Active Considerer (AC) Monitor USA 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 the size of the AC pool in this market.
The size of the AC pool in the US has increased from 27.9m people to 34.4m people since December 16, driven by both growth in the USA online population and the increase in the AC incidence.

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

Jul 18 | Million people

<table>
<thead>
<tr>
<th>Category</th>
<th>Million People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total USA Population</td>
<td>317.6m</td>
</tr>
<tr>
<td>18-74 Population</td>
<td>224.2m</td>
</tr>
<tr>
<td>Don’t use the internet</td>
<td>23.0m</td>
</tr>
<tr>
<td>Internet users 18-74</td>
<td>199.8m</td>
</tr>
<tr>
<td>Not ACs</td>
<td>170.3m</td>
</tr>
<tr>
<td>Active Considerers</td>
<td>34.4m</td>
</tr>
</tbody>
</table>

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**Sources/Notes:**
1. US Census Bureau, *Annual Estimates of the Civilian Population by Single Year of Age and Sex for the United States and States: April 1, 2010 to July 1, 2016*; Time period: at 1 July 2016; Coverage: Civilian population
2. Statista.com, *Internet Usage*; Time period: 2016; Coverage: Adults aged 18+
3. Tourism New Zealand, *Active Considerer Monitor USA*; Time period: Jan18 – Jul18, under the latest AC definition
4. Kantar TNS Analysis
INSIGHT 1

With 34m Active Considerers (ACs) in the USA market, the key strategic focus remains on moving the existing ACs through the visitor consideration funnel.

- The incidence of ACs has significantly improved in Q4 FY18 to 17%.
- Significant uplift in the AC incidence is seen in the Southern states, and indicatively in the Western and Midwestern states.
- Preference for New Zealand has indicatively increased since six months among USA ACs, improving significantly among ACs in the Western states.
- Among IPs, preference has significantly improved compared to the previous six months and currently sits at 66%.

![Incidence of Active Considerers](image)

![Preference KPI](image)

*Significantly higher / lower than six months ago at 99% for incidence and 95% for preference.*
INSIGHT 2

To maintain growth momentum in preference, focus on reinforcing destination preference drivers where the brand is relatively weak vs. competitors, while continuing to leverage its strengths

- New Zealand’s relative performance is strong on the core drivers of preference, though its only standout strength is ‘clean and unpolluted’, where we have gained significant ground on Australia
- There is a need to differentiate New Zealand on ‘landscapes & scenery’ and ‘friendly people’ as it performs on par with Australia; the Nat Geo2.0 campaign should help to achieve that
- Stronger ‘everything close’ messaging is needed, as performance on this driver remains relatively weak

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

<table>
<thead>
<tr>
<th>Country</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>40%</td>
</tr>
<tr>
<td>Italy</td>
<td>36%</td>
</tr>
<tr>
<td>Caribbean</td>
<td>35%</td>
</tr>
<tr>
<td>UK</td>
<td>28%</td>
</tr>
<tr>
<td>Japan</td>
<td>28%</td>
</tr>
</tbody>
</table>
INSIGHT 3

The focus continues to be on moving a large proportion of ACs in the dreaming mindset (24m people) into planning, as once ACs start planning the conversion into booking is relatively strong.

INSIGHT 4

To accelerate conversion of ACs from dreaming into planning mindset, focus on overcoming their key knowledge gaps:

- Focus messages on safety from crime, length of time to get to New Zealand and ease of travelling around
- A secondary focus on demonstrating how welcoming the locals are will help drive conversion through the funnel, as well as perceptions of New Zealand’s ‘friendly people’

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY18</th>
<th>Q4 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dreaming</td>
<td>70%</td>
<td>69%</td>
</tr>
<tr>
<td>Planning</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Booking</td>
<td>17%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Top 5 knowledge gaps:

- How safe is it from crime?
- What is the length of time required to fly to New Zealand?
- How easy is it to travel around?
- How welcoming are the locals?
- How often does it rain?

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

While summer is the preferred time to visit New Zealand, there is a solid opportunity to drive both spring and autumn arrivals, as consideration for these seasons is strong and similar to that of summer

- While consideration and preference for spring and autumn is strong, it has not improved over the last twelve months
- This highlights the need to continue focusing on pushing spring and autumn seasons to encourage visitation outside of peak times

<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>50%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Summer</td>
<td>58%</td>
<td>41%</td>
<td>43%</td>
</tr>
<tr>
<td>Autumn</td>
<td>49%</td>
<td>23%</td>
<td>24%</td>
</tr>
<tr>
<td>Winter</td>
<td>31%</td>
<td>13%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Shoulder growth +3.8%  Peak growth +13.3%
Active Considerer journey funnel – USA

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 = 322m
Online population, 18-74 years of age = 205m

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 USD $1,300 per person on a holiday to New Zealand(1)

Dreaming

Planning

Booking

Active considerers = 34m people

Holiday arrivals = 224K

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

**Dream Destination:**
- Incidence of ACs – 17% and growing, (IPs 18%)
- Preference ACs – 63% stable (IPs 66%, up)
- Percentage of ACs in dreaming – ACs 69% (IPs 66%)
- Newzealand.com Visits Target: 92% of Target, 100% including National Geographic

**Plan Destination:**
- Brand attributes to focus on -
  - See lots without travelling far
  - Range of unique experiences
  - Easy to travel around
- Percentage of ACs in Planning – 14% (IPs 12%)
- Newzealand.com Active Visits Target: 84% of Target, 97% including National Geographic

**Book Destination:**
- Percentage of ACs in booking - 17% (IPs 22%)
- Seasons - Spring 50%, Autumn 49%, Peak 58%
- Newzealand.com Referrals Target: 104% of Target, 106% including National Geographic

**Arrivals:**
- Arrivals YE May 2018 224K + 6.3% YAGO
- Spend YE March 2018 NZD 870M +16% YAGO ($4,227 per person +8% YAGO)
The incidence of ACs has significantly improved since six months ago and is currently at 17%.

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 USD $2,300 to USD $1,300.
An increase in the proportion of the USA online population finding New Zealand highly appealing, considering and preferring it as a holiday destination has pushed the AC incidence above a year ago levels.

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

Online USA aged 18 to 74 100%
NZ is highly appealing 53%
Would definitely consider NZ 47%
NZ is a preferred destination to visit 22%

(1) At the beginning of FY17 the spend criterion was changed; specifically, dropping the minimum spend threshold from USD $2,500 to USD $1,300
(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 Independent Professionals (IPs), a greater proportion think that New Zealand is highly appealing as a holiday destination compared to a year ago, but this has not flown all the way through to a significant increase in the AC incidence.

Qualifying criteria for defining ACs, among IPs

AC Monitor | % | Current 6M | Online users aged 25-54

Online USA aged 25 to 54: 100% 49%
NZ is highly appealing: 51% 21%
Would definitely consider NZ: 30% 7%
NZ is a preferred destination to visit: 23% 5%
Would spend at least $1300 on a trip (1): 18%

(1) At the beginning of FY17 the spend criterion was changed; specifically, dropping the minimum spend threshold from USD$2,500 to USD $1,300
(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

Significantly higher / lower than YAGO at 99%
ACs are more likely to be from the West, be males and IPs compared to non-ACs

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

By age segment:
- Youth ACs: 21%
- IPs: 10%
- ABs: 61%
- Total: 68%

By gender:
- Male: 46%
- Female: 54%

By region:
- Northeast: 26%
- Midwest: 23%
- South: 19%
- West: 19%

Significantly higher / lower than non-ACs population at 95%

Outer ring: USA ACs
Inner ring: USA non-ACs
Across state clusters, the incidence of ACs has significantly improved in the Southern states compared to six months ago, and preference for New Zealand has improved dramatically among ACs from the Western states.

USA regional performance
AC Monitor | % | Current 6M

Q2 FY18
Incidence of ACs
Preference KPI
17%
61%
19%
71%

Q2 FY18
Incidence of ACs
Preference KPI
16%
59%
15%
54%

Q2 FY18
Incidence of ACs
Preference KPI
14%
59%
18%
60%

Significantly higher / lower than six months prior at 99% for incidence and 95% for preference.

West
Midwest
South
Northeast

NEW ZEALAND
100% PURE

15
Australia, Italy and the Caribbean are the main competitors for New Zealand among USA ACs; none of the competitors have improved in their preference rank.

Top ten competitor set for ACs
AC Monitor[^1][^2] | % | Current 6M | Total Active Considerers

- **Canada**: 22%
- **Ireland**: 24%
- **UK**: 28%
- **France**: 24%
- **Germany**: 15%
- **Spain**: 16%
- **Italy**: 36%
- **Japan**: 28%
- **Australia**: 40%
- **Caribbean**: 35%

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?”

[^1]: Change in rank by at least two places compared to YAGO
Preference for New Zealand has experienced an indicative uplift compared to the previous six months and is currently at 63%.

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

Implementation of lower minimum spend threshold

% = 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 USD$2,500 to USD $1,300.
The proportion of ACs making New Zealand their first choice for the next holiday is tracking stable.

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

- First
- Second

<table>
<thead>
<tr>
<th>Quarter</th>
<th>First</th>
<th>Second</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>58%</td>
<td>31%</td>
</tr>
<tr>
<td>Q4</td>
<td>59%</td>
<td>32%</td>
</tr>
<tr>
<td>Q1 FY18</td>
<td>61%</td>
<td>34%</td>
</tr>
<tr>
<td>Q2</td>
<td>59%</td>
<td>33%</td>
</tr>
<tr>
<td>Q3</td>
<td>59%</td>
<td>33%</td>
</tr>
<tr>
<td>Q4</td>
<td>63%</td>
<td>32%</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%
Among IPs, Italy has dropped in its preference rank compared to a year ago, yet remains a key competitor along with Australia and the Caribbean.

**Top ten competitor set for IPs**

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

- **UK**: 36%
- **Japan**: 30%
- **Ireland**: 27%
- **Canada**: 20%
- **France**: 16%
- **Spain**: 16%
- **Caribbean**: 16%
- **Mexico**: 16%
- **Italy**: 36%
- **Australia**: 38%

**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?”
Among IPs, preference has significantly improved compared to the previous six months and currently sits at 66%.

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

Implementation of lower minimum spend threshold\(^{(1)}\)

\(^{(1)}\) At the beginning of FY17 the spend criterion was changed; specifically, dropping the minimum spend threshold from USD$2,500 to USD $1,300.

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

\(\text{\textbullet}} \) Significantly higher / lower than six months prior at 95%
The increase in preference for New Zealand among IPs is driven by more of them stating that New Zealand is at least their second choice as a destination for the next holiday, while the proportion stating New Zealand is their first choice is tracking stable.

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

- First
- Second

Q3: 57% First, 32% Second
Q4: 60% First, 33% Second
Q1 FY18: 62% First, 35% Second
Q2: 58% First, 33% Second
Q3: 58% First, 32% Second
Q4: 66% First, 32% Second

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></th>
<th>New Zealand</th>
<th>Australia</th>
<th>Italy</th>
<th>Caribbean</th>
<th>UK</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<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>113</td>
<td>110</td>
<td>96</td>
<td>104</td>
<td>74</td>
<td>96</td>
</tr>
<tr>
<td>Friendly people</td>
<td>105</td>
<td>115</td>
<td>98</td>
<td>90</td>
<td>100</td>
<td>87</td>
</tr>
<tr>
<td>Unique experiences</td>
<td>99</td>
<td>99</td>
<td>108</td>
<td>87</td>
<td>94</td>
<td>118</td>
</tr>
<tr>
<td>Range of adventure</td>
<td>115</td>
<td>131</td>
<td>78</td>
<td>115</td>
<td>64</td>
<td>82</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>89</td>
<td>100</td>
<td>111</td>
<td>94</td>
<td>108</td>
<td>104</td>
</tr>
<tr>
<td>Easy to travel around</td>
<td>88</td>
<td>90</td>
<td>111</td>
<td>89</td>
<td>125</td>
<td>104</td>
</tr>
<tr>
<td>See lots without travelling far</td>
<td>87</td>
<td>57</td>
<td>124</td>
<td>103</td>
<td>131</td>
<td>112</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>92</td>
<td>105</td>
<td>101</td>
<td>85</td>
<td>120</td>
<td>101</td>
</tr>
<tr>
<td>Clean &amp; unpolluted</td>
<td>135</td>
<td>118</td>
<td>85</td>
<td>105</td>
<td>57</td>
<td>82</td>
</tr>
<tr>
<td>Safe destination</td>
<td>103</td>
<td>105</td>
<td>93</td>
<td>82</td>
<td>103</td>
<td>114</td>
</tr>
<tr>
<td>Affordable activities</td>
<td>101</td>
<td>94</td>
<td>89</td>
<td>120</td>
<td>100</td>
<td>94</td>
</tr>
<tr>
<td>Affordable to fly to</td>
<td>73</td>
<td>62</td>
<td>97</td>
<td>158</td>
<td>124</td>
<td>96</td>
</tr>
</tbody>
</table>

*Relative weakness* | *100* | *Relative strength* | *Heat map shading is across rows, i.e. compares the six countries on that attribute*

**Actions for TNZ:**

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

While leveraging our strengths:

- Clean & unpolluted
- Range of adventure
- Landscapes & scenery
- Friendly people
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>Core drivers</th>
<th>New Zealand</th>
<th>Australia</th>
<th>Caribbean</th>
<th>Italy</th>
<th>Japan</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landscapes &amp; scenery</td>
<td>108</td>
<td>105</td>
<td>107</td>
<td>100</td>
<td>96</td>
<td>79</td>
</tr>
<tr>
<td>Friendly people</td>
<td>105</td>
<td>113</td>
<td>95</td>
<td>100</td>
<td>90</td>
<td>93</td>
</tr>
<tr>
<td>Unique experiences</td>
<td>98</td>
<td>101</td>
<td>88</td>
<td>106</td>
<td>115</td>
<td>95</td>
</tr>
<tr>
<td>Range of adventure</td>
<td>113</td>
<td>129</td>
<td>107</td>
<td>89</td>
<td>81</td>
<td>98</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>‘Everything close’ drivers</th>
<th>New Zealand</th>
<th>Australia</th>
<th>Caribbean</th>
<th>Italy</th>
<th>Japan</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Range of experiences</td>
<td>91</td>
<td>102</td>
<td>94</td>
<td>109</td>
<td>101</td>
<td>108</td>
</tr>
<tr>
<td>Easy to travel around</td>
<td>90</td>
<td>89</td>
<td>89</td>
<td>116</td>
<td>107</td>
<td>118</td>
</tr>
<tr>
<td>See lots without travelling far</td>
<td>86</td>
<td>63</td>
<td>102</td>
<td>127</td>
<td>104</td>
<td>130</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hygiene drivers</th>
<th>New Zealand</th>
<th>Australia</th>
<th>Caribbean</th>
<th>Italy</th>
<th>Japan</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comfortable</td>
<td>94</td>
<td>106</td>
<td>86</td>
<td>89</td>
<td>106</td>
<td>122</td>
</tr>
<tr>
<td>Clean &amp; unpolluted</td>
<td>126</td>
<td>113</td>
<td>108</td>
<td>85</td>
<td>94</td>
<td>60</td>
</tr>
<tr>
<td>Safe destination</td>
<td>103</td>
<td>105</td>
<td>86</td>
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<td>101</td>
</tr>
<tr>
<td>Affordable activities</td>
<td>104</td>
<td>93</td>
<td>116</td>
<td>96</td>
<td>79</td>
<td>105</td>
</tr>
<tr>
<td>Affordable to fly to</td>
<td>80</td>
<td>65</td>
<td>149</td>
<td>85</td>
<td>103</td>
<td>122</td>
</tr>
</tbody>
</table>

**Actions for TNZ:**

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

**While leveraging our strengths:**

- Clean & unpolluted
- Range of adventure
- Landscapes & scenery
- Friendly people

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*Heat map shading is across rows, i.e. compares the six countries on that attribute*
‘Landscapes & scenery’ is a strength for New Zealand, however its relative performance is on par with 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
‘Friendly people’ is a relative strength for New Zealand, however Australia continues to dominate on this driver

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

Core driver
‘Everything close’ driver
Hygiene driver

100% PURE NEW ZEALAND
New Zealand’s relative performance on ‘unique experiences’ is average and Australia has dropped back to parity with New Zealand.

**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)**

- 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 'Unique experiences' with New Zealand, Australia, Italy, Caribbean, UK, and Japan.](image-url)
New Zealand continues to perform strongly on perceptions of offering a ‘range of adventure’, though the Caribbean has improved somewhat to close the gap with New Zealand.

Relative brand positioning over time: ‘Range of adventure’

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
Relative perceptions on a ‘range of experiences’ continue to be an area of weakness for New Zealand

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
‘Easy to travel around’ remains a relative weakness for New Zealand, while the UK dominates this driver

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

- 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 weak, although much stronger than Australia

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

![Graph showing relative brand positioning over time for different destinations regarding 'see lots without travelling far'.](image-url)
New Zealand continues to perform below parity on being ‘comfortable’

Relative brand positioning over time: ‘Comfortable’
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 maintains its lead on relative perceptions of ‘clean & unpolluted’, separating from Australia again in the last six months

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 improved in the past six months and is now above parity, while Japan extends its lead on this driver.
New Zealand’s relative performance on ‘affordable activities’ remains at parity, while relative perceptions for Japan have declined considerably over the past six months.

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)**

0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200
Q1 FY16 Q2 Q3 Q4 Q1 FY17 Q2 Q3 Q4 Q1 FY18 Q2 Q3 Q4

- 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
As expected due to the physical distance, New Zealand performs weakly on perceptions of ‘affordable to fly to’, and have fallen back further in the past six months

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**
There has been little change in the key knowledge gaps among ACs: safety from crime, the length of time required to get to New Zealand and how easy it is to travel around being the main concerns.

**Top ten knowledge gaps**

<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 safe is it from crime?</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>2. What is the length of time required to fly to New Zealand?</td>
<td>38%</td>
<td>36%</td>
</tr>
<tr>
<td>3. How easy is it to travel around?</td>
<td>36%</td>
<td>37%</td>
</tr>
<tr>
<td>4. How welcoming are the locals?</td>
<td>29%</td>
<td>29%</td>
</tr>
<tr>
<td>5. How often does it rain?</td>
<td>28%</td>
<td>26%</td>
</tr>
<tr>
<td>6. What is the length of time needed to experience New Zealand properly?</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>7. Does it get too hot in summer?</td>
<td>27%</td>
<td>26%</td>
</tr>
<tr>
<td>8. What are the transportation options for travelling within New Zealand?</td>
<td>27%</td>
<td>26%</td>
</tr>
<tr>
<td>9. How long does it take to travel between the main attractions?</td>
<td>26%</td>
<td>28%</td>
</tr>
<tr>
<td>10. Driving on the left hand side of the road</td>
<td>25%</td>
<td>23%</td>
</tr>
</tbody>
</table>
Key knowledge gaps among IPs are similar to ACs as a whole, although a smaller proportion of IPs have concerns with how safe New Zealand is from crime, time it takes to get here, and ease of travelling around than other ACs.

**Top ten knowledge gaps, for IPs**

<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 from crime?</td>
<td>35% ▼</td>
</tr>
<tr>
<td>2. What is the <strong>length of time</strong> required to fly to New Zealand?</td>
<td>34% ▼</td>
</tr>
<tr>
<td>3. How easy is it to <strong>travel around</strong>?</td>
<td>32% ▼</td>
</tr>
<tr>
<td>4. How <strong>welcoming</strong> are the locals?</td>
<td>27%</td>
</tr>
<tr>
<td>5. How long does it take to <strong>travel between</strong> the main attractions?</td>
<td>27%</td>
</tr>
<tr>
<td>6. How often does it <strong>rain</strong>?</td>
<td>25%</td>
</tr>
<tr>
<td>7. I’m worried about the impact of the <strong>time difference</strong></td>
<td>25%</td>
</tr>
<tr>
<td>8. Does it <strong>get too hot</strong> in summer?</td>
<td>25%</td>
</tr>
<tr>
<td>9. What is the <strong>length of time</strong> needed to experience New Zealand properly?</td>
<td>24% ▼</td>
</tr>
<tr>
<td>10. What are the <strong>transportation options</strong> for travelling within New Zealand?</td>
<td>23% ▼</td>
</tr>
</tbody>
</table>

*Ranks higher with IPs than with non-IPs as a knowledge gap. ▼ Significantly higher / lower than non-IPs at 95%*
A large proportion of ACs sit in the dreaming stage of the visitor consideration funnel, consistent with six months ago.

**Visitor consideration funnel – size of funnel segments**

<table>
<thead>
<tr>
<th>Segment</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>69%</td>
<td>70%</td>
</tr>
<tr>
<td>Planning</td>
<td>18%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Booking</td>
<td>23%</td>
<td>17%</td>
<td>17%</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 rates are unchanged from 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 = 31%
  - I.e., 31% of ACs have moved beyond dreaming and into planning or booking
  - Global average = 42%

- Planning
  - 31%

- Booking
  - 17%

Six months ago (Previous 6M)

- Conversion = 30%

- Planning
  - 30%

- Booking
  - 17%

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 remain in the dreaming stage

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

- **Dreaming**
  - Now (Current 6M): 66%
  - Six months ago (Previous 6M): 65%

- **Planning**
  - Now (Current 6M): 12%
  - Six months ago (Previous 6M): 13%

- **Booking**
  - Now (Current 6M): 22%
  - Six months ago (Previous 6M): 22%

*Significantly higher / lower than six months ago at 95%*
Conversion of IPs through the visitor consideration funnel remains unchanged compared to six months ago.

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

**Now (Current 6M)**
- **Dreaming**
  - Conversion = 34%
  - i.e. 34% of IPs have moved beyond dreaming and into planning
- **Planning**
  - 34%
- **Booking**
  - 22%

**Six months ago (Previous 6M)**
- **Conversion = 35%**
- **Conversion = 64%**
  - i.e. 64% of IPs that have begun planning are now ready to book
- **22%**

Significantly higher / lower than six months ago at 95%
The most important knowledge gaps that need to be addressed to increase conversion into planning continue to be: time it takes to get to New Zealand, safety from crime, and the ease of travelling around

**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><strong>1</strong> What is the length of time required to fly to New Zealand?</td>
<td>41% ▲</td>
<td>45% ▲</td>
<td>20% ▼</td>
</tr>
<tr>
<td><strong>2</strong> How safe is it from crime?</td>
<td>40% ▲</td>
<td>45% ▲</td>
<td>23% ▼</td>
</tr>
<tr>
<td><strong>3</strong> How easy is it to travel around?</td>
<td>39% ▲</td>
<td>40% ▲</td>
<td>20% ▼</td>
</tr>
<tr>
<td><strong>4</strong> How welcoming are the locals?</td>
<td>39% ▲</td>
<td>40% ▲</td>
<td>20% ▼</td>
</tr>
<tr>
<td><strong>5</strong> What is the length of time needed to experience New Zealand properly?</td>
<td>35% ▲</td>
<td>38% ▲</td>
<td>19% ▼</td>
</tr>
<tr>
<td><strong>6</strong> Does it get too hot in summer?</td>
<td>28% ▲</td>
<td>32% ▲</td>
<td>19% ▼</td>
</tr>
<tr>
<td><strong>7</strong> What are the transportation options for travelling within New Zealand?</td>
<td>28% ▲</td>
<td>30% ▲</td>
<td>23% ▼</td>
</tr>
<tr>
<td><strong>8</strong> How often does it rain?</td>
<td>27% ▲</td>
<td>29% ▲</td>
<td>23% ▼</td>
</tr>
<tr>
<td><strong>9</strong> Driving on the left hand side of the road</td>
<td>27% ▲</td>
<td>30% ▲</td>
<td>23% ▼</td>
</tr>
<tr>
<td><strong>10</strong> How long does it take to travel between the main attractions?</td>
<td>26%</td>
<td>29%</td>
<td>23%</td>
</tr>
<tr>
<td><strong>11</strong> What / where are the recommended things to see and do?</td>
<td>26%</td>
<td>29%</td>
<td>23%</td>
</tr>
<tr>
<td><strong>12</strong> I'm worried about the impact of the time difference</td>
<td></td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td><strong>13</strong> Does it get too cold in winter?</td>
<td></td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td><strong>14</strong> What level of service can I expect?</td>
<td></td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td><strong>15</strong> Does it get hot enough in summer?</td>
<td></td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>

*Note: ▲ Ranks higher with ‘dreaming’ than with ‘booking’ as a knowledge gap*

*Note: ▼ Significantly lower than other stages at 95%*
There is a strong opportunity to drive spring and autumn arrivals with USA ACs as consideration for these times of year is strong.

**Seasons – consideration & preference**

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

**Conversion of consideration to preference**

- Spring off-peak: Consider 50% - Prefer 22%
- Peak: Consider 58% - Prefer 41%
- Autumn off-peak: Consider 49% - Prefer 23%
- Off-peak: Consider 31% - Prefer 13%

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
Likewise, among IPs both autumn and spring offer solid opportunities to drive seasonal arrivals.

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

AC Monitor | % | Current 6M | Independent Professionals

Conversion of consideration to preference

46%  
76%  
48%  
48%

<table>
<thead>
<tr>
<th>Consider</th>
<th>Prefer</th>
<th>Opportunity</th>
<th>Consider</th>
<th>Prefer</th>
<th>Opportunity</th>
<th>Consider</th>
<th>Prefer</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>45%</td>
<td>24%</td>
<td>21%</td>
<td>55%</td>
<td>42%</td>
<td>13%</td>
<td>45%</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>Spring off-peak</td>
<td>Peak</td>
<td>Autumn off-peak</td>
<td>Off-peak</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></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
Consideration for both spring and autumn has remained stable when compared to six months ago.

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

### Total ACs
- **Spring off-peak**
  - Q1: 49%
  - Q2: 47%
  - Q3: 49%
  - Q4: 50%

- **Autumn off-peak**
  - Q1: 47%
  - Q2: 49%
  - Q3: 50%
  - Q4: 49%

### IPs
- **Spring off-peak**
  - Q1: 47%
  - Q2: 45%
  - Q3: 44%
  - Q4: 46%

- **Autumn off-peak**
  - Q1: 46%
  - Q2: 48%
  - Q3: 49%
  - Q4: 45%

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

<table>
<thead>
<tr>
<th>Arrivals</th>
<th>Length of Stay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YE May 18</td>
</tr>
<tr>
<td>Total</td>
<td>338K</td>
</tr>
<tr>
<td>Holiday</td>
<td>224K</td>
</tr>
<tr>
<td>Total</td>
<td>15.3</td>
</tr>
<tr>
<td>Holiday</td>
<td>12.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stay Days</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YE May 18</td>
</tr>
<tr>
<td>Total</td>
<td>5.2M</td>
</tr>
<tr>
<td>Holiday</td>
<td>2.9M</td>
</tr>
<tr>
<td>Total</td>
<td>1.0M</td>
</tr>
<tr>
<td>Holiday</td>
<td>613K</td>
</tr>
</tbody>
</table>
Growth continues to moderate as AA and UA services ceased earlier in the autumn than last year

Source: Stats NZ International Travel and Migration May 2018
Monthly holiday growth is modest compared to 2016/17 but still positive and keeps annual growth above 5%

Holiday arrivals in June +7.3%

Source: Stats NZ International Travel and Migration May 2018
Slowdown is across all segments to varying degrees with the youth segment down the most, core IP segment is flat

### USA Annual Holiday Growth by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>YE May 2017</th>
<th>YE May 2018</th>
<th>Change on LY</th>
<th>% Change on LY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth 18-24</td>
<td>19,744</td>
<td>20,032</td>
<td>288</td>
<td>1.5%</td>
</tr>
<tr>
<td>IP 25-54</td>
<td>92,080</td>
<td>97,264</td>
<td>5,184</td>
<td>5.6%</td>
</tr>
<tr>
<td>AB 55-74</td>
<td>77,920</td>
<td>82,512</td>
<td>4,592</td>
<td>5.9%</td>
</tr>
<tr>
<td>Other</td>
<td>20,832</td>
<td>24,064</td>
<td>3,232</td>
<td>15.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>210,576</strong></td>
<td><strong>223,872</strong></td>
<td><strong>13,296</strong></td>
<td><strong>6.3%</strong></td>
</tr>
</tbody>
</table>

Strong growth in Other driven by 27% increase in 75+ travellers to 10.7k. Under 18 travellers grew 8% to 13.3k.

Source: Stats NZ International Travel and Migration May 2018
Despite Air NZ increases, American commencing services later in October this year will result in modest capacity growth for YE May 19 on LY

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 (f)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air NZ</td>
<td>472,249</td>
<td>514,363</td>
<td>575,408</td>
<td>589,704</td>
</tr>
<tr>
<td>Hawaiian</td>
<td>46,158</td>
<td>56,799</td>
<td>48,650</td>
<td>66,998</td>
</tr>
<tr>
<td>United</td>
<td>518K</td>
<td>689K</td>
<td>737K</td>
<td></td>
</tr>
<tr>
<td>+33%</td>
<td>+7%</td>
<td>+4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>American</td>
<td></td>
<td></td>
<td></td>
<td>43,320</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>63,261</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>66,998</td>
</tr>
</tbody>
</table>

Source: Sabre Market Intelligence