THE CHINESE TOURISM MARKET AND AUSTRALIA

The following section outlines the Australian tourism industry’s relationship with the Chinese market including trends and Chinese outbound tourism in general.
CHINESE INBOUND TOURISM TO AUSTRALIA

In 2012, China was Australia’s second largest inbound market for visitor arrivals and the largest market for total expenditure and visitor nights. Tourism Australia identified the following characteristics in its most recent profile of Chinese visitors in the year 2012:

- **Repeat visitors**: 47%
- **Total arrivals for leisure**: 67%
- **Average spend**: $7,036
- **Average stay**: 46.9 Nights
- **Largest demographic**: 45-59 Years
- **Peak travel periods**: December to February & July to August
- **Peak booking periods**: between October to January & May to June

*Leisure includes travel for holiday and Visiting Friends and Relatives (VFR).*
## Visitor Profiles for Spend and Nights

### Average Visitor

<table>
<thead>
<tr>
<th>Purpose of Visit</th>
<th>Spend per trip</th>
<th>Nights per trip</th>
<th>Spend per night</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holiday</td>
<td>$3,910</td>
<td>9.0</td>
<td>$434</td>
</tr>
<tr>
<td>Visiting Friends &amp; Relatives</td>
<td>$3,971</td>
<td>58.9</td>
<td>$67</td>
</tr>
<tr>
<td>Business</td>
<td>$5,079</td>
<td>19.1</td>
<td>$265</td>
</tr>
<tr>
<td>Other (Including education &amp; employment)</td>
<td>$17,962</td>
<td>141.8</td>
<td>$127</td>
</tr>
</tbody>
</table>

### Age Groups

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Spend per trip</th>
<th>Nights per trip</th>
<th>Spend per night</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 - 29</td>
<td>$14,309</td>
<td>106.6</td>
<td>$134</td>
</tr>
<tr>
<td>30 - 44</td>
<td>$4,944</td>
<td>24</td>
<td>$206</td>
</tr>
<tr>
<td>45 - 59</td>
<td>$4,155</td>
<td>21.2</td>
<td>$196</td>
</tr>
<tr>
<td>60 &amp; Over</td>
<td>$3,096</td>
<td>30.3</td>
<td>$102</td>
</tr>
</tbody>
</table>

Source: International Visitor Survey (Tourism Research Australia), year ending December 2012.
The Approved Destination Status (ADS) scheme is a bilateral tourism arrangement between the Chinese Government and a destination whereby Chinese tourists are permitted to undertake leisure travel in groups to that destination.

Australia’s China ADS scheme (which commenced in 1999) allows Australia to host group leisure tours from China and permits the Australian Government, through Tourism Australia, to promote Australia as a leisure travel destination in China, and has consequently contributed to a large increase in arrivals from China. Further, increasing air capacity, and sustained economic growth (which boosts household disposable spending) are likely to ensure that China will remain Australia’s most valuable inbound market for the next decade, according to Tourism Research Australia.
**VISITOR ARRIVALS**

In 2012 there were 592,000 visitors from China (a 15.5 per cent increase on 2011) with a total spend of $4.17 billion.

The Tourism 2020 Strategy estimates that China has the potential to grow to between $7.4 billion and $9 billion in total expenditure by 2020.

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Australia was one of the first Western destinations to receive Approved Destination Status (ADS) in 1999, allowing ADS group leisure travel to Australia from China. The outbreak of SARS in Asia and other influenzas affected outbound travel demand across the region between 2003 and 2009.

In 2012, China exceeded the United Kingdom to become Australia’s second largest inbound market by arrivals after New Zealand. This was due to strong growth in the Chinese economy, outbound travel demand and aviation capacity. Between 2002 and 2012, arrivals from China have achieved an annual compound growth rate of 13 per cent.
Chinese visitors to Australia in 2012 by Number of Arrivals and Spend Per Segment

Growth in 2012 was driven by a strong leisure segment, consisting of holiday and Visiting Friends and Relatives (VFR) visitors. Holiday visitors increased 26 per cent for the 2012 calendar year, and accounted for 50.6 per cent of total arrivals according to the Tourism Australia Quarterly Market Update in February 2013.

Double-digit visitor growth was also visible during the traditionally lower travel periods of September and November, indicating Chinese travellers' willingness to travel to Australia outside the traditional Golden Week holidays in October.

Business Events experienced a decline of 6.8 per cent in arrivals compared to 2011. There was 32.3 per cent growth in expenditure of leisure visitors and 15 per cent growth in the number of nights spent outside the major gateways of Sydney, Melbourne, Brisbane and Perth.

Source: Australian Bureau of Statistics, Overseas Arrivals & Departures
AVIATION

There was a 16 per cent rise in aviation capacity from China to Australia in 2012, and a further 20 per cent growth is forecast in 2013. It is important to be aware that Australia is competing with other long haul destinations including Southeast Asia and the USA. The graph below shows Australia’s capacity in relation to its competitors.

Capacity from China to Australia vs Competitor Destinations

Source: Tourism Australia, China Market Profile 2013

Note: Chart includes direct capacity only and above percentages reflect change in direct capacity from 2011 to 2012
Key Airlines and Share of Passengers in 2012

The graph below shows the key airlines and share of passengers in 2012.

The table below shows the scheduled direct flights between China and Australia, from 31 March to 26 October 2013.

<table>
<thead>
<tr>
<th>Operating Airlines</th>
<th>Flights per week</th>
<th>Route</th>
<th>Alliance/Codeshare partner (on route)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Southern</td>
<td>14</td>
<td>Guangzhou - Melbourne</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>Guangzhou - Sydney</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Beijing - Guangzhou - Brisbane</td>
<td>Air France</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Beijing - Guangzhou - Perth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 - 3</td>
<td>Guangzhou - Brisbane - Cairns</td>
<td></td>
</tr>
<tr>
<td>Air China</td>
<td>7</td>
<td>Beijing - Sydney</td>
<td>Air New Zealand, Scandinavian Airlines</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Beijing - Shanghai - Melbourne</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Beijing - Shanghai - Sydney</td>
<td></td>
</tr>
<tr>
<td>China Eastern</td>
<td>7 - 12</td>
<td>Shanghai - Sydney</td>
<td>Qantas code shares on China Eastern’s China services and selected Singapore services</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Shanghai - Melbourne</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 - 3</td>
<td>Shanghai - Cairns</td>
<td>Jetstar, China Eastern codes share on Qantas Australian services and selected Singapore services</td>
</tr>
<tr>
<td>Qantas</td>
<td>7</td>
<td>Shanghai - Sydney</td>
<td></td>
</tr>
</tbody>
</table>
### Operating Airlines

<table>
<thead>
<tr>
<th>Operating Airlines</th>
<th>Flights per week</th>
<th>Route</th>
<th>Alliance/Codeshare partner (on route)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jetstar</td>
<td>5</td>
<td>Beijing - Singapore - Melbourne</td>
<td>Qantas</td>
</tr>
<tr>
<td>Sichuan Airlines</td>
<td>0 - 3</td>
<td>Chengdu - Melbourne</td>
<td></td>
</tr>
</tbody>
</table>

Source: Innovata, Northern Summer Scheduling Season (31 March 2013 to 26 October 2013)

Note: Table includes direct services to Australia only

The Tourism Australia Quarterly Market Update for February 2013 shows that there is growth in aviation between China and Australia. Aviation news includes:

- China Eastern Airlines launched two weekly Shanghai-Cairns services in October 2012 and thrice-weekly Beijing-Nanjing-Sydney services in December 2012
- China Eastern announced plans to deploy a smaller A330-200 aircraft on two of its nine weekly Shanghai-Sydney services during the period 31 March to 26 October 2013. However, the airline plans to maintain the nine weekly frequencies
- China Southern increased the frequency of its Guangzhou-Sydney service to 14 per week in November 2012
- China Southern announced it will operate Airbus A330-200 aircraft on flights to Perth and Brisbane from 1 April 2013
- Sichuan Airlines plans to launch thrice-weekly Chengdu-Melbourne services in February 2013
- A number of airlines including Qantas, China Southern and Cathay Pacific scheduled charter flights across the Chinese New Year period to Sydney, Brisbane, Adelaide, Cairns and Gold Coast
- Air China increased capacity on its Beijing-Sydney service by upgrading its aircraft from 12 December 2012. This follows its VIP lounge opening in T3 at Beijing Airport in November 2012

Capacity growth is expected to continue with China Southern announcing plans to increase its Brisbane and Melbourne frequencies in March 2013, and operating seasonal thrice-weekly Guangzhou-Cairns-Guangzhou services and two Adelaide charters for the Chinese New Year, and Sichuan Airlines announcing plans to launch thrice-weekly Chengdu-Melbourne services from February 2013.

In addition to its support for China Eastern’s Cairns service, Tourism Australia recently signed a partnership marketing agreement with China Eastern (in November 2012; worth almost A$9 million over the next three years).

For more information on aviation, visit the following links:

**Market Regions - China**

tourism.australia.com/markets/market-regions-greater-china.aspx

Information on aviation can be found in the Tourism Australia China Market Profile 2013 and also via the link to the latest Aviation Newsletter.

**Aviation Newsletters**

tourism.australia.com/statistics/aviation-newsletters.aspx

Every month Tourism Australia produces an Aviation Newsletter which summarises latest relevant news, largely sourced from CAPA Centre for Aviation. This link provides past newsletters which also include insights into Tourism Australia’s marketing activity with airlines.

**Quarterly Market Updates**

tourism.australia.com/statistics/8696.aspx

Each quarter Tourism Australia produces a detailed report on the performance of its key markets and international campaign activity, including aviation updates.
OVERVIEW OF CHINESE OUTBOUND TOURISM

According to the United Nations World Tourism Organization (UNWTO), in 2012 China became the largest global spender in international tourism reaching a record US$102 billion. Boosted by an appreciating Chinese currency, this is an increase of 40 per cent from 2011 when it totalled US$73 billion. In 2005, China ranked seventh in the world for international tourism expenditure; however, it has since surpassed top spender Germany and second largest spender United States, both valued at close to US$84 billion in 2012.

China remains the fastest-growing tourism source market in the world, due to factors over the last decade such as rapid urbanisation, rising disposable incomes and relaxation of restrictions on foreign travel. The volume of international trips by Chinese travellers has risen from 10 million in 2000 to 83 million in 2012. Expenditure by Chinese tourists abroad has also increased almost eightfold since 2000.

Recently in 2013, China has embarked on a new era in tourism in its national agenda following the release of The Outline for National Tourism and Leisure (2013-2020), a landmark document issued by the State Council of China, the country’s highest level of government. The outline focuses on promoting the taking of paid annual leave days and also gives Chinese workers more freedom and flexibility of where and when to travel, boosting the development of the tourism and leisure industry in China.

The successful implementation of the outline will lead to an increase in Chinese inbound tourism (especially through an increase in domestic holidays), but also, significantly, an increase in Chinese outbound tourism around the world.

TOURISM FORECASTS

Tourism Research Australia’s Forecast (October 2013), estimates that visitor arrivals from China will rise 13.5 per cent to 777,000 in 2013-14 and 12.3 per cent to 873,000 in 2014-15, with a 7.1 per cent annual compound growth rate expected between 2012-13 and 2022-23.

For the latest forecast information, visit: www.tra.gov.au/publications/forecasts
According to Tourism Australia's latest China Market Profile, the top 5 outbound destinations from China in 2012 were:

1. Hong Kong
2. Macau
3. South Korea
4. Taiwan
5. Thailand

The growth in Chinese visitation to these destinations compared to visitation to Australia can be seen in the graph below.

**Trend of Top 5 Outbound Destinations from China**

In 2012, Australia ranked 16th among all outbound destinations from China, slipping one position compared to 2011. In addition, Australia’s share of total outbound travel from China has decreased from one per cent in 2002 to 0.7 per cent in 2012, highlighting increased competition amongst destinations for the Chinese traveller. Australia’s competitor destinations outside of North Asia include Thailand, the USA, France, Malaysia and Vietnam.
UNDERSTANDING THE CHINESE CONSUMER

MODERN SOCIETY

One important thing to remember is that during China’s trend towards urbanisation and modernisation, Chinese people are staying true to their Eastern values.

Richard Beere from Fastrak Asian Solutions strongly believes this fact, stating that ‘Chinese people are becoming modern, not Western.’ This means that whilst Chinese people are consuming Western goods and pursuing more luxurious amenities and living standards, they are not adopting Western values but are remaining culturally and ethically Chinese.
REGIONAL DIFFERENCES

Due to the large expanse of China, there are distinct regional differences in terms of climate, language (dialects), and cuisine which influence preferences and tastes of Chinese travellers. For instance, while some areas like the Canton province in the south are often known for eating lots of rice, noodles tend to be more popular in the north, where growing rice is difficult because of the climate. Other regions, like the Sichuan and Hunan provinces, are known for their use of spicy peppers, according to Tourism Queensland’s China Ready Fact Sheet.

The Chinese market is very diverse, and Chinese travellers have varying needs and expectations depending on travel experience, where they live, their age and travel style. With growth in travel experience, the Chinese traveller’s knowledge of tourism products and services provided elsewhere also grows.

The level of development of Chinese cities varies across the country, and Tourism Australia has identified Tier 1 and Tier 2 cities to target in its marketing strategies.

Many of the current tourists from China come from these developed Tier 1 cities of Beijing, Shanghai and Guangzhou. Tier 2 cities have been identified as having future potential for tourism as they continue to develop.
Tourism Australia suggests that travellers from Tier 1 cities are more experienced travellers and are therefore more mature in their product selection. They may be less likely to participate in a standard group tour, and have perhaps visited Australia previously and therefore seek more unique types of experiences.

Chinese travellers from cities in north and west China are usually more price driven. It is important to be aware of regional differences as knowing where a Chinese traveller comes from can assist you in understanding their travel preferences and expectations.
CHINESE CULTURE

There are some key things that you should keep in mind when dealing with the Chinese, as suggested in Tourism Queensland’s China Ready Factsheet.

The Concept of ‘Face’

‘Face’ or mianzi is the regard in which a person is held by others. The preserving of individual self-esteem and recognition of others’ status, title/position or prestige is vitally important to Chinese people.

There are four phases of ‘face’:

- **Giving** - giving ‘face’ occurs when you enhance a Chinese business partner’s reputation or prestige
- **Losing** - sometimes ‘face’ is more valuable than business; it is important not to allow your Chinese business partners to lose face
- **Saving** - it is important to prevent or rescue a Chinese business partner from an embarrassing situation
- **Keeping** - allowing a Chinese business partner to gain favour, status or victory without them knowing will assist in them keeping face with their colleagues and superiors

Superstitions

In Chinese culture, superstitions are important and include things like fengshui, lucky and unlucky numbers, and colours. Also, some colours and numbers have certain meanings to Chinese people, so it is important to be aware of these in situations like gift wrapping, decorations etc.

For example, white and black are related to death, although black also symbolises power. Red represents happiness and good luck. Gold is another auspicious colour as it represents wealth. 8 is a ‘lucky’ number and 4 is an ‘unlucky’ number.

The Concept of ‘Guanxi’

Guanxi, which literally means ‘relationships’ and ‘social connections’ is about building the quality of your network of relationships. It can be likened to a balance sheet of favours that is developed by both parties over a period of time.
CULTURAL CONSIDERATIONS FOR THE CHINESE MARKET

Chinese travellers have certain expectations when they travel, and you can enhance their experience if you cater to their needs. Below are some examples.

Service Expectations

Chinese visitors desire genuine respect, hospitality and a good understanding of Chinese culture from service providers. They appreciate a high level of enthusiasm, a positive attitude in service delivery, and will appreciate Mandarin-speaking staff.

It is also a good idea to put in place a service recovery plan to handle complaints, should they arise.

Accommodation

Chinese tourists tend to select hotels based on location, cleanliness, safety and security and value-for-money. They expect functional, quality and family-friendly rooms with complete facilities and prompt service.

To create a more pleasant stay, hotels should have on offer (or on request):

- Kettles
- Chinese or herbal tea sachets
- Toothbrush and toothpaste
- Disposable slippers
- Disposable razors and shaving cream
- Minibar cup noodles with disposable chopsticks
- Cable/satellite Chinese TV channels

Ensure your visitors have access to hot water so they can fill their tea flasks or have instant noodles if they wish. Having hot water at a central point will ensure kettles are not used as saucepans for the noodles.

Food and Restaurants

Chinese cuisine is world famous and most Chinese tourists do not easily adjust to other cuisine when travelling so where possible, Chinese food should be provided throughout the trip.

If lunch is Western style, then dinner should be Chinese or at least Asian style.

- The Chinese normally expect food to be served quickly and a typical meal would last less than an hour
- The Chinese usually eat warm food and are not used to salads and cold dishes. Typical breakfast includes rice porridge with pickles, noodle soup and Chinese dim sum
- Hot soup and hot tea should be provided in cooler months during meals
- For packed lunches, it is advisable to prepare some instant cup noodles for those who prefer a hot lunch over sandwiches or similar
- Always offer hot or warm water instead of iced water to the Chinese

To create a feeling of being welcomed, the menu should be translated into Chinese.
Tour Guides & Itineraries

It is quite common for a Chinese travelling group to decide their itinerary close to departure. Even during the trip, they may try to change or rearrange the itinerary, so you need to be prepared to be flexible and accommodate their requests. Free time for shopping should also be included in the itinerary. Below are some points to keep in mind about tour groups.

- Chinese visitors often join a tour group because they believe they will experience fewer cultural and language barriers.
- They rely heavily on their tour leader and local Mandarin-speaking guide, and expect local tour guides to be professional and understand local customs and history.
- Chinese visitors perceive group tour packages to be reasonably priced compared to travelling on their own.
- For better value for money, Chinese visitors generally prefer tour packages involving multiple destinations.

Activities and Shopping

The majority of Chinese visitors are interested in the history and culture of Australia, including our Indigenous heritage. They are keen to learn about our lifestyle, educational system, infrastructure, cultural festivals and nightlife.

Chinese visitors seek extraordinary experiences and knowledge from overseas as they regard travel as a way of broadening their horizons, so it is ideal to engage them in a range of different activities where possible. Their intention is also to share their experiences with their family and friends once they return home, so most Chinese tourists are photography enthusiasts.

Always remember to provide opportunities for taking photos, especially in front of prestigious sites as this will enhance the overall satisfaction of the visit.

Chinese tourists are passionate about shopping. Many will do their research online for popular Australian products to buy during their trip. Chinese visitors normally purchase large quantities of a certain product as gifts for their friends and family. Always include shopping excursions and a brief stop to a local supermarket in the itineraries, even with a tight schedule.
Transportation

Chinese visitors expect their travelling coach to be safe, clean, spacious and equipped with proper air-conditioning. However, the temperature in the coach must not be too cold.

Chinese visitors normally tend to sleep on long bus rides and a stop will be required every one to two hours for a washroom and smoking break.

Internet Access & Wi-fi

When Chinese visitors are abroad, keeping in touch with family and friends is very important and mobile wi-fi access and in-room internet connection are highly appreciated. They are likely to send the photos taken during the trip to their family or load them onto social media websites to share with their friends.

The information above was sourced from Tourism Western Australia’s *Expectations of Chinese visitors*.

For further reading, refer to Tourism Queensland’s *Meeting the expectations of your Chinese visitors and making them feel welcome*.
FOOD AND BEVERAGE

There are various styles of Chinese cooking which vary regionally throughout China. Many Chinese dishes consist of noodles or rice prepared with vegetables, tofu, or meat, which is usually pork or chicken. Meals in China are often prepared in bite-sized pieces, a practice developed to help cook foods faster in order to save fuel. Most foods are eaten with chopsticks. Tea is an important part of a meal to Chinese visitors, so it is best to ensure that quality Chinese tea is available when dining.

Here are some tips on what to do when you have been invited out with Chinese, which may be useful if you visit China or plan to host and dine with Chinese business associates or guests. Dining is an important part of doing business with Chinese, as explained by KPMG.

A typical dinner menu follows the format below:

- Cold starter (vegetable and cold cuts)
- Main dishes (hot soup, meat, fish, vegetables)
- Soups/noodles/rice
- Fruit
When at a restaurant, waiters will bring out communal dishes and place them on the rotating round table. You can expect the host to engage the entire table, and then give you a signal to eat. You will have a pair of chopsticks to eat with. There are likely to be extra chopsticks and spoons with the food for serving. If you see the host using his own chopsticks for serving then it is okay for you to do so too, however, if you are serving others you should use the serving chopsticks.

The table should be turned in a clockwise direction. Feel free to do this to dish your own food or to offer to others, but make sure others are not dishing food at the same time as you might disrupt them. Also ensure that you don’t leave serving utensils in such a position that they inadvertently knock wine glasses when the table is turned.

When you take a pause from eating place your chopsticks in the placeholder provided. Do not insert the chopsticks into a bowl of rice, or have them standing straight up as it is similar to a ritual for the deceased and may be deemed offensive.

Toasting is considered an important part of Chinese dining and business culture. The host will offer an initial toast to the whole table to show the meal is starting. The host will start with one, two, or even three rounds before the less senior people may also propose a toast, usually once or twice. After several rounds of toasting you should toast back at least once to the host and party.

Later on, the table may even start toasting between individuals and small groups of three or four. If you are toasted then at some point they will expect you to toast them back. It is also common for the host and other individuals to leave their seat to toast you personally.

Another important gesture of respect is to have your glass touch a lower part of their glass (not the bottom of the glass). Hold your toasting glass with either hand but also have your free hand gently supporting the bottom of the glass.

Here are some other key points to observe when dining with Chinese:

- Wait to talk about business specifics, unless of course the host raises it first
- It is best not to remove serving dishes from the table to pass around. Use serving utensils to serve
- If your hosts take calls at the table, don’t be offended. You, however, should keep your phone off
- Don’t insult the food or say you don’t like Chinese food as this can come off as insulting to the host. It is acceptable to ‘pass’ on something you don’t wish to eat, however, be aware this can be a bit of a test
- Don’t take food directly from serving dishes straight to your mouth. Use your dish or bowl. Don’t fill your plate – the plate will come around again
- If you cannot use chopsticks, have a try and then ask your host for knife and fork. Chances are your host will be one step ahead of you here anyway.
- Most of the chicken or fish will have bones – be discreet transferring these to your plate
- Stay animated and engaged. Don’t let boredom show
- Don’t under any circumstance other than an emergency, excuse yourself from the meal and leave first, even if everyone has finished eating
Findings from Tourism Australia’s Australian Consumer Demand Research project conducted by BDA Marketing Planning in 2012 indicate that when selecting a holiday destination, Chinese visitors want (in order of importance):

- World class beauty and natural environments
- A safe and secure destination
- Good food and wine
- Friendly and open locals
- Native or cultural heritage activities
China: Top 5 Importance Factors

The figure below shows the factors that Chinese value when choosing a holiday destination.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>World class beauty and natural environments</td>
<td>57</td>
</tr>
<tr>
<td>A safe and secure destination</td>
<td>57</td>
</tr>
<tr>
<td>Good food, wine, local cuisine and produce</td>
<td>42</td>
</tr>
<tr>
<td>Friendly and open citizens, local hospitality</td>
<td>31</td>
</tr>
<tr>
<td>Native or cultural heritage or activities</td>
<td>31</td>
</tr>
<tr>
<td>Rich history and heritage</td>
<td>28</td>
</tr>
<tr>
<td>Clean cities, good road infrastructure with clear signposts</td>
<td>28</td>
</tr>
<tr>
<td>Spectacular coastal scenery</td>
<td>26</td>
</tr>
<tr>
<td>A range of quality accommodation options</td>
<td>25</td>
</tr>
<tr>
<td>A destination that offers value for money</td>
<td>24</td>
</tr>
<tr>
<td>Flights with no stopovers</td>
<td>18</td>
</tr>
<tr>
<td>Different and interesting wildlife</td>
<td>17</td>
</tr>
<tr>
<td>Great shopping/ world class brand names</td>
<td>15</td>
</tr>
<tr>
<td>A family friendly destination</td>
<td>15</td>
</tr>
<tr>
<td>Good leisure activities such as nightclubs/ bars/ and or casinos</td>
<td>14</td>
</tr>
<tr>
<td>Ease of obtaining a visa</td>
<td>14</td>
</tr>
<tr>
<td>Luxury accommodation and facilities</td>
<td>14</td>
</tr>
<tr>
<td>Romantic destination</td>
<td>14</td>
</tr>
<tr>
<td>Great swimming beaches</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Tourism Australia, China Market Profile 2013
Chinese Perceptions of Australia

Compared to other out of region destinations, Australia ranks very highly for value for money, interesting local wildlife, luxury accommodation options, natural beauty and ease of obtaining a visa. The Tourism Australia research shows that Australia delivers a positive holiday experience that exceeds the expectations of Chinese visitors, particularly clear for their perception of Australia offering good food and wine and safety and security.

Australia is known for having beautiful natural environments, spectacular coastal scenery and interesting local wildlife. Compared to other out of region destinations, Australia ranks highly (first, second or third) for value for money, interesting local wildlife, luxury accommodation options, natural beauty, coastal scenery and ease of obtaining a visa.

Food and wine rankings were very high amongst those who have visited Australia and sampled its offering, compared to the perceptions of those who had not been, presenting future marketing opportunities.

Chinese respondents prefer experiences in Australia which include wildlife (both aquatic and non-aquatic) and coastal or harbour settings. They also had a preference for niche activities including surfing, diving, fishing and golf.
KEY TRAVEL PERIODS

For Chinese travellers coming to Australia, the peak booking periods are at October to January, and May to June. December to February (Chinese New Year) tends to be the traditional peak season, however, there is also a high season in July to August. The traditional low season is March to June. The average lead time for travel bookings is 30 to 45 days.

Seasonality of Visitors from China

Source: Tourism Australia, China Market Profile 2013
DISTRIBUTION CHANNELS

According to the Tourism Australia China Market Profile 2013, the travel distribution system in China is highly regulated, with approximately 1400 agents authorised to operate group outbound travel business under the Approved Destination Status (ADS) Scheme. Chinese travelling in a group under an ADS visa for Australia must book through an approved ADS travel seller.

Australia was one of the first Western countries to gain Approved Destination Status in 1999 and there are now 140 countries and regions approved under the scheme. There are currently 56 Australian Inbound Tour Operators (ITO) and more than 90 Chinese outbound travel agencies in the ADS network. These agents and operators are required to comply with the ADS Code of Business Standards and Ethics.

In general, group travel remains the dominant segment out of the market, however Free Independent Travel (FIT) and semi FIT has grown.

Listed below are some traditional distribution channels. Some wholesalers are shifting their business to the retail sector to enhance their competiveness.

### Wholesalers/ Large Agents

**Commission Level:** 15% to 20%

- Wholesale travel agents cater mainly for ADS group business. Many of them are expanding their distribution networks by setting up branch offices or sales representatives in secondary cities
- Some wholesalers have retail operations within the same business and are recognised as both wholesalers and retailers

### Retail Agents

**Commission Level:** 15% to 25%

- Many retail travel agencies have been expanding their outlets or stores within China and are beginning to focus on FIT product

### Aussie Specialists

- The Aussie Specialist Program (ASP) is the primary platform for Tourism Australia to train and develop retail agents to sell Australia. Each state and territory has a module on the ASP website
- As at March 2013, there were 2,212 qualified Aussie Specialists in China and a further 4,573 agents in training. There were 56 Premier Aussie Specialist agencies, which are key partners for Tourism Australia in China

### Inbound Tour Operators

**Commission Level:** 15% to 30%

- ITOs are a vital link in the travel distribution chain in China and must be approved under the ADS scheme to handle ADS group business. Tourism Australia recommends that Australian suppliers only deal with approved travel agents and ITOs for all ADS inbound business from China

### Business Events

- Chinese decision-makers consider Australia to be one of the top long haul destinations for a business event
- Traditional travel agencies are developing a meetings, incentive, conference and events division or subsidiary
- Direct selling, insurance, pharmaceutical and IT are the key industries for Business Events in China
ONLINE MARKETING & SOCIAL MEDIA

With over 500 million internet users in China, the social media landscape is unique. The Australian Tourism Data Warehouse explains that many popular Western sites such as Facebook, YouTube and Twitter are not available to Chinese internet users, however, China has its own local equivalents such as Renren, Youku and Weibo. For more information about social media in China, please visit www.atdw.com.au/tourismekit.aspx and view the section on working digitally in China.

According to findings from Tourism Australia’s Consumer Demand Research project, Chinese respondents would mostly use online sources to research a trip to Australia. This includes general internet searches, travel advice websites, government tourism authorities and travel booking websites. Interestingly, the use of online sources by the Chinese market was well above the average across all markets. After online sources, respondents would talk to family and friends who have previously visited Australia.

Online Distribution

Commission Level: 15% to 25%

- Online bookings are increasing, but the volume remains small
- Some online travel portals such as Ctrip.com and Tuniu.com have been successful in the market, particularly with air tickets and hotel accommodation bookings. However, the majority of international travel packages are booked through traditional travel sellers
- Requests for tailor-made tour products are providing an opportunity to online travel agencies to expand market share in China
- Travellers in primary cities such as Beijing, Shanghai and Guangzhou, are showing increasing interest in FIT travel
- Social media, media advocacy and word-of-mouth are becoming more powerful sources of information to assist Chinese travellers with planning and purchasing travel
ENGAGING WITH THE CHINESE MARKET

The following section contains information about how to work with the Chinese market from a business perspective, including business etiquette.
GREETINGS & INTRODUCTIONS CULTURE

Greeting groups

When addressing groups it is important to show respect and address the person of highest rank (if the group members are all from the same company or travelling as a family group, there will be a hierarchy). Very generally speaking, the highest ranking person will be the eldest in the group and usually male.

The tour guide is a paid staff member and will not be the highest ranking person. If you are not sure, it is best to ask the group who the most senior person is to avoid embarrassing assumptions.

Being indirect - phrasing

Often Chinese people use the phrase “it is possible” to mean “no”. The saying of “no” is often not well received. Instead, you could respond “it is difficult”, or offer alternatives.

Bargaining

In sales, Chinese will often hint at other, larger sales to obtain a better price now. Bargaining often includes friendly manipulation. Be flexible during the process and allow for the stretching of boundaries in your initial starting price. However, always know what you can and cannot give.

Business cards

Remember the importance of business cards. The visiting party is usually the first to hand over business cards. The correct way to do this is to present the card with two hands along with a slight bow of the head. If possible, have your cards translated into simplified Chinese and present this side of the card.

Ensure the card is given so the receiver can read your name etc without having to flip it around. When you receive the Chinese person’s card, take time to read it carefully. Do not write on it in front of them, nor put immediately into your shirt or trouser pocket as this is a sign of disrespect.

Names

Always use title and surname when addressing Chinese visitors. The surname is always the first name listed in the Chinese translated version. You would say ‘Manager Wei’ rather than Ms Wei as we might say. Some Chinese visitors may have their name printed in English in the western style of presentation, i.e. family name last to make you feel more comfortable.

Punctuality

Punctuality is valued in Chinese culture and therefore should always be maintained. When meeting in China, allow plenty of time due to traffic jams and the possibility of your taxi driver getting lost.
TIPS FOR WORKING WITH THE CHINESE MARKET

Below are some guidelines on business etiquette when working with the Chinese market, as suggested by Austrade.

It is important to keep in mind that business in China slows down during the Chinese New Year period which varies by date each year but is usually celebrated from late January to early February. There are also holiday periods such as the National Day (1 October) weeklong holiday and Labor Day (1 May). It is best to avoid arranging meetings during these times.

Business Etiquette

- Building up good business relationships and trust is very important in China, so expect to spend a lot of time at meetings and banquets with your potential business partners.
- Business meetings always start promptly, so it is important to arrive early for the standard formal introductions. It is usual to be introduced to the most senior person at the meeting first, followed by the others in descending order of seniority.
- A handshake is the standard way to greet men and women, whatever their age or seniority. Note that the Chinese respect their elders, so an extra show of courtesy in the presence of an older person will reflect well on you.
- Business cards (ming pian) are essential in China, and it is a good idea to have your card translated into Chinese on the reverse side. Present your card with both hands with the Chinese side face up. It is a sign of respect to spend a few moments examining the business cards you receive rather than putting them away immediately.
- When meeting potential business partners, it is helpful to know some Mandarin. Simple phrases such as ‘Ni hao’ (hello) ‘Zao shang hao’ (good morning) and ‘Xia wu hao’ (good afternoon) can go a long way. Note that surnames are placed first, eg. Mr Yao Ming should therefore be addressed as ‘Mr Yao’.
- The Chinese generally like to give small and inexpensive gifts. It is a good idea to bring small gifts with an Australian theme for your hosts and wrap them in colours such as red, yellow or gold, which are regarded as lucky in China. It is not customary for your hosts to open the gifts in front of you, unless you encourage them to do so.
- A great deal of business in China is conducted over dinner, where very senior people may attend who were not at previous negotiations, but are key to the approval of a business deal. However, business dinners or lunches can also indicate a general warming of a relationship, and in this case, their role should not be over-stated.
- Never begin eating or drinking until you host does. It is polite to try all dishes that are offered to you, but you can discreetly leave anything you don’t like at the edge of your plate.
- Dinner speeches and frequent toasts are standard, with locally produced wines or ‘bai jiu’ spirit the usual drinks for toasts. It is customary for toasts to be made by both sides during the meal.
- Chinese negotiators are shrewd and know that foreigners will be reluctant to travel home from China empty-handed. They are willing to stretch out discussions, which can wear their foreign counterparts down. Be sure that your interpretations of any business deal are consistent with theirs and that everyone understands their duties and obligations.
- Expect to encounter delays or frustration during your business dealings in China, but it is important to remain patient and polite. The Chinese don’t like to ‘lose face’ so losing your temper or showing frustration will only set you back.
- If you are beckoning to someone, motion towards you using your hand and palm pointed downwards – never palm up. Furthermore, don’t use your index finger or point when speaking.
- Try to speak with your counterparts in short, simple, and jargon-free sentences.
Making Sales Calls

Tourism Australia has provided the following top tips for sales calls to China:

- Liaise closely with local representatives from your State and Territory Tourism Organisations (STOs)
- Ensure you have relevant product information business cards produced in simplified Chinese
- Both travel agents and consumers use brochures to obtain further information about products
- Pre-arrange your appointments at least two weeks prior to your arrival by both email and fax
- Reconfirm your appointment on arrival into China and take into account traffic conditions and travelling times to your destination
- Highlight your product or service in simple English and ensure sales calls are no longer than 30 minutes
- Hiring an interpreter is helpful as taxi drivers generally do not speak English
- A casual meeting approach is preferred, such as inviting key agents for a meal or drinks
- The majority of agents work through ITOs and no direct rates are expected
- The best time for sales calls is March to May and September to November
- The key market centres to visit are Beijing, Shanghai and Guangzhou as well as the 55 Premier Aussie Specialist agencies
USEFUL CONTACTS

For more information about the Chinese market, you may wish to view the following resources:

AUSTRADE

Doing business in China –

AUSTRALIAN TOURISM DATA WAREHOUSE

Tourism e-kit –

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

People's Republic of China –
www.dfat.gov.au/geo/china/

People's Republic of China country brief –
www.dfat.gov.au/geo/china/china_brief.html

DEPARTMENT OF IMMIGRATION AND BORDER PROTECTION

Country Profile – People’s Republic of China –

TOURISM AUSTRALIA

China Market Profile 2013 –

ADDITIONAL RESOURCES

International Visitors in Australia, Tourism Research Australia

The IVS samples 40,000 short-term international visitors (aged 15 years and over) annually. Face-to-face interviews are held with departing visitors at the major international airports around Australia, and include questions on: country of residence, expenditure, demographics, purpose of visit, transport, accommodation, activities, repeat visitation, group tours, travel party, information sources, and places visited.

Tourism Forecasts, Tourism Research Australia

TRA publishes a forecast publication twice a year, which contains international, domestic and outbound forecasts for the next 10 years.
REFERENCES

AUSTRADE - CHINA, DOING BUSINESS

AUSTRALIAN TOURISM DATA WAREHOUSE - TOURISM E-KIT
tourismekit.atdw.com.au

DEPARTMENT OF IMMIGRATION AND BORDER PROTECTION - COUNTRY PROFILE – PEOPLE’S REPUBLIC OF CHINA

KPMG - DOING BUSINESS WITH CHINA: MASTERING CHINESE DINNER BANQUETS

TOURISM AUSTRALIA 2013 - CHINA MARKET PROFILE 2013

TOURISM AUSTRALIA 2013 - MARKETS – GREATER CHINA

TOURISM AUSTRALIA 2013 - QUARTERLY MARKET UPDATE FEBRUARY 2013

TOURISM AUSTRALIA 2013 - QUARTERLY MARKET UPDATE MAY 2013

TOURISM QUEENSLAND - CHINA READY FACT SHEET
www.tq.com.au/tqcorp_06/marketing/international-marketing/china-towards-2016/china-factsheets.cfm

TOURISM RESEARCH AUSTRALIA - FORECASTS

TOURISM WESTERN AUSTRALIA - EXPECTATIONS OF CHINESE VISITORS

UNWTO 2013 - PRESS RELEASE CHINA - THE NEW NUMBER ONE TOURISM SOURCE MARKET IN THE WORLD