

Expanding Chinese Distribution

Tony Everitt

General Manager Asia, Tourism New Zealand



Expanding Chinese Distribution

- Who's Doing What? The Map
- Bringing Your Product to Market
- Things to do at Home
- China's New Travel Law

Who's Doing What?

- nearly 1,000 agencies licensed to sell outbound!
- no travel agents that are powerful nationwide
- all have a regional focus
- many have MICE divisions as well as leisure.

So where do you start?

Who's Doing What?

So where do you start?

With inbound operators of course!

Full list of ADS inbound operators and contacts at
www.tourismnewzealand.com

Who's Doing What?

the money is in

- Beijing, Shanghai, Guangdong
- top Tier 2 (eg. Jiangsu, Zhejiang)
- mono NZ ADS group tours (target doubling to 30% in 3 years)
- FIT (target doubling to 25% in 3 years)
- incentive travel



265 million people
20% of China's population

Who's Doing What?

ADS

- Government to Government treaty
- Now 99 ADS agents for NZ in China
 - 35 new ones
- Australia has the same list
- 3 day turn-around for group visas
- 5 day turn-around for FIT visas (new 2012)
- Only ADS agents are legally allowed to run promotions

Who's Doing What?

Agents can be classified into

1. Pure Wholesalers
2. Online Travel Agents (OTAs)
3. Mixed wholesale/retail
4. Integrated Retailers
5. Niche Top-End Specialists

Who's Doing What?

1. Pure Wholesalers

- Don't sell direct to consumer
- 90%+ dual destination tours with Australia
- Large players – min. 5,000 pax pa to Australia + NZ
- Private ownership dominates
- Examples
 - Beijing: China Peace, Hua Yuan (byecity.com), ANZ
 - Shanghai: Women, Ba Shi, Everbright
 - Zhejiang: V-Tour, Everbright
 - Guangdong: Swallow, Baozhong

Who's Doing What?

2. Online Travel Agents (OTAs)

- Of course sell to consumers
- Largely sell other people's product (ie. retail only)
- Predominantly dual destination product with Australia
- Examples:
 - tuniu.com, qunar.com, lumama.com
 - NOT Ctrip and eLong (Travelocity's China JV), see 4.
Integrated Retailers below

Who's Doing What?

3. Mixed wholesale/retail

- Create packages and sell to other retailers as well as through own retail network
- Higher % mono NZ tours
- Examples
 - Beijing: U Tour, Environment, CITS HO, CTS HO, Cassia (new ADS)
 - Shanghai: CTI, Shanghai Airline
 - New trend for Shanghai based agents to wholesale to retailers in neighbouring Jiangsu/Zhejiang
 - Zhejiang: Wenzhou Overseas
 - Guangdong: GZL, CTS, CYTS, Great Scenery, Nanhu, Meiyang, CITS Shenzhen

Who's Doing What?

4. Integrated Retailers

- Create packages but only sell through their own retail
- Higher % of mono NZ tours
- Examples
 - Beijing: CYTS (aoyou.com)
 - Shanghai: Ctrip.com, CITS/Jin Jiang (jjtravel.com), CYTS, Spring
 - Zhejiang: CYTS, CTS, Hangzhou CTS, Hangzhou OTC, Wenzhou CITS
 - Shenzhen: CEPT, Comfort, CTS, Tourism International
 - Dongguan: CTS, Dongguan International

Who's Doing What?

5. Niche Top-End Specialists

- Numbers to NZ hundreds not thousands pa
- FIT and small group
- Special interest
- Examples
 - TripTM (now owned by Ctrip)
 - HH Travel (owned by Ctrip, wine tours)
 - Diadema (biggest destination = Antarctica!)
 - Meiya (golf)
 - Dream Road Travel (new to NZ, golf & wine tours)

Who's Doing What?

Agents can be classified into

1. Pure Wholesalers **increase existing products**

2. Online Travel Agents (OTAs)

3. Mixed wholesale/retail

4. Integrated Retailers

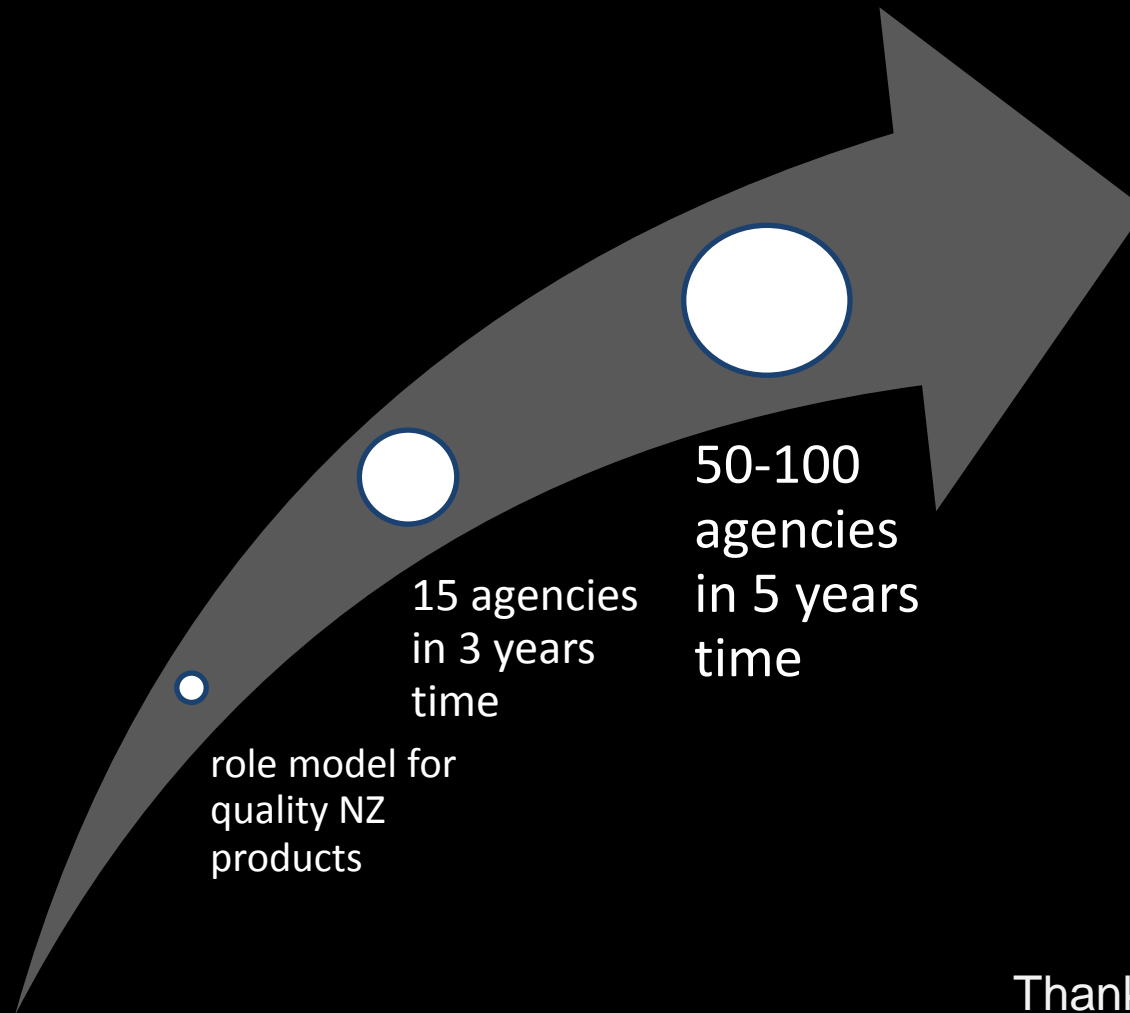
5. Niche Top-End Specialists

PKP targets

**Best chance of
introducing new
products &
regions**

Thanks Helen Zhang & Christina Zhang

PKP programme to demonstrate a better business model for agents



Thanks Alfred Li

Premier Kiwi Partners (PKP)

- Demonstrate a better business model for agents
- Shopping tours are a sunset industry
- Work with selected outbound agents and their IBO partners to boost their volumes of premium Chinese visitors
- TNZ “endorsed” itineraries, marketing support

Bringing Your Product to Market

- Work with inbound operators
 - ADS operators list www.tourismnewzealand.com
- TRENZ
- Famils
 - Seeing is believing

Bringing Your Product to Market

- Sales calls to market
 - planning, persistence, patience
- Chinese language material essential to demonstrate commitment
- Sister cities!

Bringing Your Product to Market

- International Luxury Travel Mart 2013
 - discerning Asia Pacific luxury travel buyers
 - NZ punches above weight
 - NZ booth 2012 almost same size as Australia



INTERNATIONAL
LUXURY TRAVEL
MARKET | ASIA
SHANGHAI 3-6 JUNE 2013

DISCOVER. EXPERIENCE. LUXURY.



Bringing Your Product to Market

- China (Guangdong) International Tourism Industry Expo (CITIE) August 2013
 - Consumer Fair, Maori Tourism delegation with GZL/CSA



Bringing Your Product to Market

- CIBTM Beijing September 2013
 - elite class of Chinese MICE buyers
 - successful and trusted history
 - attracts exhibitors from over 40 countries
 - TNZ targets 40 Chinese incentive leads from CIBTM



Bringing Your Product to Market

- Semi FIT Training November 2013
 - Hong Kong (incl. Taiwan) – Guangzhou – Beijing – Hangzhou - Shanghai
 - Increase destination and product knowledge of select sellers to create itineraries for semi independent travellers



Bringing Your Product to Market

- China International Travel Mart (CITM)
 - Shanghai November 2014
 - China's official consumer travel fair



Bringing Your Product to Market

- Kiwilink
 - 3 x Asian Kiwilinks FY2013 (without China!)
 - Rationalise for FY2014?



Things to do at Home

新年快乐

Shin nian kai le!

Things to do at Home

Union Pay acceptance network

- 61 countries and regions outside China
- 580,000 ATMs and 430,000 merchants overseas
- 1.18 million merchants within China



New China Travel Law

- In a draft stage with the People's Congress
- There are two controversial inclusions in the proposal
 - Appointed shopping becomes non-permissible
 - Activity costs to be included in pre-departure tour cost (ie. no collecting money for activities at destination)
- these inclusions will increase tour cost transparency for consumers
- If the proposal is passed some major wholesalers will have to make big changes in the way they do business

TNZ China Trade Team



Alfred Li Hu

Trade Manager Greater China
alfredl@tnz.govt.nz



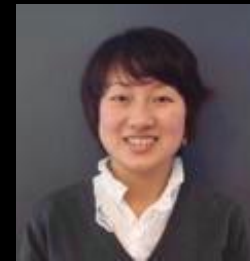
Helen Zhang

Market Development Manager
Northern China
helenz@tnz.govt.nz



Cindy Chen

Trade Development Manager
China
cindyc@tnz.govt.nz



Christina Zhang

Market Development Manager
South China & Hong Kong
christinaz@tnz.govt.nz



Questions?