

New Zealand

Market & Trade Profile



NEW ZEALAND Market & Trade Profile

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1) Market Snapshot

GENERAL MARKET CONDITIONS

Population: 4 million - growing and aging
IMF Forecasts 2006: GDP (based on PPP per capita) USD\$25,849, GDP Growth Rate 2.5%, Inflation 2.7 %, Unemployment 4.2%

ACCESS OVERVIEW

No visa required for visits of less than 6 months duration
Air New Zealand, Singapore Airlines, Cathay Pacific offer true through flights with one stopover. Auckland and Christchurch are key start points. Emirates, Qantas, British Airways and other airlines offer large number of indirect / stopover flights.

MARKET SIZE / MARKET SHARE

2.1 million outbound in 2004. UK has 8.2% market share
UK ranked 2nd outbound destination (top three are Australia, UK, USA)
174,000 visits in 2004 (up 21% on 2003)
£120m spent in 2004 (up 29% on 2003). AEV £690; AED £39

MARKET SHAPE / MARKET DYNAMICS

49% are VFR visitors; 34% HOLIDAY. New Zealanders' motivations for travel to Britain can be the combination of VFR and holiday.
ALS 18 days. 37% stay 15+ days
41% visit in core July-Sept period

BRAND & PRODUCT MARKET FIT

History / Heritage / Culture, Landscape, Shopping, Festivals & Entertainment
Touring, value for money products, rural experiences, authentic accommodation

DEMOGRAPHICS / POTENTIAL CONSUMER SEGMENTS

Active Retired Seniors, Empty Nesters, Working Holiday Extenders

REACHING THE NZ CONSUMER

Internet access 78%

2) General Market Conditions

Population / Languages

The US Census Bureau puts the population of New Zealand at just under 4 million. Half the population is over 35 years old and 12% is aged 65 and over.

According to Statistics New Zealand, the population is increasing at an annual rate of 1.3%.

Three out of four New Zealanders live on North Island. Auckland is the most populous urban centre with 1.2 million residents. Some 0.36 million residents of South Island live in the Christchurch Urban Area

Analysis of the most recent UK Census reveals that in 2001 there were 58,000 New Zealand born residents living in the UK

Languages: - English and Maori (an estimated 100-160,000 Maori speaking population)

Economics / Politics

A general election on 17 September 2005 brought no majority winner, the incumbent Prime Minister, Helen Clark, won 50 seats but the main opposition party won 49 seats. Helen Clark has entered into a fragile coalition agreement with two minor parties, but the Economist doubt whether the arrangement will enable the government to serve its full 3-year term.

New Zealand's economy has remained fairly healthy over recent years with latest figures showing the economy expanding at around 4% per annum and an unemployment rate of 3.7%. The IMF forecast a gradual slowing in economic growth over the coming eighteen months, in part due to higher than expected fuel prices.

Holidays / Annual Leave

New Zealanders get 3 to 4 weeks of paid annual leave and there are 11 Public Holidays.



3) Access Overview

Political Situation

No political issues currently exist to restrict travel between New Zealand and UK.

Passport and Visa Issues

No visa required for visits of less than 6 months in duration.

Gateways / Access to Britain

In 2004 (IPS), 76% of New Zealand visitors travelled to UK by air and a further 24% via the Channel Tunnel or Sea (in all likelihood as part of a wider European tour).

Current airline capacity is over 2500 seats per day outbound 'en route' to Britain on Air New Zealand (NZ), Singapore Airlines (SQ), Emirates (EK), British Airways (BA), Qantas, (QF) Cathay Pacific (CP), Thai (TG), Malaysian (MX) and other carriers.

The most direct journey requires a minimum of one transit (or stopover) and travelling time is approximately 24 hours point to point. Starting point is usually Auckland (AKL) or Christchurch (CHC).

As at January 2006 the main airlines servicing the route are:

NZ: Daily to LHR from AKL via LAX.

SQ: Daily to LHR and MAN. 17 Flights per week, 12 flights from AKL, five from CHC.

CP: Double dailies to LHR from AKL five times a week via HKG.

EK: Nine flights a week to LHR, LGW, MAN, BHX, GLA from AKL and CHC via either SYD, MEL, BNE, SIN, BKK, and DXB.

BA: Double dailies to LHR from AKL via SYD code share with QF on Tasman.

Also daily from AKL via HKG code share with CP.

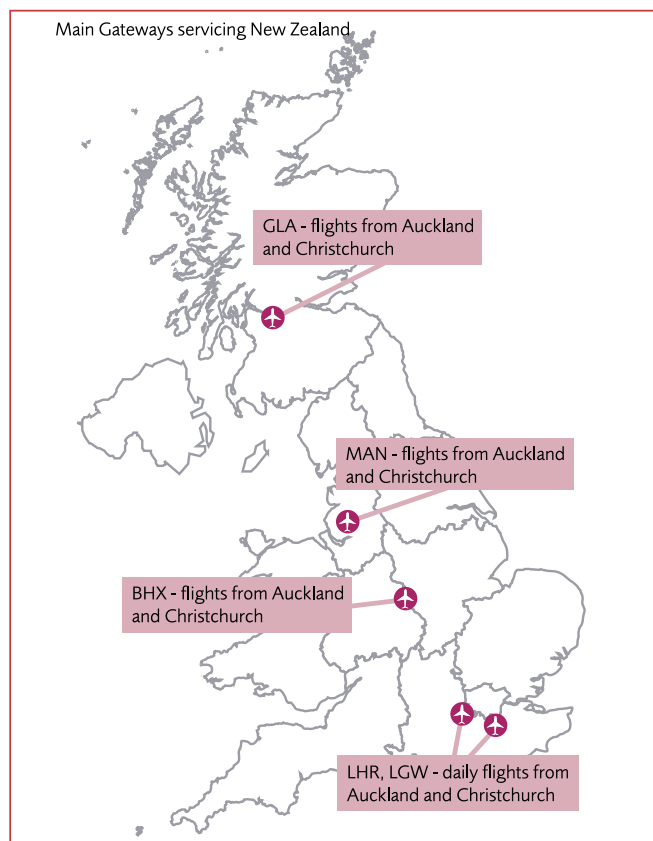
QF: daily to LHR from AKL via LAX, code share with BA.

TG: Daily from AKL via BKK

MX: Daily from AKL via KUL

The 2006 high season airfare is approximately NZ\$1899 return.

An Air Services Agreement has recently be signed between UK and New Zealand facilitating increased access.



4) Market Size/Share

Current & Forecast Market Size

Global Insight estimates that there were 2.11 million outbound overnight visits from New Zealand in 2004. By 2010, this is forecast to be 2.66 million, a growth of 26%. UK currently accounts for 8.2% of outbound trips from New Zealand - and this percentage is likely to increase slightly to 8.3% in 2010.

Key Competitor Destinations - actual

Global Tourism Navigator shows us that UK was 2nd in the actual ranking of top destinations (short and long haul included) for New Zealand outbound travel in 2004. Italy is the significant European competitor.

1	Australia	6	Thailand
2	UK	7	Hong Kong
3	USA	8	China
4	Singapore	9	Italy
5	Fiji	10	Canada

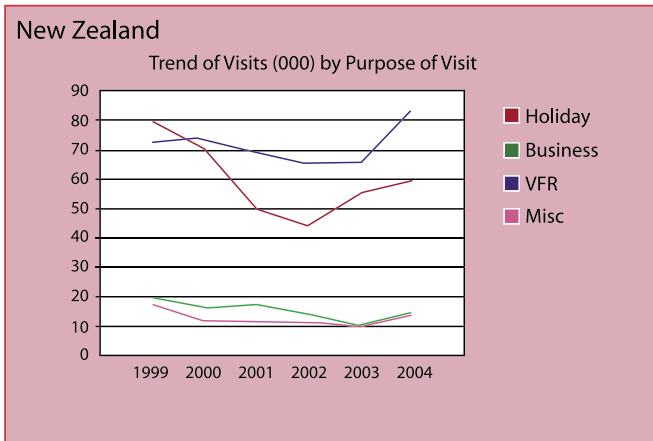
Current Volume and Value Statistics / Trends

	2003	2004	Change year on year
Total Visits	144,000	174,000	+21%
Visits Rank (League Table No. Visitors to UK)	24	24	No change
Total Spend	£93m	£120m	+29%
Spend Rank (League Table £ Spend in UK)	28	25	Up 3 places
Average Spend per Visit (AEV)	£650	£690	+6%
AEV Rank	26	20	Up 4 places
Average Spend per Day (AED)	£39	£39	No change
AED Rank	Outside top 30 rankings		

1999 was the best ever-recorded year for visits and spend for New Zealand, with 193,000 visits and £141 million spend.

5) Market Shape / Dynamics

Purpose of Visit



Almost half of all New Zealand visitors come to the UK for VFR (49%). This figure compares with a global average for inbound visits to the UK to see friends or relatives of 28% in 2004.

Holiday visitors still make up a large proportion - at 34% - and back in 1999 there were slightly more holiday visits than VFR - although now there is a widening gap.

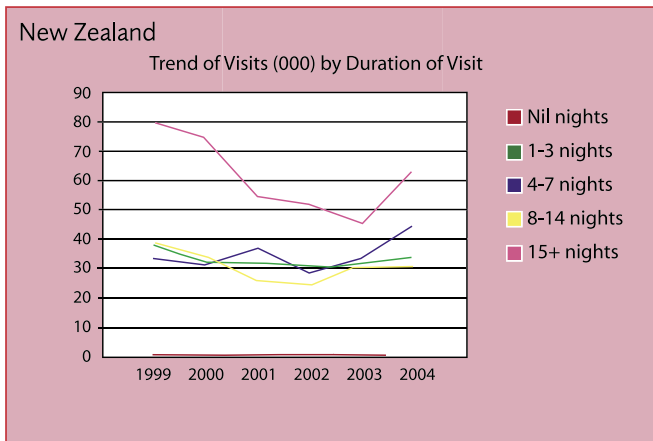
However, New Zealander's motivations for travel to Britain can include the combination of visiting friends and relatives and a holiday.

The latest NZ census shows that 4/5 New Zealanders claim UK ancestry.

The 2001 UK census finds that there were over 58,000 UK residents who had been born in New Zealand - an increase of 51% on the 1991 census. These residents are most likely to be found in London.

New Zealanders don't visit UK for short-term study purposes but many perceive it a right of passage to have a 'Big OE' in Britain (big overseas working-holiday experience), and only 9% of visits are for business purposes. There is more on business visits specifically in section 10 of this document.

Length of Stay



Naturally given the distances involved, New Zealanders are long-staying visitors to UK - with an ALS (average length of stay) of 18 days overall.

ALS

VFR - 22

HOLIDAY - 14

BUSINESS - 11

37% of visits are for duration of 15 days or longer - rising to 50% of visits for VFR.

However, short breaks (possibly as part of a wider European tour) are in evidence, and 4-7 night breaks have been gaining share over the past few years (currently 26% of all visits).

Regional Spread

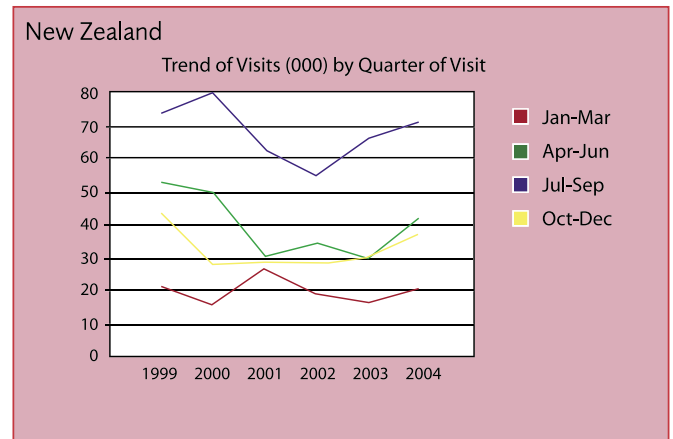
98% of New Zealand visitors stayed in England, 59% in London, 14% in Scotland and 6% in Wales in 2004 (IPS).

Nearly one-in-seven visits to the UK from New Zealand include some time spent in Scotland, with around 10% of New Zealand visitor spend accruing north of the border in 2004 (with 2% in Wales). However, London features in nearly 60% of all visits from New Zealand, but captures just 26% of New Zealand visitor nights and 41% of visitor spend.

Top Towns for New Zealanders in 2004 were:

	Visits (000)
1 London	102
2 Edinburgh	13
3 Glasgow	5
4 Bristol	5
5 York	5

Seasonal Spread

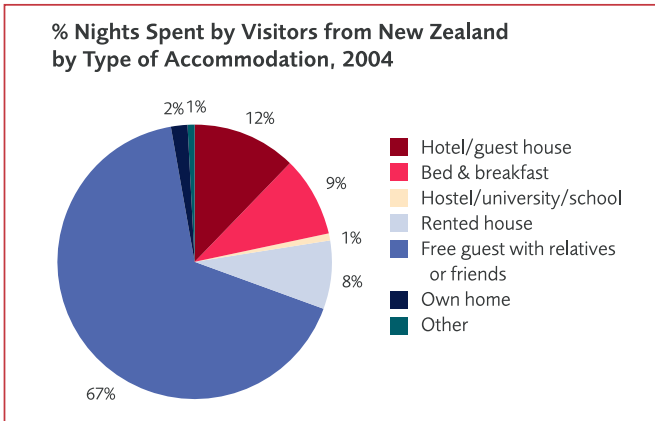


According to IPS 2004, the core July-September period is the most popular for New Zealand visitors - regardless of whether they are VFR or holiday visitors. 41% of visits take place during this quarter.



5) Market Shape / Dynamics (Continued)

Accommodation Type



In 2004 (IPS), 68% of New Zealand visitors stayed as a free guest with family and friends (making up 67% of all nights). 32% stayed in a Hotel / Guesthouse and 11% in a B&B during their stays in UK.

Holiday visitors are equally likely to stay in a Hotel / Guesthouse OR as a free guest. 88% of VFR visitors stayed as a free guest.



6) Who is the New Zealand visitor?

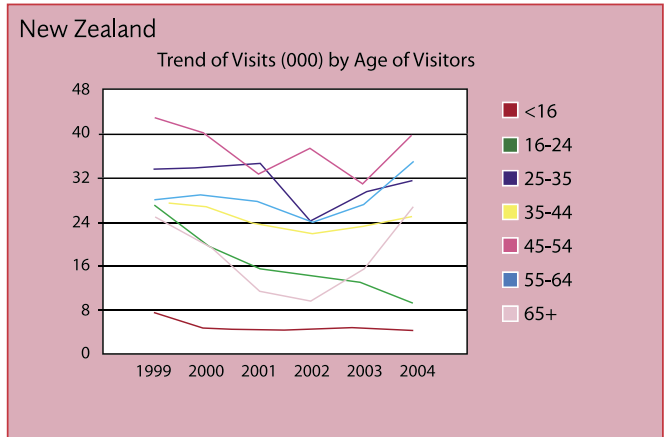
Demographics

	Male %	Female %
0-15	5	0
16-24	4	7
25-34	13	23
35-44	19	10
45-54	21	25
55-64	21	19
65+	16	15

Travelling Group 2003	% of Visits
Lone Traveller	41
As a couple/with partner	35
Group of friends	3
Family group	18
Business colleagues	1
Tour Group	1
Don't know	0

In IPS 2004, 49% of New Zealand visitors are male and 51% female. VFR are slightly more likely to be female (55%), holiday visitors are equally split, and business visitors are mostly male (79%).

New Zealand visitors are older than Australians but otherwise have a fairly evenly distributed age profile. 45-54 year olds made up 23% of all visits in 2004, and growth over time is coming from older New Zealanders. VFR visitors have an older profile than holiday visitors - 46% are aged over 55 years, compared to 29% of holiday visitors.



74% of visits from New Zealand in 2004 were from New Zealand nationals. 22% were British nationals (expatriates living in New Zealand) and 4% expatriates of other origin. Amongst VFR visitors, 28% are actually British nationals visiting friends and family back home in the UK. Only 10% of holiday visitors are British expatriates - these are largely New Zealand nationals.

In terms of Travelling Group (IPS 2003), New Zealanders are most likely to visit alone or with a partner. Just under 1/5 are likely to travel as a family group.

VB Key Market Segments

Active Retired Seniors / Empty Nesters

Mature age groups within the region (+50 years) have a much stronger affinity towards Britain than their younger counterparts, which explains why seniors and empty nesters respond far more favourably to VisitBritain communications.

1st Timers & Repeat Visitors

In 2004 (IPS), 68% of New Zealand visitors had visited UK previously (within last 10 years).

7) Caring for the New Zealand Visitor

The most common demand from the New Zealand visitor is value for money.

Hired car is the most popular mode of transport while in Britain (56%), followed by rail travel and coach travel.

Over 75% of all New Zealand visitors will visit a theatre or take part in a sporting or cultural activity while they are in Britain.

Accommodation

Most flights arrive early in the morning, so try and make a room available as early as possible on the first day. Otherwise provide an opportunity for a shower and somewhere to store luggage. These people may not have slept for 30 hours or so.

The New Zealand visitor will have travelled a long way, and new arrivals will almost certainly have jetlag (minimum travelling time is 24 hours). Allow some recovery time and if planning an itinerary, do not make it too intensive for the first couple of days, and do not have a hosted dinner the first evening.

Visitors from New Zealand are used to large rooms, cleanliness and a relatively high level of service. If rooms are small, make sure they are aware of extra space that they can use - a lounge, swimming pool or a bar. A shower is far more important than a bath and they would be upset not to have access to a shower at least once a day. They are accustomed to high-pressure showers, not a weak dribble from a nozzle, and are also used to gallons and gallons of hot water being available.

Tea and coffee making facilities are available in most hotel rooms in New Zealand, and New Zealanders will expect to be able to make a cup of tea when they wish whilst in Britain.

Interaction

A friendly manner is important. New Zealanders are on holiday to have fun. They have a strong interest in history and like to know a lot about the area in which they are staying.

New Zealanders will often eat out in a different place to where they are staying. They do like to get to know the locals and have a chat in the bar. They tend to prefer cheaper, more informal restaurants, bars or cafes.

New Zealanders are not used to tipping. They often find it embarrassing, and do not know the etiquette of tipping. They will sometimes tip if the service or welcome has been exceptional, though more often than not, some heartfelt words of appreciation will be all they feel is required.

Referring to 'Poms' is more of a friendly endearment than an intended insult.

It is ideal to know the difference between a New Zealander and an Australian through accent rather than call a Kiwi an Aussie. On the sporting field Aussies and Kiwis are fierce competitors but generally great mates off it, and Kiwis and Aussies often welcome meeting up when travelling overseas.

Dress standards can appear more casual in New Zealand. It is quite acceptable to go to a restaurant in tidy jeans and an open neck shirt. Make it clear to visitors when a jacket and tie is required.

8) Reaching New Zealand Consumers

Deciding, planning & booking patterns

Itineraries for holidays from Australia & New Zealand tend to be fairly complex in nature and therefore the buying process associated with it tends to revolve around the use of retail travel agencies through outbound wholesalers over a period of 12 - 24 months.

There is good scope to effectively promote value-added products to this audience over an extended period of time in order to extend the regional value of their trip. The different products (flights, accommodation etc) are often bought separately, depending on the availability of specials in the marketplace.

Media Habits

Press Trips / Media & PR Strategies

New Zealand has one national daily newspaper, The New Zealand Herald, and two weekly national newspapers - Sunday Star Times and Herald on Sunday. In addition, each major city has its own daily paper or papers, such as the Dominion Post in Wellington, and the Press Christchurch.

There are three major television stations: Television New Zealand - the state owned broadcaster with channel one and channel two, plus TV3 and Prime TV. In addition there are pay channels such as Sky TV. There are a range of radio stations and consumer magazines to suit all tastes.

Print Press

New Zealand Herald - Daily national
Sunday Star Times - Weekly national
Herald on Sunday - Weekly national

Main Centre dailies

Dominion Post - Wellington Region
The Press - Christchurch
The Otago Daily Times - Dunedin
Community newspapers

Print / Magazine

Cuisine
House and Garden
New Idea
Next
New Zealand Gardner

Travel Magazines

Destinations
On Holiday

In-Flight Magazines

Air New Zealand in-flight magazine

8) Reaching New Zealand Consumers (Continued)

Online Environment

The ETC estimate that 78% of New Zealanders have Internet access (2005).

Although there has been only a modest increase in internet users in the last year, the use of travel websites is buoyant and in 2003 44% of the population in New Zealand went online to plan or book overseas travel (Source AC Nielsen). At this stage usage tends to be for domestic and short haul travel. Air New Zealand Holidays is about to launch London online and one of the major wholesalers Gullivers Holidays (a New Zealand company) provides online holidays through their partnership with Zuji. However, because itineraries for long haul travel can be extensive, booking through travel agents still remains popular.

The availability at present to buy certain products online is far more restricted locally than more traditional offline methods and the propensity to buy online is still far lower than in UK/USA due to the complexity of the overall itineraries.



9) The Trade

Overview of trade structure

The travel trade in New Zealand is basically made of wholesale and retail.

One of the differences between Australia and New Zealand trade is that New Zealand wholesale and retail distribution are more advanced in terms of vertical integration.

Wholesalers

Most New Zealand wholesalers have their headquarters in Auckland, however some of the sports operators and larger retail agents dealing in groups can be in other areas.

Most of the retail distribution is strongly linked to the major wholesalers. Product can be highly influenced by wholesale, or wholesale serves their retail distribution network and delivers product more influenced by retail. The swing is determined by whether the wholesaler fully owns the retail network, partly owns or partly franchises.

All major wholesalers invest heavily in producing a glossy comprehensive UK or UK/Europe brochure.

The major wholesalers are:

- Gullivers Holidays, (absorbed Passport Holidays) with 40 owned outlets, 150 franchised shops, tour and ticketing operations and investments in three corporate travel agencies. Retail brands include Holiday Shoppe, United Travel, Gullivers Holidays and Zuji.
- Travelplan Holidays with 90 owner operator outlets branded House of Travel.
- Flight Centre's Infinity Holidays division with 107 owned retail agencies branded Flight Centre.
- Go Holidays (absorbed Aspac Vacations) with agreements with retail agencies branded Travel Smart and 40 Harvey World Travel agencies. They also work with Flight Centre.

Gullivers Holidays bought British travel company Pacific International with businesses in New Zealand, Australia and Britain late in 2005 and since listing on the NZX. It is reported that Gullivers Holidays and Go Holidays will be seeking synergies in operations flowing through in 2007.

Air New Zealand wholly owns a wholesale division, Air New Zealand Holidays, and has recently launched dynamic packaging functionality on its main consumer website. London is about to be featured. Gullivers provide this through a partnership with Zuji.

Marketing Representation

Marketing representation is available in New Zealand from a number of companies, who will agree a budget and marketing plan beforehand.

Travel Agencies

There are approximately 680 accredited IATA retail travel agencies in New Zealand, with approximately 3,000 people employed in the retail travel sector. The majority of these agencies are members of TAANZ (Travel Agents Association of New Zealand) and as such adhere to a code of conduct, which includes the provision of a financial bond. 70% of TAANZ agents are in the North Island.

As mentioned above, major wholesalers and retail chains wholly own many retail agencies. Of the remainder, many are franchised or belong to a travel agent collective benefiting from membership deals. There has been a marked increase in group-owned and franchised agencies in recent years with many of the chains merging.

Travel agency chains are affiliated to particular wholesalers and will support their chosen preferred wholesaler's product.

Agencies are highly computerised with almost 100% access to CRS systems.

Reaching the New Zealand Travel Trade

One of the best ways to target the trade is to make contact with them face to face via sales calls. Make an appointment to see VisitBritain in Auckland before your visit. They will update you on the state of the market, the locations of various offices etc.

The main planning months in New Zealand are March, April, May, June and July. Any later than that and you will more than likely have to wait until the following year for any influence on programmes. Most wholesalers' UK brochures will appear in the New Zealand market place in October/November.

The busiest UK promotional period in New Zealand is November through to April (New Zealand summer time). November and February are the two busiest months. You may have difficulty in seeing the people you wish to, as they are often busy launching promotions and new products.

Business hours are 0830-1700, although people will often be in the office earlier or later. New Zealanders are very informal in their manner and will generally prefer to use first names. They do however respect punctuality.

10) Business Visits / Events

Business Visits Statistics & Trends

In 2004, only 9% of all visits from New Zealand to the UK were for business purposes - and this accounted for 17% of all spend.

New Zealand business visits are 13% Conferences, Large meetings, Trade Fairs or Exhibitions and 87% individual business travel.

BUSINESS VISITORS NEW ZEALAND	Visits 2004 (000)	%Business Visits	Spend 2004 (£m)	% Business Spend
Trade Fair / Exhibition	1	6.5	2	11.2
Conference / Large Meeting	1	6.8	1	3.7
Other Business	13	86.7	17	85.2

BUSINESS VISITORS NEW ZEALAND	AEV (£)	AED (£)	ALS (Days)
Trade Fair / Exhibition	2281	193	11.8
Conference / Large Meeting	716	190	3.8
Other Business	1309	119	11.0

It is impossible to estimate from IPS the proportion of Business travel that is Incentive travel.



11) VisitBritain in New Zealand

Working in Partnership with VisitBritain

There are many ways of working in partnership with VisitBritain in any of our 37 global markets. We deliver numerous marketing campaigns and produce various targeted guides and publications which are seen by millions of potential visitors throughout the world - offering excellent advertising and partnership opportunities.

We undertake both print and online advertising, and produce e-newsletters communicating with both consumers (via our substantial databases) and our trade partners on-territory whilst the exhibitions, workshops, sales missions and media events we organise provide the perfect platform to promote your product firsthand to trade, press and consumer visitors.

In some markets where the travel trade remains a crucial element of the booking process we produce Agents' Sales Guides and offer Agents' on-line training programmes to ensure both the destination and range of British tourism product is at the forefront of the travel agent's mind. For more details on these and other diverse opportunities in markets of interest to you, please visit our UK Industry Website and read our worldwide marketing prospectus, or contact your VisitBritain representative in London or overseas.

www.visitbritain.com/ukindustry

Overseas Contacts

Lynette Murray
Trade & Media Relations Manager
 VisitBritain - Auckland Office
 Level 17, IAG House
 151 Queen Street
 Auckland
 New Zealand
 T: (+64) (0)9 309 1899
 F: (+64) (0)9 377 6965

IN SYDNEY, AUSTRALIA

Michael McCormick, Manager
 VisitBritain - Sydney office
 Level 2, 15 Blue Street
 North Sydney
 NSW 2060, Australia
 T: (+61) (0) 2 9021 4401
 F: (+61) (0) 2 9021 4499
 E michael.mccormick@visitbritain.org

Mark Haynes
 Marketing Manager
 T: (+61) (0) 2 9021 4402
 E mark.haynes@visitbritain.org

Kersti Martin
 Marketing Executive
 T: (+61) (0) 2 9021 4405
 E kersti.martin@visitbritain.org

Jane Shute
 Internet & CRM Executive
 T: (+61) (0) 2 9021 4403
 E jane.shute@visitbritain.org

Dominic Tassell
 Contact Centre Manager
 T: (+61) (0) 2 9021 4407
 E dominic.tassel@visitbritain.org

London Contacts / Further information

For any further information relating to the New Zealand market, please contact the London-based International Markets Team <http://www.tourismtrade.org.uk/visitbritaincontacts/OverseasMarkets.asp>

Alternatively, visit VisitBritain's dedicated website for the UK tourism industry: www.visitbritain.com/ukindustry

Why not sign up to our Industry E-Newsletter, or register with VisitBritain to be kept up to date with all that's new in New Zealand and other markets worldwide?

Information Sources used to compile this report

- International Passenger Survey figures (IPS) 2004 (Office for National Statistics)

NB: *Data from International Passenger Survey has been made available by the Office for National Statistics and has been used by permission. The ONS do not bear any responsibility for the analysis or interpretation of the data reported here.*

- VB Foresight
- IMF / Economist / US Census Bureau
- Global Tourism Navigator
- ETC (European Travel Commission) and ETC New Media Review
- WTO
- VisitBritain New Zealand Business Plans, Insights and Intelligence Reports 2005

Useful Websites

- British Council - www.britishcouncil.org
- www.worldfactsandfigures.com
- New Zealand High Commission - www.britain.org.nz
- Tourism Research Council NZ www.trcnz.govt.nz
- Asmal Travel Reports: www.asmal.com



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