



Tourism Industry Monitor

Tracking the Performance of the Tourism Sector

August 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 525 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 1-8 September 2009.

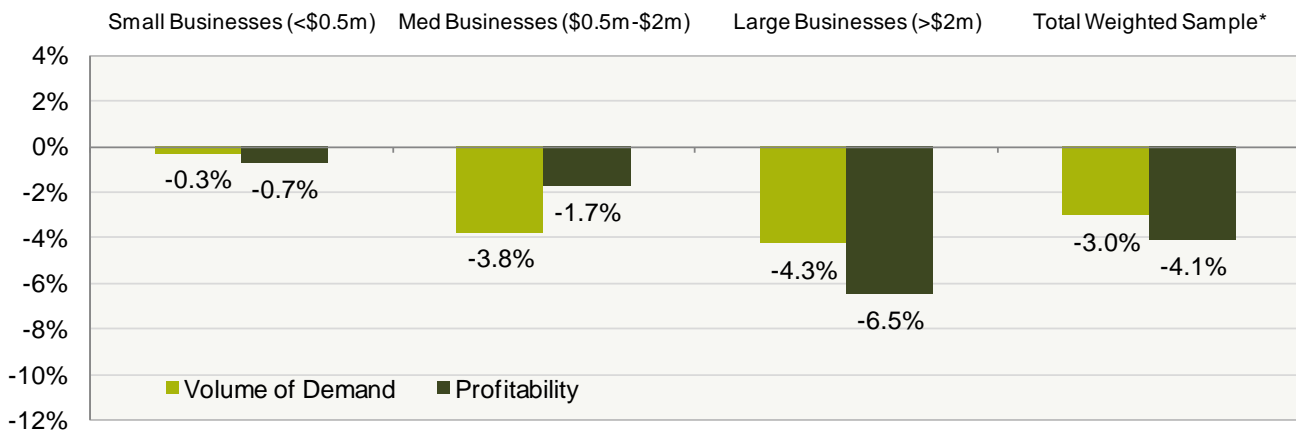
If you have any questions about the TIM please send an email to emily@covec.co.nz.

Summary of Results

- In the past 3 months (May-Jul) industry demand has fallen 3.0% (seasonally adjusted) while profitability has fallen 4.1%. This is an improvement in performance relative to Apr-Jun. In the next 3 months (Aug-Oct) industry demand is expected to fall by 1.1% (seasonally adjusted) and profitability is expected to fall 3.6%.
- 38% of respondents expect seasonally adjusted demand to improve in the next 3 months compared with 23% last month and 17% the month before. 42% of respondents expect seasonally adjusted demand to fall in the next 3 months compared with 50% last month and 60% the month before. This indicates a gradual increase in optimism in recent months.
- The increase in optimism is being driven by two factors: (1) the expectation of a strong ski season; and (2) the natural drop off in international visitor arrivals during the winter months which allows the expected growth in the domestic and Australian markets to dominate.
- The outlook for the next 3 months is relatively positive in the South Island due to the expectation of a strong ski season. There is less optimism in the North Island: the Lower North Island is expecting a drop in demand of 0-4%, the Central North Island is expecting a drop of 1-6%; and the Upper North Island is expecting a drop of 2-6%.

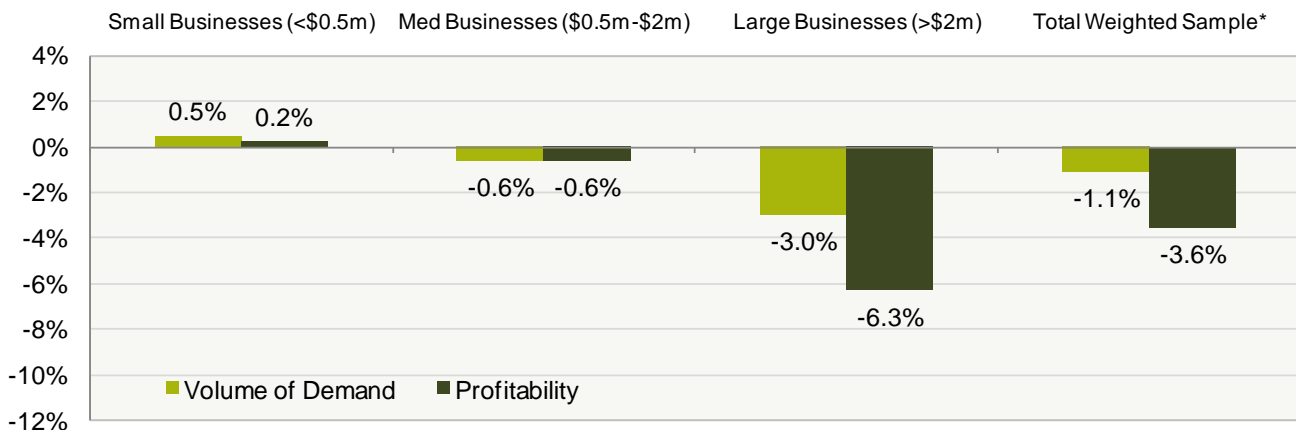
1. Change in seasonally adjusted demand and profitability over the past 3 months

On average businesses of all sizes experienced seasonally adjusted declines in demand and profitability in the past three months. Large businesses experienced greater declines in performance than small and medium-sized businesses.



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

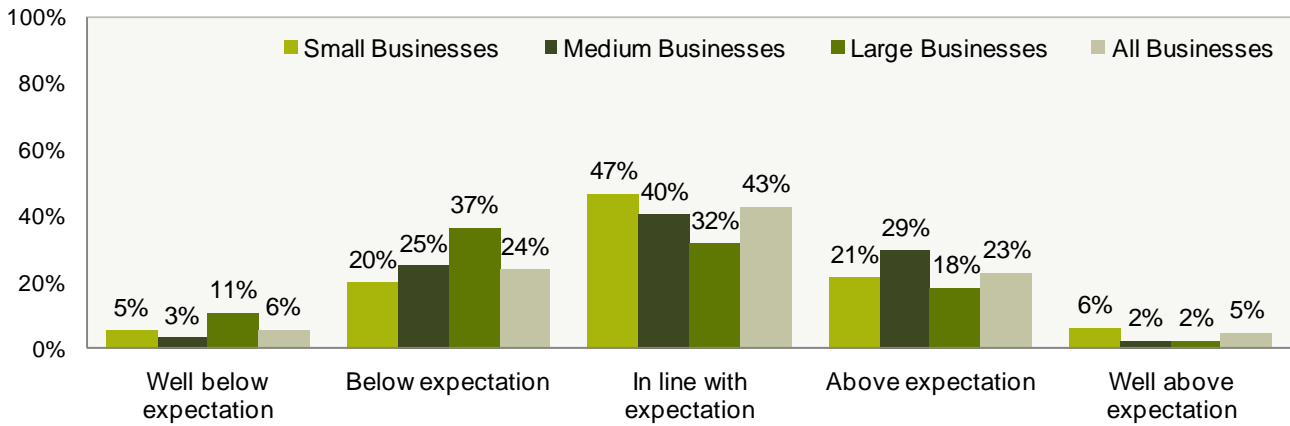
Small and medium-sized businesses are expecting a relatively flat trading environment in the next 3 months relative to the same period last year, while large businesses are expecting seasonally adjusted profitability to fall by 6.3%. The average expected decline in profitability for the industry is 3.6%.



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

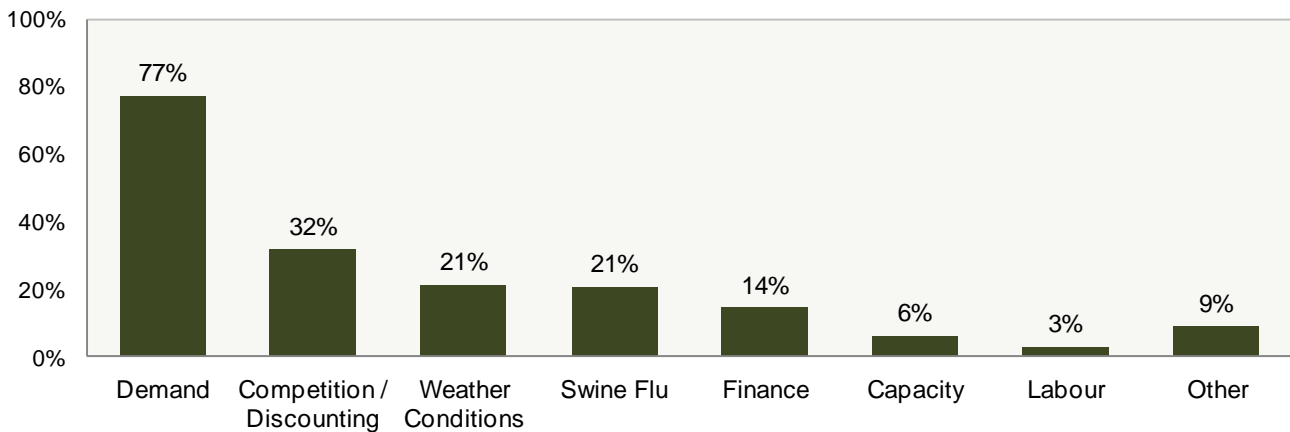
3. Performance in the past 3 months vs. prior expectation

Business performance in the past 3 months was in line with or above expectation for 71% of respondents. Only 6% of respondents performed well below expectation.



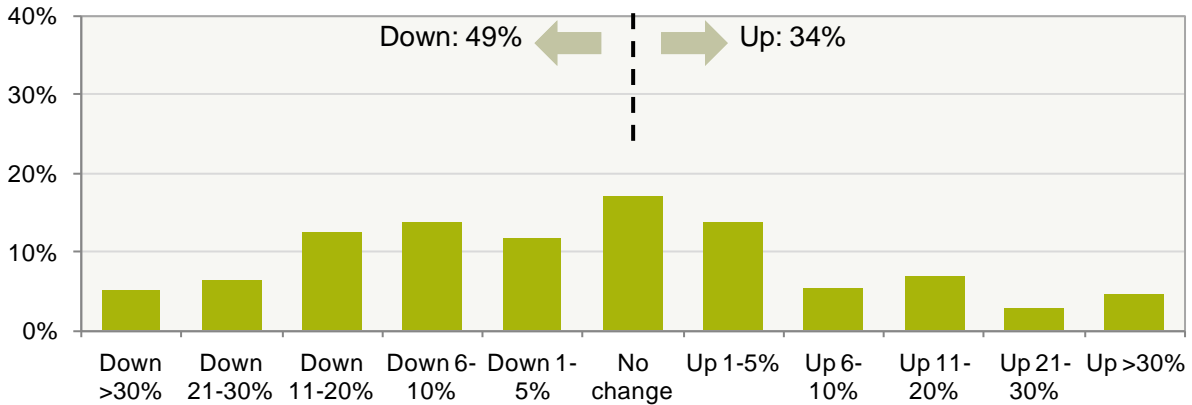
4. Factors limiting the ability of businesses to perform optimally

Demand continues to be the main factor limiting business performance. Competition and discounting is affecting 32% of businesses, adverse weather conditions 21% and swine flu 21%.



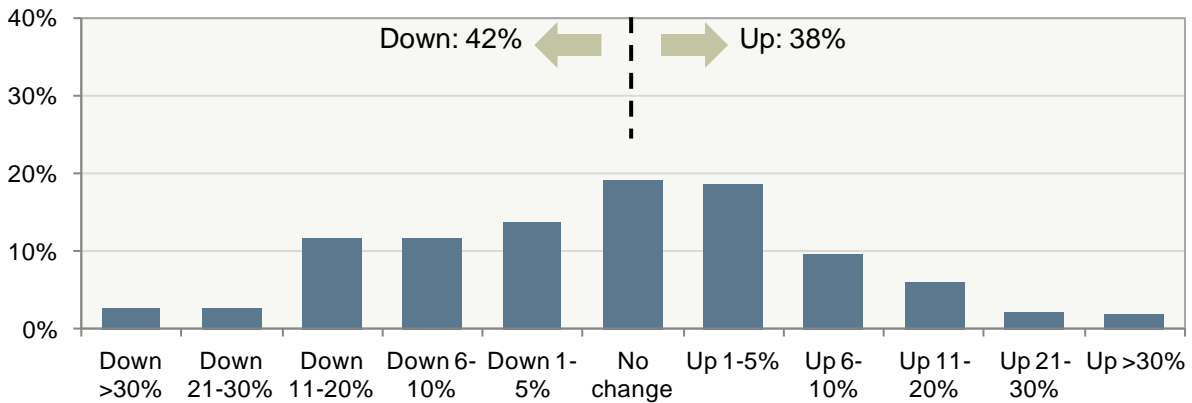
5. Change in seasonally adjusted demand over the past 3 months

34% of respondents experienced an increase in seasonally adjusted demand over the past 3 months (compared with 28% last month) while 49% experienced a decrease (compared with 59% last month).



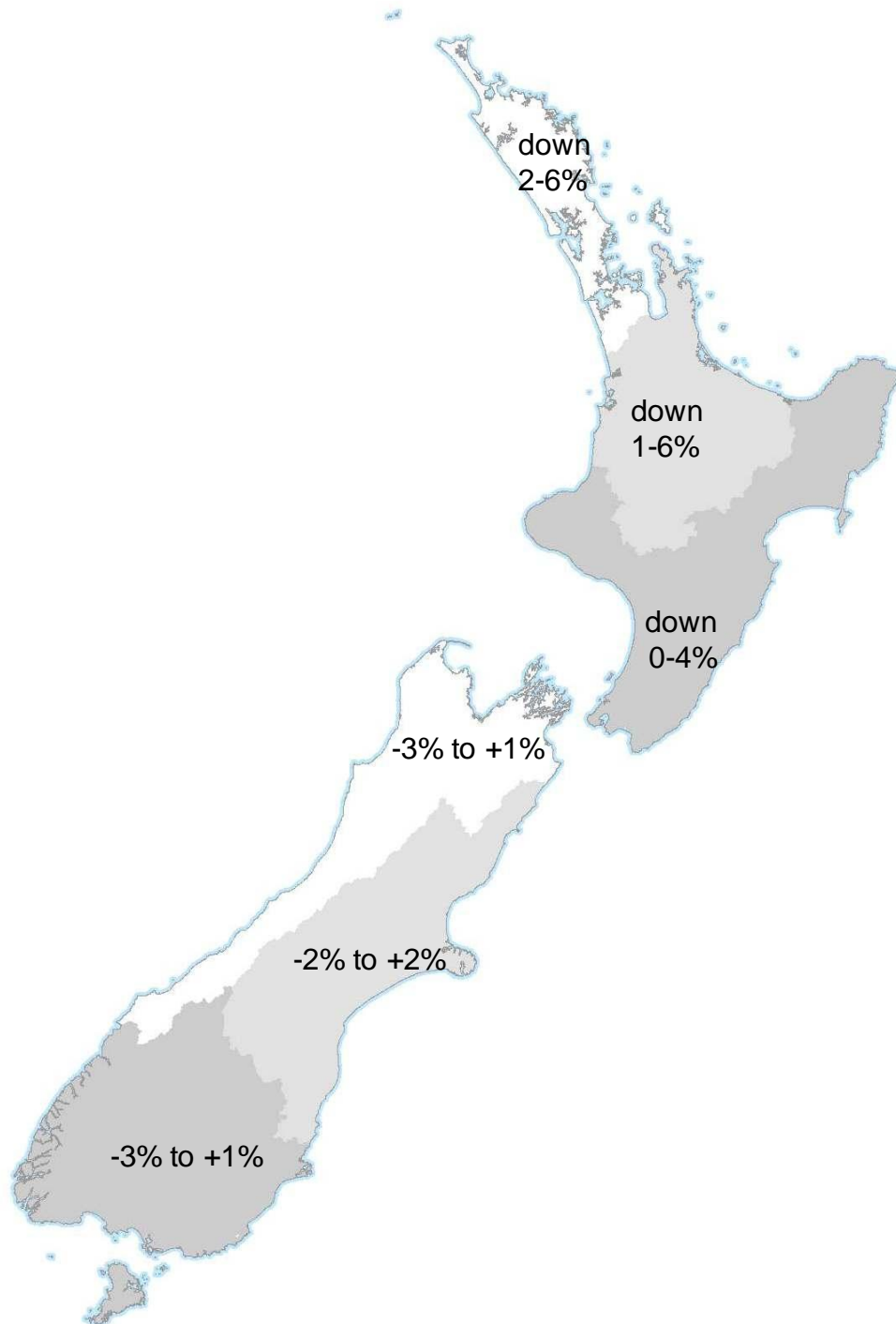
6. Expected change in seasonally adjusted demand in the next 3 months

38% of respondents expect seasonally adjusted demand to rise in the next 3 months (compared with 23% last month) while 42% expect demand to fall (compared with 54% last month).



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

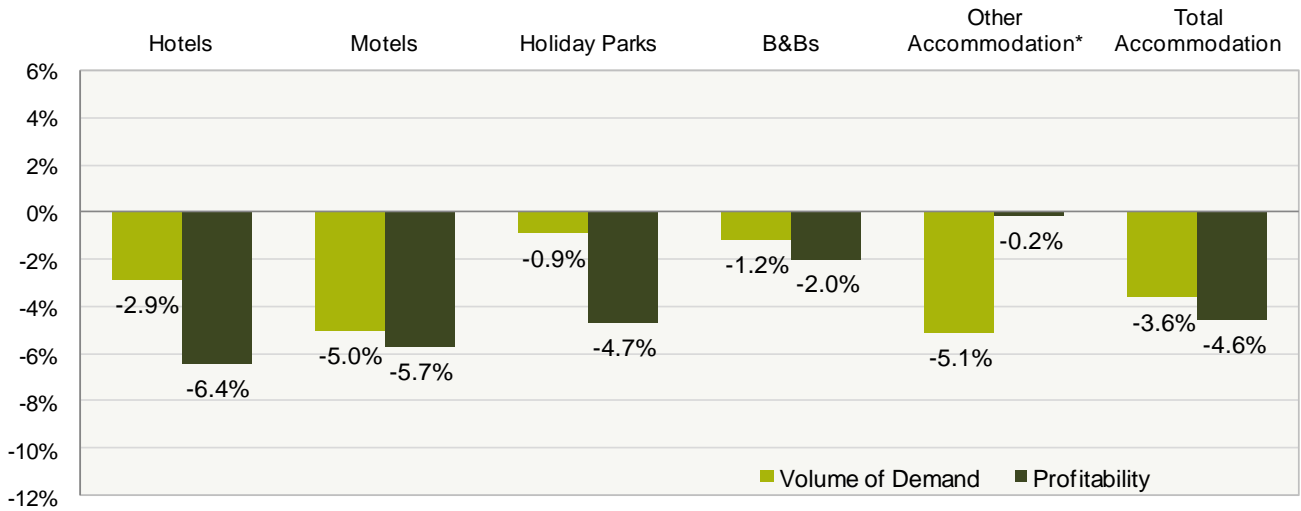
- There is the possibility of an increase in seasonally adjusted demand in all South Island regions over the next 3 months. This increase in optimism is being driven mainly by the expectation of a strong ski season.
- A drop in seasonally adjusted demand of 2-6% is predicted for the Upper North Island, and a similar decline is expected in the Central North Island.
- The Lower North Island is expecting a drop in demand of 0-4% over the next 3 months.



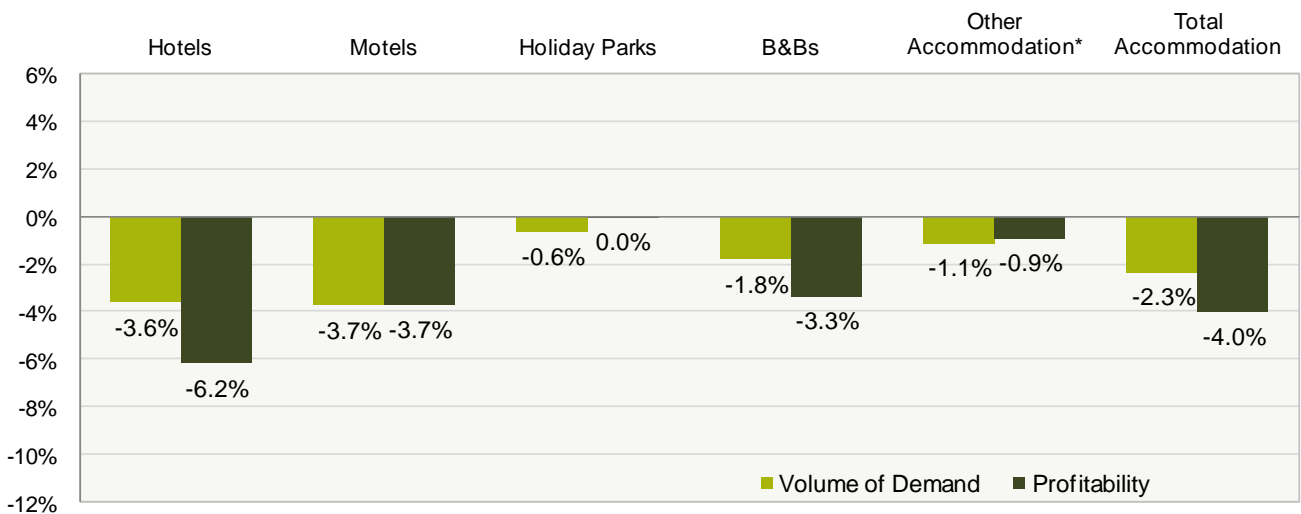
Accommodation Supplement

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.

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

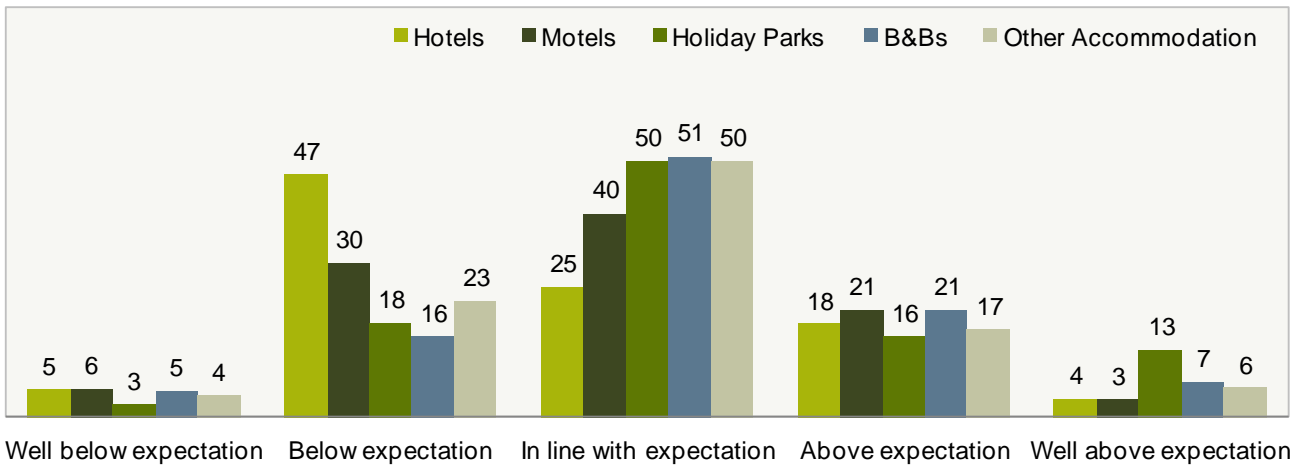


9. Expected change in seasonally adjusted demand and profitability in the next 3 months



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

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



11. Factors limiting the ability of businesses to perform optimally

