

# Industry Reports 2020

June



## “New Normal” tourism industry needs local boost

### Do something new, New Zealand

It's an invitation, a call, a request by Tourism New Zealand (TNZ) in order to encourage Kiwi's to now spend their holiday money within their own country. The recently launched campaign aims to support the country's economic recovery by helping restart the tourism sector. TNZ believes that if only a portion of the 9 billion dollars that New Zealanders usually spend on overseas travel every year could now spend domestically it will be highly beneficial for the industry's recovery. Domestic travel is now the key of the hour to get NZ's tourism industry moving again. It was very important for the team of the German-New Zealand Chamber of Commerce (GNZCC) to work hard and provide our members with the best support possible throughout the Level 4 lockdown phase and of course, this strong support continues.

The good news is: We are now at Level 1; NZ is among very few countries that are in fact Corona-free. For GNZCC's valued members operating in the tourism industry, the struggle is still real as the border stays closed for now. But they took up the challenge, and - as this seems a German and Kiwi mentality alike - seek for new opportunities to bring their businesses forward and through this worldwide crisis. We asked a few of our

members in the tourism industry how they managed to get through the lockdown, how they are now adapting to the new normal in tourism, and what their challenges and chances are. Most of these interviewed businesses had one thing in common: The request of an ongoing local support that would certainly help them to come out strong - so let's do something new, New Zealand.

*“I guess the success will be to transform locals thinking that they have no problem spending money when they travel abroad but what about the great places, people and past-times we have right here at home.”*

**Ceillhe Sperath, Founder and Director of TIME Unlimited Tours**

Ceillhe Sperath and her husband Néill founded their business **TIME Unlimited Tours** 15 years ago with a strong focus on local indigenous tourism like cultural experiences such as marae stays. “When we experienced growth in the international arena, in particular, our European/Germanic markets then the domestic experiences took a backseat”, states Ceillhe. But since the border stays closed, for Ceillhe and Néill it's time to go back to the roots for now: “What we want to offer is not new for us as this is where our business started. The real challenge is to

curate experiences that have compelling value propositions so that locals clearly understand why we need to charge what we need to run a sustainable business.”

Ceillhe Sperath believes that an increase in domestic tourism can help Aotearoa’s economy recover. She says a growing domestic market could promote sustainable tourism and responsible travel objectives: “We also need to really work together so true collaboration is the only way forward and actually reaching out for help and getting connected to people who we would not normally network with is important.” Néill and Ceillhe see the “New Normal”-situation in the tourism industry as a chance for their business in playing out its strengths by offering new Auckland inspired experiences. They think the key is being aware of the “DIY Kiwi Attitude” but also by determining what local people want. Ceillhe is convinced that their business model can offer Kiwi travellers incentives other than just prices such as cultural awareness, personal development, or life-work balance: “Our experiences are all grounded and based on our cultural values of placing importance around Manakitanga and Kotahitanga or in other words collectively caring for people and places around you. I guess the success will be to transform locals thinking that they have no problem spending money when they travel abroad but what about the great places, people, and past-times we have right here at home.”

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**Birgit Neumann, Managing Director of Study Nelson**

GNZCC member **Study Nelson** provides educational and cultural experiences for

international High School students, families, and individual travellers who want to explore the beauty of Aotearoa. Managing director Birgit Neumann believes that being a COVID-free country is also a great opportunity for NZ if they take advantage of it: “Our COVID-free status will be a unique selling point. Lots of people will want to come in for longer periods, say 3-12 months, and they do not mind going into two-week isolation.” Birgit states that managed self-isolation must be sorted as soon as possible. Her business got hit hard by the lockdown and they are going to feel the consequences in the long term: “Border closure means 50 per cent of our annual income is lost for July, as half of our annual student intake cannot come in. The other 50 per cent will be lost if international secondary students cannot enter in January. It’s scary.” But the managing director will not give up, she tells us that beneath the wage subsidy, a tax rebate scheme and supportive webinars the most important things to her are keeping a cool head and having a fantastic team by her side.

*“While we have paid a significant price for this we now need to capitalise on it for future opportunities.”*

**Gesa Mitchell, CEO of Beautiful Nature Tours Auckland**

While the Government and Tourism New Zealand try everything to encourage Kiwis to explore their own backyard businesses like **Beautiful Nature Tours Auckland**, a bilingual boutique tour company, know that the numbers of those who will engage with a tour-guiding company within their own country might be fairly limited. CEO Gesa Mitchell’s clients mainly come from Germany, Switzerland, Austria, the Netherlands as well as the USA and Canada. “Moving into Level 4 lockdown meant

overnight cancellations of existing bookings not only for the remaining season but also for the season 20/21. The hardest part was the combination of loss of income and managing cancellations for a lot of people who were planning to be on a trip of a lifetime.” Even through this period of downturn, it was important to Gesa and her team to deliver an exceptional and reliable service for their customers by offering full refunds for any cancellations. Many customers rewarded them by only postponing their trips and gave an assurance to come back as soon as they are able to travel again.

Maintaining international travel agent relationships and quickly responding to future bookings also helped Beautiful Nature Tours Auckland to deal with this new situation as well as possible. Gesa Mitchell is convinced that the industry could get back on track if New Zealand finds a way to benefit from its unique clean and COVID-free status: “The biggest chance for our business is that NZ opens its borders [with] a contact tracing system that is robust enough for Covid-19 or other diseases. While we have paid a significant price for this [COVID-free] we now need to capitalise on it for future opportunities.”

*“The opening of the borders is crucial for many tourism businesses. Our concern is that the Government is moving too slow to make this happen.”*

**Nicole Lawson, Group General Manager of Jet Park Hotels**

On the question of how their business made it through the lockdown phase, group general manager Nicole Lawson answered that **Jet Park Hotels** were fortunate to be able to secure some business from the Government. Their hotel in Auckland still operates as one of the Government isolation facilities. Now, the

biggest challenge for the business is not knowing when the borders will reopen, and when the tourism industry will resume to normal. Jet Park Hotels decided on taking the time to review and reset all processes and work in order to become more efficient in the future. “We ultimately want to end up even better and stronger than we were as a business pre-COVID. We have launched 2 new promotions [for Hamilton and Rotorua]. Both packages are designed to showcase local attractions in each region,” Nicole explains. She thinks their chance is to grow their hotel businesses in Hamilton and Rotorua with domestic tourists. The group general manager isn’t convinced that domestic tourism alone can help NZ’s economy recover: “I believe it will help to an extent but not enough to cover the reduction in international tourism numbers. It will also be dependent on if the Government add new extra public holidays to allow Kiwis to take long weekends.” Nicole Lawson is convinced that the opening of the border is crucial for many tourism businesses but is also concerned that the Government is moving too slow to make this happen.

*“As a nation, we are so good at re-inventing ourselves and that's what we will be doing again now.”*

**Claudia Schoushkoff, Sales Manager of Zion Motorhomes and McRent New Zealand Ltd**

The instant closure of New Zealand’s border had a large impact on businesses that operate in the motorhome and car rental business like GNZCC’s member **Zion Motorhomes Ltd and McRent New Zealand Ltd**. Rental sales manager Claudia Schoushkoff tells us that they were looking forward to another five to six weeks of good occupancy when the lockdown hit. “The loss of revenue from these bookings plus the period of no enquiries

during Alert Level 4 was significant”, states Claudia. But since it was the end of the rental season Claudia is relieved to say that the overall impact was manageable: “The sales team continued working throughout lockdown via email to provide customers that had booked with us in confidence that the business will continue and re-open once lockdown ended. This provided a good basis for trust and for people to show their kindness by preferring to defer their hires, instead of cancelling them.” Zion Motorhomes and McRent New Zealand appreciate the overwhelming local support they are receiving at the moment as they now have to cope with a sudden demand for local travel enquiries by Kiwis happy enough to explore their own backyard. Claudia is proud that local customers are recognising the effort of their family-run company. They initially feared that they will have no chance to compete with the under-cost competitor pricing flooding the market:

“We're following the strategy 'Give to get'. We give competitive pricing and work with individual customer requirements, to get the love and support we experience every day at present. Didn't I mention I've got the best job in the world? Yes, I do.” For Claudia and her team, it's all about giving back to the communities in these challenging times. They believe that the majority of businesses working in the tourism industry will recover eventually and will come out even stronger even though it might take some years. Now, Zion Motorhomes and McRent New Zealand hope that Kiwis continue their curiosity to explore Aotearoa and that the perspective of a trans-Tasman bubble will possibly add some additional demand by September and October. “As a nation, we are so good at re-inventing ourselves and that's what we will be doing again now”, Claudia adds.

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