



China Market Intelligence Update for NSW Sellers attending ATE 2009

Economic and Political Situation

- Last year China went through the Sichuan Earthquake, the Beijing Olympics and the global financial crisis. Despite all this, the country's economic status is strong and is expected to maintain a GDP of at least 8% in the coming year.
- With a weak Australian Dollar, the exchange rate between AUD and RMB dropped nearly 35% in 2008, encouraging outbound travel to Australia.
- Chinese credit cards, issued by China UnionPay, (CUP) are now widely accepted in Australia and other countries. Since the signing of an agreement between CUP and National Australia Bank (NAB) in 2006, CUP credit cards and debit cards can be used to make purchases and withdraw money via NAB ATMs across Australia. CUP has 99% of China's bankcard market and has started working aggressively with travel agencies and National Tourism Organisations to expand its cardholders' spending overseas.
- After abandoning the Labor Day and National Day Golden Weeks in 2008 (national holidays), the Government has indicated that it would like to re-establish the Labor Day Golden Week in Guangdong as a trial. This is part of the domestic stimulation strategy.
- China currently has one Golden Week in Chinese New Year and several other smaller three-day Golden Weeks (three-day holidays including weekends), namely Dragon Boat Festival, Tomb Sweeping Festival, Mid Autumn festival, Labor Day and National Day.
- The Cross Strait relationship between China and Taiwan has greatly improved and there is a huge increase in outbound travel to Taiwan after visa procedures have been simplified. To a certain extent this lessened numbers traveling to other existing ADS destinations. Amway China recently sent 12,000 pax to Taiwan in six different voyages on the cruise ship 'Legend of the Sea'.



Travel trade/Consumer Trends:

- Major carriers (CZ, QF & CX / Dragon Air) are pushing FIT's in Beijing, Shanghai and Guangdong. QF now has a code share flight with MU to channel business from Western China to Shanghai.
- TA has continued training and selection of Premier Aussie Specialists, an elite and veteran group especially selected from over 1,200 existing Aussie Specialists. One of the critical criteria to be a Premium ASP is that the agent must be willing to promote more in-depth coverage for Australia packages.
- FIT and self-drive has become a growing trend in China, with more visitors choosing the western style of "go as you please" travel, which does not have a pre-arranged itinerary.
- More agents from Eastern Seaboard cities have already launched successful self-drive packages, with some tour groups traveling along the Pacific Coast Touring Route between New South Wales and Queensland. Self-drive packages have also been promoted in the north and west of China, including tours coming from Sichuan, the province which was affected by the May Earthquake.
- Ctrip, the biggest online travel agency in China has continuously experienced growth in its Sydney FIT and "No forced Shopping" group travel packages to Australia.

Aviation Trends:

- QF will cease Beijing to SYD service from 17 April 09 but increase Shanghai to SYD to daily. Shanghai to Melbourne will also be cut in April 09.
- Viva Macau is now servicing Macau four times a week and has drawn traffic from the Pearl River Delta in Southern China.
- SQ's aggressive plan to be the second biggest shareholder in China Eastern has been officially rejected. However, a merger plan between China Southern and Air China, and Air China to buy Shanghai Airline has been the hot topic in the aviation arena.
- CX, after taking-up Dragon Air which has a strong brand in China and in particular among secondary cities, has stepped-up promotion for Australia by leveraging Dragon Air's catchments to Hong Kong. It is widely tipped that CX's market share to Australia from the China market will increase significantly.



Chinese Buyers

- Agents in Shanghai are promoting the Northern Rivers Region including Ballina. 'Turn Right More Green' strategy is being implemented among the travel industry.
- In addition to self drive FIT travel, self-drive itinerary in GIT travel is becoming more popular, with visitors traveling as a group in the city and then conducting self drive travel in Regional NSW
- Shanghai based China Eastern Airline has launched its own in-house FIT program. Agents from Shanghai ask for more FIT operations logistics in SYD.
- First time buyers from Western and Northern China ADS regions are still looking for traditional product in Sydney city.
- The increasing number of agents from Southern China and Eastern China are seeing the growth potential of FIT market and are now more interested in FIT or self-drive products
- Established buyers are now looking for more in-depth FIT product in regional NSW, and self drive options.