



Industry Survey Results

Summary

- Domestic tourism has been strong across **summer, +15%**.
- However, many operators still had a worse summer than they expected.
- Though domestic visitors are doing more, operators state they are still struggling with sustainable visitor volumes and pricing
- **6-month outlook to August is poor** and has deteriorated from October.
- **12-month outlook is mixed** but more positive than 6 months.
- **Many businesses have already reduced the scale** of their operations but more intend to do so
- **53% of businesses**, primarily small operators, believe they will need to **close within 12 months** if their current situation doesn't improve.

How has the summer been for tourism on the whole?

Domestic tourism has consistently performed strongly, up 16% for July-December 2020.

December was no exception with **+15% growth**, at a time where overall spending in the economy has been flat again last year.

Forecast at +22% for the holiday period, in line with our December forecasts for domestic tourism.

But, even with the increase in domestic spending, the gap left by international has continued to grow

In the rest of the economy, both business and consumer confidence have returned to more positive levels.

Methodology and respondents

The survey was open from 18 February to 1 March and distributed to businesses in the Tourism Business Database, Tourism News subscribers, Qualmark members and through organisational bodies such as RTOs.

923 respondents

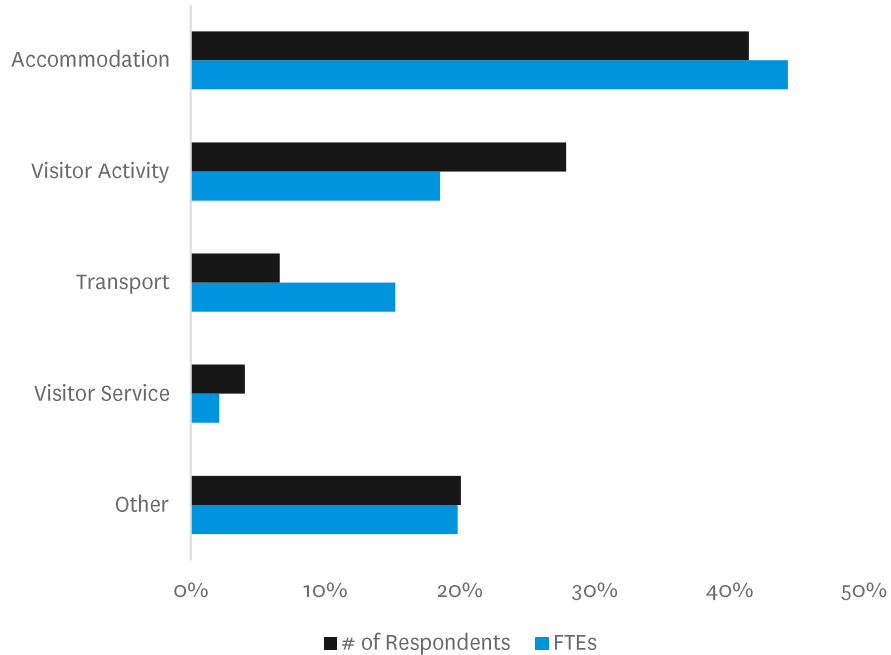
91% were small businesses (less than 20 FTEs), 60% less than 3 FTEs. This represents an increase in the number of small businesses completing the survey.

41% were accommodation providers, 28% were visitor activities

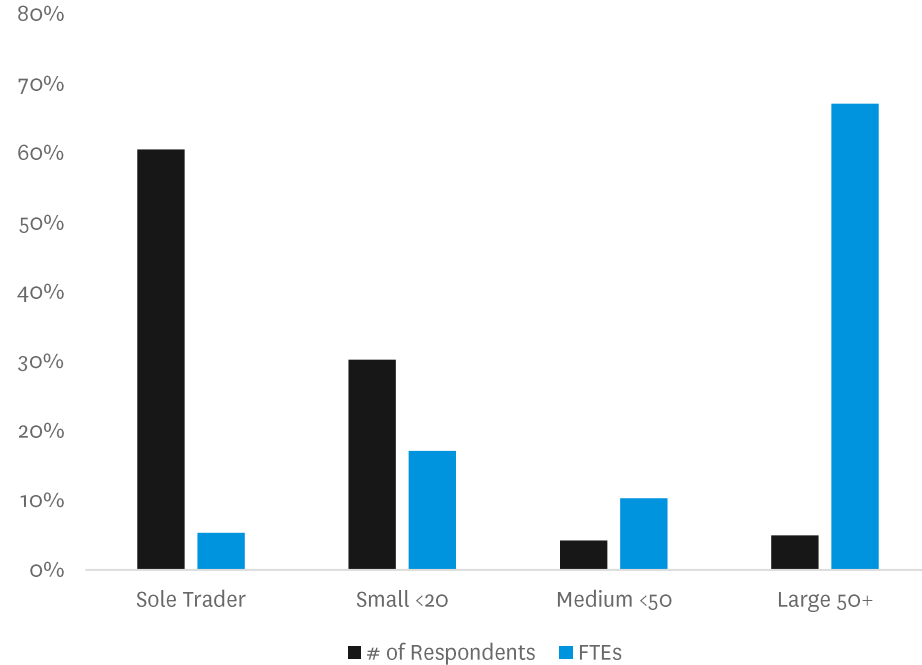
Respondents were representative across all regions.

Respondent breakdown

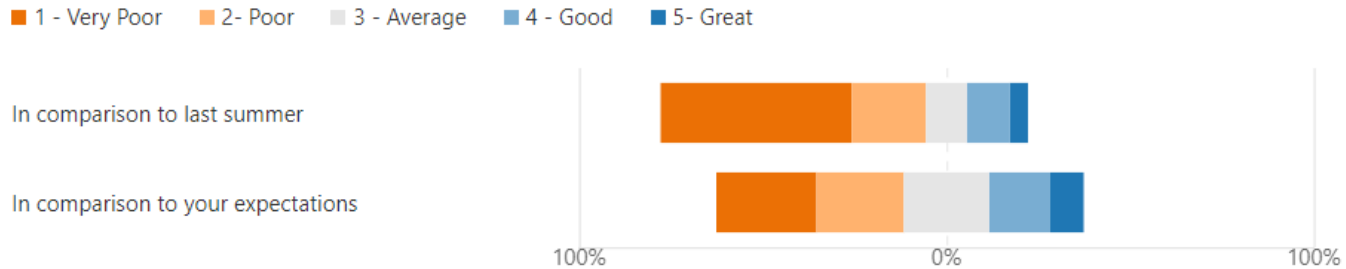
Respondents by sector of the tourism economy



Size of respondents and their FTE's



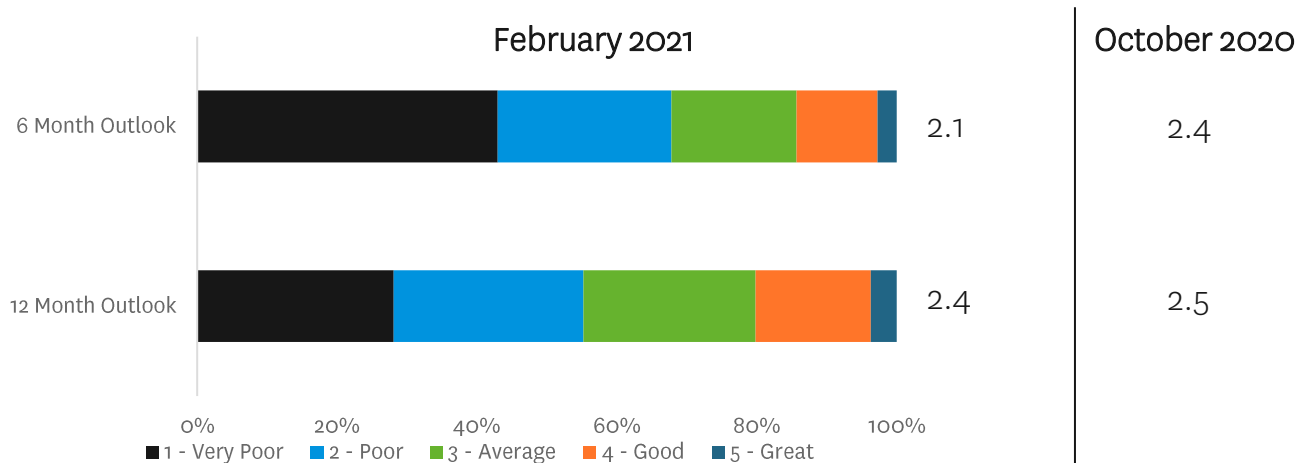
Small operators still took a large hit over summer



- While spend was up over summer, 51% respondents overall still stated that it was worse than they were expecting.
- Only 26% stated it was better than expected, this included the knowledge that there would not be a travel bubble in place. However, 19% stated that this summer was better than last years.
- These more positive results were experienced by the medium to large firms as well as the visitor activities sector, with the brunt was felt by smaller operators.
- Operators still consider their current situation as poor.
- The two highest average scores were Destination Coromandel and medium businesses (20-49 FTEs), however medium business's score likely reflect the measures already taken to downsize as well as some business closures.

Industry outlook has fallen since October

Outlook was poor before but has worsened. This is a more short-term focused shift with the 12 month outlook deteriorating to a lesser extent and respondents being overall slightly more optimistic



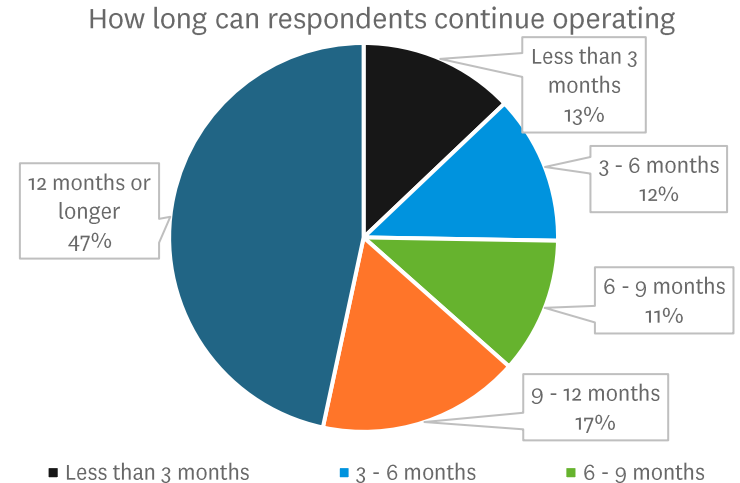
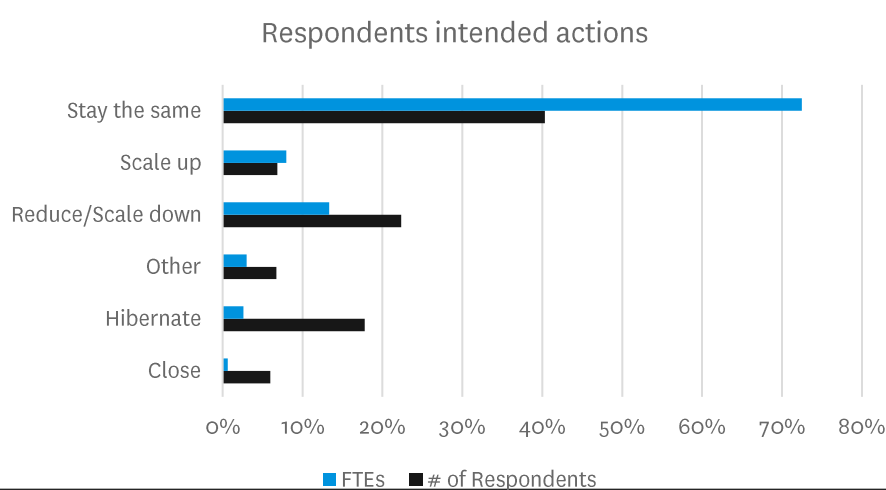
This decrease in 6 month confidence is across the board but driven by the accommodation sector as well as select regions (Auckland, Queenstown and Christchurch).

Business actions as a result of their outlook

As a result of their outlook some are making the decision to either scale down or close/hibernate.

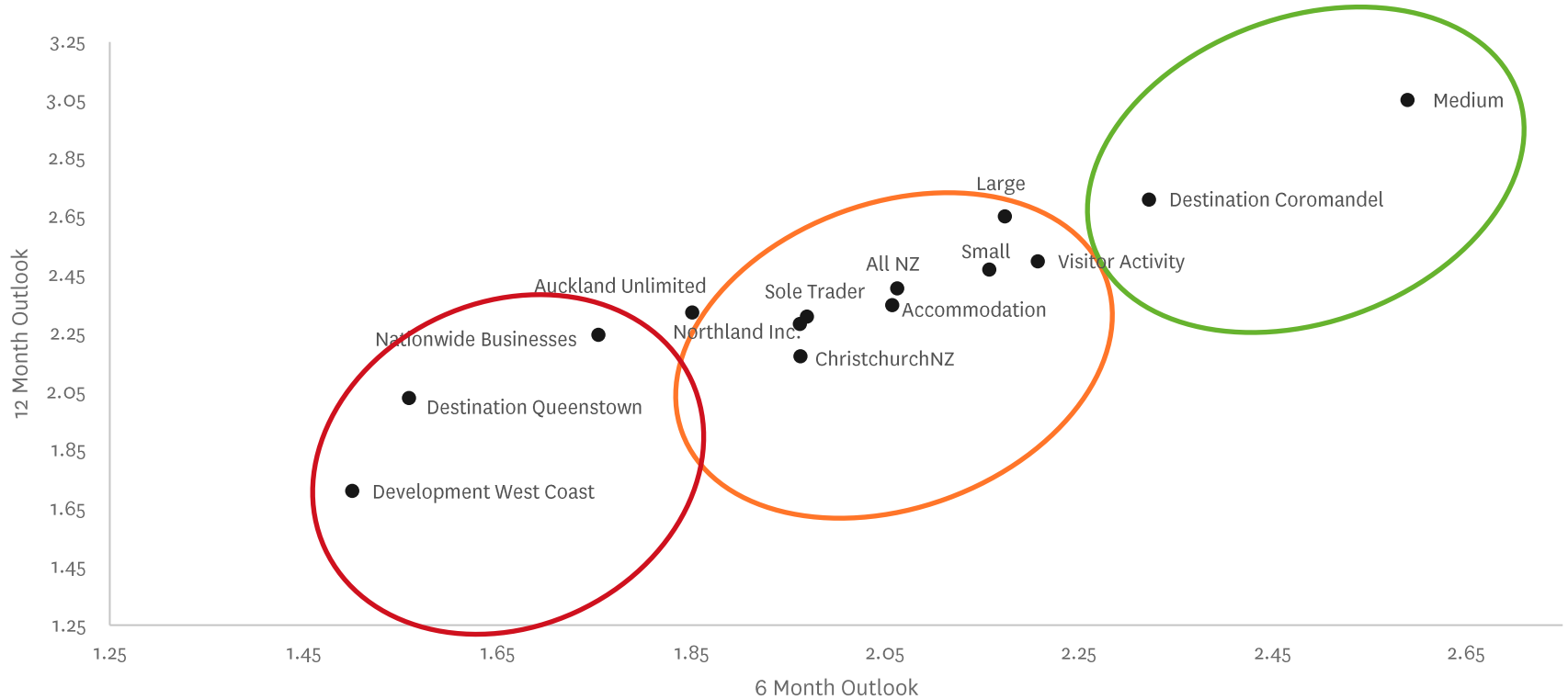
The large proportion who intend to remain the same reflect businesses who have either already implemented these decisions and the number of sole traders/small businesses unable to reduce further.

Those reducing/scaling down expect to reduce their workforce by 43% on average, primarily small businesses (3-19 FTEs). 53% expect to have to close within the next 12 months if current performance and conditions continue.



*Continued operations is based on recent performance and current expectations

Appendix: Outlook



Score is on a 1-5 basis, axis is to 1.25/3.25 for visibility.

30+ responses were required to be included due to privacy and to ensure it was representative.

