1. Mandated to market New Zealand internationally

The New Zealand Tourism Board, trading as Tourism New Zealand, is a Crown Agent governed by the Crown Entities Act 2004.

Tourism New Zealand was established by the New Zealand Tourism Board Act 1991 to market New Zealand as an international visitor destination for the long-term benefit of New Zealand. Our specific statutory functions under this Act include:

- Develop, implement and promote strategies for tourism
- Advise the Government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of those strategies.

Tourism New Zealand is firmly focused on improving tourism’s contribution to economic growth for New Zealand by increasing the number of international visitors, how long they stay and how much they spend. Tourism New Zealand works to achieve this by marketing New Zealand under the umbrella of the ‘100% Pure New Zealand’ campaign. While marketing activity is where most of our financial resources are focused, we also work closely with travel trade and airlines, engage with the New Zealand tourism industry, provide information for visitors and provide assurance of the quality of New Zealand’s tourism product and experience.

As New Zealand’s National Tourism Organisation, we are the only entity with the mandate and resources to promote ‘destination New Zealand’ internationally. Tourism New Zealand is not mandated to promote domestic tourism.

Tourism New Zealand funding of $113 million from Vote Tourism

The Government’s funding for Tourism New Zealand is $113.4 million for the 2014/15 year, stable with the 2013/14 year but a significant increase on the $84 million of the 2012/13 year.

The increase was announced as part of Budget 2013 when the Government committed an additional $158 million over four years into Tourism. The additional funding is tagged to specific growth areas within Tourism New Zealand as follows:

<table>
<thead>
<tr>
<th>High value international tourism</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>International business events</td>
<td>7,000</td>
<td>7,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Emerging markets initiative</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- India</td>
<td>3,500</td>
<td>4,500</td>
<td>5,500</td>
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<tr>
<td>- Indonesia</td>
<td>3,500</td>
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<tr>
<td>- Latin America</td>
<td>2,000</td>
<td>2,500</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Very high value visitor strategy</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Lifting tourism yield from key markets</td>
<td>8,500</td>
<td>7,000</td>
<td>4,500</td>
<td>4,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,500</strong></td>
<td><strong>29,500</strong></td>
<td><strong>32,000</strong></td>
<td><strong>32,000</strong></td>
</tr>
</tbody>
</table>
Tourism New Zealand’s funding is supplemented by additional funds provided by our public and private partners to undertake joint initiatives. For the 2013/14 financial year, additional financial and non-financial contributions of around $20.5 million were added to Tourism New Zealand’s marketing investments through a variety of partnership agreements.

Governed by Board appointed by Minister of Tourism

Tourism New Zealand is governed by a Board of Directors. All decisions relating to our operation are made by, or under the authority of, the Board in accordance with the New Zealand Tourism Board Act 1991, and the Crown Entities Act 2004.

In accordance with the New Zealand Tourism Board Act 1991, the Board must have no fewer than five, and no more than nine, members. The Minister of Tourism’s formal line of accountability with Tourism New Zealand is through the Board’s Chair. Board appointments are for two or three years, with reappointment permissible for a further term.

The current Board Chair is Kerry Prendergast, who was appointed to the role in August 2011. Other Board members are Richard Leggat, (Deputy Chair); Jen Bestwick; Mike O’Donnell; Jacqui Spice, John Thorburn, Jamie Tuuta, Norm Thompson and Chris Parkin. The composition of the Board reflects a balance of tourism industry and general commercial expertise.

The Board meets approximately every six weeks, equivalent to eight times per year.

The Board delegates day-to-day management of Tourism New Zealand to the Chief Executive, Kevin Bowler.

Located in 11 offshore markets

Tourism New Zealand has 12 off-shore offices, two in New Zealand, and approximately 157 permanent staff.

Tourism New Zealand is co-located with other NZ Inc agencies in Indonesia, China, Singapore, India, Thailand and Brazil with future co-location plans being investigated as leases expire.
2. Contributing to Government priorities

Supporting the Business Growth Agenda

Tourism New Zealand is supporting the Business Growth Agenda through the Building Export Markets work stream. Through its work, Tourism New Zealand is focused on growing the value of international visitors to New Zealand. The organisation does this by targeting higher value visitors in a range of markets and segments. In the year to 30 June 2014, the value of international visitors to New Zealand had grown 11 per cent on the prior year, despite visitor arrivals only growing 6 per cent and the relatively high NZ dollar.

Around 44 per cent of New Zealand’s arrivals are from Australia. In this market, Tourism New Zealand’s focus on special interest travel sees it run an annual ski campaign in collaboration with the Ski Tourism Marketing network, and invest new funding in the promotion of New Zealand as a cycling destination, promoting the New Zealand Cycle Trail. It has also recently increased its representation at Luxperience – Australasia’s most significant luxury travel mart.

Off the back of significant arrivals growth out of the USA, UK and Germany – the industry’s ‘traditional’ Western markets- additional focus and funding has been committed to these markets for FY15. Visitors from these markets tend to be higher spending, and in the cases of the UK and Germany, longer staying.

In China, Tourism New Zealand is working closely with Immigration New Zealand to promote mono-destination travel which in turn is resulting in longer staying, higher spending visitors – both as free, independent travellers or visitors arriving on a group visitor visa, rather than the traditional ADS visa. This approach is also supported by the 1 October 2013 introduction of the Chinese Travel Law. Efforts are being complemented by Tourism New Zealand’s significant success in bringing to New Zealand, Chinese celebrity influencers who post their experiences on social media channels, reaching millions.

Tourism New Zealand also has some specific programmes dedicated to high value segments of the travel market:

International Business events

Tourism New Zealand targets the international business events market (meetings, incentives, conferences and exhibitions) as a source of higher value visitors. A dedicated team is in place that promotes New Zealand as a compelling business events destination and actively prospects and supports leads in conjunction with the New Zealand industry. On 1 July 2011, Tourism New Zealand assumed the management of the Conference Assistance Programme on behalf of the Ministry of Business, Innovation and Employment (MBIE) which was a fund to support international conference bids. In FY13 Tourism New Zealand activity helped to secure 39 bids and a further 50 incentive groups. Success has been achieved in partnering with the Business Events industry throughout New Zealand and with key incentive bodies offshore. Formal MOU’s are in place with the Australian Society of Association Executives, US incentive house ITA Group and Conventions and Incentives New Zealand to support activity.

Premium visitors

Since January 2014, a dedicated global premium team has been in place targeting the high-value, high net worth luxury traveller. These visitors not only spend a disproportionate
amount on tourism activities, but have the potential to have a wider economic benefit for New Zealand (education, investment etc). Establishing a Premium Strategy to guide activity and work with premium operators and product providers has led to strong partnerships being formed with luxury associations, including NZ Lodges, and Virtuoso in the USA.

The establishment of the Destination New Zealand Superyacht Attraction Initiative formalised a partnership with New Zealand Trade and Enterprise, Auckland Tourism Events and Economic Development and New Zealand Marine, to promote and grow the superyacht offering - a sector that is currently worth more than $39m to the New Zealand economy each year.

Special interest

Work to target high-value visitors is being complemented by a new focus on special interest travel sectors in the areas of golf, walking and hiking, and cycling. This builds on the very successful work Tourism New Zealand leads with the ski industry with specific focus on the Australian market.

The group Golf Tourism New Zealand was established in May 2014 and is made up of key players from the golf industry. The group now provides business development support to the New Zealand golf tourism industry which in turn is supporting Tourism New Zealand’s activity to lift the value of golf tourism.

Leveraging connections with international education

Tourism New Zealand is working alongside Education New Zealand, to ensure both organisations achieve greater reach and enhance the effectiveness of their activity. This involves Tourism New Zealand attending education fairs and co-hosting events where appropriate. The two organisations have run a joint marketing campaign in Japan and Latin America, promoting New Zealand as the “most exciting place to learn a new language” which is being assessed and considered for wider deployment.

Contributing to NZ Inc

Tourism New Zealand and MBIE work closely to help ensure that Tourism New Zealand’s marketing and other activities are aligned with its strategic direction, and that MBIE’s advice is well-informed by market intelligence.

Tourism New Zealand played a leading role in the development of The New Zealand Story, launched in November 2013, and its CE serves on the advisory board. The organisation also leads the NZ Inc activity to leverage New Zealand’s association with Middle-earth and the Hobbit Trilogy.

Following Tourism New Zealand’s success at leveraging the Rugby World Cup for a tourism benefit, it has also been charged with leading efforts to leverage the 2015 ICC Cricket World Cup, FIFA U-20 World Cup and New Zealand’s hosting of the 2017 World Masters Games. The organisation also leads the NZ Inc effort to leverage New Zealand’s connection to Middle-earth.

Tourism New Zealand holds the Deputy Chair position on the MBIE-led Visitor Sector Emergency Advisory Group and is also part of the NZ Inc. Heads of Communications group, led by the Ministry of Foreign Affairs and Trade (MFAT). This group is currently focused on
developing crisis communications responses for issues that impact on the wider New Zealand reputation.

Tourism New Zealand has led the contribution on tourism in the development and implementation of the five NZ Inc. Country Strategies and is a member of the NZ Inc Senior Officials’ Coordination Group and the NZ Inc. Chief Executives Working Group.

In addition, Tourism New Zealand is part of the NZ Inc. Property Group and participates in the Treasury’s Benchmarking Administrative Support Services (BASS) programme.

Tourism New Zealand sits on the cross-industry Governance and Working Groups of the Visiting Drivers Signature Programme, led by the New Zealand Transport Agency.

Tourism New Zealand is also a member of the Major Events Investment Panel and the New Zealand Screen Production Grant Verification Panel chaired by the Film Commission.

**Supporting Christchurch and the Canterbury Region**

Tourism New Zealand is continuing to seek opportunities to support the recovery of the visitor market into the South Island. It continues to partner with Christchurch International Airport and South Island Regional Tourism Organisations to run the highly successful promotions such as the recent “South Island Road-trip” campaign in Australia.

In September 2014, a new three-year campaign was announced with parties committing $3.0 million to the marketing efforts, which will be complemented by additional media and trade engagement.

Tourism New Zealand will also play a key role in leveraging the media attention that will be achieved with Christchurch hosting the opening and first match of the ICC Cricket World Cup 2014. A programme of work will be delivered that encourages visiting media to tell the compelling future story of Christchurch rather than focus on the current state of the rebuild.
3. Issues and opportunities facing the industry

Sustainability

In June this year, Tourism New Zealand issued a RFP to assist the organisation to assess the opportunity for the New Zealand tourism industry to strengthen its alignment with NZ’s positioning as a destination of great natural beauty.

We are seeking to determine; is the New Zealand tourism industry meeting the current and anticipated expectations of international visitors in relation to sustainable business practices that underpin the country’s reputation. TRC Tourism and Sustainable Travel International have been appointed to deliver this work and it is underway.

In a fiercely contestable tourism marketplace Tourism New Zealand considers it has responsibility for ensuring New Zealand remains attractive as a visitor destination and that the industry has an ongoing role to play in contributing to New Zealand’s reputation around sustainability.

Tourism New Zealand is seeking to test whether:

- There is an opportunity for the New Zealand visitor industry to strengthen its alignment with NZ’s positioning as a destination with beautiful landscape and scenery, by actively managing our tourism businesses to achieve higher standards of sustainability.
- Integrating an international sustainability programme/s with Qualmark Enviro would be an effective way to assist businesses to achieve higher standards of sustainability and align more closely with New Zealand’s positioning as a visitor destination.

The research is expected to be completed by December and recommendations made early in 2015.

Data collection and analysis

The Tourism Data Domain Plan (TDDP) was established by MBIE in 2011. The aim of the TDDP is to ensure tourism data meets the needs of the tourism industry and researchers as well as the government.

The TDDP has been in field for nearly three years. Over this period there has been considerable change:
- MBIE has launched a number of new datasets, as well as adjusting the methodology of a number of others
- There has been significant change in the organisation and staff responsible for the TDDP.

Progress to date has led to some promising improvements and developments in key tourism data outputs. However, New Zealand’s tourism industry share a number of concerns relating to the current data suite, planned TDDP initiatives and timeframes including:
- data quality issues with existing intelligence outputs
- gaps in existing intelligence
- the fragmented nature and ownership of the vast array of intelligence
- the lack of a comprehensive data dissemination platform that fits industry needs
• the lack of any coordinated, collaborative industry partnership between public agencies as well as between public and private sector intelligence providers.

The industry will provide this feedback to MBIE and will work with the Ministry to address these concerns.

**International Convention Centre developments**

Tourism New Zealand is strongly supportive of the establishment of world class international convention centres in New Zealand and in particular, the proposed centres in Auckland, Wellington, Christchurch and Queenstown. Convention Centres anchor growth strategies for cities by providing for international and domestic business tourism. An appropriately-sized convention centre can underpin a city’s visitor growth aspirations.

The establishment of these centres will support and enhance Tourism New Zealand’s efforts to attract high value business visitors and large international conferences. Current efforts are constrained by New Zealand’s inability to host large-scale events and rival the activity attracted into Australia. International business delegates represent incremental value to the economy and are typically higher spending than the average holiday maker on a per-day basis.

**Aviation**

Airline capacity and route networks to New Zealand have a profound impact on tourism outcomes. Tourism New Zealand is supportive of the Ministry of Transport’s International Air Transport Policy, of seeking to maximise economic benefits to New Zealand through liberal and open-air service agreements in general. However, great care needs to be taken when allowing airlines certain rights of access or to collaborate, as these rights can lead to less competition and/or greater exposure to lost connectivity. The aviation market is not a pure market; it operates with many distortions, with routes dominated by one or few carriers, and with vastly different sized players. Careful consideration of the long-term implications of decisions in the aviation environment are vital to ensure New Zealand maximises its potential level of connectivity and manages its risks.

Air New Zealand provides a clear benefit to generally being the only carrier connected to New Zealand. The national carrier is a key partner for Tourism New Zealand and synergies are gained from both organisations being able to leverage off each other’s activities. Air New Zealand provides strong value in particular with links between New Zealand and the Pacific Rim. Tourism New Zealand has a significant MOU with Air New Zealand which sees both parties each commit $10m annually to joint marketing and trade initiatives.

The recent approval of the Air New Zealand/Singapore Airlines alliance in August was welcomed as it promises to add capacity to the Auckland-Singapore route which provides a vital connection into South East Asia, India and the wider Asia region, as well as extending on to Europe. This supports Tourism New Zealand’s work to target visitors from these regions and grow their arrivals to New Zealand.
Visitor facilitation

Tourism New Zealand acknowledges the progress that has been made in enhancing visitor facilitation processes but urges further steps continue to be taken.

Priority areas include:

- further improvement to visitor facilitation by supporting such initiatives as those underway with Immigration New Zealand that will streamline visa processes and facilitate high value, low risk Chinese visitors to New Zealand

- continuing to streamline the trans-Tasman travel experience beyond Smartgate delivering on the domestic-like experience originally envisaged. Testing the boundaries of single Visas for NZ and Au for selected markets as we have achieved for the CWC.

- testing the boundaries of single visas for New Zealand and Australia, for selected markets as achieved for the Cricket World Cup.

The organisation welcomed a recent Cabinet approval that sees countries with existing uncapped Working Holiday Schemes (WHS), including the UK, Germany and France, remain so.
4. Tourism New Zealand’s three-year marketing strategy

New Zealand has built a powerful and valuable tourism image. A significant contributor to this has been the 100% Pure New Zealand campaign, which has enhanced the strong image of New Zealand as a unique and stunningly beautiful place to visit.

Tourism New Zealand is required by Government to produce a detailed marketing strategy every three years. In 2010 Tourism New Zealand’s marketing strategy was given greater focus, with emphasis moving to target and convert people who are already actively considering New Zealand as a destination. This targeted marketing led to the evolution of our campaign, with a considerable shift away from traditional media channels, towards digital forms of media and partnership activity to enhance targeting and to drive conversion.

From August 2012 Tourism New Zealand undertook industry engagement and development of its next three-year marketing strategy (attached), which came into effect in July 2013. At the core of the current strategy are five strategic priorities that are guiding Tourism New Zealand’s new approach and business operations.

They are:
1. Grow a portfolio of markets that drives current opportunities and creates future market positions
2. Drive preference for visiting New Zealand
3. Focus market activity on clearly defined, higher value visitors
4. Partner widely to activate conversion and extend marketing reach, and
5. Optimise delivery capability.

1) Grow a portfolio of markets that drives current opportunities and creates future market positions

Tourism New Zealand has adopted a portfolio approach for its investment in markets and sectors to spread risk and ensure a range of visitors are attracted to New Zealand, reflecting the wide needs of the New Zealand tourism industry. Prioritisation of markets and sectors sees funding and activity address global changes in tourism trends and balance short-term opportunities with the creation of strong future positions.

New Zealand’s “Top Six” markets remain our highest priority. Core markets deliver strong results, jointly generating the majority of arrivals and stay days for New Zealand, and it is anticipated that this will remain the case in the short- to medium-term. Australia remains New Zealand’s largest source market delivering around 45 per cent of arrivals. China is delivering significant growth in arrivals, and is now New Zealand’s second largest source market. The United States, United Kingdom, Germanic Europe and Japan, traditional source markets for the New Zealand tourism industry, also remain important.

Emerging markets of India, Indonesia and Latin America have also been selected and activity aims to accelerate quality visitor growth in the long-term. Additional funding enables the opportunities afforded by these emerging markets to be pursued, without funding being redirected from core markets which could risk weaker outcomes from these vitally important source markets.
As well as offering significant opportunity for the tourism industry, investments in India, Indonesia and Latin America support the New Zealand Government’s wider priorities and upcoming events (FIFA U20s World Cup and ICC Cricket World Cup in 2015).

Tourism New Zealand’s prioritisation of markets 2014/15

2) Drive preference for visiting New Zealand

There are many destinations competing to attract visitors. New Zealand competes against other ‘mainstream’ destinations such as Australia, Canada, USA, Italy and France for Active Considerers. Japan, UK and Switzerland are other destinations our target markets are also considering as holiday destinations.

In order to get the best value from our marketing spend, Tourism New Zealand targets potential visitors already actively considering New Zealand as a destination. We have named these people, ‘Active Considerers’. Active Considerers are not just aware of New Zealand and interested in coming here 'some day'; they already have New Zealand on their list of five preferred future holiday destinations. They are also aged over 18 and are willing to spend a minimum set amount on their holiday in New Zealand.

Greater emphasis is being placed on strengthening the preference that less committed Active Considerers have for New Zealand (i.e. shifting New Zealand further up the preference ranking among Active Considerers who only ranked New Zealand third, fourth or fifth on their preference list).
This will be achieved through; the delivery of brand-led campaign activity, currently under the umbrella 100% Middle-earth, 100% Pure New Zealand campaign; increased utilisation of the International Media Programme (facilitating journalists to write stories on destination New Zealand); by leveraging major events and broadcast opportunities to capitalise on the profile they deliver New Zealand; deeper integration of Māori culture to leverage New Zealand’s unique cultural proposition, and the continued use of digital channels with selected use of traditional media for wider impact. www.newzealand.com will remain the central platform.

**Active Considerers reached through highly-targeted and localised media**

Through highly-targeted digital media, Tourism New Zealand can reach Active Considerers efficiently and measure their response to communications. Other media, such as television and cinema advertising and billboards, is also used in some markets, particularly Australia.

The role of www.newzealand.com, Tourism New Zealand’s consumer-facing website, is vitally important as the vehicle to carry the brand message, inspire and inform Active Considerers and make referral to travel sellers easy. In 2011 Tourism New Zealand undertook a major overhaul of www.newzealand.com, shifting it to an open-content model, where the users of the site are now charged with delivering the site’s content and consumers can more directly engage with travel sellers. The innovative redeveloped www.newzealand.com is outperforming the old site in terms of total visitors, site engagement, and referrals to travel sellers and New Zealand operators. Tourism New Zealand continues to make improvements to the site to lift performance further.

Communication channels such as PR also play an essential, but sometimes indirect, role in driving conversion of Active Considerers. PR-led activity delivers brand messages through third parties talking about us, contributing to New Zealand’s popularity and strengthening conversion.

**100% Pure New Zealand is our message**

The 100% Pure New Zealand marketing was developed and implemented by Tourism New Zealand in 1999. Its objective is to communicate a strong, consistent message that provides potential visitors with an enduring image of New Zealand, an image that converts a preference for New Zealand as a destination into actual travel.

The campaign has been cited as one of the best tourism campaigns in the world and is highly regarded. It tells the story of how the people, activities and landscapes of New Zealand combine to deliver an experience that is completely unique to this country – an experience that is 100% Pure New Zealand.

In 2012 the campaign evolved to leverage off New Zealand’s association with Middle-earth and the filming of The Hobbit Trilogy. 100% Middle-earth, 100% Pure New Zealand aims to convince potential travellers that what they may perceive to be the fantasy of Middle-earth is in fact the reality of New Zealand and that there is a whole world of experiences that can be enjoyed within movie-set like landscapes.

With the third Hobbit film to be released in December 2014, 100% Middle-earth will remain a core aspect of Tourism New Zealand’s marketing until the new financial year. Activity is currently underway to bring the campaign to its next phase.
3) Focus marketing activity on clearly defined higher-value visitors

Over the past decade, while visitor numbers have increased, New Zealand has underperformed on visitor expenditure measures. Much of this can be explained by a shift in visitor market weightings (Australia and China visitors tend to have shorter stays than UK/Europe visitors), an increase in VFR (travellers visiting friends and relatives) and a relatively high New Zealand dollar. Many visitors are spending more in their own currency but this converts to less in actual New Zealand expenditure. While it cannot influence the exchange rate, Tourism New Zealand is focused on recovering some of the lost value over the next three years by targeting higher value visitors with its marketing programmes.

Business events and the premium travel sector, as well as the leverage of special interests (e.g. ski, golf and cycling), will be integral in achieving growth in value outcomes for the New Zealand tourism industry. The premium travel sector is another sector that New Zealand can competitively deliver to and will assist in lifting value outcomes. New Zealand tourism currently serves small numbers of very high value visitors who spend far in excess of current average visitor expenditures through a network of luxury accommodation, bespoke activity and transport providers, premium retail of New Zealand products and high-end tour arrangements. This is a niche that merits further investment to target untapped demand beyond the reach of premium businesses in New Zealand.

Research has also shown that visitors who participate in special interest activities spend more and stay longer than average. Tourism New Zealand has identified special interests that present further opportunities within core markets and sectors, and strategies have been created to leverage these special interests to derive greater value.

While the above focuses on identifying and then attracting high value visitors, Tourism New Zealand is also focused on realising full value from visitors while they are in New Zealand by helping them find experiences and products that best suit their requirements. Our focus on mobile internet applications, including the release in 2013 of the “Essential New Zealand” app is one means by which we will contribute to this.

4) Partner widely to activate conversion and extend marketing reach

Commercial partnerships with the aviation industry, travel sellers and Regional Tourism Organisations (RTOs) are a key part of Tourism New Zealand’s strategy and work to extend marketing reach and strengthen conversion-oriented activity.

Partnerships with airlines and airports are an essential part of our business strategy, both to support growth in aviation capacity and to maximise the effectiveness of our off-shore marketing activity. We are building new aviation partnerships, while deepening long-standing connections.

Tourism New Zealand has entered into MOUs with numerous airlines, including Air New Zealand, Singapore Airlines, China Southern Airlines, Qantas, Hawaiian Airlines and Jetstar. Tourism New Zealand also works, outside a formal MOU with all other carriers that fly to New Zealand. This allows Tourism New Zealand and our aviation partners to combine marketing forces and encourage more international visitors.
Partnerships with RTOs are vitally important to promoting regional stories and maximising visitor value outcomes for New Zealand. Partnerships range from high-impact campaigns in Australia through to working together on TV production, International Media Programmes and visiting trade programmes.

Tourism New Zealand also partners with offshore travel sellers such as STA Travel, Flight Centre and HIS (Japan). These partnerships are about engaging the trade to sell destination New Zealand, as well as undertaking joint campaign activity to strengthen conversion.

We also invest in our partnerships with other government agencies. Tourism New Zealand leads the NZ Inc. group involved in leveraging The Hobbit trilogy. Where appropriate we coordinate offshore activity with New Zealand Trade and Enterprise (NZTE) and Education New Zealand. Tourism New Zealand was closely involved in the development of the New Zealand Story project.

Tourism New Zealand has an ongoing strategic relationship with the New Zealand Māori Tourism Society, trading as New Zealand Māori Tourism. We work collaboratively to ensure an intrinsic expression of New Zealand’s unique cultural advantage is carried through international marketing campaigns.

5) Optimise delivery capability

In addition to the outward looking priorities above, Tourism New Zealand continues to transform itself into a more accountable, outcomes-focused organisation with action taken to improve capability both internally and externally.

Investment is being directed to talent management and succession planning. Leadership development is continually being built on, and employee engagement will remain a focus alongside the enhancement of employees’ cultural understanding and ability. Tourism New Zealand is accelerating the adoption of technology that will assist in reducing costs and improving efficiency and decisions.

The China Market Development Unit, Qualmark and i-SITE all have strategies in place to support the industry. Tourism New Zealand has worked alongside the Tourism Industry Association as it led the tourism industry in the development and delivery of a national tourism plan, Tourism 2025.

Tourism New Zealand helps to drive industry knowledge and capability to serve emerging markets and specific opportunities are identified to support the recovery of Canterbury tourism.
5. Tourism New Zealand’s key activity

Tourism New Zealand undertakes destination marketing by delivering integrated marketing activity through three converging segments, as illustrated by the diagram below.

Paid is typically campaign-based, with 80 per cent of this spend in digital media.

Earned involves bringing selected media to New Zealand, distributing content to international media, utilising opinion leaders in selected markets, and training offshore travel trade so they are better able to sell New Zealand.

Owned is using our consumer website newzealand.com and social media channels to promote New Zealand, engage with potential visitors, and refer them on to industry operators to book travel and activities.

![Diagram showing the three segments of tourism marketing: Paid, Earned, and Owned.]

**Campaign and PR getting New Zealand into the conversation in key markets**

Tourism New Zealand spends the largest amount of its funding on campaigns, supported by integrated PR activities.

Primarily our campaign work utilises digital marketing tools to target Active Considerers, turning their desire to visit New Zealand into action. Examples of digital tools used by Tourism New Zealand include Search Engine Marketing and Optimisation; buying search terms and optimising www.newzealand.com so that New Zealand appears front and centre for people when they are researching holidays online, as well as investing in online banner and advertisement space on websites utilised by Active Considerers to draw them to www.newzealand.com. Communications to this audience are designed to engage Active Considerers, bring to life what a New Zealand holiday will look like, remove any barriers to travel and then connect them to a travel provider that can manage the transaction.

Tourism New Zealand also utilises communication channels such as PR to deliver brand messages through third parties (e.g. opinion leaders, programme integration) to contribute to New Zealand’s popularity as a destination and to strengthen conversion. Social media platforms, such as Facebook, are also used to assist in engaging and inspiring Active Considerers. Tourism New Zealand now has more than 1.6 million followers on social media.
Tourism New Zealand delivers fully integrated campaigns that contain elements of digital, PR, social media and trade activity to improve the synergy and effectiveness of our campaign delivery. The end goal of our campaign work is to close the gap between desire and action amongst Active Considerers.

**Training travel sellers to help them sell ‘the right New Zealand’ better**

Deepening travel seller capability to sell ‘the right New Zealand’ is an important way of driving more conversion of interest into travel ‘now’. Tourism New Zealand carries out a range of training activities that are aimed at enabling overseas travel sellers to more effectively sell ‘destination New Zealand’ to potential visitors in their market.

Below are a few examples of how Tourism New Zealand engages international travel sellers:

- **TRENZ**

  TRENZ is the New Zealand tourism industry's largest trade event. TRENZ is run annually by the Tourism Industry Association, with support of Tourism New Zealand and airline partners. Approximately 250 international travel sellers attend to engage with over 300 New Zealand tourism operators in one-on-one appointments.

- **Kiwi Link**

  Tourism New Zealand facilitates key New Zealand tourism operators to travel offshore to key markets to train travel sellers through trade events called Kiwi Links. Kiwi Links provide industry with an opportunity to educate a targeted audience of travel sellers about selling New Zealand.

- **Familiarisations**

  Tourism New Zealand brings more than 550 travel trade to New Zealand every year to experience the New Zealand tourism experience first-hand.

**Assuring visitors experiences**

Our marketing helps get visitors to New Zealand, so once they are here Tourism New Zealand is focused on ensuring they have an exceptional experience. Tourism New Zealand is involved with the Approved Destination Status (ADS), Premier Kiwi Partnership programme (PKP); Qualmark, and i-SITE New Zealand as it allows us to influence and ensure quality visitor experiences for international visitors; in effect delivering on the promise made to visitors through the marketing campaign.

Tourism New Zealand’s research has repeatedly demonstrated the correlation between visitor satisfaction and word-of-mouth recommendation, so through these programmes, Tourism New Zealand is proactively influencing the satisfaction levels of international visitors, while concurrently increasing their likelihood to recommend New Zealand as a visitor destination.
Approved Destination Status (ADS)
Approved Destination Status (ADS) is a bilateral tourism arrangement between the Chinese Government and a foreign destination, permitting Chinese holiday travellers to visit a destination in a tour group. New Zealand first gained ADS in 1999. Growth in visitor arrivals combined with increasing quality issues among tour operators catering to the ADS market saw the development of Tourism New Zealand’s ADS Code of Conduct in 2007.

Tourism New Zealand’s China Monitoring Unit has responsibility for monitoring ADS-approved inbound tour companies and tour guides, ensuring that we provide quality experiences for Chinese visitors to New Zealand.

Premier Kiwi Partnership (PKP)
PKP is a Tourism New Zealand incentive-based programme aimed at developing, marketing and promoting longer stay and higher quality itineraries for Chinese tours to New Zealand. The PKP programme is intended to cement New Zealand’s market position as a desirable, high-value destination.

Selected Chinese travel sellers are encouraged to meet or exceed targets around the number of tourists travelling to New Zealand on ‘approved’ higher-value itineraries, developed by inbound tour operators and their travel seller partners in China. Benefits for PKP programme partners include the opportunity for joint marketing and promotional activities with Tourism New Zealand, the use of Tourism New Zealand collateral, and the ability to use a PKP logo in advertising or marketing.

Qualmark
Qualmark is New Zealand tourism’s official quality assurance agency. Qualmark is owned by a 60/40 per cent shareholding between Tourism New Zealand and the privately-owned New Zealand Automobile Association (AA).

Established in 1993, Qualmark offers a licensing system for tourism’s official quality mark, which signals that a tourism business is trustworthy and professional. Development of Qualmark criteria is industry-led, reflecting best practice and is applied uniformly on assessment across each sector.

Around 2,000 Qualmark licences are held by New Zealand tourism organisations.

i-SITE New Zealand
i-SITE New Zealand is New Zealand’s official Visitor Information Network. i-SITE New Zealand is a subsidiary of Tourism New Zealand, governed by a Board of Directors. The subsidiary is the owner of the i-SITE brand and livery, not the physical visitor centres, which are generally owned or funded by local authorities (with a few privately owned). Tourism New Zealand provides staff, support services, business systems, training to local i-SITE network staff and marketing to raise the profile of the i-SITE network. The i-SITE network is an essential source of information for Active Considerers and helps visitors make informed choices about the products and experiences they are purchasing.
Tourism New Zealand Statement of Intent depicts activity by output class

Tourism New Zealand’s activities, as described above, are illustrated by output class in our Statement of Intent 2013-16.

Below is a summary of how Tourism New Zealand’s activity is categorised by output and the associated funds allocated.

<table>
<thead>
<tr>
<th>Output Class</th>
<th>Type of outputs delivered in output class</th>
<th>Funding committed to output class</th>
</tr>
</thead>
</table>
| Deliver key visitor messages through the 100% Pure New Zealand campaign activity | • Brand campaign activity  
• Market research/insights                                                                                   | $44.2m                           |
| Deliver key visitor messages through third parties such as media, opinion leaders, and broadcast production | • Public Relations activity  
• International media programme                                                                               | $11.7m                           |
| Partner with the travel industry to convert interest in New Zealand into travel and to extend marketing reach | • Joint venture activity  
• Partnership activity with Regional Tourism Organisations  
• Working with aviation interests                                                                 | $18.8m                           |
| Inform and inspire global travel sellers to assist them to market New Zealand | • Working with the travel trade  
• Support for international conferences and international incentive travel                                    | $10.1m                           |
| Deliver inspiring and informative information for potential visitors       | • newzealand.com  
• i-SITE New Zealand                                                                                           | $3.9m                            |
| Communicate and engage with New Zealand’s tourism industry to align industry investment with Tourism New Zealand areas of focus | • Industry communication, engagement and relationship building  
• Qualmark  
• China Market Development Unit  
  o Administering the Approved Destination Status (ADS) programme  
  o Administering the Premier Kiwi Partnership programme                                                          | $0.6m                            |
6. Key Tourism Market Performance

The year-on-year visitor arrival growth for year-ended June 2014 of 5.7% is sound and broad-based. Australia, New Zealand’s largest source of visitors generating 45% of total arrivals, is growing healthily up 4.4%. Asia is up 9.7%, the Americas are up 8.9% and Europe is up 6.5%. Visiting New Zealand for a holiday is the lead growth area, with overall holiday arrivals up 8.4% year-on-year and this is helping drive stay-day growth.

China visitor arrivals continue to grow more modestly (full year up 8.0%) following several years of double digit growth. Following the introduction of the China travel law from 1 October 2013, which prohibits the sale of below-cost group tours, the Chinese has been impacted with dual-destination shopping tours weakening slightly on a year ago. At the same time independent travel and mono New Zealand travel is increasing strongly, resulting in the average number of stay days for Chinese visitors being a full day above where it was a year ago. The China picture at present seems to be one of a fairly stable and dominant shopping segment, and a fast growing, but smaller, quality segment.

The performance of New Zealand’s traditional long-haul markets is particularly encouraging. The USA market performed very strongly for year ended June, up 11.0%, as did Germany, up 16.6%, while the UK returned to growth, up 2.8% following several years of decline.

The visitor arrivals for key markets to the end of June 2014 are shown in the table below.

<table>
<thead>
<tr>
<th>High level Visitor trends YE June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visitor arrivals</td>
</tr>
<tr>
<td>Total (000s)</td>
</tr>
<tr>
<td>Priority 1 core markets</td>
</tr>
<tr>
<td>Australia</td>
</tr>
<tr>
<td>China</td>
</tr>
<tr>
<td>USA</td>
</tr>
<tr>
<td>Priority 2 core markets</td>
</tr>
<tr>
<td>UK</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Japan</td>
</tr>
<tr>
<td>Priority emerging markets</td>
</tr>
<tr>
<td>India</td>
</tr>
<tr>
<td>Indonesia</td>
</tr>
<tr>
<td>Latin America</td>
</tr>
<tr>
<td>Rest of world</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: International Visitor Arrivals YE Jun 14
Please note where market information is unavailable N/A has been written.

International visitor spend to the end of June 2014 was up 11% to $7.15b, and reflects the increase in visitor arrivals of 5.7% to $2.79m.

The overall level of visitor spend of $7.14b is in line with expectations based on arrivals results, however Tourism New Zealand remains cautious around the reliability of visitor spend information at the market level.
7. Key Tourism New Zealand contacts
Tourism New Zealand’s Chief Executive is Kevin Bowler. Based in the Auckland office, Kevin Bowler is supported by a Core Leadership Team (CLT) including;

- Justin Watson – Director of Trade, PR and Major Events (Auckland)
- Andrew Fraser – Director of Marketing (Auckland)
- Sue Parcell – General Manager Finance and IT (Auckland)
- Deborah Gray – General Manager Corporate Affairs (Wellington)
- Brighid Kelly – Acting General Manager People (Wellington)
- Leah McDonald – Executive Assistant to the Chief Executive (Auckland)

In addition, the CLT is supported by an Extended Leadership Team including;

- Gregg Anderson – General Manager Americas and Europe (Los Angeles)
- Tony Saunders – General Manager Australia (Sydney)
- David Craig – General Manager Asia (Shanghai)
- Rebecca Ingram – General Manager PR and Major Events (Wellington)
- Kate Necklen – Global Marketing Communications Manager (Wellington)

Along with the Chair of the Tourism New Zealand Board Kerry Prendergast, Kevin Bowler meets with the Minister of Tourism every six weeks.

Regular contact with the office of the Minister and Associate Minister is managed by GM Corporate Affairs Deborah Gray.

Regular communications undertaken with Minister

Tourism New Zealand ensures a ‘no surprises’ relationship is maintained with its’ Ministers by providing regular communications. Communications that Ministers can expect to receive from Tourism New Zealand include:

- Weekly Briefings – provides Ministers information on upcoming activity, matters arising over the week and achievements.
- Quarterly Reports – provides Ministers with information on how Tourism New Zealand is tracking towards its performance measures outlined in our Statement of Performance Expectations. Tourism New Zealand’s financial performance is also summarised along with an update on key tourism outcomes such as international visitor arrivals in these reports. The dates the Quarterly Reports are provided to Ministers are committed to in Tourism New Zealand’s Output Agreement with Ministers.
- Statement of Intent - provides Ministers with Tourism New Zealand’s intent for a four year period. The next SOI is to be provided in June 2018.
- Statement of Performance Expectations – is provided annually in June and describes the key activity and outputs, including performance measures that Tourism New Zealand will deliver.