Active Considerer (AC) Monitor China (H2 FY18)
Published July 2018
China – 48.3m
(Dec 16: 30.9m)

Germany – 7.8m
(Dec 16: 6.4m)

USA – 34.4m
(Dec 2016: 27.9m)

Japan – 6.6m
(Dec 16: 6.5m)

UK – 7.2m
(Dec 2016: 6.8m)

Australia – 3.8m
(Dec 16: 3.3m)

Total in top 6 markets = **108 million**
(Dec 16: 81.8m)

**NOTES:**

1. China estimates are as of Mar 18 and include ACs based in Chongqing and Tianjin, while these cities were not included in Dec 16 estimates. Inclusion of these two cities along with the growth in the AC incidence seen over the last two years in China contributed to the sharp increase in the size of the AC pool in this market.
The estimated AC pool in China has increased from 31m to 48m, which is driven by a combination of (a) adding in populations of Chongqing and Tianjin into the estimate; (b) increase in the internet penetration in the urban areas; (c) growth in the AC incidence over the last two years.

Market size, based on the AC incidence rate for the six months to Mar 2018 (incl. Chongqing and Tianjin)
Mar 18 | Million people

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total China Population</td>
<td>1,375</td>
</tr>
<tr>
<td>&lt; 18 yrs or 75+ yrs</td>
<td>327</td>
</tr>
<tr>
<td>18-74 Population</td>
<td>1,048</td>
</tr>
<tr>
<td>Don't use the internet</td>
<td>464</td>
</tr>
<tr>
<td>Internet users 18-74</td>
<td>584</td>
</tr>
<tr>
<td>Not in target cities</td>
<td>501</td>
</tr>
<tr>
<td>Internet users 18-74 in target cities</td>
<td>83</td>
</tr>
<tr>
<td>Not ACs</td>
<td>35</td>
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<td>Active Considerers</td>
<td>48</td>
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As of Dec 16:

1,368m people

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SOURCES/NOTES:
1. National Bureau of Statistics of China, National Data, Total population by age, urbanisation and sex taken from website; Time period: 31st Dec 2015; Coverage: All Chinese individuals, excludes Hong Kong, Macau and Taiwan
3. CNNIC, Statistical Report on Internet Development 35th China Internet Network; Time period: December 2015; Coverage: Chinese residents aged 6+; Internet user definition: Have used Internet in the past 6 months
5. Target Cities: Beijing, Changsha, Chengdu, Guangzhou, Hangzhou, Nanjing, Shanghai, Shenyang, Shenzhen, Wuhan, Xi’an, Chongqing and Tianjin
6. Tourism New Zealand, Active Considerer Monitor China; Time period: Oct17 – Mar18, under the latest AC definition
7. Kantar TNS Analysis
INSIGHT 1

With about 43m people in China actively considering a New Zealand holiday, TNZ’s strategic focus should remain on accelerating conversion of existing ACs into arrivals

- The incidence of ACs is stable at 63% vs. six months ago, but the growth in incidence seen over the last two years is slowing down
- Preference for New Zealand has declined among ACs in the latest quarter, driven largely by the Free & Independent Travel (FIT) segment
- Preference among Independent Professionals (IPs) is also showing a downward trend
- IPs are 88% of ACs, and thus remain the key target audience in this market
INSIGHT 2

To strengthen preference, focus on reinforcing destination preference drivers where the brand is weak vs. competitors, while leveraging its key strengths:

- New Zealand is relatively strong on the core drivers of preference: ‘friendly people’, ‘range of adventure’, ‘unique experiences’
- Relative performance on ‘friendly people’ has seen an uplift in the latest quarter, but more work is needed to turn it into a solid strength
- Stronger ‘everything close’ messaging is needed, as performance on these drivers remains relatively weak
- Messaging also needs to dial up New Zealand’s relative performance on ‘landscapes & scenery’, as Australia, Hawaii and Bali are stronger

Key brand weaknesses to focus on:
- Easy to travel around
- Safe destination
- Affordable activities
- Affordable to fly to

Key brand strengths to leverage:
- Range of adventure
- Clean & unpolluted
- Friendly people
- Landscapes & scenery

Top 5 competitors (% selected destination in their top five preferred destinations)
- Australia 53%
- Hawaii 35%
- France 32%
- Japan 30%
- Bali 29%
**INSIGHT 3**

The immediate opportunity to drive arrivals is in committing a quarter of ACs already in the booking mindset (approx. 11m people) to a firm booking – and specifically focus on higher value FITs (7.9m)

- Secondary opportunity to drive arrivals is in converting a large proportion of dreamers into planners, as once ACs start their planning the conversion into booking is relatively strong

**INSIGHT 4**

To accelerate conversion of ACs into arrivals focus on overcoming their key knowledge gaps

- Safety from crime, safety of adventure activities, ease of travelling around and whether locals are welcoming are the key concerns

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**Top 5 knowledge gaps:**

- How safe is it to participate in adventure activities?
- How safe is it from crime?
- How often does it rain?
- How easy is it to travel around?
- How welcoming are the locals?

*Significantly higher / lower than six months ago at 95%*
INSIGHT 5

There is a strong opportunity to influence seasonal dispersal with China ACs, as their consideration and preference for spring and autumn travel is just as high as for summer

- There has been a decline in the latest quarter in both consideration and preference for summer travel among ACs, strengthening the opportunity for TNZ to drive off-peak travel
- Winter consideration and preference has grown since six months ago

<table>
<thead>
<tr>
<th>Season of arrival</th>
<th>Consideration</th>
<th>Preference</th>
<th>Arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spring</td>
<td>40%</td>
<td>28%</td>
<td>24%</td>
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<tr>
<td>Summer</td>
<td>43%</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>Autumn</td>
<td>42%</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>Winter</td>
<td>28%</td>
<td>15%</td>
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</table>

Shoulder growth +13.2%  Peak growth +22.5%

*Significantly higher / lower than six months ago at 95%*
Active Considerer journey funnel – China

*These estimates are updated biannually, based on the six month AC incidence at the end of Jun and at the end of Dec*

- Find New Zealand highly appealing as a holiday destination, and...
  - Conversion
  - 57m

- Would seriously consider visiting in the next three years, and...
  - Conversion
  - 47m

- New Zealand is a preferred destination for their next holiday, and...
  - Conversion
  - 46m

- Willing to spend at least CNY 10,000 per person on a holiday to New Zealand\(^{(1)}\)
  - Conversion
  - 43m

**Active considerers = 43m people**

**Holiday arrivals 342K**

**Notes:**
1. Including accommodation and daily expenses. Based off actual market data spend (IVS year end Mar 2018)
2. Target Cities: Beijing, Changsha, Chengdu, Guangzhou, Hangzhou, Nanjing, Shanghai, Shenyang, Shenzhen, Wuhan and Xi’an

**Conversion**
Visitor consideration funnel – China

**Dream Destination:**
- Incidence of ACs – 63% stable (IPs 67% stable)
- Preference ACs – 82%, down (IPs 83% stable)
- Percentage of ACs in dreaming – ACs 66% (IPs 65%)
  - Newzealand.com Visits target: 137% of Target

**Plan Destination:**
- Brand attributes to focus on -
  - Easy to travel around
  - Safe destination
  - Affordable activities
  - Affordable to fly to
- Percentage of ACs in Planning – 9% (IPs 9%)
  - Newzealand.com Active Visits target: 110% of Target

**Book Destination:**
- Percentage of ACs in booking - 26% (IPs 27%)
- Seasons consideration – Spring 40%, Autumn 42%, Peak 53% (down)
- Newzealand.com Referrals target: 151% of Target

**Holiday Arrivals:**
- Arrivals YE May 2018 3 42K +14.7% YAGO
- Spend YE Mar 2018 NZD 1,291M (+4% YAGO), $4,072 per person (+5% YAGO)
The incidence of ACs is stable at 63% compared to a year ago, but the growth seen over the last two years is losing momentum and potentially receding.

Incidence of ACs over time
AC Monitor | % | 6MRA | Online users aged 18-74

Q4 FY16 | Q1 FY17 | Q2 FY17 | Q3 FY17 | Q4 FY17 | Q1 FY18 | Q2 FY18 | Q3 FY18 | Q4 FY18
47% | 47% | 53% | 54% | 56% | 55% | 58% | 61% | 62% | 66% | 66% | 63%

▲ ▲ ▲ ▲ ▲ ▲ ▲ ▲ ▲ ▲ ▲ ▲
Significantly higher / lower than six months ago at 99%
Appeal, consideration, preference for New Zealand and willingness to pay at least CNY10,000 on a trip are all stable compared to a year ago, resulting in a stable proportion of the Chinese online population qualifying as ACs.

Qualifying criteria for defining ACs
AC Monitor | % | Current 6M | Online users aged 18-74

- Online Chinese aged 18 to 74 in target cities: 100%
- NZ is highly appealing: 84%
- Would definitely consider NZ: 70%
- NZ is a preferred destination to visit: 67%
- Would spend at least CNY10,000 on a trip: 61%

(1) The approx. AC pool size is based on the online population estimates as of July 2018 and the AC incidence rate for the current six months.
The incidence of active consideration among IPs is stable, as their appeal, consideration, preference for New Zealand and willingness to pay at least CNY10,000 on a trip are all stable compared to a year ago.

Qualifying criteria for defining ACs, among IPs
AC Monitor | % | Current 6M | Online users aged 25-54

100% 12% 88% 14% 73% 2% 71% 4% 64%

Q4 FY17
Online Chinese aged 25 to 74 in target cities
NZ is highly appealing
Would definitely consider NZ
NZ is a preferred destination to visit
Would spend at least CNY10,000 on a trip

(1) The approx. AC pool size is based on the online population estimates as of July 2018 and the AC incidence rate for the current six months.
IPs represent the vast majority of ACs at 88%; ACs are also more likely to be female compared to non-ACs

Profile of AC segments
AC Monitor | % | Current 6M | Total Active Considerers

By age segment
- Youth ACs: 88%
- IPs: 17%
- ABs: 9%

By gender
- Male: 34%
- Female: 66%

By region
- Beijing & Shenyang: 24%
- Changsha, Chengdu, Xian & Wuhan: 29%
- Guangzhou & Shenzhen: 22%
- Shanghai, Nanjing & Hangzhou: 19%

FITs v. Group
- FITs: 23%
- Group: 69%
- Don’t know: 8%
Australia remains the key competitors among ACs; Canada and Singapore have seen an uplift in their preference rank, with USA seeing a decline compared to a year ago.

Top ten competitor set for ACs
AC Monitor(1)(2) % | Current 6M | Total Active Considerers

Notes:
1. % selected destination in their top five preferred destinations
2. Question: "Aside from New Zealand, what other four destinations make up your top five preferred destinations to visit for a holiday?"
Preference for New Zealand has significantly declined in the last six months, down to 82%.

Preference KPI
AC Monitor | % | 6MRA | Total Active Considerers

% = ACs ranking New Zealand top two out of top five preferred destination to visit
While the proportion of ACs making New Zealand their first choice as a destination for the next holiday is relatively stable, the proportion of those who state New Zealand is their second choice has declined.

Preference KPI
AC Monitor | % | 6MRA | Total Active Considerers

<table>
<thead>
<tr>
<th>Week</th>
<th>First</th>
<th>Second</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>84%</td>
<td>19%</td>
</tr>
<tr>
<td>Q4</td>
<td>85%</td>
<td>19%</td>
</tr>
<tr>
<td>Q1 FY18</td>
<td>86%</td>
<td>18%</td>
</tr>
<tr>
<td>Q2</td>
<td>86%</td>
<td>18%</td>
</tr>
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<td>84%</td>
<td>16%</td>
</tr>
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<td>Q4</td>
<td>82%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Notes:
1. Total % = ACs ranking New Zealand top two out of top five preferred destination to visit

Total significantly higher / lower than six months prior at 95%
As with total ACs, Australia remains New Zealand’s largest competitor among IPs

**Top ten competitor set for IPs**  
AC Monitor(1)(2) | % | Current 6M | Independent Professionals

- **Canada**: 24%
- **USA**: 19%
- **Hawaii**: 35%
- **Switzerland**: 19%
- **France**: 32%
- **Japan**: 29%
- **Hong Kong**: 19%
- **Singapore**: 21%
- **Bali**: 28%
- **Australia**: 54%

**Notes:**
1. % selected destination in their top five preferred destinations
2. Question: “Aside from New Zealand, what other four destinations make up your top five preferred destinations to visit for a holiday?”

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**Change in rank by at least two places compared to YAGO**

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Among IPs, preference for New Zealand is stable at 83%, but there is an indicative downward trend.

Preference KPI, among IPs
AC Monitor | % | 6MRA | Independent Professionals

% = ACs ranking New Zealand top two out of top five preferred destination to visit

Significantly higher / lower than six months prior at 95%
Among IPs, the proportion who make New Zealand their first choice for the next holiday is tracking stable

**Preference KPI, for IPs**

AC Monitor | % | 6MRA | Independent Professionals

<table>
<thead>
<tr>
<th>Quarter</th>
<th>First</th>
<th>Second</th>
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</thead>
<tbody>
<tr>
<td>Q3</td>
<td>85%</td>
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<td>83%</td>
<td>15%</td>
</tr>
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</table>

Notes:
1. Total % = IPs ranking New Zealand top two out of top five preferred destination to visit

Total significantly higher / lower than six months prior at 95%
Among FITs, Australia remains the top competitor; Switzerland and Singapore have seen uplifts in their preference rank, while Hong Kong declines.

**Top ten competitor set for FITs**

AC Monitor | % | Current 6M | FITs

- **Canada** 25%
- **USA** 20%
- **Hawaii** 34%
- **France** 33%
- **Switzerland** 17%
- **Hong Kong** 19%
- **Japan** 31%
- **Singapore** 21%
- **Bali** 27%
- **Australia** 53%

Notes:
1. % selected destination in their top five preferred destinations
2. Question: “Aside from New Zealand, what other four destinations make up your top five preferred destinations to visit for a holiday?”
As with ACs as a whole, preference for New Zealand among FITs is significantly down compared to six months prior.

Preference KPI, among FITs
AC Monitor | % | 6MRA | FITs

% = ACs ranking New Zealand top two out of top five preferred destination to visit

Significantly higher / lower than six months prior at 95%
This heat map shows the relative performance of the attributes we measure that drive preference for New Zealand, as shown across the rows. Our role is to influence how our target audience perceive New Zealand relative to its competitive set; we cannot influence our competitors, we can only influence how New Zealand is seen through our communications.

### Relative brand positioning

**AC Monitor | Index (see appendix) | Current 6M | Total Active Considerers | New Zealand and top five competitors**

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<td>Core drivers</td>
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<tr>
<td>Landscapes &amp; scenery</td>
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<td>112</td>
<td>104</td>
<td>86</td>
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<td>106</td>
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<td>Range of adventure</td>
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<td>‘Everything close’ drivers</td>
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<tr>
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<td>113</td>
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<tr>
<td>See lots without travelling far</td>
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<td>94</td>
<td>109</td>
<td>104</td>
<td>82</td>
<td>106</td>
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<tr>
<td>Hygiene drivers</td>
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<td>116</td>
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<td>Clean &amp; unpolluted</td>
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<td>101</td>
<td>113</td>
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<td>93</td>
<td>106</td>
<td>124</td>
<td>100</td>
</tr>
</tbody>
</table>

**Actions for TNZ:**

- More focus is needed on communicating:
  - Easy to travel around
  - Safe destination
  - Affordable activities
  - Affordable to fly to

- While leveraging our strengths:
  - Range of adventure
  - Clean & unpolluted
  - Friendly people
  - Landscapes & scenery

**Relative weakness**

:::info

Heat map shading is across rows, i.e. compares the six countries on that attribute.

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[Image: Logo - 100% Pure New Zealand]
This heat map shows the relative performance of the attributes we measure that drive preference for New Zealand, as shown across the rows. Our role is to influence how our target audience perceive New Zealand relative to its competitive set; we cannot influence our competitors, we can only influence how New Zealand is seen through our communications.

**Relative brand positioning with IPs**
AC Monitor | Index (see appendix) | Current 6M | Independent Professionals | New Zealand and top five competitors

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**Actions for TNZ:**
- More focus is needed on communicating:
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  - Affordable activities
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**While leveraging our strengths:**
- Range of adventure
- Clean & unpolluted
- Friendly people
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<td><strong>Core drivers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landscapes &amp; scenery</td>
<td>103</td>
<td>108</td>
<td>102</td>
<td>87</td>
<td>87</td>
<td>107</td>
</tr>
<tr>
<td>Friendly people</td>
<td>107</td>
<td>99</td>
<td>97</td>
<td>95</td>
<td>93</td>
<td>104</td>
</tr>
<tr>
<td>Unique experiences</td>
<td>101</td>
<td>98</td>
<td>98</td>
<td>107</td>
<td>91</td>
<td>107</td>
</tr>
<tr>
<td>Range of adventure</td>
<td>111</td>
<td>114</td>
<td>107</td>
<td>82</td>
<td>64</td>
<td>109</td>
</tr>
<tr>
<td><strong>‘Everything close’ drivers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Range of experiences</td>
<td>99</td>
<td>102</td>
<td>97</td>
<td>93</td>
<td>105</td>
<td>104</td>
</tr>
<tr>
<td>Easy to travel around</td>
<td>93</td>
<td>97</td>
<td>92</td>
<td>113</td>
<td>127</td>
<td>85</td>
</tr>
<tr>
<td>See lots without travelling far</td>
<td>103</td>
<td>95</td>
<td>110</td>
<td>108</td>
<td>79</td>
<td>105</td>
</tr>
<tr>
<td><strong>Hygiene drivers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comfortable</td>
<td>98</td>
<td>97</td>
<td>103</td>
<td>113</td>
<td>109</td>
<td>83</td>
</tr>
<tr>
<td>Clean &amp; unpolluted</td>
<td>107</td>
<td>106</td>
<td>106</td>
<td>83</td>
<td>89</td>
<td>100</td>
</tr>
<tr>
<td>Safe destination</td>
<td>101</td>
<td>96</td>
<td>104</td>
<td>105</td>
<td>105</td>
<td>91</td>
</tr>
<tr>
<td>Affordable activities</td>
<td>89</td>
<td>96</td>
<td>96</td>
<td>105</td>
<td>115</td>
<td>106</td>
</tr>
<tr>
<td>Affordable to fly to</td>
<td>91</td>
<td>93</td>
<td>91</td>
<td>106</td>
<td>125</td>
<td>100</td>
</tr>
</tbody>
</table>

**Actions for TNZ:**

More focus is needed on communicating:
- Easy to travel around
- Safe destination
- Affordable activities
- Affordable to fly to

While leveraging our strengths:
- Range of adventure
- Clean & unpolluted
- Friendly people
- Landscapes & scenery

Heat map shading is across rows, i.e. compares the six countries on that attribute
New Zealand’s relative performance on ‘landscapes & scenery’ hovers near the parity line; this area is a relative strength for Australia.

Relative brand positioning over time: ‘Landscapes & scenery’

AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- Strength (>105)
- Parity (100)
- Weakness (<95)

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees
New Zealand’s relative performance on ‘friendly people’ has had an uplift since Q2 FY18

Relative brand positioning over time: ‘Friendly people’
AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- **Strength** (>105)
- **Parity** (100)
- **Weakness** (<95)

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees
New Zealand’s relative performance on ‘unique experiences’ is middling, but none of the competitors are standing out on this attribute.

Relative brand positioning over time: ‘Unique experiences’
AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- Strength (>105)
- Parity (100)
- Weakness (<95)

This question was not asked during FY15

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees

Core driver
'Everything close' driver
Hygiene driver
New Zealand’s performance is relatively strong on ‘range of adventure’, with Hawaii experiencing some uplift in the last six months.

Relative brand positioning over time: ‘Range of adventure’
AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- **Strength** (>105)
- **Parity** (100)
- **Weakness** (<95)

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees

---

Core driver
- ‘Everything close’ driver
- Hygiene driver

---

100% PURE NEW ZEALAND
On perceptions of ‘range of experiences’, New Zealand performs at parity with competitors

Relative brand positioning over time: ‘Range of experiences’
AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees
Being ‘easy to travel around’ remains a relative weakness for New Zealand, while Japan and France both have strengths in this area.

**Relative brand positioning over time: ‘Easy to travel around’**

AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- **Strength (>105)**
- **Parity (100)**
- **Weakness (<95)**

- **100** = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees

![Graph showing relative brand positioning over time for New Zealand, Australia, Hawaii, France, Japan, and Bali.](image-url)
New Zealand performance on perceptions of ‘see lots without travelling far’ has remained stable, hovering around parity.

Relative brand positioning over time: ‘See lots without travelling far’
AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- **Strength** (>105)
- **Parity** (100)
- **Weakness** (<95)

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees

![Relative brand positioning chart]
New Zealand has seen some decline on relative perceptions of being ‘comfortable’; France’s relative performance on this attribute has been trending upwards.

Relative brand positioning over time: ‘Comfortable’

AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- Strength (>105)
- Parity (100)
- Weakness (<95)

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees

Core driver

'Everything close' driver

Hygiene driver
While ‘clean & unpolluted’ is one of New Zealand’s relative strengths, its performance is seen as similar to that of Australia, Hawaii and Bali.

Relative brand positioning over time: ‘Clean & unpolluted’
AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees
New Zealand performs relatively well on perceptions of being a ‘safe destination’, however at the similar level to all other key competitors, with the exception of Bali.

Relative brand positioning over time: ‘Safe destination’
AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- **Strength** (>105)
- **Parity** (100)
- **Weakness** (<95)

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees

Core driver
‘Everything close’ driver
Hygiene driver

[Graph showing relative brand positioning over time for New Zealand, Australia, Hawaii, France, Japan, and Bali.]
Perceptions of offering ‘affordable activities’ is a relative weakness of New Zealand

Relative brand positioning over time: ‘Affordable activities’
AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- **Strength (>105)**
- **Parity (100)**
- **Weakness (<95)**

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees

- Core driver
- ‘Everything close’ driver
- Hygiene driver
Being ‘affordable to fly to’ is seen as a relative weakness for New Zealand

Relative brand positioning over time: ‘Affordable to fly to’
AC Monitor | index (see appendix) | 6MRA | Total Active Considerers | New Zealand and current top five competitors

- 100 = in line with expectations given the level of preference for this destination and given the performance of all destinations on all attributes
- Scores are relative, i.e. removing / adding attributes and / or destinations from the analysis would give different scores
- This approach allows us to account for the fact all respondents prefer NZ by definition and thus rate NZ favourably, whilst other destinations are preferred to varying degrees
The knowledge gaps among ACs remain the same as six months ago, with safety from crime and safety during adventure activities still being the primary concerns.

### Top ten knowledge gaps

**AC Monitor | % | Current 6M vs. Previous 6M | Total Active Considerers**

<table>
<thead>
<tr>
<th>What do ACs want to know more about before choosing New Zealand?</th>
<th>Now</th>
<th>Six months ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How <strong>safe</strong> is it to participate in <strong>adventure activities</strong>?</td>
<td>33%</td>
<td>31%</td>
</tr>
<tr>
<td>2. How <strong>safe</strong> is it from <strong>crime</strong>?</td>
<td>32%</td>
<td>36%</td>
</tr>
<tr>
<td>3. How often does it <strong>rain</strong>?</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>4. How easy is it to <strong>travel around</strong>?</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td>5. How <strong>welcoming</strong> are the locals?</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>6. Does it get <strong>too hot</strong> in summer?</td>
<td>23%</td>
<td>24%</td>
</tr>
<tr>
<td>7. How long does it take to <strong>travel between</strong> the main attractions?</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>8. Are the things to see and do <strong>unique</strong>?</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>9. Will I be able to buy the type of <strong>food I like to eat</strong>?</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>10. What are the <strong>transportation options</strong> for travelling within New Zealand?</td>
<td>19%</td>
<td>21%</td>
</tr>
</tbody>
</table>

*Ranks higher now than six months ago as a knowledge gap*
The top knowledge gaps among IPs are similar to that of ACs as a whole, with safety remaining the key knowledge gaps among IPs

**Top ten knowledge gaps, for IPs**  
*AC Monitor | % | Current 6M | Independent Professionals*

<table>
<thead>
<tr>
<th>What do ACs want to know more about before choosing New Zealand?</th>
<th>IPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How <strong>safe</strong> is it to participate in <strong>adventure activities</strong>?</td>
<td>33%</td>
</tr>
<tr>
<td>2. How <strong>safe</strong> is it from <strong>crime</strong>?</td>
<td>31% ▼</td>
</tr>
<tr>
<td>3. How often does it <strong>rain</strong>?</td>
<td>24%</td>
</tr>
<tr>
<td>4. How easy is it to <strong>travel around</strong>?</td>
<td>24%</td>
</tr>
<tr>
<td>5. How <strong>welcoming</strong> are the locals?</td>
<td>23% ▼</td>
</tr>
<tr>
<td>6. How long does it take to <strong>travel between</strong> the main attractions?</td>
<td>23%</td>
</tr>
<tr>
<td>7. Does it get <strong>too hot</strong> in summer?</td>
<td>22%</td>
</tr>
<tr>
<td>8. Are the things to see and do <strong>unique</strong>?</td>
<td>22%</td>
</tr>
<tr>
<td>9. Will I be able to buy the type of <strong>food I like to eat</strong>?</td>
<td>20%</td>
</tr>
<tr>
<td>10. What are the <strong>transportation options</strong> for travelling within New Zealand?</td>
<td>19%</td>
</tr>
</tbody>
</table>
Key knowledge gaps among FITs are very similar to that of ACs as a whole and mostly regard concerns around safety from crime and safety of adventure activities.

**Top ten knowledge gaps, for FITs**

<table>
<thead>
<tr>
<th>What do ACs want to know more about before choosing New Zealand?</th>
<th>FITs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 How safe is it from crime?</td>
<td>31%</td>
</tr>
<tr>
<td>2 How safe is it to participate in adventure activities?</td>
<td>30%</td>
</tr>
<tr>
<td>3 How easy is it to travel around?</td>
<td>24%</td>
</tr>
<tr>
<td>4 How often does it rain?</td>
<td>24%</td>
</tr>
<tr>
<td>5 How welcoming are the locals?</td>
<td>23%</td>
</tr>
<tr>
<td>6 Does it get too hot in summer?</td>
<td>22%</td>
</tr>
<tr>
<td>7 How long does it take to travel between the main attractions?</td>
<td>21%</td>
</tr>
<tr>
<td>8 Are the things to see and do unique?</td>
<td>21%</td>
</tr>
<tr>
<td>9 Will I be able to buy the type of food I like to eat?</td>
<td>19%</td>
</tr>
<tr>
<td>10 What are the transportation options for travelling within New Zealand?</td>
<td>19%</td>
</tr>
</tbody>
</table>

Legend:
- Ranks higher with FITs than with group travellers as a knowledge gap
- ▶️ Significantly higher / lower than group travellers at 95%
The proportion of ACs sitting in each stage of the visitor consideration funnel is unchanged from six months ago, with the majority remaining in the dreaming mindset.

### Visitor consideration funnel – size of funnel segments

<table>
<thead>
<tr>
<th></th>
<th>Global Average(^{(1)})</th>
<th>Now (Current 6M)</th>
<th>Six months ago (Previous 6M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dreaming</td>
<td>58%</td>
<td>66%</td>
<td>67%</td>
</tr>
<tr>
<td>Planning</td>
<td>18%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Booking</td>
<td>23%</td>
<td>26%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Notes:**

1. A simple average of total ACs across the six tier 1 and 2 markets for the current 6M

\(\text{Significantly higher / lower than six months ago at 95\%}\)
The conversion along each stage of the funnel remains very similar compared to six months ago.

Visitor consideration funnel – conversion to funnel segments
AC Monitor | % | Current 6M vs. Previous 6M | Total Active Considerers

- **Now (Current 6M)**
  - Dreaming
    - Conversion = 34%
    - i.e. 34% of ACs have moved beyond dreaming and into planning
    - Global average(1) = 42%
  - Planning
    - 34%
  - Booking
    - 26%

- **Six months ago (Previous 6M)**
  - Conversion = 33%
  - 33%
  - Conversion = 74%
  - i.e. 74% of ACs that have begun planning are now ready to book
  - Global average(1) = 56%
  - 25%

Notes:
1. A simple average of total ACs across the six tier 1 and 2 markets for the current 6M

Significantly higher / lower than six months ago at 95%
Among IPs, the majority are sitting in the dreaming stage of the consideration funnel, with little change from six months ago.

Visitor consideration funnel – size of funnel segments, for IPs
AC Monitor | % | Current 6M vs. Previous 6M | Independent Professionals

![Diagram showing funnel segments]

- **Dreaming**
  - Now (Current 6M): 65%
  - Six months ago (Previous 6M): 66%
- **Planning**
  - Now (Current 6M): 9%
  - Six months ago (Previous 6M): 9%
- **Booking**
  - Now (Current 6M): 26%
  - Six months ago (Previous 6M): 25%

△ □ Significantly higher / lower than six months ago at 95%
There are also no significant changes in conversion rate at each stage of the consideration funnel among IPs.

Visitor consideration funnel – conversion to funnel segments, for IPs
AC Monitor | % | Current 6M vs. Previous 6M | Independent Professionals

**Now** (Current 6M)

- **Dreaming**
  - 35%
- **Planning**
  - Conversion = 35%
  - i.e. 35% of IPs have moved beyond dreaming and into planning
  - 26%
- **Booking**
  - Conversion = 75%
  - i.e. 75% of IPs that have begun planning are now ready to book
  - 25%

**Six months ago** (Previous 6M)

- **Planning**
  - 34%
- **Booking**
  - Conversion = 74%

Significantly higher / lower than six months ago at 95%
Among FITs, the visitor consideration funnel is also similar to the one seen six months ago.

Visitor consideration funnel – size of funnel segments, for FITs
AC Monitor | % | Current 6M vs. Previous 6M | FITs

- **Dreaming**: Now (Current 6M) - 65% vs. Six months ago (Previous 6M) - 67%
- **Planning**: Now (Current 6M) - 8% vs. Six months ago (Previous 6M) - 9%
- **Booking**: Now (Current 6M) - 27% vs. Six months ago (Previous 6M) - 25%

△ ▼ Significantly higher / lower than six months ago at 95%
Among FITs, conversion rates through the funnel are very similar to those seen six months ago.

Visitor consideration funnel – conversion to funnel segments, for FITs
AC Monitor | % | Current 6M vs. Previous 6M | FITs

Now
(Current 6M)

Conversion = 35%
i.e. 35% of FITs have moved beyond dreaming and into planning

Planning

Conversion = 78%
i.e. 78% of FITs that have begun planning are now ready to book

Booking

Conversion = 33%

Six months ago
(Previous 6M)

Conversion = 74%

Significantly higher / lower than six months ago at 95%
To convert ACs already in the booking mindsets into arrivals focus on addressing their key concerns: safety from crime, ease of traveling around, how welcoming the locals are, how safe it is to participate in adventure activities.

### Top ten knowledge gaps, by funnel stage

<table>
<thead>
<tr>
<th>What do ACs want to know more about before choosing New Zealand?</th>
<th>Dreaming</th>
<th>Planning</th>
<th>Booking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 How safe is it from crime?</td>
<td>32%</td>
<td>34%</td>
<td>32%</td>
</tr>
<tr>
<td>2 How safe is it to participate in adventure activities?</td>
<td>32%</td>
<td>31%</td>
<td>37%</td>
</tr>
<tr>
<td>3 How easy is it to travel around?</td>
<td>24%</td>
<td>24%</td>
<td>26%</td>
</tr>
<tr>
<td>4 How often does it rain?</td>
<td>24%</td>
<td>38%</td>
<td>24%</td>
</tr>
<tr>
<td>5 How welcoming are the locals?</td>
<td>21%</td>
<td>33%</td>
<td>29%</td>
</tr>
<tr>
<td>6 Does it get too hot in summer?</td>
<td>20%</td>
<td>38%</td>
<td>27%</td>
</tr>
<tr>
<td>7 How long does it take to travel between the main attractions?</td>
<td>20%</td>
<td>31%</td>
<td>26%</td>
</tr>
<tr>
<td>8 Are the things to see and do unique?</td>
<td>19%</td>
<td>29%</td>
<td>26%</td>
</tr>
<tr>
<td>9 Will I be able to buy the type of food I like to eat?</td>
<td>19%</td>
<td>29%</td>
<td>26%</td>
</tr>
<tr>
<td>10 What is the length of time required to fly to New Zealand?</td>
<td>18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 What level of service can I expect?</td>
<td></td>
<td></td>
<td>23%</td>
</tr>
<tr>
<td>12 What is the length of time needed to experience New Zealand properly?</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Is there a broad enough variety of things to see and do?</td>
<td></td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>14 What / where are the recommended things to see and do?</td>
<td></td>
<td></td>
<td>24%</td>
</tr>
<tr>
<td>15 Driving on the left hand side of the road</td>
<td></td>
<td></td>
<td>25%</td>
</tr>
</tbody>
</table>

Ranks higher with ‘dreaming’ than with ‘booking’ as a knowledge gap

> Significantly higher / lower than other stages at 95%
There is an opportunity to shift arrivals away from summer to spring and autumn, given levels of preference for spring and autumn are just as high as for summer.

**Seasons – consideration & preference**

AC Monitor | % | Current 6M | Total Active Considerers

Conversion of consideration to preference

- 70% Consider
- 72% Prefer
- 63% Consider
- 53% Prefer

<table>
<thead>
<tr>
<th>Consider</th>
<th>Prefer</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>12%</td>
<td>28%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consider</th>
<th>Prefer</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>43%</td>
<td>12%</td>
<td>31%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consider</th>
<th>Prefer</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>42%</td>
<td>16%</td>
<td>27%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consider</th>
<th>Prefer</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>13%</td>
<td>15%</td>
</tr>
</tbody>
</table>

**Notes:**
1. Spring ‘Off-peak’ refers to the period Sep, Oct, Nov; ‘Peak’ refers to the period Dec, Jan, Feb; Autumn ‘Off-peak’ refers to the period Mar, Apr, May; ‘Off peak’ refers to the period Jun, Jul, Aug

100% Pure New Zealand
Similarly, among IPs, there is a strong opportunity to drive spring and autumn arrivals given the levels of consideration for these seasons.

**Seasons – consideration & preference, with IPs**

AC Monitor | % | Current 6M | Independent Professionals

**Conversion of consideration to preference**

70%  
70%  
64%  
53%

<table>
<thead>
<tr>
<th></th>
<th>Consider</th>
<th>Prefer</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spring Off-peak</td>
<td>40%</td>
<td>28%</td>
<td>12%</td>
</tr>
<tr>
<td>Peak</td>
<td>41%</td>
<td>29%</td>
<td>12%</td>
</tr>
<tr>
<td>Autumn Off-peak</td>
<td>43%</td>
<td>28%</td>
<td>15%</td>
</tr>
<tr>
<td>Off-peak</td>
<td>29%</td>
<td>16%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Notes:
1. Spring ‘Off-peak’ refers to the period Sep, Oct, Nov; ‘Peak’ refers to the period Dec, Jan, Feb; Autumn ‘Off-peak’ refers to the period Mar, Apr, May; ‘Off peak’ refers to the period Jun, Jul, Aug
There have been no changes in consideration for spring and autumn this quarter, however consideration for spring appears to be recovering after initial declines in Q3.

### Spring and autumn off-peak seasons – consideration over time

**AC Monitor | % | 6MRA | Total Active Considerers, Independent Professionals, FITs**

#### Total ACs

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-peak</td>
<td>41%</td>
<td>41%</td>
<td>40%</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td>42%</td>
<td>42%</td>
<td>41%</td>
<td>39%</td>
</tr>
</tbody>
</table>

#### IPS

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-peak</td>
<td>38%</td>
<td>40%</td>
<td>39%</td>
<td>37%</td>
</tr>
<tr>
<td></td>
<td>36%</td>
<td>38%</td>
<td>41%</td>
<td>43%</td>
</tr>
</tbody>
</table>

#### FITs

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-peak</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Significantly higher / lower than six months ago at 95%*
Consideration for winter travel has significantly improved this quarter, recovering from declines experienced in Q2 and Q3.

**Winter off-peak season – consideration over time**
AC Monitor | % | 6MRA | Total Active Considerers, Independent Professionals, FITs

**Off-peak**

**Total ACs**
- Q1: 27%
- Q2: 26%
- Q3: 24%
- Q4: 21%

**IPs**
- Q1: 27%
- Q2: 26%
- Q3: 24%
- Q4: 21%

**FITs**
- Q1: 29%
- Q2: 28%
- Q3: 25%
- Q4: 22%

*Significantly higher / lower than six months ago at 95%*
Market Situation
## China summary

<table>
<thead>
<tr>
<th></th>
<th>Ye Jun 18</th>
<th>Qtr End Jun 18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Arrivals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>449K</td>
<td>96K</td>
</tr>
<tr>
<td>Holiday</td>
<td>343K</td>
<td>74K</td>
</tr>
<tr>
<td></td>
<td>+12.8%</td>
<td>+13.4%</td>
</tr>
<tr>
<td></td>
<td>+15.9%</td>
<td>+16.9%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Ye Jun 18</th>
<th>Qtr End May 18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Length of Stay</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>17.8</td>
<td>16.1</td>
</tr>
<tr>
<td>Holiday</td>
<td>9.2</td>
<td>8.2</td>
</tr>
<tr>
<td></td>
<td>-2.8%</td>
<td>-0.7%</td>
</tr>
<tr>
<td></td>
<td>+2.9%</td>
<td>+5.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Ye Jun 18</th>
<th>Qtr End Jun 18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stay Days</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7.9M</td>
<td>1.5M</td>
</tr>
<tr>
<td>Holiday</td>
<td>3.2M</td>
<td>607K</td>
</tr>
<tr>
<td></td>
<td>+9.6%</td>
<td>+12.6%</td>
</tr>
<tr>
<td></td>
<td>+19.3%</td>
<td>+22.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Ye Mar 18</th>
<th>Average Ye Mar 18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Spend</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$1,663M</td>
<td>$4,162</td>
</tr>
<tr>
<td>Holiday</td>
<td>$1,291M</td>
<td>$4,072</td>
</tr>
<tr>
<td></td>
<td>+15%</td>
<td>+9%</td>
</tr>
<tr>
<td></td>
<td>+14%</td>
<td>+5%</td>
</tr>
</tbody>
</table>

Source: Stats NZ International Travel and Migration Jun 2018; MBIE International Visitor Survey Ye Mar 2018
Growth continues to gather momentum through autumn and early winter

China Arrival Growth
Rolling 12 Months

- Total
- Holiday

Source: Stats NZ International Travel and Migration Jun 2018
China has had positive monthly YoY growth through all of FY18 now – except for January which is impacted by CNY phasing

Source: Stats NZ International Travel and Migration Jun 2018
Growth is coming from all segments with IP’s adding the most arrivals, and AB’s growing at 19% ahead of the total market.
FIT makes up 40% of total arrivals, up from 33% on LY

Source: Immigration NZ Visitor Visas; Stats NZ International Travel and Migration May 2018
Minimal growth in capacity in the next year based on current schedules

China-NZ Capacity and Forecast Capacity

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>370K</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>503K (+36%)</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>559K (+11%)</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>575K (+3%)</td>
<td></td>
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</tbody>
</table>

Source: Sabre Market Intelligence