

Destination Queenstown US Trade Roadshow March 2020

Destination Queenstown
PO Box 353, Queenstown 9348, New Zealand
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1. Introduction

Name of the Event:	Destination Queenstown U. S. Trade Roadshow Mar 2020 Organized by Destination Queenstown Supported by Air New Zealand
Dates & Location:	Monday, March 2 to Friday, March 6, 2020 New York, Washington D. C., Chicago and Los Angeles
Event Format:	Sales calls and webinars with Key Wholesalers during the day and networking functions in the evenings 6x Sales Calls Training Sessions 5x evening networking sessions in 4x cities Queenstown operators got 3-minute or 5-minute or 7-minute appointment slots to present their product to wholesaler sales agents during the day sessions
Number of Queenstown operators:	12 Queenstown based Companies Accommodation x2 Camp Glenorchy, Gibbston Valley Lodge & Spa Activity, Attraction & Transport x9 Alpine Luxury Tours, K-Jet, NZONE Skydive, Queenstown Expeditions, Shotover Canyon Swing, Skyline Queenstown, Southern Discoveries, Wayfare, Ziptrek Inbound Operator x1 Pacific Travel Planners (Los Angeles only)
DQ Attendees:	Kate Baxter and Kiran Nambiar
Extensions:	One-day pre event extension in San Antonio for update session with About New Zealand (About Australia) with DQ and Wayfare

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2. Market Background

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. Covid-19 has caused a slowdown as markets are volatile due to drop in consumer confidence, a fall in demand and due to immediate pressures on earnings.
- The US dollar has grown stronger since the beginning of the year compared to the New Zealand dollar, moving from 1.47 in January 2020 to 1.60 in March 2020. At the beginning of 2019 about 62% of the global reserves were in USD.
- On the Friday before the roadshow started, the Dow Jones fell 350 points, the worst for Wall Street since the GFC. During the week of the roadshow there were some gains following the rates cut announcement by the Federal Reserve.
- On the Sunday before the roadshow started, Manhattan reported its first confirmed case for Covid-19.
- During the week of the roadshow, OECD slashed forecast for the US economy to 1.9% for 2020. This will be the slowest growth for the US since the GFC.

Aviation

- With over 45 direct flights a week the US has more direct air links with New Zealand than any other long-haul market.
- In July 2019, 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 investor update for Jan 2020 indicates an 85.9% load factor (Financial YTD) for their Americas/UK services, a percentage point increase over 2019 and the highest within the network, implying healthy demand from the US. This might change drastically for the following month as a result of the Covid-19 impact on demand for travel.
- Air New Zealand will start direct services from New York to Auckland on 29 October 2020.

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- American Airlines will start two new seasonal summer services in October 2020, from Dallas to Auckland; and from Los Angeles to Christchurch, the first direct non-stop service from the US to the South Island.
- As a result of the global slowdown, price of Brent Crude oil per barrel is at \$52, this will help airlines stimulate demand with low airfares.

Outbound Market

- US trade and distribution channels have a large share of the outbound market. 68% of American travellers book their travel through a travel agent.
- For YE Dec 2019, arrivals from the US to Australia was up +3.6% to 817,900 visitors. For the month of November 2019 and December 2019, arrivals were down -1.1% and -1% respectively, mainly due to cancellations as a result of the bush fires. The decline is expected to be larger for following months.
- Wholesalers in the US are currently reeling under the pressure caused by cancellations of holidays into Australia and New Zealand due to the Australian bush fires followed by the cancellations due to fear of Covid-19. Some wholesalers have reported that they are trading at -25% over last year.
- The outbound travel sellers in the US market has further segmented over the last few years. There is a huge increase in home based agents with some of the main wholesalers having databases of over 30,000 agents that are home based. In such an environment destination training sessions are moving fast to virtual sessions using webinars versus face to face training.

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 December 2019 was 367,958 (+4.5%), Holiday arrivals was 240,002 (+1.9%).
- 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 +9.3% was from Illinois fueled by the relatively new Chicago services.
- The largest age group for total arrivals at 21% were above 65+ years, followed by 25 to 34 year olds forming 19.5% of the total visitor arrivals.
- The median length of stay is 9 days down from 9.1 days the previous year.
- Most US arrivals had Auckland (79%) as their first port of entry, followed by Queenstown and Christchurch at 6.7% and 6.4% respectively.

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- About 31% of total arrivals came thru Australian ports of Sydney, Melbourne and Brisbane. Los Angeles (20%) had the largest share of port of departure in the US followed by San Francisco (17%), Honolulu (7%) and Houston (6%).

3. Objectives

- Build strong capability of US travel advisors
- Educate US travel advisors in an entertaining and innovative format
- Facilitate new business relationships and thereby expand network of engaged travel advisors in US but also strengthen the relationships for those operators that already have connections
- Increase general destination and product knowledge of US travel advisors
- Product and destination updates for the travel advisors
- Promote Queenstown as a key visitor destination for FIT and group travel
- Work with our major partners Tourism New Zealand and Air NZ

Key messages delivered in Market

- New re-branding of Queenstown as the Home of Adventure.
- Raising the awareness of the new flights and the capacity increase
- Queenstown's four season proposition and the opportunity to send clients during Autumn and Spring.
- Increase in Queenstown's accommodation capacity, covering new accommodation already in place and the pipeline of inventory coming up over the next two years
- Strengthening US Dollar against the NZ Dollar (-8% fall for NZD over a two-month period), increasing purchasing power and packing in more value for visitors from the US.

4. Appointments & Insights

Venues and Event Reach

- The networking events were held in small venues from 6pm to 8pm, using bars and cafés to control cost and get best possible return on investment. The venues had a large screen or multiple flat screens, displaying videos of all the Queenstown operators present in a loop.

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- Queenstown operators were assigned bar leaners to display collateral and their devices to present their products to the agents.
- Attendance for the events were as follows:
Evening networking events:
 - New York, Mon 2 March 2020: 34 agents
 - Washington D. C., Tue 3 March 2020: 13 agents
 - Chicago, Wed 4 March 2020: 32 agents
 - Los Angeles, Thu 5 March 2020: 25 agents
 - Los Angeles, Fri 6 March 2020: 5 Air NZ Sales and Marketing Managers
- Day Sales Calls and Training Sessions:
 - About New Zealand, San Antonio, Fri 28 February 2020: 8 agents
 - GoGo Worldwide Vacations, New York, Mon 2 March 2020: 3 (AM) 7 agents (PM)
 - Aspire Down Under, New York, Mon 2 March 2020: 6 agents
 - Swain Destinations, Tue 3 March 2020: 19 agents
 - Down Under Endeavors, Wed 4 March 2020: 11 agents
 - United Airlines, Wed 4 March 2020: 2 Sales Managers
 - Travel2 (HelloWorld), Fri 6 March 2020: 11 agents
 - Springboard Vacations, Fri 6 March 2020: 4 agents
- The welcome presentation and the new Queenstown – the home of adventure video was played. Towards the end of the session, Air New Zealand presented and picked a winner for a 6 nights Queenstown prize package including flights, stay and activities.
- The venue in Chicago was The Metropolitan Club on the 66th floor of Willis Tower which also houses the global HQ of United Airlines (UA). UA is the closest partner for Air New Zealand in market. And a Senior Sales Manager from United was invited to speak at the Chicago networking event.
- The attendees in all four cities has very high knowledge levels about Queenstown and New Zealand. The attendees included Kiwi Specialist Agents and agents from various travel networks like Virtuoso, Tzell, etc.

5. Operator Feedback

- In the post roadshow survey, out of 11 operators we had a 100% response rate
- Over all four venues, 75% were extremely or very satisfied with the venues selected for each city.

- The effectiveness of this type of event for business needs rated 73% extremely or very satisfied. Technical and locations changes were acknowledged.
- From the six sales calls that were made, 91% agreed the wholesalers visited were beneficial to their business
- A strong (73%) of operators would attend another US roadshow in the future
- Overall, 91% of operators were extremely or very satisfied with the performance of the roadshow delivered by Destination Queenstown.

6. Buyer Feedback

- In the post roadshow survey, we received 34 responses from 105 - a 33% response rate. Given the current situation with covid-19 there are a couple of reasons why this is lower than expected – 1. Completing the survey was not a priority for travel advisors as they work through cancellations and refunds for their clients 2. Travel advisors have been furloughed.
- Over all four venues, 73 % were extremely or very satisfied with the venues selected for each city. The Metropolitan Club in Chicago was the highlight.
- The variety, presentation and quality of Queenstown operators were received 73% extremely or very satisfied by travel advisors. More hotel / accommodation operators were requested.
- The effectiveness of this type of event for business needs rated 79% extremely or very satisfied
- The majority (78%) gave preference towards the roadshow being hosted in March 2021 rather than October 2020
- Some email feedback received:
 - Thank YOU for a wonderful evening event! I thoroughly enjoyed my time meeting with everyone. Really appreciated meeting more local suppliers rather than our usual DMC's. Of course the Kiwi hospitality is fabulous!! Many thanks to you and all the folks involved! We appreciate you coming! *Beryl – Connoisseur Travel*
 - Thank you again for the invitation and great night. It was very informative and helpful. *Odette – Travel Associates*
 - Just a quick note to say THANK YOU to all the fabulous vendors who contributed to the amazing tradeshow prize. What a night – a great tradeshow and the vendors I met were so gracious and informative. *Brenda – Connoisseur Travel*
 - So pleased I joined last night last minute it was great to mingle and chat with some old acquaintances and new. Everybody is super positive and engaging, and I know I can

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speaking for the team when I say thank you for visiting and laying on a fun and informative get together. Until next time. *Dominic – Travel2*

7. Summary

As a result of the new route announcements across Air New Zealand and American Airlines, the profile of New Zealand is getting a good lift in the US Market.

- The front cover of the American Way, the inflight magazine of American Airlines has 'The Best Things to Do in Christchurch' as the lead story.
- Driving into Los Angeles Airport, there is an American Airlines billboard promoting the new Los Angeles to Christchurch route sporting an image of Milford Sound.
- A week before the roadshow, the New York Times had a story featuring what to do with '36 hours in Queenstown' positing Queenstown as an Adventure Capital.
- A few weeks earlier, Conde Nast Traveler had featured Auckland as one of the top 10 places to visit where Americans can get the best bang for their dollar.
- In February 2020, New York City and Auckland City (ATEED) have signed a new tourism partnership to cross-promote both cities leading up to the direct link with Air New Zealand.
- TNZ is operating Kiwi Link USA for the first time in ten years in July 2020 with over 50 New Zealand operators attending.

At the beginning of this financial year, New Zealand's share of US outbound was about 0.47%. The impact of the global slowdown and the slowdown in the US economy, may not be proportionate to the arrivals from the US to New Zealand. It is expected that the tail winds from the increase in seat capacity will be stronger than the headwinds a slower economy will bring.

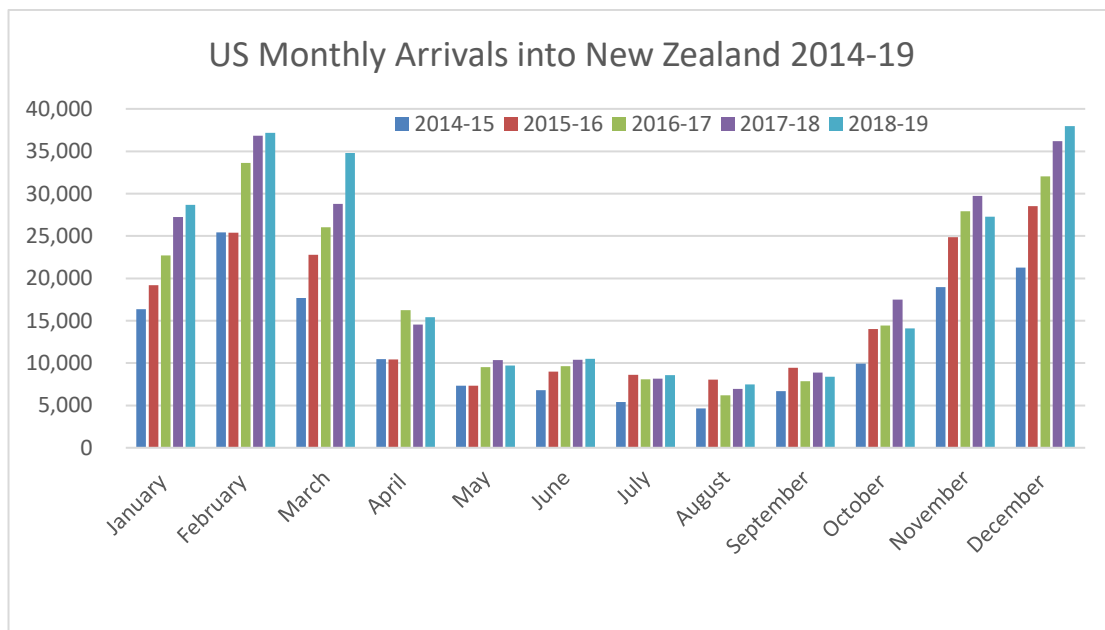
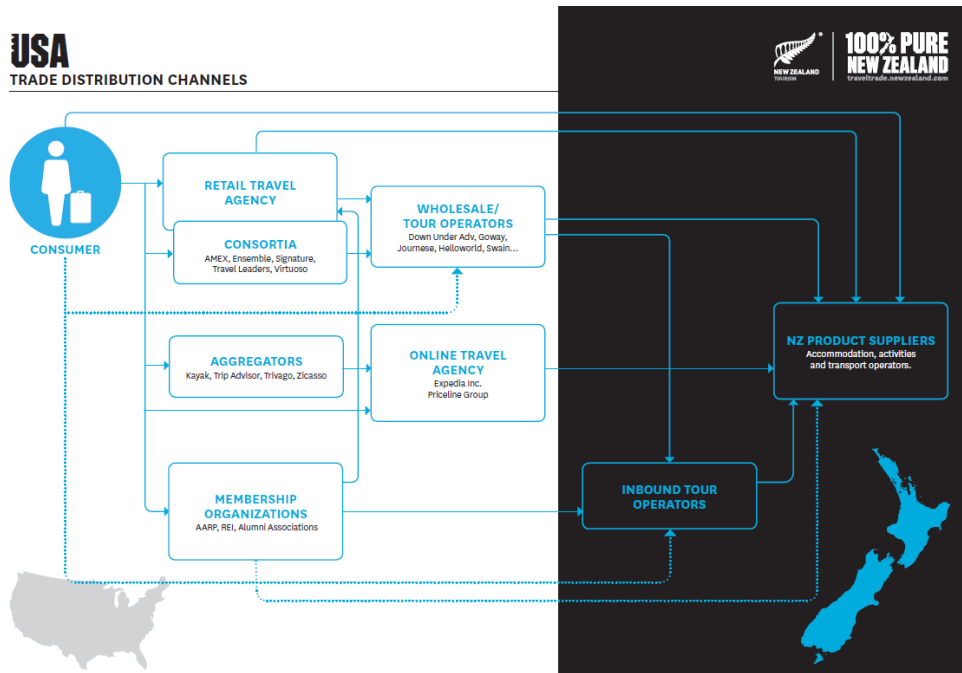
While it is clear that the growth of arrivals from the US to New Zealand will slow down over 2020, the fall will not be as much as some of the other top 10 haul markets, making it very important for Queenstown operators to keep their investment in the US market high.

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Appendix

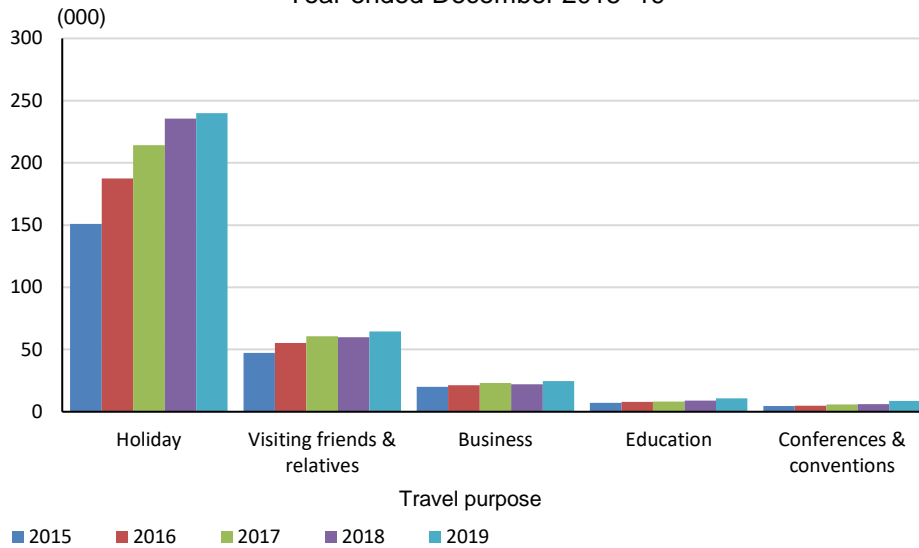
TNZ Trade Distribution Diagrams: United States



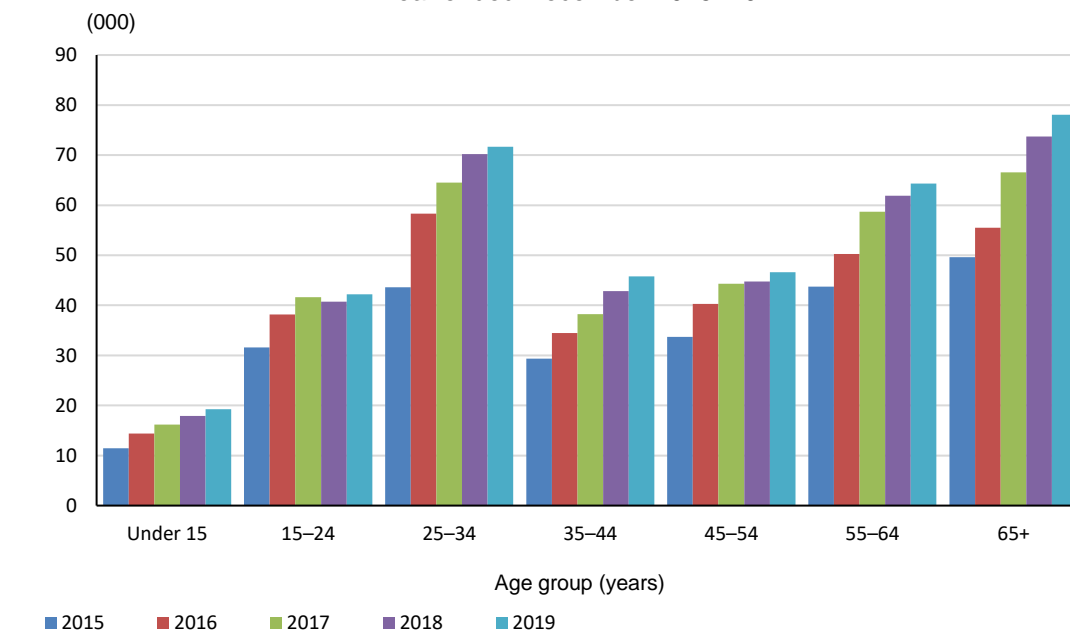
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Travel purpose of visitors from the United States Year ended December 2015–19



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

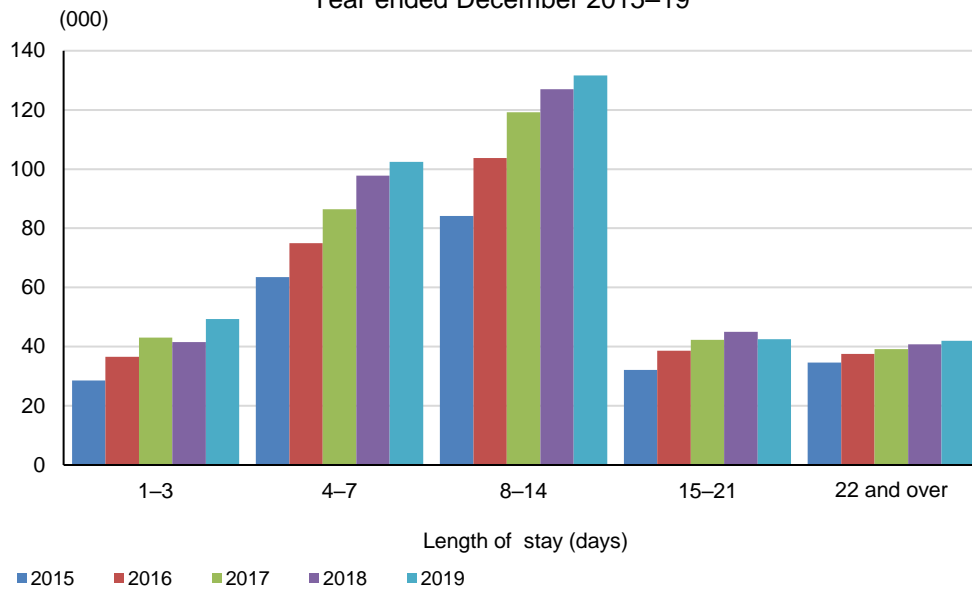


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Length of stay of visitors from the United States

Year ended December 2015–19



Source: Stats NZ

The American Way, American Airlines In-flight Magazine: Front Cover for March 2020



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American Airlines billboard at Los Angeles Airport



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DQ US Tarde Roadshow March 2020 in pictures

New York: Evening Networking Event, Bowery Cafe



Washington DC: Team photo at Embassy of New Zealand post Swain Destinations training via Zoom



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Washington DC: Evening Networking Event, Dacha Loft



Chicago: Evening Networking Event, The Metropolitan Club – 66th floor



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Los Angeles: Team photo post Travel2 (Helloworld) training



Los Angeles: Team photo post training with Springboard Vacations



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