

China Travel Market – Fact Sheet 2008-2009

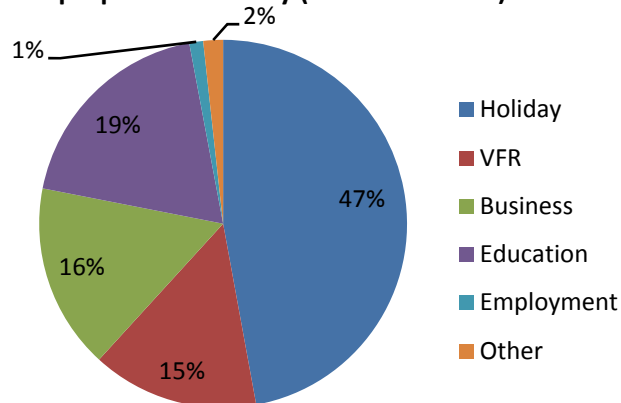
Chinese Visitor Arrivals to Australia

- There were **356,000** visitors from China in 2008, making China the **4th largest inbound market for arrivals** as at Dec 2008 with forecasted growth of average 11%.

Year	Visitors	% Change	Year	Visitors	% Change
1999	93,000	20	2004	251,300	43
2000	120,000	29	2005	285,000	13
2001	158,000	32	2006	308,500	8
2002	190,000	20	2007	357,500	16
2003	176,100	-7	2008	356,400	0

- Of the total arrivals of visitors from China year ending June 2009, a high proportion were visiting Australia for a holiday (160,053), visiting friends and relatives (49,816), business (55,395), education (64,419), employment (4,139) and others (5,905).

Main purpose of Journey (China YE Jun 09)

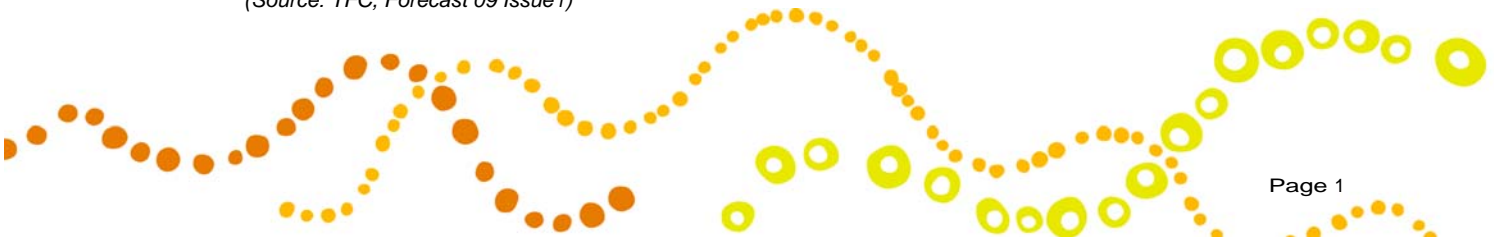


Arrivals Forecast

- Tourism Forecasting Council has forecasted 379,000 visitors from China in 2009.
- Arrivals from China are expected to perform well, with an average annual growth rate of **11.5 per cent** through to the year **2013**.

Year	Visitors (000)	% Change	Year	Visitors (000)	% Change
2009	379	5.6	2014	688	12.2
2010	421	11.1	2015	750	9.0
2011	481	14.2	2016	812	8.2
2012	548	13.9	2017	877	8.0
2013	613	11.8	2018	947	7.9

(Source: TFC, Forecast 09 Issue1)

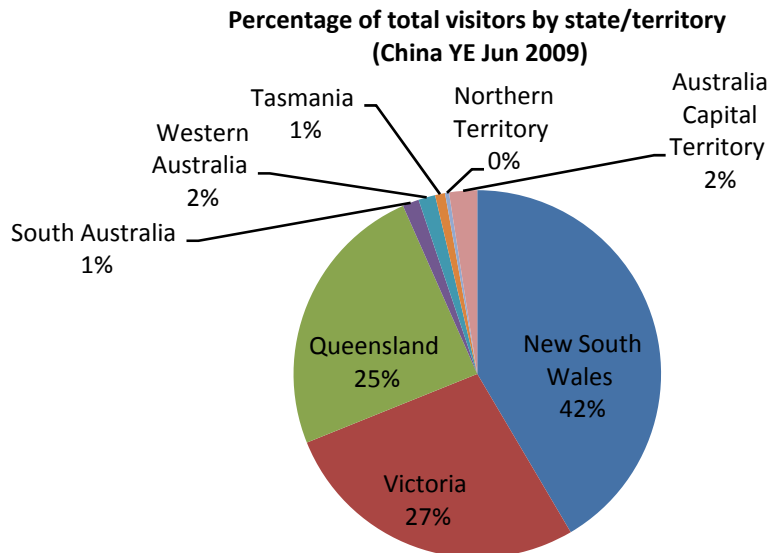


Visitor Expenditure

- In the year ending June 2009, Chinese visitors contributed **AUD2,529 million** to Australia's Total Inbound Economic Value (TIEV).
- Average expenditure for Chinese visitors in the year ending June 2009 was **AUD7,445**, this includes prepaid international airfares and accommodation.
- China is the **2nd largest source market** in terms of expenditure.

Duration of Stay and destination

- Number of nights' stay in Australia by visitors from China totalled **17 million** in the year ending June 2009.
- In the year ending June 2009, the average length of stay for all visitors from China was **51 nights**, a bit higher than Global average of 34 nights.
- The most visited State by Chinese visitors was New South Wales (42% of visitors), followed by Victoria (27%) and Queensland (25%).



Chinese Visitor Characteristics for Year Ending June 2009 *(Source: IVS, Jun 09)*

Repeat Visitation	'000	%
First time visitor	158	46
Repeat visitor	182	54

Chinese Visitor Characteristics Year Ending June 2009 *(Source: IVS, Jun 09)*

- **54%** of Chinese visitors to Australia are return visits
- Top **5** Activities of Chinese visitors in Australia are
 - Go shopping for pleasure
 - Eating out at a restaurant / café
 - Go to the beach
 - Sightseeing / looking around
 - Visit history / heritage buildings, sites or monuments

Australia's Competitive Advantage *(Source: TA Brand Health Monitor, 2009Q2)*

- is a laid back and easy going holiday destination (49%)
- offers involving experiences in the natural environment (47%)
- is an environmentally friendly holiday destination (39%)
- is a family holiday destination (35%)
- is a place known for its friendly beach lifestyle (31%)
- is a destination to have an authentic indigenous experience(29%)

Target Markets

- Beijing, Greater Shanghai and Guangdong (Primary)
- Jiangsu, Zhejiang, Liaoning, Shandong, Sichuan, Hunan, Hebei (Secondary)

Strategic Intent

China is the "MUST WIN" growth market for Australia and every other destination.

Target segments

Primary segment

- First Time Experience Seekers
- Repeat visit Experience Seekers

Secondary segment

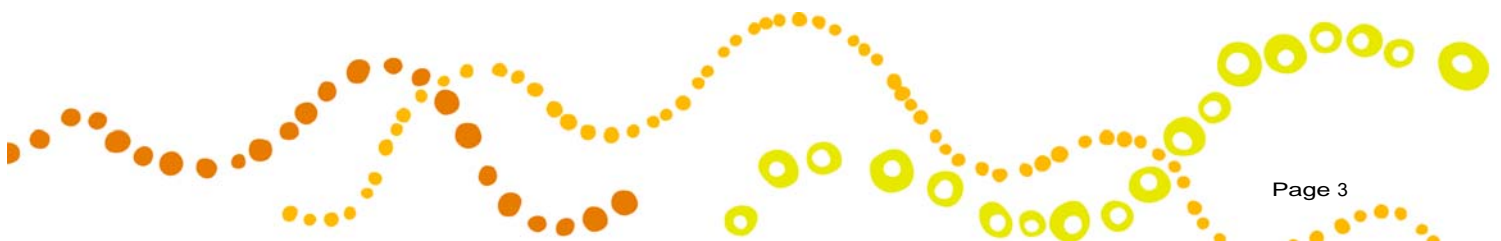
- Incentive groups

Flight options to Australia

- 28 regular direct flights from Beijing, Shanghai or Guangzhou to Sydney or Melbourne via Air China, China Eastern Airlines, China Southern Airlines and Qantas, as of 1st September 2009.

Airline	Routing	Frequency
Air China	BJS-(SHA)-SYD-MEL	1 Weekly(Sat)
	BJS-SYD-MEL	3 weekly(Mon, Wed, Fri)
	BJS-SHA-SYD	3 Weekly (Tue, Thu, Sun)
Qantas Airways	SHA-SYD	7 Weekly
China Eastern	SHA-MEL	4 Weekly (Tue, Fri, Sat, Sun)
	SHA-SYD	5 Weekly (Mon, Wed, Thu, Fri, Sat)
China Southern	CAN-SYD-MEL	3 Weekly (Wed, Fri, Sun)
	CAN-SYD	2 Weekly (Tue, Sat)

- Singapore Airlines and Cathay Pacific/Dragonair offer routing to Australia major gateway cities via Singapore or Hong Kong hub respectively.



Aussie Specialist Program (ASP)

- Participants in the Aussie Specialist Program (ASP) are identified as strongly promoting Australia as a holiday destination.
- As per June 2009, ASP figures were as below:

Total registered: 3,384 agents from 370 agencies

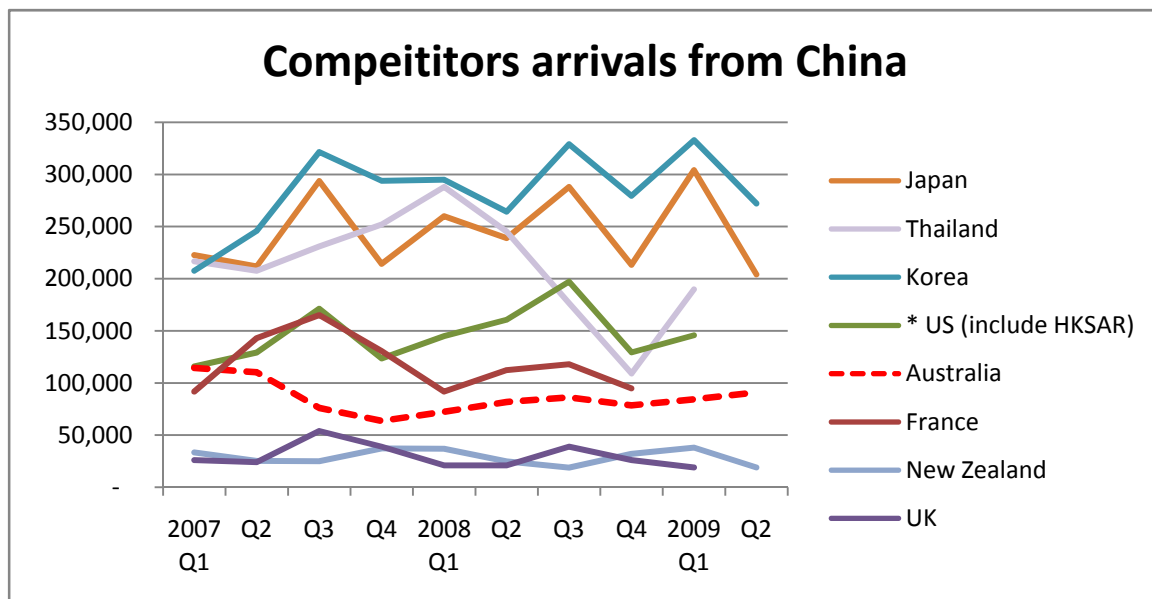
Fully qualified ASP agents: 1,485 from 280 agencies

Premier Aussie Specialist Program (PASP)

- Participants in the Premier Aussie Specialist Program (PASP) are identified as strongly developing Australia holiday experiences.
- As per June 2009, PASP figures were as below:

PASP agents awarded: 35 agents from 28 agencies

Competitors visitation and major activities



- Most of the Chinese visitors' major outbound destinations recorded incremental drop from 2009 Q1.
- Thailand started to pick up the arrivals after unstable political incidence in 2008.

Snapshot of the market socio-economic updates

- The **mainland's economic recovery** is real and the stimulus of the 4 trillion yuan may have taken effect with reported **growth of 7.9 per cent** in the second quarter 2009.
- **Chinese consumers' confidence** has picked up in the second quarter. According to the Nielsen Global Consumer Confidence Index, **Chinese consumers' index was up to 7 percentage points** than the previous quarter, climbing in the global list to the sixth place from tenth in the second quarter. (Source: Chinadaily.com.cn, dated 31st July 2009)
- China has **338 million internet users (number 1 in global)** as of end of June 2009, according to China Internet Network Information Center (CNNIC). 87.88 million internet users in China shop online now, with 18% growth as compare of year end 2009. . (Source: Chinadaily.com.cn, dated 16th July 2009)
- The APAC **online travel industry** includes five markets, which together control 82% of the industry, whereas China holds a 23% share. The online leisure/unmanaged business travel market reached US\$30.5 billion in APAC. PhoCus Wright estimates that by 2011, this market in China will **increase to 20% of the total market (US\$13 million)**
China is mostly a search-and-shop market, with 22% of online searches converting to sales in 2008¹. Guangzhou and Chengdu have higher rates of online payments than other cities due to their critical roles in trade-related activities. Amazingly, user-generated content posted online influences 36% of people who buy travel online in China. China is skewed towards intermediaries (63%) rather than the direct distribution channel (36%). Searches for airfares and hotel rates are conducted mostly through supplier Web sites, but transactions have been painful because of travelsky integration; this is where the Online Travel Agencies (OTAs) come into play. In China, consumers search on supplier websites and then go to OTAs to purchase travel. (Source: Phocus Wright's Asia Pacific Online Travel overview Third Edition, August 2009)
- **China Southern Airlines**, the newest member of SkyTeam and the largest airline in China is pleased to bring the future of automated customer service into reality as it launches **airline ticket purchasing via mobile SMS**. Available in Chinese only, customers can purchase airline tickets by simply sending a text message "ticket purchasing" or "ticketing booking" to China Southern's ticketing centre at 95539 - select the preferred flight and class and input the passenger's full name, identification number and credit card information. (Source: Travel daily news, dated 9th September 2009 http://www.traveldailynews.com/pages/show_page/32923-China-Southern-selling-air-tickets-via-mobile-SMS)

Sources

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- Tourism Forecasting Committee Forecast 2008 Issue 2, Tourism Research Australia
- Brand Health Monitor quarter 1 2009, Tourism Australia
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¹ PhoCusWright's China Study, 2009