

Kiwi Link Greater China 2019

Report

26 November 2019

Destination Queenstown

PO Box 353, Queenstown 9300, New Zealand
+64 3 441 0700

1. Objectives

- Provide travel agents with the latest destination update and new products
- Enhance existing relationships with key travel trade partners
- Facilitate new business relationships
- Increase general destination and product knowledge of new agents from tier 2 and tier 3 cities in China
- Promote shoulder season travel
- Promote Queenstown's strong winter and premium proposition in China
- Engage with key stakeholders such as Tourism New Zealand, Air New Zealand
- Get latest market trend and insights from TNZ, airline partners and key trade partners and OTAs
- Showcase Tiaki Promise to market

2. Overview of the event

Kiwi Link Greater China is a bi-annual TNZ offshore trade event that provides a unique opportunity for representatives of the New Zealand tourism industry to educate and establish business relationships with product managers and frontline travel agents from Mainland China, Hong Kong and Taiwan.

Kiwi Link China 2019 took place 6 - 8 November 2019. For the first time Kiwi Link Greater China was held in Chengdu, a tier 2 city with strong potential. It was a great opportunity for New Zealand sellers to better understand the market. There were 51x NZ sellers including RTOs, IMAs, attractions, hotels, IBOs and six airlines. More than 120 buyers including GMs, product managers and key decision makers from the travel trade attended this event.

- Appointment schedule: Pre-scheduled appointments
- Appointment format: One-on-one meetings
- Appointment duration: 14 minutes
- Appointment rotation: In-market attendees rotate
- Layout: Table layout

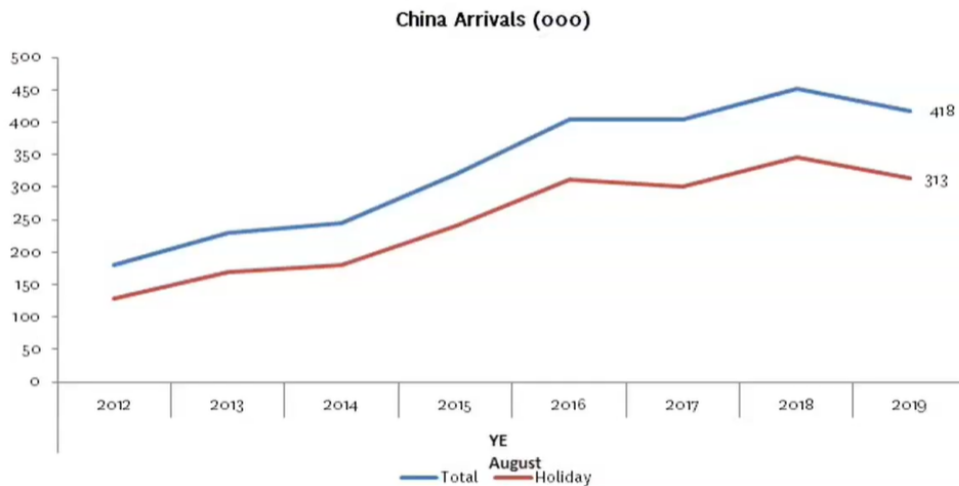
3. Market insights

Since the beginning of 2019, many Queenstown businesses and IBOs have started feeling the slowdown from China. It is reflected on the arrival numbers from China as well as the visa application numbers Immigration New Zealand receives each month. Below is a summary of possible reasons that have contributed to the slowdown.

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VISITOR ARRIVALS FROM CHINA TO NZ (2012-2019)



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1. Domestic economy slowing down: China is the world's second largest economy. It has contributed around 30% of global growth in the past eight years. Growth slowed from 6.2% in the second quarter. The 2019 growth rate falls within the government's annual goal of between 6 and 6.5%, but with a marked slowdown compared to previous years. It is the slowest growth the Chinese economy has seen since 1992.
2. China – US trade war: The number of Chinese travellers going overseas is estimated at 160 million by 2024, instead of an upside potential of 165 million without a trade war. The slump in Chinese arrivals and tourism spending is being felt throughout other long-haul destinations as well as our neighbour Australia.
3. Yuan weakening: Overseas travel is being hit with a double whammy of a weakening currency. The yuan has weakened more than 7% against the US dollar since the start of 2018, making overseas holidays more expensive. Many experts predict if the trade war worsens, more downward pressure on the Renminbi would translate into more downward pressure on Chinese outbound tourism.

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CHINESE ARE STILL TRAVELLING THOUGH

Total Outbound

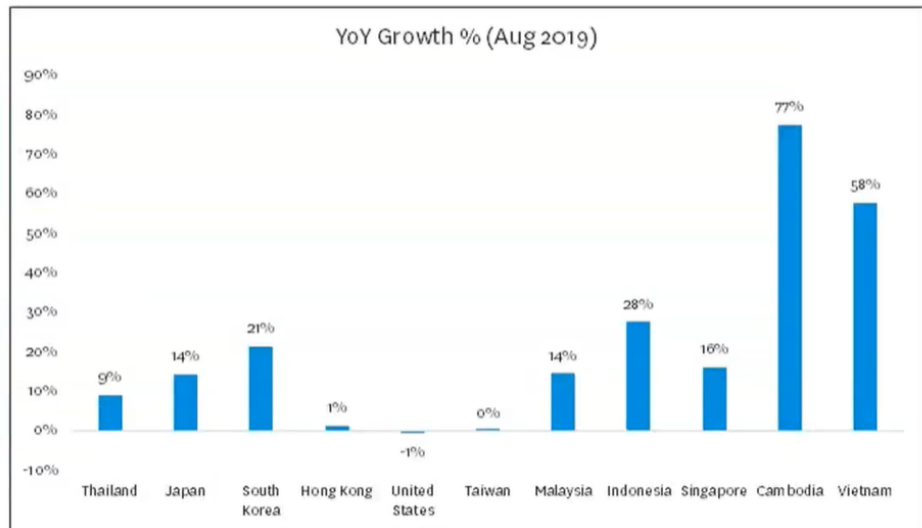
150m

+15%

Domestic Trips

5.6b

+11%



Total outbound and domestic 2018 calendar year – Xinhua
Outbound growth by market – Sabre Market Intelligence O&D YE Aug 19



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Due to the social media influence, Chinese travellers are increasingly sophisticated and are willing to try more exotic, distant and less-known destinations. We have seen double-digit growth in places outside the classic hotspots like Thailand, Japan and the US.

Domestic vs International:

Chinese authorities are trying to boost domestic consumption in an effort to support economic growth. Shortly after a major government meeting in March, authorities announced the May 1 Labour Day holiday would be extended by two days by swapping those working days with weekends, as is typical in China. There is a huge increase in domestic flight and hotel bookings cross major OTAs. Many middle-class families choose to take more domestic and short haul trips each year.

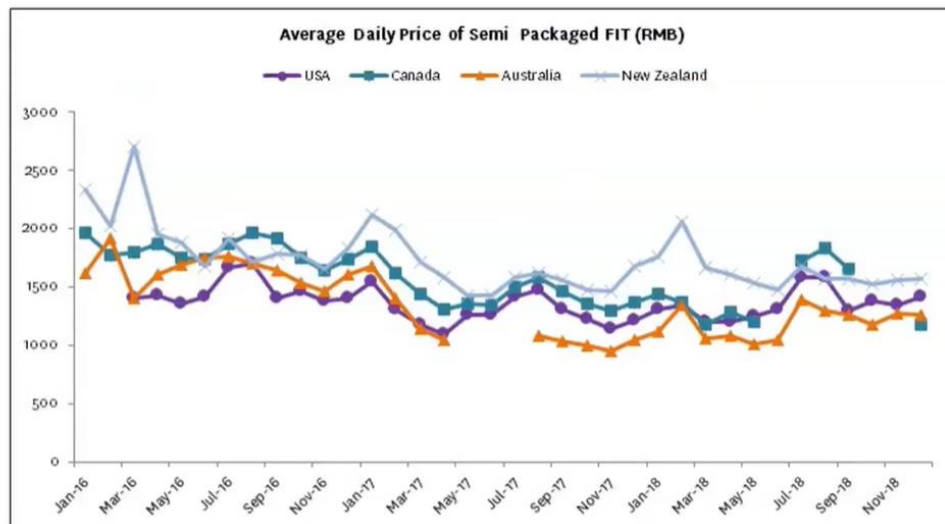
Under central government's new direction, China's main tropical getaway, Hainan Province, is attempting to transform itself into a high-end international destination. Not only are impressive hotel and resort attractions being constructed on the island, but the province is also developing competitive duty-free shopping offerings, with high-quality retail and hospitality experiences available.

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NEW ZEALAND IS PREMIUM.....EXPENSIVE!!!



Source: Ivy Alliance China Outbound Tourism Price Index December 2018



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Destination competitiveness:

New Zealand is one of the most expensive holiday destinations for Chinese visitors.

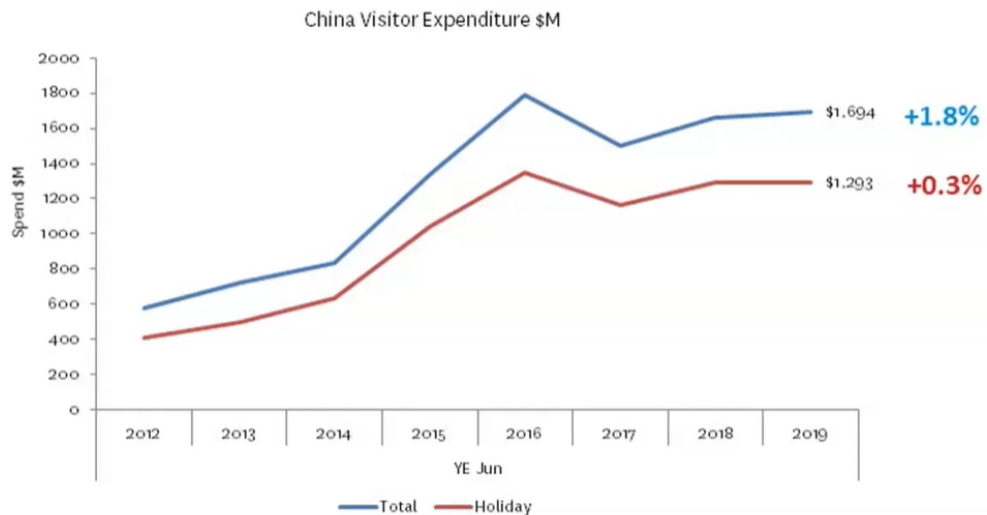
New Zealand has retained its high ranking in a global tourism index, but price-wise the industry has been put on notice to tread carefully or risk alienating both local and international visitors. The World Economic Forum's travel and tourism competitiveness index last year ranked New Zealand 16th out of 136 countries for the second time in a row. In terms of price-competitiveness, however, New Zealand was ranked 104th, a 13 point rise but still well behind its 74th placing in 2013. Remaining price-competitive relative to other close competitors such as Australia, ranked 128th, was important.

From both the industry and overseas visitors, that New Zealand was becoming an expensive place to holiday and the quality of accommodation was not always up to scratch. New Zealand's high exchange rate undoubtedly affected our international competitiveness.

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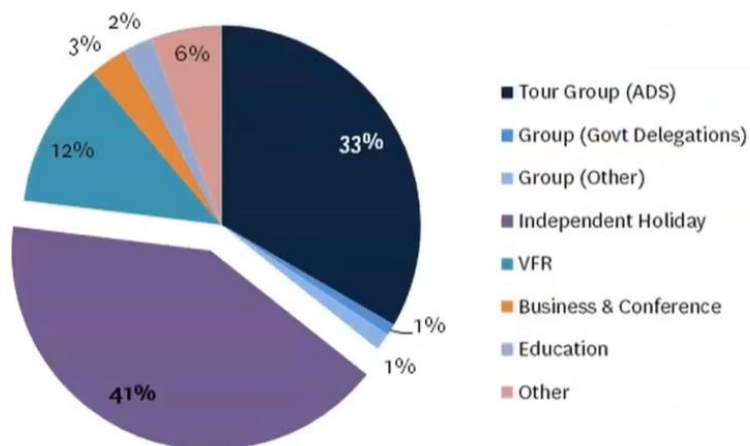
SPEND CONTINUES TO STRENGTHEN



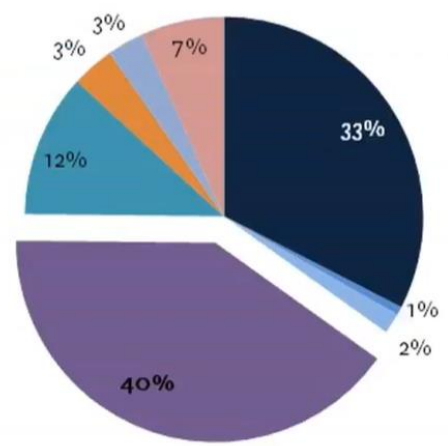
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DRIVEN BY BOTH GROUP AND FIT

China Travel Style YE Aug 18



China Travel Style YE Aug 19



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Tourism New Zealand's Insights team develops a range of infographics which present key facts and data in picture form, showing the demographics and behaviour of international travellers to New Zealand. You can find a list of all market insights at

<https://www.tourismnewzealand.com/markets-stats/research/visitor-profiles/>

4. Summary

Kiwi Link Greater China 2019 was a huge success for Queenstown. We had another record of 13 Queenstown businesses attended this event. DQ had more than 80 appointments over three day event and met with 80% key trade partners and 20% new agents from tier 2 and tier 3 cities.

Long-term future of tourism is very bright and there is still a huge amount of opportunity for Queenstown especially in premium and winter offerings. Our natural assets are the key drawcards for Chinese visitors to come and see.

Currency fluctuations and political disputes can lead to dramatic tumbles (and spikes) in visitor numbers and spending. However, the continued growth in travel at home in China can inform stakeholders abroad of what kind of travel experiences will appeal to Chinese visitors once the economic or political situation stabilises. Moreover, understanding what matters most to potential outbound Chinese visitors is also significant because of how robust China's domestic offerings are becoming. International destinations need to understand how to set themselves apart from major domestic destinations and other iconic international destinations.

5. Photos

1. Rene De Monchy and Gregg Wafelbakker officially opened Kiwi Link Greater China 2019 in Chengdu
2. Maori cultural performance group from Te Puia performed at Kiwi Link Greater China 2019
3. The event layout
4. Queenstown operators at Kiwi Link Greater China 2019

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