

# Māori Tourism Quarterly

March 2017



**NZ MĀORI  
TOURISM**  
HE TOA TAKITINI  

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'OUR STRENGTH IS IN UNITY'

**Tēnā tātou, te whānau whānui o Tāpoi Māori o Aotearoa i ngā tini āhuatanga o te ngahuru. Ki ō tātou whanaunga ki Kaikōura, ki te Waipounamu hoki, ka nui te mihi ki a koutou. Ki nga mate huhua puta noa i te motu, kei te mihi atu, kei te tangi atu. Moe mai, moe mai, moe mai rā. Hoki wairua atu koutou. Tātou te kānohi ora, tēnā tātou.**

Nau mai ki tā mātou pūrongo tuawha, te Māori Tourism Quarterly. Kei roto, ko nga tatari mo nga whakahaerenga moni e pa ana ki nga umanga Tāpoi. Ko te tūmanako, ka pārekareka koutou ki tēnei pūrongo.

Welcome to the fourth edition of Māori Tourism Quarterly, and the first for 2017. We know it has been longer than usual since the previous edition, but that doesn't mean there hasn't been lots happening. There has been continued rapid growth in the sector, as the number of visitor arrivals attests to, however, prospects for future growth are slightly clouded by political uncertainty (in particular the Trump Administration, and Brexit). Closer to home, the impacts from the Kaikoura earthquakes continue to be felt in the region, while a general election in September means a renewed focus will be shone upon political policies touching tourism including the environment, regional development, immigration, taxes, biosecurity, and economic development.

In this edition we focus on the increasing visitor numbers to New Zealand. It's not only the increase in numbers that we delve in to, but their purpose of visiting New Zealand, and where they are coming from. There is also the message that since 2000, New Zealand tourism has primarily focused on the three top markets and we ask whether we need to redirect some of our efforts towards other markets.

Much has been talked about how the tourism industry can encourage and invest in further growth, and we hope that the data we present in these newsletters are helpful in the decisions you make for your business. For any business to make decisions and have a growth strategy, you need to have the numbers and the data and to understand what they mean so you can make an informed decision.

Enjoy this edition of Māori Tourism Quarterly and as always, if you have any questions or topics you'd like to see discussed here, please let me know. We enjoy receiving your valuable feedback to help improve YOUR resource, so keep it coming.

Ngā mihi nui, nā,



Pania Tyson-Nathan  
Chief Executive, New Zealand Māori Tourism

# Economic backdrop – looking good for 2017 and 2018

The tourism sector in New Zealand continues to grow very rapidly, but sustaining that growth will necessitate favourable global economic conditions. It is reassuring to note, therefore, that the world's banker – the International Monetary Fund (IMF) – is reasonably upbeat in its January 2017 World Economic Outlook.

The Outlook describes the world economy as being lacklustre in 2016, but it forecasts that economic activity will pick up pace in 2017 and 2018. However, there are uncertainties about how the Trump administration will affect growth.

The outlook for advanced economies (including New Zealand) has improved for 2017–18. Short-term growth prospects have been revised up for China, but growth prospects have slightly worsened for some other developing economies, including India, Brazil, and Mexico.



*Photo credit: Waimarama Māori Tours*

*This outlook implies that the tourism sector in New Zealand can invest for future growth with a reasonable degree of confidence. However, investment should be with an eye on the long-term, since geopolitical events and natural disasters can easily affect growth in the shorter term.*

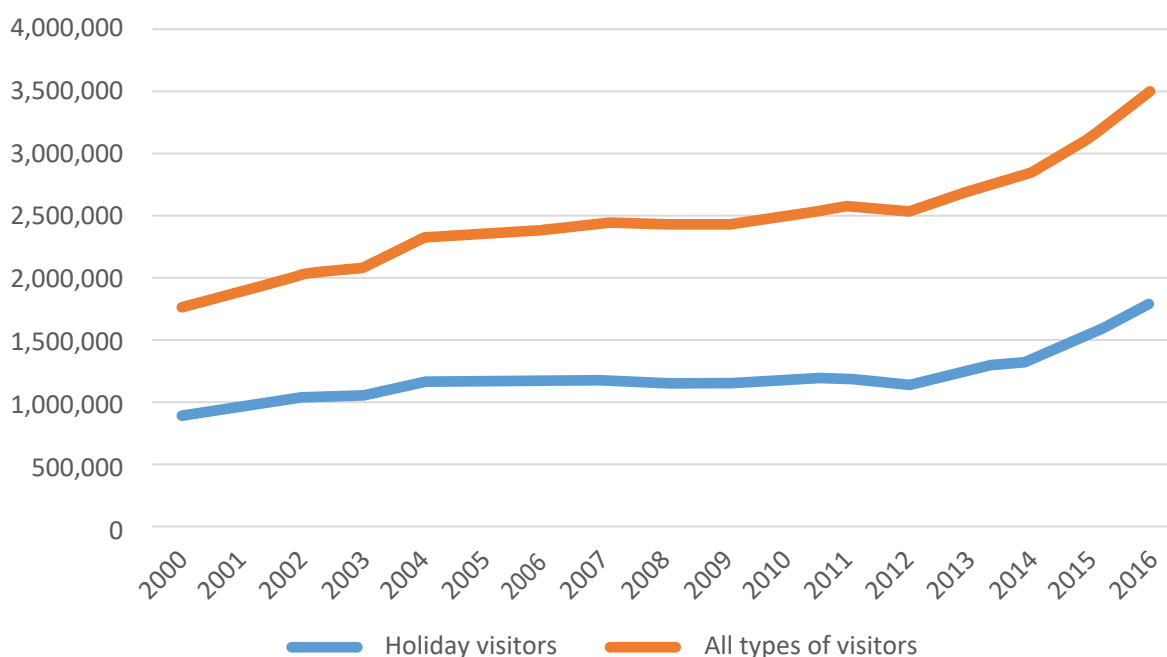


# Visitor arrival numbers growing faster and faster

The number of international visitors arriving in New Zealand during 2016 was just a few thousand fewer than 3,500,000. This was roughly 365,000, or 12%, more than during 2015. The growth rate in 2015 was just under 10%, while the growth rate in 2014 was just 5%.

However, the graph below suggests that the current phase of rapid and accelerating growth will not necessarily last. It shows that, while there was a phase of rapid growth in visitor numbers between 2000 and 2004, it was followed by a long phase of moderate growth that lasted until 2012.

### Number of visitors to New Zealand



Source: Statistics New Zealand, International Travel and Migration.

The graph also shows the growth in the number of holiday visitors to New Zealand since 2000. There were just over 1,800,000 holiday visitors in 2016, accounting for 52% of all visitors to New Zealand. The percentage of holiday visitors was the same in 2016 as it was in 2000.

As the above graph indicates, there was virtually no growth in the number of holiday visitors between 2004 and 2014, but the growth in numbers during the past four years has been phenomenal. The number of

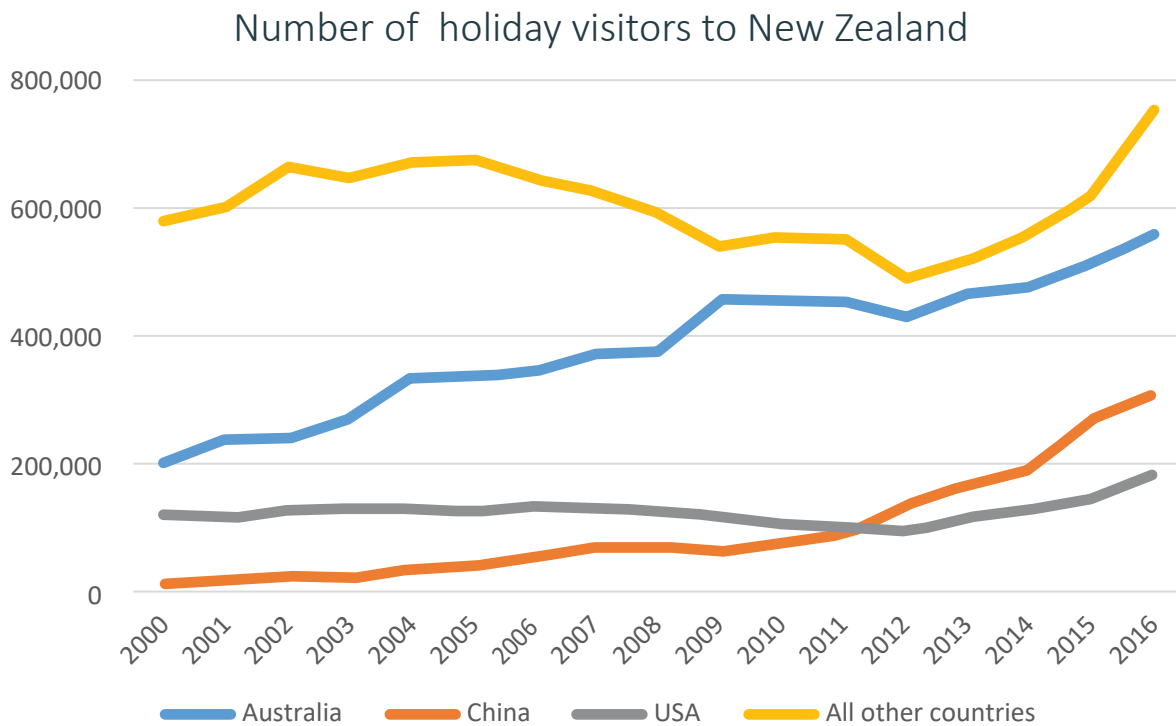
holiday visitors in 2016 was just over 16% higher than in 2015, which in turn was 14% higher than in 2014. Overall between 2012 and 2016, the number of holiday visitors increased by 56%.

*These figures reinforce the message that investment by tourism businesses needs to be with an eye on long-term, because there can be extended periods of little or no growth in the number of holiday visitor numbers and total visitor numbers.*

The next graph shows the change, between 2000 and 2016, in the number of holiday visitors from New Zealand's top three markets, and from all other markets combined. It suggests that there has been almost continuous growth in the number of holiday visitors from Australia. There has also been very rapid growth in the number of holiday visitors from China, especially since 2009. China overtook the USA as New Zealand's second most important market in 2012.

Visitor numbers from the USA appear to have slipped after 2008, but they have started to grow again since 2012.

The graph also shows that there has been erratic change in the number of visitors from countries other than the top three. There was a growth phase between 2000 and 2005, followed by contraction until 2012, but with rapid growth since then.



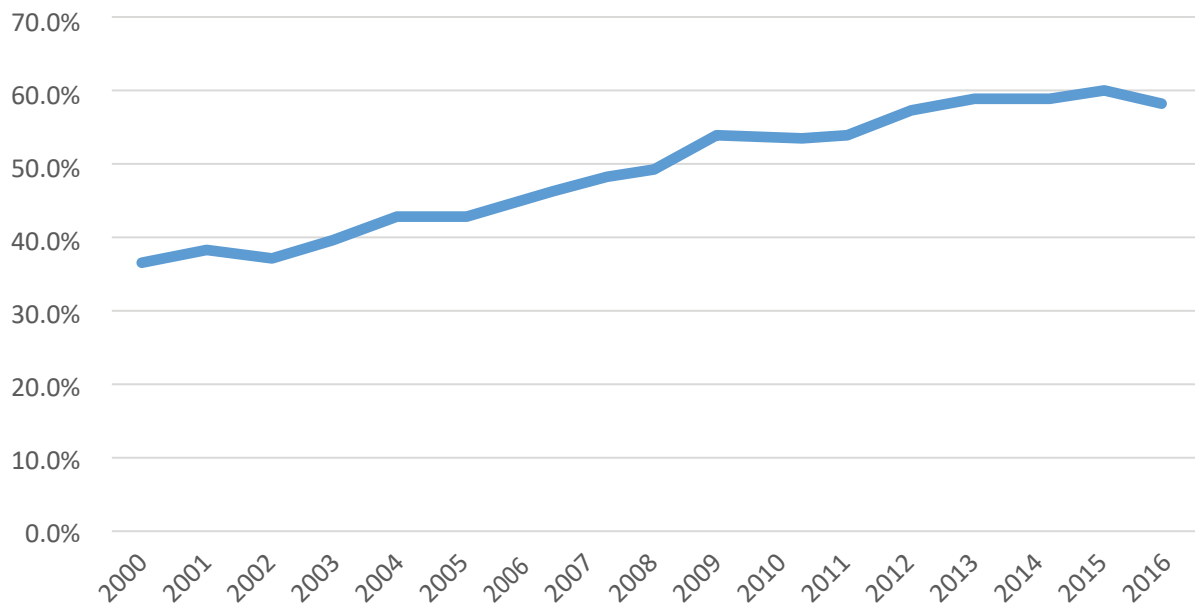
Source: Statistics New Zealand, International Travel and Migration.

While growth in the number of holiday visitors from the top three markets is undoubtedly good news, it is not necessarily totally good news. This is because, as the next graph shows, the tourism sector in New Zealand appears to have become increasingly focused on the top three markets since 2000.

In 2000, the proportion of holiday makers in New Zealand who were from the top three markets was

just over 37%, but this proportion had climbed to just over 58% in 2016. As the previous graph showed, this does not mean that the absolute number of holiday makers from countries outside the top three has declined, but it does raise the question of whether the sector should be doing more to broaden its appeal.

## Proportion of holiday visitors to New Zealand from top three markets (Australia, China, and United States of America)



Source: Statistics New Zealand, International Travel and Migration.

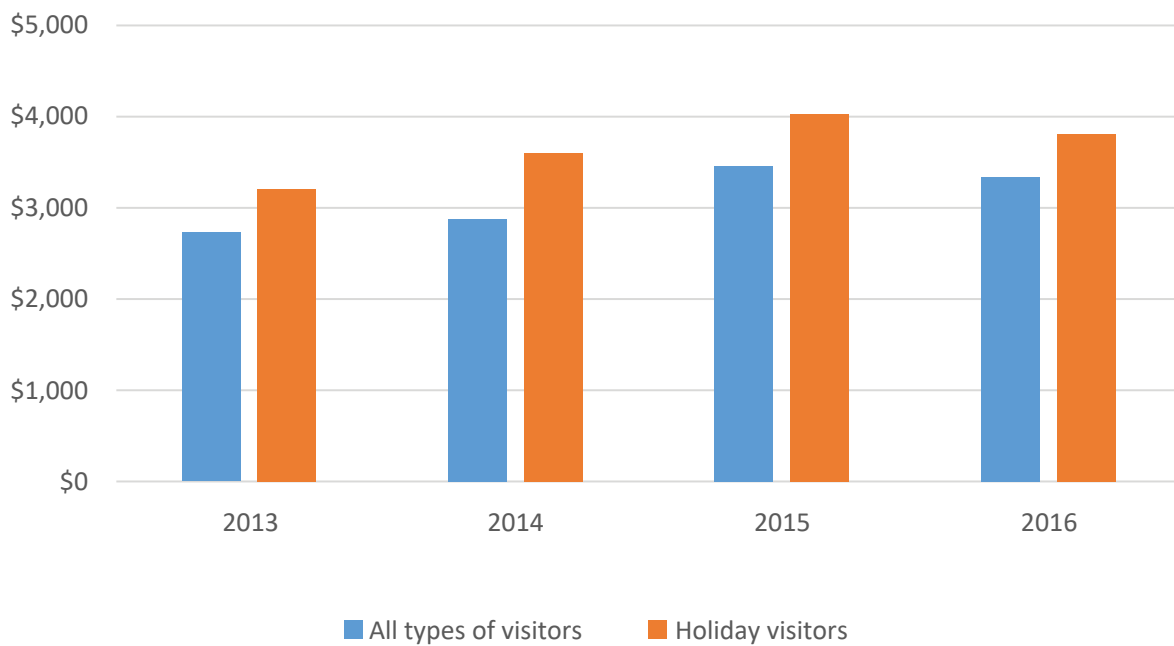
*This is not an issue that individual tourism business can easily address, but the sector as a whole needs to intensify its effort to attract visitors from countries outside the top three.*

Data from the International Visitor Survey showed that total spending by visitors in 2016 was \$10.1 billion. This was 4% more than in 2015. However, total visitor numbers increased by 12%. This means, of course, that average spending by visitors in 2016 was less than in 2015. This is confirmed by the graph below.

In fact, the average spend by all visitors was down by 6% in 2016, while the average spend by holiday visitors was down by 5%. These reductions are partly explained by the fact that visitors stayed for a slightly shorter time on average, but it is also notable that both Chinese and American visitors spent significantly less than in 2015.



## Average spending by international visitors



Source: MBIE, International Visitor Survey

*These figures highlight the fact that growing the income that tourism generates will not necessarily come simply from increasing visitor numbers; and this applies as much to individual businesses in the sector as it does to the sector as a whole. Income growth will need to come, both from increasing visitor numbers, and from providing visitors with higher value experiences.*

## “No vacancies” – time to invest?

Statistics New Zealand’s Accommodation Survey is a useful gauge of how busy the tourism sector is. This is largely because the results are monthly and are released with little delay (ignoring earthquake disruptions).

The Survey shows how many nights visitors stayed in four different types of commercial accommodation (hotels, motels, backpackers, and holiday parks) in

each region. The survey also shows the capacity of different types of accommodation, which enables occupancy rates to be shown.

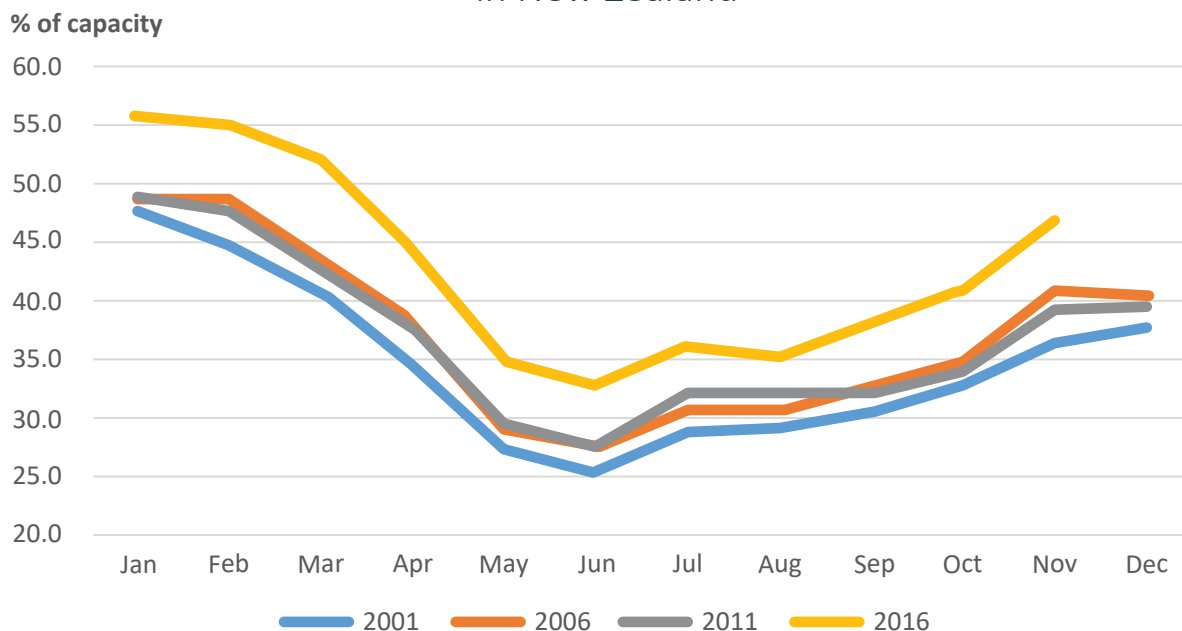
We will return to the subject of how many guest nights are spent in different types of accommodation and in different regions of the country in future editions, but here we examine how overall occupancy rates, at the national level, have changed over time.



The graph below shows, for all of New Zealand and all types of accommodation, how full commercial establishments have been. As expected, it reveals that occupancy rates vary considerably according to

season but, more importantly, it shows that occupancy rates in 2016 were significantly higher throughout the year than they were in previous years.

## Occupancy of commercial accommodation in New Zealand



Source: Statistics New Zealand, Accommodation Survey

The graph shows that, at the trough of the off-season in July, the occupancy rate in 2016 was about the same as it was in April or May in the previous years shown. It also shows that July in 2016 was about as busy as September or October were in previous years. Moreover, the graph indicates that the occupancy rate in January 2016 was 56%, whereas it averaged 48.5% at the height of the season in previous years.

To put those numbers into perspective, the difference between 56% occupancy and 48.5% occupancy is the equivalent of roughly 6,700 additional guests per night, or 210,000 additional guests for the month as a whole. These extra guest nights would fill 70 average sized hotels or 220 average sized motels.

*These numbers suggest that there is a good case for additional investment in visitor accommodation.*

*Busier hotels, motels etc. throughout the year also imply that other tourism sector businesses will be busier than they have been in the past. Businesses in all parts of the sector need to adapt to a new pattern of demand. This might require them reviewing their operations (especially their management) to ensure growth can be sustained.*



# Kaikoura – demonstrating the need for business resilience

Kaikoura is synonymous with whale watching, and an example of how a whole community can depend very largely on a single activity. The town also provides a good example of how tourism-related businesses throughout the country need to accept that natural disasters can happen anywhere and anytime; and that they need to be ready to cope with severe business interruptions. Before commenting further, however, let it be said that Kaikoura businesses and the Kaikoura community have shown enormous resilience and admirable determination to recover from the effects of the November 2016 earthquake.

Data from the International Visitor Survey show that 164,515 overseas visitors took part in whale watching in the year to June 2016. This was up from 147,069 in the year to June 2015, and from 127,625 in the year to June 2014. These figures imply growth of 29% between 2014 and 2016. Most, but not all, of these visitors would have gone to Kaikoura.

The Kaikoura businesses directly involved in whale watching include those carrying tourists by boat, fixed wing aircraft and helicopter. The businesses indirectly involved include motels, backpackers and camp grounds; and a range of shops, cafes and restaurants. There will also be other local businesses servicing the boats, aircraft, accommodations providers, retailers and food & beverage providers.

All of these businesses experienced a major interruption to their operations immediately following

the earthquake; and all have had to manage a business recovery process that could take months and years to fully work through. But it is encouraging to note that business activities have been recovering. For example, at the time of writing, Whale Watch Kaikoura Ltd is offering up to three tours a day (tide dependent, because of damage to the wharf), all which are fully booked with a substantial waiting list.

While there was an earthquake recovery package made available by the government, it highlighted the need for better information flow between local businesses and government agencies. This is especially so when communication networks may be down. How will you communicate with your guests? How will they get in touch with their family? And, do your staff know what to do?

The lesson from all this is that businesses need, in the words of Civil Defence, to “Get Ready to Get Thru”.

*As well as making sure that there is a plan to keep whānau, visitors and staff safe during and after a natural disaster, businesses should make a plan to keep their business safe. A good place to look for help to develop a plan is:*

<http://www.civildefence.govt.nz/get-ready/at-work/>

