New Zealand Market Intelligence Update for NSW Sellers attending ATE 2009

New Zealand Market Summary

The economic outlook in New Zealand remains in an unpredictable position with continued low consumer confidence, widespread redundancies and falling house prices. The newly elected National government (November 08) is currently driving initiatives to stabilise consumer confidence including lowering tax rates and providing business stimulus packages.

The impact of the current conditions is being felt by airlines and other industry partners, with lower than expected forward bookings particularly for long-haul destinations. The trans-Tasman airfare wars have continued to ensure competitive pricing, putting Australia in the best position to leverage off increased short-haul demand.

New Zealand Arrivals to NSW

- The New Zealand market has delivered significant volume and growth in numbers over the past 7 years.
- Tourist arrivals from New Zealand fell by 2.2 percent in 2008 and grew by 3.3 percent in December 2008 compared to the previous year.
- New Zealand (the biggest single source market to Australia) had a total of 1,007,000 arrivals for the year to December 2008 (down 1% on 2007).
- New Zealand is the second largest inbound market to New South Wales (13.0%)
- 360,500 New Zealand visitors to New South Wales, Year ended December 2008 which was a 5.5% decrease from December 2007.
- New Zealand overnight visitors spent $369 million in NSW. In total, they spent over $1.4 billion in Australia. On average, visitors from New Zealand spent $1.024 per visitor and $112 per night in New South Wales. *(Source – Modelled international overnight visitor expenditure in Australia's regions, YE Dec 2008, TRA).*
- New South Wales received 35.8% of visitors and 23.3% of nights by New Zealand travellers to Australia. Compared to YE Dec 2007, the share of visitors was down by 1.4% points and the share of nights was down by 5.1% points.
- Visitors from New Zealand to Australia are expected to increase from 1.1 million in 2007 to nearly 1.3 million in 2017, an average annual growth rate of 1.1 per cent. *(Source – Forecast 2008 Issue 2 (final), Tourism Forecasting Committee)*
- 91.8% of New Zealand Visitors to Australia were repeat visitors, December 2008 *(Source – Tourism Research Australia – IVS Stats YE December 2008).*

Length of Stay

- New Zealand visitors spent a total of 3.3 million nights in NSW – down by 15.8% on Y/E Dec 2007.
- New Zealand contributed 5.7% of visitor nights to NSW – down by 1.2% points on YE Dec 2007.
- Median length of stay in New South Wales has remained at 5 nights, Y/E Dec 2008.
- Average length of stay in New South Wales was 9.2 nights, Y/E December 2008. *(Source – Tourism Research Australia – IVS Stats YE December 2008)*

Market Share

- NSW market share of arrivals from New Zealand has remained fairly constant over the last two years. NSW received 35.8% of all NZ inbound arrivals into Australia, YE Dec 2008. *(Source – Tourism Research Australia – IVS Stats YE December 2008).*
- New Zealand arrivals into VIC, QLD and NSW remain dominant largely due to the large amount of capacity between New Zealand to Sydney, Melbourne, Brisbane and Coolangatta.
- Non-gateway States such as South Australia and Western Australia have some direct flights but airfares are more expensive than East Coast Gateways.

Economic/Political Environment

- Non-gateway States such as South Australia and Western Australia have some direct flights but airfares are more expensive than East Coast Gateways.
- The New Zealand economic outlook remains in a volatile position with low consumer sentiment post election 2008 (held in November) and with the highest recorded inflation rate of 5.1 per cent in 18 years.
- Unemployment is forecast to rise above six per cent for 2009.
- The newly-elected government is driving initiatives to stabilise consumer confidence by introducing tax cuts in April 2009.
- House prices have now hit an all time low and the lowest interest rate in ten years, down to 5.99%, is currently available.
- The NZ dollar is now buying only 1 percent more Australian dollars than it was in July 2008. However, Australia's relative exchange rate position has notably improved compared to key competing destinations such as the US$ and Asian currencies.

Aviation Trends

- Qantas and Air New Zealand are the largest competitors on the trans-Tasman route, accounting for over 60% of passengers. However their share is expected to fall with increased demand for other airlines such as Emirates, Jetstar and Pacific Blue.
- Total inbound arrivals from New Zealand are highly sensitive to changes in airline competition.
- Recently a flood of new airline seat capacity has been announced for the Tasman in late 2008 and early 2009. Capacity on the AKL – SYD route has increased dramatically with the introduction of services by Pacific Blue and Jetstar and the introduction of the Emirates A380 on AKL - SYD route.

- One airline suggested that the Tasman route is again looking like a “bloodbath” for airlines in 2009 which promises continued growth in arrivals from New Zealand. However, the recent entry of Pacific Blue and Jetstar into New Zealand domestic airline operations promises more competition on domestic airline services and increased competition from domestic New Zealand tourism.
- Air New Zealand announced the suspension of their services between Hamilton to Sydney and the Gold Coast from the 29 March to 24 October 2009. This is due to the declining demand in seat capacity and that consumers are also opting to fly ex Auckland.
- Air New Zealand closed down Freedom Air in 2008.
- The Tasman pricing war has driven Jetstar and Emirates to increase seating capacity to their Tasman services. With the influx of online tactical fares, Jetstar are looking to drive market share through cutting fares. Retailers confirm this has spiked interest and bookings; and smart agents see airline price wars provide opportunities for retailers to tie-in land product. (Source: Tabs on Travel – January 27, 2009)

Tourism New South Wales Target Segment

We have selected the same primary target segment as Tourism Australia so that we can leverage off their marketing activity in New Zealand. We believe we have the most ability to influence their length of stay, dispersal and spend per visitor

New Zealand Experience Seekers
- Affluent Young Couples
- Affluent Families
- Affluent Older Couples

These people:
- Are experienced international travellers who see travel and lifestyle as an important aspect of their lifestyle.
- Are predisposed towards activities and pursuits that enhance them as individuals.
- Seek out and enjoy authentic personal experiences they can talk about.
- They have a preference to visit Australia.

They typically:
- Come from households that have higher than average income
- Had an average spend of more than $2,000 per person on their last trip to Australia
- Are open-minded and have an interest in world affairs.
- Are selective about their media consumption.
- Are opinion leaders within their peer and social groups.

Key Buyers from New Zealand

Linda	Bridgland	Destination Manager Australia	Travelplan Holidays
June	Thomas	Product Manager - Australia	Travelplan Holidays
Sharon	Martin	Lifestyle Holidays Manager	Lifestyle Holidays / First Travel Group
Michael	Macpherson	Managing Director	AIM Holidays
Andrea	Stowers	Product Manager	Air New Zealand Holidays
Keri	Edmonds	Global Product and Purchasing Manager	Air New Zealand Holidays

Lindy	Christian	General Manager-Global Product Procurement	Stella Travel
Andree	Sabourin	Managing Director	Keith Prowse Entertainment Travel
Greg	Schein	Business Development	Keith Prowse Entertainment Travel
Melissa	Bloomfield	Marketing Manager - Short Haul	Infinity Holidays
Wayne	Deed	Marketing Manager - Pacific Islands & Australia	Go Holidays
Debra	Phillips	Product Development Manager - Australia	Go Holidays

Key Buyers from New Caledonia

Alain	Mariette	Manager	Unitours
Sandy	Smith	Sales Agent - Australia	Unitours
Maggy	Pontoni	Commercial & Marketing Manager	Eden Tours, New Caledonia
Nathalie	Lebaube	SALES CO ORDINATOR	Eden Tours, New Caledonia

What buyers are looking for in terms of product

- New Zealand buyers are looking for a wide range of tourism products in Sydney and New South Wales, including accommodation, attractions and sightseeing products.
- New Zealand holiday visitors are mostly FIT travellers
- New Zealand wholesalers deal directly with products, ie – they don't work with Inbound Wholesalers.
- New Zealand wholesalers require a range of accommodation pricing from 3 star to 5 star options in Sydney and regional NSW.
- Buyers are interested in new products that will appeal to New Zealand travellers.
- Touring and self drive itineraries are becoming increasingly popular for New Zealand travellers.
- New Zealand wholesalers are increasingly interested in providing add-on packages to Sydney surrounds.

NEW ZEALAND
PLANNING A VISIT TO MARKET

Commission Structure

Inbound Tour Operator	Not relevant to the NZ market
Wholesaler	20 to 25%
Retail Travel Agent	10 to 12%

Brochures and Rates

Brochure Validity	1 April to 31 March

Brochure Space Policy	Financial brochure support is requested for product inclusion.
Setting Rates	July to September
Standard Rate Validity Periods	1 April to 31 March
Peak Booking Periods	February -September
Peak Travel Periods	Year round travel with peaks during school holidays and Christmas/New Year

Visiting the Market

Best Time for Sales Calls	February to March and July to September to start to finalise rates and have opportunity to be included in brochures. Avoid October to December as it is a busy travel and brochure production period.
Key Trade & Consumer Events	OZ Talk NZ held annually in March/April
Key Market Centres to Visit	Auckland, Wellington, Christchurch and then secondary centres.
Tourism NSW Representation	Tourism NSW has an office in Auckland that services the New Zealand market.