

# Quarterly Market Update

Tourism Australia's Quarterly Market Update provides an update to industry on the current state of international tourism for Australia. This report covers International Visitor Survey data to March 2014, and Australian Bureau of Statistics data to June 2014.

August 2014



## SHORT TERM INTERNATIONAL ARRIVALS CONTINUES TO GROW

- According to the latest data from the Australia Bureau of Statistics, there were 6.6 million short term visitor arrivals to Australia during the 12 months to 30 June 2014, an increase of 7.9 per cent compared to the previous year.
- Results from the latest International Visitor Survey (IVS) show that international visitor expenditure for the 12 months ending March 2014 reached a record of A\$29.6 billion, up six per cent for the year.

### Inbound arrivals reached record 12 month high

International visitation to Australia is tracking strongly, with almost 8 per cent growth recorded in the 12 months to June 2014. Growth has been driven by the Leisure segment, with Holiday arrivals up 9.7 per cent and Visiting Friends and Relatives (VFR) up 14.9 per cent for the year. Record visitor numbers from New Zealand, Germany, the USA, and Malaysia were also recorded for the 12 months.

### International visitor expenditure soaring

International visitor expenditure continues to grow steadily, rising to close to A\$30 billion for the year-ending March 2014. Visitor expenditure from China has now surpassed the A\$5 billion mark. Visitors from China travelling to Australia for Holiday and Visiting Friends and Relative purposes grew 23 per cent in the January to March 2014 quarter compared to the same quarter last year, leading to a significant 44 per cent increase in visitor spend in the same quarter.

Asia remains the primary source of growth in visitor expenditure, representing 47 per cent of total expenditure and contributing 42 per cent of growth during the 12 months to the end of March 2014.

### Slightly stronger forecast for international visitor arrivals for 2014-15

The latest issue of Tourism Research Australia's bi-annual Tourism Forecasts (June 2014) estimates international visitor arrivals will grow 5.7 per cent to seven million in June 2015. Longer term, international visitor arrivals are forecast to grow 4.5 per cent annually through to 2022-23. Arrivals from China are forecast to grow to similar levels as New Zealand, with more than one million visitors annually. For full report, please [click here](#).

### A soft year for business events

The latest business events data reflects a general softening across all key measures. Business events is becoming an increasingly competitive sector of the travel market because of the high per delegate spend and new destinations eager to capture a share of this lucrative sector, which means a greater offering of new choices for customers. The recent business events results for Australia reflect the current competitive nature of the business events industry. For the latest Business Events Sector Quarterly Progress Report, please [click here](#).

### Restaurant Australia campaign

Throughout May to August, Tourism Australia launched its Restaurant Australia campaign to media and key distribution contacts at events in Singapore, New Zealand, the USA, Germany, France, Italy and India. Further launches will take place in September in Hong Kong, South Korea and the UK, and international campaign activity has started to roll out across key markets.

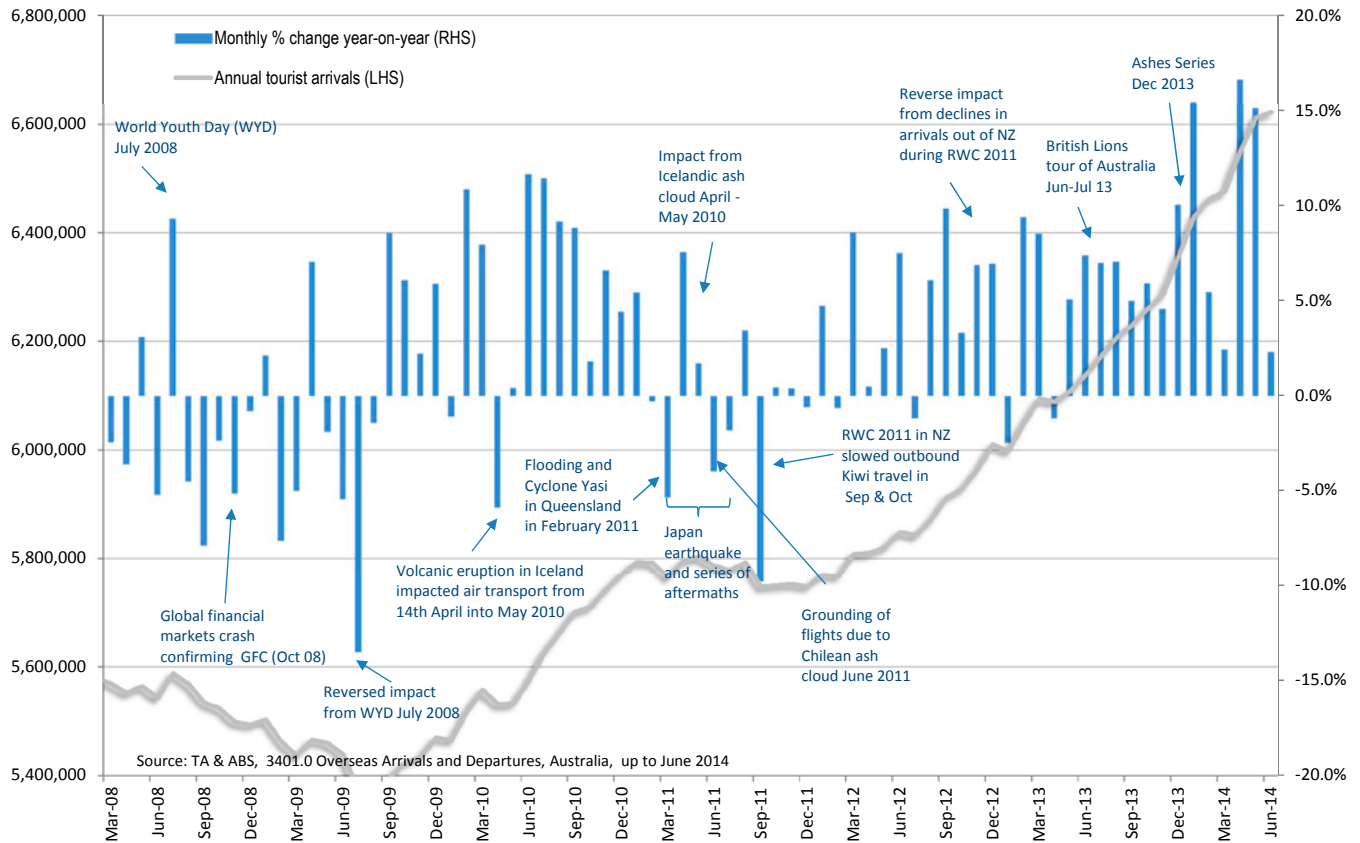
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**Tourist arrivals to Australia (rolling annual) and monthly percentage change on previous year**



# Aviation Summary

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**TOURISM  
AUSTRALIA**

International aviation capacity growth to Australia continued during the June 2014 quarter, up an estimated six per cent, slightly softer than the record growth (nine per cent) during the March 2014 quarter. The majority of capacity growth continued to be driven by South East Asia (Singapore, Malaysia and Indonesia), the United Arab Emirates, China and the USA. Overall load factors weakened slightly during the quarter suggesting slower growth will continue during the September 2014 quarter.

## Key themes

- > Low Cost Carriers continue to gain share of international passenger traffic to and from Australia, increasing from 13.9 per cent in May 2013 to 16 per cent in May 2014. These carriers include AirAsia X, Indonesia AirAsia, Jetstar, Jetstar Asia, Tigerair and Scoot. While it is anticipated that growth will moderate during the next quarter, AirAsia X and Scoot are focused on growing passenger numbers from North Asia via their respective hubs (Kuala Lumpur and Singapore) which could benefit Australia.
- > The profitability of airlines continues to be discussed, with both Virgin Australia and Qantas expected to report losses for the 2013/14 financial year in the coming weeks.
- > In the coming years, the passenger mix on flights into Australia is expected to change. At the recent CAPA Australia Pacific Aviation Summit 2014, Bob Cain, Managing Director at Tourism Futures International, noted that growth in inbound tourism to Australia is expected to outpace Australian resident departures over the coming five years, a shift from the previous five years.

## Global aviation environment

Similar to capacity growth into Australia, global aviation capacity growth softened slightly during the June 2014 quarter, with mixed results across regions.

- > Demand (passengers travelled) for Middle Eastern and Latin American carriers increased, up 10.8 per cent and 7.1 per cent respectively during June 2014, which also pushed up load factors. The World Cup boosted demand for Latin American carriers.
- > Demand for Asia Pacific carriers grew 4.9 per cent with load factors falling.
- > Domestic demand within China and India was soft during June 2014, with the outlook for the Asia Pacific region broadly positive.
- > Improvement in economic conditions and consumer confidence has reportedly helped support growth by European and American carriers.

## Domestic aviation environment in Australia

Capacity growth in the Australian domestic aviation market continued to slow during the June 2014 quarter as expected. While a number of leisure routes reported strong growth during June 2014 (e.g. Launceston-Sydney, Cairns-Melbourne, Gold Coast-Melbourne, and Dubbo-Sydney), mining related routes have reported the largest declines, e.g. Newman-Perth, Brisbane-Emerald and Karratha-Perth. Capacity growth is expected to soften during the September 2014 quarter as airlines try to improve average loads and yields.

## Change in international and domestic seats for year ended June 2014 for selected airports

International capacity growth into Australia slowed again during the June 2014 quarter, following a rebound during the March 2014 quarter. Adelaide, Perth, Darwin and Melbourne airports reported stronger growth in international capacity growth during the quarter. The majority of Australian airports reported slower growth in domestic capacity.

% change on same month previous year		Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YE Jun 14
Sydney	Domestic	1%	-3%	0%	1%	-1%	3%	4%	0%	0%	1%	3%	2%	1%
	International	1%	1%	3%	4%	4%	5%	6%	4%	3%	2%	1%	0%	3%
Melbourne	Domestic	1%	-1%	1%	1%	-2%	0%	0%	-2%	-1%	1%	3%	4%	0%
	International	8%	9%	9%	9%	8%	11%	12%	11%	10%	13%	10%	12%	10%
Brisbane	Domestic	9%	4%	5%	4%	4%	6%	4%	1%	3%	5%	4%	4%	4%
	International	2%	5%	6%	8%	11%	10%	9%	5%	4%	9%	5%	6%	7%
Gold Coast	Domestic	0%	-1%	0%	-1%	-8%	-4%	0%	-3%	1%	-1%	7%	0%	-1%
	International	-6%	-9%	-2%	-2%	-2%	3%	8%	2%	1%	2%	5%	6%	0%
Cairns	Domestic	7%	9%	10%	6%	5%	8%	7%	0%	0%	2%	2%	2%	5%
	International	2%	-7%	-5%	-7%	-14%	-11%	-3%	-13%	-9%	-12%	-3%	-3%	-7%
Adelaide	Domestic	3%	0%	5%	5%	-1%	1%	2%	3%	2%	4%	6%	8%	3%
	International	15%	10%	16%	12%	9%	20%	24%	12%	8%	19%	28%	32%	17%
Perth	Domestic	5%	1%	5%	3%	3%	3%	6%	7%	6%	4%	-1%	3%	4%
	International	17%	17%	13%	15%	12%	16%	19%	13%	11%	21%	8%	2%	14%
Darwin	Domestic	-1%	0%	0%	2%	-1%	1%	5%	2%	7%	8%	6%	8%	3%
	International	29%	39%	26%	27%	27%	51%	52%	57%	42%	24%	26%	25%	35%

# South and South East Asia

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**TOURISM AUSTRALIA**

Market	Arrivals (Year End Jun 2014)	% Change (Year End Jun 2014)	% Change (Jan to Jun 2014)	Spend (A\$000) (Year End Mar 2014)	% Change (Year End Mar 2014)
Singapore	366,300	15.8%	17.7%	\$1,075,072	6%
Malaysia	311,800	24.9%	29.7%	\$945,806	0%
India	184,900	15.3%	19.3%	\$715,883	-9%
Indonesia	147,200	7.8%	9.9%	\$649,634	8%

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- **The Leisure segment recorded double-digit growth for the year-ended June 2014 across all South/South East Asian markets: up 23 per cent for Singapore, 32 per cent for Malaysia, 27 per cent for India and 14 per cent for Indonesia.**
- **Total arrivals from Malaysia reached more than 300,000 for the first time in a 12 month period.**
- **Business Events Australia led a delegation of 16 industry partners to the annual South East Asia Showcase in Singapore, Malaysia and Indonesia in May. Post event surveys showed 96 per cent of buyers were more likely to pitch Australia to their clients after the showcase and to date, the program has generated 21 leads for the Australian industry.**

It has been a positive start to the year for arrivals out of Singapore, with Holiday and Visiting Friends and Relatives (VFR) visitors driving arrivals growth. The number of Holiday visitors increased 26 per cent in the six months to June 2014, and VFR visitors were up 29 per cent. The positive story continues for the 12 months to June, with total arrivals increasing 15.8 per cent, again driven by the growing Leisure segment. Expenditure by Leisure visitors increased 16 per cent, and accounted for more than half of total spend out of the market in the year-ended March. Australia is currently trending as a popular business events destination out of Singapore, with visitors up 11 per cent in the 12 months to March. Positive feedback was received at Tourism Australia's recent South East Asia roadshow held in May, with the majority of leads generated for the Australian industry coming out of Singapore.

Tourism Australia's latest evolution of its global campaign, 'Restaurant Australia', was launched in Singapore in June at an event for media and distribution partners. Campaign activity will be rolled out as part of a self-drive campaign from September, with a focus on exploring Australia through gourmet trails.

Malaysian arrivals to Australia grew 29.7 per cent in the first six months of 2014, driven by a strong increase in Leisure visitors. The June year-end results were equally as positive, with Leisure arrivals up 32 per cent, and this momentum is hoped to continue for the Hari Raya holiday period in late July/early August. While Holiday visitors increased their spending in Australia by 30 per cent in the year-ended March 2014, this wasn't enough offset spend declines from the Education, VFR and Business segments. Anecdotal feedback suggests that free and independent travel (FIT) packages are increasing in popularity as the market matures and the growth in air access drives more ground-only bookings through traditional partners. Business events visitor numbers out of Malaysia remained flat for the year-ending March, while spend and nights

declined, possibly impacted by shorter trips due to the timing of public holidays earlier in the year. Lead booking times for business events are reportedly shortening in the market to around six months.

In Malaysia, the 'Restaurant Australia' campaign film featured on cinema screens throughout June and campaign activity is currently in planning with an airline partner from September onwards.

In the first six months of 2014, Indian visitor numbers grew across all major segments (Holiday, VFR, Education and Business). Once again the Leisure segment was driving this growth, with Leisure arrivals up 28 per cent from January to June, and 27 per cent for the year-ended June 2014. Spending by Indian visitors declined during the year-ended March 2014, with the combination of a weakening Rupee, a slow-down in the Indian economy during the pre-election period, and higher inflation during the last 12 months all contributing factors. While spending by VFR and Education visitors grew, declines were seen from the Holiday, Employment and Business segments. Business events arrivals and spend from India were also down in the 12 months to March. The outlook for outbound travel from India is positive, with an improved stock market, the election of Prime Minister Narendra Modi in May, and strong consumer confidence levels (India held the top consumer confidence score in the Nielsen Quarter 2 report<sup>1</sup>).

In India, the 'Restaurant Australia' campaign will be launched through an integrated media campaign in August. Tourism Australia's partnership with MasterChef season 6, which is very popular in the India market, includes more than 500 spots for broadcasting the 'Restaurant Australia' film on TV between July and November. Aligning with the broadcast, distribution partner Cox and Kings are also promoting food and wine packages to Australia.

The lead up to the Presidential elections in Indonesia appears not to have reduced the appetite for outbound travel. Overall visitor numbers from Indonesia increased, driven by a solid Leisure segment, with Leisure arrivals up 19 per cent in the first six months of 2014 and 14 per cent for the 12 months to June 2014. Distribution and airline partners have reported a strong Lebaran period (end of July), whether this has translated into arrivals won't be known until the release of arrivals data in September and October. Spend by Holiday visitors was up 33 per cent and VFR visitors up 66 per cent in the 12 months to March, however declining Education spend softened the overall result. Tourism Australia recently conducted research into the Indonesian target consumer, which will help to inform marketing campaigns in 2014/15.

<sup>1</sup> Source: Nielsen (2014), Consumer Confidence Concerns and Spending Intentions Around The World Quarter 2, 2014.

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TOURISM  
AUSTRALIA

## Aviation news

- > In the year-ending May 2014, direct capacity to Australia increased by 16 per cent from Singapore, 30 per cent from Malaysia and 17 per cent from Indonesia.<sup>2</sup>
- > Singapore Airlines reduced capacity on services to Australia between May and October 2014, by replacing A380 aircraft with the smaller B777-300ER aircraft.
- > Qantas plans to reduce capacity from Singapore to Brisbane and Sydney, deploying the smaller A330-300 aircraft on its Brisbane services and on selected Sydney services from 1 October 2014.
- > Singapore Airlines deployed A380 aircraft on selected India services (Singapore-Delhi and Singapore-Mumbai) from 30 May 2014. For year-end December 2013, Singapore Airlines carried the majority of Indian visitors to Australia.

## Industry news

- > In July, Tourism Australia appointed Michael Newcombe as Regional General Manager, South East Asia and Gulf, based in Singapore.
- > Tourism Australia recently appointed Public Relations agency, Cohn & Wolfe Indonesia, to help boost Australia's tourism profile in the Indonesian media.
- > Tourism Australia's India Travel Mission was held between 21-24 August in Jaipur. The event provided an opportunity to promote the best of food and wine experiences in Australia, and to build solid relationships with the leading Aussie Specialist agents from the Indian travel industry.

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<sup>2</sup> Source: Department of Infrastructure and Regional Development.

# Greater China

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**TOURISM  
AUSTRALIA**

Market	Arrivals (Year End Jun 2014)	% Change (Year End Jun 2014)	% Change (Jan to Jun 2014)	Spend (A\$000) (Year End Mar 2014)	% Change (Year End Mar 2014)
China	759,800	11.9%	13.7%	5,118,415	15%
Hong Kong	198,300	16.9%	16.7%	878,606	11%

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

• **For the first time, Leisure visitors (Holiday and VFR) are the largest spending segment out of China, overtaking the Education segment for the year-ending March 2014.**

• **The Leisure segment continues to drive growth from the Hong Kong market.**

Chinese arrivals to Australia remained strong for the first six months of 2014, up 13.7 per cent driven by growing Holiday and VFR segments. During the year-ending June 2014, arrivals also increased 11.9 per cent, despite the introduction of the new China Tourism Law in October 2013. Although arrivals softened in the months of October and November last year, a busy September (pre-law travel) and Chinese New Year period (January/February) buoyed the result. In the 12 months to June, Holiday arrivals were growing at a faster rate than any other visitor segment out of China.

Chinese visitors continued to spend more on their trips to Australia in the 12 months to March. Leisure visitors (Holiday and VFR) are now the largest spending segment out of China, overtaking the Education segment (44 per cent of total spend). Spend by Leisure visitors increased by 35 per cent for the year-ending March 2014, driving up total spend. For the March 2014 year-end, business events visitors and spend declined, and according to anecdotal feedback from agents in China the Government delegation traffic has dropped under the Government's austerity program.

In April to June, Tourism Australia ran a campaign targeting free and independent travellers, with significant out-of-home advertising at key sites in nine cities, as well as print and digital channels. The campaign achieved 2.8 million unique visitors to australia.cn and 130,000 referrals to partners were generated. Upcoming activity includes the launch of the 'Restaurant Australia' campaign in October, with a number of consumer and distribution activities planned to roll out from November in the market.

Tourism Australia is also embarking upon a new high yield distribution model in China. Under the new Key Distribution Partner (KDP) program, Tourism Australia and its State and Territory tourism partners will work closely with a targeted group of Chinese travel agencies, which are highly committed to developing new and innovative Australian tourism products for Chinese travellers. For further information, [click here](#).

Holiday arrivals from Hong Kong continued to drive growth from the market from January to June 2014 (up 23 per cent) and for the June year-end (up 21 per cent). Expenditure also registered double digit growth, with Holiday, VFR, Education and Business visitors all spending more on their trips to Australia in the 12 months to March to 2014.

Tourism Australia's 'Restaurant Australia' campaign will be launched in Hong Kong in September, supported by a media content partnership and campaigns with airlines and distribution partners.

## Aviation news

- For the year-ending May 2014, direct capacity to Australia increased by 3 per cent from China, while capacity decreased by 2 per cent from Hong Kong.<sup>3</sup>
- China Eastern Airlines has confirmed its double daily Shanghai-Melbourne operation for the Australian summer (up from 10 per week last year).
- China Southern has consolidated existing routes over the last 18 months and is looking to add more partnerships, including partners outside the SkyTeam alliance.
- China Southern plans to return the A380 aircraft to the Guangzhou-Sydney route for the peak summer period.
- Qantas temporarily reduced its Shanghai-Sydney frequencies from daily to six per week between 22 May and 11 June 2014 citing weak demand.<sup>4</sup>
- Cathay Pacific has increased capacity from Hong Kong to Australia by de-coupling its Adelaide and Melbourne services from March 2014.<sup>4</sup>

<sup>3</sup> Source: Department of Infrastructure and Regional Development.

<sup>4</sup> Source: CAPA Centre for Aviation.

# Japan and South Korea

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Market	Arrivals (Year End Jun 2014)	% Change (Year End Jun 2014)	% Change (Jan to Jun 2014)	Spend (A\$000) (Year End Mar 2014)	% Change (Year End Mar 2014)
Japan	324,800	-2.6%	0.4%	1,334,809	-11%
South Korea	199,900	0.5%	2.3%	1,126,254	-10%

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- **Arrivals from Japan increased during the first six months of 2014, with growth in VFR and Business visitors.**
- **Leisure visitors were the driver of arrivals growth out of South Korea in the six months to June 2014.**

Growth in arrivals from Japan during May and June edged the market out of decline for the first six months of the year. Growth was seen across the Visiting Friends and Relatives (VFR) and Business segments, while Holiday declines eased to 3 per cent. Business visitor numbers were up 46 per cent in May and 23 per cent in June, partly attributable to the Rotary Conference held in Sydney in early June. For the 12 months to June 2014, a 6 per cent decline in Holiday arrivals (accounting for 52 per cent of total arrivals) affected the overall result. Holiday visitors also impacted the spend results, with total spend down 11 per cent during the year-ended March 2014. Business events visitors remained steady during the 12 months to March.

From March through to June, Tourism Australia ran a campaign in Japan centred on a special 90-minute episode of popular TV travel show, Tabi Salad. More than 8.6 million viewers watched the episode, which featured destinations in Queensland, Victoria and the Northern Territory. A number of initiatives were developed to leverage the broadcast across print and digital channels, which achieved more than 221,000 visitors to the campaign site, more than 282,600 competition entries and over 4,300 partner referrals. Tourism and Events Queensland, Tourism Victoria and Tourism Northern Territory, were Tourism Australia's partners for the campaign.

Tourism Australia's 'Restaurant Australia' campaign was integrated into the Tabi Salad campaign and also all media visits since January. It will be showcased at the JATA Tourism Expo in September and will feature in a brand campaign in print, digital and out-of-home channels throughout September to November.

South Korean visitor arrivals to Australia increased in the first half of 2014, driven by growth in Holiday and VFR visitors. For the year-ended June 2014, arrivals remained relatively flat, with declines from Business and Education visitors offsetting increases in Holiday and VFR visitors. Spending from South Korea was down 10 per cent for the year-ended March 2014. Declines were seen across all purposes of visit and driven by a drop in spend by the 15 to 29 age group, with all other age groups recording moderate growth.

In March and April, Tourism Australia partnered with popular reality TV series Running Man, with three episodes of the show airing to over 16.7 million viewers in South Korea. Again, a number of activities ran throughout March to June to extend the broadcast. The campaign delivered more than 390,000 unique visitors to the campaign website, and more than 10,000 bookings with trade partners. Tourism and Events Queensland, and Tourism Victoria also partnered with Tourism Australia on the campaign.

Tourism Australia will launch the 'Restaurant Australia' campaign in the South Korean market at an event in September, supported by a brand campaign on terrestrial TV, digital and out-of-home channels throughout the October and November peak booking period.

## Aviation news

- > For the year-ending May 2014, direct capacity to Australia from Japan decreased by 5 per cent and from South Korea by 8 per cent.<sup>5</sup>
- > Jetstar Japan launched its Osaka hub from June 2014. The airline had originally planned to launch the hub in October 2012 but it was delayed due to technical issues.
- > Jetstar launched its four-weekly Tokyo-Melbourne service in late April and suspended its three-weekly Osaka-Gold Coast service in early May.
- > Asiana will resume its daily Seoul-Sydney service from October after suspending two of its weekly flights.

## Industry news

- > Tourism Australia sponsored the Hanatour expo in South Korea in May, which saw 87,000 consumers attend the event in May.

<sup>5</sup> Source: Department of Infrastructure and Regional Development.

# Americas

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AUSTRALIA**

Market	Arrivals (Year End Jun 2014)	% Change (Year End Jun 2014)	% Change (Jan to Jun 2014)	Spend (A\$000) (Year End Mar 2014)	% Change (Year End Mar 2014)
USA	528,100	8.9%	10.9%	\$2,580,088	6%
Canada	134,200	7.2%	9.6%	\$763,848	10%
Brazil	38,700	15.5%	20%	Data not reliable for Brazil (sample size too small)	-

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- **The Leisure segment is driving arrivals growth out of the key markets in the Americas region, including USA, Canada and Brazil.**
- **Americans and Canadians continued to spend more on their trips to Australia for the year-ending March 2014.**

Arrivals from the USA continue to reach record highs, driven by Holiday visitors which increased 16 per cent in the first six months of 2014 and by 13 per cent for year-ended June 2014. The Holiday segment is the largest visitor segment, accounting for 42 per cent of total arrivals. Leisure visitors (Holiday and VFR) are continuing to spend more and stay longer on their trips to Australia, with Holiday spend up 7 per cent during the year-ending March 2014, and VFR spend up 11 per cent for the same period.

The USA has remained Australia's largest inbound market for business event visitor spend, despite a 10 per cent drop in spend for the year-ending March 2014. Reports from the market suggest hybrid events mixing business with incentives are a growing trend, while budgetary pressures continue for some organisations which is impacting incentive traffic.

From March to June 2014, Tourism Australia ran its largest-ever partnership campaign in the USA with Virgin Australia and Delta Air Lines. The 'Someday' campaign ran across print, digital and out-of-home channels and aimed to convince Americans to stop postponing a trip to Australia until an indefinite "someday" and visit now. It achieved more than 400,000 unique visits to the website, almost half a million entries to the consumer competition, and #australiasomeday was a trending Twitter topic throughout the USA on launch day. Tourism Australia will be running a major 'Restaurant Australia' brand campaign across digital and social media channels from September 2014.

It has been a strong first half of 2014 for the Canadian market, with arrivals up 9.6 per cent for the six months to June. For the year ended June 2014, arrivals increased 7.2 per cent, driven by double digit growth in visitors for Holiday and Visiting Friends and Relatives (VFR) purposes. The spend increase by Canadian visitors was also driven by this growing Leisure segment. Holiday spend, which accounts for almost half of all Canadian visitor spend in Australia, grew 22 per cent in the year-ended March 2014. Double digital spend growth was also seen by the VFR and Business segments.

Australia continues to be an attractive destination for the Leisure market from Brazil, which is driving growth in total arrivals. Combined, Holiday and VFR visitors grew by 22 per cent in the first six months of 2014, and 20 per cent for the year ended June 2014.

Anecdotal feedback received from industry representatives at recent events has been positive across all key markets in the Americas region (USA, Canada and Brazil), with most anticipating continued growth over the coming months.

## Aviation

- For the year-ending May 2014, direct capacity to Australia from the USA increased by 3 per cent.<sup>6</sup>
- United Airlines will launch Los Angeles-Melbourne services six times per week using B787-900s from October 2014. Tourism Australia plans to work with United Airlines to promote this new route.
- Air New Zealand plans to increase capacity on its San Francisco-Auckland service by 10 per cent in December 2014 for the peak season, which will indirectly increase services to Australia. For the December 2013 year-end, Air New Zealand was the fourth largest carrier of US visitors to Australia.

## Industry news

- From 26 July to 6 August 2014, the Latinos Downunder Roadshow was held in Latin America, with 210 wholesalers and retail agents attending training sessions, workshops and networking events with 12 Australian operators. Events were spread across in three cities (Sao Paulo, Buenos Aires and Santiago de Chile), with Tourism Australia supporting the Sao Paulo event. Following the success of the recent Roadshow, Latinos Downunder is planning another future mission to Latin America.
- 18 buyers from Latin America will attend Luxperience in Australia from 31 August to 3 September.
- Australia Marketplace will be held in Los Angeles on 18-20 March 2015, with a target of 50-100 wholesaler and 40 Premier Aussie Specialist attendees. Following Marketplace, the inaugural 'There's Nothing like Australia Retail Roadshow' will be held on 23-27 March 2015 visiting Toronto, New York, Chicago and Houston. Registrations have not yet opened for these events, refer to Tourism Australia's Essentials newsletter and the [Tourism Industry Events calendar](#) for further information.
- The third Australia Tourism Summit, as part of G'Day USA, will be held on 29-30 January 2015. The Tourism Summit is an invite-only event.

<sup>6</sup> Source: Department of Infrastructure and Regional Development.



# UK and Europe

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UK	661,900	6.4%	1.8%	\$3,516,365	13%
Germany	178,500	8.7%	11.7%	\$1,011,062	12%
France	113,000	5.2%	6%	\$690,037	10%
Italy	72,600	7.7%	7.6%	\$486,505	11%

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- **Arrivals from the UK continued to grow in the first six months of 2014, with more Brits visiting Australia for Leisure and Business purposes.**
- **Arrivals from Germany reached a record high of 178,500 for the year-ending June 2014.**
- **Working Holiday and VFR visitors continued to drive arrivals growth out of France and Italy in the 12 months to June 2014.**

The positive story out of the UK continued for the first six months of 2014, with arrivals up almost 2 per cent. For the year-ended June 2014, visitor numbers were up 6.4 per cent with all major visitor segments growing including Holiday, Visiting Friends and Relatives (VFR) and Business. This result was buoyed by the numbers of Brits travelling to Australia for major events such as the British and Irish Lions Rugby Tour in June/July 2013 and the Ashes Cricket Series in December/January.

The outlook for visitor numbers remains positive, with consumer confidence rising to its highest level since 2007, boosted by an improving employment market<sup>7</sup>. Anecdotal feedback from trade partners suggests strong forward bookings, particularly from September 2014 onwards. UK visitors continue to spend more on their trips to Australia, driven by Leisure spend which was up 19 per cent for the year-ended March 2014. Business events visitors declined 17 per cent in the same 12 month period, and spend was down 8 per cent compared to last year. However, these results don't include two recent business events: the World Congress of Cardiology in Melbourne (May) and the 105th Rotary International Convention in Sydney (June). The 'Restaurant Australia' campaign will launch in September, with a pop-up restaurant in London at the end of the month and a major media content partnership with the Mail on Sunday running in September and October.

Against the backdrop of high consumer confidence levels in Germany<sup>7</sup>, the number of German visitors to Australia reached an all-time high for the June 2014 year-end, totalling 178,500. Strong growth in Holiday and VFR visitors in the six months to June helped to achieve the result. In the year-ending March 2014, German Holidaymakers were the largest spending segment, accounting for 63 per cent of total spend. Across the

12 months, Holiday spend increased by 13 per cent while VFR spending was up 41 per cent compared to 2013. Germans continued to disperse on their trips to Australia, with the number of nights spent outside gateway cities<sup>8</sup> increasing by 20 per cent. While the youth market out of Germany remains a key performer, arrivals and spend have also increased amongst the older segment (over 50 years). Leveraging the appreciation of the Euro against the Australian dollar, and declining price of an Australian holiday, Tourism Australia ran an "Australia on Sale" campaign in Germany with four distribution partners in June. Running in out-of-home and digital channels, the campaign promoted tactical offers to Australia which delivered 102,000 unique visitors to Australia.com.

While unemployment levels remain high in France and the economy continues to go through challenging times, Australia remains a popular destination for young French travellers. Youth and Working Holiday Maker visitors are driving the overall increase in arrivals to Australia, up 6 per cent for the first six months of the year, and up 5.2 per cent for the 12 months to June 2014. Total spend by French visitors increased 10 per cent in the 12 months to March, driven by growth from Holiday, VFR and Employment visitors.

Holiday, VFR and Business arrivals increased from Italy in the six months to June 2014, and year-ended June. Italian visitors are spending more, staying longer and dispersing outside of the gateway cities<sup>8</sup> on their Australian trips. In the 12 months to March, spending increased 11 per cent driven by the Leisure segment, while the number of visitor nights were up 33 per cent and dispersed nights up 43 per cent.

The 'Restaurant Australia' campaign was officially launched in Germany, France and Italy at events held during June. In France and Italy, consumers will have the chance to taste Australian cuisine from themed pop-up food trucks located in key cities from September.

<sup>7</sup> Source: Nielsen (2014), *Consumer Confidence Concerns and Spending Intentions Around The World Quarter 1, 2014*.

<sup>8</sup> Australian gateway cities: Sydney, Melbourne, Perth and Brisbane.

# UK and Europe

Tourism Australia's Quarterly Market Update provides an update to industry on the current state of international tourism for Australia. This report covers International Visitor Survey data to March 2014, and Australian Bureau of Statistics data to June 2014.

August 2014



## Aviation news

- > Singapore Airlines reduced capacity on its London-Singapore route from 30 May 2014, reducing the number of its weekly services from 18 to 14. At year-end December 2013, Singapore Airlines carried 12 per cent of UK visitors into Australia.
- > Virgin Atlantic ceased its London-Hong Kong-Sydney service as of 4 May 2014.
- > Garuda Indonesia delayed its plans to restart flying the Kangaroo route (UK-Australia) until September 2014.
- > Etihad is increasing its stake in AirBerlin which should result in positive connections from Germany to Australia.
- > Etihad's non-stop Abu Dhabi-Perth services commenced in mid July 2014 and Tourism Australia has worked with the airline and Tourism Western Australia to promote the new route.
- > Emirates announced that Frankfurt will be the next destination for its flagship A380 aircraft, starting 1 September 2014. At year-end December 2013, Emirates carried the majority of German visitors into Australia (28%).
- > Etihad Airways launched daily Zurich-Abu Dhabi services from 1 June 2014, while Cathay Pacific plans to launch daily Zurich-Hong Kong services from 29 March 2015.

## Industry news

- > TUI and its UK subsidiary, TUI Travel, have announced plans to merge. TUI currently owns a 55 per cent share in the UK subsidiary.
- > Munich-based wholesaler FTI has appointed Matthias Huwiler as head of its individual holiday's business from 1 October 2014, with responsibility for destinations such as Asia, Australasia, the Americas and Africa.
- > Sebastian Martens, Tourism Australia's Partnership Manager, Continental Europe, will finish up with Tourism Australia on 12 September 2014.

# New Zealand

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August 2014



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Market	Arrivals (Year End Jun 2014)	% Change (Year End Jun 2014)	% Change (Jan to Jun 2014)	Spend (A\$000) (Year End Mar 2014)	% Change (Year End Mar 2014)
New Zealand	1,222,800	4.2%	5.6%	\$2,316,711	2%

Source: Australian Bureau of Statistics & International Visitor Survey (Tourism Research Australia)

- **There were a record breaking number of visitors from New Zealand to Australia in the year-ending June 2014.**
- **Business events arrivals from New Zealand grew for the year-ending March 2014.**

It has been a strong start to the year for New Zealand arrivals into Australia, growing 5.6 per cent off an already large base. This led to a record breaking year-end result, with 1.22 million Kiwis visiting Australia in the 12 months to June 2014. Growth continues to be buoyed by the Leisure segment, with Holiday arrivals up 3 per cent and Visiting Friends and Relatives (VFR) arrivals up 11 per cent for the year-ending June 2014.

In the 12 months to March 2014, spend by New Zealand visitors totalled A\$2.3 billion, increasing by 2 per cent and driven by Holiday and VFR visitors. However, New Zealand visitors stayed in Australia for slightly shorter periods and spent less nights outside the main gateways (Sydney, Melbourne, Perth and Brisbane), with both measures down 4 per cent.

New Zealand remains Australia's largest inbound market for business events visitors, up 1 per cent for the year-ending March 2014. A positive result in a challenging environment, with anecdotal reports suggesting the tightening of incentive budgets and increased competition.

In June, Tourism Australia partnered with Virgin Australia and Flight Centre to deliver the 'Secret Stories of Australia' campaign. Kiwis were invited to share their Australia travel secrets about little known destinations and exciting experiences. The digital campaign, supported by print features, saw over 60,000 unique visitors to the campaign website.

Tourism Australia launched its 'Restaurant Australia' campaign at an event in May for media, with celebrity chef and Friend of Australia, Matt Moran, hosting a cooking class. While Australia's food and wine experiences will feature strongly in an upcoming campaign in September, 'Restaurant Australia' imagery will roll out in the New Zealand market in early 2015.

## Aviation news

- > For the year-ending May 2014, direct capacity to Australia from New Zealand increased by 4 per cent.<sup>9</sup>
- > Air New Zealand commenced seasonal twice weekly Auckland-Sunshine Coast services on 27 June 2014. The service will increase to three times weekly between September and October 2014 to cater for peak demand.
- > From October, Qantas is reducing trans-Tasman services to one flight per week to Sydney and Melbourne and two flights a week to Brisbane. Jetstar plans to increase flights to Sydney and Melbourne.
- > Jetstar will cease operation of the Auckland to Adelaide route from 24 August 2014, as a result, Air New Zealand is now the only airline servicing Adelaide direct.

## Industry news

- > Mondo (niche retailer) and Stella Travel Services have formalised a new preferred supply agreement, effective 1 July 2014. The agreement covers wholesale and air ticketing.
- > House of Travel soft launched their online dynamic packaging platform via HOT.co.nz.
- > Rick Hamilton, previously the CEO of Tourism Fiji, accepted a role with Tourism and Events Queensland in New Zealand.

<sup>9</sup> Source: Department of Infrastructure and Regional Development.