

Visa Inbound Spend Report

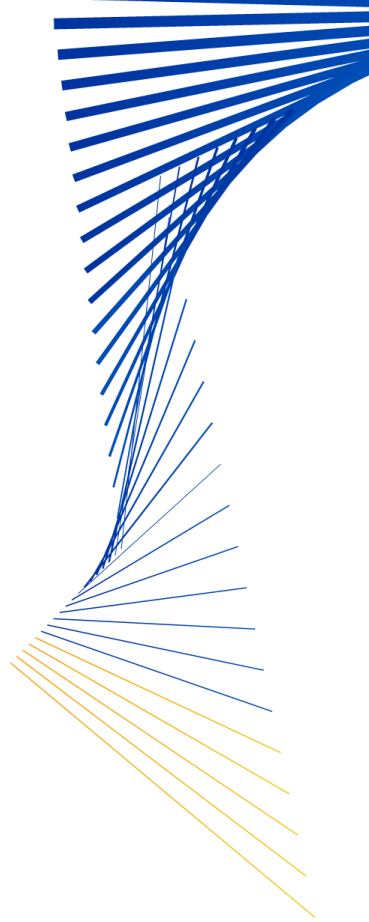
Visa Insights 2017



VISA

Disclaimer

Case studies, statistics, research and recommendations are provided "AS IS" and intended for informational purposes only and should not be relied upon for operational, marketing, legal, technical, tax, financial or other advice. You should consult with your legal counsel to determine what laws and regulations may apply to your circumstances. The actual costs, savings and benefits of any recommendations or programs may vary based upon your specific business needs and program requirements. By their nature, recommendations are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Visa is not responsible for your use of the information contained herein (including errors, omissions, inaccuracy or non-timeliness of any kind) or any assumptions or conclusions you might draw from its use. Visa makes no warranty, express or implied, and explicitly disclaims the warranties of merchantability and fitness for a particular purpose, any warranty of non-infringement of any third party's intellectual property rights. To the extent permitted by applicable law, Visa shall not be liable to a client or any third party for any damages under any theory of law, including, without limitation, any special, consequential, incidental or punitive damages, nor any damages for loss of business profits, business interruption, loss of business information, or other monetary loss, even if advised of the possibility of such damages.



New Zealand's place in the world



The global travel and tourism sector is rapidly changing and the second annual Visa Inbound Spend Report provides fascinating insights into New Zealand's international standing as a key destination.

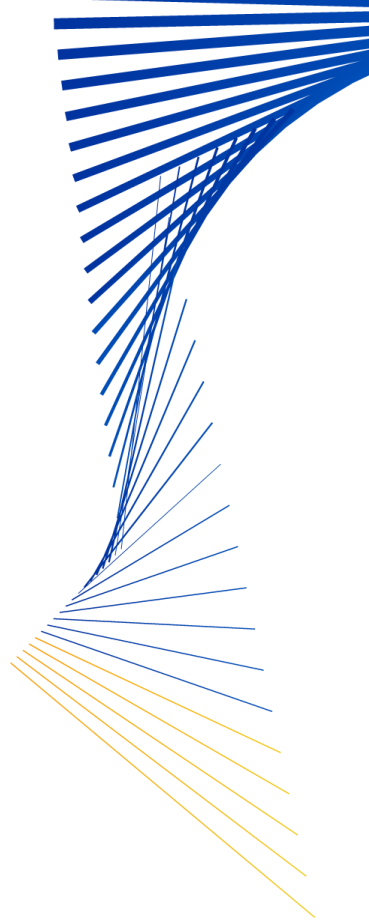
At first glance the data is positive, especially the increase in total international Visa cardholder spend to \$3.4 billion. But, as we delve further, it's clear that while New Zealand may be holding its own in a highly competitive sector, there is more we can do to get in front of the pack. This is particularly evident when comparing how New Zealand is performing versus Australia.

There is no single solution and much depends on changes to international travel routes, as well as global megatrends. Glenn Maguire, Visa Principal Economist for Asia Pacific, has identified three emerging travel trends – rising prosperity, changing travel demographics, and physical and digital connectivity. The latter – digital connectivity – is particularly key for New Zealand, as Asia Pacific is the epicentre of an emerging travelling class that is fully embracing new technology in all its forms.

Some of these trends come through in the data in this report, notably the rise in contactless payments, which has grown by 95% year-on-year, as more and more visitors expect to pay by mobile and wearables. Another is the role of major events in attracting visitors from destinations further afield.

With an increase in long haul routes making New Zealand more accessible, it is important to consider the demographic profile of travellers from European countries, as well as the US. Glenn describes this group as the “ageing active” – people who are willing to venture further and have the economic means to do so in style. Further leveraging New Zealand's natural beauty and world-class food and wine could help appeal to these older tourists. As we head into the 2018/19 peak season, the challenge for all of us – in business, government and tourism – is to find ways to ensure that New Zealand is at the top of their bucket list.

Marty Kerr
Visa Country Manager, New Zealand and South Pacific



About Visa



Global payments technology company

Connecting consumers, businesses, financial institutions, and governments in more than 200 countries and territories with 3.2 billion Visa cards worldwide.



One of the world's most advanced processing networks

Capable of handling more than 65,000 transaction messages per second



World-leading payments innovation

Sets the conditions to make it possible to pay anyone, anywhere using any device.



Interpreting the data in this report

The information in this report has been drawn from transactions conducted by international Visa cardholders in New Zealand between 2016 and 2017 (VisaNet 2017). Unless otherwise stated, we have focused on face-to-face (card present) spend while travellers are in New Zealand; that is, transactions that have taken place where the purchaser is present with their Visa card or mobile device.

We have used two metrics:

- 1 Spend**
The total dollar value of transactions made, which provides the clearest way to understand the absolute value in any given year.
- 2 Transactions**
The total number of actual transactions made.

All percentages are rounded to the nearest whole number.

Spend highlights in 2017



Spend from international Visa cardholders contributed NZD 3.4 billion to the New Zealand economy, an increase of 15% from 2016.*

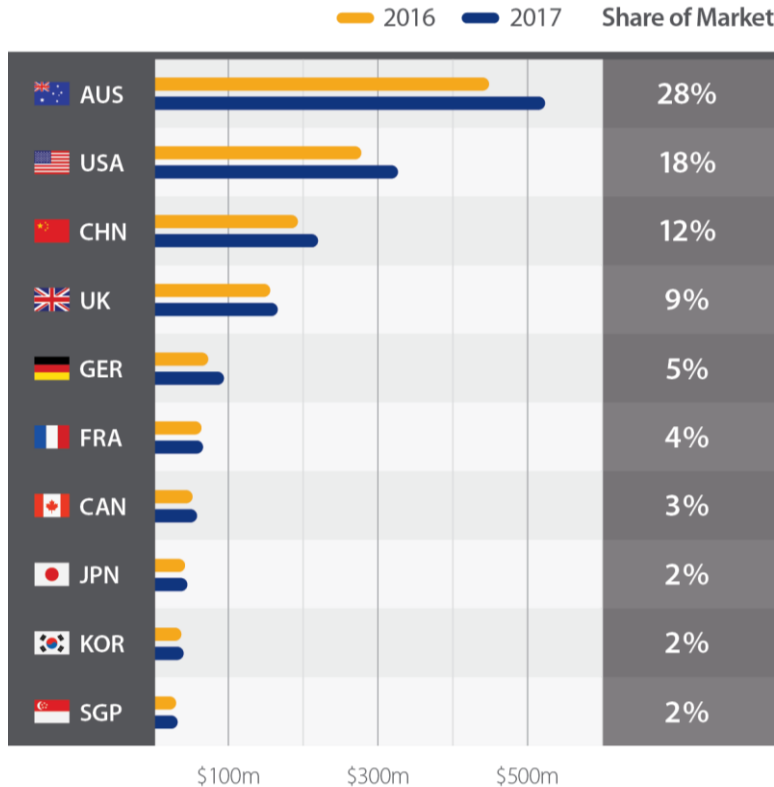


Transactions in New Zealand through the Visa network grew by 23%, from 2016.



The top 10 inbound markets to New Zealand, in terms of spend, represented 85% of total spend in 2017.

The 10 highest spending markets in New Zealand



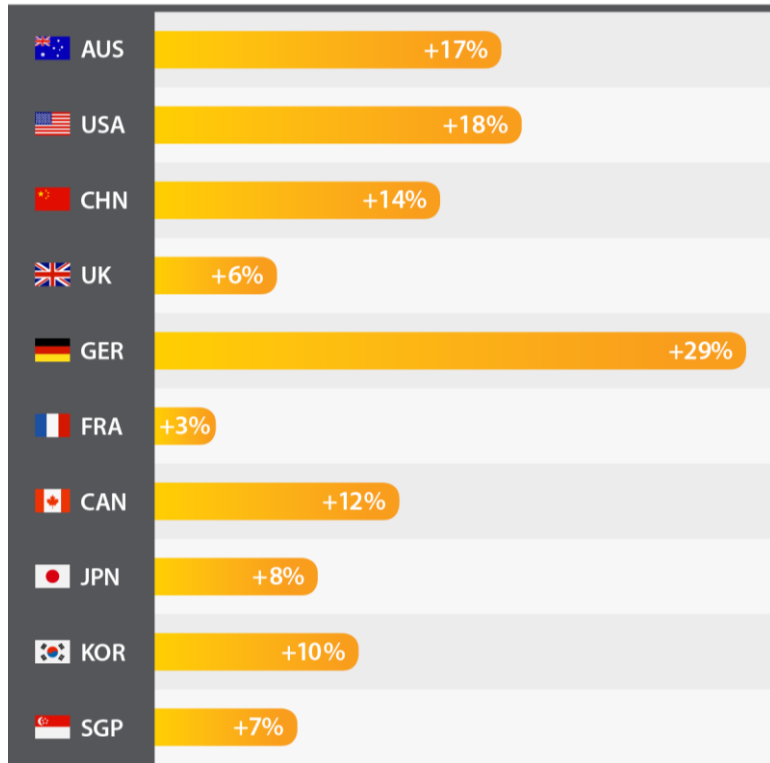
* Data based on face-to-face spend while visitors are in NZ

The countries that make up the 10 highest spending markets have not changed from 2016 and 2015, but all of them spent more in 2017.

Markets outside the top ten contributed 15% of the growth, compared to 21% in 2016.



Growth in spend by markets



* Data based on face-to-face spend while visitors are in NZ

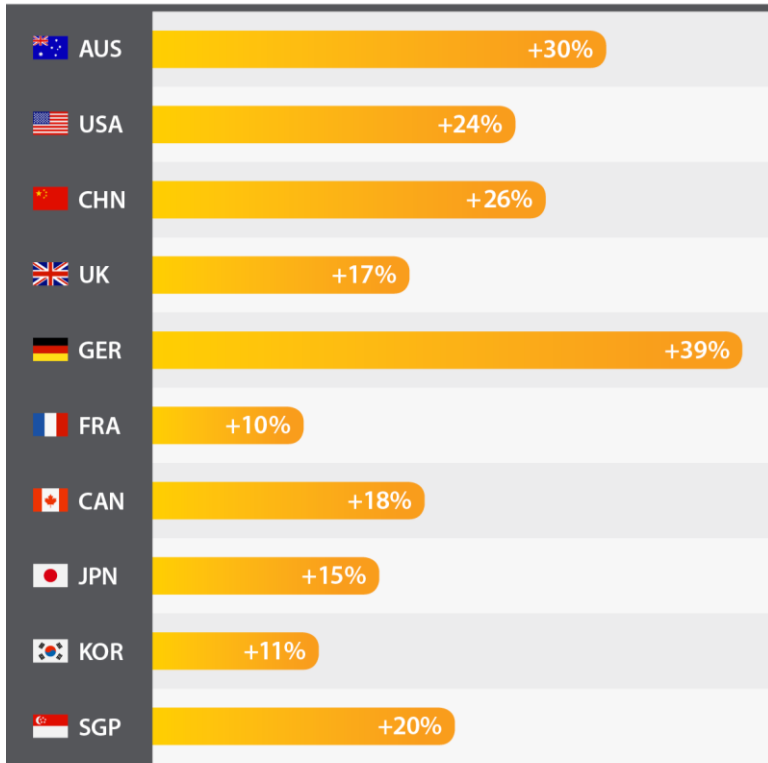
There was growth in the amount spent across all markets, with the stand-out being Germany.

Visitors from this market spent 29% more than they did in the previous year, totalling a combined annual spend of NZ\$92 million.

Also topping the growth list were **Australia and the US**, which together represented 46% of total visitor spend.



Growth in transactions by markets



* Data based on the number of transactions when visitors are in NZ

Germany, Australia
and China
all experienced the
highest YOY growth
in Visa transactions.

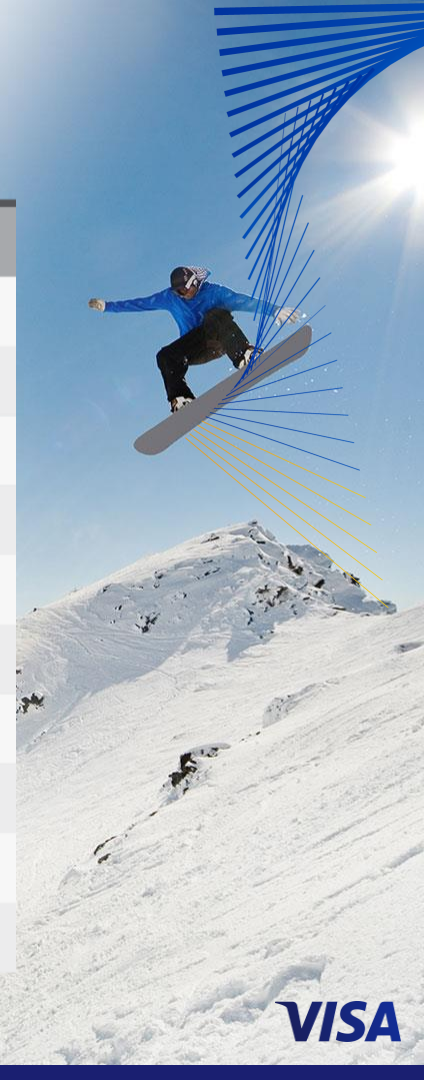
How New Zealand rates as a destination

An examination of the number of transactions recorded for each market that make up the top 10, shows that New Zealand's ranking has improved in only one market in 2017 – the USA.

This is in contrast to 2016, when New Zealand's ranking improved in six markets.

	2016	2017	YOY change
 AUS	2	2	0 ●
 USA	20	19	+1 ▲
 CHN	13	13	0 ●
 UK	21	21	0 ●
 GER	21	21	0 ●
 FRA	27	31	-4 ▼
 CAN	11	11	0 ●
 JPN	19	19	0 ●
 KOR	24	24	0 ●
 SGP	16	16	0 ●

* Data based on the number of transactions when visitors are in NZ



New Zealand vs Australia: Comparative growth

In 2016, New Zealand outperformed Australia in international transactions but in 2017 Australia was stronger.



Despite a 26% increase in transactions by Chinese Visa cardholders, New Zealand still has room to grow in attracting visitors from this market to our shores.

Australia saw 36% growth in transactions in 2017.













The USA – New Zealand's second largest inbound market grew 23%

compared to 29% growth seen in Australia.



The United Kingdom bounced back from a slow 2016 with a 17% growth in transactions in 2017.

	NZ Growth	AU Growth	NZ v AU
 AUS	30%	–	–
 USA	23%	29%	-6% ↓
 CHN	26%	36%	-10% ↓
 UK	17%	14%	+3% ↑
 GER	39%	41%	-2% ↓
 FRA	10%	12%	-2% ↓
 CAN	18%	18%	0 ●
 JPN	15%	17%	-2% ↓
 KOR	11%	12%	-1% ↓
 SGP	20%	21%	-1% ↓

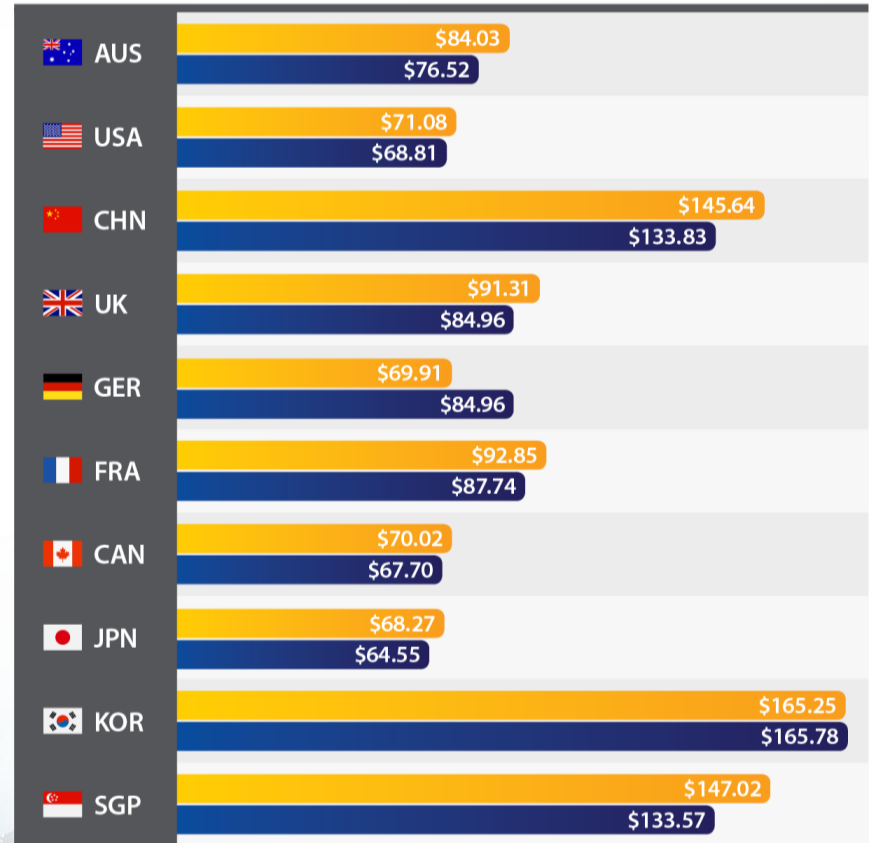
* Data based on the number of transactions when visitors are in NZ

Average transaction size

While international visitors' total spend was more in 2017 than 2016, the average transaction size decreased in all markets.

Top spenders (by transaction size) remain the Chinese, South Koreans and Singaporeans.

\$NZD 2016 2017




























* Data based on the average transaction size while visitors are in NZ



Leading categories for inbound spend

The three categories benefiting most from the 10 highest spend countries have remained unchanged for 2017 and 2016 –

Shopping & Retail, Lodging, and Restaurants.

Category	2016 \$NZD	2017 \$NZD	% Change
 Shopping & Retail	\$356m	\$384m	+8% 
 Lodging	\$298m	\$333m	+12% 
 Restaurants	\$224m	\$284m	+27% 
 Food & Grocery	\$190m	\$228m	+20% 
 Fuel & Transport	\$128m	\$160m	+26% 
 Entertainment	\$106m	\$121m	+14% 
 Vehicle Rental	\$88m	\$92m	+4% 
 Travel Services	\$73m	\$77m	+5% 
 Services	\$57m	\$65m	+13% 
 Home Improvement & Supply	\$52m	\$59m	+13% 
 Education & Government	\$27m	\$30m	+10% 
 Airlines	\$12m	\$13m	+7% 
Grand total	\$1.6 billion	\$1.8 billion	+15% 

* Data based on face-to-face spend while visitors are in NZ



The rise in contactless transactions



Visitors making
contactless payments

on cards, phones and wearables grew by

95%

YOY



Australian tourists accounted for 66%
of the total contactless spend



Visa account holders from Germany,
China and the UK more than doubled
their contactless spend in 2017



Lodging, Apparel & Accessories,
Transportation and Entertainment
were the fastest-growing categories
for international contactless spend – growing more
than 100% YOY



Contactless technology
provides a better
customer experience,
futureproofs a merchant's
business, and provides
them with a competitive
advantage and greater
operational efficiency.

Seasonality spend



When The Lion Roars: Major events boost international spend






A deep dive into the months that the Lions Rugby Tour was held in New Zealand shows the power of major events to draw international visitors and increase spend.

The amount spent by visitors from UK and Ireland nearly doubled in June and July in 2017, compared to the same time the year before.

	2016 \$NZD	2017 \$NZD
June	\$6.08m	\$11.43m
July	\$6.42m	\$12.36m

* Data based on face-to-face spend while visitors are in NZ

The categories that benefited most were **Lodging, followed by Restaurants and Food & Grocery.**

Category	2016 \$NZD	2017 \$NZD	Difference
 Lodging	\$28.09m	\$29.39m	16.74%
 Restaurants	\$21.75m	\$27.12m	15.45%
 Food & Grocery	\$20.00m	\$22.23m	12.67%
 Shopping & Retail	\$12.26m	\$12.40m	7.10%
 Entertainment	\$10.47m	\$10.94m	6.23%

* Data based on face-to-face spend while visitors are in NZ

Helping visitors to our shores

By 2025, Visa estimates that cross-border travel will reach NZ\$3.08 trillion.*



To ensure that New Zealand grows its share of total international spend, there is an opportunity for:



Government and businesses to continue efforts to capture value from key emerging travel trends

– rising prosperity, changing travel demographics, and physical and digital connectivity.



Major events to be held in off-peak seasons,

helping to draw long-haul visitors to our shores during quieter months.



New Zealand merchants to ready their businesses for international visitors

by investing in contactless technology which enables customers to pay using cards, phones and wearables.



Thank you