

Perspectives: Scott Mehrtens on navigating tourism's new frontier

8th August 2024 By Paul Yandall | paul@tourismtucker.com | @tourismtucker

Tourism Export Council of New Zealand's chair Scott Mehrtens opens the association's conference at Invercargill's Ascot Park Hotel in a speech exploring what the future may hold for the industry.



Scott Mehrtens addresses TECNZ Conference 2024

As at year-end March 2024, total annual international arrivals were approximately 3.1 million, equating to 82% recovery of pre-Covid international arrivals compared to year-end March 2019.

To all of you that have contributed to the huge restart over the last two seasons, thank you. Give yourselves a well deserved pat on the back.

Where are we now? With two seasons under our belt, we can begin to look 'up' and shift our focus to long-term analytical thinking and strategies, allowing us to plan for the future with more certainty.

The theme of our conference this year is *Navigating the New Frontier*.

When looking beyond 2025 will tourism be the same? If not, how will it be different? How will New Zealand adapt to capitalise on opportunities and minimise risks or challenges?

What does navigating the new frontier mean for the NZ international tourism sector?

- New Zealand is one of the longest-haul destinations on offer to the world, making sustainability and environmentally friendly travel options essential. To grow tourism without jeopardising social license, we must prioritise sustainable practices for travel to, from, and within New Zealand.
- This will require thought around how airlines can reduce their carbon emission impact of long-haul travel and all transport providers within New Zealand to explore viable alternative fuels that suit New Zealand's conditions.
- This includes EV rental car fleets and encouraging coach touring and boat fleets to modernise.
- EVs and other alternative fuels are only effective when they have the necessary infrastructure, so increasing the number of charging and refueling stations throughout New Zealand will be required.
- For activity and attraction operators – NZ has a very natural, scenic visitor proposition so should we counterbalance with more man-made visitor experiences to lighten the foot-print on our natural resources?
- How will demand and expectations of visitors drive businesses to innovate?
- Will the next generation of visitors place their faith and trust in AI to book their “bucket list, once in a lifetime destination” or will they continue to place a high value on human intelligence and book via the travel trade for their long-haul travel arrangements?

Pre-Covid, the role of the travel trade was significant. TECNZ has IATA data on 30 countries that shows on average on an annual basis, arrival bookings into New Zealand were at 55% via trade distribution. For some countries the booking percentage through trade channels was as high as 80% (South Korea). This of course does vary from country to country.

The travel trade distribution network has never been stronger than right now – this has been absolutely evident during the post-Covid recovery period.

Our in-market intel is telling us that the role of Inbound Tour Operators (ITOs), both at contracting, distribution and the duty of care delivered to travellers is critical as we

continue to recover and thrive post-Covid. The ITO role is vital, ensuring destination New Zealand is front of mind with engaged offshore wholesalers.

ITOs are at the coalface of the travel trade, serving as selling agents for suppliers and acting on behalf of wholesalers, their travel agents and their clients.

Referrals from ITOs are 'trusted' by their offshore travel partners. Offshore partners understand that an ITO will only recommend suppliers they trust to meet an agent's expectations. This is fundamental to the travel trade network and highlights the role of a personal referral versus online marketing.

ITOs come in all shapes and sizes and offer a wide range of premium services to their clients and premium partnerships to their suppliers. Partnering with an ITO means being marketed on the world stage every time ITOs travel offshore. This can ultimately lead to product being included in an ITO's itinerary, ranging from 1-2 pax for FIT bookings, small group tours, coach tour series, or even large-scale high-end incentive groups.

ITOs provide a duty of care when agents have placed their guests in an ITO's hands, meaning they are on call 24/7/365 when they need help. ITO's will also proactively monitor clients itineraries to minimise any potential disruptions caused by the likes of weather or even potential ferry cancellations etc.

What ITOs are not, are OTAs, and ITOs are not just "a middle-man clipping the ticket". ITOs provide real value to their guests and to their suppliers.

So how does everyone get paid in the distribution network?

Through a commission on the sale of products. A commission that is shared with every party within the supply chain. Commissions should be viewed as a cost of sale. ITOs do not charge any upfront marketing or contracting costs, so consider the commission a success fee.

ITOs do understand the need for a dynamic pricing model, however a dynamic pricing model still needs to offer inventory availability and the normal commission structure honouring the trade distribution model.

We can see potential for a few barriers that may stifle growth in the future.

The priority focus on health and safety is at the forefront of everyone's minds. In particular, the disclosure of risk being needed at the point of making a booking, irrespective if the booking comes through the travel trade, an ITO or a booking made direct to operator websites.

We need to ask ourselves, are our current credentials and visitor proposition enough to double international tourism exports in the next decade or is more work and investment required?

In a competitive global marketplace TECNZ would advocate for more investment in Tourism New Zealand to enable greater trade engagement, not less, to ensure New Zealand remains a must-see destination ahead of some of the other 'great iconic destinations' in the world.

TECNZ's 2024 conference concludes today.