



# Tourism Industry Monitor

## Tracking the Performance of the Tourism Sector

**December 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 504 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.

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 5-13 January 2010.

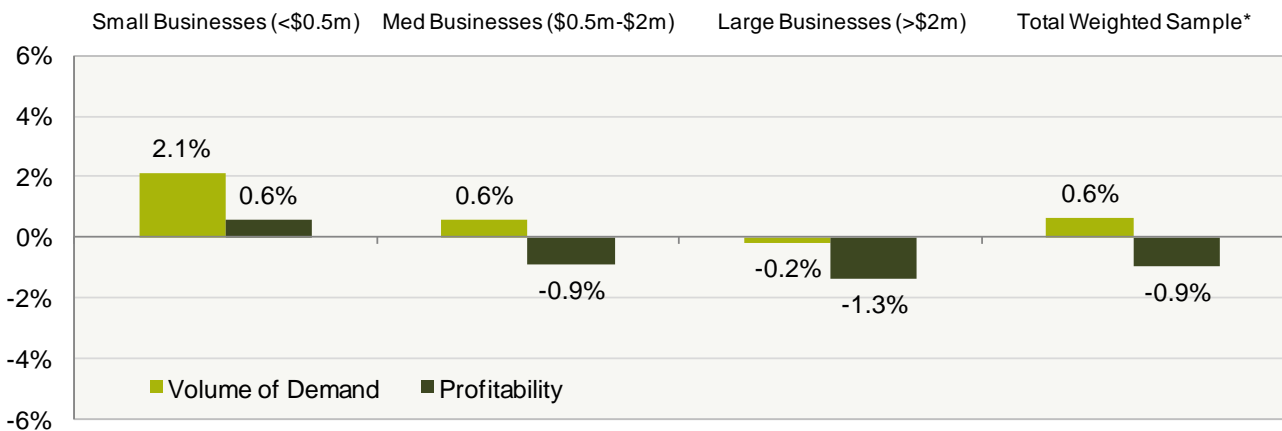
If you have any questions about the TIM please send an email to [emily@covec.co.nz](mailto:emily@covec.co.nz).

## Summary of Results

- In the past 3 months (Sep-Nov) industry demand has increased by 0.6% (seasonally adjusted) while profitability has fallen by 0.9%. In the next 3 months (Dec-Feb) industry demand is expected to increase by 2.9% (seasonally adjusted) and profitability is expected to increase by 1.8%.
- 52% of respondents expect seasonally adjusted demand to improve in the next 3 months compared with 51% last month and 49% the month before.
- 29% of respondents expect seasonally adjusted demand to fall in the next 3 months – a small decline from 32% in the two previous months.
- The outlook for the next 3 months is positive for all regions, with increases of 0-5% expected in the next three months relative to the same period last year.

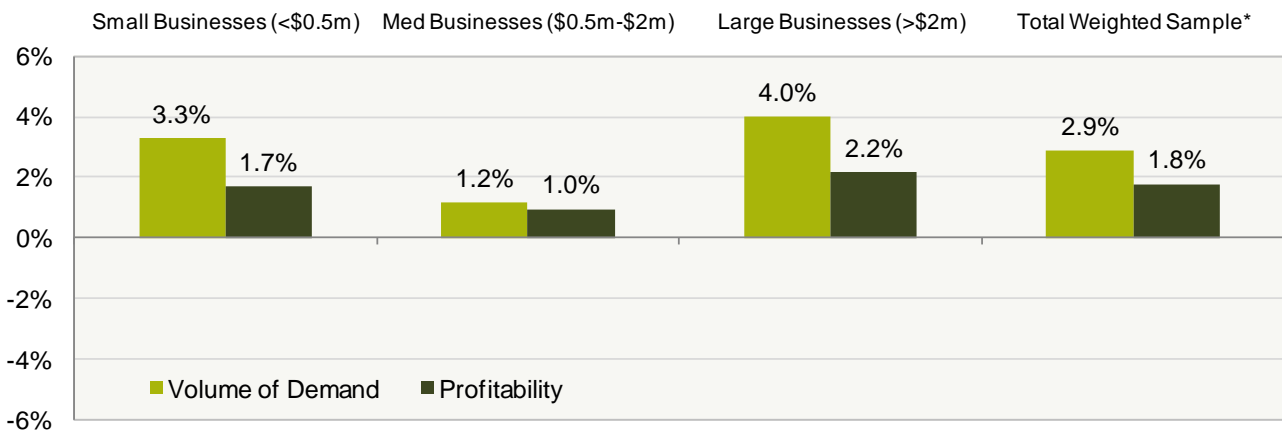
### 1. Change in seasonally adjusted demand and profitability over the past 3 months

Small and medium sized businesses experienced small seasonally adjusted increases in demand in the last three months, while large businesses experienced a small decrease. Average profitability across all businesses was down 0.9%.



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

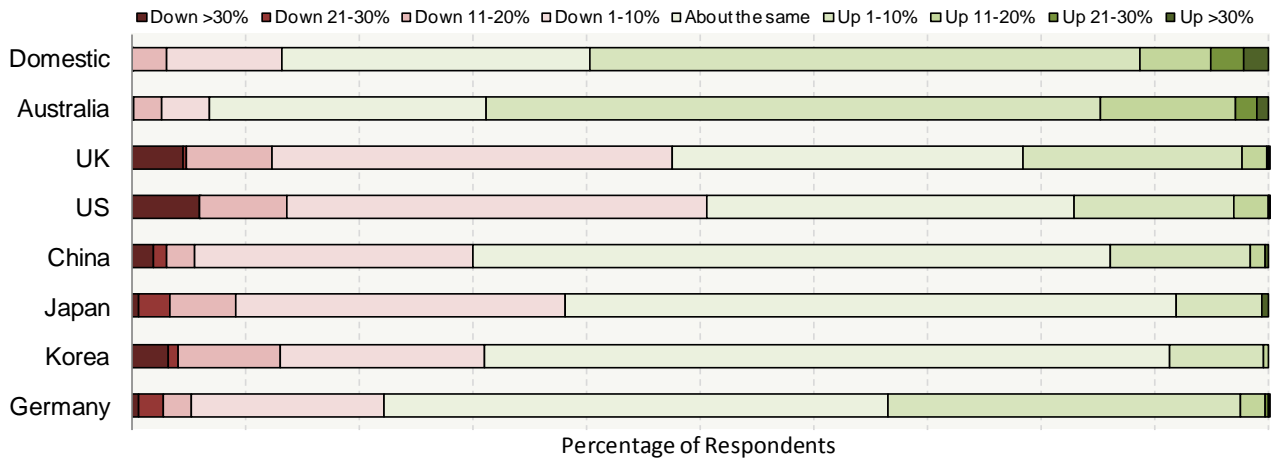
Businesses of all sizes are expecting a moderately positive trading environment in the next 3 months relative to the same period last year. The average expected increase in profitability for the industry is 1.8% - an improvement on the expected decline of 0.4% reported last month. This is the first time since March 2009 that expected demand and profitability are both positive.



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

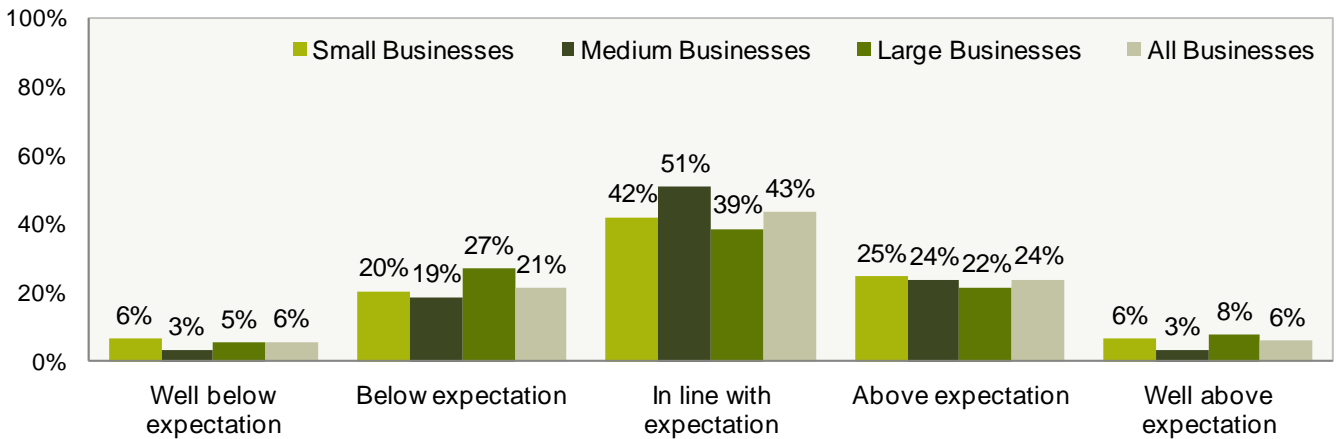
### 3. Expected changes in seasonally adjusted demand by market in the next 3 months

Around 60% 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 and UK markets, while 30-40% expect contractions in the key Asian markets.



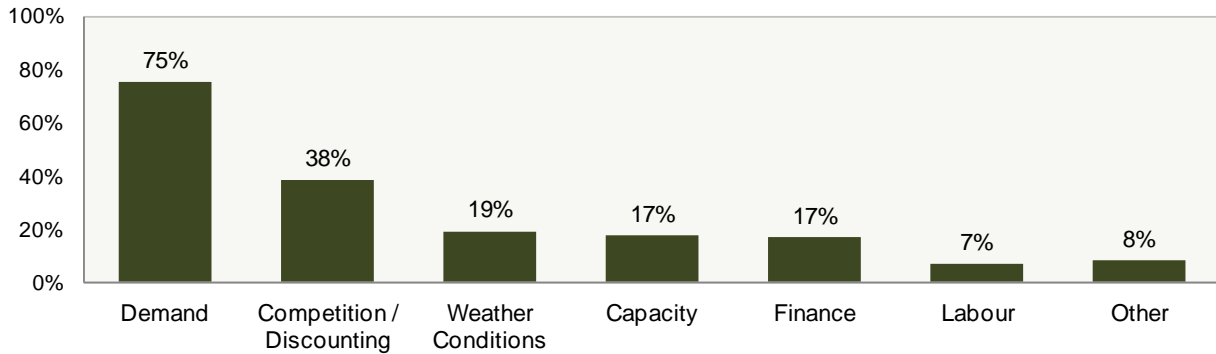
### 4. Performance in the past 3 months vs. prior expectation

Business performance in the past 3 months was in line with or above expectation for 73% of respondents. Only 6% of respondents performed well below expectation.



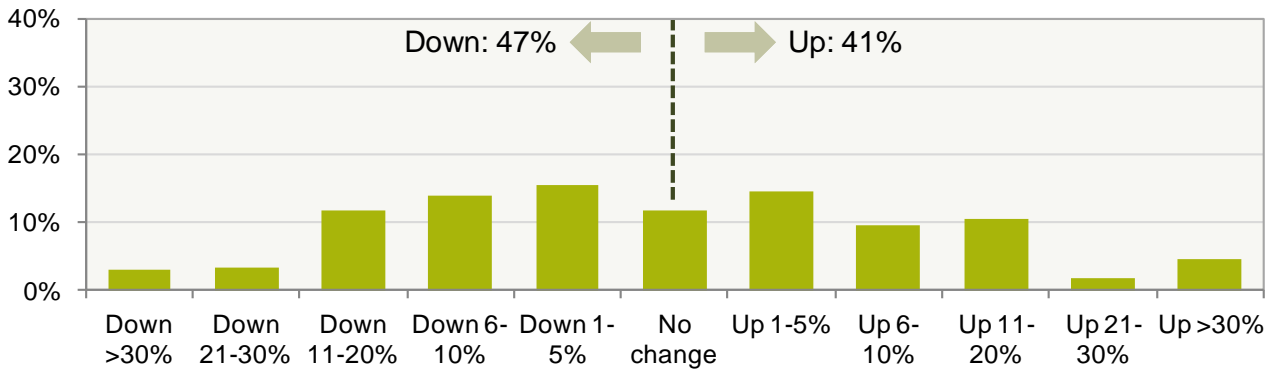
**5. Factors limiting the ability of businesses to perform optimally**

Demand continues to be the main factor limiting business performance. Competition and discounting is affecting 38% of businesses, adverse weather conditions 19% and capacity and finance 17%.



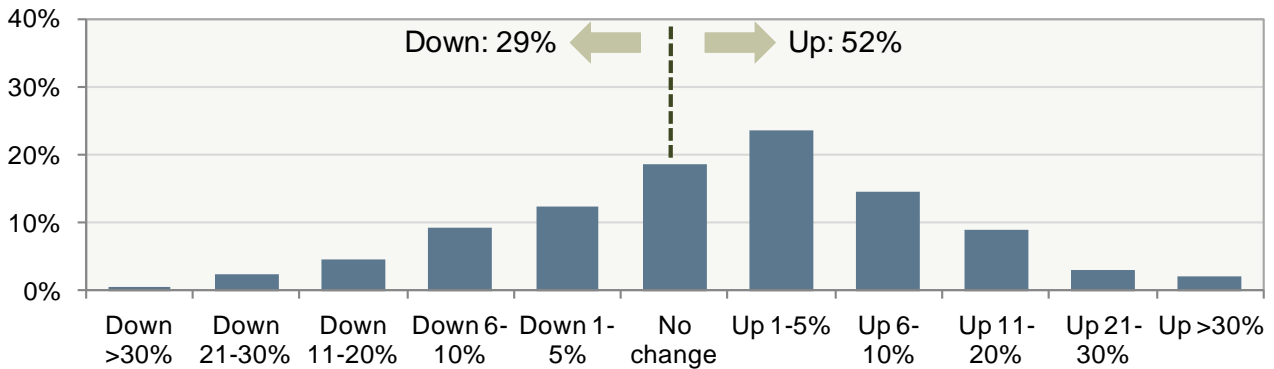
**6. Change in seasonally adjusted demand over the past 3 months**

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



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

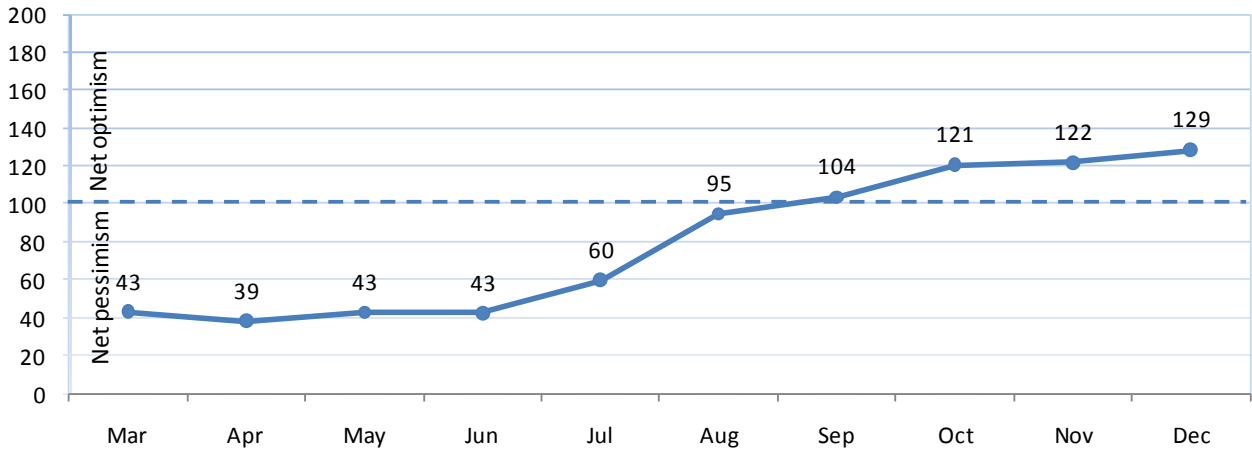
52% of respondents expect seasonally adjusted demand to rise in the next 3 months (compared with 51% last month and 49% the month before) while 29% expect demand to fall (compared with 32% in the previous two months).



## 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.<sup>1</sup> Index values of greater than 100 indicate more optimists than pessimists, while index values of less than 100 indicate more pessimists than optimists.

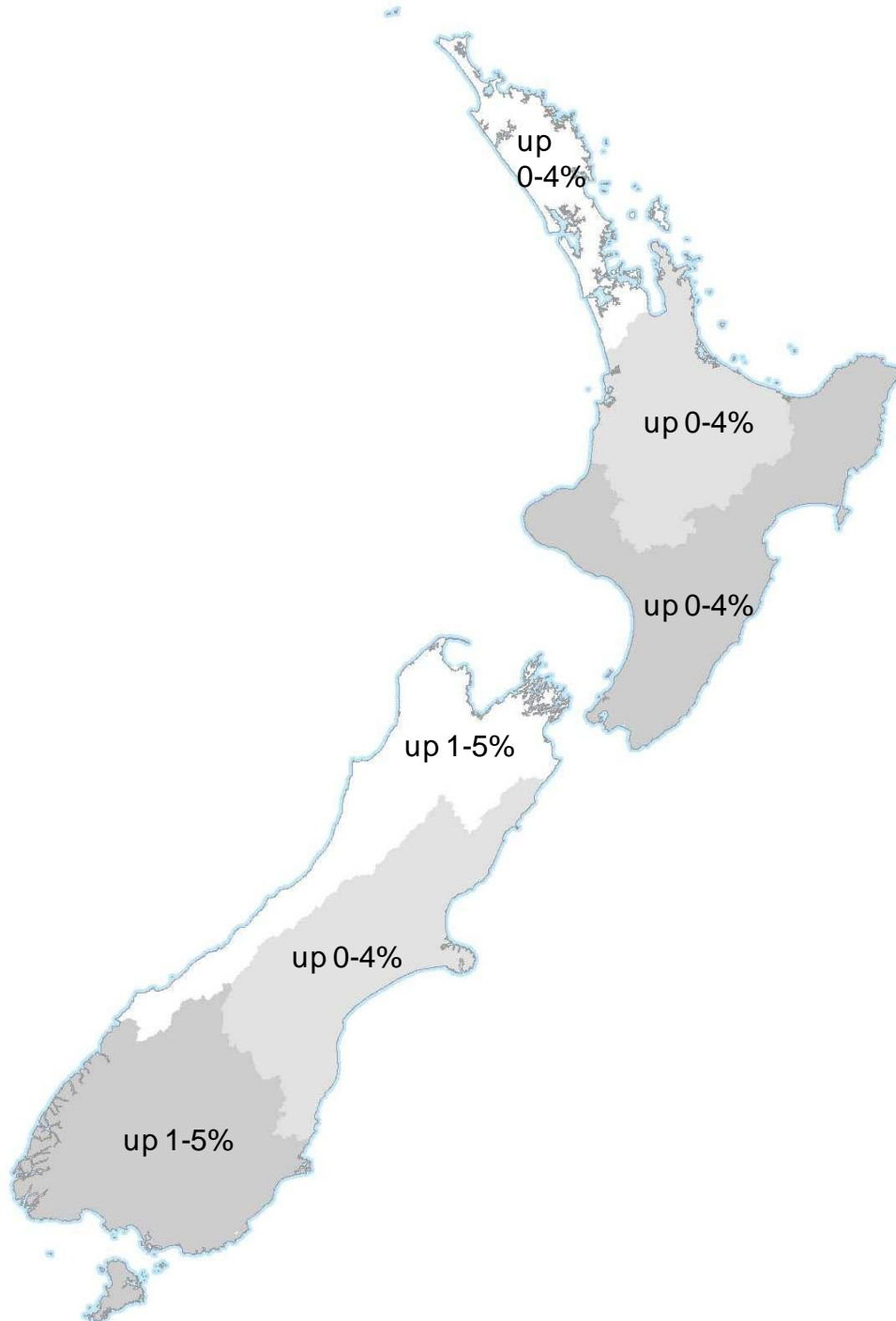
Recent performance expectations indicate that confidence within the tourism industry is gradually being restored. The business confidence index has increased to 129 this month, indicating that a net 29% of tourism businesses expect seasonally adjusted demand to improve in the next 3 months. This provides further evidence that overall industry performance continues to move past its lowest point.



<sup>1</sup> 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**

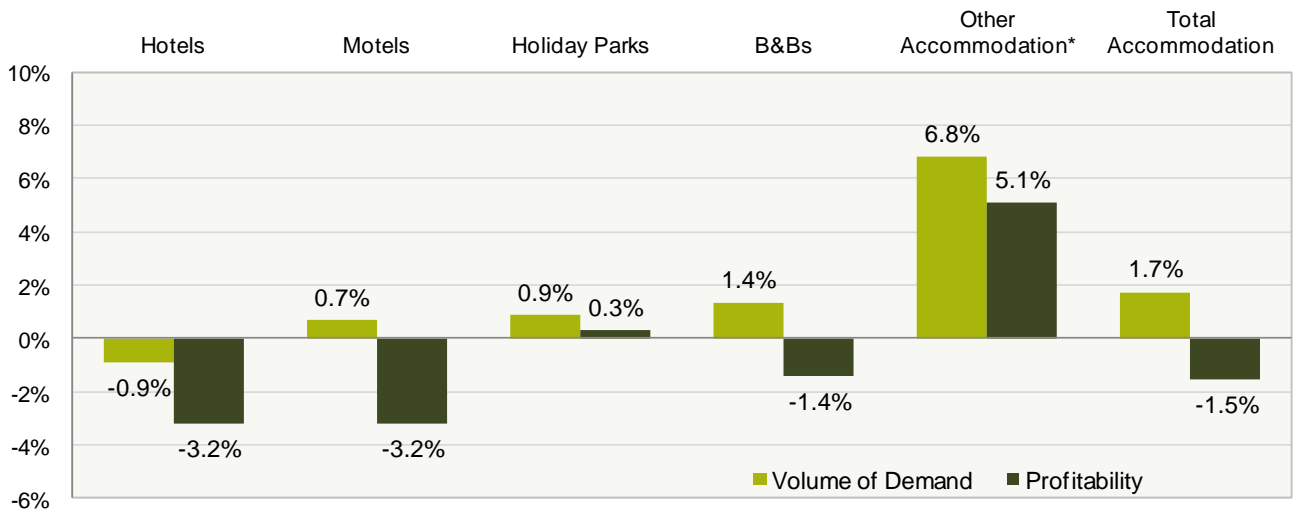
The outlook is similar for all regions over the next three months, with demand expected to increase by 0-5% relative to the same period last year.



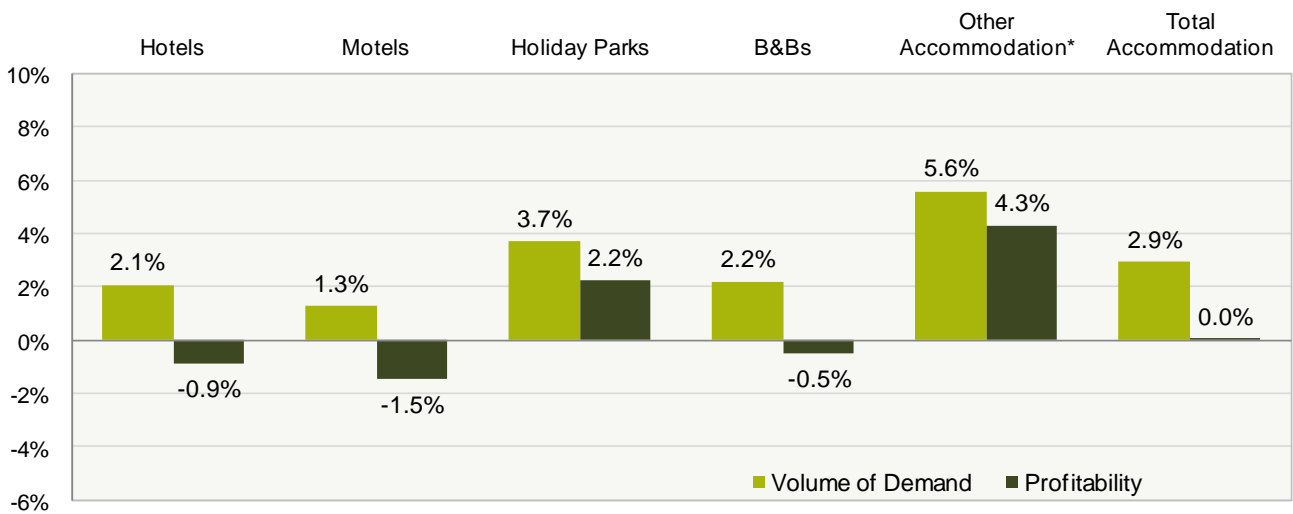
# Accommodation Supplement

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

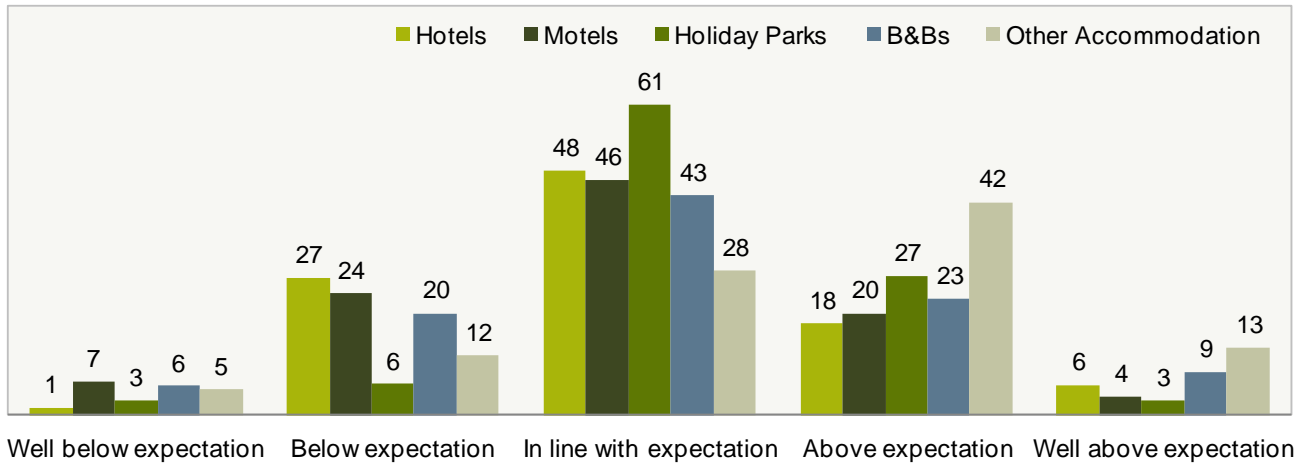


## 11. Expected change in seasonally adjusted demand and profitability in the next 3 months



\*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**

