

# Quarterly Market Update

Tourism Australia's Quarterly Market Update provides an update to industry on the current state of international tourism for Australia. This report covers International Visitor Survey data to June 2013, and Australian Bureau of Statistics data to September 2013.

November 2013



## SHORT TERM INTERNATIONAL ARRIVALS TO AUSTRALIA CONTINUE TO GROW

- According to the latest results from the Australia Bureau of Statistics (ABS), there were 6.4 million short term visitor arrivals to Australia in the 12 months to September 2013, a rise of 5.2 per cent compared to the previous year.
- The latest International Visitor Survey (IVS) results show that international visitor expenditure for the year-ending June 2013 reached a record A\$28.2 billion, off the back of a six per cent rise.

### Steady rise in international visitor expenditure

International visitor expenditure has grown a solid 8.9 per cent in the last four years, tracking steadily against the key targets of the Tourism 2020 Strategy. For the 12 months to June 2013, international visitor expenditure totalled A\$28.2 billion, up six per cent on the previous year's result. Visitor expenditure out of Asia continues to grow strongly, with the region contributing 48 per cent of total expenditure (up from 42 per cent in 2009). China continues to be the main source of growth reaching A\$4.5 billion for the year-ending June, up A\$1.8 billion since 2009.

### The Leisure segment continues to drive growth in arrivals

In the September 2013 quarter, total international arrivals grew six per cent, driven primarily by the strong performance from the Holiday and Visiting Friends & Relatives segments, up six per cent and 10 per cent respectively. For the quarter, Holiday arrivals from China grew 42 per cent, while Singapore was up 12 per cent, Malaysia was up 26 per cent and Indonesia was up eight per cent. For the year-ending September, Holiday visitors from the Western markets also performed well, with Holiday arrivals from the UK up 3.5 per cent, USA up 8.5 per cent, Germany up 6.5 per cent, France up 3.7 per cent, and Italy up seven per cent.

### Business events arrivals softened

Business events (BE) arrivals softened in the year-ending September 2013, declining eight per cent. The top five markets by BE arrivals to Australia remained the same: New Zealand, USA, China, Japan and India. India was the only market in the top five to register growth for the 12 month period to September 2013. However, renewed interest in incentive travel has been reported out of other markets such as the USA. Due to the nature of the sector, this positive sentiment won't have an immediate impact on arrival numbers as there are long lead times for bookings. To give an example, the new International Convention Centre Sydney, due to be opened in late 2016, announced in November that it has secured five events, worth almost A\$34 million, to be held from 2017 to 2019.

### Solid forecast for International visitor arrivals

The latest issue of Tourism Research Australia's bi-annual Tourism Forecasts (October 2013), forecasts international visitor arrivals to grow 5.8 per cent to 6.6 million in 2013-14 and 5.6 per cent to seven million in 2014-15, driven by growth from China, the United Kingdom, New Zealand and the USA. Australia's top five inbound markets (New Zealand, China, UK, USA, and Singapore) are expected to provide 51 per cent of the additional three million arrivals by 2022-23. China is expected to contribute 22 per cent of the additional arrivals over the forecast period. Read the full report [here](#).

### Global consumer confidence remains stable

According to consumer findings from Nielsen, global consumer confidence held steady in quarter three compared to previous quarter, with sentiments brightened notably in the USA and Europe. Find out more [here](#).

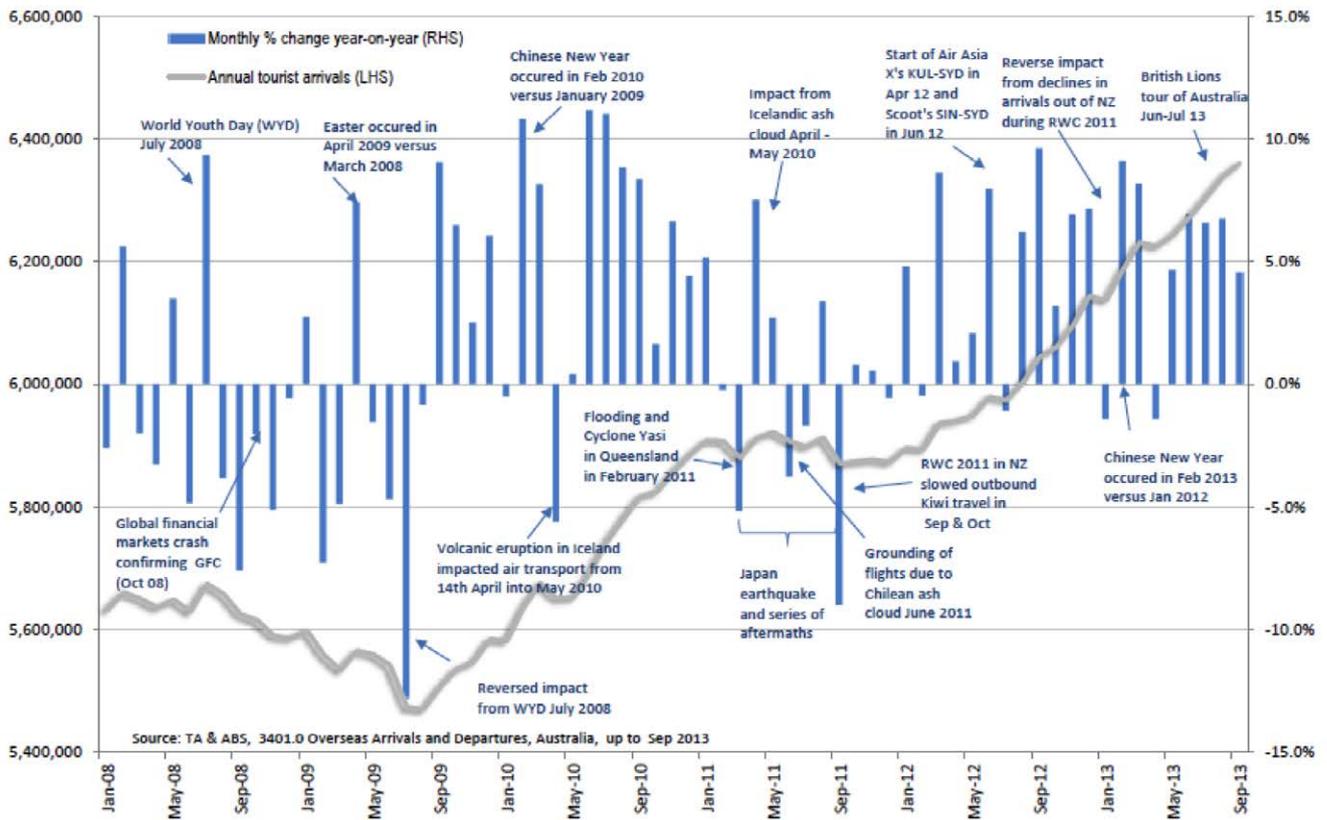
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Tourist arrivals to Australia (rolling annual) and monthly percentage change on previous year



# Aviation Summary

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International aviation capacity growth to Australia strengthened during the September 2013 quarter, up an estimated six per cent following similar growth in June 2013 quarter. The majority of capacity growth came from Singapore, the United Arab Emirates and New Zealand, while growth also strengthened from China, the USA and Malaysia. Overall load factors have remained relatively flat during the quarter.

## Key themes

- Tourism Australia was named the overall winner, and also took out top honours in the 'Best Destination Marketing' category, at the World Routes Marketing Awards held in Las Vegas during October. The awards, which are voted by the airlines, highlight how Tourism Australia's work with airlines, airports and State and Territory Tourism partners are critical to the success of Australian tourism.
- Access to regional Australia continued to improve during the September 2013 quarter, and is expected to continue in the coming months. Both AirAsia X and Malaysia Airlines have recently launched services to Adelaide and Darwin respectively, while Canberra Airport will open its new international terminal in November 2013.
- Average yields on Australian routes reportedly declined slightly during September 2013 quarter, impacted by the strong capacity growth and consequent softening of average load factors, increased competition, higher fuel prices and the weakening Australian dollar (against the USD).

## Global aviation environment

For the first time since the Global Financial Crisis, all regions reported capacity growth (in air seats) as well as increasing load factors. Middle Eastern carriers reported the strongest capacity growth, followed by Asia Pacific carriers, while improvement in economic conditions and consumer confidence has helped support growth by European and American carriers.

## Domestic aviation environment in Australia

Capacity growth in the Australian domestic aviation market slowed during the September 2013 quarter as expected. Growth is expected to soften for the remainder of this financial year to around two per cent, and average loads and yields are expected to fall. From September, the three major domestic airlines in Australia (Qantas/Jetstar, Virgin Australia, and Tigerair) essentially became two, following the approval of Virgin Australia's 60 per cent stake in Tigerair.

## Change in international and domestic seats for year ended September 2013 for selected airports

All major Australian airports reported slowing capacity growth in the last two quarters (April to September). In terms of international growth during the September 2013 quarter, airports reported mixed results with Perth, Melbourne, Adelaide, and Darwin airports reporting strong growth in international capacity, while Brisbane and Cairns airports reporting strong growth in domestic capacity.

% change on same month previous year		Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	YE Sep 13
Sydney	Domestic	13%	8%	6%	7%	0%	3%	5%	5%	5%	1%	-3%	0%	4%
	International	4%	4%	5%	3%	0%	4%	3%	1%	1%	1%	1%	3%	2%
Melbourne	Domestic	17%	16%	12%	10%	3%	5%	5%	4%	4%	1%	-1%	1%	6%
	International	7%	4%	2%	3%	0%	6%	5%	9%	7%	8%	9%	9%	6%
Brisbane	Domestic	15%	10%	5%	9%	4%	6%	8%	8%	8%	9%	4%	5%	7%
	International	-4%	-1%	-1%	-2%	2%	8%	1%	8%	5%	2%	5%	6%	2%
Gold Coast	Domestic	20%	13%	13%	7%	-2%	2%	10%	-1%	6%	0%	-1%	0%	6%
	International	19%	26%	24%	18%	20%	20%	17%	19%	0%	-6%	-9%	-2%	11%
Cairns	Domestic	13%	11%	12%	13%	5%	5%	8%	3%	9%	8%	10%	10%	9%
	International	-6%	2%	-2%	-5%	5%	-4%	-6%	-8%	-6%	-5%	-10%	-5%	-4%
Adelaide	Domestic	11%	11%	11%	12%	2%	7%	9%	9%	7%	3%	0%	5%	7%
	International	19%	36%	23%	20%	42%	48%	38%	23%	20%	15%	10%	16%	25%
Perth	Domestic	25%	14%	14%	12%	3%	6%	11%	9%	5%	5%	1%	5%	9%
	International	14%	13%	15%	13%	12%	17%	9%	9%	15%	17%	17%	13%	14%
Darwin	Domestic	16%	18%	13%	11%	14%	21%	-3%	5%	5%	-1%	0%	0%	8%
	International	-34%	-17%	-26%	-25%	-27%	2%	-31%	-11%	-13%	29%	39%	26%	-9%

# South and South East Asia

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Market	Arrivals (Year End Sept 2013)	% Change (Year End Sept 2013)	% Change (Nine months to Sep 2013)	Spend (A\$000) (Year End June 2013)	% Change (Year End June 2013)
Singapore	368,700	11.1%	10.8%	1,189,200	0%
Malaysia	279,200	12%	8.9%	993,613	-3%
India	169,000	10.7%	8.8%	794,290	12%
Indonesia	148,200	2.8%	2.4%	629,265	-2%

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- **The South East Asia region continued to deliver strong growth in visitation in the year-ending September 2013, fuelled by a dynamic and growing aviation environment across Singapore, Malaysia and India.**
- **Business events performed well in the region, with arrivals from India growing by 25 per cent and Indonesia growing by four per cent in the 12 months to September 2013.**
- **The October 2013 issue of Tourism Research Australia's bi-annual Tourism Forecasts estimates further arrivals growth in 2013-14 from: Singapore (up six per cent), Malaysia (up 11 per cent), India (up nine per cent), and Indonesia (up seven per cent).**

Australia is an increasingly popular destination for Holiday visitors from Singapore, with this segment growing by 17 per cent in the 12 months to September 2013. The number of Singaporeans Visiting Friends and Relatives (VFR) and travelling for Business also rose, while business events arrivals remained steady. In the 12 months to June 2013, growth in spending by Holiday, VFR and Employment visitors from Singapore was offset by declines amongst Education and Business visitors. In Singapore, the Leisure market (Holiday and VFR) is driving the growth in both total visitor nights and dispersal, which have risen by 14 per cent and 16 per cent respectively during the year-ending June 2013. To encourage longer stays and greater spend, Tourism Australia is placing greater emphasis on journeys and self-drive through its brand and partner campaign activity. Tourism Australia, along with State and Territory partners, has developed a self-drive destination hub on [www.australia.com](http://www.australia.com) to assist with self-drive planning and encouraging Singaporeans to stay longer and disperse more widely.

Double digit growth in arrival numbers from India was recorded in the 12 months to September 2013, predominately driven by the Leisure segment. Recent increases in aviation capacity, including Air India's non-stop direct services, have positively influenced this result. Business events was also a strong performer, with arrivals up 25 per cent. Spending by Leisure visitors overtook Education spending for the first time in the year-ended June 2013, and accounted for 32 per cent of total spend from the market. Holiday spending was a strong contributor to this growth, which increased 59 per cent in the 12 month period (to June 2013). Leisure visitors from India were spending more, staying longer and dispersing outside of Australia's gateway cities. The VFR segment has played a big role in this, with dispersed nights doubling and the average duration of stay growing by 17 per cent, from 58 to 67 days.

The Leisure segment has driven growth in arrivals from Malaysia to Australia for the year-ending September 2013. Double-digit growth in Holiday and VFR arrivals, offset a flat Business segment and declining Education segment, with overall arrivals up 12 per cent for the 12 months to September. Business events arrivals declined 22 per cent in the 12 month period, possibly reflecting softening business confidence due to the ongoing effects of the European crisis on Malaysian exports and possible postponement of travel due to the general election earlier this year. While Holiday and VFR spending grew in the 12 months to June, Education spending declined six per cent which impacted overall results (Education spend accounts for 37 per cent of total spend). Anecdotally, forward bookings out of Malaysia are strong for the end of school year holiday period.

Visitation from the Indonesian market grew during the year-ending September 2013, however not at the same pace as other South East Asian markets. While Holiday arrivals remained flat, the growth was driven by the VFR and Business segments. Business events arrivals grew 12 per cent for the September 2013 quarter, and four per cent for the year-ending September. Spending by Indonesian visitors in the 12 months to June 2013 declined two per cent, impacted by declines amongst Holiday and Business visitors. Tourism Australia's brand activity, as well as a campaign with State and Territory partners and Singapore Airlines, is currently active in the market in the lead up to the peak travel season in December. Hotel chain Accor, has formed a strategic partnership with Tourism Australia to lure more Indonesian travellers to Australia over summer.

# South and South East Asia

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## Aviation news

- > During the year-ending June 2013, direct capacity (air seats) from Singapore to Australia increased 21 per cent, whilst direct capacity from Malaysia to Australia increased four per cent, and from Indonesia to Australia it decreased four per cent. (Source: Department of Infrastructure and Regional Development).
- > Air India commenced its triangulated New-Delhi to Sydney and Melbourne services on 29 August 2013, making it the only direct, non-stop service to Australia from India and first 787 Dreamliner to Australia.
- > Singapore Airlines plans to operate a third daily Delhi-Singapore frequency between 27 October and 29 March 2014, using the B777 aircraft.
- > In July 2013 Australia's Air Service Agreement with Malaysia was increased by 9,500 air seats per week, taking total capacity to 33,000 seats per week. As a result, the following announcements were made:
  - » AirAsia X plans to increase capacity to Australia by 40 per cent over the next five months from approximately 26,400 weekly seats to 37,000 in December 2013. This includes increasing its Kuala-Lumpur-Melbourne frequencies from 12 to 14 per week from 4 October 2013, Kuala-Lumpur-Perth services from daily to double daily from 24 November 2013, Kuala-Lumpur-Sydney services from 12 to 14 per week from 24 November, and Kuala-Lumpur-Gold Coast services from five to seven from 26 November. In addition, Air Asia X also launched Kuala-Lumpur-Adelaide services from 31 October 2013, commencing four services per week which will increase to five per week at the end of November.
  - » Malaysia Airlines will increase its Kuala-Lumpur-Sydney services from 14 to 18 flights per week from 21 November, and move to triple daily services in February 2014. It will also increase its Kota Kinabalu to Perth flight from one to two per week effective from September, and will increase its Kuala-Lumpur-Melbourne service from double to triple daily flights from 21 November whilst also reintroducing its Darwin service from 1 November (five times per week).
- > Garuda Indonesia plans to expand operations to Australia during 2014 and is currently evaluating one or two destinations.

## Industry news

- > Fragmentation in the Indian travel industry continues to rise, due to the rapid growth of the number of retail travel agencies caused by a splitting of larger businesses, change in management at large travel agencies, and new independent operations opening up. India has also seen an increase in the number of Inbound Tour Operators servicing the market, up from six to 11 in one year.
- > According to the Visa study "Global Travel Intentions Study 2013", the most used device for Malaysian travellers are smartphones (89 per cent) followed by cameras (76 per cent) and computers (54 per cent). The study showed nine out of 10 people use smartphones to find essential information and 80 per cent to share their holiday experiences with friends and family. Traditional word of mouth reviews from friends, relatives and guidebooks were still used, especially among travellers aged 25 to 34.

# Greater China

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Market	Arrivals (Year End Sept 2013)	% Change (Year End Sept 2013)	% Change (Nine months to Sep 2013)	Spend (A\$000) (Year End June 2013)	% Change (Year End June 2013)
China	720,700	18.8%	20%	4,530,231	20%
Hong Kong	186,400	8%	7.6%	871,203	11%

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- A record-breaking 720,000 Chinese visitors travelled to Australia in the 12 months to September 2013.
- The Leisure segment continues to drive growth from both the China and Hong Kong markets.

In the year-ending September 2013, total arrivals from China to Australia surpassed 700,000 for the first time. This strong growth has been driven by the increasing number of Leisure visitors (travelling for Holiday and Visiting Friends and Relatives purposes) which accounted for 70 per cent of total arrivals, up from 53 per cent in 2003. This Leisure growth consists of Holiday arrivals up 29 per cent and Visiting Friends and Relatives (VFR) arrivals up 17 per cent compared to the year-ending September 2012. Business events arrivals declined by 15 per cent for the 12 month period, however looking forward, enquiries for meetings and incentives travel from this market are strong and a number of groups have been confirmed for 2014. The October 2013 issue of Tourism Research Australia's bi-annual Tourism Forecasts estimates that arrivals from China will grow 14 per cent in 2013-14.

While Education remains the largest spending segment from China, Leisure spending is rapidly growing. For the year-ending June 2013, Leisure visitors spent A\$1.7 billion, up 21 per cent, which accounted for 38 per cent of total spend. Spend by all major visitor segments (Holiday, VFR, Business, and Education) increased across the 12 month period. According to Global Business Travel Association, China is expected to surpass the USA as the largest business travel market in the world by 2016, with growth of 14 per cent in 2013 and 17 per cent in 2014 expected.

The new 'China Tourism Law', came into effect on 1 October 2013 and applies to all tourism operators in China for domestic and international travel sales. It contains a number of provisions designed to protect consumers, including addressing practices such as coercive shopping measures, and low price and low quality tours. To read a full translation of the new Law, visit CNTA's website [here](http://www.australia.cn). Anecdotal feedback from industry to date reports a decline in group tour bookings as a result, while bookings for free independent travel (FIT) are increasing. Tourism Australia is working with the States and Territories and industry to continue to position Australia as an FIT destination with a new campaign currently planned for launch next year. Tourism Australia's new China-based website, [www.australia.cn](http://www.australia.cn), which also targets FIT travellers is resonating well, with consumers spending an average of eight minutes on the site.

The Leisure segment is also driving growth in visitors from Hong Kong, with Leisure arrivals registering double digit growth of 12 per cent in the year-ending September. The October 2013 issue of Tourism Research Australia's bi-annual Tourism Forecasts estimates that arrivals from Hong Kong will grow six per cent in 2013-14. In the 12 months to June, Leisure visitors from Hong Kong were spending more, staying

longer and dispersing outside of Australia's gateway cities (Sydney, Melbourne, Brisbane, and Perth). Australia continues to be a popular working holiday destination for Hong Kong visitors, with the total number visas (subclass 417) granted in the year to October 2013 increasing by 39 per cent compared to the previous year.

## Aviation news

- › In the year-ending June 2013, direct capacity (air seats) from China to Australia increased 11 per cent, while direct capacity from Hong Kong to Australia decreased eight per cent. (Source: Department of Infrastructure and Regional Development).
- › China Southern plans to increase its Guangzhou-Brisbane frequencies from five to seven per week from 21 November 2013.
- › China Southern increased capacity on its Guangzhou-Sydney route, deploying A380 aircraft from October 2013.
- › Sichuan Airlines announced a new twice-weekly Chongqing-Sydney service which will launch on 20 December 2013. Sichuan Airlines has also adjusted its Australian flight schedules so passengers can transfer more easily and on the same day from Chengdu to other Chinese cities on the same day and has introduced booking incentives for passengers travelling from Xi'an, Guiyang and Kunming via Chengdu to Melbourne.
- › AirAsia X launched four weekly Busan-Kuala Lumpur services on 15 July 2013, with potential connections to its Australian services.
- › Cathay Pacific announced plans to increase its capacity to Australia by six per cent, adding four non-stop flights from Hong Kong to Australia per week. The schedule changes mean Cathay Pacific will serve Melbourne three times daily and Brisbane daily, and will make all Adelaide and Cairns flights to and from Hong Kong non-stop services.

## Industry news

- › Tourism Australia made the following appointments:
  - » Tony Everitt has been appointed as Regional General Manager, Greater China. Tony will take up the position on 16 December 2013
  - » Anfernee Sun, has been appointed Business Development Manager, Northern China
  - » Astor Chan, has been appointed as Marketing Communications Manager, Hong Kong, and
  - » Bondie Fung, has been appointed to the role of Business Development Executive, Hong Kong.
- › Current Chief Executive of Cathay Pacific Airways, John Slosar will succeed Christopher Pratt as Chairman of the airline in March 2014. Mr Ivan Chu, currently the airline's Chief Operating Officer, will take up the role of Chief Executive.

# Japan and South Korea

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South Korea	195,400	-0.7%	-1%	1,168,548	-10%
Japan	332,200	-5%	-8.3%	1,472,841	2%

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- **Softening Holiday and Business travel, combined with a flat Visiting Friends and Relatives segment, has contributed to overall declines from the Japan market for the year-ending September 2013.**
- **Tourism Australia recently appointed Scott Walker as Country Manager, South Korea, based in Seoul.**
- **Planning is currently underway by Tourism Australia for marketing initiatives in Japan and South Korea utilising the Asia Marketing Fund in 2013-14.**

The number of Japanese visitors to Australia declined by five per cent in the 12 months to September 2013. This was impacted by a declining Holiday segment (the largest visitor segment of out of Japan), a declining Business segment, and the flat performance of the Visiting Friends and Relatives (VFR) segment. Business events arrivals from Japan declined six per cent. The October 2013 release of Tourism Research Australia's bi-annual Tourism Forecasts estimates that arrivals from Japan will remain steady in 2013-14.

Spend by Education and Business visitors increased in the year-ending June 2013, while Holiday and VFR visitor spend was flat, impacting the overall result. The school group and youth market (of travellers aged 15 to 29 years) is performing well out of Japan, leading to increased spending of 11 per cent and accounting for more than 50 per cent of total spend out of Japan. Japanese Holiday visitors also stayed longer on their trips, with average trip duration increasing from 18 to 22 nights.

Tourism Australia's campaign activity earlier this year, utilising the Asia Marketing Fund, to partner with BS Asahi, States and Territories, trade partners and Japan Airlines, continues to resonate with Japanese consumers. Six wholesalers in the market have now adopted the products featured in the TV series, refreshing their offer to Japanese consumers. Tourism Australia has appointed a new Partnership Marketing Manager to continue the important trade development work in the market (see Industry news). Planning is currently underway for activity in Japan utilising the Asia Marketing Fund in 2013-14, which will continue to leverage the success of last year's campaign.

Total South Korean visitor arrivals to Australia grew 13 per cent for the month of September 2013, compared to the same month last year. A contributing factor could have been the increasing number of South Koreans travelling for Chuseok, an important holiday in the South Korean calendar when families traditionally come together. South Korean VFR visitors to Australia increased by 50 per cent for the month (off a small base), and Holiday visitors increased by 11 per cent. This sharp increase in the number of visitors, slowed the rate of decline across the 12 month period to September 2013. Business events arrivals declined 18 per cent, which could have been impacted by the ongoing political environment and weakened business confidence in the market. Anecdotal feedback suggests that niche travel sellers are performing well out of the South

Korean market. According to Tourism Research Australia's most recent Tourism Forecasts (October 2013), arrivals from South Korea are estimated to grow two per cent in 2013-14.

While expenditure by South Korean Holiday visitors grew by one per cent in the 12 months to June 2013, spending by all other major visitors segments declined impacting the overall result (VFR, Education and Business).

Tourism Australia recently appointed a Country Manager, South Korea (see Industry news) and is increasing its partnership campaign activity with non-Korean airline partners including China Southern. As part of the Asia Marketing Fund in 2013-14, planning is underway for dedicated marketing activity in South Korea most likely to include a broadcast initiative.

## Aviation news

- > Direct capacity (air seats) from Japan to Australia remained unchanged in the year-ending June 2013, however direct, non-stop services to Australia remain constrained during peak season. (Source: Department of Infrastructure and Regional Development)
- > Direct capacity from South Korea to Australia decreased five per cent in the year-ending June 2013. (Source: Department of Infrastructure and Regional Development)
- > There are continued capacity constraints from South Korea during peak season and around public holidays, as South Koreans attempt to maximise their 10 to 15 days of annual leave by combining these with gazetted holidays. Anecdotal feedback from travel sellers based in Australia suggests that this pattern affects aviation capacity to all destinations.

## Industry news

- > Tourism Australia recently appointed Scott Walker as Country Manager, South Korea. Scott is a Korean speaker and commenced the role, which is based in Seoul, on 28 October 2013.
- > Tourism Australia recently appointed Robert Gumley as Partnership Marketing Manager in Japan. Robert is a Japanese speaker and commenced the role, which is based in Tokyo, on 11 November 2013.
- > Major Japanese wholesalers have advised they are planning stronger focus on Australia in 2014 to help replace a decline in demand for China and Korea and due to reduced margins for Hawaii.
- > Australia has moved up to third position in "Most Desired Destination" rankings in the annual JTB research report on Japanese consumers, which asks them to nominate their single most preferred destination. When respondents were allowed to nominate multiple destinations, Australia ranked number two behind Hawaii and ahead of Italy.
- > JAL and ANA continue to face a significant shortage of aircraft due to the delayed delivery of B787s.

# New Zealand

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New Zealand	1,201,950	0.2%	0.1%	\$2,314,547	4%

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- **New Zealand remained Australia's largest inbound market by total visitor arrivals, and business events arrivals, for the year-ending September 2013.**
- **New Zealand visitors are spending more money and staying more nights in Australia, driven by an increase in the Visiting Friends and Relatives (VFR) segment.**

The New Zealand market continues to be a steady performer with 1.2 million Kiwis visiting Australia in the 12 months to September 2013. While Holiday visitors declined two per cent, both Visiting Friends and Relatives (VFR) and Business segments posted growth of three per cent and one per cent respectively. The current issue of Tourism Research Australia's bi-annual Tourism Forecasts (October 2013) estimates that arrivals from New Zealand will grow by five per cent in 2013-14.

Visitors from New Zealand continued to spend more and stay more nights on their trips to Australia in the 12 months to June 2013. Total spend and visitor nights were up four per cent and two per cent respectively, driven by the VFR segment.

Business events (BE) visitors to Australia declined in the face of increased competition and the tightening of incentive budgets. For the year-ending September 2013, BE visitors decreased two per cent, however New Zealand remains Australia's largest inbound market for BE arrivals with more than 43,000 across the 12 months. Tourism Australia is widening its BE target audience in this market to include corporate events end-users, with an educational visit planned in March 2014.

The airing of the *Dishing up Australia with Al Brown* TV series, starring Kiwi chef Al Brown, recently concluded with a total reach of 3.1 million. The 10 episode series featured Queensland, Tasmania, South Australia, Northern Territory, Western Australia, Victoria and New South Wales and aired on Saturday nights throughout June to August. It achieved an equivalent advertising value of NZD \$3.6 million and a second airing of the series has been secured.

The market mood remains positive and the mid-long term outlook suggests Kiwis will continue to travel. The challenge remains to get them to increasingly choose Australia.

## Aviation news

- > In the year-ending June 2013, direct capacity (air seats) from New Zealand to Australia increased eight per cent. (Source: Department of Infrastructure and Regional Development)
- > Jetstar announced non-stop direct flights from Auckland-Adelaide, complementing its existing Sydney, Melbourne and Gold Coast services. This will increase capacity on the Auckland-Adelaide route, which was previously only serviced by Air New Zealand.
- > Emirates increased capacity on its Auckland-Brisbane-Dubai service from 2 October 2013, by changing to a larger Airbus A380 aircraft. The Airbus A380 provides an additional 135 seats per day.
- > Air New Zealand announced non-stop direct flights Christchurch-Perth twice per week for a trial period of December 2013 to April 2014. This will complement its existing Auckland-Perth services.

## Industry news

- > Industry remains stable with no major mergers or acquisitions.

# Americas

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Market	Arrivals (Year End Sept 2013)	% Change (Year End Sept 2013)	% Change (Nine months to Sep 2013)	Spend (A\$000) (Year End June 2013)	% Change (Year End June 2013)
USA	493,100	5.1%	4.2%	2,493,094	9%
Canada	116,600	-2.5%	-4.1%	650,502	1%
Brazil	33,000	8.2%	9.4%	Data not reliable for Brazil (sample size too small)	-

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- **Leisure visitors continue to drive growth in arrivals and spend out of the USA.**
- **Canadian winner of "Best Jobs in the World", Greg Snell, will begin his role as Wildlife Caretaker in December.**
- **The Leisure segment out of Brazil is driving arrivals growth to Australia.**

Americans visiting Australia for Leisure purposes (Holiday and Visiting Friends and Relatives) continued to drive overall growth in arrivals for the year-ending September 2013. Arrivals grew five per cent for the 12 months, with Leisure arrivals up seven per cent. There are no signs of the growth slowing with air ticket sales for Australia up 28 per cent for the 12 months to September, according to Airline Reporting Corporation data (which includes all USA point of sale outlets excluding airline direct website bookings). The October 2013 issue of Tourism Research Australia's bi-annual Tourism Forecasts estimates that arrivals from the USA will grow by five per cent in 2013-14.

In the 12 months to September 2013, business events arrivals from the USA declined 14 per cent. However, anecdotal feedback from industry reports renewed interest for incentive travel out of the USA, further evidenced by the media interest shown at IMEX North America. Tourism Australia partnered with 20 Australian products to showcase the destination to over 2400 qualified meeting and incentive buyers based in the Americas at the event in October. It was the largest contingent of Australian product to attend IMEX and initial anecdotal feedback from the event has been very positive.

Americans have continued to spend more and stay longer on their trips to Australia, with the average length of stay reaching 24 nights. Leisure spend grew strongly in the year-ending June 2013, and accounted for 53 per cent of total spend from the USA. Anecdotally, lead booking times in the USA are reportedly lengthening and there are positive signs that the luxury segment is also growing. Eighty per cent of agents surveyed by the Travel Leaders group said they have seen increased bookings of luxury tours, hotels and cruises in 2013.

Statistics released by the Canadian Tourism Commission show total outbound travel from Canada fell two percent in the year to July 2013, which is consistent with Canadian visitor arrivals to Australia. Total arrivals to Australia declined four per cent in the first nine months of this year, and three per cent in the 12 months to September 2013. Arrivals data was impacted by declines from all major segments: Holiday, Visiting Friends and Relatives (VFR), Education and Business. According to Tourism Research Australia's recent Tourism Forecasts (October 2013), arrivals from Canada are estimated to grow by

two per cent in 2013-14. For the year-ending June 2013, spend from Canadian visitors grew one per cent overall, with growth in spend by the VFR and Business segments, offsetting declines in Holiday and Education visitors. In December, Canadian 'Best jobs in the World' winner, Greg Snell, will start his role as Wildlife Caretaker (SA) on Kangaroo Island. Content produced by Greg is expected to resonate well with the youth market in Canada and beyond.

Australia continued to be an attractive destination for the Leisure market from Brazil, accounting for 58 per cent of total arrivals in the 12 months to September. Holiday and VFR visitors grew by 15 per cent in that period, driving overall growth in arrivals from Brazil.

## Aviation

- > In the year-ending June, direct capacity (air seats) from the USA to Australia increased 11 per cent while direct capacity from Canada remained unchanged. (Source: Department of Infrastructure and Regional Development)
- > Qantas will increase capacity on its LA-Sydney route during January 2014 for the school holiday period (changing aircraft from 747s to A380s).
- > Qantas plans to increase its Santiago-Sydney frequencies from three to four per week between 20 December 2013 and 10 January 2014.
- > Aerolineas Argentinas plans to suspend its three weekly Buenos Aires-Sydney services from 2 April 2014.

## Industry News

- > Signature Travel Network has announced the appointment of Alex Sharpe as President and CEO.
- > American Express is closing 20 of its company owned storefront locations in the USA, stating that phone and email have become the predominant way customers interact with counsellors. Amex operates call centres via a network of work-at-home advisors and a Travel Representative Network (franchisees).
- > After 28 years at Air Canada, Claude Morin retired on 1 August. Zeina Gedeon has added the role of Global Sales Manager, Canada, to her existing duties.

# UK and Europe

Tourism Australia's Quarterly Market Update provides an update to industry on the current state of international tourism for Australia. This report covers International Visitor Survey data to June 2013, and Australian Bureau of Statistics data to September 2013.

November 2013



Market	Arrivals (Year End Sept 2013)	% Change (Year End Sept 2013)	% Change (Nine months to Sep 2013)	Spend (A\$000) (Year End June 2013)	% Change (Year End June 2013)
UK	611,100	3.3%	4.5%	3,014,788	7%
Germany	159,300	4.9%	4.3%	880,966	0%
France	102,100	6.5%	6.7%	593,525	8%
Italy	64,800	10%	9.2%	406,463	12%

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- **Major events are proving to be a drawcard for UK visitors – with strong increases in arrivals around the British and Irish Lions rugby tour in June and July, and reportedly strong forward bookings out of the market around the Ashes Cricket Series later this year.**
- **The Leisure segment has driven growth in arrivals out of Germany.**
- **Tourism Australia's first activity under its recently signed memorandum of understanding with STA Travel is currently active in France and the UK, targeting a strong performing youth segment.**

The propensity of the UK market to travel for major events was demonstrated during the British and Irish Lions rugby tour of Australia in June and July. Overall arrivals from the UK increased 65 per cent (close to 16,000 more visitors) in June compared June 2012, which also included a 143 per cent increase in Holiday visitors. For the year-ending September 2013, visitor numbers were up three per cent, driven by the Leisure segment. Anecdotally, travel sellers are reporting strong forward bookings, which could be attributed to the upcoming Ashes Cricket series (December 2013 to January 2014) and improving consumer confidence. The Business events sector is not experiencing the same growth, with arrivals numbers declining by 11 per cent during the year-ending September 2013. This aligns with CIT Magazine's yearly 'State of the Industry' Report (July 2013), which noted budget constraints being one of the biggest challenges for the UK events industry in 2013. However, according to the EIBTM 2013 Trends Watch Report, incentive travel is on the rise and expected to further increase in 2014. It also noted an optimistic outlook for the meetings and events industry overall. For Australia, a global ICT conference has been secured in April 2014 as well as an incentive group from the automobile industry. The October 2013 issue of Tourism Research Australia's bi-annual Tourism Forecasts estimates that total arrivals from the UK will grow by six per cent in 2013-14.

Spending by UK visitors increased by seven per cent in the 12 months to June 2013, with Leisure spend up 10 per cent. This segment also stayed longer and dispersed outside the gateway cities (Sydney, Melbourne, Brisbane and Perth) during their time in Australia. The UK remained the number one market for Working Holiday Visa grants in 2012-13 (subclass 417), with more than 46,000 visas granted, an increase of 11 per cent on last year.

The Leisure segment has driven growth in visitor numbers from Germany for the year-ended September 2013. Holiday visitors increased six per cent, while the Visiting Friends and Relatives (VFR) segment also grew three per cent during the 12 months. The German

economy continues to perform well, with business confidence rising to a 16 month high in August 2013, while in September, Germany's private sector grew at its fastest rate since January. According to the latest Tourism Research Australia Tourism Forecasts (October 2013), arrivals from Germany are estimated to grow by four per cent in 2013-14. Total spend by German visitors grew 11 per cent during the June 2013 quarter, the first time the market registered double-digit growth for a quarter in that financial year. This was enough to halt the recent declines in spend from the German market (now holding steady), which according to anecdotal reports, may have been aided by the strengthening of the Euro against the Australian Dollar. The youth segment continues to drive growth in both arrivals and spend out of Germany. Notably, for the year-ending June 2013, Germany was the fourth largest market in terms of the number of Working Holiday Visas granted to Australia (subclass 417). Anecdotal reports also suggest that the luxury segment is also growing out of Germany.

Arrivals from France to Australia continued to grow for the year-ending September 2013, up seven per cent. The Holiday segment is largest visitor segment out of France, and half of those visitors are below 30 years of age. Arrivals growth from France is expected to continue, according to Tourism Research Australia's bi-annual Tourism Forecasts published in October, which estimates that arrivals will grow four per cent in 2013-14. For the year-ending June 2013, spend by French visitors also increased by eight per cent. Tourism Australia is targeting the growing youth segment through a campaign partnering with Quiksilver, four States and Territories, Mighty Campervans, STA Travel and Malaysia Airlines. The campaign includes digital channels such as Facebook, as well as tactical deals, and testimonials. This activity is first international activity Tourism Australia has undertaken with STA Travel, under the recently signed memorandum of understanding (MoU), and follows on from the successful partnering for the 'Best Jobs in the World' campaign.

Against the backdrop of one of the country's longest economic recession, arrivals from Italy to Australia registered double digit growth for the year-ending September 2013. Growth was recorded across all major visitor segments, and almost half of Italian arrivals were visiting Australia for Holiday purposes. For the year-ending June 2013, expenditure by Italian visitors rose 12 per cent, driven by the Leisure segment (Holiday and VFR). Italians were also staying longer and dispersing outside of Australia's gateway cities. Both arrivals and spend growth from this market continue to be driven by the youth and working holiday maker segment.

# UK and Europe

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## Aviation news

- > Malaysia Airlines announced its new service to Darwin, commencing five times per week in November 2013.
- > Eithad Airways announced plans to increase capacity on its Sydney and Melbourne services.
- > Cathay Pacific launched its fifth daily London Heathrow-Hong Kong service from 27 October 2013. Cathay Pacific also announced plans to increase its capacity to Australia by six per cent, adding four non-stop flights from Hong Kong to Australia per week. The schedule changes mean Cathay Pacific will serve Melbourne three times daily and Brisbane daily, and will make all Adelaide and Cairns flights to and from Hong Kong non-stop services.
- > As of 1 August 2013, Virgin Australia and airberlin launched a codeshare agreement covering operations between Australia and Germany via Abu Dhabi and Phuket, while airberlin has placed its code on Virgin Australia domestic services. Furthermore, both airlines linked the two frequent flyer programs: topbonus and Velocity.
- > Qatar Airways plans to increase capacity and will replace A320 with A330-200 equipment on daily Doha-Berlin Tegel service, effective 1 December 2013.
- > China Eastern increased its Rome-Shanghai frequencies to daily services from 3 June 2013 using the A330-200 aircraft, improving connections onto Australia.
- > Air India said the B787 aircraft has had a positive impact on routes, with London, Frankfurt and Paris all now starting to make money for the carrier.

## Industry news

- > Tourism Australia appointed Denise von Wald as Regional General Manager UK/Northern Europe. Denise commenced her role, based in London, on 2 September 2013.
- > South Australian Tourism Commission announced the appointment of AVIAREPS as its new representative agency in Central Europe, encompassing Germany, Switzerland and Austria.
- > Lufthansa CEO and chairman of the executive board Christoph Franz, announced that he will not renew his contract when it expires on 31 May 2014.
- > Reinhold Theil will replace Christoph Heberer as the tour operator contact at Singapore Airlines Germany. Mr Heberer is now Market Development/Marketing Manager, replacing Dr. Norbert Hofmann who retired earlier this year.
- > Tony Sham is new Country Manager Germany & Eastern Europe for Cathay Pacific, following David Ryan.
- > The REWE group has now consolidated their six tour operator brands (Dertour, Meier's Weltreisen, ADAC, Jahn Touristik; ITS and Tjaereborg) under the umbrella brand of DER TOURISTIK. All six brands will remain in the market.
- > Two thirds of Germans aged 14 and older, interviewed in a recent survey by market research firm Ipsos, use family, friends and colleagues as a top source of information for their holiday planning. The importance of social media is increasing in terms of travel information. Every third German (31 percent) uses travel forums, communities and blogs. One in 10 use social networks like Facebook and Twitter.