Evaluation of International Tourism Marketing Joint Venture Partnerships 2009/10

FINAL REPORT

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Ministry of Economic Development
Manatū Ōhanga

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Executive Summary

Background

1. The Ministry of Economic Development (MED), in collaboration with Tourism New Zealand (TNZ) and Regional Tourism Organisations (RTOs), has conducted an evaluation of the International Tourism Marketing Joint Venture Partnerships Fund 2009/10 (the Fund). The evaluation assessed whether the Fund delivered on its objectives, and whether the Fund was operated in accordance with its nine key principles.

2. In October 2009, Ministers agreed to appropriate $5 million towards a Joint Venture Partnership Fund in 2009/10, for marketing activity to be carried out by Tourism New Zealand in partnership with Regional Tourism Organisations and industry.

3. The objectives of the Fund were to:

   - Increase the amount of coordinated tourism marketing investment by industry and regions

   - Improve alignment of industry and regional marketing with the 100% Pure New Zealand brand

   - Improve the effectiveness of government's spend by ensuring activity focused on conversion to travel; to turn the maximum number of consumers reached by the brand campaign into visitors to New Zealand.

4. Principles were developed, which guided the allocation and operation of the Fund. TNZ and RTOs agreed that, in 2009/10, joint venture activity would focus on Australia.

5. There were eight joint venture partnerships funded resulting in eight campaigns in the market.

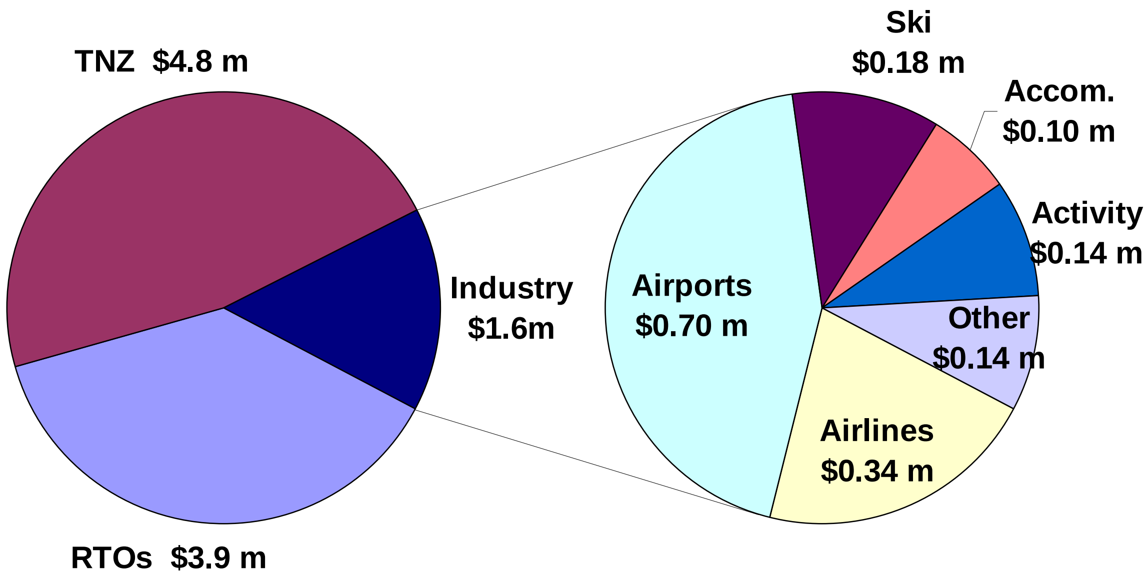
Were the Joint Venture Partnerships Fund objectives met?

Did the amount of coordinated tourism marketing investment by industry and regions increase?

6. There has been an increase in the amount of coordinated tourism marketing investment in Australia by industry and regions, both in terms of the level of coordination and in the amount invested.

7. Of the $10.3 million that was spent on joint venture activity; 38% was from RTOs, 15% from industry and the remaining 47% from TNZ. Of industry contributions, airlines and airports made up the majority (65% of the $1.6 million total from industry). Other industry contributions came from accommodation providers and activity operators.

Figure 1: Split in Joint Venture funding between central government (TNZ), RTOs and industry



8. The dollar for dollar funding ratio was attractive to RTOs and their industry partners. It was cited as being a very important factor in securing funding from both local government sources and private industry partners.

9. Changes to investment in Australian marketing as a result of the joint venture opportunity varied across regions. Some larger RTOs appear not to have increased their spending, but redirected their existing Australian marketing budgets towards joint venture activity. By doing this, they were able to leverage off government's additional contribution and extend planned campaign activity. However, for some regions, the Fund did attract new local investment as well as increased coordination.

Did the Fund improve alignment of industry and regional marketing with the 100% Pure New Zealand brand?

10. There was limited alignment of the joint venture campaigns (JV campaigns) with the 100% Pure brand. The only requirement for alignment was a linking device (the 100% Pure 'fern' logo); and in general campaigns did not connect with the key 100% Pure messages at a deeper level.

11. There was a short timeframe for developing JV campaign activity, making it difficult to develop a coherent alignment strategy and meaning that opportunities for aligning national and regional marketing messages could not be fully realised.

12. Joint venture campaign messages were fragmented. This led to perceptions of 'clutter' in the market place and meant that regional messages could not achieve optimal cut-through in the market. All campaign activity occurred between late January and June 2010 (funds had to be spent by 30 June 2010) which led to overlap in-market between the JV campaigns.

Did the JV Fund improve the effectiveness of government's spend by ensuring activity focused on conversion to travel; to turn the maximum number of consumers reached by the brand campaign into visitors to New Zealand?

13. Identifying a direct causal relationship between marketing spend and tourism outcomes is very challenging: the impact of a particular campaign is difficult to measure. At present, techniques for measuring conversion to travel as a result of a marketing campaign are still being developed, so the effects of the JV campaigns cannot be isolated from the other key factors which affect tourism outcomes.

14. However, this evaluation has collected as much evidence as possible to help inform the links between joint venture marketing campaigns and changes to market patterns. A combination of visitor data, website traffic, and market research on destination awareness and consideration was used to measure the impact of JV campaigns in the market.

15. It should be noted that some JV campaigns, especially those for smaller or less well known regions, contained a large element of awareness building; i.e. not all campaigns were wholly focused on conversion to travel. However, from a strategic marketing perspective this made sense as some regions had low levels of awareness in the Australian market.

Visitor arrivals

16. Visitor arrivals from Australia grew by 4% in March – August 2010 compared to the same period in the previous year[1]

17. Interestingly, visitor arrivals growth was driven largely by an increase in business and conference travel, which grew by 9% and 33% respectively. Holiday and Visiting Friends or Relatives (VFR) arrivals grew by only 2% and 1% respectively over the JV campaign period compared to the previous year. JV campaigns primarily targeted holiday travel, so to see a smaller increase in this segment implies a less successful outcome than the total visitor arrival increase suggests.

18. One of the factors that influenced visitor arrivals growth was air capacity growth - total capacity to New Zealand gateway airports from all Australian ports increased 4% year-on-year over the same period and several new routes were opened. However, the relationship between visitor arrivals and capacity is complex, with demand-side factors influencing both variables.

19. Visitor arrivals growth over the JV campaign period was less than TNZ's target (6%). However, given the favourable market conditions during 2009 compared to 2010, maintaining visitor arrivals at 2009 levels could be seen as a successful outcome.

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[1] Source: International Visitor Arrivals (IVA)

Length of stay and visitor expenditure

20. Total visitor days between March and August 2010 were up 5% on their 2009 levels[2]. Data for visitor nights at a regional level are unreliable due to small sample sizes[3]. The Commercial Accommodation Monitor (CAM) could not be used as it cannot be split for Australian guests as distinct from international guests (after a method change to the CAM in 2007, it no longer captures specific origin market data).

21. Visitor expenditure at a national level *fell* by 9% in Q2 2010 compared to 2009 levels, below TNZ's target growth of a 10% *increase* for the Australian market. Again, data for visitor expenditure at the regional level is very unreliable (due to small sample sizes) and therefore could not be analysed.

Website traffic

22. Online platforms were a key part of JV campaign strategies. There was strong growth in website visitation for all joint venture campaigns, indicating that consumers took up the "call to action" to visit regional websites.

23. However, this does not necessarily indicate conversion to travel. While some campaigns did measure 'click through rates' to partner websites, information on whether visitors subsequently made a booking was not made available from industry partners, primarily due to commercial sensitivity.

Destination Awareness and Consideration

24. $100,000 of the Fund was allocated for market research to monitor the performance of campaigns. This incorporated two surveys, one pre-campaign and one post-campaign, to measure destination awareness and consideration.
25. The pre-campaign research found, perhaps unsurprisingly, that the seven gateway regions (i.e. those with international air connections) were the top seven regions for 'awareness', and were the only regions to achieve greater than 50% awareness levels. Levels of 'consideration' ranged from a high of 18% for Auckland to a low of 2% for Wanaka.
26. The post-campaign research found that, overall, there was little change in awareness, appeal and consideration of New Zealand's regions by Australian consumers subsequent to the JV activity. This suggests that overall the JV campaigns were not successful in increasing awareness of New Zealand's regions or persuading consumers to consider visiting.
27. However, looking at the Australian target cities individually (i.e. Sydney, Brisbane and Melbourne), there were some more nuanced results, with significant increases in consideration in their target markets for some JV campaigns; as well as significant decreases for others.

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[2] Source: International Visitor Arrivals (IVA). The IVA measures the total expected length of stay in days at the time of arrival in New Zealand.
[3] Source: International Visitor Survey (IVS). The IVS measures actual visitor nights spent in New Zealand (as reported upon departure).

28. Recall rates of the JV campaigns were fairly low, between 9% (Christchurch campaign) and 22% (Rotorua). However, it is difficult to put these recall rates in context as there is no suitable benchmark for these figures.

Other conclusions

Principles and objectives of Joint Venture Partnerships Fund

29. In general, the principles developed for the Fund encouraged JV campaigns to meet the objectives of the programme. However, problems with the interpretation and communication of these principles led to confusion and difficulties for some RTOs in forming partnerships and planning JV campaigns.

30. The objectives and principles of the Fund can be interpreted in two ways. From one perspective the Fund aimed to increase the number of visitors through conversion-related activity; and from another perspective it sought to increase coordination between, and participation of, regions in marketing activity. There is a trade-off between achieving these two objectives and the most effective policy mechanisms and incentive structures needed may be different. Clarification of the policy objectives is required.

31. There is a high degree of diversity across RTOs in terms of funding, capacity and Australian marketing history. This means that it is difficult for the Fund to provide a ‘one size fits all’ solution, as evidenced by the different experiences of lead and partner, or large and small, RTOs.

32. More broadly, the nature and dynamics of a successful joint venture partnership – in terms of partners involved, management strategies and outcomes generated – needs to be considered in the principles and objectives of the JV Fund.

Additional measures of success

33. Many RTOs mentioned in interviews that retaining and/or increasing direct airline access to their region (or airline support for JVs) was critical for the success of campaigns, as this gave the means of travel to the region and airlines offering price points facilitated conversion.

34. More intangible regional partnership outcomes were not reflected in the KPI framework, but were seen as an important measure of success by RTOs. For example, strengthening relationships with local funding partners meant that they offered a long-term commitment to the partnership.

35. Several stakeholders noted that measuring the success of the joint venture partnerships after one year of operation was too short a timeframe, especially given the inevitable teething problems with a new initiative. Many saw the Fund as a long-term opportunity, and so would ‘wait and see’ the results after two or three years of involvement before judging the success of the partnerships.

Data reliability

36. Data at the regional level is very thin, due to limited sample sizes for surveys designed to be used at a national level (e.g. the IVS), and the limited data collected in regional surveys (e.g. the CAM). Robust evidence is needed to enable better decision-making for initiatives with regional or market specific dynamics.

Recommendations

The evaluation recommends that:

1. **The Fund should be continued as a three year pilot with an evaluation in December 2012.** Three years is a reasonable time frame over which to establish the Fund's actual impact on tourism outcomes, both nationally and in the participating regions. More clarity and certainty about the future operation of the Fund would encourage greater confidence in, and commitment to, joint venture activity by both local government and industry funding partners.

2. **Prioritisation of the principles and objectives of the Fund would facilitate more effective investment.** This should address the trade-off between increasing the net economic returns of tourism (i.e. encouraging high value-add visitors at a national level) and encouraging collaboration between *all* regions (taking into account the diversity of RTOs). Collaboration between regions can increase conversion to travel but this will not be the case for all potential partnerships.

3. **There should be more emphasis on conversion to travel in any future JV campaigns and regional allocations from the Fund**. There was little evidence of conversion in the 2009/10 campaigns. Joint venture activity should be focussed on leveraging off existing awareness and turning potential visitors into actual visitors.

4. **There should be discussions between TNZ and RTOs to build the alignment of campaign direction and creative content under the 100% Pure brand**. Alignment in 2009/10 was constrained by timing and limited to the incorporation of the brand logo in regional campaigns, rather than deeper alignment of key marketing messages.

5. **Specific aspects of administering the JV Fund need to improve, particularly communication and timing.** Improved quality and timeliness in TNZ's communication to RTOs about the Fund's objectives and the implementation of the Fund's principles is needed to facilitate more effective partnership formation. Longer timeframes for the planning and implementation of JV campaigns would allow for more coordinated activity, both in the Australian market and onshore.

6. **There needs to be ongoing investment by MED and TNZ in data collection and statistical analysis related to conversion to travel.** Currently such work is being piloted and shows promise in enabling measurement of the economic impacts of marketing campaigns.

7. **Performance measures for regional tourism programmes require better data.** MED needs to improve the IVS to provide robust statistics on international visitor travel to the different regions of New Zealand. Consideration should also be given to re-instating country of origin information in the Commercial Accommodation Monitor.

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1. Introduction

This evaluation examines the 2009/10 Joint Venture Partnerships Fund, for which $5 million was appropriated to Tourism New Zealand for joint venture partnerships with Regional Tourism Organisations and industry in offshore marketing conversion activities. It was later decided that activity would take place in Australia only.

Eight joint venture partnerships were formed, and marketing campaigns ran over the period of late January to June 2010. Brief descriptions of two of the partnerships, provided by the lead RTOs in each case, are included on following pages.

The questions that the evaluation answers are based around five themes:

- Investment in Australian tourism marketing
- Changes to Australian visitor market behaviour
- Policy development and operation
- Regional differentiation and participation
- Alignment of regional and national marketing campaigns

<u>Notes:</u>

In the interests of brevity, the full names of RTOs have not been used. Instead, they have been shortened to the location in which they are based. For example, Positively Wellington Tourism becomes Wellington and Destination Rotorua Tourism Marketing becomes Rotorua.

The following terminology is used within the report:

- **Lead RTO** – each joint venture partnership had a lead RTO, who coordinated the involvement of other RTOs and industry partners and acted as the link between the RTO/industry partnership and TNZ. However, only six of the joint ventures were headed by an RTO; Central Park and the Ski Tourism Marketing Network were a collection of RTOs headed by an independent manager. Nevertheless, "lead RTO" is used to refer to the lead organisation in the joint venture partnerships: Auckland, Christchurch, Hamilton and Waikato, Queenstown, Rotorua, Wellington, Central Park and Ski TMN.
- **Partner RTO** – a RTO that was involved in a joint venture partnership but was not a lead RTO.
- **Gateway RTO** – an RTO in which an international gateway airport is located. There are seven: Auckland, Christchurch, Dunedin, Hamilton, Queenstown, Rotorua and Wellington.

In August 2010 the Ministry of Tourism (TMT) became the Tourism Strategy Group (TSG) within the Ministry of Economic Development (MED). Both TMT and TSG are used in this evaluation, depending on the date referred to.

All dollar figures quoted in this evaluation are in New Zealand Dollars, unless specified otherwise.

1.1 Regional case study: There's No Place Like Wellington

Lead partner: Positively Wellington Tourism

Investing partners: Destination Marlborough, Destination Wairarapa, Venture Taranaki, Hutt City Council, Te Papa, Interislander, and Wellington International Airport.

The challenge: Wellington as a region has significant brand challenges in Australia, particularly regarding a lack of knowledge of the capital city and of New Zealand's regions as short break holiday destinations. Despite the lack of awareness, research showed 77% of Australians who had been to Wellington wanted to return, proving it was delivering on the experience the market sought.

The campaign: The core objective of *There's No Place Like Wellington* was to increase direct visitor arrivals to Wellington from Australia, in turn increasing Australian visitor spend in the Wellington region. With Tourism New Zealand's contribution of $1million a $1.5 million media campaign was carried out in Sydney, Brisbane and Melbourne, with $500,000 invested in creative development. Brand advertising was followed by tactical activity with airlines, accommodation operators and online travel agents.

Shared benefits: *There's No Place Like Wellington's* tapestry approach enabled regions, their attractions and their stories to be stitched into the Wellington campaign.

PWT Chief Executive David Perks says working with surrounding regions completes the capital's short break story. *"Working with two of the country's finest wine regions gives us a very strong and compelling message that complements the attractions of Wellington and Hutt City."*

"The benefit to Marlborough has been extraordinary", says Destination Marlborough General Manager Tracy Johnston. *"We simply couldn't have carried out this kind of activity on our own. But the value isn't just in getting more profile for the region, it's in the story that collectively the holiday offer combining Wellington and Marlborough is a compelling proposition."*

Measuring success:

- A 178% increase in Australian user sessions on WellingtonNZ.com
- Improved destination awareness and consideration by Sydney residents – 77% felt Wellington region had a lot to offer following the campaign.
- A steady increase in direct visitor arrivals. Arrivals increased by 10% June-August 2010 compared to the same period in 2009.

Source: Positively Wellington Tourism

1.2 Regional case study: Destination Rotorua

Destination Rotorua Tourism led a partnership with a number of private businesses in the tourism industry. Air New Zealand provided in kind support. With TNZ's contribution of $515,000, a $1,030 million media campaign was carried out in Sydney. Media channels included newsprint, niche activity/travel magazines and online networks that all supported the tactical activity on radio. As part of this campaign a radio competition with leading station 2DayFM, brought 100 visitors to Rotorua presenting further opportunities for additional media exposure. Word of mouth support from the radio competition was significant as measured through digital activity such as Facebook, twitter, and blogs. The radio competition gave Rotorua 'cut through' as no other RTO's were competing in this space. It provided a 'point of difference' at a time when many RTO's were in market.

The core objectives of this partnership were to increase direct visitor arrivals to Rotorua from Australia (with prominent focus on the new trans-Tasman, Sydney - Rotorua direct flight service), and to increase both Australian visitor numbers and spend in Rotorua.

As the direct twice-weekly Sydney - Rotorua service was new, any visitor arrivals were an increase. For the six months, March to August, a viable service was maintained and direct flights from Sydney to Rotorua were retained. Winter is traditionally a quieter period for Rotorua tourism businesses therefore this activity, targeting a winter travel period, was well timed.

Destination Rotorua says, *"It is important for gateway RTO's to joint-venture with industry and carriers in particular. For Rotorua it was crucial, as the trans-Tasman service was a new start-up. The joint-venture partnership with Air New Zealand proved invaluable, adding leading brand reinforcement helping to secure the success of the campaign".*

The cost of promotion in Australia is significant and with such a large and diverse market, targeted media spend is essential. A campaign that allows for industry to participate and can leverage all aspects across the campaign is fundamental to extending reach. Naturally the matched dollar for dollar funding is also imperative to assist an effective campaign in the Australian market.

Source: Destination Rotorua

2. Policy

2.1 Tourism's contribution to the New Zealand economy

The gross economic benefits of tourism are considerable. In the year ending March 2010 international visitors contributed $9.5 billion, or 18.2%, to New Zealand's total export earnings. Tourism employed almost 10% of the New Zealand workforce, and contributed 8.7% to New Zealand's total GDP.

However, the net economic benefits are much more difficult to determine, as these depend on the productivity of current inputs to tourism and the productivity factors of other sectors. The government is committed to raising productivity levels in the tourism sector and increasing yields from international tourism, which would both contribute positively to New Zealand's economic development.

2.2 Rationale for central government intervention

Relationship between offshore destination marketing and tourism exports

Tourism literature[4] suggests that there is a positive correlation between government investment in offshore destination marketing and visitor arrivals, although rigorous economic analysis of this topic is scarce. The most contentious issue in this area is attributing causality as there are multiple factors affecting travel decisions: some of which reflect wider economic conditions and some of which are specific to an individual's preferences and circumstances. This is further complicated by linkages between the determining factors and the varying time lags involved.

Another difficulty with determining whether destination marketing increases tourism is the lack of a counterfactual. If all marketing activity were to stop, it is unclear what effect this would have on visitor numbers. Even more uncertainty arises in a market like Australia where awareness levels of New Zealand as a tourist destination are relatively high.

Role for government in offshore destination marketing

The traditional argument for government spending on offshore destination marketing is that it is a public good. Private firms cannot fully capture the commercial benefits of their actions and can 'free ride' on the marketing efforts of others without having to contribute themselves, both of which lead to a sub-optimal level of offshore destination marketing by the private sector.

However, this is not an argument for the public sector fully funding all offshore destination marketing. The 2005 Baseline Review of TNZ[5] recommended further investment to bridge the gap between government and private sector marketing, with a focus on conversion to travel.

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[4] See Tourism New Zealand Baseline Review, December 2005 for a summary (link below)
[5] http://tourism.govt.nz/Our-Work/Monitoring-and-Evaluation/Tourism-New-Zealand/Baseline-Review-of-Tourism-New-Zealand/

Possible mechanisms to address this gap include:

- Policies to encourage investment partnerships between central government and the tourism sector
- A tax on all firms in the tourism sector to contribute towards the cost of destination marketing
- Incentives for firms to undertake their own destination marketing

Joint venture partnerships were considered an appropriate mechanism to address the need for increased private sector investment in offshore marketing. They provide an opportunity for the tourism sector, including both private industry and Regional Tourism Organisations (RTOs), to work in collaboration with TNZ.

The joint venture approach

There is a minimum investment level required to run an effective offshore destination marketing campaign, as small campaigns may not have sufficient reach in the target market to have the required impact. To reach this minimum investment would require a degree of coordination between smaller organisations that are unable to afford the investment by themselves. This indicates a potential role for central government to facilitate this coordination where partnerships between organisations would lead to more effective marketing campaigns through better leveraging of investment.

Tourism marketing campaigns benefit from coordination and cooperation between different parts of the tourism sector; as this allows synergies between different tourism products to be exploited and a ‘package’ of products to be offered to the consumer which can assist in conversion to travel. However, larger organisations may not have the incentive to join up with smaller organisations if they can afford the minimum investment level themselves; and smaller organisations may lack the information or expertise necessary to form partnerships. This again indicates a potential coordination role for central government.

In summary, a joint venture approach makes it easier for campaigns led by smaller organisations (in this case RTOs) to reach minimum investment levels required for an effective offshore destination marketing campaign; and to maximise the leverage of this investment by attracting other funds, both from central government (in this case TNZ) and the rest of the tourism sector.

2.3 Joint Venture Partnerships within TNZ’s international marketing framework

The Joint Venture Partnership Fund is a key part of TNZ’s Three Year Marketing Strategy 2010-2013[6]. Over 2010-2013, joint venture marketing initiatives with both public and private sector partners will be an increasing focus of TNZ activity. The strategic focus of these initiatives includes:

[6] “Tourism New Zealand 3 Year Marketing Strategy 2010-2013” (March 2010)

- Closely linking campaign work with product that can be purchased by potential visitors
- Recognising the importance of growing air capacity and being prepared to react to opportunities to participate in joint activity that supports new capacity
- Working collaboratively with MFAT and NZT&E to improve alignment in activity both on and offshore
- Increase levels of, and leverage from, joint venture investment with RTOs to market New Zealand's regional tourism offerings internationally, particularly in Australia.

Marketing campaigns funded by the Joint Venture Partnership Fund could contribute specific outcomes towards these strategic goals.

Joint investment in marketing campaigns through partnerships between TNZ and the tourism sector can increase the potential return on the government's overall investment by providing incentives (i.e. dollar for dollar matched funding) for greater regional and/or private sector investment. These partnerships can also facilitate the offering of tourism 'packages' to the consumer, as for example the private sector can offer pricing points on product deals to customers, which aids conversion to travel.

Encouraging coordination between RTOs should also aid the development of campaigns which reach the 'critical mass' of investment necessary to run an effective offshore destination marketing campaign. This may be especially important for the smaller "non-gateway"[7] RTOs with relatively small budgets, although some of the gateway RTOs may also find it difficult to reach the minimum investment level by themselves.

The partnership approach also provides the opportunity to ensure coordinated marketing messages. The opportunity to align marketing under the national 100% Pure New Zealand campaign means a consistent approach is adopted nationally, with regional differentiations depending on the individual campaigns.

Addressing coordination problems with both private sector offshore destination marketing and between regional and national marketing aims to increase the net economic returns of tourism. This is achieved through encouraging high value-add visitors; leading to an increase in visitor arrivals, visitor nights and, most importantly, visitor spend. An intervention logic diagram for the Joint Venture Partnership Fund can be found in Appendix 12.

2.4 Policy development

In August 2009 the Minister of Tourism sought Cabinet agreement (CAB Min (09) 30/6A refers) to appropriate $30 million to Vote: Tourism with the goal of increasing New Zealand's overall economic performance by growing tourism's contribution. $20

[7] We refer to a gateway RTO as one which has an international airport: Auckland, Hamilton, Rotorua, Wellington, Christchurch, Queenstown and Dunedin.

million of this appropriation was sought for TNZ's baseline funding, and $10 million was sought to create a joint venture fund for marketing activity carried out by TNZ in partnership with regional tourism organisations (RTOs) and the private sector. Cabinet approved an increase of funding of up to $30 million for Vote: Tourism, and authorised the Prime Minister and Minister of Finance to determine the final amount of additional funding to be allocated.

The Minister of Tourism directed the TNZ Board to develop a three-year marketing strategy to sit alongside the Statement of Intent 2009/10, which reflected the additional funding.

Cabinet noted that TNZ, in consultation with the Ministry of Tourism, Regional Tourism Organisations New Zealand (RTONZ) and the Tourism Industry Association (TIA) would develop criteria for the Joint Venture Partnerships Fund ("the Fund"), based on the principles set out in the paper under EGI (09) 145. Cabinet also noted that the Ministry of Tourism would complete a review of the Fund, and report back to the Minister of Tourism, after the first year of the Fund's operation.

In October 2009, the Minister of Tourism and Minister of Finance approved an additional $20 million of funding to TNZ in 2009/10 to increase investment in tourism marketing[8] : $15 million for the existing baseline appropriation (Marketing New Zealand as a Visitor Destination), and $5 million for joint venture partnerships with RTOs and industry in offshore marketing conversion activities. The $5 million appropriation for 2009/10 focused on RTO-led partnerships, with any private sector contributions folded into RTO proposals. Other national-level private sector joint venture activity (e.g. with Air New Zealand) would be funded via TNZ's baseline.

Aim and Objectives of the Fund

The aim of the Joint Venture Partnership Fund was to bridge the gap between TNZ's whole-of-nation marketing and industry and regional product (or region-specific) marketing by improving the alignment of industry and regional marketing with the national brand (i.e. 100% Pure NZ). The Fund provided an opportunity to increase the amount of coordinated investment in marketing by the private sector and RTOs with an increased focus on conversion to travel, with the aim of improving the effectiveness of marketing expenditure.

The objectives of the Joint Venture Partnership Fund were to:

- Increase the amount of coordinated tourism marketing investment by industry and regions
- Improve alignment of industry and regional marketing with the 100% Pure New Zealand brand
- Improve the effectiveness of government's spend by ensuring activity focused on conversion to travel; to turn the maximum number of consumers reached by the brand campaign into visitors to New Zealand.

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[8] 'Increased Investment in Tourism Marketing' Ministry of Tourism briefing, October 2009

Key Principles and Operational Criteria of the Fund

Nine key principles to guide the allocation and operation of the Fund were developed in October/November 2009. Two members of the TNZ Board (who also sit on RTO Boards) led the discussion on their development, in consultation with the Ministry of Tourism, RTONZ and TIA. Once the principles were drafted and feedback from the various parties incorporated, they were signed off by the TNZ Board on 9 November 2009. The nine key principles were[9]:

1) Coordinated approach
2) Joint development
3) Dollar for dollar
4) Contestability
5) KPIs and reporting
6) Maximum and minimum
7) Differentiation and participation
8) Agreement vs application process
9) Campaign investment.

TNZ and RTOs agreed that joint venture activity would focus on Australia. Given market conditions at the time and the opportunity to leverage from Australia's 2009 growth, Australia provided the right environment to undertake conversion-based activity. From a regional perspective, Australia is perhaps the only international destination where region-specific (rather than national level) marketing could be supported, given existing awareness of New Zealand and the relative ease of direct travel to regional airports (as opposed to through a hub airport).

On 27 November 2009, the Ministry of Tourism, TNZ and RTOs met to discuss the process for the formation of Joint Venture Partnerships. It was agreed that the requirement to raise "new" money would be relaxed, acknowledging that local government budgets had already been set for the coming year. The operational criteria for the Fund were agreed as:

- Activity for 2009/10 will be in Australia only, other markets may be incorporated over time
- Industry/private sector involvement will only be through RTO proposals
- All drawn funds must be from RTO led activities
- Airlines will work directly with RTOs
- Money must be spent by 30th June 2010.

[9] For a full description of the principles see Appendix 2

The consensus strategy to raise awareness of regions in Australia through the Joint Venture Partnerships programme was:

'To place New Zealand as a destination with the appeal of an overseas holiday, with the convenience of a short trip, by positioning regions as individual places to visit through the communication of reasons and times to visit'.

2.5 Policy operation

It was noted at this meeting that a project outline for each joint venture partnership was to be presented to TNZ by 14th December 2009, setting out funding arrangements, the creative approach, their media plan, their objectives and their KPIs.

Campaign Proposals & KPIs

TNZ received nine proposals and the Fund was oversubscribed by $557,500. TNZ's General Manager Consumer Marketing, in conjunction with other members of the Executive Team, assessed proposals against the nine key principles (used to guide decision making with regard to the allocation of the Fund). Eight proposals (some slightly revised to better meet the Fund principles) were successful, and $100,000 was allocated from the joint venture budget for awareness research. On 21 December 2009, the TNZ Board approved the allocation of $5 million for the RTO proposals, subject to receiving revised KPIs and campaign plans by 31 January 2010.

As well as TNZ setting national level Key Performance Indicators (KPIs) to measure the intended outcomes of the Fund, lead RTOs were asked to set KPIs for their individual joint venture partnerships to reflect the particular aims of their campaigns.

Project Agreements for Joint Venture Partnerships

Project Agreements were signed off between TNZ and contributing RTOs in April 2010. These set out the project (summary of campaign activity and project team), financial contribution (from RTOs, partners and TNZ) and KPIs.

3. Literature Review

This literature review looks specifically at the issue of attributing effects to or measuring the impact of a tourism policy; including international best practice in measuring conversion to travel as a result of a tourism policy.

In a recent report looking at best practice in evaluation of tourism programmes and policies, the OECD noted that:

“Evidence shows that it is extremely difficult to isolate the contribution and net impact of activities carried out by the tourism promotion agency i.e. to attribute effect to the tourism policy. There will always be additional factors which are not controlled by the promotion agency; for example, there is a long list of additional factors beyond direct marketing that will affect the decision to travel, with a time lag between the awareness of a country offering and the actual decision to travel.”

Tourism marketing organisations around the world are faced with an ongoing challenge of showing how to directly attribute their efforts to the impacts on the tourism economy.

There are three principal approaches to tourism evaluation that are regularly used:

- Return on investment
- Conversion models
- Non-linear modelling.

However, these techniques are often unable to attribute effects directly to a promotional campaign. Nonetheless, some tourism marketing organisations have been able to directly attribute effects to a promotional campaign, and some case studies are set out below.

Case study 1: US Department of Commerce tourism promotion campaign in the UK

The US Department of Commerce piloted an international tourism promotion campaign in the UK over the period December 2004 – February 2005. The economic impact of the campaign was measured by the incremental spending generated by visitors as a result of the campaign.

One part of the evaluation method was a conversion study. This measured the effectiveness of the campaign at bringing visitors to the USA during the campaign and subsequent period, and intentions to visit the USA in the future.

There were three parts to the conversion study:

1) A pre-campaign image study to examine travellers’ behaviour, destination preferences and destination image, to help develop the creative for the campaign

2) A post-campaign study conducted shortly after the promotion period to measure advertising awareness and the impact of the campaign on intentions to visit and short-term visitation during and immediately after the campaign period

3) A follow up survey with those individuals from phase two who said they intended to visit, to measure the conversion of intentions to actual visitation in the year after the campaign period.

When measuring the campaign's impact on visits and intentions to visit, controls were put in place to ensure that only advertising-influenced trips were included and visits that would have been made anyway in the absence of advertising were removed[10].

The conversion study was used to calculate the number of incremental visitors as a result of the campaign, which was combined with an average spend per trip figure (from survey data) to calculate total incremental spending.

Phase three of the conversion study is of particular interest, as it allows the longer-term effects of the campaign to be examined by following up whether those who intended to visit actually did make a booking.

Case study 2: Homecoming Scotland 2009

Homecoming Scotland 2009 sought to encourage visitation to Scotland through a series of events celebrating Scottish culture and heritage, funded by the Scottish Government. The economic impact of the campaign was measured by calculating net additional expenditure.

Attendees at the events were surveyed on whether they were aware that the event was part of the Homecoming campaign and whether Homecoming was one of their reasons for visiting Scotland. This information was used to calculate gross expenditure resulting from the Homecoming campaign.

To calculate the net additional expenditure as a result of the campaign, the following had to be taken into account:

- Substitution – the organisations involved in the events substitute one activity for another to take advantage of government support.
- Leakage – benefits of the campaign spill over to groups/areas not intended to benefit
- Displacement – expenditure moved from one part of the economy to another i.e. people who would have travelled to Scotland without the campaign, but now are visiting an event area rather than another area
- Multipliers – spillover effects for supply chains and employment outcomes.

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[10] The method for doing so is proprietary to the advertising research firm who carried out the report, so the techniques are not known

The use of a survey asking whether the campaign was a reason for visiting is interesting, as this allows the direct impact of the campaign to be estimated.

Case study 3: London Development Agency Impact Evaluation Framework

In 2009 the London Development Agency commissioned a research study to develop a robust Impact Evaluation Framework method for assessing the economic impact of destination marketing and promotion (DM&P) activity. This was to be in terms of gross value added (GVA) to fit with UK Government guidance.

The economic impacts of DM&P are driven by visitor spending.

The GVA of DM&P activity should be calculated in the following way:

1) Find the number of people exposed to DM&P making a visit to the region as a result of the campaign, and calculate their gross expenditure

2) Take into account deadweight – how much of it would have happened without DM&P (i.e. people were planning a visit anyway but spent more/extended their stay as a result of DM&P)

3) Take into account displacement and crowding out (i.e. if people are encouraged to visit at peak times then other tourists may be 'crowded out')

4) Convert expenditure to GVA – not all expenditure contributes towards increasing GVA (i.e. intermediate inputs to tourism may not be produced in the region, so expenditure leaks out of the region)

5) Take into account multiplier effects e.g. on employment.

At the time of the report, the UK used a conversion study to calculate phase one of the model outlined above. People who had registered on the Visit Britain website during the DM&P campaign period were contacted to see if they had made or were planning a trip, and to what extent (definitely/probably/possibly/not at all) DM&P had influenced their decision. Incremental spend was found by weighting spending figures based on the extent to which travel behaviour was influenced by DM&P. It was noted that this is only a partial sample of those who would have been influenced by DM&P activity, as not everyone would have registered on the website.

The research study recommended a follow-up re-contact survey of respondents to the initial survey to see if those who were planning a trip did make a visit, and of non-respondents to the initial survey to investigate non-response bias. Econometric modelling of the determinants of international travel was also recommended, to examine the role of DM&P in the decision to travel internationally.

A cost benefit analysis framework for DM&P was also set out. As well as the direct costs and benefits of DM&P, the following should also be taken into account:

- Services made viable by tourism expenditure

- Environmental degradation and congestion.

These case studies indicate the importance of follow-up in conversion studies, to see if consideration or intention became actual travel. They also highlight visitor expenditure as a key driver of the net economic impacts of tourism.

<u>Sources:</u>

"A framework for the evaluation of tourism policies and programmes", OECD Centre for Entrepreneurship, SMEs and Local Development (Tourism Committee), October 2010

"Homecoming Scotland 2009 Economic Impact", EKOS Ltd, March 2010
http://www.homecomingscotland2009.com/Repository/review/Homecoming_Scotland_2009_-_Economic_Impact.pdf

"Destination Marketing and Promotion Economic Impact Methodology Study", ECOTEC Ltd, July 2009
http://www.lda.gov.uk/publications-and-media/publications/destination-economic-impact.aspx

4. Evaluation Method

An evaluation plan was developed by MED's Evaluation Team and the Tourism Strategy Group, in consultation with Tourism New Zealand and representatives of regional tourism organisations.

4.1 Scope of evaluation

It is a requirement to evaluate the 2009/10 allocation of the Joint Venture Partnerships Fund after its first year of operation, as directed by Cabinet, and to report to the Minister of Tourism.

This evaluation assesses whether the joint venture partnerships met their objectives, and whether the Fund was operated in accordance with its nine key principles and operational criteria.

In addition, key performance indicators (KPIs) are considered. These were set at both a national and regional level. The exact KPIs vary between the different joint venture partnerships, as agreed by RTOs and TNZ, and include:

- Visitor arrivals
- Visitor nights
- Visitor expenditure
- Website traffic
- Destination awareness.

In addition, we draw on existing reports and use available data to provide context and background statistics and to assess the performance of the joint venture partnerships.

We have not undertaken any further market research over and above the TNS Conversa destination awareness and consideration studies to measure consumers' levels of conversion to travel over the longer term.

Also outside the scope of this evaluation are wider methodological questions about the evaluation of tourism marketing campaigns. We have discussed existing literature and indicate how findings could apply to evaluating this policy; but we do not conduct a full methodology review or apply alternative evaluation techniques (e.g. multivariate regression).

4.2 Evaluation questions

To evaluate the Fund's performance, we investigated questions grouped into the following evaluation themes:

1. Investment in international tourism marketing
2. Changes to Australian visitor market behaviour

3. Policy development and operation
4. Regional differentiation and participation
5. Alignment of regional and national marketing campaigns.

These themes also form the structure for reporting results.

4.3 Evaluation method

Identifying a direct causal relationship between marketing spend and tourism outcomes is very difficult. The additionality of a particular joint venture marketing campaign cannot be isolated or measured. This is particularly challenging when individual RTOs are members of more than one campaign. However, in this evaluation we provide evidence of possible links between joint venture marketing campaigns and changes to visitor patterns.

Data have been collected from a number of sources. TNZ have provided national level data and RTOs have provided regional level data. Both national and regional KPI data are used in conjunction with International Visitor Arrivals and International Visitor Survey data to put the results into the perspective of longer term trends. A description of the main data sources used in the evaluation is given in Appendix 10. Marketing Performance Reports by TNS Conversa (as commissioned and provided to the evaluation by TNZ) are used to investigate the difference between pre- and post-campaign levels of awareness, appeal and consideration of the RTO destinations by potential visitors.

TSG have provided documentation of policy development and access to further statistics and previous reports on the Australian market.

In an evaluation, quantitative data should be complemented by qualitative data. This was obtained by surveying and/or interviewing stakeholders.

A discussion was held between TNZ, RTONZ, representatives of Positively Wellington Tourism and Destination Rotorua and MED. A number of interviews and meetings were held with TNZ to provide background material to the evaluators.
All RTOs were surveyed electronically, regardless of whether they participated in a joint venture partnership or not. The survey questions were discussed in advance with TNZ and RTONZ, and RTONZ encouraged responses from RTOs. Response rates were high for RTOs that participated in joint venture partnerships (80%), but only half of RTOs that did not participate in joint venture partnerships responded to the survey.

Follow-up telephone interviews were conducted with six RTOs, to investigate in more detail areas of interest as highlighted by the survey. RTO interviewees were chosen:

- based on their engagement with the electronic survey
- to ensure a spread across joint venture partnerships
- to ensure lead, partner, and non-participating RTOs were sampled.

The interviews were structured around a series of questions which were circulated to participants prior to the telephone conversations. While the questions guided the interviews, discussion was allowed to run freely over topics raised by either the interviewees or the interviewers. In most cases two MED representatives were present for interviews. The interview questions and a summary of key points raised are given in Appendix 7.

Four industry partners were also interviewed, to explore their motivation for joining a joint venture partnership and whether/how this experience differed from previous joint venture projects with either RTOs or TNZ. An airline, an airport, and two activity operators were selected for interview to get a range of views across different parts of the tourism sector and to reflect investment levels in the joint venture campaigns. A summary of key points raised is given in Appendix 8.

Material has been collated and is presented here in discussion of the evaluation questions. Evaluation evidence is provided in more detail in the Appendices.

This report has been discussed with TNZ and will form the basis of ongoing policy work surrounding the Joint Venture Partnerships Fund. The report will be presented to the Minister of Tourism and the MED Research and Evaluation Committee.

5. Investment in Australian tourism marketing

One of the objectives of the Joint Venture Partnerships Fund (the Fund) was to increase the amount of coordinated tourism marketing investment by industry and regions. There is a minimum level of investment required to run an effective offshore destination marketing campaign. The rationale behind the Fund is that it is easier for regions to attract funding (e.g. via local government and industry) by leveraging central government funds. Combining central government, RTO and industry funds allows a critical mass to be achieved for regional marketing campaigns in Australia.

5.1 Did the overall level of investment increase?

One of the principles (principle 3: dollar for dollar) of the Fund specified that in order to qualify for JV funding, RTOs had to provide a campaign initiative that demonstrated that they were able to support the campaign with matched funding. RTOs sourced funding from local government and industry partners.

The 2009/10 JV Fund was oversubscribed (by $557,500), demonstrating that JV partnerships were a feasible mechanism for increasing central government's investment in offshore marketing.

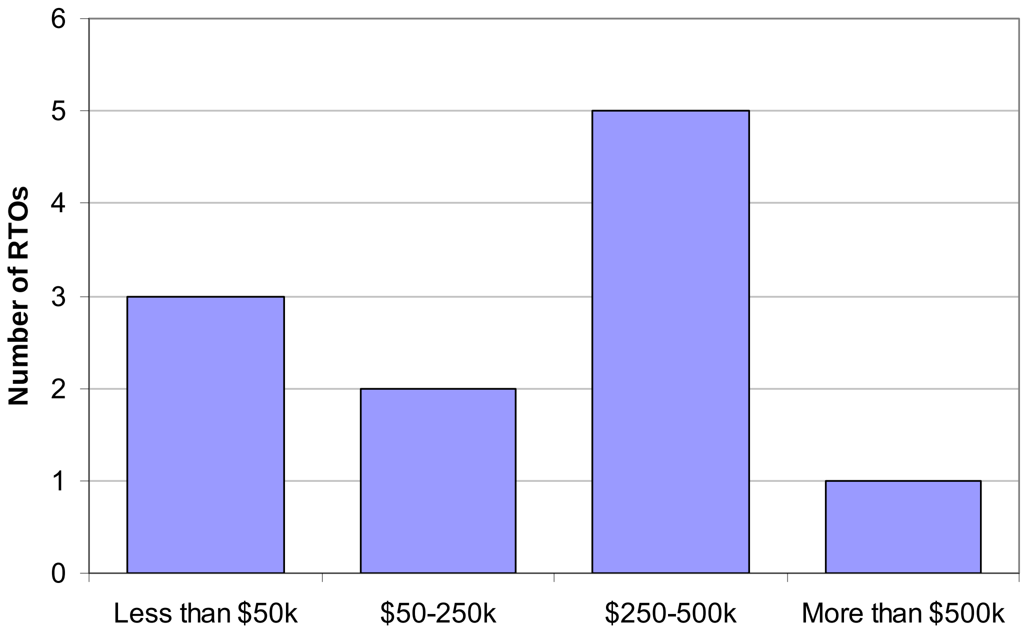
The dollar for dollar ratio was attractive to RTOs and their industry partners, and encouraged investment in some regions that would not have occurred in the absence of the Fund. There is further discussion of the funding principles in Section 7.2.

Not all of this funding was "new" money, and so cannot be considered as increasing the overall level of investment if it was simply reallocated from other projects. However, given the timing of the Joint Venture Partnerships Fund in 2009/10, recognition was given that finding "new" investment may be difficult for some RTOs, as for example local government budgets had already been set for the financial year. This issue is discussed in more detail in Section 7.2.

RTOs were asked in the electronic survey what their 2009/10 marketing budget was before the joint venture funding was announced. Eleven out of 16 RTOs who responded to the survey answered this question[11], and the results are shown in the figure below. Six RTOs already had an Australian marketing budget of more than $250,000 before the announcement of the Fund.

[11] There were a total of 20 tourism organisations that were involved in a joint venture partnership who were invited to complete the electronic survey: the 17 RTOs, Central Park, Ski TMN and Destination Waitomo. Of these 20 organisations, 16 responded to the survey. In this section the shorthand "RTO" is used to encompass the responses of all these organisations.

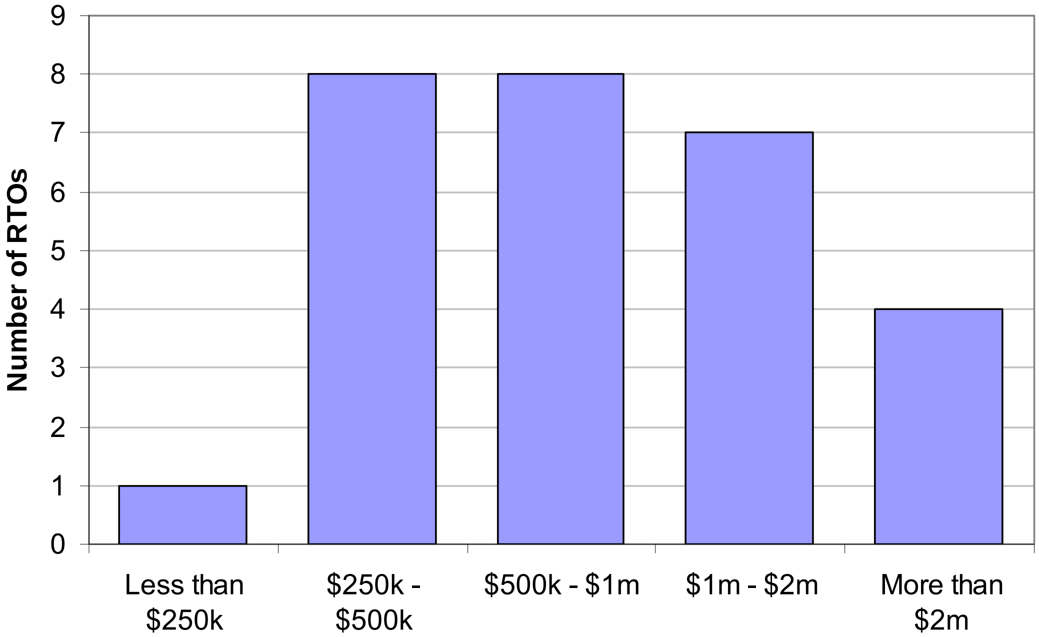
Figure 1: RTOs' 2009/10 Australian marketing budgets before the JV Fund was announced



The proportion of total budgets that this represented varied between RTOs, with some RTOs already planning extensive Australian campaigns before the announcement of the Fund and others with much lower planned involvement, choosing instead to focus more on domestic campaigns. Note that not all Australian marketing budgets will have been used on joint venture campaign activity, some RTOs may have additional investment in Australia outside of the joint venture campaigns.

Current data on total RTO budgets is unavailable, but the figure below shows total RTO budgets from 2008. Due to movements in RTO boundaries and the different time periods, it has not been possible to calculate 2009/10 Australian marketing budgets as a proportion of total RTO funding.

Figure 2: Total RTO funding, year end June 2008



Source: RTONZ Benchmarking Study, 2008

Some RTOs mentioned that being part of a JV gave their local government funders confidence and assisted towards a longer term financial commitment to tourism and the RTOs. Increased confidence from external private stakeholders led to greater investment, both directly into the JV campaign but also into other marketing, product placement and in-kind contributions.

Region-based industry partners have more incentive to partner in regional level campaigns than national campaigns. The JV was an opportunity for this to happen, and there was some evidence that this occurred. For example, a variety of small regional accommodation and activity providers partnered in the Auckland and Rotorua campaigns; and it is very unlikely that they would have participated in a national campaign.

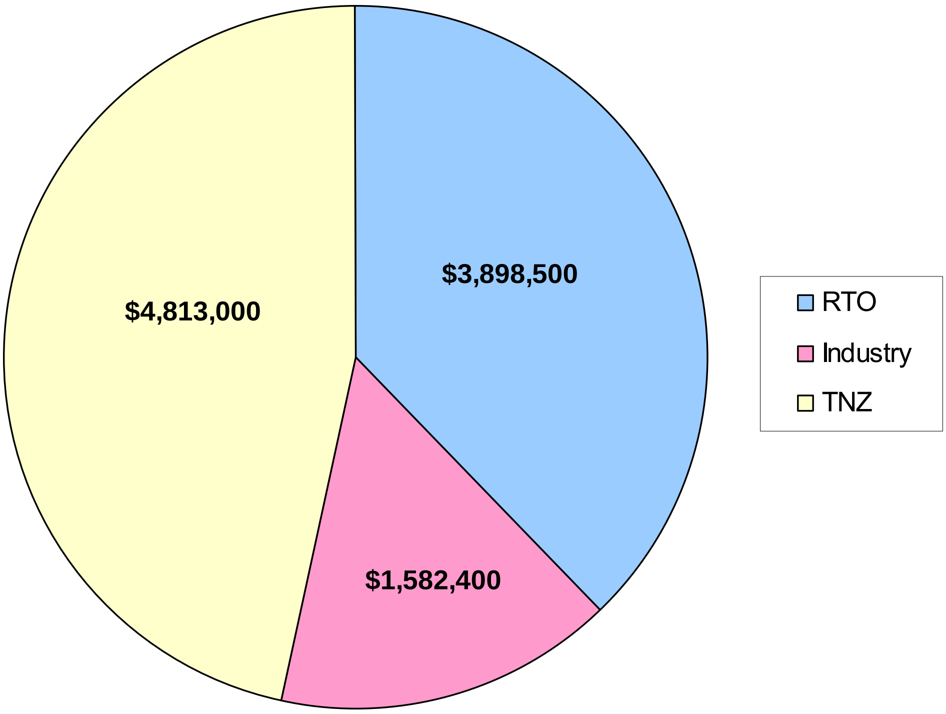
Ten of the sixteen RTOs that responded to the survey said that the JV fund encouraged them to spend more on Australian marketing than they otherwise would have done (three said it did not, and three did not respond to this question). When asked where campaign money came from, the following answers were given:

- Substitution from other projects (both domestic and international marketing)
- Entirely new money
- The JV encouraged contributions from private firms
- JV money was used to support an existing campaign.

5.2 How was investment distributed across regions, and between regions and industry?

In total, $10,294,000 was spent on 2009/10 joint venture activity. 47% of this ($4.8 million) came from central government via TNZ's Fund; RTOs made up 38% of all funding contributions ($3.9 million); and industry made up 15% ($1.6 million). The split between RTOs, industry and TNZ is shown in the pie chart below.

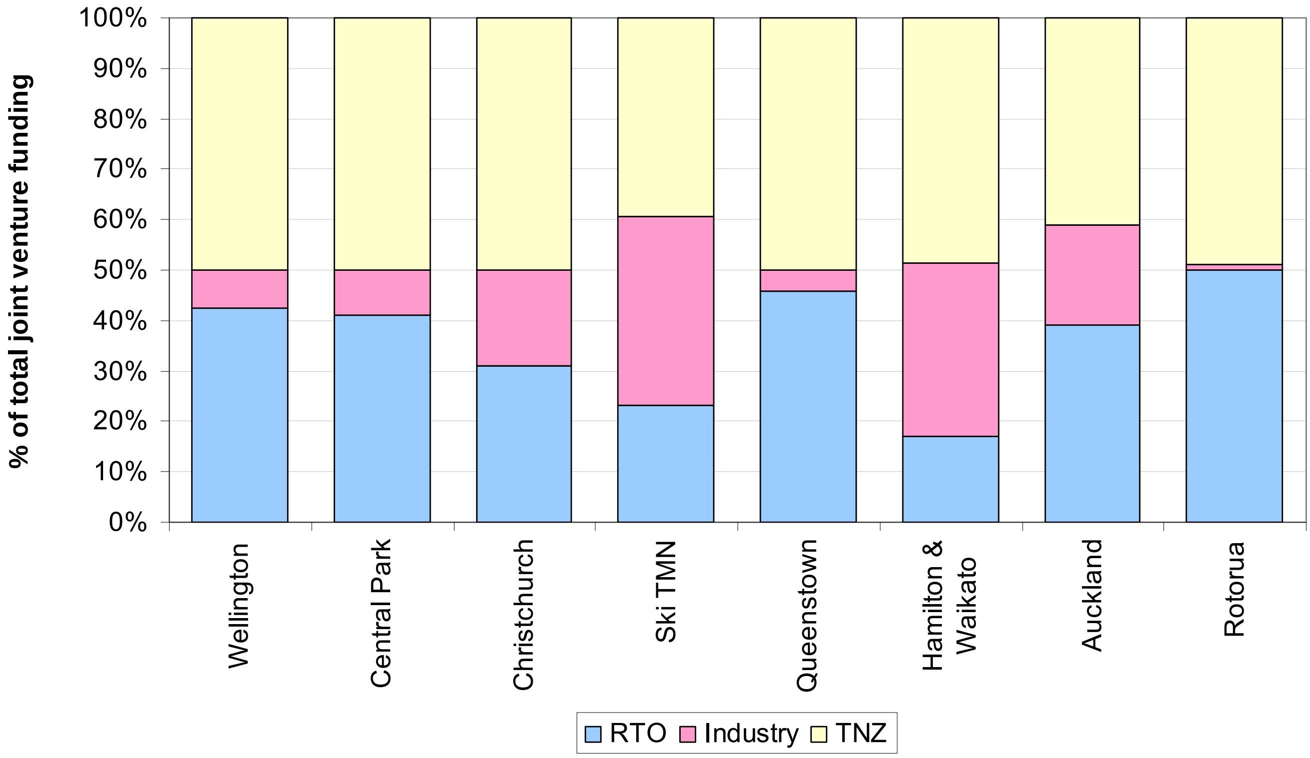
Figure 3: Split in total joint venture funding between TNZ, RTOs and industry



Note: For those joint ventures where some RTO/industry contributions were not matched by TNZ (e.g. for inadmissible spending), it has not always been possible to isolate and remove non-matched contributions. This means that not all of the RTO and industry funding shown above will be for matched joint venture activity.

Between the regions themselves, there were varying splits between RTO, industry and TNZ funding. The chart below shows these splits.

Figure 4: Split in joint venture funding within regions



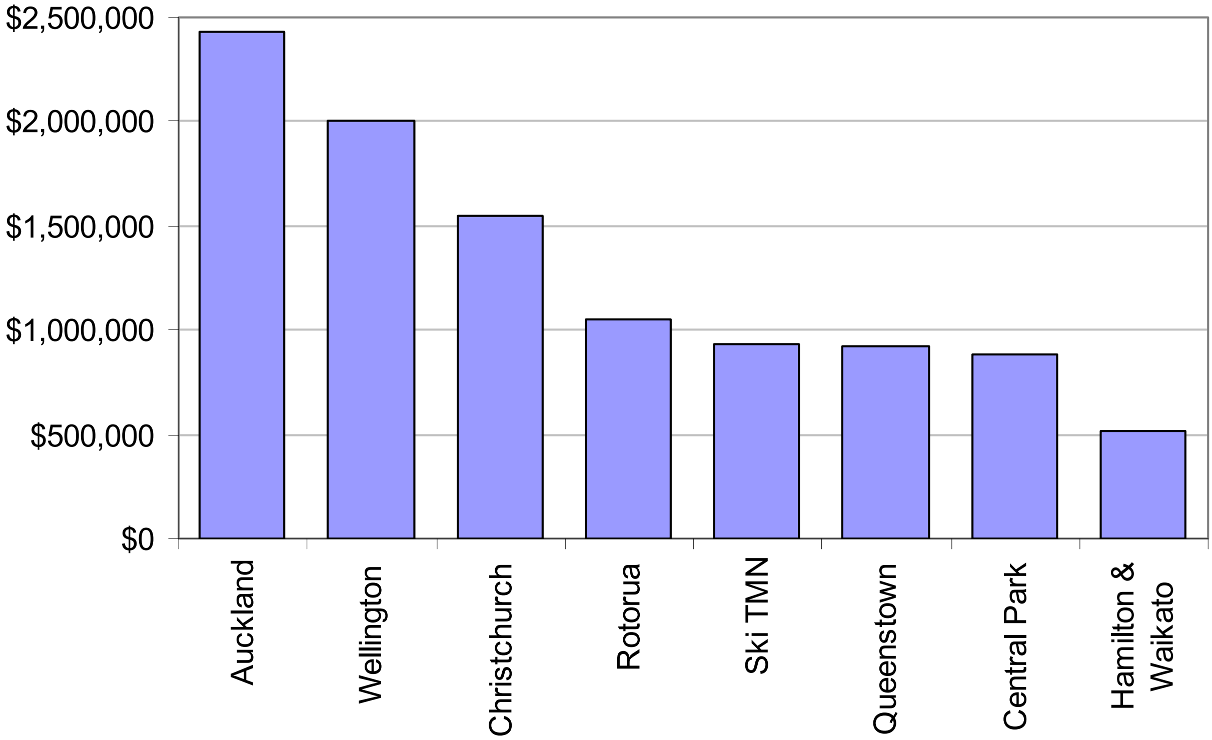
Note: These figures are affected by the variation in reporting of matched and non-matched funding. See text for details.

Hamilton & Waikato and Ski TMN had the largest proportion of industry funding put towards their JVs (34% and 37% respectively). Rotorua (1%) and Queenstown (4%) had the lowest proportion of industry funding.

While Figures 3 and 4 exclude in-kind support (as these contributions were not matched by TNZ funding), these contributions can be crucial for successful campaigns, for example an airline providing discount air fares.

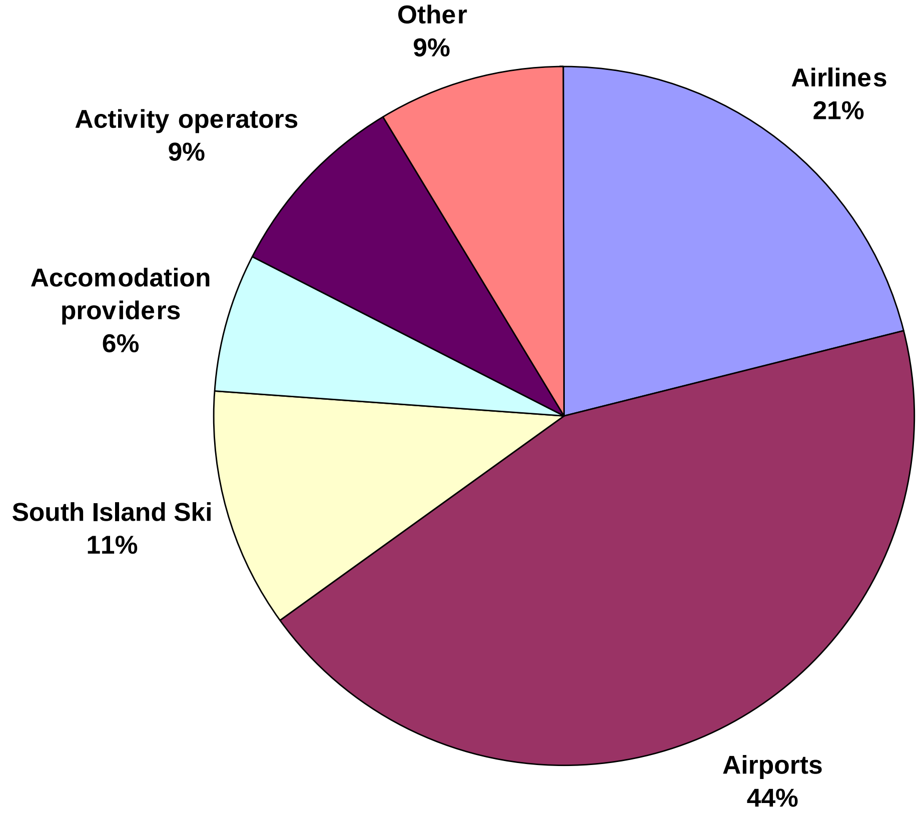
Figure 5 below shows how JV funds were split between the eight JV partnerships. The JVs associated with the largest gateway airports (i.e. Auckland, Wellington, Christchurch) made up 58% of total JV spending. Again, note that this is affected by variation in reporting of matched and non-matched funds; for example Christchurch specified which RTO/industry funding was non-matched so this has been excluded, but Auckland did not specify so all RTO/industry funding, both matched and non-matched, is shown.

Figure 5: Distribution of total JV funding across the eight JV partnerships



Of the industry contributions (15% of total joint venture funding), airlines and airports made up a large majority of this (65%); and airlines were a key conversion partner in joint venture activity. Other industry contributions came from accommodation providers, ski fields, and other activity operators. See the figure below for the split of industry contributions:

Figure 6: Split of industry contributions towards JV funding



Note: "Other" includes not specified

Most media spend in the JV partnerships was channelled into online/digital media (38%), TV/cinema (22%) and print/mail (24%). Other media spend went towards travel trade advertising, airlines' own advertising campaigns, office/outdoor screens, PR and radio. See Appendix 1 for more details.

6. Changes to Australian visitor market behaviour

The indicators of visitor behaviour discussed in this section are those which have been measured as KPIs at a national level: destination awareness, visitor arrivals, visitor nights and visitor spend. Where appropriate, regional level measures of these indicators have been included in the discussion; but regional level KPIs more generally are considered in section 7.

6.1 Did levels of awareness and consideration change over the campaign period?

The travel decision making process (in its simplest form) can be broken down into four stages:

- **Awareness** – a potential visitor must first be aware of a destination before they can decide to travel there
- **Appeal** – what that destination offers must then appeal to the potential visitor
- **Consideration** – the potential visitor must be considering that destination for their next trip (e.g. in their "top five")
- **Conversion** – the potential visitor becomes an actual visitor, having decided that the destination meets their needs better than all others (taking into account visitor preferences, financial considerations, logistical constraints etc).

This is sometimes known as the "Marketing Funnel". Marketing campaigns generally aim to move consumers through the funnel, culminating in the sale of a product. In this case, one of the main objectives of the joint venture campaigns was "to turn the maximum number of consumers reached by the campaign into visitors to New Zealand", i.e. to transform potential visitors into actual visitors by reaching the conversion stage.

However, consumers cannot 'skip' a stage of the marketing funnel. In order to reach the conversion stage, they must first pass through awareness, appeal and consideration; although this may be concurrent. As the joint venture campaigns centred on promoting New Zealand's regions as destinations in their own right, potential visitors must first have been aware of the different regions before they could have considered planning a visit. Therefore, whilst conversion was the ultimate aim of the campaigns, an increase in awareness, appeal or consideration as a result of the campaign would show that potential visitors were being moved along the marketing funnel; and considerers may then become actual visitors when the circumstances were right. These four stages are discussed below.

This section on awareness and consideration should be viewed in the context of the likely share of voice (SOV)[12] of these campaigns. For November 2009 – October

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[12] The share of voice is a brand's or group of brands' advertising weight expressed as a percentage of a defined total market or market segment in a given time period.

2010, New Zealand's RTOs had a combined share of voice amongst Tourism Authorities in the Australian market of 7%, with Christchurch, Wellington and Auckland in the top twenty Tourism Authorities by SOV. The top Tourism Authority was Tourism Queensland with a 10% SOV, and TNZ had 9% SOV. This indicates that each of the individual joint venture campaigns are likely to have had a small share of the total market and were facing a high degree of competition from both domestic Australian and other international destinations. Share of voice is discussed further in Appendix 3.

Research method

TNZ contracted TNS Conversa to monitor campaign performance by conducting pre- and post-campaign surveys of potential visitors in the joint venture campaign target cities of Brisbane, Melbourne and Sydney. This included measuring the awareness and appeal of and consideration of travel to selected New Zealand destinations; as well as measuring the awareness of the joint venture campaigns themselves and campaign diagnostic work. The sampling method and results are discussed in more detail in Appendix 5.

However, a limitation of this research is that there was little measurement of conversion to travel, and no follow-up work to see whether considerers became actual visitors at a later date. This means that this section is largely restricted to looking at the first three stages of the marketing funnel: awareness, appeal and consideration.

More generally, the short time frame for measuring the effect of campaign activity – the post-campaign study was conducted in July 2010, when some campaigns were still in market – means that any influence the campaigns may have on the marketing funnel or travel behaviour over the longer term would not be picked up by this research. This is particularly important for those regions such as Hamilton and Waikato with a relatively low profile in Australia that were aiming to build awareness over a longer time frame; or those that aimed to drive visitation in periods other than Autumn/Winter such as Ski TMN and Central Park, both of who were looking to attract visitors in Spring also.

Five of the seventeen RTOs involved in the joint venture campaigns were part of more than one joint venture partnership. This makes inferring any influence of a particular marketing campaign on levels of awareness and consideration in these regions very difficult.

More broadly, attribution of any changes in awareness or consideration levels to a marketing campaign in this type of environment where there are many factors at play is very challenging. Therefore, whilst we may be able to highlight any pre- and post-campaign differences and possibly construct relationships between campaign activity and changes to the marketing funnel, we will be unable to draw firm conclusions as to the direct impact of the joint venture campaigns.

Destination awareness and consideration

The pre-campaign survey found that the seven regions with international air connections (“gateway” regions) were the top seven regions for awareness, and were the only ones to achieve greater than 50% awareness.

Across all regions involved in a joint venture partnership, levels of consideration[13] ranged from a high of 18% for Auckland to a low of 2% for Wanaka.

The pre-campaign study provided the first set of benchmarks for awareness and consideration of New Zealand destinations by Australians. Given the many factors involved in destination marketing (e.g. spend, marketing approach, brand profile) it would not be appropriate to compare these awareness and consideration figures to those of other destinations. Therefore, we do not know whether these levels of awareness and consideration are ‘high’ or ‘low’ in an international context.

Awareness was also not feeding through strongly to consideration, with an average across all joint venture regions of 15% of those aware of a destination considering a visit (highest in Auckland, Christchurch and Rotorua and lowest in Wanaka). This echoes national level anecdotal evidence that whilst Australians are generally aware of New Zealand and find it appealing, they do not see it as a high priority destination and so are slow to move to the consideration stage.

These findings indicate that there was a large degree of awareness and appeal building to be done before potential visitors reached the consideration and conversion stages; which was especially the case for the smaller regional partners. They also suggest that a strong “call to action” was needed, to prompt visitors to consider travelling to New Zealand now rather than in a few years’ time.

The post-campaign research found that overall there was little change in awareness, appeal and consideration of New Zealand’s regions by Australian consumers subsequent to the joint venture activity.

Across the three Australian target cities of Brisbane, Melbourne and Sydney, the only statistically significant change to the six lead joint venture regions that could be measured by this research[14] was a fall in appeal for Christchurch (although there was no change to its level of consideration). Of the other regions that participated in the joint venture campaigns, the only statistically significant changes were falls in awareness of Dunedin, Bay of Plenty and Hawke’s Bay. There was no significant change in consideration for any of the joint venture regions included in the research.

These results suggest that the campaigns were not successful in moving potential visitors along the stages of the marketing funnel. However, looking at statistically

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[13] Consideration to visit destination for holiday/leisure purposes in the next six months

[14] Auckland, Christchurch, Hamilton, Queenstown, Rotorua and Wellington. Central Park and the Ski TMN are not a destination as such and are not included in the destination awareness section of the TNS Conversa research, although any effect of these campaigns would be picked up in the results of their constituent regions.

significant changes for the three Australian cities separately does give a more nuanced picture, as different campaigns had different target markets:

- Auckland saw a significant increase in consideration amongst Sydney residents, which was the main target market for this campaign.
- Hamilton[15] saw a significant increase in consideration amongst Brisbane residents, which was one of its target markets (although there was no change in Sydney, which was its other target market).
- Wellington saw a significant increase in consideration amongst Sydney residents, its target market, although at a national level this was offset by a fall in consideration in Melbourne (where no activity took place).
- Christchurch saw a significant increase in consideration amongst Sydney residents, a significant fall in consideration amongst Melbourne residents and a significant fall in appeal amongst Brisbane residents; a mixed picture given that the Christchurch campaign targeted all three cities.
- Rotorua saw a significant fall in awareness and consideration amongst Melbourne residents, although the Rotorua campaign mainly targeted Sydney.
- Queenstown saw no significant change in any of the three cities.

The results for the lead joint venture regions at a target city level are, at least in part, more positive than the national picture would suggest. However, the smaller partner joint venture regions did not fare so well, with Bay of Plenty and Hawke's Bay seeing a fall in awareness in Sydney (Central Park's main target market).

Hamilton and Waikato noted that these results reinforce the need to remain committed to the market through clear and consistent messaging focused on the target audience.

Campaign and direct flight awareness

Awareness of the joint venture marketing campaigns was also fairly low, with prompted recall rates between 9% (Christchurch winter campaign) and 22% (Rotorua). The Wellington, Auckland and Hamilton campaigns all saw significantly higher recall rates in Sydney (their target market) than in the other cities.

A generally accepted practise in the advertising industry is to assess the awareness of campaigns in terms of the ratio of Target Audience Rated Points (TARPs) to awareness. This measures the effectiveness of marketing in terms of the proportion of the target market that was aware of the campaign. However, this is outside the scope of this evaluation. Again, comparisons with awareness rates of other campaigns is difficult as other factors are also important, such as the media mix used, the strength of key messages and other brands involved in the campaign.

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[15] In the destination awareness and consideration section of the research, Hamilton and Waikato were examined as separate regions

The research also looked at whether those who were aware of the campaign took any action as a result of seeing the campaign, i.e. measuring the strength of the “call to action” of the campaign. Auckland was the weakest at 24% of people aware of the campaign taking action, and Central Park the highest at 55%, although this may be related to the fact that Central Park was a new concept and people were finding out more about the brand. However, taking “any action” includes information gathering activity such as visiting websites, and so does not necessarily indicate conversion to travel.

Auckland noted that its campaign was heavily skewed towards traditional media advertising with a weak ‘call to action’. This meant that whilst the majority of those aware of the campaign enjoyed it, they did not take any action as a result. Positive perceptions were reinforced, but no sense of urgency was developed about visiting in the short term.

A measure of conversion was included – whether the respondent booked a trip after seeing the campaign – but rates of conversion were low at 0-6% (and results should be treated with a high degree of caution due to very small sample sizes). However, as noted above, this does not pick up any effect the campaigns may have on travel behaviour over the longer term.

There was a statistically significant fall in the awareness of general New Zealand-related advertising[16] across the three Australian cities, from 44% in January to 39% in June. This was driven by a significant fall in awareness in Melbourne; awareness in Brisbane and Sydney was unchanged, which may be a result of the joint venture campaigns focusing primarily on Brisbane and Sydney. Awareness of the 100% Pure logo across the three Australian cities did not change over the campaign period.

There was little change in awareness of direct trans-Tasman flights over the campaign period; and supporting direct flights was a key element of a number of joint venture campaigns. There was a significant increase in awareness of direct flights from Brisbane to Rotorua, which was interesting as there were no direct flights available during this time. There were significant falls in awareness of direct flights from Melbourne to Auckland, Christchurch and Wellington: Melbourne was a target market for Christchurch but not for Auckland and Wellington. There were significant increases in awareness of direct flights from Sydney to Hamilton and Wellington, which is positive for these campaigns as Sydney was a target market.

Interpretation of results

TNZ’s interpretation of these results is that: “a proliferation of regional messages in Australia could, particularly at lower levels of investment, be causing individual regional messages to be lost and a dilution of New Zealand’s overall impact”[17]. As a result, their proposed approach to addressing this problem for 2010/11 is to develop an overarching communication framework to deliver a New Zealand message as an

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[16] “Now we’d like you to think about advertisements or special offers you may have recently seen or heard on TV, on billboards, on buses or other outdoor advertising, in newspapers or magazines, on the internet and on the radio, in relation to holidaying in New Zealand”
[17] Briefing paper to the Minister of Tourism “Regional Tourism Joint Venture Funding 2010/11” 23 July 2010

‘umbrella’ to regional promotion, which will be strongly recommended for joint ventures with lower levels of investment.

Statistics New Zealand were contacted for an opinion on the sampling method and the likely degree of sampling and non-sampling error within the results. They calculated that the sample error estimates are fairly low and so concluded that the sample sizes used for the full survey (pre-campaign n=1,001 and post-campaign n=2,017) were sufficient to provide reliable and representative results.

Overall, the lack of significant changes to awareness, appeal and consideration to travel indicates that the campaigns were not successful in positioning New Zealand’s regions as destinations in their own right. As suggested by TNZ, it is likely that this was caused in part by a lack of coordination and consistency in regional messages and some degree of market clutter.

Looking at the target cities individually there were some more positive results, such as increases in consideration amongst Sydney residents for Auckland and Wellington. There were also some increases in awareness of direct trans-Tasman flights. However, these were not enough to affect the national picture.

6.2 Was there greater conversion to travel (in terms of visitor arrivals, nights and spend) as a result of the JV campaigns?

At a national level, three of the objectives of the joint venture campaigns were to increase:

- Total visitor arrivals
- Total visitor nights
- Total visitor spend

These variables were chosen as key performance indicators (KPIs), and changes over the campaign period are shown in Table 1 below.

Table 1: National level KPIs

	Source	Period	Baseline (2009)	Actual (2010)	Change	
					Number	%
Total arrivals	IVA	Mar-Aug	498,440	519,650	+21,210	+4%
Total nights	IVA	Mar-Aug	4,988,000	5,245,800	+257,700	+5%
Total expenditure	IVS	Apr-Jun	$369m	$334m	-$35m	-9%

Notes: The period chosen relates to the best fit between the campaign period and the survey measurement period (using data available as of October 2010).

A description of the main data sources used in this evaluation is given in Appendix 10.

Specific targets for these three measures for the joint venture campaign period were not set by TNZ. However, targets for Australian visitor arrivals and spend are set in TNZ's 3 Year Marketing Strategy (2010-2013)[18], which take account of RTO joint venture activity.

The target for total Australian visitor arrivals in 2013 is 1.3 million, compared to 2009 arrivals of 1.08 million. The TNZ Executive Team established a 65,000 growth target for 2010, which is an implied growth target for 2010 of 6%.

No specific 2010 target for visitor spend was agreed, but the 2013 target is $2,337 million, compared to 2009 visitor spend of $1,775 million. This is an implied annual growth target of approximately 10% across 2010-13.

The 3 Year Marketing Strategy did not set a 2013 target for total visitor nights.

The Tourism Strategy Group (TSG) produce national-level forecasts for Australian visitors[19]; which for 2010 forecast 6.7% growth in visitor arrivals, 8.3% growth in visitor nights and 4.9% growth in visitor spend.

Table 2: Growth rate of national KPIs compared to TNZ targets and TSG forecasts

	TNZ targets (annual implied)	TSG forecast (annual implied)	Actual
Total arrivals	6%	6.7%	+4%
Total nights	None set	8.3%	+5%
Total expenditure	10%	4.9%	-9%

These figures suggest that the joint venture campaigns met the objectives of increasing total visitor arrivals and visitor nights, but did not meet the objective of increasing total visitor spend at a national level. However, the lack of a suitable counterfactual makes it difficult to know what would have happened in the absence of the joint venture campaigns, and so whether changes to visitor behaviour are 'better' than they otherwise would have been.

Nonetheless, it can be assumed that the TSG forecasts take into account underlying market trends and an average level of marketing activity in Australia, and so the forecasts provide a suitable 'baseline' level of growth. Therefore, as results were below forecast values for all measures, this indicates that the joint venture campaigns did not lead to growth rates above the baseline and so did not have a marked effect on Australian visitor behaviour.

More broadly, it is not possible to attribute any changes in these measures of visitor behaviour to the joint venture campaigns (and this issue is discussed in more detail in section 7). Therefore, whilst it would be possible to identify changes in the measures set out below that may be linked to joint venture campaign activity, it would not be possible to separate out the effect of the joint ventures from the other key

[18] "Tourism New Zealand 3 Year Marketing Strategy 2010-2013", TNZ March 2010

[19] "New Zealand Tourism Forecasts 2010-2016", TSG July 2010

factors that affect travel behaviour. This should be borne in mind when interpreting the findings and drawing conclusions about the performance of the joint venture campaigns.

The desired outcomes of the joint venture partnerships at a national level were to increase total visitor arrivals, nights and spend. The net economic returns of tourism are increased when high value-add arrivals are encouraged: people who stay longer and/or spend more per night. In this context, the aim of the joint venture campaigns was to promote short break travel, so increasing net economic returns would result from increased spend per night rather than increasing length of stay.

Visitor arrivals

At a national level, visitor arrivals increased by 4% over the joint venture period compared to the same period in the previous year, which was below the TNZ implied growth target (6%) and below forecast arrivals growth (6.7%). It should be noted that these are annual growth rates, and as such growth would not necessarily be expected to uniformly meet the target at all points in the year.

However, there was a high degree of variation across the regional gateway airports, as shown in Table 3.

Table 3: Total Australian arrivals by port of entry

NZ gateway	Mar-Aug 09	Mar-Aug 10	% change
Auckland	277,619	280,744	1%
Hamilton	490	5,110	943%
Wellington	46,732	49,546	6%
Christchurch	149,588	141,610	-5%
Dunedin	1,975	6,004	204%
Queenstown	19,778	31,770	61%
Rotorua	0	2,292	n/a
Total	496,182	517,076	4%

Source: IVA

Of the two largest gateway airports, there was a slight increase in visitor arrivals to Auckland but a 5% fall in arrivals to Christchurch. Wellington saw the largest increase in visitor arrivals (6%) which is not linked to significant changes in airline capacity.

Growth in visitor arrivals to the other four airports is linked to significant growth in airline capacity, as shown below. However, the relationship between arrivals and capacity is complex with demand-side factors driving change in both variables. Increases to capacity can facilitate growth, but are not a direct cause of visitor arrivals per se. The joint venture campaigns were used to support increases in capacity, for example opening a new route, by encouraging Australians to travel.

Table 4: Capacity to NZ gateway airports from all Australian ports, March-August 2009 to March-August 2010

NZ Gateway	Change		Comments
	Number	%	
Auckland	24,767	3%	
Christchurch	-33,265	-9%	As capacity into Queenstown increased, capacity into Christchurch reduced
Dunedin	10,420	114%	Virgin Blue flight to Brisbane commenced Sept 09
Hamilton	20,180	664%	Virgin Blue flights to Brisbane and Sydney commenced Sept 09
Queenstown	19,623	65%	Virgin Blue flights to Sydney commenced Sept 09
Rotorua	7,904	n/a	Air New Zealand flight to Rotorua commenced Dec 09
Wellington	4,798	2%	Virgin Blue flight to Sydney commenced Sept 09
Total	54,427	4%	

Source: Sabre ADI and BITRE[20]

Dunedin, Hamilton and Wellington saw growth in visitor arrivals which exceeded capacity growth, indicating that there may have been other factors involved in driving arrivals growth than simply capacity increases.

The figures indicate that there was a degree of substitution between Christchurch and Queenstown occurring over the joint venture period as airline routes were modified to fly direct to Queenstown rather than into Christchurch. However, the increase in arrivals to Queenstown was greater than the fall in arrivals into Christchurch, indicating that there was overall growth rather than a complete substitution effect.

However, these figures are for all Australian departure ports, not just those that were targeted by the joint venture campaigns. It is therefore useful to compare Australian arrivals from Brisbane, Melbourne and Sydney to those from other ports to see whether travel patterns are any different between those cities that were targeted by the joint venture campaigns and those that were not.

Over the joint venture campaign period, Brisbane saw a 3% growth in travel to New Zealand (0% capacity growth); Melbourne saw a 1% fall in travel to New Zealand (7% capacity growth) and Sydney saw a 6% growth in travel to New Zealand (1% capacity growth). This perhaps reflects favourably on the joint venture campaigns, as activity was largely centred on Sydney, followed by Brisbane.

The non-target cities of Cairns and Perth saw an increase in travel to New Zealand over and above capacity growth, albeit from a low base. The high capacity growth from Cairns was due to the opening of a Pacific Blue route direct to Auckland. There was a fall in visitor departures to New Zealand from Adelaide, matched by a larger fall in capacity.

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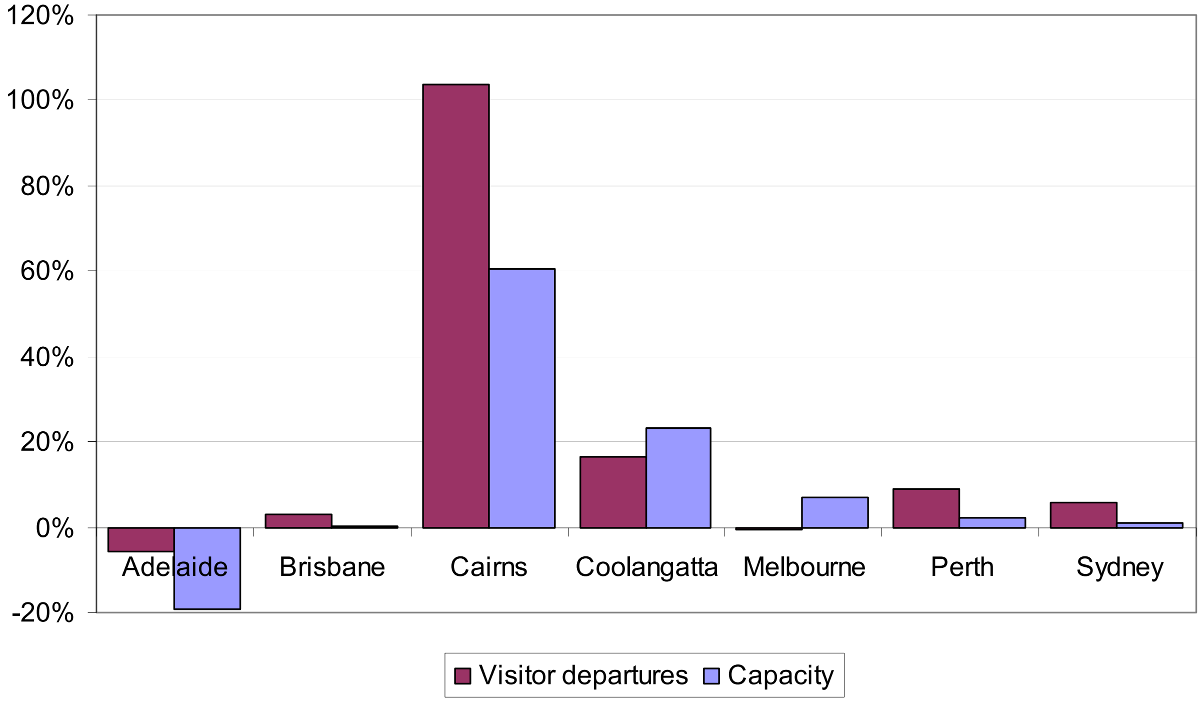
[20] Sabre ADI – Sabre Airport Data Intelligence (see Appendix 10 for description); BITRE - Australian Bureau of Infrastructure, Transport and Regional Economics

There was an increase in arrivals from Coolangatta, although this was below capacity growth. These travellers may have been exposed to the joint venture campaign activity in Brisbane, but as this is uncertain these figures have not been included in discussions of the joint venture campaign activity areas.

Direct comparisons between target and non-target cities may, however, be misleading. Brisbane, Melbourne and Sydney are the main Australian departure ports to New Zealand: combined they provide over 90% of New Zealand's Australian arrivals. It could therefore be expected that the other ports would be likely to see a greater degree of fluctuation around low base numbers; and the opening of a new route (as was the case in Cairns) would lead to very high growth rates.

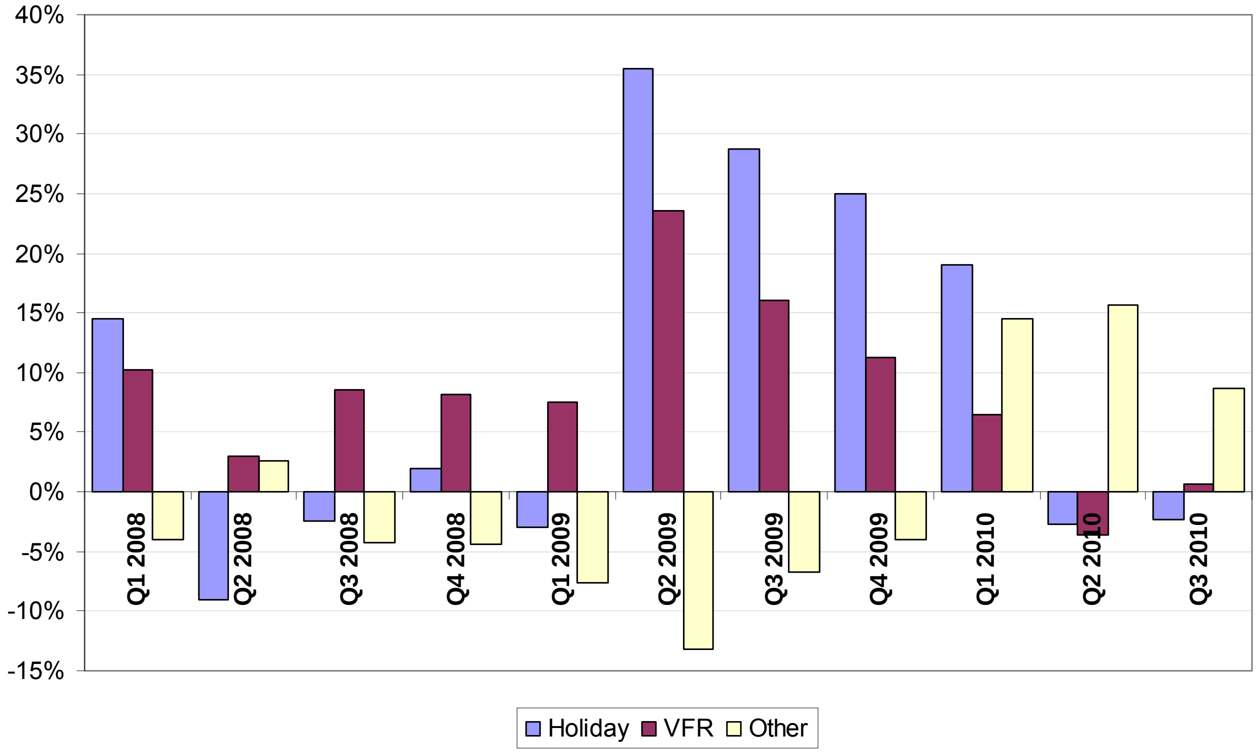
Figure 7: Change in departures and capacity from Australian airports to all New Zealand airports, March-August 2009 to March-August 2010



Source: IVA, Sabre ADI and BITRE

Arrivals can also be separated by purpose of visit, as shown in Figure 8. This is useful as the joint venture campaigns were primarily aimed at increasing holiday visits, with visiting friends and relatives (VFR) a secondary aspect to some campaigns.

Figure 8: Annual change in quarterly arrivals by purpose of visit



Source: IVA

Notes: "Other" includes business, conference, educational/medical and other/not specified

Both holiday and VFR arrivals were down in Q2 2010 (April-June) on their 2009 levels. This casts the arrivals picture in a less positive light; as whilst most of the regional and national arrivals targets are for overall arrivals, the aim of the joint venture campaigns was to promote holiday travel.

The overall growth in arrivals was driven by strong growth in "other" arrivals, namely business and conference travel (see Appendix 4 for a detailed breakdown of "other"). This followed a very weak 2009 for business/conference travel, and the first half of 2010 saw a return to pre-GFC levels of business/conference travel. It is likely that the business/conference travel market was also stimulated by cheap fares resulting from price competition between airlines.

Looking at the longer term trends, 2009 saw a step change in the level of Australian visitor arrivals: visitors increased by 10.9% to 1.082 million. This is thought to have been largely driven by airline competition, increases in seat capacity and the Australian household stimulus package[21].

[21] "Tourism New Zealand Australian Marketing Campaign 2009: Analysis of trends and marketing", TMT, February 2010. See Appendix 9 for a summary of this work.

There was growth in total visitor arrivals in Q1 2010 compared to Q1 2009, and Q2 2010 total arrivals were on a level with Q1 2009. Given the more challenging nature of market conditions in 2010, with Australians returning to long-haul travel after the downturn, maintaining the increased level of arrivals compared to pre-2009 levels could be seen as at least a partial success.

On a broader note, the lack of a counterfactual model – what would have happened to visitor behaviour if the joint venture campaigns had not taken place – makes it very difficult to determine whether the results could be seen as successful or not. It may be that without the joint venture campaigns there would have been fewer Australian visitors, in which case maintaining previous visitor levels or low levels of growth over the campaign period would indicate that the campaigns had been successful. If, on the other hand, without the joint venture campaigns levels of arrivals would have been maintained or increased anyway, then low growth levels would indicate that the joint venture campaigns had little effect on Australian visitor patterns.

The closest to a counterfactual that exists is looking at arrivals from Adelaide, Cairns and Perth. However, as discussed above, travel patterns from these ports are likely to be distinct to those from the three target cities; and so it would be very difficult to attribute any differences between the two groups of cities to the effects of the joint venture campaigns.

Visitor arrivals did increase over the joint venture campaign period compared to the same period in the previous year; but this was below TNZ's annual growth target and TSG's annual growth forecast. This growth was also driven largely by an increase in business travel: holiday and VFR arrivals fell over the campaign period compared to the previous year.

There was fairly strong growth in arrivals into Wellington, and the fall in arrivals into Christchurch can be at least partially explained by a drop in capacity related to increased direct flights into Queenstown (i.e. there was substitution between Christchurch and Queenstown). The opening of new routes to Dunedin, Hamilton, Queenstown and Rotorua is likely to be the main factor driving the strong growth in arrivals seen in these airports. However, the relationship between arrivals and capacity is complex, and there will be other factors influencing both variables.

Length of stay and visitor spend

IVA data has been used for national-level data on length of stay, which measures the intended length of stay in days at the time of arrival in New Zealand. This is a more reliable data source than the IVS, due to significantly higher sample sizes. However, the IVA does not disaggregate for regions, so IVS data (which measures actual visitor nights) has been used for regional breakdowns.

Total visitor days over the campaign period (March – August 2010) were up 5.2% on their 2009 levels. The average number of days per person in New Zealand rose slightly from 10.01 in March – August 2009 to10.09 over the same period in 2010, a 0.8% increase (source: IVA).

TNZ did not set a length of stay target as part of their Three Year Marketing Strategy, but the TSG growth forecast for 2010 was 8.3% growth for total visitor days and 1.5% growth for average days per visit. Whilst there was actual growth in both measures, both were below these targets.

The IVS shows considerable regional variation in changes to visitor nights. Table 5 shows the changes to total nights and average nights per person for the seven gateway regions.

Table 5: Total nights and average nights per person by RTO

	Total nights			Average nights per person		
RTO	**Q2 2009**	**Q2 2010**	**% change**	**Q2 2009**	**Q2 2010**	**% change**
Auckland	1,137,297	501,414	-56%	11	4.4	-60%
Hamilton & Waikato	75,771	254,985	237%	3.2	14.1	341%
Rotorua	58,594	70,987	21%	2.4	2.8	17%
Wellington	273,973	235,538	-14%	6.8	5.4	-21%
Christchurch & Canterbury	308,276	439,374	43%	4.7	6.6	40%
Queenstown	123,407	144,441	17%	3.3	4.2	27%
Dunedin	38,929	98,701	154%	2.3	4.3	87%

Source: IVS

These figures should be treated with caution, as they are affected by fairly small sample sizes (especially outside of Auckland, Wellington and Christchurch) and are heavily influenced by outliers. The IVS is not designed to be 'sliced and diced' down to this level of detail, so the data on visitor nights by region is not robust enough to draw firm conclusions about changes to visitor nights or length of stay patterns.

Another objective of the joint venture campaigns was to encourage short break travel. The total number of "short break" visitors – defined here as Australians staying less than five days – grew by 13% between Q2 2009 and Q2 2010 and by 3% between Q3 2009 and Q3 2010. In Q2 2010 holiday, VFR and business short breaks were all up on Q2 2009. However, in Q3 2010 holiday short breaks were down on their Q3 2009 levels whereas VFR short breaks were up very slightly and business short breaks grew by 9% (source: IVA). This may reflect a recovery in business travel (which generally has shorter length of stay than holiday and VFR travel) from a very weak year in 2009.

As shown in Table 1, visitor expenditure at a national level fell by 9%, down from $369 million in Q2 2009 to $334 million in Q2 2010. This is compared to an implied annual growth target from TNZ's Three Year Marketing Strategy of 10% and the TSG forecast annual growth rate of 4.9%. Average expenditure per person also fell over this period, from $1,754 in Q2 2009 to $1,538 in Q2 2010 (a 12% fall), compared to the TSG forecast of an annual fall of 1.7%.

Expenditure data from the IVS at a regional level for the Australian market is not robust enough to use, due to small sample sizes.

7. Policy development and operation

This section draws on the findings of the electronic survey of RTOs and telephone interviews with selected RTOs, which are summarised in Appendices 6 and 7 respectively.

7.1 Did the KPIs chosen effectively measure performance and success, at both the national and regional level?

National level KPIs

At a national level, there were a clear set of measurable objectives. These were: "To increase visitation of Australians to New Zealand by:

- Increasing total arrivals
- Increasing total visitor nights
- Increasing total visitor spend"[22]

As such, total arrivals, visitor nights and visitor spend were chosen as the Key Performance Indicators at a national level.

The national KPIs are very broad measures, chosen to fit in to TNZ's overall measurement framework. There was no recognition that the joint venture campaigns were promoting mainly holiday travel, or that encouraging short breaks was the focus of many campaigns. This means that the specific aims of the joint venture campaigns, as opposed to more general TNZ marketing in Australia, are not being reflected in the KPIs. Performance is therefore not being effectively measured as the KPIs are picking up broader trends: for example total arrivals grew by 4% year-on-year over the KPI period but holiday arrivals grew by only 2% and VFR arrivals by 1% (compared with all 'other' arrivals growth at 13%). See Appendix 4 for more details.

A range of indicators are required to monitor changes in the tourism outcomes at a national level associated with the joint venture campaigns (i.e. arrivals, nights and spend). However, these indicators should be more focussed on the particular aims of the joint venture campaigns rather than Australian marketing more generally.

The other national level objective of increased industry and regional cooperation was not measured, but is discussed below.

Measurement issues

The fundamental issue with the national-level KPIs is that measures used are unable to determine whether changes were as a result of campaign activity; i.e. attribution of changes to the joint ventures is impossible.

[22] "RTO Joint Venture Funding – Australia", TNZ Board Paper December 2009

This is mainly because techniques for effectively measuring conversion as a result of a campaign are still being developed. Those joint ventures that did try to measure conversion were only partially successful. For example, some RTOs were able to measure the click-through rate to partner websites but not whether a booking was subsequently made. This means that at a high level none of the national level KPIs chosen were an effective measure of performance, as the effect of the joint venture campaigns cannot be isolated from the many other factors that affect arrivals, nights and spend.

More broadly, tourism evaluations would benefit from the development of multivariate regression techniques, in order to better understand the relationship between destination marketing campaigns and changes to visitor market behaviour. Whilst data availability may preclude multivariate regressions at a regional level, doing so at a national level would give insight to the dynamics of visitor decision making; which could subsequently inform analysis of regional policy.

However, setting aside the issue of attribution, it may still be possible to identify changes in the KPIs that may be linked to the joint venture campaigns. The discussion below looks at whether the measures chosen would be likely to show reliable and robust changes that have an intuitive link to the desired outcomes of the joint venture campaigns.

Total visitor arrivals and visitor nights were measured using International Visitor Arrivals (IVA) data. This data captures all international arrivals and so numbers are very accurate. Total visitor spend information is taken from the International Visitor Survey (IVS). Each quarter there is a sample size of about 300-350 Australian visitors, which is sufficient to provide relatively robust statistics at a national level, but not at the regional level.

The time periods chosen for these KPIs were largely dependent on survey data availability (the joint venture campaigns were in market from late January to June 2010). IVA data is published every month, and TNZ chose to use March to August 2010 as many of the campaigns were promoting travel in the Autumn/Winter period. However, there is less flexibility with the IVS as data is released quarterly, so the second quarter (April-June) 2010 was chosen to measure visitor spend.

These time frames are insufficient to capture the full effects of the joint venture campaigns. Not all potential visitors who were considering visiting New Zealand would be able to do so immediately; so whilst the campaigns may have influenced their travel behaviour over the medium term or longer , this would not be picked up under this measurement framework.

However, it should be noted that the joint ventures had to report outcomes to TNZ in Spring 2010 to feed into this evaluation, so whilst later data may now be available for analysis (e.g. Q3 2010 IVS data) this was not available in the reporting timeframe. In any future funding rounds where there is not the same evaluation timeframe it would be preferable to measure these KPIs over a longer period.

There were similar issues with the regional level KPIs. Again, and most importantly, none of the KPIs chosen were able to effectively measure conversion to travel as a result of the campaign and so the attribution of changes in the KPIs to the joint venture campaigns is not possible.

Several RTOs noted issues with the KPI measurement period in their responses to the electronic survey. For example, some joint venture campaigns aimed to encourage visitation in late Winter and Spring/Summer, so measuring results until June would not pick up the desired changes to visitor behaviour. Also, as discussed in Section 6, some RTOs felt that the time period for measuring changes to destination awareness through the TNS Conversa market research was too short.

There were also concerns raised by a number of RTOs about data reliability in the IVS (see Appendix 7). Whilst at a national level data is relatively robust, the IVS is not designed to be 'sliced and diced' down to this level of detail at a regional level. This means that sample sizes of Australian visitors are small – an average of 33 visitors per RTO in Q2 2010 excluding Auckland, Canterbury and Wellington – and so regional visitor nights will be heavily affected by outliers. For example, looking at the unweighted data for Hamilton and Waikato, in Q2 2009 49 people stayed a total of 134 nights whereas in Q2 2010 46 people stayed a total of 267 nights, which once weighted up results in a 237% increase in visitor nights. This can result in very 'jumpy' annual changes and does not necessarily reflect the underlying trend.

Regional level KPIs

At a regional level more broadly, there was a large degree of variation in the KPIs used, and within a particular KPI the time period, data source and target chosen (if any). The table below summarises the KPIs used for the different joint venture campaigns, and a full list of the regional KPIs is in Appendix 4.

Table 6: Summary of regional KPIs

Joint Venture	Visitor arrivals	Nights in region	Website traffic	Destination awareness	Visitor spend	Other
Wellington	Yes	Yes	Yes	Yes	No	Yes
Auckland	Yes	Yes	Yes	Yes	Yes	No
Hamilton & Waikato	Yes	Yes	Yes	Yes	No	No
Central Park	No	Yes	Yes	No	Yes	Yes
Queenstown	Yes	Yes	Yes	Yes	No	No
Ski TMN	Yes	Yes	Yes	No	No	Yes
Christchurch	Yes	Yes	Yes	No	No	Yes
Rotorua	Yes	Yes	Yes	Yes	No	Yes

All joint ventures included visitor nights in the region and website traffic as a KPI. All but one included visitor arrivals and most included measures of destination awareness. Other KPIs included i-SITE visitation, partnerships in place, direct flight awareness and ski interest.

Most joint ventures measured total arrivals through their gateway airport(s) using the IVA. Central Park set a target of increasing arrivals through Rotorua Airport but did not subsequently measure this. The Ski TMN measured holiday arrivals and Christchurch measured holiday and VFR arrivals. Those gateways with a newly-opened route chose alternative baseline measurement periods. Growth targets (where set) ranged between 4% in Christchurch and 46% in Queenstown (although this reflected a large expected increase in capacity), compared to the national growth target of 6%.

Visitor arrivals provide a useful performance measure at a regional level, especially for the smaller or newer gateways, as it shows whether there was a change in Australian visitation. However, total visitor arrivals do not show whether the target market of holiday travellers was affected, and so as with the national level measure some of the regional measures would be picking up changes to business and other travel rather than the possible effects of the joint venture campaigns (which mainly targeted holiday travel).

Visitor nights were measured by all joint ventures. All joint ventures with RTO partners measured nights in the wider region, to pick up the effects on not just the lead RTO but also their partners; with the exception of Queenstown which did not measure visitor nights in its partner RTO Wanaka. Most measured Australian visitor nights through the IVS, although as discussed above there are significant issues with data reliability. Some regions chose to measure total international visitor guest nights through the Commercial Accommodation Monitor (CAM), which whilst a census data source and so much more reliable than the IVS, cannot isolate Australians within international visitors. Rotorua used New Zealand Hotel Council survey data to measure Australian nights in the region. Growth targets ranged from 2% in Auckland to 6% in Rotorua; but there was no national target for visitor nights. Christchurch targeted an average of 2.4 nights in the region, but did not subsequently measure this.

Visitor nights are a useful performance measure, as they can show whether arrivals also visited the wider region rather than just the gateway RTO. However, to properly assess the joint venture campaigns, holiday visitors should be separated out from all visitors. Also, encouraging short break travel was the aim of several of the campaigns, but this was not measured by any of the regions.

However, the main problem with measuring visitor nights at a regional level is the reliability of data. Even measuring total Australian visitor nights by region using the IVS provides unreliable results; and so cutting the data any further by purpose of visit or looking at short break travel would not be viable. This means that visitor nights data as it currently stands is not an effective performance measure at a regional level. Some RTOs also noted that the CAM was a more reliable data source than the IVS, but that not being able to isolate Australian visitor nights made it unsuitable for measuring the effects of the joint venture campaigns.

Website traffic was measured by all joint ventures. Online channels were a key feature of all joint venture marketing campaigns, so measures of website traffic provide a useful indication whether people responded to the “call to action” to visit the campaign website (which in most cases was the lead RTO website).

Most joint ventures measured user sessions or unique visits; Ski TMN was the only one to measure conversion-type activity in their KPIs through clicks to partner websites, although whether a booking was subsequently made was not measured. Also, there was no baseline data provided so we cannot know whether this changed over the campaign period. A range of growth targets were set, from 10% for Christchurch to 40% for Auckland (all of which were exceeded).

Website traffic is a useful indicator of campaign performance as it reflects the large online elements to the campaign and how successful other marketing was at directing potential visitors to the website. However, how effectively it measures performance depends on the aim of the campaign. If the campaign was aiming to increase awareness of the region then increased visits to the website would be an effective performance measure as it would show that potential visitors were seeking more information about the region. If, on the other hand, the aim of the campaign was to encourage conversion to travel then traffic alone would not be an effective performance measure, rather there would need to be some indication of whether visitors made a booking through the website (i.e. measuring conversion).

Online platforms are a growing part of both TNZ’s and RTOs’ marketing strategies, although techniques for effectively measuring conversion to travel (e.g. whether someone who clicks through to a partner website subsequently makes a booking) are still in development. These kinds of KPIs should be high priority for future joint venture funding rounds, and may require a greater degree of data sharing from industry partners to allow conversion to be properly measured.

Destination awareness is discussed separately, in Section 6.1.

How effective the other regional KPIs are as a measure of performance depends largely on the quality of the data used and the aims of the particular campaign. For example, visitor spend data at a regional level from the IVS is very unreliable and so this is not an effective measure of performance. Having partnerships in place over the longer term would not be a suitable measure for all regions; and if a partner RTO were to drop out then this would not necessarily indicate poor performance of a joint venture. For example, one region chose not to participate in the 2010/11 joint venture partnerships for strategic reasons, as whilst they felt that their involvement in the joint ventures was a success they are shifting focus to product development rather than marketing.

The KPI framework

The individual joint ventures developed their KPI framework based on a range of factors; including guidance from TNZ, the expectations of partners/contributors and what was thought to be appropriate for that region.

A guideline framework for setting KPIs was developed by TNZ, with input from some RTOs and TMT, as summarised in the table below. The highlighted KPIs are those suggested by TNZ as suitable for all joint ventures. Four of the seven lead RTOs who responded to the online survey reported using TNZ's KPI guideline table when setting their KPIs, but it seems that all joint ventures set KPIs broadly in accordance with TNZ guidelines.

Table 7: TNZ KPI guideline table

NATIONAL		REGIONAL		LOCAL	
	Source		Source		Source
Arrivals	IVA	Point of entry (airport)	IVA	i-SITE visitation	Regions
Total nights	IVS	Nights spent in regions	IVS	Website traffic	Regions
Spend	IVS	i-SITE visitation	Regions	Available partner figures eg. airlines, accom providers, trade	Industry
Awareness, preference, intention	Campaign tracking	Regional awareness	Regional campaign tracking		
First time and repeat visitors	IVS	First time and repeat visitors	RVM		
www.newzealand.com traffic	TNZ	Regional website traffic	Regions		
Increased industry and regional cooperation					

Source: Project Agreements between TNZ and RTOs

However, some of the aims and objectives of the joint venture campaigns from a regional perspective were not captured by the TNZ KPI framework and were not included as formal KPIs for the joint venture campaigns. For example, maintaining and/or increasing direct trans-Tasman air services and capacity (as distinct to visitor arrivals), both over Autumn/Winter 2010 and the longer term, was a key objective of several joint venture campaigns (such as Rotorua and Hamilton and Waikato); but was not included as a KPI for any joint ventures. It is unclear why RTOs did not include these more regional level aims in their KPIs, although it may be that they thought that only those measures as set out in the TNZ framework would be acceptable KPIs.

More intangible partnership outcomes were also not reflected in the KPI framework but were seen to be an important measure of success by RTOs. Strengthening relationships both between RTOs and between RTOs and their funding partners (especially local government) was key for several joint ventures, as these would make the continuation of joint venture funding over the longer term and future partnership working much easier. Some RTOs noted that the fact that partners had agreed to come back for "round two" was a sign of success for their joint venture partnership.

Part of strengthening relationships included securing good returns for private industry partners. Whilst obtaining data from private industry partners was thought to be very difficult for reasons of commercial sensitivity, from an RTO perspective again the fact that industry partners were willing to participate in the second joint venture funding round inferred that they had achieved satisfactory returns.

For many of the RTOs, being able to better leverage funds for Australian marketing through partnerships (largely due to the dollar-for-dollar matched funding) was a key outcome from their participation in the joint ventures. Whilst this is not a performance measure per se, as an important feature of "success" for many RTOs it should be borne in mind.

There was a high degree of variation across the joint venture partnerships in setting targets for the KPIs, with Ski TMN not setting any. There was not a consistent approach to determining the magnitude of change that could be expected over the campaign period, nor what a 'stretch' target should be in order to show a suitable return from campaign investment. Whilst targets are perhaps a secondary concern to wider measurement issues, setting SMART[23] goals for campaigns would facilitate evaluation by all stakeholders, which is an important part of development for future funding rounds.

More broadly, some RTOs felt that there was a conflict between national KPIs and regional KPIs; in that only those KPIs set out in the formal framework would be considered in evaluating the success of the joint ventures and the more specific regional level objectives would not be taken into account. This evaluation looks at both the formal KPI framework as reported in the Project Agreements and the regional level objectives; although the aim of the evaluation is to examine the success of the joint venture partnerships policy as a whole rather than the success of individual campaigns.

Overall, the regional KPI framework as suggested by TNZ is only a partial measure of campaign performance; and due to the unsuitability of the available data sources not all elements of performance covered by the KPI framework can be measured robustly and reliably. Individual regions also used other indicators to judge the 'success' of their joint ventures against their own regional aims and objectives. Whilst other indicators of success were not always easily measurable, they form an important part of assessing the performance of the policy and so should be considered alongside the more formal KPI framework.

7.2 Did the funding principles and operation of the fund help the campaigns to meet their objectives?

The nine funding principles were developed by the TNZ Board, in consultation with the Ministry of Tourism, RTONZ and TIA[24] (see Appendix 2). The funding principles were designed to provide RTOs with a structure within which to develop their joint venture campaigns and to be used as a framework for assessing the suitability of joint venture bids during the agreement process.

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[23] Specific/stretching, Measurable, Attainable, Relevant, Time-bound
[24] A summary of the funding principles can be found in Appendix 2

The principles themselves set out a framework for the operation of the joint venture fund which should have allowed the joint venture campaigns to meet their objectives. However, considerable problems with the communication of the principles hindered the joint venture agreement process, meaning that some campaigns were not able to be run as effectively as they could have been. Also, different interpretations of what the principles meant in practice led to confusion about what would be acceptable as a joint venture campaign and/or partnership, which limited the amount and type of marketing undertaken in some cases.

The funding principles can be broken down into two groups (with one principle, contestability, falling into both):

- Campaign development and activity – coordinated approach, joint development, KPIs and reporting, contestability, differentiation and participation, agreement vs application process
- Partnership funding – dollar for dollar, contestability, maximum and minimum, campaign investment

This distinction is useful as, by and large, the principles relating to campaign development and activity were more contentious than those relating to partnership funding.

Partnership funding principles

Feedback from the RTOs indicated that the dollar-for-dollar matching of funding by TNZ was very important in securing funding from both local government sources and private industry partners. This is because it achieved much better leveraging of partner investment and allowed for more effective campaigns to be run, as the additional funding meant that the reach and scope of campaign activity could be expanded. By creating an incentive for partners to invest and facilitating the development of effective campaigns, the dollar-for-dollar principle helped the joint venture campaigns to meet their objectives.

However, some RTOs noted seeming discrepancies around the objective of securing "new" money for the joint venture campaigns. There was recognition by TNZ that some allowance should be made for using existing funding due to the timing of the Fund announcement. Most local government budgets had already been set, so some RTOs were unable to secure "new" investment from local government partners and reallocated existing funding earmarked for other projects. As the potential benefits from these other projects is unknown, it is impossible to determine whether investing in the joint venture campaigns was a more efficient use of funds.

Also, some joint ventures were formed around campaigns that were already planned for market and the TNZ-matched funds simply augmented RTO funds already allocated to Australian marketing. It is unclear whether this adheres strictly to the letter of the principles, but if the ensuing campaign was more effective in the Australian market as a result of TNZ's matched funding then not generating "new" investment, given the timing of the fund announcement, cannot necessarily be seen as a 'failure'. What this does point to, however, is that poor communications may have hindered the efficient working of the Fund if RTOs were not aware that existing funding would be acceptable for the 2009/10 round and so did not submit a bid.

The minimum of $250,000 and maximum of $1 million provided boundaries for campaigns to run within. All of the joint venture campaigns secured more than $250,000 in RTO and industry partner investment, and three joint venture campaigns secured $1 million or more.

There remains a question as to whether a $250,000 minimum investment ($500,000 campaign total including matched funding) provides an acceptable floor in campaign value to achieve sufficient cut-through, given the highly competitive nature of destination marketing in Australia. This minimum was decided in consultation between TIA, TNZ and TMT, and it has been assumed that this reflects industry judgement as to an acceptable minimum size for a campaign. However, one reason the campaigns did not achieve their KPI targets may have simply been that they were not big enough. While TNZ has the second largest share of voice amongst Tourism Authorities in the Australian market (see Appendix 3), the only RTOs to be included in the top 20 are Christchurch, Wellington and Auckland.

A $1 million maximum investment did help to keep the Fund contestable as funding could be spread more widely, and did not limit the amount of marketing undertaken as RTO and industry partners contributed non-matched funding over and above the $1 million threshold.

Some RTOs expressed concerns that the minimum of $250,000 may exclude the smaller RTOs from participating. Some smaller RTOs said the $250,000 minimum meant they contributed more than they otherwise would have done and some mentioned that it was quite a stretch for them to raise this figure. In some cases, there seemed to be the perception that this was the minimum contribution for each RTO, rather than for the total partnership.

However, this was the rationale for encouraging partnerships between larger and smaller RTOs: so that smaller RTOs could contribute smaller amounts (i.e. less than $250,000) but still be involved in the joint venture campaigns. Also, looking at the operation of the fund as a whole, matching smaller campaigns would have been an inefficient use of funds as it is unlikely that smaller campaigns would have been able to get sufficient cut-through in the Australian market to contribute to the overall aims of the joint venture fund.

Some RTOs also noted that some partnerships seemed to have developed a ‘notional’ minimum contribution to be involved in campaigns, ranging from $25,000 to $50,000, which would have limited the participation of RTOs with smaller budgets. This runs against the principle of encouraging the participation of smaller RTOs.

Four of the six RTOs who were not involved in the joint venture partnerships but wanted to be (and responded to the survey) had relatively small budgets, with proposals to contribute $25,000 or less. Reasons for being unsuccessful in the application process included RTOs not having enough money in their budgets to participate or a lack ability to raise money in the time allowed. However, the main limiting factor for these RTOs was the lack of a suitable partnership opportunity and/or the unwillingness or inability of gateway RTO regions to partner with them.

The issue of whether all RTOs should be encouraged to participate in joint venture partnerships is discussed below.

One of the lead RTOs thought that matched funding should be proportional to the current share of visitor arrivals, i.e. those regions with more Australian visitors should receive greater funding. However, it was these larger regions that had the greatest Australian marketing budget before the announcement of the Fund, and they also managed to attract investment over and above the $1 million cap, suggesting that the cap was not a limitation to the amount of marketing undertaken in this context.

Guidelines around what types of activities would be funded did affect some campaigns, for example one joint venture wanted to employ in-market staff but this was not allowed. There were comments from some RTOs that advice on what marketing activities would be funded was not clear or consistent, which made campaign planning difficult.

In general, the principles around partnership funding did encourage joint venture campaigns that would meet the objectives of the programme. However, problems with the interpretation and communication of these principles led to difficulties with partnership formation and campaign planning for some RTOs.

Campaign development and activity principles

Coordination of RTO and TNZ activities was fairly successful with, for example, some of the ski-related joint ventures coordinating with and leveraging off TNZ's early bird ski campaign. However, there were mixed reactions as to the degree of success with which the eight joint venture campaigns were coordinated within the Australian market. Some RTOs thought that activity was well coordinated, whilst others expressed concerns that the short timeframe for campaign activity (late January to June 2010) led to clutter in the market place and competition rather than collaboration between regions. It was inevitable that there would be some degree of competition between the regions, as in the main they have a similar target market, but there is insufficient evidence to determine whether the overlap between campaigns was detrimental to the Fund as a whole.

The campaign development processes varied across the joint ventures. As noted above, some campaigns were already developed prior to the announcement of the Fund; whereas others were developed in a matter of weeks. Overall, there was a lack of clarity as to what 'alignment' should entail; but a general appreciation that consistent 'New Zealand' messaging within the joint venture campaigns was important in order to leverage off TNZ's national destination marketing.

Some joint ventures were able to work with TNZ to develop a campaign with a strong fit with the "100% Pure" activity, both in terms of key messages and visual branding. However, others described how the tight timeframe made it difficult to develop campaigns with a coherent alignment strategy. A few RTOs felt that working with the agency MindShare[25] placed a constraint on their activity, but it was not a requirement of the Fund to work with this particular agency.

There was also the recognition by RTOs that the regions and private industry partners may have some different objectives to the overall national aims, and in order to ensure return on investment for partners these would need to be reflected in the campaign somehow. For example, airlines had the expectation that their branding would feature prominently in the campaign, which at times was in conflict with incorporating the "100% Pure" logo.

Key Performance Indicators are discussed in more detail in Section 7.1, but several RTOs commented that collecting and reporting data was an arduous and time-consuming process. This may be because some RTOs (especially the smaller, less well known ones) were not used to this type of activity and so did not have sufficient measurement and data collection frameworks in place. This is an area where building RTO capability and capacity would be useful to reduce the perceived administrative burden of the joint venture process.

The main points of contention from an RTO perspective in the interpretation of the principles were those regarding partnerships between regions. The principles state that "*any partnerships formed will need to demonstrate collaboration and co-investment by gateways and smaller regions*"; and that "*demonstrating regional differences and encouraging increased visitation will require that these gateway regions draw on the strengths of their surrounding (or other) regions*". However, several RTOs suggested that the principle of gateway and smaller regions working together was not maintained, and that it was difficult for smaller regions to participate in JV partnerships. The issue of regional participation is discussed further in the following section.

Some of the smaller RTOs were under the impression that applications for a joint venture partnership had to involve and/or be led by a gateway RTO, and did not feel that they could approach TNZ directly to seek advice about partnership formation. This may have placed a limitation on the number of partnerships formed if a group of non-gateway regions wanted to work together but perceived that they were unable to do so.

More generally, it should be noted that whilst some RTOs directed comments about the poor communication of the Fund's principles and allocation process at TNZ, it was the also the responsibility of lead RTOs and RTONZ to manage communications with potential partners. This suggests that there needs to be a clearer understanding by all parties of the roles of the various organisations involved in the joint venture process.

Some of the gateway RTOs (namely those that were involved in the policy development process) had information about the joint venture process before its formal announcement, enabling them to start campaign planning before other RTOs.

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[25] MindShare is an international media advisory and purchasing company contracted by TNZ to provide media services in the Australian market.

Whilst this is a consequence of involving RTOs in the policy development process, it led to the perception by smaller RTOs that the gateway RTOs were being ‘favoured’ in the application process and meant that some campaigns had more preparation time than others.

There does seem to be a lack of clarity in the principles as to what exactly would constitute regional differentiation – whether this refers to differentiation between the gateway regions or differentiation between all regions of New Zealand – and what would be required to demonstrate partnership working. This may be where some of the issues have arisen for RTOs, as it was mainly the smaller (i.e. non-lead) RTOs that noted problems with the partnership approach. This lack of definition makes it difficult to determine whether these principles helped the campaigns meet their objectives.

One of the main problems encountered in partnership working was around the relationship between contributions to and exposure in campaigns. This is discussed further in the following section.

On paper, the principles around campaign development and activity should provide the right framework to allow joint ventures to meet their objectives. However, in practice, campaign development was heavily affected by the short timeframe between the announcement of the Fund and the deadline for submission of bids. This meant that the structures described by the principles that should have allowed coordination of campaign messages and timing, both between RTOs and between RTOs and TNZ, were not implemented to a sufficient standard and this adversely affected campaign performance.

Operational criteria

The operational criteria that all joint venture funding must be spent by 30 June 2010 affected the ability of some campaigns to meet their objectives. Several RTOs expressed concerns that this led to compressed campaign timeframes and resulted in clutter in the Australian market, which would have reduced the effectiveness of individual campaigns. Also, whilst the overall objective of the joint venture fund was to drive visitation in the Autumn/Winter period, some of the campaigns were actually looking to encourage visitation in Spring/Summer and so the June deadline placed a constraint on their preferred marketing strategy. The other operational criteria did not pose any problems to the development or operation of the joint venture campaigns.

8. Regional differentiation and participation

8.1 Was greater regional differentiation achieved?

The TNS Conversa research[26] showed a subset of respondents campaign material and asked whether they recalled the campaign, and if so which New Zealand region they would attribute it to. Campaign recall was generally low: 9-22% of respondents were able to recall campaign material. Of those able to recall campaign material, correct attribution of campaign material to its region was highest (75-80%) for the three main centres of Auckland, Christchurch, and Wellington. Correct attribution to joint ventures with lower funding levels was lower: Hamilton and Waikato was lowest (28%), then Central Park (46%).

This data could be interpreted in several ways:

- For those areas with low recall rates, sample sizes for questions on campaign attribution would be small so may not produce robust results
- Smaller campaigns (in terms of funding) may be less effective, possibly due to a narrower reach in the target market
- While the smaller regions had low levels of campaign awareness and correct campaign attribution, there is no counterfactual. i.e. what would the correct attribution levels have been had the campaigns not taken place?
- Larger cities already had high levels of destination awareness, so may require less marketing and achieve better campaign recognition (e.g. Australians may recognise the Sky Tower without necessarily having seen the Auckland campaign).

There were also no significant changes to regional destination awareness after the joint venture campaigns. As discussed in Section 6.1, awareness of the seven gateway regions was higher than for non-gateway regions, and this did not change after the joint venture campaigns. This indicates that Australians did not have a greater awareness of New Zealand's regions as a result of the campaigns. However, it may be that those who saw campaign material had a greater understanding of what each region was offering, which is another perspective on 'regional differentiation'.

A question was asked in the electronic survey of RTOs 'How well did the joint venture marketing campaign promote awareness of your region?'[27] Seven lead RTOs (all those that responded) said that the campaign promoted and reflected their region; but only one of the eleven partner RTOs said the campaign promoted and reflected their region. The reasons given for regions not being reflected in the campaigns were:

- Variation in the allocation of media coverage depending on financial contributions (i.e. pro-rata or some other ratio)

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[26] TNS Conversa Marketing Performance Reports, as summarised in Appendix 5
[27] See Appendix 6 for detailed summary of electronic survey material.

- Too many regions were involved
- Main gateway dominated imagery and content.

One RTO suggested that the '*Australian market was probably oversaturated as the various regional campaigns ran over each other'* and so individual regional messages may have been lost, hindering regional differentiation.

While some of the JVs were based on developing regional identities (e.g. Central Park), others were thematic groupings (e.g. Ski Tourism Marketing Network) and some partnerships were grouped by both region and products. Rather than offering regional differentiation per se, such partnerships are fitting consumer demand, i.e. a short break ski holiday. While regional differentiation is important, it is not the only rationale for partnership formation.

8.2 Did the joint venture partnerships enable and facilitate greater participation of and cooperation between regions?

There were eight Joint Venture Partnerships funded in 2009/10[28]. Seventeen RTOs were members of these joint ventures, of which five RTOs were members of multiple joint ventures. Three of the eight JV partnerships involved only one RTO: Christchurch, Auckland and Rotorua.

Partnership Structure

Five partnerships involved more than one RTO. RTOs have worked together in a number of ways in the past including Tourism Marketing Networks, Touring Routes and International Marketing Alliances. Two of the partnerships were based on pre-existing partnerships: Ski Tourism Marketing Network and the Great New Zealand Touring Route (which expanded to become Central Park). The Hamilton and Waikato partnership was based around an industry partner, Pacific Blue, and was a new RTO partnership. The remaining two partnerships, Wellington and Queenstown, reflected geographic proximity. Neighbouring RTOs generally have existing working relationships, which facilitated partnership formation.

There were a variety of methods used to design regional campaigns. In some cases there was a high degree of collaboration between lead RTOs and their partners, who worked closely together to design their regional campaigns. In other cases, some partners made a purely financial contribution, with little input to the aims and objectives of the campaigns, and left campaign design to the lead RTO. The latter method was more common in the case of JVs that had many partners, for example Central Park.

[28] See Appendix 1 for details of the joint venture partnerships.

Of those JV partnerships with multiple RTOs involved, some RTOs had entirely separate campaigns within the JV partnership. For example, Queenstown and Wanaka partnered with Air New Zealand in a joint venture but Queenstown and Wanaka ran separate media campaigns. In these sorts of partnerships some degree of cooperation has been achieved: Wanaka would not have participated in the JV partnerships without joining with Queenstown, but obviously more cooperation would have been achieved if the regions ran combined campaigns.

The variation in funding levels between regions partnering in the same JV raised questions about the equity of exposure, i.e. whether representation in the campaign was proportional to funding input. While for participant RTOs this may seem desirable, this may not be optimal from a strategic marketing perspective or achieve maximum return on investment for the joint venture partnership as a whole. A partnership should consider their unique selling points and most likely path to success when designing their campaign; which may or may not require proportionality of representation.

This possibly indicates the need for each partner (both RTO and industry) to be clear at the partnership formation stage as to what they can expect in terms of campaign exposure for their investment. This would allow all partners to develop realistic expectations about their outcomes as a result of the campaign, which in turn would assist in campaign performance measurement.

RTOs commented on differentiation and participation in their response to the electronic survey. These included:

- Difficult for smaller RTOs to be involved
- Regional differentiation wasn't as strong as it could have been
- Principle of gateway and smaller regions working together not maintained
- Interesting that some gateways had two proposals funded, one with regional partners and one on their own (this was the case for two RTOs).

Some of the gateway RTOs actively encouraged collaboration with smaller RTOs. This enabled them to put together a more diverse product range with both urban and rural offerings and reflecting the strengths of the wider region. Collaboration is generally beneficial for all parties: small RTOs benefit from inclusion in the package and gateway RTOs benefit from the more appealing and diverse product offering. However, some gateway RTOs did not encourage participation by small RTOs, which contributed to some RTOs non-involvement in joint venture partnerships.

Is there an optimal number of partnerships?

Three JV partnerships had four to six RTOs involved. While this ensures they reach a critical mass in terms of investment, in some cases it can lead to difficulties in ensuring regional representation in the campaign. This can also be a problem when a large RTO partners with a smaller RTO. At least one gateway RTO noted that they will have fewer partners in future campaigns to ensure that all campaign partners achieve desirable outcomes. As the partnerships develop over time they will no doubt reflect mutually beneficial dynamic relationships.

All of the RTOs that were not involved in JV partnerships in 2009/10 who responded to the survey (six out of twelve RTOs) said they would have liked to have been involved (and RTONZ was of the view that this was representative of all RTOs not involved in JV partnerships). Reasons for non-involvement indicated various difficulties working with potential partner regions, and these RTOs were generally proposing to contribute fairly small amounts (less than $25,000).

While all RTOs might like to be involved there has to be some rationalisation in the process given the current budget limitations, possible oversaturation of the Australian market and the difficulties achieving equitable representation and return on investment for all partners. It may also be that offshore destination marketing is not an effective use of funds for regions with small budgets and/or a low profile in Australia.

There are 29 'formal' RTOs[29]. The minimum and maximum funding limits and the total Fund budget of $5 million for 2009/10 meant that there could be a minimum number of five JV partnerships or a maximum of 20 JV partnerships possible.

For all RTOs to be involved (if this were deemed desirable), if there were only five JV partnerships then this would mean average groupings of six RTOs per JV partnership. There are challenges in running such partnerships as evidenced by the comments from RTOs about:

- Domination of campaign messages by gateway RTOs
- Managing expectations of smaller RTOs in terms of campaign representation. (This can be a problem even if only two RTOs involved)
- Intentions to limit the number of partners in future to ensure expectations (and KPIs) of all participants are met.

Alternatively if there were to be a greater number of partnerships with fewer partners in each there would be other challenges:

- Ensuring product differentiation in the Australian market
- Coordinating the greater number of smaller campaigns in market to ensure minimal overlap, both in material and timing
- Reaching the minimum investment level required for an effective campaign.

To achieve optimal return from investment in the Australian market, joint venture partnerships may not need to involve all RTOs. Some RTOs may not be ready for offshore destination marketing and may need more product development (which increases the likelihood of success in the long run). Small RTOs may benefit more from focussed individualised campaigns, e.g. wine label campaigns, than from being a small part in a larger Australian marketing campaign.

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[29] As listed on the TSG website – there are other smaller RTOs not formally recognised and also Maori RTOs

Successful Partnerships

Campaign feedback indicates that success was highly correlated with airline and/or international airport involvement: in three of the six RTO interviews '*retaining/ increasing direct airline flights (or airline support for JV)*' was identified as a key to success. This suggests that it may be partnerships with the air industry, rather than partnerships between RTOs, that were the important relationships to encourage and that perhaps the funding principles should be reconsidered to take this into account. However, this needs to be viewed in the context of the wider aim of encouraging regional participation.

Two RTOs saw the JVs as '*successful because they brought together local government, central government and industry and that it is important for these relationships to be strong and long-term'*. Another RTO said that the JVs have brought *'closer integration with TNZ and NZ as a whole. They have never been closer to other RTOs than they have been in the last couple of years. All RTOs are working together and sharing information.*' Such comments do suggest that the JV partnerships are at least contributing to better cooperation between RTOs.

A certain amount of competition is, no doubt, healthy but the advantages of cooperation when marketing in Australia are obvious. Rather than potentially defining explicit formulas for marketing campaigns, e.g. each campaign must have at least four partners including an RTO and airport, advantages may come from different partnerships offering different products. Innovative thinking in putting together partnerships may be more successful in growing the Australian market.

Fund principles should be re-addressed to clarify the following questions with regard to regional differentiation and participation. This should again be done in consultation with RTOs and industry.

- What is optimal number of joint venture partnerships in any one year?
- Can (and should) all RTOs be involved in joint venture partnerships over time; and if so, how?
- Is it necessary for a gateway RTO and/or airline to be involved in each partnership?
- Are JVs between a single RTO and industry desirable?
- Should gateway RTOs be able to take the lead in multiple JVs?

Clarification of these questions, together with a re-assessment of the existing principles, would create a better understanding of what outcomes can reasonably be expected from joint venture partnerships by the tourism industry; and may help achieve better participation and regional differentiation. While the Fund's principles shouldn't preclude innovative marketing strategies, there is scope for better guiding campaign development and setting expectations of what can be achieved.

The financial participation of TNZ in the joint venture partnerships has not been examined in detail. However, the money they are contributing is certainly encouraging the development of partnerships and achievement of the critical mass of investment necessary for effective marketing activity in Australia. Their non-financial involvement in campaign development is discussed in following section.

9. Alignment of regional and national marketing campaigns

9.1 What value does it add for regional campaigns to align under the 100% Pure New Zealand brand, both for the regions themselves and for TNZ?

100% Pure is an established brand in the Australian market, and has built a high degree of awareness and appeal of New Zealand as a visitor destination. By showcasing their individual offerings whilst still connecting with the overarching New Zealand brand messages, regional campaigns would be able to leverage off this existing market awareness and brand recognition.

Some degree of consistency across regional campaigns is important, as fragmented messages from relatively small campaigns may be lost in the highly competitive Australian market. If RTOs and TNZ work together in a clear and coherent way, there is an opportunity to maximise the effectiveness of marketing spend: their combined share of voice would make them the number one Tourism Authority in the Australian market.

To ensure that regional messages align under the 100% Pure umbrella requires a high degree of collaboration between RTOs and TNZ. It is only if consumers recognise a regional campaign as a 100% Pure campaign that regional campaigns can leverage off previous TNZ investment. If consumers do not recognise a regional campaign as a 100% Pure campaign, the regions will be 'starting from scratch' in terms of building brand awareness (which takes time and money). In other words, TNZ would want to display a 'branded house' rather than a 'house of brands' through the joint venture campaigns, i.e. it would be clear that whilst the regions were offering distinct products, they were all under the same New Zealand umbrella.

The introduction of regional messages helps to strengthen New Zealand's national tourism offering to the Australian market, and is an important mechanism for encouraging trans-Tasman travel growth.

9.2 Did the joint venture partnerships improve alignment of industry and regional marketing under 100% Pure?

There was limited alignment of industry and regional marketing under the 100% Pure brand in the joint venture campaigns.

The only requirement for alignment was that joint venture campaigns used a linking device (the 100% Pure 'fern' logo as a watermark). TNZ did not have any influence over the direction, media selection or creative of joint venture campaigns; it was up to the regions to determine how they would align with the 100% Pure brand.

There was general recognition from RTOs that aligning under the 100% Pure brand would be beneficial to their campaign, but in practice it was unclear what this entailed. Some mentioned that the tight timeframe for campaign development and implementation made it difficult to develop a coherent alignment strategy between regional and national marketing. Some RTOs also noted that there may be some difficulties in reconciling promoting an urban short break with the more traditional 100% Pure offering of rural scenery.

This meant that in practice regional messages were quite fragmented: key 100% Pure themes did not run through all of the joint venture campaigns. This may have contributed to perceptions of ‘clutter’ as there was little cohesion across the regional messages; and as discussed in Section 6 this may be why there was little change in awareness or consideration of New Zealand’s regions.

As noted in section 8, there were some problems with aligning the industry element of joint venture campaigns and national marketing. Industry partners were happy to align with the 100% Pure brand, recognising the strength of the brand and the importance of leveraging off TNZ’s previous investment in the Australian market. However, some industry partners wanted their own logos and branding to feature prominently in regional campaigns, which was at times thought to be incompatible with 100% Pure messages.

The joint venture campaigns did improve the alignment of regional marketing in terms of the timing of campaigns. TNZ facilitated the sharing of regional media schedules, meaning that regions could better plan their campaign activity. A portfolio approach to media buy was also used, with TNZ negotiating better rates for the seven of the eight campaigns using MindShare as their media agency.

Some RTOs expressed concerns that even with more coordination of campaign timing, the short time frame for campaign activity meant that several regional campaigns were in the same target markets at one time. However, it is likely that it was the fragmented and non-cohesive nature of regional messages, rather than the volume of campaign activity taking place, that meant the joint venture campaigns did not achieve cut-through in the Australian market.

10. Conclusions and Recommendations

The table below summarises the evidence collected for this evaluation, and conclusions drawn from this evidence. Recommendations, based on the evidence and conclusions, for any future funding programmes for joint venture partnerships between central government, Regional Tourism Organisations and the private sector follow the table.

Summary of Evidence	Conclusions
There has been an increase in the amount of coordinated tourism marketing investment in Australia by industry and regions. • A total of $10.3 million was spent on JV activity in 2009/10; 38% of this was from RTOs, 15% from industry and the remainder from central government (TNZ). • Airlines and airports made up the majority of industry funding (65% of the $1.6 million total from industry). • The dollar for dollar funding ratio was very attractive to RTOs and their industry partners, and it helped RTOs secure funding from local government sources and private industry partners. • Changes to investment in Australian marketing as a result of the joint venture opportunity varied across regions.	• Future joint venture partnerships should continue with dollar for dollar incentives, as this provided the right framework to encourage investment from the tourism industry.
Some regions did not secure “new” investment, but this was partly due to the timeframes involved. • Some larger RTOs appear not to have increased their spending, but redirected their existing Australian marketing budgets towards joint venture activity. By doing this, they were able to leverage off government’s additional contribution and extend planned campaign activity. However, for	• Making sure the Joint Venture Fund timeframe marries up with local government funding timelines would make it easier for regions to secure “new” investment. • More clarity and certainty about the future operation of the fund would allow both RTOs and industry to better plan their longer term funding and would give greater confidence in

Summary of Evidence	Conclusions
some regions, the JV Fund did attract new local investment. • Whilst an objective of the JV Fund was to secure 'new' investment for the Australian market, timelines for the 2009/10 round made this difficult to achieve as most local government budgets had already been decided. • The existence of the JV Fund gave local government funders confidence and assisted towards longer term financial commitment to tourism and the RTOs. • However, some partners noted issues around planning future funding over the longer term given uncertainty around the existence and operation of the Fund.	joint venture activity to both local government and industry funding partners.
<u>There was limited alignment of national and regional marketing. Compressed timeframes meant that not all alignment opportunities were fully realised.</u> • Alignment of regional marketing under the 100% Pure brand was largely limited to the incorporation of the 100% Pure 'fern' logo. • There was a short timeframe for developing joint venture campaign activity. This made it difficult to develop a coherent alignment strategy and meant that opportunities for aligning national and regional marketing messages were not fully realised. • Regional messages were quite fragmented: the key 100% Pure themes did not run through all of the joint venture campaigns. This led to a perception of 'clutter' in the market place as there was little cohesion in regional messages. • Both regional and industry partners recognised the strength of the 100% Pure brand and the advantages that aligning with it would bring.	• A more coordinated approach and deeper alignment of regional marketing with the 100% Pure brand would decrease 'clutter' in the market place and allow better leveraging off TNZ's existing investment in Australian marketing.

Summary of Evidence

<u>There was confusion amongst RTOs in the interpretation of the Fund's principles.</u>

- Problems with communication and interpretation of what the principles meant in practice led to confusion and difficulties with partnership formation and campaign planning for some RTOs.
- In particular, what was meant by "*regional differentiation and participation*" was unclear.
- There appears to have been considerable confusion, especially amongst smaller RTOs, about the process undertaken for allocating 2009/10 funding and developing campaigns.
- Some of the challenges in running JV partnerships that were cited were:
  - Domination by gateway regions.
  - Managing expectations of smaller RTOs in terms of proportionality of marketing exposure to funding input.
  - Managing a large number of partners in one JV campaign.
  - Some small RTOs experienced challenges in finding the resources to run (or be involved in) partnerships.
- The minimum and maximum funding caps provided boundaries for campaigns:
  - There was a constraint for smaller regions, some were not able to partner with larger players unless they came up with a minimum 'notional' contribution set by the lead RTO (some said they could only raise up to $25,000). Some gateway RTOs did not want to partner with

Conclusions

- The principles for JV partnerships should be reviewed, to ensure more transparent and clear guidelines on how the JV Fund should be administered.
- In particular, the principles need to take into account the diversity of perspectives, capacity and incentives across all RTOs, particularly the differences between larger and smaller RTOs.
- Improve communication of the Fund principles to relevant stakeholders.
- Some questions to consider in reviewing the principles include:
  - What is optimal number of joint venture partnerships in any one year?
  - Can (and should) all RTOs be involved in joint venture partnerships over time; and if so, how?
  - Is it necessary for a gateway RTO and/or airline to be involved in each partnership?
  - Are JVs between a single RTO and industry desirable?
  - Should gateway RTOs be able to take the lead in multiple JVs?
- The role and importance of gateway regions in joint ventures should be considered in relation to achieving conversion-related goals; and especially the role of airlines and airports, significant contributors to JV partnerships. However, if equity of regional partnerships and coordinated activity are

Summary of Evidence	Conclusions
smaller RTOs in any circumstances. o A $1 million maximum did help to keep the overall $5 million fund contestable as total funding could be spread more widely, and did not limit the amount of marketing undertaken as RTO and industry partners contributed non-matched funding over and above the $1 million threshold.	the ultimate goals of the joint ventures, then consideration should be given to all regional partners across the country, regardless of their gateway status.
<u>Data constraints meant that the direct impacts of the JV fund could not be measured</u> • Identifying a direct causal relationship between marketing spend and tourism outcomes is very challenging: the impact of a particular campaign is difficult to measure. At present, techniques for measuring conversion to travel as a result of a marketing campaign are still being developed, and so the effects of the joint venture campaigns cannot be isolated from the other key factors that affect tourism outcomes. • Five of the seventeen RTOs involved in the JV campaigns were part of more than one JV. If an RTO is involved in multiple campaigns, attribution of any changes in KPIs to specific campaigns is extremely difficult, except for specific click-through website KPIs.	• The development of multivariate regression techniques should be accelerated, to allow the impact of marketing campaigns to be isolated from other key factors affecting visitor market behaviour. TSG is continuing to explore options for carrying out multivariate analysis to evaluate offshore marketing activity.
<u>There has been an increase in visitor arrivals, but not to expected target levels.</u> • Visitor arrivals (measured by the IVA) grew by 4% over the JV campaign period, compared to the same period in the previous year. However, TNZ's annual growth target for the Australian market was 6%, and TSG's annual growth forecast was 6.7%. Having said this, growth would not necessarily be expected to uniformly meet the target at all points in the year. • Overall visitor arrivals growth was driven largely by an increase in business and conference travel. Holiday and VFR arrivals grew by only 2% and 1% respectively over the JV campaign period compared to the previous year.	• There should be more emphasis on conversion to travel in any future JV campaigns, to ensure that people reached by the campaign subsequently visit New Zealand. • The period used to measure the effects of the campaign is short and does not take into account any longer-term effects of Australian market behaviour. Ideally, an evaluation over a longer period of operation would give greater insight on performance.

Summary of Evidence	Conclusions
JV campaigns primarily targeted holiday travel, so to see a smaller increase in this segment implies a less successful outcome than the total visitor arrival increase suggests. • One of the factors that influenced visitor arrivals growth was air capacity growth – total capacity to New Zealand gateway airports from all Australian ports increased 4% between March-August 2009 and March-August 2010. However, the relationship between arrivals and capacity is complex, with demand-side factors influencing both variables. • Some notable trends are listed below: o There was 6% visitor arrivals growth into Wellington, with 2% capacity growth o The opening of new routes to Dunedin, Hamilton, Queenstown, and Rotorua is likely to be a key factor driving the strong growth in arrivals seen at these airports (although generally from low bases) o The fall in arrivals into Christchurch (-5%) can be at least partially explained by a drop in capacity (-9%), related to more direct flights being introduced to Queenstown (65% increase in capacity from Sydney via Virgin Blue, which commenced September 2009). • Given the market conditions during 2010, maintaining visitor arrivals at 2009 levels could be seen as a successful outcome (although it should be noted that a range of industry forecasts expected growth in 2010).	
<u>All JV partnerships exceeded the targets they set for website traffic KPIs (except one JV, which did not set any targets).</u> • RTOs collected data on website traffic, an indicator of campaign performance. This reflected the large online elements to many of the JV campaigns. Data on 'user sessions' and/or 'unique visits' was collected. Ski	• Online platforms are a growing part of both TNZ's and RTOs' marketing strategies, although techniques for effectively measuring conversion to travel (e.g. whether someone who clicks through to a partner website subsequently makes a booking) are still in development. These kinds of KPIs should be high priority for future joint

Summary of Evidence	Conclusions
TMN was the only JV to report on clicks to partner websites as a KPI, although no information on subsequent bookings was provided. • How effectively website traffic measures performance depends on the aim of the campaigns. Some campaigns were focused on increasing awareness of the regions. Although 'conversion to travel' is a key part of the JV Fund objectives, as a rule of thumb, it is necessary to have a sufficient amount of awareness in market before consumers can be 'converted' to actual travel. For some of the smaller regions, there was very low awareness in the Australian market, and therefore the JV campaigns focused on building awareness. If a campaign is aiming to increase awareness of a region, then increased website visits is an effective performance measure as it shows that potential visitors are seeking more information about a region. If, on the other hand, the aim of the campaign is to encourage conversion to travel, then website traffic alone is not be an effective performance measure, rather there needs to be some indication of whether visitors made bookings through a website (i.e. measuring conversion). • Wellington and Auckland experienced website traffic growth of over 100%. Other regions had newly-constructed websites so could not provide year-on-year comparisons. • While some campaigns did measure 'click through rates' to partner websites, information on whether visitors subsequently made a booking was not made available from industry partners, primarily due to commercial sensitivity.	venture funding rounds, and may require a greater degree of data sharing from industry partners to allow conversion to be properly measured. • Any future JV campaigns should capture more sophisticated KPIs around website traffic in relation to conversion activity. This could be considered a pre-requisite for any private industry players to partner in JV campaigns (i.e. to provide commercial information).
<u>Length of stay was up on 2009 levels</u> • Total visitor days between March and August 2010 were up 5% on their 2009 levels. This compares with TSG's forecast annual growth rate of	• Monitoring and evaluation of policy programmes needs to be informed by reliable and robust datasets. Performance measures for regional tourism programmes require better data. Regional data available from national tourism datasets (e.g. IVS, CAM) is limited due to small sample sizes and

Summary of Evidence	Conclusions
8.3%.	method constraints.
• Data for visitor nights at a regional level is unreliable (due to small sample sizes and method constraints).	• There is room for improvements in datasets, such as the IVS and CAM, to make them more useful for policy evaluations at a regional and/or market-specific level. There is scope to include these concerns in the upcoming Core Tourism Dataset Review being carried out by TSG.
<u>Visitor expenditure was down on 2009 levels</u> • Visitor expenditure at a national level fell by 9%, from $369 million in Q2 2009 to $334 million in Q2 2010. This compares to TNZ's target growth of 10% increase and TSG forecast annual growth rate of 4.9%. Average expenditure per person also fell over the same period (a 12% fall), compared with the TSG forecast of an annual fall of 1.7%. • Data for visitor expenditure at the regional level is unreliable (due to small sample sizes)	
<u>Some successes of the JV campaigns from a regional perspective were not captured by the TNZ KPI framework.</u> • Several RTOs saw maintaining/ increasing direct trans-Tasman air services and capacity as a success for their joint venture. • It is unclear why RTOs did not include these more regional level aims in their KPIs. • More intangible partnership outcomes were also not reflected in the KPI framework, but were seen as an important measure of success by RTOs, e.g. those around strengthening relationships, securing good returns for private industry partners.	• Develop a KPI framework that recognises region-specific aims and objectives, whilst still reflecting national level goals.
<u>Recall rates for JV campaigns were fairly low; and there was little overall change in awareness, appeal and consideration of New Zealand's regions by Australian consumers. However, when looking at the results for the Australian</u>	• Future campaigns need a greater focus on conversion to travel

Summary of Evidence	Conclusions
<u>target cities individually, there were more positive results.</u> • Campaign recall rates (i.e. for TV, print or online advertising) ranged between 9% and 22%. There is no suitable benchmark to compare these figures to. • Pre-campaign research found, perhaps unsurprisingly, that the seven gateway regions (i.e. those with international air connections), were the top seven regions for destination awareness, and were the only regions to achieve greater than 50% awareness levels. • Pre-campaign levels of consideration (those considering a visit in the next six months) ranged from a high of 18% for Auckland to a low of 2% for Wanaka. • Across all JV regions, 15% of those aware of a destination are considering a visit. Again, there is no suitable benchmark to compare these figures to. • The post-campaign research found that overall there was little change in awareness, appeal and consideration of New Zealand's regions by Australian consumers subsequent to the JV activity. This suggests that the JV campaigns were not successful in 'converting' visitors along the marketing funnel, i.e. from awareness to considering a visit. • When looking at the Australian target cities individually (i.e. Sydney, Brisbane and Melbourne), there were some more positive results, including: o Increases in consideration amongst Sydney residents for Auckland and Wellington (the target market for these campaigns).	• Campaign planning should be improved to allow better coordination, both in terms of messaging and timing.

Summary of Evidence	Conclusions
o Hamilton saw a significant increase in consideration amongst Brisbane residents, a target market. However, there was no change in consideration amongst Sydney residents, which was Hamilton's other target market. <u>…and some less positive results:</u> • Christchurch's JV campaign targeted all three cities of Sydney, Melbourne and Brisbane. They saw a significant increase in consideration amongst Sydney residents; but a significant fall in consideration amongst Melbourne residents; and a significant fall in appeal amongst Brisbane residents. • Queenstown saw no significant change in any of the three cities. • The Rotorua JV, which mainly targeted Sydney (no significant change), did see a significant fall in awareness and consideration amongst Melbourne residents. • There was a mixed picture for awareness of direct trans-Tasman flights, with some increases in awareness in Sydney but some falls in awareness in Melbourne.	

10.1 Recommendations

Based on the above conclusions, the evaluation recommends that:

1. **The Fund should be continued as a three year pilot with an evaluation in December 2012.** Three years is a reasonable time frame over which to establish the Fund’s actual impact on tourism outcomes, both nationally and in the participating regions. More clarity and certainty about the future operation of the Fund would encourage greater confidence in, and commitment to, joint venture activity by both local government and industry funding partners.

2. **Prioritisation of the principles and objectives of the Fund would facilitate more effective investment.** This should address the trade-off between increasing the net economic returns of tourism (i.e. encouraging high value-add visitors at a national level) and encouraging collaboration between *all* regions (taking into account the diversity of RTOs). Collaboration between regions can increase conversion to travel but this will not be the case for all potential partnerships.

3. **There should be more emphasis on conversion to travel in any future JV campaigns and regional allocations from the Fund**. There was little evidence of conversion in the 2009/10 campaigns. Joint venture activity should be focussed on leveraging off existing awareness and turning potential visitors into actual visitors.

4. **There should be discussions between TNZ and RTOs to build the alignment of campaign direction and creative content under the 100% Pure brand**. Alignment in 2009/10 was constrained by timing and limited to the incorporation of the brand logo in regional campaigns, rather than deeper alignment of key marketing messages.

5. **Specific aspects of administering the JV Fund need to improve, particularly communication and timing.** Improved quality and timeliness in TNZ’s communication to RTOs about the Fund’s objectives and the implementation of the Fund’s principles is needed to facilitate more effective partnership formation. Longer timeframes for the planning and implementation of JV campaigns would allow for more coordinated activity, both in the Australian market and onshore.

6. **There needs to be ongoing investment by MED and TNZ in data collection and statistical analysis related to conversion to travel.** Currently such work is being piloted and shows promise in enabling measurement of the economic impacts of marketing campaigns.

7. **Performance measures for regional tourism programmes require better data.** MED needs to improve the IVS to provide robust statistics on international visitor travel to the different regions of New Zealand. Consideration should also be given to re-instating country of origin information in the Commercial Accommodation Monitor.

Appendices

A1 Details of Joint Venture Partnerships

Partners and funding

The tables below show the partners involved in and funding arrangements for the eight joint venture partnerships. Commercial sensitivities have been taken into account, so information that would reveal the contribution of a non-RTO partner has been omitted.

Joint Venture	Partners		Funding		
	RTOs	Other Partners	Organisation	Funding	Matched by TNZ
Auckland	Tourism Auckland	Air New Zealand	Tourism Auckland	$950,000	
		Auckland International Airport	All Industry partners	$478,400	
		Other industry partners		**$1,428,400**	**$1,000,000**
Central Park	Destination Lake Taupo	Rotorua International Airport	Destination Rotorua	$130,000	
	Destination Rotorua	Ruapehu Alpine Lifts	Destination Lake Taupo	$60,000	
	Tourism Bay of Plenty		Tourism Bay of Plenty	$50,000	
	Tourism Coromandel		Residual GNZTR budget	$47,000	
	Venture Hawke's Bay		Visit Ruapehu	$40,000	
	Visit Ruapehu		Venture Hawke's Bay	$30,000	
			Tourism Coromandel	$5,000	
			All Industry partners	$80,000	
				$442,000	**$442,000**
Christchurch	Christchurch & Canterbury	Christchurch International Airport	Christchurch & Canterbury	$480,000	
		Pacific Blue	All Industry partners	$295,000	
		Jetstar		**$775,000**	**$775,000**
Hamilton & Waikato	Hamilton & Waikato	Pacific Blue	Tourism Bay of Plenty	$50,000	
	Tourism Bay of Plenty	Hamilton International Airport	Tourism Dunedin	$33,000	
	Tourism Dunedin	Ruapehu Alpine Lifts	Hamilton & Waikato	$5,000	
		Destination Waitomo	All Industry partners	$175,000	
				$263,000	**$250,000**

Joint Venture	Partners		Funding		
	RTOs	Other Partners	Organisation	Funding	Matched by TNZ
Queenstown	Destination Queenstown	Air New Zealand			
	Lake Wanaka Tourism		Total joint venture funding	**$463,000**	**$463,000**
Rotorua	Destination Rotorua	Air New Zealand	Destination Rotorua	$527,500	
		Industry partners	All Industry partners	$14,000	
				$541,500	**$515,000**
Ski Tourism Marketing Network	Christchurch & Canterbury	NZ Ski Ltd	Christchurch & Canterbury	$100,000	
	Destination Queenstown	Christchurch International Airport	Destination Queenstown	$100,000	
	Lake Wanaka Tourism	Air New Zealand	Lake Wanaka Tourism	$70,000	
	Mackenzie Winter Marketing	Mt Hutt Marketing Group	Mackenzie Winter Marketing	$15,000	
		Cardrona Alpine Resort	(Minus non-qualifying expenditure)	-$67,000	
		Treble Cone Ski Area	All Industry partners	$350,000	
				$568,000	**$368,000**
Wellington	Positively Wellington Tourism	Te Papa	Wellington City Council	$790,000	
	Destination Marlborough	Interislander	Venture Taranaki	$20,000	
	Destination Wairarapa	Wellington International Airport	Hutt City Council	$20,000	
	Venture Taranaki	Hutt City Council	Destination Marlborough	$10,000	
			Destination Wairarapa	$10,000	
			All Industry partners	$150,000	
				$1,000,000	**$1,000,000**

Media mix and schedule

Media	Feb					March				April				May					June			
	31	7	14	21	28	7	14	21	28	4	11	18	25	2	9	16	23	30	6	13	20	27
Tourism New Zealand																						
TV																						
Online																						
Digital screens																						
Christchurch																						
TV																						
NIMs																						
Online																						
Digital screens																						
Queenstown																						
Press																						
Digital screens																						
Online																						
Activation																						
Ski TMN																						
Press																						
Digital screens																						
Online																						
Central Park																						
Press																						
Online																						
Digital screens																						
Hamilton & Waikato																						
Press																						
Magazines																						
Online																						
Wellington																						
TV																						
Cinema																						
Online																						
Rotorua																						
Radio/PR																						
Newspaper																						
Magazines																						
Digital screens																						
Online																						
Auckland																						
TV																						
Online																						
Mail drop																						

Campaign summaries

Why run a campaign?	Objectives	Details
Wellington		
• Wellington as a region has significant brand challenges in Australia, particularly regarding lack of destination knowledge and what Wellington's defining elements are. • Wellington's positioning domestically as a vibrant, urban adult short break destination simply does not resonate yet in Australia	• To put the Wellington region on the map as a compelling short break visitor destination for east-coast Australians • Educate consumers on what sets the Wellington region short-break offering apart, making consumers want to book now • Core objectives to increase direct visitor arrivals and to increase visitor spend	Campaign period and when looking to attract visitors • Activity commenced in March, looking to stimulate activity in May – August period Target market – location, demographics etc • Primarily Sydney • Holiday market • Females – greater likelihood of being the primary decision maker in travel bookings Particular messages • Food and wine Media mix and spend • TV (Sydney only) – three weeks in March and three weeks in May • Cinema – April to mid-May • Online – mid-March onwards
Auckland		
• To change Australian perceptions – Auckland is more than just a gateway, but a destination that offers a diverse range of adventure activities within close proximity to the city	• To change Australian perceptions of Auckland form just being a gateway to being a compelling holiday destination with a diverse range of 100% Pure NZ experiences on offer	Campaign period and when looking to attract visitors • Campaign mid-march to mid-May Target market – location, demographics etc • Primarily Sydney • Holiday market

Why run a campaign?	Objectives	Details
base		Media mix and spend • Focus around interactive web-centric piece, supported by TV and digital advertising • TV mainly Sydney, digital platform and mail drop to all three cities • Relied on converting business through website RTO comments about media strategy • Campaign overweight in traditional media advertising with a weak call to action • Lack of merchandising opportunities and travel offers for the travel period • Imagery reinforcing positive perceptions of Auckland, but this is what people already know rather than developing a sense of urgency about visiting in the short term • Lack of strong call to action means the majority of those aware have enjoyed the campaign, but have taken no action as a result of being exposed to it
Queenstown		
• Queenstown had recently established print and online campaign in the Australian market when the JV opportunity became available	• Position Queenstown as an easy direct holiday option for families, empty nesters and young people without children that is fun and easy to get to for an autumn and/or winter holiday • Differentiate Queenstown lake and alpine environment from other competing holiday choices	Campaign period and when looking to attract visitors • Autumn campaign in March, encouraging travel in Autumn and over school holidays • Winter campaign in April and May Target market – location, demographics etc • Across Sydney, Melbourne and Brisbane • Families and empty nesters for Autumn • Young couples/groups and families for Winter Particular messages • Autumn/winter destination

Why run a campaign?	Objectives	Details
		RTO comments about media strategy • Brand strength on winter/ski and landscapes/scenery – need to further develop summer and four season propositions
Hamilton and Waikato		
• Due to absence of RTO, there was limited awareness, knowledge and appeal of the region as a visitor destination	• Increase awareness of Hamilton as the gateway to the central North Island • Drive intention to visit and conversion through Pacific Blue, trade and product partners	Campaign period and when looking to attract visitors • March onwards • Pacific Blue campaign mid-Feb to mid-March Target market – location, demographics etc • Sydney and Brisbane • 25-55 year old active Australians • Holiday and VFR market Particular messages • “Soft Adventure” experiences, supported by city hubs Media mix and spend • Press, magazines and digital RTO comments about media strategy • Results reinforce the need to remain committed to the market through clear and consistent messaging focused on target audience
Christchurch		
• Need to put Christchurch city and the wider Canterbury region on the map as a compelling short break visitor destination for east-coast Australians.	• Core objective was conversion, and sought to increase direct visitor arrivals and to increase Australian visitor spend and bed nights in the Canterbury region • Give consumers compelling reasons (messages and price	Campaign period and when looking to attract visitors • Winter promotional activity with Jetstar – February (online and TV). Timed to coincide with TNZ’s early bird ski activity • Autumn TV – supported by print and online, run March-early April • Second run of Winter activity in April – TV, digital screens and online Target market – location, demographics etc • Sydney, Brisbane and Melbourne

Why run a campaign?	Objectives	Details
	points) to not only differentiate the region from competing New Zealand gateways but also enable them to book now.	• Holiday market Particular messages • Core call to action for online activity was RTO website • For offline work in campaigns the call to action was the airline partner's website as a means to prompt conversion Media mix and spend • Summer – online (9% spend) • Autumn – TV, online, newspaper insert (43% spend) • Winter – TV (Feb and Apr/May), online, office space (37% spend) <u>RTO comments about media strategy</u> • Used existing creative as campaign creative – resulted in three campaigns each with their own unique look and feel and no integrated thread, which was detrimental to the overall message
<u>Rotorua</u>		
• Increase awareness of Rotorua as a compelling short break visitor destination for east-coast Australians predominantly living in Sydney	• Core objectives to increase direct visitor arrivals (with focus on new Sydney direct flight) and to increase visitor spend • Educate consumers on the broad range of experiences on offer in Rotorua, with attention to the direct flights and call to action to a campaign specific website	Target market – location, demographics etc • Predominantly Sydney Media mix and spend • Core campaign channel online • Radio and PR campaign Feb onwards
<u>Ski TMN</u>		
• Shared objective of all	• Position the South Island ski	Campaign period and when looking to attract visitors

Why run a campaign?	Objectives	Details
members of the Ski TMN is to grow the winter arrivals into New Zealand from Australia, for the main purposes of skiing, during the winter and early spring months	related areas as the destination(s) of choice for an Australian's winter ski holiday	• Online advertising from early Feb to coincide with TNZ early-bird ski activity • Trying to attract visitors in winter/early spring Target market – location, demographics etc • Primarily Brisbane and Sydney, followed by Melbourne • Active and beginner/occasional skiers Particular messages • Package deals and offers an important part of the campaign and demonstrated conversion Media mix and spend • Press (Feb and May) • Office screens (Feb-Mar) • Online (continuous)
<u>Central Park</u> • Introduction of Air NZ flight between Rotorua and Sydney in December 2009 – for these flights to be a success, a strong marketing proposition in Australia was required, not just for Rotorua but for the entire Central North Island region • To market the region to the Australian consumer an alliance was formed between Rotorua Airport and the GNZTR members	• By December 2010, aim to sustain the current Sydney flight and increase Australian visitor numbers	Campaign period and when looking to attract visitors • March onwards - 2/3 of campaign activity aimed to get travellers to the region in Winter/Spring Target market – location, demographics etc • Primarily Sydney Particular messages • 'Lands, Legends and Life' Media mix and spend • Focus on digital media • Press, online and office screens

A2 Summary of the Fund's key principles

These principles were developed by TNZ, in consultation with the Ministry of Tourism, RTOs and TIA, and signed off by the TNZ Board on 9th November 2009.

Principle 1: Coordinated Approach
The joint venture funding will be accessible to RTOs on the understanding that the activities of RTOs and TNZ (which will primarily be in the Australian market) are coordinated and the JV investment is effectively leveraged. Quarterly meetings (or some other frequency to be agreed) will be scheduled to review JV campaign performance, assess market/competitor intelligence and to update all partners on any new tactical initiatives (thereby ensuring a high level of coordination).

Principle 2: Joint Development
JV campaigns will be jointly developed by the RTOs with the support of TNZ. TNZ's "baseline" Australian marketing activity will provide the "backbone" for all RTO activity and as a result there will be a strong fit with both "100% Pure" and other brand activity. It is understood that RTO activity should have a particular focus on conversion. TNZ's advertising agency will work to a brief developed by the JV partners to develop an overarching creative and positioning strategy. The agency will also develop a "tool kit" of shared branding devices and "creative mandatories" that RTOs and their agencies would work with and reflect/carry in their advertising.

Principle 3: Dollar for dollar
Funding will be invested at the minimum level of dollar for dollar but with no recognition of contra. To qualify for JV funding, RTOs will need to provide a campaign initiative that demonstrates that they are able to support the campaign with matching funding sourced from their funders (i.e. local government and local industry). While the objective is to secure new investment for the Australian market, it is recommended that some allowance be made for newly acquired funding (i.e. funding increases approved in the past financial year to support RTO marketing in Australia) and for recognising funding that is reallocated from an RTO (or partner) budget where it can be shown that it will be used to improve the impact of the JV marketing.

Principle 4: Contestability
Some check on preventing the JV fund being monopolised by one or more of the RTOs. The core objective is to take the Government's $5m and create a $10m pool for JV investment in the Australian market. It would be fair and reasonable to agree that no one RTO should be in a position to monopolise the fund and therefore some kind of cap should be agreed upfront (refer principle 6). It noted that the intent behind establishing the new fund is to drive increased visitation to the regions. Any partnerships formed will need to demonstrate collaboration and co-investment by gateways and smaller regions (refer Principle 7)

Principle 5: KPIs and reporting
TNZ and the RTOs will agree on the measurement and reporting programme that will be used to assess campaign effectiveness and performance. In accordance with Cabinet decisions, the Ministry of Tourism (TMT) will be actively engaged in confirming the KPIs, partnership structures and reporting mechanisms, before any

money is invested. Reporting measures (KPIs) need to be agreed upfront and conversion mechanisms (to meet KPIs) must be built into campaign development. KPIs must recognise both the key national deliverable of increasing visitation to New Zealand from Australia, TNZ's deliverables and the regional KPIs which will seek to have more specific regional level outcomes. The KPIs will need to reflect an appropriate balance between national and regional objectives.

Principle 6: Maximum and Minimum
Criteria for the allocation of funding should be transparent and allow for planning certainty. Assuming that an agreed marketing strategy is in place (and that all JV requirements are met), it is recommended that a fixed sum "range" be set for JV funding "parcels". It is recommended that a ceiling of $1m be set and an entry level of $250k. In setting these boundaries two points are relevant: the funds need to be used to make a measureable and meaningful impact and an investment of less than $250 k (or $500k on a JV basis is not considered to be effective use of the funds; and in addition the administrative burden associated with managing smaller parcels of funds would reduce efficiency. As outlined in principle 7, the establishment of these limits does not mean that smaller RTOs are locked out of JV opportunities.

Principle 7: Differentiation and participation
The campaign strategy must deliver greater regional differentiation for and enable smaller RTO participation. Work has already been initiated by the seven RTOs with international connections (the gateways) regarding an increase in investment in the Australian market. The argument is that we need to evolve the Australian market to a point where they see our "gateways" as we see theirs – i.e. compelling destination choices in their own right. Demonstrating our regional differences and encouraging increased visitation will require that these gateway regions draw on the strengths of their surrounding (or other regions). Regional participants in the programme will be required to demonstrate that a partnership approach has been taken to developing the activity proposed.

Principle 8: Agreement vs. application process
Access to the JV fund should be based on agreement to the principles and processes outlined in this document vs. an "application" process. The funding will be provided to TNZ to administer based on the RTOs bringing local investment to the table. The process of agreeing the annual marketing and campaign strategy (deliverables and measurables) will provide the material that might be expected of an application process (giving certainty to how and where the funds will be invested and the KPIs against which effectiveness will be assessed).

Principle 9: Campaign investment
The JV funds must be spent on campaign costs not infrastructure. This means that the JV funds should be spent on developing creative, media placement or PR in Australia. The funds are not able to be used to support staff positions, rental or overhead costs. They are to be used to co-fund promotional campaigns only.

A3 TNZ share of voice and marketing spend

Share of voice

The figures below are provided by MindShare[30] Sydney and relate to the period November 2009 – October 2010. The figures in this section are in Australian Dollars.

- Total media spend on advertising in the Australian market was AUD$5.2 billion. Travel and accommodation accounted for 8% (AUD$400 million).

- Within the travel and accommodation sector, Tourist Authorities had a 13% share of voice (compared to 40% for travel agents' services/tours and 23% for airlines), or about AUD$70 million media spend.

- TNZ had third largest share of voice amongst Tourist Authorities at 9% (AUD$6.1m). The highest share of voice was Tourism Queensland with 10%. Of the top ten Tourist Authorities, six were Australian regions, one was the Australian national tourism organisation and three were international destinations: New Zealand, Fiji (4% SOV) and Thailand (2% SOV).

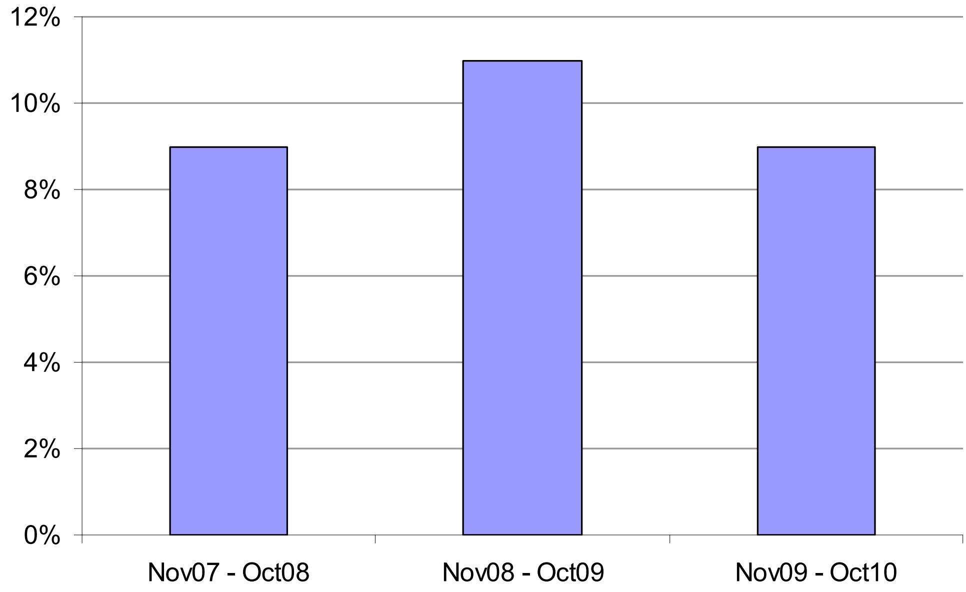
- Christchurch, Wellington and Auckland made it in to the top twenty Tourist Authorities by share of voice. Combined, all of New Zealand's RTOs had a 7% SOV.

- Combined spending by TNZ and New Zealand's RTOs was AUD$11.5 million, equating to a 16% SOV.

Consistent data on share of voice amongst Tourist Authorities in the Australian market is available back to 2007. TNZ's share of voice over this time is shown in the figure below.

[30] MindShare is an international media advisory and purchasing company contracted by TNZ to provide media services in the Australian market.

Figure 9: TNZ's share of voice in the Australian market



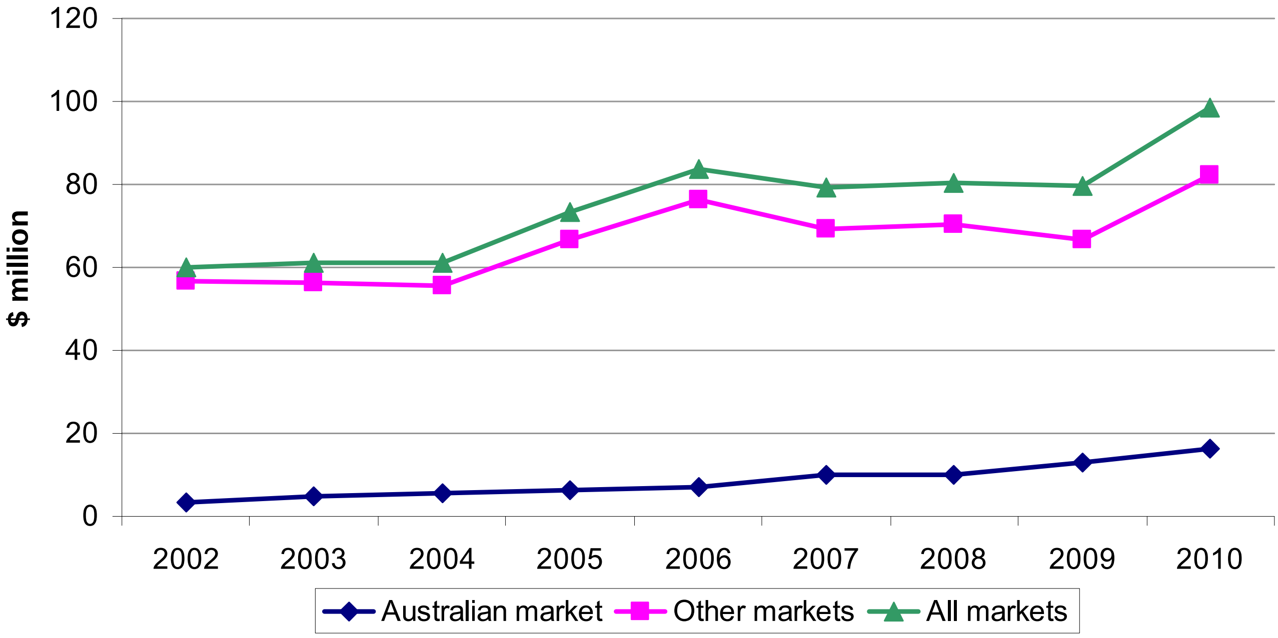
Marketing expenditure

For the year end June 2010, TNZ's expenditure on Australian marketing was NZD$16.2 million, of which NZD$4.9 million was for RTO joint venture marketing.

TNZ's total marketing expenditure has increased by 65% over the past decade, from about NZD$60 million in 2002 to about NZD$100 million in 2010 (although this includes government grants for specific events). The increase in funding in 2009/10 was in recognition of the need to maintain a minimum platform of brand awareness in key markets.

Australian marketing has increased from about NZD$3 million in 2002 to about NZD$16 million in 2010 (a 400% increase). This reflects the growing importance of Australia to TNZ's marketing strategies.

Figure 10: Tourism New Zealand revenue/expenditure by market



Notes: Figures are for financial years, i.e. “2002” refers to “YE 30 June 2002”
“Australian market” includes marketing spend in Australia, fixed and variable overheads, other revenue TNZ received and spent on behalf of partners agencies in the Australian market and RTO JV funding
“All markets” shows all revenue received by TNZ (e.g. Crown funding, additional government grants, partner income, event participation feed, interest) and spent in all markets.

A4 Summary of Key Performance Indicators

Note that in this section data refer to Australian visitors only.

National level

At a national level, the objectives of the JV campaigns were to:

- Increase total visitor arrivals
- Increase total visitor nights
- Increase total visitor spend

The table below shows the outcome of these KPIs.

Table 8: National level KPIs

	Source	Period	Baseline (2009)	Actual (2010)	Change	
					Number	%
Total arrivals	IVA	Mar-Aug	498,440	519,650	+21,210	+4%
Total nights	IVA	Mar-Aug	4,988,000	5,245,796	257,700	+5%
Total expenditure	IVS	Apr-Jun	$369m	$334m	-$35m	-9%

Specific targets for these three measures for the joint venture campaign period were not set by TNZ. However, targets for Australian visitor arrivals and spend are set in TNZ's Three Year Marketing Strategy (2010-2013), which take account of RTO joint venture activity.

The target for total Australian visitor arrivals in 2013 is 1.3 million and the TNZ Executive Team established a 65,000 growth target for 2010, which is an implied growth target for 2010 of 6%. No specific 2010 target for visitor spend was agreed, but the 2013 target is $2,337 million, which is an implied annual growth target of approximately 10% across 2010-13. The Three Year Marketing Strategy did not set a 2013 target for total visitor nights.

The Tourism Strategy Group (TSG) produce national-level forecasts for Australian visitors; which for 2010 forecast 6.7% growth in visitor arrivals, 8.3% growth in visitor nights and 4.9% growth in visitor spend (these forecasts were released in July 2010).

Table 9: Growth rate of national KPIs compared to TNZ targets and TSG forecasts

	Actual	TNZ targets (annual implied)	TSG forecast (annual implied)
Total arrivals	+4%	6%	6.7%
Total nights	+5%	None set	8.3%
Total expenditure	-9%	10%	4.9%

Visitor arrivals

Total visitor arrivals increased by 4% over the joint venture period compared to the same period in the previous year, which was below the TNZ implied growth target (6%) and below forecast arrivals growth (6.7%). It should be noted that these are annual growth rates, and as such growth would not necessarily be expected to uniformly meet the target at all points in the year.

The overall growth in arrivals was driven by strong growth in business and conference travel. Of the total 21,220 growth in visitor arrivals between March and August 2010 and the previous year, holiday arrivals grew by 2.1% (from 212,090 to 216,500); VFR by 1.2% (from 174,690 to 176,730); business travel by 9.5% (from 75,060 to 82,210); and conference arrivals by 33.2% (from 15,000 to 19,970).

However, there was a high degree of variation across the regional gateway airports, as shown below.

Table 10: Australian arrivals by port of entry

NZ gateway	Mar-Aug 09	Mar-Aug 10	% change
Auckland	277,619	280,744	1%
Hamilton	490	5,110	943%
Wellington	46,732	49,546	6%
Christchurch	149,588	141,610	-5%
Dunedin	1,975	6,004	204%
Queenstown	19,778	31,770	61%
Rotorua	0	2,292	n/a
Total	496,182	517,076	4%

Source: IVA

Note: The “Total” figures shown above are lower than in Table 1 as arrivals by sea are not included

National arrivals data also mask significant regional variation. Of the two largest gateway airports, there was a slight increase in visitor arrivals to Auckland but a 5% fall in arrivals to Christchurch. Wellington saw the largest increase in visitor arrivals (6%) that is not linked to significant changes in airline capacity.

Growth in visitor arrivals to the other four airports is linked to significant growth in airline capacity, as shown below.

Table 11: Airline capacity – routes into NZ gateways from all Australian ports

NZ Gateway	Mar – Aug 2009	Mar – Aug 2010	Change	
			Number	%
Auckland	893,094	917,861	24,767	3%
Christchurch	378,749	345,484	-33,265	-9%
Dunedin	9,120	19,540	10,420	114%
Hamilton	3,040	23,220	20,180	664%
Queenstown	29,969	49,592	19,623	65%
Rotorua	0	7,904	7,904	n/a
Wellington	199,845	204,643	4,798	2%
Total	1,513,817	1,568,244	54,427	4%

Source: Sabre ADI and BITRE[31]

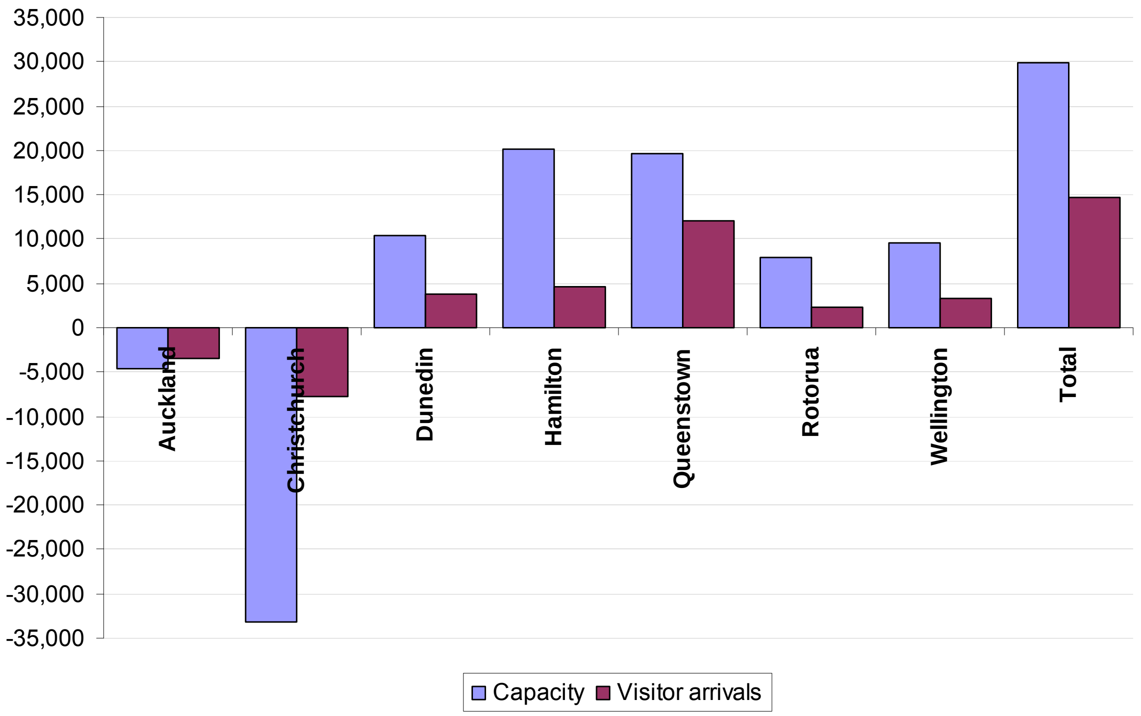
However, these arrivals and capacity statistics are looking at flights from all Australian ports; and only Brisbane, Melbourne and Sydney were covered by the joint venture marketing campaigns.

Figure 11 shows the changes between March-August 2009 and March-August 2010 in visitor arrivals and airline capacity from Brisbane, Melbourne and Sydney only. There appears to be a clear positive relationship between capacity and visitor arrivals, with those gateways with increased capacity seeing an increase in visitor arrivals.

Dunedin, Hamilton and Wellington saw growth in visitor arrivals from Brisbane, Melbourne and Sydney over and above capacity growth, which is a possible indication of the effect of the joint venture campaigns.

[31] Sabre ADI – Sabre Airline Data Intelligence (see Appendix 10 for a description); BITRE – Australian Bureau of Infrastructure, Transport and Regional Economics

Figure 11: Changes in capacity and visitor arrivals between March-August 2009 and March-August 2010; Brisbane, Melbourne and Sydney only



Source: Capacity – Sabre ADI and BRITE; Visitor arrivals - IVA

It is also useful to compare changes to capacity and visitor arrivals across the Australian departure ports. Any differences between cities where joint venture campaign activity took place and cities where it did not may indicate an effect of this campaign activity on travel behaviour.

Table 12: **Air travel to New Zealand by Australian port**

Australian port	Capacity				Visitor arrivals			
	Mar - Aug 2009	Mar - Aug 2010	Change		Mar - Aug 2009	Mar - Aug 2010	Change	
			Number	%			Number	%
Adelaide	21,116	17,024	-4,092	-19%	4,978	4,702	-276	-6%
Brisbane	397,317	397,473	156	0%	116,657	120,356	3,699	3%
Cairns	15,048	24,150	9,102	60%	1,114	2,270	1,156	104%
Coolangatta	80,481	99,288	18,807	23%	16,885	19,666	2,781	16%
Melbourne	318,011	340,723	22,712	7%	124,087	123,370	-717	-1%
Perth	33,471	34,208	737	2%	11,047	12,042	995	9%
Sydney	648,373	655,378	7,005	1%	208,368	220,158	11,790	6%
Total	1,513,817	1,568,244	54,427	4%	483,136	502,564	19,428	4%

Source: Capacity – Sabre ADI and BITRE; Visitor arrivals - IVA

Over the joint venture campaign period, Brisbane saw a 3% growth in travel to New Zealand (0% capacity growth); Melbourne saw a 1% fall in travel to New Zealand (7% capacity growth) and Sydney saw a 6% growth in travel to New Zealand (1% capacity growth).

This perhaps reflects favourably on the joint venture campaigns, as activity was largely centred on Sydney, followed by Brisbane.

It is difficult to compare Australian cities where joint venture activity took place to those where it didn't, as Brisbane, Melbourne and Sydney are the main Australian departure ports to New Zealand: combined they provide over 90% of arrivals.

Adelaide and Cairns saw large changes in capacity over the campaign period, which is likely to have affected changes in travel to New Zealand. Perth saw an increase in travel to New Zealand over and above capacity growth, albeit from a low base.

There was an increase in arrivals from Coolangatta, although this was below capacity growth. These travellers may have been exposed to the joint venture campaign activity in Brisbane, but as this is uncertain these figures have not been included in discussions of the joint venture campaign activity areas.

Visitor nights and length of stay

The IVA has been used for national data on length of stay, being the more reliable data source than the IVS due to significantly higher sample sizes. The IVA measures intended length of stay in visitor days. However, the IVA does not disaggregate for regions, so IVS data (visitor nights) has been used for regional breakdowns.

Total visitor days from March – August 2010 were up 5.2% on their 2009 levels, from 4,988,000 to 5,245,800. The average number of days per person in New Zealand rose slightly over the same period, from 10.01 during March – August 2009 to 10.09 during Mar-Aug 2010, a 0.8% increase.

TNZ did not set a length of stay target as part of their Three Year Marketing Strategy, but the TSG growth forecast for 2010 was 8.3% growth for total visitor nights and 1.5% growth for average length of stay.

IVS data show considerable regional variation in changes to visitor nights. Table 13 shows the changes to total nights and average nights per person for the seven gateway regions.

Table 13: Total nights and average nights per person by RTO

	Total nights			Average nights per person		
RTO	**Q2 2009**	**Q2 2010**	**% change**	**Q2 2009**	**Q2 2010**	**% change**
Auckland	1,137,297	501,414	-56%	11	4.4	-60%
Hamilton & Waikato	75,771	254,985	237%	3.2	14.1	341%
Rotorua	58,594	70,987	21%	2.4	2.8	17%
Wellington	273,973	235,538	-14%	6.8	5.4	-21%
Christchurch & Canterbury	308,276	439,374	43%	4.7	6.6	40%
Queenstown	123,407	144,441	17%	3.3	4.2	27%
Dunedin	38,929	98,701	154%	2.3	4.3	87%

Source: IVS

The IVS figures should be treated with caution, as they are affected by fairly small sample sizes (especially outside of Auckland, Wellington and Christchurch) and are heavily influenced by outliers. For example, looking at the unweighted data for Hamilton and Waikato, in Q2 2009, 49 people stayed a total of 134 nights, whereas in Q2 2010 46 people stayed a total of 267 nights. The IVS is not designed to be 'sliced and diced' down to this level of detail, so the data on visitor nights by region is not robust enough to draw firm conclusions about changes to visitor nights or length of stay patterns.

Another objective of the joint venture campaigns was to encourage short break travel. The number of "short break" visitors – defined here as people staying less than five nights – fell by 1% between Q2 2009 and Q2 2010, from 67,000 to 66,000, compared to an overall 3% increase in visitor arrivals between Q2 2009 and Q2 2010 (source: IVS). However, there was a 7% increase in "short break" visitors between Q3 2009 and Q3 2010. Sample sizes are too small to give robust estimates of changes in short break visitor arrivals by region or purpose of visit.

Visitor expenditure

Total expenditure in Q2 2010 was $334 million, down 9% on the Q2 2009 figure of $369 million. This is compared to an implied annual growth target from TNZ's Three Year Marketing Strategy of 10% and the TSG forecast annual growth rate of 4.9%. Average expenditure per person also fell over this period, from $1,754 in Q2 2009 to $1,538 in Q2 2010 (a 12% fall), compared to the TSG forecast of an annual fall of 1.7%.

Total expenditure in Q3 2010 was $384 million, down 14% on Q3 2009. Average expenditure was also down on 2009 levels, by 16%.

Expenditure data from the IVS at a regional level is not robust enough to use, due to small sample sizes .

Regional level

The lead RTOs in the joint venture partnerships were given the freedom to set their own regional KPI measurements, although they were given guidance by TNZ if required. The table below summarises the areas in which RTOs set their KPIs.

Table 14: Summary of regional KPIs

Joint Venture	Visitor arrivals	Nights in region	Website traffic	Destination awareness	Visitor spend	Other
Wellington	Yes	Yes	Yes	Yes	No	Yes
Auckland	Yes	Yes	Yes	Yes	Yes	No
Hamilton & Waikato	Yes	Yes	Yes	Yes	No	No
Central Park	No	Yes	Yes	No	Yes	Yes
Queenstown	Yes	Yes	Yes	Yes	No	No
Ski TMN	Yes	Yes	Yes	No	No	Yes
Christchurch	Yes	Yes	Yes	No	No	Yes
Rotorua	Yes	Yes	Yes	Yes	No	Yes

Regional KPI data are presented in more detail, including baselines, results and targets, in Tables 15–18 below.

Visitor arrivals

There were a range of visitor arrivals KPIs across the joint ventures, with Central Park the only JV not to have a visitor arrivals KPI. Most JVs measured total arrivals, but Hamilton and Waikato measured average monthly arrivals; Christchurch measured only holiday and VFR arrivals and Ski TMN measured both total and holiday arrivals for its two gateways (Christchurch and Queenstown) combined. There were also a range of measurement periods. This makes comparing results across the JVs problematic.

There was also a lot of variation in targets set. Ski TMN was the only JV not to set a visitor arrivals target, and Rotorua set a target for the level of visitor arrivals (rather than growth) as direct flights had only recently commenced. Of the remaining JVs, the implied growth target over the period chosen ranged from 4% for Christchurch to 46% for Queenstown (although this was related to a large expected increase in capacity).

Queenstown was the only JV to achieve its visitor arrivals target. Rotorua notes that it's longer term target to achieve a viable air service from December 2009 – October 2010 has been achieved. All other international gateway airports saw lower than target visitor arrival growth.

Table 10 above shows visitor arrivals by port of entry, and allows comparisons between international gateway airports as it is using a consistent time period. Again, visitor arrivals are heavily affected by changes in airline capacity.

Visitor nights

There were a range of visitor nights KPIs across the joint ventures, taken from a variety of data sources, but all joint ventures included a visitor nights KPI. Queenstown and Ski TMN used the Commercial Accommodation Monitor (CAM) to measure visitor nights, even though it cannot separate Australian visitors from other international visitors. Rotorua used New Zealand Hotel Council (NZHC) survey data and all other JVs used the IVS. Again there were a range of measurement periods.

Hamilton and Waikato, Queenstown and the Ski TMN set no targets for visitor night growth. Of those joint ventures that set targets, they ranged from 2% growth in Auckland to 6% growth in Rotorua. Christchurch set a target of an average length of stay of 2.4 nights but subsequently did not measure the average length of stay.

Looking at data for April-June 2010, Central Park is on track to reach its target of 3.5% growth over the whole of 2010. Hamilton and Waikato saw strong growth in visitor nights. Christchurch saw an increase in visitor nights in April-June 2010 compared to the previous year, but average length of stay (as targeted) was not measured.

Queenstown and Ski TMN both saw an increase in international visitor nights as measured by the CAM, but we cannot know whether these visitors were Australian or another nationality.

Wellington and Auckland experienced falls in visitor nights as measured by the IVS, and Rotorua saw a fall in visitor nights as measured by the NZHC survey.

However, as noted above, sample sizes for the IVS are small when broken down to regional level, which means that the results should be treated with caution. Concerns about the integrity and reliability of the IVS data to be used in this way were noted by several RTOs.

Website traffic

All eight joint ventures measured website traffic as one of their KPIs. There were a range of indicators used, mostly user sessions or unique visits, but the Ski TMN also reported on clicks to partner websites.

All joint ventures that provided baseline data saw high growth in website traffic between 2009 and 2010, with Wellington and Auckland experiencing growth of over 100%. Two joint ventures, Hamilton and Waikato and Central Park, had newly-constructed websites so could not provide year-on-year comparisons.

All joint ventures except Ski TMN set targets for website traffic, and all met and exceeded these targets.

Destination awareness

Measures of destination awareness at a regional level are discussed in Appendix 5.

Other KPIs

Some joint ventures also set other KPIs. These included regional-level visitor spend and i-SITE visitation, as well as objectives more tailored to their region such as ski interest and awareness of direct flights.

Regional visitor spend measurement is not robust using the IVS, so these KPIs are not reliable. I-SITE visitation KPIs also ran into trouble with data availability.

Wellington achieved its target of keeping partnerships in place for the 2010/11 joint venture funding round. Ski TMN did not set targets for either of its additional KPIs. Rotorua was below its targets in both attraction visitation and awareness of direct flights.

Table 15: Regional KPIs - Visitor Arrivals

	Measurement	Data source	Baseline (2009)		Actual (2010)		Change	Targets	
			Number	Period	Number	Period		Set?	Achieved?
Wellington	Total arrivals	IVA	46,732	Mar - Aug	49,346	Mar - Aug	+2,614	+ 3,552 (8%)	No
Auckland	Total arrivals	IVA	188,934	Mar - Jun	195,140	Mar - Jun	+6,206	+ 10,000 (5%)	No
Hamilton & Waikato	Average monthly arrivals	IVA	880	Sep - Nov	852	Mar - Aug	-3%	+ 5%	No
Queenstown	Total arrivals	IVA	24,143	Apr - Sep	35,330	Apr - Sep	+11,187	+ 11,000 (46%)	Yes
Ski TMN	Total arrivals (ZQN + CHC)	IVA	347,366	Jun - Sep	355,006	Jun - Sep	+7,640	None set	n/a
Ski TMN	Holiday arrivals (ZQN + CHC)	IVA	166,944	Jun - Sep	163,890	Jun - Sep	-3,054	None set	n/a
Christchurch	Holiday & VFR arrivals	IVA	174,728	Jan - Aug	168,575	Jan - Aug	-6,153	+ 7,500 (4%)	No
Rotorua	Total arrivals	IVA	n/a	n/a	2,292	Mar - Aug	n/a	2,565 arrivals	No

Table 16: Regional KPIs - Visitor Nights

	Measurement	Data source	Baseline (2009)		Actual (2010)		Change	Targets	
			Number	Period	Number	Period		Set	Achieved?
Wellington	Total nights in wider region	IVS	446,177	Apr - Jun	391,274	Apr - Jun	-54,903	+ 13,562	No
Auckland	Total nights in region	IVS	1,575,169	Mar - Jun	726,596	Mar - Jun	-848,573	+ 30,000	No
Hamilton & Waikato	Total nights in wider region	IVS	166,981	Apr - Jun	455,515	Apr - Jun	+288,534	None set	n/a
Central Park	Total nights in wider area	IVS	371,627	Apr - Jun	522,879	Apr - Jun	+41%	+ 3.5% for year	n/a
Queenstown	Total nights in region	CAM	605,256	Apr - Aug	691,829	Apr - Aug	+86,573	None set	n/a
Ski TMN	Total nights in wider region	CAM	1,182,695	Jun - Sep	1,219,080	Jun - Sep	+36,385	None set	n/a
Christchurch	Total nights in region	IVS	308,276	Apr - Jun	349,374	Apr - Jun	+41,098	2.4 nights in region	n/a
Rotorua	Nights in NZHC hotels	NZHC	16,999	Mar - Jun	15,254	Mar - Jun	-1,745	+ 1,067	No

Table 17: Regional KPIs - Website Traffic

	Measurement	Baseline (2009)		Actual (2010)		Change	Targets	
		Number	Period	Number	Period		Set?	Achieved?
Wellington	User sessions	19,330	Apr - Jun	53,885	Apr - Jun	+179%	+ 35%	Yes
Auckland	Unique visits	40,348	Mar - Jun	130,486	Mar - Jun	+223%	+ 40%	Yes
Hamilton & Waikato	Monthly unique visits	1,000	Feb 10	22,325	Apr - Jun	+170%	+ 5% month-on-month	Yes
Central Park	Unique visitors (all origin)	n/a	n/a	35,000	Jan - Jun	n/a	18,475 unique visitors	Yes
Queenstown	User sessions	78,709	Feb - Jun	103,434	Feb - Jun	+32%	+20%	Yes
Ski TMN	User sessions	#	#	94,232	Feb - Sep	#	None set	n/a
Ski TMN	Clicks to partner websites	#	#	32,221	Feb - Sep	#	None set	n/a
Christchurch	Monthly user sessions	9,016	Jan - Jun	17,130	Jan - Jun	+90%	10,000 visits/month	Yes
Rotorua	User sessions	44,445	Mar - Aug	79,990	Mar - Aug	+80%	60,296 user sessions	Yes

Source: Internal RTO data
Key: # indicates missing data

Table 18: Regional KPIs - other KPIs

	KPI	Aim/Target	Results
Auckland	Visitor spend	Target to increase spend from Sydney visitors by 15%.	Australian expenditure in Auckland down 10% Mar-Jun 2010 compared to 2009 (IVS). Unable to measure spend by Sydney visitors. IVS unsuitable for this kind of measurement.
Central Park	Visitor spend	Increase total visitor spend in region for 2010.	Data not available – aim of campaign to encourage Spring visitation so cannot measure until Dec 2010.
Central Park	i-SITE visitation	Increase visitation to Rotorua i-SITE for 2010.	Data not available - aim of campaign to encourage Spring visitation so cannot measure until Dec 2010.
Christchurch	i-SITE visitation	i-SITE target $1.7m spend per annum from Australian visitors.	Unable to collect this information, but Jan-Aug 2010 2.5% increase in Australian spend over 2009 levels (IVS).
Wellington	Partnerships in place	Maintain five regional funding partners.	Achieved in 2010/11.
Ski TMN	Marketing messages	Aim to communicate a clear and concise message positioning Ski NZ.	JV budget provided ability to engage in more media tactics than previously.
Ski TMN	Ski interest	Aim to grow novice/beginner and maintain avid skier markets.	Data derived from SAANZ on-mountain survey which will not be completed until Dec 2010.
Rotorua	Visits to attractions	Target 111,079 Australian visits to attractions/activities for Mar-Aug 2010.	Not achieved, 5,455 visits under target.
Rotorua	Awareness of flights	Target 11% awareness in Sydney of direct flights.	Not achieved, awareness in July 2010 at 9% (although note margin of error means close at top end of range).

A5 Summary of TNS Conversa Marketing Performance Reports

TNS Conversa were commissioned by TNZ to undertake a market research programme to report on the effectiveness of joint venture advertising with RTOs in the Australian market.

Method

Two online surveys were conducted, the results of which are contained in two reports: an initial benchmarking study in January 2010 and a post-campaign study in August 2010 (containing results from July surveying). These studies profiled the target population, looked at the awareness and visitation of selected New Zealand destinations and the positioning of these locations as travel destinations.

The surveys were undertaken in Sydney, Melbourne and Brisbane, the key target markets for the JV campaigns. The qualifying criteria for survey participation were that respondents were aged 18-64 and had travelled for holiday or leisure purposes in the past 12 months and/or intended to travel for holiday or leisure purposes in the next 12 months. TNS Conversa estimate that approximately 5.4 million people across the three cities (about eight out of ten people aged 18-64) meet these criteria.

Table 19: Distribution of qualifying population across the three cities

	Brisbane	Melbourne	Sydney
Total population[1]	1,800,000	3,600,000	4,100,000
Population aged 18-64[1]	1,100,000	2,300,000	2,600,000
Qualifying population	1,000,000	2,000,000	2,400,000

Notes: [1] Source: Australian Bureau of Statistics
Figures rounded to the nearest 100,000

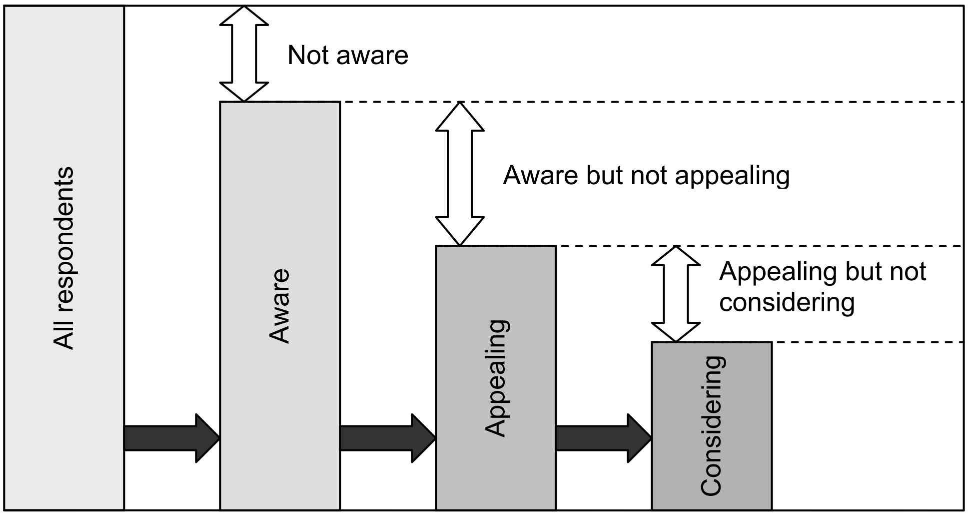
The initial benchmarking study had a total sample size n=1,001 which was distributed across the key target markets as approximately 50% Sydney, 25% Melbourne and 25% Brisbane. The post-campaign study had a total sample size n=2,017 which was distributed across the key target markets in the same way as the benchmarking study.

Table 20: Sample sizes for January and July surveys

	Brisbane	Melbourne	Sydney	Total
January survey	249	251	501	1,001
July survey	566	434	1,017	2,017

Of particular interest to this evaluation is the “marketing funnel”, showing the progression of potential visitors from awareness of the destination to appeal of the destination to consideration of travel to the destination within the next six months. However, a limitation of this method is that there is no follow-up measurement of whether this consideration was converted into actual travel, so we cannot know whether consumers reached by the marketing campaign were turned into visitors.

Figure 12: The Marketing Funnel



Eight campaign reviews were also produced, looking at marketing and campaign performance in more detail for each of the eight JVs. Respondents were tested on their awareness of the marketing campaign, and those aware of the campaign were asked a series of questions on advertising diagnostics e.g. imagery, content and message takeout. Those aware of the campaign were also asked whether they took action as a result of seeing it, which gives (limited) information on whether consumers reached by the campaign were turned into visitors.

Results

Marketing funnel for all regions

"Marketing funnel" analysis was conducted for twenty two locations across New Zealand, of which thirteen were involved in joint venture partnerships. Table 21 shows awareness, appeal and consideration for respondents across all target markets for January and July 2010, sorted by awareness level in January 2010.

The aim of the Joint Venture marketing programme was to encourage conversion to travel, so if the campaigns were successful we would expect to see more people in the "considering" group in July compared to January.

Five RTOs were involved in two JV campaigns, so attribution of any changes in the marketing funnel to a particular campaign is impossible. Central Park and the Ski Tourism Marketing Network were not analysed in this way, as they are a collection of regions working together rather than an individual region. However, any effects of these campaigns would be expected to show in the individual region's consideration levels.

Table 21: Marketing Funnel - all respondents

Region	Total awareness		Aware, not appealing		Appealing, not considering		Considering	
	January	July	January	July	January	July	January	July
Auckland**	90%	89%	37%	37%	35%	34%	18%	18%
Christchurch**	85%	84%	30%	33%	38%	↓ 34%	17%	17%
Wellington**	84%	84%	38%	39%	33%	31%	13%	14%
Queenstown**	75%	73%	27%	30%	35%	29%	13%	14%
Rotorua**	64%	60%	20%	20%	32%	30%	12%	10%
Dunedin*	59%	↓ 55%	33%	29%	20%	19%	6%	7%
Hamilton**	53%	52%	32%	32%	16%	14%	5%	6%
Mount Cook	48%	↓ 45%	17%	17%	24%	21%	7%	7%
Bay of Islands	44%	42%	11%	10%	25%	24%	8%	8%
Bay of Plenty*	43%	↓ 39%	15%	13%	22%	20%	6%	6%
Milford Sound	43%	40%	10%	9%	26%	24%	7%	7%
Lake Taupo*	37%	35%	11%	9%	20%	20%	6%	6%
Napier	35%	33%	20%	19%	12%	10%	3%	4%
Invercargill	35%	33%	23%	21%	10%	10%	2%	2%
Nelson	31%	↓ 28%	18%	16%	11%	8%	2%	4%
Waikato**	30%	28%	17%	16%	9%	9%	4%	3%
Hawke’s Bay*	23%	↓ 19%	10%	7%	10%	9%	3%	3%
Central Otago	23%	22%	15%	13%	6%	7%	2%	2%
Marlborough*	22%	23%	11%	10%	8%	10%	3%	3%
Franz Josef	22%	22%	4%	5%	14%	13%	4%	4%
Wanaka*	17%	16%	8%	7%	7%	6%	2%	3%
Fiordland	17%	16%	4%	3%	10%	10%	3%	3%

Notes: ** denotes a “lead” region, * denotes a “partner” region in a joint venture
Highlighted cells show a statistically significant change from the January figure
Sample sizes: January n=1,001 July n=2,017

Five regions saw a statistically significant fall in awareness, three of which (Dunedin, Bay of Plenty and Hawke’s Bay) were involved in Joint Venture Partnerships. One region, Christchurch[32], saw a significant fall in its appeal, although this did not affect the proportion of respondents considering travelling there.

There were no significant changes in the “considering” group in any of the regions included in the survey.

Table 22 below shows statistically significant changes in the “marketing funnel” between January and July 2010, separated out into respondents from Brisbane, Melbourne and Sydney (the actual percentages are given in Table 26).

Auckland saw a significant increase in consideration in Sydney, seemingly driven by people moving from “appealing, not considering” to “considering”, which indicates success in increasing conversion to travel. However, there was no change in consideration in Brisbane or Melbourne, meaning that across all target markets there was no change in consideration.

[32] Note that this research was completed prior to the Canterbury earthquake on 4th September 2010

Christchurch saw more of a mixed picture, with a fall in consideration in Melbourne but an increase in consideration in Sydney. The significant overall fall in “appealing, not considering” was mainly driven by a large fall in Brisbane.

Wellington followed the same pattern as Christchurch, with a fall in consideration in Melbourne but an increase in consideration in Sydney. Hamilton and Waikato were analysed separately in this section of the research: Hamilton saw an increase in consideration in Brisbane but no change in Melbourne or Sydney, and Waikato saw no change anywhere.

Rotorua saw a fall in awareness and consideration in Melbourne and no change elsewhere; and Queenstown saw a fall in appeal in Melbourne.

Of the “partner” regions, Dunedin saw a fall in consideration in Melbourne as well as a fall in both “appealing, not considering” and total awareness. There were also falls in total awareness in Hawke’s Bay (Brisbane and Sydney) and Bay of Plenty (Sydney), both of which were large enough to result in a significant fall in awareness overall.

Regions that were not involved in joint venture partnerships also saw some changes. There were falls in awareness in Melbourne for Napier, Nelson and Invercargill, and falls in consideration in Melbourne for both Franz Josef and Fiordland.

However, the definition of “considering” used may confound results slightly. To be “considering”, the respondent must be considering a trip within the next six months. This may disadvantage more traditionally Autumn/Winter destinations as the July survey would be looking at travel in Spring/Summer.

Table 22: Significant changes in marketing funnel between January and July 2010, by target market

Region	BRISBANE				MELBOURNE				SYDNEY			
	Total Awareness	Aware, not appealing	Appealing, not considering	Considering	Total Awareness	Aware, not appealing	Appealing, not considering	Considering	Total Awareness	Aware, not appealing	Appealing, not considering	Considering
Bay of Islands	-	-	-	-	-	-	-	-	-	-	-	-
Auckland**	-	-	-	-	-	-	-	-	-	-	Fall	Increase
Hamilton**	-	-	Fall	Increase	-	-	-	-	-	-	-	-
Waikato**	-	-	-	-	-	-	-	-	-	-	-	-
Rotorua**	-	-	-	-	Fall	-	-	Fall	-	-	-	-
Bay of Plenty*	-	-	-	-	-	-	-	-	Fall	-	-	-
Lake Taupo*	-	-	-	-	-	-	-	-	-	-	-	-
Napier	-	Increase	Fall	-	Fall	-	-	-	-	-	-	-
Hawke's Bay*	Fall	-	-	-	-	-	-	-	Fall	-	-	-
Wellington**	-	-	-	-	-	Increase	-	Fall	-	-	-	Increase
Nelson	-	Increase	Fall	-	Fall	-	-	-	-	-	-	-
Marlborough*	-	-	-	-	-	-	-	-	-	-	-	-
Christchurch**	-	-	Fall	-	-	Increase	-	Fall	-	-	-	Increase
Mount Cook	-	-	-	-	-	-	-	-	-	-	-	-
Franz Josef	-	-	Fall	-	-	-	-	Fall	-	-	-	-
Queenstown**	-	-	-	-	-	-	Fall	-	-	-	-	-
Wanaka*	-	-	-	-	-	-	-	-	-	-	-	-
Central Otago	-	-	-	-	-	Fall	-	-	-	-	-	-
Dunedin*	-	-	-	-	Fall	-	Increase	Fall	-	-	-	Increase
Milford Sound	-	-	-	-	-	-	-	-	-	-	-	-
Fiordland	-	-	-	-	-	-	Increase	Fall	-	-	-	-
Invercargill	-	-	-	-	Fall	-	-	-	-	-	-	-

Notes: ** denotes a “lead” region, * denotes a “partner” region in a joint venture partnership
- indicates that there was no significant change between January and July
Sample sizes: Brisbane January n=249, July=566; Melbourne January n=251, July n=434; Sydney January n=501, July n=1,017

Awareness of individual campaigns

A subset of respondents was shown campaign materials and asked whether they recalled the campaign, and if so which NZ region they would attribute it to. Those respondents previously aware of the campaign were then asked whether they had taken any action as a result of seeing the campaign.

Table 23: Awareness of campaigns – all target markets

	Sample size	Aware of campaign	Correct attribution (by those aware)
Wellington	501	12%	75%
Christchurch	249(A) / 254(W)	19% / 9%	83%
Auckland	505	17%	80%
Rotorua	503	22%	70%
Hamilton & Waikato	507	11%	28%
Queenstown	503	20%	69%
Central Park	504	10%	46%
Ski TMN	508	17%	38%[1]

Notes: [1] Attributed campaign to at least one of Christchurch, Queenstown or Wanaka

Campaign recall was generally low, with a high of 22% recalling the Rotorua campaign and a low of 9% recalling the Christchurch Winter campaign. Attribution to the correct region of NZ was generally fairly high, with the exception of Hamilton which only had 28% correct attribution. No statistical tests were run to see whether differences in awareness between regions are statistically significant.

Awareness figures can also be split by target market, as shown in Table 24. Different campaigns will have focussed their marketing efforts on different cities, so the aggregate figures may mask some variation in awareness across cities. Sample sizes in some target markets for some destinations are small so do not produce robust results.

Table 24: Awareness of campaigns by target market

	BRISBANE			MELBOURNE			SYDNEY		
	n	Aware	Attribution	n	Aware	Attribution	n	Aware	Attribution
Wellington	126	3%	*	125	3%	*	250	25%	80%
Christchurch (Autumn)	82	21%	75%	95	16%	81%	72	24%	96%
Christchurch (Winter)	85	10%	69%	70	4%	*	99	14%	57%
Auckland	127	5%	78%	126	10%	68%	252	29%	85%
Rotorua	52	17%	59%	50	28%	79%	401	21%	67%
Hamilton & Waikato	203	8%	30%	101	8%	23%	203	15%	29%
Queenstown	176	17%	64%	150	19%	75%	177	26%	62%
Central Park	52	7%	*	51	4%	*	401	12%	47%
Ski TMN	229	17%	46%	100	18%	28%	179	16%	43%

Notes: * denotes too small sample to give robust results
Highlighted cells denote a significant difference from other target markets

Wellington, Auckland and Hamilton saw significantly higher recall rates in Sydney – their target market – than in the other Australian cities.

Respondents who recalled the campaign were then asked whether they had taken any action as a result of seeing the campaign, as shown in Table 25. “Any action” includes the actions specified, as well as searching for more information on the internet and speaking to people who had visited the destination. These are small sample sizes and so results should be used with caution.

Table 25: Action taken after seeing campaign

	n	Any action	Visit RTO website	Visit airline website	Visit travel agent	Booked trip
Wellington	69	43%	11%	7%	12%	4%
Christchurch	75	38%	10%	8%	2%	3%
Auckland	90	24%	6%	3%	7%	0%
Rotorua	104	30%	7%	8%	6%	1%
Hamilton & Waikato	55	47%	15%	20%	15%	6%
Queenstown	107	29%	7%	5%	6%	1%
Central Park	55	55%	22%	14%	8%	0%
Ski TMN	85	37%	10%	7%	3%	1%

Notes: Results may not sum across as people may have taken more than one action
The results for the Christchurch Autumn and Winter campaigns are combined

The table shows that the marketing campaigns did prompt people to act, but this action was mainly gathering more information about the destination and possibly making enquiries about travelling. Conversion to travel rates – the number of people booking trips as a result of seeing the campaign – are low (and sample sizes are small, leading to questions about the robustness of these results).

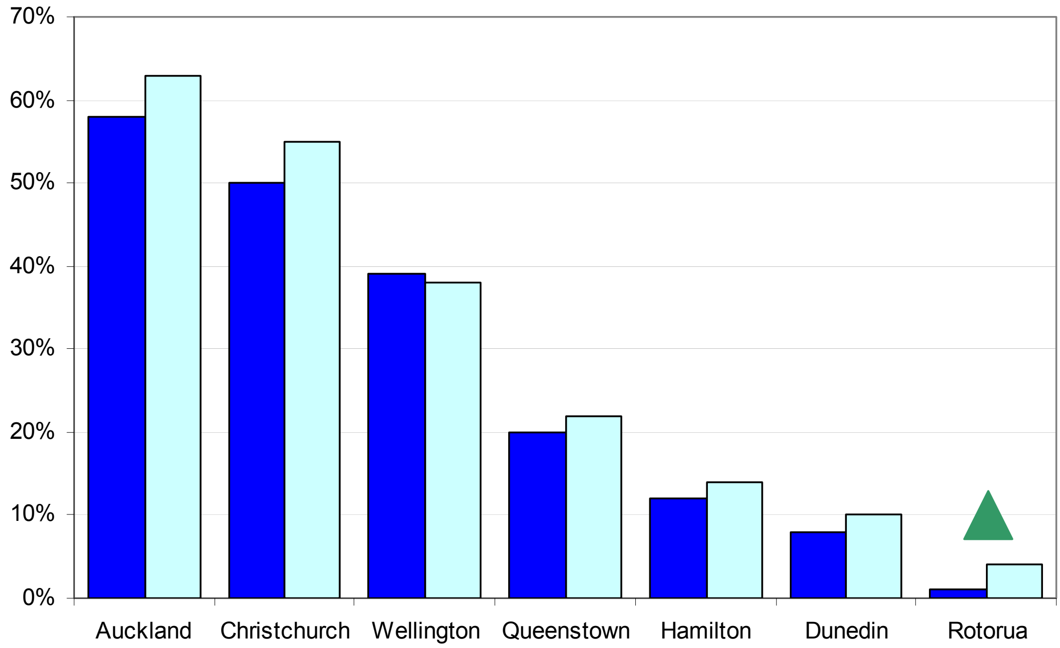
No statistical tests were run to see whether differences in action taken between regions are significant. It appears that Central Park was the most successful region in prompting people to act, although this may be because people were unfamiliar with the name so sought more information. Hamilton and Waikato was the most successful region in terms of people booking a trip after seeing the campaign. However, these campaigns had the lowest recall rates (see Table 23) so the sample sizes are small.

The Auckland campaign appears to be the least successful, both in terms of action taken and prompting people to book a trip. Awareness levels of Auckland as a destination are high, and the campaign had reasonable recall rates in its target market, so this may suggest that the campaign did not offer people a new perspective on Auckland that would encourage them to take action.

Awareness of trans-Tasman flights

There was little change between January and July in awareness of being able to fly directly from the three target Australian cities to the seven international airports in joint venture “gateway” regions. The upward and downward triangles in the figures below indicate where July awareness levels are significantly higher or lower than the January awareness levels.

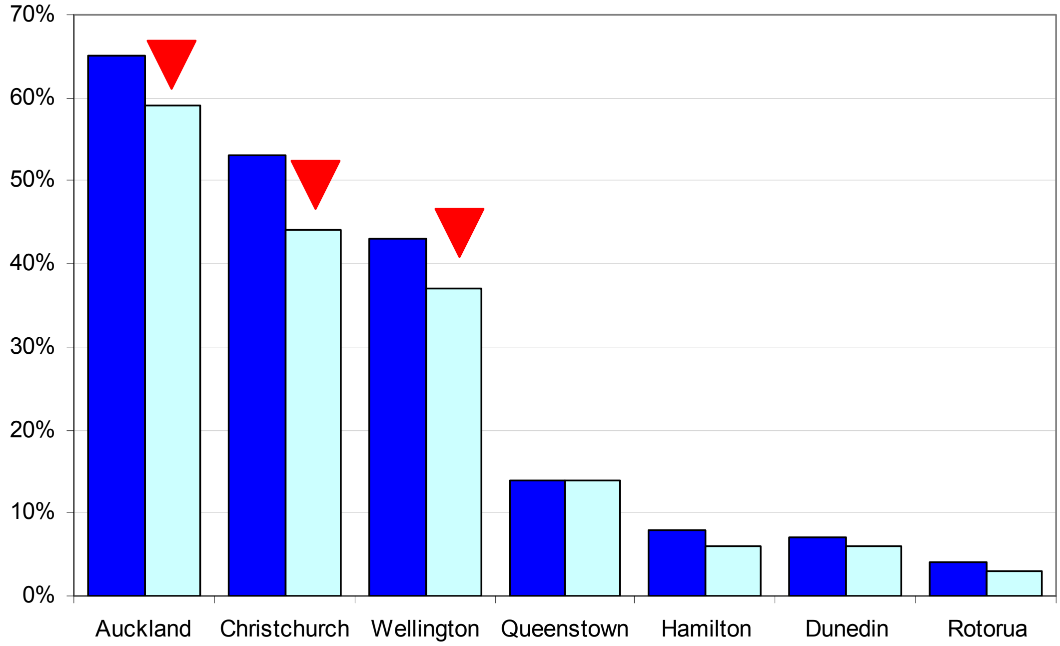
Figure 13: Awareness of direct flights from Brisbane to NZ



Sample size: January n=249, July n=566

Interestingly, awareness of being able to fly directly from Brisbane to Rotorua increased significantly, even though there were no direct flights over this period. There were direct flights from Brisbane to Queenstown in January and July 2010 only, not the intervening months.

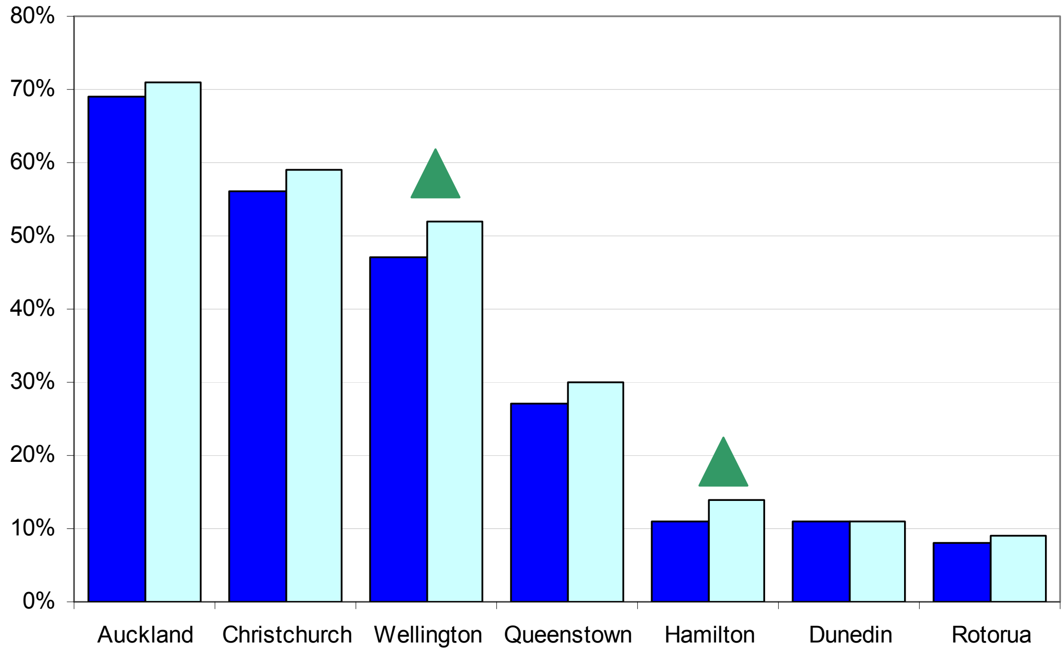
Figure 14: Awareness of direct flights from Melbourne to NZ



Sample size: January n=251, July n=434

Awareness of being able to fly directly from Melbourne to Auckland, Christchurch and Wellington fell significantly over this period, despite the fact that there were continuous direct flights available. Direct flights were available from Melbourne to Queenstown in all months but May, and to Dunedin in January only.

Figure 15: Awareness of direct flights from Sydney to NZ



Sample size: January n=501, July n=1,017

Awareness of being able to fly directly from Sydney to Wellington and Hamilton both increased significantly over this period. Direct flights were available from Sydney to Dunedin in January only, but all other routes were available in all months considered.

Table 26: Marketing Funnel for all regions by target market

Region	BRISBANE								MELBOURNE							
	Total awareness		Aware, not appealing		Appealing, not considering		Considering		Total awareness		Aware, not appealing		Appealing, not considering		Considering	
	Jan	July	Jan	July	Jan	July	Jan	July	Jan	July	Jan	July	Jan	July	Jan	July
Bay of Islands	48%	45%	12%	14%	27%	24%	9%	7%	46%	42%	10%	9%	25%	26%	11%	7%
Auckland**	91%	88%	40%	36%	37%	36%	14%	16%	88%	91%	36%	38%	31%	37%	21%	16%
Hamilton**	57%	58%	34%	38%	22%	15%	1%	5%	54%	47%	34%	28%	14%	14%	6%	5%
Waikato**	35%	34%	20%	21%	12%	10%	3%	3%	28%	24%	17%	12%	7%	8%	4%	4%
Rotorua**	69%	66%	20%	22%	40%	34%	9%	10%	77%	66%	32%	30%	31%	28%	14%	8%
Bay of Plenty*	49%	46%	15%	18%	27%	22%	7%	6%	40%	36%	15%	12%	18%	20%	7%	4%
Lake Taupo*	46%	40%	12%	12%	27%	19%	7%	9%	34%	36%	9%	10%	19%	22%	6%	4%
Napier	44%	39%	18%	23%	22%	12%	4%	4%	35%	30%	22%	17%	10%	10%	3%	3%
Hawke's Bay*	30%	23%	13%	9%	16%	11%	1%	3%	20%	20%	8%	9%	9%	9%	3%	2%
Wellington**	85%	82%	40%	37%	37%	34%	8%	11%	83%	86%	36%	44%	31%	31%	16%	11%
Nelson	34%	32%	17%	20%	15%	9%	2%	3%	32%	26%	22%	15%	8%	8%	2%	3%
Marlborough*	21%	23%	12%	12%	8%	9%	1%	2%	23%	22%	9%	9%	10%	11%	4%	2%
Christchurch**	93%	87%	34%	35%	46%	37%	13%	15%	84%	83%	29%	35%	35%	36%	20%	12%
Mount Cook	53%	48%	18%	19%	31%	23%	4%	6%	46%	44%	16%	18%	23%	20%	7%	6%
Franz Josef	27%	25%	4%	6%	21%	15%	2%	4%	24%	22%	4%	6%	13%	14%	7%	2%
Queenstown**	81%	82%	28%	31%	38%	35%	15%	16%	72%	66%	28%	30%	34%	27%	10%	9%
Wanaka*	19%	19%	10%	8%	7%	9%	2%	2%	26%	24%	17%	17%	8%	5%	1%	2%
Central Otago	26%	26%	16%	18%	9%	6%	1%	2%	23%	19%	16%	11%	5%	6%	2%	2%
Dunedin*	71%	67%	39%	36%	28%	25%	4%	6%	59%	52%	33%	28%	17%	20%	9%	4%
Milford Sound	52%	49%	14%	12%	31%	29%	7%	8%	41%	38%	9%	10%	25%	23%	7%	5%
Fiordland	21%	18%	5%	5%	12%	10%	4%	3%	16%	14%	4%	3%	8%	10%	4%	1%
Invercargill	44%	43%	25%	28%	17%	12%	2%	3%	35%	29%	23%	16%	10%	11%	2%	2%

Region	SYDNEY							
	Total awareness		Aware, not appealing		Appealing, not considering		Considering	
	January	July	January	July	January	July	January	July
Bay of Islands	52%	51%	21%	20%	23%	22%	8%	9%
Auckland	90%	88%	35%	37%	38%	30%	17%	21%
Hamilton	51%	53%	29%	33%	16%	13%	6%	7%
Waikato	29%	30%	16%	17%	9%	10%	4%	3%
Rotorua	59%	61%	20%	19%	30%	31%	9%	11%
Bay of Plenty	44%	39%	14%	13%	24%	19%	6%	7%
Lake Taupo	36%	33%	12%	9%	18%	18%	6%	6%
Napier	31%	34%	19%	21%	10%	9%	2%	4%
Hawkes Bay	22%	17%	10%	6%	9%	8%	3%	3%
Wellington	84%	83%	39%	36%	32%	30%	13%	17%
Nelson	29%	27%	15%	14%	12%	9%	2%	4%
Marlborough	22%	24%	11%	11%	8%	9%	3%	4%
Christchurch	82%	84%	30%	31%	36%	32%	16%	21%
Mount Cook	49%	45%	18%	16%	22%	20%	9%	9%
Franz Josef	20%	22%	4%	5%	13%	12%	3%	5%
Queenstown	74%	74%	27%	28%	33%	29%	14%	17%
Wanaka	15%	18%	7%	9%	5%	6%	3%	3%
Central Otago	23%	22%	14%	14%	6%	6%	3%	2%
Dunedin	53%	52%	29%	29%	20%	15%	4%	8%
Milford Sound	40%	39%	10%	8%	23%	22%	7%	9%
Fiordland	17%	17%	4%	4%	10%	9%	3%	4%
Invercargill	30%	32%	21%	21%	7%	9%	2%	2%

Notes: ** denotes a "lead" region, * denotes a "partner" region in a joint venture partnership
Highlighted cells show a significant change from the January figure
Sample sizes: Brisbane January n=249, July n=566; Melbourne January n=251, July=434; Sydney January n=501, July n=1,017

A6 Summary of RTO survey responses

An electronic survey was sent out to all RTOs affiliated to RTONZ, plus representatives from Central Park, Ski TMN and Destination Waitomo, in the last two weeks of October 2010. The survey was structured so that questions relevant to those that led or were partners in JVs were grouped together and questions for RTOs not involved in JVs were grouped.

Response rates varied from 82% for partner RTOs to 50% for RTOs not involved in JVs, as shown below. The relatively high response rate reflects, at least in part, requests for survey participation by RTONZ.

	Response received?		Total possible responses	Response rate
	Yes	No		
Lead in 09/10 JVP[1]	7	2	9	78%
Partner in 09/10 JVP[2]	9	2	11	82%
Not involved in 09/10 JVPs	6	6	12	50%
Total	**22**	**10**	**32**	**69%**

Notes: [1] Two of these responses were from organisations that were not RTOs. Responses from both a representative of Central Park and the lead RTO in the partnership are counted here.
[2] One of these responses was from a non-affiliated RTO.

RTO responses have been summarised and, where possible, quantified in the following table. In the 'Answers' column, numbers in brackets indicate number of responses of this type. Responses have been anonymised so that individual RTOs cannot be identified with particular comments. The shorthand "RTO" is used here to refer to all organisations that completed the survey.

Involved in a joint venture partnership

Question	Possible responses	Answers
[Lead RTOs] Did your partnership involve other RTOs?	7	6 yes; 1 no (Possible ambiguity here as some respondents were members of two JVs.)
[Lead RTOs] Why did you enter into this partnership? What benefits did this partnership offer you?	6	• Existing relationship e.g. International Marketing Alliance (5) • Complementary product offerings e.g. food and wine, scenic touring, ski (3) • Geographical location – made sense for larger gateway to partner with neighbouring smaller regions (5) • Had funding 'left over' and allowed other regions to participate (1) • Industry partner wanted strategic regional participation (1)
[Lead RTOs] Describe the partnership approach. You may wish to cover the following areas: (*) Making spending decisions (*) Strategic input of RTO partners (*) Collaborative working (*) Particular aspects that worked well/did not work well	6	• Gateway took "lead" responsibility for creative brief, involvement of partners largely passive but agreeable (2) • All partners provided significant input, committee approach (2) • Separate campaigns by different partners (2) • Good relationship with partners (4) • Difficulties with coordinating large numbers of partners (2) • Difficulties reconciling diverse strategic goals of partners • Media exposure in proportion to investment (4) • Difficulty of being equitable based on contributions to campaign (2) • Short timeframe so minimum of strategic planning • Previous relationships made collaborative working relatively straightforward
[Lead RTOs] Why did you choose not to enter into a partnership with other RTOs?	1	• Australia campaign had been mainly completed before announcement of JV fund • Small partner messages would have been lost in a large gateway campaign
[Lead RTOs] How did you decide which Key Performance Indicators (KPIs) to use? i) To what extent did you use TNZ's guideline table? ii) Were your initial KPIs subsequently	7	• KPIs determined by partner/contributor expectations, where felt could have greatest impact and what felt were meaningful measures of success, depending on what appropriate for region • Data is unreliable/flawed for what trying to measure i.e. Australian guest nights from IVS • Conversion very hard to directly link to campaign activity (and therefore track) and is very much dependent on partners. Partners also struggle to track campaign to conversion and in many cases are unwilling to report for commercial reasons

Question	Possible responses	Answers
revised after consultation with TNZ? If so, how and why?		• TNZ framework extended to encompass needs and expectation of funding partners • Difficult where JV spans two gateways *i) To what extent did you use TNZ's guideline?* • Used TNZ's guideline table to help set KPIs, taken more or less directly from the table (4) *ii) Were your initial KPIs subsequently revised after consultation with TNZ? If so, how and why?* • Revision from percentage change to actual numbers
[Lead RTOs] Did you set post-campaign targets for the KPIs?	7	Yes 4; No 2; No response 1
[Lead RTOs] How did you decide which targets to use (i.e. absolute number or percentage change, baseline data, timeframe)?	4	• In market campaign period for website traffic, anticipated travel period (Apr-Jun for Autumn campaign, Jul-Sept for Winter campaign) for arrivals, visitor nights etc. • Arrival targets based on seat capacity, nights and spend through extrapolation of IVA data. • In retrospect it is clear that the IVS as a measurement tool is a very blunt instrument and inappropriate for use for regional tourism projects.
[Lead RTOs] How did you decide what magnitude of change would show a suitable impact of the campaign?	4	• Increase of 10% and rounded up to round number - 4% natural growth and 6% to show impact of campaign • Set to achieve a 3.5% increase in visitor numbers to region • Aware of total visitor increase suggested by TNZ and estimated 'share', dependent on environmental factors and airline capacity • Air capacity provided ceiling for potential growth, arrival targets worked up in conjunction with airport • KPIs 'stretch targets'
[Lead RTOs] Why did you choose not to set post-campaign KPI targets?	2	• Too tight timeframe to set KPIs • Agreed that TNZ would conduct pre- and post-campaign surveys • Campaign activity would result in visitation after campaign period i.e. Spring/Summer 2010-11 • TNZ awareness research completed after only 3 months in market, not enough time to show changes

Question	Possible responses	Answers
Were you a partner RTO in a Joint Venture Partnership(s)?	11	9 yes; 2 no (Possible ambiguity here as some respondents were members of two JVs.)
[Partner RTOs] How did you decide which gateway RTO(s) to partner with?	9	• Existing relationship (5) • Geographical location (4) • Strategic benefits (3) • Offered right level of funding commitment (2) • Airline routes and availability (2) • Wanted to be involved in JVP so looking for partnership to join (2)
[Partner RTOs] Describe the partnership approach. You may wish to cover the following areas: (*) Making spending decisions (*) Collaborative working (*) Particular aspects that worked well/did not work well (*) Whether the partnership delivered the benefits you were expecting	9	No response: 1 • Collaborative activity between RTOs (3) • Large number of partners made partnership complicated • Steering group made most of the decisions (2) – 1 worked well, 1 didn’t • Purely financial contribution, little input to aims and objectives • Spending decisions based on consultation with each partner • Variation in funding amounts raised questions about equity of exposure (2) • Airline involvement beneficial as could put offers with price points direct to consumers • Existing relationship with Australian trade partner meant got more out of JV than otherwise would have • Poor TNZ organisation increased admin costs, detracting from campaign spend • Unhappy with work of Mindshare (2) • Difficulties more around compressed timeframe rather than decision making lines or roles.

[All RTOs]
How would you define 'success' for your involvement in a Joint Venture Partnership? You may wish to cover the following areas:
(*) What were your aims and objectives when entering into a Joint Venture Partnership?
(*) What were the most important outcomes for you?
	16	No response: 4
		
		• Achievement of KPIs
		    o visitor numbers (6)
		    o website traffic (4)
		    o visitor spend
		    o awareness of NZ regions as compelling short break destinations (6)
		• Issue of not being able to measure Australian guest nights through CAM (2)
		• Better leveraging of funds for Australian marketing (5)

Question	Possible responses	Answers
(*) How would you measure success under these criteria?		• Strengthening RTO-RTO cooperation; longer term commitment to tourism; coordinating activity in Australian market (4) • Measure of success that partners have agreed to come back for round two (2) • Some JV partners benefitted more than others and shows in reduction of partners in group moving forward. • Establishing partnerships with industry • Return on investment for industry partners (2) • Cementing direct airline support crucial (4) • Airline seats sold and awareness of direct flights
How well did the joint venture marketing campaign promote awareness of your region? i) Do you think the marketing campaign adequately reflected what your region has to offer? ii) Will visitors be better informed about your region as a result of the marketing campaign?	16	No response: 3 • Promoted and reflected region – response from “lead” RTO (7) • Promoted and reflected region – response from “partner” RTO (1) • Region not reflected because: o Coverage pro-rata to contributions (2) o Too many regions involved o Main gateway dominated imagery and content • Building awareness won’t happen overnight and requires consistent investment – very short time frame to measure across (2) • Increased awareness, but awareness is not conversion work • Probably oversaturation in the Australian market as various regional campaigns ran over each other • Increased awareness of airline flights, not regions • Satisfactory website visitors, message reached a wide audience
What was your 09/10 Australian marketing budget before the joint venture funding was announced?	16	No response: 4 • Look at opportunities on a case-by-case basis: 1 • Up to $50,000: 3 • $50,000-$249,999: 2 • $250,000-$499,999: 5 • $500,000+: 1

Question	Possible responses	Answers
Did the joint venture fund encourage you to spend more on Australian marketing than you otherwise would have done? If "yes", was this 'new' money or did you have to cut back on other projects (and what were they)?	16	No response: 3 No: 3 • Budgets already set (2) • Couldn't get increased local govt funding due to timeframe Yes: 10 • Diverted funds from long haul campaigns (2) • Entirely new money (3) • JV encouraged contributions from private firms • Used JV money to support existing campaign • Cut back on other projects in response to JV opportunity (2) • Diverted funds from mainly domestic initiatives
Were the Joint Venture Fund's principles adhered to during the application/agreement process and operation of the Joint Venture fund? If not, what happened?	16	No response: 3 Yes: 7 No: 5 Don't know: 1 The following attempts to link comments to principles. Some may be relevant to more than the principle under which they are listed. Principle 1: Coordinated Approach • Principle of gateways and smaller regions working together not maintained (3) • Coordination between and across RTOs e.g. placement and message of media campaigns compromised by tight timeframe (2) Principle 3: Dollar for dollar • Some RTOs already had funds and activity ready for market and the JV fund assisted with this, rather than prompting new spending Principle 4: Contestability • Opportunity to participate in JV seemed to have been presented to larger RTOs well before smaller RTOs

Question	Possible responses	Answers
		Principle 5: KPIs and reporting • KPIs weren't fully completed at the start and were retrospectively decided Principle 7: Differentiation and participation • Difficult for smaller RTOs to participate • Regional differentiation wasn't as strong as it could have been • Interesting that some gateways had two proposal funded, one with regional partners and one on their own Principle 8: Agreement vs. application process • More of an 'application' process to TNZ than was originally envisaged, TNZ played a commanding rather than supporting or partnership role (4) • TNZ inconsistent and unclear on how the fund was to be operated and allocated (3)
Did the fund's principles affect the amount that you contributed to your Joint Venture Partnership(s)? i) Would you have participated in the JVP if the TNZ funding ratio was less than dollar for dollar? ii) Did the partnership minimum of $250,000 and maximum of $1,000,000 affect your contribution? iii) Did the restrictions on what activities would be funded affect your campaign?	16	No response: 4 • Not constrained by the principles at all and did not affect contribution • Campaign planned before JV announcement. Very fortunate that the intention, spend, and activities that were planned fitted in very well with the JV principles. *i) Would you have participated in the JVP if the TNZ funding ratio was less than dollar for dollar?* Yes: 1 No: 5 • Anything other than one-for-one would affect partnership dynamic if one side is the majority funder Dependent on ratio. (4) *ii) Did the partnership minimum of $250,000 and maximum of $1,000,000 affect your contribution?* Yes: 4 • $250,000 minimum meant contributed more than otherwise would have done No: 6 • Reaching the $250,000 minimum was a stretch though *iii) Did the restrictions on what activities would be funded affect your campaign?* No: 7 Yes: 3

Question	Possible responses	Answers
		• Wanted to fund in market staff • Would have gone for more targeted niche and micro marketing – having to use Mindshare was a restriction • Advice from TNZ on what would be funded not clear or consistent
Did any of the fund's other criteria (e.g. focus on Australia, deadline for spending funds) affect your Joint Venture Partnership in any way?	16	No response: 4 No: 5 Yes: 7 • Having to spend funds by 30th June affected campaigning (3) • All campaigning happening at once led to "clutter" in the market • Challenge of matching central and local govt funding timelines • Slowness to get TNZ's feedback delayed campaign start by 6 weeks. • Long-term strategic goals not reflected as KPIs measured after three months of campaign activity, not a suitable timeframe to show changes • Requirement to use MindShare for media buy affected campaign (2)
Did you propose/apply to be part of a 10/11 Joint Venture Partnership(s)?	16	No response: 3 No: 5 Yes: 8
[If yes] Please give a brief description of the 10/11 Joint Venture Partnership(s) proposal: i) Are you working with the same partners? If not, why not? ii) Did your experience in the 09/10 funding round influence your proposal in the 10/11 funding round? If so, how?	8	• Contribution of partners increased in 2010/11 (2) *i) Are you working with the same partners? If not, why not?* Same partners: 2 Fewer partners: 5 • Allows a more seasonal focus • Easier to coordinate with fewer partners (2) • Other partners dropped out (2) • Secured other JV opportunity (1) *ii) Did your experience in the 09/10 funding round influence your proposal in the 10/11 funding round? If so, how?* • Shift in campaign focus from brand awareness to conversion

Question	Possible responses	Answers
[If no] Why did you not apply for a 10/11 Joint Venture Partnership? i) Was this due to your experiences in the 09/10 funding round? ii) What was different in the 10/11 funding round?	5	• Shift of focus within RTO to product development rather than marketing • 09/10 JVs were too focussed on TNZ and gateway RTOs to be worthwhile a smaller RTO participating (2) • 10/11 funding round was just as disorganised as the 09/10 round • Lack of funding • Did not see good enough results from the 09/10 round

Do you have any further comments or observations about the 09/10 Joint Venture Partnerships programme?	16	No response: 6
		
		Positives:
		• Appreciation of available funding/opportunity (7)
		• Industry partners contributed more knowing the JV was available (2)
		
		Process:
		• TNZ unreasonable in timelines with requests for information from RTOs, and slow and unresponsive to questions from RTOs. This caused unnecessary delays and frustrations.
		• TNZ inadequate resources committed to process
		• Need for more balanced partnership between RTOs and TNZ (2)
		• Need for better ways of tracking success of campaign i.e. awareness research, improved regional data (2)
		• Restrictions of short time frame (3)
		    o Need for longer campaign period
		    o Need to encourage longer-term approach and more strategic thinking
		    o Created confusion in the market place
		• Significant burden of work for lead RTOs
		
		Opportunities:
		• Hope the JV programme thrives in the future as collaboration is the key to success
		• Importance of keeping smaller RTOs engaged in multiple funding rounds to create stable partnerships
		• Importance of regional focus to raise funds from local partners
		• Need to ensure smaller RTO participation outside of the mainstream gateways – possibly have a portion of the fund just contestable for them?

Not involved in a joint venture partnership

Question	Possible responses	Answers
Did you want to be involved in a 09/10 Joint Venture Partnership(s)?	6	6 Yes
Did you want to lead your own Joint Venture Partnership or be a partner in another venture?	6	1 lead; 5 partner
[If wanted to lead] Did you want to form a partnership with other RTOs?	1	1 Yes (No response when asked who wanted to partner with)
[If wanted to partner] Which Joint Venture Partnership(s) did you want to be part of?	5	No response: 1 2 Auckland; 1 Christchurch; 1 Queenstown
Why did you want to partner this RTO(s)?	6	• Strategic benefits (all) • Geographic location (most) • Existing relationships (most)
How much were you proposing to contribute to the Joint Venture Partnership(s)?	6	Four of the six of the non-partner RTOs had only small budgets with proposals to contribute ~$25,000 or less.

Why was the proposal/application unsuccessful?
i) Did this relate to the fund's principles?
ii) Who made the decision to withdraw from the joint venture process, and how was this decision made?
	6	No response: 2
		
		• 4 responses all indicate various difficulties working with gateway regions
		• 3 budget limitations:
		    o Not enough money
		    o Limits set by gateway and/or TNZ to buy in to proposals

Did you propose/apply to be in a 10/11 Joint Venture Partnership(s)?	6	3 Yes; 3 No

Question	Possible responses	Answers
How was this proposal different to the 09/10 proposal (if at all)?	3	• More time to organise funding (2) • Different structure proposal followed (1)
Was the 10/11 proposal successful?	3	2 Yes; 1 Awaiting outcome (but thinks process better this time round)
Why did you choose not to apply for a 10/11 JVP?	3	No response: 1 • Could not come up with enough funding (2)
Do you have any further comments or observations about the 09/10 Joint Venture Partnerships programme?	6	• Gateway RTOs were given JV information prior to smaller RTOs • Gateway RTOs, particularly larger ones, did not all have desire or need to partner smaller RTOs • RTOs did not have money in budget to participate and some did not have ability to raise money to participate in time allowed • Smaller regions missed out (for various reasons) (3) • Timing was difficult (2) • Lack of communication from TNZ during the process • Ski TMN are not an RTO, so how did they come to lead a JV?

A7 Summary of RTO interview responses

Initial analysis of the RTO electronic surveys was followed by six telephone interviews. The RTOs were selected for interview:

- Based on their engagement with the electronic survey
- To ensure a geographic spread
- To ensure lead, partner, and non-participating RTOs were sampled.

The electronic survey and telephone interviews reflected a range of experiences with the joint venture partnership programme. RTOs have a variety of funding mechanisms, a wide range of financial resources and a range of previous experiences in tourism and the Australian tourism market.

The interviews were structured around a series of questions (see below). These questions were circulated to participants prior to the telephone conversations. While the questions guided the interviews, discussion was allowed to run freely over any topics raised by either the interviewees or the interviewers. In most cases two MED representatives were present for interviews.

The following summarises issues raised in the interviews. These issues are illustrated by anonymised quotes or words paraphrasing comments *in italics*. A number in brackets, e.g. **(2),** indicates that multiple RTOs made very similar comments. Those comments <u>underlined</u> highlight key issues as identified by the evaluators.

JOINT VENTURE OPPORTUNITY

All RTOs saw the JV partnership as a good opportunity. For some it was a logical progression from previous work in the Australian market, and for others it provided an opportunity to start regional campaigns in the Australian market.

- *The JV partnership was a natural progression from previous marketing activity.* **(2)**
- *The JV partnership was a strategic response for industry partners.* **(2)**
- *Hadn't thought about campaign work in Australia as an individual RTO, but a partnership could create awareness of our region. Need to build awareness first before can undertake conversion activity.*
- *Partnership wouldn't have happened without JV fund. It provided the incentive to join up.*
- *Our region already has a relatively high degree of awareness in Australian market so a direct consumer region-focused campaign makes sense.* **(2)**
- *Wanted to change perceptions to get Australians to see region as a 100% Pure destination in its own right rather than just a gateway.*

09/10 PROCESS

The time available for the development and implementation of the JV campaigns for 2009/10 was very short and this was acknowledged as being a source of problems. Some RTOs questioned whether TNZ had sufficient resources to set up the JVs in the time available. There was a lack of understanding about the JV process and how it would be carried out, and this also led to some misunderstandings. The comments about process have been grouped into those concerning TNZ and those addressing collaboration.

Joint ventures involved collaboration on a number of levels: between RTOs, between RTOs and TNZ and between RTOs and industry. There was collaboration between partners of individual JVs, and between JVs to ensure marketing campaigns overlapped as little as possible. It was generally acknowledged that collaboration was good, enabling stronger and larger campaigns to be taken to market. While it was necessary for collaboration to occur with TNZ, incentives for either industry or other RTO collaboration were mixed or absent. There were many comments about collaboration, or a lack of it.

Finally, while this evaluation is addressing the 2009/10 JV partnerships, at the time of the interviews RTOs were involved in the 2010/11 process. RTOs were specifically asked about their experiences of the 2010/11 process to see if there had been any developments. Comments on that process are collected separately.

TNZ process problems:

- *Very poor management of application process by TNZ*

- *Lack of communication about JV process* **(2)** *– resulted in issues, as smaller regions were not involved or informed in process development.*

- *Competition and overlap from time pressure –difficult for TNZ to manage process (possible resource constraints?)*

- *09/10 process was rushed* **(4)**
    - *Problematic to only have a six month window of activity*
    - *Timing – delays in timeline and a lot of reporting requirements from TNZ*
    - *Deadlines were VERY tight (turnaround times, applications, announcements).*

- *Thought TNZ would give more guidance on coordinating campaigns, but RTOs had to work it out between themselves*

Collaboration process comments:

- *Gateway RTOs were involved in discussions prior to the 'announcement of process'. Smaller RTOs had the understanding (via RTONZ) that they had to work with the gateway RTOs. While some gateways took this seriously some* *refused to involve smaller RTOs and did not respond to their approaches. Small RTOs did not think they could independently approach TNZ.* **(2)**

- *A smooth JV reflected a clear plan, focus and an airline partner involved.*

- *There were squabbles over equity of exposure between RTO partners, i.e. how much money each had put in and therefore how much benefit (exposure) they should receive.*

- *<u>Mainly about getting together the funding, not collaboration.</u> Combined resources but separate campaign messages – two creative executions e.g. separate websites*

- *Smaller regions had a perception that they would get a poor return on their investment if only able to contribute a small (e.g. $10k -ish) amount.* **(2)**

- *Why have three separate JVs in North Island (i.e. H&W, CP and Rotorua). <u>Why didn't they pool altogether? Might have worked better.</u> Having 3 separate JVs meant there was more competitive behaviour. <u>More cooperation would have been better</u>.*

- *<u>Collaboration means one clear message, greater focus and impact in the Australian market.</u>*

10/11 PROCESS

- *Big problems with the process*
- *Existence of funding confirmed much later than had hoped*
- *Delays from TNZ meant couldn't run the campaign they wanted to*
- *TNZ kept changing their mind as to what would be acceptable for a campaign*
- *Still poor planning – timing issues again. Shifting of goalposts by TNZ around processes and principles*
- *10/11 process not a lot better than 09/10, still not a balanced partnership between TNZ and RTOs, uncertainty of approval process*
- *Alignment issue back – TNZ presented umbrella approach in May, but by then too late, had already developed proposals with partners. Airlines didn't want to be under TNZ umbrella, want their own branding to feature prominently; Having already got airline agreement to be part of JV for 2010/11 this change meant they had to go back and renegotiate with partners for 2010/11 and has brought time pressures back into 2010/11 process*
- *Timing of fund didn't fit – wanted to increase visitation over Christmas (traditionally weaker period) with a Spring campaign but delays by TNZ and changes to processes meant only just in market in October*
- *Difficulty of measuring conversion – in 10/11 will have ways of measuring return sorted out before taking campaign proposals to partners.*

FUNDING

Some RTOs used joint venture matched funding to expand existing campaigns which fitted within the Fund's principles. These did not represent new money. Others noted that the JV opportunity brought new commitments from other RTOs and industry. Some suggested that industry may contribute more once they saw the process as established.

- *JV was able to attract NEW money. RTOs are seeing industry keen to contribute – gives confidence. Councils supportive of JV.*

- *Expectations that industry contribution would increase (or could increase) in future if they see a commitment to the process.*

- *Airline has been long-term partner in marketing. Airline contribution to JV similar to that for previous campaigns.*

- *Extra money from the JV matched funding will make a big difference to the campaign. Will mean the campaign will produce 'compelling results'.*

- *Our understanding of the principles was that new money had to be found so we didn't try to use existing funds (which would have made it much easier).* (cf below where no 'new money' contributed.)

- *<u>Campaign already planned when JV funding announced</u> – didn't change planning or strategy, just able to expand campaign with extra money.* **(2)**

KPIs AND DATA ISSUES

- *KPIs – reporting requirements not up front, TNZ retrospectively asking for data collection once campaigns had finished*

- *As well as national-level indicators need regional KPIs that reflect appropriate success measures based on partners involved*

- *NZ is a complex holiday destination – many attractions/activities cannot be pre-sold and so difficult to measure conversion that is directly attributable to the campaign.*

- *Need to improve core datasets – <u>need to be accountable but need better ways of measuring outcomes</u> – sets everyone up for dissatisfaction*

CAM and IVS:

- *Challenges around datasets and reporting – can't give good data if there isn't any!* **(4)**

    - *CAM – no longer regional data available (a big disadvantage). CAM data showed visitor nights are up, but you can't tell whether these come from Australia. Anecdotal evidence (i.e. opinions from industry) say they are from Australia (as opposed to Asian markets or the UK)*
    - *IVS – greatly flawed for regional data*

Web, i-SITE, and other data:

- *Web stats are not the best data to use as they don't show conversion.*

- *No booking capability on the website and i-SITE not run by the RTO so no hard measures of bookings*

- *Mixed anecdotal picture:*
    - *i-SITE – Australian visitors down but spend up (based on request to Isites to capture Australian numbers)*
    - *Hotels – luxury end doing worse, Australian visitors generally looking for a 4* experience*

TNS Conversa Studies:

- *TNZ / TNS Conversa benchmarking study was very useful – i.e. benchmarking awareness of region before and after campaign as the main focus of campaign was on awareness building.* **(3)**

- *It's really hard to shift awareness in 3 months; not all of our region's media work was focussed in Sydney, a lot was in Brisbane. Figures for Brisbane are small.*

- *Results at a regional level are questionable.*

- *When put JV campaign to market were targeting strongly (demographics, websites, publications) whereas research sample drawn from a very broad population. Tracking designed to cover a much wider scope (other regional and national campaigns) but not necessarily relevant to particular JVs.*

Other market research:

- *Did own market research in 2009 – wanted to know what the Australian market knew about the region.* **(2)** *There was not much awareness of region at that time* **(1).**

Airline data:

- *Airlines are notoriously sensitive with their commercial data, but maybe we could ask them for interpretation of Australia campaign impact on load factors, frequency etc.* **(2)**

- *Airline data exceptional – 39% capacity growth over the period and loadings exceeded additional capacity*

ALIGNMENT WITH THE 100% PURE BRAND

While most RTOs thought 100% Pure brand was good to align with it was not clear to RTOs what alignment meant. There was conflict for some around incorporating the 100% Pure logo.

- *Still early days to know if the 100% Pure brand will provide any benefits*.

- *<u>Difficult to know what "alignment" means</u> – TNZ do not have a clear idea, very tight timeframe made it difficult to develop a coherent view.*

- *All partners (regional and industry) have different objectives – have to manage partners expectations in terms of brand exposure, as well as thinking about 100% Pure e.g. airline wanted their branding to feature prominently in campaigns* **(2).**

- *100% Pure logo nice linking/connection device, but not the most important aspect.*

- *<u>Alignment (between regional and national marketing) of key messages at an umbrella level important.</u>*

- *Collaboration/coordination of regional and national activity – <u>the benefit of JVs is that there is some sense of coordination.</u>*

DEFINING AND MEASURING SUCCESS

<u>Increases in visitor numbers, visitor spend and nights in region.</u>

- *Both RTOs and Industry see success as more visitors, reaching booking targets, extra bed nights, spending more, hard bookings…* **(4)**

<u>The importance of airline participation and retaining international flights into gateways was noted, particularly by regional RTOs.</u>

- *Key to success is retaining/increasing direct airline flights/ airline support for JV.* **(3).**

<u>Increased funding for Australian marketing campaigns, and return on investment for JV partners.</u>

- *Good return on investment, 165%, for one of region's industry partners. Another partner was not so successful.*

- *JV funding gives sufficient substance, financial support, to campaigns in Australian market to make them worthwhile* **(2).**

<u>Better collaboration between partners.</u>

- *Success in bringing together local govt, central govt and industry – important to build strong (long-term) relationships and partnerships* **(2).**

- *Closer integration with TNZ and NZ as a whole – never closer to other RTOs than have been in the last couple of years, all working together and sharing info.*

Other successes included:

- *Regional brand messages incorporated into TNZ's marketing*.

- *Made valuable Australian trade contacts as a result of JV.*

- *Generated more awareness of the region.*

CHALLENGES

It is obviously challenging to balance the needs of all JV partners, TNZ, other RTOs, and industry partners. TNZ management of the process was challenging also.

- *Main challenge was in managing partner expectations – stuck in the middle between industry and TNZ, both wanting very different things.*

- *Workload for a small RTO – ensuring all partners get value for money takes a lot of admin time. Those RTOs not leading the process have less commitment*.

- *Difficulties reporting on value to each partner – some are easier to measure than others.*

- *Difficult to get return on investment for everyone who bought in – probably wouldn't do this again. Need to limit number of partners to ensure everyone can get return on investment.*

- *TNZ management of the process – unclear, changing rules, changing reporting requirements, feeling of "jumping through hoops".*

- *TNZ needs more resource for running the programme – under-resourcing created bottlenecks.*

OVERVIEW

- *There is value in the JV model.* **(4)**
  - *Do need to have regional marketing in Australia to tell regional stories. The Australian market can handle these kinds of campaigns.*
  - *Would be interesting to see how they apply to other long-haul markets.*

- *JV model is a good one, but need to tidy up and establish firm processes:* **(3)**
  - *Firm meetings*
  - *Firm communications*
  - *Problem resolution*
  - *Transparency around the process for allocation*
  - *TNZ need more resources on the project?*

- *Funding certainty and long-term commitments with partners, plus time to plan and think strategically (perhaps allocate funding over a longer timeframe?).*

- *Timings aren't synched with trade – missed opportunities and rushed campaigns due to slowness of funding response.*

<u>Balance between the larger gateway RTOs and smaller RTOs</u>

- *Question the value to bigger RTOs who already have large marketing budgets. An extra $250,000 may not make a lot of difference to Auckland but will make big difference to smaller regions.*

- *Need to create opportunity for regions to work together. JVs should be led by gateways.*

- *Gateway regions are not all equal, so the impact will be different across the gateways.*

- *TNZ funding should be proportional to region's importance.*

- *Trying to get regions to work together too difficult – hard for smaller regions to get a return for a small investment ($1m vs $10k).*

<u>RTOs see benefits in developing regional identities.</u>

- *Need to develop understanding that NZ can be visited in an 'open jaw' sense and create road trip type itineraries. Create opportunities for multiple visits by showing the diversity of product offerings across regions*

- *For smaller RTOs the value lies in creating regional identities, but showing that these regions can be joined up – need for topic and gateway-led packages and product.*

Short breaks:

- *Evidence for increases in short break visitors*
- *TNS Conversa research showed that Australians considered region to be a short break destination*
- *Airlines put a lot of money into short break packages – price point offers get a good response.*

Other overview comments:

- *Would consider JV in future, maybe in a few years once product development up to scratch and 'delivering the promise' is better. JVs will have matured a lot by then as well*
- *Airlines want bums on seats, wholesalers want to sell nights and car rentals – not supporting the idea of selling experiences to the Australian consumer*
- *Need innovative ways to inform Australian consumers about the experiences that NZ offers – digital media can be a key way of doing so.*

Questions for RTO interviews

1) Investment in international tourism marketing
   - Was this JV your first venture into international marketing?
   - What other international marketing campaigns have you been involved in?
   - What have you typically invested in such campaigns, either $ amounts or in kind contributions?
   - Has TNZ been a partner in those campaigns (any involvement, not solely $ contributions)?

2) Joint venture marketing campaigns
   - Did participating in the JV mean you increased your total spend on tourism marketing in 09/10? And in 10/11 (if applicable)?
   - What kind of activity did JV spending displace in 09/10? In hindsight, was participating in the JV a better use of your money than the alternative project?
   - Where the timing of funding was an issue in 09/10 (e.g. out of synch with local govt funding timeframes), was it easier to attract "new" money in 10/11 or was participating in JVs at the expense of other projects?

3) Partnerships with industry
   - Did the JV enhance your ability to find industry partners (direct funding or in kind contributions) for marketing proposals, either as part of the JV or in other partnerships?
   - What level of industry involvement in regional marketing do you perceive to be desirable?
   - How many big industry players are there in your region that might participate in JVs?

4) Campaign strategy

- Was your regional marketing strategy aligned with 100% Pure before the JV campaign?
- What are the advantages of aligning with the 100% Pure campaign? Is there any evidence for this? What value (if any) does it add to regional marketing campaigns?
- Do (regional) industry partners have a view on the value of aligning with the 100% Pure campaign?

5) Measuring success

- Do you normally try and measure the success of your marketing campaigns? If so, how?
- How well can you measure the effectiveness of your campaign in terms of conversion to travel?
- Is there any anecdotal evidence of changes in visitor patterns that may not be picked up by national datasets (e.g. CAM, IVS)?

6) Overview of Joint Venture Partnership process

- What do you see as the most successful component of the JVs?
- And what are the greatest challenges in being involved with a JV?
- What would you do differently in future JVs/partnerships?

A8 Summary of industry interview responses

A total of four industry interviews were carried out with an airline company, an airport company and two activity operators. The questions circulated to interviewees prior to the discussion and around which the interviews were structured are set out below. However, as for the RTO interviews, discussion was allowed to flow freely while ensuring that all topics were covered. Interviews were generally undertaken over the telephone.

As some commercially sensitive material may have been discussed, only a brief summary will be included here.

Rationale for involvement and previous engagement with RTOs/TNZ

- All industry organisations interviewed had previously worked with both RTOs and TNZ.

Return on investment

- The leverage from TNZ's matching funding justified the extra spend, made it good value for money (for industry partners).
- Return on investment good in the first year, but in it for the long haul.

Joint venture process

- Need for a strong national campaign and consistency in national strategy over the medium term.
- Which country to visit is first and foremost in the consumer decision making process, then whether North or South Island, then exactly where and what to do. There is a need for a strong national campaign as new Zealand is competing against Australian domestic destinations for visitors. Familiarity breeds complacency – Australians are aware of NZ, but not much impetus for visitors to actually travel, there are other destinations they want to tick off.
- Benefits of working with TNZ – strength of 100% Pure national brand, consistency and longevity of branding, brand 'has legs'. New Zealand as a destination needs to be a fresh proposition, so a strong national campaign is very important.
- Alignment with 100% Pure, get benefits of wider TNZ spend on Australian marketing. Consumers know they are getting the same product.
- Transparency – could see when other campaigns were in market and so avoid too much overlap with other RTOs, good for aligning campaigns.
- JVs have about 5 partners and things take time to set up. If TNZ keeps changing ground rules and game plans, have to revisit partners and readjust agreements to meet changes. All this can be time consuming and introduce delays in going to market.

Challenges

- Getting the balance right between regional messages not being too fragmented but then not being too watered down. The best way to do this is still unclear.
- Need to know in 12 months time that the process will still exist. Need clarity from TNZ on its longer term commitment.
- Uncertainty over TNZ's direction in the medium term is harmful – businesses plan over the 3-5 year horizon so a past lack of consistency is worrying.
- Tight deadlines from TNZ.
- Easier to work with TNZ on a national level than with a number of RTOs. Lower overheads.
- Keen to put JV partnerships to other markets.

Overall comments

- JVs are working well from a collective regional marketing perspective.
- Australia a big part of future plans, but need to show that (our) region is a very different offering to another region.
- Need for future clarity, and some time to see how well the JV partnerships will work.
- RTOs have clear messages, but conversion activity not as easily measured as for national campaigns.
- Educating Australians on NZ regions is a good strategy which will take time to achieve results – it takes several years to change travel habits.
- JV campaigns very worthwhile, but need different KPIs – need to look at brand attributes, awareness.

Questions for industry interviews

These questions refer to the joint venture marketing campaigns between Regional Tourism Organisations (RTOs), the tourism industry and Tourism New Zealand (TNZ) that were in market in Australia in the first half of 2010.

1) Rationale for involvement and previous engagement with RTOs/TNZ

- What is the importance to your business of marketing New Zealand's regions as destinations in their own right (as opposed to marketing New Zealand as a whole)?

- Why did you invest in this marketing campaign? What benefits did you see in this investment?

- Had you worked with RTOs before this campaign? If so, what for and when?
- What benefits do you see in working with RTOs? Challenges?
- Have you had other partnership agreements with TNZ? If so, what for and when?
- What benefits do you see in working with TNZ? Challenges?
- What benefits do you see in aligning with TNZ's '100% Pure' brand?

2) Return on investment

- If applicable, what was the value of the in kind or special deals (e.g. fare offers) that you included in your contribution to the campaign? What were these contributions?
    - $0-25,000 $25,000-50,000 $50,000 – 100,000 >$100,000
- Did your participation in the joint venture marketing campaign lead you to increase your spend on marketing your (NZ) product in the Australian market?
- Did you see any effects on Australian customer numbers as a result of these regional marketing campaigns (either specific numbers or anecdotal evidence)?
- How easy is it to measure bookings/sales as a result of a particular marketing campaign? Have you done so for this campaign, and if so what did you find?
- Did you see an acceptable return on your investment? Can you estimate or have you measured what that is?

3) Joint venture process

- How involved were you in the joint venture process (e.g. partnership formation, campaign design and implementation), and do you have any comments to make about it?

4) Overall comments

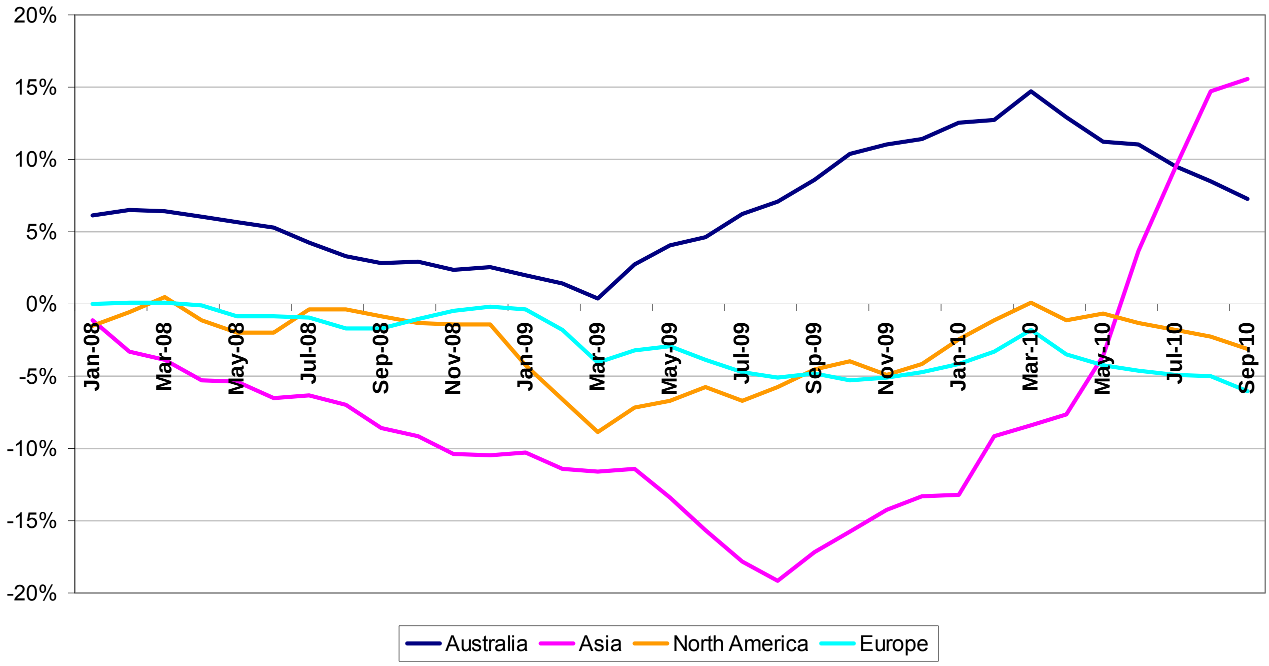
- Do you consider your involvement in the joint venture marketing campaigns a success? Please give two or three reasons why/why not.
- If you are participating in the 2010/11 joint venture marketing campaigns, what are the main challenges for you going forward?
- If you have chosen not to participate in the 2010/11 joint venture marketing campaigns, why not?

A9 Background statistics

This section summarises some of the trends in New Zealand inbound and Australian outbound travel over the last three years, providing context to the visitor behaviour statistics presented in the main body of the report.

New Zealand inbound travel

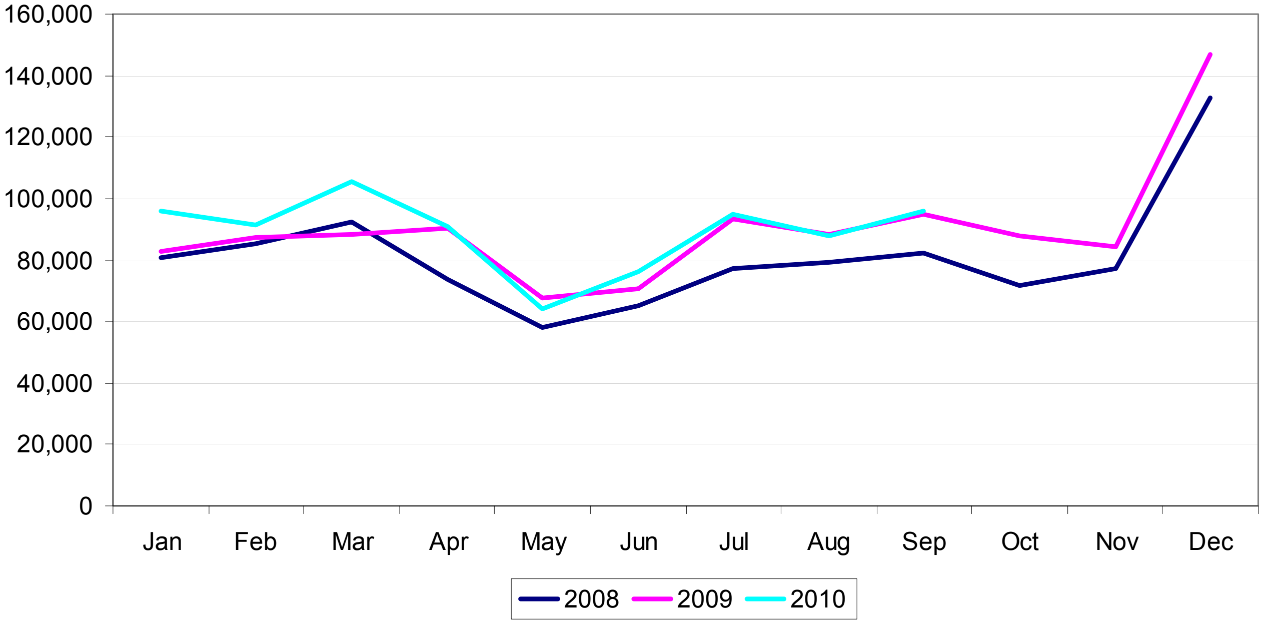
Figure 16: Growth rate for rolling annual visitor arrivals to New Zealand by origin



Source: IVA

Australian visitor numbers are continuing to grow, although the rate of growth is slowing. The turning point seems to be Autumn 2010. This is consistent with North American and European visitor trends, although Australian visitor growth is falling faster than visitor growth from these areas. Visitors from Asia are bucking this trend, with very strong increases in growth rates since Autumn 2010.

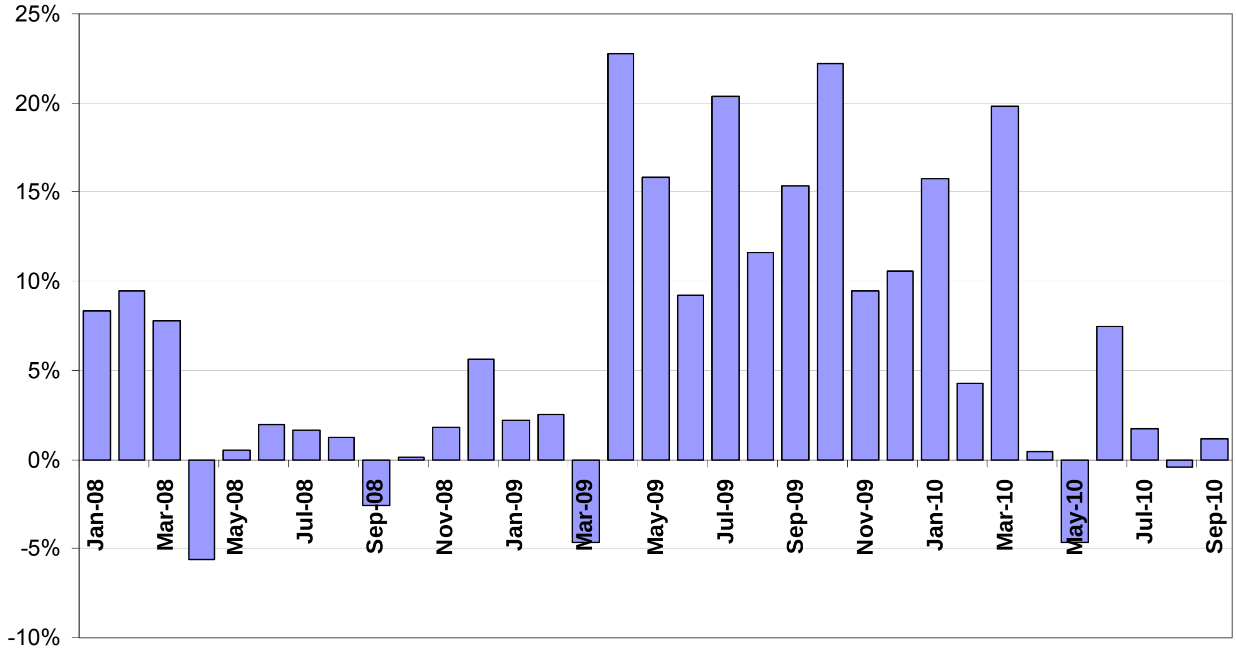
Figure 17: Australian arrivals to New Zealand



Source: IVA

In the first three months of 2010 Australian arrivals were higher than for the corresponding months in 2009. In the second quarter of 2010 arrivals were more or less on a par with 2009 levels. This follows on from strong growth in 2009 compared with 2008.

Figure 18: Annual change in monthly Australian arrivals

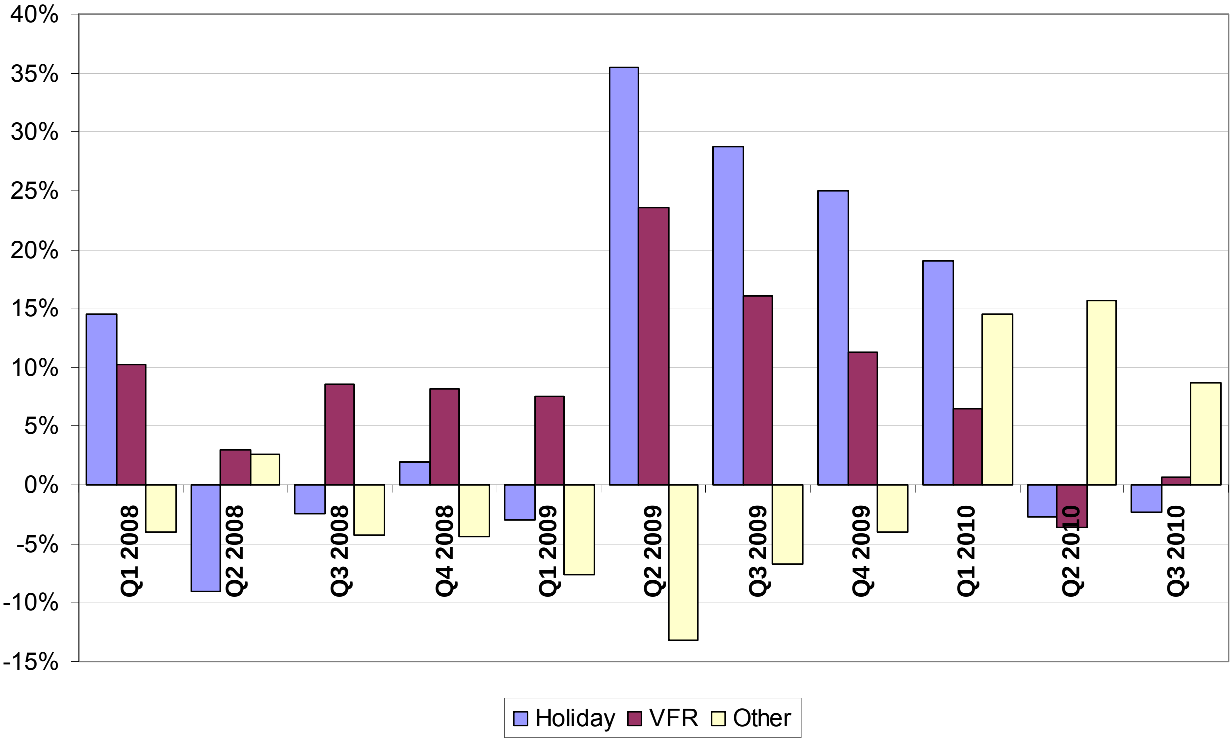


Source: IVA

The first few months of 2010 saw fairly high growth rates, continuing the trend that began in Q2 2009. However, from April 2010 this growth weakened (with a fall in visitor arrivals in May 2010 compared to May 2009) and from July 2010 onwards there was approximately no growth over 2009 levels.

Looking specifically at the approximate joint venture campaign period, there were 21,220 additional Australian visitors in March-August 2010 compared to the same period in 2009, an increase of 4.3%.

Figure 19: Annual change in quarterly Australian arrivals by purpose of visit



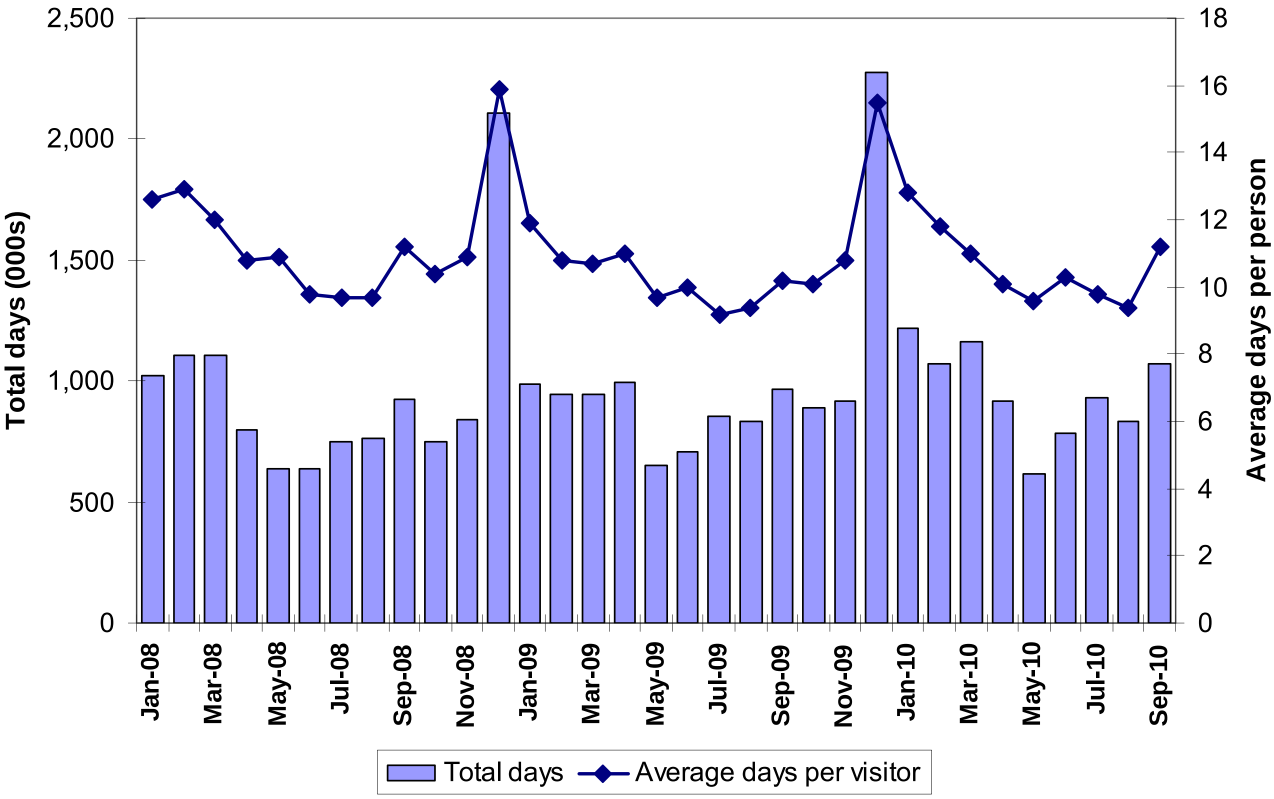
Source: IVA

The aggregate increase in visitor numbers over Q2 and Q3 2010 masks a weakening in holiday and VFR arrivals over this period (and these groups were the target market of the joint venture campaigns).

The high overall growth rates seen over 2009 appear to be mainly driven by increased holiday visitation. “Other” travel was down over 2009, due to very weak business and conference travel.

In 2010 these patterns changed. There was growth in all three sectors in Q1; but in Q2 the growth in overall numbers was a result of strong growth in “other” visitors (mainly business and conference), which overcame falls in holiday and VFR visitors compared to 2009 levels. There was slight growth in VFR in Q3 2010 but holiday arrivals continued to fall.

Figure 20: Australian visitor nights and average nights per person



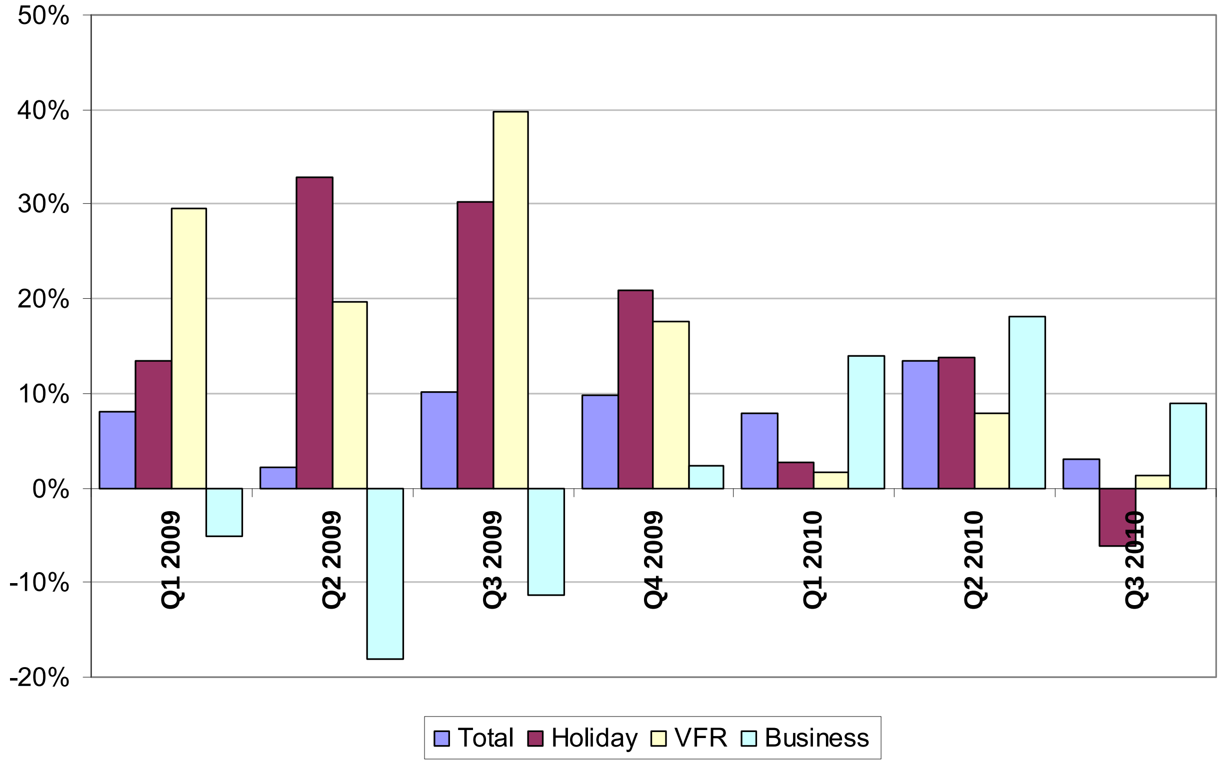
Source: IVA

As may be expected, changes in total nights roughly followed visitor arrival patterns. There is a strong seasonal peak over the Christmas period and a trough around May.

The average number of days per person also has a strong seasonal peak over the Christmas period, but was relatively constant for the rest of the year.

Looking specifically at the joint venture period, Australian visitors stayed for a total of 5,245,800 days in March-August 2010, compared to 4,988,000 nights in the same period in 2009, which is an increase of 5%. The average number of nights per person also rose between 2009 and 2010, with an average of 10.09 days in March-August 2010 and 10.01 days in the same period in 2009.

Figure 21: 'Short break' (less than 5 nights) visitors by purpose of visit

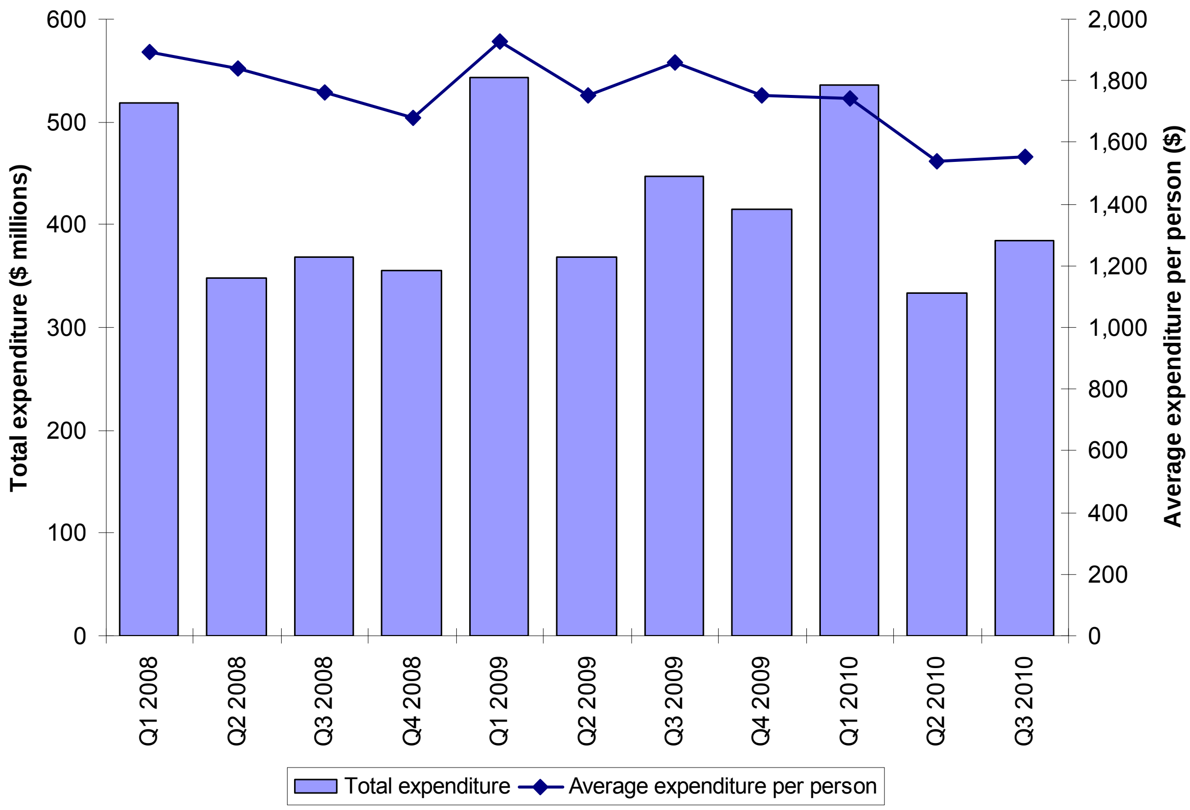


Source: IVA

One of the aims of the joint venture campaigns was to promote short-break travel (defined here as less than 5 days). Total short break arrivals in Q2 2010 were up 13% on Q2 2009, and in Q3 2010 were up 3% of Q3 2009.

In Q2 2010 holiday, VFR and business short breaks were all up on Q2 2009. However, in Q3 2010 holiday short breaks were down on their Q3 2009 levels whereas VFR short breaks were up very slightly and business short breaks grew by 9%. This may reflect a recovery in business travel (which generally has shorter length of stay than holiday and VFR travel) from a very weak year in 2009.

Figure 22: Total expenditure and average expenditure per person



Source: IVS

Total expenditure follows a strong seasonal pattern, with a pronounced spike over the summer quarter. Average expenditure per person, however, is less variable, and variations do not seem to follow a pattern.

There was generally growth in 2009 in both total expenditure and average expenditure per person over 2008 levels, especially in the second half of the year. However, both total expenditure and average expenditure per person were down in the first half of 2010 compared to the same period in 2009, with average expenditure per person falling particularly strongly.

Looking specifically at the joint venture period, total expenditure for Q2 (April-June) 2010 was $334 million, down 9% from the $369 million total expenditure in Q2 2009. Average expenditure per person fell by 12% over this period, from $1,754 in Q2 2009 to $1,538 in Q2 2010.

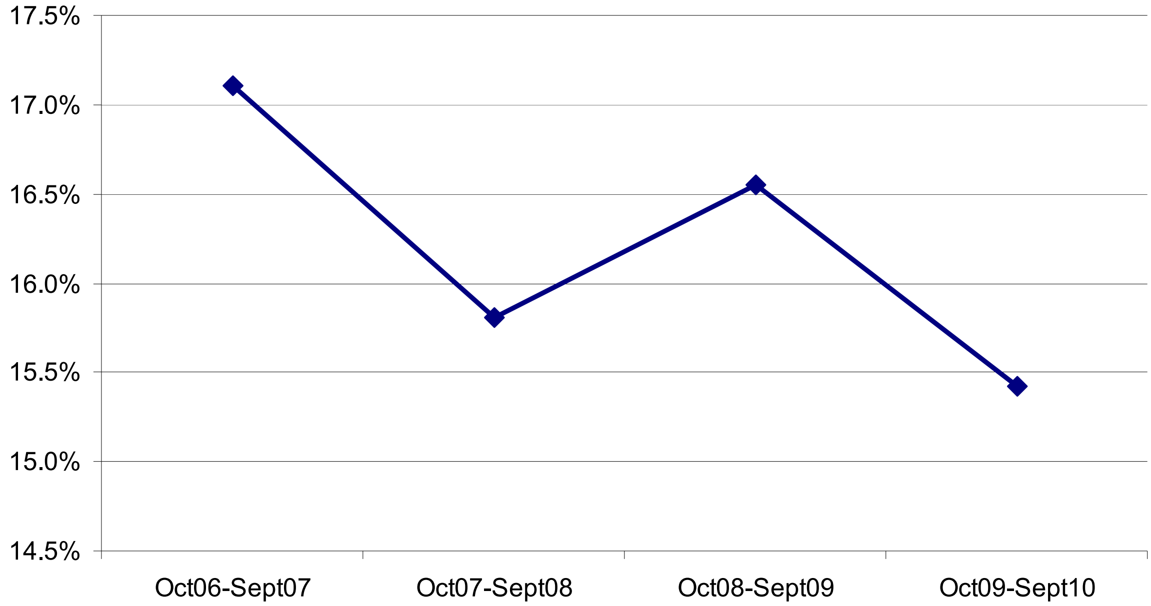
Total expenditure in Q3 2010 was also down on its 2009 level, by 14%. Total expenditure in Q3 2010 was $384 million, compared to $447 million in Q3 2009. Average expenditure per person also fell, from $1,857 in Q3 2009 to $1,555 in Q3 2010, a fall of 16%.

Australian outbound travel

The time periods in this section have been chosen to reflect the latest available data (September 2010).

Between October 2009 and September 2010 New Zealand's market share of Australian short-term outbound travel was 15.4%, down from 16.6% in the same period the previous year.

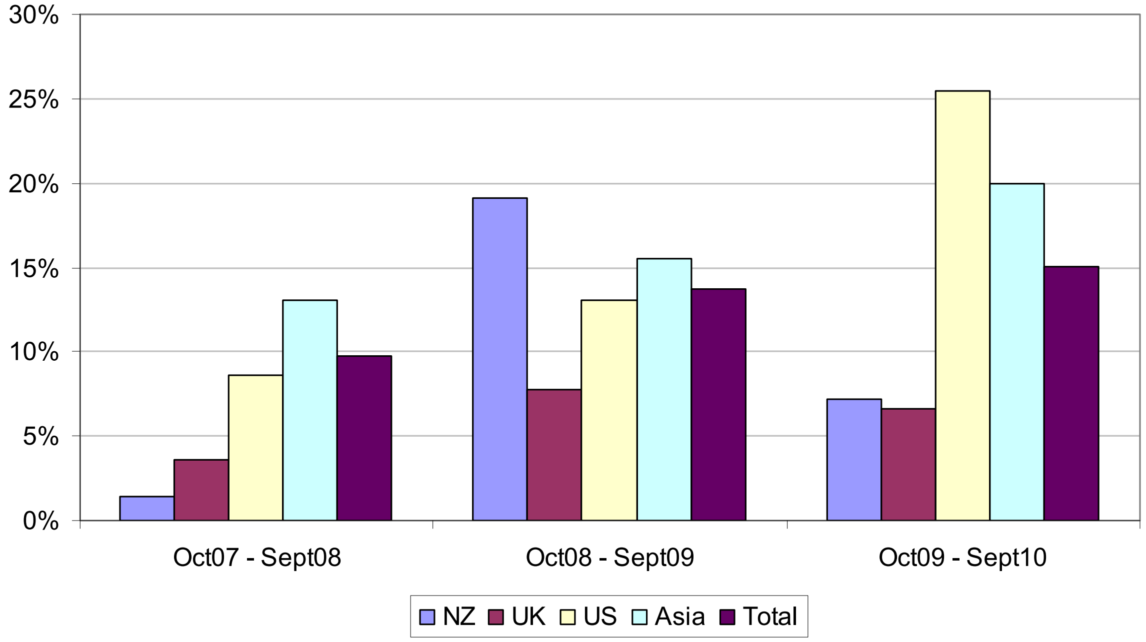
Figure 23: New Zealand's share of Australian short-term outbound travel



Source: Australian Bureau of Statistics

2009 was a somewhat exceptional year for Australian travel to New Zealand. Factors identified as important to this growth include the stimulus package from the Australian government to combat the effects of the global financial crisis, and price competition in the trans-Tasman aviation market (see Appendix 10). This meant that travel to New Zealand became relatively more attractive compared to other (long-haul) destinations, and contributed to a high growth rate in departures to New Zealand, exceeding total departure growth.

Figure 24: Growth rates in Australian short-term departures to selected destinations



Source: Australian Bureau of Statistics

In the period October 2009 – September 2010, growth in departures to New Zealand was less than half the rate seen in the previous year, and was below the growth in total departures. Departures to Asia grew even more strongly, and departures to the USA increased sharply.

However, it should be noted that growth in departures to New Zealand between October 2009 and September 2010 was higher than for October 2007 – September 2008; meaning that whilst growth rates were down on the 'exceptional' 2009 period they were still up on previous years.

A10 External factors which influence Australian travel to New Zealand

An analysis of trends in the Australian market in 2009[33] found that the Australian government’s Household Stimulus Package payment of A$900 and price competition by airlines were the two most important external factors which contributed to the strong growth in Australian travel to New Zealand.

In 2010 there was no stimulus package, and Australian GDP growth in the first half of 2010 returned to pre-Global Financial Crisis levels. However, this may have had a negative effect on departures to New Zealand as long-haul destinations such as Asia and the USA became more viable due to improved household financial circumstances.

Aviation has continued to provide favourable conditions for trans-Tasman travel. There was an increase in seat capacity over the first half of 2010, and airlines continued in price competition, including offering special deals (both as part of the joint venture campaigns and for other marketing strategies).

The 2009 report states that “the A$:NZ$ exchange rate is not regarded as a major influence on the trans-Tasman travel market”. It also found that Thailand and China were the only two countries where the exchange rate appeared to have an influence on Australian outbound travel. However, it may be that the strength of the Australian dollar against the US dollar in particular will be an influencing factor in outbound travel over the coming years.

[33] “Tourism New Zealand Australian Marketing Campaign 2009: Analysis of trends and marketing”, TMT, February 2010

A11 Description of data sources used

International Visitor Arrivals

International Visitor Arrivals (IVA) provides monthly statistics on inbound travel by international visitors to New Zealand; including visitors by country, purpose, length of stay, age, sex, port of arrival and mode of transport (air/sea).

IVA statistics are obtained from the monthly International Travel and Migration survey undertaken by Statistics New Zealand (SNZ), using international passenger arrival and departure cards collected continuously throughout the year by Customs at various international airports and seaports in New Zealand.

The International Travel and Migration survey is both a census and a sample survey. It is a census because it is compulsory for all international visitors to fill out the arrival and departure cards from which the data is derived. Some variables are processed from all the cards (e.g. age, sex, travel mode) but for some variables only a sample of the data is used for generating statistical information (e.g. purpose, length of stay, overseas port of embarkation). Those sampled comprise on average 4% of total short-term passengers (approximately 27,000 per month). As completion of the arrival and departure cards is compulsory the survey has a 100% response rate.

International Visitor Survey

The purpose of the International Visitor Survey (IVS) is to provide accurate, quarterly national information on the characteristics, behaviour and expenditure of international visitors. In particular:

- To measure the amount of expenditure of international visitors
- To determine the activities international visitors participate in, the transport and accommodation types used, and places visited
- To provide data for determining the travel credits component in the Balance of Payments, and tourism expenditure in the Tourism Satellite Account
- To provide demographic information about international visitors, their motivation for visiting New Zealand, and their satisfaction with their visit to New Zealand.

The IVS is a sample survey of approximately 5,200 international visitors to New Zealand aged 15 years or older per year.

In January 2003, the sampling of the IVS changed to become ‘flight based’. This is a stratified cluster sample of departing international flights with quota sampling of individual respondents. The sample is selected from departing international visitors aged 15 years and older at New Zealand’s three largest international airports; Auckland, Wellington and Christchurch. Interviews are carried out according to pre-specified quotas each month, with interviews spread throughout the month, quarter and year.

The sample is weighted to represent all international visitors aged 15 years and older departing by air from all New Zealand international airports. Raking ratio weighting is used to adjust for known discrepancies between the sample and the population and ensures that the weights sum to known population totals from SNZ external migration statistics.

Commercial Accommodation Monitor

The Commercial Accommodation Monitor (CAM) provides regional data on the supply and demand of the accommodation sector. It provides statistics on guest nights, international/domestic guests, number of establishments, capacity, occupancy rates and employee counts each month.

The CAM is a census (rather than a sample survey) of all mainstream commercial accommodation establishments of certain size. Respondent participation is compulsory as it is collected under the Statistics Act 1975.

Survey forms are sent out monthly by SNZ to accommodation establishments (around 4,000 in March 2008) chosen from SNZ's Business Frame. The following five groups of establishments are surveyed:

- Hotels (includes both hotels and resorts)
- Motels (includes motor inns, motels and apartments)
- Hosted (includes private hotels, guest houses and B&Bs)
- Backpacker/hostels
- Caravan parks/camping grounds.

These establishments must also be registered for GST and have a turnover of a least NZ$30,000 per annum. Therefore, those small establishments that are not GST registered or earn below the threshold level are not included in the survey. A large proportion of these are hosted/B&Bs.

Some establishments may also be overlooked by the Business Frame if they are involved in the accommodation industry as a secondary commercial activity, for example, farm-stay tourist accommodation within the main farm business. Consequently there is under coverage of small accommodation providers.

Sabre Airport Data Intelligence (ADI)

Sabre ADI is an industry data source which collects data from travel agent and airline booking systems.

A12 Policy Intervention Logic

Policy problems → **Outputs** → **Outcomes: Immediate** → **Intermediate** → **Final**

Policy problems

- Coordination problems prevent adequate level of private offshore destination marketing
- Levels of conversion to travel are lower than desirable
- Awareness of the different experiences that some regions of NZ offer is low
- Regional and industry marketing lacks cohesion and coordination (timing, spending, planning) with 100% Pure branding strategy

Outputs

- RTOs and industry partners incentivised to increase marketing spend and to align with 100% Pure branding
- Joint venture marketing campaigns between RTOs, industry partners and TNZ developed and implemented
- Regional differentiation is built into marketing campaigns
- Private firms react to needs of target customers e.g. special offers

Outcomes

Immediate

- Increased intention to travel
- Partnership activity and collaboration between regions and industry demonstrated
- Increased awareness of regions and different experiences offered

Intermediate

- Increase in visitors to intended destinations at intended periods
- Increase in total visitor nights
- Increase in total (and/or average) visitor spend
- Effectiveness of marketing spend (both public and private) increased
- Net economic returns of tourism are increased
- Foreign exchange earnings are maximised
- Enterprising and innovative businesses are developed

Final

- Net increase in GNI (taking into account opportunity cost of moving resources into tourism)