

Quarterly Focus: A Fresh Look at the VFR Market

The 'Quarterly Focus' section of the RVM reports investigates in detail a topical issue, or examines in depth a specific market or market segment.

This Quarterly Focus takes a fresh look at the 'VFR' (visiting friends/relatives) market – a leisure segment often seen as less valuable, less prone to stimulation and therefore, less worthy of targeting, than holiday visitors – but one which is becoming increasingly important to the tourism sector in these turbulent economic times.

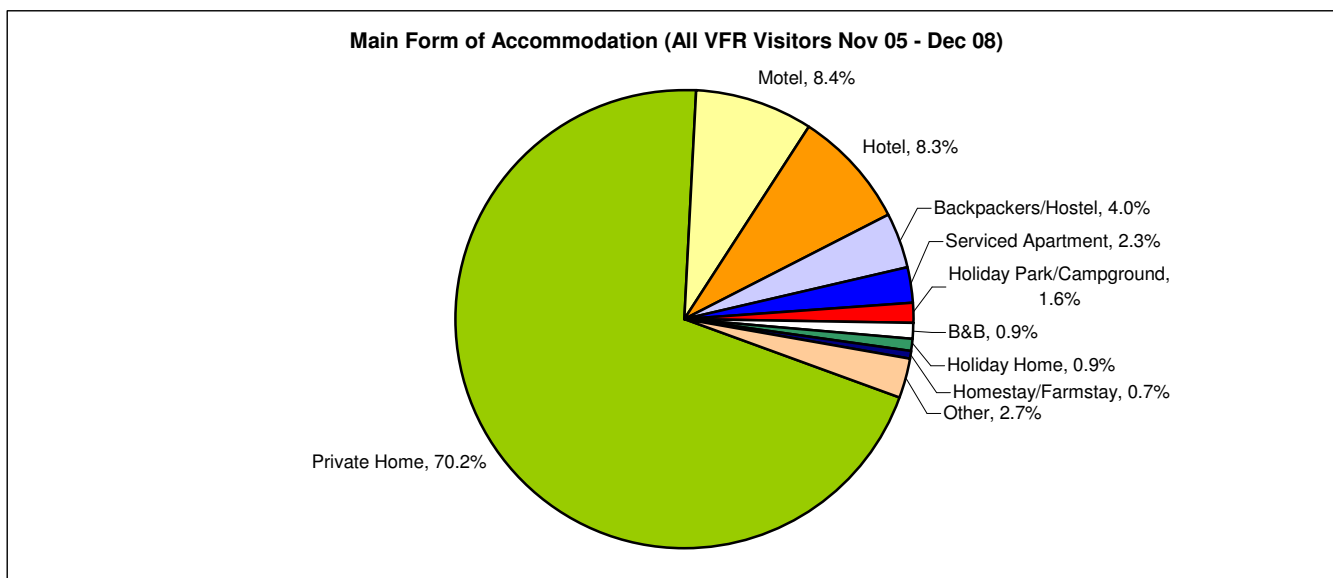
According to Statistics New Zealand data, VFR arrivals made up 30% of all **international visitor** arrivals in the year to December 2008, and VFR was the only market segment in which growth was reported year on year (+4.2%).¹ According to the Domestic Travel Survey, VFR accounted for 37% of all overnight trips taken by **domestic visitors** in the year to September 2008, down 1.1% year on year.²

Since the RVM commenced in November 2005, visitors travelling for the primary purpose of visiting friends or relatives have comprised 12% (or 1,342) of international visitors interviewed in the RVM regions, and 31% (or 2,285) of domestic visitors. This robust sample of n=3,627 forms the base for our current analysis.

NOT ALL VFR VISITORS STAY IN PRIVATE HOMES

It is a common view that VFR visitors are less valuable than other visitors because they stay in private homes (and therefore don't pay for commercial accommodation). In fact, 70% of VFR visitors interviewed for the RVM had chosen a private home as their main form of accommodation; the remainder choosing various forms of (generally commercial) accommodation.

Figure QF1: Main Form of Accommodation – All Visitors/VFR (November 2005 – December 2008)



At 69%, the proportion of international VFR visitors choosing private homes as their main form of accommodation is only slightly lower than the proportion of domestic VFR visitors doing so (71%).

COMMERCIAL OPTIONS CHOSEN TO ACCOMMODATE OVERFLOW

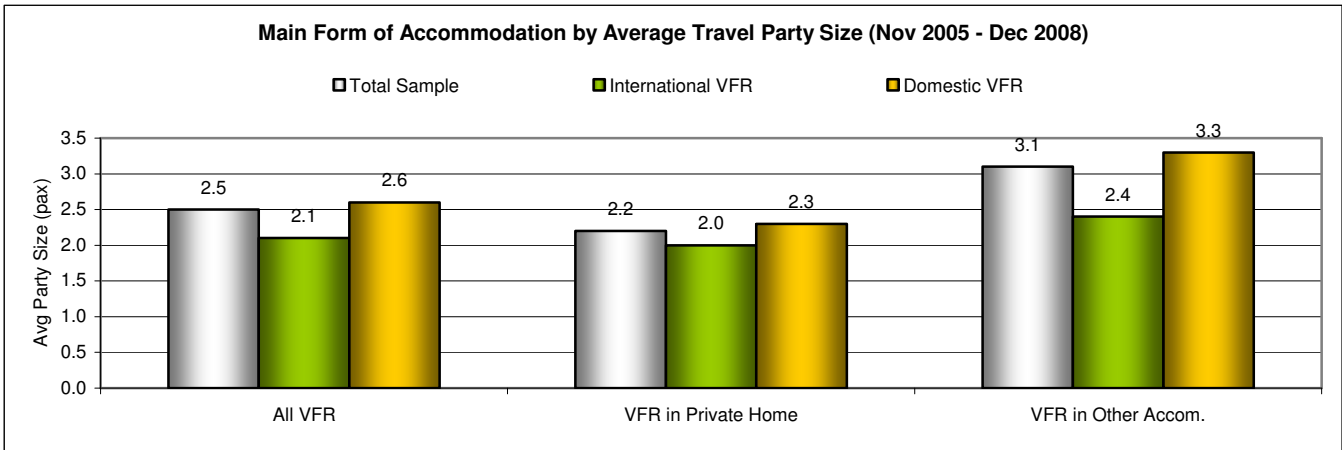
Further analysis of RVM data relating to travel party size shows that, on average, those who do not stay in a private home are travelling with a larger number of people. This suggests that commercial accommodation is often chosen to accommodate 'overflow' or in situations where space available in a private home is insufficient to cater for a larger travel party.

Refer to Figure QF2 overleaf.

¹ International Visitor Arrivals data, YE December 2008, Statistics New Zealand

² Domestic Travel Survey, YE September 2008, Ministry of Tourism

Figure QF2: Main Form of Accommodation for VFR Visitors by Average Travel Party Size (November 2005 – December 2008)

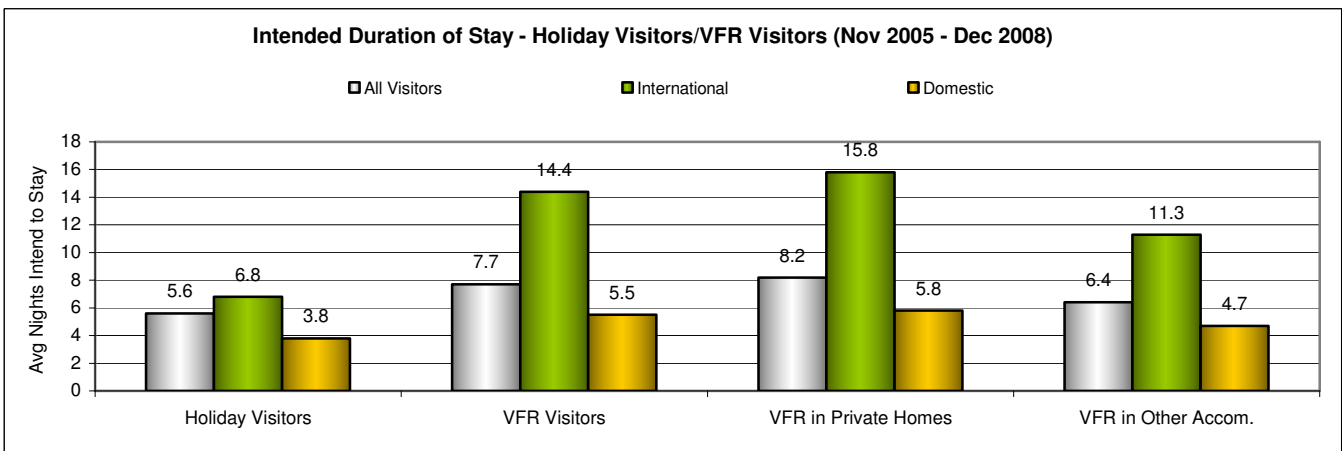


VFR VISITORS STAY LONGER THAN HOLIDAY VISITORS, ESPECIALLY THOSE STAYING IN PRIVATE HOMES

As part of the RVM, all visitors are asked how long they **intend** to stay in the region in which they were interviewed. Results provide some indication of how behavioural patterns are likely to differ across regions and, within regions, by market segment. Refer to Figure QF3 below.

For example, results to this question indicate that VFR visitors stay for longer, on average, than visitors travelling on holiday. Intended duration of stay is particularly high amongst VFR visitors staying in private homes: this may be because visitors can afford to extend their duration of stay if there are no associated accommodation costs.

Figure QF3: Intended Duration of Stay – All Visitors/VFR Visitors (November 2005 – December 2008)



THE VFR MARKET IS A VALUABLE TARGET FOR ACTIVITY & ATTRACTION OPERATORS

Analysis of new activities and attractions data captured in the RVM³ highlights that VFR visitors are active participants in a wide range of activities/attractions in the RVM regions. In fact, VFR visitors are **more likely** to take part in some activities/attractions than their holiday counterparts (including visiting natural attractions, attending concerts/events/shows, and participating in wine/food experiences such as wine trails, cooking classes and farmers’ markets).

Levels of participation are as high, or almost as high, as those of holiday visitors in many other instances.

Refer to Figure QF4 overleaf.

³ Questions relating to activities/attractions in-region were changed from 1 October 2008. Refer to page 29 for further information.

Figure QF4: Activities/Attractions in Region – All Visitors/Holiday Visitors/VFR Visitors (October - December 2008)

