INTERNATIONAL VISITOR SURVEY

PAPUA NEW GUINEA 2018

Published May 2019

Papua New Guinea
A MILLION DIFFERENTJOURNEYS

NZTRI
NEW ZEALAND TOURISM RESEARCH INSTITUTE

Australian Aid

NEW ZEALAND
FOREIGN AFFAIRS & TRADE

IFC International Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

SUMMARY OF KEY FINDING: VISITOR SPEND

JANUARY – DECEMBER 2018 TOTAL VISITORS

USD 205.9M

TOTAL SPEND USD

0.5% increase from 2017

PGK 691.3M

TOTAL SPEND PGK

94,627

TOTAL VISITORS

9.5% increase from 2017

USD 2,174
PGK 7,298

PER VISITOR PER TRIP

9.1% decrease from 2017

USD 222
PGK 745

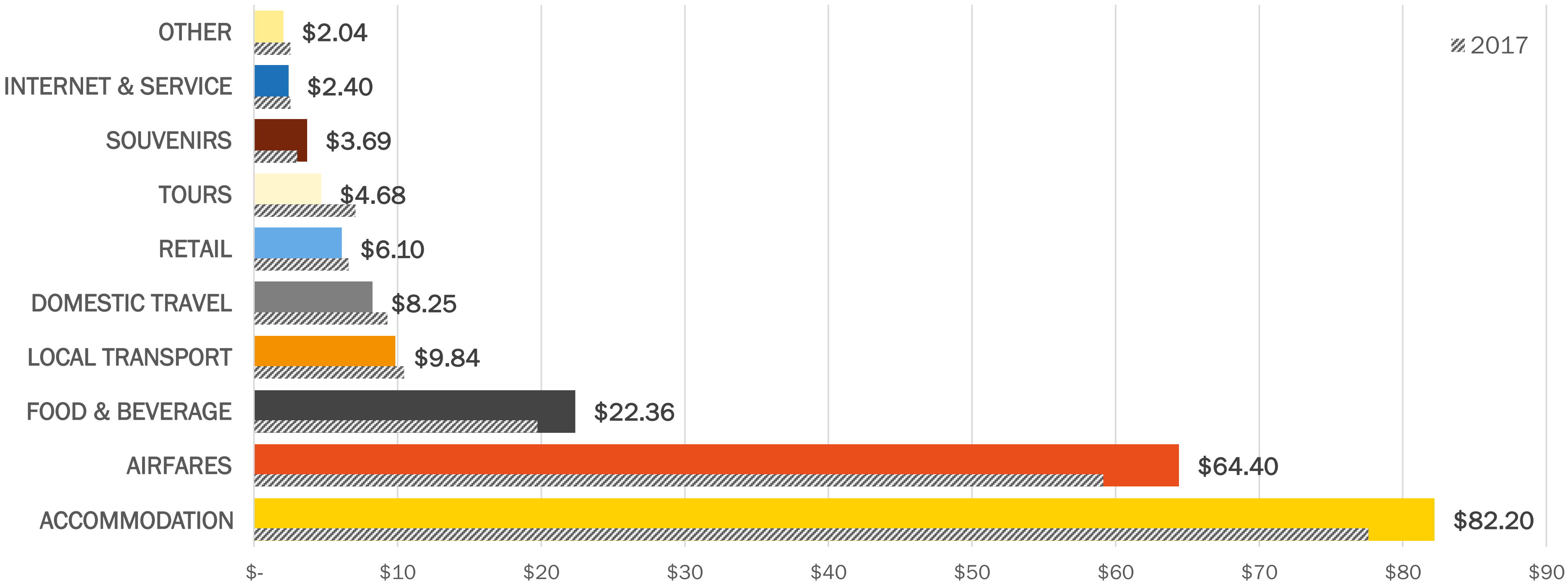
PER VISITOR PER DAY

4.1% decrease from 2017

While arrivals have grown by almost 10% from 2017, average spend per trip has decreased. This is linked to a lower spend per day as well as a decrease in average length of stay. Flattening of spend per trip is a trend seen regionally and, in PNG, could be linked to an increase in short business trips driven by the APEC meetings in 2018.

Figures exclude employment and cruise visitors

SPEND IN COUNTRY AND PRIOR TO ARRIVAL



USD MILLIONS

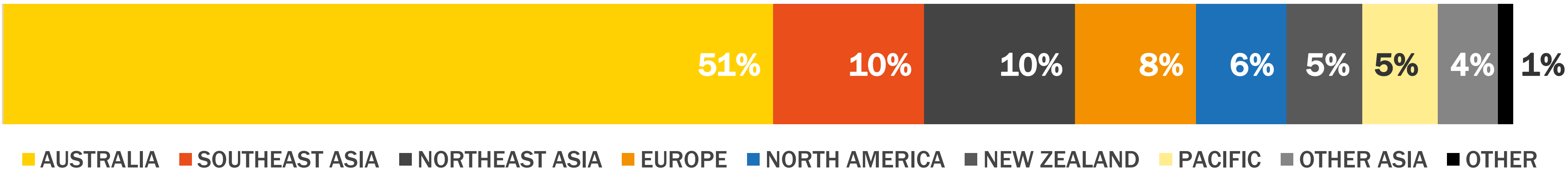
Light gray bars represent 2017 total spend in same categories

Despite overall lower spend per trip, accommodation, airfares and food & beverage categories earned more in 2018 than 2017. Tours, domestic travel and local transport saw a decrease in total earnings. Again this could be linked to a higher number of business travelers in PNG, driven by APEC, who did not travel to the provinces or spend on tours.

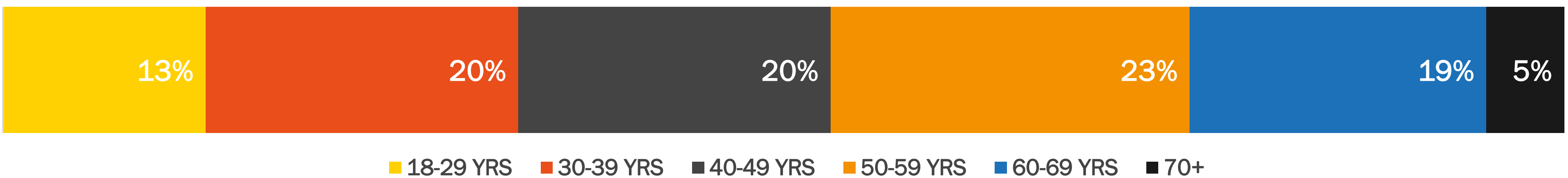
TOTAL VISITORS DEMOGRAPHICS

JANUARY – DECEMBER 2018 TOTAL VISITORS

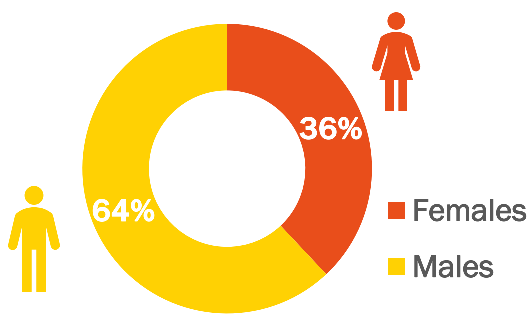
TOTAL VISITORS (%) BY MARKET



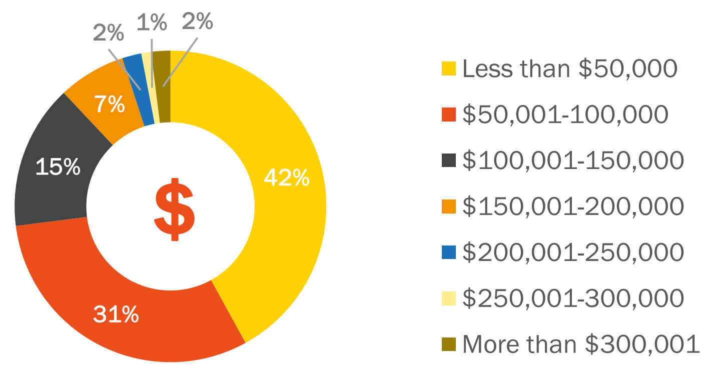
VISITOR AGE (%)



GENDER



HOUSEHOLD INCOME (USD)



PNG continues to rely on the Australian market for both business and holiday arrivals. The middle aged male profile of many travelers reflects the importance of business and adventure tourism markets. About 27% of visitors have a household income over US$100,000, likely linked to higher spending, but smaller, holiday markets from North America and Europe.

Figures exclude employment and cruise visitors

PURPOSE OF VISIT

JANUARY – DECEMBER 2018 TOTAL VISITORS

BUSINESS

50%

AVERAGE LENGTH OF STAY

9.3 NIGHTS

SPEND USD

$2,169 PER PERSON PER TRIP

HOLIDAY

33%

▲ 7% MORE THAN 2017

AVERAGE LENGTH OF STAY

10.5 NIGHTS

= SAME AS 2017

SPEND USD

$2,504 PER PERSON PER TRIP

▼ 14% DECREASE FROM 2017

VISITING FRIENDS & RELATIVES

17%

AVERAGE LENGTH OF STAY

9.9 NIGHTS

SPEND USD

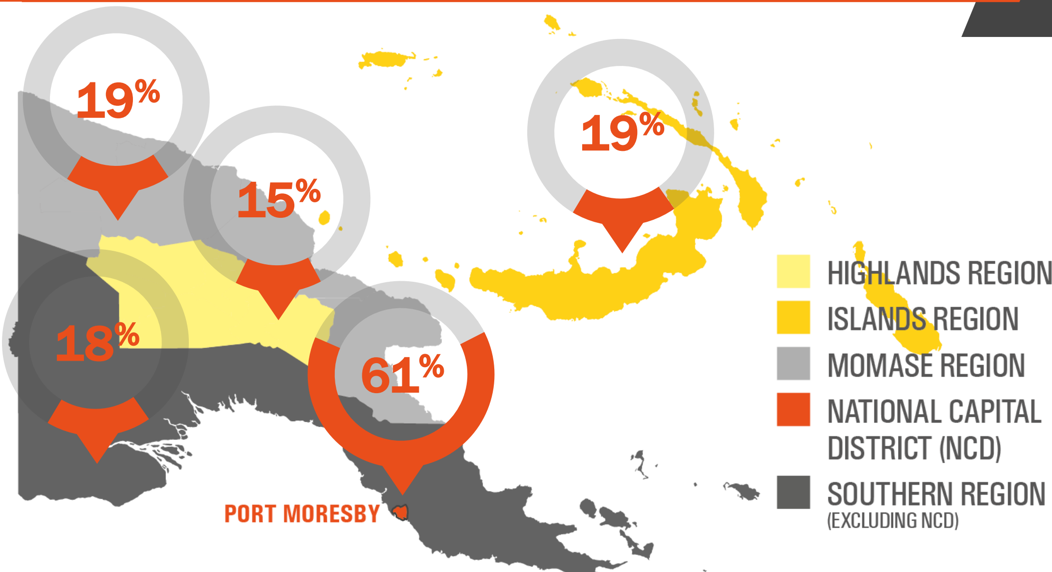
$1,286 PER PERSON PER TRIP

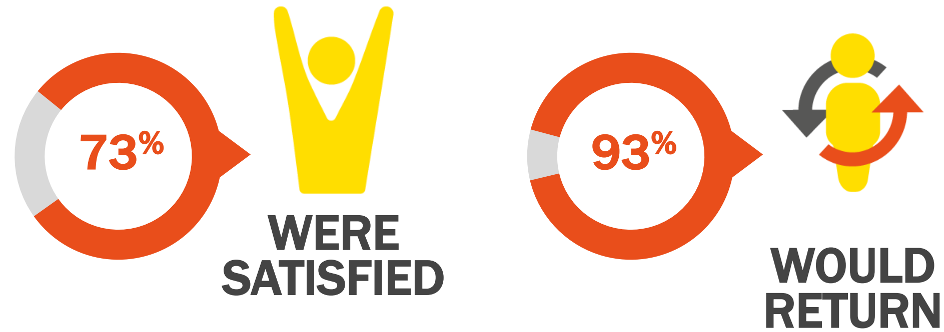
The share of holiday visitors rose 7 percentage points, from 26% of total visitors in 2017 to 33% in 2018. This indicates that PNG is starting to close their holiday market gap and coming closer to the global average holiday market of 53% of total visitors. This is important as holiday visitors are the highest spenders in PNG, spending 15% more than business travelers and 95% more than VFR visitors.

Note: Purpose of visit percentages based on IVS responses not actual immigration data.

REGIONS VISITED & VISITOR SATISFACTION

JANUARY – DECEMBER 2018 TOTAL VISITORS





TOTAL VISITATION TO THE PROVINCES

JANUARY – DECEMBER 2018 TOTAL VISITORS

- 65% 1. National Capital District
- 14% 2. Central Province
- 10% 3. Morobe
- 10% 4. Northern Province
- 8% 5. Western Highlands
- 8% 6. East New Britain
- 7% 7. Milne Bay Province
- 7% 8. New Ireland
- 6% 9. Madang
- 6% 10. Eastern Highlands
- 5% 11. West New Britain
- 4% 12. East Sepik

Over 63% of visitors traveled to the provinces in 2018, versus 60% of visitors in 2017. Central and Northern Provinces rank among the top visited provinces outside of NCD, due to the popularity of the Kokoda Track. Visitation to Morobe and Western Highlands is likely driven by business travel. Tourism hubs of East New Britain and Milne Bay are the next most popular, positioning them well for future growth.

TOTAL VISITORS PROVINCIAL VISITATION

JANUARY – DECEMBER 2018 TOTAL VISITORS

EAST NEW BRITAIN

7,570
TOTAL VISITORS

▲ 17%
INCREASE FROM 2017

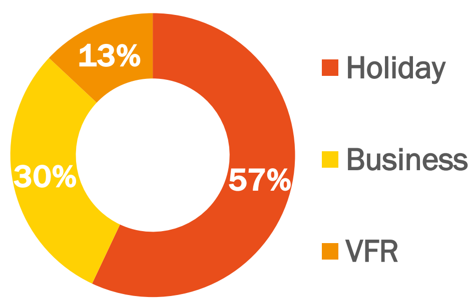
AVE. LENGTH OF STAY IN ENB

5.5 NIGHTS

SPEND

$246 USD SPEND PER DAY

PURPOSE OF VISIT



USD 10.2M
TOTAL SPEND USD

▼ 7%
DECREASE FROM 2017

MILNE BAY

7,476
TOTAL VISITORS

▲ 25%
INCREASE FROM 2017

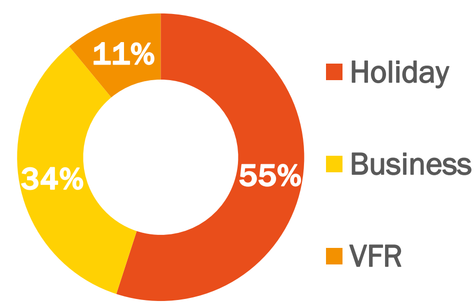
AVE. LENGTH OF STAY IN MB

8.5 NIGHTS

SPEND

$204 USD SPEND PER DAY

PURPOSE OF VISIT



USD 13.0M
TOTAL SPEND USD

▼ 1%
DECREASE FROM 2017

Note: Estimate economic impact to East New Britain and Milne Bay

INTERNATIONAL VISITOR SURVEY

HOLIDAY MARKET PROFILES

JANUARY – DECEMBER 2018

ADVENTURE

USD 10.3M
TOTAL SPEND USD

20%

ADVENTURE

AVERAGE LENGTH OF STAY

11.2 NIGHTS

SPEND USD

$1,603 PER PERSON PER TRIP

CULTURAL

USD 24.8M
TOTAL SPEND USD

21%

CULTURAL

AVERAGE LENGTH OF STAY

11.6 NIGHTS

SPEND USD

$3,673 PER PERSON PER TRIP

HISTORICAL

USD 5.3M
TOTAL SPEND USD

6%

HISTORICAL

AVERAGE LENGTH OF STAY

9.2 NIGHTS

SPEND USD

$2,767 PER PERSON PER TRIP

NICHE MARKETS AS % OF HOLIDAY ARRIVAL

USD 9.9M
TOTAL SPEND USD

12%

DIVING

AVERAGE LENGTH OF STAY

10.6
NIGHTS

SPEND USD

$2,557
PER PERSON
PER TRIP

USD 9.5M
TOTAL SPEND USD

4%

BIRDWATCHING

AVERAGE LENGTH OF STAY

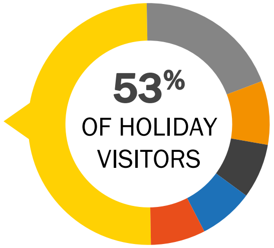
16.7
NIGHTS

SPEND USD

$7,392
PER PERSON
PER TRIP

JAN–DEC 2018 HOLIDAY VISITORS

AUSTRALIA



12,073
TOTAL VISITORS

USD 23.3M
TOTAL SPEND USD

PGK 78.2M
TOTAL SPEND PGK

AVERAGE LENGTH OF STAY

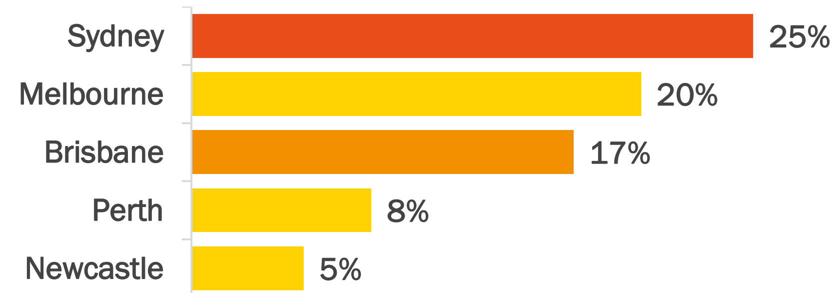
10.0 NIGHTS

SPEND

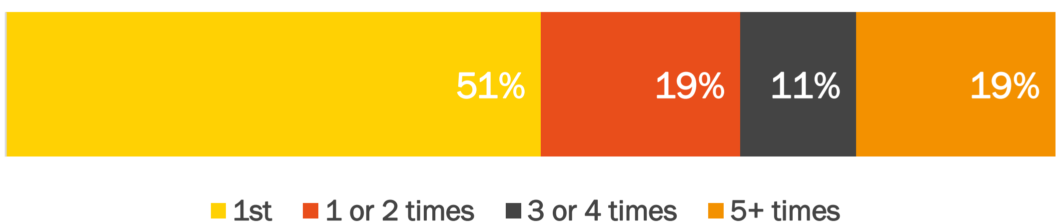
$1,929 USD SPEND PER TRIP

$193 USD SPEND PER DAY

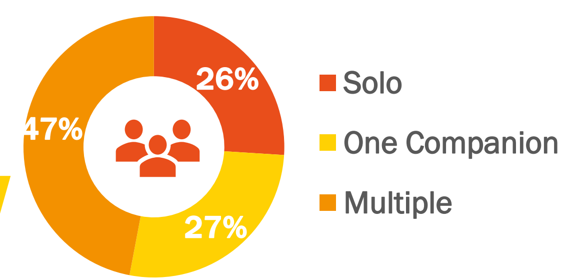
TOP 5 CITIES



PREVIOUS VISITS



TRAVEL GROUP

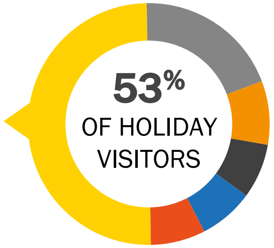


Australians remain the largest holiday market, at just over 50% of holiday arrivals. They are also the strongest repeat market with just under half of all Australian holiday visitors having been to PNG at least once before and almost 20% having been 5 or more times. Operators looking to conduct targeted marketing in Australia should focus on Sydney and Melbourne.

Note: Totals based on actual immigration data by source market and purpose of visit.

JAN–DEC 2018 HOLIDAY VISITORS

AUSTRALIA



TOP 5 PROVINCES VISITED

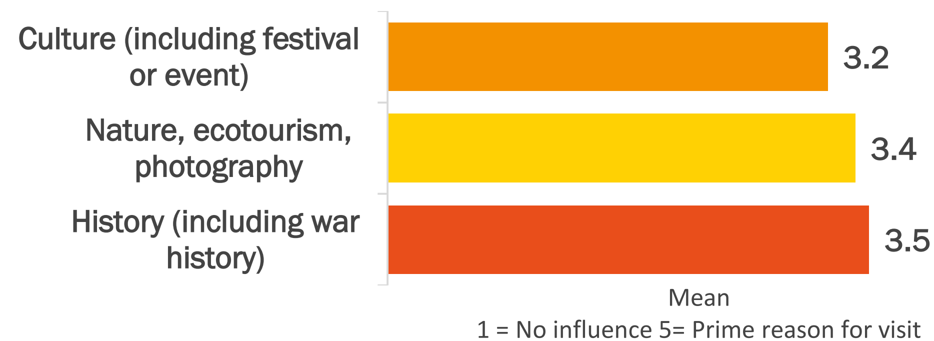
- 48% 1. National Capital District
- 34% 2. Central Province
- 31% 3. Northern Province
- 11% 4. New Ireland
- 11% 5. East New Britain

TOP 10 ACTIVITIES

- 74% 1. Visited villages
- 58% 2. Swimming
- 57% 3. Local markets
- 55% 4. Visiting the beach
- 49% 5. WWII history related tours
- 48% 6. Sightseeing
- 45% 7. Hiking and walking
- 41% 8. Kokoda Trail
- 33% 9. Snorkelling
- 31% 10. Local dance and music

INFORMATION SOURCES USED FOR PLANNING? TOP 3 OPTIONS

INFLUENCING FACTORS FOR VISITING PNG? TOP 3 OPTIONS



The Australian market is driven by adventure and historical tourism with high rates of participation in hiking, trekking and WWII tours. As a strong repeat market, Australians rely on previous visits and friends & family for planning. As a key part of the adventure market, providing opportunities for local spending will help get more value out of the Australia market.

Note:

- Multiple responses, therefore totals do not add up to 100%

JAN–DEC 2018 HOLIDAY VISITORS

NEW ZEALAND

611	USD 1.1M	PGK 3.6M
TOTAL VISITORS	TOTAL SPEND USD	TOTAL SPEND PGK

AVERAGE LENGTH OF STAY

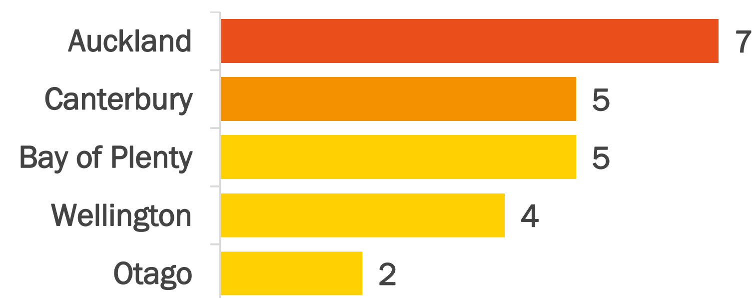
9.6 NIGHTS

SPEND

$1,778 USD SPEND PER TRIP

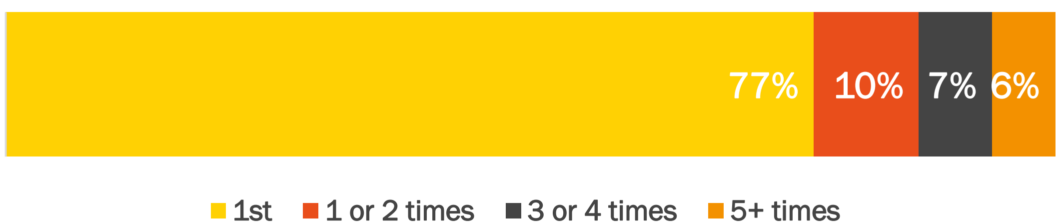
$185 USD SPEND PER DAY

TOP 5 REGIONS*

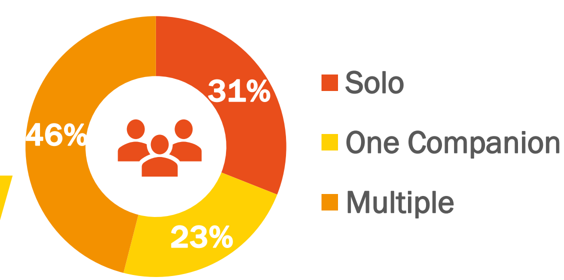


* Responses

PREVIOUS VISITS



TRAVEL GROUP



New Zealanders are a small holiday market at 3% of holiday arrivals and the lowest spending holiday market, a trend seen across the region. This is driven by a shorter average length of stay and a lower spend per day, almost 30% less than the average holiday visitor. Similar to Australia, there is a trend for group travel with 46% traveling with multiple companions.

Note: Totals based on actual immigration data by source market and purpose of visit.

JAN–DEC 2018 HOLIDAY VISITORS

NEW ZEALAND

3% OF HOLIDAY VISITORS

TOP 5 PROVINCES VISITED

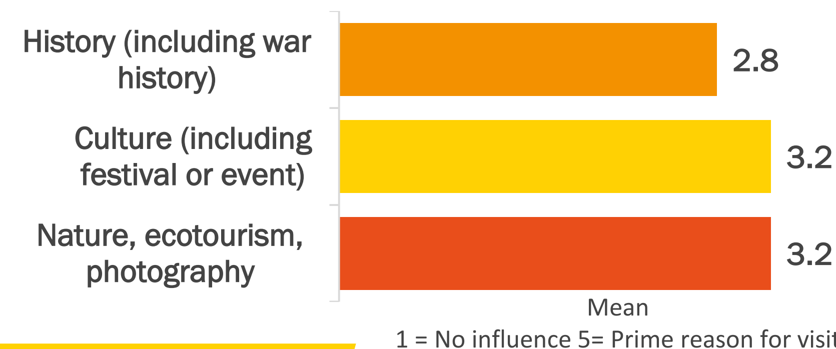
- 52% 1. National Capital District
- 29% 2. New Ireland
- 14% 3. Eastern Highlands
- 13% 4. Milne Bay Province
- 13% 5. Madang

TOP 10 ACTIVITIES

- 71% 1. Swimming
- 65% 2. Local markets
- 62% 3. Visiting the beach
- 62% 4. Visited villages
- 52% 5. Snorkelling
- 45% 6. WWII history related tours
- 35% 7. Hiking and walking
- 35% 8. Sightseeing
- 30% 9. Port Moresby Nature Park
- 29% 10. Diving

INFORMATION SOURCES USED FOR PLANNING? TOP 3 OPTIONS

INFLUENCING FACTORS FOR VISITING PNG? TOP 3 OPTIONS



New Zealanders are motivated to visit PNG by nature and ecotourism with a secondary focus on cultural tourism. Higher visitation rates to Milne Bay are likely linked to high rates of water based activity participation. While friends & family are still an important source of planning, New Zealanders also rely on the internet and traditional travel agents for planning.

Note:

- Multiple responses, therefore totals do not add up to 100%

JAN–DEC 2018 HOLIDAY VISITORS

NORTH AMERICA

2,021
TOTAL VISITORS

USD 9.7M
TOTAL SPEND USD

PGK 32.4M
TOTAL SPEND PGK

AVERAGE LENGTH OF STAY

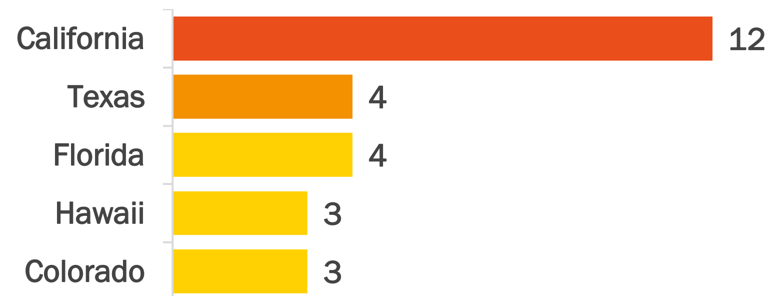
12.0
NIGHTS

SPEND

$4,773
USD SPEND PER TRIP

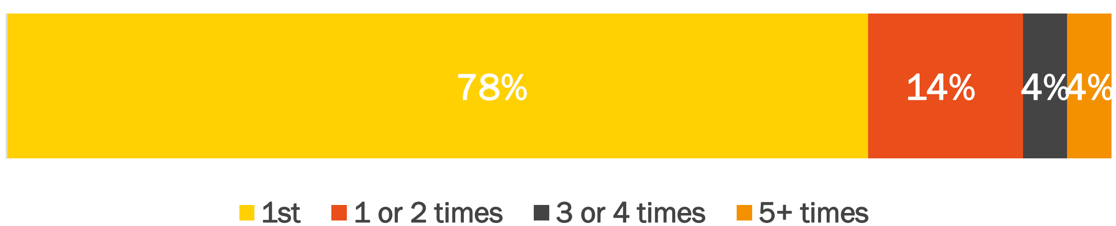
$398
USD SPEND PER DAY

TOP 5 STATES*

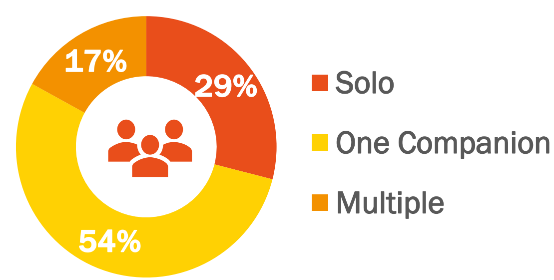


* Responses

PREVIOUS VISITS



TRAVEL GROUP



North Americans are the second highest spending market with both higher spend per day and a higher average length of stay. They are predominately first time visitors to PNG and travel as couples. Marketing to West Coast US population centers is key to tap into this market.

Note: Totals based on actual immigration data by source market and purpose of visit.

JAN–DEC 2018 HOLIDAY VISITORS

NORTH AMERICA

TOP 5 PROVINCES VISITED

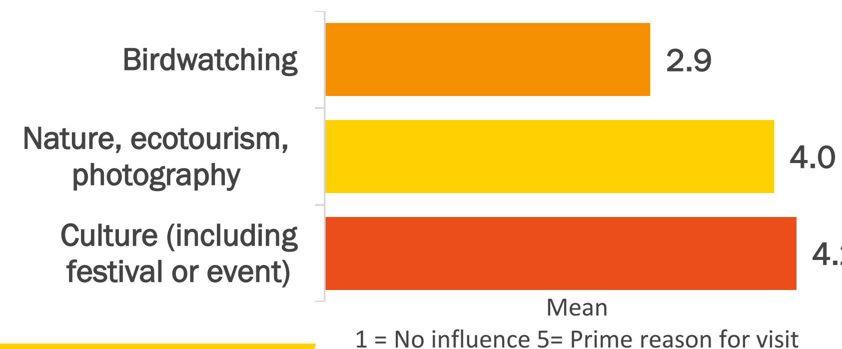
- 55% 1. National Capital District
- 40% 2. Western Highlands
- 33% 3. East Sepik
- 19% 4. Milne Bay Province
- 17% 5. Madang

TOP 10 ACTIVITIES

- 77% 1. Visited villages
- 67% 2. Local markets
- 63% 3. Sightseeing
- 62% 4. Hiking and walking
- 61% 5. Local dance and music
- 58% 6. Visiting the beach
- 53% 7. Snorkelling
- 50% 8. Cultural festivals and shows
- 46% 9. Cultural tours
- 42% 10. Birdwatching

INFORMATION SOURCES USED FOR PLANNING? TOP 3 OPTIONS

INFLUENCING FACTORS FOR VISITING PNG? TOP 3 OPTIONS



North Americans visit PNG for cultural tourism including festivals and events with high participation rates in activities such as village visits, music, dance and cultural tours. In order to tap into this market, operators should develop unique cultural tour products and market them through traditional travel agents and optimized websites.

Note:
- Multiple responses, therefore totals do not add up to 100%

JAN–DEC 2018 HOLIDAY VISITORS

EUROPE (EXCLUDING UK)

2,208
TOTAL VISITORS

USD 7.5M
TOTAL SPEND USD

PGK 25.2M
TOTAL SPEND PGK

AVERAGE LENGTH OF STAY

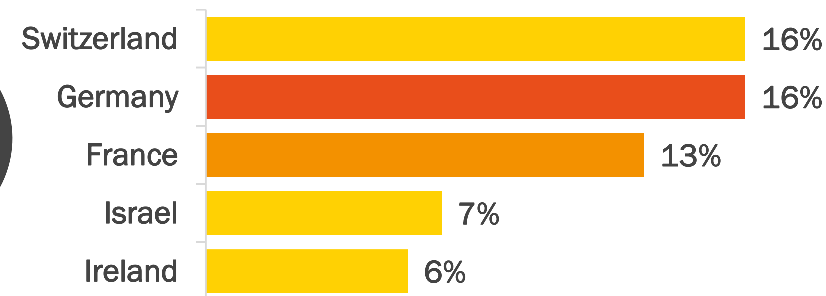
13.4
NIGHTS

SPEND

$3,400
USD SPEND
PER TRIP

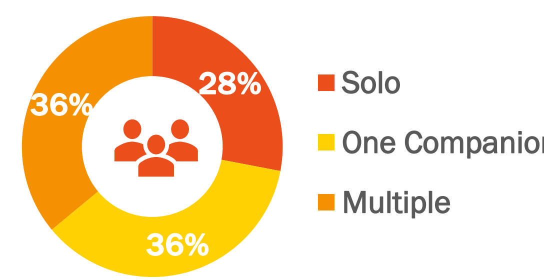
$254
USD SPEND
PER DAY

TOP 5 COUNTRIES



PREVIOUS VISITS

TRAVEL GROUP



Europeans are predominately first time visitors, with almost 90% of visitors being first timers. The strong arrivals from Germany and Switzerland are likely driven by TPA's destination marketing representatives' efforts. With higher than average spending and length of stay, the European market should remain a priority for TPA and operators.

Note: Totals based on actual immigration data by source market and purpose of visit.

JAN–DEC 2018 HOLIDAY VISITORS

EUROPE (EXCLUDING UK)

10% OF HOLIDAY VISITORS

TOP 5 PROVINCES VISITED

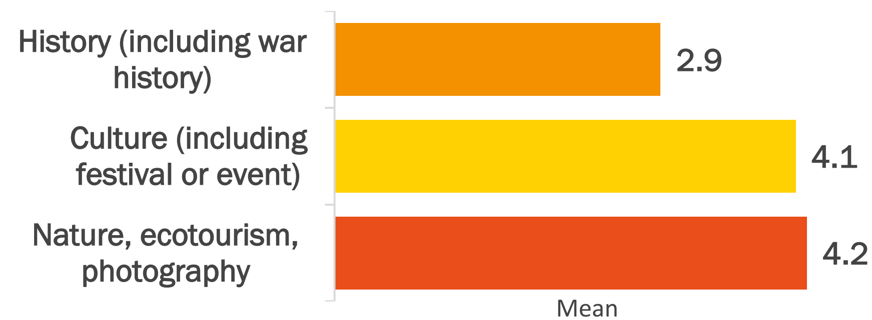
- 53% 1. National Capital District
- 38% 2. Western Highlands
- 30% 3. Eastern Highlands
- 28% 4. East New Britain
- 22% 5. East Sepik

TOP 10 ACTIVITIES

- 79% 1. Visited villages
- 75% 2. Local markets
- 71% 3. Visiting the beach
- 61% 4. Hiking and walking
- 59% 5. Sightseeing
- 56% 6. Cultural festivals and shows
- 54% 7. Local dance and music
- 50% 8. Museums
- 49% 9. Snorkelling
- 44% 10. Swimming

INFORMATION SOURCES USED FOR PLANNING? TOP 3 OPTIONS

INFLUENCING FACTORS FOR VISITING PNG? TOP 3 OPTIONS



1 = No influence 5= Prime reason for visit

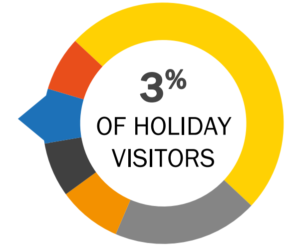
While Europeans seek a mixture of culture and nature activities, they have lower levels of participation in adventure activities. Popular cultural activities include festivals, music and dance. Due to language barriers, Europeans tend to rely on travel books in their own language. Developing more internet marketing in European languages will help planning.

Note:

- Multiple responses, therefore totals do not add up to 100%

JAN–DEC 2018 HOLIDAY VISITORS

UNITED KINGDOM



730	USD 4.9M	PGK 16.3M
TOTAL VISITORS	TOTAL SPEND USD	TOTAL SPEND PGK

AVERAGE LENGTH OF STAY

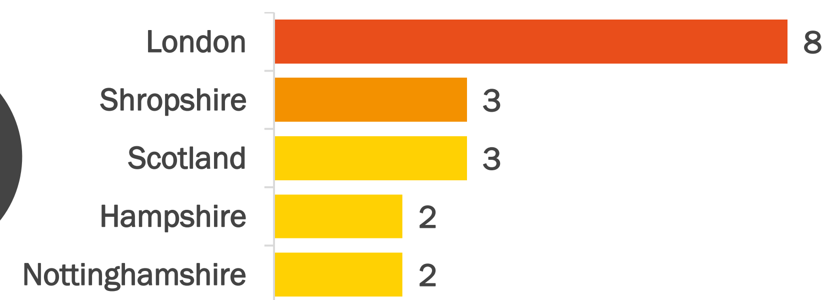
14.7 NIGHTS

SPEND

$6,646 USD SPEND PER TRIP

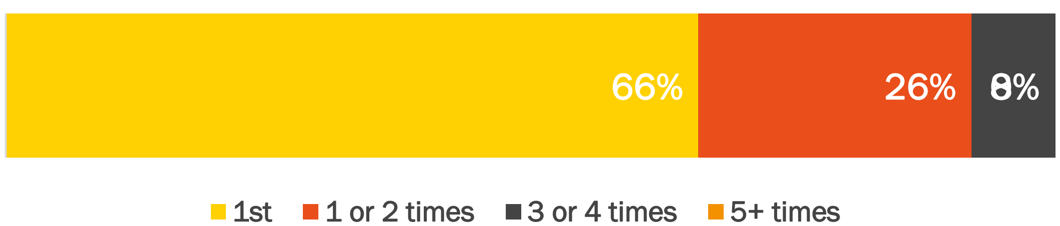
$452 USD SPEND PER DAY

TOP 5 LOCALES*

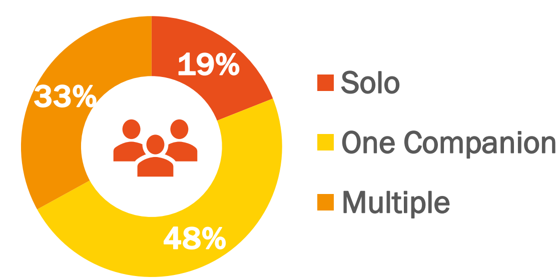


* Responses

PREVIOUS VISITS



TRAVEL GROUP

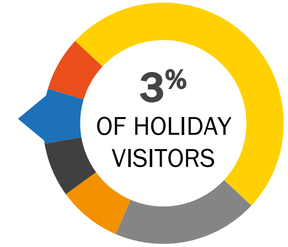


While still small, the UK market has both the highest spend per day and the longest length of stay. They also have a relatively high repeat trend for a long haul market with 34% of holiday visitors having traveled to PNG at least once before. Almost half of UK travelers come to PNG as a couple.

Note: Totals based on actual immigration data by source market and purpose of visit.

JAN–DEC 2018 HOLIDAY VISITORS

UNITED KINGDOM



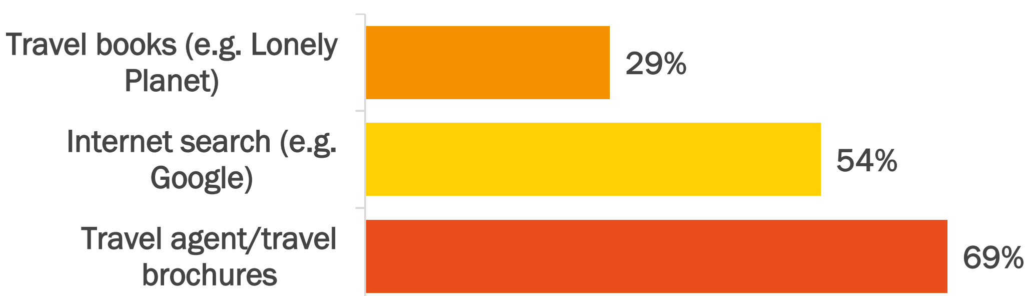
TOP 5 PROVINCES VISITED

- 61% 1. National Capital District
- 42% 2. Western Highlands
- 37% 3. Central Province
- 33% 4. East New Britain
- 27% 5. West New Britain

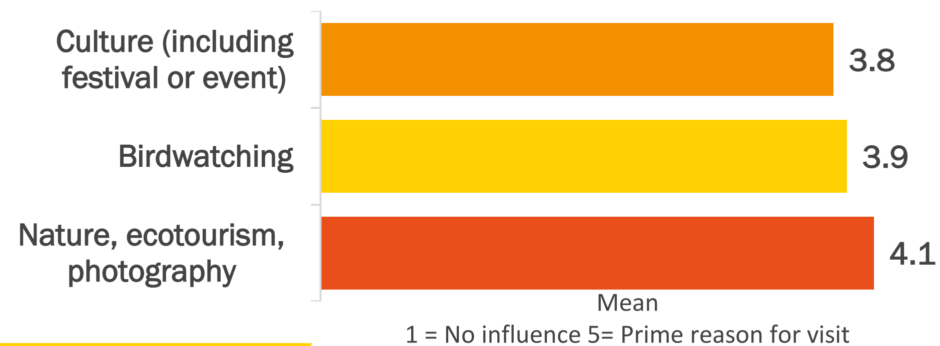
TOP 10 ACTIVITIES

- 87% 1. Visited villages
- 73% 2. Local markets
- 69% 3. Birdwatching
- 68% 4. Swimming
- 57% 5. Visiting the beach
- 57% 6. Snorkelling
- 57% 7. Local dance and music
- 49% 8. Hiking and walking
- 47% 9. Cultural tours
- 46% 10. Parks, nature reserves and animal sanctuaries

INFORMATION SOURCES USED FOR PLANNING? TOP 3 OPTIONS



INFLUENCING FACTORS FOR VISITING PNG? TOP 3 OPTIONS



Nature based tourism and birdwatching are strong draws for UK travelers with cultural tourism also having high rates of participation. Notably almost 70% of UK visitors participated in birdwatching. To tap into this market, operators should continue to work with traditional travel agents while ensuring up to date information is available online.

Note:
- Multiple responses, therefore totals do not add up to 100%

JAN–DEC 2018 HOLIDAY VISITORS

ASIA

4,301
TOTAL VISITORS

USD 9.7M
TOTAL SPEND USD

PGK 32.7M
TOTAL SPEND PGK

AVERAGE LENGTH OF STAY

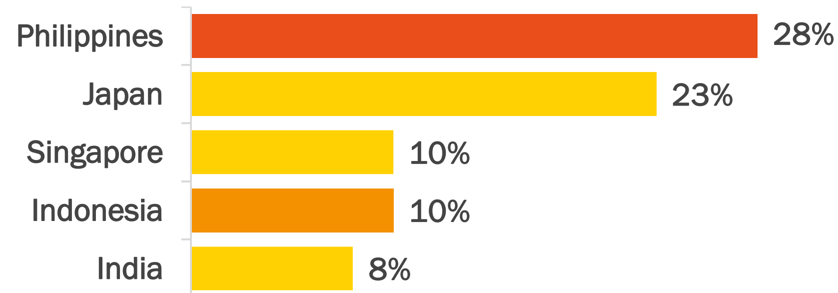
9.8
NIGHTS

SPEND

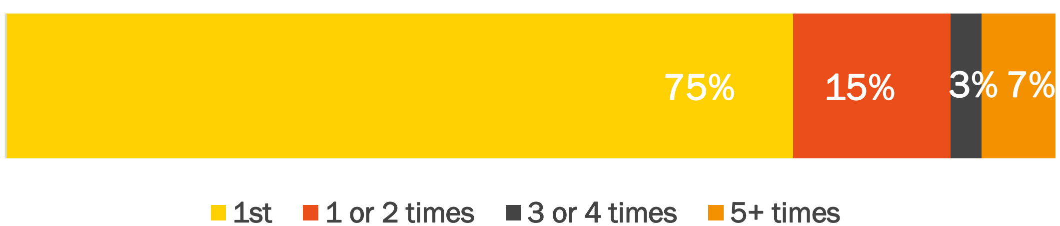
$2,267
USD SPEND PER TRIP

$231
USD SPEND PER DAY

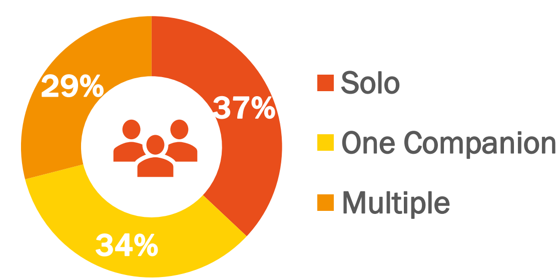
TOP 5 COUNTRIES



PREVIOUS VISITS



TRAVEL GROUP



The Asian market has the highest rate of solo travelers amongst the holiday markets at 37% of travelers. They also have strong spend per day, showing potential for growth. Japan and the Philippines are the most important sub-markets with historical tourism being a key draw for Japanese visitors.

Note: Totals based on actual immigration data by source market and purpose of visit.

JAN–DEC 2018 HOLIDAY VISITORS

ASIA

19% OF HOLIDAY VISITORS

TOP 5 PROVINCES VISITED

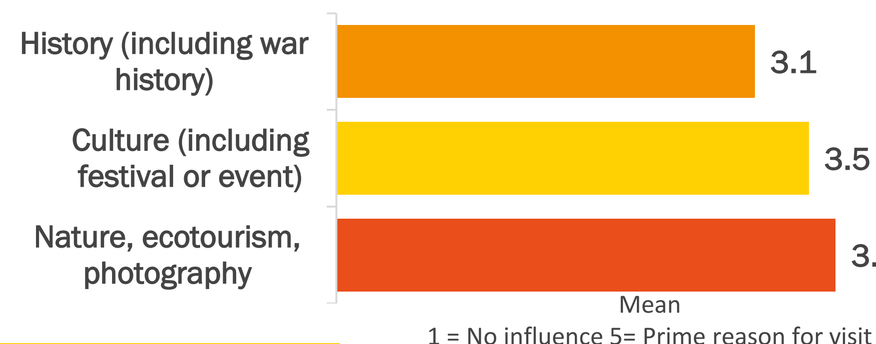
- 61% 1. National Capital District
- 18% 2. Milne Bay Province
- 16% 3. Northern Province
- 16% 4. Western Highlands
- 10% 5. East New Britain

TOP 10 ACTIVITIES

- 83% 1. Local markets
- 63% 2. Visited villages
- 58% 3. Visiting the beach
- 52% 4. Sightseeing
- 39% 5. Port Moresby Nature Park
- 39% 6. Diving
- 33% 7. Cultural festivals and shows
- 33% 8. Museums
- 30% 9. Cultural tours
- 30% 10. Local dance and music

INFORMATION SOURCES USED FOR PLANNING? TOP 3 OPTIONS

INFLUENCING FACTORS FOR VISITING PNG? TOP 3 OPTIONS

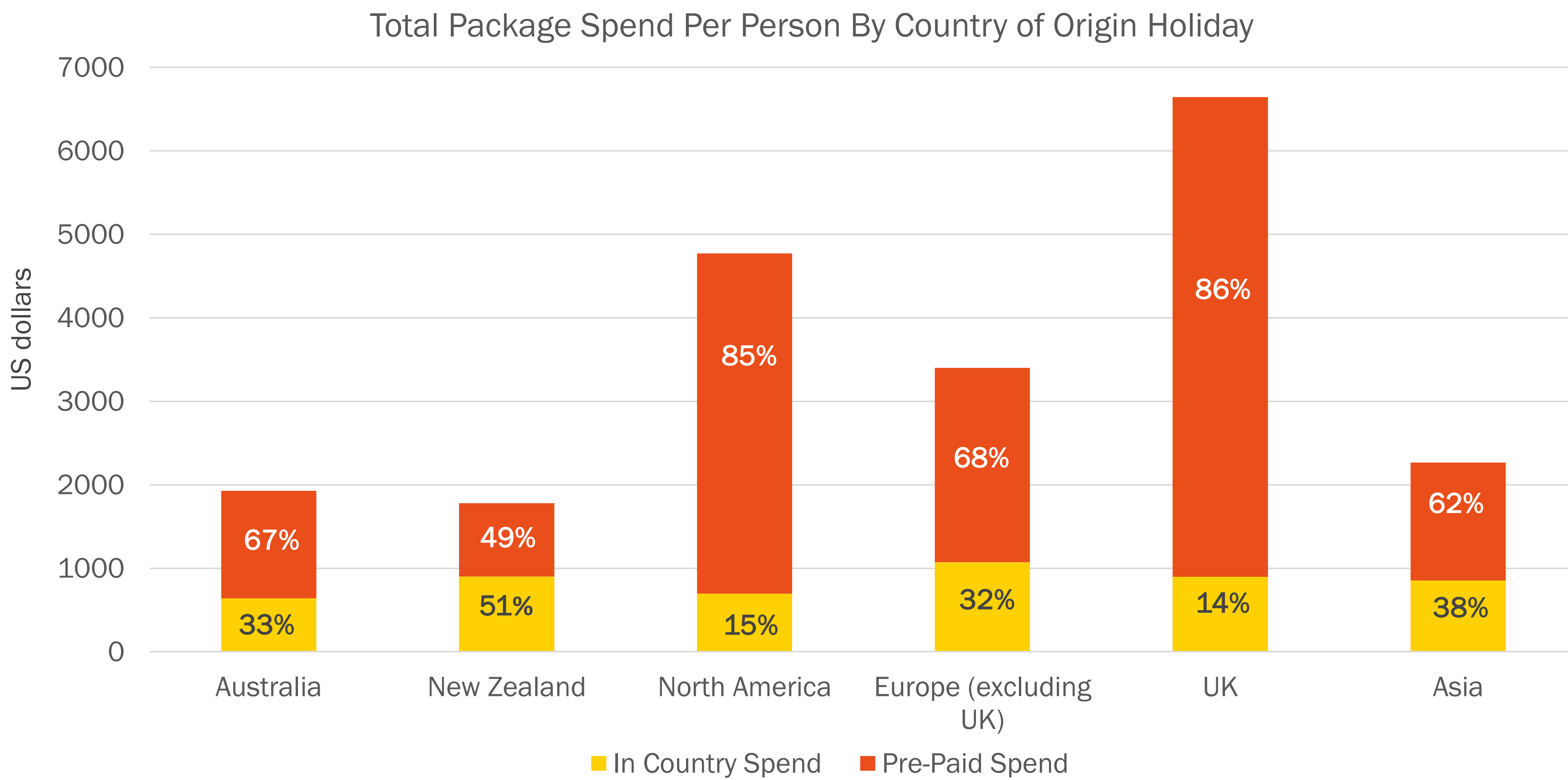


While nature is a key influencing factor for Asian travelers, their high rates of participation in cultural activities indicate culture as a key motivator. However, they are less likely to travel to the provinces. Asians are also less likely to use traditional travel agents and more likely to use the internet and general travel websites for planning.

Note:
- Multiple responses, therefore totals do not add up to 100%

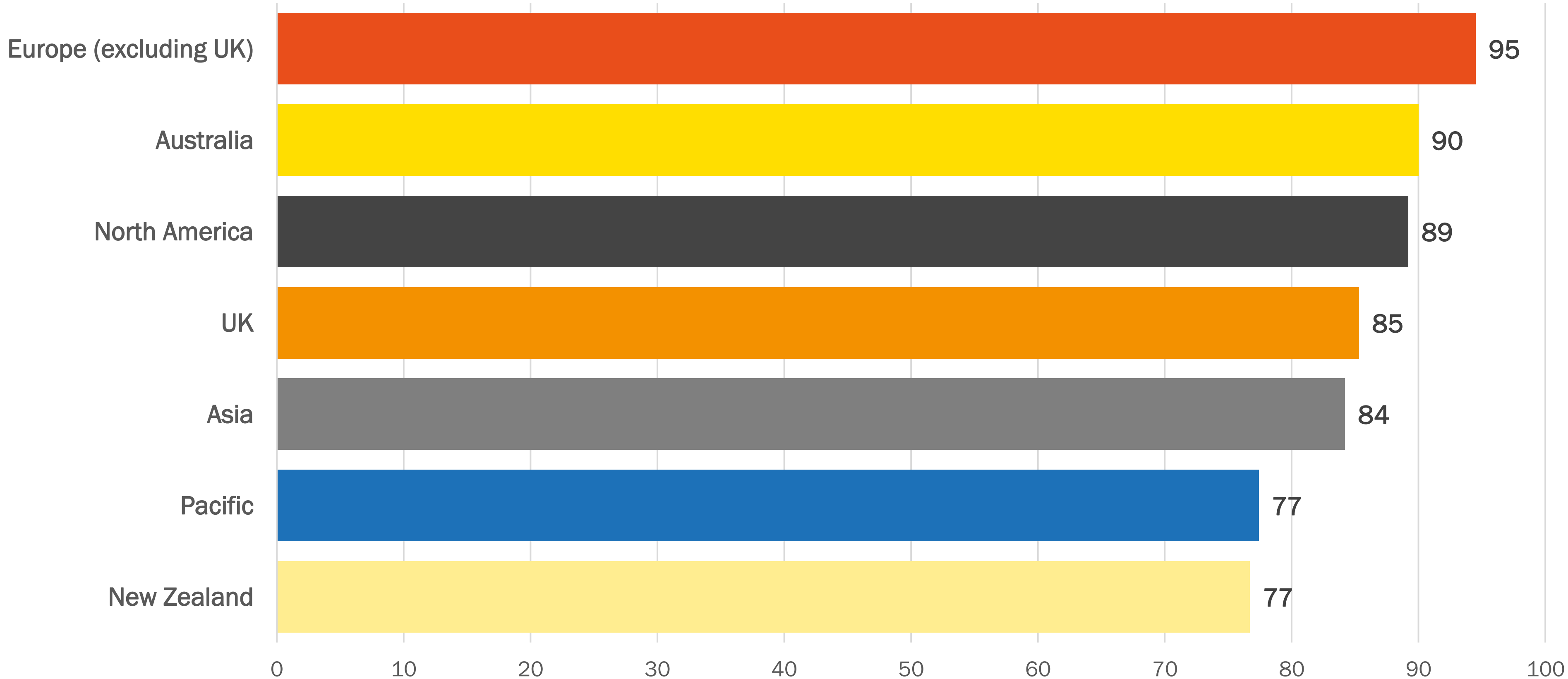
JAN–DEC 2018 HOLIDAY VISITORS

SPEND BY MARKET



In line with long haul market trends, North American, European and British travelers book and pay for the majority of their trip before traveling. Europeans have the highest in country spend. New Zealanders are the only market to spend more than half their total budget in country.

OVERALL SATISFACTION BY MARKET*

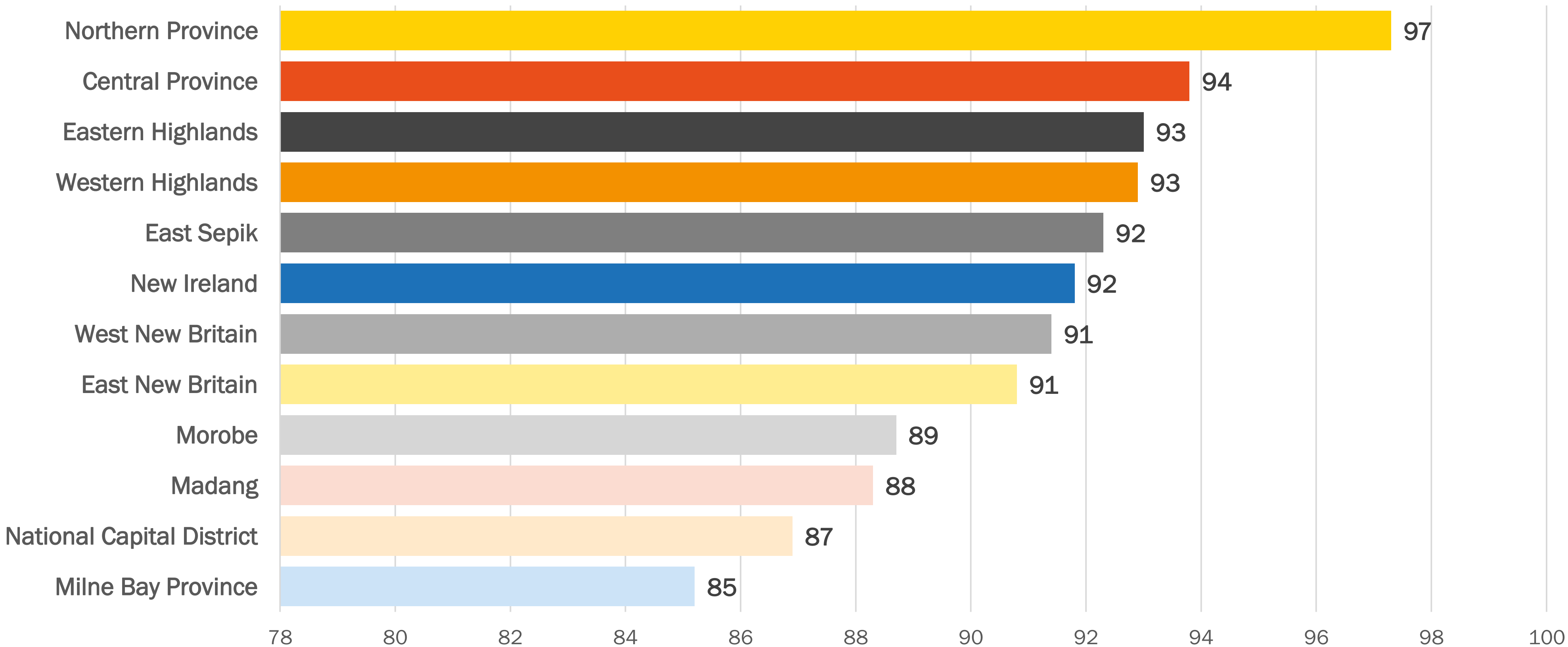


Share of holiday visitors Jan – Dec 2018 (%)

*A satisfied visitor includes respondents who answered 'satisfied' or 'very satisfied'

Overall satisfaction rates for holiday travelers are strong and higher than the average overall visitor rate of 73% satisfied. European and Australian holiday markets have the highest rates of satisfaction, with North Americans just slightly behind.

OVERALL SATISFACTION BY PROVINCE VISITED*

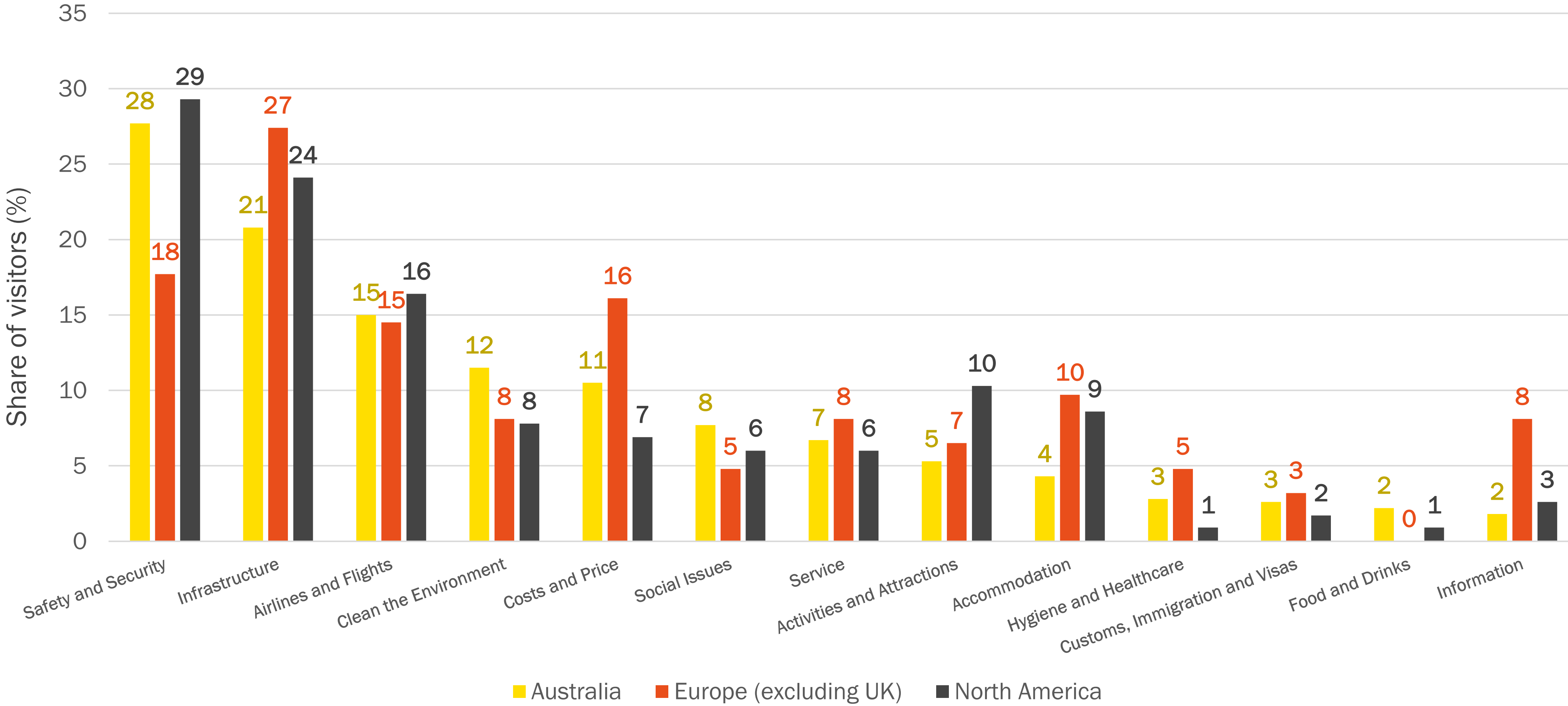


SHARE OF HOLIDAY VISITORS JAN 2017 – JUN 2018 (%)

*A satisfied visitor includes respondents who answered 'satisfied' or 'very satisfied'

Satisfaction rates are the highest among those that traveled to Northern and Central Provinces. The lowest rates of satisfaction are from travelers that went to Milne Bay and NCD. This is likely linked to the safety and security issues in NCD and the increased security issues in Milne Bay.

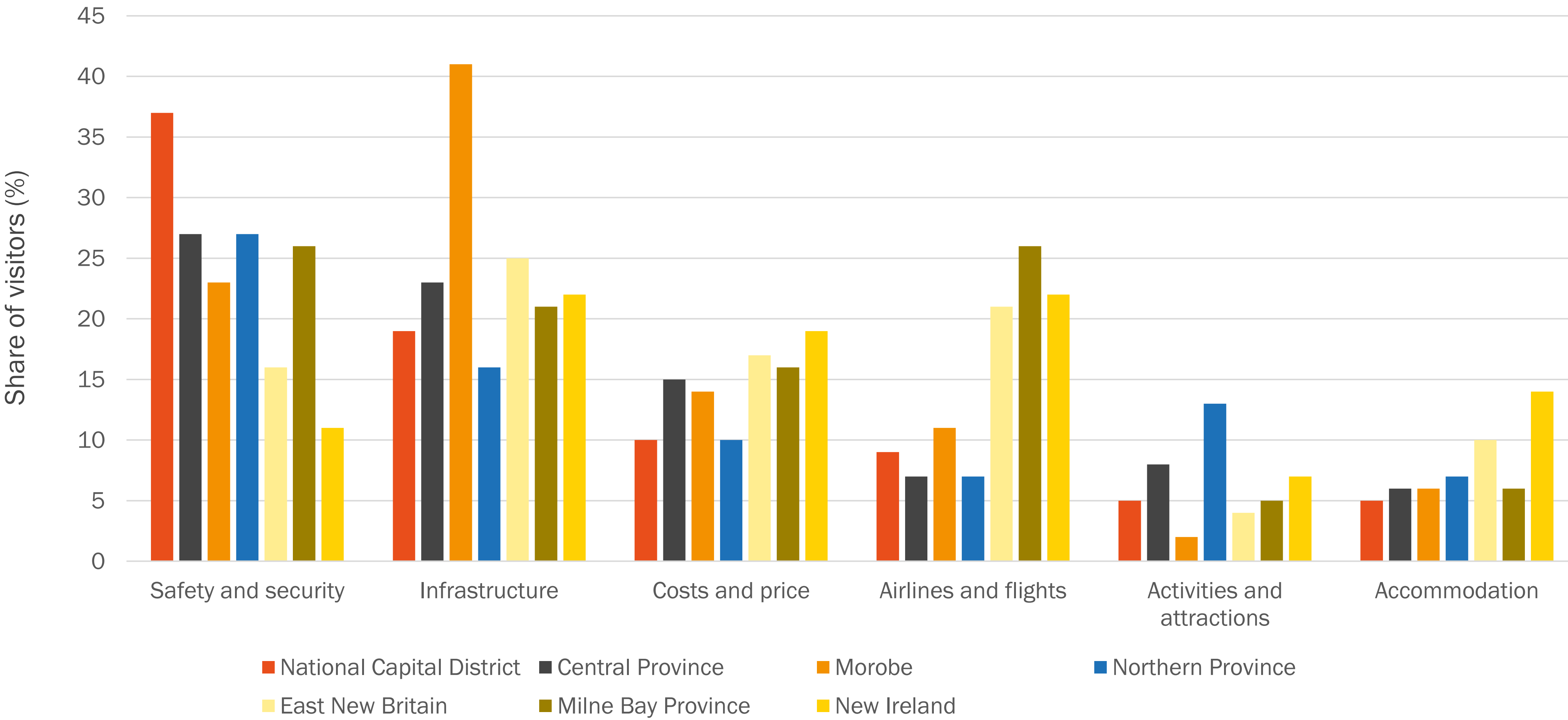
IMPROVEMENTS SUGGESTED BY MARKET



Safety/security and infrastructure are the areas most commonly highlighted for improvement among the top three holiday markets. Notably for Europeans, costs and prices and information are seen as key areas for improvement. North Americans seek better airline and flights experiences, and also suggest improvements to activities and attractions.

Note:
- Multiple responses, therefore totals do not add up to 100%

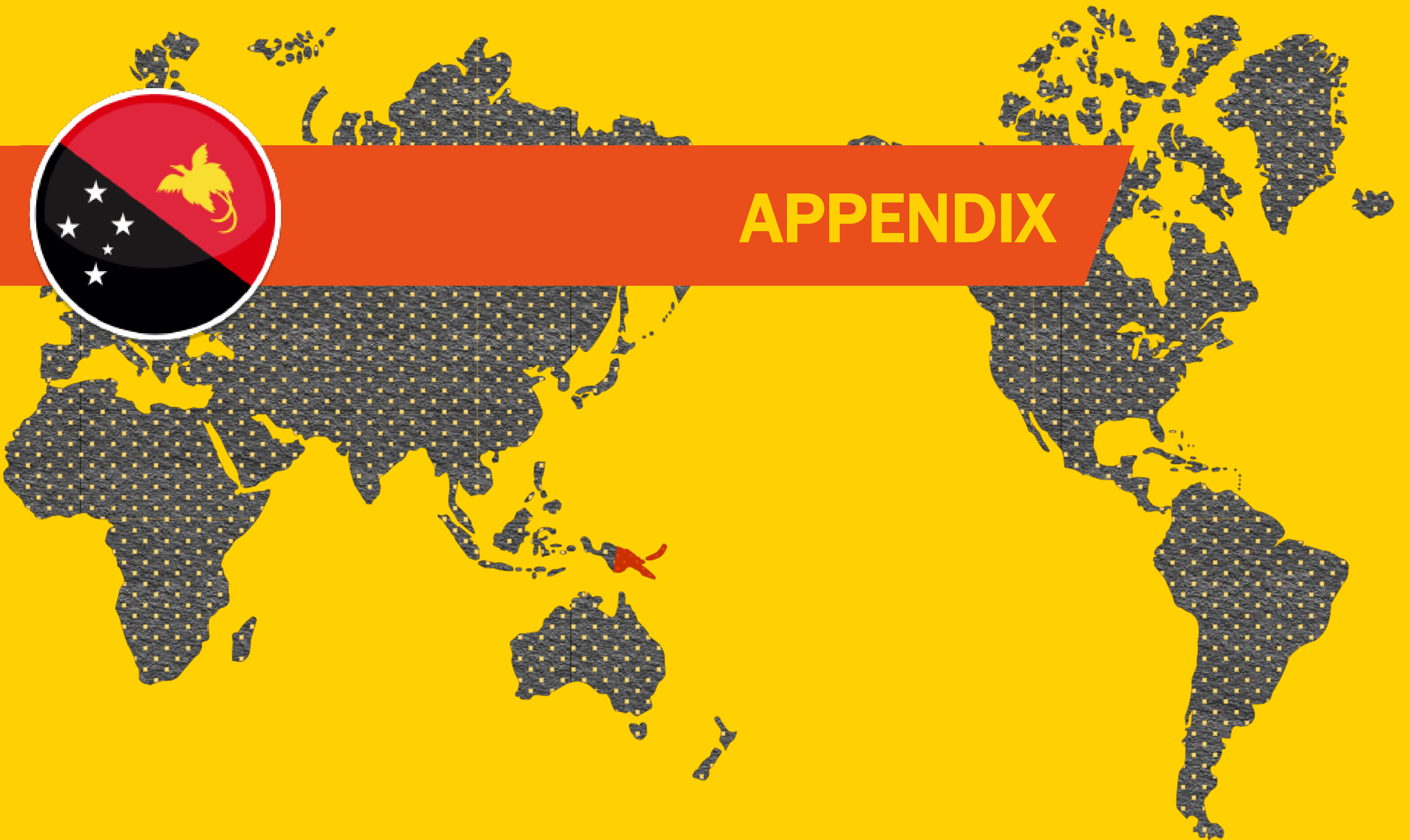
IMPROVEMENTS BY PROVINCE VISITED



While safety and security remain an issue for NCD, they are less so in the provinces. Infrastructure is a challenge in Morobe and airlines and flights are critical for East New Britain, Milne Bay and New Ireland. Although New Ireland rated well with security, visitors commented on poor accommodation and infrastructure and high costs. Northern Province continues to need additional product development to satisfy visitors.

Note:
- Multiple responses, therefore totals do not add up to 100%

APPENDIX



IFC's work in Papua New Guinea is guided by the Papua New Guinea Partnership. Australia, New Zealand, and IFC are working together through the partnership to promote sustainable economic development, reduce poverty and stimulate private sector investment in Papua New Guinea.

JANUARY – DECEMBER 2018

RESPONSE RATE DATA

17,162
TOTAL NUMBER OF EMAILS SENT

2,219
TOTAL NUMBER OF RESPONSES

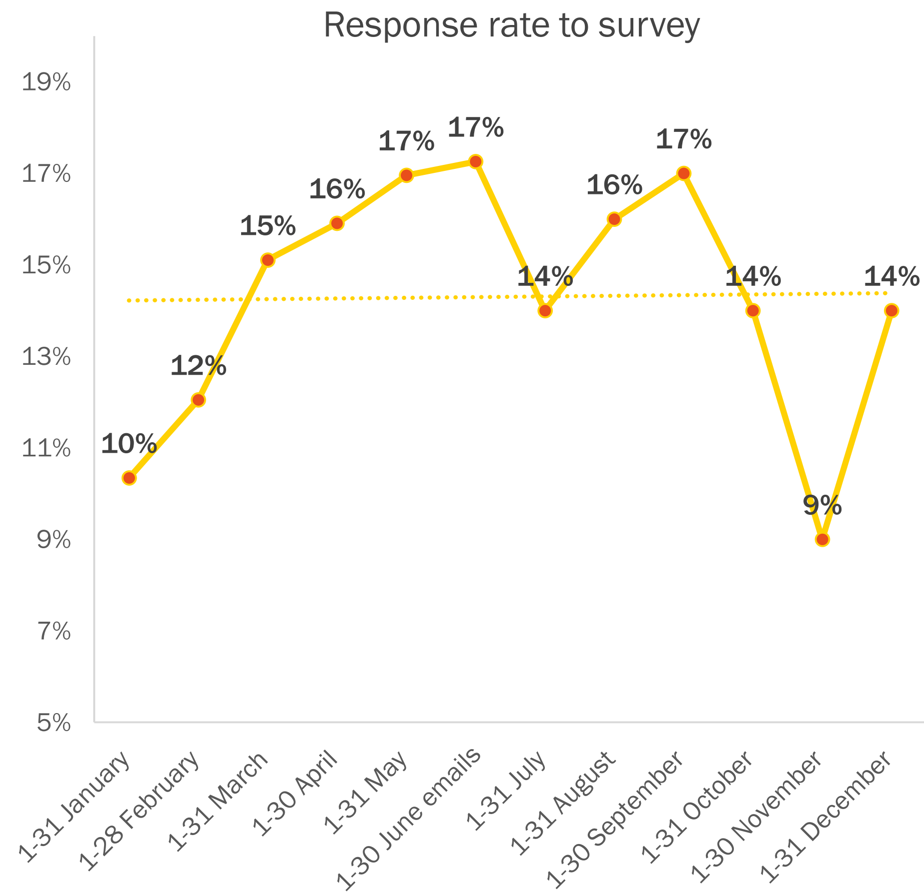
CONVERSION RATE
12.9%

SPEND RESPONSES COVER

2,184
ADULTS

115
CHILDREN

% OF ALL VISITORS DURING THE PERIOD
2.4%

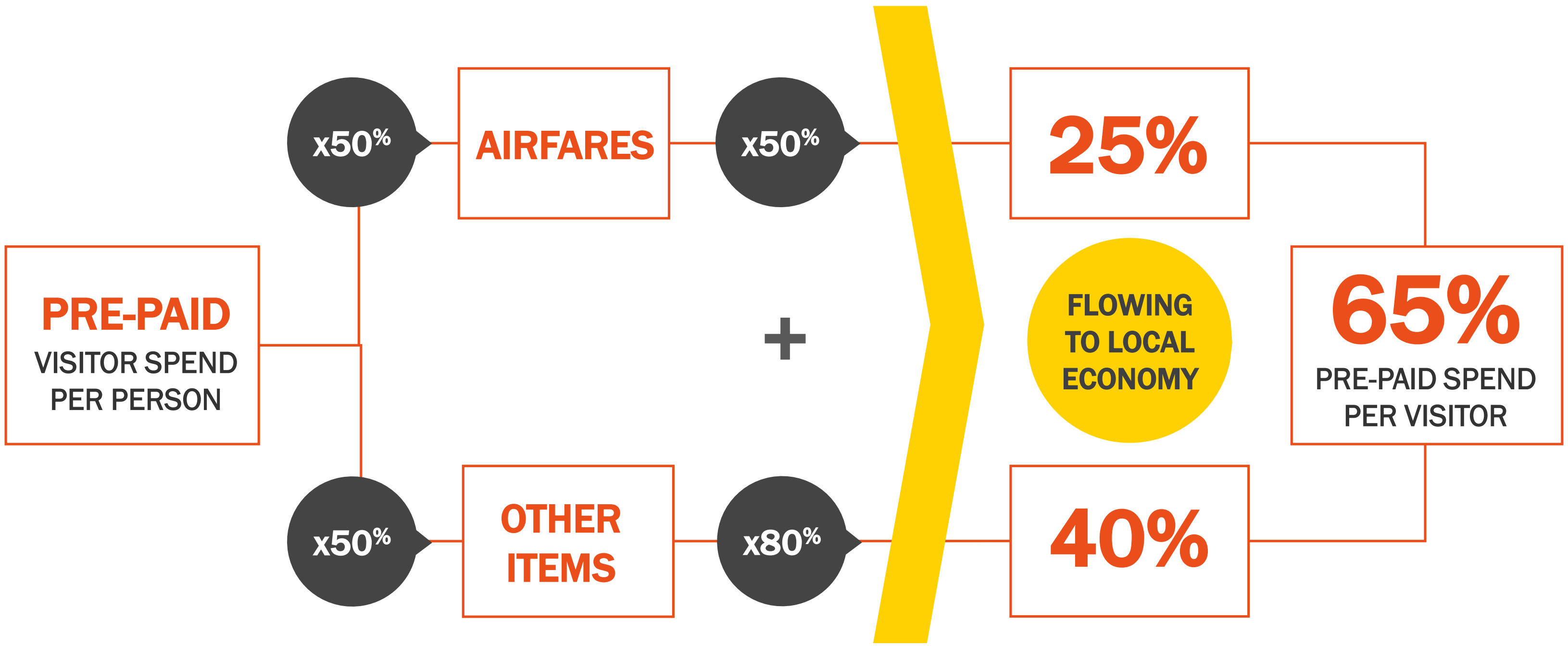


Response rates have hovered around 14% to 17%, except for seasonal variations over the Christmas and New Year holidays. Conversion rates and sample size remain similar to the 2017 IVS. TPA and IFC are continuing to work on ways to increase the number of email addresses collected, which will increase the overall sample size.

Note: The response rate is based on the number of survey responses in Qualtrics (before data cleaning)

JANUARY – DECEMBER 2018

PRIOR TO ARRIVAL EXPENDITURE



COOK ISLANDS

40%
FLOWING TO LOCAL ECONOMY

VANUATU

62.5%
FLOWING TO LOCAL ECONOMY

BREAKDOWN OF PREPAID SPEND