



PAPUA NEW GUINEA TOURISM PROMOTION AUTHORITY

2018

VISITOR ARRIVALS REPORT



Prepared by:

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This is the final total visitor arrivals report for PNG in 2018.

The report presents the trends and market analysis of all short-term international visitors into PNG, emphasizing more on the holiday visitors. It is reported by **source market** and **purpose of visit** to the country. The report also presents summary tables and graphical analysis of the annual and monthly trends to observe historical performance of tourism in the year compared to the previous years. Additional marketing briefs based on recent research to compliment the visitor arrivals trend from the key source markets are also included in the report.

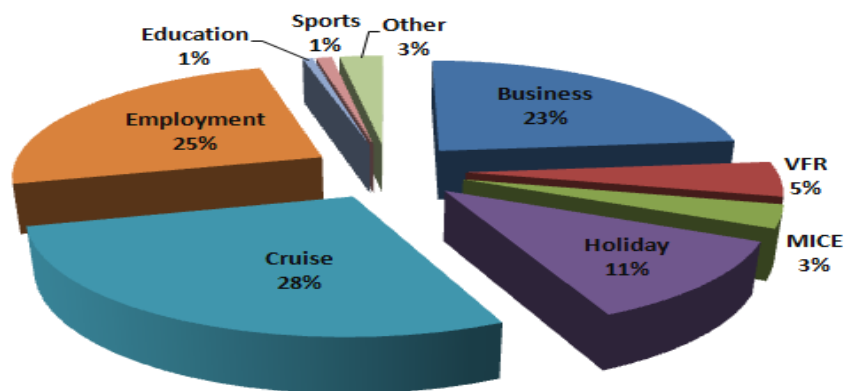
1.1 Executive Summary

After seen a drop in arrivals in 2017 due to the election and security threats, PNG received over 194,000 international visitors in 2018, an increase of 7% or additional 13,000 arrivals compared to 2017. This healthy growth was seen as a result of successfully hosting the APEC meeting and tourists visiting various attraction sites around the country with cruise tourists recording a big increase and boosting tourist arrivals to the country.

Out of the total arrivals, 24% came for *business*, 40% were on holiday including tourists that came on cruise ships, 4% came to visit friends and relatives, 25% came for employment, 5% MICE and remaining 2% visited the country for other reasons. Growth was seen from MICE (+104%), cruise (+26%), VFR (+6%) and holiday (+2%), while visitors coming for business and employment reasons dropped in the year. Sports tourism is another sector that is growing rapidly due to more international sports played in the country, and with the government's plan to build more international sports stadium around the country; sports tourism will be an important segment for the tourism industry.

The healthy growth in holiday arrivals to the country was a result of the PNG Tourism Promotion Authority working in partnership with the industry players and key stakeholders to promote the destination, as well as carrying out more awareness and product developments in the model provinces. This upward trend is expected to continue in 2019 as TPA has set out clear long and short term plans to develop the tourism industry in Papua New Guinea, and as TPA leads to implement and achieve the objectives, tourism in the future will be a significant contributor to the economy.

Percentage Distribution by Purpose of Visit – 2018

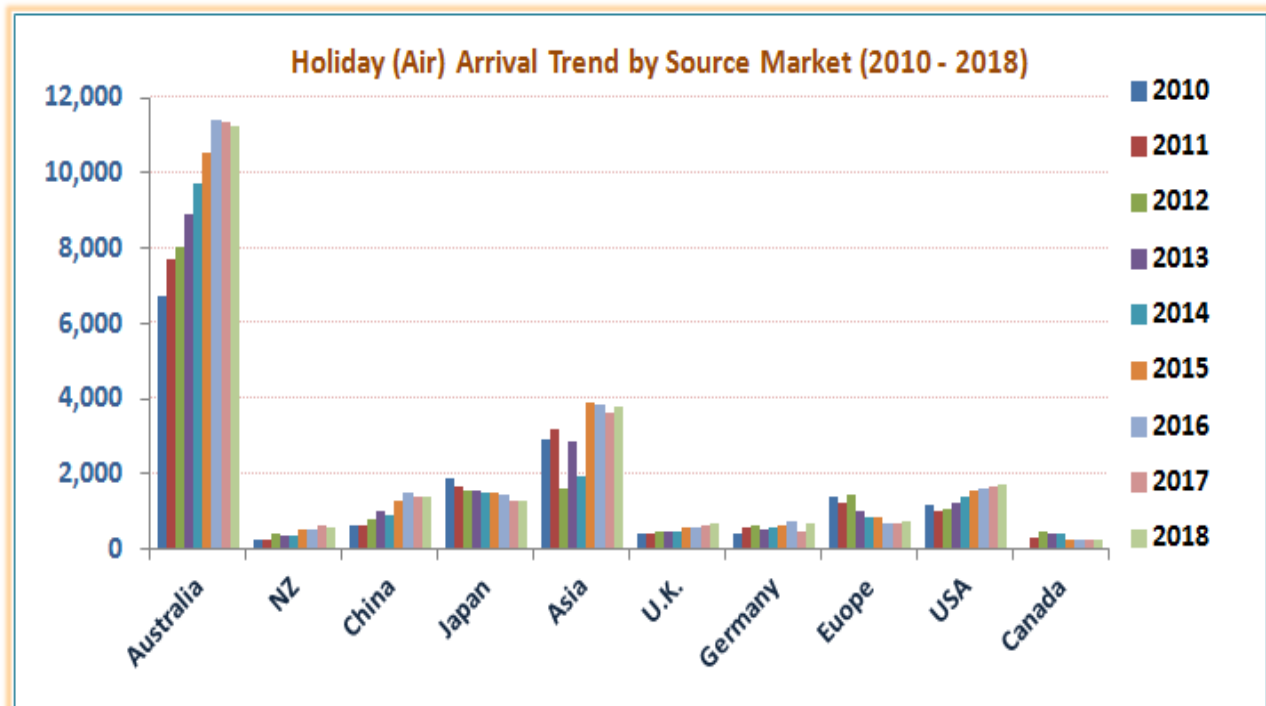


Most of the visitors from America (35%), Japan (38%) and European markets (36%) were strongly holiday/leisure-oriented, while the majority of the visitors from Australia (46%) and Asia (45%) were more on business. However, holiday arrivals by air from Australia and NZ slightly dropped in 2018 as a result of the closure of Kokoda Track by disgruntle land owners during the peak season of the year. The trekking numbers are expected to pick up again in 2019 as the track is now open for tourists to walk.

Holiday (Air) Arrivals by Source Market – 2018/2017

Source Market	2018	2017	Change	% +/-
Australia	11,220	11,333	-113	-1
New Zealand	588	605	-17	-3
Oceania	865	712	153	21
China	1,394	1,375	19	1
Japan	1,298	1,277	21	2
Malaysia	486	411	75	18
Philippines	637	697	-60	-9
Indonesia	158	126	32	25
India	152	148	4	3
Other Asia	675	701	-26	-4
UK	693	638	55	9
Germany	655	453	202	45
France	250	245	5	2
Other Europe	852	796	56	7
USA	1,711	1,655	56	3
Canada	240	248	-8	-3
Other America	84	96	-12	-13
Africa	90	89	1	1
Others	370	412	-42	-10
Total Holiday	22,418	22,017	401	2

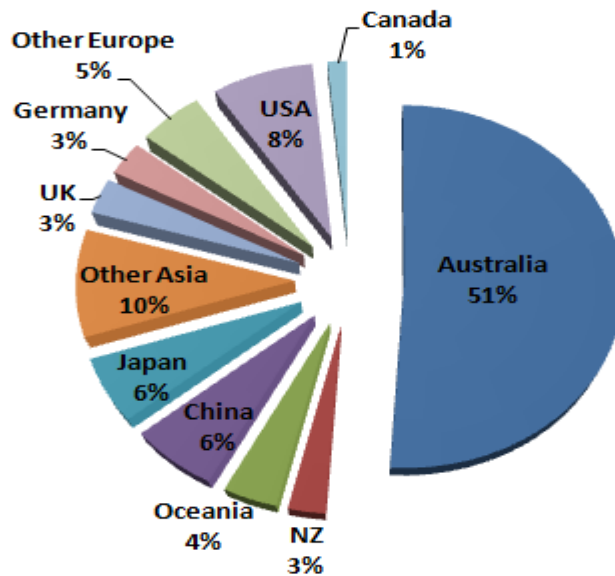
Holiday (Air) Arrivals by Source Market (2010 – 2018)



1.2 Market Share Distribution

On the total holiday arrivals, Australia continues to dominate the market by representing 51 percent of the holiday arrivals to PNG, followed by the US Market with 8%, Japan 7%, China 6%, Oceania 4%, UK, Germany and New Zealand at 3% each, while the collective Asia and Europe markets contributed 10 and 8 percent respectively.

Holiday Arrivals Distribution by Source Market – 2018



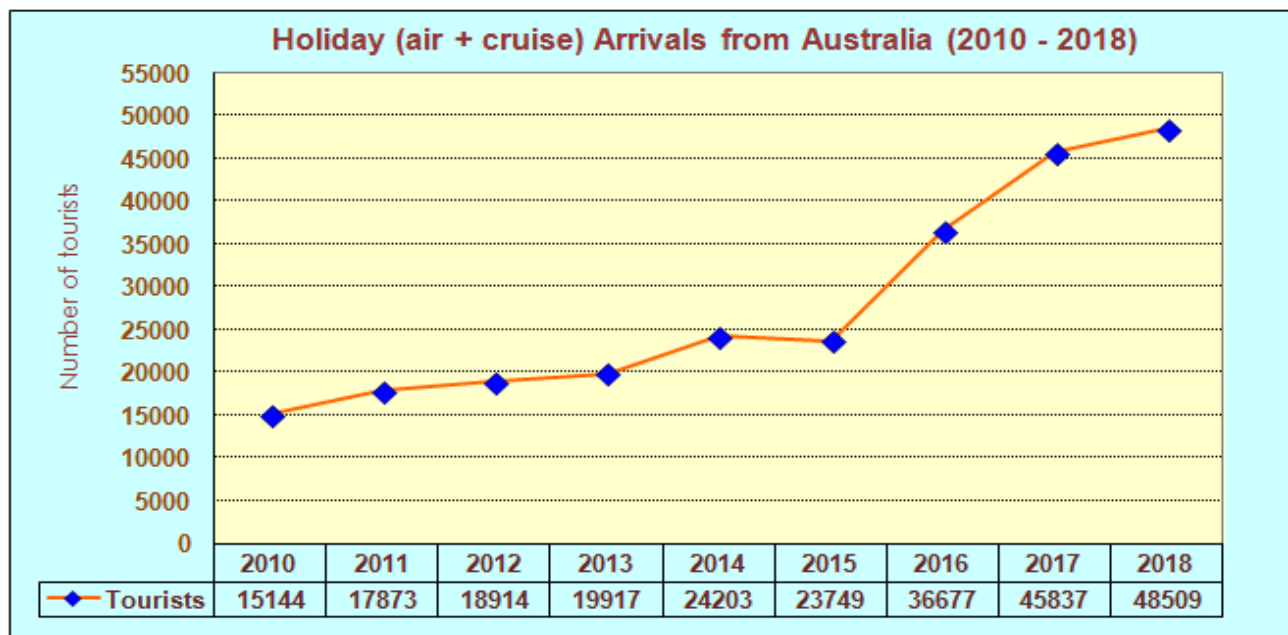
The New Zealand market continues to improve its market share position as a result of more coordinated marketing activities extended to other parts of New Zealand's main cities by the TPA Sydney Office.

1.2 Source Market Performance

Australian Market

The Australian market continues to remain the highest single source market for Papua New Guinea. It accounted for more than 51 percent (105,264) of the total arrivals in 2018, recording an increase in total arrivals by 4 percent compared to 2017.

The total (air + cruise) holiday arrivals from the Australian market recorded an increase by 8 percent, while business arrivals decreased by 6 percent compared to the 2017 arrivals from the market. Air arrivals from Australia slightly dropped as a result of the decline in trekker numbers from the Kokoda Track in 2018.



As it can be seen from the graph, strong growth in holiday arrivals from the Australian market was seen from 2015 onwards, and that was the result of the effort put in by the TPA Sydney office to promote and market the destination. The TPA Sydney team was able to carry out more marketing activities targeting tourists from all around Australia. One of it being the development of a comprehensive website for visitors to browse through and make travel decisions. The TPA Sydney team is always coming up with new marketing techniques to grow tourist numbers from the market.

The PNG Tourism Promotion Authority Office in Sydney has also launched a TPA Australia face book & twitter page to service as a platform to support and carry out marketing activities and boost tourist numbers from the market. Most of the tourists from Australia came to PNG by cruise ship.

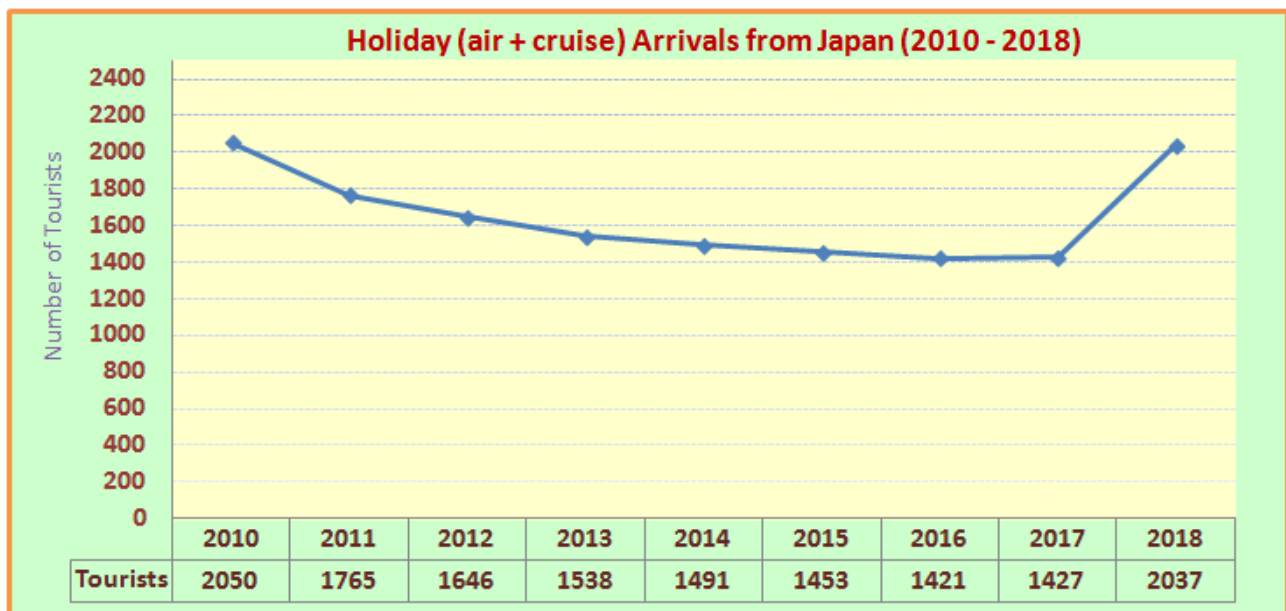
Japan Market

Japan is one of Papua New Guinea's key source markets, and one of the high spending markets for Papua New Guinea. Growth in visitor numbers has improved in 2010 after performing poorly in 2009. The healthy growth in 2010 was a result of launching the additional flight by Air Niugini on the PNG/Japan route and the appointment of a new marketing manager for the PNG TPA Japan Office, who has come up with new marketing initiative to grow the market share for Papua New Guinea. The Japan market recorded an increase of 17% in holiday arrivals in 2010, while the business sector also show an increase in 2010 compared to 2009 arrivals.

Since 2011, holiday arrivals from Japan started to drop and remained stagnant over years. This was the result of the chain of disasters that triggered by the 9.0 magnitude earthquake in northern Japan on March 11, 2011 that hampered growth of Japanese outbound tourists since April 2011. Air Niugini's suspension to its Wednesday service to Narita, on 7th September 2010 had also contributed to the drop in arrivals from the market.

In 2018, arrivals from this market picked up strongly by recording an increase of 35% compared to the previous year. This was a result of more tourists arriving by cruise ships to the country. In general, about 3 percent of the total arrivals in 2018 were from Japan and most of the visitors from the market were holidaymakers (38%), while 32% came for business and 30% for other reasons. Most Japanese tourists travelled to PNG by Air and sea in 2018.

Annual holiday arrivals from the Japanese Market



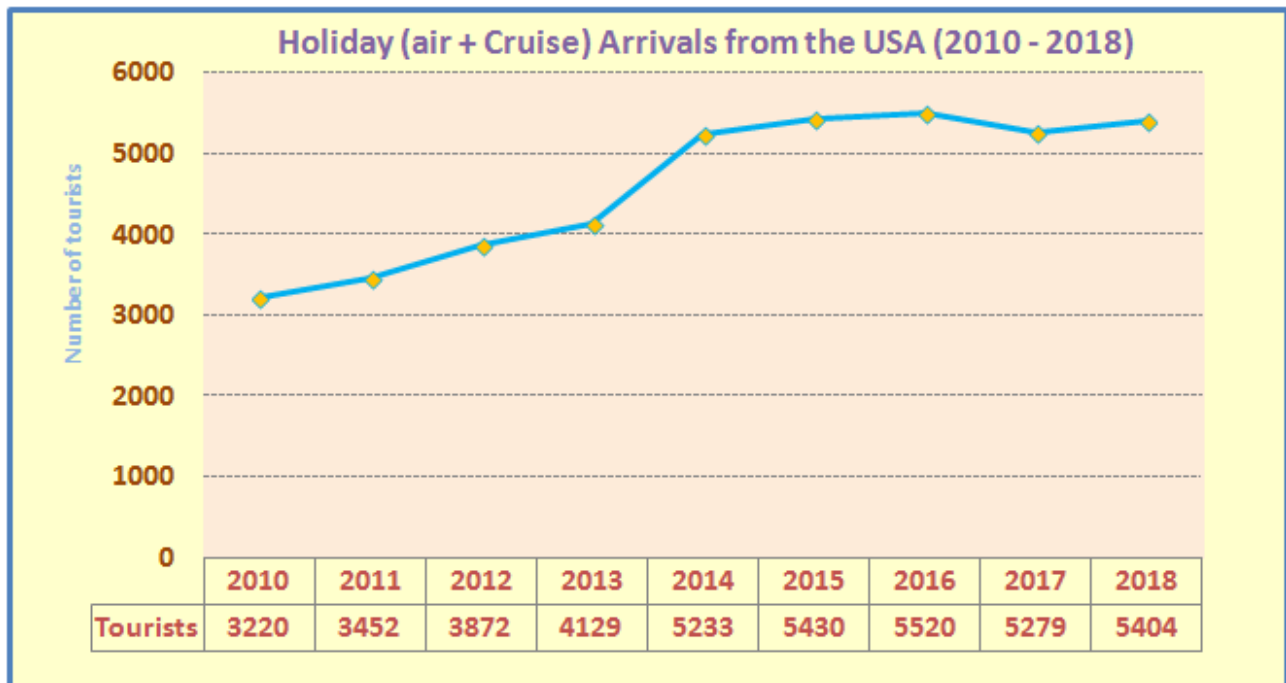
North American Market

The North American market collectively generated about 8% (12,020) of the aggregate arrivals in 2018, reflecting an increase of 4% from 10,823 arrivals in 2017.

Between 2003 and 2009, total arrivals from the US increased by around 88 percent, and in 2009 arrivals from the market declined by 14 per cent, with arrivals being slightly impacted by the financial crisis in the United States. In 2010 arrivals picked up well and recorded an increase of 26 percent after a slow growth in the first quarter. Papua New Guinea remained well-positioned with good air access and cruise ship visits from the market until 2017, and picked up again in 2018. The TPA Los Angeles Office has been working hard to promote Papua New Guinea under the new brand 'A MILLION DIFFERENT JOURNEYS' in the North American Market and will continue to remain one of the key source markets for Papua New Guinea.

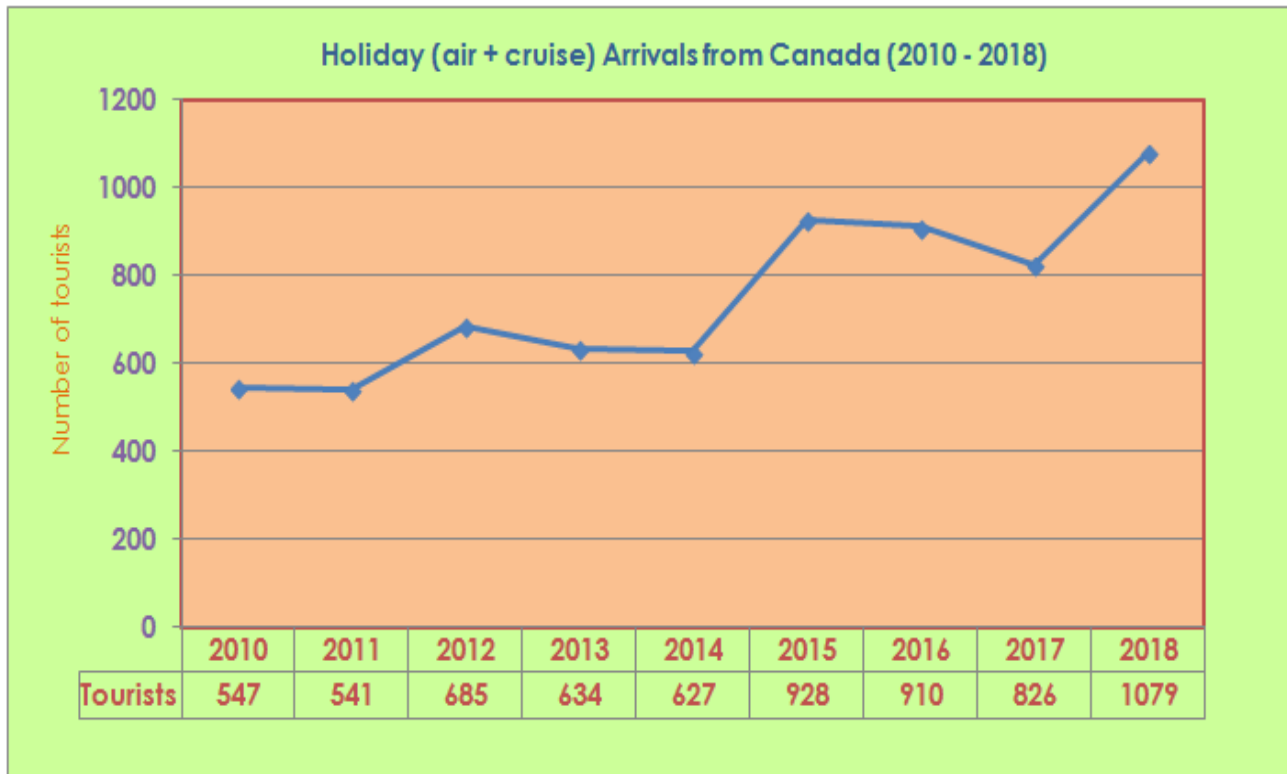
Visitors from the United States rate PNG's environment and the activities we have on offer more highly than other markets, showing that PNG's offering as a destination fits well with Americans from our target market. In particular PNG has very strong appeal as a niche destination among North American travellers interested in the outdoors, adventure and culture. Despite being our second largest holiday market, Papua New Guinea continues to attract only a tiny proportion of US outbound travellers and awareness remains low. In Canada, interest in Papua New Guinea was strong, but has slightly dropped back in the aftermath of the global economic downturn and slowly starting to improve.

Annual holiday arrivals from the American Market



As it can be seen from the graph, the trend in holiday arrivals from the US market maintained a steady growth from 2010 to 2016 after the global financial crisis, but slightly dropped in 2017 due to the elections and security threats and picked up again in 2018. The US economy has fallen into a deep recession in 2008, and the entire world tourism market has suffered. However, Papua New Guinea has benefited from this market over the years, a result of strong marketing efforts put in by TPA in this market to resist any unforeseen threats in the future. In 2018, holiday arrivals from the USA market increased by 3 percent compared to the previous year.

Below is a similar holiday arrivals trend from the Canadian market.



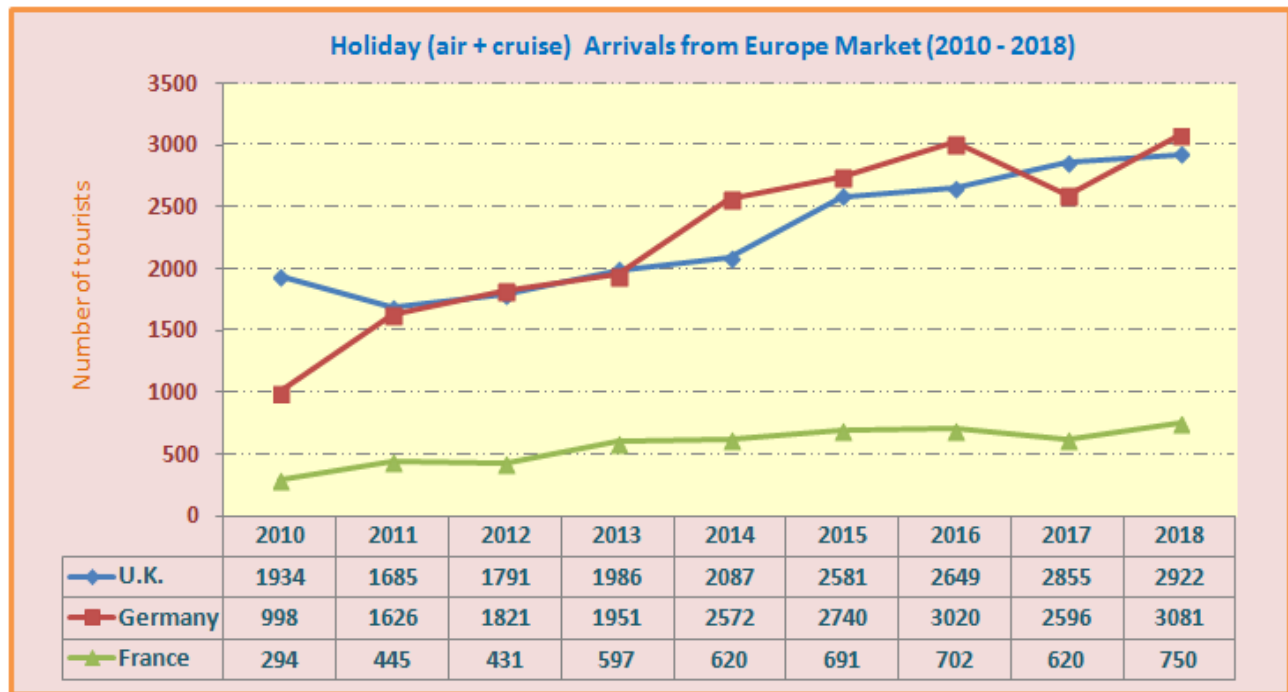
Europe

Europe is a valuable holiday market for Papua New Guinea with long-staying visitors who like to engage in multiple activities. The Europe market comprise of the United Kingdom, Germany, France, Netherlands and other smaller contributing European markets. As PNG's fourth largest holiday markets, the United Kingdom and Germany are the key focus of Papua New Guinea Tourism Promotion Authority's international marketing, trade and public relations activities. However, the smaller European markets have shown their resilience over the past months, despite the negatives, and many present good growth opportunities for the Papua New Guinea Tourism Industry. In 2018, visitor arrivals from Europe posted a growth of 8 percent. The UK and Germany were the major contributing markets.

The collective European markets accounted for 6% percent (10,780) of the total arrivals. United Kingdom represented 40 percent (4,386) of arrivals from the market, Germany generated 18 percent (1,903) and France accounted for 10 percent (1,075), while the other European markets contributed 32 percent to the total Europe arrivals. Even though there was a drop in arrivals from the European market in 2017 due to the election and threats, it picked up exceptionally well in 2018. The healthy growth was seen from the UK, Germany and France markets by posting an increase of 3, 18 and 14 percent respectively. In 2009, visitor arrivals from these markets dropped due to the global financial crisis and picked up well in 2010 through to 2016 and 2018.

Holiday arrivals from UK and Germany remain strong and the Papua New Guinea Tourism Promotion Authority UK and Munich Offices continue to run the new marketing campaign with the tagline '*A MILLION DIFFERENT JURNEYS*' and working closely with travel sellers in the markets, to ensure British & Germans keep Papua New Guinea on their wish-lists. The campaigns have also been extended to other parts of Europe including France, the Netherlands and Switzerland, where growth opportunities have been identified.

Annual holiday arrivals from the European Market



It can be clearly seen from the trend that the markets performed well in 2018, while a drop in tourist arrivals was experienced in 2017 as a result of the elections and global terrorism threats in Europe.

In 2018, European tourists re-gained confidence and wanted to travel to long-haul destinations. Most of the tourists traveling to PNG were motivated by the PNG Tourism Promotion Authority's effective marketing and promotions of tourism products in the region. The notable one was the inviting of more travel writers and film crews from Europe both by TPA and industry partners to channel the tourism products to targeted consumers in the region and participating in travel/trade shows to generate demand amongst wholesalers/retailers from Europe. In 2019, the European markets are expected perform well as TPA and the industry partners are attending ITB and other major trade/consumer events in the region to promote Papua New Guinea as a tourist destination.

Annual holiday arrivals from the Chinese Market

In the Asian region, China and Korea are potential markets for Papua New Guinea and represents about 8% of the total arrivals. Most of the visitors from these markets visit for business and employment reasons like all other Asian countries, however, holiday arrivals from the Chinese market has performed well.

After a drop in 2017, outbound travel has started to rebound, and more Chinese were travelling overseas for holidays than ever before, with 2018 showing an increase in holiday arrivals to Papua New Guinea. Contributing factors are renewed confidence after the Influenza A (H1N1) Swine Flu and more flights in and out of Asia.

The healthy growth recorded in 2018 is expected to continue in the future due to the signing of the Approved Destination Status (ADS) between PNG and China and opening of the new TPA office in Shanghai. PNG TPA's new marketing plans to carry out marketing activities in Chinese language will boost tourist arrivals from the market and the outlook for Chinese travelling to PNG remains positive with TPA's presence in the market.

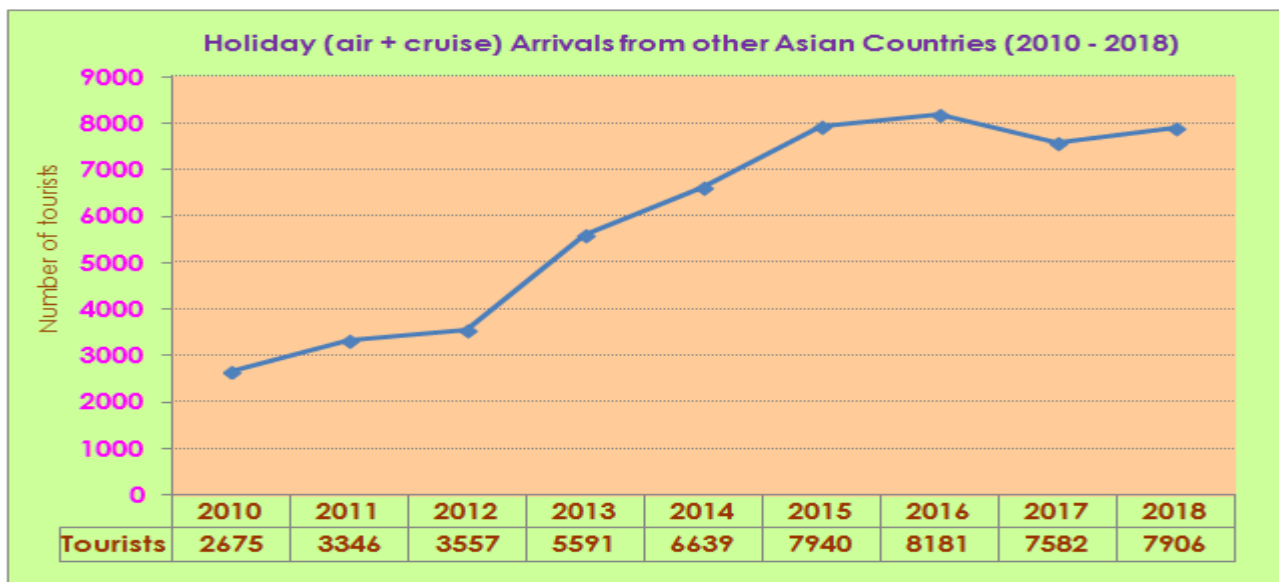


Other Asian Markets

The other Asian markets collectively represented 16 percent of the total arrivals (31,921), with an increase of 15 percent compared to the total arrivals in 2017.

A higher number of the visitors were age between 30-39 and 40-49 years. Most of the visitors from the Asian markets visited for business and employment reasons. However China and other Asian markets recorded an increase in holiday arrivals in 2018 compared to 2017 as a result of carrying out more marketing activities in the market through the TPA office in Shanghai, China.

Asian tourists are often seen as just one category - package tourist, but there are other categories. By recognizing these categories and catering for them better, Papua New Guinea has a great opportunity to take advantage of growth in the number of Asians including Japanese holidaying overseas. In the past most of the Japanese/Asian tourists preferred package tours. Today however, many Japanese/Asians have already experienced overseas travel, so their desires are changing. As a result, travel agencies in Japan are providing various kinds of new services to attract customers, where PNG tourism operators can take advantage of maintaining a close relation with the Japan travel agencies and wholesalers and sale their products.



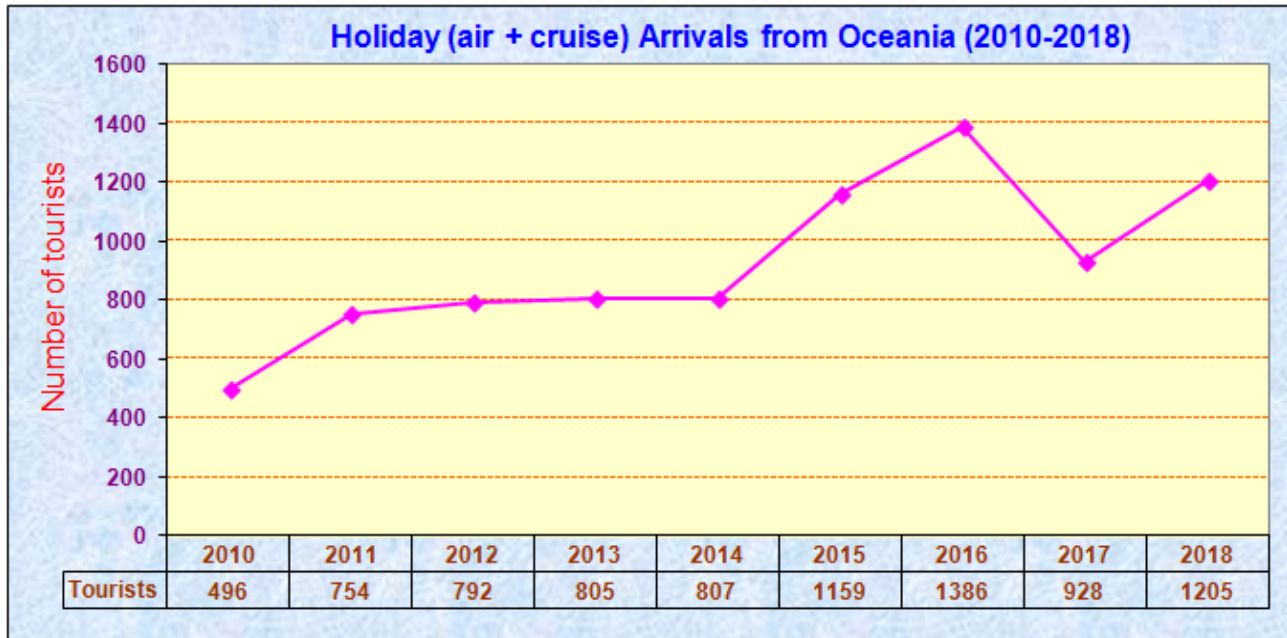
Oceania

Arrivals from Oceania in 2018 indicated an increase of 10 percent compared to the total arrivals in 2017. Most of the visitors from this market came for MICE and business and employment reasons (52%), while 20 percent visited for holiday.

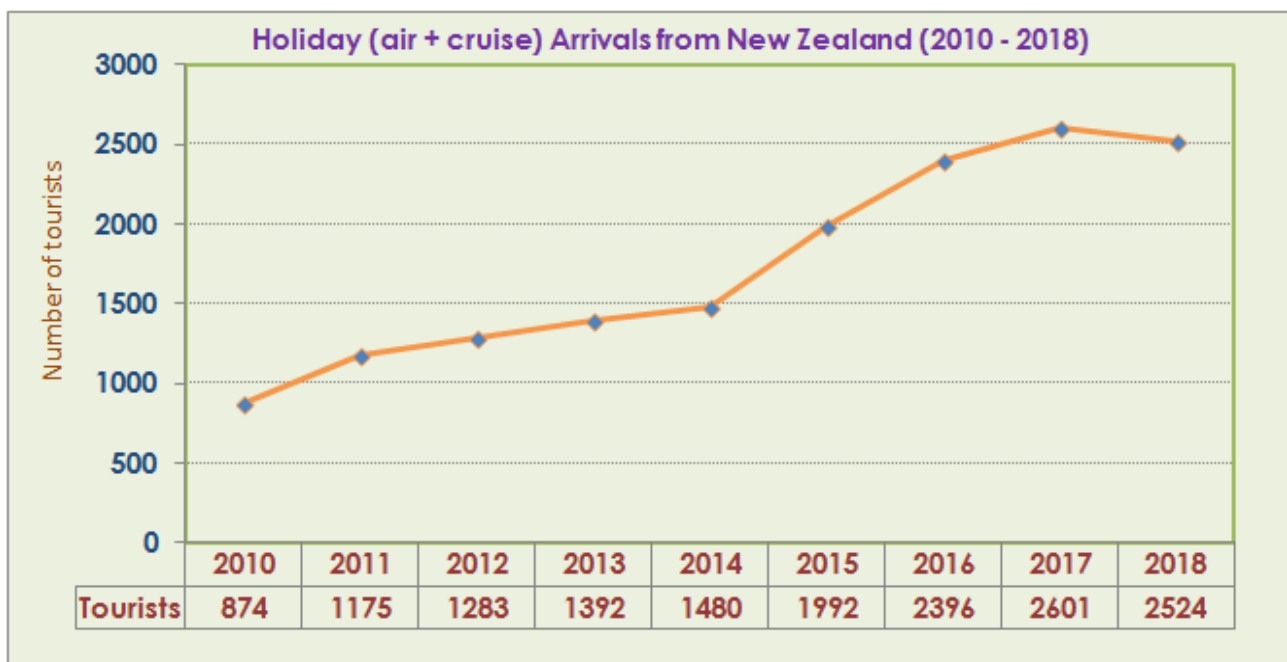
New Zealand

New Zealand contributed about 5 percent (9,120) of the total arrivals in 2018, which was an increase of 3% compared to 2017. Holiday arrivals from this market slightly decreased in 2018 due to drop in trekker numbers along the Kokoda Track.

Annual holiday arrivals from the Oceania Market



Annual holiday arrivals from the New Zealand Market



Holiday arrivals from the New Zealand market picked up strongly from 2014 to 2017 and slightly dropped in 2018. Tourist numbers from this market is expected to improve in 2019 as a result of opening the TPA office in Sydney and new web-site developments, where a lot of quality promotion will be done (through this office) to attract more Australian and New Zealand tourists.

1.3 Areas visited by international visitors in PNG

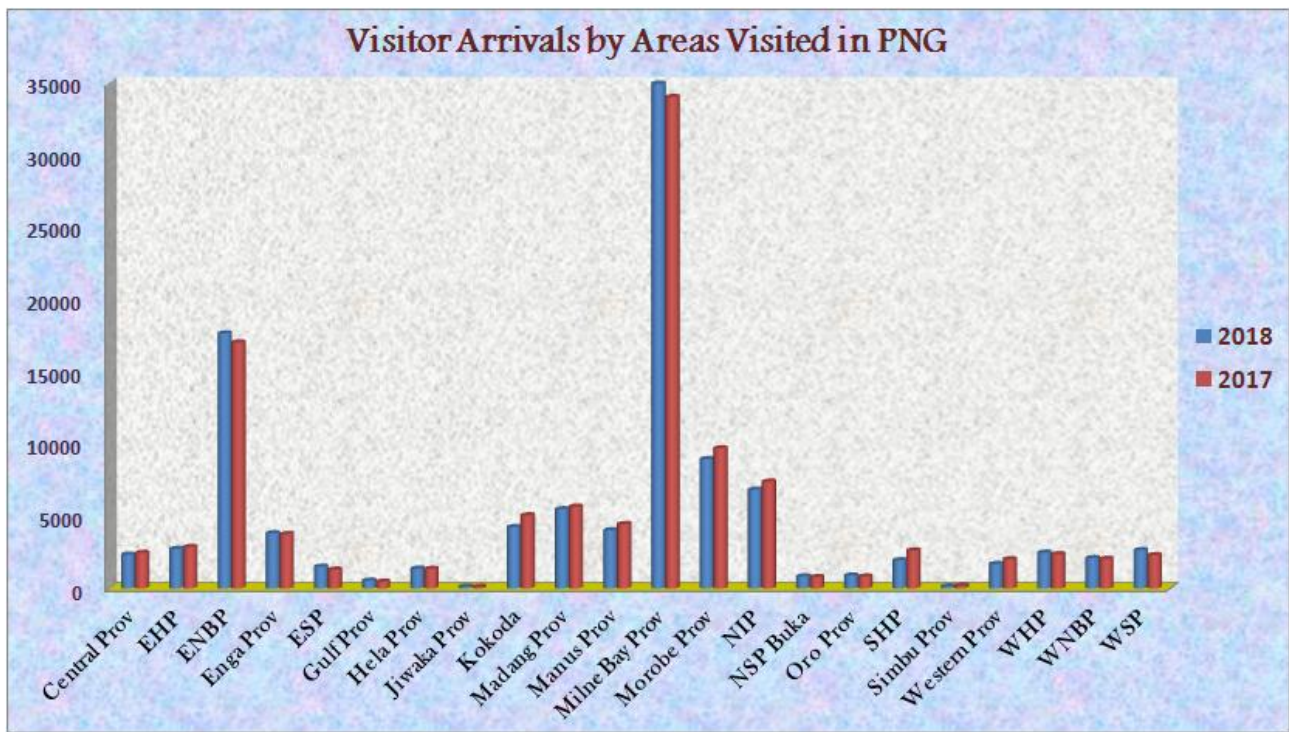
Main Areas Visited & Purpose of Visit - 2018										
Main Areas	Purpose of Visit									Total 2018
	Business	MICE	Holiday	VFR	Cruise	Employt	Sport	Educatn	Other	
Central Prov	1184	20	312	380	0	351	12	28	60	2347
EHP	597	52	524	316	0	840	6	90	320	2745
ENBP	783	68	1270	342	13605	927	14	33	118	17160
Enga Prov	760	8	50	32	0	2946	0	11	25	3832
ESP	284	18	318	96	363	354	0	8	71	1512
Gulf Prov	83	2	34	15	0	386	0	1	26	547
Hela Prov	356	5	56	6	0	942	0	3	16	1384
Jiwaka Prov	14	3	48	15	0	20	0	7	18	125
Kokoda	54	4	3140	7	0	18	0	9	26	3258
Madang Prov	857	65	662	208	1068	2418	0	34	181	5493
Manus Prov	1045	7	58	53	0	2844	0	4	22	4033
Milne Bay Prov	257	17	536	180	33616	225	0	15	115	34961
Morobe Prov	2703	78	810	564	0	3117	0	72	319	7663
NCD(POM)	33739	5913	12016	6937	5775	24065	1208	1471	3288	94412
NIP	930	22	698	80	0	2915	0	20	84	4749
NSP Buka	181	10	92	79	0	94	0	19	60	535
Oro Prov	47	0	221	15	0	87	0	3	31	404
SHP	435	6	53	11	0	903	0	7	42	1457
Simbu Prov	13	2	60	20	0	44	0	1	7	147
Western Prov	533	8	64	30	0	980	0	12	75	1702
WHP	281	23	588	150	0	852	0	19	175	2088
WNBP	219	4	496	78	263	528	0	5	70	1663
WSP	95	38	312	43	245	1903	0	14	9	2659
Total	45450	6373	22418	9657	54935	47759	1240	1886	5158	194876

Port Moresby being the gateway to the country, visitor arrivals to the country remains high for the National Capital District (NCD).

The high visitation to Enga, Southern Highlands, Morobe and NCD are attributed to the increased business and mining activities in the areas, while most of those visiting Milne Bay, ENBP, Madang, New Ireland and WNBP are mainly due to the increase in cruise ships and tourism activities in these provinces.

In 2018, Milne Bay, ENB and Madang received the highest number of tourists, followed by Eastern Highlands, Western Highlands, New Ireland, WNBP and East Sepik Provinces. Most of the tourists that visited the coastal areas were cruise ship visitors, which made up more than 60 percent of the total visitation for the coastal provinces. From data collected in the year, about 25 cruise ships visited Papua New Guinea and contributed about **28** percent or 54,935 visitors to the total arrivals in 2018. More than 98 percent of the cruise ship visitors were purely holiday makers while the remainder 2 percent came for business and other reasons. Refer to the graphical representation of arrival distribution to the provinces on the following page.

In the last 5 years, Papua New Guinea's tourism industry has performed well, in terms of international tourist arrivals. In 2010, a total of 146,350 international arrivals were recorded, which was an increase of 18% compared to the other year. In 2011, the arrivals figure continued its upward trend by recording 164,993 international visitors, an increase of 13% compared to the 2010 arrivals, and the healthy trend continued through to 2015, while international arrivals to PNG slightly dropped in 2017 as a result of the election and security threats and travel warnings, travel was limited.



1.4 Tourism Receipts (Estimate)

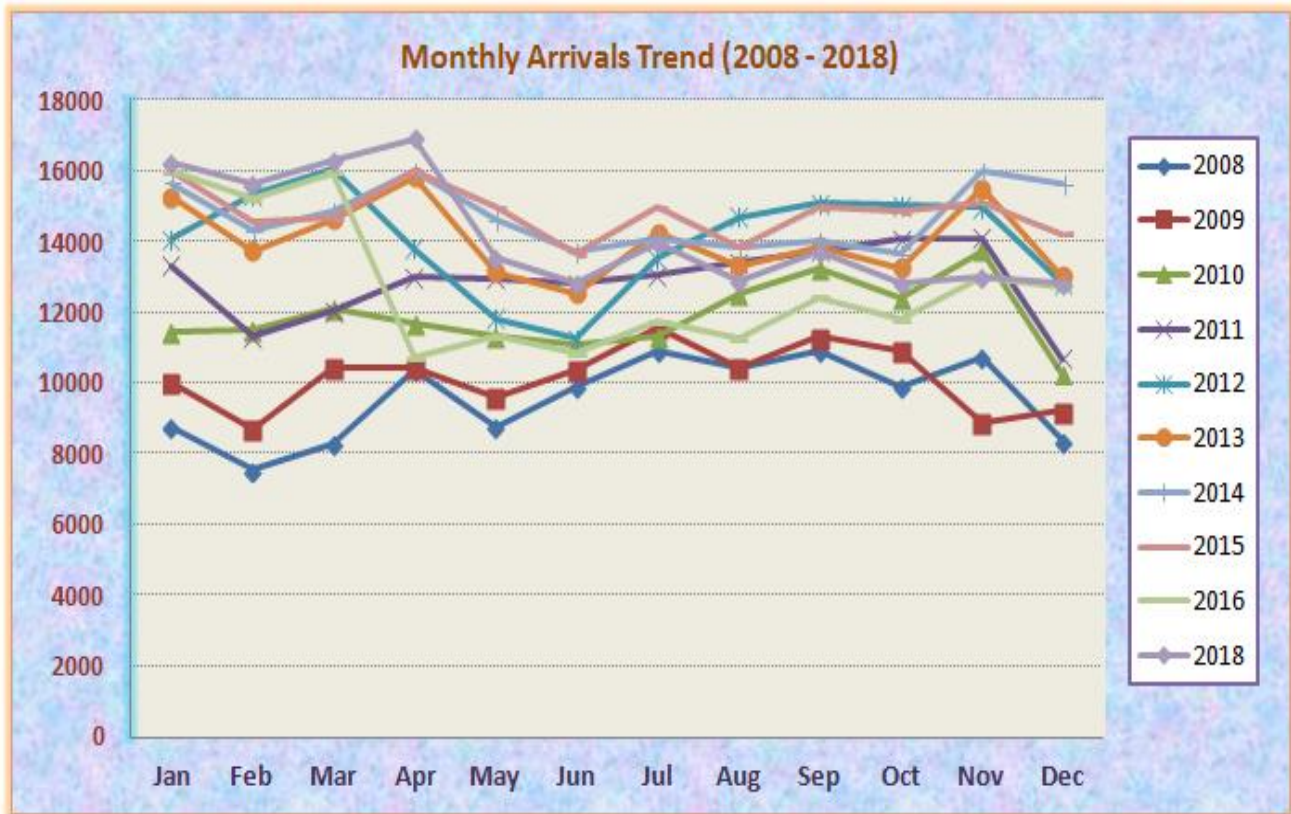
According to the information from our Visitor Exit Survey:

Total visitor expenditure in 2018 was estimated to be **K1.4 billion**, which was an increase of **16%** compared to the estimated **K1.2 billion** spent by visitors in 2017. Out of the total expenditure, it was estimated that genuine tourists had spent a total of **K700 million**, an increase of **5%** or **K30 million** additional spending into the PNG economy compared to the **K670 million** spent by genuine tourists in 2017. The increase in expenditure by tourists was a direct result of the increase in visitor numbers and length of stay in the country.



1.5 Arrival Trends & Forecasts

Monthly Visitor Arrivals Trend (2008 – 2018)



Quarterly Visitor Arrivals Trend (2010 – 2018)



2018 Visitor Arrivals Summary Table

Visitors Arrival Analysis													
Total - 2018													
January - December													
Country	Busins	MICE	VFR	Holiday (Air)	Holiday (Cruise)	Emplynt	Educatn	Sports	Other	Total 2018	Total 2017	Change	% (+/-)
Australia	23680	1604	6410	11220	37289	21946	409	1236	1470	105264	101011	4253	4
New Zealand	3126	487	248	588	1736	2537	72	166	160	9120	8821	299	3
Oceania	1490	681	502	865	340	996	367	420	407	6068	5525	543	10
China	4812	694	356	1394	191	5086	47	0	152	12732	12373	359	3
Japan	926	212	26	1298	1239	153	19	1	120	3994	2969	1025	35
Korea	454	128	42	130	18	97	8	0	78	955	1016	-61	-6
Malaysia	1513	165	136	486	37	3280	25	0	134	5776	4822	954	20
Singapore	807	153	32	178	58	168	5	1	47	1449	1402	47	3
Philippines	1399	280	487	637	3427	7022	73	0	618	13943	12569	1374	11
Indonesia	578	224	476	158	244	1537	19	0	122	3358	2453	905	37
India	767	93	124	152	1052	1334	19	1	201	3743	3184	559	18
Other Asia	799	526	102	367	162	560	16	16	149	2697	2156	541	25
United Kingdom	1055	61	136	693	1729	584	11	1	116	4386	4238	148	3
Germany	229	21	43	655	726	133	14	0	82	1903	1619	284	18
France	315	73	20	250	310	80	1	0	26	1075	939	136	14
Netherlands	130	9	22	103	185	92	6	0	36	583	554	29	5
Other Europe	564	62	77	749	865	355	15	4	142	2833	2655	178	7
USA	1592	548	256	1711	3693	742	76	38	772	9428	8447	981	12
Canada	372	39	74	240	839	313	9	0	105	1991	1903	88	5
Other America	127	113	5	84	127	87	5	1	52	601	473	128	27
Africa	347	22	44	90	102	366	13	0	92	1076	1030	46	4
Russia	89	149	6	61	42	130	1	1	23	502	377	125	33
Italy	56	5	14	82	321	35	4	0	27	544	488	56	11
Scandinavia	105	10	11	108	180	68	6	0	17	505	487	18	4
Chile	6	4	0	6	5	8	0	0	3	32	26	6	23
Israel	112	10	8	113	18	50	0	0	7	318	303	15	5
Total 2018	45450	6373	9657	22418	54935	47759	1240	1886	5158	194876	181840	13036	7
Total 2017	48392	3118	9127	22017	42908	49584	1276	701	4717				
Change	-2942	3255	530	401	12027	-1825	-36	1185	441				
% (+/-)	-6	104	6	2	28	-4	-3	169	9				

1.6 Visitor Arrival Forecasts in the next five years (2019 – 2023)

Year	BUSINESS	HOLIDAY	VFR	OTHER	TOTAL	% +/-
2010	105,220	32,696	8,341	671	146,928	18.5%
2011	120,622	35,618	6,672	2,081	164,993	14.4%
2012	128,957	38,331	7,030	885	175,203	6.2%
2013	131,831	41,343	7,505	1,509	182,188	3.9%
2014	129,938	50,815	9,904	785	191,442	5.1%
2015	131,773	54,023	11,742	1,147	198,685	4.0%
2016	127,403	56,744	12,027	1,458	197,632	-0.5%
2017	103,071	64,925	9,127	4,717	181,840	-8.0%
2018	102,708	77,353	9,657	5,158	194,876	7.0%
2019*	105,072	83,286	12,782	4,726	205,866	6.3%
2020*	114,048	85,124	14,588	5,564	219,324	7.0%
2021*	125,560	88,205	15,485	5,655	234,905	7.4%
2022*	134,683	105,372	18,592	4,870	263,517	12.0%
2023*	156,085	119,783	20,565	4,942	301,375	14.3%

Note: Figures in bold are forecasts*

The visitor arrivals trend in the last ten years have been positive, and the holiday segment from most of our key source markets have been performing well. Most of the growths in visitor arrivals were within our target and that is to double the holiday figures every five years. However, 2017 was an election year and due to security threats and travel warnings, travel was limited.

Visitor arrival numbers to the country picked up again in 2018 as TPA in partnership with the industry players were able to develop new tourism products and carry out more marketing and promotional activities in the overseas markets. The tourism outlook for PNG is promising over the next ten years, largely due to the expected strong economic growth in PNG and its major tourism source markets, the TPA's marketing and promotion initiatives in the major markets, the proper recognition of the tourism sector by the PNG Government and the additional number of Air Niugini flights on the Japan, Philippines and China routes. The stable political environment of PNG will also secure destination for tourists.

In the next five years (2019-2023), international visitor arrivals will continue to grow at an average rate of 8% annually and by 2023 close to 300,000 visitors will have visited Papua New Guinea, spending an estimated revenue of some K3 billion into the economy. The growth will be supported strongly by the implementation of the TPA plans (including the master plan) and Air Niugini's plan to expand its flight services to other international and domestic destinations. Increased marketing activities by TPA and the development of more tourism products by TPA and the tourism industry partners will also determine our predicted growth in visitor numbers to Papua New Guinea.

The value of the PNG Kina has depreciated recently and more tourists choose to stay longer and spend more in Papua New Guinea, thus contributing significantly to the national economy.

Please note that unforeseen events like natural disasters, political or economic crisis, non-implementation of plans, budget cuts and new developments in the tourism industry during the forecast period are not taken into consideration in our forecast model and the forecast will be updated annually by monitoring the turnout of these events.

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