CHINA
MARKET PROFILE

TOURISM AUSTRALIA

Market overview

In 2016, China was Australia's second largest inbound market for visitor arrivals and largest market for total spend and visitor nights.

Key importance factors for holiday destination choice[1]

Safety and security **40%**

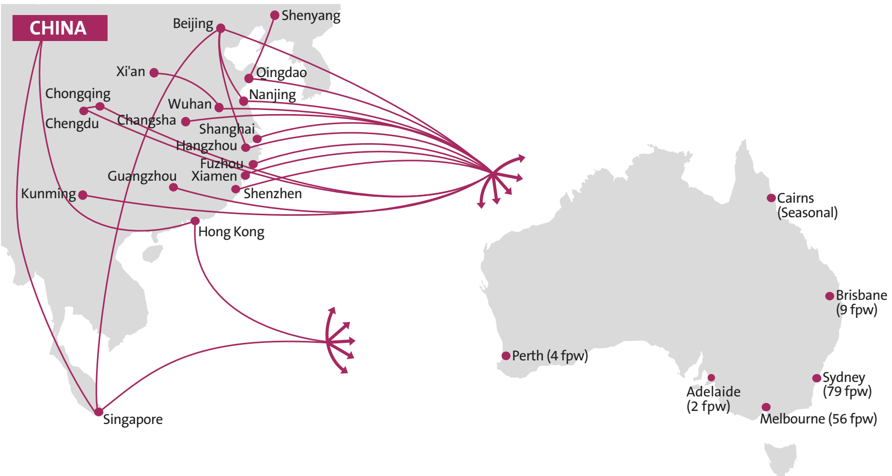
World class nature **40%**

Good food and wine **35%**

Aquatic and coastal **35%**

Value for money **27%**

Aviation routes from China to Australia[2]



fpw: flights per week

Which airlines[3] do Chinese visitors use to travel to Australia?

Airline	2012	2013	2014	2015	2016
China Southern Airlines	21%	19%	21%	21%	21%
China Eastern Airlines	15%	16%	14%	14%	15%
Cathay Pacific Airways (HK)	16%	15%	13%	14%	11%
Qantas Airways	12%	11%	11%	11%	11%
Air China	11%	9%	9%	9%	9%
Jetstar (Australia)	2%	3%	4%	5%	5%
Singapore Airlines	5%	5%	6%	5%	4%
Xiamen Air	0%	0%	0%	0%	3%
Others	18%	21%	23%	21%	21%

Up to $13bn
Potential to be worth by 2020

1,199,000
Visitor arrivals[3]
(↑ 17 per cent)

Holiday ◊§
55%

Visiting friends & relatives ◊§
19%

Business ◊§
7%

Education ◊§
13%

$9.2bn
Total spend[4]
(↑ 11 per cent)

43 nights *4
Average nights stayed◊

9 nights **4
Median nights stayed◊

Oct-Jan and **May-Jun**
Booking peak period

Oct, Jan-Feb and **Jul-Aug**
Travel peak period

Business Events

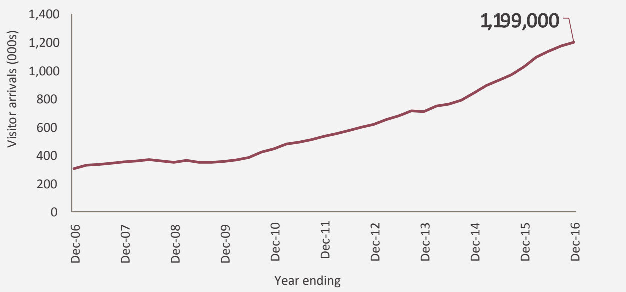
Tourism Australia focuses on the incentive sector in China, recognising that these events bring high economic value to Australia. Direct selling, finance/insurance, healthcare and IT are the key industries for outbound incentive groups from China. For more information on current trends in market and information on China's business events distribution system, view the dedicated Business Events Market Profile for China at www.tourism.australia.com/statistics/market-profiles.aspx

*Notes: *Average nights: the sum of all nights divided by the sum of all visitors. **Median nights: the midpoint length of stay for which 50% of visitors stay less and 50% stay longer. ◊ Data refers to an average of 2012-2016. § Refers to share of arrivals of respective purpose. Sources: 1. Tourism Australia, Consumer Demand Project, 2016. 2. Department of Infrastructure and Regional Development, December 2016. 3. Department of Immigration and Border Protection, December 2016. 4. Tourism Research Australia, International Visitor Survey, December 2016.*

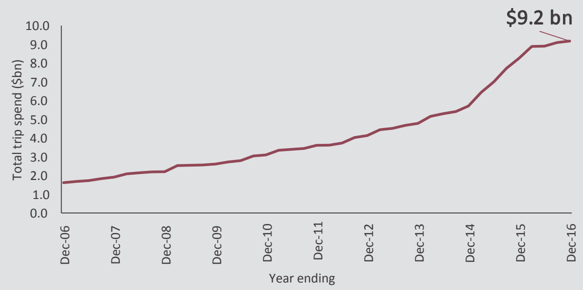
CHINA
MARKET PERFORMANCE

» The charts on this page provide a trend overview of visitor arrivals and spend over the last 10 years by main purpose of visit, by first and repeat leisure[Δ] visitors and also a snapshot of age demographic split of leisure visitors and spend.

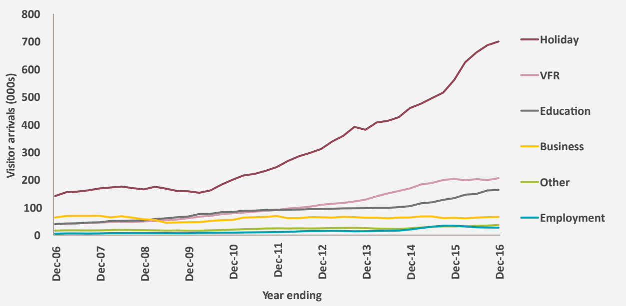
Visitor arrivals[1]



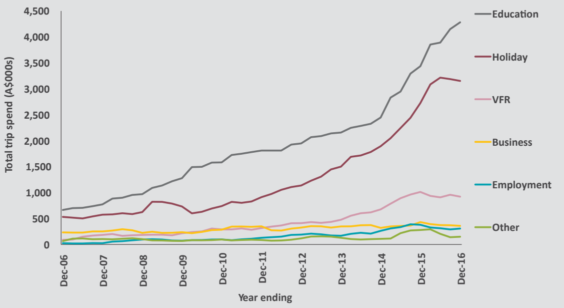
Visitor spend[2]



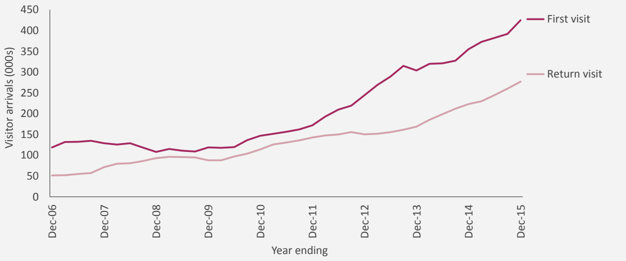
Visitor arrivals by main purpose of visit[1]



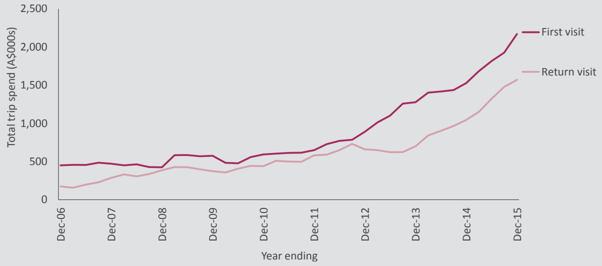
Visitor spend by main purpose of visit[2]



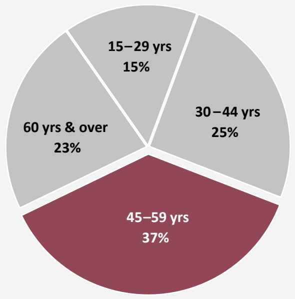
First and repeat leisure visitor arrivals[2]



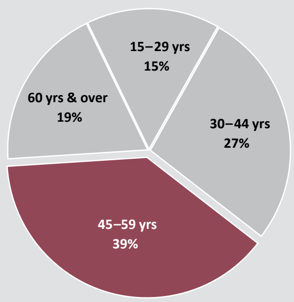
First and repeat leisure visitor spend[2]



Leisure arrivals by age[2†]



Leisure spend by age[2†]



Notes: ΔLeisure refers to main purpose of visit of holiday and visiting friends and relatives. † Age profile data refers to an average of 2012-2016.
Sources: 1. Department of Immigration and Border Protection, December 2016. 2. Tourism Research Australia, International Visitor Survey, December 2016.

TOURISM AUSTRALIA

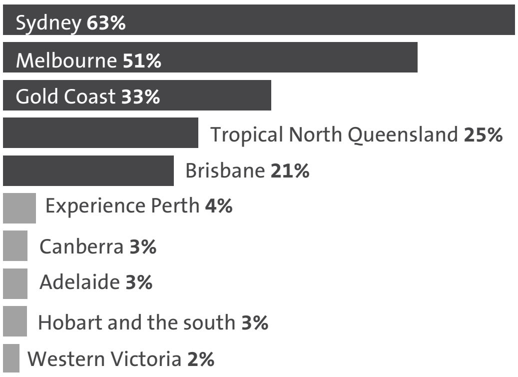
CHINA
MARKET PERFORMANCE

» The following◊ table provides a summary of arrivals, spend and the proportion of repeat visitors to Australia by main purpose of visit: holiday, visiting friends and relatives, business and education.

	HOLIDAY	VISITING FRIENDS AND RELATIVES	BUSINESS	EDUCATION
Arrivals[1]	482,500 (55%§)	163,100 (19%§)	63,900 (7%§)	118,600 (13%§)
Spend per trip[2]	\$4,300	\$4,200	\$5,600	\$24,000
Spend per night[2]	\$497	\$81	\$306	\$160
Repeat visitors[2]	29%	67%	54%	76%
Average nights stayed[2]	9	56	18	158
Median nights stayed[2]	6	29	7	149

» The following provides an overview of top 10 regions visited by leisure visitors, number of stopovers made in Australia by leisure visitors and a snapshot of the main provinces and cities of residence of Chinese visitors to Australia.

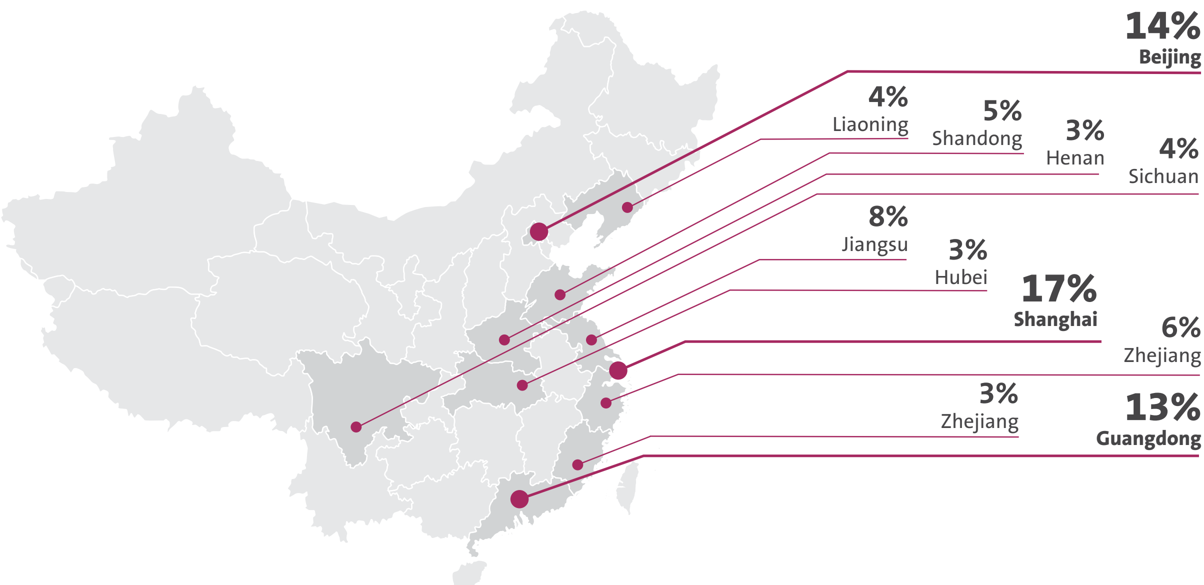
Top 10 regions visited by leisure visitors◊*^2



Overnight stopovers made in Australia by leisure visitors◊*^2

Read as: 44% of leisure travellers from China visited 3-5 regions (and made at least one overnight stay).

Main provinces and cities of residence of Chinese visitors to Australia∆2



*Notes: ◊ Data refers to an average of 2012-2016. § Refers to share of arrivals of respective purpose of visit. * Leisure refers to main purpose of visit of holiday and visiting friends and relatives. ^Percentages will not add to 100% as one person can visit multiple regions. The data refers to visitors that made at least one overnight stay. ∆ Data refers to an aggregate of 2012-2016. Results with samples sizes 40 and below have not been included. Sources: 1. Department of Immigration and Border Protection, December 2016. 2. Tourism Research Australia, International Visitor Survey, December 2016.*

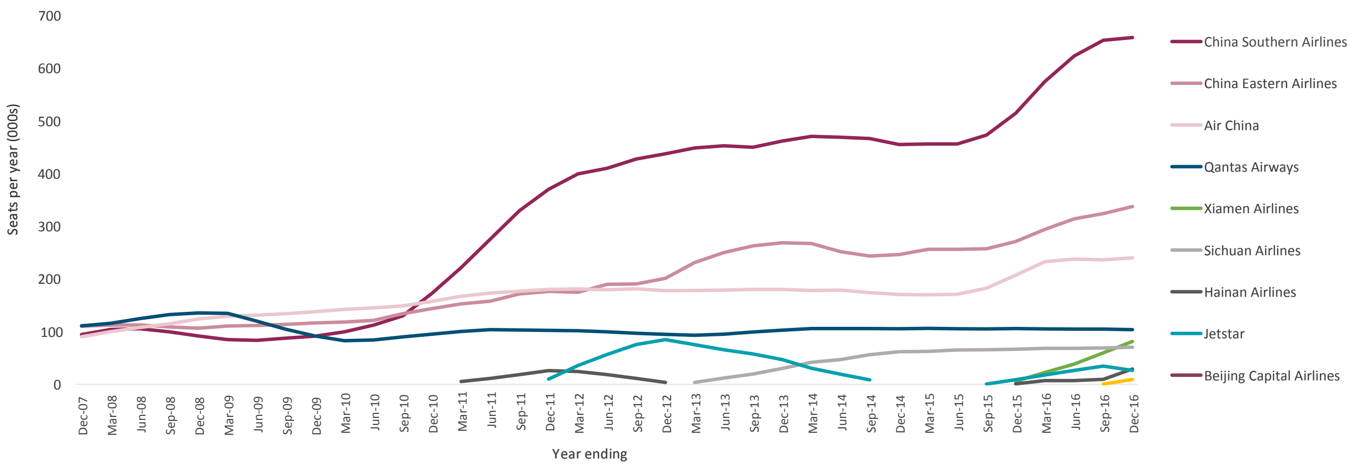
CHINA
AVIATION LANDSCAPE

1.6 million Inbound seats | **32%** year on year | **114** Flights per week

- Approximately 50% of Chinese visitors to Australia travelled on Chinese carriers, with a fifth on China Southern alone (see table on page 1).
- Direct aviation capacity from China to Australia has doubled since 2011, with annual capacity reaching 1.5 million seats in 2016, growth of 32% compared to 2015.
- A landmark agreement was reach between Australia and China for an “open aviation market” between the two countries in December 2016. This removes all capacity restrictions between Australia and China, as well as liberalise traffic rights and code share arrangements.
- Virgin Australia together with HNA Aviation, Hong Kong Airlines and HK Express have applied for authorisation of its proposed alliance to the Australian Competition and Consumer Commission.

Subject to authorisation, the airlines plan to introduce new direct services between Australia and Hong Kong and Australia and mainland China, code share on each other’s flights between Australia and Hong Kong, between Australia and mainland China and on each other’s domestic networks and also cooperate in relation to route planning, sales, distribution and marketing, frequent flyer programs, lounge access and other activities.

Direct aviation capacity from China to Australia



Sources: Department of Infrastructure and Regional Development, Aviation Statistics, December 2016

TOURISM AUSTRALIA

CHINA
AVIATION LANDSCAPE

Weekly services to Australia

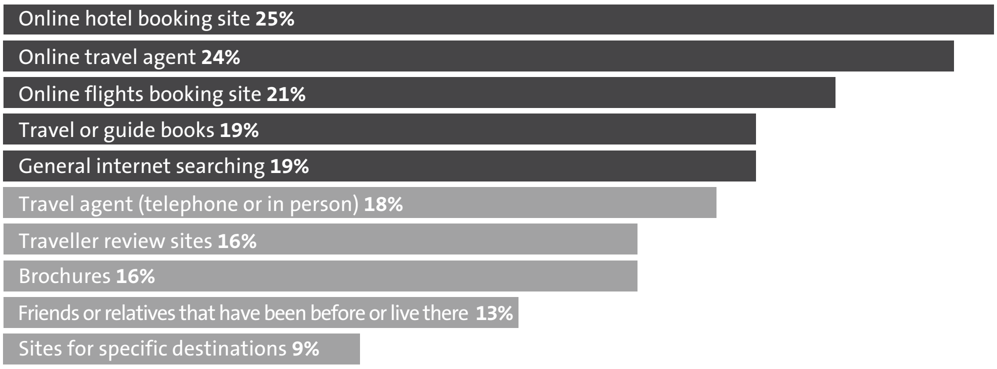
Operating Airlines	Flights per week	Route	Alliance/ code share partner (on route)
Air China	7	Beijing-Melbourne	Air NZ
	11	Beijing-Sydney	Air NZ, Scandinavian Airlines
	3	Chengdu-Sydney	
	4	Shanghai-Melbourne	Air NZ
	3	Shanghai-Sydney	
Beijing Capital Airlines	3	Shenyang-Qingdao-Melbourne	Hainan Airlines
China Eastern	3	Kunming-Sydney	Qantas
	3	Beijing–Hangzhou-Sydney	
	3	Beijing-Nanjing-Sydney	
	4	Shanghai-Brisbane	Qantas, Air France
	14	Shanghai-Melbourne	Qantas
	10	Shanghai-Sydney	Qantas, Air France
	3	Xi'an-Wuhan-Sydney	
China Southern	7	Guangzhou-Brisbane	KLM, Qantas, Air France, Xiamen Airlines
	18	Guangzhou-Melbourne	Air France, KLM, Kenya Airline, Qantas, Xiamen Airlines
	4	Guangzhou-Perth	KLM, Qantas, Kenya Airlines, Xiamen Airlines
	21	Guangzhou-Sydney	Air France, KLM, Qantas, Kenya Airlines, Xiamen Airlines
Hainan Airlines	2	Changsha-Melbourne	China Southern
	2	Changsha--Sydney	
	2	Xi'an-Melbourne	
	2	Xi'-an-Sydney	
Sichuan Airlines	3	Chengdu-Melbourne	
	2	Chongqing-Sydney	
Xiamen Airlines	3	Fuzhou-Sydney	
	2-4	Xiamen-Melbourne	
	2-3	Xiamen-Sydney	
Qantas	7	Shanghai-Sydney	China Eastern
	7	Beijing-Sydney	

Sources: Department of Infrastructure and Regional Development, International Airlines Timetable Summary (Northern Summer), 2017

CHINA
PLANNING AND BOOKING INFORMATION SOURCES

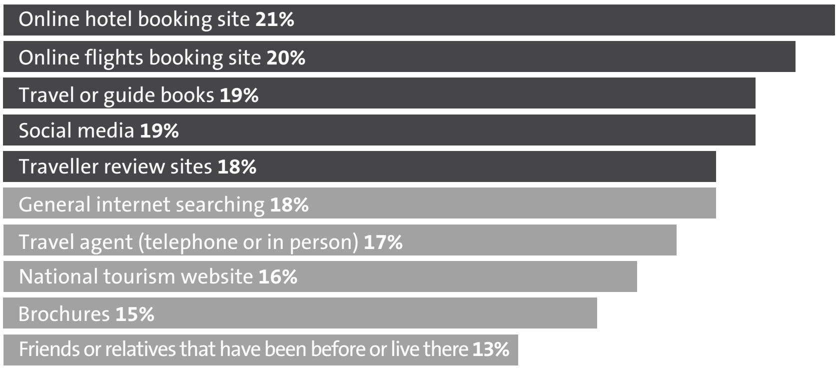
The following charts highlight the information sources that Chinese consumers use to plan and book their holidays.

Preferred sources for early planning and inspiration



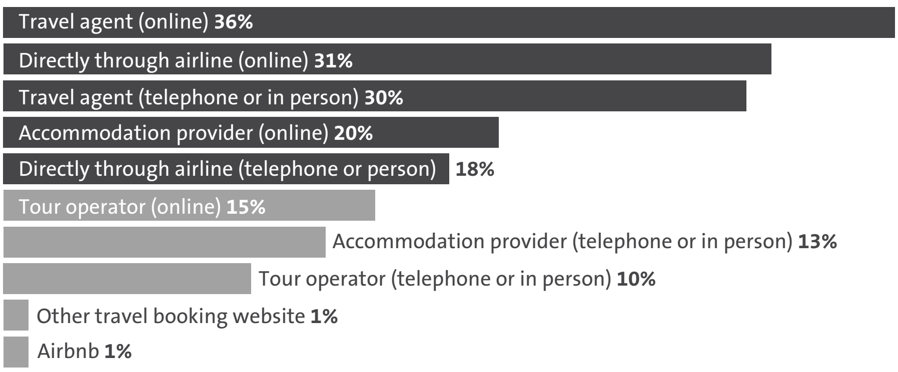
Read as: 25% of respondents indicate 'online hotel booking sites' as a preferred source during the early stages of planning a holiday.

Preferred sources for seeking information



Read as: 21% of respondents indicate 'online hotel booking sites' as a preferred source for seeking information about a holiday destination.

Preferred sources used to book a holiday



Read as: 36% of respondents indicate 'travel agent (online)' as a preferred source when booking a holiday.

Source: Tourism Australia, Consumer Demand Project, 2016

CHINA
DISTRIBUTION

The travel distribution system in China is highly regulated, with more than 2,000 travel agencies authorised to operate outbound travel business to overseas destinations, some of which can operate under the Approved Destination Status (ADS) Scheme and some under thestreamlined visa application program for Tourism Australia's Key Distribution Partners. In general, group travel still plays relatively large part of the Chinese outbound travel industry, however Free Independent Travel (FIT) and tailor-made traffic is growing at a faster rate.

Distribution system

WHOLESALERS/ LARGE AGENCIES

Commission level: 15% to 20%

Cater mainly for ADS group business

- Wholesale travel agencies cater mainly for ADS group business. Many of them are expanding their distribution networks by setting up branch offices or sales representatives in secondary and other third-tier cities.
- There is a growing trend that some wholesalers also penetrate to retail operations within the same business and are recognised as both wholesalers and retailers.

RETAIL AGENTS

Commission level: 15% to 25%

- Many retail travel agencies have been expanding their outlets or stores within China and are beginning to focus on FIT and tailor-made products.

AUSSIE SPECIALISTS

8,500 qualified Aussie Specialists as of Dec-16

- The Aussie Specialist Program (ASP) is the primary platform for Tourism Australia to train and develop retail agents to sell Australia. Each State and Territory has a module on the ASP website.
- As at December 2016, there were over 8,500 qualified Aussie Specialists in mainland China.

ONLINE

Commission level: 15% to 25%

- Online bookings are increasing at a greater rate than traditional channels.
- Some online travel portals such as Ctrip.com, Qunar.com, Tongcheng.com and Tuniu.com have been successful in the market, particularly with air ticket sales and hotel accommodation bookings.
- Traditional travel agencies, either wholesale or retail, are making use of third-party portals to promote their products, such as Ctrip.com, Alitrip.com, fliggy.com and Tuniu.com

INBOUND TOUR OPERATOR

Commission level: 15% to 30%

- Inbound Tour Operators (ITOs) are a vital link in the travel distribution chain in China and must be approved under the Approved Destination Scheme (ADS) to handle ADS group business. Tourism Australia recommends that Australian suppliers only deal with approved travel agents and ITOs for all ADS inbound business from China.

CHINA
DISTRIBUTION

APPROVED DESTINATION STATUS (ADS) SCHEME

Australia was one of the first Western countries to gain ADS approval in 1999

- Chinese consumers travelling in a group under an ADS visa for Australia must book through an approved ADS travel seller. Australia was one of the first Western countries to gain Approved Destination Status in 1999. There are now 140 countries and regions approved under the scheme.
- There are currently 80 Australian Inbound Tour Operators (ITO) and more than 80 Chinese outbound travel agencies in the ADS network. These agents and operators are required to comply with the ADS Code of Business Standards and Ethics.
- Austrade manages the scheme in Australia with the support of Tourism Australia and the Department of Immigration and Border Protection. For further details please visit: https://www.austrade.gov.au/Australian/Tourism/Working-with-China/ADS

KEY DISTRIBUTION PARTNERS (KDPs)

32 travel agencies/wholesalers partners appointed as Tourism Australia's KDPs as of Apr-17

- Tourism Australia launched its KDP program in late 2014. The objectives of the KDP program are:
  1) To select and appoint key outbound travel agencies in China who represent a benchmark of quality in the China travel industry.
  2) To demonstrate a model for the China travel industry on how to promote Australia as a destination through sustainable business practices and quality product development targeting the FIT and premium segments in particular.
  3) To leverage KDPs' strong advocacy, influence and distribution networks to better serve TA's China 2020 strategy.
- As at April, 2017 there were 32 travel agencies/wholesalers partners appointed as Tourism Australia's KDPs. These agencies are located in eight Key cities; Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Qingdao, Chongqing and Chengdu. The term of current 32 KDPs will end on 30 June 2017. Tourism Australia will recruit new KDPs under revised criteria of KDP by 30 June 2017.
- Click here to view the key distribution partners that Tourism Australia are working with in China.

CHINA
DISTRIBUTION

Trends

Distribution

- Requests for tailor-made tour products are providing an opportunity for online travel agencies to expand market share in China.
- Some wholesalers are shifting their business to the retail sector to enhance their competiveness.
- Social media, media advocacy and word-of-mouth are becoming more powerful sources of information to assist Chinese travellers with planning and purchasing travel.
- The use of online sources by the Chinese market was well above the average across all markets. After online sources, respondents would talk to family and friends who have previously visited Australia.
- Travellers from Eastern, Southern and some parts of Northern China are more experienced and mature in their product selection. While travellers from cities in Northern and Western parts of China tend to be more price driven.
- The average lead time for travel bookings is 30 to 60 days.

Special Interest

- Southern China is a relatively mature market in terms of product development and consumer travel behaviour. Experiences such as self-drive and golf have become popular niche segments in recent years, however these segments remain relatively small compared to the traditional leisure market.
- Premium travel is a new niche trend with big potential.
- There are many education agencies that focus on the student market, and offer short or long term study options in Australia with included leisure components. These agencies do not fall within the tourism distribution network.

Planning a visit to market

Top tips for sales calls

- Liaise closely with local representatives from your State and Territory Tourism Organisations.
- Ensure you have relevant product information and business cards produced in simplified Chinese.
- Both travel agents and consumers use brochures to obtain further information about products.
- Wechat, a social media tool, is quickly becoming the most popular messaging App by a number of active users in China. Suggest set up your own Wechat account and link to Chinese travel agents for better engagement.
- Pre-arrange your appointments at least two weeks prior to your arrival by email and phone.
- Reconfirm your appointment on arrival into China and take into account traffic conditions and travel times to your destination.
- Highlight your product or service in simple English and ensure sales calls are no longer than 30 minutes. Bring a gift to exchange.
- Hiring an interpreter is helpful as taxi drivers generally do not speak English.
- A casual meeting approach is preferred, such as inviting key agents for a meal or drinks.
- The majority of agents work through ITOs and no direct rates are expected.
- The best time for sales calls is March to May and September to November.
- The key market centres to visit are Beijing, Qingdao, Shanghai, Hangzhou, Nanjing, Guangzhou, Shenzhen and Chengdu and Chongqing.
- For more general information on sales calls and planning a visit to market, please see Tourism Australia's Planning for Inbound Success ebook at www.tourism.australia.com/inboundsuccess

CHINA
FURTHER INFORMATION

Key trade and consumer events

Event	Location	Date
2017 Greater China Travel Mission	TBC, China	November 2017 (TBC)
Business Events Australia Greater China Showcase	TBC, China	April 2018

Where to find more information

Tourism Australia's activities in China are managed from its offices in Shanghai, Beijing, Guangzhou and Chengdu. For more information, visit Tourism Australia's corporate website at www.tourism.australia.com.

- Australia State and Territory Organisations operating in China include: Destination NSW, South Australian Tourism Commission, Tourism and Events Queensland, Tourism NT, Tourism Tasmania, Tourism Victoria and Tourism Western Australia.

Also see:

- China Country Brief published by the Department of Foreign Affairs and Trade at: www.dfat.gov.au/geo
- For the latest arrivals statistics, visit: http://www.tourism.australia.com/statistics/arrivals.aspx
- For additional statistical reports refer to the ABS and TRA websites, www.abs.gov.au and www.tra.gov.au
- For additional information on consumer research, visit: http://www.tourism.australia.com/statistics/consumer-demand-research.aspx
- For additional information, view the Business Events Market Profiles for China at: http://businessevents.australia.com/businessevents/

Contact

Level 29, 420 George Street
Sydney, NSW, 2000
Telephone: +61 2 9360 1111
Email: ask.us@tourism.australia.com
Corporate: tourism.australia.com | twitter.com/TourismAus
Consumer: australia.com | twitter.com/Australia | facebook.com/SeeAustralia