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VALUE OF THE HOLIDAY PARK SECTOR

While staying at Holiday Parks, visitors contribute around \$623 million in direct expenditure to New Zealand's economy each year. Approximately \$340 million, or 55% of this expenditure, is contributed by domestic visitors and the remaining \$283 million, or 45%, by international visitors. Expenditure by international visitors also contributes directly to New Zealand's export earnings.

This paper outlines how the Holiday Park sector plays a key role in stimulating economic activity at local, regional and national levels.

At present New Zealand Holiday Parks generate **6.5 million** guest nights per annum, from 3.2 million guest arrivals.¹ This level of activity represented 20% of all commercial guest nights in New Zealand last year.

While the majority of Holiday Park guest nights are used by domestic visitors (71%), the proportion attributable to the international market has almost doubled since the late 1990's (from approximately 15% to just under 30% of the total).² However, there is some evidence that the proportion of international guest nights spent in Holiday Parks peaked in 2007 and decreased slightly in 2008.

In 2007 Angus & Associates prepared a report that examined the expenditure of Holiday Park visitors. This peak season study found that **visitors spent an average of \$95.49 per night (\$74.12 for domestic visitors and \$150.96 for international visitors) while staying in Holiday Parks.**³ While this study was undertaken in the peak season only, it did consider expenditure across a range of regions and by a variety of visitor types (for example, those staying in built and non-built accommodation).

Since 2007, average daily expenditure reported by domestic and international visitors **in general** has fluctuated but no overall increase is apparent.⁴ For the purposes of the current analysis then, we have assumed that average expenditure by Holiday Park visitors has also remained constant at the levels recorded in 2007.

By extrapolating average daily expenditure recorded in 2007 to all Holiday Park guest nights for the year ending December 2008, we can conclude that **visitors last year spent around \$623 million in total while staying at Holiday Parks.** Approximately \$340 million (or 55%) of this expenditure was attributable to the domestic market and \$283 million (or 45%) to the international market.⁵

As context, it is worth noting the value of annual exports reported by a range of other industry sectors: the New Zealand mussel industry (\$181.7 million, 2006), the book publishing industry (\$59 million, 2007), all fresh vegetable exports (\$259 million, 2007), venison exports (\$307.7 million, 2007) the fashion and apparel industry (\$325 million, 2007) and the wine industry (\$698.3 million, 2007).⁶

¹ Commercial Accommodation Monitor, Year ending December 2008

² Commercial Accommodation Monitor to July 2008 (most recent guest origin data - collected quarterly)

³ Expenditure by Holiday Park Visitors Peak Season 06/07, Angus & Associates, February 2007

⁴ International Visitor Survey and Domestic Travel Survey to years ending December 2008 and September 2008 respectively

⁵ Based on Commercial Accommodation Monitor guest origin data to July 2008

⁶ New Zealand Trade and Enterprise, www.marketnewzealand.com & Statistics NZ www.stats.govt.nz

The 2007 research also examined what Holiday Park visitors spent money on. The following chart shows how the expenditure of Holiday Park visitors is distributed amongst various types of businesses within host communities. It also proposes what this might mean in terms of actual expenditure on an annual basis today (based on the number of guest nights recorded in the year ending December 2008).

Of particular interest is the finding that an average of just 18% of daily expenditure by Holiday Park visitors goes toward Holiday Park accommodation costs. The balance, which totals approximately \$511 million annually, is typically spent outside of Holiday Parks in areas such as hospitality (cafes, restaurants, bars), activities and attractions, transport (rental vehicles, fuel, buses, taxis), retail goods and services, and entertainment.

Category of Expenditure	Proportion of Average Daily Expenditure (Holiday Park Visitors Peak Season 2006/07)	Approximate Annual Expenditure (Holiday Park Visitors Year Ending December 2008)
Accommodation	18%	\$112 million
Activities/Admission Fees	18%	\$112 million
Groceries/Snacks	15%	\$93 million
Transport	13%	\$81 million
Cafes/Restaurants/Eating out	9%	\$56 million
Petrol/Fuel	7%	\$44 million
Bars/Nightclubs/Alcohol	4%	\$25 million
Other Shopping	15%	\$93 million
Other (e.g. internet, laundry)	1%	\$6 million
TOTAL	100%	\$623 million

Further to this, there are interesting differences in the expenditure of international and domestic visitors. The research found that whilst international visitors tended to spend more on activities and attractions and transport, for example, domestic visitors tended to spend more on goods such as groceries and fuel.

In addition, international visitors had a much shorter average length of stay at a Holiday Park (since they tended to be 'touring'), while domestic visitors were more often 'staying put'. So, while international visitors spent more on a daily basis, domestic visitors spent more on a 'per stay' (or 'per arrival') basis. For this reason, both markets are important to the sector as each offers different benefits.

Holiday Park visitors also spend on a very wide range of items, meaning that the economic benefit of a Holiday Park for its host community is not only well spread, but also not limited to small ticket items. For example, the 2007 research identified expenditure on (amongst a wide range of other goods and services) pharmacy items, tattoos, clothes, batteries, kayaks, jewellery, books, wine tasting, helicopter trips, dry cleaning, and horse racing.

In considering the value of the Holiday Park sector, it is also important to acknowledge the economic contribution made to the host region/community by the Holiday Park as a business entity. For example, the employment of staff (**the Holiday Park sector currently employs just over 2,000 people⁷**), purchase of supplies, upgrading and maintenance of facilities, and payments for marketing and professional fees. The stimulation of other (indirect) expenditure should also be taken into account. For example, the dairy that employs an extra person over summer to cope with the business generated by Holiday Parks; the boat store that places additional radio advertising in a bid to attract purchases from Holiday Park visitors; and the local council that re-seals the public road leading to the Holiday Park.

In conclusion then, the true value of the sector, and the economic contribution made by Holiday Parks, is likely to be **much greater than the direct visitor expenditure of \$623 million per annum** would indicate.

Further Information

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⁷ 2,010 as at February 2008, Statistics New Zealand