

# DAZZLING DUNEDIN

NEW ZEALAND'S ACCOMMODATION SECTOR WAS BATTERED DURING LAST YEAR'S GLOBAL FINANCIAL CRISIS, DROPPING TO AN AVERAGE NATIONAL OCCUPANCY RATE OF JUST 36%. THERE'S BEEN A TURNAROUND AND ONE CITY LEADING THE WAY IS WAY DOWN IN THE DEEP SOUTH.

WORDS ► JAMES WILKINSON IN DUNEDIN

New Zealand's accommodation sector felt the full brunt of the global financial crisis during 2009 – crashing to horrendously low room rates, occupancy levels and staff shortages. But there's been a rebound and many areas of the nation are looking to 2010 with enthusiasm.

In Dunedin on the South Island, new domestic and international flights from Pacific Blue played a part in helping fend off the full brunt of the GFC and allowed the university town to maintain a steady occupancy rate and grow a number of markets.

In fact, Dunedin bucked the New Zealand trend, recording an average occupancy rate in commercial accommodation of 50%, well above the national average of just 36% for the year ending November 2009.

Alongside the flights, a number of initiatives from Tourism Dunedin also helped drive that 50% level, including promotional campaigns on both sides of the ditch.

"We had been seeing a decline in domestic tourism (during 2009), and developed a strategy to arrest that," said Tourism Dunedin CEO, Hamish Saxton.

That strategy, Saxton said, included the launch of a 'passport' for the domestic market and an increased marketing push in Australia.

"The introduction of a passport full of deals for locals was strongly supported by our tourism industry," he told *HM*. "The idea was for local people to have the tools to become great ambassadors and hosts.

"The passport has been in the market now for over eight months with a particularly high awareness and great uptake.

"We anticipate launching a new passport midway through this year, and this will be followed by marketing and promotion activities to attract visitors from the 'up-to-4 hour drive away' market and the 'fly and stay' markets," he said.

For Australia, it was a case of using the most powerful tool in tourism – marketing.

"Dunedin was the first regional tourism organisation in New Zealand to employ a full time marketing employee in Australia," he said.

"Our Sydney based 'embassy' allows us to understand the Australian consumer in the best possible way – by being one.

Looking forward, Saxton said the forecast for 2010 is growth and "the region is seeing it now".

"A number of property owners and managers have gone out of their way to express to me a change in guest behaviour," he said. "Anecdotally, there's been a noticeable increase in European and Australia visitors.

"There's also been a noticeable increase in length of stay... where up to a decade ago Dunedin was offered in some markets as barely a one-night-stand, some properties are now seeing stays of three-to-five nights," he said.

Saxton's comments have been reinforced by a number of operators, including James Hacon, Resort Manager at the recently opened St Clair Beach Resort.

"As with any new business original forecasting had to be based upon the limited figures from our companies other businesses and from the general tourism figures available," he told *HM*. "We are delighted that we are exceeding our original predicted occupancy levels and 2010 is looking very bright.

Rachel Duell from the luxurious three-suite Kaimata Retreat also said 2010 is "looking promising" primarily from international markets.

For Kaimata, St Clair Beach Resort and other leading operators in Dunedin, the focus coming up is Australia, given the Pacific Blue flights from Brisbane and Auckland, along with Air New Zealand's seasonal direct Sydney flights.

"At St Clair Beach Resort we see Australia as our key international market, we are already seeing many of our guests making use of the Pacific Blue services direct from Australia and feel that this will be a key area for the growth of the resort and Dunedin," Hacon said.

"We will be concentrating a large proportion of our marketing to the Australian market going forward.

"I predict our key market for 2010 to be the domestic and Australian leisure market – with this being by far our largest market portion to date," he said.

Duell added: "Australians are very important to the Dunedin market and it would be great to see more visiting our wonderful area... we would hope visitors would increase with the increase of flight services."

A quaint Scottish city, Dunedin is famous for its attractions and stunning scenery (right)



"If you want to explore Dunedin, and if your time is precious, the last thing you want to do is spend two hours at an Australian airport, spend three hours on a plane, lose two hours due to time zone differences, and then endure a 6-hour drive from Christchurch – that's a waste of a day, and that's just getting here."



HAMISH SAXTON, CEO, Tourism Dunedin



## DUNEDIN'S ON THE BALL

DUNEDIN IS A KEY CITY FOR NEW ZEALAND'S HOSTING OF THE 2011 RUGBY WORLD CUP AND OPERATORS KNOW A FINANCIAL WINDFALL IS WELL AND TRULY ON THE WAY.

There's no doubt that Auckland, Christchurch and Wellington will steal the spotlight, but Dunedin will well and truly be firmly on the global map after Rugby World Cup 2011.

The city is playing host to three pool games involving teams from England, Scotland, Ireland and Italy – matches expected to draw up to 20,000 European travellers to Dunedin for weeks at a time.

"We have had a huge amount of group interest for the matches over the World Cup – we expect to be full," said St Clair Beach Resort's Manager, James Hacon. "I feel our challenge will be to get prolonged benefit either side of the matches being held in Dunedin."

Tourism Dunedin CEO Hamish Saxton said the big drawcard is New Zealand's "newest and most innovative stadium development".

"The Forsyth Barr Stadium at University Plaza will be a state of the art facility and it even has a roof," he said. "It's being built as we speak and is going to be such an impressive addition to our city's attractions, activities, and facilities."

While it's the most high-end property in town and 45-minutes drive from the city itself, Kaitmata is also expecting to be full for weeks on end during the tournament.

Saxton well and truly knows the importance of the Australian market – in fact, Aussie travellers helped international visitor nights increase in Dunedin by 2% last year.

"Australia is Dunedin's most important international market," he said. "We have had direct air services into Dunedin from Australia since the mid-90s."

"Pacific Blue started services last year and have a consistent schedule and frequency of flights to Dunedin from Brisbane – and of course connectivity throughout Australia and through the Virgin networks."

"Dunedin is also serviced by Air New Zealand with seasonal schedules," he said.

But it's not enough according to the CEO. Despite Pacific Blue's recently introduced services, Dunedin is still without direct weekly Sydney flights and Saxton said it remains a priority from a lobbying perspective.

"Lobbying airlines is no good unless a business case stacks up," he said. "Our business case stacks up."

"There are simply not enough direct flights into Dunedin currently to meet leisure travel demand – not just to Dunedin, but to the lower South Island. We're constantly told that."

"Access to a destination, especially from Australia, is vital. If you want to explore Dunedin, and if your time is precious, the last thing you want to do is spend two hours at an Australian airport, spend three hours on a plane, lose two hours due to time zone differences, and then endure a 6-hour drive from Christchurch – that's a waste of a day, and that's just getting here."

"Research shows that around 50% of our Australian visitors are first timers who stay on average over one night... the other 50% have visited Dunedin previously and stay on average over two nights."

"This suggests that Australians tend to return to Dunedin to spend more time and explore it further."

"We continue to attract additional visitors to the region, and they continue to stay longer. Travel pattern modelling over the last few years supports the business case for daily direct services from the East Coast of Australia."

"The trick is to ensure that the consumer is offered schedules with good frequency at a competitive rate," he said.

If there's any airline Saxton should be lobbying, it's Pacific Blue. The carrier last year ramped up New Zealand flights like never before, adding flights to destinations across the country from right across the east coast of Australia.

When launching the Brisbane-Dunedin services on September 3, 2009, Virgin Blue Group CEO Brett Godfrey said the new route received an incredibly positive response before the flight took off - Aussies and Kiwis ensured the inaugural flights in both directions were literally packed to the rafters.

"Being the second-largest city in the South Island, this direct route provides a market opportunity to attract and satisfy both business and leisure guests and if our initial and forward bookings are anything to go by, this service is already proving very popular with travellers," Godfrey said.

Until new flights are launched Saxton knows Dunedin has to make the most of what it has - but for the team in the quaint Scottish style city, that means going outside the square for marketing and public relations.

"I'd be watching this space and signing up to our Facebook and Twitter profiles," he said, when asked about upcoming campaigns. "The digital space is extremely important to a place such as Dunedin.

"It allows for the most memorable experiences to come to the fore and as an organisation we hope that the effusive raves of credible travellers reach the right people," he said.

But, what's the pitch? Why Dunedin? That's a question many Aussies would be wondering well before purchasing an Air New Zealand or Pacific Blue ticket.

"The array, the original, the quirky and the different," Saxton said. "Most destinations appear to fight it out to be the 'one-stop-shop with all things to all visitors'. That doesn't differentiate one place from another - it merely homogenises places with offerings.

"The things that attract people to Dunedin are wildly different, and are best suited to the traveller themselves. It might be the wildlife, and it might be the heritage architecture, it might be the arts, it might be the sports, it might be the reputation.

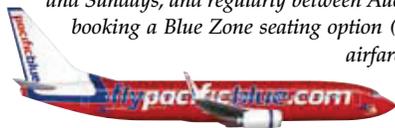
"What Dunedin does boast is an originality and an organic range of offerings. By that I mean we have come by so many of our attributes naturally. Geography and location dictated Dunedin's Otago Peninsula as the world's only mainland breeding colony of the world's biggest sea bird... and home to one of the world's rarest penguins.

"The 'drift north' after the boom and bust of the gold rush in the late 1800s meant the city's growth was not reliant on bowling over old buildings to be replaced by modern skyscrapers - and the result is a cityscape boasting one of the finest collections of Victorian and Edwardian architecture.

"The 'vibe' in Dunedin is cool, and not everyone gets it. Maybe it's the great student population, maybe it's the Scottish influence, maybe it's the arty institutions and events, maybe it's the dramatic light and dark, maybe it's the size and community. Maybe it's just what people make of it.

"Whatever it is, it's intriguing, and it's deeply attractive," he said. HM

*Pacific Blue flies three-times weekly from Brisbane to Dunedin on Tuesdays, Thursdays and Sundays, and regularly between Auckland and Dunedin. The author recommends booking a Blue Zone seating option (exit row) for an additional \$45 on top of the airfare hiring a digEplayer for \$20, which includes movies, TV shows and a broad array of music. For bookings, visit [www.flypacificblue.com](http://www.flypacificblue.com)*



## HOT HOTELS

HM FINDS OUT THE UNIQUE POINT OF DIFFERENCE AT DUNEDIN'S TWO NEWEST PROPERTIES - KAIMATA RETREAT AND ST CLAIR BEACH RESORT.



### KAIMATA RETREAT

"The retreat is architecturally designed and built from Macrocarpa timbers, which has created a special ambience," said Kaimata Retreat's host Rachel Duell. "We have panoramic water views over a tidal estuary with an abundance of wildlife. And your hosts ensure you have excellent opportunities for making the most of your time at the Otago Peninsula." 297 Cape Saunders Road, Cape Saunders, Dunedin, [www.kaimataz.com](http://www.kaimataz.com)



### ST CLAIR BEACH RESORT

"Being the only beachfront hotel in Dunedin this is our primary difference but this isn't where it ends - we strive to offer attentive service with a smile and a key aim in the development of our business is to ensure that food is not only part of our business it's at the centre of it," said St Clair Beach Resort's Manager, James Hacon. "Bearing this in mind, we are shortly launching a Central Otago Branded Wine Cellar dining area giving guests an exclusive dining experience with degustation menus by our multi award-winning Executive Chef - Michael Coughlin." 24 The Esplanade, St Clair, Dunedin, [www.stclairbeachresort.com](http://www.stclairbeachresort.com)

## by THE NUMBERS

Commercial Accommodation Monitor's (CAM) statistics on Dunedin for the year ending November 2009.

- 504,175 visitors arrived in Dunedin, staying 864,841 nights in commercial accommodation.
- Overall, for the domestic visitors spent 505,451 nights in the region, accounting for 58% of all visitor nights, and international visitors spent 359,389 nights in the region, accounting for 42%.
- Total visitor nights in commercial accommodation decreased -1%. This growth is greater than the total national growth of -2%.
- Domestic visitor nights in commercial accommodation decreased -3% over the same period.
- International visitor nights in commercial accommodation increased 2% over the same period.
- The average occupancy rate in commercial accommodation was 50%, compared with the national average occupancy rate of 36%.
- Total commercial accommodation capacity increased 2%.

Conducted monthly by Statistics New Zealand, the CAM measures trends in the commercial accommodation sector.