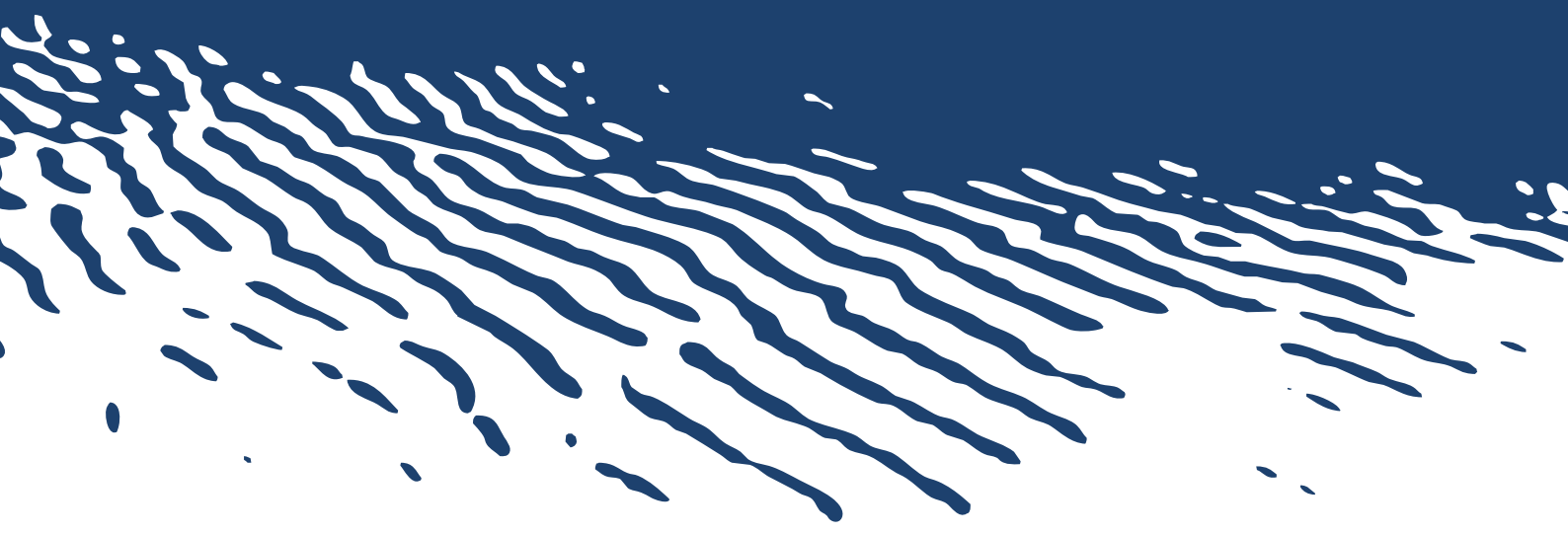




# Our Future in China

China Market Strategy 2008–2010  
Highlights





## Key Figures

For Year ended June 2007

### For Australia

- 321,000 Visitors (Queensland received 45%)
- 15.4 million visitor nights (Queensland received 7%)
- A\$1,214 million total expenditure

### For Queensland

- 144,000 Visitors
- 1.15 million visitor nights
- A\$104 million total expenditure
- Purpose of Visit
  - 78% holiday
  - 16% business
  - 8% VFR
  - 5% other
- 112,000 holiday visitors
- 470,000 holiday visitor nights
- 69% on holiday group travel
- Holiday visitors to Qld Destinations
  - 66% to Gold Coast
  - 46% to Brisbane
  - 25% to Tropical North Queensland
- Over 38 million outbound trips were recorded from China in 2005
- GDP per capita is A\$9,213 (2006 est.)
- Forecast Arrivals Growth into Australia 12.3% (annual average from 2005 to 2015)

Source: Tourism Research Australia, International Visitor Survey

## Vision

For Queensland to become the primary destination for Chinese visitors into Australia as a result of creative marketing and by ensuring infrastructure and industry capabilities supplied by Queensland meet Chinese visitor demand.



## Goals And Targets

The overarching goal, consistent with the goals set by the QTS, is to increase holiday visitor expenditure in Queensland above forecasts, which can be achieved through one or a combination of the following goals:

### Goal 1

Increase total Chinese visitor expenditure in Queensland and Queensland's share of total expenditure by Chinese tourists to Australia

#### Targets

- Increase total visitor expenditure into Queensland from \$104m in YE Jun 2007 to \$179m by YE Jun 2010
- Increase Queensland's share of total Chinese visitor expenditure in Australia from 9% in 2007 to 10% by 2010

*NOTE: Total expenditure is used as holiday expenditure is not currently available from Tourism Research Australia*

### Goal 2

Increase Chinese holiday visitors to Queensland and Queensland's share of Chinese holiday visitors in Australia

#### Targets

- Increase Chinese holiday visitor numbers in Queensland from 112,000 in YE Jun 2007 to 182,000 by YE Jun 2010
- Increase Queensland's share of Chinese holiday visitor numbers from 63% in 2007 to 65% by 2010

### Goal 3

Increase Chinese holiday visitor nights in Queensland and Queensland's share of Chinese holiday visitor nights in Australia.

#### Targets

- Increase holiday visitor nights from 470,000 in YE Jun 2007 to 788,000 in YE Jun 2010
- Increase Queensland's share of Chinese holiday visitor nights in Australia from 30% in 2007 to 32% by 2010

## Key Trends and Considerations

### Global competition

- Rapid expansion of ADS regions means there is potential for Australia to lose some of its competitive advantage.
- Within Australia also, there is a high level of competition from most states for the Chinese visitor dollar given the strong forecast arrivals growth for the country.

### Market fragmentation

- Staggered ADS approval means that there are great differences in the levels of awareness, sophistication and propensity to travel internationally.
- In addition, Southern China tends to follow travel trends set by its close neighbour, Hong Kong and as a result is generally considered a more mature visitor market than Northern provinces in China.
- Media environment in China is largely fragmented and is currently undergoing an intense proliferation, decentralisation and commercialisation.

### Attracting high spending visitors

- Rapidly expanding middle class and a growing wealth base.
- Opportunity to focus our efforts on the high spending Chinese visitor segment rather than low yield visitors en masse.

### Access

- Australia has a much smaller annual seat capacity on air routes from China compared with competitor destinations.
- Queensland currently lacks direct air access from the China mainland.
- Currently, Chinese carriers are using 75% of the total capacity allocation, while Australian carriers are utilising 24% of their entitlements.

### Ethical business practices

- Quality and pricing issues remain problematic, particularly price undercutting and compromised tour quality.
- Unlike many other countries competing in the Chinese tourism market, Australia does not have any national regulation, qualification or certification arrangements for tour guides.

- In December 2003, Queensland's Department of Fair Trading implemented the 'Tourism Services (Code of Conduct for Inbound Tour Operators) Regulation 2003'. This regulation outlines a range of standards to which Inbound Tour Operators (ITO's) should adhere to including commissions, shopping, guiding, professionalism and diligence.

### Expectations and delivery of product quality

- Chinese visitors have high expectations focused on visiting locals, exchanging culture, experiencing local food and produce, four-star accommodation, outdoor activities and local wildlife.
- To date, accommodation below the standards anticipated by Chinese visitors, and away from the main tourist locations, has often been used to reduce package costs. It should be noted that the issue here is not necessarily with the quality of Queensland's tourism products, but instead with the previously mentioned unethical business practices which allow itineraries to be changed to include lower standards than the Chinese visitor had expected.

### Product and infrastructure requirements

- Forecast increase in the number of Chinese visitors staying in hotels, motels, guesthouses and serviced apartments in Australia over the next decade (1.7 million visitor nights YE June 2007 to 6.1 million in 2016).
- Seasonality of Chinese visitation is also a consideration. The main travel period for the Chinese market is during the months of December to February for each year; which is based around Chinese New Year

### Skills and language training

- With relatively low English proficiency amongst Chinese visitors and high forecast growth rates, it is anticipated that there will be a pronounced shortage of relevant language skills amongst Queensland's tourism workforce.



*Palm-lined Beachfront, Mission Beach, Townsville*

## Key Strategic Priorities and Actions

For full action details, including responsibility and outcomes, see the full version China Market Strategy at [www.tq.com.au](http://www.tq.com.au)

### Priority Adapting marketing mix to reach the consumer

**Increase focus on Media/Public Relations (PR) and Digital Marketing initiatives (in partnership with key trade) to raise awareness and preference of Queensland and its destinations amongst the Chinese consumer whilst continuing to strengthen relationships with key trade partners.**

#### Actions

- Increase stakeholder investment in cooperative marketing activities
- Strengthen partnerships between TQ, RTO's and key partners to maximise presence in the China market and increase consumer awareness and preference
- Ensure Tourism Queensland's Chinese language website is relevant and aligned with TQ's overall online marketing strategy
- Work with Tourism Australia and industry to maximise the benefits for Queensland from the Visiting Journalists Program
- Significantly increase consumer and trade media awareness of Queensland's destinations and experiences via increased targeted PR activity
- Ensure a strong variety of product is introduced into TQ's revised gateway Chinese language website
- Maximise Queensland's presence on [australia.com](http://australia.com) for the China market
- Work with wholesalers and airline partners to increase the distribution of Queensland's product in online distribution channels

### Priority Attracting high spending visitors

**Implementation of a highly targeted approach to marketing in China, focussing on identified priority regions of Beijing, Shanghai and Guangdong whilst considering growth opportunities available via other ADS regions within China.**

#### Actions

- Focus consumer marketing efforts on the 3 original ADS regions – Beijing, Shanghai and Guangdong
- Ensure adequate market intelligence available to accurately assess market trends and visitor behaviour. Ensure this research is made available to Queensland industry and RTO partners
- Undertake annual Queensland on Tour China mission with Queensland industry to grow packaging of product
- Focus on the training and product knowledge of ADS licensed travel agents and continue to support Tourism Australia's Aussie Specialist program as it is expanded into regions containing best prospect segments
- Leverage off Tourism Australia's 'Uniquely Australian Invitation' campaign by ensuring Queensland is promoted as the key Australian destination

**Continue to focus on the growing holiday market into Queensland and capitalise on additional opportunities to expand the FIT segment and support other key segments of VFR, Business Events Tourism and Education.**

#### Actions

- In conjunction with key wholesale partners, maintain focus on group travellers, but increase focus (particularly in Southern China) on FIT traffic
- Continue to introduce semi-FIT product into the market to align with the requirements of the growing FIT market segment
- Continue to support VFR, business events and education segments as opportunities become available
- Increase the exposure of Queensland through participation and promotion of events in China and/or in Queensland, eg. World Expo

Cairns Esplanade Lagoon



**Priority** | Aligning Queensland's experience offerings with target segments

**Ensure product and experience match through better understanding of Chinese market requirements and expectations.**

**Actions**

- Continue targeted media and trade familiarisations to support existing product and experiences and introduce new products and experiences
- Ensure any new China segmentation research undertaken by Tourism Australia is distributed to industry and considered in all marketing and development activity

**Influence Chinese trade and ITO's in order to ensure packaging of Queensland product is in line with expectations and delivers on our promise**

**Actions**

- Continue to implement cooperative marketing campaigns to grow the percentage of packaged Queensland product in key wholesaler programs through increased engagement with stakeholders
- Maintain focus on trade relationships in Beijing, Shanghai and Guangdong while developing additional relationships with trade based in the six secondary ADS regions (Jiangsu, Zhejiang, Chongqing, Tianjin, Hebei, and Shandong)
- Focus on increasing Queensland's share of travel itineraries by promoting Queensland as a dual-stop destination

**Priority** | Increasing skills and language training

**Ensure service quality matches expectations via increased communication to industry and provision of skill and language training options.**

**Actions**

- Work closely with ATEC, Federal Government and other partners to increase Queensland industry development, particularly in the areas of language, visitor safety and cultural awareness
- Identify gaps in existing training material and investigate opportunities to ensure all appropriate material is supplied to operators
- Continue to work with Regional Tourism Organisations, Inbound Tour Operators, Tourism Australia and the Queensland tourism industry to increase the engagement of the industry with tourism forums and training programs that provide insights into the China market

## Priority | Strengthening relationships with airlines

**In conjunction with Government and other key stakeholders, continue to strengthen relationships with key airlines to encourage non-stop flights into Queensland and improve indirect travel routes to the state.**

### Actions

- In line, with TQ Aviation Strategy, continue to work with and lobby airlines to encourage scheduled and charter services non-stop into Queensland
- Develop cooperative marketing alliances with relevant airlines (including QF, CX, SQ, MU) to showcase Queensland's destinations to consumers and leverage airline promotions
- Encourage an increased range and frequency of indirect services over key South East Asian hubs into Queensland in line with TQ Aviation strategy
- Encourage Chinese airlines to establish interline agreements with Australian domestic airlines to ensure dispersal of visitors beyond Sydney and Melbourne

**Boost visitation over shoulder seasons to increase airlines' confidence in direct flights**

### Actions

- Continue to develop and implement cooperative marketing with airlines to generate demand for shoulder seasons

## Priority | Addressing unethical business practices

**Adopt a clear engagement strategy to strengthen relationships with key stakeholders in the China market to undertake initiatives aimed at overcoming unethical business practices and improving the overall experience for the Chinese visitor.**

### Actions

- Develop an engagement strategy in conjunction with Queensland Government aimed at overcoming unethical business practices

**Continue to support national and state efforts to eliminate unethical business practices with regard to the Chinese visitor market.**

### Actions

- Continue to work with Government to encourage the implementation of legislation with regard to unethical practices
- Encourage observance of the ADS code amongst operators active in the China market
- Investigate options available to educate Chinese visitors upon arrival in Australia with regard to shopping/tours and visitor safety
- Review processes undertaken in other competitor destinations receiving Chinese visitors to gain knowledge on how to overcome unethical practices
- Engage with Federal/State Government, Tourism Australia and other STO's to discuss establishment of a Chinese language national complaints channel for Chinese visitors while in Australia

## Priority | Assessing tourism product and infrastructure in line with market trends

**Ensure Queensland destinations are equipped with the product and infrastructure to maximise forecast potential of Chinese visitors and deliver on expenditure targets**

### Actions

- Engage with Federal Government and Tourism Australia to support their recommendation to undertake a thorough accommodation needs analysis for the Chinese visitor
- Continue to review & document existing research on product and infrastructure requirements of the Chinese market into Queensland and communicate to relevant partners
- Ensure Chinese market product and infrastructure requirements are incorporated in the development of Destination Management Plans (DMP's), the Regional Tourism Investment and Infrastructure Plans (RTIIP's) and other associated product development initiatives

A full version of the China Market Strategy is available at  
**[www.tq.com.au](http://www.tq.com.au)**

### **Key Contacts**

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