

# China

## **Market Summary**

*Consumer sentiment improved following the lifting of the H1N1 Influenza quarantine requirements and strong GDP growth in second quarter 2009. Media coverage questioning the Sino-Australia relationship has also subsided. Travel agents are optimistic about the National Day holiday season in October, which is likely to deliver benefits to long haul destinations.*

*Competition has increased as Japan and the United States extended visa access to more provinces and cities within China. Tourism Australia implemented some major promotions during the period to maintain Australia's competitive edge in an increasingly competitive market environment.*

## **1. Market News**

- On 1 October 2009, China celebrated the 60th Anniversary of the founding of the People's Republic of China with an eight-day holiday. The Anniversary celebrations have been a major media focus within China.
- In July, the Chinese Government started lifting the H1N1 quarantine requirements, meaning that those in contact with suspected H1N1 cases no longer need to be quarantined.
- In its latest forecast, the International Monetary Fund lifted China's 2009 growth to 8.5 per cent (up from 6.5 per cent last April) while 2010 growth is now expected to be 9 per cent (from 7.5 per cent last April). This is due to the impact of China's monetary and fiscal stimulus. *Source: IMA Asia Executive Report October 2009.*
- Feedback from a number of our trade partners suggest that outbound travel started picking up in August and September and forward bookings for the October National Day holidays are positive.
- There has been negative media coverage of Australia during the period, including reporting around the arrest of a Chinese-Australian Rio Tinto Executive and the safety of Chinese students in Australia. The media also reported on the Uighur activist leader who visited Australia to attend the Melbourne Film Festival.

- The Renminbi (RMB) exchange rate at AUD1= RMB5.896, HKD1= RMB0.881, USD1 = RMB6.829. *Source: Southern China Morning Post, 14 September 2009*

## 2. Consumer Insights

- The Global Financial Crisis and the H1N1 outbreak have impacted on the Chinese outbound travel market; however, consumer sentiment has improved since the lifting of the H1N1 quarantine requirement in July.
- The 2009 Nielsen China Outbound Travel Monitor revealed that the internet has become the most popular medium for Chinese travellers seeking information about their trips and conventional travel agents were approached in only two in five travel occasions.
- The report found that 61 per cent of Chinese travellers search for conventional destination information ahead of their trips and 48 per cent will then use online travel discussion forums before making travel decisions. This suggests that opinions and comments about travel experiences posted on online forums are nearly as likely to influence travellers' decisions as the destination websites themselves.
- The Nielsen survey also found that 70 per cent of travellers were likely to recall seeing internet advertising for travel and only 40 per cent would recall travel advertising in a magazine or newspaper, at a travel agent, on television and on radio. *Source: Nielsen China Outbound Travel Monitor 2009*
- According to a recent Mastercard study:
  - The top purchasing priorities in China in the next six months are dining and entertainment, fashion and accessories, and consumer electronics
  - Only 21.7 per cent of respondents said they would decrease their discretionary spending in the next six months while 70 per cent said they would not change their spending
  - Almost 15 per cent of respondents conduct up to ten per cent of their discretionary expenditure online and a further 9 per cent conduct up to 20 per cent of their expenditure online*Source: Mastercard Worldwide Index of Consumer Purchasing Priorities, First Half 2009*
- For the latest in visitor arrivals, please visit "Research & Statistics" at [www.tourism.australia.com](http://www.tourism.australia.com)

## 3. Trade Update

- Recovery in the Chinese outbound market began in August and September, with trade anticipating good business for the eight day National Day holidays.
- In 2008, there were 30 foreign travel agencies allowed to conduct tourist business in China. From 15 September 2009, the China National Tourism Administration (CNTA) will allow more foreign travel agencies to operate in China. However, their operations are restricted to inbound business only.
- In October 2009, two incentive groups will travel to Sydney and the Gold Coast. The groups are from Michelin (90 pax) and Mary Kay (75 pax). Beijing CTS MICE Service Company arranged the Sydney incentive tour and the Gold Coast incentive tour was arranged by Shanghai China Travel International.

- As at mid September 2009 there were 3,413 Aussie Specialist agents from 375 agencies, of which 1,518 agents (44 per cent) were fully qualified.

#### **4. Airline News**

- Qantas cancelled five flights in August and one flight in September. The airline is also planning to cancel one flight in October and three flights in November.
- China Eastern did not cancel any of their services in August or September and are planning to reinstate their Brisbane services in February 2010. From December 2009 to February 2010, China Eastern will also add two more flights per week to their current service schedule, taking their services to:
  - four flights weekly from Shanghai to Melbourne
  - seven flights weekly to Sydney.
- China Southern launched a new Australian schedule between August and October, operating five services per week between Guangzhou and Sydney, while its one-stop service from Guangzhou to Melbourne (via Sydney) increased to three times weekly.
- Jetstar Airways will provide additional indirect capacity between Australia and China with the launch of services between Singapore and Haikou, Hainan from 16 December 2009.

#### **5. Competitor News**

- Consumers show strong interest in travel to Europe and the US during the National Day holiday. This is partly due to the suitable weather conditions at these destinations.
- On 1 July 2009, Japan introduced individual tourist visas for Chinese visitors from 24 Chinese provinces and cities. Since opening up to the Chinese FIT market, Japan has welcomed over 1,200 FIT tourists per month, with most being over high income earners over the age of thirty.
- From 1 October, Chinese outbound travel to the US will be opened up to twelve more provinces/cities in China, taking the total to 21 provinces/cities. Travel to the US must be arranged through appointed travel agencies only.

## 6. Key Campaigns and Activities in Market

August to September campaigns and activities				
START	END	DESCRIPTION	TARGET AUDIENCE	PARTNERS
May 2009	January 2010	<i>Men's Uno Celebrity Charity Promotion</i> – Key component of the celebrity advocacy program, which will run nationally	Affluent consumers in primary cities	Men's Uno magazine, TVIC, Gold Coast Tourism, Cathay Pacific, Virgin Blue
10 August 2009	10 October 2009	<i>Second Premier Aussie Specialist Nomination Process</i> – National China	Aussie Specialists passed level three for two years	Nil
21 August 2009	Ongoing	<i>China Southern Self Drive Promotion</i> in Guangdong to promote self- drive experiences in Guangzhou.	First time and repeat Experience Seekers	China Southern Airline, TVIC, Victoria Racing Club
25 August 2009	11 September 2009	<i>Greater China Travel Mission</i> – Greater China	Aussie Specialist agents	Nil
28 August 2009	14 September 2009	<i>Across Australia Self Drive Tour</i> in Guangdong	First time and repeat Experience Seekers	China Southern Airline ACT, TNSW, TQ, SATC, TVIC, TWA
11 September 2009	25 September 2009	<i>New Taste of Australia Food and Wine Promotion</i> – Guangzhou	First time and repeat Experience Seekers	China Southern Airline Shangri-la Hotel Guangzhou
14 September 2009	30 September 2009	<i>China Brand Online Promotion</i> – National China	First time and repeat Experience Seekers	Premier Aussie Specialist Program (PASP) Agencies
15 September 2009	15 September 2009	<i>Dreamtime</i> – National China	MICE Agents and media	Nil
30 September 2009	10 October 2009	<i>Top Travel com Now TV Celebrity Program</i> – Five celebrities from Greater China will endorse Australian travel experiences in a campaign run in Mainland China and Hong Kong	First time and repeat Experience Seekers	Top Travel, Now TV, TQ TNT, QF

Upcoming campaigns and activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
2 October 2009	11 October 2009	<i>Immerse Yourself in Australia's Natural and Cultural Landscape</i> – National China	Media	Qantas, TNT, TNSW
7 October 2009	7 October 2009	<i>Shangri-la Wedding Fair</i> – Guangzhou	Consumer	ASP agent Shangri-la Hotel Guangzhou
12 October 2009	25 October 2009	<i>Qantas brand coop print campaign</i> – Guangzhou & Shenzhen	Consumer	Qantas, PAS agents in Guangdong
October 2009	November 2009	<i>Business Tourism supplement</i> – Beijing	Corporate end user	CYTS MICE department
October 2009	December 2009	<i>Premier Aussie Specialist Supplement</i> – National China	Trade	Nil
October 2009	December 2009	<i>China Content Development Program with World Traveller Media</i> – National China	Consumer	World Traveller Media Co
Late October 2009	Early December 2009	<i>Welcome To Brand Campaign First Burst</i> – National China	Consumer	Nil
8 November 2009	12 November 2009	<i>Greater China Travel Mission</i> – Greater China	Trade & Media	Nil
14 November 2009	17 November 2009	<i>Guangdong International Cultural Fair</i> – Guangdong	Consumer	Premier ASP : GZL
19 November 2009	22 November 2009	<i>China International Travel Mart</i> – Kunming	Trade and Consumers	TNSW, TVIC, TQ, TWA