



**BDO WELLBEING & BUSINESS
PERFORMANCE INDEX**

TOURISM SECTOR

APRIL 2023 REPORT

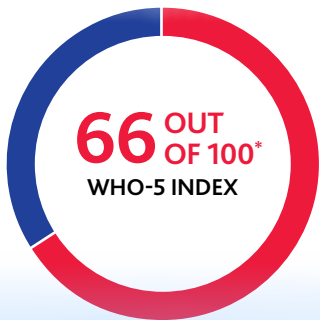


SECTOR FOCUS: TOURISM

This report shares sector-specific findings of the April 2023 measure of the biannual BDO Wellbeing & Business Performance Index - Te Rangahau o Ngā Hauora Pai - which monitors both wellbeing and business performance (and the link between the two) among New Zealand's business leaders. The April 2023 Index findings are compiled from our third measure of the survey, undertaken during March 2023 among a nationally representative sample of 504 business leaders and owners who responded to our digital survey. To view the main April 2023 report and video insights – providing a whole-of-business lens – along with our other sector-specific commentaries, go to bdo.nz/wellbeing.

IMPROVING WELLBEING AS VISITOR NUMBERS INCREASE

Tourism business leaders scored 66 out of 100 on the WHO-5 index in our March 2023 results, an increase of 4 points from our October 2022 measure [Figure 1]. This was four points higher than our whole-of-business average, and reflects the improving market conditions the sector is experiencing. While still not at pre-COVID-19 levels, business is certainly improving for tourism operators, with cruise ships coming in and more visitors on our shores. The latest numbers from Statistics NZ show an increase from 5,235 overseas visitors in February 2022 to 359,855 in December 2022.



*** HOW THE WHO-5 SCORE IS CALCULATED:**
Someone who scores 'all of the time' on a particular statement is given a score of 5, while if they score 'at no time' they get a score of 0 for that statement. The total raw score, ranging from 0 to 25, is multiplied by 4 to give the final score, with 0 representing the worst imaginable wellbeing and 100 representing the best imaginable wellbeing.

When asked what tourism business leaders do to stay mentally healthy in their business life, managing boundaries between work and home came top at 44%, followed by delegating tasks to others when workload is too high (39%) and adopting flexible work practices (34%) [Figure 2].

FIGURE TWO: WHAT DO YOU DO TO STAY MENTALLY HEALTHY GENERALLY IN YOUR BUSINESS?



This was a relatively high score for delegating tasks when compared to some of our other sectors. Lower skilled positions have been filled with the return of the backpacker market, however tourism operators are still finding it difficult to fill more skilled positions, and immigration rules remain tight. This may be causing many business leaders in this space to feel like they have too high a workload, and therefore delegating tasks will be even more important in avoiding burnout, especially as visitor numbers continue to ramp up. This is likely also a contributing factor in the relatively low business performance score among tourism sector business leaders, with 57% saying they have felt positive about their business performance all or most of the time in the past six months.

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A POSITIVE FUTURE OUTLOOK FOR TOURISM

When looking to the future, there is a generally positive outlook for tourism business leaders, with 70% saying that they expect to feel positive about their business performance most of the time (an increase of 10% from our last measure), and a further 26% saying more than half the time. This was the strongest future outlook for business performance among our sectors and reflects the anticipated continued increase of visitors on our shores. Related, tourism business leaders also have one of the strongest future outlooks for life satisfaction, with 71% expecting to feel generally satisfied with their life most or all of the time.

FORECASTING AGAINST DIFFERENT SCENARIOS KEY TO OVERCOMING SHOCKS

"There has been strong cash flow and an improved yield as a result of the changing demographic of visitors, with more tourists coming in from the European, North American and Australian markets. However we are now seeing some tourism operators managing higher debt levels – a legacy of borrowing during COVID-19. Banks have been relatively restrictive in their approach to these repayments. So while things are in a good place for tourism, there are still some key issues operators need to be aware of. Some risks remain in the broader environment, particularly with unrest overseas for example in China and Russia. There still remains the possibility that a shock – whether it's external through political unrest or domestically through a recession – could have a significant impact on tourism businesses, and operators need to forecast against different scenarios to make sure they are prepared if this happens."



RICHIE O'MEARA
BDO TOURISM SECTOR LEADER

TIPS FOR TOURISM BUSINESS LEADERS:

- **Revisit your business plan** – a strong plan underpins the core elements of a successful business. It enables you to step back and make decisions more effectively for the period ahead, helping you understand what drives success and focus on maximising those elements.
- **Stress test your business** - Now operations are up and running again, consider how different scenarios might impact that – for example, what effect does the Asian market returning have on yield? What will happen if the Asian market doesn't return? What if Australia suffers an economic shock and we see fewer Australian visitors? Consider how various scenarios will impact your cash flow – this will enable you to understand how many days you can operate if an unexpected event does occur and what levers you can pull to address this.
- **Make sure you have a strong relationship with your stakeholders** – including your staff and financiers. Be transparent with them about how the business is going and what your plans are for the future. They will be much more confident if you demonstrate your understanding of the environment you're operating in.
- **Covid taught us the importance of being flexible** – of being able to scale back on non-essential areas of the business if you need to, or pivoting to other service offerings for a new environment. Make sure you still retain this ability to be agile now that we are seeing a return to relative normality.
- **Communicate with your bank regularly** – if they can see up-to-date financial results and have a clearer understanding of your business they will likely be more accommodating of your situation.
- **Find opportunities for automation** – take away repetitive, manual tasks such as checking in guests or gathering their information through investing in automation. This not only frees up labour costs and time, but also allows you to access richer customer data and provides you with a better understanding of your business.



FOR MORE TIPS AND VIDEO INSIGHTS,
VISIT [BDO.NZ/WELLBEINGINTOURISM](https://www.bdo.co.nz/wellbeingintourism)



**WELLBEING SUPPORT
CONTACTS**

Xero Assistance Programme (XAP)
1737.org.nz – National mental health helpline
Mental Health Foundation ([mentalhealth.org.nz](https://www.mentalhealth.org.nz))

CONTACT OUR SPECIALIST TOURISM TEAM AT [BDO.NZ/TOURISM](https://www.bdo.co.nz/tourism)