

Snapshot, February 2013 ACTIVATING CHINA - 2020

THE CHINESE OPPORTUNITY

Chinese visitation to Australia has been growing strongly over the last ten years and in 2012 exceeded half a million inbound visitors. This figure is tipped to near one million visitors by 2020, and as such is among the largest and fastest growing of all inbound markets. In the 12 months to September 2012, 18,000 of these Chinese visitors included South Australia in their itinerary, spending \$110 million, making it our most valuable international market.

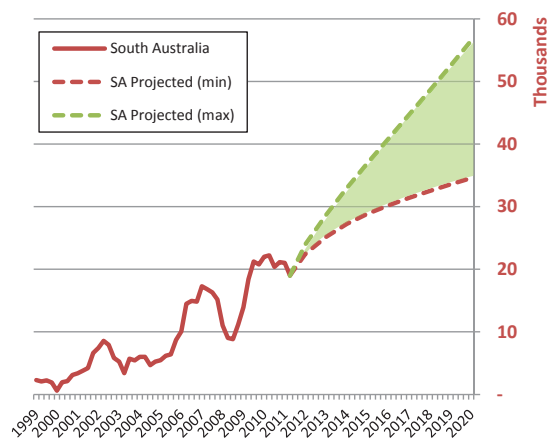
China 2020 potential for South Australia

57,000 visitors

\$450M expenditure

As markets mature, dispersal throughout Australia increases, as shown by the established European and North American markets, and more recently seen in visitation patterns from Hong Kong. Projections show that this rising tide of Chinese travellers to Australia will almost double Chinese visitation to South Australia, from the current 18,000 visitors to 34,000 visitors by 2020. However, if South Australia takes full advantage of the opportunity presented, then this potential rises to around 57,000 with expenditure in South Australia of \$450 million.

China, All Purpose Travel to SA



To achieve this potential it is essential that we understand the current Chinese traveller, as well as the changes in travel patterns that are likely to occur through to 2020. Currently, Chinese holiday itineraries are generally around eight nights and include three destinations and competition for this market is fierce. To date, the China market has been dominated by New South Wales, Queensland and Victoria, with other states struggling to lure Chinese visitors away from the well-trodden east coast itineraries.



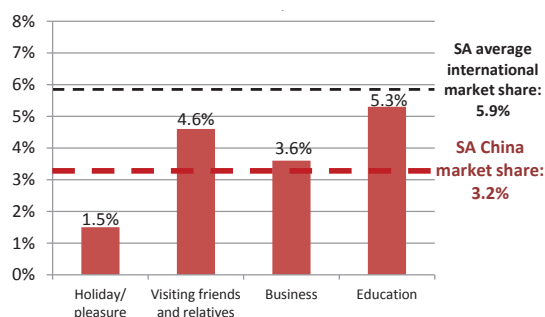
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KEY INSIGHTS INTO THE CHINESE MARKET

- The Chinese leisure tourism market is large and growing. Both Australia and South Australia are experiencing strong growth, and are projected to grow robustly for the foreseeable future.
- South Australia currently has no direct air access to mainland China, while key domestic competitors all have varying degrees of direct access to China's three main hubs. Access to South Australia currently relies on stopovers in Asia or via Australian domestic ports. This adds time and cost to travel and decreases South Australia's competitiveness in China.
- Chinese visitation to South Australia is currently strong for Visiting Friends and Relatives (VFR), business and education purpose visitors, with a lower market share of the holiday market. Holiday purpose travel is a strong growth opportunity for South Australia.

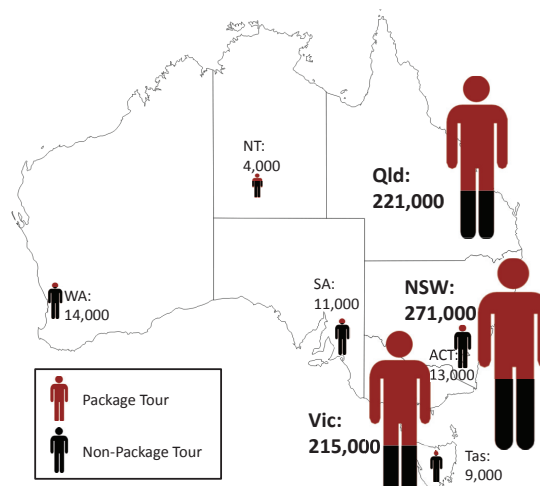
China Market Share by Purpose of Trip
12 months to September 2012



- First time Chinese travellers have low awareness of South Australian tourism regions, but this increases substantially for repeat visitors, especially for Kangaroo Island.

- South Australia's lower holiday market share is mainly the result of not getting a share of the large East Coast package market. South Australia struggles to be included in the most common package itineraries which are three-stop, high-volume, lower priced east coast destinations. Those coming to South Australia tend to include four or more stops in Australia.

Annual Leisure Only Visitation of Chinese to Australian States 12 months to September 2012



- Chinese holiday visitors travel the 'fastest' of any traveller. The average trips include only three destinations over eight nights, focussed on the east coast.
- The current Chinese inbound leisure visitor to South Australia is in their 20's or 40-60 years old, mainly from core Chinese cities and has experienced Australia prior to arriving in Adelaide.
- South Australia lacks distinctive landmarks to compete with the likes of the Opera House and Harbour Bridge. Rather than create an icon, South Australia should focus on experiences that are most appealing to the Chinese market in Adelaide and close regional areas.

China by the Numbers

Visitors from China	to Australia			to South Australia		
	1999	2012	2020*	1999	2012	2020*
Visitation	87,000	573,000	958,000	2,000	18,000	35,000 to 57,000
Expenditure	<\$500m	\$2.7b	\$5.3 - \$6.5b potential **	N/A	\$110m	\$370 - \$450m potential **
Leisure Visitation	55,000	430,000	626,000	N/A	11,000	18,000 to 38,000

*Figures based on the Tourism Forecasting Committee - Forecast 2011, issue 2.

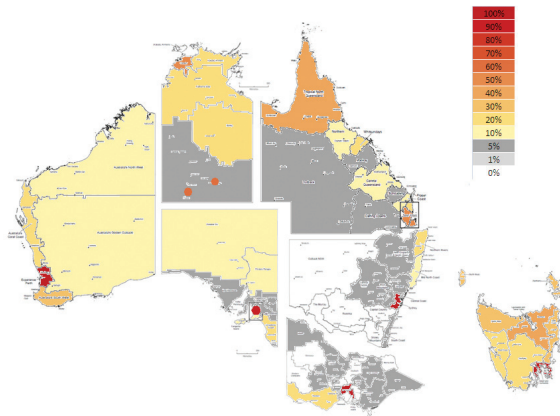
** Based on Tourism Australia's Modelling of China 2020 Tourism Potential. TA includes all airfare costs, so figures scaled back to reflect reported TRA Chinese 'Modelled international visitor expenditure (including package expenditure)'.

KEY INSIGHTS INTO THE CHINESE MARKET (continued)

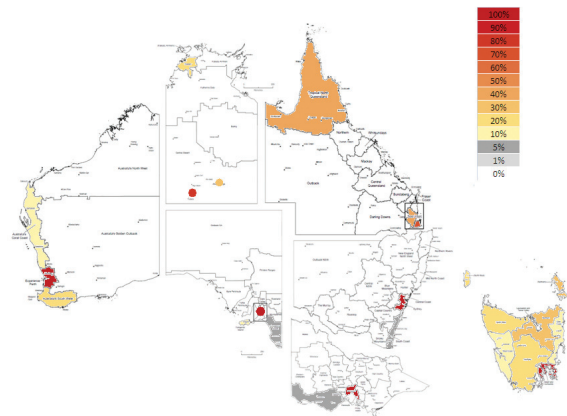
- Even in the more developed inbound markets in the eastern states, Chinese visitors overwhelmingly confine their overnight stays to capital cities with day trips to nearby regions.

Leisure Dispersal: Proportion of *overnight* visitation to regional areas of Australian States

Average International Visitor



Chinese Visitor



Average dispersal to regions within each state, expressed as a proportion of overall leisure visitors to each state

THE CHINESE TARGET MARKET FOR SOUTH AUSTRALIA

Demographics: Couples aged between 35 and 54 in the affluent middle class with a household income of greater than RMB120,000 in core cities who have prior experience of Australia, travelling independently or in quality customised small group tours.

South Australian Positioning:

From consumer research in China, it has been identified that South Australia should be promoted under three core themes, which are:



WINE: Due to the growing interest in wine across China, South Australia, as the wine capital of Australia and the home of several widely recognised wine brands, is a highly appealing destination.



NATURALNESS: South Australia can provide some of the best nature and wildlife experiences in Australia, especially on Kangaroo Island, while also providing unpolluted urban environments.



FOOD: An essential part of travel for Chinese visitors, South Australia's fresh local produce, especially seafood, is of high appeal.

Target Cities: There are over 200 cities in China, and the SATC has prioritised 12 of these. Of particular importance are the five core cities of Beijing, Shanghai, Hangzhou, Guangzhou and Shenzhen. It is in these cities where SATC trade and consumer promotion are most concentrated.

WHAT NEEDS TO BE DONE

China is a strong opportunity for South Australia, and will only increase in importance through to 2020 and beyond. To achieve this vision, South Australia must make substantial improvements in six strategic focus areas.

The Six Strategic Focus Areas	
Communicate to the Most Profitable Consumer for SA	<ul style="list-style-type: none"> Grow awareness, consideration and intention for SA from travellers in our Chinese target market through: <ul style="list-style-type: none"> Leveraging traditional media exposure and advocacy Increase SA content on key digital communications platforms
Make it Easy to Research and Book SA	<ul style="list-style-type: none"> Collaborate with Chinese travel agents, including online travel agents, to provide them the tools and the knowledge to promote and sell South Australia. Work with Australian based Inbound Tour Operators (ITOs) to ensure the best of SA is available in the distribution system
Make it Easy to Get to SA	<ul style="list-style-type: none"> Support charter flights to continue to promote South Australia and prove demand. Maintain and grow current indirect air services. Establish direct, non-stop air access between Adelaide and mainland China, operated by a Chinese carrier
Deliver Quality SA Experiences	<ul style="list-style-type: none"> Work with commercial partners to develop significant new South Australian visitor experiences. Assist in the development of products and experiences that leverage the state's competitive advantage of Wine, Naturalness and Food. Fulfil product and experience demand for visitors to South Australia to better compete against our competitor destinations interstate and overseas.
Deliver Quality SA Infrastructure	<ul style="list-style-type: none"> Support accommodation providers to better cater to Chinese guests through the development of Chinese specific services with a particular focus on four star hotels. Ensure South Australia has appropriate Chinese language signage in high profile tourism areas.
Leverage Partnership Opportunities	<p>Ensure maximum possible leverage of SATC's activities with:</p> <ul style="list-style-type: none"> Tourism Australia Consumer brands that are well known in China South Australian tourism operators Relevant government agencies, including, but not limited to, DMITRE, DPC, Education Adelaide and the Adelaide Convention Bureau.

The opportunities available in China are evident, and this plan clearly articulates the areas on which the South Australian Tourism Commission and the tourism industry needs to focus to reap the rewards from one of the world's fastest growing economies.

South Australian Tourism Commission

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