



Media release

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Forecasts predict solid growth but structural shift in tourism

Tourism is set to recover from its current slowdown due to the continuing strength of Australia and a growing Chinese market, new forecasts released by the Ministry of Business, Innovation and Employment predict.

New Zealand's tourism sector outlook: Forecasts for 2012-2018 predicts international visitor spending will grow nine percent by December 2018, recovering from a sharp slowdown brought on by the global financial crisis. Visitor numbers are expected to rise by 28 percent in the same period.

Acting General Manager Adrienne Meikle says the forecasts point to a significant structural shift in New Zealand's tourism industry.

"Traditional markets like the United Kingdom and United States will continue to decline in the absence of any active market intervention, but this will be off-set by strong growth from China and Australia.

"New Zealand will face continuing challenges as a destination for traditional markets, due to the global financial crisis and emergence of low-cost European airlines. The forecasts provide encouragement for New Zealand's tourism industry to do more to attract and cater for visitors from our Asia-Pacific neighbours."

The forecasts predict the average spend per day will remain steady, but the length of stay will trend downwards due to shorter trips from Australian and Asian visitors.

Tourism Industry Association Chief Executive Martin Snedden says the new forecasts show where efforts need to be made to underpin growth predictions or to lift market performance. There are a number of initiatives underway or beginning shortly which will significantly influence visitor numbers and spend over the next six years.

"Clearly China will be a big growth market but there is no room for complacency. We need to ensure that we keep improving the quality of the visitor experience to secure greater spend from this important sector.

"The current China Market Review will build on the foundations a range of New Zealand businesses and Tourism New Zealand are laying in China at present," he says.

"In medium-risk markets such as Japan and the USA, there is optimism that positive change is already underway, evidenced by Air New Zealand's recent decisions to increase its capacity out of both countries. The UK and Europe remain challenging but these markets remain important for New Zealand.

“A number of New Zealand tourism operators are working hard to at least retain current levels of support from these markets. It was good to see our country being voted as favourite destination by UK *Daily Telegraph* readers last week. We expect *The Hobbit* will impact positively on results from a number of our key markets such as the USA, Japan, the UK and Europe. Emerging niche tourism activities, such as cycling, hiking and golf, are likely to be part of the solution.

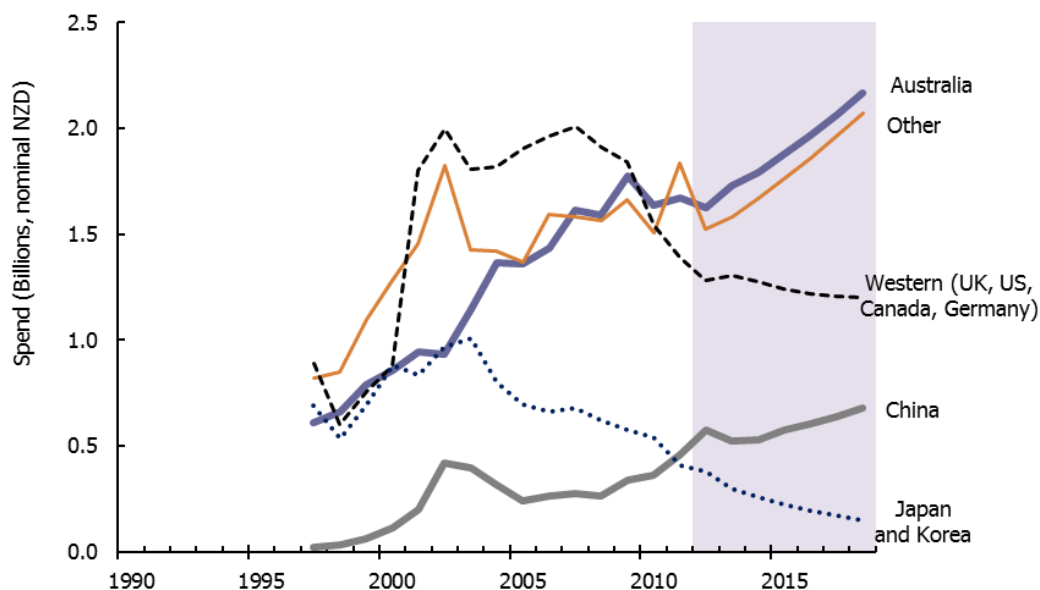
“The overarching message that can be taken from these forecasts is that if the industry, with Tourism New Zealand, can continue to adapt effectively within this fast-changing environment, and if we can keep improving the quality of the visitor experience, then tourism will continue to be a strong contributor to New Zealand’s economy.”

Ms Meikle says the forecasts provide a starting point for industry discussions about what might happen within New Zealand’s inbound visitor market over the next six years.

“The Ministry’s job in this instance is to make long-term forecasts based on good econometric practice. The industry’s job is use these forecasts to determine what needs to be done to underpin growth predictions and to lift market performance in regions where declines are predicted.”

New Zealand’s tourism sector outlook was produced for the Ministry by NZIER.

Figure 1 – Actual and forecast tourism expenditure in New Zealand



[Read the tourism forecasts report.](#)

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