

INTERNATIONAL VISITORS | CHINA

NEW ZEALAND | SERIES C4 | JUNE 2009



INTRODUCTION

This report provides an overview of the Chinese visitor market to New Zealand, including visitor trends and characteristics for the period 1999-2008.

For the latest data and market information on international markets, visit the following websites:

- Ministry of Tourism: [www.tourismresearch.govt.nz](http://www.tourismresearch.govt.nz)
- Tourism New Zealand: [www.tourismnewzealand.com](http://www.tourismnewzealand.com) (Market Research, Market Guides)

Chinese Outbound Travel Market

In 2008, the population of the China was estimated at 1.3 billion. Outbound travel by Chinese residents has quadrupled to reach 40 million trips (2007) in just ten years. The vast majority of these trips went to Hong Kong, Macau, Japan, South Korea and South East Asia. A relatively small proportion of the outbound trips went to Europe, Americas and the South Pacific. The Chinese propensity for outbound travel was 3 trips per 100 people (compared with 46 trips per 100 people for New Zealanders).

The key drivers of this rapid growth are rising middle class incomes and, most importantly, the freeing up of travel restrictions by the Chinese government. Since the late 1990s China has expanded the number of authorised travel companies to more than 650, simplified the passport application process, granted Approved Destination Status (ADS)<sup>3</sup> to more than 100 destinations and allowed outbound passengers to carry more foreign currency with them on their tours. New Zealand was one of the first western countries to benefit from fewer travel restrictions, with ADS granted in 1999.

China is New Zealand's fourth largest international market, providing 112,000 visitors in 2008 or approximately 0.3% share of the Chinese outbound market.

Air Services to New Zealand

Air links between China and New Zealand include direct services by Air New Zealand from Shanghai (since 2006) and from Beijing (since mid-2008). In addition, there are connecting services with carriers operating via Hong Kong, Bangkok, Singapore and Australia.

TRENDS IN VISITOR ARRIVALS FROM CHINA

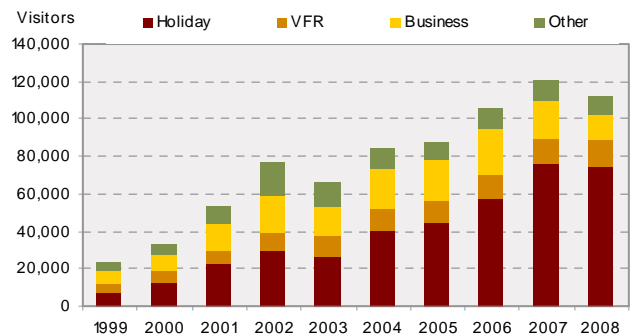
How many visitors come from China?

In 2008 China provided just over 112,000 visitors, or 5% of all New Zealand's overseas arrivals for the year. Arrival figures from China increased quickly following the granting of ADS, dipping slightly in 2003 as a result of the SARS outbreak before peaking at 121,000 in 2007. Total arrivals declined by 7% in 2008, partly affected by the major earthquake and the Olympic Games during the year (Figure 1).



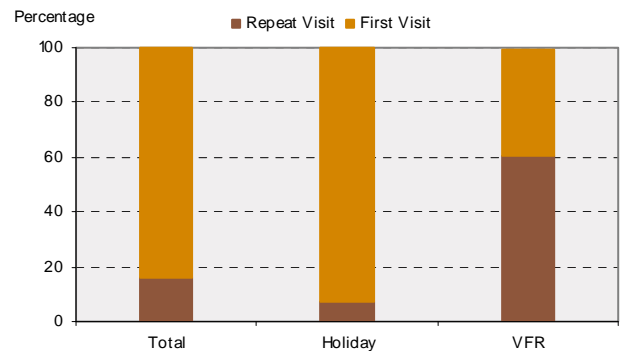
Over the last 10 years the proportion of holiday travellers from China has increased from one third to two thirds of the overall total, with 75,000 arriving in 2008. Visiting Friends and Relatives (VFR) visitors form around 13% of the total. Business travellers, who once made up around a quarter of all arrivals, now account for 11% of the market.

Figure 1: Chinese Visitor Arrivals by Main Purpose \*1



Sixteen per cent of all Chinese visitors have previously visited New Zealand, although this figure is influenced to some extent by the VFR category, 61% of which are repeat visitors. Only 7% of all our holiday visitors from China have previously been to New Zealand (Figure 2).

Figure 2: Repeat Visits from China, 2008 \*2



Where in China do they come from?

The majority of visitors from China (79%) came from the twelve provinces along the east coast. About half of the visitors (48%) came from the three major economic areas - Beijing, Shanghai and Guangdong (each with 16% share).

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## INTERNATIONAL VISITORS | CHINA

### Dual Destination Travel

More than 90% of all holiday visitors and three quarters of all Chinese arrivals visit Australia as well as New Zealand as part of their trip to our region. The main approach for Chinese long-haul outbound travel is through tour groups which tend to cover multiple destinations. As such, most Chinese tour companies combine New Zealand with Australia in their tour programmes, with relatively shorter time in the New Zealand segment.

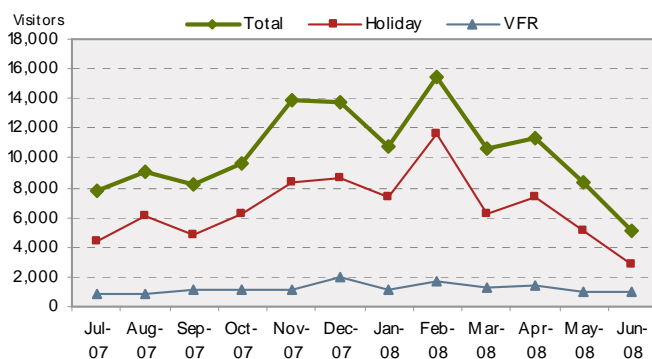
### Where do they arrive in New Zealand?

In 2008 93% of all Chinese visitors arrive via Auckland while just 6% enter via Christchurch. Over the last decade the number of arrivals via Auckland has increased from 77% while the proportion via Christchurch has declined from 14%. The pattern is similar for holiday visitors, with 94% entering via Auckland and 5% arriving via Christchurch.

### What is the seasonal pattern of Chinese visitors?

November to April is the most popular time for Chinese visitors to travel to New Zealand, with more than 60% of all arrivals coming during these months. January or February is the single most popular month, depending on when the Chinese New Year falls as this is the major holiday period for Chinese travellers. June and July are the weakest months from the Chinese market. Holiday visitor arrival numbers mirror this seasonal pattern (Figure 3).

Figure 3: Chinese Visitor Arrivals by Month & Purpose of Travel, 2007/08<sup>1</sup>

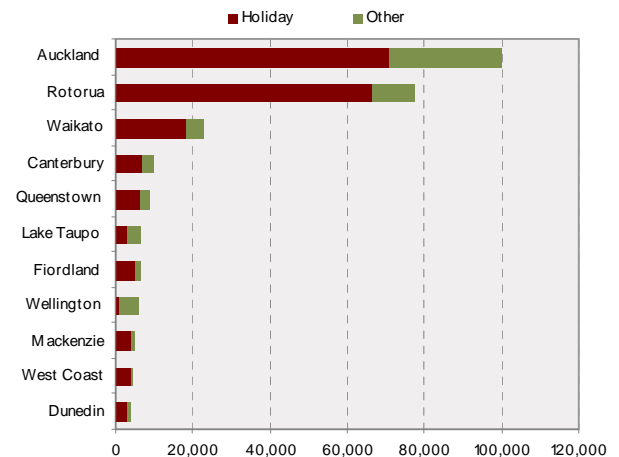


### What regions do they visit?

The northern regions of Auckland, Rotorua and Waikato are the areas most visited by Chinese visitors. Virtually all Chinese arrivals visit Auckland while three quarters travel to Rotorua and around one quarter visit the Waikato region (especially the Waitomo Caves). No other region attracts more than 10% of the Chinese market. The holiday sector mirrors this pattern, with an even higher number (93%) visiting Rotorua (Figure 4).

This dominance by the northern regions reflects the very limited time frame most tour itineraries allocate for New Zealand. While the number of Chinese visitors to New Zealand has increased by around 70% since 2003, the number visiting South Island destinations has actually decreased over the period.

Figure 4: Main RTO Regions Visited by Chinese Visitors, 2008<sup>2</sup>



Note: Visits to Regional Tourism Organisation (RTO) regions include all overnight stays and day visits to RTOs for one hour or more.

### How long do they stay?

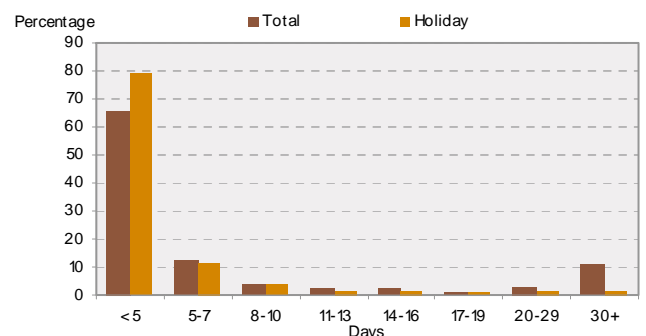
Chinese visitors have the shortest length of stay of all New Zealand's main markets. The average length of stay for all Chinese visitors in 2008 was 16.1 days but this figure was distorted by a small number staying a very long time for educational purposes (138.8 days). The average stay for holiday visitors was just 5.1 days in 2008.

The median length of stay, which often more typically represents the time spent in New Zealand, is shorter. In 2008 the median stay for all Chinese visitors was 3.4 days and for holiday travellers 3.2 days. For VFR travellers the median stay was 29.6 days and 156 days for those who came for educational purposes.

Figure 5 shows the length of stay for Chinese visitors by the total market and the holiday segment. More than three quarters of all arrivals stay for seven days or less and this pattern is even more pronounced for holiday travellers (91%).

This short stay profile is indicative of Chinese tour companies combining Australia and New Zealand on 10 day itineraries.

Figure 5: Length of Stay Patterns for Chinese Visitors, 2008<sup>1</sup>



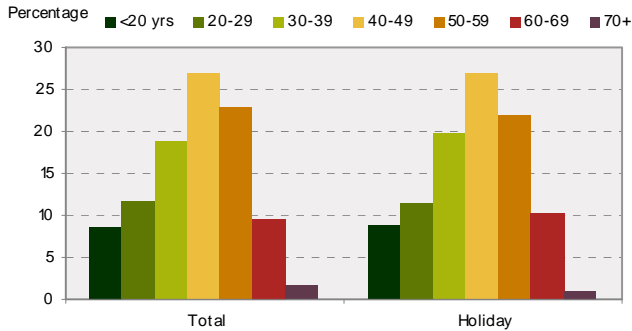
# INTERNATIONAL VISITORS | CHINA

## CHARACTERISTICS OF CHINESE VISITORS

### Age

More than two thirds of all arrivals from China are aged between 30-59 years. These same groups also form the largest proportion of the holiday segment (Figure 6).

Figure 6: Chinese Visitors by Age, 2008<sup>1</sup>



### Gender

For the last five years the gender split for all Chinese visitors has moved towards a more even balance, from 63% male and 37% female in 2004 to 55% male and 45% female in 2008.

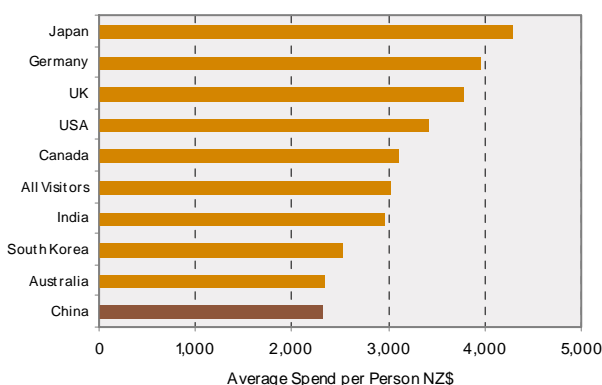
The same pattern has occurred for the holiday market where the split is now 52% male and 48% female. In the VFR segment, females outnumber males 54% to 46%.

### How much do they spend in New Zealand?

Chinese visitors spent a total of \$265 million in New Zealand during 2008, making this our second largest Asian market in terms of expenditure. Spending by holiday visitors amounted to \$167 million.

Average expenditure per person per visit for the Chinese market overall was \$2,618 (compared with \$2,682 for all visitors to New Zealand). The average spend for Chinese holiday visitors was slightly lower at \$2,326 (compared with \$3,027 for all holiday arrivals) (Figure 7).

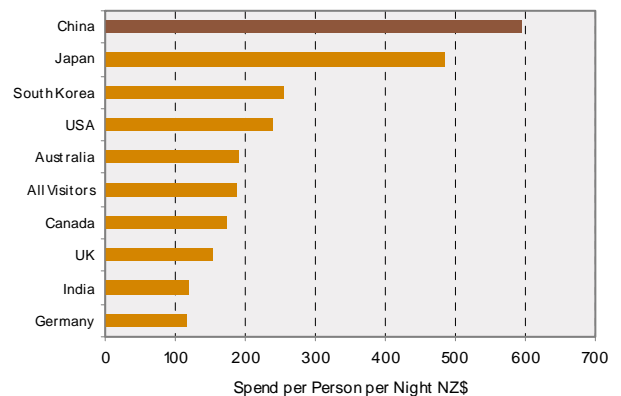
Figure 7: Average Spend by Market for Holiday Visitors, 2008<sup>2</sup>



The average spend per night was \$177 for all visitors from China while holiday visitors spent \$594. As a result of the short length of stay in New Zealand, the spend per night by Chinese holiday visitors was the highest for all our main markets. However, overall the average spend per visit was among the lowest (Figure 8).

Note: All references to spend exclude international air fares.

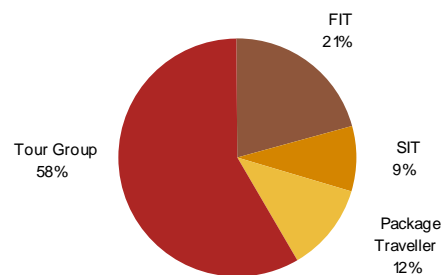
Figure 8: Average Spend per Night by Market for Holiday Visitors, 2008<sup>2</sup>



### Travel Styles

New Zealand itineraries for most Chinese visitors are tightly controlled by the tour companies based in China. Those on a group or packaged tour make up around 71% of the overall market and 89% of the holiday market. Fully-independent travellers (FIT) and semi-independent travellers (SIT) form just 12% of the holiday market and 30% of all arrivals from China. A significant number of these FIT travellers are VFR visitors (Figure 9).

Figure 9: Travel Styles of Chinese Visitors, 2008<sup>2</sup>



FIT: made and paid for all travel arrangements after arrival in New Zealand  
SIT: made and paid for at least one travel arrangement before arrival in New Zealand

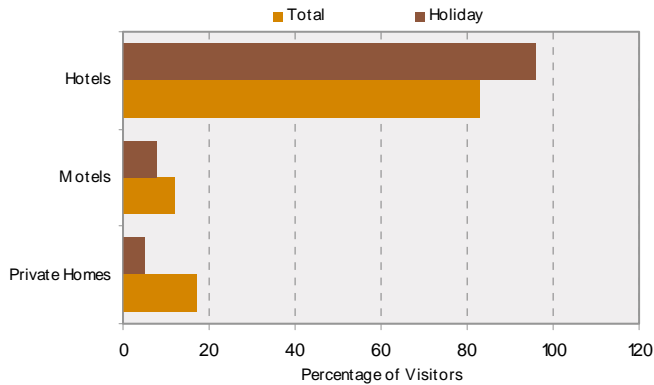
### What accommodation types do they use?

Hotels (83%), motels (12%) and privately owned dwellings (17%) are the most common types of accommodation used by the overall Chinese market. The influence of the VFR market is seen in the use of privately owned dwellings as 93% of all VFR visitors use this form of accommodation.

## INTERNATIONAL VISITORS | CHINA

Holiday visitors use the same range of options with a much higher proportion (96%) staying in hotels arranged by the tour company. A much smaller number (8%) stay in motels (Figure 10).

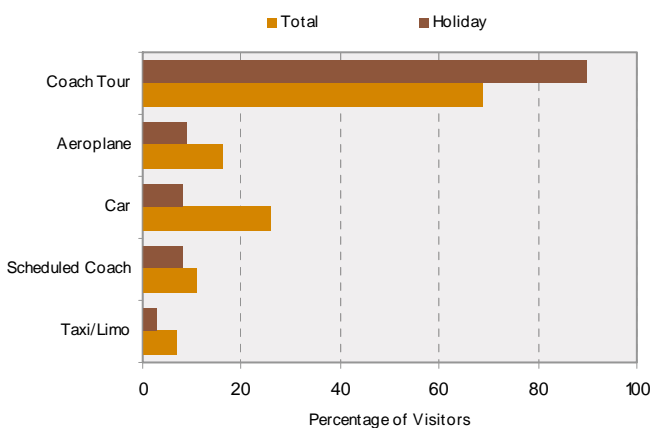
Figure 10: Main Accommodation Types used by Chinese Visitors, 2008<sup>2</sup>



### What transport types are used?

Travel by tour coach (69%) is by far the most frequently used option for Chinese visitors, with car (26%), air services (16%) and scheduled coach services (11%) also used. Holiday travellers use the same range of options, with an even higher number using coach tours (90%) (Figure 11).

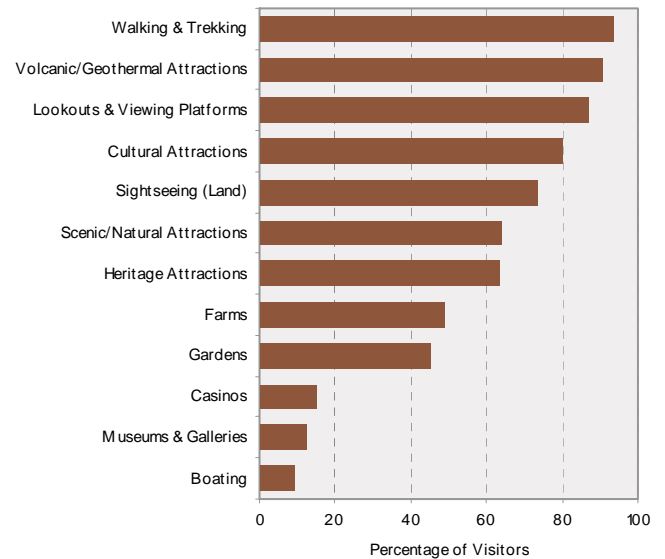
Figure 11: Transport Types used by Chinese Visitors, 2008<sup>2</sup>



### What are the popular activities and attractions?

Walking/trekking, volcanic/geothermal attractions, natural attractions, land-based sightseeing activities, cultural or heritage attractions and gardens each attract more than 40% of all visitors from China. As shown in Figure 12, Chinese holiday visitors enjoy the same types of activities.

Figure 12: Key Activities by Chinese Holiday Visitors, 2008<sup>2</sup>



Tables 1-4: Chinese Visitors – Trends and Characteristics

1. VISITOR ARRIVALS * <sup>1</sup>	2003	2004	2005	2006	2007	2008
<b>Total</b>	66,000	84,000	88,000	106,000	121,000	112,000
<b>Holiday</b>	27,000	41,000	45,000	58,000	75,000	75,000
<b>VFR</b>	10,000	12,000	12,000	13,000	15,000	15,000
<b>Business</b>	17,000	22,000	22,000	25,000	20,000	13,000
<b>Other</b>	12,000	10,000	9,000	11,000	10,000	10,000

2. RTO VISITS 2008 * <sup>2</sup>	Holiday	Other	Total *
<b>Auckland</b>	71,000	29,000	100,000
<b>Rotorua</b>	66,000	11,000	77,000
<b>Waikato</b>	18,000	5,000	23,000
<b>Canterbury</b>	7,000	3,000	10,000
<b>Queenstown</b>	6,000	3,000	9,000
<b>Lake Taupo</b>	3,000	4,000	6,000
<b>Fiordland</b>	5,000	1,000	6,000
<b>Wellington</b>	1,000	5,000	6,000
<b>MacKenzie</b>	4,000	1,000	5,000
<b>West Coast</b>	4,000	-	4,000
<b>Dunedin</b>	3,000	1,000	4,000

3. EXPENDITURE 2008 NZ\$ * <sup>3</sup>	Holiday	Business	Total *
<b>Total Spend (Millions)</b>	167	36	265
<b>Average Per Person</b>	2,326	2,448	2,618
<b>Average/Person/Night</b>	594	264	177

4. LENGTH OF STAY 2008 * <sup>1</sup>	Holiday	Total *
<b>&lt; 5 Days</b>	59,000	74,000
<b>5-7 Days</b>	9,000	13,000
<b>8-10 Days</b>	2,000	4,000
<b>11-13 Days</b>	1,000	2,000
<b>14-16 Days</b>	1,000	2,000
<b>17-19 Days</b>	-	1,000
<b>20-29 Days</b>	1,000	3,000
<b>30 or More Days</b>	1,000	12,000
<b>Average (Days)</b>	5.1	16.1
<b>Median (Days)**</b>	3.2	3.4

\* Total includes all other categories

\*\* Half of the visitors stayed longer and the other half stayed less than the median

- Figure too small to be reliable

#### DATA SOURCES

<sup>1</sup> IVA: International Visitor Arrivals (Statistics New Zealand)

<sup>2</sup> IVS: International Visitor Survey (Ministry of Tourism)

<sup>3</sup> ADS: Approved Destination Status – an agreement between the governments of New Zealand and China (and between China and a number of other countries) that allows Chinese nationals to travel to New Zealand for leisure tourism.

This report is available on [www.tourismresearch.govt.nz/profiles](http://www.tourismresearch.govt.nz/profiles).

#### IMAGE CREDITS

Wellington Willis St. – Positively Wellington Tourism, [www.WellingtonNZ.com](http://www.WellingtonNZ.com)

Lake Taupo Lodge – [www.laketaupolodge.co.nz](http://www.laketaupolodge.co.nz)

Cardrona Ski Field – [www.cardrona.com](http://www.cardrona.com)

Southern Traverse – Michael Jacques, [www.karapoti.co.nz](http://www.karapoti.co.nz)

Wai-O-Tapu Champagne Pool – Destination Rotorua, [www.rotoruaNZ.com](http://www.rotoruaNZ.com)

TSS Earnslaw, Queenstown – Real Journeys, [www.realjourneys.co.nz](http://www.realjourneys.co.nz)