Tourism Trends & Insights

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OUR PURPOSE

To improve the Rotorua economy and its ability to create employment, wealth and wellbeing for all of our people.





ROTORUA TOURISM TARGETS 2030



RESPONDING TO THE OPPORTUNITIES OF GROWTH

- o Destination Management to Destination Development
 - Investment in public amenity infrastructure 2 Big Moves
 - Catalyst for unlocking private sector investment
 - Partnerships transformational shift, career pathways, job creation
 - Skill and talent attraction Insights dashboard
- o Shifting from Volume to Value Value in the holistic sense
 - Value our culture, Value our environment
 - Not just more, less impact on the natural and built environment
- o Closing the gap, visitor spend
 - Stay longer, experience more
 - Accommodation positive signals
 - Strategic partnerships / Regional collaboration
 - Extending the shoulder and winter season
 - Market analysis

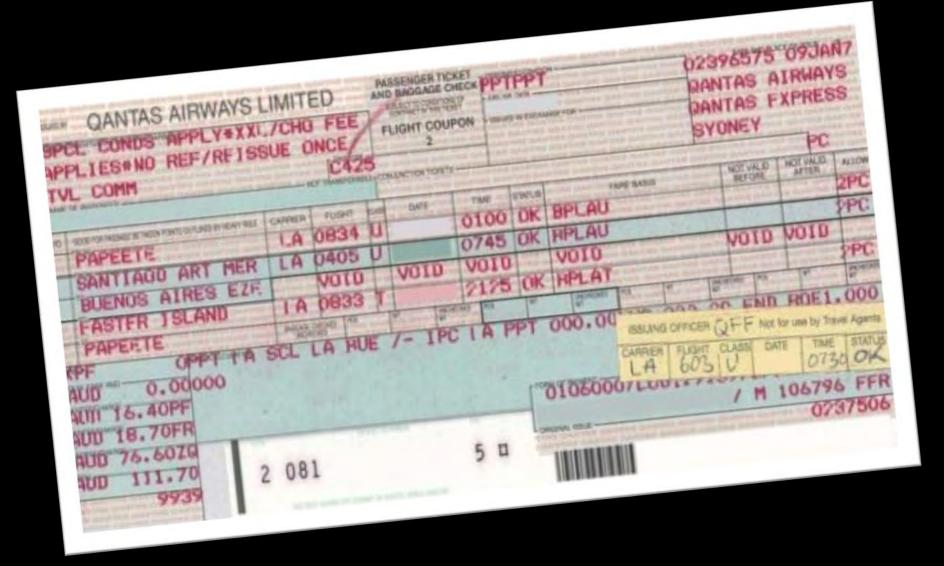
RESPONDING TO THE OPPORTUNITIES OF GROWTH

- Outstanding customer experiences
 - Authentic experiences
 - Reorua Bilingual Rotorua
 - Aligned branding and messages
 - Wayfinding
 - How visitors engage with the Destination
- o High Performance Business
 - Benchmarking and Perceptions research
 - Insights
 - Business workshops
- o Sustainable Future
 - Social licence to operate
 - Highlight our Rotorua story, tourism part of our DNA, room for growth
 - Walk the talk Value over Volume
 - Level playing field
 - Work with Landowners / DOC to highlight to visitors the need to respect natural areas
 - Highlight the positive impact tourism economy has on job creation and spend in the destination
 - Highlight national programmes and monitoring
 - Provide quality insights

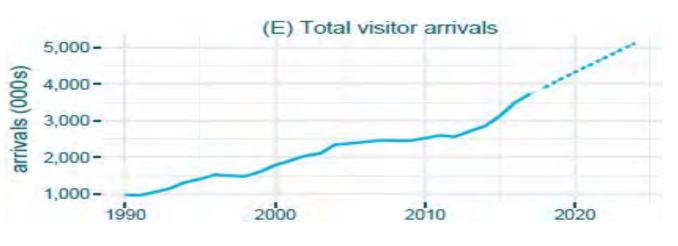
SOME QUESTIONS TO CONSIDER

- What tourism business opportunity makes sense for you?
- Is it direct or indirectly linked to the visitor industry?
- Does it align with your goals?
- What customer experience are you offering?
- What is your USP?
- Who are you targeting?
- How will you market to them?
- What is involved, skills, financial investment, ongoing capital?
- How will you develop a budget / find information to ensure it is sustainable?
- Who will run the business?
- What are the variables?
- What are the risks / rewards?

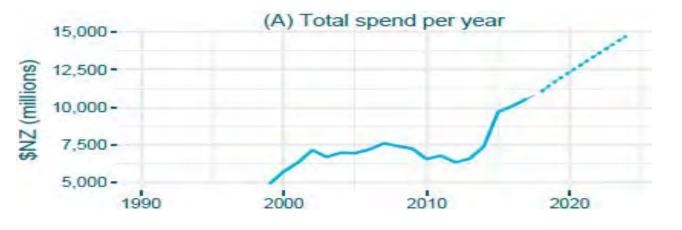




NEW ZEALAND TOURISM FORECASTS 2018–2024 KEY MESSAGES



Visitor arrivals forecast to reach 5.1 million by 2024



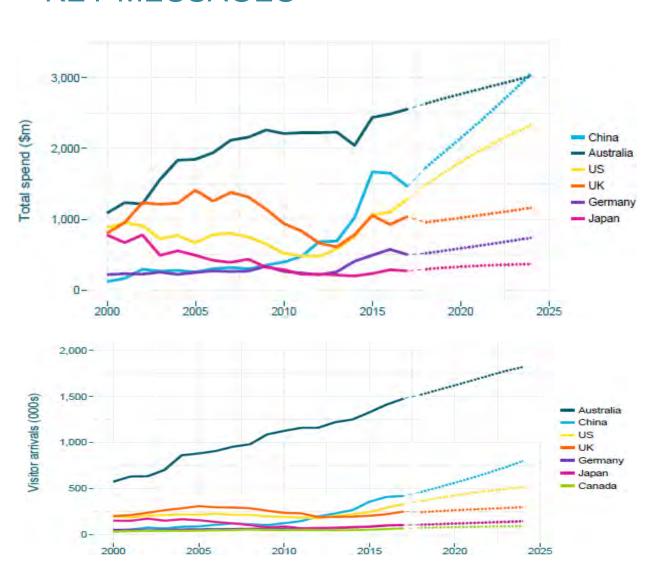
International spend is forecast to reach nearly \$15 billion by 2024

NEW ZEALAND TOURISM FORECASTS 2018–2024 KEY MESSAGES

China to overtake Australia as the largest market by spend

Australia will remain the largest source of visitor arrivals

Other Asian markets will continue to grow

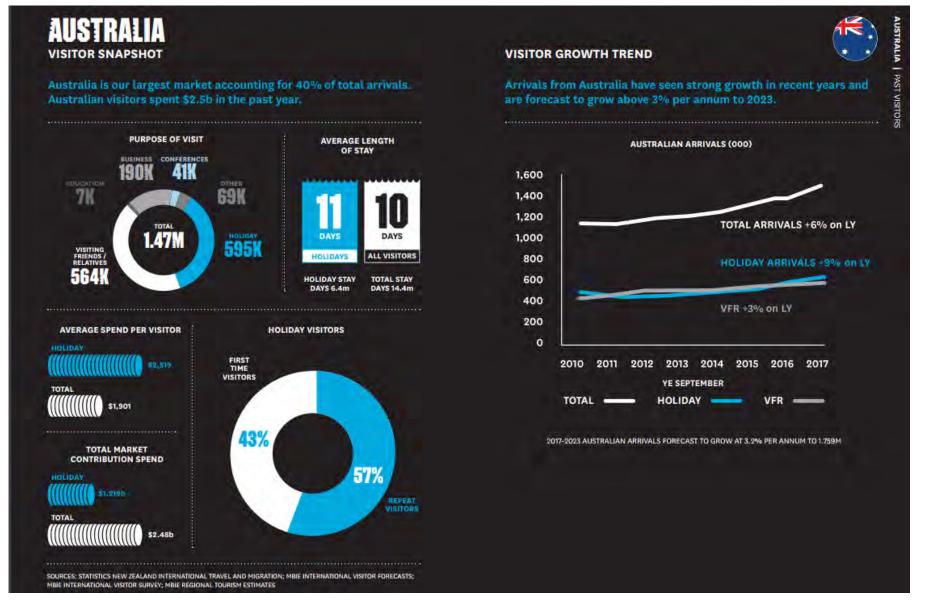


Source: MBIE, NZ Tourism Forecasts

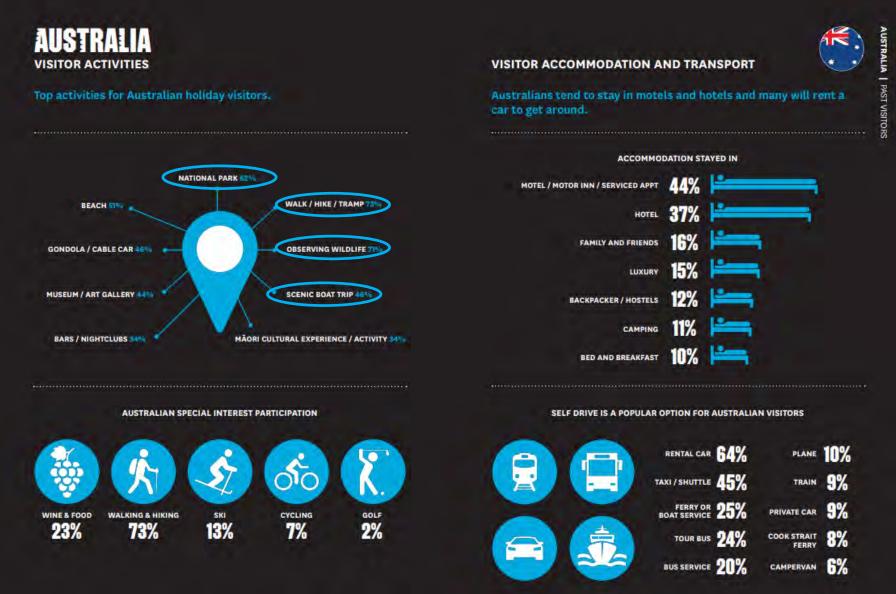
ROTORUA VISITOR SNAPSHOT



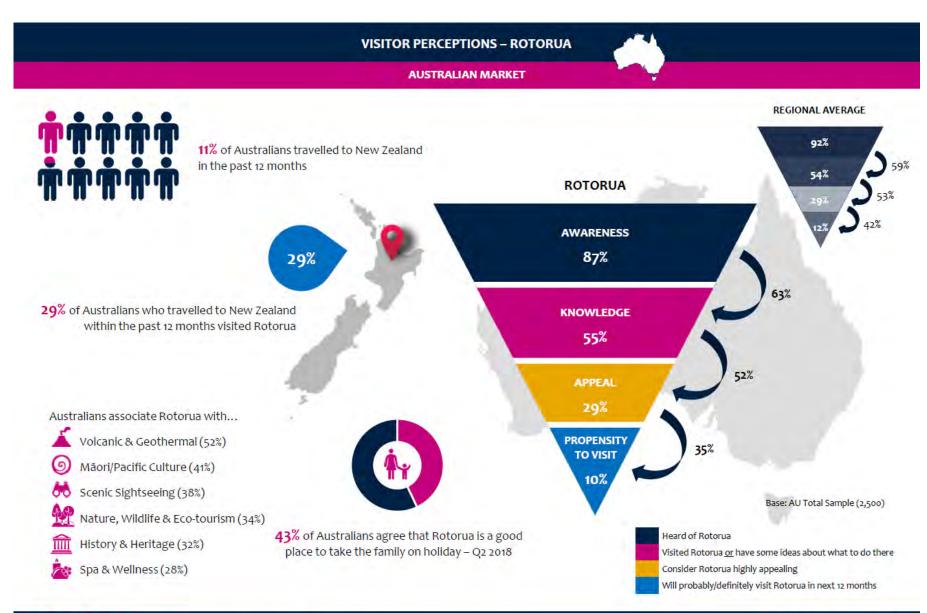
AUSTRALIA IS NEW ZEALAND'S LARGEST VISITOR MARKET, WITH ALMOST 60% REPEAT VISITATION



EXPLORING THE NATURAL ENVIRONMENT IS THE BIGGEST DRAWCARD FOR AUSTRALIAN VISITORS

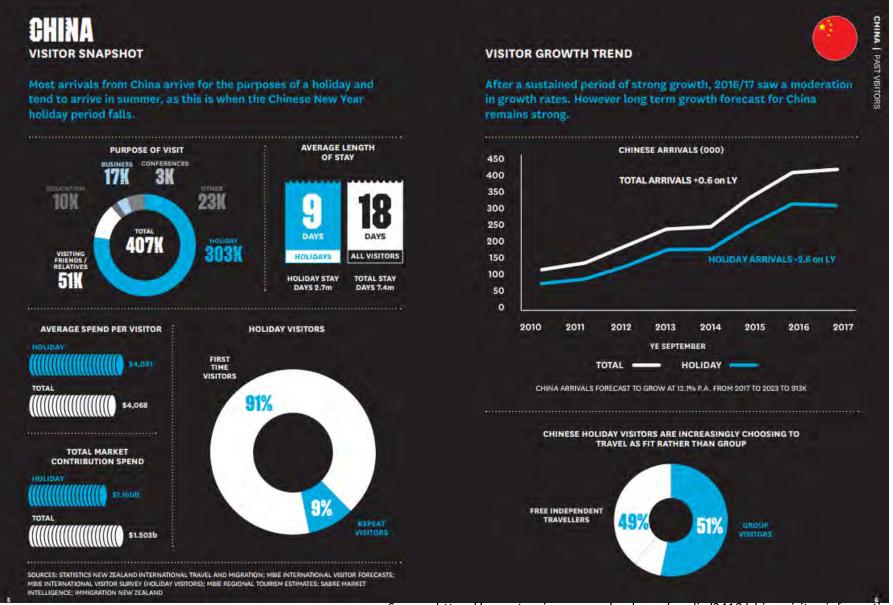


AUSTRALIAN VISITOR PERCEPTIONS OF ROTORUA

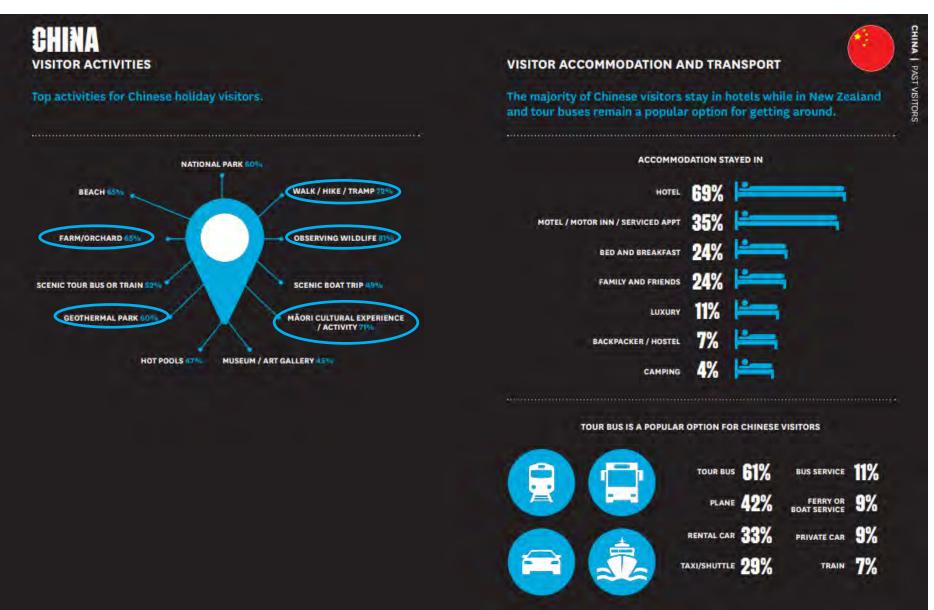




MAJORITY OF CHINESE ARRIVALS VISIT NEW ZEALAND FOR A HOLIDAY



MAORI CULTURAL EXPERIENCE, EXPLORING NATURE, AND FARM EXPEDITIONS POPULAR FOR CHINESE VISITORS

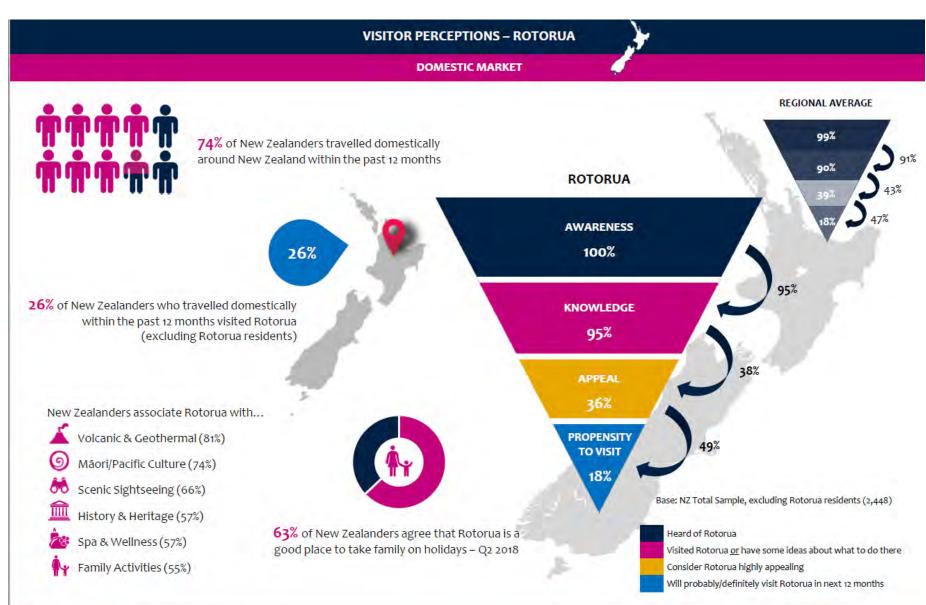


CURRENT SITUATION DOMESTIC MARKET

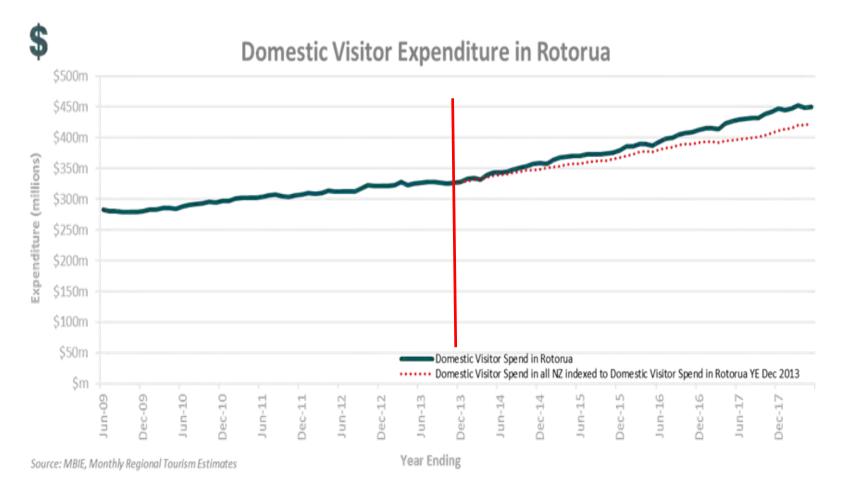
The Famously Rotorua campaign has been in market for four years and has built a lot of brand equity. Famously Rotorua recently underwent a brand refresh moving to a more modern and contemporary look and feel that incorporates Maori culture in order to build on the recent success with our partners NZME.

- The domestic visitor market currently contributes \$448.4m towards total visitor expenditure of \$816.3m*
 - Expenditure growth is at 5.9% which is behind of the national growth of 6.5%*
 - Auckland \$141m, BOP \$83m, Waikato \$83m, Wellington \$31m, Canterbury \$15m*
- The domestic visitor market currently contributes 2.35m visitor nights towards total visitor nights of 3.95m*
 - CAM growth is 11.3% which is ahead of national growth at 1.6%*
 - CAM nights of 1.21m and VFR nights of 1.13m*
- The domestic visitor market currently contributes 1.011m visits to activities and attractions towards a total of 3.299m*
 - Domestic attractions visits grew by 1.3%*
 - Domestic activities visits declined by 6.1%*

DOMESTIC VISITOR PERCEPTIONS OF ROTORUA



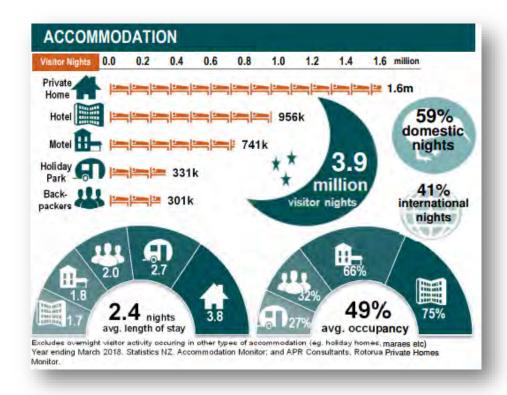




	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	% Change
Total	\$343.4m	\$370.5 m	\$393.5m	\$430.8m	\$450.8m	+31%
AKL	\$109.5m	\$120.1 m	\$126.7m	\$138.4m	\$141.3m	+29%

ROTORUA ACCOMMODATION OVERVIEW

- Rotorua's commercial accommodation market is made up of hotels, motels, holiday parks and backpackers (measured by CAM).
- People staying with friends and family in private homes are the largest accommodation sector.
- Airbnb, Book-a-Bach etc is a growing segment offering visitors a different experience, however there is not yet a measure available.



WHAT DO THE NUMBERS TELL US FOR ACCOMMODATION?

Year end highlights June 2018 compared with the previous year:

- Guest nights rose 6.6 percent to 2,352,617
- International guest nights rose 2.1 percent to 1,127,565
- Domestic guest nights rose 11.2 percent to 1,225,053
- The average length of stay rose from 1.86 nights to 1.87 nights
- The overall occupancy rate rose from 47.0 percent to 49.9 percent
- The occupancy rate, excluding holiday parks, was 55.9 percent for the year ended June 2018
- Accommodation capacity, excluding holiday parks, fell 1.0 percent.
- In June 2018, Auckland recorded the largest decrease in guest nights (down 29,000 or 5.6 percent) from June 2017.
- Bay of Plenty (down 10,000 or 12 percent).
- Canterbury recorded the largest increase (up 16,000 or 7.7 percent), followed by Rotorua (up 7,000 or 5.2 percent).

GLAMPING IS GOING NEXT LEVEL: FROM YURTS TO TREE HOUSES TO WHEREVER YOUR IMAGINATION TAKES YOU...!

Glamping is a portmanteau of glamour and camping and describes a style of camping with amenities and, in some cases, resort-style services not usually associated with "traditional" camping. Wikipedia



PUREPODS OFF-THE-GRID LUXURY ACCOMMODATION IN STUNNING SURROUNDINGS IS A TRULY UNIQUE OFFERING



Professionally managed eco-tourism opportunity for additional on-farm income.

Purepods are looking for partners – landowners who share their values of sustainability and conservation.

https://www.purepods.com/partners/



ROTORUA IS AN ATTRACTIVE DESTINATION FOR LUXURY MARKETS, BUT LACKS IN SUITABLE ACCOMMODATION

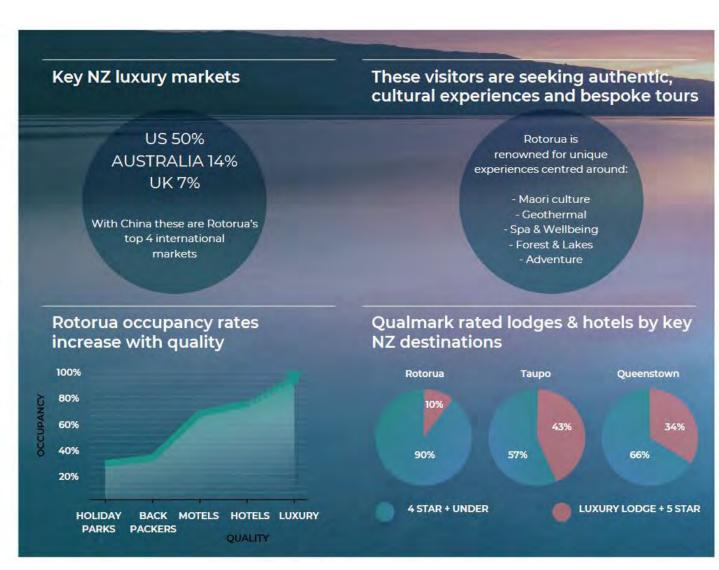
KEY MESSAGE

Rotorua is already a desirable destination for key luxury markets with increasing demand....

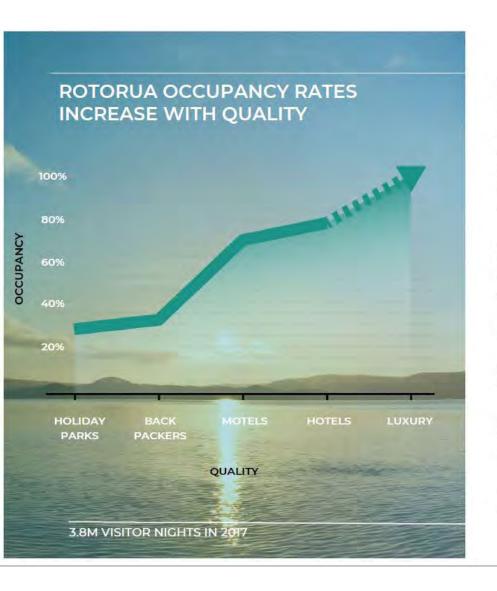
BUT

.... investment in luxury accommodation has not kept pace resulting in a significant shortfall in supply

As an example:
US visitors to Rotorua
account for 12% of
international visitor
expenditure but only
6% of international
visitor nights



THE OPPORTUNITY IN THE LUXURY ACCOMMODATION SEGMENT FOR ROTORUA IS CLEAR



ROTORUA OCCUPANCY RATES BY SEGMENT

Rotorua suffers from a shortage of accommodation - an expected shortfall of 350 rooms to meet demand in 2025. This shortfall mainly occurs in the hotel segment of the market, with feedback from international booking agents that Rotorua has insufficient rooms at the high quality hotel and luxury accommodation end.

According to visitor statistics, international visitors prefer to stay in hotels over all other accommodation types, however, the Rotorua market has a high proportion of holiday parks and motels that although popular with the domestic market, are highly seasonal.

Hotels are operating at full occupancy during summer quarter – at over 87%, there is no room for growth within the current offerings during this period. Continued annual occupancy rate increases are only being driven by visitor numbers increasing in typical off-seasons.

Feedback from international booking agents is clear that demand for suitable accommodation for high wealth travellers in Rotorua significantly exceeds supply.

Unsurprisingly, Rotorua has the lowest ADR out of the major tourist destinations in New Zealand.



AUTHENTICITY AND PREMIUMISATION ARE MEGATRENDS IN FOOD. INDIGENOUS CROPS SET TO PLAY A KEY ROLE IN THIS.

"WE'RE AT THE CUSP OF SEEING THIS EXPLODE"

There is a trend towards more authentic eating experiences, whether that be a rise in demand in farm-to-table produce; the growth in farmers markets and the organic food sector; or the global attraction towards indigenous foods.

People are prepared to pay more for premium and differentiated foods, particularly for food that comes with meaning or is connected to a story. Taking our indigenous food to the world is a largely untapped market to New Zealand, with numerous indigenous crops that we haven't taken to market or mass produced. A key reason for this is the limitations in focused sources of supply of certain crops.

Rotorua is well positioned to take advantage of this opportunity because of existing indigenous crops; strong stories and connection to Maoridom; changes in land use in the Rotorua caldera; and proximity to both of NZ's main ports and key markets.



INDIGENOUS CROPS ARE NOT THE ONLY ALTERNATIVE LAND USE OPPORTUNITY FOR ROTORUA



CRITICAL SUCCESS FACTORS

- Customer centric
- Right service, right place, right time
- Right PEOPLE
- Seasonal spread
- Confidence / investment / reinvestment
- Decision quality data
- Benchmark against international best practice
- Be future ready

QUESTIONS

- What do you need to be successful in 10 years time?
- Should you collaborate or compete?
- Will your focus be on volume? or on more value are you sure?
- What does success look like?
- Is what you are considering sustainable?
- Do you know what a sustainability is?
- What does Social licence mean to you?
- Is your definition the same as your customers?
- Is your definition the same as your communities?

Bruntland report 1987 definition

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

WHAT NEXT?

www.rotoruanz.com

- Market analysis cases
- Data insights dashboard
- Tourism statistics

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