



Tourism and the Distribution Channel

March 2012

Presentation – Lesley Immink, Chief Executive

Tourism Export Council of New Zealand

(formerly ITOC – Inbound Tour Operators Council of New Zealand)

Global Results YE 2010 and Trends

- ▶ 940,000 million international visitors
- ▶ US\$919 billion tourism receipts
- ▶ Asia Pacific fastest growing +13%, Europe +3%, Americas +6%, Africa +7%, Middle East +14%
- ▶ Growth forecast 4–5% in 2011
- ▶ Growth trends in cruise, ecotourism, cultural tourism, luxury tourism and responsible tourism
- ▶ Shift from group market to FIT market
- ▶ Senior/youth markets, technology, macro alliances
- ▶ End-of- the earth experiences, submarine, orbit etc.

Source: UNWTO end June 2011

Top International Destinations

▶ France	76.8 million	
▶ USA	59.7 million	
▶ China	55.7 million	*
▶ Spain	52.7 million	
▶ Italy	43.6 million	
▶ United Kingdom	28.1 million	
▶ Turkey	27.0 million	
▶ Germany	26.9 million	
▶ Malaysia	24.6 million	
▶ Mexico	22.4 million	
▶ India	20.1 million	*
▶ <i>Australia</i>	<i>5.8 million</i>	
▶ <i>New Zealand</i>	<i>2.5 million</i>	

Source: UNWTO end June 2011

Tourism as an Economic Driver

- Transport, accommodation, catering, recreation and services
- Human resource intensive – 1 in 10.7 jobs globally
- Services are largest and fastest growing sector of world economy
- Last 25 years grown more than 500%
- Open borders, global markets, more leisure time, technology
- Regional diversification
- Small to medium size businesses
- Minimal financial assistance from government
- Relatively low pollutant – conservation of natural & cultural heritage
- Medium for cultural exchange, promoting international goodwill
- Private sector driven – government shapes operating environment and provides infrastructure development

Direct tourism sectors

Accommodation	*Transportation	*Sales	Ancillary
<ul style="list-style-type: none"> ▶ Hotels ▶ Motels ▶ Luxury lodges ▶ Backpackers ▶ Bed/Bfasts ▶ Farmstays ▶ Homestays ▶ Arts/Crafts/Heritage ▶ Cruise ships 	<ul style="list-style-type: none"> Airlines Coach & Bus Rental cars/vans Trains Taxis Ferries 	<ul style="list-style-type: none"> ITOC RTO's I-sites Events Conferences 	<ul style="list-style-type: none"> Attractions Activities Restaurants, Bars Entertainment Petrol stations Retail

* Transportation & Sales: International, Domestic and Local

Indirect tourism sectors

- ▶ Councils – rates, building consents, DOC re concessions
- ▶ Construction industry - plumbers, electricians, decorators
- ▶ Agriculture industry
- ▶ Wine industry
- ▶ Advertising industry
- ▶ Accounting industry
- ▶ Printing industry
- ▶ Finance industry
- ▶ Insurance industry
- ▶ Cleaning industry
- ▶ Manufacturing industry
- ▶ Education industry

Tourism in New Zealand

- Total tourism expenditure \$23 billion for YE March 2011
- International tourism expenditure (up) \$9.7 billion
- Domestic tourism expenditure (up) \$13.2 billion
- 16.8% of total exports of goods & services

**Dairy 2011 had export receipts of \$11.6 billion and 19.9% total exports*

- 8.6% contributed towards GDP (direct & indirect)
- Employs between 1 in 9.3 employees = 179,800 FTEs
- \$63 million per day industry
- \$23 million per day in foreign exchange earnings
- \$36 million per day in domestic expenditure
- Tourists generated \$1.7 billion in GST revenue

Source: Statistics NZ 2011 and Tourism Satellite Account – Mar 2011

Visitor Arrivals New Zealand

YTD end November 2011

<http://www.tourismresearch.govt.nz/Data--Analysis/International-tourism/International-Visitor-Arrivals/IVA-Key-Data/>

<u>End Nov</u>	<u>2010</u>	<u>2011</u>	<u>%</u>
TOTAL:	2,520,725	2,582,935	+2.5%
Australia	1,115,408	1,146,273	+2.8%
Asia	450,387	451,976	+0.4%
China	120,222	141,289	+17.5%
Malaysia	21,392	33,802	+58.0%
Europe	462,214	469,349	+1.5%
UK	237,909	231,764	-2.6%
Americas	270,474	268,051	-0.9%

Top Visitor Destinations

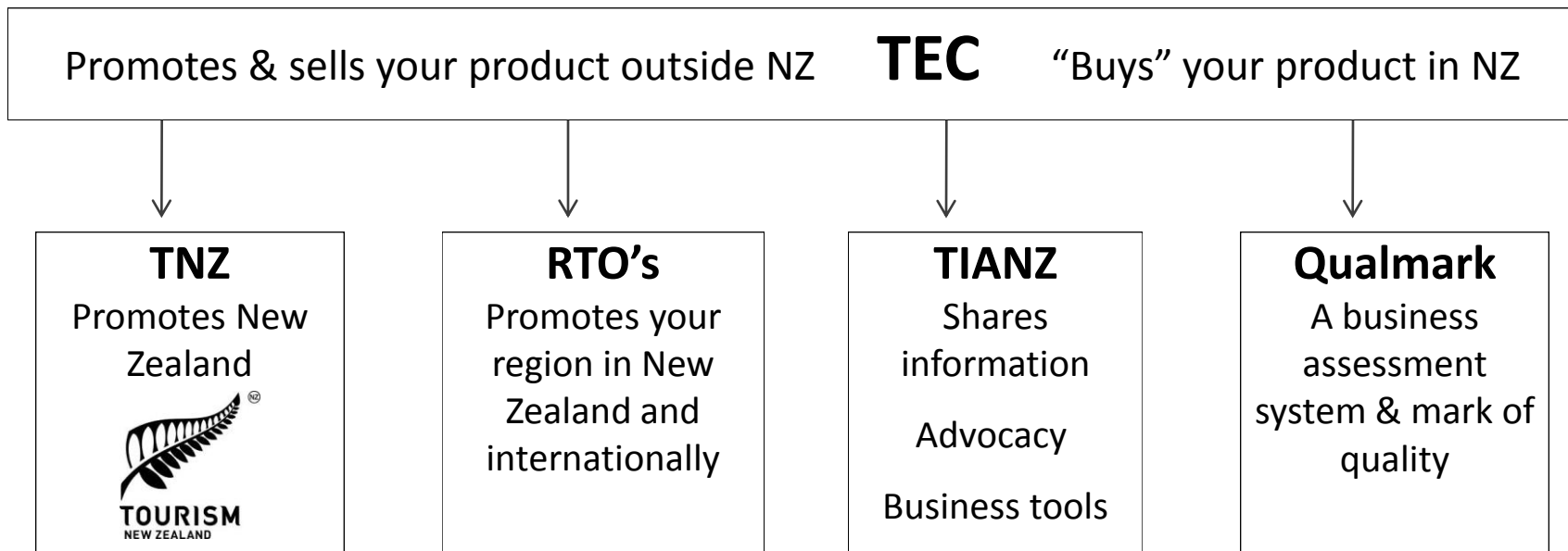
Region	Total Guest Nights	+/- 2010	Market Share
1. Auckland	6,196,790	+9.3%	19.4%
2. Christchurch	4,145,638	-17.4%	13.0%
3. Queenstown	2,388,786	-4.8%	7.5%
4. Wellington	2,437,531	+7.3%	7.5%
5. Rotorua	1,709,282	+1.7%	5.3%
6. Northland	1,630,520	-0.5%	5.1%
7. Nelson Tasman	1,266,651	+2.3%	4.0%
8. Bay of Plenty	1,152,970	+5.5%	3.6%
9. Waikato	1,069,320	+2.6%	3.3%
10. Hawkes Bay	997,769	-1.8%	3.1%
11. Taupo	966,586	+1.7%	3.0%
TOTAL GUEST NIGHTS:	31,973,157	-1.1%	

Source: Statistics NZ, Commercial Accommodation Monitor Nov 2011

Tourism Export Council

who are we, what do we do?

- ▶ Founded 1971 – Private sector
- ▶ 42 Full member inbound tour or ground operators
- ▶ 200 Allied member ‘product suppliers’
- ▶ Commercially focused – business 2 business



Roles of Key Tourism Agencies in New Zealand

MARKETING

TNZ

Tourism New Zealand

Promotes New Zealand

Responsible for:

- I-sites
- Qualmark
- ADS China
- Maori Tourism

RTONZ

Regional Tourism
Organizations of NZ

Promotes your region
(29 in New Zealand)

Tourism Export Council

Promotes New Zealand

Business 2 business in NZ

Some advocacy to government

Represents:

- Accommodation
- Transport
- Attractions
- Activities
- Services

KEY FOCUS— Business &
growth

ADVOCACY & POLICY

TIANZ

Tourism Industry Association

Voice of industry to government

Facilitates industry information

Business tools & Education

Also represent:

- Accommodation
- Transport
- Attractions
- Activities
- Services

KEY FOCUS—Advocacy

Membership Industry Associations:

NZHC—NZ Hotel Council
HPANZ—Holiday Parks
@home NZ—B & B's
MANZ—Motel
NZLA—Lodges
BCA—Bus & Coach
ONZ—Outdoor NZ
HANZ—Hospitality
RVA—Rental Vehicles
BARNZ—Board Airline
Representatives
Ski Areas Association
Backpackers Association

Industry Training Organisations:

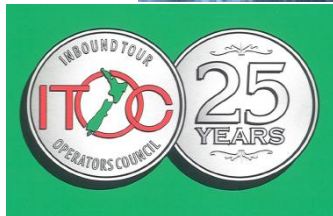
ATTTO—Aviation,
Tourism & Travel Training
HSI—Hospitality Standards
Institute
SFRITO—Sport Fitness &
Recreation Industry

Tourism Export Council 'full members' promote NZ companies off-shore. They then purchase NZ wide product, in volume and are repeat business. They value supplier relationships and give excellent pastoral care to our international visitors.

What is an IBO?

- ▶ An inbound tour operator is a 'ground operator' in a destination who organises accommodation, activities & attractions, transportation and some meals for visitors
- ▶ IBO's (inbound operators) or ITO's (inbound tour operators) can work with either the group touring market or free and independent travellers (FIT)

The Role of the IBO has Changed



Today's Inbound Tour Operator



100% PURE
newzealand.com



Who are ITOC Full Members?



Welcome to Pan Pacific Travel



Who are Allied Members?

- Attraction operators eg. Te Papa Museum,
- Activity operators eg. Hammonds, Interislander
- Accommodation providers eg. hotels, motels, luxury lodges
- Transport agencies eg. airlines, train, coach, ferry, car rentals
- Regional Tourism Organisations eg. Positively Wellington
- Publishing companies, tourism consultants, agencies (NZMTC)



The Distribution Channel



OVERSEAS VISITORS
\$125



OVERSEAS TRAVEL AGENT
Commission 10% **\$10**



OVERSEAS WHOLESALER
Commission 10-15% **\$10**



ITOC Full Member

NZ BASED INBOUND TOUR OPERATOR
Commission 5-10% **\$5**

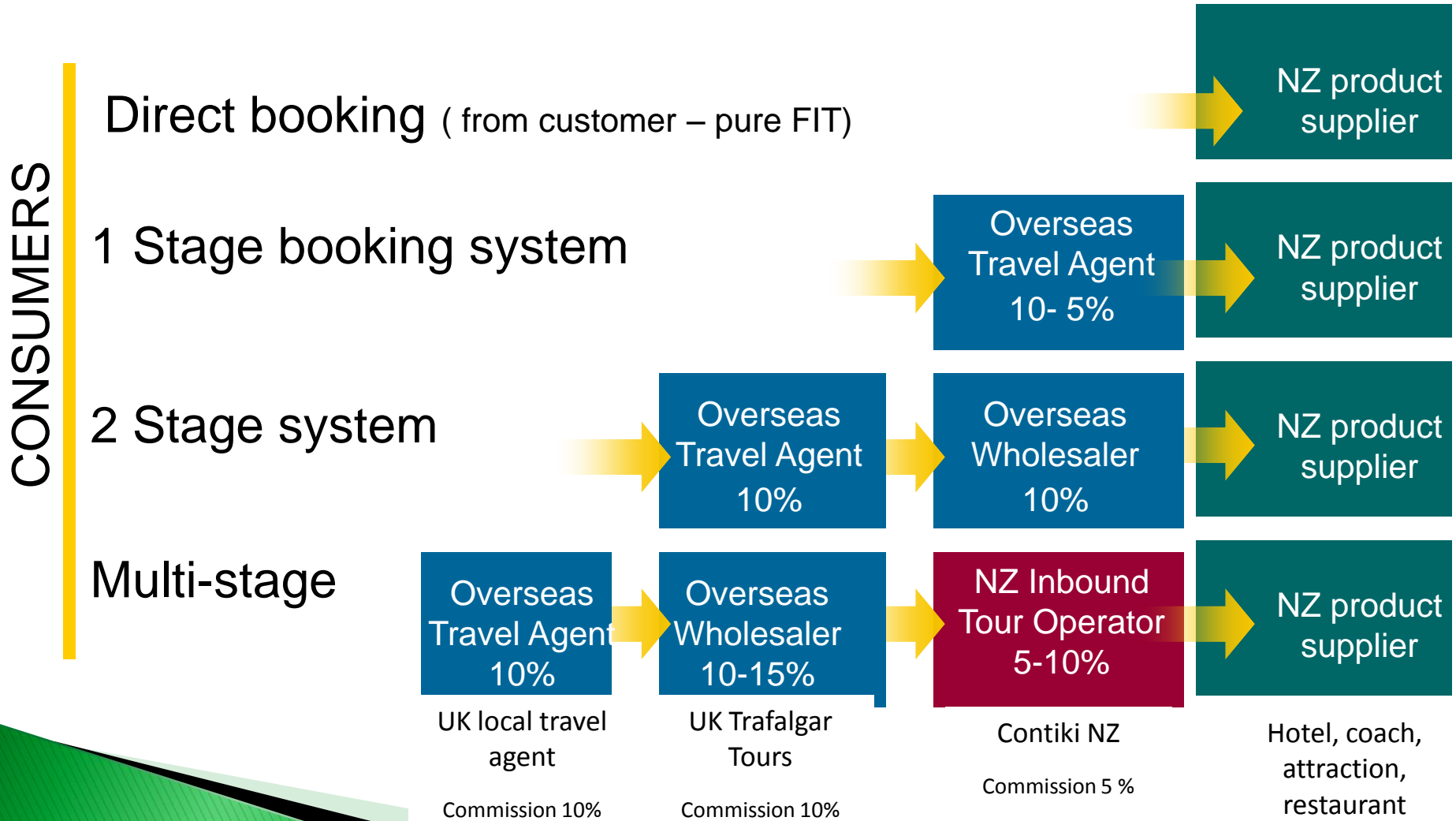
IBO's budget \$125 per person to book this room even though operator only gets \$100



ITOC Allied Member

NZ accom, activity, attraction operator

The Distribution Channel



Distribution & Commission

- Traditional model with travel agent, travel wholesaler, inbound tour operator, product supplier (15-30% commission)
- RTO's – Regional Tourism Organisations (some commission)
- i-SITE network (10-15% commission)
- Internet wholesalers eg. Expedia, Wotif (commission varies)
- Event organisers eg. DMS or PCO
 - DMS = Destination Management Specialists
 - PCO = Professional Conference Organiser
- FIT & SIT (free and semi independent travellers)

Modern Model of Distribution



ONLINE WHOLESALERS

Commission

eg. Lastminute., Grab-one, Kayak, Expedia, Wotif .com



OVERSEAS TRAVEL AGENT Commission



OVERSEAS TRAVEL AGENT Commission



OVERSEAS WHOLESALER Commission



NZ inbound operator Commission

**ACCOMMODATION,
TRANSPORT, ATTRACTION,
ACTIVITY OPERATORS**



Airline packages Commission



Hotel & event packages Commission

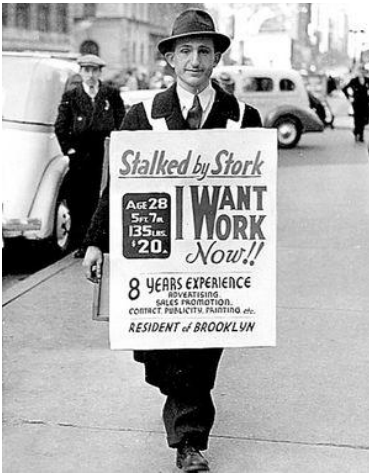


RTO and I-site packages Commission



OVERSEAS VISITORS Direct – no commission

Unless you want to do this 24/7...



Get over having to pay a commission – Inbound operators market for you overseas and you only have to pay once they are at your door. Learn to love your inbound operator. New business for them is new business for you...

Benefits of working with an IBO

IBOs have hundreds of downstream relationships with off-shore travel agents. They will do your international marketing for you.

Working with an IBO or PCO can bring you:

- bulk bookings
- repeat business
- on-going (series) bookings
- conference & event bookings
- confidence if any adversity should occur
- enjoyment being part of the tourism industry

How to work with an IBO?

Do your homework:

- Work with your RTO who will work with IBO's
- Visit their website/brochures - check their itineraries ahead of time to determine:
- Who are their customers? Check their age and if any cultural considerations
- How long do they spend in your area and what do they do?
- How many passengers per group or are they FIT/SIT customers?

Know their business before you tell them about your business!

How to talk to an IBO?

3-5 minute 'elevator talk'

1. Describe your product/event/activity using images or what is new this year
2. How long does it take to experience your product/benefit of your accommodation
3. How many can you accommodate?
e.g. 2 groups x 20 pax in 3 hours
4. Can you package with other operators
5. Provide commissionable price

Working with your RTO

Benefits:

- ▶ Promotes the region and your product/event
- ▶ Works with NZ inbound wholesalers
- ▶ Act as conduit for media
- ▶ Acts as an advisor between national bodies
- ▶ Provides statistics and research information
- ▶ Provide information for tourism investors
- ▶ Explores event development opportunities
- ▶ Acts as educator and advocacy for industry

Wellington
WellingtonNZ.com New Zealand

Working with your i-SITE

Benefits:

- ▶ "ask a local"
- ▶ sell your business for you 7/days 364 per year
- ▶ personal recommendations are significant
- ▶ welcome approx 200,000 through doors p.a.
- ▶ consider brochure display – visual impact
- ▶ recommend back to i-SITE so they can upsell more regional and neighbouring product

ITOC - Name change

Rationale for name change:

1. To improve profile with members and industry – show more leadership for change
2. Inform some operators in industry that they are involved in the 'tourism export sector'
3. Keep upper mind that tourism is a valuable export industry with local, regional & national government
4. Start the 'culture shift' of the average New Zealander in appreciating what tourism means to our communities and employment opportunities

Introducing... **Tourism Export Council**



Key points re new name and logo:

- full name rather than among plethora of acronyms
 - says 'who we are and what we do'
- map of New Zealand stays consistent from previous logos
- maori design incorporated if possible

Result: A stylised and contemporary map version of New Zealand and name that says what we do. Full and Allied membership category names remain

Colour variations



Stationary



Tourism Export Council of New Zealand
Level 3, Tourism & Travel House, 79 Boulcott St, PO Box 1888
Wellington 6140, New Zealand
Phone: +64 4 495 0810 Fax: +64 4 499 0786
Email: Lesley@tourismexportcouncil.org.nz
www.tourismexportcouncil.org.nz





Tourism Export Council Distribution System

How the Tourism Export Council works with the International travel distribution network and the New Zealand Tourism Industry



Whats New:

NZTEC Directory 2010
The 2010 edition of the annual NZTEC Inbound Travel Directory is now available as an electronic download.
[More >>](#)

Latest Newsletter
Our latest newsletter is now available.
[More >>](#)

2009/10 Annual Report
The 2009/10 Annual Report presented at the August 2010 AGM in Marlborough is now available to download. [More >>](#)

NZTEC Directory 2010
The 2010 edition of the annual NZTEC Inbound Travel Directory is now available as an electronic download.
[More >>](#)

Latest Newsletter
Our latest newsletter is now available.
[More >>](#)

2009/10 Annual Report
The 2009/10 Annual Report presented at the August 2010 AGM in....

Welcome...

The Tourism Export Council of New Zealand (TECNZ) is a Trade Association representing the New Zealand inbound tourism industry. Its membership includes inbound Tour Operators (Full Members) and their suppliers (Allied Members).

TECNZ has represented the interests of inbound tourism for over forty years, and today its Full and Allied members collectively handle most of New Zealand's holiday visitor arrivals.

TECNZ plays a vital and supportive role in the expansion of New Zealand tourism. The relationships with our product suppliers in New Zealand and off-shore wholesalers are absolutely key to our continued growth. Our main goals is to 'grow business and increase profitability'. We look forward to working "with you, and for you".



Our Events

Meet Our Team



Export Growth



But wait there's more...



Who are these people?

- a voluntary 'super' young organisation
- younger, better, stronger, faster...
- 1-5 years into their industry experience (18-36 years)
- keen to learn from 'famous and infamous' industry legends
- able to be a self managed and financial organisation

Next step:

1. Board to incorporate into annual business plan
2. Look at financial and time implications for employers/members
3. Receive expressions of interest from potential members

2012

- ▶ 01 March website live – official name change
- ▶ Tourism & mainstream media releases
- ▶ Refer to us as the 'Tourism Export Council and not ITOC in the near future
- ▶ The Tourism Export Council is “who we are”
- ▶ Delivering business to your door is “what we do”



Thank you for your consideration.

For more information or a copy of this power-point presentation for you to adapt for your business, school or organisation, contact the Chief Executive at info@itoc.org.nz

The internet will make tour
wholesalers and travel
agents redundant

Yeah right.



