

China

Market Summary

Strong economic growth in China has boosted consumer confidence – a positive start to the new ‘Year of the Tiger’.

Chinese visitor arrivals to Australia increased by 3 per cent in 2009. This was only slightly lower than the total Chinese outbound travel for 2009, which increased by 3.6 per cent, evidence that Australia is a popular destination for Chinese visitors. China has now overtaken Japan as Australia’s largest source of visitor arrivals in the Eastern Hemisphere.

The stronger Australia dollar and higher tour prices however, has weakened Australia’s competitive edge in the lead-up to the Chinese New Year holiday in February.

1. Market News

- In 2009, China’s GDP achieved growth of 8.7 per cent, surpassing Japan as the world’s second largest economy. Consumer confidence in China is strong, particularly with the 9.6 per cent forecasted GDP growth for 2010.
Source: www.china.com.cn, 21 January 2010 and Consensus Economy, November 2009
- The China National Tourism Administration (CNTA) reported China’s outbound tourism market reached 43.4 million from January to November 2009. CNTA expects total outbound for 2009 to reach 47.5 million, a 3.6 per cent year on year increase. *Source: China Tourism News, 6 January 2010*
- According to the China Tourism Academy, the number of Chinese visitors travelling abroad and domestically during the Chinese New Year golden week in February 2010 would increase by 17 per cent year on year to reach 127 million. More than 30 per cent of travellers will travel with children.
Source: Travel Weekly China, 12 January 2010
- According to a Royal Bank of Scotland analyst, 2010 is expected to be a better year for the domestic tourism market within China. The Shanghai World Expo is expected to draw at least 70 million visitors, the majority of which will be Chinese.

- At 25 January 2010, the AUD had appreciated by 37.6 per cent against the Chinese Yuan compared to the same date last year. (AUD 1: RMB 6.179).
Source: www.x-rates.com, 25 January 2010

2. Consumer Insights

- According to a recent study, the number of internet users in China has reached 384 million, with the internet popularisation rate now at 28.9 per cent.
Key findings are as follows:
 - Broadband users: 346 million
 - Mobile internet users: 233 million (60.8 per cent of total users)
 - Top three internet applications: music, news and search engines
 - Fast growing online applications: travel bookings (up 78 per cent), online banking (up 62 per cent) and shopping (up 46 per cent)
 - Search engine users: 280 million (up 38.6 per cent)
 - Bloggers: 221 million
 - Social networking site users: 176 million
 - Online shoppers: 108 million (up 45.9 per cent)

Source: 25th Statistical Report on Internet Development in China by China Internet Network Information Centre, 15 January 2010

- Online travel bookings in China have increased dramatically. Air tickets, accommodation and domestic tour packages are the key to this growth particularly to familiar destinations such as Hong Kong and Macau. In 2010, online bookings are expected to grow much faster due to Shanghai World Expo travel.
- Holiday visitors to Australia search online for information and use social networking sites and blogs to assist with planning their itinerary, making the online environment an ideal platform for influencing travel decisions. However, long-haul travellers tend to also use the traditional distribution system for reassurance, further destination information and, in the case of destinations like Australia, to lodge individual visa applications.
- According to the China Tourism Academy, in 2009:
 - Total outbound travel consumption reached USD 42 billion
 - Chinese outbound travellers were well educated, high income earners and had high consumption power
 - 93.6 per cent spent over USD1,000 on an outbound trip
 - 25.6 per cent spent between USD3,001 - USD5,000, with most spending being in shopping.

In 2010, the China Tourism Academy expects Chinese outbound will reach 54 million with a total expenditure of USD 46 billion.

Source: 2009 Tourism Economy Analysis and 2010 Development Forecast Report by China Tourism Academy, Travel Weekly China, 11 January 2010

- According to the China Market Research Group, young professionals between the ages of 24 to 35 living in Beijing and Shanghai were driving demand for flights, hotel rooms and package tours. They are by far the most optimistic consumer segment and are also the ones most comfortable with alternative forms of payment, like credit cards'

Source: China's Online Travel Market Booming, 31 January 2010, AFP

- According to the MasterCard Worldwide Index, Chinese consumers are expecting to maintain their spending on discretionary items such as dining out, overseas trips and consumer electronics over the next six months. The top three spending priorities in China are dining and entertainment, fashion and accessories and consumer electronics. *Source: The MasterCard Worldwide Index of Consumer Purchasing Priorities, 10 December 2009*

3. Trade Update

- Australian Chinese New Year tour packages are less competitive than last year due to a stronger Australian dollar. At the end of January 2010, sales from Northern and Southern China were 80 per cent of capacity, while Eastern China was at 50 per cent. Lower demand is due to the 30 to 50 per cent increase in tour prices, driven by the stronger Australian Dollar and the therefore increased fuel charges, visa entry fee and profit margin. For example:
 - An eight day east coast tour increased from RMB 12,000 to 20,000
 - A seven day tour to Cairns is also selling at RMB 22,000
- There will be twelve charter services operating during Chinese New Year. At mid January 2010, bookings were at 80 per cent of total capacity. Services include:
 - Nine services to Cairns directly from Beijing and Guangzhou or via Hong Kong;
 - Two services to Brisbane from Hong Kong;
 - One service to Adelaide from Shenzhen.
- Alipay, one of the largest online payment companies in China, confirmed their collaboration with China Eastern Airlines to provide an online payment facility for the airline's website. This marks a significant step forward in the industry and is expected to impact on the online distribution system in China. With more than 200 million Chinese users, Alipay connects 460,000 online stores and provides online payment from 65 banks.
- China's online travel services provider Ctrip plans to acquire a 90 per cent stake of Hong Kong agency Wing On Travel to capture a greater share of the Greater China travel market. *Source: TTG Daily News, 3 February 2010*
- As of January 2010, there were 3,541 Aussie Specialist agents from 385 agencies in China, of which 45 per cent (1,592 agents) were fully qualified.

4. Airline News

- In response to their early booking status, Qantas cancelled three flights to Sydney on 10 and 18 March and one flight on 13 April 2010.
- From 21 December 2009 to 20 February 2010, China Eastern Airlines added two extra flights per week, resulting in seven additional flights to Sydney and four flights to Melbourne per week during this period. An additional 14 flights to Australia will operate during the Chinese New Year period to Sydney and Melbourne with six flights offering connections to Brisbane.

- Air China will add eleven flights between Sydney and Melbourne from January to March 2010:
 - Two additional services per week between Beijing and Sydney, increasing this service to daily;
 - One additional service per week between Beijing and Melbourne, taking the total number of services to four-weekly.

5. Competitor News

- Canada became an ADS Approved destination on 7 December 2009. The Canada Tourism Board expects Chinese arrivals to increase by 50 per cent by 2015 and have authorised major travel agencies in Beijing, Shanghai and Guangdong to lodge group visas to travel for one week.
- The Prime Minister of New Zealand announced an additional NZD20 million funding to attract around 45,000 additional visitors to New Zealand from key markets, including China. Singapore Airlines will be one of their partners to jointly promote the destination with marketing effort focus in Shanghai and Beijing.

6. Key Campaigns and Activities in Market

December and January campaigns and activities				
START	END	DESCRIPTION	TARGET AUDIENCE	PARTNERS
May 2009	January 2010	Men's Uno Celebrity Charity Promotion: National China	Affluent consumers in primary cities	Men's Uno magazine, Tourism Victoria (TVIC), Gold Coast Tourism, Cathay Pacific, Virgin Blue
30 September 2009	28 February 2010	Top Travel.com / Now TV Celebrity Program: Mainland China and Hong Kong	First time and Repeat Experience Seekers	Top Travel, Now TV, Tourism Queensland (TQ), Northern Territory (TNT) and Qantas
1 October 2009	31 December 2009	China Content Development Program: television, outdoor LED and in-flight entertainment. National China	First Time Experience Seekers in Primary and Secondary markets	World Traveller Media Group
26 October 2009	25 December 2009	China Brand Campaign: Print and outdoor in primary markets of Beijing, Shanghai and Guangzhou. Online campaign to run nationally.	First time and repeat Experience Seekers	Premier Aussie Specialist Program (PASP) Agencies
28 October 2009	31 March 2010	A Thousand People Travel to Australia: Jiangsu	Consumers within Jiangsu Province	PASP Agents in Jiangsu China Travel Service
1 December 2009	31 December 2009	Business Tourism supplement: Beijing	Corporate end user	CYTS MICE department
1 December 2009	30 June 2010	"Premier Aussie Specialist Takes You to Australia"—seven write-ups in China International Travel Service (CITS) Advertising magazine	CITS clients, VIPs and Corporate	CITS
2 December 2009	3 December 2009	Industry Advisory Group meeting	Trade	Nil
4 December 2009	14 December 2009	Australian Film Festival and Promotion – Beijing	Experience seekers	Australian Embassy Austrade
26 December 2009	31 January 2010	China Brand Campaign: Online (National)	First time and repeat experience Seekers	Charter Flight PASP partners

December 2009	February 2010	Chinese New Year Charter Promotion: Beijing and Guangdong	First Timer Experience Seekers and Repeat Travellers	5 Charter Flight agencies
December 2009	February 2010	TABEE on-going recruitment	MICE travel Agencies and Corporates	Nil
December 2009	Jun 2010	Jerry Yan – Finding True Self in South Australia – Mainland China, Hong Kong and Taiwan	Consumer in Greater China	South Australia Tourism Commission (SATC)
18 January 2010	27 January 2010	Cheer Up Australia media visit: primary markets	Repeat Travellers in Beijing, Shanghai and Guangzhou	TVIC, Tourism New South Wales (TNSW and Qantas
21 January 2010	26 January 2010	Australian Film Festival Shanghai and Guangzhou	Experience Seekers	Australian Consulate General in Shanghai and Guangzhou
25 January 2010	May 2010	Get to the Top of Australia media visit: TV, online and print (National China)	First time and repeat experience seekers	World Traveller, Tourism Tasmania (TTAS) and TNSW
26 January 2010	26 January 2010	Media Interview for Guangdong Radio Station on across Australia self drive tour and Chinese New Year delights in Australia	Repeat Travellers in GD region	Radio Guangdong
January 2010	February 2010	Tianjin Theme Store: focus on “beach culture and nature”	Consumers of Tianjin	CYTS HO
January 2010	April 2010	Search engine marketing – National China	First time and repeat experience seekers	Nil

Upcoming Campaigns and Activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
14 February 2010	14 February 2010	Chinese Couples Celebrates Chinese New Year / Valentine's Day on the Sydney Harbour Bridge	Experience Seekers	Bridgeclimb Sydney
20 February 2010	May 2010	'Explore the Booming Cities in Australia'	First time experience seekers and repeat travellers	Business Travel magazine, Tourism Western Australia (TWA) and Tourism Northern Territory (TNT)
23 February 2010	26 February 2010	Secondary Market Visit with the Australian Department of Immigration and Citizenship (DIAC) to Liaoning Province	Travel trade	DIAC
February 2010	February 2010	Industry E-newsletter for Greater China Regional	Travel trade	Nil
February 2010	February 2010	Theme Stores in Chengdu and Nanjing to open	Consumers in Chengdu and Nanjing	Chengdu CYTS and Jiangsu CTS
1 March 2010	28 March 2010	China Brand Campaign: Outdoor advertising in primary and secondary cities	First time experience seekers and sightseers	Nil
1 March 2010	31 March 2010	Tourism Australia, Singapore Airlines and Tourism Western Australia Brand Coop Campaign: Print and outdoor in primary markets and online (national)	First time experience seekers	Singapore Airlines, TWA
1 March 2010	June 2010	'Best City Best Life': media visit	First time experience seekers and repeat travellers	Travel Channel TV, TQ and TVIC
3 March 2010	16 March 2010	International Media Hosting Program: Media from HK, Taiwan and mainland China to visit QLD and Tas with the theme of Travel Green to Australia	First time experience seekers	TQ, TTAS and Qantas
15 March 2010	17 March 2010	TABEE	MICE travel Agencies and Corporate	Nil

18 March 2010	3 April 2010	PASP famil and training	PASP agents	TNSW, TWA, TVIC, TQ, TNT and TAS
March 2010	TBC	Southern China media gathering	Senior Editors from leading media corp	Nil
25 April 2010	5 May 2010	China Southern Airlines Golf Tournament: PR event for a group of 80 pax including golfers, media, VIP guests and China Southern top executives are attending a nine day Melbourne and Brisbane golf tournament tour.	Experience seekers	China Southern Airlines, TVIC and TQ
April 2010	June 2010	Welcome Back campaign – Guangdong PAS	First Timer Experience Seekers & Repeat Travellers	GZL, GD CTS, Shenzhen CITS, Shenzhen BCTS, Shenzhen CEPT, China Comfort Shenzhen, Dongguan CTS