



In 2010, China became Australia's highest yielding international market with exports from this market of around \$3.1 billion, an increase of 20% on 2009. In 2011, the Tourism Forecasting Committee expects visitor arrivals from China to rise 26% to 571,000 and tourism exports from China to increase by 21% to \$3.7 billion.

In the longer term (to 2020), average annual growth in arrivals of 7.2% is forecast, with arrivals to increase to 908,000, while real TIEV is expected to double to \$6.0 billion. This will make China Australia's most valuable inbound market and the second largest volume market (after New Zealand).

Definitions

This snapshot presents a profile of Chinese inbound and outbound visitors. For inbound travel, this snapshot uses data from Tourism Research Australia's (TRA) *International Visitor Survey* and Australian Bureau of Statistics' Overseas Arrivals and Departures for the year ending December 2010. For outbound travel, data from TRA's *National Visitor Survey* for the year ending December 2010 is used.

A *Chinese international visitor* is defined as an overseas visitor from China coming to Australia for a period of less than twelve months.

Total exports are measured using *Total Inbound Economic Value (TIEV)*, which represents the total amount of money that flows to the Australian tourism industry through tourism services exports.

Expenditure by travel segments represents the money spent by, and on behalf of, travellers during a trip in Australia.

Key findings

- In 2010 there was double digit growth on 2009 in all market segments, with *Visiting Friends and Relatives (VFR)* leading the way at 27%.
- While *education* visitors accounted for 21% of visitors in 2010, they contributed over half (\$1.7 billion) in total Chinese visitor expenditure.
- Chinese visitors aged 15–29 years spent an average of \$13,101 per trip, while those aged 60 years and over spent an average of \$1,331.

- In 2010, 44% of Chinese visitors visited for a *holiday* – accounting for 12% of total expenditure.
- Since 2000, total Chinese visitation to Australia has increased at an average annual rate of 14%, with *VFR* and *education* visitation increasing at an average annual rate of 15% and 24%, respectively. Business travel from China has increased at a slower average annual rate of 5.1%. However, in 2010 the number of business visitors increased 23%.
- In 2010, the number of visitors aged 60 years and over grew 47% compared to 2009. The number of visitors from China in age cohorts 15–29 years, 30–44 years, and 45–59 years, each grew by 20% respectively, year-on-year.

Multiple drivers of growth

Chinese economic growth, income growth and increased aviation capacity are driving growth in arrivals over the forecast horizon. This strong positioning was reinforced on 28 April 2011, with Prime Minister Julia Gillard signing a Memorandum of Understanding (MoU) with Premier Wen Jiabao on strengthening tourism cooperation with China.

The MoU builds on the Approved Destination Status (ADS) scheme – 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. The ADS scheme is an important part of Australia's inbound tourism growth. Australia was one of the first western countries (along with New Zealand) to be granted ADS status in 1999, and since then has hosted over 610,000 Chinese tourists undertaking leisure travel in over 44,000 groups.

Table 1 Chinese visitors and TIEV, 2000–2020

	2000	2010	2020 ¹	% change 2000/2010	% change 2010/2020
Visitors ('000)	115	431	908	276	110
TIEV/visitor (\$)2	5,176	7,132	6,558	38	-8.0
Total Inbound Economic Value (\$000) ²	593,002	3,076,488	5,955,000	419	94
China Outbound (million)	10.5	56	130	433	132
Australia's share (%)	1.1	0.8	0.9	n.a.	n.a.

¹ Tourism Forecasting Committee *Forecast 2011, Issue 1*

² Total Inbound Economic Value, a proxy measure for tourism exports developed by Tourism Research Australia and benchmarked to the Australian Bureau of Statistics' Tourism Satellite Account (5249.0)

The recent MoU will encourage further cooperation for travel between the two countries for individuals, companies and students, expanding the scope of this important relationship.

China is Australia's highest yielding inbound market

China is currently Australia's fourth largest inbound market in terms of visitor numbers, after New Zealand, the United Kingdom and the United States. In 2010, there were 454,000 Chinese visitors to Australia, accounting for 7.7% of total international visitors to Australia.³ Despite a 7.3% decline in 2003 due to the outbreak of Severe Acute Respiratory Syndrome (SARS), Chinese visitation to Australia has continued to increase at an average annual rate of 14.2%, since 2000.

China is Australia's fastest growing inbound tourism market in terms of visitor volumes and values and in 2010 it became Australia's highest yielding market – outperforming the United Kingdom, New Zealand and the United States. The China inbound market is currently worth \$3.1 billion, or around 13.0% of total tourism exports.

Supply-side improvements: Aviation capacity increases

As part of the strengthening of tourism cooperation with China, up to 8,000 extra seats per week will be made available to Australian and Chinese airlines. This follows on from Air China expanding its Sydney and Melbourne services; China Southern Airlines more than doubling its services per week to Australia in November 2010; and Hainan Airlines launching services in January 2011. Overall, direct aviation capacity is forecast to grow by 33% in 2011.⁴

Younger travellers are valuable visitors

In 2010:

- 31% of Chinese visitors to Australia were aged 15–29 years. This age group contributed 70% of total expenditure, averaging \$13,101 per visitor (an increase of 1.1% on the 2009 average of \$12,964 per visitor).
- 24% of visitors were aged 30–44 years. This age group contributed 12% of total expenditure, averaging \$3,047 per visitor (a decrease of 15% on the 2009 average of \$3,578 per visitor).

Table 2 Purpose of visit, Chinese visitors 2010 (excludes SARs and Taiwan Province)

	Holiday	VFR	Business	Education	Total ¹
Visitors	190,493	73,807	70,403	89,754	431,369
Total Inbound Economic Value (\$000)	599,746	474,653	333,504	1,626,557	3,076,488
Expenditure in Australia (\$000)	311,249	195,633	261,656	1,715,740	2,523,449
% visitors	44	17	16	21	100
% TIEV	19	15	11	53	100
% expenditure	12	8	10	68	100

¹ Total includes other purposes of travel.

- 34% of visitors were aged 45–59 years, contributing 15% in total visitor expenditure, averaging \$2,590 per visitor (an increase of 14% on the 2009 average of \$2,265 per visitor).
- 11% of visitors from China were aged 60 years and over. This group contributed 3% to total visitor expenditure, averaging \$1,331 per visitor, (a decrease of 10% on the 2009 average of \$1,477 per visitor).

Chinese education visitors: a lucrative segment for Australia

While the majority (44%) of Chinese visitors to Australia travel for the purpose of a *holiday*, those coming for *education* purposes deliver greater value in terms of tourism exports. In 2010, Chinese *education* visitors accounted for 21% of total Chinese visitation, but contributed \$1.7 billion dollars – over half of the \$2.5 billion spent by all Chinese visitors in Australia.

In 2010, all visitor segments grew by double digits on 2009 figures: *VFR* 27%, *holiday* 25%, *business* 23%, and *education* 22%. However, expenditure was less consistent across the segments. While holiday expenditure decreased by 5.2%, *education*, *VFR* and *business* increased 24%, 39%, and 51% respectively.

Despite Chinese *business* travel decreasing on average by 1.1% annually since 2005, 2010 figures show a marked recovery in the sector with a 23% increase in *business* visitor numbers, and a 51% increase in expenditure. This recovery follows trends in the broader *business* travel market—both in Australia and globally—following the Global Financial Crisis.

Preference for major cities

Visitors from China spent 83% of their nights in the major gateways of Sydney, Melbourne, Brisbane and Adelaide and 7% of nights in regional Australia. South Coast (NSW), Hunter (NSW), Tropical North Queensland, and Northern Rivers were the most popular regions (according to visitor nights) in Australia for Chinese visitors in 2010.

Internet and word-of-mouth sources are important

The internet is gaining in popularity as a source of visitor information, with 33% of Chinese visitors going online to help plan their trip. Word-of-mouth is still an important source with 32% of visitors relying on the knowledge of their friends and relatives. Travel agents are used by 21% of Chinese visitors.

Outbound

In 2010, the number of Australian residents travelling overseas to China increased by 21%. China ranks sixth in terms of popularity for Australian residents as an outbound destination and since 2000, has grown at an average annual rate of 14%.

For the year ending December 2010, Australian residents travelling to China:

- made 305,000 outbound trips, up from 244,000 for the same period in 2009, an increase of 25%
- were away for 5.9 million nights overseas, up from 5.5 million nights for the same period in 2009, an increase of 7.6%
- spent \$1.5 billion, up 38% from \$1.1 billion, year-on-year.

Data sources

Tourism Research Australia.
Australian Bureau of Statistics.
Tourism Australia China Market Profile 2011.
Tourism 2020 Vision.
Global Forecasts and Profiles of Market Segments, vol 7.

Tourism Research Australia
Department of Resources,
Energy and Tourism
GPO Box 1564
Canberra ACT 2601

Email: tourism.research@ret.gov.au
Web: www.ret.gov.au/tra

ABN: 46 252 861 927

Publication date: June 2011



This work is licensed under a [Creative Commons Attribution 3.0 Australia](https://creativecommons.org/licenses/by/3.0/au/) licence. To the extent that copyright subsists in third party quotes and diagrams it remains with the original owner and permission may be required to reuse the material.

This work should be attributed as *Snapshots 2011: China – Inbound and Outbound Travel*, Tourism Research Australia, Canberra.

Enquiries regarding the licence and any use of work by Tourism Research Australia are welcome at tourism.research@ret.gov.au

³ ABS 3401.0 Overseas Arrivals and Departures, Australia, December 2010 – released 8 February, 2011

⁴ Tourism Forecasting Committee *Forecast 2011, Issue 1*