

# RETHINKING THE VALUE OF TOURISM

PILOT STUDY

One  Picture.  
THE DISCOVERY COMPANY

## **We already know....**



**....visitor spend is a significant foreign exchange earner for the country**

**...the visitor experience exceeds their expectations**

**BUT**

**Is there unrecognised economic value of visitors  
beyond their holiday spending?**

**AND**

**What is the potential to turn the goodwill  
tourism creates into long term value for NZ?**

# Lifetime value of the visitor research

## Commissioned by



## Research led by

# One Picture.

## Funding partners –



# Our approach to discovering further Visitor Value



## Secondary Research

### LITERATURE REVIEW

Analysis of available economic data



## Survey Research

### SURVEYS OF CALIFORNIAN MARKET

Ex-Tourism Visitors to New Zealand (n=469, max error +/- 4.5%)  
General Population (n=804, max error +/- 3.5%) and,  
a survey of migrants in NZ (n=403, max error +/- 4.9%)



## Qualitative Discussions

### WITH KEY INFORMANTS

and with Californian tourists who have visited  
New Zealand

Our approach gathered available evidence from researchers and stakeholders, and conducted primary survey work, with a likely market and product, to show proof of the hypothesis. **Combined, these inputs provide much insight and some indicative figures.**

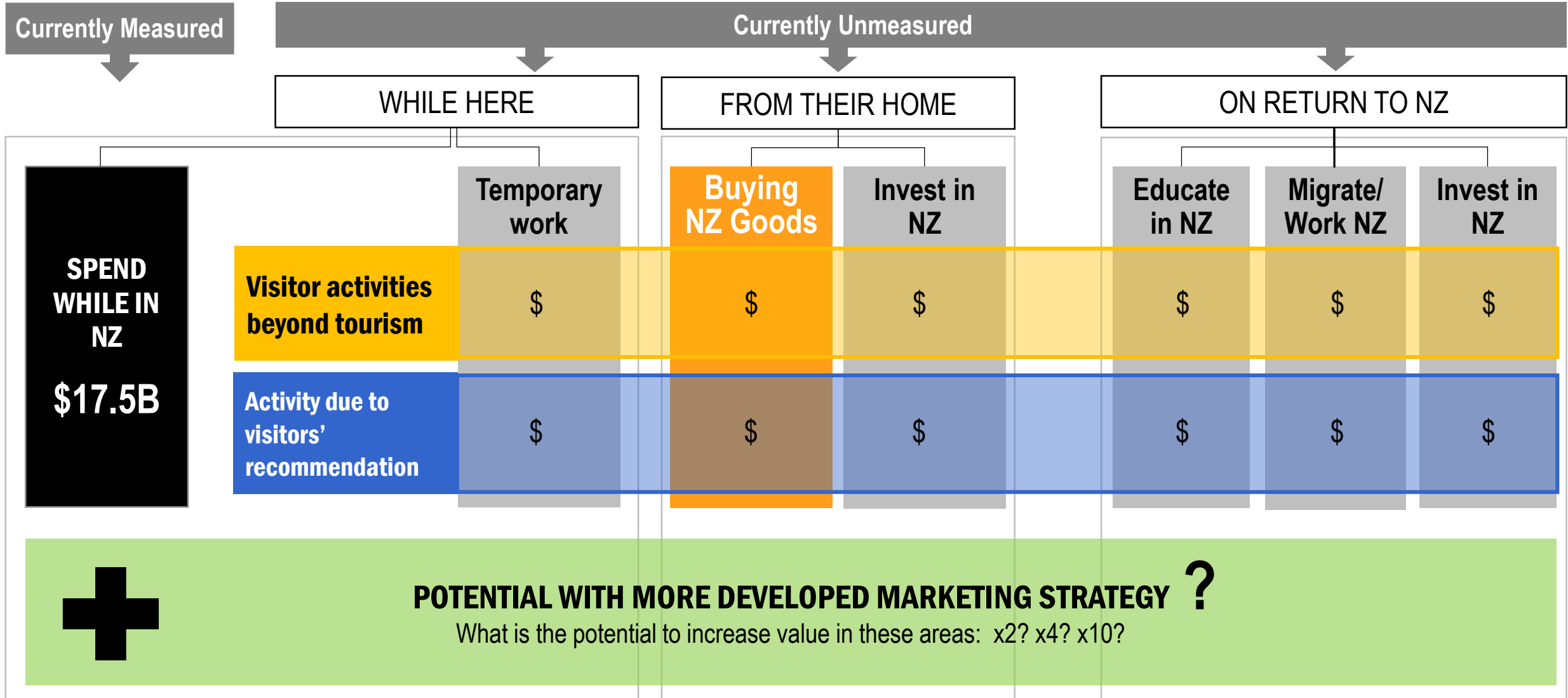
**Visitor value beyond tourism spend is real.**

**Californians indicate significant post-visit activity when they return from ANY location they visit as a tourist.**

## Activity of Californians post-visit to last country visited on vacation



# There are **12 currently unmeasured ways** that visitors add value to NZ and **6 opportunity pillars** for developing value gained





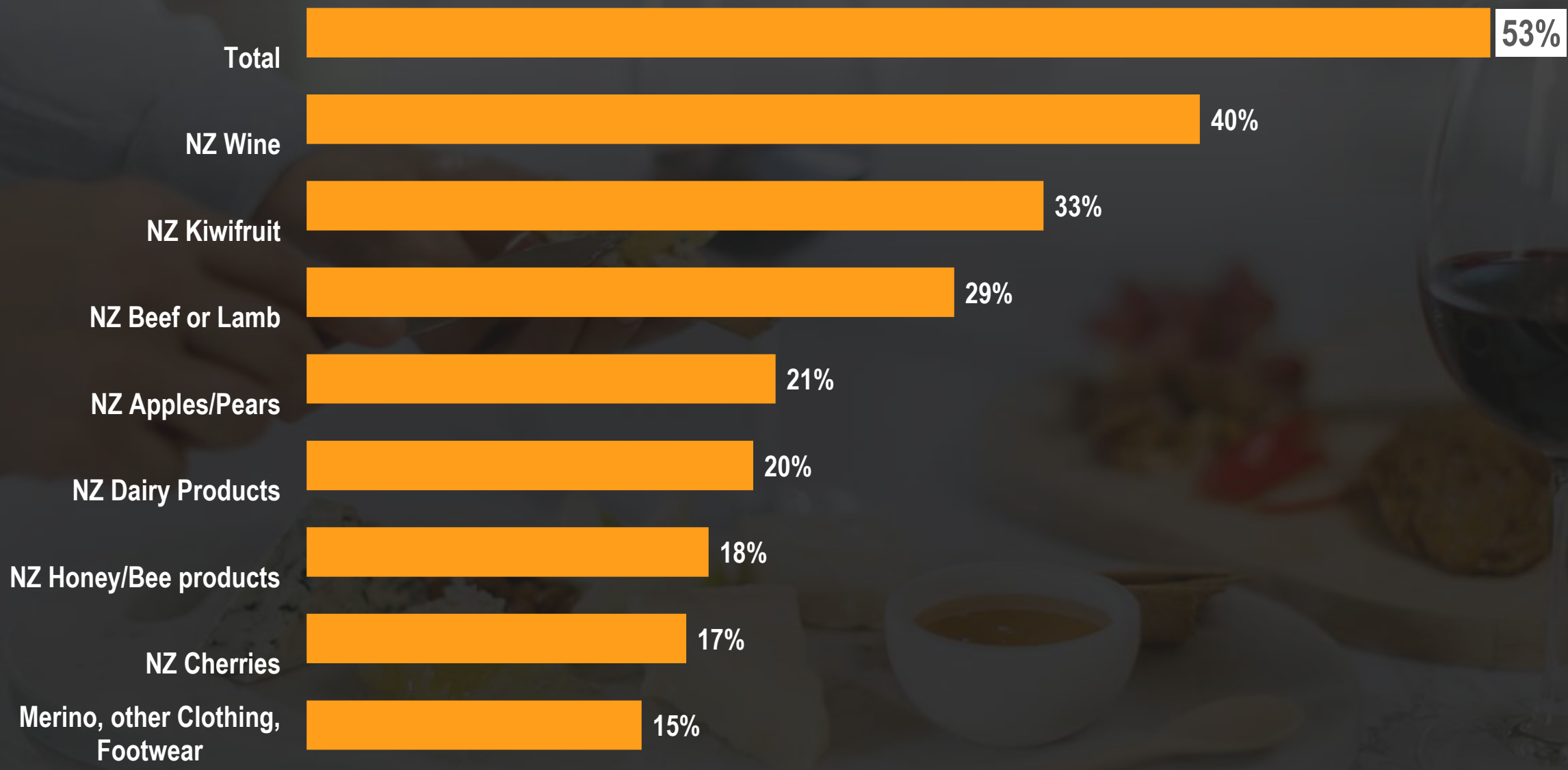
**Visitors buy more NZ goods when they return home.**

**Over half of visitors had purchased NZ products since returning, and ex-visitors are more regular and loyal customers.**

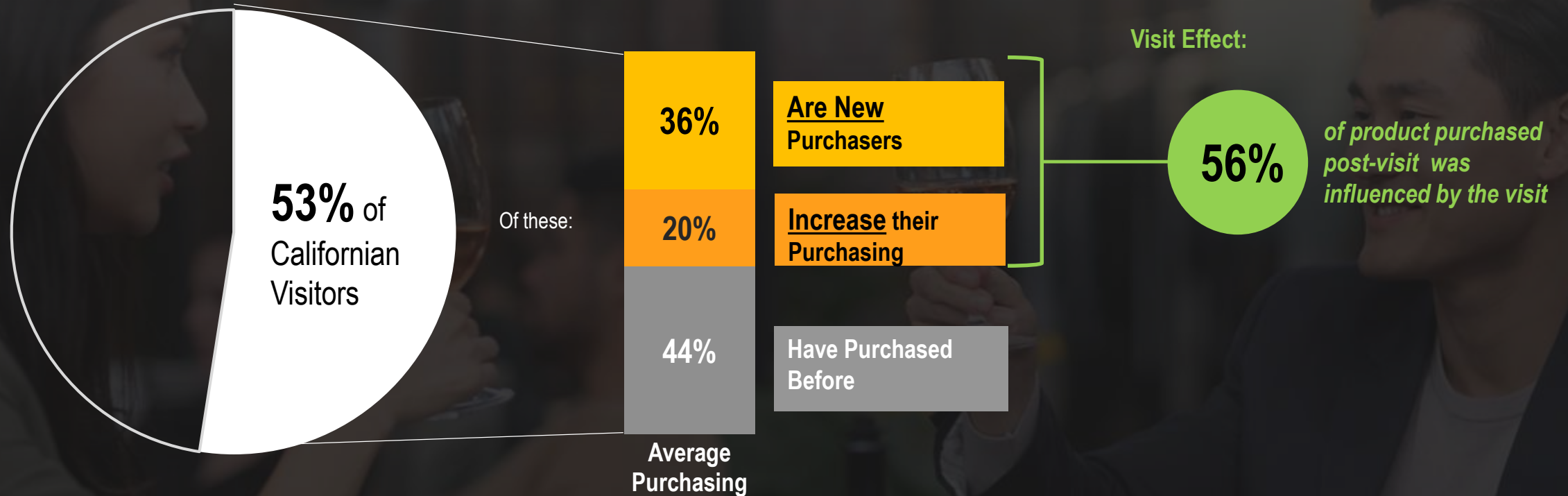
**One Picture.**

**SO: How could we make it easier for visitors to demand, recognise and buy NZ product when they return home?**

## Post-visit purchase rates of NZ goods by Californian visitors



# Visits create **new** purchasers and drive **increased** purchase patterns

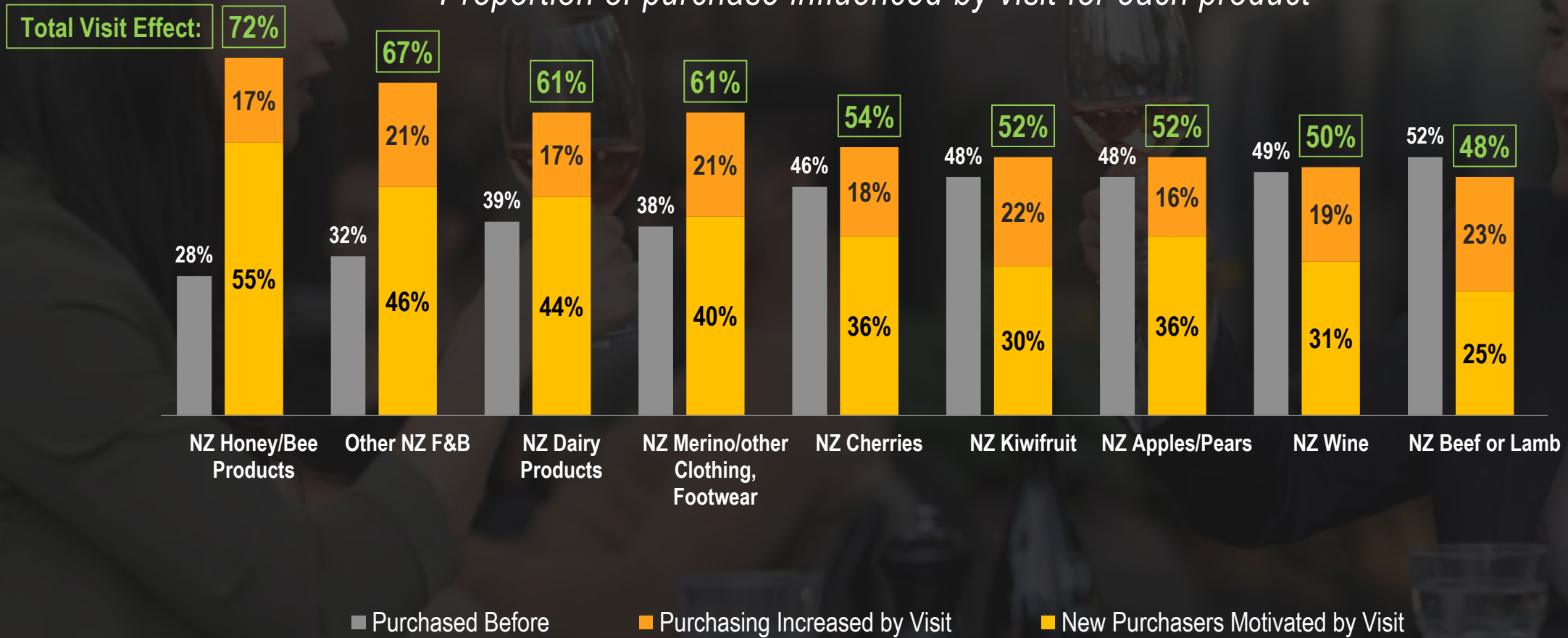


**Purchased NZ Product\* Post-Visit**

*\* Based on products tested*

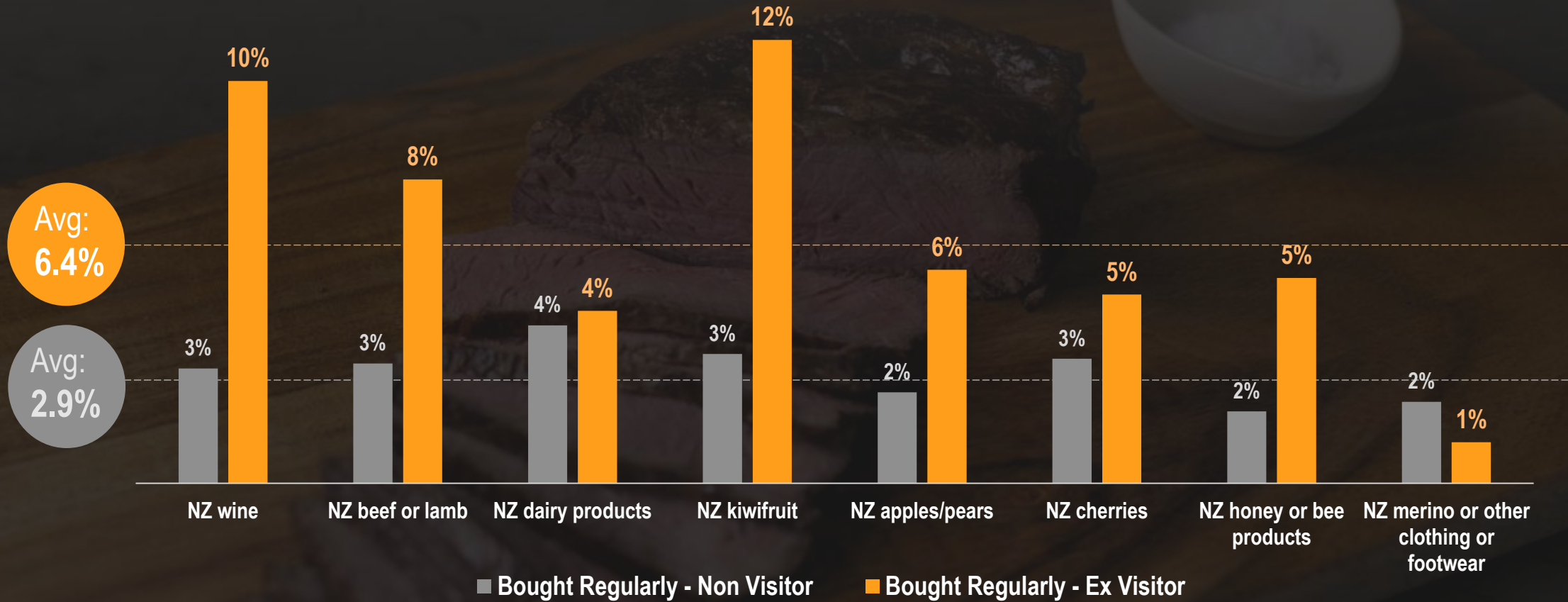
# Visits create new purchasers and drive increased purchase patterns

Proportion of purchase influenced by visit for each product



## Also, Ex-Visitors are more **loyal customers**

**'Regular'** purchase levels of Californian Ex-Visitors are over twice those of Non-Visitors (on average) for these products



How do we best nurture this interest, facilitate this demand and harness the potential?

**Visitors become ambassadors for NZ,  
our products and our industries.**

**1 in 2 visitors encourage others to try NZ  
products, and 1 in 5 promote NZ as a  
place to invest, work, study or do  
business.**



**One Picture.**

**Those who have visited us are an informal  
sales force for NZ – how could we make the  
most of these ambassadors?**

## Post-visit recommendation levels by Ex-Visitors are significant for all areas





**Even BEFORE visiting, some visitors seek a greater connection with NZ than just vacationing**

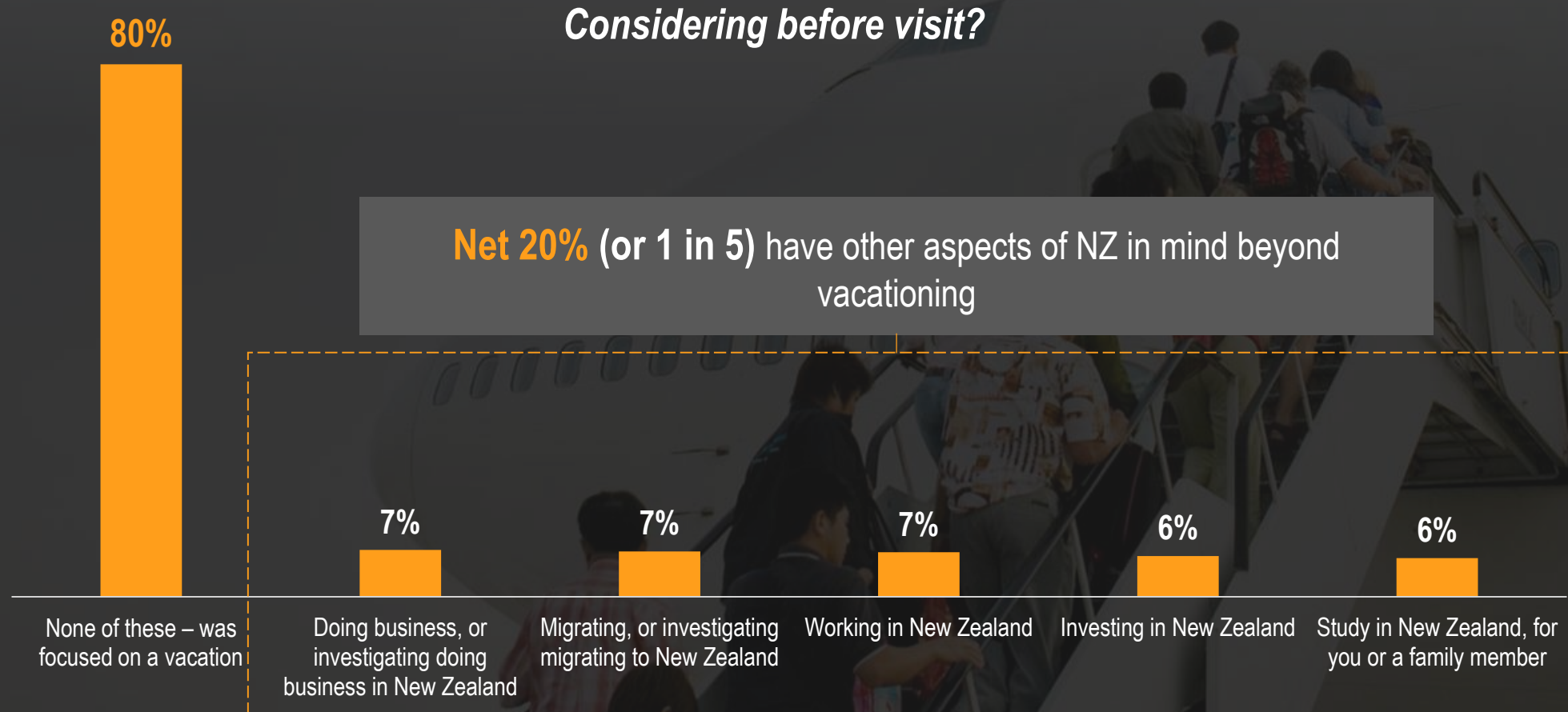
**Prior to boarding their plane 1 in 5 Californians are interested in how they could build a connection with NZ beyond being a tourist**

Based on 3.6m visitors in 2019/20 (from all markets), there may be 750,000+ visitors arriving with an interest in investment, study, migration or business links to NZ

**SO: What more value could tourism add to our economy if it played an active role in inspiring a long term relationship with interested visitors?**

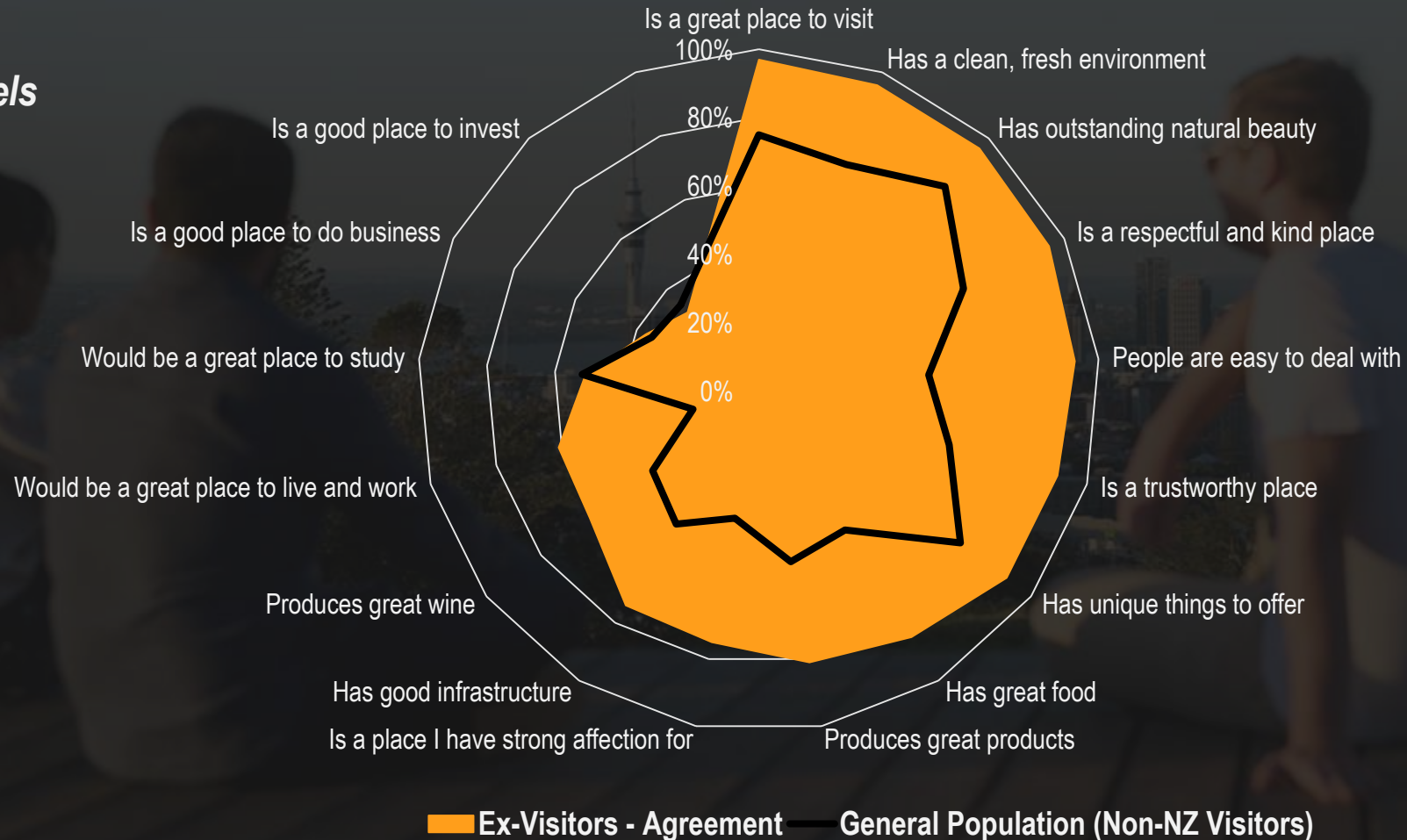


Naturally, Californians mainly come to NZ for a vacation experience – but 1 in 5 are considering other potentially value adding pursuits, prior to boarding the plane



# Visitors LOVE our people, environment and F&B and their visit builds trust and affection for NZ

**Total agreement levels for each statement**



..... but they go home knowing little more than non-visitors about how they could engage longer term

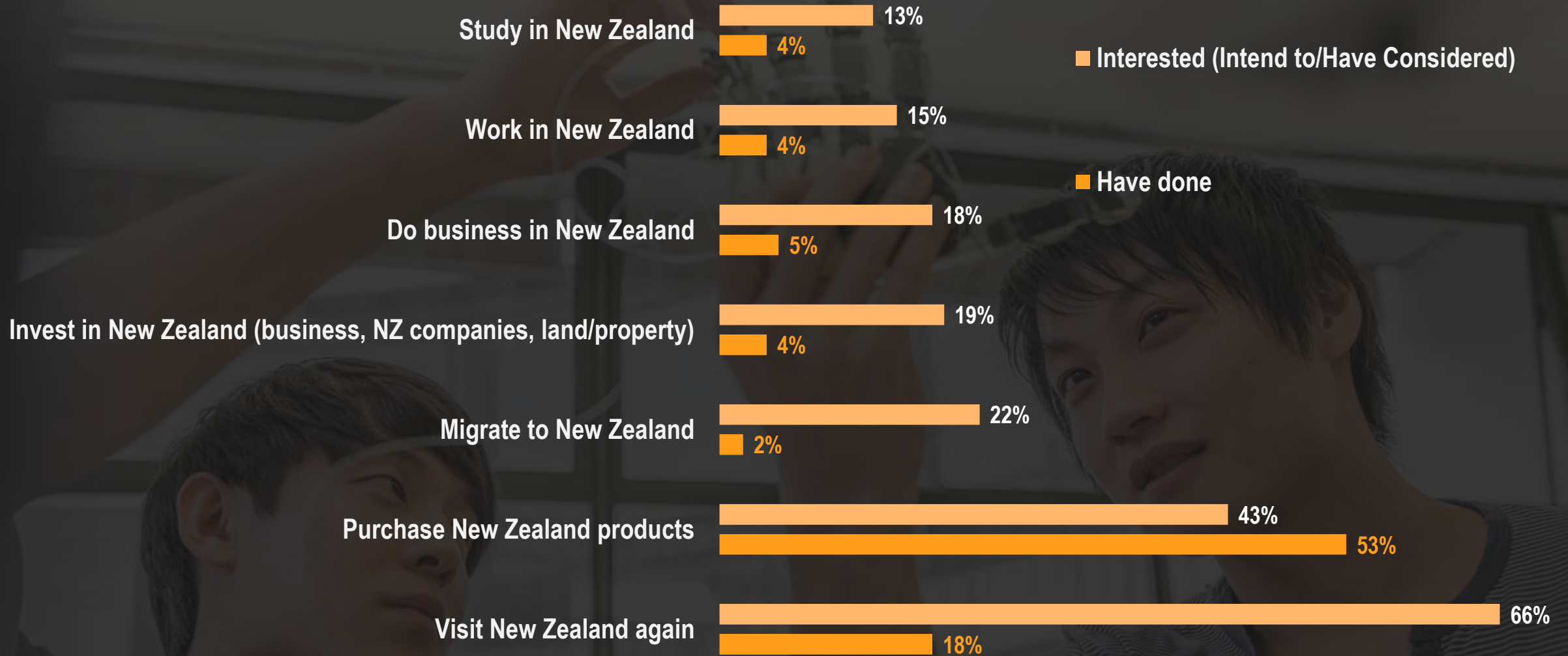




**The good news is that visiting sparks interest in other ways to engage with our country**

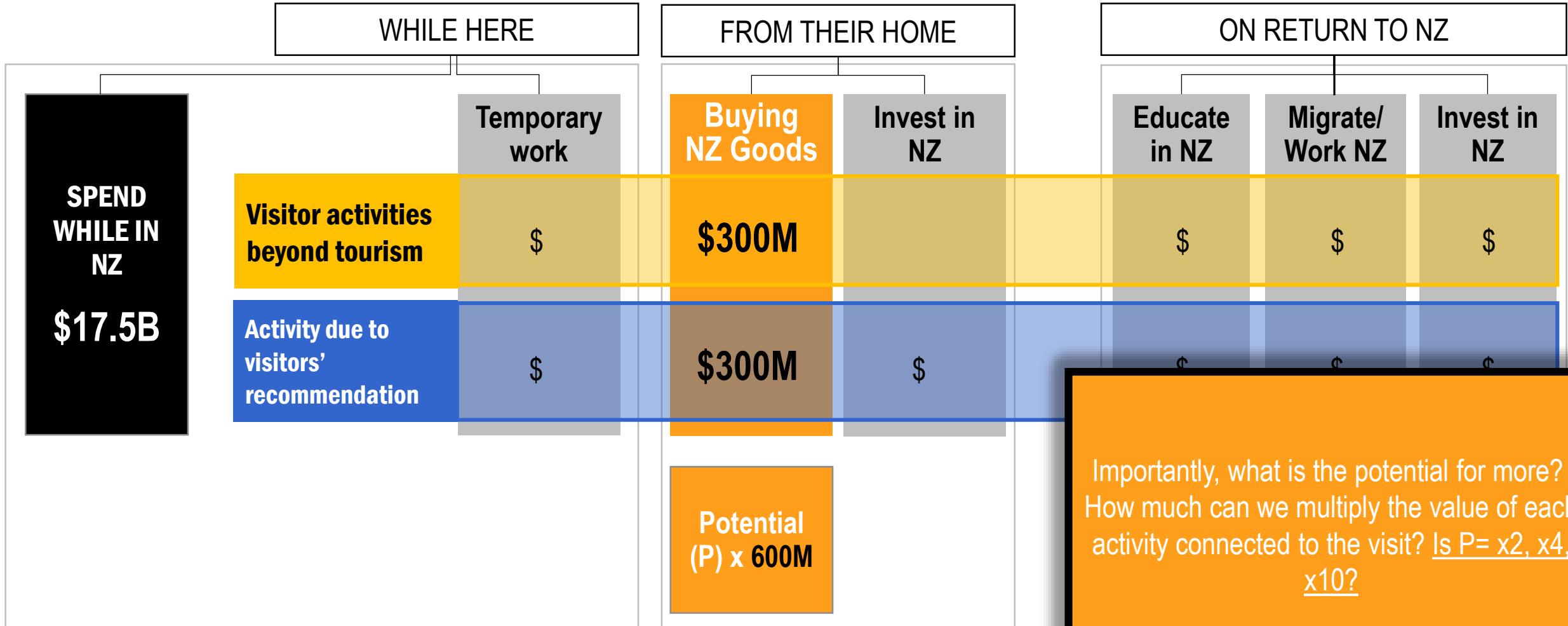
**SO: This offers fertile ground to boost NZ export sales and attract talent and investment**

# There are intentions to contribute to our economy beyond tourism, with some already following through...



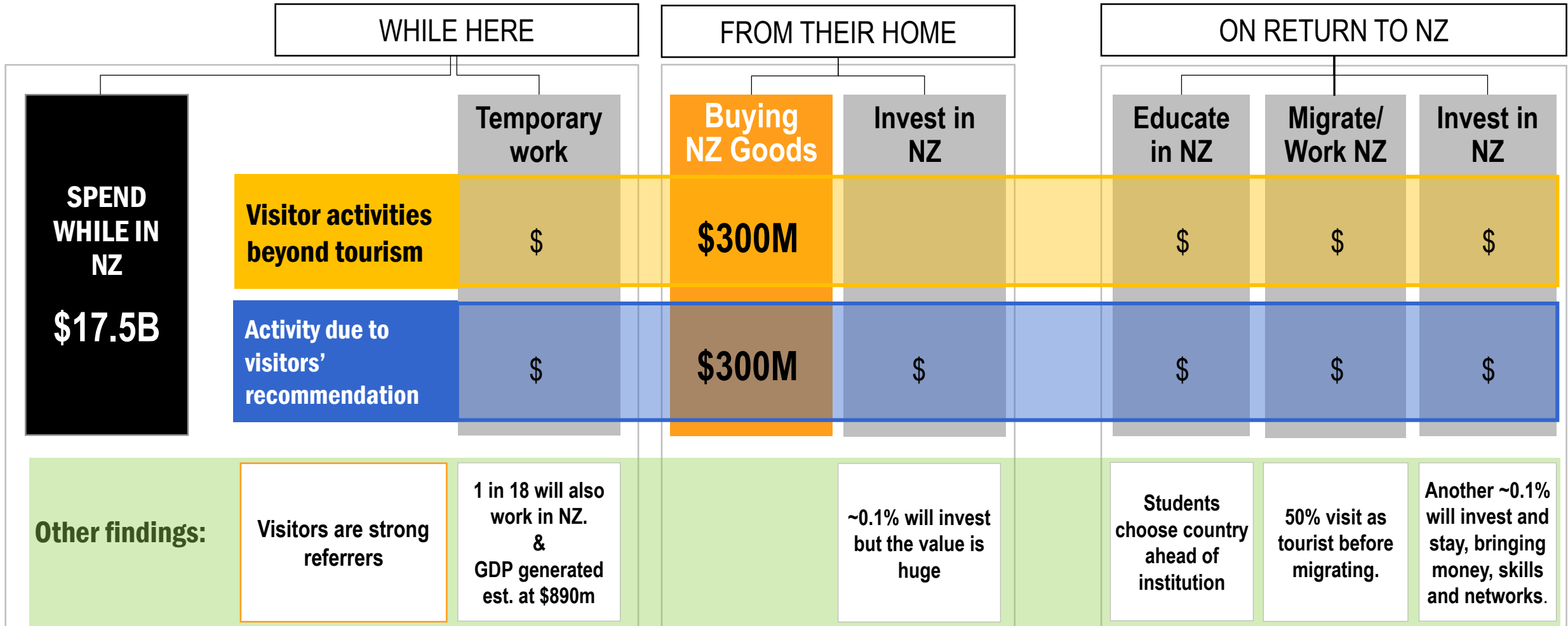
# How big could the value be with more strategic marketing and alignment of sectors?

Let's just focus on Buying NZ Goods from their home...



# We estimated several of the potential value areas from the surveys and the literature

**Key result: Surveys imply 0.5% of exports due to ex-visitors and likely similar volume due to recommendation**



# 4 reasons to believe the potential increase (P) is several-fold

## 1. Many people are only at the consideration stage with NZ goods

The survey showed that for 10 ex-visitors increasing spending, there are another 8 who have considered/are intending to buy NZ goods.

**SO: What will it take to trigger the action?**

## 2. A small change in brand can have a large change in exports

Based on country brand research. And NZ exports are largely unbranded.

**SO: What will it take to push Brand NZ higher?**

## 3. There's significant value available from a small number of investors and the highly-skilled workers

Based on stakeholder feedback. A small number of individuals can provide significant value for investment and attracting the highly-skilled and connected.

**SO: What is required to lift awareness of 'NZ as a place of business'?**

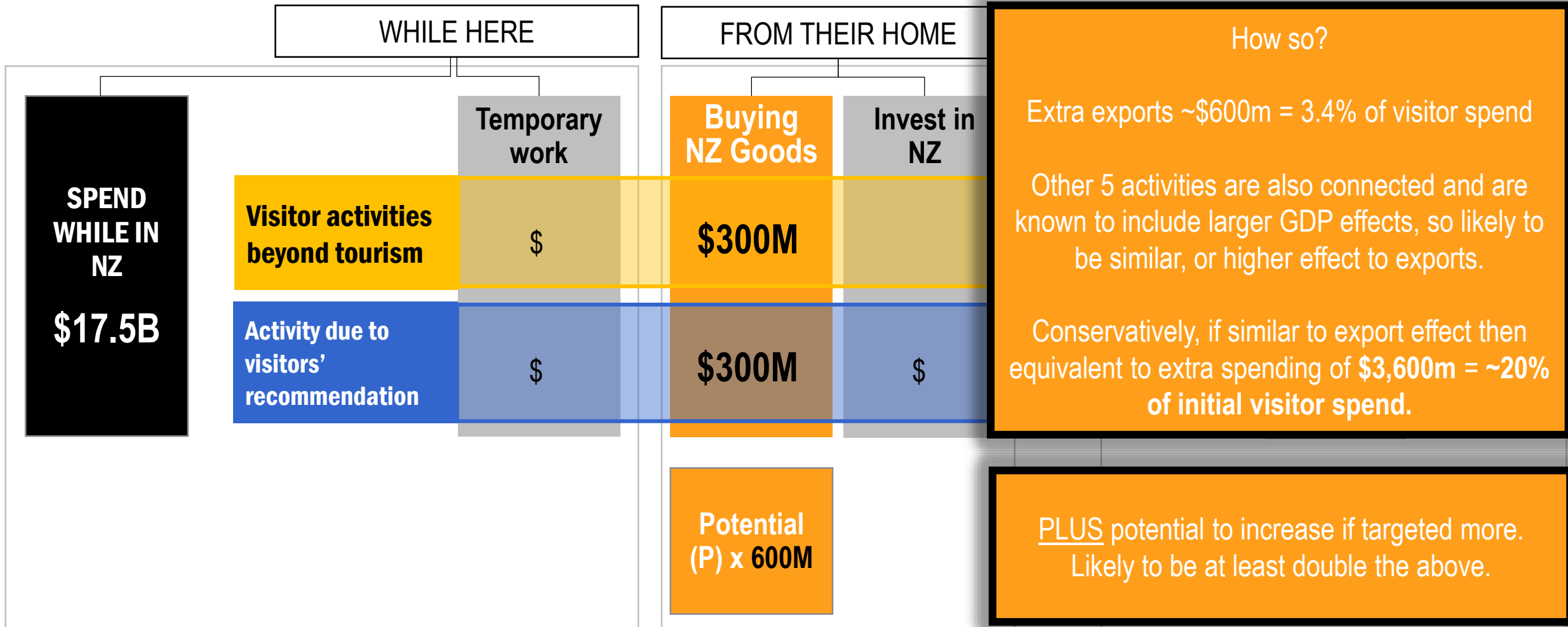
## 4. Companies with active referral programmes achieve higher growth rates

Based on firm level research. Especially for new products.

**SO: What products can be targeted at ex-visitors and their pool of referrals?**



**Our concluding view: At least 20% extra value from tourism is currently unrecognised AND could be at least doubled if targeted**



## **What does this research suggest?**

- **The existing economic benefit of tourism should be reassessed as "in-country spend + additional spend on NZ after the visit"**
- **There may be potential for exporters to boost post visit purchases**
- **Tourism could become a 'shopfront' for study, investment, skilled migration**
- **If tourism is seen as a driver of exports beyond visitors spend, this could have a positive impact on social licence**

**SO: How could the industry encourage visitors to build a long term relationship with our country?**

**Which industries could benefit most from a stronger connection to visitors?**

**What would it take for the tourism industry to 'cross sell' to other industries?**

**What more research is needed to quantify the potential of the Lifetime value of Visitors?**