

Project title: Strengthening our position in Wellington’s most important international market - Australia

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 Strategy area: **Tourism Promotion**

1. The Proposal

Positively Wellington Tourism (PWT) wants to develop an effective partnership model that will enable Wellington to secure and grow New Zealand’s share of the Australian visitor market in both the short and long term.

The partnership model needs to be based on engaging New Zealand’s lead regional tourism organisations (RTOs) (and their supporting Councils/members), the private sector (including airline connectivity and support) and Tourism New Zealand (TNZ).

The timeliness of this project is important; Wellington has successfully raised its profile in New Zealand as an attractive visitor destination and dynamic place to do business, however this is not the case in Australia. The current economic climate means that the reliance Wellington has on Australia for international visitors is particularly focussed and at the same time Australian’s are looking closer to home for travel options. Building the perception and desirability of Wellington in Australia now will assist Wellington in maintaining air connectivity today and growing demand further in the future.

In 2009-10 this initiative will help Wellington weather the current global financial crisis. In the future this initiative provides the opportunity to grow demand for Wellington as a place to visit from Australia for:

- The Arts
- Events
- Business
- Visiting Friends and Relatives
- Short city holiday breaks
- Using the city as a base for longer holidays

The Australian market is worth \$1.6 billion to New Zealand in visitor expenditure. As New Zealand’s largest inbound market and given its “semi-domestic” nature, the performance of the Australian market is critical to how well tourism is able to weather the global financial crisis.

Wellington currently secures \$279 million of the total New Zealand spend by Australian visitors. PWT’s objective is to increase Australian visitor spend in Wellington by \$27 million per annum.

Additional arrivals	7,300 (+7.2%)	Additional nights (average length of stay 3.8)	27,740
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Expenditure per visitor night	\$444.19	Additional Expenditure (in tourism)	\$12.3 million
Flow Down Effect factor	2.2	Additional Expenditure (inc. flow-on)	\$27 million
Employment factor	100,600	Additional employment created/preserved	268

2. Proposal Costs

<i>Outline project costs per year</i>										
Project Component	Operating Income \$000									
	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
<i>Existing PWT Australia Funding</i>	392	392	392							
<i>1.5c per \$1,000 of capital value increase in the Downtown Levy</i>	1,038	1,038	1,038							
<i>New Commercial Partners</i>	483	483	483							

The funding for this activity will come from the Downtown Levy. We propose that this funding should be applied for three years and that before the end of that period the project should be reviewed in order to decide future provision of funding to PWT for the purposes outlined herein. Three years will allow for the project to be initiated and activity to occur to a level which will demonstrate the effectiveness of that activity and to be reviewed appropriately. This period will also be appropriate to assisting in attracting funding from central government and private industry.

Funding Assumptions

Whilst no additional funds can be leveraged from current private sector partners to supplement the existing fund, by significantly increasing the base funding opportunities will arise to bring both existing and new funding partners together with additional funding. This proposal recommends an increase in the current Downtown Levy of 15 cents per \$1,000 of capital value.

Positively Wellington Tourism has considered carefully the re-allotment of existing funding to this project. It is however clear that such action would severely jeopardise the privileged position which Wellington holds in New Zealand as being the destination which has seen sustainable growth since the mid 1990's and which is weathering the economic downturn most successfully. These achievements are the result of the multi-dimensional campaign funded by WCC and carried out by PWT which mean that Wellington is able to promote itself to key sectors in New Zealand and overseas.

3. Project Outline

Background

Key facts about the Australian market to Wellington:

- 100,565 Australians arrived directly into Wellington Airport to the YE April 2009 with a growth rate of 5.5% over the previous 12 months¹
- Australians contributed 700,000 guest nights to Wellington to the 12 months to March 2009²
- Australians spend an average of 4 nights in Wellington³

¹ International Visitor Arrivals, April 2009

² International Visitors Survey, Year End March 2009

³ International Visitors Survey, Year End March 2009

PWT has been active in the Australian market for a number of years. Together with partners including Wellington International Airport Limited, the InterIslander, Te Papa and inner city hotel partners, partner contributions have enabled PWT to achieve wider consumer promotion within Australia. PWT has since partnered with TNZ to leverage the 'What's On' campaign to broaden market coverage and reach.

The Problem

TNZ has upweighted its presence in the Australian market with both brand ("Youngest Country") and tactical ("What's On") campaigns.

The latest "What's On" executions are "experience" based (and good), but what is missing is a truly leveragable campaign based on regionally differentiated "come now" deals.

Wellington has significant "brand" challenges in the Australian market, particularly regarding lack of destination knowledge and what makes Wellington 'different'

To help change perceptions PWT have an active public relations programme of hosting media from Australia to Wellington in addition to a proactive media communications programme. PWT works with a contracted public relations company in Sydney, Hill & Knowlton, to continually seek new media opportunities for Wellington. This in turn leads to media profile Wellington would not otherwise achieve or afford.

The Opportunity

It is imperative now that PWT shows commitment and leadership in the Australian market in order to gain the support of PWT's commercial partners for activities we undertake and to make the next big step forward for Wellington in its growth as a destination for business and leisure.

Economic uncertainty in other international visitor source markets such as the UK and the USA mean that Australia will become even more important in the short to medium term and thus this is the right time to initiate a heightened level of activity. Australia also represents a significant opportunity to further develop meetings & incentives as well as events in Wellington.

Increasing recognition of Wellington in Australia and visitation there from will also increase demand for trans-Tasman flights, thus maintaining and increasing Wellington's connectivity with the rest of the world.

Recognition of Wellington as a destination to visit from Australia is very poor except amongst those people who have been; current visitation levels show that only 2% of the urban population of SE Australia visit Wellington. The satisfaction levels of those who have visited are extremely high and thus the opportunity to make a much more significant impact is clear.

If we choose to not take this opportunity now we know that other gateways into New Zealand will move ahead of Wellington and the opportunity that Wellington has to lead and utilise its well developed brand will be lost. Whilst PWT expect to continue to see marginal growth of Australian visitors in the current year this would be a declining market share of total travellers within the Australian domestic market and trans-Tasman.

PWT's existing partners (such as downtown hoteliers) and potential partners (such as airlines) see this proposed strategy as one which they can clearly buy into and demonstrate a return on investment to their stakeholders within the current economic climate and beyond.

TNZ also considers Australia to be its most important visitor market with almost one million Australians visiting New Zealand annually. The costs of consumer marketing in Australia are extremely high however (relative to PWT budgets). PWT would like to significantly increase our regional distinctiveness through consumer marketing and public relations programmes within Australia to maintain and step-up the momentum created, but this is not possible within existing budgets.

To maximise Wellington's position in Australia, PWT recognises the need to work with TNZ, but to be able to position "Destination Wellington" in Australia, Wellington needs to significantly upweight the promotion of what makes the Wellington region distinctive for both leisure and business travellers and why it should be a 'must do destination' from other destinations both in Australia and New Zealand to the Australian audience.

There is agreement between the main six gateways (Auckland, Rotorua, Wellington, Christchurch, Dunedin and Queenstown) that refocusing the manner in which New Zealand is promoted in Australia could have a very significant impact on arrival growth to New Zealand. The relatively mature marketing proposition that has been developed for Wellington from the resources contributed by the WCC since the mid 1990s, mean that Wellington now has the opportunity to achieve the greatest impact from such activities.

Support for a dedicated and distinct Wellington regional marketing campaign in Australia has been gained from Air New Zealand, the Wellington Regional Chamber of Commerce, Wellington International Airport Limited, the New Zealand Hotel Council, the InterIslander, and Te Papa, as well as a number of other Wellington tourism partners.

Opportunities to leverage

New Zealand and Australia are each other's largest visitor markets; there is an opportunity to work more closely together to protect each other's interests. The proposal to make ease of access better by treating each other as "domestic" travellers at Immigration is a positive step.

We know that consumers are looking for great travel deals, that they are motivated by price and that there is a well established trend to take short breaks. The recommended small increase in the Downtown Levy would provide PWT with a funding mechanism to enable us to raise an additional \$1.125 million to support increased investment in the Australian market.

PWT also knows how to bring other funding partners (from the private sector) to the table. However, to harness the support of PWT and those others who have been investing in the Australian market, there is an urgent need to promote destination-based short breaks and, critically, New Zealand as a business and conference destination. (vs. relying on the current experience-based campaign).

Joint Venture Funding

Discussions between the Gateway Regional Tourism Organisations and central government have suggested that central government would be interested in the idea

of a contestable fund which would seek to match new funds gathered locally for the increased promotion of New Zealand in Australia. These discussions have been led by PWT and supported by our partner RTOs in Auckland, Christchurch, Queenstown, Rotorua, and Dunedin.

These co-investment funding models are aimed at increasing the frequency of which Australians visit New Zealand through joint venture campaigns funded by central government, local government and private industry partner funding.

Key Activities

PWT focuses activity in Australia on the three main metros with direct air access to Wellington in the following priority order: 1) Sydney; 2) Melbourne; and 3) Brisbane.

Operating Expenses		
ACTIVITY	DETAIL	COST BREAKDOWN
CONSUMER MARKETING		
Television	<ul style="list-style-type: none"> o Foxtel (National) o Production o Partner involvement including airlines and travel partners 	\$750,000
Online	<ul style="list-style-type: none"> o Interactive Formats including MPUs o Solus Emails via FD Solutions, EmailCash, Great Aussie Surveys (Solus emails to to NSW/QLD/VIC interested in travel to NZ) o Australia-specific content development for WellingtonNZ.com o Partner involvement including airlines and travel partners 	\$408,000
Outdoor	<ul style="list-style-type: none"> o Bus Sides (Supersides) – SYD/MEL/BNE o Four Week Flight o Installation & Production Costs o Partner involvement including airlines and travel partners 	\$325,000
TRADE TRAINING & EDUCATION		
Market Visits	<ul style="list-style-type: none"> o 2 x wholesale sales visits to Sydney, Brisbane and Melbourne o 1 x wholesale sales visit to Adelaide o 1 x PR Planning visit to Sydney 	\$20,000
Trade Familiarisations	<ul style="list-style-type: none"> o Familiarisation visits to Wellington, Regional Wellington and Wairarapa: <ol style="list-style-type: none"> 1) Target key Australian wholesale product managers 2) Target and work with key Australian Wholesalers + airlines to co-ordinate famils with top front line reservation consultants + retail agents 	\$10,000
MEDIA HOSTING & EVENTS		
International Media Programme (IMP)	<ul style="list-style-type: none"> o Host a minimum of 18 media from newspapers and lifestyle magazines (host around events e.g. Toast Martinborough, Marlborough Wine & Food Fest, WOW and International Festival of the Arts) o Annual media experiences in Sydney and Melbourne, e.g. Wellington / Wairarapa interactive food and wine show-case to a targeted media group o Work with Tourism New Zealand's IMP 	\$50,000
HUMAN RESOURCES		

Australian Marketing Manager & Australian-based Marketing Coordinator	<ul style="list-style-type: none"> o Australia Marketing Manager (Wellington-based): Manages full Australian marketing programme – above and below-the-line o Australia Marketing Coordinator (Sydney-based): Manages all trade training, trade education, media liaison and in-market promotions and stunts 	\$150,000
PUBLIC RELATIONS		
Contracted PR representation	<p>A key focus is to utilise PR activity to significantly raise the profile of Wellington as a visitor destination, to a level well beyond what could normally be achieved with the level of investment required for advertising. Activities to include:</p> <ul style="list-style-type: none"> o Proactive media pitching, with a strong focus on print media to counter strong paid media buy of online and TV mediums o PR stunts / experiential activity in market o Australian travel trade and media e-news bursts o Media releases to trade, travel and general media o Build a consumer database through database acquisition (via cross promotional activity with PR agency clients) o Competitions o Innovative campaigns o PR Stunts/Promotions 	\$200,000

4. Conclusion

This New Initiative recommends increasing the Downtown Levy by 15 cents per \$1,000 of capital value to raise an additional fund of \$1.038 million. This additional funding could be further leveraged with funding from central Government and the tourism industry in the future. Ongoing discussions between PWT, the tourism industry and central Government are taking place. Up-weighted joint activity in the Australian market will result in a significant promotional campaign in Australia for Wellington with distinct regional propositions supported by strong call-to-actions and price points.