

2020 Summary of Tourism Australia's China 2020 Strategic Plan

WHY CHINA?

China is Australia's most valuable inbound tourism market. In 2010 the China inbound market contributed \$3.26 billion to the Australian economy. By 2020, this market has the potential to contribute \$7 to \$9 billion annually.

Australia has experienced faster arrivals growth from China than any other market. In 2010, China was Australia's fourth largest source of visitor arrivals with 454,000 Chinese visitor arrivals to Australia, 24 per cent higher than 2009.¹

Tourism Australia (formerly the Australian Tourist Commission) opened an office in Shanghai in 1999 after Australia received Approved Destination Status. Since then, in China, Tourism Australia has:

- Rolled out major campaigns with key partners such as Visa for the landmark 'Australia Prefers Visa' campaign, Qantas, China Southern Airlines, Singapore Airlines and State Tourism Organisations;

- Helped build a broad and robust distribution network, having trained and qualified over 2,000 Chinese agents through the Aussie Specialist Program and developed 70 Premier Aussie Specialist agents;
- Driven over 3 million online users to Australia.com in a single year;
- Generated significant publicity through a range of public relations activity (valued at more than \$13 million in 2009/10);
- Provided marketing support for seasonal air charters and supplementary services from China and Hong Kong to Cairns, Brisbane, Sydney and Adelaide (35 over the last two years);
- Worked with and supported Australian and Chinese Governments on visa processing- Australia is recognised by the China National Tourism Administration as 'Best Practice' and the benchmark for other ADS destinations.

¹ Tourism Research Australia, International Visitors in Australia and Australian Bureau of Statistics, Overseas Arrivals and Departures (cat. no. 3401.0)

\$7-9 billion

Potential spend by Chinese visitors in 2020

860,000

Potential Chinese visitors to Australia in 2020

100 million

Outbound Chinese travellers by 2020²

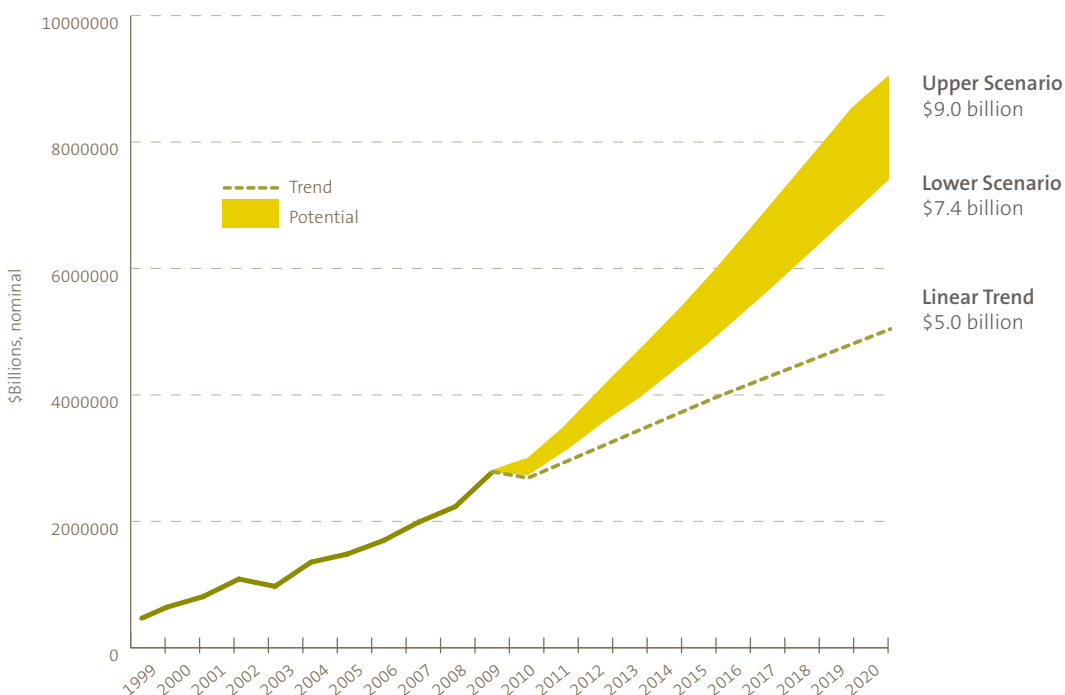
US\$838bn

Predicted value of China's outbound market by 2020³

² Tourism Economics and United Nations World Tourism Organization
³ Boston Consulting Group, 30 March 2011

WHAT WILL SUCCESS LOOK LIKE IN 2020?

CHART 1: CHINA POTENTIAL FOR OVERNIGHT TOURISM EXPENDITURE



HOW WILL WE ACHIEVE THE CHINA MARKET'S TOURISM POTENTIAL?

KEYS TO SUCCESS

The five areas pivotal to achieving China's 2020 tourism potential and winning market share are:

1. KNOW THE CUSTOMER

During the first year of implementation, Tourism Australia will increase its direct marketing effort in China, doubling the marketing budget for China in 2011/12.

Tourism Australia's target audience is affluent Chinese couples who have an independent travel mindset and want to explore and experience local culture. This group delivers high volume and spend and are geographically concentrated in Tourism Australia's current priority cities. Tourism Australia will use this consumer knowledge to understand what Chinese couples read, watch and listen to and how they research, plan and book holidays to our competitive advantage.

Ongoing consumer research conducted by Tourism Australia in existing and new targeted cities will provide the base for digital, media and distribution strategies and help ensure the strategy remains relevant to the needs of the market.

Tourism Australia will leverage the strong digital and social network channels in China to reach our target segment.

Business Events Australia and the Association of Australian Convention Bureaux are undertaking research to provide a thorough evaluation of the potential, distribution, motivations and channels for the Business Events market in China. This research will support the development of a three-year Business Events Plan for China which will commence in 2011/12.

2. GEOGRAPHIC STRATEGY

The Geographic Strategy identifies the focus for Tourism Australia's resources to maximise the Chinese market growth opportunities and achieve the 2020 goal.

Tourism Australia is currently active in 13 cities, with distribution development in all 13 and consumer marketing in five (Chart 2). Over time Tourism Australia will develop and implement a competitive expansion strategy (Chart 3) informed by an analysis of over 600 Chinese cities using economic, demographic, distribution, visa and aviation data.

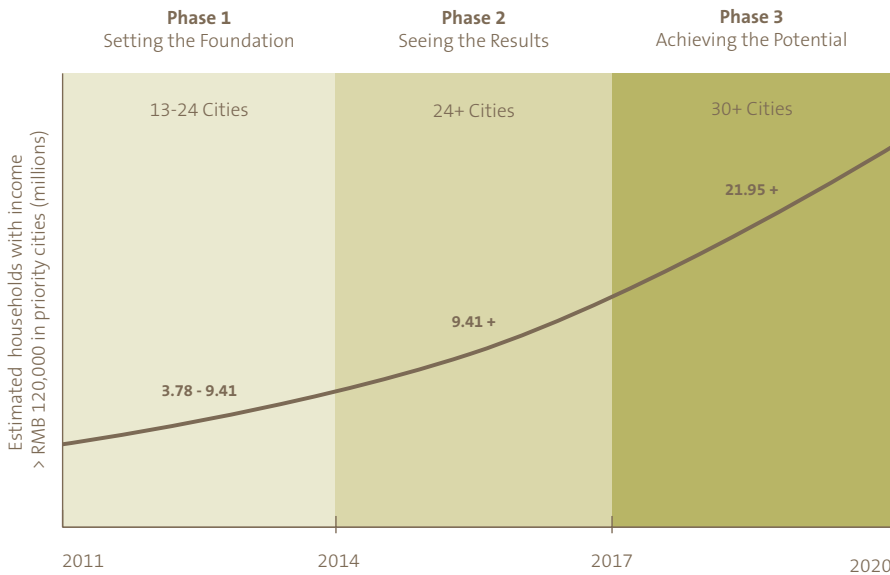
In the short to medium term the focus will remain in Greater Beijing, Greater Shanghai and Guangdong to allow marketing and trade efficiencies. Tourism Australia will ultimately extend marketing into the rising wealth areas of Greater China.

Trade and distribution development will be the initial focus in new cities. Tourism Australia will build upon the strong distribution network of over 2,000 qualified Aussie Specialist Program agents in line with this geographic strategy to ensure consumers have access to well trained and knowledgeable distribution.

CHART 2: EXISTING MARKETS



CHART 3: PHASED CITY EXPANSION STRATEGY



3. QUALITY AUSTRALIAN EXPERIENCES

While Chinese consumers generally rate Australia as a highly desirable destination, there are instances where visitor expectations have not been met – particularly relating to group travel and shopping experiences.

Other issues impacting visitor satisfaction include the availability of Mandarin speaking guides and relevant product for Chinese visitors.

Tourism Australia’s Chinese customer insights will help the industry to deliver targeted products and experiences. Through its support for both the extended ADS Scheme and the TQUAL tourism accreditation mark, Tourism Australia will be working with Governments and industry to address quality issues.

Tourism Australia’s work with Austrade and the State and Territory Tourism Organisations will aim to drive infrastructure investment in Australia.

4. AVIATION DEVELOPMENT

A healthy aviation environment will be critical to the success of the China 2020 goal. **More planes, with more connections to more destinations in Australia, aligned to the Geographic strategy will be essential to bring the increase in economic value to Australia.**

Tourism Australia has strong co-operative partnerships with the major carriers servicing Australia – Qantas, China Southern, Air China and Hainan Airlines – and will look to extend these relationships in the short term.

The first priority is to work with relevant partners to ensure sufficient capacity to meet demand from existing and immediate growth markets. Focus will be on securing more direct services, expanding routes, new airlines (including third country carriers and low cost carriers) and partnering with airlines in cooperative marketing to ensure new and existing services are commercially sustainable.

Charter programs will continue to be used to maximise opportunities such as Chinese New Year, and as a way to prove viability of new services and open up new destinations.

5. PARTNERSHIPS

Tourism Australia’s success in the Chinese market has been achieved through effective partnerships with Government and industry including Qantas, China Southern Airlines and other carriers along with States and Territories. Expanding and strengthening our partnerships will be integral as Tourism Australia expands to new cities in China.

Tourism Australia will continue to work with its partners by leading the:

- China Industry Advisory Group (based in China)
- China Market Advisory Panel (based in Australia)

To streamline consultation and engagement on whole of government issues and approaches to market development, Tourism Australia will be involved in:

- Government Reference Group (based in Australia to consider whole of government issues and approaches)
- Government Advisory Panel (based in China)



WHAT DOES IT MEAN FOR YOU?

The China 2020 Strategic Plan means being part of a bigger picture for Australian tourism. It means:

- Expanding your reach and cut-through in the world's fastest growing outbound market;
- Having greater access to Tourism Australia's research and insights on the Chinese target customer;
- Being able to more confidently enter new markets within China with the benefit of Tourism Australia's market analysis and established distribution networks;
- Understanding where and how to invest in your product to attract and retain Chinese customers; and
- Working together with the tourism industry to maximise the China opportunity.

WHO IS ON BOARD?

In October 2010, Federal, State and Territory tourism ministers committed to working towards achieving the 2020 Tourism Industry Potential and called on industry and Government to work together to address demand and supply side challenges.

The China Strategic Plan is the result of this government and industry partnership. Significant engagement and consultation was undertaken to develop the Plan, including:

- Tourism industry leaders in China and Australia
- Industry associations
- State and territory tourism organisations
- Government stakeholders in China and Australia

The China 2020 Strategic Plan has the full support of key industry players and State and Territory Tourism Organisations.

HOW DO YOU GET INVOLVED?

For more detail, please contact the International Markets team in Sydney.

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Tourism Australia's corporate site (www.tourism.australia.com) contains information on the market and the Chinese consumer. Updates on Tourism Australia activities and the China market are published in Tourism Australia's industry newsletter, Essentials.

For more information on the Approved Destination Status scheme, please refer to 'Tourism Programs' at www.ret.gov.au/tourism

State and regional tourism organisations are also a source of market intelligence on China.

