



UNLOCKING NEW ZEALAND'S AI POTENTIAL 2026

New Zealand's AI leaders surge ahead in a two-tier AI economy

Half (**50%**) of New Zealand's businesses have now adopted AI, up from **42%** last year (representing **19%** year-on-year growth). Beneath that milestone sits a more nuanced story: a small group of businesses is breaking away from the pack, and the gap between them and everyone else is widening.

Only **15%** of businesses have a formal AI strategy. But those that do are more than twice as likely to have reached the most advanced stage of AI use (**41%**, against **19%** of all adopters), nearly twice as confident they can measure the return on their AI investment (**63%** against **34%**), and more than twice as ready for what comes next (**44%** against **17%**). Strategy is one of the clearest dividing lines in this year's data. This may be the emergence of New Zealand's two-tier AI economy, where the minority with a strategy surge ahead compared to the wider business population still just scratching the surface of potential.

That divide matters more because of what's coming. **62%** of businesses expect to be using AI consistently within a year, and **64%** believe it will transform their industry within five. Set against that ambition, readiness for the technologies that will define the next wave looks thin: just **17%** of businesses feel ready to adopt agentic AI, physical AI or advanced robotics, and only **16%** of those who had heard of agentic AI (**54%** of businesses) are using the technology. New Zealand businesses can see where AI is going. Most have not yet built the foundations to get there.

Workers are moving faster than employers are. **54%** of New Zealanders have used an AI tool to teach themselves a new skill in the past year, well ahead of the **34%** of employees who've received formal AI or digital training from their employer over the same period. The skills gap that businesses cite as their biggest barrier to AI adoption is not, on this evidence, a public appetite problem. It's an investment one.

And where AI does take hold, it is doing more than making existing work faster. **84%** of AI-adopting businesses report an increase in revenue, and businesses expect agentic AI in particular to help address labour shortages (**63%**) as much as it boosts productivity. For a growing share of adopters, AI is starting to look less like a cost-saving tool and more like a growth one.

New Zealand is slightly behind countries in similar size, geography, or business makeup. Australia's adoption rate has climbed to **61%** this year, Singapore's to **59%**, and in Europe, Ireland now leads at **65%**, though Ireland's own divide between basic use (**62%**) and advanced, transformative use (just **20%**) looks strikingly similar to New Zealand's. The businesses and countries pulling ahead share a pattern: deliberate strategy, real investment, and the skills to back it up.

This report sets out the foundations New Zealand needs in place to convert mainstream adoption into economy-wide transformation:



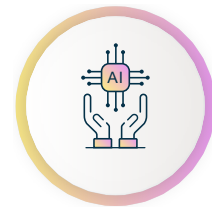
AI strategy

the internal capability to move from pilots to enterprise-wide deployment by having a strategy, funding, and measurement frameworks in place



Skills for a future-ready workforce

the talent to build, deploy, and oversee AI



Next-wave readiness and sector opportunity

the preparation needed to ensure the gains of agentic AI, physical AI and advanced robotics are accessible to all businesses

Each is examined in turn, looking at New Zealand's existing strengths and where there is room to build.





Key findings

- Half of New Zealand businesses (**50%**) now consistently use AI, up from **42%** in 2025 and **34%** in 2024. **48%** of SMEs have adopted AI, alongside **70%** of large enterprises. New Zealand trails AI adoption in Australia (**61%**), Singapore (**59%**), and Ireland (**65%**).
- The returns are real. **69%** of adopters report productivity gains, **62%** say those gains have clearly justified the investment, and **57%** report faster innovation timelines. AI-adopting businesses say they have seen noticeable productivity gains from administrative and back-office tasks (**46%**), marketing and content creation (**41%**), and customer service (**33%**). **84%** of businesses say adoption of AI has led to an increase in revenue, on par with the **88%** last year.
- Skills remain the biggest barrier, cited by **45%** of businesses. It takes an average of 3.4 months to fill a digitally skilled role; businesses will pay a **24%** salary premium for strong AI skills, and they expect **52%** of new roles to require AI literacy within three years.
- AI is becoming a growth engine. **32%** of AI-adopting businesses have launched a new AI-driven product or service in the past year, and **27%** say AI has helped them expand into international markets. More broadly, **57%** of businesses agree AI is creating opportunities for New Zealand businesses to expand internationally and **61%** agree it's enabling smaller businesses to scale faster.
- Confidence in AI's returns is running ahead of the ability to evidence them. While **62%** say the gains have justified their investment, only **34%** are confident they can measure the ROI of their AI spend, and **24%** cannot say whether they have seen a return at all.
- Only **19%** of adopters have reached advanced use: combining multiple models, building custom systems, or deploying agentic AI. **58%** remain at basic uses. Startups lead at **31%**, ahead of large enterprises (**27%**) and SMEs (**16%**).
- Most AI use is running without strategic foundations. Just **15%** of businesses have a formal and comprehensive AI strategy, and **61%** have no dedicated AI budget.
- Readiness for the next wave is concentrated in the businesses already ahead. Only **17%** feel fully or very ready to adopt next-generation AI such as agentic AI, physical AI and advanced robotics. Early adopters are already reporting gains, with **52%** citing increased efficiency, but **47%** of the broader business landscape describe themselves as only slightly ready or not ready at all.



The ongoing digital divide

While **50%** of businesses have now adopted AI, looking deeper into how businesses are implementing AI, from initial adoption to advanced use for transformation, most organisations still remain at the earlier stages.

Basic AI adoption

58% of adopters remain focused primarily on more basic uses of AI and on incremental gains – using AI tools for simple, routine tasks – rather than innovation. This is down from **65%** in 2025 – signs of initial progress. SMEs are concentrated at this stage: **60%** are here, compared to **46%** of large enterprises, and **42%** of startups.

Intermediate AI adoption

23% have reached the intermediate stage, embedding AI into core operations and into products or services they are offering to customers. This is compared to **21%** in 2025. **24%** of SMEs are here, compared to **27%** of large enterprises and **27%** of startups.

Advanced AI adoption

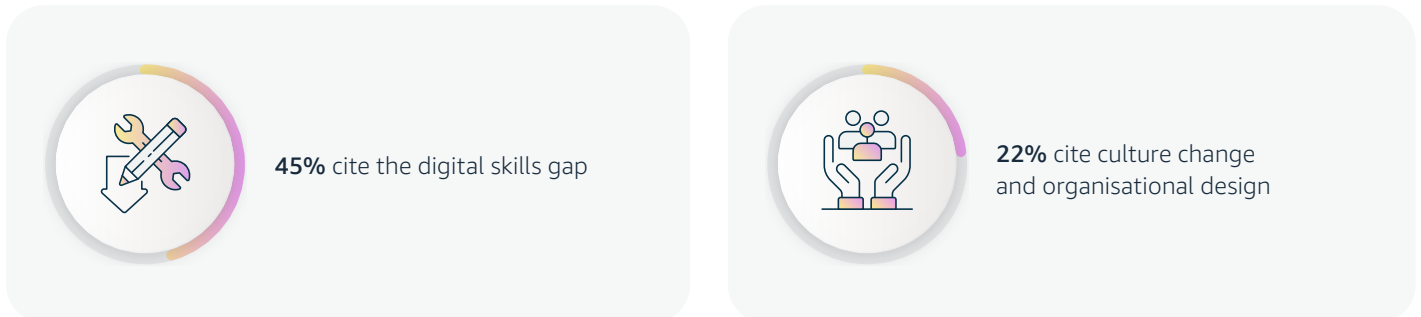
19% of adopters have reached the most transformative stage of AI integration – utilising advanced AI systems that combine multiple models or tools for complex tasks, creating their own custom AI systems or apps, or deploying agentic or autonomous AI systems. A higher share of AI adopters are at this stage compared to last year (**14%**). Startups lead the way with **31%** at this stage, contrasted with **16%** of SMEs and **27%** of large enterprises.

This distribution is not a signal of low ambition, given that **62%** of businesses expect to be consistently using AI within twelve months and **64%** expect AI to transform their industry within five years. It reflects the practical difficulty of progressing from a working pilot to an operating model built around AI. Businesses report that healthcare (**41%**), agriculture (**41%**), manufacturing (**36%**), and tourism and hospitality (**29%**) have the greatest opportunity to benefit, which points to where deeper support would pay back fastest.

The growth in advanced use from **14%** to **19%** shows the ceiling is rising. Lifting the **58%** still at basic use is where the largest share of New Zealand's unrealised AI value now sits.

Foundation 1: The strategy to turn adoption into transformation

New Zealand's businesses understand AI's potential. Converting it into organisation-wide change is proving harder, and the obstacles businesses identify are organisational rather than technological:



Only **15%** of businesses have a formal and comprehensive AI strategy in place, and **61%** have no dedicated AI budget. For most, AI is being funded ad hoc rather than run as a strategic priority. Where a strategy does exist, the difference it makes is stark – and it is the key differentiator for New Zealand's emerging two-tier AI economy.

Among the 15% of businesses with a formal AI strategy:

41% have reached the most advanced stage of AI use

41%

Against **19%** of all adopters

19%

They are also far more confident in what they're getting for their investment:

With **63%** able to measure ROI

63%

Compared with **34%** across all businesses

34%

And better placed for what comes next:

With **44%** feeling ready to adopt next-generation AI tools

44%

Against **17%** overall

17%

Three findings read together tell a clear story about measurement. **62%** of adopters say AI's gains have clearly justified the investment. Yet only **34%** are confident in their ability to measure the ROI of their AI investments, and almost a quarter (**24%**) of businesses are unable to say if they have had a return on their investment in AI.

Cost measurement is similarly uneven. Asked how they measure the cost of AI, **44%** point to direct spend, **34%** weigh cost against time and efficiency gains, **15%** against capacity freed for higher-value work, and **12%** to usage-based consumption. **28%** do not formally measure the cost of AI at all.

This matters for what happens next. A business that cannot evidence a return will struggle to secure the budget for the next stage of deployment, which is precisely the stage where transformation happens.

The businesses that formalise strategy, budget, and measurement are the ones positioned to move from basic use to transformation.

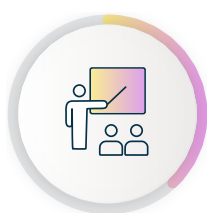


Foundation 2: Skills and the future-ready workforce

The ability to attract, retain, and develop talent is central to scaling AI in New Zealand.

- **45%** of businesses say the digital skills gap prevents them from adopting or expanding their AI use. This was the highest reported barrier in 2025 at **49%**, so the pressure has eased slightly while remaining the leading constraint.
- The average time to fill a digitally skilled role is 3.4 months.
- Businesses will pay an average salary premium of **24%** for strong AI skills. In 2025, the tech industry reported a **40%** premium and professional services **32%**.
- Asked which non-technical skills will become more important in their workforce over the next five years as AI adoption increases, businesses point to critical thinking and judgement (**45%**), adaptability and continuous learning (**41%**), and creativity and problem-solving (**36%**).
- **58%** consider industry-recognised cloud or AI certifications an advantage or essential when evaluating candidates.
- Businesses estimate **52%** of new roles will require AI literacy within three years, up from **46%** in 2025.

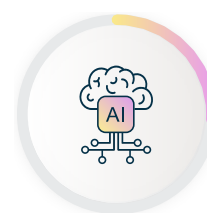
Training provision has not yet caught up with that demand. **34%** of employees participated in digital or AI training in the past year, a modest increase on approximately **31%** in 2025. Where training is offered, it is most often light-touch and internally delivered:



The most common forms are internal knowledge-sharing sessions or workshops (**38%**)



Online learning platforms (**31%**)



Programmes offered by AI partners or software vendors (**26%**)

Only **27%** of businesses are confident in their ability to measure the effectiveness of their digital skills and AI training programmes, and **31%** do not measure it at all. The gap starts with businesses' own admission: **33%** describe their AI skillset as just beginning or non-existent, despite recognising the need, and **29%** have no formal AI or digital skills training initiatives in place at all.

There is a strong base to build on, with citizens already teaching themselves faster than employers are training them

The public's appetite to build AI skills is one of the clearest bright spots in this year's data, and supports a narrative about a workforce adapting rather than one under threat.

- **54%** of New Zealanders have used an AI tool, such as a chatbot or assistant, to help them learn a new skill in the past 12 months.
- Among citizens who have undertaken digital skills training, **48%** say it was self-directed, against **38%** who say it was provided by their employer. Citizens are increasingly building their own AI skills rather than waiting for their workplace to provide them.
- Personal use is outpacing workplace use: **31%** use AI in their work – including **27%** of women and **35%** of men. Those aged 25-34 are using AI in their work more than other age groups (**43%**).
- **39%** use AI for their personal interest – including **36%** of women and **42%** of men. Broken down by age, 18-24-year-olds are more likely to be using AI in their personal lives (**56%**).
- **57%** believe industry-recognised digital, cloud or AI certifications would be valuable for their employment and career prospects.
- Citizens identify critical thinking and judgement, creativity and problem solving, and communication and collaboration as the uniquely human skills that will remain most valuable alongside AI.

The barriers citizens report point to a supply problem rather than a lack of interest:



Tellingly, **41%** say dedicated time during work hours is what would most help them improve their digital skills – a measure only their employer can provide



39% cite lack of time as a barrier to further digital skills training



27% cite lack of information about available training

As it stands, more New Zealanders are teaching themselves AI skills (**54%**) than are receiving AI training from their employer (**34%**), and even among those who have trained, more did so on their own initiative than through their workplace. Businesses report the skills gap as their leading barrier to AI adoption, yet nearly a third (**29%**) have no training programme in place at all, and a similar share admit their own AI skillset is only just beginning. The willingness to build these skills already exists in New Zealand's workforce; what's missing is employers giving it somewhere to go. Closing the training gap is part of sustaining the public support that AI-driven growth depends on.

It is also a matter of competitiveness. If the gap between what New Zealanders are learning and what their employers are doing with it continues to widen, businesses may find themselves unable to harness AI skills their own people already have. Skills built independently, on personal time and with personal tools, stay with the individual rather than becoming part of how the business operates. Those individuals may look for employers who can put their capabilities to use. For New Zealand businesses, the risk is twofold: failing to benefit from the skills their workforce is building now, and losing the people building them.



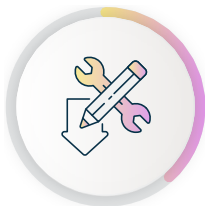


Foundation 3: The next wave of AI, and the sectors with most to gain

New Zealand businesses see the potential with **64%** believing AI will transform their industry within five years and **62%** expecting to be using it consistently within a year. But the technologies that will define the next wave of competitiveness, such as agentic AI, physical AI, and advanced robotics, are arriving into a landscape that many businesses are not yet ready for.

Only **17%** of businesses feel fully or very ready to adopt next-generation AI technologies, compared with **22%** in Australia and **24%** in Singapore. Almost half (**47%**) describe themselves as only slightly ready or not ready at all. Readiness is concentrated with startups (**31%**), large enterprises (**28%**), and the information and communication sector (**34%**). For SMEs, the figure drops to **15%**.

The reasons businesses give for their lack of readiness map to the foundations outlined in this report:



A shortage of AI and digital skills (**39%**)



Insufficient internal financial resources (**31%**)

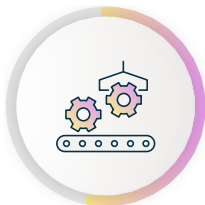


Unclear business case or ROI (**27%**)

Businesses with a formal AI strategy are far more likely to feel ready (**44%**, against **17%** overall), reinforcing the link between the foundations already discussed and the ability to act on what comes next.

Early adopters are already making the case

While deployment remains early-stage, the results are tangible. **54%** of businesses have heard of agentic AI and of those, **16%** are currently using it. Those using or piloting it report:



Increased operational efficiency or productivity (**52%**)



Employees spending less time on repetitive or administrative tasks (**44%**)



Faster decision-making and execution (**37%**)

Looking ahead, businesses see agentic AI increasing employee productivity (**46%**) and automating repetitive business processes (**41%**). **63%** believe it will be important in responding to labour shortages, which, given that skills are the number one barrier to adoption across the landscape, suggests its value may lie as much in extending what existing teams can do as in expanding headcount.

Physical AI follows a similar early-stage pattern: **33%** have heard of it and **38%** of those familiar with the concept are engaging with it. The productivity results reported by early adopters of these technologies are the business case the other **84%** are asking for. Making those results visible, sector by sector, is how the next wave moves from awareness to deployment.

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The sectors with most to gain could be the least prepared

Agriculture

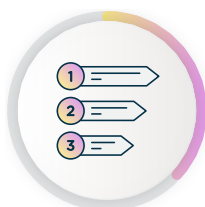
Agriculture, forestry and fishing is New Zealand's largest export sector and the one with the most to gain from AI in the physical world. It is also among the least prepared.

AI adoption stands at **39%**, compared with **50%** nationally, and the majority of adopters are at the most basic stage. Belief in AI's potential is strong. **61%** expect it to transform large parts or all of their industry within five years, and agriculture is the sector businesses across New Zealand most often identify as having the greatest AI opportunity over the next decade, selected by **41%**. Citizens see it too. **48%** believe AI will largely or completely transform agriculture, rising to **47%** among rural respondents.

The sector's opportunity is concentrated in next-generation AI, and this is where the readiness gap is most pronounced. Physical AI, including robotics, autonomous systems, and computer vision, has direct application to crop management, livestock monitoring and processing. Yet only **30%** of agricultural businesses have heard of it and just **7%** of those are using or piloting it. Only **9%** consider themselves ready to adopt next-generation AI tools. Among those not yet ready, the most cited barriers are:



A shortage of AI and digital skills (**41%**)



Other business priorities taking precedence (**37%**)



Limited access to next-generation AI tools or infrastructure (**29%**)

Skills are the binding constraint. **42%** say they have no AI skills or are just beginning to develop them, and it takes an average of 4.6 months to find an employee with the right digital skills, compared with 3.4 months nationally. **66%** see agentic AI as critically important in responding to labour shortages, a recognition that the technology's relevance is understood even where the capability to deploy it is not yet in place.

For agriculture, the question is less whether AI matters than how a sector of small, dispersed businesses builds the skills and infrastructure to use it. **34%** say help understanding how AI can improve their business would be the most useful measure, ahead of funding or regulatory clarity.



Healthcare

Healthcare is where the gap between what AI could do and what New Zealand's businesses are ready to do with it is widest.

Adoption sits at **44%**, compared with **50%** nationally. Despite a lower adoption figure, expectations are the highest of any sector. **71%** expect AI to transform large parts or all of their industry within five years, and **63%** of those already using AI report significant or transformative productivity gains. Citizens see it the same way. **63%** believe AI will largely or completely transform healthcare, the highest of any sector, and **52%** identify healthcare as the sector they most want to see benefit from AI where they live.

Readiness for what comes next is limited. Only **11%** describe themselves as ready for next-generation AI, against **17%** nationally. The barriers reflect the sector's operating environment.



Questions about data privacy and security (**51%**)



Uncertainty about how existing laws apply to AI (**42%**)



Uncertainty around legal liability if AI makes mistakes (**38%**)

Skills and governance compound the challenge. **39%** say they have no AI skills or are just beginning to develop them, and **47%** are not confident they have the leadership and expertise to scale AI over the next three years. Only **9%** have a formal AI strategy, and **46%** provide no formal guidance to non-technical employees using AI, in a sector where the consequences of unmanaged use are higher than most.



Recommendations: Building the foundations for New Zealand's AI potential

New Zealand enters this phase with strong foundations including growing uptake, demonstrated returns, and a workforce willing to build new skills. The opportunity now is to build on that momentum and help more businesses move from adoption to meaningful transformation. Three actions would convert those advantages into economy-wide transformation.

1. Turn adoption into transformation through strategy and governance

With only **15%** of businesses holding a formal AI strategy and **61%** running AI without a dedicated budget, the constraint is organisational capability. For New Zealand businesses to move beyond early AI adoption, they need a clear strategy on where AI can create value and the foundations to deliver it. This starts with identifying and prioritising high-value use cases, assessing whether the right data, infrastructure, and skills are in place, and developing a roadmap for investment and deployment. Greater access to practical expertise and funding can help businesses close capability gaps and invest in the foundations needed to progress from individual AI tools and more advanced, organisation-wide transformation.

2. Build a future-ready workforce

Expand practical, certification-linked training pathways, given that **58%** of businesses already treat recognised cloud or AI certifications as an advantage or essential. Measure the effectiveness of skills programmes, which only **27%** of businesses can currently do. Treat training as a retention measure as much as a capability one: New Zealanders are building AI skills faster than their employers are developing them, and people with sought-after skills may look for organisations that put them to use. Large employers with structured graduate pipelines, such as banks and airlines, are best placed to lead by making AI literacy a core part of how early-career staff are recruited and developed. Harness the self-directed learning already underway among the **54%** of New Zealanders who have used AI to learn a new skill this year.

3. Accelerate next-wave AI readiness in the sectors with most to gain

The sectors where next-generation AI has the most direct application, such as agriculture, healthcare, and other primary industries, are also the ones furthest from being able to deploy it. Closing that gap requires sector-specific action by making the business case visible through early-adopter results, building skills pathways tailored to sector needs, and ensuring guidance addresses the operating realities of each industry.

Appendix

Methodology

The fieldwork for this study was undertaken by Strand Partners' research team for Amazon Web Services. This research has followed the guidance set forth by the UK Market Research Society and ESOMAR. For the purposes of this study, business leaders are defined as founders, CEOs, or members of the C-suite in organisations.

'Citizens' are nationally representative members of the public based on the latest available census.

For inquiries regarding our methodology, please direct your questions to: polling@strandpartners.com.

In New Zealand:

- We conducted a survey targeting 1,000 nationally representative members of the public, ensuring representation based on age, gender, and region.
- Additionally, we surveyed 1,000 business leaders, representative by their business size, sector, and region.

Sampling:

Our sampling process used a mix of online panels that are recognised for their validity and reliability. These panels are carefully curated to ensure diverse representation across various demographics. For the business leaders, the panels are selected with a consideration for organisational size, sector, and position within the company. Our objective with the sampling strategy is to achieve an optimal mix that mirrors the actual distribution of our target populations in the respective markets.

Weighting Techniques:

Post-data collection, we applied iterative proportional weight to correct any discrepancies or over-representations in the sample.

Survey:

This study was designed with the objective of delving deep into the digital landscape:

- **Usage Patterns:** This survey gauges the evolving patterns of digital technology usage. We are particularly interested in examining the adoption and implementation levels of technologies, focusing on cloud computing and artificial intelligence.
- **Perceptions and Attitudes:** The survey seeks to unearth the prevailing perceptions and attitudes towards digital technologies, understanding the perceived benefits, challenges, and potential ramifications of both present and emerging tech solutions.
- **Barriers and Opportunities:** The survey scrutinises the predicted challenges and potential avenues that both businesses and individuals anticipate on their digital trajectory. This involves pinpointing challenges, from skill deficits to regulatory complications, and recognising opportunities for growth, innovation, and market development.
- **'Size of the Prize':** The survey shed light on the economic repercussions and growth prospects linked with digital transformation. By elucidating the 'size of the prize', we aspire to stress the importance of digital transformation and foster further investments and technology adoption.