

## **More jobs than workers - PM**

TOO many people were chasing too few jobs when Labour came to power four years ago. Now, despite huge increases in spending on skills training, there are more jobs than workers, PM Helen Clark said in opening the annual tourism conference in Taupo last week. "Investing in skills training will be a top priority for both government and this and other industries for the long term." With population and economic growth pressure has come on transport and energy infrastructure. "Auckland International Airport for one has been straining at the seams in the peak season and at peak arrival and departure times." She added: "Government has been engaging with the airport company on how we can support each other to get passengers processed in a timely fashion."

## **We must invest more in our people, says Minister**

OPERATORS must ensure that tourism is now seen as a viable career option, not a "fill-in" or temporary job, Tourism Minister Mark Burton said when he addressed the conference. "Our front line people are the ones we are counting on to make that good impression, to be knowledgeable and competent, to go above and beyond in meeting customers' needs-and deliver on the promise of a high quality visitor experience." So, he asked: in a competitive labour market, are the wages and benefits offered to employees realistic, relative to the expectations we have of them? "Is the industry generally offering enough to attract and keep quality staff, or can some of those staff do a whole lot better elsewhere?"

"We are competing with a range of employers for the same people: agriculture, horticulture, other service industries, a growing cultural sector, and expanding business and professional sectors. "How will you attract the managers, front line staff, and support crew that you need to run your businesses successfully? Tourism may have an appealing image. But the bottom line is that attracting and retaining quality staff means paying appropriate salaries, and offering career opportunities for the future."

### **Commitment**

Mr Burton said that if we are truly committed to sustainability, we have to reinvest in the people who are at the core of the industry. "This may well pose some fundamental questions about price structure in some parts of the industry. But these are healthy growth challenges to engage with. In order to reinvest in our products and industry, we must price accordingly. "So, our goal is to offer innovative, high quality products and services that live up to New Zealand's reputation as a premier inbound and domestic destination. "If we are going to deliver on our promises, businesses must have a sufficient return on investment, and we must have sufficient ongoing reinvestment in our people, our products, and our infrastructure." The Minister **(over)**

### **Samuels launches Maori website**

ASSOCIATE Tourism Minister Dover Samuels launched the first Maori tourism website at conference. It's [www.tourismmaori.com](http://www.tourismmaori.com). The site says it's dedicated to the promotion of Maori tourism operators, who have emerged as an important and distinct part of the industry. "This site provides the most comprehensive listing of Maori tourism experiences in the world," it adds. "These experiences include interactive cultural performances, eco-cultural adventures, adventure tourism, geothermal attractions, guided walks, horse treks, fishing, indigenous food experiences, arts and crafts and many more..." Said Mr Samuels: "We know that tourists are constantly seeking authentic cultural experiences and this website will be one way of targeting the interactive traveller. It will offer a variety of web based services which will benefit all users ranging from operators and tourists to all industry players...this site will be used as a key link to highlight future Maori tourism initiatives."

## We must invest more in our people, says Minister

(from pg 1) announced a Tourism Research Scholarship Fund is to be established for post-graduate students to undertake tourism related research.

“The Fund aims to increase research targeted to the needs of the tourism sector, to increase the profile and perceived value of tourism research in the tourism sector and to build research capacity by supporting academic excellence.”

Mr Burton said \$15,000 will be made available for each of five successful applicants in their thesis year. The scholarship is intended to cover tuition fees and contribute to research costs and basic living. “I will be looking to the industry to support these scholars through placements and internships.”

New Zealand will never be the cheapest destination in the world, nor would we want it to be. We have to be realistic about what we do well, and target our attention on getting guests here who want to experience what we have.

He concluded: “I believe that New Zealand is going to stay on top of the international tourism scene for some time. We are roughly the size of Sydney, thousands of kilometres from most of our key markets. And yet, we have captured the imagination of the world. We really are an audacious nation! We are innovative, talented, determined, and downright cheeky enough to hold the world’s attention for as long as we remain determined to do so...”

### Innovators

Mr Burton said industry leaders are true innovators, who have given us world-leading experiences. We have them in environmental tourism, in adventure tourism, in fine wine and food, in fashion; in culture - we have them at every level.

They are courageous enough to know what New Zealand does well, but also to know what should be left to others. They are ambitious enough to hold their nerve, and they never deviate from their commitment to quality. “People are at the heart of New Zealand’s tourism success. The way we host - the way we make our guests, and I use the word guests advisedly - feel truly part of New Zealand-is just as important as the special experiences and products we offer. And with our talent for hospitality, how could we not succeed?” He said the Ministry of Tourism (MoT) is looking into areas where bottlenecks are likely to occur in the next seven years, including roads, airports, water and wastewater networks.

### Issue

“A key issue starting to arise for many communities is peaking numbers of visitors who need to use these assets. This project will allow us to identify those problem areas and cooperate in appropriate action.” The Ministry is also working with DoC on destination marketing as a way to manage visitor pressure. “Our goal is to target guests who will stay longer, spend more, and, perhaps most importantly, get off the beaten track and out into the regions,” the Minister added

## Prepare for your future now, Salter advises industry

THE future belongs to those who prepare for it today, Ministry of Tourism GM Ray Salter told delegates.

He said that if you don’t know where you are going, then you’ll probably end up somewhere else.

“So it pays to invest time and effort into thinking about what is going to happen in the future...”

### Slowdown

Mr Salter pointed out that the expected rate of growth has been lowered compared with last year’s forecast - from 9.7 percent to 8.5 percent.

Thanks to the launching of value-based airlines in Asia/Pacific there are now more short haul trips as opposed to longhaul.

“This means that past forecasts of longhaul growth are probably optimistic given the explosive growth in short haul markets over the recent time.”

He added: “What are the messages for New Zealand? If we aren’t growing by around the same numbers we are effectively losing global market share.” But arrivals are not the measure of our total performance.

“However, with the emerging economies of Asia growing significantly faster than the world average we are going to see more people in the target interactive traveller segment coming from these countries over time.”

Mr Salter said it’s also expected that recovery in Japan will increase numbers and spend but less than previously expected.

### Explosive

China will have “potentially explosive growth” - while Korea will continue to grow fast, too.

On Australia, he added: “Much of the growth projects is occurring now with the fundamental change to the trans-Tasman travel cost structure. About one third of this growth is expected to occur this year. The other two thirds over the next nine years.”

There will be comparatively small growth between now and 2010 when another 33,000 visitors are expected.

As visitors continue to age, many will be 50/60. They will want less active holidays involving activities such as parachuting, jetboating, rafting and nightclubs. But there will be increased demand for culture, history, eating out and scenic tours.

### Congestion

To handle the increased number of arrivals, Auckland International Airport must resolve its congestion problems. And this is being worked on. Solutions are expected in time for the 2004/5 season.

Overall, Mr Salter said there are already labour constraints. “There is a need to broaden the recruitment base especially if service quality is to be maintained and ideally improved

“We must manage the ‘churn’ in the industry as this is a huge potential loss of skill and experience that needs to be replaced.”

## Conference venue proves life exists outside main centres - and RTOs play a major role

HOLDING the annual tourism conference and awards in Taupo - normally the preserve of Auckland, Wellington, Christchurch, Rotorua or Queenstown - shows that life exists in tourism outside the cities and resorts, pointed out Destination Lake Taupo GM Paul Yeo.

“It is a sign that tourism is indeed a growing phenomenon right across Aotearoa, New Zealand, and that the infrastructure as well as the attractions and activities are equal to the task.”

### Signal

He added: “The opportunity to host these events in locations such as Lake Taupo sends not just a signal to the sector that tourism is truly thriving in the provinces, but also an opportunity for regions to demonstrate to their host communities the value and benefit that derives from this exciting and dynamic industry.”

There are 1.5 million visitors to Lake Taupo each year, who spend more than \$286 million dollars, and support nearly 2,500 jobs.

“Having a community that understands and supports tourism is vital to the success of any destination. Visitors value local custom, local flavour and a destination’s character and attitude. It’s a vital psychological component of the product mix, just as important as the physical infrastructure that allows tourism to operate. Together they constitute destination management - an area on the supply side of the tourism business that we as RTOs have often overlooked in preference for the sexier side of the business, the Flash Harry destination marketing that focuses on the demand side of the equation.”

Mr Yeo who is also chairman of the Regional Tourism Organisations of New Zealand (RTONZ), added that an RTO’s role is to grow domestic and international visitor expenditure to a region, providing sustainable economic, environmental, social, and cultural wealth opportunities to the local community. It also provides generic promotion of the regional destination to visitors.

### Ad hoc

“We’ve been around for around 20 years, slowly covering the country in an ad hoc sort of way. In the early days it was all about competing with each other, with cooperation done through gritted teeth.

“The last five to 10 years have seen a rising level of funding and professionalism develop in the RTO sector. Collectively the 27 RTOs now have a combined budget of over \$26 million.”

Mr Yeo said that when the tourism strategy came out some 15 of the 43 recommendations concerned RTOs. Recommendation 25 said “a working group of ‘NewRTOs’ develops detailed options and recommendations for RTO functions, including the reduction of the existing 25 RTOs.” Added Mr Yeo: “The first bit appeared to be a relatively straightforward exercise. But it was the part after the comma that brought on amnesia amongst RTOs. Having grown from 25 to 28 RTOs since that recommendation was written gives you an idea that while we don’t exactly breed like rabbits we’re also no fans of euthanasia. But, address the issue we needed to do. Rationalise may well have been a less emotive and panic setting word than reduction but it served the purpose of concentrating the mind.”

He added: “Faced with tackling such a possibly contentious issue we RTOs sat down to look at it in time honoured fashion, with a sense of gallows humour....

“Extreme RTO makeover it may not necessarily turn out to be, but with a bit of boundary breast augmentation, lipo TLA suction, council facelift, tourismoplasty, cosmetic regional enhancement and a quick border tuck I’m sure we can deliver a new set of uplifted regional organs that will enhance any visitor guide centrefold. It’s actually an unextreme makeover that’s more likely.”

Recommendation 25 is, at last, receiving serious consideration.

## Only quality will keep the Brits a’coming...

THE UK is a market that wants and expects quality products from quality companies, Fullers Bay of Islands CEO Kit Nixon told delegates.

“The UK is very bullish about the forthcoming summer and predictions are looking extremely good.” He added: “It is a worthy market and one which is prepared to spend on quality product. Quality product is the key to maintaining this market in future...”

### Laws

Mr Nixon said that with strict European laws UK operators are vigilant with which New Zealand businesses they deal. And a quality endorsement, such as Qualmark, can make a difference.

During a recent visit to Britain Mr Nixon said he notices UK suppliers are realising that clients are becoming more discerning about sustainability. Fullers Bay of Islands are heavily involved in operating sustainably, he added, and this will become more critical in future. But there needs to be more than just quality plant. Staff must be capable, seem to be capable and be proud of their organisation.

### Uniforms

Fullers are about to kit out all 120 staff with topline Line 7 uniforms from jackets to shoes - because quality breeds quality.

Once a UK product manager has selected a New Zealand operator they need to know about quality management: how the company operates, people involved, what else you do that might make a difference, future plans, building a relationship and intangibles like safety procedures.

## Museum wins Qualmark award

**OTAGO Museum has consistently provided a quality experience for visitors.**

**“So we are thrilled to acknowledge their commitment to quality with this award,” says Qualmark CEO Fiona Luhrs in presenting it with the Mark of Quality at the annual tourism awards on Wednesday night.**

## Hoteliers concerned at Japan market, and other issues...

IF the industry is to make the most of the Japanese market it must act now to overcome its current problems, believes MCK Hotels COO and former Hotel Council chairman Gordon Wilson.

He told the TNZ international market forum - just prior to conference - that some hoteliers are questioning whether they should continue to support the market at the same level as before. "Other markets are rapidly developing and there is a danger that hoteliers will see them as being less hazardous and more productive." Mr Wilson believes the market is important. But we need to rewrite the rules. "We also have to accept that New Zealand receives a relatively small amount of Japan's tourist market and care has to be taken that we do not switch it off."

### Rules

What rules can be changed? "We can have greater liaison between tourism partners operating in the Japanese market, such as airlines and ground operators. We need to be working in tandem to ensure that we are all maximising the opportunities during off-peak and shoulder seasons."

He added: "There is little point in an airline offering very attractive airfares if this is not backed up by equally favorable accommodation and ground packages. "Greater communication in the various regions with which hotel is 'holding' what business. It has not been unusual to have the same business booked in three different hotels."

Mr Wilson said the industry needs to effectively manage allotments and, if necessary, increase the release dates and seek a guarantee of a "utilisation factor."

He believes Canada and parts of Europe are already doing this. So it is not unknown in Japan.

"There requires to be a mechanism within the accommodation sector to refrain from conducting business with those operators not playing by the rules. Care needs to be exercised when offering access to inventory more than 12 to 18 months out."

### Council role

Mr Wilson said the New Zealand Hotel Council should take a leading role. "If we are to make a difference and maximise the potential from the Japanese market then the industry requires us to act now."

Earlier Mr Wilson explained that the Japanese market is the most susceptible of our traditional markets to the effects of global conflict - and takes the longest to recover.

"This has led accommodation providers who have relied heavily on the Japanese market to seek replacement markets - the growth of interest in the New Zealand domestic market is a case in point."

He said airfares which rise during peak demand place greater pressure on the accommodation sector to sharpen its collective pencil to maintain price competitiveness and the market threshold.

"It is increasingly difficult to continue to justify this practice of subsidy."

Mr Wilson added that the "media market" is the fastest

growing in Japan. This relies on concentrated newspaper advertising campaigns. It is price sensitive but does generate volume.

"It is growing, however, at the expense of the more traditional FIT, one-off groups and short term campaign business. Furthermore, the media market has begun staying at mid-range hotels and has now moved into the superior and deluxe category."

### Consumer laws

On Japanese consumer laws, Mr Wilson said hoteliers can face damages of up to two percent of the total cost of a holiday, including airfares, if they try to change an itinerary.

"This has led to a number of hoteliers questioning whether the business generated is worth the risk, specially during times of peak demand.

"If you have to relocate one room, for whatever reason, (for visitors) who are on a four night stay, then you are liable to the compensation cost times four!"

He said the way of conducting business with the Japanese market has changed in the last four years. "It is now becoming more evident that wholesalers are securing accommodation - often at more than one hotel - on the basis that they will secure business from a competitor. This, in effect, has the possibility of preventing the existing supplier from accessing inventory - often at a better rate - and hence lose the business to the pitching wholesaler. The problem for the hotelier is that this business will inevitably be at a rate lower than originally quoted."

There is also no obligation for the wholesaler or inbound operator to release the rooms back into the inventory - when they are aware that their particular pitch was unsuccessful until the accepted release date. "This, of course, allows other attempts to secure business or forces the market to use a particular operator because they are the ones with the inventory."

### More fam trips suggested

STA Travel Japan MD Takeshi Shindo suggested more familiarisation trips be organised for Japanese agents "to increase their sympathy for New Zealand."

He said such staff can persuade clients to change their minds and visit New Zealand instead of another destination - once they have been here.

We have about one percent of the 16 million Japanese outbound market. But the Japan Travel Agents' Association has set a target of 20 million travelling overseas by 2007.

"It means Japanese tourists to New Zealand will become 200,000 by 2007. If we work closely and establish better partnerships, this could happen earlier. It may be 2006 or even 2005!"

Mr Shindo pointed out that Japanese can't speak English too well - and they can't take long holidays. Most are for a week. "Therefore it is easier for them to select a fully arranged package to save time and travel efficiently without language problems."

He said they want to do as many things as possible while here. In Japan mature women say they will relax while in New Zealand. "But do not trust it! Within one hour of check-in they will visit the concierge and ask for the nearest shopping centre."

This market - the mature package tourist - is still strong and hiking, gardening and nature activities, as well as native culture, appeal to them, Mr Shindo said.

For the second major market for STA Travel - students - New Zealand is ideal being clean and green and safe. But students and FITs are price conscious. They are always looking for good products which are economic and efficient. For that reason they prefer to fly with Korean Air and Cathay Pacific as they can save US\$300 per trip, which will then be spent on hotel meals and drinks, he added.

FIT travellers are increasing but they are confused by a flood of information which comes via TV, magazines and the internet. Few staff have any experience of New Zealand. That's why he suggested a series of fam trips. "You have many competitors such as Australia, Hawaii and Asia. You must beat them by working with us..."

### **Koreans big on Net**

NEXTOUR is the largest Net-based tour operator in Korea. And its MD Chris Hong said more than 30 million Koreans have access to the Net; probably the highest in the world. Of these, 11 million are regular users.

The online market consists of 20-24 year olds and 30-34 year olds who separately make up 22 percent and 25-29 year olds who represent 27 percent of the total. About 21 percent of the overall market seeks travel information. Of these, eight percent book international travel packages, five percent book their overseas hotels through the Net while one percent reserve rental vehicles. The reason why Net bookings are popular for 57 percent is the convenience.

Some 31 percent do it to save money and 18 percent because they can shop at any time.

### **Japanese find us attractive!**

JAPANESE marketing specialist Tony Boot said New Zealand is attractive to Japanese thanks to good TV and magazine exposure and there is more content in tour brochures. More companies are also offering differentiated product such as hiking, working holidays and FIT options. There's been growth in short hikes lasting from one hour to half a day.

We have opposite seasons but similar time zones and we are seen as safe and friendly. But competition is still high and we are seen as too expensive and too far away compared with competing destinations.

There is apathy among some agents for New Zealand while others lack specific product knowledge.

Mr Boot suggested that operators be specific about key selling points and to target market segments. They should provide "hardware" details such as what's in a hotel room, seating arrangements, location maps and floor plans.

They should also give the minimum and maximum number requirements as well as retail pricing, net pricing, validity periods, seasonality implications, booking conditions and payment conditions.

Operators should also work on their relationships with inbound operators, retail agents and any language schools. They should keep feeding the distribution chain with information. He encouraged them to attend Kiwilink while updating TNZ Japan. They should try to slot into TNZ Japan initiatives such as hachikaido, seasonal promotions and also develop a Japanese language web strategy.

They should also deliver on their promise by fast action and quick response. Agents should be kept informed of changes while staff should be trained in cross-cultural issues.

Mr Boot cited Wanaka as one area which has built on autumn's golden time and 1,000 Japanese have already visited the town - just to see the colours!

He said the Japan market should be considered positively by the New Zealand industry.

### **Publisher profiles the affluent American**

AFFLUENT American travellers were identified by Conde Nast Traveler VP and publisher Lisa Hughes as having a median age of 50 and a median income of US\$131,147. They take an average of eight trips a year of which one will involve at least eight hours flying. Some 97 percent have flown for leisure in the previous 12 months and 81 percent will travel for leisure in the next six months.

Some 98 percent says that despite changes in the world and the economy, they continue to travel.

Ms Hughes, who based her analysis on surveys conducted for the magazine, said that while last year 42 percent said New Zealand was their dream destination after Europe and Australia, now it is 53 percent. While before 11 percent said they would consider coming to New Zealand, this has since risen to 16 percent.

#### **Trip planning**

Such travellers are always in a trip-planning mode with 77 percent saying they start planning for their next trip as soon as they return from the previous one.

About 81 percent say they are constantly filing travel information. Visuals are vitally important as 75 percent are inspired to travel after seeing photographs or other visuals. And 89 percent said they selected a destination after reading about it in a magazine, while 54 percent by recommendations from friends and family.

Some 51 percent book long distance trips between two and five months out and 36 percent more than six months ahead. When it comes to booking long haul flights 35 percent do it through a travel agent, 27 percent directly by phone with an airline and 26 percent directly with an airline via the Net.

When it comes to what accommodation to book some 81 percent refer to the file they have built up, 72 percent refer to magazine articles, 63 percent use guidebooks, and 62 percent the Internet

## **No time for complacency, says UK travel chief**

VISITOR arrivals from the UK are up. But there's no room for complacency, warned Quest Travel MD David Simmons. "You must continue to work hard to remain as a global tourism benchmark."

Mr Simmons said Quest Travel numbers to New Zealand are up 23 percent while ground sales are up 43 percent and repeat customers are 15.7 percent compared to 12.8 percent to Australia.

He noted that we are already stretching the peak season for the UK market. In 2000 the number who travelled here between December and March was 61.1 percent. This year it's 52.9 percent. Those who travelled between August and November in 2000 were 13.6 percent. Now? 28.2 percent. "So it's already happening," he added.

"My prediction is that New Zealand can be an all year round destination!" How to stretch the season? Greater consumer awareness. Use tools other than price to make it compelling for people to visit off peak. And we need to educate the sales channels that there are things to do here in August!

Mr Simmons pointed out that while 14 million Britons travel abroad each year New Zealand hauls in only two percent of these. So it's important to maximise the yield through quality product, unique experiences and a great perceived value.

Although formerly from Dunedin, Mr Simmons' first famil here opened his eyes to the potential. He introduced the first New Zealand-dedicated brochure which is still only one of a few in Britain. Quest Travel was the first international operator to integrate Qualmark and it's still the only one.

Mr Simmons described Qualmark as a "fantastic initiative by New Zealand industry to manage/maximise the visitor experience...it's unique in the world and provides an external official endorsement of product, which is valued by potential visitors."

The challenge is that Qualmark needs to be accepted by operators while integrating its ratings with differing international standards. There is also a need to raise consumer awareness at point of purchase.

To develop international sales Mr Simmons said New Zealand operators need to partner with the right distribution partners. "If you sell an up-market product there is no point working with a backpacker agent."

Mr Simmons said that if operators are not improving their product - their competitors will. "Don't stand still. Customers want new experiences..."

## **Consumers rediscovering agents, says Scott**

CONSUMERS are rediscovering the role of the travel agent and wholesaler, with one saying 75 percent of their business is still coming from agents, consultant Angela Scott said.

Ms Scott said that in the past 80 percent of all travellers to New Zealand also visited Australia. Today, that is changing. "We are no longer the poor cousin!"

Wholesalers are becoming more adventurous in how they sell New Zealand. The consumer is also more internet savvy and the wholesaler has to adjust to this. The lead-in time has shortened, which has put pressure on land arrangements. Americans are also becoming more resilient and are travelling more despite terrorist threats. The industry has been saying 2003/4 has been a good year, although the exchange rate has caused prices to rise.

Ms Scott said one wholesaler told her his brochure rates have jumped 40 percent over last year. Margins have become tighter. So wholesalers are expecting more brochure contributions and marketing and advertising support.

And awareness of New Zealand in the US is still good thanks to *Lord of the Rings* and *Whale Rider*.

Her advice to operators: understand the market; talk to people in the industry; do your homework and develop a strategy; research the market; find out who the key wholesalers and inbound operators are; see where your product fits in the market; respect the distribution channel.

## **Yeo highlights the dark side of tourism - and the D word!**

THE success of a region's tourism sustainability is integrally linked with community support and acceptance of visitors and the benefits of the industry. And RTOs are the key factor in ensuring this happens, RTONZ chairman Paul Yeo told delegates.

"The domestic market - 'the dark side of our business' - will remain the most important side for most regions for many years to come. RTOs are the key drivers in ensuring this happens."

He also said the market dynamics have changed rapidly in the past year. "Don't oversimplify the market and believe that booming international growth means peace and prosperity for all regions," he added. "RTOs understand this more than anyone else." Mr Yeo said that RTOS individually - and as a collective under RTONZ - are now more readily able to demonstrate their value as key stakeholders and partners in the industry.

Earlier Mr Yeo said: "There is a dark side to the bright glow of international tourism. A side seldom heard of in national circles and conferences where we bask in overseas success. A side whispered of in dark provincial corridors as it's far too unsexy and unfashionable to be heard shouting about it. It's the D word: domestic tourism.

"No-one is really responsible for it. There's no advocate for domestic tourism in the same way that Tourism New Zealand so successfully promotes and champions international tourism."

He added: "It's the bit that works down in the grimy engine room of our tourism ship of state while the big spending pretty people cause all the noise partying up top. And yet it is still bigger than international tourism..."

Domestic tourists spent \$9,100 million and international

tourists \$7,400 million in 2003. A 55:45 percent proportion which, Mr Yeo pointed out, will not last long.

“Proportionally, domestic tourism is the bulimic, working hard to put on kilos but throwing it all up on an overseas splurge, whereas international tourism is the binge drinker reaching for even giddier heights.” Latest forecasts show that international expenditure will exceed domestic by 2010/11.

He described international tourism as being on Viagra, all fired up and primed for action. In comparison domestic tourism is in a “flaccid, Prozac induced coma.”

#### **Ignore at our peril...**

“Yet,” he added, “we ignore domestic tourism at our peril. Unexciting and stunted it may be but it is still big. For most regions it is still - and will remain for many years to come - the biggest part of their tourism business. In fact only three of the 27 RTOs have more international visitor nights than domestic nights spent in commercial accommodation.”

Mr Yeo said that what is particularly troubling at the moment is not the forecast of sluggish domestic growth “that only a massive immigration or child rearing frenzy can fix” - but the sudden decline in domestic travel brought about by the biggest dynamic change to tourism this country has seen: inexpensive airfares.

For the year ended July, there has been a 23 percent increase in trips overseas by New Zealanders - while inbound went up only 12 percent. Some 1.5 million outbound trips against 2.3 million inbound.

“Residents of Auckland, Wellington and Christchurch are being tempted to travel to either Australia or Fiji while others take advantage of great airfares

domestically on main trunk routes to visit and stay privately at the opposite end of the country. Neither helps the commercial accommodation sector in this country. And something has to give. They can't take advantage of these excellent bargains and still take the same number of weekend trips away to Taupo, or the Wairarapa, or Nelson...”

#### **VFR**

And, he noted, a big chunk of growth has come from VFR traffic. It has grown 17 percent in the past year whilst holiday traffic has grown 10 percent on a much bigger base. “Most of these VFR visitors gravitate to the larger metropolitan centres where their relatives and friends live with less flowing on to smaller, regional centres...So when it comes to tracking the ebb and flow of all visitors in commercial accommodation around the country it isn't a case of everyone's a winner.”

For the year ending June, commercial accommodation visitor nights had grown only four percent nationally but provincial regions - lacking a VFR bound population and hurt by the loss of their traditional domestic markets - took a hit. “Lake Taupo was down one percent for the year and Nelson down four percent. Even Auckland was marginally in the red.”

#### **Trends**

He said there are “interesting” trends around besides the “flashy” increase in overseas visitor arrivals: falling domestic visitors in many regions, a decline in commercial accommodation in some regions often coupled with an increase in private accommodation usage, a larger proportion of VFR travellers in the market mix, a reluctance still to extract many visitors from the Golden Route and a definite swing in visitor growth to the South Island...

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ADVERT

# Lions tour has potential to be even more lucrative than America's Cup!

WITH up to 25,000 supporters paying as much as \$32,000 each, the Lions tour next year will be bigger for New Zealand than the America's Cup, annual tourism conference delegates were told. Dave Simmons, MD of Quest Travel, UK, said that demand is already enormous.

"The Lions tour will be a massive opportunity for the New Zealand industry. A conservative estimate is for 15,000 coming down. But it's potentially 20,000-25,000. Interest is sky high already."

## **Tradition**

Mr Simmons tells *IT* it is the tradition of the Lions which is appealing. "It's a unique experience held only once every four years. The whole of Britain pulls together and there's a real spirit about it. In Britain, the romance of amateur rugby is still alive - like the Ranfurly Shield."

## **Fans**

He says 6,000 fans are booked on official packages each costing \$12,000-\$32,000. "So it's serious money being spent...then up to 20,000 are coming down by their own means."

Quest is not an official Lions tour operator but 500 clients have already booked trips with it. "They want to be in NZ to experience New Zealand as much as the rugby. It is a complete package they are looking for - not just a rugby experience. You will do very well."

Mr Simmons says there are still big problems to be overcome. Pressure points include Wellington and a shortage of accommodation. "Even transport such as ferry crossings...Quest has 120 campervans that we are sending people around in and even getting access to ferry berths, and domestic air capacity is a challenge on key days.

"Even some of the provincial games will create problems which will have to be resolved. Invercargill will have 20,000 descend on it, which will be an interesting experience for (Mayor) Mr (Tim) Shadbolt.

## **Experience**

"In all, this will be a fantastic experience for the British customer. They will have a great time. "Some of the big benefits for the industry are that you are promoting New Zealand in the winter off season and for the British consumer to understand that NZ does offer opportunities to come and travel out of peak periods will help seasonality."

Media coverage in the UK, France, Australia and South Africa will be "absolutely enormous."

He adds: "It's been suggested more media are interested in the Lions' tour than for England's World Cup. So there will be plenty of TV and good coverage in newspapers. It'll be coverage money can't buy."

Its worth? "It will be a significantly

bigger opportunity than America's Cup ever was. And benefits will flow on for 12-24 months."

Mr Simmons, who was born in Hamilton and attended Otago University, says it is critical industry "gets it right."

## **Success**

But he believes we will succeed. "I am impressed by some of the work I've seen and it excites me, both as a New Zealander and from a UK tour operator's perspective. There is a real desire to get it right and to manage the whole experience from the welcome at the international airports, through to mayoral receptions right up to the time they leave the airport again."

Mr Simmons says terms being used include "100%welcome." He adds: "If the country can pull that off it will have 20,000 ambassadors going back to the UK saying what a fantastic destination New Zealand is."

## **Class**

He describes British rugby fans as "very middle to upper class. Sure they will be looking to have a good time and to drink plenty of beer. But it will be very good-natured characters who will be following the rugby and looking for a fun time - and looking to interact with New Zealanders."

Mr Simmons believes the tour is the greatest opportunity this country will have in the next two years to promote itself on such a scale.

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## ***Visiting Stewart Island?***

**There's plenty of accommodation at Beach House and Kereru House.**

**Bookings: Brenda and Roger Hicks on phone/ fax 03-2191348**

## **We need to rejoin WTO - de Villiers explains why**

WE are the only significant tourism destination in East Asia/Pacific which is not a member of the World Tourism Organisation (WTO), now Australia has rejoined. And WTO deputy secretary-general Dawid de Villiers, added at the annual tourism conference last week, that membership would expand our international relationships. It would also help us draw on WTO's resource of knowledge and capacity to respond to global events.

"New Zealand will become part of the process of international thinking and policy-making, and will be able to contribute to the sustainable development of tourism in fields where you have demonstrated leading-edge knowledge and experience."

Dr de Villiers said there will be explosive growth in tourism arrivals in the next 12-14 years with figures set to double. "It will create enormous opportunities for countries and destinations," he added. "But the benefits will not be equally shared - there will be winners and there will be losers."

Winners will be countries and destinations with vision and political will. "Success will require investments in infrastructure, human development, technology and marketing. It will require up to-date Tourism Satellite Accounting systems to provide relevant and reliable information on the economic performance of the industry. It will require partnerships between public and private sectors at national and international levels. It will also need increased quality and better monitoring systems to check sustainability levels. "The competition will be tough as more countries raise their levels, as new destinations step into the ring and as the marketing war intensifies." The challenge for TNZ, he added, is to position itself in a changing market.

Dr de Villiers said New Zealanders have huge advantages as we are in an area of the world which is enjoying huge growth. "The centre of gravity in tourism is slowly changing - from Europe and North America to Asia and the Pacific."

The WTO forecasts 100 million outbound Chinese by 2020. "What an opportunity for New Zealand if you position yourself correctly in this region!" And, he added, an important part of the positioning should include membership of WTO.

## **Minister announces \$82,000 toolkit**

**SOME \$82,000 is being made available to promote awareness and use of a new Tourism Planning Toolkit. Tourism Minister Mark Burton says it's been designed to help local councils understand the economic benefits of tourism in their region, and to measure visitor demand and visitor satisfaction. It also enables local authorities to profile the sector, gives models to help evaluate tourism projects and events proposals, and offers ideas on how to monitor progress. The kit has been prepared by Lincoln University, with help from Local Government New Zealand.**

## **Express class "worth \$95 million"**

REGIONAL economies have benefited by up to \$95 million since AirNZ launched its Express Class, according to the airline.

Significant increases in the number of passengers travelling on the domestic network have seen the following benefits: Northland - \$5.1 million; Auckland - \$95.1 million; Waikato - \$4.1 million; Bay of Plenty - \$5.6 million; Hawke's Bay, - \$11.4 million; Taranaki - \$3.8 million; Manawatu/Wanganui - \$7.9 million; Wellington - \$74.6 million; Upper South Island - \$21.1 million; Canterbury - \$72.9 million; Otago - \$39.5 million; Southland - \$3.9 million.

Group GM marketing, network and sales Norm Thompson says: "When we introduced Express Class across our domestic network our goal was to fly more people to more places more often through lower airfares. The resulting financial benefits for communities throughout New Zealand have been substantial. Reducing fares by an average of 20-25 percent and up to 50 percent has certainly produced the desired result."

### **Passengers**

Passenger numbers have also increased: Auckland - 367,548 (45 percent); Waikato 19,880 (18 percent); Bay of Plenty - 10,065 (22.2 percent); Taupo 4,846 (23.3 percent); Taranaki 17,679 (26.1 percent); Hawke's Bay 39,892 (26.5 percent); Manawatu 35,191 (26.2 percent); Wellington 260,063 (33.6 percent); Upper South Island 60,542 (21.7 percent); Canterbury 248,696 (37.6 percent); Otago 134,66 (31.3 percent); Southland 17,135 (11.5 percent).

## **Strong interest in research conference**

**MORE than 120 abstracts have so far been submitted for the New Zealand Tourism and Hospitality Research Conference at Victoria University from December 8 to 10. Subjects range from sex tourism in Iran, to mitigating the effects of greenhouse gases, images of New Zealand and gastronomic tourism. Outgoing TIANZ CEO John Moriarty is presenting a paper entitled *Serving Two Masters: Transferring Academic Research to Industry* while former Tourism Rotorua GM Steve Pike will discuss *Destinational Positioning Slogans - Analysis of Themes used by New Zealand RTOs*. Details: [sophia.lum@vuw.ac.nz](mailto:sophia.lum@vuw.ac.nz).**

## **Battle celebrated**

LATITUDE Nelson says it's celebrating the bicentenary of the Battle of Trafalgar from October 15-23 next year. *Celebrating Nelson - the person, the people, the place* is the theme. Details: 3-5450832 or [gthomas@iconz.co.nz](mailto:gthomas@iconz.co.nz).

## **Cottage for hire**

**THE Lodge at Paratiho Farms has added the option of overnighting in the cottage, a kilometre from the main building. It's ideal for families, and others looking for self-catering and somewhere different. Details: 03-5282100.**

## **Sandford - recognition at last**

HE is described as the quintessential tourism entrepreneur. He left school at 15 without qualifications to work in a milk-processing factory, moved on to a job with Bob Jones in Wellington and then started his own company - at 21. John Sandford of Jasons Travel Media Ltd has at last been recognised by receiving the Horwath Asia Pacific Sir Jack Newman Award.

Jasons is now the largest travel publisher in Oceania with more than 60 staff serving 10 South Pacific nations with 44 print guides, a national brochure distribution service and extensive web content services.

Since 1967 Mr Sandford has worked for the industry, not only building up Jasons but also contributing to dozens of travel industry bodies, groups, projects and initiatives.

These include TIANZ where he was deputy chairman for many years, development of the motel and holiday park/campground sectors, commitment to industry quality standards, major contributions to PATA, including international chairman, and work on domestic tourism and a range of environmental projects.

## **Blanket Bay second - 3X in a row**

BLANKET Bay, Glenorchy, Wharekauhau Country Estate, Wairarapa, Kauri Cliffs, Northland, and Huka Lodge, Taupo, have again been voted into *Andrew Harper's annual Top 20 International Resort Hideaway* subscribers' list. Blanket Bay was second - beaten only by Singita safari lodge, South Africa - for the third year in a row. Huka was seventh, Wharekauhau 10th and Kauri Cliffs 18th.

\* The *Andrew Harper's Hideaway Report* survey results are NOT a representation of his views, according to the company's Jim Haupt. *IT* had asked if properties listed on his world Top 20 and other lists were selected by Mr Harper, who, subscribers told us, is a travel agent. But Mr Haupt says: "As is our custom, we turn the tables and ask our readers to name their favourite hotels in the world. This poll is the oldest, most reliable of its kind conducted among sophisticated frequent travellers."

## **Changes at Golden Bay VIC**

**ELIZABETH Dransfield is now supervisor of Golden Bay VIC, replacing Margaret Tait.**

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**as; SALES MANAGER – Huka Jet, Taupo**

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Applications which close on Friday 10<sup>th</sup> September 04 should be addressed to:

Clark Scott  
Manager  
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PO Box 563, Taupo  
Email: [c.scott@hukajet.co.nz](mailto:c.scott@hukajet.co.nz)

## **Skycity and Skyline make peace over CCL**

SKYCITY Entertainment Group announced that it and Skyline Enterprises Limited have made peace over Christchurch Casino (CCL). Skycity recently bought a 40.5 percent interest through its purchase of Aspinall (NZ) Limited. Skyline holds an equal interest.

The parties will have equal representation on the CCL board, and have agreed ongoing corporate governance arrangements that reflect their equivalent interests.

The agreement resolves most of the matters that were the subject of litigation between Aspinall, Skyline and its associates, and the casino. CCL is the owner and operator of the Christchurch Casino and holds an effective 32.2 percent interest in Victoria Hotels (Christchurch) Limited, owner of the 296 room, four star, Christchurch Crowne Plaza. CCL is also a 33 percent shareholder in Dunedin Casinos Limited, the owner and operator of the Dunedin Casino.

Apart from Skyline and Skycity other shareholders in CCL are Southern Equities Limited (8.6 percent), and SPHC (NZ) Holdings Limited, a subsidiary of InterContinental Hotels Group (10.4 percent).

## **Now two Holiday Inns in Christchurch**

**HOLIDAY Inn doubled its presence in Christchurch this week as parent company InterContinental Hotels Group stepped up the pace of its re-branding strategy in New Zealand. Overnight, the former Christchurch became the Holiday Inn City Centre Christchurch while the existing Christchurch Holiday Inn on Oxford Terrace is now known as Holiday Inn on Avon Christchurch.**

## **Red tape still costs SMEs thousands each year**

RED tape cost the average business \$43,876 in 2003/4 compared to \$52,724 the year before, according to a Business New Zealand-KPMG compliance cost survey. It notes that costs are six times higher per fulltime employee for small businesses than bigger ones. Details: [www.businessnz.org.nz](http://www.businessnz.org.nz).

## **Delegate distractions**

**TWO delegates at last week's annual tourism conference must have wondered whether they should have stayed home. While Paddy Gillooly of Farewell Spit Tours was in Taupo a giant squid washed up on the beach near "his" lighthouse. And Norcombe Barker of Larnach Castle was also distracted when he heard his neighbour's house had burn down overnight. Both men stayed, however.**

### **THL's NZ turnover rises six percent**

THL reports total turnover of \$165.6 million in the last financial year, almost the same as in 2003. While turnover in New Zealand rose six percent to \$111 million, the Australian side decreased nine percent to \$54.6 million. The company's annual report shows that transport in total increased one percent to \$147.2 million, total attractions by 13 percent to \$22.9 million. The audited profit after tax was \$11.2 million, compared to last year's profit of \$8.7 million.

Chairman Keith Smith says THL has a strong balance sheet, high cash flows and competent management and staff to capitalise on the positive medium and longterm trading outlook.

A third of THL's business is Australia-based, which has not performed to expectation. Australia is recovering more slowly than New Zealand in the aftermath of 9/11.

Mr Smith says attractions revenue increased 11 percent with a profit decline of five percent to \$6.3 million. Kelly Tarlton's suffered through decreased patronage and increased competition. But the new attraction, Stingray Bay, which is due to open by December.

## **Tenderfoot pilot?**

MORE than 100 passengers on an AirNZ Christchurch-Wellington flight were delayed an hour this week when the pilot refused to take off because two youngsters were not wearing shoes.

## **New way to collect fines**

**TRANSPORT Minister Peter Hodgson says some overseas visitors think that when they hire rental vehicle they do not have to obey the law and pay fines. Last year 14,000 fines were reportedly waived. Now government is considering collecting the fines through the visitors' credit cards.**

## **Mount Eden discussed**

ABOUT 1.2 million visitors to Auckland go at some time during their stay to the top of 196m Mount Eden.

Of these, 51 percent are from overseas and 46 percent of them arrive by coach. The local community board wants to ban coaches using the volcanic cone because of traffic hazards and damage they and their passengers are said to cause.

Now the Bus and Coach Association has set up a sub committee to work with Auckland City Council to find a solution to the problem.

## **Capital eyes on Hilton**

**WELLINGTON investment group St Laurence is reportedly trying to raise the money to buy Auckland's five star 166-room Hilton Hotel for \$51 million.**

## **Four events onsite**

EVENTS so far listed on the new Maori Tourism website are: Ellerslie Flower Show, Kiwis v Kangaroos rugby league match, the AirNZ Fashion Week and Clevedon Wine Festival.

## **Fong's our man**

**AIRNZ'S Keith Fong has been appointed tourism development manager, Group GM Norm Thompson has announced. Previously he was manager inbound and sales development.**

## Maori upset by comments over whakaeke prior to awards dinner

COMMENTS over a whakaeke performed by Hell's Gate and Wai Ora Spa kaumatua and staff before last week's annual tourism awards could be regarded as insulting, according to marketing manager Nadine Rippey.

"It is unfortunate that comments from TIA personnel were passed on to other tourism operators and stated they felt the whakaeke was inappropriate, particularly considering that those making the comments appeared not to have an understanding of what the significance was."

### Insulting

She tells *IT* that it is unfortunate that other members of the industry also made comments "that certainly could be regarded as insulting, which clearly indicates that there is still a lack of understanding and cultural awareness pertaining to Maoridom."

Ms Rippey adds that this is even more regrettable, considering that the conference, preceding the awards gala, emphasised the need for New Zealand culture to be brought to the fore, in terms of promotion, marketing and experiences, "thereby ensuring that the tourism industry and our culture

continues it's growth into the future."

But, she says, it was pleasing to hear many comments from those in attendance who thought the entrance was uplifting, respectful and representative of the obvious mana contained within the group. "If, for instance, Larnach Castle in Dunedin, had a group attending the gala dinner and were lead in by Scottish bagpipes, it would have been seen as adding colour to the event, and represents the diverse nature and heritage of New Zealand culture. We certainly would not have been offended by such a show of pride."

### Respects

Ms Rippey emphasises that the entrance was not done as a powhiri, as claimed in daily media, but was done as a whakaeke. This is where a group acknowledge who they are, where they come from and pay respect to the tangatawhenua, which in this case was Tuwharetoa. She adds: "It was not a 'performance' as has been quoted - it is a part of our culture where we show respect to the tangatawhenua, whether they are in attendance or not. To put it into perspective, the whakaeke lasted for about four

minutes and was undertaken as we walked into the hall."

The group say they assured TIANZ the whakaeke would be done prior to the event itself.

\* Hell's Gate and Wai Ora Spa were finalists in the awards.

## Aussies buy Subritzky ferries

SOUTH Australian tour operator Kangaroo Island SeaLink, has bought Subritzky, one of this country's largest privately owned ferry companies. Following approvals by the Overseas Investment Commission the acquisition was settled on Wednesday.

Kangaroo Island SeaLink is one of South Australia's most successful tourism companies.

Announcing the purchase, Subritzky CEO, Michael Moore, said tourism had been identified for the Auckland-based company as a key long term growth strategy.

"We had been looking for intellectual property and investment partners for some time," he said. "They made us an offer for the company we quite simply could not refuse!"

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## Tourism & Lifestyle Opportunities

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ROTORUA - Holiday Park on the banks of the Waiteti stream on the outskirts of Rotorua. Park can accommodate in excess of 120 people. 6376 sq. metres of land. The lake is 400m walk away along the stream. John Perrett 027 656 5464

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