



51 The Esplanade  
PO Box 865 Cairns Qld  
4870 Australia

Phone: (61 7) 4031 7676

Direct: (07) 4015 1213

Fax: (61 7) 4051 0127

Email: [elizabeth.webb@tnq.org.au](mailto:elizabeth.webb@tnq.org.au)

Website: [www.tropicalaustralia.com.au](http://www.tropicalaustralia.com.au)

## China Market

IVS – March 2009

	China	Hong Kong
Visitor Number (Leisure)	26,322 (-41% YE Mar 08)	11,313 (-27% YE Mar 08)
Visitor Number Nights (Leisure)	75,466 (-29% YE Mar 08)	47,980 (-34% YE Mar 08)

*\*TRA Figures – Leisure Visitors to Tropical North Queensland*

### Inbound Tour Operators

List provided is gathered after meetings/training sessions with wholesalers/retail agents in China and Hong Kong. These are the most commonly mentioned during meetings. TTNQ do not receive figures from wholesalers or ITO's on product performance.

- Equity Travel
- Auga
- ATM
- PTC
- Holiday Pacific
- GZL
- Golden Dragon

### Current Situation (@ 30 July 09)

#### H1N1

The Chinese Government has minimized the precautionary activity at airports, instead of three test places on leaving the aircraft (1. temperature taken before leaving aircraft; 2. at air-bridge and 3. before customs (or domestic before luggage carousel)). Health Services Offices will only board the plane upon arrival should a passenger/s show signs of temperature/illness etc.

Should a passenger be infected only 8 pax will be quarantined (1 row in front & 1 row behind) instead of the surrounding 20 passengers, plus family members/work colleagues having to be quarantined (mandatory).

The focus on H1N1 by the media has now shifted, and there is no daily reporting on H1N1. Should there be no sudden outbreak somewhere (China, SEA or Australia) businesses affected by the flu is expected to come back. Agencies report that bookings/enquiries are already being received for late August.



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### *Watching Concern*

It has been said that Rebiya Kadeer's (she is believed to be the leader of the recent unrest in Xinjiang which caused injury and death of citizen over 1500) may be attending the Melbourne Film Festival which has upset Chinese government. According to previous experience on the France and Demark cases (both countries had invited Dalai Lama to visit) which caused 'unofficial' travel warning from Chinese tourism authority. There is possibility that Chinese tourism authority will take some 'unofficial' action by government's directive.

TQ China is monitoring this concern and will work with various travel agencies to minimize the impact.

### **Aviation**

- China Southern Airlines representatives (Director General, Revenue/Route Planner etc) met with Cairns Airport and TTNQ – late June. Discussion on potential scheduled services and update on charter services
- Charter services with key Chinese wholesalers – possibility for a charter in October (National Holidays – 8 Days)
  - Chinese New Year
- Working with all wholesalers and airlines. TQ and TTNQ have prepared a proposal for potential charter services outlining the support/funding available to potential wholesalers for charter services
- TTNQ and TQ are not just focusing on charter services, but need to develop/increase these to show opportunity for scheduled services
- Close relationship with Cairns Airport and regular meetings/joint opportunities in place

### **Famils for 2008/09 (Financial Year)**

- GZL Chinese Agents Dinner (Trade x 7 pax), Sept 08
- China Eastern Famil (Trade), Oct 08
- VIP Group - Chinese VISA Card Visit (Trade – non travel x 19), March 09
- Monica Au TQ Hong Kong (Trade x 1), Dec 08
- Ctrip & World Travel DIY Filmshoot (Media x 8 pax), Dec 08
- China Media Famil Cairns (Media x 4 pax), Feb 09
- Explore Australia China (Media x 6 pax), Feb 09
- CCTV 6 Australia Movie Media Famil (Media x 5 pax), Feb 09
- Visiting Opinion Leaders Blogger (Mr Fan Yi Bo – Media x 1), May 09
- Cathay Pacific Media Famil (Media x 10 pax), June 09
- Shanghai Expo 2010 Chef/Media Famil (Media x 5 pax), June 09
- Asian Diver Media Famil Hong Kong, (Media x 2), July 08
- Weekend Weekly Hong Kong (Media x 2), Oct 08
- U Magazine Hong Kong (Media x 2), Jan 09

### **Future Activity/Opportunities:**

- Tropical Champions – Module 2 (5 cities, proposed for 14 September to 21 September 2009)
- Qld on Tour China
- Team Cairns China & Hong Kong – tactical campaign
- Trade & Media Famils



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## Potential Markets from within China

Primary Target markets: Group; FIT; Family; High End/Yielding

Group market is still traditionally the strongest market and priority for the wholesalers. There has been significant increase of interest for FIT market – but primarily for high end clientele or repeat traveller to Australia.

Business/Incentive market is down and this is due to the Chinese Government restricting /minimizing travel for this market. Three main factors (in order of cause): Sichuan earthquake; Global Financial Crisis and H1N1 (Swine Flu).

Primary *Geographic Locations TTNQ/TQ are targeting in China:* Shanghai, Beijing, Guangzhou, Shenzhen (Guangdong Province), Chengdu, Hangzhou and Hong Kong

Secondary: Tianjin; Xiamen; Shenyang, Qingdao, Xiamen, Wenzhou; Wuxi and Nanjing

### Notes:

The Global Financial Crisis/Exchange Rate has had significant impact to travel by the Chinese, and this is not necessarily just to Cairns & Great Barrier Reef region. The Chinese Government has directed that any unnecessary travel not occur and where possible all travel (holiday and business) should be reconsidered. During the last trip by TTNQ the wholesalers mentioned that due to the strengthening of the RMB to AUD, they have received an influx of enquiries/quote requests for travel to Australia – Cairns included. Government/Business travel still restricted.

As the GFC/Exchange Rate situation improved, H1N1 appeared globally and this has now restricted travel to overseas destinations. Originally the Chinese Government strongly advised that any travel to a western country (USA, Australia and Europe) be reconsidered and recently at ATE the Chinese Government restricted travel to Taiwan due to the number of cases reported here.

Pricing – this a regular concern for our destination. It is perceived that the Cairns & Great Barrier Reef region is an expensive destination and hence even though majority of all Chinese visitors wish to travel to Cairns they do not include this region in their itinerary, but take the other option of Melbourne.

1. Travel Trade partners have acknowledged that the cost of our tours, accommodation and some meals are not expensive and great support is received by our operators – it is not the components of the ground content in the itinerary – even though they do request higher commissions/incentives on a regular basis.
2. Cost of the additional domestic sector is the major contributor. ITO's and wholesale partners have all said should there be direct international access into Cairns we would see significant increase in business
3. The itineraries that do include Cairns (at least 45% of all itineraries to Australia do) include Sydney and Gold Coast (and maybe a 4<sup>th</sup> city Melbourne), the shopping tours help counteract the cost of the additional domestic sector airfares. This has been acknowledged by some of the leading ITO's and wholesalers, they understand that is "illegal" (does not adhere to the ADS agreement) but continue to do so to include Cairns & Great Barrier Reef region in the itinerary.

### **Key Trade Missions/Activities Completed:**

#### *Qld on Tour China (March 2009)*

- Introduced and reconfirmed Cairns & GBR as a key destination
- Showcased to wholesalers the key regions throughout Cairns & GBR
- Provided suggestions/options on how to increase amount of Cairns & GBR product in packages and increase length of stay
- To expand position in target niche segments
- Discussed possibility of charter opportunities outside of peak season (eg CNY) and commence planning for CNY 2010
- Provided information on famil opportunities with airline partners (CX/QF/MU/CZ) – securing our relationship and commitment to the Chinese market
- Met with over 300 frontline staff - trained front line sales staff in each destination on Cairns & GBR destination & products
- Met with 50 Managers and Media representatives
- Introduced the key China travel trade to the Cairns & GBR/QLD industry
- Investigated opportunities to grow business opportunities with key wholesale partners
- Strengthened & established travel industry relations with product managers of key contacts.
- Generated media exposure in key travel trade publications

#### *Tropical Champions*

- Opportunity to participate forwarded to all TTNQ members, cost to participate was AUD\$3,000 per product.
- Increased the destination and product knowledge and number of agents booking/packaging Cairns & GBR region
- Introduce new itineraries that include sub-regions and tour products
- Increase yield of tours/packages already including Cairns & GBR region
- Increase destination and product awareness with frontline staff & tour leaders
- Presented to over 500 frontline and wholesale staff in five cities (Shanghai, Beijing, Chengdu, Guangzhou & Shenzhen)
- Increase length of stay of visitors to the Cairns & Great Barrier Reef
- Ensure increase in knowledge leads to more wholesalers showing a willingness to consider using out of season charter flights to Cairns
- Ensure Cairns & GBR region remains tops of mind as a travel destination, particularly with increasing competition from newly appointed ADS destinations
- Secure Charter Flights outside of peak season – Chinese New Year; eg: Northern Summer, Autumn Festival (Sept/Oct)
- Training sessions where two fold, primary focus on Cairns & GBR destination and product awareness; followed by professional sales techniques and how to up-sell to include tours, increase length of stay etc
- Workshops & Case Study's undertaken with examination and presentation of certificates
- Completion of training agents will become Cairns & GBR Champions, and receive on going product updates, training & information



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*Cairns Integrated Chinese Branding Group (CICBG)*

*Marketing Activity implemented by TTNO Members – lead by Quicksilver Group of Companies*

- Increase length of stay by offering 3, 4 & 5 night packages
- Increase destination awareness – variety of products and region – eg: Cape Tribulation/Tablelands – areas further afield than Cairns City
- Opportunity for further charter flights with key wholesalers
- Training provided to over 1,000 frontline staff in 16 cities (some re-visited at during the year)
- Target markets: Families, couples, groups; FIT & Group business
- May 2009 – Beijing – branding of leading retail travel agency – CYTS HQ
- May 2009 – training conducted in Beijing,, Shenyang, Xi'an, Harbin, Zhenzhou, Huhehaote (new cities for CICBG programme)
- May 2009 – visit and train frontline staff in cities branded 2008 – Nanjing, Hangzhou, Wenzhou and Ningbo
- 13 TNQ operators participate