DQ Kiwi Link India 2019 Trip Report

Name of the Trade Show:	Kiwi Link India 2019
Dates & Location:	Mon-Tue; 8-9 July 2019, St. Regis Hotel. Mumbai
Trade Show Format:	15min one-on-one appointments with 48x Product Managers and Agency owners over 2x full days Morning presentations by speakers on India media, trade and campaign environments Farewell Networking function
Number of New Zealand Sellers:	39 Companies IMA x4 Auckland/Northland; Canterbury/West Coast; Nelson/Marlborough; Thermal Explorer, RTOs x2 Destination Queenstown, Tourism Waitaki Hotels x6 Accor, Distinction, Millennium, Sky City, The Rees, Sudima Activity, Attraction & Transport x21 Hobbiton, Intercity, Kiwi Rail/Interislander, Ngai Tahu Tourism, Nomad Safaris, NZONE Skydive, OGO, Polynesian Spa, Sky Dive Taupo, Skyline Queenstown, Skyline Rotorua, Southern Discoveries, Taupo Tandem Skydive, Te Puia, Totally Tourism, THL, Waiotapu, Heli Services, Volcanic Air, Wayfare, Whale Watch Kaikoura IBO x6 General Travel, ATS/AOT, Naturally New Zealand Holidays, Vyom, NTB Travel, XperieNZ Limited Airline x4 Air New Zealand, Singapore Airlines, Malaysia Airlines, Thai Airways
DQ Attendees:	Ella Zhang & Kiran Nambiar
Extensions:	There was an option to join Front Line training in Bengaluru, Kolkata and New Delhi. DQ did not register for that portion.

Macro Market Environment, slowing down

- India's economy is the fastest growing trillion-dollar economy in the world, 6th largest by nominal GDP (2.61 trillion), 3th largest by purchasing power parity (9.45 trillion). With a forecast of 6.7% GDP growth in 2019, India is expected to overtake UK by end-2019. The Indian Govt has an ambitious plan to transform India into a $5 trillion economy by 2024.
- Current population is 1.3 billion and is expected to overtake China as the World's most populous country in 2027. The rising middle class is a constant narrative with India's high GDP growth over the past few years. The size is estimated to be between 78 million and 604 million, depending on how it is defined.
- Internet users in India is expected to reach 627 million this year. India has the cheapest mobile broadband data costs in the world, driven by Reliance Jio mobile which launched in September 2016 and signed up 100 million customers in the first six months. India is the largest market for Facebook with 241 million active users.
- India has been a bright spot for car makers until recently, with annual sales of passenger vehicles rising by about 33% over the past five years. At this rate, India was predicted to overtake Germany and Japan to become the third largest car market by 2020, behind China and United States. However, July 2019 was the 9th straight month of decline, In July car sales plunged by 31% the sharpest one month drop in over 18 years.

Aviation, phenomenal growth

- In 2014 an Indian low-cost airline, Indigo placed the single largest aircraft order with Airbus, ordering for 250x A-320 aircrafts in one go with a catalog price tag of US$ 26.5 billion. Over the last four years with demand catching up, Indigo has converted 125 aircrafts in the order to the larger A-321 Neo that can accommodate 31 passengers more. In July 2016, Go Air doubled the size of its earlier order of A-320 neo to 144. Spice Jet ordered 205 of Boeing's 737 MAX. Indian carriers have close to 1,000 outstanding aircraft orders in their books, currently there are nearly 700 operational aircrafts in India.
- Budget Carriers now account for 70% of Indian domestic aviation market. Average domestic airfares in India costs less than a third of what it did in 2005. In the past 20years domestic traffic has grown to 8 times larger. This growth is expected to continue as currently India has the lowest air travel penetration among the top 20 air travel markets globally.
- The growth in domestic civil aviation is expected to have phenomenal growth, 34 new airports have been inaugurated since Jan 2018; And 100 new airports planned over the next 15 years. The air corridor from Mumbai to New Delhi is the third busiest air route worldwide with 45,188 departures for YE Feb 2019.
- Among the major India carriers, only two, IndiGo and GoAir have managed to remain consistently profitable in recent years. SpiceJet has more mixed performance. Government owned Air India accumulated losses is currently at US$ 8 billion. Jet Airways ceased flight operations in April 2019 and King Fisher Airlines stopped operating in October 2012. Air Asia and Singapore Airlines have established separate joint ventures with the TATA group.
- Seat entitlements under the bilateral air services agreements between India and some of the most popular outbound leisure destinations – e.g., Dubai, Thailand, Singapore, Malaysia and Hong Kong are saturated or close to saturation for foreign airlines. Several carriers on these routes are operating at average year-round load factors of 85-90%, suggesting that some traffic is being displaced during peak periods.
- There are 25 direct non-stop flights a week from Mumbai to London and 42 direct non-stop flights from Delhi to London.
- Jet Airways closure has helped Singapore Airlines get better slots at Mumbai and Delhi airports

Outbound Market, still growing strong

- In 2016, there were 21.9 million departures by Indian nationals, this includes travel for all purposes, business, leisure, education, visiting-friends-and-relatives and others. Business travel accounted for 26% of outbound travel and leisure market is estimated to be 30% of total departures adding up to 4.8 million trips. The leisure share is significantly lower than the global average of 53%. By 2025, there will be an estimated 19.4 million Indian visitor arrivals overseas, CAGR of 12.2%.
- Dubai, Thailand, France, Singapore and Malaysia alone account for just over 50% of Indian leisure arrivals overseas. Outbound leisure travel from India is highly concentrated in a handful of popular destinations, with the top 10 accounting for 70% of Indian leisure arrivals. Amongst the 10 leading leisure destinations, India was the largest source market for Dubai and Sri Lanka, and 4th for Singapore. The majority of the top 10 leisure destinations are within 5-6hours flight of India. France was the leading long-haul leisure destination, followed by the US and Switzerland
- The United States emerges as the leading aspirational destination across metro and non-metro travellers, as well as those that have never travelled. Australia and New Zealand ranked second and third respectively in metro locations. Switzerland ranked higher amongst those that have never travelled
- OTAs estimated to account for around 14% of international flight bookings
- The peak season for travel from India has traditionally been from mid-April to June, because of summer school holidays; and again, from October to January, due to the festival period, the New Year break and the wedding season, which drives honeymoon travel.
- Top seven source cities for leisure travel, estimated traffic and the growth (CAGR) for the period 2012 to 16 were: New Delhi (1.1m, +8%), Mumbai (930k, +6%), Chennai (663k, +6%), Kolkatta (388k, +11%), Bangalore (373k, +14%), Kochi (342k, +22%) and Hyderabad (297k, +16%).
- Majority of Indian leisure travellers are vegetarian and have a preference for Indian food, mainly because other cuisine have relatively limited vegetarian options. A survey done by CAPA India indicated that availability of Indian/Vegetarian food affects their choice of destination, the lean in percentage by age groups were, 66% for 46-60 year olds, 53% for 60+ year olds, 39% for 18-25 year olds, 37% for 36-45 year olds and 34% for 26-35 year olds.

Arrivals to New Zealand

- For YE June 2019, total visitor arrivals from India was down -2.5% with 65,296 visitors and holiday visitor arrivals was -10.3% with 28,125 arrivals. Holiday visitors were 43.1% of the total visitors down from 47.2% four years earlier. Followed by visiting-friends-and-relatives segment at 33.7% up from 30.2% four years earlier
- Among total visitor, the largest age group was between 55 to 64 years old at 24.5% of total visitors, followed by the age group of 25 to 34 years old at 20.8%. Four years back the largest was 25 to 34 years old at 25% of the total mix.
- Among total visitors, 40.6% stayed for 22 days and over, this would be driven by vising-friends-and-relatives segment. Followed by stay for 8 to 14 days at 30.9%. Median days were up from 13.4 days for YE June 2015 to 14.8 days for YE June 2019.
- Auckland was the largest port of arrival welcoming 80.4% of all visitors followed by Christchurch at 11.9%, Queenstown at 4.5% and Wellington at 2.4%. This proportion has been relatively the same over the past four years.
- Of the total arrivals into New Zealand for YE June 2019, 22.9% arrived from an Australian airport as last port of entry into New Zealand (roughly indicating the dual destination market size). This is down from 29.7% for YE June 2015. The trend has been moving from dual

destination to solo New Zealand itineraries for over 15 years now. In 2003 dual destination itineraries were about 70% of total arrivals into New Zealand.

- The largest transit port is Singapore with 33.6% of total arrivals. Followed by Bangkok (16.9%), Guangzhou (9.6%), Kuala Lumpur (8.6%), Hong Kong (3.1%) and Dubai (1.1%). Over the past four years Bangkok and Guangzhou have gained market share while Kuala Lumpur has lost market share as a transit hub.
- May and December continue to be the peak arrival months for visitors from India. December is predominantly honeymoon traffic and May is predominantly families.
- The longest period of school holidays in India is April to June every year, when schools are shut for summer vacation. Summer advents from South to North, accordingly schools in South India (Chennai, Bengaluru, Hyderabad) close earlier in April, followed by West (Mumbai, Ahmedabad) and East India (Kolkatta) in May and school in North India (New Delhi) close in end May for about 8 weeks.
- Most weddings in India fall in the relatively cooler months from October to January each year, driving the honeymoon traffic. Since Europe is very cold in those month, for long haul honeymoon travel southern hemisphere destinations are more popular – Southern Africa, Australia and New Zealand.
- Most popular itineraries for families and honeymooners were about 14 days. Honeymoon itineraries have a longer period in the South Island and a higher component of Self Drive.
- The market was using a combination of different channels (Direct, OTA, Kiwi Specialist Agents/IBOs) for booking different service to get and arrange an itinerary.

Slowdown in Indian Visitor Arrivals

- The slow down can be broadly attributed to three factors, the general slowdown in the Indian economy, the Indian general elections in Apr-May 2019 and the increase in processing times for New Zealand visas from the Indian market.
- In comparison, total Indian visitors to Australia had 11.1% growth for YE June 2019 over the previous period increasing from 335,000 to 372,100 visitors. Based on that it could be inferred that the impact of visa processing times on the arrivals were larger than the slowdown in the economy or due to the general elections.
- In March 2019, Immigration New Zealand closed their visa processing operations in New Delhi and moved all processing to the Mumbai office.
- Immigration New Zealand data indicates that visa processing times in India for general visitor visa applications have gone up to 32 days (for 80% of all applications) as on 18 July 2019. This number was at 15 days in 2017 and 17 days in 2018.
- Total monthly applications for New Zealand Visitor Visas from India have dropped for the last four months from March 2019 compared to same month the previous year. This indicates a drop in demand in market for travel to New Zealand.

Insights from guest speakers at Kiwi Link India 2019

- Currently there are 70 National Tourism Organizations in India, extremely competitive.
- Indian visitors have the longest length of stay within Asian markets to New Zealand (12.5 days), high value market with 20+ activities per trip
- FITs are 60% of arrivals, 50% visitors travel outside the main regions
- India Advertising Expenditure is the fastest growing globally, beating US and North Asia estimated to reach US$ 10.8 billion, lead by TV and followed by print and digital
- Digital expected to lead the growth at 30%, TV growth at 13%
- Government of India working with Google and Facebook to provide free wifi at public spaces
- Mobile broadband subscribers will cross 700 million in 2022

- 41% of the country is digitally connected, e-commerce growing at 51% making it the World's fastest, travel is the largest category on e-com and growing at 17%
- Media consumption driven by Bollywood, Politics, Cricket and Business.

Key messages delivered in Market

Most Product Managers had high a level of awareness for New Zealand and Queenstown products. Key messages delivered in market were around:

- Queenstown's Autumn proposition and being a year round destination
- Queenstown as an Incentive destination for Indian Corporates
- 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

Appendix

Chart 1: India Visitor and Holiday Arrivals into New Zealand (YE June 2019)

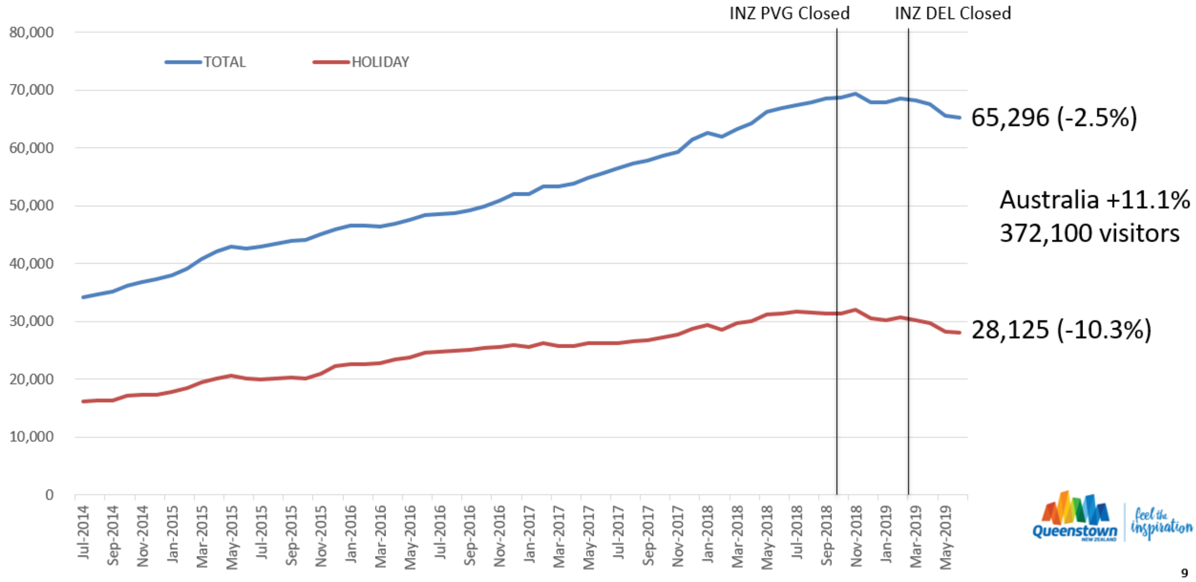


Chart 2: India Visitor and Holiday Arrivals into New Zealand Seasonality 2014-2019

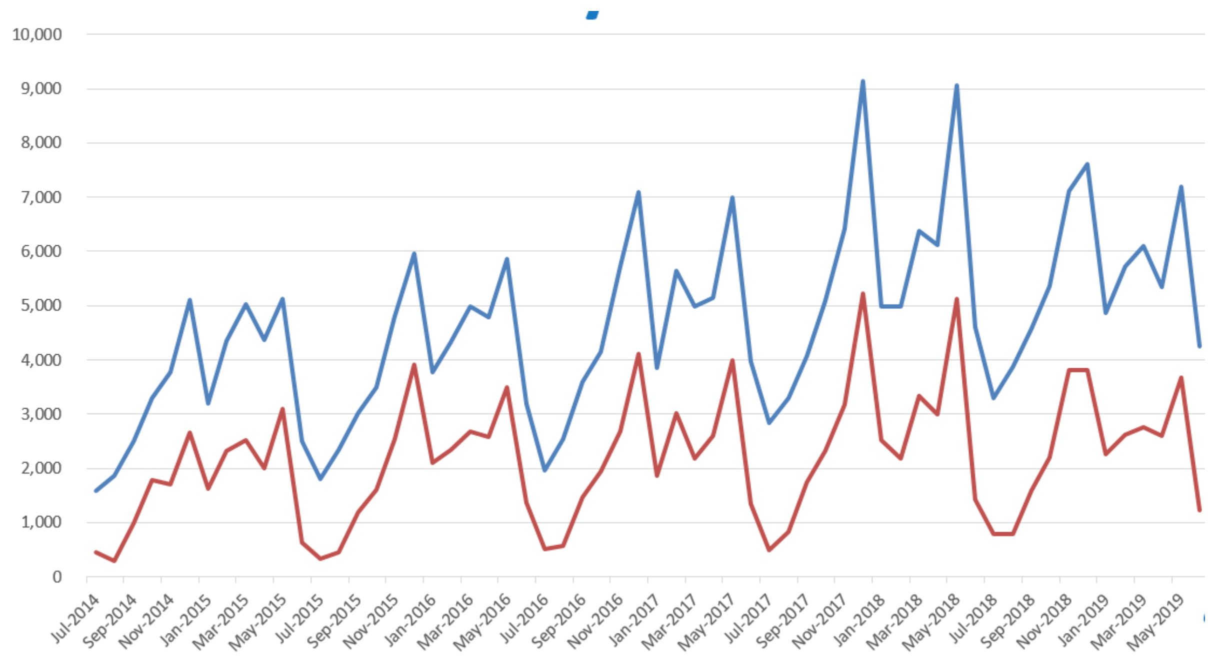


Chart 3: Total visitor arrivals from India 65,296 (-2.5%) for YE June 2019, segments as below

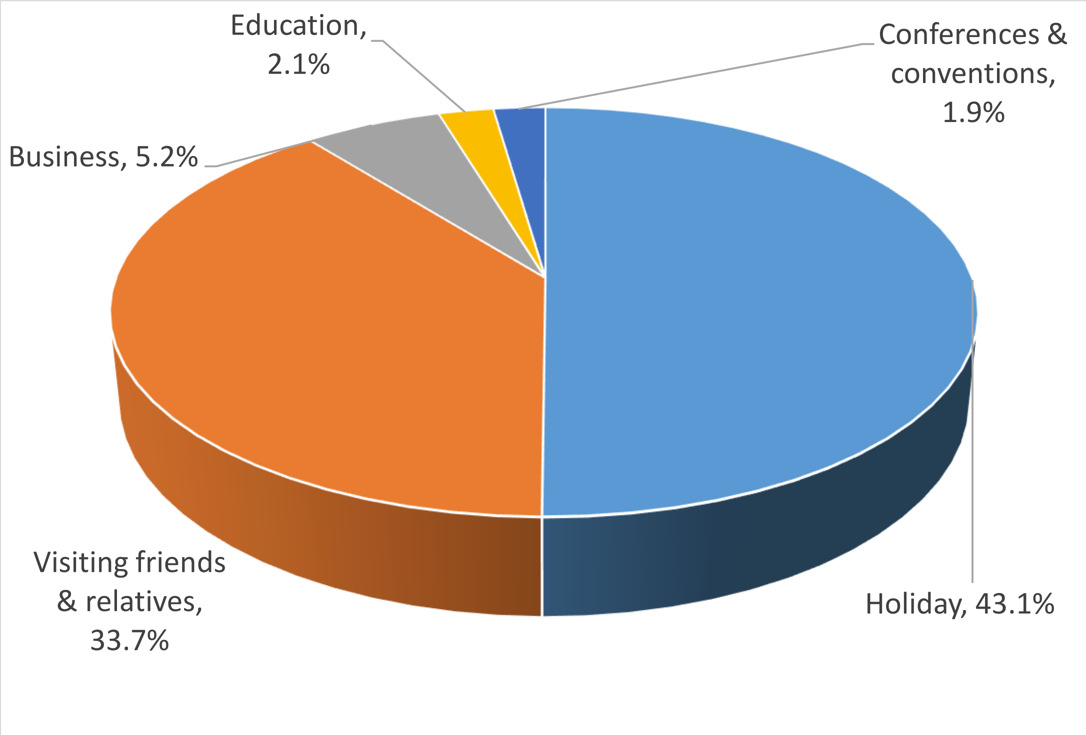


Chart 4: Age Groups for total visitor arrivals from India (YE June 2019)

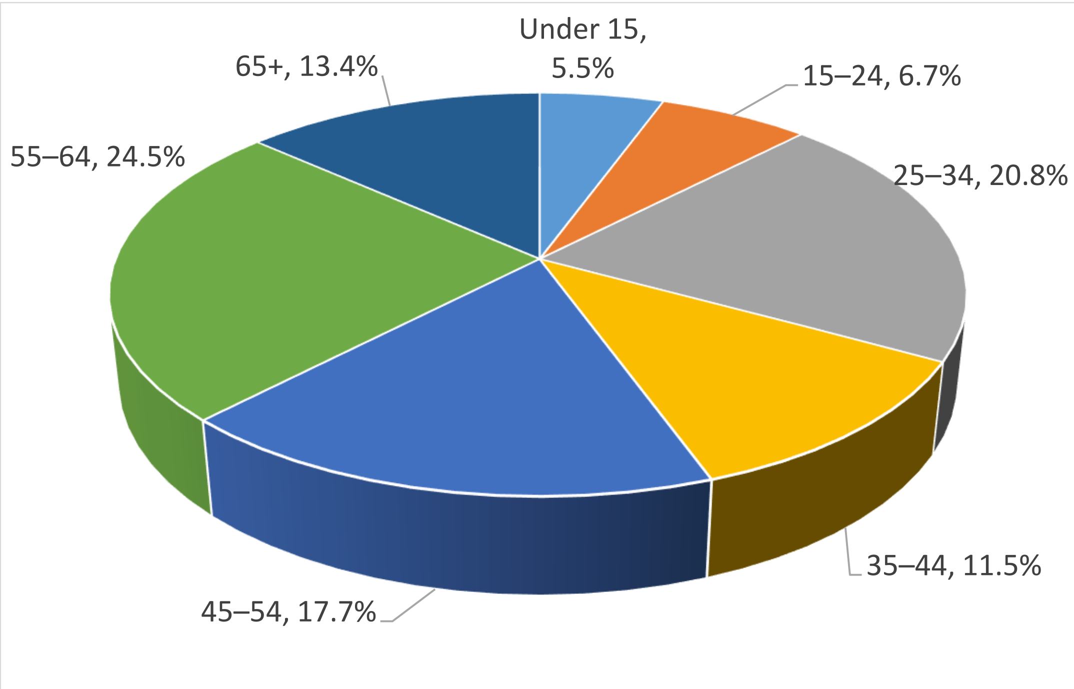
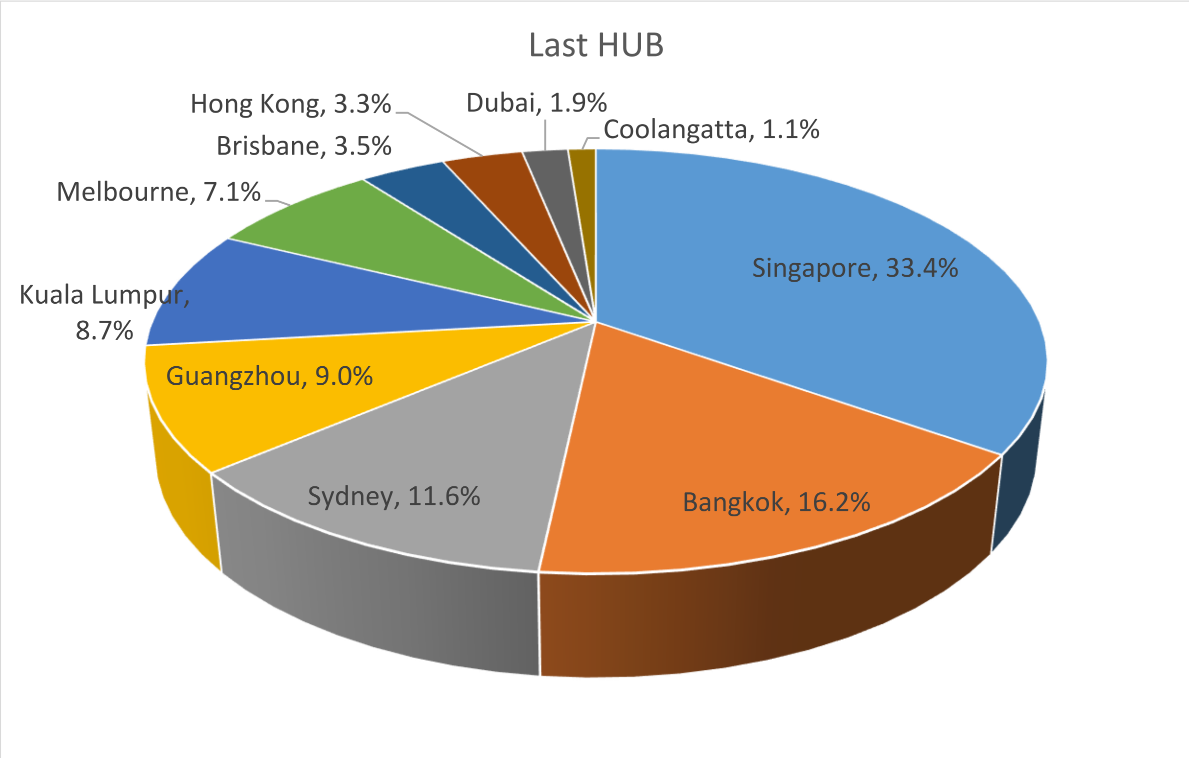


Chart 5: Indian arrivals Airline/Hub market share (YE April 2019)



Arrival Port in New Zealand

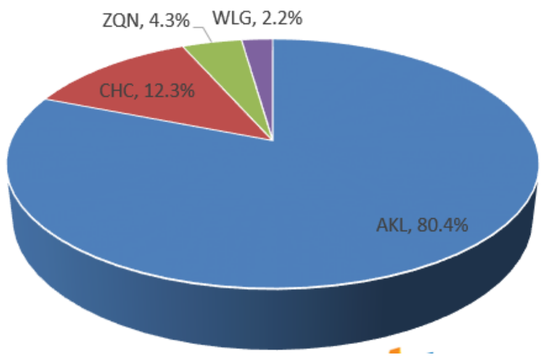
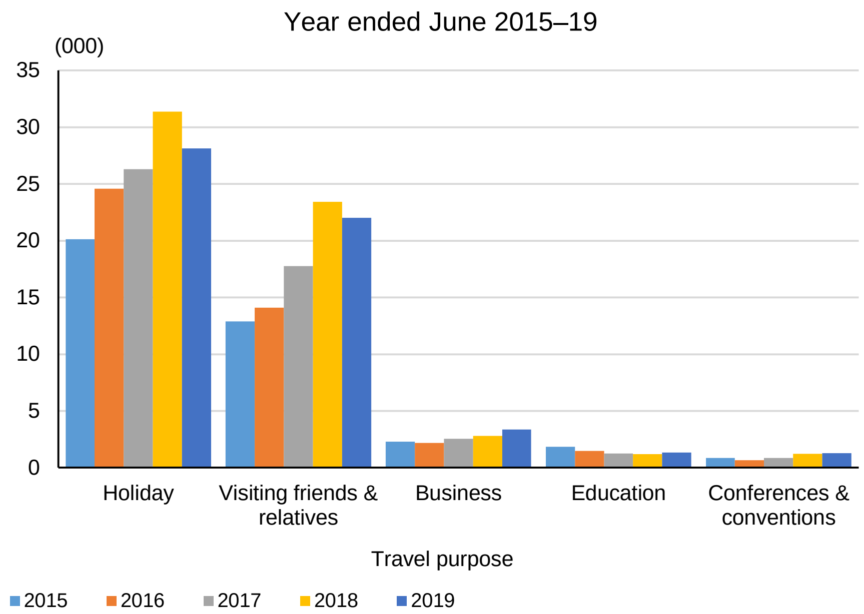
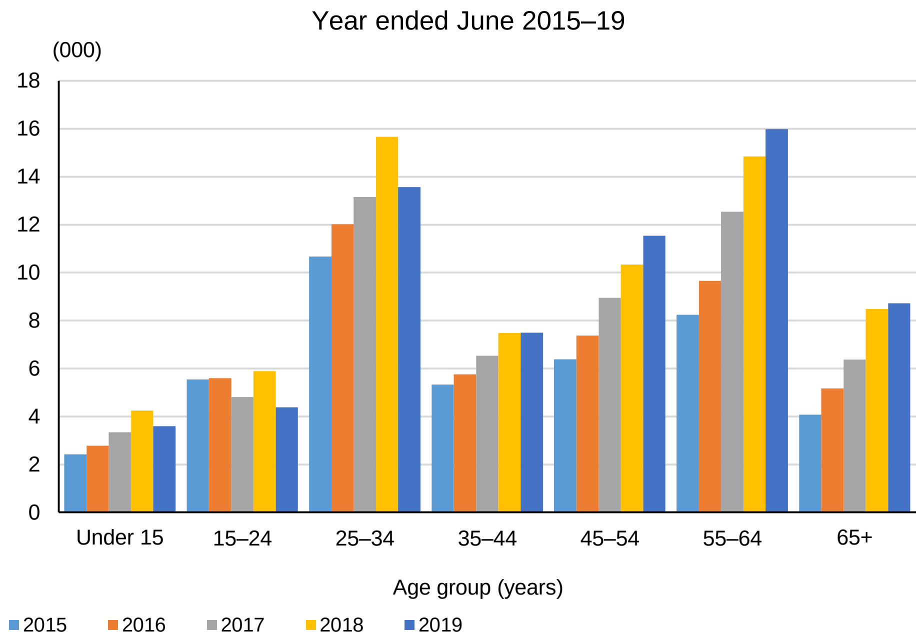


Chart 6: Growth 2015-19 in Travel Purpose of visitors from India



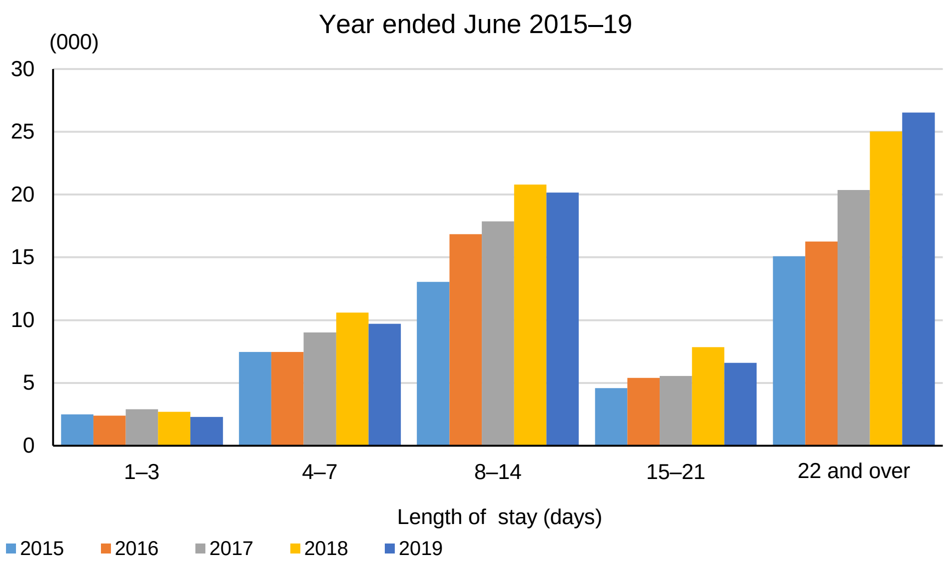
Source: Stats NZ

Chart 7: Growth 2015-19 in Age of visitors from India



Source: Stats NZ

Chart 8: Growth 2015-19 in Length of stay of visitors from India



Source: Stats NZ

Chart 9:

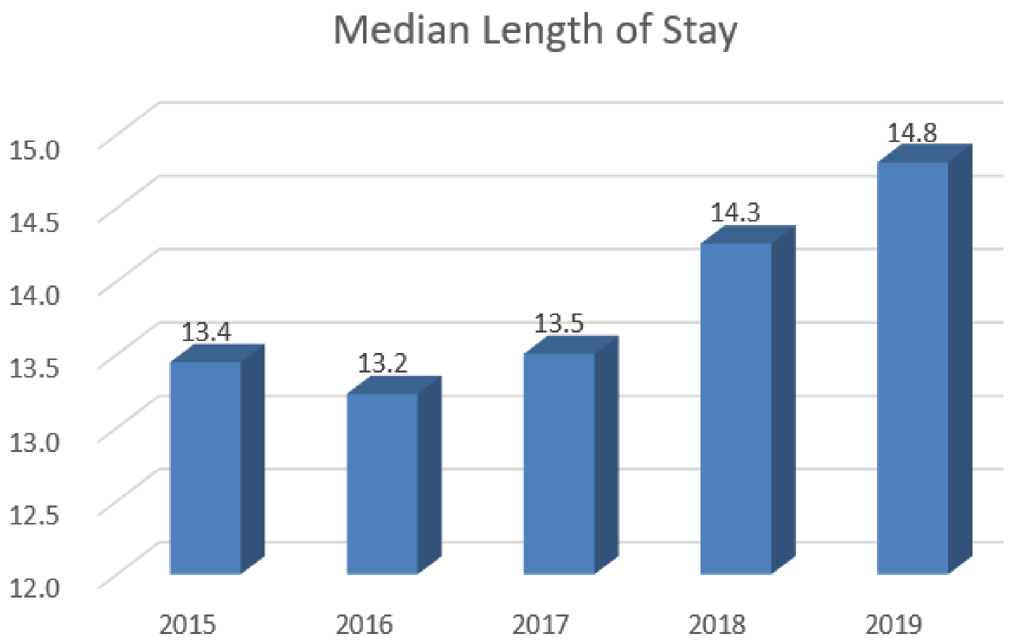
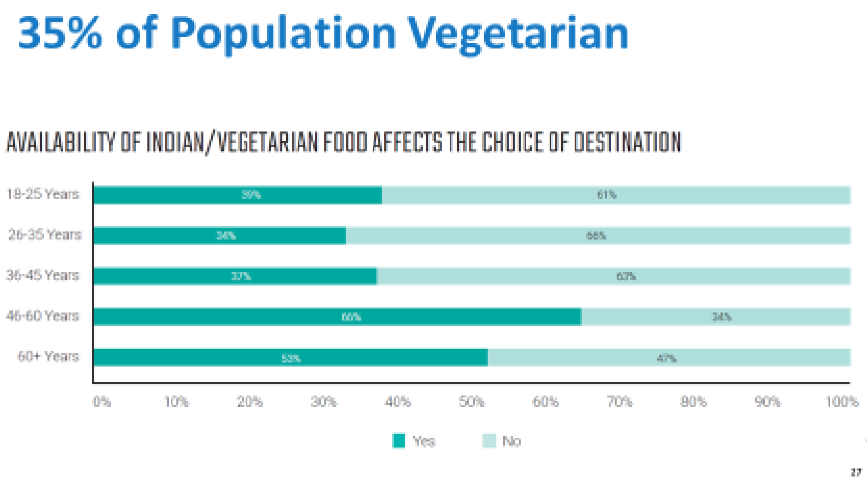


Chart 10: CAPA India & Expedia Survey:



Kiwi Link India 2019 in pictures