

# China

## **Market Summary**

*There was good sentiment towards Australia from China in October and November 2009. Visits from senior Chinese government officials in October and the arrival of two Pandas from China to Adelaide Zoo in November contributed to positive media coverage. The strong GDP growth in the third quarter 2009 also boosted optimism, despite the high exchange rate.*

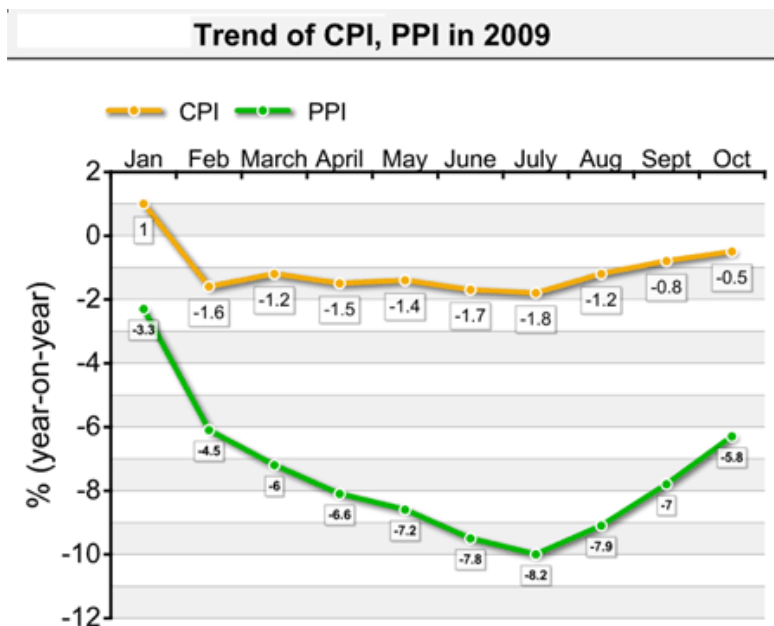
*The National Day holidays in October saw a return to positive outbound travel and bookings made for Australian holidays in November and December further encouraged the tourism industry.*

## **1. Market News**

- On 1 October 2009, China celebrated the 60th Anniversary of the founding of the People's Republic with an eight-day holiday. The Anniversary celebrations have been a major media focus in China.
- In its latest forecast, the IMF lifted China's 2009 growth to 8.5 per cent (up from 6.5 per cent last April) while 2010 growth is now expected to be 9 per cent (from 7.5 per cent last April). This is due to the impact of China's monetary and fiscal stimulus. *Source: IMA Asia Executive Report, October 2009*
- The visit of Chinese Vice Premier Li Keqiang to Australia and the release of the joint statement to strengthen cooperation for mutual benefit by the two countries in early November have enhanced strong bilateral relations and build good consumer sentiment for the Australian tourism market.
- Giant Pandas Wang Wang and Funi arrived in Australia on 28 November for a ten year stay at the Adelaide Zoo. This is the first panda couple to stay in a Southern Hemisphere country and has generated wide media exposure in both China and Australia.
- The mainland's economic growth accelerated to 8.9 per cent in the third quarter, reinforcing hopes that the world's third-largest economy will be the first to recover from the global financial crisis. Gross domestic product rose 7.7 per cent in the first nine months from a year earlier, after growing 7.1 per cent in the first half,

according to data released by the National Bureau of Statistics by 22 October 2009. *Source: South China Morning Post, 23 October 2009*

- China's consumer price index (CPI), a main gauge of inflation, dipped 0.5 per cent year-on-year in October, the National Bureau of Statistics (NBS) said on 11 November. The rate of decline was 0.3 percentage points lower than in September. The producer price index (PPI), a major measure of inflation at the wholesale level, dropped 5.8 per cent in October from a year earlier, according to the NBS. The rate of decline was 1.2 percentage points lower than that in September. "The CPI month-on-month rate continues to narrow, and we predict a CPI growth either in November or December in China," said by Lian Ping, chief economist of the Bank of Communications. *Source: Xinhua News, 11 November 2009*



- The Renminbi (RMB) exchange rate at AUD1= RMB6.249 HKD1= RMB0.881, USD1 = RMB6.829. *Source: Southern China Morning Post, 23 November 2009*

## 2. Consumer Insights

- Currently, internet users in China have contributed 20 per cent to the total of internet users in the world and there are 240,000 new internet accounts set up on a daily basis. In two year's time, China will own 38.5 per cent of total internet users in the world. *Source: Global Times, 30 October 2009*
- The Nielsen's Global Consumer Confidence Index rose six points in China compared to the previous quarter. China's six point increase in the last quarter was driven by strong improvements in local job prospects and personal income across the country. Nearly six in ten Chinese consumers described local job prospects as good or excellent in the next 12 months, a 14 per cent increase compared to the second quarter. Consumer confidence in China's tier two cities posted the highest rebound in the third quarter, up 22 percent compared from the previous quarter. *Source: Nielsen's Global Consumer Confidence Index, 28 October 2009*

- China's single-child policy has been in place for three decades and the population aged 65 and above is rising by 8 million annually. The *China 2008 Statistical Yearbook*, compiled by the National Bureau of Statistics, forecasts that by 2047, the number of elderly will reach 320 million, up from 104 million in 2007. An article in the China Morning Post suggests this will, "no doubt have profound implications for (China's) pattern for future economic growth as pressure mounts on the labour supply, medical care, pensions and social fabric... Beijing is inadequately prepared in this area (of elderly population growth) but is launching a strategic study to gather data for formulating national policies."  
*Source: South China Morning Post, 26 October 2009*
- For the latest in visitor arrivals, please visit "Research & Statistics" at [www.tourism.australia.com](http://www.tourism.australia.com)

### 3. Trade Update

- The eight day National Day holiday period attracted more Chinese visitors than usual to Australia. Although the group rate rose RMB 1,000 per person compared to the normal group rates, tourists preferred to travel during this period.
- Travel agencies are optimistic for Chinese New Year holiday bookings in 2010 and are negotiating charters to Australia for the period. There are five agencies involved in the charters proposing eight flights to Cairns, one to Adelaide and one to Brisbane. This is on top of Qantas' nine supplementary flights, six to Cairns and three to Brisbane ex Hong Kong.
- AstraZeneca held a corporate event for 130 guests in Sydney from 12 to 18 November 2009. The program included corporate meetings, a gala dinner and touring. Australia was chosen as the destination after the agency attended one of Tourism Australia's Business Events seminars in Shanghai in July 2009.
- The first Greater China Travel Mission was held in Guangzhou from 8 to 11 November 2009. 173 travel agents from mainland China, Hong Kong and Taiwan met with 47 Australian sellers and conducted 4,512 one on one appointments. The highlight of program this year included seller updates, an industry forum and a gala dinner. The event also attracted 67 journalists.
- Tourism Australia together with four State Tourism Organisation partners participated in the China International Travel Mart from 19 to 22 November 2009. 11 PAS (Premier Aussie Specialists) were invited to present their signature products during the event and presentations were opened to travel trade during the first two days of the event.
- As at November 2009, there were 4,046 Aussie Specialist agents from 428 agencies, of which 46 per cent (1,868 agents) were fully qualified.

### 4. Airline News

- Qantas plans to cancel two flights on 24 and 26 December and one flight on 13 January 2010. It also plans to change aircraft from A330-200 to A330-300 which will increase seat totals to 450 per flight.
- From 14 December 2009 to 31 January 2010, Air China will add two more flights totalling five weekly flights between Beijing and Sydney. Between 30 November 2009 and 27 February 2010 there will be one additional flight totalling five flights per week between Beijing, Shanghai and Melbourne.
- China Southern Airlines (CZ) launched their special online FIT fares for departures outside Guangzhou at RMB 1,660 (exclusive tax) in November. Comparing with departures from Guangzhou at RMB 1,810, CZ works to capture bigger market shares, leveraging from their domestic network connections to Australia. The promotion will end in December.
- Dragon Air/Cathy Pacific is currently promoting Australia FIT packages through their domestic and international network. Return flights with two nights accommodation start at RMB 5,900 from Northern China, RMB 5,600 from Eastern China and RMB 6,300 from Southern China regions, excluding taxes. The promotion will finish in April 2010.
- Qantas soft-launched FIT packages in market, nominating 'East Shanghai Travel' as their consolidator to receive bookings from other Chinese agents.
- China Eastern Airlines, the country's third biggest carrier, will complete its merger transaction with Shanghai Airlines by the end of the year. China Eastern also signed a partnership deal with Chinese e-commerce portal Alibaba Group to include more Web-based applications in their routine operations. The airline has set up a ticket-selling platform on *Taobao.com*, China's largest online shopping portal under Alibaba. Alipay, another subsidiary of Alibaba, will provide online payment services for customers who buy tickets from China Eastern's website.

## 5. Competitor News

- Korea will streamline their group and FIT visa application for Shanghai citizens. Group travellers can only either submit their work permit or business license and FIT travellers only to provide passport, ID and photo if they have been to USA, Canada, Australia, Japan or European countries.
- Western Europe and the USA performed best during the October National Day holidays; key travel season was the major reason for their competitive advantage over other long haul destinations.

## 6. Key Campaigns and Activities in Market

October and November 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, TVIC, Gold Coast Tourism, Cathay Pacific, Virgin Blue
10 August 2009	10 October 2009	Second Premier Aussie Specialist Nomination Process – National China	Aussie Specialists passed level three for two years	Nil
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, TQ TNT, QF
1 October 2009	31 December 2009	China Content Development Program in TV channels, Outdoor LED and in-flight entertainment – National China	First Time Experience Seekers in Primary and Secondary markets	World Traveller Media Group
2 October 2009	11 October 2009	Immerse Yourself in Australia's Natural and Cultural Landscape – National China	Media	Qantas, TNT, TNSW
12 October 2009	25 October 2009	Qantas brand coop print campaign – Guangzhou & Shenzhen	Experience Seekers	Qantas, PAS agents in Guangdong
26 October 2009	25 December 2009	China Brand Campaign – Print + OOH (Primary Markets) + Online (National)	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	PAS Agent-Jiangsu China Travel Service
8 November 2009	11 November 2009	Greater China Travel Mission – Greater China	Aussie Specialist agents	Nil
14 November 2009	17 November 2009	Guangdong International Cultural Fair – Guangdong	Consumers from Southern China	Premier ASP : GZL
15 November 2009	15 June 2009	“Premier Aussie Specialist takes to Australia” write-up in Outbound Travel Guide Book	Travel Trade	PAS Agent: Beijing Golden Crown International Travel Service
18 November 2009	4 December 2009	Nominated Premier Aussie Specialist Supplement – National China	Travel Trade	TTN, Bangzhongbang, Travel Agency, Travel Weekly
19 November 2009	22 November 2009	China International Travel Mart – Kunming	Trade and Consumers	TNSW, TVIC, TQ, TWA
23 November 2009	1 December 2009	<i>Discover Style</i> media tour to SA and VIC – five media from primary markets participates	First time and repeat Experience Seekers	SATC, TVIC and QF

Upcoming campaigns and activities				
START DATE	END DATE	PROJECT/EVENT	TARGET AUDIENCE	PARTNERS
1 December 2009	31 March 2010	Across Australia	Consumers in Northern China	NT, WA, CITS, CYTS, CTS & China Comfort.
1 December 2009	30 June 2010	“Premier Aussie Specialist takes you to Australia”—seven write-ups in CITS Advertising magazine	CITS clients, VIPs and Corporate	China Int'l Travel Service Head Office
1 December 2009	31 December 2009	Business Tourism supplement – Beijing	Corporate end user	CYTS MICE department
2 December 2009	3 December 2009	Industry Advisory Group	Trade	
4 December 2009	14 December 2009	Australian Film Festival and Promotion – Beijing	Experience seekers	Australian Embassy Austrade
10 December 2009	17 December 2009	Jerry Yan Finding True Self in South Australia – Mainland China, Taiwan and Hong Kong	Consumer in Greater China	SATC
December 2009		CNY Charter Flight – Early Bird Promotion – Guangdong	First Timer Experience Seekers & Repeat Travellers	Charter Flight agents
December 2009		CITS Shenzhen Theme Store – in discussion	Experience seekers	CITS Shenzhen
Mid January 2010		Australian Film Festival and Promotion – Guangzhou	Experience seekers	Australian Consulate General Guangzhou
March 2010		China Southern Airlines – Golf Tournament PR event – in negotiation stage	Experience seekers	China Southern Airlines / TVIC & TQ
April 2010		China Southern Airlines – Trade familiarisation – in discussion	Trade	TQ