



# New Zealand's tourism sector outlook

Forecasts for 2012-2018



**Ministry of Business,  
Innovation & Employment**

November 2012

These forecasts establish expectations of international tourism demand at the national level. They are based on econometric analysis of past data, current trends and the best available forecasts of international factors. The forecasts provide a rich body of information for tourism and related sectors, to be used in planning and decision making.

The forecasts summarised in this document are drawn from the full forecasting outputs prepared by NZIER Limited for the Ministry of Business, Innovation and Employment.

The full set of outputs is available at <http://med.govt.nz/sectors-industries/tourism/tourism-research-data/forecasts>

# Foreword

It is my great pleasure to launch the 13<sup>th</sup> edition of the Ministry of Business, Innovation and Employment's tourism forecasts.

A large number of events have had an impact on New Zealand's economy, including the global financial crisis, the Christchurch and Japanese earthquakes, ash clouds from volcanic eruptions and the ongoing Euro sovereign debt crisis. Yet, through all this, international visitor arrivals and stay days have continued to grow and are forecast to keep growing over the next six years. Total visitor expenditure has dropped off somewhat over the last six years, but is projected to recover to pre-global financial crisis levels in the period to 2018.

The forecasts are based on econometric modelling of past data, current trends and the best available forecasts of international factors. They provide a baseline for what will happen 'if things keep going this way'. The forecasts do not set targets nor are the numbers carved in stone. Rather, I hope that these forecasts will encourage strategic thinking and forward planning from the industry so that it can continue to provide visitors with the high-quality experiences, warm hospitality, and outstanding services they have come to expect.

The forecasts predict a structural shift in tourism markets. They suggest that traditional markets like the United Kingdom and United States will continue to decline, but that these declines will be off-set by strong growth from China and Australia. The average spend per day will remain steady, but the length of stay will trend downwards due to a shift to short-haul trips from Australian and Asian visitors.

The Ministry is working closely with industry and government agencies to adapt to this structural shift. We're focused on how New Zealand can meet the potential of the rapidly-growing China visitor market and realise greater value from international visitors, in the face of declining lengths of stay.

Adrienne Meikle  
Acting General Manager  
Tourism, Sectors, Regions and Cities

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# 1. Introduction

The Ministry of Business, Innovation and Employment's (MBIE's) annual forecasting programme has been in place since 1999. The purpose of the programme is to produce reliable forecasts of tourism activity in New Zealand that can be used to support planning and investment processes in the tourism industry.

This year, MBIE commissioned the NZIER to prepare forecasts using a best practice tourism forecasting model combining macro-economic and socio-demographic data and expert judgment. The forecasts are based on two broad types of drivers: cyclical drivers relating to short term income, price and exchange rate effects; and longer term structural drivers that relate to demographic shifts over time. Confidence intervals have been used to quantify uncertainty and risk assumptions tested by creating two scenarios or 'what-if' questions.

The econometric model provided forecasts for New Zealand's eight key markets (Australia, China, UK, US, Japan, Germany, Canada, and Korea) plus 'others' for the calendar years 2012-2018. For each country, 'others', and for all markets combined, the model generates annual forecasts for:

- Total visitor arrivals
- Total visitor nights
- Total visitor expenditure
- Average length of stay per visitor
- Average spend per day per visitor
- Visitor mix by purpose of visit, namely holiday, visit friends and family, business (including convention/conference), and other (including education).

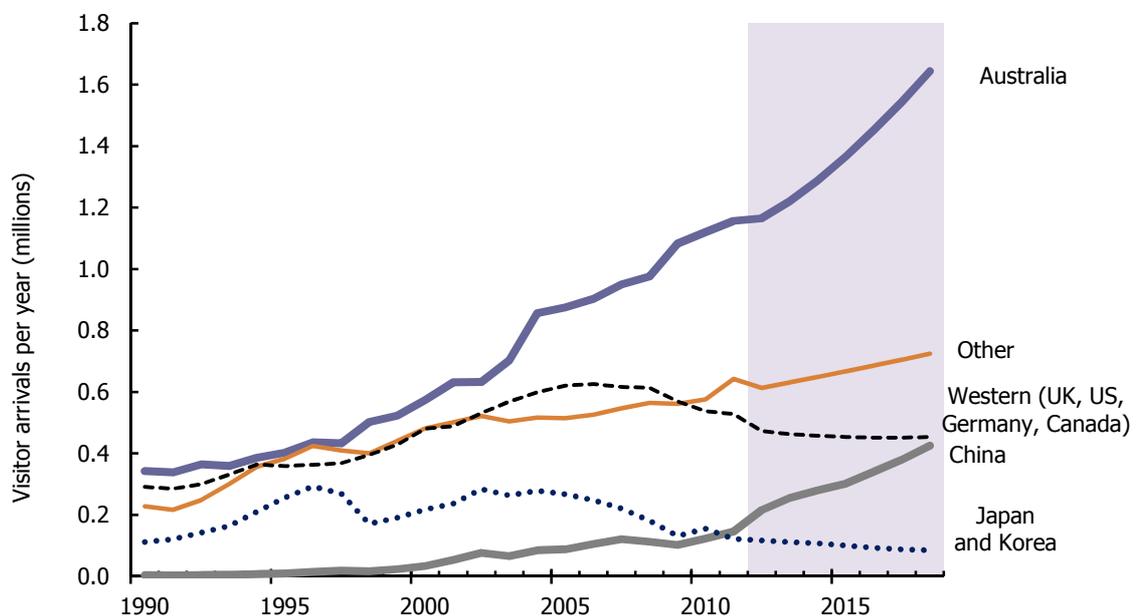
Two scenarios were developed to test the effect of unexpected events on the forecasts, and 80 percent confidence intervals were calculated for visitor arrivals as a means of showing the risks to the baseline forecasts.

## 2. Forecast Highlights

- Tourism revenue will recover from a sharp slowdown, brought on by the Global Financial Crisis (GFC). Spending will grow by 9% by December 2018 recovering to the pre- downturn level.
- The outlook is challenging for the next 1-2 years but total tourism spending will pick up again once the worst of the Global Financial Crisis passes.
- Visitor numbers will rise. Weak demand from debt-ridden traditional Western markets will be more than offset by robust demand from Australia and emerging Asia (China in particular).
- The average spend per day will hold steady but the average length of stay will continue to trend downwards. The main driver is a shift in the mix of visitors towards more short-haul, for example from Australia and Asia, who tend to stay for a shorter period. In addition, many visitors will be in New Zealand to visit friends and relatives, rather than on holiday, when they tend to spend more.
- The markets offering the best growth prospects are China, Australia, Germany and emerging markets. Figure 1 reveals Australia will continue to grow strongly, building on the strong ties between New Zealand and Australia. Germany will rebound once the worst of the Eurozone sovereign debt crisis has passed. China and other emerging markets are the greatest source of opportunity. Their economies are industrialising, urbanising and rapidly growing the number of middle-class households. Higher incomes will lead to international travel, including to New Zealand.

**Figure 1 Japan, Korea and Western markets shrink, China and Australia lift arrivals**

Visitor arrivals across key markets

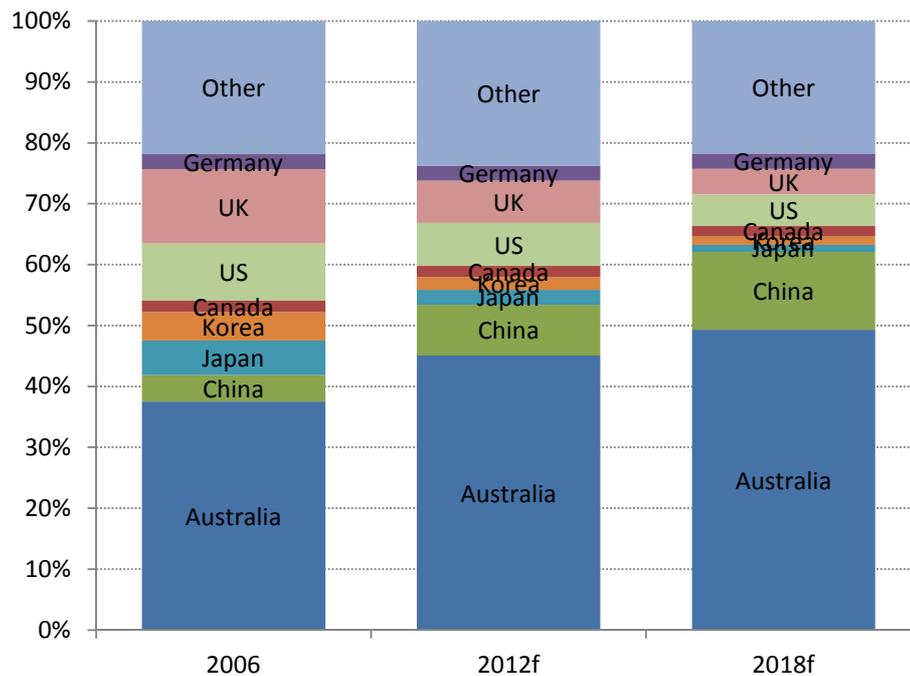


Source: MBIE, Statistics New Zealand

- As can be seen in Figure 2, the strong growth of China and Australia contributes to a structural change in the visitor mix to New Zealand, where traditional markets Japan, Korea, Canada, Germany, and the UK have smaller, albeit important, roles.

**Figure 2 Changing mix of visitors makes for different visitor needs**

Share of market by eight key countries and other 2006-2018

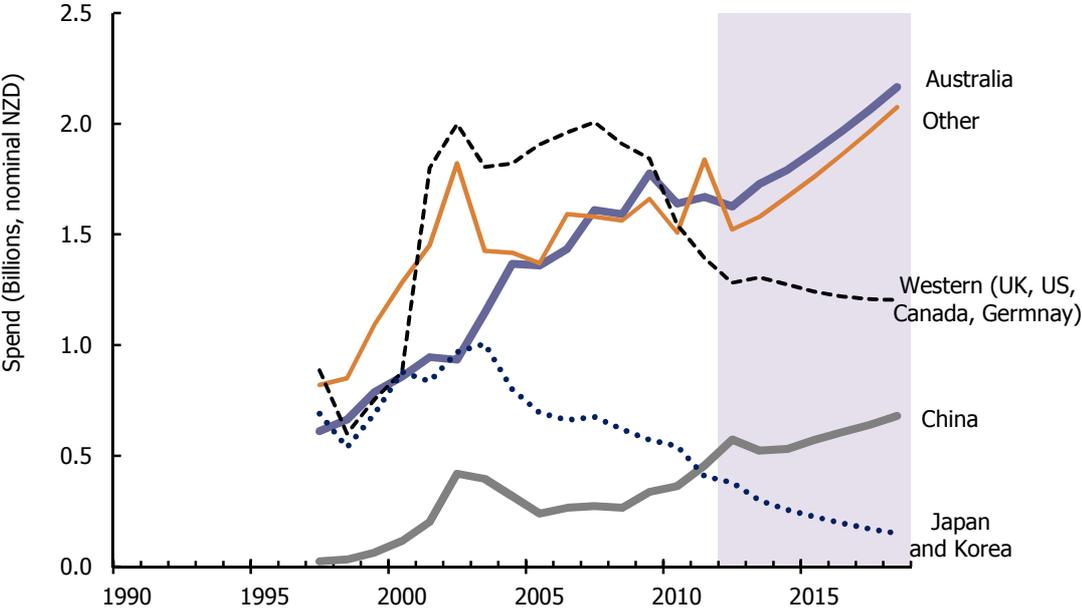


Source: MBIE, Statistics New Zealand

- Not surprisingly, Figure 3 shows visitor spending from traditional rich world markets will also be weaker. UK, USA, Canada, Japan and Korea will all shrink. Their economies are dealing with massive structural shifts, both from the GFC and an ageing population.
- Tourism operators need to be aware of both the short term and more structural drivers of tourism numbers, spending and length of stay by market in order to inform their business strategies. Average spending per day will be stagnant, so the sector needs to plan for a more competitive environment.
- Spending will be by visitors from different countries with different needs. That means the sector needs to plan for a different type of demand and possibly in different regional locations. Spend will also be heavily influenced by the visitor mix. Many Australian arrivals are visiting friends and relatives, tending to reduce spending growth from Australia relative to the increase in visitor numbers.

**Figure 3 Spending by Australia, China and other markets dominates**

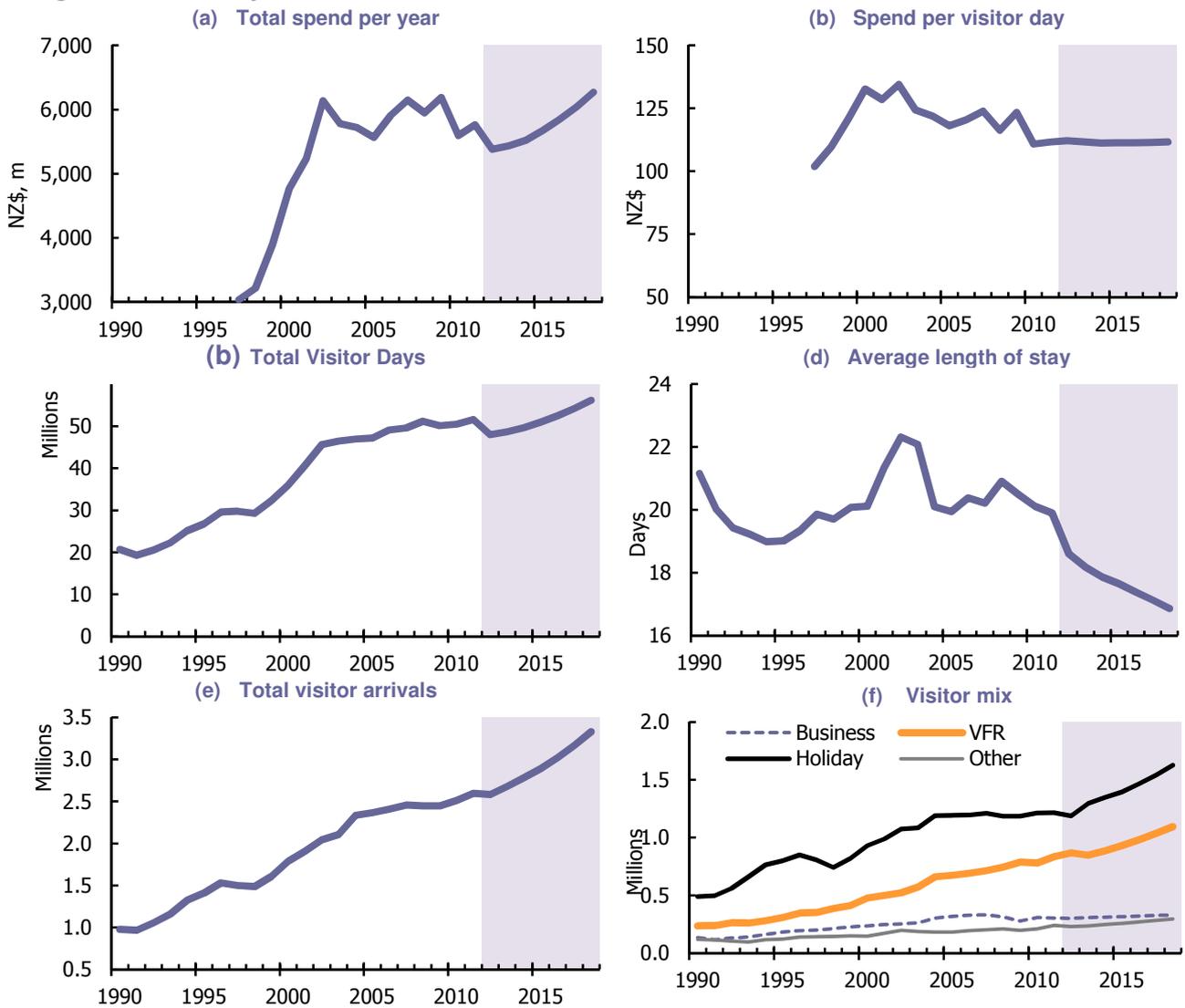
Spend in Nominal New Zealand dollars across key markets



Source: MBIE, Statistics New Zealand

- Two key risks to the forecasts are presented: (i) a significant global recession driven by a financial meltdown stemming from the indebtedness positions of a number of countries in the euro area and (ii) a short term supply-shock caused by a spike in the price of oil driven by political tensions in the Middle East pressuring supply. The euro area risk has the greatest impact – visitor numbers fall by 3% by 2018 with differences across markets. The temporary spike in the oil price has a limited impact on visitor arrivals that fall 1% by 2018.
- Eighty percent confidence intervals for visitor arrivals for each of the major markets and visitor arrivals in aggregate are produced to illustrate the risks to the baseline forecasts. Even under the low confidence interval, aggregate visitor numbers and visitor numbers for Australia and China show growth to 2018.

**Figure 4 Summary of forecasts for all markets**



Source: MBIE, Statistics New Zealand

**Table 1 Forecasts and growth rates: All markets (Year ended December)**

Year	2011	2012	2013	2014	2015	2016	2017	2018	Growth		
									2004-11	2011-18	CAGR <sup>1</sup>
Total spend (\$NZm)	5,763	5,382	5,435	5,521	5,677	5,848	6,045	6,271	1%	9%	1%
Total visitors (000s)	2,594	2,583	2,680	2,781	2,889	3,022	3,169	3,331	11%	28%	4%
Total Days (000s)	51,626	48,048	48,714	49,684	51,016	52,551	54,281	56,195	10%	9%	1%
Spend per day (\$NZ)	112	112	112	111	111	111	111	112	-8%	0%	0%
Length of stay (days)	19.9	18.6	18.2	17.9	17.7	17.4	17.1	16.9	-1%	-15%	-2%

Source: MBIE, Statistics New Zealand (forecasts in shaded area)

Notes: 1. Compound Average Growth Rate per year.

# 3. Stocktake of recent experience

Tourism spending in New Zealand has fallen over recent years. This is despite an increasing number of visitors. The main driver has been a shift in the mix of visitors, who are staying for shorter periods and spending less per day. This has created a challenging environment for the tourism sector.

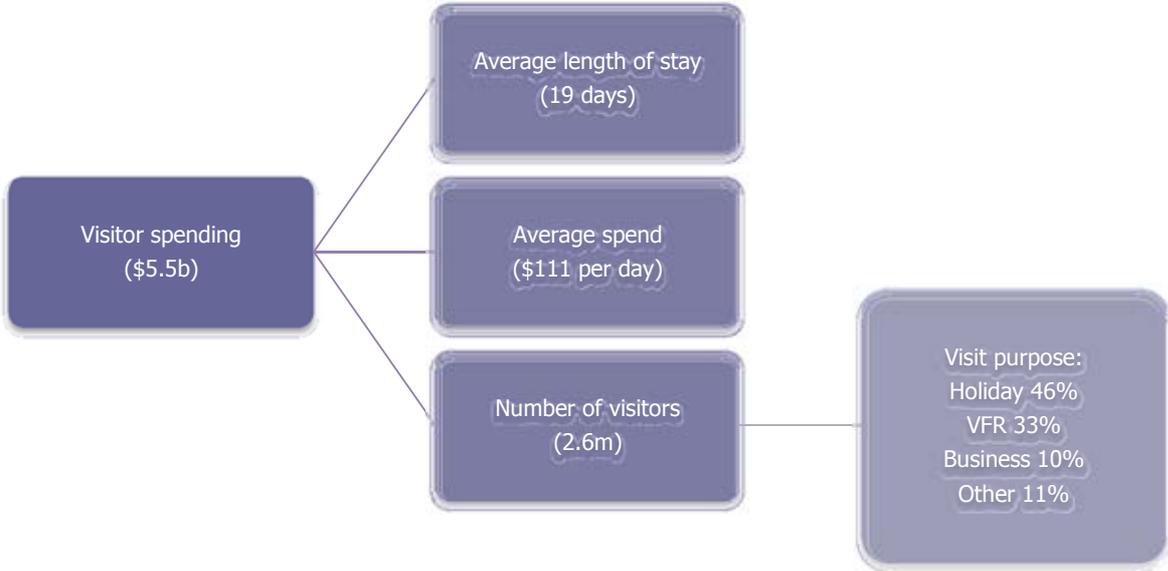
The total number of visitors to New Zealand has grown steadily over the past decade, despite the GFC. While visitor numbers from the US, UK and Europe fell sharply in 2008 and 2009, these were more than offset by the growing number of visitors from Australia and Asia.

Long haul visitors from USA, UK and Europe tend to stay longer and spend more per day. Visitors from Australia, who are more likely to be in New Zealand to visit friends and relatives, tend to spend less. Visitors from Asia, outside of Japan and Korea, also spend relatively less than those from traditional markets.

For the tourism sector, a rising trend in visitor numbers provides a base of demand. But the mix of visitors is changing. This has two key implications:

- average spending per day will be stagnant, so the sector needs to plan for a more competitive environment
- the spending will be by a different mix of visitors. Spending will be by visitors from different countries with different needs, requiring the sector to plan for a different type of demand in different regional locations.

Figure 5 Components of visitor spending year to September 2012



Source: MBIE, Statistics New Zealand

## Box 1: Using structured modelling approach

Forecasting helps businesses and government to plan for the future. But data is often highly volatile, key drivers shift over time and unanticipated events make the future uncertain. That means having a forecasting strategy is critically important. That strategy should include adopting a best-practice forecasting model, using confidence intervals to quantify uncertainty and teasing out risks assumptions behind forecasts by using scenarios or 'what-if' questions. The NZIER forecasts are based on two broad types of drivers: cyclical drivers that relate to short term income, price and exchange rate effects; and longer term structural drivers that relate to demographic shifts over time.<sup>1</sup>

### Model design for forecasting New Zealand's tourism markets

Forecasting tourism markets has several specific characteristics:

- Target data is volatile and subject to numerous 'one-off' shocks – the Asian Financial Crisis, September 11 2001, SARS, the Rugby World Cup 2011 and the Global Financial Crisis.
- Forecasts are required for a number of markets. NZIER were commissioned to forecast eight separate countries and other markets, and a number of variables within each market (total visitor arrivals, total spend and number of nights).
- The forecast horizon spans both the short run and medium term (a six year horizon).

These requirements suggest the following elements are likely to be important for model design:

- The model should be transparent and replicable.
- The model should be able to show the principal drivers of the forecast,
- The Global Financial Crisis shows that a wide range of macroeconomic data should be included

### NZIER model design for forecasting New Zealand's tourism markets

The NZIER approach was to set-up separate macroeconomic models for each variable and each country, retaining the same broad drivers across each variable, including: (i) the global business cycle; (ii) the domestic business cycle; (iii) the price of oil; (iv) the real exchange rate; and (v) outbound tourists from the source country. The global and domestic business cycle variables for each country were estimated using separate factor models.

The drivers are then shocked to create different 'what-if' experiments, for example, to mimic a euro area shock. Figure 6 ranks the main drivers of total visitor arrivals for each forecasted market: the domestic and global economy factors play leading roles.

**Figure 6 Key Drivers for each country (Total visitor arrivals)**

Ranking Key:  1st  2nd  3rd  4th  5th

	Global Economy	Domestic Economy	Oil price	Outbound tourists	Exchange rate (real)
Australia	1st	2nd	3rd	4th	5th
Canada	1st	2nd	3rd	4th	5th
China	1st	2nd	3rd	4th	5th
Germany	1st	2nd	3rd	4th	5th
Japan	1st	2nd	3rd	4th	5th
Korea	1st	2nd	3rd	4th	5th
UK	1st	2nd	3rd	4th	5th
US	1st	2nd	3rd	4th	5th

Source: NZIER.

<sup>1</sup> For more detail on how the forecasts were produced, see the NZIER accompanying technical report: 'Integrating big data to forecast New Zealand's visitor arrivals: A structured approach', available from the MBIE website.

## 4. Fundamental drivers

The environment will be difficult for the next 1-2 years as the global business cycle recovers from the GFC. The short term global economic outlook is challenging, particularly in Europe. The weakness in Europe could depress economic activity in other countries, for example through weaker exports in Korea and China, and thus tourism flows to New Zealand.

Over the longer term, many people transitioning to middle and high incomes in emerging markets will increase their demand for travel to New Zealand. Traditional markets, such as USA and UK, will remain important but the real growth opportunities are elsewhere – namely Australia and emerging Asia. So the fundamental outlook for the tourism sector is positive, once the cyclical downturn passes.

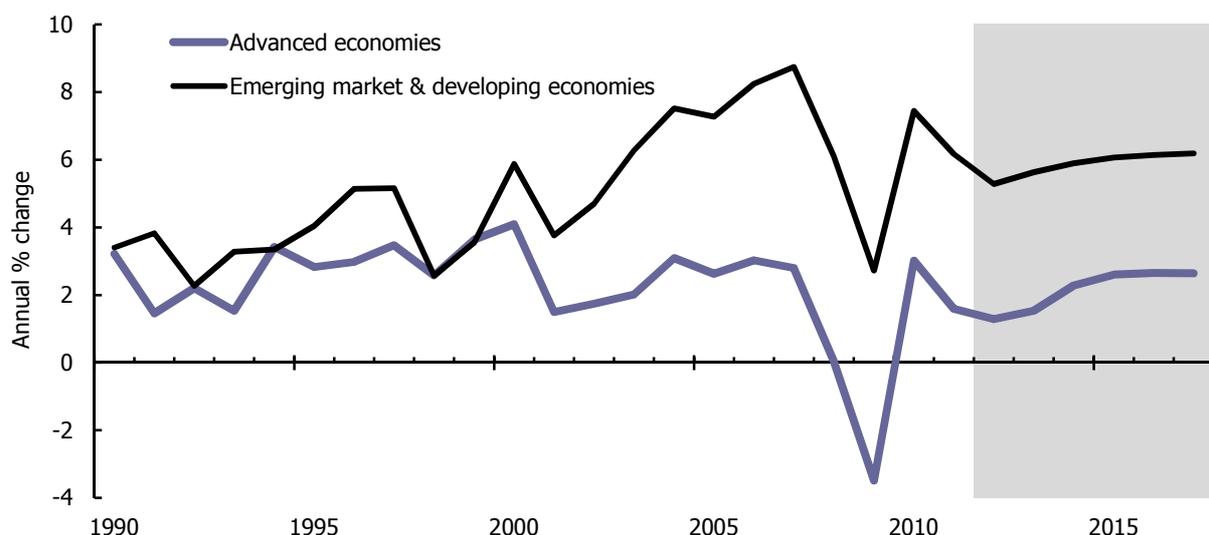
### 4.1.1 Cyclical outlook is subdued

A number of factors drive the cyclical outlook for tourism. The key variables are global economic growth, the state of the economy in the source country, prices of some key determinants of real incomes like crude oil (which impacts on airfares) and the exchange rate (which impacts on how much a traveller's budget spend translates into when in New Zealand).

The most important driver of visitors to New Zealand is the state of the global economy. The global economy slowed sharply in 2008 and 2009, when the GFC was in full force. It led to a deep recession in the US and dampened economic growth in Europe and Asia. The global economy has rebounded from the depths of the GFC, but the recovery remains patchy as households and governments pay down debt.

The outlook is uncertain. The main risk is from Europe, where there is a sovereign debt crisis centred on Greece, Spain, Ireland, Portugal and Italy. This is weighing on global economic growth. History suggests periods of recovery from a debt bust - such as the period we are in now - tend to be a slow grind. This means the global economy will improve, but gradually and there will be hiccups along the way.

**Figure 7 Global growth outlook: advanced vs. emerging economies**



Source: IMF (World Economic Outlook, October 2012)

Source country-specific economic conditions are also very important. Even though global economic conditions tend to dominate, some economies buck the trend. For example, Australia went through the GFC with barely a slowdown. A strong mining boom and significant fiscal stimulus kept the Australian economy humming and visitor numbers to New Zealand rose steadily.

Prices tend to have a variable impact on visitor arrivals and their spending in New Zealand. Those travellers from far away, like the US and the UK, tend to be less sensitive to airfares. Short-haul travellers from Australia tend to be more sensitive to airfares. The exchange rate does not appear to play a big role in the decision to come to New Zealand. But it helps determine the amount of spending since the spending purse is typically set in the home currency.

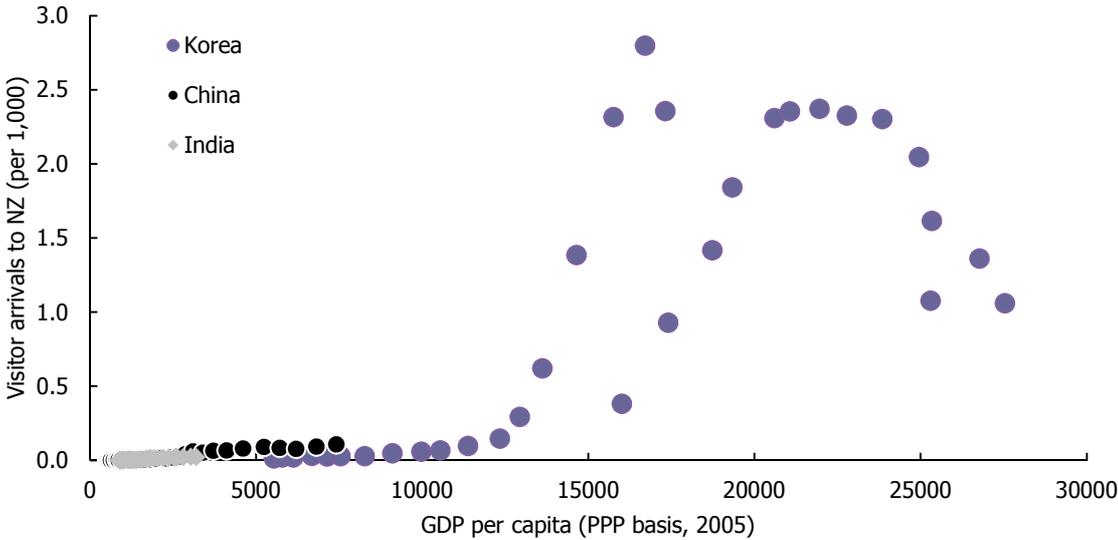
The oil price is currently high, placing upward pressure on airfares and dampening travel to New Zealand. The exchange rate is also high, meaning foreigners will receive less for their currency in New Zealand. This will weigh on spending by visitors in New Zealand.

### 4.1.2 Long term outlook is strong

There are important but slow moving economic and demographic drivers of visitors too. A rising tide of middle income earners in emerging markets, who are also relatively young and from large populations is a source of many potential visitors.

There are vast populations reaching middle incomes in Asia, particularly China, India, Vietnam and increasingly Indonesia. These and other emerging markets will be significant opportunities for tourism growth. How many visitors eventually come to New Zealand will depend on the level of income and also how large the market is (i.e. the size of the population). Awareness of New Zealand (for example through promotions, movies and word of mouth), air travel connections and capacity on routes are also important supply side drivers. Figure 6 shows some how much of the growth from markets like China and India is yet to come.

**Figure 8 Income vs. visitors to New Zealand from selected countries**



Source: World Bank, MBIE

As Box 2 shows, Japan is a good example of how markets mature and that demographics matter for tourism patterns. The rise of Japanese visitors in the 1980s through to the mid-1990s coincided with Japan’s economic emergence and peak. An ageing population and economic sluggishness has since weighed on visitors from Japan after the Asian financial crisis in 1997/98. Longer term, the ageing populations and slowing growth of advanced economies is a risk to tourism growth in New Zealand.

## Box 2: Life cycle of markets

Visitor markets show life cycle stages. These vary by country, depending not only on rising incomes, but also distance from New Zealand and cultural and other ties. Visitor markets tend to emerge, grow strongly, mature and then decline.

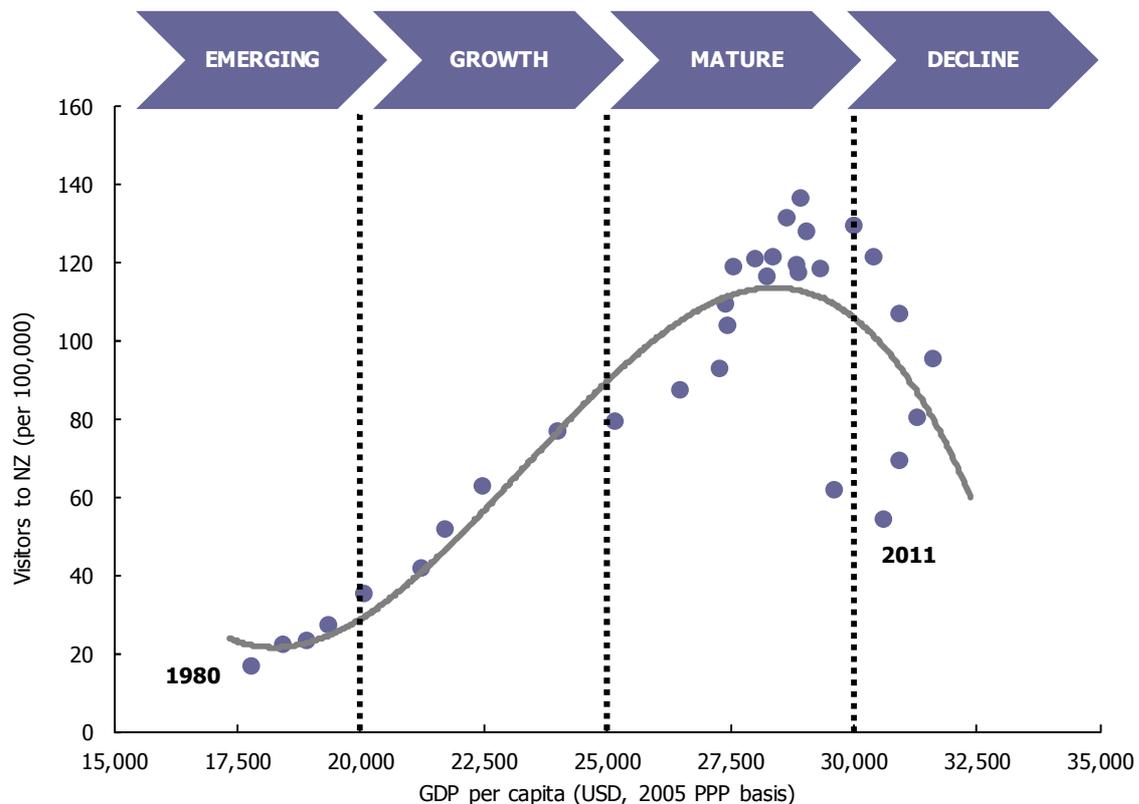
Japan is a good example. Visitor arrivals grew strongly in the 1980s through to the mid-1990s. This coincided with its rise of economic power. This pattern of travel to New Zealand is evident through various markets. Overseas travel is aspirational and tends to be within the reach of those of middle income and higher. However, as incomes rise further and travel becomes more commonplace, diminishing returns set in – the markets mature.

The Japanese experience shows that the tourism sector cannot rest on its laurels. The potential market of visitors is always changing; some are maturing and declining, while others are emerging.

There are some exceptions: Australia and UK in particular. Proximity to Australia and strong historical, family and cultural ties with both countries are important drivers. This leads to a much higher number of visitors from Australia and the UK than from other countries of comparable income and distance from New Zealand. These two markets will remain important sources of visitors.

Connections with Asia are getting stronger through migration, trade and investment flows. Over coming decades, there is an opportunity to grow visitors from Asia to the levels we experience with the Australia and UK markets.

**Figure 9 Life cycle of the Japanese visitor market, 1980-2011**



Source: MBIE, Statistics New Zealand, World Bank

# 5. Outlook for key markets

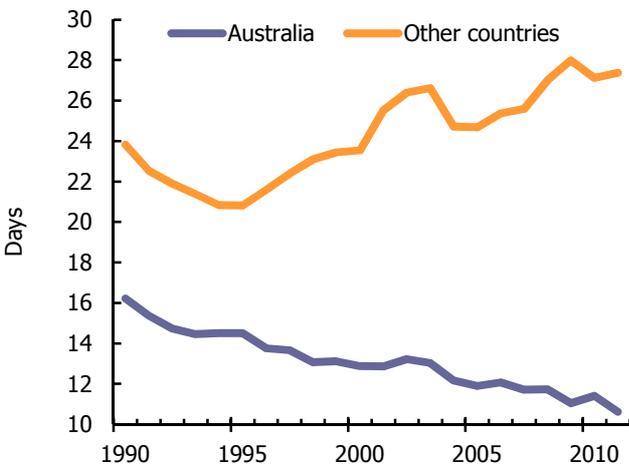
## 5.1 Australia

The Australian visitor market is the largest source of revenue for the tourism sector. It will remain the dominant market for the foreseeable future. Visitor numbers will continue to grow. But they will stay for shorter periods. The mix of visitors will remain heavily dominated by those on holiday and visiting friends and relatives.

### Forecasts and drivers

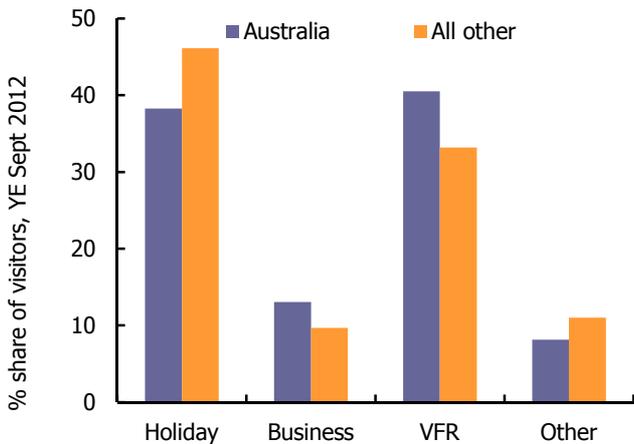
- Australian visitors are a little different from others. Australia’s relative closeness to New Zealand means that visitors tend to stay for shorter periods than other visitors (see figure 9) and also spend less per day.
- Historical economic, migration and cultural ties means that the reason for Australian visits is also different (see figure 10). Holiday visits are a smaller proportion than other markets, but there are many more visiting friends and relatives and on business. This means that the Australian market requires a somewhat different focus than other markets.
- The Australian visitor market has grown steadily over time. There were more visitors even during the GFC, when other markets slowed sharply. Significant fiscal stimulus and a resilient mining sector boom boosted the Australian economy. But the outlook is now more challenging. Resource commodity prices have fallen because of global growth fears and the domestic economy is sluggish.
- Visitor spending will flatten in the next 1-2 years, but rebound thereafter. Over the next 1-2 years, the risk to economic growth is to the downside. The Reserve Bank of Australia has cut interest rates to stabilise the economy. This should gradually promote economic growth.
- Over the medium to long term, Australia remains in a strong economic position, benefitting from its resource base and its economic connections with the emerging markets of Asia. Robust economic growth will see commensurate growth in visitor numbers and spending.
- Australia will remain an important market. Increasing Australian visitors’ length of stay and spend per day will be the key to maximising benefit for the tourism sector.

**Figure 10 Average length of stay: Australia vs. rest**



Source: MBIE, Statistics New Zealand

**Figure 11 Visitor mix by purpose: Australia vs. rest**



Source: MBIE, Statistics New Zealand



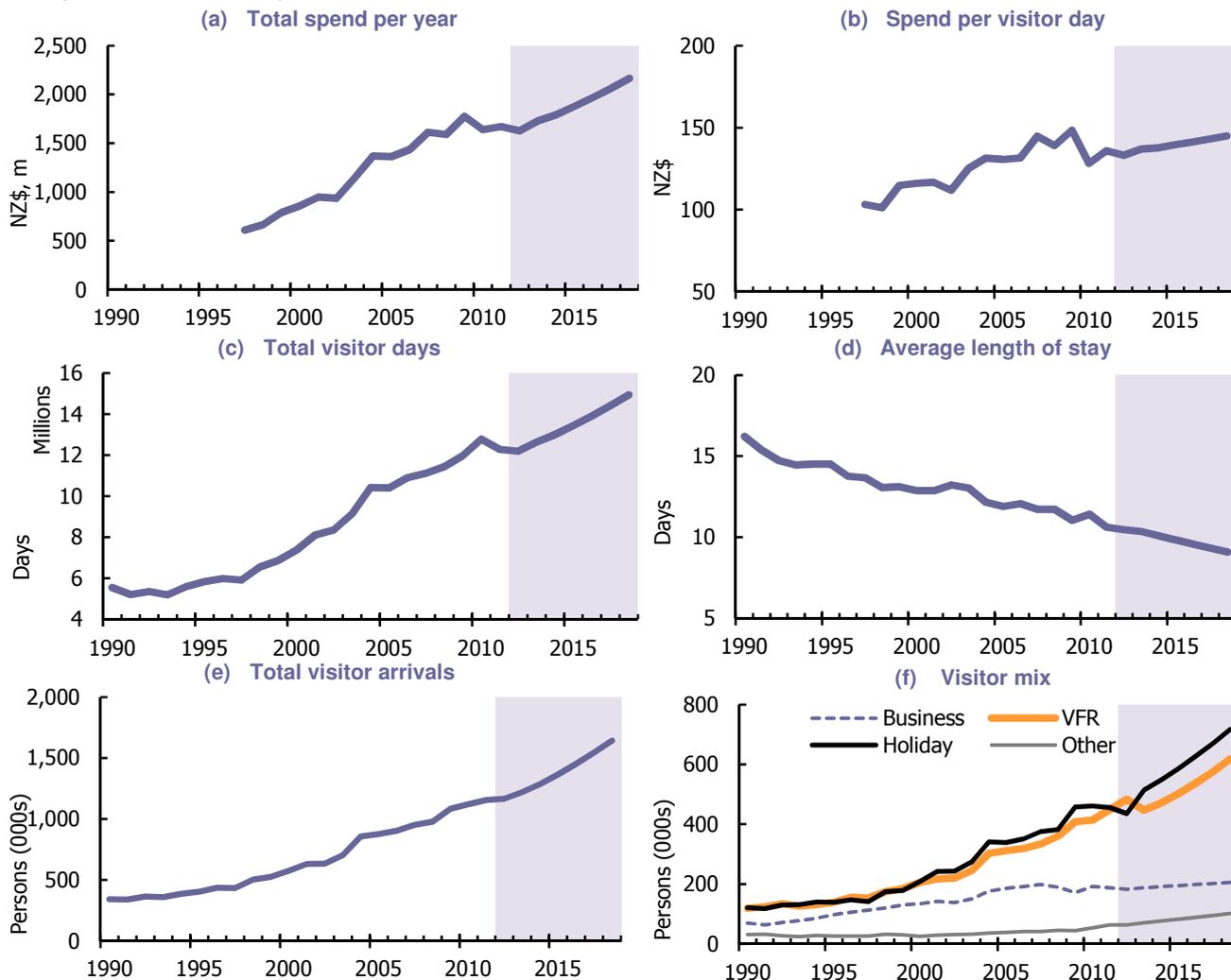
Forecasts	2012	2018	
Total spend (\$m)	\$1,625	\$2,165	↑
Total Visitors (000s)	1,165	1,643	↑
Total Days (millions)	12.2	14.9	↑
Average stay days	10.5	9.1	↓
Ave. spend per day	\$133	\$145	↑

Key Market Characteristics	
GDP per capita: <sup>1</sup>	34,458
Population:	22.6m
Outbound market: <sup>2</sup>	6.6m
Global market ranking: <sup>3</sup>	10th
Distance to New Zealand:	2,153km

% NZ mkt (spend)



Figure 12 Summary of Forecasts: Australia



Source: MBIE, Statistics New Zealand

Table 2 Forecasts and growth rates: Australia (Year-ended December)

Year	2011	2012	2013	2014	2015	2016	2017	2018	Growth		
									2004-11	2011-18	CAGR <sup>4</sup>
Total spend (\$NZm)	1,669	1,625	1,728	1,790	1,877	1,966	2,062	2,165	22%	30%	4%
Total visitors (000s)	1,156	1,165	1,220	1,288	1,367	1,452	1,544	1,643	35%	42%	5%
Total Days (000s)	12,277	12,197	12,634	13,001	13,443	13,912	14,410	14,936	18%	22%	3%
Spend per day (\$NZ)	136	133	137	138	140	141	143	145	4%	7%	1%
Length of stay (days)	10.6	10.5	10.4	10.1	9.8	9.6	9.3	9.1	-13%	-14%	-2%

Source: MBIE, Statistics New Zealand

Notes: 1. GDP per capita, constant USD; 2. 2011 outbound visitors; 3. Ranking according to global tourist expenditure; 4. Compound Average Growth Rate per year. Sources: World Bank, World Tourism Organisation, Statistics New Zealand

## 5.2 Europe and Americas

Spending by visitors from the Americas and Europe will slow. Advanced economies are in an economic quagmire. Borrowing rose rapidly over the past decade in countries like the US, UK and many parts of Europe. This is now reversing and economic growth has slowed as a result. The US is gradually recovering after a deep recession. The weakness in this market will bottom out. But Europe faces ongoing risks from a lingering sovereign debt crisis affecting Greece, Spain, Italy, Ireland and Portugal. Europe faces a long recovery from crisis.

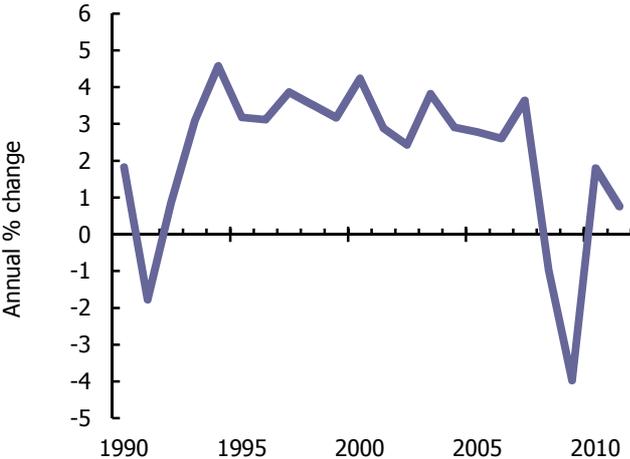
### 5.2.1 United Kingdom

Visitor numbers from the United Kingdom will contract further over the coming years. A weak economy is the main driver. Historical, cultural, family and other ties will keep it an important market, but growth will be difficult to achieve.

#### Forecasts and drivers

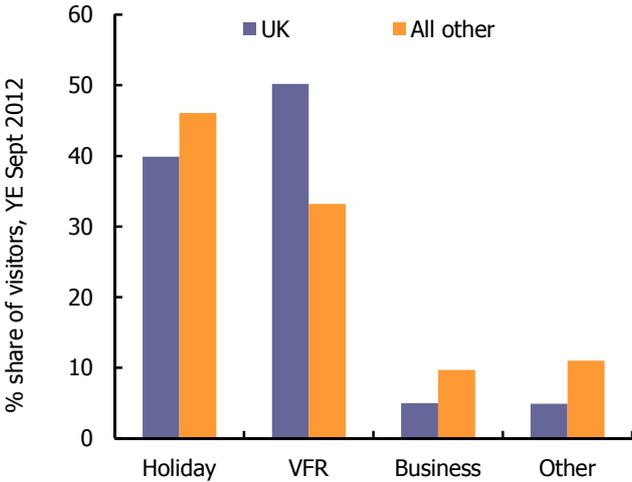
- Visitors from the United Kingdom (UK) tend to be a little different to other visitor markets. Strong historical and cultural ties mean that there are many people visiting friends and relatives. Many more from the UK visit New Zealand compared to other countries of similar income and distance from New Zealand.
- UK visitor spending has fallen sharply since 2008 and it will slow further. The UK economy contracted deeply in 2008 and 2009. There is a weak recovery under way, but unemployment is high and confidence low. This is likely to impact on length of stay as the mix of visitors will move towards visiting friends and relatives.
- Over the next 1-2 years, the economy will remain weak, deterring holidaymakers to New Zealand. Those visiting friends and relative will continue to come, but spending in total will decline.
- Over the following 3-6 years, the outlook will remain challenging. A slow recovery from recession, affected by the lingering European sovereign debt crisis, is the key driver.
- The UK has traditionally been a very important market for New Zealand. It is now getting smaller. The sector needs to plan for fewer tourists from this previously 'captive' market.

Figure 13 UK GDP growth



Source: ONS, DataStream

Figure 14 Visitor mix by purpose: UK vs. rest



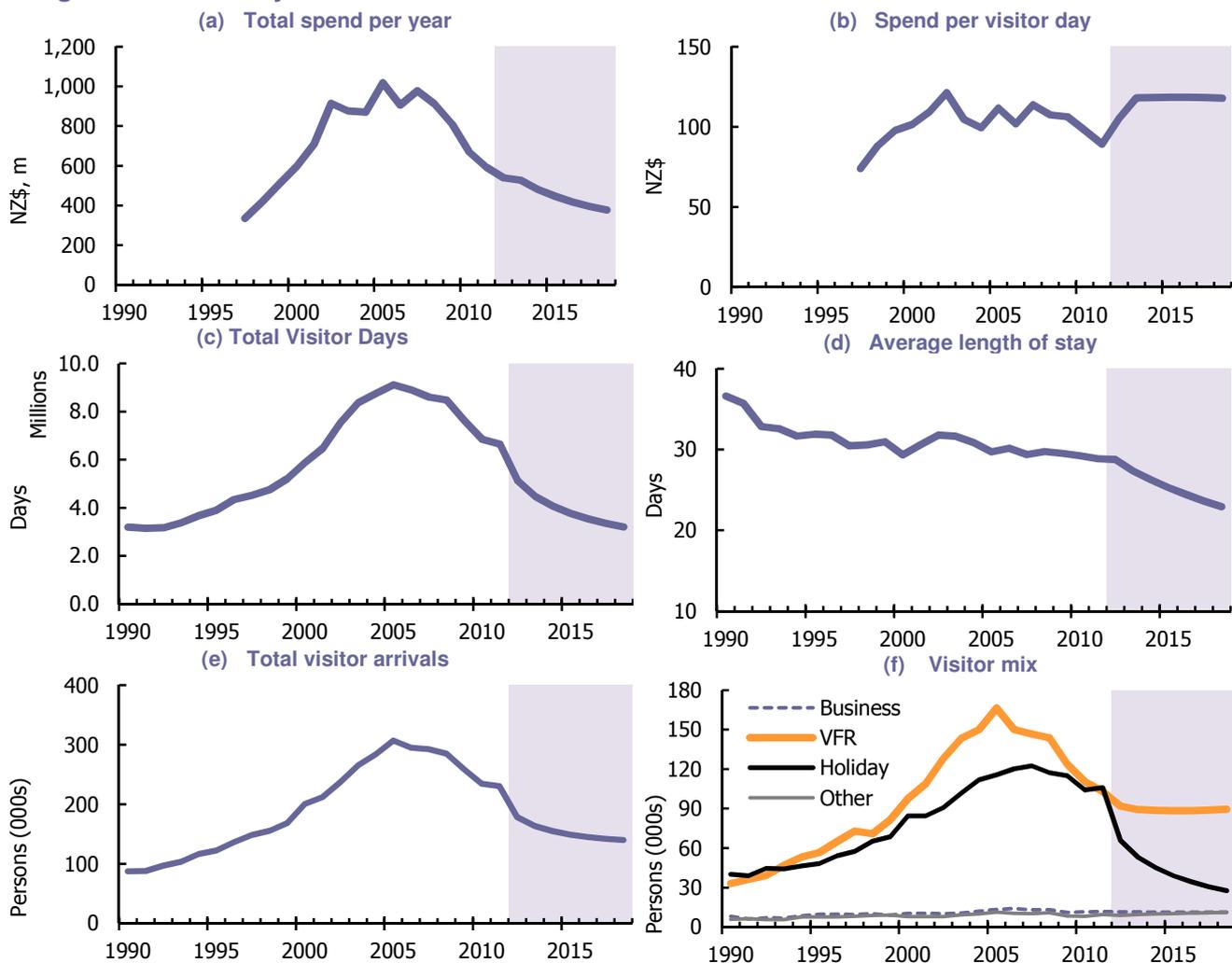
Source: MBIE, Statistics New Zealand



Forecasts	2012	2018	Key Market Characteristics	% NZ mkt (spend)
Total spend (\$m)	540	377 ↓	GDP per capita: <sup>1</sup>	32,475
Total Visitors (000s)	178	140 ↓	Population:	62.6m
Total Days (millions)	5.1	3.2 ↓	Outbound market: <sup>2</sup>	55.6m
Average stay	28.7	22.9 ↓	Global market ranking: <sup>3</sup>	2nd
Ave. spend per day	105	118 ↑	Distance to New Zealand:	18,329km



Figure 15 Summary of Forecasts: UK



Source: MBIE, Statistics New Zealand

Table 3 Forecasts and growth rates: UK (Year-ended December)

Year	2011	2012	2013	2014	2015	2016	2017	2018	Growth		
									2004-11	2011-18	CAGR <sup>4</sup>
Total spend (\$NZm)	593	540	527	481	446	418	396	377	-35%	-36%	-6%
Total visitors (000s)	230	178	163	155	149	145	142	140	-22%	-39%	-7%
Total Days (000s)	6,652	5,123	4,467	4,070	3,765	3,531	3,348	3,202	-25%	-52%	-10%
Spend per day (\$NZ)	89	105	118	118	118	118	118	118	-12%	32%	4%
Length of stay (days)	28.9	28.7	27.4	26.3	25.3	24.4	23.6	22.9	-4%	-21%	-3%

Source: MBIE, Statistics New Zealand

Notes: 1. GDP per capita, constant USD; 2. 2011 outbound visitors; 3. Ranking according to global tourist expenditure; 4. Compound Average Growth Rate per year. Sources: World Bank, World Tourism Organisation, Statistics New Zealand

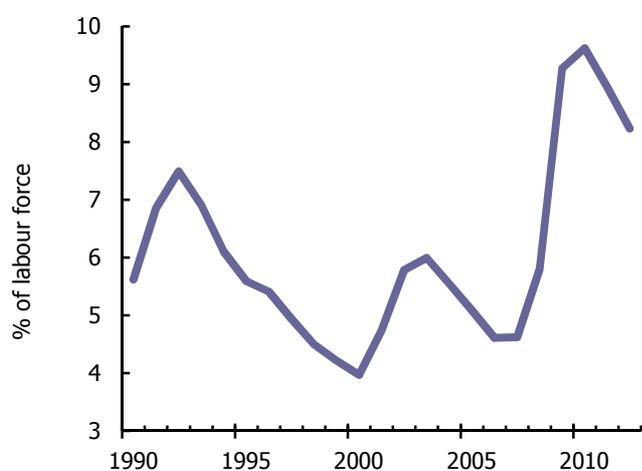
## 5.2.2 United States of America

The USA visitor market has shrunk. Historically it has been a lucrative market with the average spend per day much higher than the norm. Even though visitor numbers from the USA will soften because of a protracted recovery from recession, it will remain an important market for niche tourism operators.

### Forecasts and drivers

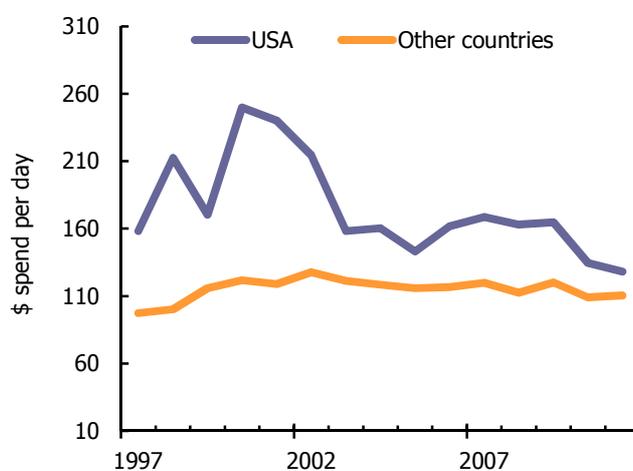
- The USA market is important but declining. It remains a high spending market in terms of spend per day.
- Visitor spending from the USA has fallen sharply in recent years, because of a housing bust and recession, which increased unemployment and drove discretionary spending lower. Spending will continue to soften, because the economic recovery will be anaemic.
- The USA visitor market will remain soft over the next 1-2 years, as the economy emerges from a deep and long recession. Even though economic activity is picking up gradually, unemployment is stubbornly high and holding back spending on discretionary items like long-haul travel.
- Even over a medium to long term period, the outlook is fraught with risk. The Federal Reserve does not expect to raise interest rates until mid-2015, when it expects to see stronger economic growth and falling unemployment. A key risk for the USA economy is government spending and debt. There may be a significant reduction in government support in tax cuts for households and businesses in early 2013 if current temporary policies are not extended. This could weigh on economic growth.
- Despite high average spend per day, slowing US visitor numbers means that those operators supplying this niche market may need to look at other markets to optimise their capacity use.

Figure 16 USA unemployment rate

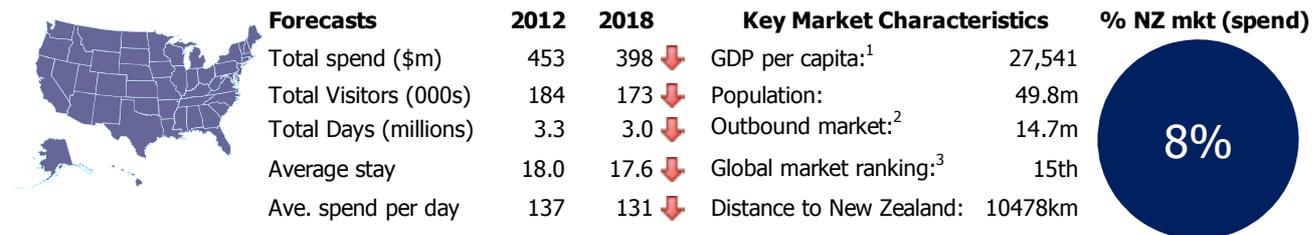


Source: BLS, IMF

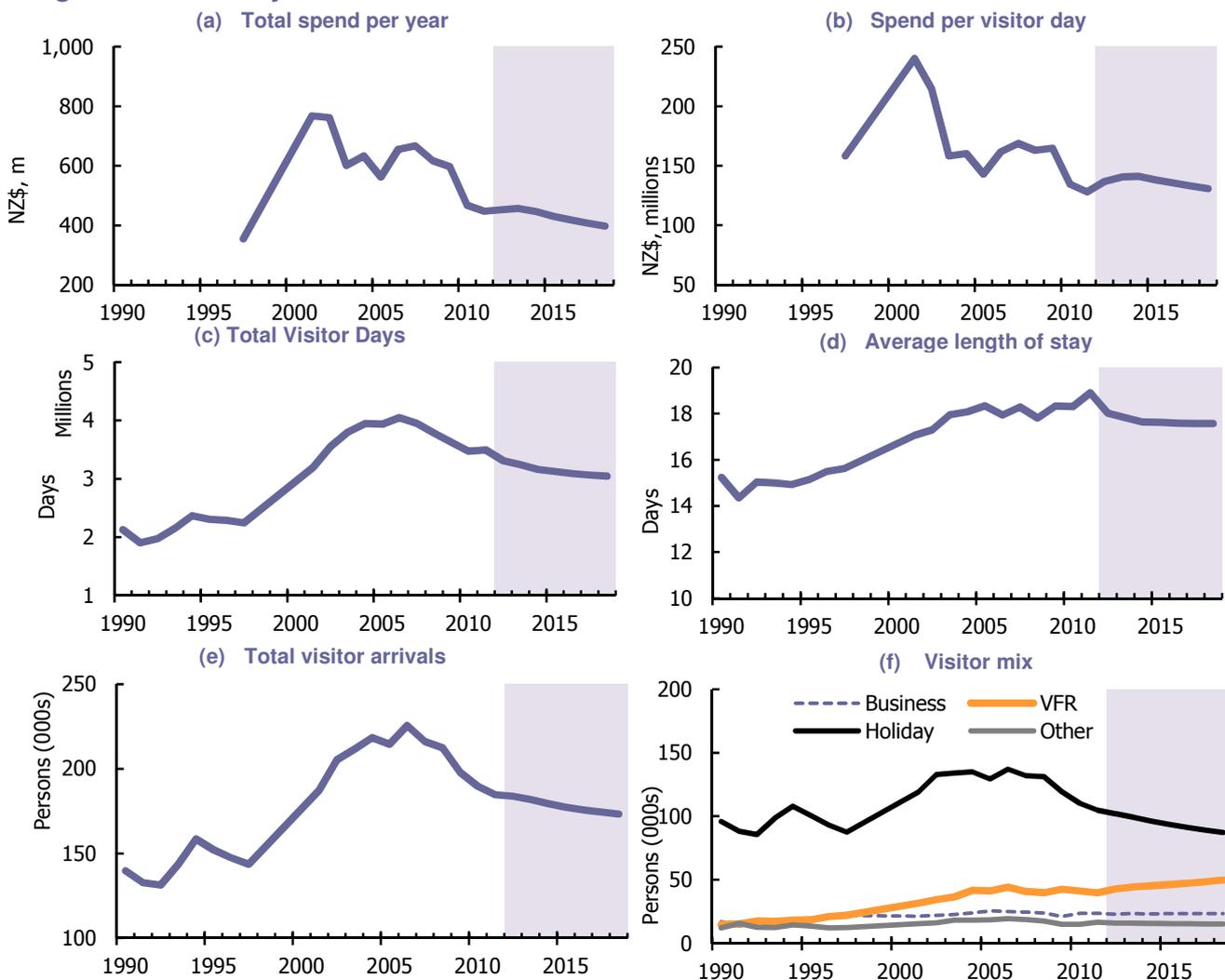
Figure 17 Visitor spend per day: USA vs. rest



Source: MBIE, Statistics New Zealand



**Figure 18 Summary of Forecasts: US**



Source: MBIE, Statistics New Zealand

**Table 4 Forecasts and growth rates: US (Year-ended December)**

Year	2011	2012	2013	2014	2015	2016	2017	2018	Growth		
									2004-11	2011-18	CAGR <sup>4</sup>
Total spend (\$NZm)	447	453	456	446	431	419	408	398	-29%	-11%	-2%
Total visitors (000s)	185	184	182	179	177	176	174	173	-15%	-6%	-1%
Total Days (000s)	3,493	3,311	3,242	3,163	3,124	3,090	3,064	3,045	-12%	-13%	-2%
Spend per day (\$NZ)	128	137	141	141	138	136	133	131	-20%	2%	0%
Length of stay (days)	18.9	18.0	17.8	17.6	17.6	17.6	17.6	17.6	5%	-7%	-1%

Source: MBIE, Statistics New Zealand

Notes: 1. GDP per capita, constant USD; 2. 2011 outbound visitors; 3. Ranking according to global tourist expenditure; 4. Compound Average Growth Rate per year. Sources: World Bank, World Tourism Organisation, Statistics New Zealand

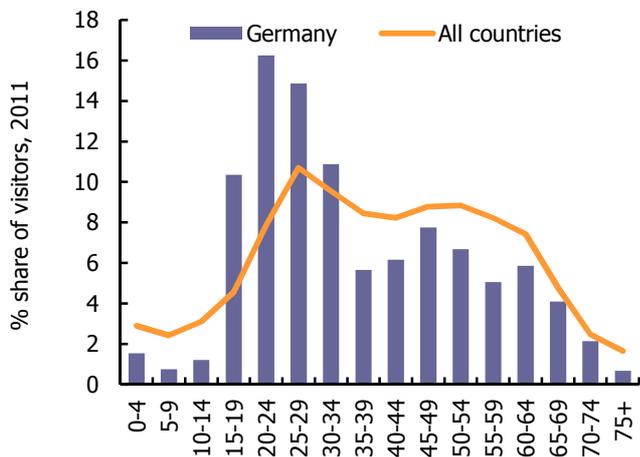
## 5.2.3 Germany

The German tourist market has shrunk in recent years, but the underlying metrics remain healthy. There will be more visitors and they will stay longer. The key uncertainty is how much they will spend per day. The European sovereign debt crisis is a risk – it could weigh on the economy in Germany and hold back travellers to New Zealand.

### Forecasts and drivers

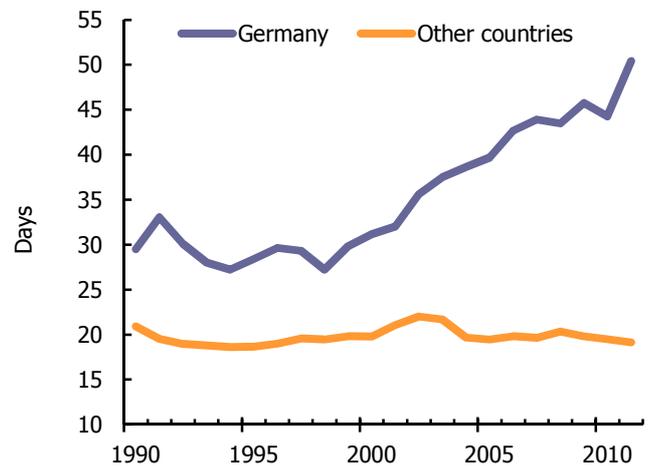
- German visitors tend to be much younger and stay much longer in New Zealand, than the norm: 50 days versus 20 for all countries.
- Spending will remain subdued in the next 1-2 years, as the economic climate in Europe and Germany remains difficult. Visitor spending per day has been falling sharply, partly affected by the changing mix of visitors who are younger, less time-constrained and staying much longer.
- Over the medium to long term, visitor numbers will trend higher. This will eventually lead to a strong rebound in visitor spending in New Zealand. The main uncertainty is how much German visitors will spend per day while in New Zealand.

Figure 19 Age of visitors: Germany vs. all



Source: Statistics New Zealand

Figure 20 Length of stay: Germany vs. rest



Source: MBIE, Statistics New Zealand



### Forecasts

	2012	2018
Total spend (\$m)	\$183	\$325 ↑
Total Visitors (000s)	64	83 ↑
Total Days (millions)	3.2	4.9 ↑
Average stay	49.5	58.4 ↑
Ave. spend per day	\$58	\$67 ↑

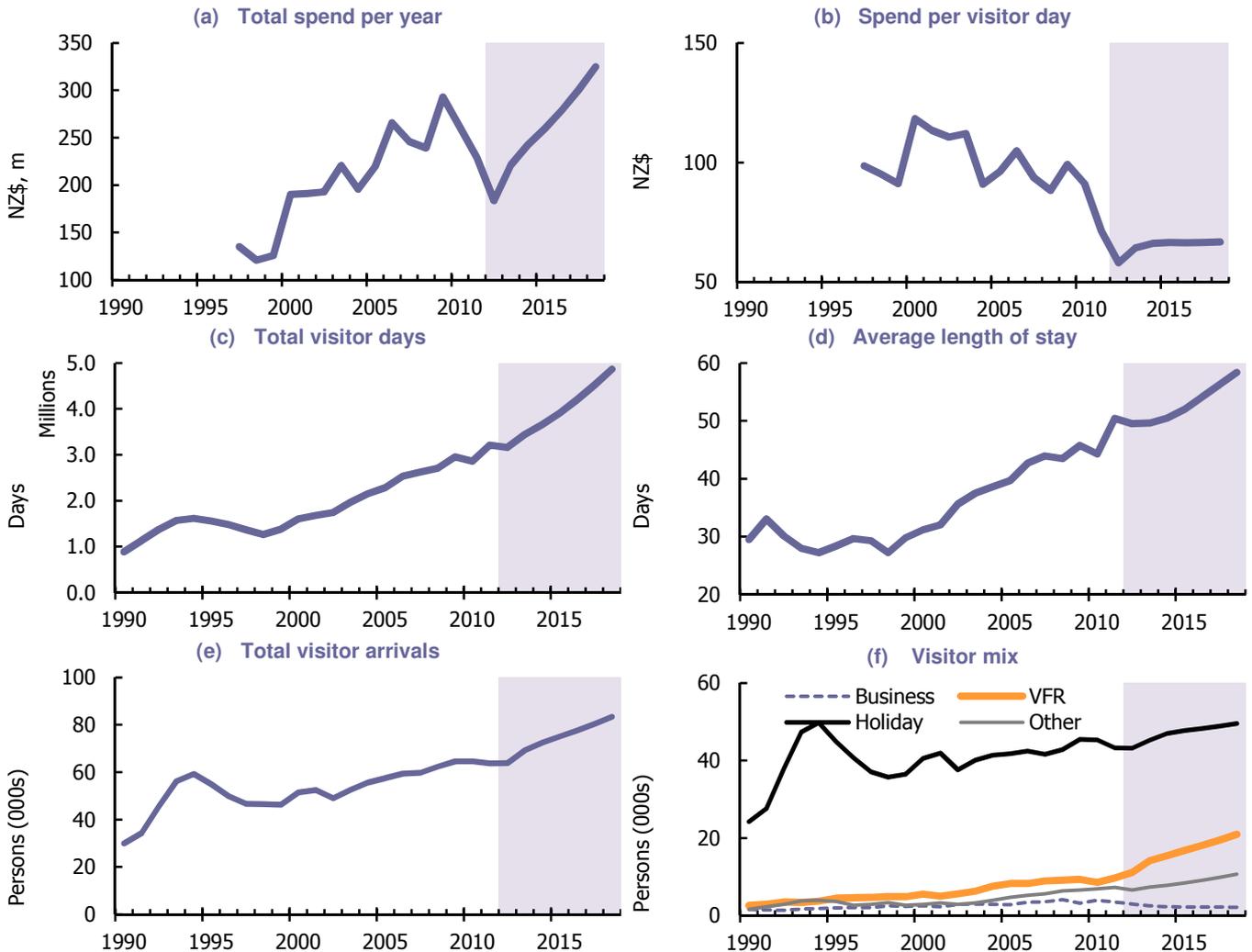
### Key Market Characteristics

GDP per capita: <sup>1</sup>	34,437
Population:	81.7m
Outbound market: <sup>2</sup>	48.9m
Global market ranking: <sup>3</sup>	1st
Distance to New Zealand:	18,163km

### % NZ mkt (spend)

4%

Figure 21 Summary of Forecasts: Germany



Source: MBIE, Statistics New Zealand

Table 5 Forecasts and growth rates: Germany (Year-ended December)

Year	2011	2012	2013	2014	2015	2016	2017	2018	Growth		
									2004-11	2011-18	CAGR <sup>4</sup>
Total spend (\$NZm)	229	183	221	242	260	279	301	325	17%	42%	5%
Total visitors (000s)	64	64	69	73	75	78	80	83	14%	31%	4%
Total Days (000s)	3,211	3,160	3,438	3,660	3,908	4,201	4,520	4,864	49%	51%	6%
Spend per day (\$NZ)	71	58	64	66	66	66	67	67	-22%	-6%	-1%
Length of stay (days)	50.4	49.5	49.6	50.5	52.0	54.1	56.2	58.4	30%	16%	2%

Source: MBIE, Statistics New Zealand

Notes: 1. GDP per capita, constant USD; 2. 2011 outbound visitors; 3. Ranking according to global tourist expenditure; 4. Compound Average Growth Rate per year. Sources: World Bank, World Tourism Organisation, Statistics New Zealand

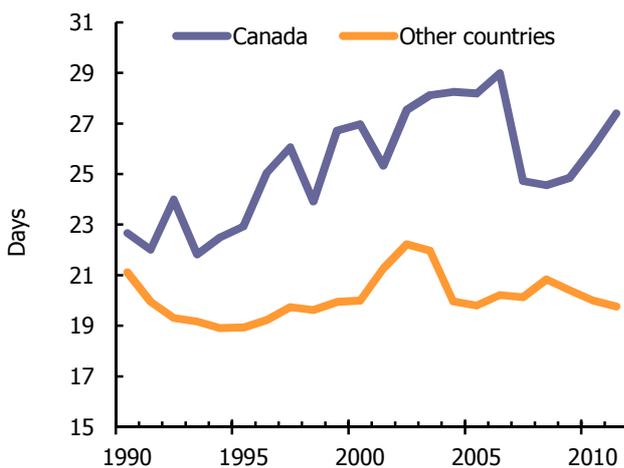
## 5.2.4 Canada

The Canadian visitor market is relatively small among the rich countries, accounting for 2% of total visitor spending. Spending will be flat over coming years, as Canada undergoes an adjustment from a credit-fuelled house price boom and as activity in its strong mining sector moderates.

### Canada Forecasts and drivers

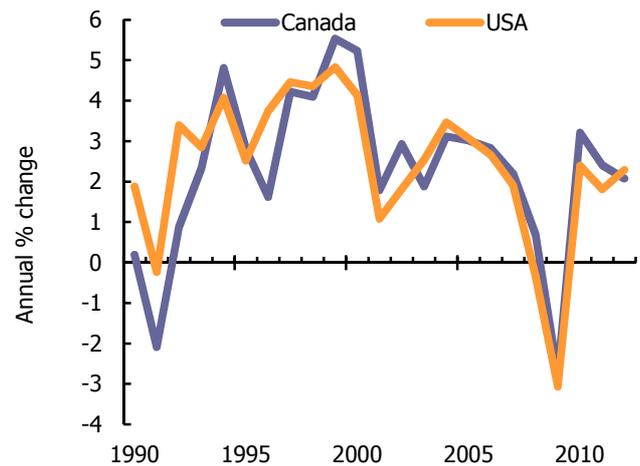
- Canadians stay for a longer period but spend less per day than the typical visitor to New Zealand.
- The spending of Canadian visitors has slowed sharply in recent years and it will stabilise near current levels. Canada's economy is moderating, as a debt-driven housing boom nears a peak and a mining boom moderates. The slow USA economy is also restraining economic growth.
- Over the next 1-2 years visitor numbers and spending will be a little softer. Weakness in economic activity is the key driver.
- Over the medium and long term, visitor numbers will trend higher. But shorter stays and subdued spend per day will offset the increase in visitor numbers. Total spending will be flat.
- Visitor numbers will rise, but shorter stays and lower spend per day means spending from Canada will become smaller over time.

**Figure 22 Average length of stay: Canada vs rest**



Source: Statistics New Zealand

**Figure 23 GDP growth: Canada vs USA**



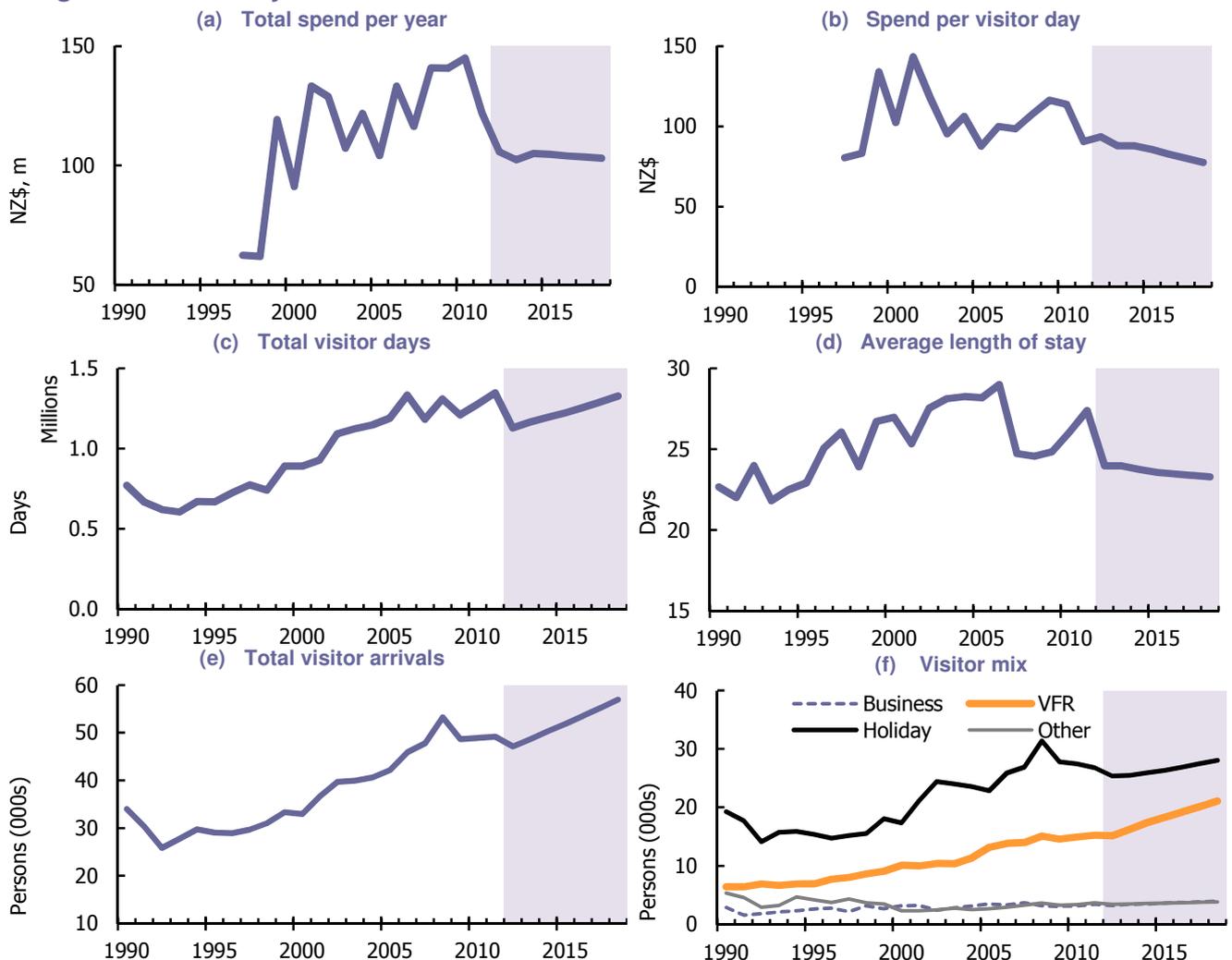
Source: DataStream



Forecasts	2012	2018	Key Market Characteristics	% NZ mkt (spend)
Total spend (\$m)	\$106	\$103 ↓	GDP per capita: <sup>1</sup>	35,716
Total Visitors (000s)	47	57 ↑	Population:	34.5m
Total Days (millions)	1.1	1.3 ↑	Outbound market: <sup>2</sup>	30.4m
Average stay days	24.0	23.3 ↓	Global market ranking: <sup>3</sup>	5th
Ave. spend per day	\$94	\$78 ↓	Distance to New Zealand:	11,331km



Figure 24 Summary of Forecasts: Canada



Source: MBIE, Statistics New Zealand

Table 6 Forecasts and growth rates: Canada (Year-ended December)

Year	2011	2012	2013	2014	2015	2016	2017	2018	Growth		
									2004-11	2011-18	CAGR <sup>4</sup>
Total spend (\$NZm)	122	106	102	105	105	104	103	103	0%	-16%	-2%
Total visitors (000s)	49	47	49	50	52	54	55	57	21%	16%	2%
Total Days (000s)	1,347	1,129	1,165	1,195	1,223	1,256	1,291	1,327	17%	-1%	0%
Spend per day (\$NZ)	91	94	88	88	86	83	80	78	-15%	-14%	-2%
Length of stay (days)	27.4	24.0	24.0	23.7	23.6	23.5	23.4	23.3	-3%	-15%	-2%

Source: MBIE, Statistics New Zealand

Notes: 1. GDP per capita, constant USD; 2. 2011 outbound visitors; 3. Ranking according to global tourist expenditure; 4. Compound Average Growth Rate per year. Sources: World Bank, World Tourism Organisation, Statistics New Zealand

## 5.3 Asia

Asia has been relatively resilient through the GFC although fortunes have been mixed. The traditional markets of Japan and Korea are declining. But this has been partly offset by strong increases in visitors from China and other emerging Asian markets. This pattern will continue with further weakness in Japan and Korea being offset by strongly rising emerging markets in Asia, including China, where a burgeoning middle class is a source of incredible opportunity.

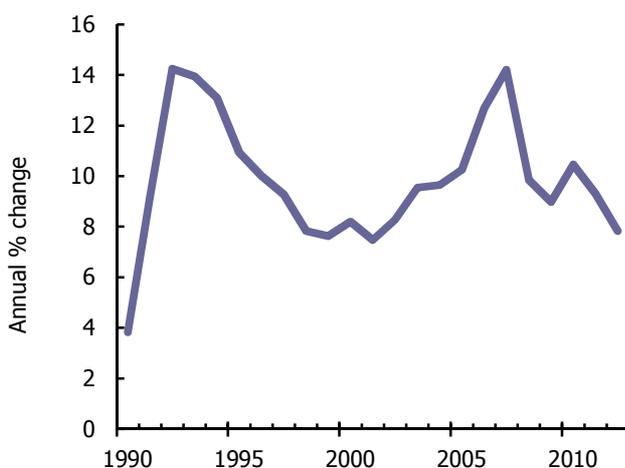
### 5.3.1 China

China has rapidly become one of New Zealand's top visitor markets and accounts for 8% of total visitor spending. Visitor numbers will continue to grow strongly, driven by an expanding middle class. There is some near term risk from the slowdown in Europe, which is affecting manufacturing exports from China. Over the longer term, the industrialisation of China will deliver increasing economic prosperity and more visitors to New Zealand.

#### Forecasts and drivers

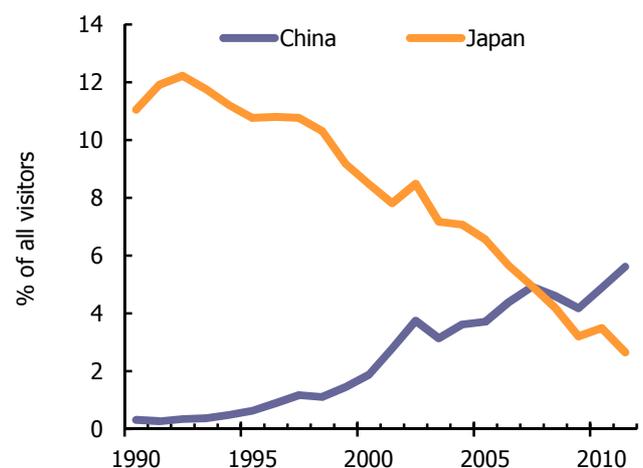
- Visitor spending from China has grown rapidly in recent years – rising even during the GFC. Visitor numbers have grown strongly, as has the amount spent per day. But the length of stay has trended lower over time.
- The short term outlook over the next 1-2 years is for moderation. Economic growth has eased as the weakness in Europe dampens demand for exports from China. This will soften visitor spending in the near term.
- The medium to long term outlook is strong. China is on a structural economic growth path as the economy industrialises. This has already lifted many out of poverty and many into the middle class. This will continue and is a source of significant opportunity.
- Chinese visitor spending per day has been volatile, but is high for an emerging economy. Spending per day is on a par with Japan and Korea. Tourism operators need to better understand the tastes and preferences of Chinese visitors to capture their share of the spending.

Figure 25 GDP growth: China



Source: IMF

Figure 26 Share of visitors: China vs Japan



Source: Statistics New Zealand

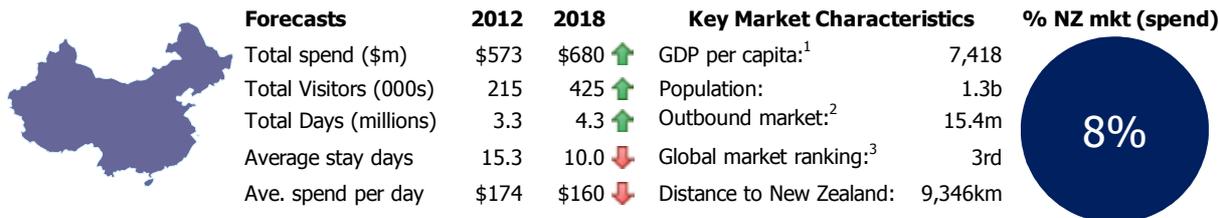
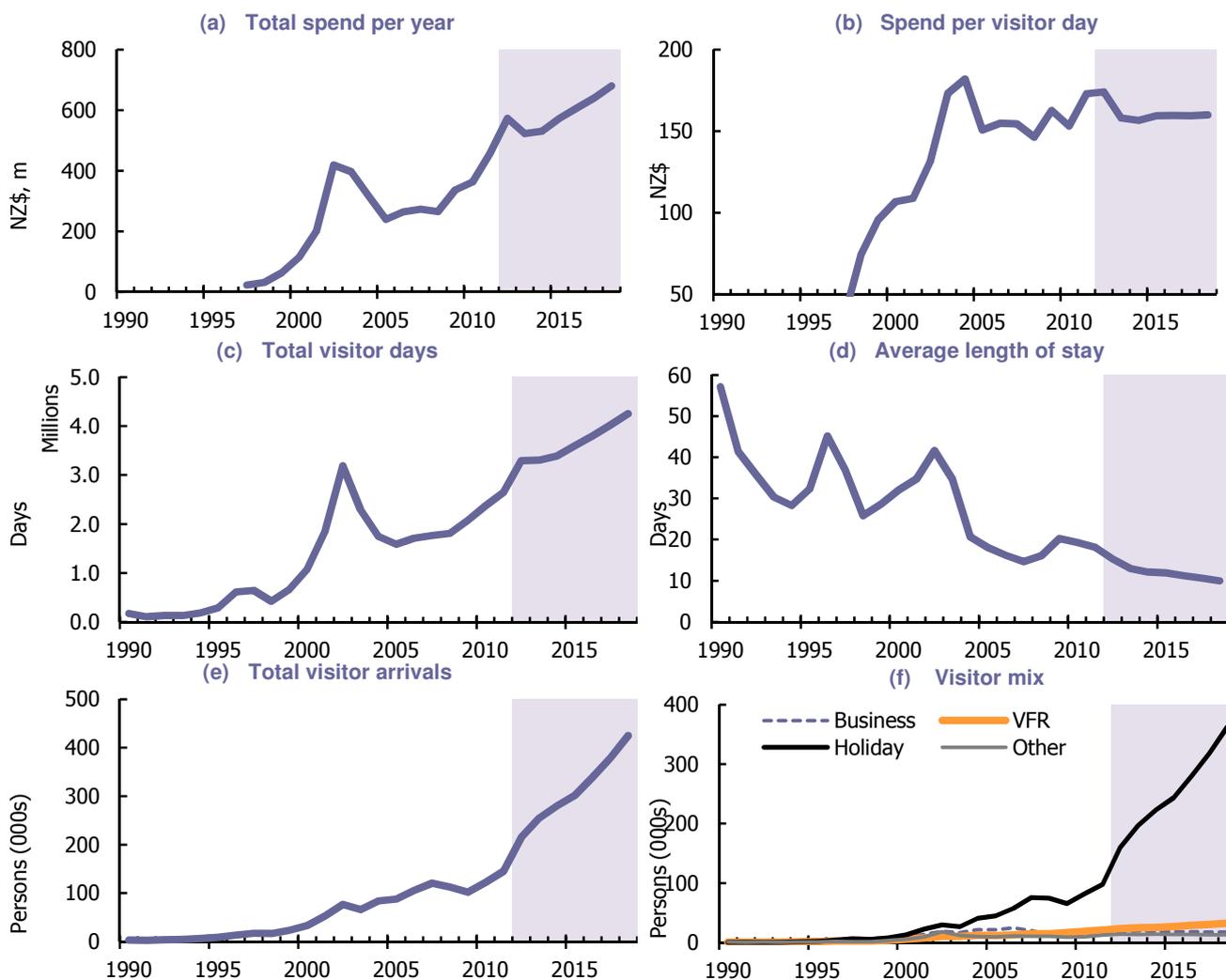


Figure 27 Summary of Forecasts: China



Source: MBIE, Statistics New Zealand

Table 7 Forecasts and growth rates: China (Year-ended December)

Year	2011	2012	2013	2014	2015	2016	2017	2018	Growth		
									2004-11	2011-18	CAGR <sup>4</sup>
Total spend (\$NZm)	457	573	523	530	573	607	640	680	44%	49%	6%
Total visitors (000s)	146	215	255	280	302	340	379	425	72%	192%	17%
Total Days (000s)	2,642	3,293	3,305	3,389	3,595	3,802	4,021	4,251	51%	61%	7%
Spend per day (\$NZ)	173	174	158	156	159	160	159	160	-5%	-8%	-1%
Length of stay (days)	18.2	15.3	13.0	12.1	11.9	11.2	10.6	10.0	-12%	-45%	-8%

Source: MBIE, Statistics New Zealand

Notes: 1. GDP per capita, constant USD; 2. 2011 outbound visitors; 3. Ranking according to global tourist expenditure; 4. Compound Average Growth Rate per year. Sources: World Bank, World Tourism Organisation, Statistics New Zealand

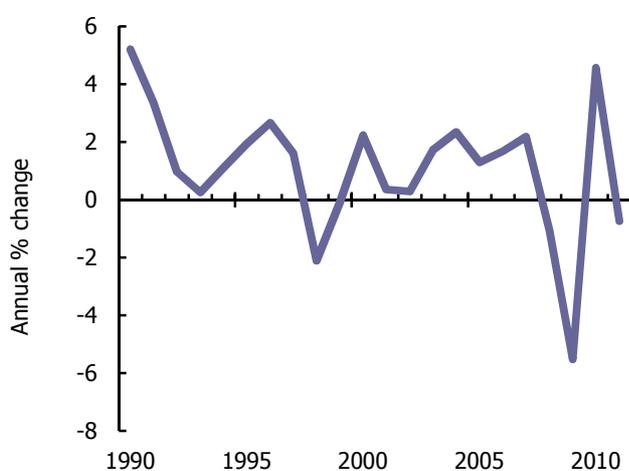
### 5.3.2 Japan

The Japanese market has been declining over the past decade. There will be further weakness, as the economy remains moribund and the population ages. Those Japanese visitors who do make it to New Zealand, however, will remain a lucrative source of revenue, as they spend a relatively high amount per day

#### Forecasts and drivers

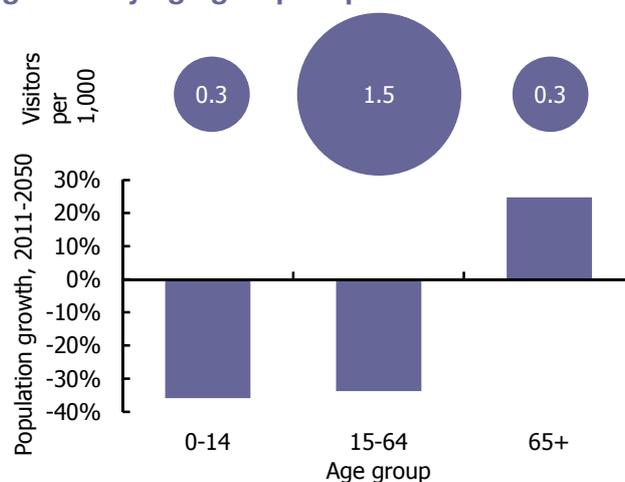
- Visitor spending has fallen steadily over the past decade, from a 12% share of total spending to 4% in 2011. This has coincided with a period of economic stagnation in Japan, which is dealing with bloated government borrowing and an ageing population. Japan is still a very rich country and is a source of high spending visitors, but there will be little growth in the number of outbound travellers.
- The Japanese market in New Zealand will trend lower for the foreseeable future. In the near term, there is added risk from a weak global economy, which is weighing on exports and the desire to travel. An ageing population and a slow economy will remain headwinds for the Japanese visitor market. Spending will slow, but it will remain a sizeable source of visitor spending.
- The Japanese market shows the full lifecycle of visitor markets (see Box 2 on page 10). Its share of visitor arrivals rose steadily until it peaked in the early 1990s and it has trended lower since then. The Japanese experience shows that tourism operators need to be aware of underlying trends, which over time lead to a significant change in the visitor mix.

Figure 28 GDP growth: Japan



Source: DataStream

Figure 29 Propensity to visit and population growth by age group: Japan



Source: Statistics New Zealand, UN



Forecasts	2012	2018	Key Market Characteristics	% NZ mkt (spend)
Total spend (\$m)	\$267	\$85 ↓	GDP per capita: <sup>1</sup>	30,660
Total Visitors (000s)	64	40 ↓	Population:	127.8m
Total Days (millions)	1.2	0.8 ↓	Outbound market: <sup>2</sup>	15.5m
Average stay	18.3	20.1 ↑	Global market ranking: <sup>3</sup>	6th
Ave. spend per day	\$229	\$107 ↓	Distance to New Zealand:	8,810km

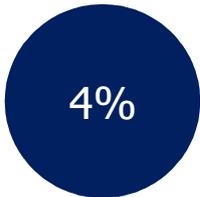
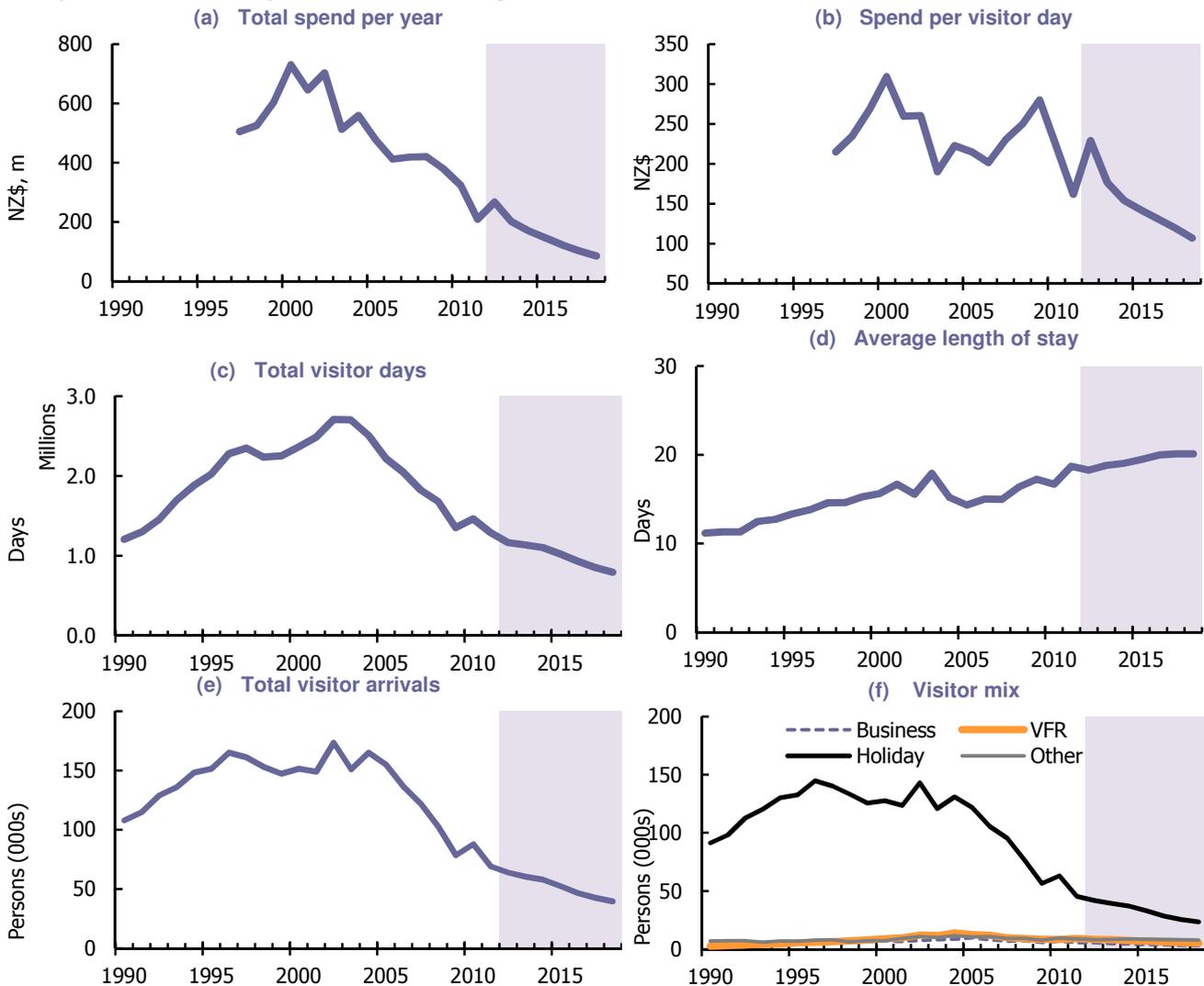


Figure 30 Summary of Forecasts: Japan



Source: MBIE, Statistics New Zealand

Table 8 Forecasts and growth rates: Japan (Year-ended December)

Year	2011	2012	2013	2014	2015	2016	2017	2018	Growth		
									2004-11	2011-18	CAGR <sup>4</sup>
Total spend (\$NZm)	209	267	200	170	145	122	102	85	-63%	-59%	-12%
Total visitors (000s)	69	64	60	58	53	47	42	40	-58%	-43%	-8%
Total Days (000s)	1,291	1,166	1,136	1,103	1,023	930	853	795	-49%	-38%	-7%
Spend per day (\$NZ)	162	229	176	154	142	131	119	107	-27%	-34%	-6%
Length of stay (days)	18.7	18.3	18.8	19.0	19.5	20.0	20.1	20.1	23%	7%	1%

Source: MBIE, Statistics New Zealand

Notes: 1. GDP per capita, constant USD; 2. 2011 outbound visitors; 3. Ranking according to global tourist expenditure; 4. Compound Average Growth Rate per year. Sources: World Bank, World Tourism Organisation, Statistics New Zealand

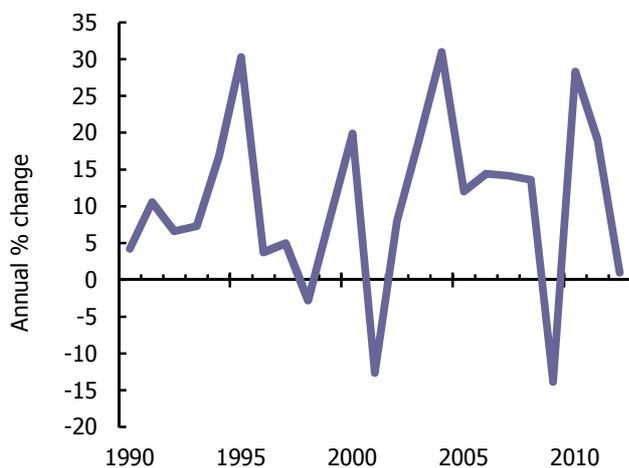
### 5.3.3 Korea

The Korean visitor market has matured and is now in decline. Visitor numbers will soften further as will spending. The weakness in the European economy is sapping Korea's exports and economic growth. Over the longer term, an ageing population is a key driver.

#### Forecasts and drivers

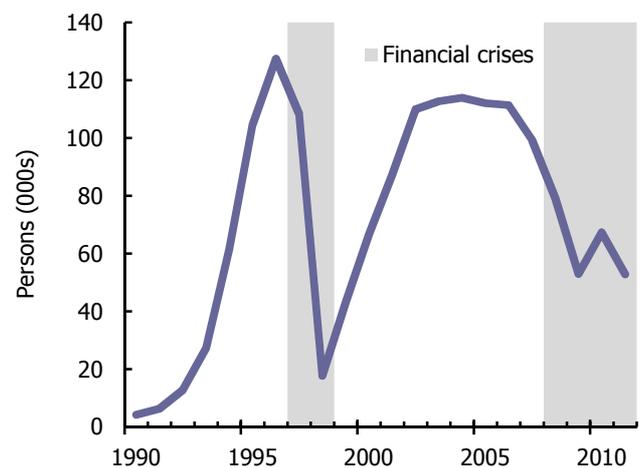
- Korean visitor spending has fallen sharply in recent years, although not to the lows of the Asian financial crisis in 1997/98. The weakening economy is a headwind. An ageing population is also reducing the number of visitors to New Zealand.
- Over the next 1-2 years visitor spending will slow further, as a softening economy dampens discretionary spending. Over the medium to long term, the market will soften further, as the population ages.
- The Korean experience through the Asian financial crisis is interesting. Visitor numbers slumped through the crisis, but rebounded strongly afterwards. This is a lesson for analysing other strongly growing markets. Cyclical headwinds matter, but long run trends will reassert over time. In Korea, ageing is a structural force, while newly industrialising economies are about rising incomes.

Figure 31 Korean export growth



Source: DataStream

Figure 32 Korean visitors through crises



Source: Statistics New Zealand



Forecasts	2012	2018	Key Market Characteristics	% NZ mkt (spend)
Total spend (\$m)	\$112	\$65 ↓	GDP per capita: <sup>1</sup>	27,541
Total Visitors (000s)	53	45 ↓	Population:	49.8m
Total Days (millions)	1.1	0.6 ↓	Outbound market: <sup>2</sup>	14.7m
Average stay	19.8	13.6 ↓	Global market ranking: <sup>3</sup>	15th
Ave. spend per day	\$106	\$106 ↓	Distance to New Zealand:	9,595km

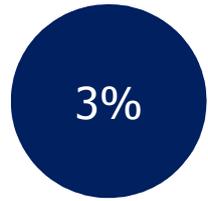
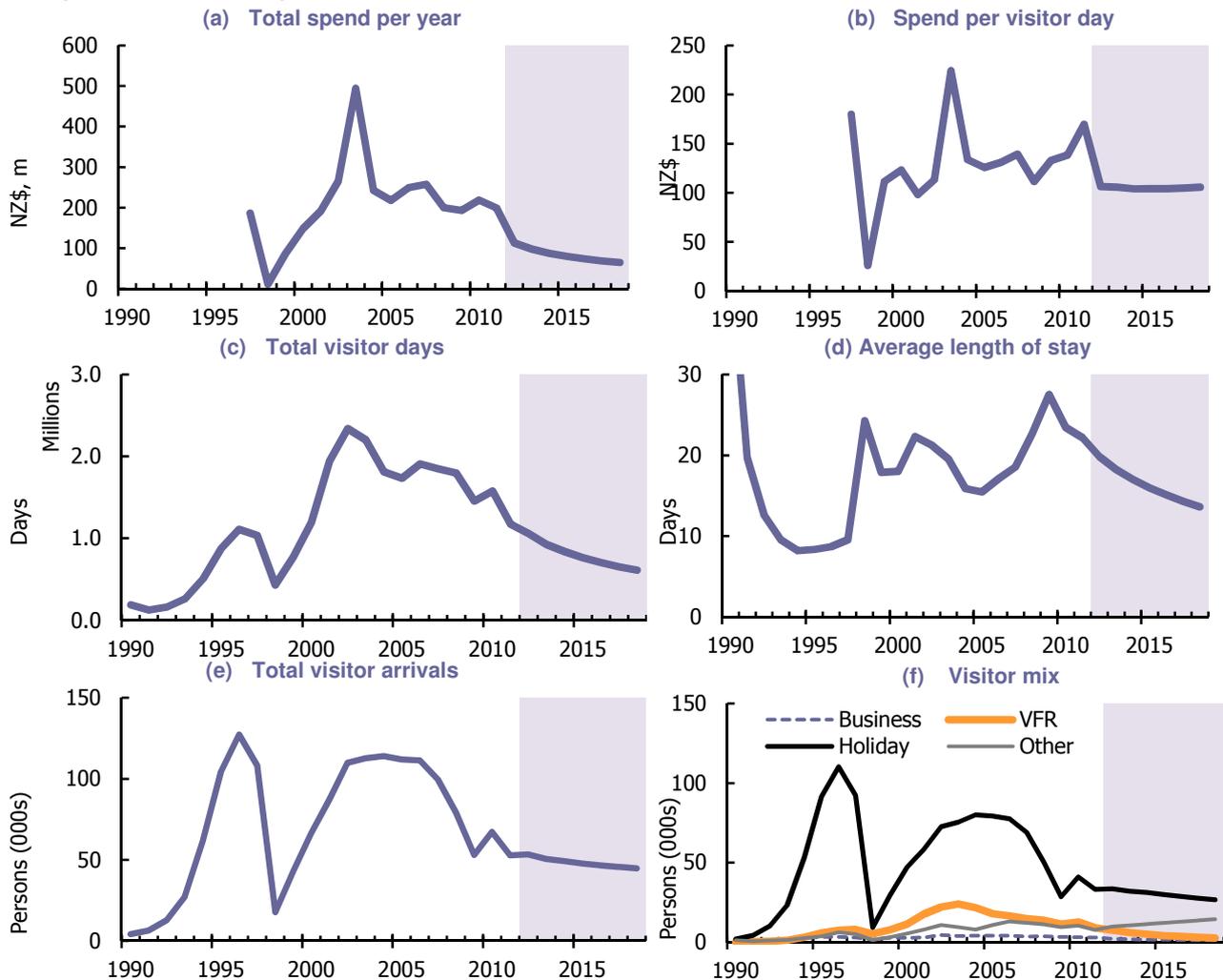


Figure 33 Summary of Forecasts: Korea



Source: MBIE, Statistics New Zealand

Table 9 Forecasts and growth rates: Korea (Year-ended December)

Year	2011	2012	2013	2014	2015	2016	2017	2018	Growth		
									2004-11	2011-18	CAGR <sup>4</sup>
Total spend (\$NZm)	199	112	98	87	79	73	68	65	-18%	-68%	-15%
Total visitors (000s)	53	53	51	49	48	47	46	45	-54%	-15%	-2%
Total Days (000s)	1,171	1,057	924	838	762	704	654	611	-35%	-48%	-9%
Spend per day (\$NZ)	170	106	106	104	104	104	105	106	27%	-38%	-7%
Length of stay (days)	22.2	19.8	18.3	17.0	16.0	15.1	14.3	13.6	40%	-39%	-7%

Source: MBIE, Statistics New Zealand

Notes: 1. GDP per capita, constant USD; 2. 2011 outbound visitors; 3. Ranking according to global tourist expenditure; 4. Compound Average Growth Rate per year. Sources: World Bank, World Tourism Organisation, Statistics New Zealand

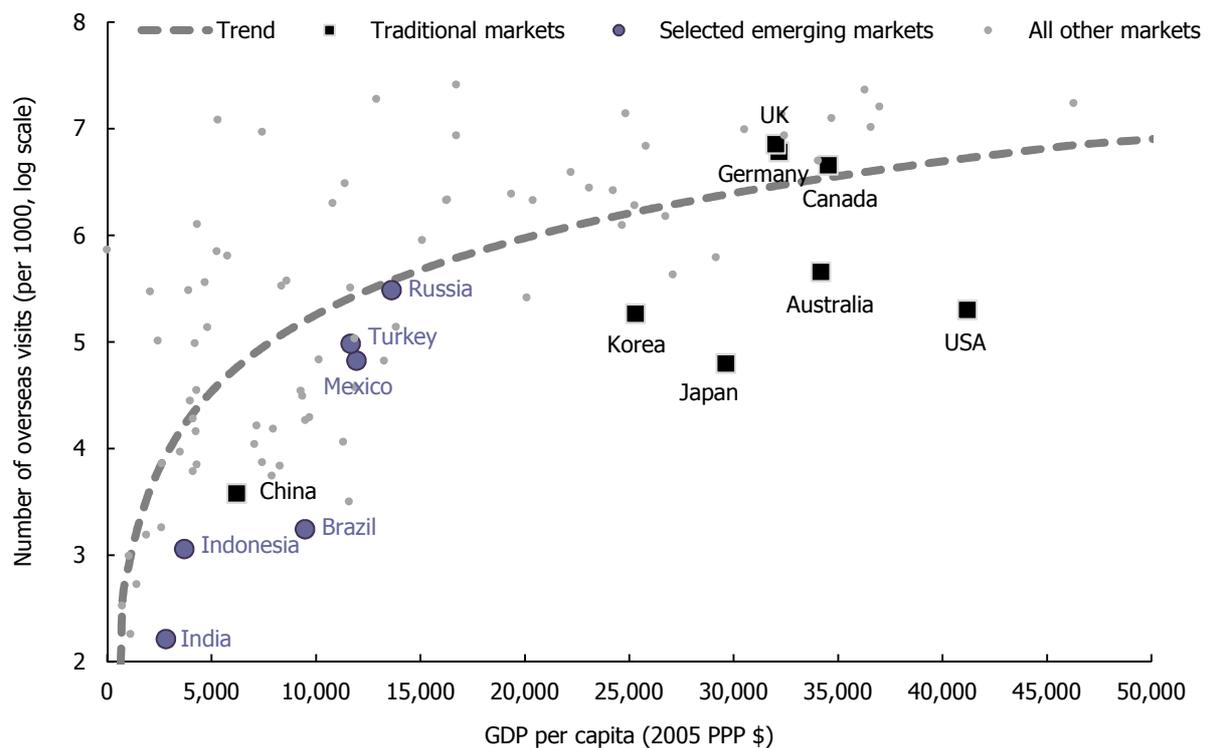
### 5.3.4 Other

Outside of the top eight markets, the outlook is generally positive. There are pockets of weakness in Europe, but there is considerable momentum in other emerging markets, particularly in Asia. Visitor numbers and spending will trend higher over time.

#### Forecasts and drivers

- Outside of the eight top markets, visitor spending has been volatile but relatively resilient through the GFC. The global economy has largely recovered from the GFC, but growth has been concentrated in emerging markets, while the advanced economies have been trapped in a slow grind.
- The short term outlook for visitors can be broadly split into the emerging and advanced economies. The European sovereign debt crisis will lower visitor numbers and spending. This could dampen spending in emerging markets, which tend to be reliant on exports for economic growth.
- Over the longer term, the market drivers of visitor spending and numbers will be strongest for emerging markets like India, Malaysia, Indonesia and Vietnam, which are urbanising and industrialising, have expanding middle classes and a large and young population.
- Figure 34 shows the effect of the increase in income per capita on international visitor arrivals to New Zealand.

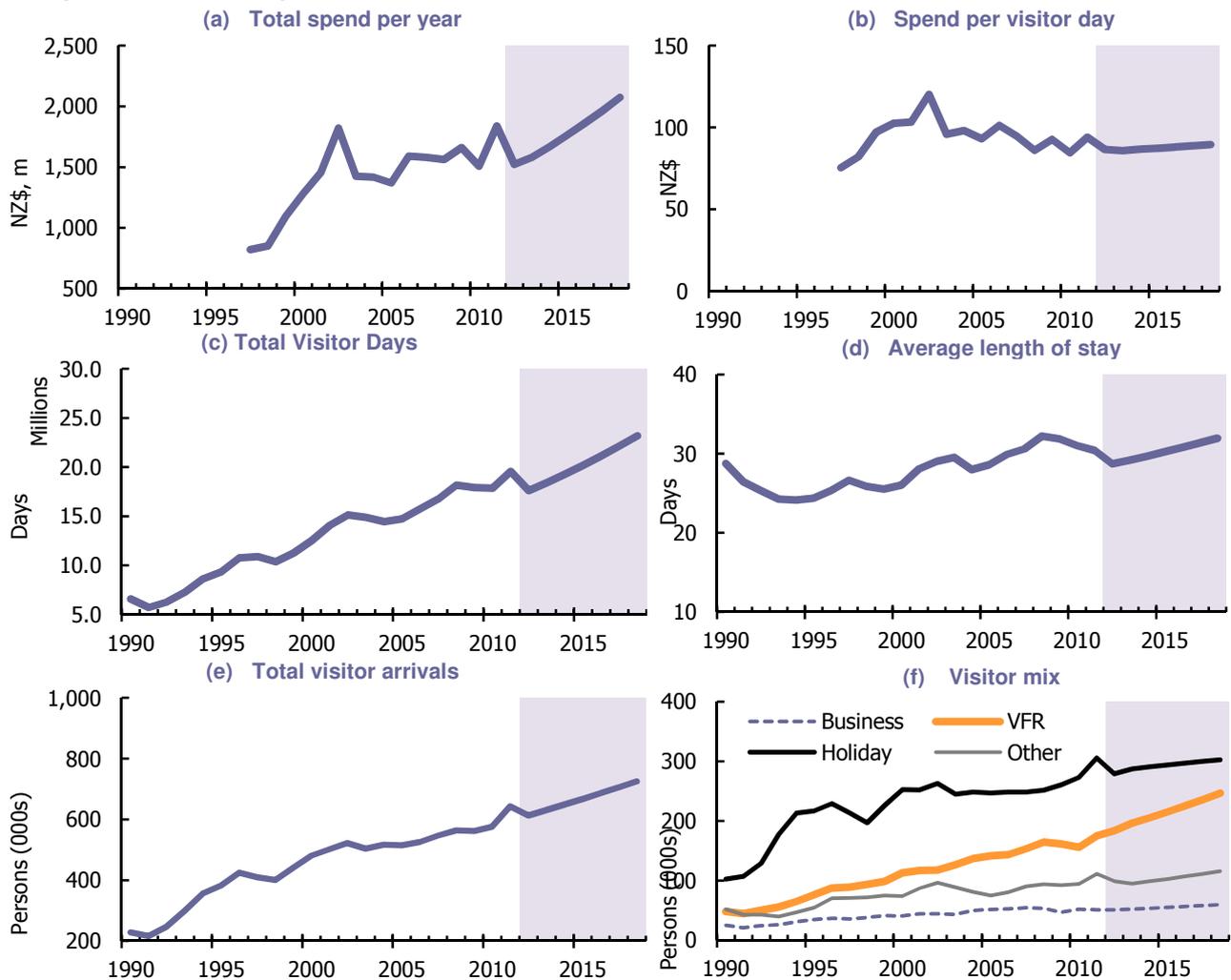
**Figure 34 Total visitor arrivals in New Zealand versus income per capita for 2009**



Source: MBIE, World Bank



**Figure 35 Summary of Forecasts: Other**



Source: MBIE, Statistics New Zealand

**Table 10 Forecasts and growth rates: Other (Year-ended December)**

Year	2011	2012	2013	2014	2015	2016	2017	2018	Growth		
									2004-11	2011-18	CAGR <sup>4</sup>
Total spend (\$NZm)	1,838	1,522	1,580	1,669	1,762	1,860	1,964	2,074	30%	13%	2%
Total visitors (000s)	643	613	631	649	667	686	705	725	24%	13%	2%
Total Days (000s)	19,543	17,611	18,402	19,266	20,174	21,125	22,121	23,164	35%	19%	2%
Spend per day (\$NZ)	94	86	86	87	87	88	89	90	-4%	-5%	-1%
Length of stay (days)	30.4	28.7	29.2	29.7	30.2	30.8	31.4	32.0	9%	5%	1%

Source: MBIE, Statistics New Zealand

Notes: 1. GDP per capita, constant USD; 2. 2011 outbound visitors; 3. Ranking according to global tourist expenditure; 4. Compound Average Growth Rate per year. Sources: World Bank, World Tourism Organisation, Statistics New Zealand

# 6. Risks to the outlook

Developing scenarios helps explain the risks around the forecasts. We show that the impact of a slowdown in the euro area has a much greater impact on visitors arrivals than a supply shock that drives the price of oil high for a short period of time

## 6.1 Euro area shock

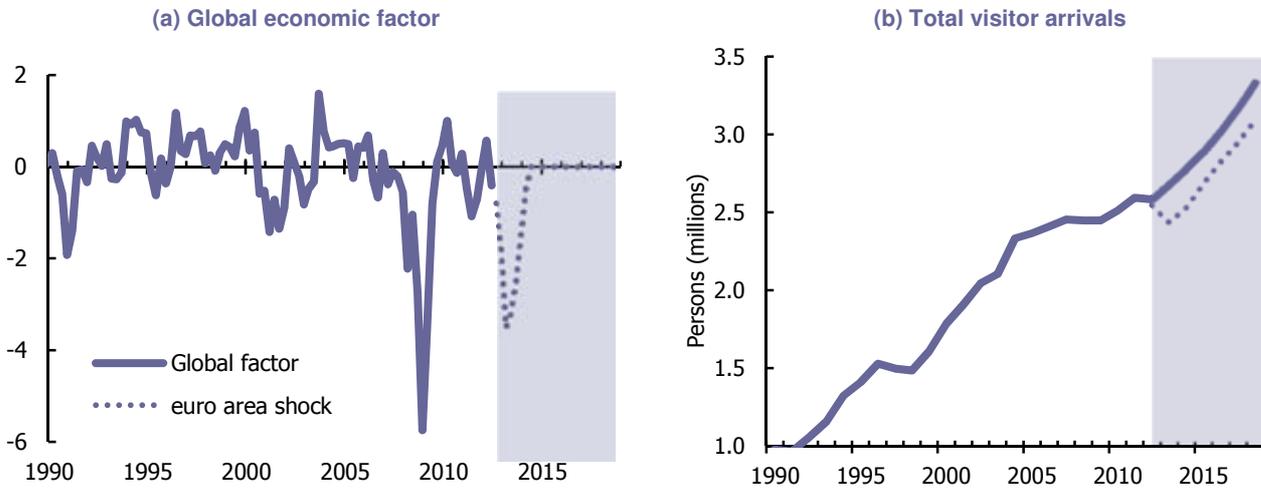
Europe is in a sovereign debt crisis. So far, governments and monetary authorities have prevented a deep recession. But the risk of the outlook deteriorating into crisis is high, but not the central or most likely scenario in these forecasts or forecasts by economists and organisations like the OECD, IMF and World Bank.

A European crisis would have important implications for the New Zealand tourism market. Directly, it will affect visitor numbers and spending from Europe. Indirectly, it could dent global growth and visitor number and spending from other parts of the world.

We mimic this event by imposing a decline in the global factor shown in figure 34(a) roughly 70 percent of the magnitude of the global financial crisis. In addition, we shock the German domestic economy by about the same magnitude as the global financial crisis.

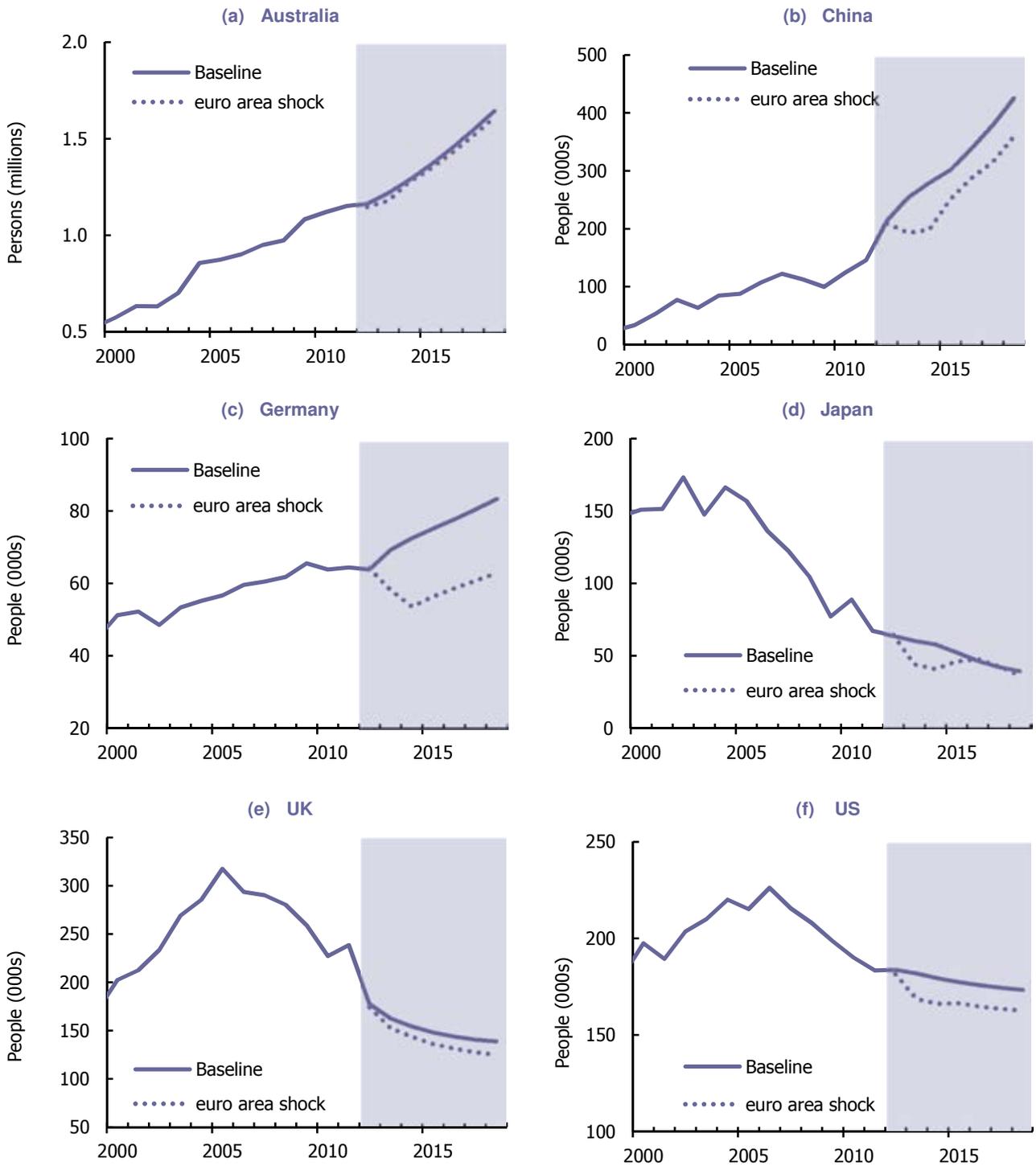
Under this scenario, figure 34(b) shows that visitor arrivals fall initially but recover to the previous growth rate relatively quickly. In 2015, visitor arrivals are about three percent lower than the baseline forecast. Figure 35 shows there are some stark differences across markets with Australia relatively unaffected while arrivals from Germany slow significantly.

**Figure 36 Aggregate impact of a euro area shock to the global economy**



Source: MBIE, Statistics New Zealand

**Figure 37 Impact of a euro area shock on visitor arrivals country-by-country**



## 6.2 A temporary supply-side shock

Supply shocks can be disruptive. Supply-shocks can rapidly impact on visitor arrivals and dampen tourist flows. Here we focus on a spike in the price of oil as an example of a temporary supply-side shock.

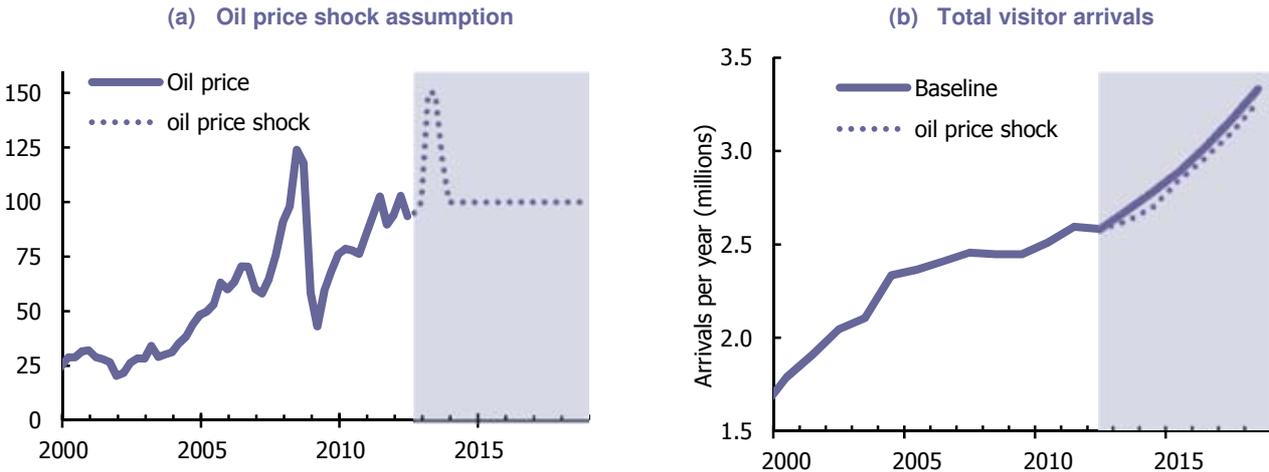
### A spike in the price of oil

Oil is a key determinant of air travel costs and global growth. Oil prices can spike sharply because of strong demand, as happened during 2007-2008. Oil prices can also spike higher when there is a supply disruption, as happened during the Gulf War in 1990-1991. Demand shocks tend to have little impact on visitor travel and spending to New Zealand, but supply shocks can be a headwind.

This scenario looks at a short 6-month supply shock lifting oil prices to US\$150 a barrel, from US\$95 per barrel in October 2012. The direct impact on the tourism sector will be from higher airfares. The indirect impact of an oil price shock on the tourism sector will be from the higher oil prices denting global economic growth. The lags will vary by country. Emerging markets tend to be more sensitive to oil price changes.

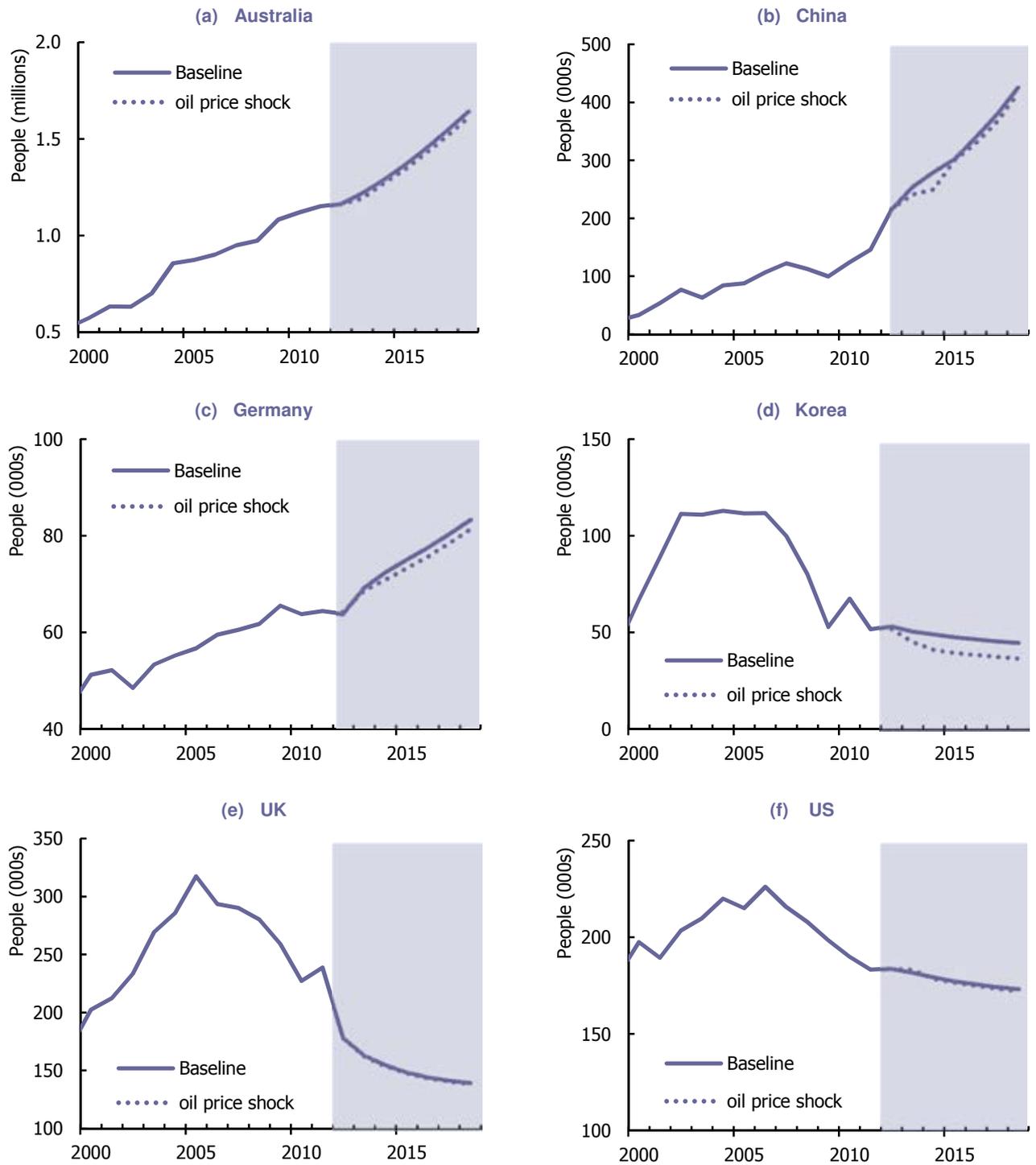
The scenario shows a limited impact of a temporary spike in the price of oil. Visitor arrivals are about 1 percent lower than the baseline forecast in 2015. Markets appear to recover; China and Korea are more affected than the long-haul markets who tend to book their travel well in advance.

**Figure 38 Aggregate impact of temporary spike in the price of oil**



Source: US Federal Reserve Economic Database, MBIE, Statistics New Zealand

**Figure 39 Impact of an oil shock on visitor arrivals country-by-country**



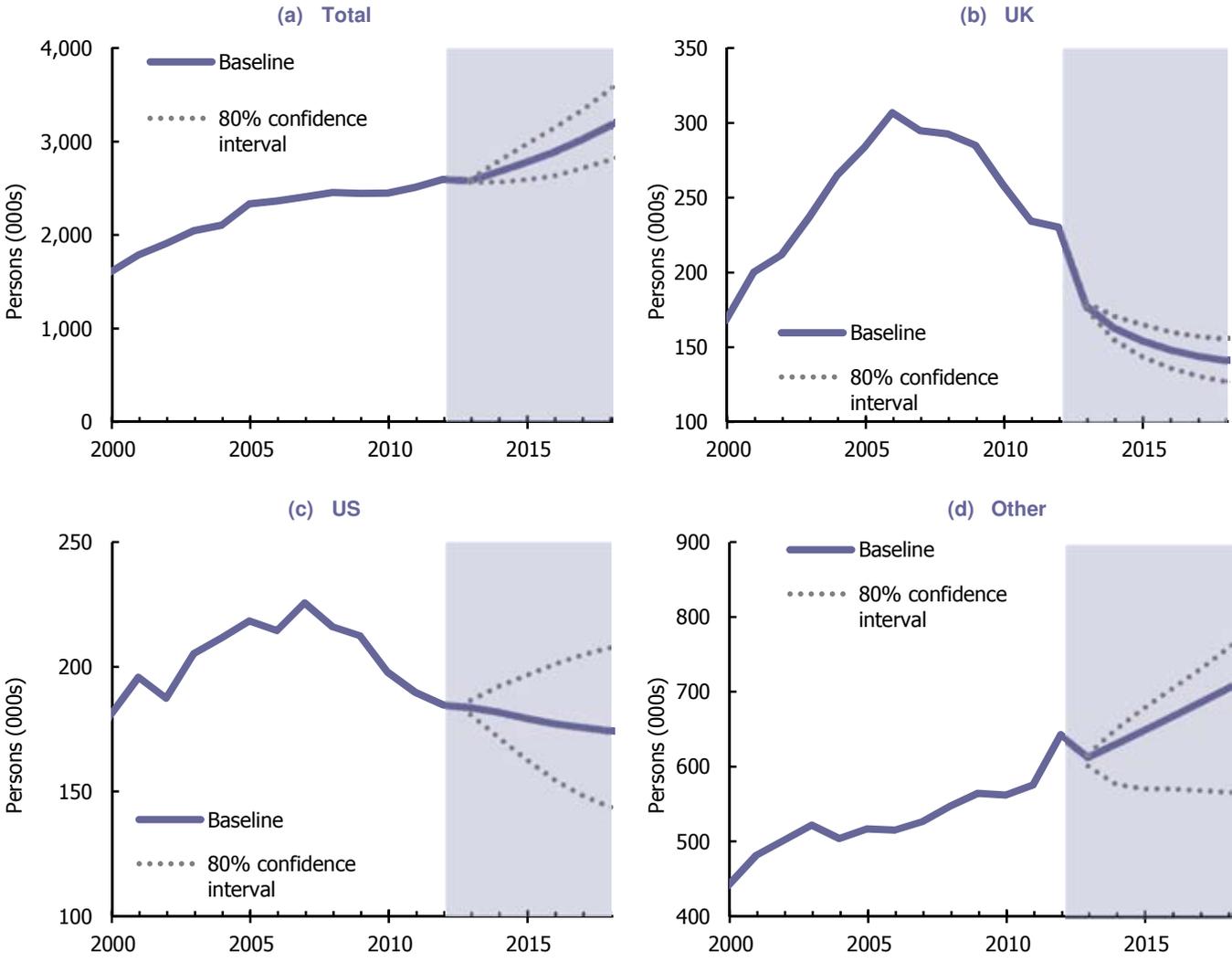
### 6.3 Confidence intervals

To help better measure the risks to the forecasts, we augment the baseline forecast with 80 percent confidence intervals for visitor arrivals for each market and total visitor arrivals. We think that developing confidence intervals helps tourism operators plan with some certainty.

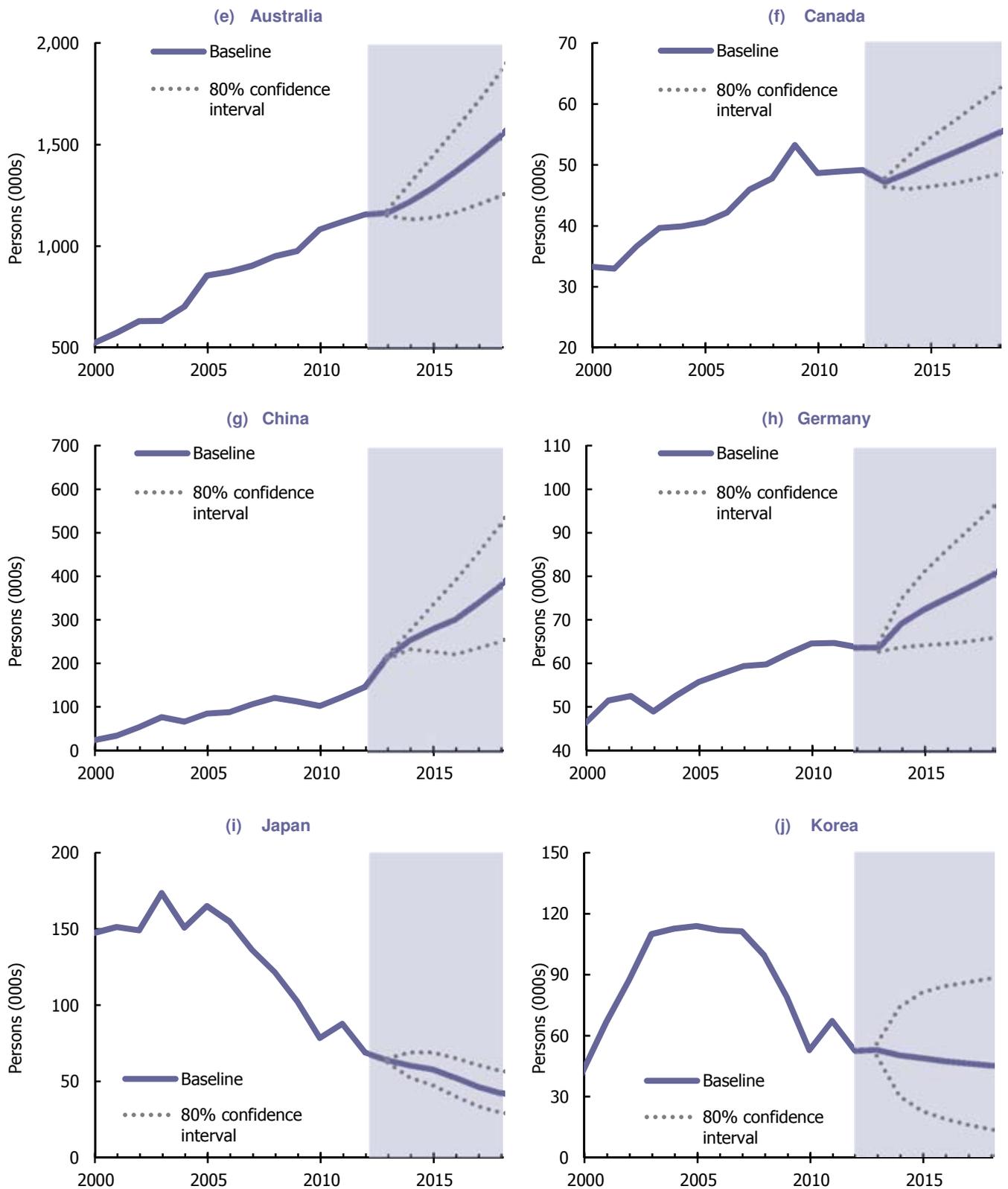
These forecast intervals provide an assessment of the uncertainty around the baseline forecasts. The low confidence interval bound could be used to calibrate risk to financial viability and cashflow of operations. The high confidence interval can help assess the need to build the infrastructure capacity required to accommodate future visitor arrivals.

We find that even under the low confidence interval there is some growth in the total visitor arrivals market. There are differences in uncertainty across the various markets.

Figure 40 Confidence intervals for all visitor arrivals and selected markets



**Figure 41 Confidence intervals for selected markets**



# Appendix A Detailed tables (2000-2018)

## Detailed tables

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**Table 11 Total visitor spend New Zealand**

NZ\$, millions

Year	Australia	Canada	China	Germany	Japan	Korea	Other	UK	US	Total
2000	858	91	115	190	731	148	1,283	596	756	4,767
2001	946	133	201	191	645	191	1,452	708	768	5,236
2002	934	129	419	193	703	265	1,821	914	762	6,141
2003	1,146	107	396	221	513	494	1,425	876	601	5,779
2004	1,367	122	318	196	559	242	1,417	870	633	5,723
2005	1,360	104	239	220	477	218	1,369	1,019	563	5,569
2006	1,434	133	264	266	412	250	1,591	906	655	5,911
2007	1,610	116	273	246	419	257	1,580	979	667	6,147
2008	1,591	141	265	239	419	200	1,563	912	617	5,947
2009	1,776	141	337	293	379	193	1,660	812	597	6,187
2010	1,639	145	363	261	324	219	1,507	670	468	5,595
2011	1,669	122	457	229	209	199	1,838	593	447	5,763
2012f	1,625	106	573	183	267	112	1,522	540	453	5,382
2013f	1,728	102	523	221	200	98	1,580	527	456	5,435
2014f	1,790	105	530	242	170	87	1,669	481	446	5,521
2015f	1,877	105	573	260	145	79	1,762	446	431	5,677
2016f	1,966	104	607	279	122	73	1,860	418	419	5,848
2017f	2,062	103	640	301	102	68	1,964	396	408	6,045
2018f	2,165	103	680	325	85	65	2,074	377	398	6,271

Source: MBIE, Statistics New Zealand

**Table 12 Total visitor days**

Number of days spent in New Zealand

Year	Australia	Canada	China	Germany	Japan	Korea	Other	UK	US	Total
2000	7,388,921	889,246	1,073,732	1,604,168	2,363,505	1,198,247	12,516,903	5,873,809	3,027,899	35,936,430
2001	8,110,390	929,221	1,847,146	1,681,162	2,486,603	1,945,680	14,067,577	6,475,060	3,198,067	40,740,906
2002	8,358,749	1,092,133	3,187,206	1,742,521	2,704,077	2,340,499	15,141,878	7,532,078	3,551,781	45,650,922
2003	9,153,309	1,123,034	2,289,434	1,968,859	2,700,873	2,201,835	14,871,976	8,372,869	3,799,441	46,481,630
2004	10,411,905	1,146,837	1,746,786	2,152,632	2,511,005	1,811,036	14,459,770	8,750,308	3,948,850	46,939,129
2005	10,404,301	1,188,718	1,588,436	2,284,528	2,219,671	1,733,170	14,722,160	9,112,696	3,933,831	47,187,511
2006	10,900,932	1,332,309	1,709,182	2,533,154	2,046,888	1,907,054	15,732,927	8,894,823	4,049,135	49,106,404
2007	11,123,822	1,181,512	1,766,742	2,624,175	1,822,331	1,847,868	16,725,925	8,601,365	3,950,313	49,644,053
2008	11,438,720	1,308,051	1,811,054	2,709,700	1,680,819	1,795,744	18,167,634	8,482,103	3,782,773	51,176,598
2009	11,962,768	1,208,935	2,070,148	2,954,619	1,352,695	1,456,041	17,902,245	7,629,006	3,624,438	50,160,895
2010	12,779,448	1,275,025	2,371,633	2,861,751	1,463,529	1,578,063	17,850,262	6,849,284	3,472,291	50,501,286
2011	12,276,778	1,346,526	2,642,287	3,211,434	1,290,678	1,171,372	19,542,527	6,651,927	3,492,793	51,626,322
2012f	12,196,586	1,129,413	3,293,424	3,159,703	1,166,059	1,057,467	17,611,305	5,122,718	3,311,127	48,047,801
2013f	12,633,594	1,165,275	3,304,947	3,438,093	1,136,343	924,028	18,402,361	4,467,323	3,241,778	48,713,742
2014f	13,001,241	1,194,744	3,389,276	3,659,804	1,102,525	837,888	19,265,852	4,069,831	3,163,208	49,684,370
2015f	13,442,691	1,222,844	3,594,869	3,907,500	1,023,111	762,389	20,174,178	3,764,702	3,123,567	51,015,850
2016f	13,911,769	1,256,058	3,801,662	4,200,813	930,422	703,623	21,125,267	3,531,024	3,089,915	52,550,552
2017f	14,410,320	1,290,900	4,020,734	4,519,825	852,535	653,613	22,121,194	3,348,346	3,063,525	54,280,992
2018f	14,935,889	1,327,324	4,250,598	4,864,478	794,567	611,094	23,164,072	3,201,912	3,045,107	56,195,041

Source: MBIE, Statistics New Zealand

**Table 13 Total visitor arrivals**

Number of persons

Year	Australia	Canada	China	Germany	Japan	Korea	Other	UK	US	Total
2000	573,862	32,971	33,502	51,451	151,373	66,581	480,994	200,250	195,781	1,786,765
2001	630,549	36,694	53,174	52,482	149,085	87,167	501,203	211,646	187,381	1,909,381
2002	632,470	39,669	76,534	48,951	173,567	109,936	521,662	236,986	205,289	2,045,064
2003	702,162	39,940	65,989	52,534	150,851	112,658	503,843	264,819	211,624	2,104,420
2004	855,933	40,602	84,368	55,736	165,023	113,908	516,538	283,700	218,345	2,334,153
2005	874,738	42,182	87,850	57,549	154,925	112,005	514,958	306,815	214,507	2,365,529
2006	903,504	45,955	105,716	59,353	136,401	111,361	526,157	294,812	225,629	2,408,888
2007	950,206	47,792	120,804	59,765	121,652	99,453	546,868	292,717	216,027	2,455,284
2008	976,200	53,267	112,398	62,300	102,482	79,061	564,023	285,094	212,410	2,447,235
2009	1,082,680	48,656	102,259	64,564	78,426	52,921	561,796	258,438	197,792	2,447,532
2010	1,119,879	48,942	122,712	64,648	87,735	67,309	575,511	234,314	189,709	2,510,759
2011	1,156,426	49,154	145,524	63,719	68,963	52,787	642,593	230,316	184,714	2,594,196
2012f	1,164,516	47,141	215,200	63,826	63,865	53,282	612,820	178,206	183,764	2,582,620
2013f	1,219,934	48,646	254,602	69,288	60,475	50,614	630,833	163,273	181,892	2,679,557
2014f	1,287,844	50,335	280,099	72,515	57,954	49,263	648,808	154,944	179,378	2,781,141
2015f	1,366,773	51,882	302,133	75,129	52,542	47,765	667,028	148,822	177,297	2,889,370
2016f	1,452,266	53,533	339,565	77,631	46,621	46,634	685,762	144,571	175,782	3,022,367
2017f	1,544,499	55,228	379,202	80,400	42,464	45,649	705,023	141,615	174,441	3,168,521
2018f	1,643,458	56,975	425,189	83,338	39,549	44,823	724,825	139,585	173,338	3,331,080

Source: MBIE, Statistics New Zealand

**Table 14 Business visitors**

Number of visitors in New Zealand for business (including conventions &amp; conferences)

Year	Australia	Canada	China	Germany	Japan	Korea	Other	UK	US	Total
2000	134,236	3,184	9,438	2,519	7,396	2,732	40,868	10,413	24,300	235,086
2001	142,347	3,254	13,732	2,274	6,462	2,968	44,696	10,469	21,246	247,448
2002	138,711	2,408	19,082	2,847	7,488	4,501	44,654	10,124	21,871	251,686
2003	150,247	2,839	16,537	2,927	8,178	3,932	43,671	10,737	22,745	261,813
2004	176,558	3,145	21,516	2,885	8,472	4,171	50,075	11,910	23,781	302,513
2005	185,941	3,489	21,754	2,834	9,801	4,161	51,591	13,426	25,504	318,501
2006	192,182	3,339	24,710	3,449	8,030	4,113	52,878	14,122	24,971	327,794
2007	199,037	3,666	20,281	3,587	6,936	3,597	54,771	13,230	24,658	329,763
2008	189,417	3,181	12,869	4,075	7,351	3,804	53,868	13,190	23,886	311,641
2009	171,598	3,060	11,432	3,220	5,797	3,380	47,087	11,058	21,000	277,632
2010	191,915	3,198	12,352	3,941	6,888	3,082	52,092	11,537	23,576	308,581
2011	187,496	3,450	13,814	3,514	5,591	3,040	51,241	11,785	23,680	303,611
2012f	182,575	3,239	18,187	2,974	5,632	2,235	50,915	11,560	22,963	300,279
2013f	187,759	3,415	19,697	2,532	4,761	1,910	52,322	11,631	23,271	307,298
2014f	191,821	3,480	18,223	2,275	4,571	1,704	53,771	11,427	23,163	310,435
2015f	195,126	3,611	17,962	2,203	4,154	1,541	55,260	11,366	23,139	314,360
2016f	198,505	3,732	17,895	2,201	3,722	1,401	56,785	11,350	23,117	318,709
2017f	202,086	3,860	17,616	2,192	3,398	1,275	58,348	11,343	23,074	323,193
2018f	205,849	3,992	17,738	2,165	3,135	1,163	59,949	11,337	23,022	328,350

Source: MBIE, Statistics New Zealand

**Table 15 Holiday Visitors**

Visitors in New Zealand for holiday

Year	Australia	Canada	China	Germany	Japan	Korea	Other	UK	US	Total
2000	208,429	17,349	13,087	40,561	127,630	47,048	252,682	97,631	124,831	929,248
2001	242,130	21,120	22,487	41,927	123,539	58,518	251,847	108,801	119,057	989,426
2002	242,936	24,389	29,488	37,622	143,004	72,583	262,900	128,205	132,781	1,073,908
2003	274,099	23,987	26,907	40,107	120,846	75,363	245,119	143,238	134,020	1,083,686
2004	340,709	23,574	40,760	41,351	130,912	80,058	248,298	149,918	134,863	1,190,443
2005	338,984	22,822	44,915	41,764	121,796	79,260	246,721	166,362	129,377	1,192,001
2006	350,651	25,873	57,615	42,412	105,751	77,509	248,497	150,088	137,096	1,195,492
2007	375,464	26,895	75,396	41,618	95,552	69,024	248,333	146,741	132,017	1,211,040
2008	382,138	31,345	74,671	42,819	76,677	50,175	251,472	143,800	131,153	1,184,250
2009	457,958	27,767	65,287	45,458	56,402	28,550	260,664	123,949	119,399	1,185,434
2010	461,023	27,420	82,151	45,331	63,042	41,105	272,945	110,386	110,057	1,213,460
2011	456,425	26,791	97,923	43,246	45,423	33,095	305,763	103,064	104,791	1,216,521
2012f	435,437	25,358	159,921	43,181	41,829	33,590	279,072	65,939	102,124	1,186,450
2013f	514,284	25,474	196,665	45,236	39,262	32,051	287,185	52,877	98,676	1,291,711
2014f	548,429	25,904	222,691	47,010	37,118	31,200	290,579	45,013	95,755	1,343,699
2015f	586,319	26,344	243,720	47,766	33,014	29,910	293,705	38,950	92,948	1,392,674
2016f	627,026	26,887	279,645	48,266	28,489	28,807	296,775	34,324	90,533	1,460,750
2017f	670,639	27,460	318,050	48,889	25,432	27,713	299,784	30,674	88,267	1,536,909
2018f	717,257	28,050	361,823	49,550	23,382	26,681	302,731	27,713	86,174	1,623,362

Source: MBIE, Statistics New Zealand

**Table 16 Visiting friends and relatives (VFR) visitors**

Visitors in New Zealand to visit friends and relatives

Year	Australia	Canada	China	Germany	Japan	Korea	Other	UK	US	Total
2000	205,433	10,114	5,650	5,500	9,060	11,368	113,180	84,346	31,733	476,384
2001	216,542	10,005	7,336	5,003	9,696	17,712	117,327	84,473	31,636	499,730
2002	219,483	10,402	10,078	5,583	12,137	22,123	117,464	90,743	34,435	522,448
2003	245,569	10,334	10,267	6,263	11,719	23,920	126,279	101,602	36,540	572,493
2004	302,715	11,351	11,889	7,542	14,096	21,670	137,177	111,951	41,579	659,970
2005	311,552	13,171	11,691	8,228	12,691	17,855	141,544	115,722	41,118	673,572
2006	318,809	13,829	12,565	8,246	11,797	16,635	143,907	120,237	44,175	690,200
2007	334,072	13,969	14,710	8,951	9,817	14,778	153,386	122,534	40,737	712,954
2008	359,640	15,083	14,550	9,062	9,077	13,863	164,620	117,329	39,776	743,000
2009	408,910	14,553	16,374	9,330	8,446	11,436	161,380	115,026	42,508	787,963
2010	413,662	14,944	18,841	8,518	8,322	12,635	156,061	104,182	41,175	778,340
2011	449,334	15,240	21,216	9,711	9,048	8,998	174,532	105,872	39,706	833,657
2012f	483,151	15,122	23,178	11,111	8,386	7,551	183,624	91,943	42,809	866,875
2013f	447,189	16,254	24,601	14,185	8,096	6,066	196,316	89,131	44,115	845,953
2014f	471,105	17,390	25,101	15,452	7,446	5,007	205,617	88,504	44,845	880,467
2015f	502,811	18,300	26,646	16,765	6,713	4,202	215,240	88,237	45,828	924,743
2016f	537,966	19,221	28,630	18,065	6,079	3,569	225,245	88,321	46,896	973,992
2017f	576,394	20,146	30,273	19,458	5,553	3,053	235,642	88,715	47,988	1,027,223
2018f	617,938	21,102	32,484	20,958	5,097	2,627	246,443	89,362	49,129	1,085,139

Source: MBIE, Statistics New Zealand

**Table 17 Other visitors**

Visitors to New Zealand for other or unstated purposes, including education

Year	Australia	Canada	China	Germany	Japan	Korea	Other	UK	US	Total
2000	25,764	2,324	5,327	2,871	7,287	5,433	74,264	7,860	14,917	146,047
2001	29,530	2,315	9,619	3,278	9,388	7,969	87,333	7,903	15,442	172,777
2002	31,340	2,470	17,886	2,899	10,938	10,729	96,644	7,914	16,202	197,022
2003	32,247	2,780	12,278	3,237	10,108	9,443	88,774	9,242	18,319	186,428
2004	35,951	2,532	10,203	3,958	11,543	8,009	80,988	9,921	18,122	181,227
2005	38,261	2,700	9,490	4,723	10,637	10,729	75,102	11,305	18,508	181,455
2006	41,862	2,914	10,826	5,246	10,823	13,104	80,875	10,365	19,387	195,402
2007	41,633	3,262	10,417	5,609	9,347	12,054	90,378	10,212	18,615	201,527
2008	45,005	3,658	10,308	6,344	9,377	11,219	94,063	10,775	17,595	208,344
2009	44,214	3,276	9,166	6,556	7,781	9,555	92,665	8,405	14,885	196,503
2010	53,279	3,380	9,368	6,858	9,483	10,487	94,413	8,209	14,901	210,378
2011	63,171	3,673	12,571	7,248	8,901	7,654	111,057	9,595	16,537	240,407
2012f	63,353	3,422	13,915	6,560	8,018	9,906	99,210	8,763	15,869	229,016
2013f	70,701	3,503	13,639	7,335	8,356	10,587	95,010	9,634	15,830	234,596
2014f	76,489	3,561	14,084	7,778	8,820	11,352	98,841	10,001	15,614	246,539
2015f	82,517	3,627	13,806	8,395	8,661	12,112	102,823	10,269	15,382	257,593
2016f	88,769	3,694	13,395	9,099	8,331	12,858	106,958	10,577	15,235	268,916
2017f	95,380	3,762	13,263	9,861	8,080	13,607	111,249	10,882	15,111	281,196
2018f	102,413	3,831	13,144	10,664	7,935	14,352	115,703	11,172	15,013	294,228

Source: MBIE, Statistics New Zealand

**Table 18 Spend per day**

Average spend per visitor per day, NZ\$

Year	Australia	Canada	China	Germany	Japan	Korea	Other	UK	US	Total
2000	116	102	107	118	309	123	103	101	250	133
2001	117	143	109	113	259	98	103	109	240	129
2002	112	118	131	111	260	113	120	121	215	135
2003	125	95	173	112	190	224	96	105	158	124
2004	131	106	182	91	223	134	98	99	160	122
2005	131	88	151	96	215	126	93	112	143	118
2006	132	100	155	105	201	131	101	102	162	120
2007	145	98	154	94	230	139	94	114	169	124
2008	139	108	146	88	249	111	86	108	163	116
2009	148	116	163	99	280	133	93	106	165	123
2010	128	114	153	91	221	139	84	98	135	111
2011	136	91	173	71	162	170	94	89	128	112
2012f	133	94	174	58	229	106	86	105	137	112
2013f	137	88	158	64	176	106	86	118	141	112
2014f	138	88	156	66	154	104	87	118	141	111
2015f	140	86	159	66	142	104	87	118	138	111
2016f	141	83	160	66	131	104	88	118	136	111
2017f	143	80	159	67	119	105	89	118	133	111
2018f	145	78	160	67	107	106	90	118	131	112

Source: MBIE, Statistics New Zealand

**Table 19 Average length of stay**

Number of days spent per visitor in New Zealand

Year	Australia	Canada	China	Germany	Japan	Korea	Other	UK	US	Total
2000	12.9	27.0	32.0	31.2	15.6	18.0	26.0	29.3	15.5	20.1
2001	12.9	25.3	34.7	32.0	16.7	22.3	28.1	30.6	17.1	21.3
2002	13.2	27.5	41.6	35.6	15.6	21.3	29.0	31.8	17.3	22.3
2003	13.0	28.1	34.7	37.5	17.9	19.5	29.5	31.6	18.0	22.1
2004	12.2	28.2	20.7	38.6	15.2	15.9	28.0	30.8	18.1	20.1
2005	11.9	28.2	18.1	39.7	14.3	15.5	28.6	29.7	18.3	19.9
2006	12.1	29.0	16.2	42.7	15.0	17.1	29.9	30.2	17.9	20.4
2007	11.7	24.7	14.6	43.9	15.0	18.6	30.6	29.4	18.3	20.2
2008	11.7	24.6	16.1	43.5	16.4	22.7	32.2	29.8	17.8	20.9
2009	11.0	24.8	20.2	45.8	17.2	27.5	31.9	29.5	18.3	20.5
2010	11.4	26.1	19.3	44.3	16.7	23.4	31.0	29.2	18.3	20.1
2011	10.6	27.4	18.2	50.4	18.7	22.2	30.4	28.9	18.9	19.9
2012f	10.5	24.0	15.3	49.5	18.3	19.8	28.7	28.7	18.0	18.6
2013f	10.4	24.0	13.0	49.6	18.8	18.3	29.2	27.4	17.8	18.2
2014f	10.1	23.7	12.1	50.5	19.0	17.0	29.7	26.3	17.6	17.9
2015f	9.8	23.6	11.9	52.0	19.5	16.0	30.2	25.3	17.6	17.7
2016f	9.6	23.5	11.2	54.1	20.0	15.1	30.8	24.4	17.6	17.4
2017f	9.3	23.4	10.6	56.2	20.1	14.3	31.4	23.6	17.6	17.1
2018f	9.1	23.3	10.0	58.4	20.1	13.6	32.0	22.9	17.6	16.9

Source: MBIE, Statistics New Zealand

