

# Tourism Business Needs Research

## Final Report

November 2017



## Executive summary

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### Introduction

This report presents the results from the study conducted by Dr Craig Lee, Dr Mingming Cheng, and Professor Neil Carr on behalf of the North Asia Centre for Asia Pacific Excellence (CAPE).

The aim of the study was to identify the business needs of tourism SMEs to engage more competently with the North Asian market (China, Japan, and South Korea). In New Zealand, an SME is defined as a business with up to 20 full time equivalent (FTE) employees<sup>1</sup>.

To address the above aim, the following research questions were pursued:

- 1) What is the current level of knowledge tourism SMEs have on the North Asian market?
- 2) What are the tourism SMEs current strategies/services that cater to this market?
- 3) How effectively are the tourism SMEs current strategies/services addressing the culture-specific needs of the North Asian market?
- 4) What external services do tourism SMEs currently utilise to help them understand the North Asian market?
- 5) What services would tourism SMEs like the North Asia CAPE to provide?

### Method

A two phase approach was used to answer the research questions. The qualitative phase involved face-to-face interviews with tourism SMEs in Dunedin and Queenstown. The interview period was from 2 to 30 October 2017. A total of 10 Dunedin businesses and 11 Queenstown businesses were interviewed. The quantitative phase involved a nationwide electronic survey of tourism SMEs in New Zealand. This included, among others, accommodation providers, tour operators, attractions, travel agents, food and beverage operations, and retail services. The survey period was from 9 to 27 October 2017. A total of 258 responses were received from a sample of 3,481 businesses, representing a 7.4% response rate.

### Results

The interviews and national survey provided many similar results. Despite seeing the growth potential in the North Asian market (particularly in China), the majority of tourism SMEs in the two samples are more reactive to the North Asia market than proactive. Tourism SMEs have already taken steps to cater to North Asian visitors, which include translation of marketing collateral, advertising to the North Asian market, utilising online travel agencies (OTAs), and providing products and services tailored to North Asian visitors. However, these strategies are predominantly geared towards the Chinese market. Most respondents have also used external services in the form of workshops to learn about the North Asian market. These workshops were mostly provided by national tourism organisations such as Tourism New Zealand and Tourism Industry Aotearoa (TIA), and regional tourism organisations (RTOs). Despite this, businesses felt the external services currently available are mostly designed for large tourism organisations rather than SMEs. Finally, the main assistance they would like from the CAPE is translation services. Other services desired were cultural and language courses, marketing assistance, training in the use of North Asian business and social media platforms, and product assessment schemes.

<sup>1</sup> Ministry of Business, Innovation & Employment (2016): <http://www.mbie.govt.nz/info-services/business/business-growth-and-internationalisation/small-enterprise>

# Executive Summary

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# Introduction

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### **Background and rationale**

Tourism is a critical element of New Zealand's economy and is particularly important to the South Island, boosting employment and regional growth. In the last five years, New Zealand's inbound tourist sources have changed significantly, particularly in relation to the North Asian market which includes China, Japan, and South Korea. Chinese tourists are now the second-largest international tourism market, with more than 400,000 visitors in 2016, and are gradually shifting from the "first wave" (i.e. packaged tours) to the "second wave" (i.e. Free Independent Travelers (FIT)). The Japanese tourist market is in a growing phase with 100,976 visitors in 2016 following a period of decline from 2004-2011. Tourism New Zealand suggested that the primary target market from Japan is independent Japanese professionals. The South Korean market has grown 9.4% compared to the overall average growth of visitors to New Zealand (8.9%) in 2016, with a total of 83,840 visitors. While statistics show that the majority of South Korean tourists are on pre-arranged or semi-structured tours, Tourism New Zealand is harnessing its efforts to attract more FITs and the premium travel segment. These three North Asian countries, while sharing many similar characteristics, demonstrate significant differences in terms of their cultural values, behaviours, and travel patterns. In addition, each market has its own dynamics. For example, Chinese FITs seek fresh adventure and unique experiences, which is different from Chinese tourists on pre-package tours who only visit "must-see" places.

Current research shows that many tourism SMEs underestimate the importance of a culturally sensitive approach when servicing these three markets. Related to this, a one size fits all strategy is still prevalent in New Zealand. With the North Asian market having the potential to grow much larger in the next five to ten years, it is of strategic importance for the government to understand tourism SMEs' needs to prepare them to service this market more competently for the long-term growth of the New Zealand tourism industry.

### **Aim**

The aim of this study was to identify the business needs of tourism SMEs to engage more competently with the North Asian market (China, Japan, and South Korea). In New Zealand, an SME is defined as a business with up to 20 full-time equivalent (FTE) employees<sup>1</sup>. The outcome of the research will assist the CAPEs to design future services that can help New Zealand businesses develop more knowledge, understanding, culture-specific skills, and language competence for the North Asian market.

### **Research questions**

To address the above aim, the following research questions were pursued:

- 1) What is the current level of knowledge tourism SMEs have on the North Asian market?
- 2) What are the tourism SMEs current strategies/services that cater to this market?
- 3) How effectively are the tourism SMEs current strategies/services addressing the culture-specific needs of the North Asian market?
- 4) What external services do tourism SMEs currently utilise to help them understand the North Asian market?
- 5) What services would tourism SMEs like the North Asia CAPE to provide?



## Introduction

In order to answer the research questions, a two-phase approach was utilised; Phase 1: face-to-face interviews with tourism SMEs in Dunedin and Queenstown; Phase 2: a nationwide electronic survey of tourism SMEs in New Zealand.

## Study participants

For Phase 1, tourism SMEs in Dunedin and Queenstown were identified through the University of Otago, Department of Tourism's connections with tourism associations such as DunedinHOST and other professional contacts. DunedinHOST is the primary industry body for tourism operators in and around Dunedin. An additional internet search was conducted to source tourism SMEs that were not represented by DunedinHOST or the investigative team's professional contacts. These efforts identified 21 suitable tourism SMEs which were subsequently interviewed.

For Phase 2, a database of tourism businesses was developed based on contact lists purchased from two marketing companies, Martins Limited and Core List New Zealand. This resulted in a final sample of 3,481 individual tourism businesses. The sample included accommodation providers, tour operators, attractions, travel agents, food and beverage operations, and retail services.

## Data collection methods

### *Phase 1: Semi-structured interviews with tourism SMEs Dunedin and Queenstown*

Face-to-face interviews with tourism SMEs were conducted in Dunedin and Queenstown. The data collection period for this phase was from 2 to 30 October 2017. An interview protocol was developed containing questions in line with the five research questions of the study. A total of 21 interviews were completed (see Table 1). All interviews were audio recorded.

Table 1: Demographic profile of the interview participants

Tourism Sector	Role	Location
Tour Operator	Marketing manager	Dunedin
Tour Operator	Administration officer	Dunedin
Tour Operator	Operations manager	Dunedin
Tour Operator	Owner	Dunedin
Tour Operator	Partner	Dunedin
Tour Operator	Owner and operator	Dunedin
Accommodation	General manager	Dunedin
Accommodation	Manager	Dunedin
Accommodation	Managing director	Dunedin
Accommodation	Owner and manager	Dunedin
Tour Operator	Owner	Queenstown
Tour Operator	Owner	Queenstown
Tour Operator	Owner	Queenstown
Tour Operator	Marketing and Operations manager	Queenstown
Tour Operator	Owner, director, pilot	Queenstown
Tour Operator	Owner	Queenstown
Tour Operator	Owner and director	Queenstown
Tour Operator	Manager	Queenstown
Tour Operator	Owner/Operator and Founder	Queenstown
Accommodation	Manager	Queenstown
Accommodation	General manager	Queenstown

*Phase 2: Nationwide electronic survey of tourism SMEs*

The electronic survey was developed by the research team using the Qualtrics platform. The survey contained similar questions from Phase 1 with additional questions capturing the demographic information of the respondents. This was to ensure the findings were comparable between both phases of the study. The survey was delivered to the sample via an invitation email explaining the aims of the project with a link to the electronic survey. The data collection period for this phase was from 9 to 27 October 2017, with follow up reminders sent at weekly intervals from the start date. A total of 258 responses were received, representing a 7.4% response rate. The table below details the demographic profile of the survey respondents.

Table 2: Demographic profile of the survey participants

<b>Category</b>	<b>N</b>
<b>Respondent's role in the business</b>	
Owner	152
Manager	50
CEO	3
Director	6
Not provided	11
<b>Type of business</b>	
Accommodation	167
Tour operator	39
Travel agent	1
Food and beverage	4
Attraction (e.g. museums, amusement parks, etc.)	13
Retail	3
Not provided	31
<b>Business location</b>	
Northland	17
Auckland	17
Waikato	15
Bay of Plenty	26
Gisborne	2
Hawke's Bay	10
Taranaki	6
Manawatu-Wanganui	8
Wellington	17
Tasman	5
Nelson	4
Marlborough	7
West Coast	13
Canterbury	41
Otago	45
Southland	10
Not provided	15



### **Data analysis**

The 21 interviews were coded thematically to explore common themes in the data based on the five research questions. This identified the current state of knowledge tourism SMEs have of the North Asian market, the current services they provide to this market, and their business needs to better serve visitors from China, Japan, and South Korea. Qualitative analysis software (Nvivo, ver. 11) was used to manage and analyse the interview data.

The qualitative data from the electronic survey (i.e. the answers to the open-ended questions) were analysed using Leximancer software. This functions to mine the text within each survey (based on an initial coding scheme generated from the results of the interview analysis), creating a conceptual map that represents the main concepts within the text and how they are related.

### **Results**

The results are presented in two separate sections. This is to enable a clearer illustration of the complementary and contrasting findings between the two data collection methods.

# Interview Results

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## Understanding of Chinese visitors

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### **Summary**



This section details the summarised comments made about Chinese visitors. For the most part, respondents had a good understanding of the Chinese market. They understood that this market is growing rapidly. There was also an awareness that Chinese visitor's travel patterns are slowly changing, and there were specific cultural differences between Chinese visitors and other tourists or locals. Respondents also indicated that they have specific needs and preferences when it comes to accommodation, food requirements, and their interest in physical activities.

### **The Chinese market has grown rapidly**

Overall, respondents noted that the number of Chinese visitors that they receive has grown rapidly. This was illustrated by the following comments:

*"It is incredible potential, it is amazing. I see it escalating, it's a very rapid growth. I noticed this since I started with Booking.com 3 years ago. I just couldn't believe it, like, oh my goodness. Because of Booking.com, I would say that global reservation system suddenly [made] New Zealand more accessible, more known to people in China" (Accommodation provider in Dunedin)*

*"We had the number of visitors from China is growing exponentially...clearly the Chinese market is growing at the moment and in terms of visiting numbers they are way higher...so I'm watching that with interest" (Tour operator in Dunedin)*

### **Changing travel patterns**

#### ***Shift from packaged tours to free, independent travellers (FITs)***

The interviewees observed that the Chinese market is experiencing a shift from travellers on pre-packaged tours to more FITs. This was also said by the businesses to be happening faster than the Japanese market. It was also mentioned that this shift resulted in significant implications for their product offerings and marketing. For example:

*"The Chinese market have already gone from shopping tours, which are the starting point for most tours that are coming to the country from any destination in the Asian market, to already driving themselves around. This is happening faster than the Japanese market because of modern technology" (Accommodation provider in Dunedin)*

#### ***Younger generation morphing into Western style tourists***

Respondents noted that the younger Chinese visitors they have encountered are becoming more westernized, and speak better English. This meant that they were also more willing to try western products. For example:

*"The younger Chinese generally have better English, and they are starting to follow the western style of travelling, such as backpacking, and they are willing to try western food" (Accommodation provider in Queenstown)*

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## Understanding of Chinese visitors

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### **Multi-generational travel**

A few tourism operators indicated that there is a growing trend of Chinese visitors travelling in big family groups, usually with party members across several generations, and that they display a preference for staying in large houses that can accommodate the whole group.

*“The Chinese tend to come as a huge big unit, which suits our accommodation because we accommodate up to 8 people in one apartment. Whereas, with the Japanese with just 2 guests, maybe it’s just not so much wanting a 3-bedroom house” (Accommodation provider in Queenstown)*

### **Shorter length of stay**

Respondents reported that due to limited holiday opportunities in China, Chinese visitors tend to have shorter holidays. This results in well-planned and tightly packed itineraries, which means Chinese visitors focus more on sightseeing as they want to see the country. However, this experience is often superficial. For example:

*“They have a very limited time period, they have to go and visit many things. They have one day for this, one day for that, you know. It’s a different kind of [experience], I never had that from other customers. That was interesting what they were doing. Maybe Chinese visitors are more focused on discovering the country” (Accommodation provider in Dunedin)*

### **Cultural differences**

Respondents pointed out a number of cultural differences between their traditional markets (e.g. European) and Chinese visitors. These include a tendency to bargain, unpredictable behaviours, lack of understanding of Kiwi culture, and unique food preferences.

#### **Bargaining**

Some respondents said that Chinese visitors have a tendency to bargain for a discount. In response, some SMEs started offering variable pricing to accommodate this behaviour. For example:

*“The other strategy is that all our staff now have the ability to offer a discount. Because, that will sell our products straight away. We do not offer it unless it’s asked for, but we find that they ask every time. So, we’ve changed a little bit how we do that and we call it having some “wiggle room” (Tour operator in Arrowtown)*

#### **Unpredictable behaviour**

It was noted that tourism operators were not able to predict or read the behaviour of Chinese visitors. Some felt that, at times, they could be quite pushy compared to European visitors. At other times, they could be very quiet and non-engaging. Respondents generally attributed these behaviours to the different living environments and cultural background of Chinese visitors. For example:

*“Chinese visitors can be a little bit different than European visitors or American visitors or Australian visitors. They can be quite pushy. Many of them come here on quite short itineraries. Because of the way the holidays work in China, they get 5 or 8 days, they want to make the most of it. I think just culturally, they live in big cities, and to live in a big city you have to be a bit pushy” (Accommodation provider in Dunedin)*

## Understanding of Chinese visitors

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Continued from previous section

### **Limited understanding of Kiwi culture**

Chinese visitors were described as having a limited understanding of Kiwi culture, which could result in misunderstandings between Chinese visitors and locals, particularly in small communities. For example:

*"I don't know that they're treating New Zealand for what it really is. Where to me, because I'm in the adventure and the outdoors market, I think that's what New Zealand's about. I don't want to have me and my dog having a photo taken of me as I walk through the street. I'm not in a zoo, which happens quite a lot you know. So, I walk here in Arrowtown, which is my home, it's the place where I go and have coffee and I have a beer at night and I walk down the street and I notice this cultural difference" (Tour operator in Arrowtown)*

### **Unique food preferences**

There were a few comments related to the specific food preferences of Chinese visitors. It was reported that they often have difficulty adapting to western food when travelling in New Zealand. In particular, Chinese often dislike cold food. For example:

*"We quickly realised that Chinese people don't have cold food, and pretty much won't eat cold food for breakfast. So, if we have groups of them traveling now we prepare hot food for breakfast" (Accommodation provider in Dunedin)*

## **Accommodation**

### **Chinese visitors book accommodation within China through Chinese booking channels**

Interviewees from the accommodation sector reported that Chinese visitors often plan their itineraries well ahead. Usually, they book accommodation in New Zealand while still within China, often through Chinese online travel agents (OTAs) such as Ctrip.com. As a result, some operators have started to work with Ctrip.com to gain more exposure to the Chinese market. For example:

*"I think a lot of the Chinese are actually booking on Ctrip.com. But, Ctrip.com has a relationship with Booking.com. So, we [in New Zealand] see Booking.com, while the client [in China] sees Ctrip.com, so they don't know who Booking.com is. So, about 3 weeks ago, we had a meeting with Ctrip.com representatives who visited Queenstown. Now we're looking at dealing direct with Ctrip.com, and linking our reservation system direct to Ctrip.com, rather than going through Booking.com" (Accommodation provider in Queenstown)*

### **Unfamiliarity with accommodation arrangements in New Zealand**

Respondents noted that Chinese visitors often have difficulties understanding the different types of accommodation in New Zealand. Chinese tourists get confused about the different arrangements on offer such as bed and breakfasts, hostels, backpackers, motels, and hotels. This often results in Chinese visitors having the wrong expectations. For example:

*"Chinese visitors don't understand the term of "self-catering", they often expect the service level of a hotel" (Accommodation provider in Queenstown)*

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## Understanding of Chinese visitors

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### ***Bookings can be effected by the visa application process***

There were a number of respondents who explained that the time it takes for Chinese visitors to obtain a visa to travel to New Zealand can significantly impact their accommodation booking. For example:

*"We have very strict cancellation policies, and it's non-refundable. So, that's why we think that now they put off making their bookings until they have their visas secured. Therefore, a high proportion of our last-minute bookings are from Chinese visitors" (Accommodation provider in Queenstown)*

### **Lower physical fitness**

Tour operators found Chinese visitors generally have a lower tolerance for physical activities as compared to Europeans. As such, physically demanding tourist activities are not popular with Chinese tourists. For example:

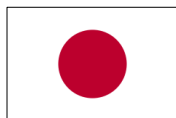
*"Recently, the younger Chinese have started riding a little bit. But, the middle-aged or older, no way. They don't want to know about it. The younger Chinese a little bit, but they're very unfit" (Tour operator in Arrowtown)*



# Understanding of Japanese visitors

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## **Summary**



The respondents had a lower level of awareness and understanding of Japanese visitors compared to their knowledge of Chinese visitors. However, they generally consider this a mature market with smaller visitor numbers. The consensus is that Japanese visitors are easy to deal with. However, there is a concern that this market was declining.

## **Softening market**

### ***Number of Japanese visitors has dropped***

Respondents reported that in their experience visitor numbers from Japan have dropped tremendously. This has caused significant impacts on the tourism businesses who predominantly cater to this market. For example:

*“We used to have quite a few Japanese a number of years ago, but that dropped off, which is a shame because they’re lovely people, we’d like to have them back” (Tour operator in Dunedin)*

### ***The Japanese market is sensitive to economic fluctuations***

The Japanese market can also fluctuate significantly when economic and social conditions change within Japan. As a result, some respondents hesitate to put in extra effort to attract this market

*“The Japanese market, I think, is a particularly fickle one, which means it’s very sensitive to certain developments. For example, there were a series of events early in the decade which hurt that market. The volcanic eruption, bird flu, the earthquake in Christchurch, they’re very sensitive about all those things. The Japanese market all but vanished. So, my feeling was, no, not my feeling, it’s a fact, the Japanese, the history of the Japanese visiting New Zealand, is really up and down. I think at times it shows great promise, and then it almost evaporates. Eventually, I made the decision not to allocate extra resources to that market” (Tour operator in Dunedin)*

### ***Mature market***

Respondents perceived the Japanese market as more mature due to its early entry into New Zealand. This has meant that Japanese visitors have a better understanding of Kiwi culture than Chinese and South Korean visitors. For example:

*“The Japanese are a more of mature market, where they’ve been here since the eighties. They understand what New Zealand is, and I think they treat New Zealand, I think they’ve learned what New Zealand has, you know, the standard traditions, and who we are” (Tour operator in Arrowtown)*

## Understanding of Japanese visitors

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### **Behavioural traits**

Japanese visitors were commended for being polite, quiet, unassuming, and often travel solo. They are mainly FITs and respondents felt that they were generally easy to deal with. For example:

*"I would say that the one that's really quiet and almost invisible is the Japanese. Japanese are super polite and I never had an argument or a misunderstanding with Japanese guests. And, they're just super polite, and you can see that they try not to bother anyone. In general, I never had a complaint about Japanese guests. And, they travel a lot solo, they don't travel in groups"*  
(Accommodation provider in Queenstown)

## Understanding of South Korean visitors

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### **Summary**



from the data.

Compared to the Chinese and Japanese markets, the respondents had very little knowledge of the South Korean market. Some indicated that their only knowledge of South Koreans was through other businesses who have served them. This is demonstrated by the relatively few themes that were extracted

### **Usually travel in guided groups**

With limited knowledge of the South Korean market, respondents had the perception that South Korean visitors generally travel more in tightly controlled guided groups. Thus, respondents felt that the South Korean market was less profitable than Chinese and Japanese visitors. Some examples of this were:

*“The South Koreans, I don’t know much about them. The little bits I hear is that they are very tightly controlled by the tour guide. I know that they’re on tours a lot, and that market sort of almost doesn’t let themselves be out of that little group. They are herded into a bubble, that’s what I hear, I don’t know” (Tour operator in Arrowtown)*

*“The South Korean market is not so strong for us, it doesn’t appear to be. It would appear that the South Korean market is still quite tour bus oriented, that’s just a feeling I get, and that they maybe don’t have the money to spend as much as the Chinese or Japanese, that’s the feeling I get anyway” (Tour operator in Queenstown)*

### **Interested in taking wedding photos in New Zealand**

Respondents noted that South Korean visitors had a particular interest in taking wedding photos in New Zealand, although this was only based on anecdotal evidence. For example:

*“The South Korean market I have no idea. When we ever see them down here they are usually taking photos for weddings” (Tour operator in Arrowtown)*

## Current services offered to North Asian visitors

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### **Summary**

Respondents reported that they have a number of strategies in place to capture and cater to the North Asian market. However, these strategies were predominantly geared towards the Chinese market. These strategies included using translation services, advertising, utilising online travel agencies (OTAs), and providing products and services tailored to the preferences of North Asian visitors. These strategies are elaborated below.

### **Translation services**

Translation services were the most mentioned strategy. This is because respondents felt that translations were the first and simplest steps to engage with the North Asian market. These included:

- Translated information sheets and safety briefings
- Frontline staff proficient in North Asian languages
- Tour guides who can speak North Asian languages
- Translated signs
- Translated web pages

### **Advertising to the North Asian markets**

Advertising to attract North Asian visitors was the second most mentioned strategy. However, a number of respondents were concerned that they were not able to gauge whether their investments in this provided value for money. The marketing strategies that they implemented included:

- Create marketing collateral that feature North Asian customers undertaking activities
- Distribute flyers written in North Asian languages around town
- Work with local Chinese tour operators
- Hosting North Asian familiarization trips (FAMILS)
  - *“Last year we probably had 4, if not 6, dedicated Chinese FAMILS, where the people that came were from China or from Chinese magazines. We had them for a day, toured them through the forest, showed them the food that we were producing, talked to them about our sustainability, and showed them our wildlife. As a result, one particular group of journalist students from a Chinese university, and they were here to see the mare, they came out to us, and we got about 12 to 16 stories in Chinese magazines and articles throughout China. So, wherever we can we are as proactive as possible” (Ecotourism business in Dunedin)*

## Current services offered to North Asian visitors

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### **Cooperation with inbound tour operators and online travel agencies (OTAs)**

Due to a lack of expertise and funding to directly target North Asian visitors, respondents reported that they relied heavily on inbound tour operators and OTAs to sell their products. These channels include: Ctrip.com, Alibaba.com, Booking.com, Expedia.com, Kate Travel, Qbook, and Happy Travels. However, respondents raised concerns that these third parties can charge heavy commission fees.

### **Presence on Social Media platforms**

Some respondents reported that they had started to attempt to gain a presence on North Asia specific social media platforms. For example, one Dunedin tour operator has an account on Chinese social media platforms such as Wechat and Weibo. Respondents also indicated that they were very keen to learn more about how to effectively manage these social media platforms.

### **Discounted pricing**

There were also businesses who provided the flexibility to offer discounts towards Chinese visitors who attempted to bargain.

### **Working with their regional tourism organisation (RTO)**

Several businesses worked closely with their RTOs to promote their business to North Asian visitors.

### **Tailoring products and services to North Asian visitors**

Some businesses provided special services and facilities to cater to the North Asian market:

- Have larger houses for Chinese visitors who travel in a big group with their family
- Kitchen facilities that are suitable for North Asian style cooking: rice cookers, chopsticks, woks, and range hoods
- Tours that are less physically demanding for North Asian visitors
- More photo opportunities for Chinese visitors
- Provide local e-payment methods such as Alipay

## External services currently used by the participants

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### **Summary**

To better understand the North Asian markets, respondents have used a variety of external sources. Participants mainly attended seminars and workshops organised by their RTO, city council, and larger tourism organisations such as Tourism New Zealand and Tourism Industry Aotearoa (TIA). Other information sources include trade shows, language classes, and reading articles on the internet. A summary of the information providers and the services the respondents used are detailed below.

<b>Provider</b>	<b>Services offered</b>
The Australia and New Zealand Banking Group Limited (ANZ)	Workshops on the China market
Local Chamber of Commerce	Workshops, seminar
China Friendship Society	Chinese language classes
Destination Queenstown	Workshops, newsletter
Destination Queenstown tourism office and their Chinese division	Some help but was not specified
Ella Zhang from Destination Queenstown	Key contact with the Asian market
Enterprise Dunedin	Workshop
Kiwi Link, TRENZ	Trade show
Tourism Industry Aotearoa (TIA)	Workshop
Tourism Board	Seminar
Tourism New Zealand and the regional tourism body	Workshops, websites, training
Tourism New Zealand	Workshop about the China market
Tourism Ticker	Website
University of Otago	Chinese language workshop



## Services needed from the North Asia CAPE

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### **Summary**

Respondents were asked to suggest what services they would like to see the North Asia CAPE provide. The overwhelming majority of respondents indicated a preference for translation services. There was also a strong call for marketing assistance. Other needs included training on North Asia specific business and media tools, language and cultural training, and assistance in sourcing staff who can speak North Asian languages. These needs are elaborated below.

### **Translation services**

The most frequently mentioned service that businesses felt they need is North Asian language support, which includes both translation services and staff training as most respondents indicated that they could not afford to hire full-time staff who are native speakers of the three North Asian countries. Interviewees also noted that commercial translation services currently available are expensive and unreliable. For example:

*"I'm very lucky, I took a young Chinese girl on my tour with her boyfriend one time. She works down here and she's been really good. I paid a Chinese company one time to do my Chinese page translation in a couple of things, and she read it and she laughed. She said it was terrible. So, she translated it for me. But, she has since gone back to China. But, that sort of service would be good, to have someone, say "Hey, I want to do my Chinese page", and having someone available to do that" (Tour operator in Queenstown)*

### **Marketing assistance**

Respondents felt that they needed guidance in terms of reaching North Asian visitors directly. For example:

*"So, it's finding a way to get into that market. If you could guide us how to approach the independent traveller, maybe then the word would spread" (Tour operator in Queenstown)*

Other respondents also called for assistance in increasing awareness for more novel tourism products. For example, the owner of a Segway tour company and a mountain biking tour operator indicated that awareness of their product is limited in the North Asian market as they are considered novel in those regions, which is not the case with traditional European markets. As such, they find visitors from North Asian regions have limited awareness of their products compared to more traditional tours such as adventure and wildlife tours.

## Services needed from the North Asia CAPE

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### **Cultural, language, and market trends workshops**

Businesses also called for seminars or workshops that focus on North Asian cultures and the trends of these markets. For example:

*“Any kind of thing where we can formalise what we are learning indirectly. If there are groups, people that want to come together to learn together and perhaps share costs, or to be subsidised on a bigger level. To have bigger audiences to come in for all of those little cultural nuances that we as Kiwi’s don’t have to know but it’s good to know a little bit so that we can engage politely. Then, we can have our Chinese speaking people do the right thing. It’s like learning Tikanga Maori. It’s learning a little bit of language, learning where you can engage without being tokenistic, that is polite and warm and friendly. Then, let our people do the rest. I think I would love to do that because I’m a Pākehā man but I love things Maori and learning about the culture enriches me. So, it would be the same for Chinese culture” (Tour operator in Dunedin)*

### **Training on North Asia specific business and media tools**

Some respondents suggested that they need training on how to utilise North Asian specific business and media tools. This included guidance on how to integrate Alipay for Chinese visitors, how to use North Asian travel review websites that are equivalent to TripAdvisor, and how to engage with North Asian specific social media platforms. This need stemmed from the respondent’s knowledge, for example, that Chinese consumers heavily use Alipay in China and Chinese specific web services such as WeChat. As such, they hoped that being able to engage in North Asia specific business and media platforms will increase their popularity and reach with North Asian visitors.

### **Assistance in sourcing staff proficient in North Asian languages**

Respondents felt that they needed help in identifying sources where they could find qualified staff who could both work in tourism and speak North Asian languages proficiently. This was illustrated by the following quotes:

*“So, I want to employ Mandarin-speaking people. It’s a different culture, what I’m doing to what they are used to. Where do I look for someone? Do I employ them part-time? Are they going to be a student that has learned English that’s also interested in tourism? Where do I find that person? And then, what skills does that person need to look at the Chinese market? So, do they need also need to be able to engage with the social media of China?” (Tour operator in Arrowtown)*

*“I think getting access to a group of, I mean, getting access to Chinese guides would be really great. Because, there’s that reticence I was telling you about that exists with our current translators (who are not professional guides) at the moment until they build their confidence. When you’re guiding you really need to be able to exude confidence and share that because that’s where the confidence comes for the visitors. And so, it would be really great to speak to Chinese guides and to go, either come and work with us, or help us with our Chinese staff so that we can engender that sense of confidence and self-belief and all of that. We haven’t found anyone like that yet. But, for me, it’s a critical factor in the whole product that we offer” (Tour operator in Dunedin)*

## Concerns about the state of tourism in New Zealand

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### **Summary**

Although not an objective of the study, a theme that emerged from the interviews was some concerns businesses had about the state and direction of tourism in New Zealand. These mainly revolved around criticisms of the larger tourism organisations and their perceived inability to adequately serve SMEs. These specific concerns are highlighted below.

### **National tourism organisations and RTOs do not cater adequately to SMEs**

Some respondents mentioned that national-level tourism organisations and their local RTOs cater more to larger tourism businesses and are not suitable for SMEs. For example:

*“My criticism of Tourism New Zealand, and Destination Queenstown to a small point, is that they are very much geared for the bigger businesses. So, they’re geared for the bigger business groups, but they’re not geared for the small and medium. And, you know, they say “Hey join us on this sales promotion. We’re going to the Chinese”. A spot on that was \$7,500. For a business like Shotover Jet, bungee, those businesses, it’s nothing for them and it’s 10 minutes work. For businesses like mine, that is a major investment, and to get a return it needs quite a long time. So yeah, that would be my criticism” (Tour operator in Queenstown)*

### **Concerns over 100% Pure New Zealand**

There were concerns about how the country can balance the increasing number of visitors to New Zealand with the marketing of the country as 100% Pure. For example:

*“Honestly, I have my doubts about what will happen. And so, I guess, the other side of the coin is this, if you have quite a significant Chinese travelling population in the country, how does that affect your other tourism markets? Because, the offering that we have currently, 100% Pure New Zealand, is based on a small country that’s really beautiful with not a whole lot of people. I think visitor surveys at the moment show that they’re just starting to get a wee bit of a downturn on visitor satisfaction around the number of people at attractions” (Accommodation business in Dunedin)*

### **Need for North Asian visitors to be educated about Kiwi culture and etiquette**

In line with the tourism SMEs comments that North Asian visitors may lack an understanding of Kiwi culture, some respondents hoped that bodies such as Tourism New Zealand and RTOs can impart an understanding of New Zealand and its culture and etiquette to North Asian visitors before they arrive. For example:

*“Before they travel, have like a small book that shows what’s typical in New Zealand. But, not everything, just the things that they know are different in New Zealand so we don’t need to explain everything” (Accommodation business in Queenstown)*

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## Concerns about the state of tourism in New Zealand

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*“To an extent, we rely on tourism New Zealand and our RTOs to impart New Zealand cultural rules to the foreign traveller, whatever the market. That is our expectation. So, apart from just trying to sell New Zealand to the foreign market, we expect Tourism New Zealand and the RTOs to inform and educate people visiting our country, and then, yes, we will reaffirm this when people are here. For example, no smoking. With the Chinese market this has taken us quite a few years to get the message across. Also, things like we need to know how many people are staying in the property” (Accommodation business in Queenstown)*

# Survey Results

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## Understanding of Chinese visitors

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### **Summary**



Respondents to the survey were asked to explain what they understood about visitors from China. Across the three countries, this question received the highest number of responses and also the most detail. The main finding that emerged from this section was comments related to Chinese visitors' level of English proficiency. Other significant themes from the sample were their price sensitive nature, prevalence of group travel, a shift to more FITs, a preference to cook their own meals, under-reporting of guest numbers, and avoidance of physically demanding activities.

### **Level of English proficiency**

The most frequent comment made by survey respondents was about the level of English of Chinese visitors. The study sample perceived Chinese visitors as having less fluency in English compared to their Japanese and South Korean counterparts. In addition, respondents usually encountered Chinese visitors who either spoke fluent English, or not very much. This statement was also frequently mentioned in tandem with the visitors' age, with younger Chinese visitors being perceived as having good English, while those who were above 40 years old having relatively weaker English proficiency. If in a group, there would usually be at least one member who could converse in English. Finally, respondents noted that the level of English proficiency among Chinese visitors is slowly improving.

### **Price sensitive**

Respondents observed that Chinese visitors often consider pricing an important factor when making travel decisions. They are usually budget focused, and like to get a discount. Some Chinese visitors will also attempt to bargain, with some sections of the sample indicating that Chinese visitors expect a high standard of product/service while looking to pay bargain prices.

### **Prefer to travel in groups or with family**

Chinese visitors tend to travel in larger groups, with a growing trend of multi-generational travel (parents, children, and grandparents). However, this trend is slowly changing as evidenced by the next theme.



## Understanding of Chinese visitors

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### **Shifting from group travel to free, independent travellers (FITs)**

While Chinese visitors currently still largely travel in groups, respondents in the sample are starting to experience a change in the type of Chinese visitors they receive. Many respondents noted a shift among Chinese visitors from a group mentality to more independent travel. It was also observed that the average age of Chinese visitors they receive is lowering, with an increase in self-drive tours. It was also mentioned that Chinese visitors are starting to seek more local experiences (e.g. sampling local food and beverage).

### **Prefer to cook in their accommodation**

A significant number of comments were related to Chinese visitors' dining habits. Chinese visitors were observed to prefer cooking in their accommodation. It was also noted that they liked staying in accommodation that provided full cooking facilities.

### **Tend to under-report true number of guests when booking accommodation**

There were numerous comments from the survey participants that Chinese visitors tend to under-report the number of guests when booking accommodation. For example, one respondent elaborated a situation where a room was booked for two guests but a party of nine arrived, including three couples and three children. Some suggested that Chinese visitors do not consider children and grandparents as extra guests. They are also reluctant to accept the need to pay for additional guests when confronted.

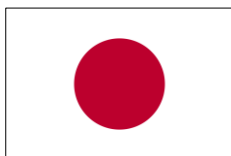
### **Dislike physically challenging activities**

Some respondents indicated that Chinese visitors are not keen on adventure tourism or activities that are physically demanding. They do not partake in active adventure activities (such as mountain biking or kayaking) and prefer "low impact" or "soft" adventure experiences.

## Understanding of Japanese visitors

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### **Summary**



Respondents indicated that most Japanese visitors have an acceptable level of English. In addition, they find that the number of Japanese visitors that they receive has generally declined. Most respondents commended the well-mannered nature of Japanese visitors, and observed that they enjoy doing activities and experiencing local attractions and culture.

### **Generally good English**

Respondents generally considered Japanese visitors to have moderate to good English. In addition, when language may be an issue, respondents usually noted that, despite this, they are generally able to converse with Japanese visitors to get their point across.

### **Well-mannered and cultured**

Japanese visitors were considered very well-mannered. Respondents tended to emphasise that Japanese visitors were polite, quiet, and tidy. They were considered less demanding than other North Asian visitors, and, while they may expect a high quality of service, they are also more accommodating and accept minor problems without complaints. They were also considered more cultured than Chinese and South Korean visitors, and tend to be more westernized.

### **Enjoy activities and visiting local attractions**

Japanese visitors were noted to partake in more activities than Chinese visitors. For example, trail walking, cycling, and skiing. They also like to experience Kiwi food and culture, and regularly ask for information about local activities.

### **Market is declining**

There was an indication that the sample is experiencing a decline in the number of Japanese visitors they encounter. Some respondents explained that they have seen a dramatic drop in numbers compared to the 1990's. They also reported a drop in the amounts Japanese visitors were willing to spend on activities such as shopping. Many businesses also admitted that they did not receive Japanese guests at all.

## Understanding of South Korean visitors

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### Summary



Respondents reported that visitors from South Korea generally have a level of English that is similar to Chinese visitors, if not better. However, they also noted that the number of South Korean visitors that they receive is much smaller compared to Chinese and Japanese visitors, with many commenting that they know very little about the South Korean market.

### **Low level of knowledge of this market**

The majority of respondents indicated that they did not have any knowledge of South Korean visitors. This usually stems from the fact that they do not receive any visitors from this country, or that they are not interested in capturing this market. However, a few respondents indicated that they considered South Korean visitors to have similar traits to Chinese visitors.

### **Mainly travel in tours**

While South Korean visitors were not encountered much in general, those that were served were usually part of tour groups on short stays. These groups were largely led by their guides, and were observed to have little interaction outside of the group as the guide would handle everything.

### **Male visitors can be difficult**

Unfortunately, there were a few cases where respondents detailed negative experiences associated with male South Korean visitors. They were described as chauvinistic, and not as polite when interacting with females as compared to their interactions with males.

## Level of engagement with the North Asian market

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### **Summary**

Respondents were asked to indicate whether they actively engaged in capturing the North Asian market. The majority of respondents did not actively engage in capturing the North Asian market. However, for those that were active, it was reported that advertising through online travel agencies (OTAs) was the most common level of engagement. Some respondents also attended tradeshows to connect with inbound travel agents or potential buyers from the North Asian region, while others conducted sales trips to North Asia.

### **Advertising through Online Travel Agencies (OTAs)**

A number of respondents indicated that they actively engage in trying to capture the North Asian market by advertising through OTAs. This was done by ensuring that their business was listed on websites that target North Asia and taking part in promotions run by OTAs. Some of the specific OTAs that were mentioned were: Trivago.com, Agoda.com, and Ctrip.com.

### **Attendance at tradeshows**

Survey participants had attended tradeshows to connect with potential buyers from the North Asian region. Some tradeshows mentioned were: Kiwi Link China organised by Tourism New Zealand, TRENZ by Tourism Industry Aotearoa, and ITB Asia by Messe Berlin.

### **Sales trips to the North Asian region**

A few respondents indicated that they engage with the North Asian market by making overseas sales trips either on their own or in a larger trade group. For example:

*"We travel to Japan each year and do presentations about our business in Tokyo and have also done "talk-live" events in Osaka, Kyoto, and Yokohama" (accommodation provider in the West Coast)*

Two respondents also travelled to China with the 'Kia Ora South' trade delegation as part of the New Horizons Fund initiated by Christchurch Airport.

## Reasons for non-engagement with the North Asian market

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### **Summary**

If respondents indicated that they did not actively engage in capturing the North Asian market, they were asked to explain why. The most frequent reason was due to a lack of resources from being a “small business”. Other significant issues were that the North Asian market was not their targeted clientele, a lack of knowledge of how to engage with the large and complex North Asian market, OTAs already market on their behalf, and difficulties from a lack of language skills.

### **Lack of resources**

The majority of respondents indicated that they did not actively engage in capturing the North Asian market as they were “too small”. This usually meant that they did not have enough financial resources to advertise to this region. In addition, many were unsure as to how to measure their return on investment if they were to spend on marketing to attract North Asian visitors. Also, because of a lack of manpower, respondents could not find the time between their day-to-day operations to devise strategies to capture this market. Some examples from the sample were:

*“The amount they spend on items doesn't make it worth it, and we aren't prepared to pay kickbacks or commissions to bus drivers or tour guides” (Retail business in Otago)*

*“Hard to capture these markets directly as booking sites such as Booking.com have extremely large marketing budgets and we can't compete. The Asian market likes to book online and are captured by OTAs as they can afford to pay Google to come up first on a search page. This is frustrating for us, we earn less through the OTAs large commissions that they charge us. If this market booked with our motel directly they would pay less for their accommodation. We would really like to advertise on how to get to our website to book directly but cannot afford the Google fees” (Accommodation business in Canterbury)*

### **North Asia is not a target market**

There were many respondents who indicated that they had no interest in pursuing visitors from North Asia. They either had different target markets or they were already doing sufficient business with the visitors they currently serve. For some businesses, patronage from North Asian visitors represented only a small portion of their business, and they saw no reason to grow this segment. For others, the type of product/service they offered was not perceived to be attractive to North Asian visitors. Some examples were:

*“We are a small business, t/o approx. \$350k pa, 80% corporate travellers, remaining 20% predominantly Australian, UK & European, less than 1.5% are Asian tourists” (Accommodation provider in Northland)*

*“Business struggling since the earthquakes and no spare cash, also there does not seem to be a lot of interest from this sector” (Tour operator in Canterbury)*

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## Reasons for non-engagement with the North Asian market

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### **Not enough knowledge of these markets to engage**

Respondents indicated that the size and complexity of the North Asian market discourages them from pursuing visitors from this region. Because North Asia is considered a non-traditional market, they believe there needs to be cooperation with North Asian tourism wholesalers and country specific marketing, which some businesses are reluctant to engage in. Also, several businesses indicated that the cultural divide between the SMEs and North Asian visitors proved a bridge too far. Some examples were:

*“Having looked, the market is HUGE and somewhat daunting. There is a great influence by their wholesalers who are just understanding what they want or think their visitors should see” (Accommodation and restaurant business in Bay of Plenty)*

*“On a personal level this is not a market group that we feel comfortable in encouraging to visit due to the strong cultural divide” (Accommodation provider in Southland)*

### **OTAs already engage with the North Asian market**

Tourism SMEs left it to the OTAs they were listed on to engage with the North Asian market on their behalf. Many felt that being listed with OTAs such as Expedia.com, Booking.com, and Agoda.com gave them sufficient exposure to the North Asian market. Some examples were:

*“Whenever I ask Asian visitors how they found us, they say they found us online. This tool seems satisfactory for a business of our scale” (Attraction business in Waikato)*

*“We find that Agoda.com and Booking.com are widely used as booking tools from our Asian guests, they are easy to use, and are translated into their language” (Accommodation provider in Bay of Plenty)*

### **Language barrier**

The survey respondents indicated that a lack of language skills contributed to their decision not to engage with the North Asian market. This was because they were not able to translate their marketing material (e.g. website, advertising) to the appropriate North Asian language. In addition, some were concerned that if they were to translate their material, they would not be able to respond to customer enquiries from the region due to the language barrier. For example:

*“Language barrier. Cost involved in converting website content into Mandarin. Plus, if that’s done, will an average tourism business be able to handle enquiries in Mandarin or cope with any language barrier?” (Tourism directory provider in Canterbury)*



## Current services offered to North Asian visitors

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### **Summary**

Respondents were asked to elaborate on the current services that they provide within their business that specifically cater to North Asian visitors. The most common strategy implemented by tourism SMEs was language services. This involved translating marketing collateral to Mandarin, Japanese, or Korean, hiring frontline staff who can speak North Asian languages, employing tour guides fluent in North Asian languages, translating signs, and providing translated mobile apps. There were also a significant number of respondents who indicated that they did not offer any specific services for North Asian visitors. Some reasons for this were that their philosophy was to treat all guests equally, that visitors coming to New Zealand should experience an unaltered New Zealand experience, and that North Asian visitors preferred and valued an authentic experience. There were also some sectoral differences with regards to these services, which are presented below.

### **Services from accommodation providers**

Accommodation providers generally translated brochures, signs, and information sheets for North Asian visitors. In addition, many made adjustments to cater for the specific dietary and culinary needs of the North Asian market. For example, self-catering operators have learnt to provide rice cookers, woks, bowls, and chopsticks on their premises. Some other examples were:

*"We have as many signs and guest information in Chinese. We provide rice and noodle options, and chop sticks with breakfast. We also have an app with all info about our property in Chinese, which is helpful" (Accommodation provider in Wanaka)*

*"Free Wi-Fi and information sheets in the rooms in Mandarin/Chinese outlining what is on offer in the village etc., and what to do and not to do in the units (e.g. boil rice in the kettle)" (Accommodation provider in Canterbury)*

### **Services from tour operators**

Tour operators, on the other hand, do not alter their product offerings to cater to the North Asian market. However, they do translate their products to reduce the language barrier.

*"We don't change our product to suit travellers from a specific country. We have systems in place to enable us to deliver our activity to anyone of any ability or language. We don't make any service for a specific country. We do have products that suit specific interest groups but they can be from any country" (Tour operator in the West Coast)*

*"Not really. Have Chinese translation for safety briefing and for toilet instructions" (Tour operator in Northland)*

## External services currently used by the participants

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### **Summary**

Respondents were asked to identify if they had used any external services to understand the North Asian markets better. If they had, they were asked to elaborate on what these were, and who provided the service. The most commonly engaged service was attending workshops and seminars about the North Asian market. These were predominantly run by national and regional tourism organisations. Besides that, tourism SMEs would source their own information from the internet, and through interactions with colleagues, friends, and visitors from North Asia.

### **Workshops and seminars**

Attendance at workshops was the most widely mentioned external service. However, these workshops usually focused exclusively on the Chinese market, providing information about their characteristics and needs. In addition, almost all the workshop providers mentioned were a national or regional tourism organisation.

*“Our local tourism office arranged a speaker via Tourism NZ to speak about the Chinese market, that was good and well received” (Accommodation business in Nelson)*

*“Attended several workshops, some in Greymouth, and some in Christchurch. Provision of these workshops have been via Tourism West Coast and Christchurch promotions” (Tour operator in the West Coast)*

Some of the providers of these workshops were:

- |                             |                                 |                                   |
|-----------------------------|---------------------------------|-----------------------------------|
| • Tourism New Zealand       | • Destination Rotorua Marketing | • Tourism Industry Aotearoa (TIA) |
| • Local Chamber of Commerce | • Tourism West Coast            | • Destination Lake Taupo          |
| • MBIE                      | • Destination Coromandel        | • Venture Southland               |
| • Local Motel Association   |                                 |                                   |

### **Using the internet**

Searching the internet was a common source of knowledge to understand the market needs of North Asian visitors. These included government websites, RTO websites, Google Translate, and general websites that may write articles about this market.

Some websites which were specifically mentioned were:

- |  |  |
|--|--|
| • <a href="http://www.chinatoolkit.co.nz">www.chinatoolkit.co.nz</a>       | • <a href="http://www.hospitalitynz.org.nz">www.hospitalitynz.org.nz</a> |
| • <a href="http://www.tourismnewzealand.com">www.tourismnewzealand.com</a> | • <a href="http://www.booking.com">www.booking.com</a>                   |
| • <a href="http://www.tia.org.nz">www.tia.org.nz</a>                       |  |

## External services currently used by the participants

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### **Speaking with their customers and personal friends from the North Asian region**

Finally, there were many businesses who specifically mentioned that they actively talked with their guests and personal friends from the North Asian market to understand them.

## Services needed from the North Asia CAPE

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### **Summary**

Respondents were asked to suggest what services they would like to see the North Asia CAPE provide. The overwhelming majority of respondents indicated a preference for translation services. There was also a strong call for more language and cultural training. Some respondents also hoped that the CAPE could provide an assessment framework that can help businesses identify if they are “North Asia ready”. There was also a call for assistance in marketing to this region. Finally, with the exception of translation services, respondents indicated that workshops would be the best method to deliver these initiatives.

### **Translation services**

The most frequently mentioned request was for translation services, as most SMEs cannot afford to hire external companies or full time staff who are native speakers of North Asian languages. Some of the services requested included translation of marketing collateral, translation of the businesses’ website, cards with basic translations of the services the business provides, information sheets in the local language of the North Asian visitor to advise them of the local culture and expectations of visitor behaviour, and signs in different languages about New Zealand kitchen etiquette.

*“We are a small business, and a lot of services are targeted at the larger hotels and iconic NZ must do areas. We cannot afford to have a sole Mandarin speaking staff member” (Accommodation provider in the West Coast)*

*“Inexpensive translation services would be my only request” (Tour operator in Otago)*

*“Translation services. Sometimes it would be nice to be able to ring someone to get them to explain to our guest what we are trying to tell them” (Accommodation provider in Canterbury)*

### **Language and cultural training**

There were many comments asking for more training in North Asian languages and the cultural differences between the three markets. Moreover, respondents were also interested to have a deeper understanding of the cultural nuances of visitors from this region, rather than “surface knowledge”. Some comments were:

*“Specific workshops (not the usual “Chinese don’t like the colour white, Chinese like the colour red” type of surface nonsense)” (Attraction in Bay of Plenty)*

*“I would like to see a “Nee-how” Programme, where service providers attend courses on the service expectations of Chinese visitors, cultural information, practise at communicating with someone for whom English is a second language (which really is an acquired skill), and a smattering of welcoming Chinese words. These businesses then become certified as participants, and Chinese visitors can see some sort of accreditation that shows that their presence is valued and appreciated at this particular establishment” (Attraction in Waikato)*

## Services needed from the North Asia CAPE

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### **Business practices assessment**

Respondents indicated that they would like guidance on how to assess whether their business provides the appropriate services for North Asian visitors. To that end, some comments stated that having an organisation that could assess their level of competence would be welcome.

*"Product and service assessments. Training would help front of house staff perhaps"*  
(Accommodation provider in the West Coast)

*"Product assessment to identify value proposition for Asian customers, if any then assistance with marketing materials appropriate for the market"* (Tour operator in Northland)

*"Training on what would be good to provide for our guests, service assessments"*  
(Accommodation provider in Otago)

*"There would definitely be an interest in product and service assessment, translation services"*  
(Accommodation provider in Canterbury)

### **Marketing assistance**

There were a few responses requesting assistance in marketing to the North Asian region. This encompassed areas such as understanding the type of advertising message that would be most effective in capturing potential North Asian visitors' attention, direct access to people in the North Asian market, and more fine detailed profiling of the different areas within North Asia so that small businesses know where to start. Some comments given were:

*"Guidance on channels that North Asian travellers use to select accommodation in New Zealand"*  
(Accommodation provider in Canterbury)

*"How to reach these people in a way that provides a compelling offer that competes well with the offerings of other countries as a destination. I think that trying to get tourism providers to change what they offer to "suit" specific ethnic groups will destroy the very things that travellers come to NZ for. They want to interact with locals who are doing and providing things to visitors that are real, that are how they normally carry out their everyday things. If you ask locals (i.e. NZ businesses) to change what they are doing to "cater" for specific groups then you destroy the very reason people want to come to NZ. As a destination, we will be much better off being our own original selves not trying to be a "mini" China or other country"* (Tour operator in the West Coast)

## Method of information delivery

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Respondents were asked to indicate how they would prefer information from the CAPEs to be delivered. The overwhelming majority of the sample would like information be sent to their email in PDF format. The table below shows their responses to this survey question.

<b>Category</b>	<b>N</b>
PDF via email	136
Printed out and posted	17
Social media	7
Download from website	50
Missing	6

# Conclusion

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## Conclusion

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This study was conducted to identify the business needs of tourism SMEs to engage more competently with the North Asian market (China, Japan, and South Korea). To achieve this, semi-structured interviews and a nation-wide electronic survey of tourism SMEs in New Zealand were conducted. Both data collection methods provided similar results.

Despite seeing the growth potential in the North Asian market (particularly in China), the majority of tourism SMEs are more reactive to the North Asian market than proactive. Tourism SMEs have already taken steps to cater to North Asian visitors, which include translation of marketing collateral, advertising to the North Asian market, utilising online travel agencies (OTAs), and providing products and services tailored to North Asian visitors. However, these strategies are predominantly geared towards the Chinese market. Most respondents have also used external services in the form of workshops to learn about the North Asian market. These workshops were mostly provided by national tourism organisations such as Tourism New Zealand and Tourism Industry Aotearoa (TIA), and regional tourism organisations (RTOs). Despite this, businesses felt the external services currently available are mostly designed for large tourism organisations rather than SMEs. Finally, the main assistance they would like from the CAPE is translation services. Other services desired were cultural and language courses, marketing assistance, training in the use of North Asian business and social media platforms, and product assessment schemes.

The results clearly identify the demand from tourism SMEs for training sessions and tools to increase cultural awareness and improve business preparedness and outcomes. There is also a strong demand for the provision of cost-effective translation services. Tertiary education providers such as the University of Otago will be well placed to meet these needs. This stems from the University's world-leading expertise in the fields of tourism, languages and culture. Thus, the results of this study will provide a platform for the development, in cooperation with the North Asia CAPE, of a Cultural Acumen Tourism Training pilot programme to improve service quality, develop stronger ties, and grow New Zealand's tourism industry through better understanding of Asian and Pacific-Rim languages, culture, and business practices.





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