

Quarterly Market Update

Tourism Australia's Quarterly Market Update reports on the state of international tourism for Australia, as well as Tourism Australia's major international activities.

February 2011



Arrivals Summary

A record 5.9 million short-term visitors arrived in Australia in 2010. The 2010 result exceeds the 2008 and 2009 levels of 5.6 million, and surpasses the previous peak of 5.7 million which was recorded in the year-ending September 2007 (see Figure 1 below). The v-shaped recovery in international arrivals first indicated in late 2009 has since turned into real new growth for Australia.

The 2010 result represented 5.4 per cent growth compared to 2009. International arrivals grew for ten of the twelve months in 2010, including double-digit growth in February, June and July (11 per cent growth each month). Declines occurred in January 2010, due to the later timing of Chinese New Year (February 2010 versus January 2009), and also in April due to disruptions to international air traffic following the volcanic eruptions in Iceland.

The 5.4 per cent growth in arrivals to Australia just exceeded the expectation of the Tourism Forecasting Committee (TFC) which anticipated 5.3 per cent growth for 2010. Having gained market share in 2009 against a decline in global arrivals of 4 per cent (as reported by the UNWTO), Australia's growth in 2010 has enabled it to hold those market share gains.

The top ten source markets in 2010 were (in order of volume): New Zealand, United Kingdom, United States, China, Japan, Singapore, Malaysia, South Korea, Hong Kong and Germany.

Seven of these markets recorded growth on 2009 levels. The largest annual increases were from the North Asian markets of China (up 24 per cent), South Korea (up 18 per cent) and Japan (up 12 per cent), however growth in the latter two markets was due to a recovery from the impact of H1N1 (swine) flu which impacted travel considerably in 2009.

The strong increases in arrivals from China, particularly in late 2010, were largely due to the increase in China Southern Airline's capacity to Australia starting 2 November 2010. It is expected that

the forthcoming release of the 2010 International Visitor Survey will reveal China as the most valuable inbound market for Australia based on total trip expenditure, ahead of the United Kingdom for the first time.

New Zealand was a strong performer in 2010 with a record 1.2 million arrivals, up 4.6 per cent on 2009, and Malaysia also proved bullish, backing up its 24 per cent growth in 2009 with a further 12 per cent growth in 2010.

Arrivals from the UK were 2.6 per cent lower in 2010 than 2009, despite the positive Ashes-assisted December result (up 6 per cent). The UK decline is seen to be consistent with unfavourable economic conditions and shocks in the local market such as the Icelandic volcano in April/May and the British Airways strikes in June 2010.

Arrivals from the US fell 1.6 per cent in 2010; in 2009 there were a number of new air services between Australia and the US bringing increased competition, supply and lower airfares which stimulated a surge in demand and 6 per cent growth in arrivals. Over 2010 however, trans-Pacific airfares rose again, affecting Australia's competitive position. The visit by the Oprah Winfrey Show cast, crew and fans aided arrivals numbers in December, however the exposure for Australia generated by Oprah's Ultimate Australian Adventure is not expected to translate into increased visitation from the US until later in 2011 and more gradually over time.

All types of visits to Australia increased in 2010. Holiday arrivals were up 4 per cent, Visiting Friends and Relatives was up 3 per cent, Business arrivals were up 15 per cent and Education travel was up 5 per cent. Growth in Business arrivals, especially from the US, China, Japan, Korea, India and Singapore, was in line with a global rebound in business travel in 2010.

Whilst the overall position for Australia is positive, the outlook from each market differs.

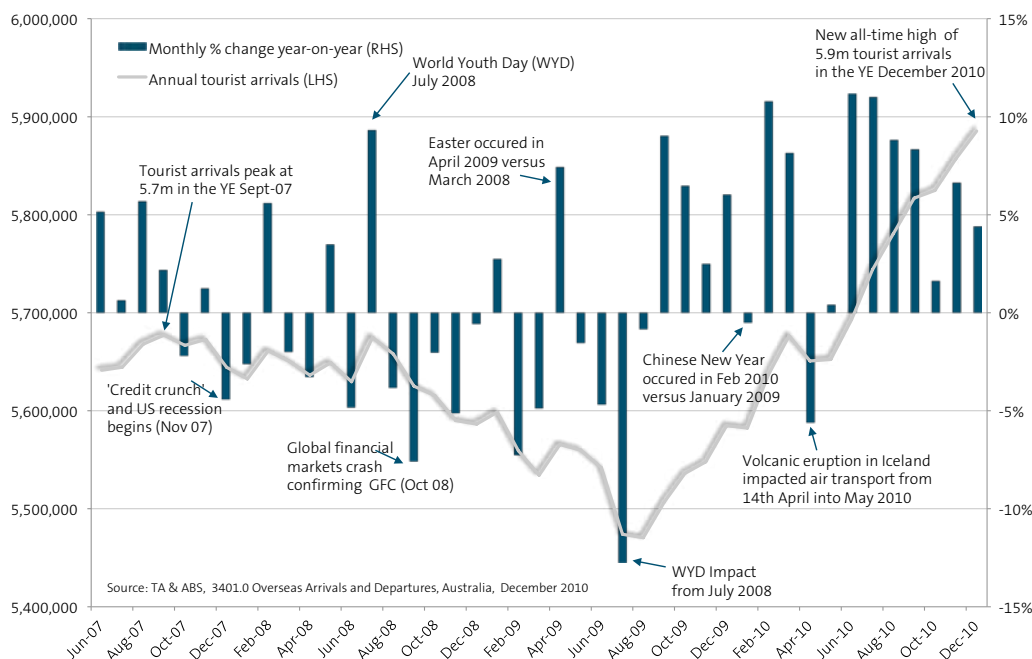


Figure 1 – Tourist arrivals to Australia (rolling annual) and monthly percentage change on the previous year.

Aviation

The International Air Transport Association (IATA) reports international air traffic increased 8.2 per cent in 2010 while capacity growth grew only 4.4 per cent, pushing up load factors 2.7 points to 78.4 per cent.

Growth in the October to December 2010 quarter slowed towards more normal historical growth levels. However, the profitability of the aviation industry remains fragile as additional aircraft are delivered in the coming months and matching demand and supply becomes more challenging. The recent sharp rise in fuel prices has also seen a number of airlines increasing fuel surcharges (including Qantas, British Airways, Singapore Airlines and Royal Brunei Airlines). According to Giovanni Bisignani, IATA's Director General and CEO;

"The world is moving again. After the biggest demand decline in the history of aviation in 2009, people started to travel and do business again in 2010. Airlines ended the year slightly ahead of early 2008 volumes, but with a pathetic 2.7 per cent profit margin. The challenge is to turn the demand for mobility into sustainable profits."

Emerging economies continue to drive global growth with Middle Eastern carriers reporting the strongest traffic growth during 2010 (up 17.8 per cent), driven by strong increases in capacity (up 13.2 per cent). Asia Pacific, Latin American and African carriers all outperformed the global average for passenger growth. European carriers also showed improvements in demand, but growth remains weaker than global average results with limited yield improvements. This is related to economic uncertainty and a weak business environment. North American demand has grown faster than capacity, resulting in rising load factors, improving the region's return to profitability in 2010. However, this is partially related to

controlled capacity growth (up 3.9 per cent) and may prove difficult to maintain if capacity additions accelerate over the coming months.

Air traffic growth has also been driven by a resurgence in premium travel in 2010. Whilst premium traffic has grown faster than economy travel since lows of mid 2009, it has not returned to peak levels, and economy traffic has grown to new highs. Growth in premium traffic has, however, contributed to increased revenue for airlines, alongside a strong rise in average fares and yield and supply-demand conditions.

Consolidation and liberalisation continued to transform the aviation industry in late 2010 and early 2011. The Australian Competition and Consumer Commission (ACCC) recently granted authorisation to Virgin Blue and Delta Air Lines to enter into a joint venture on their flights between Australia and the US. The ACCC also granted conditional authorisation for three years for an alliance between Virgin Blue and Air New Zealand; and between Virgin Blue and Etihad for a period of five years. Jetstar has also signed interline agreements with American Airlines, LAN Airlines, Cathay Pacific/Dragon Air, and Finnair. LAN Airlines closed its acquisition of Colombia's Aires and plans to close its merger with Brazil's TAM by mid 2011. The Australian Government has also recently expanded Air Service Agreements with China, Papua New Guinea, Philippines, Indonesia, Vanuatu and Vietnam.

Aviation capacity to and within Australia continues to grow. The majority of Australia's leading airports have reported strong rebounds in capacity during 2010 (see Table 2), with particularly strong growth in domestic capacity. Tourism Australia estimates that aviation capacity to and within Australia increased 7 per cent in 2010, and that similar growth will follow in 2011.

Table 2 - Change in international and domestic seats for calendar year 2010 (selected airports)

% change on same month previous year		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE Dec 10
Sydney	Domestic	5%	7%	8%	9%	15%	12%	11%	9%	8%	7%	6%	7%	9%
	International	7%	6%	6%	-1%	-2%	3%	4%	2%	2%	2%	3%	1%	3%
Melbourne	Domestic	0%	5%	8%	7%	14%	13%	14%	13%	13%	9%	8%	12%	10%
	International	12%	16%	13%	7%	10%	12%	14%	17%	19%	16%	11%	12%	13%
Brisbane	Domestic	-3%	0%	-0%	6%	9%	9%	6%	8%	6%	7%	12%	10%	6%
	International	-2%	1%	2%	4%	5%	4%	6%	3%	3%	1%	3%	3%	3%
Gold Coast	Domestic	6%	21%	21%	15%	15%	14%	19%	10%	15%	17%	15%	20%	16%
	International	19%	44%	39%	14%	-9%	6%	21%	7%	-1%	1%	-3%	-3%	10%
Cairns	Domestic	-4%	1%	1%	7%	12%	13%	4%	2%	10%	13%	12%	13%	7%
	International	1%	23%	10%	34%	35%	23%	25%	30%	29%	30%	36%	30%	26%
Adelaide	Domestic	5%	7%	-3%	1%	5%	9%	11%	7%	12%	11%	6%	7%	6%
	International	4%	4%	9%	-6%	-11%	-11%	-8%	-11%	-13%	-15%	-14%	-12%	-7%
Perth	Domestic	1%	0%	2%	3%	3%	5%	2%	8%	6%	7%	12%	11%	5%
	International	9%	16%	12%	16%	18%	20%	15%	8%	4%	5%	1%	6%	10%
Darwin	Domestic	16%	19%	25%	14%	1%	-1%	4%	5%	5%	3%	1%	10%	8%
	International	1%	-10%	-0%	-8%	-10%	-3%	0%	-2%	-2%	-3%	-7%	-7%	-4%

Source: Tourism Australia survey responses from Australian airports

Americas

Total Arrivals Calendar Year 2010

Market	Arrivals	% Change
USA	472,126	-1.6%
Canada	121,912	-1.2%
Brazil	26,908	+4%

Market Summary

The North American market was soft in 2010, while Latin America performed well. Leisure arrivals from the US and Canada declined against 2009, however the business sector is bouncing back across USA, Canada and Brazil. Brazil saw the strongest growth in the region against the previous year (albeit off a small base) due to continued strong economic performance.

The knock-on effect of fewer visitors from North America has reduced Total Inbound Economic Value (TIEV) from the region's leisure segment, with US and Canada down 11 per cent and 9 per cent respectively for the period January to September 2010. However, industry feedback suggests that the decline in TIEV has been exacerbated by a strong Australian dollar.

The strong Australia dollar is also driving Australians to travel abroad, affecting the availability of seats for US visitors to Australia.

Overall outbound travel from the US and Canada is up, however Australia is losing to cheaper competitor destinations in Europe and Asia. Average airfares to Australia from North America have risen from record lows in 2009 and are more expensive than key competitors.

The outlook is, however, positive. Early 2011 saw the launch of major marketing activities in the US, including activities to leverage the US airing of the Oprah Winfrey Show's Australia episodes. Industry has reported web traffic growth, bookings and enquiries which should translate into increased visitation from the US in 2011 and more gradually over time.

Arrivals

In 2010 total US arrivals were down 1.6 per cent. The market has seen leisure arrivals drop back (holiday down 9 per cent and VFR down 4 per cent) against strong results in 2009, where low airfares drove a surge in the leisure segment, especially youth. In 2010 airfares rose, affecting the youth market, which declined somewhat in 2010.

Calendar year 2010 arrivals from Canada were down 1 per cent on 2009. Holiday (representing nearly half of the market) was down 8 per cent, although VFR was up 5 per cent. The strong Canadian dollar is going further in other holiday destinations, affecting Australia's competitive position.

Whilst leisure arrivals from North America have declined against last year, business travel has continued to perform well across the region, up 21 per cent in the US, 17 per cent in Canada, 59 per cent in Brazil and 6 per cent in Argentina. This is consistent with the global trend for business travel.

Aviation News

- Qantas will launch direct services from Sydney to Dallas/Fort Worth International Airport (DFW) from 16 May 2011. DFW is a major airport hub in the US and the new flights will help improve connectivity to Australia, particularly from the East Coast and Florida. DFW is also the primary hub of oneworld alliance member American Airlines, and the two carriers will look to expand their commercial relationship.

- United Airlines, with its integration through the Continental Airlines network, is seeking to grow in the Pacific, Africa and Latin America.

- Delta has restructured its network to increase and develop a better domestic feeder system for its trans-Atlantic and trans-Pacific service. Delta has noted that the biggest recent growth areas have been in the Pacific and Latin America.

Industry News

- Australian company, Flight Center, is now the sole owner of Boston-based Garber's Travel Service. Garber's is part of Flight Centre's corporate travel management business, FCm Travel Solutions.

- Travel Leaders Group (formerly Carlson Leisure Group) has acquired the agency consortium Vacation.com from Amadeus. Vacation.com will continue to operate as a stand-alone division.

- Collette Vacations has announced the launch of their 2011 Australia, Asia & Africa brochure. The brochure is available in print and will be online at collettevacations.com and includes 12 tours to popular destinations.

- Anderson Vacations has seen demand increase for South Pacific inquiries, especially on packages such as Discover Australia and New Zealand and Red Centre Explorer and city stays in Sydney.

- GAP Adventures announced the appointment of Steve Lima to Marketing Manager for its US operations.

- TravCorp have announced two new members to the team. Contiki Holidays has announced Sheralyn Berry joins the Canadian team as national sales manager and Greg Hayes has been appointed as national marketing manager, Trafalgar Tours.

Europe

Total Arrivals Calendar Year 2010

Market	Arrivals	% Change
United Kingdom	646,668	-2.6%
Germany	160,380	-0.6%
France	97,285	+4.3%
Italy	56,401	+2.3%

Market Summary

Total visitor arrivals from Europe declined 1 per cent in 2010. Whilst most Continental Europe markets are performing well, the decline in arrivals from the UK market, and to a lesser extent Germany, had a direct impact on the region's overall performance. The leisure and youth segments declined in the key markets of the UK and Germany. However, business travel across the region continues to perform well in line with the global rebound in this sector.

Total Inbound Economic Value (TIEV) declined 7 per cent for the period January to September 2010 in line with fewer arrivals.

Several issues and events affected arrivals from Europe in 2010. The weak economic environment was a significant factor, as was Volcanic Ash cloud in April/May, the FIFA World Cup in South Africa, Winter Olympics in Canada, and British Airways strikes.

The snow chaos and resulting European airport shutdown and flight cancellations experienced in December also impacted arrivals figures. However, this was mitigated by growth from the UK for the 2010/11 Ashes series.

Arrivals

Whilst the UK has brought down overall arrivals performance for the region, France, Italy, Switzerland, Spain and the Nordic region showed arrivals growth in 2010 against 2009.

France and Italy continue to show encouraging growth in total and leisure arrivals.

The important holiday segment has declined in the UK and Germany, down 8 and 3 per cent respectively against 2009. The holiday segment suffered particularly in the UK, while the VFR segment softened across the region, after a strong performance earlier in the year.

There has also been a decline in the youth segment, with the exception of France and Italy. This correlates with the recent softening in Working Holiday Maker Visa grants, highlighting that there continues to be growing competition from a range of novel, cheaper destinations for the youth traveller.

Total business arrivals are up in all key markets – UK (up 14 per cent), Germany (up 17 per cent), France (up 13 per cent), and Italy (up 12 per cent per cent) – in line with global business trends.

Aviation News

- Overall airline capacity to Australia is forecast to grow from the region in 2011, with the introduction of further services and new routes from the Netherlands, Switzerland, Germany, France, Spain and Italy. This shows the airlines' recognition of Australia as a profitable, growing long-haul destination for the European region, and provides travellers to Australia with increased price competition and choice in these markets.

Industry News

- The Australian dollar remains strong, sparking feedback from distribution partners that this will impact brochure prices and sales going forward. In Continental Europe, tour operators have reported price increases of between 10 to 30 per cent over the last two brochure periods for Australia.
- The German Federal Government has introduced a new air travel tax which is expected to raise €1 billion per annum in additional revenue, effective 1 January 2011. The fee is €45 per trip for all long-haul flights from Germany. Tour operators and airlines do not currently believe this will impact long-haul travel sentiment, but are watching this closely.
- Terry Fisher has resigned as Managing Director of Thomas Cook Scheduled Businesses (including Gold Medal).
- Paul Yankson joined Qantas Airways as General Manager UK and Ireland and Laurie Berryman took up the post as Vice President UK and Ireland at Emirates.
- Tourism Western Australia has issued the tender for their UK and European representation contracts and Janice Kurlle joined South Australian Tourism Commission as Marketing Manager UK/Benelux.
- Emma Richings has joined Kuoni UK as Market Manager for Australia.
- Nigel Fell has joined Travel 2 as Partnership Consultant.

New Zealand

Total Arrivals Calendar Year 2010

Market	Arrivals	% Change
New Zealand	1,161,662	+4.6%

Market Summary

The New Zealand market is performing well, with total arrivals showing solid year on year growth in 2010. The leisure segment is doing well but whilst overall business arrivals are up, business travel for conference and convention purposes remains soft.

Total Inbound Economic Value (TIEV) also grew against 2009, up 8 per cent for the period January to September 2010. TIEV growth in the May to June quarter was due to greater arrivals volume, however growth in TIEV for the July to September quarter showed a higher yielding traveller. For the holiday segment, spend per night and spend per visitor both increased (up 3.7 per cent and 4.8 per cent respectively).

Regional dispersal was up 5 per cent for the period January to September 2010. Nights spent in Tropical North Queensland were up 7.1 per cent and on the Sunshine Coast (up 4.2 per cent).

Total outbound departures from New Zealand grew in 2010, however a decline in consumer confidence in the last quarter of the year may impact results into 2011. A number of events contributed to this, including an ongoing slump in the housing market and a rise in GST from 12.5 per cent to 15 per cent on 1 October 2010.

Arrivals

Calendar year 2010 arrivals were driven by the holiday segment (representing 40 per cent of arrivals and up 4 per cent on last year). This is likely due to the continuing prevalence of low cost offers for Australia and other short haul destinations. New Zealanders continue to choose to travel to Australia, but also continue to be sensitive to price offers.

Business, representing 18 per cent of arrivals, was up 9 per cent on 2009 figures. However, conference and convention arrivals were down 4 per cent. New Zealand businesses reduced their commitments to conferences and conventions during the GFC and this caused the decline in 2010 conference numbers. Industry feedback indicates that the planning cycle for these business events appears to be getting shorter.

The growth in leisure and business travel bodes well for growing yield out of the New Zealand market as these two sectors contribute the highest spend per night.

The age profile of New Zealanders visiting Australia remains skewed to the 45 to 59 years and 60yrs + age groups, which combined represent nearly half of Kiwi arrivals.

Aviation News

- The trans-Tasman route remains Australia's busiest in terms of direct capacity and frequency. Total capacity increases are being driven by low cost carriers.
- Air New Zealand has reacted by introducing a four-tiered 'Seats to Suit' pricing structure to compete with low cost carriers and regain market share on select routes, including routes to east coast Australia. Air New Zealand has said that 'Seats to Suit' is working extremely well.
- In early December, the ACCC and New Zealand Government approved the trans-Tasman alliance between Virgin Blue and Air New Zealand. This is predicted to have a positive impact on trans-Tasman travel, giving Air New Zealand improved connectivity to destinations in Australia. The alliance is predicted to create an additional 163 flights per annum into Australia, which will create additional capacity across both airlines of approximately 26,000 seats.

Industry News

- Harvey World Travel (part of the Stella group) has soft-launched an online booking engine which offers dynamic packaging. Currently the booking engine offers flexible holiday packages, flights, hotels and attractions across a range of holiday categories including all Australian gateways and regional dispersal beyond. Stella has also indicated that this technology will be rolled out through the United Travel chain soon.
- With recent changes in the retail distribution environment, including the expansion of new independent retail chain World Travellers, the current market mix of retail stores and brands is: Flight Centre 141, House of Travel/Orbit Travel 74, United Travel 70, Harvey World Travel 55, First Travel 44, Travel Smart 28, Mondo 17, STA 15, World Travellers 14 and independent agencies 76.

North Asia

Total Arrivals Calendar Year 2010

Market	Arrivals	% Change
China	453,720	+23.9%
Hong Kong	163,939	+ 4.5%
South Korea	214,154	+18.4%

Market Summary

Despite a competitive environment key North Asian markets delivered digit growth to Australia in 2010.

Total Inbound Economic Value (TIEV) also grew, up by 13 per cent (January to September 2010) against the same period in 2009. Education, a high-spend segment which represents nearly 50 per cent of total TIEV from North Asia, contributed to this with arrivals up 17 per cent up on last year.

The fast growth out of China continued with double-digit increases in 2010. The significant increase in air capacity by China Southern Airlines from November, coupled with strong outbound travel demand, drove this growth. Visitor arrivals from the secondary cities are also growing.

The growth from South Korea shows the market has rebounded from H1N1 (swine) Flu in 2009, with arrivals falling just short of a full recovery on 2008 levels. Improvements in consumer confidence and a strong Korean Won may have also contributed to this result, as well as improved capacity compared to shortages in July to September 2010. The free independent travel (FIT) segment has reportedly seen fast growth.

Whilst total arrivals from Hong Kong were up 4 per cent in 2010, leisure traffic remained stable, with many airlines discounting competitor destinations. The increase in airline seats to Australia by Cathay Pacific from November helped capacity, however industry commentary is that the Australian dollar will remain a key issue impacting bookings in 2011 and will affect group package tours and travel agent profitability.

Arrivals

The holiday segment (accounting for 50 per cent of North Asia's total arrivals) delivered double-digit growth in 2010, with China up 26 per cent and Korea up 32 per cent.

Hong Kong holiday visits grew 1 per cent. Overall growth from Hong Kong was largely been driven by the business segment, up 19 per cent.

China's double digit-growth was also driven by VFR (up 28 per cent) and holiday (up 26 per cent). The age segments of 15 to 29 years and 45 to 59 years are the strongest growing age segments, up over 20 per cent each on last year.

Aviation News

- China Southern Airlines increased capacity from 10 flights weekly to 24 flights weekly including a new route to Brisbane from 2 November 2010.
- Hainan Airlines announced three new weekly services from Hangzhou via Shenzhen to Sydney, which commenced on 19 January 2011.
- Air China launched their winter schedule to Australia, which has increased capacity. This included a daily service from Beijing to Sydney, a 4-times weekly service from Beijing to Sydney via Shanghai, twice weekly service from Beijing to Melbourne, and a 5-times weekly service from Beijing to Melbourne via Shanghai. In total this meant 18 flights per week between December 2010 to February 2011.
- China Eastern also launched their winter schedule for regular services daily from Shanghai to Sydney and Melbourne respectively.
- There were five charter services by China Southern and two charters by China Eastern for the 2011 Chinese New Year period, to Adelaide, Brisbane and Cairns.

Industry News

- The International Air Transport Association announced that its Board of Governors has selected Tony Tyler, CEO of Cathay Pacific, to fill the post of IATA Director General and CEO following the retirement of Giovanni Bisignani next year.
- Pacific Asia Travel Association (PATA) member Bill Calderwood has been appointed interim CEO for PATA from end February.
- There have been recent reports that the reach of online travel agencies (OTA) is growing strongly in China. Of all travel sites, many China travel portals were in top ranking positions.
- Online air ticket sales are grew strongly in 2010. C-trip recorded a 39 per cent increase on air ticket sales in 2010. C-Trip opened up a new office in Chongqing on 21 January to be able to offer a one-stop booking shop targeting domestic free independent travellers (FIT) and the group market.
- Major retail agency China CTS is offering franchising opportunities. Both retailers and wholesalers now can leverage from the well-established China CTS brand for their own business operation. The first franchising deal has already been signed off and is currently under approval process.
- Cruise outbound demand from China is also increasing significantly. There were 790,000 outbound cruise travellers in 2010, a 20 per cent increase from 2009. (Source: 2010-2011 report by China Cruise & Yacht Industry Association).

Japan

Total Arrivals Calendar Year 2010

Market	Arrivals	% Change
Japan	398,188	+12%

Market Summary

Japanese arrivals in year 2010 were up 12 per cent compared to 2009, with the market showing a near-full recovery after H1N1 further softened the market in 2009. Whilst this return to growth is partly due to a recovery in school excursion business after the 2009 outbreak, there has also been some recovery in both general group and Special Interest Travel (Jukunen and FIT) business.

JAL suspended its Narita-Brisbane services in October 2010 as a part of the company's recovery plan. The impact on school groups was limited by re-routing through Sydney and use of charter flights. However, due to the Airbus engine incident late last year, new bookings were suspended for 40 days from mid-November, resulting in some loss of business.

In April 2010, Jetstar reinstated the thrice-weekly Kansai-Cairns service. Also, in July 2010, Qantas increased capacity on the Narita-Sydney route by 690 seats per week. However, these additions do not fully counter the decreased JAL capacity.

Arrivals

The return to growth in arrivals from Japan has been driven by the holiday segment. This segment, which accounts for 73 per cent of Japan's arrivals, was up by 15 per cent in 2010 against 2009.

Education travel, although small in volume, is up by 28 per cent on last year. This growth is due to a strong recovery of school excursion groups from 2009.

Corresponding to growth in the holiday and education segments, the 15 to 29 years age group also saw strong growth compared to 2009.

Aviation News

- JAL suspended their Narita -Brisbane route in October 2010 as a part of the company's recovery plans which will affect school groups visiting the Brisbane area in 2011.
- The airbus engine incident in November 2010 resulted in aircraft changes on Qantas' Narita/Sydney route. Qantas was able to send overflow traffic via Jetstar or JAL, however new bookings were suspended for 40 days between 11 November and 31 December, resulting in a loss of business.
- Jetstar announced it is likely to make spot cancellations due to predicted weak demand in the coming Northern summer. This is likely to result in a capacity decrease of 15 per cent (29,391 seats in total during the northern summer period 27 March to 29 September 2011). The announcement was made in November, earlier than the previous year, in order to avoid confusion among wholesalers.
- Skymark Airlines announced the purchase of six A380s in November 2010. Skymark will take delivery of the first two A380s in financial year 2014, and the remaining four A380s by 2017. Skymark will start the A380 service on Narita/London route in financial year 2014 and then extend to ten potential cities including Melbourne.

Industry News

- Online Agent Rakuten Travel (a part of Rakuten Co.), the biggest online retail company in Japan, plans to open in North America in January 2011 and is currently considering Europe and Oceania. Rakuten, with 70 million registered users, is able to adjust its product offerings on a daily basis
- Yoshinori Ochi, the Overseas Travel Business Director of Kinki Nippon Tourist, was transferred to subsidiary company United Tours as President in January 2011.

South and South East Asia

Total Arrivals Calendar Year 2010

Market	Arrivals	% Change
Singapore	308,000	+ 8%
Malaysia	236,900	+ 12%
India	138,700	+ 11%
Indonesia	124,000	+ 13.9%

Market Summary

South East Asian markets, particularly Singapore, Malaysia and India, continue to deliver solid arrivals growth due to robust economic growth and consumer confidence. India delivered a positive rebound in holiday arrivals in the last few months of 2010, indicating a possible recovery in this segment. Malaysia's growth of 12 per cent in 2010 builds on the 24 per cent growth in 2009.

South East Asia is the largest source of business visitors in the Eastern hemisphere and there was strong growth across the region in 2010, particularly India (up 23 per cent) and Singapore (up 14 per cent).

Total Inbound Economic Value (TIEV) from the region was up 6 per cent against 2009 for the January to September 2010 period, due primarily to increased visitor volume. However, TIEV per holiday visitor declined 23 per cent and spend per night declined 17 per cent.

Competitor destinations across North Asia and Japan were aggressive in their promotions for the peak end-of-year season. The weaker Euro and US dollar and competitive airline pricing has made Europe and the US appealing holiday destinations, and is likely to result in a shift in long haul travel behaviour in 2011. Air Asia X continues to add new destinations providing increased competition for Australia, especially in the Malaysian market.

Increased aviation capacity from the region is positive for Australia, ensuring competition amongst carriers despite a strong Australian dollar.

Arrivals

Arrivals from the region have seen robust growth overall, especially in the business and holiday segments.

In 2010 arrivals from Singapore exceeded 300,000 for the first time following growth in all main visitor segments. Malaysian market performance has also been driven by the holiday segment, representing 51 per cent of total arrivals from the region, and up 15 per cent on 2009.

India arrivals continue to be driven by the VFR segment, which was up 17 per cent in calendar year 2010. Holiday arrivals have seen growth from September to December 2010, suggesting a possible recovery in this segment, though concerns with safety issues are reported to still exist in the market.

Indonesian growth remains good, up 14 per cent, with the family segment key to market growth.

Aviation News

- All airlines operating between Singapore and Australia reported solid load factors for the final quarter of 2010. The introduction of direct services to Melbourne by Jetstar has been well received by consumers and has resulted in airfares remaining below the pre-GFC levels.
- Royal Brunei Airlines will launch 4 weekly flights to Melbourne effective 29 March 2011 providing opportunities for Malaysian traffic over Brunei.
- Low seat availability for the India market and high demand during the peak travel period (November 2010 to January 2011) resulted in significantly higher fares quoted for Australian travel during this time compared to competitor destinations such as Europe and the US.
- Air India has delayed the launch of its Delhi-Melbourne service due to delays in approval from the Indian Civil Aviation Ministry to operate the service. Kingfisher Airlines has also opened a Sydney office with a view to commencing services to Australia in the near future.
- Garuda Indonesia commenced its Jakarta-Sydney daily direct flights on 20 December 2010.

Industry News

- A resurgence in demand for multi-destination itineraries was reported in Singapore in 2010. Free Independent Travellers (FITs) have become more confident, requiring fewer recommendations from agents.
- Two new agencies, Glaxis Travel and Seiki Travel, have introduced Australian programs to the Singapore market and are attending ATE 2011. Two online agencies, AsiaTravel.com and Misa Travel, both of which generate significant online traffic in Singapore, have also registered to attend ATE 2011.
- Most Indian agents launched their packages to Australia in December 2010 and January 2011 rather than February to March. The early launch provides a longer booking window and an opportunity to sell Australia more effectively as an alternative to the traditional long-haul destinations such as Europe and the US.
- Tourism Queensland's 'Queensland on Tour' travelled to Delhi, Chennai and Mumbai from 18 to 20 January 2011. Hamilton Island and Gold Coast Tourism were key partners for this event.
- The Astindo (Association of Travel Agents Indonesia) Fair will be held from 1 to 3 April 2011. This will be the first consumer fair targeting the growing outbound Indonesian travel market.

Marketing Activity Calendar

The following table highlights Tourism Australia's key campaigns and events taking place in international markets.

	Jan-Mar 2011	Apr-Jun 2011
USA	<p>TNLA One Week Walkabout Campaign Challenge European competitive position of being able to offer one week duration holidays in the Los Angeles and San Francisco markets Partners: Qantas Timing: Jan-Mar Media: Digital, Outdoor, Print, TV</p>	<p>TNLA Co-op campaign with Airline Leverage airline partner's website, retail network and frequent flyer database to target East Coast markets Partners: Airline, STOs Timing: May-Jun Media: Digital, Direct Mail, In-store</p>
	<p>TNLA Great Aussie Sale Campaign Leverage the Oprah broadcasts with a tactical sales campaign and offer Partners: Qantas, Orbitz, Signature, Flight Centre, Expedia, TTAS, TNT, SATC, TQ, ACT, TWA Timing: Jan-Feb Media: Digital, Direct Mail, In-store, Print</p>	<p>TNLA Co-op campaign with Airline Promote tactical offers in key feeder markets to increase leisure visitation to Australia Partners: Airline Timing: Mar-Apr Media: Digital, Print</p>
	<p>TNLA Co-op campaign with Swain Tours Generate immediate bookings before, during and after the Oprah broadcasts Partners: Swain Tours Timing: Jan-Mar Media: TV</p>	<p>The Americas Meetings & Events Exhibition (AIBTM) Global trade show facilitating meetings between Australian products/Bureaus and meeting planners from North America and around the globe Location: Baltimore Partners: TBC Timing: 21-23 June</p>
	<p>TNLA Co-op campaign with Travel Leaders Franchise Group (TLFG) Increase brand awareness, sales for Australia and the footprint of Aussie Specialists Partners: TVIC, TNSW, TQ, Qantas Vacations, TLFG Timing: Nov-Jun Media: Digital, Direct Mail, Print</p>	
	<p>TNLA Co-op campaign with Virtuoso Inc. Increase brand awareness, sales for Australia and the footprint of Aussie Specialists within the Virtuoso Network Partners: Travel 2; Swain Tours, SATC, TTAS Timing: Sep-Jun Media: Digital, Direct Mail, Print</p>	
	CANADA	<p>TNLA Co-op campaign with Qantas Leverage the Oprah broadcasts with a tactical sales campaign and offer Partners: Qantas, Goway Travel Timing: Jan-Mar Media: Digital, Print</p>

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	Jan-Mar 2011	Apr-Jun 2011
UK	<p>TNLA Co-op campaign with Emirates Capitalise on UK regional aviation growth by promoting the convenience of flying to Australia from your local airport Partners: Emirates Timing: Jan Media: Cinema, Digital, Print, Radio, TV</p>	<p>TNLA Youth Campaign Re-build the 18 to 30 year old youth travel market to Australia Partners: TBC Timing: Apr-May Media: Digital, In-Store, University Campus Roadshow</p>
	<p>TNLA Co-op campaign with Singapore Airlines Drive intention and create a sense of urgency to book through partner offers Partners: Singapore Airlines Timing: Feb Media: Digital, TV</p>	<p>TNLA Great Aussie Sale Campaign Generate urgency and conversion to Australia with a tactical sales campaign Partners: TBC Timing: May Media: Digital, Print, In-Store</p>
	<p>TNLA Two Week Walkabout Co-op campaign with Qantas Challenge UK consumers to consider Australia as a two week holiday destination and support dispersal Partners: Qantas Timing: Mar Media: Digital, Print</p>	<p>TNLA Two Week Walkabout Brand Campaign Challenge UK consumers to consider Australia as a two week holiday destination and drive dispersal Partners: TA Solus Timing: May Media: Digital (TripAdvisor)</p>
	<p>Flight Centre Supplement Extend traditional booking period through March by showcasing achievable itineraries paired with attractive tactical airfares Partners: Flight Centre, STOs Timing: Mar Media: Digital, Print, In-store</p>	
GERMANY	<p>TNLA Co-op campaign with Singapore Airlines Drive intention and create a sense of urgency to book through partner offers Partners: Singapore Airlines Timing: Jan-Mar Media: Digital, Outdoor, Radio</p>	<p>TNLA Brand Campaign Online advertising engaging German holiday makers with TNLA digital map Partners: TBC Timing: Apr Media: Digital</p>
	<p>TNLA Youth Campaign Motivate young German holidaymakers to travel to Australia Partners: TA Solus Timing: Jan-Mar Media: Digital, Print</p>	<p>Supplement, up-market experiences Print supplement with luxury content promoting Australian journeys in relevant media titles Partners: German Tour Operators Timing: Apr-May Media: Print</p>
	<p>TNLA Co-op campaign with FTI and Singapore Airlines Increase awareness and generate bookings to Australia through tactical offers Partners: FTI/Singapore Airlines Timing: Feb Media: Outdoor, In-store</p>	<p>TNLA Youth promotion Promote Australia as a travel destination for youth and the Working Holiday Visa Partners: Tour Operators, STOs Timing: Apr-Jun Media: Digital, Radio</p>
	<p>Internationale Tourismus Borse (ITB) Global trade show facilitating meetings between Australian products/ITOs and distributors from Germany and a variety of other European markets Location: Berlin Partners: 26 Australian suppliers Timing: 9-13 Mar</p>	

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FRANCE	TNLA Co-op campaign with Singapore Airlines Drive intention and create a sense of urgency to book through partner offers Partners: Singapore Airlines Timing: Jan Media: Digital	Youth Campaign Promote Australia as a travel destination for youth and the Working Holiday Visa in key French locations Partners: TBC Timing: May Media: Digital, Radio
	TNLA Co-op campaign with Cathay Pacific Drive intention and create a sense of urgency to book through partner offers Partners: Cathay Pacific Timing: Feb Media: Digital	TNLA Brand Campaign phase 2 Inspire French holidaymakers to travel to Australia and engage with TNLA experiences Partners: TBC Timing: May Media: TBC
	TA/TQ/TNSW/Emirates Co-op campaign Promote Australia as a travel destination for youth, and inspire holidaymakers to travel to Australia with Emirates Partners: TQ, TNSW, Emirates Timing: Jan-Mar Media: Digital	
ITALY	TNLA Co-op campaign with Qantas Capitalise on the appeal of Australia as a romantic destination Partners: Qantas Timing: Jan Media: Digital, Print	
	TNLA Co-op campaign with TNT Inspire Italian holidaymakers to travel to Australia and increase dispersal to the Northern Territory Partners: TNT, Viaggidea Timing: Feb-Mar Media: Radio, Digital	TNLA Youth Campaign Promote Australia as a travel destination for youth and the Working Holiday Visa Partners: TBC Timing: Apr Media: Digital
	Borsa Internazionale del Turismo (BIT) Global trade show facilitating meetings between Australian products/ITO's and distributors from Italy and a variety of other European markets Location: Milan Partners: 8 Australian suppliers Timing: 17-20 Feb	
PAN EUROPEAN EVENTS	European New Product Workshop Workshop event that provides an opportunity for product managers from key European wholesalers/tour operators to meet with exciting new Australian product in a convenient and efficient way Location: London Partners: 30 Australian suppliers and STO's Timing: 8-10 Feb	The Worldwide Exhibition for Incentive Travel, Meetings & Events (IMEX) Global trade show facilitating meetings between planners and Australian suppliers from the conference and corporate event industries Location: Frankfurt Partners: 14 Australian suppliers and bureaus Timing: 24-26 May
		Corroboree Combined training workshop and familiarisation event for 300 ASPs from the UK, Ireland, Continental Europe and South Africa to meet with over 130 Australian products followed by a range of famils created by the STOs Location: Darwin (workshop), all states (famils) Partners: Qantas, TNT, STOs, 130 Australian suppliers Timing: 2-5 June (workshop in Darwin)

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NEW ZEALAND	TNLA Kiwi Connection Campaign phase 2 Drive the emotional appeal of an Australian holiday to combat complacency, driving value and dispersal Partners: Qantas, TQ, TTNQ, TTAS Timing: Jan-Mar Media: Digital, Print, e-Direct Mail	TNLA Kiwi Connection Campaign phase 3 Drive the emotional appeal of an Australian holiday to combat complacency, driving value and dispersal Partners: Airline Timing: Apr-Jun Media: Digital, Print, e-Direct Mail
	TNLA Co-op campaign with Air NZ Generate immediacy and conversion to and beyond East Coast gateways Partners: Air NZ/Air NZ Holidays Timing: Mar Media: Digital, Print, e-Direct Mail	NZ TV Series Use celebrities to endorse travel beyond the East Coast gateways Partners: Airline, STOs Timing: Jun-Aug (10 episodes) Media: TV, Digital
CHINA	TNLA Brand Campaign Differentiate Australia from major competitors and build consumer knowledge on the destination Tactical campaign to convert pent up demand for Australia into bookings Timing: Mar-Apr Media: Digital, Outdoor (TVC)	
	TNLA Co-op campaign with Singapore Airlines Partners: Singapore Airlines Timing: Mar Media: Print	TNLA Co-op campaign with Airline Inspire Chinese consumers to fly to Australia through tactical offers Partners: Airline Timing: Apr Media: Print
		TNLA Co-op campaign with Airline Promote the ease of travelling to Australia with Airline to inspire consumers to book now Partners: Airline Timing: May-Jun Media: TV, Outdoor
HONG KONG	TNLA Brand Campaign phase 2 Invite consumers to promote Australia by sharing their favourite Aussie experiences online Partners: TA Solus Timing: Mar-Apr Media: Digital (Phase 2 – Entry Submission, online banner, SEM, online TVC)	
		TNLA Co-op campaign with Airline Increase FIT visitation and bookings to Australia using tactical offers Partners: Airline Timing: Apr Media: Digital, Outdoor, Print
KOREA	TNLA Brand Campaign phase 2 Invite consumers to promote Australia by sharing their favourite Aussie experiences online Partners: TA Solus Timing: Jan-Mar Media: Digital	TNLA Co-op campaign with TVIC Increase awareness of Australia and Victoria and drive sales through tailored itineraries and programs Partners: TVIC Timing: May Media: TBC
	TNLA Family Co-op campaigns Position Australia for peak season family travel Partners: 6 major GIT agents (Hanatour, Mode Tour, Lotte Tour, Hanjin Travel, JaU Tour and Tour 2000) Timing: Jan-Jun Media: Digital, Print, PR	
	TNLA Co-op campaign with Qantas Increase awareness of and drive urgency through tactical offers Partners: Qantas Timing: Feb-Mar Media: Outdoor	Korea Workshop & Famil Combined training workshop and familiarisation event to strengthen relationships between Australian suppliers and travel agents, and to educate Korean agents on suitable products for the FIT market Partners: TVIC, GCT Timing: May

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KOREA	<p>TNLA Co-op campaign with TQ Increase awareness of Australia and Queensland and drive sales through tailored itineraries and programs Partners: TQ Timing: Mar-Apr Media: TBC</p>	
JAPAN	<p>TNLA campaign - Fit for FIT project Provide unique individual travel experiences and a clear path to FIT conversion points Partners: Qantas, Singapore Airlines, Jetstar, TBS TV, 4 Travel Portal Timing: Dec-Feb Media: Digital, Transit, Print</p>	<p>TNLA Co-op campaign with Airline Support airline's consumer digital activities Partners: Airline Timing: Apr-Jun Media: Digital</p>
	<p>TNLA FIT Co-op campaigns Provide unique individual travel experiences linked to purchasable FIT product Partners: Alan, ATS, HIS, Qantas, TQ Timing: Jan-Jun Media: Digital, Print, Transit</p>	
	<p>TNLA Honeymoon Co-op campaign Capitalise on the appeal of and position Australia as a romantic destination Partners: JTB, KNT, NTA, JALPAK, TQ, TNSW, TNT, wedding magazine Zexy Timing: Jan-Jun Media: Digital, Print, In-store</p>	
INDIA	<p>Namaste Australia Campaign Deliver the message of "Australia as a safe and welcoming destination" through the eyes of Indian nationals highlighting Australia's unique experiences, iconic landmarks & attractions Partners: TA Solus Timing: Feb-Jun Media: Digital, Print, TV, Outdoor, PR</p>	
	<p>Brand Co-op campaign with Qantas Increase awareness of specific unique Australian experiences / products, spread seasonality into off-peak and encourage early bookings during peak Partners: Qantas, Travel Agents Timing: Feb - Mar Media: Print, Outdoor</p>	
	<p>Brand Co-op campaign with Singapore Airlines Increase awareness of specific unique Australian experiences / products, spread seasonality into off-peak and encourage early bookings during peak Partners: Singapore Airlines Timing: Feb Media: Print</p>	
MALAYSIA	<p>TNLA Campaign Phase 2 Promote accessibility to a range of Australian areas through self-drive Partners: STOs, Agents Timing: Mar-Jun Media: Digital, Outdoor, Print, PR</p>	
SINGAPORE	<p>TNLA Co-op campaign with Singapore Airlines Increase awareness and drive sales to Australia Partners: Singapore Airlines Timing: Feb-Mar Media: Digital, Print</p>	<p>TNLA Co-op campaign with Airline Increase awareness and drive sales to Australia Partners: Airline Timing: Apr-May Media: Digital, Print, Radio</p>

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