

# High Opportunity Target Markets

# TFI Approach

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⊙ **For each market TFI reviewed:**

- Travel purpose by visitor market to New Zealand
- NZ Ministry of Economic Development & Australia's Tourism Research Australia (TRA) 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 total outbound from markets & to outbound less travel within the immediate region (where data was available)
- Latest IMF GDP forecasts and UN population forecasts by market

⊙ **By comparing market performance in New Zealand and Australia along with market outbound growth TFI determined:**

- Impact of new capacity on market development
- Growth rates common with market take-off



# 3 step process to create targets:

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- ◎ **Step 1: Review trend of inbound market growth to NZ and economic trends:**
  - Use latest IMF GDP and UN population forecasts by market
  - Review latest NZ Ministry forecasts to 2018 & latest TRA forecasts for Australia
  - Assess trend growth and develop Scenario 1: Organic Growth
  
- ◎ **Step 2: Assess reasonable scenario for ‘accelerated growth’ for drivers such as GDP:**
  - Assess accelerated trend growth and develop Scenario 2: Accelerated Growth
  - Accelerated growth was applied only to the holiday segment of each market
  
- ◎ **Step 3: To create the Scenario 3 targets, TFI:**
  - Assessed likely or potential capacity developments that could impact positively on growth
  - 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 Markets excl Australia 2013

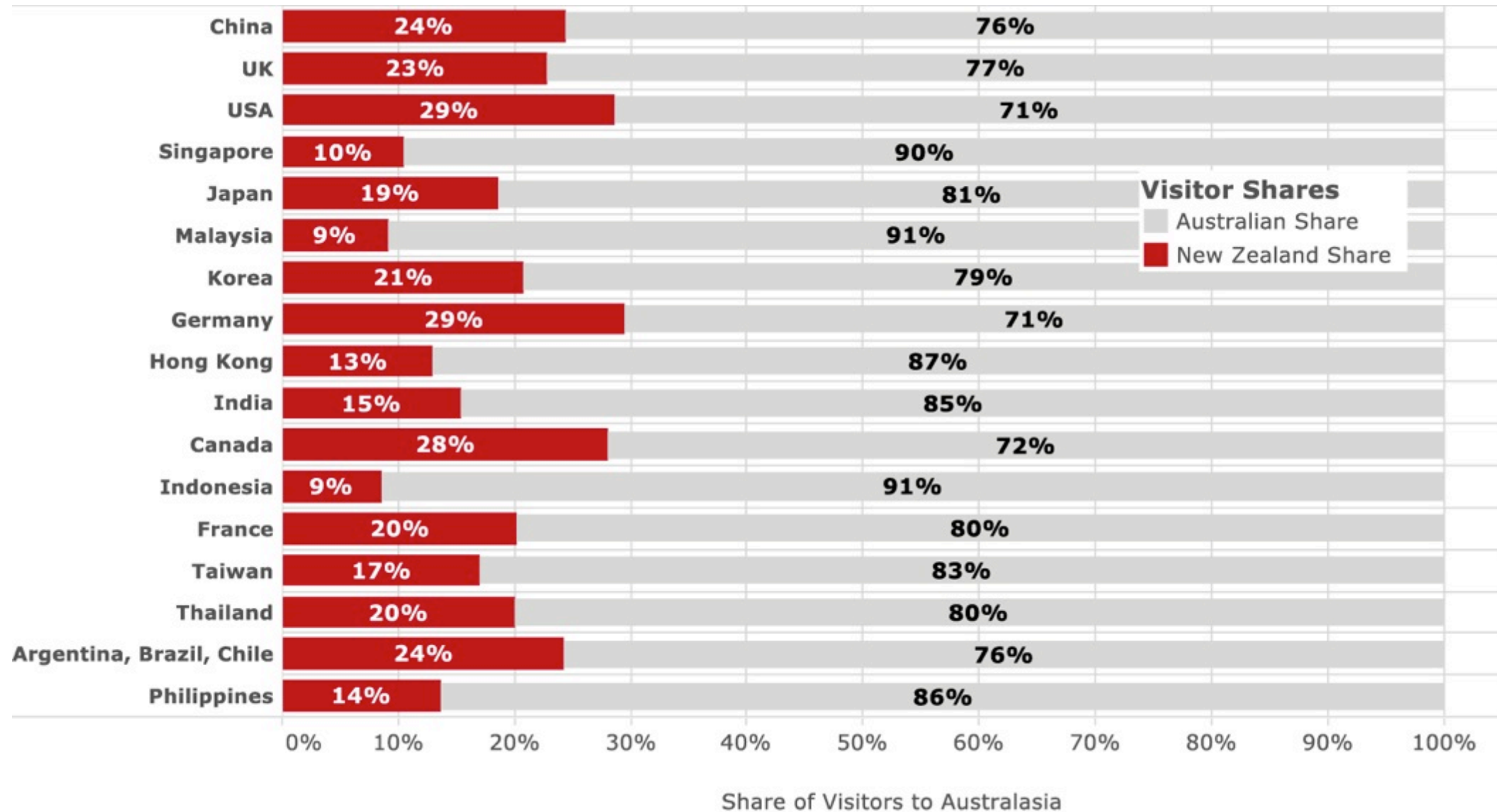
All Purposes				Holiday				VFR				Business			
Rank	Country	Visitors ('000s)	Share	Rank	Country	Visitors ('000s)	Share	Rank	Country	Visitors ('000s)	Share	Rank	Country	Visitors ('000s)	Share
1	China	229	15.3%	1	China	169	20.8%	1	UK	96	25.0%	1	USA	24	20.5%
2	USA	201	13.5%	2	USA	120	14.8%	2	USA	41	10.7%	2	China	14	12.2%
3	UK	192	12.8%	3	UK	76	9.4%	3	China	29	7.4%	3	UK	11	9.5%
4	Japan	75	5.0%	4	Japan	48	5.9%	4	Fiji	15	3.9%	4	Singapore	6	5.1%
5	Germany	70	4.7%	5	Germany	48	5.9%	5	Canada	14	3.8%	5	Japan	6	5.0%
6	Korea	51	3.4%	6	Korea	33	4.1%	6	Germany	10	2.7%	6	Germany	4	3.6%
7	Canada	48	3.2%	7	Canada	27	3.3%	7	South Africa	10	2.6%	7	Canada	4	3.3%
8	Singapore	42	2.8%	8	Singapore	26	3.1%	8	India	9	2.3%	8	Korea	3	2.4%
9	India	31	2.1%	9	Malaysia	18	2.2%	9	Hong Kong	8	2.2%	9	India	3	2.3%
10	Malaysia	29	1.9%	10	France	17	2.1%	10	Japan	8	2.2%	10	Hong Kong	3	2.3%
11	Hong Kong	28	1.9%	11	Hong Kong	15	1.8%	11	Korea	8	2.1%	11	Fiji	2	1.8%
12	France	27	1.8%	12	India	15	1.8%	12	Singapore	7	1.9%	12	Malaysia	2	1.8%
13	Fiji	24	1.6%	13	Taiwan	14	1.8%	13	Malaysia	6	1.7%	13	Thailand	2	1.7%
14	Taiwan	22	1.5%	14	New Caledonia	13	1.6%	14	Netherlands	6	1.4%	14	Netherlands	2	1.4%
15	Netherlands	21	1.4%	15	Netherlands	13	1.6%	15	France	5	1.4%	15	France	2	1.3%
<b>Total</b>		<b>1,492</b>	<b>73.0%</b>	<b>Total</b>		<b>812</b>	<b>80.3%</b>	<b>Total</b>		<b>384</b>	<b>71.4%</b>	<b>Total</b>		<b>117</b>	<b>74.3%</b>
				<b>Holiday Share of Total</b>		<b>54%</b>		<b>VFR Share of Total</b>		<b>26%</b>		<b>Business Share of Total</b>		<b>8%</b>	

© The table above shows the top 15 country markets by travel purpose, excluding visitors from Australia, for calendar year 2013.

© Australia accounts for 45% of the overall visitor market & for 37% of holiday makers, 56% of VFR & 63% of business.



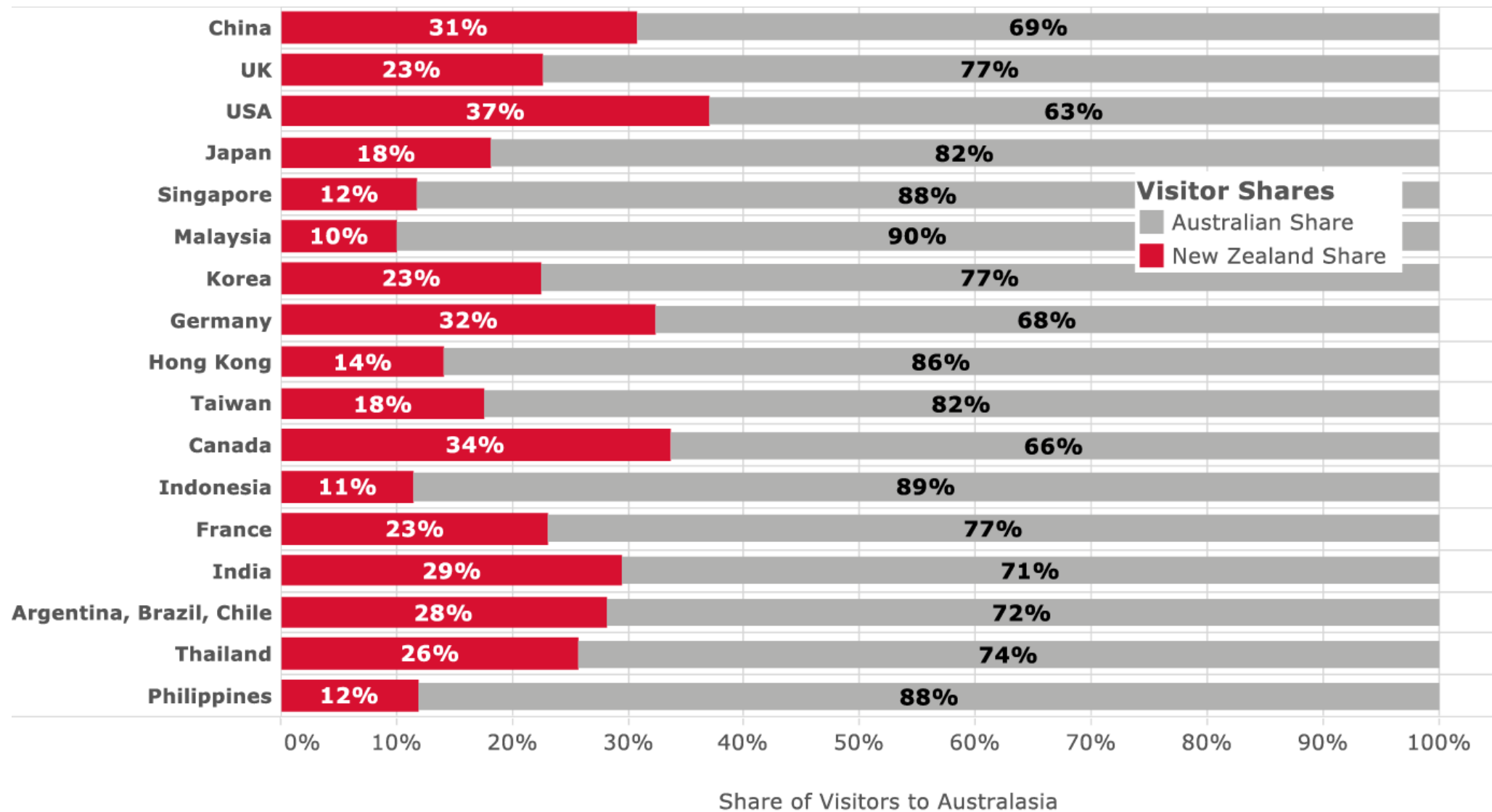
# Australasian Visitors 2013 – All Visitors



© The chart shows the 2013 shares of visitors for all purposes to NZ and Australia.  
The NZ share in red and Australian share in grey.

© The ranking is based on total visitor arrivals to Australia + total visitor arrivals to New Zealand.

# Australasian Holiday Visitors 2013



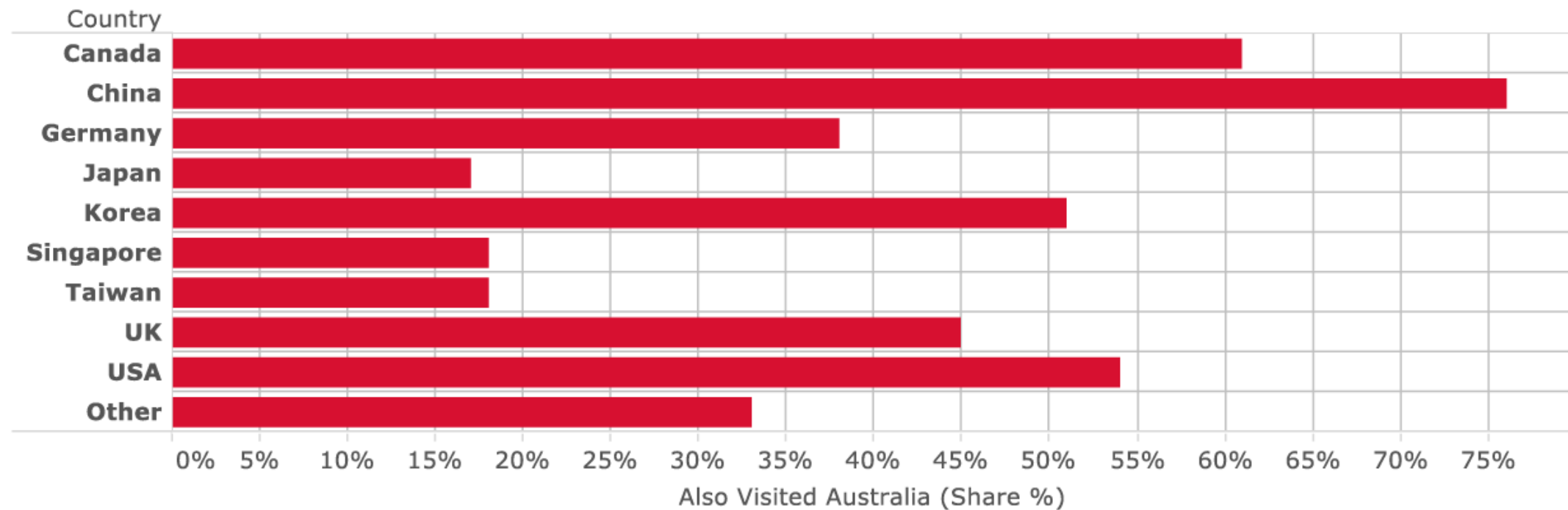
© The chart shows the 2013 shares of visitors for holiday/vacation to New Zealand and Australia. The NZ share in red and Australian share in grey.

© The ranking is based on holiday visitor arrivals to Australia + holiday visitor arrivals to NZ.



# Dual Destination (Visited NZ & Australia)

## Dual Destination



- ⦿ Chart shows proportion of visitors to NZ also visiting Australia over the year to end June 2013 (Source NZ IVS)
- ⦿ Note the high proportion visiting NZ and Australia from China, Korea and longer haul markets.
- ⦿ The significance of the dual destination shares is that it indicates the proportion of airline seats that might be required directly from the country of origin to NZ versus those that can be provided via Australia and over the trans Tasman.

# Scenario Outcomes 2025

Country	'000s Visitors to New Zealand						
	2013	2025			Compound Annual Growth Rates		
	Actual	S1-Organic	S2-Accelerated	S3-Target	Scenario 1	Scenario 2	Scenario 3
Australia	1,218	1,696	1,823	1,978	2.8%	3.4%	4.1%
China	229	714	807	893	9.9%	11.1%	12.0%
UK	192	243	258	273	2.0%	2.5%	3.0%
USA	201	255	268	354	2.0%	2.4%	4.8%
Japan	75	81	96	107	0.7%	2.1%	3.0%
Germany	70	85	87	99	1.6%	1.9%	3.0%
Korea	51	62	76	97	1.7%	3.3%	5.5%
Canada	48	64	68	75	2.4%	2.9%	3.7%
Singapore	42	49	53	63	1.2%	1.9%	3.3%
India	31	77	97	119	7.8%	9.9%	11.9%
Malaysia	29	41	53	63	3.0%	5.2%	6.6%
Hong Kong	28	33	37	40	1.5%	2.4%	3.1%
France	27	35	38	44	2.2%	3.0%	4.2%
Argentina, Brazil, Chile	21	56	77	114	8.5%	11.4%	15.1%
Taiwan	22	24	25	30	0.9%	1.2%	2.7%
Thailand	21	25	26	28	1.6%	2.0%	2.6%
Indonesia	14	24	51	62	4.7%	11.6%	13.5%
Philippines	10	20	26	30	5.6%	7.8%	9.3%
Other	375	551	598	673	3.3%	4.0%	5.0%
<b>TOTAL</b>	<b>2,710</b>	<b>4,155</b>	<b>4,586</b>	<b>5,164</b>	<b>3.6%</b>	<b>4.5%</b>	<b>5.5%</b>





# Market Assumptions (1)

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## ⊙ **Economics and population**

- GDP (incomes) and population are important drivers. For the developing markets, urbanisation, the number of large urban centres and the growth in the middle class also influence growth
- GDP assumptions are as per the International Monetary Fund (IMF) & Consensus Economics
- Population as per UN forecasts

## ⊙ **Trans Tasman Development**

- Given recent capacity growth on the Tasman, load factor improvements can facilitate passenger growth in the short term
- Some capacity growth on Tasman market may also come from connecting long haul routes to Australia with wide-body aircraft

## ⊙ **Strong connections into Asian hubs**

- It is assumed that current and proposed airline alliances on the Tasman, Hong Kong and Singapore routes proceed for the period to 2025 and result in growth in the alliance partners' airline capacity
- Strong capacity links to LCC hubs in Malaysia & Singapore



# Market Assumptions (2)

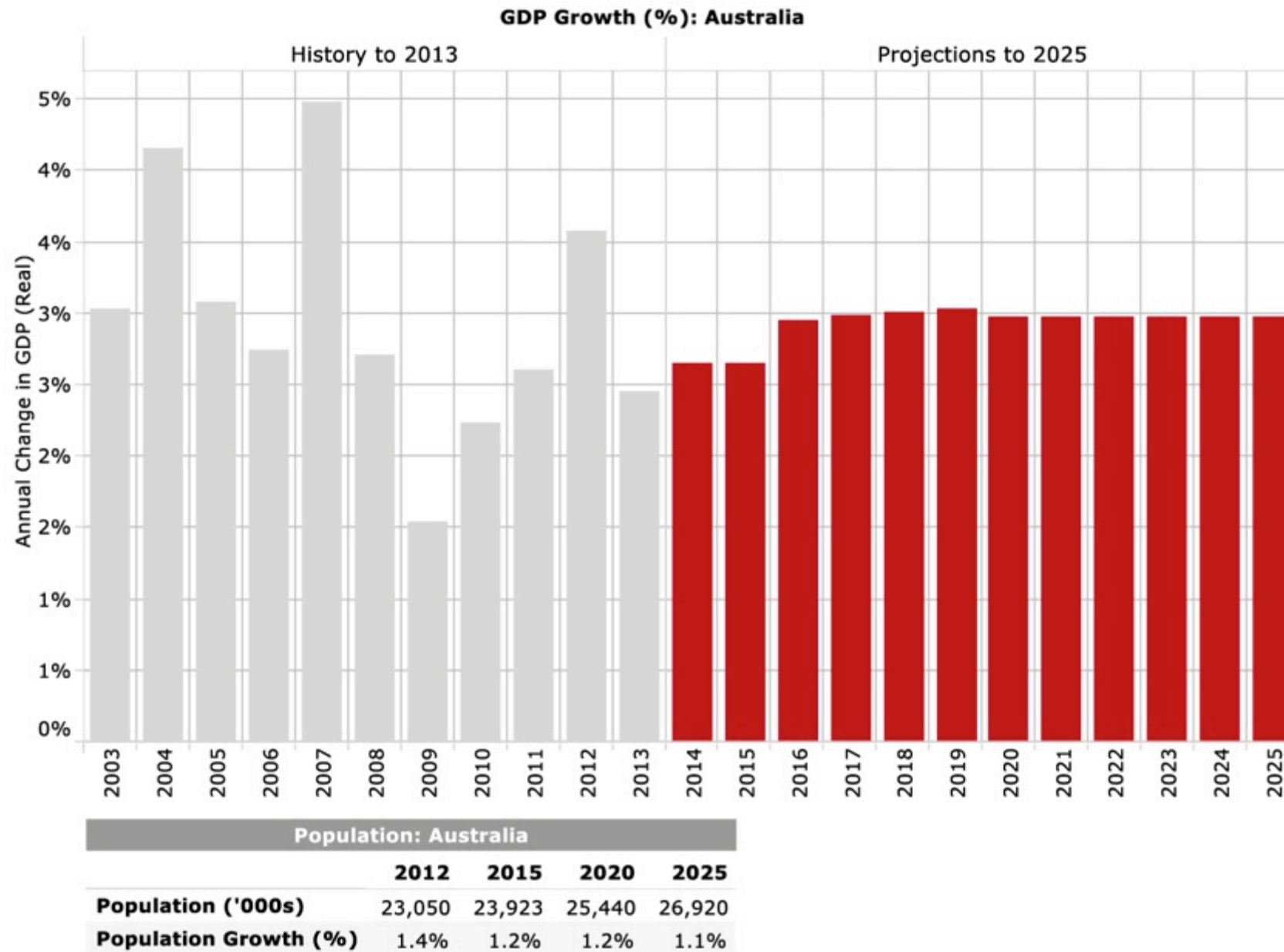
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- ⊙ **Tourism NZ is investing additional funds into India, Indonesia and South America over the period 2013-2017**
- ⊙ **Strong capacity growth to support market development for the emerging markets**
- ⊙ **Strong growth over Australia and via Southeast Asia for India**
- ⊙ **Connecting Markets**
  - For connecting traffic such as UK/Europe, targets assume growing connections predominantly over Asia/China and USA with modest development across Middle East
  - Note that UK/Europe growth will be reliant on average fare levels competing for available seats versus Asian market growth



# Market Review & Targets

# Market Review - Australia

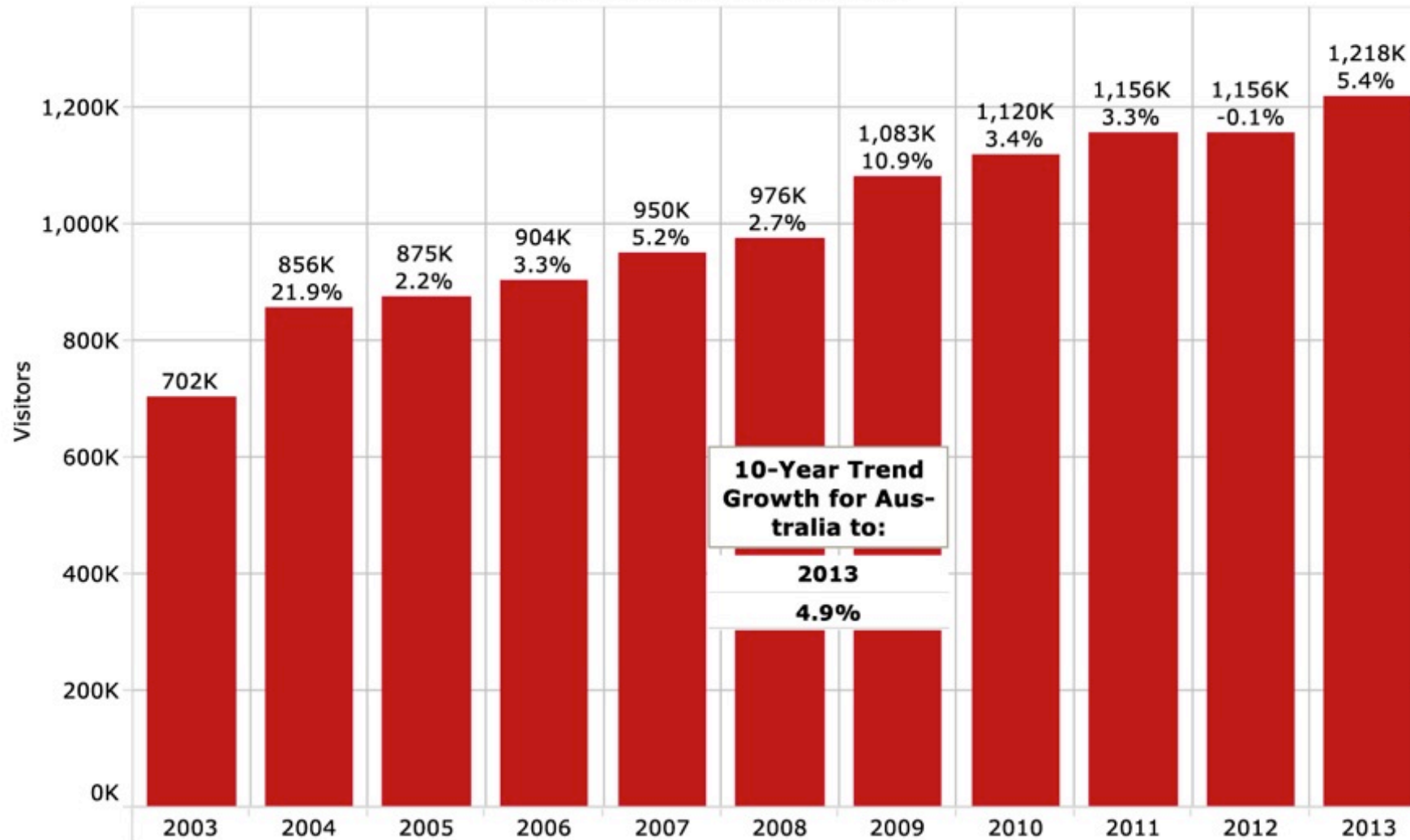


- ⊙ The Australian economy is slowing due to the end of the investment phase of the mining boom.
- ⊙ The economic slowdown is accompanied by a fall in the Australian dollar.
- ⊙ These adjustments will promote inbound travel to Australia and encourage Australians to increase domestic travel and travel to short haul destinations.
- ⊙ The outlook for travel to NZ remains positive.



# Market Review – Australia (2)

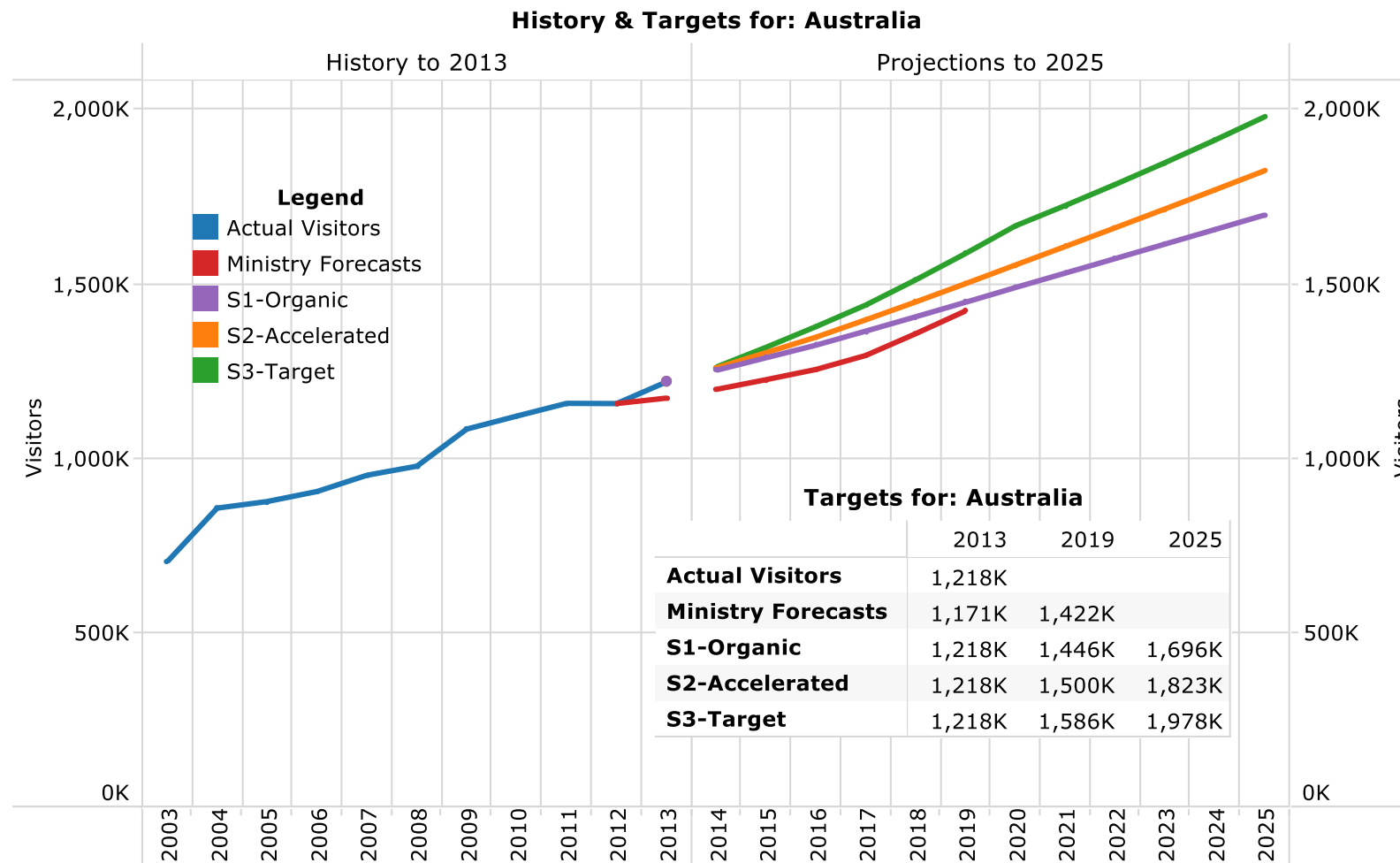
Visitors to NZ from: Australia



◎ Visitors to New Zealand have increased from 702,000 to 1.2 million over the past decade – an annual trend growth of 4.9%

◎ 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



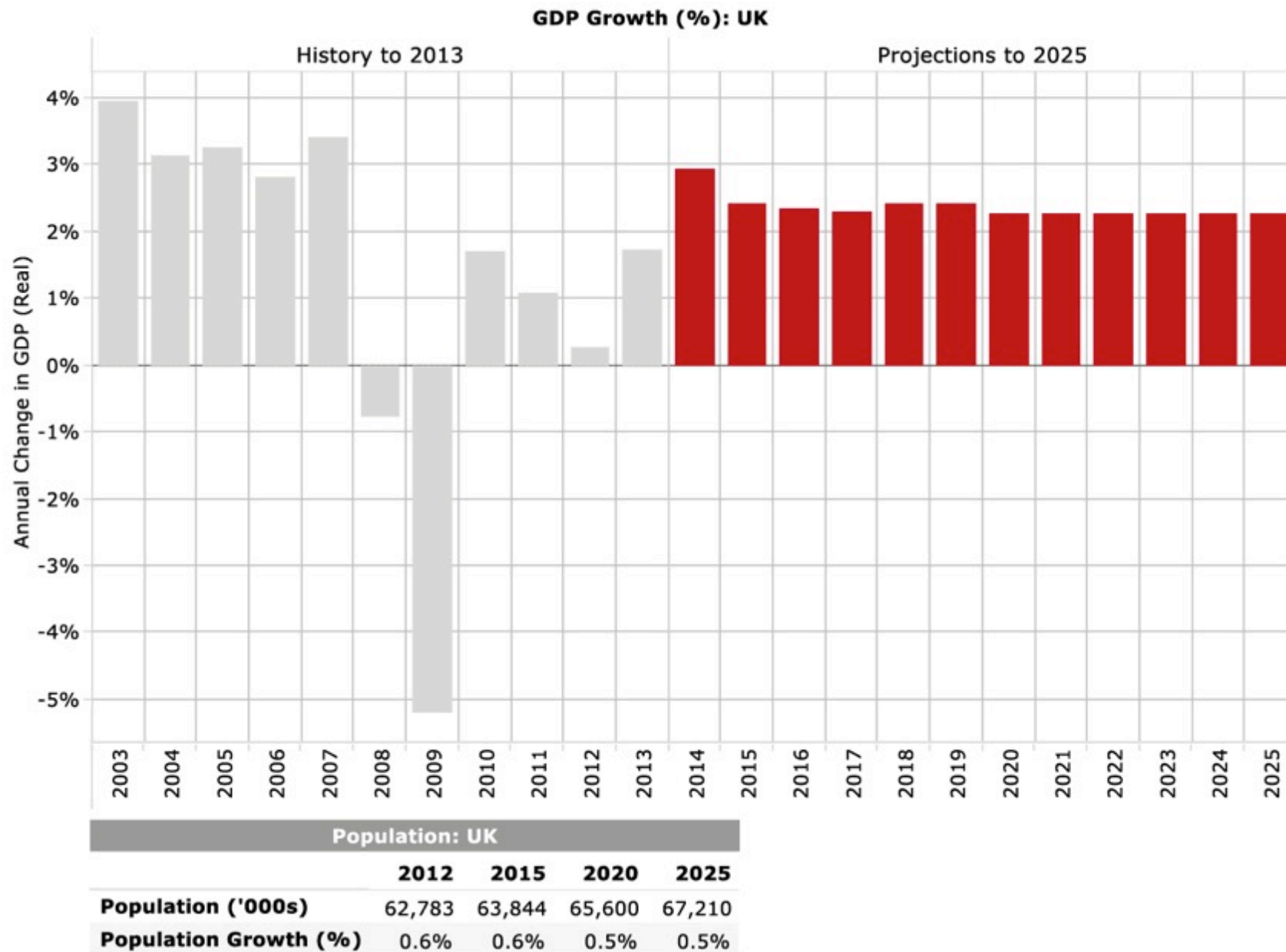
**CAGRs for: Australia 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>	3.3%			
<b>Visitors from Australia - TRA Forecasts</b>	2.8%		2.7%	
<b>S1-Organic</b>		2.9%		2.8%
<b>S2-Accelerated</b>		3.5%		3.4%
<b>S3-Target</b>		4.6%		4.1%

- 🎯 Latest Ministry forecasts are shown along with the Targets.
- 🎯 Ministry forecasts imply a CAGR of 3.3% for the period from 2013 to 2019.
- 🎯 Australia's TRA is forecasting a CAGR of 2.7% per year to 2023 for outbound travel to NZ.
- 🎯 The Scenarios shown range from 1.7 to nearly 2 million visitors in 2025.
- 🎯 If 2025 targets are achieved, NZ's share of the Australia market travelling internationally increases from nearly 14% to 15%.



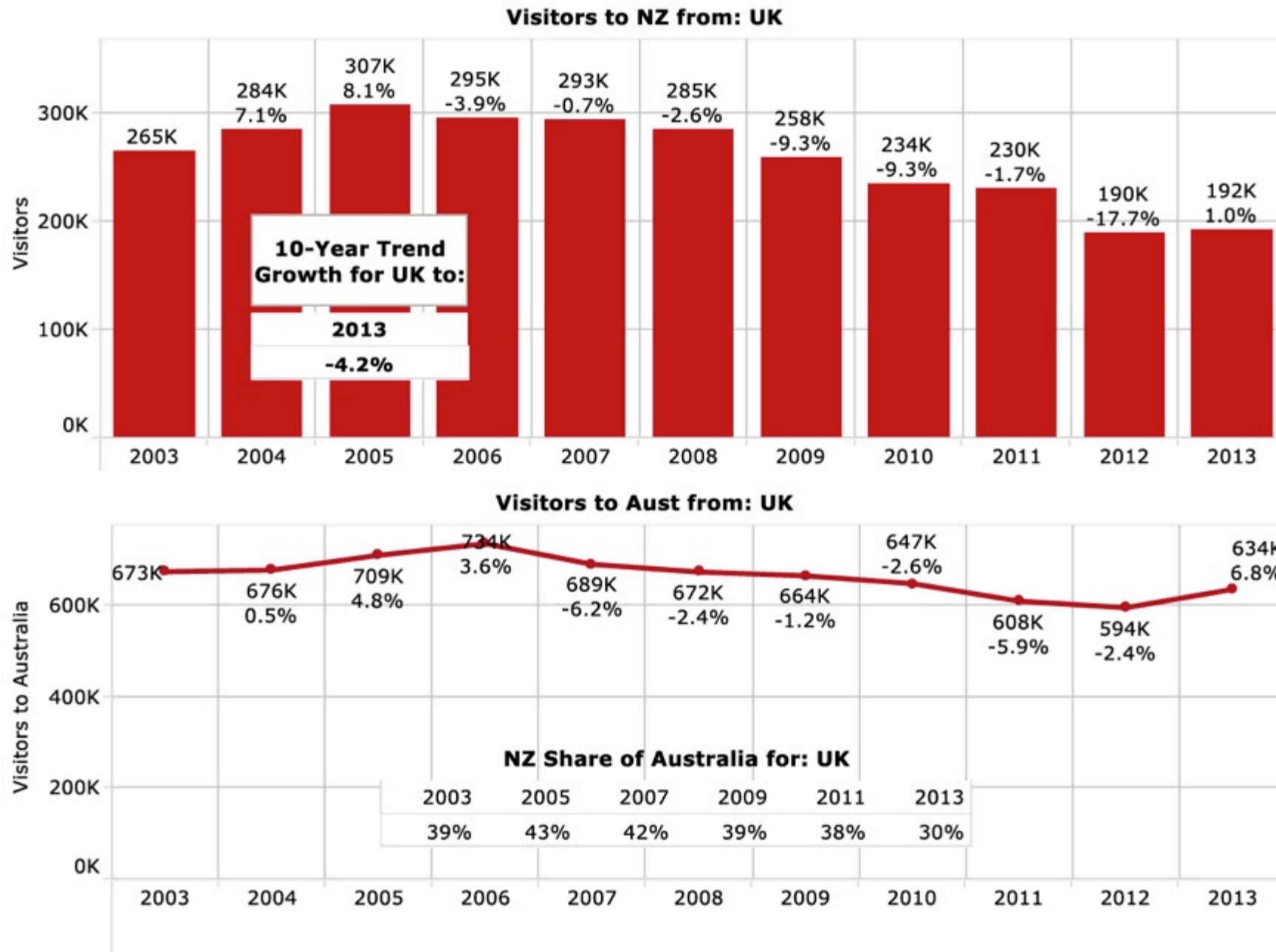
# Market Review - UK



- ◎ Confidence in economic recovery from the GFC has increased. GDP for the UK is expected to continue to grow at just over 2% per year.
- ◎ The IMF indicates upside risks to growth in the UK, where easier credit conditions have spurred a rebound in household spending.
- ◎ A slower population growth means an increase in GDP per capita.



# Market Review – UK (2)



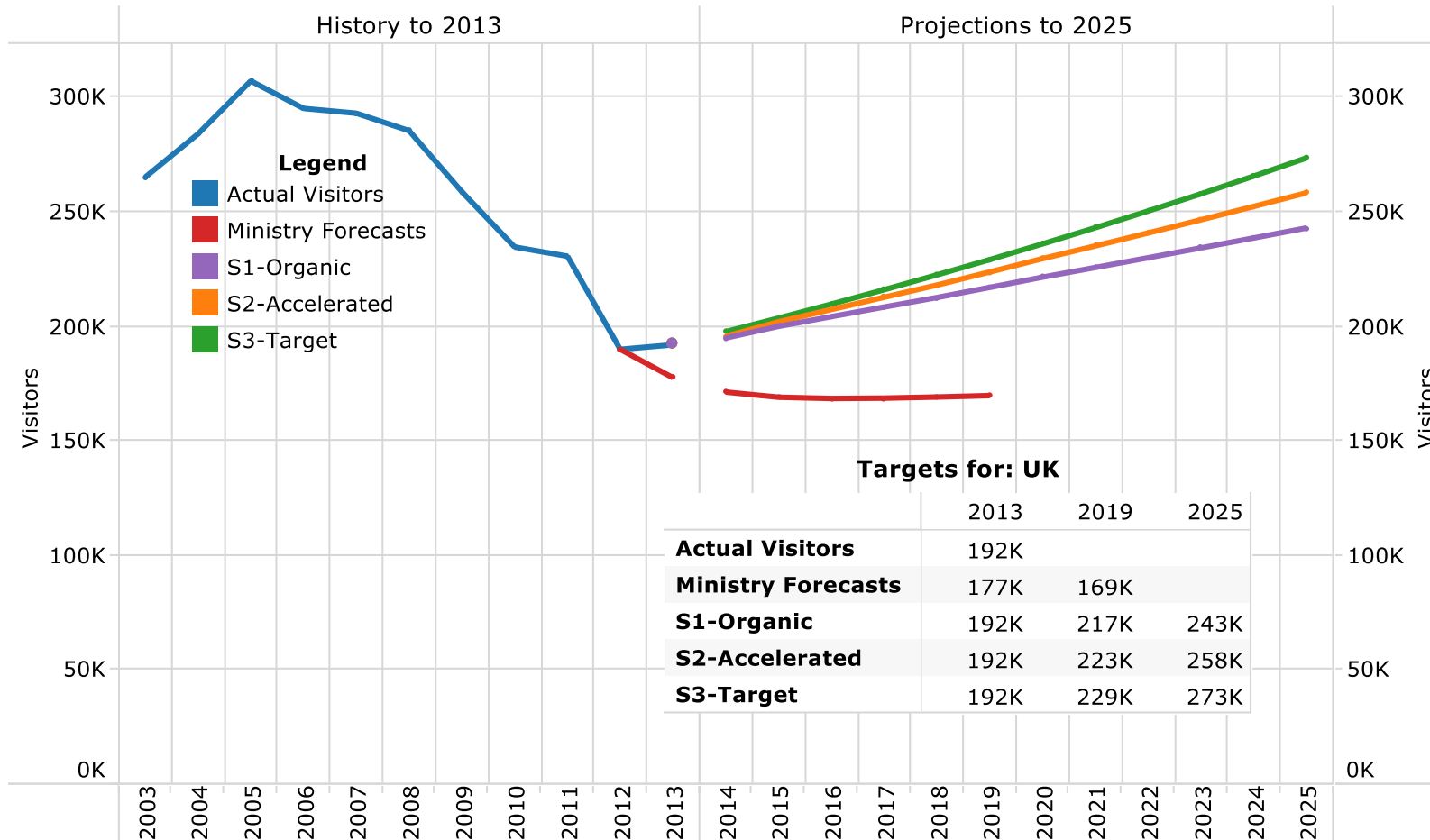
- Visitor numbers to New Zealand from the USA declined each year from 2006 to 2012. (2012 double-digit decline reflects UK Summer Olympics)
- Annual trend growth is negative for the ten-year period shown at - 4.2%
- The fall for visitors from the UK to Australia has not been as large.
- As a result as NZ visitors levels when compared to Australia have fallen – from 43% in 2005 to 30% in 2013.





# Market Review – UK Target

History & Targets for: UK

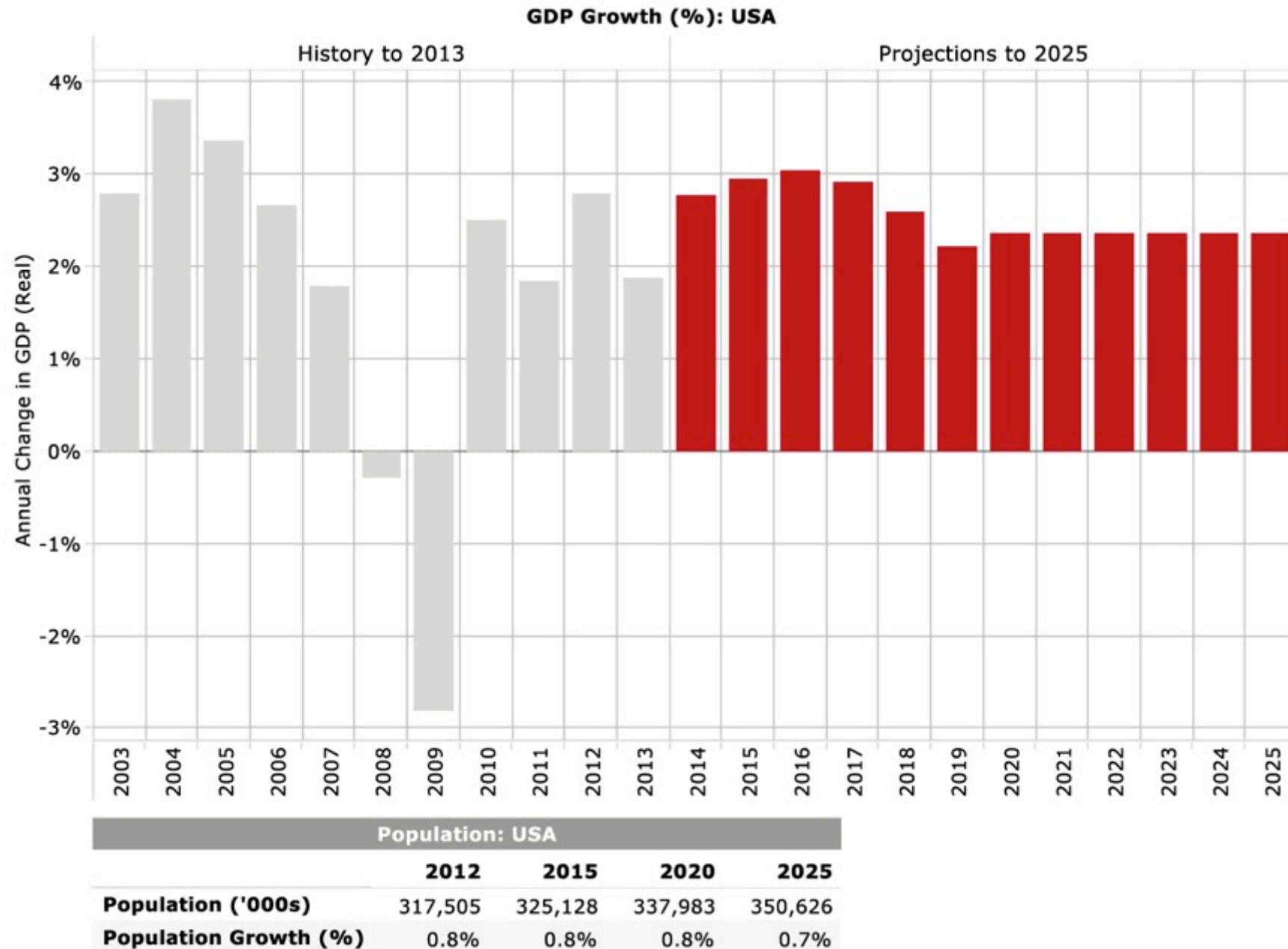


CAGRs for: UK 2013 to:

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>	-0.7%			
<b>Visitors to Australia - TRA Forecasts</b>	3.3%		3.0%	
<b>S1-Organic</b>		2.1%		2.0%
<b>S2-Accelerated</b>		2.6%		2.5%
<b>S3-Target</b>		3.0%		3.0%

- ⊙ Latest Ministry forecasts show continuing decline.
- ⊙ Australia's TRA is forecasting a CAGR of 3.0% per year to 2023 for this market.
- ⊙ UK residents made 58 million visits abroad in 2013, 2.6% more than in 2012 but yet to return to pre-recession levels. 78% of trips are to European destinations, 6% to Nth America and 16% to Other Countries.
- ⊙ In FY2013 45% of UK residents who visited NZ also visited Australia.
- ⊙ If 2025 targets are achieved, NZ's share of the UK market travelling outside Europe remains at around 1.5%.

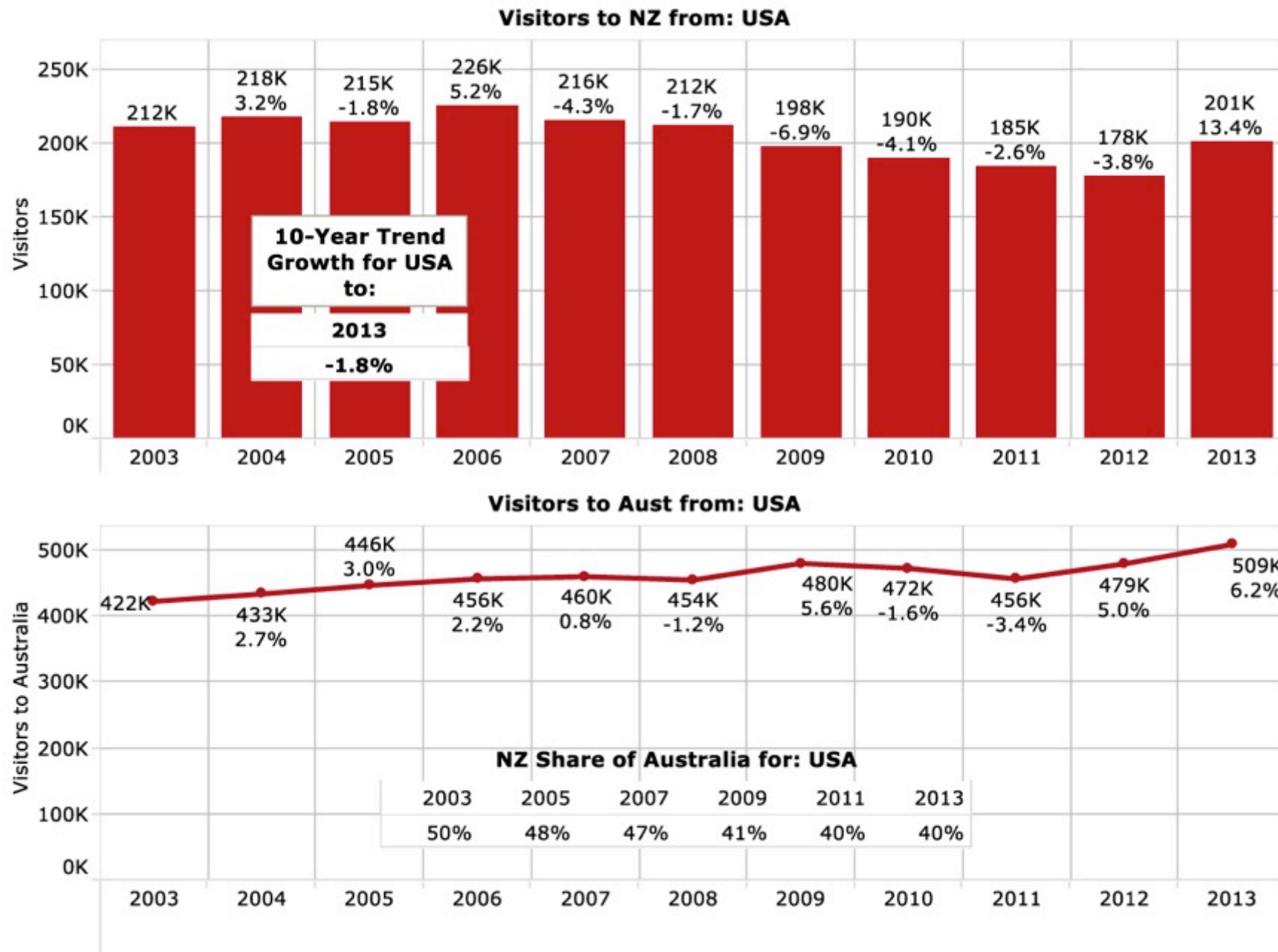
# Market Review - USA



- ⊙ Increasing confidence in recovery for the US economy.
- ⊙ IMF indicates that with supportive monetary conditions and a smaller drag from fiscal consolidation, annual growth will remain above advanced economies trend rate.



# Market Review – USA (2)

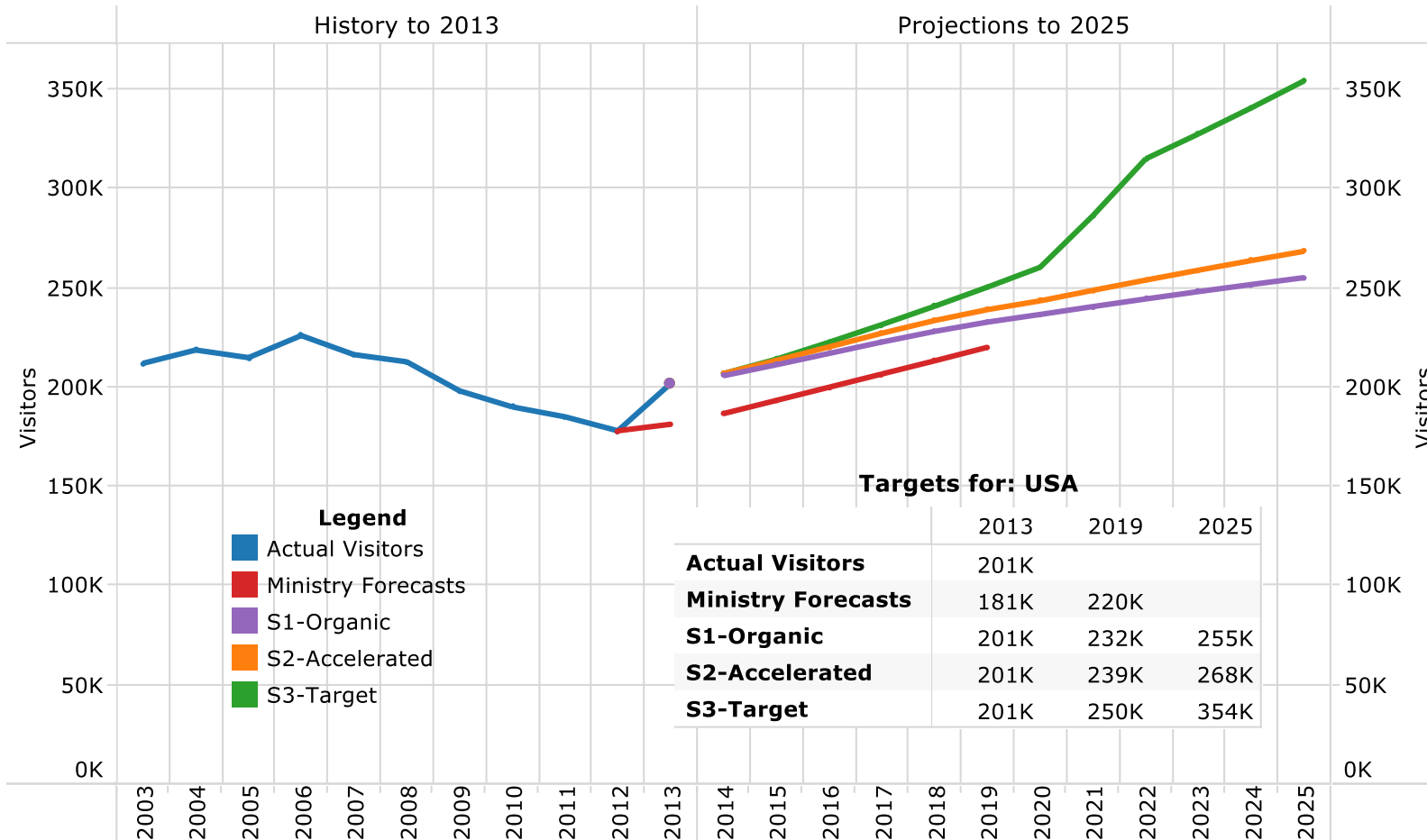


- Visitor numbers to New Zealand from the USA declined each year from 2006 to 2012. Substantial growth in 2013 resulted from recovery in the US economy and improvement in consumer confidence.
- Annual trend growth is negative for the ten-year period shown at -1.8%.
- US travel to overseas markets increased 1.8% during 2013 over the previous year to 29 million, with growth strongest to the Middle East (5.3%) and Oceania (4.5%). Oceania accounts for just 2.0% of overseas travel.



# Market Review – USA Target

**History & Targets for: USA**



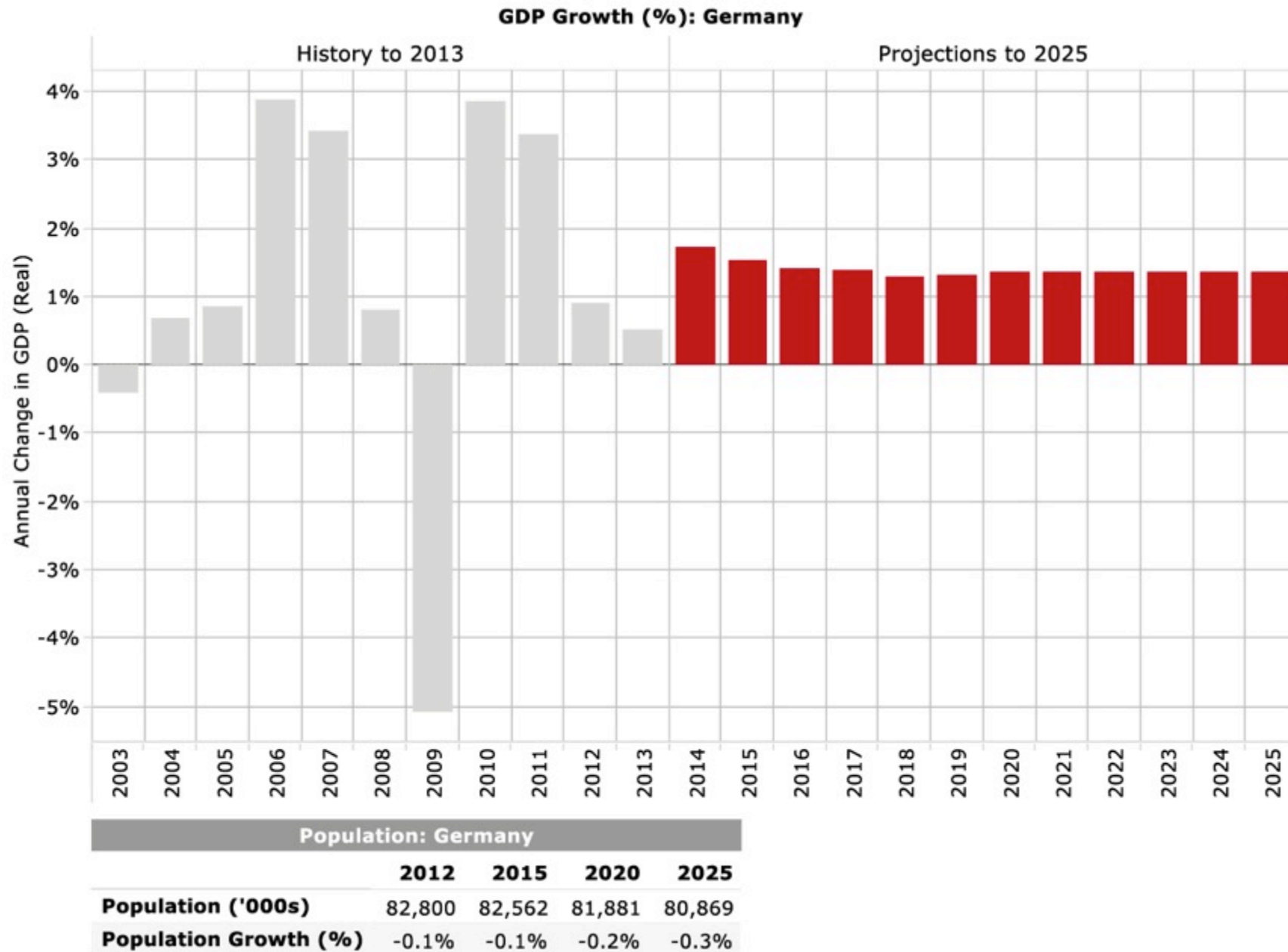
**CAGRs for: USA 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>	3.3%			
<b>Visitors to Australia - TRA Forecasts</b>	4.2%		3.6%	
<b>S1-Organic</b>		2.3%		2.0%
<b>S2-Accelerated</b>		2.7%		2.4%
<b>S3-Target</b>		3.7%		4.8%

- Latest Ministry forecasts show a recovery for this market with a CAGR for 2013 to 2019 of 3.3%.
- Australia's TRA is forecasting a CAGR of 3.6% per year to 2023 for this market.
- Strong Scenario 3 growth results from a likely increase in capacity to the USA for New Zealand and Australia. It implies an increase of around 7 to 10 direct services per week.
- In FY2013 54% of US residents who visited NZ also visited Australia.
- If 2025 targets are achieved, NZ's share of the USA market travelling outside the Americas increases from 1.1% in 2013 to 1.4% in 2025.



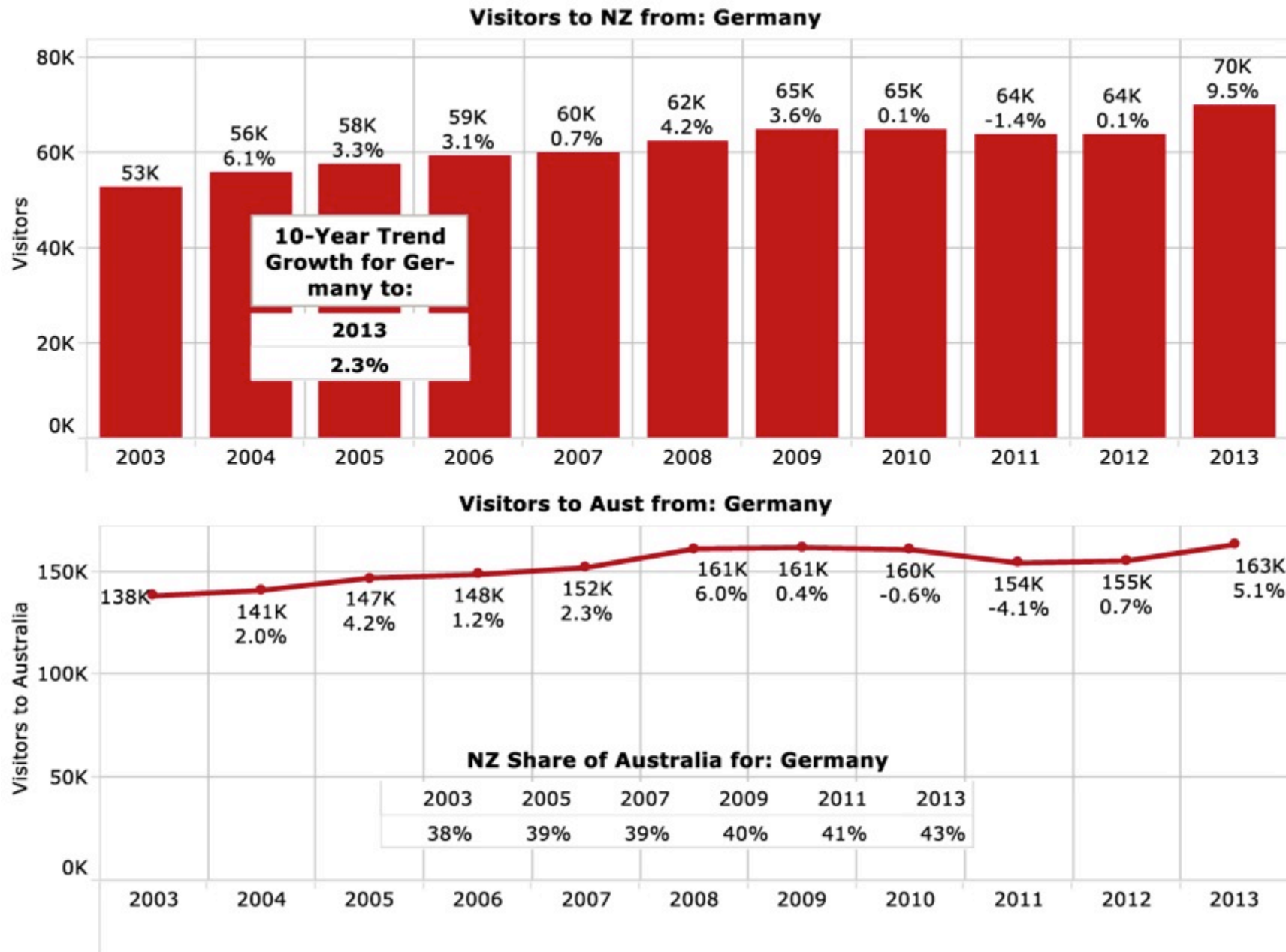
# Market Review - Germany



- ◎ Germany's economy continues to out-perform much of Europe.
- ◎ IMF indicates that supportive monetary conditions, robust labour market conditions and improving confidence have underpinned a pickup in domestic demand, reflected mainly in higher consumption.



# Market Review – Germany (2)

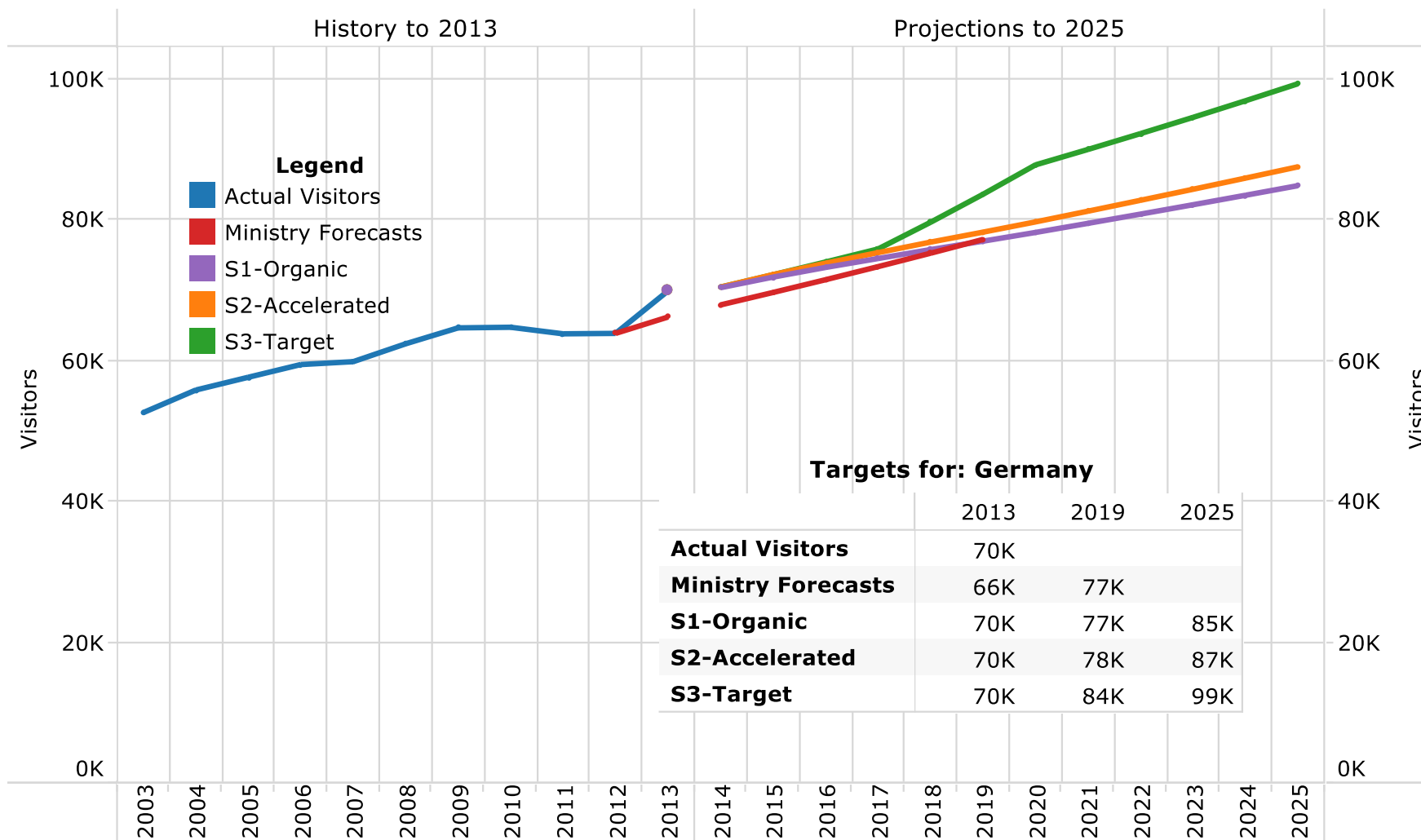


- Visitor numbers to New Zealand from Germany have increased over the past decade – from 53,000 in 2003 to 70,000 in 2013.
- CAGR for this period amounts to 2.3%.
- TRA indicates that around 78 million outbound trips were made in 2012. 8.9 million trips were to countries excl Europe & Nth Africa. Total 2013 outbound is estimated to have grown 2%.



# Market Review – Germany Target

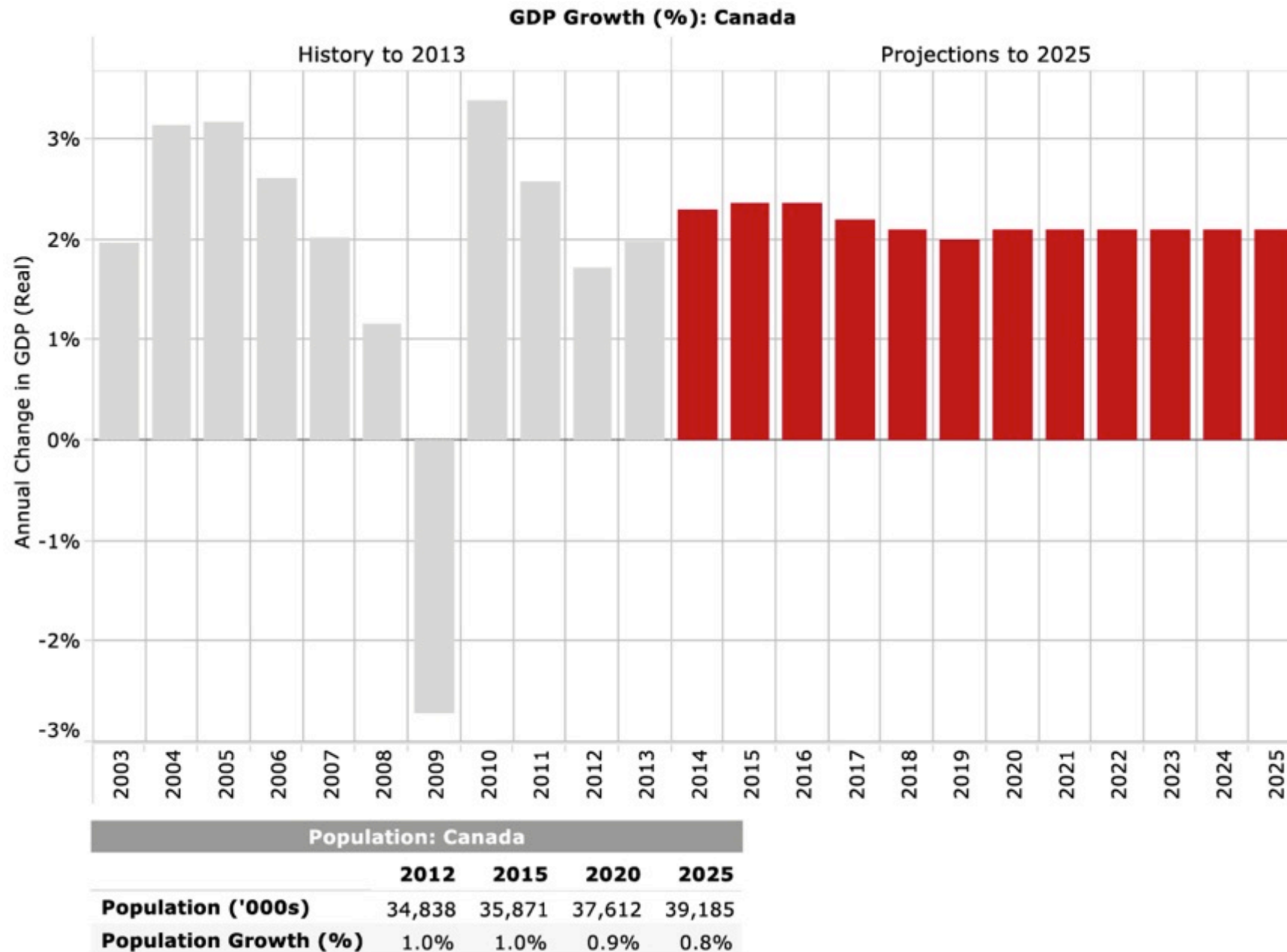
**History & Targets for: Germany**



- ⊙ Ministry forecasts show reasonable growth for this market (CAGR of 2.6% for 2013 to 2019).
- ⊙ Australia's TRA is forecasting a CAGR of 3.3% per year to 2023 for this market.
- ⊙ Scenarios range from 85,000 to 99,000 in 2025 with CAGRs of 1.6% to 3.0% over the period.
- ⊙ In FY2013 38% of German residents who visited NZ also visited Australia.
- ⊙ Achievement of 2025 targets would imply that NZ's share of the German market travelling to selected countries in Asia and Oceania falls from 2.9% to 2.4%.



# Market Review - Canada

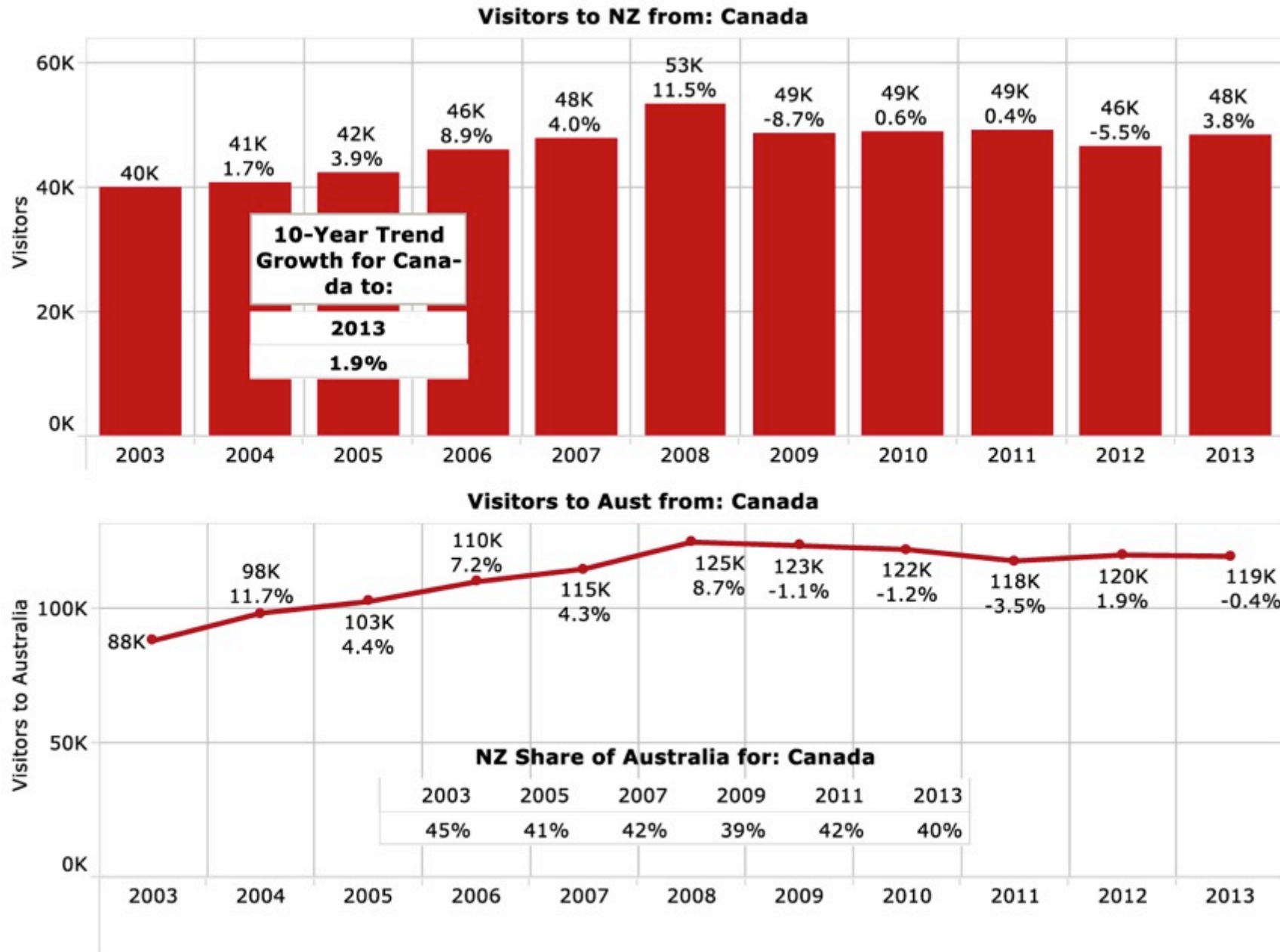


- ◎ Canada's economy has recovered from the GFC.
- ◎ Prospects look reasonable into the medium term.
- ◎ The IMF indicates annual growth is expected to accelerate in 2014 due to stronger external demand and rising business investment.





# Market Review – Canada (2)

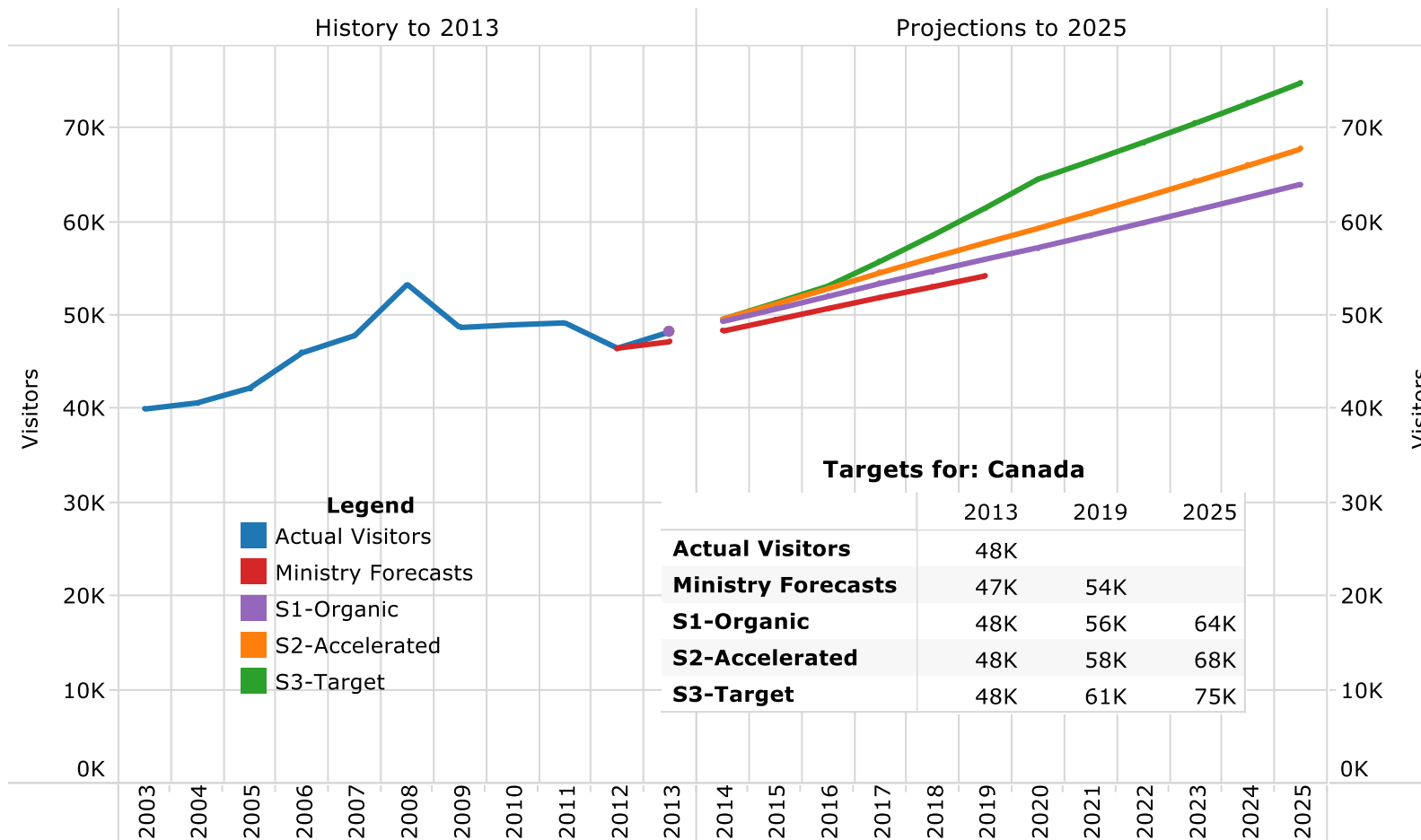


- Visitor numbers to New Zealand from Canada have fallen since the 2008 peak of 53,000.
- Annual trend growth for the ten-year period amounts to 1.9%.
- NZ visitor levels when compared to Australia have been relatively stable over the period 2005 (41%) to 2013 (40%).



# Market Review – Canada Target

History & Targets for: Canada

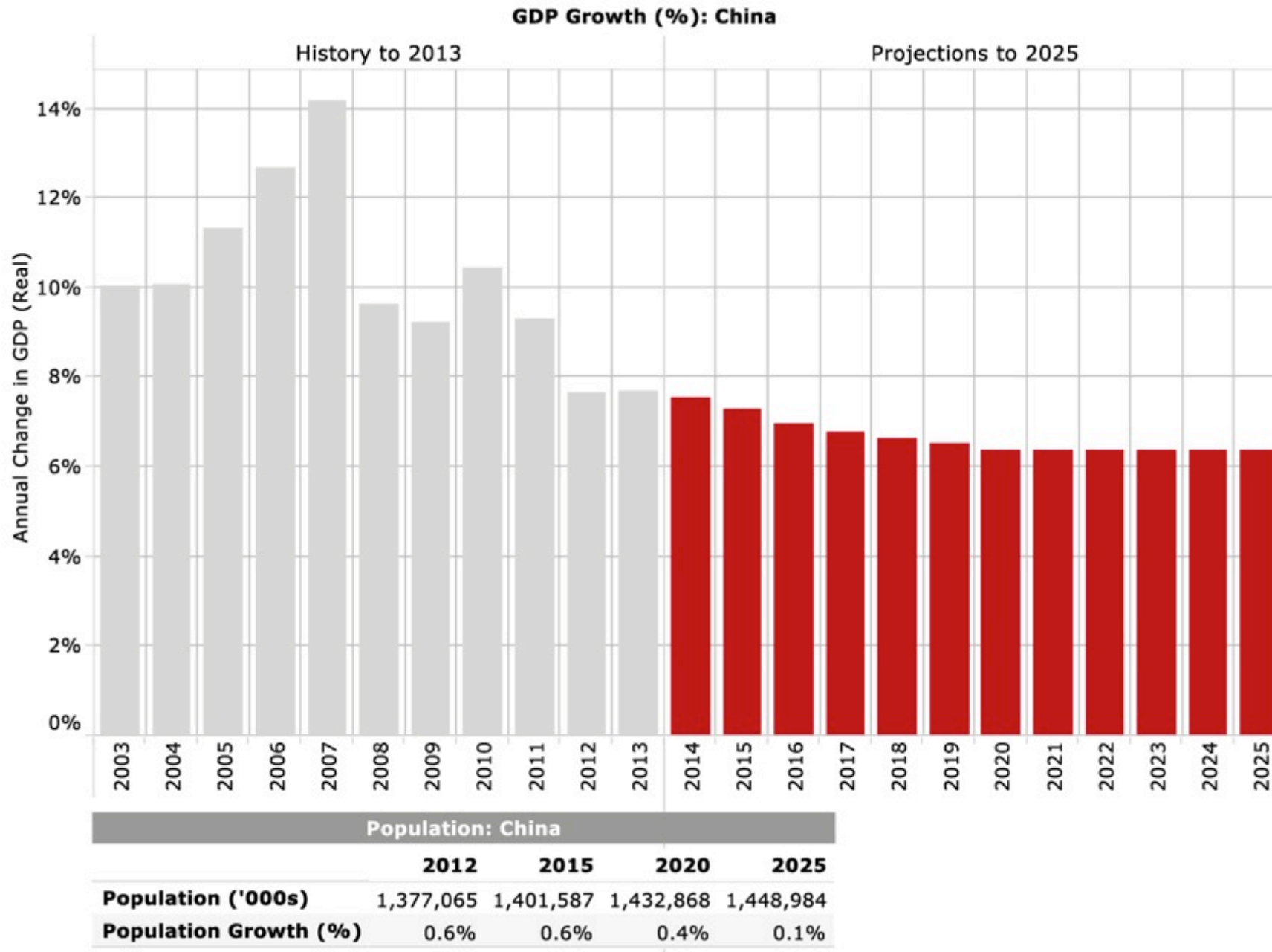


CAGRs for: Canada 2013 to:

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>	2.3%			
<b>Visitors to Australia - TRA Forecasts</b>	3.8%		3.5%	
<b>S1-Organic</b>		2.5%		2.4%
<b>S2-Accelerated</b>		3.0%		2.9%
<b>S3-Target</b>		4.3%		3.7%

- ⊙ Ministry forecasts show CAGR of 2.3% over 2013 to 2019.
- ⊙ Australia's TRA is forecasting a CAGR of 3.5% per year to 2023 for this market.
- ⊙ Scenarios range from 64,000 to 75,000 in 2025 with CAGRs of 2.4% to 3.7% over the period.
- ⊙ In FY2013 61% of Canadians who visited NZ also visited Australia.
- ⊙ Achievement of 2025 targets would imply that NZ's share of the Canadian market travelling outside the Americas remains stable at around 0.5%.

# Market Review - China

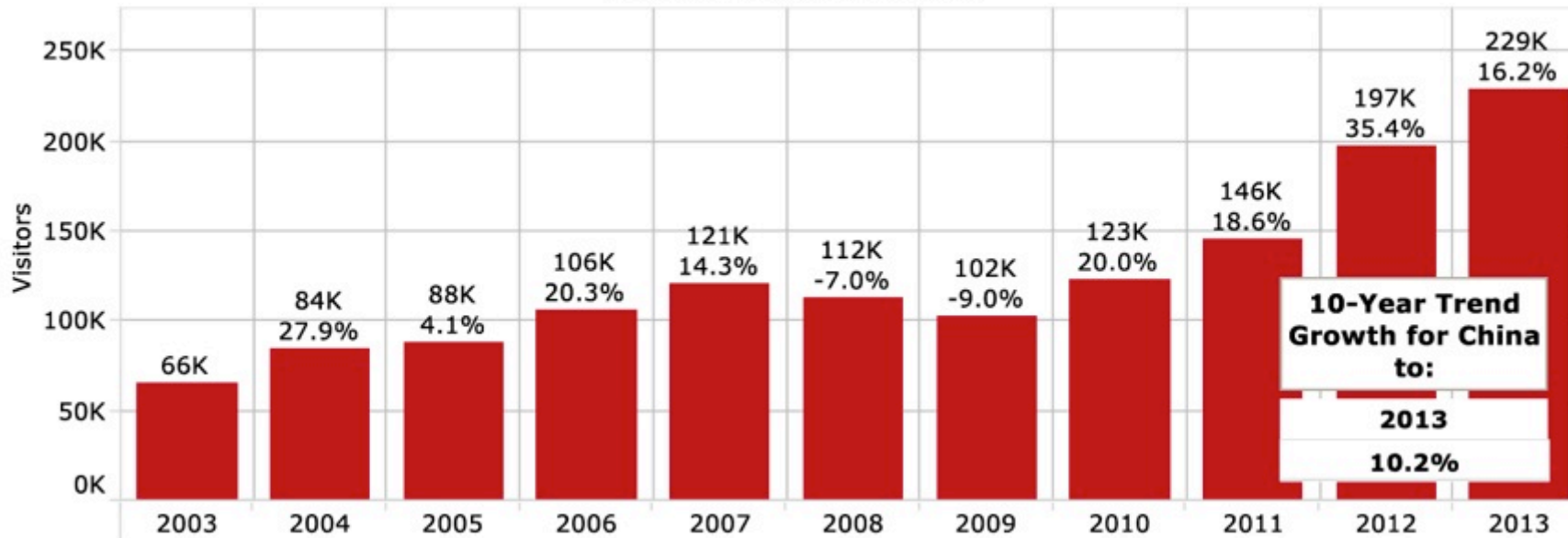


- ◎ China's economy continues to grow at a relatively high rate notwithstanding many uncertainties.
- ◎ Huge population with growing middle class.
- ◎ 22 cities of above 3 million residents in 2010, to grow to 32 cities of above 3 million residents by 2020.
- ◎ Urban population exceeded rural population for the first time at the end of 2011. Urban population to increase from 49% in 2010 to 56% in 2015 and to 65% by 2025.

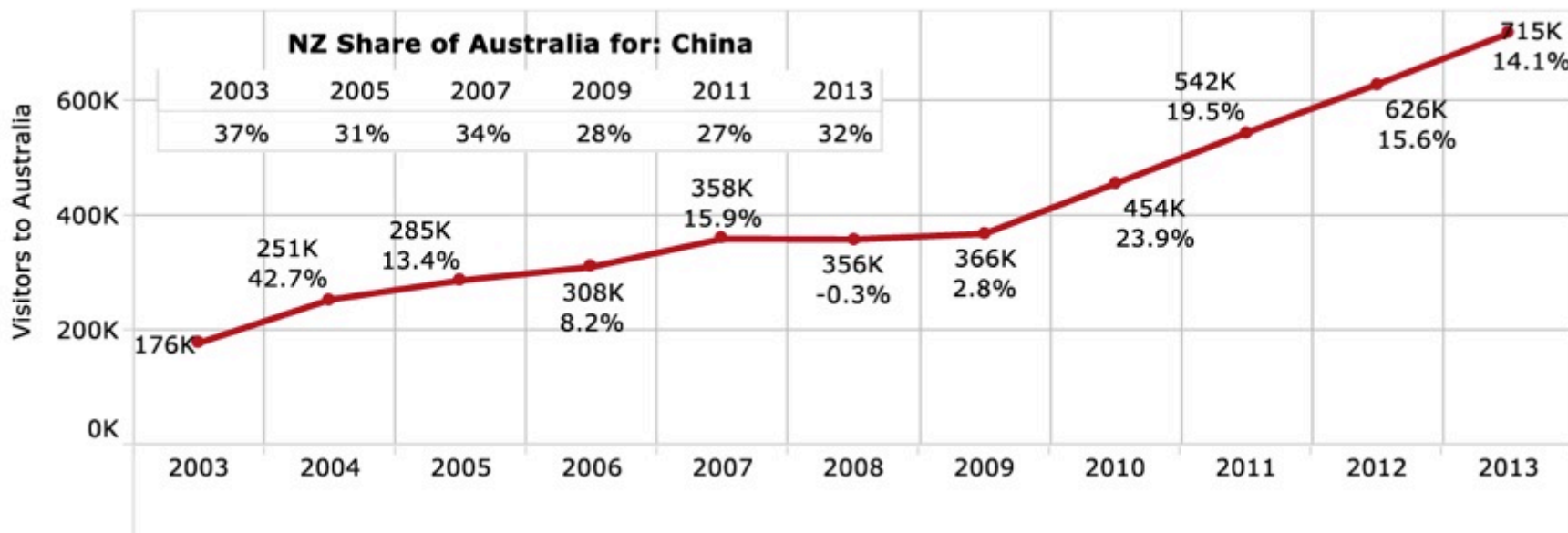


# Market Review – China (2)

Visitors to NZ from: China



Visitors to Aust from: China



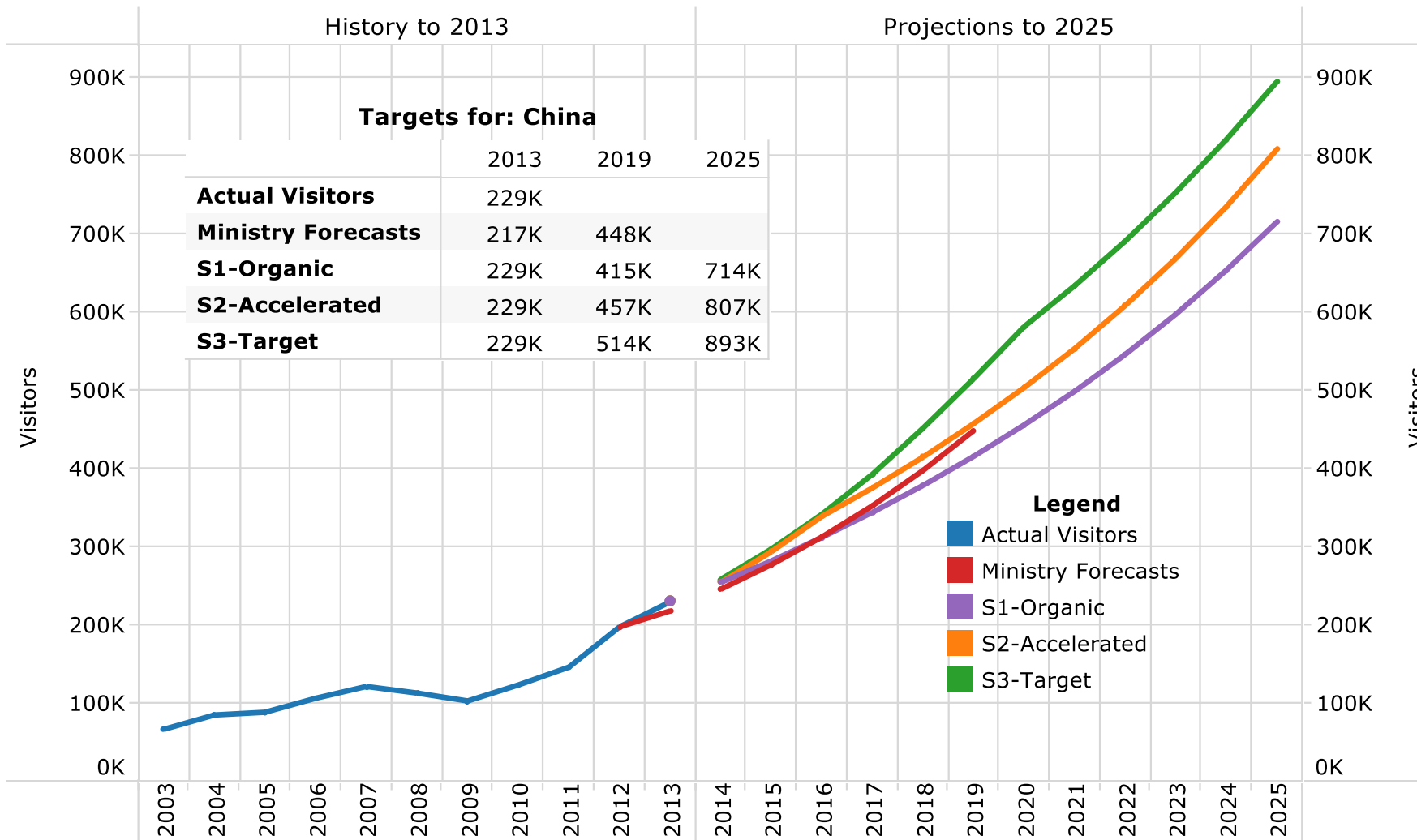
◎ Visitors to New Zealand have increased from 66,000 to 229,000 over the past decade.

◎ Annual trend growth for the period shown equals 10.2%.

◎ 2013 saw 97.3mill Chinese border crossings, up 17% from 2012 (incls overnight & day trips to Hong Kong and Macau). Of the 83.2mill crossings during 2012, around 40% were reported to be to destinations beyond HK and Macau.

# Market Review – China Target

**History & Targets for: China**



**Targets for: China**

	2013	2019	2025
<b>Actual Visitors</b>	229K		
<b>Ministry Forecasts</b>	217K	448K	
<b>S1-Organic</b>	229K	415K	714K
<b>S2-Accelerated</b>	229K	457K	807K
<b>S3-Target</b>	229K	514K	893K

**Legend**

- Actual Visitors
- Ministry Forecasts
- S1-Organic
- S2-Accelerated
- S3-Target

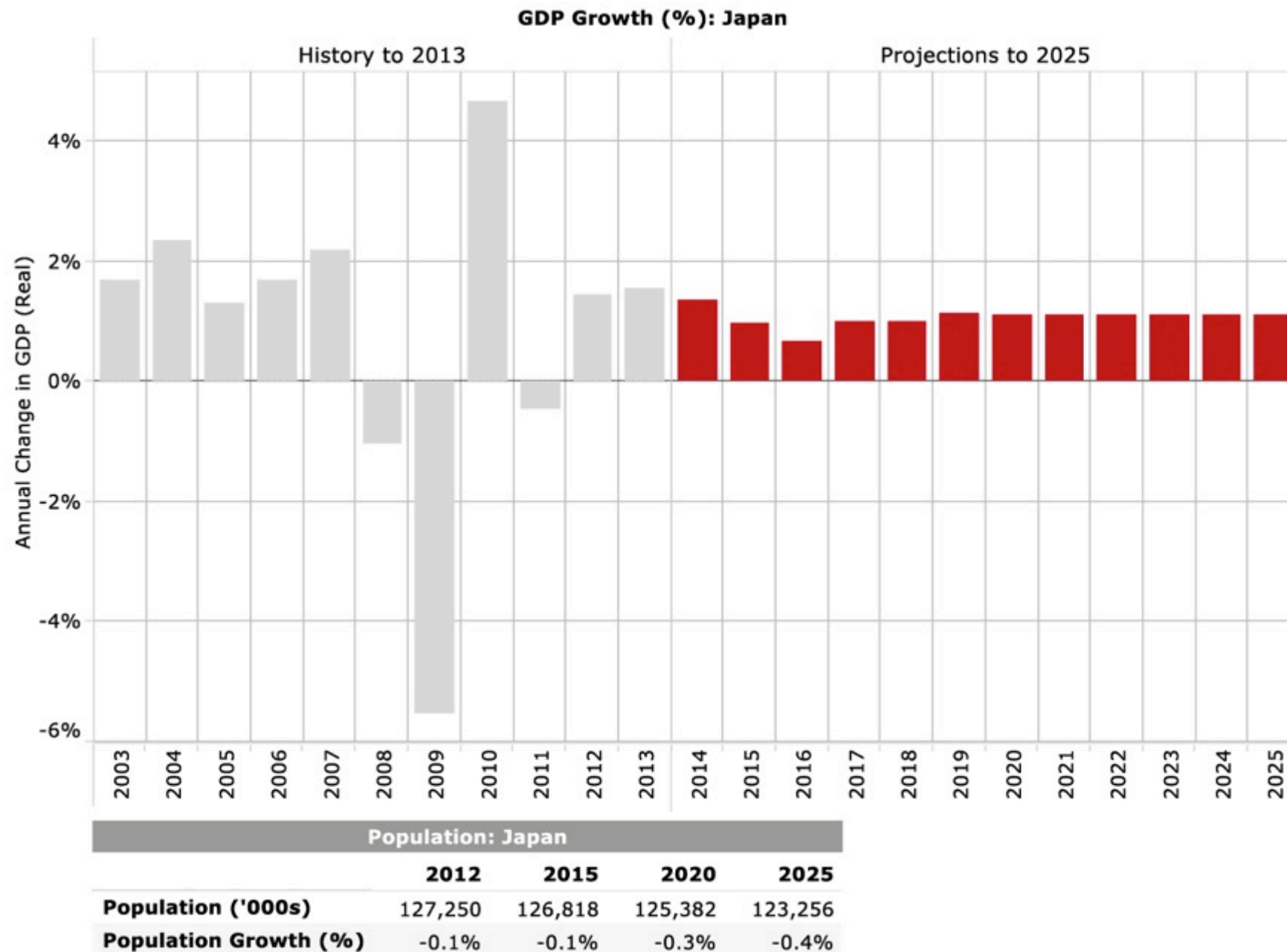
**CAGRs for: China 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>	12.8%			
<b>Visitors to Australia - TRA Forecasts</b>	8.4%		7.1%	
<b>S1-Organic</b>		10.3%		9.9%
<b>S2-Accelerated</b>		11.9%		11.1%
<b>S3-Target</b>		14.2%		12.0%

- Ministry forecasts are 'bullish' for China with a CAGR of 12.8% over 2013 to 2019.
- Australia's TRA is forecasting a CAGR of 8.4% per year to 2019 and 7.1% for the period 2013 to 2023.
- Scenarios range from 714,000 to 893,000 in 2025 with CAGRs of 9.9% to 12.0% over the period.
- Scenario 3 assumes strong airline capacity growth from 2018/19. This could be in the range of 40 to 50 additional services per week.
- In FY2013 76% of Chinese residents who visited NZ also visited Australia.
- Achievement of 2025 targets would imply that NZ's share of the Chinese market travelling outside Northeast Asia would increase from 0.8% to 1.0%.



# Market Review - Japan

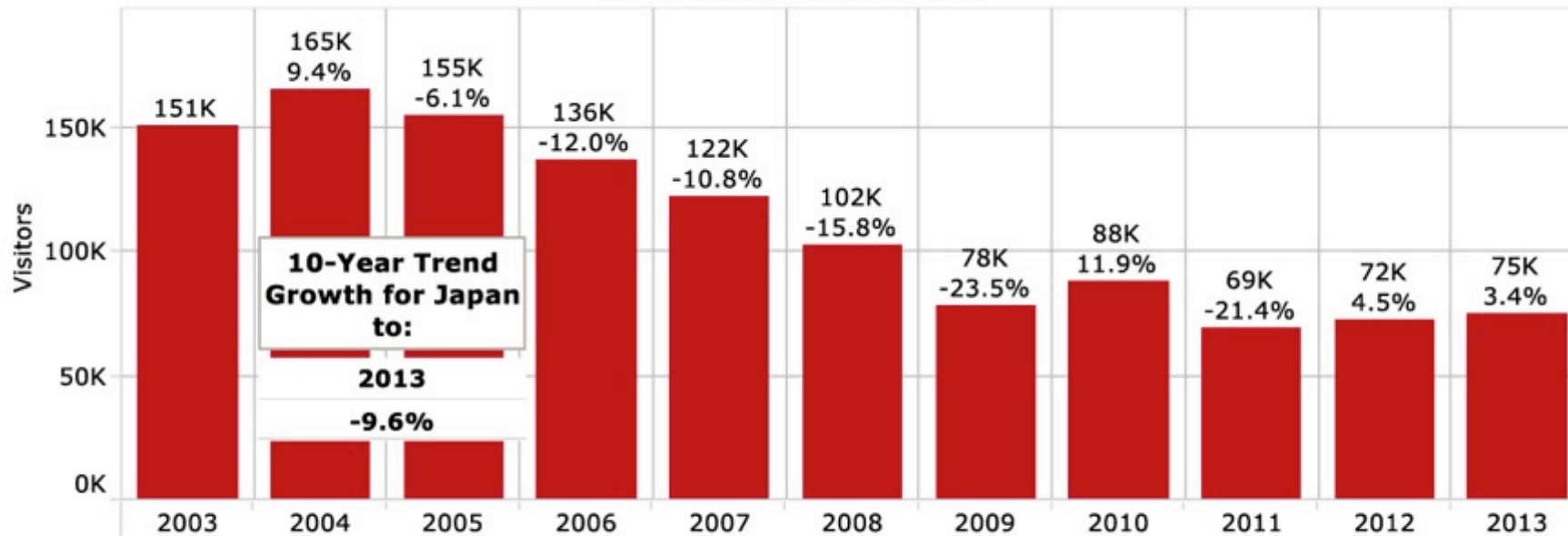


- ◎ Japan's economy has failed to grow in a manner to inspire consumer confidence.
- ◎ The IMF indicates downside risks for Japan from low inflation and the possibility of protracted low growth.
- ◎ CY13 outbound departures estimated at 17.5 million; down from the previous year. However the number of Japanese travellers outside northeast Asia increased to 9.1 million, the highest level since 2005.

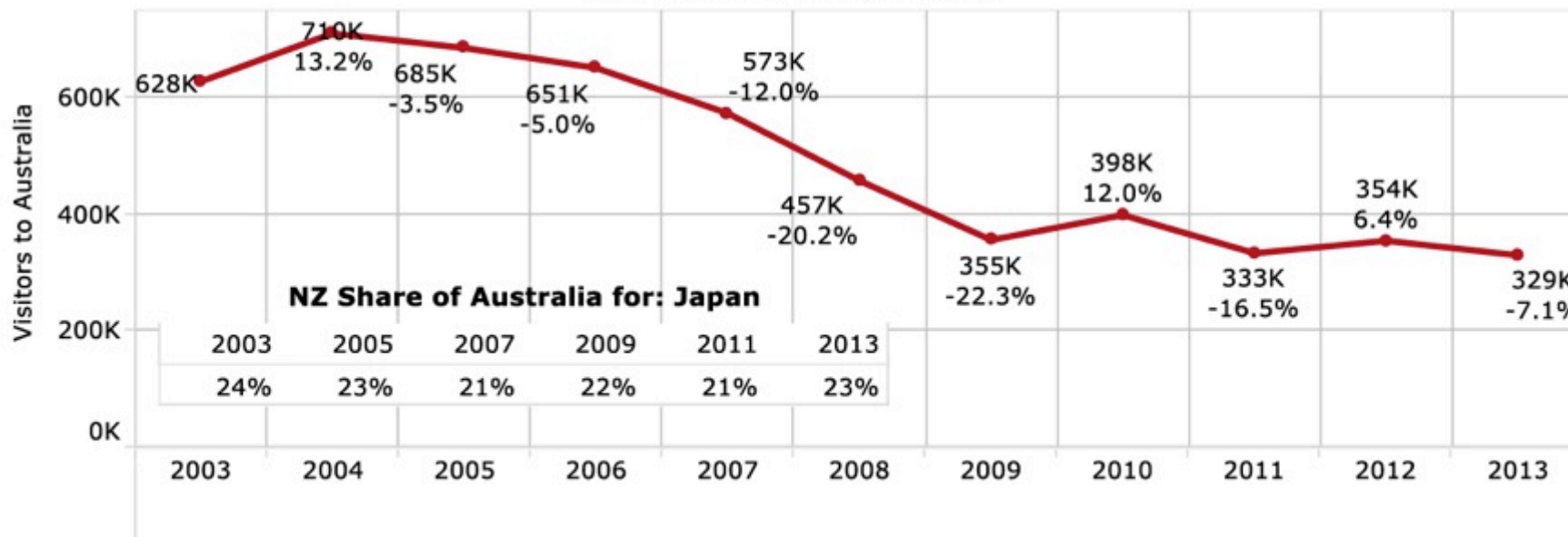


# Market Review – Japan (2)

Visitors to NZ from: Japan



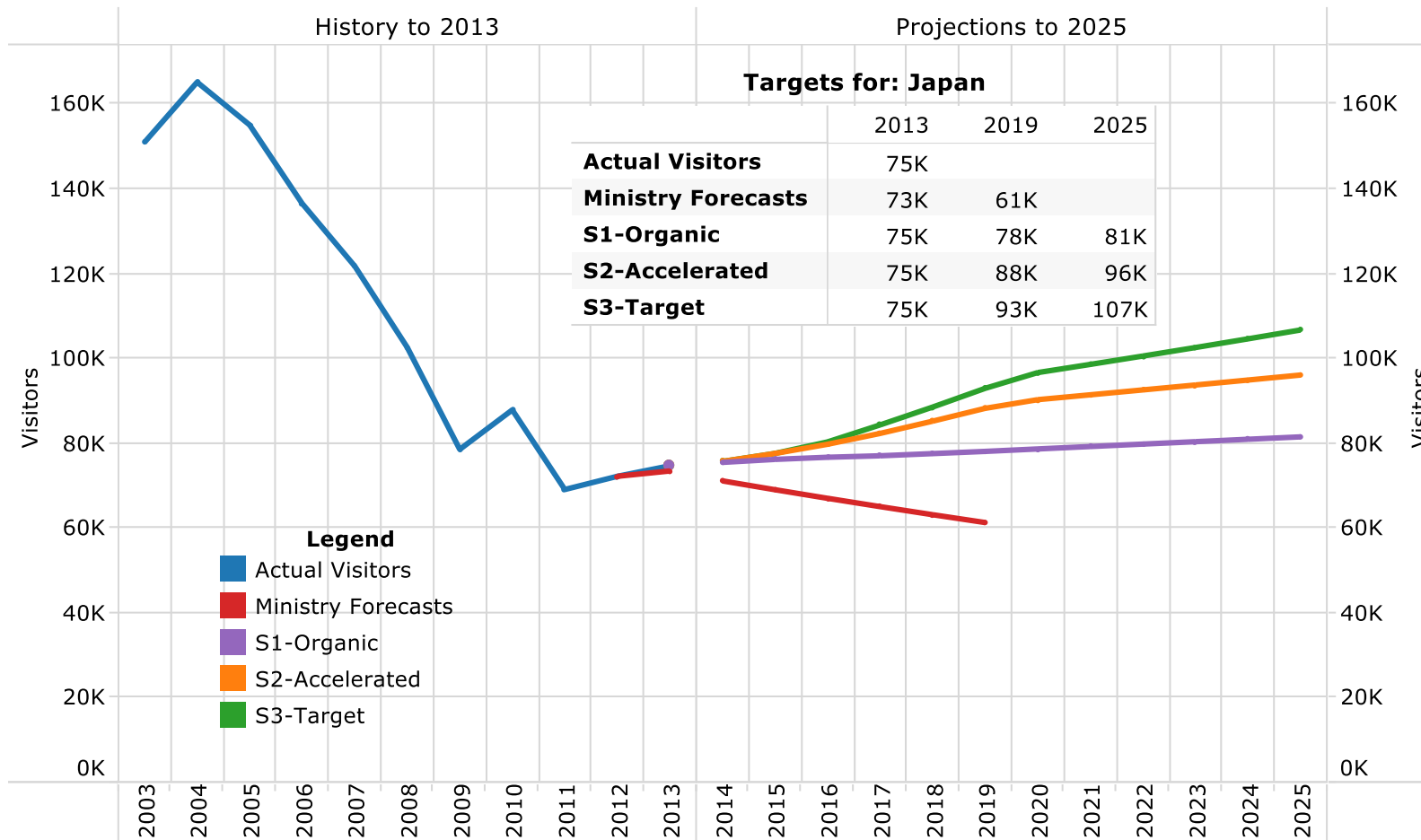
Visitors to Aust from: Japan



- ◎ Visitors to New Zealand have decreased from 151,000 to 75,000 over the past decade.
- ◎ Annual trend growth is negative for this period at -9.6%.
- ◎ Australia's performance mirrors that of New Zealand.
- ◎ NZ visitor levels amount to between one-fifth and one-quarter of that of Australia.

# Market Review – Japan Target

**History & Targets for: Japan**



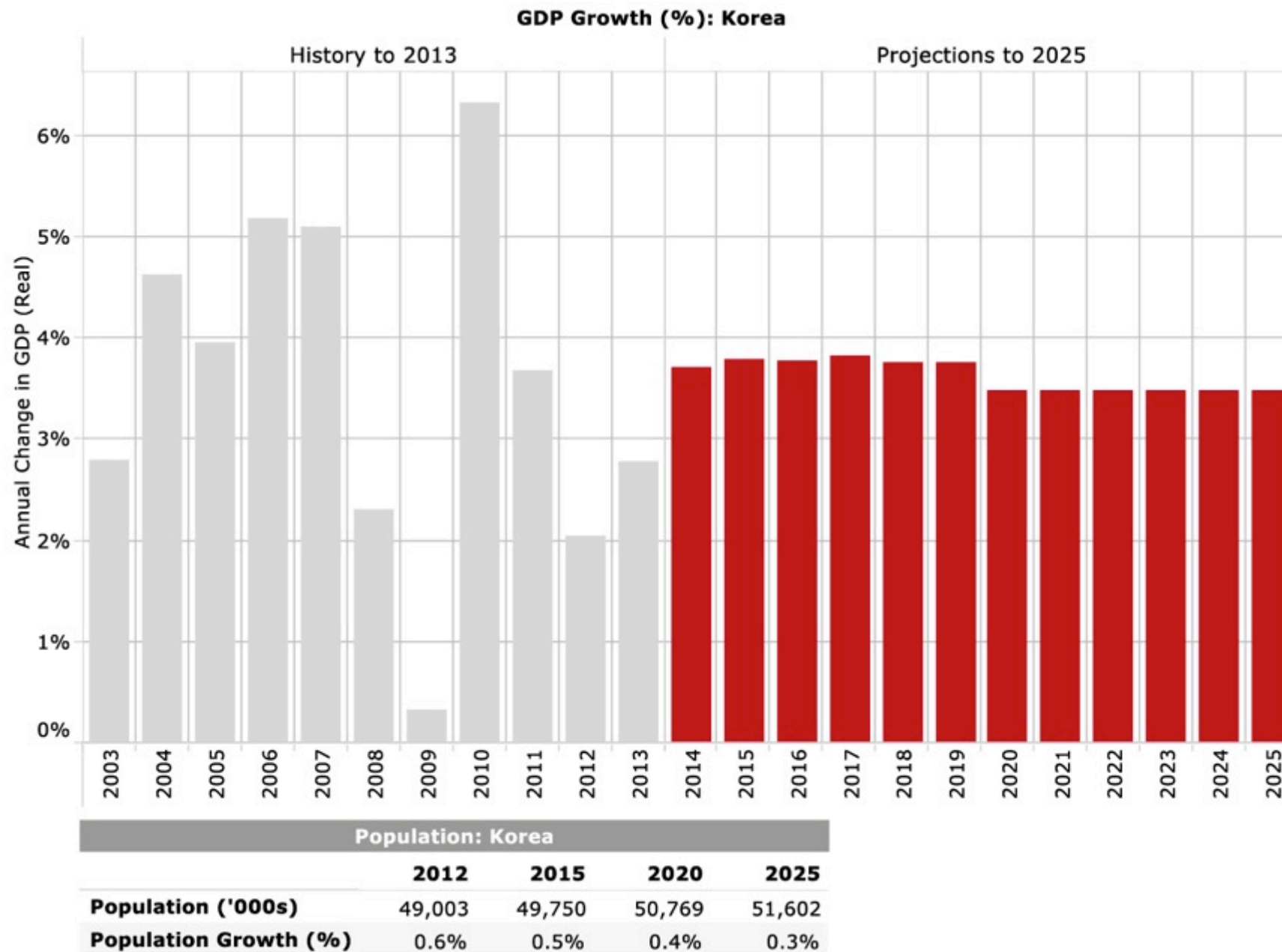
**CAGRs for: Japan 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>	-3.0%			
<b>Visitors to Australia - TRA Forecasts</b>	2.1%		1.7%	
<b>S1-Organic</b>		0.7%		0.7%
<b>S2-Accelerated</b>		2.7%		2.1%
<b>S3-Target</b>		3.8%		3.0%

- ◎ Ministry forecasts show a continuing decline and CAGR for the period 2013 to 2019 of -3.0%.
- ◎ Australia's TRA is forecasting a CAGR of 1.7% per year to 2023 for this market.
- ◎ Scenarios range from 81,000 to 107,000 in 2025 with CAGRs of 0.7% to 3.0% over the period.
- ◎ In FY2013 17% of Japanese residents who visited NZ also visited Australia.
- ◎ Achievement of 2025 targets would imply that NZ's share of the Japanese market travelling outside Northeast Asia would increase from 0.8% to 0.9%.



# Market Review - Korea

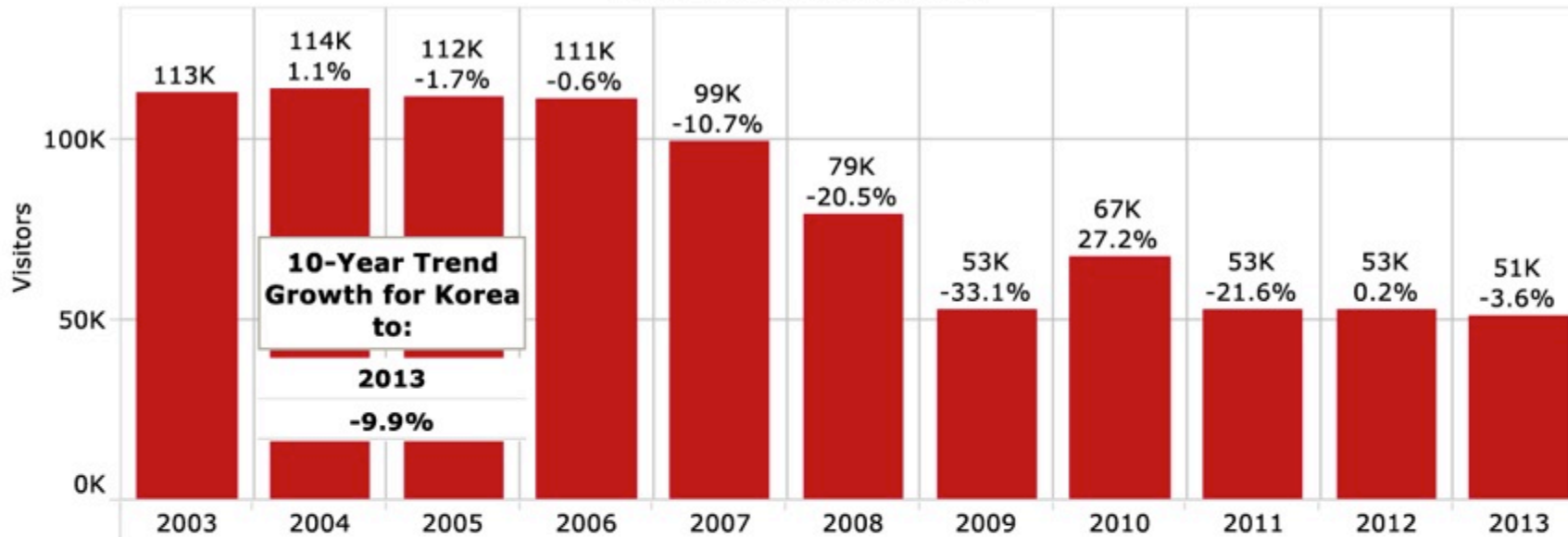


- ◎ Korea's economic performance expected to remain strong, driven mostly by exports, lifted by improving trading partner demand.
- ◎ IMF expects domestic demand to also pick up.
- ◎ Average annual population growth forecast to slow to 0.3% through to 2025.
- ◎ 83% of population live in urban areas.

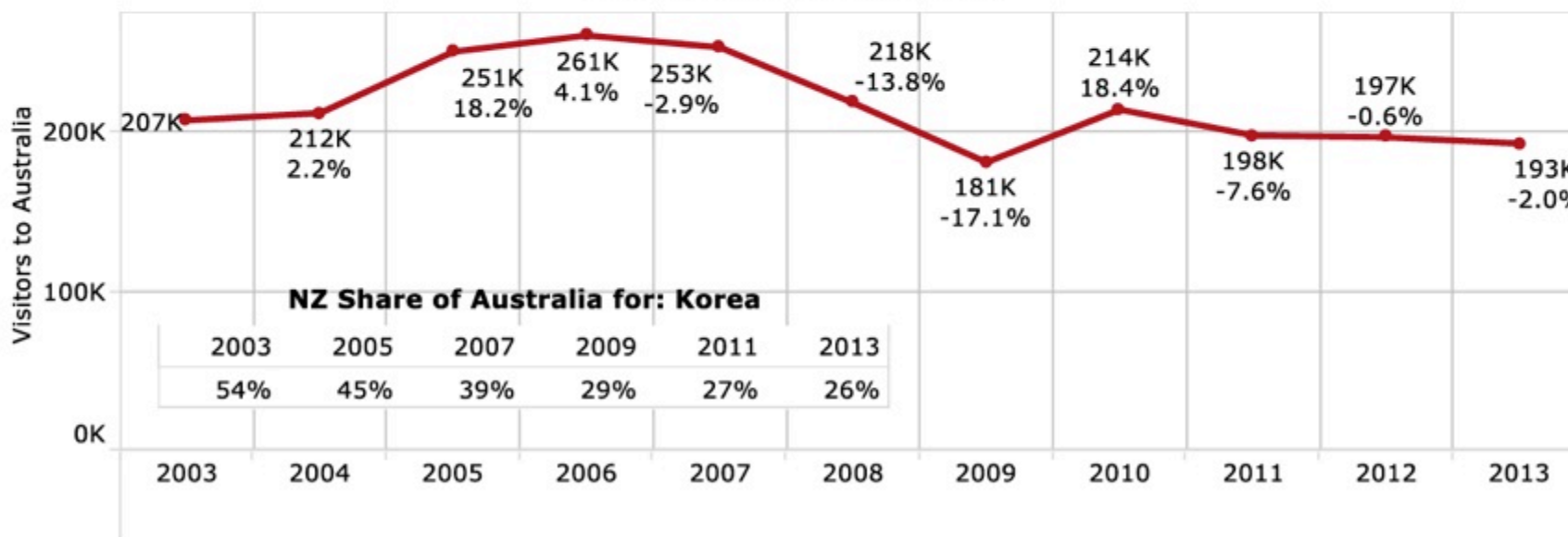


# Market Review – Korea (2)

Visitors to NZ from: Korea



Visitors to Aust from: Korea



◎ Visitors to New Zealand from Korea have decreased from 113,000 to 51,000 over the past decade.

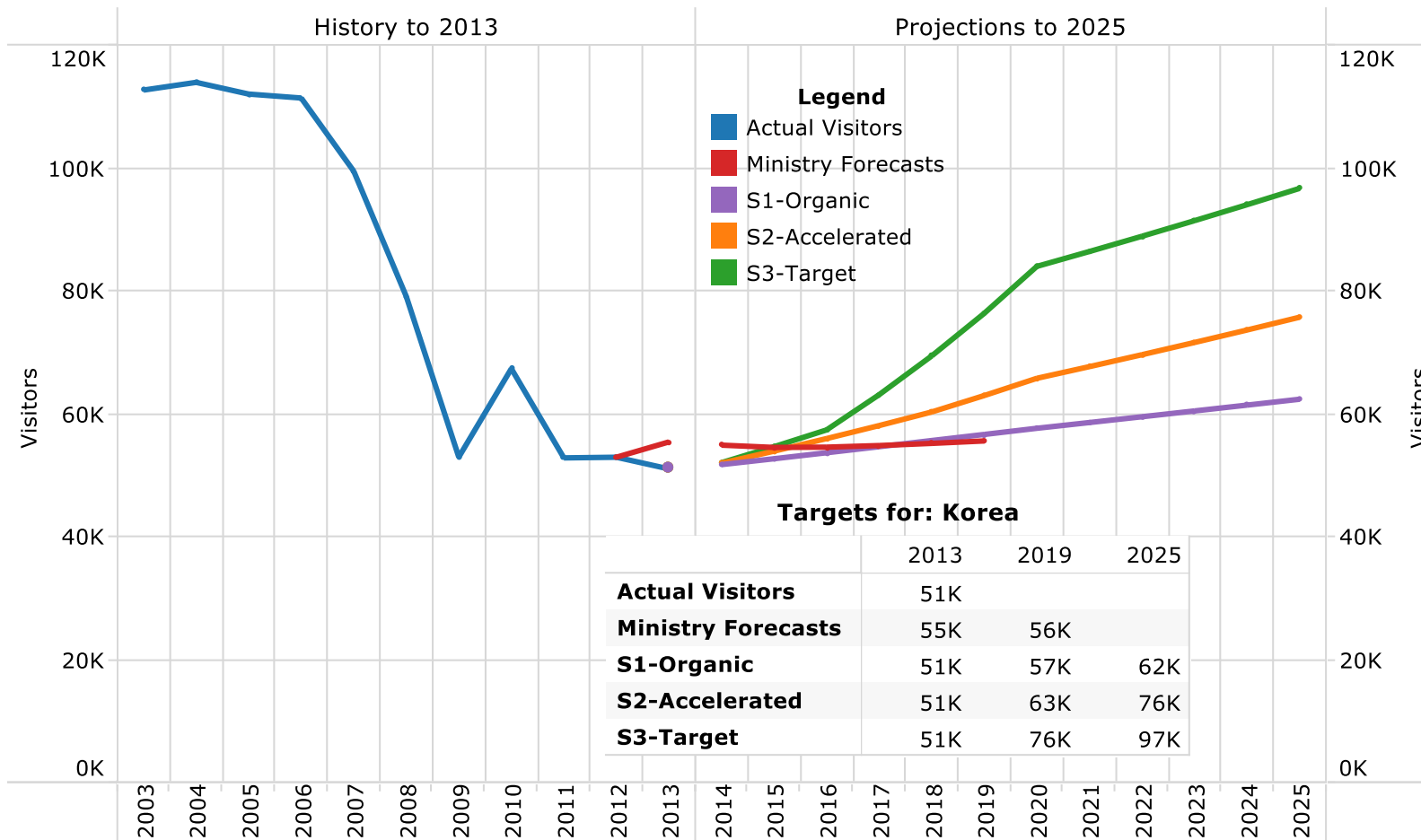
◎ Annual trend growth is negative for this period at -9.9%.

◎ Australia has also witnessed a decline over the period although not to the same extent as NZ. As a result NZ visitor levels when compared to Australia have fallen, from 54% in 2003 to 26% in 2013.



# Market Review – Korea Target

**History & Targets for: Korea**



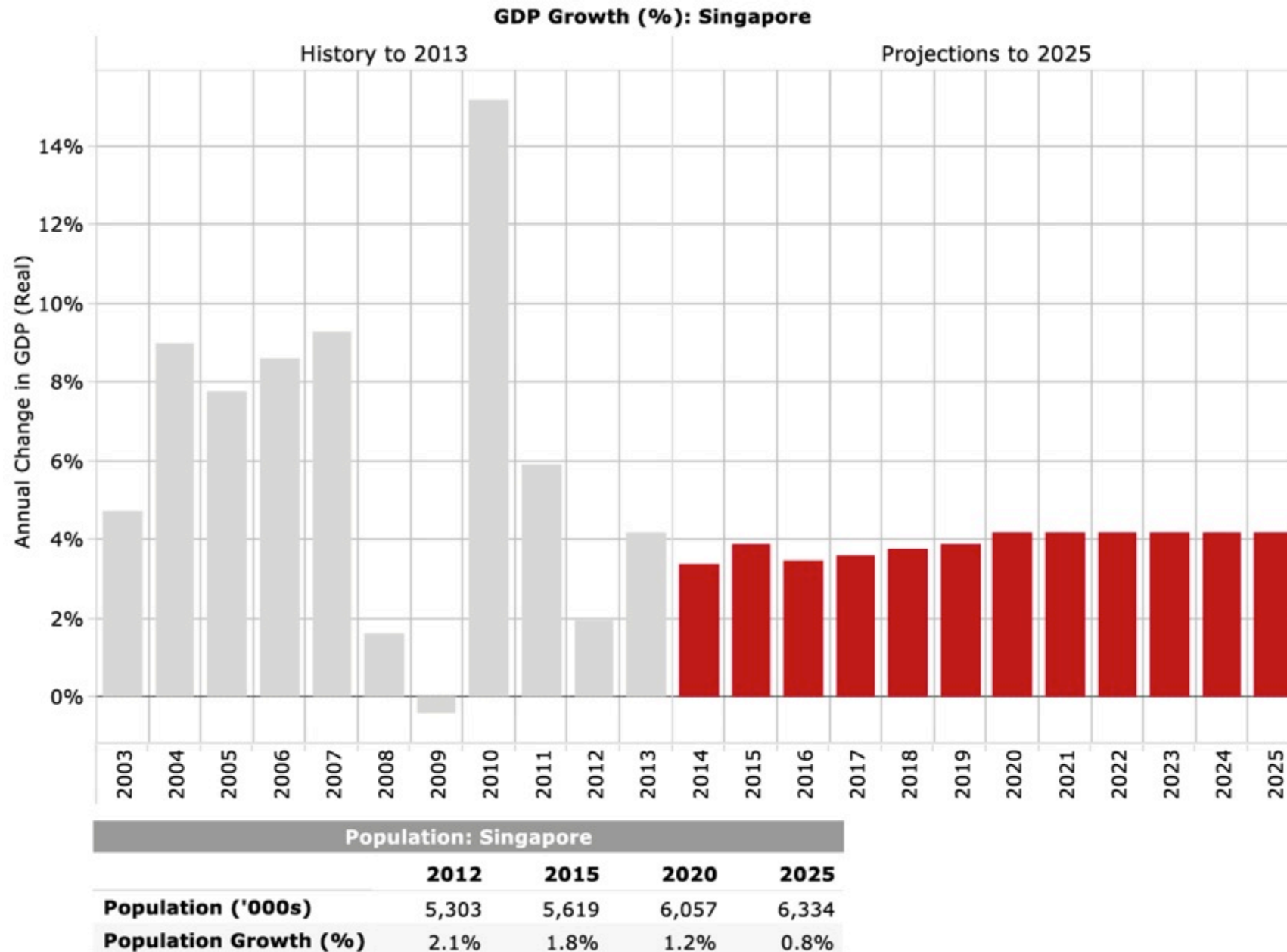
**CAGRs for: Korea 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>	0.0%			
<b>Visitors to Australia - TRA Forecasts</b>	4.0%		3.4%	
<b>S1-Organic</b>		1.8%		1.7%
<b>S2-Accelerated</b>		3.7%		3.3%
<b>S3-Target</b>		7.4%		5.5%

- ⊙ Ministry forecasts show a continuing flat performance for Korea to 2019.
- ⊙ Australia's TRA forecasts a CAGR of 3.4% per year to 2023 for this market.
- ⊙ Scenarios 1 to 3 provide a range of 62,000 to 97,000 visitors by 2025 with a CAGR of between 1.7% and 5.5%.
- ⊙ In FY2013 51% of Korean residents who visited NZ also visited Australia.
- ⊙ The Korean target is reliant on development of further direct capacity from Korea.
- ⊙ Achievement of 2025 targets would imply that NZ's share of the Korean market travelling outside Northeast Asia would be maintained at around 1.0%.



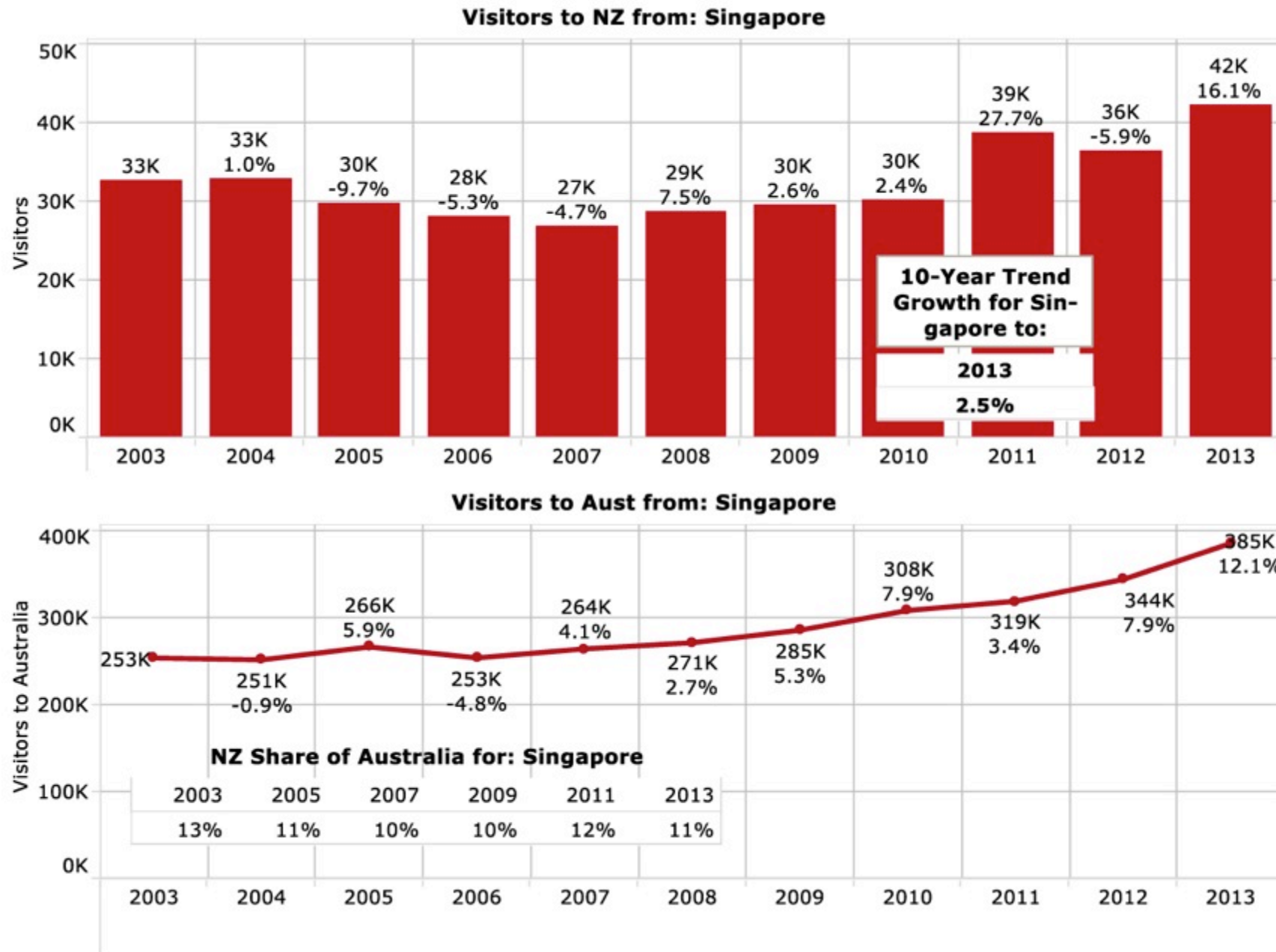
# Market Review - Singapore



- ◎ GDP growth is forecast to remain steady.
- ◎ The rate of growth reflects the country's advanced stage of economic development.



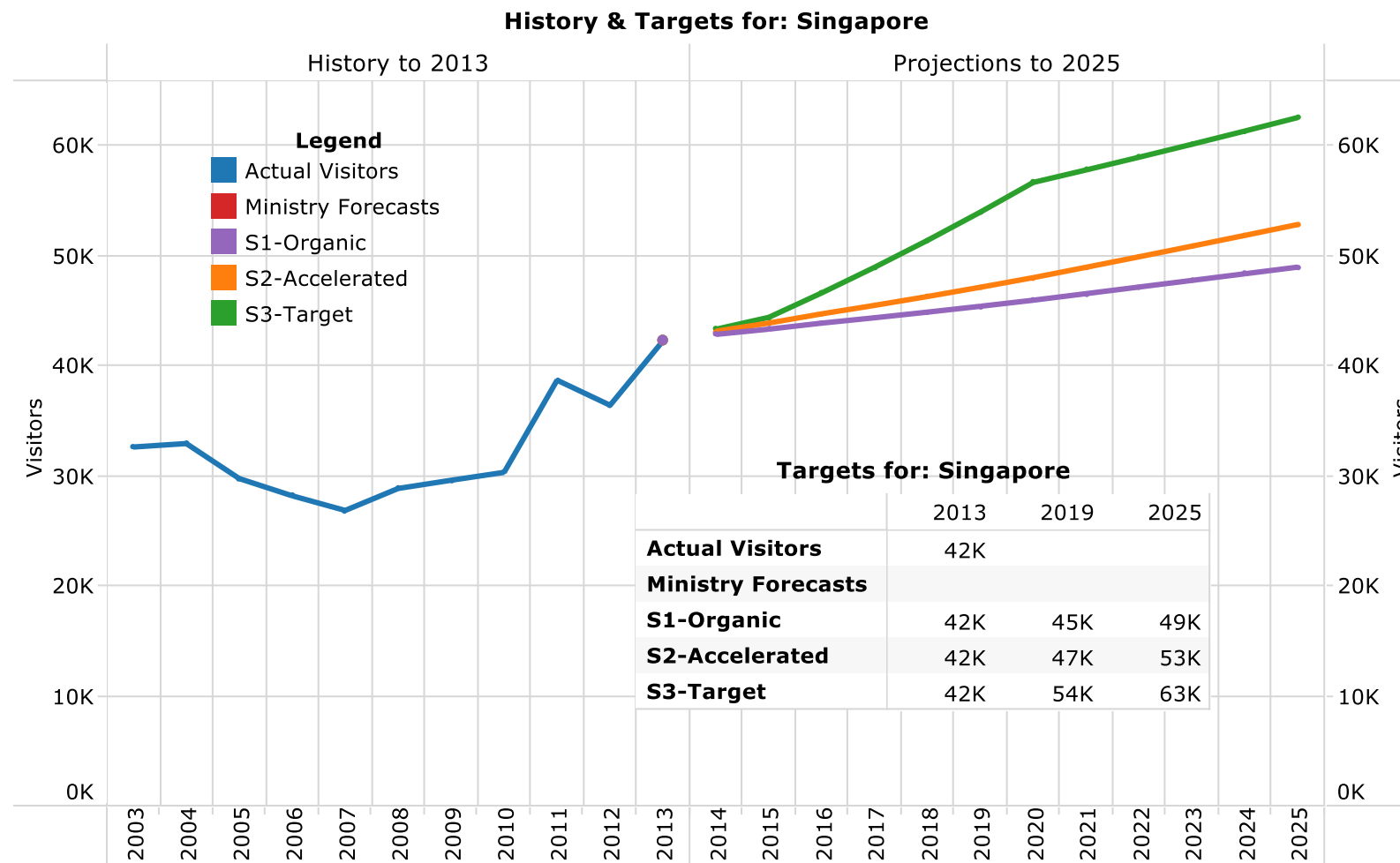
# Market Review – Singapore (2)



- Visitor numbers to New Zealand from Singapore have increased from 33,000 to 42,000 over the past decade with a CAGR of 2.5%.
- Australia's performance has been similar to that for NZ over the period.
- NZ visitor levels when compared to Australia have been relatively stable at 10-12% since 2005.



# Market Review – Singapore Target

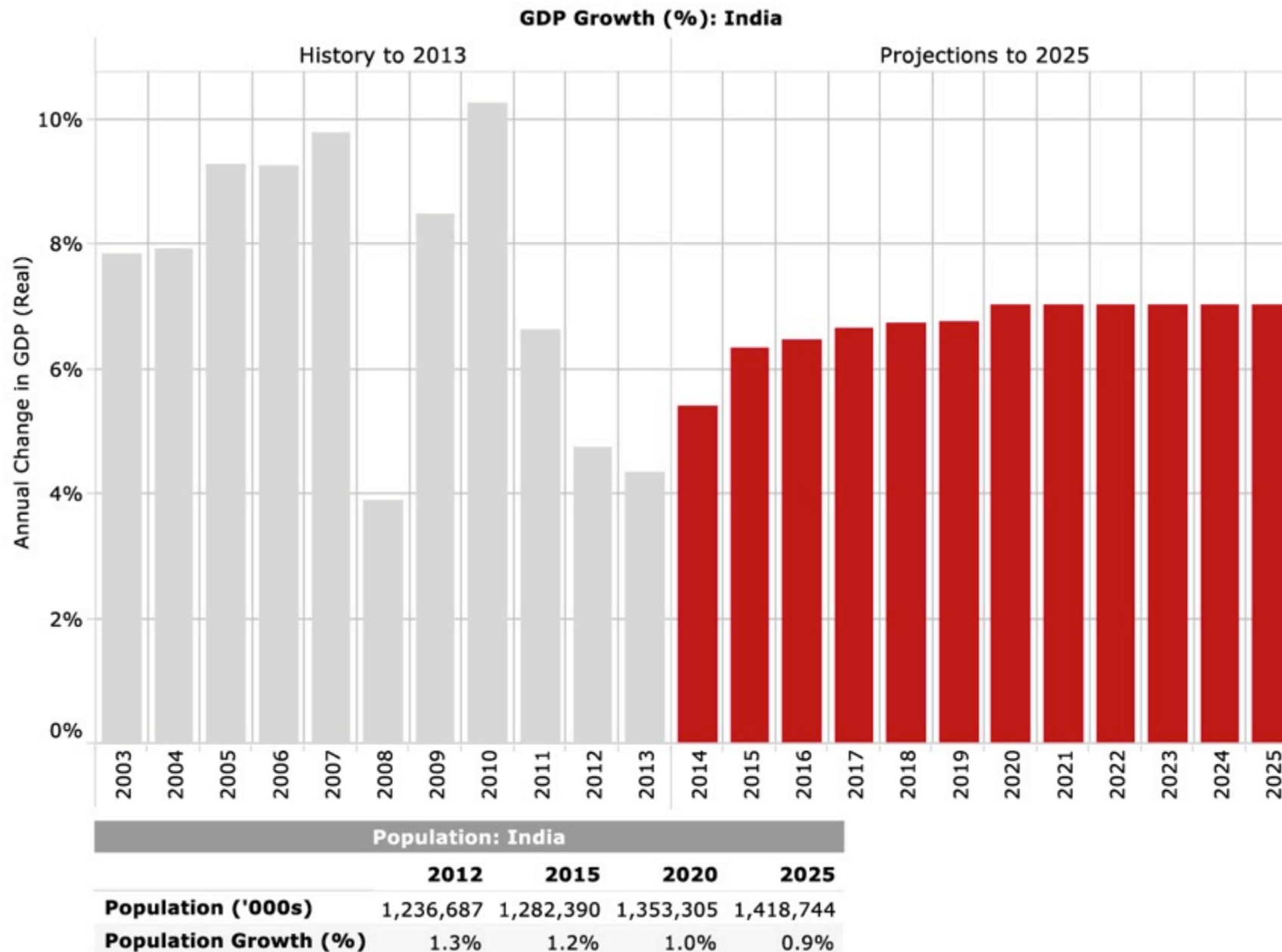


- ⊙ There are no Ministry forecasts for this market. Australia's TRA is forecasting a CAGR of 3.0% per year to 2023 for this market.
- ⊙ Scenarios range from 49,000 to 63,000 visitors for 2025, and CAGR of between 1.2% and 3.3% for the period.
- ⊙ Target reflects the expected increased capacity and promotion associated with the Air New Zealand/Singapore Airlines alliance. The target for 2025 implies an increase of around 6 to 7 direct services per week.
- ⊙ In FY2013 18% of Singaporean residents who visited NZ also visited Australia.
- ⊙ Achievement of 2025 targets imply that NZ's share of the Singaporean market travelling outside Southeast Asia is maintained at around 1.0%.

**CAGRs for: Singapore 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>				
<b>Visitors to Australia - TRA Forecasts</b>	3.5%		3.0%	
<b>S1-Organic</b>		1.2%		1.2%
<b>S2-Accelerated</b>		1.8%		1.9%
<b>S3-Target</b>		4.3%		3.3%

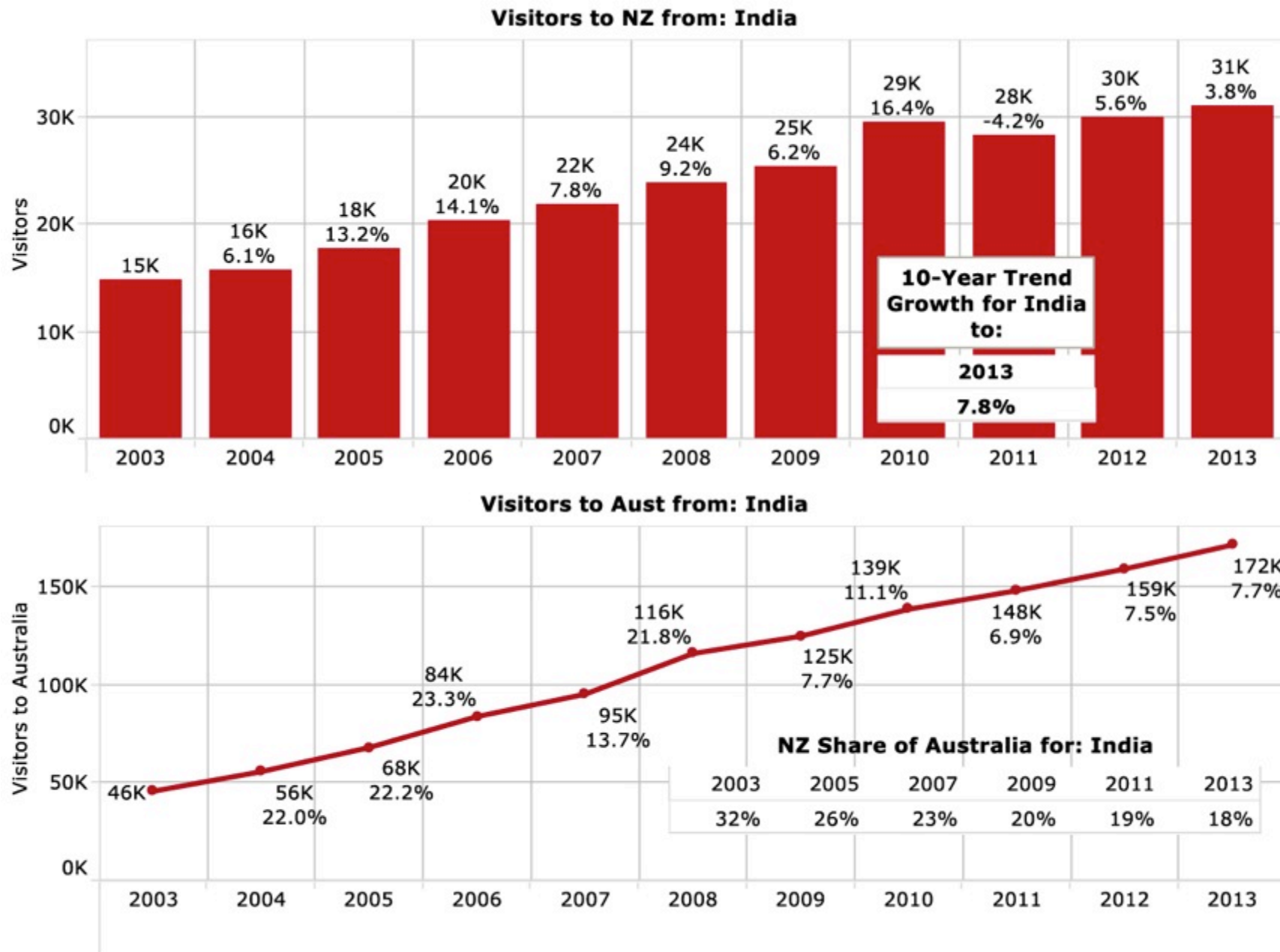
# Market Review - India



- ⊙ Economic growth slowed in 2012 and 2013, but is forecast to improve.
- ⊙ Level of urbanization still relatively low; increased from 28% in 2001 to 31% in 2011. Forecast by the UN to increase to 37% by 2025.
- ⊙ Indian outbound travel estimated to have reached 16 million in 2012, up from 6 million in 2004; UNWTO is forecasting growth to 50 million by 2020.



# Market Review – India (2)



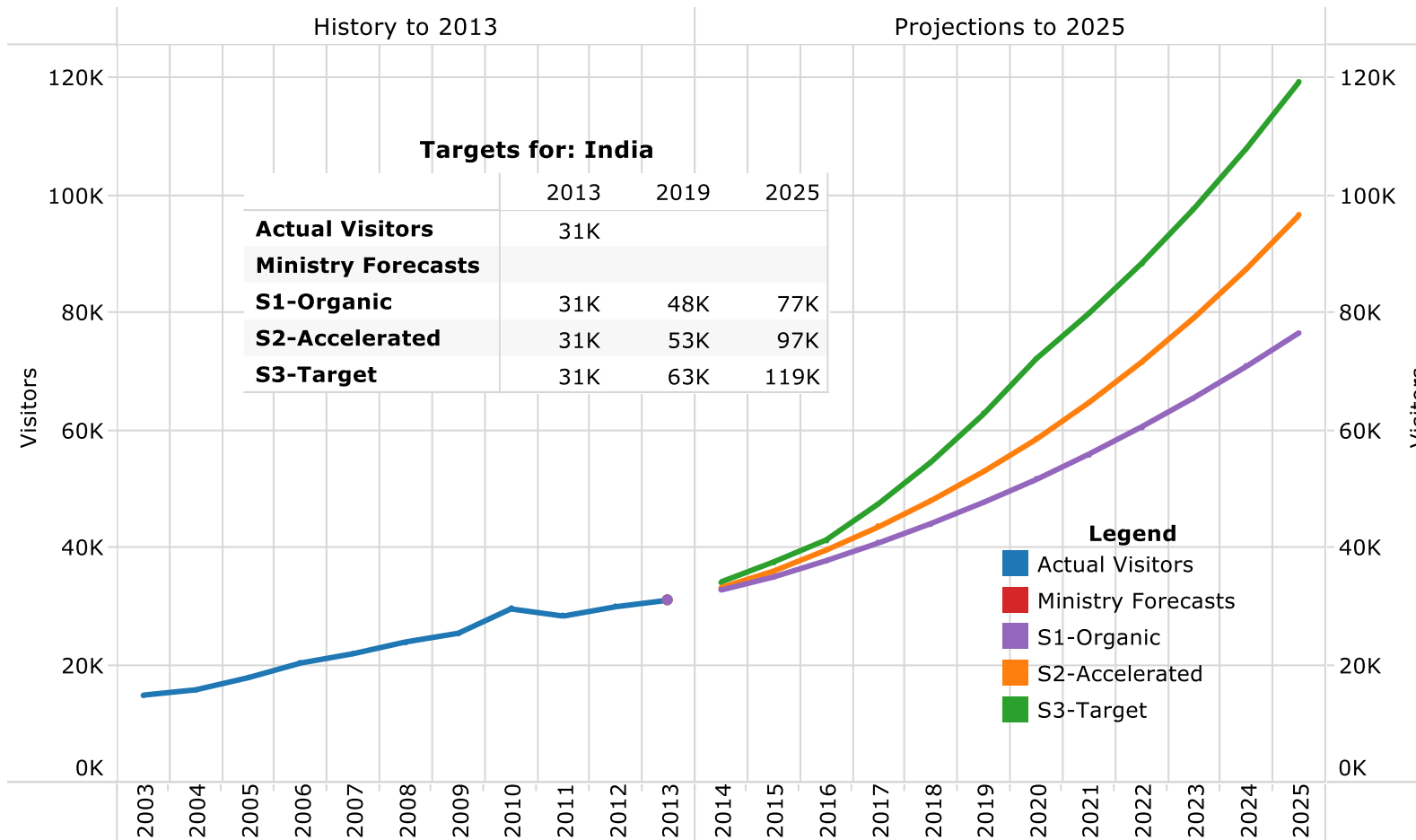
- © Visitors to New Zealand have increased from 15,000 to 31,000 over the past decade.
- © Annual trend growth for this period amounted to 7.8%
- © Australia has outperformed NZ over the period.
- © NZ visitor levels when compared to Australia have fallen, from 32% in 2003 to 18% in 2013.





# Market Review – India Target

**History & Targets for: India**



Targets for: India			
	2013	2019	2025
<b>Actual Visitors</b>	31K		
<b>Ministry Forecasts</b>			
<b>S1-Organic</b>	31K	48K	77K
<b>S2-Accelerated</b>	31K	53K	97K
<b>S3-Target</b>	31K	63K	119K

Legend	
Blue line	Actual Visitors
Red line	Ministry Forecasts
Purple line	S1-Organic
Orange line	S2-Accelerated
Green line	S3-Target

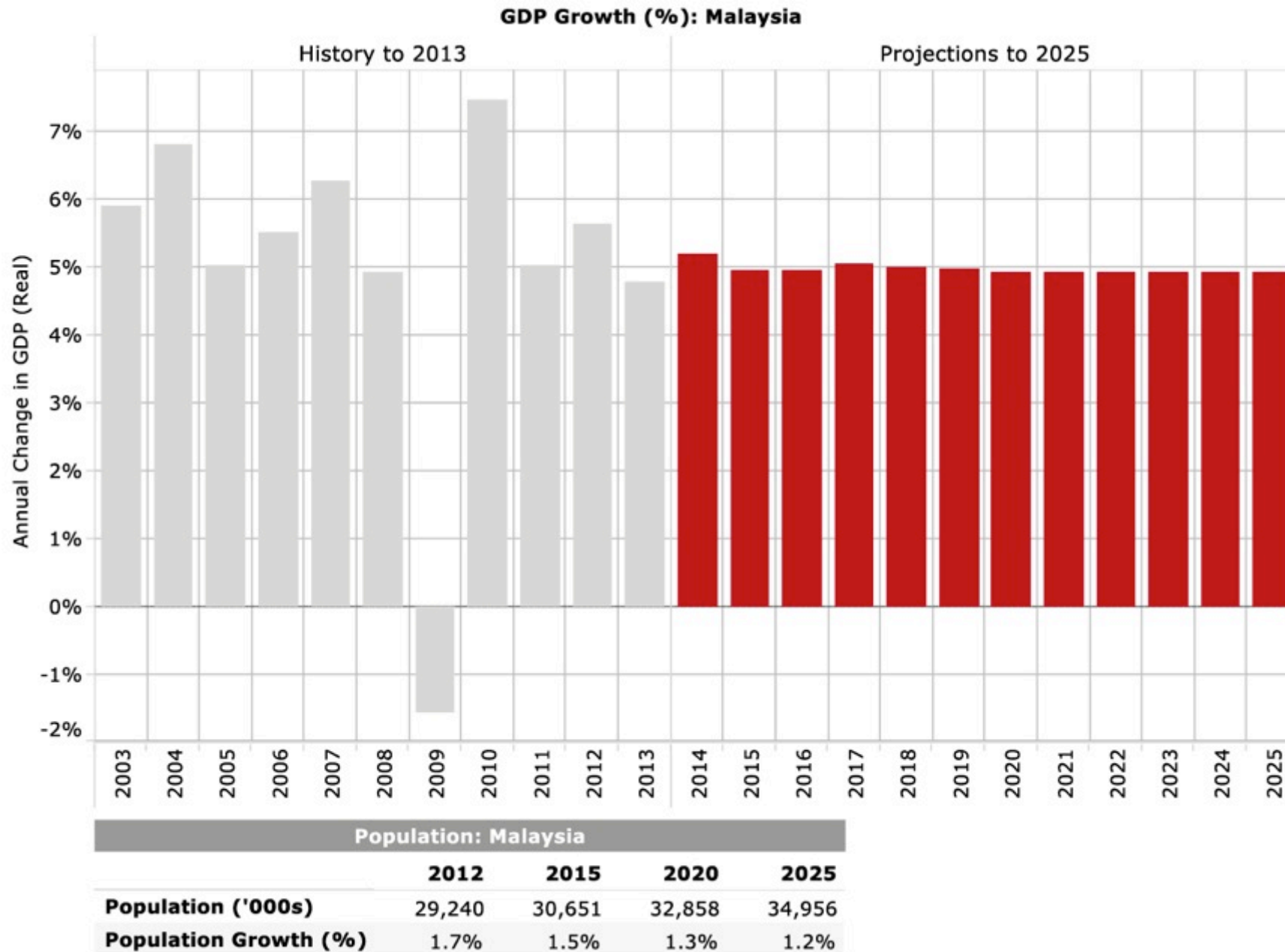
**CAGRs for: India 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>				
<b>Visitors to Australia - TRA Forecasts</b>	7.3%		7.3%	
<b>S1-Organic</b>		7.5%		7.8%
<b>S2-Accelerated</b>		9.5%		9.9%
<b>S3-Target</b>		12.8%		11.9%

- ⊙ There are no Ministry forecasts for this market. Australia's TFC is forecasting a CAGR of 7.3% per year to 2023 for this market.
- ⊙ Scenarios continue the strong growth trend.
- ⊙ Scenarios for 2025 show a range of between 77,000 and 119,000 and respective CAGRs of between 7.8% and 11.9%.
- ⊙ Strong capacity growth is expected over Australia and via Southeast Asia.
- ⊙ Achievement of 2025 targets imply that NZ's share of the Indian market travelling to selected destinations in Asia & Oceania increases marginally from 0.8% to 0.9%.



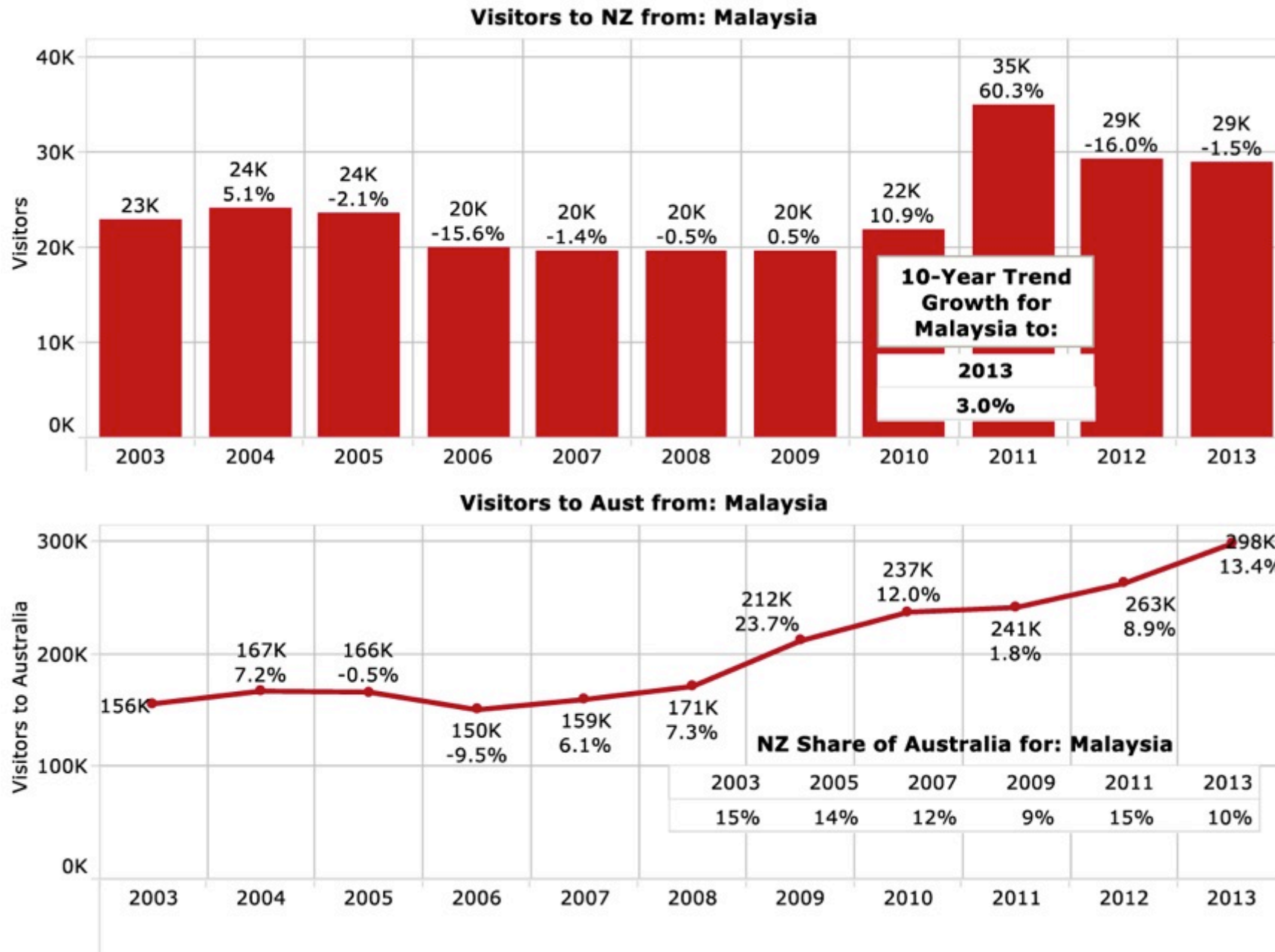
# Market Review - Malaysia



- ◎ Malaysian economy expected to maintain growth.
- ◎ 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 49.2 million trips in 2012.



# Market Review – Malaysia (2)



© Visitors to New Zealand have increased from 23,000 to 29,000 over the past decade. The spike in 2011 coincided with the entry and then exit of AirAsia X.

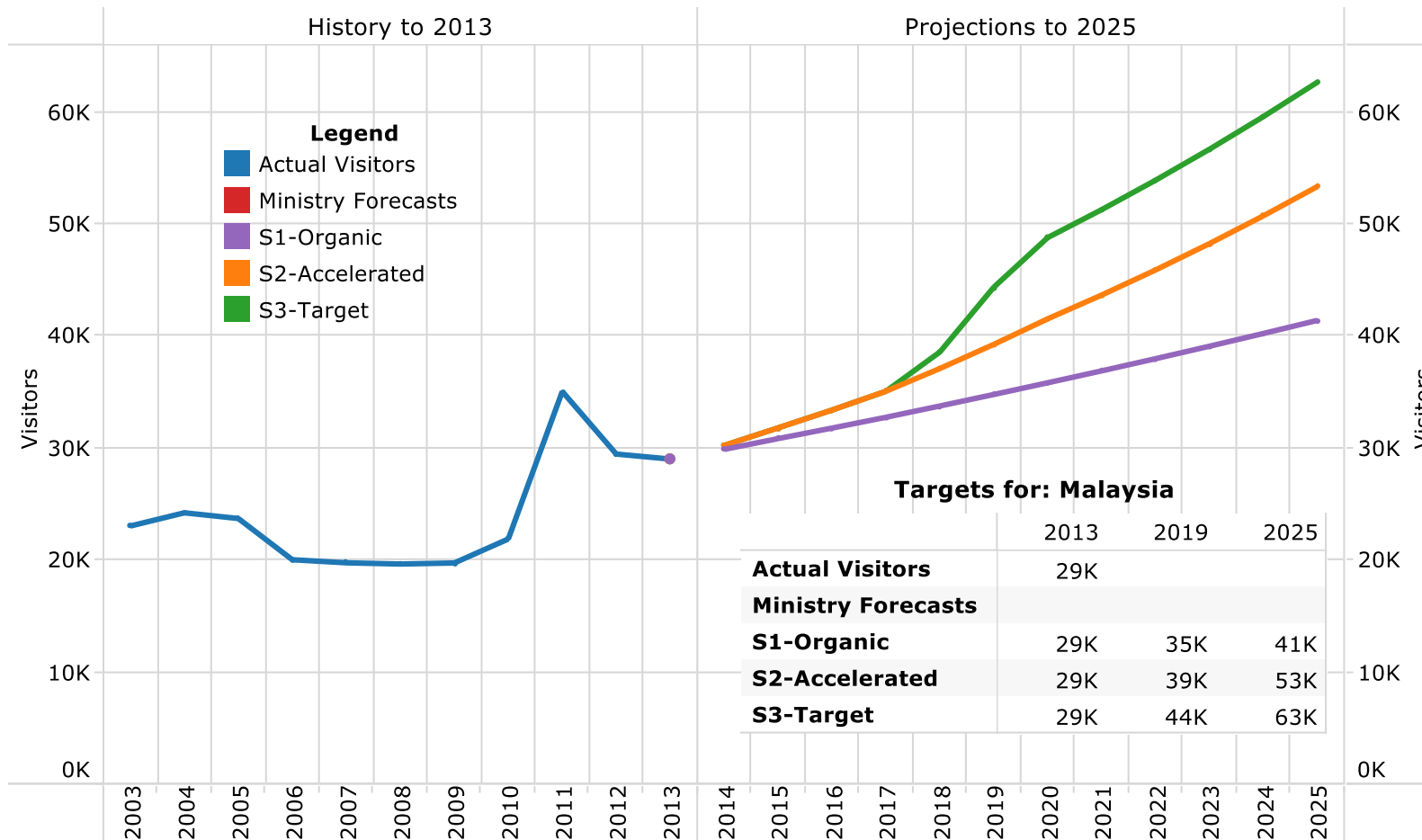
© Annual trend growth for the ten-year period amounted to 3.0%.

© NZ visitor levels when compared to Australia recovered to 15% in 2011, but has since fallen to 10%.



# Market Review – Malaysia Target

**History & Targets for: Malaysia**



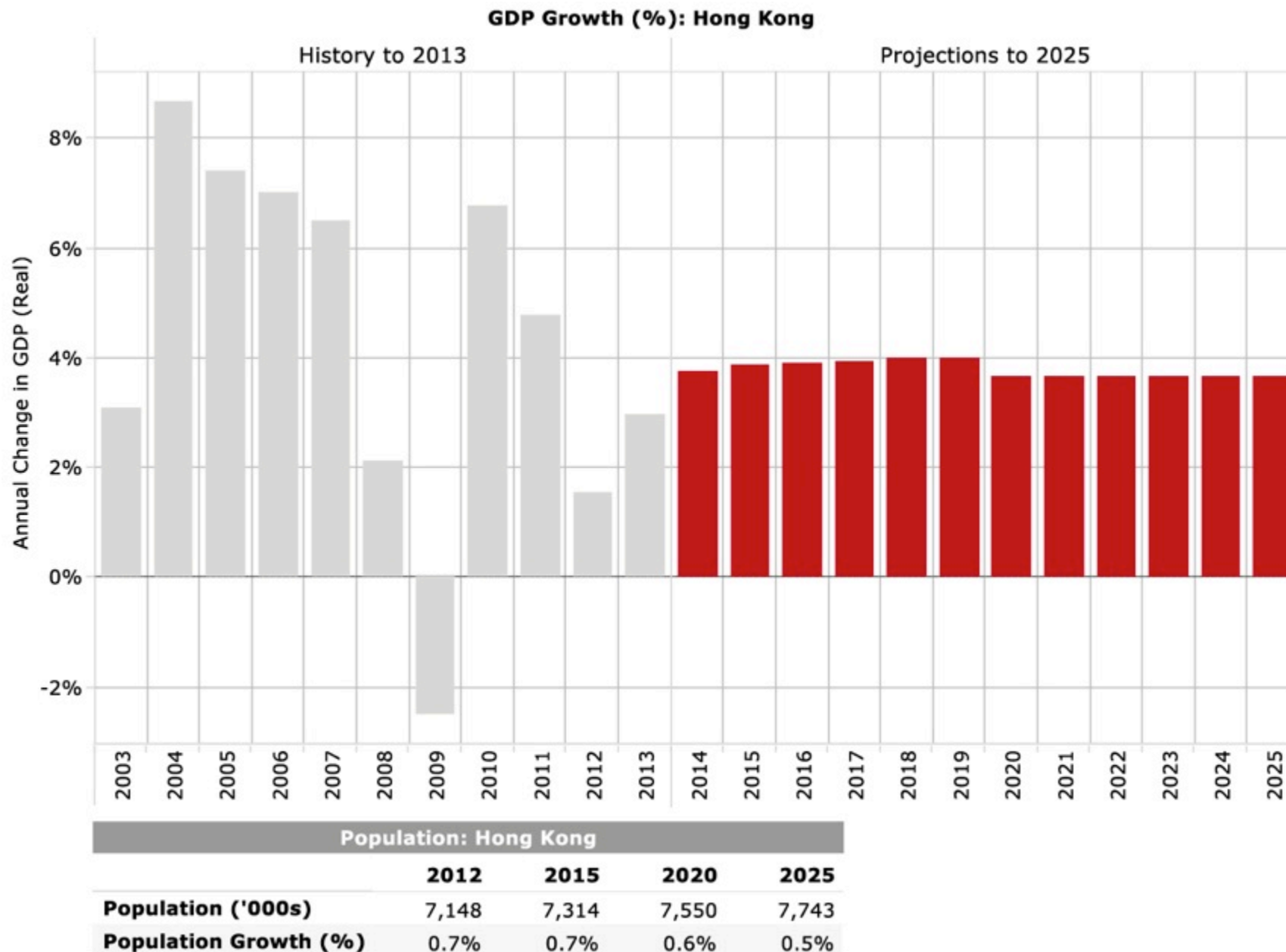
**CAGRs for: Malaysia 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>				
<b>Visitors to Australia - TRA Forecasts</b>	6.1%		5.2%	
<b>S1-Organic</b>		3.1%		3.0%
<b>S2-Accelerated</b>		5.3%		5.2%
<b>S3-Target</b>		7.7%		6.6%

- ⊙ No Ministry forecasts available for this market.
- ⊙ Australia's TRA is forecasting a CAGR of 5.2% per year to 2023 for this market.
- ⊙ Scenarios for 2025 show a range of between 41,000 and 63,000 and respective CAGRs of between 3.0% and 6.6%.
- ⊙ The stronger growth for scenario 3 assumes an increase of around 6 to 7 direct services per week.
- ⊙ Achievement of 2025 targets imply that NZ's share of the Malaysian market travelling to selected destinations in Asia & Oceania would be maintained at around 0.8%.



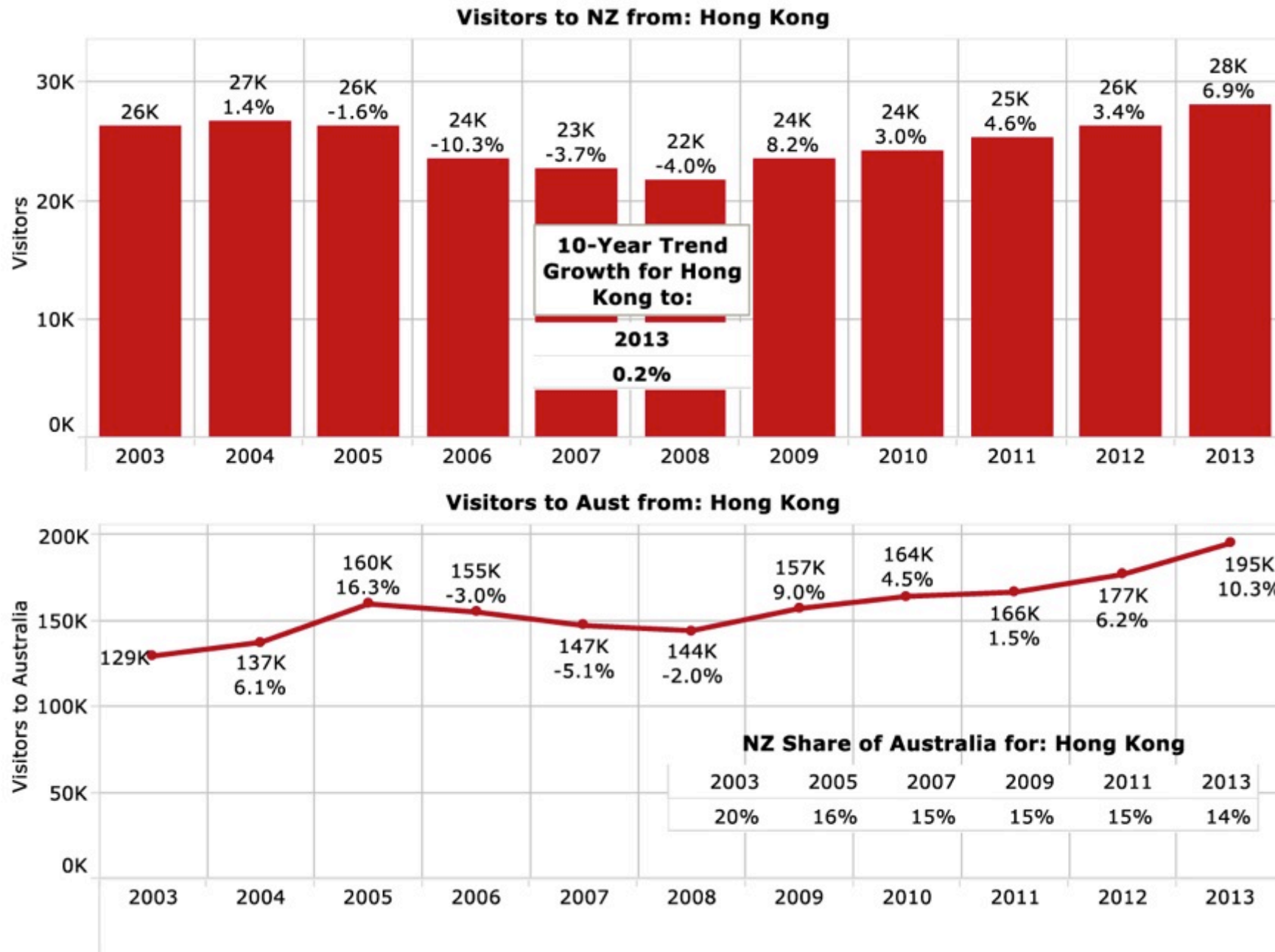
# Market Review – Hong Kong



- ◎ Steady economic growth is anticipated for Hong Kong.
- ◎ Hong Kong resident population projected to increase at an average annual rate of 0.5% to 0.6% the period to 2025.



# Market Review – Hong Kong (2)



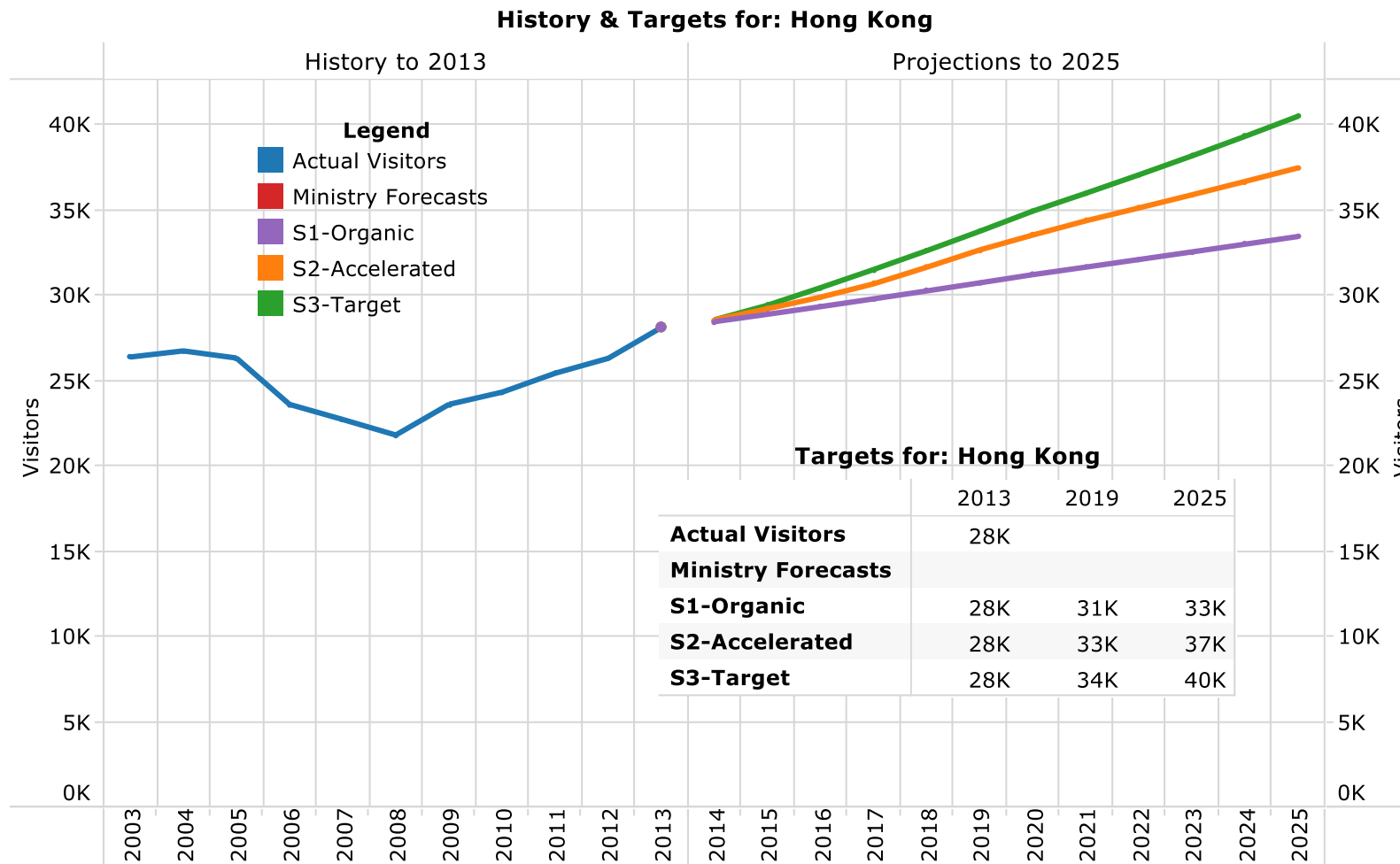
◎ Visitors to New Zealand from Hong Kong have been relatively stable at around 25,000 to 30,000 visitors throughout the period shown.

◎ Annual trend growth for the ten-year period amounted to just 0.2%.

◎ NZ visitors as a proportion of visitors from Hong Kong to Australia has decreased from 20% in 2003 to 14% in 2013.



# Market Review – Hong Kong Target

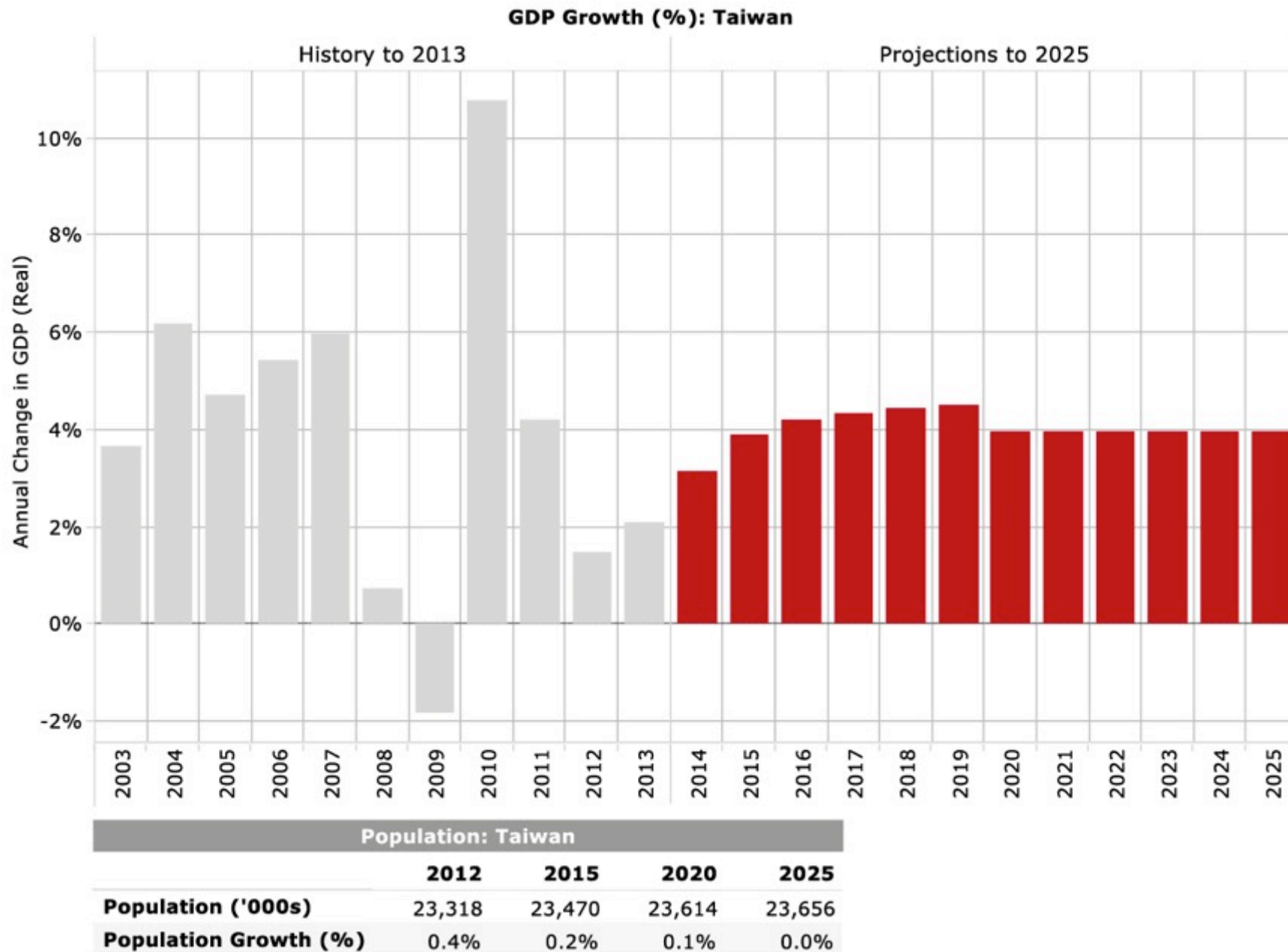


**CAGRs for: Hong Kong 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>				
<b>Visitors to Australia - TRA Forecasts</b>	4.5%		3.8%	
<b>S1-Organic</b>		1.5%		1.5%
<b>S2-Accelerated</b>		2.6%		2.4%
<b>S3-Target</b>		3.2%		3.1%

- ⊙ No Ministry forecasts available for this market.
- ⊙ Australia's TFC is forecasting a CAGR of 3.8% per year to 2023 for this market.
- ⊙ Scenario 1 to 3 for 2025 ranges from 33,000 to 40,000 visitors with an associated CAGR range of between 1.5% and 3.1%.
- ⊙ The target for 2025 implies an increase of around 6 to 7 direct services per week.
- ⊙ Achievement of 2025 targets imply that NZ's share of the Hong Kong outbound market travelling outside northeast Asia remains stable at 0.4%.

# Market Review - Taiwan

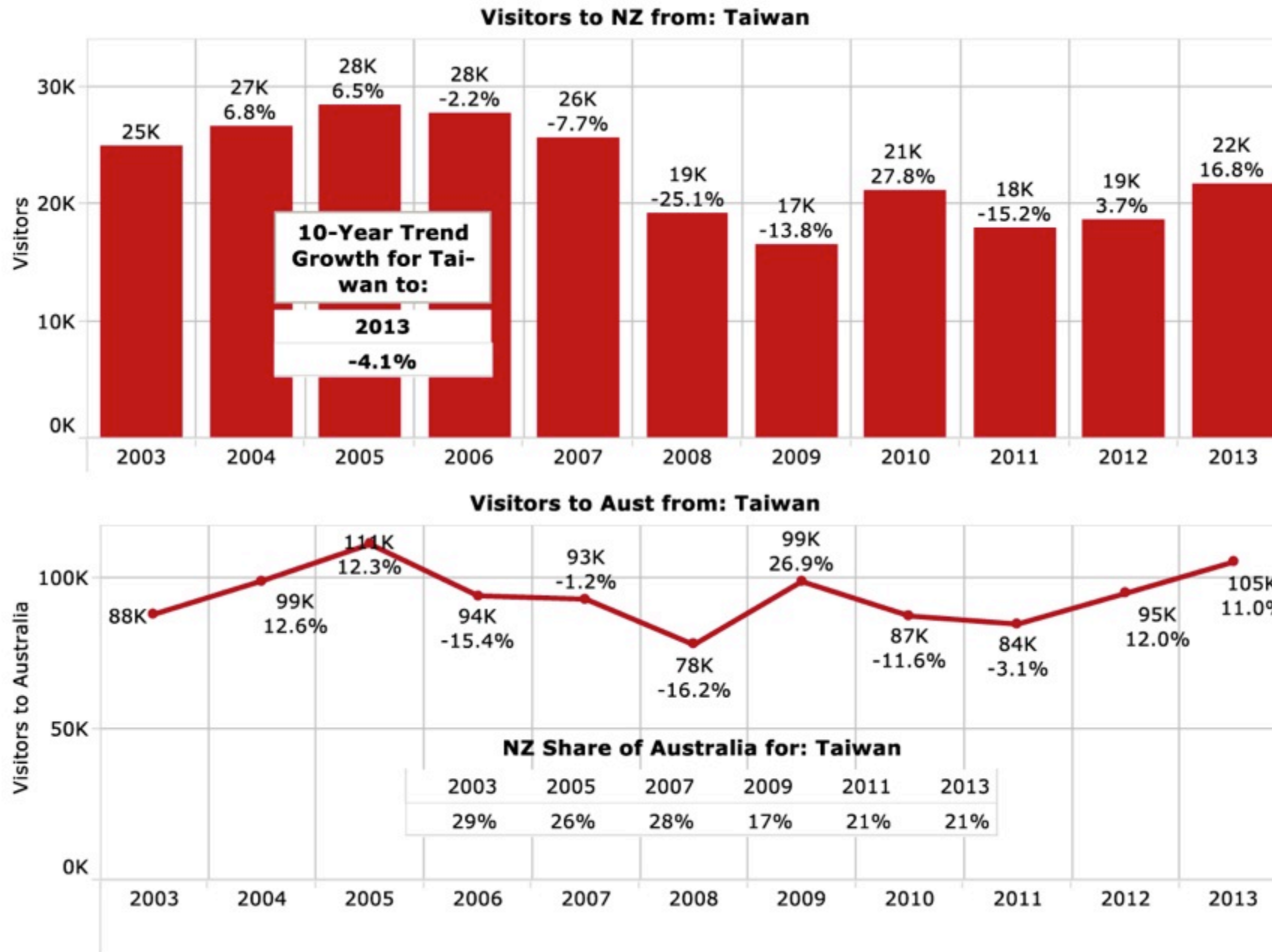


- ◎ IMF indicates Taiwan economic growth is likely to remain relatively strong.
- ◎ Population is forecast to grow from 23.3 million in 2012 to 23.7 million in 2025 though by 2025 the population growth will be flat.





# Market Review – Taiwan (2)



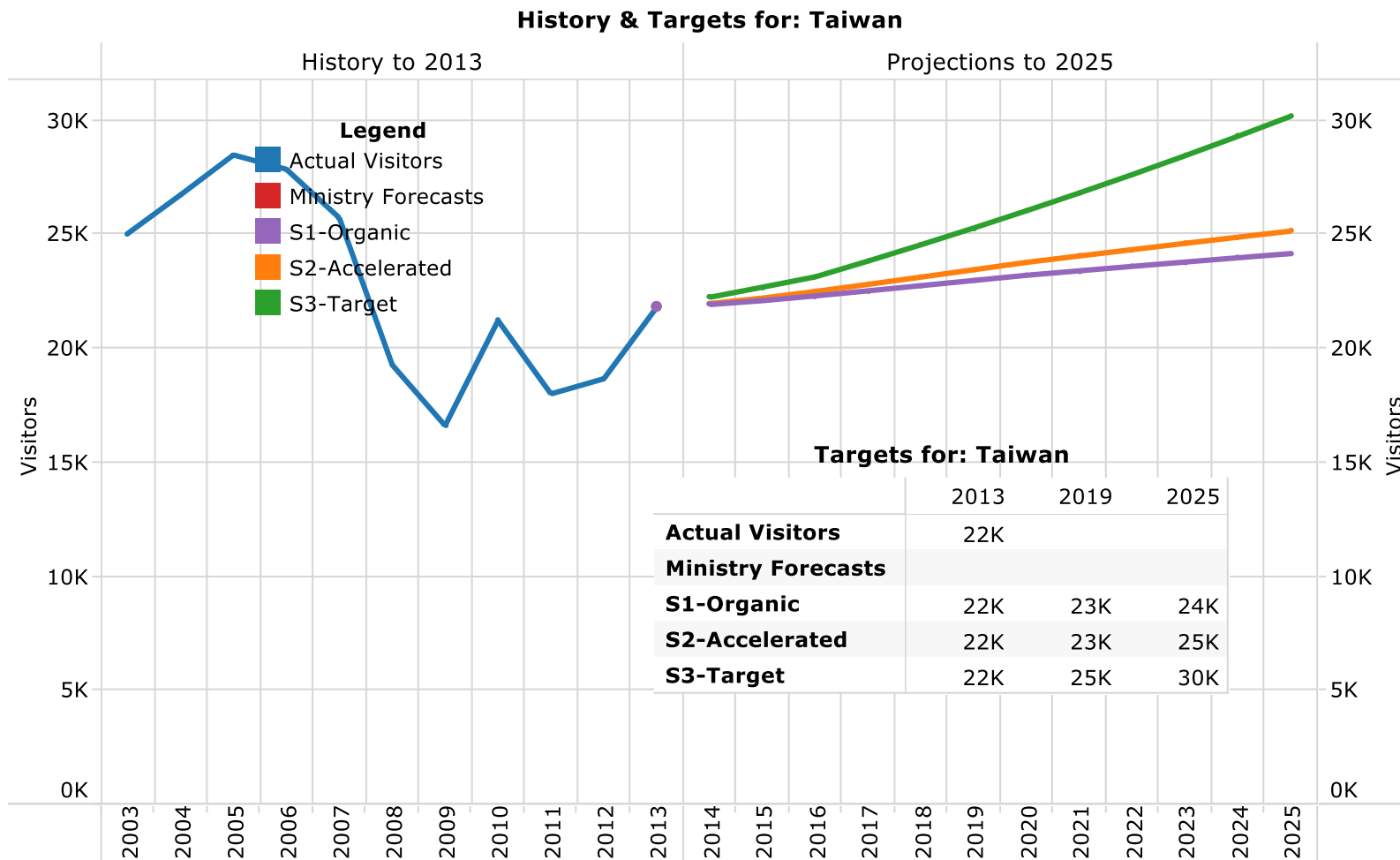
◎ Visitors to New Zealand from Taiwan have decreased from 28,000 in 2005 to as low as 17,000 in 2009, with a level of 22,000 visitors achieved in 2013.

◎ Annual trend growth was negative and amounted to -4.1% for the ten-year period to 2013.

◎ NZ visitors from Taiwan has fallen as a proportion of visitors to Australia over the period shown.



# Market Review – Taiwan Target



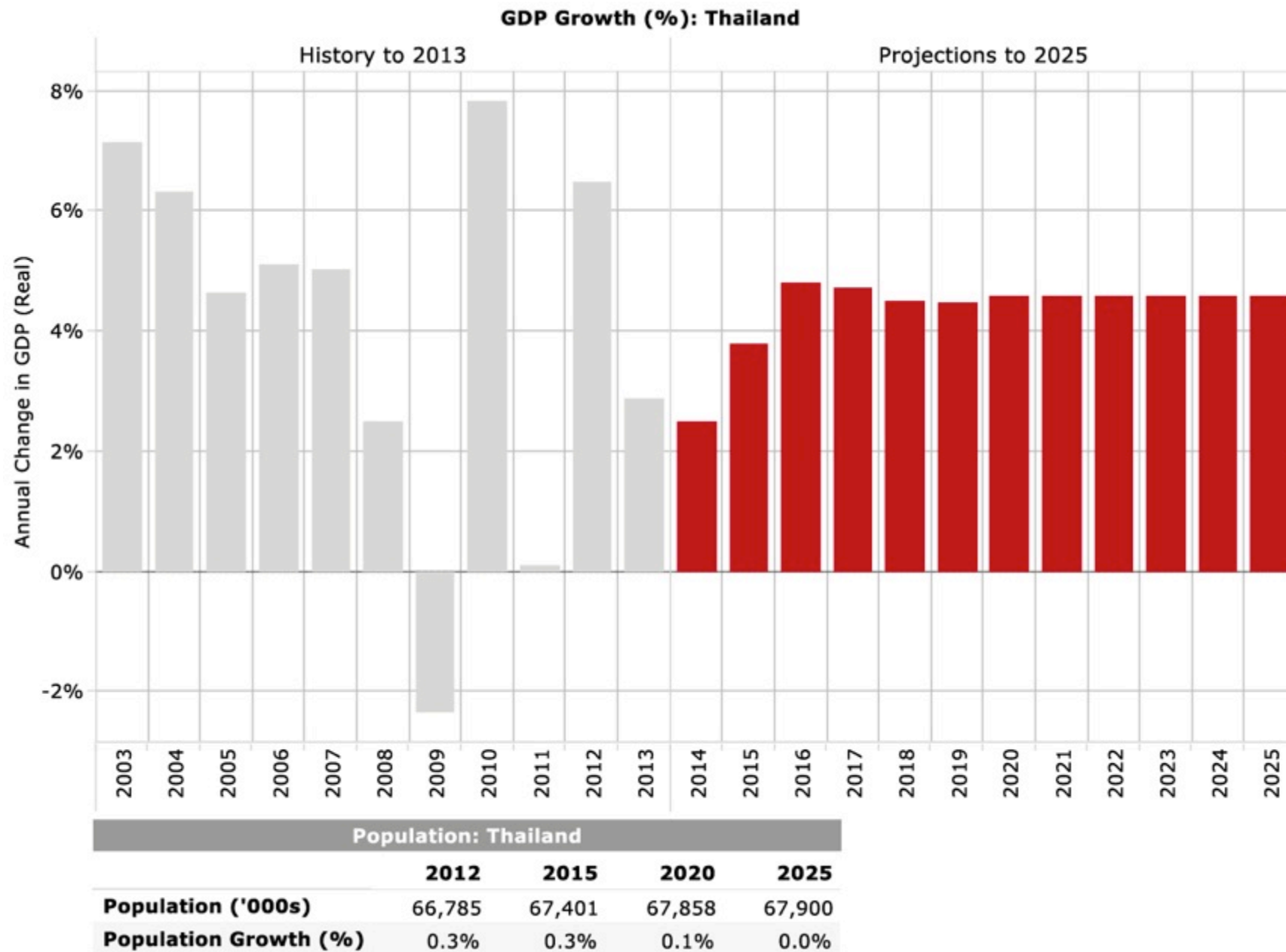
**CAGRs for: Taiwan 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>				
<b>Visitors to Australia - TRA Forecasts</b>				
<b>S1-Organic</b>		0.9%		0.9%
<b>S2-Accelerated</b>		1.2%		1.2%
<b>S3-Target</b>		2.6%		2.7%

- ⊙ No Ministry or TRA forecasts available for this market.
- ⊙ Scenarios 1 and 2 visitor levels of 24,000 and 25,000 in 2025 imply little increase on levels achieved over the past few years in NZ.
- ⊙ The Scenario 3 target assumes a stronger performance for this market over Australia.
- ⊙ Achievement of 2025 targets implies that NZ's share of the Taiwan market travelling outbound remains stable at 0.6%.



# Market Review - Thailand

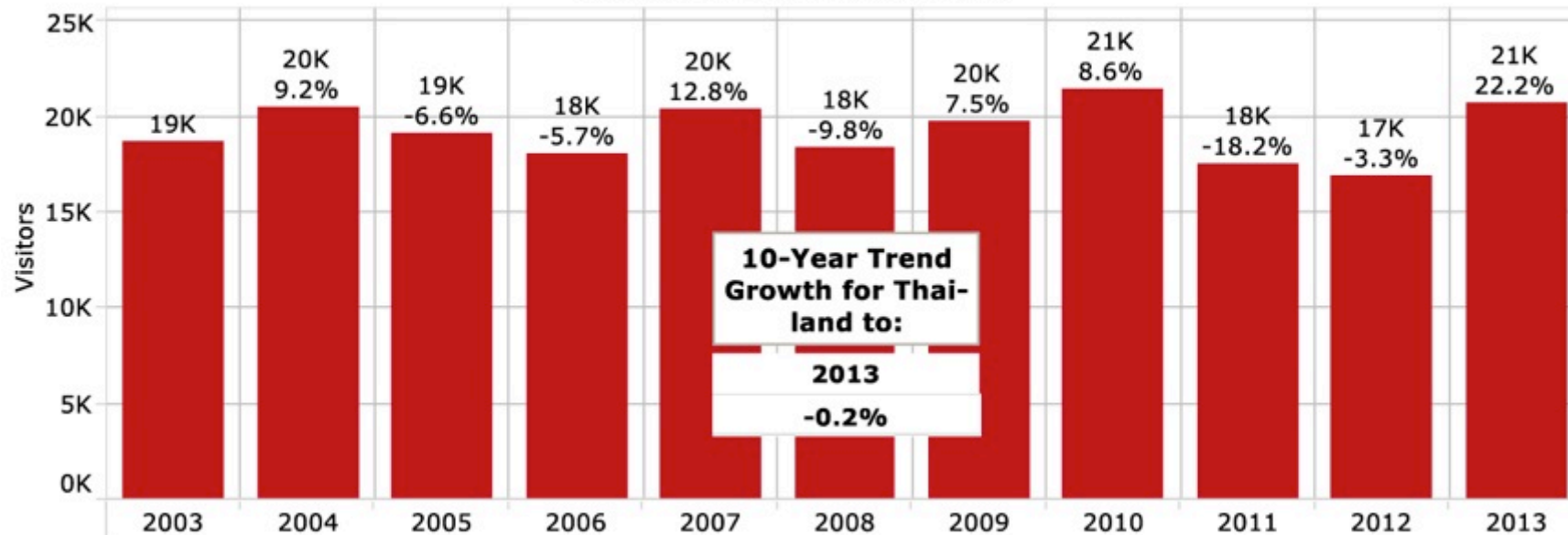


- ◎ The IMF is projecting relatively strong GDP growth for this market.
- ◎ Total population of nearly 67 million (2012). Limited growth in the future.
- ◎ However only 34% of population live in urban areas and this is expected to increase to 41% by 2025.



# Market Review – Thailand (2)

Visitors to NZ from: Thailand



Visitors to Aust from: Thailand



◎ Visitors to New Zealand have hovered within a range of 18,000 to 21,000 over the past decade.

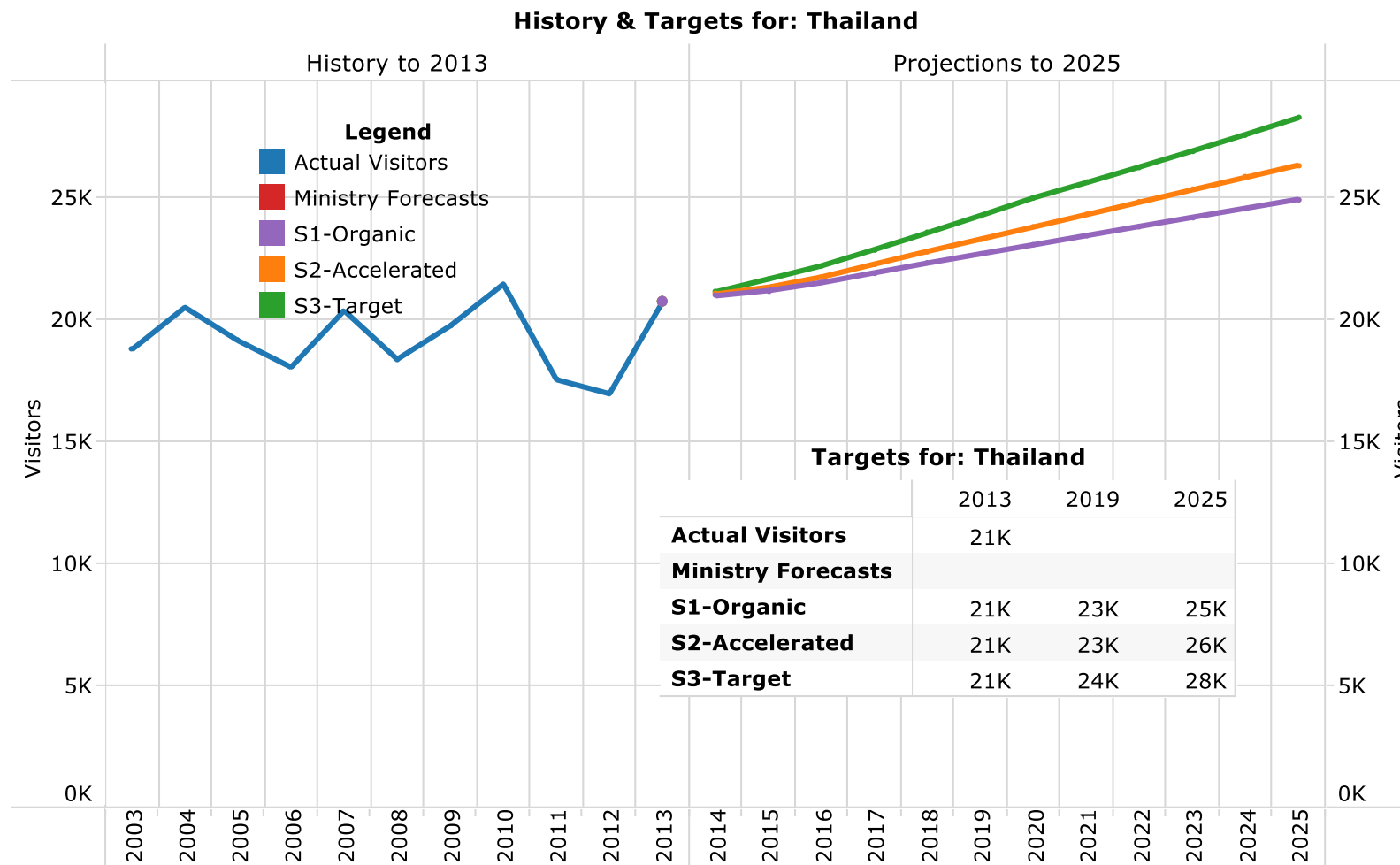
◎ Annual trend growth was negative at -0.2% for the ten-year period to 2013.

◎ The performance for both Australia and NZ has been similar.

◎ NZ visitors from Thailand as a proportion of visitors to Australia has ranged between one-fifth and one-quarter over the past ten years.



# Market Review – Thailand Target



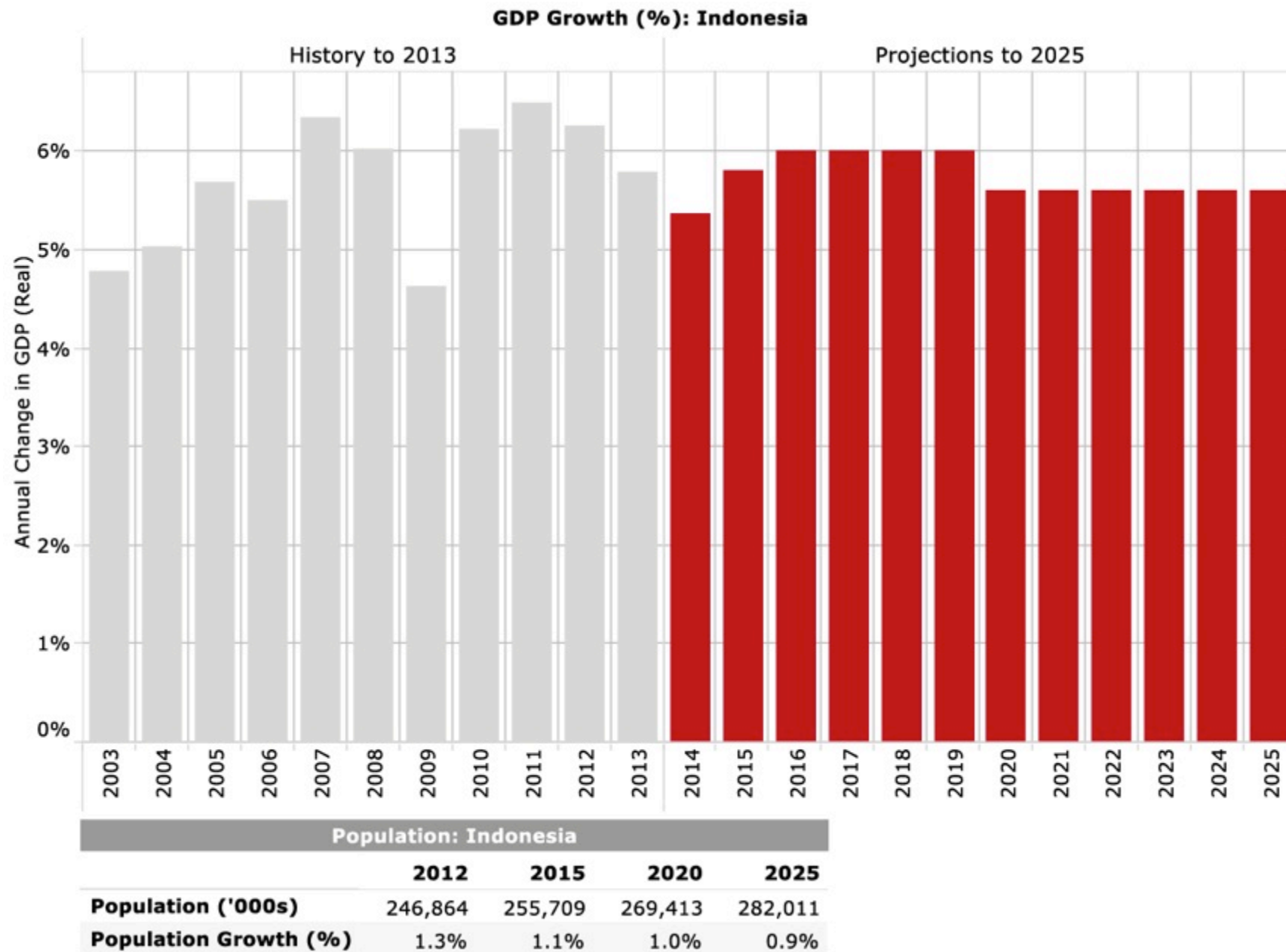
**CAGRs for: Thailand 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>				
<b>Visitors to Australia - TRA Forecasts</b>	5.3%		5.1%	
<b>S1-Organic</b>		1.5%		1.6%
<b>S2-Accelerated</b>		2.0%		2.0%
<b>S3-Target</b>		2.7%		2.6%

- ⊙ Ministry forecasts are not available for this market.
- ⊙ Australia's TRA is forecasting a CAGR of 5.1% per year to 2023 for this market.
- ⊙ Scenarios 1 to 3 imply CAGRs of between 1.6% and 2.6% over the period to 2025.
- ⊙ Achievement of 2025 targets implies that NZ's share of the Thailand market travelling to selected destinations in Asia & Oceania falls from 0.9% to 0.5%.



# Market Review - Indonesia

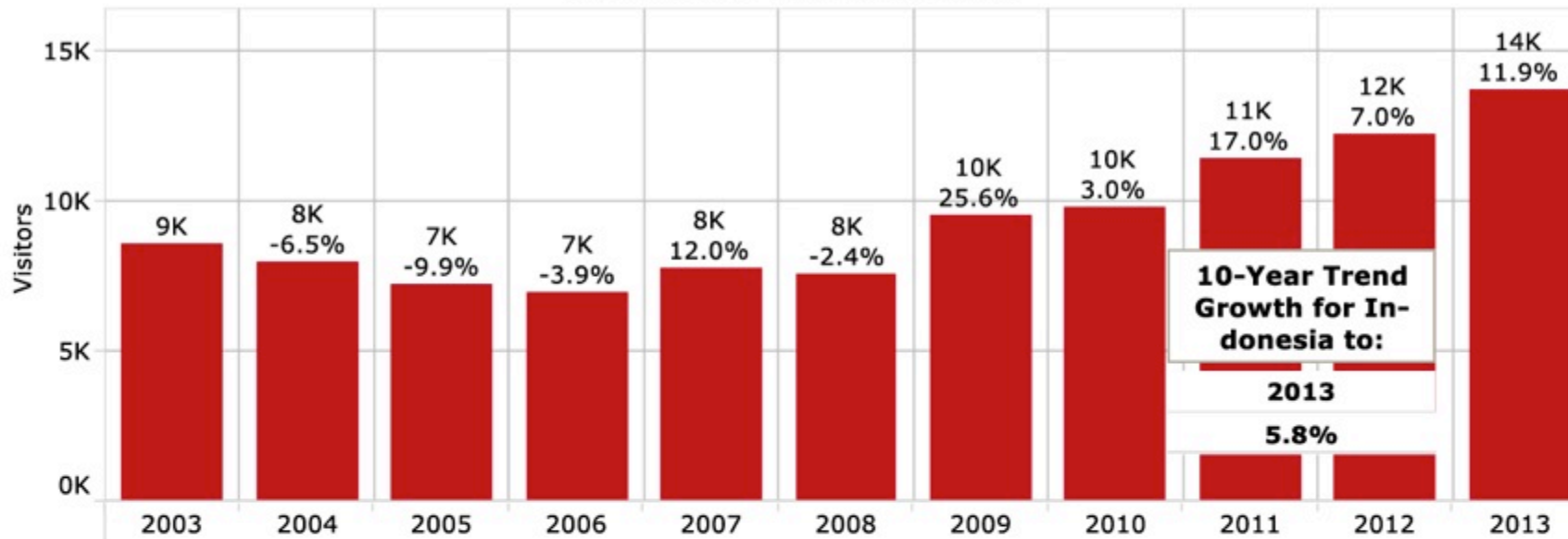


- ⊙ Economic growth is forecast to return to 6% by 2016. Future growth dependent on maintaining strong investment growth.
- ⊙ Total population of 247 million (2012) and is forecast to reach 282 million by 2025.
- ⊙ Around half of the population live in urban areas. This proportion is expected to increase to 60% by 2025.



# Market Review – Indonesia (2)

**Visitors to NZ from: Indonesia**



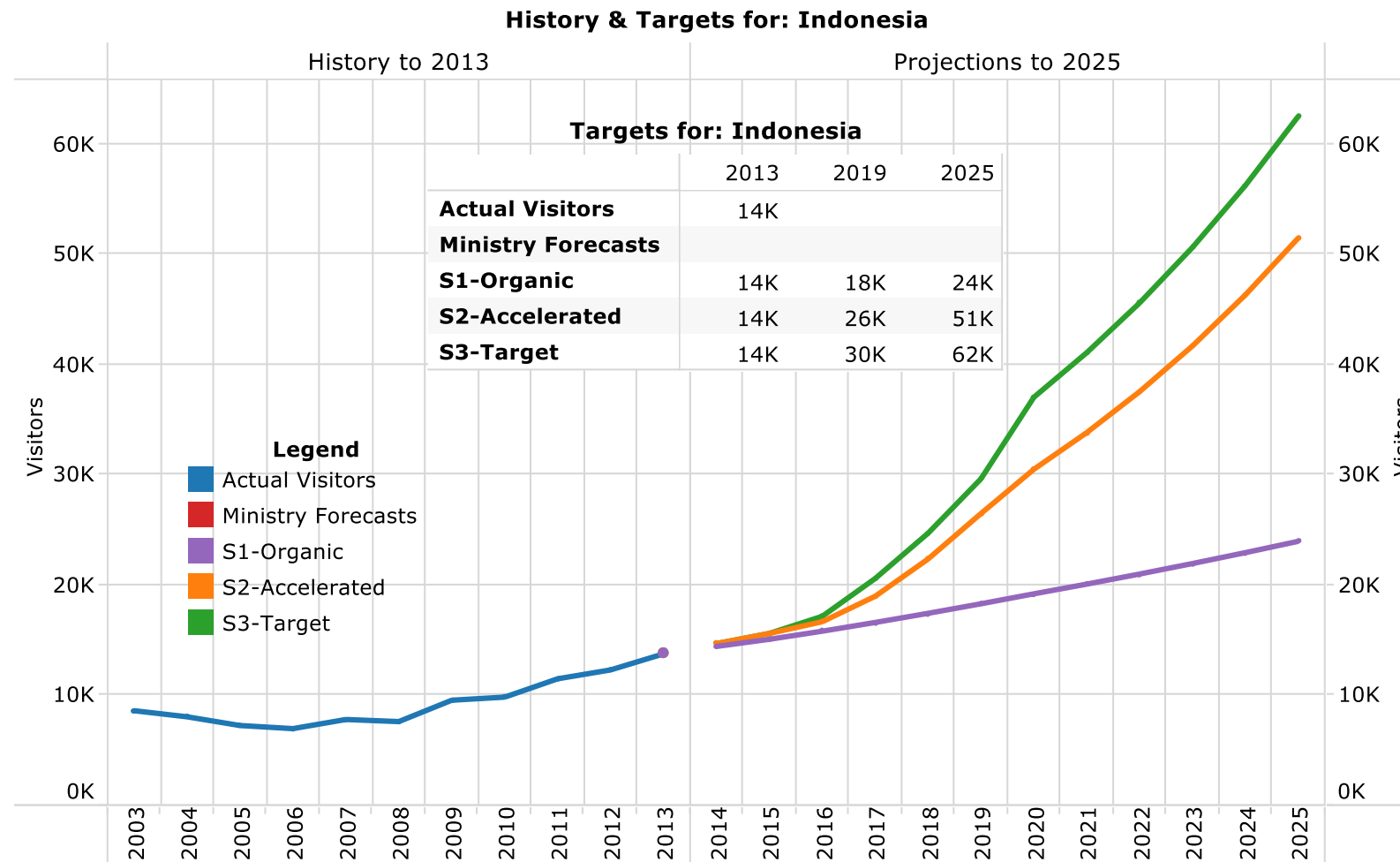
**Visitors to Aust from: Indonesia**



- ◎ Visitors to New Zealand have increased from 9,000 to 14,000 over the past decade.
- ◎ Annual trend growth amounted to 5.8% for this period.
- ◎ NZ visitor levels when compared to Australia have been relatively stable over the period at around 9%.



# Market Review – Indonesia Target



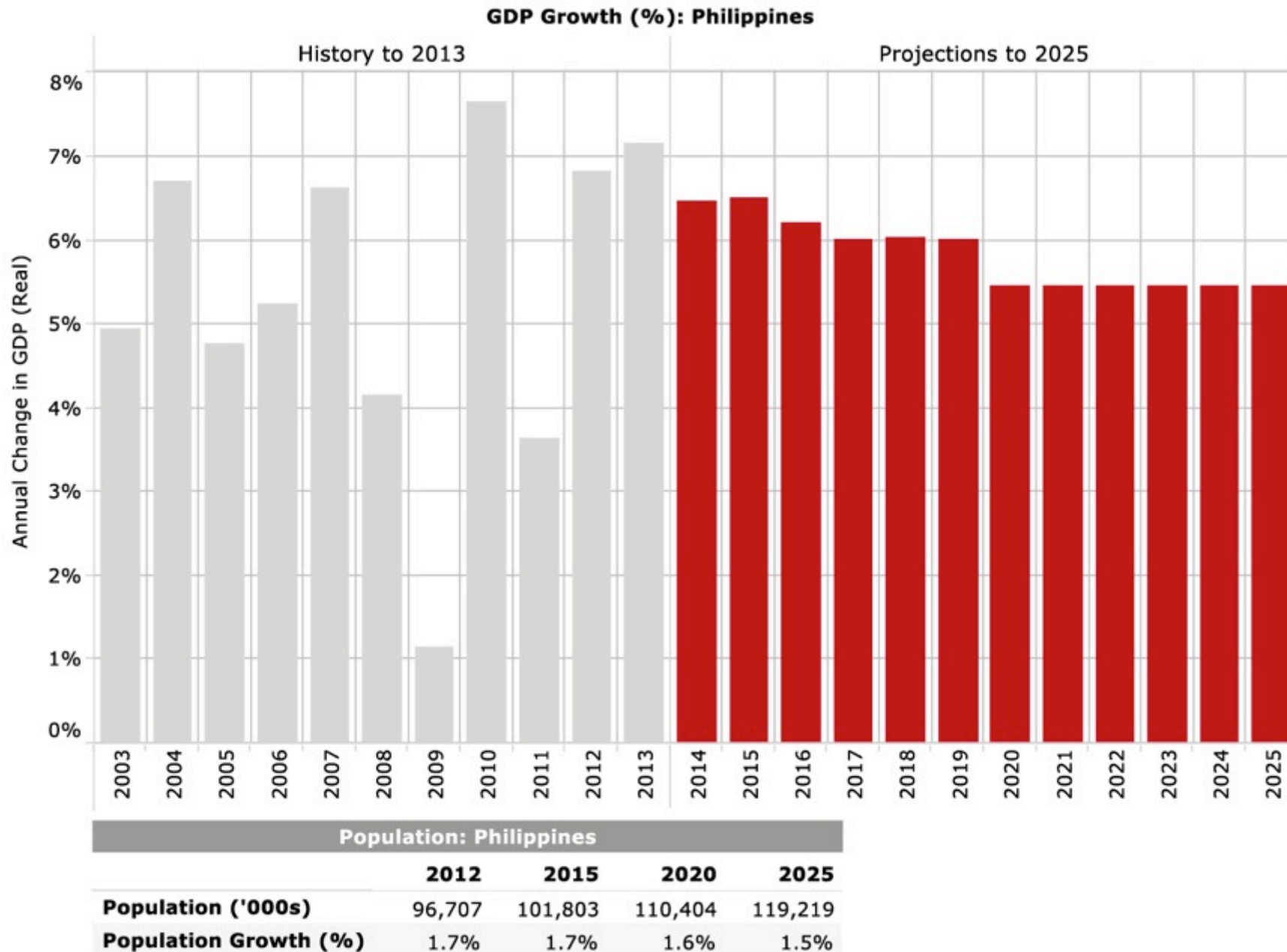
**CAGRs for: Indonesia 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>				
<b>Visitors to Australia - TRA Forecasts</b>	5.8%		5.6%	
<b>S1-Organic</b>		4.9%		4.7%
<b>S2-Accelerated</b>		12.1%		11.6%
<b>S3-Target</b>		15.2%		13.5%

- ⊙ Ministry forecasts not available for this market. Australia's TRA is forecasting a CAGR of 5.6% per year to 2023 for this market.
- ⊙ Scenarios provide a wide range for this market reflecting the strong long term potential.
- ⊙ Scenario 3 implies an increase over the period to 2025 of around 5 to 7 direct services per week.
- ⊙ Scenarios 1 to 3 range from 24,000 to 62,000 visitors by 2025 and a CAGR of 4.7% to 13.5%.
- ⊙ Achievement of 2025 targets imply that NZ's share of the Indonesian market travelling to selected destinations in Asia & Oceania increases from 0.6% to 1.0%.



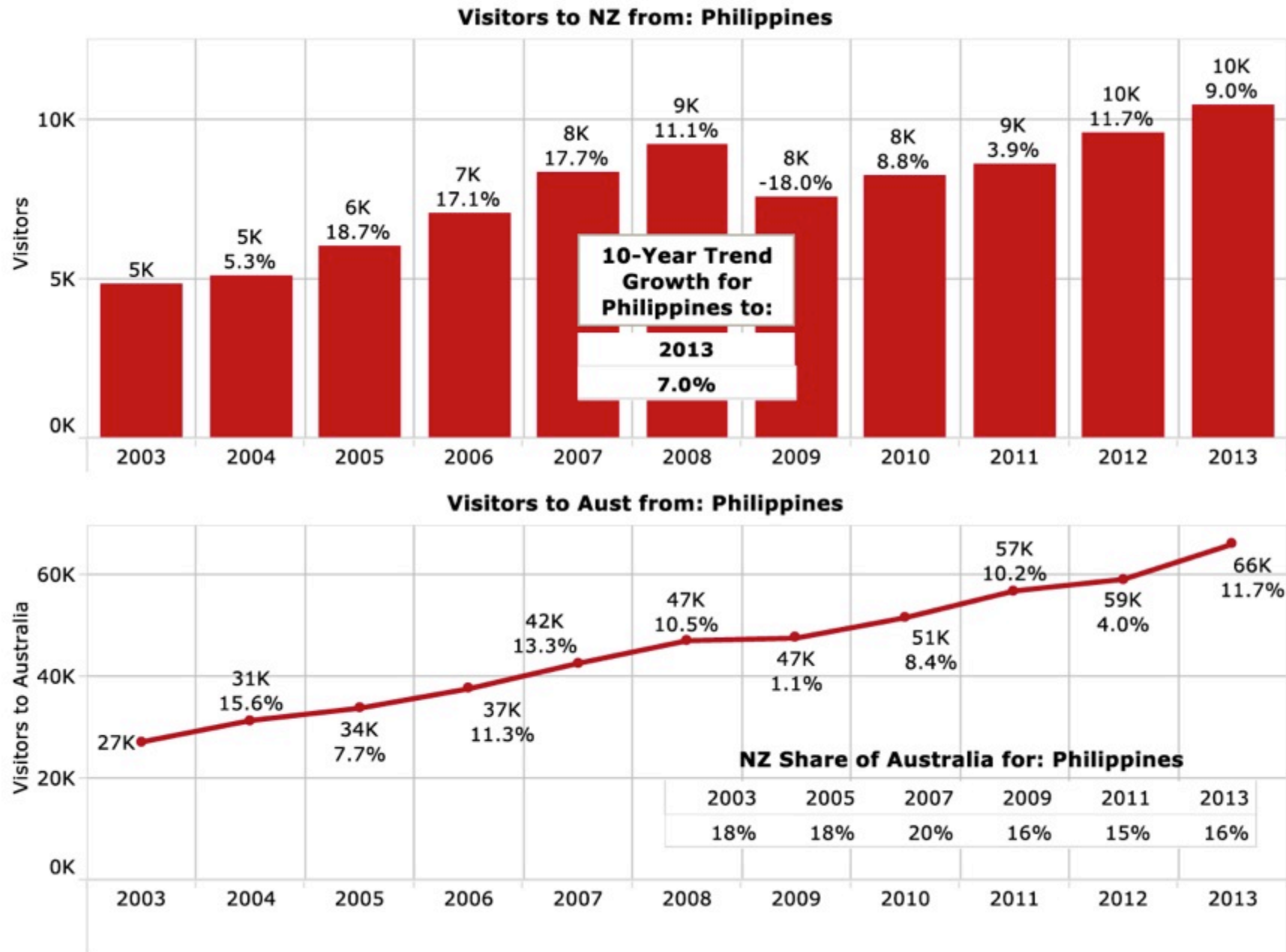
# Market Review - Philippines



- ⊙ Relatively strong GDP growth is forecast.
- ⊙ Total population of 96.7 million (2012) growing to 119.2 million in 2025.
- ⊙ 49% of the population live in urban areas. The UN forecasts this proportion to increase slowly to 54% by 2025.



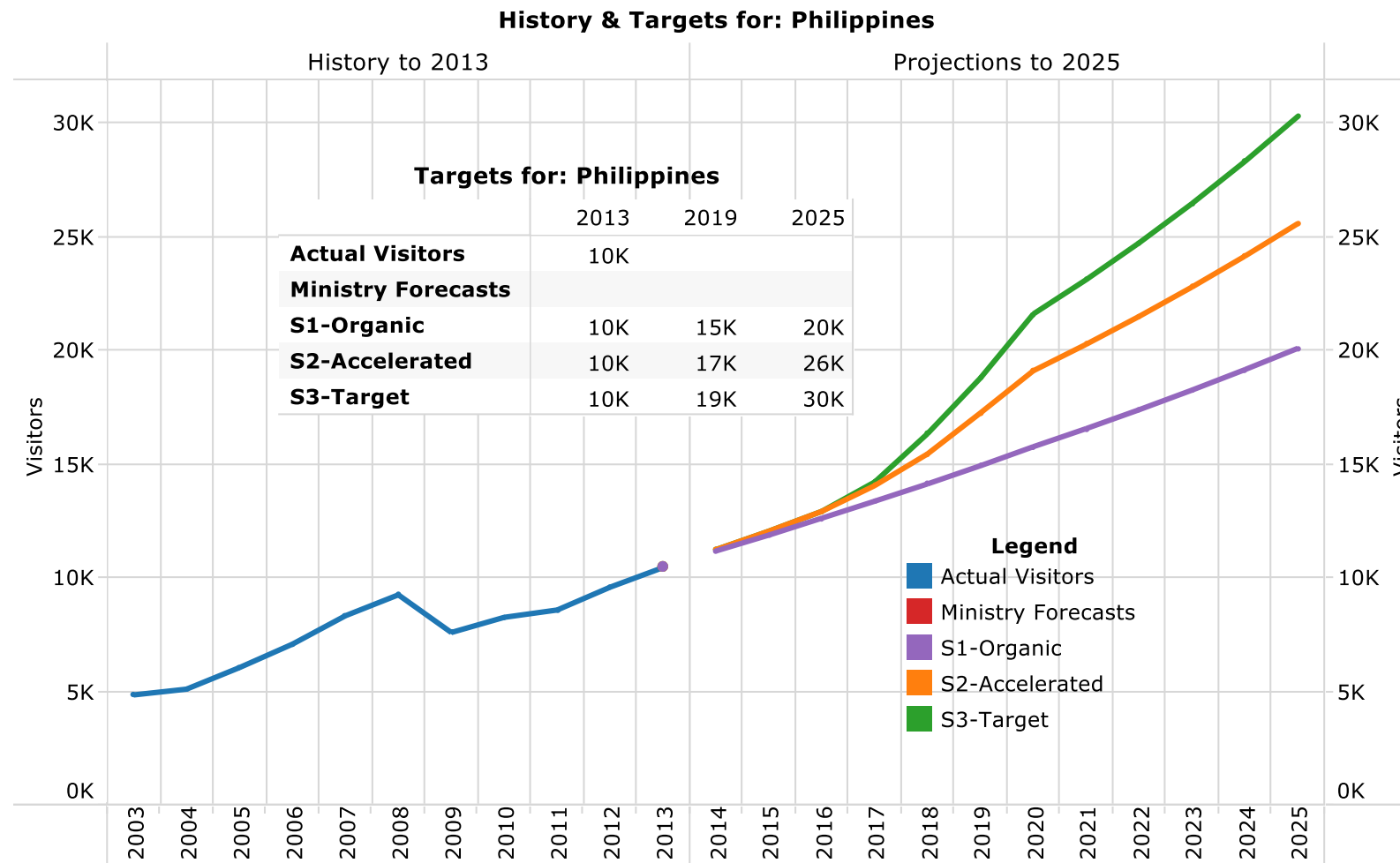
# Market Review – Philippines (2)



- ◎ Visitors to New Zealand have increased from 5,000 to 10,000 over the past decade.
- ◎ Annual trend growth amounted to 7.0% for this period.
- ◎ NZ visitor levels when compared to Australia peaked at 20% in 2007, with a low of 15% in 2011.



# Market Review – Philippines Target



⊙ No Ministry or TRA forecasts available for this market.

⊙ Scenarios 1 to 3 range from 20,000 to 30,000 visitors by 2025 and a CAGR of 5.6% to 9.3%.

⊙ Achievement of 2025 targets imply that NZ's share of the Philippines market travelling to selected destinations in Asia & Oceania is maintained at around 0.3%.

**CAGRs for: Philippines 2013 to:**

	2019	2020	2023	2025
<b>Ministry NZ Forecasts</b>				
<b>Visitors to Australia - TRA Forecasts</b>				
<b>S1-Organic</b>		6.1%		5.6%
<b>S2-Accelerated</b>		9.0%		7.8%
<b>S3-Target</b>		10.9%		9.3%



# TFI Approach: South American Markets

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## © **For each market TFI reviewed:**

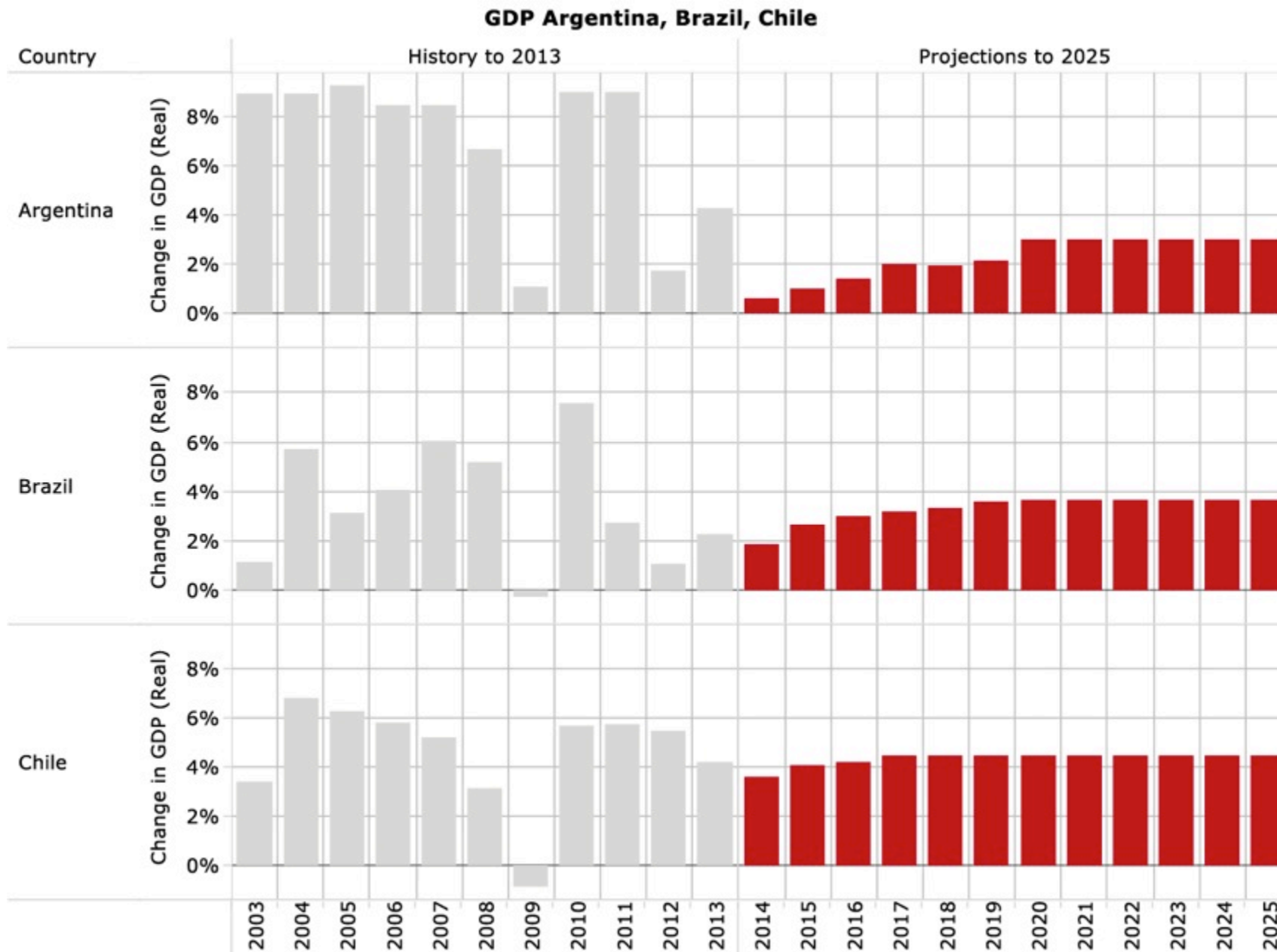
- Latest IMF GDP and UN population forecasts by market.
- Outbound growth and growth in visitors to USA and Canada.
- Visitor growth, where available, to Australia, Singapore, Indonesia, Malaysia, Hong Kong, China, Japan.
- Available forecasts where available.
- The aviation/airline business environment 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 three 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.



# Market Review – South America



⊙ Economic activity across Latin America in 2013 stayed significantly less than the growth rates for previous years.

⊙ The IMF projects regional growth to remain subdued in 2014, despite recovery in the advanced economies generating positive trade spillovers. Weak investment and subdued demand for the region's exports have held back activity.



# Market Review – South America (2)

## Population Argentina, Brazil, Chile

Country		Date			
		2012	2015	2020	2025
<b>Argentina</b>	Population ('000s)	41,087	42,155	43,835	45,423
	Population Growth (%)	0.9%	0.8%	0.8%	0.7%
<b>Brazil</b>	Population ('000s)	198,656	203,657	211,102	217,519
	Population Growth (%)	0.9%	0.8%	0.7%	0.6%
<b>Chile</b>	Population ('000s)	17,465	17,924	18,645	19,285
	Population Growth (%)	0.9%	0.8%	0.8%	0.6%

Urban Pop ('000s)			
Country	Urban Agglomeration	2010	2025
Argentina	Buenos Aires	13,074	13,708
Brazil	São Paulo	20,262	21,651
	Rio de Janeiro	11,950	12,650
	Belo Horizonte	5,852	6,463
	Pôrto Alegre	4,092	4,469
	Salvador	3,918	4,411
	Brasília	3,905	4,474
	Recife	3,871	4,259
	Fortaleza	3,719	4,170
	Curitiba	3,462	3,953
Chile	Campinas		3,146
	Santiago	5,952	6,503

⊙ The aggregate population for the three countries is forecast to grow from 257 million in 2012 to over 280 million by 2025.

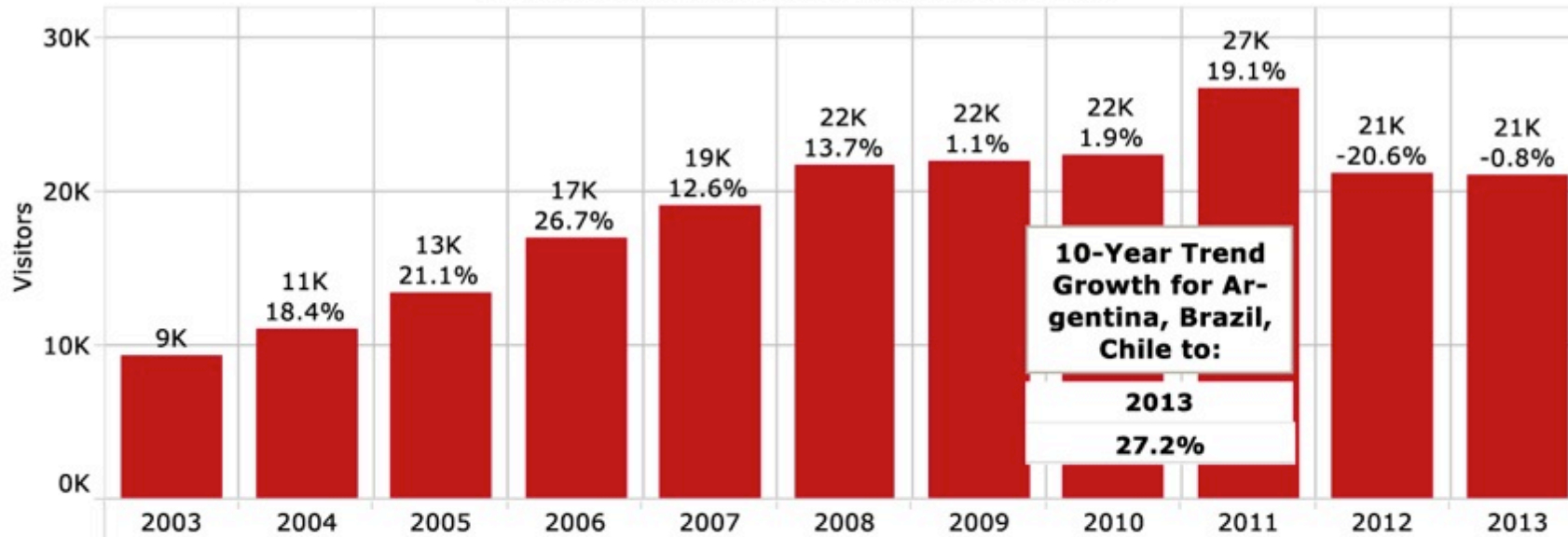
⊙ All three countries are relatively urbanised – with the proportion of the population living in urban areas in 2010 at 92% in Argentina, 84% in Brazil and 89% in Chile.

⊙ In 2020 Brazil had 9 cities with populations of above 3 million.

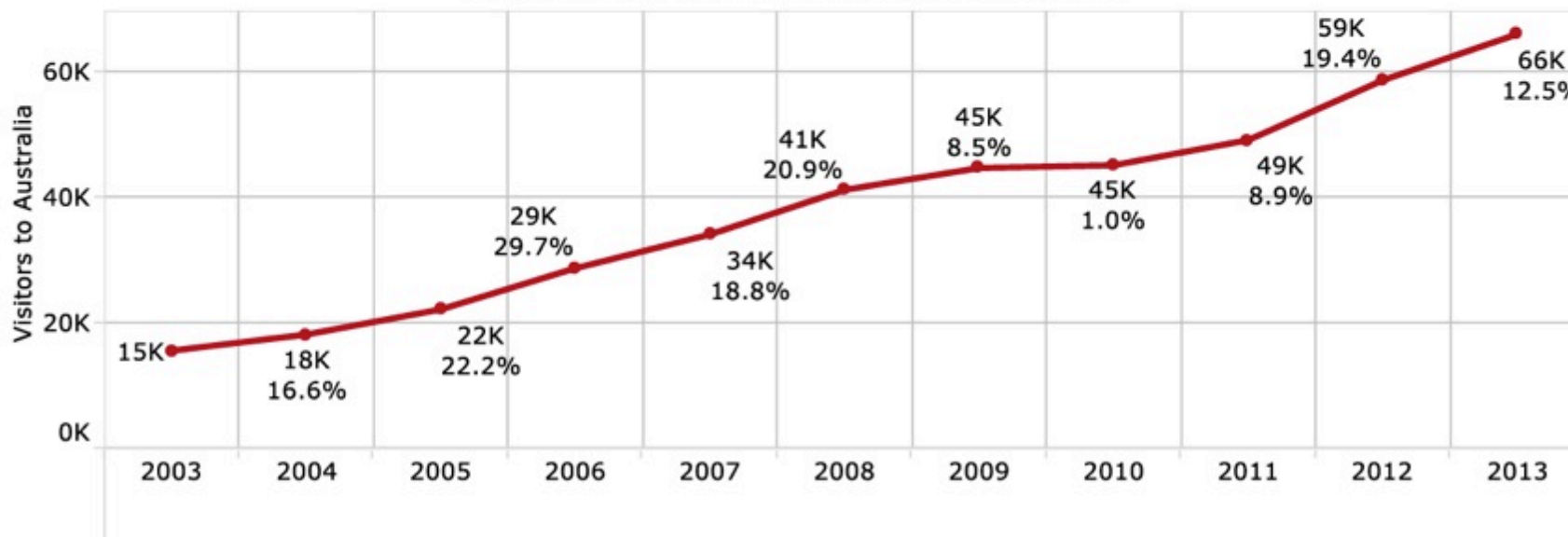


# Market Review – South America (3)

Visitors to NZ from: Argentina, Brazil, Chile



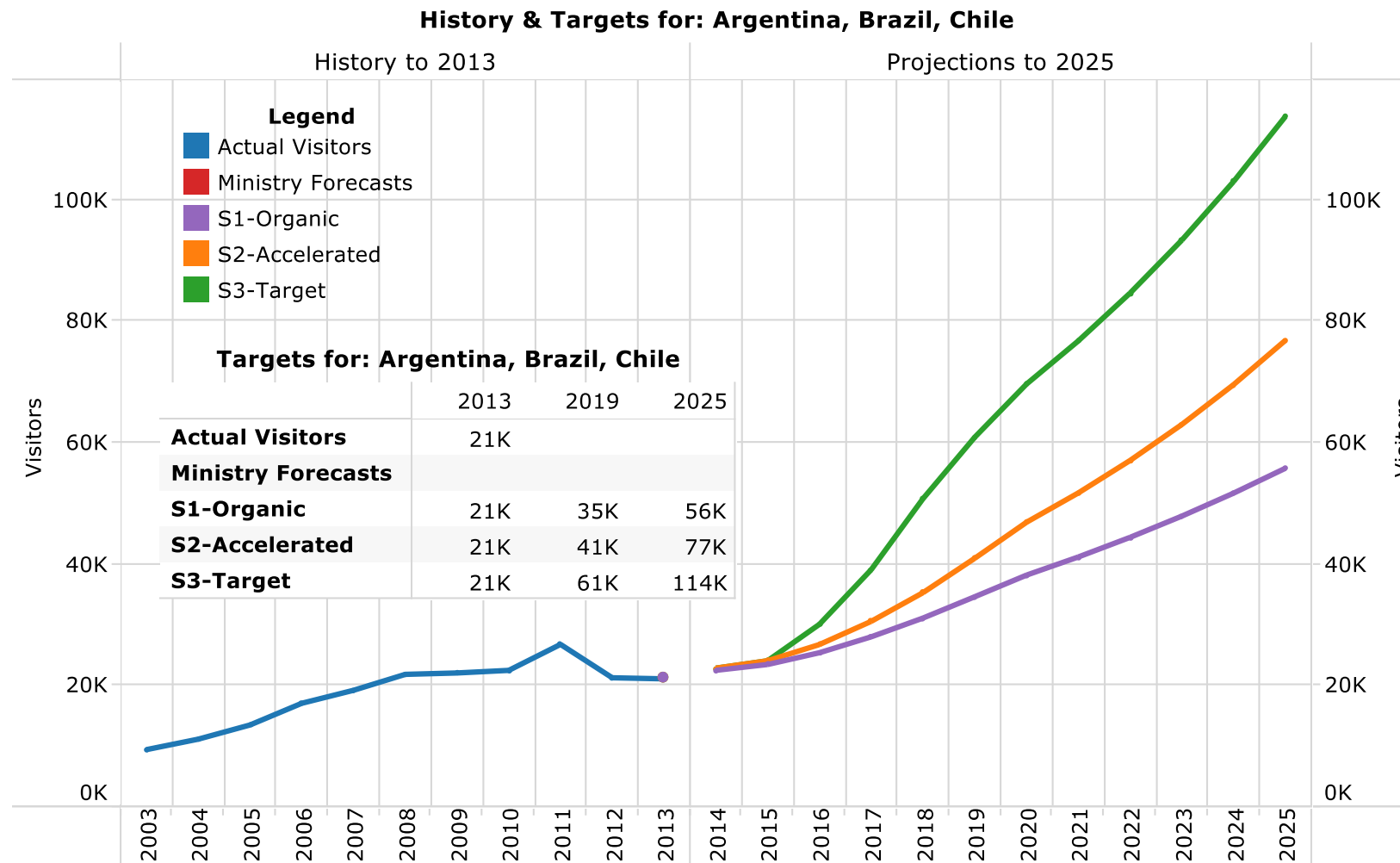
Visitors to Aust from: Argentina, Brazil, Chile



- ⊙ Visitors to New Zealand from Argentina, Brazil and Chile have increased from 9,000 to above 20,000 over the past decade.
- ⊙ Annual trend growth amounted to 8.5% for this period.
- ⊙ Statistics NZ reported strong growth in arrivals from Argentine during the 2011 Rugby World Cup.



# Market Review – South America Target



- ⊙ Ministry forecasts not available for this market.
- ⊙ Brazil is hosting the World Cup in 2014 and the Summer Olympics in 2016, with a potential “stay-at-home” impact during those periods.
- ⊙ Scenarios provide a wide range for this market reflecting the strong long term potential.
- ⊙ Scenarios 1 to 3 range from 56,000 to 114,000 visitors by 2025 and a CAGR of between 8.5% and 15.1%.
- ⊙ Scenario 3 assumes strong growth in direct air services as well as growth via Australia.





Thank You

