

PUBLIC VERSION

Qantas Holidays Group

Marketing & Sales Plan for Growing NZ Inbound Market under The Alliance

February 2003



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1. Introduction

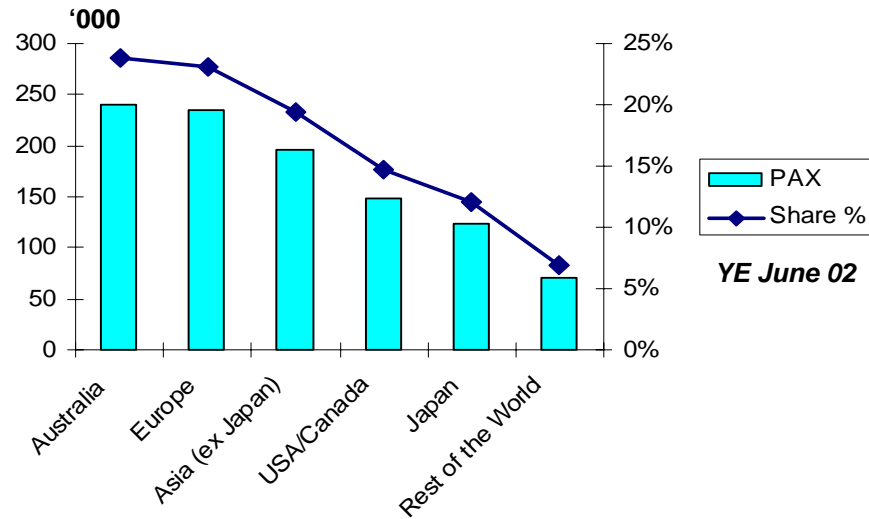
Introduction

- The document represents a Marketing & Sales plan that has been developed as part of the proposed Alliance between Qantas (referred to as QF) and Air New Zealand (referred to as Air NZ).
- The plan has been developed primarily to assess the impact the Alliance would have upon Qantas Holidays (referred to as QHT) and Air NZ Holidays, as well as the opportunities for revenue synergies, ie. incremental business growth.
- Currently QHT does not sell Air NZ product and would have no intention to do so without the Alliance. Whilst QHT markets NZ as a product from Australia, the sales and marketing focus on the product is limited in profile, as it sits within a portfolio of around 40 international destinations. QHT markets some NZ product from its international offices, however, the production is small and the product is primarily sold as an add-on product by request in some markets. Under the scenario of no strategic alliance between the two carriers (Counterfactual) the sales and marketing focus on NZ by QHT would remain limited.
- The joint destination of Australia and New Zealand and new ease of accessibility to be obtained through the Alliance allows for an expansion of QHT's core product to New Zealand, as well as the investment in marketing and sales efforts to support it (six new marketing themes have been developed). The Alliance creates new itineraries, provides attractive cost and time incentives for QHT to build the destination through co-operative marketing campaigns, and the establishment of QHT as an Australia and New Zealand specialist in key international markets.
- The plan presents a joint QF/QHT and Air NZ view on how the organisations could jointly leverage their brands, footprint and capabilities globally to achieve a targeted additional growth rate of 50,000 leisure passengers to New Zealand, and as a result 18,000 additional dual-destination passengers to Australia.
- The targets are derived from a detailed assessment of the NZ inbound market dynamics and statistics, the growth potential and customer preferences in the main source countries, as well as QHT/Air NZ Holidays footprint and expertise in overseas markets where they have a presence. In addition, supporting analyses were performed by analysing QHT's previous successes of similar case examples, the potential for leisure share of the Alliance network capacity, a comparison of QHT's current share in the Inbound Australian leisure market, as well as a detailed analysis of QHT's current sales by outlet performance in the overseas markets.
- The plan also contains a detailed financial assessment of the incremental cost and benefits related to the additional sales, which underpins the strong incentive for QHT to pursue this opportunity under the Alliance.
- Although the targets can be no more than estimates at this stage, QF/Air NZ both view the targets to be very reasonable given their expertise and experiences, and the supporting argumentation and analytical work set out in this document.

**2. NZ Inbound market
characteristics and targets**

A continuation of strong historical growth requires NZ holiday inbound market to focus on new markets and address some important challenges

NZ Inbound Leisure Statistics



Market Development

- Total holiday market comprises just approximately 1M PAX pa
- Holiday inbound market has grown with around 10% year-on-year over the past few years
- Asian countries like China, India, S.Korea, Thailand, and Europe (UK, Ireland and France) show the strongest growth
- Holiday inbound market is expected to continue to grow with a compound annual growth rate of 6.0% over the period 2002-2008
- 50,000 extra PAX represents an additional 5% increase on top of projected natural market growth
- Travel for holiday purposes currently accounts for around 52% of all visitors

Destinational Characteristics

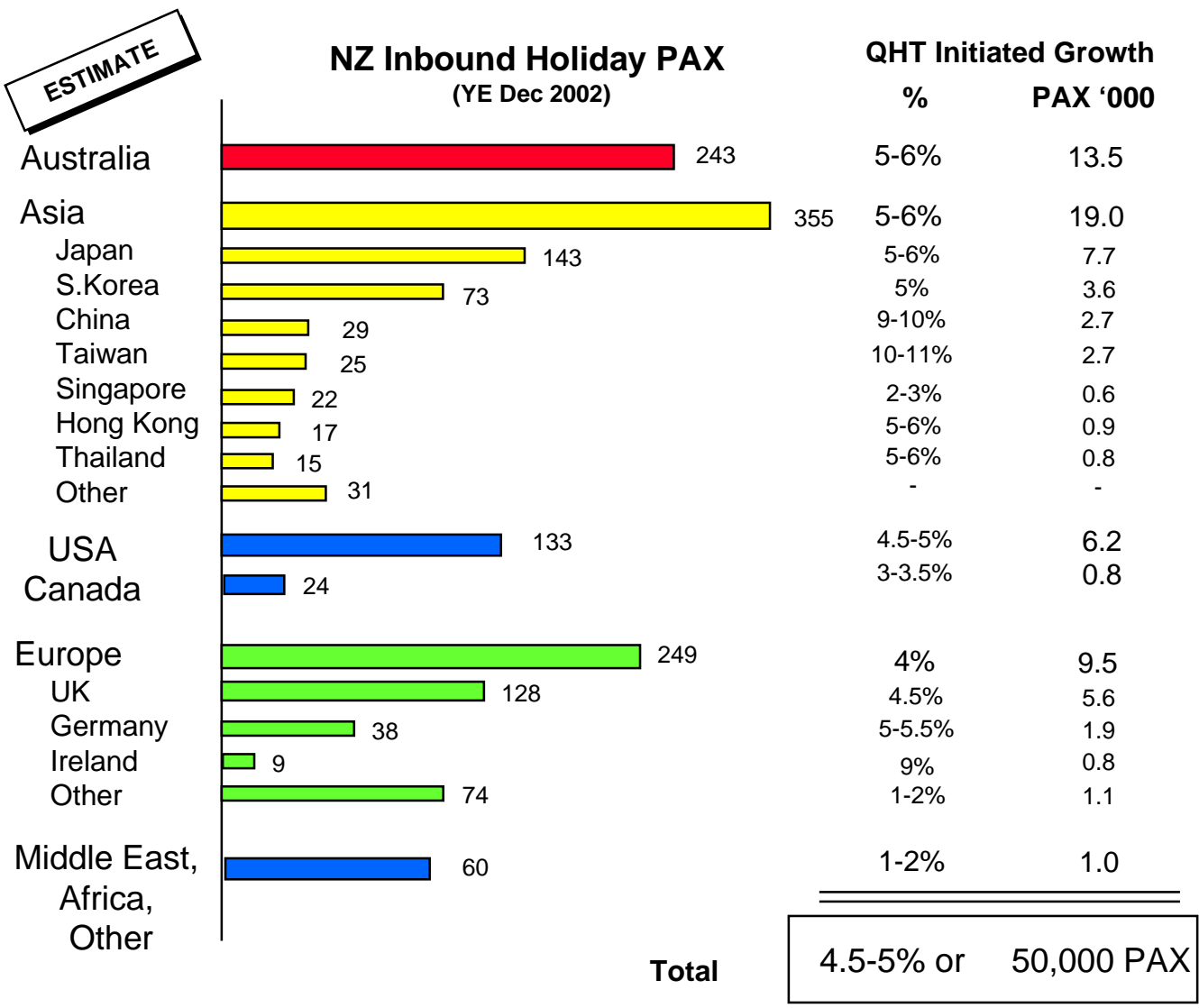
- Holiday visitors spend on average around NZ\$ 3,350 and stay 17 days
- Holiday visitors are a mixture of package and group travel and an increasing FIT (Fully Independent Travel) proportion
- NZ attractions are the main cities, regional North & South island, Queenstown, Lodges & Resorts, scenic rail, coach touring, walks, beaches and self-drive
- NZ destination appeal is based on its natural environment, Maori-culture, adventure offer, different climates (from beaches to skiing), great food and wine

Market Challenges

- Securing repeat inbound traffic
- Distance /long-haul destination for many source countries, making it expensive, and requiring considerable travel time and total stay
- NZ as a destination has a relatively small exposure / small voice in a growing competitive landscape
- 'Smoothing' NZ's strong seasonality, ie. filling the troughs
- Recent safety issues for the region due to perceived increase of terrorist threats

Source: NZ Department of Tourism, Press research, QHT management information

A detailed assessment of NZ Inbound market dynamics, future potential and QHT's overseas network formed the basis for the 50K incremental leisure PAX to NZ, and 18K to Australia



COMMENTARY

- Approach for deriving at estimates
 - Analysis of historical performance by source country and forecasted “natural” growth using TNZ statistics
 - Analysis of QHT’s volume mix into Australia as a comparable inbound market
 - Potential for using QHT and Air NZ Holidays capabilities to raise customer awareness and match their travel needs, as well as using its footprint/distribution network to reach these customers in the overseas markets
 - Analysis of alliance network capacity for leisure traffic growth
 - Current sales performance of QHT overseas network
- QHT estimates the potential for dual-destination leisure traffic to Australia, of the total 36,500 non-Australians, to be significant
- Historically the proportion of NZ non- Australian holidayers who also visited Australia is around 35%, according to TNZ statistics
- Under the Alliance, with a combined network, joint promotion, new multi-destination itineraries and dual branding, QHT and Air NZ Holidays estimate to be able to lift this proportion to 50%, ie. achieving an additional 18,000 holiday visitors to Australia, as part of the stimulus of NZ leisure traffic

Source: Statistics New Zealand December 2002 (TNZ) and Qantas Management Estimates

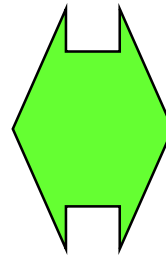
**3. Strategic rationale for pursuing
NZ Inbound business**

The Alliance gives Qantas Holidays the opportunity to sell Air NZ seats and expand its Inbound business

Benefits of Alliance for QHT

No Alliance - Counterfactual

- QHT forms a major distribution channel for QF and will not sell seats on Air NZ due to competitive reasons
- Qantas' limited network to, and within NZ, makes many NZ related itineraries from most Inbound markets uneconomical (especially mono NZ), and combined Australia/NZ itineraries often too expensive
- Qantas brand is strongly associated with Australia, making it difficult for QHT to push mono NZ itineraries in overseas source countries
- For these reasons, NZ is currently only promoted and sold by QHT overseas as an add-on destination to Australian itineraries



Alliance - Factual

- Alliance allows QHT to also sell Air NZ seats
- Alliance offers QHT an improved air product in the region, with a larger network, better connections, and new mono NZ, and multi-destinational itineraries
- Access to Air NZ (Holidays) brand enables QHT to promote NZ as an inbound destination in its own right
- Opportunity significantly enhances QHT's inbound growth strategy by combining two well-aligned inbound markets (Aus, NZ)
- Leveraging QHT's global distribution footprint delivers a step-change in the number of distribution outlets of NZ product, considering Air NZ Holidays' limited overseas infrastructure
- Growing leisure business is in line with overall group objectives of two carriers QF and Air NZ

The Alliance allows Air NZ to significantly enhance its Inbound and Outbound Holidays business through improved capabilities, and increased scale and reach

Benefits QHT will bring to Air NZ / NZ Holidays under the Alliance

Benefits to Air NZ / NZ Holidays	Description
Combined route network	<ul style="list-style-type: none"> • Extension to new holiday markets / destinations • Increased leisure product offering and consumer choice • Increased frequency and capacity, more economical itineraries
Distribution network	<ul style="list-style-type: none"> • Significant increase of overseas footprint with access to QHT network <ul style="list-style-type: none"> – Around 25 new inbound markets / source countries – An increase of 37,000 in number of distribution outlets See <i>footprint comparison in section 5.2</i> • Leverage from QHT preferred agreements and incentive programs with agents in Australia and specialist operator position in overseas countries
Product range / rates, and inventory levels	<ul style="list-style-type: none"> • Extension of its product range in important leisure destinations • Access to more competitive product rates and inventory levels in countries where QHT has greater market share & purchasing power, eg. Australia, Bali, Thailand, Pacific Islands, etc. • Leverage from QHT's more sophisticated inventory and yield management practices • Leverage QHT volumes to negotiate improved rates/offers increasing attractiveness of NZ as a destination • Leverage QHT ability to provide differentiated product and pricing by market driving high value customers in line with the Tourism NZ strategy
Marketing Capability	<ul style="list-style-type: none"> • Inclusion of Air NZ / NZ Holidays services in joint marketing operations with QF and QHT • Benefit from QHT strategic marketing capabilities - such as destinations strategies, market research • Increased promotional budgets and activities
Selling and Delivery Capability	<ul style="list-style-type: none"> • Access to QHT's call centres and travel agent sales support tools (direct access, B2B/Internet) • Ability to utilise QHT's global sales team to generate increased sales • Usage of QHT's more sophisticated and efficient booking and reservation platform for leisure business
Finance and admin disciplines	<ul style="list-style-type: none"> • QHT's foreign exchanges management policies and tools • Improved reporting capabilities
Alignment of goals	<ul style="list-style-type: none"> • Increased leisure volume increases Air NZ sales and allow it to better manage yield • Closer alignment of destination and airline (Air NZ) goals and objectives

And the Alliance provides strong motivators to both parties to pursue a joint Inbound growth strategy

MOTIVATION FOR QHT AND AIR NZ HOLIDAYS

- QHT current growth strategy is focussing on Inbound markets, as they provide the highest growth potential, compared to the Australian domestic and outbound leisure market - NZ Inbound obviously fits well with this strategic direction and enhances the Australasian offer.
- Alliance provides easy access to new capacity to sell leisure traffic.
- Jointly promoting two well-suited leisure markets will raise the “voice” of both countries overseas, as well as increase the effectiveness of promotional activities.
- Alliance allows QHT and Air NZ to leverage from QHT’s network, infrastructure and purchasing power, thereby ensuring a most economical expansion strategy, with mainly incremental cost in source countries.
- Expected level of cannibalisation is minimal as successful similar cases undertaken by QHT typically boosted the overall market, rather than creating a shift (highlighted in section 5.3), and QHT has currently very limited promotion of NZ product in its overseas network.
- Limited competitive response can be anticipated from other competing leisure destinations, as outlined in section 5.6.
- Attractive overall business case, with profit margins and return on investment well above QHT normal performance, see section 7.

4. Marketing Themes

QHT has developed six marketing key themes for supporting growth of the NZ Inbound leisure market

A. Improved Air Product

- Access to combined Air NZ/QF network
- Greater choice of itineraries/ flights
- Faster and more convenient connections
- More economical routing

D. Expanded Distribution

- Improved access
- Expanded global footprint
- Increased voice

B. Expanded Land Product

- Greater choice of Land product
- New packaged itineraries, eg. multi-destination

E. Specialised Customer Service

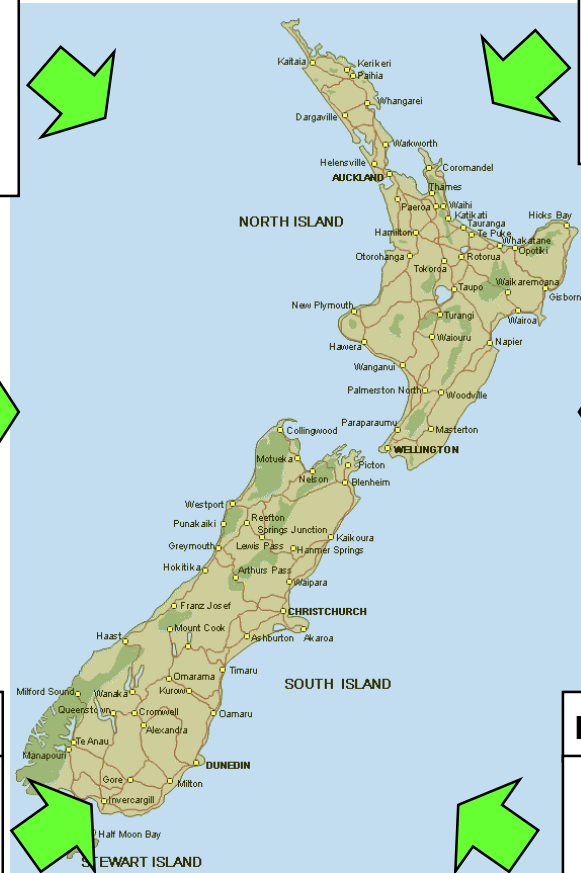
- Inbound alliance
- Specialist knowledge/training
- Dedicated Mkt. & Sales support

C. Increased Promotion

- Promotion to new markets
- Improved promotion effectiveness and levels
- New promotional themes (eg. mono, and dual destination)

F. Focus on New Market Segments

- Short Breaks / Mystery packages
- Consumer segment customised packages
- NZ Special events



A. Improved Air Product

DESCRIPTION	CONSUMER BENEFITS
<ul style="list-style-type: none">• The Alliance will result in access to a combined NZ/QF international network with two NZ domestics networks• It is envisaged to increase direct routings, frequency and capacity to NZ for mono-destination purposes• It will offer a more efficient and economical product, and allowing access to more destinational combinations than were previously feasible, especially in light of withdrawal of carriers like United	<ul style="list-style-type: none">• Time savings through direct routings for combined Australian / New Zealand itineraries• Direct routes for NZ mono destination itineraries• Greater choice of routings and stopover options• Increased air capacity on international routes• Elimination of backtracking on most combined itineraries• Greater choice over 2 New Zealand domestic networks• New multideestinational itineraries (eg. NZ, Aus & Fiji combined)
EXAMPLES Ex Japan TYO-AKL (Air NZ), AKL-SYD (Air NZ), SYD-AKL (Air NZ), AKL-CNS (Air NZ), CNS-AKL (Air NZ), AKL-TYO (Air NZ) Vs TYO- AKL (Air NZ) , AKL-SYD (Air NZ/QF), SYD-CNS (QF), CNS-TYO (QF) Ex UK LON-AKL (Air NZ), AKL-SYD (Air NZ), SYD-LON (Air NZ) (Via LAX 28 hrs) Vs LON-AKL (Air NZ), AKL-SYD (Air NZ/QF), SYD-LON (QF/BA) (Via Asia 23 hrs) Ex Singapore SIN-AKL (Air NZ), AKL-SYD return (Air NZ), AKL-SIN (Air NZ) Vs SIN-AKL (Air NZ/QF), AKL-SYD (Air NZ/QF), SYD-SIN (QF)	

IMPLEMENTATION ASPECTS FOR QHT
<ul style="list-style-type: none">• Develop new mono (NZ) and multi-destinational itineraries (eg. NZ, Aus & Fiji)• Market research best combinations for new product ex each market• Prorate and codeshare agreements between new carriers• Promotion of new air product

B. Expanded Land Product

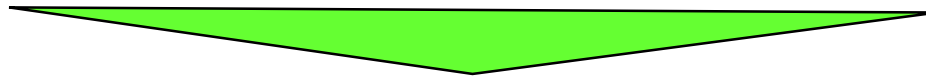
DESCRIPTION <ul style="list-style-type: none">• Expand NZ product range to support specialist NZ reservations unit• Increase FIT, pre-booked and 'go-as-you-please' range• Introduce new product for specific target markets• Develop land product to support mutli-destinational itineraries• Source best rates from suppliers with allocations	CONSUMER BENEFITS <ul style="list-style-type: none">• Greater choice of NZ product• Confidence in QH as NZ specialist• Product range will meet all customer needs and interests• One stop shop for NZ holiday purchase• Competitive selling prices• Instant confirmations from allocations• Packages for growing FIT segment
EXAMPLES <ul style="list-style-type: none">• Increased range of accommodation levels and styles e.g. budget/lodges• Organised group tours• Indulgence luxury and pamper packages across destinations (eg. NZ for "nature/adventure", Fiji for "beaches")• Special event tickets e.g. Rugby, local festivities, America's Cup• Special interest programs e.g. Lord of the Rings/Mystery Packages	



IMPLEMENTATION ASPECTS FOR QHT <ul style="list-style-type: none">• Allocate dedicated "Product" staff for NZ supplier management• Undertake supplier negotiations for rates, allocations and product information• Load and package in the reservations system• Implement comprehensive training program for all QHT reservations and selling areas
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C. Increased Promotion

<p>DESCRIPTION</p> <ul style="list-style-type: none">• Dedicated NZ marketing and sales plan for each region with structured objectives and outcomes• Increase the level of promotion to the overall market• New promotional themes / activities to targeted market segments• Increase NZ “voice” and competitiveness in key source countries• Improved promotion effectiveness and levels through leveraging QHT’s existing promotional spend and purchasing power	<p>CONSUMER BENEFITS</p> <ul style="list-style-type: none">• Provide more information on destination NZ e.g. what to book and how to book• Consumers are more educated on NZ product offerings• Supportive information reduces the effort needed to plan holidays• Information sources are readily available and accessible in retail travel agents, on the internet and via multi-media channels• Consumer choice and decision is stimulated through increased awareness and knowledge of NZ destination/product• New themes, target packages, new multi-destinational itineraries
<p>EXAMPLES</p> <ul style="list-style-type: none">• Dedicated NZ brochures incorporating specific product requirements relevant to each target market• Point of Sale promotional material such as Flyers, Posters etc.• Launching a wholesale brand as the NZ specialist, eg. [CONFIDENTIAL]• Advertise tactical initiatives with tourist bodies (NZTB), trade partners (eg. KEA in Australia) and suppliers	



<p>IMPLEMENTATION ASPECTS FOR QHT</p> <ul style="list-style-type: none">• Develop formalised marketing plans in each region• Implement strategies developed from marketing plans in accordance with timeline• Implement reporting for each campaign measuring the success of each strategy• Launch QHT as NZ specialist to the trade and media• Launch B2C site providing detailed product information and the ability to book online
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D. Expanded Distribution

<p>DESCRIPTION</p> <ul style="list-style-type: none">• Use QHT global network of subsidiaries, affiliate companies, GSA offices and travel agencies to promote and sell NZ product - <i>please refer to section 5.2</i>• Create a host-to-host (HTH) connectivity between QHT's booking systems and key wholesaler/retail distribution platforms to allow a seamless and direct sales of QHT's contracted NZ product (Land and Air)• Increase the voice/awareness of NZ product in distribution points• QHT B2C sites in source countries to carry NZ product	<p>CONSUMER BENEFITS</p> <ul style="list-style-type: none">• Greater awareness of NZ as a holiday destination and therefore provide greater choice• Easier and improved access to NZ product through expanded distribution network and online channels• Host-to-host connections allow mainstream, large distributors in source countries to promote and sell NZ product rather than just the smaller specialised, niche wholesalers who typically focus on NZ
<p>EXAMPLES</p> <ul style="list-style-type: none">• Increase sales capability in South Korea launching a wholesale brand as the NZ specialist• Set-up a HTH connection with one of the large travel wholesalers (eg. JTB, KNT) to act as a land-reseller for NZ product	



<p>IMPLEMENTATION ASPECTS FOR QHT</p> <ul style="list-style-type: none">• Create new, specialised promotion material for NZ, tailored to sales channels in each source country• Develop a specific incentive program for travel agents to promote and sell NZ product• Roll-out source country specific B2C websites promoting NZ air and land product• Invest in technology to establish HTH connections between QHT's and other booking systems

E. Better Customer Service

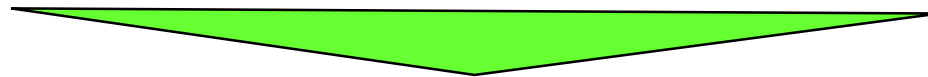
<p>DESCRIPTION</p> <ul style="list-style-type: none">• Specialised destination and itinerary training for reservations units, and where appropriate set-up special, dedicated team• Alliance with a NZ inbound tour operator to provide local customer service with necessary language skills to service various inbound travellers and groups• Dedicated marketing and sales staff that source and package NZ product and can educate trade on NZ selling features and benefits	<p>CONSUMER BENEFITS</p> <ul style="list-style-type: none">• Improved customer support around selecting and creating holiday itineraries for NZ• Local, dedicated “meet” & greet” service in NZ• Central customer support for dual (Australia & NZ) itineraries
<p>EXAMPLES</p> <ul style="list-style-type: none">• QHT-UK would be aiming to complement its reservations team with NZ expats• QHT head-office to recruit special marketing person to focus on NZ marketing themes, create NZ promotional material, and to develop NZ programs for the trade• QHT to select most suitable Inbound Tour Operator (ITO) in NZ to service inbound holiday traffic	



<p>IMPLEMENTATION ASPECTS FOR QHT</p> <ul style="list-style-type: none">• Create new, specialised training program for overseas reservations unit• Recruit new Marketing and Sales staff, as well as additional reservation consultants• Select and develop relationship with local ITO company
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F. Focus on New Market Segments

DESCRIPTION <ul style="list-style-type: none">• Develop specific programs to fit target segments within each region, providing consumers with a more tailor made product offering• Use QHT's dynamic packaging capabilities to tailor products to growing FIT segment• <i>More comprehensive overview provided in section 5.4</i>	CONSUMER BENEFITS <ul style="list-style-type: none">• More comprehensively matches NZ product offering to the specific consumer demands• Breaks destination into more targeted segments reducing the effort needed to plan and organise• Makes consumers aware of experiences available in NZ• Packages for growing FIT segment
EXAMPLES <ul style="list-style-type: none">• Short breaks/mystery packages for eg. Australian market• Budget/youth market for eg. UK market• Adventure and nature• Ski and snowboard• Luxury packages for mature travellers from USA• Organised group tours for eg. Japan and Asian markets	



IMPLEMENTATION ASPECTS FOR QHT <ul style="list-style-type: none">• Research and define appropriate target segments in key source countries• Match and package air/land product to meet the segment requirements• Develop promotional tools to sell product to targeted market eg. brochure, flyer, advertising plan including public relations, consumer and trade activity• Identify the most relevant means of distribution to attract the target markets

5. Supporting analyses and rationale

5.1 Network Capacity view

5.2 Overseas footprint & distribution network

5.3 QHT case examples

5.4 Product offering/itineraries tailored to key segments

5.5 Comparison with Australian Inbound market share

5.6 Competitor analysis

Access to a combined Air NZ and QF network creates an ability and strong incentive for QHT to sell NZ Inbound products

- This section provides further support on the marketing theme of an “Improved Air Product”
- The Counterfactual scenario from QHT’s viewpoint would be a continuation of the status quo ie. selling QF air product in conjunction with land requirements - This does not provide the same incentive to invest in development of NZ product that the combined network scenario provides
- The prime opportunity for QHT from the Alliance is the ability to sell Air NZ services, hence greatly expanding the potential QHT’s product portfolio through the opportunity for much improved access and variety of airline seat inventory
- The Factual scenario introduces the entire Air NZ network to QHT - This allows development of new QHT product in several categories;
 - Air NZ sectors that overlap with QF sectors, hence providing greater choice of frequency and inventory over the current range. Examples include;
 - ...Most Tasman sectors
 - ...Most domestic New Zealand sectors
 - ...Most Pacific Island sectors (QF codeshares with PH, TN, FJ)
 - ...Auckland to/fm Los Angeles
 - Air NZ sectors that are not served by QF, hence providing new routing opportunities for QHT. Examples include;
 - ...Auckland to/fm Tokyo, Osaka and Nagoya
 - ...Auckland to/fm Hong Kong
 - ...Auckland to/fm Taipei
 - ...Auckland to/fm Singapore
 - ...Auckland to/fm Honolulu
 - ...Auckland to/fm Perth
 - ...Auckland to/fm Cairns
 - ...Some domestic New Zealand (eg AKL and WLG/DUD)
 - ...Los Angeles / London
 - New sectors that will be operated as a result of the Alliance. These include;
 - ...Auckland to/fm Adelaide, Canberra and Hobart
 - ...Wellington to/fm Canberra

Source: QF / Air NZ, QHT management information

Alliance network will offer important new opportunities for Inbound leisure traffic from key source countries

- The combination of the QF and Air NZ network creates huge potential for QHT to develop new itineraries
- This will encompass both genuinely new routing options, expansion of current offers as well as allowing product options that were not viable without the addition of Air NZ capacity as available inventory

Assessment of Alliance Network Opportunities for Key Source Countries

<p>USA</p>	<ul style="list-style-type: none"> • Air NZ has greater frequency and capacity share from Los Angeles to NZ, which will provide much greater inventory and departure opportunities • Air NZ has greater frequency and capacity share in the Pacific Islands, allowing more scope for stopovers enroute, including Fiji, Samoa, Tahiti and Honolulu • Air NZ has greater frequency and capacity share within NZ, similarly allowing for greater inventory and departure options, particularly important for securing US tour group business • Availability of Air NZ capacity on the Tasman will also allow more options to secure inventory on the days and dates required
<p>Japan</p>	<ul style="list-style-type: none"> • Adding the Air NZ network to the QHT portfolio will allow marketing of mono-destination NZ packages using nonstop NZ services between Japan and NZ • It will also allow creation of genuine triangular product options, combining NZ and Australian holidays, without the need to backtrack
<p>Asia (excl. Japan)</p>	<ul style="list-style-type: none"> • Similarly, QHT will have the opportunity to sell NZ mono-destination and triangular package options from Singapore, Hong Kong and Taipei • Benefits from avoidance of double Tasman crossings
<p>UK</p>	<ul style="list-style-type: none"> • The Air NZ network opens more routing and stopover options between the UK and New Zealand, of particular interest are the HKG/AKL, SIN/AKL and LHR/LAX sectors • Combined Air NZ/QF network provide opportunities to increase motivation of repeat visitation for UK/European market • Pacific Island stopover options would also be greatly enhanced • Packages would incorporate QF and BA operated services and other Oneworld carriers where appropriate
<p>Australia (Trans-Tasman)</p>	<ul style="list-style-type: none"> • Greatly improved frequency and capacity options across Tasman and domestic New Zealand sectors currently only offered through QF • Introduction of new Air NZ sectors and new Alliance routings • For the Tasman specifically, access to Air NZ's inventory on the Tasman allows much greater flexibility in satisfying product demand (through more same day capacity on all city pairs) and incentive to develop more product options

Source: QF / Air NZ, QHT management information

A detailed analysis of the Alliance network capacity strongly supports the target of 50,000 additional NZ Inbound holiday visitors

Network analysis - Applying QHT's share of inbound capacity to Alliance Network for NZ

MEASURES	USA	Japan	Singapore	Hong Kong	UK/Ireland	Australia
QHT NZ Inbound Targets (under Alliance)						
QHT targeted PAX, referring to page 6	6,200	7,700	600	900	6,400	13,500
Resulting share of NZ inbound seats	1.1%	2.8%	0.5%	1.1%	4.5%	1.6%
Australian Direct Inbound Capacity (without Alliance)						
QHT current share of QF coded inbound seats	Confid	Confid	Confid	Confid	Confid	Confid
New Zealand Direct Inbound Capacity (under Alliance)						
Alliance capacity - # of seats per annum	571,168	274,248	117,416	83,720	142,688	853,216
Apply QHT share of inbound seats	Confid	Confid	Confid	Confid	Confid	Confid
Annual PAX potential at Australian share of inbound seats	Confid	Confid	Confid	Confid	Confid	Confid
Proportion of target as part of total seat share potential eg. <i>USA: 6,200 targeted PAX as proportion of 15,509 PAX potential)</i>	Confid	Confid	Confid	Confid	Confid	Confid

COMMENTARY

- Analysis measures QHT's current (FY 01/02) share of QF-coded inbound seat capacity for some key source countries
- Applying a similar % share to the NZ Inbound seat capacity available to QHT under the Alliance, generates in all cases a higher PAX potential than QHT targets set for these countries
- For this selection of source countries, the PAX potential is >75,000 PAX, well above the total target of 50,000 additional PAX
- In the case of Japan, the additional [Confidential] PAX that Air NZ Holidays sells into NZ, combined with QHT target of 7,700 would lift the seat share from [Confidential] to [Confidential], just over QHT's current share of [Confidential] of the QF-coded Inbound capacity into Australia
- Analysis excludes BA capacity on the assumption that codeshare PAX offset each other, and only looks at direct Inbound sectors to avoid complexity of stop-overs and pass-through traffic

Source: QF/Air NZ analysis, QHT management information

5. Supporting analyses and rationale

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5.2 Overseas footprint & distribution network

5.3 QHT case examples

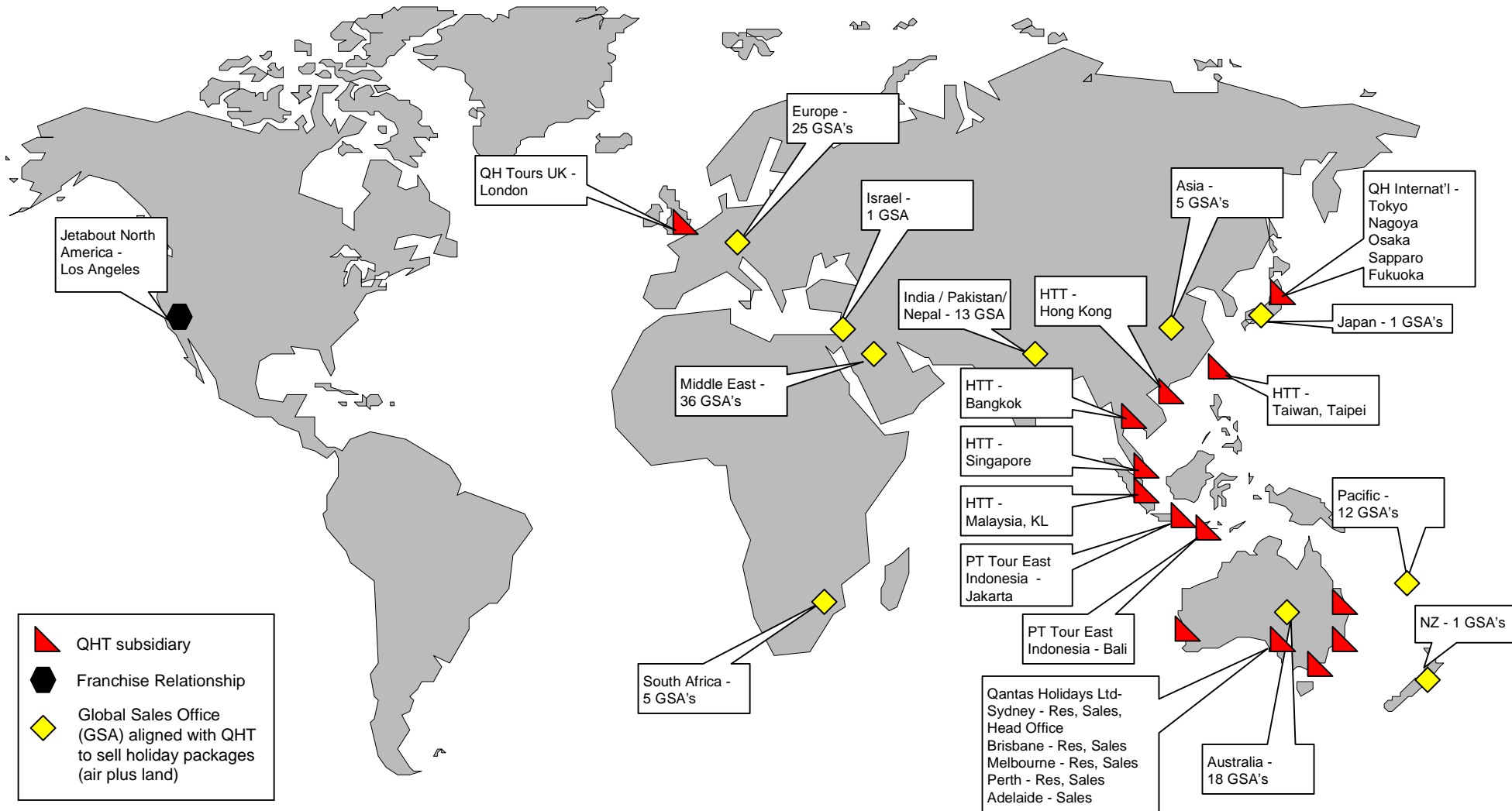
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5.6 Competitor analysis

QHT's wholesale network of subsidiary and franchise offices and Global Sales Offices provide broad global reach

Overview of QHT's Global Holidays Wholesale Network (Excludes QF/air tickets only sales network, and (travel) agent networks)



Source: Qantas Holidays reports

Air NZ Holidays only has a strong presence in Japan besides its NZ operations

Overview of Air NZ Holidays Global Wholesale Network (Excludes Air NZ/air tickets only sales network, and (travel) agent networks)

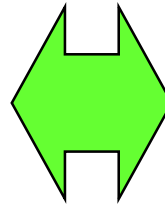


Source: Air NZ Holidays

QHT's global footprint of holiday product offers a step-change opportunity with nearly 37,000 additional distribution outlets to promote and sell NZ holiday product

Comparative Analysis of QHT and Air NZ Holidays Footprint

QHT's Overseas Footprint				Air NZ Holidays Overseas Footprint			
QHT Subsidiaries / Franchise offices	QHT - FY 01/02 PAX	Outlets / Distribution Points	PAX / Outlet	Air NZ Holidays Operations	Air NZ - 01/02 PAX	Outlets / Distribution Points	PAX / Outlet
Japan	Confid	860	Confid	Japan	Confid	500	Confid
UK	Confid	4,403	Confid	UK	-	-	-
Asia (excluding Japan)	Confid	326	Confid	Asia (excluding Japan)	-	-	-
United States	Confid	21,875	Confid	United States	-	-	-
GSA's -Examples				GSA's -Examples	-	-	-
Middle East	Confid	1,450	Confid	Middle East	-	-	-
Netherlands	Confid	1,500	Confid	Netherlands	-	-	-
Germany	Confid	6,000	Confid	Germany	-	-	-
South Africa	Confid	1,000	Confid	South Africa	-	-	-
Tahiti	Confid	25	Confid	Tahiti	-	-	-
New Caledonia	Confid	13	Confid	New Caledonia	-	-	-
Aggrate for above markets	Confid	37,452	Confid	Aggrate for above markets	Confid	500	Confid



COMMENTARY

- QHT's overview does not represent the entire footprint, eg. excludes GSA's in certain European countries, India, Pakistan etc.
- Analysis shows trade sales only, direct sales via telephone and Internet have been excluded
- Number of distribution points and performance by outlet vary greatly due to difference in market size and QHT's physical footprint, as well as the airlines (QF / Air NZ) overall market share
- As becomes apparent from this analysis, QHT's footprint will increase the distribution points of NZ Holiday product dramatically
 - From 500 to 860 in Japan
 - Additional 36,592 outside Japan
- The targeted 36,500 non-Australia originated PAX would require an average sale of 1 PAX per outlet, compared to {Confidential} QHT is currently achieving

Source: QF / Air NZ, QHT management information

5. Supporting analyses and rationale

5.1 Network Capacity view

5.2 Overseas footprint & distribution network

5.3 QHT case examples

5.4 Product offering/itineraries tailored to key segments

5.5 Comparison with Australian Inbound market share

5.6 Competitor analysis

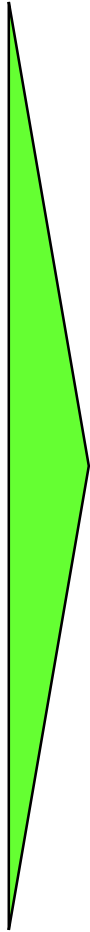
Viva! Thailand - Growth of international destination using alternative brand and carrier

Context and Marketing Activities

- QHT uses two brands to Thailand for its Australian outbound business:
 - Qantas Holidays - for package bookings on QF coded flights
 - Viva! Holidays - for package bookings on Thai Airways

- In 2001, QHT identified a significant destinalional growth potential, and decided to give Viva! Holidays brand priority in order to grow the market to Thailand (a destination not served comprehensively by Qantas)

- Marketing activities carried out to strengthen the brand & product awareness and stimulate demand included:
 - Expanded brochure size and product content
 - Advertising campaigns
 - Additional promotional activity including press release
 - Regular Travel Agency Product Advices distributed via email or fax



Results

PAX	PRE	POST			
	FY 2000/01	FY 2001/02	Variance	YTD FY 2002/03	Variance
Qantas Holidays	Confid	Confid	Confid	Confid	Confid
Viva! Holidays	Confid	Confid	Confid	Confid	Confid

Note: YTD – 1 Jul 02-31 Dec 02; %variance is based on comparison of passenger numbers over the same period previous financial year

Commentary

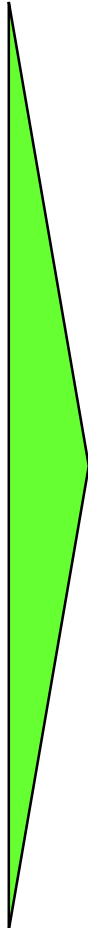
- Both brands showing significant incremental performance in PAX numbers, ie. no evidence of cannibalisation or substitution
- Viva! Holidays continue to grow strongly with:
 - Annual growth rate of [Confidential]
 - Total forecasted PAX numbers of [Confidential] for FY 02/03, equalling an incremental of [Confidential] PAX per annum

Source: QHT management information

Canada in Winter - Expansion of product offering to stimulate off-peak travel

Context and Marketing Activities

- QHT has traditionally focused on holidays to Canada during the popular, yet short, summer leisure period, largely ignoring the lengthy winter season which was already well serviced by a number of specialist wholesalers
- Lead to distinct outbound seasonal peaks and troughs
- In 2002, QHT identified a growing winter non-ski leisure segment driven by a strong focus from the Canadian Tourism industry to expand regional winter activities / events and promote its “value-for-money”
- QHT launched a “Canada in Winter” program to capture off peak market share and further increase passenger numbers
- Marketing activities carried out to stimulate off-peak travel included:
 - New brochure launched
 - Expanded product content targeting winter leisure activities
 - Additional promotional activity including press release
 - Advertising campaign
 - Travel Agency Product Advice distributed via email or fax



Results

PAX	PRE	POST			
	FY 2001/02	YTD FY 2002/03	Variance	Forecast 2002/03	Variance
Full year	Confid	Confid	Confid	Confid	Confid
Winter period (Nov -Apr)	Confid	Confid	Confid	Confid	Confid

Note: YTD – 1 Jul 02-31 Dec 02; %variance is based on comparison of passenger numbers over the same period previous financial year; Forecasts obtained by extrapolating YTD figures to fulfil a full year and winter season

Commentary

- Demonstrating incremental improvement in passenger numbers throughout the entire year, ie. no evidence of cannibalisation or substitution
- Winter season has shown strongest growth with the Nov- Apr period forecast to provide over [Confidential] of total passenger numbers to Canada compared to [Confidential] in the years prior to launch

Source: QHT management information

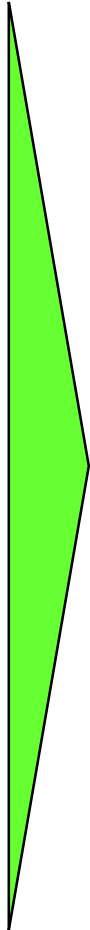
Melbourne Cup Carnival - Launch of new event program

Context and Marketing Activities

- Whilst QHT had been selling Australian outbound “special event” packages to Melbourne, packages to The Melbourne Cup Carnival - Australia’s premier horse racing event - were solely offered by the sponsoring airline wholesaler - Ansett Holidays

- Following the demise of AN and AN Holidays in Sep 2001, QHT recognised the potential to sell wholesale packages for the 2002 event

- Marketing activities carried out to develop the program included:
 - 4 page full colour flyer
 - Advertising campaigns in conjunction with Tourism Vic, racing organisations, retailers
 - Additional promotional activity including press release, radio, inclusion in Qantas Inflight magazine - The Australian Way, Sydney Morning Herald - 30 second guide, TV - Great Outdoors and Getaway
 - Travel Agency Product Advices distributed via email or fax



Results

Qantas Holidays	Confid	Confid	Confid
Ansett Holidays	Confid	Confid	Confid

Source: QH - Event Ticket sales report, Ansett Holidays - confidential source

Commentary

- QH far exceeded previous AN Holidays ticket sales

- QH will continue to offer the event in 2003

- [CONFIDENTIAL]

Source: QHT management information

Context and Marketing Activities

- QHT markets package bookings to Western Australia including Perth and Broome
- With the demise of AN/AN Holidays in Sep 2001, QF became the primary domestic airline servicing WA; QF became the sole airline servicing Broome - and have since expanded services; and QHT has become one of the major wholesalers to the region
- In 2002 QHT recognised the potential to further develop the destination and grow passenger numbers by focusing on Broome and the Kimberley region
- Marketing activities carried out to stimulate demand included:
 - Doubling of brochure size and quantity, and expansion of product content
 - Advertising campaigns
 - Additional promotional activity including press release
 - Regular Travel Agency Product Advices distributed via email or fax



Results

Confidential

Commentary

- QHT passenger numbers to Broome continue to grow strongly with:
 - Annual growth rate of [Confidential]
 - Total forecasted PAX numbers of [Confidential] for FY 02/03, equalling an incremental of [Confidential] PAX
- It has taken QHT just over 12 months in this case to grow the total market, over-and-above Ansett Holiday's share, due to the destination's strong seasonality and gradual QF capacity ramp-up
- Further growth anticipated with the Apr03 launch of direct QF services MEL/BME

Source: QHT management information

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QHT's package capabilities and product portfolio are well suited for the emerging market that Tourism NZ (TNZ) has recently identified

- Various segmentation approaches are being used to break-up travellers in source countries into groups with a specific set of characteristics and preferences
- TNZ has adopted a new approach and identified an emerging market, known as the *Interactive Traveller*
- Firstly, Tourism NZ defined their ideal visitor to be:-
 - Environmentally aware
 - Active and interested in authentic activities
 - Looking for new experiences
 - Have high levels of sociability
 - Have a medium to high discretionary income
- This international traveller has been defined as the *Interactive Traveller* and represents 5-8% of the population for each origin market (eg. 13 mil. in USA, 7-9 mil. in Japan, and 3.7 mil. in UK). Generally the Interactive Traveller:
 - Utilises a wide range of tourism products
 - Looks for new experiences, involving nature, culture and social activities
 - Respects the environment, culture and social values of others
 - Is considered a leader by their peers (an important factor where word of mouth is deemed a very strong marketing tool in steering a travellers decision)
 - Values authentic products and experiences rather than following a trend
- QHT recognises that this is an important market and has the product offering to meet these travellers' needs from accommodation (city and regional), sightseeing, and go-as-you-please (FIT) arrangements to coach touring, cultural experiences and adventure

Source: TNZ, Roy Morgan Surveys, QHT management information

An assessment of the main source markets has helped QHT to develop a suite of product offerings, most suitable for stimulating demand for NZ and Australian inbound leisure traffic

Products Offerings/Itineraries tailored to each individual key Source Market

PRODUCT OFFERINGS / ITINERARIES	AU	JAPAN	ASIA Excl. Japan	UK/ EUROPE	USA/ CANADA
NZ Special Events e.g. Rugby, Sailing, Festivals, Car Racing	v			v	
NZ Special Interest e.g. Lord of the Rings/Middle Earth, Mystery, Golfing, Fishing, Food and Wine, Culture	v			v	v
Education		v			
Dual Destination e.g. Aust/NZ		v	v (Sth Korea)	v	v
Multi Destination e.g. Aust/NZ/Pacific		v		v	v
Short Break Holidays 5-7 days	v				v
Budget/Youth product/Backpacker				v	v (Canada)
Adventure and Nature e.g. walks	v	v	v (Taiwan/Sin)	v	v
Ski and Snowboarding	v	v		v	
Coach Tours/Mini Tours	v		v	v	
Luxury/Indulgence (mature market)	v				v
Organised group tours/escorted/language		v	v		v
Farm Stays		v			
Self Drive	v			v	
Weddings/Honeymoons		v			

Each market is described in more detail in the next set of pages

Source: TNZ, ATC, QHT management information

Tailored product offerings/itineraries for Australian market

Australian Market

PRODUCT OFFERINGS / ITINERARIES	ATTRACTIVENESS
NZ Special Events e.g. Rugby, Sailing, Car Racing	With its close proximity and the strong association Australians have for their sport, there is a strong attraction for travel to NZ for special events.
NZ Special Interest e.g. Lord of the Rings/Middle Earth, Mystery, Golfing, Fishing, Food and Wine, Culture	With its close proximity to NZ and exposure to the destination and special interest activities, there is a strong attraction for special interests.
Education	Australians are less likely to organise an educational trip to NZ.
Dual Destination e.g. Aust/NZ	Not relevant to the Australian market.
Short Break Holidays 5-7 days	As a semi-international destination, NZ short breaks is a growth market.
Budget/Youth product/Backpacker	The youth market (15-34 years) makes up approximately 30% of the market to NZ, although this has declined in growth. The existing QHT product adequately caters to this market.
Adventure and Nature e.g. walks	Australians enjoy outdoors activities offering a sense of adventure or challenge.
Ski and Snowboarding	Ski and snowboarding has become popular over the past 5 years and the Australian market makes up approximately 43% of the international ski market to NZ.
Coach Tours/Mini Tours	The 50+ years age bracket represents approximately 29% of the market to NZ and is the strongest growth. This market is typically attracted to coach and mini touring. Whilst not a great deal of Australian visitors take coach tours, due to the large volumes, the Australian market still makes up a large proportion of the international coach travel market.
Luxury/Indulgence (mature market)	There is an interest in luxury and indulgence product.
Organised group tours/escorted/language	Not relevant to the Australian market where there are no language barriers and travellers are confident to make their own arrangements.
Farm Stays	Australians are less likely to go on farm stays.
Self Drive	Australians are mainly a go-as-you-please travellers/independent travel with the majority of Australians hiring a car to travel around.
Weddings/Honeymoons	Limited relevancy to the Australian market.

Source: TNZ, ATC, QHT management information

Tailored product offerings/itineraries for Japanese market

Japanese Market

PRODUCT OFFERINGS / ITINERARIES	ATTRACTIVENESS
NZ Special Events e.g. Rugby, Sailing, Car Racing	Less relevant for the Japanese market.
NZ Special Interest e.g. Lord of the Rings Mystery, Golfing, Fishing Food and Wine, Culture	Less relevant for the Japanese market.
Education	Of international travellers visiting NZ for education/language studies 50% originate from the North Asia market (predominantly from Japan). The existing QHT product adequately caters to this market.
Dual and Multi Destination e.g. Aust/NZ, Aust/NZ/Pacific	While only 5% of travellers from Japan visit Australia and NZ, due in main to the average length of stay for a Japanese visitor of 7 days, there is opportunity to develop and grow a dual and multi destinational program.
Short Break Holidays 5-7 days	The average length of stay is generally no more than 7 days.
Budget/Youth product/Backpacker	Not relevant for the Japanese market.
Adventure and Nature e.g. walks	Interested in active holidays and soft adventure eg walking/outdoors. The existing QHT product adequately caters to this market.
Ski and Snowboarding	The North Asia market (predominantly Japan) makes up 16% of the international ski market.
Coach Tours/Mini Tours	Less relevant to the Japanese market.
Luxury/Indulgence (mature market)	Less relevant to the Japanese market.
Organised group tours/escorted/language	With the language barriers, Japanese travellers generally prefer organised group tours, (with up to 64% of all Japanese buying coach tour product and domestic flights).
Farm Stays	Japanese travellers are attracted to farm stays. Farm stays is a specialised product and not considered a high volume segment.
Self Drive	Only 7% of Japanese travellers are likely to hire a car.
Weddings/Honeymoons	A proportion of younger travellers (25-34 years) plan their wedding and honeymoon arrangements overseas. Essential components to this type of travel are - well organised and pre-paid arrangements, beautiful scenery and romantic locations. While NZ is considered a likely destination for weddings/honeymoons, wedding planning is a very specialised program and not necessarily high passenger volumes. The existing QHT product would adequately cater to the honeymoon market.

Source: TNZ, ATC, QHT management information

Tailored product offerings/itineraries for Asian market

Asian Market (excl. Japan)

PRODUCT OFFERINGS / ITINERARIES	ATTRACTIVENESS
NZ Special Events e.g. Rugby, Sailing, Car Racing	Less relevant for the market.
NZ Special Interest e.g. Lord of the Rings/Middle Earth, Mystery, Golfing, Fishing Food and Wine, Culture	Less relevant for the market.
Education	Less relevant for the market.
Dual and Multi Destination e.g. Aust/NZ, Aust/NZ/Pacific	56% of visitors from South Korea visit Australia and NZ (South Korea is the 5 th largest market to NZ). With the average length of stay for a South Korea visitor being 7 days, there is opportunity to develop a dual and multi destination program.
Short Break Holidays 5-7 days	The average length of stay is 7 days from South Korea and around 2 weeks for the rest of Asia (excluding Japan). The existing QHT product adequately caters to this market.
Budget/Youth product/Backpacker	Less relevant for the market.
Adventure and Nature e.g. walks	Interested in active holidays and soft adventure eg walking/outdoors. The existing QHT product adequately caters to this market.
Ski and Snowboarding	Less relevant to the market.
Coach Tours/Mini Tours	Less relevant to the market.
Luxury/Indulgence (mature market)	Less relevant to the market.
Organised group tours/escorted/language	With the language barriers, travellers generally prefer organised group tours.
Farm Stays	The market is less likely to go on farm stays.
Self Drive	Less relevant to the market.
Weddings/Honeymoons	Less relevant to the market.

Source: TNZ, ATC, QHT management information

Tailored product offerings/itineraries for UK/European market

UK/European Market

PRODUCT OFFERINGS / ITINERARIES	ATTRACTIVENESS
NZ Special Events e.g. Rugby, Sailing, Car Racing	The UK/Europe market has a strong association with their sport and is inclined to follow their teams, therefore there is an attraction for travel to NZ for special events.
NZ Special Interest e.g. Lord of the Rings/Middle Earth, Mystery, Golfing, Fishing, Food and Wine, Culture	NZ is currently enjoying heightened awareness through the hosting of the America's Cup and the launch of the second Lord of the Rings film. This additional exposure to the destination and special interest activities create good opportunities to enhance/develop new products.
Education	Less likely to organise an educational trip to NZ.
Dual Destination e.g. Aust/NZ	48% of visitors from the UK and 34% of visitors from Germany visit Australia and NZ. Combined Air NZ/QF network provide opportunities to increase motivation of repeat visitation for UK/European market
Multi Destination Aust/NZ/Pacific	With increased capacity and flight routing choice, there is opportunity to develop a multi destination product. Sun and sand destinations are especially popular over the winter months.
Short Break Holidays 5-7 days	Not relevant to the UK/Europe market due to distance required to travel and average length of stay being 2-3 weeks for UK and around 4 weeks for the European market.
Budget/Youth product/Backpacker	The youth market represents approx 30% of the market, with the backpacker market being large. Generally for other travellers, due to the average length of stay away, budget is an important consideration.
Adventure and Nature e.g. walks	Interested in active holidays eg walking/outdoors. The existing QHT product adequately caters to this market.
Ski and Snowboarding	The European market makes up approximately 19% of the international ski market to NZ.
Coach Tours/Mini Tours	Coach touring is important to the mature traveller.
Luxury/Indulgence (mature market)	Less relevant to the UK/Europe market where budgets are a strong consideration for travel.
Organised group tours/escorted/language	Not relevant to the UK/Europe market where there are no language barriers and travellers are relatively confident to make their own arrangements.
Farm Stays	The UK/Europe market is less likely to go on farm stays.
Self Drive	The UK market is confident driving around NZ with hiring a car being the most popular mode of transport.
Weddings/Honeymoons	Less relevant to the market.

Source: TNZ, ATC, QHT management information

Tailored product offerings/itineraries for USA/Canadian market

USA/Canadian Market

PRODUCT OFFERINGS / ITINERARIES	ATTRACTIVENESS
NZ Special Events e.g. Rugby, Sailing, Car Racing	Less relevant to the USA/Canada markets.
NZ Special Interest e.g. Lord of the Rings/Middle Earth, Mystery, Golfing, Fishing, Food and Wine, Culture	This additional exposure to the destination and special interest activities create good opportunities to enhance/develop new products.
Education	Less likely to organise educational trip to NZ.
Dual Destination e.g. Aust/NZ	50% of visitors from the USA visit Australia and NZ.
Multi Destination Aust/NZ/Pacific	With increased capacity and flight routing choice, there is opportunity to develop a multi destination product.
Short Break Holidays 5-7 days	37% of USA travellers stay in NZ an average of 7 days.
Budget/Youth product/Backpacker	From Canada the backpacker market is large. The existing QHT product adequately caters to this market.
Adventure and Nature e.g. walks	Interested in active holidays and soft adventure eg walking/outdoors.
Ski and Snowboarding	The USA/Canada market represents only 7% of the international ski market to NZ.
Coach Tours/Mini Tours	From the USA 58% of travellers are made up of the 45+ age group and from Canada 33% are made up of the 50+ years age bracket. This market is typically attracted to coach and mini touring.
Luxury/Indulgence (mature market)	The USA market is less concerned with price and more focussed on value and therefore purchase hotels in higher categories. From the US, there is a focus on niche market segments such as high-end NZ lodges, golfing and sport fishing.
Organised group tours/escorted/language	Not relevant to the USA/Canada market where there are no language barriers and travellers are relatively confident to make their own arrangements.
Farm Stays	The USA/Canada market is less likely to go on farm stays.
Self Drive	The USA market is moving towards go-as-you-please holidays and booking self-drive. The existing QHT product adequately caters to this market.
Weddings/Honeymoons	Less relevant to the market.

Source: TNZ, ATC, QHT management information

5. Supporting analyses and rationale

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5.2 Overseas footprint & distribution network

5.3 QHT case examples

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5.6 Competitor analysis

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A joint promotion of Australia/NZ product in overseas markets will obviously strengthen the countries' ability to compete and is unlikely to trigger major competitive responses

Assessment of Competitive Positioning of Australia and NZ in USA, Japan, UK

USA Outbound

Destinations	2002 Ranking	2000 Ranking
UK	1	1
China	2	3
Hong Kong	3	2
Thailand	4	5
Australia	5	4
Taiwan	6	7
Singapore	7	6
New Zealand	8	7
South Africa	9	9
Fiji	10	10

Japan Outbound

Destinations	2002 Ranking	2000 Ranking
USA	1	1
China	2	3
Korea	3	2
Hong Kong (SAR)	4	4
Thailand	5	5
Taiwan	6	7
Australia	7	8
Singapore	8	6
Indonesia	9	9
Canada	10	11
UK	11	10
Philippines	12	13
Malaysia	13	12
New Zealand	14	14

UK Outbound

Destinations	2002 Ranking	2000 Ranking
USA	1	1
Canada	2	2
Australia	3	3
Thailand	4	4
Singapore	5	5
South Africa	6	7
Hong Kong	7	6
Malaysia	8	8
New Zealand	9	9
Fiji	10	10

INDICATIVE RANKINGS

Note to analysis

- Analysis is based on a selection of destinations for which outbound traveller statistics were available or could be estimated/projected by TNZ, using a variety of sources
- Therefore, rankings are indicative and form by no means a reflection of the total outbound traffic mix for these countries
- Analysis uses total outbound statistics for all purposes for these example countries, rather than holiday specific data

Source: TNZ estimates



COMMENTARY

- Anticipating responses from competing leisure destinations under the Alliance is obviously extremely difficult in this complex industry with numerous stakeholders, however, some broad comments can be made based on this analysis
- Australia ranks in all cases higher than NZ, which means combining the two destination into a dual itinerary will strengthen NZ's competitive positioning
- In large markets like USA, a combined Australian and NZ offer might avoid further erosion of market share in this increasingly competitive market
- In Japan, Australia and NZ are facing most competition from shorter-haul destinations, referred to as 'an-kin-tan' or 'cheap, close and short', such as Korea and China - Alliance is not expected to change this situation but again will increase Australasia's strength to compete with these strongly growing leisure destinations

6. Market Plans

A detailed marketing “tool kit” will be developed for the NZ Inbound market

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The Marketing & Sales plan will be tailored to each target source country/market

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Target Figures

Achieve an incremental 13,500 PAX ex Australia

Market Dynamics

- Australia is the largest tourism market to NZ providing with around 25% share of inbound arrivals
- Holiday forms the most important purpose of travel with 36%, followed by VFR (Visit Family and Relatives) and business. Australians stay on average 12 days for holiday in NZ
- NZ main competitors for holiday travel are short to medium haul destinations such as Australia Domestics, Asia and South Pacific
- Target customer segments -
 - strongest growth has come from the 50 plus age bracket in line with the increasing senior population
 - proportion of younger travellers (20-29yrs) has declined
 - 30% of Australians visit for holiday purposes and 30% visit for VFR
 - majority of Australians travel around NZ on 'go-as-you-please' arrangements. Australians are not high users of coach touring.
 - general activities include shopping, eating out and sightseeing. Australians also enjoy special events, outdoor activities offering a sense of adventure or challenge. July and August have become increasingly popular months for travel due to the increasing popularity of skiing
 - close to Australia, New Zealand is easily accessible, with a good image as a safe, scenic and active holiday in all seasons
 - NZ is seen as a semi-international destination. The proximity lends itself to being a semi-domestic destination with attributes such as international flights, different scenery, currency and culture that also provides it with an international image that consumers value
 - Tourism NZ research indicates that NZ is now on the list of places to visit for more Australians than before
 - as Australians are taking shorter holidays more often, NZ short breaks (5-7 days) is a growth market
 - retailers remain the critical point of sale to potential travellers. There are five key retail chains who are highly respected and influential in the industry ie Flight Centre, Harvey World Travel, American Express Travel, Travelscene, UTAG, Jetset Travelworld
- Traditional wholesalers are the main suppliers of NZ product to retailers/consumers
- The entry of new airline/s and the introduction of internet only fares has greatly increased the use of the internet for both consumer and trade

QHT Current Market Positioning

- In Australia, QHT is the largest wholesaler producing a range of over 40 domestic and international brochures for distribution within the Australian market
- QHT operate in Australia under the Qantas Holidays and Viva Holidays brands
- Viva Holidays sells non-Qantas related packages, and currently has agreements with Thai Airways, Garuda Indonesian Airlines, Air Paradise, Malaysia Airlines and Cathay Pacific Airways
- QHT provide land product to two other major wholesalers within the Australian market
- In the Australian sales arena, QHT has preferred relationships with all major retail sales channels as well as a direct sales channel
- QHT promotes and sells domestic and international holiday product to around 4200 travel agents in Australia
- Distribution mix within the market is currently [Confidential] via retail agencies and [Confidential] consumer direct
- Reservations call centres are located in four major cities (Sydney, Melbourne, Brisbane and Perth)
- In 2001/02 QHT sent [Confidential] pax to NZ which represents [Confidential] growth on previous year
- QHT produce dedicated NZ brochures for FIT arrangements and Ski
- NZ is ranked at eighth position within our international portfolio. Approximately 60% of packages currently sold are for travel within Australia. Consequently the company has a strong domestic focus.

QHT Planned Marketing & Sales Activities

Brochure/Promotional Tools

- Expand current NZ brochure increasing touring/exploring and active outdoor experiences
- Expand current Ski NZ brochure to incorporate North and South Islands and snowboarding
- Produce Viva! / Air NZ Holidays NZ brochures promoting dedicated Air NZ packages for FIT and Ski
- Produce Getaway Holiday Ideas to NZ - offering 5-7 days flexible short break holidays
- Flyers dedicated to special interests/events/mystery packages
- Flyers dedicated to indulgence program
- Point of Sale material for use in travel agencies, trade events and other promotional activities

Product

- Expand range of product to include culture, food/wine, vineyards, shops, local sights, day tours, natural wonders and unique environmental experiences
- Contract indulgence product including boutique and luxury lodges with spa and pamper packages
- Contract active soft adventure product such as bushwalking, biking, camping, fishing, walking on glaciers and volcanos and four wheel drives
- Develop product around Special Events, and expand Ski product

Reservations

- Resources trained to provide specialised NZ destination and itinerary planning
- Specialised reservations unit for Ski NZ product
- Internet reservations for consumers (B2C) and retail travel agencies (B2B)

Advertising

- Structured dedicated NZ co-operative advertising plan to be designed with tourist bodies, trade partners and suppliers for destination specific and/or inclusion in multi-destinational advertising
- Campaign to retail travel agents launching company as NZ specialist
- Launch Viva! Holidays brand to media, trade and consumers
- Ongoing PR activity including consumer promotions, media releases and media familiarisations

Distribution

- NZ revenue targets in preferred agency agreements for payment of override commission
- Participate in NZ trade specialist program (KEA)
- Raise NZ profile within the current recognition program (Global Achievers Club)
- Target specific market segments with direct campaigns (using QF Frequent Flyer database)
- NZ product and destination sales on Qantas.com.au for Australian residents

Target Figures

Achieve an incremental 7,700 PAX pa ex Japan

Market Dynamics

- Japan is currently the largest market to NZ in the Asian region with 12% share of total NZ holiday market as well as being ranked the fourth largest worldwide
- Holiday forms the most important purpose of travel for Japanese visitors with 84% of total inbound traffic
- Korea and China are currently the dominant leisure destinations from Japan. Previously, Hawaii was the number one destination until recent changes in the political situation and increased availability in flights for Korea and China, have seen it drop to fourth position.
- Target customer segments:
 - there are two distinct age brackets being 15-34yrs (up to 40% of total market) and 55yrs plus (approximately 30% of total market). The 55 plus age group has shown the strongest arrival growth in recent years
 - educational tours for college students studying English as well as activities based on nature programs
 - Japanese travellers generally prefer organised tours (up to 64% of all Japanese buy coach tour product and domestic flights)
 - shopping is a favourite pastime for the Japanese (76% of all Japanese visitors include shopping in their activities)
 - Japanese travellers are also attracted to NZ for sightseeing, farm-stays and Maori culture
 - Japanese visitors are very high yield travellers (average spend is NZ\$5,000 versus average NZ spend of NZ\$3,000)
 - length of stay is generally no more than 7 days due to the Japanese work ethic
 - independent travel is becoming more popular with the younger Japanese visitors who also enjoy skiing and snowboarding activities
- Japan has a highly regulated travel industry structure with four levels of travel agencies as follows:
 - General Travel Agencies - with divisions such as wholesale and package tour sections, media sales, group sales and retail agencies (Intl/Dom)
 - wholesale and package domestic tours only
 - retail travel agencies that sell packages (Intl/Dom)
 - sub-agencies - implant agencies in larger organisations
- Within the Japanese market over 50% of general travel business is controlled by four major companies i.e. JTB, Kinki Nippon (KNT), Nippon Travel Agency (NTA) and Hankyu Express International
- Most NZ holidays are booked through retailers sourcing the product from a wholesaler and/or inbound tour operator
- Media sales (driven by newspaper advertising, database marketing and internet campaigns) is changing booking patterns. Lead in times are shortening and consumers are more willing to shop around. Media sales specialists are leading the way in the development of the internet as a low cost promotional tool. Although the use of the internet to book travel remains low, the travel trade has recognised its growing importance

Source: QHT management team, QHT subsidiaries/GSA's, NZ Department of Tourism, Press research

QHT Current Market Positioning

- Specialist wholesale operation supplying FIT and group travel arrangements.
- Product sold is predominantly Australia (98% of total sales)
- Distribution is directly to consumers or via the retail agency network. QHT in Japan currently distribute to approximately 860 retail agents
- The wholesale operation includes a Reservations call centre in Tokyo with sales offices also located in Nagoya, Osaka, Sapporo and Fukuoka
- Land product (predominantly Australia) is also distributed through GSA agreements with various Japanese travel companies
- Brochures produced for the Japanese market predominantly contain Australian product with very limited NZ product
- All marketing and sales activities are currently directed towards Australia destination traffic only
- No structured promotional plan for NZ product

Marketing & Sales plan - for NZ Inbound ex Japan

QHT Planned Marketing & Sales Activities

Brochure/Promotional Tools

- Dedicated NZ brochure highlighting pre-booked individual product with pre-packaged city/shopping stays
- New programs for target markets:
 - Organised Group Tours covering North and/or South Island itineraries
 - Specialised NZ Ski program
- Point of sale material for use in travel agencies, trade events and other promotional activities

Product

- Wholesale
 - Pre-booked individual product ie hotel accommodation, sightseeing, rental cars, transfers and coach touring
 - Local Meet & Greet and customer service specifically for the Japanese market
 - Organised group touring with pre-packaged itineraries including coach touring, domestic flights, sightseeing and cultural experiences
 - North and South Island ski product
- Group Sales - incentive and student educational tours
- Media sales - specially constructed package tours eg pre-packaged city/shopping stays

Reservations

- Resources trained to provide specialised NZ destination and itinerary planning
- Internet reservations for media sales and retail travel agencies (B2B)

Advertising

- Wholesale
 - Campaign to retail travel agents launching company as NZ specialist
 - Structured, dedicated NZ co-operative advertising plan to be designed with tourist bodies, trade partners and suppliers targeting consumers
- Media Sales -Dedicated NZ plan for tactical initiatives targeting consumers direct

Distribution

- Wholesale/retail -
 - create NZ revenue targets in preferred agency agreements for payment of override commission
 - participate in NZ trade specialist program
 - Online link offering product and packages to retailers and/or tour operator companies
 - System-to-system link to new, mainstream distributors, such as JTB, Mikki Tourist etc.
- Media Sales -NZ product and destination sales via qhi.co.jp and telephone sales for Japanese residents
- Group Sales - incentive groups, conventions, school excursions and one-off groups for clients and other tour organisers

Source: QHT management team, QHT subsidiaries/GSA's, NZ Department of Tourism, Press research

Target Figures

Achieve an incremental 11,300 PAX ex Asia (excluding Japan) - 3,600 ex Korea, 2,700 ex China, 2,700 ex Taiwan, 600 ex Singapore, 900 ex Hong Kong, 800 ex Thailand

Market Dynamics

- Asia (excl. Japan) currently contributes just under 200,000 holiday visitors pa, representing a share of 19%
- Within the Asian region, South Korea is the dominant market providing approximately twice the number of visitors as Thailand, China, Singapore, Taiwan or Hong Kong. Traffic continues to grow steadily with particularly strong growth expected out of China, South Korea, Thailand and India
- Asian visitors predominantly come from the main cities
- Most popular destinations for Asian holidays are China, Singapore, Japan and Europe although Australia and NZ are becoming increasingly popular
- Target customer segments
 - visitors from Asia are generally in the 35-64 age bracket. Population ageing has resulted in a growth of traffic from the over 45 age group.
 - generally length of stay is under 2 weeks with the exception of the Singapore market being under 3 weeks
 - popular activities are sightseeing, entertainment, Maori culture and shopping
 - in contrast to other Asian markets, the Taiwanese and Singaporeans enjoy some adventure and nature activities
 - organised coach touring is the dominant type of travel within NZ
 - pre-booked individual arrangements are popular in markets such as Singapore and Malaysia where English is more widely spoken and the younger more independent travellers from South Korea, Taiwan and Hong Kong
- Tactical newspaper/print advertising supported by flyers is an effective and popular promotional activity. Last minute activity drives the market as consumers are price conscious.
- Generally throughout Asia distribution takes two forms, large retail agencies who act as both wholesaler and retailer, and specialist wholesalers who support independent retail agents
- NZ has an “Approved Destination Status” for China. All travel to NZ must be booked by a licensed agent and handled by an approved inbound tour operator
- Although internet usage is growing, most consumers still prefer to book through traditional channels

QHT Current Market Positioning

- Specialist wholesale operations supplying FIT travel arrangements with sales offices in Singapore, Hong Kong, Thailand, Malaysia, Taiwan and Philippines
- Product sold is predominantly Australia and very limited NZ product
- 18 Asian GSA offices predominantly selling Australia. Outlets are located in two of the key NZ source markets ie South Korea and China.
- Distribution within each region is as follows:
 - Singapore - directly to consumers [CONFIDENTIAL] or via the retail agency network [CONFIDENTIAL]. There are approximately 230 preferred retail agents with around 30% selling NZ product.
 - Hong Kong - directly to consumers [CONFIDENTIAL] or via the retail agency network [CONFIDENTIAL]. There are up to 60 preferred retail agents selling predominantly Australia.
 - South Korea - limited product being sold through 2 GSA offices.
 - Thailand - limited product being sold through up to 15 agents
 - Taiwan - limited product being sold to 19 key agents, only 2 airlines (BR/NZ) with direct flights to NZ. BR is expected to pull out of this market from March 2003
 - Taiwan - limited product being sold to 19 key agents, only 2 airlines
- Brochure for each market does not currently include NZ product
- All marketing and sales activities are currently directed towards Australia destination traffic only
- Nil promotional activity for NZ product

QHT Planned Marketing & Sales Activities

Brochure/Promotional Tools

- Dedicated NZ brochure featuring pre-booked individual arrangements for South Asia
- Dedicated NZ brochure featuring organised group touring covering North and/or South Island itineraries for North Asia
- Flyers to be produced to complement tactical advertising
- Point of sale material for use in travel agencies, trade events and other promotional activities

Product

- Organised group touring with pre-packaged itineraries
- Pre-booked individual product ie hotel accommodation, sightseeing, rental cars, transfers and coach touring
- Provide local Meet & Greet and customer service specifically for the Asian market
- Source product for China visitors through an approved China operator

Reservations

- Resources trained to provide specialised NZ destination and itinerary planning
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Advertising

- Dedicated NZ plan for tactical initiatives developed for each market
- NZ to be featured in all trade events, travel agent communication and familiarisations for the region
- Campaign to retail travel agents launching company as NZ specialist
- Ongoing PR activity including consumer promotions, media releases and media familiarisations

Distribution

- Increase sales capability in South Korea launching a wholesale brand as the NZ specialist
- NZ revenue targets in preferred agency agreements for payment of override commission
- NZ trade specialist program with travel agents throughout Asia
- NZ product and destination sales via regional websites to Asian residents

Target Figures

Achieve an incremental 9,500 PAX pa ex UK/Europe - 6,400 UK/Ireland, 3,050 mainland Europe

Market Dynamics

- The largest source market in the region is the UK providing over 50% of UK/European traffic to NZ.
- Strongest growing markets for NZ are UK, Ireland and France
- Consolidation has characterised the European leisure market over the past few years e.g. larger wholesalers increasing their ownership of retail outlets
- Apart from the strong European destinations (over 50% of total traffic), NZ competes with USA/Canada, Asia, South Africa and Australia. There has been no change in destination ranking since 1997.
- Target customer segments:
 - both UK and European markets are generally health conscious, experienced travellers who look for nature and adventure
 - both UK and European markets have two distinct age brackets 15-34 (approx. 30% of market) and 55 plus
 - mature market for the UK generally prefer pre-booked individual arrangements
 - European market generally prefer go-as-you-please style of travel with another distinct target segment being skiing
 - coach touring popular for more mature visitors
 - length of stay for the UK market is 2-3 weeks whereas the European market (particularly Germans) have longer stays of up to 4 weeks
- Within the UK market over 60% of general travel business is controlled by four major companies i.e. Airtours, Thomsons, Thomas Cook and First Choice. However independent direct sell retailers dominate the holiday travel market to NZ. As well, a limited number of traditional wholesalers specialise in Aust/NZ servicing retail outlets
- Within the European market the larger players are Tui, Thomas Cook, My Travel, Kuoni, JTB, Club Med, Cendant and First Choice
- There is increasing consolidation within Europe with few clear lines to distinguish wholesalers, retailers and direct sellers
- NTOs and DMOs are becoming increasingly sophisticated in terms of destination promotion and therefore competing with destination NZ
- Australia and NZ can no longer expect to benefit from the previously held "safe haven" status
- NZ is a long haul destination and it is therefore more difficult to gain consumer commitment to the time and cost required to travel
- The use of the internet and online booking facilities is becoming increasingly stronger with both consumer and trade

QHT Current Market Positioning

- UK wholesale operation which supplies predominantly Australian product and limited NZ product to consumers directly and via major travel agents
- Reservations call centre based in London
- QHT-UK currently distributes to approximately 3944 retail agents in the UK, and 459 in Ireland
- 25 European GSA offices predominantly selling Australia. Major outlets are located in three of the key NZ source markets ie Germany (6000 retail agents), Netherlands (1500 retail agents) and Scandinavia
- Brochures for each market feature limited NZ product
- All marketing and sales activities are currently directed towards Australia destination traffic only
- No structured promotional plan for the promotion of NZ product which is provided on request only

QHT Planned Marketing & Sales Activities

Brochure/Promotional Tools

- Dedicated NZ brochure highlighting go-as-you-please and coach touring product
- Newly created combination New Zealand/Australia itineraries included in the current QHT brochures
- New programs for target markets:
 - Specialised NZ Ski program including combination 'Ski and Sea' itineraries to offer Ski NZ plus beach/sun in Australia for the European market
 - Youth traveller program for UK/Ireland
 - Special interest/events - Lord of the Rings and sporting events/activities
- Point of sale material for use in travel agencies, trade events and other promotional activities
- Flyers to be produced to promote NZ initiatives

Product

Expand range of 'go-as-you-please' product - car hire, accommodation passes, campervans, rail and bus options

- Increase coach touring product
- North and South Island ski product
- Nature and adventure product
- Budget accommodation and specialised transportation/touring options
- One stop shop for special events, ie. provide complete packages comprising event tickets, hotel, transfers, air etc.

Reservations

- Specialised reservations unit for NZ product and itinerary planning
- Internet reservations for consumer sales (B2C) and for retail travel agencies (B2B)

Advertising

- Structured dedicated NZ co-operative advertising plan to be designed with tourist bodies, trade partners and suppliers specifically for each region
- NZ to be featured in all advertising, trade events, travel agent communication and familiarisations for the region.
- Campaign to retail travel agents launching company as NZ specialist
- Ongoing PR activity including consumer promotions, media releases and media familiarisations

Distribution

- NZ Revenue targets in preferred agency agreements for payment of override commission
- NZ trade specialist program
- NZ product and destination sales on website for UK/Europe residents
- Possible system-to-system link to new, mainstream distributors, such as Thomas Cook, Tui, Kuoni, My Travel etc.

Source: QHT management team, QHT subsidiaries/GSA's, NZ Department of Tourism, Press research

Target Figures

Achieve an incremental 7,050 PAX ex USA/Canada

Market Dynamics

- US and Canada are clearly two distinct markets with the US being the third largest market for NZ with 125,000 visitors whereas Canada ranks tenth with 20,000 holiday visitors.
- Holiday visitors from USA/Canada account for over 60% of total visitors
- The Latin American markets of Mexico, Argentina, Brazil and Chile also contribute visitors to New Zealand
- Target customer segments -
 - a high proportion of visitors from the US and Canada are mature travellers, US having 58% over 45yrs and Canada having 30% over 55yrs approximately 58% of Americans visiting NZ also visit Australia - USA/Canada market favour multi-stop itineraries, eg. North and South Island
 - the length of stay in NZ for American customers is typically 1-2 weeks (30% intending to stay up to 7 days). This is due to the shorter vacation time available to them. They are less concerned by price and more focused on value and typically purchase hotels in higher categories
 - the locally escorted group tour market has high appeal to travellers aged 60+. Americans are increasingly moving towards more flexible arrangements utilising self-drive cars, hotels and motor home rental
 - from the US market there is a focus on niche market segments such as high-end NZ lodges, golfing, food & wine and sport fishing
 - the length of stay in NZ for Canadian customers is up to 3 weeks. Due to the longer vacation time of 4 weeks. Canadians tend to be more price conscious and therefore stay in lower standards of accommodation. Long duration motor home vacations are particularly popular with the Canadian market
 - Canadians tend to be found in more regional areas of NZ. A significant proportion of Canadians visiting NZ spend time visiting friends and relations (VFR)
 - the cruise ship market to NZ, particularly from the US, has shown significant growth
 - both markets are moving towards soft adventure products such as hiking, kayaking, and 4-wheel driving
 - in Canada, Ontario and British Columbia account for nearly 70% of all NZ visitors
- The five most important source states within the USA are also the most populous states such as California, NY, Florida, Texas and Illinois. In addition, states such as Colorado, Arizona, Oregon and Hawaii are also important source markets due to their proximity to NZ
- Travel industry distribution in both markets is centred around the wholesaler, travel agent and airline networks.
- The majority of NZ holidays in the US and Canada are booked through retail travel agents, however, a significant number of consumers are dealing direct with wholesalers due to the need for expert advice from destination specialists. Wholesalers are typically experiencing direct consumer business in excess of 25%.
- Consumer direct bookings are driven by consumer advertising in newspapers, magazines and television.
- Currently the internet is used largely for planning purposes prior to consulting a travel agent.

Source: QHT management team, QHT subsidiaries/GSA's, NZ Department of Tourism, Press research

QHT Current Market Positioning

- US wholesale operation (QH commercial agreement with Qantas Vacations) which supplies Australia and New Zealand product to consumers via travel agents
- US operations currently distributes holiday product to approximately 19,000 retail agents in the USA, 2,800 in Canada, and 75 GSAs in Mexico, Central and South America
- Reservations call centre based in Los Angeles
- Qantas Vacations currently offers 4 brochures in the North American market:
 - Australia/New Zealand Flexible Vacations
 - Escorted Group & Coach Tours
 - Ultimate Collection (Luxury Product)
 - Lodges of New Zealand (limited product range)
- Majority of marketing and sales activities are directed towards Australia destination traffic only
- Currently, most business generated to NZ comes from customers who are also visiting Australia
- Majority of marketing and sales activities are directed towards Australia destination traffic only
- No structured promotional plan for NZ product

QHT Planned Marketing & Sales Activities

Brochure/Promotional Tools

- Dedicated NZ brochure concentrating on prebooked individual arrangements. In addition the brochure will include short duration coach touring and semi-structured itineraries aimed at the US market. Other features include luxury lodges and soft adventure (guided walks), plus special budget accommodation products aimed at the Canadian market
- Expand the current range of NZ/Australia itineraries
- Create a dedicated brochure showcasing New Zealand's boutique and luxury lodge program for the US market
- Increase content for NZ product within Qantas Vacations website
- Flyers to be produced to promote NZ initiatives

Product

- Expand range of coach touring, luxury and soft adventure
- Increase go-as-you-please and prebooked individual product to include budget accommodation, self drive, accommodation passes, rail and bus options
- Offer nature and adventure product

Reservations

- Resources trained to provide specialised NZ destination and itinerary planning
- Expand the participation in the New Zealand university graduates program from Auckland and Wellington

Advertising

- Structured dedicated NZ co-operative advertising plan to be designed with tourist bodies, trade partners and suppliers
- NZ to be featured in all advertising, trade events, travel agent communication and familiarisations for the region.
- Campaign to retail travel agents launching company as NZ specialist
- Dedicated NZ roadshow targeting retail agencies and consumers
- New Zealand specific electronic newsletters to a broad consumer database offering specials and selected vacation itineraries
- Ongoing PR activity including consumer promotions, media releases and media familiarisations

Distribution

- NZ revenue targets in preferred agency agreements for payment of override commission
- NZ trade specialist program including Kiwi Bag
- NZ product and destination information on Qantas Vacations.com for US/Canadian residents

Marketing & Sales plan - for NZ Inbound ex Rest of the World - Middle-East, South Africa, Pacific etc.

Target Figures

Achieve an incremental 950 pax - 300 pax ex New Caledonia; 450 pax ex French Polynesia; 150 pax ex South Africa; 50 pax ex Middle East

Market Dynamics

FRENCH POLYNESIA/NEW CALEDONIA

- French Polynesia is the second largest market in the Oceania region after Australia to NZ and has shown strong growth over the past few years
- Target customer segments:
 - Leisure travellers are looking for a 1-2 week holiday on go-as-you-please arrangements. Shopping is also a popular activity
- Most NZ holidays are booked through retailers

MIDDLE EAST

- New Zealand is a growing market from the Middle East - they see it as a safe destination
- Target customer segments - There are two main groups of leisure travellers
 - Gulf Arab families who prefer taking long stay holidays in luxury self contained accommodation
 - Expats who prefer FIT travel arrangements
 - The Middle East market tend to prebook individual arrangements, rather than go on escorted coach tours
- Within the Middle East market there are a limited number of wholesalers who also operate as retail agencies. Most NZ holidays are booked through retailers

SOUTH AFRICA

- Target customer segments - There are three leisure groups -
 - young travellers aged 28-40yrs, generally FIT experienced leisure travellers
 - special interest travellers including sports tourism particularly centred around events and group tour as well as other special interest segments such as wine/food and school sporting groups
 - families - adults aged 35-50 travelling with children on go-as-you-please budget arrangements
- Booking patterns are predominantly through the retail distribution system. Consumers increasingly booking direct or via the internet.

Source: QHT management team, QHT subsidiaries/GSA's, NZ Department of Tourism, Press research

QHT Current Market Positioning

FRENCH POLYNESIA/NEW CALEDONIA

- 1 GSA office in Polynesia – major player in the French Polynesian market which owns 4 travel agents
- 4 GSA offices in New Caledonia
- Over 95% of the market is controlled by four major companies ie Eden Tours, Centre Voyages, Jean Brock and Unitours. Qantas Holidays is represented by three of the four companies

MIDDLE EAST

- 36 Middle East GSA offices predominantly selling Australia. Outlets are located all over the Middle East ie Bahrain, United Arab Emirates, Saudi Arabia, Muscat, Jordon, Kuwait, Israel and Qatar.

SOUTH AFRICA

- 5 South African GSA offices predominantly selling Australia. Outlets are located in the major 3 cities ie Johannesburg, Capetown and Durban.
- Product sold in all markets is predominantly Australia.
- All marketing and sales activities are currently directed towards Australia traffic only
- GSA brochure features limited NZ product
- Besides brochure, nil additional promotional activity for NZ product

QHT Planned Marketing & Sales Activities

Brochure/Promotional Tools

- Dedicated NZ brochure highlighting go-as-you-please and pre-packaged city/shopping stays
- Newly created combination NZ/Australia itineraries to be included in the current brochures being distributed within the region
- Special interest/events - Lord of the Rings and sporting events/activities

Product

- Expand range of 'go-as-you-please' product - car hire, accommodation passes, campervans, rail and bus options.
- Budget accommodation and specialised transportation/touring options
- One-stop-shop for special events ie. provide complete packages comprising event tickets, hotel, transfers, air etc.

Reservations

- GSA resources trained to provide specialised NZ destination and itinerary planning

Advertising

- NZ to be featured in all advertising, trade events, travel agent communication and familiarisations for the regions.
- Campaign to retail travel agents launching company as NZ specialist

Distribution

- NZ revenue targets in preferred agency agreements for payment of override commission
- NZ trade specialist program
- Provide B2B booking engine for NZ product to retail travel agencies

7. Financial Incentive

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8. Implementation Plan

QHT estimates it will take 6-7 months to implement the detailed marketing & sales plans

