

Hong Kong

Key Market Message

The second quarter of the year is traditionally a soft period for outbound however, April travel increased 83 per cent relative to April 2008. This was mainly due to the later Easter Holiday period; but also the lower Australian Dollar and the aggressive airfare promotions. There was also a significant drop in through traffic and therefore more seats were available for the Hong Kong market.

In general, the period was still impacted by the continuing economic downturn, rising exchange rate in May and the outbreak of H1N1 influenza. As a consequence, aggressive travel offers are being introduced by agents and airlines in an effort to stimulate the market.

1. Key Market Results and Achievements

- The interactive online campaign, 'A Journey to Find Your True Self' was launched in May 2009. The campaign featured in an editorial in *Weekend Weekly* in early May 2009 and a special Australia travel guide was given to 3,000 readers. At the start of June 2009, the campaign had delivered 10,000 online responses.

2. Australian Travel Market

2.1 Market performance

- There were 13,100 visitors from Hong Kong in March 2009, a decrease of 15 per cent relative to March 2008.
- According to the International Air Transport Association (IATA) ticket sales report, total outbound ticket sales in April were down by 23 per cent, reflecting a significant drop in outbound traffic.
- Despite this, there were 18,600 visitors from Hong Kong in April 2009; representing a year-on-year increase of 83 per cent and bringing the total for January to April to 60,500, an increase of 15 per cent compared to the same period in 2008.
- Based on the top group retail agents' projections, May and June outbound business will decline by approximate 20 per cent as compared to last year primarily because of concern over the outbreak of 'swine flu'.

2.2 Airline Issues/Changes

- Cathay Pacific announced an 8 per cent reduction to its services due to the economic downturn. From May 2009, the Hong Kong – Sydney services were reduced from four to three services per day. Services to other Australian cities have not been affected.

2.3 Trade Information Summary (including Business Events)

- Eleven agency buyers from Hong Kong will visit Australia in June for the Australian Tourism Exchange (ATE) 2009.
- In May 2009 there were 354 agents from 46 agencies in Hong Kong registered in the Aussie Specialist Program (ASP); of which 60 per cent are fully qualified ASP agents.
- To further leverage the release of *Australia* the movie on DVD, Tourism Australia provided movie destination maps to support an online game being developed by Hong Thai Travel. The winning prizes are tickets to Australia.
- Hong Kong travel agency, *Wing On Travel* opened their first Australian themed store. The agency was decorated with Tourism Australia's *Transformation* images. A 'Boab Tree' backdrop with extended tree trunk, real soil and a dining table was used for display to generate more interest around holidays to Australia.

3. Current and Upcoming Activities in Market

3.1 Consumer Marketing:

Dates	Project / Event	Partners
4 May – 3 June 2009	<ul style="list-style-type: none">• Transformation brand advertising (second burst) which include Brand TVC featuring 30 second showing at TVB Pearl and Cable TV with 200 Gross Rating Point (GRP) plus online campaign 'A Journey to Find Your True Self'	Nil
5 – 12 May 2009	<ul style="list-style-type: none">• Four journalists from <i>Next Magazine</i>, <i>Ming Pao</i>, <i>Hong Kong Economic Times</i> were hosted on a media famil trip to SA and ACT.	Qantas, South Australia Tourist Commission, Australian Capital Tourism
Mid June 2009	<ul style="list-style-type: none">• Two media famil trips to NT and Qld will be held for targeted media (<i>Eat & Travel Weekly</i>, <i>U magazine</i>, <i>Apple Daily</i>, <i>Sing Tao Daily</i>, <i>Ming Pao Online</i> and <i>RTHK</i>).	Wing On Travel
29 June – 7 July 2009	<ul style="list-style-type: none">• Walter Kei, prominent food critic from Hong Kong will visit Tasmania to experience gourmet foods and nature. The trip will be documented in a cover story in <i>Weekend Weekly</i>.	<i>Weekend Weekly</i> , Tourism Tasmania

3.2 Trade Marketing:

Dates	Project / Event	Partners
11 May to 10 June 2009	<ul style="list-style-type: none">Zuji Travel Online Campaign increased destination awareness through the Zuji online travel portal. The campaign will encourage visits to Tourism Australia's consumer website and encourage interaction through the online survey which asks visitors to select their most preferred Aussie travel experience.	Zuji Travel
May – June 2009	<ul style="list-style-type: none">Sustain Cathay Pacific Holiday Australia promotion will focus on Nature and Adventure travel experiences through print ad, online banner ad and delivery of e-news to Cathay Pacific Marco Polo Club membership.	Cathay Holidays Limited Tourism Queensland Tourism Victoria

4. Media Environment

- The H1N1 Influenza outbreak has been the focus of general media outlets. Travel media are hesitant to feature countries with influenza cases.
- Tourism Australia will host a trade media event on 26 May 2009 to maintain media relations with trade and lifestyle media in Hong Kong and to provide an update on the current market situation and Tourism Australia's 2009/10 media initiatives.

For more information on Tourism Australia's publicity, IMHP and results, please visit www.publicity.australia.com

Alternatively for general media information visit www.media.australia.com

5. General Travel Outlook

5.1 Political and Economic Outlook

- Hong Kong's GDP fell 2.5 per cent in the fourth quarter 2008 relative to the same period in the previous year. A much steeper decline is likely to have occurred in the first quarter 2009.
- The unemployment rate reached 4.7 per cent in February, 5.1 per cent in March and 5.3 per cent in April 2009. Inflation rose to 1.2 per cent year on year in March after reaching a four year low of 0.8 per cent year on year in February.
- Recent indications suggest that the intensity of the recession is subsiding and China's recovery should help Hong Kong recover also. *Source of information: IMA Asia Pacific Executive Brief, May 2009*
- The International Monetary Fund (IMF) expects a 4.5 per cent contraction in 2009 and a 0.5 per cent expansion in 2010.

- There was a currency difference of 20 per cent from March to May and the strong trend of the Aussie dollar will impact on travel to Australia. As of 20 May 2009, the exchange rate was AUD1: HKD 6.036, compared to end of March at AUD 1: HKD 4.88.

5.2 Outbound Travel

- Indications show a sharp contraction of the outbound business both in terms of volume and package value. According to the Hong Kong Travel Industry Council, the levy income from January - April obtained from the outbound travel sector dropped by 15.5 per cent compared to same period last year. IATA air ticket sales for the same period dropped by 25.4 per cent and number of transactions dropped by 13.3 per cent. *Source of information: Hong Kong Travel Industry Council, 13 May 2009*
- Given the slump in outbound, most tour operators have launched very competitive price-based offers for May and June (almost record lowest pricing):
 - 8 days to Europe – HK\$5,299
 - 6 days to India – HK\$2,799
 - 5 days to Dubai – HK\$3,799
 - 9 days to Turkey – HK\$5,699
 - 6 days to Australia - HK\$4,999
- Study Tour is expected to drop by 90 per cent of business according to travel agents due to the outbreak of H1N1 influenza. And even one of the biggest retail agent – Hong Thai announced their decision to cancel all their summer study tour series due to low participation. This announcement created a negative impact on the summer outbound scene, though study tours are not Hong Thai core business.

6. Next 60 Days

Hong Kong						
START DATE	END DATE	MARKET	PROJECT/EVENT	TARGET AUDIENCE	LOCATION	PARTNERS
1-Jun-09	31-Jul-09	Hong Kong	Tourism Australia / Hong Thai Joint Promotion	First Time Experience Seekers	Hong Kong	Hong Thai Travel
13-Jun-09	16-Jun-09	Hong Kong	ATE 2009	Travel industry (10 buyers)	Melbourne	
Jun-09		Hong Kong	Partner with BE focus magazine to conduct a direct mail campaign	Corporate	Hong Kong	Newsweek
Mid Jun-09		Hong Kong	IMHP - Wing On Travel Family & DINKS travel special	Family & DINKS segment	QLD & NT	TQ & TNT
29-Jun-09	7-Jul-09	Hong Kong	IMHP "Pick, Catch & Cook with Walter Kei at Tasmania"	Readers of <i>Weekend Weekly</i> and travel column of Walter Kei	TAS	TTAS