators who specialise in niche segments, such as events and sports travel, include The Experience Group, Williment Sports Travel and Showbiz Events & Travel. Two wholesalers, Go Holidays and House of Travel, also market sports and special interest events.

Planning a visit to market

Top tips for sales calls

» It is preferable to make regular sales visits each year to the New Zealand market. Sales calls can be made throughout the year, however avoid December and January as this is the summer holiday season.

» A consistent market presence through advertising and wholesale or retail activity for two or more years will help to build New Zealand industry relationships and achieve a greater return.

» The key market centres to visit are Auckland, Wellington and Christchurch. Key regional centres to visit are Hamilton, Tauranga, Nelson, Dunedin and Queenstown.

» For more general information on sales calls and planning a visit to market, please see Tourism Australia’s Planning for Inbound Success ebook at: www.tourism.australia.com/inboundsuccess
Where to find more information

Tourism Australia’s activities in New Zealand are managed from its Auckland office. For more information visit Tourism Australia’s corporate website at www.tourism.australia.com.

» Australian State and Territory Tourism Offices operating in New Zealand include: Destination NSW, the South Australian Tourism Commission, Tourism and Events Queensland, Tourism Victoria and Tourism Western Australia.

Also see:

» NZ Country Brief published by the Department of Foreign Affairs and Trade at: www.dfat.gov.au/geo
» For the latest arrivals statistics, visit: http://www.tourism.australia.com/statistics/arrivals.aspx
» For additional statistical reports refer to the ABS and TRA websites, www.abs.gov.au and www.tra.gov.au
» For additional information on consumer research, refer to: http://www.tourism.australia.com/statistics/consumer-demand-research.aspx
» For additional information, view the Business Events Market Profiles for NZ at: http://businessevents.australia.com/businesses/events/