

ACCOMMODATION | HOTEL SECTOR

NEW ZEALAND | SERIES A1 | MAY 2010



INTRODUCING THE HOTEL SECTOR

This report provides an overview of the hotel sector including supply, demand and visitor characteristics.

The hotel sector in New Zealand includes a variety of businesses from major international chains and large independent hotels to medium and small hotels. In 2009, the hotel sector comprised 583 businesses which hosted 10.6 million guest nights and employed 16,100 people.^{1,2}

Hotels are defined as businesses that provide the public with lodging, meals and refreshments, and in particular have liquor licenses to serve alcohol to people on the premises. Accommodation is provided on a room/suite basis. Some hotels provide facilities to host conferences and functions. The hotel sector also includes resorts but excludes motor inns and apartments.

The hotels referred to in this report include those that are GST registered, with a turnover of over \$30,000 per annum. Some small hotels that are not GST registered are not covered by these statistics.

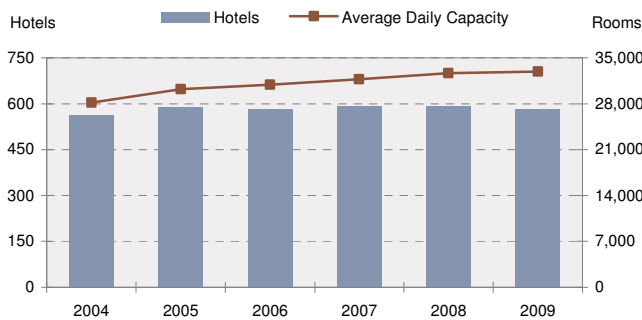
SUPPLY OF HOTEL ACCOMMODATION

How big is the hotel sector?

In 2009, there were 583 hotels in New Zealand, an increase of 19 hotels (or 3%) from 564 in 2004 (Figure 1).

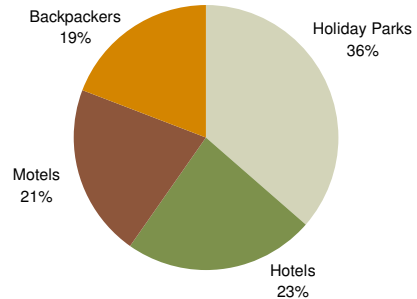
The total capacity (available rooms) in the hotel sector has increased steadily from 28,000 in 2004 to 33,000 in 2009. This was an increase of 5,000 rooms (or 17%) over this period.

Figure 1: Hotels and Capacity, 2004-09 ^{*1}



Hotels supplied 23% of the total accommodation capacity in 2009, compared with holiday parks (36%), motels (21%) and backpackers (19%) (Figure 2).

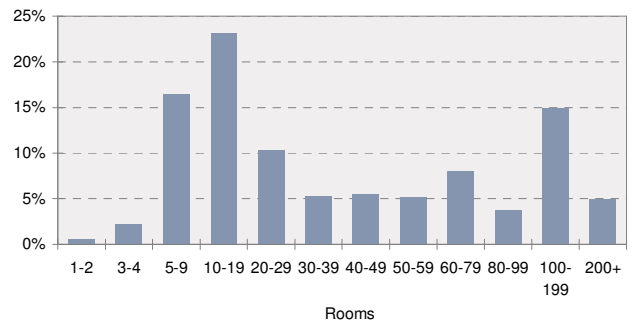
Figure 2: Share of Accommodation Capacity, 2009 ^{*1}



What is the spread of hotels by capacity?

In 2009, the majority of hotels had between 5-29 rooms, with 23% between 10-19 rooms, 16% between 5-9 rooms and 10% between 20-29 rooms. Twenty percent of hotels had more than 100 rooms (Figure 3).

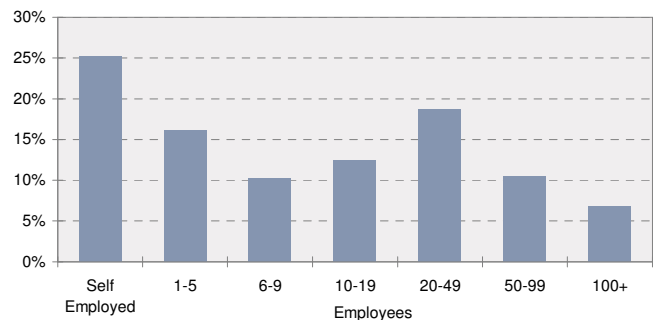
Figure 3: Hotels by Capacity Size, 2009 ^{*1}



How many people are employed in the hotel sector?

The hotel sector employed 16,100 people in 2009. A quarter of all hotels were run by self-employed operators with no employees (Figure 4).

Figure 4: Hotels by Employment Size, 2009 ^{*2}



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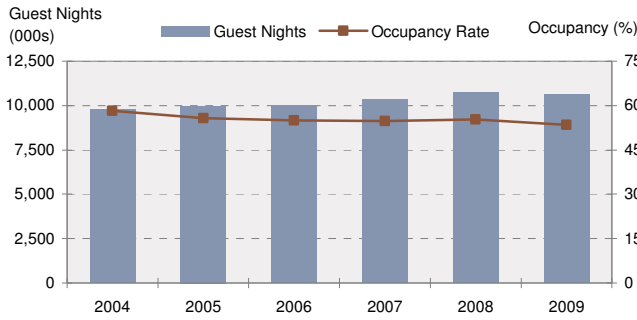
DEMAND FOR HOTEL ACCOMMODATION

How many guest nights are spent in hotels each year?

In 2009, 10.6 million guest nights were spent in hotels, up from 9.8 million in 2004 (Figure 5). This was an increase of 9% (or 860,000 guest nights) over this period or an annual average increase of 1.7%.

The average occupancy rate decreased from 58% in 2004 to 54% in 2009 due to a greater increase in capacity than in guest nights.

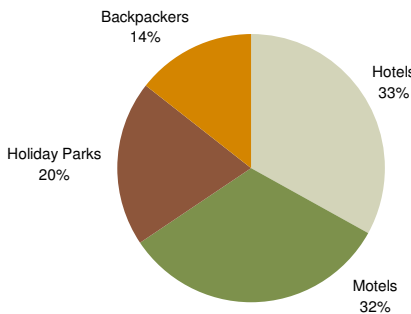
Figure 5: Hotel Guest Nights and Occupancy, 2004-09 *1



What is the market share of hotel guest nights?

In 2009, hotels hosted the largest share of guest nights at 33%, followed by motels (32%), holiday parks (20%) and backpackers (14%) (Figure 6).

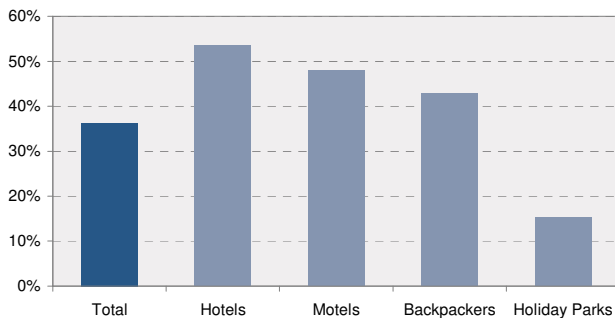
Figure 6: Share of Guest Nights by Accommodation Type, 2009 *1



What is the occupancy of hotels?

In 2009, hotels had the highest average occupancy rate (54%), followed by motels (48%), backpackers (43%) and holiday parks (15%) (Figure 7).

Figure 7: Occupancy Rate by Accommodation Type, 2009 *1

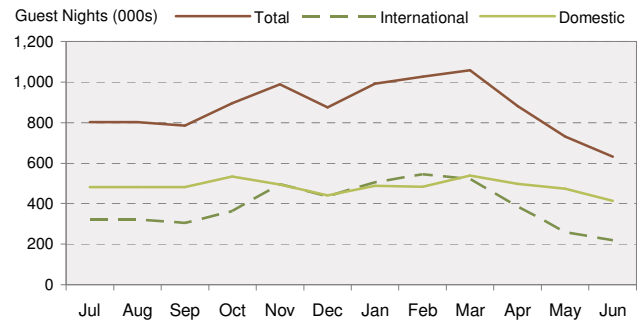


What is the seasonal pattern in the hotel sector?

The period of higher demand for hotel accommodation is from October to April and lower demand from May to September. The drop in December is due to fewer business guests during the holiday period (Figure 8).

In 2008/09, New Zealanders comprised 55% of hotel guest nights, while the other 45% were international visitors.

Figure 8: Hotel Guest Nights by Month, 2008/09 *1

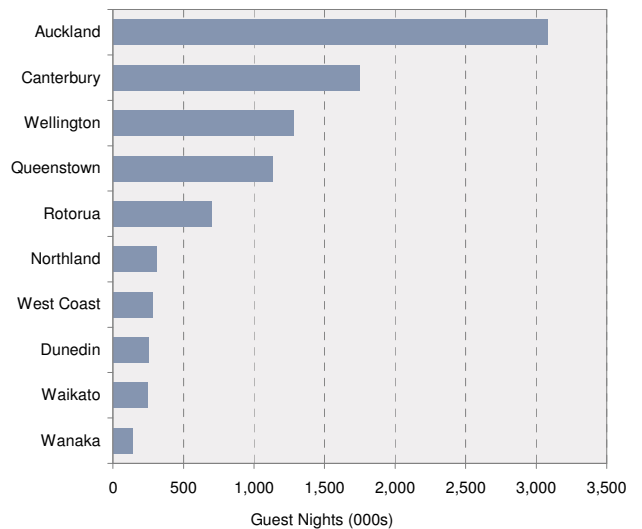


How is demand for hotel accommodation spread across the regions?

In 2009, the Auckland Regional Tourism Organisation (RTO) area had the highest number of hotel guest nights, reflecting its large business base and role as an international gateway (Figure 9).

Auckland had 3.1 million (or 29%) guest nights, followed by Canterbury (1.7 million or 16%), Wellington (1.3 million or 12%), Queenstown (1.1 million or 11%) and Rotorua (702,000 or 7%). These five regions accounted for 75% of all hotel guest nights.

Figure 9: Hotel Guest Nights by RTO Area, 2009 *1



How long do hotel visitors stay?

In 2009, visitors stayed an average of 1.9 nights in a hotel, compared with 1.8 nights in a motel, 2.0 nights in a backpacker and 2.1 nights in a holiday park.

The length of stay varies across RTO areas. Hotel visitors stayed longer than average in Wanaka (2.7 nights) and Queenstown (2.6 nights). The shortest stay was in Mackenzie (1.3 nights) and Waitaki (1.3 nights).

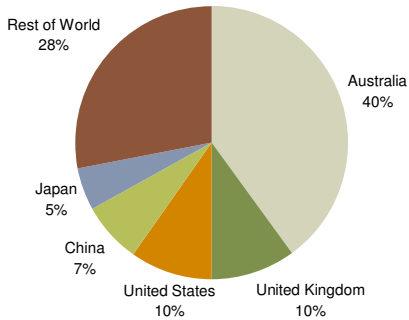
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CHARACTERISTICS OF HOTEL VISITORS

Where do hotel visitors come from?

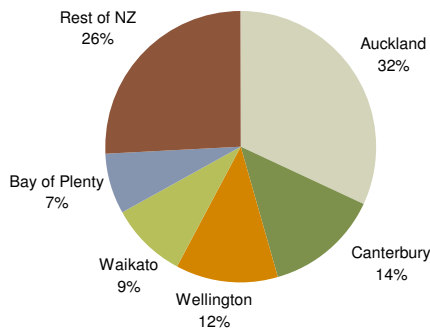
Forty percent of international hotel visitors were from Australia, followed by the United Kingdom (10%), United States (10%), China (7%) and Japan (5%) (Figure 10).

Figure 10: Origin of International Hotel Visitors, 2009 *3



Two-thirds of domestic hotel visitors were from the main population regions of Auckland (32%), Canterbury (14%), Wellington (12%), and Waikato (9%) (Figure 11).

Figure 11: Origin of Domestic Hotel Visitors, 2009 *4



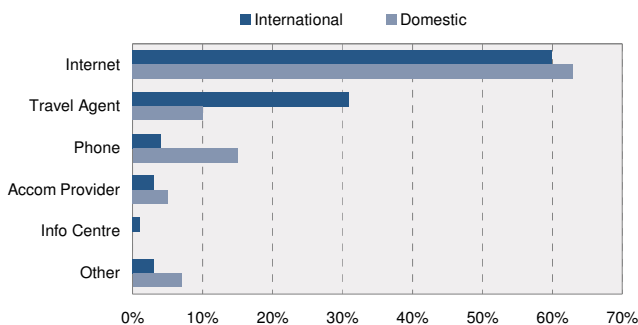
How do hotel visitors book their accommodation?

In 2009, 90% of hotel visitors booked their accommodation before they arrived in a region.

Sixty percent of international hotel visitors used the internet to book their accommodation, followed by a travel agent (31%). Domestic hotel visitors mainly used the internet (63%), phone (15%) or a travel agent (10%) to book their accommodation in a region (Figure 12).

Most online accommodation bookings were made directly with the hotel. Wotif.com was also a popular website used by hotel visitors to book accommodation.

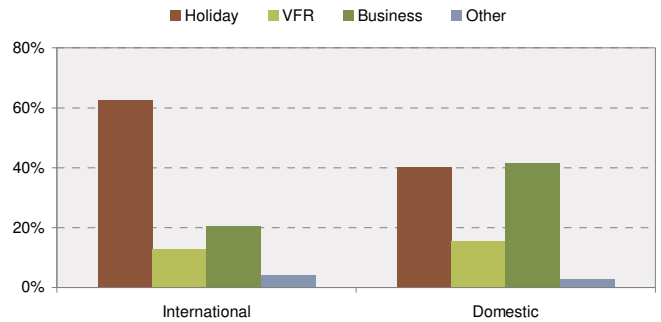
Figure 12: Hotel Visitors' Booking Methods, 2009 *5



What are the main purposes of travel of hotel visitors?

Sixty-three percent of international hotel visitors were on holiday, followed by 20% on business and 13% visiting friends or relatives. Forty-two percent of domestic hotel visitors were on business, followed by holiday (40%) and visiting friends or relatives (15%) (Figure 13).

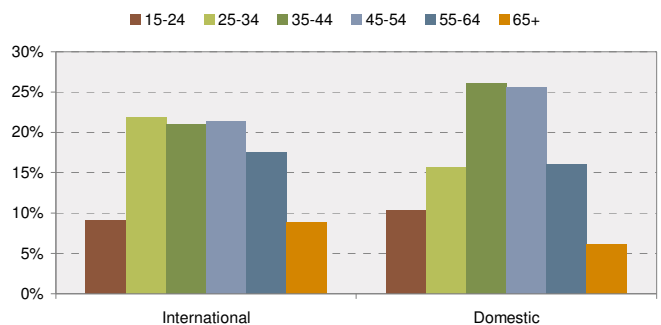
Figure 13: Hotel Visitors' Purpose of Travel, 2009 *3*4



What is the age profile of hotel visitors?

The majority of international hotel visitors were aged between 25-54 years, with 25-34 years (22%), 35-44 years (21%) and 45-54 years (21%). Domestic hotel visitors had an older age profile with 26% aged between 35-44 years and 26% aged 45-54 years (Figure 14).

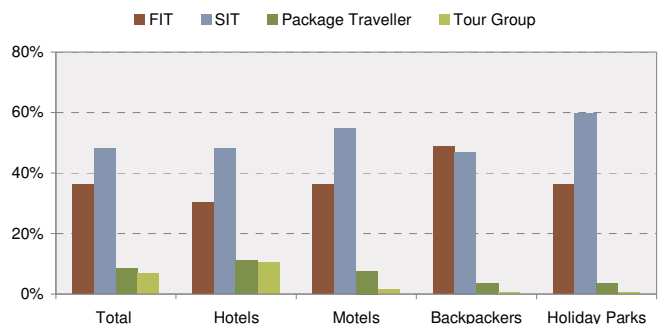
Figure 14: Age Profile of Hotel Visitors, 2009 *3*4



What are the travel styles of international hotel visitors?

The majority of international hotel visitors were independent travellers, with 48% semi-independent travellers (SITs) and 30% fully-independent travellers (FITs). Package travellers (11%) and tour group travellers (11%) made up the remainder (Figure 15).

Figure 15: Travel Styles of International Visitors by Accommodation Type, 2009 *3



FIT: made and paid for all travel arrangements after arrival in New Zealand
SIT: made and paid for at least one travel arrangement before arrival in New Zealand

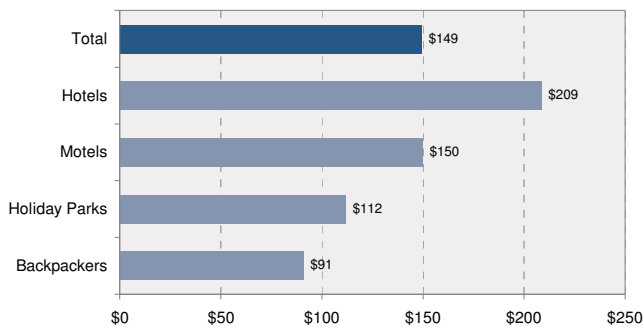
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How much do international hotel visitors spend on their trip?

In 2009, international visitors who stayed in hotels spent an average of \$209 per night on their trip (Figure 16).

International visitors who stayed in hotels spent the most per night (\$209), followed by motels (\$150), holiday parks (\$112) and backpackers (\$91).

Figure 16: Average Spend per Night in NZ by International Visitors, 2009 ^{*3}



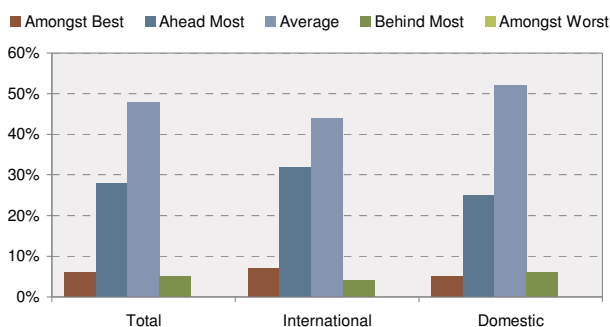
All references to spend exclude international airfares

How do hotel visitors rate the environmental performance of their accommodation?

In 2009, 44% of international hotel visitors rated the environmental performance of their accommodation as *average*, followed by *ahead of most others in the world* (32%) and *amongst the best in the world* (7%) (Figure 17).

Half (52%) of all domestic hotel visitors rated the environmental performance of their accommodation as *average* and 30% rated it as *amongst the best or ahead of most others in the world*.

Figure 17: Environmental Rating of Accommodation by Hotel Visitors, 2009 ^{*5}



Environmental performance consists of a variety of factors including energy use, waste management, pollution and other environmental practices

How satisfied are hotel visitors with their accommodation?

Hotel visitors were moderately satisfied with their accommodation, with an average satisfaction rating of 7.9 out of 10. International and domestic hotel visitors had the same satisfaction rating (7.9).

Overall, hotel visitors were the most satisfied (7.9 out of 10) with their accommodation, followed by motels (7.7), holiday parks (7.7) and backpackers (7.3) (Figure 18).

Figure 18: Visitor Satisfaction with Accommodation, 2009 ^{*5}

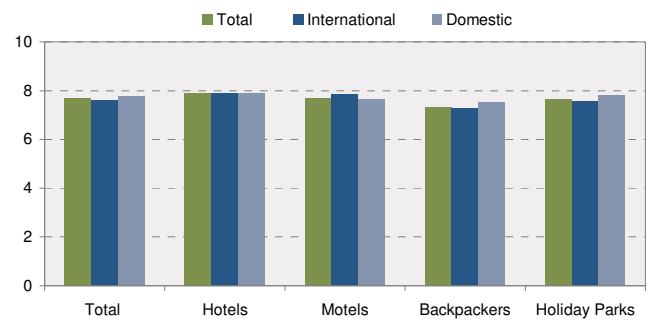


Table 1: Trends in the Hotel Sector, 2004-09 ^{*1}

Key Indicators	2004	2005	2006	2007	2008	2009
Supply						
Hotels ¹	564	589	584	593	593	583
Ave. daily capacity ²	28,157	30,236	30,917	31,736	32,670	32,924
Rooms per hotel ³	49.9	51.3	52.9	53.5	55.1	56.5
Demand						
Guest Nights (000s)	9,765	9,971	10,017	10,359	10,736	10,625
Occupancy (%) ⁴	58.3	55.7	55.0	54.8	55.3	53.5
Ave. nights stayed	1.8	1.8	1.8	1.8	1.8	1.9

¹ Hotels that are GST registered with turnover of over \$30,000 per year

² Total rooms available for booking

³ Average number of rooms per hotel

⁴ Proportion of available capacity used

Table 2: Hotel Statistics by RTO Area, 2009 ^{*1}

Top 15 RTOs (by guest nights)	Hotels ¹	Rooms per hotel	Average daily capacity ²	Guest nights (000)	Occupancy rate (%)	Average nights stayed
Total	587	56.1	32,924	10,625	53.5	1.9
Auckland	72	118.6	8,540	3,081	64.4	1.9
Canterbury ³	91	56.3	5,119	1,749	55.7	1.8
Wellington	35	99.2	3,472	1,281	66.4	2.0
Queenstown	30	95.3	2,859	1,133	57.5	2.6
Rotorua	21	88.3	1,853	702	56.3	1.7
Northland	33	37.6	1,242	311	36.9	2.3
West Coast	40	31.5	1,259	283	36.1	1.4
Dunedin	18	42.4	762	251	54.4	1.6
Waikato	26	40.3	1,047	245	41.2	1.8
Wanaka	10	51.3	513	139	33.8	2.7
Taupo	10	46.9	469	134	43.0	1.7
Hawke's Bay	14	34.2	478	130	43.5	1.6
Ruapehu	11	43.1	474	126	38.0	2.0
Mackenzie	5	89.2	446	119	37.9	1.3
Bay of Plenty	10	42.1	421	117	41.7	1.9

¹ Average number of hotels in 2009

² Average of the daily capacity in 2009

³ Includes Canterbury, Mackenzie and Timaru RTOs

DATA SOURCES

^{*1} CAM: Commercial Accommodation Monitor (Statistics NZ)

^{*2} BD: Business Demography (Statistics NZ)

^{*3} IVS: International Visitor Survey (Ministry of Tourism)

^{*4} DTS: Domestic Travel Survey (Ministry of Tourism)

^{*5} RVM: Regional Visitor Monitor (Ministry of Tourism)

This report is available on www.tourismresearch.govt.nz/acccprofile

IMAGE CREDITS

Wellington Willis St. – Positively Wellington Tourism, www.WellingtonNZ.com

Cardrona Ski Field – www.cardrona.com

Southern Traverse – Michael Jacques, www.karapoti.co.nz

Wai-O-Tapu Champagne Pool – Destination Rotorua, www.rotoruaNZ.com

Lake Taupo Lodge – www.laketaupolodge.co.nz

Hilton Auckland – www.hilton.co.nz