

Highlights

- With many tourism businesses turning their attention to the domestic market to compensate for a downturn in international visitor arrivals, it is useful to consider where the greatest value might be found in the domestic market. With this in mind, the current Quarterly Focus examines variances in expenditure by domestic visitors to Dunedin. Taking average daily per-person expenditure as a base, our analysis confirms that visitors travelling to the region for business purposes, or to attend conferences or conventions, spend significantly more than leisure travellers.

However, within the leisure market, there are clear indications of 'high (or higher) value' market segments. For example, visitors aged 45-64 years spend substantially more than visitors in other age groups on a daily basis. Men spend more than women overall, but less on activities/attractions. First-time visitors spend more on activities/attractions than returning visitors, but less overall. Average daily expenditure per-person is relatively consistent throughout the year, but lowest in summer (despite a peak in expenditure on activities/attractions in that season). Visitors staying in hotels and motels spend an equivalent amount on a daily basis, although their patterns of expenditure are different. Visitors staying at holiday parks spend the most on activities/attractions on a daily basis. Of Dunedin's major domestic geographic markets, visitors from Auckland spend most per day.

- The most recent year's RVM results highlight a rapid decline in first-time international visitors as a proportion of Dunedin's visitor mix. The ratio of first-time to returning visitors in the domestic market remains stable.
- As drawcards for holiday visitors, Dunedin's attractions and its reputation as a unique destination remain key differentiators. A recent downward trend in the significance of both factors has reversed in the most recent year.
- A similar reversal is apparent in regard to downward trends on some significant visitor **expectations**. However, a downward trend is still apparent in regard to expectations of 'a vibrant urban atmosphere' and of 'unique wildlife'. The latter is worth monitoring closely given Dunedin's traditional strength in this regard.
- When asked to nominate the expectations they considered **most important**, a growing proportion of visitors are citing 'friendly people', 'a safe and secure environment' and 'clean/unpolluted environments'.
- The influence of guidebooks in generating **awareness** of Dunedin amongst international visitors continues to wane, while word of mouth remains paramount in this context. Word of mouth has also been identified as the most significant factor **influencing visits** to Dunedin, both by international and domestic visitors.
- Demand for pre-trip information about Dunedin is continuing to grow over time, especially as it relates to accommodation and activities and attractions in the region. Guide/travel books remain an important resource in this respect, alongside word of mouth and online media.
- Growth in the proportion of visitors **pre-booking** accommodation and/or activities and attractions indicates that an increasing volume of purchase decisions are being made before visitors arrive in the region. With online booking channels growing rapidly in dominance, an effective online promotional presence and effective online sales capability are becoming essential for Dunedin's tourism operators.
- RVM results indicate that an increasing proportion of visitors are arriving in Dunedin by rental vehicle and fewer by air. This shift presents some opportunities for operators who are reliant on customers having access to their own transport.
- RVM results also indicate that the proportion of visitors staying in motels is declining over time, as more choose private homes or serviced apartments as their accommodation of choice in Dunedin.
- As at October 2008 the RVM questions regarding activities and attractions seen/done in the region were changed. Respondents are now asked to indicate which of a number of 'top-level' activity/attraction categories they have participated in, and then only provide detailed participation/satisfaction information on the specific activities and attractions within those categories. Early results from the new question set suggest that, relative to their peers in other regions, visitors to Dunedin are more likely to participate in cultural/heritage/educational activities, to visit natural attractions, and/or to undertake activities which involve viewing, learning about or interacting with birds or animals.

- In terms of visitor satisfaction, the activities/attractions rating most highly include a number of iconic Dunedin attractions – Olveston House, Taieri Gorge Railway, Speight’s Heritage Brewery, Otago Museum – and wildlife sightseeing tours. However, analysis of the relationship between visitor satisfaction and participation levels highlights a negative correlation between the two: that is, visitors tend to be most satisfied with activities/attractions in which fewest participate, and least satisfied with those in which more participate. This suggests there are real benefits to be gained for the destination as a whole if greater participation in those activities which score most highly with visitors can be encouraged.
- With a year’s data now available in response to the RVM questions concerning environmental sustainability, it has become apparent that environmentally-friendly travel is slightly more important to Dunedin’s visitors than it is to visitors to other regions. Dunedin’s visitors also place particular emphasis on the protection of plants/ animals as a hallmark of an environmentally-friendly destination.

In light of the above, it is interesting to note that while Dunedin currently scores well on measures of environmental performance, it does not perform as well as some other RVM regions. The differential between Dunedin’s rating and the benchmark is greatest in relation to transport operators and overall management of the destination.

- At 8.3, Dunedin’s overall satisfaction rating remains comfortably ahead of the benchmark of 8.1.
- Finally, the latest year’s results suggest a slight decline in the proportion of visitors spending on accommodation, food/meals/drinks, local transport and ‘other’ items. Average daily expenditure per-person has also declined by 1.8% year on year, driven principally it seems by a reduction in expenditure on food/meals/ drinks.
- Results will be further updated with the release of the next RVM report for Dunedin scheduled for August 2009.