

Tourism Update and Outlook

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Inbound Tour Operators Conference

11-12 August 2009

Gisborne

Getting over the GFC...

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What I am covering...

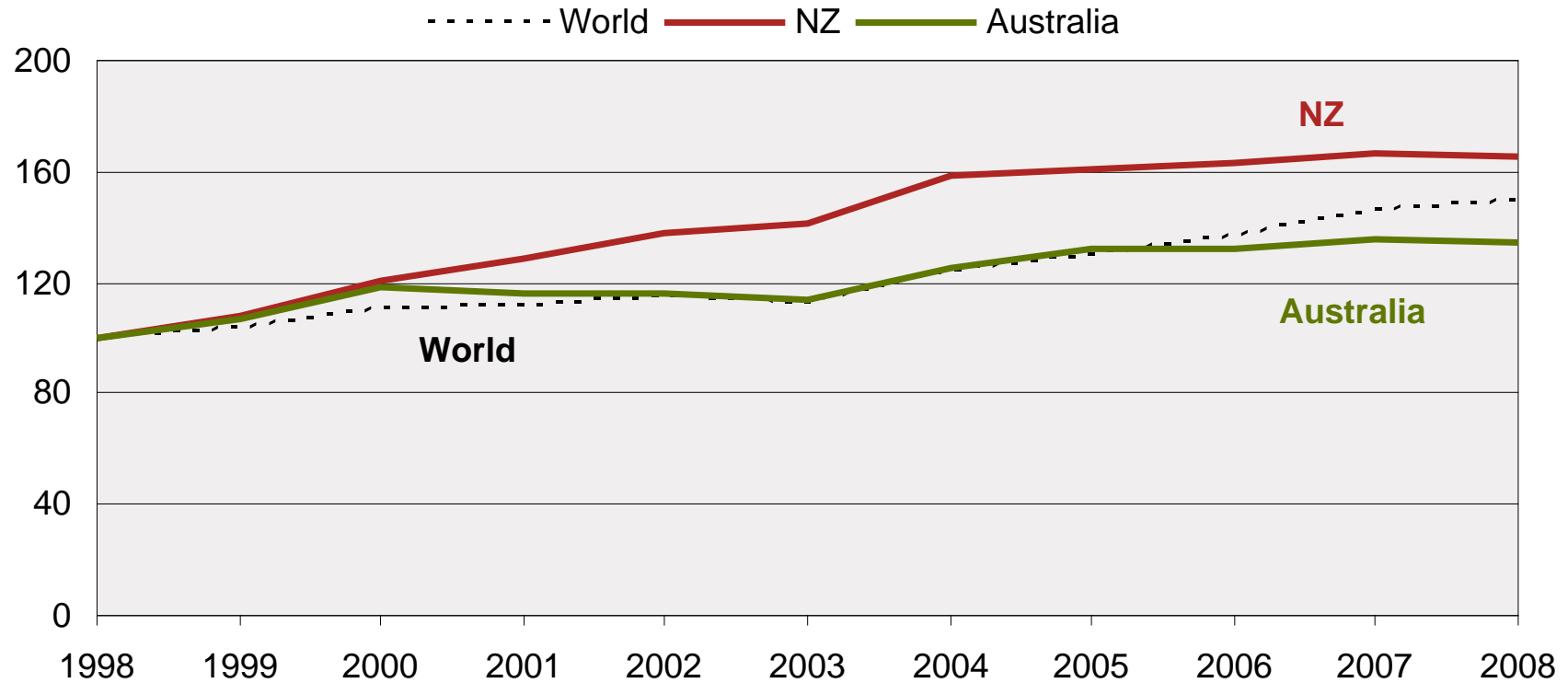
- Latest tourism tracking data – where we are
- Forecasts – where we are heading

World Tourism

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Indices of International Visitor Arrivals to New Zealand, Australia and World (1998 Base =100)



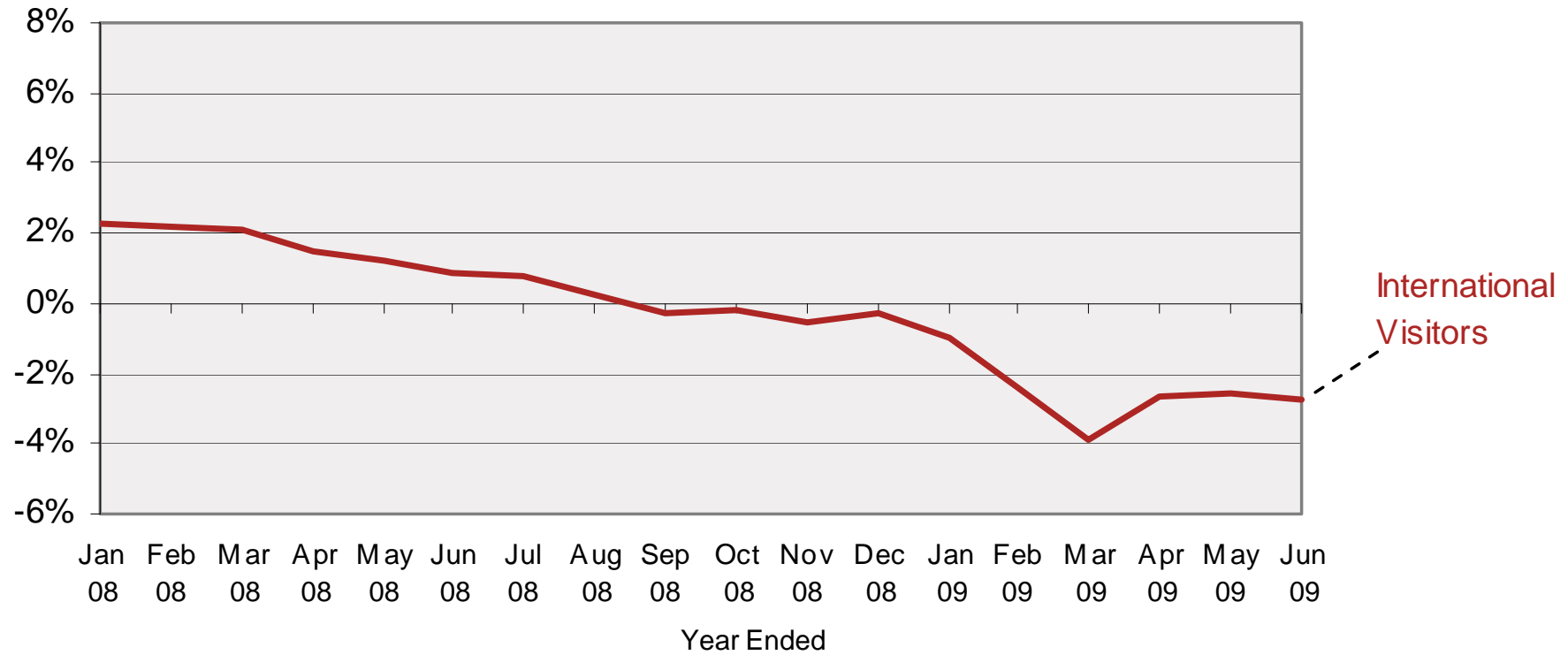
Tourism KPIs

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Inbound Tourism – International Visitor Arrivals

Rolling Annual Growth Rates - Year Ended Jan08-Jun09



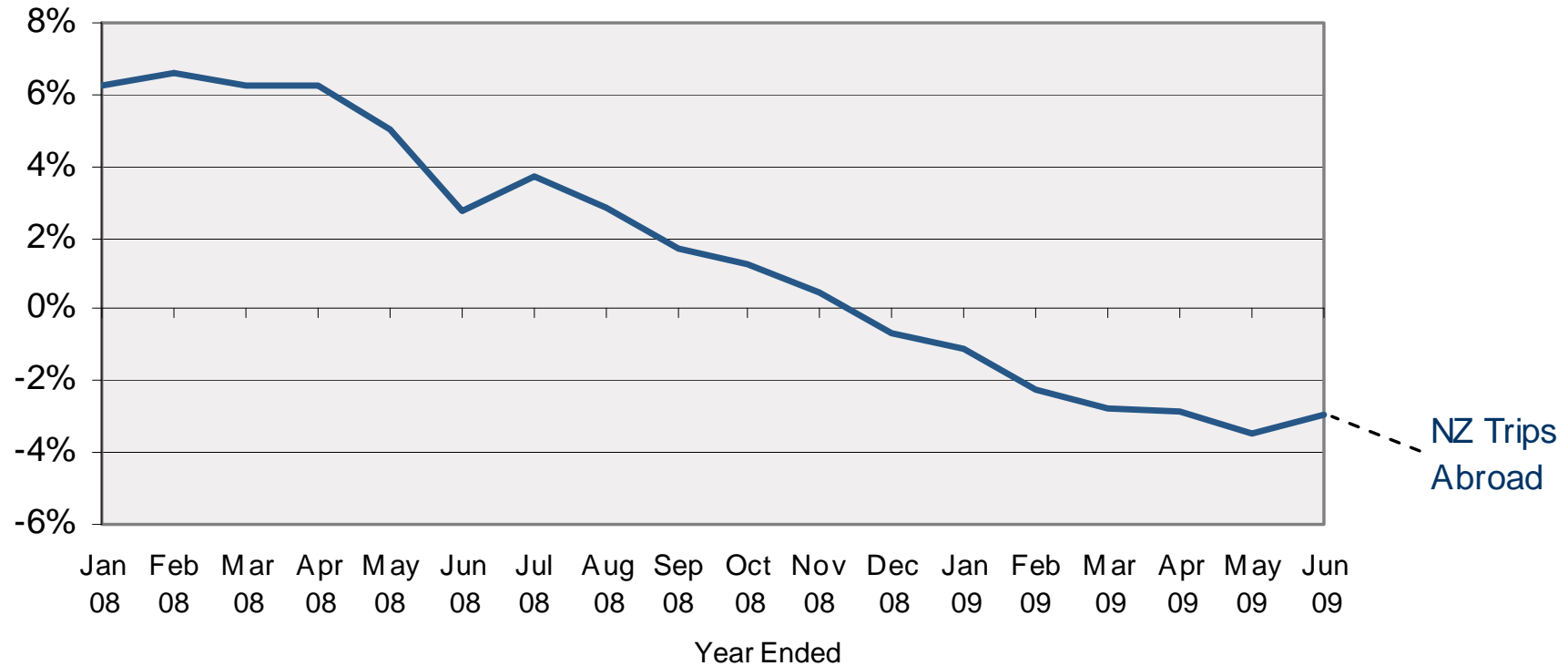
Tourism KPIs

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Outbound Tourism – Overseas Trips by NZers

Rolling Annual Growth Rates - Year Ended Jan08-Jun09



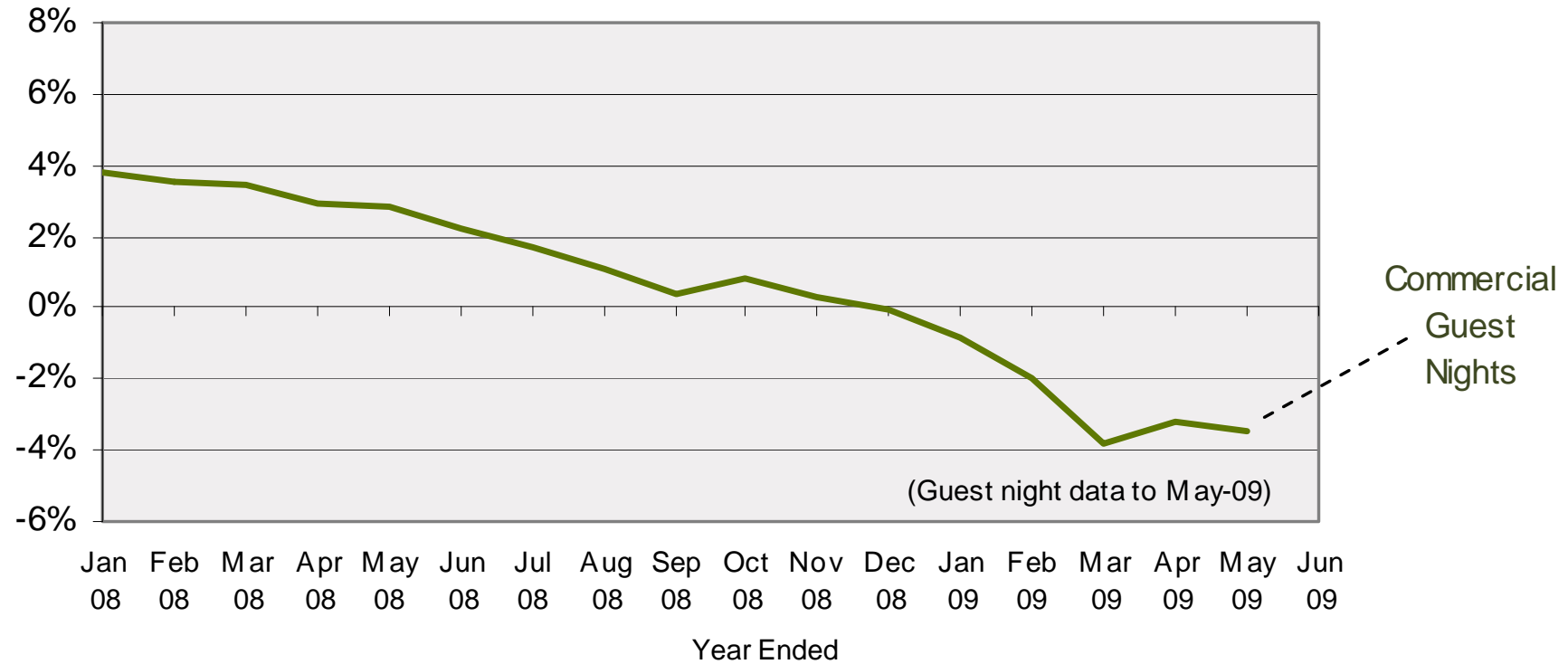
Tourism KPIs

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Commercial Accommodation Guest Nights

Rolling Annual Growth Rates - Year Ended Jan08-May09



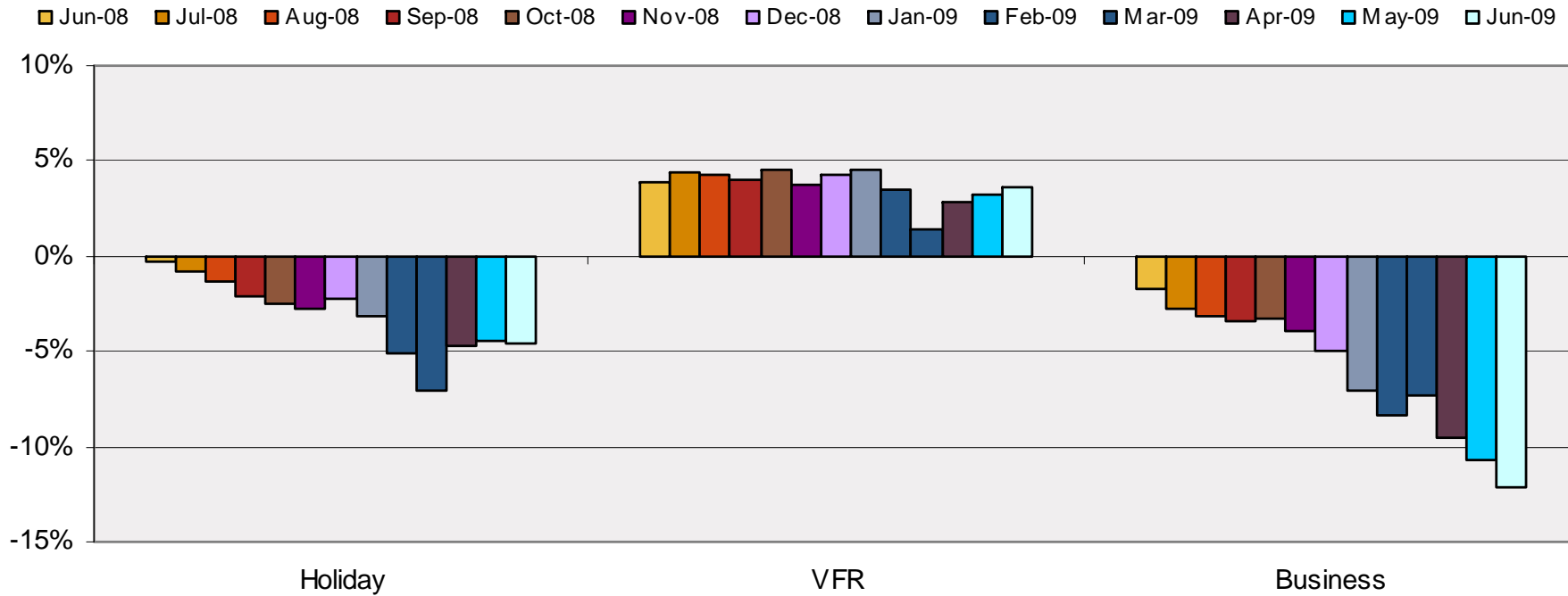
Inbound Visitors

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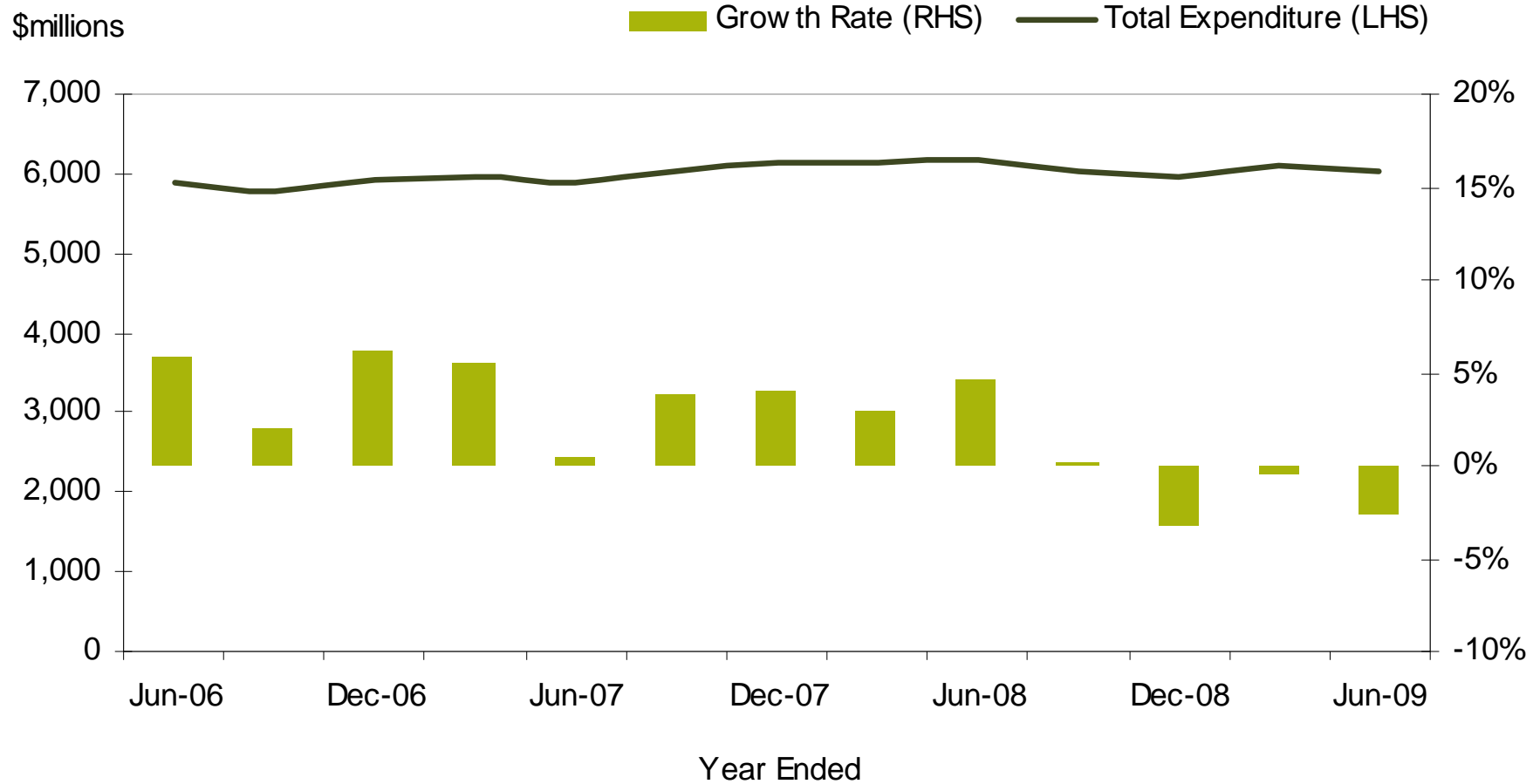
Inbound Travel by Purpose

Rolling Annual Growth Rates - Year Ended Jun08-Jun09



International Visitor Expenditure

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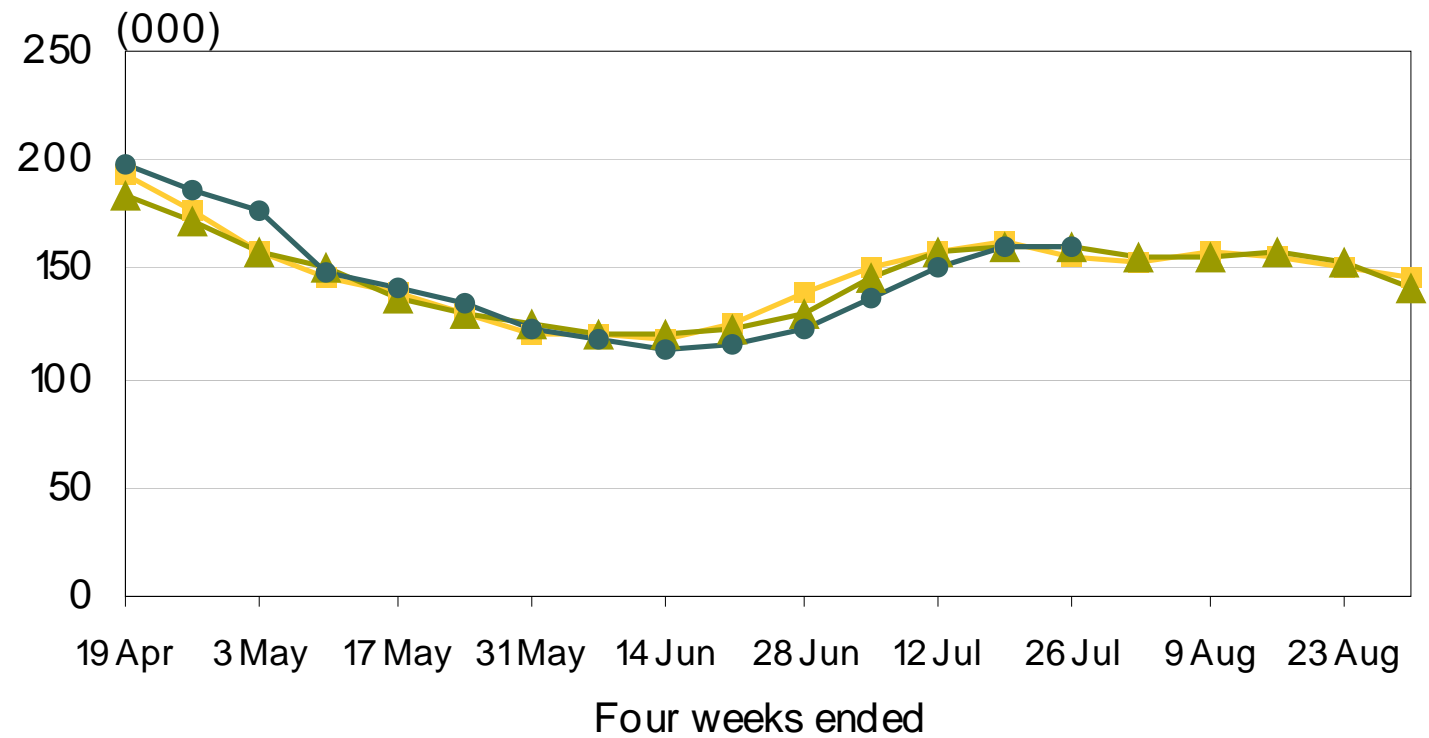
Four weekly arrivals data...

Four Weekly Arrivals

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All countries

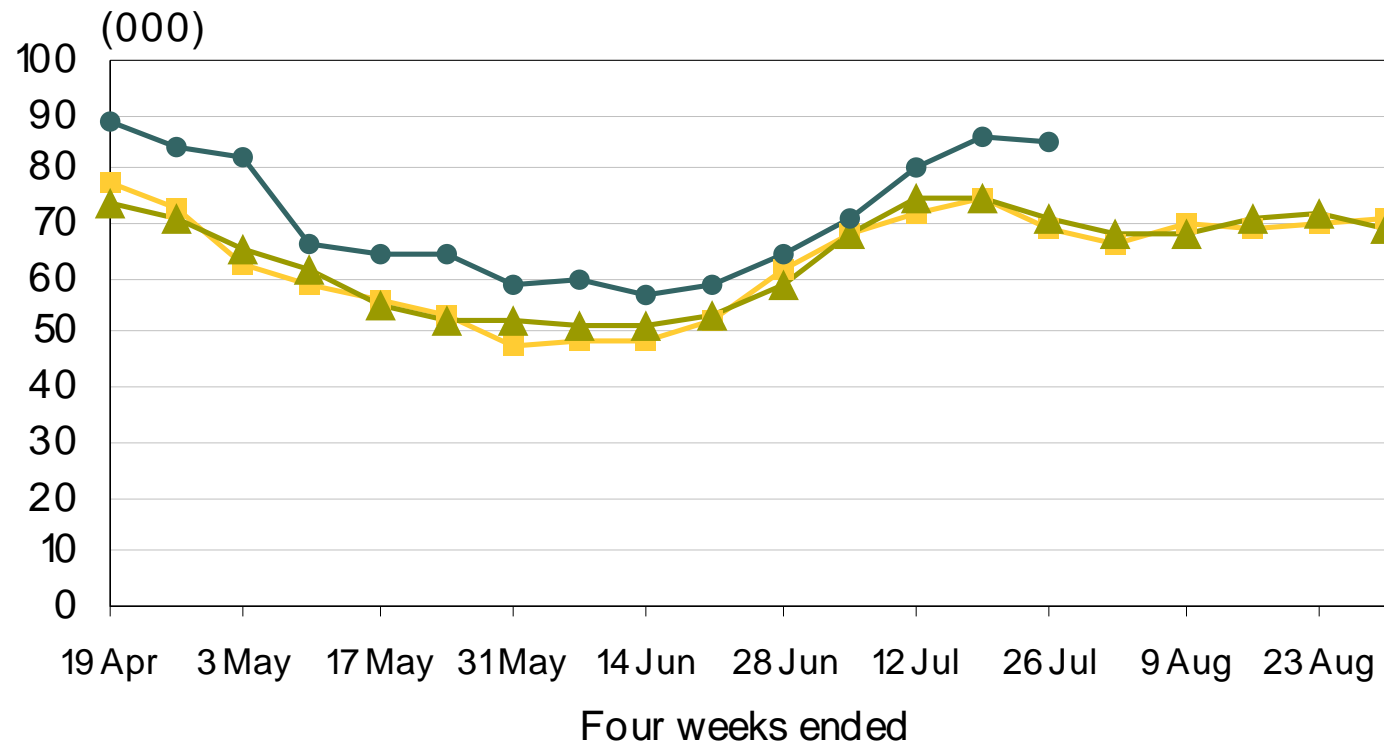


Four Weekly Arrivals

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Australia

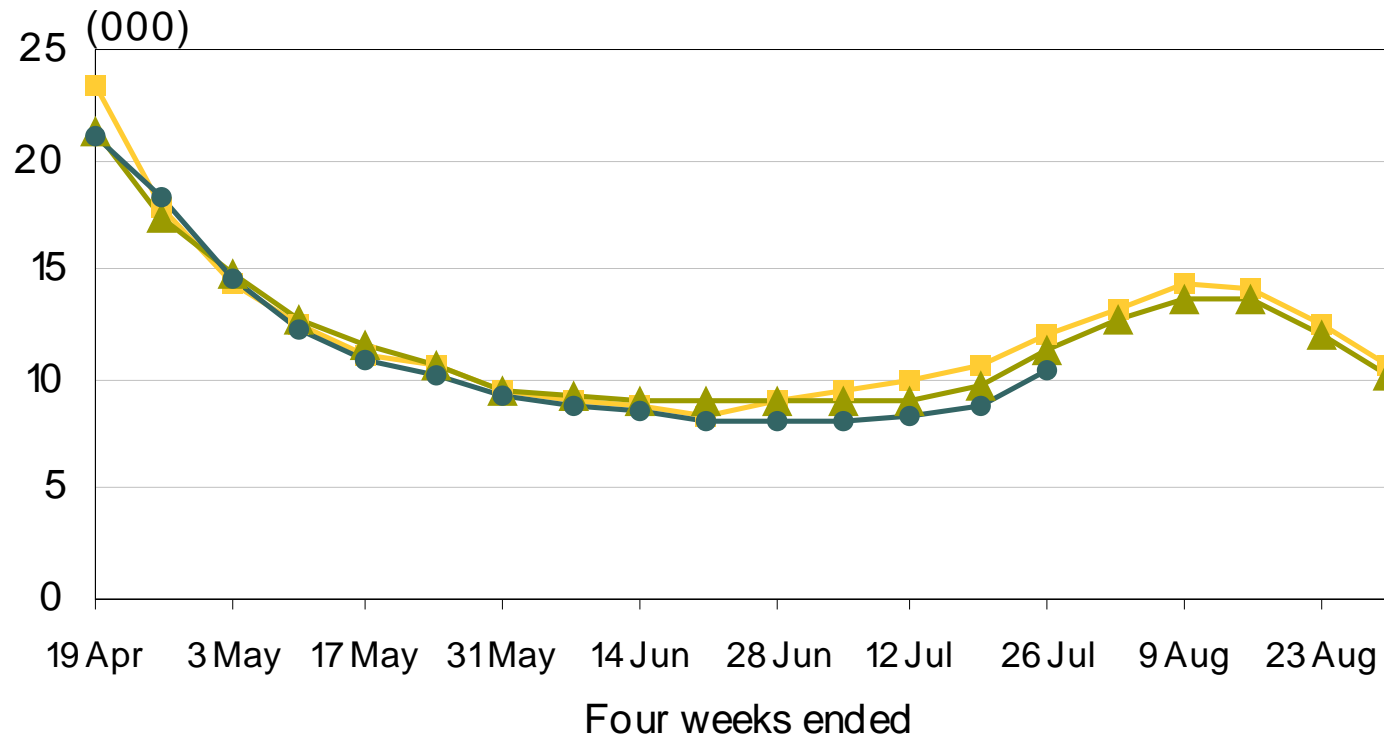


Four Weekly Arrivals

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United Kingdom

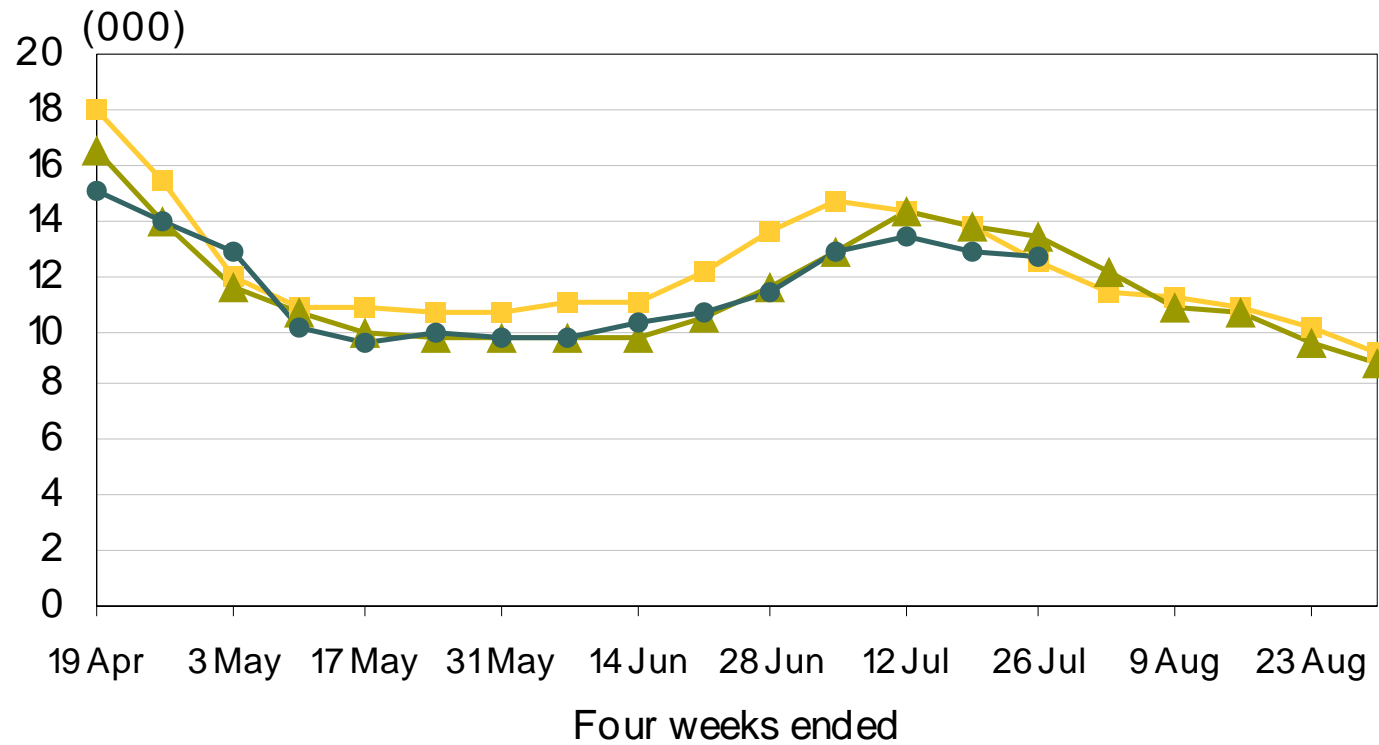


Four weekly Arrivals

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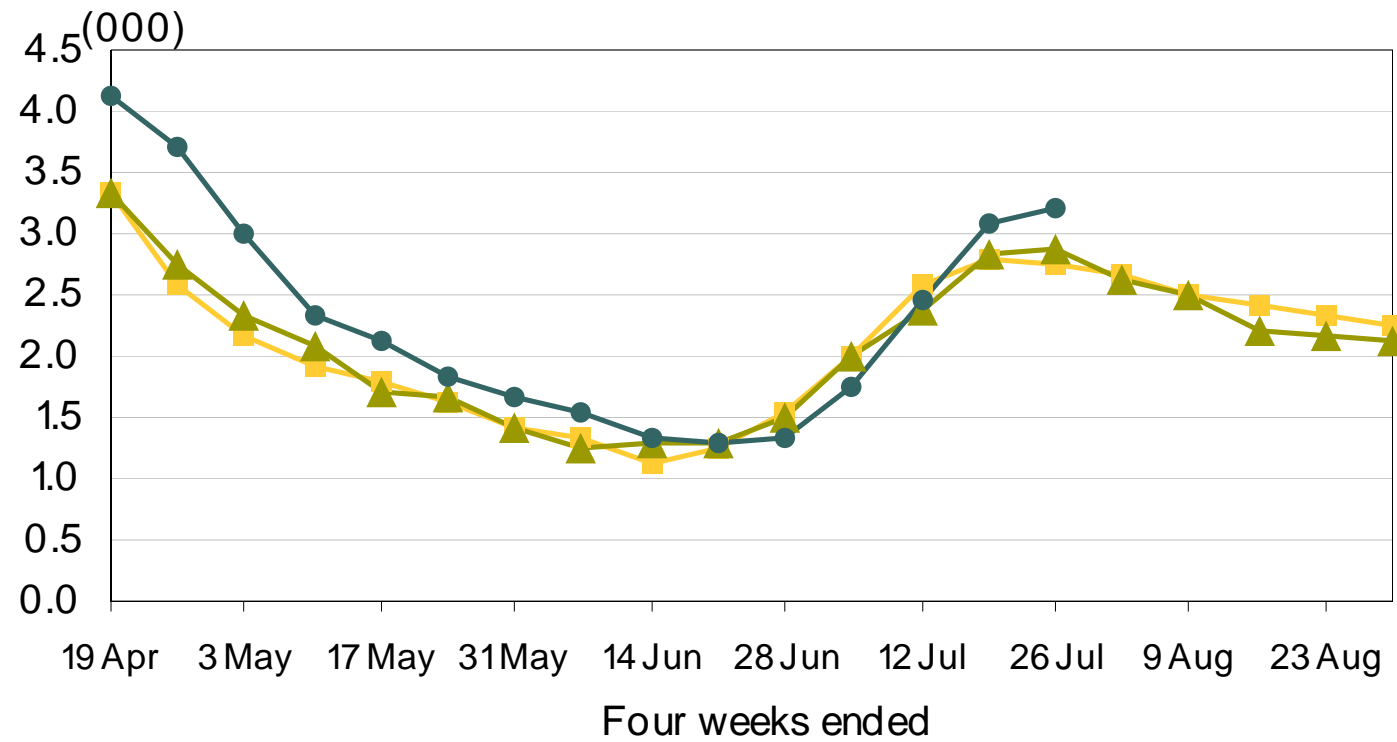


United States of America





Germany

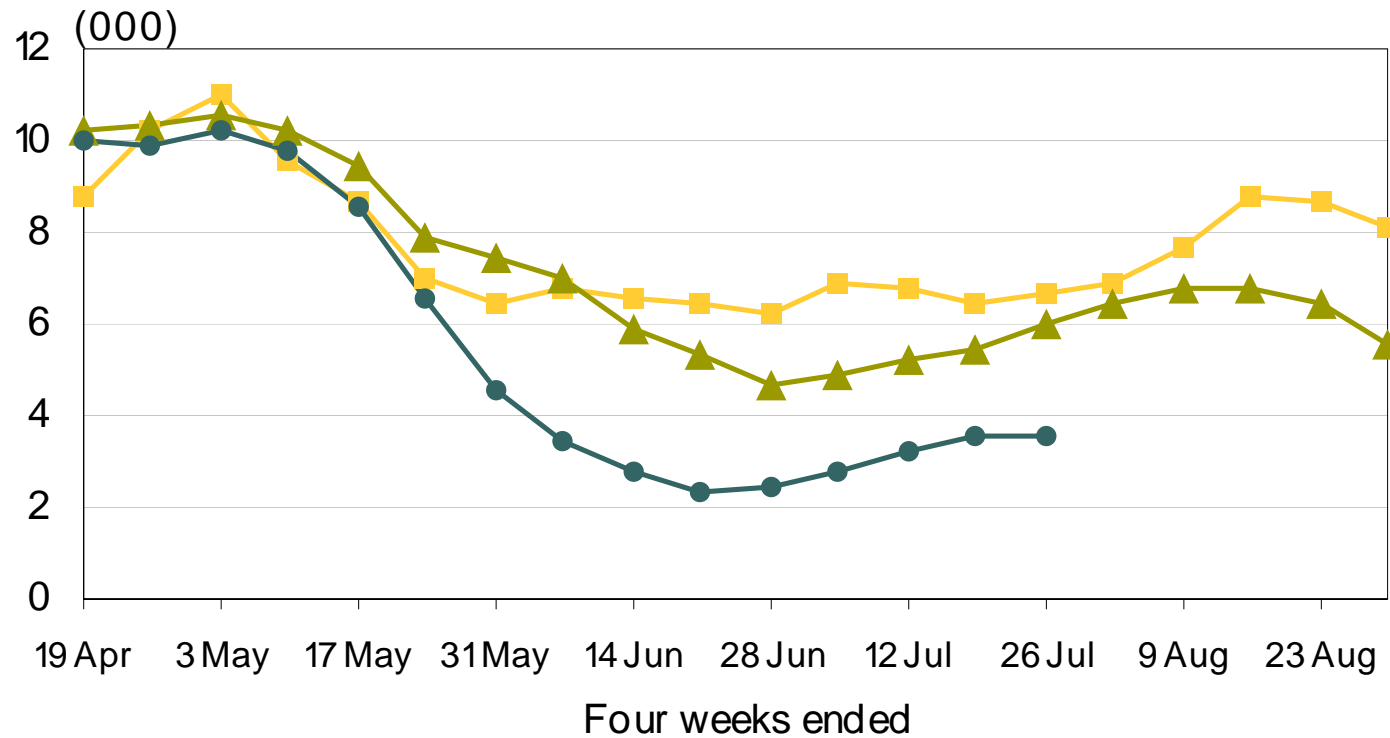


Four weekly Arrivals

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People's Republic of China

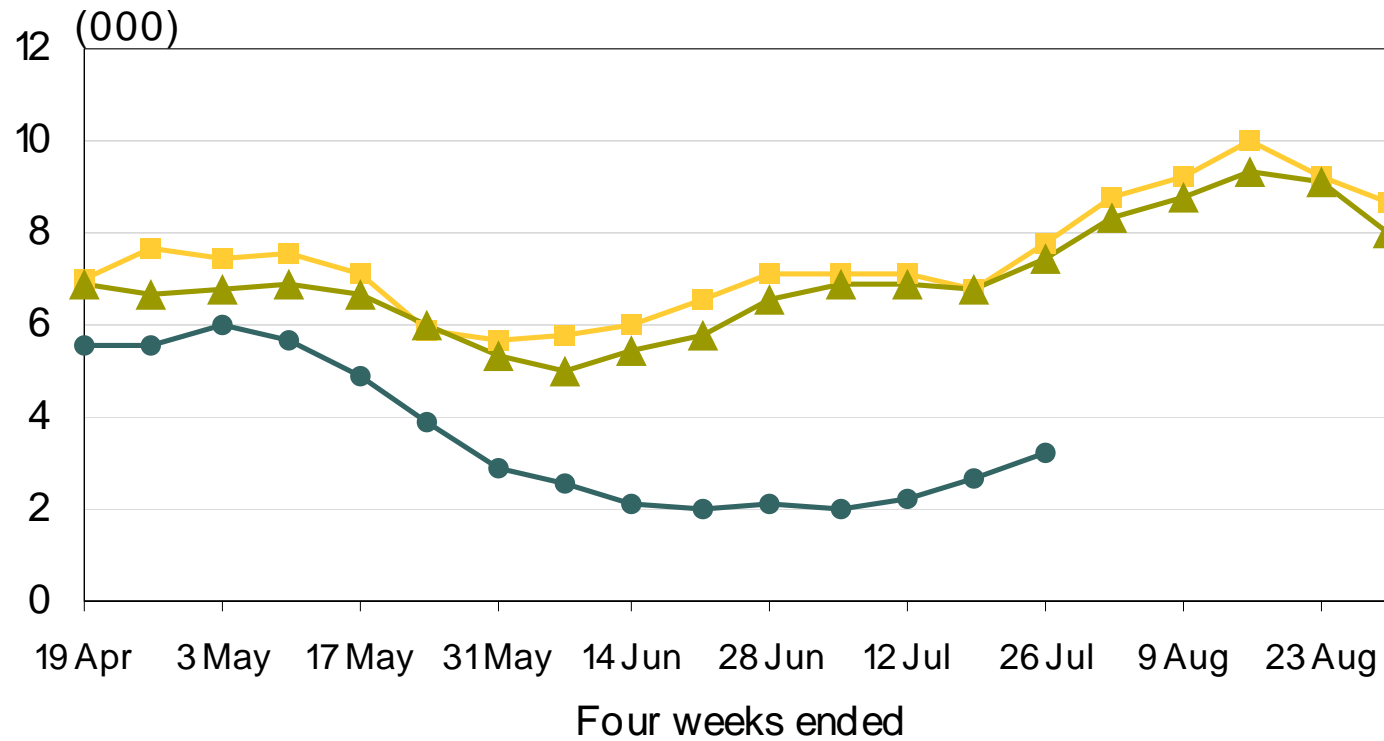


Four weekly Arrivals

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Japan

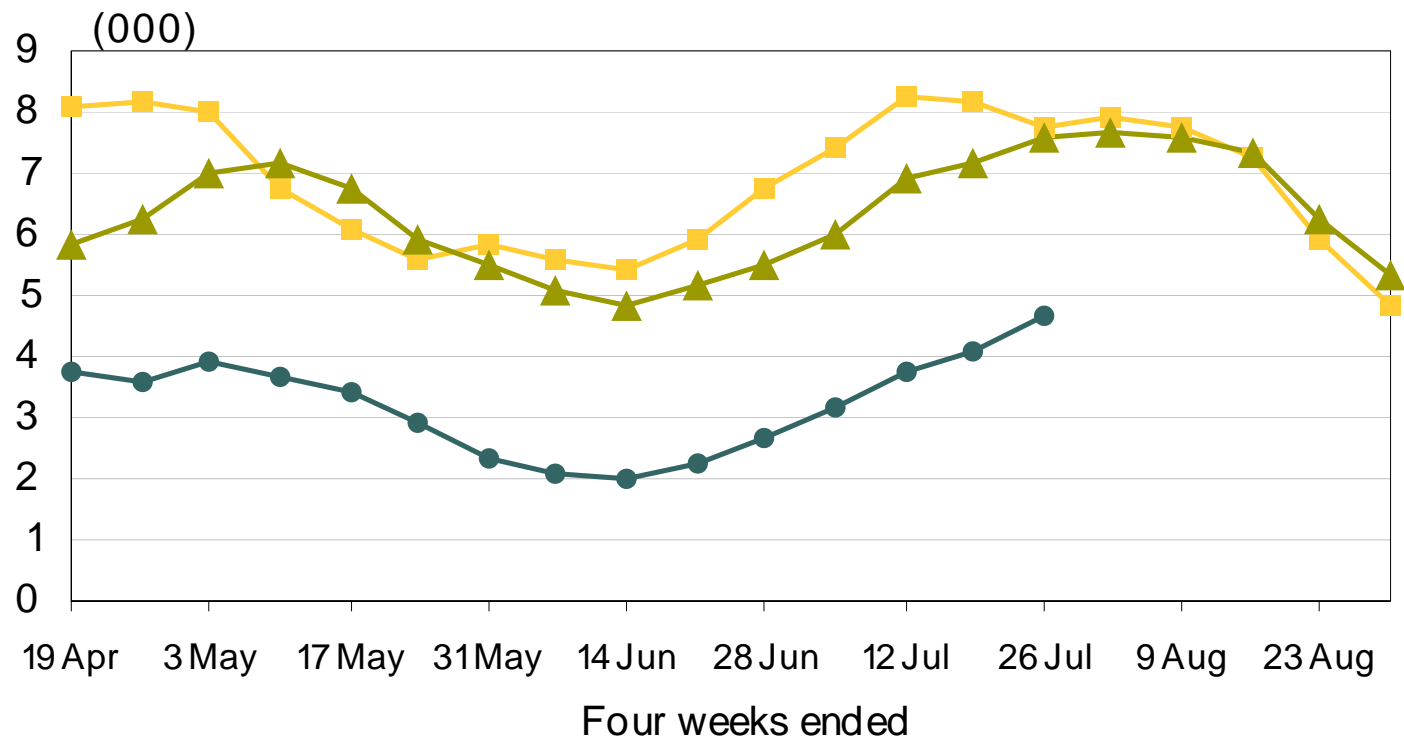


Four Weekly Arrivals

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Republic of Korea



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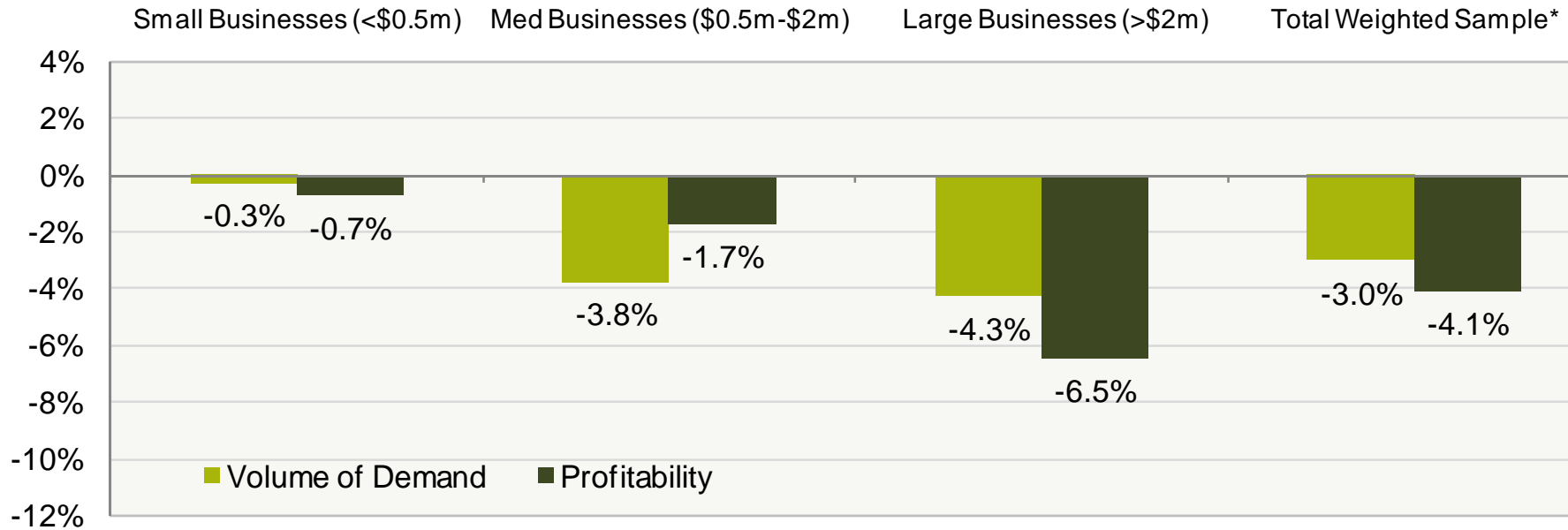
Tourism Industry Monitor

August 2009

Release date: 13 August 2009

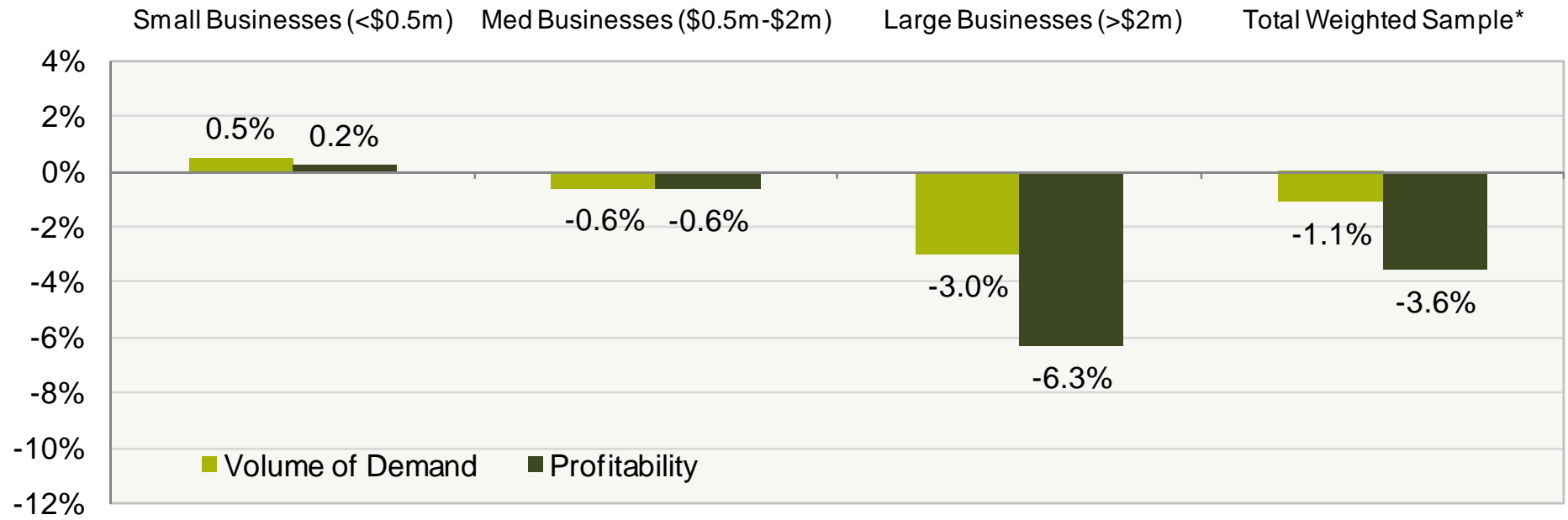


Demand and profitability – Past 3 months



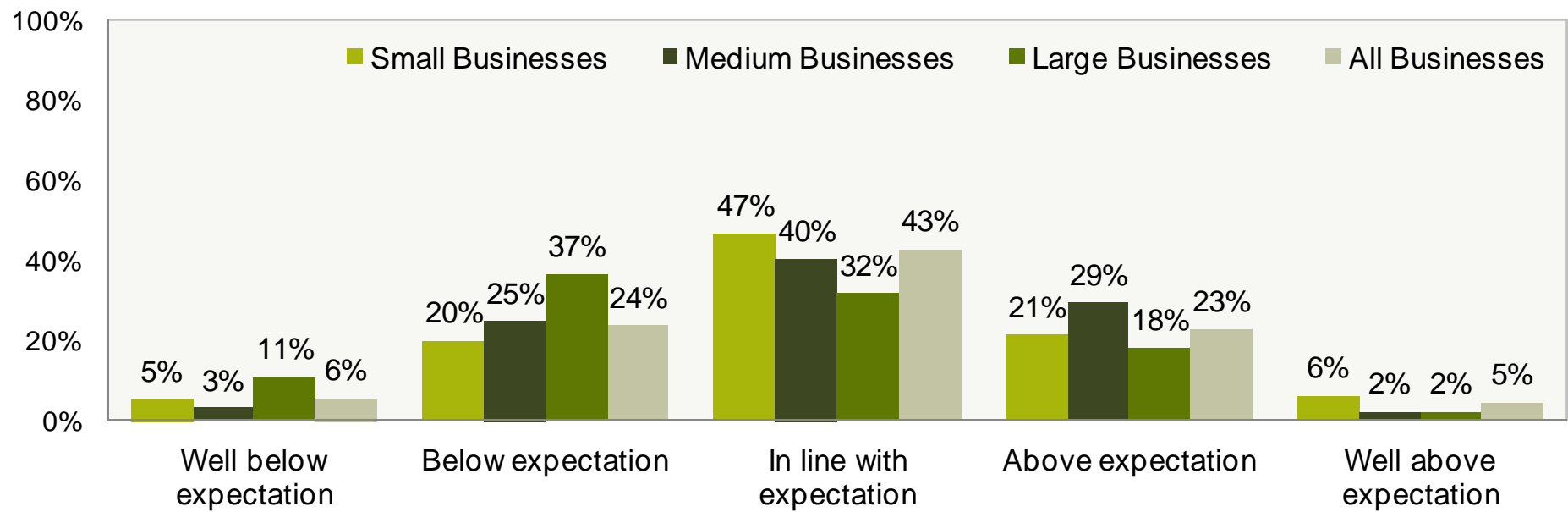


Demand and profitability – Next 3 months



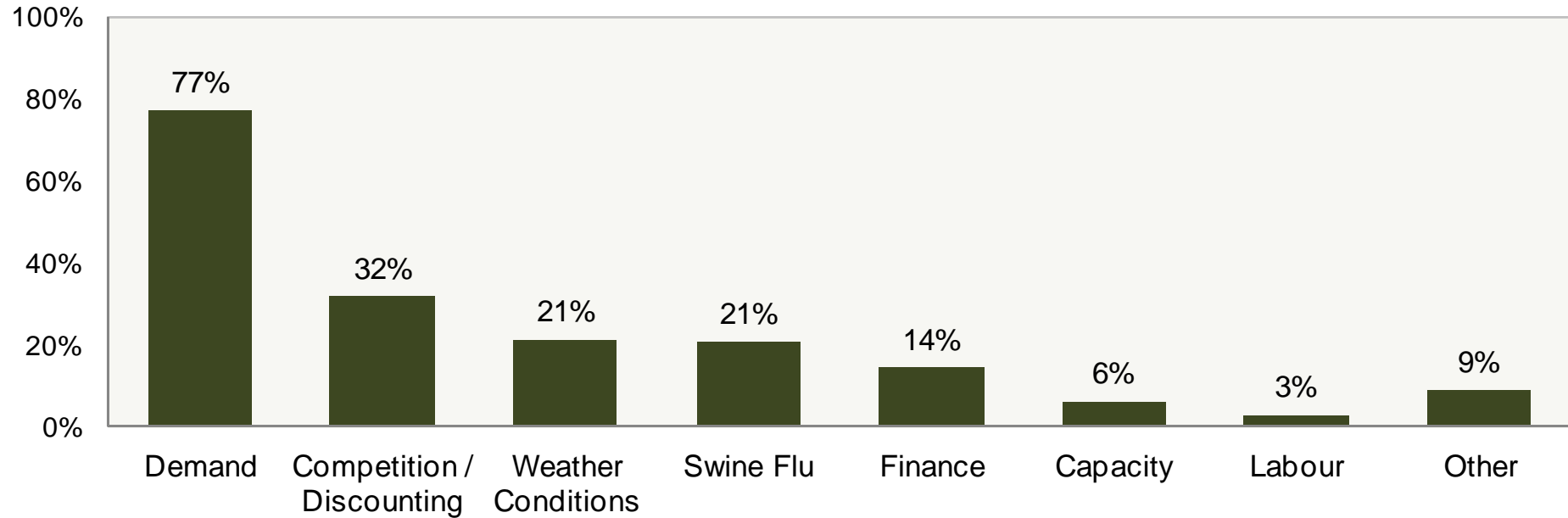


Past 3 months vs Prior expectations



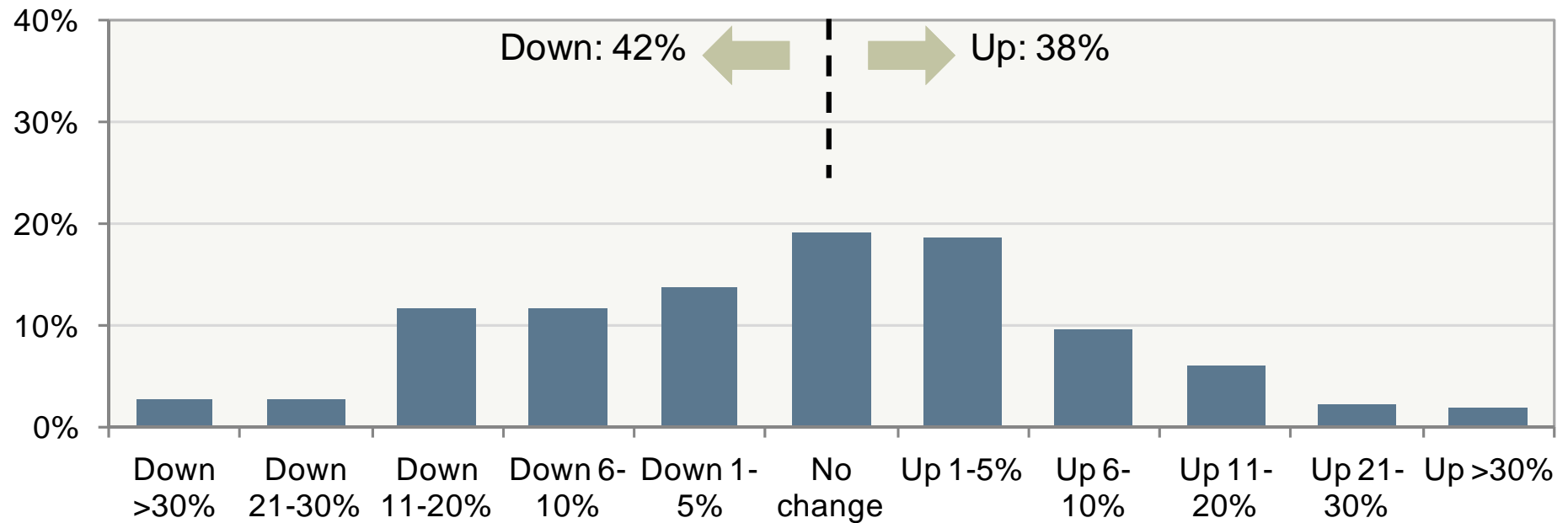


Factors for tourism businesses





Expected demand - next 3 months



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New Zealand Tourism Forecasts 2009-2015

Released: 4 August 2009

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Difficult process this year

- Global recession
- Influenza A (H1N1)
- Structural change in markets, particularly in Asia



Long-term information gathering approach

- Two sector ‘leaders’ meetings to consider recession
- ‘Shock’ research conducted
- Intensive industry input, including development of the Tourism Industry Monitor (TIM)
- More emphasis on the ‘Delphi’ process



Innovations in the forecasts

- Focus on the ‘main variables’ e.g. arrivals
- Long term forecasts, with ‘Delphi-range’
- Seasonal spread over next 12 months



Main Assumptions

- Global recession to ease over next 6-12 months, with recovery slow and cautious, and uneven
(sourced from IMF and Economist Intelligence Unit)
- UNWTO expects a drop of international arrivals by 4-6% in 2009
- Influenza A (H1N1) expected to impact over next six months – but could be longer

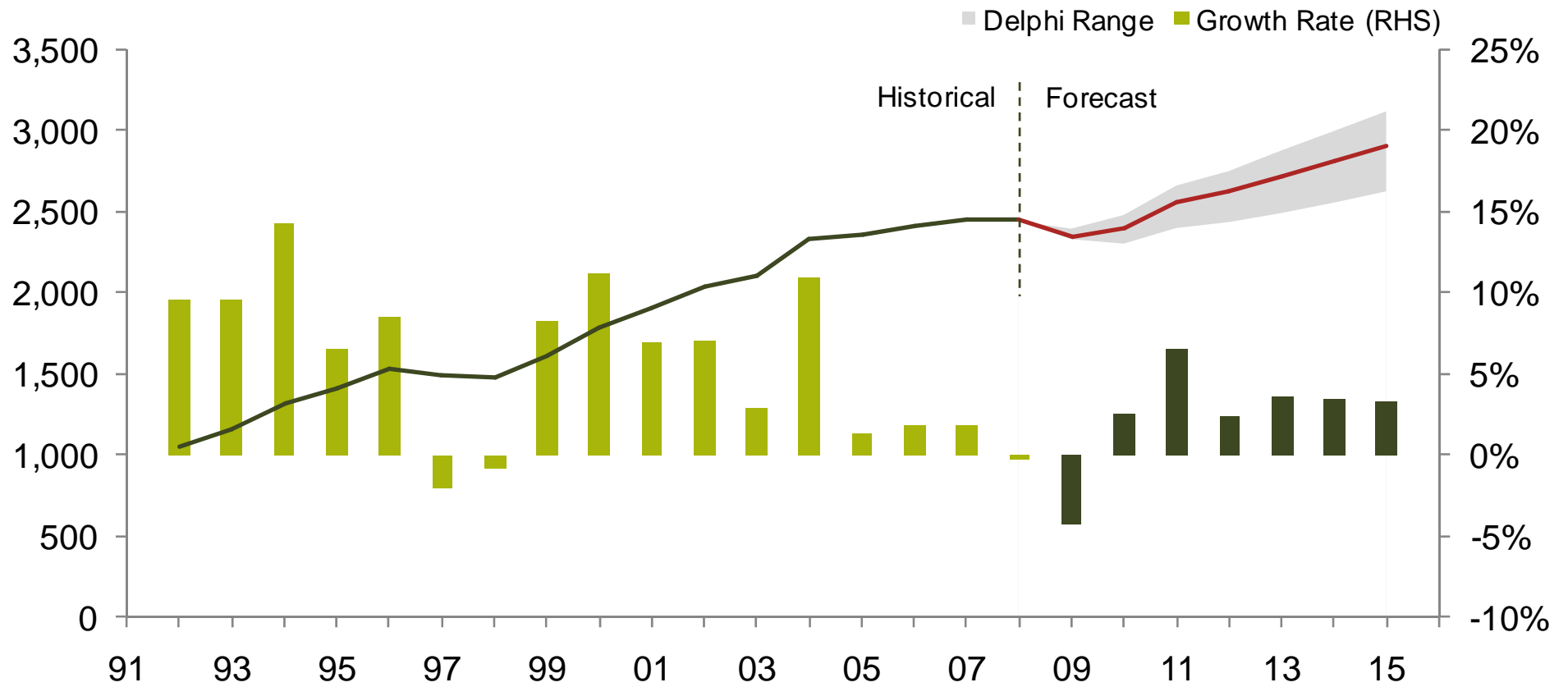


Other factors

- Significant market stimulation at present
- Change in consumer planning and booking patterns
- Move to short-haul travel as opposed to long-haul (a least in the shorter term)
- Need to protect and enhance the quality of the New Zealand tourism product

Total Arrivals

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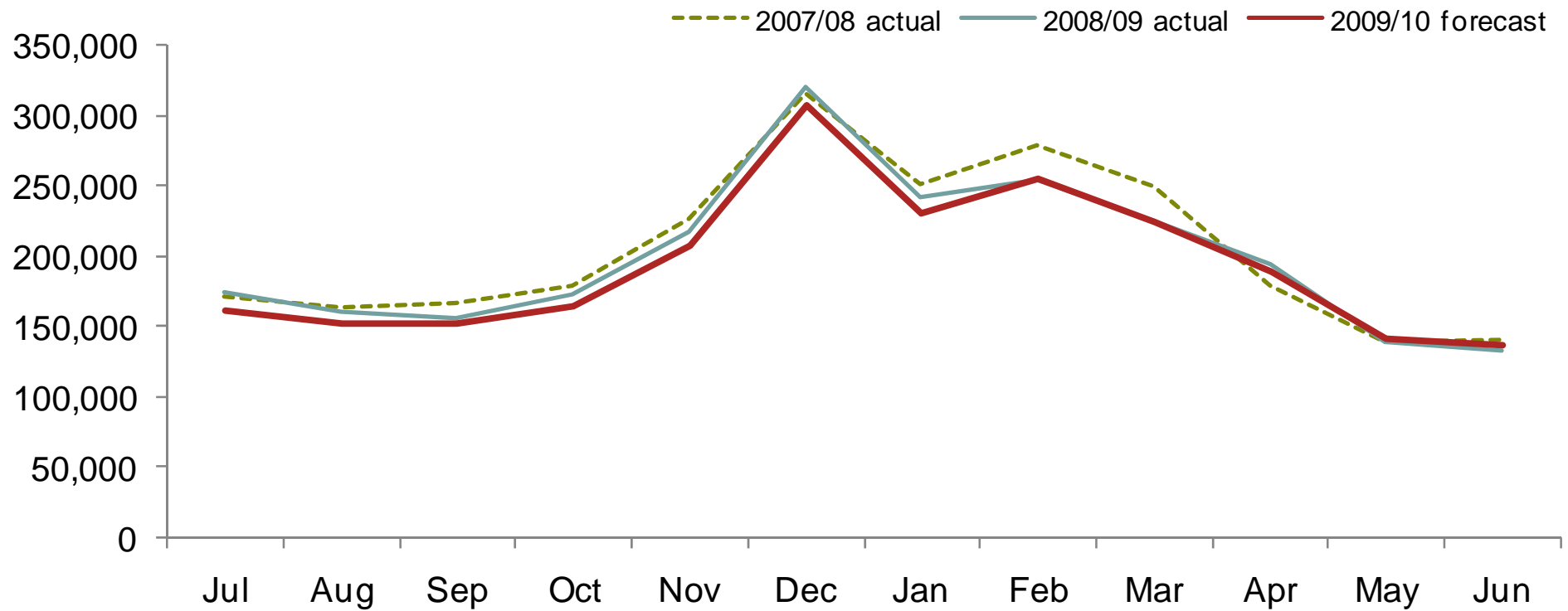


Drivers

- Strength of Australian market, particularly in short term
- Recovery in most long-haul markets in 2011 - return to economic growth and the Rugby World Cup.
- Emerging markets to fill the gaps left by contracting markets
- Resilience of the New Zealand tourism industry
- Evidence that arrivals rebound once economic growth resumes

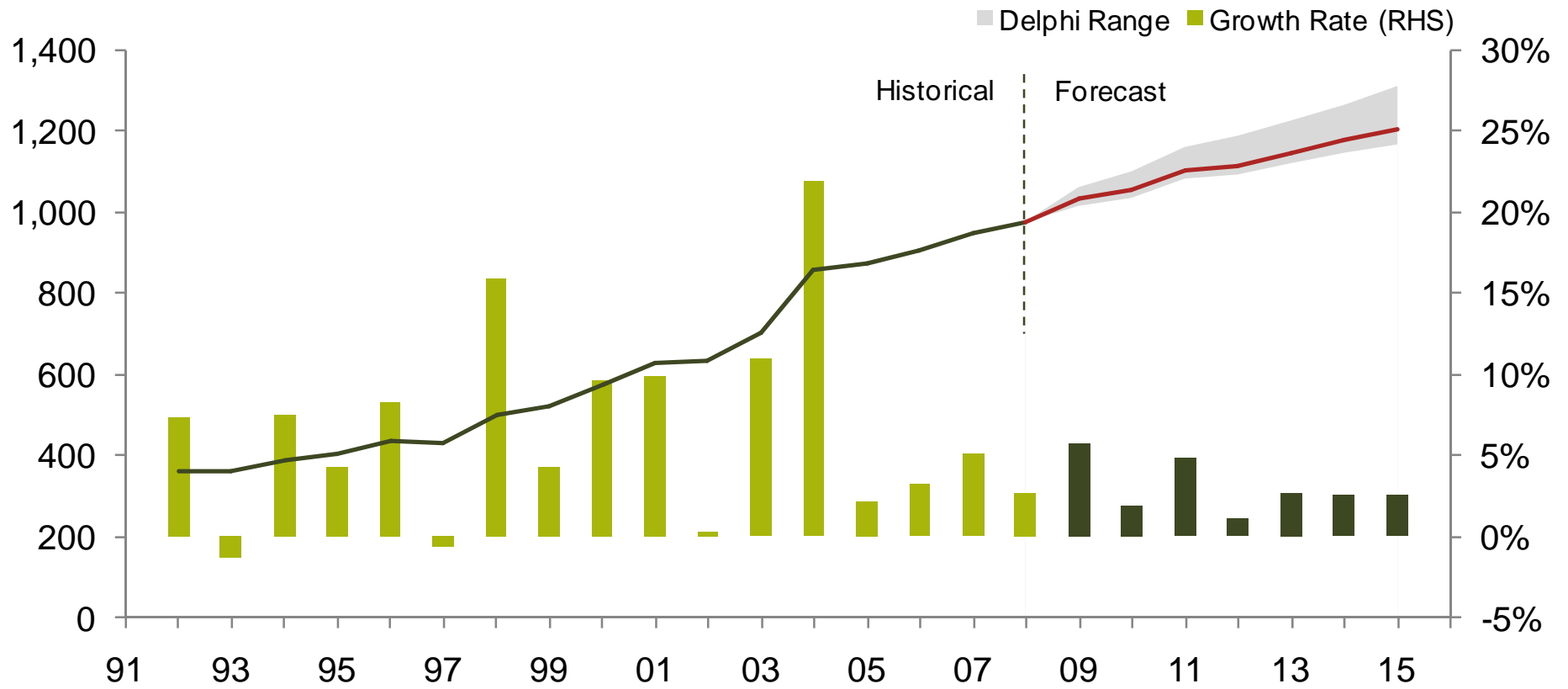
Total Arrivals – Seasonal Spread

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Australia

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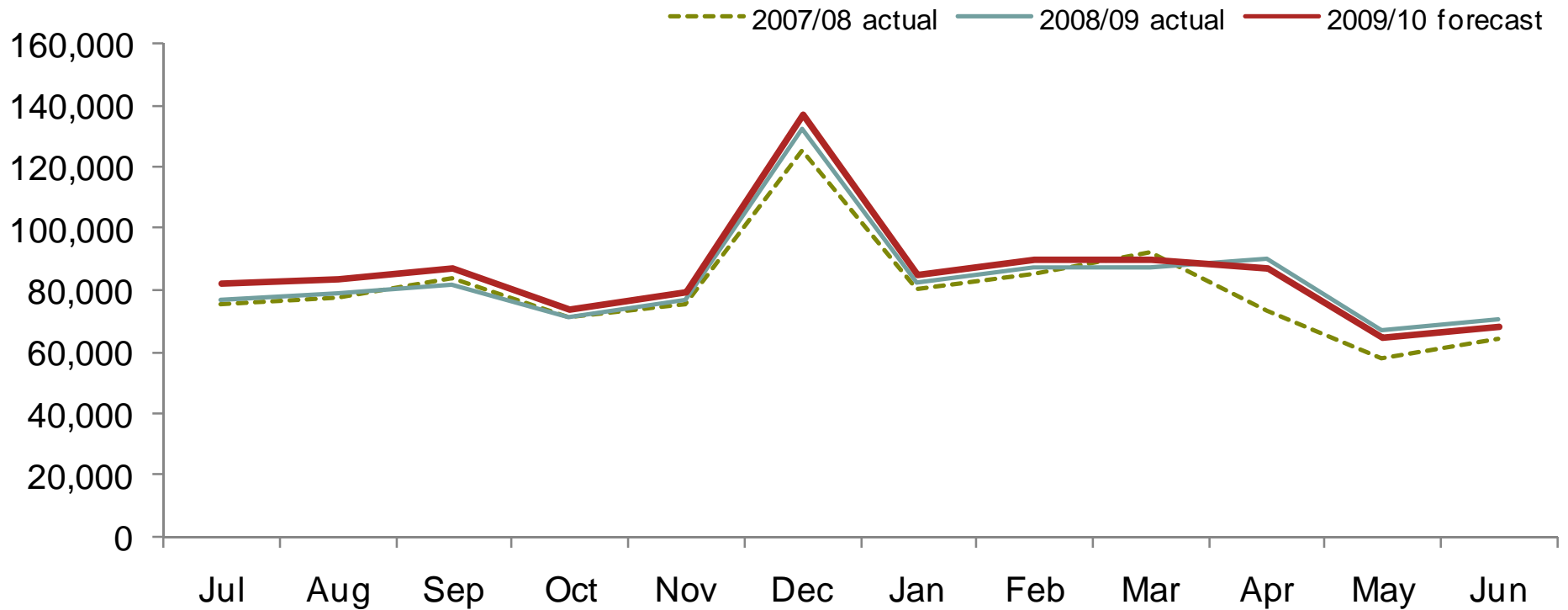


Drivers

- Australian economy holding up and long term prospects are good
- Stimulus of Australian economy
- Large VFR linkages
- Sustained competition on trans-Tasman routes
- Short term shift to Australian short-haul (e.g. NZ and Bali) at expense of long-haul

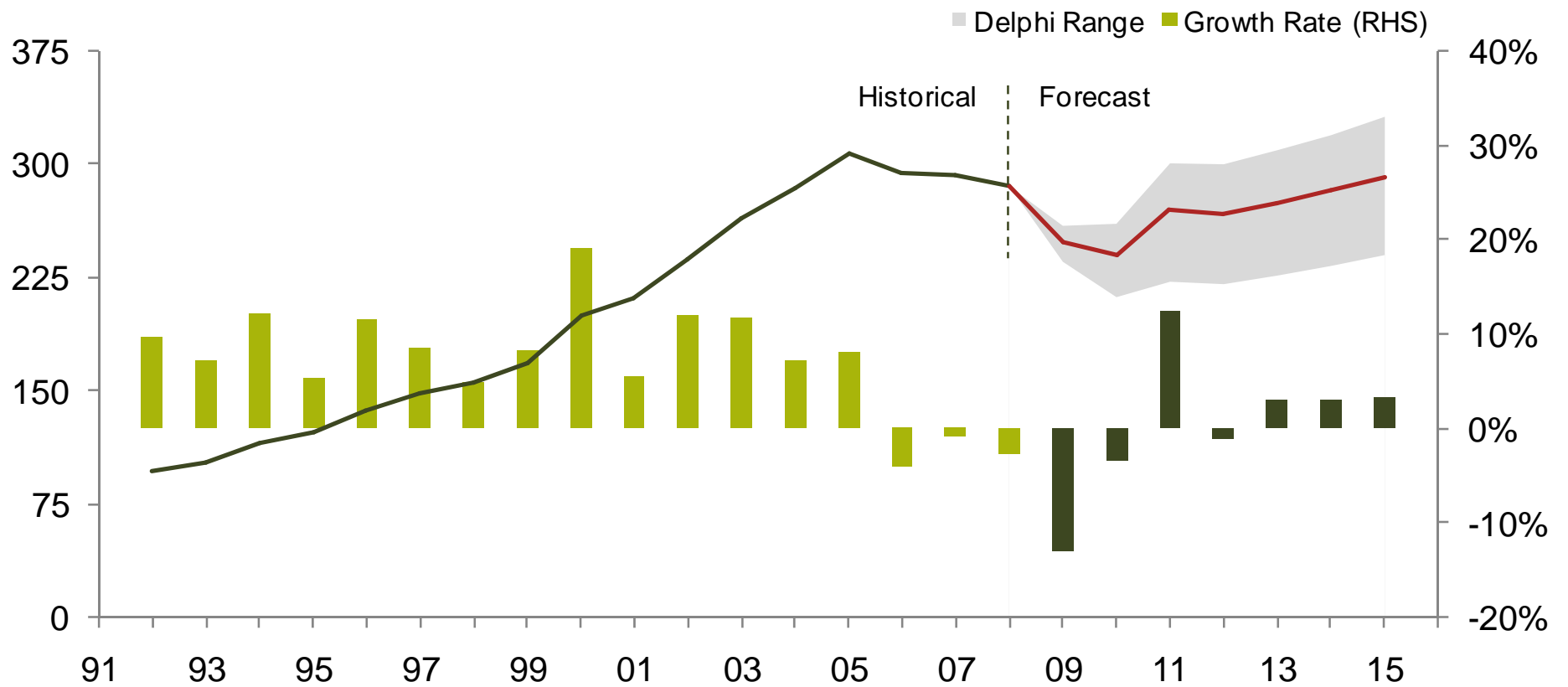
Australia - Seasonal Spread

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United Kingdom

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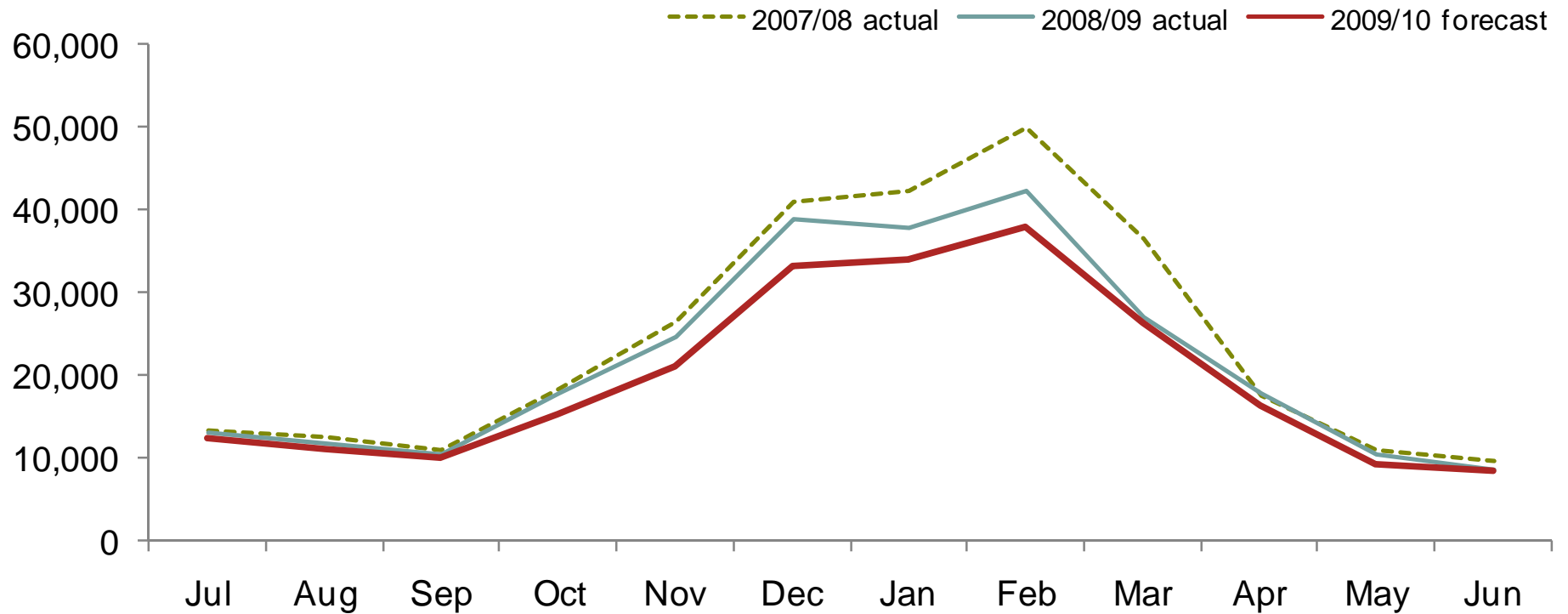


Drivers

- Significant loss of wealth for UK consumers from recession – likely extended effect
- Some post-recession catch-up in 2011, particularly associated with Rugby World Cup in 2011
- Strong VFR linkages
- Potential negative consumer response to Air Passenger Duty (80 Pounds from Nov 2010)

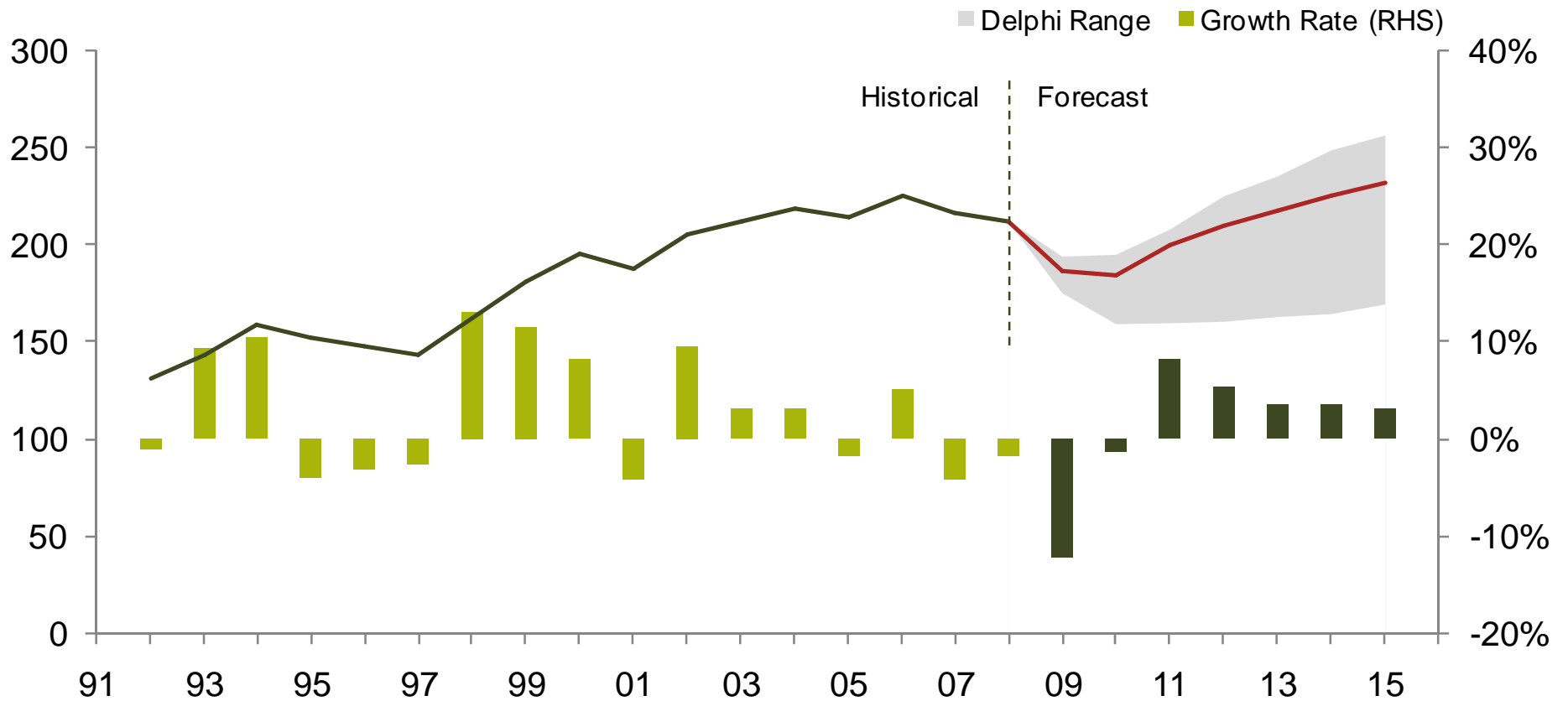
United Kingdom - Seasonal Spread

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United States

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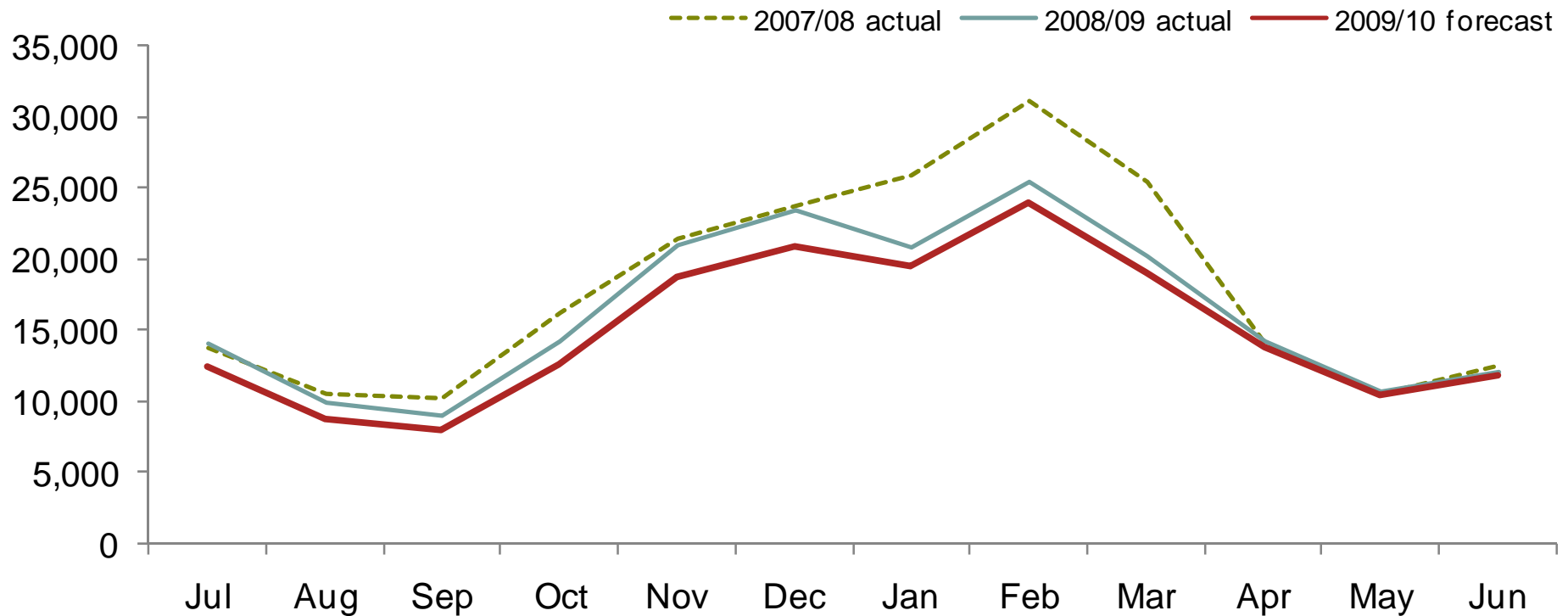


Drivers

- Recovery of US economy likely in 2010 and associated lift in business and consumer confidence
- Rebound in cruise market in 2010
- Increase in air capacity across Pacific, but could be Australia-focussed to disadvantage of NZ
- Changes to distribution channel could inhibit recovery

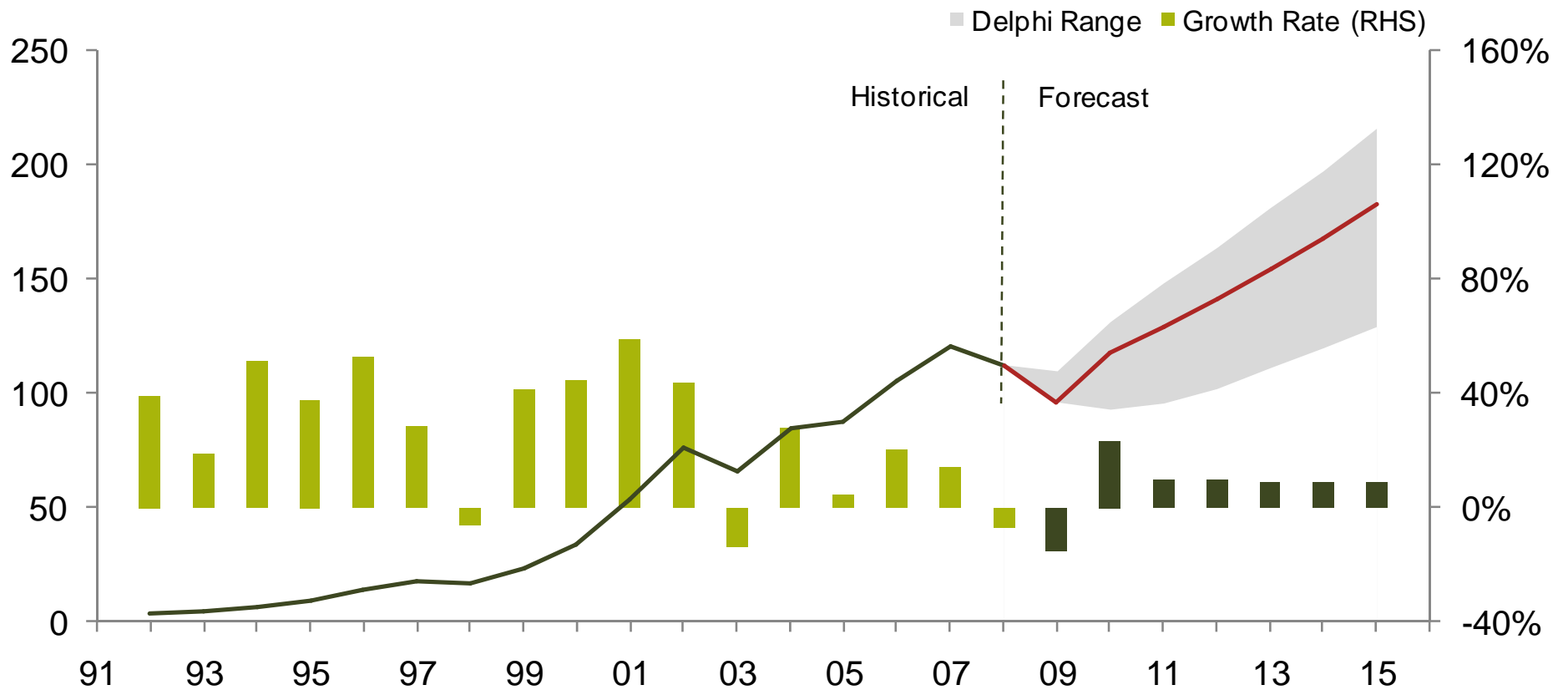
United States – Seasonal Spread

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China

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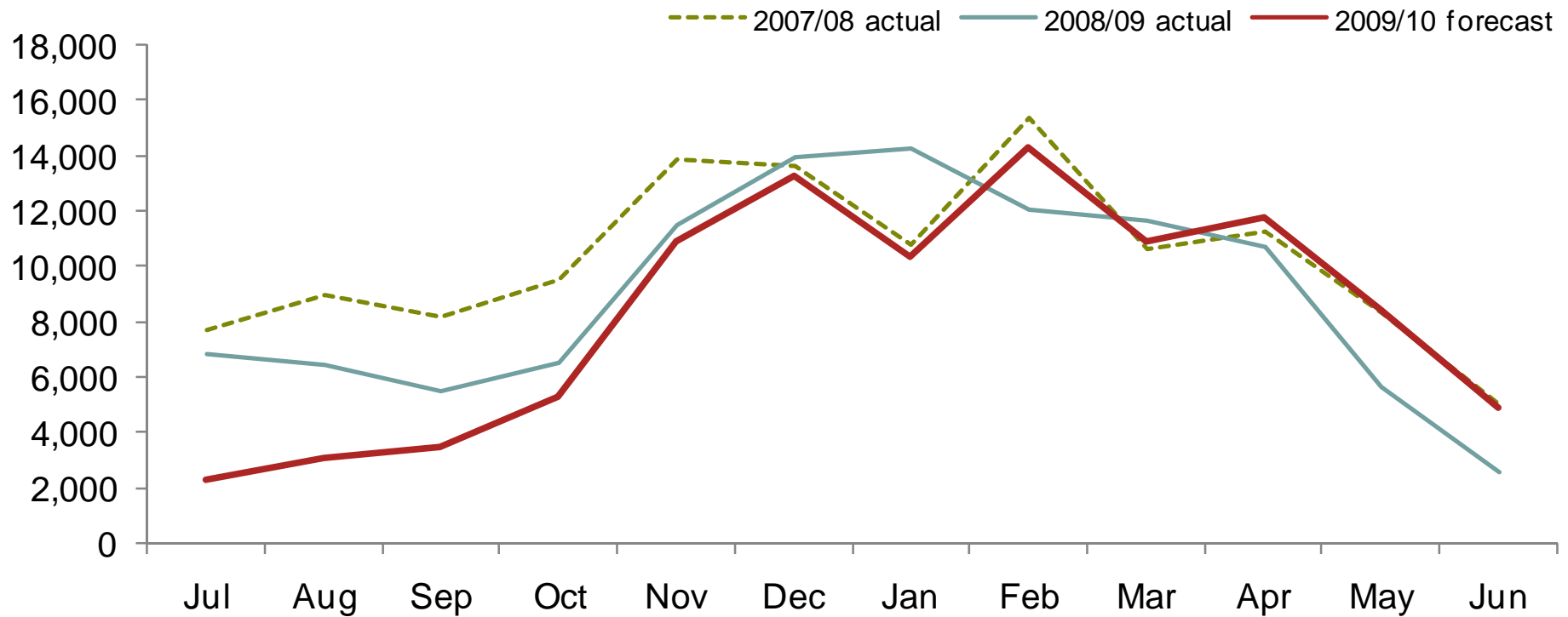


Drivers

- Continued high rates of economic growth
- Potentially increasing competition for Chinese travellers e.g. US
- Expanding Chinese population in NZ, so growth of VFR
- Reputation risks if standards slip

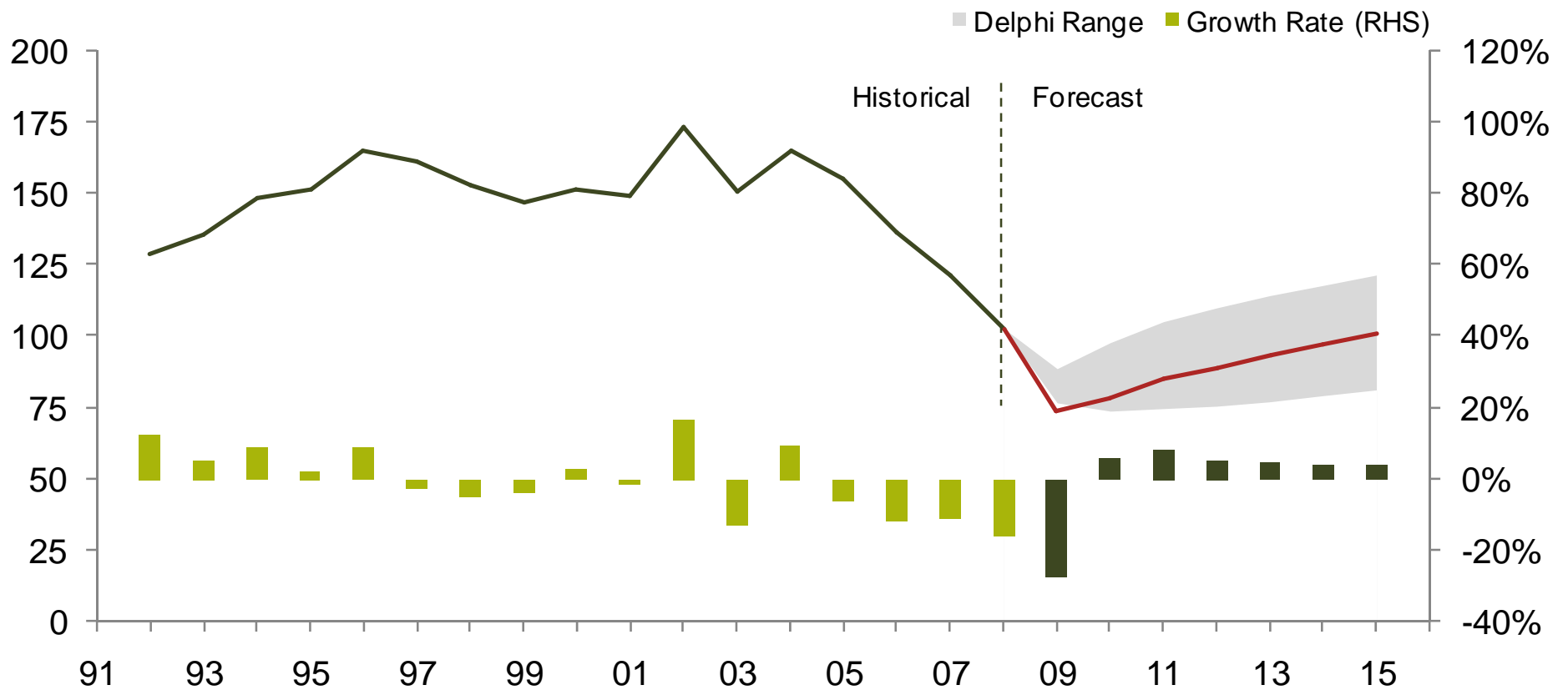
China – Seasonal Spread

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Japan

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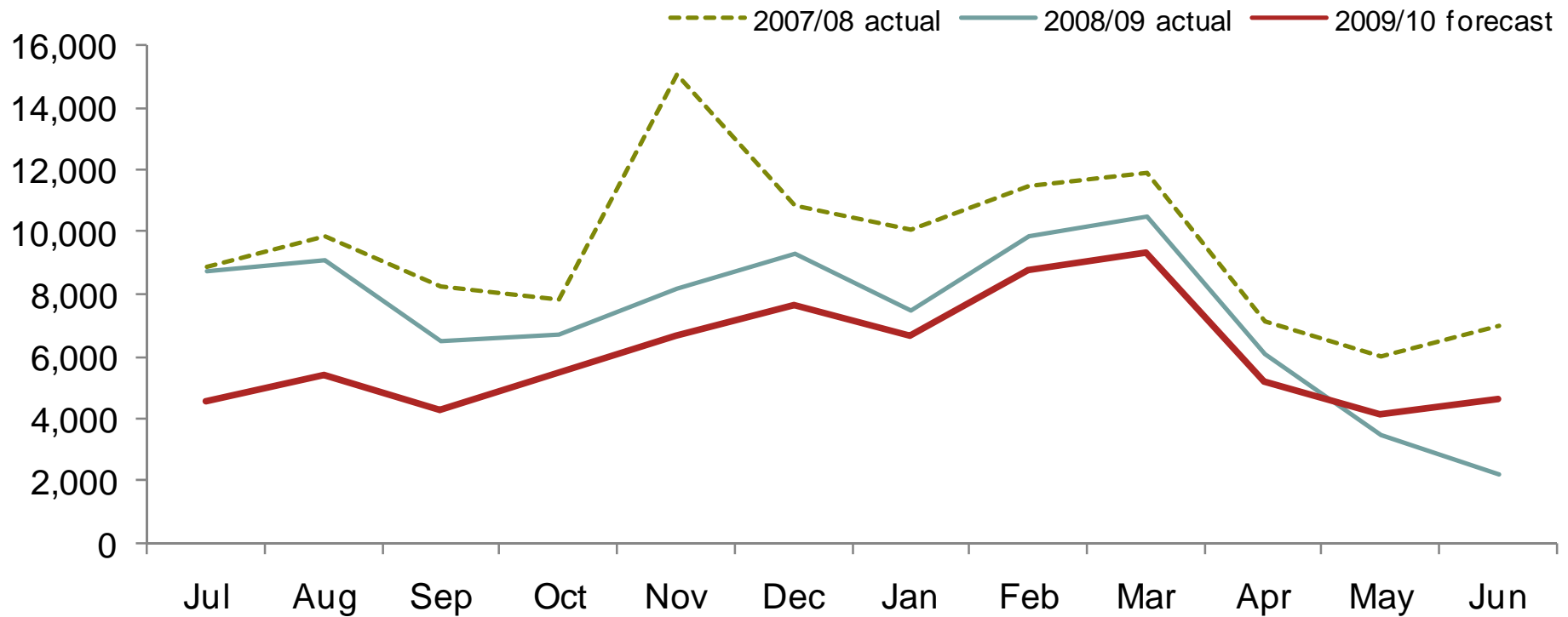
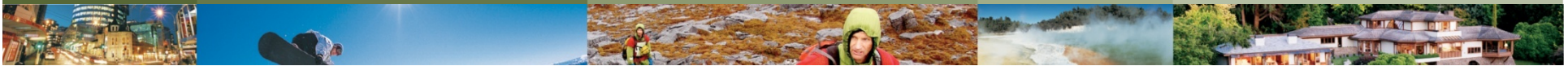


Drivers

- Big GDP contraction in recession, with gradual recovery of Japanese economy expected
- Declining and aging population, and young Japanese not necessarily travelling widely
- Big growth in intra-Asia travel reducing long-haul travel, e.g. to NZ, Australia

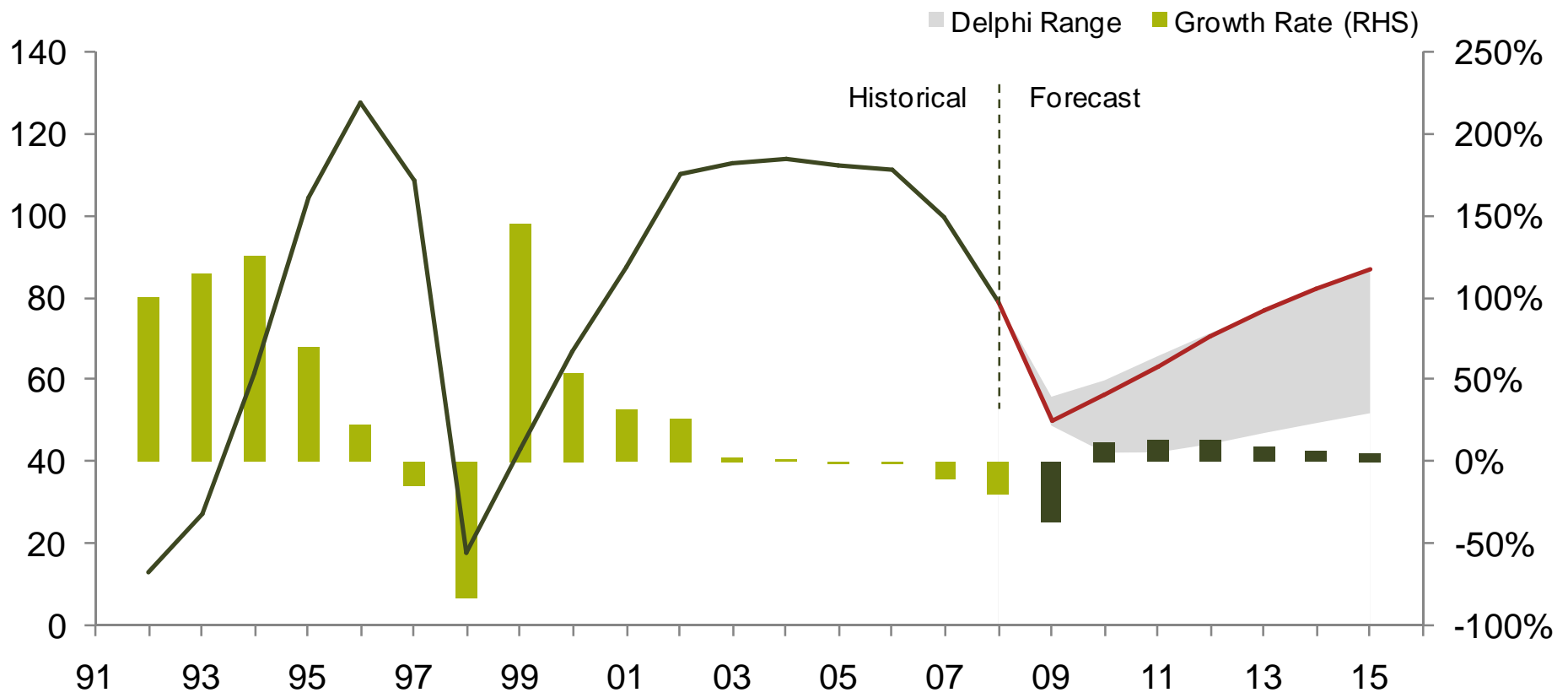
Japan – Seasonal Spread

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South Korea

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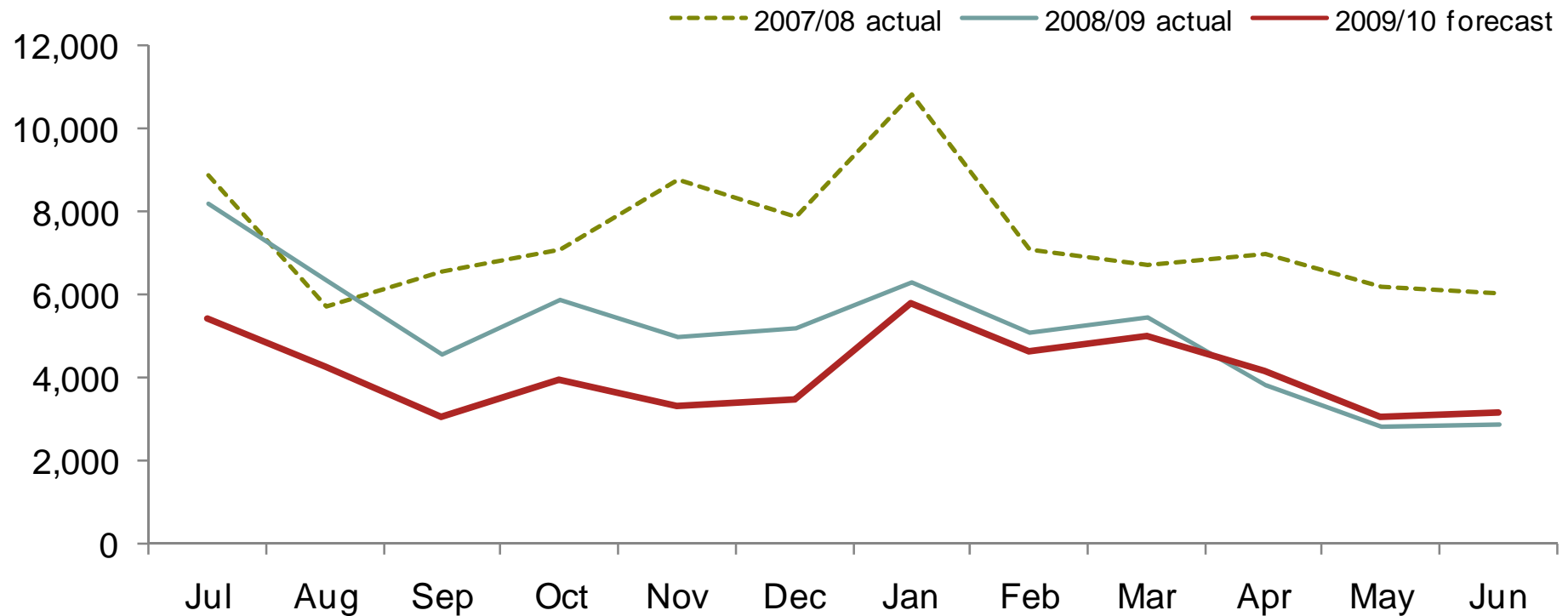


Drivers

- Economic recovery from 2011
- History of bounce-back e.g. after Asia Financial Crisis in 1998
- Changes to shopping commission arrangements has made NZ more expensive
- Growth in intra-Asia travel

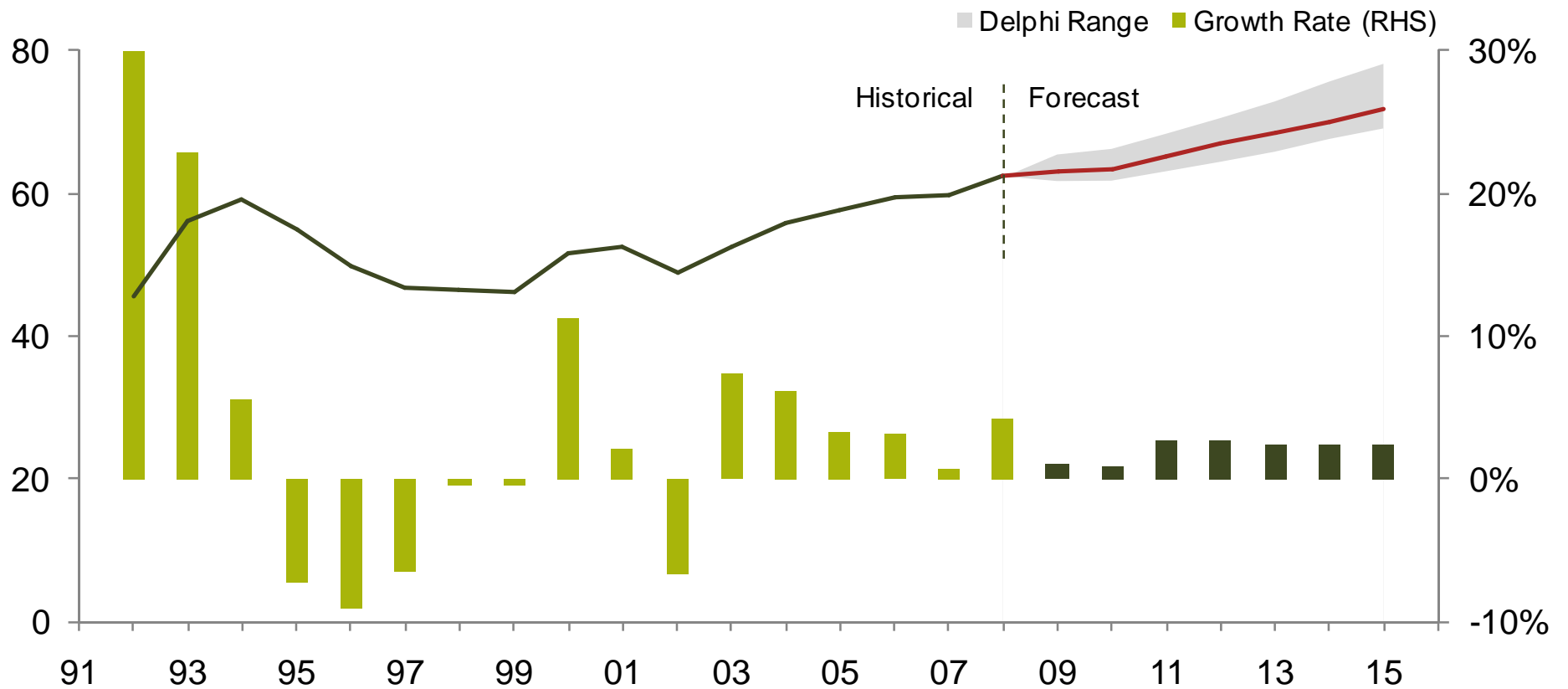
South Korea – Seasonal Spread

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Germany

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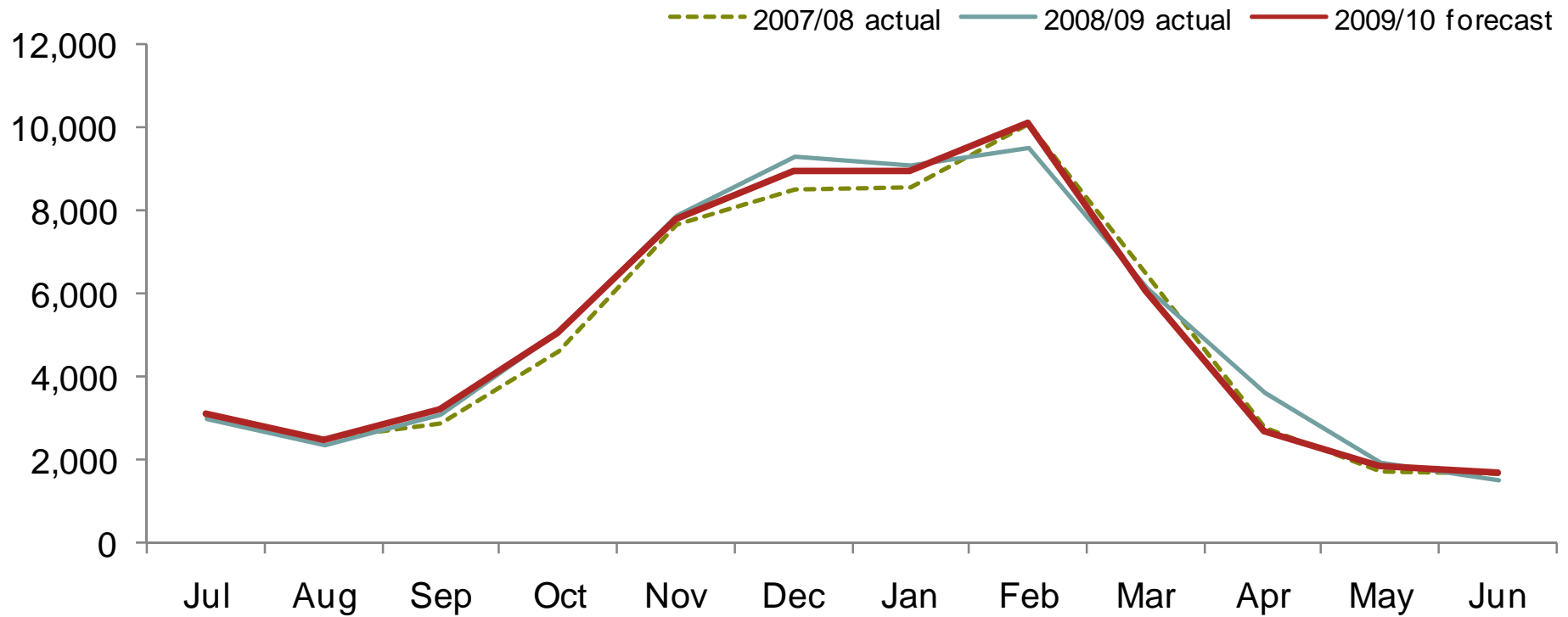


Drivers

- Resilience in recessionary periods
- The German travellers NZ attract (e.g. backpackers) are less affected by economic cycles
- Germans have high propensity to travel and are the largest outbound spend market

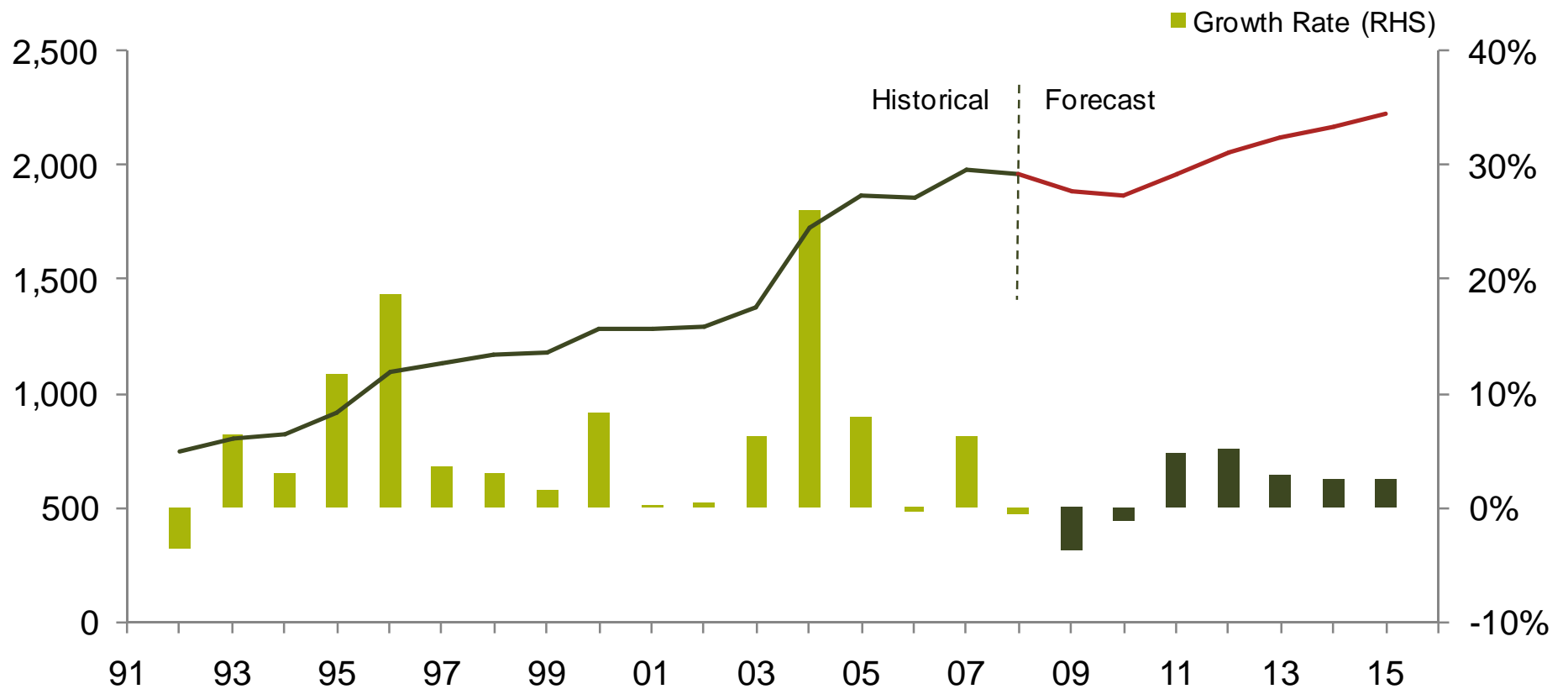
Germany - Seasonal Spread

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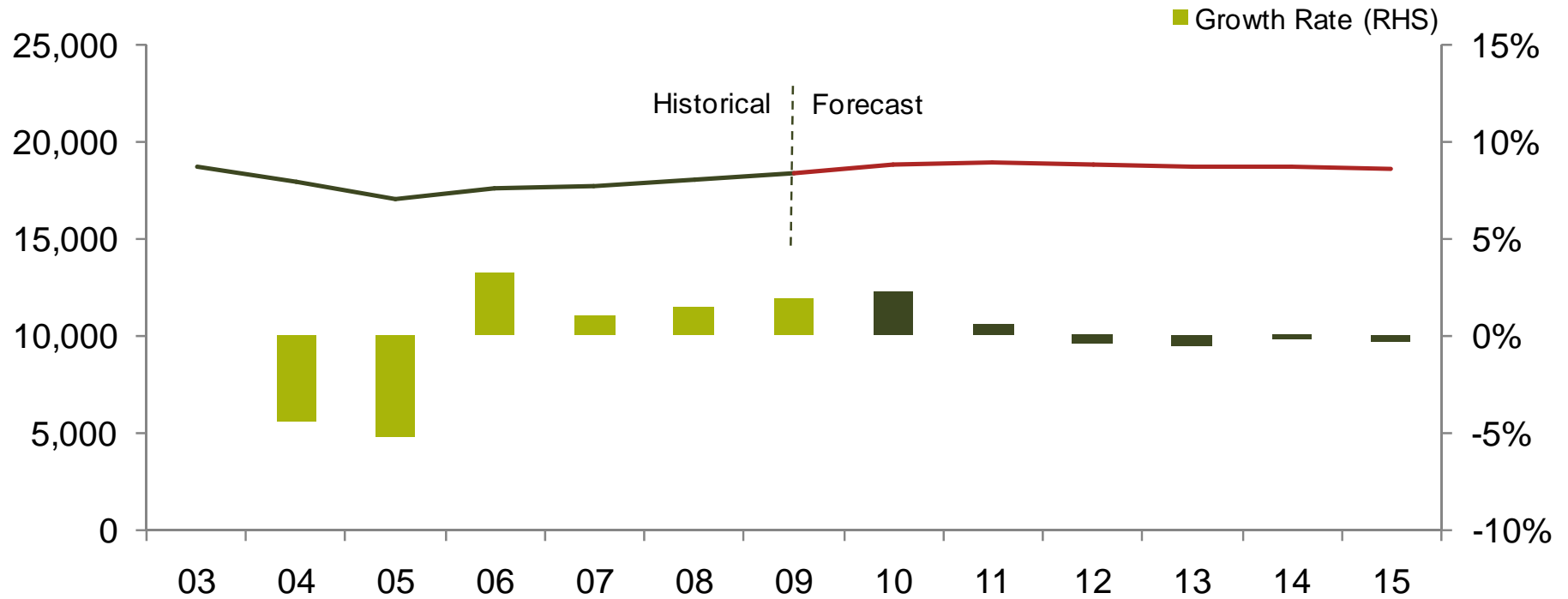
Outbound by NZ Residents

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Overnight Trips by NZ Residents

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Summary

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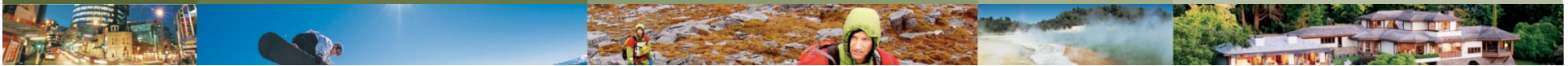


- Long term outlook good - average 2.5% growth per annum over next 7 years
 - 2.9 million arrivals in 2015
 - 455,000 more visitors than we get now
- Weakness continuing over next 12 months (down 3%)
- Rebound in 2011, solid growth after that

Getting over the GFC...

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Overall messages:

- Downturn has been over an extended period, with markets ups and downs moderating the impact
- Spending has held up – tourism has continued to have a big economic contribution
- Recovery from 2010, stronger from 2011

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