

# Emerging trends in the travel and tourism industry

For: Destination Queenstown  
Date: October 2022



**THRIVE**  
SPACES & PLACES



**DOCUMENT CONTROL**

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Date: 27/09/2022

Version: Final



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## Executive Summary

As the COVID-19 pandemic unfolded, consumer travel decisions have seen ongoing shifts that are continuing to impact tourism businesses in new ways. As tourism is one of the largest and most complex sectors in the global economy it creates a challenge to draw clear insights on how consumers will make their travel decisions in the future when combined with the impact of the COVID-19 pandemic. However, tourism destinations around the world are seeing visitors beginning to return. This return of travel is enabling some trends to become clear, while others continue to develop.

The trends discovered in this report which are relevant for Queenstown are summarised below.

### **Pursing conscious travel and enabling visitor contribution**

Extensive travel research has been completed on regenerative tourism (tourism that contributes more to people and places than it takes), and participating in this type of travel is the ambition of a growing number of consumers. The potential to capture this demand is challenging as actual conversion data is yet to mirror intentions due to the relative newness of this trend. To help with this, consumers must be offered regenerative product options as well as the right information so they have the opportunity to make an informed decision. It cannot be expected that consumers will make the decisions that enrich the people and places they visit on their own; destinations and operators need to enable this.

### **Seeking well managed destinations and experiences**

It is no secret that most travellers want to avoid crowds. Whether they can actually do that is another story. With increasing access to real time information, conscious travellers are able to take a certain amount of control to avoid crowds in ways that have not been possible before. This highlights a challenge for popular destinations such as Queenstown, as well as an opportunity to provide these customers with the information they need and employing proactive strategies that will help mitigate this challenge.



### **Shifting traveller motivations and experiences**

The pandemic gave consumers a unique moment in time to look introspectively that has resulted in interesting lifestyle changes. This new context has enhanced the appreciation of mental health, leading to an increased interest in overall wellness and purpose lead lives. People want to stay healthy, work with purpose and incorporate these aspects into their travel. People are hungry for a sense of wellbeing and the good feelings associated with travel, a societal change where people are putting themselves first. This is a challenge that Queenstown should be ready to capture.

### **Preparing for the unpredictable**

When considering impactful events in the global travel industry to include terrorism attacks, pandemics, financial crisis, climate change and now COVID-19; it seems certain that more high-risk global events are to come in the future. While COVID-19 restrictions were implemented to preserve public health, consumers are more concerned than ever about the implications of changing travel plans and the need for flexibility. This means being prepared for consumers who are looking for certainty and to communicate to them in ways which will provide them reassurance in their travels.

### **Capturing the value of domestic visitors**

Domestic travellers are not only the backbone of New Zealand's tourism ecosystem but they have also led the recovery of tourism globally. The industry now has a better understanding of the domestic market than ever before with the likes of Tourism NZ providing added resources. The information available is only useful if it is put to use and those that do will see the benefits.

### **Retaining flexibility in the customer journey**

Historically, businesses have held the power to enforce their own terms and conditions while making the customer pay extra for the ability to change a booking in the future. The uncertain and fast-changing travel restrictions due to COVID-19 have resulted in a shift in travellers' booking patterns and the expectation of flexibility looks likely to continue. Looking forward, travellers can be supported with information that provides them confidence on their booking journey whilst balancing the cost implications to business.



A collective understanding of all of these changes in tourism related consumer behaviours, along with their potential implications for Queenstown and its tourism stakeholders, will prove valuable as travel returns. With this understanding Queenstown can balance unknown but impending risks and uncertainty while keeping optimistic about a better future, one that enhances visitor experiences and captures market opportunities.

Simply keeping pace with these trends will offer no advantages or differentiation to Queenstown as a destination or its tourism businesses. Those that move boldly will stand out from the rest.



## Methodology

Thrive conducted an independent review of a range of existing research around consumer travel trends with a focus on regenerative concepts that align with future value-based marketing efforts.

To develop the trends detailed in this document, Thrive combined this research material with other relevant information and insights provided by Destination Queenstown.

A high level outline of the report was sent to Destination Queenstown in advance of the final copy to ensure the report would provide valuable material to members. After receiving the final copy, Destination Queenstown provided further guidance to ensure the report related to the updated Destination Management Plan which will guide the future of tourism in the Queenstown Lakes District.

The report was written by Thrive Tourism Specialist Brad Rowe with peer review by Thrive Principal Geoff Canham.

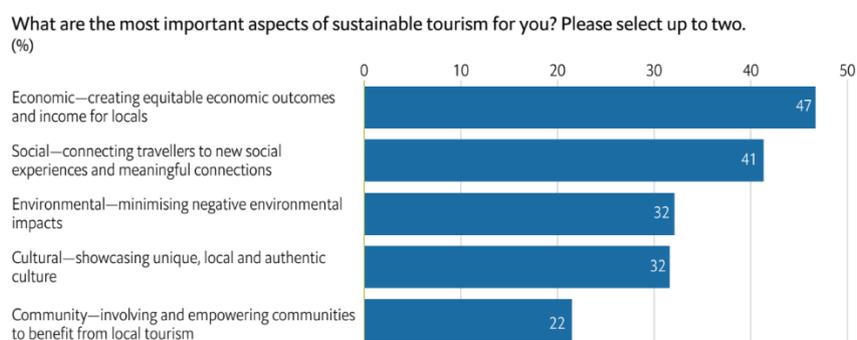
## Pursuing conscious travel and enabling visitor contribution

Extensive research has been completed on regenerative tourism and associated topics such as sustainable and ‘light’ travel. From niche university studies to Booking.com surveys involving tens of thousands of participants, the research reveals that regenerative travel is the ambition of a growing number of travellers.

### Demand for regenerative tourism

Regenerative travel focuses not only on the environment but on social, cultural and economic impacts. As defined by New Zealand’s Ministry of Business, Innovation and Employment: Regenerative tourism is about giving back more to people and places than it takes – meaning a tourism sector that adds more than only economic value. It actively enriches our communities and helps protect and restore our environment<sup>1</sup>. There is an increasing desire to give back in these ways by consumers, to make more conscious choices across the entire travel experience and that is changing how people are choosing to plan their visitor experience and spend their money.

Travellers are increasingly aware of their impact on a place that they visit and on the community that resides there. Conscious travellers, those who are mindful of their impact as visitors and who take action to advance the best possible outcomes for all<sup>2</sup>, want to leave their holiday with a feeling of revival, not of guilt.



Source: *Economist Impact, Rebuilding Tourism in Asia-Pacific*

<sup>1</sup> Ministry of Business, Innovation and Employment, 2022, Tourism Industry Transformation Plan <https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-projects/tourism-industry-transformation-plan/>

<sup>2</sup> Planeta, Conscious Travel <https://www.planeta.com/conscious-travel/>



Moving into the future, it is important that visitors are provided the opportunity to fulfil this desire to contribute. To do this, tourism businesses should provide products and experiences that give back to the people and place and to clearly tell that story. Visitors want to be educated and understand how through their visitation they are making that place better. Current research shows that visitors do not know how to access this information.

### Availability of information



said they don't know how or where to find activities or tours that ensure they are giving back to the local community



think that travelers are responsible for reducing negative impacts of travel and tourism



would like travel companies to suggest things to do and places to visit while on vacation to ensure they are giving back to the local community

*Source: Booking.com, Sustainable Travel Report 2022*

Travellers need accessible, meaningful and trustworthy information that they can use to make informed travel decisions<sup>3</sup>. Where there is interest there is opportunity - this gap creates a promising chance to make sustainable choices easier for everyone.

Consumers have a lot to consider when it comes to booking travel including price, safety, health and environmental impact. Now, consumers are showing strong intentions to align purchasing decisions with these values. As this trend is still developing it is not yet quantifiable as to how this desire for regenerative travel translates into consumer purchasing decisions. It will be interesting to watch this trend develop to see how travellers match what they say they find important with what they say they are willing to pay and what they actually purchase.

### Generational demand shift

While there is uncertainty as to how consumers will make these decisions in the future, greener travel is on its way with younger travellers taking the lead, showing that they are

<sup>3</sup> Booking.com Sustainable Travel Report 2022 <https://globalnews.booking.com/download/1161485/booking.comsustainabletravelreport2022final.pdf>



significantly more likely than older generations to prioritise the values of sustainability in tourism.

**Younger customers are more conscious about flying, and more willing to pay for carbon-neutral flights.**

Areas of concern by age split<sup>1</sup>, % of respondents Low High Change since 2019



<sup>1</sup>Counting responses 5 and 6 on the scale (1=strongly disagree, 6=strongly agree).  
<sup>2</sup>% "really worried" about climate change.  
<sup>3</sup>% for whom aviation plays a "major role" in their footprint.  
<sup>4</sup>% agreeing aviation should "definitely become carbon neutral".  
<sup>5</sup>% willing to pay \$20+ more for a \$1,000 flight.

Source: McKinsey & Company, "CleanSky" survey July 2021

As these younger travellers get older, it is likely that there will be more crossover between climate change action and tourism. As this generational change occurs, some businesses are already targeting these desires with regenerative innovations and new abilities to measure the impact of climate change. One such example is Google Flights which shows flight carbon emission estimates and allows users to sort by lowest – highest emissions.

All flights

Prices include required taxes + fees for 1 adult. Optional charges and bag fees may apply.

Sort by:

	3:30 PM – 12:15 AM <sup>+1</sup> Air New Zealand, Singapore Airlines	12 hr 45 min ZQN-SIN	1 stop 1 hr 20 min MEL	689 kg CO <sub>2</sub>	NZ\$1,461	
	1:00 PM – 12:20 AM <sup>+1</sup> Qantas, Singapore Airlines	15 hr 20 min ZQN-SIN	1 stop 3 hr 45 min SYD	716 kg CO <sub>2</sub>	NZ\$3,985	
	7:00 AM – 5:40 PM Air New Zealand, Singapore Airlines	14 hr 40 min ZQN-SIN	1 stop 2 hr 55 min CHC	815 kg CO <sub>2</sub>	NZ\$1,088	
	7:20 AM – 9:00 PM Air New Zealand, Singapore Airlines	17 hr 40 min ZQN-SIN	1 stop 5 hr AKL	881 kg CO <sub>2</sub>	NZ\$1,235	

Source: Google Flights search results

This will allow users to factor carbon emissions into their decision alongside cost or timing when it comes to booking travel.



## Evolution in the interpretations of ROI and new competitive advantages

As this trend progresses, it is expected the economy will change with it, and new markets for low emissions and low impact offerings will open. Companies that approach this transition only as a potential source of risk to their existing business run a risk of a different kind—the risk of failing to capitalise on what is being termed the ‘Great Reallocation’<sup>4</sup>. Instead, their task should be to anticipate where growth is likely to occur and go on the offensive, making bold moves in pursuit of immense opportunity<sup>5</sup>.

Rather than associating regenerative developments with cost, businesses can consider it as an investment: a market differentiator that appeals to a growing pool of consumers and travellers alike. The Skift Megatrends 2022 report even identified climate resilience as “the new return on investment” due to new models of business that boost the bottom line. It also places businesses in accessible positions for funding opportunities, while building resilience to the impacts of climate change and potential new government regulations.

Other big players such as Booking.com are adding features to filter and view accommodation providers by standards of sustainability, assessed by independent organisations, like Green Key or EarthCheck. This is then shown to the consumer with eco-certified badges next to their listing.

The availability of information on emissions is also finding its way into restaurants. The example below shows customers options are not limited by searching this way, they can still have any burger they want, however it is also providing them with information on the emissions that it took to produce their meal.

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<sup>4</sup> Skift, Megatrends 2022 <https://skift.com/megatrends-2022/>

<sup>5</sup> McKinsey & Co <https://www.mckinsey.com/business-functions/sustainability/our-insights/playing-offense-to-create-value-in-the-net-zero-transition#:~:text=As%20it%20progresses%2C%20the%20economy,capitalize%20on%20the%20Great%20Reallocation.>




**SNACKS**

**LOADED FRIES** ↗ 8.50  
(G) (E) (MK)  
Sliced buttermilk fried chicken, hot sauce & honey glaze, blue cheese dip. ☁️ 2.60kg

**TRUFFLE CHEESE FRIES (V)** 8.00  
(MK)  
Veggie parmesan, truffle oil, garlic butter, spring onion & crispy onions. ☁️ 0.68kg

**SHARING SUPER STACK** ↗ 17.95  
(G) (E) (MK) (CV) (MD) (SS) (SP)  
Buffalo chicken wings, southern fried chicken strips, cajun corn on the cob, fries, sweet potato fries, blue cheese dip & garlic mayo. ☁️ 5.52kg

**VEGGIE SHARING SUPER STACK (V)** 17.95  
(G) (CV) (MD) (SS) (SP)  
Onion rings, buffalo cauliflower, cajun corn on the cob, fries, sweet potato fries, vegan mayo. ☁️ 1.52kg

**SIDES**

**FRIES (VE)** 4.75 ☁️ 0.51kg

**SWEET POTATO FRIES (VE)** 6.25 ☁️ 0.65kg

**BURGERS**

All of our burgers are made using 100% Irish beef and lamb, and we work closely with local suppliers to use Irish meat & dairy across our menu. Our seeded brioche buns are baked exclusively for us in Dublin.

**PATRIOT 15.50**  
(G) (E) (S) (MK) (CV) (MD) (SS) (SP)  
7oz beef patty, smoked bacon, cheddar, pickles, onion, baby gem & bbq sauce. ☁️ 10.30kg

**DOUBLE PATRIOT 19.50**  
(G) (E) (S) (MK) (CV) (MD) (SS) (SP)  
The classic patriot with double the fun. ☁️ 20.39kg

**JACKPOT 16.50**  
(G) (E) (S) (MK) (SS) (SP)  
7oz beef patty, chorizo, black pudding, blue cheese & bbq sauce. ☁️ 11kg

**TANDOORI LAMB 17.50**  
(G) (E) (S) (MK) (CV) (MD) (SS) (SP)  
7oz spiced lamb patty, onion bhajis, mango chutney & mint yoghurt. ☁️ 8.02kg

**BUFFALO CHICKEN 16.50**  
(G) (E) (S) (MK) (CV) (MD) (SS) (SP)  
Buttermilk fried chicken, hot sauce & honey glaze, gorgonzola sauce & baby gem. ☁️ 3.31kg

**CLUCK NORRIS 16.50**  
(G) (E) (S) (MK) (CV) (MD) (SS) (SP)  
Buttermilk fried chicken, avocado, red onion, cajun mayo & coriander. ☁️ 2.61kg

**PLANT BASED**

**CLUCKY THIS TIME (VE) 16.00**  
(G) (E) (S) (MK) (CV) (MD) (SS) (SP)  
Temple of Seitan fillet, avocado, red onion, vegan cajun mayo & coriander on a vegan beetroot brioche bun. ☁️ 0.88kg

**TEMPLE OF SEITAN (VE) 16.00**  
(G) (S) (CV) (MD) (SS) (SP)  
Temple of Seitan fillet, crispy kale, sun-blushed tomato chutney & hummus on a vegan beetroot brioche bun. ☁️ 0.91kg

**THIS ISN'T A DOUBLE CHEESEBURGER (VE) 17.75**  
(G) (S) (MD) (SS) (E) (P) (MK) (SS)  
Smashed Moving Mountain patties, smoked vegan cheddar, tomato, sweet

Source: 'Brewdog – The Dublin Outpost' shows an example of carbon emissions included in their menu

All of this is giving the consumer the data they need to make more informed decisions than ever before.

The potential to capture this demand is exciting but consumers must be given regenerative options as well as the information so they have the opportunity to make an informed decision. It cannot be expected that consumers will make the decisions that enrich the people and places they visit on their own.

As shown in the Brewdog example above, businesses can still offer their existing products while also offering the customer the opportunity to make a sustainable choice. Experimenting with how best to highlight this information to customers may be required to make sustainability a transparent and easily identifiable part of their travel decision-making process. This way a business can see how consumers respond and adjust their pricing and product combinations to suit.



## Summary

As this trend develops over time, its implication on business and the environment will become clearer. In the meantime, destinations and businesses that make an effort to give consumers regenerative options and embrace transparency will help lead to a tourism ecosystem that is appreciated by its residents, provides visitors with experiences that leave them feeling fulfilled and contributes more than it takes.

A regenerative future is coming, ready or not. Consumers have more data than ever before to make informed decisions and are actively thinking about how their spending can have a positive or negative impact. As many destinations and businesses compete for their 'right kind of visitor,' it will be important to align with those who desire to have a positive impact.

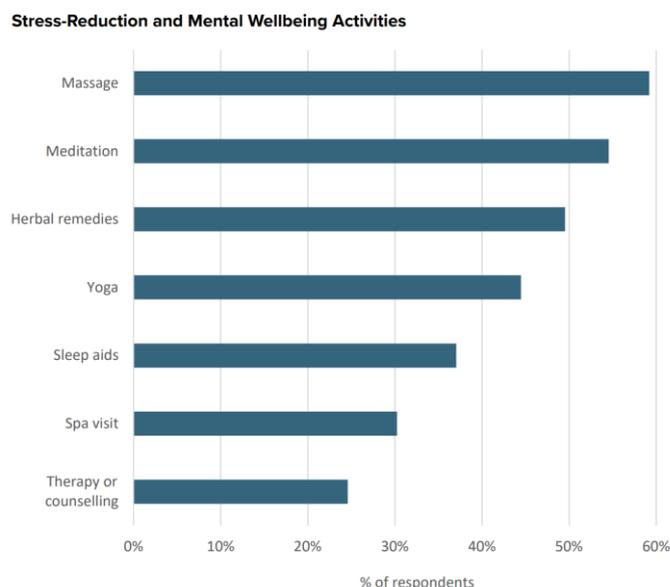
## Shifting traveller motivations

### Revaluation of priorities

The pandemic gave consumers a moment in time to pause and look introspectively which has resulted in some significant personal changes and a reboot of values, lifestyles and goals. It is no surprise then that this new context has enhanced the appreciation of mental health, leading to increased consumer interest in improving and maintaining overall wellness.

This leads to travel where people are hungry for a sense of wellbeing and good feelings associated with exploring the world. According to the Global Wellness Institute, the wellness travel market is now estimated at \$639 billion, with a pre-pandemic growth rate of 6.5% a year, more than twice the growth rate of tourism overall<sup>6</sup>.

People are looking for goods, services and tourism experiences that respond to this moment in time. They are looking for opportunities to combine their travel and return home feeling better than they left, not like they need another holiday.



Note: Participated in activities over the past six months.

*Source: Euromonitor International Voice of the Consumer: Lifestyles Survey 2021*

<sup>6</sup> Global Wellness Institute, New Study Reveals Wellness Tourism Now a \$639 Billion Market <https://globalwellnessinstitute.org/press-room/press-releases/new-study-reveals-wellness-tourism-now-a-639-billion-market/>



## Blurring the lines between work and play

People are also looking for flexibility to work from different places, enabling remote work opportunities<sup>7</sup>. COVID-19 saw the world embrace digital meetings and company leaders trusting their staff to get work done while not physically being at the office. The world is on the move, aided by digitisation, remote work and fierce competition for skilled labour, all of which present enormous growth opportunities for the travel industry<sup>8</sup>. And this is not expected to change any time soon. According to projections, 25% of all professional jobs in North America will be remote by the end of 2022, and remote opportunities will continue to increase through 2023<sup>9</sup>.

In the past two years, consumers have clearly taken inventory of their lives and are now actively charting a new path forward with a higher appreciation for work-life balance. In 2015, only 12% of consumers prioritised time for themselves, this doubled to 24% in 2021<sup>10</sup>. People are changing careers or leaving the workforce entirely to discover the lifestyle they feel they deserve if employers are not willing to give it to them.

Lifestyles that positively impact mental and physical health, such as having the ability to travel while working remotely, are also influencing travel decisions. As international travel resumes, remote workers will inevitably push further out, logging in from destinations where they can have such a lifestyle. This has seen mainstream tour operators rethink offers for this emerging market. For example German travel company Tui is rolling out “workcation” packages, enticing families to extend their vacation by adding a week or two of remote work either side<sup>11</sup>.

Not only does this fit well with finding visitors who stay longer and spend more but if there is a values fit, blending in with the communities that they stay in, it becomes a highly appealing market for destinations.

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<sup>7</sup> Euromonitor – Top 10 Global Consumer trends <https://www.euromonitor.com/article/what-are-the-10-global-consumer-trends-in-2022>

<sup>8</sup> Skift, Megatrends 2022 <https://skift.com/megatrends-2022/>

<sup>9</sup> Ladders, 25% of all professional jobs in North America will be remote by end of next year <https://www.theladders.com/press/25-of-all-professional-jobs-in-north-america-will-be-remote-by-end-of-next-year>

<sup>10</sup> Euromonitor – Top 10 Global Consumer trends <https://www.euromonitor.com/article/what-are-the-10-global-consumer-trends-in-2022>

<sup>11</sup> Skift, Megatrends 2022 <https://skift.com/megatrends-2022/>

Remote work frees people from being stuck in a large city. Queenstown has appealing outdoor lifestyle elements that remote workers could be looking for but has historically lacked access to higher paying professional industries. “Those cities (with lifestyle elements) will see an influx of high-earning, well-educated professionals, which will change their school boards, their planning commissions and even the services offered to residents. Remote work at this scale will transform some communities completely”<sup>12</sup>. This is not a small market either; according to the Skift Megatrends report, in the US it is leading to increased leisure trips where at least thirty-six million Americans have the potential to become digital nomads. If six percent of the thirty-six million choose to travel while they work, they would represent a \$1 billion market<sup>13</sup>. A sign of the remote work market’s massive potential at a global level.

People will most likely incorporate remote work by adding on time in the destination at the beginning or end of their trips. According to Booking.com research, 69% of those surveyed agree that incorporating remote working before or after their vacation is a good way to extend their time in a destination<sup>14</sup>. These travellers are on the lookout for perks such as long stay rates and indications that destinations offer work friendly facilities such as co-working spaces and accessible Wi-Fi.

To capture this trend, Hyatt created “Work from Hyatt” packages to attract remote workers who want a change of scenery<sup>15</sup>.

	
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<sup>12</sup> Ladders, 25% of all professional jobs in North America will be remote by end of next year <https://www.theladders.com/press/25-of-all-professional-jobs-in-north-america-will-be-remote-by-end-of-next-year>

<sup>13</sup> Skift, Megatrends 2022 <https://skift.com/megatrends-2022/>

<sup>14</sup> Booking.com, Key industry takeaways from 2022 travel predictions <https://partner.booking.com/en-us/click-magazine/key-industry-takeaways-booking-coms-2022-travel-predictions>

<sup>15</sup> Hyatt, Work from Hyatt <https://world.hyatt.com/content/gp/en/offers/work-from-hyatt.html>



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*Source: World of Hyatt*

## Summary

This trend toward flexible work arrangements and changing traveller motivations is a large, societal shift where people are putting themselves first. They want to stay healthy and work from wherever they want. It is hard to imagine it not having a positive impact or providing future opportunities for Queenstown.

## Seeking well managed destinations

Travellers are seeking destinations where there is a well managed balance between residents and visitors.

The Booking.com Sustainable Travel Report 2022 gathered insights from over 30,000 travellers across thirty-two countries and found that:

- 60% of travellers would avoid popular tourist destinations and attractions
- 34% of travellers would exclusively travel in off peak seasons or outside of peak seasons
- 27% of travellers would choose an alternative to their preferred destination.

This is reinforced again in other studies such as the Rebuilding Tourism in the Asia Pacific report by Economist Impact. The data here revealed that 57% of tourists want to avoid contributing to ‘overtourism’ while 69% say they are likely to avoid travelling to crowded destinations<sup>16</sup>.

### Shifting from volume to value

High visitor numbers have often historically been cause for celebration but they are not always a good thing, reversing some of the very benefits that come from tourism. With big crowds comes congested experiences, high demand on resources and sometimes lower spending per visitor<sup>17</sup>. Visitors cannot spend more when standing in a queue, they do not engage with locals when they are surrounded by other visitors and these sorts of impacts degrade the overall visitor experience.

Given the sheer number of international visitors who come to New Zealand because of Queenstown – including the quality of those visitors, the amounts they spend, and the economic spill-over effects they generate – the flow-on effects of an eroded experience could, if unmanaged, significantly damage New Zealand’s tourism brand and economy<sup>18</sup>.

<sup>16</sup> Economist Impact, Rebuilding Tourism in the Asia Pacific [https://impact.economist.com/perspectives/sustainability/rebuilding-tourism-asia-pacific-more-conscious-traveller?utm\\_source=Referral&utm\\_medium=Airbnb](https://impact.economist.com/perspectives/sustainability/rebuilding-tourism-asia-pacific-more-conscious-traveller?utm_source=Referral&utm_medium=Airbnb)

<sup>17</sup> OECD Forum, Preserving Paradise: Why tourism organisation management generates more profit and higher life quality for locals – sustainably <https://www.oecd-forum.org/posts/preserving-paradise-why-tourism-organisation-management-generates-more-profit-and-higher-life-quality-for-locals-sustainably>

<sup>18</sup> Martin Jenkins, Sustaining tourism growth in Queenstown <https://www.qldc.govt.nz/media/nazhf4fd/1803-sustaining-tourism-growth-in-queenstown-final-report.pdf>



Disney World showed, in 2016, that it was possible to increase profit even with declining visitors<sup>19</sup>. Many of the strategies Disney uses such as dynamic pricing, time-ticketed entry, controlled growth and managed infrastructure are examples that could be adapted and adopted. These sort of developments are becoming more common with attractions and activities that already have limits or require bookings. But communicating these options to the visitor, in advance, is crucial. If when booking flights or accommodation, potential visitors could get details on the availability to attractions and activities on that day, they could have greater awareness of what to expect.

If core destination experiences are at capacity, visitors could change their dates to suit, which also helps to spread out seasonal visitation. Plus, it would help the visitor with their experience: if they visit and cannot do the things they really want, when they want - it will only lead to disappointment.

Take a family travelling internationally as an example – they plan a trip aligned to a destination with activities they love. On their first full day, after they organise their kids, have breakfast and get on the road, the place they want to visit is full? This could be an attraction with limited spaces or a nature based activity with limited parking. If they could know this in advance and it is a destination they really want to visit, they may choose to book at another time where they know they would not be limited in these ways.

In the end, the consumer wins because they get a greater level of choice and the business wins because they could encourage visitors to pre-purchase and visit during periods where they are not so busy.

### **Shaping demand**

The information and insights that data creates has a role to play in guiding this trend as well. Visitors are looking for information around the optimal time to come to a destination; information like specific off season travel packages and travel suggestions to alternative destinations to help prevent overcrowding<sup>20</sup>. Providing information around these types of

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<sup>19</sup> Orlando Sentinel, Disney turns in strong earnings despite theme park attendance declines <https://www.orlandosentinel.com/business/tourism/os-disney-attendance-earnings-20160809-story.html>  
<sup>20</sup> Booking.com, Impact awakening: the rise of responsible travel <https://www.booking.com/articles/impact-awakening-the-rise-of-responsible-travel.html>



points can aid the visitor to make the most informed decision possible on when to visit a destination. This then benefits their experience as a visitor, the host community and destination infrastructure. It should be acknowledged that there will still be demand over certain periods like public holidays and events.



## Preparing for the unpredictable

It is unknown exactly how the future of travel will play out. When looking at forecasts of how the travel recovery will take shape, be assured that no one has or will ever have the right or exact answers<sup>21</sup>. This is something worth remembering as future travel forecasts are released.

Figure 1: Monthly international visitor arrivals, s.a.

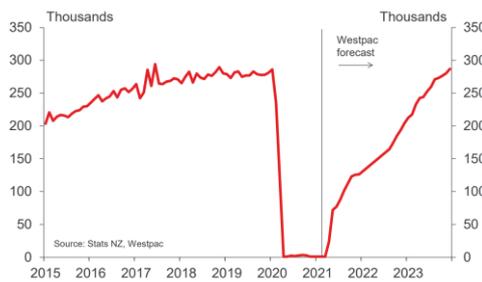
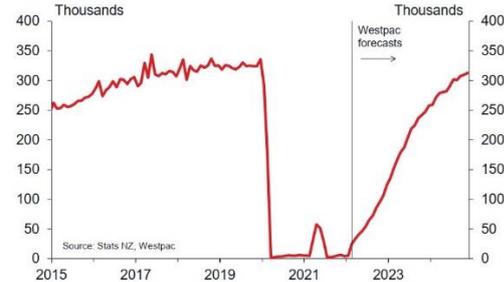


Figure 6: Monthly international visitor arrivals, s.a.



Source: Westpac Economic Overview 2021 VS Westpac Economic Overview 2022

### Resilient destinations

If we do not look to past events and learn from them, do we deserve to unpreparedly face the consequences in the future? Pandemics and crises are not new in the course of human history and factoring in uncertainty and how it impacts the lives of travel consumers is crucial.

The goal should not be to try and predict the next catastrophic event (and how consumers will react) but to build structures so that Queenstown's community, visitor economy and wider economy will be better able to cope with challenging events and the ways in which travellers will react to these.

When considering impactful events in the global travel industry to include terrorism attacks, pandemics, financial crisis and climate change then it is clear that travel businesses are perennially coping with significant challenges and need to be prepared as best they can for the unknown<sup>22</sup>. This means being prepared for consumers who are looking for reassurance in their lives.

<sup>21</sup> Skift, Megatrends 2022 <https://skift.com/megatrends-2022/>

<sup>22</sup> Skift, Megatrends 2022 <https://skift.com/megatrends-2022/>



## Resilient travellers

Appealing to consumers who feel at risk requires a focus on communication and ensuring that potential customers understand what is being done to keep them safe. Experience shows that customers are drawn to straightforward language, demonstrations of what the industry is doing in an area and the tangible benefits of those efforts. The most compelling stories are positive and connect with customers' emotional needs<sup>23</sup>.

So how can companies plan their businesses and budget decisions when another COVID variant may emerge or new government policies could hinder further travel? As the world has seen, travel can be regulated at a moment's notice. Tourism and travel are not essential for human survival and as such policymakers have shown that they can, and will, regulate travel to restrict movement in support of the greater public good. What policy restrictions could come into place with the climate emergency or other crises? Unlike other trends, this one is being imposed on consumers.

New Zealand is already putting in place carbon measurement mandates for larger companies<sup>24</sup> and the French government has banned short domestic flights that could be travelled via train<sup>25</sup>. Additionally, the Ministry of Business, Innovation and Employment has been tasked with a Tourism Industry Transformation Plan with the goal of regenerative tourism<sup>26</sup>. This could have a significant impact on who is encouraged to visit Queenstown and how they can travel while in New Zealand. If the transformation plan is implemented, the effect could be an increase in the number of visitors who are interested in having a positive contribution with an approach to travel that considers economic, social, cultural, and environmental consequences.

Reflecting the unknowns in an unknowable travel market, Matthias Tillman, the chief financial officer of travel search engine Trivago, told financial analysts in early November 2021 that

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<sup>23</sup> McKinsey & Company, *Opportunities for industry leaders as new travellers take to the skies* <https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/opportunities-for-industry-leaders-as-new-travelers-take-to-the-skies>

<sup>24</sup> Ministry for the environment, *Mandatory climate related disclosures* <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/mandatory-climate-related-financial-disclosures/>

<sup>25</sup> The Guardian, *France to ban some domestic flights where train available* <https://www.theguardian.com/business/2021/apr/12/france-ban-some-domestic-flights-train-available-macron-climate-convention-mps>

<sup>26</sup> Ministry of Business, Innovation and Employment, *Tourism Industry Transformation Plan* <https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-projects/tourism-industry-transformation-plan/>



contrary to its pre-pandemic pattern, the company would not be making large marketing spend decisions in advance.

“For us, what is important right now or how we look at it is to stay flexible, to not commit any budget but then react quickly when we see how things are playing out and that is, for sure, a difference compared to pre-pandemic. Like in 2019, we usually committed some budget already for the first quarter. We did not do that in 2020. We did not do that last year. And we won’t do that for Q1 next year to keep the flexibility and then invest into opportunities that we are seeing”<sup>27</sup>.

Capitalising on future opportunities in this area will not be to those playing catch up but to those who remain nimble and move quickly to update their businesses and providing this sort of information to visitors.

### **Summary**

In a world where there are going to be ongoing crises a multi-disciplinary approach to business is required; being agile, flexible and being able to make changes quickly will reap rewards. Companies prepared for the future in these ways can have confidence knowing they cannot plan for everything but can be better prepared when the next crises arises.

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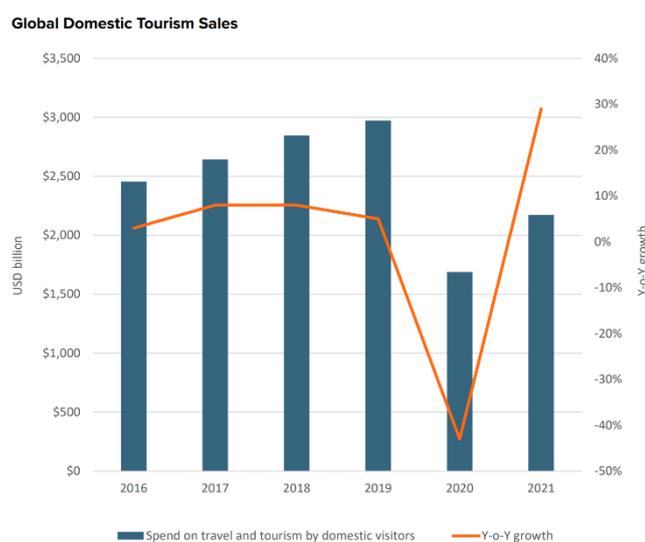
<sup>27</sup> Skift, Megatrends 2022 <https://skift.com/megatrends-2022/>

## Capturing the value of domestic travellers

### Increased focus on the domestic traveller

Domestic travellers have led the recovery of tourism in New Zealand and the industry now has a better understanding of the domestic market than ever before. The domestic market has always played an important role in the visitor economy: pre-COVID the domestic market contributed forty-five million domestic trips and \$23.7 billion per year. During the COVID-19 border restrictions the value and importance of this market increased – as it was the only market available. This unique opportunity meant that operators and destinations learned more about the domestic traveller than ever before.

As border restrictions ease the appetite for international travel will grow, but some New Zealanders will see domestic travel as easier, safer or cheaper and this reiterates the point that the domestic market will continue to play an important role in the visitor economy. As international travel returns and New Zealanders can travel overseas, domestic travel may slow proportionally but the trend to rediscovering domestic destinations is likely to linger in the long-term<sup>28</sup>.



Source: Euromonitor International

<sup>28</sup> World Travel and Tourism Council, Trending in Travel - Emerging consumer trends in Travel & Tourism in 2021 and beyond [https://pages.trip.com/images/group-home/2021\\_Trending\\_in\\_Travel\\_EN.pdf](https://pages.trip.com/images/group-home/2021_Trending_in_Travel_EN.pdf)



While this may seem like an obvious point to make, it is one worth reinforcing due to the reliance some tourism businesses in New Zealand had on the international market. This is understandable in business terms, as domestic travellers do not spend as much as overseas visitors<sup>29</sup>. But the domestic traveller is a highly reliable market who are not as sensitive to future uncertainty.

Without the need for an international flight, they automatically have a lower carbon footprint associated with their travel and have a growing desire for regenerative experiences. Domestic travellers want to travel more sustainably and help communities they visit - of 486 New Zealand travellers surveyed by Booking.com, 72% said sustainable travel was important to them and 63% wanted to travel more sustainably over the next 12 months<sup>30</sup>.

### **Having access to insights is key**

COVID-19 has highlighted the ongoing importance and value of the domestic market so it is important to understand how New Zealand travellers make decisions and ultimately, what they want to experience. Research such as Tourism New Zealand's report on Understanding New Zealander's Sentiment Towards Domestic Travel<sup>31</sup> and the Domestic Growth Insight Tool<sup>32</sup> are resources that should be bookmarked and returned to regularly.

The information available is only useful if it is put to use and those that do will see the benefits. Having an understanding of domestic travellers' mindsets alongside valuable insights such as who they are, why they go on holiday, how they plan a holiday, what they do on a holiday and where to find them will prove to be extremely valuable.

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<sup>29</sup> Tourism NZ, New research reveals the real value of visitors to Aotearoa <https://www.tourismnewzealand.com/news/new-research-reveals-the-real-value-of-visitors-to-aotearoa/#:~:text=The%20research%20reveals%20it,per%20annum%20without%20international%20visitors>.

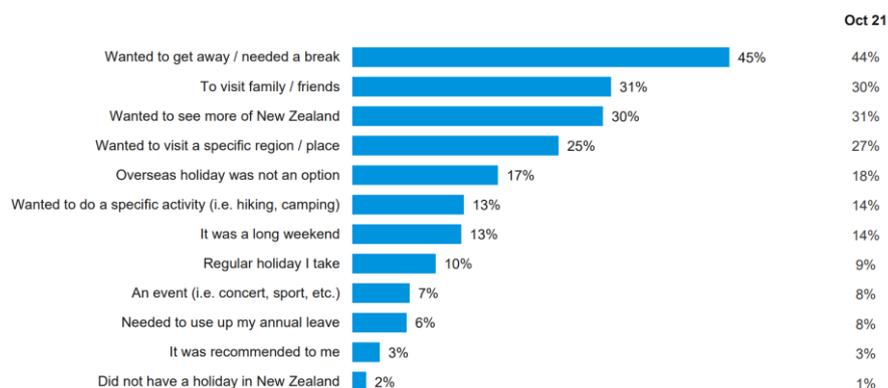
<sup>30</sup> Booking.com Sustainable Travel Report 2022 <https://globalnews.booking.com/download/1161485/booking.comsustainabletravelreport2022final.pdf>

<sup>31</sup> Tourism NZ, Understanding New Zealander's sentiment towards domestic travel <https://www.tourismnewzealand.com/media/4222/domestic-travel-sentiment-may-20-published-version.pdf>

<sup>32</sup> Tourism NZ, Domestic Growth Insight Tool <https://www.dgit.nz/>



Reasons for the last holiday within New Zealand (% All New Zealanders, Dec. '21)



Source: Tourism New Zealand – domestic travel view report 2021

While the buzz from the return of international travel continues, it is important to remember key learnings that have come from the COVID-19 restrictions when domestic visitors were New Zealand’s only market. Using a combination of reliable data with the unique learnings that all businesses will have taken over this period could prove to be powerful in the long term. The key will be in retaining these learnings and implementing them, whilst continuing to target the domestic traveller even with the return of lucrative international visitors.

## Retaining flexibility in the customer booking journey

The feeling of excitement a traveller gets when they book a flight or a once-in-a-lifetime activity should not be underestimated. It is a large and important part of the customer journey and their overall experience.

### **Increased flexibility**

Historically, businesses have always held the power to enforce their terms and conditions and to make the customer pay extra for the ability to change or cancel a booking. This type of control was during a prosperous time for tourism globally. To move with COVID-19 impacting travel behaviours and consumers adjusting to more flexibility, these types of inflexible conditions controls might be risky to revert back to.

Due to fast-changing travel restrictions imposed by governments during COVID-19, travellers have had a shift in their booking habits. They appear less willing to book travel months in advance and are increasingly seeking flexible bookings<sup>33</sup>. Travellers are requiring more information before booking and businesses need to adapt to these evolving needs.

Throughout 2020 and 2021 customers showed they were apprehensive to make bookings when they thought they could get caught in a lockdown or get sick themselves and have to isolate while on holiday. Many businesses reacted to this by providing flexible booking options such as free changes and no cancellation fees. This was appreciated by travellers and allowed them to make bookings with confidence and it continues to play a large part in booking behaviour. Travellers listed the ability to cancel (33%) and the ability to reschedule free of charge (32%) as two of the most important priorities in 2022<sup>34</sup>. As global travel returns businesses should not expect to automatically return to their previous terms, conditions and policies if they want to give travellers the confidence they need to make a booking.

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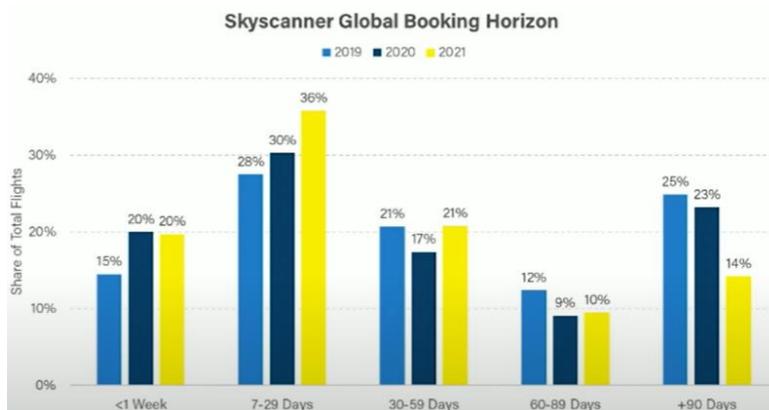
<sup>33</sup> World Travel and Tourism Council, Trending in Travel - Emerging consumer trends in Travel & Tourism in 2021 and beyond [https://pages.trip.com/images/group-home/2021\\_Trending\\_in\\_Travel\\_EN.pdf](https://pages.trip.com/images/group-home/2021_Trending_in_Travel_EN.pdf)

<sup>34</sup> Booking.com, Travel Predictions 2022 <https://www.booking.com/c/trends/travelpredictions2022.html>



## Changing booking windows

Travel booking windows also create novel opportunities for business, the graph below shows the potential to capture a lot of visitors still looking to book in the 1 – 29 day booking window. While this is a relatively small booking window, these are rising as confidence grows in booking further in advance<sup>35</sup>.



Source: Skyscanner data as of 8/1/2022

The challenge for the travel industry is the impact of these shorter booking windows and potential need for longevity of these policy changes. Out of necessity because of ever-shifting travel restrictions or just for convenience, travellers like these flexible booking options<sup>36</sup>.

It seems possible to have the best of both worlds; to give travellers the flexibility they are looking for while still managing the business costs associated with them. AirBnB has recently released new updates for their platform which includes AirCover for expectations around safety, protection and flexibility (and a major differentiation to competitors) as well as 'Split stays' which captures bookings over a longer period of time. These present cost implications for AirBnB but it shows an understanding that what is good for the customer is good for their business.

<sup>35</sup> Skyscanner, Get Ready for The Return of Travel <https://www.partners.skyscanner.net/insights/the-return-of-travel>  
<sup>36</sup> Skift, Megatrends 2022 <https://skift.com/megatrends-2022/>



### **Putting the traveller first**

Of course, it is crucial for tourism businesses to focus on their customers. Looking forward, how can travellers be supported with the sort of information that will give confidence on their booking journey? This will continue to be a core challenge of the recovery.

As booking windows decreased globally in response to rapidly changing travel restrictions, Emirates changed its cancellation and booking modification policies to enable travellers affected by COVID-19 to change or cancel tickets fee-free, thereby boosting consumer confidence in booking travel further in advance. In 2021 these policies were revised to extend ticket validity by up to 36 months, even offering travellers the ability to change to another destination in the region at no extra fee. This flexible postponement policy helps decrease the costs of cancellation while giving travellers assurances for future travel.

While still absorbing COVID-19's financial impact, investing in this sort of customer experience development may seem like another pandemic enforced burden. But companies that prioritise customer experience during a downturn stand to outperform their competition for years to come - as McKinsey research on the 2007–09 downturn has shown. Indeed, wise investment in customer experience may be key to the industry's survival, and flourishing, in a post-pandemic world<sup>37</sup>.

### **Summary**

Consumers would love to continue to avoid cost penalties associated with travel changes, in a bid to maintain control over their travels and enjoy the flexibility that comes with it. With ongoing demand for these features, if businesses do not provide them, it may also mean missing out on sales.

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<sup>37</sup> McKinsey & Co, Rebooting customer experience to bring back the magic of travel <https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/rebooting-customer-experience-to-bring-back-the-magic-of-travel>



## Final words

There is a global move towards conscious and responsible tourism. Travellers are seeking experiences that are sustainable and looking for ways to engage and give back to the communities they visit to offset the negative impacts of travel. There is a heightened focus on travelling for mental and physical wellbeing, and a growing demand for trips that will have healing or transformational effects. There have also been aspects from the pandemic era that people would like to retain in the travel experience including increased flexibility and options around the consumer journey and ability to work remote.

Many global industry surveys indicate that there will be a growing trend toward seeking out information around how to be a responsible visitor, staying longer and spending more on their holiday experiences.