Tourism rebound plateaus - full recovery not forecast until 2025

By **Grant Bradley**
19 Jan, 2024 04:43 PM5 mins to read

Latest monthly figures show visitor arrivals have plateaued at just over 80 per cent of pre-Covid levels and a full recovery of what was once New Zealand's top export earner is not expected until next year.

In November, visitor arrivals were 303,400, 82 per cent of the pre-Covid-19 number of 372,100 for the same month in 2019, says Stats NZ. It has been running around that same level for several months.

Overseas visitor arrivals were 2.9 million in the November 2023 year, compared with 3.89 million for the same 12 months in 2019, 71 per cent of the pre-pandemic figure.

But there has been a strong bounce-back in November 2023 compared with the same month the previous year, increasing by 70,700 from the November 2022 month.

The biggest changes in arrivals were from China (up 17,100), the United States (up 12,600), Korea (up 4900), Japan (up 3100) and India (up 3100).

China was the second largest source of overseas visitor arrivals (after Australia) pre-pandemic. Despite having the largest year-on-year increase of any country in November 2023, overseas visitor arrivals from China in November 2023 were 52 per cent of the November 2019 level.

While the recovery in inbound tourism has been sluggish, Kiwis are taking overseas holidays at levels close to before Covid hit.

The November 2023 number of New Zealand-resident traveller arrivals from overseas is 97 per cent of the 233,700 total in November 2019.

For the full year to November 2.6 million Kiwis took trips overseas, down from 3 million who travelled abroad during the same period in 2019.

Long flight to recovery

Tourism Export Council (TEC) forecasts show the return to pre-Covid tourist numbers is nearly two years away.

Its analysis shows that by the year ending in September 2025, total arrivals are expected to top more than 3.9 million, which was annual arrival figure in 2019.

As at September last year, annual arrivals were 2.8 million (73 per cent of pre-Covid) and by September this year they are forecast to reach 3.4 million (87 per cent).

Council chief executive Lynda Keene said international arrivals for the latest 12 months were 5 per cent higher than forecast last June.

She said the current 23-24 season was ‘’ tracking nicely’'.

The council represents inbound tour operators and wouldn’t know how strong summer had been until February.

‘’In saying that, indicators from operators suggest it will be a good season and arrivals will track towards the new forecast figures,’’ Keene told a council forum late last year.

There would be a strong recovery from the Australian and North American markets this summer.

Germany and European markets were still a ‘’little soft’' while arrivals from Britain had been steady.

Asian markets were just beginning to gain some traction and it was too early to say how the China market would perform just yet.

‘’The challenge for our recovery is to get a higher ratio of visitors returning as ‘holiday visitors’ compared to the very high segment of visiting friends and relatives [VFR] travellers,’’ said Keene.

“Having a shift from a higher percentage of holiday visitors compared to VFR will help also to see a stronger return in export receipts. We do expect this season we’ll see a swing back to more traditional travel trends now the first wave of revenge travel [2022-23] has passed.”

Ministry of Business, Innovation and Employment (MBIE) figures show international visitors have spent $9.3 billion across New Zealand in the year to September 2023.

It was behind dairy ($20.3b of exports), but ahead of meat ($8.7b), forestry ($4.8b), and fruit ($3.7b).


Tourists check out the geothermal attractions at Te Puia in Rotorua. Photo / Mike Scott
At the pre-Christmas TEC symposium, council chairman Scott Mehrtens said members were hearing from offshore trade partners that in some countries, New Zealand needs to increase its trade marketing investment and training with agents.

‘’The role of Tourism New Zealand in facilitating these events and getting qualified agents to attend is vital to repositioning NZ as a desired bucket-list destination.’’

Tourism NZ, the Government’s overseas visitor marketing agency, had its funding cut by the last Government.

‘’Tourism New Zealand needs more investment in trade activities and budget, not less. TECNZ is working with TNZ to provide more market insight from partners to improve the country’s profile.’’

Inbound tour operators were hearing, “You need to do more for NZ to get a louder voice in the crowded marketplace.”

Immigration NZ also needed to speed up visa processing.

‘’We know there are many ITOs and hotel chains having frustrations with last-minute cancellations of groups or group sizes being reduced due to difficulties some travellers have with getting their visas processed quick enough for departure,’’ said Mehrtens.

There were particularly slow visitor-visa processing times for India, Thailand, Indonesia and the Philippines.

''ITOs are receiving feedback from their agents that New Zealand is simply becoming too hard and we run the risk of being taken off the sell list of destinations if we don't get things sorted quickly.''

Grant Bradley has been working at the *Herald* since 1993. He is the Business Herald's deputy editor and covers aviation and tourism.