New Zealand International Golf Tourism Strategy

Monday, 19 August 2013
**Forward**

In April 2013 a Golf Working Group (the WG) was formed by Tourism New Zealand Limited and tasked with creating a long-term strategy for international golf tourism in New Zealand.

The WG has undertaken a comprehensive review of golf specific tourism in key in-bound markets, economic benefits, marketing and infrastructure needs. The outcome of the review is covered in the following document, along with the development of a strategy which provides the basis for establishing a cohesive approach for New Zealand to market itself as an outstanding golf destination.

This strategy has been approved by Tourism New Zealand. The next stage is socialization and discussion with the wider golf and New Zealand Tourism Industry, with the objective of bringing it to life.
Golf Tourism Strategy Report

Background

Over the last 15 years the private sector has invested approximately $260 million into the development and promotion of new golf facilities in New Zealand. Coupled with the existing golf infrastructure and other complementary attractions, New Zealand is a distinctive golf destination waiting to be discovered.

International golf tourism is a $32 billion market and New Zealand currently captures less than 0.3% of this.

New Zealand lacks a cohesive strategy to promote itself as a golf destination. Previous industry marketing networks have failed to secure support from disparate stakeholders in the public and private sectors. International destination case studies indicate that only 20-25% of the economic impact of golf tourism is realised by the golf facilities and accordingly the benefits from international promotional activities (as compared with domestic promotional activities) does not justify industry investment.

There are a number of stakeholders associated with golf tourism in New Zealand. These include:

- Individual golf courses (both member and privately owned);
- Inbound tourism operators;
- Tourism New Zealand (TNZ);
- Regional Tourism Organisations (RTOs);
- Ministry of Business Innovation and Employment (MBIE)
- Ministry of Foreign Affairs and Trade (MFAT);
- Major Events New Zealand (Major Events);
- Local Government;
- New Zealand Golf (NZ Golf);
- The New Zealand Professional Golfers Association (NZPGA); and
- The broader tourism industry.

The golf industry is undergoing change with an impending new governance model that combines the two peak bodies: NZ Golf and the NZPGA. This body will provide a clearer framework that will support confidence and growth in the golf sector. In relation to golf tourism, it is anticipated that this will manifest in a more strategic approach to maximising the economic impact of the golf industry including improved facilities, higher profile events and a more successful high performance program.
TNZ have recently outlined a three year plan that includes four key areas of focus to sit alongside existing activity. This significant step change in funding will now focus on:

- Increased international business events;
- Emerging markets (India, Indonesia and South America);
- High-value premium travel; and
- The up-scaling of specific activity in core markets.\textsuperscript{vi}

This golf tourism strategy includes initiatives that fit within all four of these key areas of focus. A particular component of this golf tourism strategy is the proposed up-scaling of specific activity in the Tier 1 markets of Australia, USA and China.

Both the golf industry and TNZ have the will for a cohesive golf tourism strategy that capitalizes on the opportunity to increase this segment of the tourism market.

An initial meeting was held between TNZ, government officials and members of the golf industry where it was agreed that a working group would be formed.

**Working Group**

In April 2013 a Working Group (the WG) was formed and tasked with creating a long-term strategy for international golf tourism in New Zealand. The WG has undertaken a comprehensive review of golf specific tourism in key in-bound markets, economic benefits, marketing and infrastructure needs. The terms of reference for the WG are annexed to this document.\textsuperscript{vii}

The WG has gathered information from a number of stakeholders in the golf industry\textsuperscript{viii} and data has been collated with the assistance of the TNZ insights team.

The WG feels it necessary to note that the appropriate level of resourcing and leadership is required to implement the recommendations contained in this document.

**Golf Tourism Strategy Report**

This Golf Tourism Strategy Report (the Report) makes a number of recommendations to grow golf tourism and travel into and within New Zealand.

The major focus of this Report is international golf visitors. That said, the domestic market (including domestic tourism) underpins the financial viability of many golf courses in New Zealand where a large percentage of green fee revenue is attributable to domestic visitors. This Report, therefore, does consider and reference the role of domestic golf tourism particularly in relation to the development of regional initiatives.
The current data that we are relying on is not sufficiently detailed and educated assumptions have been made to enable effective planning. The Report highlights the need for an improved data set to track the targeted growth.

The Report is broken into four major sections. Part One looks at the target markets and examines the opportunity within specific markets.

Part Two outlines the golf product in New Zealand including the advantages, constraints and opportunities to develop and improve new and existing facilities.

Part Three discusses various strategies and tactics to stimulate demand in the target markets.

Part Four recommends a leadership and advocacy model to achieve the goals outlined in this Report.
Executive Summary

This Report makes the following observations, conclusions and recommendations:

1. The visitor spend from golf tourism is currently estimated at $210 million annually, using the baseline TNZ International Visitor Survey data (IVS).

2. The WG considers that Golfers - defined as visitors for whom golf is a significant motivating factor for their travel - represent $145 million of this baseline annual spend.

3. There is an opportunity to undertake a targeted promotional and marketing strategy to increase the visitor spend from Golfers from $145 million to $223 million over an initial three-year time frame.

4. That the priority markets should be the TNZ Tier 1 markets of Australia, North America and China. That mature golf markets of Japan, UK, Europe and Korea will be targeted as required in line with existing initiatives and specific opportunities.

5. That additional opportunities at a business to business level exist to further develop golf infrastructure and connect New Zealand with golf specific investors and influential offshore networks.

6. That New Zealand as a golf destination is characterised by:
   I. a diverse range of courses and experiences;
   II. golf courses of high quality that feature on reputable world ranking lists;
   III. fully accessible golf courses;
   IV. providing excellent value for money at all ends of the market;
   V. golf courses that fit seamlessly with spectacular vistas and landscapes;
   VI. a (generally) suitable year round climate;
   VII. a personalised experience that incorporates New Zealand culture;
   VIII. the quality and proximity of complementary other attractions; and
   IX. high quality accommodation mixed with fine food and wine.

7. That the golf product be grouped in two trails: the North Island Golf Trail and the South Island Golf Trail. Within each of these trails distinctive regional trails will be incorporated. Each regional trail should feature at least one Marquee Course, other unique golf courses, accommodation options and other attractions. Queenstown, as the most advanced region in terms of facilities and existing international demand, should be used as a benchmark.

8. That one segment of the New Zealand golf product is positioned in the luxury sector and aligned with TNZ strategies relating to high value premium travel.

9. That Memorandums of Understanding are entered into between an industry body and Marquee Courses to profile these golf courses. The MoU will secure support of TNZ
activities such as the international media program and the collation of effective data and other information as appropriate to grow the return for these courses.

10. That an industry leadership role is required to encourage the development and improvement of new and existing facilities and services. That specifically, an industry body works alongside regional stakeholders (including golf courses, local council, RTOs and iwi) to encourage further investment in facilities along the golf trails.

11. That golf courses and the golf trails are described on a centralised digital platform through reputable independently moderated content. That this content is shared across key digital assets and that a review of the most appropriate structure is undertaken alongside potential partners.

12. That an initial three-year promotions and marketing strategy is initiated by TNZ to stimulate demand for travel by Golfers from key markets.

13. That golf specific tactics and strategies are employed by TNZ within each market with the identified work to begin ahead of the 2013/2014 summer. That these strategies will include the leverage of stakeholder activity when required for example (but not limited to) Major Events investments, Regional Council event funding, RTO activity, openings of golf courses of international significance and high performance success by New Zealand golfers.

14. That an industry body (New Zealand Golf Tourism or NZGT) is established to guide the implementation of this strategy working alongside stakeholders and providing an interface for TNZ golf related campaigns.

15. That NZGT consists of an Advisory Group and a skilled Executive Director resource with funding to be confirmed.

16. That TNZ fund a three year promotions and marketing plan with a total commitment of approximately $2 million. That this is resourced internally within TNZ and is assisted as appropriate by NZGT with key TNZ staff to work closely alongside NZGT.
PART ONE: The Opportunity to Grow Golf Tourism into New Zealand

This section of the Report outlines the target market for golf visitors into and within New Zealand and the extent of the opportunity on a market by market basis.

Golfers

This Report is directed towards a target market of Golfers. Golfers are a subset of travelers for whom golf is a significant motivating factor of their decision to travel to or within New Zealand.

The worldwide market for international golf travel is $32 billion and despite the recent economic downturn has continued to grow. In 2012 IAGTO golf tour operator sales grew by 9.3% in 2012 with a positive outlook projected for 2013.

Golf participation in western markets totals 42M and has been flat for a number of years. Golfers from these markets are increasingly sophisticated. Through content on the internet and through word of mouth Golfers can make informed decisions about golf destinations.

Table 1.1 below indicates that the three major drivers of a golf destination are quality, accessibility and price.\(^x\)

\[
\begin{array}{|c|c|}
\hline
\text{Quality of Golf Courses} & 4.3 \\
\text{Price of package} & 4.26 \\
\text{Accessibility} & 4.04 \\
\text{Nr. Of golf courses} & 3.93 \\
\text{Quality of...} & 3.93 \\
\text{Climate} & 3.9 \\
\text{Golf tradition} & 3.88 \\
\text{Entertainment} & 3.55 \\
\hline
\end{array}
\]

Source: KPMG, 2010

In recent years golf participation across Asia has been increasing at a rapid rate such the region now accounts for 24% of worldwide golfers.\(^x\) In particular, golf in China is growing exponentially in line with economic development.\(^x\)
Broadly, Golfers fit within an older demographic (45+)\textsuperscript{xii} and will travel in couples or groups of friends. Amongst this demographic word of mouth plays an important role. Specific demographics for Golfers from priority markets are discussed in more detail in the following paragraphs.

**Competitors Markets**

There is increasing competition from competitor destinations for the golf tourism market. Over the past ten years a number of destinations have created joint promotional entities and golf tourism strategies. Examples include Ireland,\textsuperscript{xii} Scotland,\textsuperscript{xv} Wales,\textsuperscript{xv} South Africa,\textsuperscript{xvi} and Thailand.\textsuperscript{xvii}

Regional joint promotional bodies also exist for example the Mornington Peninsula\textsuperscript{xviii}, within Tourism Queensland and the Danang region of Vietnam.\textsuperscript{xx}

New Zealand, given its location in the world, has a vast number of competitor destinations for Golfers from all markets. With the exception of the Australian market New Zealand is not seen as a first preference destination for Golfers but rather a ‘new’ golf destination where the New Zealand experience is broader than the golf product.

International golf destinations can be grouped within two categories: destinations with a high quality golf experience and destinations that attract out of season golfers due to their climate.

New Zealand generally attracts golfers because of the quality of courses and therefore has a vast number of competitors as outlined in table 1.2 below.

<table>
<thead>
<tr>
<th>Competitor Markets with at least two world ranked golf courses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Australia</td>
</tr>
<tr>
<td>2. Scotland</td>
</tr>
<tr>
<td>3. Ireland</td>
</tr>
<tr>
<td>4. England &amp; Wales</td>
</tr>
<tr>
<td>5. USA (West Coast)</td>
</tr>
<tr>
<td>6. USA (East Coast)</td>
</tr>
<tr>
<td>7. South Africa</td>
</tr>
</tbody>
</table>

In the Southern Hemisphere, where climate is more relevant, there are few destinations that have a golf product of comparable quality to New Zealand.
Only recently a limited national strategy was implemented in Australia to promote golf tourism. There is, however, significant investment at state level through multi-million dollar events and other initiatives however, golf has not been a major focus for Tourism Australia.\textsuperscript{xx}

Competitor destinations for Golfers from each of the Tier 1 markets are discussed specifically in the following sections.

**The Opportunity Defined**

The WG has, with the assistance of the TNZ insights team, analysed the best available data. The most relevant data is from the 2012 IVS. This data has some constraints including the absence of visitor arrivals into Queenstown airport and this shortcoming has been factored in to the numbers below using data collated from golf courses in the Queenstown region.

In addition to the IVS, data and web analytics have been gathered from individual golf courses, TNZ and NZ Golf. Specifically, in relation to domestic golf travel, the WG has analysed data from the online handicapping records of NZ Golf. A number of other reports have been used for additional data and to corroborate assumptions.\textsuperscript{xxi}

As the IVS numbers account for any visitor who potentially plays a minimum of only one game of golf whilst in New Zealand the WG has targeted a tighter focus towards Golfers (i.e., a visitor for whom golf is a significant motivating factor). The WG has therefore taken a weighting of 70% of the IVS numbers.

As a result of this Report, it is recommended that better data is recorded directly from the golf courses.

Headline data from the IVS and averaged over the past five years shows that:

1. 63,000 visitors to New Zealand each year played golf;\textsuperscript{xxi}
2. The average spend of these visitors is NZD$3,300 per visit compared with an overall average of NZD$2,500;
3. 2.3% of total inbound visitors to NZ play golf. Comparatively, 3.8% of total inbound visitors to Australia play golf;

International reports indicate that spend in the golf sector accounts for between 20-25% of the total spend by golf tourists with the remainder spent on accommodation, travel, food and beverage and other activities.\textsuperscript{xxii}

The WG has analysed the data on a market by market basis and projects that the opportunity is:

1. To grow the overall number of Golfers (as defined above) from 44,100 to 70,300 by 2016;
2. To increase the yield from international Golfers across the target markets by 2016; and

3. To increase domestic golf travel into destinations where regional golf trails exist.

The economic outcomes over the three years to 2016 is:

1. An increase in total international visitor spend by Golfers from $145 million to $232 million;

2. A significant return on investment of the recommended TNZ promotions and marketing spend outlined in Part Four of this document of more than 40:1; and

3. An increase in investment in golf related facilities and business to business investments flowing directly from golf.

The WG has prioritized the Tier 1 markets of Australia, North America and China and the opportunity within these markets are outlined below.

Other traditionally strong golf markets have also been considered where existing initiatives are in place including Japan, UK, Europe and Korea.

An overall summary table outlining the opportunity is annexed to this report. xxiv

Australia

The Australian market represents the largest opportunity for growth.

Golf is the highest participation sport in Australia with total participation numbers of 860,000. Within this, 47% are members of golf clubs and 53% are casual golfers. 79% are male and 21% are female. The 55+ age bracket has the greatest number of golfers (62%) and further 26% of golfers are in the 35 to 54 age bracket. xv

NSW / ACT has the highest number of Golfers per state. In total 81% of Australian Golfers are from QLD, NSW / ACT and VIC. xvii

A thorough breakdown of the demographics within the Australian market should be completed as part of further work streams.

Domestic golf tourism within Australia amounts to approximately 1.7 million golf holidays annually. xviii The most popular domestic location is Queensland. xviii Queensland, as opposed to other domestic destinations, is influenced by a sub-tropical climate that makes it an attractive off-season destination.

It is worth noting that over the past few years there has been considerable growth in Tasmania as a golfing destination. xix Tasmania can be compared with New Zealand in terms of cost, accessibility, scenery and climate.
It is apparent that, given the strong Australian dollar, regular flights and affordability of New Zealand, regional destinations in New Zealand are a viable alternative for Australian Golfers to domestic destinations.

<table>
<thead>
<tr>
<th>Competitor Destinations for Australian Domestic Travel</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gold Coast</td>
</tr>
<tr>
<td>2. Hunter Valley</td>
</tr>
<tr>
<td>3. Melbourne Sandbelt</td>
</tr>
<tr>
<td>4. Mornington Peninsula</td>
</tr>
<tr>
<td>5. Murray River</td>
</tr>
<tr>
<td>6. Sunshine Coast</td>
</tr>
<tr>
<td>7. Sydney</td>
</tr>
<tr>
<td>8. Tasmania</td>
</tr>
</tbody>
</table>

International travel accounts for 15% of golf holidays by Australian Golfers with a total of 100,000 international golf holidays taken annually. New Zealand currently only receives 20% of international golf trips by Australians.

The international competitor for Australian Golfers are those outlined in the table in 1.2 above along with destinations such as China, Thailand, Vietnam and the Pacific Islands. New Zealand has a significant advantage over other international destinations from Australia in terms of cost, quality, accessibility and ease of travel.

Consultation with the industry reinforces the IVS data and indicates there is a growth opportunity in the Australian market. Some golf courses in Queenstown have reported year on year growth of 5% of Australian Golfers as a percentage of their total revenue and Australian Golfers account for up to 20-30% of the total revenue for some Queenstown golf courses.

The data indicates that the average length of stay for Australian Golfers visiting New Zealand is generally between 4 and 7 days. During this time they will play between 3 and 5 rounds of golf and spend approximately NZD$2,100.

Consultation with the industry has indicated that Australian guests often travel in larger groups (relative to other nationalities) with an equal mix of couples and social groups.

In summary, Australian Golfers vary in demographic from younger groups to older couples with more of an opportunity to attract the older 55+ demographic. They are from the Eastern seaboard and generally travel to New Zealand for 4 to 7 days into one location to play between 3 and 5 rounds of golf spending NZD$150-200 a day on golf related activities.

Table 1.3 Australian Market

<table>
<thead>
<tr>
<th>Current Situation (based on Golfers share of IVS)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Golfers to visit New Zealand</td>
<td>19,700</td>
</tr>
<tr>
<td>Australian Golfers to visit New Zealand (average per annum over the last 5 years)</td>
<td>19,700</td>
</tr>
</tbody>
</table>
North America

North America has the most golfers in the world and the USA is the largest market for golf tourism. In all, there are 25.7 million golfers in the USA including 6.8 million who are avid golfers (25+ rounds annually), 14.4 million core golfers (8+ rounds annually and includes avid golfers) and 11.3 million occasional golfers (fewer than 8 rounds annually). xxxii

The average age of a Golfer from the USA is 48.5 and the average length of an international golfing holiday is 17.8 days. The total number of international golf vacations taken by Golfers from the USA is 1,482,000. xxxiii

Of these 1.482 million annual golf vacations only 3,300 (0.2%) are to New Zealand.

Canada has an additional 5.95 million Golfers across a demographic similar to the USA. xxxiv

Golfers from North America are from a high socio-economic demographic. The spending power of Golfers from North America is described by the fact that 12% of the USA population plays golf and that 12% of the population contribute 27% of the entire country’s travel spend. xxxv

The competitor destinations for Golfers from North America are domestic locations that can provide an array of options in terms of quality, experience and price. Internationally, the competitor destinations are in Central America, the UK, Ireland and Australia.

There are direct flights from Los Angeles, San Francisco and Vancouver to Auckland and this flight is an equivalent length to a flight from the West Coast of North America to the UK. Accordingly, this segment of the North American market is of the greatest opportunity.

In summary, North American Golfers visiting New Zealand are likely to be in an older demographic. They are from both the East Coast and the West Coast and, anecdotally are often members of private golf clubs. Consultation with industry has showed that North American Golfers are more likely to travel in couples and have a greater appreciation of the broader destination characteristics associated with New Zealand. The average length of stay for the North American Golfer visiting New Zealand is between 7 and 10 days. During this time they will play between 4 and 6 rounds of golf and spend approximately $4,000.

<table>
<thead>
<tr>
<th>Spend per visitor</th>
<th>$2,100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total visitor spend (average per annum over the last 5 years)</td>
<td>$41M</td>
</tr>
<tr>
<td>Percentage of total golf tourism</td>
<td>29%</td>
</tr>
<tr>
<td>Active considerers (who specifically consider golf for a holiday motivator)</td>
<td>400,000</td>
</tr>
</tbody>
</table>

**Growth Forecast**

| Growth factor – average spend | 12% |
| Growth factor - Total visitors | 39,000 (100%) |
| Total visitor spend 2016 | $92M |
Table 1.4 North American Market

<table>
<thead>
<tr>
<th>Current Situation (based on Golfers share of IVS)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North American Golfers to visit New Zealand (average per annum over the last 5 years)</td>
<td>3,300 (US)</td>
</tr>
<tr>
<td></td>
<td>1,200 (Canada)</td>
</tr>
<tr>
<td>Spend per visitor</td>
<td>$4,000</td>
</tr>
<tr>
<td>Total visitor spend</td>
<td>$18M</td>
</tr>
<tr>
<td>(average per annum over the last 5 years)</td>
<td></td>
</tr>
<tr>
<td>Percentage of total golf tourism</td>
<td>13%</td>
</tr>
<tr>
<td>Active considerers who specifically travel for golf</td>
<td>2 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth factor – average spend</td>
</tr>
<tr>
<td>Growth factor - Total visitors</td>
</tr>
<tr>
<td>Total visitor spend 2016</td>
</tr>
</tbody>
</table>

**China**

Golf in China is growing rapidly and, as at 2012, there were an estimated 2.1 million Golfers in China.\(^{xxxvi}\) The number of golf courses in China has tripled since 2004.\(^{xxxvii}\)

The Chinese golf industry has limited history and the market is less mature than western markets. Expectations of Chinese Golfers are different to Golfers from other Tier 1 markets with a strong focus on service, luxury and scenery. New Zealand has an excellent product for Chinese Golfers with beautiful golf courses set amongst spectacular landscapes.

Golf in China is very exclusive and the average Golfer is from a very high socio-economic demographic. With a small percentage of the population participating in golf, the golf clubs are less connected and word of mouth has less influence. The Mission Hills Golf Club has two extensive golf facilities in Dongguan and Haikou and is mature in terms of events, quantity of golf played and even reciprocal agreements with New Zealand clubs.

The competitor destinations for Chinese Golfers are extremely wide. Domestic golf destinations generally involve extensive travel and cost. International destinations (i.e., UK, US, Australia and New Zealand) are of a comparable distance to travel to. South East Asian markets and the domestic destination of Hainan Island are developing as the major resort competitors markets.

The number of Chinese Golfers that travel to New Zealand is currently very small. In a broader sense, total Chinese arrivals into New Zealand are growing by 35% per annum. This growth, coupled with a rapidly increasing number of Golfers in China is suggests that there is a significant opportunity for growth in the medium term.
Inherent uncertainty exists around the Chinese market given its relative immaturity and the projections here are provided with some caution.

In summary, the Chinese Golfer is at the luxury end of the market and further insight needs to be gained to target specific golf regions and particular demographics within China.

Table 1.5 Chinese Market

<table>
<thead>
<tr>
<th>Current Situation (based on Golfers share of IVS)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Visitors from China that play golf in New Zealand (2012 number)</td>
<td>1,000</td>
</tr>
<tr>
<td>Spend per visitor</td>
<td>$4,000</td>
</tr>
<tr>
<td>Total visitor spend (average per annum over the last 5 years)</td>
<td>$4M</td>
</tr>
<tr>
<td>Active considerers who specifically travel for golf</td>
<td>2.1 million golfers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth factor – average spend</td>
<td>10% to $4,400</td>
</tr>
<tr>
<td>Growth factor - Total visitors</td>
<td>500% to 4000</td>
</tr>
<tr>
<td>Total visitor spend 2016</td>
<td>$18M</td>
</tr>
</tbody>
</table>

Japan

The Japanese golf market is mature with 8 million golfers\(^{xxxviii}\). The Japan golf industry is the second largest by country.

The number of Golfers is in decline.\(^{xxxix}\) Japanese Golfers are often very wealthy and the cost of golf in Japan is high.

The competitor destinations for Japan are North Asia, South Asia, the UK and Ireland, USA and Australia.

The opportunity to develop the Japanese market flows from two existing initiatives. Firstly, there is a history of Japanese investment in golf infrastructure in Australasia and Millbrook Golf Resort, has long term Japanese owners and deep connections. Secondly, the New Zealand Open has entered into a partnership agreement with the Japan Golf Tour Organisation (JGTO) which will result in increased exposure and key influencers in Japan. As a result of this partnership, a relationship has been formed between the New Zealand Open and Japan Travel Bureau (JTB) that can be further leveraged.

Japan currently accounts for 1,500 of the visiting Golfers per annum and this Report targets an increase of 100% by 2016.

In summary, the Japanese Golfer will be an older demographic, relatively affluent and be traveling to New Zealand in couples or groups of couples. They are generally members of golf clubs in Japan and will travel to New Zealand for an average of 10 days and play 3 to 5 golf courses.
The UK market has 1.7 million golfers who are sophisticated and travel domestically and internationally to a wide range of competitor destinations.

The WG has not prioritised the UK market given the length of travel, the strength of the New Zealand dollar, recent visitor trends and the numerous competitor destinations. The maintenance of this market, however, is material as it represents a significant percentage of the overall golf tourism market.

The UK Golfer will travel to New Zealand in couples or groups of couples and anecdotally have a longer stay of 14 to 20 days. They will be members of golf clubs and societies in the UK and often have a link to New Zealand in terms of friends, family or a reciprocal golf club.

### Table 1.6 Japanese Market

<table>
<thead>
<tr>
<th>Current Situation (based on Golfers share of IVS)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Visitors from Japan that play golf in New Zealand (average over the last five years)</td>
<td>1,500</td>
</tr>
<tr>
<td>Spend per visitor</td>
<td>$4,000</td>
</tr>
<tr>
<td>Total visitor spend (average per annum over the last 5 years)</td>
<td>$6M</td>
</tr>
<tr>
<td>Active considerers who specifically travel for golf</td>
<td>0.6 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Growth</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth factor – average spend</td>
<td>10% to $4,400</td>
</tr>
<tr>
<td>Growth factor - Total visitors</td>
<td>100% to 3000</td>
</tr>
<tr>
<td>Total visitor spend 2016</td>
<td>$17.6M</td>
</tr>
</tbody>
</table>

### UK

The UK market has 1.7 million golfers who are sophisticated and travel domestically and internationally to a wide range of competitor destinations.

The WG has not prioritised the UK market given the length of travel, the strength of the New Zealand dollar, recent visitor trends and the numerous competitor destinations. The maintenance of this market, however, is material as it represents a significant percentage of the overall golf tourism market.

The UK Golfer will travel to New Zealand in couples or groups of couples and anecdotally have a longer stay of 14 to 20 days. They will be members of golf clubs and societies in the UK and often have a link to New Zealand in terms of friends, family or a reciprocal golf club.

### Table 1.7 UK Market

<table>
<thead>
<tr>
<th>Current Situation (based on Golfers share of IVS)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Visitors from UK that play golf in New Zealand (average per annum over the last 5 years)</td>
<td>6,400</td>
</tr>
<tr>
<td>Spend per visitor</td>
<td>$3,500</td>
</tr>
<tr>
<td>Total visitor spend</td>
<td>$22M</td>
</tr>
<tr>
<td>Total visitor spend (average per annum over the last 5 years)</td>
<td>$22M</td>
</tr>
</tbody>
</table>
Other Opportunities

There are a number of other specific opportunities included relating to increasing the economic benefits associated with golf and these are outlined below.

**Golf Education**

Export education promotion resulted in 92,000 students studying in New Zealand in 2012. Several institutions provide Golf oriented courses such as Professional skills development, Sports Turf programmes each generally combined with an ESOL and academic focus.

Mature golf markets such as Korea and Japan as well as developing Asian markets, most particularly China, are likely to be fertile for the development of further Golf education programs.

Two high profile ambassadors, Lydia Ko and Danny Lee are from Korea and were taught to play golf in New Zealand. There is an opportunity to develop this space further and it is recommended that further insight is gathered into this segment.

**Conference and Incentive**

Golf, as a pre or post activity of the Conference and Incentive (C&I) experience can drive preference for New Zealand as a C&I destination. Regional golf trails are proximate to conference facilities and anecdotal evidence suggests that golf is a key consideration for some C&I events.

**Cruise**

A diverse range of golf courses are accessible for daily excursions from the cruise ship ports across New Zealand. An opportunity exists in the cruise market to develop pre and post
cruise golf specific itineraries particularly for cruise passengers from the North American, Australian, UK and European markets.

**Domestic Golf Tourism**

The domestic golf market and domestic golf tourism underpins the financial sustainability of golf courses and golf related facilities and accordingly the strength of the domestic market has the greatest impact on an investment decision for most potential investors (both public and private).

This Report recommends the development of regional golf trails that will appeal to both the domestic and international market.

There are over 400 existing golf courses across New Zealand. Many golf courses have limited revenue from either domestic or international green fee players and are struggling to remain financially sustainable.

The opportunity exists for regional bodies to review their golf course facilities and determine whether they provide value to the community in terms of recreation and as a piece of tourism infrastructure. As an example, the Auckland Council in conjunction with NZ Golf is undertaking a facilities review\(x\) that aims to position golf courses across each section of the market including ensuring some facilities can cater for domestic and international golf tourists.

It is estimated that the size of the domestic golf tourism market is approximately $55 million per annum.\(x\) The development of the regional trails could increase this market by displacing some travel by New Zealand golfers into Australia.

**Business to Business**

Golf has an established place in the business world of many of our major trading partners. Golf is a well known way of connecting with business associates and this is particularly so in Asian markets. Golf is a significant influencer of global travel, conference, real estate and hospitality investments.

Golfers visiting New Zealand are likely to range from those with a golf and holiday only focus, to those who are open to building local business and golf relationships.

Investments may be in the New Zealand golf or travel industries or in other sectors where New Zealand has an attractive investment profile.

Examples of foreign investment in golf facilities are evident in the development of a number of Marquee Courses for example Kauri Cliffs, Gulf Harbour, Cape Kidnappers and Millbrook Golf Resort. Another North American businessman (originally attracted to New Zealand through Kauri Cliffs and Cape Kidnappers) has invested in the development of Tara-iti golf course in Mangawhai.

These investments are critical to progress New Zealand as a golf destination and further investment should be encouraged.
There are other examples of business to business investments that have developed from golf. As an example, in February 2014 a group are visiting New Zealand from a prestigious golf club in Japan. This group, arranged through a former ambassador to Japan, has requested a networking event in Wellington alongside New Zealand business leaders and entrepreneurs and are wishing to set up a long term reciprocity agreement between their club and Royal Wellington Golf Club.

Other discussions have taken place between golf clubs in New Zealand and influential golf and business clubs in China. Long term relationships between New Zealand and international golf clubs and societies supported by MFAT and offshore networks represent a significant opportunity to develop international relationships.

This area is difficult to quantify and requires a New Zealand inc approach with market by market leadership to be successful – however the outcomes can be considerable.
PART TWO: The Golf Courses of New Zealand

New Zealand has more than 400 golf courses dotted across the North and South Islands. Of these, some are amongst the best quality golf courses in the world whilst others are basic volunteer run community courses. Over the past 15 years the private sector has invested more than $260 million into the development and promotion of golf specific facilities. The New Zealand golf product is maturing and is largely ready to be marketed internationally.

New Zealand as a golf destination has few seasonality constraints. Courses across the country are at their peak from September to May but golf is available across New Zealand year round. During the peak months of January and February some bottlenecks are likely to develop. Generally, there is significant capacity for growth during long shoulder seasons.

This Report identifies the ‘New Zealand golf story’ and the attributes which, individually and collectively, make New Zealand a distinctive golf destination. These attributes should guide the brand development for the New Zealand golf product. They include:

1. New Zealand has a diverse range of golf courses from golf resorts to traditional courses. Golf courses sit on a wide range of terrain from seaside courses to parkland courses and those surrounded by mountains in Central Otago. Some of the best modern architects in the world have worked in New Zealand whilst other country courses have been in existence for over a hundred years and sit seamlessly and naturally on the landscape.

2. New Zealand has iconic courses that feature in various world ranking lists. These courses include Cape Kidnappers, Kauri Cliffs, Paraparaumu Beach, Wairakei, Kinloch and Jack’s Point. In 2014 it is likely that Tara-iti will be included high in the world ranking lists. The aspirational nature of these courses (and the influence of the ranking lists) is an important feature of our golfing landscape.

3. Golf courses in New Zealand are set in beautiful environments that feature some of the most incredible scenery in the world. Across both the South and North Islands, New Zealand golf courses are distinctive and fit seamlessly with the landscape.

4. Golf in New Zealand provides value for money on a worldwide level. Golf experiences at all ends of the market provide value for money in their target markets with high satisfaction levels.

5. The temperate climate of New Zealand supports year round play. The summer months are attractive for Northern Hemisphere Golfers who travel for golf because of seasonal constraints. New Zealand has an excellent climate for golf from September to May and, for the Australian market, can provide a respite from the excessive heat throughout January and February.

6. Our golf facilities are generally occupied by New Zealand staff and New Zealand golfers. Through golf, international visitors can experience New Zealand culture and interact with local golfers to make visits more personally nourishing. The emotional response from visitors meeting New Zealanders on the golf course will convince
people to return.

7. Golf courses sit alongside complementary attractions such as fishing, walking, cycling, adventure activities and authentic New Zealand social interactions.

8. Golf courses are proximate to high quality accommodation and visitors can experience world class food and wine.

9. There are logical trails to follow to experience the best of the New Zealand golf courses.

The Golf Trails of New Zealand

It is recommended that golf trails are created to give shape to the New Zealand golf product.

Golf trails are a logical way of combining the best golf courses with the broader attraction of taking a scenic journey to experience New Zealand.

Initially, it is proposed that two golf trails be created - the North Island Golf Trail and the South Island Golf Trail - and that each of these trails should feature regional trails.

The characteristics of the golf trails are:

- At least one Marquee Course is on the route;
- Other golf courses are on the route;
- There are other attractions and accommodation facilities available;
- There is a reasonable distance to travel between the courses and accommodation.

The purpose of the golf trails is to package courses together to help inform consumers and operators as they put together itineraries. In particular, packaging regional trails to the Australian market will help to compete with domestic destinations and encourage repeat visitors.

Co-ordination between TNZ, RTOs and operators on the regional golf trails is important in the promotion and development of these trails.

Further, the RTOs and regional councils should be engaged to support the development and improvement of new and existing golf facilities upon the trails.

In this regard, the southern golf trail should be used as a bench for the development of other Regional Golf Trails.

The components that make up a golf trail are outlined in the sections below.
Marquee Courses

A Marquee Course is of high quality, is aspirational with inherent international interest, has history and/or a particular identity and is accessible for visitor play.

A Marquee Course will be encouraged to enter into a Memorandum of Understanding (MoU) with NZGT. Under this MoU the Marquee Courses will be promoted as part of TNZ campaigns and as part of the digital strategy. In return the Marquee Course will be asked to support elements of TNZ activity (such as the IMP) and assist in the collation of effective data and other information as appropriate.

The Marquee Courses are likely to include Kauri Cliffs, Gulf Harbour, Titirangi, Cape Kidnappers, Kinloch, Wairakei, Paraparaumu Beach, Royal Wellington Golf Club, Clearwater, The Hills, Millbrook Resort and Jack's Point.

Other Marquee Courses will be agreed as necessary and it is likely that Tara-it will be included in 2014.

Other Courses

There are a number of golf courses that compliment the Marquee Courses and further define the diverse New Zealand golf product. These courses have a varying quality of facilities that may not meet expectations of Golfers from all markets. These courses are important to showcase crucial elements of the New Zealand golf brand such as value for money, local culture and community spirit and country charm.

Crucially, these courses increase the yield from visitors, particularly from the Australian market and repeat short stay visitors who will extend their stay by one day for each additional golf course included in their itinerary.

These golf courses must be accurately represented to golf tourists to ensure that visitor expectations are met.

Other courses will be on a regional trail or within a day trip distance to a trail. They will also have some inherent interest, design quality or quirk that attracts them to international visitors.

Examples of other courses may include (but not limited to): Carrington, Waipu, Mangawhai, Rotorua, Ohope, Hastings, Arrowtown, Queenstown, Otatara or Oreti Sands.

Pricing of Golf

This Report notes that other countries have co-ordinated initiatives relating to pricing. In particular, two initiatives have been discussed by the WG:

- A universal price for green fees (i.e., visitors have the same price regardless of their country of origin); and
• Regional green fee passes to be used across multiple golf courses on the golf trails.

This is a sensitive topic where autonomy of the golf courses is most important. It should, however, be a topic for consultation within the courses as a result of this Report.

Other Attractions

Other attractions that complement the golf product are an important element of the golf trails.

The regional trails connecting the Marquee Courses intertwine with New Zealand wine regions, in particular the Hawkes Bay, Central Otago and Waipara. In the Taupo and Southern regions, fishing is another very popular activity amongst some Golfers.

Luxury Product

A subset of Golfers will be luxury travelers. Some golf facilities are attached to luxury accommodation and all of the Marquee Courses are proximate to world class luxury lodges.

Because of the disparate location of some of the Marquee Courses there is some reliance by luxury travelers on air travel including the use of private jets and helicopters.

Trails

The indicative North Island Golf Trail and South Island Golf Trail are outlined below.

Note that further trails may be developed over time including the Links Golf Trail and the Open Championship trail. These trails involve courses from more diverse regions and would not be showcased in the first instance.
Existing Golf Facilities

The quality and services provided by existing golf courses varies considerably.

At one end of the spectrum are full service luxury locations. At the other end of the spectrum are quintessentially kiwi courses such as Arrowtown or Paraparaumu Beach where the standard of associated facilities and services are more limited.

The golf tourism strategy must embrace this diversity. However, it is acknowledged that generally the quality of service and facilities at New Zealand courses is at a low level when compared to other golf destinations.

There is a role through MoU's and through NZGT to guide and support the golf courses to ensure their facilities continually meet the expectations of visitors. A digital strategy that supports user feedback will also be a useful tool in maintaining standards and managing expectations of visitors.

New Golf Facilities

New golf facilities will have a significant long term impact on the quality of the golf trails of New Zealand.

The public and private sector should be encouraged to invest in new and existing golf facilities that will make meaningful contributions to the golf trails.

As an example, the foreign investment in Tara-ití will peak interest in New Zealand and contribute towards a more persuasive golf trail in the far north linking Auckland and Kauri Cliffs.

There is a role for the industry to work alongside MBIE and other stakeholders (including regional councils and iwi) to guide and encourage investment into new Marquee Courses.

There are hundreds of regional golf courses in New Zealand that occupy land and assets to a value of hundreds of millions of dollars. The opportunity to unlock the economic potential of these assets to support domestic and international golf tourism is not always apparent to local government or the individual facilities. Through a co-ordinated leadership approach, the industry should be able to measure and inform local council of the economic benefits of golf tourism to support for further investment.

The development of the southern golf trail should be documented and the economic impact of golf to the region should be measured. This information should then be used as a benchmarking tool for other regions to develop golf trails.
PART THREE: Stimulating demand

This section outlines initial strategies and tactics to be used to stimulate demand for New Zealand as a golf destination over the three years to July 2016.

The strategies align with those in TNZ’s strategic plan, specifically:

- brand-led campaign activity;
- digital / social strategy;
- use of International Media Program (IMP);
- use of influencers and opinion leaders;
- use of broadcast opportunities;
- incorporation of Maori culture;
- use of trade channels.

Golf Specific Channels

Golfers are a distinctive group to communicate with. There are established golf specific channels to communicate across TV, digital and print media. Golfers are heavily influenced by word of mouth through their golf clubs, social groups and workplaces.

There is an aspirational quality to golf travel and individual golf courses are continually ranked, in terms of quality, either formally by media publications or informally amongst participants.

The recent Golf Australia survey indicated that 84% of Golfers had taken a golf holiday in the past 24 months and, therefore, the experiences from these holidays become a natural topic of conversation in golf clubhouses around the world.

This level of sophistication is reflected in the data from industry consultation that shows approximately only 10% of Golfers travel to New Zealand through an inbound tour operator. Consultation with tour operators has shown that even their clients generally have a clear indication of the regions they intend to visit and the golf courses they want to play.

Strategies

The strategies used to stimulate demand are discussed below, initially at a broad level and then by market. This is not an exhaustive list and specific initiatives will be encouraged to remain contemporary amidst a changing media landscape.

The broad strategies to stimulate demand are outlined below.

Brand Led Campaign

It is recommended that a golf specific brand proposition and key messaging is created drawing on the characteristics of the New Zealand golf product outlined in Part Two. This golf
sub-brand needs to drive awareness and be leveraged through specific tactics such as in conjunction with the NZ Golf High Performance program or with Major Events investments.

**Digital Platform**

The largest gap in the promotion of New Zealand as a golf destination is a lack of reputable content.

It is recommended that a website is created as a comprehensive online portal for Golfers to gather information about New Zealand as a golf destination. This should contain independent content about golf courses, their facilities and include mechanisms for user feedback.

The digital strategy, including the website and social media must be co-ordinated alongside newzealand.com with shared content and a consistent representation of information relevant to golfers. The opportunity to partner with NZ Golf or other third party websites to host the portal should be evaluated.

The website(s) should detail the relevant visitor information for each course. The categories of information should include (but not be limited to):

- accessibility for visitor play;
- green fees and confirmed booking facilities;
- availability of caddies, golf carts or trundlers;
- warm up facilities;
- availability and quality of hire clubs;
- availability of food and beverage on course and in the clubhouse;
- availability of meet and greet and payment facilities;
- access to the clubhouse including showers and towels.

The website will also include an independent review of the quality of the golf course including architecture and design merit, course conditioning, aesthetics and interaction with the environment and the history of the club.

The tactics to promote this digital strategy are extensive and may include:

- partnering with NZ Golf (or other third party websites) to secure search engine optimisation;
- geo-targeted content that relates to the different markets;
- user interaction to encourage feedback including social media plug-ins;
- co-ordination with newzealand.com

**Airline Partnerships**

Airline partnerships should be explored with the aim of securing one or more partners to support additional seats for key golf media.
Enhanced International Media Program
The IMP will be targeted to the key target markets as outlined below. Broadly, the IMP needs to focus on influential media. In the mature markets this will involve digital and social media along with traditional media. The use of opinion leaders will enhance the IMP and a list of the ten most influential golf journalists has been compiled and is annexed to this report. Hosting these writers should be a priority in particular when they travel to marquee Australian golf events each summer. A golf specific IMP is an important element of leverage activity around key events outlined below.

Leverage of the New Zealand Open
NZ Golf and the NZPGA have identified the NZ Open as the one iconic golf tournament for New Zealand. The NZ Open, supported by Major Events, is one of the icon events on the PGA Tour of Australasia and has recently entered into a partnership with the Japan Golf Tour. The NZ Open has numerous branding opportunities for New Zealand that should be leveraged to increase awareness in the Australian and Japan markets. Branding and specific destination content should feature heavily in the NZ Open broadcast and the quality and distribution of this broadcast should be monitored. The NZ Open also provides an opportunity to engage with a number of key influencers in the Australian and Japanese markets.

Leverage of Marquee Course Openings
In 2014 two Marquee courses will open that are of international significance. This represents an opportunity to attract media and leverage key influencers involved with both events. For example, the opening function at the Royal Wellington launch represents an opportunity for the Prime Minister to publicly support this strategy. Other golf facilities such as golf lodges are also expected to open during the three year period which should also be leveraged appropriately.

Trade Channels
Opportunity exists to establish a New Zealand presence at trade shows to communicate with the trade channels. This includes the IAGTO trade shows in Asia, USA and Europe and the opportunity to host an IAGTO trade show in New Zealand.

Reciprocal Relationships
Reciprocal relationships and events with international golf clubs should be encouraged and reciprocal guest play should be measured. Reciprocal arrangements reduce the cost of golf making New Zealand a more competitive destination – particularly for active considerers in the Australian domestic golf travel market. Consultation with golf clubs has showed that, outside of Queenstown, a large percentage of international visitors were reciprocal guests from Australia. Further relationships can be developed through internationally owned Marquee courses that have owners in the target markets of the USA, Japan and China. There are also potential business to business benefits associated with reciprocal relationships between higher end golf clubs.

Cruise Industry
The cruise industry brings in over 200,000 visitors to New Zealand annually and represents a significant opportunity for increased golf spend with pre and post cruise itineraries.

Global Opinion Leaders and Ambassadors
There are a small number of global influencers in golf who have considerable influence across many global markets. Some of these global opinion leaders, for example Jack Nicklaus, have an affinity and connection with New Zealand.
Australia

The three year growth target for Australia, outlined in Part One of this Report, is 100% or 39,000 visitors. Given this high number of targeted Australian Golfers, a strong weighting should be placed on promotional and marketing activity in Australia.

As a first action, it is recommended that further insight is gained into the specific demographics of golfers within the Eastern states of Australia. The strategy should be able to drill down into regions, towns and golf clubs that represent the most opportunity.

The data shows that the demographic contains a considerable number of females and couples in the 55+ bracket and so some messaging should be reflective of this.

Increasing awareness of New Zealand as a golf destination to compete with both international and domestic destinations is a priority. The table below outlines the key media to target in Australia.

<table>
<thead>
<tr>
<th>Broadcast</th>
<th>Print Golf Specific</th>
<th>Print &amp; Digital Golf Specific</th>
<th>Influencers</th>
</tr>
</thead>
</table>
| Fox Sports Golf Show Brett Ogle | Australian Golf Digest (monthly) Brad Cilston and Darius Oliver | PGA of Australia pga.org.au Golf Australia golfaustralia.org.au | Professionals:  
- Adam Scott  
- Jason Day  
- Geoff Ogilvy  
- Greg Norman  
- Karrie Webb  
- APGA Tour players  
- ALPGA Tour players |
| Channel 10 contract with PGA Tour of Australasia (includes distribution of 5 marquee events including the NZ Open) | Golf Australia Magazine (monthly) Brendan James (Next Media) | Isseekgolf.com.au - Forum Planetgolf.com - course reviews | Other:  
- Peter Thomson  
- Mike Clayton  
- Ben Evert  
- Luke Elvy  
- Golf Australia  
- Brendan Moloney (AWGA) |
| Inside Golf (monthly) Richard Fellner (Blitz Publishing) golfvacationsmag.com Jon Underwood | | | |
| Ladies Golf | Golf.com.au + launch 2013 | | |

Further specific opportunities to increase awareness include:

- Live broadcast of the NZ Open;
- Other television broadcast opportunities including content that personalises the New Zealand experience;
- Co-ordination with NZ Golf to include branding on amateur and professional players at the major Australian events;
• Working with key media to develop a reputable New Zealand rankings list;

• A social media campaign, for example the Best Job Queensland Tourism campaign with a golf slant such as around caddying for a year across New Zealand.

Other initiatives to drive preference for New Zealand as a destination include the use of opinion leaders and celebrities for example political or sporting icons competing in the Pro-Am format of the NZ Open.

In Australia, there are two subsets of Golfers that should be targeted: club golfers (47%) and casual golfers (53%).

It is easy to communicate with club golfers through golf club databases, handicapping websites and through word of mouth. A major channel for golf travel in golf clubs is through the club professional who often acts as an agent selling on behalf of tour operators and leading the tour. It is recommended to communicate in a creative way with the club professionals to inform them about the New Zealand product.

Social golfers are more difficult to communicate with directly and the general strategies outlined above are the most effective. Social golfers are less sophisticated with less emphasis on word of mouth recommendations. That said, social golfers can be targeted through specific initiatives such as:

• Crown Lager Social Golf Club;

• At events, for example at the Australian Open; and

• Through other targeted golf databases as appropriate.

North America

The three year growth target for the American market is 65% to 7,700 visitors. A significant weighting should be put on promotional activities in North America and these should focus on the West Coast.

The use of the IMP is important to attract opinion leaders to New Zealand. The table below outlines the key media in this market.
Further opportunities to increase awareness through the media are:

- Broadcast opportunities;
- Co-ordination with NZ Golf to include branding on high profile player(s) for example Lydia Ko;
- A social media campaign, for example the Best Job Queensland Tourism campaign with a golf slant such as around caddying for a year in New Zealand.

There are two US investors who own Marquee courses in New Zealand. These investors have strong networks and channels through private golf clubs on both the East and West Coasts. An opportunity exists to work alongside them in their extensive efforts to market New Zealand as a golf destination.

The opening of the Tara-iti golf course presents a specific opportunity to build awareness in the US, specifically, amongst a key demographic in the West Coast market. The course architect is also from North America where he has a significant profile.

The Golf Channel is based in the USA and has considerable distribution and influence around the world. Broadcast opportunities on the Golf Channel should be specifically targeted using a creative approach that fits the broad attributes of our destination.

**China**

Specific strategies in China should be directed towards positioning the brand in the premium category.

Unlike western markets, in China it is important to work along trade channels to include golf as part of the New Zealand experience. Specific work should be done with golf wholesalers to include New Zealand in golf specific itineraries and this might include dual destinations (for example Melbourne and Queenstown).
The opportunity exists to facilitate reciprocal relationships with New Zealand clubs and Chinese golf clubs such as Mission Hills. Given that Mission Hills is already developing a number of reciprocal relationships, a reciprocal event in conjunction with an airline partner should be targeted.

The recent Chinese investment in golf in Auckland should be leveraged and an event that involves regional council, Mission Hills and/or the Chinese Golf Association should be encouraged.

A specific airline strategy should be targeted for example working alongside China Southern to duplicate their 2012 visit.

The use of opinion leaders and celebrities is a key driver of awareness and specific celebrities should be invited to New Zealand to play golf. Leading players in China should be leveraged as, unlike other markets, it is very achievable to have many of the best Chinese golfers play in the NZ Open.

Any messaging around the golf product should position it within the luxury segment and the centralized website should be geo-targeted to reflect a different product.

Japan

Specific strategies in Japan will relate to the New Zealand Open and leveraging the relationship between the New Zealand Open, the Japan Golf Tour and the Japan Travel Bureau.

This will involve maximizing the impact of the broadcast of the New Zealand Open; working alongside key influencers (players and officials); and developing and educating trade relationships.
PART FOUR: Advocacy, Direction, Management and Funding

This Part Four makes a number of recommendations on the governance and implementation for this golf tourism strategy.

Industry Body

It is recommended that an industry body, New Zealand Golf Tourism (NZGT) be established.

The purpose of NZGT will be:

- To act as an industry steering group to interface with TNZ specifically relating to campaign activity as required;
- Interface with golf courses to guide the development and improvement of existing facilities where required;
- Interface with golf courses relating to the MoU process outlined in Part Two and assist them to collate appropriate data to inform performance of golf tourism;
- Take a leadership role to co-ordinate with Regional Councils, iwi and investors to promote development of new and existing facilities;
- Work alongside New Zealand Golf in the various facilities reviews from a tourism perspective;
- Co-ordinate with RTOs to guide domestic promotion of Regional Golf Trails.

It is recommended that the NZGT is made up of an Advisory Board and a part time Executive Director, with the funding source for this body yet to be confirmed.

The Advisory Board will initially, for an interim period of six months, be comprised of the members of the Working Group who will appoint the Executive Director. This interim Advisory Board will recommend logical successors to the Advisory Board after consultation with stakeholders. During the interim period the Advisory Board will seek appropriate input from the industry.

Tourism New Zealand Golf Campaign

It is recommended that Tourism New Zealand should commit to funding and resourcing an initial three year marketing and promotions campaign to stimulate demand from Golfers in the Tier 1 markets.

TNZ will undertake the activity outlined in Part Three of this Report and resource this internally (including hiring contract resource as required) (TNZ Golf).

It is recommended that TNZ Golf will have a total budget of approx $2 million over the three year period beginning immediately.

TNZ Golf will:

- implement the strategies outlined in Part Three of this Report;
work with other areas of the public sector to leverage golf tourism as appropriate including Major Events and RTOs;

work with offshore networks to educate them on the golf product;

implement and oversee a digital strategy as outlined in Part Three of this report.

TNZ Golf will report internally within TNZ however they will be represented on NZGT, engaging with this group and specifically work closely alongside the Executive Director.

SUMMARY

New Zealand, as a golf tourist destination is an unrealised opportunity. Significant capital has been invested in golf courses, accommodation, entertainment and promotion by the private sector and the opportunity is ripe to capitalise on this for the benefit of New Zealand.

Golfers are looking for new destinations and New Zealand is an attractive proposition. Golfers, as high yield visitors, fit within the broader Tourism New Zealand strategies.

To become a known and respected golf destination requires a dedicated effort. Stakeholders are disparate and much of the benefit from golf tourism falls outside of the original private investors.

The WG, working closely alongside TNZ recognizes this opportunity and both supports initiatives proposed in this Report and also are willing to play the leading role to realize the potential of this market.

The Working Group wishes to acknowledge the leadership role taken by Tourism New Zealand and thanks them for the considerable support in the preparation of the report.
Attachment 1: Implementation Group: Terms of Reference

Tourism is an industry vital to New Zealand, contributing NZ$15 billion (or 9%) of the Country’s GDP (2010). It is New Zealand’s largest export industry, with about 2.5 million International visitors per year providing 18% of the Country’s export earnings (2010). New Zealand is marketed abroad (and internally) as a clean, green adventure playground – primarily to individuals and small groups. The Country is perceived as a top holiday destination, frequently being voted a most favoured destination in polls. New Zealand’s Ministry of Tourism predicts a modest 4% annual visitor growth, with a target of 3.2 million for 2014.

At present New Zealand (as a destination) conducts few golf-specific promotions. The country has a small number of world-class golf course and facilities; courses that have little International recognition other than that they may have created themselves as individual destination businesses.

Golf tourism, perhaps more than any other tourism niche, is characterised by interdependencies between businesses. At a regional level, golf courses can also be lynchpins in a local economy, generating tourism income for many small businesses. In this manner many non golf-specific businesses benefit substantially from being part of a golf cluster.

Research conducted in Scotland concludes that:

• the market for golf tourism is substantial and is likely to grow
• the benefits are widely spread across all the businesses and organisations engaged in golf tourism
• golf disperses tourism expenditure from major tourist destinations and supports local economies
• working together is essential for organisations seeking to benefit from this market.
• for every 1 unit of spend on green fees, a further 5 units is spent elsewhere in the economy.

Over the years in New Zealand a number of initiatives have attempted to create cooperation and combined marketing opportunities for these golf destinations. The participants in these
initiatives would describe the results as disappointing. The case can be and is made that these individual businesses do not have sufficient resource or expertise to make a meaningful impact on the decisions of International golf travellers. Focussed as they are on their own performance, and perceiving little benefit from these initiatives: they tend to withdraw or the initiatives to fizzle out through lack of commitment and resource.

In recent months various parties have held discussions on the potential of this market under the auspices of Prime Minister and Minister of Tourism the Right Hon John Key. Informal early discussions established that:

- to be effective in this area of business a top-down integrated approach is required
- the task is beyond the skills and resources of golf-specific businesses in New Zealand
- resources should be made available to seed a study of the opportunities

Following a meeting last week between representatives of Tourism New Zealand, the Prime Minister's Office, the NZPGA Championship, Geoff Burns and Greg Turner it was agreed that a Working Group would be set up to conduct research, gather relevant competitor analysis and produce an integrated strategy for the promotion of golf tourism in New Zealand; one that is owned by both Tourism New Zealand and the golf industry and form the framework by which New Zealand will promote itself as an aspirational golf destination to accelerate the growth of international golf tourism.

This document proposes the purpose and intended results of the working group.

Key Objectives

- To undertake a comprehensive review of golf-specific tourism in competitive markets, including economic benefits, marketing, pricing, amenities, infrastructure, and the resources applied.
- To produce a long term strategy for the golf tourism in New Zealand tourism sector, to prioritise and guide marketing development, investment and infrastructure decisions in both private and public sectors.
- To identify ways to strengthen and build the golf tourism sector in order for New Zealand to realise its full potential in the sector.
PROJECT PROCESS

Whilst the design and content of process will be formulated by the Working Group, it is anticipated the process will include:

1. Analysis of current and future international golf tourism trends.

2. Analysis of New Zealand’s current golf tourism market position.

3. Analysis of perceived main competitors, product and price positioning.

4. Assessment of existing NZ golf tourism product, infrastructure, locations and experiences and recommendation for enhancement or development required to compete successfully.

5. Identification of barriers to entry or threats to success that must be overcome.

6. Consult with key interested parties to analyse competences, strategies etc.

7. Combine all analytical data gathered with assessment of the opportunity and articulate a recommended National Strategy to launch and sustain New Zealand as a preferred golf destination.

8. Submit the report to TNZ and engage with stakeholders to debate the strategic recommendations, adopt and amend as may be required to secure wide spread buy in, commitment to and endorsement of the strategy.

9. Thereafter evaluate the future role of Working Group and its coordination with industry, Government, regulatory bodies and so on; recommend a future role to maintain leadership through implementation of the strategy, analysis of performance and the inevitable future amendments required.

TNZ will be responsible for sourcing the funding required for the development of this initiative.

The Working Group will include Geoff Burns, Greg Turner, Peter Cutfield, Michael Goldstein and a representative from Tourism New Zealand. Greg Turner will Chair the Working Group.
The Chair may, at his discretion, call on any resources capable of making a useful contribution to the project including co-opting others on to the Working Group.

TIMING

The WG will work with TNZ to produce a detailed and robust analysis of the market and opportunities. The timing of a report will be dependent on the time to receive the necessary data and the time required to pull the group together, debate and produce recommendations.
Attachment 2:

NEW ZEALAND GOLF TOURISM: Stakeholders Consulted

Kauri Cliffs
Cape Kidnappers
Gulf Harbour
Titirangi
Tara-iti
Wairakei
Kinloch
Paraparaumu Beach
RWGC
Clearwater
Millbrook
The Hills
Queenstown Golf Club
Jacks Point
Golf Australia
CINZ
NZ Golf
Par NZ
Australia and New Zealand Golf Tours
Greenfernz
Teed Up Golf Tours
ANZ Golf
Remarkables Golf
IAGTO
Judith Hanratty
Christchurch City Council

ATEED
Tourism Wellington
Destination Queenstown
Chch and Canty Marketing

Air New Zealand
Emirates
260 Million is a conservative estimate based on golf course build costs of main Pay for Play courses. Does not include land or real estate costs.


Auckland facilities review and National Facilities Review (NZ Golf)

Newzealand.com

KPMG (2010) KPMG Golf Travel Insight – see golfbusinesscommunity.com/article/golf_travel_insights_2010


Best of Golf New Zealand 2002-2009 – bestofgolfnewzealand.com (An incorporated not for profit society)

China rate of increase

Ireland golf marketing entity – golf.discoverireland.ie South Africa www.sagfa.co.za

Scotland golf marketing entity – golfvisitscotland.com

Wales golf marketing entity – golfasitshouldbe.com

A marketing cluster for the Danang region – www.golfcoastvietnam.com


Golf Australia Survey

AGIC 2010 study

ENM, National Facilities Review

Trends in the NZ Golf Industry

2012 IVS: 53% of international golfers were 45+

2011 Australian golf marketing entity established - Great Golf Courses of Australia – greatgolfaustralia.com.au


Berl (2012) The economic impact of the NZPGA Pro-Am Championship

Data set re where spend goes – 25% golf, 20% accommodation etc

Golf Australia Participation in The US - 2012 Edition

IAGTO

Regression of NZ Golf data analysing rounds played out of region along with other factors such as green fees ($50) and casual golfers (60%). Note that further work is to be done in this area.

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See reasons for traveling document
BOGNZ applied a Qualmark criteria to golf courses.

2005 Australian Golfers Survey

% of golfers using travel agents

See list of opinion leaders