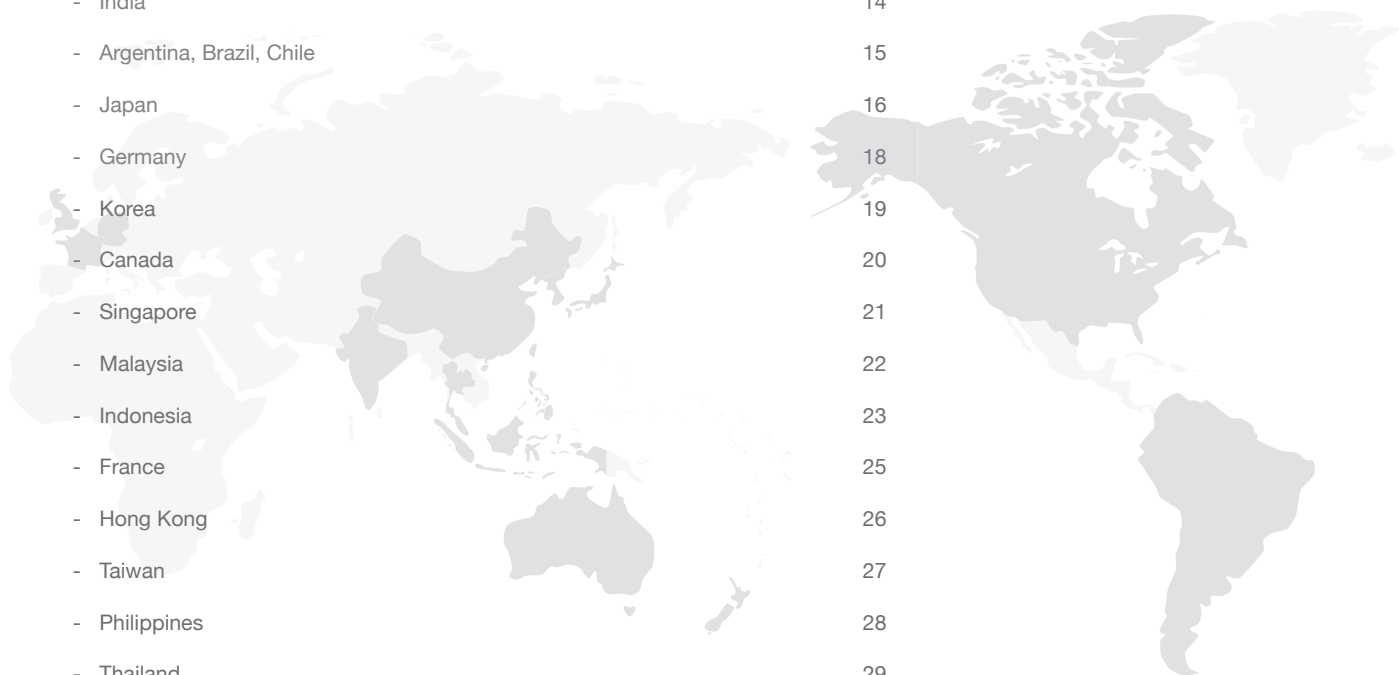


Ambition 2025

INSIGHTS, TRENDS & OPPORTUNITIES

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Global change presents a growth opportunity for New Zealand

THERE IS A GROWING SENSE OF OPPORTUNITY IN THE NEW ZEALAND TOURISM INDUSTRY

2013 was a considerably stronger year than expected for New Zealand tourism. In *Ambition 2020*, published last year, 2,661,546 visitors were forecast for the year. This was 4.2% growth over 2012, however we saw actual visitor growth of 6.1%.

Significant progress has been made in aligning the industry with the release of the Tourism Industry Association's *Tourism 2025* framework which sets an aspirational target of increasing industry value by 6% per annum.

As noted in *Tourism 2025* New Zealand's best growth opportunities now lie around Australasia, Asia and the Americas. Australia will always be a key market to New Zealand because of its proximity. Within Asia, China is a stand-out prospect. Within the Americas, the USA remains an important key market, with emerging prospects in South America, the largest being Brazil.

This document updates our *Ambition 2020* which was published last year. The update is based on the latest economic and market data to 2025 in order to align with the timeframe adopted in *Tourism 2025*. In providing this update we acknowledge the importance of the whole industry aligning behind *Tourism 2025* in order to deliver benefit for New Zealand.

Our ability to capture more than our fair share of growth will require strategic actions in areas such as:

- Sustainably developing air capacity.
- Increasing our share of voice in target markets.
- Competitive Visa propositions.
- Packaging the right tourism products which meet the needs of high growth consumer segments.
- Distributing those products through the right channels.

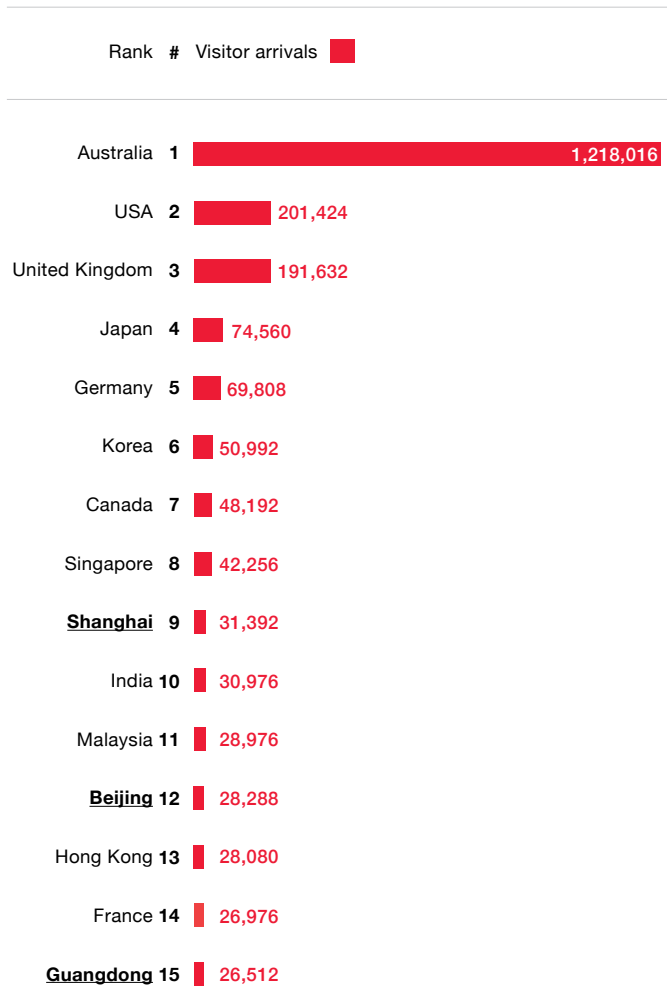
5.2 million the number of potential visitors to New Zealand in 2025.

A changing visitor composition

RAPID CHANGE SETS THE TONE

While Australia holds steady as New Zealand's largest source of arrivals, China has leapfrogged mature markets such as the United Kingdom and the United States to become the second largest source of arrivals. In fact, there are some Chinese regions which contribute more arrivals than whole countries.

As shown below some Chinese regions rank in the top fifteen visitor arrival markets to New Zealand (YE Dec 13).



A NUMBER OF EMERGING ECONOMIES ARE REACHING MIDDLE INCOMES IN ASIA

Huge swathes of population are reaching middle class incomes in China, India and Indonesia. Many developing nations also have some of the highest levels of consumer confidence in the world such as India, Philippines, Indonesia, Thailand, Brazil, China and Malaysia.

These emerging markets provide significant opportunities for tourism growth. However the number of visitors that are attracted to New Zealand will depend on our industry understanding in-depth the demand shifts in these markets and building product offerings and awareness of the New Zealand experience in market. Full development of air connections and capacity on routes are also important supply-side drivers.

Some of the major trends driving change in the visitor composition are:

- Continued growth from China, which represented 8.45% of total arrivals in 2013.
- High rates of growth from smaller, emerging markets such as Malaysia, Singapore and Indonesia.
- A slower than expected Australian economic recovery.

This rapid change in visitor composition has led to shifts in booking patterns and lead times, marketing channels, and travel and expenditure patterns of visitors to New Zealand.

RESPONDING TO MARKET CONDITIONS

Key implications for New Zealand travel markets are:

1. "Business as usual" is a moving target - tourism is being reshaped. Structural shifts in the world economy, aviation and technology are permanently changing the dynamics of the industry.
2. The visitor portfolio must continue to evolve in response to market conditions, creating opportunities for businesses that understand and adapt to changes.

Our outlook continues to be positive

BUILDING ON 2013 MOMENTUM

The world has emerged from a period of financial hardship and discussions have changed from talk of recession to focus on recovery, and economic growth in New Zealand continues. However the upswing is not expected to gain full momentum until 2016. After the better part of a decade in a slump, low cost carriers have reshaped value propositions and will continue to develop in the short and medium-haul markets. This will see other carriers seek opportunities in long-haul, ultra long-haul and alliance arrangements to boost network traffic. High growth potential from Asia and existing revenue streams from traditional markets are expected to see a significant boost in both the number of visitor arrivals and the value they contribute to the economy. Key drivers of this growth include:

- Low cost carriers are affecting the value differential and yield positions for travel to ultra long-haul destinations such as New Zealand.
- The market will be driven by continued growth in China and emerging markets in Asia and South America such as India, Indonesia and Brazil.
- A legislative change in China designed to ensure travel products sold in country are of a high quality is driving a shift to higher value tourists.

Further penetration into Australia and the Americas also has the potential to stimulate significant growth and help foster air-links with Auckland as a hub between Australasia, Asia and the Americas, further shifting the potential visitor growth profile.

DUAL DESTINATION HOLIDAY VISITORS

Many tourists visit New Zealand as part of a trip to Australia or another country. Chinese travellers predominantly fall into this segment as do Koreans and North Americans. By comparison Japanese and Taiwanese travellers are more likely to visit New Zealand as a standalone destination.

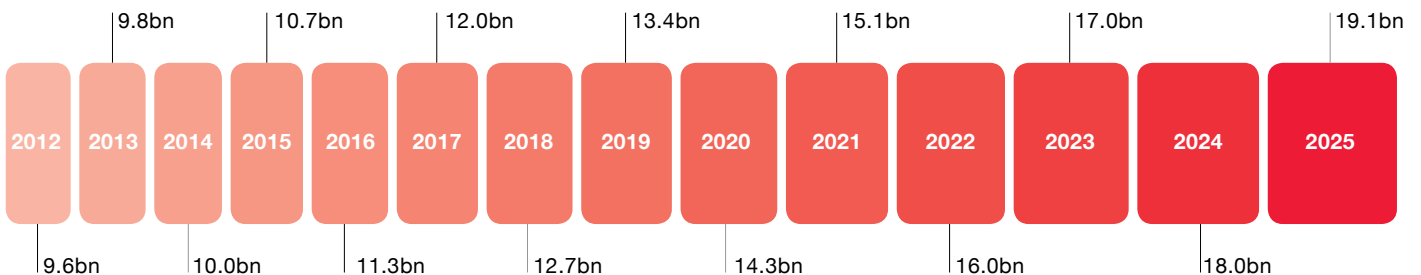
New Zealand tourism organisations will be challenged to capture growth from these drivers in the years to come. Coordinated programmes of activity will be essential to create the shared vision and alignment for the sector that enables that growth. Tourism 2025 is focussed on enabling that alignment. By 2025 international tourists to New Zealand could potentially contribute \$19.1 billion per year to the economy, up from just over \$9.8 billion in 2013. Tourism 2025 seeks to align tourism on five dimensions including: insight, targeting for value, visitor experience, productivity and air connectivity as critical enablers of international competitiveness for New Zealand.

TOURISM 2025 ASPIRATIONAL GOAL - INTERNATIONAL TOURISM*

In this document we set out three scenarios for arrivals growth - organic growth, accelerated growth and ambitious growth.

We forecast arrivals growth will be within a range of 3.6% - 5.5% per annum. The industry goal of 6% value growth to 2025 is very much achievable.

To the extent that we are able to move the dial and increase the average value from international tourists - we will be less reliant on the need to reach the ambitious arrivals volume scenario to meet the aspirational goal. At the end of the day the most important thing is to ensure New Zealand gets more than its fair share of value.



* Includes visitor spend, airfares and tourism component of education services (as per the Tourism Satellite Account).

Visitor arrivals scenarios

STRONG GROWTH IS EXPECTED TO CONTINUE ACROSS THE INDUSTRY FROM ASIAN MARKETS IN PARTICULAR

Visitor arrivals have the potential to increase by 91% between 2013 - 2025 to reach a total of 5 million annually by the end of 2025. This represents a doubling of visitor arrivals by 2025 and an annual cumulative average growth rate (CAGR) of 5.52%.

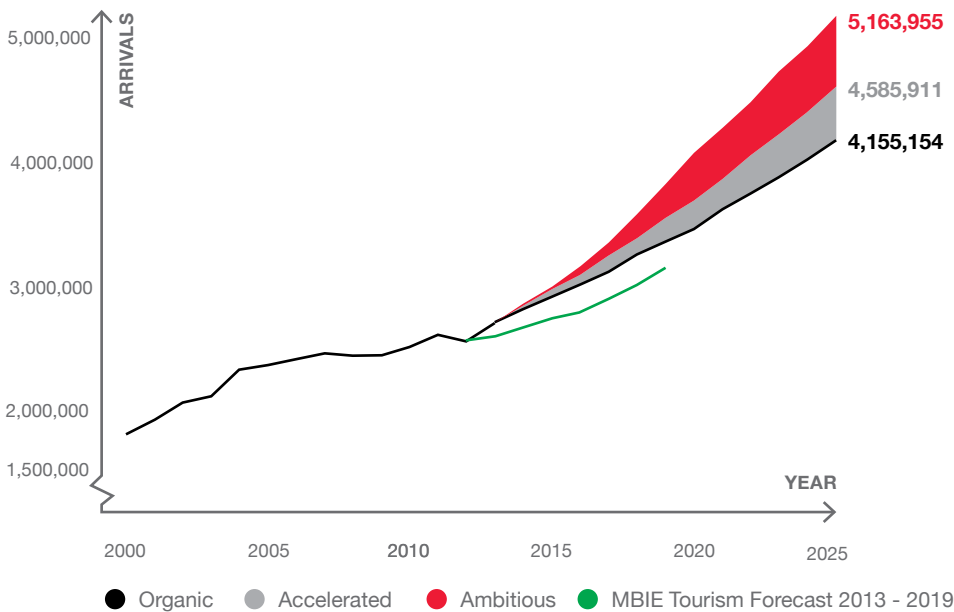
These forecasted figures are based on the reasonable expectation that New Zealand can respond quickly and effectively to change, develop new markets, improve air-links and capacity, and gradually improve circumstances for long-haul travel. These factors, combined with New Zealand's enviable range of tourism assets, its proactive approach to promotion, and re-orientation to Asia's development would provide a sound platform for growth to 2025.

Organic arrivals growth forecast: **3.6%**

Accelerated arrivals growth forecast: **4.5%**

Ambitious arrivals growth forecast: **5.5%**

Potential visitor arrivals to New Zealand 2000 - 2025



FORECAST DRIVERS

Tourism Futures International (TFI) has developed the market forecasts based on reviewing economic baselines and forecast trends, together with assessing the likely or potential air links and capacity and the likely market share. The TFI forecasts by market are also provided on the Ambition 2025 website.

Scenarios

Organic Reasonable expectation given economic forecasts and trends	Accelerated Faster growth expectation	Ambitious Aspirational target	MBIE Tourism Forecast 2013 - 2019
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Note - on each country page we show the ambitious arrivals target. Forecast visitor spend is based on average spend today. It is noted that the industry is targeting increased average spend through strategies including targeting a higher mix of Free Independent Travellers (FIT), longer stays and a greater share of the luxury segment.

A market summary

SOURCES OF GROWTH

Booming Asian economies contribute to high growth rates from countries such as China, India and the Philippines. Mature markets are generally expected to continue to recover in coming years.

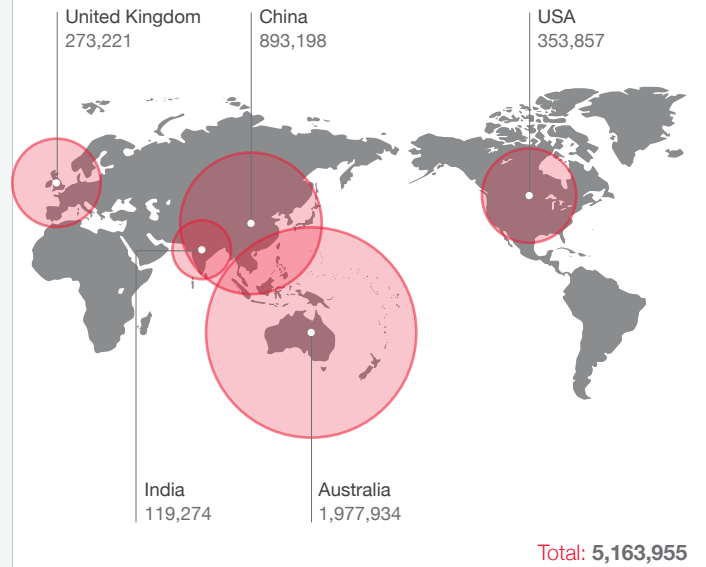
Growth in established markets such as Korea and Japan is expected to outstrip the average growth rates from non-Asian markets.

Australia, China, USA, India and the combined region of Argentina, Brazil and Chile present the greatest real visitor growth opportunities.

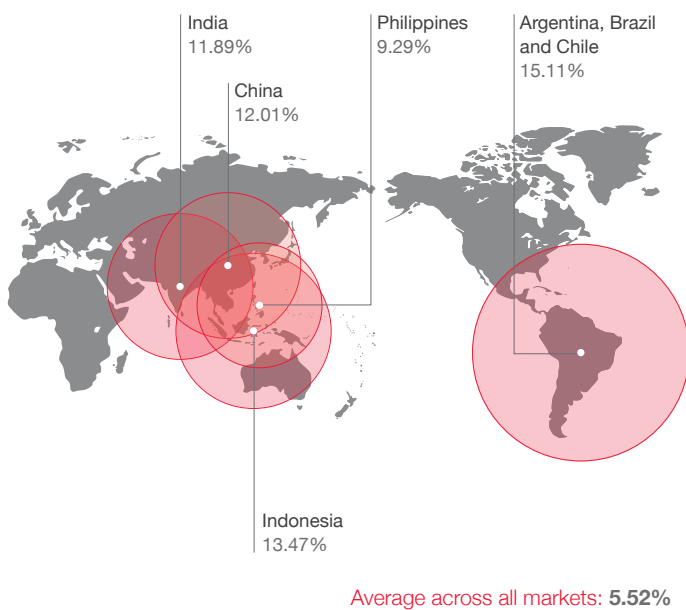
Growth will come both from tapping these latent opportunities but also improving our competitive position. We can take share from our offshore competitors by working together to deliver a superior value proposition.

The following graphics outline the top five markets in terms of visitor arrivals, average growth and real growth, under the ambitious scenario.

Top five markets by visitor arrivals 2025



Top five markets by cumulative average annual growth 2013 – 2025



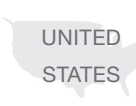


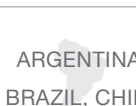






Top five markets by real visitor growth 2013 - 2025











Something to aim for

Forecast by market

	2013 VISITOR ARRIVALS	2013 SHARE OF MARKET	2025 ARRIVALS (ORGANIC)	2025 ARRIVALS (ACCELERATED)	2025 ARRIVALS (AMBITIOUS)	2025 MARKET SHARE	CAGR*
ALL MARKETS	2,710,416	100%	4,155,154	4,585,911	5,163,955	100%	5.52%
 AUSTRALIA	1,218,016	44.94%	1,696,399	1,823,492	1,977,934	38.30%	4.12%
 CHINA	228,928	8.45%	714,087	806,712	893,198	17.30%	12.01%
 UNITED STATES	201,424	7.43%	254,774	268,059	353,857	6.85%	4.81%
 UNITED KINGDOM	191,632	7.07%	242,649	257,979	273,221	5.29%	3.00%
 INDIA	30,976	1.14%	76,538	96,566	119,274	2.31%	11.89%
 ARGENTINA, BRAZIL, CHILE	20,992	0.77%	55,661	76,713	113,564	2.20%	15.11%
 JAPAN	74,560	2.75%	81,380	95,955	106,586	2.06%	3.02%
 GERMANY	69,808	2.58%	84,753	87,427	99,223	1.92%	2.97%
 KOREA	50,992	1.88%	62,336	75,686	96,657	1.87%	5.47%
 CANADA	48,192	1.78%	63,955	67,722	74,777	1.45%	3.73%

Something to aim for cont...

	2013 VISITOR ARRIVALS	2013 SHARE OF MARKET	2025 ARRIVALS (ORGANIC)	2025 ARRIVALS (ACCELERATED)	2025 ARRIVALS (AMBITIOUS)	2025 MARKET SHARE	CAGR
 SINGAPORE	42,256	1.56%	48,960	52,830	62,558	1.21%	3.32%
 MALAYSIA	28,976	1.07%	41,351	53,292	62,603	1.21%	6.63%
 INDONESIA	13,712	0.51%	23,919	51,423	62,457	1.21%	13.47%
 FRANCE	26,976	1.00%	35,218	38,330	44,010	0.85%	4.16%
 HONG KONG	28,080	1.04%	33,410	37,432	40,456	0.78%	3.09%
 TAIWAN	21,776	0.80%	24,129	25,116	30,152	0.58%	2.75%
 PHILIPPINES	10,432	0.38%	20,075	25,565	30,279	0.59%	9.29%
 THAILAND	20,704	0.76%	24,910	26,311	28,253	0.55%	2.62%



Outlook for our markets

AUSTRALIA 2025

The Australian visitor market is the major source of revenue for the tourism sector and the largest source of arrivals.

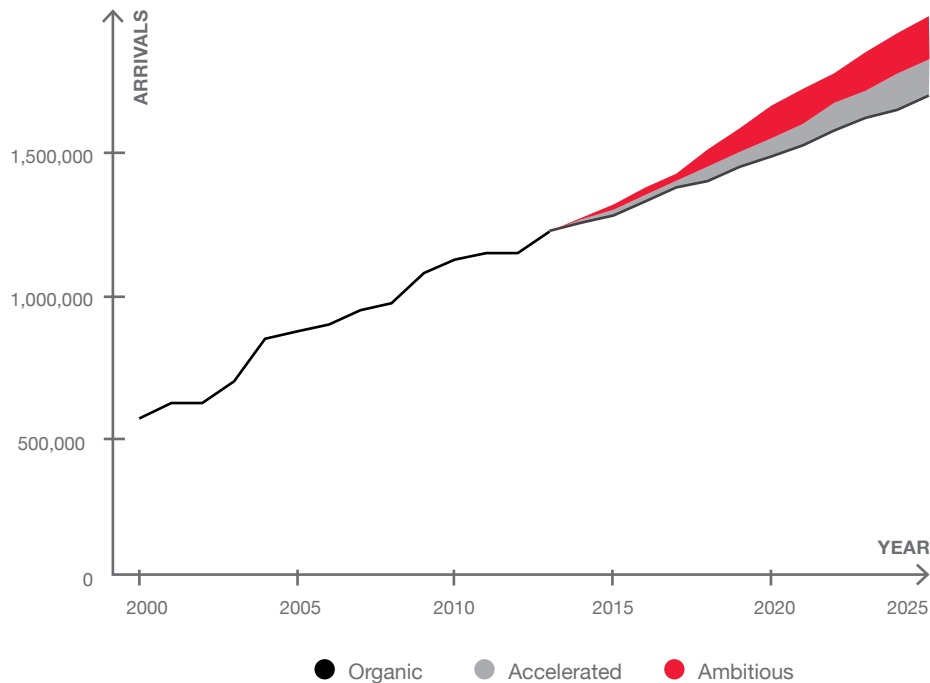
Despite a slower than expected economic recovery, growth from Australia is steady and significant with 2013 arrivals growing at 5.4% rather than the predicted 3.8%. In recent years this growth has been driven by New Zealanders migrating to Australia in record numbers and returning home for holidays. Arrivals of Australian nationals however are relatively flat. Air capacity has grown. 2013 saw the opening up of more Australian regions with new Auckland-Adelaide flights, new Auckland- and Christchurch-Perth seasonal flights, as well as additions to established routes. 2014 sees the continuation of this trend with significant additional winter capacity to Queenstown recently announced. The opportunity exists to convert a share of Australian domestic travel to short-haul trips to New Zealand. Building demand means driving growth and connections from regional

Australian markets and increasing New Zealand's share of outbound holiday traffic compared to price competitive Asian offerings. Geo-targeting consumers and driving conversion through a digital front door are among key strategies for growing the Australian market to 2025.



- POP 2013: 23,343,000
- POP 2025: 26,920,000
- POP 2025 Growth: 15.32%
- GDP Growth (YOY): 2.9%

Potential visitor arrivals



Ambitious

- 4.12%**
Average annual growth
- 1,977,934**
Forecast visitor arrivals
- 38.30%**
Forecast market share
- \$3,649m**
Forecast visitor spend
- 759,918**
Growth in arrivals 2013–2025
- 62.39%**
Growth in percent 2013–2025

Drivers

- Proximity to New Zealand
- Australia remains in a strong economic position, even with a slower recovery
- Historical economic, migration and cultural ties
- Expat population drives volume growth
- The international holiday market and/or convert domestic holiday makers to travel to New Zealand

Outlook for our markets cont...

CHINA 2025

China has rapidly become one of New Zealand’s top visitor markets and could account for 17% of visitor arrivals in 2025.

Visitor numbers will continue to grow strongly, driven by the thirst for travel of its middle and upper classes. Chinese arrivals to New Zealand will be comprised of more FIT travellers and less groups in coming years. New Zealand received 24% of the visitors to Australasia in the year ended 2013, but had 31% share of the growing holiday market.

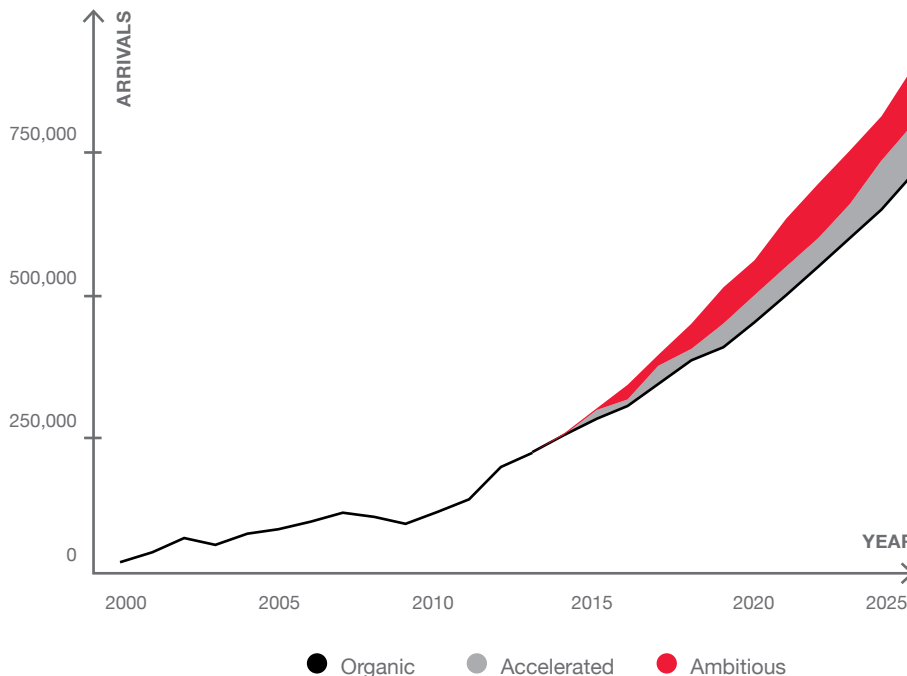
Some speed bumps may occur, such as the October 2012 travel law change. This saw total Chinese arrivals decline by 12% for October through December 2013 compared to the same period in 2012. However since the law change direct arrivals from China have actually increased by 16%, while arrivals via Australia decreased by 32%. Some near-term risk in Chinese credit markets may affect

growth in consumption. However over the medium and long-term, the continued industrialisation and growing consumption drivers evident in China will deliver increasing economic prosperity and more visitors to New Zealand. There is also increasing worldwide competition for this market. To protect and grow our position requires evolving product and marketing it to grow our position, supported by appropriate supply conditions.



- POP 2013: 1,385,567,000
- POP 2025: 1,448,984,000
- POP 2025 Growth: 4.58%
- GDP Growth (YOY): 6.7%

Potential visitor arrivals



Ambitious

- 12.01%**
Average annual growth
- 893,198**
Forecast visitor arrivals
- 17.30%**
Forecast market share
- \$2,856m**
Forecast visitor spend
- 664,270**
Growth in arrivals 2013–2025
- 290.17%**
Growth in percent 2013–2025

Drivers

- Long-term positive trend in visitor arrivals
- New air capacity development
- Confident consumer market
- Emerging middle class

Outlook for our markets cont...

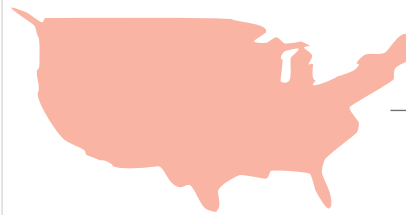
UNITED STATES 2025

The USA visitor market grew by 13% in 2013 largely due to new air capacity and supported strongly by marketing initiatives by Tourism New Zealand. However over the last decade the market has shrunk 8%, whilst Australia has seen 10% growth.

One reason growth in visitor numbers from the USA has been soft is because of a protracted recovery in the economy. GDP is forecast to grow at 2.6% per annum to 2025.

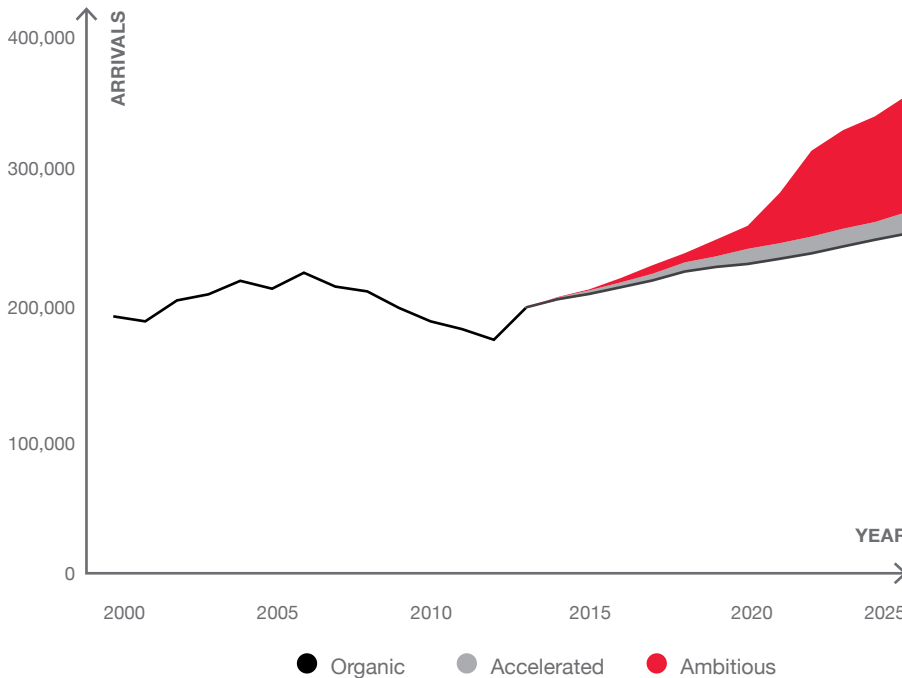
USA has the largest market of High Net Worth Individuals in the world. This market is forecast to grow by over 30%.

A number of actions such as focussing on penetration into secondary regions, advancement of cruises, targeting the luxury segment and geotargeting will support the ambitious goals for growth we provide here.



- POP 2013: 320,051,000
- POP 2025: 350,626,000
- POP 2025 Growth: 9.55%
- GDP Growth (YOY): 2.6%

Potential visitor arrivals



Ambitious

- 4.81%**
Average annual growth
- 353,857**
Forecast visitor arrivals
- 6.85%**
Forecast market share
- \$1,022m**
Forecast visitor spend
- 152,433**
Growth in arrivals 2013-2025
- 75.68%**
Growth in percent 2013-2025

Drivers

- Gradual rising economic activity
- Increased air connectivity
- Strong marketing
- Expansion into secondary markets

Outlook for our markets cont...

UNITED KINGDOM 2025

Arrivals from the UK are forecast to recover to pre-GFC levels over the period to 2025.

Historical, cultural and family ties will ensure the UK remains an important market, but substantial growth will be difficult to achieve.

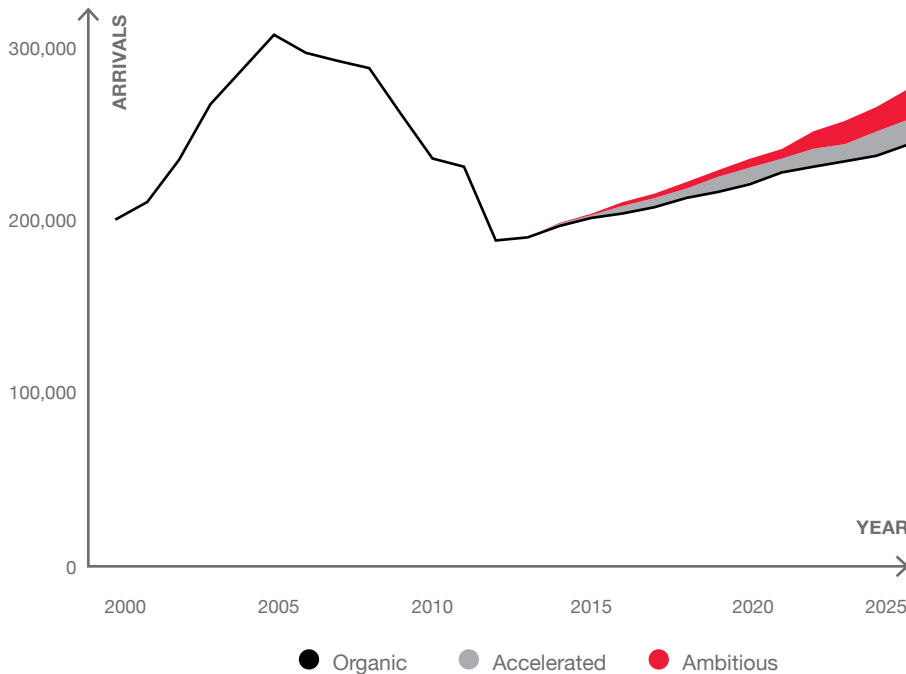
Network development from Asian and Middle Eastern carriers will continue to support seat availability as aviation shifts further into the Asian growth century. By 2025, it is possible to drive an extra 80,000 arrivals per year from this market.

Events like the Royals tour and Cricket World Cup will strongly support New Zealand's share of voice in the UK market and present opportunities for the industry to capitalise upon.



- POP 2013: 63,136,000
- POP 2025: 67,210,000
- POP 2025 Growth: 6.45%
- GDP Growth (YOY): 2.4%

Potential visitor arrivals



Ambitious

3.00%
Average annual growth

273,221
Forecast visitor arrivals

5.29%
Forecast market share

\$867m
Forecast visitor spend

81,589
Growth in arrivals 2013-2025

42.58%
Growth in percent 2013-2025

Drivers

Economic recovery

Strong historical and cultural ties

Outlook for our markets cont...

INDIA 2025

One of the world's fastest growing outbound markets, with travel forecast to grow from approximately 14 million departures in 2013 to 50 million by 2020. The Indian market offers significant opportunity for growth.

With a middle class of 300 million, an economy growing at 8% per annum and High Net Worth Individuals forecast to grow by 100% over the next decade, the economic drivers for increased long-haul travel are strong. The Australasian market is forecast to grow to 370,000 plus, while New Zealand might see 286% growth to 2025, by which time India has the potential to contribute in the order of \$426 million annually.

India, like China is a large, regionalised and segmented market. This means that while it offers many opportunities, they must be approached differently by the tourism industry as regional differences are pronounced. In addition, the trend of more women entering the

workforce in India gives rise to a new segment of potential travellers with disposable income for leisure, as well as business travel.

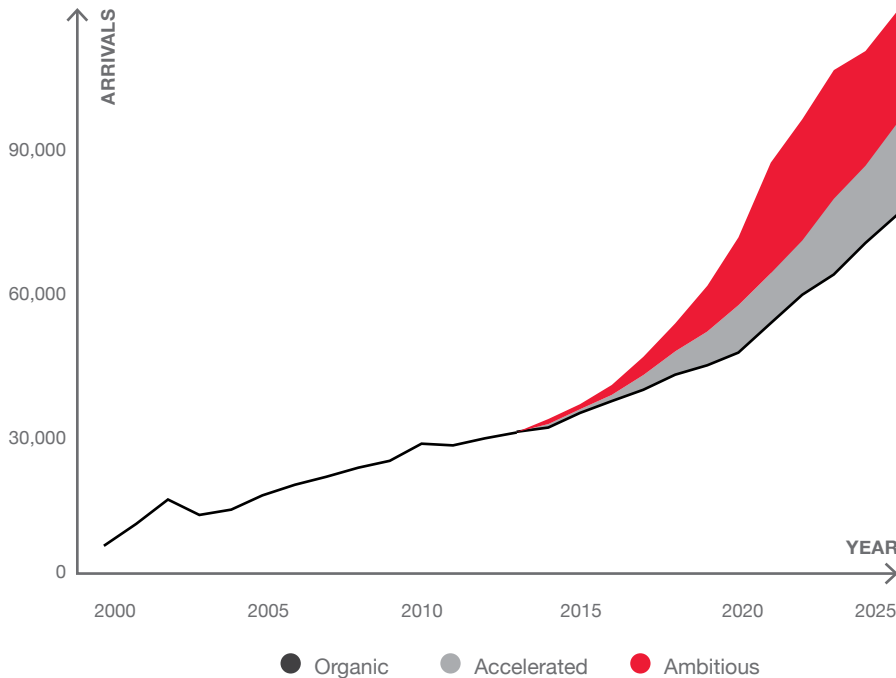
In the medium term, a lack of direct flights to India should not be seen as a barrier to growth. Understanding how to better leverage existing indirect air connections will quickly open up the market.

However the market will require investment, this has started. We note the Indian peak season for travel is August, when the weather is very hot. This presents an opportunity for New Zealand during our low season.



- POP 2013: 1,252,140,000
- POP 2025: 1,418,744,000
- POP 2025 Growth: 13.31%
- GDP Growth (YOY): 6.7%

Potential visitor arrivals



Ambitious

- 11.89%**
Average annual growth
- 119,274**
Forecast visitor arrivals
- 2.31%**
Forecast market share
- \$426m**
Forecast visitor spend
- 88,298**
Growth in arrivals 2013-2025
- 285.05%**
Growth in percent 2013-2025

Drivers

- Rapidly growing middle class
- Enhanced connectivity over South East Asia
- Geographic strategy
- Increasing destination awareness

Outlook for our markets cont...

ARGENTINA, BRAZIL, CHILE 2025

With populations due to grow to over 282 million by 2025 and GDP growth of 2.3% per annum plus, these emerging markets offer high growth potential.

New Zealand's ability to achieve its potential from this region will be highly linked to growth in air capacity. Currently New Zealand attracts 21,000 arrivals from Argentina, Brazil and Chile - a 25% share of the total visitors to Australasia.

As the market matures there is further opportunity for additional daily services. In particular connections to the large market of Brazil have the potential to stimulate a market of 73,000 arrivals.

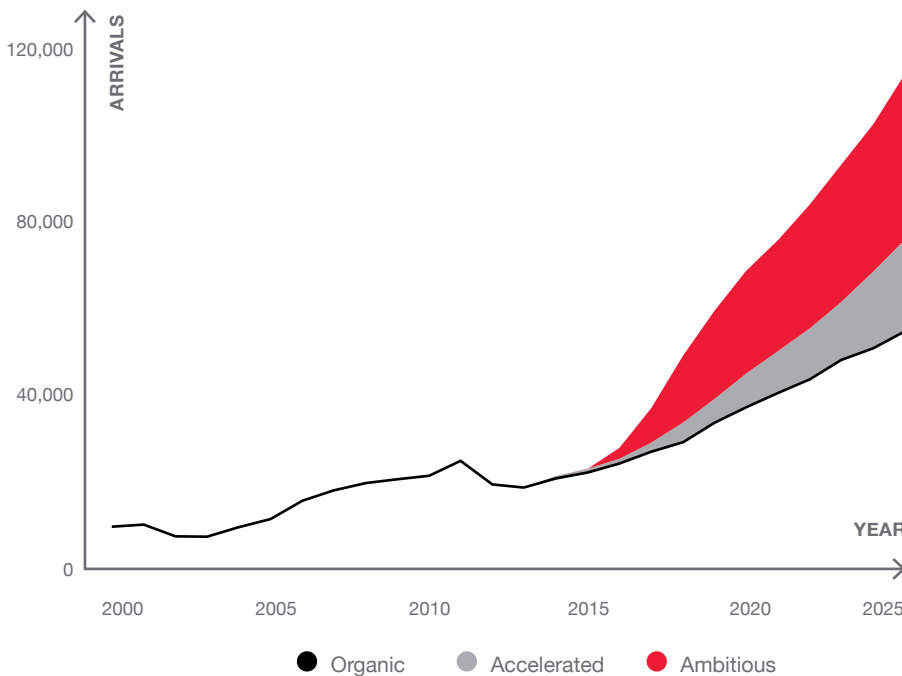
The region provides significant opportunity in higher value segments. Brazil is also anticipated to experience one of the highest growth rates of High Net Worth Individuals in the world of 138% growth, Argentina 74% and Chile 55%.

In combination these markets are expected to contribute 113,000 visitors by 2025.



- POP 2013: 259,428,000
- POP 2025: 282,227,000
- POP 2025 Growth: 8.79%
- GDP Growth (YOY): 2.3%

Potential visitor arrivals



Ambitious

15.11%
Average annual growth

113,564
Forecast visitor arrivals

2.20%
Forecast market share

\$327m
Forecast visitor spend

92,572
Growth in arrivals 2013-2025

440.99%
Growth in percent 2013-2025

Drivers

High growth potential linked to air capacity

A growing middle class

A growing number of High Net Worth Individuals

Outlook for our markets cont...

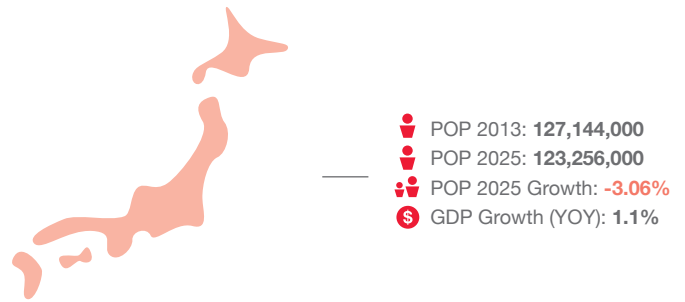
JAPAN 2025

The Japanese market to New Zealand has been declining over the past decade but could recover to over 100,000 arrivals by 2025 through air capacity development and an improving economy.

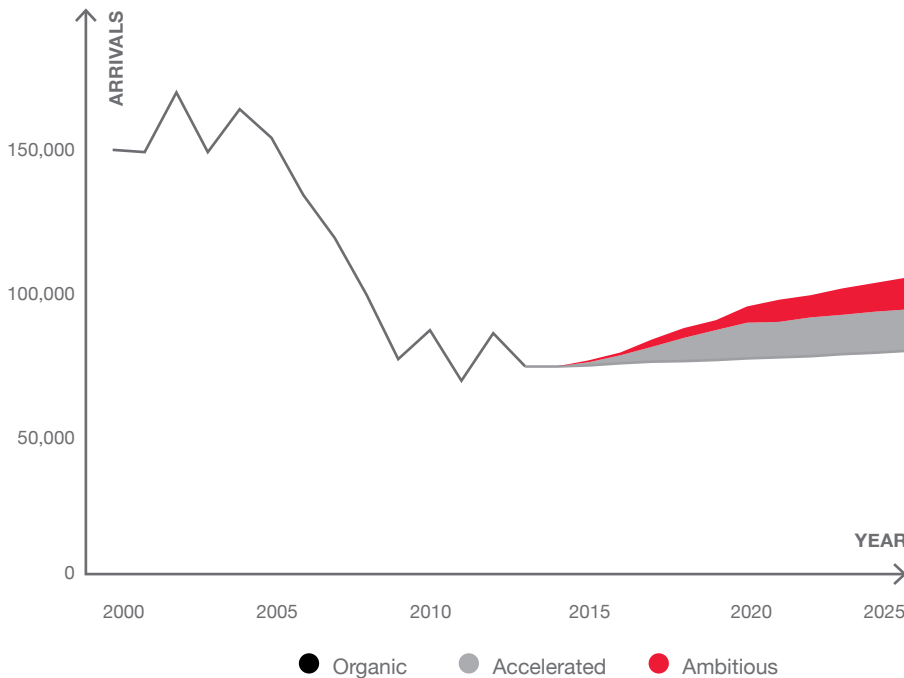
While macroeconomic and social indicators might suggest sluggish growth and a shrinking potential visitor market due to an aging population, outbound travel from Japan continues to increase. There is significant revitalisation from this market through growing air capacity, both direct and from other points in Asia, and through targeting segments with the right products through the right channels.

In 2013 New Zealand received just 19% of the 404,000 arrivals into Australasia. It will be necessary to improve competitiveness to attract long-haul travellers from this market, in an environment where low cost airlines in Asia are driving growth in short-haul. It is anticipated that Japanese visitors who choose to fly to New Zealand as opposed

to short-haul Asian destinations will remain high value visitors. The number of High Net Worth Individuals in Japan still presents a significant opportunity.



Potential visitor arrivals



Ambitious

3.02%
Average annual growth

106,586
Forecast visitor arrivals

2.06%
Forecast market share

\$306m
Forecast visitor spend

32,026
Growth in arrivals 2013–2025

42.95%
Growth in percent 2013–2025

Drivers

Sizeable source of high spending visitors

Stable growth in visitor arrivals

Strong historical economic ties



Outlook for our markets cont...

GERMANY 2025

The German market is back on track after strong growth in the last twelve months.

A recovery in the market for German arrivals is clearly underway. Growth just below 3% is forecast. New Zealand attracts a relatively high proportion of younger Germans. Nearly a third of German arrivals were aged 25-34, compared to an average across all markets of 23%.

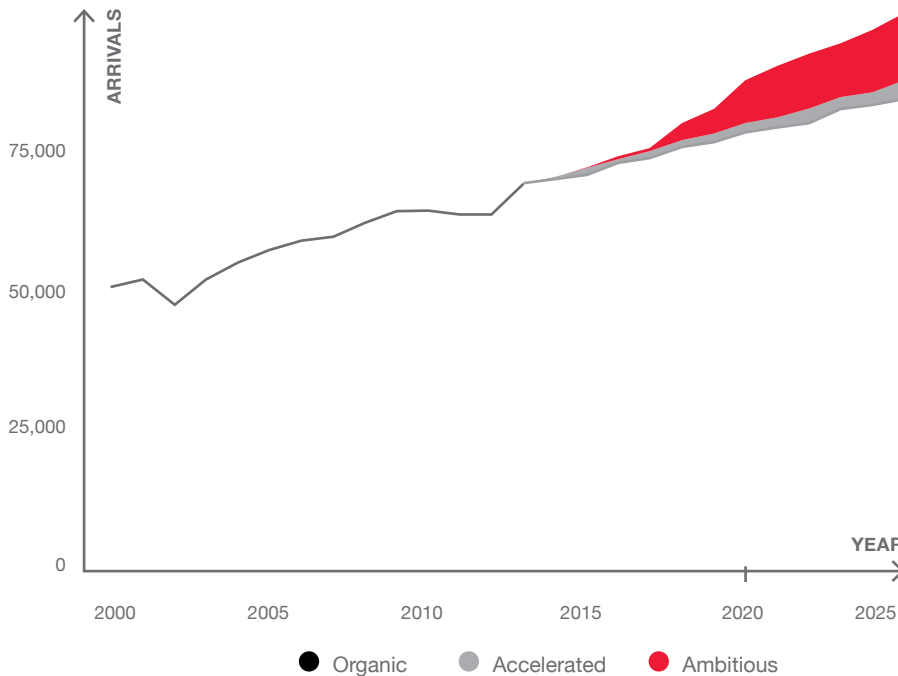
We expect airlines to limit seat availability on ultra long-haul markets like Germany to the higher value end of the air travel market or as top-ups during lower seasonal periods.

Germany will continue to be the largest European market for High Net Worth Individuals, that said it is forecast to experience relatively low growth over the decade. To this extent New Zealand will have to target increased market share to grow its overall volume at a higher rate.



- POP 2013: **82,727,000**
- POP 2025: **80,869,000**
- POP 2025 Growth: **-2.25%**
- GDP Growth (YOY): **1.4%**

Potential visitor arrivals



Ambitious

2.97%
Average annual growth

99,223
Forecast visitor arrivals

1.92%
Forecast market share

\$368m
Forecast visitor spend

29,415
Growth in arrivals 2013-2025

42.14%
Growth in percent 2013-2025

Drivers

Younger, longer stay visitor market

Economic recovery is underway

Outlook for our markets cont...

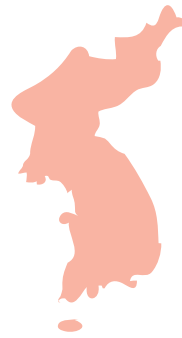
KOREA 2025

The Korean visitor market to New Zealand has more than halved over the last decade from 113,908 arrivals in 2004 to 50,992 arrivals in 2013.

Outbound travel from Korea has more than doubled over the last 10 years and one out of every four Koreans travels overseas each year. This is one of the highest ratios in the world. Korean arrivals to Australia in 2013 increased by 4% while over the same period New Zealand arrivals declined. While the decline has been arrested since, it indicates a significant issue in the development of the New Zealand proposition in Korea. Arrivals to New Zealand remain strongly dual destination with more than half of all arrivals also visiting Australia. This indicates an opportunity to improve visitor flows to New Zealand from traffic already visiting Australia.

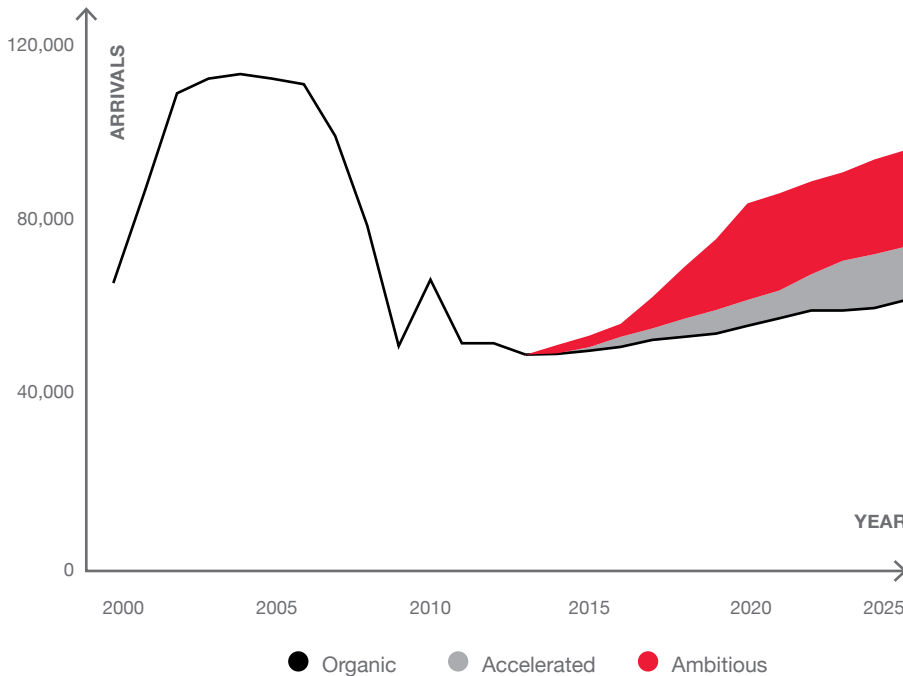
Korean economic performance is expected to be relatively strong with forecast GDP growth of 3.6% year-on-year to 2025. It is anticipated

visitor numbers will rebound as economic conditions improve and airlines re-orientate away from European driven to Asian markets.



- POP 2013: **49,263,000**
- POP 2025: **51,602,000**
- POP 2025 Growth: **4.75%**
- GDP Growth (YOY): **3.6%**

Potential visitor arrivals



Ambitious

5.47%
Average annual growth

96,657
Forecast visitor arrivals

1.87%
Forecast market share

\$254m
Forecast visitor spend

45,665
Growth in arrivals 2013–2025

89.55%
Growth in percent 2013–2025

Drivers

Capturing our share of outbound trips

Strong growth in GDP per capita

Further growth in direct air capacity

Outlook for our markets cont...

CANADA 2025

Canadian arrivals have increased 19% in the last decade. In comparison Canadian outbound travel beyond the US and Caribbean has grown 77% over the same period.

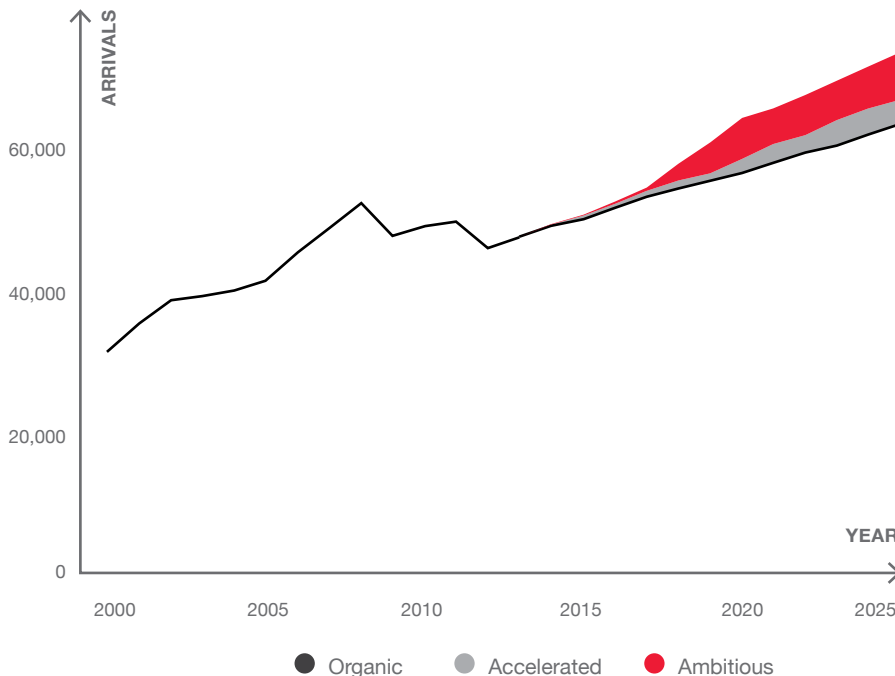
One of New Zealand's traditional markets, Canada's mature arrivals constitute 1.78% of our market. This is expected to drop to 1.45% by 2025 as emerging markets replace the traditional. However this reduction doesn't equate to a decline in numbers of arrivals. Canadian travellers could reach 74,777 in 2025, up from 48,192 in 2013.

Growth in High Net Worth Individuals from Canada is expected to grow 35% over the next decade, this is higher than the US market but slower than Asian markets.



- POP 2013: **35,182,000**
- POP 2025: **39,185,000**
- POP 2025 Growth: **11.38%**
- GDP Growth (YOY): **2.2%**

Potential visitor arrivals



Ambitious

- 3.73%**
Average annual growth
- 74,777**
Forecast visitor arrivals
- 1.45%**
Forecast market share
- \$289m**
Forecast visitor spend
- 26,585**
Growth in arrivals 2013-2025
- 55.16%**
Growth in percent 2013-2025

Drivers

- Long term positive trend in visitor arrivals
- New air capacity development
- Confident consumer market

Outlook for our markets cont...

SINGAPORE 2025

Singapore has one of the world's highest GDP per capita and is forecast to have steady growth to 2025.

Singaporean travel outside of South East Asia has doubled in the last decade to 3.4 million trips per year in 2013. In that time Australia has dominated the arrivals to Australasia, with over 90% share of the 400,000 annual arrivals while New Zealand has languished, claiming the remaining 9% of arrivals. New Zealand will need to grow at 4% to maintain share of its competitive set.

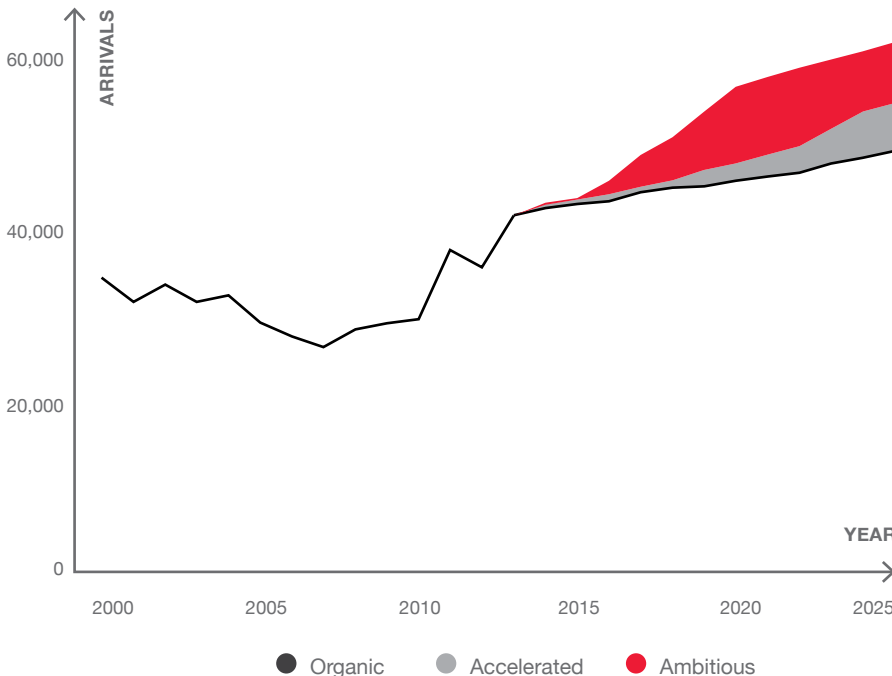
Potential low cost carrier development between Singapore and Australia provide New Zealand an opportunity to grow both its high value and low cost propositions. The number of High Net Worth Individuals in Singapore is expected to grow by 44% over the next decade and represents a high proportion of the population base suggesting further opportunities to target the higher end value

segment. Ambitious growth targets will deliver an extra 20,000 visitors per year to New Zealand.



- POP 2013: 5,412,000
- POP 2025: 6,334,000
- POP 2025 Growth: 17.04%
- GDP Growth (YOY): 3.9%

Potential visitor arrivals



Ambitious

- 3.32%**
Average annual growth
- 62,558**
Forecast visitor arrivals
- 1.21%**
Forecast market share
- \$206m**
Forecast visitor spend
- 20,302**
Growth in arrivals 2013-2025
- 48.05%**
Growth in percent 2013-2025

Drivers

- Strong economy with 5th largest GDP in the OECD
- New air capacity development

Outlook for our markets cont...

MALAYSIA 2025

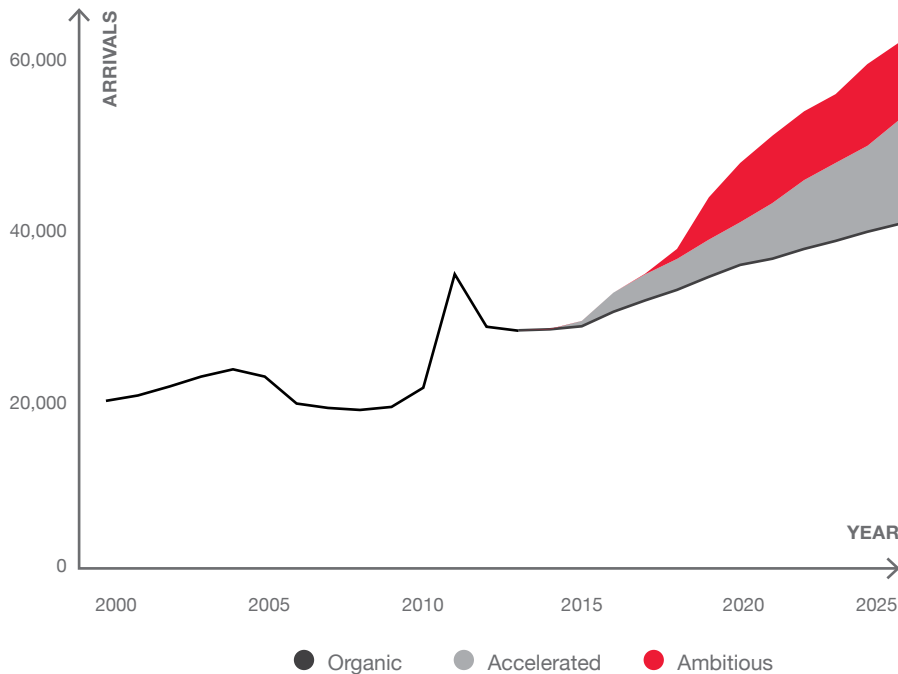
Malaysian visitor arrivals remained relatively subdued in 2013 due to a reduction in air capacity relative to 2011. Importantly arrivals in 2013 were 33% higher than 2010.

The holiday visitor market has grown 82% or a CAGR of 16.2% over the five years to 2013 despite airfares rising significantly in real terms. With a population of 35 million, a resilient economy, an outbound travel market of approximately 50 million trips in 2025 per annum and improving airline yields, Malaysia remains a strong opportunity for growth.



- POP 2013: **29,717,000**
- POP 2025: **34,956,000**
- POP 2025 Growth: **17.63%**
- GDP Growth (YOY): **5.0%**

Potential visitor arrivals



Ambitious

- 6.63%**
Average annual growth
- 62,603**
Forecast visitor arrivals
- 1.21%**
Forecast market share
- \$141m**
Forecast visitor spend
- 33,627**
Growth in arrivals 2013–2025
- 116.05%**
Growth in percent 2013–2025

Drivers

- Economic resilience
- Strong FIT traveller
- Development of Halal experiences
- Air capacity development

Outlook for our markets cont...

INDONESIA 2025

One of Asia’s exploding economies, Indonesia will have a population of close to 300 million in 2025.

In 2013 long-haul travel was modest at 1.7 million for a population of 240 million. Economic prospects are good with more than 5.7% GDP growth forecast and a growing middle class.

Currently New Zealand attracts less than 10% of the market of Indonesian arrivals to Australasia.

Holiday traffic, while coming from a small base, has increased over 110% in the last five years at a CAGR above 20%. Similarly education traffic in last five years has grown by 172%.

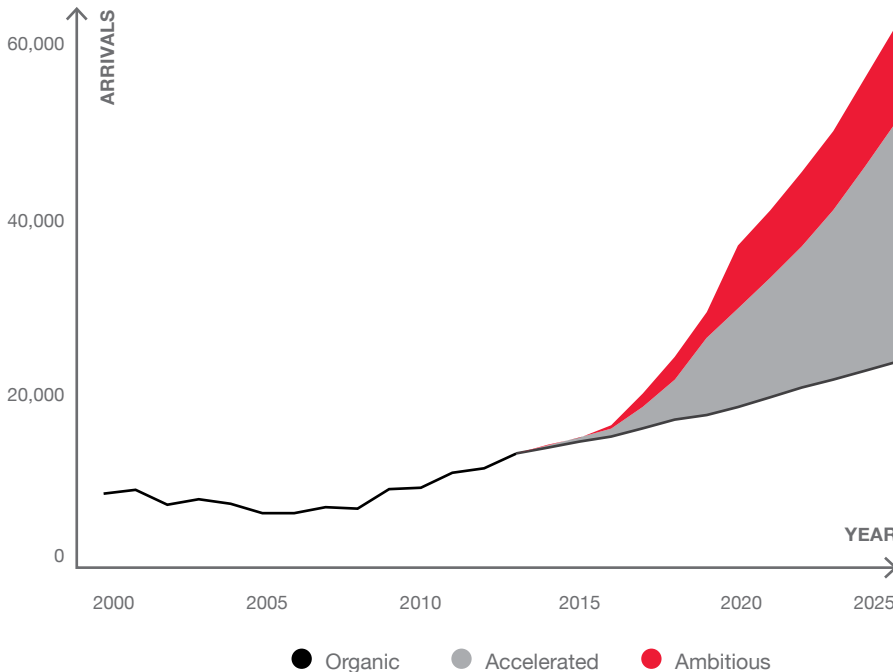
High Net Worth Individuals are forecast to grow by 400% over the next decade.

Additional direct air services and expanding connections across Asian hubs will open the market for further expansion. Furthermore Tourism New Zealand has commenced a programme of investment which will increase awareness. Indonesian’s utilise social media heavily. We see a significant opportunity to collectively influence High Net Worth Indonesians through the use of celebrities and travel bloggers, and have taken action in this area. We note Indonesia peak season is Lebaran season in July / August. This provides an opportunity to target the holiday market during our low season. In 2013 there was 37% increase in Indonesians during the Lebaran season.



- POP 2013: 249,866,000
- POP 2025: 282,011,000
- POP 2025 Growth: 12.86%
- GDP Growth (YOY): 5.7%

Potential visitor arrivals



Ambitious

- 13.47%**
Average annual growth
- 62,457**
Forecast visitor arrivals
- 1.21%**
Forecast market share
- \$158m**
Forecast Visitor Spend
- 48,745**
Growth in arrivals 2013–2025
- 355.49%**
Growth in percent 2013–2025

Drivers

- Increase in domestic consumption and investment
- Sharp increase in outbound departures
- New air capacity
- Development of Halal experiences
- Increasing destination awareness



Do not touch windows with your hands

Outlook for our markets cont...

FRANCE 2025

A small market with recovering growth prospects.

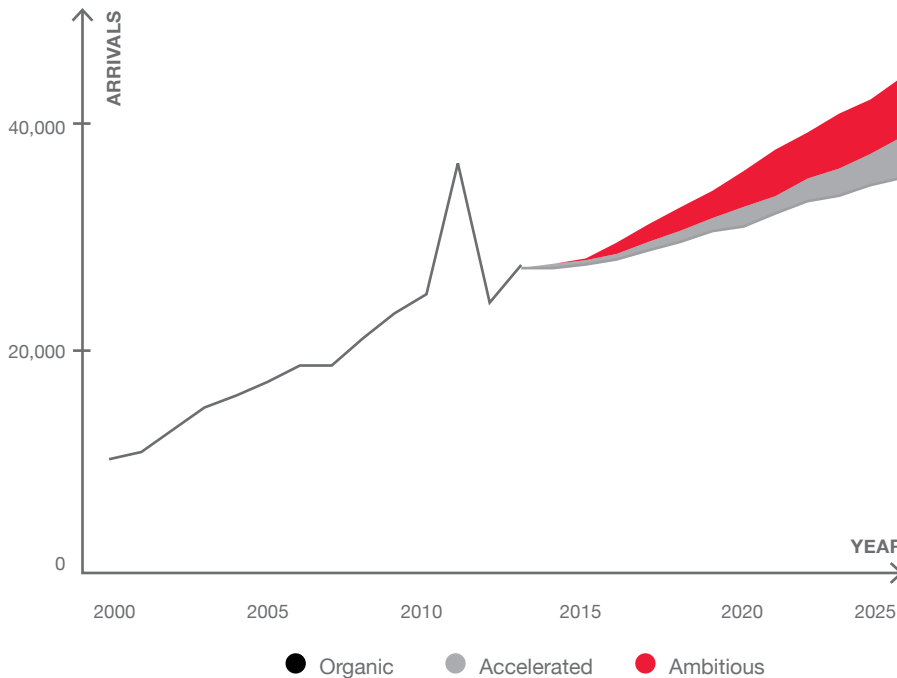
Outbound travel by French holidaymakers to markets outside Europe, North Africa, French Territories and Israel has increased over the past decade by 75% to 7.7 million trips in 2013.

New Zealand's market penetration will be affected by the supply of air capacity, but with new network carriers and development of capacity across the Middle East and Asia the opportunity for growth exists. The French High Net Worth Individuals market has grown 28% in the decade to 2013.



- POP 2013: 64,291,000
- POP 2025: 67,967,000
- POP 2025 Growth: 5.72%
- GDP Growth (YOY): 1.7%

Potential visitor arrivals



Ambitious

4.16%
Average annual growth

44,010
Forecast visitor arrivals

0.85%
Forecast market share

\$133m
Forecast visitor spend

17,034
Growth in arrivals 2013-2025

63.14%
Growth in percent 2013-2025

Drivers

Flat economic performance

Increase in discretionary household spending

New carrier networks

Outlook for our markets cont...

HONG KONG 2025

Visitors from Hong Kong show slow, steady growth.

Economic growth is improving despite some external challenges.

Hong Kong remains a key hub for European traffic to Asia and New Zealand. As a result air capacity to New Zealand has been higher than would otherwise be the case. Therefore its future hub position will be relevant to overall growth from this market. Air capacity is not a constraint to this market.

New Zealand currently attracts a 13% market share of Australasian arrivals - there is clearly an opportunity to increase our share.

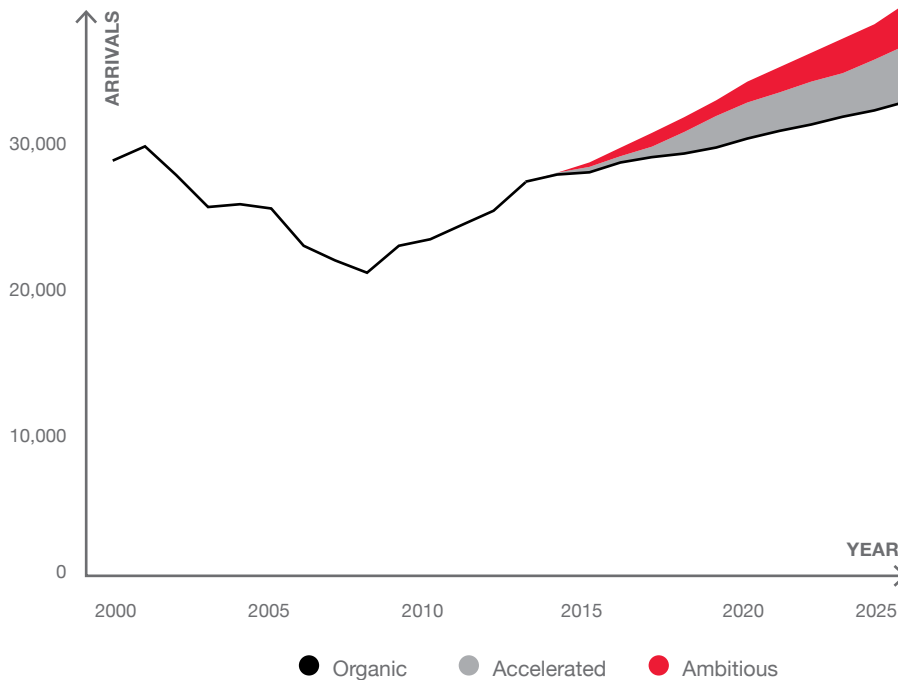
Interestingly over 60% of visitors from Hong Kong to New Zealand are repeat visitors, almost 20% more than other mature Asia markets like Japan 41%, Korea 26%, Singapore 49%. Therefore the proposition

resonates with visitors, but New Zealand's share of voice may need to increase.



- POP 2013: 7,204,000
- POP 2025: 7,743,000
- POP 2025 Growth: 7.48%
- GDP Growth (YOY): 3.8%

Potential visitor arrivals



Ambitious

3.09%
Average annual growth

40,456
Forecast visitor arrivals

0.78%
Forecast market share

\$126m
Forecast visitor spend

12,376
Growth in arrivals 2013-2025

44.08%
Growth in percent 2013-2025

Drivers

Closely tied to Chinese prosperity

Re-orientation of carrier capacity from Europe towards Asia Pacific

Outlook for our markets cont...

TAIWAN 2025

The Taiwanese market blossoms again. The market is back on trend supported by the Visa waiver programme and growing air capacity.

Outbound departures from Taiwan have been strong with 8% growth in 2013 to over 11 million departures.

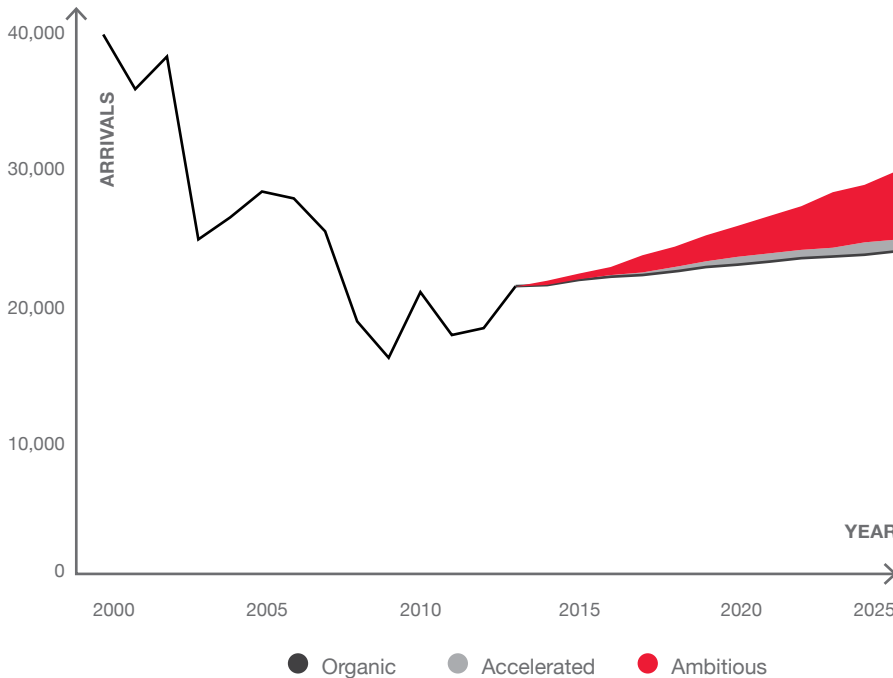
Taiwan's economic growth is closely linked to China and will benefit from growth in the region.

High Net Worth Individuals are expected to grow by 50% over the next decade and provide a significant opportunity to target.



- POP 2013: **23,381,000**
- POP 2025: **23,656,000**
- POP 2025 Growth: **1.18%**
- GDP Growth (YOY): **4.0%**

Potential visitor arrivals



Ambitious

2.75%
Average annual growth

30,152
Forecast visitor arrivals

0.58%
Forecast market share

\$69m
Forecast visitor spend

8,376
Growth in arrivals 2013–2025

38.46%
Growth in percent 2013–2025

Drivers

Economy is closely linked to China

Increasing demand for outbound travel

Outlook for our markets cont...

PHILIPPINES 2025

With a population of 119 million by 2025 and GDP growth of nearly 6% per year, the Philippines offers significant market development potential.

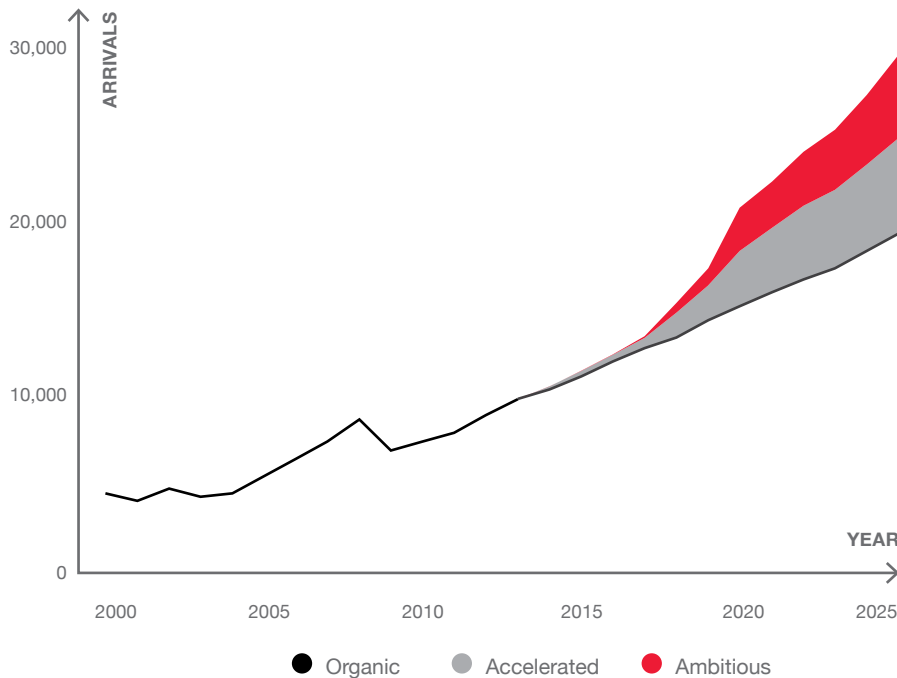
Currently New Zealand attracts only 10,000 visitor arrivals or 11% of the total 82,000 arrivals to Australasia in 2013. There is clearly a significant opportunity to grow market share. With organic growth the market is anticipated to increase to 20,000 arrivals, but with further development of air connections the market could be stimulated to over 30,000 by 2025. Further stimulation would be available with the introduction of market development and promotional programmes.

High Net Worth Individuals are anticipated to grow by 60% over the next decade and therefore offer opportunities to develop products for the high value end of the market.



- POP 2013: **98,394,000**
- POP 2025: **119,219,000**
- POP 2025 Growth: **21.16%**
- GDP Growth (YOY): **5.9%**

Potential visitor arrivals



Ambitious

9.29%
Average annual growth

30,279
Forecast visitor arrivals

0.59%
Forecast market share

\$74m
Forecast visitor spend

19,847
Growth in arrivals 2013–2025

190.25%
Growth in percent 2013–2025

Drivers

Strong growth in gross domestic product

New air capacity development

Outlook for our markets cont...

THAILAND 2025

Economic growth in Thailand has been rising rapidly since 2000 and bounced back sharply from the Global Financial Crisis. Growth going forward is dependent on export recovery and strength in private demand.

Thailand ranked as the seventh most “consumer confident” market in the 2013 Nielsen Global Survey of Consumer Confidence and Spending.

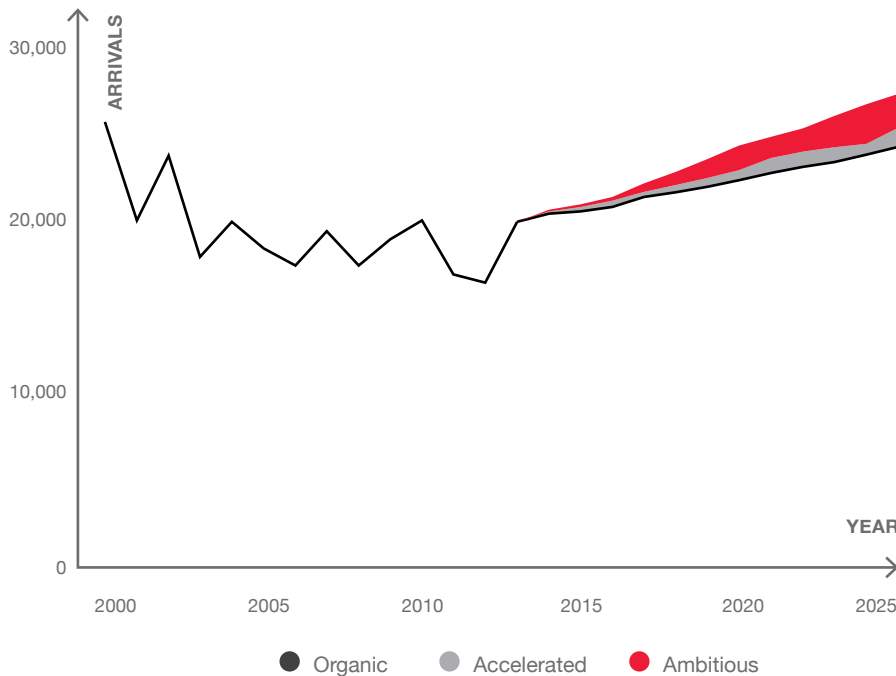
Given it’s close economic ties with China and strong economic growth in the years since 2000, the potential for sustained growth is present.

New Zealand currently attracts 20,000 Thai visitors per year, with the potential to grow to over 28,000 by 2025, representing nearly 37% growth between 2013 and 2025.



- 👤 POP 2013: **67,011,000**
- 👤 POP 2025: **67,900,000**
- 👤 POP 2025 Growth: **1.33%**
- 💰 GDP Growth (YOY): **4.4%**

Potential visitor arrivals



Ambitious

- 2.62%**
Average annual growth
- 28,253**
Forecast visitor arrivals
- 0.55%**
Forecast market share
- \$50m**
Forecast visitor spend
- 7,549**
Growth in arrivals 2013–2025
- 36.46%**
Growth in percent 2013–2025

Drivers

- Strong economic performance
- Export recovery and strength in private demand
- Air capacity

About these forecasts

Tourism is one of the world's largest industries. The competitive environment is constantly evolving as new destinations emerge, marketing budgets increase, policies change, markets open and aviation technologies and business models evolve.

Markets will naturally ebb and flow as the competitive environment changes. However in the early years of this century there has been a significant global shift in economic power towards Asia and as such we have developed a more detailed view of Asian markets in particular in a supporting document Asia 2025.

The forecasts in Ambition 2025 have been developed by Auckland Airport in conjunction with tourism and aviation consultants. The forecasts provide insight as to where we see the market opportunity for New Zealand.

We believe there is further market potential through the development of strategies to influence a step change in demand, supported by strategies which improve the supply of sustainable air capacity.



