In 2012, China was Australia’s second largest inbound market for visitor arrivals and the largest market for total expenditure and visitor nights. It was the third largest market for total dispersed nights during 2012.

Findings from Tourism Australia’s recent international tourism research project, indicate that when selecting a holiday destination Chinese visitors are wanting (in order of importance): natural beauty, safety and security, good food and wine, friendly and open locals and native and cultural heritage activities. Compared to other out of region destinations, Australia ranks very highly for value for money, interesting local wildlife, luxury accommodation options, natural beauty and ease of obtaining a visa. The research shows that Australia delivers a positive holiday experience that exceeds the expectations of Chinese visitors.

The latest forecast by the Tourism Forecasting Committee (TFC), released in October 2012, estimates that arrivals from China will grow 12 per cent in 2012/13 and 9 per cent in 2013/14, with an 8 per cent annual compound growth rate expected between 2011/12 and 2016/17.

Key airlines and share of passengers in 2012

<table>
<thead>
<tr>
<th>Airline</th>
<th>Share of Passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Southern Airlines</td>
<td>21%</td>
</tr>
<tr>
<td>Cathay Pacific Airways</td>
<td>16%</td>
</tr>
<tr>
<td>China Eastern Airlines</td>
<td>11%</td>
</tr>
<tr>
<td>Qantas</td>
<td>11%</td>
</tr>
<tr>
<td>Air China</td>
<td>12%</td>
</tr>
<tr>
<td>Virgin Australia</td>
<td>10%</td>
</tr>
<tr>
<td>Singapore Airlines</td>
<td>9%</td>
</tr>
<tr>
<td>Emirates</td>
<td>5%</td>
</tr>
<tr>
<td>Emirates</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
</tbody>
</table>

Table includes direct and indirect capacity

Visitor profile in 2012

- 47% repeat visitors
- 68% of total arrivals are for leisure
- 45-59 years largest demographic
- $7,036 average spend
- 47 nights average stay
- Oct-Jan and May-Jun peak booking period
- Dec-Feb and Jul-Aug peak travel period

Potential for the China market to be worth by 2020 (Tourism 2020) $7.4 - 9.0bn

Total spend from China in 2012 (up 13 per cent on 2011) $4.2bn

Chinese visitor arrivals in 2012 (up 15.6 per cent on 2011) 626,400

Chinese visitor nights spent in Australia in 2012 (up 7 per cent on 2011) 27.8m

Chinese visitor nights spent outside gateway cities in 2012 (up 4 per cent on 2011) 5.3m

Australia ranks 11th among all out of region outbound destinations for Chinese travellers

Sources:
1. Dispersed nights refer to nights spent outside gateway cities of Sydney, Melbourne, Brisbane and Perth
2. Tourism Australia, Australian Consumer Demand Research, conducted by BDA Marketing Planning, 2012
3. Department of Immigration and Citizenship (Aviation)
4. International Visitor Survey (Tourism Research Australia)
5. Australian Bureau of Statistics, Overseas Arrivals & Departures
6. Tourism Economics, Tourism Decision Metrics
1.1 Arrivals trends

In 2012, China surpassed the United Kingdom to become Australia’s second largest inbound market by arrivals, after New Zealand.

Between 2002 and 2012, arrivals from China have achieved an annual compound growth rate of 13 per cent.

Australia was one of the first Western destinations to receive Approved Destination Status (ADS) in 1999, enabling ADS group leisure travel to Australia from China.

The outbreak of SARS in Asia and other influenzas affected outbound travel demand across the region between 2003 and 2009.

Strong growth in the Chinese economy, outbound travel demand and aviation capacity saw Chinese visitor arrivals to Australia grow 15.6 per cent in 2012, reaching over 600,000 arrivals for the first time.
1.2 Australia’s market share

Australia’s market share of China outbound travel

Outbound travel from China increased in 2012 to 81.4 million trips, up 16 per cent from 70.3 million trips in 2011.

Australia’s share of total outbound travel from China has decreased from 1 per cent in 2002 to 0.7 per cent in 2012, highlighting increased competition amongst destinations for the Chinese traveller.

Top five outbound destinations from China

In 2012, the top five outbound destinations from China were Hong Kong, Macau, South Korea, Taiwan and Thailand.

Australia ranked 16th among all outbound destinations in 2012, slipping one position from 2011.

Note: 2012 is a forecast value
Australia’s market share of out of region travel

- Out of region travel from China excludes travel to North East Asia.
- Out of region travel from China increased from 4.9 million trips in 2002 to 17 million trips in 2012.
- Australia’s share of China’s total out of region outbound travel has decreased from 3.5 per cent in 2002 to 3.4 per cent in 2012.

Australia’s competitor destinations from China

- In 2012, the top five destinations for Chinese travellers, outside of North Asia, were Thailand, the USA, France, Malaysia and Vietnam.
- Australia ranked 11th among out of region destinations, slipping one position from 2011.
1.3 Visitor arrivals by age and purpose of visit

Analysis of visitors from China in 2012

- In 2012, the majority of arrivals from China visited Australia for Leisure purposes, with Holiday representing 51 per cent of total arrivals, and Visiting Friends and Relatives (VFR) representing 17 per cent.
- The largest age demographic was 45 to 59 years, representing 31 per cent of total visitors.
- Of total Business arrivals from China in 2012, there were 16,120 convention/conference visitors.
Age demographic of visitors from China for 2002-2012

- Since 2011, the 45 to 59 year old demographic has been the largest visitor segment out of China. This age group has achieved an annual compound growth rate of 13 per cent between 2002 and 2012.
- Since 2009, arrivals from all age segments have been growing.

Visitor segments from China for 2002-2012

- The Holiday segment has achieved a 15 per cent annual compound growth rate between 2002 from 2012, and has almost doubled since 2009.
- The VFR segment is also strong, achieving an annual compound growth rate of 18 per cent between 2002 and 2012.
1.4 Spend by age and purpose of visit

Breakdown of spend by visitors from China for 2008-2012

- On average from 2008 to 2012, the largest spending segment was Education visitors, representing 49 per cent of total spend. This was followed by the Holiday segment, representing 27 per cent.
- The largest spending age group was 15 to 29 year olds, representing 57 per cent of total spend by Chinese visitors, driven by the Education segment.

Note: Data in graph refers to an average of 2008-2012.
**CHINA**  
**Market Performance**

**Spend by age group from Chinese visitors for 2002-2012**
- Visitors aged 15 to 29 have consistently spent more money in Australia over the past decade than any other age group.
- Spend from all age groups, except 60 years and over, has been growing since 2005.

**Spend by purpose of visit segments for 2002-2012**
- The Education segment has remained the highest spending segment out of China since 2002.
- In line with the sharp increase in Holiday visitors since 2009, spend by this segment has also grown.
China Market Profile April 2013

1.5 Visitor profiles for spend and nights

**Average visitor**

- **Spend per trip**: $7,184
- **Stay**: 50.7 nights
- **Spend per night**: $142

**Purpose of visit**

- **Holiday**
  - **Spend per trip**: $4,124
  - **Stay**: 9.3 nights
  - **Spend per night**: $442

- **Visiting Friends and Relatives**
  - **Spend per trip**: $3,831
  - **Stay**: 60.1 nights
  - **Spend per night**: $64

- **Business**
  - **Spend per trip**: $4,881
  - **Stay**: 18 nights
  - **Spend per night**: $271

- **Other (including education and employment)**
  - **Spend per trip**: $16,848
  - **Stay**: 144.5 nights
  - **Spend per night**: $117

**Age groups**

- **15 to 29 years**
  - **Spend per trip**: $13,547
  - **Stay**: 107.5 nights
  - **Spend per night**: $126

- **30 to 44 years**
  - **Spend per trip**: $5,185
  - **Stay**: 25.2 nights
  - **Spend per night**: $206

- **45 to 59 years**
  - **Spend per trip**: $4,175
  - **Stay**: 22.3 nights
  - **Spend per night**: $187

- **60 years & over**
  - **Spend per trip**: $3,163
  - **Stay**: 42.6 nights
  - **Spend per night**: $74

*International Visitor Survey (Tourism Research Australia)*  
*Note: Data refers to an average of 2008-2012*
In 2012, Tourism Australia undertook a major international tourism research project into how global consumers view Australia and what most motivates them to visit, identifying the ‘triggers’ and experiences important to the consumer when selecting a holiday destination. The research involved 13,389 consumers across 11 markets, who have travelled long haul in the past two years and/or plan to travel long haul in the next few years.

The results below refer to the responses of Chinese consumers.

### 2.1 What travellers from China want in a holiday destination

Participants were asked what they look for when choosing any holiday destination. The graph below outlines the top five considerations of Chinese respondents.

Their key considerations are: natural beauty, safety and security, good food and wine, friendly and open locals, and native and cultural heritage activities.

<table>
<thead>
<tr>
<th>China: Top 5 Importance Factors</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>World class beauty and natural environments</td>
<td>57</td>
</tr>
<tr>
<td>A safe and secure destination</td>
<td>57</td>
</tr>
<tr>
<td>Good food, wine, local cuisine and produce</td>
<td>42</td>
</tr>
<tr>
<td>Friendly and open citizens, local hospitality</td>
<td>31</td>
</tr>
<tr>
<td>Native or cultural heritage or activities</td>
<td>31</td>
</tr>
<tr>
<td>Rich history and heritage</td>
<td>28</td>
</tr>
<tr>
<td>Clean cities, good road infrastructure with clear signposts</td>
<td>28</td>
</tr>
<tr>
<td>Spectacular coastal scenery</td>
<td>26</td>
</tr>
<tr>
<td>A range of quality accommodation options</td>
<td>25</td>
</tr>
<tr>
<td>A destination that offers value for money</td>
<td>24</td>
</tr>
<tr>
<td>Flights with no stop-overs</td>
<td>18</td>
</tr>
<tr>
<td>Different and interesting local wildlife</td>
<td>17</td>
</tr>
<tr>
<td>Great shopping / world class brand names</td>
<td>15</td>
</tr>
<tr>
<td>A family friendly destination</td>
<td>15</td>
</tr>
<tr>
<td>Good leisure activities such as nightclubs/bars and/or casinos</td>
<td>14</td>
</tr>
<tr>
<td>Ease of obtaining visa</td>
<td>14</td>
</tr>
<tr>
<td>Luxury accommodation and facilities</td>
<td>14</td>
</tr>
<tr>
<td>Romantic destination</td>
<td>14</td>
</tr>
<tr>
<td>Great swimming beaches</td>
<td>10</td>
</tr>
</tbody>
</table>

Read as: 57 per cent of Chinese respondents ranked ‘world class beauty and natural environments’ and ‘safety and security’ in their top five considerations when choosing a destination.

8. Tourism Australia, Australian Consumer Demand Research, conducted by BDA Marketing Planning, 2012
2.2 Associations with Australia

For Chinese respondents, Australia is known for having beautiful natural environments, spectacular coastal scenery and interesting local wildlife.

Compared to other out of region destinations, Australia ranks highly (first, second or third) for value for money, interesting local wildlife, luxury accommodation options, natural beauty, coastal scenery and ease of obtaining a visa.

2.3 Opportunities for Australia highlighted by the research

The research shows that Australia delivers a positive holiday experience that exceeds the expectations of Chinese visitors. This was particularly clear for their perception of Australia offering good food and wine and safety and security.

Food and wine rankings were very high amongst those who have visited Australia and sampled the country’s offering, compared to the perceptions of those who had not been, presenting future marketing opportunities.

Likewise for the perception of safety and security, Chinese respondents who have visited Australia ranked it as number one for this attribute, compared to other out of region destinations. Given the importance placed on safety by Chinese respondents, this presents an opportunity to leverage word of mouth recommendations by those who have been to Australia once they return to China.

2.4 Preferred Australian experiences

Chinese respondents prefer experiences in Australia which include wildlife (both aquatic and non-aquatic) and coastal or harbour settings. They also had a preference for niche activities including surfing, diving, fishing and golf.
3.1 Summary

- Capacity from China to Australia continued to grow in 2012 as Chinese carriers launched new routes, such as Chengdu-Melbourne, Shanghai-Cairns and Beijing-Nanjing-Sydney.
- China Southern was the largest carrier of Chinese visitors to Australia in 2012, with 21 per cent market share. The airline has added substantial capacity to Australia in the last three years.
- Chinese carriers have a significant number of aircraft on order further highlighting growth potential from this market:
  - China Eastern – 106 aircraft
  - China Southern – 95 aircraft
  - Air China – 91 aircraft
  - Sichuan Airlines – 33 aircraft
- Consolidation and alliances are expected to continue to shape the China aviation market, along with increased liberalisation and competition from other medium/long haul destinations.
- China is also a growing hub for European and North American visitors to Australia, as Chinese carriers expand services into these markets.

### Key airlines and share of passengers

<table>
<thead>
<tr>
<th>Airline</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Southern</td>
<td>7%</td>
<td>8%</td>
<td>14%</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>Cathay Pacific</td>
<td>16%</td>
<td>21%</td>
<td>20%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>China Eastern</td>
<td>10%</td>
<td>12%</td>
<td>12%</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>Qantas</td>
<td>28%</td>
<td>20%</td>
<td>17%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Air China</td>
<td>14%</td>
<td>15%</td>
<td>13%</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>Virgin Australia</td>
<td>1%</td>
<td>3%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Singapore Airlines</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Emirates</td>
<td>3%</td>
<td>3%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>13%</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Innovata, Northern Summer Scheduling Season (31 March 2013 to 26 October 2013)

Note: Table includes direct services to Australia only.
3.2 Trends

Capacity
- In 2012, there was a 16 per cent growth in capacity from China to Australia, which followed a very strong 2011 with growth of 52 per cent. A further 20 per cent growth is forecast in 2013.
- In 2012, growth was driven by China Southern and China Eastern Airlines and focussed on Guangzhou, Shanghai, Sydney, Melbourne and Cairns.
- While capacity growth slowed during the Northern Summer scheduling period (March-October), it resumed during the December quarter of 2012.
- While Australia continues to gain market share of total capacity out of China, it is competing with other long haul destinations including Southeast Asia and the USA.

**Average loads**
- Load factors or seat utilisation is the ratio of passengers carried to the number of seats available, expressed as a percentage.
- Due to strong demand from Chinese travellers wanting to visit Australia, average load factors increased from 73 per cent in 2011 to 79 per cent in 2012.
- Average loads tended to be softer during May and June with weaker demand from Chinese visitors to Australia, with higher average loads during January/February (Chinese New Year) and July (peak outbound travel season for Australians).
### CHINA Distribution

#### 4.1 Distribution system

The travel distribution system in China is highly regulated, with approximately 1,400 agents authorised to operate group outbound travel business under the Approved Destination Status (ADS) Scheme. In general, group travel remains the dominant segment out of the market, however Free Independent Travel (FIT) and semi FIT has grown.

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**Approved Destination Status (ADS) Scheme**

- 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 56 Australian Inbound Tour Operators (ITO) and more than 90 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.
- The Department of Resources, Energy and Tourism manages the scheme in Australia with the support of Tourism Australia and the Department of Immigration and Citizenship.
- Please visit [www.ret.gov.au](http://www.ret.gov.au) for further details.

**Wholesalers/ Large Agents**

**Commission Level: 15% to 20%**

- Wholesale travel agents cater mainly for ADS group business. Many of them are expanding their distribution networks by setting up branch offices or sales representatives in secondary cities.
- Some wholesalers have retail operations within the same business and are recognised as both wholesalers and retailers.

**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.
- Luxury 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.

**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 products.

**Online**

**Commission Level: 15% to 25%**

- Online bookings are increasing, but the volume remains small.
- Some online travel portals such as Ctrip.com and Tuniu.com have been successful in the market, particularly with air tickets and hotel accommodation bookings. However, the majority of international travel packages are booked through traditional travel sellers.

**Aussie Specialists**

- 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 March 2013, there were 2,212 qualified Aussie Specialists in China and a further 4,573 agents in training. There were 56 Premier Aussie Specialist agencies, which are key partners for Tourism Australia in China.

**Inbound Tour Operators**

**Commission Level: 15% to 30%**

- ITOs are a vital link in the travel distribution chain in China and must be approved under the ADS scheme 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.

**Business Events**

- Chinese decision-makers consider Australia to be one of the top long haul destinations for a business event.
- Traditional travel agencies are developing a meetings, incentive, conference and events division or subsidiary.
- Direct selling, insurance, pharmaceutical and IT are the key industries for Business Events in China.
CHINA Distribution

Brochures and rates

- **Brochure Validity**: Varies – brochures are updated on an adhoc basis
- **Brochure Space Policy**: Not applicable in this market
- **Setting Rates**: October to November for Chinese New Year, August to September for National Day and Golden Week
- **Standard Rate Validity Periods**: December to February (Chinese New Year) and October (National Day and Golden Week) tend to be the traditional peak season with higher rates. March to June is the traditional low season.

### Seasonality of Visitors from China

*Source: Australian Bureau of Statistics, Overseas Arrivals & Departures, 2008 to 2012*

**Seasonality**
- October to January and May to June is the peak booking period.
- December to February (Chinese New Year) tends to be the traditional peak season. There is also a high season in July to August.
- March to June is the traditional low season.
4.2 Trends

Distribution

- Requests for tailor-made tour products are providing an opportunity to online travel agencies to expand market share in China.
- Some wholesalers are shifting their business to the retail sector to enhance their competitiveness.
- Travellers in primary cities such as Beijing, Shanghai and Guangzhou, are showing increasing interest in FIT travel.
- Social media, media advocacy and word-of-mouth are becoming more powerful sources of information to assist Chinese travellers with planning and purchasing travel.

Planning and purchasing travel

- According to findings from Tourism Australia’s Consumer Demand Research project9, Chinese respondents would mostly use online sources to research a trip to Australia. This includes general internet searches, travel advice websites, government tourism authorities and travel booking websites. Interestingly, 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 travellers and are more mature in their product selection. While travellers from cities in Northern and Western parts of China are usually more price driven.
- The average lead time for travel bookings is 30 to 45 days.

4.3 Planning a visit to market

Top tips for sales calls

- Liaise closely with local representatives from your State and Territory Tourism Organisations (STOs).
- Ensure you have relevant product information business cards produced in simplified Chinese.
- Both travel agents and consumers use brochures to obtain further information about products.
- Pre-arrange your appointments at least two weeks prior to your arrival by both email and fax.
- Reconfirm your appointment on arrival into China and take into account traffic conditions and travelling times to your destination.
- Highlight your product or service in simple English and ensure sales calls are no longer than 30 minutes.
- 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, Shanghai and Guangzhou as well as the 55 Premier Aussie Specialist agencies.
- For more general information on sales calls and planning a visit to market, please see Tourism Australia’s Planning for Inbound Success at www.tourism.australia.com/inboundsuccess

9. Tourism Australia, Australian Consumer Demand Research, conducted by BDA Marketing Planning, 2012
4.4 Key trade and consumer events

<table>
<thead>
<tr>
<th>Event</th>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIBTM</td>
<td>Beijing</td>
<td>September 2013</td>
</tr>
<tr>
<td>Greater China Travel Mission</td>
<td>Shanghai – TBC</td>
<td>October 2013</td>
</tr>
<tr>
<td>China Mega Famil</td>
<td>Australia</td>
<td>June 2014</td>
</tr>
<tr>
<td>ILTM</td>
<td>Shanghai</td>
<td>June 2014</td>
</tr>
</tbody>
</table>

Where to Find More Information

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

Australian State and Territory Tourism Organisations operating in China include the South Australian Tourism Commission, Destination New South Wales, Tourism NT, Tourism and Events Queensland, Tourism Victoria, Tourism Tasmania and Tourism Western Australia.

Also see: China Country Brief published by the Department of Foreign Affairs and Trade at www.dfat.gov.au/geo.