



Auckland Visitor Plan 2021

May 2014



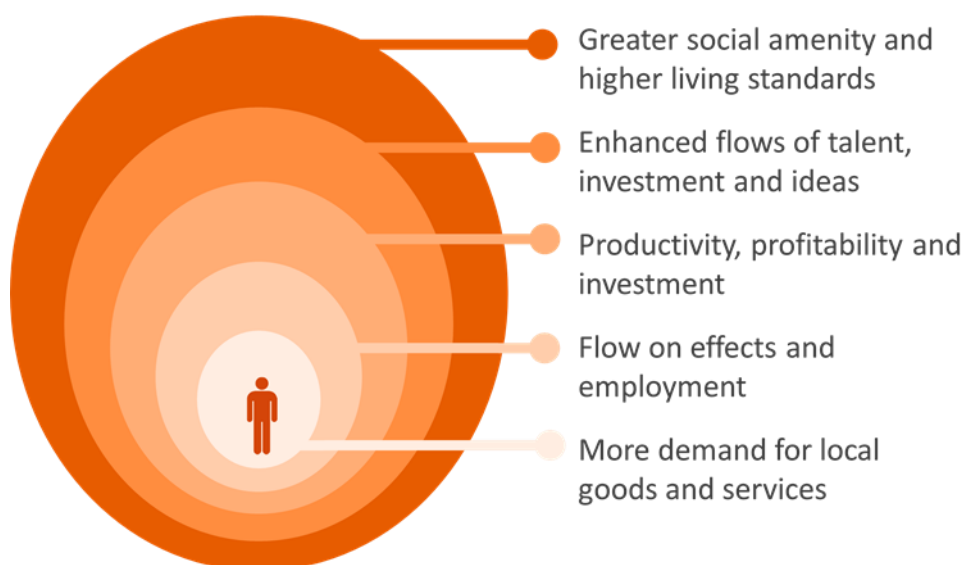
CONTENTS

Executive summary	1
Introduction	6
The opportunity.....	7
ATEED's role.....	8
Strategic alignment.....	10
Rationale for public sector involvement	11
Auckland in 2012.....	12
Global trends.....	15
International tourism	15
Domestic tourism	19
Aviation.....	21
Priority markets	25
The aspiration	26
The place aspiration – Auckland in 2021	28
Economic aspiration	29
ATEED action plan	34
Strategic Framework	34
Cross-cutting themes.....	35
Strategic goals	35
ATEED actions	36

EXECUTIVE SUMMARY

Tourism has the power to transform Auckland. The direct benefits of tourism include growth in the visitor economy (visitor expenditure), more jobs (including excellent career opportunities for youth and less skilled workers) and higher productivity for local businesses. These benefits are compelling in their own right and are usually promoted as the main reasons for growing tourism, because they are regularly measured and easy to understand. However, with the right strategic approach tourism has the potential to generate a much broader range of benefits that can underwrite Auckland's economic and social transformation, ultimately providing its residents with greater social amenity and higher living standards.

FIGURE 1: SCOPE OF BENEFITS DELIVERED BY THE VISITOR ECONOMY



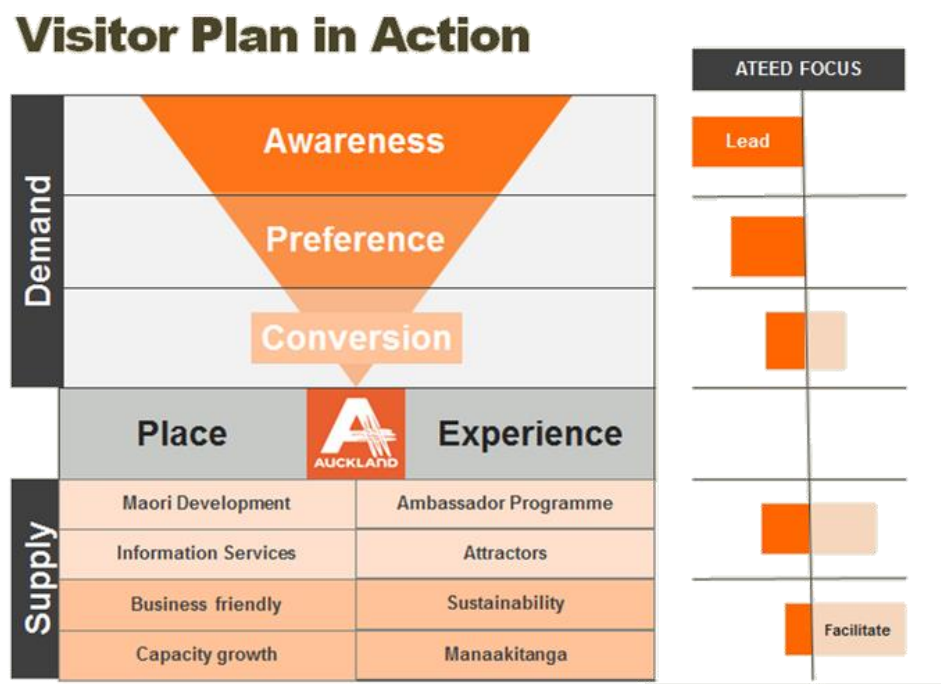
This Visitor Plan is a direct response to the opportunity Auckland has to transform itself through tourism. It presents a clear aspiration for the contribution of tourism to Auckland, supported by an investment road map and a tangible set of actions to align thinking, identify opportunities, and direct public and private sector investment in tourism-related initiatives.

ATEED's role

Tourism cuts across a number of sectors that are strategically important to Auckland. As the owner of this Visitor Plan, Auckland Tourism, Events and Economic Development (ATEED) will maximise these linkages by taking a whole-of-organisation approach to enhancing the visitor economy, and it will also use tourism as a platform to promote other aspects of Auckland.

In general, ATEED will take the lead on initiatives that are subject to market failure or require levels of coordination that cannot be delivered by an individual business or organisation, and it will influence and/or support third party initiatives that are likely to have a material impact on the visitor economy. ATEED is unlikely to engage in commercial activities that could be delivered more efficiently by the private sector.

FIGURE 2: ATEEDS ROLE IN SUPPORTING THE AUCKLAND VISITOR ECONOMY

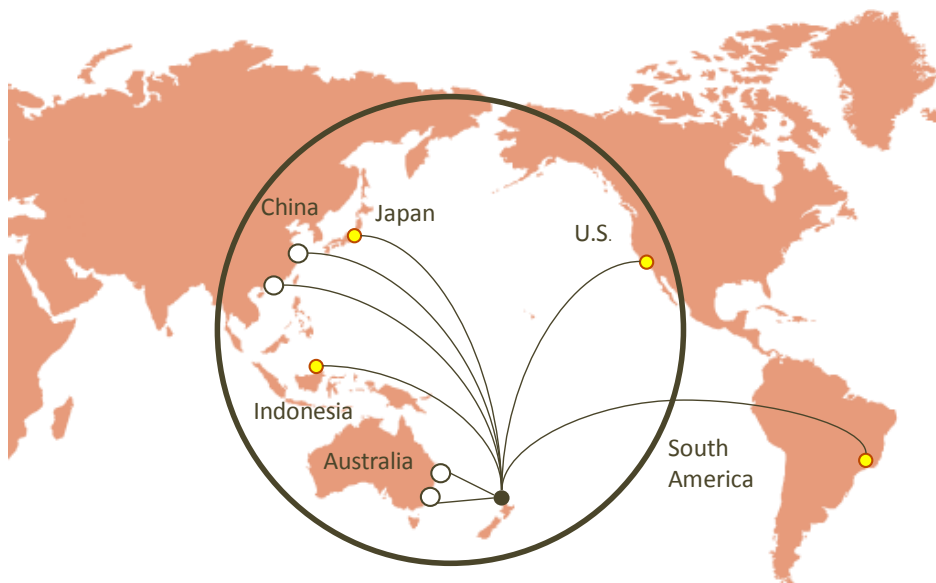


Auckland in 2012

In 2012, Auckland's visitor economy was worth \$4.83 billion and sustained the equivalent of 34,700 full-time jobs. The detailed analysis in this document demonstrates the diversity of Auckland's visitor economy, and highlights the need to understand and respond to the differing motivations and drivers of a variety of markets (e.g. Asia vs. Australia) and segments (e.g. leisure vs. business events).

Taking into account current global and domestic tourism trends, existing air linkages and geographic considerations Auckland will achieve the best outcomes by focussing its resources on the domestic market, key Pacific Rim markets such as Australia, China, the United States, Indonesia and Japan, and the emerging market of South America.

FIGURE 3: PRIORITY MARKETS FOR AUCKLAND



THE ASPIRATION

This Visitor Plan is built around two aspirations for Auckland:

- **Economic aspiration:** Expand the visitor economy from \$4.83 billion in 2012 to \$7.23 billion in 2021, representing growth of 50% or 4.6% per annum. Achieving this would create 12,000 new jobs in Auckland, many of which would provide long-term career opportunities for young people and less-skilled workers.
- **Place aspiration:** Use the economic and intangible benefits delivered by tourism to transform Auckland into a place promoting its **unique identity and story** that is highly attractive to residents and visitors alike: (*brand Auckland - an exciting place where big city sophistication goes hand-in-hand with an outstanding natural playground*).

Strategic framework

The centre of the strategic framework that drives this Visitor Plan is the Aspiration for 2021. Wrapped around the core aspiration are two high level outcomes that are essential to Auckland's success as a visitor destination:

- Growing demand for Auckland (demand focus – attracting more visitors to Auckland and increasing length of stay)
- Enhancing the visitor experience (supply focus – providing visitors with more things to see, do and spend money on)

ATEED will play a leading role in growing demand for Auckland through proactive interventions that increase destination awareness and intention to visit. This will include direct investment in brand management, destination marketing, major events, business events, and specific initiatives that will lead to long-term growth in domestic and international visitation to Auckland.

Enhancing the visitor experience encompasses a complex range of issues, many of which are beyond ATEED's direct control or influence. ATEED will therefore play a facilitation role by being a vocal advocate for the visitor economy and working alongside public and private sector organisations to make Auckland a more compelling and attractive visitor destination.

Figure 4 Strategic framework for growing Auckland's visitor economy

STRATEGIC FRAMEWORK >



Six cross-cutting themes have been included in the framework to guide and influence Auckland's thinking as it implements this Visitor Plan:

- Collaboration and partnership
- Auckland's brand and unique identity
- Profitability and productivity
- Capability and innovation
- Research and planning
- Sustainability

The outer layer of the framework presents the strategic goals that will guide Auckland towards its desired outcomes of growing demand for Auckland and enhancing the visitor experience.

Specific actions have been identified within each of these goals:

1. Target high value visitors
2. Improve marketing and distribution
3. Develop world-class attractors and experiences
4. Grow capacity and capability
5. Be visitor friendly
6. Make it easier to do business in Auckland

The specific actions in this Visitor Plan are categorised into “Driver” actions (those most likely to deliver significant improvements to the visitor industry in their own right) and “Core Business” actions (those that ATEED will deliver as part of its core business functions).

ATEED's investment in tourism

The long-term investment by ATEED to successfully implement this Visitor Plan is estimated at \$12.35 million per annum. This figure relates specifically to tourism and does not include ATEED's overheads or the confirmed investment in major events. This Visitor Plan recommends reaching \$12.35 million in 2017/18 through a series of incremental increases starting in 2014/15. The proposed investment profile represents an overall increase in tourism funding of \$5.90 million between now and 2021.

ATEED will leverage and multiply this baseline investment by establishing joint ventures and matched-funding initiatives with agencies such as Tourism New Zealand, Auckland Airport and the Ministry for Business Innovation and Employment, as well as private sector travel industry partners such as airlines and travel sellers.

Additional investment in tourism

Auckland Council will be investing over \$3 billion in infrastructure over the next 20 years that will have a direct impact on Auckland's visitor experience. Investment in these initiatives between now and 2021 is likely to be in the vicinity of \$1.5 billion.

In addition, it is estimated that around \$2.3 billion of private sector investment will be required between now and 2021 to service the extra demand for goods and services caused by growth in the visitor economy e.g. hotels, the New Zealand International Convention Centre, rental fleets, restaurants, and visitor attractions.

INTRODUCTION

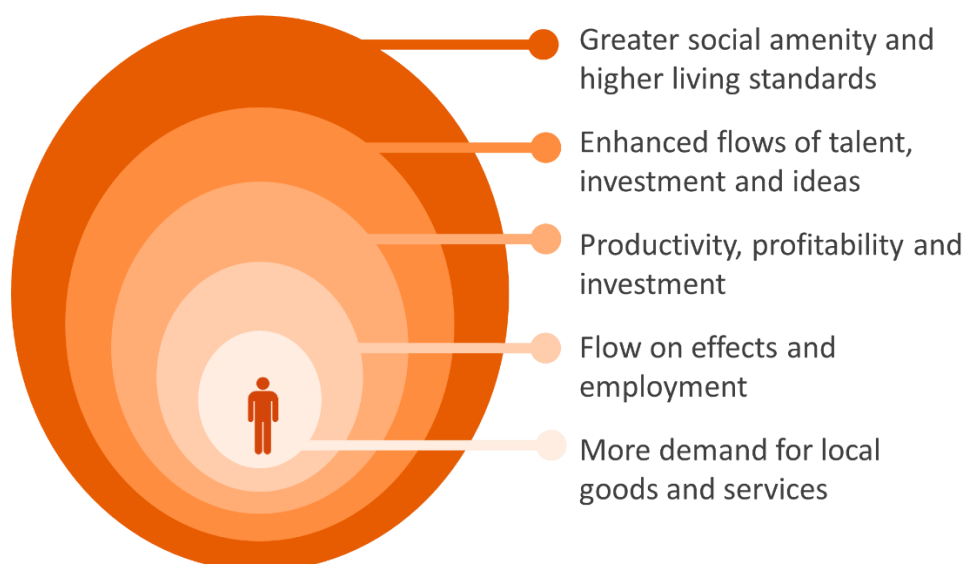
Tourism has the power to transform Auckland. The direct benefits of tourism include growth in the visitor economy (visitor expenditure), more jobs (including excellent career opportunities for youth and less skilled workers) and higher productivity for local businesses.¹ These benefits are compelling in their own right and are usually promoted as the main reasons for growing tourism, because they are regularly measured and easy to understand. However, with the right strategic approach tourism has the potential to generate a much broader range of benefits that can underwrite a city's economic and social transformation, ultimately providing its residents with greater social amenity and higher living standards.

Every visitor to Auckland is a potential agent of change. At the most basic level the money spent by visitors increases demand for local goods and services, sustaining businesses, jobs and investment that the resident population could not support on its own (the \$4.83 billion spent in Auckland by visitors in 2012 is equivalent to the expenditure generated by 230,000 local residents). This increase in demand has a material impact on the profitability and productivity of local businesses.

The next layer of benefits are driven by what visitors bring to Auckland in terms of knowledge (e.g. conferences), business networks, purchases of non-tourism good and services (e.g. marine products), investment, and talent (many immigrants have chosen to re-locate to Auckland following a visit, increasing the diversity of Auckland's workforce and enhancing capability).

And finally, visitors play an important role in subsidising (and therefore sustaining) essential social and cultural infrastructure (e.g. Auckland War Memorial Museum, Auckland Maritime Museum, Auckland Art Gallery and Auckland Zoo), education institutions (e.g. export education), public transport (e.g. Link services) and air routes which are critical enablers of high-value international trade.

FIGURE 5: SCOPE OF BENEFITS DELIVERED BY THE VISITOR ECONOMY



¹ On average visitors spend around 2.5 times as much per day as local residents, and more than 6 times as much once items that visitors don't purchase such as housing are excluded. These differences allow local businesses to extract more value from the resources they employ, resulting in higher productivity and profitability over time.

The opportunity

Visitors are often indistinguishable from residents and increasingly purchase from the same stores and share the same spaces as locals. The convergence between the visitor experience and the resident experience is being driven by **growing demand for authentic experiences**, and a desire to understand and interact with the local culture, environment and way of life. Natural and man-made attractions still play a key role in the visitor experience, but a rich social fabric is now a critical success factor for any destination. This has resulted in a shift away from destinations built solely around icons and towards those in which **visitors can immerse themselves in the local culture** and see and do things that are not available elsewhere.

This has three important implications for aspiring visitor destinations:

1. A great place to live is likely to be a great place to visit. Liveability is therefore one of the cornerstones of a successful visitor economy.
2. A successful visitor destination must understand, celebrate and promote its culture and way of life. A strong city brand can be used to capture and communicate these elements, leading to an increase in civic pride and the projection of a consistent proposition to residents and non-residents alike.
3. The success of a destination is determined by the experience it provides. This depends on a variety of factors including the social fabric and culture of the city, the range, quality and accessibility of things to see and do, the local environment, and the uniqueness of the experience.

A successful visitor economy therefore requires a rich social fabric and unique, distinctive attributes that appeal to locals and visitors alike. These elements play an important role in informing and promoting the city's brand.

Auckland has an opportunity to rapidly transform itself into the world's most liveable city by maximising these place/destination synergies and using the growth in the visitor economy to underwrite the transformation.

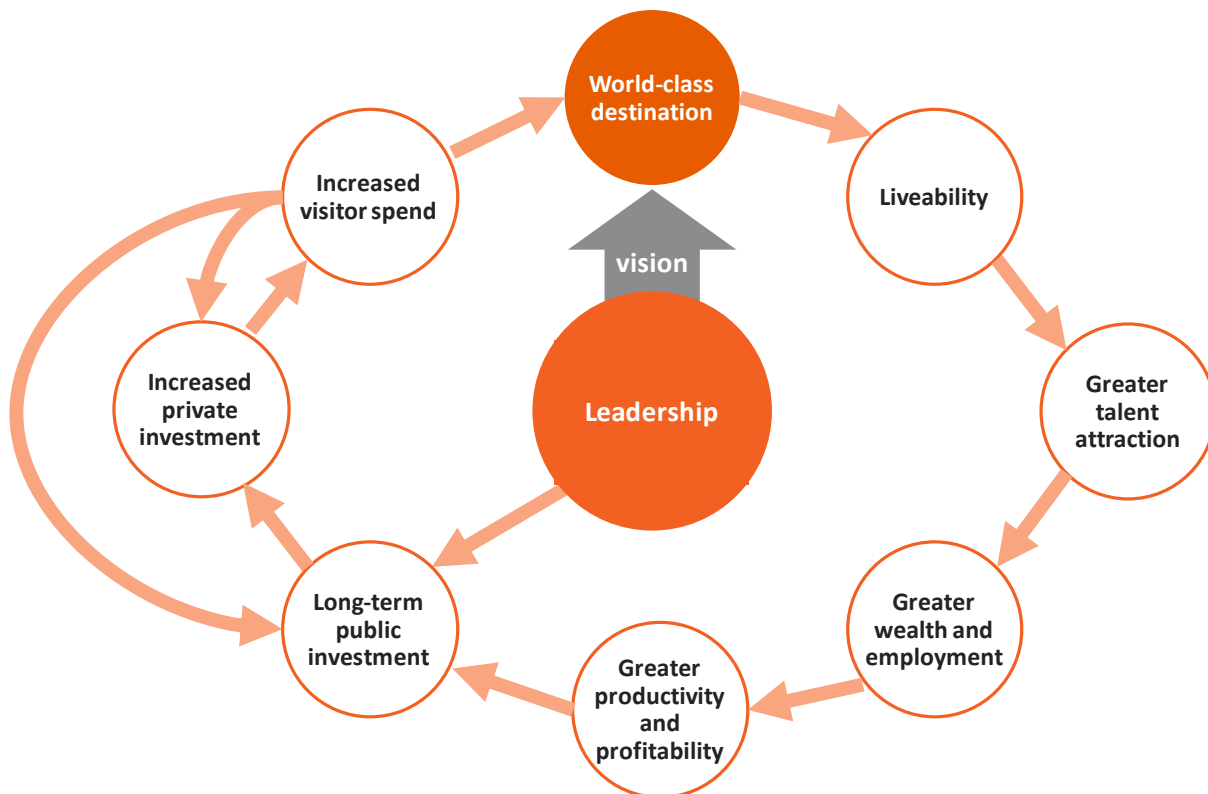
For example, Auckland is investing in a variety of infrastructure, transport and place making initiatives to help it achieve its vision of becoming the world's most liveable city. These initiatives will make Auckland a more attractive place to live, but the benefits could be multiplied through incremental investment in new initiatives, and variations in planned initiatives, targeted specifically at making Auckland a more attractive place to visit. These visitor-focussed initiatives would build on the enhanced social fabric delivered by the liveability agenda, expanding the range of activities available to residents, and allowing Auckland to realise its full potential as both a place to live and a place to visit.

If businesses have confidence in the visitor economy and its long-term prospects they will continue to invest, further enhancing the visitor experience and initiating a virtuous cycle of improvement in Auckland's standard of living, international profile and economic prosperity. The anticipated growth will need to occur sustainably in order to protect and enhance Auckland's natural environment and secure resources for future generations.

The key catalysts of this transformation are bold visionary leadership and long-term public and private sector investment.

This Visitor Plan presents a clear aspiration for the contribution tourism makes to Auckland, supported by an investment road map and a tangible set of actions to align thinking, identify opportunities, and direct public and private sector investment in tourism-related initiatives over the next decade.

FIGURE 6: VIRTUOUS CYCLE INITIATED BY AN ENHANCED VISITOR ECONOMY



ATEED's role

Auckland Tourism, Events and Economic Development Ltd (ATEED) is focussed on delivering new money and new jobs for Auckland, achieved through the implementation of various growth plans within its Growth & Competitiveness Framework. The priorities within the framework are:

- Growing the visitor economy
- Building a world-class major events portfolio
- Building a culture of innovation
- Developing key sectors of competitive advantage
- Attracting business and investment
- Growing a skilled workforce
- Attracting international students
- Supporting businesses across Auckland

Tourism cuts across each of these priorities to varying degrees, presenting ATEED with a range of leveraging opportunities if it adopts a whole-of-organisation approach to growing the visitor economy. For example:

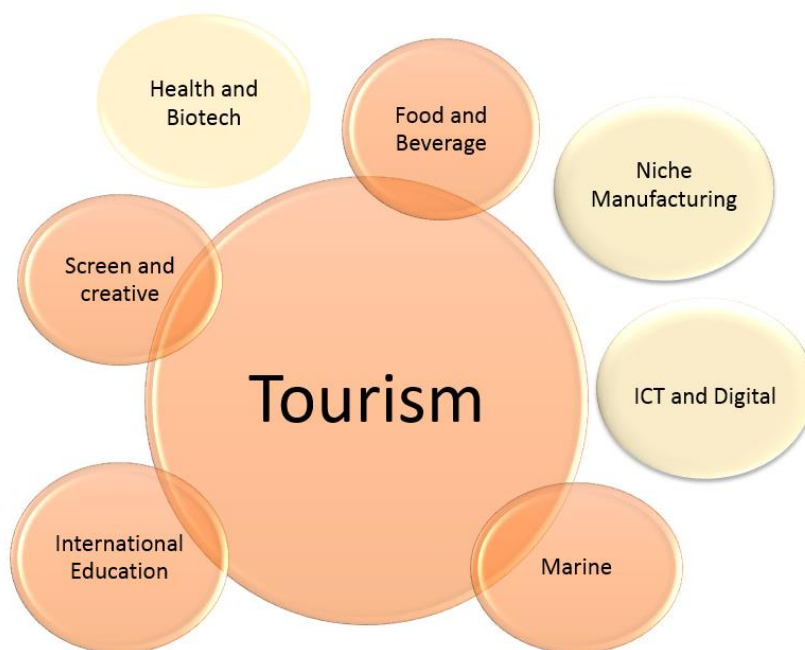
- The major events team can help to address seasonality in Auckland by pursuing events that attract visitors outside peak tourism periods
- The business and investment team can make it easier for tourism businesses and potential investors to develop successful businesses in Auckland
- The tourism team can work with the export education team to develop initiatives that will grow friends and family visitation

Adopting a whole-of-organisation approach also gives ATEED the opportunity to use tourism (including events) as a promotional platform for Auckland's eight priority sectors:

- Tourism
- Food and beverage
- Niche manufacturing
- ICT and digital
- Marine
- International education
- Screen and creative
- Health and biotechnology

Tourism aligns directly with several of these sectors including food & beverage, screen/creative, international education and marine. The remaining priority sectors (ICT, niche manufacturing and health/biotechnology) have indirect linkages to tourism through the supply chain. ATEED is committed to exploiting these linkages in order to maximise economic opportunities and outcomes for Auckland. ATEED also continues to investigate new sector opportunities including high performance sport.

FIGURE 7: ALIGNMENT BETWEEN TOURISM AND ECONOMIC DEVELOPMENT STRATEGY PRIORITY SECTORS



Accelerating growth in Auckland's visitor economy will require a careful balance of **demand stimulation** (attracting more visitors) and continual improvement in the **visitor experience** (giving people more reasons to visit). ATEED will assume primary responsibility for growing destination awareness and intention to visit Auckland through its various marketing and distribution channels, incorporating the unique cultural stories contributing to Auckland's brand, while providing as much support as it can for initiatives that have the potential to enhance the visitor experience.

ATEED will take the lead on initiatives that are subject to market failure or require coordination that cannot be delivered by an individual business or organisation, and it will influence and/or support third party initiatives that are likely to have a material impact on the visitor economy.

Strategic alignment

The Auckland Visitor Plan aligns with the Auckland Plan, Auckland Council's Economic Development Strategy (EDS), ATEED's Growth & Competitiveness Framework, the Waterfront Plan and the City Centre Master Plan.

It has been developed in consultation with a wide range of interested and affected stakeholders within Auckland including visitor industry operators, international visitors, Auckland Council Local Boards, the Independent Maori Statutory Board, relevant Auckland Council divisions and other CCOs.

The Auckland Visitor Plan has been discussed with local and central government Maori representatives, aligns with their strategic direction, and appropriate consultation with iwi will be undertaken before proceeding with any actions relating to Maori cultural experiences.

Consideration has also been given to recent documents produced by major tourism stakeholders including Tourism 2025 (Tourism Industry Association), Tourism New Zealand's Three Year Marketing Plan, Going Beyond (Air New Zealand) and Ambition 2025 (Auckland International Airport).

Other ATEED Plans & Strategies

ATEED has also developed independent growth plans for business events, major events and export education. These growth plans are directly referenced in the Auckland Visitor Plan, and also provide highly specialised stand-alone growth plans for these high-yielding segments. ATEED will also develop a Tourism Development Plan which focuses on supply-side issues and initiatives that influence the visitor experience.

FIGURE 8: AUCKLAND VISITOR PLAN STRATEGIC ALIGNMENT



Rationale for public sector involvement

Market failure

It is unusual for the private sector to invest in activities that build destination awareness and intention to visit because it is difficult for individual businesses to secure enough benefits to achieve a sufficient return on investment. As a result government-funded **agencies generally focus on growing destination awareness and intention to visit**, and **private businesses invest in converting** that intention into actual demand where they have a greater chance of converting their efforts into commercial returns.

More generally, the benefits of the visitor economy are spread widely across the resident population through direct transactions with visitors and the associated flow-on effects. **This dispersion of benefits can lead to a common form of market failure where investments that would be good for the region are not made because private investors cannot secure enough of the benefits.** In such cases, the public sector has a mandate to intervene and invest on behalf of ratepayers.

Destination management

Successful visitor destinations are carefully managed and developed to ensure they deliver consistently high levels of service and visitor satisfaction. As a major investor in Auckland's visitor assets, and the only organisation with a region-wide mandate, Auckland Council must take responsibility for monitoring the visitor experience and intervening when issues arise.

Public goods and services

Public goods and services play a major role in creating the physical and sensory environment visitors experience e.g. museums, art galleries, public transport, regional parks, streetscapes and public spaces. As a major investor in Auckland's visitor assets Auckland Council has an important role to play in creating an environment that is attractive to visitors. This will require ongoing investment in public goods and services that enhance the vibrancy, attractiveness and functionality of Auckland. These investments will send a strong signal of commitment to the visitor economy which is likely to increase the flow of private sector capital into visitor-related assets in Auckland.

Expectations of private sector

100% of respondents to a survey of around 150 visitor-related businesses in 2011 felt that Auckland Council has a role to play in supporting the growth of the visitor economy. Four key themes emerged when respondents were asked what Auckland Council's role should be:

- Marketing and promotion with a particular focus **on increasing awareness and consideration** of Auckland as a visitor destination (top of the funnel), because this is where the main **market failure exists**.
- Better public transport
- Provision of clean, attractive amenities and public spaces
- Provision of supporting infrastructure and signage

Regulatory environment

Auckland Council has a key role to play in creating a business environment that enables the visitor economy to grow at an accelerated rate. This includes developing a planning and policy environment that incentivises growth in the visitor economy, and responding positively to the needs of businesses.

AUCKLAND IN 2012

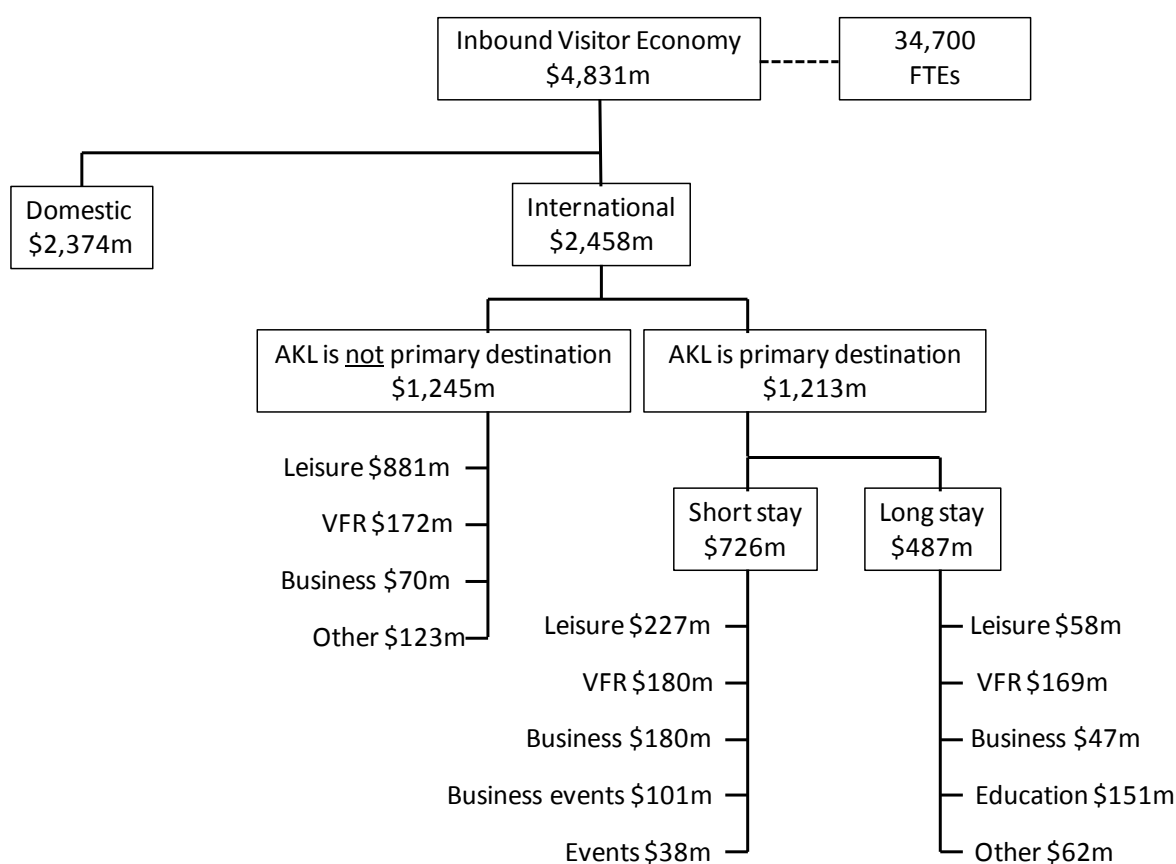
The Auckland visitor economy² was worth \$4.83 billion in 2012 excluding expenditure on airfares and education fees³, comprising \$2.46 billion of expenditure by international visitors and \$2.37 billion by domestic visitors (Ministry of Business, Innovation and Employment). This economic activity sustained 34,700 full-time equivalent jobs in Auckland.

Analysis of the International Visitor Survey (MBIE) allows international visitors to be divided into those who are primarily visiting Auckland, and those who are primarily visiting other parts of New Zealand. Primary visitation requires at least 70% of all nights in New Zealand being spent in Auckland.

International visitors for whom Auckland is the primary destination can be further divided into short stay (up to 14 days) and long stay (more than 14 days). This segmentation is important for two reasons:

1. There are material differences in the spending characteristics of these two groups
2. There are material differences in the travel motivations of these two groups, and the channels that would be used to influence them

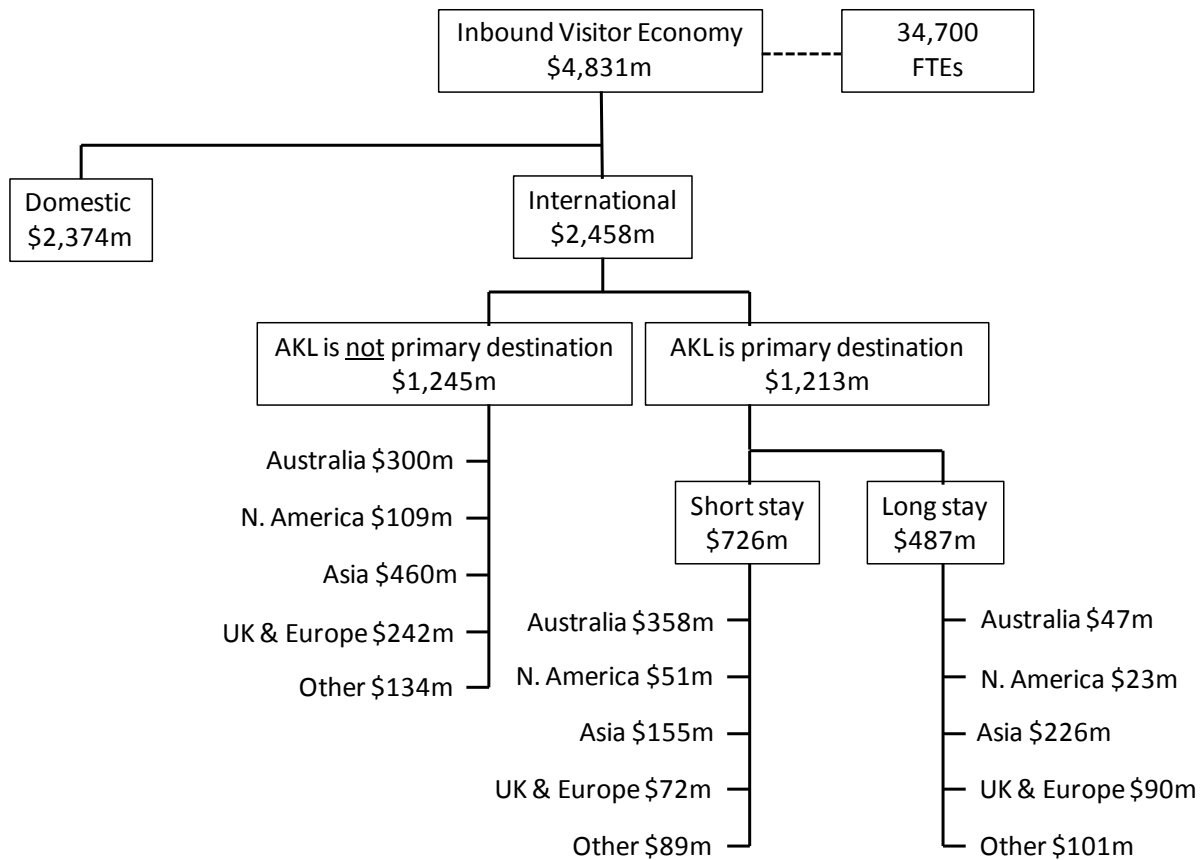
FIGURE 9. STRUCTURE OF AUCKLAND'S VISITOR ECONOMY IN 2012 BY SEGMENT (INCL. GST)



² Auckland's visitor economy is equivalent to the value of local goods and services purchased by visitors to the region.

³ The official measures of regional tourism expenditure produced by MBIE expressly exclude these items. See <http://tinyurl.com/m4er4y4> for more information.

FIGURE 10: STRUCTURE OF AUCKLAND'S VISITOR ECONOMY IN 2012 BY MARKET (INCL. GST)



This analysis demonstrates the diversity of the visitor economy and highlights the need for an informed approach to growing it that takes account of the motivations and drivers of a variety of segments and markets. For example:

- Primary visitation to Auckland could be grown by targeting specific segments such as Australian short-break travellers, business events, major events, and export education.
- The value of non-primary visitors could be grown by giving visitors more reasons to spend time and money in Auckland within their wider New Zealand itinerary.

Growing the visitor economy therefore requires a sound understanding of its structure *and* an informed and differentiated plan for growing each component.

TABLE 1: TOURISM ACTIVITY IN AUCKLAND

	Visitor nights			Expenditure (incl. GST)		
Visitor segment	Visitors	Total	Average	Total (\$m)	Per visitor	Per night
Total	n/a	n/a	n/a	4,831	n/a	n/a
Domestic	n/a	n/a	n/a	2,374	n/a	n/a
International	1,535,043	15,442,183	10.1	2,458	1,601	159
Primary leisure short stay	169,000	727,501	4.3	227	1,342	312
Primary leisure long stay	21,239	1,063,911	50.1	58	2,722	54
Primary VFR short stay	180,763	1,201,945	6.6	180	995	150
Primary VFR long stay	93,946	4,253,937	45.3	169	1,794	40
Primary business short stay	117,685	417,852	3.6	180	1,527	430
Primary business long stay	9,724	499,129	51.3	47	4,821	94
Primary education all	26,911	2,405,814	89.4	151	5,621	63
Primary business event	59,227	246,181	4.2	101	1,707	411
Primary event all	13,927	159,180	11.4	38	2,760	241
Primary other all	17,788	1,402,571	78.8	62	3,490	44
Non-primary	824,832	3,064,163	3.7	1,245	1,510	406

GLOBAL TRENDS

Patterns of tourism demand are constantly evolving, driven by shifts in income, aviation technology, exchange rates and consumer preferences. This section examines global trends in international tourism, domestic tourism and aviation.

International tourism

The World Tourism Organisation (WTO) predicts that international visitor arrivals will reach almost 1.6 billion by the year 2020, up around 555 million or 60% on 2010 levels (4.5% per annum). East Asia and the Pacific, South Asia, the Middle East and Africa are forecast to grow at over 5% per year, while the more mature regions of Europe and the Americas are expected to show lower-than-average growth rates. Europe will maintain the highest share of world arrivals, although this share will decline from 52% in 2010 to 46% in 2020. The WTO projections indicate that the top three receiving regions in 2020 will be Europe (717 million tourists), East Asia/Pacific (397 million) and the Americas (282 million), followed by Africa, the Middle East and South Asia.

TABLE 2: UNWTO PROJECTIONS OF INTERNATIONAL VISITOR ARRIVALS BY REGION

	Visitor arrivals (millions)		Change 2010-2020		Share of global visitor arrivals	
	2010	2020	Total	CAGR	2010	2020
Total	1,006	1,561	555	4.5%	100.0%	100.0%
East Asia/Pacific	195	397	202	7.4%	19.4%	25.4%
Europe	527	717	190	3.1%	52.4%	45.9%
Americas	190	282	92	4.0%	18.9%	18.1%
Middle East	36	69	33	6.7%	3.6%	4.4%
Africa	47	77	30	5.1%	4.7%	4.9%
South Asia	11	19	8	5.6%	1.1%	1.2%

Source: Tourism 2020 Vision, UNWTO

These projections suggest that the East Asia/Pacific region will experience strong growth in visitor activity over the next decade, increasing its share of global visitor arrivals from 19.4% in 2010 to 25.4% in 2020. Much of this demand will be generated from within the region, particularly out of China.

Changes in outbound travel volumes over the past decade

Outbound travel data for New Zealand's major and emerging inbound markets have been collated from a variety of sources including government statistics and published tourism studies. Only 'relevant outbound travel' has been considered in this analysis, represented by long-haul travel for long-haul markets, and Asia/Pacific travel for Australia. These travel thresholds are considered to represent the travel markets most relevant to New Zealand.

Within New Zealand's major inbound markets China has experienced the largest growth in relevant outbound travel volumes, with Chinese residents generating an additional 5.5 million outbound trips in 2012 relative to 2002 levels. The United States was the next highest at 5.1 million, followed by Australia at 4.0 million, South Korea at 3.7 million and Germany at 3.4 million. Japanese demand for long-haul travel has declined quite significantly over the same period, with 1.1 million less Japanese residents travelling long-haul in 2012 relative to 2002 levels.

TABLE 3: CHANGE IN RELEVANT OUTBOUND TRAVEL FROM KEY MARKETS 2002-2012

	Relevant outbound trips		Growth 2002-2012	
	2002	2012	Total	Percent
China	2,405,000	7,952,008	5,547,008	231%
United States	12,935,110	18,019,417	5,084,307	39%
Australia	2,601,400	6,577,280	3,975,880	153%
South Korea	3,815,000	7,500,000	3,685,000	97%
Germany	5,515,000	8,896,000	3,381,000	61%
India	1,520,000	4,096,000	2,576,000	169%
Brazil	802,000	2,897,000	2,095,000	261%
United Kingdom	10,135,873	11,935,160	1,799,287	18%
Indonesia	839,000	1,856,000	1,017,000	121%
Japan	5,383,465	4,309,014	-1,074,451	-20%

New Zealand's share of outbound travel

New Zealand was only a minor beneficiary of this growth across all markets except Australia. For example, New Zealand is currently capturing around 2.2% of the additional 5.5 million long-haul outbound trips that Chinese residents are making each year, and receives less US residents now than it did 10 years ago despite significant growth in the number of US residents travelling long-haul. The notable exception is Australia. New Zealand has captured around 13.2% of the total growth in Australian outbound travel over the past decade. This has seen Australian visitor arrivals to New Zealand increase by around 523,000 relative to 2002 levels.

TABLE 4: SHARE OF GROWTH IN RELEVANT OUTBOUND TRAVEL CAPTURED BY NEW ZEALAND

	Growth in relevant outbound travel relative to 2002	Growth in visitor arrivals to NZ relative to 2002	Share of growth in relevant outbound travel captured by NZ
China	5,547,008	120,490	2.2%
United States	5,084,307	-27,609	-0.5%
Australia	3,975,880	523,322	13.2%
South Korea	3,685,000	-57,040	-1.5%
Germany	3,381,000	14,825	0.4%
India	2,576,000	12,586	0.5%
Brazil	2,095,000	4,537	0.2%
United Kingdom	1,799,287	-47,338	-2.6%
Indonesia	1,017,000	4,008	0.4%
Japan	-1,074,451	-101,487	9.4%

In general, the growth in visitor arrivals to New Zealand has not been as rapid as the growth in relevant outbound travel from New Zealand's major markets. This has resulted in a loss of market share to other destinations. The most notable losses of market share are Australia (-6.7 percentage points), South Korea (-2.2 percentage points) and Japan (-1.6 percentage points).

TABLE 5: NEW ZEALAND'S MARKET SHARE OF RELEVANT OUTBOUND TRAVEL

	NZ market share in 2002	NZ market share in 2012	Market share change 2000-2010
China	3.2%	2.5%	-0.7%
United States	1.6%	1.0%	-0.6%
Australia	24.3%	17.6%	-6.7%
South Korea	2.9%	0.7%	-2.2%
Germany	0.9%	0.7%	-0.2%
India	1.1%	0.7%	-0.4%
Brazil	0.7%	0.4%	-0.4%
United Kingdom	2.3%	1.6%	-0.7%
Indonesia	1.0%	0.7%	-0.3%
Japan	3.2%	1.7%	-1.6%

Auckland's share of outbound travel

The main growth through Auckland International Airport has been from Australia and China, with moderate growth from Germany, India, Brazil and Indonesia. The U.S., South Korea, United Kingdom and Japan fell over the same period.

TABLE 6: SHARE OF GROWTH IN RELEVANT OUTBOUND TRAVEL CAPTURED BY AUCKLAND

	Outbound travel relative to 2002	Growth to AKL relative to 2002	Share of growth captured by AKL
China	5,547,008	115,571	2.1%
United States	5,084,307	-22,702	-0.4%
Australia	3,975,880	335,119	8.4%
South Korea	3,685,000	-47,917	-1.3%
Germany	3,381,000	9,341	0.3%
India	2,576,000	9,165	0.4%
Brazil	2,095,000	3,558	0.2%
United Kingdom	1,799,287	-39,447	-2.2%
Indonesia	1,017,000	1,142	0.1%
Japan	-1,074,451	-50,694	4.7%

Auckland has lost market share across all markets over the past 10 years. The most notable losses of market share are Australia (-3.3 percentage points), South Korea (-1.8 percentage points) and Japan (-0.7 percentage points).

TABLE 7: AUCKLAND'S MARKET SHARE OF RELEVANT OUTBOUND TRAVEL

	AKL market share 2002	AKL market share 2012	Change market share 2002-2012
China	2.7%	2.3%	-0.5%
United States	1.3%	0.8%	-0.5%
Australia	13.9%	10.6%	-3.3%
South Korea	2.3%	0.5%	-1.8%
Germany	0.7%	0.5%	-0.2%
India	0.9%	0.6%	-0.3%
Brazil	0.7%	0.3%	-0.4%
United Kingdom	1.8%	1.2%	-0.6%
Indonesia	0.8%	0.4%	-0.4%
Japan	2.0%	1.4%	-0.7%

Future growth in major and emerging inbound markets

Forecasts of relevant outbound trips from New Zealand's major markets have been developed by combining forecasts of per capita trip rates with population projections. The results suggest that:

- China will generate 19.1 million long-haul outbound trips in 2021. This represents an additional 11.1 million long-haul trips per year relative to current levels.
- The United States will remain the largest source market for long-haul travel over the forecast period, with demand expected to increase by around 3.6 million trips per year in 2021 relative to current levels.
- Long-haul outbound trips by residents of India will increase by 3.4 million in 2021 relative to current levels. This will bring India's outbound travel volumes close to where China's were in 2012 i.e. India appears to be around a decade behind China in terms of its development as a source market for long-haul tourism.

TABLE 8: PROJECTED GROWTH IN OUTBOUND TRAVEL

	Long-haul outbound trips		Growth 2012-2021	
	2012	2021	Total	Percent
China	7,952,008	19,076,980	11,124,972	140%
United States	18,019,417	21,662,040	3,642,623	20%
Australia	6,577,280	9,008,548	2,431,268	37%
South Korea	7,500,000	10,842,974	3,342,974	45%
Germany	8,896,000	11,532,381	2,636,381	30%
India	4,096,000	7,492,236	3,396,236	83%
Brazil	2,897,000	5,050,442	2,153,442	74%
United Kingdom	11,935,160	12,540,044	604,884	5%
Indonesia	1,856,000	3,072,332	1,216,332	66%
Japan	4,309,014	4,663,129	354,115	8%

Implications for Auckland

There will be significant growth in demand for international travel over the next decade. Auckland is well placed to capitalise on this growth if it can market itself effectively and develop the necessary air links to satisfy demand. The highest growth rates in outbound travel are forecast for the Asia Pacific region; hence simply maintaining Auckland's market share of relevant outbound travel will result in significant growth in international visitor arrivals over the next decade.

However, maintaining market share will present challenges as other regions and cities around the world compete for the visitor dollar. Auckland will need to invest strongly and stay focused on achieving measurable results in order to be successful. Attention will also need to be given to Auckland's product offering and its appropriateness to the changing market profile.

Domestic tourism

According to the Tourism Satellite Account (Statistics New Zealand) domestic tourism currently accounts for around 59% of New Zealand's visitor economy, or around **\$14.2 billion of expenditure** (including GST).

The most recent data published by the Ministry of Business, Innovation and Employment shows that domestic tourism activity in New Zealand remained relatively stable between 2004 and 2010, with visitor nights sitting at around 55 million per annum and expenditure growing at approximately the rate of inflation.

In contrast, international outbound trips increased by 25% between 2004 and 2010, driven by the strength of the New Zealand dollar and lower airfares on major outbound routes. This figure increases to 69% if the assessment period is extended to 2000-2012, driven mainly by the strong growth in trans-Tasman travel in 2003/04.

The relationship between domestic and outbound travel was explored in a report published by the Ministry of Tourism in 2006. The report found that:

- The amount of time New Zealanders spent away from home was relatively stable between 1999 and 2005 despite a relatively large drop in domestic visitor nights
- The fall in domestic visitor nights was offset by an increase in outbound visitor nights
- There is strong evidence that the increase in outbound tourism is causing the decline in domestic tourism

The Ministry of Tourism report concluded that the main reasons for the poor performance of the domestic tourism market in New Zealand were:

- A general shift in travel preferences toward outbound travel, particularly in regions that were well served by low cost carriers.
- A narrowing price differential between domestic and international travel. The report found that the nominal price of outbound tourism in New Zealand increased by 9% between 1990 and 2005 while the nominal price of domestic tourism increased by 44%. With general inflation running at 35% over this period the real (inflation adjusted) cost of international travel fell quite significantly, while the real cost of travelling domestically increased.

The report also found that the decline in domestic tourism and corresponding increase in outbound tourism was not unique to New Zealand - the same trend was observed in other countries including Australia and the United Kingdom.

Research published by the Tourism Industry Association of New Zealand (TIANZ) and Lincoln University in 2011 confirms the continued weakness in the domestic tourism market. According to the research, tourism operators reported key themes of shorter booking times, a declining domestic visitor market, a shift away by their business from attracting the domestic visitor market, and resistance by New Zealanders to pay for visitor attractions. The increase in outbound travel was also cited as a negative influence on domestic tourism.

Some other key findings from the research are that:

- New Zealanders are very price sensitive and there is a perception that New Zealand tourism experiences are “pricey”. Cheap overseas airfares are appealing to the domestic market, particularly at times when our dollar is strong. There are also a number of external challenges to domestic tourism such as changes in leisure activities, more discretionary income being spent on home entertainment, increasing fuel prices and changes in traditional holiday times. While in many areas holiday parks are doing very well, in some areas the reduction in coastal camping grounds (as a result of commercial rationalisation by local councils whereby the land is sold in favour of residential development) has had an impact on domestic tourism. Although regional domestic tourism has remained strong in some parts of New Zealand, within those regions there is considerable competition between individual destinations.
- Domestic tourism is recognised by many as an important part of the tourism industry and acts as a buffer when international markets are down. “In order to provide an international product that delivers to the economic benefit of the country we need a vibrant domestic market to support those businesses.” This makes it more difficult for traditional style Maori tourism experiences in particular as there is a perception by New Zealanders that those products are not for them. Fuel incentives and reduced fees for DOC services were suggested as incentives that might encourage domestic tourism.

Implications for Auckland

The potential to grow domestic tourism arrivals in Auckland is constrained by New Zealand’s low population growth rate and the likelihood of continued growth in outbound travel. This does not mean that Auckland cannot materially increase domestic visitor activity and expenditure, but recent trends suggest that Auckland will need to scale up its domestic tourism activity and increase length of stay among non-leisure visitors if it is to accelerate growth in this important market.

ATEED is now well placed to drive change in the domestic tourism market with a revised structure that includes specific domestic marketing resource. Specific actions to address the domestic market are outlined in Section 5. Initiatives put in place will look to develop the domestic offering and encourage Aucklanders and others to spend more time in Auckland, appreciating the unique culture heritage, stories and experiences, and shifting the balance of discretionary income spent on offshore travel.

Aviation

Aviation is a critical driver of tourism growth. Where and when airlines choose to deploy their aircraft can have a major impact not only on visitor flows, but also on high-value trade flows. While growth in global air capacity is led by global growth in tourism and trade, airlines choose which routes their capacity is deployed to.

A report published in 2011 entitled *The New Zealand Aviation Operational Environment: A Guide for the Tourism Sector* describes the key features of the operating environment for the New Zealand aviation sector and the drivers of strategic choices made by airlines. The key findings of this report are outlined below.

Individual routes must be examined as part of a network

Airlines operate networks of routes, and the value of any individual route depends partly on its contribution to traffic flows throughout the network. In turn the value of a route depends on the structure of the airline's broader network. This means that the incentives to fly any given New Zealand route may be very different for Air New Zealand and foreign airlines, due to their different network structures. For many routes, connecting traffic from other routes is an important source of demand that makes the route profitable, particularly for full-service airlines. Alliances and other cooperative arrangements between airlines are crucial for generating connecting traffic on many New Zealand international routes.

Many potential international routes to New Zealand are currently not viable

The basic economics of a route depend on the demand for travel on that route relative to operating costs, taking into account any contribution to generating traffic and profits throughout the airline's wider network. Demand includes traffic connecting from other routes, but must take into account competing routes (including indirect itineraries) that may be available to passengers. Costs depend on the size of aircraft required. Many international routes to New Zealand are long distance, requiring relatively large aircraft. Airlines are generally unwilling to schedule flights less than three times weekly due to fixed route operating costs. In many cases, these factors in combination mean that capacity at a reasonable frequency would be too large relative to existing demand, making the route unprofitable. This may change over time as demand for travel between New Zealand and particular countries increases and/or technological improvements increase the range and efficiency of smaller aircraft.

Some New Zealand international routes are not highly competitive

The basic economics of international routes also means that there is a lack of competition on many New Zealand international routes. Where alternative routes are not viable for travellers, this results in relatively high airfares. In many cases greater competition is not sustainable as two competing carriers would supply too much capacity relative to demand. Another implication is that the New Zealand tourism sector is to some extent dependent on foreign airlines to provide international connectivity and bring tourists to New Zealand. The incentives of these airlines may be very different to those of the New Zealand tourism sector, or Air New Zealand due to their commercial models and varying shareholders.

A few international routes provide the majority of international connectivity

A few routes connecting Auckland to Singapore, Hong Kong, Los Angeles and Dubai via Sydney and Brisbane, provide the greatest connectivity between New Zealand and the rest of the world in terms of the combination of flight frequency and onward connection options. The health of these routes is critical for providing good access to New Zealand for international visitors. Cooperative arrangements between airlines such as code-sharing and alliances are crucial for generating traffic on some key international routes.

International visitors are only one source of demand for air international services

While outbound travel by New Zealand residents has limited benefit for the New Zealand tourism sector, this travel is an important source of revenue that helps to maintain international air routes. The same is true for air freight. Greater outbound travel, increased economic activity, and freer international trade indirectly benefit the New Zealand tourism sector by helping to sustain and expand international air routes to and from New Zealand.

The mix of international visitors matters and is changing

As well as the total number of international visitors to New Zealand, the mix in terms of origins, purpose of visit, and other characteristics is important as this affects expenditure on the ground in New Zealand and willingness to pay for airfares. Between 2004 and 2009, most of the growth of international visitors was in the 'visiting friends and relatives' (VFR) segment. While a VFR visitor on average only spends half of what a holiday visitor spends in New Zealand, VFR travel is important for opening up and sustaining air routes that provide access for all visitor types. For example, around a quarter of traffic between New Zealand and China is VFR, and without this source of demand, non-stop services between New Zealand and China are unlikely to be viable, leading to reduced quality of access for Chinese holiday visitors. The mix of visitors also depends to some extent on competition between airlines and their business model choices. Greater competition and the introduction of low-cost carriers (LCCs) leading to lower airfares will attract relatively more budget-conscious tourists who may be individually less valuable to the tourism sector. Similarly, VFR travellers are relatively high yielding for airlines, but spend less when they are on the ground. Changes in flight frequency also have some effect on length of stay, with greater frequency promoting shorter stays. The mix of travellers that airlines attract through their pricing and marketing strategies may therefore not correspond with the optimal mix from the tourism sector's point of view.

Many visitors view Australia and New Zealand as complementary destinations

The relatively high number of international visitors to New Zealand that also visit Australia helps to maintain some New Zealand air routes that also stop in Australia, such as those operated by Emirates, LAN Airlines and Aerolineas Argentinas. This type of travel may also help to support other future routes to New Zealand via Australia from Asia. Routes are also supported by some transit traffic between North/South America and Australia, and between South America and Asia.

New Zealand outbound travel offsets the seasonality of inbound travel, leading to relatively stable air capacity levels throughout the year

The generally opposite seasonality of inbound and outbound travel means that the pattern of air traffic to and from New Zealand is relatively flat throughout the year. This means that airlines do not have to adjust overall New Zealand capacities dramatically during the year, and do not experience high costs associated with maintaining extra capacity to use only in peak periods. Capacities on some individual routes change significantly, but seasonality across New Zealand routes offsets to a large extent. These offsetting travel patterns benefit the tourism sector as a relatively high average level of air capacity can be maintained throughout the year.

Technology is an enabler of airline operations and economics

Aircraft technology determines physical capabilities in terms of range and payload, and operating costs. New technology will change the economics of some routes, potentially allowing more competition and/or new routes. However, technological change takes place slowly and is uncertain, so increasing demand by increasing New Zealand's attractiveness as a destination is also important for route development.

Airlines segment the market to maximise their own revenue

Airlines use sophisticated pricing and revenue management strategies. This leads to market segmentation and pricing designed to maximise their revenues and benefit their shareholders. The tourism sector may prefer a different mix of visitors and/or a different structure of prices across market segments. Airlines may use pricing to drive outbound travel

when it suits them, e.g. in particular seasons. Airlines do not generally specialise in inbound or outbound travel, rather they seek to optimise their overall portfolio of passengers.

Long-term outlook for the global aviation fleet

Given the importance of aircraft technology in airlines' route decisions, it is useful to understand how the composition of the global fleet is likely to change over the next 10-20 years. Boeing's annual aviation outlook provides a detailed and highly regarded view of the future direction of aviation. Some key points have been provided below to highlight the expected trends in aviation over the next 20 years.

Fleet size will double

Boeing forecasts that the global aircraft fleet will grow from about 20,310 planes in 2012 to more than 41,200 by 2032.

Surging demand for single-aisle aircraft

The single-aisle fleet is forecast to more than double, reaching 29,130 airplanes or 71% of the total fleet by 2030. This largely reflects the rapid expansion of air services in Asia, the rise of intraregional air travel in emerging economies, and the growth and geographic expansion of the low-cost-carrier model.

Modest up gauging

The average seat count of airplanes in the fleet will verge upward incrementally as fuel and operating cost pressures encourage airlines to go to larger seat counts within all airplane size categories.

Rising traffic levels

During the next 20 years, approximately half of the world's air traffic growth will be driven by travel to, from, or within the Asia Pacific region. Total air traffic for the region will grow 6.5% per year during the period.

Liberalisation expands markets

The structure of the airline industry in Asia Pacific is changing as regulations are liberalised and carriers find innovative ways to expand beyond national boundaries to serve burgeoning demand.

Implications for Auckland

Imminent developments in aircraft technology will change the economics of flying certain routes, particularly long-haul routes with relatively low passenger volumes like New Zealand. Aircraft like the Boeing 787 will be extremely efficient and have lower flight costs, therefore increasing New Zealand's accessibility and attractiveness as a destination.

Most of the increase in air capacity over the past decade has been deployed to short-haul routes which has stimulated significant growth in intra-regional travel. The rapid expansion in short-haul travel has been driven by technological advancements in single aisle aircraft such as the A320, which has a flight range of around five hours, and the emergence of the low cost carrier model which has led to massive reductions in airfares on some short-haul routes. This concentration of technological and commercial innovation on short-haul routes has had an adverse effect on demand for long-haul travel in some markets.

However, the technological focus within the aviation sector has now turned to long-haul travel. The next generation of twin aisle (long-haul) aircraft will be much more efficient and have longer flight ranges than the current long-haul fleet. Furthermore, the low cost carrier model has been successfully expanded to long-haul routes by carriers like Jetstar and Air Asia X. This signals the potential for much lower long-haul airfares in the future.

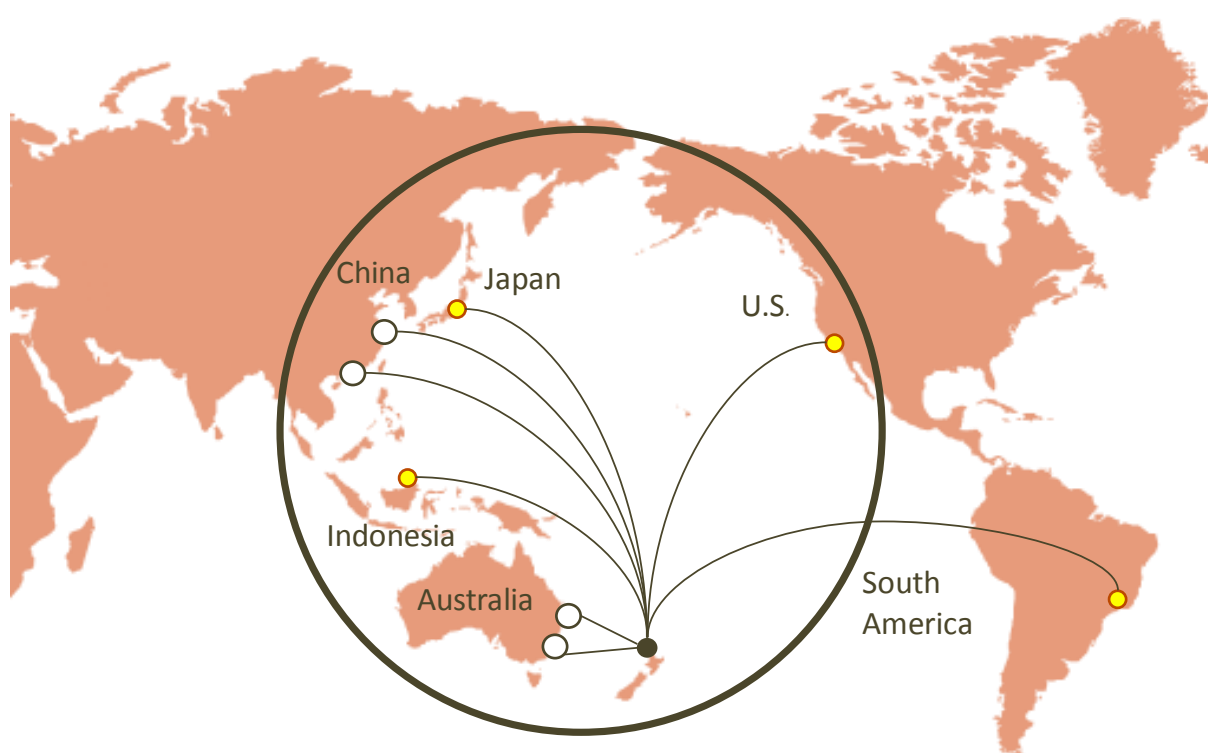
The impending changes in long-haul aircraft technology and business models are positive for destinations like New Zealand, although there will still need to be a strong business case for carriers to fly specific routes. It should also be noted that legislative demands, for example the Emissions Trading Scheme, New Zealand's isolation and the increasing costs of fuel will continue to pose challenges for the sector in New Zealand. Technological advances will assist in offsetting those impacts on travel behaviour.

Priority markets

Taking into account current global and domestic tourism trends, existing air linkages and geographic considerations Auckland will achieve the best outcomes by focussing its resources on the domestic market, key Pacific Rim markets such as Australia, China, the United States, and Japan, and the emerging market of South America and Indonesia. All of these target markets have significant growth potential, are of strategic interest to partners such as Tourism New Zealand, Air New Zealand and Auckland International Airport, and have established direct air linkages with Auckland.

Market Priority	Market	ATEED role
Tier 1	Australia, China, NZ domestic	ATEED consumer campaigns, tactical trade and marketing activity
Tier 2	U.S., Japan, South East Asia	ATEED tactical trade and marketing activity only
Emerging	Indonesia, South America	Supporting TNZ trade and media activity

FIGURE 12. PRIORITY MARKETS FOR AUCKLAND



THE ASPIRATION

As outlined in section 1, Auckland has an opportunity to use the visitor economy to subsidise and accelerate its transition into the world's most liveable city. This will result in a better place for Aucklanders to live, a more sustainable region, and more employment and income for local residents. These enhancements will lead to greater talent retention and attraction, higher productivity and profitability and an increase in the visitor-related benefits that will contribute to Auckland's long-term social and economic development. These factors will eventually reinforce one another and initiate a virtuous cycle of improvement in Auckland's infrastructure, standard of living and international profile.

Planning Auckland's transition into the world's most liveable city requires a bold vision for the place Auckland wants to become, and a strong, achievable economic aspiration that supports this vision.

Developing the place aspiration – Auckland in 2021

The following sources have been used to inform, build and validate the place aspiration:

- an online survey of around 150 international visitors to Auckland
- an online survey of around 150 local tourism businesses
- phone and face-to-face interviews with 10 key tourism stakeholders
- Regional Visitor Monitor (RVM)
- Tourism NZ Active Considerer research.

Feedback has also been received from key Auckland visitor industry stakeholders, ATEED Managers, ATEED Board Members, Auckland Council colleagues and Local Boards.

What is special about Auckland as a visitor destination?

A key part of the research involved identifying the things about Auckland that are likely to be attractive to visitors. An important finding is that there are differences between international and domestic visitors in terms of what they think is special about Auckland as a visitor destination. The top two elements are consistent across international and domestic visitors – Auckland's harbour and Gulf islands and its food and wine offering. However, material differences emerge beyond those elements. International visitors are likely to be most interested in Maori and Pacific culture, Auckland's beaches and waterfront and its natural beauty, while domestic visitors are likely to be most interested in events, shopping, attractions and entertainment.

TABLE 9: TOP SIX THINGS THAT ARE SPECIAL ABOUT AUCKLAND AS A VISITOR DESTINATION

International visitors	Domestic visitors
Harbour and Gulf islands	Harbour and Gulf islands
Food and wine	Food and wine
Maori and Pacific culture	Events
Beaches	Shopping
Natural beauty	Attractions
Waterfront	Entertainment and nightlife

These differences are likely to be driven by Auckland's offering relative to what visitors have access to at home i.e. Auckland's food and wine, Maori and Pacific culture and natural beauty are new and interesting experiences for international visitors, while domestic visitors come to Auckland mainly for the vibrant city experience. Auckland will therefore need to deliver different messages to different markets. It may also need to deliver different messages to the various segments within those markets.

Additional opportunities

The research identified two additional areas of untapped potential:

1. Auckland's native bush/rainforest assets – respondents felt that areas like the Waitakere's had significant tourism potential in terms of bush-themed attractions and day/overnight walks.
2. The wider Auckland region, including rural townships and regional parks – respondents felt that some of these areas already had compelling visitor propositions but were not properly linked into the Auckland brand and were not easy for visitors to get to.

If properly exploited these opportunities would diversify Auckland's tourism offering and materially enhance the visitor experience. This highlights the importance of promoting every part of Auckland, not just the urban areas.

Achieving the right balance

The tourism operators interviewed as part of the research felt that in order to enhance the visitor experience new tourism products in Auckland must:

1. Appeal to residents as well as visitors. All of the operators emphasised the importance of resident demand to the commercial viability of their businesses, particularly outside peak tourism periods when visitor demand is low.
2. Provide unique, authentic experiences that leave an impression.
3. Support or inform Auckland's brand, which is built around the following **dualities** that collectively define Auckland:
 - **The journey** - Auckland is already a place that has status, reputation and momentum in New Zealand and globally. But it's not finished, it's a work in progress that will be defined by its people and their passions.
 - **Physical** – Auckland is one of the most truly attractive global cities, and it is also a natural oasis.
 - **Spirit** – Auckland is a place with a strong foundation, where the past is persevered and transmitted from one generation to the next. It also has the youthful energy and desire to keep writing the story for future generations.
 - **Imagination** – Auckland is a New Zealand city that epitomises the Kiwi can do attitude, and it is also an outward facing city that makes the best use of thinking to drive innovation that changes the world.

These principles are embedded in the place aspiration, and must guide Auckland's thinking as it continues to develop its visitor experience.

The place aspiration – Auckland in 2021

The following place aspiration has been developed for Auckland.

Tāmaki Makaurau – previously the world’s best kept secret – is now the most liveable and sought after visitor destination in the Asia Pacific rim. It is an exciting place where **big city sophistication goes hand-in-hand with an outstanding natural playground**.

Auckland’s x-factor is its strong connection between the city and its surrounds, with islands, vineyards, rainforests and adventure activities less than an hour away. Its **vibrant city centre and waterfront** is the gateway to a **world-class Marine Park**. Laden with over 50 islands, this is an exceptional aquatic paradise for locals and visitors alike.

Auckland’s development is guided by the principles of **kaitiakitanga** – a sustainable approach to protecting our land and resources for future generations.

Our region’s strong **Maori** roots are weaved into **Tāmaki Makaurau’s** contemporary cultural identity and celebrated at the world-renowned Cultural Centre. Auckland is also proud of its place as the largest **Polynesian** city in the world, and the UNESCO world heritage status of its maunga.

Auckland is a **dynamic hub** between the swiftly growing markets of Asia and North and South America. It has world-class amenities, attractions and events, and buzzes with the **disruptive energy and independent spirit** that comes from being the new kid on the block.

Our city is a magnet for **creative, entrepreneurial people**, and Aucklanders are **passionately proud** of their home and go out of their way to welcome visitors in the true spirit of **manaakitanga**.

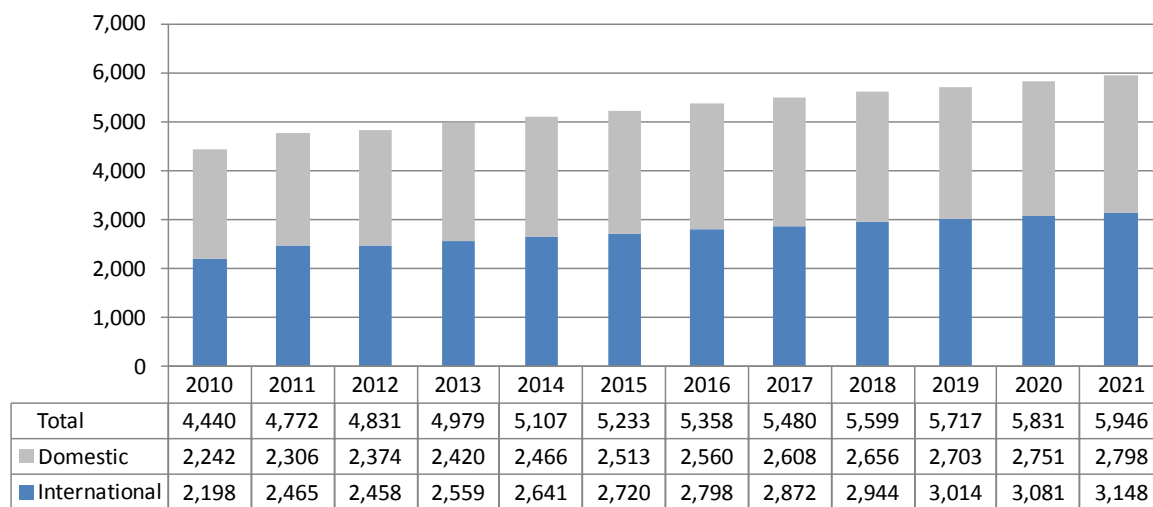
Economic aspiration

ATEED's objective is to expand Auckland's visitor economy as far beyond 'business as usual' as possible. This has direct implications for business growth in Auckland, and also employment.

In the absence of intervention Auckland's visitor economy is expected to grow from \$4.83 billion in 2012 to \$5.95 billion in 2021.⁴ This 'business as usual' scenario represents nominal growth of 23% between 2012 and 2021 or 2.3% per annum, and only marginal growth once the effects of inflation are taken into account.

This is well below Auckland Council's targeted growth rate for export earnings of 6% and is not sufficient to help underwrite Auckland's transformation into the world's most liveable city. Intervention is therefore required to accelerate growth in the visitor economy well beyond the current growth path.

FIGURE 13. CURRENT GROWTH PATH FOR AUCKLAND'S VISITOR ECONOMY (\$M)



The aspiration for Auckland is to expand the visitor economy from \$4.83 billion in 2012 to \$7.23 billion in 2021, representing growth of 50% or 4.6% per annum. This doubling of the 'business as usual' growth rate can be achieved through targeted interventions, a rebalancing of the visitor portfolio and the right mix of public and private sector investment.

The economic aspiration will be achieved by:

- Increasing international visitor receipts from \$2.46 billion in 2012 to \$4.23 billion in 2021
- Growing domestic tourism receipts from \$2.37 billion in 2012 to \$3 billion in 2021

The incremental uplift in value delivered by the successful implementation of this Visitor Plan will increase from \$22 million in 2013 to \$1,288 million in 2021. The cumulative benefit is estimated at \$4.78 billion between 2012 and 2021, around 80% of which is expected to come from incremental growth in the international visitor market.

⁴ Based on current forecasts of international and domestic tourism activity.

The uplift in the visitor economy will be driven by interventions designed to increase confidence in Auckland's visitor economy and incentivise private sector investment. The incremental impact is expected to grow over time as confidence in the visitor economy drives private sector investment, key developments such as the New Zealand International Convention Centre come online, Auckland's major events portfolio begins to mature, and the benefits of an enhanced CBD and waterfront start to be realised.

In addition to growing inbound travel receipts the initiatives in this Visitor Plan are likely to result in some reclamation of money currently spent by Aucklanders on outbound travel. This reduction in leakage has not been factored into the economic aspiration and therefore creates further upside for local businesses.

FIGURE 14: ACCELERATED GROWTH PATH FOR AUCKLAND'S VISITOR ECONOMY

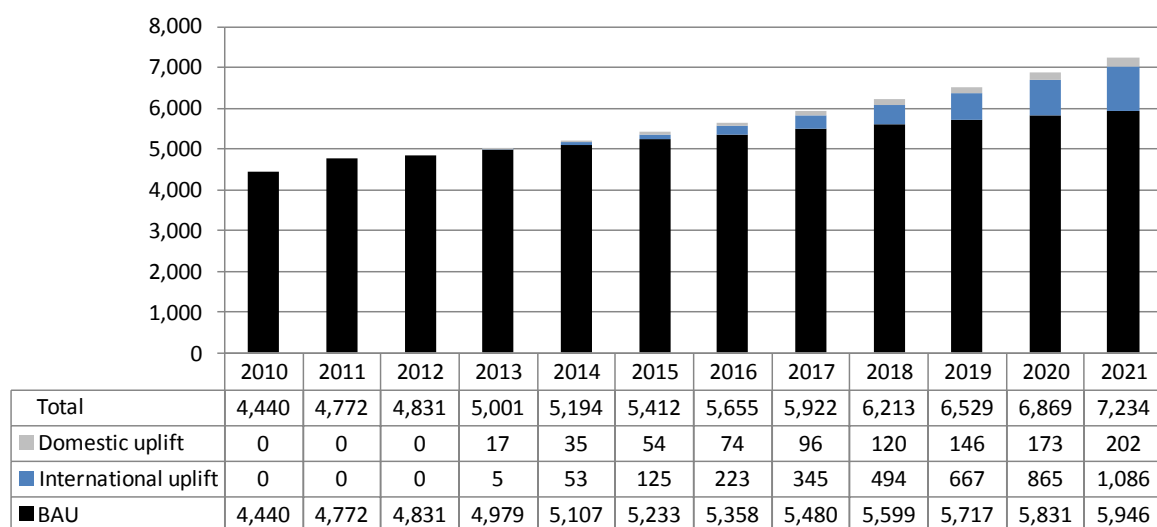


TABLE 10: ACCELERATED GROWTH PATH FOR AUCKLAND'S VISITOR ECONOMY (MILLIONS)

	Current growth path			Accelerated growth path			Incremental growth		
	Total	International	Domestic	Total	International	Domestic	Total	International	Domestic
2010	4,440	2,198	2,242	4,440	2,198	2,242			
2011	4,772	2,465	2,306	4,772	2,465	2,306			
2012	4,831	2,458	2,374	4,831	2,458	2,374			
2013f	4,979	2,559	2,420	5,001	2,565	2,436	22	5	17
2014f	5,107	2,641	2,466	5,194	2,694	2,501	87	53	35
2015f	5,233	2,720	2,513	5,412	2,846	2,567	179	125	54
2016f	5,358	2,798	2,560	5,655	3,020	2,635	297	223	74
2017f	5,480	2,872	2,608	5,922	3,218	2,704	441	345	96
2018f	5,599	2,944	2,656	6,213	3,438	2,776	614	494	120
2019f	5,717	3,014	2,703	6,529	3,681	2,849	813	667	146
2020f	5,831	3,081	2,751	6,869	3,946	2,923	1,038	865	173
2021f	5,946	3,148	2,798	7,234	4,234	3,000	1,288	1,086	202

Assumptions driving the economic aspiration

The assumptions underlying the economic aspiration have been guided by global trends in domestic and international travel and a preference for high value visitor segments that Auckland has the products and infrastructure to serve. The economic aspiration is therefore aligned with expected patterns of growth in domestic and international travel, and seeks to grow the visitor portfolio in a way that increases spend at a higher rate than the number of visitors or visitor nights. This will increase the yield derived from each visitor, leading to growth in the productivity and profitability of local businesses.

The economic aspiration is driven by projected growth rates in visitor numbers, average length of stay and average spend per night. These assumptions are applied at the market and segment level. The following table provides a high level summary of the growth rates that drive the economic aspiration.

TABLE 11: ASSUMPTIONS DRIVING THE ECONOMIC ASPIRATION

	Aggregates (millions)			Ratios		
	Visitors	Nights	Spend	Nights/ visitor	Spend/ night	Spend/ visitor
International						
2012	1.54	15.44	2,458	10.06	1,601	159
2021	2.04	21.05	4,234	10.32	2,076	201
Growth 2012-21	0.50	5.61	1,776	0.26	475	42
Change 2012-21	33%	36%	72%	3%	30%	26%
CAGR*	3.2%	3.5%	6.2%	0.3%	2.9%	2.6%
CAGR* (real)			4.1%		0.9%	0.6%
Domestic						
2012	n/a	n/a	2,374	n/a	n/a	n/a
2021	n/a	n/a	3,000	n/a	n/a	n/a
Growth 2012-21	n/a	n/a	626	n/a	n/a	n/a
Change 2012-21	n/a	n/a	26%	n/a	n/a	n/a
CAGR*	n/a	n/a	2.6%	n/a	n/a	n/a
CAGR* (real)	n/a	n/a	0.6%	n/a	n/a	n/a

*compound annual growth rate

Growth by market

Harnessing the strong growth in travel demand in Asia and Australia is critical to Auckland's success, with more than half of the projected uplift in expenditure coming from these markets.

TABLE 12: ACHIEVING THE ECONOMIC ASPIRATION – GROWTH BY MARKET (\$ MILLIONS)

Market	2012	2021	Growth	Change	CAGR	CAGR (real)
Domestic	2,374	3,000	626	26%	2.6%	0.6%
International	2,458	4,234	1,776	72%	6.2%	4.1%
Australia	702	1,153	451	64%	5.7%	3.6%
North America	183	289	106	58%	5.2%	3.1%
Asia	843	1,698	854	101%	8.1%	6.0%
UK and Europe	405	581	176	43%	4.1%	2.0%
Other	324	513	189	58%	5.2%	3.2%
Total	4,831	7,234	2,403	50%	4.6%	2.5%

*compound annual growth rate

Growth by segment

Auckland must focus on growing specific segments of the market, particularly those that local businesses consider to be high value such as short-stay leisure (including cruise exchange passengers), convention delegates and event attendees. Extracting more nights and spend from international visitors that pass through Auckland on the way to other destinations is also a priority.

TABLE 13. ACHIEVING THE ECONOMIC ASPIRATION – GROWTH BY VISITOR SEGMENT (\$ MILLIONS)

Segment	2012	2021	Growth	Change	CAGR	CAGR (real)
Domestic	2,374	3,000	626	26%	2.6%	0.6%
International	2,458	4,234	1,776	72%	6.2%	4.1%
Leisure	287	539	252	88%	7.2%	5.1%
VFR	351	606	255	72%	6.2%	4.2%
Business	228	397	169	74%	6.3%	4.3%
Education	153	312	160	105%	8.3%	6.2%
Business events	92	192	100	109%	8.5%	6.4%
Events	39	98	59	153%	10.9%	8.7%
Other	63	98	35	56%	5.1%	3.0%
Non-primary*	1,245	1,993	748	60%	5.4%	3.3%
Total	4,831	7,234	2,403	50%	4.6%	2.5%

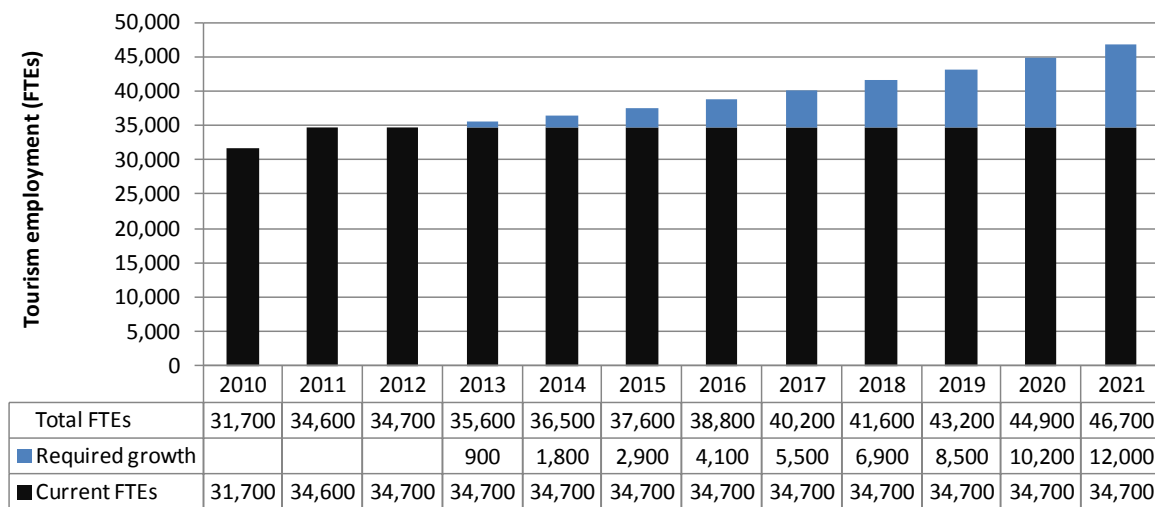
*international visitors whose primary destination is not Auckland

Implications for employment and capability

Achieving the aspiration will require an additional 12,000 full-time equivalent employees (FTEs) by 2021. Around two thirds of these employees will be needed for front-line positions (e.g. retail, attractions, hospitality), with the remainder required in the tourism supply chain and will require collaboration between educational institutions and the private sector to align qualifications and skill demand and plan for the growth requirements.

The level of service provided to visitors will be critical in delivering an exceptional visitor experience when they come to Auckland via online and physical channels, and through private sector investment in staff training. The additional significant requirements for staff into the future will place even greater demand on the sector to improve capability and customer service levels.

FIGURE 15: IMPLICATIONS FOR TOURISM-RELATED EMPLOYMENT



ATEED ACTION PLAN

Strategic Framework

The strategic framework presented below has been developed through consideration of several factors including:

- the current state of Auckland's visitor economy
- anticipated international and domestic trends that will impact the future of the visitor economy
- the economic and place aspirations for the future of Auckland's visitor economy
- the rationale for public sector investment

The centre of the strategic framework is the Aspiration for 2021. The place aspiration includes the unique components of Marine Park, urban oasis, Maori and Polynesian culture, entrepreneurial, independent spirit and manaakitanga. In order to achieve this aspiration collaboration will be required with groups such as iwi, Department of Conservation, Local Boards, and business associations as actions are developed and implemented.

The economic aspiration seeks to grow the visitor portfolio in a way that increases spend at a higher rate than the number of visitors or visitor nights. This will increase the yield derived from each visitor, leading to growth in the productivity and profitability of local businesses.

Wrapped around the core aspiration are two high level outcomes that are essential to Auckland's success as a visitor destination:

- Growing demand for Auckland (demand focus – attracting more visitors to Auckland and increasing length of stay)
- Enhancing the visitor experience (supply focus – providing visitors with more things to see, do and spend money on while they're here)

There are strong and inextricable links between these outcomes and it will be very difficult to achieve the economic aspiration without achieving both of these outcomes simultaneously.

ATEED will play a leading role in growing demand for Auckland through proactive interventions that increase destination awareness and intention to visit, by sharing our unique stories about Tamaki Makaurau and Tamaki Herenga Waka, and promoting our distinctive landscapes across our marketing campaigns and product development. This will include direct investment in brand management, destination marketing, major events, business events, and specific initiatives that will lead to long-term growth in domestic and international visitation to Auckland. **This focus on growing demand will play a critical role in attracting the level of private sector investment required to materially improve the visitor experience (supply side).**

Enhancing the visitor experience encompasses a complex range of issues, many of which are beyond ATEED's direct control or influence. **ATEED will therefore play a facilitation role by being a vocal advocate for the visitor economy and working alongside public and private sector organisations** to make Auckland a more compelling and attractive visitor destination. It will assist the private sector by providing information that can be used to identify commercial opportunities and inform businesses cases, and reducing regulatory hurdles for compliant activities by acting as a friendly, accessible interface between investors and relevant public sector agencies. ATEED will not engage in commercial activities that could be delivered more efficiently by the private sector.

Cross-cutting themes

There are six cross-cutting themes that must constantly guide and influence Auckland's thinking as it implements this Visitor Plan:

Collaboration and partnership

The desired outcomes of the visitor plan can only be achieved through collaboration and partnership with industry operators, the wider business community, and the various private and public sector organisations that shape and influence the visitor industry.

Auckland's brand and reputation

The visitor experience and Auckland's brand are inextricably linked. Auckland is committed to entwining our cultural heritage in the brand, and promoting this unique point of difference.

Any actions taken to influence the visitor economy must be considered within the framework of Auckland's brand promise.

Profitability and productivity

Strategic initiatives must focus on enhancing the profitability and productivity of Auckland's visitor economy by targeting high yielding visitors and reducing seasonal imbalances.

Capability and innovation

We are operating in a highly competitive global environment where excellence in capability and innovation will drive the desired success for the visitor economy.

Research and planning

Access to timely, relevant information will be critical to the long-term success of the visitor economy. ATEED will act as an information hub to satisfy its own needs as well as the needs of the wider industry in Auckland.

Sustainability

Sustainability underpins a developing visitor economy. Business capability needs to improve in order for businesses to thrive in a low carbon economy and sustainability needs to be embedded into new business development. It is necessary for Auckland's visitor industry to be socially and environmentally responsible.

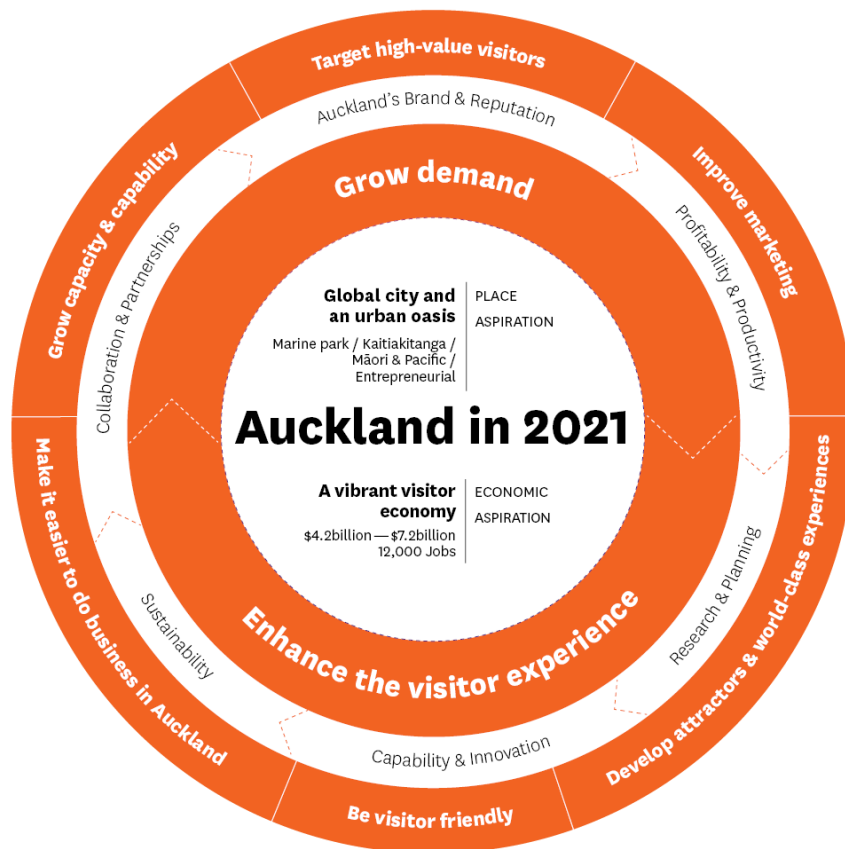
Strategic goals

Six strategic goals have been developed to guide Auckland towards its desired outcomes of growing demand for Auckland and enhancing the visitor experience. Specific actions have been identified within each of these goals:

1. Target high yielding visitors
2. Improve marketing and distribution
3. Develop world-class attractors and experiences
4. Grow capacity and capability
5. Be visitor friendly
6. Make it easier to do business in Auckland

Figure 16: Strategic framework for growing Auckland’s visitor economy

STRATEGIC FRAMEWORK >



ATEED ACTIONS

ATEED has developed a number of actions that sit within each of the six strategic goals. The actions are divided into “Driver” actions (those most likely to deliver significant improvements to the visitor industry in their own right) and “Core Business” actions (those that ATEED will deliver as part of its core business functions and which are fundamental to achieving success in the visitor industry).

Timeframes have also been put against each of the actions as follows:

Short-term = within one year

Medium-term = between one and four years

Long-term = five years or more

ATEED will rely heavily on relationships with the private sector and other strategic partners to deliver many of the actions outlined in the following pages. Strengthening those relationships will be a critical step in delivering the step-change required to achieve the economic and place aspirations.

Target high-yielding visitors

Auckland needs to target visitor segments that deliver high economic returns. The segments with the highest average daily spend rates are short-stay leisure travellers, business event delegates (meetings, incentives, conventions and exhibitions) and short-stay business travellers. These segments are characterised by relatively short stays (4-7 nights on average) and they spend the majority of their nights in commercial accommodation. Of these segments, business event delegates and short stay leisure travellers are the two that Auckland can influence directly through marketing initiatives, while business travel is influenced by a different set of drivers.

It is difficult to identify extremely high spenders using traditional tourism metrics due to the averaging of data and the tendency for these kinds of people to avoid research processes. This strategy has therefore gone beyond traditional tourism metrics to identify additional opportunities to increase yield by focussing on the following segments:

1. **Premium travel market** – Auckland has all the attributes of a luxury travel destination and simply needs to be ‘discovered’ by this segment of travellers. Better promotion of Auckland as a premium destination in key markets could rapidly expand this highly profitable market.
2. **Special interest groups** such as golf, equine, marine and walking. While unlikely to develop into high-volume segments, these special interest groups will be very high yielding and are likely to deliver benefits to other parts of the economy through purchases of big ticket items and investment. The premium and special interest travel segments are also a major focus for Tourism New Zealand and provide excellent partnership opportunities.
3. **Business events market** – with the planned New Zealand International Convention Centre (NZICC) due to open in 2018, Auckland will see a step change in capacity to host large-scale conventions. This, in combination with an enhanced Auckland Convention Bureau and the first ever Auckland Business Events Plan sets the scene for Auckland to increase its economic return by over \$100 million annually from just this segment of the market.
4. **Cruise exchange passengers**
 - a. Grow exchange activity in Auckland - passengers that start or finish a cruise in Auckland (exchange passengers) spend almost six times more than transit passengers (day visitors) on local goods and services. This difference is driven mainly by the 2-3 nights’ exchange passengers spend in Auckland before or after their cruise. The majority of cruise visitors to Auckland are currently transit passengers, so there is an opportunity for Auckland to multiply the benefits it derives from cruise tourism by expanding its role as an exchange port through proactive engagement and marketing with cruise lines and airlines.
 - b. Attract more high-end cruises – in addition to the large mass-market cruises there is an opportunity for Auckland to attract more boutique, high end cruises. Passengers on these cruises are likely to be wealthy and willing to pay a premium for high quality activities and experiences in Auckland.
5. **Export education students** – students travelling on visitor visas contributed around \$151 million to Auckland’s visitor economy in 2012 excluding tuition fees. The daily spend of a foreign student is relatively low at \$63, but they stay for an average of 89 nights and are often visited by friends and relatives from overseas. Export education therefore delivers high levels of expenditure per visitor and each student also attracts an additional 0.6 friends and family members to Auckland from overseas. There is an opportunity to increase the yield of export education students via their own spending and also by growing friends and family visitation, as described below.

Pre-arrival opportunities

Partner with Education New Zealand and International Education providers to target students and family members pre-arrival by:

- Promotion of tailored travel packages for family and friends of students at point of sale.
- Undertaking joint marketing activity to increase awareness and appeal of Auckland as a travel destination.

- Implementing agent training and incentive programs to promote Auckland as a travel destination.

Partner with NZ Inc. to target students and family pre and post arrival by:

- Undertaking joint consumer marketing activity to increase awareness and appeal of New Zealand and specifically Auckland as a travel destination.
- Leveraging existing consumer marketing activity to promote Auckland as a travel destination.

Post-arrival opportunities

Increase export education students' engagement with the Auckland region to both drive additional student spend and increase the frequency and value of friends and family visitation by:

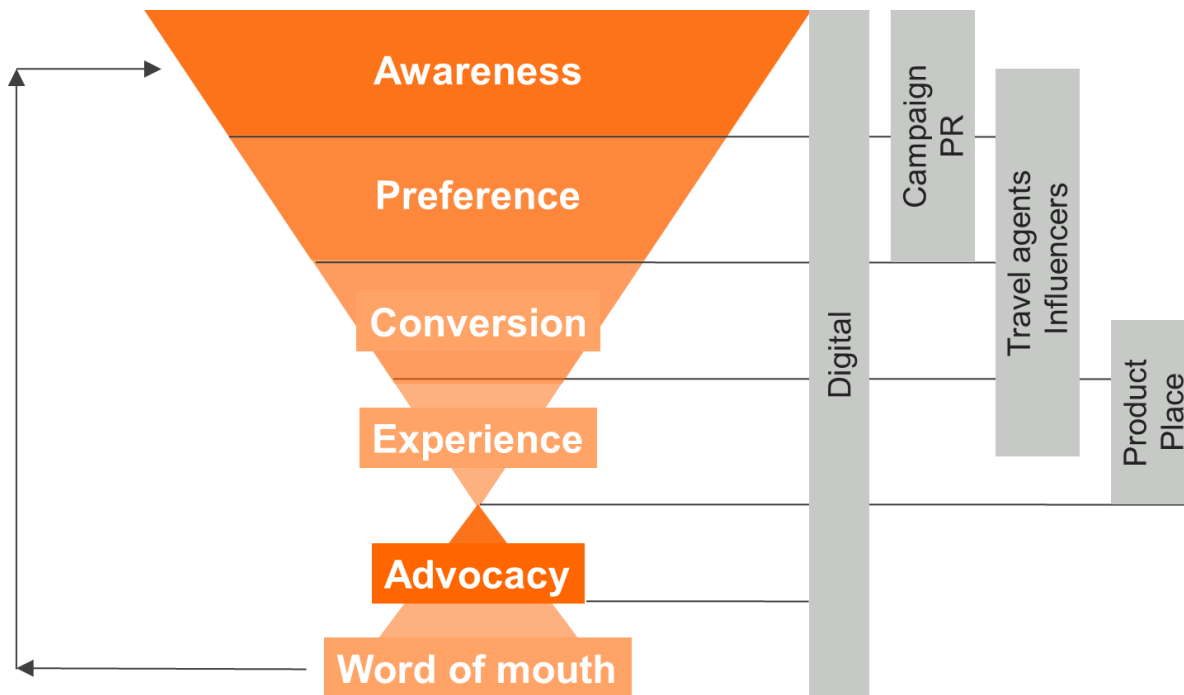
- Implementing a proactive program of on ground support (Study Auckland) and targeted ongoing regional engagement promotion.
- Utilising and growing existing ATEED and partner channels i.e. social media, website, consumer databases.
- Partnering with local ethnic media to engage international students.
- Advocating shift in timing of graduation ceremony to align with completion of study and shoulder periods.
- Support development of international student local engagement program with Study Auckland to drive ongoing engagement post arrival.

Strategic Goal 1	Target high yielding visitors	Timeframe
Driver actions	Actively target high net worth groups and individuals in key off shore markets, with a focus on special interest groups including golf, equine, marine and walking.	Short
	Build relationships with, and market to, international students to leverage VFR opportunities	Short
	Collaborate with cruise industry stakeholders to grow exchange activity in Auckland and target vessels carrying higher value passengers	Medium
	Use the contestable bid fund for conventions and incentives to attract high value business events to Auckland	Short
	Set up an "Ambassador Programme" for Conventions and Incentives	Medium
Core business actions	Maintain membership of the International Congress and Convention Association	Short
	Work with relevant stakeholders to increase pre and post tourism opportunities around events held in Auckland	Medium
	Maintain in-house cruise capability to engage with cruise industry stakeholders	Medium
	Promote Auckland as a short break leisure destination in Australia	Short - medium
	Actively target the incentive market in Australia, North America and the high-end Asian market	Medium
	Support initiatives that grow visitation, length of stay and spend in shoulder and off-peak periods	Short
	Work with inbound tour operators to grow length of stay in Auckland	Medium

Improve marketing and distribution

Auckland needs to focus on marketing channels that provide deep engagement with target markets and deliver a high and measureable return on investment. ATEED will devote the majority of its focus and resources to expanding the top end of the funnel - growing awareness and intention to visit across Auckland's target segments and markets.

FIGURE 17: MARKETING FUNNEL FOR AUCKLAND



The key to success will be identifying target visitor segments for Auckland and then finding the most effective ways of influencing them. Four important areas have been identified to materially increase Auckland's marketing reach and depth of engagement, in addition to existing marketing channels.

1. Develop strategic joint ventures

Opportunities exist to access substantial distribution networks by forming strategic joint ventures with the owners of those networks. ATEED has already had some success with this approach, striking an innovative deal with Flight Centre in the middle of 2012 that delivered an additional 15,000 international visitors to Auckland in its first year. The cost to ATEED of this initiative was around \$500,000, which provided a return to Auckland of around \$13 million in additional visitor spend in the first year. A new partnership with the luxury Virtuoso network the U.S. has also been established.

2. Positioning and packaging Auckland as a destination as well as a 'stay-over'

Auckland, given its international airport, has always assumed a position as a gateway to New Zealand. In many instances however this gateway role has not been realised with visitors minimising their time in Auckland ahead of departing for other destinations across New Zealand. In many markets Auckland must be positioned as a 2-5 day destination in its own right, in particular domestic and Australia. However, strategic partnerships must be developed as well as influencing in-bound itineraries to ensure that Auckland's 'gate-way' status is leveraged into a 'stay-over' status. As an example, Auckland will partner with the Upper North Island Strategic Alliance to position North Island touring and also with other destinations such as Queenstown to package '3 nights AKL and 3 nights QTN'.

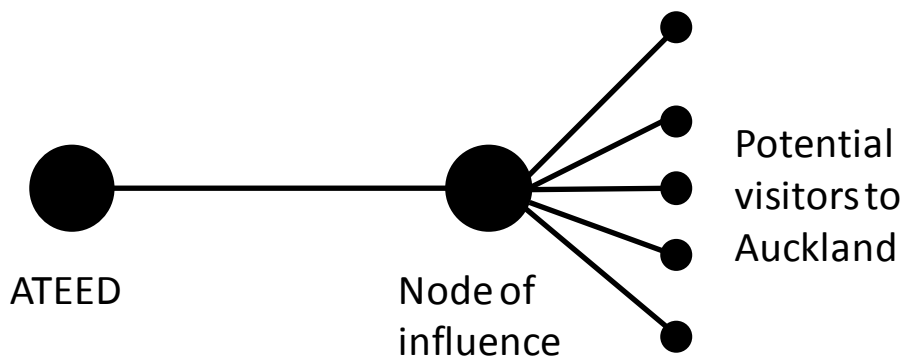
3. Leveraging 'people of influence' to generate awareness and intention to visit

Word of mouth and personal endorsements can have a strong influence on travel behaviour, particularly when the information comes from a trusted source such as a friend or someone widely respected or admired. There is an opportunity for Auckland to identify relevant people of influence and incentivise them to promote Auckland as a travel destination to their friends/family/followers.

The people of influence that Auckland chooses should have some or all of the following attributes:

- An extensive network of people from outside Auckland they can communicate with and influence
- A strong personal or commercial incentive to recommend Auckland as a place to visit
- An appreciation of what Auckland has to offer

FIGURE 18: NODES OF INFLUENCE



Possible people of influence include:

- Auckland's 1.5 million residents, many of whom have extensive domestic and international networks and would be willing to promote Auckland to friends and relatives if there was a compelling reason to do so. Examples include:
 - The approximately 50,000 international students studying in Auckland. Research shows that around 0.6 friends and relatives travel to New Zealand to visit each international student. This ratio could be increased by making it easier/more attractive for students to promote Auckland to their friends and relatives.
 - Ethnic associations in Auckland. Members of these associations are likely to have extensive networks in their native countries and many would be willing to promote Auckland to friends and relatives in those countries if there was a compelling reason to do so.
- Influential people with large networks or fan bases that are of interest to Auckland. They could be influential business people or celebrities.

4. Attention grabbing initiatives

Significant media exposure can be secured through attention grabbing initiatives, as demonstrated by Tourism Queensland's 2009 "Best Job in the World" campaign. These kinds of initiatives are generally built around innovative, entertaining and often sensational ideas that are worth sharing with others, resulting in wide distribution across social media channels and extensive media pick up. 'Going viral' is not easy, but is worth pursuing if the right idea can be developed.

5. Digital marketing

Digital marketing is a core element of ATEED's marketing strategy that allows Auckland to be promoted to a wide range of potential visitors in ways that were not previously affordable or possible. ATEED's in-house digital capability enables its social media programme, and elements of some campaigns, to be run entirely in-house. This gives ATEED the ability to deliver highly targeted 'micro' messages, and the agility to respond to threats and opportunities as they arise.

Strategic Goal 2	Improve marketing and distribution	Timeframe
Driver actions	Use strategic joint ventures to broaden Auckland's marketing and distribution reach across key segments and markets	Short-medium
	Use people of influence to promote Auckland and expand marketing reach	Short - medium
	Deliver local marketing initiatives to Aucklanders to raise awareness of tourism products and services and develop Auckland advocates among residents	Short
	Market Auckland domestically and include promotions linked to existing events	Short
	Undertake innovative and high impact PR initiatives	Short - medium
	Investigate the establishment of an Auckland card	Short
Core business actions	Provide information to visitors through ATEED marketing and communication channels that allows them to easily find the activities and experiences they're looking for in Auckland	Short
	Implement and manage Auckland's destination brand and develop bespoke brand propositions as required	Short
	Implement strategic marketing plans across target markets and segments and up-weight international consumer marketing activity	Short - medium
	Deliver bespoke hosting programmes in Auckland for international and domestic media, in addition to Tourism New Zealand's international media programme	Short - medium
	Use digital and social media to promote Auckland and support marketing initiatives	Medium
	Measure the effectiveness of major marketing and campaign initiatives and activities	Short
	Use the breadth of ATEED resources across business, destination and events to create new relationships when representing Auckland offshore	Short - medium
	Develop, curate and manage Auckland promotional content and collateral	Medium
	Partner with inbound tourism operators, airlines and wholesalers offshore to package tourism products	Medium
	Enhance local, domestic and international marketing of Auckland's major events	Medium
	Clearly articulate the benefits of tourism and major events to Auckland residents and stakeholders	Medium
	Link local attractions and events into marketing activity to feed visitors out into the regions	Medium

Develop world-class attractors and experiences

Auckland's success as a destination depends critically on its ability to provide a distinctive range of high value products and experiences that attract visitors to the region, provide them with high quality experiences, and leave them wanting more. Put simply, Auckland needs to become a destination that domestic and international travellers feel compelled to spend time in.

There is no formula for creating a world-class destination, but it is now widely acknowledged that the social and cultural fabric of a city is at least as important as its attractions and activities in driving visitation.⁵ The main implication of this for Auckland is that Auckland's development as a destination is inextricably linked with its development as a place.

Auckland Council's significant investment in liveability and the urban landscape provide Auckland with an unprecedented opportunity to reinvent itself as a city with a rich, distinctive personality and way of life that appeals to residents and visitors alike. Fabric-enhancing initiatives are primarily aimed at enhancing liveability and social wellbeing; however they can also have a material impact on Auckland's attractiveness and identity as a visitor destination. While resident wellbeing must remain the primary focus of such developments, a visitor lens should be applied to see whether minor changes could result in additional value being derived from these investments.

In addition to a rich social and cultural fabric Auckland needs a world-class portfolio of attractors that brings visitors to the region and compels them to spend more time and money in Auckland. Examples include, but are not limited to, iconic leisure experiences, major events, and business events. Auckland already has an enviable range of natural and man-made assets that have the potential to provide truly world-class experiences, but considerable vision and effort is required to realise the full potential of what we have.

Developing a world-class portfolio of attractors will transform Auckland from a gateway city into a prosperous and highly desirable visitor destination. The portfolio should be anchored by attractors that leverage and showcase things that are interesting and unique to Auckland, to create a global point of difference. The key opportunities for Auckland are:

1. Waitemata Harbour and Gulf Islands – Auckland has an opportunity to reposition the Waitemata Harbour and Gulf Islands as a world class Marine Park offering a range of distinctive attractions and experiences that are easily accessible. Auckland already has some high quality marine-based activities, but it lacks the must do water and island-based experiences that destinations like the Bay of Islands and Kaikoura have developed a reputation for, despite having similar assets.
2. Authentic cultural experiences – Auckland has a rich and unique culture shaped by Maori, European, Pacific and Asian influences. There is an opportunity to celebrate and showcase these cultures through the development of authentic culture-based visitor experiences in Auckland. The popularity of destinations like Rotorua demonstrates the high levels of demand for cultural experiences, particularly among international visitors. More than 1.8 million international visitors passed through Auckland in 2012; hence there is sufficient demand to support several high quality cultural experiences in Auckland. Development of cultural experiences will require consultation with the appropriate ethnic groups in Auckland, and private sector investment.
3. Waterfront attractions – There are three strategically significant sites along the waterfront growth axis that have the potential to become significant visitor attractions: Queens Wharf; the silo area located in the Wynyard Quarter; and the eastern end of Wynyard Point. The addition of signature attractions on these sites would enhance the visitor experience and stimulate further private sector investment throughout the CBD. The Waterfront Master Plan outlines

⁵ An excellent example of this is Melbourne which has no iconic attractions beyond its major events portfolio but is consistently rated as one of the best places in the world to live and visit. It has achieved this status by creating a rich and intimate visitor experience anchored by major sporting events, live performances, arts and culture, shopping, and food and beverage, promoted through clever marketing campaigns.

some exciting proposed developments for the area over the short and long-term which will all improve the visitor experience.

4. Rainforest attractions – Auckland has around 30,000 hectares of native rainforest divided relatively evenly between the Waitakere Ranges in the west and the Hunua Ranges in the south. There are already many walking trails in these forests, including the 70km Hillary Trail, but they are not well used by either locals or visitors. Auckland has an opportunity to create a sustainable market for hiking and rainforest experiences through greater promotion of existing trails and the development of eco-tourism experiences in the Hunua and Waitakere Ranges (with consideration given to the Waitakere Ranges Heritage Area Act 2008).
5. Walks – Auckland has many walking opportunities outside the rainforests providing distinctive cultural, heritage, conservation and geological experiences. Some of these could be developed into high quality multi-day walks with investment in supporting infrastructure with one example being a Maori guided walk being developed on Rangitoto and Motutapu Islands called the Rangitoto and Motutapu Haerenga (Journey). Other opportunities include urban walks and walks through the many regional parks in Auckland.
6. Wider Auckland region – Auckland’s satellite towns and rural areas contain some of New Zealand’s best food and wine, beaches, forest, scenery and wildlife. While these areas are relatively popular with locals, most visitors are unaware they exist or bypass them on the way to similar destinations on the main tourist routes. Auckland has an opportunity to capture more leisure tourism and extend length of stay in the region by developing and promoting the unique attributes of its outlying areas.
7. Major events - The key role that major events can play in helping Auckland to attract visitors and achieve its long-term economic and social aspirations has been recognised by ATEED and the Auckland Council in the Major Events Strategy. The strategy sets out a plan for determining the types of major events and festivals that are right for Auckland now and in the future.
8. Business events – The development of the New Zealand International Convention Centre provides Auckland with a significant opportunity to attract visitors that will bring not only new money but also new ideas, extensive business networks, and in some cases investment. ATEED has developed a Business Events Plan to capitalise upon this significant opportunity.
9. Food & beverage – Auckland now has a truly world-class food and beverage offering that is capable of catering to the needs of the high value visitors Auckland is targeting. Food & beverage can be an attractor in its own right, but it is also an important and very authentic part of Auckland’s fabric that has the potential to enhance the overall visitor experience.

Auckland will also explore the opportunity to develop a “mega-attractor” such as a major theme park, iconic structure or museum and continue to explore the feasibility of attaining UNESCO world heritage status for the volcanic cones of Auckland. They have the potential to be transformational (e.g. the Guggenheim in Bilbao)

Strategic Goal 3	Develop world-class attractors and experiences	Timeframe
Driver actions	Facilitate more day and multi-day guided walks in Auckland	Short-Medium
	Advocate for greater Maori & Pacific presence in Auckland's attractions, public spaces and frontline visitor services	Medium
	Facilitate and support the sustainable development of Harbour and Gulf Island products	Medium-Long
	Support the sustainable development of a major cultural attraction in a prominent City Centre/Waterfront location	Medium
	Build a portfolio of four economic and four social anchor events for Auckland	Short-Medium
	Aggressively pursue and secure Tier A (economic) major events for Auckland	Short – Medium
	Support and influence initiatives that have the potential to enhance the visitor experience: <ul style="list-style-type: none"> • Retail strategy - relevant to all visitors, particularly Asians and cruise passengers • Food and beverage initiatives • Visual and performing arts • City Centre Master Plan • Waterfront development • Input into Area Spatial plans • Supporting sustainability of natural assets • Input into Heritage Programmes in the future 	Medium-Long
Core business actions	Work with regions to help them develop their distinctive regional propositions and ensure that they are consistent with Auckland's brand	Short
	Maintain a "Marketing and Product Development" fund to support outlying areas to define, position and promote outer precincts that support or inform Auckland's brand	Short
	Support the development of authentic Maori cultural product and capability in Auckland	Short
	Implement the Tourism Development Plan	Short-Medium
	Tell Auckland's stories through ATEED's marketing and communication channels	Medium
	Promote the protection of Auckland's biodiversity and natural environment	Medium
	Apply a visitor lens to proposed major developments in Auckland	Medium-Long
	Measure the return on regional investment in ATEED's portfolio of sponsored events each year	Short

Grow capacity and capability

Achieving the economic aspiration will have significant implications for tourism-related infrastructure and capacity in Auckland over the next decade. For example:

- Inbound seat capacity will need to grow by around 200,000 seats per year. This represents growth of 3.4% per annum which is equivalent to 1.7 new daily 777-300ER services each year. There are good signals that this growth will be met by existing and new airlines.
- Auckland will need up to 3,400 new hotel rooms by 2021 in the CBD but also in urban areas such as Manukau, Albany and Takapuna and across various star grade categories. This represents growth in hotel capacity of up to 3.7% per annum, which is equivalent to 1.44 new 275 room hotels each year.
- The New Zealand International Convention Centre is scheduled for completion in 2018.

In addition to demand generation ATEED will help the private sector to deliver this new infrastructure by providing advocacy, information and a range of business facilitation services. ATEED will also assist with the attraction of investment to support the development of new visitor-related products and services.

Achieving the economic aspiration will also generate demand for an extra 12,000 full-time equivalent employees (FTEs) by 2021. This growth will place even greater demand on the sector to improve capability so that customer service levels can be further enhanced. ATEED will monitor labour requirements in the tourism sector and will work with relevant agencies to identify and fill critical capability gaps.

The required growth of infrastructure and services provides an opportunity for the Auckland region to develop business and amenities sustainably. For example:

- Technological advances and operational efficiencies will help to mitigate the environmental impact of additional domestic and international air capacity.
- There is an opportunity for new accommodation to be designed and built to international best practice standards using efficient and innovative solutions that minimally impact the environment. Ongoing sustainable business practices will ensure efficient and lean businesses maintain their competitive edge.

The opportunity for service increases will be for businesses to embed sustainable practices, minimise their resource use, showcase the local offering, and ensure an exceptional visitor experience is provided.

Strategic Goal 4	Grow capacity and capability	Timeframe
Driver actions	Partner with Auckland Airport and airlines to support and enhance the commercial sustainability of existing routes	Short - medium
	Support new route development initiatives with Auckland Airport and airlines	Medium
	Support the development of the New Zealand International Convention Centre in Auckland	Short
	Incorporate tourism as a strategic sector into the Auckland Business and Investment Attraction Plan	Short
	Establish a quarterly supply-side research programme to monitor the health of the local tourism sector and identify issues affecting tourism businesses	Short
	Enhance ATEED's resource and capability to attract investment into the tourism sector	
Core business actions	Understand and support Auckland Airport and the wider aviation sector's goals and role in increasing air capacity	Short
	Support hotel development, encourage sustainable hotel investment where demand gaps exist, and strengthen relationships with major hotel groups and the TIA Hotels Manager	Medium

Be visitor friendly

Providing a visitor friendly environment is a critical success factor for any destination. The key pillars of visitor friendliness are:

1. Making visitors feel safe and welcome

Auckland embraces the spirit of Manaakitanga, providing its guests with a warm welcome, ensuring that they are well cared for, and being respectful of their needs.

2. Providing visitors with the information they need to have the best experience possible

Visitor services play a key role in influencing the visitor experience and can have a material impact on awareness of opportunities, activity levels and expenditure. A critical success factor for Auckland's visitor economy is the provision of information, resources and signage to help visitors understand what Auckland has to offer and how they can access and experience it in the best possible way.

3. Making it easy for visitors to get to the places they want to visit

Auckland's transport issues are gradually being resolved, particularly in urban areas, but there are still challenges in terms of moving people between Auckland's urban areas and its outer regions, many of which would be of interest to visitors if they were easier to get to. It is difficult to justify new transport routes solely on the basis of tourism, but decisions regarding transport in Auckland must take visitors into account. Auckland has an opportunity to develop new transport links for residents that are subsidised by visitors.

ATEED has a critical role to play in facilitating and influencing the development of this infrastructure and connectivity by:

- Advocating for enhanced visitor infrastructure and better transport links to outer regions
- Ensuring that visitor needs are designed into publicly-funded infrastructure developments and transport initiatives
- Assisting the private sector by providing information that can be used to identify commercial opportunities and inform businesses cases, and reducing regulatory hurdles for compliant activities by acting as a friendly, accessible interface between investors and relevant public sector agencies

4. High levels of customer service

The aim is to develop a "service culture" within Auckland which will benefit both locals and visitors alike. To stand out from competing destinations visitors to Auckland must receive high levels of customer service throughout their entire visit and across the broad range of businesses they come into contact with.

Strategic Goal 5	Be visitor friendly	Timeframe
Driver actions	Deliver ahead of the curve digital tools that provide relevant information easily accessed on multiple devices	Short-Medium
	Ensure that visitor information and booking services are available at the cruise terminal, airport and relevant front of house points e.g. concierges	Short - medium
	Provide a warm and distinctive welcome to international visitors arriving cruise ship (e.g. Auckland Greeters Programme)	Medium
	Establish an ambassador programme in the CBD and at the main international gateways to Auckland	Short
	Support enhancements to visitor-related transport infrastructure e.g. CityRail link (e.g. Waterview, ferries, SkyPath)	Short
	Work with new and existing tourism operators to improve connectivity to outlying areas that are likely to be of interest to visitors.	Short
	Support the development of the waterfront and ensure that visitor needs are considered	Short
	Work with Business Attraction and Investment to identify Foreign Direct Investment opportunities within the visitor sector	Medium-Long
	Work with Auckland Transport and the private sector to investigate options for better linkages between the city centre and outer regions	Medium-Long
	Drive focus by other partner organisations and Auckland Council to develop and implement a comprehensive wayfinding signage programme	Short-medium
Core business actions	Monitor domestic and international visitor satisfaction levels	Short
	Maintain multi-language collateral where it is appropriate and viable to do so	Medium
	Develop a commercial strategy and programme of growing revenue through the i-SITE network	Short
	Improve and standardise visitor maps and signage, with consideration given to language barriers for key markets	Medium
	Make it easier for visitors to understand what's available in Auckland, where it is, and how to get to it	Medium
	Support the development of mobile platforms for visitors in a range of languages, to enhance their experience	Medium
	Understand and cater to the needs of the 'Accessibility' market at information hubs	Medium
	Work with national and local bodies to identify and monitor capability levels within the visitor industry	Medium
	Work with training providers to address skills gaps within Auckland	Medium-Long
	Work with Auckland Transport and the private sector to expand connectivity and service frequency between the city centre and outer regions, including the Hauraki Gulf Marine Park	Medium
	Support and influence transport initiatives that have the potential to enhance the visitor experience.	Medium-long
	Advocate for sustainable transport solutions	Medium-long

Make it easier to do business in Auckland

Achieving the economic aspiration for tourism will require considerable private sector investment in Auckland. To attract this amount of capital there will need to be a step-change in the way that Auckland is perceived as a place to establish and run a tourism business. The long-term commitment Auckland is making to tourism through this Visitor Plan is a key step in this process, but the intention to accelerate growth in the visitor economy must be supported by a “can-do” attitude within public sector agencies, and a genuine willingness to work collaboratively with the private sector to find practical solutions to problems. This will require more engagement between public and private sector organisations, and a greater appetite for public-private partnerships in areas that are owned or controlled by Council. Developing Auckland as a business friendly and well-functioning city is also recognised as a high priority by Auckland Council through both the Auckland Plan and the Economic Development Strategy.

Strategic Goal 6	Make it easier to do business in Auckland	Timeframe
Driver actions	Create a toolkit for new businesses in Auckland	Short
	Assist visitor-related businesses with operational issues and regulatory processes. This service will be available to existing businesses (trouble shooting), start-ups (business support) and potential investors	Short
	Commission an independent review to assess the quality and completeness of the information ATEED has to measure and support the visitor economy	Short
	Assist with the attraction of investment to support the development of new visitor products	Short-Medium
Core business actions	Keep businesses well informed about ATEED’s activities and marketing initiatives	Short
	Be a vocal advocate for visitor-related businesses	Short
	Advocate for major events in regulatory change and infrastructure provision	Short-Medium
	Increase awareness of the ATEED resources available to assist with improving business’ capability in sustainability	Short-Medium