

OZ and NZ: Down Under No Longer

WITH MUCH in common between their tourism industries, Australia and New Zealand are following a more or less similar strategic trajectory to get their arrivals, average daily spend and yield up again in the aftermath of the Asian economic crisis.

Located at the far ends of the earth, both are almost totally dependent on visitor arrivals by air. Both have small populations, wide-open spaces, with strong indigenous communities and a major focus on the environment. They are also considered relatively safe, free of the political, religious, social and cultural strife that have affected tourism in several other PATA countries.

In the last 10 years, first Australia and more recently New Zealand have asserted their place on their global tourism stage. Though they get a minuscule portion of global visitor arrivals, they are working hard at increasing length of stay and expenditure per visitor. In turn, both are looking to raise the foreign exchange earnings and job creation potential of an industry that once did not even figure on the national priority list.

TABLE: INTERNATIONAL VISITOR ARRIVALS 1996 TO 1999

Year	Arrivals (millions, rounded)		% Share of Global Arrivals	
	Australia	New Zealand	Australia	New Zealand
1996	4.3	1.5	0.7	0.2
1997	4.3	1.5	0.7	0.2
1998	4.2	1.5	0.7	0.2
1999	4.5	1.6	0.7	0.3

Source: NTOs

Both have adopted the system of Tourism Satellite Accounting (TSA), which has given them a firmer picture of the true economic impact of tourism. The TSAs have been used effectively to make a convincing case with politicians to increase funding support. Investors are taking notice. Airlines have been privatised and the airports are following.

Though relatively late starters, both Australia and New Zealand are today among the world's fastest growing destinations. They have overcome the tyranny of distance, and are making up for their late start with well-researched and powerful marketing campaigns that are having a clear impact on the global stage.

May 2000 was a landmark month for the industries of both countries. Travel Rendezvous New Zealand was held between May 22-25, followed closely by the Australian Tourism Exchange between May 29 to June 2. These two shows were the largest ever, with a total complement of 390 buyer and 409 seller companies at Trenz and 544 buyer and 646 seller companies at the ATE.

The two events were used as launchpads to set strategic directions for their respective tourism campaigns for the next few years. New Zealand has hitched its star strongly to the environmental wagon with a high-profile campaign positioned under the tagline "100% Pure New Zealand." Australia will soon be in the throes of Olympics 2000, an event on which it has capitalised to generate more than a billion Australian dollars worth of global publicity and awareness for Brand Australia.

Both had invested heavily in the Asian markets, pre-crisis, and were badly affected by the economic downturn of 1997-99. At the moment, however, and with the exception of Japan, all the Asian markets are beginning to return to their former robust growth levels. But both

countries are beginning to spread their budgets around a little more evenly. Indeed, one issue that dominated the two trade shows was the weakening of both the New Zealand and Australian dollars, which, although being good for inbound tourism on the one hand, did affect marketing budgets, too.

Here are some of the key issues and trends that will shape travel and tourism to Australia and New Zealand in the years ahead:

MARKETING

New Zealand's marketing campaign is based on the research findings that while consumers of the future will be more affluent, "they will be seeking time out from a crowded, money-focussed world and searching for authentic experiences that personally engage them at a deeper level." The country's stunning physical environment "left a deep impression" upon visitors surveyed and is now being extensively highlighted in all its visual marketing imagery. Says Mr. George Hickton, chief executive, Tourism New Zealand, "Put simply, New Zealand has never managed to distinguish itself from the pack, and, when you require most of your visitors to sit in a plane for more than eight or nine hours to reach their destination, it is imperative that it does." He added, "We have never ever positioned New Zealand so consistently globally." A visit to www.purenz.com will show just how TNZ is distinguishing itself.

In Australia, it is the Olympics. The Australian Tourist Commission (ATC) has pegged nearly all its marketing campaigns to the Games of the New Millennium for the last five years. Mr. John Morse, managing director, ATC, estimates that Australia's day-and-night media or Internet exposure worldwide has been worth well over AU\$1 billion, with the sponsors alone spending some AU\$300 million promoting Australia in association with the Olympics. The web site, www.australia.com is expected to attract a 1,350 percent increase in traffic during the Olympics, delivering nearly 45,000 pages an hour to a global audience. This does not include additional exposure that will come from the June release of the Tom Cruise thriller *Mission Impossible II* which was shot

almost exclusively in Sydney and prominently features some of its best landmarks. The Games are expected to drive interest in Australia for at least another 18 months after they are over.

AVIATION

Major takeovers and alliance links are underway that will have a significant future impact on the industry. In Australia, Ansett Australia is set to be bought by Air New Zealand which itself is to be acquired (25 percent) by Singapore Airlines. In New Zealand, Qantas is set to take over Ansett New Zealand. This will realign almost the entire aviation industry into the camps of the Star and oneworld airline alliances.

Though both airline groups highlight the various marketing advantages and cost synergies they will bring to the table, the ATC has quietly commissioned a study seeking to better understand the implications of this duopolistic control of the markets, especially in the long-term. Meanwhile, the emergence of some small start-up airlines is expected to trigger a fiercely competitive battle for market share within and between the two countries, bringing fares down and further adding to the lure of a holiday.

CONSUMER ATTITUDES

Support from the public and the private sector is one of the major forces driving the Australian and New Zealand tourism industry bodies to greater heights. This support continues to rise, along with a sense of optimism about the future of tourism and its prospects for profitability.

In Australia, the ATC's "Consumer Attitudes to Tourism" was conducted in March 2000 for the third year in a row, with 1,171 people aged 14+ being surveyed nation-wide. While there was huge support (94 percent or more in all instances) for continued inbound tourism, two critical questions related to the role of tourism in the Australian economy. Ninety-six percent believed it was important to the economy and 45 percent identified it as being the top foreign exchange earner, indicating high levels of recognition, well above the other long-standing traditional industries like metals and minerals (23 percent) and coal products (11 percent).

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In New Zealand, the Tourism Industry Association (TIA-NZ) has contracted Ernst & Young to do a bi-annual industry confidence survey, covering 117 tourism operators representing eight industry sectors. The latest one released in May 2000 indicated that 76 percent of the respondents expect profits to be up in 2000 and 37 percent expect an increase in employment levels. The survey also showed that 72 percent of the respondents reported higher profits in 1999 over 1998, and there was confidence that tourism would continue to grow, especially from the UK, European and North American markets.

TRADE SHOWS

For the first time this year, Trenz was held out of Auckland, moving to the dominant South Island city of Christchurch, where it will also remain in 2001. The move is designed to give additional exposure to South Island and highlight its broad range of natural, cultural and adventure tourism attractions. Christchurch airport has also recently been expanded with a new international departure lounge and is moving to boost its percentage of total international visitor arrivals by air from beyond the relatively small 21 percent currently. At Trenz 2000, which involved a total tab of about NZ\$2 million, there was a high percentage of buyers from both China (PRC) and India. Chinese buyers will also be invited for the first time to the mini-Trenz for Asia to be organised by Tourism New Zealand in Hong Kong SAR in September 2000.

In 2001, the Australian Tourism Exchange, which costs the ATC about AU\$8 million to organise, is to be moved to Brisbane, also for the first time away from the Sydney-Melbourne axis. The ATC will be launching a new format under which a first batch of buyers from Asia and the Middle East will fly in first for three days of appointments to be followed by another wave of buyers from Europe, North America for another three days. Sellers will be able to choose which module they wish to participate in. The ATC reckons it will help bring down their costs per appointment from AU\$115 to AU\$75.

Both the ATC and TIA-NZ prominently feature "new products" at their respective shows. The ATC is also concerned about the rising number of international trade shows world-wide and is conducting a global study to see which ones should be participated in.

TECHNOLOGY

Both tourism organisations are investing heavily in technology. Both have powerful, detailed and informative Web sites, which are going to be used more effectively to convert lookers into bookers.

The ATC sees great potential in using the new generation Wireless Application Protocol (WAP) technology to raise one-to-one marketing to new heights and hit consumers with specific messages on their specific preference at specific times. It is also investing in an 18-month data-warehousing project to gather more information on consumers and eliminate duplication of information across the many Australian tourism Web sites, including those of the states and territories. Behind the scenes, the ATC is also working with airlines to target their frequent flyer programme members.

Tourism New Zealand's focus is on broadening the number of languages in which it can reach consumers. About 150 pages of its Web site purenz.com have been meticulously translated into Japanese, Mandarin and German at a cost of nearly NZ\$100,000 per language. TNZ research shows that 19 million households in Japan now have access to the Internet, while China (PRC) is a country with one of the highest penetrations of the Internet in

the world. Launched in July 1999, purenz.com has an average user session of 12 minutes with an average of 3,600 user sessions daily.

Both NTOs have confirmed that they will not start taking bookings over the Internet. TNZ says it will even not accept advertising – yet.

RESEARCH

About half-way through the Asian economic crisis, the ATC conducted one of its most extensive pieces of

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research in the Asian market to identify opportunities that will emerge once the crisis is over. The findings of that research not only helped shape Australia's strategies during the crisis and help it lose less market share than other destinations but are also influencing its current strategies in Asia. Indeed, the ATC spends millions of dollars on research across the board, with one relatively new effort being what the industry itself thinks of the ATC and its activities (Answer: pretty highly).

New Zealand has just set up the Tourism Research & Forecasting Clearinghouse to provide the tourism industry "with a full suite of authoritative and credible information" and facilitate informed decision-making. The Clearinghouse is to receive secretariat support from the Office of Tourism & Sport and will be overseen by a council with both public and private sector membership. The actual research work will be sub-contracted to a private company.

INDIGENOUS TOURISM

The promotion of Maori tourism is already an inherent and intrinsic part of the tourism campaigns in NZ. Almost all its promotional literature contains powerful images of Maori traditions and lifestyles. Australia is now stepping up efforts to bring more aboriginal culture into the tourism fold. Right after the ATE, the ATC organised the first National Indigenous Tourism Conference in Sydney on June 3. "Tourism will play a major role in assisting with the economic independence of Indigenous Australia," ATC's Mr. John Morse told the conference.

HOTELS

There has been a major increase in room supply in both Australia and New Zealand, especially in Olympic host city Sydney as well as Auckland. Sydney alone saw its room count go up by 2,700 in 1999. There are major fears of a price war after the Olympics, especially in the low season. How to fill these hotel rooms is a major issue of concern on both sides of the Tasman Sea.

INDUSTRIAL ISSUES

On July 1, Australia's tax reform scheme will move ahead with the implementation of a 7 percent Goods & Services Tax. This is expected to create confusion for several months until businesses get used to its various shades and nuances. Much print and Internet literature has been produced attempting to explain to the various parts of the

tourism industry what is taxable and what is not but the proof of the pudding will only be in the eating.

In New Zealand, as of August 1, the new Labour government is to put into effect an Employment Relations Bill, which will effectively increase the power of the labour unions. Negotiations are currently underway to soften the impact of this bill on tourism with its unusual working hours and difficult conditions. Whether that materialises is yet to be seen.

OTHER ISSUES

Quality Control: With a much smaller geographical area to cover, New Zealand is making a major effort to boost quality control of its products and encourage the industry to trade up. All industry suppliers are being encouraged to subject themselves to certification by the Qualmark rating scheme, a joint venture between the TIA-NZ and the Automobile Association, and all buyers of the New Zealand tourism product are being encouraged to ask for a supplier's Qualmark rating to establish standards. The annual New Zealand tourism awards are also being vigorously highlighted. Though the awards themselves are given at the National Tourism Industry Conference in August, the names of nearly 100 finalists were announced and published just before *Trenz* in order to encourage buyers to seek them out when doing business.

Cooperative Campaigns: The ATC is reviewing its long-standing and highly successful Partnership Australia project in which it has worked with the states on joint marketing campaigns. Working with the private sector, especially the global multinational companies, is going to be a major part of its future campaigns. The same holds true in New Zealand which is also encouraging regional shires and districts to work together and find common ways to bring visitors to their region by sharing costs and enforcing quality control schemes.

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