

China Strategic Plan 2012-2016

A Discussion Paper

Prepared by Tourism Queensland
October, 2011

Project China. Discussion Paper

Important Note:

The purpose of this discussion paper is to engage industry and inform the development of the Queensland Tourism China Strategy to 2016; this strategy will assist Queensland in meeting its 2020 Tourism Potential. This document does not reflect current Queensland State Government Policy. (See page 53 on how to provide your comment and feedback).

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Introduction

What is Project China?

Project China is a long-term plan to ensure the China market grows in a positive, sustainable way in partnership with the wider Queensland tourism industry. The implementation of the plan will ensure the Queensland industry is ready to welcome more Chinese visitors and deliver to them high quality experiences. Once the strategic direction is set, then a suite of required actions will be identified. Delivery of the plan will be the responsibility of a number of stakeholders, therefore broad consideration of funding and resource requirements is paramount. Tourism Queensland will identify the actions for which it is responsible and subject to funding, incorporate these into the organisation's business plan for implementation.

Tourism Queensland's strong presence in China currently centres on relationships with key industry partners and aggressive marketing and retail activities aimed at attracting Chinese visitors. Project China provides the opportunity to review all aspects of our relationship with the China market, including an emphasis on industry readiness. Our aim is to continue to grow all key relationships and assist more tourism operators to enter the China market.

Purpose of this paper

The purpose of this paper is to outline issues that should be considered in the development of the China Strategy to 2016.

In addition to the development of this discussion paper, Tourism Queensland has held and will continue to hold discussions with industry groups and government departments on other related issues. Through the discussion paper process and stakeholder meetings, comprehensive coverage of the key issues, opportunities and strategies will be outlined to enable the Queensland tourism industry to deliver quality experiences to Chinese travellers alongside activity in other visitor markets.

Tourism Queensland invites feedback on the content of each section and encourages insights and knowledge to be shared.

Tourism Queensland's overall Goals

Project China supports Tourism Queensland's primary goals by assisting to:

- increase leisure expenditure and share for Queensland destinations
- maximise sustainable tourism growth
- encourage visitor dispersal

The project lifecycle

The key stages in the project are:

1. Development of a **Discussion Paper** released October 21, 2011
2. Formulation of a **Strategic Plan 2012-16** released March 2012
3. The creation of an **Action Plan** to be developed annually for the duration of the Strategy, released March 2012.

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The discussion paper and strategic plan will be developed with three levels of interaction, uptake and knowledge in mind, including companies that have worked in the China market for five or more years, those with less than five years experience and companies with aspirations to be in the China market. All three groups will have different needs and will expect different outcomes and actions.

In addition to the range of experiences, each section of the discussion paper and strategic plan will consider regional/destination variations.

During the development of the strategic plan a number of actions will be identified, which stakeholders believe will deliver the best potential outcomes in the China market to 2016. It is anticipated some actions will be delivered by Tourism Queensland (subject to adequate budget and resources).

Consultation

While Tourism Queensland will take the lead on Project China, it is crucial that a wide range of industry experts are involved to value add to the project's delivery. A series of consultation meetings have already been initiated, starting with the first meetings in July 2011 and culminating with recent one-on-one meetings with industry members on the Gold Coast, in Cairns, Brisbane and Sydney. Participants included Tourism Australia, Australian Tourism Export Council, Department of Foreign Affairs and Trade, Study Queensland Industry Council, International Education and Training Unit (within Education Queensland)¹, Department of Employment Economic Development and Innovation, Queensland industry representatives, regional tourism organisations, and key Chinese tourism partners (such as the Consulate General and the Australia China Business Association).

Visitor experience, including the decisive first time visit, is fundamental to the successful growth of the China market in Queensland and this will be addressed in the strategic plan for 2012-2016. Tourism Queensland's goal is to not only attract new Chinese visitors to Queensland, but to deliver such excellent experiences that they return and recommend Queensland to others. This will be achieved by developing a strong partnership between the Queensland and Chinese tourism industries and by providing an excellent level of service to stakeholders including consumers and travel trade.

Feedback

Tourism Queensland invites you to give your thoughts on the questions posed in the discussion paper as well as any other comments and insights that will add value to the development of the Strategic Plan 2012-2016.

Section Titles

For Queensland to realise the potential of the Chinese Market² the following topics have been identified and will be explored in more detail later in this paper.

¹ Formally known as Queensland Education and Training International (QETI)

² Mainland Chinese travellers are distinct from Hong Kong travellers and Taiwanese travellers. They need to be treated separately as they behave differently and seek difference experiences.

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1. Aviation

The Queensland Government has long been at the forefront of aviation strategy with respect to China. Project China is an opportunity to fine-tune this strategy and review our focus on charters, seasonal services and scheduled services. Project China will provide Tourism Queensland with opportunities to achieve our aviation goals through clear planning and a development focus.

2. The Chinese Traveller

Like all markets, Chinese consumers display observable behaviour unique to their culture, and may seek different experiences to other holiday travel markets based on these unique cultural characteristics. These behaviours can also be interpreted differently by other cultures making cultural awareness and understanding a necessity. Understanding how consumer behaviour impacts expectations, travel desires and choices is fundamental to growing the China market.

3. Market Engagement

Project China will ensure Queensland focuses its marketing efforts on targeted geographic areas in China, with an emphasis on reviewing our market prioritisation model and attracting high yield visitors.

In order to gain maximum benefit from our activity, it is imperative that Tourism Queensland works in tandem with Tourism Australia and that key cities identified in previous China market strategies be reviewed in line with Tourism Australia's recently announced targets.

Other marketing partnerships, including airline and wholesaler partners, will be a core focus of the revised strategy. Finally, third party partnership opportunities will be highlighted as a priority to ensure we continue to reach our target consumers and leverage resources to ensure all opportunities are maximised.

4. Delivering Quality Experiences

It is imperative that the Queensland tourism industry prepares for an increasing number of Chinese visitors. Project China will identify a number of areas for Queensland operators to focus on to achieve China readiness.

Tourism Queensland will work with the operators to improve their understanding of the following areas:

- Expectations and delivery of quality products;
- Product and infrastructure requirements;
- Skills and language development;
- Food and cultural knowledge and understanding;
- Ethical business practices; and
- Quality tour guide availability.

5. Investment Attraction and Facilitation

The potential for Chinese investment in Queensland tourism may be valuable in developing or refreshing Queensland tourism infrastructure (particularly hotel stock and island resorts). The Queensland Government will work in partnership with the Federal Government to show potential Chinese investors the advantages of investing in Queensland and encourage new investment.

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The China Potential

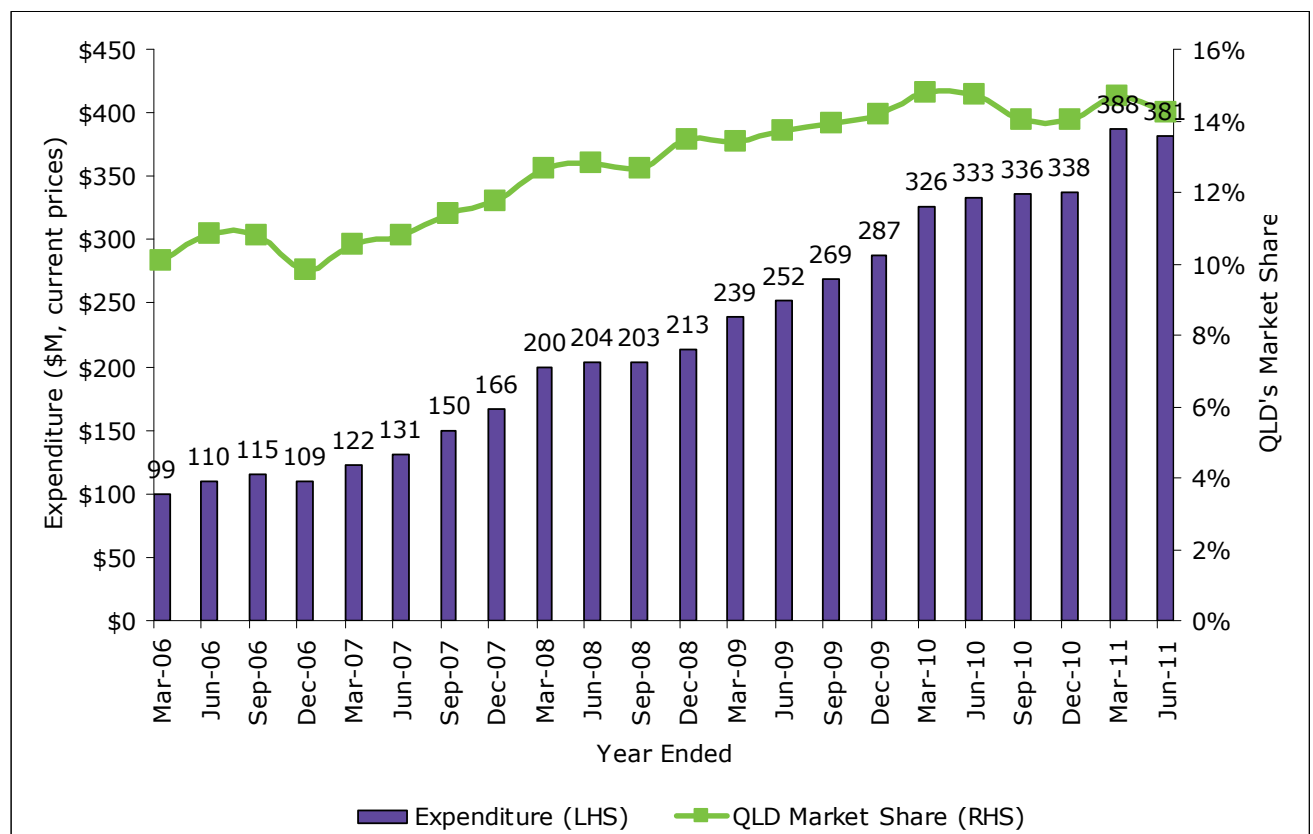
China is currently Australia's fourth largest inbound market in terms of visitor numbers, after New Zealand, the United Kingdom and the United States. In the year ended June 2011, there were 473,000 Chinese visitors to Australia, accounting for 8.7% of total international visitors. Despite a 7.3% decline in 2003 due to the outbreak of Severe Acute Respiratory Syndrome, Chinese visitation to Australia has continued to increase at an average annual rate of 14.2% since 2000.

China is Australia's fastest growing inbound tourism market in terms of visitor volume and expenditure, and in 2010 it became Australia's highest yielding market, ahead of the United Kingdom, New Zealand and the United States. The China inbound market is currently worth \$2.7 billion, or around 15% of total tourism exports.

Chinese visitors spent \$381 million on their trips to Queensland in the year to June 2011. This was an increase of 14.4% on the previous year. The average spend per Chinese visitor in Queensland was \$1,927.

Figure 1 illustrates the historical strong growth of the China market, with expenditure increasing from \$100 million in 2006 to \$381 million by June 2011. At the same time, Queensland gained 4% market share in Chinese expenditure in Australia from 10% in 2006 to 14% in June 2011.

Figure 1 – Five Year-History of China Expenditure in Queensland and Queensland's Market Share



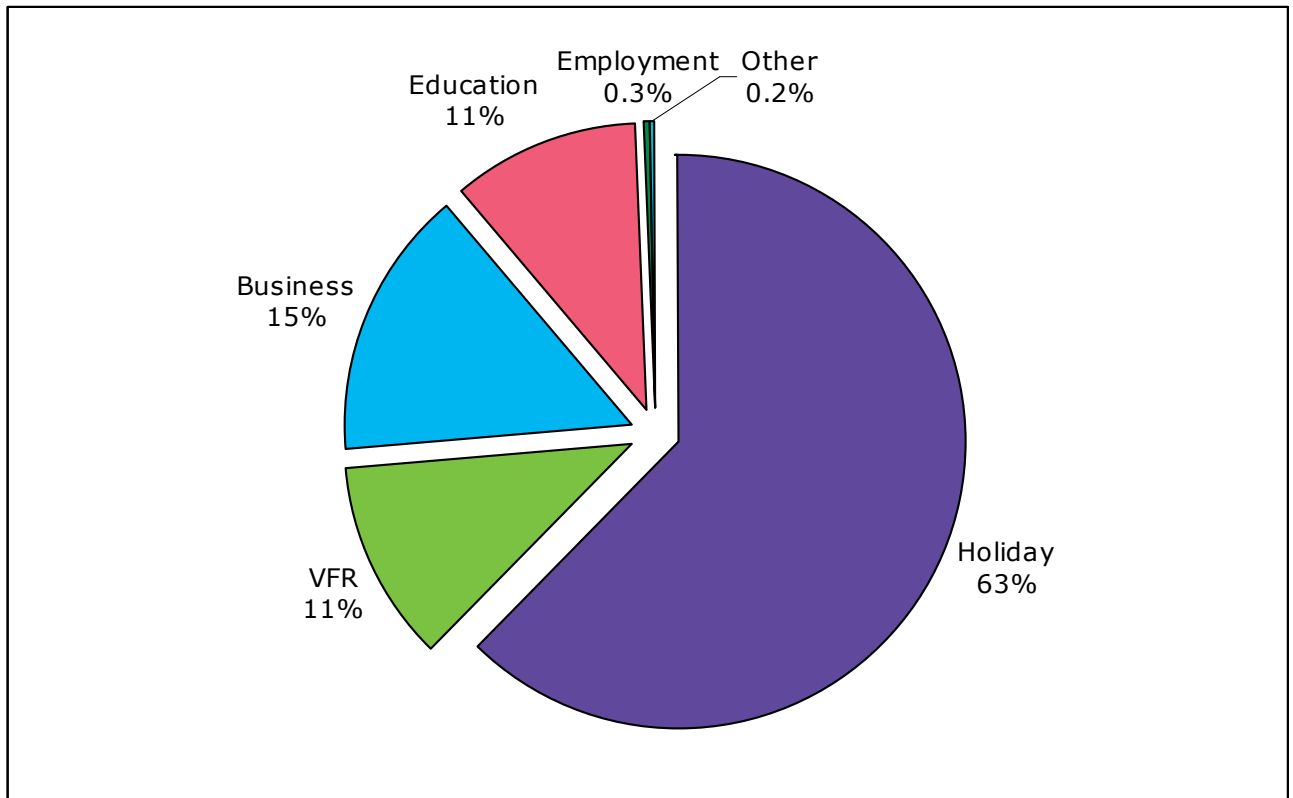
Source: Tourism Research Australia – International Visitor Survey

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The regions of the Gold Coast, Brisbane and Tropical North Queensland were the most visited by Chinese travellers to Queensland. Chinese visitors increased visitation to these regions (up by 10%, 28% and 37% respectively) over the year ended June 2011.

In the year ended June 2011, two thirds of Chinese travellers to Queensland visited for a holiday, followed by business (14%), visiting friends and relatives (10%), and education (9%).

Figure 2 – Main Purpose of Visitation to Queensland, year ended June 2011



Source: Tourism Research Australia – International Visitor Survey

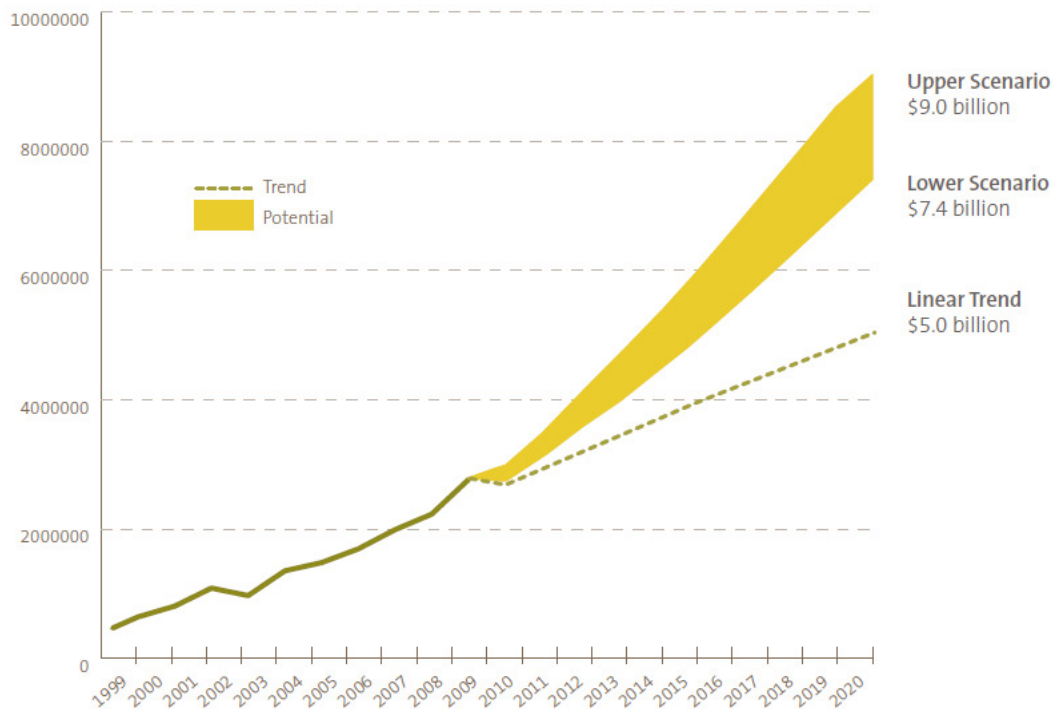
Tourism Australia's China 2020 Strategic Plan

Tourism Australia has released its China 2020 Strategic Plan, which outlines the China market's Tourism Potential and suggests how to gain market share in the market's fast-growing outbound travel segment.

By 2020, Tourism Australia expects the China market has the potential to contribute **\$7 to \$9 billion** annually.

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Figure 3 – China Potential for Overnight Tourism Expenditure (millions, nominal)



Source: Tourism Australia – China 2020 Strategic Plan

The Queensland potential

The 2020 vision for the Chinese market to Australia presents a significant opportunity for the Queensland tourism industry. A discussion on the implications of the 2020 vision and the associated impacts for 2016 can be found in the "Summary of Tourism Australia's China 2020 Strategic Plan" document.³

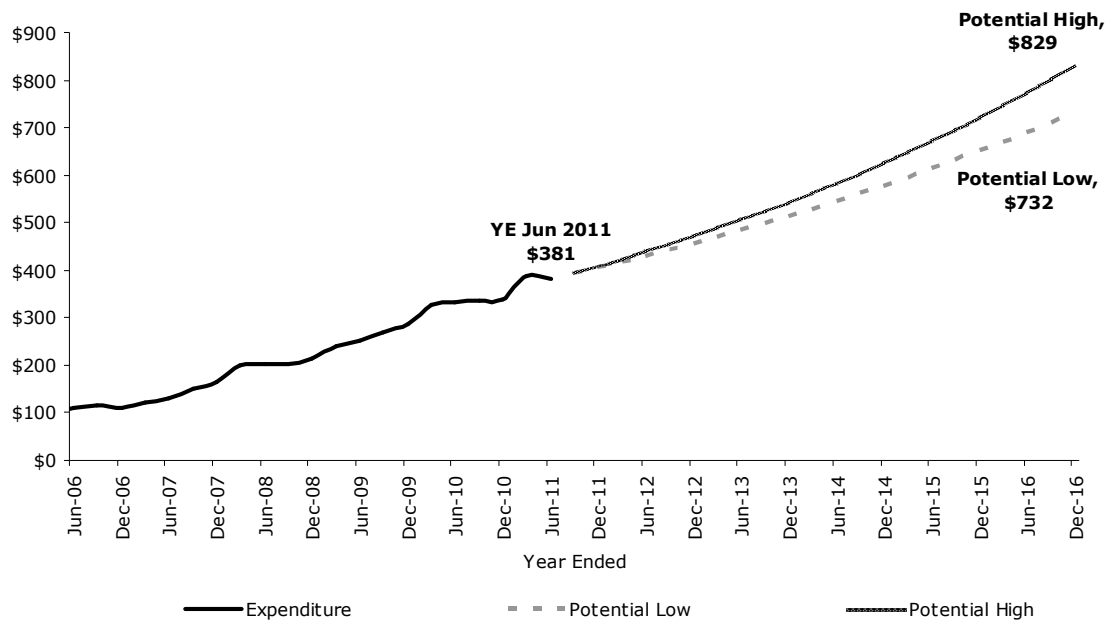
To project the Queensland potential expenditure by 2016, it is expected the growth path will be not be constant, but rather an incremental trend as the industry sets in place the foundations to address the demand and supply side issues to achieve the 2020 potential.

Assuming the abovementioned incremental growth path, it is projected that Chinese expenditure in Queensland will range between \$732 and \$829 million by 2016. This represents an average annual increase of 6.7% and 8.1% respectively. Figure 4 below illustrates the potential expenditure.

³ www.tq.com.au/projectchina

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Figure 4 – Chinese Expenditure in Queensland to 2016 (millions, nominal)



To achieve the potential for Queensland, it is estimated that visitor arrivals from China could be as high as 428,000 by 2016. The visitor growth is expected to be driven by the leisure (holiday and visiting friends and relatives) segment.

In summary, the projected targets for the China in 2016 are:

	Visitors	Average length of stay	Spend per night	Total Expenditure (\$M)
Current (YE June 2011)	198,000	17.8	\$108	\$381
2016 - Low Potential	378,500	12.6	\$154	\$732
2016 - High Potential	429,000	12.6	\$154	\$829

Alternatively, the projected spend can also be achieved by targeted strong growth from the Free Independent Travel market which is generally higher yielding than the Group Travel market⁴. This will partly alleviate the required visitor volume from China in 2016.

As the figures show, China has been identified as a significant growth market for Queensland, with the potential to drive economic growth for an extended period as the Chinese increasingly embrace international travel. To capitalise on this growth, it is essential Queensland is ready and able to deliver on the needs and expectations of these Chinese visitors.

To maximise economic benefits for Queensland, we need to target segments and provide experiences that will deliver yield, not just volume, through increased visitor expenditure as well as visitor dispersal throughout Queensland.

⁴ The Free Independent Traveller in the context of China refers to a person with a mindset of more independent travel. They may still book their flights via a travel agent but will require more flexibility and/or control in the make-up of their itinerary. They tend to search for information themselves and make decisions based on experiences rather than available packages.

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Aviation

Rationale

The establishment and increase in direct non-stop services between cities in China and cities in Queensland will be crucial to match the capacity needed to attract Chinese visitors to Queensland.⁵

Objectives

Increase the ease in which Chinese visitors can arrive into a Queensland city

- Increase the number of direct non-stop services from Chinese cities to Queensland cities
- Broaden and increase the cities, time-period and frequencies of both charter and supplementary services
- Improve the ability of Chinese visitors to travel into and around Queensland on the domestic network once they arrive in Australia

Where are we now?

Air access is a vital component of the Chinese visitor experience in Queensland. From November 2011 China Southern will offer four services per week from mainland China to Queensland on the Beijing-Guangzhou-Brisbane route. Prior to November China Southern operates three services a week from Guangzhou-Brisbane. The limited capacity means that there is a large amount of intermediate points used by Chinese visitors arriving in Queensland.

The most common travel paths into Queensland are:

- Via Guangzhou with China Southern into Brisbane
- Via Hong Kong with both Cathay Pacific and Qantas into Brisbane
- Via Hong Kong with Cathay Pacific into Cairns
- Via Singapore with Singapore Airlines and Qantas into Brisbane
- Via Kuala Lumpur into Brisbane with Malaysian Airlines and into the Gold Coast with AirAsia X
- Via Seoul with Korean Air into Brisbane
- Via Sydney and Melbourne with multiple different airlines, including Qantas, and then using the Australian domestic network to reach their Queensland destination
- Charter operations during peak travel periods such as Chinese New Year into the Gold Coast and Cairns.
- Supplementary services by existing carriers during the peak period such as Chinese New Year

The multiple travel paths for Chinese visitors to Queensland are split across a wide number of airlines, which also rely on other international source markets. Due to the different yields and seasonality of source markets, crowding out can occur and airline seats filled by one source market can impact on the availability for another market.

Airlines that currently fly or have announced that they will fly between China and Australia are:

- China Southern Airlines
- Air China
- China Eastern

⁵ Tourism Queensland acknowledges that additional flights are arriving into Queensland from China through non-mainland China hubs; for the purposes of this document we are only considering direct mainland China carriers.

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- Hainan Airlines
- Qantas
- Jetstar

Airlines that have both the rights, under the bilateral agreements, and the aircraft capable of flying between China and Australia are:

- Virgin Australia
- Air Australia

Issues/challenges

1. Increasing the amount of scheduled capacity between Chinese cities and Queensland cities

The 2020 vision for the Chinese market to Australia presents a significant opportunity for the industry and has the potential to contribute \$7.4 - \$9 billion to the Australian economy. Based on this potential and the expectation that Queensland will achieve a reasonable market share out of China there are implications on the number of flights needed by 2016.

The number of flights required will depend on a variety of factors including:

- average aircraft size
- the ratio of visitors to returning residents on each inbound flight
- the number Chinese visitors to Queensland that utilise either an Asian hub or arrive in Queensland via the domestic network
- the average load factor achieved on each flight
- the average spend patterns of Chinese visitors to Queensland

The variances of this can be seen based on the assumptions in the table below:

Assumptions:	Potential Spend per night variations		
	Spend per night increase of 6% pa	Spend per night increase of 8% pa	Spend per night increase of 10% pa
Potential Total Spend in 2016 (\$m)	\$829	\$829	\$829
Average spend per night in Queensland	\$154	\$172	\$192
Average length of stay in Queensland	12.6	12.6	12.6
Number of visitors to Queensland	429,000	383,000	343,000
Percentage of visitors to Queensland that do not arrive directly into Queensland from China	65%	65%	65%
Ratio of inbound visitors to returning residents on the inbound flight	60%	60%	60%
Average annual load factor	75%	75%	75%
Average aircraft size	275	275	275

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Required frequency per week in 2016	23	21	19
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Using these assumptions to reach the 2016 potential for China, Queensland's international airports will need to welcome between 19 and 23 flights per week from China.⁶ Tourism Queensland recognises that this is an ambitious number of flights; however it is in line with the 2020 Potential and aiming to achieve the high potential for the industry.

To reach this ambitious target by 2016, the following aspects of the China-Queensland air services will need to improve:

- Airline yields and route profitability
- Market seasonality
- Airline network traffic
- Increase in non-holiday traffic especially high yielding business traffic
- Increase in non-group traffic
- Increase in the appearance of the comparative ease of visas vs. other countries
- Increase in outbound travel to China by Queensland residents
- Optimal timings of services for travellers into and out of Queensland and China
- Airfreight carried between Queensland and Chinese airports
- Cooperative marketing support to build demand

The key Queensland opportunities for scheduled services will be connecting the three larger Chinese cities of Beijing, Shanghai and Guangzhou to the three major international airports in Queensland of Cairns, Brisbane and the Gold Coast. In the event that all three Queensland based airports attract a daily service from China to Queensland by 2016, the state will welcome 21 flights per week, placing Queensland in the right position to reach the 2016 goal.

In the event that not all of Queensland's three largest international airports attract a non-stop daily service from China, the other airports will need to increase their frequency beyond a daily service or a lower number of overall services will eventuate. Should this occur, Queensland will need to focus on higher yielding visitors or place greater reliance on Asian and domestic connections to reach the 2016 goal.

The competition for scheduled services from China is fought as much on a global scale as it is within the Australian landscape. Beijing, Shanghai and Guangzhou are geographically positioned within the long-haul range of most aircrafts and consequently almost all European destinations can compete with Queensland and Australia. Furthermore, European cities offer Chinese airlines larger customer populations while a trip to Europe allows the airline to sell multiple countries on the one itinerary.

The world wide competition for scheduled services from China has created a fiercely competitive marketplace, and a significant challenge for Queensland to achieve the ambitious number of flights to meet the 2016 expenditure target. To move towards this challenge, Tourism Queensland will analyse the current market inhibitors and identify those that can be realistically influenced to achieve an increase in scheduled

⁶ It should be noted that small changes to the assumptions can result in significant changes to the required frequencies per week.

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non-stop services. The primary lever that Tourism Queensland can utilise is cooperative marketing support with the airlines and working with the airlines to increase the proportion of non-group traffic on the service.

Questions for Consultation

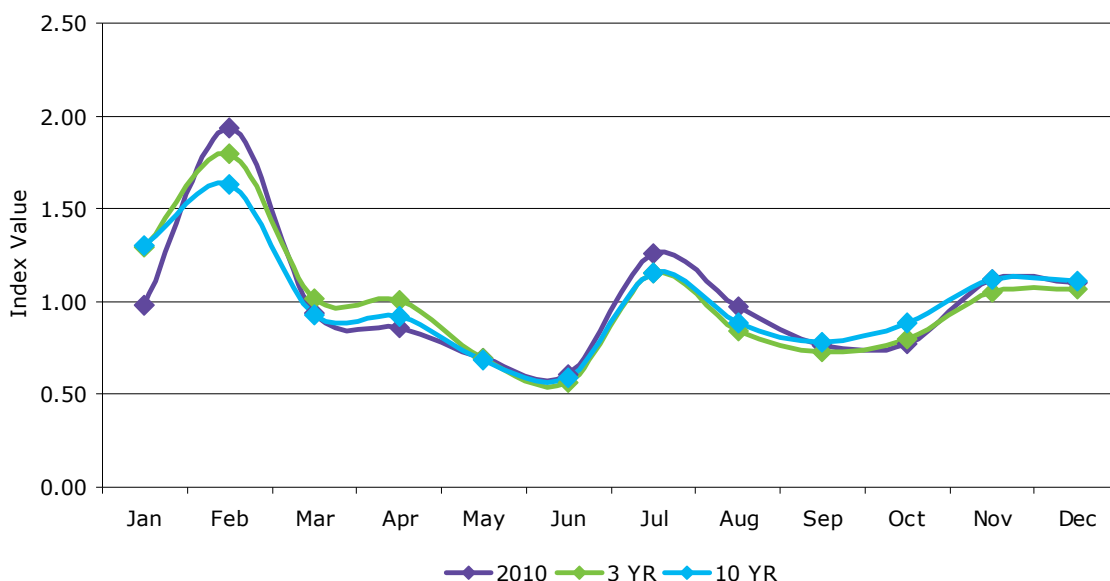
- *An ambitious target for the frequency of flights has been set. This target uses the current market dynamics and forecasts to assume that overall expenditure growth will be driven by volume increases with some yield increase. Given the ambitious nature of the number of flights, has the balance between volume and yield been achieved?*
- *Of the potential airlines identified which ones have the greatest potential to deliver capacity?*
- *Are there any destinations outside of the existing international airports of Gold Coast, Brisbane and Cairns that have the capacity to receive scheduled international flights from China by 2016?*
- *What inhibitors, over and above those already identified do you see in achieving this capacity? Are any of these inhibitors more of an issue than others for Queensland's international airports of Gold Coast, Brisbane and Cairns?*
- *What levers can be utilised to reduce the inhibitors to reaching the capacity?*

2. Broaden and increase the cities, time-period and frequencies of both charter, seasonal and supplementary services

The Chinese market is seasonal with the peak periods aligning with key holiday periods such as Chinese New Year. Seasonal indexes of Chinese arrivals into Australia have been constructed to show the relative peaks and troughs and to compare the seasonal index for each month with the monthly average throughout the year. For instance a value of 1.2 reflects that there are 20 percent more visitors in that month than the monthly average.

The seasonal indexes for Chinese visitor arrivals into Australia are shown for 2010, three year average of 2008-2010 and a 10 year average from 2001-2010 in Figure 1 below.

Figure 1 – Seasonal Indexes for the China Market



Source: Tourism Queensland based on Australian Bureau of Statistics, Overseas Arrivals and Departures

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The Chinese travel calendar is dominated by a very strong peak associated with the Chinese New Year period and a second burst in July which coincides with the summer holiday period. Following Chinese New Year there is a substantial low period in visitation which culminates in May and June. November is an emerging period of strong demand for the China market.

There are simply not enough scheduled non-stop services to meet the strong demand for travel over the Chinese New Year period and charters and supplementary services are needed to augment the supply. Whilst Chinese New Year currently represents the optimum time for charters, the other peak periods will be monitored for potential demand and opportunities.

Charters are an excellent way for an airline to "test" a new destination. Operated only during the high demand periods, they can showcase the viability of running the service on an ongoing basis, especially when they are supported by solid sales. To ensure that both the charters and the Queensland destinations perform well it is important that Queensland works closely with key wholesalers in the market.

The operation of a successful program of charter services into Queensland's international airports from Chinese cities is an important step in the longer term development of scheduled services to Queensland destinations. They are also a vital part of growing visitation from the emerging second tier cities in China.

Tourism Queensland has historically conducted cooperative marketing campaigns with wholesalers to drive sales and support the performance of charters. Herein, , Tourism Queensland will no longer work with wholesalers to support charter operations specifically for the Chinese New Year period out of the four major cities of Beijing, Shanghai, Guangzhou and Shenzhen. We will, however, seek opportunities to support charter programs out of other cities during the peak period of Chinese New Year and other periods throughout the year.

In terms of Beijing, Shanghai and Guangzhou, Tourism Queensland will work with wholesalers to implement charter operations that broaden the number of flights beyond the Chinese New Year period into a larger scale program of charters and also look for charter opportunities in periods outside of Chinese New Year.

Strong seasonality may present a case for seasonal schedules whereby airlines increase and reduce their capacity to reflect the demand for the destination at certain times of the year. The seasonality of the current Chinese market means that - based solely on the Chinese visitor - there would be substantial difference between the peak and the non-peak season operations.

It must be noted that airlines rely on peak periods to price discriminate and attract high yielding passengers. Profits accrued during these periods can offset the more challenging months of operation when demand is low and the market needs stimulating. The presence of charters in the same market as existing services reduces the incumbents' ability to price discriminate, and in turn, reduces the ability to realise strong profits that will maintain year-round route profitability.

Conversely if only existing carriers operate the route, an increase in price can suppress demand and there will be spillage of passengers to other destinations at least over the short term. If this supports the profitability of the incumbent carrier it may ultimately be in the long term benefit of the Queensland tourism industry.

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While the number of scheduled services to Queensland from China remains modest the demand for charter and supplementary services is warranted. As the number of scheduled services approaches the target the need for charters may be reassessed on a destination by destination basis.

The strong seasonal basis of the Chinese market also presents the opportunity for seasonal services or supplementary services. Seasonal services are where the airline operates a particular route on a seasonal basis as opposed to a year round basis. The supplementary services are where the airline operates an existing service with another destination to supplement the demand. China Eastern has previously operated supplementary services into Brisbane from November 2007 to February 2008. Tourism Queensland will look to support both of these types of services from all cities in China to Queensland destinations.

Questions for Consultation

- *Outside of the three cities of Beijing, Shanghai and Guangzhou are there other cities that present opportunities for charters to Queensland cities?*
- *At what point should a region cease to attract charters? For instance if a region has a daily direct non-stop service from a city in China, should that region look to have charters from the same region over the peak periods?*
- *Does the seasonality of the inbound market mean that the airline capacity should reflect a high/low schedule of operations with a high level of frequency over the Northern Winter scheduling period and lower level of frequency over the Northern Summer scheduling period?*
- *Are there particular source markets that visit Queensland that could transit via China to boost demand in the Chinese low season to help support year round services?*

3. The importance of the domestic network in distributing Chinese visitors around the state?

The Chinese visitor market to Australia and Queensland can currently be characterised as a multi-destination and also a group traveller. In the year ending June 2011, the vast majority of Chinese visitors to Australia visited multiple destinations. As can be seen in the table below, 50% are mono-destination visitors however when looking at the holiday market only 29% of all visitors are mono-visitors.

Destinations Visited	Total All Visitors		Holiday Visitors	
	Number of visitors	%	Number of holiday visitors	%
1 Destination	236,000	50%	76,000	29%
2 Destinations	59,000	12%	38,000	14%
3 Destinations	106,000	22%	86,000	32%
4 Destinations	43,000	9%	39,000	15%
5+Destinations	28,000	6%	27,000	10%
Total	473,000	100%	265,000	100%

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The top five places in Australia visited by Chinese visitors are:

- Sydney – 277,000 visitors
- Melbourne – 233,000 visitors
- Gold Coast – 118,000 visitors
- Brisbane – 83,000 visitors
- Tropical North Queensland – 74,000 visitors

Of the Chinese visitors to the Queensland destinations of Gold Coast, Brisbane and Tropical North Queensland the majority are also multi destination visitors.

The most common dual-destination itineraries are:

Destinations visited as part of a multi-destination trip	Number of visitors	Percent of visitors that are also travelling in a group
Sydney-Melbourne	98,000	47%
Sydney-Gold Coast	84,000	74%
Sydney- Tropical North Queensland	64,000	70%
Melbourne-Gold Coast	59,000	75%
Sydney-Brisbane	54,000	57%
Gold Coast- Tropical North Queensland	43,000	81%
Melbourne-Brisbane	36,000	58%
Melbourne- Tropical North Queensland	32,000	59%
Brisbane-Gold Coast	20,000	60%
Brisbane- Tropical North Queensland	23,000	65%

In terms of triple-destination itineraries that involved Queensland the market sizes are:

Destinations visited as part of a multi-destination trip	Number of visitors	Percent of visitors that are also travelling in a group
Sydney-Gold Coast- Tropical North Queensland	38,000	82%
Sydney-Melbourne-Gold Coast	38,000	71%
Sydney-Melbourne-Brisbane	28,000	61%
Sydney-Melbourne- Tropical North Queensland	26,000	58%
Sydney-Brisbane- Tropical North Queensland	20,000	65%
Sydney-Brisbane-Gold Coast	15,000	60%
Melbourne-Gold Coast- Tropical North Queensland	16,000	75%
Melbourne-Brisbane- Tropical North Queensland	10,000	60%
Melbourne-Brisbane-Gold Coast	7,000	71%
Brisbane-Gold Coast- Tropical North Queensland	7,000	71%

From this, it is evident that the domestic aviation network must be utilised to enable the Chinese visitor to travel into and around Queensland. Whilst the domestic network is large and dual destination travel is well established, the domestic network caters to demand from all markets, putting constraints on some routes at certain times of the year. These constraints give domestic airlines the ability to yield manage the

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demand which may impact on the Chinese group traveller due to their propensity to pay less than the airlines' desired price.

There is a strong correlation among the Chinese New Year peak travel period which occurs in January or February, the domestic summer holiday period which ends in January, and the increase in travel to Australia from the Northern Hemisphere countries over the northern winter period. This peak is an issue for Queensland in January when the domestic air capacity into Queensland leisure destinations is constrained. The constraint eases in February when the Australian summer holidays are over, reducing domestic capacity into leisure ports.

The peak period for the Chinese market, the domestic market and other multi-destination visitor markets is shown below.

Market	Peak Period
Domestic	January, April, June-July, September - October, December
China	January, February, July
United Kingdom	December – March
United States of America	December, February, July
Germany	December – March

The month of July for the Chinese market can be a concern as it overlaps with the start of Tropical North Queensland's peak domestic season when there is already considerable constraint in capacity into Cairns.

This constraint is further magnified by the higher proportion of group travellers in the Chinese market. Large groups are not only difficult to move around the domestic network given, they often seek relatively cheaper airfares due to the volume they provide to the airline. However in peak season the airline typically has a strong enough demand profile that mitigates the need to offer lower priced seats to large groups.

The dynamics of the Chinese traveller, the domestic aviation network and the geographic size of Queensland and Australia will mean that at times the Chinese visitor to Queensland will be crowded out by other visitors. Moreover, the seasonal peaks of the Chinese market combined with multi-destination and group travel places a particular strain on the domestic network at certain times of the year. The most extreme time for Chinese travellers is the Chinese New Year period. This occurs over the January and February period.

Leisure routes that are particularly busy over this time period that are also popular with the Chinese traveller are:

- Sydney – Gold Coast
- Melbourne – Gold Coast
- Gold Coast - Cairns

In January connectivity with Melbourne from some cities can be difficult around the time of the Australian Tennis Open.

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The month of July will experience a constraint on the amount of available capacity into Cairns. The leisure routes that are particularly busy over this time period that are also important to the Chinese are:

- Brisbane - Cairns
- Sydney - Cairns
- Melbourne - Cairns

The access into and around the state once Chinese travellers have arrived into the country can be helped through the presence of alliances, code shares and interline agreement. Chinese carriers currently operating into Australia have joined different alliances. The four major Chinese airlines and their current airline alliance as well as their domestic partner used for flights within Australia is shown in the table below.

Airline	Alliance	Domestic Access
Air China	Star Alliance	
China Eastern	Sky Team	Qantas (selected routes)
China Southern	Sky Team	Interline agreement with Virgin Australia
Hainan Airlines		

On the whole, Chinese carriers have alliances with partners that do not provide distribution in the Australian market. China Southern and China Eastern are both part of the Sky Team alliance, which does not have an Australian airline partner, while Air China is part of the Star Alliance network, which also does not have a domestic airline partner in the Australian marketplace. Hainan Airlines does not have any global airline alliance.

China Eastern currently code shares with Qantas and this helps to enable the distribution of passengers around Australia. However in the Queensland context this code share is currently limited to Brisbane and Cairns. China Southern is the largest provider of capacity between Australia and China and they are part of the Skyteam global airline alliance and currently have an interline agreement with Virgin Australia. Qantas is able to utilise the Qantas domestic network to distribute passengers into and around Queensland that arrive in Sydney from their services to Shanghai.

Overall the passenger propensity to pay will determine their ability to travel on the domestic network. As long as Queensland destinations have a limited number of direct non-stop services from China and those destinations continue to attract high volume, potentially lower yielding group multi-destination travellers, Queensland will continue to have the challenge of getting visitors to their desired destination.

Questions for Consultation

- *What airports other than those identified will face constraints in the domestic network for the Chinese traveller?*
- *What other times of the year will constraints be experienced?*
- *What strategies can be employed to mitigate the constraints on the domestic network?*

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- *How can the seasonal peaks and troughs in the China market be alleviated to reduce pressure on the domestic network?*
- *How can the impact of group travel be best handled on the domestic network?*
- *How important are airline alliances, code share and interline agreements to the distribution of Chinese visitors into and around Queensland?*
- *What ports need to be part of the code-share agreement?*

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The Chinese Traveller

Rationale

China is a large and rapidly growing marketplace where traveller patterns are constantly changing. Competition for the Chinese traveller has also increased with 111 countries/regions being granted Approved Destination Status (ADS)⁷ by August 2011. Continued understanding of the Chinese traveller's shifting expectations is needed to know where and who to target and how, to ensure Queensland increases its share of tourism expenditure.

In order to convert potential travellers to visitors, awareness of the Queensland product offering needs to increase, at the same time maximising the effectiveness of resources available to promote Queensland in China. With a detailed knowledge of the desired experiences of our Chinese travellers, decisions about future marketing, industry development and investment attraction can be explored.

Objective

Tourism Queensland's objectives are to:

- Understand existing travel markets in China that will continue to come to Queensland
- Develop new markets to increase Queensland's share of the China market
- Provide an understanding of the Chinese traveller holiday motivations and expectations so their needs can be best catered for.

Insights

Chinese consumer behaviour

Like all markets, Chinese consumers display behaviours distinct to their culture. When on holiday, they behave differently to travellers from other countries and seek different experiences. Understanding how consumer behaviour impacts on their expectations, their travel desires and their choices is fundamental to growing the market.

Key behavioural trends in China

Seven key trends in purchasing behaviour identified for Chinese consumers are outlined below and each has implications on how they choose to spend their earnings⁸. These trends are generally common across China with only some generational and regional differences:

Growing consumption

There is a natural desire to try new and better products as incomes rise and the economy improves, such as in China currently. This trend suggests that the number of Chinese consumers who are willing to spend their earnings on an international holiday, including in Queensland, is growing.

⁷ China Approved Destination Status is a bilateral tourism arrangement between the Chinese Government and a destination whereby Chinese tourists are permitted to undertake leisure travel in groups to that destination. The Department of Resources, Energy and Tourism (RET) manages the Australian scheme.

⁸ Sources: 2010 Annual Chinese Consumer Study (August 2010) McKinsey Insights China; Winning the Hearts and Minds of Chinese Consumers (2007), Boston Consulting Group.

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Faith in brands

There is a perception among Chinese consumers that 'a noted brand assures consumers that the product will live up to its claims' (BCG, p. 7). In addition to having high brand awareness, promises must also be delivered to ensure long term sustainability in the marketplace.

Compared to the rest of the world, Chinese consumers are willing to buy more expensive branded products, with '45% believing that a higher price corresponds directly to better quality, compared to just 16% in the US and 8% in Japan.' (McKinsey, p. 23). This trend suggests that, in general, Chinese consumers are willing to pay for higher priced holidays to destinations they know about, which they value and they perceive to be delivering on their brand promise.

Value is more important than brand loyalty

While brand conscious, if the Chinese consumer can get a better price somewhere else for the same product then they will go out of their way to buy the better-priced product. To ensure value, it is ideal for Chinese travellers to understand the unique experiences they will get from a Queensland holiday.

Status value

Similar to a number of markets around the world, appearing successful is important for some Chinese people, especially for aspiring or lower-middle-class consumers. Travelling to an international destination that is highly desired in the marketplace can deliver status value. Travel is also considered by some as a luxury they can show off to their peers.⁹

Importance of family

Family is highly valued in China where family needs are regarded as very important. Before making a purchasing decision, Chinese consumers do much more research than the average consumer in the developed world and they will often discuss their options with family and friends, taking into account their opinions and the impact of the decision on the family.

Related to this trend, word of mouth tends to be more powerful in China than in developed countries. As an example, recent research into moisturiser purchases found that recommendations from family and friends were relied on by 66% of Chinese consumers compared to 38% of US consumers.¹⁰ Two reasons why word of mouth is so important to the China market are: the rapid pace and volume of new products on the market; and the desire to make decisions that make them look smart.

Emotional appeal and beyond the basics

As more Chinese consumers have the means to make higher value purchases, they are shifting from focusing on functional attributes toward more sophisticated criteria. This trend suggests some Chinese travellers are now not only concerned with whether their hotel room is clean, for example, but also whether it will have a view of the ocean.

⁹ The Coming of Age: China's New Class of Wealthy Consumers, April 2009, McKinsey Insights China

¹⁰ 2010 Annual Chinese Consumer Study, August 2010, McKinsey Consumer & Shopper Insights

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Emotional aspects are starting to drive the purchase decisions of younger (often better-off) Chinese consumers where it is less about following the crowd and more about buying into what specifically suits their own needs. To attract China's younger demographic, it is important to communicate how experiencing a Queensland holiday will satisfy their emotional desires.

Big savers

Because Chinese consumers have such a high savings rate, they tend to make explicit choices about how they are going to spend their growing income. Different to most other consumers, the China market is less likely to rely on credit in order to trade up. Their overall spending patterns remain conservative, with more than a third of their incomes being retained as savings (this is starting to change, especially for those born in the 1980s or later).

Cultural characteristics

Chinese consumers display observable behaviour unique to their culture. When on holiday, they behave differently to travellers from other countries and seek different experiences because of their cultural characteristics. Understanding of distinct regional behaviours within China's diverse society is also important. These unique Chinese cultural characteristics can also be interpreted differently by other cultures and so cultural awareness and understanding is necessary.

Cultural characteristics of the Chinese traveller have been considered in the formation of the discussion paper. As an increasing number of Chinese experience the values of other cultures, the more they will adapt their own values when travelling. But they will always view the world through Chinese lenses.

The current situation for the China market in Queensland

Rapid change is being experienced within China, which has resulted in the Chinese outbound travel market being one of the fastest growing in the world. One key factor driving this change within China is economic growth, which is leading to rising incomes. These rising incomes mean that Chinese consumers have more money available to spend on discretionary items such as travel. The Chinese government is also taking measures that are resulting in the lessening of restrictions on foreign travel.

The purpose of stay for Chinese visitors in Queensland is predominantly holiday¹¹, and currently from this market holiday visitors are most likely to be on a group tour. For New South Wales and Victoria, a large proportion of their visitors from China are travelling for business or are visiting friends or relatives.

Currently, Tourism Queensland has grouped the priority markets, which dictates the level of activity and resources:

- Priority Region One - Beijing (including the surrounding region, e.g. Tianjin), Shanghai (including the surrounding region, e.g. Jiangsu province and Zhejiang Province) and Guangzhou (including the Guangdong region, e.g. Dongguan and Shenzhen).
- Priority Region Two - Northeast region, mainly Shenyang, and Southwest region, mainly Chengdu
- Priority Region Three - all other regions

¹¹ Holiday visitors include those visitors aged 15 and over who indicate their main purpose of visit to Australia is for holiday.

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Issues/challenges

1. The marketing of Queensland as a holiday destination in China has historically been restricted, including geographically. Over the last four years the marketing of Queensland has slowly been expanded and further expansion is recommended.

In all, 22 priority cities have been identified for Tourism Queensland to focus on to 2016. Tourism Queensland's priority target cities for the next four years were determined through a review of geographic study findings, combined with market intelligence and industry knowledge. Geographic coverage is based on the travel potential of the market, looking at where large populations of those that can afford to travel to Australia are located within China, both now and forecast to 2016. The city tiers are primarily based on the level of outbound tourism development to Queensland, not specifically the economic development of the city. While the cities were categorised into tiers, there are still differences amongst the cities within each tier.

Tourism Queensland's priority cities have been categorised into tiers:

- **Tier one cities:** These cities are activated by Tourism Queensland, Tourism Australia and most of our competitors and there is good awareness of the Queensland holiday offering amongst the travel trade and consumers.
- **Tier two cities:** Tourism Queensland has been expanding into these markets for a few years, establishing some awareness of the Queensland holiday offering. They are also targeted by Tourism Australia and by Queensland's competitors. Continual awareness building with the trade is required, and through them there is exposure to the consumer to ensure the selling of top of mind to those wanting a holiday.
- **Tier three:** In these cities there is low awareness of the Queensland holiday offering and so the focus is on building trade relationships and establishing awareness of Queensland.

TQ's Priority Cities, 2012-2016



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Many of Queensland's visitors are attracted for holiday reasons, and this tiered approach concentrates on the leisure component of the market. There are also opportunities in other areas including business events tourism, and student and education tourism.

Questions for Consultation

- Do you believe Tourism Queensland has the right cities in the tiers?

2. There has been a rapid rise in the desire of the China market wanting to travel independently (FIT/Semi-FIT). These types of travellers behave differently while on holiday and seek different experiences to that of the group traveller. ¹²

The current market for Queensland from China is predominantly group travel, as shown in the following table. As direct flight access from China increases for Queensland, it is expected that this will lead to a rise in the number of Free Independent Travellers (FIT) coming here. Also, it is expected that the Chinese government will continue to lessen restrictions on foreign travel, which will have a positive affect on the Free Independent Travel market.

Group v FIT – Holiday (year ended June 2011)

	Australia	Queensland	Gold Coast	Brisbane	Tropical North Queensland*
Group	59%	67%	73%	74%	65%
FIT	41%	33%	27%	26%	36%

Source: Tourism Research Australia – International Visitor Survey

*TNQ adds to more than 100% due to rounding

Having both well-developed group and Free Independent Travel markets would place Queensland in a strong position for the China market. The group market is seen as very important and will be popular for years to come, and the trade have a large influence on what is offered to these consumers. Free Independent Travel is primarily driven by consumers who search for information themselves and make decisions based on experiences rather than available packages.

Group tours and Free Independent Travel provides the traveller with a different type of experience¹³. Consumers wanting to travel as part of a group tour prefer the comfort and perceived security that is offered through access to a tour guide, assistance with language translation and with having their travel components arranged for them. Safety at the destination is important and they are more likely to reconsider travel decisions in the event of shocks, such as SARS.

Consumers wanting to travel as Free Independent Travellers are more confident travellers, usually having prior international travel experience. Return visitors to a destination are also more likely to be Free Independent Travellers and prefer to have greater control over activities and itineraries. They tend to

¹² The Free Independent Traveller in the context of China refers to a person with a mindset of more independent travel. They may still book their flights via a travel agent but will require more flexibility and/or control in the make-up of their itinerary. They tend to search for information themselves and make decisions based on experiences rather than available packages.

¹³ Japan: Changing Trends in Travel to Australia (July 2009), Tourism Research Australia, Canberra

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engage in a wider range of activities compared with group travellers and are more confident about their personal security. Trends seen in other markets, such as Japan, show Free Independent Travel is more resilient to negative shocks (2001 attacks on New York and 2003 SARS event).

Priority city tiers

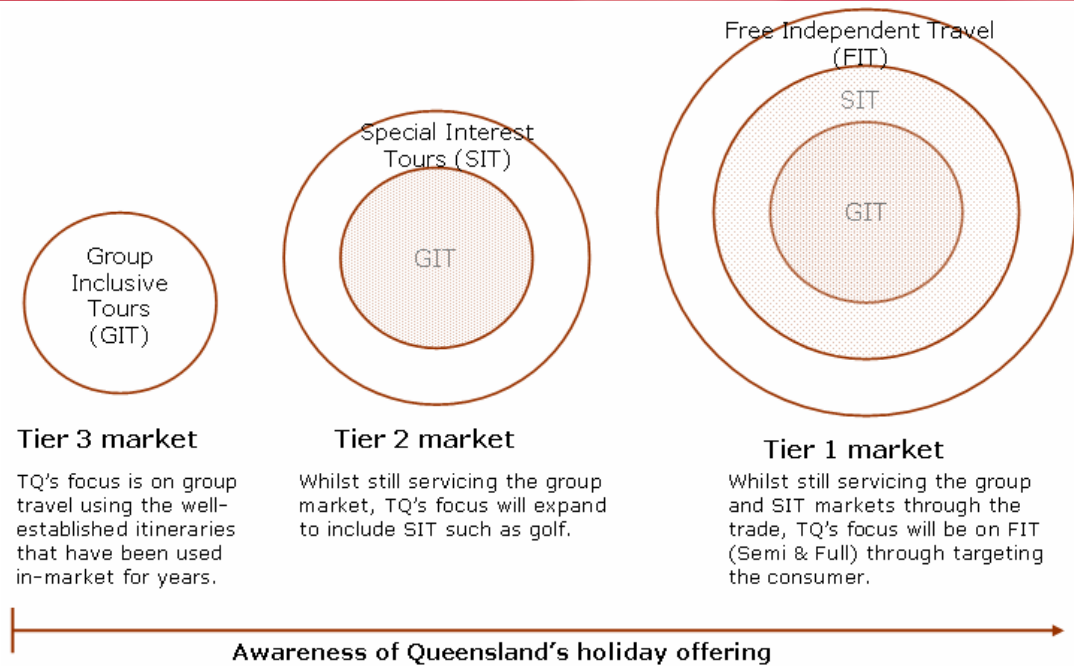
The growth of the Free Independent Travel market for China has significant affect on Tourism Queensland's priority city tiers:

Tier One: With a large number of residents that can afford international travel, there will continue to be a high number of groups travelling from the tier one cities. There are also a growing number of consumers within these cities that are confident, independent travellers desiring a Free Independent Travel holiday experience or are of that mindset when travelling. While still servicing the group and special interest tour markets through the trade, Tourism Queensland will be more focused on Free Independent Travel (semi & full) product development for the tier one markets. A focus on Free Independent Travel product development and marketing will require establishing new communication channels and showcasing different experiences.

Tier Two: These tier two cities will continue to be dominated by group travel. There is also opportunity to tap into the Free Independent Travel market as they become more experienced in international travel. While still servicing the group market, Tourism Queensland's focus will expand to include Special Interest Tours (SIT) such as golf tours. Many Chinese wholesalers now have offices in the tier two cities of Shenyang and Chengdu, and Queensland operators support the development of these regions, including having theme stores opened in these regions. Tourism Queensland's approach to 2016 will be to develop a diverse range of tourist products/packages for consumers from these cities.

Tier Three: The majority of residents in tier three cities currently have a low awareness of Australia and Queensland's holiday offering but interest in travel is growing. Tourism Queensland's focus in tier three cities is to increase the awareness of Queensland in the short to medium term via the trade. This awareness will be achieved by focusing on group travel using the well-established itineraries that have been in the China market for a number of years.

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City of residence in China was included in Tourism Australia's International Visitor Survey for the first time in the March quarter, 2011. Combined March and June quarter (2011) results indicate that for holiday (education is excluded), the market from Beijing, Shanghai and Guangzhou (Guangdong province)¹⁴ is 44% group to Australia (balance is Free Independent Travel); compared to the rest of China which is approximately 64% group. These indicative figures support the expansion into Free Independent Travel for tier one cities.

In developing the Free Independent Travel market for tier one cities, a challenge will be to determine the best way to communicate directly with the consumer, to learn more about their decision making process as an independent traveller and what experiences they desire most as part of a Queensland holiday. How the potential of the Free Independent Travel market varies for the different Queensland destinations will need to be determined.

Questions for Consultation

- Please comment on whether you agree with Tourism Queensland's planned focus for Free Independent Travel, Special Interest Travel and group travel within each tier.

3. There is a move from generic marketing towards more targeted marketing of experiences to identified consumer groups in China.

China has sixty times the population of Australia and an area 1.3 times its size, presenting a huge marketplace¹⁵. To help focus our efforts to maximise return on investment the most attractive consumer segments for Queensland in the China market were identified using Tourism Australia's 2004 needs-based consumer research¹⁶. Attractive segments include those that closely align with the global Experience

¹⁴ The IVS reports Guangzhou as part of the province, Guangdong

¹⁵ China – A Profile, Global Demographics for Tourism Australia, June 2010

¹⁶ Around the world in 80 days China segmentation study, November 2004, Tourism Australia

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Seeker¹⁷, have a greater propensity to visit Australia, are frequent travellers, desire a degree of challenge and have considerable spend on holidays. This research provides information about the needs and desires of the Chinese traveller and looks beyond the demographics.

Five consumer segments amongst Chinese Travellers were identified:

- *Self Challengers*: An inner drive to immerse themselves in other cultures through travel and learn about themselves and the world
- *Sightseers*: The desire to see world famous sights in a comfortable, secure fashion and the public status that this confers
- *Family Connections*: Holidays are driven by family connections beyond all others
- *Close to Home*: Somewhere familiar and welcoming to relax and feel safe
- *Ready to Leave*: The outside world beyond South East Asia beckons

The five segments are different from each other in a number of ways, including:

- the products and activities they seek out at a destination;
- the way they search for the information; and
- what they eventually do at a destination

Additional information about each of the five segments is provided in Tourism Australia's website document 'The Chinese Traveller – Segmentation of the Chinese Market'¹⁸ (Link provided in footnote).

Tourism Queensland's consumer target segments

In China, the Self Challenger and Ready to Leave consumer segments have a higher proportion of Experience Seekers than the Sightseer, Family Connection and Close to Home segments.

The consumer segments chosen as Tourism Queensland's key targets in China are Self Challengers and Sightseers. As an Experience Seeker-oriented consumer segment, the Self Challengers' needs and desires are more aligned with consumers of a Free Independent Travel mindset.

While Sightseers are averse to challenging themselves while on holiday and so represent a lower proportion of Experience Seekers, a number have travelled before and are more likely than other segments to travel to Australia within the next 12 months. Sightseers are willing to travel as part of a group and want to see the icons at the destination.

The Ready to Leave consumer segment is currently not a target for Queensland, even though they have a high percentage of people wanting to challenge themselves while on holiday. The majority have limited travel experience mostly because of affordability. Ready to Leave are a much better long term prospect as their travel experience and financial circumstances will increase over time, and when it does so will their desire to travel more significant distances. They will be receptive to the key messages aimed at the other two targeted segments so as their travel experience increases they will be aware of Queensland and open to experiences that meet their needs.

¹⁷ On a higher, over-arching brand level for each of the long haul destinations, TA has a segment called the Experience Seeker. Global communications to this level are of a long-term and strategic nature, and appeal to the motivations and higher level drivers of this group of travellers. The communications are designed to inspire the traveller to visit Australia.

¹⁸ http://www.tourism.australia.com/en-au/documents/Corporate%20-%20Research/Research_Segmentation_Study_china.pdf

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These consumer segments for China can be targeted further through demography. Tourism Queensland will target Self Challengers, specifically couples and singles travelling with friends, who are aged 20 to 35 years. This can also include the niche honeymoon market. These consumers are more likely to travel, or want to travel, as a Free Independent Traveller.

Sightseers that travel as a couple or as a family with the decision maker aged 30 to 49 years will be targeted for Queensland and this will be specifically for group travel.

Appealing to the target markets

Tourism Queensland's target markets in China will be further explored to identify effective communication methods. Messages, phrases, imagery, emotions and language that appeal to the segments' travel motivations and interests will be determined. This will be investigated for Self Challengers and Sightseers, and in particular the couples and families within those segments. Already insights have been gained from stakeholder engagement through workshops and industry meetings; additional work will be undertaken. This exploration will identify opportunities and direction to maximise the effectiveness of our communications and other activity in China, in line with the identified target consumer segments.

Further examination of the international holiday experiences sought by Self Challengers and Sightseers will be the next stage of defining these segments. Tourism Queensland will look at what is currently available in Queensland and its destinations for both target markets. This will help identify gaps and opportunities in the experiences that Queensland offers Chinese travellers.

Tourism Australia's China Target Customer Research (expected completion end November 2011) will also provide insights into the international holiday experiences sought by Chinese travellers. Objectives of the research are to increase understanding of:

- what motivates Chinese travellers to travel long haul
- their current knowledge of Australia
- travel preferences (Group and Free Independent Travel)
- planning and booking process
- expectations around travel products and experiences

Questions for Consultation

Do you agree with Tourism Queensland's target markets?

Self Challengers - couples and singles travelling with friends, aged 20 to 35 years

Sightseers - couples and families with the decision maker aged 30 to 49 years.

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Market Engagement

Background/context

For this section, we ask you to consider two questions relevant to all content rather than posing a set of questions at the end of each sub-section.

*Based on your knowledge, to what extent do you agree with this proposed direction and why?
What, if any, additional information is needed?*

Rationale

To ensure Queensland is able to realise the full potential of travel between China and Australia by 2016 through meeting the evolving and complex needs of the market.

Queensland needs a marketing and trade engagement plan for the future that focuses on Tourism Queensland's five pillars approach: consumers, aviation, third party partnership opportunities, digital platforms and trade partnerships with increasing focus on Queensland's best prospects as determined in the Chinese Traveller section.

Where are we now?

Tourism Queensland has had a presence in China since 1999 after Australia received Approved Destination Status and currently has a Greater China team of seven staff based in Shanghai (3), Beijing (1), Hong Kong (2) and Taiwan (1). The team has a strong marketing and trade engagement approach in China focused mainly on leisure travel followed by incentive travel and study tours.

As mentioned in the Chinese Traveller section, Tourism Queensland's priority region approach in China is currently:

Priority One regions: Beijing, Shanghai, Guangzhou

Activity occurs across the five pillars in both integrated and stand-alone marketing for all key zones of Queensland.

Priority Two regions: Northeast region mainly Shenyang and Southwest region mainly Chengdu
Digital marketing, trade training.

Priority Three regions: All others trade training on whole of Queensland.

Competitor Environment

Listed below is a review of some of Australia's and Queensland's competitors for the China market:

United Kingdom:

There is a good level of destination awareness of the United Kingdom and in particular the royal family. Chinese people recognise the history and culture of this destination. Visit Britain has launched a British Specialist online training program for travel agents to assist in developing product knowledge in addition to creating a digital presence: <http://weibo.com/visitbritain> and <http://blog.sina.com.cn/u/1241134095>

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France:

France positions itself as “The Art of Life”, a place rich in culture, wine and luxury brands. It is viewed as an elegant and romantic destination with Paris the city of love. Many Chinese will justify their travel to Paris to buy luxury goods to save on high taxes imposed in China; this alone in some instances will pay for their trip. Another strong attraction with France is that on the same visa you can add multiple countries in Europe within the one trip. For example, with one European Schengen Visa, Chinese travellers can travel to 15 countries in Europe.

United States of America:

America is seen as the powerhouse country of the West. Approved Destination Status¹⁹ was approved in 2008 so it is a relatively new destination and is currently a ‘hot’ place to visit. Visitor numbers have been increasing 15% year on year. Chinese people view America as the most influential of all developed countries and are intrigued and aspire to visit. Hollywood movies and television shows are a big influencer; key areas Chinese people are travelling to are Hawaii, Los Angeles, San Francisco, New York, Grand Canyon, Las Vegas and Miami for cruise products. They have a strong digital presence in market:

<http://weibo.com/travelus>

Hawaii: There were 62,000 Chinese visitors to Hawaii in 2010, the first six months of 2011 there have been 36,500 (up 15%) visitors and the forecast figure for 2011 will be 91,000. China Eastern launched direct flights Shanghai – Honolulu in August 2011.

Maldives:

Tourism Maldives positions itself as a honeymoon destination and having “World Class Ocean Islands” in the China market. Campaigns focus on availability of over-water Villa accommodation. There is also a sense of urgency to travel as there is much knowledge that if you don’t go now, you may miss out due to rising sea water as eventually the islands may disappear under water. China is now the number one source market to the Maldives; a new ‘hot’ destination to visit.

Melbourne, Victoria, Australia:

This destination is building on a Romantic Strategy that incorporates events, fashion, art, architecture and culture together with tourism. Tourism Victoria recently launched a 10 year China Tourism Plan including an \$8 million marketing campaign over a two year period (2011/12 and 2012/13) as part of this strategy.

Digital presence: <http://weibo.com/visitmelbourne>

Sydney, NSW, Australia:

This destination is seen as an important partner with Queensland in promoting to the Chinese traveller and is often identified as part of a multi-destination itinerary.

Positioning of Queensland in the China Market

1. Where are we now?

Key Destinations: Gold Coast, Cairns and Great Barrier Reef, Brisbane, Whitsundays and Sunshine Coast

Core messages:

- Clean air, wide open spaces within close proximity to cities and infrastructure (tours and accommodation), uncrowded
 - Unique and pristine nature that doesn’t exist anywhere else in the world
 - Australian/Western culture and lifestyle
-

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Hero experiences:

- Great Barrier Reef
- World Heritage listed rainforest
- Australian wildlife
- Gold Coast
- Blue skies, clean fresh air and natural environment
- Open spaces in close vicinity to established infrastructure.
- Shopping

2. Where do we want to be?

The results of the strategic plan will guide Tourism Queensland in developing our marketing and development for China. Ultimately Queensland will be positioned as a leisure, incentive and study tour destination; and as a travel 'must do'.

Under the Queensland Global Brand Strategy, China market falls under the category of a '**Growth**' market. Growth market includes customers who represent real growth opportunities for Queensland, but who have different needs to the traditional market.

To position Queensland in China

Insights gained from stakeholder engagement through workshops and industry meetings held as part of the development of the Chinese Traveller section will be extended further to refine aspects of the Queensland Brand that is most appealing to Self Challengers and Sightseers.

3. How do we get there?



Tourism Queensland's Brand Strategy positions Queensland globally as:

Brand personality – Warm, friendly, welcoming, outgoing, positive, carefree, cheeky, accepting, non-judgemental, unpretentious, and down-to-earth.

Queensland's Brand Story -

In a global market full of tourism destinations, where time is the international currency in short supply, where the joy of travel is frequently supplanted by the purchase of a new plasma TV or electronic gadget, and where there are lots of opportunities for interaction but few meaningful connections, jaded and discerning travelers are looking to get beyond superficial experiences and promises in the search of more meaningful and enriching experiences.

On the global stage, Queensland singularly defines and encapsulates the BEST of Australia's signature encounters.

All regions form the brand experience and are profiled around **four key themes**:

1. Queensland Lifestyle: Food, wine, produce, events, shopping, indulgence Queensland style

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2. Island and Beaches: Reef experiences, water activities, surfing, beach culture
3. Natural Encounters: Reef, rainforest, flora & fauna
4. Adventures: Outback, theme parks, wildlife parks, adventure activities, sailing, diving

Part of Tourism Queensland's success to date in positioning Queensland in tier one cities has been in partnership with Tourism Australia. Continuing to partner and strengthening our relationship with Tourism Australia will be crucial for Queensland as we begin to market directly to Self Challengers in tier one cities and expand into tier two and three cities targeting Sightseers.



Targeting and communicating with the Chinese Traveller

Our proposed target markets will be the Self Challengers and Sightseers as outlined in the Chinese Traveller section. To focus marketing efforts and maximise opportunities, the following will be reviewed:

a) What messages to market?

Self Challengers and Sightseers will be further explored to identify effective ways to communicate to them. Messages, phrases, imagery, emotions and language that appeal to the segments' travel motivations and interests will be determined. This exploration will identify opportunities and direction to maximise the effectiveness of our communications and other activity in China.

b) Where to market?

Tourism Queensland will use the insights delivered as part of the Chinese Traveller section and from Tourism Australia's China Target Customer Project (expected completion November 2011) to understand what our target markets read, watch and listen to, and how they research, plan and book holidays. These insights will inform the development of a clear strategy for media and communication channels.

To ensure key messages remain relevant, consideration will also need to be given to:

- How we talk directly to the FIT (free independent travel; luxury, honeymoon etc), SIT (special interest tour; self drive, golf etc) or GIT (group inclusive tour), and
- Tourism Queensland's priority cities

c) How to market?

Tourism Queensland will engage both a marketing and trade engagement strategy:

- Marketing to include public relations, consumer campaigns, digital marketing, aviation and third party partnership opportunities
- As part of the overall strategy to grow the Free Independent Travel market to Queensland, Tourism Queensland will be engaging directly with consumers in cross platform promotion.
- Trade engagement: develop a geographic strategy based on the priority cities.
- Trade engagement: develop niche segments such as study tours, incentive, golf and romance

When this strategy document is released early 2012, these drivers will be identified and outlined.

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Digital Marketing in China

Tourism Australia research has identified that word of mouth is the most powerful information source for Chinese travellers while retail agents and online channels are the main source of travel information.

There are 485 million internet users in China, and growing at a rate of 6 million a month²⁰. By 2015 it is expected that there will be more than 750 million internet users, including mobile internet users²¹. It is important to note that the time consumers spend on digital content comes at the expense of traditional media, it is therefore imperative for Tourism Queensland to market digitally in China. The use of internet to research purchasing decisions is extensive.

Compared with the average Chinese citizen, internet users are richer, more educated and younger. Of China's internet users (aged 15-65), 70% are under 34, 41% have college degrees and 71% are at least middle class²². The social media landscape in China is varied and dominated by local players:



Source: <http://www.resonancechina.com/2011/04/26/2011-china-social-media-landscape/>

Key considerations for Tourism Queensland's digital strategy include:

²⁰ China Internet Network Information Centre, CNNIC

²¹ 2010 Annual Chinese Consumer Study, August 2010, McKinsey Consumer & Shopper Insights

²² ibid

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a) Digital outreach

Given the growing importance on digital marketing within China, a market specific platform will need to be established as Tourism Queensland's current assets of Twitter, Facebook and YouTube are blocked from the marketplace. One of the most cost effective ways for Tourism Queensland to communicate directly with the targeted Free Independent Traveller, Group Independent Traveller and Special Interest Chinese traveller will be via digital platforms (web, social media and mobile). Tourism Queensland works closely with Tourism Australia, airlines and Queensland tourism operators and our trade partners to identify opportunities in the digital space for the China market.

Tourism Queensland's Weibo (<http://weibo.com/gotoqueensland>) was launched mid July 2011 together with the online marketing campaign on Best Expedition in the World. This platform will be used as a test case as to how we interact and communicate with Chinese consumers and our official website. In addition, Tourism Queensland is currently developing a social media strategy specifically for the China market.

b) Content

Aside from the content currently on the Chinese language websites, Tourism Queensland has limited digital content for the market. Tourism Queensland needs to develop text and video content for Queensland tourism product's that is suited to the market and in line with Tourism Queensland's target markets. The Australian Tourism Data Warehouse is a prime repository for this information as it can hold the content once it has been resourced and developed. One recommendation is Tourism Queensland could assist in identifying content appealing to the target markets and sourcing a translation house for operators to translate their content to Chinese (pay as you use service).

c) Technology solution

There is great benefit in hosting digital assets within China itself. Tourism Queensland's current hosting environment sits outside of China, which is not the optimal solution for hosting digital assets for this market.

d) Mobile platform

The China market is much more dependant on the mobile platform than most of our markets. For many people in China, the mobile Web is the only one they need. There are 755 million cell phone subscribers in China with 38% currently using their devices to access the internet.²³ Mobile users are expected to increase rapidly with the proliferation of cheaper and faster mobile devices.

e) Industry engagement

Tourism Queensland will develop industry engagement options for the Queensland industry to leverage our assets and learn about the digital space in China. This could be in a format similar to QTalks, whereby Tourism Queensland hosts leading digital players from China such as Weibo, Ren Ren and CTrip.

Industry engagement with the China Market

The Queensland industry has played a major role in supplying the China market with key Australian experiences. There has been considerable investment of time and budget to develop trade relationships

²³ Nielsen China Mobile Report Insights

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and destination/product training. This has to date been mostly limited to the key destinations of Cairns and Great Barrier Reef, Brisbane and Gold Coast.

In order to maximize the growing interest from the Queensland industry, and in partnership with the Quality Experiences Section, Tourism Queensland will identify a pathway for both existing and new operators to either increase or develop trade engagement.

Where Tourism Queensland sees the opportunity for deepening the Queensland industry's penetration into the China Market is summarised below:

Industry engagement within China

- Operators who have been active in the China market for 5+ years.
 - Increasing distribution in particular with tier two and three priority cities
- Operators who have been active in the China market for 1-5 years.
 - Increasing distribution in particular with tier one and two priority cities
- Operators who aspire to work in the China market.
 - Increasing distribution in particular with tier one cities

It is also important to note that while the above will provide some guidelines for trade engagement, appropriate product must be matched to the types of experiences Self Challenger and Sightseers are looking for, and which will ultimately support Brand Queensland.

- Aspiring product need to develop key and appropriate wholesaler relationships in specific tier cities
- Queensland operators need to have appropriate experiences for the China Market
- Queensland operators with product attractive to Self Challengers (primarily Free Independent Traveller) will target tier one cities
- Queensland operators with product attractive to Sightseers (primarily Group Independent Traveller) will target tier one, two and three cities.

Industry engagement within Australia

Inbound Tour Operator (ITO) Engagement:

In addition to the wholesaler in China, as the industry moves towards 2016, it is predicted that the role of the inbound tour operator in Australia will still have a level of influence over the experiences and products sold for Queensland. It is therefore important that we look at an engagement strategy that will allow Queensland to educate and influence Free Independent Traveller²⁴, Special Independent Traveller and Group Independent Traveller itineraries, increase length of stay for Queensland destinations, focus on growing yield and where appropriate introduce new product and regions.

Tourism Queensland also acknowledges the importance of those inbound tour operators and agents located within significant Chinese communities in Sydney and Melbourne. The Australian Chinese community has the potential to grow visitation to Queensland through their leisure, visiting friends and relatives, and

²⁴ The Free Independent Traveller in the context of China refers to a person with a mindset of more independent travel. They may still book their flights via a travel agent but will require more flexibility and/or control in the make-up of their itinerary. They tend to search for information themselves and make decisions based on experiences rather than available packages.

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student travel as well as being a key travel influencer for family and friends located in China. Tourism Queensland will consider strategies that will target this segment.

5) Leveraging Marketing Partnerships

Identifying and growing tourism and non-tourism partnerships will be critical for Tourism Queensland as we move towards 2016.

Different types of partnerships Tourism Queensland will look to develop:

- a) Aviation: Partnering with airlines in co-operative marketing to ensure flights into Queensland
- b) Tourism Partners: Tourism Australia, Queensland regional tourism organisations, Convention Bureaux and the Queensland Industry
- c) Travel Trade: Working with key trade partners in China and Australia
- d) Non Tourism Partners: Identifying and establishing long term relationships with non tourism partners in China that will allow Queensland to extend our key messages to self challengers and sightseers. It will be important to identify those companies who have high recognition and trust within the market and whose brand values align with Queensland's.

Queensland as an incentive destination

"Corporate Incentive Travel" refers to a global management tool that uses exceptional travel experiences to motivate and/or recognise staff for increased levels of performance in support of other organisational tools (SITE 2000). Incentives are seen as an important tool for companies to strengthen business relationships and provide a cost-effective way to retain and develop employee talent. Incentive travel can also be used to reward top clients and distributors. Group sizes can range from very small groups to large groups of many thousands at a time.

Tourism Queensland's objective is to become the number one incentive travel destination in our region. In line with Tourism Queensland's five year incentive strategy and in partnership with Queensland's seven Convention Bureaux, there is substantial opportunity for Queensland to increase market share and capitalise on the lucrative incentive travel market to Australia from China.

In order to achieve this in the China market Queensland will need to consider:

a) A clear strategic direction for China Market.

- Tourism Queensland will develop a clear unique selling point (USP) for Queensland that is relevant for the incentive market in China and best encapsulates the best of Australia's signature experiences.
- Build awareness of Queensland as the ideal destination for small to medium sized incentive groups. Tourism Victoria and Destination New South Wales are very strong in market and are able to attract the very large groups with many thousands.
- Identifying Queensland's target audience, what messages to market, where to market and how Tourism Queensland will market, will be identified and outlined when this strategy document is released in early 2012.

b) Challenges

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- Aviation and the current ability to move groups from China directly into Queensland are currently limited. The announcement of China Southern increasing their flights directly into Brisbane by one a week from Beijing immediately presents an opportunity to grow incentive business from Beijing.
- As referred to within the Aviation section of this discussion paper, work is being undertaken to address these concerns as we move towards 2016. The opportunity for growth in direct flights to Queensland will assist the incentive industry greatly.

c) Opportunities for Queensland

- Taking a state-wide, targeted and innovative approach to the collaborative marketing of Queensland as a premier incentive destination
- Leveraging the proximity of Queensland
- Developing and promoting a range of targeted experiences which address the requirements of the China incentive market

d) Product Development and Partnerships

- Facilitation of targeted product development in Queensland
- Development of closer relationships with tourism industry partners and non-traditional alliances. Many traditional Approved Destination Status agents in China are developing this part of their business as visa access improves and they identify the strong yield that can result from handling such a group.
- Provision of research and insights to the Queensland incentive industry.

Study Tours in China

Tourism Queensland's current definition for a study tour is: A short term (approx 7-30 days) group travel movement to Queensland that includes tourism product and an education component. The group may or may not have a language study component in a formalised institution. The group would usually be escorted by a teacher or principle or nominated proxy.

While study tours have not been a key focus for Tourism Queensland in the China market to date, we acknowledge some destinations and products in Queensland are very active and successful in this sector.

Some key trade from tier one cities in China recently advised that some of their most profitable tours to Australia are study tours, with parents spending between \$AUD5,000 - \$6,000 for a three-week trip to Australia. Itineraries are predominately New South Wales, Victoria and Canberra due to the strong activity by schools within those states visiting the market and attending exhibitions. A lot of these schools are positioning themselves as the number one school in Australia. This is very attractive to Chinese school principals and ultimately parents as they want to send their children to the very best.

Key Groups:

- 1) High School: 13-15 years
- 2) High School: 16-18 years

There are two types of study tours from the China market:

- 1) Travel agents who work with the school principal and key teachers to organise a specific group itinerary based on the schools needs – this is seen as a more trustworthy study tour by the parents.

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- 2) Travel agents who put a study group itinerary together themselves and then market to multiple schools/parents. Anyone can join the group.

Current key destinations in Queensland

- Gold Coast, Tropical North Queensland and Brisbane

Key trends:

- School group travel is very seasonal, with peak periods July/August and a small amount March/April. Tourism Queensland does not anticipate this changing as we move towards 2016 as education is so important in China that parents won't take their children out of school to undertake this type of travel. Travel arrangements need to be made during school holidays.
- Parents would prefer their child go to the best schools in Australia and for them to be in a home stay environment so that the child can be surrounded by English and experience a western culture in more depth
- Farm stay experiences are appealing
- Excursions that include a learning aspect are very important

Competitor Destinations:

New and innovative study tours are becoming very popular. Some recent examples of high selling study tour product in China include;

1) Manchester (United Kingdom)

Manchester United Football Club put together a program that costs \$AUD15,000 for 3 weeks and is famous due to the association with David Beckham. Since this program has taken off many other football clubs in the United Kingdom have packaged up itineraries (for example, Chelsea football club).

2) United States of America

NASA has started a Chinese Study Tour Program called "Nothing is impossible".

3) Domestic Australian states such as NSW and Victoria appear to offer interesting study tour options for very competitive prices, Queensland will need to be creative and show value for money to compete.

Activities in this sector will be in line with Tourism Queensland's overall Study Tours Strategy.

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Delivering Quality Experiences

Rationale

Positive, sustainable growth in the China market for Queensland is dependent on the ability to deliver quality experiences that meet the expectations of Chinese travellers. In attracting the China market the industry should have access to the information they need to make sound business decisions. They should also understand the product and service expectations of the target markets and be able to meet demand.

In this section of the discussion paper Tourism Queensland has raised issues and opportunities in the following areas:

- Chinese cultural awareness and language
- Provision of information to Chinese travellers
- Matching product and experiences with Chinese traveller needs and expectations
- Community engagement
- Meeting staff needs
- Immigration and visas
- Product and service quality
- Visitor safety

Objective

Tourism Queensland and industry partners:

- To provide tourism operators with the skills, knowledge and tools required to deliver on and exceed the expectations of Chinese travellers; and
- To ensure the appropriate infrastructure, systems and tourism products are in place so each touch point of the Chinese travellers' experience from arrival to departure is as seamless as possible and exceeds expectations.

Where are we now?

Around the world much attention is being spent on attracting Chinese travellers, but that is only one step in the tourism process. The second and equally important stage is looking after these visitors when they arrive because this will determine their level of satisfaction, and ultimately how much they spend and the feedback they give to friends and family. The complexity of this market means there are only a few companies internationally who fully understand or are currently responding to the specific needs of the Chinese visitors. According to the Boston Consulting Group²⁵, affluent Chinese travellers abroad find that few hotels offer special services for Chinese, and premium-priced travel packages lack differentiation and interest. Those companies responding to consumer needs by targeted marketing are winning share. Caissa, a Beijing-based travel agency, and Costa Cruises, an international cruise company, have successfully tailored their offerings to specific income segments; Club Med is gaining brand loyalty in China by nurturing customer relationships; and Shanghai Spring Tour is targeting travellers from smaller cities.

²⁵ Taking Off. Travel and Tourism in China and Beyond, March 2011, Boston Consulting Group

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In Queensland a small number of operators have tailored their product offering to suit the Chinese traveller and have been actively working to attract Chinese travellers for some time. With the provision of Chinese culture and business training across Queensland, more than 350 operators have gained some valuable insight into this diverse and changing market. With the projected increase in visitor numbers, it is imperative that industry and destinations are well prepared to capitalise on the opportunity.

The Queensland tourism industry can draw from the lessons learnt from activity in other Asian markets, particularly in the areas of consumer protection and safety, to provide Chinese travellers with the peace of mind that Queensland is a safe destination providing quality experiences. While some Queensland product are well established in this market, the broader industry still has much to do to ensure Chinese travellers receive the experiences and level of service expected.

Issues/challenges

1. Tourism operators have the information and knowledge they need to deliver on the cultural and service expectations of Chinese Travellers.

Tourism operators who want to grow the China market need to be aware of the motivations and expectations of Chinese travellers and committed to delivering on these. The needs and expectations vary across the China market, depending upon where they come from and why and how they travel (Group and Free Independent Travel) and we must be able to respond to these differences. Meeting minimum standards is no longer enough in an increasingly competitive market. The industry must draw knowledge from available research and market intelligence and be committed to providing best practice,

As highlighted in the Chinese Traveller section, cultural characteristics and behaviours need to be considered as these may influence the travellers' perception of the experience that is being delivered. These behaviours will impact travel decisions and expectations. For example, food service in a Chinese restaurant is expected to be quick as the focus is simply on getting a quality, value for money, hot meal. Whereas when seeking an authentic Australian dining experience they are prepared to enjoy a slower, more relaxed meal.

Another challenge for tourism operators is effectively delivering on the needs of visitors from a number of countries and cultures, including recognising the different requirements of visitors from countries perceived as similar, such as Hong Kong and Taiwan. Staff may need to understand the nuances of a number of cultures and be able to handle their different needs in a way that does not offend visitor markets. In providing information to a mix of visitor markets, for example, we must be careful to avoid a proliferation of signs in different languages, which could end up antagonising or alienating some of the visitors.

While fact sheets are helpful, practical experience of the Chinese culture is far more powerful to give tourism operators insight into life in China and the cultural influences upon their travel expectations and behaviours. As it's not feasible for all front line staff to travel to China to gain this exposure, other opportunities must be found for operators to gain cultural awareness. Staff with an understanding of Chinese culture and who treat Chinese travellers with respect and a welcoming attitude will also do much to offset the language barrier that may exist for small tourism businesses that do not have Chinese language speaking staff.

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As a seamless experience is dependent upon the visitor receiving the information and guidance they require, operators should be prepared to consider providing a combination of culturally aware non-Chinese language staff, appropriate printed collateral, signage and potentially Chinese speaking staff. This is particularly the case for businesses seeking to attract Chinese Free Independent Traveller's who are likely to be travelling without a translator and may have limited English. The visitors need to be assured that their needs are understood and can be met. Where a business employs Chinese speaking staff, they can also be helpful in building cultural awareness throughout the business.

Options for providing information to the Chinese traveller

Given the diverse and complex nature of the China market, operators could benefit from assistance in understanding what is required if they want to grow this market. This assistance could include information, training and a Best Practice Checklist, which identifies the criteria an operator must be able to meet in order to successfully operate in the China market. Such material would need to recognise and provide for the different levels of operator maturity in the China market.

Continued access to Chinese cultural and business training will be important. This training should provide industry awareness and understanding of the Chinese culture and implications for tourism at an operator and destination level. As in Queensland's other international markets, there is a cultural overlay to the decisions and behaviours of our Chinese travellers that must be understood.

In the key Queensland destinations for the China market, broad industry participation in cultural and business training is essential to working towards a seamless, quality experience for visitors.

Additional options to provide information to be considered are:

- Provision of common Chinese language messages as a resource for operators. This would avoid duplication of effort and ensure consistency in messages.
- To assist in communicating with the Self Challenger, provision of clear, easy to understand information stating what to expect from their product or service experience is required. When dealing with Sightseers, the operator should understand the requirements of the group and deliver to expectation. Tour guides remain a key contact for all groups.
- Operators developing a relationship with local tour guides to assist communication with Chinese travellers.
- Provision of language programs for tourism operators that facilitate accelerated learning of basic language skills and can be self-paced at work or home.
- Use of internationally recognised symbols to communicate basic messages to multiple markets, rather than providing them written in different languages.
- Investigating technology solutions to the language challenges that may include but not be limited to smart phone options, pre-recorded i-pod delivery and apps.
- To assist operators with consumer communications before the Chinese travellers arrive at the destination information about the research and booking patterns of the Self Challenger (Free Independent Travellers) should be provided.
- Development of a China market informal mentoring system.
- Industry award program for staff that recognises high service quality (across all markets).

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It has not been identified which stakeholders will deliver these options; this will be reviewed in the development of the strategic plan.

Questions for Consultation

- *Do you believe there is a need for training programs for tourism operators to help them grow the China market?
If so, what should be included in these programs, and what is your recommended delivery method?*

2. Each key destination should have the infrastructure and product required to meet the needs and desires of the China market.

Every market segment has its own motivations for travel and experience expectations. If we want to meet our growth targets (outlined in The China Potential section) and be the destination of choice for the China market, we need to assess the ability of our destinations and their product and infrastructure to provide the right fit for the different needs of the Self Challengers and the Sightseers. Have we got the right product mix to meet expectations for both target markets? Do we have the appropriate transport infrastructure in place for both target markets? What is next after the koala or Great Barrier Reef as a point of difference for Queensland? While the reef will continue to be a pull to the Chinese visitor, we need to understand what's next; anecdotal feedback from a Brisbane tour provider suggests that in the future the koala may not be enough to keep Chinese travellers coming. The life cycle of any product demands that product refreshment is required during the term of the offering; therefore it is appropriate to reflect on what is being offered in Queensland to determine if it is distinctly different from Queensland's competitor markets. Delivering authentic Australian products and experiences will be critical to success in growing the China market.

Providing value for money and quality are also essential for the China market, with research revealing Chinese purchasers are willing to pay more for better quality.²⁶ As the Chinese travel more they are becoming increasingly discerning; for example, many want to eat local, fresh seafood; when accommodated in 4 or 5 star, there is an expectation that hotels that will provide some luxuries such as shaving equipment, toothpastes and comb; as the number four has particular negative connotations in the Chinese culture they will not stay on floor four; many prefer smoking rooms; and they would like to see noodles or rice packets available in the mini-bars.

Food is particularly important for the Chinese traveller, beyond simply nourishment. Anecdotal feedback is that they want to be a part of the food experience. How do we deliver this experience to the Chinese? A Chinese restaurant or Aussie BBQ experience that does not provide quality food with quality service may not be meeting the market needs. As well as being offered some traditional Chinese cuisine, they want the best or the most famous for the area and knowing the story behind the food adds to the experience.

Also, while they appreciate recognition of Chinese traditions and celebrations such as Chinese New Year, the Chinese traveller wants to experience the local flavour and culture of the destination.

The delivery of a positive visitor experience is also influenced by whether the local communities in the key destinations are supportive of growing the China market and are welcoming of Chinese travellers. A lack of

²⁶ 2010 Annual Chinese Consumer Study, August 2010, McKinsey Consumer & Shopper Insights

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community understanding of the implications of China market growth and their product and service expectations will undermine the best efforts of the industry.

Options for key destinations to have the necessary infrastructure and product

Tourism Queensland, in partnership with regional tourism organisations, is preparing Experience Development Strategies (EDSs) for each destination across Queensland to identify those 'experiences' that define a destination and potentially provide a point of difference in attracting and serving the needs of visitors.

Development of Experience Development Strategies provides a valuable platform for Tourism Queensland, the Department of Employment Economic Development and Innovation (DEEDI) and regional tourism organisations to assess if current product delivers on the identified experiences and the needs and expectations of target markets like the Chinese. This information will assist in identifying the need for upgrading existing product, new product opportunities and additional associated infrastructure requirements.

As part of this destination management planning process for the key destinations, Tourism Queensland, regional tourism organisations and the Department of Employment Economic Development and Innovation shall engage local government and community in understanding the implications of a growing Chinese visitor market. This will include the change in visitor mix, and what this means for infrastructure, services and destination appeal.

Industry should also engage with local Chinese business communities. These communities provide a wealth of knowledge about Chinese culture and expectations and can become Australian ambassadors with significant influence over the travel decisions of friends and relatives. The industry stands to benefit from operators engaging with their local Chinese business communities at a grass root level to cultivate positive, long term relationships.

Outlined in the Chinese Traveller section Tourism Australia's latest China Target Customer Research will provide additional insights into the experiences sought by the Chinese visitor while some group and business government visitors are more conservative.

When developing experiences for Self Challengers into 2016 activities such as cooking classes (Australian cuisine), understanding the Great Barrier Reef and oceans through education programs on dolphins and other sea creatures and learning to catch a fish are all activities that may engage with this segment.

Questions for Consultation

- *What is Queensland's competitive advantage for the China market in 2016?*
- *What, in addition to the Great Barrier Reef and the koala, will provide Queensland with a point of difference?*
- *How could operators better engage with their local Chinese communities?*

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3. As one of the first points of contact for the Chinese traveller with Australia/Queensland, a streamlined process of entry for visitors and staff is needed.

The ability to attract and grow the China market is heavily reliant upon the ease of entry into Australia. Currently visa processing is easiest for those visitors travelling to Australia for business, education or as part of an Approved Destination Status tour group, notably for visitors from tier one cities. For these visitor types, the Department of Immigration and Citizenship's policy is to process Approved Destination Status visas within three days. Processing for the Free Independent Traveller is far more onerous, particularly for visitors originating from non-tier one cities, which could ultimately cause frustration and the decision to travel elsewhere.

In addition to visitor visas, the industry requires ready access to labour and may need to source staff from offshore to meet any shortfall, particularly during seasonal peaks. While accessing Chinese speaking staff has not proved an issue to date, any potential bottlenecks with the current visa programs must be identified so the industry can respond quickly and source staff offshore, if needed, as the market grows.

There is a number of working visa options but with different skill levels and conditions, finding the most appropriate can be challenging for operators. For example, the Temporary Sponsored Business visa (subclass 457) allows an operator to directly source staff, but the skill levels for these visas are high. While the Regional Sponsored Migration Scheme (subclass 857) allows employers in regional and low population growth areas to fill skilled and semi-skilled positions on a permanent basis; this excludes the Gold Coast and Brisbane and requires full time employment for a minimum of two years.

For short term, low skilled seasonal staff needs, the options are limited for operators. There is no Working Holiday Maker program arrangement in place between the Chinese and Australian government, precluding this as an option. Labour agreements offer an alternative solution yet few operators are using these.

In addressing the industry's labour requirements, consideration needs to be given to regional variations. Operators in Brisbane and the Gold Coast for example, have the opportunity to source Chinese language speakers within the student population at universities and other education institutions and local Chinese communities. In the regions where large student populations don't exist, operators need other viable options to readily source staff.

Currently Mandarin is not included in the primary and high school curriculums in the key destinations limiting a local source of Chinese speakers.

Options to improve ease of access for visitors and staff

The Department of Immigration and Citizenship and Tourism Australia should continually monitor the competitiveness of Australia's entry requirements against our competitors and maintain a commitment to streamlining visa processing. Bali, for example, offers a visa at the border and Korea and Mauritius are visa-free for Chinese visitors for stays of less than 30 days.

The introduction of an online visa application process that facilitates faster processing of visas for Free Independent Travellers (Self Challengers), at a favourable rate relative to our competitor markets, would be instrumental in the growth of the China market.

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Developing a cross industry system to establish the number of Chinese speaking staff required on a full time or part-time basis, particularly for seasonal peaks, would help the industry proactively plan for and manage demand and enable the Department of Immigration and Citizenship to effectively respond to changing demand.

An option for improving tourism operators' access to appropriately skilled Chinese speaking staff is establishing a reciprocal employment exchange program that allows operators across the industry (theme parks, hotels, attractions, education, airlines, government and other industries) to find and share staff. This would create a valuable pool of staff that has strong industry knowledge and skills.

During the delivery of language courses students are exposed to cultural nuances so an opportunity towards 2016 could be working with the Study Queensland Industry Council to facilitate the inclusion of Chinese language in schools in priority destinations. The inclusion of Chinese language in local schools will also enable communities to actively engage in supporting the destination's efforts to grow the Chinese market (see Issue 2).

Other initiatives proposed

- Keeping industry informed on options available to source Chinese speaking staff.
- The Department of Immigration and Citizenship could authorise a number of China based travel agencies to be able to issue visas to Chinese travellers to Australia.

Questions for Consultation

- *If you see a need for Chinese speaking staff in your organisation/business, nominate and prioritise the required roles, according to the level of importance for your business.*
Are there any of these roles that you believe could be managed by signage or by other means?
If so, which ones, and how would you do this?
- *Would you consider participating in a reciprocal employment exchange program if one was set up in your region?*

4. Ensuring Queensland is recognised in the China market as a quality, safe destination

In a very competitive market place, Queensland and Australia need to deliver a quality visitor experience to meet the growth targets for the China market. Like most international travellers, Chinese travellers want to feel safe and be well treated when on holiday.

As a nationwide mark of quality, the introduction of T-QUAL accreditation²⁷ would provide a timely means of demonstrating to our visitor markets that the industry is serious about providing quality experiences. However, more work is needed in this area, as there are a number of sectors currently unable to gain T-QUAL accreditation, including transport, retail and inbound tour operators. These sectors do not have a relevant quality program, which prevents them from being eligible for T-QUAL accreditation, creating a significant gap in the T-QUAL product options available to consumers.

²⁷ The National Tourism Accreditation Framework (NTAF) that provides an umbrella framework under which existing quality and accreditation programs can apply for TQUAL Accreditation.

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Poor conduct by some inbound tour operators and tour guides is a challenge for the industry across Australia and has the potential to undermine the quality of the experience for Chinese travellers. While the Queensland Tourism Services Act 2003 requires all inbound tour operators and tour guides to adhere to a code of conduct, unscrupulous behaviour still occurs. Shopping tours or visits to duty free stores as part of group itineraries will continue to exist while there is pressure to discount tour itineraries. Opportunities to exert pressure on tour operators and guides to limit this occurrence must be sought to minimise the impacts on the industry in Australia. Tourism Queensland believes that through positive promotion of experiences that are available many Chinese travellers will become dissatisfied with the product offerings of the shopping tours and demand changes from within. As they currently form an important part of the market mix, shopping tours are likely to continue to have a presence. Queensland operators need to decide how they want to participate in the China market and if they are prepared to work with tour guides who promote shopping tours.

Nationally and at a state level, the tourism industry has been actively involved in communicating safety messages to visitors. We have consistency in messages and are able to provide those for water, road, fire and bush safety. Australia is generally perceived as a safe destination, but exposure to different conditions in Australia can pose a risk to both the Chinese traveller and Queensland residents; in order to mitigate against this risk stakeholders need to ensure Chinese travellers receive and understand safety messages prior to leaving China. For example, unless they have had previous exposure to rips or other coastal dangers it is difficult for Chinese travellers to fully comprehend the importance of beach safety messages because the coastal environment is foreign to many of them. The cultural desire to save face can create another issue, where a visitor may not want to reveal they are experiencing difficulties with an activity.

All accommodation and tour providers should ensure safety messages are available to all guests in a manner so the message is understood regardless of language or cultural background. While some Sightseers will be accompanied by a tour guide who can relay information to them, more permanent solutions will need to be sourced to provide a safe experience to Self Challengers.

Options to ensure Queensland is recognised in the China market as a high quality, safe destination

Digital media provides an excellent opportunity to increase awareness of Australia and educate the Chinese on the quality of product and experiences available in Queensland so they know what is possible and can make informed choices when planning and booking their travel.

Given the complexity of the market, information and training on the distribution system in China and how to work effectively within this system would assist tourism businesses seeking to enter the China market. With this knowledge operators will be better positioned to determine how and who they are prepared to work with.

The development of a system to monitor the quality of tours run as part of the Approved Destination Status program would help industry to ensure visitors enjoy quality experiences. Assessment could be conducted of how pricing information is displayed and the level of customer service.

In support of this, the introduction of national third party assessed accreditation programs for transport, retail and inbound tour operators which allow operators to gain T-QUAL accreditation would give consumers

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a greater number of quality options across industry sectors. Recommended suppliers can be provided to Chinese and other markets enabling visitors to readily identify reputable businesses. In addition, individual properties and experiences need to put in place their own processes to ensure tour guides are providing the best possible experience to the Chinese traveller; and representing the property and region in the best possible light.

As a short term measure, continual support is needed for mystery shopping of tourism product to monitor the quality of product and service and taking a 'name and shame' approach to businesses that fail to remedy poor performance. Active promotion of this initiative and T-QUAL accreditation to all of our international visitor markets again drives home we are serious about providing quality experiences.

The development of a mobile application that alerts visitors at the destination of safety messages they need to be aware of would provide a direct means of communication, rather than relying upon paper based visitor safety materials reaching them.

Other proposed initiatives

- Engaging with the Queensland Chinese community to educate them about safety issues.
- Increasing the number of Chinese speaking police in the key destinations.
- The provision of a centralised phone number for visitors to reach Chinese speaking police.
- Increasing the number of Chinese language life guards to act as beach safety ambassadors in key destinations.
- Development of internationally recognised signage and collateral that is readily understood by all visitor markets.
- Encouraging stakeholders to ensure all safety signage uses the international symbols.

Questions for Consultation

- *Should a third party assessed accreditation program be introduced for transport operators, retail, restaurants and inbound tour operators so they can be recognised by T-QUAL? Why?*

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Investment Attraction and Facilitation

Rationale

Queensland needs to attract increased levels of investment in new tourism product and the upgrade of existing tourism stock to ensure the state provides a quality tourism experience that is in keeping with Queensland and Australia's brand aspirations and positions Queensland to compete effectively with domestic and international competition. This is particularly the case if Queensland is to meet its share of the Australian Government's 2020 tourism industry potential targets of overnight tourism expenditure of \$115B - \$140B which equates to 40,000 – 70,000 new rooms across the country. China is an economic power that continues to grow and already has a strong investment profile in Queensland through the resources and agricultural sectors. China represents a major potential source of new tourism investment capital for Queensland but the state needs to ensure it has the right investment opportunities and the right investment conditions to attract Chinese investors.

Objectives

Increase the level of Chinese investment in tourism product & infrastructure in Queensland by:

- Reducing the barriers to Chinese investment in new (greenfield) tourism projects
- Identifying new tourism projects that could be attractive to Chinese investors
- Identifying existing (brownfield) tourism projects that could be attractive to Chinese investors
- Working in partnership with Tourism Australia to ensure Queensland has a strong presence in the development of a 'Destination Australia' tourism investment program.

Where are we now?

Tourism Queensland, working in partnership with industry, all levels of government and regional stakeholders, has invested considerable time and resources to identify new and upgraded tourism opportunities for Queensland as a basis for guiding sustainable tourism growth across the state. These opportunities are presented in Tourism Opportunity Plans (TOPs) that have been developed for each tourism destination across Queensland drawing on the specific competitive advantages and market appeal of these destinations. Ongoing investment in new and innovative tourism product is essential for Queensland to be able to deliver on its brand promise and compete effectively in an increasingly cluttered tourism market place and to an increasingly discerning traveller.

The Tourism Opportunity Plans identify investment opportunities which require considerably more work to first, prove their viability and then, where appropriate, be brought to 'shovel ready' (ready to build status). While there has been considerable progress in proving the viability of many TOP projects through the conduct of pre-feasibility/feasibility studies, more work is required by project champions to develop an attractive and varied prospectus of shovel ready projects.

The biggest challenge in Queensland is getting new tourism projects to 'shovel ready' status due to complex regulatory processes and long approval timeframes that can be misaligned with the commercial realities faced by investors. In general, planning and environmental regulations have not been framed with a good understanding of the needs and adaptability of contemporary tourism projects, particularly those proposed for areas outside the urban context, with high scenic amenity, with important ecological values,

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with good quality agricultural soils and in coastal settings. As a result, many innovative and potentially highly sustainable tourism projects often face complicated and protracted approvals processes due to a lack of understanding by approvals agencies and flexibility in their processes.

Issues/challenges

1. Reducing the barriers to Chinese investment in new (greenfield) tourism projects.

The National Long Term Tourism Strategy Investment and Regulatory Reform Working Group commissioned a number of studies to identify options for reducing barriers to tourism investment in Australia. Tourism Queensland and the Department of Employment Economic Development and Innovation represented Queensland on the Working Group and provided input into these studies. The Department of Employment Economic Development and Innovation, with support from Tourism Queensland, is currently working to implement recommendations in these studies as they relate to Queensland, in particular with respect to:

- Tourism receiving appropriate priority in the planning framework by being actively and systematically involved in the planning process and planning instruments development;
- Local development controls with tourism relevance are reviewed to identify where regulatory reform would provide significant benefits for tourism.
- A streamlined approach for tourism development approvals is pursued, with a focus on consolidating approval requirements within, and across, jurisdictions;
- The approval processes for tourism development in National Parks, other high natural amenity areas, coastal areas and high quality agricultural lands are reviewed with the objective of streamlining them, while retaining their conservation/protection focus;
- Investigate a review of capital works deduction incentives and other initiatives to stimulate investment in new and innovative tourism developments including refurbishments to improve existing product quality.

This work is focussed on improving the conditions for all tourism investment in Queensland, but will be particularly pertinent for Chinese investors who are more used to less constrained and more inviting investment conditions in their own country and other parts of South-East Asia.

Questions for Consultation

- *Are there any other barriers to attracting Chinese investment in new tourism product that you believe could be addressed?*

2. Identifying new tourism projects that could be attractive to Chinese investors from mainland China, Hong Kong or Taiwan.

As outlined previously, Tourism Queensland has produced Tourism Opportunity Plans for each tourism destination across Queensland to identify new tourism opportunities and as a basis for promoting ongoing new product development and product renewal. Tourism Queensland, the Department of Employment Economic Development and Innovation, Queensland Regional Tourism Organisations and industry partners, through a number of state and Australian government funding programs, have commenced a process of proving up the viability of projects outlined in the Tourism Opportunity Plan and other identified tourism opportunities through the preparation of pre-feasibility and feasibility studies.

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Tourism Queensland and the Department of Employment Economic Development and Innovation working in partnership with key stakeholders will continue to promote the need to develop a comprehensive prospectus of new tourism product development opportunities that have been progressed to 'shovel ready' status, as a basis for proactively attracting tourism investors to Queensland. In particular, based on a more in-depth analysis of the China market in terms of the experiences and tourism products they are looking for from a Queensland holiday, Tourism Queensland and the Department of Employment Economic Development and Innovation will be able to develop a tourism investment prospectus with product opportunities that may be better aligned to potential Chinese investors.

Questions for Consultation

- *Are there any other measures you believe could be taken to identify new tourism projects that could be attractive to Chinese investors?*

3. Identifying existing (brownfield) tourism projects that could be attractive to Chinese investors.

As outlined above, considerably more work is required to improve investment conditions for tourism projects in Queensland, particularly with respect to town planning requirements, development regulations and approval processes. While this work is ongoing, it is important that Queensland is still in the market place promoting the state as an attractive tourism investment prospect, particularly to the growing Chinese investment community.

The Department of Employment Economic Development and Innovation, with support from Tourism Queensland, is investigating the potential to develop a prospectus of existing tourism projects in Queensland currently in the market for sale or looking for investment partners. The prospectus would target quality tourism prospects that are either operationally ready or require an injection of capital to upgrade them or bring them back up to standard. This approach would not only provide a suite of tourism projects that investors could invest in without any major planning or development impediments, but would also see a much needed injection of capital into improving the quality of tourism product in Queensland. Additionally, the lower risk investment profile of a 'brownfield' development over a 'greenfield' project could serve as a platform for Chinese investment in new tourism projects in the future.

Questions for Consultation

- *Do you agree that the development of a prospectus of existing 'brownfield' tourism projects targeting Chinese investors is an effective way to attract Chinese investors into the Queensland tourism market?*

4. Working in partnership with Tourism Australia to ensure Queensland has a strong presence in the development of a 'Destination Australia' tourism investment program.

Advice from a range of sources including developers and government authorities involved in attracting tourism investment to Australia indicates that on the world stage 'Australia' as a destination has resonance and appeal for potential investors but not necessarily individual states and territories. Experience has shown that individual states and territories taking their tourism investment opportunities overseas to promote to potential investors is a difficult proposition if not presented within the context of the wider Australia destination.

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For this reason it is proposed that Queensland (along with the other states and territories) work in partnership with Tourism Australia and Austrade to develop a strong 'Destination Australia' presence and profile in the international tourism investment arena which each jurisdiction can then leverage off to promote their unique projects and destination 'points-of-difference' to investors. A Destination Development and Investment portfolio has recently been established in Tourism Australia and an Investment Working Group including all the states and territories is being formed which will coordinate the development of a tourism investment prospectus and profile that can be communicated internationally. Additionally, this approach will provide a sound platform for the establishment of investment relationships between the Australian and Queensland governments and the national and provincial governments in China. These government to government relationships are considered pivotal to establishing the right cultural and business environment in which to facilitate public and private sector investment opportunities.

Questions for Consultation

- *Do you agree that the development of a 'Destination Australia' presence and profile in the international tourism investment scene is an effective way to target Chinese investors and attract them to invest in the Queensland tourism market?*

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Next Steps

Invitation to Comment on the Discussion Paper

We invite you to give your thoughts on the questions we have asked in the Discussion Paper and any other comments and insights you would like to share that you believe would add value to the development of the Strategic Plan 2012-2016.

You may provide comment on this Discussion Paper until **2 December 2011**. If you are unable to meet this deadline, please let us know because we would value your comments. See the contact details below for the Project Manager, Therese Phillips.

Please address your comments to:

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Therese will send through your comments to the team responsible for each section so they can consider and take on board your suggestions, as relevant.

Activation of project	27 June 2011
Industry Reference Group meetings	27 July, 9 September, 21 October 2011; March 2012
Launch of Discussion Paper	21 October 2011
Launch of Strategic Plan	2012
Release of Action Plan	2012

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Glossary

ADS – (China Approved Destination Status): is a bilateral tourism arrangement between the Chinese Government and a destination whereby Chinese tourists are permitted to undertake leisure travel in groups to that destination. The Department of Resources, Energy and Tourism (RET) manages the Australian scheme.

DEEDI – (Queensland Department of Employment, Economic Development and Innovation): provides advice to the Queensland Government on Business and Trade Investment, Laws and Regulations, Queensland Industries, Building and Protecting Queensland, Science and Innovation and Jobs and the Community.

DIAC – (Department of Immigration and Citizenship): provides advice and policy support to the Australian Government regarding visas, immigration and refugees; citizenship and managing Australian borders.

EXPERIENCE - The emotional feeling or personal achievement a tourist derives from the purchase, participation or consumption of tourism products and the service received.

FIT (Free Independent Travel): The consumer structures their own travel and it may include some parts purchased through a travel agent.

The Free Independent Traveller in the context of China refers to a person with a mindset of more independent travel. They may still book their flights via a travel agent but will require more flexibility and/or control in the make-up of their itinerary. They tend to search for information themselves and make decisions based on experiences rather than available packages.

Full-FIT is where the consumer structures all of their own travel, while for semi-FIT the consumer has used components purchased through a travel agent. Unlike the Full-FIT, the semi-FIT traveller is able to utilise the expertise of the travel agent in processing the Visa request.

GIT (Group Inclusive Tour): Also referred to as **Group Travel or Group Tour**, the consumer travels as part of a group with a common interest or purpose. It can be a customised, one-off travel product or an off-the-shelf tour package (usually from a brochure) where land or ground arrangements including accommodation, group transport, tour guiding, meals, attractions and other services required by the groups are booked in advance. The group may vary from as small as 2-3 to in excess of 20.

GLOBAL TARGET MARKET –

A **target market** is a group of customers that the business has ultimately focused all their **marketing** efforts on; a global target market identifies a group of customers from an international source.

MARKET SEGMENT –

Market segmentation is a practice undertaken by marketers to identify the smallest group of their consumers.

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PRODUCT - Tourism accommodation, tourism attractions (man-made & natural) and tours which tourists purchase, participate in or consume.

RET – (Department of Resources, Energy and Tourism): provides advice and policy support to the Australian Government regarding Australia's resources, energy and tourism sectors. The Department develops and delivers policies to increase Australia's international competitiveness, consistent with the principles of environmental responsibility and sustainable development.

SIT (Special Interest Tour): The consumer travels as part of a group that is themed around a specific activity such as golf.

SOURCE MARKET – The geographic location of the source of visitors.

SQIC– (Study Queensland Industry Council): Established through DEEDI, works in close collaboration with private and public providers to strengthen the international education and training industry in Queensland and ensure its sustainability.

TOP – (Tourism Opportunity Plan): A plan developed by Tourism Queensland for each destination across Queensland to identify new tourism opportunities and as a basis for promoting ongoing new product development and product renewal.

T-QUAL – (Tourism Quality Mark): The National Tourism Accreditation Framework (NTAF) that provides an umbrella framework under which existing quality and accreditation programs can apply for TQUAL Accreditation.

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Appendix One: Questions for Consultation

Aviation

- *An ambitious target for the frequency of flights has been set. This target uses the current market dynamics and forecasts to assume that overall expenditure growth will be driven by volume increases with some yield increase. Given the ambitious nature of the number of flights, has the balance between volume and yield been achieved?*
- *Of the potential airlines identified which ones have the greatest potential to deliver capacity?*
- *Are there any destinations outside of the existing international airports of Gold Coast, Brisbane and Cairns that have the capacity to receive scheduled international flights from China by 2016?*
- *What inhibitors, over and above those already identified do you see in achieving this capacity? Are any of these inhibitors more of an issue than others for Queensland's international airports of Gold Coast, Brisbane and Cairns?*
- *What levers can be utilised to reduce the inhibitors to reaching the capacity?*
- *Outside of the three cities of Beijing, Shanghai and Guangzhou are there other cities that present opportunities for charters to Queensland cities?*
- *At what point should a region cease to attract charters? For instance if a region has a daily direct non-stop service from a city in China, should that region look to have charters from the same region over the peak periods?*
- *Does the seasonality of the inbound market mean that the airline capacity should reflect a high/low schedule of operations with a high level of frequency over the Northern Winter scheduling period and lower level of frequency over the Northern Summer scheduling period?*
- *Are there particular source markets that visit Queensland that could transit via China to boost demand in the Chinese low season to help support year round services?*
- *What airports other than those identified will face constraints in the domestic network for the Chinese traveller?*
- *What other times of the year will constraints be experienced?*
- *What strategies can be employed to mitigate the constraints on the domestic network?*
- *How can the seasonal peaks and troughs in the China market be alleviated to reduce pressure on the domestic network?*
- *How can the impact of group travel be best handled on the domestic network?*
- *How important are airline alliances, code share and interline agreements to the distribution of Chinese visitors into and around Queensland?*
- *What ports need to be part of the code-share agreement?*

Chinese Traveller

- *Do you believe Tourism Queensland has the right cities in the tiers?*
- *Please comment on whether you agree with Tourism Queensland's planned focus for Free Independent Travel, Special Interest Travel and group travel within each tier.*
- *Do you agree with Tourism Queensland's target markets?
Self Challengers - couples and singles travelling with friends, aged 20 to 35 years*

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Sightseers - couples and families with the decision maker aged 30 to 49 years.

Market Engagement

Based on your knowledge, to what extent do you agree with this proposed direction and why?

What, if any, additional information is needed?

Delivering Quality Experiences

- *Do you believe there is a need for training programs for tourism operators to help them grow the China market?*

If so, what should be included in these programs, and what is your recommended delivery method?

- *What is Queensland's competitive advantage for the China market in 2016?*
- *What, in addition to the Great Barrier Reef and the koala, will provide Queensland with a point of difference?*
- *How could operators better engage with their local Chinese communities?*
- *If you see a need for Chinese speaking staff in your organisation/business, nominate and prioritise the required roles, according to the level of importance to your business.*

Are there any of these roles that you believe could be managed by signage or by other means?

If so, which ones, and how would you do this?

- *Would you consider participating in a reciprocal employment exchange program if one was set up in your region?*
- *Should a third party assessed accreditation program be introduced for transport operators, retail, restaurants and inbound tour operators so they can be recognised by T-QUAL? Why?*

Investment Attraction and Facilitation

- *Are there any other barriers to attracting Chinese investment in new tourism product that you believe could be addressed?*
- *Are there any other measures you believe could be taken to identify new tourism projects that could be attractive to Chinese investors?*
- *Do you agree that the development of a prospectus of existing 'brownfield' tourism projects targeting Chinese investors is an effective way to attract Chinese investors into the Queensland tourism market?*
- *Do you agree that the development of a 'Destination Australia' presence and profile in the international tourism investment scene is an effective way to target Chinese investors and attract them to invest in the Queensland tourism market?*

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Appendix Two:

Tourism Queensland's integrated brand family

The Queensland Brand platform includes an **integrated brand family** of regional marketing brands for the Gold Coast, Tropical North Queensland, The Whitsundays, Sunshine Coast and Brisbane. Of these brands Gold Coast and Tropical North Queensland are used in the international markets, including for the China market.

TNQ Brand –



Represented as Cairns and Great Barrier Reef in the China market. Adventurous by Nature brand positions the destination as Australia's nature-based adventure destination offering the best Australia has to offer in the realm of tropical experiences and nature based adventures.

Gold Coast Brand –



Famous for Fun brand positions, the Gold Coast as Australia's endless playground offering the best Australia has to offer in the realm of excitement, energy, play and fun.

International Marketing Campaigns -

These campaigns provide opportunity to package and highlight international ready products and experiences under a well defined, single branding proposition. By grouping products into a single campaign we display strength and cohesion in the marketing place and also allow individual operators to link to an established brand.

Whilst some international campaigns aren't currently promoted in China, as the market matures there may be opportunities to introduce them as we move towards 2016.

