

INTERNATIONAL VISITORS | AUSTRALIA

NEW ZEALAND | SERIES C1 | JUNE 2009



INTRODUCTION

This report provides an overview of the Australian visitor market to New Zealand, including visitor trends and characteristics for the period 1999-2008.

For the latest data and market information on international markets, visit the following websites:

- Ministry of Tourism: www.tourismresearch.govt.nz
- Tourism New Zealand: www.tourismnewzealand.com
(Market Research, Market Guides)

Australian Outbound Travel Market

In 2008, the population of the Australia was estimated at 21 million. Australian residents made 5.8 million trips abroad: 42% to Asia, 24% to Oceania, 17% to Europe, 11% to America and 6% to other destinations. The Australian propensity for outbound travel was 28 trips per 100 people (compared with 46 trips per 100 people for New Zealanders).

New Zealand is Australia's largest single outbound destination. Eighty percent of Australians live in the eastern states within a short flight to New Zealand. The large number of 400,000 expatriate New Zealanders living in Australia provides a strong base for Visiting Friends and Relatives (VFR) travel while extensive trade and government relations generate a high volume of business travel.

Australia is New Zealand's largest international market, providing 976,000 visitors or 17% share of the Australian outbound market.

Air Services to New Zealand

Air links between Australia and New Zealand include daily air services linking key centres in both countries and facilitate the free flow of Australian visitors across the Tasman. There are currently eight international airlines serving the trans-Tasman routes including Air New Zealand, Qantas, Emirates, Pacific Blue, Jetstar, Lan Chile, Aerolineas Argentinas and Royal Brunei. They flew over 38,000 flights (arrival and departures) across the Tasman sea in 2008 (or an average of 105 flights per day) and accounted for 66% of New Zealand's total international flights.

TRENDS IN VISITOR ARRIVALS FROM AUSTRALIA

How many visitors come from Australia?

In 2008 Australia provided over 976,000 visitors, or 40% of all New Zealand's overseas arrivals for the year.

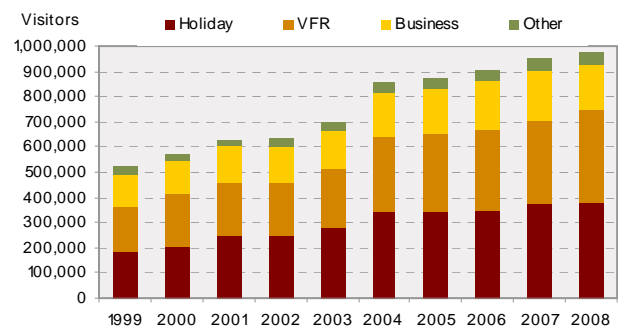
In late 2003 we saw a major capacity expansion in trans-Tasman airline services along with competitive airfares. This has resulted in a 22% increase in Australian visitors in 2004. It signalled a structural shift and increased its share of our total inbound travel from 33% in 2003 to 37% in 2004 and to 40% in 2008.



Since 1999, total visitor arrivals from Australia have increased by 86%. Holiday visitors, which now make up 39% of all arrivals and have shown the greatest increase, more than doubled from 179,000 in 1999 to 382,000 in 2008 (Figure 1).

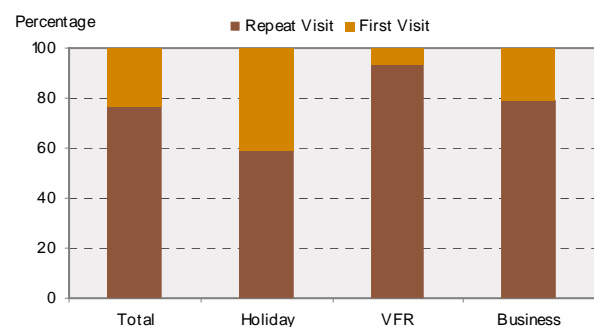
Australia generates the largest number of VFR and business visitors for New Zealand. Over the last decade VFR numbers increased from 184,000 to 360,000 in 2008 while the number of business travellers rose from 130,000 to 189,000 per year. The proportion of total arrivals for these two categories remained relatively constant over the last 10 years, with VFR at 35% and business travel at around 20%.

Figure 1: Australian Visitor Arrivals by Main Purpose *1



Unlike other main markets, there is a high proportion of repeat visits from Australia. Seventy six per cent of all Australian visitors have previously visited New Zealand, a figure heavily influenced by our proximity, and the VFR (93%) and business (79%) categories. Over half of all our holiday visitors from Australia have previously been to New Zealand (Figure 2).

Figure 2: Repeat Visits from Australia, 2008 *2



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Where in Australia do they come from?

The three most populous states, New South Wales, Queensland and Victoria, contribute 84% of all Australian visitor arrivals to New Zealand – a proportion that has remained stable since 2000.

While New South Wales remains the largest contributor with 36% of all Australian arrivals, the state's share has fallen by seven percentage points while Queensland's share has increased by six percentage points from 20% in 2000 to 26% in 2008. Visitor numbers from Victoria have remained stable at around 22% of all arrivals from Australia.

Holiday arrivals from the three main states show a similar trend, with 35% from New South Wales (down from 41% in 2000), 27% from Queensland (up from 20%) and 21% from Victoria.

Where do they arrive in New Zealand?

Fifty six per cent of all Australian visitors arrive via Auckland while 28% via Christchurch and 10% via Wellington. The pattern is very different for holiday visitors with 43% via Auckland, 42% via Christchurch and 6% via Wellington. Another 6% arrive via Queenstown, mostly during the winter months.

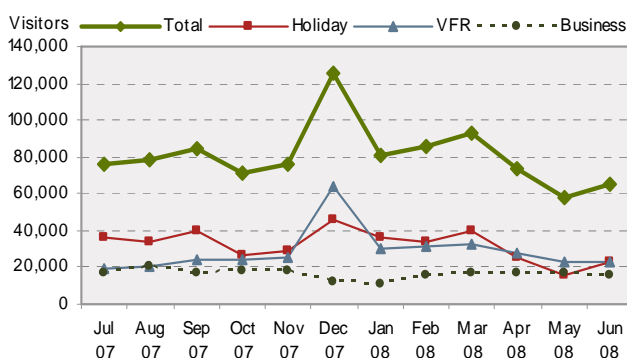
These patterns are markedly different from other international markets, 69% of whom arrive via Auckland, reflecting the airline schedules into this major gateway.

What is the seasonal pattern of Australian visitors?

December is by far the most popular month for Australians to visit New Zealand, with large numbers also arriving between January and April, and in September. Holiday travellers arrive at similar times of the year, with skiing visitors making a valuable contribution between July and September, leaving only May and June as relatively low months.

Family visits over the Christmas season make December the most popular month for VFR visitors, with only around half the number arriving in the other popular months between January and March (Figure 3).

Figure 3: Australian Visitor Arrivals by Month & Purpose of Travel, 2007/08¹



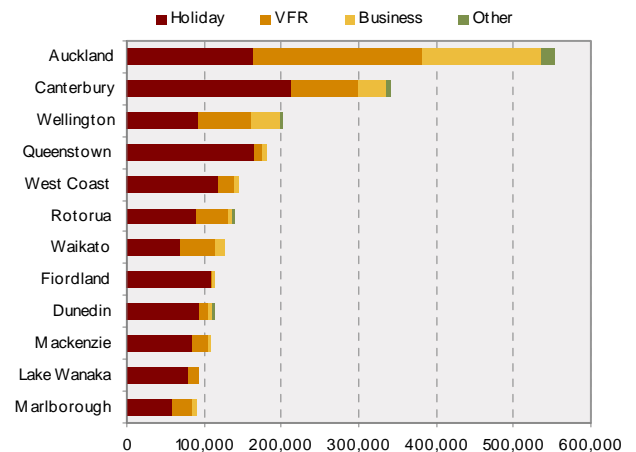
What regions do they visit?

The purpose of travel influences the travel patterns of the Australian visitors. Overall, Auckland and Canterbury receive the greatest numbers of Australians. Wellington and Queenstown are the only other centres which attract more than 20% of the overall market. Smaller numbers disperse to other regions. The VFR and business markets are focused on the three main centres, with Auckland having 66% of all VFR arrivals and 78% of all business arrivals. This is a

reflection of trans-Tasman flight schedules and the population and business activity in these centres.

The holiday market shows a very different pattern, with Canterbury attracting 63% and each of the top 10 regions attracting at least 20% of Australian holiday visitors. Holiday visitors clearly have a greater propensity to move beyond the main centres and between different regions (Figure 4).

Figure 4: Main RTO Regions Visited by Australians, 2008²



Note: Visits to Regional Tourism Organisation (RTO) regions include all overnight stays and day visits to RTOs for one hour or more.

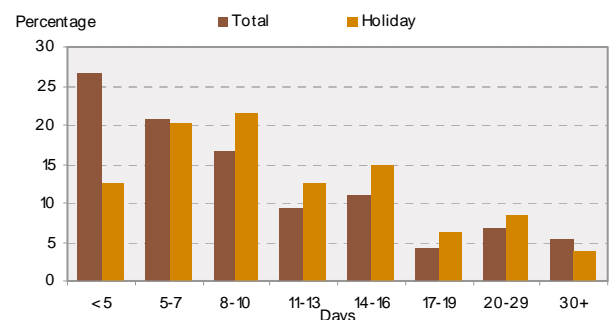
How long do they stay?

The average length of stay for all Australian visitors in 2008 was 11.7 days while the average for holiday visitors was slightly longer at 12.5 days. VFR arrivals stayed for an average of 13 days in 2008 while business travellers stayed for the shortest period, an average of 6.8 days.

The median length of stay, which more typically represents the time spent in New Zealand, is shorter. The median stay in 2008 was 8.0 days for all Australian visitors and 9.9 days for holiday travellers. For VFR and business travellers the median was 9.1 days and 3.4 days respectively.

Figure 5 shows the most common length of stay periods for the total market and the holiday segment. Forty eight per cent of all arrivals stay for 7 days or less while 17% stay between 8–10 days. The pattern is different for the holiday segment, with 8–10 days the most popular grouping (21%) and 32% staying 7 days or less.

Figure 5: Length of Stay Patterns for Australian Visitors, 2008¹

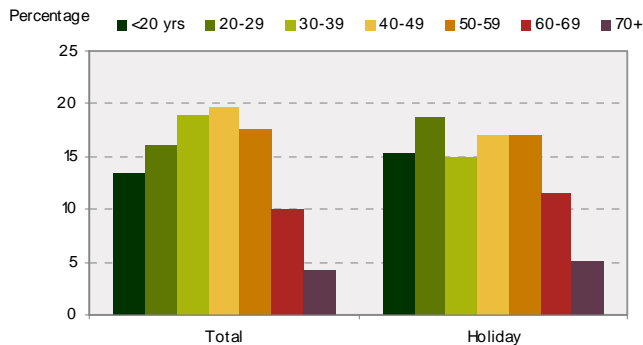


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CHARACTERISTICS OF AUSTRALIAN VISITORS

Age

Those visitors aged 30-59 years account for nearly 60% of all arrivals from Australia, comprising 30–39 years (19%), 40–49 years (20%) and 50–59 years (18%) (Figure 6). Younger travellers feature strongly in the holiday category, with the largest group aged 20-29 years (19%). In the VFR category 17% are aged between 40-49 years, another 17% are aged between 50-59 years and 20% are between 30-39 years.

Figure 6: Australian Visitors by Age, 2008^{*1}

In both the total visitor and holiday visitor categories the strongest rate of growth since 2003 has been in the age grouping 60–69 years (more than 60% increase in five years). With an aging population in Australia, this group will become even more significant in the future.

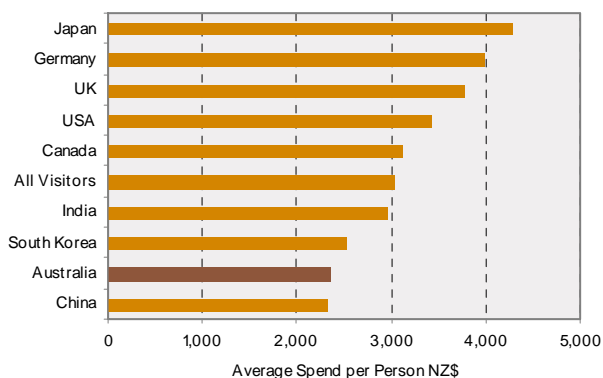
Gender

For the last five years the gender split for all Australian visitors has been around 53% male and 47% female. In the holiday segment the genders are evenly balanced, while females outnumber males in the VFR segment 54% to 46%. Business travellers are predominantly males (75%), which contributes to the higher male proportion in total arrival figures.

How much do they spend in New Zealand?

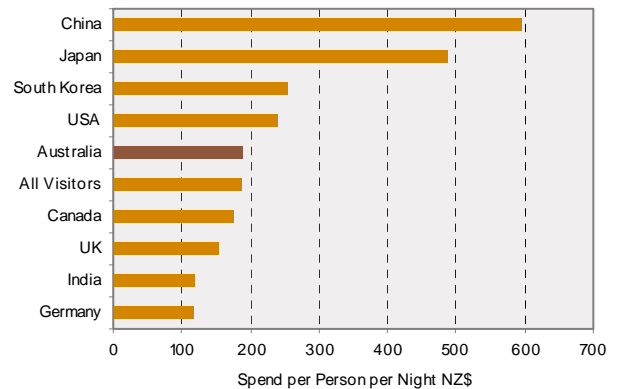
Australian visitors spent a total of \$1.59 billion in New Zealand during 2008, making this our largest market in terms of expenditure. Spending by holiday visitors amounted to \$788 million.

Average expenditure per person for the Australian market overall was \$1,800 (compared with \$2,682 for all visitors to New Zealand). The average spend for Australian holiday visitors was \$2,347 (compared with \$3,027 for all holiday arrivals) (Figure 7).

Figure 7: Average Spend by Market for Holiday Visitors, 2008^{*2}

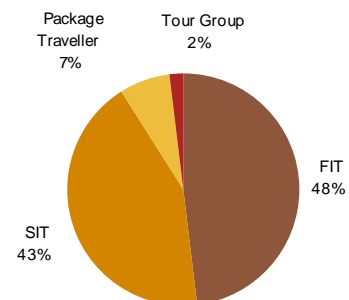
The average spend per night was \$152 for all visitors from Australia while holiday travellers spent \$191. The spend per night by Australian holiday travellers was just above the average for all visitors, but less than those from China, Japan, South Korea or the United States of America (Figure 8).

Note: All references to spend exclude international air fares.

Figure 8: Average Spend per Night by Market for Holiday Visitors, 2008^{*2}

Travel Styles

Australian visitors prefer to make arrangements as they travel through New Zealand. Fully-independent travellers (FIT) and semi-independent travellers (SIT) make up the largest proportion of total arrivals (91%) and holiday arrivals (80%) from the Australian market. Those on a group or packaged tour make up around 10% of the overall market, but 20% of the holiday market (Figure 9).

Figure 9: Travel Styles of Australian Visitors, 2008^{*2}

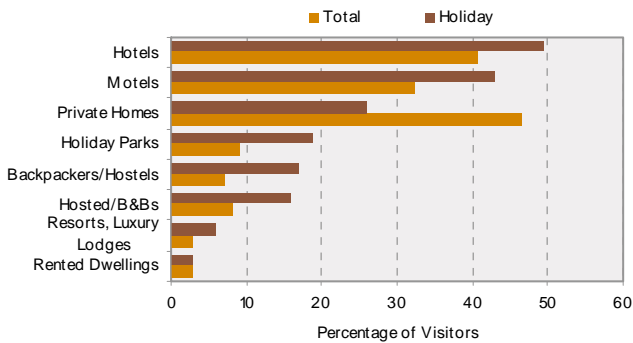
FIT: made and paid for all travel arrangements after arrival in New Zealand
SIT: made and paid for at least one travel arrangement before arrival in New Zealand

What accommodation types do they use?

Hotels (41%), motels (32%) and privately owned dwellings (47%) are the most common accommodation types used by the overall Australian market. The influence of the VFR market is seen in the use of privately owned dwellings as 90% of all VFR visitors use this form of accommodation.

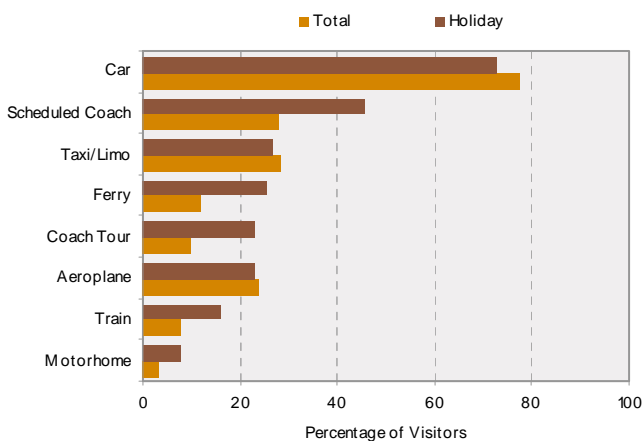
Holiday visitors use a wider range of accommodation types, including hotels (49%), motels (43%), privately owned dwellings (26%), campgrounds/holiday parks (19%) and backpackers (17%) (Figure 10).

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Figure 10: Main Accommodation Types used by Australian Visitors, 2008²

What transport types are used?

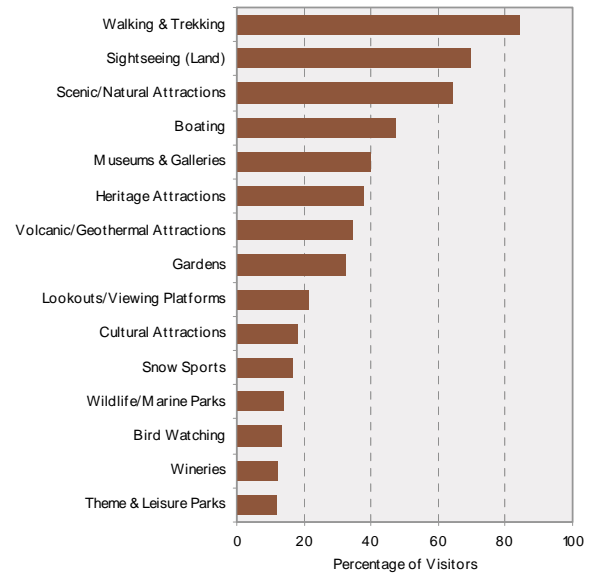
Travel by car (77%) is by far the most frequently used option for Australian visitors, with scheduled coach services (28%) and air services (24%) also widely used. Holiday travellers broaden their options to include ferry services, coach tours, rail services or motorhomes (Figure 11).

Figure 11: Transport Types used by Australian Visitors, 2008²

What are the popular activities and attractions?

Walking/trekking, land-based sightseeing activities, natural attractions and museums/galleries each attract more than 20% of all visitors from Australia, and the pattern is fairly similar for VFR travellers.

Holiday travellers participate in a broader range of activities and attractions in New Zealand. As shown in Figure 12, 70% of holiday visitors participate in sightseeing activities, 64% visit natural attractions, 35% visit volcanic/geothermal regions and 38% visit heritage attractions. Snow sports, cultural attractions and wineries are also popular with holiday visitors.

Figure 12: Key Activities by Australian Holiday Visitors, 2008²

Tables 1-4: Australian Visitors – Trends and Characteristics

1. VISITOR ARRIVALS	2003	2004	2005	2006	2007	2008
Total*	702,000	856,000	875,000	904,000	950,000	976,000
Holiday	274,000	341,000	339,000	351,000	375,000	382,000
VFR	246,000	303,000	312,000	319,000	334,000	360,000
Business	150,000	177,000	186,000	192,000	199,000	189,000
Other	32,000	36,000	38,000	42,000	42,000	45,000

2. RTO VISITS 2008	Holiday	VFR	Business	Total *
Auckland	162,000	221,000	152,000	535,000
Canterbury	212,000	87,000	38,000	337,000
Wellington	94,000	68,000	38,000	200,000
Queenstown	166,000	9,000	5,000	180,000
West Coast	118,000	21,000	5,000	144,000
Rotorua	91,000	42,000	3,000	136,000
Waikato	71,000	44,000	11,000	126,000
Fiordland	108,000	5,000	1,000	114,000
Dunedin	93,000	13,000	5,000	111,000
MacKenzie	87,000	19,000	3,000	109,000
Lake Wanaka	81,000	12,000	-	93,000
Marlborough	59,000	27,000	5,000	91,000

3. EXPENDITURE 2008 NZ\$	Holiday	VFR	Business	Total *
Total Spend (Millions)	788	396	342	1,526
Average Per Person	2,347	1,191	1,769	1,800
Average/Person/Night	191	101	259	152

4. LENGTH OF STAY 2008	Holiday	Total *
< 5 Days	48,000	260,000
5-7 Days	78,000	202,000
8-10 Days	82,000	162,000
11-13 Days	48,000	90,000
14-16 Days	57,000	107,000
17-19 Days	23,000	39,000
20-29 Days	32,000	65,000
30 or More Days	15,000	52,000
Average (Days)	12.5	11.7
Median (Days)**	9.9	8.0

Notes: Total includes all other categories. Business includes Conference arrivals.

** Half of the visitors stayed longer and the other half stayed less than the median

- Figure too small to be reliable

DATA SOURCES

¹ IVA: International Visitor Arrivals (Statistics New Zealand)

² IVS: International Visitor Survey (Ministry of Tourism)

IMAGE CREDITS

Wellington Willis St. – Positively Wellington Tourism, www.WellingtonNZ.com

Lake Taupo Lodge – www.laketaupolodge.co.nz

Cardrona Ski Field – www.cardrona.com

Southern Traverse – Michael Jacques, www.karapoti.co.nz

Wai-O-Tapu Champagne Pool – Destination Rotorua, www.rotoruaNZ.com

TSS Earnslaw, Queenstown – Real Journeys, www.realjourneys.co.nz