

Kia Ora South U. S. 2019 Trip Report

Name of the Trade Show:	Kia Ora South United States July 2019 Organized by Christchurch Airport Supported by Tourism New Zealand and American Airlines
Dates & Location:	Mon-Fri; 22-26 July 2019 New York, Dallas, Los Angeles
Trade Show Format:	3x Dinner Events in 3x cities Maori Cultural Ambassadors performance followed by welcome presentation from Christchurch Airport, Tourism New Zealand and American Airlines Followed by 14x 5min appointments with agents, 3 to 7 agents at each appointment at each dinner event
Number of New Zealand Sellers:	14 South Island Companies RTO x2 Christchurch NZ, Destination Queenstown Accommodation x4 Distinction, Heritage, Scenic Hotels, Hapuku Lodge Activity, Attraction & Transport x8 Kiwi Rail, Ngai Tahu Tourism, Skyline Queenstown, Southern Discoveries, Totally Tourism, Whale Watch Kaikoura, Marlborough Tour Company, Cloudy Bay
DQ Attendees:	Kiran Nambiar
Extensions:	One-day post event extension in Los Angeles for update sessions with Tourism New Zealand and Air New Zealand

Macro Market Environment

- The U. S. economy at \$20.4 trillion is the world's largest economy by far, followed by China at \$13 trillion. Since the global financial crisis in 2008, the US economy has seen continuous growth. The GDP growth for 2019 is forecast to grow at 2.2%.
- Since the beginning of 2019, unemployment rate at 3.7% is at a record low, consumer confidence is still very high and the Dow Jones has seen a steady rise.
- National Debt at \$22 trillion is at an all-time high, and there is a lot of commentary in about US going into recession in the second half of 2020.
- The current Trade War with China, potential clashes in the gulf affecting oil prices have economists predicting a further slowdown in the US economy.
- The US dollar has grown stronger since the beginning of the year compared to most major currencies in the world, and if there is a global slow down it is expected to grow even stronger as investors in the US will bring USD back home in times of uncertainty. At the beginning of the year about 62% of the global reserves were in USD.

Aviation

- Despite the 737 Max grounding, US air carriers expected summer air travel between 1 June to 31 Aug to reach record levels this year with 257.4 million passengers hitting the skies, up 3.4% from last year. Airlines were adding over 111,000 seats per day this year, expecting a 10th consecutive summer of increases in the number of US airlines passengers.
- In July this year, American Airlines and Qantas received approval for their new joint venture from the US Department of Transportation. This will result in several new routes opening up between US and Australian city pairs adding more than 170,000 seats across the pacific each year. Qantas estimates the joint venture will result in up to 180,000 new trips between United States and Australia and New Zealand annually. This JV is significant for New Zealand as a major portion of the US arrivals into New Zealand are dual destination travelers combining Australia.
- Air New Zealand direct routes from Auckland into North America include Los Angeles, San Francisco, Houston, Chicago and Vancouver. Air NZ's monthly investor update for Aug 2019 indicates an 86% load factor (Financial YTD) for their Americas/UK services, highest within the network, implying healthy demand from the US.
- There is also commentary in media about the race between Qantas and Air New Zealand to fly to New York. In May 2019, Air NZ signed off a new order of Boeing 787-10 Dream liners, which gets this aspiration a step closer.
- With over 45 direct flights a week the US has more direct air links with New Zealand than any other long-haul market.

Outbound Market

- Data released by the US Commerce Department's National Travel and Tourism Office indicated a 6% increase in Americans travelling outside the US over the previous year reaching a total of 93 million. This increase is attributed to the growing economy, favorable exchange rates and high consumer confidence. Of this, 45% or 41.8 million were air travelers, up 9% over last year and the rest by road travelers to Canada and Mexico.
- In 2017, 21.4 million passports were issued in the US, the highest number ever recorded. In the ten years between 2007 and 2017, the percentage of the US population holding a passport has increased from 27% to 42%.
- US arrivals into Australia were at 816,100 (+3.9%) for YE July 2019.

- US trade and distribution channels have a large share of the outbound market. 68% of American travellers book their travel through a travel agent.

Arrivals to New Zealand

- The US is New Zealand's second largest long-haul visitor market.
- Total arrivals from the US to New Zealand for YE July 2019 was 367,961 (+8.8%), Holiday arrivals was 244,065 (+8.6%).
- Most arrivals almost a quarter were from California, followed by Texas, New York, Florida and Washington state. Within the top 10 states the highest growth +20.5% was from Illinois fueled by the new Chicago services.
- The largest age group for total arrivals at 22% were above 65+ years, followed by 25 to 34 year olds forming 19% of the total.
- The median length of stay is 8.9 days down from 9.2 days the previous year.
- Most US arrivals had Auckland (79%) as their first port of entry, followed by Christchurch and Queenstown at 6.6% and 6.3% each.
- About 36% of total arrivals came thru Australian ports of Sydney, Melbourne and Brisbane. Los Angeles (22%) had the largest share of port of departure in the US followed by San Francisco (18%), Honolulu (8%) and Houston (7%).

Event Reach

- Registrations for the events were as follows:
 - New York, Mon 22 July 2019, Lotte: 126 registrations
 - Dallas, Wed 24 July 2019, Ritz-Carlton: 93 registrations
 - Los Angeles, Thu 25 July 2019, Loews Santa Monica: 91 registrations
- The interest in New York was very high, the event was sold out and organizers had to increase capacity by 30 and that extra spaces got taken up as well.
- The attendees in all three cities were a mixed group. The knowledge range was from Kiwi Specialists and Virtuoso Agents to Bahamas Cruise sellers with no knowledge of New Zealand as a destination.

Key messages delivered in Market

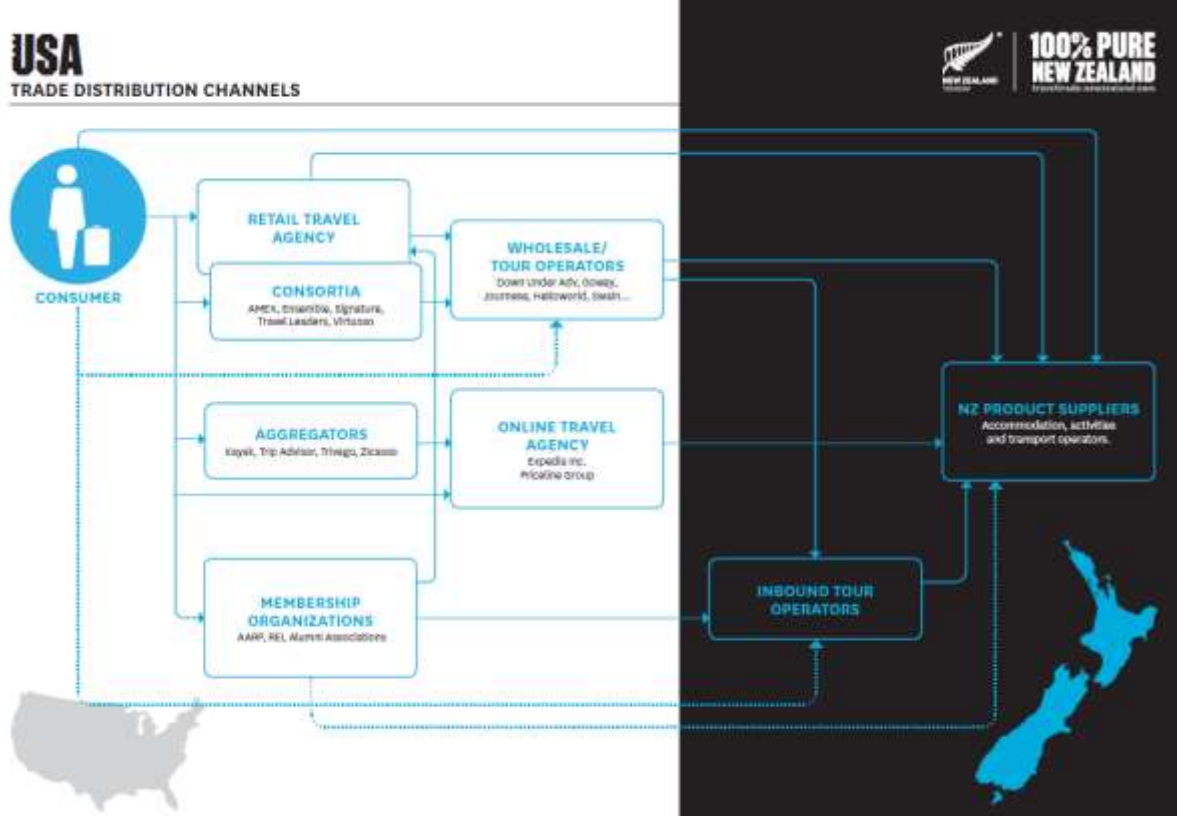
Key messages delivered in market were around:

- Queenstown's four season proposition and a year round destination
- New Accommodation already in place and the pipeline of inventory coming up over the next two years
- New products in Queenstown over the last 24 months
- Resources, presentations and toolkits on DQ's new trade & QCB pages

Summary of the US opportunity

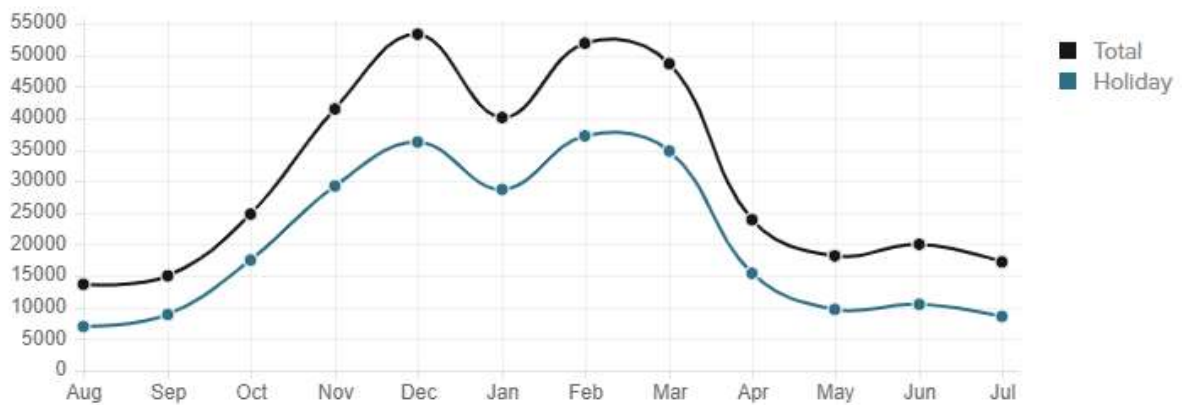
There is considerable commentary in media about an upcoming recession in the US market, expected to hit in the second half of 2020 at the same time as the Presidential Elections. At the same time there is a huge increase expected in air seat capacity from New Zealand into the US. Currently New Zealand's share of US outbound is about 0.47%. It is expected that the tail winds from the increase in seat capacity will be stronger than the headwinds a slower economy will bring. DQ expects the growth in the US market to continue into 2020-21 and are investing more accordingly. Details on the DQ Trade Road Show to the US in Mar 2020 will be announced shortly.

TNZ Trade Distribution Diagrams: United States

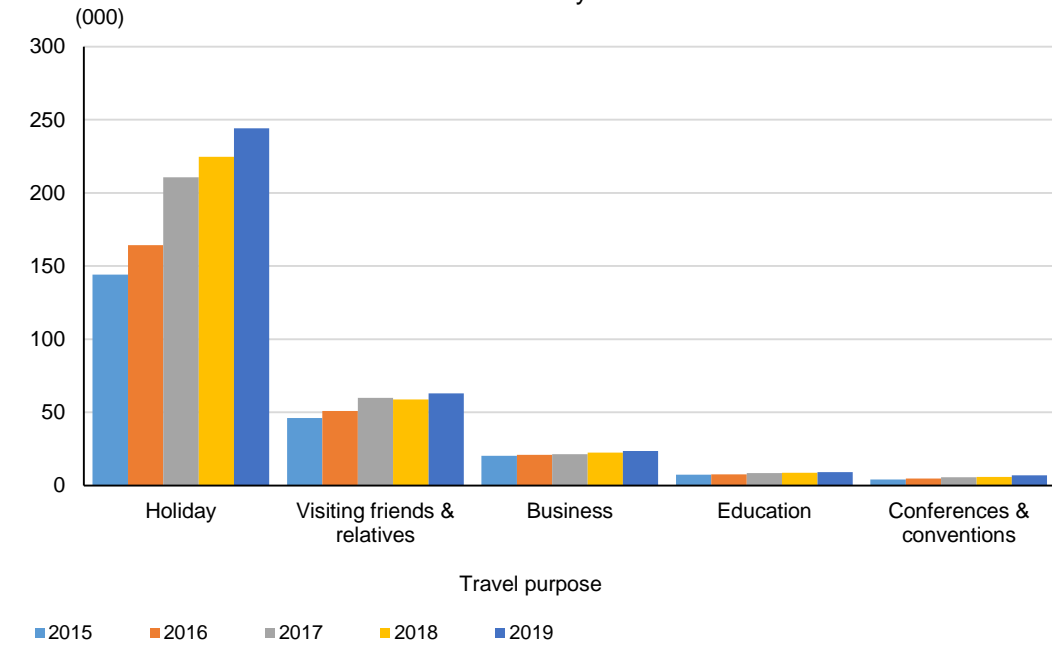


Aug 2018 - Jul 2019

Monthly international visitor arrivals - Total vs Holiday

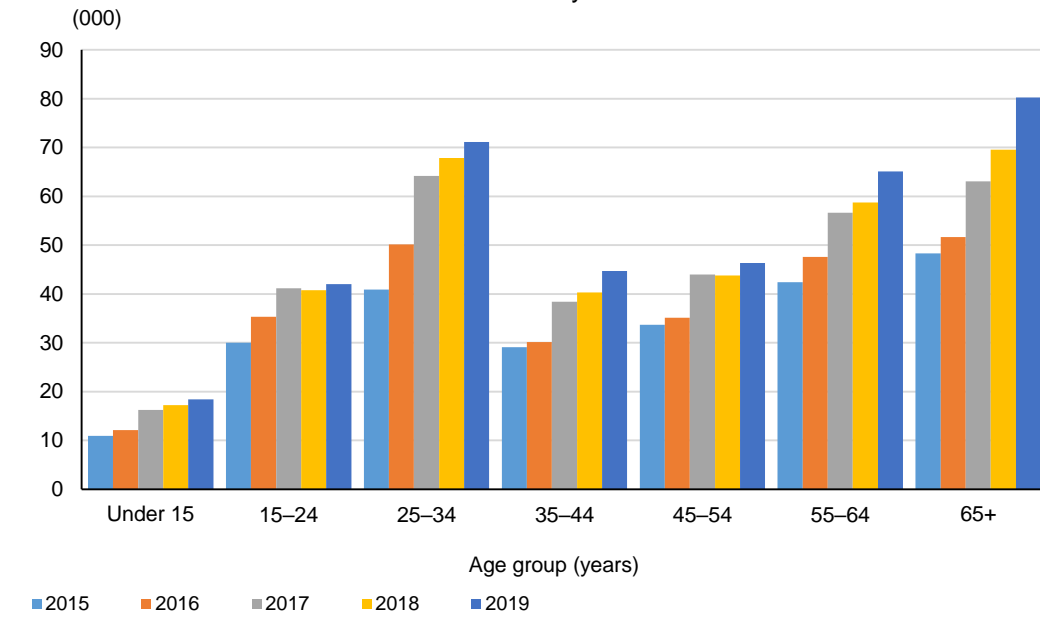


Travel purpose of visitors from the United States Year ended July 2015–19



Source: Stats NZ

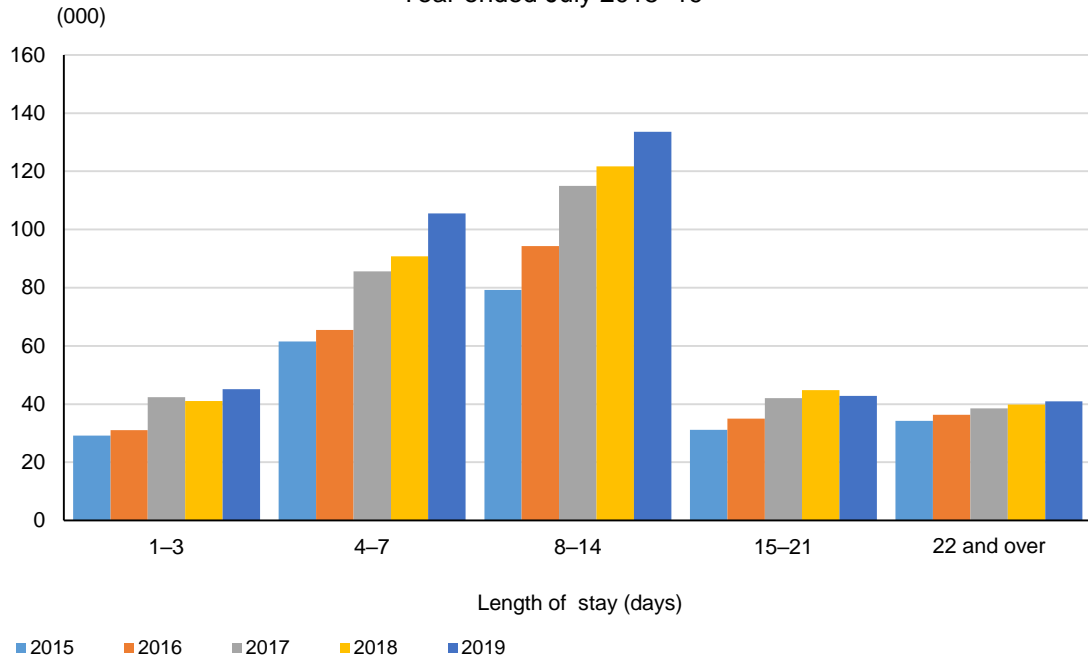
Age of visitors from the United States Year ended July 2015–19



Source: Stats NZ

Length of stay of visitors from the United States

Year ended July 2015–19



Source: Stats NZ

Kia Ora South United States 2019 pictures

