Visitor Experience in a Changing World

TOURISM INDUSTRY AOTEAROA WHITE PAPER | NOVEMBER 2024

This paper explores the role of the visitor experience to the future of the Aotearoa New Zealand tourism industry. In a rapidly changing world, the nature of the visitor experience is something we have control over in ensuring tourism continues to deliver wide benefits for Aotearoa New Zealand.

The central idea of this paper is that there are change processes underway that mean that by 2030 – in just five years – the visitor experience in Aotearoa New Zealand will be quite different, and that the tourism industry needs to be actively adapting to and shaping this future. This future is being driven by visitors from younger generational groups who are more digitally aware and values-based, and new markets from the emerging global middle class; and, as technology changes nearly everything in terms of how tourism works.

The future visitor experience will continue to be grounded on Aotearoa New Zealand's landscape and people, and travel around our country, but it will be enriched by a wide range of technologies that will make travel easier, more informed and more connected. These changes will deepen the visitor experience in ways that add value for our visitors and the industry itself.

As a connected and collaborative industry, all parties have a role to play to support and enable the delivery of a world-leading experience for our visitors. Together, we can shape the nature of the visitor experience through our ability to anticipate and meet the needs of tomorrow's travellers.

Context

Tourism 2050 – A Blueprint for Impact sets out the industry's aspirations for tourism over the period to 2050.[1] The central idea of Tourism 2050 is 'balanced growth' where tourism demand is advanced in line with the nature and capacity of our country as a destination. This concept of balanced growth was informed by the realistic expectation that global tourism will double over the period to 2040, based on historic growth patterns and forecasts of air capacity over this period.

With this growth in tourism ahead of us, this paper explores the key factors that will shape the closer horizon to 2030 as the next important juncture for the industry.

Why Visitor Experience

The places, activities and social interactions that visitors experience lie at the heart of what the tourism industry is all about. What the many people, businesses, infrastructure and systems that make up the tourism industry do is to facilitate the movement of people for a wide range of purposes, including to see new places, visit family and friends, to do activities, follow interests, or to take a break or a holiday, and so on.

As such, the 'experience' is the primary reason people travel, with the tourism industry playing the vital role of enabling this to happen.

Within this, there are two key elements. The first is the basic needs of visitors, which can be described as to 'sleep, eat and move'. The second is the experiential aspects, including social engagement, seeing new things, doing activities, and connecting with culture. The tourism industry plays a role in both by making the basics a key part of the experience itself and in providing those value-add experiences. From the visitor perspective, these basic and experiential aspects blend to make the whole visitor experience, to create the memories and the value.

Delivering these experiences is the role of the tourism industry. The better we do this, the better the experience of our visitors will be, and the greater our value proposition. The quality of the visitor experience is the essential ingredient for increasing the value of tourism.

Responsibility for this lies with all parties that have touchpoints with visitors, which spreads the net widely. It includes all the businesses that visitors engage with directly, the infrastructure and amenity providers that provide the roads, airports, border services, footpaths, parks, beaches that visitors use, and all the Kiwis who interact with both

[1] TIA, Tourism 2050, A Blueprint for Impact, 2023. https://www.tia.org.nz/tourism-2050/.

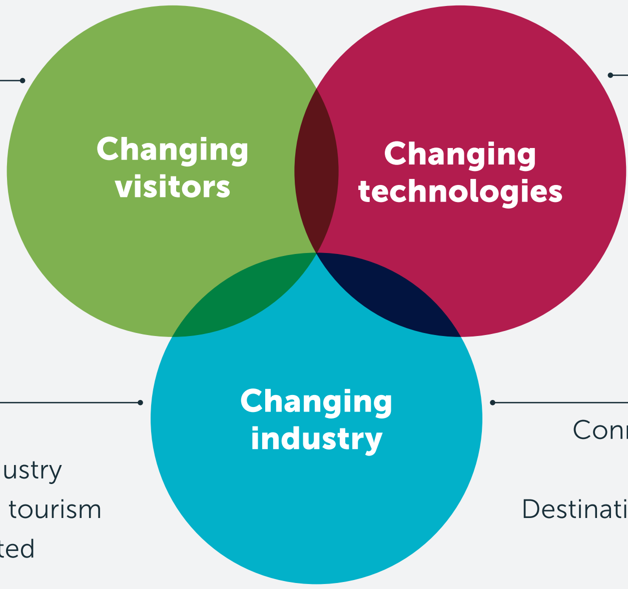
international and domestic visitors while they travel around our country. Every one of these touchpoints are important and contribute to the visitors' overall impression.

As an increasingly sophisticated industry, tourism can actively work to lift the visitor experience, and this is the focus for many businesses that are single-minded in their pursuit of this. With these operators' efforts, it is incumbent on others in the system to play their parts, including central and local government, and all those businesses that interface with tourism but do not necessarily know that they are a part of the tourism system and contributing to the overall experience of our visitors.

Figure 1 sets out a framework where the visitor experience is driven by three dynamic parts of the visitor mix: the changing visitor base, the changing technologies, and the changes in the industry itself.

Figure 1. Drivers of Changing Visitor Experience

Experience-driven travel
Generation change
Aging populations
Growing middle class
Values



Industry digitisation
Artificial Intelligence
Connectivity
Productivity
Data and measurement

Manaakitanga
Sustainable industry
Growing Māori tourism
Climate impacted

Connected industry
Innovation
Destination stewardship

How we choose to act

Lead on sustainability
End to end care of visitors
Deliver vibrant visitor experiences
Reduce obstacles to travel
Stewardship of the tourism system
Understand the experience of our visitors
Provide emotional connections
Give travellers what they expect digitally
Enabled workforce
All operators to play their part – every touch-point counts
Climate adaptive
Ethical application of AI
Cultural interactions

Changing Visitors

Aotearoa New Zealand tourism has a diverse customer base and one that is subject to considerable change over time, both in terms of who our visitors are and what they want.

Domestic visitation makes up 60% of industry spend[2] and our international visitors come from across the globe. Of the current 3.2 million international arrivals, 40.7% are from Australia, 11.3% from the United States, 7.5% from China and 5.2% from the United Kingdom.

Our top 10 markets make up 76.7% of our total arrivals, with a long tail of countries providing the rest. Holidaymakers comprise 46.8% of total international arrivals, with Visiting Friends and Family accounting for 31.1%, Business 6.0%, Education 1.6% and Conventions and Conferences 2.0%.[3] Within these groups, there are a range of other characteristics, including length of stay that has different outcomes, for instance, between long and short stay visitors. Similarly, domestic tourism is a complex mix of purpose of visit travelers from origin locations across the country.

[2] Stats NZ, Tourism Satellite Account, March 2023.
[3] Stats NZ, International Visitor Arrivals, July 202.4

As a visitor destination, there are several key drivers of change of our visitor mix and their characteristics:

1 / Experience-driven travel.

Increasingly, both international and domestic visitors are seeking deeper and more immersive experiences as they travel. They are seeking experiences that create memories and enrich their lives.

As a destination, Aotearoa New Zealand is heavily reliant on our diverse and attractive landscapes and cultures as essential aspects of our proposition. In addition, the industry creates and enables more experiential aspects of tourism, including cultural experiences, adventure tourism, activity-based travel, connecting with nature, engaging with host communities, wellness tourism, luxury experiences, and many others. We are an active holiday destination.

Across each of these, Aotearoa New Zealand is well placed both in terms of the structure and capacity of our industry, and in our ability to develop new and better experiences that in turn create a stronger value proposition. Getting this right means we create better experiences for our visitors, and opportunities for travel that meet other objectives we have, for instance, to change the traditional seasonal or regional patterns of inbound and domestic travel.

2 / Generation change.

Over time, the generational groups that travel are changing, with the younger generations set to be more important as the older groups progressively make up a smaller proportion of our overall visitor mix. The generation groups and their travel characteristics are set out in Figure 2.

Figure 2. Generation Travel Characteristics[6]

Gen Alpha 2013-present	Gen Z 1997-2012	Millennial 1981-1996	Gen X 1965-1980	Baby Boomers 1946-1964	Silent Gen & older 1945 & earlier
Family travel with parents & relatives.	Experiential travel. Prioritise unique experiences. Flexible & budget conscious. Digital natives relying entirely on digital tech. Most environmentally conscious	Prioritise experiences. Travel important. Independent focus. Off beaten track. Can be family focused. Tech savvy, relying on it heavily. Heavily conscious of environment.	Relaxation & adventure. Family travel. Independent with organised options. Tech comfortable, while valuing advice. Considers sustainability but not driven by it.	Retirement travel. Leisure and relaxation. Bucket list destinations. Less digitally savvy but uses tech for information & booking. Sustainabilty not primary concern.	Travel declining as getting older.
PERCENTAGE OF WORLD POPULATION					
19.5%	24.6%	22.9%	18.3%	12.1%	2.6%

Age →

A key shift is that travel by the younger Gen Z and Millennials generations is set to rise over the coming years, with travel by Baby Boomers declining as this group gets older.

There are important shifts in the characteristics of these younger travellers:

- **Technology.** The younger generations are digital natives and are fully reliant on technology for planning and booking their travel, and for all sorts of in-travel support, communications and information gathering. These generations are adept at using technology and have expectations that the latest tools will always be on hand for them to utilise.
- **Sustainability.** The younger generations are more likely to prioritise sustainable and responsible travel options than the older generations. Gen Z is the most sustainability-conscious generation, placing greater emphasis on sustainable, ethical and purpose-driven travel, and often factoring environmental and social responsibility into their travel decisions. They also have expectations that the destinations they visit will be aligned to their sustainability values.

[4] Christiana Sciaudone, Skift, September 2024.
[5] Deloitte. Facing Travels Future, 2024.
[6] Adapted from Deloitte. Facing Travels Future, 2024.

There are several tourism-related implications that emerge from the generational changes, including:

- The Boomers are retired or close to it, and as a generation they have the time and financial means to travel, and so travel by Boomers is important (as will Gen X as they start to hit retirement age).
- Gen Z and Millennials take twice as many international trips as Boomers and have both a stronger interest in travel and will prioritise travel spending.[7]
- Gen Z and Millennials also prioritise experiences in their travels and place a strong emphasis on this.
- The younger groups are more committed to sustainability and the impact of their travel, and they expect destinations to deliver sustainable experiences and travel options.
- As the younger groups advance through their lives and acquire wealth, they will become increasingly important visitors for an aspirational and experiential destination such as Aotearoa New Zealand.

The takeout for the tourism industry is the importance of adapting to the needs and wants of the emerging generational travellers, while at the same time making sure we are meeting the needs of those older travellers with the time and resources to travel.

3 / Aging populations.

Another strong demographic trend is that many countries have rapidly aging populations and low birth rates. This is occurring widely across developed nations, and particularly across Europe and East Asia.

For instance, Japan has an average age of 49, with 28% of its population aged over 65, and is facing a declining population. Its fertility rate is 1.34 children per woman, well below the 2.1% level required to maintain its population. South Korea is in a similar position, with an even lower fertility rate of 0.78 children per woman.[8] For these countries and others in the same situation, this is a difficult trend to reverse given the underlying reasons, including high cost of living, work-life balance and changing social norms.

The implications for Aotearoa New Zealand's tourism markets are significant in that the younger generations in many countries are getting smaller while the population of well-off older people that can travel is relatively large. This indicates opportunity for Aotearoa New Zealand to attract these older travellers, while also targeting the younger demographic groups and delivering to their more experiential preferences. For industry, being able to operate across the spectrum of ages and characteristics will remain important.

4 / Growing middle classes.

The growth of the global middle class has been a significant demographic driver over recent decades that has enabled the rapid growth of international tourism, and this is continuing. The pattern is well established that as people become middle class, they adopt travel as an activity that they expect to do.

For many of Aotearoa New Zealand's mature markets, such as Australia, USA, UK, East Asia and Europe, the size of this middle class has stabilised. This will limit the level of visitor growth from these markets.

However, there are important parts of the world with increasing numbers of people with the means to travel, and they are taking advantage of this. The growth of the China market over recent years has been driven by increasing incomes, with its middle class now estimated to be between 400 and 700 million, or around half its population. Now, India and the nations of South-East Asia, including Malaysia, Indonesia, Thailand and Vietnam, are rapidly moving in this direction, together with over 100 million middle class people. With these countries having younger average ages than our traditional markets, these travellers will typically have the characteristics of the younger demographic groups, and some will have distinct characteristics, such as extended family travellers from India.

5 / Values.

The values that travellers hold play a role in shaping their travel preferences and their expectations of destinations. Over recent years, there is evidence that values from certain traveller groups are changing, as seen with Gen Z and Millennials having much stronger sustainability and ethically-based values than older travellers.

There are also geographic differences, with Europe, and especially Northern Europe, placing higher emphasis on sustainability and issues such as tourism-generated aviation emissions. These are environmentally conscious consumers who are actively making behaviour changes, including to choose alternatives to air travel, avoiding long-haul travel and limiting flight frequency.[9]

These value changes are being reflected in the policy settings in many jurisdictions. For instance, the UK's Air Passenger Duty is a tax based on flight distance and class to disincentivise air travel; the European Union Emissions Trading Scheme includes aviation for flights within the European Economic Area to encourage emissions reduction; France has implemented restrictions on domestic flights where viable rail alternatives exist, and the EU has established anti greenwashing legislation.[10] There are many other such initiatives emerging globally including growing requirements for environmental, social, and governance (ESG) reporting.[11]

As a long-haul destination, Aotearoa New Zealand is particularly vulnerable to potential visitors choosing lower impact travel and/or to increased global regulation that may make travel to our country more expensive or less favourable.

[7] McKinsey & Company. The State of Tourism and Hospitality 2024, May 2024.

[8] Worldometer. Elaboration of data by United Nations, Population Division, World Population Prospects, 2024.

[9] European Travel Commission, Europeans' Attitudes to Responsible Travel Choices, 2021.

[10] News, European Parliament, 17 January 2024.

[11] Chapman Tripp, Protecting New Zealand's Competitive Advantage, 2024.

Other factors that may have a meaningful impact include digital work, where people can work anywhere, work remotely or incorporate work into their travels. Also, norms and expectations around cultural sensitivity and awareness, inclusivity and diversity are changing globally. Meeting these expectations will be an integral part of responding to the changing visitor mix.

Also, despite the surge of technology, 'digital detox' may become an actual reason to travel, to get away from the constant connectivity that day-to-day life and work entails.

Key Takeouts

- The shifts in the visitor mix seem somewhat contradictory. On the one hand, there is a generation shift occurring as the Baby Boomer generation ages out and the younger generations become increasingly important market drivers. On the other hand, a key travel sector of older people who have the time, interest and resources to travel offers potential for Aotearoa New Zealand. At the same time, lower birth rates in many countries means their younger generations are smaller than those that preceded them.
- The overall shifts are clear: the tourism industry must orient towards younger generational groups and particularly to the values they hold and the expectations they have of visitor destinations. Values around sustainability are more strongly held and influential in decision making with these generations and, as digital natives, they increasingly expect destinations to provide high quality technology innovation and quality communications across all aspects of their travel journey.
- As the industry meets the increasing environmental and ethical values of our markets, the requirement for accountability around the footprint and contribution of travel will increase.
- How operators respond to these change drivers will be key, and recognition by operators on how it may play out will be important. For instance, the increasing value placed on sustainability by younger visitor groups does not necessarily mean that these visitors will pay more for higher environmental standards; a factor to be considered by operators as they adapt to these market changes and build sustainability credentials into the costs of their operations.

Changing Technologies

The world is experiencing a rapid rate of digital technology change that is transforming many aspects of life, and this applies to all stages of the visitor experience. These include: journey inspiration and research, itinerary planning, booking and purchasing, in-trip information gathering, experience augmentation, recording, sharing and reviewing, and post-trip wrap up, including perhaps booking the next trip.

Increasingly, with every part of the visitor experience having an important digital element, the expectations of our visitors are high and will need to be met by operators.

At the same time, digital technologies offer endless potential for the industry to add value to the visitor experiences it offers, while increasing the efficiency and productivity of the tourism operations themselves.

The pace of change is extraordinary. The key factors and technologies to consider in this highly interconnected digital world include:

1 / Industry Digitisation.

Tourism has quickly moved from an analogue industry to a digital one. This digital transformation has been underway for some time, with the shifts driven by the progressive and rapid arrival of new technologies that are now profoundly changing how the full range of tourism functions and activities can be done. For instance, social media and influencers have become increasingly important in shaping travel choices, and this will continue as word of mouth has always been a core driver of travel decisions.

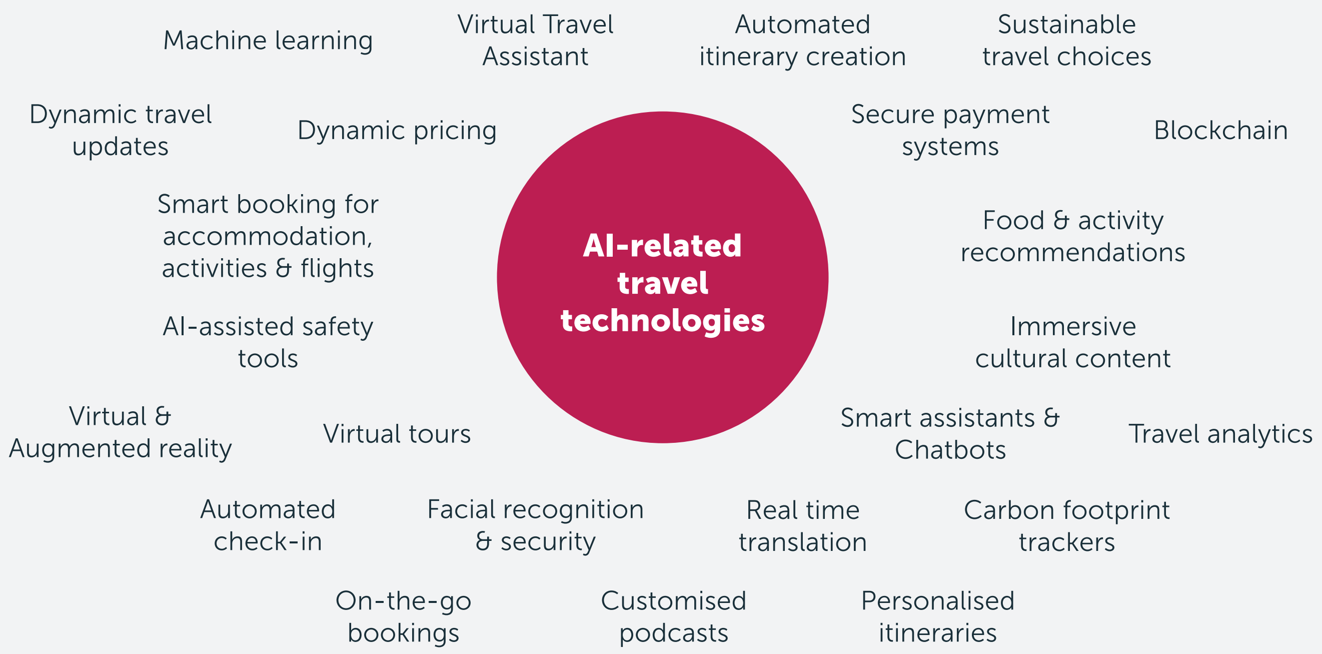
The difficulty for tourism and its operators is knowing what to use and apply in their businesses, what these technologies cost to deploy, and do they have the expertise to operate and maintain them. These questions are particularly acute for the many smaller businesses that make up the tourism industry. What is emerging is that the large global corporates that already play a major role in tourism, such as Meta, Microsoft, Google, and others, will play an increasing role in the digital future of tourism, with many opportunities for other technology providers and innovators within tourism to develop and apply a wide range of digital technologies.

2 / Artificial Intelligence (AI).

AI is one of the most transformative technologies in human history.[12] For tourism, the potential applications of AI are endless, by making travel more seamless, personalised and efficient. Figure 3 sets out some of the applications of AI in tourism.

[12] Demis Hassabis, 2024 Nobel Laureate.

Figure 3. Existing and Emerging AI-related Travel Technologies



For visitors, these AI-related technologies offer layers of information and services that will transform their travel experiences. For instance, it is easy to envisage a future where every visitor has their own virtual travel agent that looks after planning, itinerary and booking functions and so on, allowing the visitor to concentrate on the experience aspects of their travels. And of course, technologies such as augmented or virtual reality have enormous scope to elevate experiences throughout the visitors' journey, as well as generating high quality material that visitors can share on social media.

Any one of these changes could have a meaningful impact on the visitor experience, and yet they are all arriving at the same time. So, it will be the convergence of AI services that will make an exponential change, rather than having them all to consider and apply individually. For visitors, they can be delivered seamlessly, including via mobile devices in-journey, and they will increasingly be regarded as standard requirements. Moving with these expectations will be a major challenge for the industry.

Within the AI context, the question of trust will be an important factor for the industry to consider and respond to. There are many serious potential issues and risks, including: balancing personalisation with data privacy and consent; transparency and explainability of how decisions around recommendations and pricing are made; how bias and fairness are managed; and misuse and ethical risks from misinformation like fake reviews and AI generated imagery.[13] Similarly, given that AI is driven by current data and recommendations, it can lead to the concentration of visitor activity to the 'top-spots', thereby contributing to high visitation at some places, and less visitation at others.

As AI becomes more widely used, the industry will need to consider and set guidelines for its transparent and authentic use so visitors understand when and how it is being used.

3 / Connectivity.

To support these technologies, it is essential that Aotearoa New Zealand has the telecommunications network with the high bandwidth capacity and coverage to enable the technologies that visitors will want to use. The roll-out of 5G, the latest generation of mobile network technology, is underway in Aotearoa New Zealand with both urban and rural upgrades. The availability of satellite-based services, such as Starlink that has been available here since 2021, is expected to play an important role in providing high-speed internet services to support AI and other applications across the country.

[13] Caribbean Hotel & Tourism Association. Artificial Intelligence Transformation Guide for Caribbean Tourism, 2024.

4 / Productivity.

Taken together, the suite of tourism-relevant digital technologies will both elevate the value proposition and enable productivity gains. There are many functional tasks in tourism that will be delivered to a high standard and lower cost by the emerging technologies, with some here already. These will include chatbots to communicate with visitors, virtual travel assistants, automated or robotic functions such as concierge services and automated check-in, and many others. After many years of limited productivity improvements in tourism and noting that it will take time for all traveller groups to get used to the new tools, the application of these technologies will be significant. How and when businesses invest in these technologies are critical questions for the industry and the many firms involved.

5 / Data and measurement.

Data from AI can provide detailed customer insights across many aspects of the visitor experience, including to assess customer reviews, social media posts and other feedback to generate insights to improve service provision. Businesses can use AI to predict trends and customer preferences. How industry-level metrics can be generated from these will be a critical question.

A consideration around the emerging technology is whether it will make travel more homogenous, or more bespoke and personalised. In different markets both will likely occur, with quality destinations like Aotearoa New Zealand most likely to be seeking the more personalised approach in order to lift the visitor experience and thereby create value.

Within the wider question of the change driven by technologies, it is highly likely that even with the new technologies, people will continue to seek assistance in arranging their travel. For instance, in the face of complexity of organising a travel itinerary and dealing with all the possible choices, engaging a travel agent to do the work to create and book the itinerary can be an attractive option for busy people. What will likely happen is that the agents will be much better enabled by the technologies to provide a better service to their clients.[14]

Key Takeouts.

- In considering the technologies that will increasingly support both visitors and tourism businesses, it is important to recognise that the pace of change is rapid and that we are at the early stage of an exponential growth curve. For instance, as AI becomes more ubiquitous, it will stimulate more and more innovation that will in turn further accelerate the pace of change.
- For this reason, the technology space is extremely fluid, and difficult to predict with any certainty which of the many technology options will prevail.
- Central to the technology changes is the potential to both significantly enhance the visitor experience and increase industry productivity, with both being major gains for tourism and our country.
- Key for operators is to be ready for change, to understand which of the technologies could add to their operations and then to work out how to deploy, including investment requirements and the technology partners or advisors that they can work with.
- Regarding these emergent technologies, the pathways to implementation are not well developed and will likely be incremental in some areas, with some major exponential step-changes emerging in others.

Changing Industry

Tourism is a global industry, and while Aotearoa New Zealand is a small part of this at just 0.2% of all international arrivals, we punch above our weight when it comes to creating value, generating 0.4% of global tourism spend.

Globally, tourism is a highly competitive industry with destinations vigorously competing for visitors to support their economic and social aspirations. To be successful in this environment, our country must provide a complete visitor experience, and we must have access to markets and flight connectivity to enable people to get here. How we present destination Aotearoa New Zealand to the world matters.

While we will always be subject to how the wider system works and the trends that drive it, there is plenty of scope for our values, personality and destination attributes to shine through.

The global tourism industry is constantly changing and adapting, and we must change with it, to establish new ways to deliver tourism and to innovate to create new products and services for our visitors to do and enjoy. This ability to change and innovate is part of the DNA of our industry.

Key aspects of this change include:

1 / Manaakitanga.

As a destination, Aotearoa New Zealand has evolved from one that was based on our landscapes to one where our visitors' social experiences are increasingly important. Warm and friendly interactions between visitors and locals – Manaakitanga – are an integral part of our country and this is an attribute of our destination that our visitors enjoy.

In future, as technology solutions reduce the more transactional aspects of tourism, there will be plenty of opportunity for the personalised touches to be designed into the products and services provided to ensure the desired quality of visitor experience. In fact, our Manaakitanga will become even more important as visitors yearn for human connections, local knowledge, a friendly face and service with care.

2 / Sustainable industry.

Over the last decade there has been an important shift on the part of the industry to a more sustainable operating

[14] Business Insider. Travel Agents are Back, 2024.

position. This has been driven by the values and expectations of our visitors, and the values of the people in the industry itself – the strong sense of needing to care for our place, to be kaitiaki of destination Aotearoa New Zealand.

TIA's Tourism Sustainability Commitment (TSC) has been in place since 2017 and nearly 2100 businesses have signed up to it. From the TSC Annual Declaration, we assess how sustainability is placed within each business. In 2023, 97.5% say sustainability is important to their businesses; 43% have a written sustainability plan and 16% have a sustainability budget.[15] There is a long way to go, but the trend is clear in terms of the preeminent need to become a sustainable industry. Through the TSC, the Akiaki online learning programme and other collective work such as the Tiaki Promise, TIA is striving to support businesses to take the necessary actions that collectively will make a difference at the industry level. And there are others operating in this area, including Tourism New Zealand's Qualmark, that are working to support this journey.

3 / Climate impacted.

Aotearoa New Zealand is facing the reality of climate change, a challenge that all parts of the tourism system will need to respond to with increasing urgency, Work undertaken by the Aotearoa Circle with the tourism industry sets out risks and potential 2050 impacts under a range of climate change scenarios of 1.6, 2.0 and 2.5 degrees Celsius temperature increase over pre-industrial levels.[16] At even the low scenario, our climate will be impacted with a sea level rise of 0.2 metres, extreme rainfall up 15%, snowfall down by 10 days, and extreme heat days up by 15 days. In the other scenarios, the impacts are markedly greater. For instance, at a 2.5-degree increase, the scenario expects sea level rise at 0.32 metres, 20 fewer snow days and 30 days of extreme heat.

How tourism, and our wider society, responds to these scenarios will be central to setting the future direction of tourism in our country. The Aotearoa Circle work sets out both the physical risks (such as loss of ski fields, inability to access locations and reduced operating days) and transition risks and costs (such as loss of visitor sentiment and support, increasing climate change regulation, inability of tourism to keep up with the rate of change and inability to operate financially viable businesses). Within all considerations of industry change and development, the industry response to climate change is about good business and not just green business.[17]

4 / Māori tourism growth.

A feature of the Aotearoa New Zealand tourism industry over recent years has been the steady growth of Māori tourism within the wider industry, with more businesses and increased prominence of Māori culture across the whole industry. In this, the flavour of tourism has changed considerably with Māori values shaping the overall industry, Te Reo being used more widely, and new and unique to Aotearoa New Zealand visitor experiences being developed right across the country. This direction of travel is very well aligned to the growth of more experiential visitor markets and the delivery of high-quality interpersonal experiences.

5 / Connected industry.

A key feature of our tourism industry lies in the long-standing connections and interdependence of its various components; Aotearoa New Zealand is small, and we know each other. This includes how tourism works internally to set strategy and address issues as they arise, and how all the elements operate commercially to provide a seamless experience for our visitors. This highly networked approach is key to creating the wider whole that visitors engage with.

6 / Innovation.

Tourism has always been a field for innovation, and this is a key aspect of the entrepreneurial spirit that drives the commercial tourism sector. Tourism products like bungy, Zorb, jet boating, blackwater rafting and others are examples of this innovation. Now, tourism businesses are increasingly looking to technology as an area for innovation, and there are many examples emerging including chatbots, paperless customer experiences, robotic room service, peer to peer business models, and many more. This readiness to innovate is a key feature of tourism and this will be increasingly important as technology plays an ever-greater role in the industry.

7 / Destination stewardship.

Over recent years there has been an increasing awareness of the need to more actively act as stewards of our visitor destinations, whether national, regional or local. This approach is key to identifying investment needs by central and local government and industry, and for ensuring alignment with host communities. The clearest manifestation of this trend lies in the preparation of destination management plans by all of Aotearoa New Zealand's regions. How this stewardship can be advanced is central to our consideration of the funding needs of the tourism industry and our ability to improve destination quality.

8 / Development of the tourism system in Aotearoa New Zealand.

Over time, the system that shapes and enables the tourism industry has evolved, with important roles played by central and local government, and the industry itself. As identified in Tourism 2050, the current informal settings for tourism, including the roles and responsibilities that were established decades ago, are no longer fit for purpose. Resetting these structures is a priority to enable the industry to respond

[15] TIA, TSC Annual Declaration, 2023.

[16] The Aotearoa Circle, Tourism Sector Climate Change Scenarios, 2023.

[17] The Aotearoa Circle, Tourism Sector Climate Change Scenarios and Adaptation Roadmap, 2023.

cohesively to the wider changes set out in this paper. The system must enable innovation, destination management, process efficiency, responsive policy settings, and funding to enable investment into the system to allow the industry to develop in a deliberate way that meets the needs of our visitors, communities, environment and the tourism industry itself. This remains a priority for advancement to allow the industry to positively and progressively advance.

Taken together, these industry changes suggest an informed approach is needed to enable the industry, and the wider set of partners involved, to take the necessary steps forward to address important matters that arise. This can be seen as 'destination intelligence' that ties into the idea that tourism is a system that needs to be led, guided and advanced on an informed and collaborative basis.

Key Takeouts.

- Tourism is always changing. As the markets we serve change and as visitors expect new and memorable experiences, the tourism industry has always changed with it. For instance, tourism currently has important change processes underway, around being great hosts for our visitors, around lifting the place of Māori culture within the industry, around sustainability and destination stewardship, around decarbonising the sector while adapting to climate change, and around ensuring we are a well-connected and cohesive industry. These processes need ongoing support and investment.
- Central to the industry's interests is adding value to the visitor experience through developing the interpersonal aspect of the visitors' journey, while meeting the values-based and experiential expectations of visitors as new visit-enhancing technologies emerge, and in looking after the well-being of our place and our people.
- There is an imperative for deliberate action to support and shape the industry in facing the challenges ahead, including to develop and improve the visitor experience in Aotearoa New Zealand.

Implications for the Tourism Industry

A set of significant drivers will shape the nature of tourism in Aotearoa New Zealand over the years ahead. Importantly, these changes will be happening across wider society, both within our country and overseas. In a globally competitive tourism industry, Aotearoa New Zealand is well placed to retain and build upon our international reputation and desirability as a destination that provides quality visitor experiences, but we will have to work at it.

The adaptive abilities of tourism have been a consistent feature of the industry over decades, and this has been a key reason for its sustained success and its resilience through the various events that it has needed to navigate. Changes to our markets towards younger, values-driven and experiential visitors will require an adaptive approach and we can expect operators to rise to this challenge.

The changes that technology is driving will need a different response, for two reasons. Firstly, our visitors will increasingly need and expect connectivity and access to all sorts of technology-based tools as they travel. Secondly, these technology changes are coming our way regardless, making it imperative that we use these tools effectively to both enhance the visitor experience and to create efficiencies and productivity gains within tourism itself.

With respect to the future tourism experience, while some aspects will change, others will stay the same. For instance, the essential characteristics of Aotearoa New Zealand as a destination will remain – our landscapes, infrastructure, cultures and our people. Our visitors will continue to require the essential elements to move, sleep and eat, and they will want a wide range of enjoyable activities, attractions, services and social interactions to create those all-important experiences and memories that visitors take with them. The human experience and Manaakitanga will remain, and will become even more important.

What is changing is how the wide array of travel services will be provided as technologies are developed and deployed. With the pace of technology change accelerating, all sorts of opportunities will be created to significantly benefit both our visitors and the businesses that provide those services and create those experiences.

Aotearoa New Zealand is supremely well positioned to provide these enriching visitor experiences, and this is a 'must do' for us in a competitive global marketplace.

Characteristics of the Future Tourism Experience

Aotearoa New Zealand's current visitor experience is a positive one, with consistently high satisfaction levels for both international[18] and domestic travellers.[19] And, as signaled in this paper, the changes coming means there are all sorts of ways that visitors will enjoy better and richer experiences as they travel around our country.

The future tourism experience will likely be centered on the following key characteristics:

Self-directed

Personalised

Engaged

Memorable

Information rich

Sustainable

[18] MBIE, International Visitor Survey, 2024.

[19] TIA, Domestic Visitor Satisfaction, 2024.

For the industry delivering this visitor experience, it is equally important to ensure that we are 'true to who we are' in what we provide and how we do it. Authenticity is important.

These characteristics align with the changes set out: visitors that are experience-seeking, digital-savvy and values-driven; and a tourism industry that has the intent and capabilities to deliver to these needs.

These characteristics are also consistent to the core values held by the Aotearoa New Zealand tourism industry itself, as expressed as Manaakitanga (hospitality), Kaitiakitanga (guardianship) and Whanaungatanga (kinship), that form the platform from which we further develop the Aotearoa New Zealand visitor experience.

How we Choose to Act

The visitor experience is something that destination Aotearoa New Zealand has control over, and all parties that contribute to it have a role to play to enable the industry to deliver world-class and world-leading experiences to our visitors.

For many visitors, Aotearoa New Zealand is an aspirational destination, and it is important we live up to this. For our industry to deliver this promise, we must always exceed the expectations of these visitors. This is how we create value from tourism.

To achieve this, there are several things we can and need to do within the tourism system and within individual business operations, including:

Visitor journey

- End-to-end care of the visitor
- Every touchpoint counts
- Delivering vibrant experiences
- Provision of digital connectedness and tools that visitors expect
- Ethical and transparent application of AI and data tools
- Emotional connections
- Cultural interactions

Tourism industry

- Adopting and applying digital technologies
- Stewardship of the tourism system
- Understanding of the visitor
- Having a great workforce
- Providing smooth travel options
- Leading on sustainability
- Climate Adaptive
- Innovative and resilient.

Together, these elements form a basis for the actions to be advanced to ensure the visitor experience in a changing world, and to position Aotearoa New Zealand strongly and positively as aspirational destination in a highly competitive international tourism marketplace.

They also reflect a purposeful, informed and collaborative tourism industry that has the interest and courage to act in the interests of our operators, our visitors and the communities within which we operate. This can be called 'destination intelligence' where the various parts of the tourism system are thinking about and acting on what they can individually and collectively do to contribute to the well-being of tourism in Aotearoa New Zealand now and into the future.

With 2030 just five years away there is the need and opportunity to deliberately shift our orientation to this future; a future where key parties in the tourism system align to navigate and take advantage of the change drivers that are upon us as an industry.

Destination intelligence leans into our existing advantage as a small, tight knit and connected industry. Proud of what we offer and committed to designing tourism for the future. It involves proactively leveraging a variety of data sources to make informed decisions that enhance both the visitor experience and the sustainability of our destination.

Ultimately, the quality of the visitor experience is how value is created in tourism, and this has to be the laser-sharp focus as we control and design our future.

Together we make up the visitor experience and all of our interactions and Manaakitanga piece together to leave our visitors feeling inspired, moved, challenged and connected to our place.

And together we forge a path that not only meets but anticipates the needs of tomorrow's travellers.

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