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Cook Islands Visitor Survey

Annual Report

July 2013 - June 2014

Prepared for Cook Islands Tourism Corporation

by

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www.nztri.org

October 2014

EXECUTIVE SUMMARY

This report focuses on the characteristics, expectations and expenditure patterns of tourists who visit the Cook Islands. The data presented is drawn from an online departure survey. The survey period covered in this report is 1 July 2013 to 30 June 2014. There were 3692 individual respondents to the survey - representing a total of 7333 adults, and an additional 930 children (we estimate this equates to 6.8% of all visitors during the period – based on the latest visitor arrival data from the Cook Islands Statistics Office).

The survey results for this year are generally similar to the survey results for the 2012-2013 annual period. The consistency in the responses is an indication of the robustness of the dataset. Visitor spend prior to arrival in the Cook Islands ($1,985), and spend while on the island ($111 per person per day) have decreased slightly from the 2012-2013 annual average figures ($2,023 per person and $115 per person per day in the Cook Islands). The majority (63%) of visitors surveyed come from New Zealand, 21% come from Australia. Visitors are well educated (69% of visitors having some form of tertiary education) and nearly half (45%) have a household income of over NZ$100,000 per year. Close to half (45%) of the visitors surveyed are travelling with just one companion. Solo travellers are relatively rare (5%).

Nearly two-thirds of the visitors surveyed (64%) are on their first visit to the Cook Islands, a further 25% have visited once or twice before. The main purpose of visit is holiday-making (76%). The average length of stay in the Cook Islands is 8.6 nights. The majority of the visitors (94%) stay either one or two weeks. Nearly one in five of the visitors surveyed visit Aitutaki.

Visitor satisfaction with activities and services is high. Water-based activities are characterised by the strongest participation levels, while cultural activities are characterised by the highest overall satisfaction ratings. The most appealing elements of the Cook Islands experience are the beautiful natural environment, the friendly local people, and the peacefulness and relaxing atmosphere of the islands. The least appealing elements of the Cook Islands visitor experience are the poor provision and quality of public services and facilities, the numerous stray dogs, and the poor value for money provided by a few food and beverage and accommodation operators.

Overall satisfaction on the part of visitors is very high and remains consistent with the previous year: 94% of those surveyed want to return to the Cook Islands and 98% would recommend the Cook Islands to friends or family.

Acknowledgements

NZTRI would like to acknowledge the support of numerous organisations in the Cook Islands in undertaking this ongoing research, and in particular the Cook Islands Tourism Corporation (special mention to Metua Vaiimene and Jake Numanga), the Cook Islands Statistics Office, Immigration Cook Islands, and Rarotonga International Airport. This report was prepared by Simon Milne and Mindy Sun with contributions from Tina Buch, Eilidh Thorburn, Suzanne Histen, Yen Truong, and Barbara Neubarth.

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INTRODUCTION

This report focuses on the characteristics, expectations and expenditure patterns of tourists who visit the Cook Islands. The data presented is drawn from an online departure survey. The survey period covered in this report is 1 July 2013 to 30 June 2014.

The annual report is designed to provide an easily accessible summary of the key findings that have emerged from the four quarterly reports provided during the July 2013 – June 2014 period **(Qtr 1 July –September 2013; Qtr 2 October – December 2013; Qtr 3 January – March, 2014; Qtr 4 April – June, 2014)**. Each of these quarterly reports provides a more detailed overview of findings. During the 12 month period 15,273 visitors were contacted by email to take part in the survey, and 3692 responses were received: the conversion rate across the year remained consistent at approximately 25% (Table 1).

Table 1: Conversion Rate

Comparison	1st qtr	2nd qtr	3rd qtr	4th qtr	Total/Average
Emails sent	5238	1247	4575	4213	**Total: 15273**
Respondents	1178	335	1079	1100	**Total: 3692**
Conversion rate	22%	26%	24%	26%	**25%**

The report focuses on the following themes:

- The characteristics of visitors to the Cook Islands (age, gender, education, country of origin, income, purpose of visit, travelling with whom, number of previous visits, length of stay, airline used, visited islands).
- Visitor expenditure (amount of money spent prior to arrival and while in the Cook Islands, spending patterns).
- Visitor satisfaction (most and least appealing aspects of visit, overall satisfaction levels).

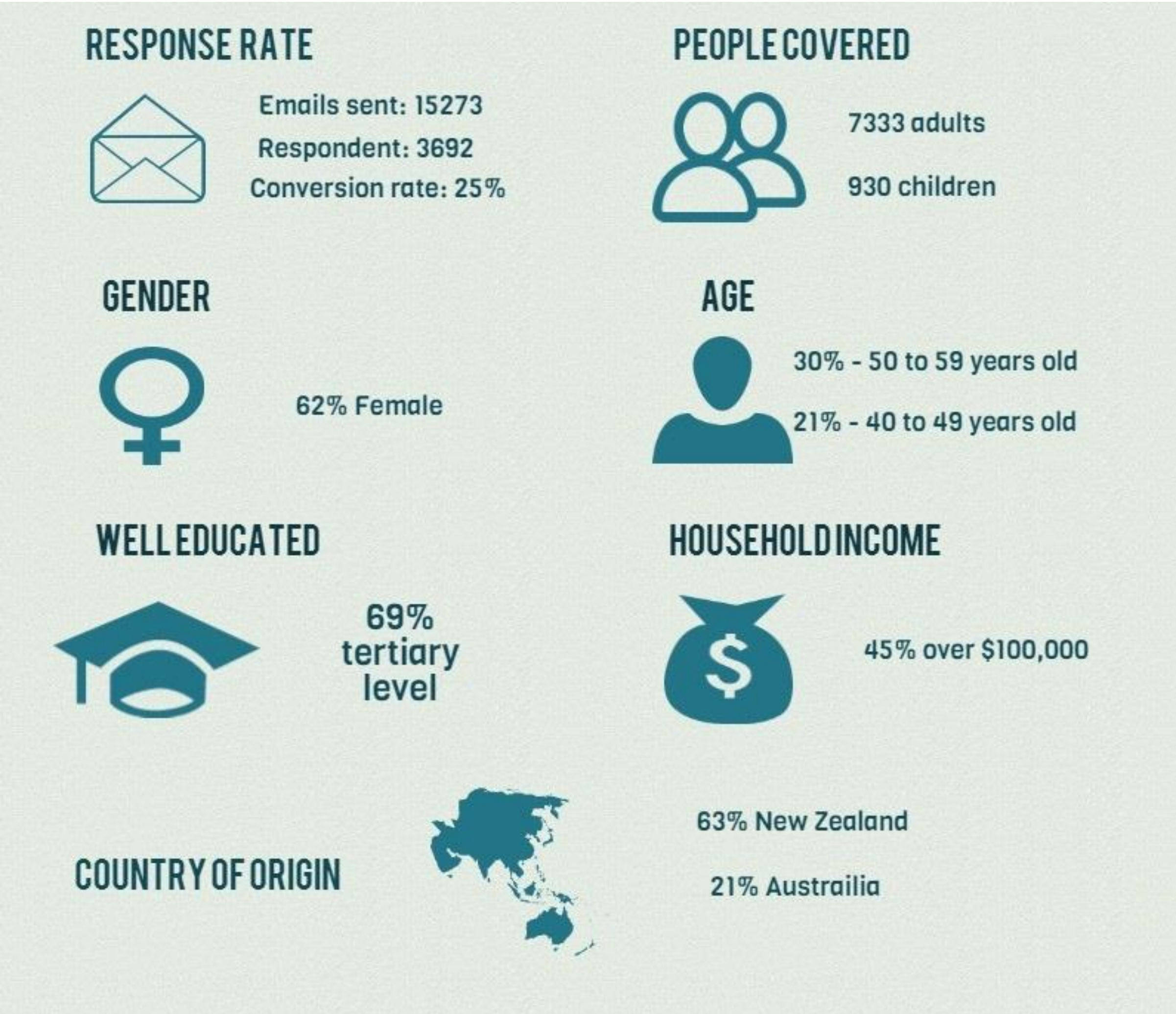
In each section of the report we provide a simple ‘infographic’ that summarises some of the key highlights from the summary of annual findings. The following tables then present key findings for the major survey variables across the four quarters, and also present an ‘annual average’ where applicable.

THE VISITOR

There were 3692 individual respondents to the survey - representing a total of 7333 adults and an additional 930 children (we estimate that this equates to 6.8% of all visitors during the period – based on the latest available visitor arrival data from the Cook Islands Statistics Office).

A majority of visitors (63% annual average) are from New Zealand. The Australian market makes up just over a fifth (21%) of all visitors to the Cook Islands (Figure 1). Visitors are well educated with over two thirds of respondents having some form of tertiary education. Nearly half of all visitors have household incomes of over 100,000 NZ$. It is worth noting that nearly 1 in 10 visitors have a household income of more than $200,000 (Table 2).

Figure 1: Summary of Response Rate and Visitor Demographics



The distribution of age and gender among respondents is consistent throughout the year. As is typical with survey research there is some bias towards female respondents (Table 2).

The 50-59 age grouping dominates throughout the year – with 30% of visitors falling into this category. A further 21% fall into the 40-49 age grouping. Older and younger age groups are also significant with those in the 60-69 age group actually being more prominent than their counterparts in the 30-39 bracket.

The Australian and New Zealand markets dominate but there are variations through the year. New Zealand visits drop during the January- March period which coincides with the country's summer holiday season. During the same period European visitors are at their most prominent as they escape the winter months.

Table 2: Demographics across 1-4 quarters

Comparison	1st qtr	2nd qtr	3rd qtr	4th qtr	Total/Average
People covered					
Adults:	2563	707	2022	2041	**Total: 7333 adults**
Children:	375	152	228	175	**930 children**
Gender					
Female:	60%	65%	60%	64%	**62%**
Age					
30-39 year old:	15%	11%	19%	20%	**16%**
40-49 year old:	20%	26%	20%	19%	**21%**
50-59 year old:	31%	31%	28%	28%	**30%**
60-69 year old:	18%	19%	17%	15%	**17%**
Country of origin					
NZ:	77%	66%	48%	61%	**63%**
Australia:	14%	23%	24%	21%	**21%**
USA/Canada:	5%	5%	14%	8%	**8%**
Europe:	3%	6%	12%	8%	**7%**
Education					
Tertiary level:	69%	68%	72%	68%	**69%**
Household income					
Under 100,000:	55%	58%	54%	55%	**56%**
$100,001-200,000:	37%	35%	38%	38%	**37%**
Over 200,001:	8%	8%	8%	8%	**8%**

VISITOR CHARACTERISTICS

Air New Zealand is the mostly commonly flown airline to Rarotonga (78% of respondents) with Virgin Australia featuring in second place (21%) (Figure 2). This closely reflects the dominant source markets.

Virtually all visitors spend time on Rarotonga, with just over one in five (21%) visiting Aitutaki. Islands also visited include Atiu, Mangaia, Mauke (1.6%), with other islands attracting only (0.3%) of surveyed visitors.

Figure 2: Summary of Visit Characteristics

A sizeable portion of visitors (64%) were on their first visit to the Cook Islands, with a further 25% having visited once or twice before. New Zealanders are most likely to be repeat visitors

The majority of visitors (52%) spend 1 week in the Cook Islands with a further 41 % staying a second week (Table 3). Only 7% spend longer than 2 weeks. The average length of stay over the 12 month period was 8.6 days – with limited variation across the four quarters.

Table 3: Visit Characteristics across 1-4 quarters

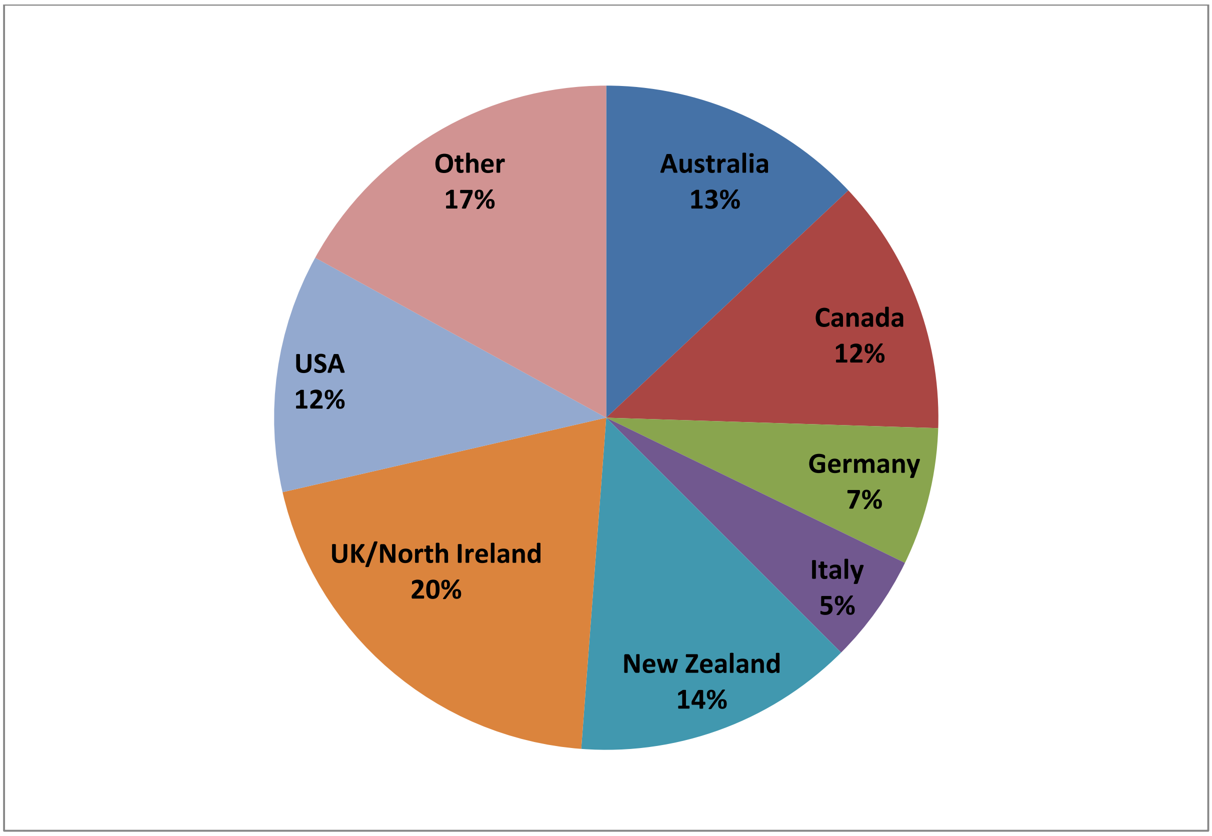
Comparison	1st qtr	2nd qtr	3rd qtr	4th qtr	Average
Airlines used					
Air NZ:	80%	77%	78%	78%	**78%**
Virgin Australia:	19%	22%	21%	21%	**21%**
Companions					
1 companion:	46%	39%	49%	47%	**45%**
Solo:	4%	3%	7%	7%	**5%**
Visits to Cook Islands					
1st trip:	61%	63%	68%	64%	**64%**
1-2 previous trips:	32%	22%	19%	25%	**25%**
Previous visits					
1-2 times:	NZ 30% AU 13%	NZ 28% AU 11%	NZ 26% AU 15%	NZ 30% AU 22%	**NZ 29%** **AU 15%**
3-4 times:	NZ 7% AU 2%	NZ 10 AU 3%	NZ 10% AU 1%	NZ 7% AU 3%	**NZ 9%** **AU 2%**
5+ times:	NZ 8% AU 3%	NZ 9% AU 4%	NZ 10% AU 6%	NZ 8% AU 4%	**NZ 9%** **AU 4%**
Travelling with who?					
Partner/spouse:	68%	64%	67%	67%	**67%**
Family group:	36%	42%	30%	31%	**35%**
Purpose of travel					
Holidaymakers:	81%	75%	75%	72%	**76%**
Wedding party:	10%	13%	9%	12%	**11%**
Business:	2%	2%	3%	3%	**3%**
Length of stay					
Average nights:	8.2	9.0	9.0	8.2	**8.6**
Within 1 week:	54%	45%	54%	55%	**52%**
1week to 2 weeks:	41%	47%	38%	37%	**41%**
Islands visited on trip					
Rarotonga:	99%	97%	98%	98%	**98%**
Aitutaki:	19%	19%	23%	22%	**21%**
Atiu:	1%	1%	2%	2%	**2%**
Is Cooks visit part of a larger trip?					
Cooks only:	92%	92%	80%	87%	**88%**
Part of a larger trip:	8%	8%	20%	13%	**12%**

When asked for their purpose of visit the majority of visitors (76%) classify themselves as holiday makers. Wedding parties are the main purpose of visit for 11% of those surveyed.

The Cook Islands represent the only travel destination on this particular trip for 88% of the visitors. For 12% of visitors the Cook Islands is part of a larger trip, including other destinations. When those visitors on a larger journey were asked about the other destinations on their itinerary the most common destinations mentioned were New Zealand (62%), USA (27%), and Australia (27%).

Of the group travelling to multiple destinations, 20% come from the UK/North Ireland, 14% from New Zealand, 13% from Australia, 12% from Canada, and 12% from USA (Figure 3).

Figure 3: Country of Origin for Visitors for Multiple Destinations



More than four in five of visitors from UK/North Ireland (82%) and Germany (85%) visit the Cook Islands as part of a longer trip. Nearly half (45%) of visitors from Canada and 27% from the United States are multiple destination visitors. Only 8.2% of visitors from Australia and 2.7% from New Zealand are travelling to the Cook Islands as part of a larger trip.

VISITOR SATISFACTION

Nearly three quarters (71%) of the visitors said they were “very satisfied” with their overall experience in the Cook Islands (on a scale from 1 ‘very dissatisfied’ to 5 ‘very satisfied’) (Figure 4).

Visitor satisfaction is generally high for all activities undertaken (Figure 4, Table 4). Visitors enjoy water-based activities, with almost everyone participating in some sort of beach based activity (99% beach, 95% swimming, 86% snorkelling). Nearly all (99%) of visitors visit at least one restaurant/bar/café during their stay in the Cook Islands. The Local Market and Island Night Show are also enjoyed by the majority of visitors (85% and 69% respectively).

Visitors were asked to rate their level of satisfaction with nine different statements that related to their most recent visit to the Cook Islands. Friendliness of the local people scored the highest among all of the categories with 4.7 out of 5. The lowest levels of satisfaction relate to the cost and quality of accommodation, car rental and public transport experience. In no cases though do scores fall below 4 out of 5. There is little variation in participation rates and satisfaction levels across the four quarters.

Overall, the performance of the industry in terms of visitor satisfaction is strong, however there are clearly areas for improvement and development. In simple terms no part of the industry can afford to rest on its laurels.

Figure 4: Visitor Satisfaction

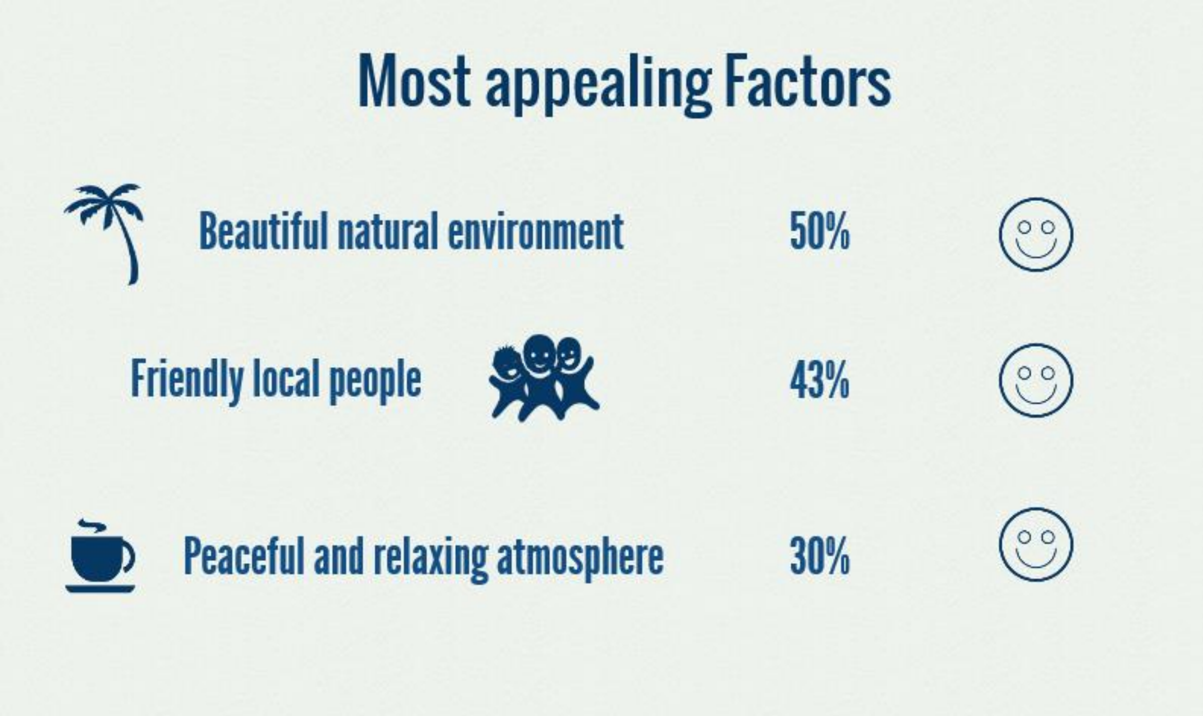
Table 4: Satisfaction across 1-4 quarters

Comparison	1st qtr	2nd qtr	3rd qtr	4th qtr	Average
Overall satisfaction					
Very satisfied:	66%	74%	74%	71%	**71%**
Satisfied:	27%	22%	22%	22%	**23%**
Satisfaction with activities	Water-based, cultural interaction, land-based and shopping: all have high satisfaction levels (greater than 4 out of 5)				
Water-based:	4.4	4.6	4.6	4.5	**4.5**
Cultural interaction:	4.6	4.7	4.7	4.7	**4.7**
Land-based:	4.4	4.5	4.5	4.5	**4.5**
Shopping:	4.3	4.3	4.4	4.3	**4.3**
Degree of participation in activities	**Almost everyone participated in water-based activities and visited at least 1 restaurant/café**				
Visit local market:	86%	82%	85%	85%	**85%**
Island night & feast show:	71%	71%	68%	65%	**69%**
Lowest participation:	Bonefishing, Tumunu on Atiu				
Satisfaction with different aspects of service in Cooks	**Friendliness of local people – highly rated (out of 5)**				
Friendliness of local People:	4.7	4.7	4.7	4.8	**4.7**
	Lowest levels of satisfaction: Cost and quality of accommodation, car rental experience and local public transport (although none was below 4 out of 5)				
Cost of accom:	4.1	4.3	4.3	4.1	**4.2**
Quality of accom:	4.2	4.3	4.4	4.3	**4.3**
Car rental exp:	4.2	4.1	4.2	4.3	**4.2**
Public transport:	4.2	4.3	4.3	4.3	**4.3**

Visitors were given the opportunity to discuss in more detail the factors that they found most or least appealing about their last visit to the Cook Islands. Such information can provide important insights into travel motivation and also enable a clearer picture to be gained about decisions to make a return visit or to recommend the Cook Islands to others. We reviewed and categorised the responses – people could provide as many responses as they wanted.

The beautiful natural environment consistently receives the highest rating in terms of appeal. Half of all visitors who commented (95% mentioned at least one appealing aspect of their visit) are enthusiastic about the untouched and relatively pristine nature of both the marine and natural environments. The appeal of the environmental dimensions is followed very closely in visitor's minds by the friendliness of the local people and the relaxing atmosphere that the Cook Islands has to offer.

Figure 5: Most Appealing Facts



The percentage of tourists highlighting the three most significant areas of appeal remains consistent across the 4 quarters (Table 5).

Table 5: Most Appealing Factors across 1-4 quarters

Comparison	1st qtr	2nd qtr	3rd qtr	4th qtr	Average
Beautiful natural environment	47%	53%	54%	44%	**50%**
Friendly local people	43%	45%	41%	43%	**43%**
Peaceful and relaxing atmosphere	32%	28%	32%	28%	**30%**

Visitors were also asked to list and discuss the least appealing aspects of their most recent visit to the Cook Islands (Figure 6, Table 6). While most tourists (68%) took the time to raise at least one 'least appealing' aspect of their stay, it is worth noting that one third made no comment.

Of those that did mention unappealing aspects, the key themes to emerge were a lack of public services and facilities. A number of tourists also focused on the problems associated with stray dogs. The high price of goods and services and issues of environmental quality (pollution, rubbish) also generated some comments.

Figure 6: Least Appealing Factors

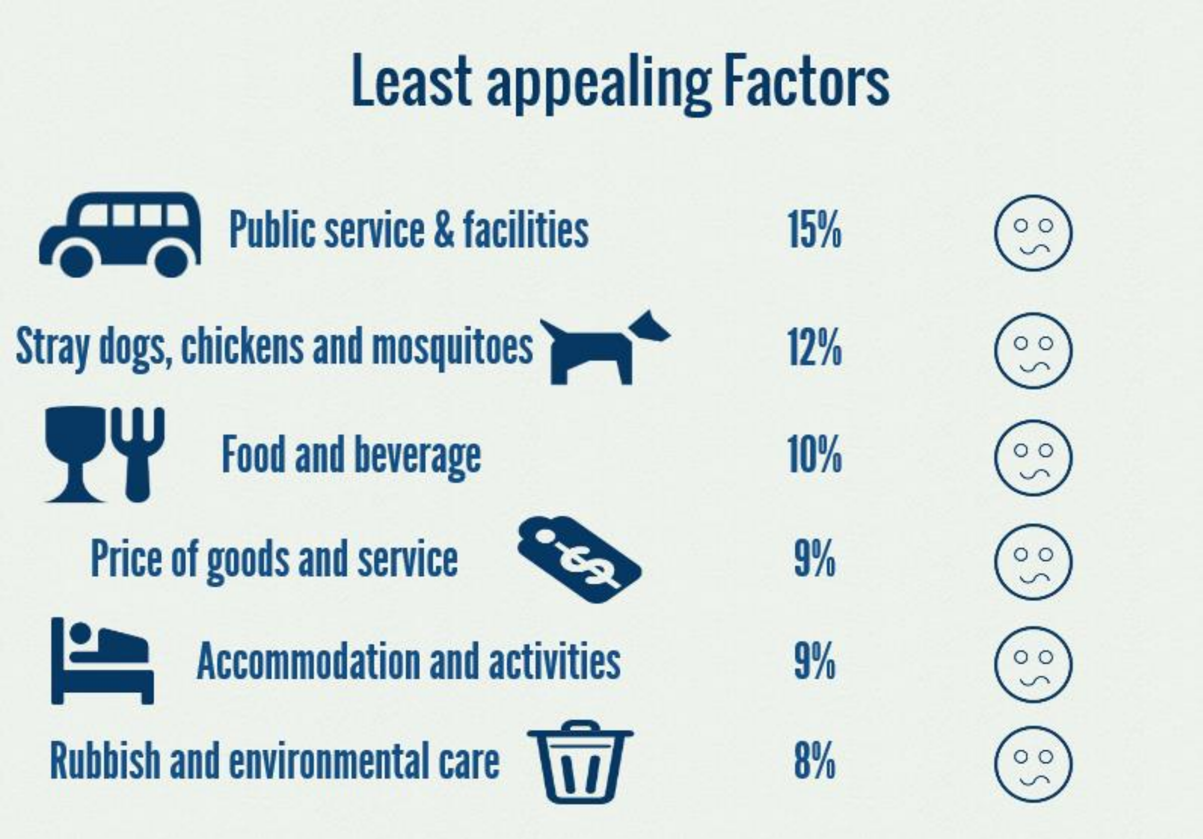


Table 6: Least Appealing Factors across 1-4 quarters

Comparison	**1st qtr**	**2nd qtr**	**3rd qtr**	**4th qtr**	**Average**
Public services & facilities	17%	14%	13%	17%	**15%**
Stray dogs, chickens and mosquitoes	13%	10%	12%	14%	**12%**
Food and beverage	12%	8%	12%	9%	**10%**
Price of goods and services	11%	7%	7%	11%	**9%**
accommodation and activities	8%	9%	9%	10%	**9%**
Rubbish and environmental care	8%	7%	9%	9%	**8%**

VISITOR EXPENDITURE

In reviewing the economic impact of tourism on the Cook Islands economy this report focuses on two key components: money spent before arrival (on airfares and/or packages) and money spent once in the Cook Islands (excluding pre-paid spend) (Figure 7).

Pre-paid spend is significant with an average of $1,985 being spent per visitor. For the bulk of visitors this spend includes international airfares (95%) and accommodation (83%). We estimate that approximately 40% of pre-paid spend (or $796) makes its' way back into the Cook Islands economy.

The amount of money spent by visitors whilst on the Island averaged $108 across the twelve month period. The average visitor spends $928 during their stay – more than the pre-paid amount. Thus, every 10,000 tourists generate $9,280,000 in on-island spend, plus an estimated $7,960,000 in pre-paid spend (a total of $17.24 million).

New Zealand visitors have the lowest on-island spend of the major tourism markets – with a figure of $103 per person per day (thus for a couple the figure would be $206). Australians are the next highest spending group per day followed by visitors from North America and Europe (Table 7).

Visitors spend most per person per day towards the end of the year (April to June). There is a difference in spend between nationalities and the time of year; North Americans spend most from July to September, Australians spend more January to June and visitors from New Zealand and Europe spend more October to December. Overall most visitors tend to spend more prior to their arrival in October to December. It should be noted that some of the quarterly data for specific market groups (e.g. Europe) is based on relatively small sample sizes. For more specific details the reader is directed to the Quarterly reports.

Figure 7: Visitor Expenditure

Table 7: Expenditure across 1-4 quarters

Comparison	1st qtr	2nd qtr	3rd qtr	4th qtr	Average
Average spend before visiting (per person)	$1943	$2096	$2023	$1879	**$1985**
	40% of the pre-paid spend flows into the Cook Islands' economy				
Pre-paid spend that flows into the local economy (per person)	$810	$813	$809	$752	**$796**
Items included in spent prior to arrival *Inter. Flights:* *Accom:*	 95% 84%	 95% 82%	 94% 83%	 95% 82%	 **95%** **83%**
Spend while in Cooks *Whole trip:* *per person per day:*	 $846 $109	 $943 $110	 $976 $108	 $947 $115	 **$928** **$111**
Average spend by countries (person per day) *Canada/USA:* *Australia:* *NZ:* *Europe:*	 $155 $121 $96 $107	 $141 $114 $109 $184	 $119 $131 $100 $131	 $130 $133 $106 $131	 **$136** **$125** **$103** **$138**

It is also important to understand how in-country visitor spend is distributed across different sectors of the economy. Table 8 shows the spread of average visitor expenditure (per person per day) in the Cook Islands cross 1-4 quarters. These figures represent average spend for **all** visitors (e.g. whether they have spent money on a category or not).

Because most accommodation is pre-paid the dominant spend per day category is restaurants, cafes and bars with an average of $33. Accommodation features as the second most important category for visitor spend – this covers those that have not pre-paid for a room and also those who may pay for accommodation extras once on island (e.g. a room upgrade, wi-fi access).

Table 8: Average Visitor Expenditure cross 1-4 quarters (NZD per person per day)

Comparison	1st qtr	2nd qtr	3rd qtr	4th qtr	Average
Restaurant/cafes/bar	32	33	31	35	**33**
Accommodation	26	23	26	30	**26**
Shopping	13	15	16	15	**15**
Activities	8	8	9	9	**9**
Groceries	7	7	8	8	**8**
Vehicle rental	7	7	7	8	**7**
Domestic flights	3	3	4	4	**4**
Cruising	2	3	3	2	**3**
Other	2	2	2	2	**2**
Petrol	2	2	2	2	**2**
Public transportation	1	1	1	1	**1**
Total expenditure per person per day	102	105	108	115	**108**

Visitor expenditure on shopping, food (groceries) and activities is relatively low and there is certainly potential to increase visitor yield in these areas. The figures for car rental and petrol relate closely to the relatively low spend per day on public transport.

The overall spend per person per day figure is an important barometer of industry health and performance. It is critical in coming years that efforts be made to increase visitor yield across a range of sectors – especially those that generate strong links to the local economy.

FUTURE INTENTIONS

An overwhelming majority of visitors (94%) stated that they would return to the Cook Islands (Figure 8). More importantly nearly all visitors (98%) say that they would recommend the Cook Islands to others.

Of real interest to the outer islands is the fact that nearly 4 in 5 tourists (79%) expressed an interest in visiting another island on their next trip to the Cook Islands. The critical challenge is to convert this intention into an actual outer island visit.

The future intentions of visitors remained very consistent across the year (Table 9) with no more than a 2-3% variation in responses.

Figure 8: Future Intentions

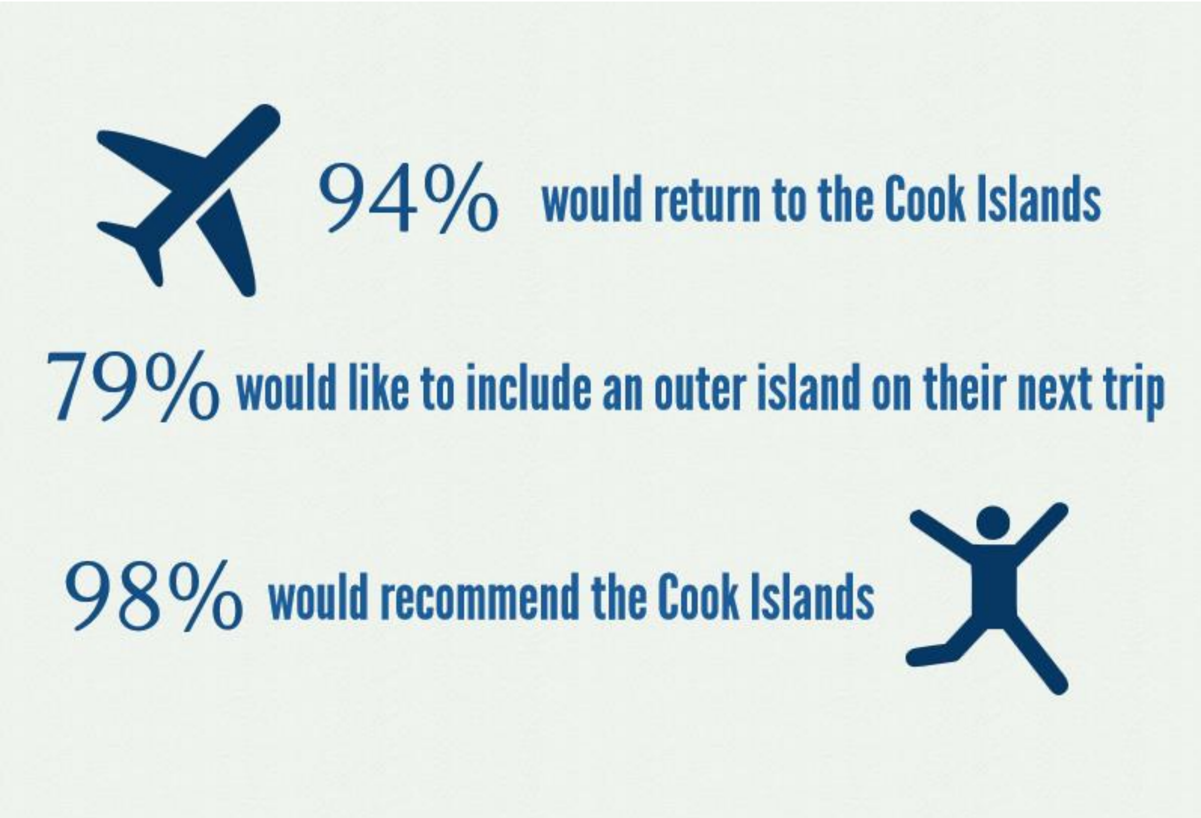


Table 9: Future Intentions

Comparison	1st qtr	2nd qtr	3rd qtr	4th qtr	Average
Return to Cooks *Yes*	93%	96%	95%	93%	**94%**
Like to include other islands next trip *Yes*	77%	77%	81%	80%	**79%**
Recommend Cooks *Yes*	98%	97%	99%	98%	**98%**

CONCLUSIONS

This report shows that the Cook Islands tourism industry generally performed well during the July 2013 - June 2014 period. The information provided in this report, and the more detailed quarterly reports that it summarises, is of value to all stakeholders in the Cook Islands and elsewhere, and to policy makers and industry players outside the country. The information can assist in:

- Understanding the economic impacts that are associated with tourism
- The development of yield-driven marketing and planning approaches
- Product/experience development and quality control
- The attraction and targeting of national marketing funding and support
- Investor-related decision-making
- Local government facility/infrastructure development decisions

The tourism market in Cook Islands is contributing significantly to the local economy. Based on the average spend of $1,724 per visitor ($928 on island + $796 pre-paid) we are able to provide a general picture of the direct economic value of tourism to the Cook Islands economy. According to the statistics of the Ministry of Finance and Economic Management, the total number of international arrivals in 2013 was 121,158. While our data set does not exactly match this period 2013 we are still able to extrapolate from the data to estimate that approximately $209 million was injected into the local economy in the last year.

It is clear that the tourism industry makes a vital, and undoubtedly undervalued, contribution to the Cook Islands economy. It is essential that further efforts be made to enhance yield per visitor. Such an approach not only creates more jobs and income for Cook Islanders, it also, inevitably enhances the visitor experience. A higher yield, value added approach will also place less pressure on the Island's cultural and environmental resources, as the focus shifts away from simply increasing visitor numbers. This report shows there is room to enhance the visitor experience, and to increase the economic yield and broader community benefits associated with tourism.

Government plays a crucial role in providing infrastructure, enforcing standards, and setting a vision and strategy for tourism. With a significant number of international visitors' perceiving that "public service & facilities" are lacking, and several visitors mentioning they are bothered by "stray dogs", measures to improve public service and animal management programmes could reap dividends for the country's appeal to international visitors. For example, by better managing the dog problem visitors will be more likely to want to walk and cycle, increasing opportunities for local economic and cultural interaction.

By developing new product offerings, and more importantly, enhancing the quality and 'value added' of existing activities and experiences, the industry can increase visitor satisfaction, and enhance the generation of local economic benefits. The detailed expenditure data presented in the quarterly reports can be used to guide areas of improvement in yield creation.

Visitor expectations are high and are often being met or exceeded. Intensifying competition from other Pacific Island destinations means that the industry must place considerable emphasis in the future on providing high quality visitor experiences. The areas that require most careful attention at the moment relate to the management of environmental quality, strengthening cultural experiences, and ensuring that food and accommodation services really provide value for money. It is critical that service levels meet visitor expectations and it is clear that there are opportunities for improvement in this area.

This report shows again that cost effective on-line research can generate strong response rates and robust information that is of value to both the tourism industry and government policy makers. Having nearly 3 years of online data to analyse and 'mine' places the Cook Islands in a very powerful position relative to its competitors. The fact that the survey will continue through 2015, and hopefully beyond, means that future industry marketing and development decisions can be based on a firm foundation of robust data.