

COMMENTARY

Impact of the 2009 Influenza Pandemic on New Zealand's Inbound Travel

In late April, the World Health Organisation (WHO) announced the emergence of a novel Influenza A (H1N1) virus. By mid June, it has spread to over 80 countries resulting in the current global influenza pandemic.

The WHO considers the overall severity of the global Influenza A (H1N1) pandemic to be moderate, with most people recovering without the need for hospitalization or medical care. This makes it similar in severity to normal seasonal influenza, although appears to be more contagious.

WHO is not recommending travel restrictions related to the influenza pandemic. It considers that imposing travel restrictions would have little effect on stopping the virus from spreading, but would be highly disruptive to the global community. Despite this, many national health authorities around the world have introduced measures to prevent or delay the spread of the virus, including quarantining visiting travellers identified or suspected of such viral infection. Also, consumers are considering their travel activities in light of the existence of the virus.

The impact to date on international visitor arrivals to New Zealand is best seen through the weekly arrivals data (refer www.tourismresearch.govt.nz to access or to subscribe). The latest data for the four weeks up to 7 June 2009 is set out in Table 1 below.

Table 1: Provisional Four-weekly Overseas Visitor Arrivals - Top Ten Markets
Percentage change from previous year

| Four weeks ended | Australia | UK | US | China | Japan | Sth. Korea | Germany | Canada | Singapore | Total |
|------------------|-----------|-----|-----|-------|-------|------------|---------|--------|-----------|-------|
| 1 Mar 09 | 5 | -11 | -14 | -21 | -14 | -22 | 1 | -11 | -10 | -5 |
| 8 Mar 09 | 3 | -13 | -17 | -22 | -13 | -21 | -1 | -11 | 8 | -5 |
| 15 Mar 09 | 3 | -19 | -19 | -10 | -16 | -19 | -3 | -11 | 3 | -7 |
| 22 Mar 09 | -4 | -26 | -18 | 11 | -9 | -17 | -4 | -8 | -6 | -9 |
| 29 Mar 09 | -2 | -27 | -18 | 7 | -9 | -22 | -4 | -14 | 3 | -9 |
| 5 Apr 09 | 0 | -22 | -14 | 16 | -13 | -23 | 5 | -8 | 9 | -5 |
| 12 Apr 09 | 15 | -14 | -9 | 14 | -17 | -27 | 21 | -5 | 20 | 5 |
| 19 Apr 09 | 20 | -2 | -9 | -2 | -19 | -37 | 24 | -6 | 28 | 8 |
| 26 Apr 09 | 19 | 5 | 0 | -4 | -17 | -42 | 36 | 6 | 21 | 8 |
| 3 May 09 | 25 | 0 | 12 | -3 | -11 | -44 | 29 | 19 | 17 | 11 |
| 10 May 09 | 7 | -4 | -5 | -4 | -18 | -49 | 10 | -1 | 6 | -1 |
| 17 May 09 | 16 | -5 | -3 | -10 | -26 | -50 | 23 | -3 | 6 | 3 |
| 24 May 09 | 22 | -3 | 2 | -16 | -36 | -51 | 12 | -1 | -3 | 5 |
| 31 May 09 | 13 | -3 | 1 | -40 | -46 | -58 | 19 | -7 | -15 | -2 |
| 7 Jun 09 | 17 | -6 | -1 | -52 | -49 | -60 | 25 | -3 | -13 | -2 |

Source: Statistics New Zealand

This data shows that Asian markets have fallen sharply since mid-May after the influenza outbreak, with South Korea, China and Japan most impacted. The pandemic-induced downturn is now compounding the existing weakness in these markets caused by the global economic downturn (refer to Figure 1 for the graphical representation of market performance).

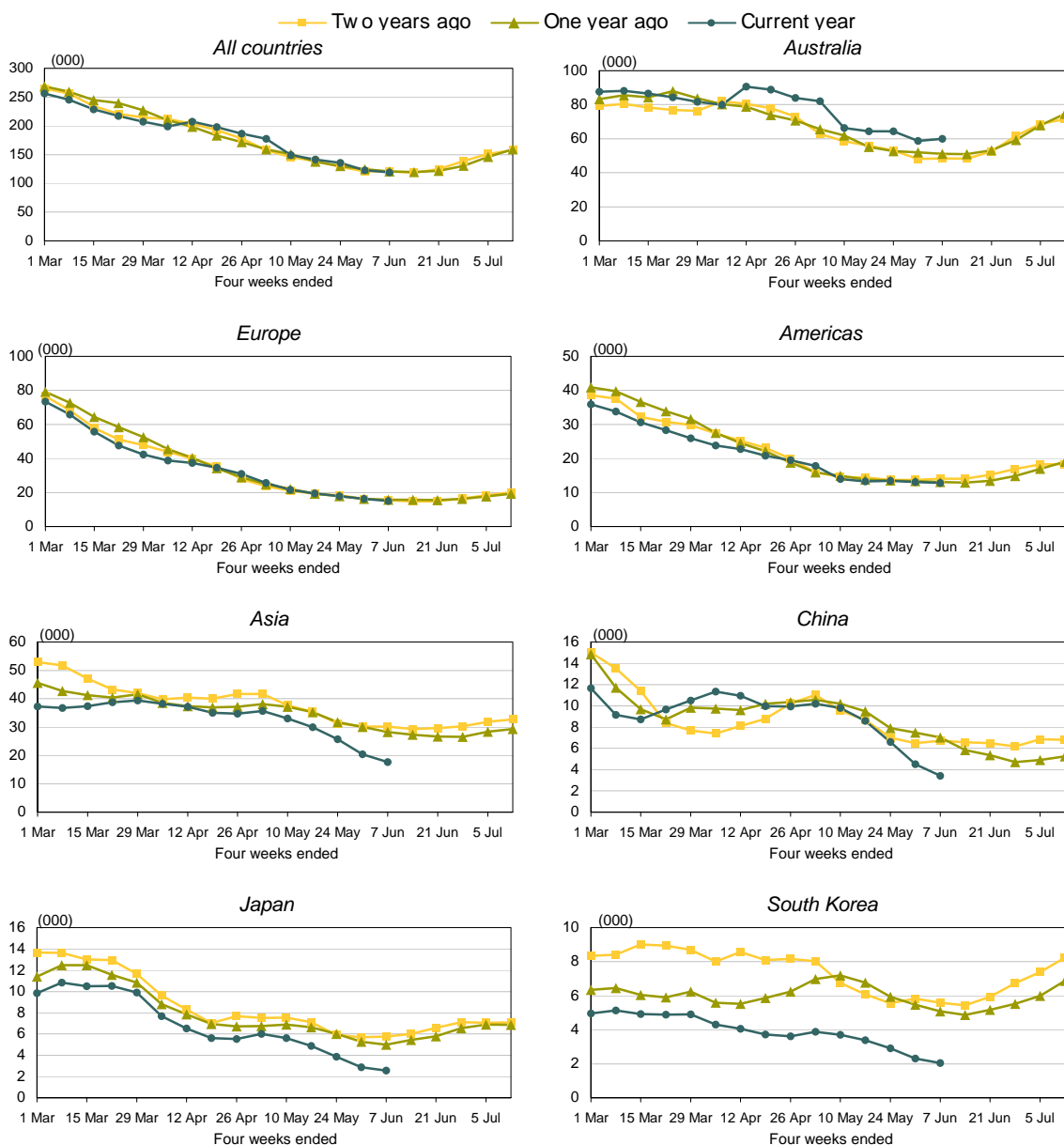
Other important markets are not responding in the same way as the Asian markets. The US and European markets appear to have stabilised to their normal winter season levels following weakness earlier in the year due to the economic conditions, and so there is no discernable impact from the pandemic.

On the other hand, Australia is performing very strongly, and since April has been tracking well above the levels of previous years. For the first time, Australian visitors exceeded one million in the year to May 2009.

Overall, in the four weeks ended 7 June 2009, total arrivals were down by 2% which was a reasonable result given that the Asian markets were down by 38%.

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Figure 1: Provisional Four-weekly Overseas Visitor Arrivals, to 7 June 2009



To provide a point of reference to the current pandemic impact, we have examined the international arrival patterns during the outbreak of SARS in March 2003 and Avian Flu over 2005/06, with SARS providing the best comparison.

When SARS occurred, it caused a rapid drop-off in arrivals from Asian markets while other markets moved very little from their normal seasonal patterns. Also, while the Asian markets fell quickly, they recovered rapidly and within six months Asian arrivals had returned to normal seasonal levels. The Avian Flu was a more gradual phenomenon that had little impact on visitor arrivals to New Zealand.

While this experience suggests that the current pandemic could be a fleeting effect, there is uncertainty about how the H1N1 virus will evolve over time. It is also unclear how the pandemic will affect the travel behaviours of individual travellers – will the current Asian patterns start to be seen in other markets? Consequently, the depth and duration of the influence of the pandemic on the New Zealand tourism industry remains uncertain.