SNAPSHOTS 2012

CHINA – FIRST AND RETURN VISITATION

Australian Government

Tourism Research Australia

TRA TOURISM RESEARCH AUSTRALIA

In the past ten years, China has become Asia's largest outbound market. The United Nations World Tourism Organization (UNWTO) forecasts that by 2020, China will be the fourth-largest source of outbound travel in the world, with 100 million outbound travellers. UNWTO data shows that between 2001 and 2008, the average annual growth rate of Chinese outbound departures was over 20%[1].

Australia's inbound Chinese tourism market has grown rapidly in recent years. From a low base in the mid-1990s[2], the Chinese market has grown to be Australia's largest international market by expenditure ($3.8 billion in Australia in 2011–12), and Australia's third-largest market in terms of arrivals over the same period (around 551,000 arrivals). In the year ending September 2012, China exceeded the United Kingdom to become the second-largest visitor arrivals market, with 573,100 Chinese tourists travelling to Australia.

With a large proportion of Chinese visitors travelling to Australia for education — traditionally a higher-spending and longer-staying market—average expenditure per trip to Australia was $6,846 in 2011–12, around 42% higher than the average for all international visitors to Australia ($4,812 per visitor)[3].

The Tourism Forecasting Committee (TFC) notes that a significant proportion of Australia's inbound tourism growth will come from China. In 2012–13, the TFC expects that Chinese visitor arrivals to Australia will increase by a further 12% and Total Inbound Tourism Expenditure (TITE)[4] will grow by 10% to reach $4.2 billion. In the longer term, the TFC forecasts that Chinese visitors to Australia will spend $7.4 billion in 2021–22, representing 17% of the growth in expected inbound tourism expenditure over the next ten years.

Table 1: First and return visitation by Chinese visitors, nights and expenditure

	2000–01	2006–07	2010–11	2011–12	% change (2011–12 on 2010–11)	AAGR[a] (2000–01 to 2011–12)
First visit						
Visitors ('000)	67	186	229	276	20.9	12.5
Visitor nights ('000)	1,525	5,424	8,009	7,312	-8.7	14.0
Total Inbound Tourism Expenditure (TITE) per visitor ($)	5,063	4,133	5,759	4,953		
TITE per night ($)	224	142	164	187		
Total Inbound Tourism Expenditure ($ million)	341	768	1,316	1,369	4.0	12.3
Return visit						
Visitors ('000)	69	138	246	275	11.8	12.2
Visitor nights ('000)	2,453	9,385	17,122	18,650	8.9	18.4
TITE per visitor ($)	5,817	7,099	8,717	8,748		
TITE per night ($)	164	104	125	129		
Total Inbound Tourism Expenditure ($ million)	403	976	2,145	2,406	12.2	16.0
Total						
Visitors ('000)	137	323	475	551	16.2	12.3
Visitor nights ('000)	3,978	14,810	25,131	25,962	3.3	16.9
TITE per visitor ($)	5,445	5,394	7,292	6,846		
TITE per night ($)	187	118	138	145		
Total Inbound Tourism Expenditure ($ million)	745	1,744	3,461	3,775	9.1	

[a]AAGR Average annual growth rate

[1] United Nations World Tourism Organization, *World Tourism Barometer*.
[2] There were just 42,600 Chinese visitor arrivals in Australia in 1995. In 2000, Chinese arrivals reached 100,000 for the first time.
[3] Tourism Research Australia, *International Visitor Survey (results for year 2011–12)*.
[4] From 2012, Tourism Research Australia started reporting 'Total Inbound Tourism Expenditure' (TITE), an expenditure measure that includes all prepaid airfares and packages.

The TFC also forecasts that Australia can expect over one million Chinese visitor arrivals by the start of the next decade[5].

For Australia to realise this growth, Australian tourism product must be desirable and relevant to a fast-growing Chinese middle class in what will be an increasingly competitive global tourism market.

A range of government initiatives focus on understanding and harnessing the potential of Asian inbound markets. These include the Asia Marketing Fund and The Grow Demand from Asia strategy of Tourism 2020. Further information on the Chinese market can be found at www.ret.gov.au/tourism/policies/engage-china and www.tourism.australia.com/china. Industry has also undertaken a range of projects, an example of which is the partnership between the Australian Tourism Export Council, AVANA, China Ready and Accredited and the Western Sydney Institute of TAFE to deliver a China Ready Education Program.

TRA's research has shown that first and return Chinese visitors have different travel purposes, expenditure profiles and travel patterns. By developing an understanding of these differences, the Australian tourism industry can capitalise on the significant expected growth of these visitors, and also provide products and services that meet their needs.

This snapshot presents a profile of Chinese visitors who visited Australia for the first time, compared to those who made a return trip to Australia. Data were sourced from Tourism Research Australia's (TRA) International Visitor Survey (IVS) for the year 2011–12.

Definitions

A *Chinese first-time visitor* is defined as an inbound visitor from China who arrives in Australia for the first time, and stays for a period of less than 12 months.

A *Chinese return visitor* is defined as an inbound visitor from China who has previously visited Australia and makes a return visit, staying for a period of less than 12 months.

Table 2: Purpose of visit, first-time and return Chinese visitors, 2011–12

First-time visitors	Holiday	VFR[a]	Business	Education
Visitors ('000)	178	36	32	20
Visitor nights ('000)	1,486	1,795	383	3,243
Total Inbound Tourism Expenditure (TITE) ($ million)	674	113	129	401
% of total first-time visitors	*64.3*	*13.2*	*11.5*	*7.3*
% of first-time visitor nights	*20.3*	*24.5*	*5.2*	*44.4*
% of first-time visit TITE	*49.2*	*8.3*	*9.4*	*29.3*
Return visitors				
Visitors ('000)	95	56	32	70
Visitor nights ('000)	1,053	3,833	627	11,366
Total Inbound Tourism Expenditure (TITE) ($ million)	407	247	153	1,438
% of total return visitors	*34.5*	*20.3*	*11.7*	*25.3*
% of return visitor nights	*5.6*	*20.6*	*3.4*	*60.9*
% of return visit TITE	*16.9*	*10.3*	*6.3*	*59.8*

[a]VFR Visiting Friends and Relatives

Comparison of first-time Chinese visitors with return visitors

In 2011–12:

- Compared to 2010–11, Chinese first-time visitors increased by 21%—greater than the 3% growth in total international first-time visitors. The number of Chinese visitors on a return trip to Australia also grew by 12%—well above the 1% increase in total international return visitors.
- From 2000–01, the average annual growth rate in Chinese first-time visitors was 14%, whereas the growth in total international first-time visitors was less than 1%. Chinese return visitors grew at a similar yearly rate of 13%; well above the 3% annual growth in total international return visitors.
- The majority of all Chinese visitors travelled to Australia for the purpose of *holiday* (49%) and this segment contributed the second-largest share of Chinese visitor expenditure (29% or $1.1 billion).
- *Education* was the leading market in terms of visitor nights and expenditure, accounting for 56% of Chinese visitor nights and 49% of Chinese visitor expenditure ($1.8 billion). This highlights the longer length-of-stay and higher expenditure profile of Chinese visitors travelling for *education* purposes.
- Most Chinese tourists preferred group tours when visiting Australia for the first time, while those making a return trip were more likely to travel independently.
- Dispersal was low, with only 13% of first-time and return visitors spending at least one night outside the major gateway cities of Sydney, Melbourne, Brisbane, Gold Coast, Cairns, Adelaide, Perth and Darwin.
- Nights spent in rental accommodation increased at an average annual rate of 39% since 2000–01—more than triple the 12% average annual growth of nights spent in commercial accommodation.
- The internet was the most important information source for Chinese visitors, with 45% of first-time visitors and 30% of return visitors using this source.

[5] Tourism Forecasting Committee *Forecast 2012, Issue 2*.

Return visitors more likely to travel independently

Chinese visitors making their first trip to Australia accessed a range of commercial travel arrangements, including 51% of first-time visitors who arrived as part of a group tour, and 53% who used a travel package. Return visitors were much more likely to take an independent approach to travel, with less than one-third arriving as part of a group tour (28%) and using a travel package (28%).

Social and outdoor activities most popular

The main activities for first-time visitors were *go to the beach* (84%), *go shopping for pleasure* (83%), and *sightseeing/looking around* (69%). Comparatively, *go shopping for pleasure* (82%), *eat out/dine at a restaurant and/or café* (76%), and *go to the beach* (65%) were the main activities for return visitors.

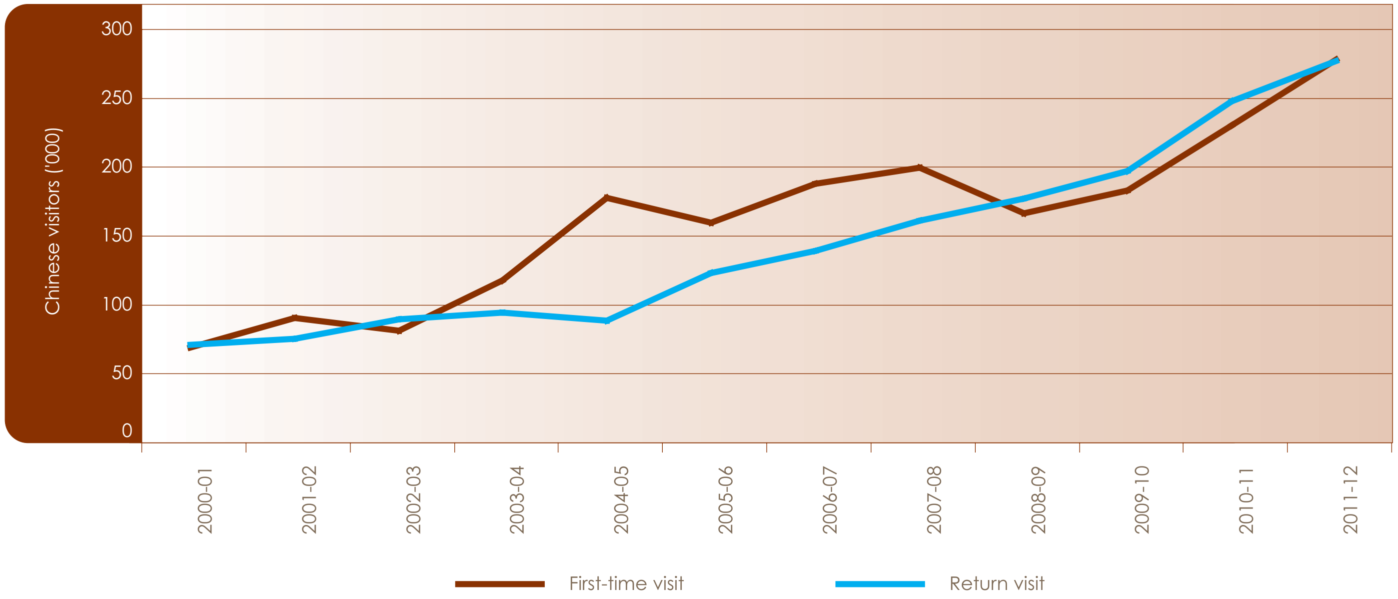
Holiday is the leading market in terms of arrivals

Holiday travel remained the leading market in terms of Chinese visitor arrivals, with 64% of first-time visitors and 34% of return visitors travelling to Australia for a *holiday*.

The value of the *holiday* market was underpinned by first-time visitation, with *holiday* visitors contributing 29% of total Chinese visitor expenditure ($1.1 billion). Since 2000–01, Chinese *holiday* expenditure grew at the same average annual growth rate as total Chinese visitor expenditure (16%). Over half of Chinese *holiday* expenditure was spent on *packages/organised tours* (54%), followed by *shopping* (21%).

The *holiday* purpose segment is crucial to the Australian tourism industry. Over the next decade, international *holiday* arrivals are forecast to maintain a 44% share of total international arrivals, resulting in 3.6 million *holiday* visitors arriving in Australia in 2021–22. This will have a significant influence on international tourism exports, forecast to grow to $38.7 billion in 2021–22. At the forefront of this growth will be China, representing 13% of international arrivals and contributing 19% of international tourism expenditure ($7.5 billion).

Figure 1: First-time and return Chinese visitors, 2000–01 to 2011–12



Source: Department of Immigration and Citizenship.

One of the strategic arrangements aimed at supporting the growth potential of the Chinese *holiday* market is the Approved Destination Status (ADS) scheme. The ADS scheme is a bilateral tourism agreement between the Chinese Government and a destination whereby Chinese tourists are permitted to undertake leisure travel in groups to that destination. Since 1999, Australia has received over 730,000 ADS scheme tourists in around 53,000 groups, which has underpinned the growth in Chinese *holiday* travel to Australia[6].

Education is the most valuable purpose market

Chinese visitors who travelled for *education* stayed the longest and spent the most. The *education* market accounted for 56% of total Chinese visitor nights and almost half of Chinese visitor expenditure, contributing $1.8 billion to the Australian economy in 2011–12. From 2000–01 to 2011–12, *education* had the highest average annual growth in expenditure of all purpose markets (22%); greater than the 16% average annual growth of total Chinese visitor expenditure.

Return visitors substantially younger

Visitors arriving in Australia for the first time were mainly aged between 45 and 59 years (34%), stayed 17 nights and spent $3,911 per trip. In comparison, return visitors were substantially younger, mainly between 15 to 29 years (36%), spent $16,459 per trip and stayed over four months in Australia (127 nights). The younger age profile of return visitors, longer stay and greater spend is the result of a strong *education* purpose segment in return visitation.

Low dispersal of Chinese visitors to Australia's regions

The thriving *education* market helps explain the fact that only 13% of Chinese visitors spent at least one night outside Australia's major gateway cities during their visits as the major education institutions are located within these cities. The dispersal of Chinese visitors was less than that of visitors from other Asian markets where 19% spent at least one night outside the gateway cities. For international visitors to Australia overall, 30% spent at least one night outside the major gateway cities.

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[6] Department of Immigration and Citizenship, *Overseas Arrivals and Departures*.
[7] Gateway cities are the capital cities, Gold Coast and Cairns in Queensland (excludes Canberra).
[8] Excluding gateway cities, dispersal is defined as travel to all other tourism regions (includes Canberra).

Nights spent in rental accommodation are increasing

Although 67% of first-time and return visitors mainly used commercial accommodation (hotel, resort, motel, motor inn or serviced apartment), they only spent 9% of their nights there. Rental accommodation (rented house, apartment, unit or flat) received the highest share of visitor nights, with 58% of nights spent in rented lodgings. About one-third of Chinese visitor nights were spent in private and other accommodation (33%).

Since 2000–01, Chinese visitor nights spent in rental accommodation increased at an average annual rate of 39%, substantially higher than the 12% average annual growth in nights spent in main commercial accommodation, and greater than the 22% annual growth in total accommodation nights. These growth rates correspond to the increasing *education* market, as students typically stay in rental accommodation.

High reliance on the internet for travel information

The internet continued to be the most popular source of information, with 45% of first-time visitors and 30% of return visitors using this source. Word-of-mouth was the second most popular information source, with 31% of first-time visitors and 24% of return visitors relying on the knowledge of their friends and relatives.

Prospective Chinese visitors mainly went online to *learn more about Australia after deciding to visit* (75% first-time visitors, 60% return visitors), *to check airfares and air schedules for travel to Australia* (35% first-time visitors, 40% return visitors), and *to organise their trip itinerary* (35% first-time visitors, 27% return visitors).

The most common items booked on the web were *international airfares* (80% first-time visitors, 79% return visitors), *accommodation* (53% first-time visitors, 39% return visitors) and *domestic airfares* (22% first-time visitors, 16% return visitors).

A 2010 survey conducted by NWC Opinion Research examined the online capabilities of tourism operators in Australia in 2009 and again in 2010. It found that while 84% of tourism businesses that take bookings have an online presence, only 42% of those that took bookings offered instant confirmation bookings, and only 35% accepted online payments for such bookings[9].

The increase in internet use by Chinese tourists has compelled industry to improve the quality and availability of Australian tourism information online. Tourism Australia (TA) in collaboration with the Australian Tourism Data Warehouse (ATDW) have initiated the 'Tourism Online Project', which will see ATDW products translated into Chinese and made available on the TA website (www.tourism.australia.com). With the end result being simple and centralised information for Chinese tourists, the project is aimed at boosting Australia's online advertising capabilities to effectively promote Australia as a travel destination to China.

Conclusion

Chinese first-time and return visitor markets exhibited a range of different travel habits. While those arriving for the first time preferred travelling as part of a tour and accessing package deals, more experienced travellers preferred independence in arranging their own travel.

Even though *education* attracts the most visitor nights and expenditure, *holiday* remains the most popular reason for travelling to Australia and will continue to play a pivotal role in growing Australia's tourism industry in the future.

Given the growing significance of the Chinese tourism market, the Australian tourism industry will need to ensure that its products and services meet the needs of the Chinese tourist. The industry will need to use a range of initiatives to harness the full potential of the Chinese tourism market including:

- enhancing the online presence of tourism businesses and destinations, including translating site content and providing sites that have the ability to transact business
- offering a broader range of travel packages/deals
- offering a broader range of social and nature-based tourism experiences, such as tours and shopping.

Given that the Chinese market will become increasingly important at the same time as traditional markets are expected to decline in significance, a key challenge for the Australian tourism industry will be how to encourage dispersal beyond the traditional city destinations, so that regional Australia can capture the benefits of this important market.

[9] NWC Opinion Research, *Tourism Operators Online Capabilities Benchmark Survey 2010*.

Image: Phillip Island Nature Park, Victoria
Photographer: Garth Oriander
Courtesy of Tourism Victoria/ Tourism Australia

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