



Tourism Industry Monitor

Tracking the Performance of the Tourism Sector

October 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 606 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 2-6 November 2009.

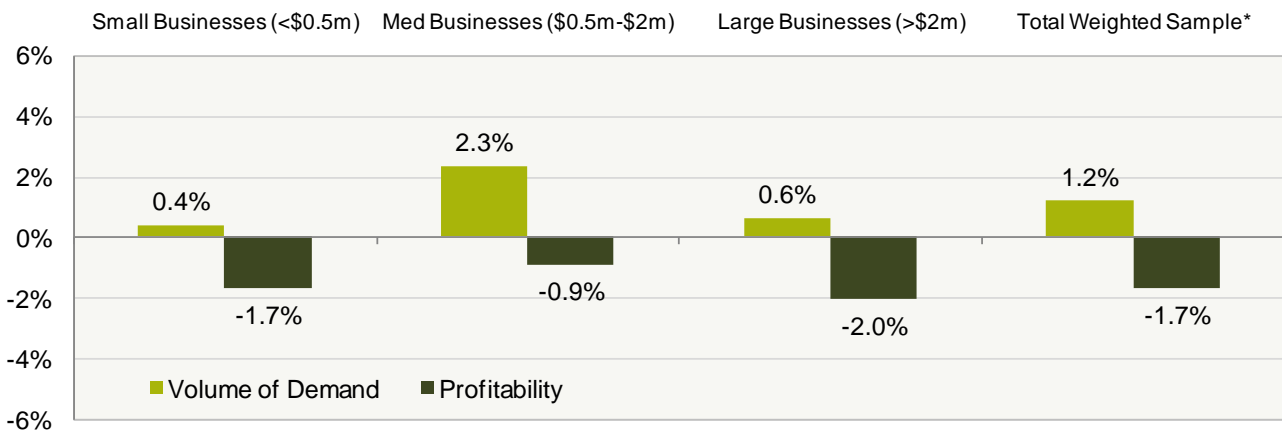
If you have any questions about the TIM please send an email to emily@covec.co.nz.

Summary of Results

- In the past 3 months (Jul-Sep) industry demand has increased by 1.2% (seasonally adjusted) while profitability has fallen by 1.7%. In the next 3 months (Oct-Dec) industry demand is expected to increase by 1.1% (seasonally adjusted) and profitability is expected to fall by 0.8%.
- In general, volumes are gradually improving but margins are still lower than they were a year ago.
- 49% of respondents expect seasonally adjusted demand to improve in the next 3 months compared with 44% last month and 38% the month before.
- 32% of respondents expect seasonally adjusted demand to fall in the next 3 months compared with 41% last month and 42% the month before.
- The outlook for the next 3 months is neutral/positive for all major regions within New Zealand except the upper North Island which still has a neutral/negative outlook.

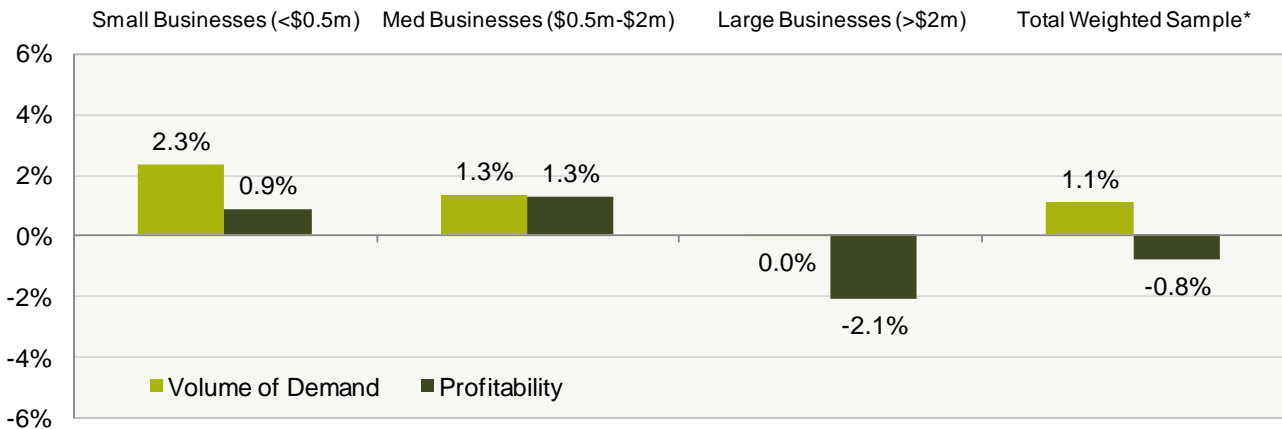
1. Change in seasonally adjusted demand and profitability over the past 3 months

On average businesses of all sizes experienced small seasonally adjusted increases in demand in the past three months. However, profitability was down 1-2% across businesses of all sizes.



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

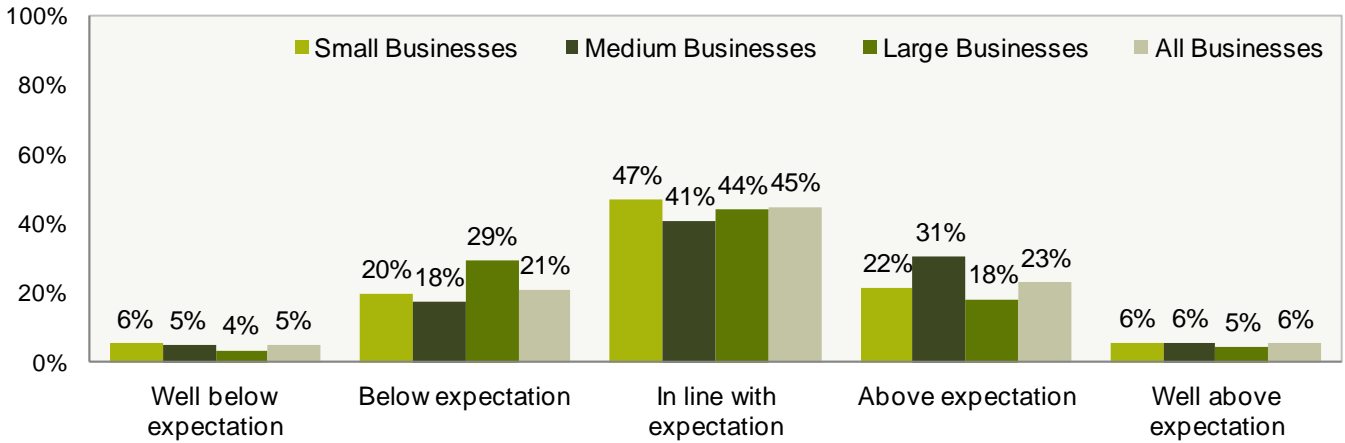
Small and medium sized businesses are expecting a mildly positive trading environment in the next 3 months relative to the same period last year, while large businesses are expecting no change in demand and a small drop in profitability. The average expected decline in profitability for the industry is 0.8% - an improvement on the expected decline of 1.3% reported last month.



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

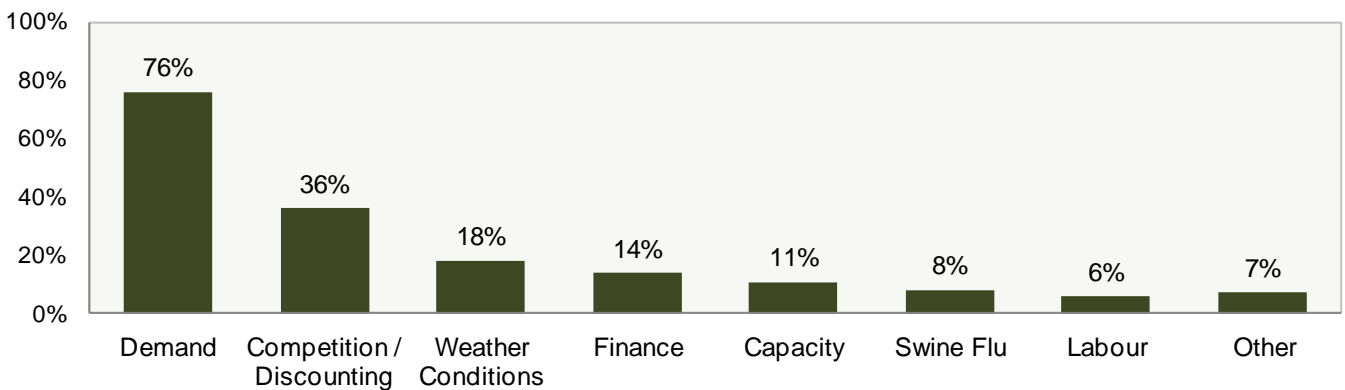
3. Performance in the past 3 months vs. prior expectation

Business performance in the past 3 months was in line with or above expectation for 74% of respondents. Only 5% of respondents performed well below expectation.



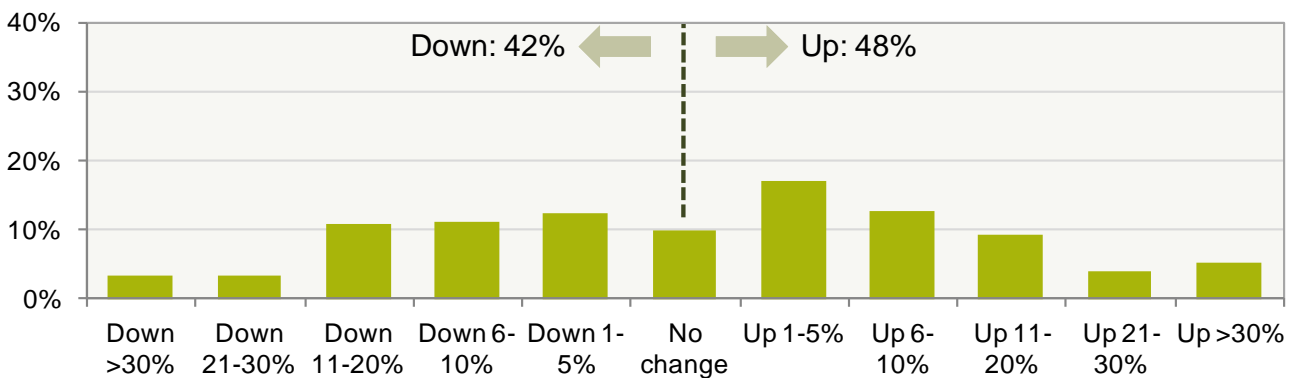
4. Factors limiting the ability of businesses to perform optimally

Demand continues to be the main factor limiting business performance. Competition and discounting is affecting 36% of businesses, adverse weather conditions 18% and finance 14%. The impact of Influenza H1N1 has fallen significantly in the past two months.



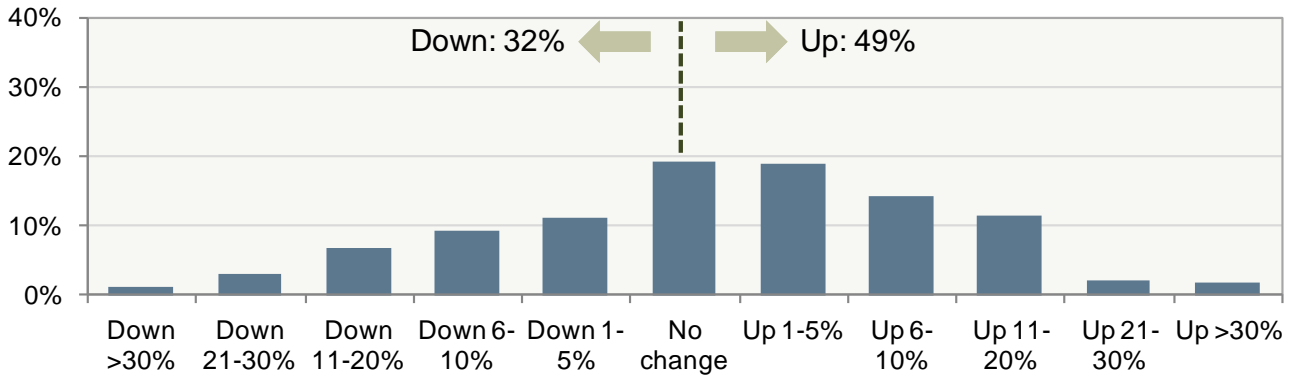
5. Change in seasonally adjusted demand over the past 3 months

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



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

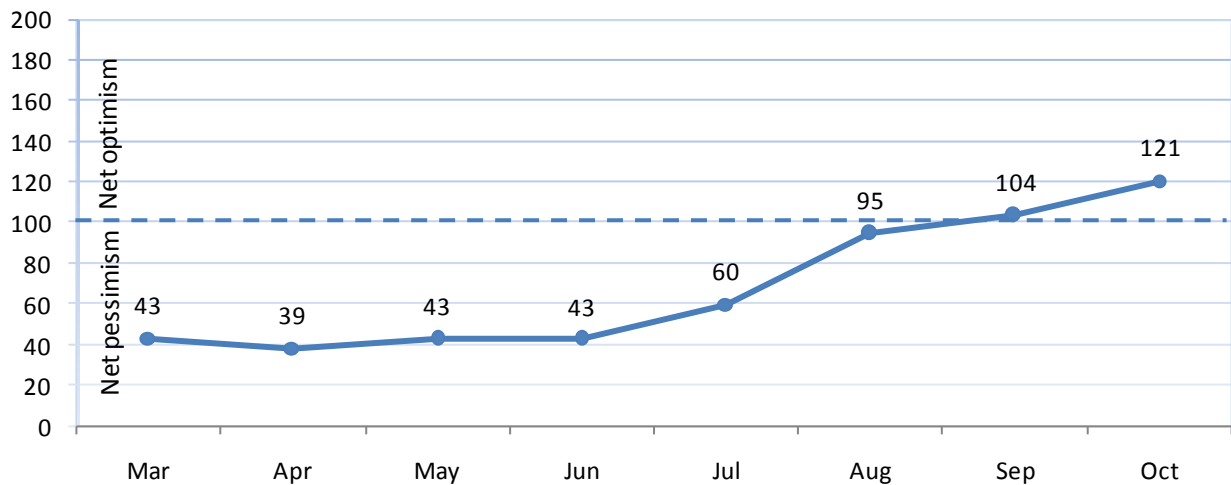
49% of respondents expect seasonally adjusted demand to rise in the next 3 months (compared with 44% last month) while 32% expect demand to fall (compared with 41% last month).



7. Business Confidence

The performance expectations of tourism businesses described above can be used to generate 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.

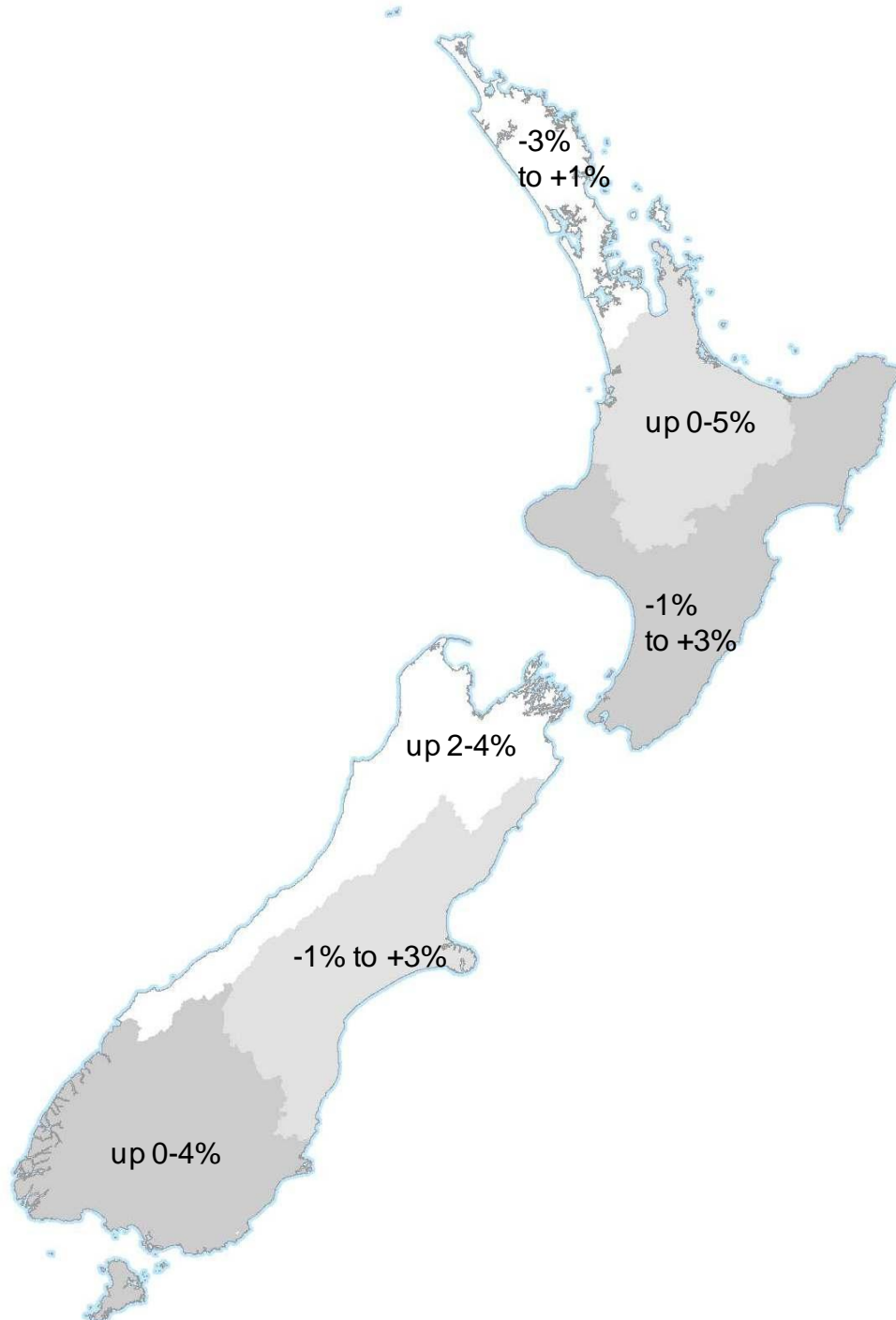
Recent performance expectations indicate that confidence within the tourism industry is gradually being restored. The business confidence index has increased to 121 this month, indicating that a net 21% of tourism businesses expect seasonally adjusted demand to improve in the next 3 months. This provides further evidence that overall industry performance has moved past its lowest point.



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

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

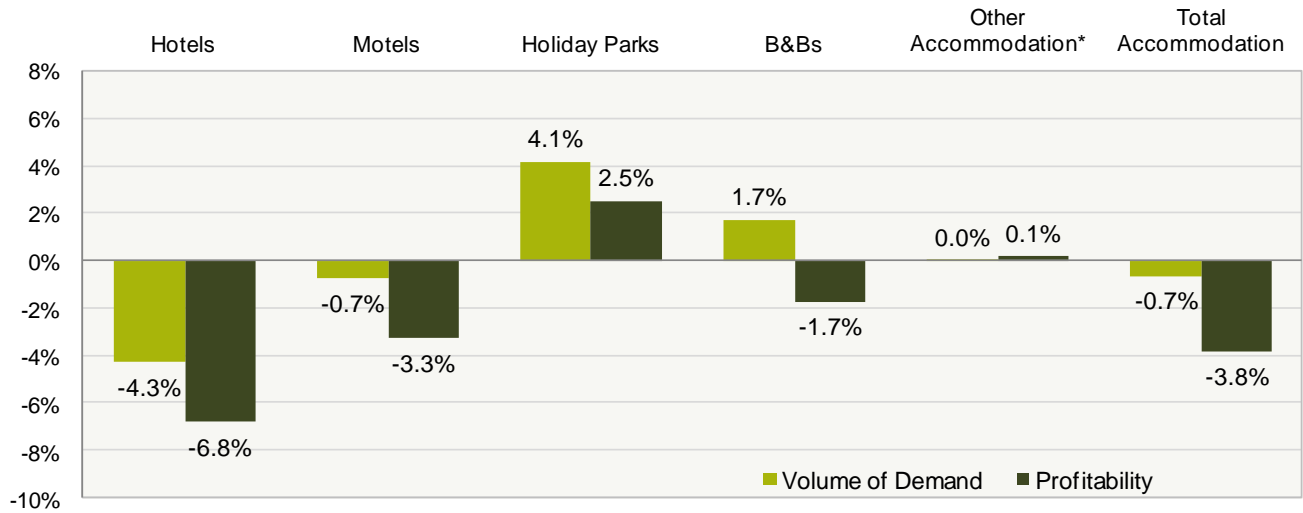
All regions except the upper North Island expect seasonally adjusted demand to be neutral or positive over next 3 months. The outlook for the upper North Island is still neutral/mildly negative.



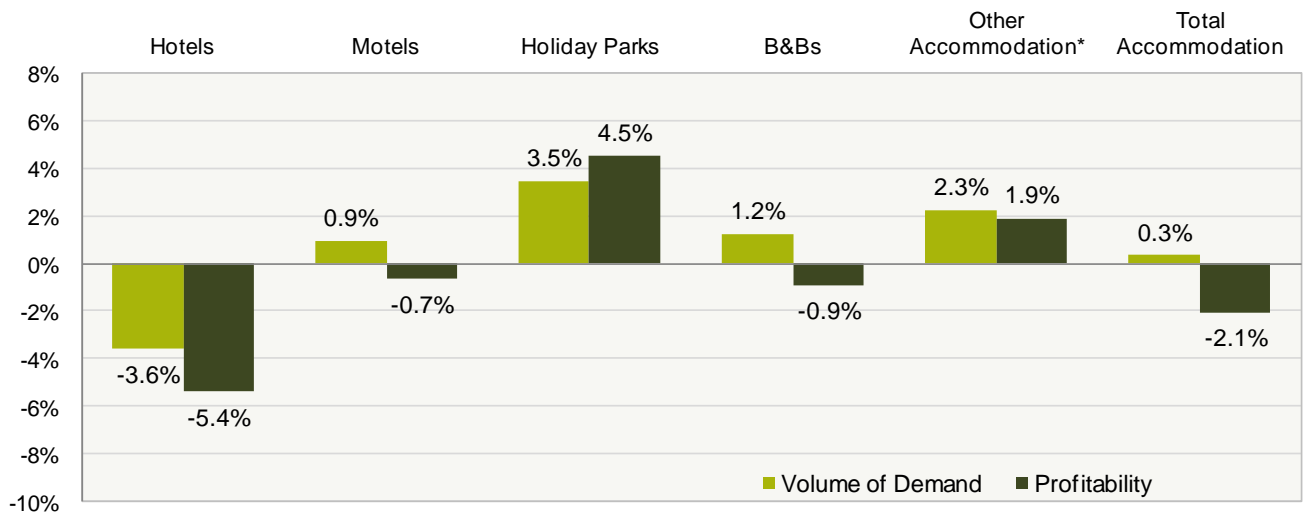
Accommodation Supplement

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.

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

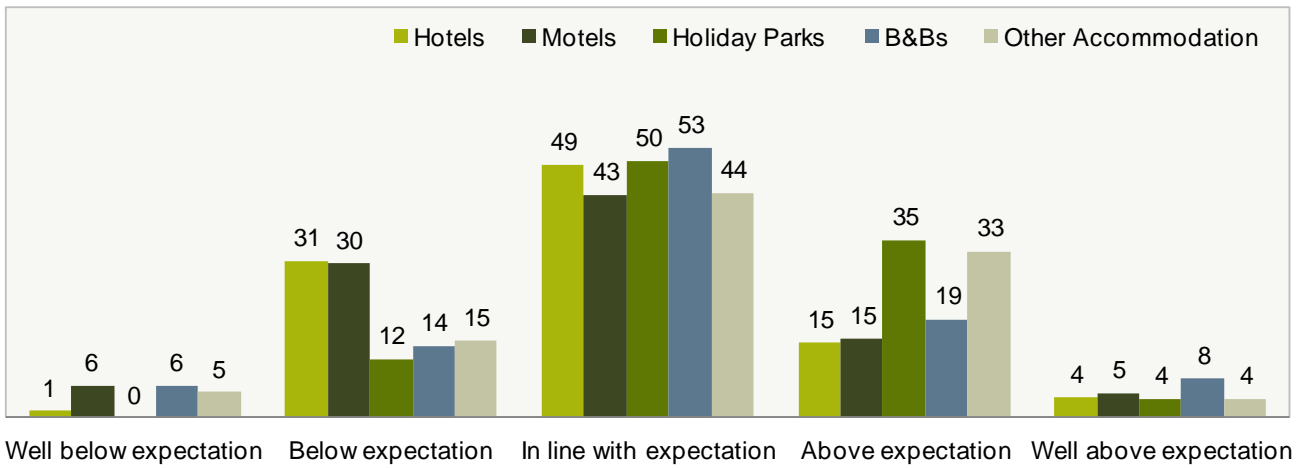


10. Expected change in seasonally adjusted demand and profitability in the next 3 months



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

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



12. Factors limiting the ability of businesses to perform optimally

