

Written by Jono Jarvis

China is Forecast to be NZ's Largest Market by Spend



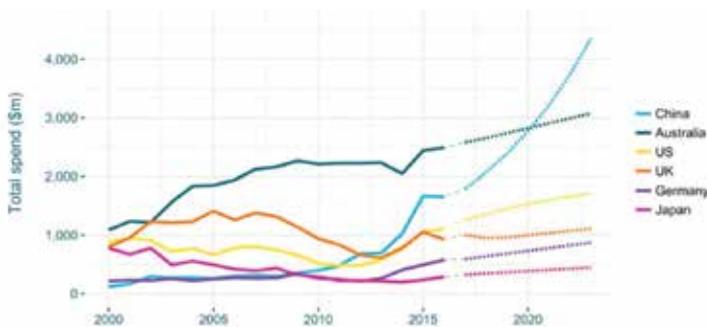
Australia is currently our largest market by spend, but China is projected to overtake it in the near future.

In 2016, Chinese tourist arrivals were up 15%, adding an additional 53,400 visitors per year.

By 2023

- China is expected to become NZ's largest tourism market by spend and reach \$4.3 billion, or 51% of total visitor spend.
- China is expected to contribute to 37% of total international visitor growth and reach almost 1 million.

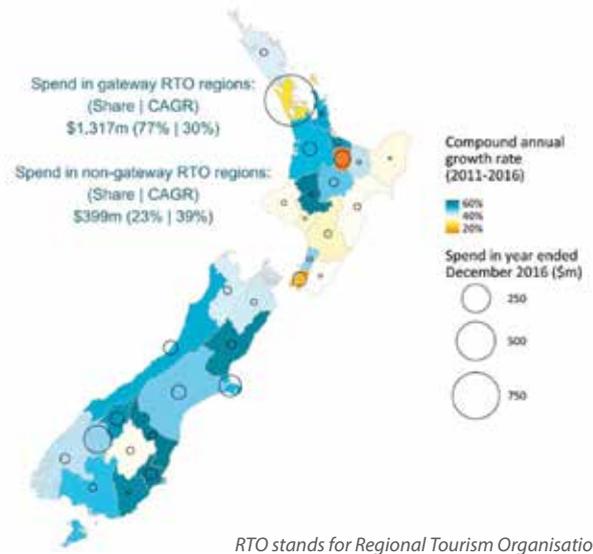
International Tourism Spend in NZ



Chinese tourists are growing more independent

There are an increasing proportion of free and independent travellers from China, where historically many Chinese visitors travelled as part of tour groups. Free independent travellers (FIT) now account for almost 50% of Chinese tourists and in the South Island the vast majority drive themselves or use public transport. This is driving changing travel patterns, with Chinese visitors spreading further across NZ's regions.

Chinese are visiting more regions than before, with strong growth in spend, especially in South Island regions.



Why the strong growth in Chinese tourists?

- China is focusing on rebalancing its economy and increasing its quality of economic growth, re-orienting itself towards consumption and services, which should encourage Chinese households to undertake international travel.
- Increase in airline seat capacity. An enhanced air service agreement with China is likely to prompt an increase in Chinese visitors with the maximum allowable number of flights from China to increase from 49 to 59 per week. The agreement means Chinese airlines can operate between airports in NZ, thus encouraging regional dispersal.

- The China-Australian Year of Tourism 2017 and NZ-China Year of Tourism 2019 will see a series of events over these years
- The extension of the Australian/NZ multiple-entry visitor's visa increasing to 5 years.

What it means for tourism accommodation operators?

Because NZ is a popular destination for tourists of all nationalities, it is challenging catering to the many and varied cultures. However, because China is forecast to be a dominant part of NZ's tourism spend, it makes sound business sense to be aware of what makes Chinese tourists happy! Remember, Chinese are prolific bloggers and social media authors!

Below are a few pointers:

1. Show respect towards the Chinese culture

- Provide basic information in Chinese
- A simple greeting in Mandarin creates a good impression
- If breakfast is offered, have some Chinese breakfast items

2. Show Chinese visitors that you treat them better than anybody else

NZ operators' mindsets need to adjust to the fact that Chinese visitors are aware that their country is the most populous and they are the biggest source market for international travel in the world, so they like to see you go the extra mile!

- Have important notices, such as morning ski reports in Chinese
- Provide slippers and tea pots in the rooms
- If travelling in a family group try to have interconnecting rooms, or rooms next door to each other
- Employ staff who are able to speak Cantonese/mandarin, but more and more Chinese speak some English

3. Provide fast and efficient service. Many Chinese travellers are 'money rich, time poor'. They also tend to be quite businesslike in their approach to service.

4. Have brochures in a dominant spot that appeal. Chinese love:

- Observing wildlife
- Walking and hiking (max 2 hours)
- 'Feeding ducks' is a novelty...our ordinary is their extraordinary
- On-water activities, such as rafting

To sum up

By 2023, forecasts suggest Chinese tourists will account for 51% of total visitor spend and number 1 million! That is approximately a quarter of NZ's population in today's terms.

Organised group travel is on the decline and a 2015 survey of Chinese FIT travellers found a quarter had been here more than once and about 65% were planning to return.

Of note, only 6% (approx. 8 million) of the Chinese population has a passport and the Chinese middle class is growing which values travel highly.

The Chinese tourist market has huge implications for NZ operators of Motels, Backpackers and Lodges, particularly in the regions. Growth in revenue is likely to result, particularly for those who successfully target and cater to the Chinese market.



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Jono has over 20 years experience as a private residential property investor in both Wellington and Auckland and a shareholder of a private property company that owned serviced apartments in central Auckland. Jono is now passionately involved in the tourist accommodation broking business.

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