

Insights, Trends & Opportunities



Ambition 2020: High Opportunity Target Markets

High Opportunity Target Markets

April 2013

TFI Approach

For each market TFI/AIAL reviewed:

- Travel purpose by visitor market to New Zealand.
- NZ Ministry of Economic Development & Australia's Tourism Forecasting Committee (TFC) forecasts.
- Flights to/from NZ by foreign port.
- Dual Destination: Proportion of international visitors to NZ that also visited Australia.
- Market outbound performance where available.
- NZ share of visitors relative to Australia, Singapore, Indonesia, Malaysia, Hong Kong, China, Japan. Visitors to Canada and USA were also reviewed.
- Latest IMF GDP and UN population forecasts by market.

To create the targets TFI/AIAL:

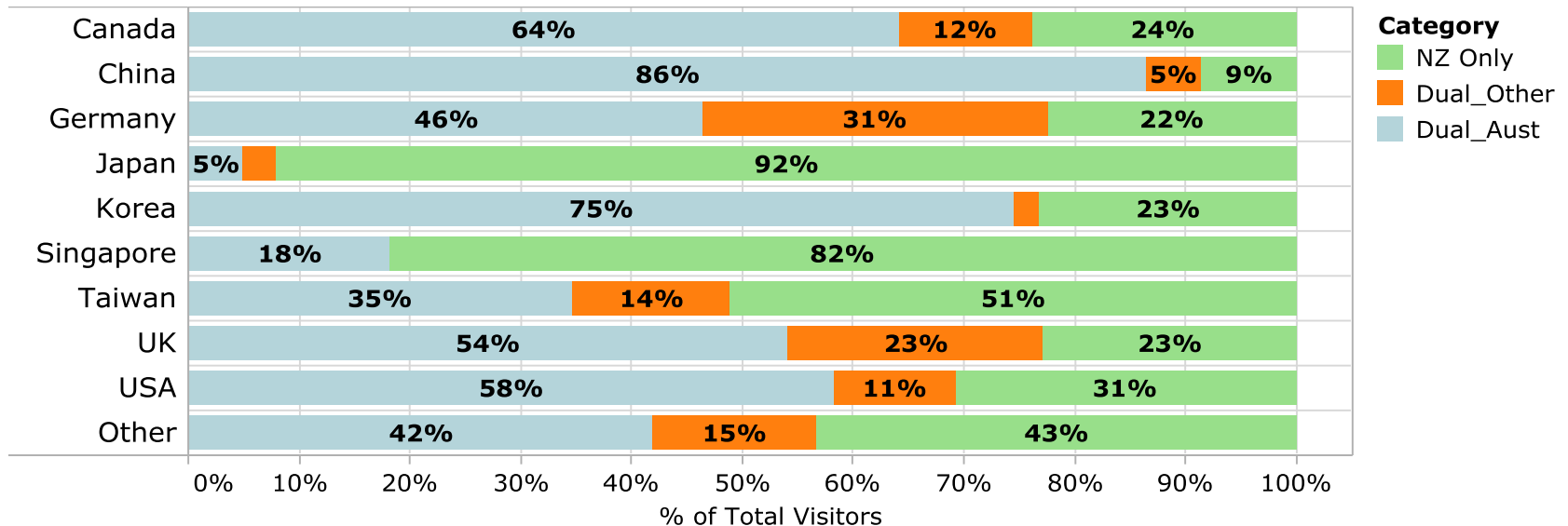
- Reviewed latest NZ Ministry forecasts to 2018 & latest TFC forecasts for Australia.
- Established reasonable 'upper level' growth rates for each market based on past experience and GDP forecasts.
- Assessed the market share for 2020 implied by the growth rates & adjusted growth rates where necessary.

NZ Visitor Market Segments - 2012

All Purposes				Holiday				VFR				Business			
Rank	Country	Visitors ('000s)	Share	Rank	Country	Visitors ('000s)	Share	Rank	Country	Visitors ('000s)	Share	Rank	Country	Visitors ('000s)	Share
1	Australia	1,155.8	45.2%	1	Australia	433.7	37.2%	1	Australia	476.1	55.6%	1	Australia	185.1	61.2%
2	China	197.0	7.7%	2	China	140.4	12.0%	2	UK	98.7	11.5%	2	USA	23.0	7.6%
3	UK	189.6	7.4%	3	USA	99.1	8.5%	3	USA	40.1	4.7%	3	China	17.5	5.8%
4	USA	177.7	7.0%	4	UK	71.9	6.2%	4	China	24.0	2.8%	4	UK	11.2	3.7%
5	Japan	72.1	2.8%	5	Japan	47.7	4.1%	5	Canada	14.8	1.7%	5	Japan	6.0	2.0%
6	Germany	63.8	2.5%	6	Germany	43.6	3.7%	6	Fiji	13.8	1.6%	6	Singapore	5.9	2.0%
7	Korea	52.9	2.1%	7	Korea	34.6	3.0%	7	South Africa	10.2	1.2%	7	Germany	3.5	1.2%
8	Canada	46.4	1.8%	8	Canada	24.7	2.1%	8	Germany	10.0	1.2%	8	Canada	3.4	1.1%
9	Singapore	36.4	1.4%	9	Singapore	21.1	1.8%	9	Japan	8.7	1.0%	9	Korea	2.8	0.9%
10	India	29.9	1.2%	10	Malaysia	19.2	1.6%	10	Korea	8.5	1.0%	10	Hong Kong	2.6	0.8%
11	Malaysia	29.4	1.2%	11	France	15.7	1.3%	11	India	8.0	0.9%	11	India	2.5	0.8%
12	Hong Kong	26.3	1.0%	12	India	14.9	1.3%	12	Hong Kong	8.0	0.9%	12	Fiji	2.4	0.8%
13	France	24.9	1.0%	13	Hong Kong	13.5	1.2%	13	Singapore	6.4	0.7%	13	Malaysia	2.0	0.6%
14	Fiji	22.4	0.9%	14	New Caledonia	13.1	1.1%	14	Malaysia	6.0	0.7%	14	Thailand	1.9	0.6%
15	Netherlands	21.4	0.8%	15	Netherlands	12.9	1.1%	15	Netherlands	5.6	0.7%	15	France	1.7	0.6%
24	Brazil	10.3	0.4%	21	Brazil	5.5	0.5%	19	Philippines	3.7	0.4%	18	Philippines	1.2	0.4%
25	Philippines	9.6	0.4%	28	Argentina	3.3	0.3%	24	Brazil	1.6	0.2%	30	Chile	0.4	0.1%
29	Argentina	6.0	0.2%	32	Chile	2.2	0.2%	27	Argentina	1.1	0.1%	32	Brazil	0.4	0.1%
30	Chile	4.8	0.2%	34	Philippines	1.8	0.2%	34	Chile	0.8	0.1%	35	Argentina	0.2	0.1%
Total New Zealand		2,555				1,167				857				302	

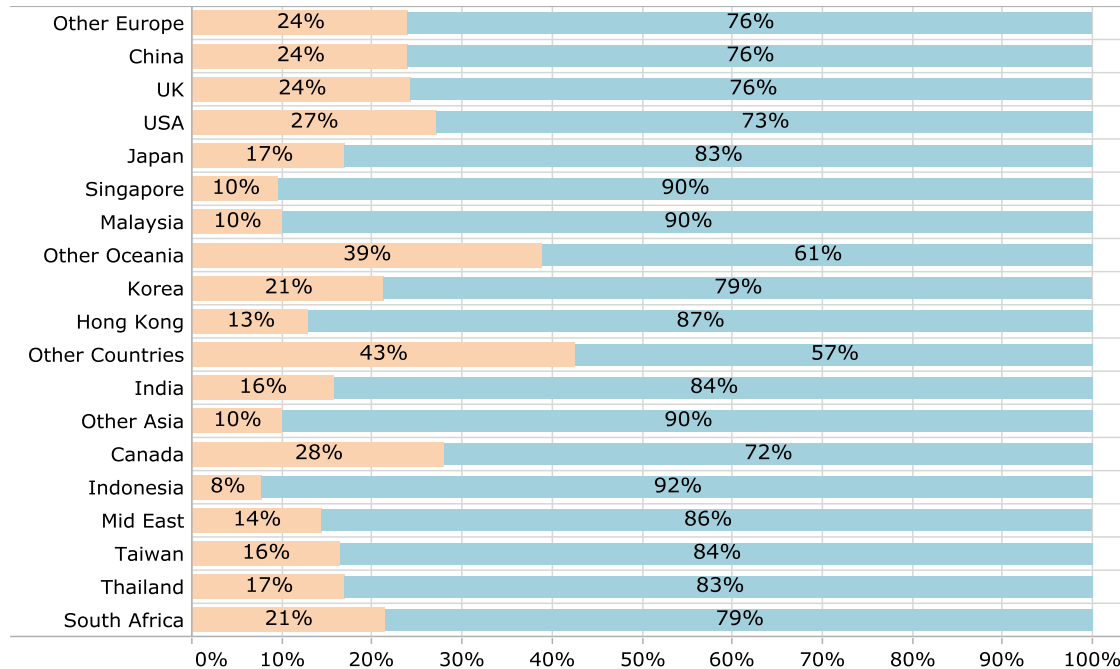
- The table above shows the top 15 country markets by travel purpose along with a number of emerging markets.
- The three markets Brazil, Argentina and Chile accounted for 21,000 visitors in 2012, 0.8% of the total visitor market.

Dual Destination Holiday Visitors 2011



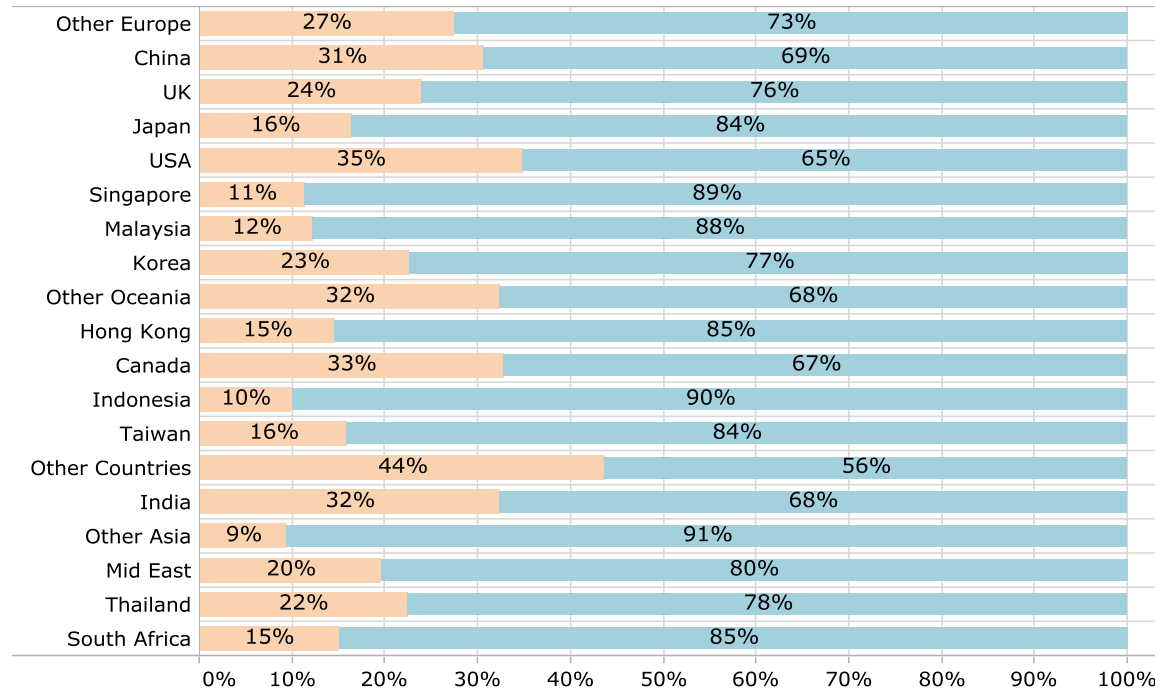
- Chart shows proportion of visitors to NZ also visiting Australia, visiting other destinations and visiting only NZ on their trip. Highlights include the relatively low proportion of Japanese and Singaporean holiday visitors also visiting Australia and the high proportion visiting Australia and NZ from China, Korea and longer haul markets.
- There are positives and negatives associated with dual destination travel. It sometimes means a larger number of visitors than could have been achieved if only one destination was visited (either because of the increased incentive provided by visiting two destinations or because of limitations on direct air services).
- The negative is that the average time spent in NZ is lessened.

Australasian Visitors 2012 – All Visitors



- The chart shows the 2012 shares of visitors for all purposes to NZ and Australia. The NZ share in orange and Australian share in blue.
- The ranking is based on total visitor arrivals to Australia + New Zealand.

Australasian Visitors 2012 – Holiday Visitors



- The chart shows the 2012 shares of visitors for holiday/vacation to NZ and Australia. The NZ share in orange and Australian share in blue.
- The ranking is based on holiday visitor arrivals to Australia + New Zealand.

NZ Visitor Forecasts, Ministry Nov '12

	2011	2018	CAGR	Share of Increment
Australia	1,156	1,643	5.1%	66%
UK	230	140	-6.9%	-12%
USA	185	173	-0.9%	-2%
China	146	425	16.6%	38%
Germany	64	83	3.9%	3%
Japan	69	40	-7.6%	-4%
Korea	53	45	-2.3%	-1%
Canada	49	57	2.1%	1%
Other	643	725	1.7%	11%
Total	2,594	3,331	3.6%	100%

EXCLUDING AUSTRALIA				
	2011	2018	CAGR	Share of Increment
UK	230	140	-6.9%	-36%
USA	185	173	-0.9%	-5%
China	146	425	16.6%	112%
Germany	64	83	3.9%	8%
Japan	69	40	-7.6%	-12%
Korea	53	45	-2.3%	-3%
Canada	49	57	2.1%	3%
Other	643	725	1.7%	33%
Total	1,438	1,688	2.3%	100%

- Latest Ministry of Economic Development forecasts for 2018 against the last actual year used in forecasting are shown above by market. The left hand table includes Australia (accounts for two-thirds of the forecast growth).
- The right hand table excludes Australia. When Australia is excluded China accounts for 112% of the growth forecast over the period to 2018.
- The UK represents the largest 'drag' on growth over the period followed by Japan, USA and Korea.
- **Based on Ministry forecasts the 'growth' story is almost entirely dependent on two markets - Australia and China.**

Scenario Development

- Scenario 1: Organic Growth
 - Reasonable expectation given economic forecasts and trends.
- Scenario 2: Accelerated Growth
 - Faster growth expectation based on air services growth and market recovery in UK, Europe, USA, and Japan.
- Scenario 3: Aggressive Growth
 - Assumes strong air service development in some markets recovery in Korea etc.

Scenario Outcomes



000s Visitors to New Zealand							
Country	2012	2020			CAGRS		
	Actual	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Australia	1,156	1,487	1,566	1,665	3.2%	3.9%	4.7%
China	197	452	483	573	10.9%	11.9%	14.3%
UK	190	206	213	228	1.0%	1.5%	2.3%
USA	178	230	243	256	3.3%	4.0%	4.7%
Japan	72	81	97	100	1.4%	3.7%	4.2%
Germany	64	76	76	83	2.2%	2.3%	3.4%
Korea	53	57	67	86	1.0%	3.0%	6.2%
Canada	46	56	56	64	2.3%	2.4%	4.0%
Singapore	36	39	45	50	1.0%	2.6%	4.0%
India	30	53	58	69	7.3%	8.7%	11.0%
Malaysia	29	35	42	51	2.1%	4.5%	7.1%
Hong Kong	26	30	34	35	1.7%	3.2%	3.5%
France	25	31	33	34	2.6%	3.5%	4.0%
Argentina, Brazil, Chile	21	40	50	73	8.4%	11.5%	16.8%
Taiwan	19	20	22	24	0.9%	2.0%	3.2%
Thailand	17	20	20	22	2.2%	2.0%	3.5%
Indonesia	12	18	33	39	5.0%	13.2%	15.5%
Philippines	10	15	21	26	5.8%	10.0%	13.0%
Other Countries	374	473	516	561	3.0%	4.1%	5.2%
TOTAL	2,555	3,418	3,674	4,039	3.7%	4.6%	5.9%



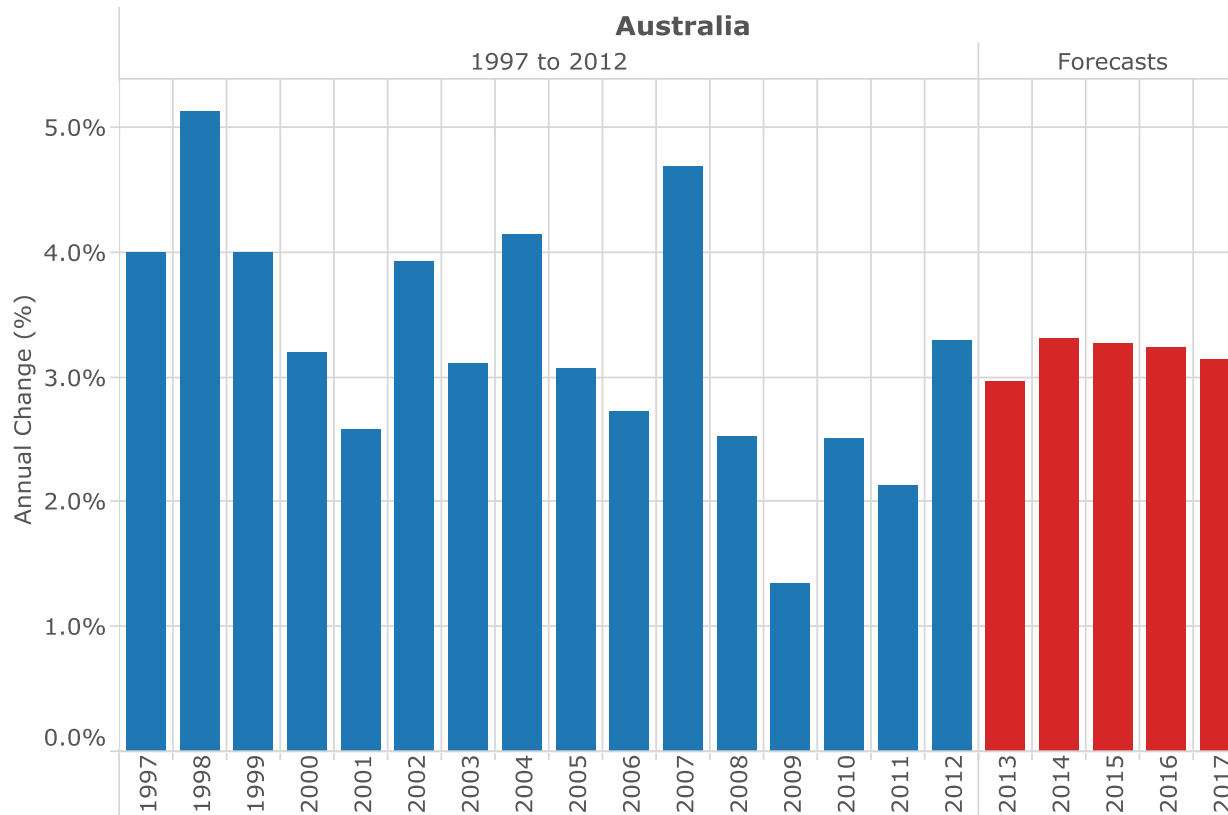
Market Review & Targets





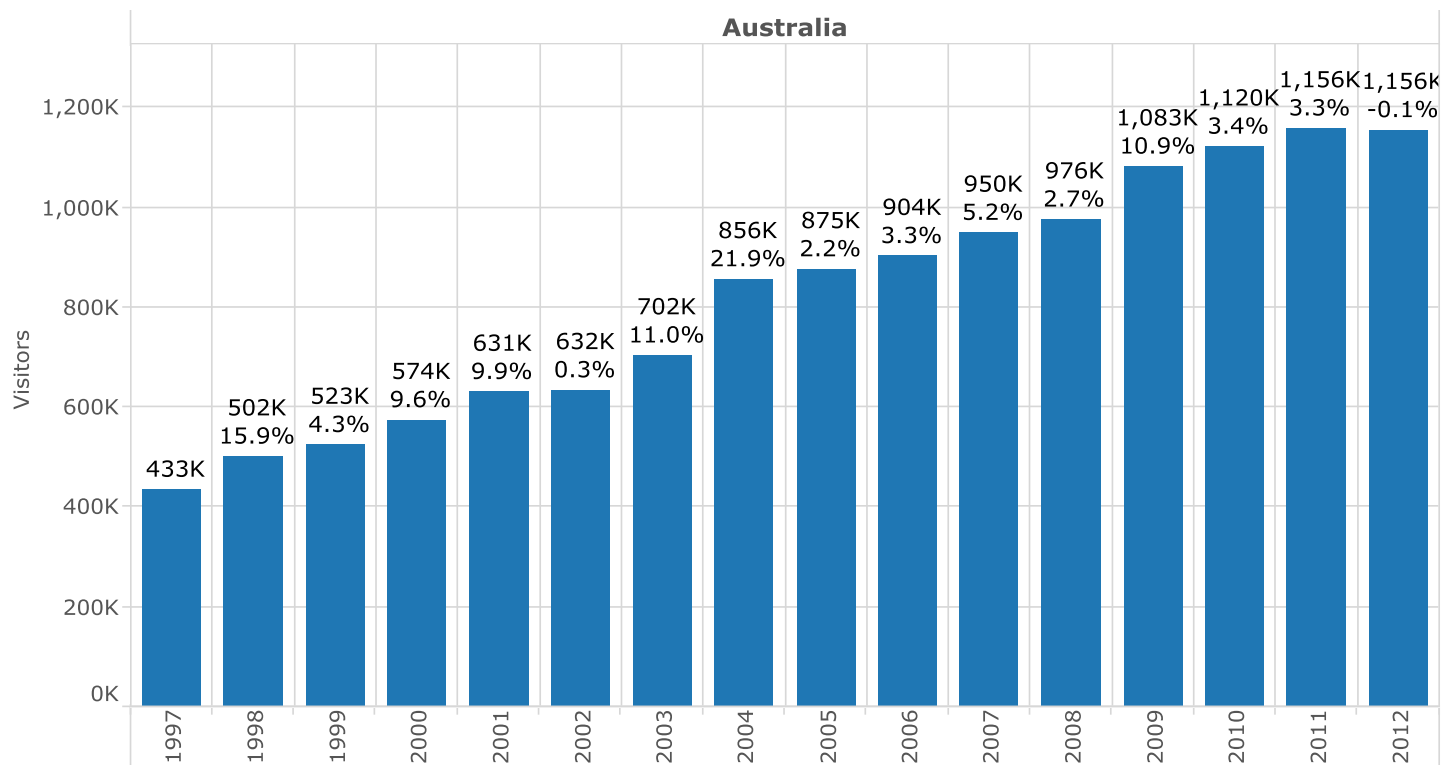
Australia

Market Review - Australia



- The Australian economy is expected to continue to grow at around trend levels.
- However the mining boom is expected to reach its peak in the next year or so.
- This may result in structural changes and a decline in the \$A.
- The outlook for travel to NZ remains positive.

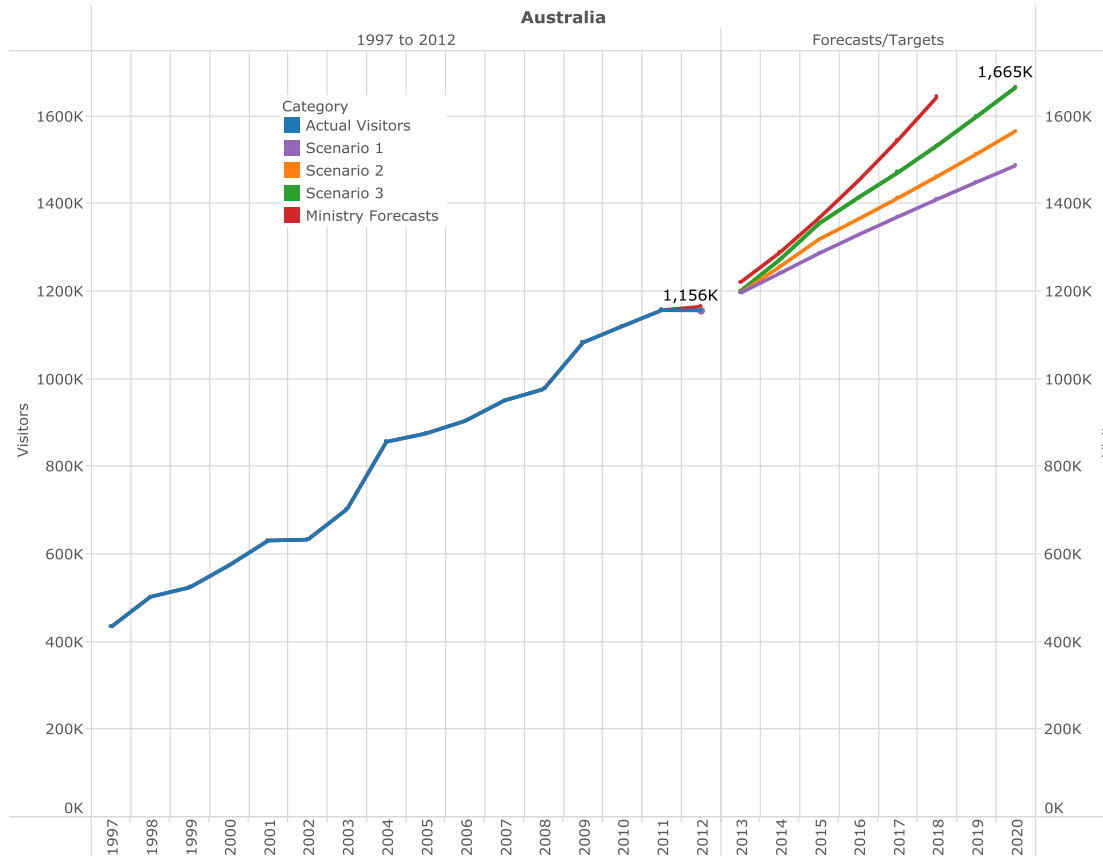
Market Review – Australia (2)



- Visitors to New Zealand have increased from 632,000 to 1.2 million over the past decade.
- This has been built around the strong Australian economy, growth in airline capacity and the strength of the NZ tourism product.

Market Review – Australian Target

NZ Forecasts and Targets

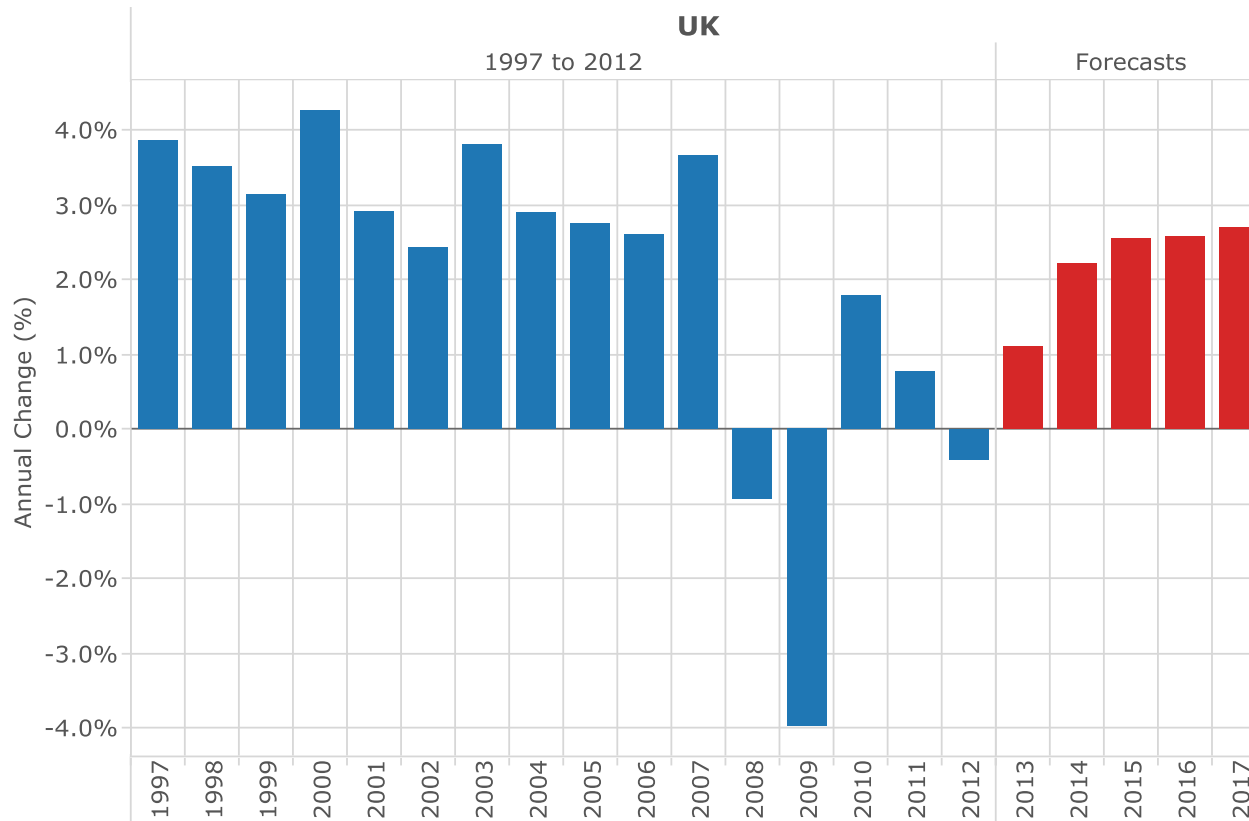


- Latest Ministry forecasts are shown along with the Targets.
- Ministry forecasts are 'aggressive' – a CAGR of 5.1% for the period from 2011 to 2018.
- Australia's TFC forecasting a CAGR of 2.8% per year to 2020 for outbound travel to NZ.
- The Scenarios shown range from 1.5 to nearly 1.7 million visitors in 2020.



United Kingdom

Market Review - UK

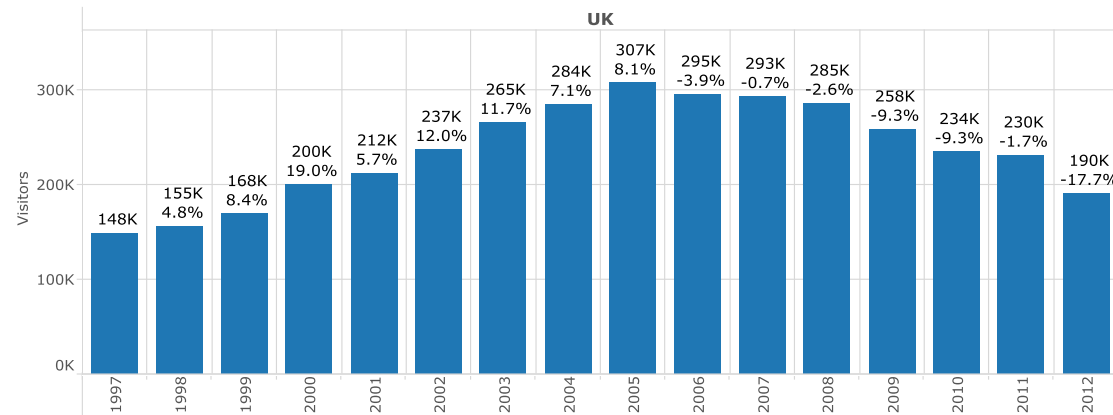


- The UK is expected to continue to slowly recover from the GFC.
- However the European debt crisis is far from over and will impact UK confidence.
- As a result considerable uncertainty remains for this market.

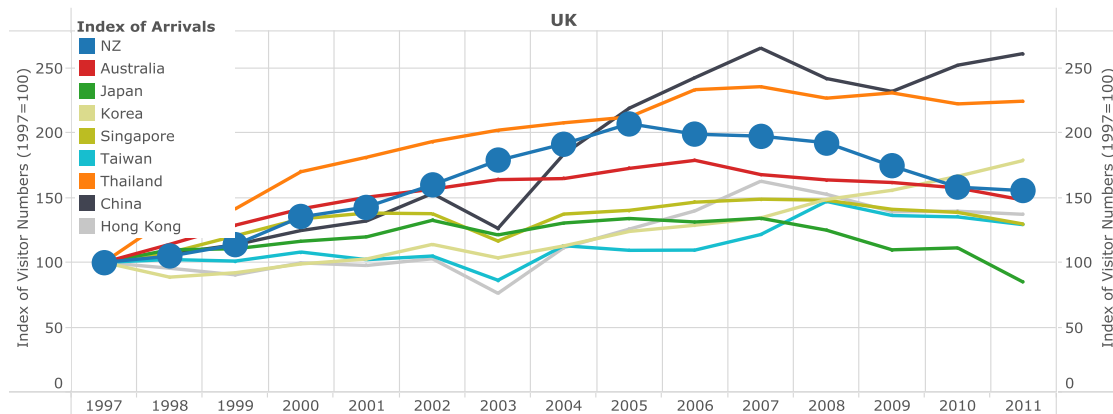
Market Review – UK (2)



Arrivals to NZ



Asia Pacific Arrivals

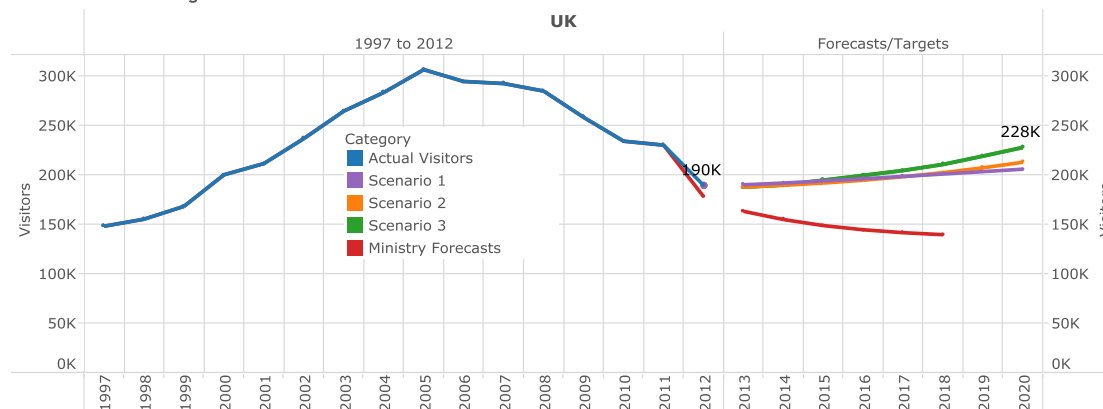


- Visitor numbers to New Zealand from the UK have declined each year since 2005.
- Index of arrivals from UK to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the middle part of this chart.

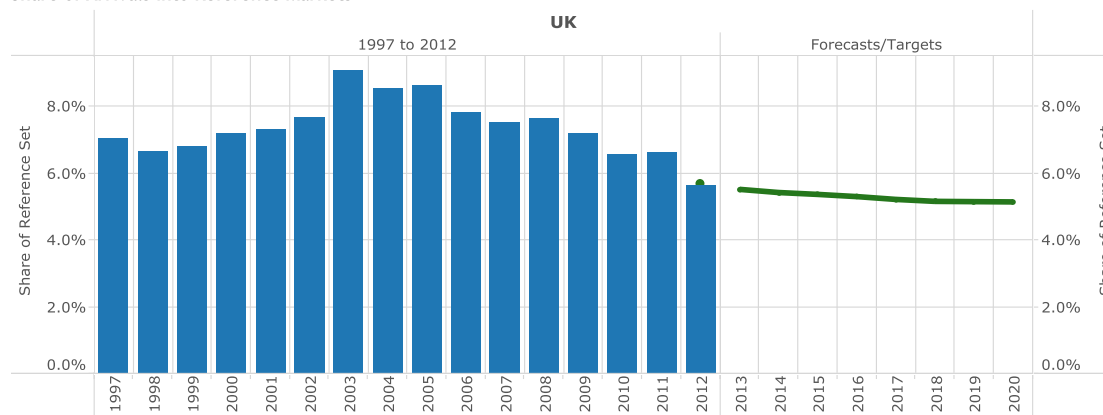


Market Review – UK Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

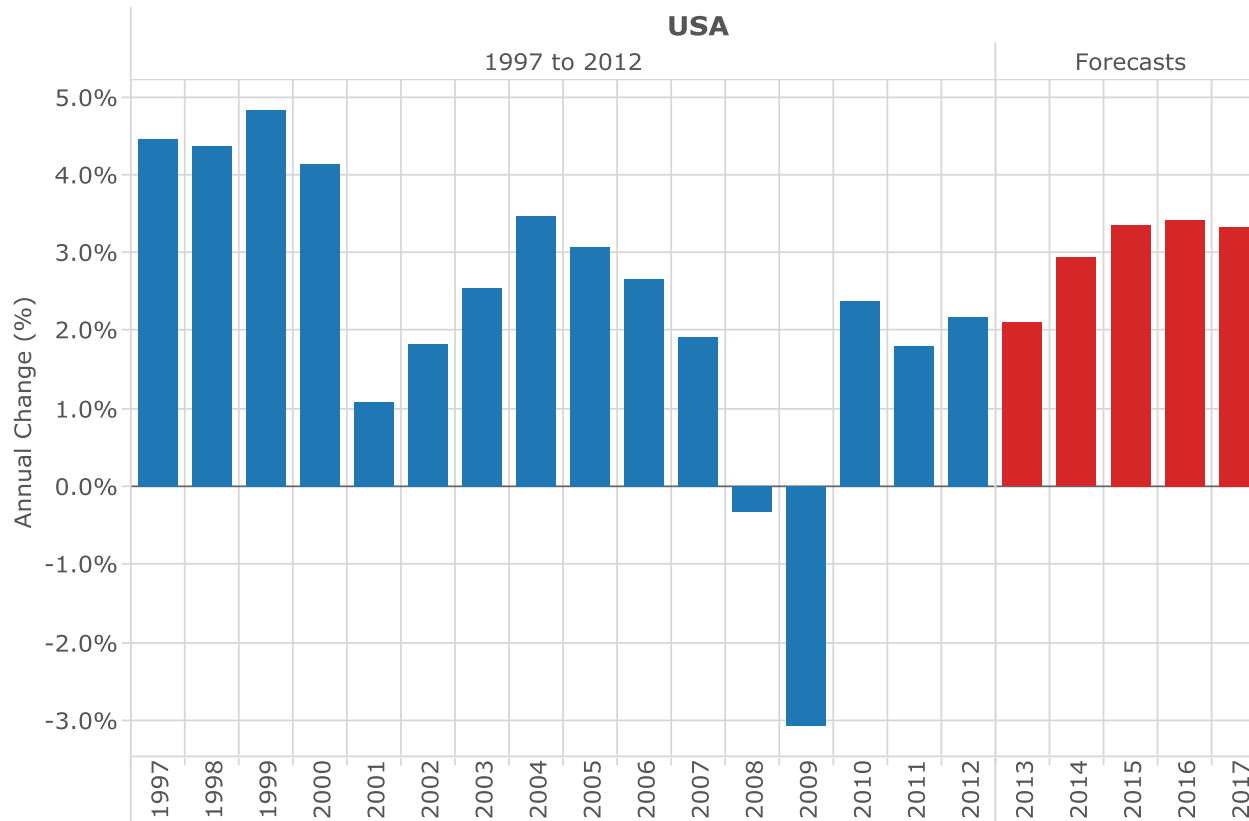


- Latest Ministry forecasts are shown along with the Scenarios.
- Ministry forecasts show continuing decline.
- Scenario 3 implies a slightly declining share of UK visitors compared to the Reference Set (Australia, NZ, China, Hong Kong, Japan, Korea, Taiwan, Singapore, Thailand).
- Australia's TFC forecasting a CAGR of 1.8% per year to 2020 for this market.



United States of America

Market Review - USA

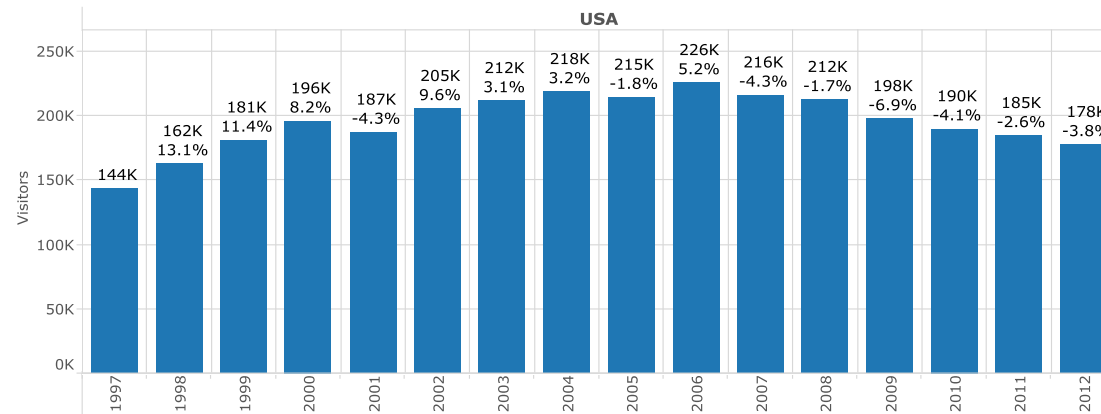


- Another market recovering from the GFC.
- Prospects look better than for UK and Europe.
- Air NZ & Hawaiian Airlines adding capacity to this market.

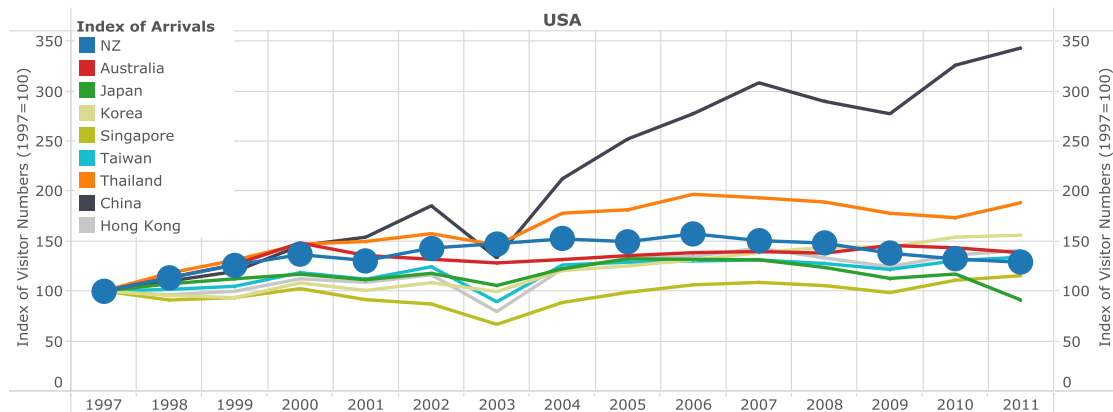
Market Review – USA (2)



Arrivals to NZ



Asia Pacific Arrivals

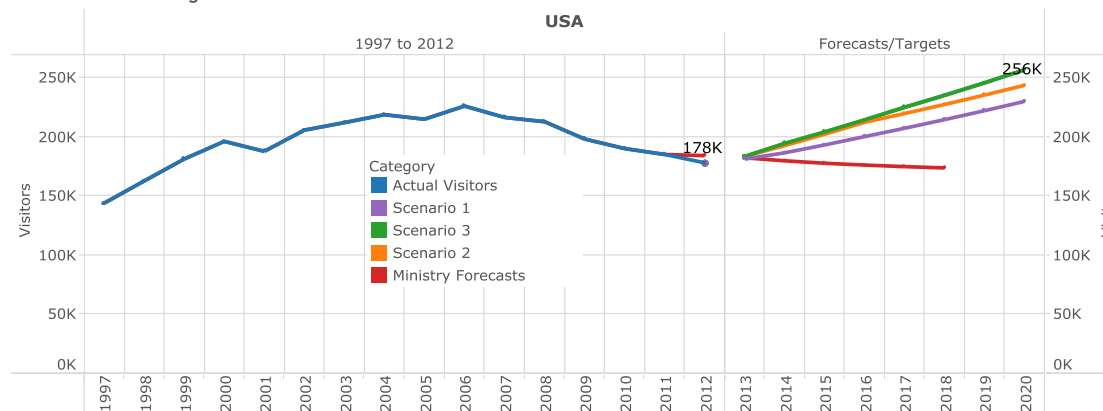


- Visitor numbers to New Zealand from the USA have declined each year since 2006.
- Index of arrivals from USA to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the middle part of this chart (China is the strong destination shown in the chart).

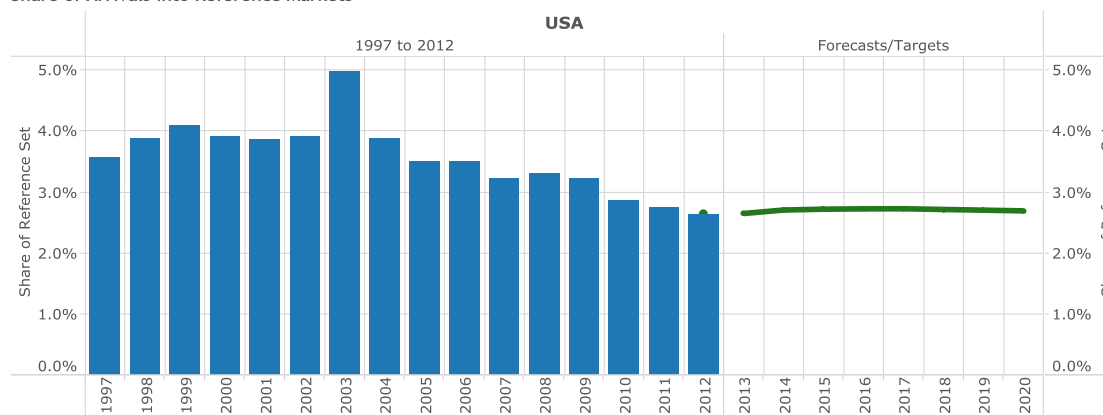


Market Review – USA Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

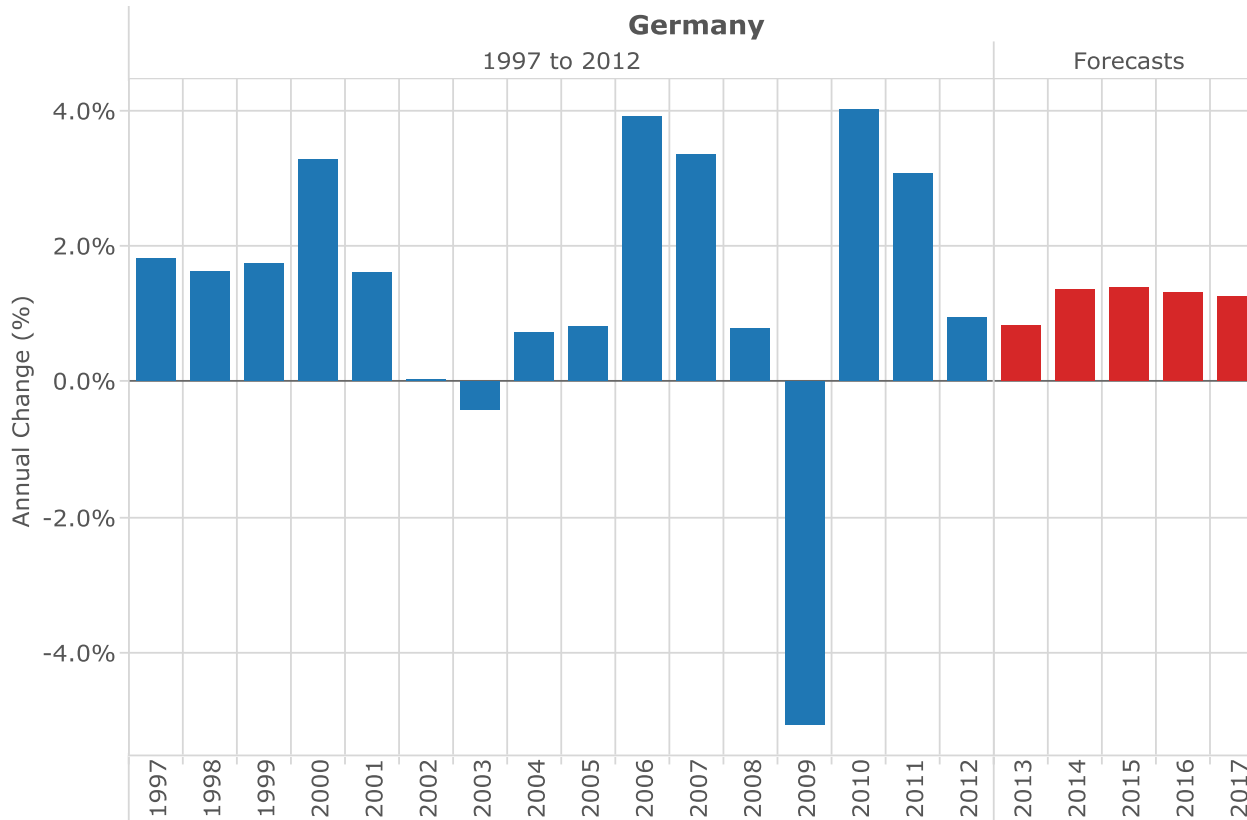


- Latest Ministry forecasts are shown along with the Scenarios.
- Ministry forecasts show continuing decline.
- Scenario 3 implies a that NZ maintains its US visitor share compared to the Reference Set (Australia, NZ, China, Hong Kong, Japan, Korea, Taiwan, Singapore, Thailand).
- Australia's TFC forecasting a CAGR of 3.0% per year to 2020 for this market.



Germany

Market Review - Germany

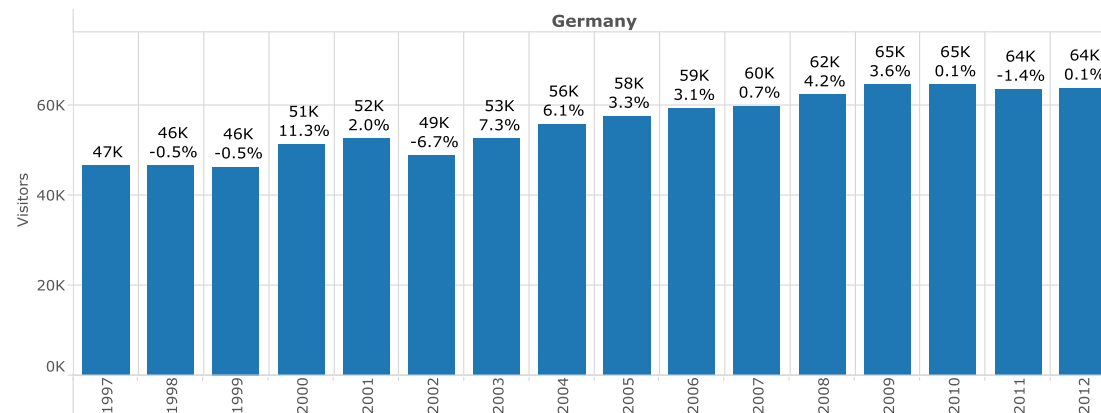


- Germany is one of the best in Europe from an economic viewpoint.
- However it is inextricably linked to the European debt crisis.
- As with all European markets financial uncertainty will continue for some years.

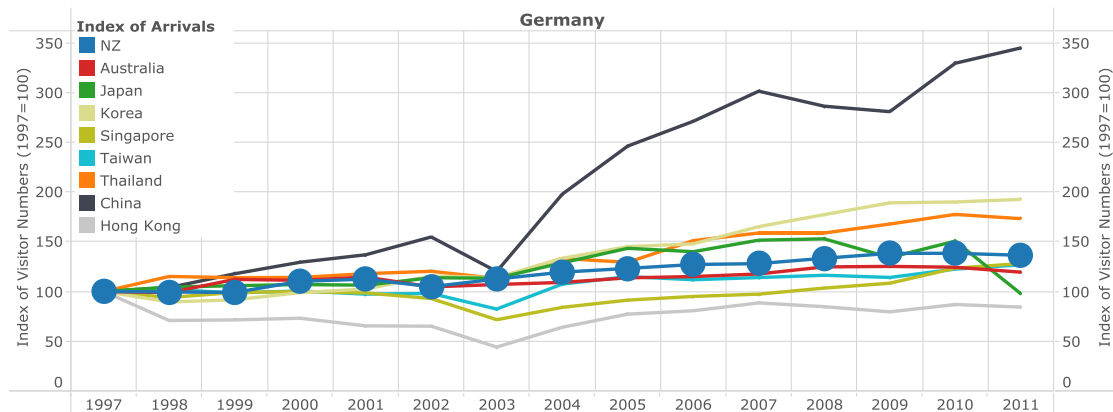
Market Review – Germany (2)



Arrivals to NZ



Asia Pacific Arrivals

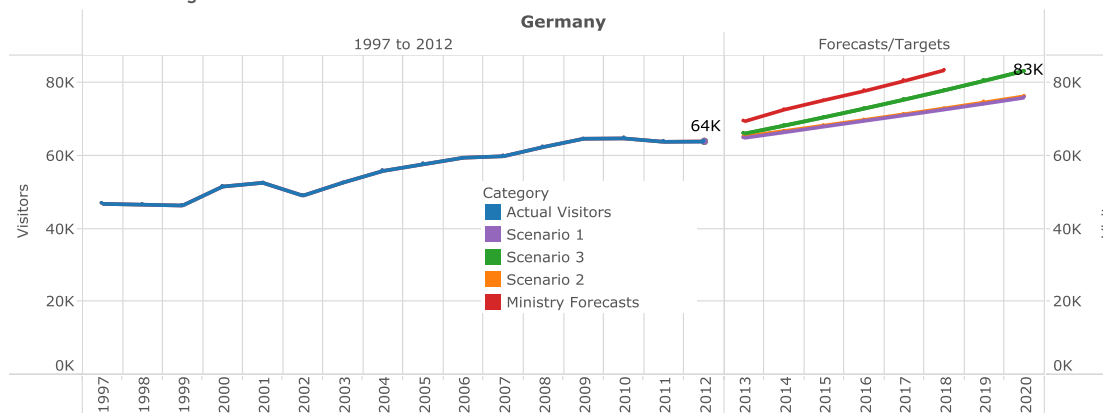


- Visitor numbers to New Zealand from Germany have increased over the past decade – from 49,000 in 2002 to 64,000 last year.
- Index of arrivals from Germany to a number of Asia Pacific countries is shown in the lower chart.
- As a destination New Zealand has performed in the middle part of this chart (as a destination China's performance is exceptional).

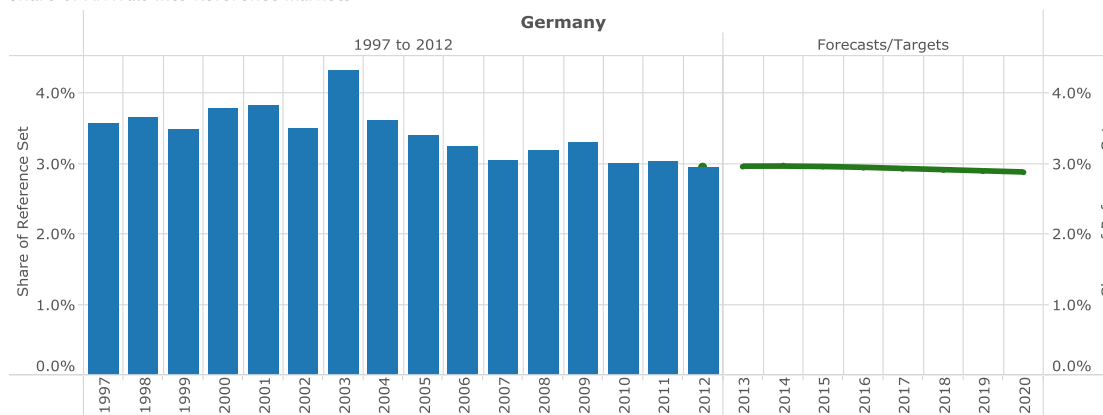


Market Review – Germany Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

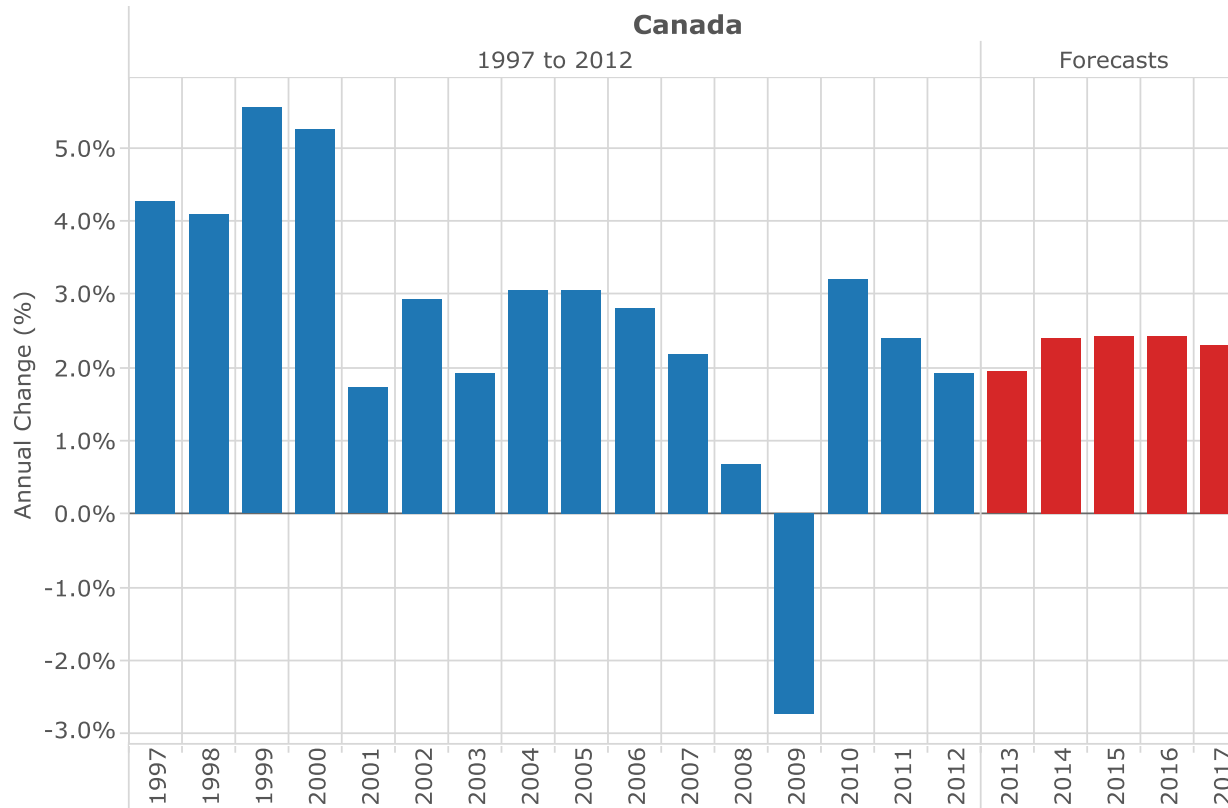


- Latest Ministry forecasts are shown along with the Scenarios.
- Ministry forecasts show reasonable growth for this market (CAGR of 3.9% for 2011 to 2018).
- Scenario 3 implies a slightly declining share of German visitors compared to the Reference Set (Australia, NZ, China, Hong Kong, Japan, Korea, Taiwan, Singapore, Thailand).
- Australia's TFC forecasting a CAGR of 2.6% per year to 2020 for this market.



Canada

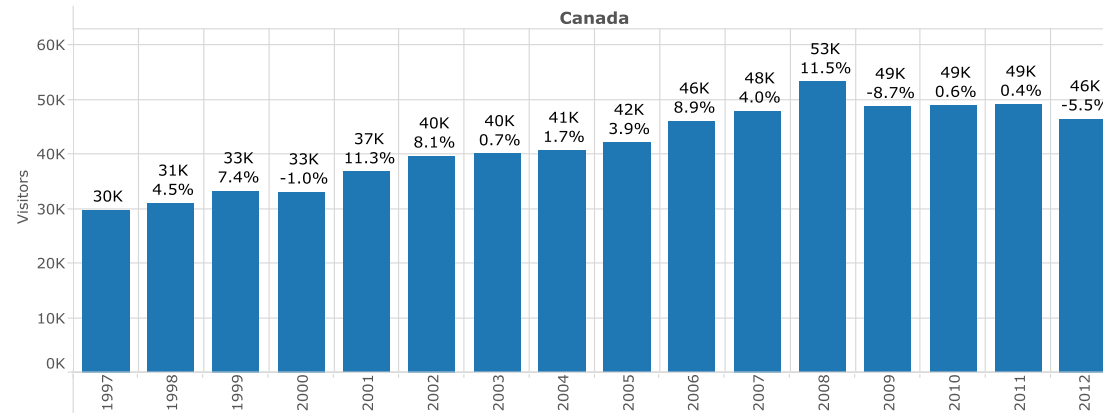
Market Review - Canada



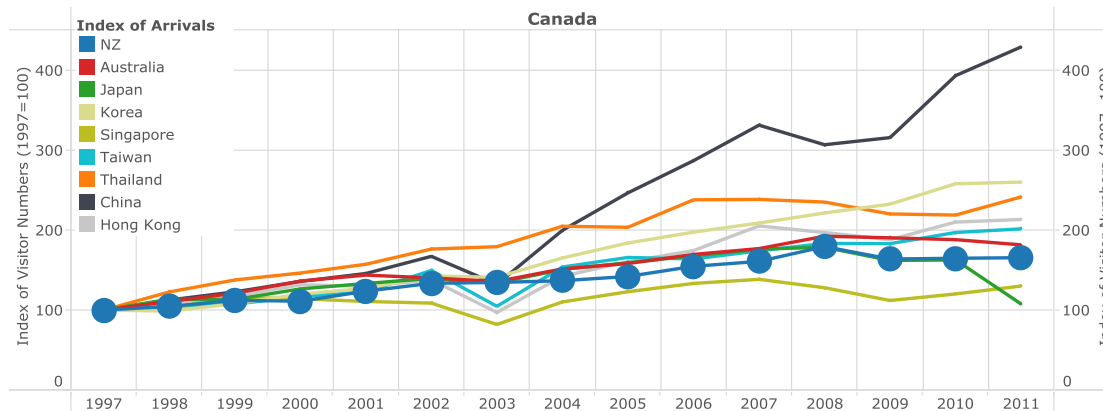
- Though it suffered during the GFC, Canada's economy has recovered strongly.
- Prospects look reasonable into the medium term.

Market Review – Canada (2)

Arrivals to NZ



Asia Pacific Arrivals

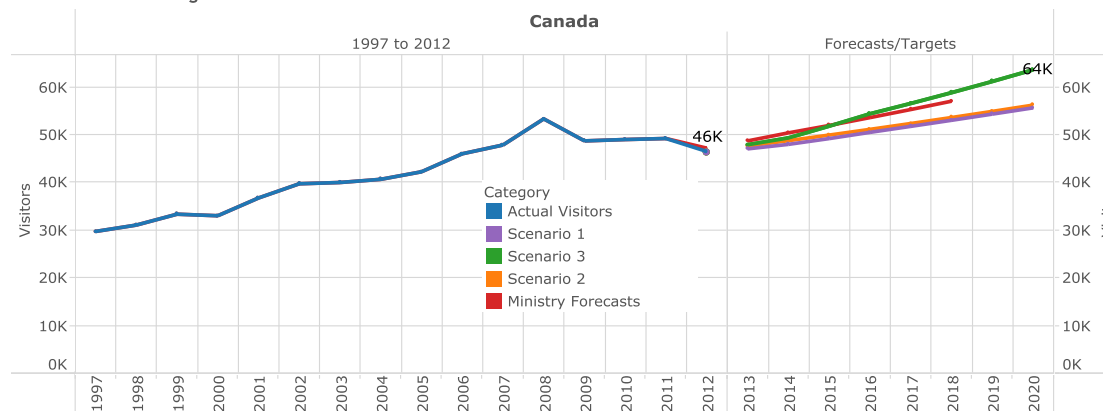


- Visitor numbers to New Zealand from Canada have fallen since the 2008 peak.
- Index of arrivals from Canada to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the middle part of this chart. (As with a number of long haul markets China is the strong destination shown in the chart).

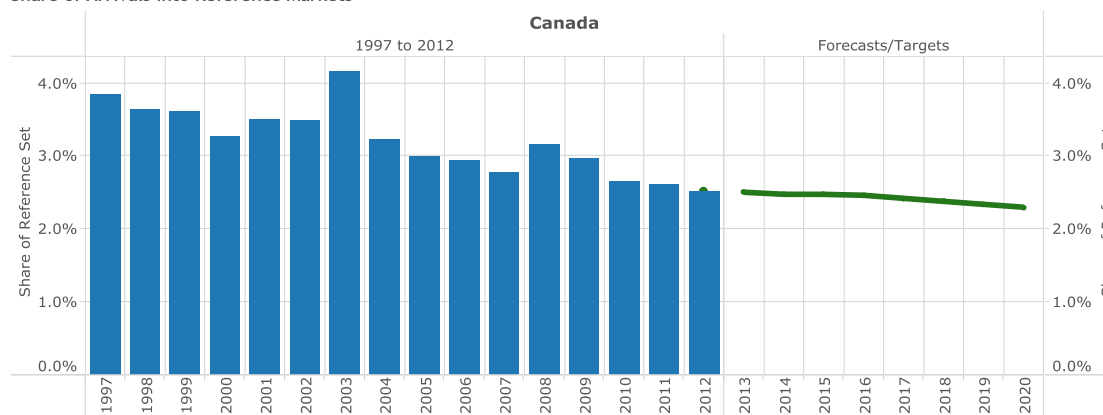


Market Review – Canada Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

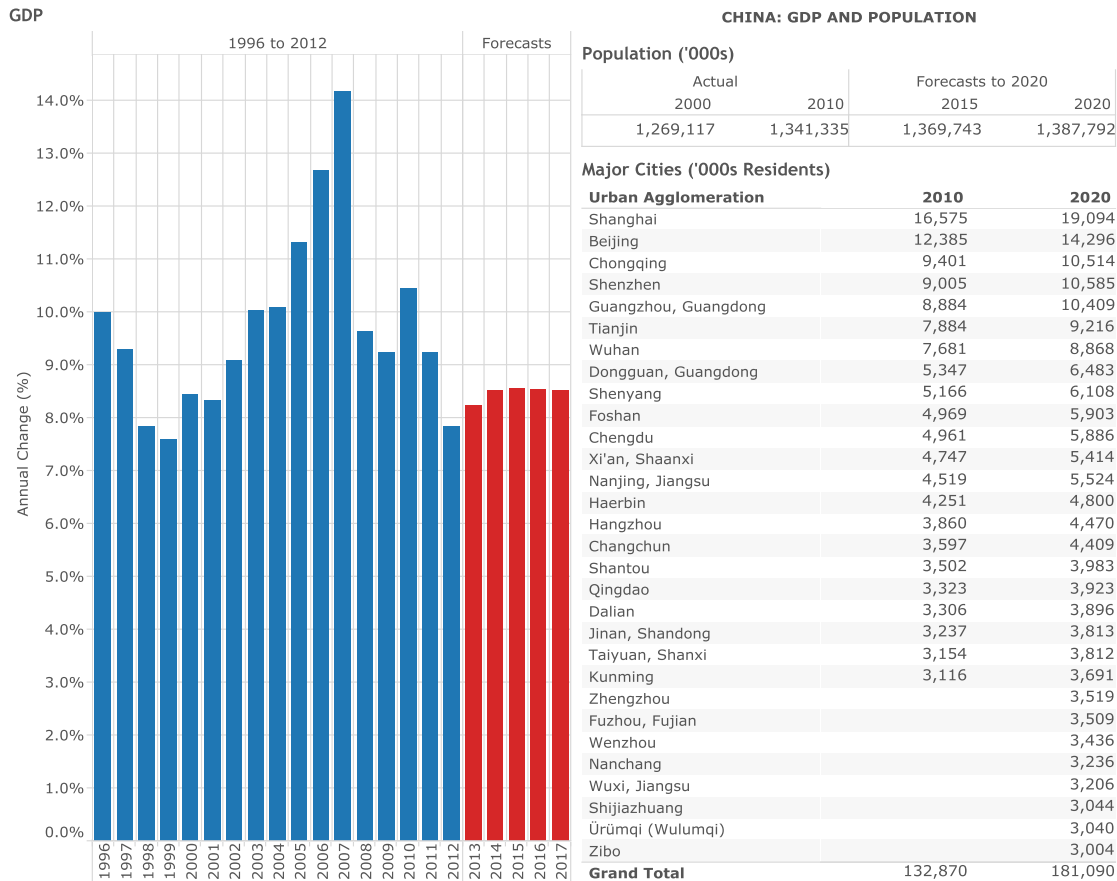


- Latest Ministry forecasts are shown along with the Scenarios.
- We anticipate air capacity development in the short term.
- Ministry forecasts show CAGR of 2.1% over 2011 to 2018.
- Scenario 3 implies a that NZ maintains its US visitor share compared to the Reference Set (Australia, NZ, China, Hong Kong, Japan, Korea, Taiwan, Singapore, Thailand).
- Australia's TFC forecasting a CAGR of 3.2% per year to 2020 for this market.



China

Market Review - China

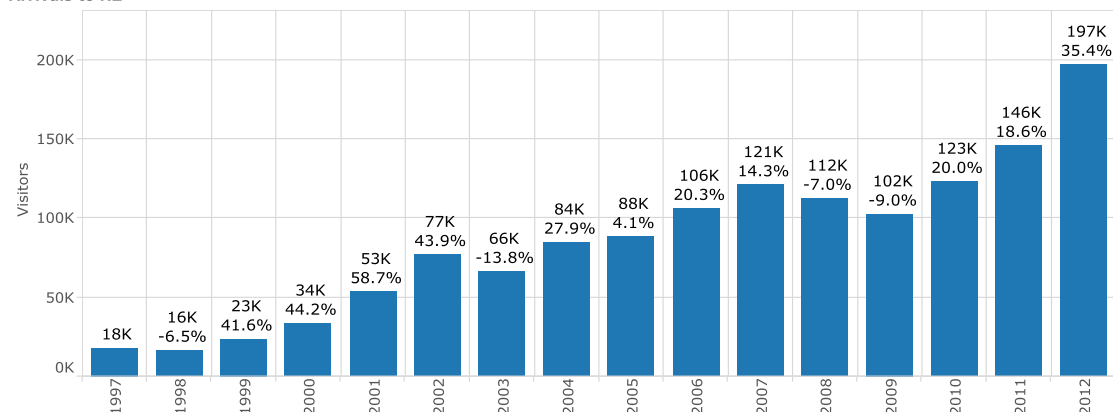


- China expected to continue to display strong economic performance.
- Huge population with growing middle class.
- 22 cities of above 3 million residents in 2010, to grow to 32 cities of above 3 million residents by 2020.
- Urban population exceed rural population for the first time at the end of 2011.

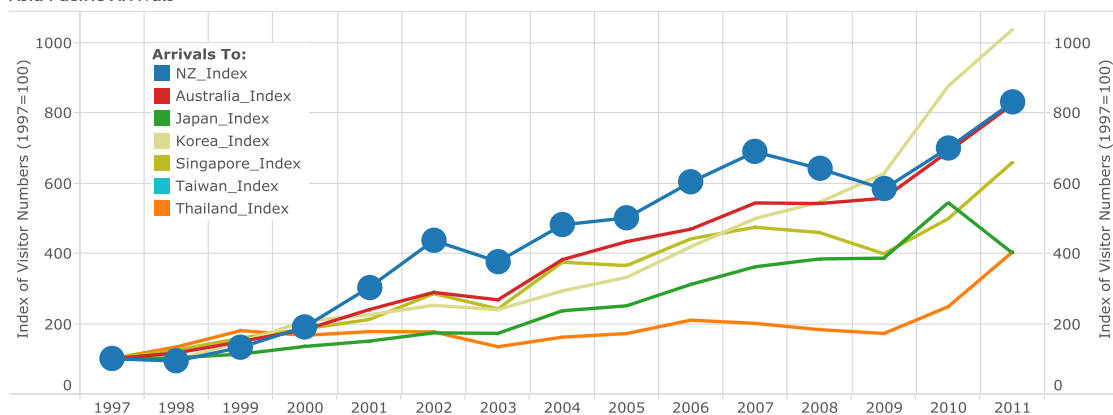


Market Review – China (2)

Arrivals to NZ



Asia Pacific Arrivals

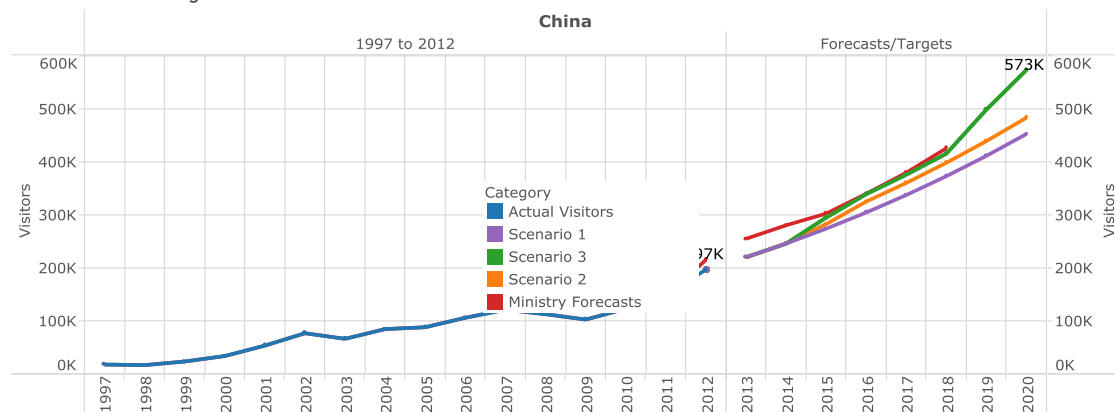


- Visitors to New Zealand have increased from 77,000 to 197,000 over the past decade.
- Index of arrivals from China to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the upper part of this chart.

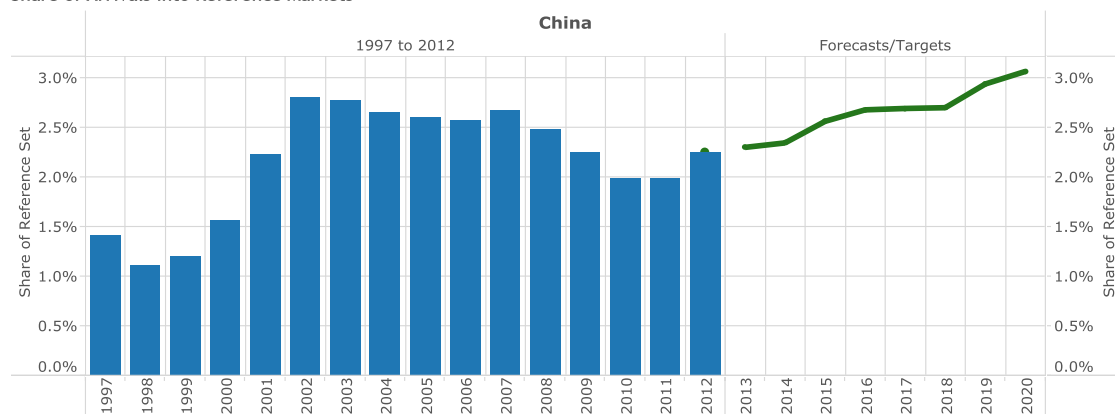


Market Review – China Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

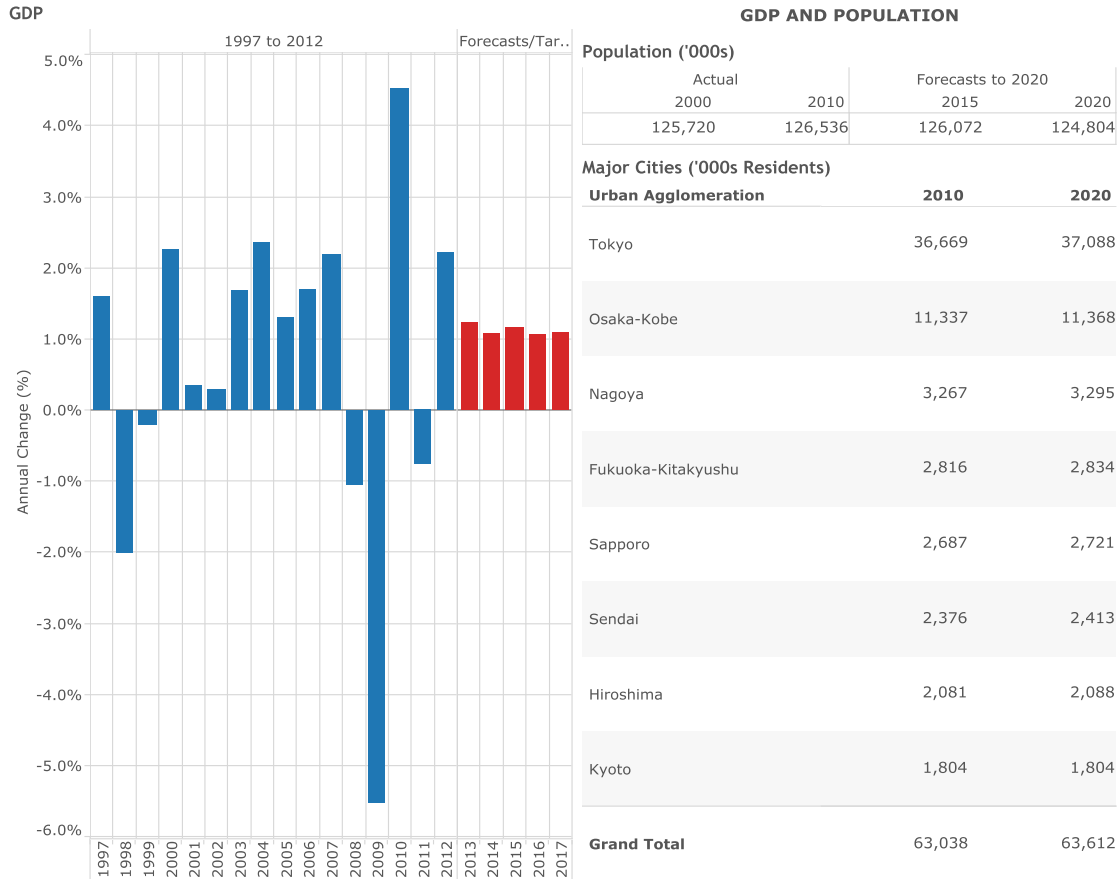


- Latest Ministry forecasts are shown along with the Targets.
- Ministry forecasts are 'aggressive' with a CAGR of 16% over 2011 to 2018.
- Scenario 3 assumes strong airline capacity growth from 2018. S3 implies a growing share of Chinese visitors compared to the Reference Set (Australia, NZ, Japan, Korea, Singapore, Thailand).
- Australia's TFC forecasting a CAGR of 6.5% per year to 2020 for this market.



Japan

Market Review - Japan

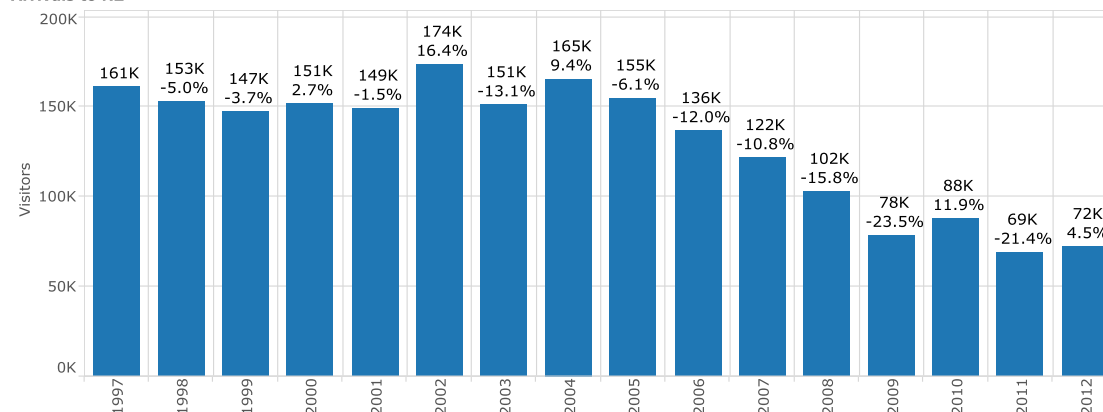


- IMF expects Japan's economic performance to improve – although this has been promised before.
- However Japan remains a major developed nation with growth prospects. Over 90% of the population live in urban areas.
- CY12 outbound departures estimated at 18.5 million; third consecutive year of growth, and first year to pass the previous outbound travel peak of 17.8 million set in 2000.

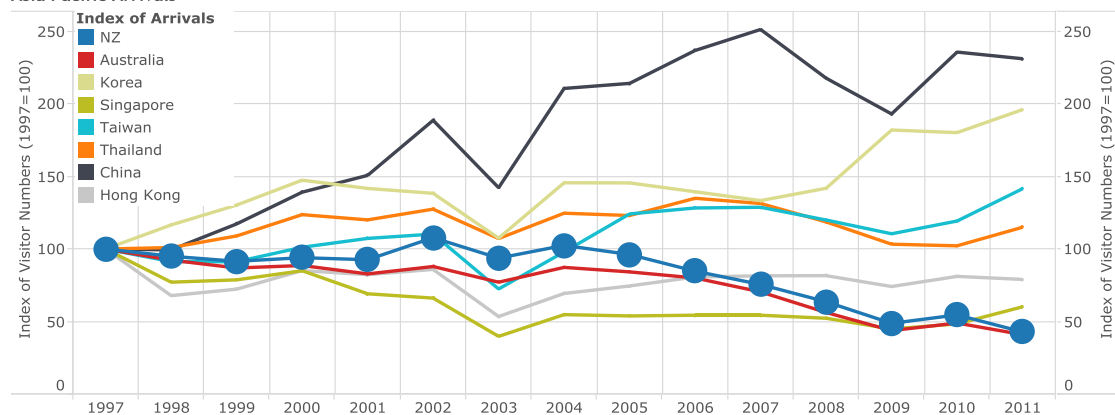


Market Review – Japan (2)

Arrivals to NZ



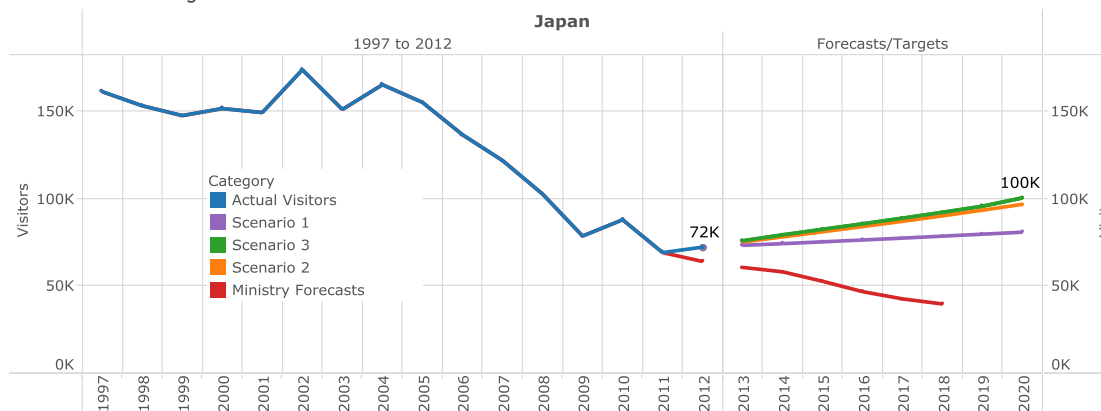
Asia Pacific Arrivals



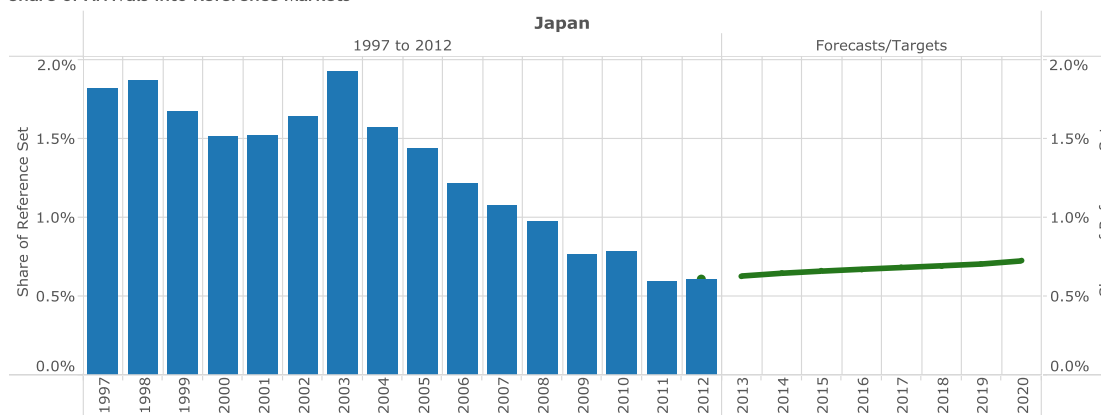
- Visitors to New Zealand have decreased from 174,000 to 72,000 over the past decade.
- Index of arrivals from Japan to a number of Asia Pacific countries is shown in the lower chart.
- In common with many of the markets reviewed New Zealand has performed in the lower part of this chart.

Market Review – Japan Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

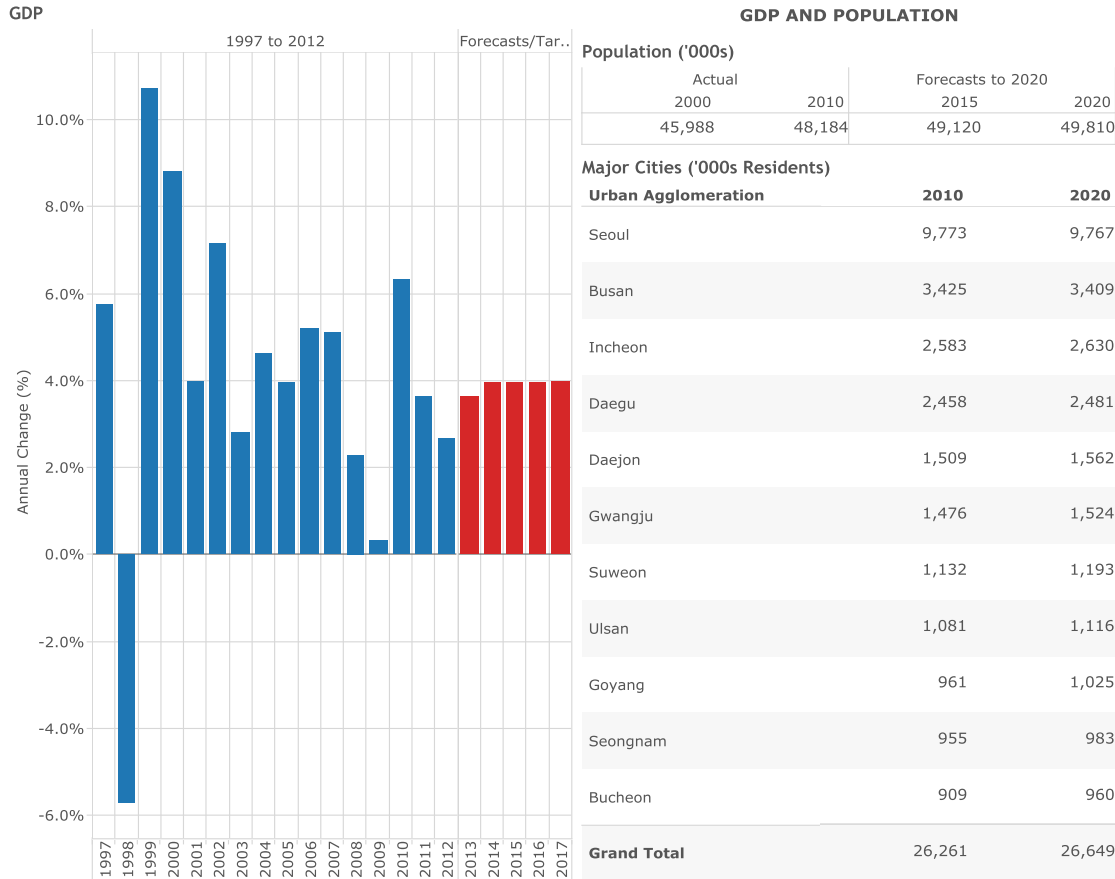


- Latest Ministry forecasts are shown along with the Scenarios. Ministry forecasts show a continuing decline.
- Scenarios of 100,000 visitors in 2020 imply an increase to levels achieved around 5 years ago in NZ.
- Scenario 3 implies a modest increase in the share of visitors from Japan compared to the Reference Set (Australia, NZ, China, Hong Kong, Korea, Taiwan, Singapore, Thailand).
- Australia's TFC forecasting a CAGR of 1.7% per year to 2020 for this market.



Korea

Market Review - Korea

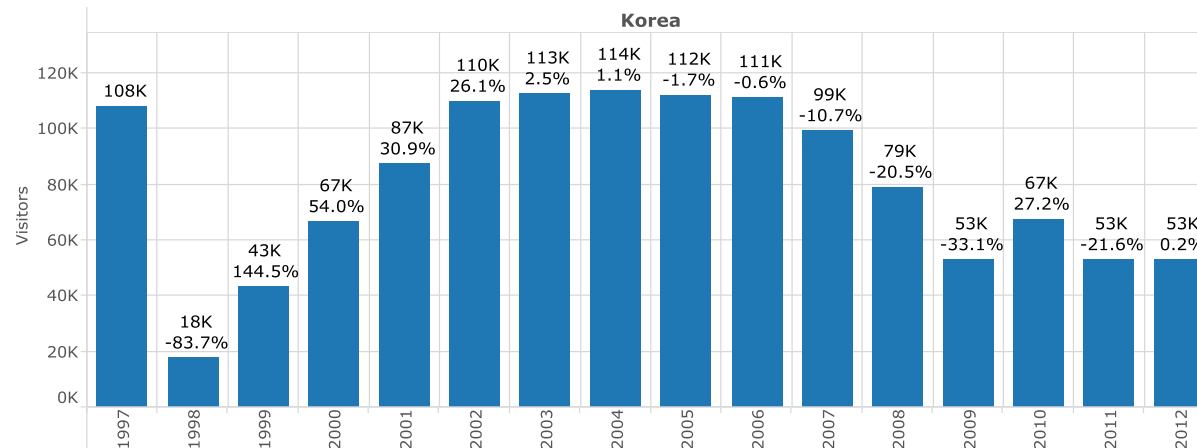


- Korea's economic performance expected to be relatively strong.
- Average annual population growth forecast to slow to 0.3% through to 2020. 83% of population live in urban areas.
- 2012 outbound departures increased by 8.2% to reach 13.7 million (previous peak of 13.3 million was recorded in 2007); boosted by increase in short-haul LCC services.



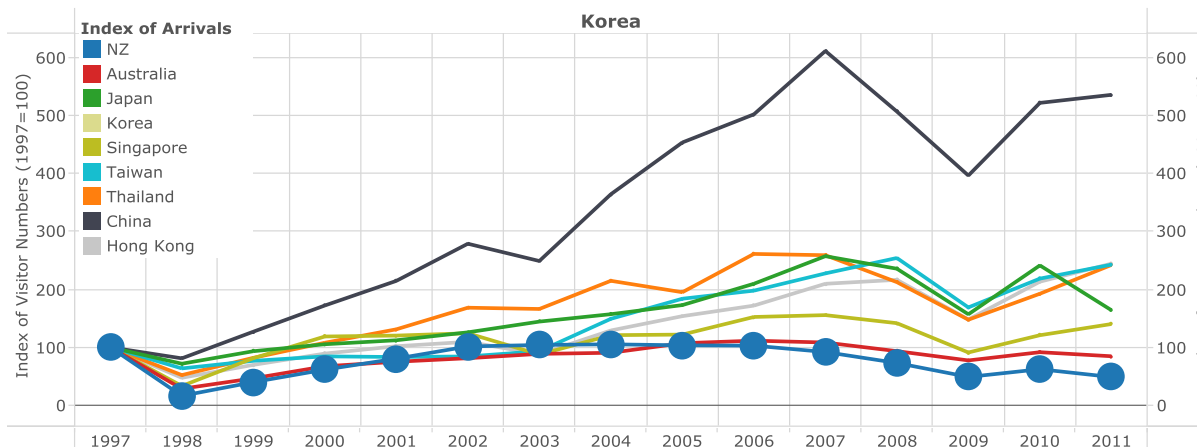
Market Review – Korea (2)

Arrivals to NZ



- Visitors to New Zealand from Korea have decreased from 110,000 to 53,000 over the past decade.
- Index of arrivals from Korea to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the lower part of this chart.

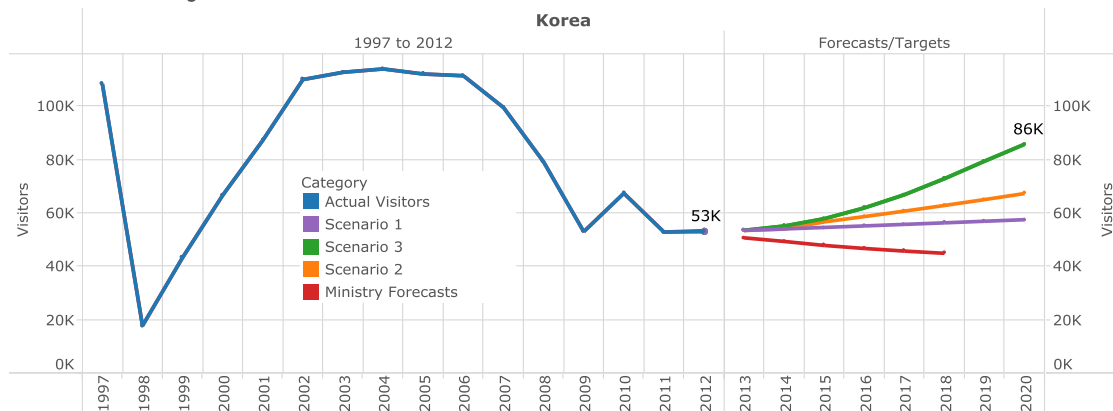
Asia Pacific Arrivals



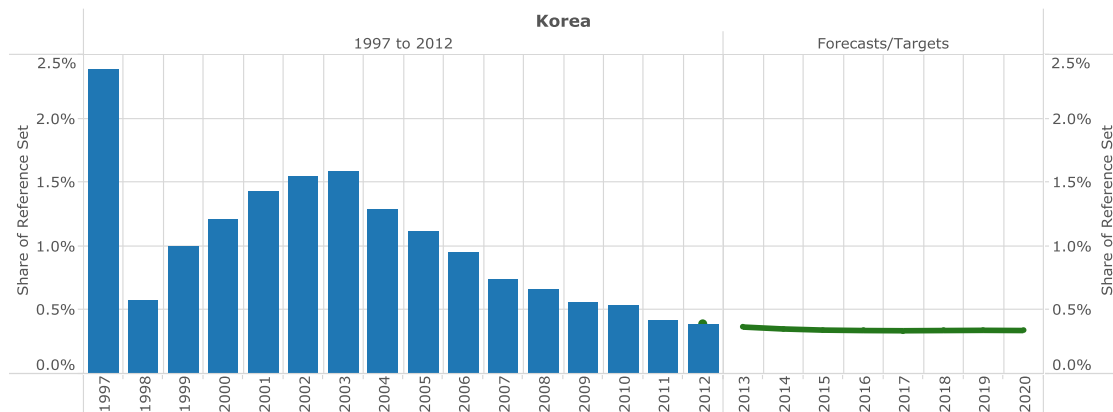


Market Review – Korea Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

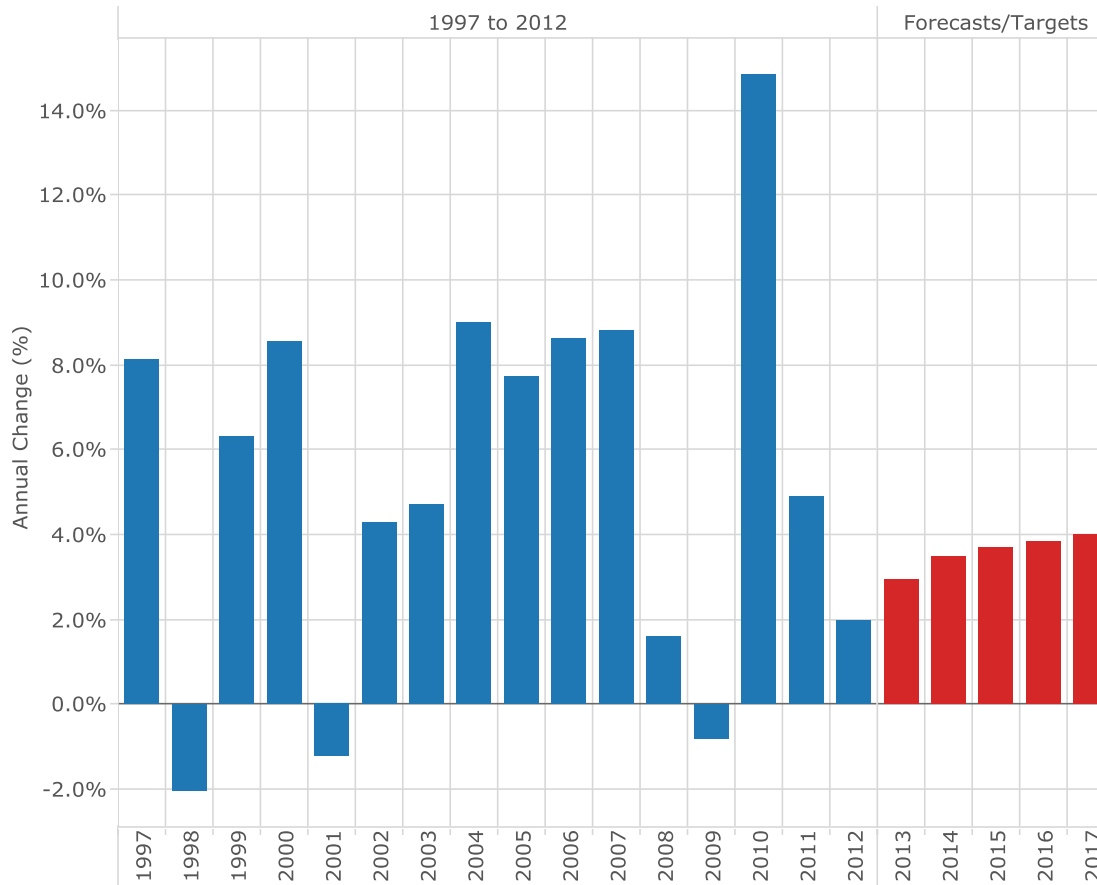


- Latest Ministry forecasts shown along with the Targets.
- Ministry forecasts show a continuing decline for Korean visitors to NZ.
- Scenario 3 achieves 86,000 visitors in 2020.
- Scenario 3 implies limited change in share of visitors from Korea compared to the Reference Set (in this case includes all Korean outbound travellers).
- Note that Australia's TFC forecasting a CAGR of 2.7% per year to 2020 for this market.



Singapore

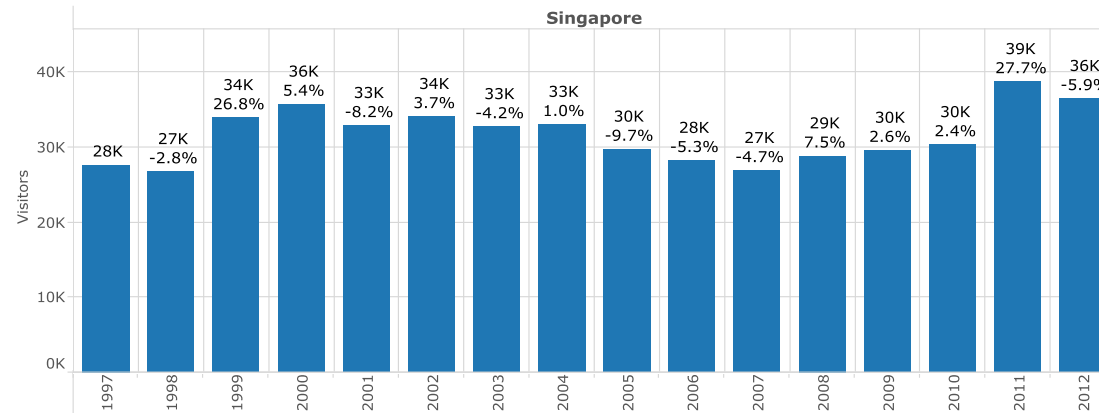
Market Review - Singapore



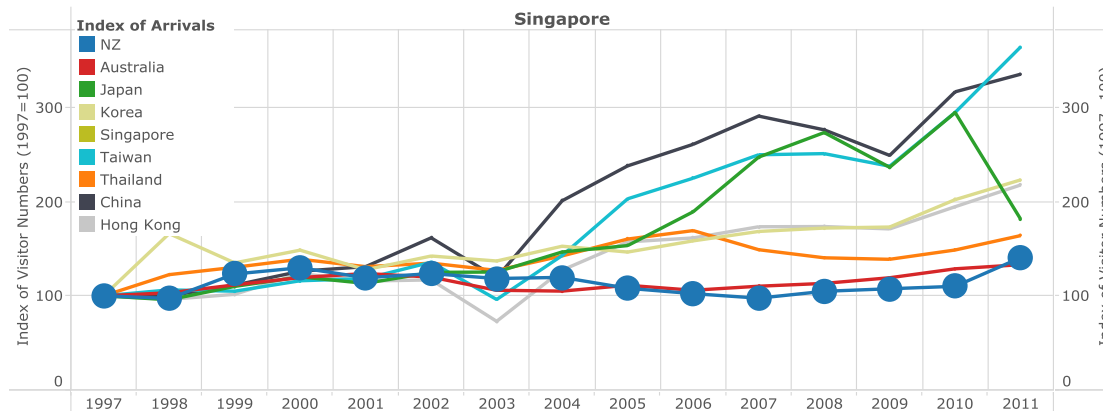
- Slower economic growth mainly due to weakness in the externally-oriented sectors.
- Has one of world's highest GDP per capita (based on purchasing power parity).
- Population has grown by average annual 2.4% over past decade to 5.3 million, but growth strongest in non-resident population.

Market Review – Singapore (2)

Arrivals to NZ



Asia Pacific Arrivals

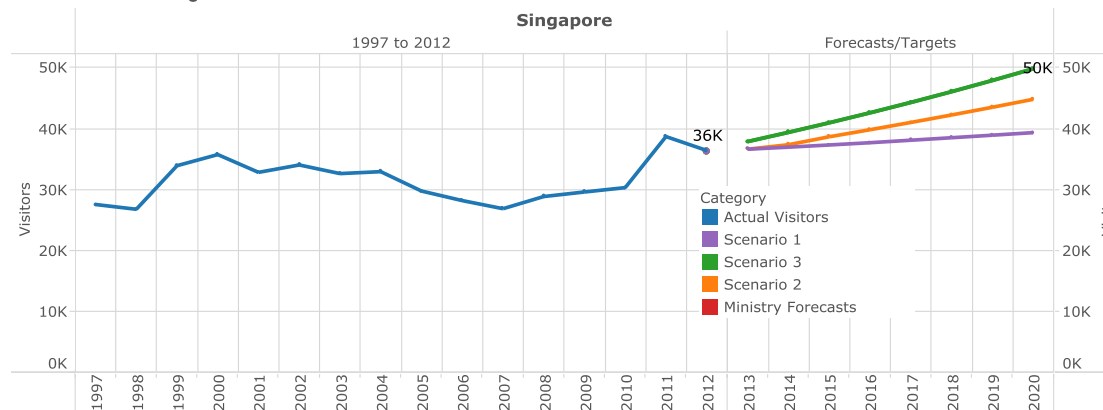


- Visitor numbers to New Zealand from Singapore have been relatively stable.
- Index of arrivals from Singapore to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the lower part of this chart.

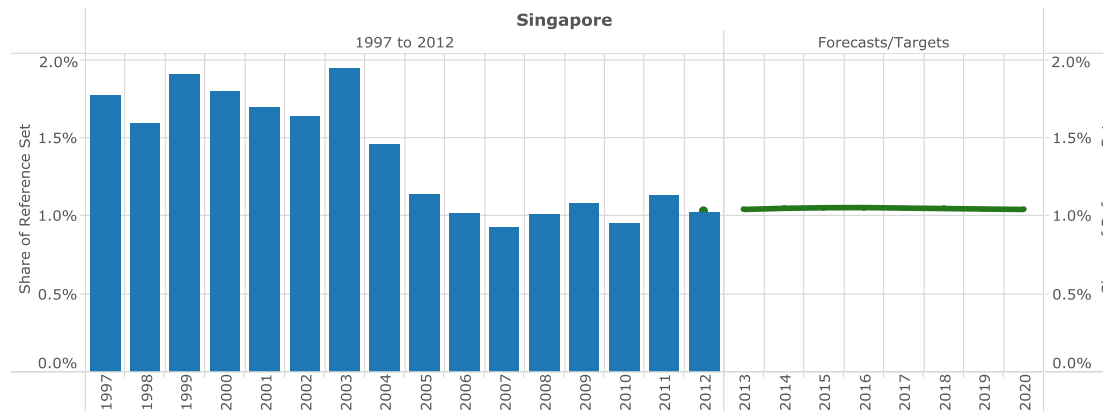


Market Review – Singapore Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

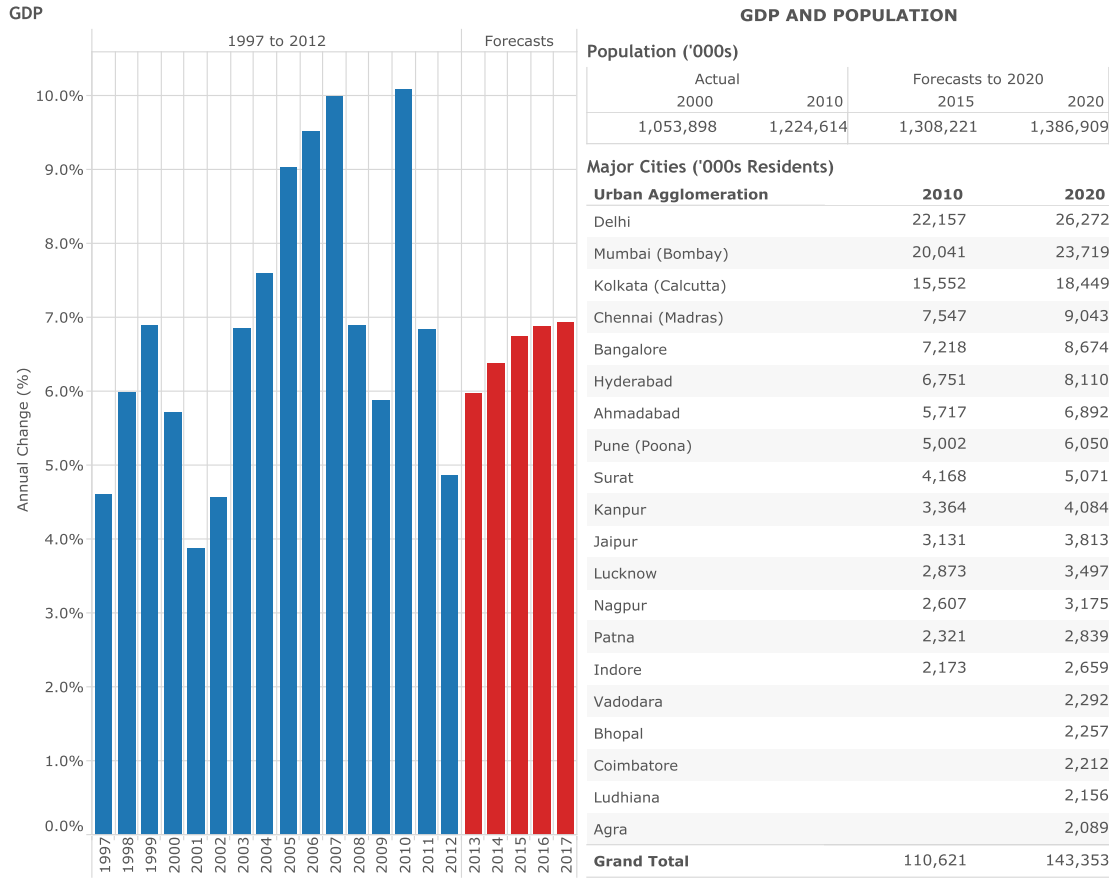


- There are no Ministry forecasts for this market.
- Scenario 3 reaches 50,000 visitors in 2020 - an increase to levels higher than achieved previously.
- The target implies a maintenance of the share of visitors from Singapore compared to the Reference Set (Australia, NZ, China, Hong Kong, Japan, Korea, Taiwan, Thailand).
- Australia's TFC is forecasting a CAGR of 2.8% per year to 2018 for this market.



India

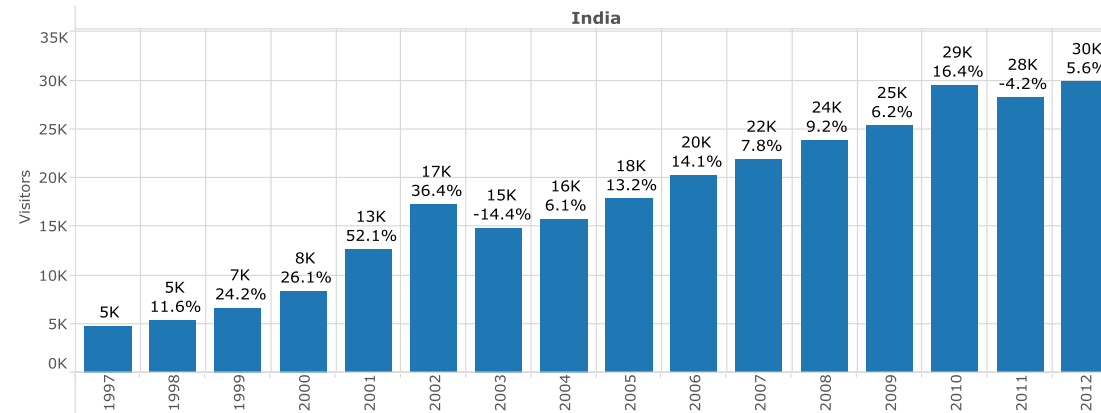
Market Review - India



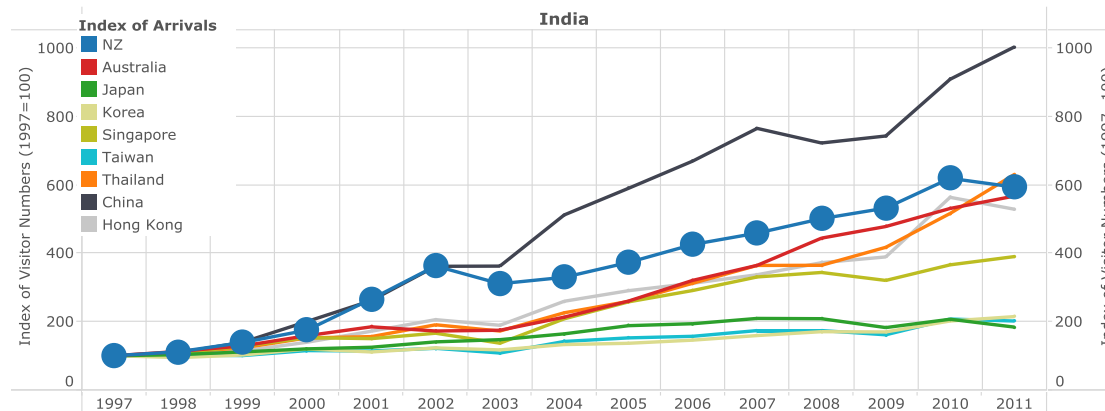
- Economic growth slowed in 2012, but is forecast to strengthen with improvements in external conditions and business confidence.
- Level of urbanization still relatively low; increased from 28% in 2001 to 31% in 2011.
- Indian outbound travel estimated to have doubled in numbers over the six years to 2011, from 7 to 14 million; UNWTO is forecasting growth to 50 million by 2020.

Market Review – India (2)

Arrivals to NZ



Asia Pacific Arrivals

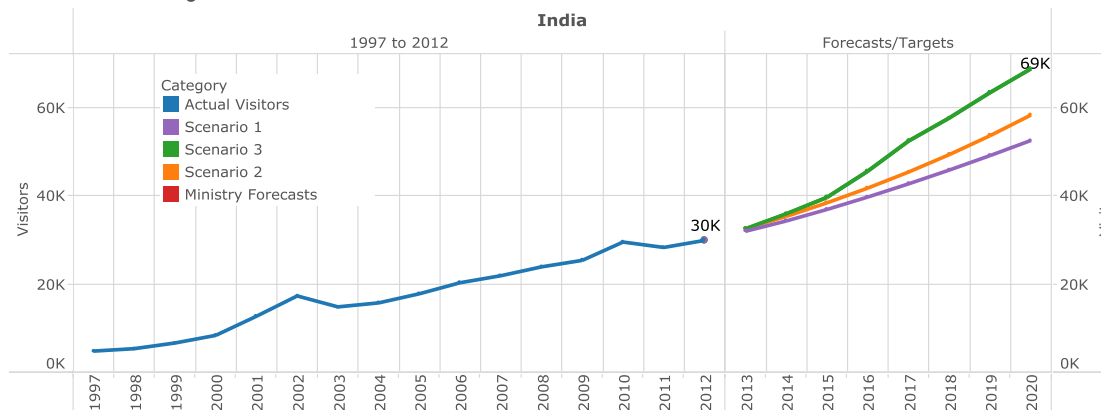


- Visitors to New Zealand have increased from 17,000 to 30,000 over the past decade.
- Index of arrivals from India to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the mid-range part of this chart.

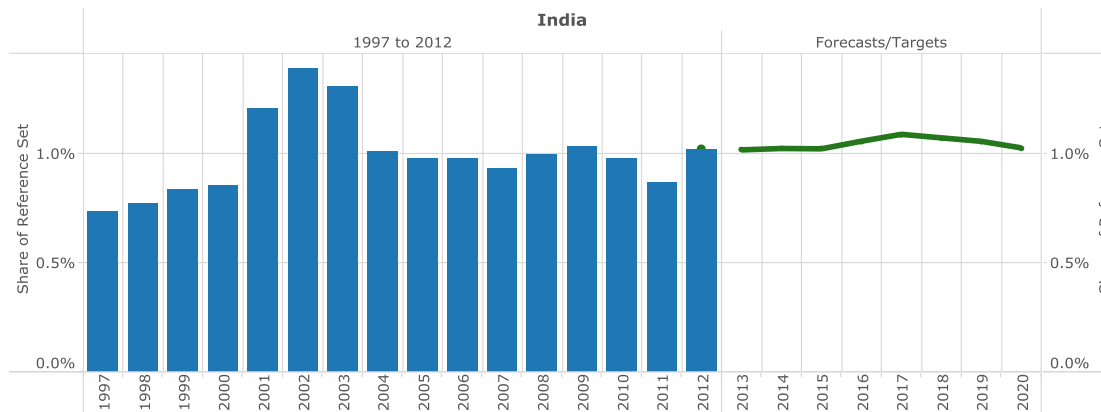


Market Review – India Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

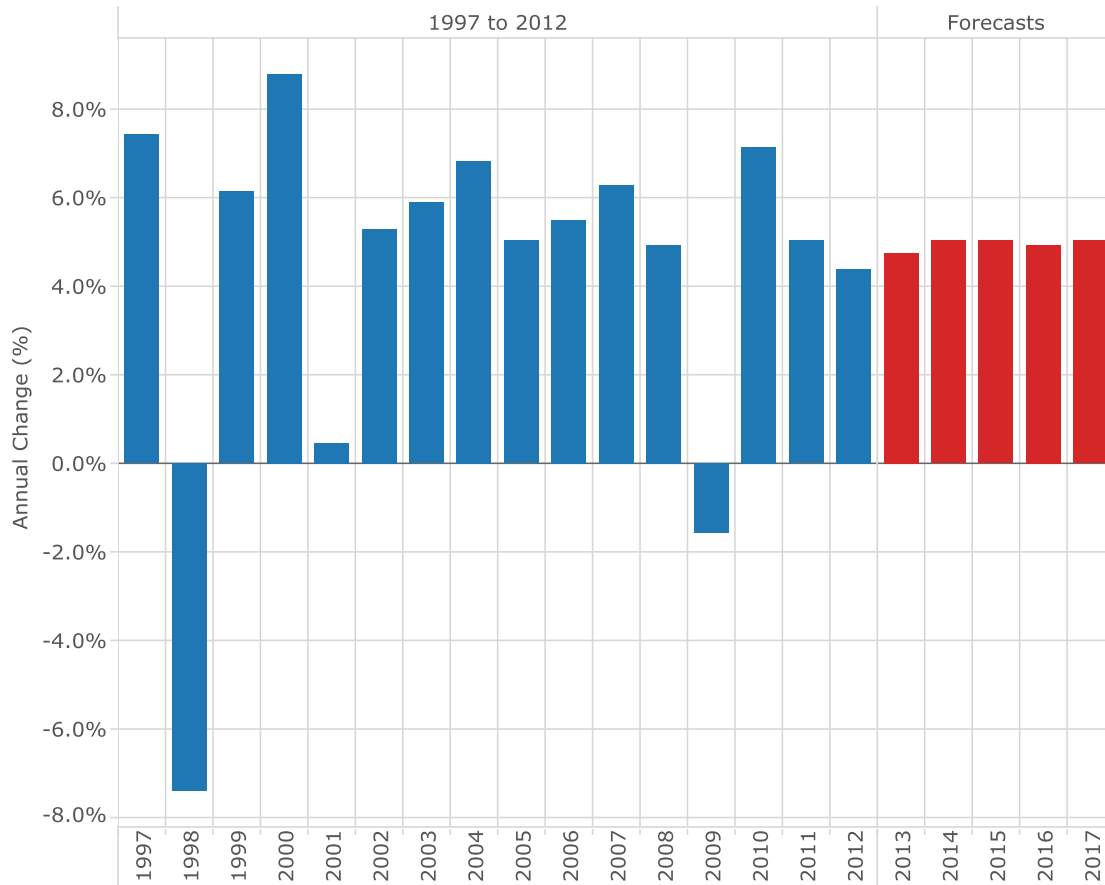


- There are no Ministry forecasts for this market.
- Scenario continue the strong growth trend.
- Scenario 3 implies a stable share of visitors from India compared to the Reference Set (Australia, NZ, China, Hong Kong, Japan, Korea, Taiwan, Singapore, Thailand).
- Australia's TFC is forecasting a CAGR of 7.2% per year to 2020 for this market.



Malaysia

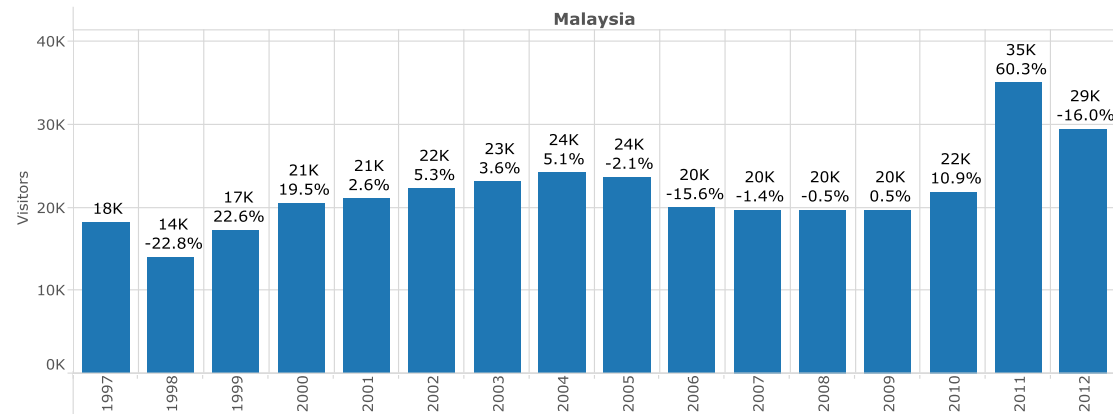
Market Review - Malaysia



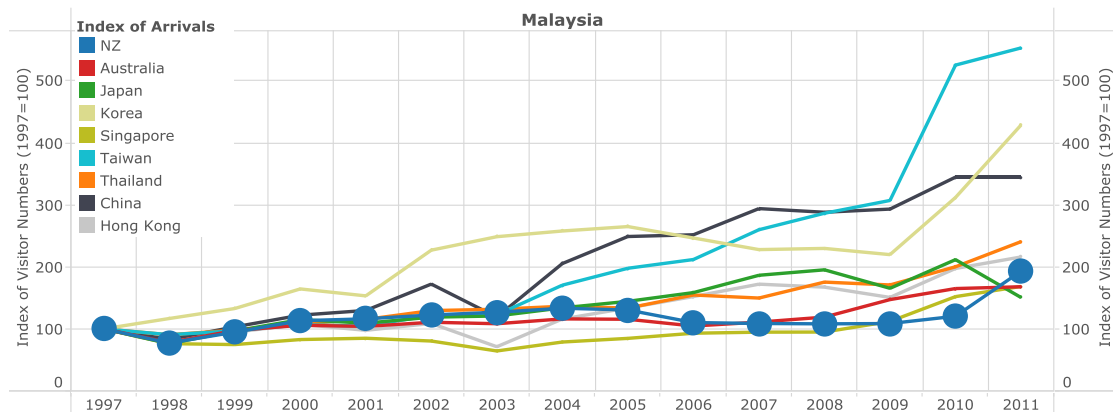
- Malaysian economy resilient through recent economic downturns. Domestic demand compensating for weak external demand.
- Total population of 28.9 million (2012). Annual growth slowing to around 1%. Around 73% of population live in urban areas.
- Outbound travel from Malaysia increased from 30.5 million trips in 2000 to an estimated 46.3 million trips in 2011.

Market Review – Malaysia (2)

Arrivals to NZ



Asia Pacific Arrivals

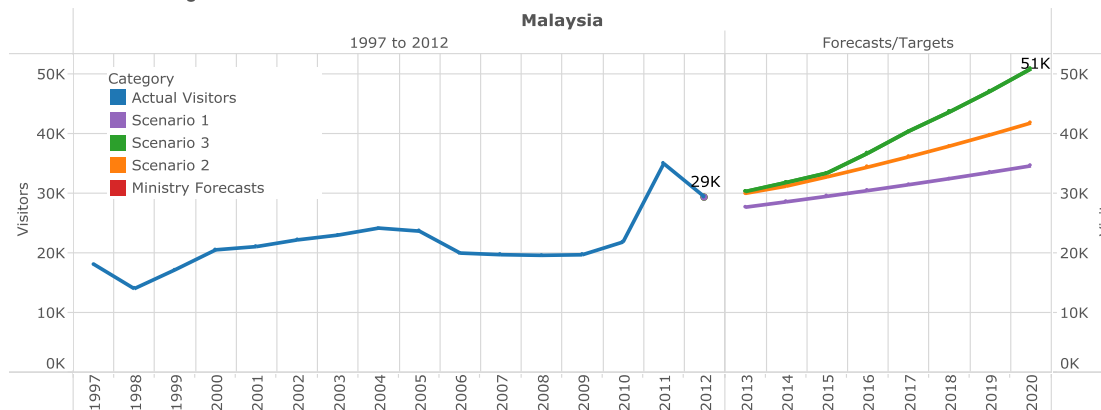


- Visitors to New Zealand have increased from 22,000 to 29,000 over the past decade. The spike in 2011 coincided with the entry and then exit of AirAsia X.
- Index of arrivals from Malaysia to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the lower part of this chart.

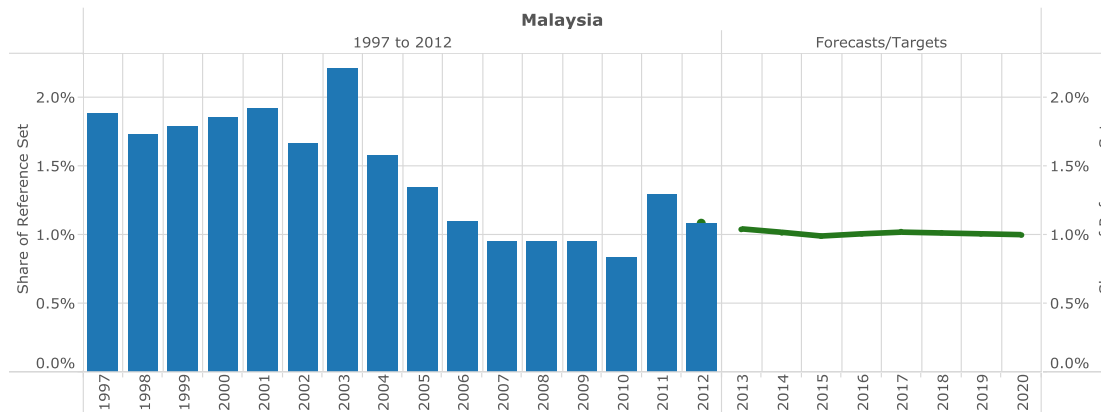


Market Review – Malaysia Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

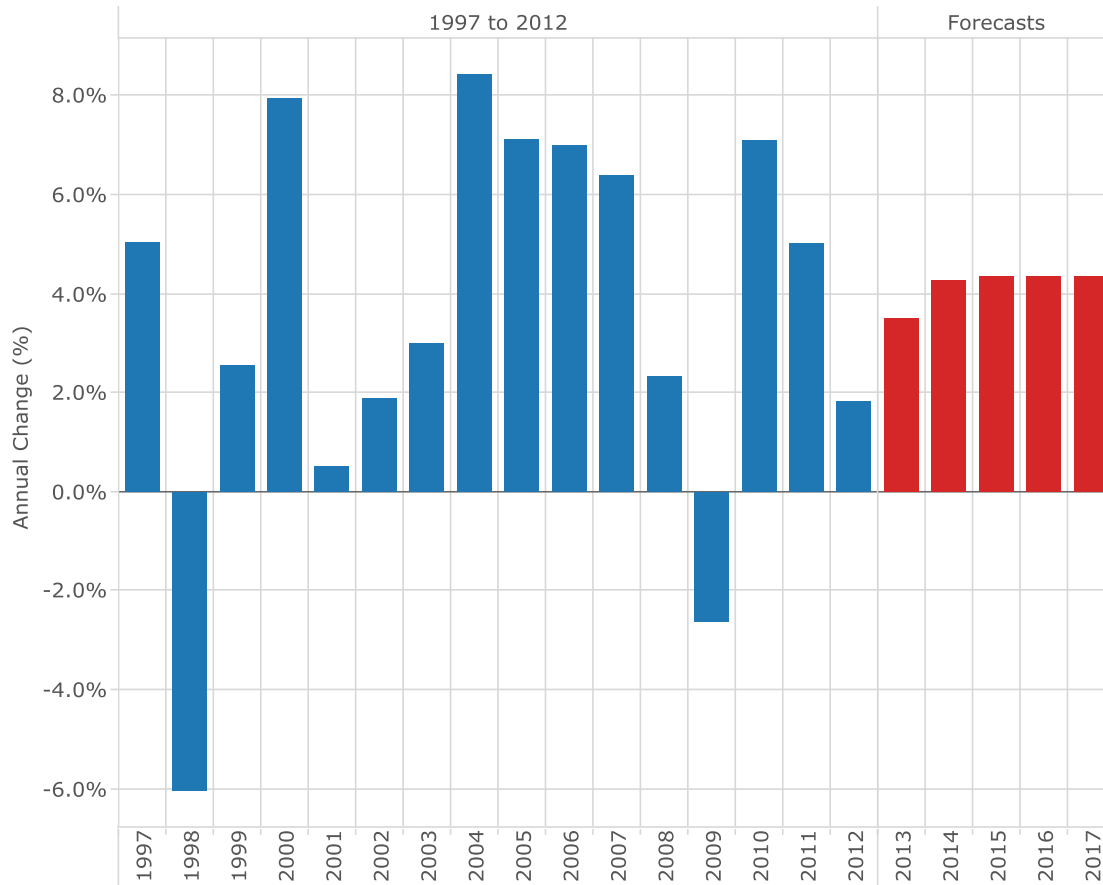


- No Ministry forecasts available for this market.
- Scenario 3 visitors in 2020 of 49,000 implies an increase over levels achieved previously in NZ.
- The target implies for NZ a stable share of visitors from Malaysia compared to the Reference Set (Australia, NZ, China, Hong Kong, Korea, Taiwan).
- Australia's TFC is forecasting a CAGR of 3.1% per year to 2020 for this market.



Hong Kong

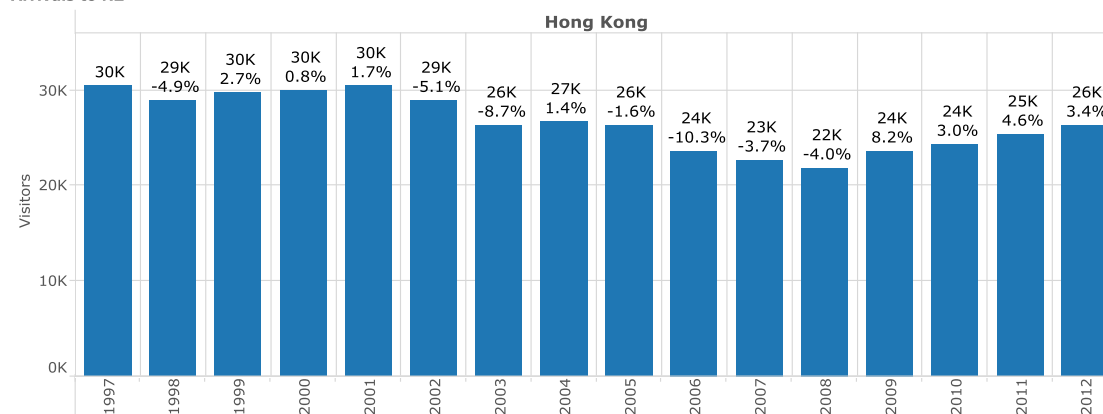
Market Review – Hong Kong



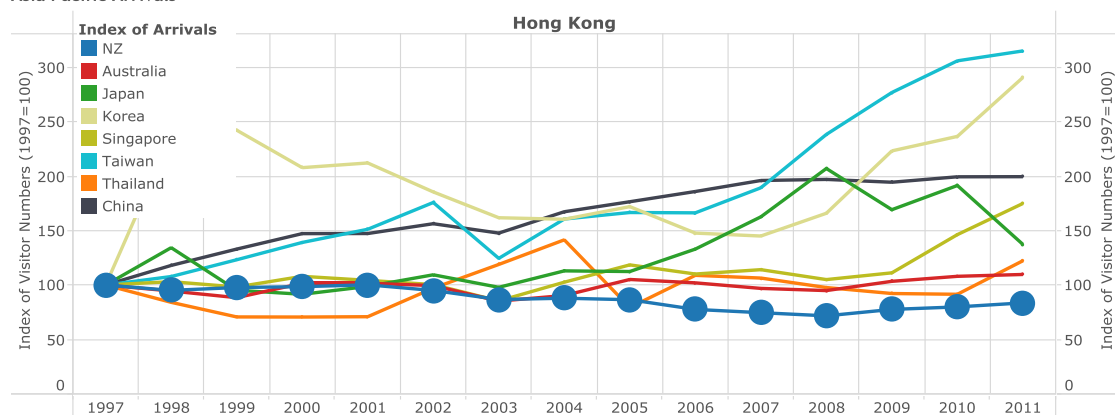
- Economic growth recovering, but still with external challenges.
- Hong Kong resident population projected to increase at an average annual rate of 0.8% over ten years to 2021, from 7.07 to 7.66 million.
- Total resident departures by air increased by 9.5% during 2012 from 7.1 to 7.8 million (and up from 6.1 million five years earlier).

Market Review – Hong Kong (2)

Arrivals to NZ



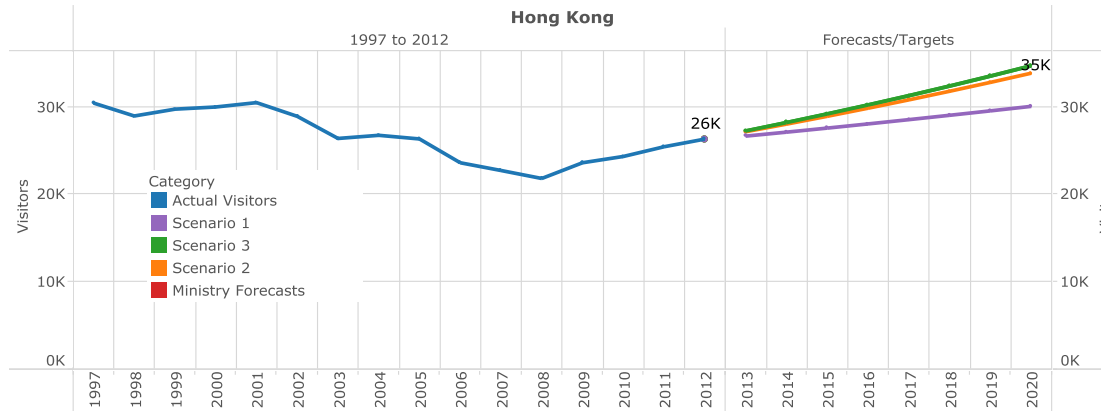
Asia Pacific Arrivals



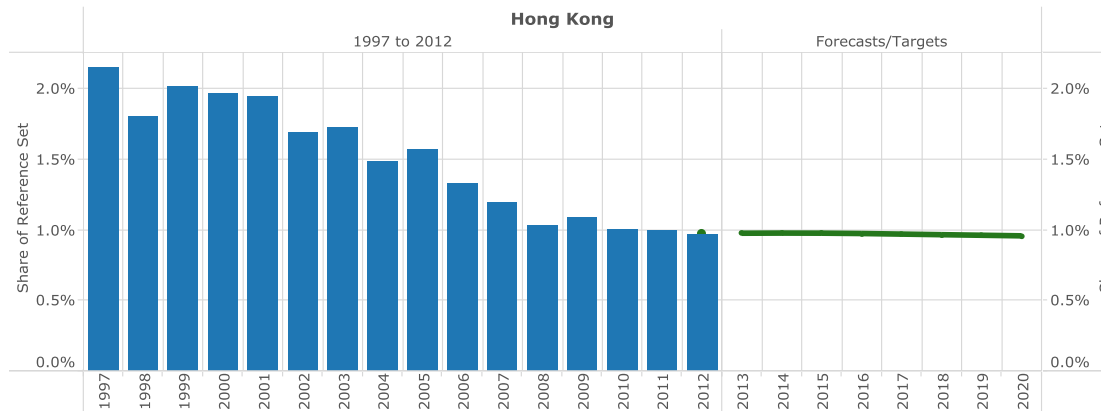
- Visitors to New Zealand from Hong Kong have been stable at around 25,000 to 30,000 visitors throughout the period shown.
- Index of arrivals from Hong Kong to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the lower part of this chart.

Market Review – Hong Kong Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

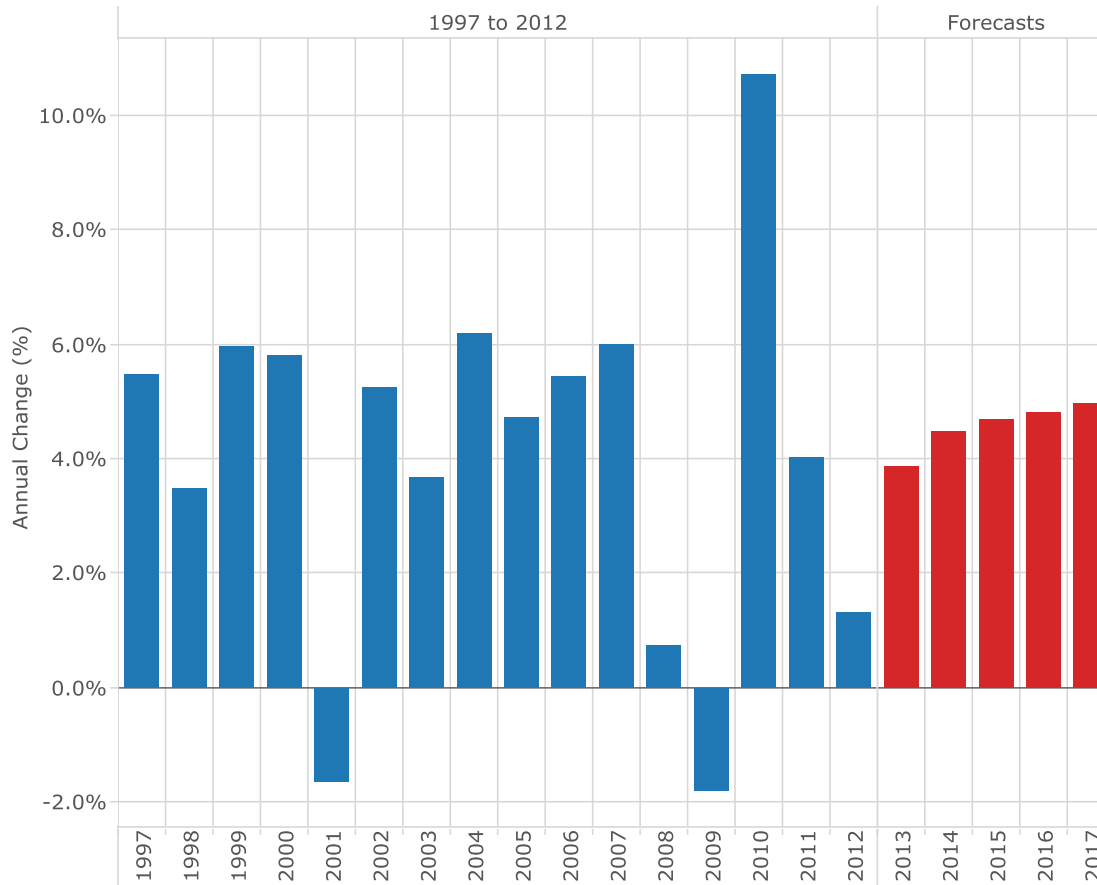


- No Ministry forecasts available for this market.
- Scenario 3 visitor level of 34,000 visitors in 2020 implies an increase to levels not achieved since 1996.
- The target implies a constant share of visitors from Hong Kong compared to the Reference Set (Australia, NZ, Korea, Taiwan, Singapore, Thailand).
- Australia's TFC is forecasting a CAGR of 2.6% per year to 2020 for this market.



Taiwan

Market Review - Taiwan

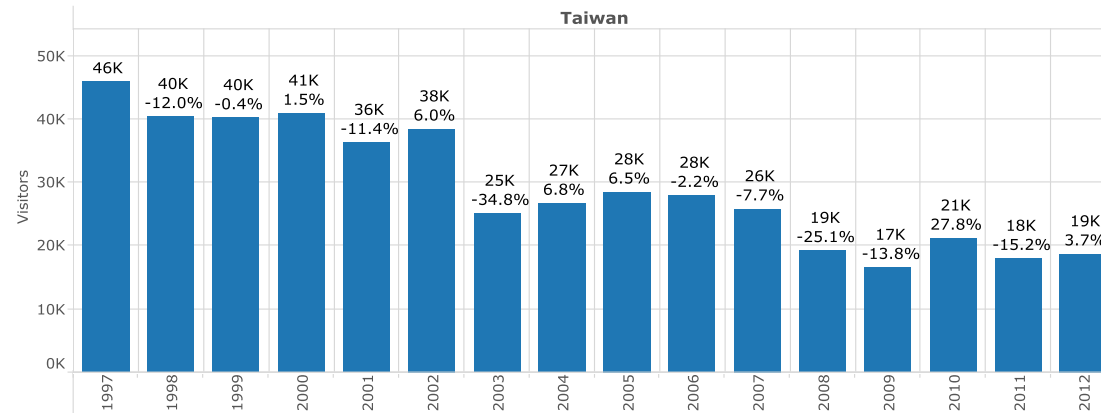


- IMF indicates Taiwan economic growth is closely linked to investment growth in China.
- Population is forecast to grow from 23.3 million in 2012 to 23.6 million in 2020; average annual growth of just 0.2%.
- Outbound departures during CY2012 were up 6.8%, to 10.2 million (half are travelling to China/HK).

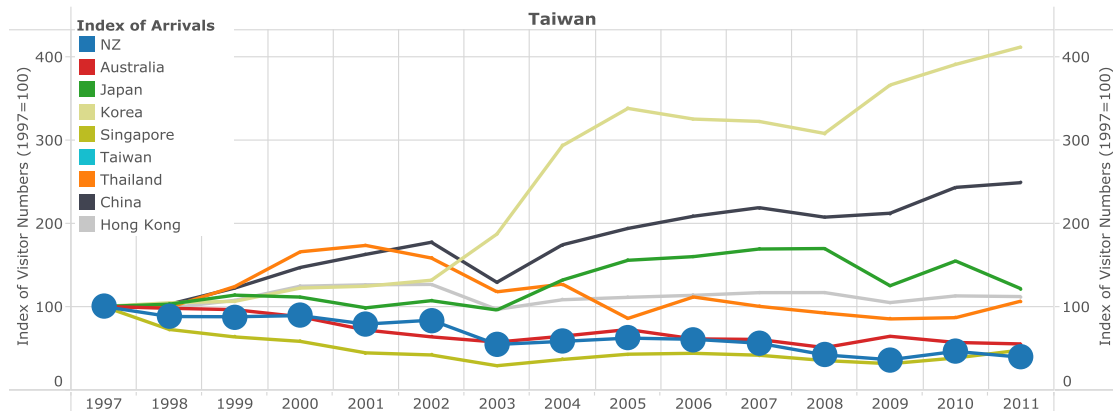
Market Review – Taiwan (2)



Arrivals to NZ



Asia Pacific Arrivals

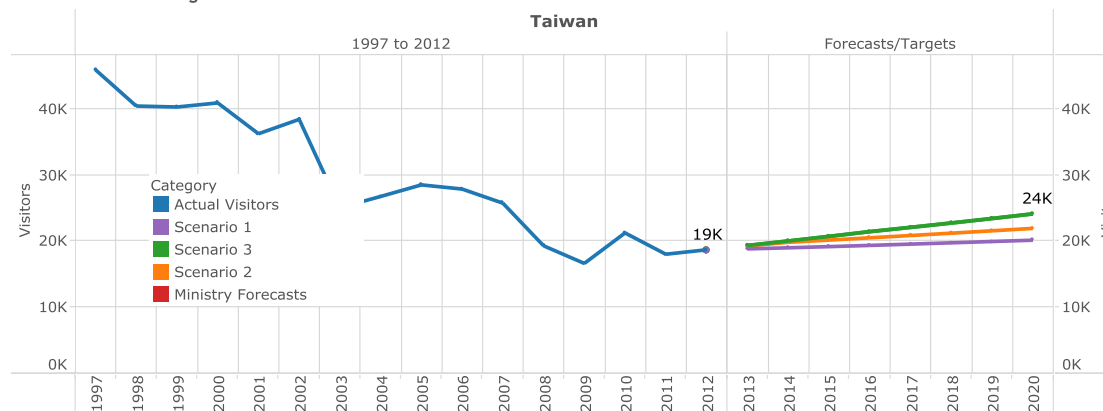


- Visitors to New Zealand from Taiwan have decreased from 38,000 to 19,000 over the past decade.
- Index of arrivals from Taiwan to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the lower part of this chart.

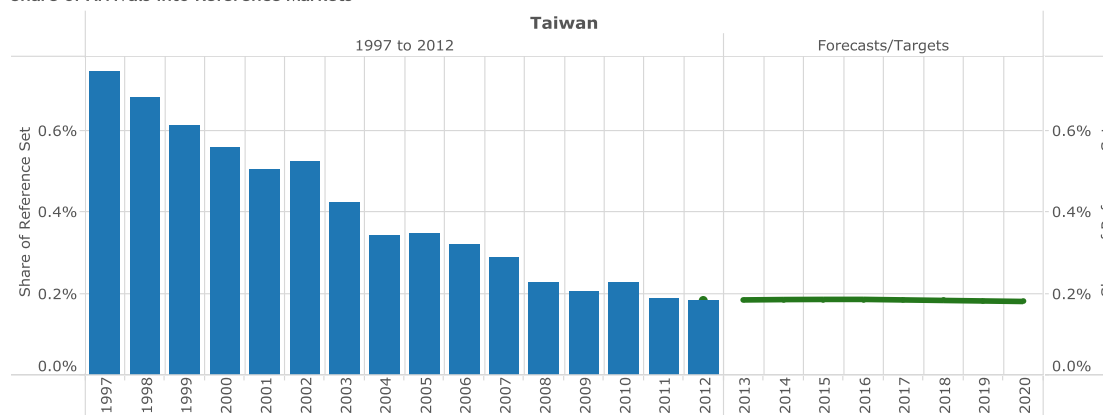


Market Review – Taiwan Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

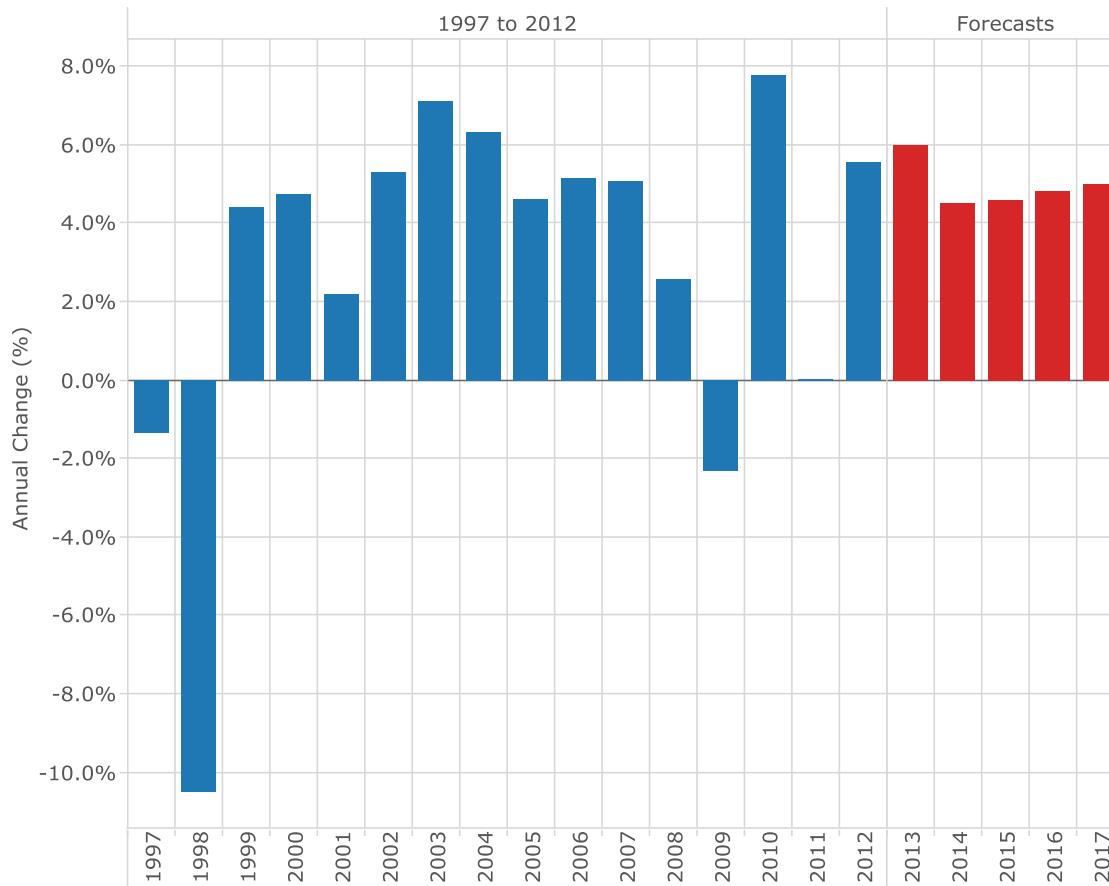


- No Ministry forecasts available for this market.
- Scenario 3 visitor level of 21,000 in 2020 implies little increase on levels achieved over the past few years in NZ.
- The target implies maintenance of share NZ's share of visitors from Taiwan compared to the Reference Set (in this case the Reference Set includes all outbound travellers from Taiwan).



Thailand

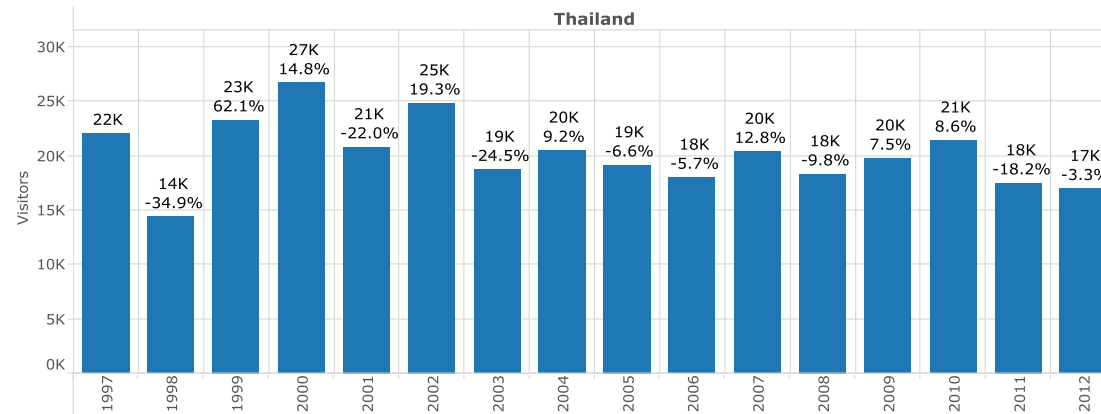
Market Review - Thailand



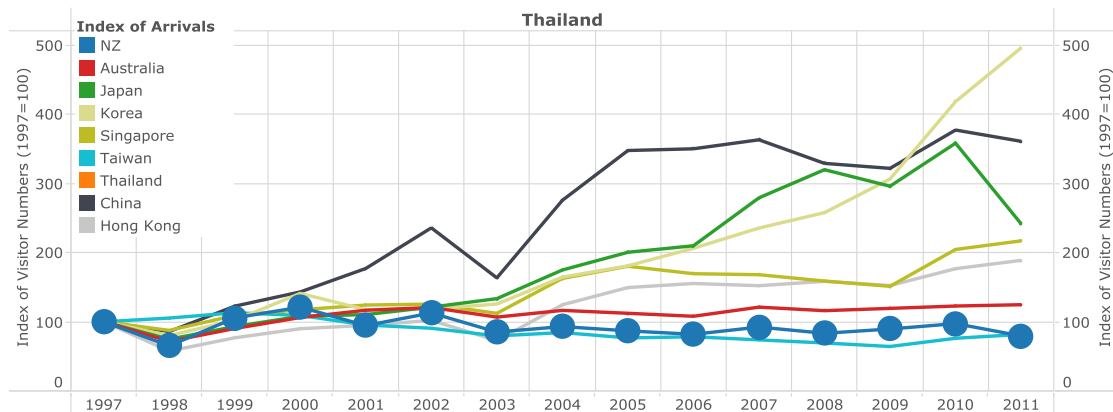
- Economic growth in 2012 bounced back sharply, led by reconstruction and investment after floods of Oct-11. Forward growth is dependent on export recovery and strength in private demand.
- Total population of 69.5 million (2011). Average annual growth over past five years of 0.7%. Around 34% of population live in urban areas.

Market Review – Thailand (2)

Arrivals to NZ



Asia Pacific Arrivals

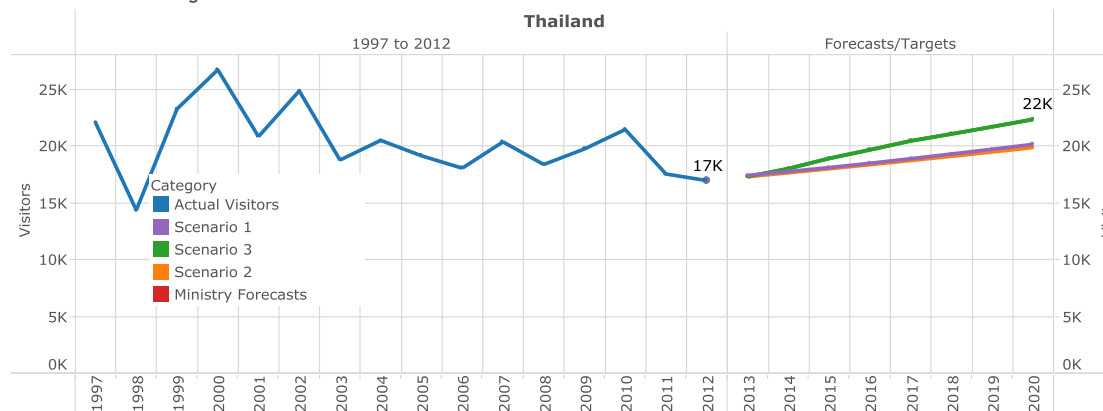


- Visitors to New Zealand have fallen from 25,000 to 17,000 visitors over the period shown.
- Index of arrivals from Thailand to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the lower part of this chart.

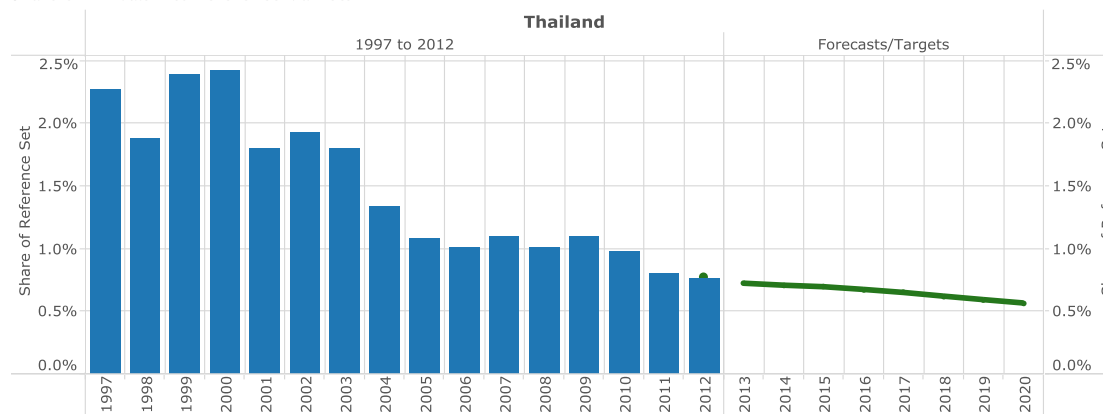


Market Review – Thailand Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets



- Ministry forecasts are not available for this market.
- Scenario 3's 25,000 visitors in 2020, will remain below levels achieved prior to the Asian financial crisis in 1997.
- Scenario 3 implies a modest fall in the share of visitors from Thailand compared to the Reference Set (Australia, NZ, China, Hong Kong, Japan, Korea, Taiwan, Singapore).
- Australia's TFC is forecasting a CAGR of 3.4% per year to 2020 for this market.

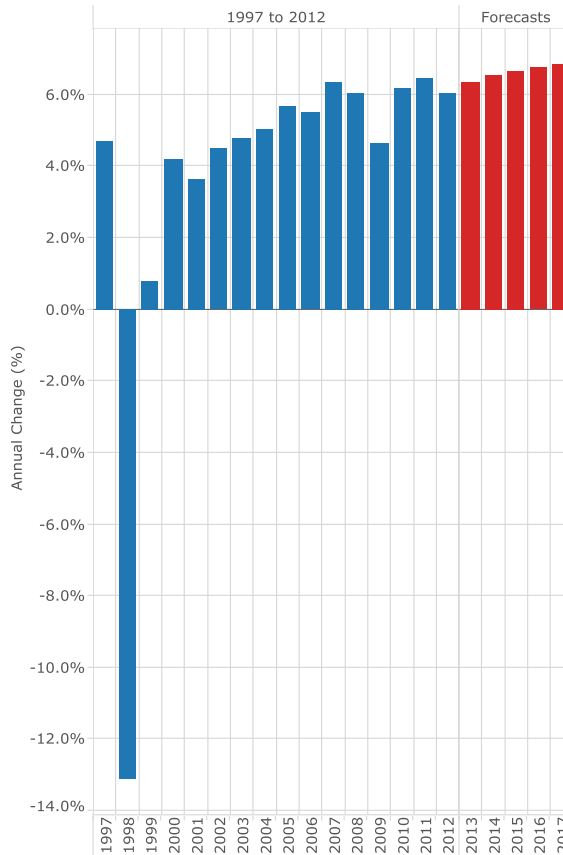


Indonesia

Market Review - Indonesia



GDP



GDP AND POPULATION

Population ('000s)			
Actual		Forecasts to 2020	
2000	2010	2015	2020
213,395	239,871	251,880	262,569

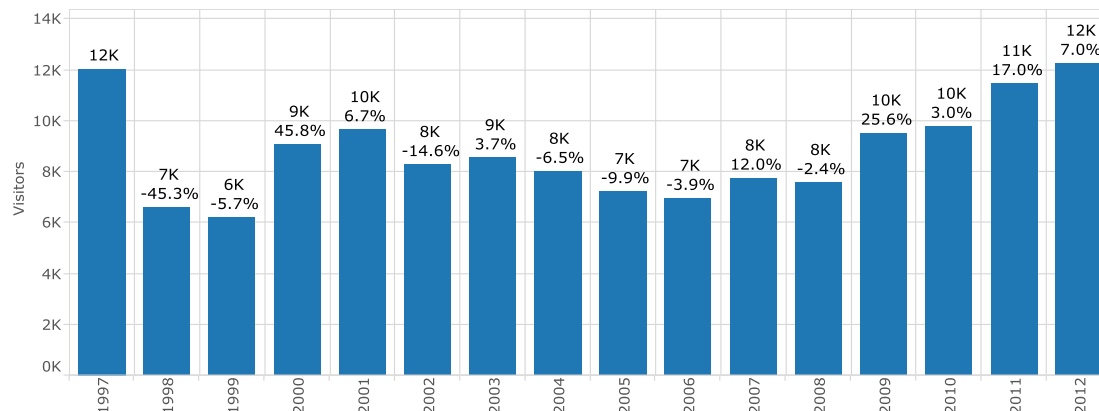
Major Cities ('000s Residents)		
Urban Agglomeration	2010	2020
Jakarta	9,210	10,256
Surabaya	2,509	2,738
Bandung	2,412	2,739
Medan	2,131	2,419
Ujung Pandang	1,294	1,512
Semarang	1,296	1,424
Palembang	1,244	1,356
Bogor	1,044	1,251
Bandar Lampung	799	903
Malang	786	891
Pekan Baru	769	898
Grand Total	23,496	26,386

- IMF GDP and UN population forecasts.
- Economic growth returned to over 6% p.a. after 2009 slowing, with increase in domestic consumption and investment. Future growth dependent on maintaining strong investment growth.
- Total population of 242.3 million (2011). Average annual growth over past five years of 1.1%. Around half of population live in urban areas.

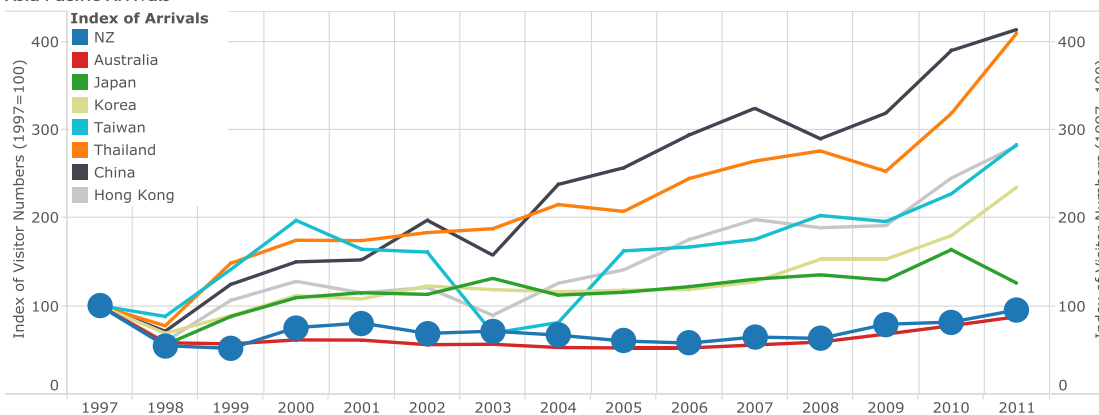
Market Review – Indonesia (2)



Arrivals to NZ



Asia Pacific Arrivals



- Visitors to New Zealand have increased from 8,000 to 12,000 over the past decade (returning to pre-Asian economic crisis level).
- Index of arrivals from Indonesia to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the lower part of this chart.



Market Review – Indonesia Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets

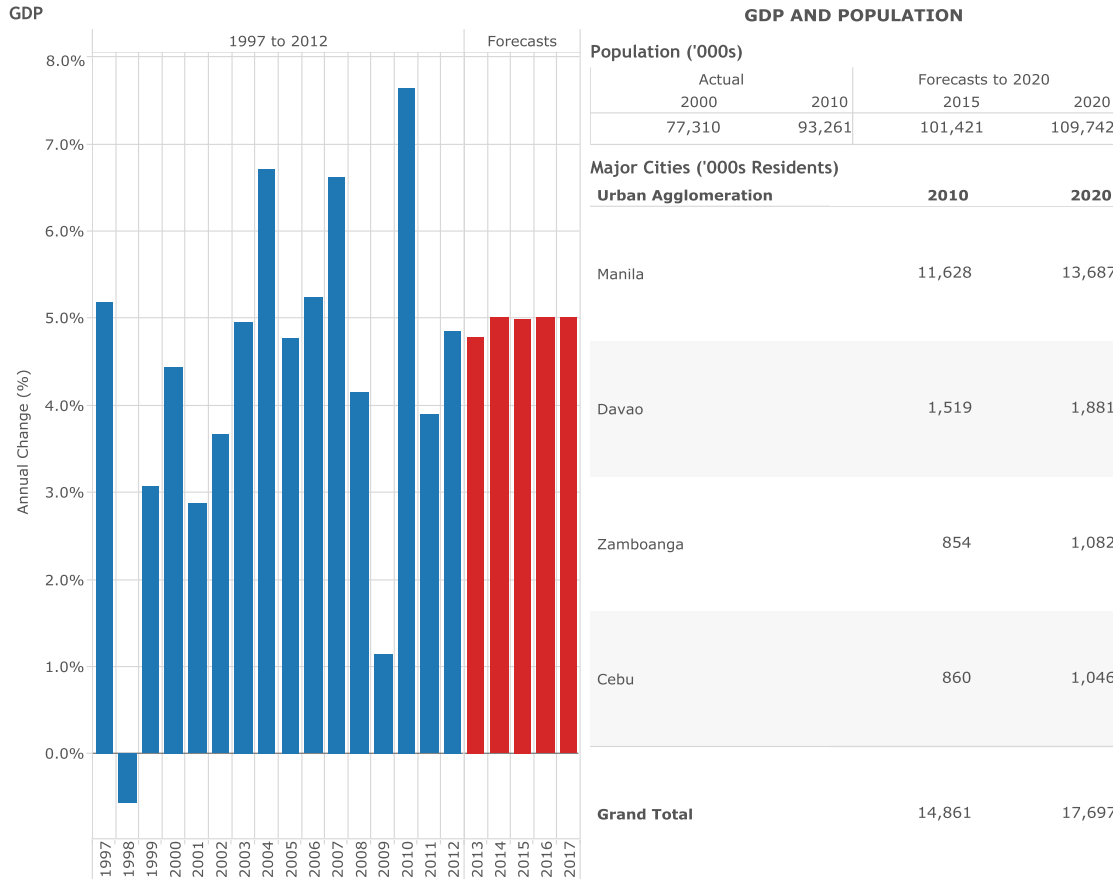


- Ministry forecasts not available for this market.
- Scenario 3 with 35,000 visitors in 2020 represents a strong increase in visitor numbers – built on airline capacity growth.
- Scenario 3 implies a growth in the share of visitors from Indonesia compared to the Reference Set (Australia, NZ, China, Japan, Hong Kong, Korea, Taiwan, Thailand).
- Australia's TFC is forecasting a CAGR of 6.0% per year to 2020 for this market.



Phillippines

Market Review - Philippines

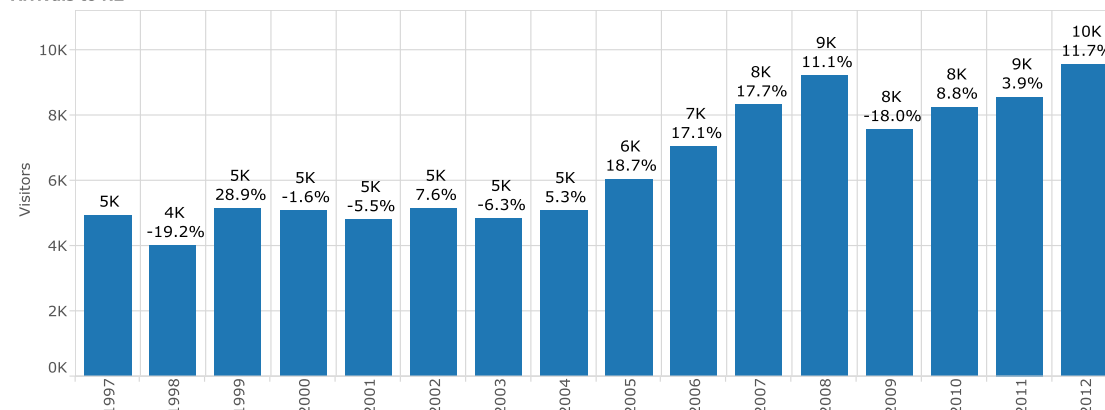


- IMF GDP and UN population forecasts.
- Total population of 94.9 million (2011). Average annual growth over past five years of 1.7%. 49% of population live in urban areas.

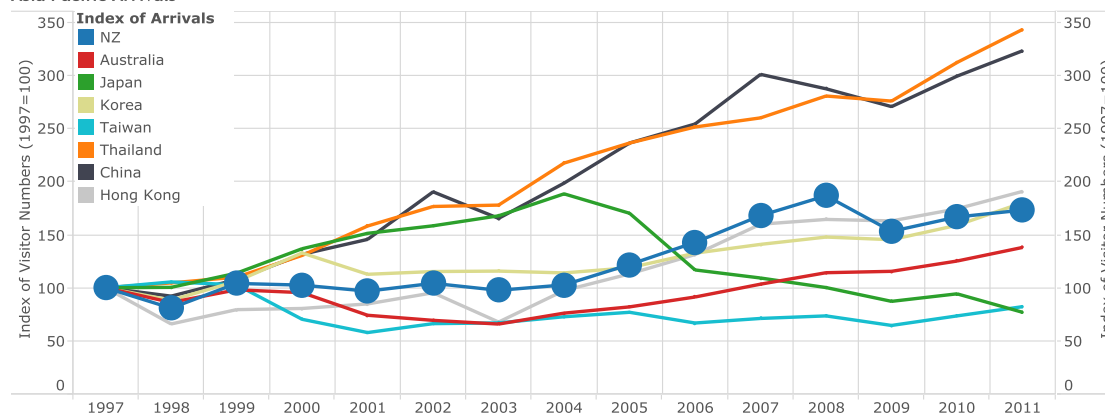


Market Review – Philippines (2)

Arrivals to NZ



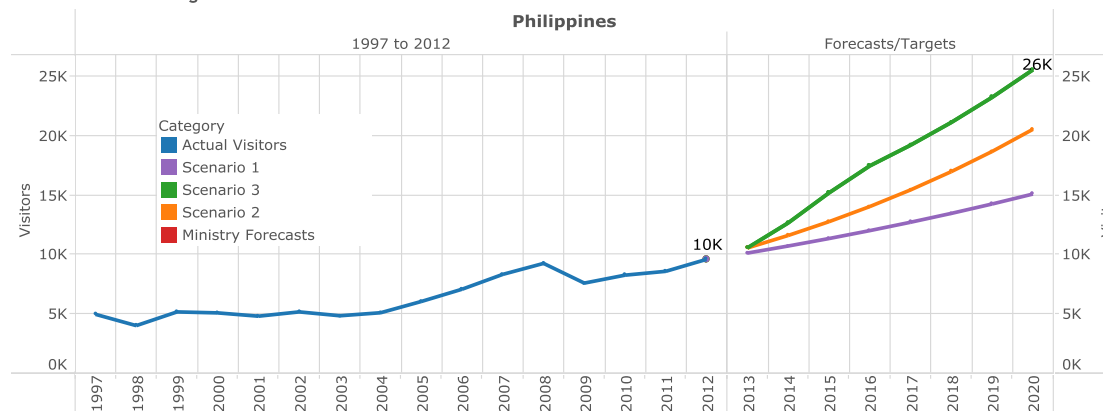
Asia Pacific Arrivals



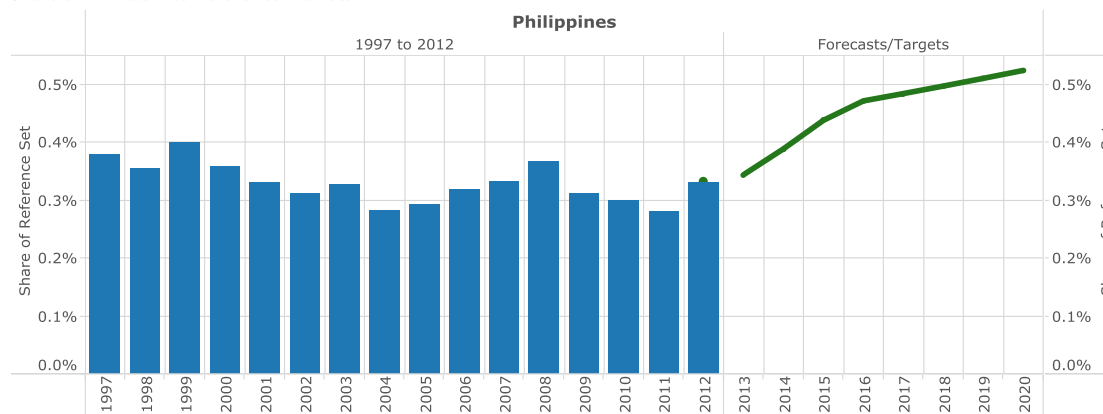
- Visitors to New Zealand have increased from 5,000 to 10,000 over the past decade.
- Index of arrivals from Philippines to a number of Asia Pacific countries is shown in the lower chart.
- New Zealand has performed in the mid range part of this chart.

Market Review – Philippines Target

NZ Forecasts and Targets



Share of Arrivals into Reference Markets



- Ministry forecasts not available for this market.
- Scenario 3 level of 26,000 visitors implies a strong increase in visitor numbers. Note 'organic' or trend growth would lead to around 15,000 visitors by 2020.
- The target implies a growth in the share of visitors from Philippines compared to the Reference Set (Australia, NZ, China, Japan, Hong Kong, Korea, Taiwan, Singapore, Thailand).



South America

TFI Approach: South American Markets

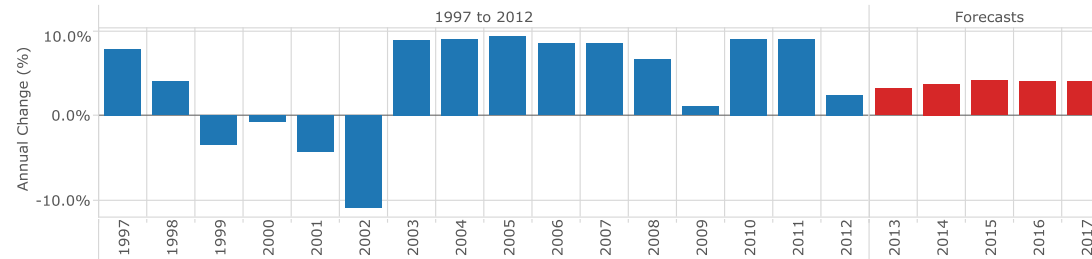


- For each market TFI reviewed:
 - Latest IMF GDP and UN population forecasts by market.
 - Outbound growth and growth in visitors to USA and Canada.
 - Visitor growth, where available, to Australia, Singapore, Indonesia, Malaysia, Hong Kong, China, Japan.
 - Available forecasts where available.
 - The aviation/airline business environment in South America.
- To create the targets TFI developed three scenarios:
 - Scenario 1: Organic Growth - Assessed prospects for growth from South America given historical performance and economic forecasts. Established reasonable 'organic' growth rates for each of the markets Argentina, Brazil and Chile.
 - Scenario 2: Accelerated Growth – Reviewed the growth performance of markets that had shown “take-off” periods in the past. These markets included Taiwan, Korea, Singapore, Malaysia, Hong Kong, Thailand, China and India.
 - Scenario 3: Target Scenario – Building on Scenario 2 and assuming an additional direct daily service commences before 2020. This service is considered a possibility given the merger of LAN and TAM as well as interest from other carriers.

Market Review – South America

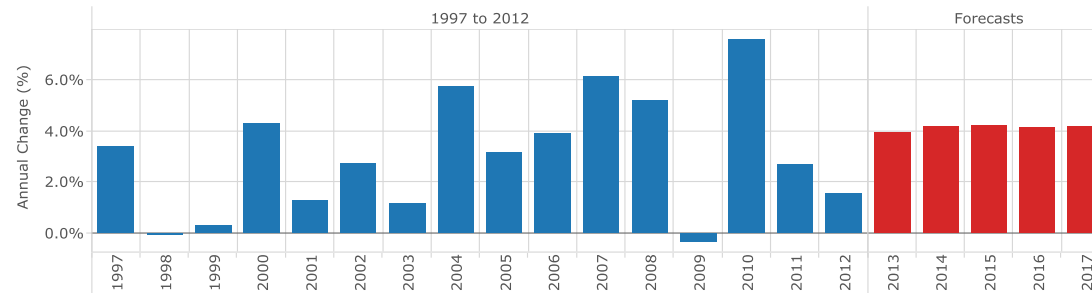


GDP - Argentina

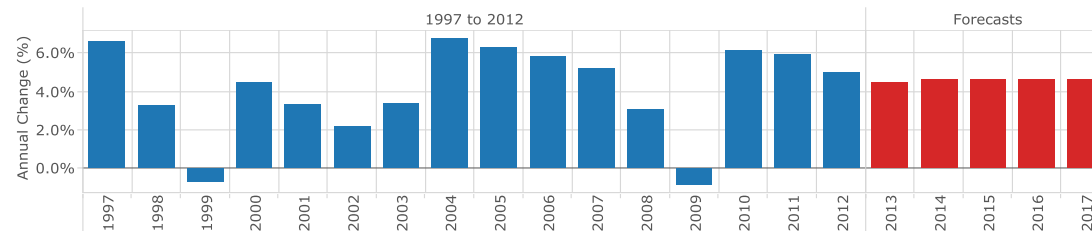


● IMF GDP Forecasts.

GDP - Brazil



GDP - Chile



Market Review – South America (2)



Population Sth America ('000s)

Country (group)	Actual		Forecasts to 2020	
	2000	2010	2015	2020
Argentina	36,931	40,412	42,177	43,856
Brazil	174,425	194,946	203,294	210,433
Chile	15,420	17,114	17,868	18,540
Grand Total	226,776	252,472	263,339	272,829

Major Cities - Resident Population Sth America ('000s)

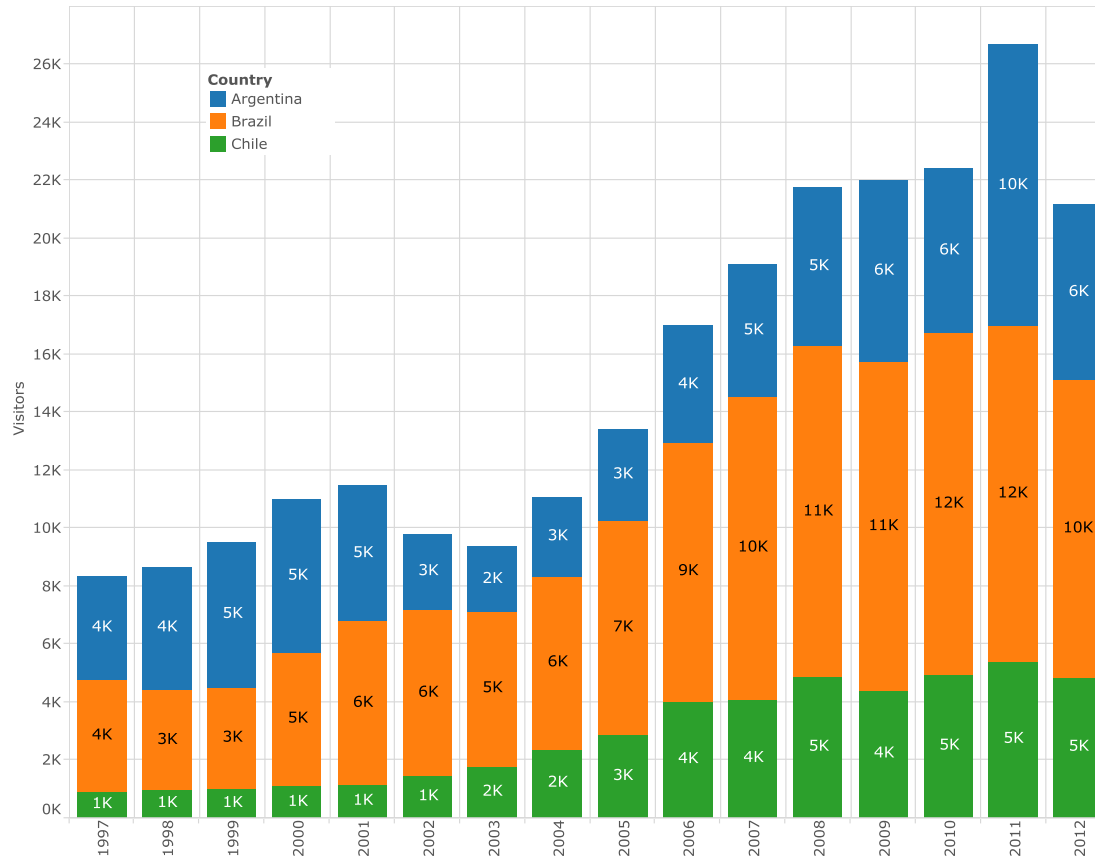
Country .. Urban Agglomeration		2000	2010	2015	2020
Argentina	Buenos Aires	11,847	13,074	13,401	13,606
Brazil	São Paulo	17,099	20,262	21,300	21,628
	Rio de Janeiro	10,803	11,950	12,404	12,617
	Belo Horizonte	4,659	5,852	6,260	6,420
	Pôrto Alegre	3,505	4,092	4,316	4,428
	Recife	3,230	3,871	4,107	4,219
	Brasília		3,905	4,296	4,433
	Salvador		3,918	4,243	4,370
	Fortaleza		3,719	4,011	4,130
	Curitiba		3,462	3,791	3,913
	Campinas			3,018	3,109
Chile	Santiago	5,275	5,952	6,237	6,408
Grand Total		56,418	80,058	87,386	89,279

• UN Population Forecasts

Market Review – South America (3)



Arrivals to NZ - Sth America

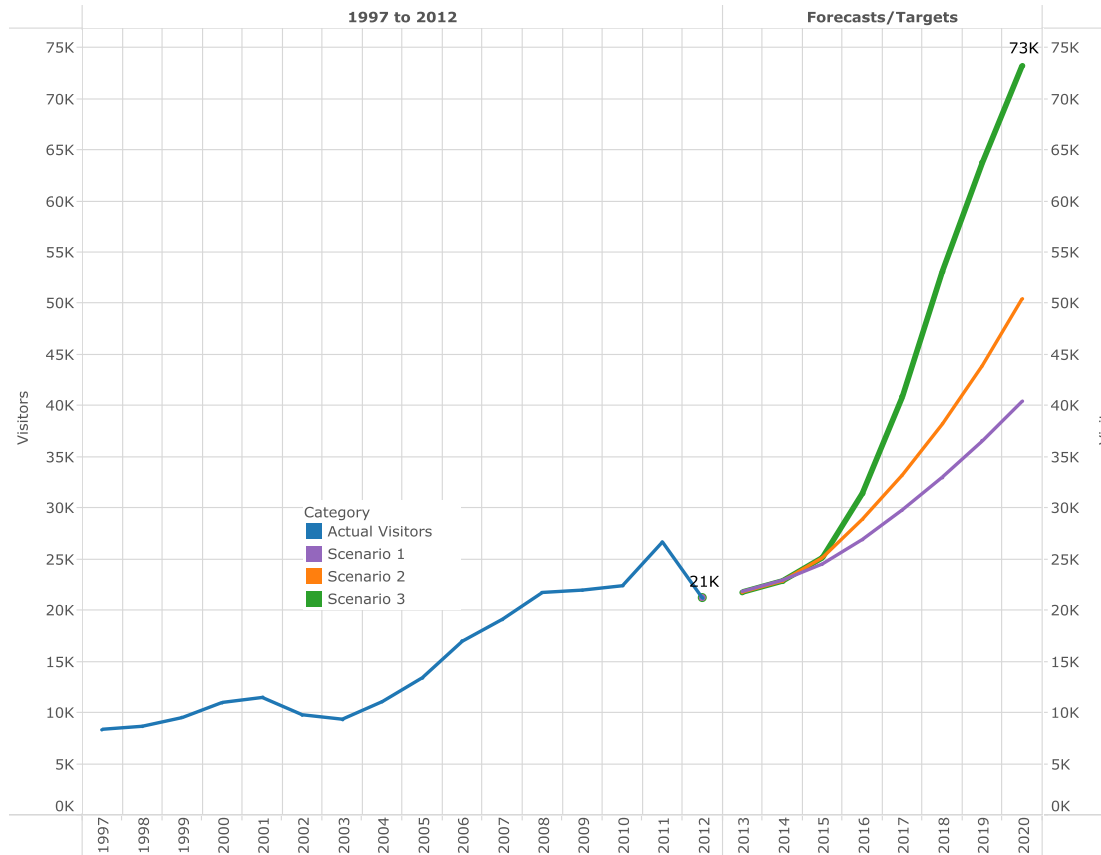


- Visitors to New Zealand from Argentina, Brazil and Chile have increased from below 10,000 to above 20,000 over the past decade.

Market Review – South America Target



Targets Sth America



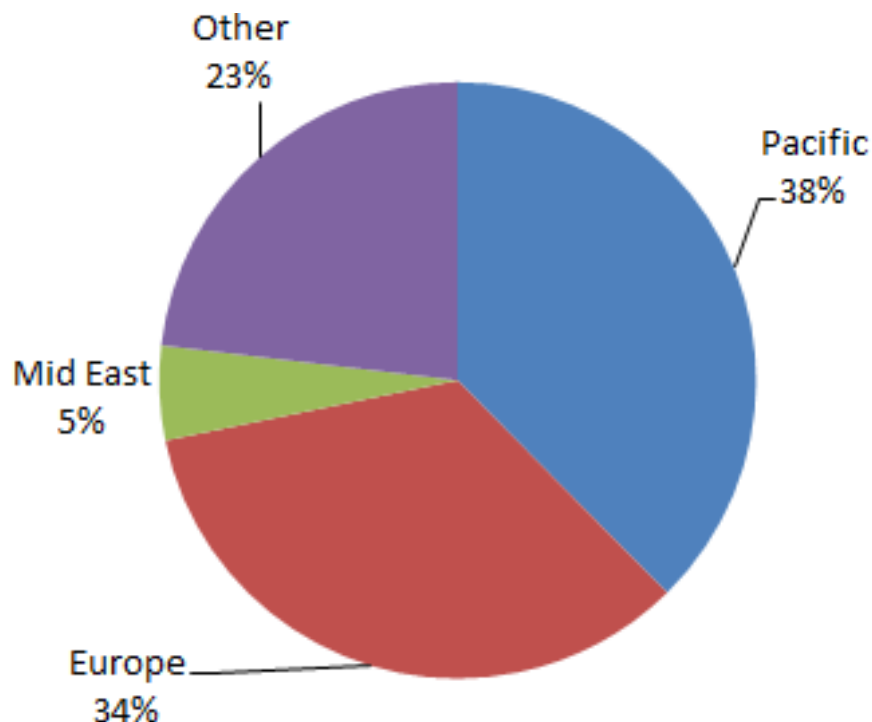
- 2020 range between 40,000 visitors (S1), 50,000 (S2) and 73,000 (S3).
- This would take the three markets from 0.8% of total visitors to New Zealand in 2012 to around 1.1% (S1), 1.4% (S2) and 2.0% (S3).



Other Countires



Market Review – Other Countries

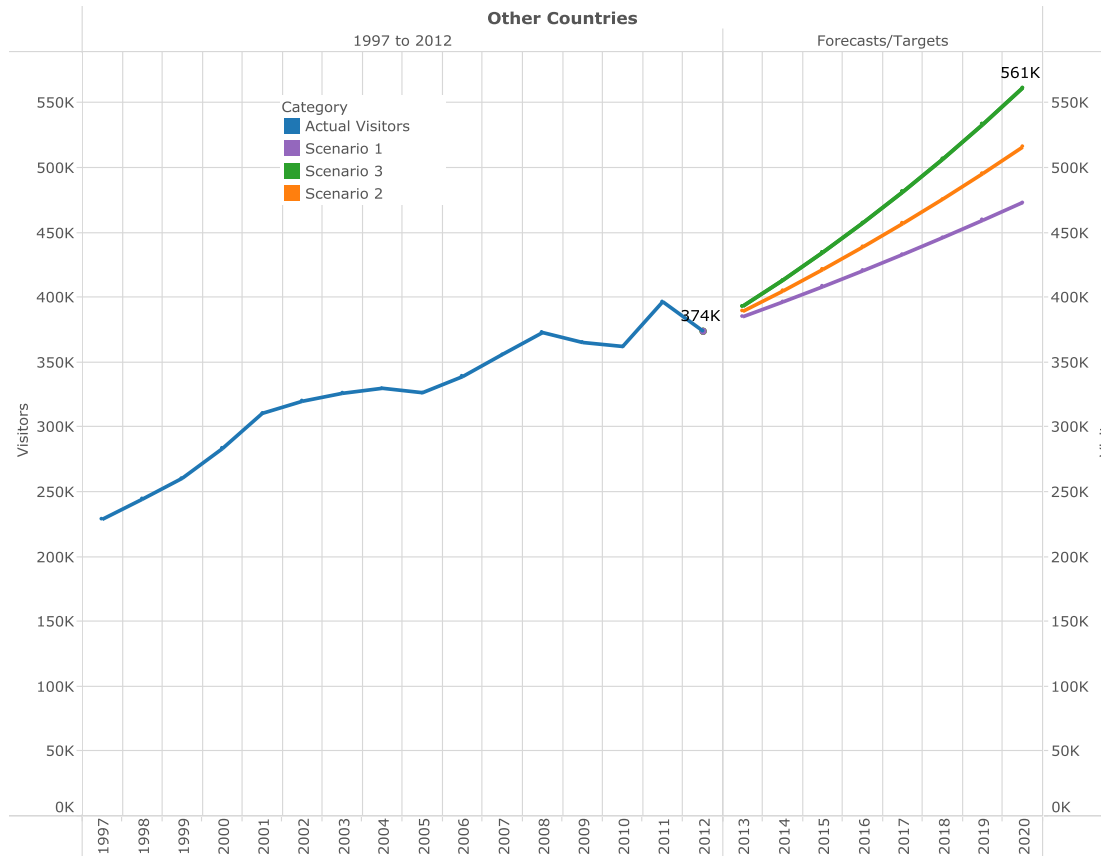


- Major groups included in other include: Pacific Countries 38%, European countries 34% and Mid East 5%
- Other Pacific country CAGR for 2002 to 2012 = 3.7%
- Other European country CAGR for 2002 to 2012 = 1.0%
- Mid East country CAGR for 2002 to 2012 = 3.0%
- Other countries CAGR for 2002 to 2012 = -0.5%

Market Review – Other Countries



NZ Forecasts and Targets



- Scenario 3 achieves 561,000 visitors in 2020.
- Over the 15 years to 2012 the CAGR for this grouping of countries was 3.3% (For the past decade 1.6% CAGR).
- CAGRs 2012 to 2020:
Scenario 1: 3.0%
Scenario 2: 4.1%
Scenario 3: 5.2%