



Tourism Industry Monitor

Tracking the Performance of the Tourism Sector

March 2009

About the Tourism Industry Monitor

The Tourism Industry Monitor (TIM) is an industry initiative led by the Ministry of Tourism, the Tourism Industry Association, Tourism New Zealand and the New Zealand Hotel Council. It is strongly supported by all of New Zealand's major tourism organisations.

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. It will be topical and relevant to tourism businesses in a rapidly changing market. 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 over 1,000 responses from a wide range of tourism businesses including hospitality establishments, transport operators, attraction and activity providers, and booking/wholesale agencies. The respondent base will grow further as the TIM establishes itself as a valuable source of information for the tourism industry. The main results for March 2009 are presented in the following pages.

The information is collected through a monthly online survey of tourism businesses that takes less than 5 minutes to complete. Businesses submit data within the first three working days of the month at www.covec.co.nz/TIM and receive the results at the end of the sixth working day. 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 1-3 April 2009.

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

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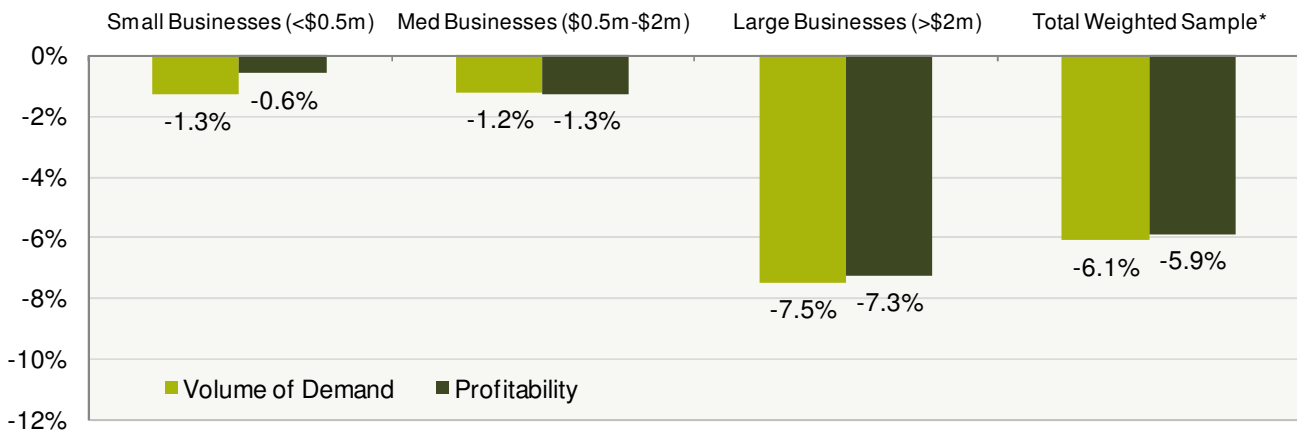
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Summary of Results

- On average, the businesses that responded to the survey reported a 6.1% fall in demand in the past three months (relative to the same period last year), and a 5.9% fall in profit. Large tourism businesses experienced a larger drop off in demand and profitability than small and medium-sized businesses.
- Demand is expected to fall by 8.2% in the next three months (relative to the same period last year), and industry profits are expected to fall by 7.8%.
- The outlook is relatively neutral for both domestic and Australian inbound tourism. There is wide expectation that visitor arrivals from all of our major long-haul markets will fall in the next three months (relative to the same period last year). The greatest pessimism is around the UK, US, Japanese and Korean markets.
- 67% of small businesses, 68% of medium businesses and 51% of large businesses performed in line with or above expectation in the past three months. This suggests that the majority of tourism businesses have quickly come to terms with the current trading environment.
- Regions with a heavy reliance on long-haul markets are more pessimistic about their performance over the next three months than regions hosting high proportions of domestic and/or Australian visitors.

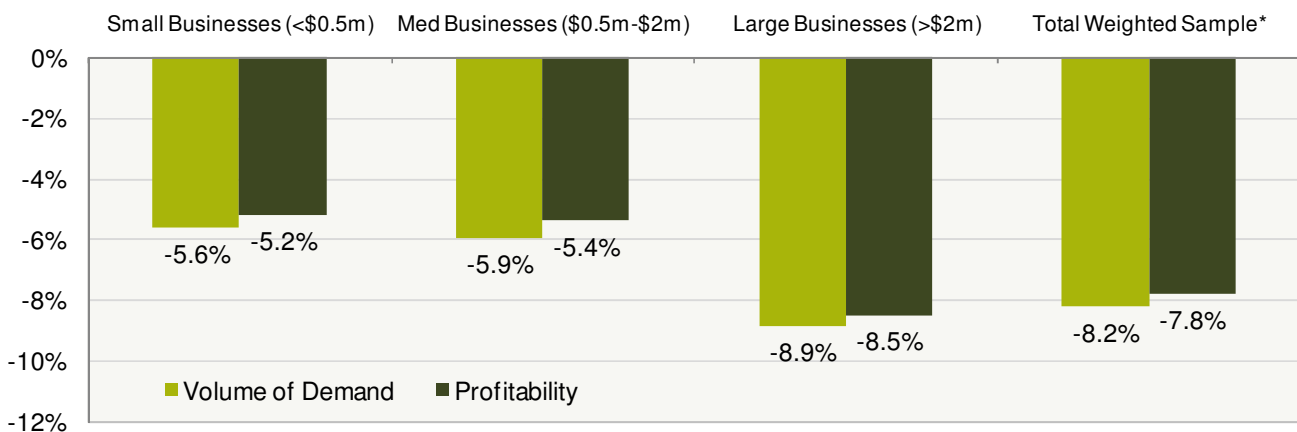
1. How have the following changed over the past 3 months relative to the same period last year?

- Small and medium sized businesses experienced small declines in demand and profit over the past 3 months. Large business demand fell by 7.5% and profit fell by 7.3% (relative to the same period last year).



2. How do you expect the following to change over the next 3 months relative to the same period last year?

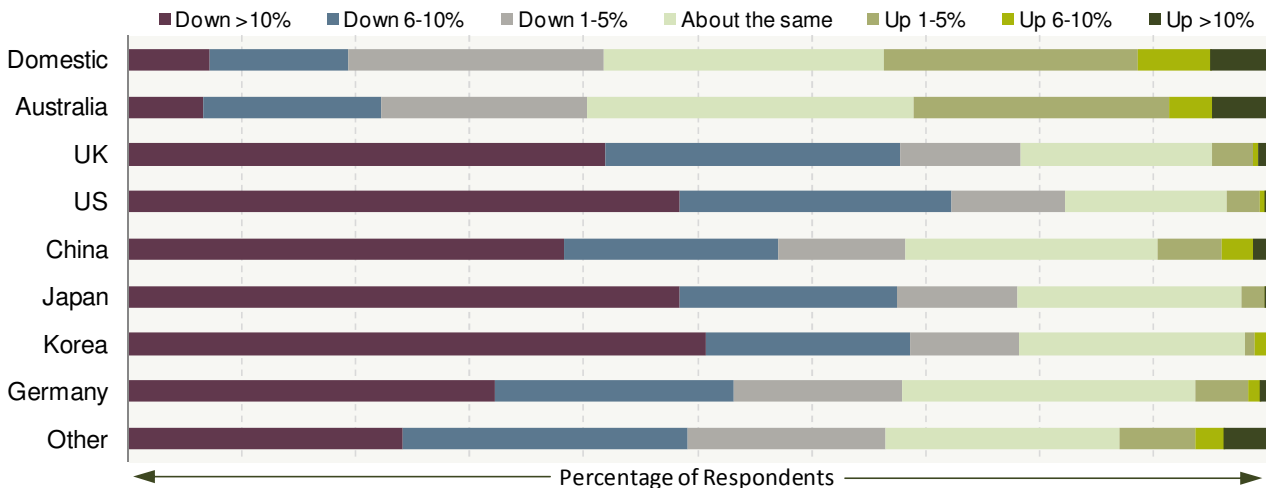
- Small and medium sized businesses expect performance to decline by 5-6% in the next 3 months (relative to the same period last year). Large businesses expect performance to decline by 8-9%.



*Total weighted sample means the weighted average of all responses submitted. The weights are based on annual turnover.

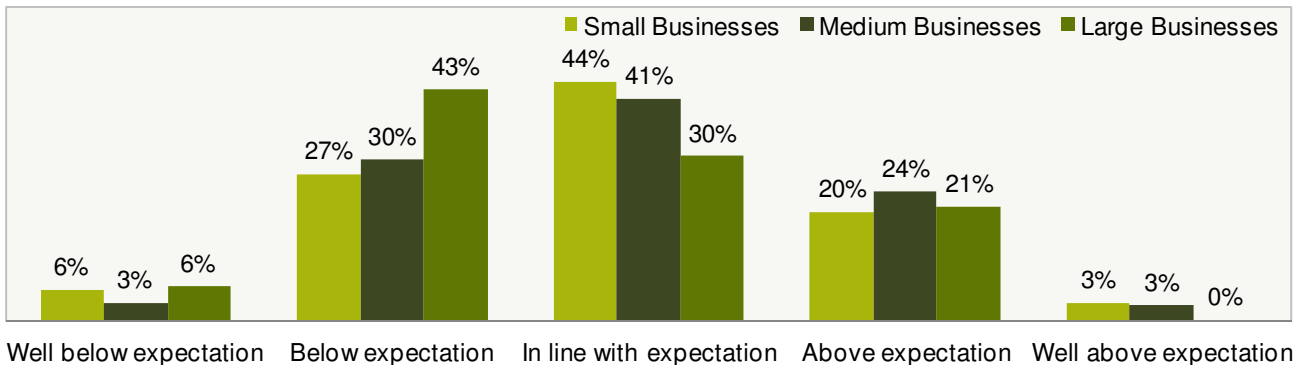
3. How do you expect demand from the following markets to change in the *next* 3 months relative to the same period last year?

- There is still a reasonable degree of optimism around the domestic and Australian markets, with over 30% of businesses expecting demand from these markets to increase.
- Around 80% of businesses expect demand from the UK and US to fall by at least 6% in the next 3 months.



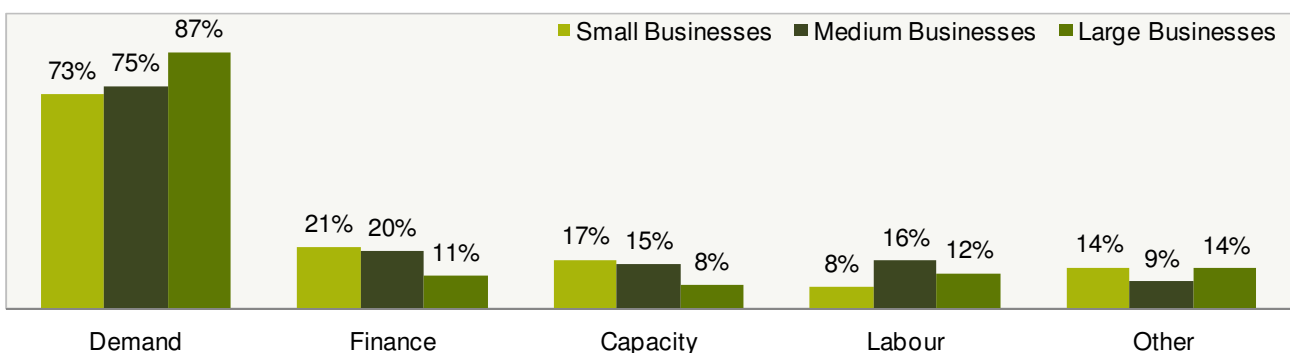
4. How does the performance of your branch/division over the past 3 months compare with prior expectation?

- The performance of at least half of the tourism businesses in each size category were in line with or ahead of prior expectations.



5. Which factors are limiting the ability of your branch/division to perform optimally? A shortage of...

- Demand is the key factor affecting performance at present. Finance is also an issue, particularly for small and medium-sized businesses.

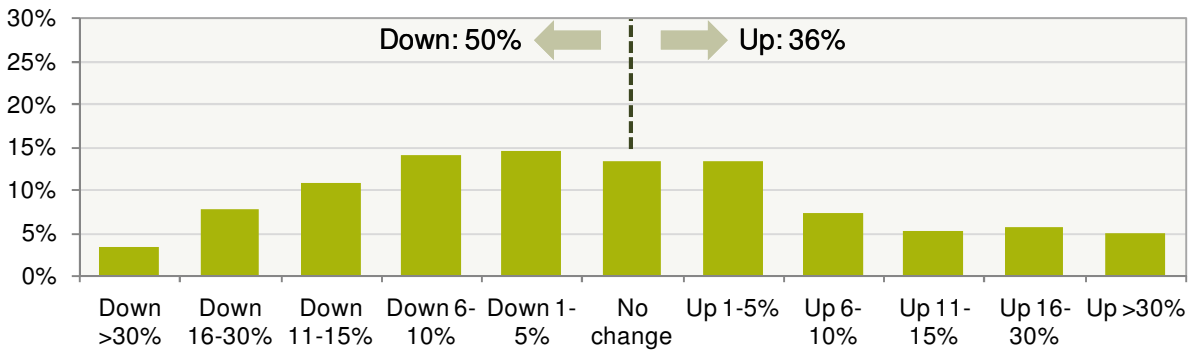


6. How has demand changed over the past 3 months relative to the same period last year?

- On average, small and medium-sized businesses performed better than large businesses in the past 3 months. Around half of small and medium-sized businesses experienced a fall in demand, compared with 72% of large businesses.

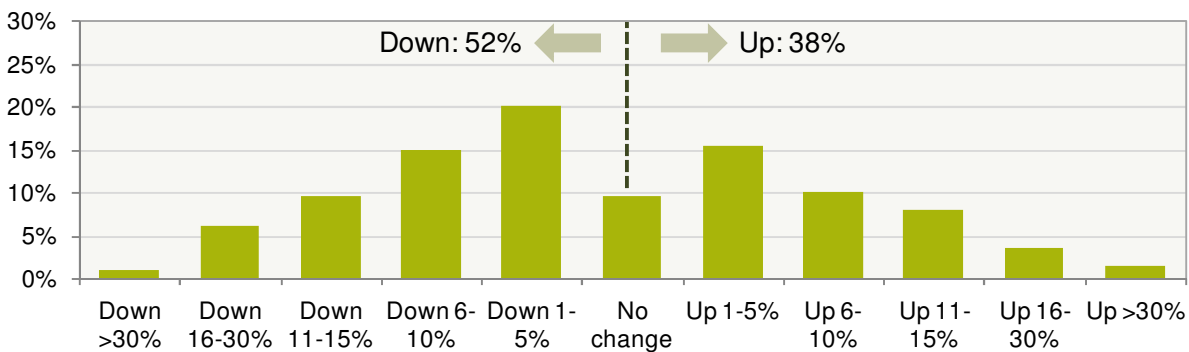
(a) Small businesses (less than \$0.5m)

- 36% of small businesses experienced an increase in demand over the past 3 months, while 50% experienced a decrease.



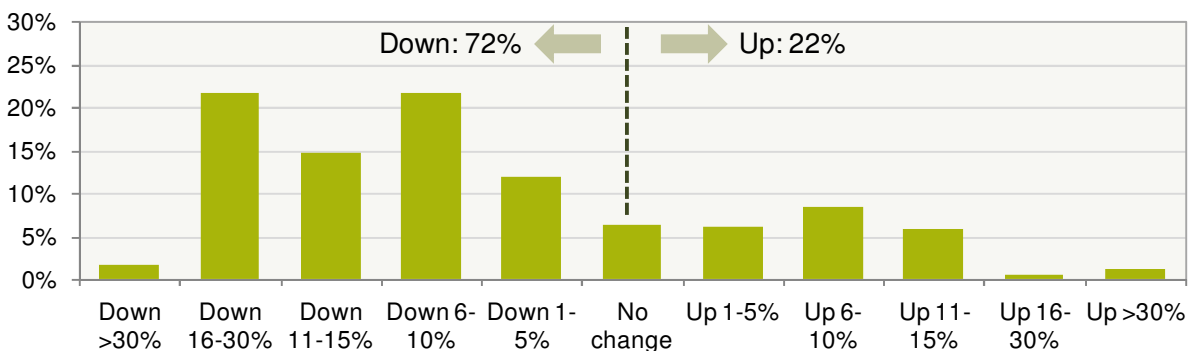
(b) Medium businesses (\$0.5m-\$2m)

- 38% of medium-sized businesses experienced an increase in demand over the past 3 months, while 52% experienced a decrease.



(c) Large businesses (more than \$2m)

- 22% of large businesses experienced an increase in demand over the past 3 months, while 72% experienced a decrease.

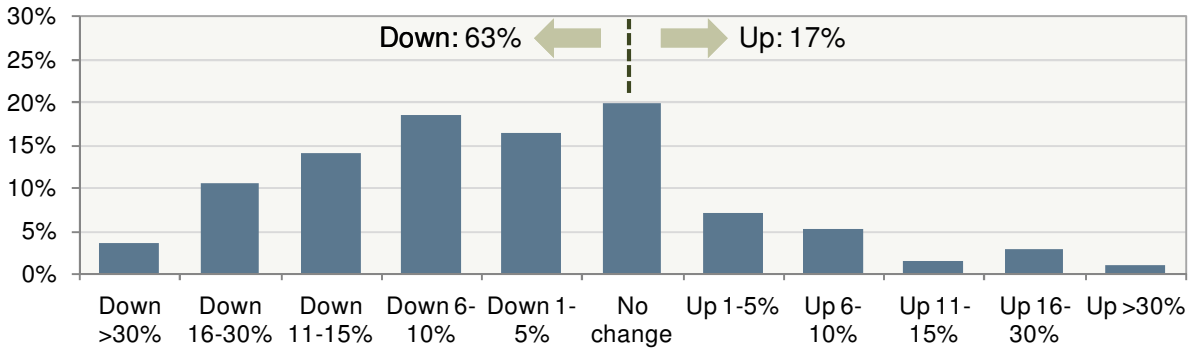


7. How do you expect the following to change over the next 3 months relative to the same period last year?

- On average, small and medium-sized businesses expect to perform slightly better than large businesses over the next 3 months. Around 60% of small and medium-sized businesses expect demand to fall, compared with 79% of large businesses.

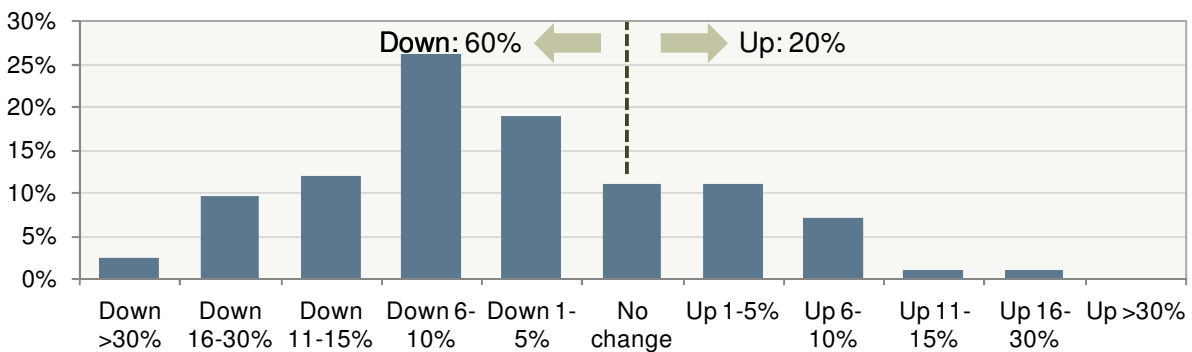
(a) Small businesses (less than \$0.5m)

- 17% of small businesses expect demand to increase over the next 3 months, while 63% expect a decrease.



(b) Medium Businesses (\$0.5m-\$2m)

- 20% of medium-sized businesses expect demand to increase over the next 3 months, while 60% expect a decrease.



(c) Large Businesses (more than \$2m)

- 15% of large businesses expect demand to increase over the next 3 months, while 79% expect a decrease.

