



Hong Kong Market Intelligence Update for NSW Sellers attending ATE 2009

Economic and Political Situation

- The Australian dollar has depreciated by close to 38% against the Hong Kong Dollar which has stimulated both high-season and low-season traffic to Australia.
- Short-term English summer camps for students are well received given the favorable exchange rate.
- Since the fourth quarter of 2008, Hong Kong has been affected by the global financial crisis and crumbling stock prices. There have been staff layoffs in financial institutions, banks, service industries, etc. The unemployment rate is expected to increase to nearly 6%, close to record rates in 2007 during the Asian financial crisis.
- Despite the growing unemployment rate, Hong Kong is experiencing a constant 3.1% inflation rate, affected by the inflation rate in China and the depreciation of the US dollar
- When it comes to spending, people more cautious than ever in this bearish market.
- Though airlines and travel agents have been slashing prices in the outbound travel market, people are now more cautious about spending money on consumer or luxury products, prompting them to be more price sensitive than ever. Short haul travel products are gaining increasing popularity, where long haul destinations like Europe and Australia maintained comparatively slow and steady growth.

Aviation

- Viva Macau is now servicing Sydney four times a week from Macau and has stepped-up promotion in Hong Kong to lure the lower end market.
- There are over 40 direct flights per week between Hong Kong and Sydney.
- Hong Kong's first long-haul budget airline, Oasis went bankrupt in 2008.



Travel Trade/Consumer Trends

- Hong Kong agents are gearing towards the Free Independent Traveller (FIT) market and an increasing number of people from Hong Kong are enjoying self-drive holidays in Sydney and Regional NSW.
- Houseboat and other high end FIT products are on agent's brochure rack.
- There are more repeat travellers to Sydney and NSW (66.7%) who will choose self-drive, partial FIT or FIT packages and select their own choice of products. They look for in-depth travel experiences such as self-drive, local cultures and events.
- The five-day working week (previously six days) adopted by most government departments and major corporations plus the drop of airfares due to strong competition in the market make the four to five day weekend break to Sydney more accessible.

Hong Kong buyers

- HK agents see a sharp decline in GIT.
- They are looking for all kind of higher yield FIT.
- Unique new products and unique attractions/destinations would drive agents' interest.