

# CHINA MARKET NEWS

From TNZ China market development unit



Lake Wakatipu,  
Queenstown

Kia Ora

Welcome to the November 2016 issue of Tourism New Zealand's China Market News.

This newsletter is sent to all ADS accredited inbound tour operators, tour guides and other businesses and organisations associated with the China market.

The following items are covered in this edition:

- 1 ADS Code of Conduct updated
- 2 Latest China visitor statistics
- 3 Air services increase
- 4 ADS approved tour guides
- 5 ITO ADS changes
- 6 Code of Conduct investigations
- 7 Code of Conduct exemptions
- 8 CMDU team changes

Tourism New Zealand's China Market Development Unit (CMDU) is based in Wellington. The team is responsible for managing the ADS Code of Conduct, handling complaints relating to the Code and continuing to improve the quality of Chinese visitors' experiences in New Zealand.

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## 1. ADS Code of Conduct updated

The ADS Code of Conduct has been updated, effective immediately (7 November 2016).

A copy of the new Code can be found on Tourism New Zealand's corporate website on our [ADS page](#). We suggest you download a copy for your reference now and make a note of the various changes.

The changes are quite specific and relate to two key areas: compliance with the Health and Safety at Work Act 2015 and the ability for Tourism NZ to provide exemptions under the Code outside of the Chinese New Year period. The changes have been rolled out rapidly due to the need to comply with the Act and also to ensure that we can manage the growing number of exemption requests that are increasing because of shortages of accommodation, tour guides and coaches that are no longer confined to just the Chinese New Year period.

Due to the urgent nature of these changes, industry-wide consultation was not undertaken; however the changes were canvassed and approved by the ADS Steering Group that comprises key inbound tour operators and other industry representatives.

We also took the opportunity to make a number of very small administrative changes within the Code to ensure it is current. One such useful change is the addition of Schedule 7 (page 97) which clearly shows each historical version of the Code and what changes have specifically been made in each revision. We suggest you look at this section first to see exactly what changes have been made in the new 7 November revision.

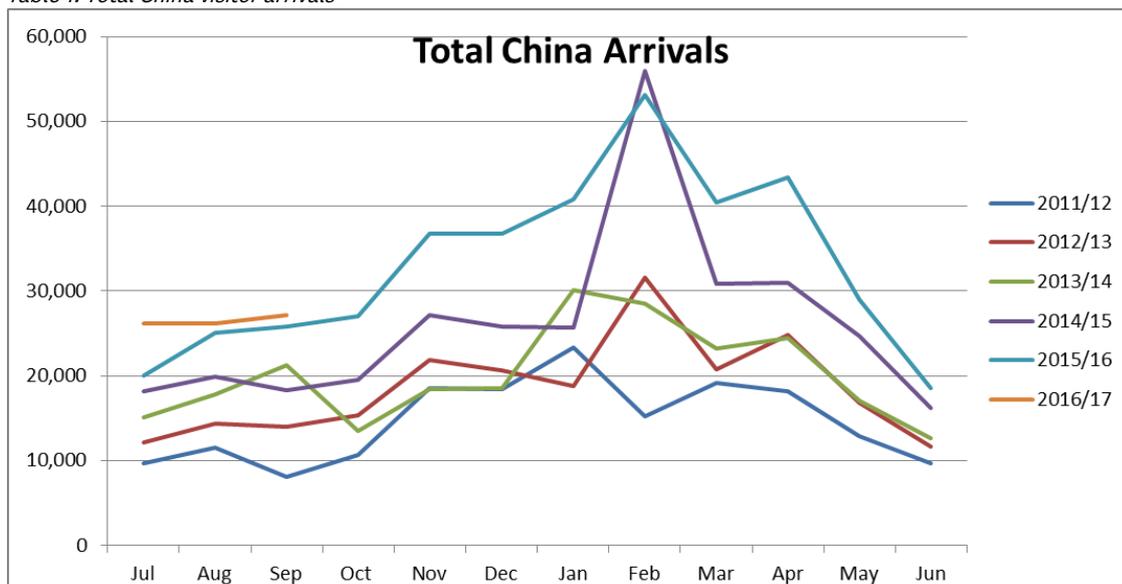
## 2. Latest China visitor statistics

Visitor growth from China continues at record levels with 2016/17 exceeding all previous years to date, boosted by new airline services that commenced late last year, but the growth has certainly started to slow to more realistic levels. Chinese New Year 2016 (Jan/Feb arrivals combined) was a record with arrivals more evenly spaced this year compared to last year's February peak.

The latest Chinese visitor arrival data is summarised below:

- Total visitor arrivals for the year ending October 2016 is 405,506, an increase of 23.7 per cent on the previous year. Most of this growth is in the holiday segment (up 25.4 per cent year to date) but VFR (Visiting Friends and Relatives) is also strong (up 21.7 per cent). Holiday length of stay has grown 1.4 per cent, or 8.4 days.

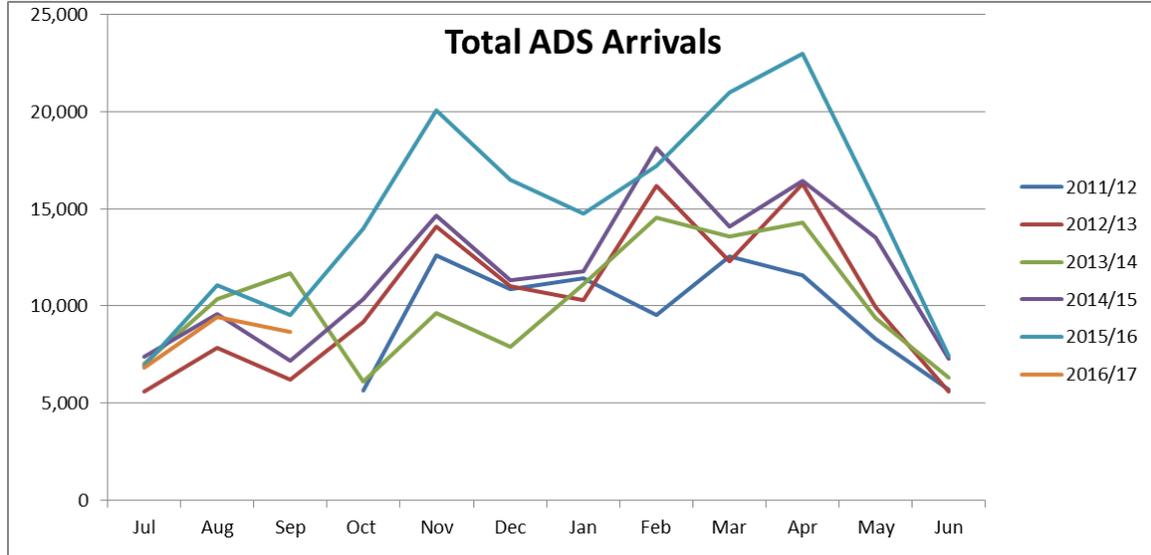
Table 1: Total China visitor arrivals



Source: Ministry of Business, Innovation and Employment

- The ADS group market follows a different pattern, with growth having been slower in the past few years at the expense of growth in the independent travel segment. ADS travel saw an upsurge during the 2015/16 year but since June this year it has declined. We still think the addition of new air services this summer may well boost ADS numbers.

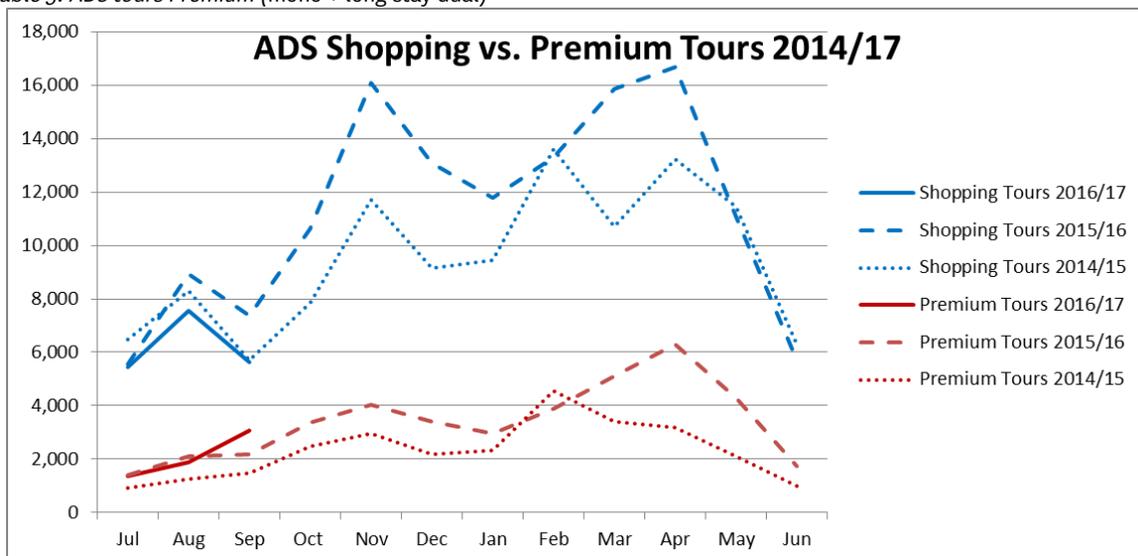
Table 2: ADS visitor arrivals



Source: Immigration NZ

- There has been a strong move in the past two years to higher value ADS tours. For the year ending September 2016 the number of Chinese visitors travelling on low value (or shopping tours)<sup>1</sup> ADS tours was 132,852, up 15.3 per cent compared to the previous year. The number of Chinese visitors travelling on high value<sup>2</sup> ADS tours was 41,389, up 38.4 per cent on the previous year. Almost 24 per cent of ADS visitors are now taking higher value 'premium dual' or 'mono' ADS tours.

Table 3: ADS tours Premium (mono + long stay dual)



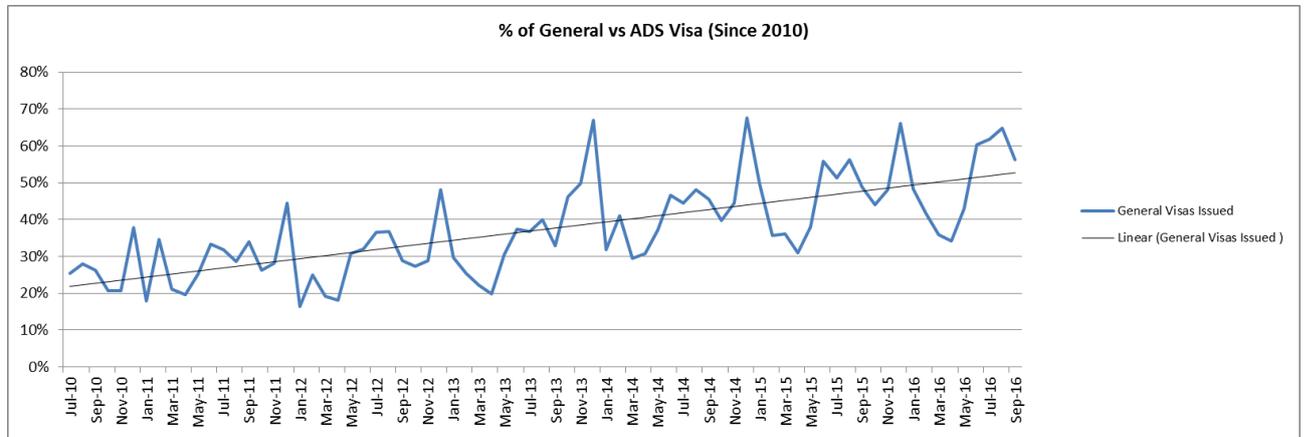
Source: Immigration NZ

- There continues to be a shift away from ADS group tours to FIT travel. For the year ending October 2016 the number of visitors from China travelling on General Visitor Visas (predominantly FIT

<sup>1</sup> Low value represents ADS visitors spending 4 days or shorter in NZ North Island only and visiting both Australia and NZ.

<sup>2</sup> High Value represents ADS visitors spending 5 days or longer in NZ or South Island only and less than 5 days, or mono NZ.

travellers) exceeded those travelling on ADS visas (predominantly group travellers) for the first time ever. In the last year the split was 50.4% on General visas and 49.6% on ADS visas. While the proportion has changed it's important to know that the number of ADS visitors is still increasing – just at a slower rate. The chart below shows this inexorable increase – only six years ago the ADS market dominated with 80 per cent market share.



Source: Immigration NZ

### 3. Air services increase

All of the growth from China is being driven by increased air capacity. Last summer we had big capacity increases, including new services from Air China (Beijing-Auckland from Dec-15), China Eastern (Shanghai-Auckland from Sep-15) and China Southern (Guangzhou-Christchurch from Dec-15). Over the summer peak there were 38 weekly services with around 10,200 seats available.

This summer we will have 49 weekly services with over 13,000 seats available. Air New Zealand is adding more flights on its Shanghai-Auckland route, China Southern is boosting capacity on its Christchurch flights and we will see two routes open: Tianjin Airlines (Tianjin-Chongqing-Auckland 3 per week from 21 Dec 2016) and Hainan Airlines (Xi'an-Shenzhen-Auckland 3 per week from 31 Dec 2016).

Additionally, Hong Kong Airways will be targeting southern China with their new daily Hong Kong-Auckland flights that commence 10 November (increasing to 10 per week Dec-Feb).

In recent days it has been announced that the maximum number of flights allowed between New Zealand and China will be increased from 42 to 49 per week, per country. So expect some new route announcements soon!

### 4. ADS approved tour guides

There are currently 369 ADS accredited tour guides, an increase from 301 in November 2015.

Contact details for those tour guides who have demonstrated that they meet all of Tourism New Zealand's tour guide requirements can be found on our corporate website [here](#).

### 5. ADS ITO changes

There are currently 37 ADS accredited inbound tour operators (ITOs), an increase from 33 in November 2015. A full list can be found [here](#).

In the past few months the following changes have taken place:

New ADS accredited ITOs:

- Tai Chung Travel Group Limited
- China International Travel Service (NZ) Limited
- Little Bridget Travel Limited
- Top International Travel Service Ltd

One new and one renewal application for ADS accredited inbound operator approval status have been declined.

#### 6. Code of Conduct investigations

During the course of our routine administration of the ADS Code of Conduct during the past year (from November 2015), we have identified and dealt with 52 potential breaches of the Code. As a result 22 breaches were upheld and the following actions were taken:

- Eight ITOs were required to undertake corrective action
- Two ITOs were placed on probation
- One ITO was suspended for a one month period
- Seven tour guides were given demerit points

#### 7. Code of Conduct exemptions

Under clauses 4.12A, 4.15A and 4.27 of the Code, Tourism NZ may in its discretion, on a case-by-case basis, allow ADS approved ITOs to use coaches, accommodation and tour guides that do not meet our minimum standards. Previously this was limited to tours travelling 14 days either side of Chinese New Year, however this timeframe has now been removed due to the growth in the market and infrastructure capacity constraints.

In the accommodation area we are working closely with Qualmark, Regional Tourism Organisations and businesses to encourage more accommodation providers to join Qualmark – your support and encouragement in this area would be appreciated.

#### 8. CMDU team changes

Cici Huang, the CMDU's longest serving Market Co-ordinator, has now returned from maternity leave. An Ran who has been with us during Cici's leave will now stay with us until April 2017 to ensure we have additional resources over the busy summer season.

You can contact each of the team personally as below, or use the office contact details as outlined on the cover page:

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