

## **AMG Column**

**Tim Cossar**  
**Chief Executive**  
**Tourism Industry Association**

### **Signs of recovery**

It's early days, but there are tentative signs that the worst is over and that after 15 months in decline, New Zealand tourism can again look forward to growth in visitor arrivals. The general feeling since Christmas is, that apart from the weather, things seem to have been a bit better than expected. It's not boom times, but a slow burn recovery seems to be happening, and this is backed up by some of the figures coming through.

#### **Positive pointers**

Positively for the accommodation sector, the latest Commercial Accommodation Monitor shows that guest nights were up 4.4 percent in December compared with December 2008 with international guest nights up by a healthy 6.6%.

All four accommodation types recorded increases compared with the previous December, with hotels showing the strongest increase (up 66,000 or 7.5%), followed by holiday parks (up 28,000 or 3.2%), backpackers (up 24,000 or 5.5%) and motels (up 24,000 or 2.1%). Hotels also had the largest increase in occupancy.

The December international visitor arrival statistics also support a feeling of renewed, albeit cautious, confidence amongst the industry. Australia continued the strong performance which has made it the 'banker market' during what was a very difficult year. Importantly, all our regional markets returned to growth in December according to the February Tourism Leading Indicators Monitor. The Americas were up 9.3%, Asia 3.8% and Europe 3.1%.

As the TLIM observes, this is a good start (and one month does not make a trend) but the outlook for tourism is clearly better than it has been for some time, and across our base markets. That said, visitors from some markets, such as Asia, are likely to get back a bit quicker than others such as the UK, where the recovery still looks shaky.

Profit remains an issue for many, and Australian and domestic consumers probably hold a big key for a large number of operators over the coming 12 months. The risk with Australia is that consumers will resume long-haul travel as the global outlook picks up.

Competition for the international visitor dollar is going to be hotter than ever in 2010 and operators need to give themselves every advantage. Some markets are really ramping up their focus on tourism, for example China intends to develop tourism into a strategic part of its economy and the USA now has an \$800 million fund for marketing globally (funded out of an arrival tax) – something they have never done before.

Market selection, targeted marketing and communication channels are going to be critical in 2010. From what I am seeing and hearing from overseas, the words niche or special interest marketing and targeting are back on the table, for example health and wellness tourism, luxury, sport tourism, nature based tours etc. We can also expect to see the trend for late bookings and online bookings to continue.

#### **Domestic opportunities**

Domestic tourism also offers opportunities. The February Fly Buys/Colmar Brunton Mood of the New Zealand Traveller survey, released by TIA, found that 29% of Kiwis intend to go away for at least one night over Easter 2010, with a further 30% still making up their minds, and therefore open to persuasion.

This quarterly survey of 1000 New Zealanders aged 18 and over provides tourism operators with valuable information about upcoming opportunities, and market intelligence about established and emerging trends.

Of those most likely to travel over Easter, the survey found more than half say they will stay in a motel/motor lodge, holiday park or hotel. Respondents cite finance and too much work as the main barriers to travel, so good value packages around Easter, particularly targeting couples and families, could convert those who'd like to travel but are undecided.

### **Better than expected**

While 2009 was the most difficult the New Zealand tourism industry has encountered in decades, the downturn wasn't as bad as forecast by the Tourism Ministry, or as bad as that experienced by other destinations around the world.

International arrivals to New Zealand in 2009 were almost exactly the same as 2008, that compares with an estimated 4% decrease in international tourist arrivals according to the UN's World Tourism Organisation.

The UNWTO singles out Asia/Pacific for its resilience during 2009. It also observes that the results of recent months suggest that a global recovery is underway, somewhat earlier and at a stronger pace than initially expected, and is forecasting growth in international tourist arrivals of between 3% and 4% in 2010.

### **Increased marketing spend**

Certainly, as mentioned above, New Zealand would not have fared so well in 2009 were it not for the excellent performance of Australia, which, compared with our long-haul markets showed extraordinary results. The growth in Australian arrivals was due in part to the increased marketing effort across the Tasman after the government invested an additional \$2.5 million for tourism promotion in Australia early in the year, a figure that was matched by Air New Zealand.

TIA believes that joint venture marketing between Tourism New Zealand and the private sector and regional tourism organisations is the way of the future, and will help Destination New Zealand grow its market share in what is becoming an increasingly competitive global environment.

We were delighted with the Government's announcement that it is investing an additional \$20 million into marketing Destination New Zealand internationally this year, \$5 million of which is earmarked for joint venture promotions with eight groups to market their regions. This JV fund will focus on Australia, with Tourism New Zealand planning to direct the balance of the \$20 million into marketing activities in UK/Europe, USA and China.

[www.tianz.org.nz](http://www.tianz.org.nz)