

Kia Ora,

Welcome to our special edition of Regional Rap for TRENZ. Congratulations to Rotorua for the fantastic job they are doing of hosting TRENZ for the first time and for the stunning new centre it is being held in. We know it will bring significant benefits to the city and provide a fresh view of New Zealand for many international buyers.

I'm sure many of you are saying 'it's hard to believe it is already May with the month's just racing past after a very busy summer and an outstanding shoulder season. We are pleased to see more visitors opting to come to New Zealand outside the peak seasons.

Here at Tourism New Zealand we have been involved in running some key travel industry events including Kiwi Link Japan, Kiwi Link USA and a series of familiarisations such as "Seasons of Discovery" from North America and hosting senior product buyer famils from Australia and Japan.

We have been very pleased with the Minister of Tourism's announcement that we will receive significant additional funding for the China market. This is a market with enormous potential if it is managed correctly. As part of that funding, we will take on the China ADS group tour monitoring role to ensure that all service providers, including both inbound operators and tourism suppliers, are more accountable for the experiences of their customers.

For further information I urge you to visit [www.tourismnewzealand.com](http://www.tourismnewzealand.com) and sign up to receive all our latest news.

In the meantime, have a great time at TRENZ finding out more about both the new and established operators in our growing industry

Nga mihi

**George Hickton**  
Chief Executive

## **AUSTRALIA**

| <b>HOLIDAY ARRIVALS</b>                    | <b>Actual</b> | <b>Variance to last year</b> |
|--|---------------|------------------------------|
| Month Arrivals                             | 33,465        | 6.7%                         |
| Year to March 2007                         | 351,972       | 4.5%                         |
| <b>TOTAL ARRIVALS</b>                      |               |                              |
| Month Arrivals                             | 85,698        | 8.8%                         |
| Year to March 2007                         | 913,994       | 5.0%                         |
| <b>HOLIDAY ARRIVAL OUTLOOK (Apr - Jun)</b> | Up 2 -5 %     |                              |

- In the six months to March 2007, the Australian market has grown by 6% on the previous year. Arrivals have increased every month this year except for January. From a state perspective, since the launch of the What's On campaign, the state of Victoria has seen the greatest growth at 6%. NSW grew by 2% and Queensland by 5%.
- In autumn we launched the autumn version of the campaign focusing on 'turning NZ Green & Gold just for Australians.' It has received the strongest feedback and consumer response to date.

As part of the PR campaign the "Today Show" weather crew went to the South Island in search of the G&G welcome – broadcasting daily from Christchurch, Dunedin, Wanaka and

Queenstown.

- The What's On campaign is currently running TVCs in Australia to promote ski. In addition Jetstar, Pacific Blue and flightcentre.com.au have run ads on television around the Tourism New Zealand schedule.
- There are also now over 100 travel deals on [www.newzealand.com](http://www.newzealand.com), and viewership of these has increased 417% since the launch. Overall traffic to the site has doubled since the launch of the campaign.
- Television remains a strong focus, with latest IMP successes including the screening of the six New Zealand episodes of "The Biggest Loser" (average audience 1.291m). These shows, when combined with the "Today Show", saw New Zealand on prime time Australian TV for 10 of 11 days around Easter.
- Tourism New Zealand also attended the Melbourne and Sydney Travel Expos alongside New Zealand regions, Queenstown, Manawatu, Hastings, Rotorua and Pacific Coast Highway.
- Tourism New Zealand also hosted Sydney Morning Herald journalist, Bruce Elder to write a Blog for the paper's website. 46,000 unique visitors went to the site during his second trip. A third trip to the South island has just started.
- Airlines have reported strong sales until the end of April, and the cruise sector is still growing with 221,033 Australians cruising in 2006. This is an 18% growth for second consecutive year. Since 2002, Australian cruise participation has grown 90% (International Cruise Council Australasia).
- Amongst our competitors, India is making the most investment at present, although there is also strong promotion by European countries and North America. Tourism Australia continues to promote domestically, with a heavy emphasis on supplements and program sponsorship rather than television advertising.
- Wholesale operators associated with the Ski TMN have reported record early season business. This has been assisted by good New Zealand snow falls in 06, (Australia's was poor), early package launches and strong pricing.

## **UNITED KINGDOM**

- 2007 has seen a good start with January and February holiday arrivals increasing by 6.2% and 2.8% respectively compared with 2006. March saw an even stronger increase of 13.9%. Key trade partners report good bookings for New Zealand in the coming months. This reflects the fact that although the environment is a source of daily media interest in the UK, research shows it has yet to affect the decision to travel to New Zealand.

| <b>HOLIDAY ARRIVALS</b>                    | <b>Actual</b> | <b>Variance to Last Year</b> |
|--|---------------|------------------------------|
| Month Arrivals                             | 17,687        | 13.9%                        |
| Year to March 2007                         | 154,394       | -5.2%                        |
| <b>TOTAL ARRIVALS</b>                      |               |                              |
| Month Arrivals                             | 33,833        | 9.0%                         |
| Year to March 2007                         | 302,812       | -1.2%                        |
| <b>HOLIDAY ARRIVAL OUTLOOK (Apr - Jun)</b> | Up 2-5 %      |                              |

- TNZ coordinated a variety of events surrounding the beginning of the America's Cup in Valencia. The intention was to increase awareness of NZ and drive potential travellers to [www.newzealand.com](http://www.newzealand.com). This included a waka arrival to the Emirates Team NZ Base, receiving good media coverage. Over 200 key media and influencers attended. In addition, Maori performers were included in the Official America's Cup Opening with performances in

the city of Valencia and at the America's Cup performance area. The event ended with the waka leading Emirates Team NZ out on the first day of the Louis Vuitton Cup.

- The BBC reality TV series of *Castaway*, filmed on Great Barrier Island, went to air during primetime in the UK on the 9<sup>th</sup> March, and screened for three months. *Castaway* has resulted in considerable press coverage for NZ. The Guardian has also published a travel story on Great Barrier Island (circ: 384,070, Guardian online – 13 million users). In addition to this, a 16-page NZ supplement was published in *The Sunday Times* in February (circ. 1.3 million). Air NZ and 15 UK travel sellers advertised in this publication.
- Jack Osbourne filmed another two one hour episodes in NZ to open the third series of "Jack Osbourne Adrenaline Junkie". The series is scheduled to be broadcast in the UK primetime during September.
- IMP results February/March included the cover of the Independent's travel section (circ: 238,756), a story on Ireland's travel TV programme *No Frontiers* (500,000 viewers), and a story in *The Daily Telegraph* (circ: 899,493) on Emirates Team NZ's British sailor Ben Ainslie titled 'Ben Ainslie's NZ'.
- Flight bookings for June & July have been affected by the Rugby World Cup timing for this year, and France's relative proximity to the UK.
- Other competitor news includes Emirates and Etihad Airlines recent approval to fly 35 and 31 additional services respectively to Australia each week, which will have a significant impact on air traffic between Europe and Australasia. The new services will be in place by 2011 and have the potential to deliver an extra 800,000 additional tourists to Australia each year.
- The EU has agreed to support an 'open skies' agreement between the EU and the US which will take effect from March 2008, and will allow EU-based airlines to fly from any European Union to any city in the US. The greater availability of US destination choices for UK consumers may create significant competition for New Zealand in the future.
- Tourism Australia reports a softening in the UK market, and destinations such as Chile now targeting affluent travellers. The outbound market to the USA is showing signs of resurgence, providing both a good exchange rate and well priced travel deals at present.
- The last two months have seen significant distribution chain changes in the UK with two huge travel company mergers between Thomas Cook & My Travel and Tui & First Choice. There has been speculation that this is the result of increased online bookings particularly in the short haul market.

## **GERMANY & THE NETHERLANDS**

| <b>GERMANY</b>          |               |                              | <b>THE NETHERLANDS</b>  |               |                              |
|-------------------------|---------------|------------------------------|-------------------------|---------------|------------------------------|
| <b>HOLIDAY ARRIVALS</b> | <b>Actual</b> | <b>Variance to last year</b> | <b>HOLIDAY ARRIVALS</b> | <b>Actual</b> | <b>Variance to last year</b> |
| Month of Mar 07         | 4,301         | -9.2%                        | Month of Mar 07         | 1,288         | 3.7%                         |
| Year to Mar 07          | 41,245        | -0.3%                        | Year to Mar 07          | 18,655        | 5.7%                         |
| <b>TOTAL ARRIVALS</b>   |               |                              | <b>TOTAL ARRIVALS</b>   |               |                              |
| Month of Mar 07         | 6,095         | -4.3%                        | Month of Mar 07         | 2,001         | 4.8%                         |
| Year to Mar 07          | 58,790        | 2.3%                         | Year to                 | 27,380        | 3.7%                         |

|  |           |  |         |  |  |
|--|-----------|--|---------|--|--|
|  |           |  | Mar 07  |  |  |
| <b>HOLIDAY ARRIVAL OUTLOOK (Apr - Jun)</b> | No change |  | Up 2-5% |  |  |

- German travel sellers are reporting some conflicting trends with comments reflecting both stagnation in the market and a strong FIT sales. Dutch travel sellers by contrast report strong forward bookings alongside a robust economy. The climate debate is raging in both countries, but both continue to consider travel 'essential' and a non-negotiable part of their modern lives.
- Training for 350 frontline agents was undertaken in both Germany and Switzerland, and Tourism New Zealand attended ITB in conjunction with Tourism Australia in March, during which TNZ hosted the 4<sup>th</sup> Germany NZ Tourism Awards. 100 key contacts in Germany and Switzerland attended.
- New Zealand featured on German public broadcaster "Bayrischer Rundfunk", which showed a half hour programme about the North Island in February, plus two repeats. The show achieved an audience of 1.1 million.
- "Voxtours", one of the two travel programmes on German TV, also featured NZ (Northland and Auckland) on a cruise special, which was seen by 1.06 million viewers.
- Financial Times Deutschland featured the Art Deco Festival in Napier (Circ. 104,328) as well as a supplement titled, "How to spend it". This included a 3-page special article about luxury travel in New Zealand, and reached over 117,000 people.
- Singapore Airlines launched their new B777-300 service from Frankfurt in March and Emirates are continuing to expand in the German market, offering flights from Hamburg, Düsseldorf, Frankfurt and Munich. South African Airways is starting a new three weekly service from Munich to Johannesburg in July.
- The third phase of Tourism Australia's German campaign launched in April, consisting of cinema, print and online advertising. The campaign highlights 'Unique Australian Experiences'. In other competitor news, Brazil is attracting increasing numbers of German visitors with 310,000 visiting last year. Brazil is also performing well from the Netherlands with charter flight operators providing all inclusive travel packages at very low prices.

## **USA & CANADA**

| <b>USA</b>                               |               |                 | <b>CANADA</b>                             |               |                 |
|--|---------------|-----------------|---|---------------|-----------------|
| <b>HOLIDAY ARRIVALS</b>                  | <b>Actual</b> | <b>Variance</b> | <b>HOLIDAY ARRIVALS</b>                   | <b>Actual</b> | <b>Variance</b> |
| Month of March                           | 15,755        | -6.9%           | Month of March                            | 3,450         | +5.6%           |
| Year to March                            | 134,475       | +1.5%           | Year to March                             | 26,999        | +15.1%          |
| <b>TOTAL ARRIVALS</b>                    |               |                 | <b>TOTAL ARRIVALS</b>                     |               |                 |
| Month of March                           | 24,012        | -6.4%           | Month of March                            | 5,520         | +3.4%           |
| Year to March                            | 222,454       | +1.2%           | Year to March                             | 46,680        | +7.9%           |
| <b>HOLIDAY ARRIVAL OUTLOOK (Apr-Jun)</b> | Up 1-5%       |                 | <b>HOLIDAY ARRIVAL OUTLOOK (Apr- Jun)</b> | Up 5-7%       |                 |

- Canada maintains its phenomenal growth on the back of a strong economy and good demand for New Zealand. Double-digit percent holiday growth (15.1%) has helped push Canadian numbers to nearly 50,000 annual arrivals. November will see the start of Air New Zealand's direct flights Vancouver to Auckland, with an initial three flights per week.
- The USA market is showing positive signs in the past few months, however the high NZ dollar and cost of airfares appear to be stifling demand somewhat.
- We ran a print and on-line campaign with Qantas with special promotional prices generating an increase of over 35% on Qantas' LAX-AKL service for the months of April and May.
- We have had some stunning PR results, including promotion on CBS' "Early Show", a nine page feature in "National Geographic Adventure", (500,000 readers, and a two page feature in "USA Today" (2.2m readers, largest US newspaper).
- On-line results included a profile on hiking in "Great Outdoors" (500,000 unique visitors per month) and a travel blog on Smarter Travel (950,000 unique visitors/mth). "Go Nomad" (300,000 unique visitors per month) also visited New Zealand and posted stories on the site.
- On the environmental front, Goway and Tourism Tasmania launched a "green" travel product in January whereby \$100 from each travel booking made to Tasmania goes towards carbon emission offsets. Goway says it is 'overwhelmed' by the amount of publicity and interest this generated.

## **JAPAN**

| <b>HOLIDAY ARRIVALS</b>                       | <b>Actual</b>     | <b>Variance to Last Year</b> |
|---|-------------------|------------------------------|
| March Arrivals                                | 10,281            | -12.0%                       |
| Year to March 2007                            | 101,123           | -16.3%                       |
| <b>TOTAL ARRIVALS</b>                         |                   |                              |
| March Arrivals                                | 13,179            | -10.9%                       |
| Year to March 2007                            | 130,121           | -15.1%                       |
| <b>HOLIDAY ARRIVAL OUTLOOK (April - June)</b> | <b>Down 1-5 %</b> |                              |

- Highlights from the Japan market include unprecedented media coverage in the last few months and excellent progress in the types of New Zealand products being offered.
- There are still external factors such as air capacity, the exchange rate, and the demand for short haul travel, which continue to affect arrivals. Preliminary forecasts by key travel sellers in Japan, however, are suggesting increases in sales of up to 20% on last year for the first quarter of 2007.

- The Maori Ora Exhibition, which closed in March, attracted approx 72,000 people and generated excellent exposure for New Zealand. Coverage for this event, which showcased Maori art and included an opening ceremony at which the Maori King was guest of honour, was gained in 61 newspapers, 124 magazines, and seven broadcast media. The total circulation reached in excess of 1.9 million Japanese.
- A total of five television crews visited New Zealand between January and April, with one of these "Big Variety on Sunday" reaching approximately 9 million viewers nationwide with their coverage of a senior couple's travels in New Zealand.

- Kiwi Link Japan, held in March, attracted 230 Japanese travel buyers to its sessions in Tokyo, Osaka and Nagoya.
- The "100% Pure New Zealand" branded NZ Travel Café has received good media coverage through TV and magazines since its opening in December 2006, and welcomed 18,779 customers during the months of Dec to Feb 2007 as well as another 2,400 for pre booked events.
- Tourism New Zealand coordinated a marketing forum in Rotorua with eight key itinerary planners from Japan, who were involved in a day's activities showcasing the region and providing a fresh opportunity to promote New Zealand.

## **CHINA, HONG KONG & TAIWAN**

| <b>CHINA</b>                             |               |                 | <b>HONG KONG</b>                         |               |                 | <b>TAIWAN</b>                            |               |                 |
|--|---------------|-----------------|--|---------------|-----------------|--|---------------|-----------------|
| <b>HOLIDAY ARRIVALS</b>                  | <b>Actual</b> | <b>Variance</b> | <b>HOLIDAY ARRIVALS</b>                  | <b>Actual</b> | <b>Variance</b> | <b>HOLIDAY ARRIVALS</b>                  | <b>Actual</b> | <b>Variance</b> |
| Month of March 07                        | 5,129         | 21.2%           | Month of March 07                        | 1,035         | +18.4%          | Month of March 07                        | 989           | -15.7%          |
| Year to March 07                         | 65,279        | 38.8%           | Year to March 07                         | 13,067        | +0.4%           | Year to March 07                         | 15,614        | -2.5%           |
| <b>TOTAL ARRIVALS</b>                    |               |                 | <b>TOTAL ARRIVALS</b>                    |               |                 |  |               |                 |
| Month of March 07                        | 8,878         | 18.8%           | Month of March 07                        | 2,231         | +11.5%          | Month of March 07                        | 2,024         | -7.5%           |
| Year to March 07                         | 114,364       | 26%             | Year to March 07                         | 23,844        | -2.7%           | Year to March 07                         | 27,647        | -3.4%           |
| <b>HOLIDAY ARRIVAL OUTLOOK (Apr-Jun)</b> | 10-20% growth |                 | <b>HOLIDAY ARRIVAL OUTLOOK (Apr-Jun)</b> | 2-5% growth   |                 | <b>HOLIDAY ARRIVAL OUTLOOK (Apr-Jun)</b> | 2- 5% growth  |                 |

- Both February and March have shown encouraging growth for this market, especially as the Chinese New Year holidays fell in February this year.
- The outbound market from China is set to become even bigger in 2007. The latest MasterCard International Tourism Index on China shows the number of outbound travellers from Mainland China for the first half of 2007 is set to increase by 12%, up to 17.2 million.
- Air New Zealand's direct flights to Shanghai are going well, and the travel trade is promoting more and more mono New Zealand holidays, in contrast to Australia & New Zealand packages.
- Tourism New Zealand took part in an initiative by the Ministry of Culture & Heritage, which saw Te Papa Museum curate a jointly organised exhibition, supported by various NZ government agencies. To support this event, Tourism New Zealand we ran outdoor advertising on LCD screens throughout Shanghai, with 4700 screenings of the 100% Pure New Zealand TVC.
- 50 key trade partners were invited to product development workshops in Shanghai and Beijing during the first quarter of the year.

- There are some strong several competitors working in the China market, with interest in Africa and Ireland, (due to a St Patrick's Day parade in Shanghai) growing. Taiwan has also introduced a minimum per person tour price of US\$80, which aims at reducing the 'zero price' group fee in an effort to get better quality products into these tour itineraries.
- Hong Kong arrivals were also strong during the Chinese New Year period in February, and arrivals in March showed an 11.5% increase over the same period last year. Restraints on air capacity and the high Kiwi dollar are a concern however.
- There have been several promotions in market recently, including a consumer marketing event at Hong Kong's Harbour City, a high-end shopping mall in the heart of the city. The event was jointly organized by TNZ, Air New Zealand and five travel agencies in HK.
- New Zealand film was also showcased at the Hong Kong International Film Festival, sponsored by the New Zealand Consulate General. Two films, "Out of the Blue" and "Black Sheep" screened at the festival in April.
- Tourism New Zealand was also involved in creating an organic eco-tour of New Zealand for the Produce Green Foundation, with 31 travellers taking part.
- In competitor activity: Tourism Australia is running another massive print advertising campaign in market. Finnair will add flights to China and Hong Kong in May, with the Finnish Tourism Board stepping up their promotion with tactical print ads, event promotion and media visits to coincide with the increase in air capacity. The Korea National Tourism Organisation has also been busy promoting their destination on the back of a new air service between Hong Kong and Busan in January. Dragonair, plans to expand the service on this popular route from three times weekly to daily starting from July subject to government approval. The Malaysia Tourism Promotion Board is also working in this market, promoting their "Visit Malaysia Year 2007".

## **SOUTH KOREA**

| <b>HOLIDAY ARRIVALS</b>                             | <b>Actual</b>  | <b>Variance to Last Year</b> |
|---|----------------|------------------------------|
| Month of March 2007                                 | 7,314          | 8.9%                         |
| Year to March 2007                                  | 77,976         | 4.2%                         |
| <b>TOTAL ARRIVALS</b>                               |                |                              |
| Month of March 2007                                 | 9,752          | 6.3%                         |
| Year to March 2007                                  | 111,676        | 4%                           |
| <b>HOLIDAY ARRIVAL OUTLOOK<br/>(Apr – Jun 2007)</b> | <b>Up 2-5%</b> |                              |

- There has been strong demand from the holiday sector and students in the first quarter of 2007. Korean Air ran extra flights to Christchurch in the Jan-Feb period, and reported excellent passenger numbers on these.
- Tourism New Zealand launched an online promotion to celebrate the launch of the Korean language version of [www.newzealand.com](http://www.newzealand.com) , undertaking a partnership with four key New Zealand sellers.

- A New Zealand product workshop was held in Hong-Cheon, in eastern Korea, in March with 80 participants taking part in various workshops and product knowledge training. We also ran a Frontliner Famil in March, taking eight New Zealand sellers to Christchurch, Queenstown, the Bay of Islands and Auckland.
- One of Seoul's most exclusive Jazz clubs was the scene of the second New Zealand Wine & Jazz Night, promoting destination New Zealand and its wine in Korea. The New Zealand Embassy, TNZ and NZTE co-hosted the event of around 300 guests.
- In a positive step forward, mono New Zealand dedicated brochures will be published soon by Hana Tour & Mode Tour, two of the top ranking travel agents in Korea.
- Switzerland Tourism has been doing some work in Korea with a Swiss tour brochure featuring well-known actor Han-Sun Cho. Meanwhile Tourism Western Australia has entered into a joint promotion with Samsung and Cathay Pacific to target young travellers.

## **INDIA**

| <b>HOLIDAY ARRIVALS</b>                   | <b>Actual</b>        | <b>Variance to Last Year</b> |
|---|----------------------|------------------------------|
| March Month Arrivals                      | 598                  | +23.8%                       |
| Year to March 2007                        | 9,787                | +15.7%                       |
| <b>TOTAL ARRIVALS</b>                     |                      |                              |
| March 2007 Month Arrivals                 | 1,656                | +16.1%                       |
| Year to March 2007                        | 20,706               | +15.6%                       |
| <b>HOLIDAY ARRIVAL OUTLOOK (Apr- Jun)</b> | <b>Up 15% to 20%</b> |                              |

- The Economy continues to grow at a rapid pace of 8.6% led by the manufacturing and services sector while the more traditional farming sector plunged to a low of 1.5% growth.
- Outbound travel from India is expected to exceed 8.5 million by year end June 2007. By 2010 the figure is estimated to be 10 million.
- Forward bookings to New Zealand are positive for the northern summer, with most Tour Operators expecting a 10% growth in their sales of New Zealand.
- Four senior corporate incentive planners visited New Zealand on famil, with the result that 400 pax are expected in 2007 due to this trip. Incentives groups to New Zealand have also brought approximately 1000 people to our country in April & May.

- The 100% Pure New Zealand message was promoted heavily in India in the first quarter of this year, with our 60sec tvc showing in several Movie Theatres in New Delhi & Mumbai. 100% Pure New Zealand online banners were placed on four leading Indian news & TV websites, promoting special offers for Self Drive holidays to New Zealand. Traffic to the site by Indian users tripled during this time.
- Five New Zealand operators visited New Delhi & Mumbai during March as part of the 100% Pure Enterprise Mission, with sales calls and presentations made to about 175 leading Indian travel agents.
- A new look Kiwi Specialist Program was launched in Feb 2007. Within the first 6 weeks about 126 registrations were received, with 69 members completing all the online training modules.
- New Zealand has also received some excellent publicity as an ideal honeymoon destination, featuring in several magazines and newspapers.

- Several competitor destinations have been making considerable investment in India, including Australia, Spain, Malaysia, Italy and the USA, highlighting the intense interest this booming new economy is creating amongst other tourism authorities.