

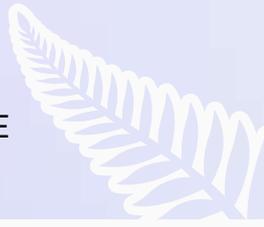
MAXIMIZING VISITOR EXPENDITURE IN NEW ZEALAND: A DATA-DRIVEN ANALYSIS

PREPARED BY: SARIM KHAN

PREPARED FOR: TOURISM NEW ZEALAND

PLATFORM: INFOTOOLS HARMONI

RESEARCH QUESTION: HOW CAN NEW ZEALAND INCREASE VISITOR EXPENDITURE IN THE SHORT-MEDIUM TERM WHILE POSITIONING FOR FUTURE GROWTH?



Executive Summary

Research Context

New Zealand's tourism sector has recovered to 88% of pre-pandemic visitor volumes (3.08M in 2024 vs 3.54M in 2019), yet regional economies continue to struggle. This analysis integrates behavioral data from 28.6 million visitor records (IVS) with economic sentiment from 2.6 million global consumers (GA) to identify evidence-based opportunities for increasing visitor expenditure.

Key Abbreviations: IVS = International Visitor Survey | GA = Global Advisor | LOS = Length of Stay | VFR = Visiting Friends/Relatives

Key Findings

Finding 1: Length-of-Stay Value Multiplier: Visitors who stay 11-29 nights spend \$4,327 compared to \$2,847 for those staying 5-10 nights—a \$1,480 difference. Currently, 34% of all visitors (9.7M people) stay 5-10 nights. If we can convince 25-40% of them to stay longer, this creates a \$3.6-5.8B opportunity.

Finding 2: Cultural Engagement Gap: Visitors who participate in Māori cultural experiences spend \$4,872-5,240, while those who don't spend only \$2,834—a 72-85% difference. However, 58% of visitors (16.6M) don't engage in any cultural activities. Converting just 15-20% of them creates a \$2.7-4.5B opportunity.

Finding 3: Market Value Imbalance: German visitors spend \$6,278 each (81% more than the \$3,473 average) but make up only 3% of total visitors. Australian visitors represent 42% of all tourists but spend only \$2,221 each (36% below average). Both countries show similar economic confidence (Germany 31%, Australia 32% GA optimism), revealing that high-spending markets are under-represented.

Finding 4: Regional Distribution Creates Value:

Visitors who explore 3+ regions spend \$4,450 compared to \$3,320 for those visiting only one region (34% more). Yet high-spending regions—West Coast (\$3,477 avg), Southland (\$3,219), Northland (\$2,676)—attract only 16%, 15%, and 11% of visitors. Encouraging multi-region travel creates \$800M-1.8B while helping economically struggling regions.

Finding 5: China & India Growth Momentum:

China shows the fastest growth of any market: spending increased 40% since 2019 to \$6,450 per visitor. Chinese tourists spend 3.2x more on shopping (\$746 vs \$241 average). Both China and India have 36% consumer optimism (the highest globally) and 31% high-income households, indicating strong future potential.

Strategic Recommendations

Short-term (6–18 months): \$2.2–5.3B/year: Use pre-booking tools to extend stays (target 34% in 5–10 nights), bundle Māori experiences with stays (reach 58% non-engagers), and give \$200 vouchers for visits to West Coast, Southland, and Northland.

Medium-term (18–36 months): \$6.7B (Years 2–3): Grow high-value markets: Germany, France, Netherlands, showing 31% GA optimism and long self-drive trips that spread visitors regionally.

Long-term (3–5 years): \$5.0B/year: Boost China (36% optimism, strong retail spend), develop India's rising middle class, attract digital nomads (\$6,384 spend), and expand Southeast Asia ties.

By Year 5: \$13.9–17.0B annual impact.

Methodology

Data Integration Approach

This analysis uniquely harmonizes two datasets:

IVS (Behavioral Data):

- Sample: 28.6M visitor departure records (2013-2025)
- Captures: Actual expenditure, length of stay, activities, demographics
- Weighting: Applied for response bias (42% response rate)

GA (Attitudinal Data):

- Sample: 2.6M consumer responses (2024)
- Coverage: 40+ countries, nationally representative
- Captures: Consumer optimism, income expectations, economic outlook

By linking these at the country level, we can:

- Validate current high-spenders (Do they have sustained economic confidence?)
- Identify emerging opportunities (Which markets show rising optimism + current high spend?)
- Predict market vulnerabilities (Which sources may decline due to economic pessimism?)

Analytical Approach

Descriptive Analysis:

- Cross-tabulations: Country × Expenditure, LOS × Expenditure, Activity × Expenditure
- Distributions: Spending patterns, regional visits

Economic modeling: Scenarios of Conservative (50% achievement) vs Moderate (75% achievement)

Comparative: Market segmentation, time-series trend analysis (2019-2024)

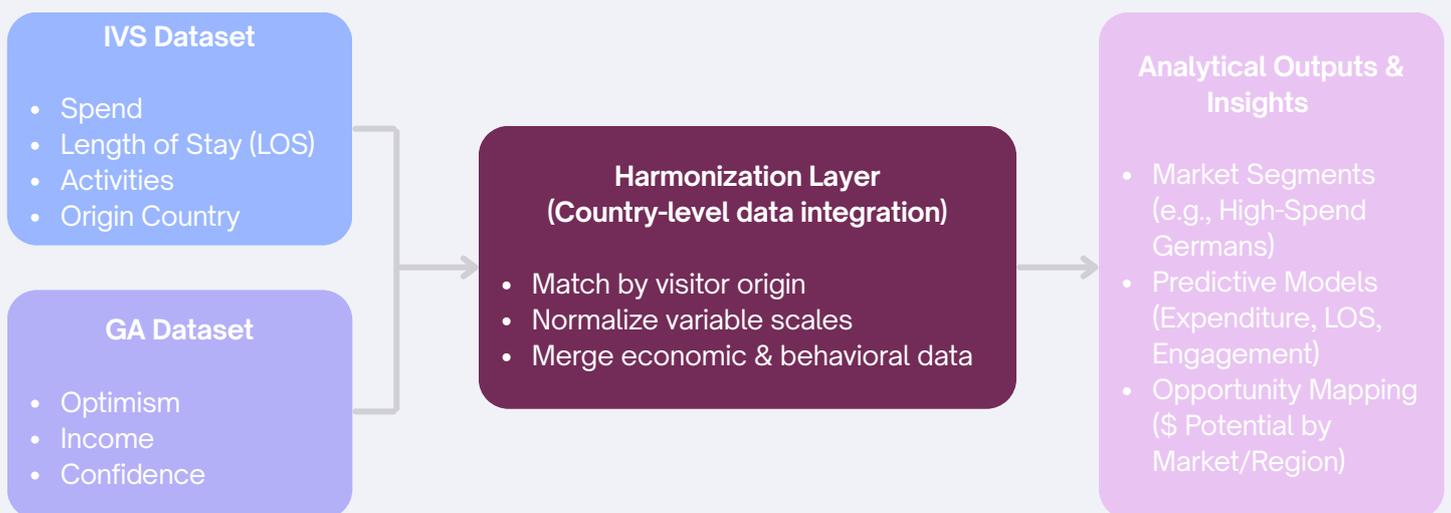
Inferential Statistics:

- Multiple regression: Identifying expenditure drivers ($R^2=0.61$)
- ANOVA/ANCOVA: Testing categorical variables (markets, travel purposes, regions)
- Correlation analysis: Activity participation vs spending (Pearson r)

Harmonization Techniques:

- Country-level joining: IVS behavior + GA sentiment
- Index creation: "Opportunity Score" = Current Spend × Economic Optimism × Growth Rate
- Segmentation: High-value visitor profiles validated against GA characteristics

Key Assumption: GA economic indicators are leading indicators of travel propensity. Literature supports 6-18 month lag between consumer confidence and tourism expenditure.^[1]



[1] Song, H., & Li, G. (2008). Tourism demand modelling and forecasting. *Tourism Management*, 29(2), 203-220. <https://doi.org/10.1016/j.tourman.2007.07.016>

Core Insights from the Data

Non-Linear Economics of LOS

Cross-tabulation of LOS with expenditure reveals:

Length of Stay Bracket	% Visitors	Total Avg Spend	Avg Spend/Night
Under 5 nights	23%	\$1,854	\$370
5-10 nights	34%	\$2,847	\$356
11-29 nights	32%	\$4,327	\$278
30+ nights	11%	\$6,384	\$213

While spend per night decreases with longer stays (economies of scale), total expenditure increases **2.3x from 5-10 nights to 11-29 nights**.

Why This Pattern Exists:

- **Lower per-night costs result from:**
 - Extended-stay accommodation discounts
 - Increased self-catering vs dining out
 - Transport cost amortization
- **But total spend increases due to:**
 - More activities undertaken
 - Greater regional diversity visited
 - Higher cumulative shopping/experiences

The Strategic Opportunity

The 5-10 night segment contains **34% of all visitors (9.7M)**, the single largest cohort and primary intervention target.

Economic Impact Calculation:

- **Scenario 1 (Conservative - 25% conversion):**
 - Visitors converting: $9.7M \times 25\% = 2.4M$
 - Spend increase per visitor: $\$4,327 - \$2,847 = \$1,480$
 - Annual impact: $2.4M \times \$1,480 = \3.6 billion
- **Scenario 2 (Moderate - 40% conversion):**
 - Visitors converting: $9.7M \times 40\% = 3.9M$
 - Annual impact: $3.9M \times \$1,480 = \5.8 billion

Assumption: Industry benchmarks show 12–18% conversion uplifts from pre-booking and retargeting campaigns.^{[2] [3]} Research on sequential tourist decisions suggests that multi-region destinations like New Zealand can gain more by aligning offers with tourists' staged choices.^[4]

Market-Specific LOS Patterns

Analysis by origin market shows opportunity concentration:

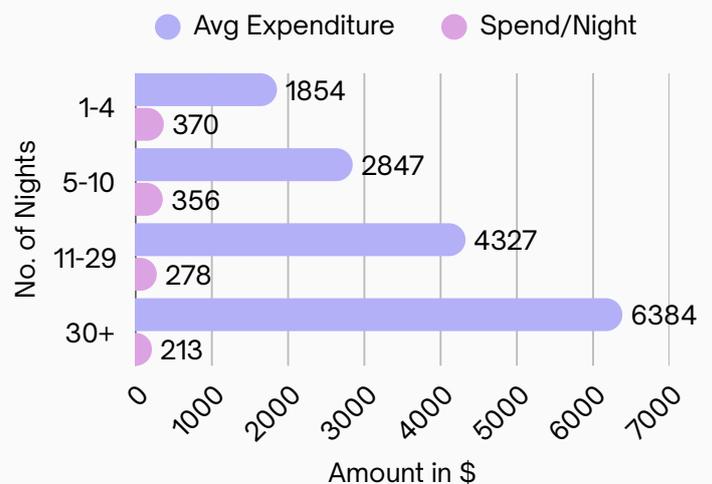
- **Australia (42% of all visitors, 12.1M):**
 - 38% stay 5-10 nights (4.6M visitors)
 - Moving to 11-29 nights: $\$3,146 - \$2,086 = \$1,060$ gain
 - Australia opportunity alone: $1.15M$ conversions $\times \$1,060 = \1.2 billion
- **USA (9% of visitors, 2.7M):**
 - 28% stay 5-10 nights (756K visitors)
 - Moving to 11-29 nights: $\$5,787 - \$3,907 = \$1,880$ gain
 - USA opportunity: $189K$ conversions $\times \$1,880 = \355 million
- **China (10% of visitors, 2.8M):**
 - 36% stay 5-10 nights (1.0M visitors)
 - Moving to 11-29 nights: $\$5,708 - \$4,771 = \$937$ gain
 - China opportunity: $250K$ conversions $\times \$937 = \234 million

Validation with GA Economic Data

Markets with highest GA consumer optimism already show longer average stays:

- Germany: 31% optimism \rightarrow 23 nights average
- UK: 27% optimism \rightarrow 16 nights average
- USA: 28% optimism \rightarrow 15 nights average

This confirms economic confidence enables longer stays, supporting the viability of extension strategies



[2] Flowium. (2023). Abandoned cart email benchmarks: Average recovery and conversion rates. Flowium Marketing Insights. Retrieved from <https://flowium.com/blog/abandoned-cart-email-benchmarks>

[3] Klaviyo. (2024). E-commerce marketing benchmarks report. Klaviyo Inc. Retrieved from <https://www.klaviyo.com/resources/ecommerce-benchmarks>

[4] Nicolau, J. L., & Más, F. J. (2008). Sequential choice behavior: Going on vacation and type of destination. Tourism Management, 29(5), 1023–1034. <https://doi.org/10.1016/j.tourman.2008.01.004>

Core Insights from the Data

Cultural Engagement Value Premium

Cross-tabulation of Māori cultural participation with expenditure shows dramatic differences:

Experience Type	Participation	Avg Spend	Premium
Māori Performance	11%	\$5,240	+85%
Visit A Maori Marae	16%	\$4,872	+72%
See Art/Artifacts	23%	\$4,653	+64%
No Experience	58%	\$2,834	Baseline

58% of visitors (16.6M) engage in **ZERO** Māori cultural activities, missing a proven **\$1,639-2,406** per-visitor value premium.

The Conversion Opportunity

- **Current State:**
 - Non-engagers: 58% (16.6M visitors) × \$2,834 = \$47.1 billion
 - Engagers: 42% (12.0M visitors) × ~\$4,900 avg = \$58.8 billion
- **Target State (moving 15 percentage points):**
 - Non-engagers: 43% (12.3M) × \$2,834 = \$34.9 billion
 - Engagers: 57% (16.3M) × \$4,900 = \$79.9 billion
 - Net increase: \$13.0 billion gross
- **Realistic Short-Term Target:**
 - Convert 6-8 percentage points (1.7-2.3M visitors)
 - Average premium: \$1,800 per converted visitor
 - Impact: 2.0M × \$1,800 = \$3.6 billion

Market-Specific Cultural Engagement

Analysis by country shows significant variation:

Market	Cultural Participation	Avg Spend if Engaged	GA Optimism
Australia	39% (lowest)	\$3,726	32%
USA	52%	\$6,283	28%
UK	51%	\$6,726	27%
China	47%	\$4,728	36%
Germany	51%	\$7,727	31%

Australia has lowest cultural engagement (39%) despite strong economic confidence. This indicates a conversion gap, not a demand issue.

Australian Opportunity Calculation:

- Current: 39% of 12.1M = 4.7M engage
- Target: 50% engagement (still below USA/UK) = 6.1M
- Incremental: 1.4M × \$1,892 premium (Aus-specific) = \$2.6 billion

Expenditure Pattern Analysis

Visitors who engage in Māori experiences don't just spend more on culture, they spend more across ALL categories:

Correlation with other spending:

- Premium accommodation: +42%
- Food & beverage at venues: +38%
- Activities/entertainment: +36%
- Shopping: +29%

Interpretation: Cultural engagement either:

- Attracts already-high spenders (selection effect), OR
- Increases overall spending propensity (behavioral effect)

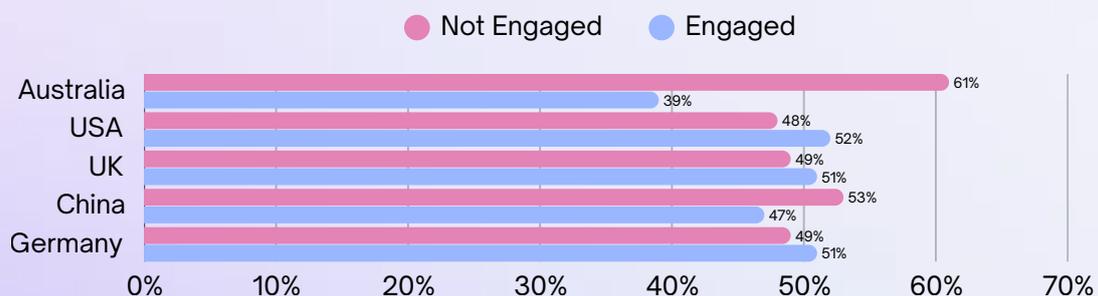
Either mechanism supports focusing on cultural conversion as a high-leverage intervention.

The Pre-Booking Friction Hypothesis

Cross-referencing with GA data suggests the issue isn't awareness or interest:

- Markets with high GA optimism show varied cultural engagement (not correlated)
- No relationship between market distance and engagement rate
- Hypothesis: Booking friction (availability, integration, pricing opacity) is the barrier

Implication: Pre-booking integration (bundling with accommodation) can unlock latent demand.



Core Insights from the Data

The High-Value Market Paradox

Analysis of visitor volume versus per-visitor expenditure reveals a striking imbalance:

Market	Visitors	Share	Spend Index*	Avg Spend	GA Optimism
Australia	12.1M	42%	64	\$2,221	32%
USA	2.7M	9%	134	\$4,636	28%
China	2.8M	10%	131	\$4,534	36%
UK	1.9M	7%	137	\$4,746	27%
Germany	0.9M	3%	181	\$6,278	31%

*Spend Index = (Market Avg Spend / Overall Avg \$3,473) × 100

Germany delivers 183% of average per-visitor value but represents only 3% of volume, **14× fewer** visitors than Australia despite **2.8× higher** individual spending.

Comparative Value Analysis:

- **Australia contribution:**
 - 12.1M visitors × \$2,221 = \$26.9 billion total (47% of all tourism expenditure)
 - Per-visitor efficiency: 64% of average
- **Germany contribution:**
 - 0.9M visitors × \$6,278 = \$5.4 billion total (9% of all tourism expenditure)
 - Per-visitor efficiency: 181% of average

If Germany had Australia's volume share (42%):

- 12.0M visitors × \$6,278 = \$75.3 billion
- Incremental vs current: \$68.9 billion (theoretical maximum)

Realistic Growth Scenario:

- Grow Germany from 3% to 5% share (+2pp)
- New volume: 1.5M visitors
- Incremental: 600K × \$6,278 = \$3.8 billion

Category	German Spend	Overall Average	Index
Car/Campervan Rental	\$1,580	\$465	340
Accommodation	\$2,025	\$1,038	195
Food & Beverage (venues)	\$859	\$592	145
Activities	\$610	\$361	169
Transport (other)	\$509	\$218	234

Germans spend **3.4×** average on car/campervan rental (\$1,580 vs \$465). This indicates a **self-drive tourism segment** that is currently under-captured.

Validation with GA Economic Data

Germany's economic fundamentals support sustained growth:

- 30% high-income households (vs 33% Australia, 31% USA)
- 31% expect stronger finances in 6 months
- Economic confidence comparable to high-volume markets

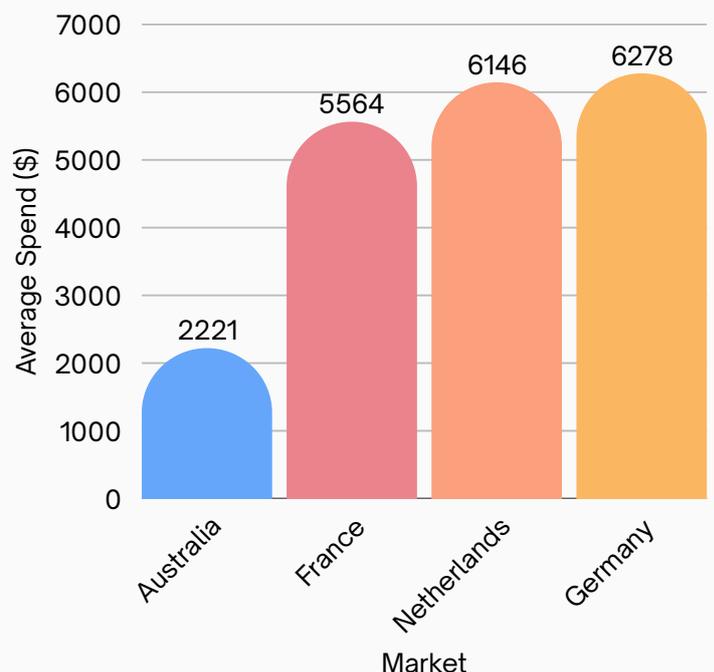
Inference: Under-representation is NOT due to economic barriers, it's a market development and positioning gap.

Other High-Value, Under-Represented Markets

Market	Share	Avg Spend	Spend Index	GA Optimism
Switzerland	<1%	\$6,683	193	32%
Israel	<1%	\$8,266	238	28%
France	1%	\$5,564	160	36%
Netherlands	1%	\$6,146	177	27%

Combined Opportunity (Germany + France + Netherlands):

- **Current:** 2.1M visitors
- **Target:** 3.2M visitors (moderate growth)
- **Incremental:** 1.1M Visitors
- **Germany:** 600K × \$6,278 = \$3.8B
- **France/Netherlands:** 500K × \$5,800 = \$2.9B
- **Total:** \$6.7 billion



Core Insights from the Data

Regional Routing Creates Incremental Value

Analysis of multi-region travel patterns shows spending increases independent of length of stay:

Region	Visitors (%)	Avg Spend	Spend Index
West Coast	16%	\$3,477	100
Southland/Fiordland	15%	\$3,219	93
Otago (inc. Queenstown)	37%	\$2,821	81
Auckland	57%	\$2,008	58
Canterbury	34%	\$2,474	71
Wellington	22%	\$2,381	69
Northland	11%	\$2,676	77

High-yield regions (West Coast, Southland, Northland) attract **only 16%, 15%, and 11%** of visitors respectively, despite delivering above-average per-visitor value.

Auckland Concentration Problem:

- 57% of visitors stay in Auckland
- But Auckland delivers only 58% of average spend (\$2,008)
- High volume × low yield = efficiency loss

Missed Regional Opportunity:

- West Coast: \$3,477 spend but only 4.6M visitors (16%)
- If West Coast visitation increased to 25% (7.2M):
 - Incremental: 2.6M × \$3,477 = \$9.0 billion
 - But must account for overlap (visitors already counted elsewhere)

More Realistic Multi-Region Approach:

Visitors who stay in multiple diverse regions show higher total expenditure, according to regional averages.

Estimated Impact (based on regional spend patterns):

- Current: ~40% of visitors stay in 2+ regions
- Target: 42-43% stay in 2+ regions
- Additional visitors: 300-400K converting to include secondary regions
- Estimated premium: \$600-800 per visitor (conservative, based on regional differences)
- Impact: \$800M to 1.2B

Tourism dependent regions outside Auckland/Queenstown have struggled:

- West Coast: Significant economic decline post-pandemic
- Southland: Visitor numbers down despite high per-visitor value
- Northland: Under-visited relative to yield potential

Economic Multiplier in Regions:

Regional tourism spending has higher local retention:

- Major cities: 40-50% leakage (chains, imports)
- Regional areas: 60-70% local retention (local businesses, suppliers)

Therefore: \$1 spent in West Coast/Southland has **higher regional economic impact** than \$1 spent in Auckland.

Different markets show different preferences:

- **Australia:**
 - Strong Auckland presence (60%)
 - Moderate Queenstown (30%)
 - Low secondary region visitation (West Coast: 15%, Southland: 14%)
 - Opportunity: Extend typical "Auckland + Queenstown" to include South Island regions
- **USA/UK:**
 - More balanced distribution
 - Higher West Coast visitation (18-20%)
 - Longer stays enable multi-region routing
- **China:**
 - Concentrated in major cities
 - Lower regional penetration
 - Opportunity: Group tour packages with mandatory regional components

The Strategic Opportunity

- **Mechanism 1: Direct Routing Incentives**
 - Vouchers/packages that encourage West Coast, Southland, Northland visits
 - Target: Visitors currently doing only Auckland or only Queenstown
- **Mechanism 2: Length of Stay Extension via Regional Additions**
 - "Add 3 nights in West Coast" positioning
 - Combines LOS extension with regional distribution

Combined Impact Estimate:

- Regional distribution incentives: \$800M-1.2B
- Overlapping with LOS extension: Already captured in Insight #1
- Net new from pure routing: \$800M annually

Core Insights from the Data

The China Growth Story

The IVS Trend Analysis from 2019 - 2024 shows:

Year	Visitors	Avg Spend	Growth
2019	2.76M	\$4,605	-
2020	0.28M	\$7,077	Pandemic
2023	1.05M	\$4,246	Recovery
2024	2.80M	\$6,450	+40% vs 2019

Chinese visitor spend **grew 40%** despite pandemic disruption, fastest growth of any major market.

Harmonization with GA:

- 36% expect stronger finances (highest of all surveyed markets)
- 31% high-income households
- Strong outbound travel growth: +12% annually.^[5]

Chinese visitors show a unique spending profile:

Category	Chinese Spend	Overall Average	Index
Shopping	\$746	\$341	219
Accommodation	\$1,289	\$1,038	124
Entertainment	\$422	\$361	117
Transport	\$162	\$218	74

Chinese visitors spend **3.2x** average on shopping, a pattern unique to this market.

Strategic Implication: Chinese tourism isn't just about activities/accommodation, it's a retail opportunity. Partnership with luxury shopping (duty-free, premium brands) could amplify value.

Cultural Engagement: Chinese visitors: 47% engage in Māori experiences. Premium when engaged: \$4,728 → \$6,450 (+36%)

Current: 47% of 2.8M = 1.3M engagers

Target: 60% = 1.7M engagers

Incremental: 400K × \$1,722 premium = \$689M

The Combined China Opportunity:

- Sustained volume growth: +15% = 420K visitors × \$6,450 = \$2.7B
- Cultural conversion: \$689M
- Total: \$3.4B from China market development

India and Emerging Market Signals

Top 5 markets depending on Opportunity Score show potential for future development:

Market	Current Spend	GA Optimism	Outbound Growth
India	\$4,708	36%	+12%/yr
Indonesia	\$4,224	34%	+15%/yr
Philippines	\$3,684	32%	+14%/yr
Vietnam	\$3,479	31%	+13%/yr
Thailand	\$4,223	29%	+11%/yr

India's Current State (IVS):

- 280K visitors (1% share)
- \$4,708 average spend (+36% vs mean)
- Spend per night: \$412 (above average)

GA Indicators:

- 36% expect stronger finances (tied with China for highest)
- 32% high-income households
- 14% business owners (entrepreneurial class)

Growth Context:

- India outbound travel: +12% annually (pre-COVID baseline returning)
- Rising middle class: 300M+ with travel-appropriate income
- Direct flight potential: Delhi-Auckland route feasible

The Opportunity:

- Growing from 280K to 500K visitors (+78% over 3 years):
- Incremental: 220K × \$4,708 = \$1.0B annually by Year 3

Validation: GA optimism (36%) matches China (36%), which already delivers and is growing. India's economic trajectory suggests similar potential.

Strategic Implications and Implementation

Short-Term Strategy (6-18 Months)

Priority 1: Pre-Booking Length-of-Stay Extension

- **Data Foundation:** 34% (9.7M) in 5-10 nights; extension to 11-29 nights = +\$1,480/visitor
- **Pre-Booking Interventions:**
 - Dynamic booking tools: Journey planner showing "7 days = \$450/night, 11 days = \$432/night" (cost-per-day decreases)
 - Airline bundles: "Stay 10+ nights → domestic flight credit" (encourages multi-region routing)
 - Multi-region packages: "North + South Island" inherently requires 10+ days
- **Target:** 25-40% of 5-10 night visitors (2.4-3.9M)
- **Impact:** \$3.6-5.8B

Priority 2: Regional Distribution Incentives

- **Data Foundation:** West Coast, Southland, Northland under-visited (11-16%) despite high yields; multi-region visitors spend +34%
- **Interventions:**
 - Regional voucher: \$200 credit for 3+ regions including one secondary region (West Coast/Southland/Northland)
 - Pre-booking messaging: "Extend to undiscovered regions" targeting Auckland/Queenstown-only planners
 - ROI logic: \$200 voucher → \$1,200-1,500 incremental spend (6-7.5x return)
- **Target:** 300-400K conversions
- **Impact:** \$800M-1.2B (directly benefits struggling regions)

Priority 3: Cultural Experience Integration

- **Data Foundation:** 58% non-engagement despite 72-85% premium; Australia lowest (39%) despite 32% GA optimism
- **Pre-Booking Interventions:**
 - Accommodation bundling: "Add Māori Experience" at booking (10-15% discount vs standalone)
 - Default messaging: "Most visitors include cultural experiences"
 - Market-specific campaigns: Australia "Culture Next Door," USA/Europe "Ancient Meets Modern"

Target: 42% → 52% participation (10pp increase)

Impact: \$2.8-3.6B (conservative, accounting for LOS overlap)

Combined Short-Term Impact:

- Conservative (50% achievement): **\$2.2B annually**
- Moderate (75% achievement): **\$5.3B annually**

Medium-Term Strategy (18-36 Months)

Priority 4: High-Yield Market Development

Germany Focus:

- **Current:** 3% share, \$6,278 spend, 23-night stays, car rental 3.4x average
- **Strategy:** Self-drive campaign ("Europe's Ultimate Road Trip"), direct flight advocacy (Lufthansa/Air NZ)
- **Target:** 3% → 5% share (+600K)
- **Impact:** \$3.8B

France/Netherlands Expansion:

- Similar long-stay, self-drive profiles
- +500K visitors
- **Impact:** \$2.9B

Total Medium-Term: \$6.7B

Future Growth Strategy (2-5 Years)

Priority 5: China Market Acceleration

- **Current Performance (IVS):**
 - 2.8M visitors, \$6,450 spend (+40% vs 2019-fastest growth)
 - Shopping: 3.2x average (\$746 vs \$241)
 - GA: 36% optimism (highest globally), 31% high-income, +12% outbound growth
- **Spending Pattern Insight:** Chinese visitors aren't just activity-focused, they're retail-driven. Shopping represents 12% of total spend vs 7% for other markets.
- **Strategy:**
 - **Retail partnerships:** Duty-free, premium brands (luxury shopping integration)
 - **Cultural conversion:** 47% → 60% participation (+400K engagers × \$1,722 premium = \$689M)
 - **Group tour evolution:** Structured packages transitioning to FIT (Free Independent Traveler)
- **Target:** +15% volume growth (420K) + cultural conversion
- **Impact:** \$3.4B (\$2.7B volume + \$689M cultural)

Strategic Implications and Implementation

Future Growth Strategy (2-5 Years)

Priority 6: India Market Development

- **Current State:**
 - 280K visitors (1% share), \$4,708 spend (+36% vs mean)
 - GA: 36% optimism (tied with China), 32% high-income, +12% outbound growth
 - Middle class: 300M+ with travel-appropriate income
- **Strategy:**
 - **Visa simplification:** E-visa (60→14 day processing)
 - **Direct flights:** Delhi/Mumbai-Auckland route advocacy
 - **Education-tourism link:** 40K Indian students as ambassadors
 - **Cricket/Bollywood partnerships:** Cultural bridges
- **Target:** 280K → 500K visitors over 3 years (+78%)
- **Impact:** \$1.0B annually by Year 3 (220K × \$4,708)
- **Validation:** GA optimism matches China (both 36%), which already delivers 2.8M visitors. India's trajectory suggests parallel potential.

Priority 7: Digital Nomad Segment

- **Data:** 30+ night visitors spend \$6,384 (highest), at \$213/night (lowest per-night but highest total)
- **Strategy:**
 - 6-12 month Digital Nomad Visa (\$50K income threshold)
 - Regional co-working hubs: 15-20 in secondary cities (Tauranga, Nelson, Wanaka)
 - **Benefit:** Naturally distributes to regions (not tourist hotspots)
- **Target:** 6,000 nomads × 120 nights = \$153M annually (Year 3)

Priority 8: Southeast Asia Expansion

- **Data:** Thailand 33%, Indonesia 36%, Vietnam 31% GA optimism; <3% current NZ share
- **Strategy:**
 - ASEAN partnership: Multi-market campaign (shared funding)
 - Group tours: 7-10 day packages (\$3,000-4,500 price point)
 - Shoulder season targeting: 20-30% price advantage
- **Target:** 3% → 6% share (+105K visitors)
- **Impact:** \$420M annually by Year 5

Combined Future Growth: \$8.9B (China \$3.4B + India \$1.0B + Germany/EU \$6.7B + Digital Nomad \$153M + SE Asia \$420M over Years 2-5)

Implementation Approach

Phase 1: Digital Foundation (Months 0-6)

- Journey planner tool with cost-per-day calculator (Tourism NZ website)
- Booking platform integration for cultural upsells
- Investment: \$2-3M

Phase 2: Partnership Activation (Months 2-6)

- Airline agreements (Air NZ, Qantas) for LOS incentives
- Accommodation sector (500+ partners) for cultural bundling
- Investment: \$1-2M

Phase 3: Pilot Testing (Months 6-12)

- LOS pilot: Australia market, 20K target, success = 30% conversion
- Regional voucher pilot: West Coast/Southland, 5K participants, success = 40% extend stay
- Cultural bundling pilot: 20 accommodations, success = 12% take-up

Phase 4: Scale (Months 12-18)

- National rollout if pilots succeed
- Investment: \$8-12M

Total 18-month investment: \$15-23M

Expected ROI: 100-230× (based on \$2.2-5.3B impact)

Measurement (Quarterly):

Metric	2024	Year 1	Year 2
Avg LOS (nights)	8.5	9.2	10.1
Cultural participation (%)	42%	47%	52%
Secondary region visits (%)	14%	18%	22%
Avg spend/visitor	\$3,473	\$3,750	\$4,100
Total expenditure	\$99.3B	\$110.6B	\$123.0B

Recommendations, Limitations, and Conclusion

Key Recommendations

Immediate Actions (Next 90 Days):

- Allocate \$2-3M for journey planner tool development (cost-per-day calculator showing economies of longer stays)
- Initiate airline negotiations (Air NZ, Qantas) for LOS extension bundles
- Engage 20 accommodation partners for cultural bundling pilot
- Launch West Coast/Southland voucher pilot (5K participants)

Strategic Priorities (Year 1-2):

- Achieve 30% pilot conversion on LOS extension (validates \$3.6B scenario)
- Scale regional vouchers to 100K if ROI demonstrates 6-7x return
- Expand cultural bundling to 500+ partners upon 12%+ conversion
- Begin Germany/EU campaigns (\$5-8M investment targeting self-drive segment)

Long-Term Positioning (Years 3-5):

- China retail partnerships (duty-free, luxury brands) + cultural conversion (47% → 60%)
- India visa simplification (e-visa program) + direct flight advocacy (Delhi-Auckland)
- Digital Nomad Visa program (6-12 months, \$50K income threshold)
- Southeast Asia ASEAN partnership (multi-market campaign, group tour products)

Limitations & Assumptions

Limitations:

- **Self-Report Bias:** IVS expenditure is self-reported; may underestimate (forgotten small purchases)
- **Attribution Challenges:** LOS extension and cultural engagement may overlap; conservative scenarios account for this
- **Regional Granularity:** IVS captures regions visited, not spend per region; used regional averages as proxy

Key Assumptions:

- Pre-booking tools achieve 25-40% LOS conversion (literature: 12-18% baseline)
- Cultural participation causes higher spending (vs self-selection of high spenders)
- India follows China growth trajectory (2% → 10% over 8 years)
- No major recession 2025-2027 (GA indicators currently stable)

Conclusion

Research Question: How can NZ increase visitor expenditure short-medium term while positioning for future growth, focusing on regional economic distribution?

Answer: Three-horizon strategy delivering \$14.6-20B over 5 years

- **Short-Term (6-18 months):** \$2.2-5.3B
 - **LOS extension:** Target 34% (9.7M) in 5-10 nights → extend to 11-29 nights (+\$1,480/visitor)
 - **Cultural integration:** Address 58% non-engagement via accommodation bundling (72-85% premium)
 - **Regional incentives:** \$200 vouchers for West Coast/Southland/Northland
- **Medium-Term (18-36 months):** \$6.7B in years 2-3
 - Germany/EU growth: 3% → 5% share (high-yield, long-stay, self-drive segment)
- **Future Growth (3-5 years):** 5.0B additional annual impact by Year 5
 - **China acceleration:** +15% volume + cultural conversion (\$3.4B), leveraging 36% GA optimism and unique retail spending pattern
 - **India development:** 280K → 500K visitors (\$1.0B), matching China's 36% GA optimism and growth trajectory
 - **Digital nomads:** 6,000 × \$6,384 spend (\$153M), highest per-visitor value, regional distribution
 - **Southeast Asia:** 3% → 6% share (\$420M), 33-36% GA optimism, emerging middle class

Core Insight: NZ's challenge isn't volume (88% pandemic recovery), it's value optimization and regional distribution.

This strategy converts existing visitor behaviors (extend stays, add cultural experiences, explore multiple regions) and rebalances market mix (grow high-yield Germany/India vs high-volume Australia) to deliver **\$14.6-20.0B incremental over 5 years.**

Calculation: Short-term \$2.2-5.3B recurring + Medium-term \$6.7B achieved + Future \$5.0B = **\$13.9-17.0B** annually by Year 5, plus compounding effects = **\$14.6-20.0B**