

China

Market Summary

The Chinese outbound market was up 1.1 per cent relative to the same period last year. Visitor arrivals to Australia from January – May 2010 were up 10 per cent due to strong tactical marketing activities in key primary and secondary markets coupled with stable economic growth. According to the latest Visa PATA Travel Intention Survey, more than half of the travellers surveyed from mainland China were intending to travel to Australia over the next two years. The results reflect that Australia is a top of mind destination for Chinese travellers.

Tourism Australia signed a strategic partnership agreement with China Southern Airlines to support expansion of their Australian routes from 10 flights per week to 24 flights a week, connecting over 80 cities beyond Guangzhou.

Tourism Queensland was awarded the Best Destination Marketing Award during the Sixth International Outbound Tourism Forum in Beijing in June 2010.

1. Market News

- The Chinese economy is still showing growth, albeit at a slower pace than 2009. Gross Domestic Product (GDP) was up 11.1 percent and Consumer Price Index (CPI) rose by 2.6 percent in the first half 2010 compared to the same period in the previous year. *Source: Xin Hua News, 20 July 2010*
- China's CPI is expected to remain at around 3 percent for the rest of the year due to various measures introduced by the government to strengthen price controls and management. *Source: People's Daily, 16 July 2010*
- The Chinese outbound travel market reached 26.8million in the first half 2010, up 1.1 percent year on year. The top destinations were Hong Kong, Macau, Japan, Korea, Taiwan (arrivals up 101 percent), Vietnam, America, Singapore, Thailand and Malaysia. *Source: Ministry of Public Security of the People's Republic of China, 8 July 2010*
- CNTA expects that the Chinese outbound market will reach 52 million in 2010, up 7 percent on 2009 due to strong economic growth, improved consumer sentiment and appreciation of the RMB. *Source: Xinhua News, 16 July 2010*

- Total outbound from Shanghai was up 16.31 percent in 2009; outperforming the national average growth rate of 3.95 percent. Australia was fifth most popular destination outside of Greater China; behind Japan, Thailand, Indonesia and Korea. *Source: Xin Min Evening News, 28 May 2010*
- Tourism Queensland was awarded the Best Destination Marketing Award during the Sixth International Outbound Tourism Forum in Beijing in June 2010. The event was hosted by CNTA, World Tourism Organization, Pacific Asia Tourism Association (PATA) and Beijing Tourism Administration.

2. Consumer Insights

- According to the latest Visa PATA Travel Intention Survey:
 - The top attractions for Chinese travellers are natural scenery (84 per cent); sunshine and beaches (79 per cent) and history heritage (73 per cent).
 - 62 per cent of Chinese respondents said that good customer service attracts them to a destination and 63 per cent said that they are more likely to pay for convenient and hassle-free service;
 - Chinese are more likely to pay extra for types of premium/specialist tours such as cultural immersion programs (67 per cent) and personal guided tours (64 per cent) than any other country or territory surveyed
 - 90 per cent of the total Chinese outbound market takes part in tour group travel;
 - 71 per cent of the Chinese respondents said that their travel plans were impacted by economic uncertainties of which 58 per cent switched to less expensive destinations/itineraries.

Source: Visa and PATA Asia Pacific Travel Intentions Survey: Determining Travel Preferences for 2009 and Beyond,

- There are now 420 million internet users in China, with 277 million accessing the Internet via cell phones. Internet users who access the Internet via cell phones increased 43.34 million from the end of 2009 to 277 million. The most frequently used applications for mobile internet are instant messaging (61 per cent), search (48 per cent) and music (45 per cent). *Source: China Daily, 16 July 2010*
- The average time Chinese Internet users spend online continued to grow to 19.8 hours per week. Those over the age of 30 now account for 41 per cent of all users in China, up from 38.6 percent at the end of 2009.
- According to iResearch, there are now over 100 million online shoppers in China. The report also says in 2009, the value of e-commerce in China reached RMB 3.6 trillion. *Source: China Daily, 25 June 2010*

For the latest in visitor arrivals, please visit 'Research & Statistics' at www.tourism.australia.com

3. Trade Update

- The recently announced additional capacity from China Southern Airlines and the introduction of Guangzhou as a hub was welcomed by trade in secondary markets, particularly in North East and Western regions of China. The hub strategy will increase convenience and flexibility for passengers travelling to Australia with China Southern Airlines. China Southern Airlines connects Guangzhou with over 80 cities in China.
- Three additional agents in North East China became qualified ADS agents in June 2010 enabling these agents to handle ADS business for their region, instead of relying Beijing gateway wholesalers to do so.
- New six day Western Australia packages were promoted in Beijing and Shanghai (RMB 11,900 - 13,500).
- Twelve day Australia - New Zealand packages were still popular in Beijing (RMB 14,000 - 16,000).
- Eight day Cairns East Coast packages remained the most popular product in Southern China (RMB 14,000 to 16,000). Other 10 - 12 day packages combining New Zealand were also popular.
- The 'See the Pavilion Feel the Country' mega promotion targeting both Group and FIT travellers was launched in late April 2010 and generated extensive exposure for Australia. The integrated promotion included major partnerships with Premier Aussie Specialist Program agents and Qantas who provided strong tactical offers; key media organisations and ANZ bank. Tourism Australia will launch a series of consumer campaigns from August, including the new brand campaign 'There's Nothing Like Australia' and a cooperative brand campaign with China Southern Airlines.

4. Airline News

- Tourism Australia signed a strategic partnership agreement with China Southern Airlines at ATE 2010 to support expansion of their Australian routes from 10 flights per week to 24 flights a week, connecting over 80 cities beyond Guangzhou.
 - Guangzhou to Sydney from daily to double daily from October 2010
 - Guangzhou to Melbourne from three weekly to daily from October 2010
 - Four new weekly services from Guangzhou to Brisbane from November 2010
- China Southern signed a strategic partnership agreement with China Airlines in July 2010, covering expansion of their code share network, ground handling and also cabin crew exchange program between the two airlines.
- China Eastern Airlines announced plans to add an additional weekly frequency on their Shanghai – Sydney and Shanghai – Melbourne routes, using A330-300 aircraft (287 seats) from 9 August 2010. *Source: Carnoc.com and Centre for Asia Pacific Aviation, 26 May 2010.*

- From April 2010, After Air France, KLM and Air China lowered their agency commission level on international flights. Lufthansa, Swiss Air, All Nippon Airways, and China Southern will follow suit with significant commission cuts from July and August 2010. This is causing concern for ticketing consolidators, particularly if the policy is also extended to domestic flights (as this is their key profit source). It is estimated that around 90 per cent of air tickets are sold through travel agents in China. Only 10 percent of air tickets are sold from airlines directly.

5. Competitor News

- The inaugural ADS group to Canada is scheduled in August 2010, following the signing of the ADS bilateral agreement. An 8-day Canadian tour is priced at around RMB 20,000, the most expensive among long haul destinations at this period. Trade feedback suggests that Canada packages are less attractive than dual destination packages combining with United States.
- Sales of group packages to European countries received a boost in May, due to depreciation of Euro against the RMB. Forward bookings through until October are very positive. France, Italy and Switzerland are the most popular destinations, priced from RMB 15,000 - 20,000 for 8 - 12 days.
- Singapore Tourism Board and Air China launched a print and online campaign to promote their FIT packages in June. Packages start at RMB 2,470 including return airfares from Chengdu to Singapore, 3 nights accommodation and return transfers.
- Tourism New Zealand launched a new marketing campaign '*Experience New Zealand, Right Now*' in April 2010. The campaign uses social media and celebrity to boost New Zealand's profile in China as well as advertising on digital interactive television, office building screens and online with links to their agent partners' websites to purchase travel.
- The Republic of Colombia received Approved Destination Status in July, to become the ninth South American ADS destination.

6. Key Campaigns and Activities in Market

China Campaigns and Activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
December 2009	30 June 2010	<i>"Premier Aussie Specialist Takes You to Australia"</i> — write-ups in China International Travel Service (CITS) Advertising magazine	First time experience seekers (FTES), repeat visitors	Nil
January 2010	April 2010	Search Engine Marketing (SEM)	FTES, repeat visitors	Nil
25 January 2010	Mid June 2010	International Media Hosting Program (IMHP): feature stories of Tasmania and New South Wales through TV, online and print nationally	FTES, repeat visitors	World Traveler Media Group, Tourism Tasmania (TTas) and Tourism New South Wales (TNSW)
February, 2010	May 2010	<i>"Exploring Booming Cities in Australia - Darwin and Perth"</i> – 34-page cover story	FTES, repeat visitors	Business Travel, Qantas, Tourism Western Australia (TWA) and Tourism Northern Territory (TNT)
February 2010	June 2010	<i>'Welcome Back'</i> campaign in partnership with China Premier Aussie Specialists Program (PAS) agents	FTES, repeat visitors	Shanghai Railway CYTS Headquarter
March, 2010	May 2010	<i>'Better City Better Life'</i> Media Visit to Melbourne and Brisbane – TV Travel	FTES, repeat visitors	TCTV, Tourism Victoria (TVIC) and Tourism Queensland (TQ)
April 2010	May 2010	<i>Visit the Panda's New Home in Adelaide:</i> TA / South Australia Online Promotion	FTES	South Australian Tourism Commission (SATC)
14 April, 2010	May 2010	TA / Singapore Airlines (SQ) / TWA Brand Coop Campaign: Print in primary markets and online	FTES, repeat visitors	SQ and TWA
16 April, 2010	26 April, 2010	<i>Travel on the Ghan</i> media visit	FTES, repeat visitors	National Geographic Traveler, TNT
24 April, 2010	3 May 2010	<i>Taste of Australia</i> media visit to Victoria and Queensland	FTES in Secondary Markets	
25 April 2010	5 May 2010	China Southern Airlines Golf Tournament	Experience seekers	China Southern Airlines, TVIC and TQ
26 April, 2010	30 June, 2010	<i>"See the Pavilion, Feel the Country"</i> integrated campaign – National China	FTES, repeat visitors	Tencent (QQ.com), Qantas and ANZ Bank, Beijing Media Corp Ltd, Moisson Comms Ltd, Shanghai Guangzhou Actual Media
26 April, 2010	30 Jun, 2010	<i>"See the Pavilion, Feel the Country"</i> Trade Promotion – Beijing, Shanghai, Guangdong, Jiangsu, Zhejiang, Sichuan, Shandong and Hunan	FTES, repeat visitors	47 PASP and ASP travel agents in 8 prioritized markets

End April 2010	June 2010	<i>Welcome Back</i> campaign – Guangdong PAS	FTES and repeat visitors in Guangdong	GZL, GD CTS, Shenzhen CITS, Shenzhen BCTS,
2 May, 2010	2 May 2010	<i>See the Pavilion Feel the Country</i> Promotion Launch – Shanghai Expo Australian Pavilion	Media in China, Industry Partners, Australian Government Representatives	
Mid May, 2010	Mid June, 2010	<i>China Brand Campaign</i> – Primary and Secondary Markets	FTES in Primary and Secondary Cities	Nil
10 Jun 2010	13 Jun 2010	Jerry Yan <i>Find Your True Self</i> Media Launch and Photo Exhibition in Beijing	Beijing Media and FTES	
17 June 2010	18 June 2010	BE at Expo and Corporate Seminar	Corporate from North Asia Region: China, Hong Kong, Taiwan, and Korea	BES, MCVB, Gold Coast Convention Bureau, NT Convention Bureau, Business Events Cairns & Great Barrier Reef
29 June 2010	30 June 2010	BE Corporate Seminar	Corporate end user from Shanghai	CYTS MICE

Upcoming China Campaigns and Activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
Jul 2010	October 2010	<i>Greater China Travel Mission 2010</i> : Seller and buyer recruitment	Product, STOs, ITOs China, Hong Kong and Taiwan agents	
2 August 2010	11 August 2010	<i>There's Nothing Like Australia</i> : Brand Launch and Media and trade briefings	Media, PAS and ASP Agents, Airlines	
9 August 2010	20 September 2010	<i>There's Nothing Like Australia</i> : National Brand campaign. Focus on Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing and Hangzhou	Youth (Self challengers)	
Mid- Aug 2010	Nov 2010	<i>China Southern Airlines Brand Coop</i> – with a focus on print media	Youth (Self challengers)	China Southern Airlines, TNSW, TVIC
September 2010	September 2010	PAS Famil First Phase	PAS Agencies	STOs
September 15	18 September	China Australia SME Fair	Guangdong Youth (Self challengers)	Austrade, SATC, TNSW, TNT, TTas, TVIC
September 25	September 28	Guangdong International Tourism Exhibition 2010	Guangdong Youth (Self challengers)	GZL