Active Considerer (AC) Monitor Japan (H2 FY18)

Published July 2018
Market size

*Updated using AC incidence rates for the six months to July 2018*

Australia - 3.8m
(Dec 16: 3.3m)

Japan – 6.6m
(Dec 16: 6.5m)

UK – 7.2m
(Dec 2016: 6.8m)

China – 48.3m\(^{(1)}\)
(Dec 16: 30.9m)

Germany – 7.8m
(Dec 16: 6.4m)

USA – 34.4m
(Dec 2016: 27.9m)

**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 size of the AC pool in Japan is relatively unchanged: while the AC incidence among the Japanese online population aged 18 to 74 year old has increased since Dec 16, Japan’s population is aging and there are less people in the 18 to 74 years age bracket.

**Market size, based on the AC incidence rate for the six months to Jul 2018**

**Jun 18 | Million people**

- Total Japan Population\(^{(1)}\): 127.1m
- < 18 yrs or 75+ yrs: 36.4m
- 18-74 Population\(^{(1)}\): 90.6m
- Don’t use the internet: 10.2m
- Internet users 18-74 (\(^{(1)(2)}\)): 80.4m
- Not ACs: 73.8m
- Active Considerers (\(^{(1)(3)(4)}\)): 6.6m

**SOURCES/NOTES:**
1. Statistics Bureau of Japan, Table 10. Population by Age (5-Year Age Group) and Sex for Prefectures, Time period: October 1, 2016; Coverage: Total population
2. Ministry of Internal Affairs and Communications, Communications Usage Trend Survey in 2016; Time period: Jan-Feb 2015; Coverage: Population aged 6+; Internet user definition: Have used the internet over the preceding year
3. Tourism New Zealand, Active Considerer Monitor Japan; Time period: Jan18 – Jul18, under the latest AC definition
4. Kantar TNS Analysis
INSIGHT 1

With 6.6m Active Considerers (ACs) in Japan, the main strategic focus should remain on moving the existing ACs through the visitor consideration funnel

- The incidence of ACs has been relatively stable over the last year, currently at 8%
- Preference is also stable among ACs, and Independent Professionals (IPs) specifically
- IPs make up 64% of ACs, and should remain the key target audience in this market
INSIGHT 2

To grow preference, reinforce destination preference drivers where the brand is relatively weak vs. competitors, while continuing to leverage its key strengths

- New Zealand’s relative performance is strong on the core drivers of preference, but Australia, Hawaii and Canada are ahead on at least one of these drivers
- Thus, focus is needed on owning at least one of the core drivers, and landscapes specifically, as Australia and Canada are seen as stronger
- Stronger ‘everything close’ messaging is needed, as performance on these drivers remains relatively weak and have not improved in the long term
- There is a need to improve perceptions of ‘comfortable’ and ‘safe’: these are the hygiene drivers of preference where New Zealand is relatively weak

Key brand weaknesses to focus on:
- Easy to travel around
- See lots without travelling far
- Comfortable
- Range of experiences

Key brand strengths to leverage:
- Clean & unpolluted
- Unique experiences
- Landscapes & scenery
- Clean & unpolluted
- Friendly people

Top 5 competitors
(% selected destination in their top five preferred destinations)

- Australia 59%
- Hawaii 43%
- Canada 25%
- Guam 23%
- Italy 22%
INSIGHT 3

Japan has a healthy visitor consideration funnel, with half of ACs in the planning (approx. 1.6m people) or booking (approx. 1.7m people) mindsets; there is an immediate intervention opportunity to convert these into arrivals.

INSIGHT 4

To move ACs through the funnel, focus on their main knowledge gaps, which are common across the funnel stages.

- Focus messages on safety from crime, how easy it is to travel around and the distance between the main attractions.

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Top 5 knowledge gaps:

- How safe is it from crime?
- How easy is it to travel around?
- How long does it take to travel between the main attractions?
- Will I be able to buy the type of food I like to eat?
- Does it get too hot in summer?
INSIGHT 5

There is a solid opportunity to drive both spring and autumn arrivals, given relatively strong levels of consideration and preference for these seasons

- A steady decline in consideration for spring over the last year, particularly among IPs, indicates a need for stronger brand messaging and trade activity

<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>43%</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td>Summer</td>
<td>60%</td>
<td>48%</td>
<td>34%</td>
</tr>
<tr>
<td>Autumn</td>
<td>43%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Winter</td>
<td>15%</td>
<td>6%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Shoulder peak -4.5%  Peak growth +4.8%
Active Considerer journey funnel – Japan

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

Total population = 127m
Online population, 18-74 years of age = 80.4m

- Find New Zealand highly appealing as a holiday destination, and... (Conversion)
- Would seriously consider visiting in the next three years, and... (Conversion)
- New Zealand is a preferred destination for their next holiday, and... (Conversion)
- Willing to spend at least JPY 100,000 per person on a holiday to New Zealand(1) (Conversion)

Active considerers = 6.6m people

- Willing to spend at least JPY 100,000 per person on a holiday to New Zealand(1) (Conversion)
- Planning (Conversion)
- Booking (Conversion)

Notes:
1. Including accommodation and daily expenses. Based off actual market data spend (VS year end Mar 2018)
Visitor consideration funnel – Japan

**Dream Destination:**
- Incidence of ACs – 8% stable (IPs 8% stable)
- Preference ACs – 62% stable (IPs 63% stable)
- Percentage of ACs in dreaming – 50% (IPs 45%)
- Newzealand.com Visits Targets: 119% Achieved

**Plan Destination:**
- Brand attributes to focus on –
  - Range of experiences
  - See lots without travelling far
  - Comfortable
  - Easy to travel around
- Percentage of ACs in Planning – 25% (IPs 23%)
- Newzealand.com Active Visits Targets: 120% Achieved

**Book Destination:**
- Percentage of ACs in booking - 25% (IPs 32%)
- Seasons - Spring 24%, Autumn 21%, Peak 48%
- Newzealand.com Referral Targets: 174% Achieved

**Arrivals:**
- Arrivals YE May 2018 68K -0.4% YAGO
- Spend YE March 2018 NZD 211M -4% YAGO ($3,126 per person -4% YAGO)
The incidence of Japanese ACs is stable at 8%

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

(1) At the beginning of FY17 the spend criterion was changed; specifically, dropping the minimum spend threshold from ¥200K to ¥100K

Significantly higher / lower than six months ago at 99%
The proportion of the Japanese online population who find New Zealand appealing, consider it and claim it is in their top five preferred destinations is stable compared to a year ago, resulting in a stable AC incidence.

**Qualifying criteria for defining ACs**

<table>
<thead>
<tr>
<th>AC Monitor</th>
<th>%</th>
<th>Current 6M</th>
<th>Online users aged 18-74</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 FY17</td>
<td>100%</td>
<td>63%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Online Japanese aged 18 to 74

NZ is highly appealing

Would definitely consider NZ

NZ is a preferred destination to visit

Would spend at least JPY 100,000 on a trip

(1) At the beginning of FY17 the spend criterion was changed; specifically, dropping the minimum spend threshold from ¥200K to ¥100K.

(2) 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.
Among IPs, appeal, consideration and preference for New Zealand are all stable, resulting in stable AC incidence compared to a year ago.

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

<table>
<thead>
<tr>
<th>Q4 FY17</th>
<th>Online Japanese aged 25 to 54</th>
<th>NZ is highly appealing</th>
<th>Would definitely consider NZ</th>
<th>NZ is a preferred destination to visit</th>
<th>Would spend at least JPY 100,000 on a trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>100%</td>
<td>66%</td>
<td>34%</td>
<td>26%</td>
<td>9%</td>
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<td>65%</td>
<td>35%</td>
<td>26%</td>
<td>9%</td>
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<td>9%</td>
<td>8%</td>
<td>1%</td>
<td>8%</td>
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</tr>
</tbody>
</table>

(1) At the beginning of FY17 the spend criterion was changed; specifically, dropping the minimum spend threshold from ¥200K to ¥100K
(2) 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
ACs are more likely to be males and from the Kanto region compared to non-ACs; IPs are 64% of ACs and are the key audience for TNZ

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

By age segment
- Youth ACs: 31%
- IPs: 31%
- ABs: 31%

By gender
- Male: 61%
- Female: 39%

By region
- North: 36%
- Kanto: 41%
- Central: 34%
- South: 19%
Australia and Hawaii remain the strongest competitors to New Zealand; Guam, Singapore and Bali have all increased in their preference rank compared to a year ago, while the USA declines.

Top ten competitor set for ACs
AC Monitor\(^{(1)(3)}\) % | 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 is stable among ACs compared to six months ago

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

Total ACs

<table>
<thead>
<tr>
<th>q4 FY16</th>
<th>q1 FY17</th>
<th>q2 FY17</th>
<th>q3 FY17</th>
<th>q4 FY17</th>
<th>q1 FY18</th>
<th>q2 FY18</th>
<th>q3 FY18</th>
<th>q4 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>62%</td>
<td>64%</td>
<td>67%</td>
<td>66%</td>
<td>66%</td>
<td>65%</td>
<td>63%</td>
<td>62%</td>
<td>62%</td>
</tr>
</tbody>
</table>

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

(1) At the beginning of FY17 the spend criterion was changed; specifically, dropping the minimum spend threshold from ¥200K to ¥100K

Significantly higher / lower than six months prior at 95%
First choice preference for New Zealand has been stable over the last twelve months

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

- First
- Second

Q3: 63% First, 29% Second
Q4: 62% First, 28% Second
Q1 FY18: 63% First, 27% Second
Q2: 64% First, 27% Second
Q3: 64% First, 36% Second
Q4: 62% First, 36% Second

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%
Among IPs, Australia and Hawaii remain the top competitors; Guam and Bali have increased in their preference rank compared to a year ago, while the USA and France have declined.

**Top ten competitor set for IPs**

AC Monitor(1)(2) | % | Current 6M | Independent Professionals

- **Canada**: 25%
- **USA**: 21%
- **Hawaii**: 47%
- **Italy**: 22%
- **Guam**: 28%
- **Singapore**: 17%
- **Bali**: 19%
- **Taiwan**: 18%

**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?”

- **Change in rank by at least two places compared to YAGO**
As with ACs as a whole, preference for New Zealand among IPs is stable

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

60% 63% 67% 67% 68% 67% 65% 61% 62% 64% 63% 63% 62%

Q4  Q1 FY16  Q2  Q3  Q4  Q1 FY17  Q2  Q3  Q4  Q1 FY18  Q2  Q3  Q4

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

Significantly higher / lower than six months prior at 95%
As with ACs as a whole, first choice preference for New Zealand among IPs has been stable over the last twelve months

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

- **First**
- **Second**

Q3: 61%
   - First: 34%
   - Second: 27%

Q4: 62%
   - First: 36%
   - Second: 26%

Q1 FY18: 64%
   - First: 37%
   - Second: 27%

Q2: 63%
   - First: 38%
   - Second: 25%

Q3: 63%
   - First: 38%
   - Second: 25%

Q4: 62%
   - First: 36%
   - Second: 26%

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

<table>
<thead>
<tr>
<th>Core drivers</th>
<th>New Zealand</th>
<th>Australia</th>
<th>Hawaii</th>
<th>Canada</th>
<th>Guam</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landscapes &amp; scenery</td>
<td>109</td>
<td>121</td>
<td>79</td>
<td>134</td>
<td>76</td>
<td>53</td>
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<tr>
<td>Friendly people</td>
<td>100</td>
<td>84</td>
<td>123</td>
<td>87</td>
<td>91</td>
<td>122</td>
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<tr>
<td>Unique experiences</td>
<td>113</td>
<td>117</td>
<td>74</td>
<td>100</td>
<td>74</td>
<td>129</td>
</tr>
<tr>
<td>Range of adventure</td>
<td>109</td>
<td>134</td>
<td>90</td>
<td>112</td>
<td>88</td>
<td>21</td>
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<table>
<thead>
<tr>
<th>‘Everything close’ drivers</th>
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<td>120</td>
<td>68</td>
<td>117</td>
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<tr>
<td>Easy to travel around</td>
<td>76</td>
<td>80</td>
<td>146</td>
<td>79</td>
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<td>150</td>
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<tr>
<td>See lots without travelling far</td>
<td>79</td>
<td>43</td>
<td>157</td>
<td>31</td>
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<td>184</td>
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<tr>
<th>Hygiene drivers</th>
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<td>Comfortable</td>
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<td>95</td>
<td>118</td>
<td>103</td>
<td>97</td>
<td>109</td>
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<td>Clean &amp; unpolluted</td>
<td>156</td>
<td>109</td>
<td>46</td>
<td>146</td>
<td>50</td>
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<td>Safe destination</td>
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<td>102</td>
<td>116</td>
<td>115</td>
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<td>Affordable activities</td>
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<td>81</td>
<td>96</td>
<td>57</td>
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<td>112</td>
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<tr>
<td>Affordable to fly to</td>
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<td>64</td>
<td>105</td>
<td>59</td>
<td>249</td>
<td>51</td>
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</tbody>
</table>

**Actions for TNZ:**

- More focus is needed on communicating:
  - Easy to travel around
  - See lots without travelling far
  - Comfortable
  - Range of experiences

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

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

<table>
<thead>
<tr>
<th>Drivers</th>
<th>New Zealand</th>
<th>Australia</th>
<th>Hawaii</th>
<th>Guam</th>
<th>Italy</th>
<th>USA</th>
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</thead>
<tbody>
<tr>
<td>Core drivers</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Landscapes &amp; scenery</td>
<td>118</td>
<td>128</td>
<td>88</td>
<td>85</td>
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<td>132</td>
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<td>‘Everything close’ drivers</td>
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<td>Range of experiences</td>
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<td>80</td>
<td>127</td>
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<td>See lots without travelling far</td>
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<td>40</td>
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<td>138</td>
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<td>Comfortable</td>
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<td>89</td>
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<td>Clean &amp; unpolluted</td>
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<td>124</td>
<td>63</td>
<td>68</td>
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<td>62</td>
</tr>
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<td>Safe destination</td>
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<td>Affordable to fly to</td>
<td>79</td>
<td>66</td>
<td>97</td>
<td>205</td>
<td>56</td>
<td>104</td>
</tr>
</tbody>
</table>

Actions for TNZ:

More focus is needed on communicating:
- Easy to travel around
- See lots without travelling far
- Comfortable
- Range of experiences

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

*Relative weakness* | *100* | *Relative strength*

*Heat map shading is across rows, i.e. compares the six countries on that attribute*
‘Landscapes & scenery’ continues to be a relative strength for New Zealand, but performance is tracking behind that of Canada and Australia

Relative brand positioning over time: ‘Landscapes & scenery’
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’s relative performance on ‘friendly people’ hovers around parity and is stable this quarter, while Italy has improved in its relative performance to close the gap with Hawaii.

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
‘Unique experiences’ is a relative strength for New Zealand and remains stable this quarter, while Italy has improved dramatically in its relative performance to lead on this driver.

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*

- **Core driver**
  - ‘Everything close’ driver
- **Hygiene driver**

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- 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 ‘range of adventure’ is strong, although behind that of Canada and Australia.

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
‘Range of experiences’ is a relative weakness for New Zealand and has fallen further below the parity line in the past six months, while Italy soars ahead.

Relative brand positioning over time: ‘Range of experiences’
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
‘Easy to travel around’ is a relative weakness for New Zealand, with performance stable this quarter.

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
New Zealand’s relative performance on ‘see lots without travelling far’ is also a weakness, though still ahead of Australia who have fallen further behind in the past six months.

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.
Perceptions of ‘comfortable’ continues to be a relative weakness for New Zealand, but has been trending upwards over time, while relative perceptions for Italy continue to decline as Hawaii takes the lead.

**Relative brand positioning over time: ‘Comfortable’**

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

```
<table>
<thead>
<tr>
<th>Q4</th>
<th>Q1 FY16</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1 FY17</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1FY18</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>180</td>
<td>170</td>
<td>160</td>
<td>150</td>
<td>140</td>
<td>130</td>
<td>120</td>
<td>110</td>
<td>100</td>
<td>90</td>
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<td>70</td>
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<tr>
<td>Australia</td>
<td>120</td>
<td>110</td>
<td>100</td>
<td>90</td>
<td>80</td>
<td>70</td>
<td>60</td>
<td>50</td>
<td>40</td>
<td>30</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Hawaii</td>
<td>140</td>
<td>130</td>
<td>120</td>
<td>110</td>
<td>100</td>
<td>90</td>
<td>80</td>
<td>70</td>
<td>60</td>
<td>50</td>
<td>40</td>
<td>30</td>
</tr>
<tr>
<td>Canada</td>
<td>90</td>
<td>80</td>
<td>70</td>
<td>60</td>
<td>50</td>
<td>40</td>
<td>30</td>
<td>20</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Guam</td>
<td>70</td>
<td>60</td>
<td>50</td>
<td>40</td>
<td>30</td>
<td>20</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Italy</td>
<td>100</td>
<td>90</td>
<td>80</td>
<td>70</td>
<td>60</td>
<td>50</td>
<td>40</td>
<td>30</td>
<td>20</td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
```

- **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**

---

[100% PURE NEW ZEALAND]
Relative perceptions of being ‘clean and unpolluted’ remain very strong for New Zealand, with its main rival in this area being Canada.

Relative brand positioning over time: ‘Clean & unpolluted’
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 ‘safe destination’ has dropped below parity this quarter, while Australia improves slightly.

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
New Zealand’s relative performance on ‘affordable activities’ is at parity, however ahead of Canada, Australia and Hawaii; Guam dominates this driver.

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
Relative perceptions of ‘affordable to fly to’ are a weakness for New Zealand, however it has been trending upward over time and ranks higher than Australia, Italy and Canada.

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

- **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
The key knowledge gaps for ACs remain the same as six months ago: safety from crime is the stand-out concern, followed by how easy it is to travel around and the distance between the main attractions.

### 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. <strong>How safe is it from crime?</strong></td>
<td>43%</td>
<td>45%</td>
</tr>
<tr>
<td>2. <strong>How easy is it to travel around?</strong></td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>3. <strong>How long does it take to travel between the main attractions?</strong></td>
<td>30%</td>
<td>26%</td>
</tr>
<tr>
<td>4. <strong>Will I be able to buy the type of food I like to eat?</strong></td>
<td>29%</td>
<td>27%</td>
</tr>
<tr>
<td>5. <strong>Does it get too hot in summer?</strong></td>
<td><strong>28% ★</strong></td>
<td>32%</td>
</tr>
<tr>
<td>6. <strong>What are the transportation options for travelling within New Zealand?</strong></td>
<td>27%</td>
<td>31%</td>
</tr>
<tr>
<td>7. <strong>What / where are the recommended things to see and do?</strong></td>
<td>27%</td>
<td>29%</td>
</tr>
<tr>
<td>8. <strong>What are the options for fine / high-end dining?</strong></td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>9. <strong>How often does it rain?</strong></td>
<td>25%</td>
<td>22%</td>
</tr>
<tr>
<td>10. <strong>How safe is it to participate in adventure activities?</strong></td>
<td>23%</td>
<td>22%</td>
</tr>
</tbody>
</table>

- **Ranks higher now than six months ago as a knowledge gap**
- **Significantly higher / lower than six months ago at 95%**
Among IPs, the knowledge gaps are fairly similar to that of ACs as a whole, with safety from crime and ease of travelling around being the top concerns.

### Top ten knowledge gaps, for IPs

**AC Monitor | % | Current GM | Independent Professionals**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Question</th>
<th>IPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>How <strong>safe</strong> is it from crime?</td>
<td>42%</td>
</tr>
<tr>
<td>2</td>
<td>How easy is it to <strong>travel around</strong>?</td>
<td>33%</td>
</tr>
<tr>
<td>3</td>
<td>Does it get too <strong>hot</strong> in summer?</td>
<td>27%</td>
</tr>
<tr>
<td>4</td>
<td>How long does it take to <strong>travel between</strong> the main attractions?</td>
<td>26%</td>
</tr>
<tr>
<td>5</td>
<td>Will I be able to buy the type of <strong>food I like to eat</strong>?</td>
<td>25%</td>
</tr>
<tr>
<td>6</td>
<td>What / where are the recommended <strong>things to see and do</strong>?</td>
<td>24%</td>
</tr>
<tr>
<td>7</td>
<td>What are the options for <strong>fine / high-end dining</strong>?</td>
<td>24%</td>
</tr>
<tr>
<td>8</td>
<td>How often does it rain?</td>
<td>24%</td>
</tr>
<tr>
<td>9</td>
<td>What are the <strong>transportation options</strong> for travelling within New Zealand?</td>
<td>24%</td>
</tr>
<tr>
<td>10</td>
<td>How <strong>safe</strong> is it to participate in <strong>adventure activities</strong>?</td>
<td>23%</td>
</tr>
</tbody>
</table>

*Significantly higher / lower than non-IPs at 95%*
Japan continues to have a healthy visitor consideration funnel, with half of ACs in the either the planning or booking stages, above the global average.

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

Global Average\(^{(1)}\)

<table>
<thead>
<tr>
<th>Stage</th>
<th>Current 6M</th>
<th>Previous 6M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dreaming</td>
<td>58%</td>
<td>48%</td>
</tr>
<tr>
<td>Planning</td>
<td>18%</td>
<td>26%</td>
</tr>
<tr>
<td>Booking</td>
<td>23%</td>
<td>27%</td>
</tr>
</tbody>
</table>

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%
Conversion into each of the funnel stages remains stable

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

**Now**
(Current 6M)

- **Dreaming**
  - **50%**
- **Planning**
  - **Conversion = 50%**
  - i.e. 50% of ACs have moved beyond dreaming and into planning or booking
  - **Global average**\(^1\) = 42%
- **Booking**
  - **25%**

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

- **Conversion = 52%**
- **52%**

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%
The visitor consideration funnel is also healthy among IPs, with over half in either planning or booking stages and remains stable compared to six months ago.

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

<table>
<thead>
<tr>
<th>Segment</th>
<th>Now (Current 6M)</th>
<th>Six months ago (Previous 6M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dreaming</td>
<td>45%</td>
<td>44%</td>
</tr>
<tr>
<td>Planning</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>Booking</td>
<td>32%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Significantly higher / lower than six months ago at 95%
Conversion through the funnel also remains stable among IPs

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

**Now**
(Current 6M)

- **Dreaming**
  - 55%
- **Planning**
  - 55%
- **Booking**
  - 32%

**Conversion = 55%**
i.e. 55% of IPs have moved beyond dreaming and into planning or booking

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

- **Conversion = 56%**
- **Planning**
  - 55%
- **Booking**
  - 29%

**Conversion = 53%**

Significantly higher / lower than six months ago at 95%
While safety from crime is the main concern for ACs across all stages of the funnel, dialling up the recommended things to see and do and how easy it is to get around will help to accelerate conversion through the funnel.

### Top ten knowledge gaps, by funnel stage

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

<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>49% ▲</td>
<td>44%</td>
<td>30% ▼</td>
</tr>
<tr>
<td>2. What / where are the recommended things to see and do?</td>
<td>33% ▲</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. How easy is it to travel around?</td>
<td>33%</td>
<td>36%</td>
<td>27% ▼</td>
</tr>
<tr>
<td>4. Will I be able to buy the type of food I like to eat?</td>
<td>33% ▲</td>
<td>29%</td>
<td>21% ▼</td>
</tr>
<tr>
<td>5. How long does it take to travel between the main attractions?</td>
<td>32%</td>
<td>34%</td>
<td>22% ▼</td>
</tr>
<tr>
<td>6. What are the transportation options for travelling within New Zealand?</td>
<td>31% ▲</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>7. Does it get too hot in summer?</td>
<td>30%</td>
<td>28%</td>
<td>22% ▼</td>
</tr>
<tr>
<td>8. What are the options for fine / high-end dining?</td>
<td>28%</td>
<td>26%</td>
<td>21%</td>
</tr>
<tr>
<td>9. How often does it rain?</td>
<td>25%</td>
<td>25%</td>
<td>23%</td>
</tr>
<tr>
<td>10. What level of service can I expect?</td>
<td>24%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Does it get too cold in winter?</td>
<td></td>
<td></td>
<td>20%</td>
</tr>
<tr>
<td>12. How safe is it to participate in adventure activities?</td>
<td></td>
<td>26%</td>
<td>23%</td>
</tr>
<tr>
<td>13. Are the things to see and do unique?</td>
<td></td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>14. Does it get hot enough in summer?</td>
<td></td>
<td></td>
<td>20%</td>
</tr>
</tbody>
</table>

*▲ ranks higher with ‘dreaming’ than with ‘booking’ as a knowledge gap
▼ significantly higher / lower than other stages at 95%*
Both spring and autumn offer good opportunities to convert consideration into preference.
While IPs are somewhat similar to ACs as a whole, they have a stronger relative preference for summer holidays.

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

AC Monitor | % | Current 6M | Independent Professionals

Conversion of consideration to preference

- **58%**
- **81%**
- **48%**
- **43%**

### Consider
- **39%**
- **62%**
- **41%**
- **16%**

### Prefer
- **22%**
- **51%**
- **20%**
- **9%**

**Off-peak**

**Peak**

---

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.
Consideration for spring has been trending downwards over the past year, particularly among IPs, while autumn consideration is more stable over time.

Spring and autumn off-peak seasons – consideration over time
AC Monitor | % | 6MRA | Total Active Considerers, Independent Professionals

**Total ACs**

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>46%</td>
<td>46%</td>
<td>45%</td>
<td>44%</td>
</tr>
<tr>
<td>44%</td>
<td>44%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>43%</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
</tr>
</tbody>
</table>

**IPs**

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>46%</td>
<td>44%</td>
<td>42%</td>
<td>41%</td>
</tr>
<tr>
<td>41%</td>
<td>39%</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Off-peak**

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>43%</td>
<td>43%</td>
<td>42%</td>
</tr>
<tr>
<td>42%</td>
<td>43%</td>
<td>44%</td>
<td>42%</td>
</tr>
<tr>
<td>42%</td>
<td>42%</td>
<td>43%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Significantly higher / lower than six months ago at 95%
Market Situation
## Japan Summary

<table>
<thead>
<tr>
<th></th>
<th>Arrivals</th>
<th>Length of Stay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YE Jun 18</td>
<td>Qtr End Jun 18</td>
</tr>
<tr>
<td>Total</td>
<td>101K</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Holiday</td>
<td>68K</td>
<td>-0.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holiday</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Stay Days</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YE Jun 18</td>
<td>Qtr End Jun 18</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.6M</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Holiday</td>
<td>649K</td>
<td>+2.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Stats NZ International Travel and Migration Jun 2018; MBIE International Visitor Survey Mar 2018
Growth is flat out of Japan and struggling to lift back into positive territory—although the decline has stabilised

Source: Stats NZ International Travel and Migration Jun 2018
Japan is now lapping a period of last year with consistent negative or flat growth on monthly basis

Source: Stats NZ International Travel and Migration Jun 2018
Core IP segment continues to perform well but is offset by ongoing decline in AB segment

<table>
<thead>
<tr>
<th></th>
<th>YE Jun 2017</th>
<th>YE Jun 2018</th>
<th>Change on LY</th>
<th>% Change on LY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth 18-24</td>
<td>6,240</td>
<td>5,440</td>
<td>-800</td>
<td>-12.8%</td>
</tr>
<tr>
<td>IP 25-54</td>
<td>25,040</td>
<td>27,840</td>
<td>2,800</td>
<td>11.2%</td>
</tr>
<tr>
<td>AB 55-74</td>
<td>20,896</td>
<td>18,656</td>
<td>-2,240</td>
<td>-10.7%</td>
</tr>
<tr>
<td>Other</td>
<td>15,632</td>
<td>15,648</td>
<td>16</td>
<td>0.1%</td>
</tr>
<tr>
<td>Total</td>
<td>67,808</td>
<td>67,584</td>
<td>-224</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>

Source: Stats NZ International Travel and Migration Jun 2018
The growth in the core IP segment has been relatively stable for a year now

Source: Stats NZ International Travel and Migration Jun 2018
The Active Boomer decline is led by the older half of the segment, changes to Japanese retirement legislation may be impacting

Source: Stats NZ International Travel and Migration Jun 2018
Demand has not kept up with increases in capacity in recent years – growing NZ outbound to Japan not enough to offset decline in Japan visitors to NZ

Source: Sabre Market Intelligence