China… building the foundations – knowing the customer

The China 2020 Strategy

Australia has experienced faster international arrivals and expenditure growth from China than from any other market. A record 542,000 Chinese visited Australia during 2011, almost 20 per cent growth on 2010\(^1\). Not only are Chinese visiting in record numbers, they are also spending at record levels. Current overnight expenditure from China is up 15 per cent, to more than A$3.8 billion, making it our most valuable export market\(^2\). By 2020, Chinese visitors have the potential to bring in excess of A$7 billion and A$9 billion each year into the Australian economy, more than doubling their current economic contribution. In order to seize this opportunity and achieve this level of growth Australian tourism must continue to remain relevant and competitive.

Recognising the potential of the China outbound market, Tourism Australia and the Australian tourism industry started to build relationships with airlines and key industry partners from 1993. In 1999, Australia and New Zealand were granted approved destination status (ADS). In the past decade Tourism Australia has built a distribution network of more than 5,000 Aussie Specialist Travel Agents, a network of Australian industry marketers and a Team Australia approach across government (including Australian government agencies and posts and state and territory representatives).

On 8 June 2011, Hon Martin Ferguson, AM MP, Minister for Tourism launched the China 2020 Strategic Plan, developed by Tourism Australia in collaboration with industry and government stakeholders. The plan aims to ensure Australian tourism stays ahead of the game, identifying a clear direction for enhancing tourism business from China.

The China 2020 Strategy identifies five areas pivotal to Australian tourism increasing its competitiveness and winning market share:

1. Knowing the customer
2. A dedicated geographic strategy
3. Ensuring we deliver quality Australian tourism experiences
4. A healthy aviation environment
5. Strong partnerships between Government and industry

For more information on the China 2020 Strategy go to www.tourism.australia.com

Key research findings

- Australia is a ‘must visit’ holiday destination
- Australia exceeds expectations, which is great for positive word-of-mouth and potential return visits
- Australia offers what the target customer wants – nature and laid back lifestyle with the comforts of a developed country
- Our Chinese target customer:
  - is similar in Primary and Secondary cities in terms of drivers for leisure travel
  - is a relatively experienced traveller, almost 70 per cent have travelled for leisure outside of Asia in the last 12 months
  - has a strong desire to visit Australia’s iconic attractions – Seeing the Sydney Opera House, the Great Barrier Reef, koalas and kangaroos are high on their list
  - believes Australia’s visa application process is easier or comparable with other long-haul destinations
  - prefers group travel, particularly when visiting a destination for the first time and likes some flexible travel options as they become more experienced
  - is inspired and influenced by traditional travel advertising, travel media and word-of-mouth with social media increasingly influential
  - Uses the internet to research and plan but relies on travel agents to book their travel

Knowing the target customer in China

A cornerstone of the China 2020 Strategy is putting the target customer at the centre of all that we do at Tourism Australia. This means understanding their needs and wants and sharing these insights so that the Australian tourism industry can tap into China’s fast growing and increasingly affluent middle and upper classes.

In late 2011, Tourism Australia commissioned GfK Blue Moon to conduct research into the long haul travel behaviour and preferences of our target customer to improve our understanding of what drives their travel decisions.

The research indicates that there are big opportunities for Australian tourism not only in the Primary cities of Beijing, Shanghai and Guangzhou but also in Secondary cities which include Chongqing, Chengdu, Hangzhou, Nanjing, Shenyang, Shenzhen, Tianjin, Wuhan and Xiamen.

Part of Tourism Australia’s geographic strategy is to expand current marketing and distribution in 13 cities to up to 30 cities by 2020.

\(^{1}\) Based on Australian Bureau of Statistics data
\(^{2}\) Tourism Research Australia, International Visitor Survey, December 2011
OUR LEISURE TARGET CUSTOMER IN CHINA

Who they are

- Experienced travellers - have travelled for leisure in the past 12 months and have Australia as part of their holiday consideration set
- Men and women aged 30-49 years
- Couples
- Live in Primary and Secondary cities
- Affluent - they are amongst the wealthiest of China’s population, but income does vary between Primary and Secondary cities
What we learnt about them

How Australia stacks up

- **Highly aspirational** – a ‘must visit’ long-haul holiday destination, above Hawaii and the Maldives
- **Good offering** – Australia has what they want for a holiday - a laid back and easy going holiday with unique and iconic attractions
- **Accessible** – visa processing is viewed as comparable or easier than other long haul destinations
- **Only time, distance and cost** rank as reasons for not wanting to visit Australia
- **Awareness of Australia differs according to where the customer lives**. There is greater awareness and understanding of Australia by those who live in Primary cities but this is limited to iconic attractions

“Other popular destinations for the Chinese consumer include the USA and Europe. One Hangzhou based travel agent suggested the USA represents wealth and popular culture, while Europe represents luxury and tradition. For Australia, the key motivator is the environment and lifestyle”.

– Andrew McEvoy  Managing Director
Tourism Australia

Level of travel experience

- They are active travellers with a high level of travel experience, especially within China. Income is a key differentiator – the less well travelled have lower incomes and lower levels of English language ability. Those living in Primary cities have the highest level of long-haul travel experience, while those living in Secondary cities are only slightly less experienced
What they want from a long-haul holiday

- To experience ‘difference’ to their home environment
- A mix of natural environment, culture, history and development together with good products and services for accommodation, eating out, different cuisine options and local shopping
- Safety, so that they can have a ‘laid back and easy going’ holiday
- Value for money
- A welcoming and family friendly destination
- The ability to see iconic and famous attractions – a major consideration when selecting a destination
- Easy visa application process
- Accommodation options that include well-known hotel chains and mid level 3 star hotels
- Chinese speaking tour guides, particularly for those not fluent in English
- Access to Chinese food, ideally once per day, particularly for breakfast
- Direct flights
- Local shopping – the opportunity to purchase local souvenirs, brands and products rated highly
- Gambling and luxury shopping – in this research, these were viewed more as a bonus than a must

How to influence their travel decision-making

- All of our target customers, regardless of their level of travel experience, are highly influenced by traditional travel advertising
- More experienced travellers are also inspired by travel programs, TV shows and magazine articles but are less influenced by ‘special airfare deals’
- Travel agents are an important source of information and have influence on the decision-making process
- Word-of-mouth recommendations by family and friends are also highly influential

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How they like to research and book a holiday

- The travel agent is key – most of our target customers rely on travel agents to organise their entire holiday to Australia
- The internet plays an important role in planning and researching their holidays. Dedicated online travel sites and general searches are the most common sources with official government tourism sites also popular. **45 per cent of our target customers use them**, while currently only 33 per cent use social networking sites to research travel
- The Chinese travel distribution system is still a very traditional model, with Inbound Tour Operators, Wholesalers and Retail Travel Agents handling the majority of travel bookings. Developing and maintaining strong relationships with these travel sellers is vital for Australian tourism products wanting to work in the China market. Online travel sellers also play a role in the Chinese travel distribution system, although this sector is relatively small
How they like to travel

- As part of a group that includes their family (partner and children) or friends
- When travelling for the first time – in a structured group that includes some free time, with a Chinese speaking guide
- When returning to a destination – with some independence and free time rather than a fully structured itinerary. Many opt for a Chinese speaking guide

“There is a growing trend toward independent travel, with the travel agent arranging airfares and accommodation and travellers arranging the rest of the holiday themselves.”

– Victoria Parr  Director Social Research
GfK Blue Moon

Source: GfK Blue Moon, Development Plan Research for Tourism Australia, 2011
Knowing the Customer in China

Next steps
Tourism Australia will share the findings and insights from this consumer research with industry and governments in Australia and China to help inform the development of products and services that meet the needs of prospective travellers from China.

We will also use the insights from this research to help prioritise our marketing activities in China and to implement a phased geographic expansion plan in China. Over the period 2012-2014 (Phase 1 of the China 2020 Strategy), consumer campaigns will be rolled out in eight Secondary cities. Trade and distribution development will be the initial focus in these cities to ensure consumers have access to Australian travel products and services. Tourism Australia is seeking to target consumers in up to 30 Chinese cities between now and 2020.

The response to Tourism Australia’s There’s nothing like Australia campaign has been strongest in China with more than 90 per cent of those who have seen the campaign confirming that they started researching a trip to Australia.

The research
This is the first time Tourism Australia has carried out such comprehensive research into the travel behaviour and preferences of consumers living in both China’s Primary and Secondary cities. Previous research has concentrated on our target customers in Primary cities only.

Tourism Australia commissioned GfK Blue Moon to conduct the research that was undertaken in late 2011.

The study was undertaken with a particular focus on understanding the differences between Primary and Secondary Chinese cities that have been identified as having future growth opportunities for travel to Australia. The research was carried out in two stages using both qualitative (focus groups) and quantitative (online surveys) methodologies. A target sample representative of Tourism Australia’s target customer was used - 2,767 Chinese leisure travellers participated. Research was undertaken in Primary cities (Beijing, Shanghai, Guangzhou) and Secondary cities (Chongqing, Chengdu, Hangzhou, Nanjing, Qingdao, Shenyang, Shenzhen, Tianjin, Wuhan and Xiamen).

Want to know more?
For more detail, please contact the Global Insights team in Sydney

CONTACT:
Chris Rigg
Tourism Australia
Senior Insights Analyst, Global Insights
Email: crigg@tourism.australia.com
Phone: +61(2) 9361 1354

For media queries, please contact the Corporate Affairs team in Sydney

CONTACT:
Leo Seaton
Tourism Australia
Manager, Media Relations
Email: lseaton@tourism.australia.com
Phone: +61(2) 9361 1363
or ask.us@tourism.australia.com
www.tourism.australia.com
Twitter:@TourismAus

Tourism Australia’s corporate site (www.tourism.australia.com) contains information on China and the Chinese consumer. Updates on Tourism Australia activities and the China market are published in Tourism Australia’s industry newsletter, Essentials.

For more information on the Approved Destination Status scheme, please refer to ‘Tourism Programs’ at www.ret.gov.au/tourism

State and regional tourism organisations are also a source of market intelligence on China.

About GfK Blue Moon
GfK Blue Moon is a boutique research firm with offices in Sydney and Melbourne. GfK Blue Moon specialises in combining strategic planning skills with qualitative research to provide clients with high quality market research. www.gfkbluemoon.com.au