



Tourism Industry Monitor

Tracking the Performance of the Tourism Sector

November 2009

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 556 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. 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.

Covec (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 1-7 December 2009.

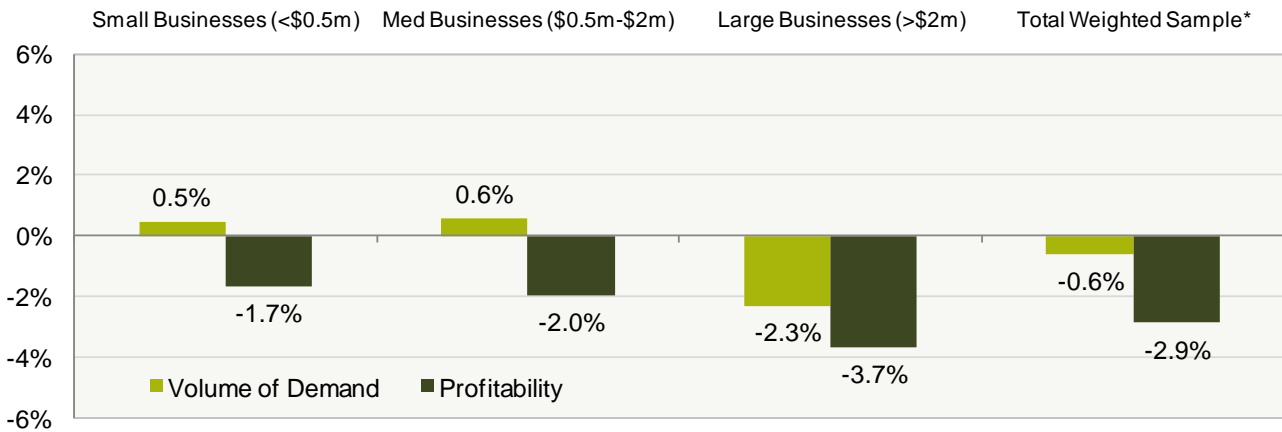
If you have any questions about the TIM please send an email to emily@covec.co.nz.

Summary of Results

- In the past 3 months (Aug-Oct) industry demand has fallen by 0.6% (seasonally adjusted) while profitability has fallen by 2.9%. In the next 3 months (Nov-Jan) industry demand is expected to increase by 1.0% (seasonally adjusted) and profitability is expected to fall by 0.4%.
- 51% of respondents expect seasonally adjusted demand to improve in the next 3 months compared with 49% last month and 44% the month before.
- 32% of respondents expect seasonally adjusted demand to fall in the next 3 months. This represents no change from last month and a decrease from the month before (41%).
- The outlook for the next 3 months is positive for the upper North Island and upper South Island. There is still some downside risk in the other regions, but it is possible that all regions will experience growth in demand over the next three months.

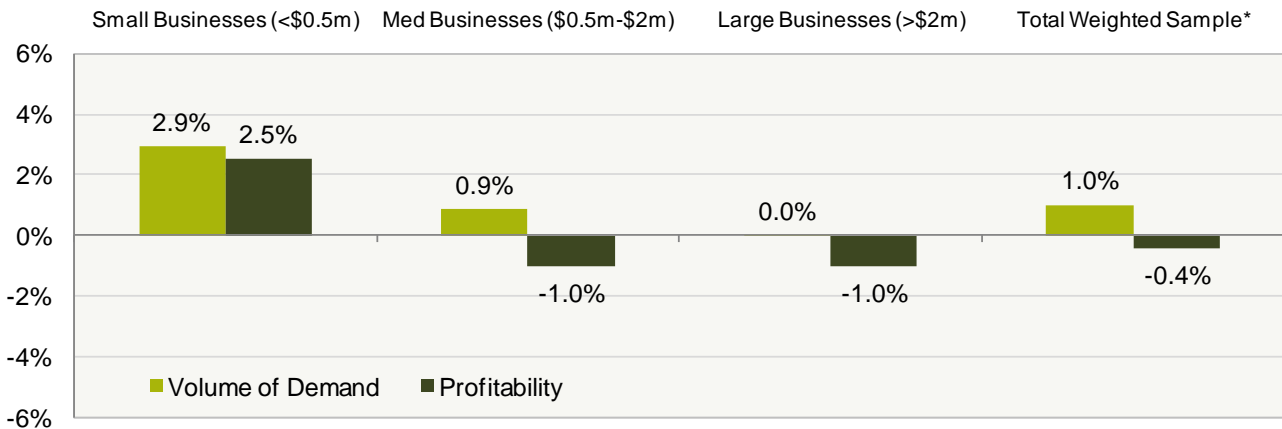
1. Change in seasonally adjusted demand and profitability over the past 3 months

Small and medium sized businesses experienced small seasonally adjusted increases in demand in the last three months. Large businesses experienced a decrease in demand of 2.3%. Average profitability across all businesses was down 2.9%.



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

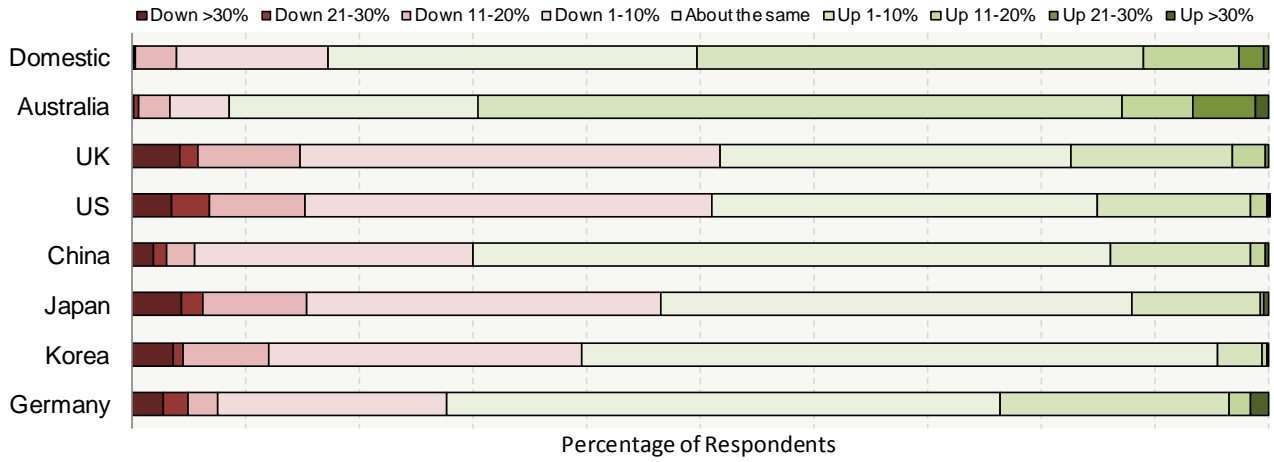
Small businesses are expecting a moderately positive trading environment in the next 3 months relative to the same period last year. Medium businesses are expecting a small increase in demand in the next 3 months while large businesses are expecting no change in demand. Both medium and large sized businesses are expecting an average drop in profitability of 1%. The average expected decline in profitability for the industry is 0.4% - an improvement on the expected decline of 0.8% reported last month.



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

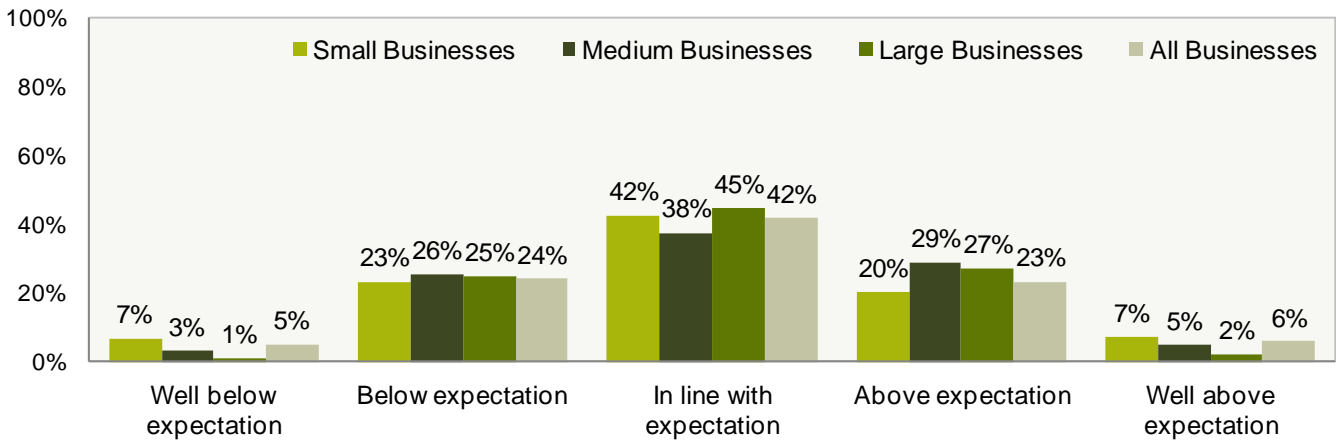
3. Expected changes in seasonally adjusted demand by market in the next 3 months

Around 50% of respondents expect seasonally adjusted domestic demand to grow in the next 3 months, and 70% of respondents expect Australian demand to grow. Around 50% of respondents expect further contractions in the US, UK and Japanese markets, while 30% expect contractions in the Chinese and German markets.



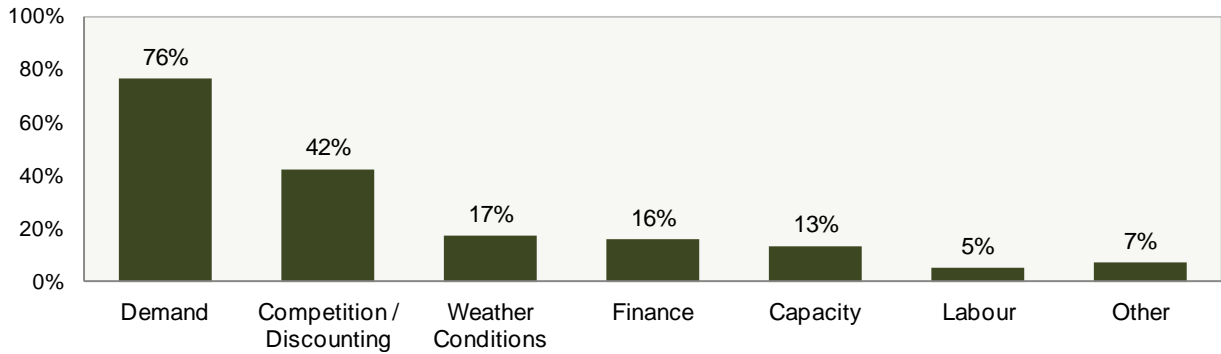
4. Performance in the past 3 months vs. prior expectation

Business performance in the past 3 months was in line with or above expectation for 71% of respondents. Only 5% of respondents performed well below expectation.



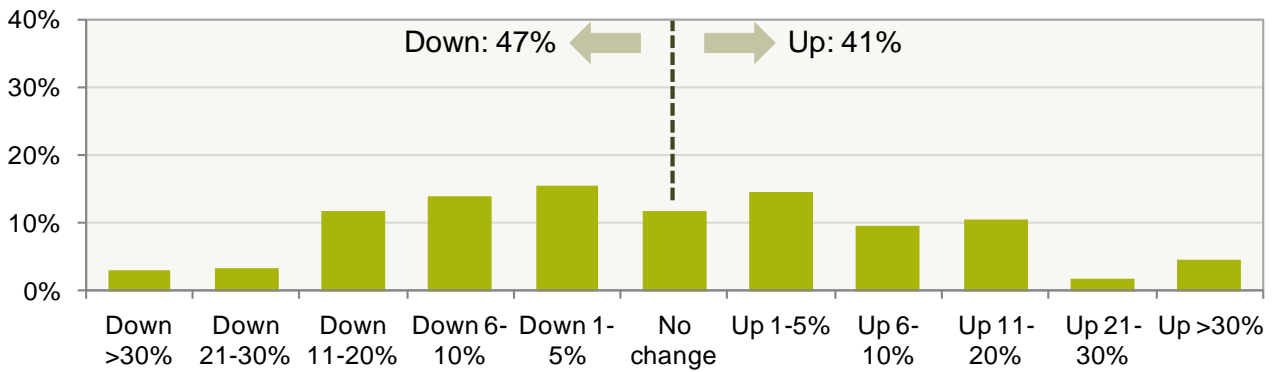
5. Factors limiting the ability of businesses to perform optimally

Demand continues to be the main factor limiting business performance. Competition and discounting is affecting 42% of businesses, adverse weather conditions 17% and finance 16%.



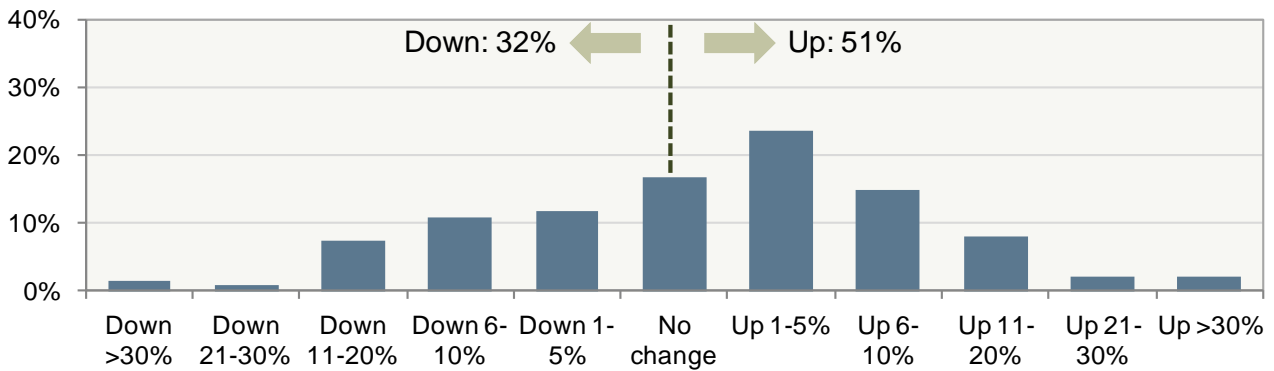
6. Change in seasonally adjusted demand over the past 3 months

41% of respondents experienced an increase in seasonally adjusted demand over the past 3 months (compared with 48% last month and 36% the month before), while 47% experienced a decrease (compared with 42% last month and 50% the previous month).



7. Expected change in seasonally adjusted demand in the next 3 months

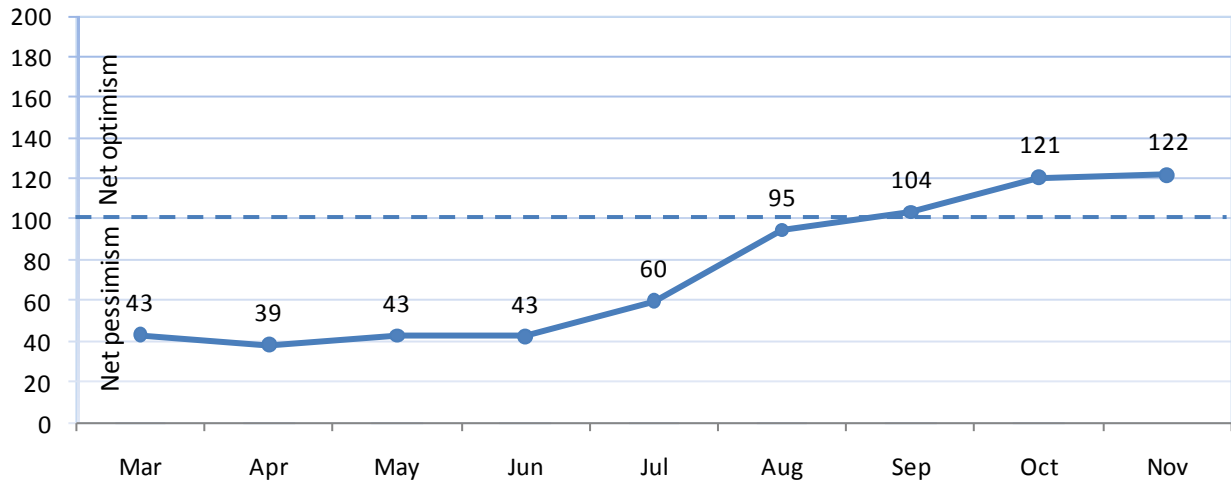
51% of respondents expect seasonally adjusted demand to rise in the next 3 months (compared with 49% last month and 44% the month before) while 32% expect demand to fall (which is the same as last month and a decrease from 41% the month before).



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.¹ Index values of greater than 100 indicate more optimists than pessimists, while index values of less than 100 indicate more pessimists than optimists.

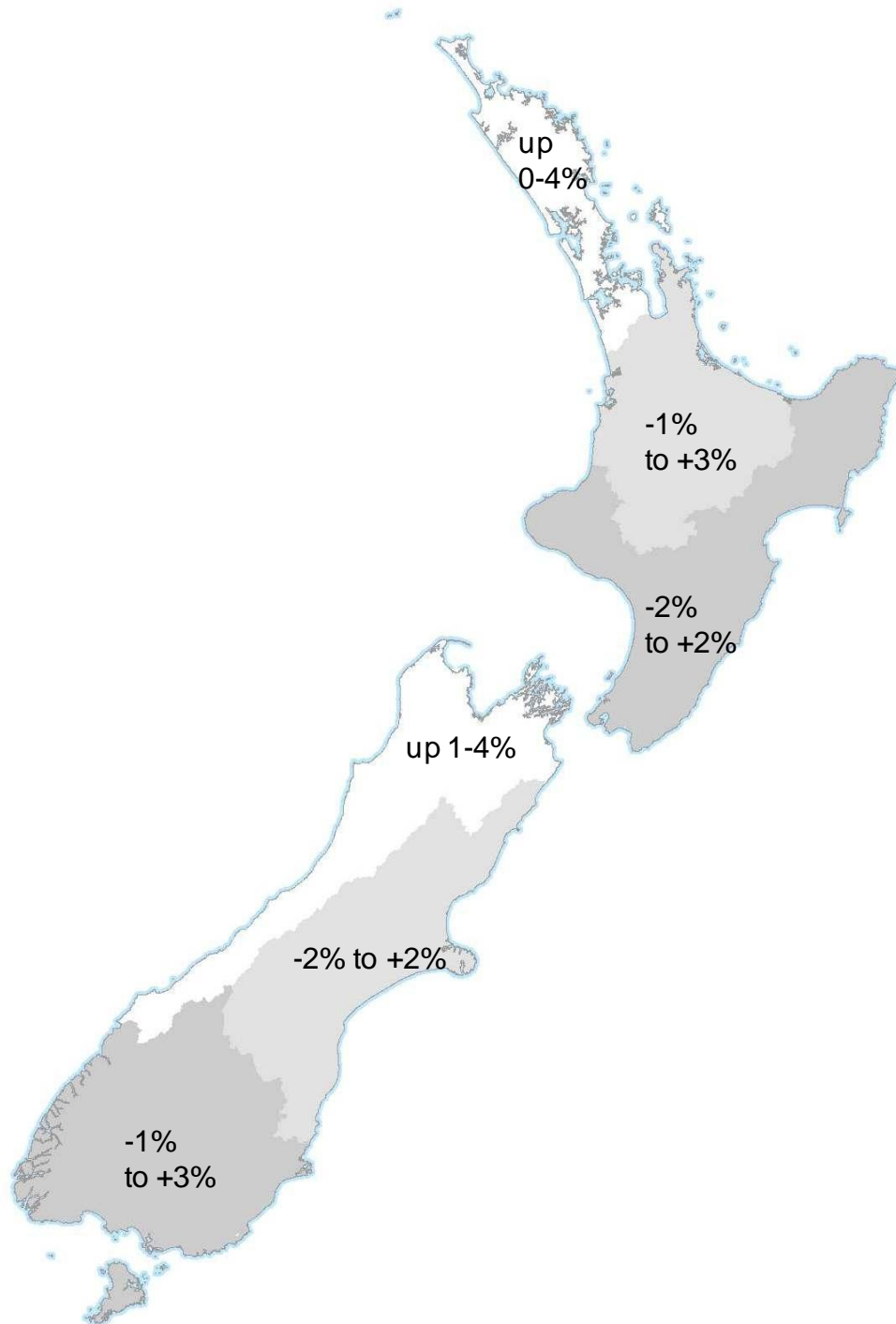
Recent performance expectations indicate that confidence within the tourism industry is gradually being restored. The business confidence index has increased to 122 this month, indicating that a net 22% of tourism businesses expect seasonally adjusted demand to improve in the next 3 months. This provides further evidence that overall industry performance continues to move past its lowest point.



¹ Note that the index was re-based using this revised base month methodology in September 2009.

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

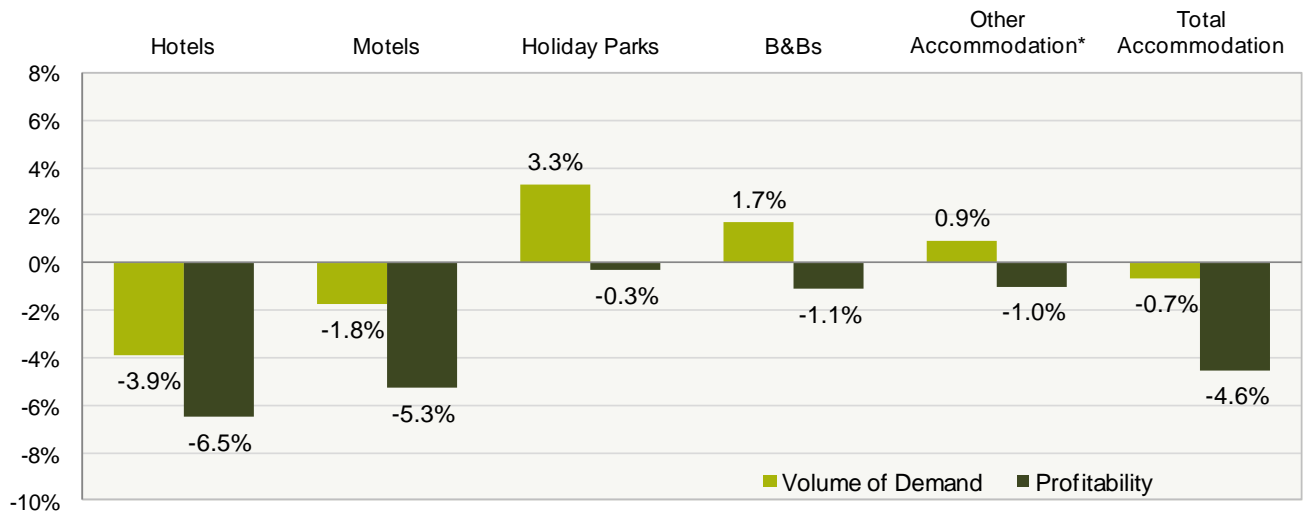
The outlook for the upper North Island and upper South Island regions is neutral/positive (0 to +4%). The upside and downside risks are balanced for the lower North island and the central South Island (-2% to +2%), and there is more upside potential than downside risk in the lower South Island and the central North Island (-1% to +3%).



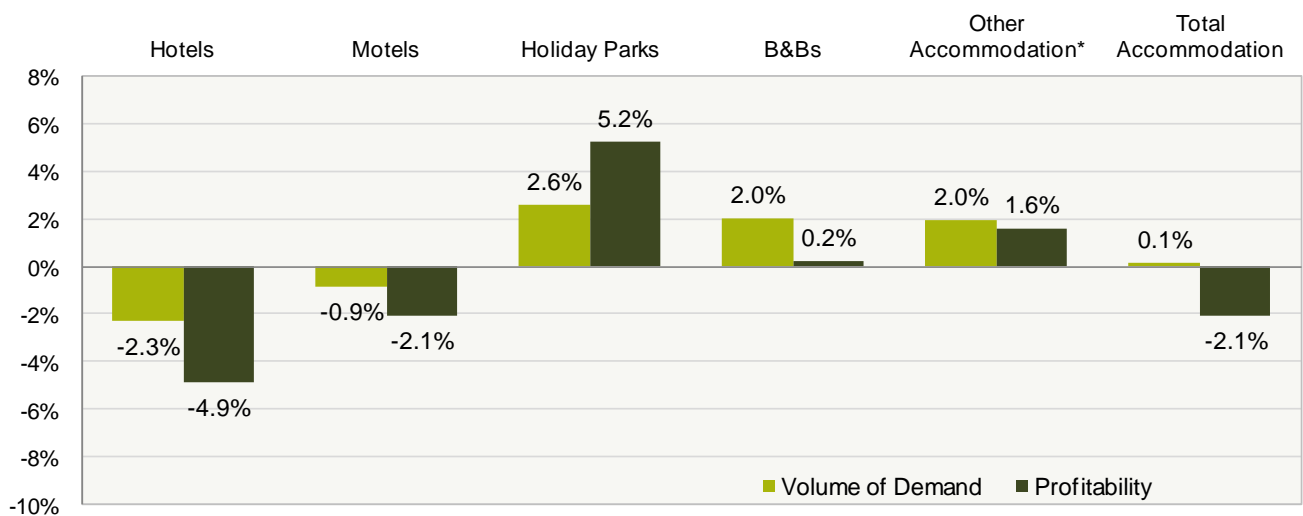
Accommodation Supplement

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 seasonally adjusted demand and profitability over the past 3 months

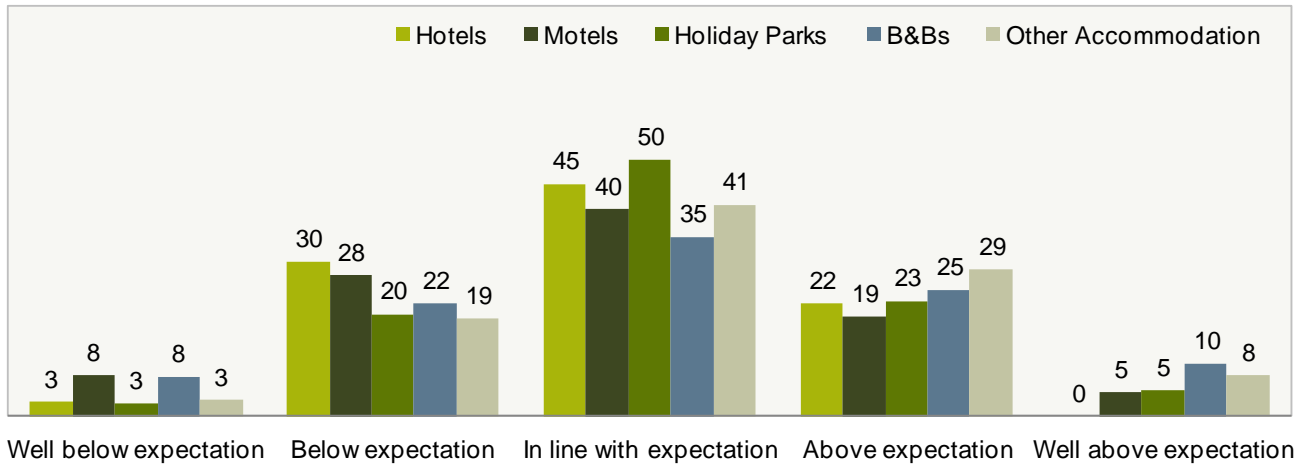


11. Expected change in seasonally adjusted demand and profitability in the next 3 months



*Other Accommodation this month includes 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

