

**TITLE:** UNDERSTANDING THE TOURISTIC BEHAVIOUR OF THE FREE AND INDEPENDENT (FIT) CHINESE OUTBOUND VISITOR MARKET WITHIN A NEW ZEALAND REGIONAL CONTEXT: AN EXPLORATORY STUDY.

## **ABSTRACT**

The Chinese outbound traveler market is strategically important for New Zealand tourism. This market has seen significant growth in the past 12 months and future forecasts suggest that this growth will continue. Within the Chinese market, Free and Independent Travelers (FITs) have been identified by local industry stakeholders as a key market with significant growth potential. FITs are viewed as a high value market segment which align well with national strategies to grow yield rather than volume. They also have a propensity to travel outside established tourist trails and to smaller regions, aiding strategic goals of dispersal, seasonality and sustainability, all of which are outlined as key targets in the Tourism 2025 framework. The aim of this study was to provide greater insights into this growing market so that its potential can be leveraged by industry. Destination Kaikoura was chosen as the context in which to conduct this research project.

**Keywords:** *Kaikoura; Chinese FIT; expectations; satisfaction levels.*

## **INTRODUCTION**

The growth of the Chinese economy and growing middle class is creating rapid growth in the Chinese outbound tourist market. Tourism New Zealand along with Industry associations and Regional Tourism Authorities are looking at leveraging this market segment to help attain the strategic goals of the Tourism 2025 framework (Tourism Industry Association New Zealand, 2014). Within this market segment FITs are seen as strategically important in not only growing yield but also for driving regional dispersal of visitors and sustainability (Tourism Industry Association New Zealand, 2016). If policy makers, industry associations and vendors are to be successful in attracting this market segment it is important that they understand the first step in selling any product which is to understand its customer, their needs and preferences (Kotler & Keller, 2006).

According to Doctoroff (2005) the touristic behaviour of Chinese tourists is different from other international visitors due to their unique cultural context. In order for regional destinations within Aotearoa New Zealand like Kaikoura to capitalise on this market segment and leverage their unique asset base, they will need to learn more about this potential tourist. Through the analysis of both quantitative and qualitative data, insights have been provided into motivations for travel, expectations and satisfaction levels leading to recommendations for the industry to leverage this important market segment.

## **LITERATURE REVIEW**

In order for regional Aotearoa New Zealand to exploit the market opportunity that the Chinese FIT market presents, it needs to understand their needs and wants. The ability of destinations such as Kaikoura to respond to the demands of this market are complex and involve a multi-faceted approach. Currently, Aotearoa New Zealand receives over 405,000 visitors from China annually and is its second largest international market (Tourism New Zealand, 2016a). Additionally, 26-27% of this market are regarded as 'self-drive exploring' visitors who are motivated to visit Aotearoa New Zealand to 'connect with nature, broaden their mind, indulge and pamper, for fun and enjoyment and relax' (Tourism New Zealand, 2016b).

Tourism Industry Association New Zealand (2012) has identified the high value opportunities that exist for regional centres like Kaikoura through leveraging this market segment through creating tourism experiences that meet their demands.

The growth of the Chinese market and specifically the FIT segment has been highlighted by Tourism New Zealand (2016b) which now state that this segment now makes up 30% of all Chinese visitors to Aotearoa New Zealand, and their expenditure and propensity to travel to regional centres is markedly higher than tour group visitors. Chinese FIT visitors stay longer, spend more, and visit a more diverse range of regions making them key to regional tourism development.

## **METHODS**

A mixed methods approach was utilised to collect data from 37 recorded interviews with 107 participants, all contributing with varying levels of participation. Quantitative data on demographics, visitor expectations, satisfaction levels, travel flows and travel experience was gathered. Participants were able to share their visitor experience through open ended questioning. Focus group style interview questions provided powerful qualitative data around motivations for travel and effectiveness of current distribution channels and marketing messages. Analysis of both quantitative and qualitative data provided insights into motivations for travel, expectations and satisfaction levels.

## **RESULTS & DISCUSSION**

Through preliminary analysis of the data some themes emerged which are briefly explained below.

### ***The power of blogging***

More than 50% of all respondents identified that they found out about Kaikoura through blogging and social media. The following blogs were typically used and identified by respondents:

1. Weibo (China-based microblogging services)
2. WeChat (free messaging and calling app)
3. QQ
4. Renren
5. Youku

This usage is expressed in the following quote:

*"In Chinese on the Internet many people blog and many people write about NZ and this is a popular route so we choose this".*

This illustrates the importance of having an online profile for Kaikoura tourism businesses. More importantly, having an online profile on Chinese blogs is essential to engage this market segment. The online platforms that this segment engages with are not currently used widely by current operators within the region. It is also important to note that many of the respondents advised that while in New Zealand they use Weibo (China-based microblogging service) and WeChat (free messaging and calling app). Feedback from respondents' suggests that this distribution channel would be a highly effective platform in which to engage with this market segment whilst they are in Kaikoura.

### ***Visitor management – Signage***

The most common theme from the data was the inadequacy of the destination's signage. Many of the respondents commented on the lack of signage around the CBD and the need to have visually focussed signage that informs tourists more effectively.

*“...We want to go to the seal colony... Where is it? I don't see many signs... I got lost yesterday... I was trying to find Whale Watch. There were no signs around town... Kaikoura is small, but more signs would make it easy for us Chinese”.*

This response was given from a respondent who was interviewed outside of the I-Site. From the 100 people who the researchers spoke with about half of those respondents asked for directions. The data suggests that it would be useful to have more information on Mandarin signage as communication can still be an issue for some of the FIT Chinese travellers interviewed

### ***Food***

*“I came here for seafood... Where do I get seafood? ... There are not many seafood restaurants ... this is such a surprise for us”.*

The respondents commented on the lack of Chinese food available and the need to have more seafood restaurants where live seafood could be chosen and cooked by the chef. There were also suggestions about having a seafood market in the centre of town where food could be bought and cooked at their own accommodation. A reoccurring theme that was consistent throughout the interviews was concerned with the opening and closing hours of restaurants. Many respondents felt there was a need to open earlier and close later to fit with the more diverse Chinese eating culture. It is important to note, that at least 65% of all comments generated from the question ‘how the destination could be improved?’ related to food.

### ***Activities***

The need to have more marine based educational activities that would suit visitors of all ages emerged as a theme in the data. Many of the comments focussed on the desire of visitors to learn more about the marine life in Kaikoura and have wildlife encounters that all of the family could enjoy.

*“She (the respondents daughter) will be interested at how they catch the crayfish... we also want to see more about how animals are protected”.*

This would suggest that more educational and passive activities especially for children and older travellers be developed for the destination Activities that are accessible to multi-generational groups would enhance the visitor experience as a high proportion of the group sampled contained two to three generations of travellers within the same travel group. A greater range of passive activities that can be enjoyed by all would likely contribute to increasing the length of visitor stay in Kaikoura.

### ***Communicating cancellation of marine based activities***

One of the key motivations for visiting Kaikoura was to experience the marine activities and in particular, visit Whale Watch. During the interview process many respondents commented on the fact that their Whale Watch trip was cancelled due to weather conditions. Most realised that this was out of the control of the providers, however, they did suggest some useful feedback about how they would like to be contacted about these cancellations. Many of the respondents advised that current cancellation messages can be confusing. Communication could be improved by posting information on platforms such as Weibo or WeChat as this is a platform that they regularly engage with when they are in Aotearoa New Zealand.

### ***Accommodation***

Most respondents commented favourably on their level of satisfaction in regards to the level of accommodation in Kaikoura. Some of the respondents mentioned that if there was a higher level hotel available in Kaikoura, they would be interested in staying. This is articulated in the quotes below:

“When travelling we are accustomed to staying in high level hotels. We are surprised that there are no five star hotels in Kaikoura. If there was higher level accommodation .... We would stay... but our accommodation is good”.

“... Chinese people like luxury, maybe the accommodation can be a little more luxurious”.

Many of the respondents commented on the need for accommodation providers to provide suitable cooking facilities and specific utensils such as rice cookers. The respondents staying at backpacker or holiday park accommodation commented positively on the size of the communal cooking areas and range of facilities. They also mentioned that this style of cooking allowed them to talk to other travellers, which enhanced their visitor experience.

## CONCLUSIONS AND IMPLICATIONS

The Chinese FIT is a growing and high value market. Regional centre such as Kaikoura are well placed to capitalise on the potential of this market segment due to their unique asset base. Through a mixed methods approach data has been gathered on demographics, visitor expectations, satisfaction levels, travel flows, travel experience and the overall visitor experience for this market segment.

Policy makers and industry see this market segment as strategically key to meeting the aspirational goals set forth in the Tourism 2025 framework. The results of this study provide some support to work already completed by Tourism Industry Aotearoa, Ministry of Business, Innovation and Employment and Statistics New Zealand. However, it also helps to provide an additional regional context to the work already completed by these agencies.

This research is still in a preliminary stage and further research will be required to help industry unlock the full potential of this market segment and realise the positive effects it can potentially bring to regional destinations like Kaikoura.

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