

Hong Kong

Market Summary

This stronger Australian Dollar (AUD) had a large impact on leisure arrivals in January and February (down 13 per cent) particularly over Chinese New Year. The AUD was 30 per cent stronger against the Hong Kong Dollar compared to Chinese New Year in 2009.

In January and February, business and education arrivals were both up 20 per cent and now account for 39 per cent of total arrivals from Hong Kong.

Consumer confidence and the economic environment continue to improve in Hong Kong. According to the Travel Industry Council of Hong Kong, the levy income record for agents was up 46 per cent in the first two months of 2010, reflecting the strong outbound demand in Hong Kong.

Arrivals in March were up 16 per cent year on year; however the strong AUD may impact on growth in the coming quarter, which is traditionally a slower period due to Australia's autumn/winter climate.

Market News

- Assuming no major relapse in the global economy, the Hong Kong economy is forecast to revert to positive annual growth of 4 to 5 per cent in 2010 based on the strong Chinese economy, prosperous property market and the rebounding financial sector. However the outlook is more uncertain for the second half of 2010, after the fiscal stimulus packages in major advanced economies are phased out. Source: Government of the Hong Kong Special Administrative Region, 24 February 2010.
- During the first two months of 2010, outbound travel by Hong Kong residents increased by 15.3 per cent. Traffic to and from South East Asia, Chinese mainland, Taiwan and Japan all showed healthy growth. Source: Hong Kong Airport Authority, 14 March 2010.
- Media coverage of the 2010 Shanghai World Expo is widespread in Hong Kong. Shanghai Expo packages are incredibly popular and have been promoted widely in the media.
- In April, the Hong Kong SAR Government issued a severe travel alert for outbound travel to Thailand. The Travel Industry Council of Hong Kong (TIC) advised agents to postpone or cancel package tours departing for Bangkok and media are reporting that many short-haul tourists are now travelling to Taipei or Seoul instead of Bangkok.

- During Chinese New Year, the AUD was 30 per cent stronger against the HKD than Chinese New Year in 2009, making Australian packages less price-competitive and an obstacle for continued arrivals growth to Australia. The appreciation of the AUD against the HKD continued in second quarter 2010, from HKD 6.5 (January) to HKD 7.2 (April).
- In the first quarter 2010, incentive groups from the insurance sector confirmed trips to Australia, including the AIA Group in March 2010 and Mass Mutual in September 2010.

Consumer Insights

- During the first quarter 2010, the consumer confidence index was at 88.1, slightly lower than the previous quarter:
 - Confidence in the employment market rose to a record high of 99.1, the fourth consecutive quarter of growth;
 - Confidence in consumer goods prices and housing purchases dropped to record lows of 66.8 and 58.1 respectively.
 Source: City University Hong Kong, 12 April 2010
- Large corporations are now using their employees to strengthen their brand. For example, Cathay Pacific launched an online campaign called 'Meet the Team' to enhance the 'human aspect' of its corporate identity and create a social platform to communicate directly with their consumers. The campaign introduces some members of their crew and provides a platform for networking with consumers.

Trade Update

- In addition to the big four group retail agencies (Wing On, Hong Thai, Miramar Travel and EGL Tours) other retail agencies are also increasing their marketing focus on Australia (e.g. Kuno Travel, Sunflower and Morning Star). For example, Kuno Travel launched their 'Small Group Concept' packages for groups of two to ten people. The six to seven day packages feature South Australia, Tasmania and Melbourne and start from HKD15,798.
- Easter packages range from HKD5,299 for a five day Royal Easter Show package using Virgin Atlantic up to HKD12,599 for a seven day traditional group package (Sydney, Gold Coast and Cairns) using Qantas Airways.
- Other promotions included:
 - Cathay Pacific, Tourism Australia a consortium of 12 agents joined forces for the short break FIT campaign. The six and seven day self-drive packages were priced from HKD 5,790
 - Tourism Tropical North Queensland, Tourism Queensland and Qantas partnered with key travel trade to promote seven to nine days Cairns and Gold Coast packages from HKD12,849
 - Tourism Victoria and Tourism Queensland partnered with key FIT travel trade to promote a four night twin city semi-package including a wine tourism experience from HKD7,899
 - Tourism Victoria partnered with Hong Thai to promote 'The World's Longest Lunch' in March from HKD13,849
 - Tourism Tasmania, South Australia Tourism Commission partnered with Qantas Holidays to promote a four day, three night package from HKD6,090.

- The travel trade in Hong Kong bore the brunt of last year's economic downturn with 90 travel agents going bust. According to the Travel Industry Council (TIC), the number of terminations rose by 27 per cent, compared to 71 cases in 2008. TIC membership committee convenor Warren Tong said 2009's record-high terminations were even worse than those during the SARS outbreak. Most of the agents were small and medium-sized operators handling the ticketing business and struggled due to rising operational costs such as rental fees and diminishing commissions from airlines. Source: TTG Travel Hub, 26 February 2010.
- To capture a greater share of the booming Greater China travel market, mainland China's Ctrip purchased a 90 per cent stake in one of the high volume group retail agents, Wing On Travel. The new CEO for Wing On Travel will be announced at a later date. Wing On has 20 branches in Hong Kong. Source: TTG Travel Asia, 4 February 2010.

Airline News

- Chinese New Year capacity increased in 2010, due to the supplementary services. The following services were jointly promoted by Tourism Australia and four key retail agents and operated at 93 per cent load factors:
 - six flights to Cairns;
 - three flights to Brisbane; and
 - one Brisbane to Hong Kong service
- Viva Macau's operating license was revoked on 26 March. The airline has US\$23 million in outstanding government loans and has not been settling its fuel payment. Macau Government Tourism assisted affected Macau residents and tourists stranded by Viva's grounding and a Tourism Crisis Management Office was in active role to handle the case.
- Hong Kong agents lost the battle to keep Air France and Royal Dutch Airlines from introducing zero-commission ticketing. According to the Travel Industry Council's ticketing Committee Convenor, "we are worried that other carriers will follow suit but hopefully our collective reaction makes them think twice before implementation." Source: TTG Travel Asia, 9 March 2010
- Qantas announced new operating schedules on two of their Australia-Hong Kong routes to allow a wider range of connections from Hong Kong to London and North East Asia, including Beijing and Shanghai:
 - Brisbane to Hong Kong: formerly 11:15am departure, now 11:05pm departure for 6:05am arrival (local time) the following day.
 - Perth to Hong Kong: formerly 9:20am departure, now 10:15pm departure for 6:05am arrival (local time) the following day.
- Cathay Pacific is offering 15kg additional checked-in baggage allowance for return tickets for both students and parents with Overseas Study Fares.
- Qantas and Singapore Airlines are having a ticket-only promotion to stimulate post Chinese New Year traffic:
 - Qantas gateway fares at HKD5,410 (except Perth HKD4,790);
 - Singapore Airlines gateways fares at HKD5,890 (except Perth HKD5,515).
- AirAsia promoted their Premium 'Flat Bed' Seat from Kuala Lumpur to Melbourne and offered special fares for the Kuala Lumpur services to Perth, Gold Coast and Melbourne (HKD969).

Competitor News

- Travel to Thailand has been greatly impacted by the outbound travel alert for Hong Kong residents. Singapore is likely to benefit from this due to the high level of new product development. The opening of Singapore Universal Studios and casino become popular attractions for both leisure and Business Events market. During the Easter holiday period, flights to Singapore were operating at capacity.
- Macau Business Tourism Centre (MBTC) organized its first 'Macau Incentive Product Assessment Forum' in January. Seventeen international agents participated in the two-day program.

MARKET UPDATE

JANUARY - MARCH 2010

January to March campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
Feb 21	March 1	Coral Coast Region Product Familiarisation.	Travel Trade in HK and Guangdong province	Tourism Western Australia, Australia Coral Coast Region and Qantas Airways.
Feb 22	March 31	TA / CX Short Break Promotion.	FIT and experience seekers	Cathay Pacific Airlines and its' 12 consortium partner
March 15	March 18	TABEE – 3 corporate and 3 travel agents to attend.	Corporate Travel trade	
March	June	Sunflower Travel Australia promotion at all their branch offices with Australia focus, develop appealing collaterals to raise destination awareness and promote semi-FIT product.	First Time Experience Seekers (FTES)	Sunflower Travel & Qantas Airways Ltd
March	March	Singapore Airlines (SQ) Campaign – Ticket Only promotion.	FIT	Singapore Airlines

April to June campaigns and activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
Apr 7	May 30	TA/QF Brand Coop in MTR and print alignment advertising.	FTES	Qantas Airways and its committed partners.
April	May	Singapore Airlines (SQ) Campaign – SIA Holiday promotion.	FTES	Singapore Airlines
April	June	“Great Aussie Holiday with Aussie Specialist Consumer Promotion.	FTES	Hong Thai, EGL, Wing On, Miramar Travel
May 28	May 30	ATE 2010 – 13 buyers registered.		
June	June	TA / Hertz Self-drive agent training seminar.	Hertz sub agents	STO partners