



# Tourism Industry Monitor

## Tracking the Performance of the Tourism Sector

**January 2010**

### About the Tourism Industry Monitor

The Tourism Industry Monitor (TIM) is an industry initiative led by the Ministry of Tourism with strong support from TIANZ, Tourism New Zealand, NZHC, MANZ, HAPNZ, YHA, NZLA, @Home New Zealand, ITOC, TAANZ, RTONZ, Bus & Coach, Rental Vehicle Association, Maori Tourism Council, Sea Kayaking Association and NZ Snowsports Council.

The purpose of the TIM is to provide individual tourism businesses with regular, up-to-date information on the performance of the tourism sector, including the outlook for the next three months. The information is designed to help individual businesses understand the current tourism environment, benchmark their performance against the wider market, and plan for the future with greater confidence.

This edition of the TIM is based on 486 responses from a wide range of tourism businesses including hospitality establishments, transport operators, attraction and activity providers, and booking/wholesale agencies.

The information is collected through a monthly online survey of tourism businesses that takes less than 5 minutes to complete. The survey can be viewed at [www.covec.co.nz/TIM](http://www.covec.co.nz/TIM). Businesses submit data at the beginning of each month and receive the results a few days later. Results are only sent to businesses that complete the survey.

The reported changes in demand and profitability are expressed relative to the same period in the previous year. All respondents are required to submit their data in this format.

Covec ([www.covec.co.nz](http://www.covec.co.nz)) is contracted by the Ministry of Tourism to operate the TIM. All of the information submitted by tourism businesses is strictly confidential and will only be used to derive aggregated statistics.

The next data submission window is 2-8 February 2010.

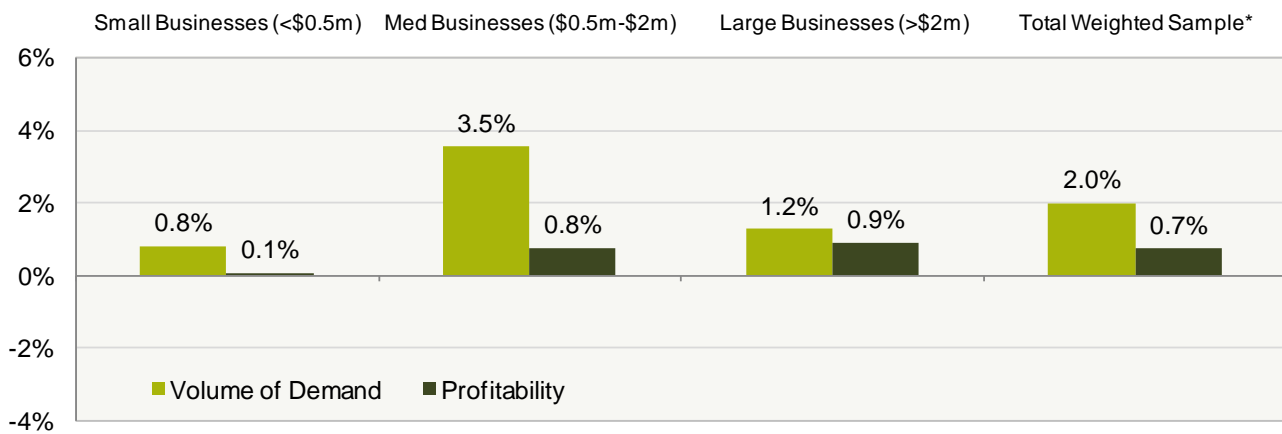
If you have any questions about the TIM please send an email to [emily@covec.co.nz](mailto:emily@covec.co.nz).

## Summary of Results

- In the past 3 months (Oct-Dec) industry demand has increased by 2% (compared with the same period last year) while profitability has increased by 0.7%. In the next 3 months (Dec-Feb) industry demand is expected to increase by 2.1% and profitability is expected to increase by 2.2%.
- 48% of respondents expect demand to improve in the next 3 months compared with the same period last year. This is down slightly from 52% last month and 51% the month before.
- 29% of respondents expect demand to fall in the next 3 months compared with the same period last year. This represents no change from last month and a small decline from 32% the previous month.
- The short-term outlook is positive for all regions except the Lower North Island, with increases of 0-5% expected in the next three months relative to the same period last year.
- In general, both performance and opinions within the tourism industry appear to be stabilising after a volatile year in 2009.

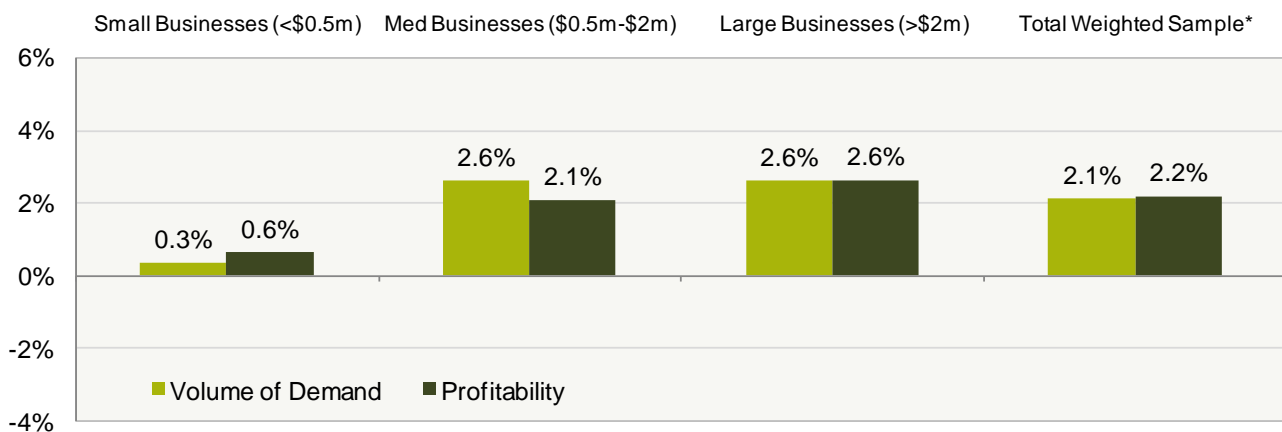
### 1. Change in demand and profitability over the past 3 months

Businesses of all sizes experienced small increases in both demand and profitability in the last three months compared with the same period last year. Average profitability across all businesses was up 0.7%.



### 2. Expected change in demand and profitability in the next 3 months

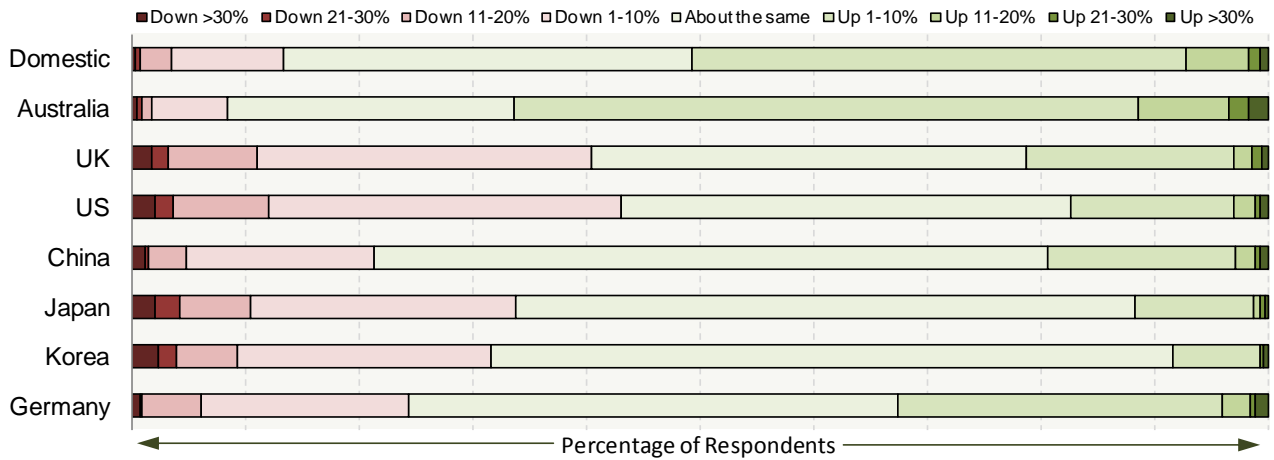
Businesses of all sizes are expecting a moderately positive trading environment in the next 3 months relative to the same period last year. The average expected increase in profitability for the industry is 2.2% - an improvement on the expected increase of 1.8% reported last month.



\*Total weighted sample means the weighted average of all responses submitted.

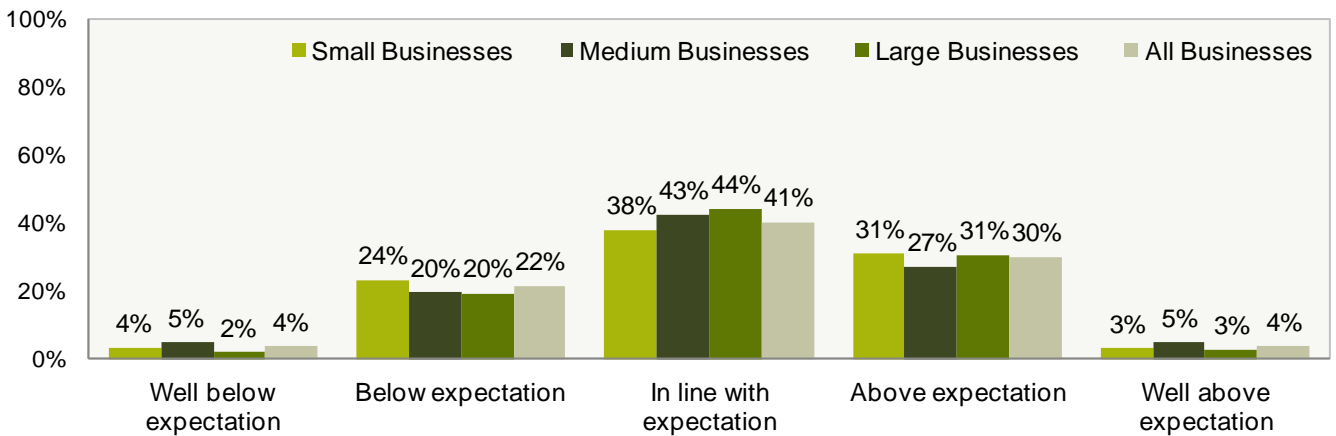
### 3. Expected changes in demand by market in the next 3 months

Around 50% of respondents expect domestic demand to grow in the next 3 months compared with the same period last year, and 65% expect Australian demand to grow. Around 40% of respondents expect further contractions in the US and UK markets, while 20-35% expect contractions in the key Asian markets.



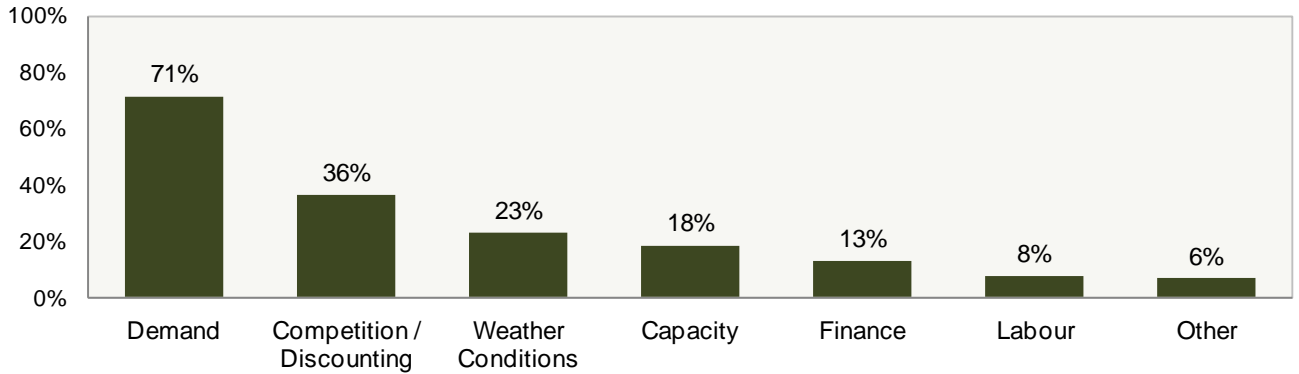
### 4. Performance in the past 3 months vs. prior expectation

Business performance in the past 3 months was in line with or above expectation for 75% of respondents. Only 4% of respondents performed well below expectation.



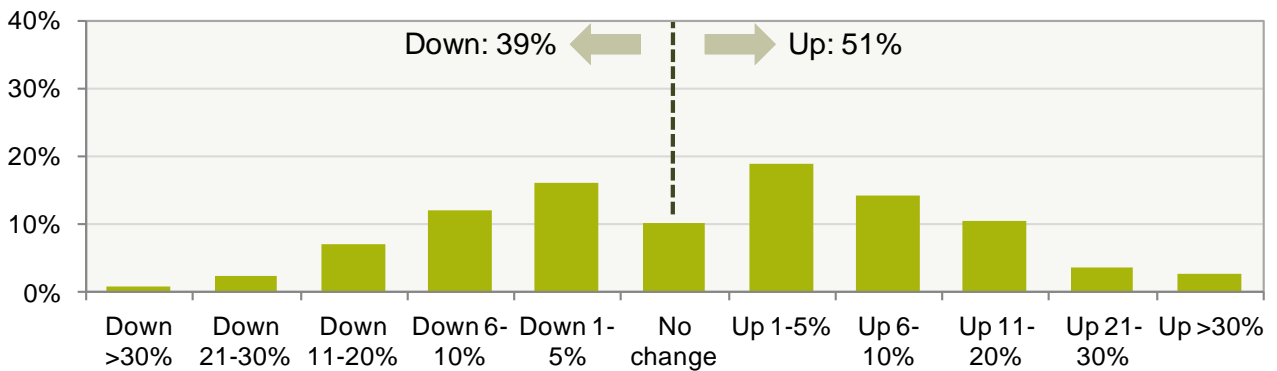
**5. Factors limiting the ability of businesses to perform optimally**

Demand continues to be the main factor limiting business performance. Competition and discounting is affecting 36% of businesses, adverse weather conditions 23% and capacity 18%.



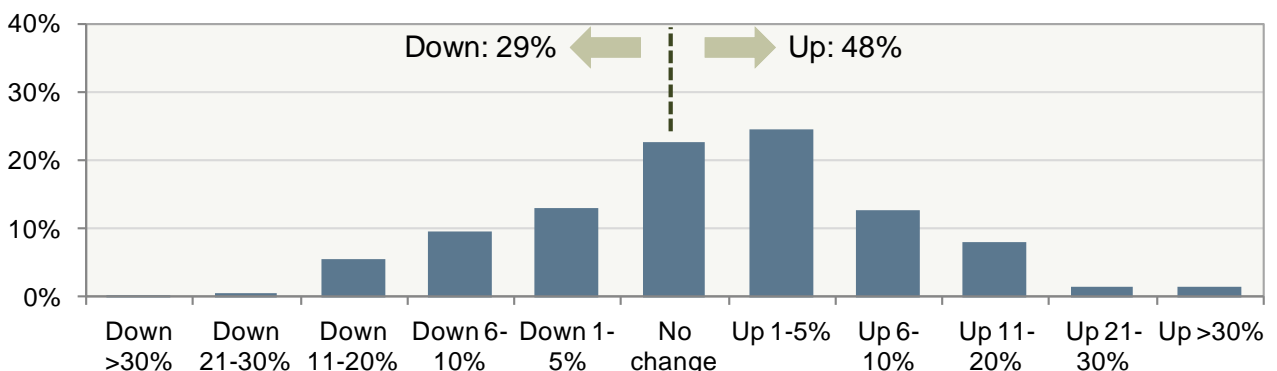
**6. Change in demand over the past 3 months**

51% of respondents experienced an increase in demand over the past 3 months compared with the same period last year while 39% experienced a decrease.



**7. Expected change in demand in the next 3 months**

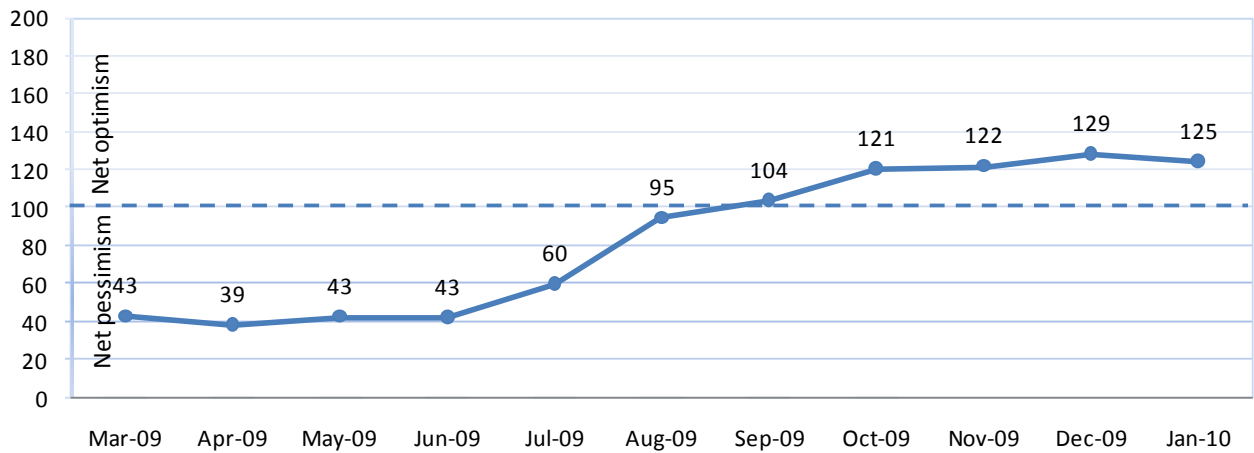
48% of respondents expect demand to rise in the next 3 months compared with the same period last year while 29% expect demand to fall.



## 8. Business Confidence

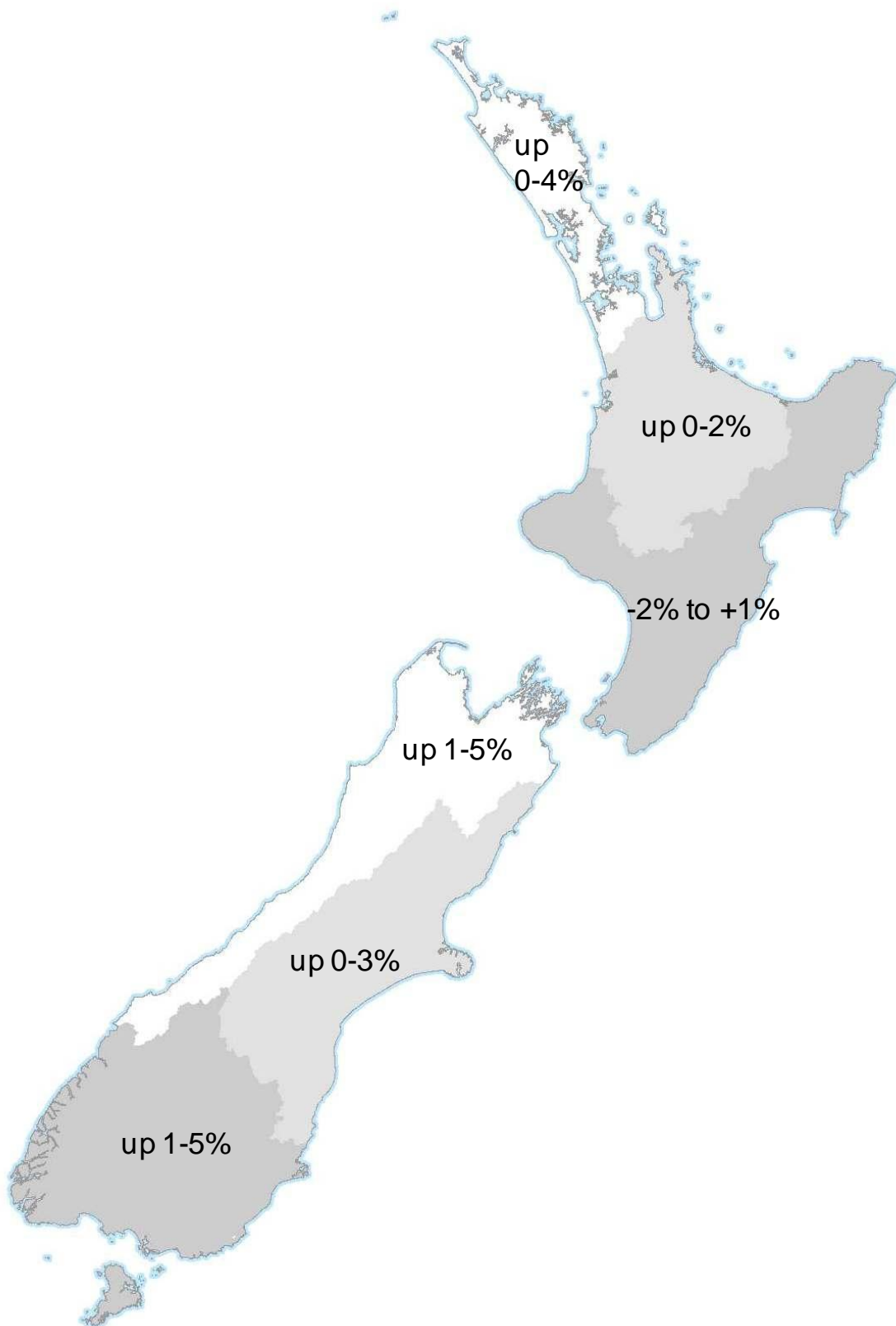
The performance expectations of tourism businesses described above are used to create a business confidence index. The base value for the index of 100 represents a “neutral month” in which the number of optimists equals the number of pessimists. Index values of greater than 100 indicate more optimists than pessimists, while index values of less than 100 indicate more pessimists than optimists.

Optimists comfortably outweighed pessimists for the fourth month in a row in December and confidence levels appear to have stabilised. The December value of 125 is slightly down on the 129 recorded in November but still represents a moderately optimistic outlook for the next three months.



**9. Expected change in demand in the next 3 months – regional outlook**

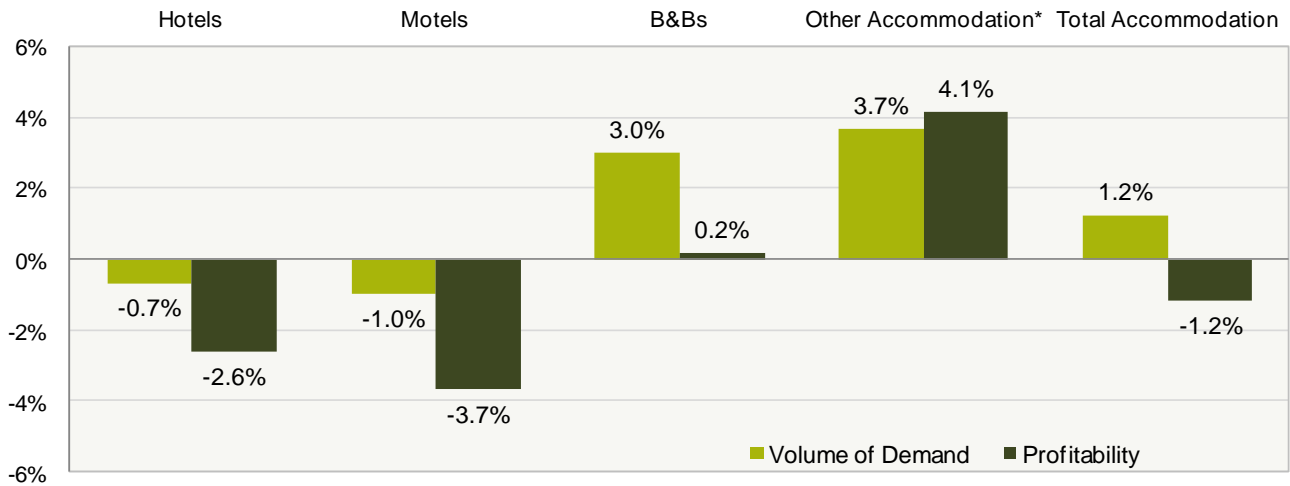
Demand is expected to increase across most regions by 0-5% relative to the same period last year. The outlook for the Lower North Island is less optimistic with demand expected to change by -2% to +1% over the next three months.



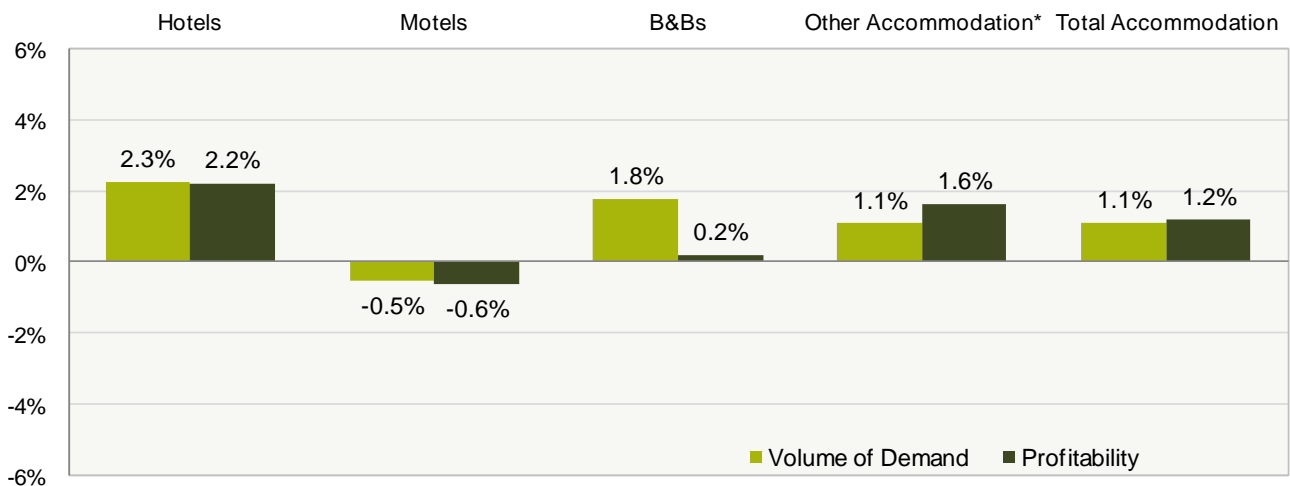
# Accommodation Supplement

The results in this section are based on responses for accommodation providers only. Accommodation categories achieving less than 50 responses are included in "Other Accommodation". If you would like your category presented separately please encourage more businesses in your category to respond to the survey.

## 10. Change in demand and profitability over the past 3 months

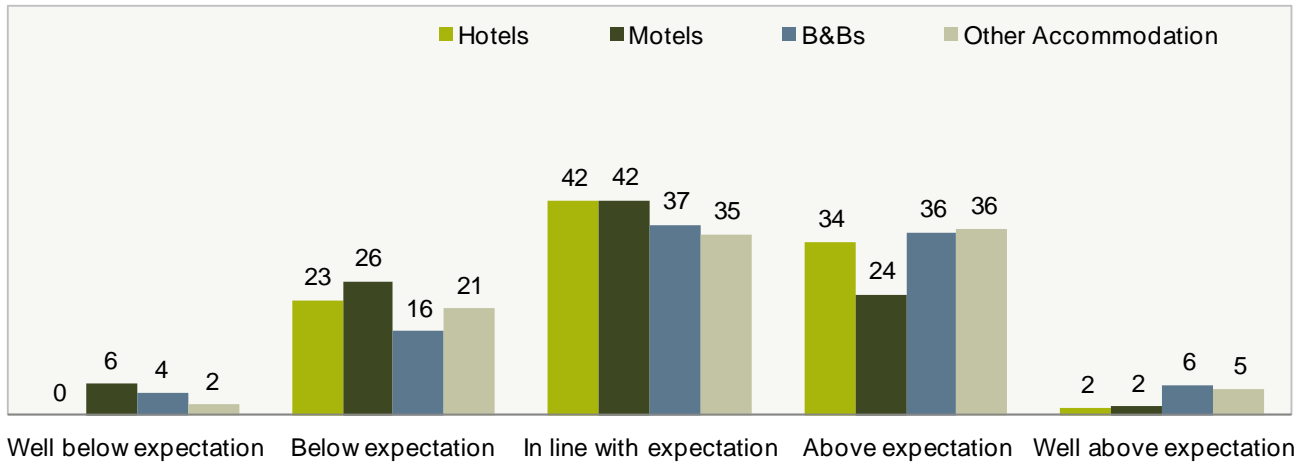


## 11. Expected change in demand and profitability in the next 3 months



\*Other Accommodation this month includes holiday parks, backpackers, luxury lodges, serviced apartments and others.

**12. Performance in the past 3 months vs. prior expectation**



**13. Factors limiting the ability of businesses to perform optimally**

