

Hong Kong

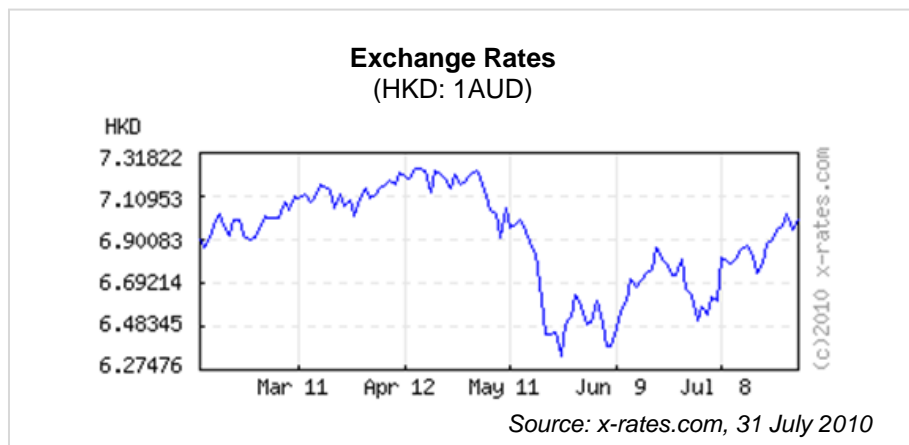
Market Summary

May and June are traditionally considered as low season for outbound travel from Hong Kong, with travel decisions driven largely by value-add and strong tactical promotions. The exchange rate made Australia less competitive than other long haul destinations, such as the UK and Europe during this period.

July and August are high travel season months particularly for the study and family tour segment. We expect strong arrivals in July and August, with around 2,500 students travelling to Australia during this period. Gold Coast packages are in high demand; partially due to the spill over of travellers who were unable to secure Japan packages during the peak season.

1. Market News

- During this quarter, the exchange rate fluctuated from a high of HKD 7.25 in mid April to a low of HKD 6.33 in late May, a variance of 14 per cent.



- In June 2010, the Hong Kong Dollar was 7 per cent weaker against the AUD compared to the same period in the previous year, but 12 per cent stronger against the Euro and 10 per cent stronger against the Pound. Source: x-rates.com, 31 July 2010
- The 2010 Shanghai World Expo has received immense media exposure since it opened on 1 May 2010. Destination awareness of Shanghai has been boosted by

extensive media coverage in major print and television media, including a two-month television travelogue.

- From mid June 2010, the 2010 FIFA World Cup dominated all media. VISA, one of the official sponsors of the event, rolled out a promotion in Hong Kong called “Go VISA Football Fever” utilising print and online media.
- In the first quarter of 2010, the GDP increased by 8.2 percent and private consumption also increased by 6.5 per cent. *Source: Hong Kong Census and Statistics Department, 15 July 2010*

2. Consumer Insights

- According to the Visa PATA Travel Intentions Survey:
 - The average Hong Kong traveller is 34 years old and 58 per cent are female. They are likely to spend 5 nights at their destination and prefer four star accommodation (35 per cent). The majority travel with family/relatives (84 per cent), followed by friends (77 per cent) and spouse/partner (75 per cent)
 - They are a unique source market as they are attracted to destinations primarily by food (75 per cent), followed by natural scenery (72 per cent) and sunshine and beaches (65 per cent).
 - 85 per cent of Hong Kong respondents preferred ‘free and easy’ travel (flight and hotel only)
 - Travel for people from Hong Kong is still largely short-haul, with travellers most likely to visit Japan (23 per cent); China (19 per cent) and Chinese Taipei (16 per cent) for their next trip
 - 72 per cent of Hong Kong respondents said that their travel plans were affected by economic uncertainties, of which 63 per cent switched to less expensive destinations/itineraries
 - Respondents from Hong Kong will increase their spending budgets significantly for their next trip (net budget up 35.9 per cent to US\$2,053). However, budgets are still relatively low, higher than only Chinese Taipei (US\$1,535) and Korea (US\$2,020)
- Hong Kong consumers are at the forefront of global Smartphone usage, with 48 per cent of respondents in Hong Kong owning a Smartphone (more than double the global rate of 23 per cent). In Hong Kong, 30 per cent of mobile users regularly check and update their social networks on their phone, compared to 12 per cent globally. Another 24 per cent blog from their phones, a big jump from 6 per cent in 2009 *Source: www.cellular-news.com, 6th June 2010*
- Cathay Pacific, launched one of the world’s first customised airline applications for the Apple iPad which can be downloaded free of charge. The application offers users access to a range of Cathay Pacific services and information and enables users to book Cathay Pacific flights.
- Recent research found that leads from social networking and forums account for 26 per cent of traffic to shopping and classified sites in Hong Kong. The highest number of leads are from Facebook (57 per cent), YouTube (12 per cent) and discuss.com (3 per cent), while the rest was shared by UWants, Tudou.com,

Xanga, QQ, HKgolden.com and Yahoo Knowledge. *Source: marketing-interactive.com*

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

3. Trade Update

- Prices for Australian packages are as follows:
 - 7 day group package (from HKD 7,999)
 - 3 night FIT packages (HKD 5,499)
 - 6 day family farm stay (HKD 6,999)
 - Wine tasting package (HKD 12,999)
 - Mono-state package including college/ university tours for potential students (from HKD 5,490)
- New packages have been developed following product famils which were hosted by Tourism Australia, Tourism Victoria and Coral Coast Region. Resulting packages include:
 - 4 night Perth package (HKD 6,480)
 - 2 nights at Ningaloo Lodge, including Whale Shark day tour (HKD3,500)
 - 4 nights Melbourne farm stay package (HKD 7,720).
- July is the traditional family travel season for Hong Kong. Airlines such as Virgin Atlantic and Emirates and agents (including Cathay Pacific Holidays) have rolled out summer packages targeting the family segment, including an Australian 3 night package priced at HKD 5,290 (air plus hotel with value add components i.e. hot air balloon ride).
- Following the relaxation of Hong Kong's outbound travel alert for Thailand, agents pushed competitive offers with 5 day packages starting from just HKD 899.
- The Asia Cruise Association held its first cruise training session during the Hong Kong International Travel Expo in July for more than 90 agents. The one-day training session focused on developments in Asia's cruise industry, cruise product range and selling cruise product.
- In April 2010, agents in Hong Kong were unable to keep Air France and KLM from bringing in zero commission. To ensure a smooth implementation to zero commission, airlines will keep fares in their direct sales channels at current levels; however, the published fares will be lowered to allow our trade partners a margin to work out their own fee structure. *Source: TTG Asia, March 2010*

4. Airline News

- From 1 June 2010, Qantas increased their fuel surcharge on services departing Hong Kong from HKD 434 to HKD 524. *Source: Centre for Asia Pacific Aviation, 31 May 2010*

- Cathay Pacific offered a special ticket-only offer from HKD4,230 for departures before 30 June 2010. Qantas offered tickets from HKD 4,790 for departures from 2 August – 30 September 2010.
- Cathay Pacific upgraded its forecast for 2010, with the carrier now expecting strong financial results for 2010 due to an improvement in cargo and premium passenger revenue from the end of 2009. The carrier warned that significant increases in fuel prices or any deterioration of the economy still remains a threat to profitability *Source: Centre for Asia Pacific Aviation, 11 May 2010.*

5. Competitor News

- The 2010 Shanghai World Expo stimulated short haul travel from Hong Kong since its opening in May 2010. According to China Travel Services, demand for the event is still strong. In the month that the Expo opened, 70,000 Expo tickets were sold in Hong Kong and a further 100,000 tickets requested.
- On 13 July 2010, Cathay Pacific Airways launched new three times weekly services to Moscow. Cathay Pacific's direct services to Paris and Moscow are receiving strong support from the trade who are developing summer package tour products that are being promoted through celebrity endorsement and are able to be tailor-made to passengers' requirements. Seven day tour packages start from HKD 13,599 (departures from July – August).
- VISITBRITAIN launched a new interactive website as part of its digital strategy to use social media, online content, mobile phones and smartphones to grow arrivals. The new visitbritain.com will have 95 per cent user-generated image content throughout and magazine-style travel features. Content will be offered in 22 languages.
- Tourism Malaysia held their first Malaysia Fair in May 2010 at East Point City, a high-traffic shopping mall in Hong Kong, to showcase Malaysian food with free tastings, Teh Tarik competition and traditional giant kite making.

6. Key Campaigns and Activities in Market

Hong Kong campaigns and activities				
START DATE	END DATE	DESCRIPTION	TARGET AUDIENCE	PARTNERS
12 June	12 June	Australia Business Event supplement	Corporate end users	
17 June	18 June	Business Events Function at the 2010 Shanghai World Expo	Corporate and Airlines	
24 June	24 June	Hertz Self-Drive training for travel trade and launch of Aussie Self Drive Holiday e-book	Training: Trade e-Book: FIT Consumer, trade and media	Hertz , Tourism New South Wales (TNSW), Tourism Victoria (TVIC), Tourism Queensland (TQ), Tourism Tasmania and South Australian Tourism Commission (SATC)
30 July	30 July	Launch of Tourism Australia's media website in Hong Kong and Taiwan	Media	
25 August	30 August	<i>There's Nothing Like Australia</i> : Launch event and first phase of the new digital brand campaign in Hong Kong	Launch: Media and key trade partners Campaign: Holidaymakers	
August	Early September	International Media Hosting Program (IMHP) to Northern Territory and Queensland to showcase Australian Aboriginal culture and nature experiences	Media from Hong Kong and Taiwan	Qantas, Tourism Northern Territory, TQ
September	Early October	IMHP: Media trip for blogger and writer Ms Yilan Yeh to South Australia, Victoria and New South Wales	Holidaymakers	Qantas, SATC, TVIC, TNSW
September	October	Tourism Australia Brand Cooperative campaign with Wing On Travel	Holidaymakers	Wing On Travel
November	February	American International Assurance Company (Bermuda) Limited (AIA) partnership program including Direct Mail and celebrity chef lunch event	High yield holidaymakers	AIA, SATC, TVIC, TQ, TAS, TNSW, TNT.