

# Argentina

## **Market Summary**

*In the last quarter of 2009 deals from airlines have been driving demand for Australia in an intensely competitive market. H1N1 Influenza has frequented the media with signs of slowing in recent times and a return of enquiries and interest in Australia is evident for partners. Arrivals growth is performing strongly with Holiday, Visiting Friends and Relatives and Education segments all reporting growth. Qantas continued to report strong loads for their Buenos Aires to Sydney non-stop service, which launched in November last year.*

## **1. Market News**

- Argentine President Cristina Fernandez de Kirchner has lost power in Congress after voters favoured opposition candidates in mid-term elections held on 28 June 2009. As reported by the Economist, the newly empowered opposition includes candidates with a wide range of views, including views on economic policy.
- Despite the poor first-half economic performance, there are signs that the economy may be starting to recover. According to data from the national statistics agency Indec, Argentina's economy officially contracted in May and June for the first time since a mammoth economic crisis in 2001 and 2002. The monthly proxy for gross domestic product fell 0.4 per cent in June from a year earlier, and was down a steep 0.8 per cent from May. The Argentine economy has been hit by the international global crisis as well as a downturn in local business activity and investment after years of red-hot growth. *Source: as reported by the Dow Jones newswire, 14 August 2009*
- As reported by X-rates.com, as at 26 August 2009 the Argentine Peso exchange rate was at ARS\$3.20532 to AUD\$1. The peso has strengthened over the past month, however is expected to weaken slightly going into September.

## 2. Consumer Insights

- Consumer travel patterns are reflecting a shortening of the purchase cycle due to deals being dominant in the market as reported by travel trade in Argentina.

For the latest in visitor arrivals, please visit '*Research & Statistics*' at [www.tourism.australia.com](http://www.tourism.australia.com)

## 3. Trade Update

- Partners are forecasting that demand for the September to the end of October travel period for Australia will continue to be slow. However, there is optimism with enquiry levels strong for quotes and bookings.
- Partners in Argentina are focusing on promoting strong tactical offers to retailers and consumers to drive bookings particularly in the luxury segment.
- The impact of H1N1 Influenza was felt in Argentina, however the media has slowed on reports and consumer confidence in long-haul travel is increasing.
- As at July 2009, there were 33 Aussie Specialist agents from 29 agencies, of which 30 per cent were fully qualified.

## 4. Airline News

- Qantas has promoted a "Two for One" business class offer to their corporate and leisure clients in quarter one and quarter two of 2009.
- Qantas, Aerolineas and LAN have been promoting the same lead price economy airfare of \$925 that is driving interest from the student/youth market. The student travel market continues to perform strong in Argentina.
- Demand for premium service continues to be low for airlines from Argentina due to the impact of the Global Financial Crisis.
- A recent article from the International Air Transport Association (IATA) dated 24 August reported that the Argentine government plans to make a competitive air transport sector an important pillar of national economic policy. Over eight per cent of Argentina's economy and 1.7 million Argentine jobs depend on air transport. Whilst the global

aviation industry has never faced a bigger financial challenge and passenger demand is down, Latin American carriers are outperforming the market overall. Despite this, the region is still being impacted by weakened confidence in travel as a result of H1N1 fears. Heavy discounting is also taking its toll on both revenues and profits for the region's carriers. Argentina faces these challenges while the economy is still paying for the debt crisis of 2001.

## **5. Competitor News**

- Trade partners have indicated that Tahiti has seen a recent resurgence along with Dubai and South Africa as long haul destinations from Argentina.
- Demand for Australia remains strong from this market buoyed by increased capacity and low airfare deals in the market for travel direct to Australia and via Santiago.

## 6. Key Campaigns and Activities in Market

Current Campaigns and Activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
September 2009	October 2009	<i>Marketing Support:</i> Tourism Australia is in discussion to develop partnerships with key travel wholesalers and retail consortia to focus on trade development activities and provide marketing assistance surrounding the new destination campaign.	Trade	TBA

Upcoming Campaigns and Activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
1 September 2009	30 October 2009	<i>Retail ASP Partnership (Buenos Aires):</i> Tourism Australia is partnering with Ways in Argentina to promote the Aussie Specialist Program and tactical package offers to a database of over 6,000 Argentinean retail agents to increase awareness of Australia product as well as promote agents to complete the comprehensive Aussie Specialist Course that has been fully translated to Latin American Spanish.	Retail Agents in Argentina	Ways
25 October 2009	28 October 2009	<i>Virtuoso Latin Academy (Miami, USA):</i> Tourism Australia will be sponsoring a dinner event at the Latin Academy in from of 130 Latin Agents and Suppliers to endorse the Aussie Specialist Program and specialising in selling Australia.	Virtuoso Preferred Partners	Virtuoso Retail Travel Agents

Upcoming Campaigns and Activities				
November 2009		<i>Aussie Specialist Drive (Argentina, National):</i> Tourism Australia in conjunction with preferred Virtuoso partners have produced a series of supplier emails to be sent to the Virtuoso consumer databases in Latin Markets. The call-to-action was Preferred Virtuoso suppliers and the deals promoted packages to Australia featuring pertinent Australian experiences to the Latin markets.	Virtuoso Preferred Partners	Virtuoso Retail Travel Agents
September 2009	December 2009	<i>Trade Collateral Development (Argentina, National):</i> Tourism Australia is developing a range of collateral and translating this into Portuguese and Spanish. Collateral is set for distribution by Qantas, Ways and Virtuoso member Agencies in Argentina to promote travel to Australia in anticipation of the peak season for travel in November 2009. Collateral includes campaign postcards, posters, Experience brochures as well as a 32-Page " <i>Essential Guide to Australia</i> " all translated in Portuguese and Spanish. Tourism Australia are in discussion with Virtuoso to train member agents on selling Australia by offering webinars and educational opportunities for the Virtuoso network through the assistance of preferred partners.	Latin America Travel Trade	Ways, Virtuoso and Qantas