

**Enhancing Financial and  
Economic Yield  
in Tourism:**

# **Small Tourism Business Survey Report**

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**Yield Report 7**



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**November 2007**

**[www.lincoln.ac.nz/trrec/tsmyield](http://www.lincoln.ac.nz/trrec/tsmyield)**



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## Glossary of Terms

<b>Term</b>	<b>Definition</b>
ANZSIC	Australian and New Zealand Standard Industrial Classification
FTE	Full Time Equivalent
MED	Ministry of Economic Development
RTO	Regional Tourism Organisation
TIANZ	Tourism Industry Association New Zealand
TNZ	Tourism New Zealand
TRREC	Tourism Recreation Research and Education Centre
TSA	Tourism Satellite Account



## **Acknowledgements**

This research was funded by the Ministry of Tourism and the Tourism Industry Association of New Zealand (TIANZ). This report is the third in the Yield Study series, the first being a report on 'Definitions and Measurement of Tourism Yield' and the second 'Public Sector Costs and Benefits'.

Although not formally required this research was conducted under the overarching standards of the Lincoln University Human Research Subjects Ethics Committee with respect to data confidentiality and storage, and respondent anonymity and confidentiality.

The authors gratefully acknowledge the contribution of the many participants throughout New Zealand. In particular we would like to thank Hamish Hill from Statistics New Zealand who contributed a great deal of time towards preparation of the survey sample-frame, and others within Statistics New Zealand who commented on the survey instrument.

We would like to acknowledge Peter McNaughton for the excellent data entry format developed, as well as the initial analysis he completed. This assisted Michelle Collings, TRREC Administrator, who carried out the data entry and other related administration work.



## Executive Summary

The study reports on a survey of small tourism businesses in New Zealand. In particular it focusses on the smallest of tourism's businesses – those comprising five or fewer full-time employees (FTEs). As such it provides one of a number of viewpoints on the functioning of the tourism sector in the New Zealand economy.

This small business survey forms part of a wider study funded by the Ministry of Tourism and New Zealand Tourism Industry Association (TIANZ) to examine and develop tools to enhance the financial and economic yield of tourism in New Zealand. Alongside this study is an analysis of data gathered from the Tourism Satellite Account which provides a 'top down' analysis of financial and economic data recorded by Statistics New Zealand, and an analysis of tourism enterprises employing greater than six FTEs which will be available from the Ministry of Economic Development's Business Operations Survey due for completion in April 2006.

There are no complete lists of tourism businesses in New Zealand. While lists of varying accuracy and assumptions could be compiled from regional and domestic tourism organisations, websites and published materials (e.g. AA guides), it is believed that Telecom New Zealand's Yellow pages listing holds the most complete source for those enterprises that demonstrate a commitment to the sector.

An initial database of 18,000 businesses, broadly defined as 'tourist sales oriented', was purchased from Telecom New Zealand Yellow Pages. Use of the Yellow Pages listings bring with them the assumption that businesses who list under any of Telecom's eight separate travel and tourism categories have defined themselves as being conspicuously in the tourism sector at least to the extent that they would advertise themselves in this important directory and electronic medium. In this respect the resulting sample may underestimate start up or first year businesses. From this initial database, businesses were selected from within the accommodation, restaurants and cafes, transport, rental vehicles, cultural and recreational, and retail categories further culminating in a database of 13,413 businesses. One further outcome arising from the use of this decision was that tourism enterprises that are secondary operations to larger or more established enterprises (e.g., farms) were effectively excluded unless they were listed separately with Telecom Yellow Pages.

Some 2,466 businesses across varying tourism sub-sectors were sent a mail questionnaire. Close monitoring of the survey process has resulted in being able to track 43 percent of all questionnaires and generated a database of 770 completed survey forms (31.2 percent of the total sample). To ensure adequate representation across tourism sectors the sample was weighted in favour of smaller sectors. The data were re-weighted for analysis, to ensure the results reflected the tourism sector composition.

Across the tourism sector some interesting trends emerge. In particular the accommodation sector is most strongly associated with below average yields, although this may change when bigger operators, i.e. all those with 6 or more FTE are considered. The transport and 'tourism retail' sectors, (souvenirs and arts and crafts sub-sectors) indicate an above average yield profile, as do those that have less engagement (i.e. lower proportions of sales) directly with tourists. These trends parallel those that are emerging in the TSA analysis and which will be documented in a subsequent report.

The tourism sub-sectors are not homogeneous and this is evident across the sub-sector summaries that are presented in the second part (Chapter 5) of this report. Differences are apparent in ownership, business structures and processes. For example, attractions and tourism retail had higher proportions of staff in cultural diversity training. Reasons for innovation also varied between and within sectors. Across the sectors many indicated a desire to improve their performance and could be assisted in this goal.

In spite of the limitations imposed by the sample frame a high number of business managers report a relatively small time in the sector, with 54 percent reporting being in business three years or less. Although the answers to why this occurs are not obvious, this is a major finding of the study and one that has bearing on many other aspects of the results. Experience counts - and this is seen in higher yielding businesses largely emerging after four or more years trading.

Lack of tenure in businesses is also evident in a degree of informality that pervades many other aspects of business operations and yield outcomes. In particular, in spite of the service orientation of tourism business it was human resource recruitment, training and management factors that ranked most poorly among business performance measures. Other factors associated with those who achieved lower than average yields were those with 75 percent or more of their sales from tourists, working proprietors and sole traders.

Examining motivations and attitudes alongside above and below average 'yielders' has produced a wealth of questions, rather than clear indicators for financial success. For some motivational statements (e.g., 'to be my own boss', 'enjoying the job is more important than making lots of money'), significant differences were found between those 'Agreeing' with the statement and those 'Agreeing Strongly': a higher percentage of respondents who 'Agreed Strongly' with the statement reported an above average yield. In these instances the gap between the two response options may equate to some broader behavioural characteristics such as 'extent of passion or commitment' to the statement. While these measures provide some indicators of 'lifestyle' operators these are not necessarily clearly associated with below average yield and remain an area for further enquiry.

Finally it should be noted that this study is the first of four that will comprise the analysis of business performance and yield across the tourism sector. Important additions will come from the analysis of tourism SMEs that are generated within MED's 'Business Operations Survey' (due April 2006) and the 'top down' analysis arising from disaggregation of the Tourism Satellite Account. Further depth and interpretation will also be added by business interviews to be conducted across the winter of 2006 prior to the development of a set of tools to assist tourism firms in enhancing their financial and economic yield.

# Chapter 1

## Introduction

This Report is one of three reports focussing on tourism's private sector managers' behaviours and yield outputs. Along with analysis of the public sector investments and returns it provides an important component of the research programme 'Enhancing Financial and Economic Yield in Tourism'. The Research Programme is a collaborative one with funding from the Ministry of Tourism and the Tourism Industry Association of New Zealand (TIANZ), and the research being undertaken by The Tourism Recreation Research and Education Centre (TRREC) at Lincoln University. The goals of the Research Programme are to advance the implementation of the New Zealand Tourism Strategy 2010 specifically with regard to the following recommendations.

- TIANZ leads sector initiatives to research, develop and promote the use of pricing and yield management strategies to improve financial and economic viability (#29).
- Develop and promote resource use efficiency initiatives and environmental system (#8).

The Programme aims to achieve these recommendations by examining business and investment management practices and analysing financial, economic and sustainable yield. The three main outcomes for the Research Programme will be:

- Improved financial performance of tourism firms through the uptake of the research findings and tools.
- Improved economic performance of the tourism sector by providing benchmarks and tools for firms and communities.
- Improved strategic alignment of tourism investment, management and marketing.

This report contributes to the business analysis component of the research programme. It presents the findings from a survey of 770 small tourism businesses (**with five staff or fewer**), the analysis of which seeks to enhance understanding of the make up of small tourism businesses; the motivations of business owners for starting tourism businesses; goals and priorities for their business operations; their operational management; and their financial yield. Some preliminary analyses have also been undertaken and reported to identify any associations between motivations, attitudes, and business behaviours, and yield. The survey results also help with preparation for the undertaking of 'business interviews' with tourism business operators in 2006. Ultimately these results will contribute towards the development of a range of tools to help increase the yield of tourism businesses and the sector as a whole.

This report begins with an overview of the nature of small tourism businesses, followed by a description of the methodology used. Survey results are presented first for the 'tourism sectors as a whole' and this is followed by a section that highlights where each sector differs from the overall results. A separate section presents yield profiles by sector based on a comparison of businesses generating above and below average yields. These profiles are also reviewed alongside a selection of motivation and goal/priority statements. A summary highlights key findings, and is followed by an introduction of future steps in the research process.

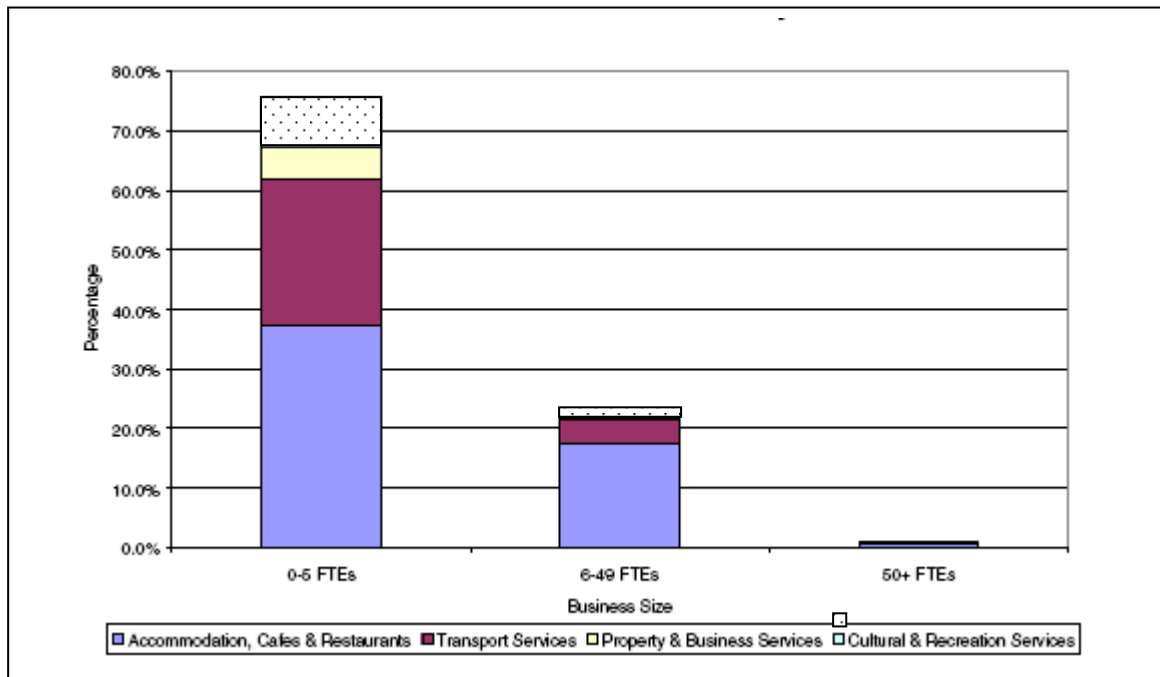


## Chapter 2

### Small Tourism Businesses in New Zealand

The tourism sector in New Zealand is relatively well structured compared with other sectors in the economy, with its own Ministry, marketing organisation, industry associations and regional tourism organisations (Canard, New Zealand Trade and Enterprise, unpublished Report:17). Tourism operators include a small number of publicly listed companies and the New Zealand Tourism Strategy 2010, (NZTS 2010) estimated between 13,500 and 18,000 SMEs, approximately 80 percent of which employ fewer than 5 people (Figure 1) (NZTS , 2010 (TMT, 2001):44).

**Figure 1**  
**Breakdown of Tourism Businesses by FTEs and Tourism Sectors**



Source: NZ Tourism Strategy 2010

No known nationwide studies have been carried out on small and medium tourism enterprises in New Zealand. The Ministry of Economic Development's (MED's) Firm Foundations (2002) is an important exception however but only studied firms of greater than 6FTEs. It is believed that many tourism SMEs were omitted from their study. In this regard, it would be unwise to make comparisons directly with results from the Firm Foundations study. The study reported here makes an important and significant contribution by focussing only on *Small Tourism Businesses* which make up a significant component of the overall tourism sector and reports results on the make up of Small Tourism Businesses, their motivations, attitudes and business behaviours, and yield. Tourism firms of greater than 6 FTEs will be analysed separately following provision of data from a 'Business Operation Study' currently being undertaken for MED by Statistics New Zealand.





## Chapter 3 Methodology

The target group for the tourism business survey was small tourism businesses with five or fewer staff. An initial database of 18,000 businesses, broadly defined as 'tourist oriented', was purchased from Telecom New Zealand Yellow Pages. Use of the Yellow Pages listings bring with them the assumption that businesses who list under any of Telecom's eight separate travel and tourism categories have defined themselves as being conspicuously in the tourism sector at least to the extent that they would advertise themselves in this important directory and electronic medium. In this respect they may underestimate start up or first year businesses. From this, businesses were selected from within the accommodation, restaurants and cafes, transport, rental vehicles, cultural and recreational, and 'tourism retail'<sup>1</sup> categories of the ANZSIC<sup>2</sup> codes, culminating in a database of 13,413 businesses. One of the outcomes of this decision was that tourism enterprises that are secondary operations to larger or more established enterprises (e.g., farms) were effectively excluded unless they were listed separately with Telecom Yellow Pages.

The framework for the final sample target of 2,500 was initially based on the proportion of each sector within the tourism business population (Table 1, column A). Sample 'weightings' were made to ensure the sample contained adequate representations of smaller sector groupings (e.g., cultural recreational, transport, and 'tourism retail') and to allow statistical analysis of both the sector as a whole and individual sector groups (Table 1, column B).

**Table 1  
Database Selection Process**

Category (ANZSIC Codes)	% of Total	(A) Sample Size Based on % of Total Database (13,413)	(B) Adjusted Sample (% of total sample)	Adjusted Sample as a Ratio of Total Database
Accommodation (H 571)	4,353 Businesses (33%)	825 (33%)	750 (30%)	1:6
Restaurants (H 573)	5,520 Businesses (41%)	1,025 (41%)	400 (16%)	1:14
Transport (I 61, 63, 64, 66)	1,434 Businesses (11%)	275 (11%)	400 (16%)	1:4
Property Services (L 77)	632 Businesses (5%)	125 (5%)	250 (10%)	1:3
Cultural and Recreational (P 92 and 93)	1,074 Businesses (8%)	200 (8%)	550 (22%)	1:2
Retail Trade (G 52)	400 Businesses (3%)	75 (3%)	150 (6%)	1:3
<b>Total Database</b>	<b>13,413 (100%)</b>	<b>2,500 (100%)</b>	<b>2,500 (100%)</b>	

- 
- 1 For the purposes of this study, the tourism retail sector included those businesses who listed in the Telecom Yellow Pages as 'Arts and crafts' and 'Souvenir' shops.
  - 2 Australian – New Zealand Standard Industrial Classification whereby businesses are assigned to an industry according to their predominant economic activity to support the standardised collection, compilation and publication of statistics relating to industry. Tourism as an intersectorial activity cuts across a broad number of ANZSIC codes. For a summary of tourism related codes see the Tourism Satellite Account (Statistics New Zealand, 2005), Appendix D.

Working with Statistics New Zealand which applied a checking process, businesses that no longer existed, consisted of businesses with six or more staff or who could otherwise be subject to their Business Operations Survey (BOS), were excluded. A final check for duplicates and businesses with inadequate addresses culminated in a final sample of 2,466 small tourism businesses.

The survey instrument was developed by the research team at Lincoln University with input from members of the broader research group. Some of questions used were from surveys utilised by Statistics New Zealand and from previous research to enable future comparisons. The questions sought information about the motivations for starting or buying a tourism business, the goals and priorities when commencing business, the planning and operational aspects of the business, environment protection activities, innovation and professional organisation membership. One financial question was included requesting information to estimate the 'yield' of the business. This was the first attempt to measure a business's yield which was determined to be:

$$= \text{Taxable profit} + \text{Interest expenses} + \text{Drawings (proprietors remuneration taken as a business expense)}$$

$$\text{Current assets} + \text{Fixed assets} + \text{All other assets}$$

This crucial question was deemed necessary to facilitate a link between the survey data and the more formal ('top down') analysis afforded by analysis of the Tourism Satellite Account (via a confidential Data Lab provided by Statistics NZ), which are the subject of a separate report within the private sector research objective.

It was recognised at the outset that sensitive information was being requested, and, that the definitions used may make it difficult for respondents to extrapolate the correct figures from their annual accounts. In light of these concerns, the covering letter sent with the questionnaire advised of a 0800 number and the email address of one of the Lincoln University researchers should assistance be needed with the yield calculation.

The draft questionnaire was tested with 10 tourism operators in the Canterbury region prior to mail-out. A range of feedback was secured and some further modifications were made to the questions.

The survey was posted to 2,466 businesses on Friday 26<sup>th</sup> August 2005. A covering letter was included with each questionnaire. This identified the organisations funding and undertaking the research and highlighted the criteria a business needed to meet before being eligible to complete the questionnaire (i.e., it had 5 or fewer staff). A stamped addressed envelope was included for the return of the questionnaire. The return-by-date was given as 9 September 2005.

A sample copy of the questionnaire (Appendix 1) was made available for information purposes only on the Lincoln University website: <http://www.lincoln.ac.nz/trrec/tsmyield.htm>.

The first survey returns provided an opportunity to finalise the framework for data entry which was carried out in MS Access. Verification of data entered was carried out regularly during the data entry phase.

Reminder letters were sent out to non-respondents on Friday 9th Sept 2005. There was also a range of media coverage about the survey during this period: an item in the main newspapers; Professor Simmons appeared on ASB Business on Television One; an article appeared in

Inside Tourism; and an email was sent to RTOs to encourage any of their members who had received the survey to return it. Press releases from the TIANZ Tourism Conference in mid September may also have encouraged some people to respond as there was a high level of surveys received during the last week in September. Table 2 presents an analysis of survey forms and responses across various response categories.

**Table 2  
Survey Response Rates**

Category	Breakdown of Responses and Non responses	Number	Percent of sample (%)
<b>Respondents</b>	Usable responses received before close-off and meeting all criteria	770	31.2
	Surveys returned by NZ Post 'Gone no address'	113	
	Advised business had 6 or more FTEs or were no longer running a tourism business	110	
	Advised not interested in participating or missed deadline	42	
	Surveys returned after close-off	26	
<b>Total response rate</b>		<b>1061</b>	<b>43</b>
<b>Non response rate</b>	Did not respond	<b>1405</b>	<b>57</b>
<b>ALL</b>		<b>2466</b>	<b>100.0</b>

In comparison with other mail surveys undertaken by Lincoln University, both the 43 percent total response and the 31.2 percent usable survey response were considered to be at the high end for this type of survey. Typically, results can be 20 percent or less for mail surveys. Data were exported from MS Access to SPSS for data verification, weighting and analysis. Cases were re-weighted (i.e. to re-balance data to account for the sample weights provided in Table 2) to ensure that respondents had an equal weighting on total sector results comparable to the composition of the small tourism business population of 13,413. Restaurants were under-represented in the survey responses while other sectors were over-represented. The adjustment was made using the SPSS Data Weighting Cases function and utilising the weighting factors found in column (d) in Table 3. The result of the weighting exercise had the effect of increasing the sample from 770 to 772. Weighted data were used for all data analysis.

**Table 3**  
**Weighting Factors**

<b>(a) Category (ANZSIC)</b>	<b>(b) Population - 13,413 (% of total sample)</b>	<b>(c) Surveys received - 770 (% of usable responses)</b>	<b>(d) Weighting factor b/c</b>
Accommodation (H 571)	32.45	43.1	0.7529
Restaurants (H 573)	41.16	9.7	4.2433
Transport (I 61, 63, 64, 66)	10.69	15.2	0.7033
Property Services (L 77)	4.71	8.6	0.5477
Cultural and Recreational (P 92 and 93)	8.01	16.2	0.4944
Retail Trade (G 52)	2.98	7.1	0.4197
<b>Total Database</b>	<b>100.0</b>	<b>100.0</b>	

## Chapter 4

### Results for all Tourism Sectors

This section reports all the results across all tourism sectors. It covers those questions in the following survey sections: General business information; Reasons for starting or purchasing the business; Goals/priorities when starting or purchasing this business; planning and operational aspects of the business. Yield results are discussed in Section 6.

#### 4.1 General Business Information

Respondents were asked to provide a description of their business. From this the responses were categorised into ANZSIC groupings (Table 4).

**Table 4 Breakdown of Respondents by ANZSIC Groupings**

ANZSIC Groupings & Codes		No. of Responses	Percent
Retail	G52	23	3.0
Accommodation	H571	250	32.4
Restaurants	H573	318	41.2
Transport	I61-66	82	10.7
Travel Agents	L77	36	4.7
Attractions & Activities	P92-93	61	8.0
<b>Total responses</b>		<b>772</b>	<b>100.0</b>

##### 4.1.1 Age of Business: Current Owners and All Owners

Respondents were asked to indicate both the length of time they had been running their current business and the length of time the business had been in operation since its inception.

Over half (52.9%) of the respondents have been running their businesses for three years or less and nearly one in five respondents (18.5%) has been operating their business for ten years or more (Table 5). This suggests that a high number of operators are in 'start-up phase' where the goal is survival and the cash flow problems that usually occur early in the life of a new business are the main concern (Hamilton and English, 1993:25). It may also suggest a high level of inexperience in the type of business started. The survey did not however seek information about the activities that the owners were involved in prior to starting their current business and so inexperience in the current operation can not be assumed.

**Table 5  
Respondents by Length of Time in Current Ownership**

Length of Time in Current Ownership	Frequency	Percent	Cumulative Percentage
Less than 1 year	123	16.4	16.4
1-3 years inclusive	274	36.5	52.9
4-6 years inclusive	153	20.4	73.3
7-9 years inclusive	62	8.2	81.5
10 years and over	138	18.5	100.0
Total responses	750	100.0	

\*Item response rate was 97.2%.

Slightly less than a quarter (23.5%) of respondents indicated the business they were now running had been in existence for three years or less and half (50.3%) had been in existence for ten years or more (Table 6). In other words, about a quarter of the businesses were relatively new businesses. Research has shown that many new businesses fail within the first two years of operation and Hamilton and English (1993:17) have concluded that small business failure is new business failure. A 'small tourism business' profile that includes a higher percentage of businesses that have been in existence for a longer period may well bring a higher level of stability and financial success to the sectors. This begs the questions; at what point and how is a business best supported to help it across the threshold from "survival" to "take-off"?

**Table 6  
Respondents by Length of Time Since Inception of the Business**

<b>Length of Time since Inception of Business</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Less than 1 year	22	3.2	3.2
1-3 years inclusive	143	20.3	23.5
4-6 years inclusive	122	17.3	40.8
7-9 years inclusive	63	9.0	49.7
10 years and over	354	50.3	100.0
Total responses	703	100.0	

\*Item response rate was 91.1%.

**4.1.2 Months in a Year the Business is Open to the Public**

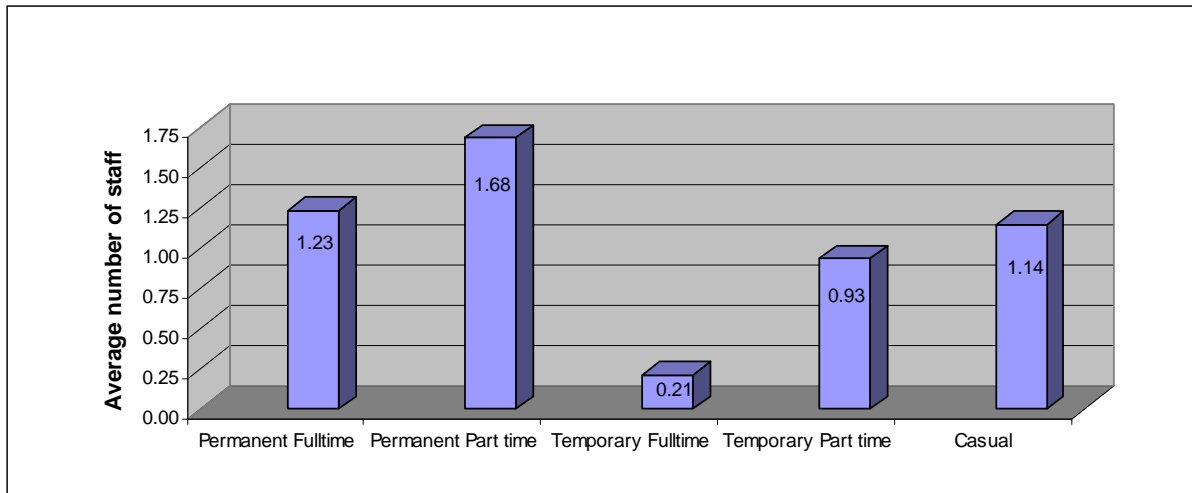
Most (98.6%) respondents answered the question about the number of months their business was open to the public. The majority (91.8%) were open for business for 12 months of the year. For those respondents whose businesses were not open for the full year, 20 were open for 11 months, two for 10 months, six for 9 months, eleven for 8 months and the remaining eleven for 7 months or less. This suggests that while seasonality is considered a major issue for tourism operators, less than 10 percent of all businesses close for a specific period

**4.1.3 Working Proprietors and Employers**

Ninety nine percent of respondents answered the question about whether or not they were working proprietors without staff. One in five (19.9%) respondents reported that they were working proprietors.

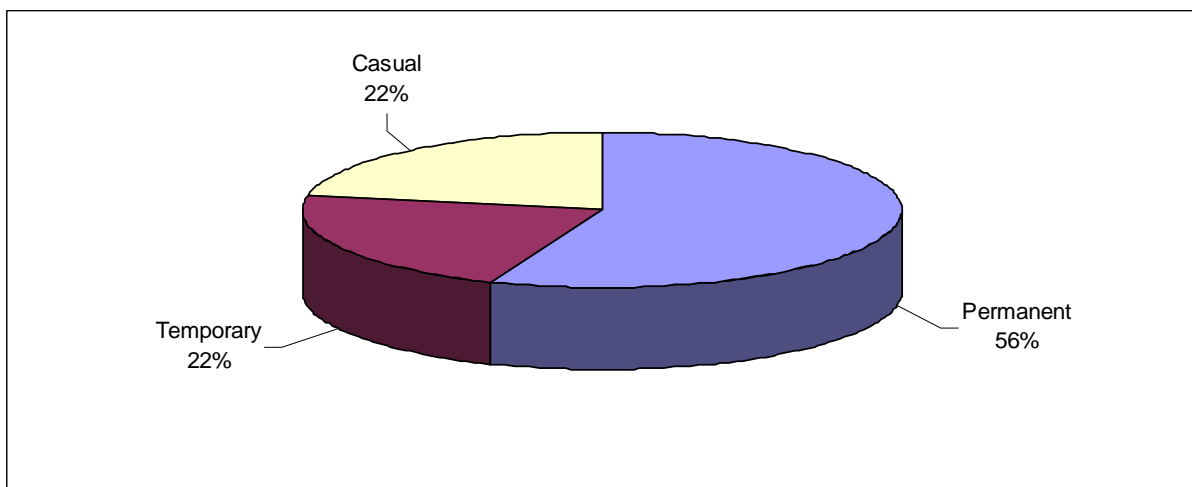
Respondents, who employed staff, were asked to indicate how many staff they employed in an average year for each of the following categories: permanent full time; permanent part time; temporary full time; temporary part time, casual. From the data provided it was possible to establish the total number of staff employed within each of these categories. By dividing this total by the number of respondents an 'average staff profile' was determined (Table 7).

**Table 7**  
**Average Staff Profile of a Small Tourism Business**



Further analysis of the employer data (i.e., not including working proprietors) enabled us to develop a profile of the kinds of contracts under which tourism staff were employed: permanent; temporary, and casual (Figure 2). More than half (56%) were permanent staff with 22 percent temporary and 22 percent casual<sup>3</sup>. Little data is currently available about the extent of temporary and casual employment (termed 'non-standard employment') as the information is not collected by Statistics New Zealand in their Household Labour Force Survey<sup>4</sup>. Brosnan and Walsh (1996) undertook a detailed study into these types of employment and found that 11 percent were in casual, fixed-term or temporary employment<sup>5</sup>. Non standard employment has continued to grow since 1996 and so it might be expected that this figure (11%) has increased with time. On this basis it appears that the tourism industry employs a higher percentage of casual and temporary staff than for all industries in New Zealand.

**Figure 2**  
**Employment by Contract Type**



3 Definitions: Casual employment is where an employer will offer an employee work when work is available. Temporary (or fixed-term) employment is for a set period of time (e.g. for six months) or until a certain event occurs (e.g. until a particular project ends) or until work is completed (e.g. until the fruit is picked). Source: <http://www.ers.dol.govt.nz/relationships/employee.html>. Accessed 28/3/2006

4 <http://www.dol.govt.nz/PDFs/Fow-stocktake.PDF>. Future of Work Overview, p11. Accessed 1/12/2005.

5 Ibid, p10. Accessed 1/12/2005.

#### 4.1.4 Business Legal Structures

A breakdown of businesses by their legal structure found that slightly more than half (52.7%) were companies, 26.3 percent were partnerships and 16.3 percent were sole traders (Table 8). Cross tabulation of the legal structure data with working proprietor and employer data found that 40 percent of working proprietors operated as companies compared with 55 percent of employers. There was a slightly higher percent (20%) of working proprietors operating as sole traders compared with 15 percent for other businesses as might be expected.

**Table 8**  
**Legal Structure of Small Tourism Businesses**

Legal Structure	Frequency	Percent
Sole Trader	123	16.3
Partnership	199	26.3
Company	398	52.7
Trust	23	3.0
Other	13	1.8
<b>Total</b>	<b>756</b>	<b>100.0</b>

\*Item response rate was 98%.

#### 4.1.5 Sales from Tourism

The Tourist Satellite Account categorises tourism products into two categories: 'tourism-characteristic' where at least 25 percent of the industry's output is purchased by tourists; and 'tourism-related' where between 5 percent and 25 percent of the industry's output is purchased by tourists. The survey allowed for a similar breakdown of businesses to be made.

Over a third (34.6%) of respondents derived 25 percent or less of their sales from tourism. A similar proportion (30.4%) derived 76-100 percent of their sales from tourism (Table 9).

**Table 9**  
**Businesses by Percent of Sales Derived from Tourism**

Annual Sales from Tourism	Frequency	Percent
25% or less	263	34.6
50% or less	151	19.9
75% or less	65	8.5
76% - 100%	231	30.4
Don't know	49	6.5
<b>Total</b>	<b>758</b>	<b>100.0</b>

\*Item response rate was 98.3%.

A breakdown of the above sales proportion by ANZSIC categories revealed some unexpected results; some respondents from the accommodation and travel sectors who would be expected to have 100 percent of their sales from tourism indicated that this was not the case (Table 10). This may have been due to a different interpretation of what is tourism (although the kind of customer was indicated in the survey instrument as non local, domestic and international visitors). Alternatively it may suggest that some of the accommodation and travel businesses do have non tourism activities and customers (e.g. student accommodation, school trips). The finding demonstrates the difficulty in identifying the tourism component of some businesses.



The results clearly indicate that some restaurants/cafes and transport operators are less reliant on tourism for their business than the local market.

**Table 10  
Tourism Sectors by Percent of Sales Derived from Tourism**

<b>Tourism Sales</b>	<b>Retail G52</b>	<b>Accommodation H571</b>	<b>Restaurants/Cafes H573</b>	<b>Transport I61-I66</b>	<b>Travel L77</b>	<b>Attractions P92 &amp; P93</b>
<b>25% or less</b>	5	51	153	35	9	9
<b>50% or less</b>	6	33	85	8	8	11
<b>75% or less</b>	3	21	21	3	9	5
<b>76-100%</b>	6	139	17	31	9	29
<b>Don't know</b>	2	4	38	2	0	3
<b>Total</b>	22	248	314	79	35	57
<b>No. &gt;25%</b>	15	193	123	42	26	45
<b>% &gt;25%</b>	68%	78%	39%	53%	74%	79%

**4.2 Reasons for Starting or Purchasing a Business**

This section in the survey sought to enhance understanding about the motivations behind decisions to start, or purchase, a tourism business. Respondents were asked to consider twelve reasons and asked to respond by selecting one of five options on a Likert scale anchored by 'Disagree Strongly' and 'Agree Strongly' and including 'Undecided'. An additional option for 'Don't Know / Not Applicable' was also provided.

Results were aggregated into two strands; those who 'Agreed Strongly' and 'Agreed' and those who 'Disagreed Strongly' and 'Disagreed'. These were then ranked on the basis of the percentage of respondents who 'Agreed Strongly' and 'Agreed' with the statement (Table 11).

'To develop a profitable business' ranked highest with 87.5 percent of respondents selecting either 'Agree Strongly' or 'Agree'. This was followed by 83.2 percent selecting 'To provide me with a challenge' and 81.4 percent selecting 'To be my own boss'.

While these top three reasons enjoyed over 80 percent support the next 'grouping' of three reasons gained between 70 - 73 percent support from respondents. After this, four out of the six options were selected by less than 30 percent of respondents.

**Table 11**  
**Reasons for Starting or Purchasing a Business**

<b>Reasons</b>	<b>Number of Respondents Who Agree Strongly or Agree</b>	<b>% Who Agree Strongly or Agree</b>	<b>Number of Respondents Who Disagree Strongly or Disagree</b>	<b>Percent Who Disagree Strongly or Disagree</b>	<b>Ranking (based on the proportion of respondents who agree strongly or agree with reasons presented)</b>
To develop a profitable business	669	87.5	18	2.3	1
To provide me with a challenge	637	83.2	40	5.3	2
To be my own boss	622	81.4	58	7.6	3
To become financially independent	559	73.0	64	8.4	4
To meet interesting people	544	71.1	105	13.8	5
To enjoy a good lifestyle	542	71.1	94	12.3	6
To provide a retirement income	389	50.7	182	23.9	7
To support leisure interests	271	35.4	301	39.3	8
To supplement my income	204	26.7	332	43.4	9
To gain prestige	202	26.4	376	49.2	10
To avoid unemployment	196	25.7	357	46.6	11
To move to this district	192	25.1	330	43.1	12

\*Item responses rates range from between 98.6% and 99.2%.

The results may suggest that a high proportion of respondents are motivated by a combination of financial and lifestyle reasons. 'Being challenged', 'being one's own boss' and 'being financially independent' all of which gained a relatively high level of support also suggest a strong sense of individuality and independence. While 'meeting interesting people' and 'enjoying a good lifestyle' received a slightly lower level of support, the results may suggest that enjoyment is also important in the decision to start a business. 'Supporting leisure interests' however had a higher proportion of respondents 'Disagreeing Strongly' or 'Disagreeing' which may challenge this proposition.

### **4.3 Goals/Priorities When Starting a Business**

This section of the survey sought to enhance understanding about the attitudes and behaviours behind decisions and about goals and priorities when starting a business. Respondents were asked to consider thirteen reasons and asked to respond by selecting one of five options on a Likert scale anchored by 'Disagree Strongly' and 'Agree Strongly' and including 'Undecided'. An additional option for 'Don't Know / Not Applicable' was also provided.

Results were aggregated into two strands; those who 'Agreed Strongly' and 'Agreed' and those who 'Disagreed Strongly' and 'Disagreed'. These were then ranked on the basis of the percentage of respondents who 'Agreed Strongly' and 'Agreed' with the statement (Table 12).

'I believe in hands on management' ranked highest with 87.1 percent of respondents selecting either 'Agree Strongly' or 'Agree'. This was followed by 86.3 percent selecting 'It is crucial to keep this business profitable' and 83.4 percent selecting 'I want to keep the business growing'. 'It is best to avoid debt' also received relatively high support at 78.8 percent. These goals suggest a strong focus on achieving a profitable business with a desire for a high level of control over both the day to day management and financial aspects of the business.

A higher proportion of respondents (35.7%) 'Disagreed Strongly' or 'Disagreed' that their current business was a forerunner to starting another business and more than half (54%) of the respondents to the statement 'the business is a legacy for my children' 'Disagreed Strongly' or 'Disagreed'. This may suggest that respondents are more focused on the medium rather than the longer term. It may also challenge the idea that business owners will start 'small' as a way of securing ownership of a larger business.

**Table 12  
Goals/Priorities When Starting or Purchasing the Business**

<b>Goals/Priorities</b>	<b>Number of Respondents Who Agreed Strongly or Agreed</b>	<b>% Who Agreed Strongly or Agreed</b>	<b>Number of Respondents who Disagree strongly or Disagree</b>	<b>% Who Disagree Strongly or Disagree</b>	<b>Ranking (based on the proportion of respondents who agree strongly or agree with reasons presented)</b>
I believe in hands on management	667	87.1	42	5.6	1
It is crucial to keep this business profitable	661	86.3	24	3.1	2
I want to keep the business growing	639	83.4	33	4.4	3
It is best to avoid debt as much as possible	601	78.8	86	11.4	4
I am always trying something new	530	69.2	114	14.9	5
Enjoying the job is more important than making lots of money	521	68.0	126	16.4	6
Eventually the business will be sold for the best price	521	68.0	70	9.2	7
I would rather keep the business modest and under control than have it grow too big	444	58.0	192	25.1	8
It should be run purely on business principles	379	49.4	185	24.2	9
My personal / family interests take priority over running the business	369	48.3	212	27.7	10
I enjoy taking risks	333	43.4	26	34.0	11
After making the business a success I want to start another	250	32.6	273	35.7	12
The business is a legacy for my children	118	15.4	411	54.0	13

\*Item response rates varied between 98.6% and 99.2%.

The results suggest business owners are focused on running a profitable and growing business and that having a high level of control is important. With only half (49.4%) responding positively to 'It should be run purely on business principles' and similar response levels for 'My personal/family interests take priority...', there is support for the view that tourism business operators combine business and lifestyle goals into their decision making.

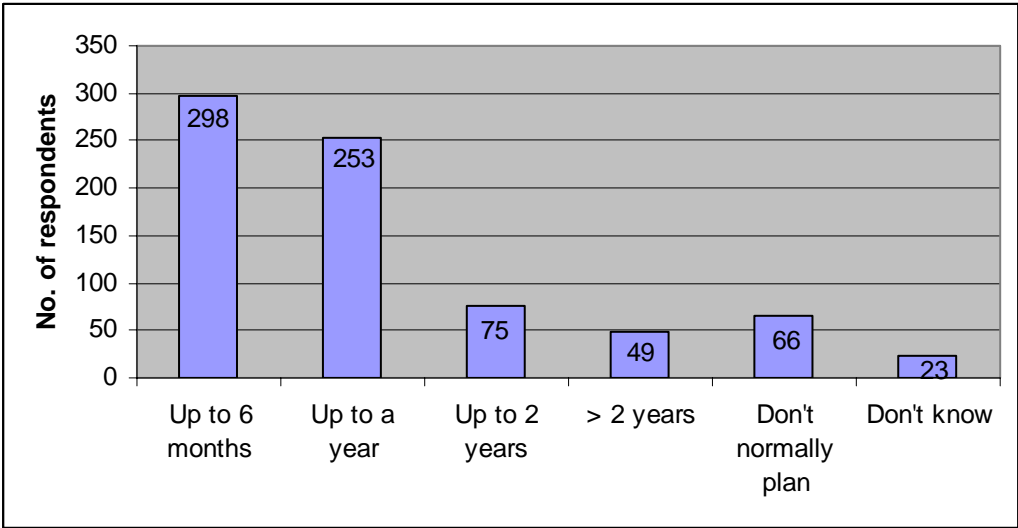
**4.4 Planning and Operational Aspects of Businesses**

This section of the survey sought to increase understanding about the attitudes and practices related to the planning and operational aspects of a small tourism business. Wide ranging questions focused on planning practices, approaches to customer service, performance measurement, human resource practices, environmental practices, and innovation.

**4.4.1 Business Planning**

Three quarters (75%) of respondents reported using informal processes rather than formal processes for their business planning. Most respondents (72%) planned for up to 12 months ahead (Figure 3). Sixty six respondents indicated they don't normally plan and another 23 respondents didn't know how far ahead they planned. Annual business planning (i.e., for a period of 12 months ahead) is considered normal business practice and it would be expected that the processes used for planning would vary a great deal. The survey did not seek detailed information about the planning processes and this could be more fully explored in the next stage of the project. In particular, it would be helpful to know how businesses planned 'informally'. For many businesses where there are no employees, it should not necessarily be considered that informal planning is automatically worse than formal planning.

**Figure 3  
Period of Focus for Business Planning**



**4.4.2 Customers**

A majority (75.8%) of respondents indicated that they have set procedures in place for dealing with customer complaints. Measurement of customer satisfaction was measured 'More often than twice a year' by 60.4 percent of respondents but 'Not at all' by 11.1 percent, and 12.5 percent of respondents 'Don't Know' how often they measure it (Table 13).

**Table 13**  
**Frequency of Measurement of Customer Satisfaction**

<b>How Often does the Business Measure Customer Satisfaction?</b>	<b>Frequency</b>	<b>Percent</b>
Not at all	84	11.1
Less often than once a year	39	5.2
Once a year	46	6.2
Twice a year	35	4.6
More often than twice a year	454	60.4
Don't know	94	12.5
Total	752	100.0

\*Item response rate was 97.5%.

#### **4.4.3 Performance Measurement**

Seven performance factors were presented to respondents who were asked to indicate the extent to which each factor was focused on during performance assessment. Respondents could select one of five options: 'Not at all'; 'A little amount'; 'A moderate amount'; 'A great deal'; and 'Don't know'. Responses were placed into two 'groupings' and ranked according to the percent of respondents giving 'A Moderate' or 'A Great Deal' of focus (Table 14).

Financial factors were given the most focus with 'Cost measures' and 'Financial measures' receiving the highest percent of positive responses (i.e., 'A moderate amount' or 'A great deal' of focus). Human Resources rated most poorly of all performance measures despite the fact that tourism is a service industry with a high 'people focus' requirement.

**Table 14**  
**Factors Considered When Assessing Business Performance**

<b>Performance Factors</b>	<b>Number of Respondents Giving Factors 'Moderate' or 'A great deal' of Focus When Assessing Performance</b>	<b>% Giving Factors 'A Moderate' or 'A Great Deal' of Focus When Assessing Performance</b>	<b>Number of Respondents Giving Factors 'No' or 'A little' Focus When Assessing Performance</b>	<b>% Giving Factors 'No' or 'A Little' Focus When Assessing Performance</b>	<b>Rank (based on a little, moderate and a great deal responses)</b>
Cost Measures	596	82.2	92	12.8	1
Financial Measures	554	76.3	119	16.4	2
Competitor Comparison	493	68.0	183	25.3	3
Operational Measures	486	67.0	186	25.6	4
Innovation Measures	468	64.5	186	25.8	5
Quality Measures	465	64.2	148	20.4	6
Human Resources	443	61.1	192	26.5	7

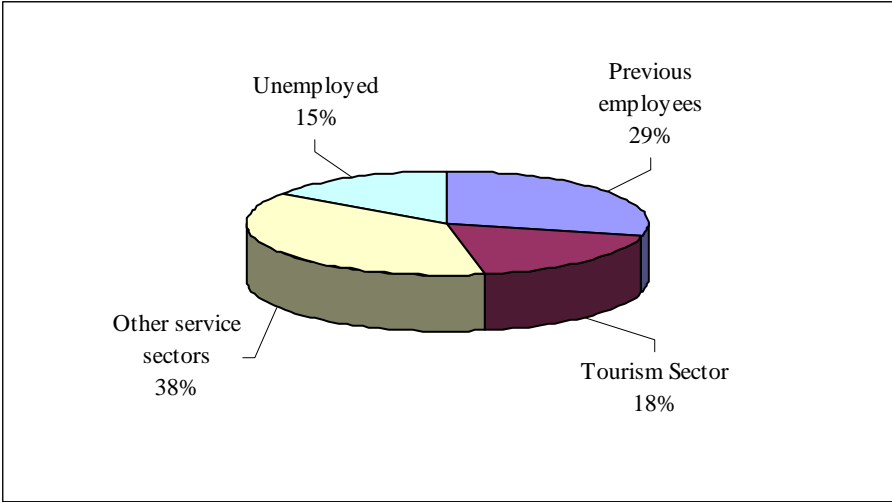
\* Item response rates varied from 93.9% and 94%.

#### **4.4.4 Human Resources**

Other human resource issues included recruitment and staff participation in training. First, respondents were asked from where they recruit staff. Six options were presented to respondents: Previous employees; Tourism sector; Other service sectors; Unemployed; Don't know; and Not applicable. Thirty eight percent of respondents indicated 'Other service sectors'

and this was followed by 29 percent who indicated 'Previous employees' (Figure 4). In the current full employment situation for New Zealand, it is apparent that the tourism industry draws staff from other industries, which does little to overcome the general problem of a lack of people to take up the job opportunities available.

**Figure 4**  
**From Where do you Recruit Your Staff?**



Second, thirteen training options identified as important for the *tourism characteristic* sectors (BERL, 2004) were presented. Respondents were asked to indicate whether their staff had participated in any of the listed training options in the last financial year. They could select one of four options: Yes; No; Don't Know; and Not Applicable. With nearly 20 percent of respondents being working proprietors without staff, the 'Not Applicable' responses were higher (20% - 29%) than for other questions.

Results were ranked on the basis of the percent of respondents answering 'Yes' (Table 15).

All training options were selected by less than 50 percent of respondents. The three highest ranked training options were 'Relevant product knowledge' (42.3%), 'Customer service' (39.6%), and 'Awareness of compliance requirements' (32.2%). HR / People / Group Management rated most poorly.

**Table 15  
Staff Participation in Training**

<b>Training</b>	<b>Number of Respondents answering YES</b>	<b>Percent of Respondents answering YES</b>	<b>Rank (Based on percent of respondents answering YES)</b>
Relevant product knowledge	308	42.3	1
Customer service	288	39.6	2
Awareness of compliance requirements	235	32.2	3
Selling / up selling	177	24.3	4
Quality control	172	23.7	5
Computer IT software	158	21.7	6
Sustainability knowledge / awareness	125	17.2	7
Management / Planning	102	14.0	8
Financial Management	72	9.9	9
Understanding cultural diversity	65	8.9	10
Language skills	65	8.9	11
Business Analysis / Development	53	7.3	12
HR / People / Group Management	35	4.9	13

With potentially 80 percent of respondents being employers, the results at face value appear to suggest low numbers of staff participated in training in the last financial year. The extent to which this is the case however requires further exploration and comparison with other sectors and larger organisations.

#### **4.4.5 Environment**

Nearly three quarters (73%) of respondents indicated they had introduced measures to reduce the impact of their business on the environment but only 2.3 percent had obtained formal environmental accreditation (Table 16). This suggests a high awareness of the value of introducing measures to reduce the negative impact on the environment but a lesser commitment to formal procedures.

**Table 16  
Environmental Measures**

<b>Introduced Measures to Reduce Environmental Impact?</b>	<b>Frequency</b>	<b>Percent</b>
Yes	555	73.0
No	206	27.0
Total	761	100.0
<b>Obtained Formal Environmental Accreditation?</b>		
Yes	17	2.3
No	735	97.7
Total	752	100.0

\*Item responses rates were 98.6% and 97.5% respectively.

#### **4.4.6 Innovation**

A number of questions in the survey sought a greater understanding about the kinds of innovation small tourism businesses undertook and to understand the motivations behind, and the inspirations for, these developments.

First, respondents were asked to indicate if they had introduced any new or significant improvements in four areas of their business: products / services; operational processes;

organisational / managerial processes; and sales or marketing methods. Response options included: Yes; No; Don't Know; and Not Applicable.

Sales and marketing methods ranked first with over half (51.8%) of respondents answering 'Yes' (Table 17). This was followed closely by products and services with 46.7 percent responding positively. Organisational / Managerial processes and operational processes both had higher proportion of respondents answering negatively.

**Table 17**  
**Introduction of New or Improved Aspects of the Business**

<b>New or Significantly Improved Aspects of Your Business</b>	<b>Number Responding YES</b>	<b>% Responding YES</b>	<b>Number Responding NO</b>	<b>% Responding NO</b>	<b>Ranking Based on % Responding YES</b>
Sales and marketing methods	380	51.8%	261	35.5%	1
Products and services	343	46.7%	255	34.7%	2
Organisational and managerial processes	300	40.8%	326	44.3%	3
Operational processes	280	38.2%	308	41.9%	4

Item response rates were 95.2% and 95.3%.

Second, respondents were given seven objective statements and were asked to indicate whether each one had been a reason for their innovations during the last financial year. Response options were: Yes; No; and Don't Know. The reasons receiving the highest percent of positive responses were 'To increase revenue', 'To remain competitive' and 'To improve customer experience' (Table 18). Environmental and safety reasons fell into the lower end of positive responses as has typically been the case.

**Table 18**  
**Reasons for Innovations**

<b>Reasons</b>	<b>Number Respondents Answering YES</b>	<b>% Respondents Answering YES</b>	<b>Number Respondents Answering NO</b>	<b>Percent Respondents Answering NO</b>	<b>Ranking (on basis of percent responding positively)</b>
To increase revenue	574	83.9	42	6.1	1
To remain competitive	555	80.4	53	7.6	2
To improve customer experience	545	79.6	66	9.6	3
To reduce costs	470	68.6	135	19.7	4
To establish / exploit new market opportunities	384	56.2	181	26.5	5
To increase market share	368	53.8	195	28.4	6
To reduce energy consumption	288	42.1	284	41.5	7
To reduce environmental impact	263	38.1	305	44.2	8
To improve safety standards	250	36.5	325	47.5	9
To replace goods and services being phased out	173	25.1	391	56.7	10

\* Item response rates were 88.6% to 89.5%.

Third, respondents were given a list of seventeen sources of information and were asked to indicate whether each one had been a source for their innovations during the last financial



year. Response options were: Yes; No; Don't know; Not applicable. The sources receiving more than 50 percent of positive responses were 'Customers', 'Books, journals and internet', 'Existing staff' and 'Competitors and other tourism businesses' (Table 19). These responses provide an early indication of pathways for delivering yield improvement tools.

**Table 19**  
**Source of Ideas**

Source of Ideas	Number Respondents Answering YES	% Respondents Answering YES	Number Respondents Answering NO	% Respondents Answering NO	Ranking (on basis of percent responding positively)
Customers	583	78.5	87	11.7	1
Books, journals, internet	423	56.9	216	29.1	2
Existing staff	399	53.7	153	20.6	3
Competitors and other tourism businesses	384	51.6	246	33.1	4
Suppliers	366	49.2	255	34.3	5
Professional advisors, consultants, banks or accountants	323	43.6	320	43.3	6
New staff	316	42.5	195	26.2	7
Overseas travel	289	38.9	343	46.2	8
Conferences, trade shows or exhibitions	268	36.0	342	45.9	9
Regional or district tourism organisations	219	29.4	403	54.2	10
Industry or employer organisations	173	23.2	423	56.8	11
Businesses from other industries	172	23.1	406	54.6	12
International networks	135	18.2	475	64.0	13
Qualmark assessors	87	11.7	509	68.4	14
Government agencies	76	10.2	529	71.1	15
Universities or polytechnics	50	6.7	555	74.7	16
Crown Research Institutes or other research organisations	35	4.7	552	74.3	17

\*Item response rates ranged from 95.8% to 96.4%

'Customers' rated number one well ahead of other options and supports the high rating of improving customer service as a reason for innovation. It is of high interest to this study that professional people and support agencies rated poorly. Further work could be undertaken to ascertain the barriers that exist in information transfer between this broader group of business support agencies and tourist businesses.



## **Chapter 5**

### **Business Practices across Tourism Sub Sectors**

This section serves to illustrate some of the differences between the results for individual sectors and the industry as a whole. It is important to recognise that the tourism industry unlike others such as dairying, is made up of a number of very diverse sectors, which can operate under quite different business models. This is reflected in the different responses to this survey.

In highlighting the differences between sectors the focus for this part of the analysis was on the planning and operational sections of the survey. Only those areas where notable differences were identified are presented here (+/- 10% of overall industry results reported in Chapter 4 above was used as a guide for inclusion in this section); these do not necessarily represent statistical significance. Some sector responses represented by very small sample sizes have been omitted. Where they have been included, interpretation of findings needs to be made with caution.

The results from this survey and the differences between sectors will be further tested in the business interviews that will take place from April 2006. The interviews will allow more in-depth discussion on the reasons for responses that may be common to specific sectors.

#### **5.1 Tourism Retail (ANZSIC G52)**

For the purposes of this study, the tourism retail sector included those businesses who listed in the Telecom Yellow Pages as 'Arts and crafts' and 'Souvenir' shops.

The tourism retail sector operates in a different way from most other tourism businesses. With the majority of tourism businesses, the customer has already made a decision to purchase a particular service when they make contact with or visit a business. The key decision for the customer is whether they purchase that service from one business or another. In the retail situation, the customer may not even have made a decision to purchase any goods, but is merely window shopping. The role of the shop staff is much more focused on selling to potentially an uncommitted audience than other tourism businesses. This is reflected in the retail responses covered in this section.

##### **5.1.1 Measuring Customer Satisfaction**

Only 36 percent of retailers measured customer satisfaction more than twice a year compared with 60 percent for all sectors combined (Table 20). Nearly 23 percent of retail respondents did not measure customer satisfaction at all compared with 11 percent for all sectors combined. The lower response between retail and other sectors reflects the impersonal nature of the relationship between the potential customer and the sales staff. In general terms the number of customers in a retail environment is likely to be significantly more in a day than the number using a restaurant, attraction, transport, activity etc. Most tourism businesses only deal with customers who have paid for a particular service at their site whereas in the retail situation there are as many if not more non purchasers than purchasers. The number of both categories makes it more difficult for retailers to evaluate customer satisfaction than for say a small activity or accommodation operator, which can develop a more personal relationship with customers and obtain both informal and formal evaluations of customer satisfaction over anything from one hour to as long as a week or more. Some retailers rather than ask the

'actual' customer use a 'mystery shopping' technique to evaluate the performance of their staff and transfer the results of this approach to a 'likely' customer satisfaction score.

**Table 20  
Measuring Customer Satisfaction**

	Not at all	%	< once a year	%	Once a year	%	Twice a year	%	> twice a yr	%	Don't know	%	Total
<b>Retail</b>	5	22.7	2	9.1	2	9.1	1	4.5	8	36.4	4	18.2	22
<b>ALL</b>	83	11.0	39	5.2	47	6.2	36	4.8	454	60.3	94	12.5	753

**5.1.2 Staff Participation in Training**

A lower percentage of retail respondents (13.6%) had their staff participate in training in quality control compared with 23.6 percent for all sectors combined. One of the reasons for this result may be that quality control is not the responsibility of the person selling the product in a retail situation, but is probably undertaken by a specialist staff member who doesn't normally come into contact with the customer. In many other tourism businesses where the focus is on providing a service, rather than selling a product, quality control needs to take place at every contact point with the customer. In a hotel for example this could be in many different locations within the establishment and on many occasions in one day.

A higher percentage of respondents (18.2%) in the tourism retail sector had their staff participate in training in cultural diversity compared with 8.9 percent for all sectors. Considering the range of nationalities that comprise the international visitor market, it is not surprising that retail operators focus more strongly on cultural diversity training. Even so the percentile response is still relatively low even for retail. This may well be an area where improved understanding of cultural diversity could potentially increase sales and improve yield for all tourism businesses.

A higher percentage of retail respondents (36.4%) had their staff participate in sales training compared with 24.2 percent for all sectors. On the basis of the above discussion, it is not considered unusual for retail to focus on training to enhance selling skills. This maybe an area where other sectors could learn from the retail sector and increase training for selling.

**5.1.3 Introduction of Environmental Measures**

A smaller percentage of retail respondents (58.3%) have introduced environmental measures compared with 73.1 percent for all sectors (Table 21). The ability to introduce environmental measures may vary from sector to sector and even from business to business. Is it that retailers are less aware of the opportunities for them or that it is more applicable to other sectors?

**Table 21  
Introduction of Environmental Measures**

	Yes	Percent	No	Percent	Total
<b>Retail</b>	14	58.3	10	41.7	24
<b>ALL</b>	556	73.1	205	26.9	761

A smaller percentage of retailers than businesses in other sectors also introduced innovations aimed at reducing energy consumption and environmental impact.

### 5.1.4 Innovation

A smaller percentage of retail respondents (45.0%) indicated that 'reducing costs' was a reason for their innovations compared with 68.9 percent for all sectors (Table 22).

**Table 22**  
**Innovating to Reduce Costs**

	No response	Percent	Yes	Percent	No	Percent	Don't know	Percent	Total
<b>Retail</b>	0	0.0	9	45.0	8	40.0	3	15.0	20
<b>ALL</b>	36	5.3	471	68.9	134	19.6	43	6.3	684

A higher percentage of retail respondents (65.2%) indicated that suppliers were a source of ideas for innovation compared with 49.1 percent for all sectors.

A smaller percentage of retail respondents (13.0%) indicated that businesses from other industries were a source of ideas for innovation compared with 23.1 percent for all sectors.

A smaller percentage of retail respondents (31.8%) indicated that professional advisors, consultants, banks or accountants were a source of ideas for innovation compared with 43.8 percent for all sectors.

A higher percentage of retail respondents (72.7%) indicated that books, journals and the internet were a source of ideas for innovation compared with 57.2 percent for all sectors.

A higher percentage of retail respondents (56.5%) indicated that conferences, trade shows or exhibitions were a source of ideas for innovation compared with 36.1 percent for all sectors.

A smaller percentage of retail respondents (16.7%) indicated that regional or district tourism organisations were a source of ideas for innovation compared with 29.3 percent for all sectors.

## 5.2 Accommodation (ANZSIC H571)

With the results from the accommodation sector it is important to recognise that this survey only included the very smallest businesses. The larger businesses whose results will be evaluated from other sources may well have different responses. Therefore these results should not be considered as indicative of the total accommodation sector. Notwithstanding this comment, accommodation providers still comprised one third of the total businesses noted in tourism related yellow pages (the study's sample frame).

### 5.2.1 Operational Measures in Performance Assessment

A higher percentage of accommodation respondents (79.8%) indicated they gave operational measures a 'Moderate' or 'Great deal' of focus when assessing performance compared with 67.3% for all sectors (Table 23).

**Table 23**  
**Focus on Operational Measures when Assessing Performance**

	No response	%	Not at all	%	A little	%	Moderate	%	Great deal	%	Don't know	%	Total
<b>ACC</b>	2	0.9	9	3.9	23	9.9	96	41.2	90	38.6	13	5.6	233
<b>ALL</b>	21	2.9	54	7.4	130	17.9	275	37.9	213	29.4	32	4.4	725

### **5.2.2 Staff Participation in Training**

A lower percentage of accommodation respondents (14.4%) had their staff participate in training in computer / software training compared with 21.8 percent for all sectors. Thirty eight percent considered this kind of training as not applicable compared to 27.7 percent for all sectors. These results suggest that the size of the accommodation business may be an important determinant of the need for computer/software training. The high number indicating that it was not applicable may represent the very small operators where sophisticated booking systems may not be considered essential.

A smaller percentage of accommodation respondents (23.3%) had their staff participate in training in product knowledge compared with 42.4 percent for all sectors. A higher percentage of accommodation respondents (36.1%) reported that this training was not applicable to them compared with 21.9 percent for all sectors.

A smaller percentage of accommodation respondents (10.0%) had their staff participate in sales training compared with 24.2 percent for all sectors. A higher percentage (37.6%) thought it was not applicable to them compared with 24.0 percent for all sectors.

A smaller percentage of accommodation respondents (21.4%) had their staff participate in compliance training compared with 32.3 percent for all sectors.

### **5.2.3 Innovation**

A smaller percentage of accommodation respondents (24.9%) indicated that new staff were a source of ideas for innovation compared with 42.6 percent for all sectors. In small accommodation businesses, it is likely that most new staff will be engaged in cleaning and servicing rooms and may be given little opportunity to input their ideas.

The same was also true of existing staff with a smaller percentage of accommodation respondents (35.4%) indicated that they were a source of ideas for innovation compared with 53.8 percent for all sectors.

A higher percentage of accommodation respondents (67.8%) indicated that competitors and other tourism businesses were a source of ideas for innovation compared with 51.6 percent for all sectors. The ability to access competitor information through websites and promotional material can provide extensive information on marketing, product development, rates etc

A higher percentage of accommodation respondents (27.3%) indicated that Qualmark assessors were a source of ideas for innovation compared with 11.7 percent for all sectors. This indicates the use of Qualmark as a useful tool for business improvement. The assessment process to achieve Qualmark accreditation identifies areas needing improvements.

A higher percentage of accommodation respondents (45.1%) indicated that Regional (RTO) or District Tourism Organisations (DTO) were a source of ideas for innovation compared with 29.3 percent for all sectors. Accommodation businesses are generally one of the largest, if not the largest sector for RTOs. Key questions that could be helpful to both accommodation businesses and RTOs is what are the innovative ideas, how are these communicated and are all or only some RTOs a source of ideas?

### 5.3 Restaurant and Cafes (ANZSIC H573)

Almost 61 percent of restaurants and cafes in the survey generated less than 25 percent of their business from the tourism sector. By reference, many of these businesses appear to be reliant on the local market for the majority of their customers.

#### 5.3.1 Operational Measures in Performance Assessment

A smaller percentage of restaurant / café respondents (49.3%) gave operational measures 'Moderate' or a 'Great deal' of focus when measuring performance compared with 67.3 percent for all sectors (Table 24).

**Table 24**  
**Focus on Operational Measures for Performance Assessment**

	No response	%	Not at all	%	A little	%	Moderate	%	Great deal	%	Don't know	%	Total
ACC	17	5.8	38	12.9	81	27.6	98	33.3	47	16.0	13	4.4	294
ALL	21	2.9	54	7.4	130	17.9	275	37.9	213	29.4	32	4.4	725

#### 5.3.2 Innovation

A higher percentage of restaurant / café respondents (81.8%) indicated that reducing costs was the reason for their innovations compared with 68.9 percent of all sectors. Managing costs are a critical component for the operation of a successful restaurant business, with the potential for food and wages costs in particular to have a major impact on profitability.

A higher percentage of restaurant /café respondents (59.1%) indicated new staff were a source of ideas for innovations compared with 42.6 percent for all sectors. Operating a restaurant is a creative process and it is not surprising that staff are a source of innovation. Existing staff were a source of ideas for innovations for 70.7 percent of restaurant/café respondents compared with 53.8 percent for all sectors.

A smaller percentage of restaurant / café respondents (36.5%) indicated competitors and other tourism businesses were a source of ideas for innovations compared with 51.6 percent for all sectors. This is perhaps a little surprising as the sector is very competitive and monitoring competition, especially in smaller locations would be normal business practice.

A smaller percentage of restaurant / café respondents (15.6%) indicated regional or district tourism organisations as a source of ideas for innovations compared with 29.3 percent for all sectors. Because many restaurants are reliant on the local market for business it is likely that many are not members or have an association with their RTO and therefore do not look to them as a source of ideas.

### 5.4 Transport (ANZSIC I61 – I66)

This section covers bus operators (I61), boat transport (I63), air transport (I64) and travel agents (I66). All transport results are presented as well as an average percent figure which has been compared with the results for all surveyed sectors combined. While variances within the transport sector are quite large in some cases, small sample sizes suggest caution with the interpretation of results.

### 5.4.1 Measuring Customer Satisfaction

A higher percentage of transport respondents (average 72.4%) indicated that they measure customer satisfaction more often than twice a year compared with 60.3 percent for all sectors (Table 25).

**Table 25**  
**Measuring Customer Satisfaction**

	Not at all	%	< Once a year	%	Once a year	%	Twice a year	%	> Twice a year	%	Don't know	%	Total
Bus	1	5.9	0	0.0	3	17.6	0	0.0	12	70.6	1	5.9	17
Boat	2	8.7	3	13.0	0	0.0	1	4.3	16	69.6	1	4.3	23
Air	0	0.0	0	0.0	0	0.0	1	14.3	6	85.7	0	0.0	7
Travel	7	19.4	1	2.8	4	11.1	1	2.8	23	63.9	0	0.0	36
Ave		8.5		4.0		7.2		5.4		72.4		2.6	83
ALL	83	11.0	39	5.2	47	6.2	36	4.8	454	60.3	94	12.5	753

### 5.4.2 Staff Participation in Training

A higher percent of transport respondents (average 40.2%) indicated that their staff participated in computer / software skill training compared with 21.8 percent for all sectors (Table 26). The results vary considerably depending on the type of transport operation. Bus and Boat Charter are both low users of computer training, while airlines and travel agents are much higher users.

**Table 26**  
**Participation in Computing Training**

	No response	%	Yes	%	No	%	Don't know	%	N/A	%	Total
Bus	1	6.3	4	25.0	6	37.5	1	6.3	4	25.0	16
Boat	3	13.0	3	13.0	7	30.4	0	0.0	10	43.5	23
Air	0	0.0	4	57.1	2	28.6	0	0.0	1	14.3	7
Travel	0	0.0	23	65.7	11	31.4	0	0.0	1	2.9	35
Ave		4.8		40.2		32.0		1.6		21.4	
ALL	36	4.9	159	21.8	305	41.8	27	3.7	202	27.7	729

A higher percentage of transport respondents (average 15.3%) indicated that their staff had participated in financial management training compared with 9.9 percent for all sectors.

A higher percentage of transport respondents (average 15.5%) indicated that their staff had participated in HR/People/Group Management training compared with 4.7 percent for all sectors.

A smaller percentage of transport respondents (average 58.4%) have introduced environmental measures compared with 73.1 percent for all sectors. While boat operators (I63) compared favourably with the overall result, other transport operators all had lower positive response rates of between 50 percent and 58 percent.

### 5.4.3 Innovation

A higher percentage of transport respondents (average 49.9%) indicated that they had introduced new or significantly improved operational processes compared with 38.3 percent for all sectors (Table 27).



**Table 27**  
**Introduction of New Operational Processes**

	No response	%	Yes	%	No	%	Don't know	%	N/A	%	Total
Bus	0	0.0	7	43.8	6	37.5	1	6.3	2	12.5	16
Boat	1	4.2	8	33.3	11	45.8	0	0.0	4	16.7	24
Air	0	0.0	4	66.7	1	16.7	0	0.0	1	16.7	6
Travel	0	0.0	19	55.9	14	41.2	0	0.0	1	2.9	34
Ave		1.0		49.9		35.3		1.6		12.2	
ALL	14	1.9	281	38.3	307	41.9	14	1.9	117	16.0	733

A higher percentage of transport respondents (average 73.2%) indicated that increasing market share was a reason for innovating compared with 53.8 percent for all sectors.

A higher percentage of transport respondents (average 72.5%) indicated that exploiting or establishing new market opportunities was a reason for innovating compared with 56.5 percent for all sectors.

A higher percentage of transport respondents (average 50.0%) indicated that improving safety standards was a reason for innovating compared with 36.5 percent for all sectors. With safety such an important area for transport operators it is not surprising that this is a major focus for their businesses.

A smaller percentage of transport respondents (24.6%) indicated that reducing environmental impact was a reason for innovating compared with 38.0 percent for all sectors. For many operators there are currently few options in terms of alternative fuels for petrol and diesel and this may have influenced their response.

A higher percentage of transport respondents (average 36.4%) indicated that industry or employer organisations were a source of ideas for innovation compared with 23.1 percent for all sectors.

## 5.5 Rental Vehicles (ANZSIC L77)

It is timely to reiterate that this report only includes smaller operators (5 or fewer FTEs) in a broader sector. Different results would be expected from some of the larger national and international vehicle rental companies operating in this sector in New Zealand.

### 5.5.1 Operational Measures in Performance Assessment

A higher percentage of vehicle rental respondents (80.0%) indicated that they gave operational measures a 'Moderate' or 'Great deal' of focus when assessing performance compared with 67.3 percent for all sectors (Table 28).

**Table 28**  
**Focus on Operational Measures when Assessing Performance**

	No response	%	Not at all	%	A little	%	Moderate	%	Great deal	%	Don't know	%	Total
Rental vehicles	1	2.9	2	5.7	3	8.6	14	40.0	14	40.0	1	2.9	35
ALL	21	2.9	54	7.4	130	17.9	275	37.9	213	29.4	32	4.4	725

### **5.5.2 Staff Participation in Training**

A higher percentage of vehicle rental respondents (35.3%) had their staff participate in computer / software skill training compared with 21.8 percent for all sectors. The role of sales staff in the vehicle rental sector inevitably involves the need for computer related skills.

### **5.5.3 Introduction of Environmental Measures**

A smaller percentage of vehicle rental respondents (45.7%) indicated they had introduced measures to reduce environmental impact of the business compared with 73.1 percent for all sectors. Again, few options for the use of alternative fuel may have influenced their response.

### **5.5.4 Innovation**

A smaller percentage of vehicle rental respondents (34.3%) had introduced new or significantly improved products / services in the last financial year compared with 46.8 percent for all sectors.

A higher percentage of vehicle rental respondents (75.0%) indicated that increasing market share was a reason for innovating compared with 53.8 percent for all sectors.

A smaller percentage of vehicle rental respondents (21.2%) indicated that reducing energy consumption was a reason for innovating compared with 42.2 percent for all sectors.

A smaller percentage of vehicle rental respondents (18.8%) indicated that reducing the environmental impact was a reason for innovating compared with 38.0 percent for all sectors.

A smaller percentage of vehicle rental respondents (31.4%) indicated suppliers were a source of ideas or information for innovation compared with 49.1 percent for all sectors.

A higher percentage of vehicle rental respondents (60.0%) indicated they found professional advisors, consultants, banks or accountants helpful as a source of ideas or information for innovation compared with 43.8 percent for all sectors.

A smaller percentage of vehicle rental respondents (25.7%) indicated they found overseas travel helpful as a source of ideas or information for innovation compared with 38.9 percent for all sectors.

## **5.6 Attractions and Activities (ANZSIC P92-P93)**

These two components (attractions and activities) can differ widely in terms of the facilities required to operate, and the business model. Attractions tend to require built facilities (museums, heritage centres or art galleries), whereas activities (kayaking, diving, cycling, walking) are likely to make more use of the natural environment. Many attractions are often operated by trusts that may not have profitability as their major focus, whereas activity operators are more likely to be commercially driven enterprises.

### **5.6.1 Staff Participation in Training**

A higher percentage of attraction and activity respondents (average 34.5%) had their staff participate in computer / software skill training compared with 21.8 percent for all sectors (Table 29). The percentage of activity operators who indicated that this training is 'not applicable' is high at 26.1 percent, whereas for attractions no business indicated that it was 'not applicable'.

**Table 29**  
**Staff Participation in Computer/Software Skill Training**

	No response	%	Yes	%	No	%	Don't know	%	N/A	%	Total
Attractions	1	9.1	4	36.4	6	54.5	0	0.0	0	0.0	11
Activities	1	2.2	15	32.6	18	39.1	0	0.0	12	26.1	46
Ave		5.6		34.5		46.8		0.0		13.0	
<b>Total</b>	<b>36</b>	<b>4.9</b>	<b>159</b>	<b>21.8</b>	<b>305</b>	<b>41.8</b>	<b>27</b>	<b>3.7</b>	<b>202</b>	<b>27.7</b>	<b>729</b>

A higher percentage of attraction and activity respondents (average 25.8%) had their staff participate in cultural diversity training compared with 8.9 percent for all sectors (Table 30). When comparing the two components of this sector, 36.4 percent of attractions and 15.2 percent of activities stated staff participated in cultural diversity training. The attraction responses may reflect that many museums have indigenous exhibits in their collections in which case staff training in cultural diversity would be important.

**Table 30**  
**Staff Participation in Cultural Diversity**

	No response	%	Yes	%	No	%	Don't know	%	N/A	%	Total
Attractions	1	9.1	4	36.4	5	45.5	0	0.0	1	9.1	11
Activities	1	2.2	7	15.2	27	58.7	0	0.0	11	23.9	46
Ave		5.6		25.8		52.1		0.0		16.5	
<b>Total</b>	<b>47</b>	<b>6.5</b>	<b>65</b>	<b>8.9</b>	<b>397</b>	<b>54.6</b>	<b>29</b>	<b>4.0</b>	<b>189</b>	<b>26.0</b>	<b>727</b>

### 5.6.2 Introduction of Environmental Measures

A smaller percentage of attraction and activity respondents (average 62.4%) have introduced measures to reduce the impact on the environment compared with 73.1 percent for all sectors (Table 31). There was a marked difference between the two sub-sector responses with 70.2 percent of activity respondents answering in the positive compared with 54.5 percent of attraction respondents.

**Table 31**  
**Introduction of Environment Measures**

	Yes	%	No	%	Total
Attractions	6	54.5%	5	45.5%	11
Attractions	33	70.2%	14	29.8%	47
Ave		62.4%		37.6%	
<b>ALL</b>	<b>556</b>	<b>73.1%</b>	<b>205</b>	<b>26.9%</b>	<b>761</b>

### 5.6.3 Innovation

A smaller percentage of attraction and activity respondents (average 68.7%) indicated that increasing revenue was a reason for their innovation compared with 84.3 percent for all sectors (Table 32). There was a marked difference between the two sub-sector responses with 55.6 percent of attraction respondents answering in the positive compared with 81.8 percent of activity respondents. This highlights the differences between some attractions that are likely to be less focused on revenue generation and activity businesses that are commercially driven.

**Table 32  
Innovating to Increase Revenue**

	No response	%	Yes	%	No	%	Don't know	%	Total
Attractions	2	22.2	5	55.6	2	22.2	0	0.0	9
Activities	0	0.0	36	81.8	5	11.4	3	6.8	44
Ave		11.1		68.7		16.8		3.4	
<b>Total</b>	22	3.2	575	84.3	40	5.9	45	6.6	682

A smaller percentage of attraction and activity respondents (average 46.7%) indicated that reducing costs was a reason for their innovation compared with 68.9 percent for all sectors (Table 33). There was a marked difference between the two sub-sector responses with 40.0 percent of attraction respondents compared with 53.3 percent of activity respondents answering in the positive. These differences most likely reflect the different modes of operation described above.

**Table 33  
Innovating to Reduce Costs**

	No response	%	Yes	%	No	%	Don't know	%	Total
Attractions	2	20.0	4	40.0	4	40.0	0	0.0	10
Activities	3	6.7	24	53.3	16	35.6	2	4.4	45
Ave		13.3		46.7		37.8		2.2	
<b>Total</b>	36	5.3	471	68.9	134	19.6	43	6.3	684

A higher percentage of attraction and activity respondents (average 93.3%) indicated that improving customer experience was a reason for their innovation compared with 79.8 percent for all sectors (Table 34). It is notable that all (100%) nine attraction respondents to this question answered in the affirmative.

**Table 34  
Innovating to Improve Customer Experience**

	No response	%	Yes	%	No	%	Don't know	%	Total
Attractions	0	0.0	9	100.0	0	0.0	0	0.0	9
Activities	1	2.2	39	86.7	4	8.9	1	2.2	45
Ave		1.1		93.3		4.4		1.1	
<b>Total</b>	29	4.2	546	79.8	64	9.4	45	6.6	684

None of the attraction respondents indicated that reducing energy consumption was a reason for their innovation, compared with 22.2 percent for activity respondents and 42.2 percent for all sectors.

A smaller percentage of attraction and activity respondents (average 21.7%) indicated that reducing the environmental impact was a reason for their innovation compared with 38.0 percent for all sectors.

A smaller percentage of attraction and activity respondents (average 13.9%) indicated that replacing goods or services was a reason for their innovation compared with 25.1 percent for all sectors.

A smaller percentage of attraction and activity respondents (61.7%) indicated that remaining competitive was a reason for their innovation compared with 80.8 percent for all sectors. There was a divergence of response between the attraction and activity sub-sectors with 50 percent of the attraction respondents answering in the affirmative compared with 73.3 percent of activity respondents.

A smaller percentage of attraction and activity respondents (23.8%) indicated that suppliers were a helpful source of ideas or information for innovation compared with 49.1 percent for all sectors. There was a divergence of response between the attraction and activity sub-sectors with 10.0 percent of the attraction respondents answering in the affirmative compared with 37.5 percent of activity respondents.



## Chapter 6

### Yield

This section first presents the method in which the financial yield question was presented to survey recipients and the process used to enable a useful analysis. This is followed by presentation of yield for each sector and findings from in-depth analysis of yield and business structures, owner motivations, attitudes, and business behaviours. All cross-tabulations were subjected to a Chi-square test to ascertain whether the result was an expected one. Where this was shown not to be the case and therefore the result was statistically significant, this is indicated and the probability (P) factor is given.

Establishing a better understanding of the financial and economic yield of the tourism sectors is a key driver of this project. It was envisaged at the outset that the business survey exercise would indicate associations between yield and business structures, business owner motivations and attitudes, and some business operations. Furthermore, some of the questions included in the survey were used in a survey by Getz and Petersen (2005) who carried out research in Canada and Denmark to identify growth and profit-oriented entrepreneurs and this will enable further analysis and comparison of results at a later stage of the project. Most important, however, is that the financial yield information will assist the next phase of the project (the business interviews) and ultimately the development of business support tools.

#### 6.1 Method

Respondents were asked to calculate their financial yield using information from their most recent Annual Accounts. The equation presented for respondents to calculate their financial yield was:

$$\text{Taxable profit} + \text{Interest expenses} + \text{Drawings} / \text{Total assets (fixed, current, other)}$$

Terms were defined with '**Drawings**' in this case being salary, wages or remuneration taken by the firm's proprietor(s) as a business expense.

A 0800 telephone number was established and an email address given so that respondents could seek clarification or assistance if needed. Twenty one respondents took advantage of the 0800 number and two of the email facility.

Some 'callers' advised they would not be giving the financial information as it was confidential. Others sought clarification of the information to be extracted from their Annual Accounts and it became apparent that this task was more difficult for some than we had anticipated. Some were unclear what assets to include and the value of motel leases was particularly problematic for three callers. The definition of 'Drawings' also proved to be problematic for, or of concern to some, as our definition differed from the more common understanding of business owner drawings (particularly familiar to sole traders), where sums of money are regularly taken from the business for personal use but are not treated as a business expense.

A much lower percentage (36%) of respondents answered the question on yield, considerably fewer than for other questions where response rates were mostly over 90 percent. Confidentiality issues may well have contributed to the low result and the feedback received from phone callers suggests that there was also a lack of understanding over the information needed for the calculation.

Given the response rate and the concerns raised by respondents, a comparison with other data was sought to provide an indicator of data reliability. We compared the survey results with those from the analysis of TSA data made available to the project team at the Statistics New Zealand DataLab<sup>6</sup>. The comparison showed that despite the data being requested for different purposes, the distribution of survey results map closely to those derived from TSA ANZSIC categories, and in so doing provided assurance of the validity of the data.

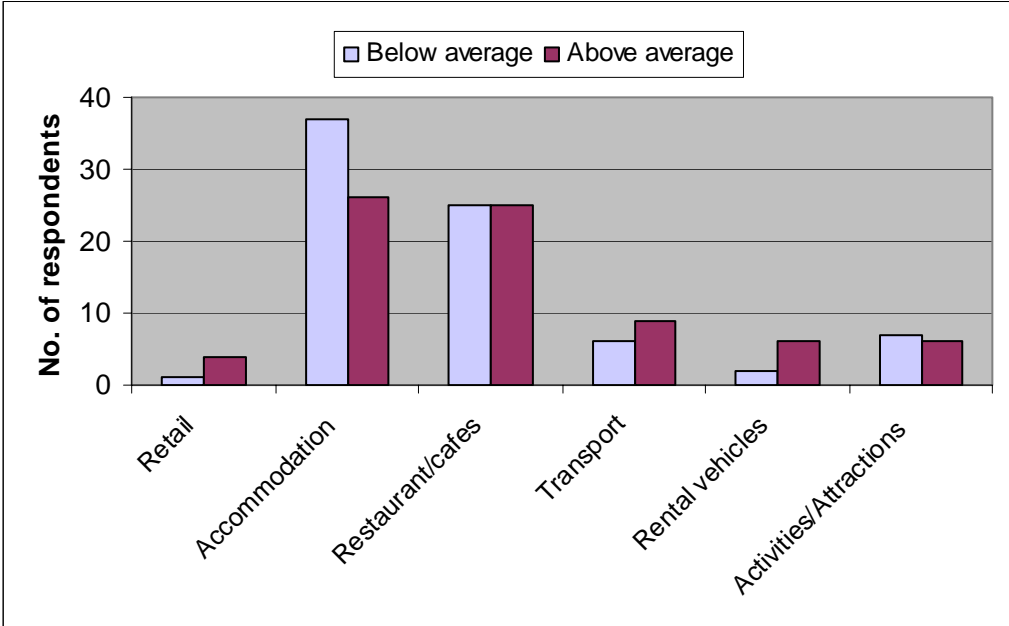
Reported yield results ranged from -130 percent to 29,726 percent with many results in the extremely high range, suggesting that respondents did indeed have some difficulty answering the question. It was decided that reported yields within the range -30 percent to +30 percent would be utilised for further analysis as this reflected a more realistic result. This range was also used by the Project Team utilising DataLab data and this will assist with any future comparisons of the two sets of yield data.

One hundred and fifty six respondents reported yields within the -30 percent to +30 percent range. For analysis and interpretation this was further divided into two ranges, above and below the average yield of 11.4% (before tax) with 78 respondents in each range. It is important to note that this division is not a commentary on whether the reported yield is good or bad.

### 6.2 Yield Profiles: Sector and Business Structures

More accommodation respondents reported below average yields (37) than above average yields (26) but the restaurant and café sector had an even divide (Figure 5). Retail, transport and rental vehicle sectors had more respondents reporting above average yields than below average yields but the total number of respondents within each of these sectors was under ten in all cases and therefore some caution is needed in drawing any major conclusions.

**Figure 5**  
**Yield Calculation by Sector**



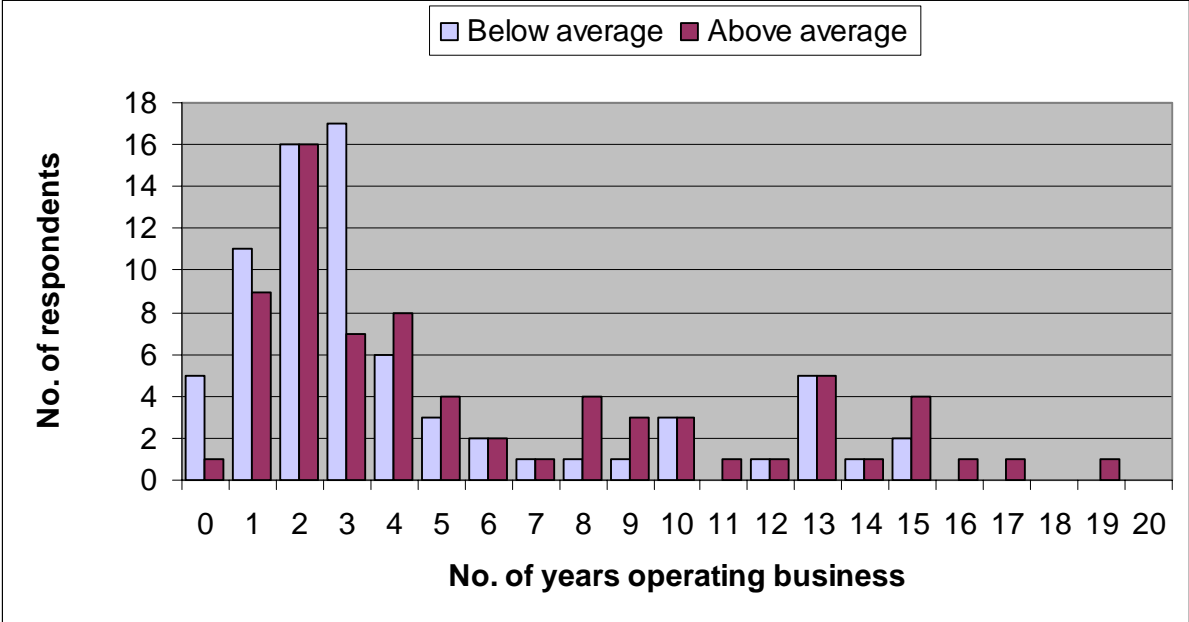
Of those who had been running their business for three years or less, more respondents reported a below average yield rather than an above average yield (Figure 6). Of those who

<sup>6</sup> This analysis will be presented in a separate report.



had been operating their business for four years or more, a higher number reported an above average yield reinforcing benefits that come with time and experience in the business. In fact from year four onwards half or more of the respondents consistently reported an above average yield.

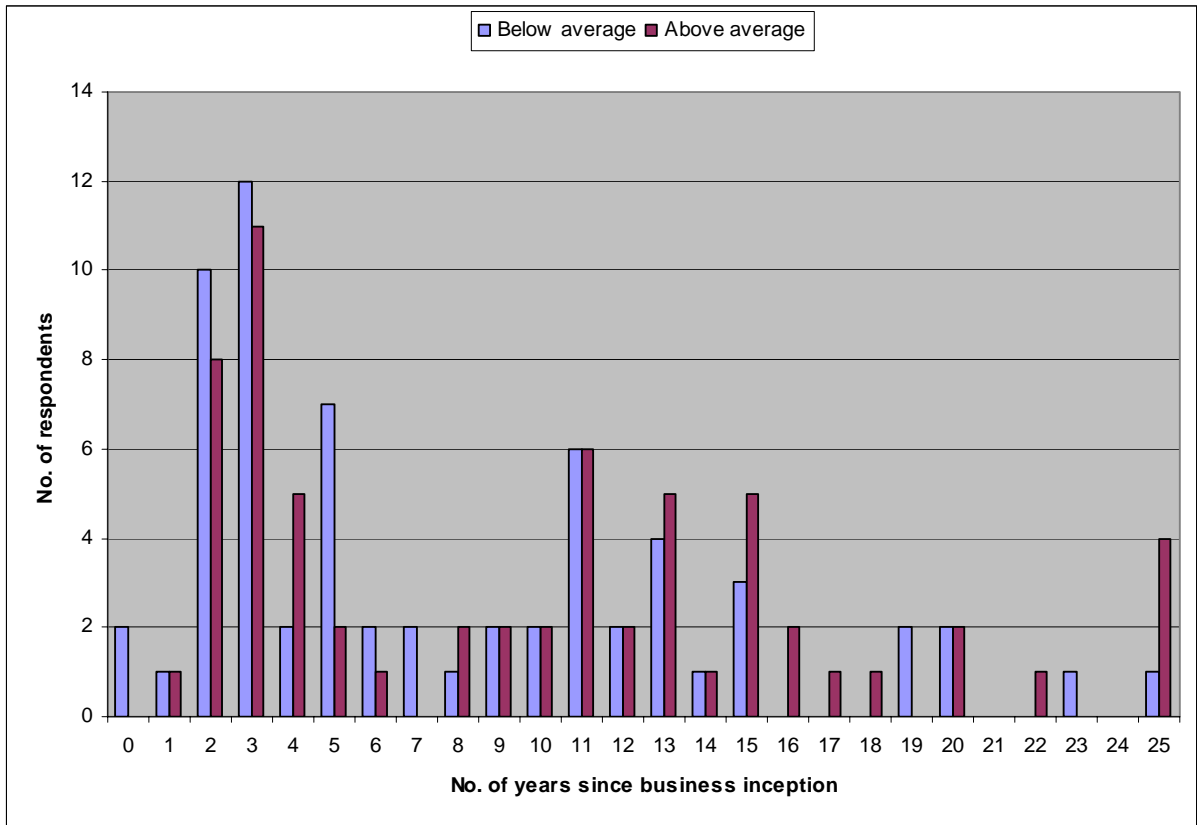
**Figure 6**  
**Yield Calculation by Length of Time in the Current Ownership**



Interestingly this was not the case when cross tabulating yield and the number of years since business inception (i.e., including all owners). It was not until year eight and onwards that half or more respondents consistently reported an above average yield for their business (Figure 7). Of the businesses that were four years old, 71 percent reported above average yields. Only 22 percent of 'Year Five' businesses, 33 percent of 'Year Six' businesses and neither of the two 'Year Seven' businesses reported above average yields. It appears that year's five to seven in the life of a business may be less financially yielding for its owners and this is a point of interest that could be explored in more detail. Questions arising include:

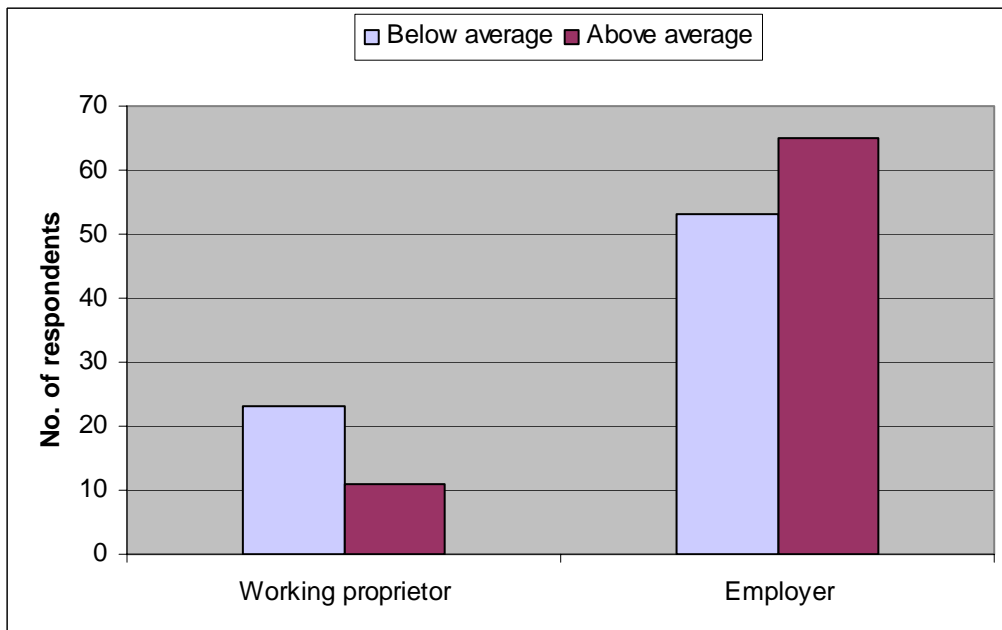
- Are there additional costs of operational investments occurring?
- Has the business been sold and the new owners once again return the business to the new business yield profile mentioned above?
- Have the owners simply lost their way?
- Is the business suffering from lack of capital investment?

**Figure 7**  
**Yield Calculation by the Number of Years Since Business Inception**



Of those operating their businesses on their own as working proprietors (34 respondents), 11 (32.4%) reported an above average yield (Figure 8). In contrast, 65 (55%) of employers reported an above average yield. Chi-square testing demonstrated this was statistically significant ( $P=0.0195$ ).

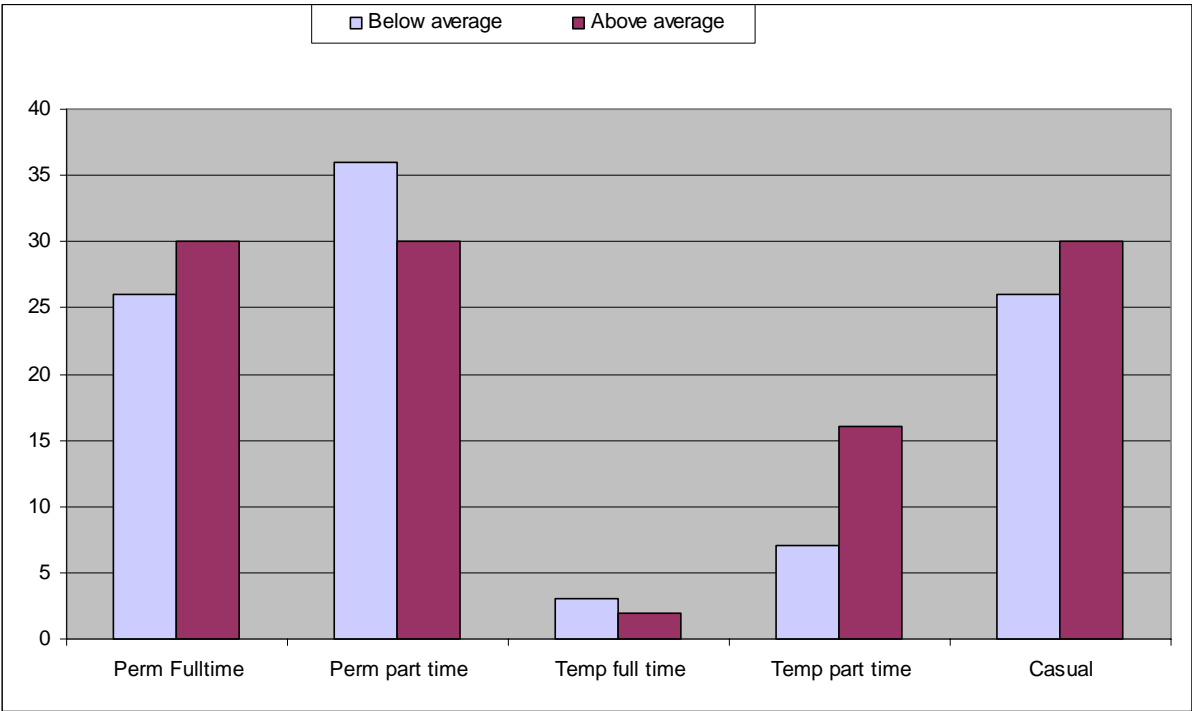
**Figure 8**  
**Yield Calculation by Working Proprietors**



Responses to each subsection of the question on staff employed were aggregated (there were 206 responses from the 156 respondents) to identify the number of staff in each category (e.g., permanent fulltime etc) but ignoring the actual number of staff employed. Aggregated response totals were cross tabulated with yield (Figure 9) and subjected to Chi-square testing. The latter test found the results were not significant. However results are interesting in that yield divisions are the same for permanent fulltime staff as they are for casual staff. In reality some respondents will have employed several staff under a combination of contract types so caution is needed with interpretation of the results presented here.

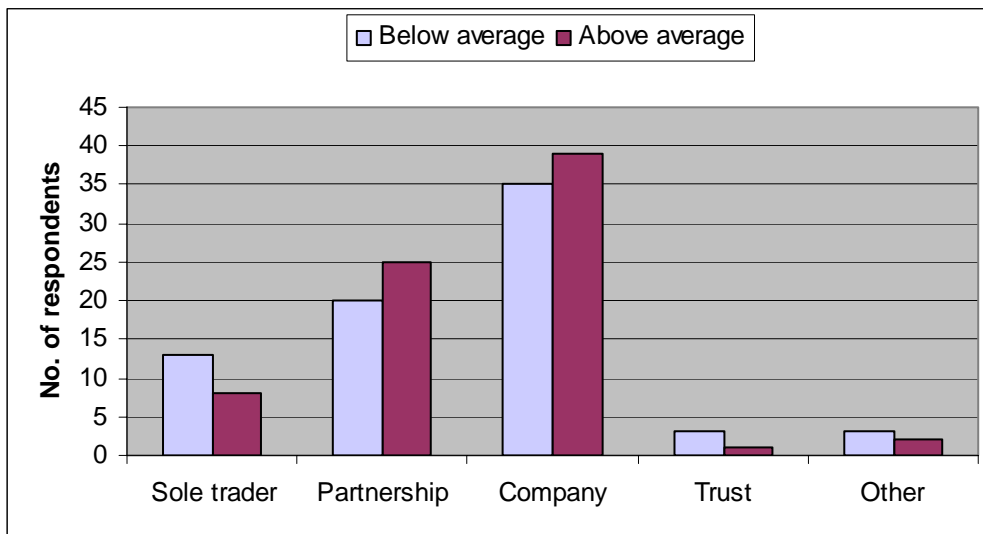
The findings do however present an area that would benefit from further inquiry. With human resources being such an important issue, there will be value in exploring further how employers can best staff their business for the best financial outcome.

**Figure 9**  
**Yield Calculation by Employment Contract Type**



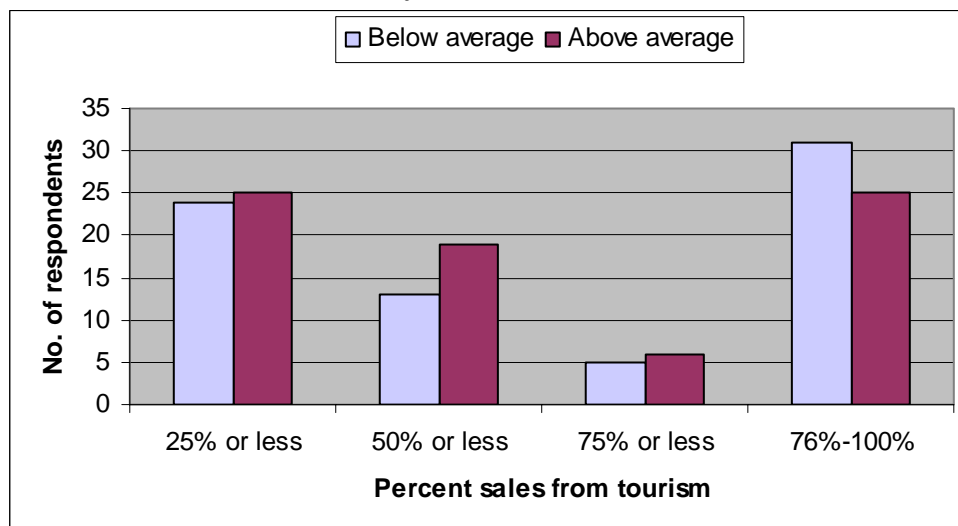
Of 21 sole traders, less than half (38%) reported an above average yield compared with 56 percent for partnerships and 53 percent for companies (Figure 10). Trusts and other kinds of structures (e.g., incorporated societies) had a higher number of below average yield respondents, possibly reflecting that some of the organisations are more likely to be non-profit focused. While 'sole trader' implies one person is running the business and 'partnership' implies at least two people, no simple conclusions can be drawn about companies, which may be operated by single or multiple owners. Chi-square testing of the data showed the relationship between business structure and yield was not significant at the 95 percent confidence level.

**Figure 10**  
**Yield Calculation by Business Structure**



The extent to which businesses generate income from tourism was explored by asking respondents to estimate how much of their annual sales came from tourism (non local, domestic and international visitors). While the number of respondents in each category varied from 11 (75% or less) to 56 (76%-100%), more of the businesses with 75 percent or less of their sales from tourism reported an above average yield (Figure 11). While no information was requested regarding other markets (e.g. local) or other business activities in which they engage, this result does suggest that those with a very high percent of their sales from tourism find it more difficult to achieve an above average yield. Chi-square test of the data however showed the relationship between percent of sales from tourism and yield was not significant at the 95 percent confidence level ( $P=0.48$ ).

**Figure 11**  
**Yield Calculation by Percent of Sales from Tourism**



### 6.3 Yield Profiles: Motivations

There is, at an anecdotal level at least, a belief that many small tourism operators start or purchase a business for lifestyle reasons rather than for profit oriented reasons. Underlying

this are the questions that arise regarding the effect this may, or may not, have on the aggregate financial yield of the tourism sectors.

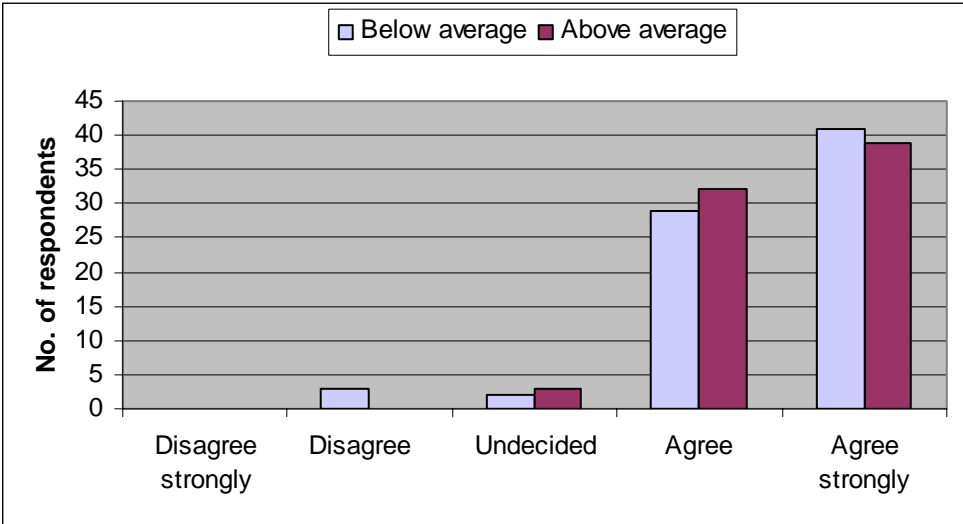
The research by Getz and Petersen (2005) tested a number of hypotheses associated with business owners' motivations and attitudes toward operating their business. Their findings lend strength to the propositions that lifestyle and autonomy goals predominate in the industry ... '[and] that profit and growth-oriented entrepreneurs can be clearly differentiated in terms of goals and attitudes' (Getz and Petersen, 2005: 238).

While the research carried out via the survey of New Zealand tourism businesses is not intended to replicate the Getz and Petersen (2005) research, some of the questions asked of respondents about motivations and goals have been drawn from their research. This provides opportunity for comparisons and cross cultural analysis in the future. For this initial analysis the objective was to identify if any one motivational statement could be associated with a particular yield profile. Of the twelve motivational reasons presented to respondents, yield profiles from Getz and Petersen's statements that were most oriented towards profit and lifestyle are examined below.

**6.3.1 Profit Orientation**

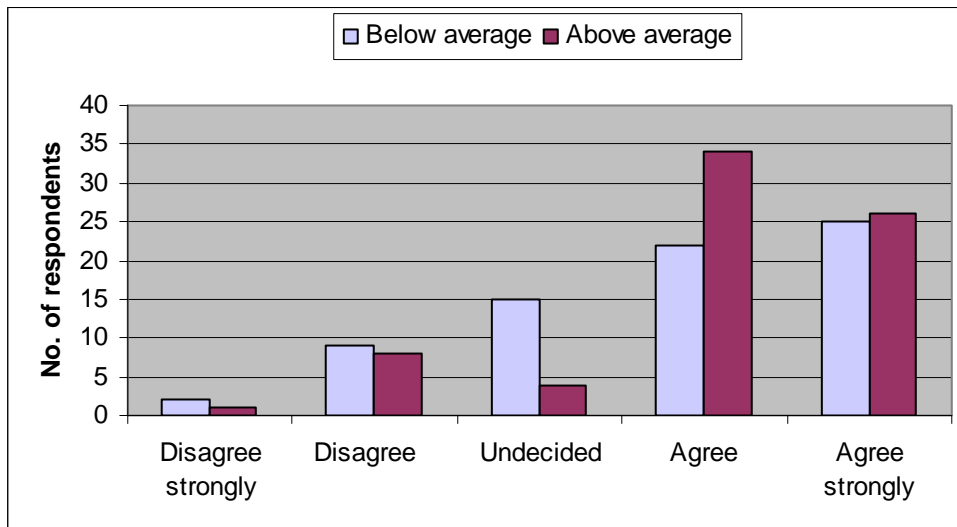
Few (3) disagreed with 'developing a profitable business' as a reason for starting or purchasing their business (Figure 12). Five were 'Undecided'. Of those who 'Agreed', 52 percent had an above average yield and of those who 'Agreed Strongly', 49 percent had an above average yield. This may simply reflect that most business owners recognise that profitability is required for the business to be sustainable.

**Figure 12**  
**Yield Calculation by Goal: To Develop a Profitable Business**



Half (51%) of those respondents who 'Agreed Strongly' that their own business would permit them to become financially independent reported an above average yield (Figure 13). Nearly two thirds (61%) of those who 'Agreed' that their own business would allow them financial independence reported an above average yield. A higher number of respondents were 'Undecided', or 'Disagreed' and 'Disagreed Strongly' about this statement compared with the previous statement 'to develop a profitable business'. Chi-square testing found the result to be statistically significant at the 90 percent confidence level (P = 0.0529)

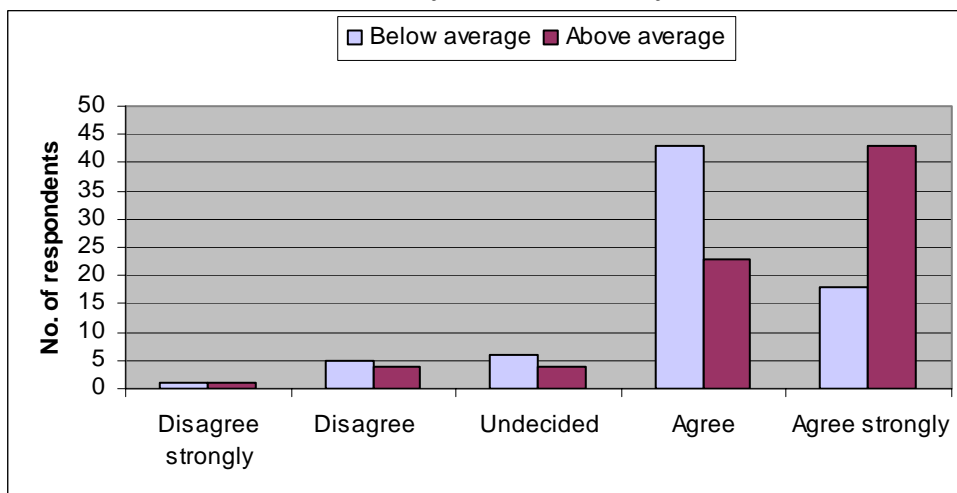
**Figure 13**  
**Yield Calculation by Goal:**  
**To be Financially Independent**



**6.3.2 Lifestyle Orientation**

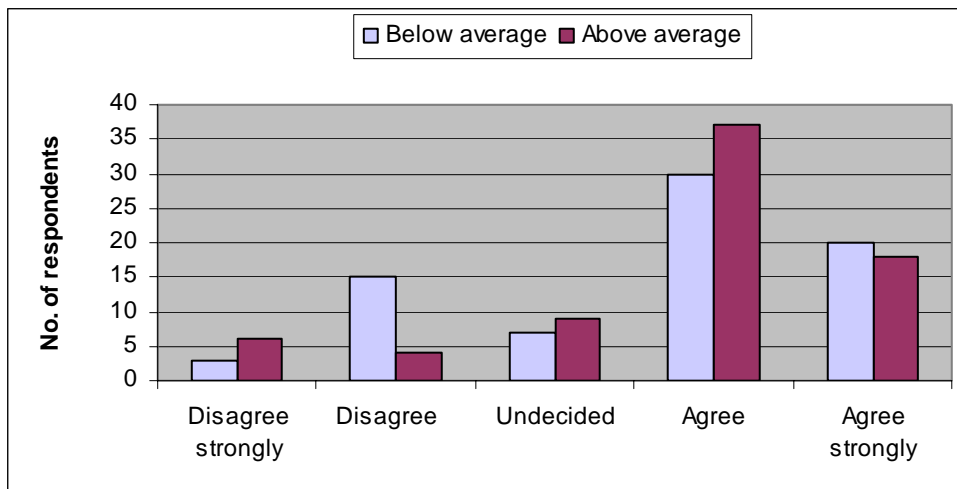
Of the 61 respondents who 'Agreed Strongly' that 'To be my own boss' was a reason for starting their business, 43 (70%) reported an above average yield (Figure 14). Conversely, of the 66 respondents who 'Agreed' to this statement, 23 (35%) reported an above average yield. The result is an unexpected one and suggests a higher level of differentiation between 'Agreeing' and 'Agreeing Strongly' with the statement than found elsewhere. A Chi-square test indicates the result is statistically significant at the 95 percent confidence level (P=0.002).

**Figure 14**  
**Yield Calculation by Goal: To be My Own Boss**



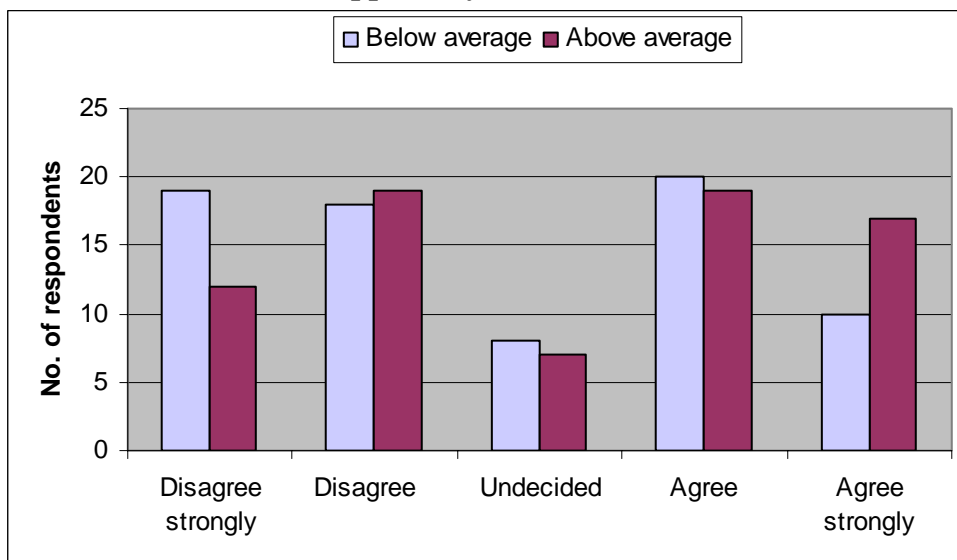
Of the 38 respondents who 'Agreed Strongly' that 'To enjoy a good lifestyle' was a reason to start or purchase their business, 18 (47%) reported an above average yield (Figure 15). Of the 67 who 'Agreed' that this statement was a reason to start or purchase their business, 37 (55%) reported an above average yield. A Chi-square test found that the result was not significant.

**Figure 15**  
**Yield Calculation by Goal: To Enjoy a Good Lifestyle**



Of all statements presented to respondents, the cross-tabulation of yield and the statement 'To support my/our leisure interests', returned the broadest range of respondents across the five options on the Likert scale (Figure 16). While those who selected the middle three options (Disagree, Undecided, Agree) reported about an even split of below and above average yields, 12 of the 31 (39%) respondents who 'Disagreed Strongly' reported above average yields. Seventeen of the 27 (63%) respondents who 'Agreed Strongly' reported above average yields. A Chi-square test did not however find the result significant.

**Figure 16**  
**Yield Calculation by Goal: To Support My/Our Leisure Interests**



In summary, of all the motivational statements analysed here, a significant statistical association was only found between yield and two statements – 'To be my own boss' and 'To be financially independent'. The results however provide the basis for further exploration in the next phase of the project.

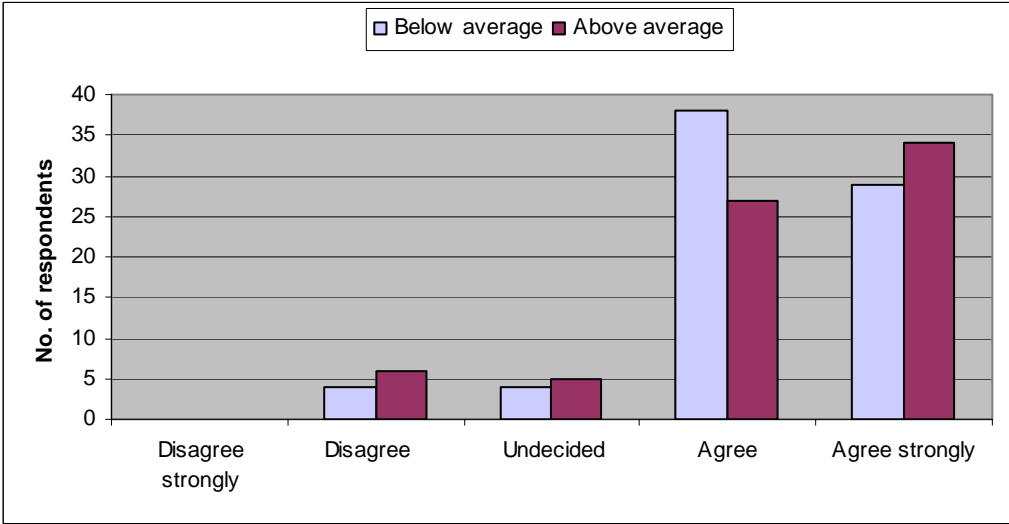
### 6.4 Yield Profile: Future Goals/Priorities

A series of four goal statements presented to respondents were also drawn from the Getz and Petersen (2005) research. The analysis reports results across four variables: profit; innovation; control; and enjoyment dimensions. Two statements from each variable have been subject to cross-tabulation analysis with yield.

#### 6.4.1 Profit

Of the 63 respondents who 'Agreed Strongly' that 'It is crucial to keep the business profitable', 54 percent reported an above average yield result (Figure 17). Of the 65 who 'Agreed', 27 (42%) reported above average yield. None 'Disagreed Strongly', 10 'Disagreed' and 9 were undecided. This lends further support to the finding that most business owners recognise that profitability is required for the business to be sustainable (section 6.3).

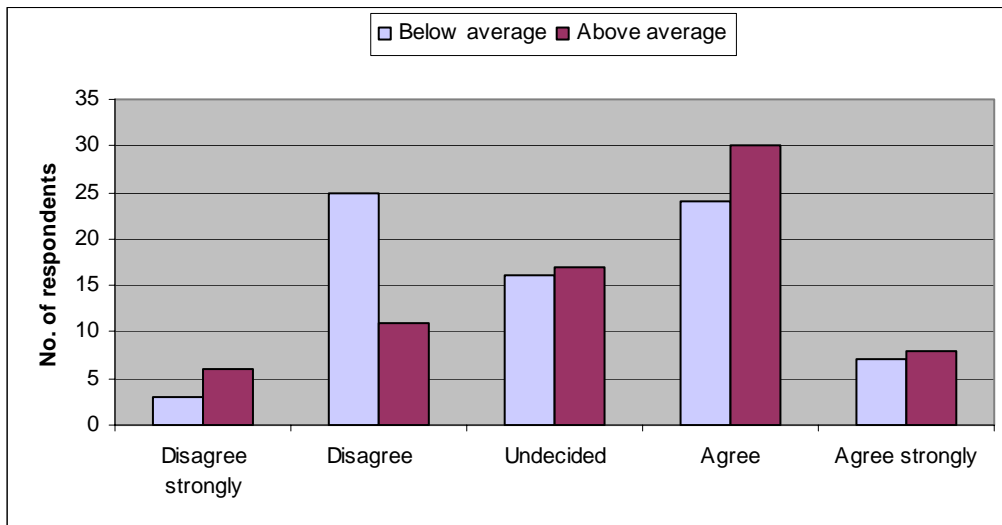
**Figure 17**  
**Yield Calculation by Goal:**  
**It is Crucial to Keep this Business Profitable**



Respondents as a whole were less positive on whether their business should be run purely on business principles and fewer had strong sentiments about this goal statement compared with others (Figure 18). Of those who 'Agreed' with the statement, 56 percent reported an above average yield. Of those who 'Disagreed' with the statement, 69 percent reported below average yields. A Chi-square test revealed the result as not significant. None-the-less this may support the view that those not operating from purely business principles may (willingly or otherwise) make decisions that compromise financial outcomes.



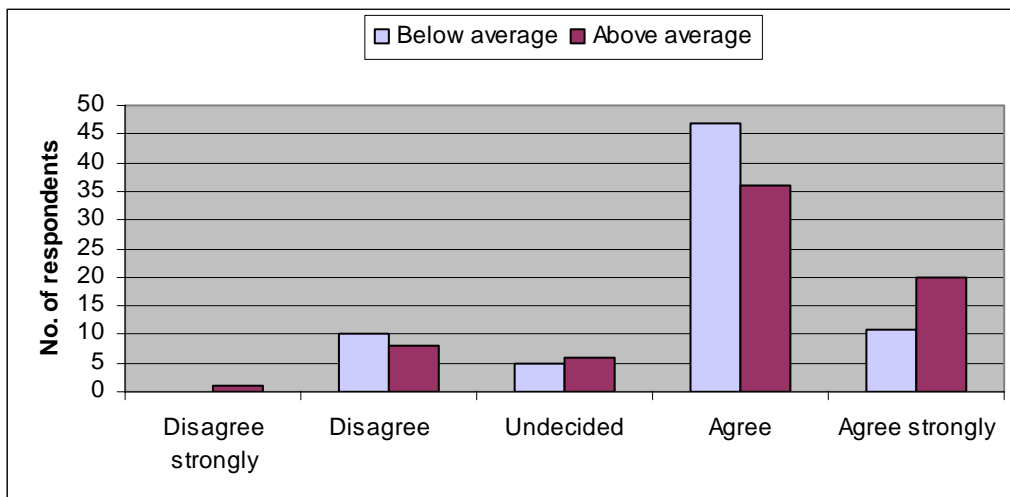
**Figure 18**  
**Yield Calculation by Goal:**  
**It Should be Run Purely on Business Principles**



**6.4.2 Innovation**

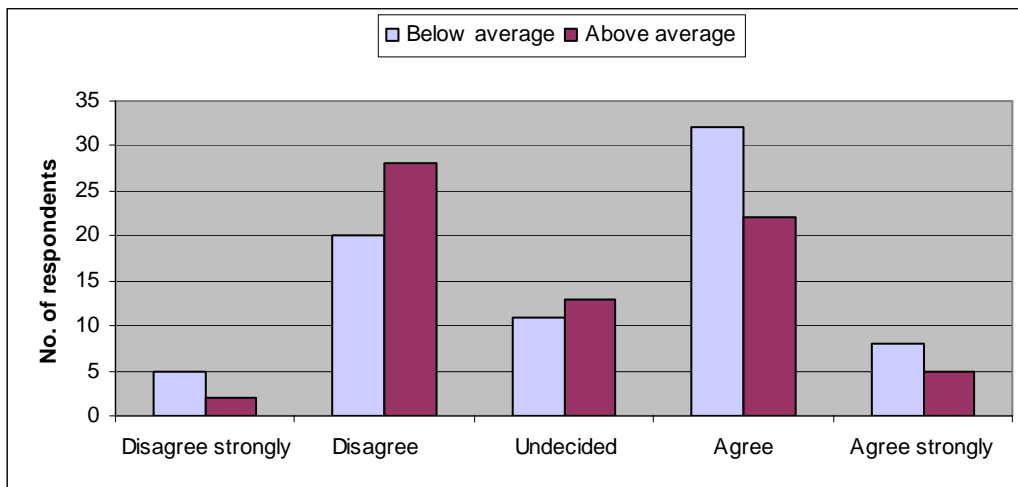
A high percentage (79%) of respondents indicated that they were always trying new things, either 'Agreeing' or 'Agreeing Strongly' with the statement (Figure 19). Of the 31 who 'Agreed Strongly', 65 percent reported an above average yield. Thirty six (43%) of the 83 who 'Agreed' with the statement reported an above average yield.

**Figure 19**  
**Yield Calculation by Goal: I am Always Trying New Things**



Despite the level of innovation expressed through the statement 'I am always trying new things', fewer respondents indicated that they enjoy taking risks (Figure 20). Fewer respondents indicated strong sentiments either way compared to the 'trying new things' statement and 24 respondents were undecided. Of those who responded 'Disagree', 58% reported an above average yield compared with 41% for those who responded 'Agree'. This may support the thinking that those who enjoy taking risks may be 'high risk takers' who may (willingly or otherwise) make decisions that compromise financial outcomes.

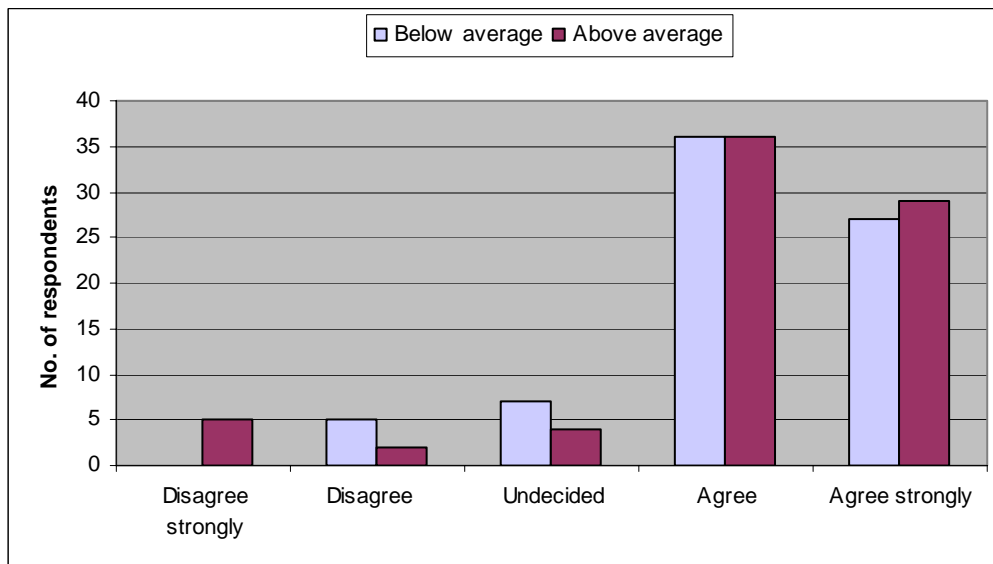
**Figure 20**  
**Yield Calculation by Goal: I Enjoy Taking Risks**



### 6.4.3 Control

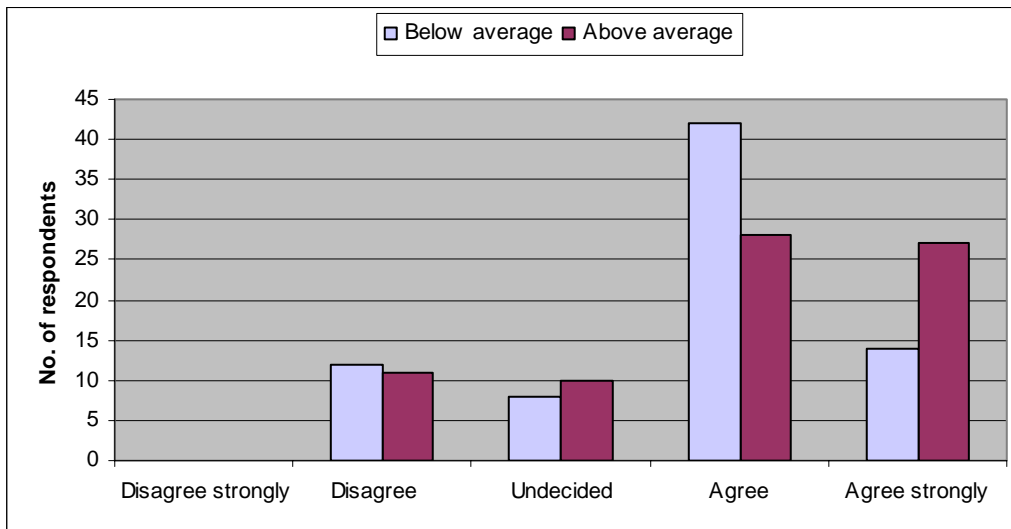
A large majority (85%) of respondents 'Agreed' or "Agreed Strongly' that they 'believed in hands-on management' but yield results were not differentiated (Figure 21). This is a strong indicator of the extent of control that small business owners like to exert over everyday management issues but no association with yield is indicated.

**Figure 21**  
**Yield Calculation by Goal: I Believe in Hands-on Management**



Business owners also indicated they like to maintain a high level of control over financial resources with 73 percent of respondents 'Agreeing' or 'Agreeing Strongly' that it is best to avoid debt as much as possible (Figure 22). Of those who 'Agreed Strongly', 66 percent reported an above average yield compared with 40 percent of those who 'Agreed'. A Chi-square test found the result to be statistically significant at the 90 percent confidence level (P=0.066).

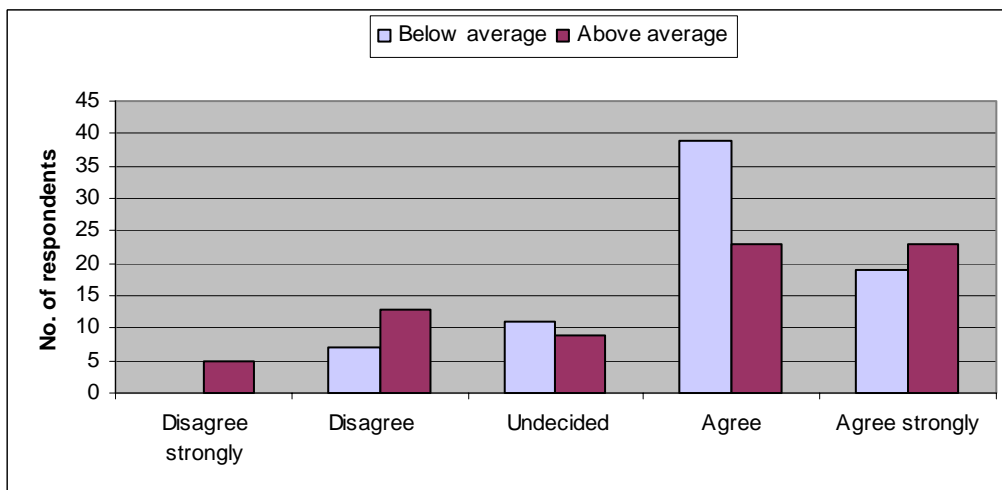
**Figure 22**  
**Yield Calculation by Goal:**  
**It is Best to Avoid Debt as Much as Possible**



#### 6.4.4 Enjoyment

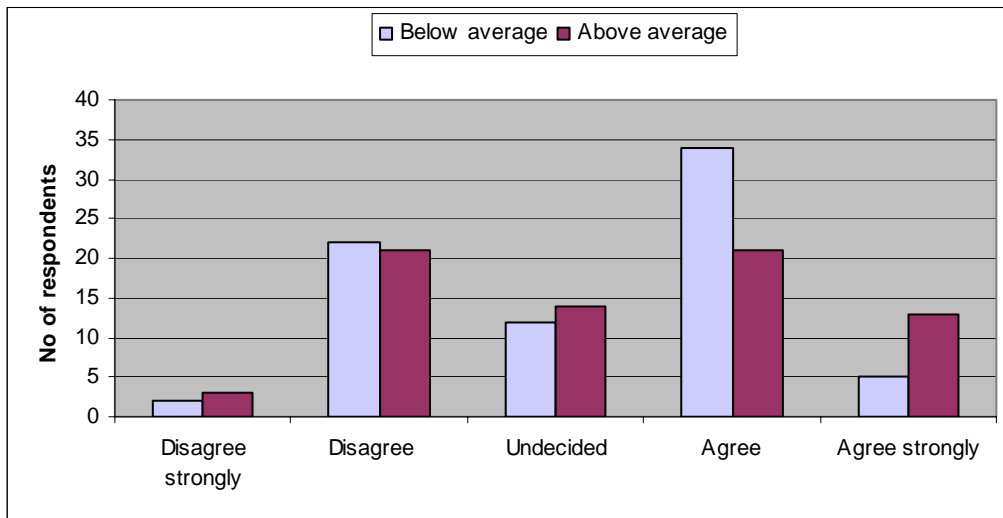
Fifty five percent of those who 'Agreed Strongly' that 'enjoying the job was more important than 'making lots of money' reported an above average yield (Figure 23). Only 37 percent of those who 'Agreed' with the statement reported an above average yield. A Chi-square test of the result revealed it is significant at the 95 percent confidence level (P=0.0219).

**Figure 23**  
**Yield Calculation by Goal:**  
**Enjoying the Job is More Important than Making Lots of Money**



Few expressed strong positive sentiments towards the statement 'My personal/family interests take priority over running the business although more of those that did so reported an above average yield (Figure 24). Twenty one (38%) of the 34 respondents who 'Agreed' with the statement reported an above average yield compared with 21 (49%) of the 43 who responded with 'Disagree'.

**Figure 24**  
**Yield Calculation by Goal:**  
**My Personal/Family Interests Take Priority Over Running the Business**



The two goal statements found to have statistical significance were: 'It is best to avoid debt as much as possible' and 'Enjoying the job is more important than making lots of money'. Both goals appear to introduce a level of compromise in terms of financial investment or outcome, and if both goals were key drivers in the business it would be understandable if lower yields resulted.

## 6.5 Yield Profiles: Business Planning

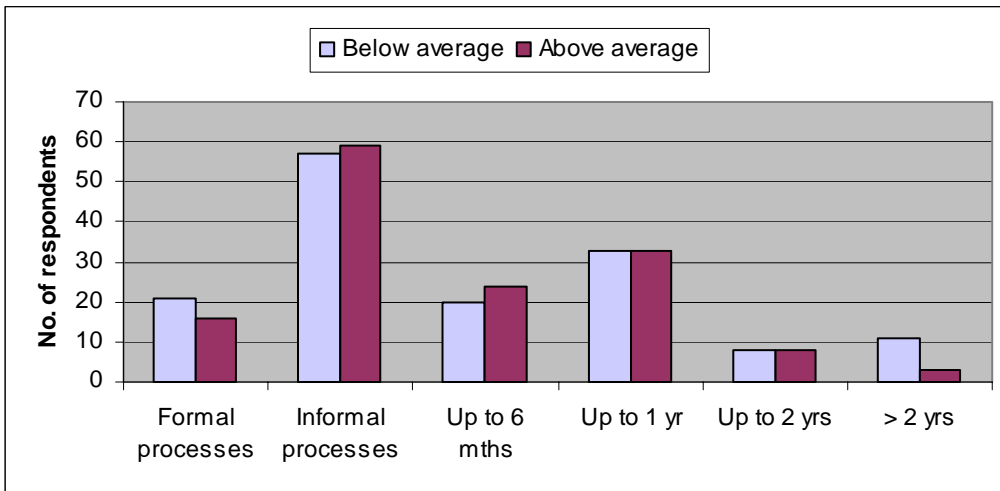
Endeavouring to establish associations between individual business behaviours and whole of business yield results is complex. While individual business decisions and behaviours can have significant impacts on the future of a business, it is normally the combination of good business practices (e.g., research, product /service development, planning, marketing, financial management, operations management, customer service) and good decision making that leads to sustainable businesses with good yields. Age of business and the extent of the owner's experience in the business have also been shown to be important contributors to positive financial performance.

The survey questions posed to respondents about operational aspects of their business were done so with the last financial year given as the time frame. Furthermore, yield results were extracted from the most recent Annual Accounts. Drawing conclusions about business behaviours and yield within such a short time frame is then not helpful. Given that business planning practices do however tend to persist from year to year and that no time constraint was given in the survey question, planning practices have been cross-tabulated with yield.

### 6.5.1 Business Planning

As expected no clear association can be drawn from business planning practices alone (Figure 25). A small number (15) of respondents indicated they did not normally plan and nine (60%) of these reported an above average yield. The length of the planning period does not appear to have an impact on yield with around half reporting above yields and half reporting below. The exception was for those who plan more than two years ahead where only three (21%) of the 14 respondents reported an above average yield. A higher percent of respondents (51%) planning informally reported an above average yield compared to those who plan formally (43%).

**Figure 25**  
**Yield Calculation and Business Planning Practices**





## Chapter 7 Summary

This initial study into yield within the tourism industry has focussed on small (5 or fewer FTEs) tourism businesses. In the absence of a clear register or definition of tourism businesses (or sectors) the sample has been drawn from Telecom New Zealand's Yellow Pages that list under identifiable tourism headings.

The research project has been designed to provide our first descriptors and indicators of small tourism businesses' business practices, and provide a foundation and series of further research questions for more detailed analysis alongside qualitative business interviews scheduled for 2006.

The findings confirm that the tourism 'industry sectors' are not a homogenous group of businesses. Indeed, there are very notable differences between sectors and sub-sectors in the extent of their involvement in tourist activity, as well as the way they approach and operate their businesses.

Respondents from the accommodation sector reported a higher percentage of below average yields than other sectors. Tourism retail, transport, and rental vehicles reported a higher percentage of above average yield profiles but they too represent a wide range of yield outcomes.

There are also notable differences between business types. New and established businesses presented a different yield profile with the latter showing a tendency toward better yield. Employers appear more likely to report an above average yield than working proprietors and these results were found to be significant in this instance. Partnerships and companies may be associated with better yields than sole traders, although significance was not borne out through Chi-square testing.

The businesses that reported the highest proportion of their sales (76%-100%) arising from tourists were differentiated from businesses in categories with fewer tourism sales by a tendency toward below average yields. This raises at least two important questions: Why is this and how can these businesses be assisted to increase their yield?

Cross tabulating motivations with above and below average 'yielders' has produced a wealth of questions rather than clear indicators for financial success. For some motivational statements (e.g., 'to be my own boss', 'enjoying the job is more important than making lots of money'), significant differences were found between those 'Agreeing' with the statement and those 'Agreeing Strongly': a higher percentage of respondents who 'Agreed Strongly' with the statement reported an above average yield. Conversely, of those simply 'Agreeing', a higher percentage reported a below average yield. In these instances the gap between the two response options may equate to some broader behavioural characteristics such as 'extent of passion or commitment' to the statement. Certainly we can not assume that responding positively indicates the same level of 'attachment' to the statement.

While responses about business operations were not cross tabulated with yield in this analysis, the results provide a basic framework from which the project team can proceed to the next phase of the project. For example, there was wide variation in the ways that businesses carry out their planning and operations in terms of: customer satisfaction, business performance,

human resource practices, environmental measures, and innovation. These now need to be explored in much greater depth before any definitive conclusions can be drawn about best practices. The task is a significant one given the differences found in each sector. Nonetheless results suggest there is a good opportunity to facilitate the sharing of best practices within and across sectors.

With the current operating environment being so tight in terms of staffing, human resource issues deserve a special mention. Fifteen percent of employers said they recruited from unemployed groups and another 18 percent recruited from other tourism operators. With record low unemployment now a factor in New Zealand, recruitment options will need to be revisited by employers in an effort to resource themselves appropriately, as well as to address the high level of churn reported within and between sectors. Survey results also found that fewer respondents had their staff participate in HR/People/Group Management training and fewer gave a 'Moderate' or 'Great deal' of focus to HR factors when assessing performance. While the former may be explained by the fact that this survey targeted business with five or fewer staff and owners may take responsibility for all human resource issues themselves, the latter can no longer persist if utilising well trained staff to enhance customer experiences is regarded as important to lifting financial outcomes. Human resource issues and their relationship to financial outcomes need to be part of the exploration carried out in the next phase.



## **Chapter 8**

### **Where to from here?**

The survey results give the project team a solid foundation from which to progress the private sector objective of the tourism yield research programme. In addition to the findings reported above for small tourism businesses, the context within which the next research phase operates will be expanded to incorporate findings from Statistics New Zealand's BOS survey (incorporating Tourism SMEs of greater than 5 FTEs) and the findings from the analysis of data from the Tourism Satellite Account. Recent research and newly developed support tools for SMEs need to be identified, both within New Zealand and possibly overseas where a similar business environment operates (e.g., Australia, UK) to ensure resources are not allocated to developing what already exists. Making comparisons with other industry sectors will also be helpful if such research is available.



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## **Appendix 1**

### **Enhancing Tourism Business Performance: A National Study of Small Business**

Tourism in New Zealand has grown significantly in the last ten years; it now employs the equivalent of 103,000 people (6.2% of the workforce) and generates \$17.2 billion in expenditure. Whether this business comes from international or New Zealand visitors, small businesses play a major role in providing the high quality experiences that visitors seek.

This study is funded jointly by The Ministry of Tourism and the Tourism Industry Association New Zealand and assists in the implementation of the recommendations of *the New Zealand Tourism Strategy 2010*.

This survey is being undertaken by Lincoln University as part of a major research programme aimed at better understanding business behaviour. It will lead to the development of a range of resources to assist tourism businesses to improve their performance.

We would appreciate you returning the questionnaire in the reply-paid envelope by **16 September 2005**.



**LINCOLN UNIVERSITY**

## Tourism Business Survey

If the business for which you are completing this questionnaire employs **5 or fewer Full Time Equivalent staff**, please complete the questionnaire, place in the pre paid enveloped and post by **16 September 2005**.

If you employ **6 or more Full Time Equivalent staff** do not complete the questionnaire, mark the box below, place the questionnaire in the prepaid envelope and post by **16 September 2005**. A selection of businesses with 6 and more staff will be surveyed through Statistics New Zealand's Business Operations Survey (which is a wider survey of the operations of all New Zealand businesses) and other specific tourism related research studies to be completed next year.

This business has 6 or more Full Time Equivalent staff and I am returning the questionnaire as requested

YES

**The questionnaire should if possible be completed by the owner/operator of the business.**

### SECTION 1: GENERAL BUSINESS INFORMATION

For Questions 1 to 9 please write your response in the space required or place a mark (X) in the box that most accurately reflects your response.

**Q-1 How would you describe your business?**

.....

**Q-2 How long has this business been operating under the current ownership?**

YEARS: ..... MONTHS: .....

**Q-3 How long has this business been operating since inception?**

YEARS: ..... MONTHS: .....

**Q-4 Is this tourism business part of a larger company/organisation (e.g. a farm)?**

YES

NO

**Q-5 Is this business open to the public for 12 months of each year?**

YES

NO  (how many months is it open .....

<b>Q-6 Is this business operated by the working proprietors only (employs no staff)?</b>		
YES	<input type="checkbox"/>	(go to Q8)
NO	<input type="checkbox"/>	(go to Q7)

<b>Q-7 How many staff do you employ in an average year? Put the appropriate number for each category in the space provided (if none put '0').</b>			
PERMANENT FULL TIME	.....	PERMANENT PART TIME (fewer than 30 hours/week)	.....
TEMPORARY FULL TIME	.....	TEMPORARY PART TIME	.....
CASUAL (as required)	.....		

<b>Q-8 What is the structure of the business?</b>					
SOLE TRADER	<input type="checkbox"/>	PARTNERSHIP	<input type="checkbox"/>	OTHER (please state)	<input type="checkbox"/>
COMPANY	<input type="checkbox"/>	TRUST	<input type="checkbox"/>	.....	

**Q-9 Please estimate the percentage of your annual sales that come from tourism (non local, domestic and international visitors)?**

Zero	25% or less	50% or less	75% or less	76%-100%	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## SECTION 2: REASONS FOR STARTING OR PURCHASING THE BUSINESS

**Q-10 Please rate how strongly you agree or disagree with each of the following statements by placing a mark (X) in the box that most accurately reflects your response.**

<u>My reasons for starting or purchasing this business are:</u>	Disagree strongly	Disagree	Undecided	Agree	Agree strongly	Don't know/not applicable
TO BE MY OWN BOSS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO PROVIDE ME WITH A CHALLENGE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO GAIN PRESTIGE BY OPERATING A BUSINESS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO ENJOY A GOOD LIFESTYLE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO MOVE TO THIS DISTRICT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO SUPPORT MY/OUR LEISURE INTERESTS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO MEET INTERESTING PEOPLE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<u>My reasons for starting or purchasing this business are:</u>	<b>Disagree strongly</b>	<b>Disagree</b>	<b>Undecided</b>	<b>Agree</b>	<b>Agree strongly</b>	<b>Don't know/not applicable</b>
TO DEVELOP A PROFITABLE BUSINESS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO PROVIDE A RETIREMENT INCOME	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO PERMIT ME TO BECOME FINANCIALLY INDEPENDENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO SUPPLEMENT MY INCOME (from other sources)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO AVOID UNEMPLOYMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SECTION 3: GOALS/PRIORITIES WHEN STARTING OR PURCHASING THIS BUSINESS

**Q-11 Please rate how strongly you agree or disagree with each of the following goal statements/priorities by placing a mark (X) in the box that most accurately reflects your response.**

<u>Goals/Priorities</u>	<b>Disagree strongly</b>	<b>Disagree</b>	<b>Undecided</b>	<b>Agree</b>	<b>Agree strongly</b>	<b>Don't know/not applicable</b>
I AM ALWAYS TRYING SOMETHING NEW	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I ENJOY TAKING RISKS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ENJOYING THE JOB IS MORE IMPORTANT THAN MAKING LOTS OF MONEY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MY PERSONAL/FAMILY INTERESTS TAKE PRIORITY OVER RUNNING THE BUSINESS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I WOULD RATHER KEEP THE BUSINESS MODEST AND UNDER CONTROL THAN HAVE IT GROW TOO BIG	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
THE BUSINESS IS A LEGACY FOR MY CHILDREN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I BELIEVE IN HANDS ON MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IT IS CRUCIAL TO KEEP THIS BUSINESS PROFITABLE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



IT SHOULD BE RUN PURELY ON BUSINESS PRINCIPLES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IT IS BEST TO AVOID DEBT AS MUCH AS POSSIBLE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I WANT TO KEEP THE BUSINESS GROWING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AFTER MAKING THE BUSINESS A SUCCESS I WANT TO START ANOTHER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EVENTUALLY THE BUSINESS WILL BE SOLD FOR THE BEST PRICE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### SECTION 4: PLANNING AND OPERATIONAL ASPECTS OF YOUR BUSINESS

For Questions 12 to 14 we would like to ask you about your practices regarding **leadership and planning**. Place a mark (X) in the box that most accurately reflects your response.

Q-12 How far ahead do you normally plan for this business?	
UP TO 6 MONTHS	<input type="checkbox"/>
UP TO A YEAR	<input type="checkbox"/>
UP TO 2 YEARS	<input type="checkbox"/>
MORE THAN 2 YEARS	<input type="checkbox"/>
DON'T NORMALLY PLAN	<input type="checkbox"/>
DON'T KNOW	<input type="checkbox"/>

Q-13 Are those plans mainly developed through?	
FORMAL PROCESSES	<input type="checkbox"/>
INFORMAL PROCESSES	<input type="checkbox"/>

Q-14 In developing plans, please indicate how often you specifically take into account the requirements of each of these groups?						
	Never	Sometimes	Frequently	Always	Don't know	Not applicable
CUSTOMERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SUPPLIERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EMPLOYEES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FAMILIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
INVESTORS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SHAREHOLDERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Questions 15 and 16 we would like to ask you about your practices regarding **customers**. Place a mark (X) in the box that most accurately reflects your response.

Q-15 Do you have set procedures for this business (consistent methods that you and your staff know and adhere to) for dealing with customer complaints?	
YES	<input type="checkbox"/>
NO	<input type="checkbox"/>

<b>Q-16 How often does this business measure (formally or informally) customer satisfaction?</b>	
NOT AT ALL	<input type="checkbox"/>
LESS OFTEN THAN ONCE A YEAR	<input type="checkbox"/>
ONCE A YEAR	<input type="checkbox"/>
TWICE A YEAR	<input type="checkbox"/>
MORE OFTEN THAN TWICE A YEAR	<input type="checkbox"/>
DON'T KNOW	<input type="checkbox"/>

**For Questions 17 and 18 we would like to ask you about your practices regarding performance measures. Place a mark (X) in the box that most accurately reflects your response.**

<b>Q-17 Does anyone assess whether this business is achieving your expectations?</b>	
YES	<input type="checkbox"/>
NO	<input type="checkbox"/>

**Q-18 During the last financial year, to what extent did this business focus on the following when assessing performance?**

<b><u>Performance Factors</u></b>	<b>Not at all</b>	<b>A little amount</b>	<b>A moderate amount</b>	<b>A great deal</b>	<b>Don't know</b>
FINANCIAL MEASURES (e.g. profits, return on investments, sales growth)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COST MEASURES (e.g. business expenses)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OPERATIONAL MEASURES (e.g. marketing effectiveness)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
QUALITY MEASURES (e.g. product failure)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
INNOVATION MEASURES (e.g. process innovations, new value added services)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HUMAN RESOURCES (e.g. job satisfaction, skills development, staff retention)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COMPETITOR COMPARISON (e.g. pricing, quality of experience)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q-19** This question asks you to calculate your financial ‘yield’ using information from your most recent Annual Accounts prepared by your accountant. We recognise that this information is sensitive so please be assured that your response remains confidential. If you require assistance with this question please call Karen Wason at Lincoln University on **0800 546-226**

Please complete the calculations for Boxes A, B and C or simply write your final answer in Box C. The results from this research will allow you to measure your own business performance against other similar businesses when the results of the study are published later this year.

**Definition of terms for information required:**

- Refer to your Statement of Financial Performance (Profit & Loss Account)
- Taxable Profit** = Total income minus the total expenses from operating your business.
- Interest Expenses** = The interest expense incurred from bank loans or other loans to support your business
- Drawings** = Salary, wages or remuneration taken by the firm’s proprietor(s) as a business expense.

Refer to your Statement of Financial Position (Balance Sheet)

**Total Assets** = Current Assets + Fixed Assets + Other Assets

<p><b><u>Box A</u> – Step 1</b></p> <p>Calculate: (Taxable Profit + Interest Expenses + Drawings) = \$ <span style="background-color: #cccccc; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span></p>
<p><b><u>Box B</u> – Step 2</b></p> <p>Calculate: (Current Assets + Fixed Assets + All Other Assets) = \$ <span style="background-color: #cccccc; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span></p>
<p><b><u>Box C</u> – Step 3</b></p> <p>Calculate: Box A ÷ Box B = <span style="background-color: #cccccc; display: inline-block; width: 100px; height: 1.2em; vertical-align: middle;"></span> (to 4 decimal places e.g. 0.0512)</p>

**For Questions 20 to 23 we would like to ask you about your employee practices. Place a mark (X) in the box that most accurately reflects your response.**

**Q-20** Over the last financial year, how many staff members left your business for the following reasons? Put the appropriate number for each category (put 0 if none left).

CONTRACT COMPLETED	.....
RESIGNED	.....
MADE REDUNDANT	.....
DISMISSED	.....
DON'T KNOW	.....
NOT APPLICABLE	.....

**Q-21 When you have a staff vacancy in your business, where do you recruit from? Mark (X) in more than one box if appropriate.**

PREVIOUS EMPLOYEES	<input type="checkbox"/>
TOURISM SECTOR	<input type="checkbox"/>
OTHER SERVICE SECTORS	<input type="checkbox"/>
UNEMPLOYED	<input type="checkbox"/>
DON'T KNOW	<input type="checkbox"/>
NOT APLICABLE	<input type="checkbox"/>

**Q-22 Do you undertake assessments of the skill gaps and training needs of individual staff?**

YES	<input type="checkbox"/>
NO	<input type="checkbox"/>

**Q-23 Over the last financial year did any of your staff participate in any of the following types of training?**

	Yes	No	Don't know	Not applicable
COMPUTER/IT/SOFTWARE SKILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FINANCIAL MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MANAGEMENT/PLANNING SKILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUSINESS ANALYSIS/ DEVELOPMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HR/PEOPLE/GROUP MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
QUALITY CONTROL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
UNDERSTANDING CULTURAL DIVERSITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LANGUAGE SKILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RELEVANT PRODUCT KNOWLEDGE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SELLING/UP SELLING SKILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SUSTAINABILITY KNOWLEDGE/ AWARENESS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AWARENESS OF COMPLIANCE REQUIREMENTS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CUSTOMER SERVICE SKILLS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For questions 24 and 25 we would like to ask you about your quality and process practices. Place a mark (X) in the box that most accurately reflects your response.

<b>Q-24 Has your business introduced measures to reduce the environmental impact of the business (e.g. recycling, energy conservation, waste reduction, water efficiencies)?</b>	
YES	<input type="checkbox"/>
NO	<input type="checkbox"/>

<b>Q-25 Has your business obtained any formal environmental accreditation (e.g. Green Globe 21, ISO 14001)?</b>	
YES	<input type="checkbox"/>
NO	<input type="checkbox"/>

For Questions 26 to 29 we would like to ask you about innovation in your business. Place a mark (X) in the box that most accurately reflects your response. For the purpose of this survey innovation is broadly defined. It includes any activity that is new to this business.

<b>Q-26 During the last financial year did your business introduce any of the following?</b>				
	<b>Yes</b>	<b>No</b>	<b>Don't know</b>	<b>Not applicable</b>
NEW OR SIGNIFICANTLY IMPROVED PRODUCTS/SERVICES (don't include products produced by other businesses)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NEW OR SIGNIFICANTLY IMPROVED OPERATIONAL PROCESSES (methods of producing or distributing products)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NEW OR SIGNIFICANTLY IMPROVED ORGANISATIONAL/MANAGERIAL PROCESSES (changes in strategies, structures or routines)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NEW OR SIGNIFICANTLY IMPROVED SALES OR MARKETING METHODS (to increase product appeal or gain entry to new markets)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Q-27 During the last financial year, what were the reasons for your innovation?</b>			
	<b>Yes</b>	<b>No</b>	<b>Don't know</b>
TO INCREASE REVENUE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO REDUCE COSTS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO IMPROVE THE CUSTOMER EXPERIENCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO INCREASE MARKET SHARE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO ESTABLISH/EXPLOIT NEW MARKET OPPORTUNITIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

TO IMPROVE SAFETY STANDARDS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO REDUCE ENERGY CONSUMPTION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO REDUCE ENVIRONMENTAL IMPACT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO REPLACE GOODS OR SERVICES BEING PHASED OUT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TO REMAIN COMPETITIVE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q-28 During the last financial year, did you find any of the following helpful as a source of ideas or information for innovation?**

	Yes	No	Don't know	Not applicable
NEW STAFF (those appointed in the last 2 years)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EXISTING STAFF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CUSTOMERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SUPPLIERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COMPETITORS AND OTHER BUSINESSES FROM THE TOURISM SECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUSINESSES FROM OTHER INDUSTRIES (not including customers or suppliers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PROFESSIONAL ADVISORS, CONSULTANTS, BANKS OR ACCOUNTANTS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BOOKS, JOURNALS, INTERNET	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CONFERENCES, TRADE SHOWS OR EXHIBITIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
INDUSTRY OR EMPLOYER ORGANISATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
UNIVERSITIES OR POLYTECHNICS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CROWN RESEARCH INSTITUTES, OTHER RESEARCH INSTITUTES OR RESEARCH ASSOCIATIONS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
GOVERNMENT AGENCIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
QUALMARK ASSESSOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
REGIONAL OR DISTRICT TOURISM ORGANISATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OVERSEAS TRAVEL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
INTERNATIONAL NETWORKS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Q-29 Is your business a member of any of the tourism organisations listed below? Mark (X) in more than one box if appropriate.**

HOLIDAY ACCOMMODATION PARK ASSOCIATION (HAPNZ)	<input type="checkbox"/>
INBOUND TOUR OPERATORS COUNCIL (ITOC)	<input type="checkbox"/>
TOURISM INDUSTRY ASSOCIATION NEW ZEALAND (TIANZ)	<input type="checkbox"/>
MOTEL ASSOCIATION OF NEW ZEALAND (MANZ)	<input type="checkbox"/>
HOSPITALITY ASSOCIATION OF NEW ZEALAND (HANZ)	<input type="checkbox"/>
NZ HOTEL COUNCIL	<input type="checkbox"/>
NEW ZEALAND RAFTING ASSOCIATION (NZRA)	<input type="checkbox"/>
RENTAL VEHICLE ASSOCIATION NEW ZEALAND	<input type="checkbox"/>
NEW ZEALAND REGISTERED HUNTING GUIDES ASSOCIATION	<input type="checkbox"/>
RESTAURANT ASSOCIATION OF NEW ZEALAND	<input type="checkbox"/>
NEW ZEALAND RETAILERS ASSOCIATION	<input type="checkbox"/>
MARINE TRANSPORT ASSOCIATION	<input type="checkbox"/>
SEA KAYAK OPERATORS ASSOCIATION OF NEW ZEALAND	<input type="checkbox"/>
TRAVEL AGENTS ASSOCIATION OF NEW ZEALAND (TAANZ)	<input type="checkbox"/>
BUS AND COACH ASSOCIATION NEW ZEALAND	<input type="checkbox"/>
HOME NEW ZEALAND	<input type="checkbox"/>
OTHER TOURISM ORGANISATIONS (please list)	<input type="checkbox"/>
.....	
.....	

**THANK YOU FOR TAKING THE TIME AND THOUGHT TO COMPLETE THIS QUESTIONNAIRE**

Please return the completed questionnaire using the enclosed pre paid envelope. A stamp is not required.

If you would like to participate in further stages of this research (interviews, development of resources etc) mark the box (X) and complete the form below.	<input type="checkbox"/>
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Please note that your personal details will be separated by a research technician prior to data entry so your responses remain anonymous.

<b>Business Name:</b> .....	
<b>Person for Contact:</b> .....	
<b>Postal Address:</b> .....	
.....	
<b>Tel:</b> .....	<b>Email:</b> .....