Value of the Holiday Park Sector

While staying at Holiday Parks, the contribution of visitors in terms of direct expenditure to New Zealand’s economy may be almost $1 billion annually\textsuperscript{1}. Approximately $594 million, or 59\% of this expenditure, is attributable to domestic visitors, and $405 million, or 41\%, to international visitors. Expenditure by international visitors contributes directly to New Zealand’s export earnings.

New Zealand Holiday Parks currently generate 6.7 million guest nights per annum, from 2.9 million guest arrivals\textsuperscript{2}. This level of activity represents 19\% of all commercial guest nights in the last year.

Two thirds (68\%) of Holiday Park guest nights are attributable to domestic visitors, while the international market has doubled over the last 20 years from 15\% to 32\% of guest nights\textsuperscript{3}.

Earlier this year Angus & Associates examined the expenditure of Holiday Park visitors across a range of regions and by a variety of visitor types. This peak season study found that visitors spent an average of $155.49 per night ($135.49 for domestic visitors and $194.60 for international visitors) while staying in Holiday Parks\textsuperscript{4}.

In comparison with the 2012/2013 season, expenditure in 2014/2015 on a per person basis was around one third higher\textsuperscript{5}. The increase in expenditure this season is partly due to an increase in activity and attraction spend – which was impacted in 2012/2013 by poor weather in the South Island. The increase has also occurred in part due to a higher proportion of international visitors travelling by campervan, slightly smaller group sizes, and fewer travel parties including children. There appears also to have been a more general increase in expenditure that may be reflecting a post-recession environment\textsuperscript{6}.

Angus & Associates’ expenditure study was previously undertaken in the peak of summer only but for 2014/2015 expanded to include February expenditure. When combining peak-time results from the most recent study with February spend, the average spend per day is just slightly lower at $153.65 ($130.65 for domestic visitors and $184.96 for international visitors).

For the purpose of this analysis, we have assumed that expenditure by Holiday Park visitors remains constant throughout the year. Extending the period of research to late February provided an insignificant change in average spend compared to the very peak of the summer season (end of December and early January), lending support to this approach. However, it is possible that expenditure is lower over the shoulder and low seasons, as visitors may be less inclined to spend on

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\textsuperscript{1} Based on extrapolating average daily expenditure for domestic and international visitors recorded by Angus & Associates over the December 2014 to February 2015 season to all domestic and international Holiday Park guest nights for the year ending February 2015 (from Statistics New Zealand Accommodation Survey guest origin data). The total is $999 million.

\textsuperscript{2} Statistics New Zealand, Accommodation Survey, year ending February 2015

\textsuperscript{3} Statistics New Zealand, Accommodation Survey, guest origin data, year ending February 2015

\textsuperscript{4} Angus & Associates, Holiday Park Visitor Expenditure 2014/15, April 2015

\textsuperscript{5} Angus & Associates, Holiday Park Visitor Expenditure 2012/13, January 2013

\textsuperscript{6} Also evident in the Ministry of Business, Innovation and Employment’s Regional Tourism Indicator data
outdoor activities, although, by the same token they may also be likely to spend more on accommodation when the weather is less favourable. Given this, the extrapolated expenditure on an annual basis should be considered an estimate only of the level that total expenditure by Holiday Park visitors could be as high as.

Angus & Associates’ 2014/15 research also examined what Holiday Park visitors were spending on. The table below shows how the expenditure of these visitors is distributed amongst various types of businesses within host communities. It also proposes what this might mean in terms of expenditure on an annual basis (based on guest nights for the year ending February 2015).

Of particular interest is the finding that the distribution of spend changes very little with the addition of February Holiday Park visitor expenditure data. Around 23% of Holiday Park visitor spend can be attributed to accommodation costs (around $226 million annually). The remainder, $773 million, is mainly spent on other activities/admission fees, groceries & snacks and petrol/fuel.

<table>
<thead>
<tr>
<th>Category of Expenditure</th>
<th>Distribution of Spend</th>
<th>Approx. Annual Expenditure (YE Feb 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Holiday Park Visitors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Dec to Jan)</td>
<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td>23%</td>
<td>$226 million</td>
</tr>
<tr>
<td>Groceries/snacks</td>
<td>17%</td>
<td>$155 million</td>
</tr>
<tr>
<td>Transport</td>
<td>7%</td>
<td>$93 million</td>
</tr>
<tr>
<td>Activities/admission fees</td>
<td>17%</td>
<td>$188 million</td>
</tr>
<tr>
<td>Cafés/restaurants</td>
<td>9%</td>
<td>$96 million</td>
</tr>
<tr>
<td>Petrol/fuel</td>
<td>14%</td>
<td>$132 million</td>
</tr>
<tr>
<td>Bars/nightclubs/alcohol</td>
<td>2%</td>
<td>$17 million</td>
</tr>
<tr>
<td>Other shopping</td>
<td>10%</td>
<td>$93 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>$999 million</strong></td>
</tr>
</tbody>
</table>

There are interesting differences in the expenditure of international and domestic holiday park visitors. Angus & Associates’ research found international visitors tended to spend significantly more on activities and attractions and transport, while domestic visitors spend slightly more on accommodation and goods such as snacks and groceries. International visitors also have a much shorter average length of stay at a Holiday Park - 3 nights, while domestic visitors were more often spending longer - 8 nights. So while international visitors spend more on a daily basis, domestic visitors spend more on a ‘per stay’ (or ‘per arrival’) basis. For this reason, both markets continue to be important to the sector as each offers different benefits.

The research also found Holiday Park visitors spend on a very wide range of items, meaning the economic benefit of a Holiday Park for its host community is not only well spread, but also not limited to small ticket items. For example, the 2014/2015 research identified expenditure on clothing, books, jewelry, gifts, car repairs, laundry, pharmacy items, hardware and souvenirs.

High value visitors to Holiday Parks include campervan travellers who spend an average of $188.92 per person per day while staying at Holiday Parks, and those staying in built accommodation who spend an average of $172.78 per day. Campervan travellers report higher than average spending on activities/admission fees and transport costs, and unsurprisingly, visitors using built accommodation spend more than average on accommodation.
In considering the value of the Holiday Park sector, it is also important to acknowledge the economic contribution made to the host region/community by the Holiday Park as a business entity. For example, the employment of staff, purchase of supplies, facility maintenance, and other marketing and professional services fees. The stimulation of other (indirect) expenditure should also be taken into account. For example, the dairy that employs an extra person over summer to cope with the business generated by Holiday Parks; the boat store that places additional radio advertising to attract purchases from Holiday Park visitors; and the local council that re-seals the public road leading to the Holiday Park.

Finally, it is worth noting that, in the context of other New Zealand industries, the direct economic contribution attributable to Holiday Park visitors is largely similar to that of the New Zealand TV broadcasting sector ($1,110 million year to March 2013)\(^7\), and greater than the wine industry ($760 million, 2012)\(^8\), cruise industry ($310 million, 2013)\(^9\), and NZ music industry ($205 million, 2013)\(^10\).

New Zealand’s total exports were $68 billion in the year to June 2014\(^11\). The export earnings attributable to international visitors staying in Holiday Parks ($405 million) are as substantial as those generated by New Zealand’s annual vegetables exports ($401 million) and the textiles, clothing and footwear industry ($432 million)\(^12\).

For more information

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\(^7\) Statistics New Zealand, Screen industry survey 2013-14, March 2013
\(^8\) NZIER, The economic contribution of the New Zealand wine sector, March 2014
\(^9\) Market Economics Ltd, Economic Impact of the New Zealand Cruise Sector, August 2013
\(^10\) PWC, Economic contribution of the New Zealand music industry 2012 and 2013, July 2014
\(^11\) Statistics New Zealand/Ministry of Foreign Affairs and Trade, Global New Zealand report, November 2014
\(^12\) Statistics New Zealand, Global New Zealand: International trade, investment, and travel profile, June 2014