

Domestic Tourism Market Segmentation

Executive Summary

Prepared for Ministry of Tourism

April 2010



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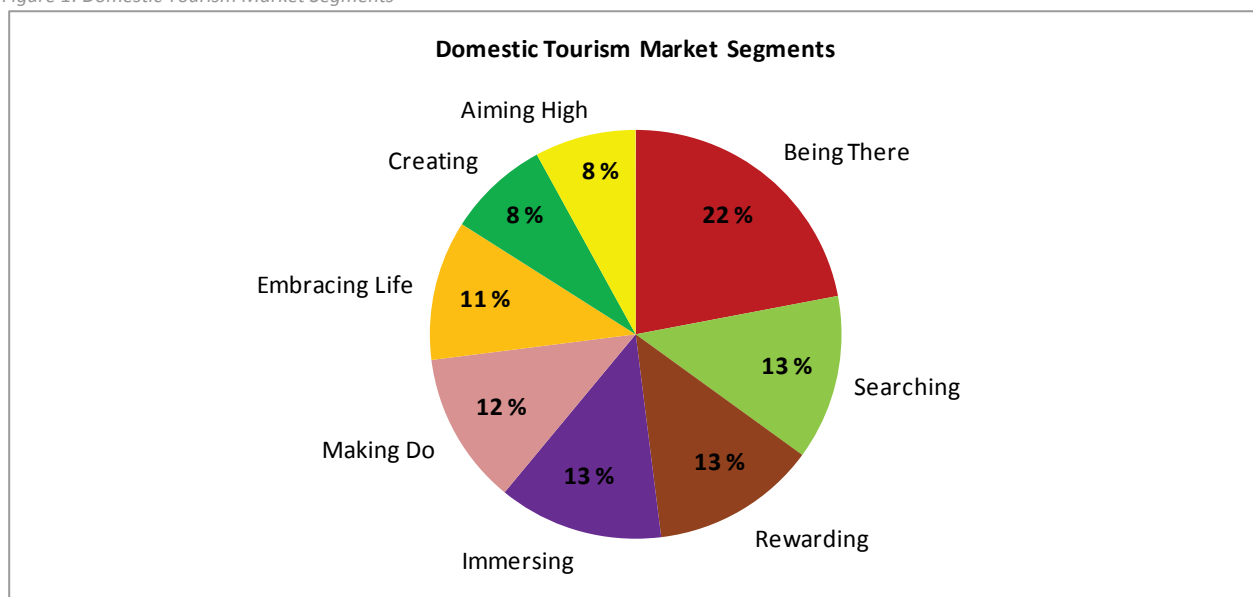
The Domestic Tourism Market Segmentation report presents the findings of the 2009 Domestic Tourism Research project undertaken for the Ministry of Tourism on behalf of New Zealand’s wider tourism sector and key industry stakeholders. The research was completed by a consortium comprising Angus & Associates, The Knowledge Warehouse and Tourism Resource Consultants with a view to: -

1. Improving the sector’s understanding of the domestic tourism market.
2. Segmenting the domestic market in a way that is practical and meaningful for tourism marketers.
3. Demonstrating the significance of the domestic tourism market and its key market segments.
4. Informing policy and other work undertaken by local and central Government stakeholders.

The Domestic Tourism Research project involved a series of stages: secondary research (analysing existing domestic tourism data), new qualitative research with domestic travel consumers, a major online survey involving a representative sample of n=2032 New Zealand residents aged 15 years or more, and market segmentation analysis using the resulting survey database.

The final market segmentation solution identifies eight groups of domestic travel consumers – each different in its demographic and psychographic profile, its travel behaviour and its travel needs, and each calling for a different marketing approach.

Figure 1: Domestic Tourism Market Segments

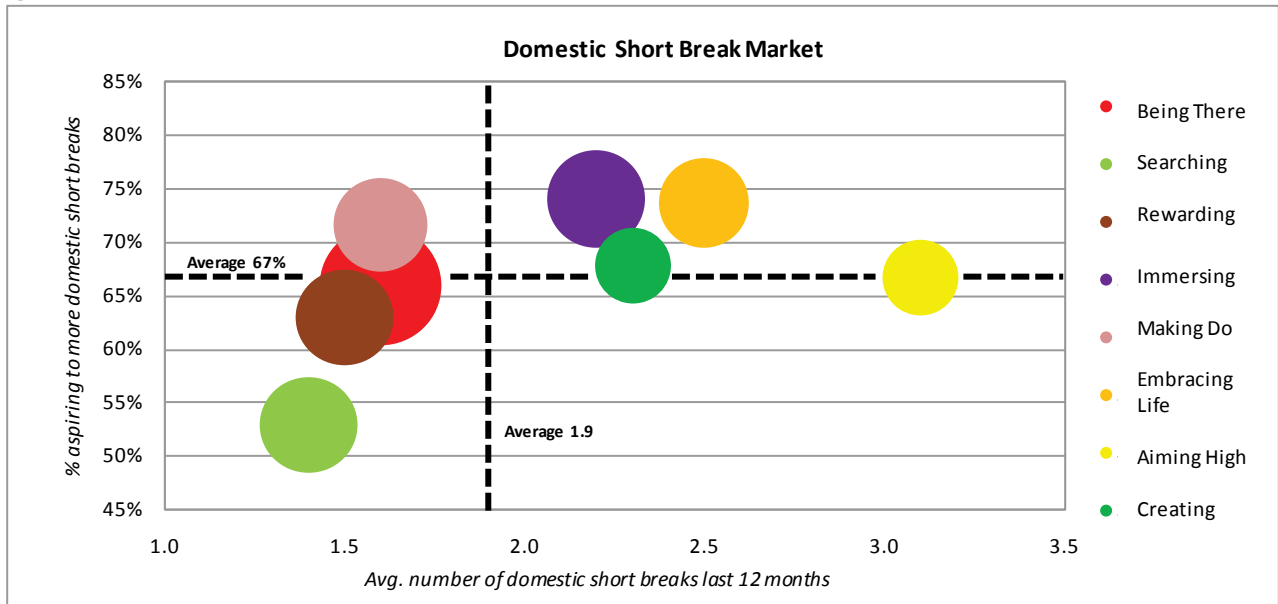


A comprehensive overview of the eight market segments may be found in the main report on pages 26-51 (Segmenting the Domestic Tourism Market) and detailed summaries of each market segment commence on page 52.

Figures 2 and 3 (overleaf) present an overview of the domestic tourism market, according to **segment size, propensity to travel** domestically for leisure purposes (short breaks of 5 nights or less and longer holidays in the last 12 months) and **travel aspirations** (proportion of each segment expressing a desire to take more domestic short breaks/longer holidays).

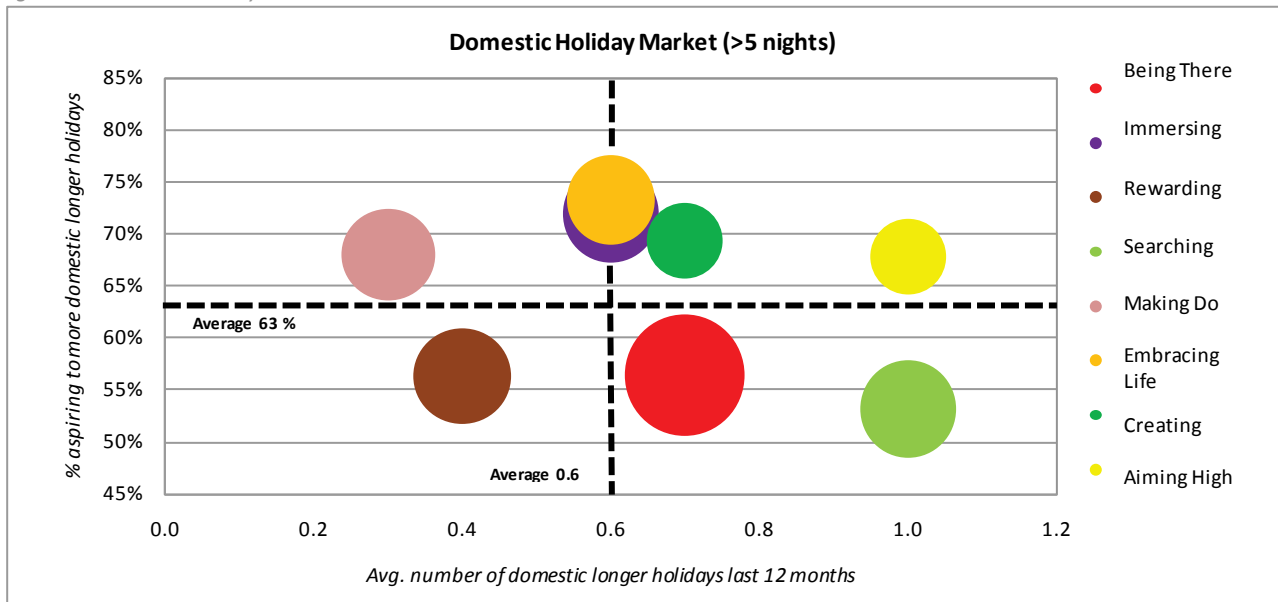
Figure 2 shows that **domestic short breaks** are most frequently undertaken by the ‘Aiming High’ segment (which comprises 8% of the adult population) but that **desire** for domestic short breaks is strongest within the ‘Immersing’ and ‘Embracing Life’ segments (which constitute 13% and 11% of the adult population respectively). These two segments are likely to represent especially fertile territory for tourism marketers interested in stimulating domestic short break travel (although a different marketing strategy will be required for each segment). However – with the possible exception of ‘Searching’ (13%) – all segments are receptive to increasing the frequency with which they take short domestic breaks.

Figure 2: Domestic Short Break Market



As illustrated in Figure 3, aspirations with regard to **longer domestic holidays** are also strongest within the 'Embracing Life' and 'Immersing' segments. However, in this instance, the dominant 'Being There' segment (22% of the adult population) and the 'Searching', 'Creating' and 'Aiming High' segments all report more frequent domestic holiday travel than the average New Zealand resident.

Figure 3: Domestic Holiday Market



The variety of positions occupied by segments within this framework of the domestic tourism market suggests that a range of approaches will be required to fully realise market potential. In some instances, initiatives will be needed to stimulate market demand – for example, through the development and targeted marketing of appropriate tourism product - while in other cases dismantling barriers to already-existing demand may be key.

The following segment-specific summaries are provided to assist those interested in developing the domestic tourism market. All segments are defined by a multitude of demographic and psychographic variables (such as age and interests). Although some of these variables may dominate individual segments, one needs to keep in mind that it is the synergy of all variables that best enables us to understand the market segments. For further detail and recommendations on marketing strategy, please refer to pages 26-51.

Being There

Comprising 22% of the adult population, 'Being There' is our largest and oldest market segment. Nine in 10 are aged 55 years or more, and 29% 70 years or more. They are typically empty nesters, with a female skew and a high incidence of people living alone. The segment is found throughout New Zealand but under-represented in Auckland.

Members of this segment have a particular interest in gardening and reading (books and newspapers). They also express keen interest in visiting gardens, writing letters and talking to friends/family on the phone and are most likely of all segments to attend a church and to be involved in volunteer work.

Members of 'Being There' are motivated to travel principally by a desire to spend time with people they love. Although destination choice often happens by default, 'Being There' will take every opportunity to experience the destination while they're there. 'Being There' is most interested in sightseeing, shopping, natural attractions, walking/hiking and culture/heritage attractions. Key destination characteristics are safe, familiar and affordable.

As this segment is comparatively asset rich, money is less of a barrier to travel than it is to members of other segments. The major barriers to travel are health or disability (their own or that of a travelling companion) as well as a lack of travelling companions.

Core Marketing Proposition - Being with family and friends.

Marketing Channels - Major daily newspapers, special interest media (e.g. gardening channels/magazines/groups), affinity groups (churches, Rotary, Probus, other voluntary groups), targeted online channels (including news sites, Skype, online auction sites) and targeted email marketing.

Marketing Opportunities - Day trip/short break (activity and event-related); VFR campaigns; garden/nature product/events; history/heritage product/events; concert/theatre/performing arts product/events; small group (special interest) tours; assisted travel (transport, accommodation); cruise product.

Searching

'Searching' accounts for 13% of adult New Zealanders and is one of the two youngest segments. Almost two thirds of this segment is aged between 15 and 24 and 85% is under 40 years of age. Seven in 10 are single without children and one in two is a student. They either live at home with parents and siblings or in a flat with friends. 'Searching' can be found throughout New Zealand, but are significantly less likely to live in provincial South Island towns.

The segment's defining favourite activities are computer games and online gaming. They also enjoy watching DVDs, texting family and friends, downloading music and updating friends on social networking sites such as Facebook.

Key priorities for 'Searching' are having a good time, working out what they want to do with their lives, learning a new skill or trade, and improving their education. Travel and holidays are much less important, by comparison. 'Searching' has one of the lowest incidences of international travel and extended domestic travel.

The segment's ideal holiday right now is exciting, different, entertaining and challenging, yet familiar. It involves beaches, shopping, sports and night life. Key barriers to domestic travel for this segment are simply knowledge of where to go, transport options, and someone to go with.

Core Marketing Proposition - Freedom and good times with friends.

Marketing Channels - Online/web2.0; youth media; educational interest groups/institutions; events/parties; mobile apps; cinema.

Marketing Opportunities - Adventure product; sports product; 'Contiki'-style domestic product; urban activities; youth related events.

Rewarding

'Rewarding' accounts for 13% of New Zealanders. It is distinctive in its strong male makeup - six in 10 members of the segment are male. Eight in 10 are 25 years or older and one in four are 55 years or older. Members are typically couples who have never had children or whose children have left home. Although holidays are of less importance in the context of life priorities than they are to some other segments, they are considered essential nonetheless. 'Rewarding' travels overseas extensively for business and is more likely to holiday overseas than the average New Zealander as well. Members of 'Rewarding' are most likely to be found living in Auckland.

This segment's favourite interests include watching television, eating out and playing golf.

Holidays for 'Rewarding' are a time when they can simply BE with their partners, away from the pressure, challenges and responsibility of everyday life, satisfying a need for peace and quiet. 'Rewarding' has above average domestic travel for business but tends not to holiday in New Zealand. When they **do** holiday in New Zealand, 'Rewarding' takes part in activities that reflect favourite interests – eating out and playing golf. The ideal holiday for 'Rewarding' right now is romantic and offers cuisine experiences. Based on past behaviour, this is likely to include restaurants, bars and wine trails.

Core Marketing Proposition - You work hard, you deserve it.

Marketing Channels - Business Media, special interest groups and clubs, Auckland specific media, TV sports/news channels, live sports events.

Marketing Opportunities - Short breaks; Golf product; indulgence/pampering, wellness product; romantic breaks; sporting events; food and wine experiences; cruise product.

Immersing

'Immersing' is mostly populated by single people or couples without children and has a female bias. It accounts for 13% of adult New Zealanders. Six in 10 are less than 40 years of age. Many live alone or in flats with others. Relative to the population, they are most likely to live in Wellington and least likely to live in provincial North Island towns.

Holidays are an important complement to busy lives for this often pre-child segment. 'Immersing' takes short domestic breaks with greater frequency than the average New Zealander but their aspirations are most strongly directed toward international travel.

They enjoy listening to music and watching DVDs at home, cooking for fun, eating out, looking after pets, painting, swimming, visiting gardens, going to the theatre, playing musical instruments, reading books and magazines, entertaining at home, hiking and going to markets and fairs.

A key prompt to holiday is the need to escape the stress and pressure of everyday life. This segment is one of three taking more domestic short breaks than the average. Overall, 'Immersing' travels more frequently than average for events involving family and friends.

Their ideal holiday involves destinations which are NOT familiar and which provide a complexity of experiences - scenery and landscapes, cuisine, culture, nature, animals, history and heritage. The most significant barriers to travel for 'Immersing' are insufficient annual leave, money and work commitments.

Core Marketing Proposition - Expand your mind, add to your experience, enrich yourself.

Marketing Channels - Special interest and lifestyle media, online lifestyle channels, professional media/interest groups, tertiary education institutes.

Marketing Opportunities - Product involving nature; health; wellness; culture; arts; music; heritage; wildlife; food and wine.

Making Do

'Making Do' is one of three strongly family-oriented segments with eight in 10 aged between 25 and 54 years. It accounts for 12% of the adult population. 'Making Do' contains a higher than average proportion of solo parents and has a female bias. Compared to the average New Zealander, they are more likely to live with tenants. They are under-represented in Auckland and over-represented in provincial North Island towns.

They enjoy watching TV, playing computer games and surfing online, keeping in touch with family and friends over the telephone or by text, visiting family and friends in their home town, watching DVDs, listening to music, playing board games, looking after a pet, cooking for fun, going shopping and visiting parks. However, the two favourite interests which set this segment apart from others are going for drives and visiting second hand shops.

Overall, members of 'Making Do' travel less than those in other segments and, when they do travel, it is mainly within New Zealand and often to visit family and friends. Of all segments, 'Making Do' is least likely to have travelled or holidayed **at all** in the last twelve months. However, they take more long holidays in New Zealand than average, often prompted by statutory holidays such as Christmas and Easter.

Their ideal holiday right now would be affordable, peaceful, relaxing, safe and familiar and the destination family-friendly, welcoming, easy and not challenging. It would provide an environment in which to indulge BEING needs and most typically involve inexpensive experiences such as beaches, being outdoors and nature-based activities.

Care responsibilities and money are the key barriers to travel for this segment.

Core Marketing Proposition - You deserve a break.

Marketing Channels - Women's magazines, general and lifestyle media, daytime TV/Radio, fairs/markets.

Marketing Opportunities – Family-friendly product; nature based product (especially involving animals); product with childcare facilities; anything affordable and easy.

Embracing Life

Making up 11% of the adult population, 'Embracing Life' shares the same family focus and age profile as 'Making Do'. Nine in 10 members are aged between 25 and 54 years. Unlike 'Making Do' however, this segment has a male bias and the dominant family structure is one of couples and children. Members of 'Embracing Life' can be found throughout New Zealand, but they are less prominent in provincial North Island towns.

'Embracing Life' members are more likely to name cycling and mountain biking, hiking and tramping, kayaking, boating for fun and all types of fishing, live sport, home renovation and entertaining at home as favourite interests.

Holidays are important to 'Embracing Life' and they holiday frequently within New Zealand. When holidaying in New Zealand, they take part in their favourite active home interests with their children and partners, away from the pressures of everyday life. Holidays are best for this segment when spent with family, sharing involvement in the same wide range of active and other interests they have at home.

The ideal holiday for 'Embracing Life' is above all family-friendly, and involves outdoor experiences, scenery and landscapes, and food and cuisine. Key barriers to travel are the amount of annual leave available, work, care responsibilities and suitability for children. As high consumers of travel and holidays, money also prevents this segment from taking even more holidays.

Core Marketing Proposition - A full life (for you and your family)

Marketing Channels - Business media, special interest media/online (e.g. golf, outdoor, boating, fishing), newspapers, boating/fishing/outdoor events/shows/fairs.

Marketing Opportunities - Outdoor/adventure experiences for the whole family; food and wine product; cultural product; heritage experiences.

Creating

'Creating' accounts for 8% of the adult population. It has a female bias, half of its members are aged less than 40 years and members of this segment are more likely to have children living at home than members of any other segment. 'Creating' households are also twice as likely as the average household to include extended family members. 'Creating' can be found throughout New Zealand but the segment is under-represented in Otago and provincial South Island towns. A key distinguishing feature is the segment's ethnic composition. One in two is of non-European descent.

'Creating' has many and varied favourite interests and a particular interest in texting family and friends. Members also enjoy talking with family and friends by phone and keeping in touch by email and letter. For four in 10, updating Facebook is a favourite pastime - the largest proportion of any segment. Compared with the average New Zealander, they are also more likely to enjoy visiting friends and family, entertaining at home, watching DVDs at home, listening to music, going to live music, playing music, being involved in the performing arts and running.

While travelling infrequently offshore, they take frequent domestic short breaks and longer domestic holidays. Travel is often prompted by visits to family and friends, or by education. Holidays for 'Creating' are about keeping in touch with people rather than seeing places. They favour holiday destinations which provide peace and quiet, which facilitate quality time with family and friends and opportunities for enjoyment to be shared with family members. They particularly enjoy walking, water activities and beaches.

Key barriers to travel for 'Creating' are care responsibilities and suitability for children.

Core Marketing Proposition - Good times to share with your family

Marketing Channels - Special interest groups/media (e.g. cultural focus), online channels, targeted lifestyle media, cultural and community events.

Marketing Opportunity - Social experiences; events/concerts/festivals; beaches/nature product; camping, picnics/outdoor cooking; group accommodation; history and heritage; cultural product.

Aiming High

'Aiming High' accounts for 8% of the adult population. Two thirds of its members are under 25 and almost 90% under 40. Most live at home with parents and siblings or in flats with friends. 'Aiming High' is over-represented in Auckland.

Members of this segment thrive on challenge and excitement and aspire to take part in a wide range of activities in ever-bigger, better and different destinations. Holidays are integral to their very existence. They travel the most frequently, both overseas and in New Zealand. Members enjoy texting family and friends and keeping in touch via Facebook. They are more likely to nominate downloading music, eating out, tramping, boating and going to concerts and performing arts as favourite activities than other segments. They are also highest on going to the movies, listening to live music, surfing, waterskiing, diving, kayaking, swimming, going to the gym, yoga and meditation, cycling and mountain biking, going to dance classes, meeting new people, playing other sports and watching live sports.

The ideal holiday destination for 'Aiming High' is exciting, different, entertaining and challenging. It provides a range of activities and experiences, including beaches, big cities, nightlife, shopping, sporting activities, outdoor activities and cuisine.

Coming from affluent backgrounds, where access to sports equipment and accommodation is a given, the most significant barriers to domestic travel are availability of annual leave, work commitments, transport and travel companions.

Core Marketing Proposition - More, bigger, best!

Marketing Channels - Youth media, special interest media (e.g. surfing, skiing etc.), Online channels, interest groups and clubs, cinema.

Marketing Opportunities - Adventure and sports product; youth/sporting/adventure events; urban product; wellness.