



Increasing New Zealand Tourism

Qantas Holidays Presentation
Simon Bernardi

August 2003

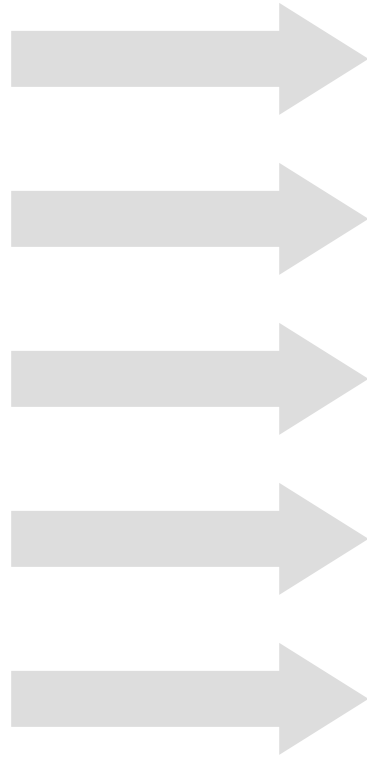
Purpose of this session

- To demonstrate the tourism benefits the Alliance brings to NZ
- To show how will Qantas Holidays (“QH”) and Air NZ Holidays will deliver these benefits



Qantas Holidays - a travel wholesaler creating value by packaging holidays

We anticipate the needs in our markets and package complex elements into a simple and appealing holiday



In competitive markets, we've grown to be a successful global business

Qantas Holidays has a strong track record of achievements

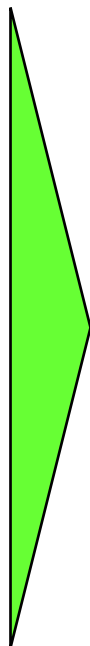
- A profitable stand-alone business
- Consistent growth, with revenues exceeding A\$1B
- 28 years experience offering our services to the market
- Global footprint
- Over 1,000 people employed in 25 countries
- More than 1,000,000 passengers annually
- Packages to more than 40 destinations

The key to our success has been our ability to generate traffic

Qantas Holidays has the distribution and marketing skills to raise the profile of destinations

Distribution

- Preferred agency relationships with every major Australian travel agency group
- Promotes and sells Australian and international holiday product to around:
 - 4,200 individual travel agents in Australia
 - 37,400 worldwide
- Over 350 people in call centres worldwide



Examples

- **Domestic Australia: Melbourne Cup**
 - Developed event package with Tourism Victoria after demise of Ansett
 - Grew sales to level that by far exceeds Ansett historical figures
- **Outbound Australia: Canada in Winter**
 - Launched special program to increase off peak travel
 - Increased sales by >48%
- **Inbound Australia: Middle East**
 - QH has established 45 GSAs promoting Australia over past 3 years
 - Sales have grown to around A\$3M per annum

New Zealand - a world-class destination, but constraints limit our results

Constraints on Qantas Holidays

- Established to promote the Qantas group therefore cannot sell Air NZ seats
- No extra incentive to emphasise NZ over other destinations
- Lacks connections and code sharing to package practical itineraries
- Qantas brand is not associated with NZ
- We are neighbours, but only 6.4% of QH customers include NZ on their itinerary

The Alliance has built-in incentives to raise the profile of New Zealand

Incentives to promote NZ

- QH passenger arrivals in NZ are well below full potential
- The additional arrivals will increase QH gross profit by A\$7.7M annually
- Qantas' equity stake in Air NZ and benefit sharing arrangements will incentivise QH to deliver on this business plan
- QH's distribution network will have identical incentives to promote both Air NZ and Qantas flights

Implications

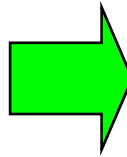
- All involved parties share a vested interest in the continued growth of NZ tourism
- The Alliance is pivotal to the plan to generate NZ arrivals



Why will the market grow?

New Product Offerings

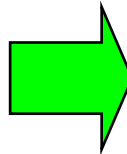
- New Itineraries through improved schedules and routes
- Development of Special events
- Expanded Offerings



Examples

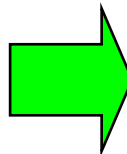
- Dual or multi destination packages Aust/NZ, Aust/NZ/Pacific
- NZ Special events such as Rugby, Sailing, Festivals, Car Racing
- NZ Special Interest eg Lord of the Rings, Mystery, Fishing
- Selfdrive, short break holidays, ski/snow boarding packages

Previously untargeted markets now accessed



- Middle East
- Asia Pacific

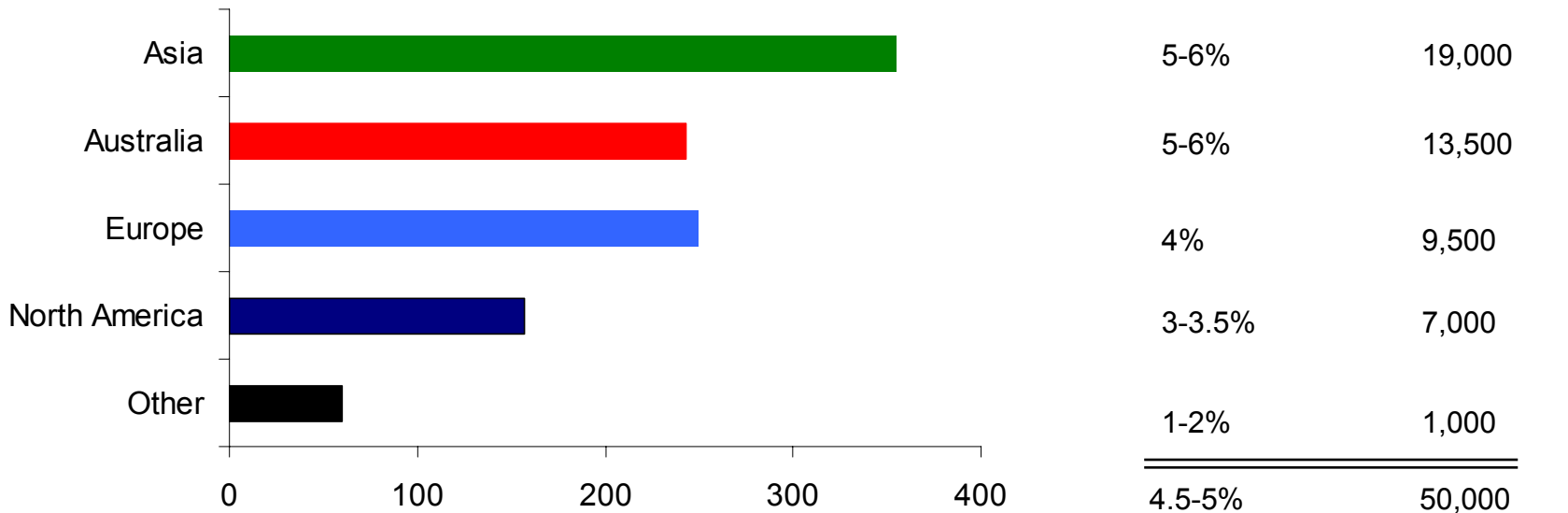
Increased Promotion



- New themes eg mono & dual destination
- Promotion to new markets
- Improved promotion effectiveness

The Alliance will attract more than 50,000 extra tourists to NZ annually

NZ Inbound Holiday Passengers
(Actual YE Dec 2002)



ESTIMATES

The Alliance is projected to attract more than 60,000 additional tourists overall. The QH business plan accounts for 50,000, the balance results from additional promotions benefits (discussed by NECG)

Four keys to success

Expanded Distribution

- Qantas permission to sell Air NZ
- More Points-of-Sale
- Increased promotion of NZ
- Dedicated sales team

Improved Product

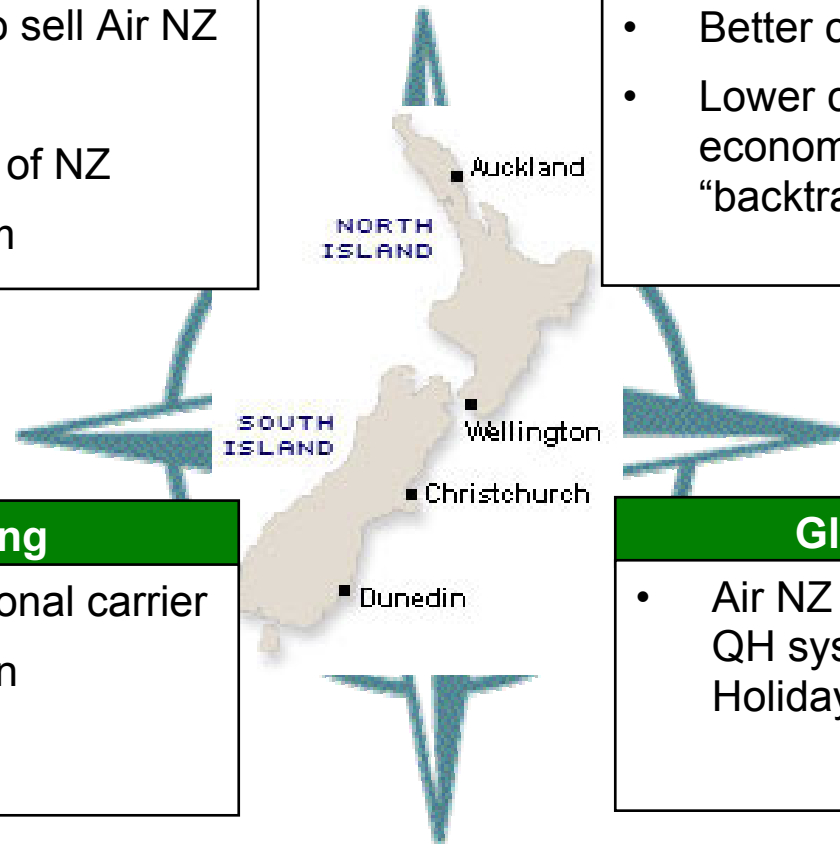
- Better customer experience
- Lower cost price (more economical routing; e.g. no “backtrack”)

Clearer Branding

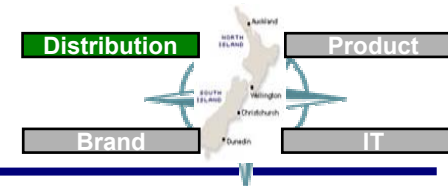
- Association with national carrier
- Removal of confusion

Global IT Platform

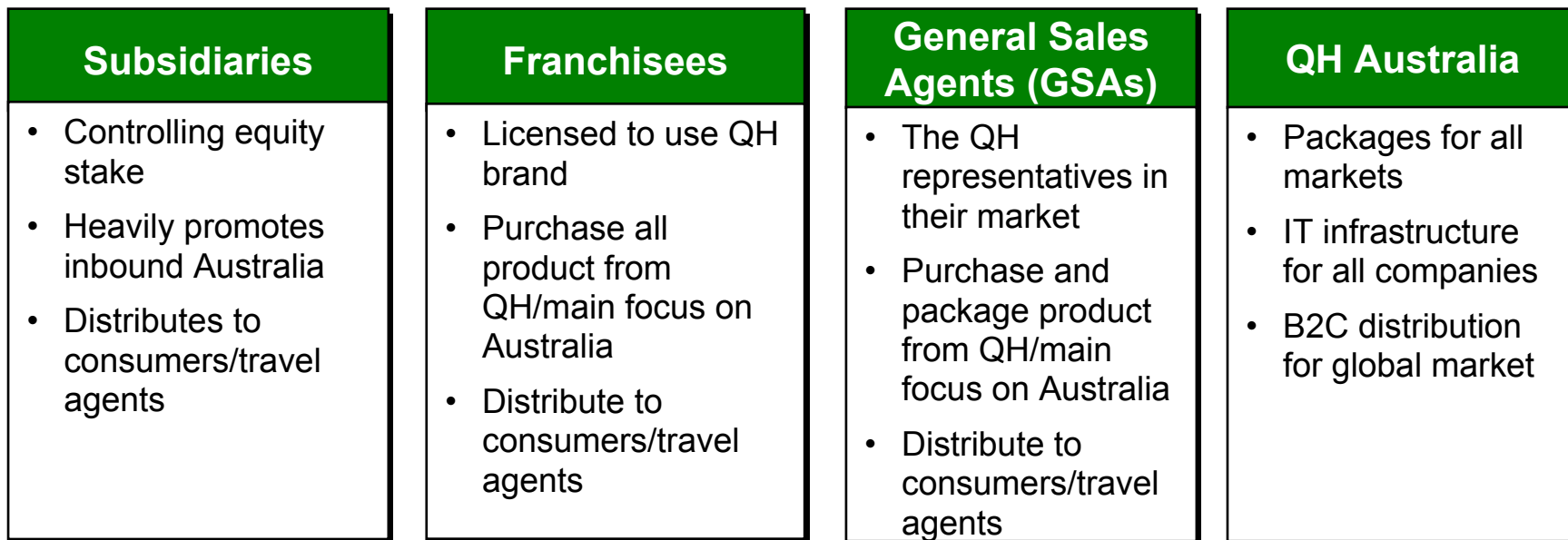
- Air NZ Holidays deployment of QH system – allowing Air NZ Holidays to increase traffic



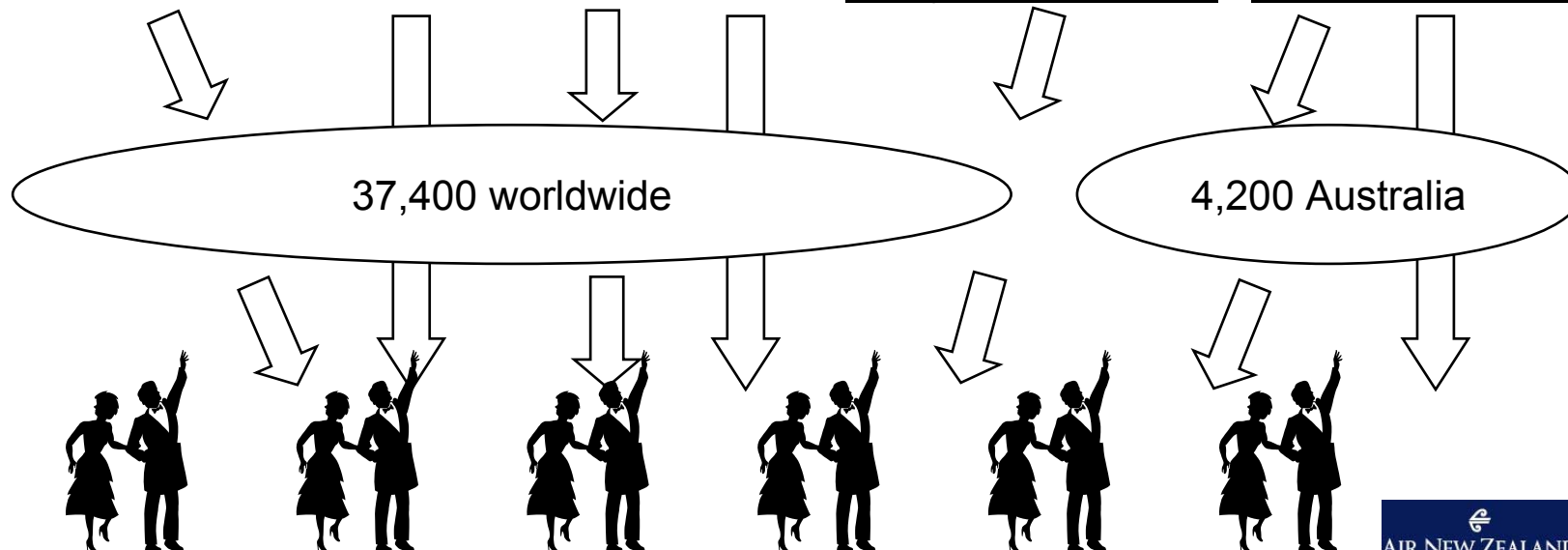
Qantas Holidays distribution channels



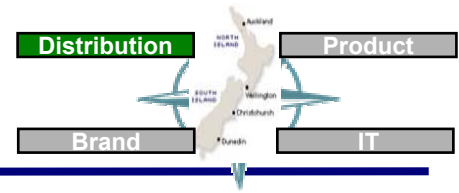
Wholesale



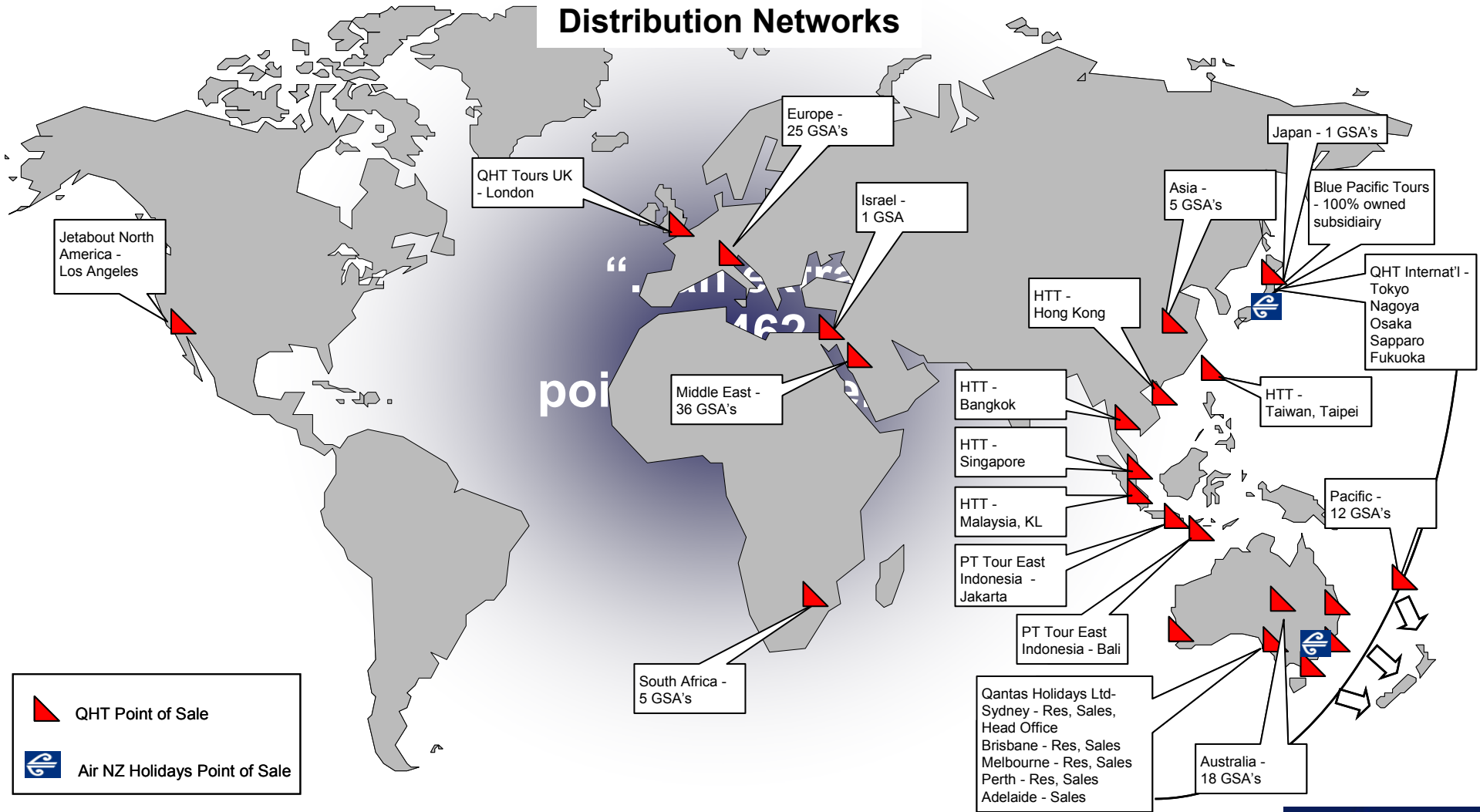
Retail (Travel Agents)



The Alliance will encourage its global distribution network to promote New Zealand



Distribution Networks

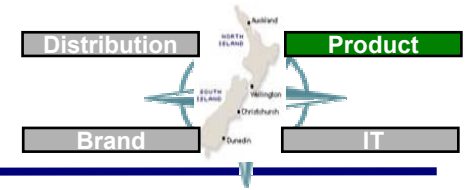


 QHT Point of Sale
 Air NZ Holidays Point of Sale

Source: Air NZ Holidays, QHT



Significantly improved the appeal of a New Zealand trip

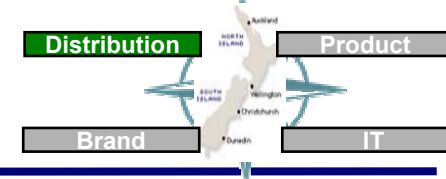


The quality of the tourist's experience will raise the profile of NZ as destination, while the fare will go down

Better tourist experience

- **Destinations** Combined NZ/QF international and domestic network
- **Choice** Increased direct routings, frequency and capacity
- **Connections** Better connecting flights
- **Affordability** Through more economical routing
- **Diversity** Increased range in destinations, hotels and other services
- **Comfort** Better packaged dual and multi-destination offering
- **Events** NZ special events promotion campaigns

Case Study: Japanese planning annual leave



The Alliance will turn previously unfeasible trips into attractive options

Context

• Situation

- Typically have few holidays (average below 2 weeks)
- Back-tracking and transfer time need to be minimised

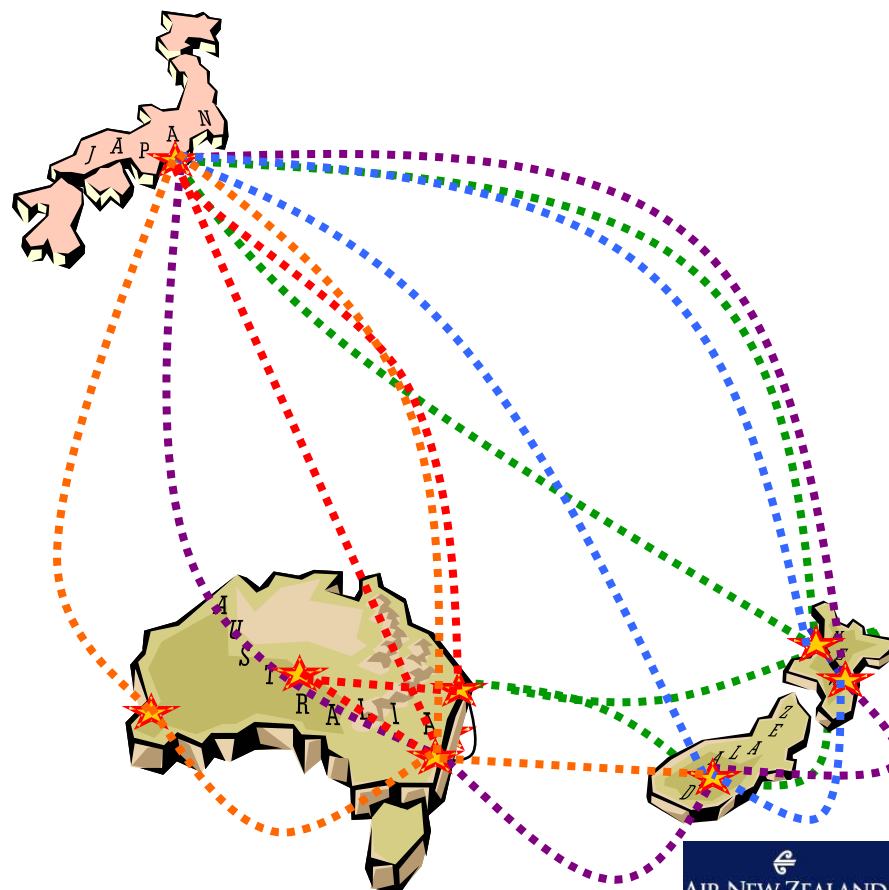
• Complication

- Currently *cannot* visit both Australia and NZ and return to Japan without backtracking or changing carriers at significant cost

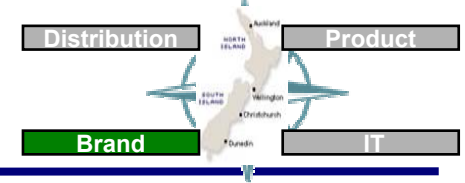
• Solution

- The Alliance will improve connections through code-sharing

Impact of Alliance



Two great countries, two great brands



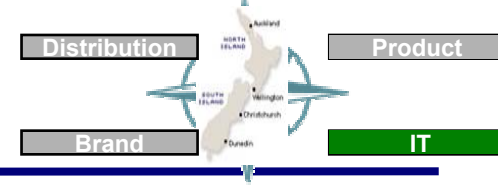
**A simple and intuitive branding strategy:
Holidays in Australia and New Zealand will be branded with the respective national airline**



Branding Strategy

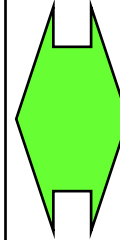
- QH leverages the Air NZ brand when promoting NZ (incl. dual destination)
- Air NZ branding reinforces the “100% New Zealand” and other national campaigns
- Air NZ is an New Zealand icon, resonating the attraction of NZ as tourist destination
- Air NZ brand is instantly recognisable, even in markets where Air NZ has no market presence





QH Global Reservation System

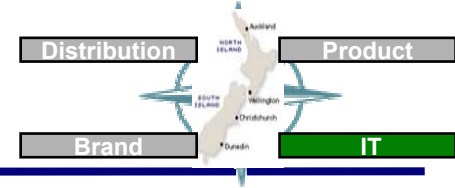
- 18,000 Australian and 54,000 other travel consultants access QH system to sell QH product
- Specialised wholesale system with full packaging functionality
- Centrally hosted and maintained by Qantas IT and system supplier
- Users can sell all QH contracted and packaged product
- Into its 46th version
- Internet consumer/front-end to handle online bookings
- Future web applications under development



Air NZ Holidays IT Capability

- No global reservation system
- Current platform has very limited functionality
- Urgent need to upgrade its system but lacks scale to justify investment
- No online booking engine
- Previous attempts at establishing a better system have failed

Case Study: Air NZ limited online offering



Welcome to Air New Zealand - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Media

Address <http://www.nzhols.com.au/> Go Links

Google Search Web Search Site News PageRank Page Info Up Highlight



[Latest Special](#) [Contact us](#) [Info for Travel Agents](#) [Home](#)

AIR NEW ZEALAND HOLIDAYS



New Zealand from \$519

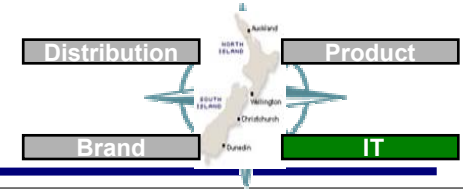
HURRY this offer is for sale until 31 August 2003 only!

[Click Here for all New Zealand Holiday Offers](#)

Join Airpoints now - FREE of charge

Trade Enquiries: 1300 365 747
Fax: (03) 9920 3850

Internet



New Zealand ON SALE!

New Zealand from \$519 Including 3 days car rental

- [Fly / Drive from \\$519](#)
- [Fly / Camper from \\$545](#)
- [5 day Ski Mt Ruapehu](#)
- [Auckland / Wellington City Breaks](#)
- [Conditions](#)



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5 day Ski Mt Ruapehu

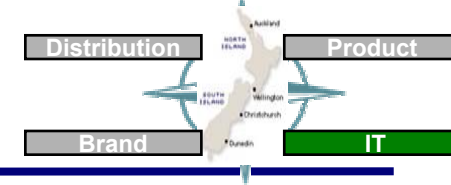
Ex Melbourne \$895 Ex Sydney \$909

Prices include return Pacific Class airfares flying Air New Zealand to Auckland,
5 days Britz economy car hire,
4 nights accommodation on the Go Kiwi Silver Accommodation Pass,
3 day lift ticket on Mt. Ruapehu, including 1 **FREE** day,
and all applicable taxes when departing/entering Australia.
Lift pass deal only valid Mon-Fri.



Download Flyer

Case Study: Qantas Holidays online booking capabilities





Wellington Accommodation

This package offers flexibility - allowing you to design your own holiday and extend your stay.

Price

From \$562.00* per person twin share
Prices correct as at 11 Aug 03.

Price Includes

- Return economy air travel with Air New Zealand
- 3 nights accommodation at the [Bay Plaza Hotel](#) 

Travel

1 Apr 03 to 31 Mar 04.
Higher prices may apply within this travel period depending on departure date.

Offer Ends

31 Mar 04

Conditions

* All prices are in Australian Dollars. Prices are per person twin share, inclusive of charges and taxes, but do not cover any charges, taxes imposed directly by third parties. Valid for sale 1 Apr 03 until 31 Mar 04; for travel 1 Apr 03 until 31 Mar 04. All prices are subject to limited availability, valid for sale dates specified and travel wholly within the travel season specified, however prices may fluctuate due to changes in charges, taxes and currency. Prices for single, triple and children are available on application. Please refer to [General Booking Conditions](#).

Other Accommodation Options

> [Hotel Intercontinental Wellington](#)


 [How to Book Online](#)

Quote Price / Book Now

From: **Sydney**


To: **Wellington**

Departing:

Tue 28 | Oct | 

Morning

Returning:

Wed 05 | Nov | 


Morning

Adults: 2

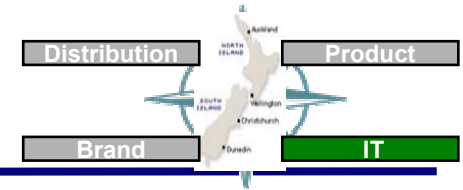
Children: 1

Child Age:

Child 1: 7 yrs



Case Study: Qantas Holidays online booking capabilities



AIR NEW ZEALAND HOLIDAYS

Selection ▶ Itinerary ▶ Details ▶ Confirmation

FLIGHTS
SYDNEY to Wellington

Date	Flight	Depart	Arrive	Stops	Class
28 October	NZ142	Sydney	09:35 Wellington	15:00	Non-stop Economy

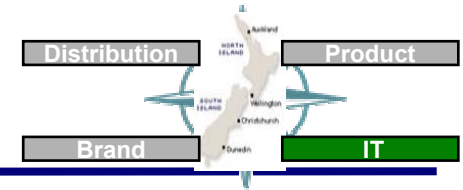
FLIGHTS
Wellington to SYDNEY

Date	Flight	Depart	Arrive	Stops	Class
05 November	NZ141	Wellington	06:40 Sydney	08:35	Non-stop Economy
05 November	NZ143	Wellington	16:00 Sydney	17:45	Non-stop Economy

Air New Zealand Holidays [General Booking Conditions](#) can be viewed online.

I accept the [Fare Conditions](#) and the [Terms and Conditions of Carriage](#) .

Case Study: Qantas Holidays online booking capabilities



Selection ▶ Itinerary ▶ Details ▶ Confirmation

ACCOMMODATION - WELLINGTON

Check in: 28 October Check out: 05 November

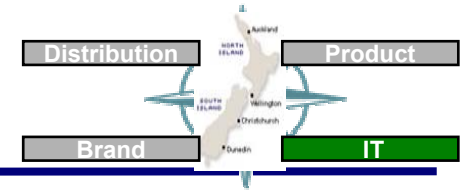
Price is based on one room. A separate reservation must be priced and booked for each individual room required. Price includes 1% Credit Card Service Fee.

Accommodation/Room Type	Air New Zealand Holidays Rating	From Price AUD (Total Stay)	Availability
<u>BAY PLAZA HOTEL</u>			
<input checked="" type="radio"/> Standard	3R	\$1,056	Available
QUALITY HOTEL ORIENTAL BAY			
<input type="radio"/> Run Of House	3.5R	\$1,360	Available
NOVOTEL CAPITAL WELLINGTON			
<input type="radio"/> Run Of House Room	4R	\$1,664	Available
JAMES COOK HOTEL GRAND			
<input type="radio"/> Standard Sgl/Twn	4R	\$1,742	Available
DUXTON HOTEL WELLINGTON			
<input type="radio"/> Deluxe	4R	\$1,862	Available
INTERCONTINENTAL WELLINGTON			
<input type="radio"/> Run Of House	4.5R	\$2,522	Available

< Back

Next >

Case Study: Qantas Holidays online booking capabilities



AIR NEW ZEALAND HOLIDAYS

BAY PLAZA HOTEL

40 - 44 Oriental Parade
Wellington

Location
Close to shopping, theatres and restaurants with views over the inner Wellington harbour.

Qantas Holidays View
A good value-for-money standard hotel close to all Wellington's attractions.

Property Facilities

- Restaurant
- Bar
- Room service
- Hair/Beauty Salon - nearby
- Laundry/dry-cleaning service

Accommodation

Rooms:

- 75 rooms
- Mini bar
- Telephone
- Television
- Tea/Coffee making facilities
- Radio/music
- Iron/ironing board

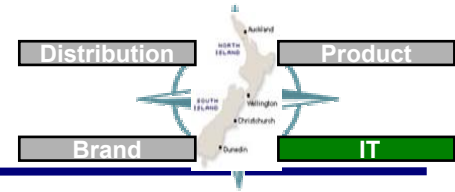
Family Features:

- Cot/Crib
- Baby-sitting services
- Interconnecting rooms
- High chair
- Childs Menu



Local intranet

Case Study: Qantas Holidays online booking capabilities



Selection > **Itinerary** > Details > Confirmation

Itinerary

Tuesday 28 October 2003

9:40am Depart SYDNEY on flight NZ142 Economy Class
3pm Arrive WELLINGTON

Accommodation Standard Room
[BAY PLAZA HOTEL](#)
In a 2 ADULTS/1 CHILD room
For 8 nights In: 28 OCT Out: 05 NOV
Meals Provided: No Meals included

Wednesday 05 November 2003

6:30am Depart WELLINGTON on flight NZ141 Economy Class
8:20am Arrive SYDNEY

Passenger	Age	Price
Passenger 1		\$1,021.96
Passenger 2		\$1,021.96
Passenger 3	7	\$255.96
Total Package Price (inclusive of 1% Credit Card Service Fee)		\$2,299.88

< Back

Book >

Together we will improve our voice in the global market

- Competition between leisure destinations is intensifying
- Expenditure by National Tourism Offices (NTOs) is substantial
 - Thailand - 2003 budget A\$280 million
 - Malaysia - 2003 budget A\$430 million
 - Australia Tourism Commission A\$90 million
 - New Zealand Tourism Board A\$58 million
- Further challenge; Australia and NZ are long haul
 - require greater investment of tourist time and money
- Travel distribution a real problem for New Zealand
 - New Zealand tourism strategy suggests that the representation of NZ and its products is diminishing

Source: TFI Report (Australasian Tourism Review, 5 February 2003; Tourism Futures International)

Summary

- The Alliance will deliver 50,000+ additional tourists per year
- It combines 2 organisations' strengths: global distribution, extensive product offering, global advanced IT platform, Qantas and Air NZ brands
- QH is an international player, 28 year track record
- A profitable business plan

