



Destination
NSW

China Tourism Strategy 2012–20



FOREWORD

This document is designed to provide New South Wales operators with a succinct snapshot of Destination NSW's China Tourism Strategy and Action Plan.

China has been much heralded as a tourism source market for Australia and NSW has had an active and successful presence in China for many years.

However, changes in competition and market dynamics, and the NSW Government's goal to double the value of overnight visitor expenditure to NSW by the year 2020, have highlighted the need for expanded activities and new strategies.

Destination NSW intends to capitalise on the diverse opportunities on offer in China. We will actively build new markets, support new products and services and develop our industry partnerships to ensure that NSW secures substantial market share and harnesses the potential of the China market.

Sandra Chipchase
Chief Executive Officer
Destination NSW



China Tourism Strategy 2012–20



MINISTER'S MESSAGE

In this 'Asian Century', it is of critical importance that New South Wales (NSW) continues to increase trade and investment links with China. The NSW Government has adopted a whole-of-government approach to the market and is actively supporting key export industries in our quest to develop Chinese markets. Not surprisingly tourism is expected to be among the state's highest performing industries in terms of delivering growth.

Tourism from China to NSW began its extraordinary rise when Australia received Approved Destination Status (ADS) in 1999. In recent years the acceleration in growth has been extraordinary and China is now NSW's largest international market in terms of expenditure, contributing more than \$1.1 billion annually to the NSW Visitor Economy.

However China is a rapidly evolving tourism market, constantly throwing out challenges and opportunities to an intensely competitive global marketplace. Australia and its State and Territory partners now have many competitors in China. If NSW is to protect its position it will need focus on this burgeoning market in coming years.

Sydney's brand appeal in China is a prime motivator for travel to Australia and Destination NSW's strategies operate on two levels; supporting the national marketing effort through continued promotion of Sydney; and ensuring that NSW remains Australia's market leader by continuing to attract the highest share of both visitor arrivals and visitor nights.

Destination NSW has undertaken an extensive examination of the market and identified a series of strategic directions outlined in this document that will guide business development and marketing initiatives between 2012–2020.

Priority will be given to targeting additional geographic source markets within China and engaging the more mature FIT consumer segment. This will require considerable focus on extending the range of NSW product in market and improving the Chinese visitor experience in Sydney and Regional NSW.

Strategic partnerships with public and private sector partners are also highlighted. Given the size and complexity of the market, a co-operative approach is essential. This approach will also extend to other NSW industry sectors operating in China, with clear areas of alignment between tourism and the business events, education and investment sectors.

If we are able to capitalise on the opportunities presented by China over the next decade, NSW visitor arrivals and visitor nights are expected to almost double. Over the ten-year period 2020/21 China will contribute more than \$17.4 billion to the NSW Visitor Economy and be directly responsible for 13,900 jobs.

We have set an ambitious agenda for China and the stakes are very high. However I am confident that with the support of our Government, the industry and their commercial partners will achieve great success.

George Souris MP

Minister for Tourism, Major Events,
Hospitality and Racing, and
Minister for the Arts



CONTENTS

02	Minister's Message
03	Contents
04	Executive Summary
06	NSW and the China Market to Australia
08	NSW Visitor Forecasts
09	Strategic Directions
11	Geographic Source Markets
14	Aviation
16	Consumer Segments
19	Visitor Experiences
22	Consumer Promotion
24	Trade Distribution
28	Government and Commercial Partnerships
30	Resources

EXECUTIVE SUMMARY

Destination NSW's China Tourism Strategy will guide business development and consumer marketing activity between 2012–2020. The strategy is directed towards ensuring that NSW keeps pace with the rapid expansion of geographic source markets within China and the changing travel preferences of maturing consumer segments.

A key objective of the strategy is to protect NSW's leadership position. While the China market is continuing to grow, so too is the competitor threat from other destinations. NSW currently attracts 60 per cent of all Chinese visitors to Australia and 40 per cent of Chinese visitor nights.

Forecasts indicate that if the state is successful in protecting its market share, the value of Chinese inbound tourism to NSW will almost double. By 2020 China will be NSW's largest international market in terms of visitor arrivals, visitor nights and expenditure; it will contribute more than \$2.1 billion in expenditure annually to the NSW Visitor Economy; and be directly responsible for 13,900 jobs.

The strategy is directed towards ensuring that NSW keeps pace with the rapid expansion of geographic source markets within China and the changing travel preferences of maturing consumer segments. Securing additional air services from China is important but improving load factors will be essential. Airline and industry partnerships are key to ensuring sustainable and significant growth.



STRATEGIC DIRECTIONS

To capitalise on opportunities presented by China over the next decade Destination NSW has identified eight strategic directions:

1. **Extend Marketing Activity into more Geographic Source Markets**
2. **Support Aviation and Route Development to Keep Pace with Demand**
3. **Target High Performing Consumer Segments**
4. **Improve the Quality and Range of Visitor Experiences**
5. **Increase Consumer Promotion**
6. **Develop Trade Distribution Networks**
7. **Expand Commercial and Government Partnerships**
8. **Increase Resources to Facilitate Growth.**

Sydney with its unique balance of city and nature experiences will be the focus for destination promotion in China. Regional destinations within three hours drive of Sydney, and North Coast regions accessible from the Gold Coast will also be supported.

Central to Destination NSW's approach is the targeting of high performing consumer segments and the phased development of up to 30 new 'secondary city' source markets, which will be serviced from four major hubs: Beijing (North), Greater Shanghai (East), Guangdong province (South) and the new, rapidly growing Central Western sector of Chengdu/Chongqing.

To encourage additional aviation services to keep pace with projected travel demand, Destination NSW will adopt a multi-airline development approach. Priority will be given to building capacity into Sydney from primary city hubs and supporting the establishment of direct routes from other major Chinese cities.

Destination NSW has targeted several key consumer segments for growth from these regions. While Approved Destination Status (ADS) group travel will remain a primary target, considerable emphasis will also be given to engaging with the emerging FIT segment.

Other key segments include Business Events Travel and Student Travel – both are strategically important because of their links with other NSW export industries.

Destination NSW will work co-operatively with government and private sector organisations to engage these markets.

NSW's range of product in-market requires expansion and enhancement to meet the needs of the more sophisticated and experienced FIT visitor. Product development and trade distribution activities will be stepped up in partnership with industry. The aim is to bring new categories of relevant product to market such as Resort Stays, Wedding/Honeymoon, Food and Wine, Unique Events, Luxury and Soft Adventure and build existing segments such as Self Drive and Golf.

The focus on product development further extends to ensuring that Sydney and Regional NSW better meet the needs of Chinese visitors. A priority will be to work with industry and government agencies to improve the quality of the Chinese visitor experience. Programs will include increasing the availability of trained Mandarin speaking guides; providing better Chinese language information resources and signage; and addressing issues associated with visitor shopping and dining experiences.

Destination NSW has also highlighted the importance of trade distribution in the strategy. Provision has been made to increase trade servicing activities throughout China. Additional support will also be provided to NSW tourism operators to encourage entry to the market – programs will include educational activities, incentives for operators to become 'China Ready' and coordination of trade show participation and workshops in-market.

Destination NSW's consumer marketing activity will be directed primarily to the FIT segment and will aim to build consumer awareness and aspiration to visit Sydney. Marketing activity will be largely conducted through digital channels supported by extensive publicity programs. Partnership marketing activity will include support for Tourism Australia's consumer campaigns, retail campaigns conducted with trade partners, and co-operative promotions undertaken with commercial partners.

In response to the expansion of the market, Destination NSW will allocate additional resources to facilitate growth. The majority of these will be focused on business and trade development activities. Additional resources will be made available to improve in-market Public Relations and digital marketing capability.

NSW AND THE CHINA INBOUND TOURISM MARKET TO AUSTRALIA

In 1999 Australia became one of the first Western countries in the world to be granted Approved Destination Status (ADS) by the Chinese Government. This was a significant breakthrough for the Australian tourism industry; it effectively gave the green light for the opening up of Mainland China as a source market for inbound visitors and delivered an early entry advantage to a market of unparalleled promise.

Since 2000 there has been rapid growth in tourism from China – it is now ranked amongst Australia’s fastest growing and highest yielding visitor markets. It outperforms all other markets in terms of length of stay and is richly diverse, performing well across Holiday, Visiting Friends and Relatives (VFR), Business and Education travel segments.

Despite an initial concentration into Sydney, Melbourne and Brisbane, Chinese visitors are also starting to travel further afield and the market now ranks impressively as Australia’s third largest for dispersed nights.

Forecasts for 2020 indicate that the inbound market from China is set to more than double in size, contributing more than one million visitors to Australia and more than \$6.8 billion in Total Inbound Economic Value.¹

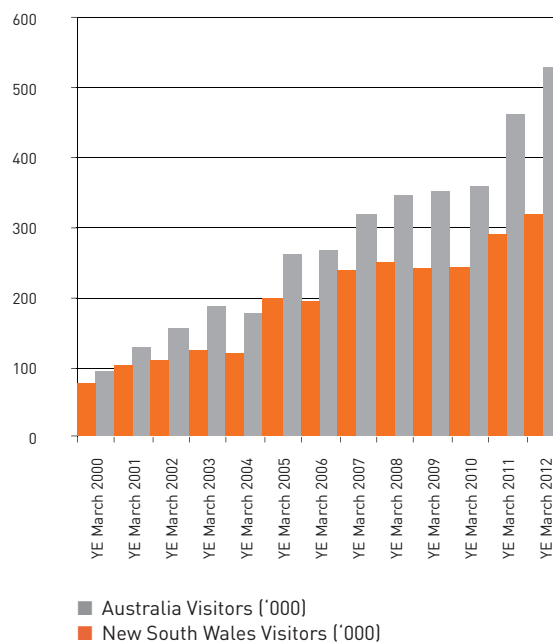
Since 2000, New South Wales has captured the momentum of the market – benefiting from Sydney’s global appeal, its position as the major gateway for Chinese visitors and its ‘first mover’ status – a principal destination for most first time visitors to Australia. NSW’s servicing of the market, which began in the late 90s has been a strength in securing trade support from China.

NSW is now Australia’s market leader, with a 60 per cent market share of Chinese visitor arrivals and a 40 per cent share of visitor nights. Over the last decade, despite shocks such as terrorism attacks, international pandemics and the global financial crisis, Chinese annual visitor arrivals and visitor nights have continued to climb on an impressive trajectory of growth.

However, while the outlook for the market is buoyant significant changes to consumer travel preferences; geographic source markets within China; trade distribution; direct airline services to other states; and the escalation of competitor threat means that NSW needs a new strategy if it is to reach the goal of doubling overnight visitor expenditure by 2020.

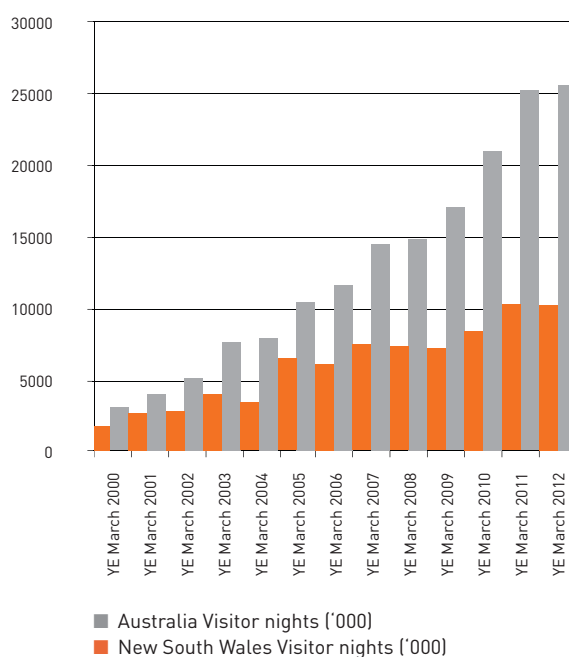
CHINESE VISITOR ARRIVALS – AUSTRALIA AND NSW SINCE 2000

Source: IVS, YE March 2012 TRA



CHINESE VISITOR NIGHTS – AUSTRALIA AND NSW SINCE 2000

Source: IVS, YE March 2012 TRA



¹ Source: TFC Forecast 2012 Issue 1

TOURISM SNAPSHOT: CHINESE VISITORS TO NSW YEAR ENDING MARCH 2012

CHINESE VISITOR ARRIVALS

Australia	530,000
NSW	320,000
Growth on Previous Year: Australia	+ 15%
Growth on Previous Year: NSW	+10%
NSW Market Share Visitors: 60% of Chinese inbound market to Australia	

VISITOR NIGHTS

Australia	25.6 million+
NSW	10.2 million+
Growth on Previous Year: Australia	+2%
Growth on Previous Year: NSW	-1%
NSW Market Share Nights:	40%

AVERAGE LENGTH OF STAY

Australia	48.4 nights*
NSW	32 nights*

*includes student visitors

EXPENDITURE

Total Australia	\$2.7 billion
Total NSW	\$1.1 billion
Growth on Previous Year: Australia	+8%
Growth on Previous Year: NSW	+5%

VISITOR DISPERSAL

Visitation to Sydney and Regional NSW

	Visitors	Visitor nights
Sydney	97%	91%
Regional NSW	7%	9%

NOTE: figures add to more than 100% due to multiple destinations applying to some visitors

Total Number of Visitors and Visitor Nights

	Visitors	% chg	Visitor nights	% chg
Sydney	309,900	9%	9,310,800	-1%
Regional NSW	23,000	38%	924,900	6%
New South Wales	320,000	10%	10,235,700	-1%

NOTE: NSW total is less than addition of Sydney and Regional NSW due to multiple destinations applying to some visitors

PURPOSE OF VISIT

	Visitors	Visitor Nights
Holiday	63%	10%
Visiting friends and relatives	15%	22%
Business	11%	4%
Education	11%	57%
Employment	2%	6%
Other	1%	0%
Total	100%	100%

PURPOSE OF VISIT – CHANGES ON PREVIOUS YEAR (YE MAR 2011)

Visitors

	Visitors	% chg on previous year
Holiday	201,400	23%
Visiting friends and relatives	47,200	-1%
Business	34,700	-10%
Education	36,700	-2%
Employment	5,500	91%
Other	3,800	-74%
Total	320,000	10%

Visitor Nights

	Visitor Nights	% chg on previous year
Holiday	1,035,700	48%
Visiting friends and relatives	2,298,600	-18%
Business	405,500	5%
Education	5,864,400	-1%
Employment	608,800	223%
Other	22,800	-92%
Total	10,235,700	-1%

SOURCE: All figures are sourced from the International Visitor Survey YE March 2012, Tourism Research Australia

THE CHINA MARKET

NSW'S 2020/21 FORECASTS

The Tourism Forecasting Council predicts that Mainland China will continue its current growth trend for at least the next decade.

National arrival forecasts for 2020/21 have been revised upwards to 1.039 million and visitor nights to more than 48.9 million. Total economic value to Australia from China is forecast to exceed \$6.8 billion.²

A key outcome for NSW in the years leading up to 2020 will be to maintain market leadership by protecting and growing its share of visitors and visitor nights and continuing to attract higher levels of expenditure.

If NSW is successful in achieving this objective, it is set to almost double the value of Chinese visitor expenditure* within the state by 2020/21. The table below outlines 2020/21 forecasts for NSW, which are based on current TRA Forecasts to 2020/21.



2020/21 CHINA MARKET FORECASTS:

Impacts NSW Visitors, Expenditure, Employment and Gross State Product.³

INBOUND VISITORS FROM MAINLAND CHINA	NSW FORECASTS 2020/21
Chinese visitor arrivals	623,000
Visitor nights	19.6 million
Economic Contribution*	
Visitor expenditure	\$2.1 billion*
Gross State Product (GSP)	\$2.1 billion*
Total contribution to GSP over the ten fiscal years between 2011/12 to 2020/21	\$17.4 billion*
Employment	
Number of direct jobs	13,900
Number of direct and indirect jobs	24,100

* Measured in December 2011 Australian Dollars

² Source: TFC Forecast 2012 Issue 1

³ NSW Forecasts are estimates based on TFC Forecasts 2012 Issue 1, Tourism Satellite Accounts and International Visitor Survey, Tourism Research Australia

Strategic Directions

If NSW protects and maintains its market share of visitors and visitor nights, China will contribute more than \$17.4 billion to the NSW economy over the ten-year period to 2020/21 and be directly responsible for 13,900 jobs.

Destination NSW has identified eight strategic directions in its Business Development Strategy for China to ensure that NSW is able to fully capitalise on the opportunities presented by China in the next decade. The strategic response to these priorities will require commitment and involvement from a broad range of industry, Government and corporate partners.

- 1 Extend Marketing Activity into more Geographic Source Markets**
- 2 Support Aviation and Route Development to Keep Pace with Demand**
- 3 Target High Performing Consumer Segments**
- 4 Improve the Quality and Range of Visitor Experiences**
- 5 Increase Consumer Promotion**
- 6 Develop Trade Distribution Networks**
- 7 Expand Commercial and Government Partnerships**
- 8 Increase Resources to Facilitate Growth**



**Central to
Destination NSW's
approach is the
phased development
of 'secondary city'
source markets.**



STRATEGIC DIRECTION 1

EXTEND MARKETING ACTIVITIES INTO MORE GEOGRAPHIC SOURCE MARKETS 2012–2020

Tourism Australia has undertaken an evidence based market assessment of more than 600 cities in China that identified the cities most likely to be potential source markets for Australia in 2020.

It concluded that in the next decade up to 55 cities would have significant populations with the financial means and access to travel internationally. While primary regions/cities will remain critically important, 'secondary cities' will drive tourism growth to Australia in the years leading up to 2020.

KEY PRIORITIES

- **Servicing Secondary Cities via Regional Hubs**
Although 55 cities seems an extraordinary number of markets to attempt to leverage, Tourism Australia suggests that economies of scale can be achieved by focusing marketing resources in four primary hubs: Greater Beijing (North), Greater Shanghai (East), Guangdong province (South) and the new, rapidly growing Central Western sector of Chengdu/Chongqing.

Destination NSW will therefore increase its in-market resources in these major hubs in order to adequately service the market. Destination NSW's China headquarters are in Shanghai.

- **Phased Development**

Destination NSW will be taking a phased approach to market development – stepping up trade and consumer activity as each market reaches appropriate milestones in size, maturity and visitation levels.

Marketing and resource commitments will be aligned to the differing levels of market maturity. Given Sydney's 'first mover' appeal it is logical for NSW to align its development approach with Tourism Australia's. The table on page 13 indicates proposed target markets and their anticipated stage of development in the years leading up to 2020.

STRATEGIES: GEOGRAPHIC SOURCE MARKETS	
Desired Outcome	NSW attracts the majority of visitors and visitor nights from China's growing geographic source markets.
Strategy	Focus marketing and development activity on primary tourism hubs within Eastern, Southern, Northern and Central /Western China.
Activities	<ul style="list-style-type: none"> ● In Developed Markets implement integrated trade and consumer marketing activities
Strategy	Provide consumer marketing and trade development services from primary hubs to secondary cities identified in Tourism Australia's Market Prioritisation Plan.
Activities	<ul style="list-style-type: none"> ● Phased development of up to 30 city markets via a tiered development approach aimed at progressing markets through emerging and growth phases to maturity ● In Emerging Markets: Travel agent education through the Aussie Specialist program and assistance with market development ● In Growth Markets: Trade education, sales development, retail campaigns with Premier Aussie Specialist agencies and consumer PR

CHINA GEOGRAPHIC SOURCE MARKETS 2012-20



NSW'S CITY TARGET MARKETS BY GEOGRAPHIC REGION.

Indicates how city markets will evolve through emerging and growth phases towards market maturity between 2012–20*

REGION			
Northern Markets	Phase 1 (2012–14)	Phase 2 (2014–17)	Phase 3 (2017–20)
Developed (Hub)	Beijing	Beijing	Beijing
Growth Markets	Qingdao Tianjin	Qingdao Tianjin Shenyang Dalian Jinan	Qingdao Tianjin Shenyang Dalian Jinan
Emerging	Dalian Shenyang Jinan	Post 2014 Dalian, Shenyang and Jinan have entered the growth phase	
Eastern Markets	Phase 1 (2012–14)	Phase 2 (2014–17)	Phase 3 (2017–20)
Developed (Hub)	Shanghai	Shanghai	Shanghai
Growth	Hangzhou Nanjing Ningbo Suzhou	Hangzhou Nanjing Ningbo Suzhou Wuxi	Hangzhou Nanjing Ningbo Suzhou Wuxi Wenzhou
Emerging Markets	Wenzhou Wuxi	Wenzhou	Post 2017 Wenzhou has entered the growth phase
Southern Markets	Phase 1 (2012–14)	Phase 2 (2014–17)	Phase 3 (2017–20)
Developed (Hub)	Guangzhou	Guangzhou	Guangzhou
Growth Markets	Shenzhen Xiamen	Shenzhen Xiamen Dongguan Foshan	Shenzhen Xiamen Dongguan Foshan Huizhou Fuzhou
Emerging Markets	Dongguan Foshan Huizhou Fuzhou	Huizhou Fuzhou	Post 2017 Huizhou and Fuzhou have entered the growth phase
Central / Western Markets	Phase 1 (2012–14)	Phase 2 (2014–17)	Phase 3 (2017–20)
Developed (Hub)			Post 2020 Chengdu/Chongqing
Growth Markets	Chengdu Chongqing	Chengdu Chongqing	Chengdu Chongqing Changsha Wuhan
Emerging Markets	New markets will begin to emerge in 2014	Changsha Wuhan	5–6 additional Markets

* Targets reflect alignment with Tourism Australia's proposed city prioritisation approach leading up to 2020.

In Developed Hubs: NSW undertakes integrated trade and consumer marketing

For Cities in the Growth phase: NSW's focus is trade and market development

For Cities in the Emerging phase: NSW's focus is trade education and some market development assistance

STRATEGIC DIRECTION 2

SUPPORT AVIATION & ROUTE DEVELOPMENT TO KEEP PACE WITH DEMAND

If 2020 visitor forecasts and the NSW Government's goal of doubling visitor expenditure are to be realised, China-Australia routes are going to require more aircraft, more services from primary markets and more direct and indirect services from second-tier cities.

Sydney as the premium gateway to Australia, is serviced by Chinese carriers, other Asian airlines and Qantas. Recent bi-lateral agreements have resulted in significant capacity increases for existing carriers – but more is required.

NSW faces many complexities in building airline relationships and capacity from China over coming years and its strategies will need to be based on a multi-airline development approach. This means Destination NSW will continue to maintain active relationships and co-operative marketing investment with all carriers servicing NSW routes and gateways. In addition, the organisation may need to assist new and existing carriers in their efforts to sustain capacity levels by building two-way traffic.

Continued collaboration between Destination NSW and Tourism Australia will be essential; NSW needs to be able to leverage Tourism Australia's relationships in market and also to potentially tap into opportunities for financial support from the organisation's Aviation Development Fund.

KEY PRIORITIES

- **Building Capacity from Primary Markets**
Priority will be given to ensuring sufficient capacity to meet current increases in demand from the three primary hubs of Beijing, Shanghai and Guangzhou.
- **Route Development**
A second priority is to encourage direct capacity into Sydney from other major Chinese cities. Destination NSW, in co-operation with Sydney Airport Corporation, will need to concentrate on further development of strategies which prove viability of new services or open up new destinations. A good example of this type of strategy is to provide support for charter services.

CHINA SYDNEY FLIGHTS

Sydney has 39 flights per week from China⁴ but capacity will need to increase dramatically if visitor forecasts for 2020 are to be realised.

Due to recent agreements between the Australian and Chinese Governments there are no regulatory impediments for airlines to increase services and capacity to Australia in the short to medium term.

Services include:

China Southern	14 services	Air China	11 services
China Eastern	7 services	Qantas	7 services

In mid-2012 low cost carrier Scoot Airlines is also scheduled to introduce services between Tianjin and secondary city ports in China and Sydney via Singapore. Hainan Airlines may soon recommence services to Sydney.

Airfares on the Australia-China route are relatively competitive compared to other long haul destinations.

⁴ As of March 2012

STRATEGIES: AVIATION	
Desired Outcome	Airline capacity from China to Sydney supports and stimulates growth from primary hubs and secondary cities.
Strategy	Continue to pursue a multi-airline development approach, with tiered level support for marketing based on current and committed capacity, frequency and routes.
Activities	<ul style="list-style-type: none"> ● Dedicate resources to developing co-operative partnerships under MOU agreements with airline partners
Strategy	Encourage additional capacity from primary markets of Beijing, Shanghai and Guangzhou.
Activities	<ul style="list-style-type: none"> ● Collaborate with Sydney Airport Corporation and Tourism Australia in encouraging existing carriers to add additional services on Sydney routes
Strategy	Encourage direct capacity from secondary cities.
Activities	<ul style="list-style-type: none"> ● Engage with new airline partners including third country and low cost carriers
Strategy	Invest in route development activities.
Activities	<ul style="list-style-type: none"> ● Increase investment in co-operative marketing with airline partners ● Assist sustainability of services by working in partnership with Sydney Airport Corporation to target the Sydney-based management of Chinese carriers and Qantas to provide contacts and assistance that can help them build the two-way traffic ● Seek opportunities to obtain additional financial investment for aviation opportunities through Tourism Australia's Aviation Development Fund ● Work with industry partners to support charter services from developing markets

STRATEGIC DIRECTION 3

TARGET HIGH PERFORMING CONSUMER SEGMENTS

Consumer Segments in the China market are increasingly differentiated by region and travel maturity. Most Chinese leisure travel to NSW is now (and in the foreseeable future) via ADS group travel. However it is strategically important that NSW ensures that other segments are also prioritised for development.

KEY SEGMENTS

- **ADS Group Travel**

Over the next decade holiday travel to NSW will remain largely dominated by ADS Group Travel. Much of this segment will be sourced from rapidly expanding markets in secondary cities. It is essential that NSW protect its market share by extending its product development, trade marketing and consumer awareness activities beyond its existing base in the primary cities.

- **Assisted FIT Tours**

There is a general consensus amongst the industry in both China and Australia, that NSW also needs to take advantage of the maturing travel markets in Beijing, Shanghai and Guangzhou. Consumer travel preferences in these markets are rapidly evolving and there is a major trend towards FIT travel.

Because of its leadership position in the market NSW has the potential to position itself strongly to FIT visitors – but it is quite vulnerable to competitive pressures from other state destinations. If NSW is to successfully tap this growing segment considerable effort has to be made to address product development issues, and bring experiences to market such as Self Drive, Golfing, Resort, Food and Wine, Unique Events, Luxury and Soft Adventure.

- **Student Travel**

Another important segment for NSW is Student Travel. NSW's share of visitor nights is largely driven by this segment (accounting for around 57% of visitor nights)⁵ and its associated VFR traffic. It is a strategically important segment, which impacts the wider NSW economy and is vital to maintaining NSW's share of visitor nights in 2020.

- **Business Events Travel**

Although Business Events travel from China is currently quite low in volume it is extremely high yielding. A priority for NSW is to grow incentive and convention business from China. NSW's export industries with China offer good leverage opportunities to support growth in this travel segment.

OTHER OPPORTUNITIES

In addition to these primary consumer segments, NSW has strong potential to develop a series of high yielding niche markets from different regions of China. They are evidence of the evolving nature of the market, which is showing increased diversity in consumer travel preferences. These include Luxury Travel and Special Interest or Affinity Travel – and are sourced from mature markets located in primary cities. Government driven, industry based Technical Visits will also continue be a strong feature of the market.



⁵ Source: IVS YE March 2012

PRIMARY SEGMENT

ADS Group Traveller

Characteristics	<ul style="list-style-type: none"> ● New or less experienced travellers ● Part of growing middle class ● Travels in groups of up to 20 people ● Little or no English ● Slightly more likely to be female ● Group market is more susceptible to external shocks such as pandemics, terrorism etc. ● 99 per cent use packaged arrangements purchased through travel agents/wholesalers ● Visit up to three destinations per trip ● Highly price sensitive ● Quality issues prevalent with 'below cost' tours potentially affecting visitor satisfaction
Opportunity	<ul style="list-style-type: none"> ▶ Will remain a primary market for NSW in the next decade because of the state's advantage as a 'first mover' destination, driven by Sydney's appeal ▶ Offers good potential for growth as more and more cities in mainland China expand their middle classes ▶ Will require more resources to service travel agents and wholesalers in up to 30 potential city markets by 2020

Assisted FIT Travellers

Characteristics	<ul style="list-style-type: none"> ● Affluent, university educated couples aged 30–49 years ● Experienced travellers with an independent travel mindset ● Seek to explore and experience local culture, some Soft Adventure ● Interest in Golf, Self Drive, Food & Wine Experiences and Resort Stays ● Researches travel information extensively online ● Flight and accommodation packages arranged through travel agents – including online travel agents ● Emerging strongly in Beijing, Shanghai and Guangzhou
Opportunity	<ul style="list-style-type: none"> ▶ Has the potential to deliver more high yielding, mono destination travel to NSW (particularly linked to unique major events) ▶ Presents challenges in terms of availability of suitable NSW FIT product ▶ Requires both trade and consumer education and awareness programs ▶ Increased opportunity for direct marketing and advocacy via digital marketing

Youth Travellers

Characteristics	<ul style="list-style-type: none"> ● Aged 15–24 and 25–34 ● Primarily Education visitors ● Currently accounts for majority of visitor nights (57%) ● Of total Chinese visitor arrivals to NSW YE March 2012, 11 per cent were Education visitors
Opportunity	<ul style="list-style-type: none"> ▶ Strategically important because of wider economic benefit and overall contribution to visitor nights ▶ Also attracts additional VFR visitation ▶ NSW has the largest share of the Australian international education sector and attracts more Chinese students than other Australian states

Business Event Travellers

Characteristics	<ul style="list-style-type: none"> ● Strong interest in Sydney from outbound corporate incentive groups and convention delegates ● Growth driven from primary cities as well as fast growing secondary cities
Opportunity	<ul style="list-style-type: none"> ▶ Potential to leverage NSW links with China in core sectors such as finance and insurance services, information communication, technology (ICT), pharmaceutical, manufacturing, creative industries and direct selling

STRATEGIC DIRECTION 3

TARGET HIGH PERFORMING CONSUMER SEGMENTS (CONTINUED)

NICHE SEGMENTS	
Technical Visits	
Characteristics	<ul style="list-style-type: none"> ● Primarily driven by the Chinese Government ● Focuses on areas of importance to Greater China such as Agriculture, Water Management, Farm Management
Opportunity	<ul style="list-style-type: none"> ▶ Complements the NSW Government's broader industry and investment strategy with China ▶ Opportunity to position NSW high value added industries
Affinity Groups	
Characteristics	<ul style="list-style-type: none"> ● Emerging segment with extremely strong potential for growth ● Networks being created by 'like-minded' Chinese travellers through social media
Opportunity	<ul style="list-style-type: none"> ▶ Specialised, tailored programs with a strong focus on new and imaginative product catering to special interests ▶ Advocacy for NSW product and experiences can be effectively built through digital marketing and social media
High End/Luxury Traveller	
Characteristics	<ul style="list-style-type: none"> ● Growing segment ● Largely focused in primary cities of Beijing, Shanghai and Guangzhou ● Sophisticated travellers who know value and can compare with other destinations ● Strongly motivated by exclusivity, and Western prestige
Opportunity	<ul style="list-style-type: none"> ▶ Largely untapped by Australia due to a reluctance to promote, primarily due to supply/ product constraints. NSW can offer select product to market but needs to work co-operatively with Tourism Australia in opening channels to market ▶ High yielding, high service expectations segment

If NSW is to successfully tap this growing FIT segment considerable effort has to be made to address product development issues, and continue to bring experiences to market such as Self Drive, Golfing, Resort, Backpacker, Food and Wine, Unique Events, Honeymoon, Luxury and Soft Adventure.

STRATEGIC DIRECTION 4

IMPROVE THE QUALITY AND RANGE OF VISITOR EXPERIENCES

The most compelling proposition for Australian destination promotion in China is 'City plus Nature' or 'Accessible Nature' and the broader element of 'naturalness.' This coupled with perceived attributes of Australia as being a 'welcoming' and a 'safe' destination creates positive expectations and motivations among Chinese visitors.

The key experiences requested by Chinese visitors relate to how Australians live, work and play. What and where do they eat? How do they spend their leisure time? How do they use 'nature' and maximise 'naturalness'. The table below outlines the main activities generally favoured by Chinese holiday visitors and the potential category development for FIT product.

Examples of the style of product now growing in appeal – particularly to the FIT traveller – include a sea plane trip for a group of 8–10 to a private tasting and lunch at a winery in the Hunter Valley; a shopping spree at a major retail centre escorted by a personal concierge; and an exceptional dining experience with limousine transfers.

Simpler inclusions for both ADS and FIT travel would include a ferry ride to Manly to visit the beach and experience the harbour like a local, or beachside dining at Bondi.



CITY BASED EXPERIENCES	SOFT ADVENTURE/ NATURE EXPERIENCES	CATEGORY DEVELOPMENT
Sightseeing and experiencing iconic sites	Walking – particularly in areas of natural beauty such as by a beach	Food and Wine
Shopping – for global brands, at local markets and for authentic local products	Cycling	Self Drive
Nightlife – including gambling	Participate in water activities	Golf
Theatre and local shows and entertainment	Outdoor Sports	Resort Stays Wedding/Honeymoon
Dining and sampling local cuisine	Photography	Unique Events and Festivals
	Wildlife Experiences	Luxury

STRATEGIC DIRECTION 4

IMPROVE THE QUALITY AND RANGE OF VISITOR EXPERIENCES (CONTINUED)

PRODUCT DEVELOPMENT

A major challenge for NSW in China is that despite the fact that the state clearly has many compelling experiences with which to engage consumers, there is currently a very limited range of products represented in-market. Concerns around product quality, consumer relevance and language needs are also emerging.

To address these issues Destination NSW will deploy appropriate product development strategies to better meet the needs of Chinese visitors. These will include programs to encourage better product uptake and distribution by travel agents and wholesalers; and the promotion of a wider range of NSW experiences to consumers.

The NSW tourism industry also needs to be actively engaging the Greater China markets. Destination NSW requires the support and participation of more tourism operators and a shared long-term commitment to a planned market development approach.

KEY PRIORITIES

- **Working with the NSW Industry**

A better understanding of Chinese visitor needs, motivations, travel preferences and planning and buying patterns is required to assist the NSW industry develop product that is more relevant to emerging consumer segments. A priority for Destination NSW is to encourage NSW operators to engage with the market and then to lead them through the cycle of market preparedness, distribution development and consumer promotion.

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- **Improving the NSW Visitor Experience**

Government, industry groups and tourism operators need to work together to address issues associated with improving the tourism experience for Chinese visitors in NSW. Priorities include increasing the number and quality of Mandarin speaking guides; addressing issues associated with way-finding, such as signage and the availability of both online and offline interpretative resources; and improved retail access. The recent introduction of the acceptance of China Union Pay (CUP) bankcards in taxis through an MOU signed by Destination NSW, Cabcharge, CUP, National Australia Bank (NAB) and the NSW Government is a great initiative. Partnerships such as these need to be expanded.

- **Addressing Quality Issues**

Government tourism bodies and industry operators in both China and Australia need to explore a range of regulatory and commercial solutions which can address factors causing consumer complaints such as 'below cost' tours. These are group tours sold by agents at 'below cost' in order to win the business. They recoup expenses by means such as booking visitors into inexpensive accommodation far from the city centre, limiting shopping access to outlets that pay commission and charging for free experiences. Below cost tours are a significant issue for NSW as they present an inferior product experience that has the potential to undermine Sydney's appeal (and that of other NSW destinations) and lower visitor yields.

- **Product Distribution in China**

Destination NSW's distribution development programs will be deployed more strategically to encourage uptake of a broader travel inventory by agents and wholesalers in China. Activities will include agent education programs, category development of FIT product, provision of content and marketing resources and investment in co-operative marketing partnerships.

STRATEGIES: ENSURING A QUALITY VISITOR EXPERIENCE	
Desired Outcome	NSW has a broad, diverse and relevant product range available in China which delivers a quality visitor experience to Chinese consumers.
Strategy	Build a better understanding of the China market amongst NSW industry operators.
Activities	<ul style="list-style-type: none"> ● Partner with Tourism Australia in undertaking additional research into the needs, motivations, preferences and booking patterns of different consumer segments in new and existing geographic markets ● Conduct a product gap analysis and work closely with industry on product and itinerary development ● Develop an ongoing series of workshops, market updates and other educational forums with NSW industry operators aimed at encouraging development of relevant product and raising cultural awareness ● Appoint a Head Office based specialist to work with industry and help them to better understand the China market ● Provide 'incentives' to industry to become more 'China Ready' and assist entry of more relevant product to market
Strategy	Work with Chinese wholesalers and travel agents to encourage broader uptake of NSW product.
Activities	<ul style="list-style-type: none"> ● Undertake a series of new product workshops in market (these to be in addition to major missions and trade shows) ● Develop training schedules targeted to both traditional and online travel agents ● Develop travel agent resources such as education manuals that address new product categories and the needs and preferences of new consumer segments
Strategy	Improve the Chinese visitor experience in NSW.
Activities	<ul style="list-style-type: none"> ● Work with Industry to increase the availability of Mandarin speaking guides ● Assist industry in improving the knowledge and skill of guides through training and accreditation programs ● Improve and extend Chinese signage and way finding resources such as online and off-line information guides, maps and other 'in-language' visitor collateral ● Work with Sydney Airport, accommodation suppliers, retailers and attractions to improve their interface with Chinese visitors by employing Mandarin speaking staff and providing Chinese language signage, information and visitor resources
Strategy	Implement Quality Control Initiatives.
Activities	<ul style="list-style-type: none"> ● Discourage 'below cost' tours through government and industry groups such as the China Industry Advisory Group (CIAG) in market and the China Market Advisory Panel (CIAP) in Australia ● Work with industry, Duty Free retailers and the NSW Office of Fair trading to improve shopping experiences ● Monitor visitor satisfaction through surveys and market research ● Ensure only quality 'China Ready' product is featured in Destination NSW Co-operative Marketing Programs

STRATEGIC DIRECTION 5

INCREASE CONSUMER PROMOTION

As demand for outbound travel grows in China so to will the appeal of competitor destinations. Status, curiosity and a desire to visit iconic places and experience different aspects of Western culture are powerful motivators for travel. It is important for Australia's position in the market that Sydney continues to be perceived as an aspirational destination across all key consumer segments.

A priority for Destination NSW over the planning period is additional investment in building consumer awareness of Brand Sydney. Core communication messages include Sydney's iconic attractions and unique experiences; its exciting and glamorous city environment enlivened by major events; and easily accessible nature both within the city and its surrounding regions. Particular promotional emphasis will be targeted to the FIT segment – this market is looking for more sophisticated experiences and is influential in leading travel trends.

KEY PRIORITIES

- **Digital Marketing**

Destination NSW's approach to reaching consumer markets in China through marketing communications channels will, in future be heavily influenced by the market's fast changing digital media environment. As the world's top market for Internet and mobile phone usage, the online environment in China offers immense potential for promotion of NSW tourism experiences and destinations.

Destination NSW has already trialled a successful Social Media initiative for Vivid Sydney 2012 which resulted in more than 4,000 Chinese visitors attending the event. The production of Chinese language digital content and resources to support marketing and communication activities will form a platform for future activity.

- **Publicity**

PR programs and use of social media will communicate Brand Sydney messages and support NSW's Regional product development focus for categories such as Soft Adventure, Food and Wine, Self Drive and Resort Stays, Luxury and Unique Events. Target media will be high-end publications, broadcast and digital media. Publicity will also lead promotion of 'new' destinations such as NSW's Northern Regions, accessible from Brisbane and Gold Coast Gateways.

- **Partnership Marketing**

In order to extend its reach across key source markets and consumer segments Destination NSW will also undertake extensive partnership marketing activity. This will include participation in Tourism Australia's Brand Australia consumer campaigns; retail campaigns with trade partners focused on communicating value and accessibility; and co-operative promotions with Government partners such as NSW Trade & Investment and representatives from other NSW industry sectors such as Education. Destination NSW will also leverage the extensive network of established Sister City relationships.



STRATEGIES: CONSUMER PROMOTION	
Desired Outcome	Chinese consumers perceive Sydney and Regional NSW as highly aspirational destinations for leisure, education and business events.
Strategy	Build Sydney's brand appeal by positioning the city and its surrounding destinations to the FIT market in Guangzhou, Beijing and Shanghai.
Activities	<ul style="list-style-type: none"> ● Focus communications on Sydney's glamour, beauty, luxury and exciting major events and the easily accessible natural wonders of its surrounding destinations ● Increase investment in destination marketing and promotion in China ● Prioritise digital marketing and PR activity ● Develop China specific marketing resources such as images, footage, digital assets and other promotional materials which best showcase NSW experiences ● Develop new content that provides Chinese visitors with 'mix and match' itinerary planning capability including sample itineraries structured to different time frames, nature plus city experiences and passive and adventurous activities ● Develop a co-operative prospectus to stimulate partnership marketing activities
Strategy	Engage consumers from developing markets in secondary cities.
Activities	<ul style="list-style-type: none"> ● Undertake PR activities to raise general awareness and motivational appeal of Sydney and surrounds ● Develop online planning and information content for broad distribution to consumers via digital channels
Strategy	Focus additional promotional strategies on building awareness and interest in new product categories to appeal to Chinese FIT segments.
Activities	<ul style="list-style-type: none"> ● Develop marketing resources and promotional programs to build consumer awareness of the following experiences: <ul style="list-style-type: none"> > Food and Wine > Self Drive > Golf > Resort Stays > Soft Adventure > Luxury > Iconic Sites and Events
Strategy	Introduce new regional destinations to Chinese consumers.
Activities	<ul style="list-style-type: none"> ● Increase promotion of nature destinations near Sydney and destinations in Northern NSW accessible from Brisbane and Gold Coast Gateways
Strategy	Support promotion of NSW educational experiences.
Activities	<ul style="list-style-type: none"> ● Work in partnership with NSW Government organisations including NSW Trade & Investment and Universities and other education providers to engage consumers considering vocational and short term study overseas ● Provide content, resources and investment in co-operative programs with partner organisations such as Universities and Technical Colleges and providers of English Language Intensive Courses for Overseas Students (ELICOS) ● Implement a marketing program aimed at engaging VFR travel associated with young Chinese visitors studying in NSW
Strategy	Work in partnership with Business Events Sydney (BESydney) to promote incentive, exhibition and convention travel from Guangzhou, Shanghai and Beijing.
Activities	<ul style="list-style-type: none"> ● Leverage promotional opportunities associated with other NSW Export sectors such as Agriculture, Wine, Professional Services, ICT, Sustainable Energy, Mining and Creative Industries ● Provide marketing resources and investment in co-operative campaigns with BESydney ● Promote attendance from China to attend meetings and exhibitions associated with high profile events such as Vivid Sydney

STRATEGIC DIRECTION 6

EXPAND TRADE DISTRIBUTION NETWORKS

Australia's traditional distribution channels in China are coming under pressure due to the rapid expansion of the outbound market. Any advantage achieved by its early entrance to the market is being increasingly eroded by other competitor destinations.

More than 140 countries have now received ADS and the trade distribution system is becoming bigger, more complex and more fragmented as secondary cities switch on growth in outbound travel. The previously heavy regulated trade distribution system is likely to be further pressured as consumers in mature markets start showing different travel preferences and use of digital channels to source travel information becomes more popular.

KEY PRIORITIES

- **Maintaining Trade Loyalty**

As new competitor destinations and experiences take hold in the market, it is becoming increasingly difficult to engage and motivate wholesalers and agents to package and sell new Australian product. It is important that Destination NSW exerts considerable effort in engaging and enhancing its traditional distribution base of ADS approved wholesalers, as they will, in the foreseeable future, continue to deliver significant increases in group travel.

Existing ADS wholesalers have not been slow in capitalising on growth trends – many are extending their operations into fast growing secondary markets by opening retail shops or acting as General Sales Agents (GSAs).

- **FIT Assisted Tours**

The shift towards FIT travel in Beijing, Shanghai and Guangzhou has many implications for the way in which Destination NSW and its industry partners do business in China. This will require considerable focus on trade education and product development strategies. Partnerships with trade who are already successfully servicing the needs of this segment will be vital.

- **Online Distribution**

Chinese distribution channels are fragmenting due to the growth in FIT travel and consumer usage of online channels as a primary means of research and planning. To date online channels have tended to follow traditional trade roles – distributing and selling tourism product. However some of these sites attract huge audiences and are considered as key media channels suitable for targeted promotion.

Although the travel agent is likely to remain very relevant over the next 10 years, NSW needs to ensure it also supports online distribution with services such as tailored information and training, content and resources which can improve online promotion and selling of NSW product.

- **Trade Engagement – Aussie Specialists and Premier Aussie Specialist Programs**

Priorities for Destination NSW in stepping up engagement with the trade will be the travel agent training and accreditation opportunities offered through the online Aussie Specialist Program (ASP) – which now has more than 4,700 agents enrolled.⁶ It is a key mechanism to educate, qualify and build the conversion skills of participating agents.

The Premier Aussie Specialist Program (PASP) undertaken through major travel companies also offers NSW significant development opportunities such as the scheduling of airline charters to support more direct access from new markets, promotions for Regional NSW and co-operative consumer campaigns. Both programs are co-ordinated in conjunction with Tourism Australia.

⁶ Source: China Market Profile, Tourism Australia, May 2012

STRATEGIES: TRADE DISTRIBUTION

Desired Outcome	NSW continues to receive the largest share of visitors to Australia due to ongoing support and expansion of its travel distribution network in China.
Strategy	Increase NSW industry engagement with Chinese Travel distributors.
Activities	<ul style="list-style-type: none"> ● Provide structured opportunities for NSW operators to travel to market and make business connections with key travel distributors via missions and delegations to in-market trade shows ● Ensure high level engagement of NSW tourism businesses with the market – introduce CEO Missions to Market led by Destination NSW ● Strengthen engagement with ITOs based in Sydney and maintain a regular program of sales calls and engagement ● Protect important relationships with ADS agents through travel agent education and training and co-operative business development and marketing initiatives ● Undertake product training and familiarisation programs with agents catering to the developing FIT and Business Events markets, including Aussie Specialist agents ● Provide business development and marketing assistance to Premier Aussie Specialist agents ● Engage with emerging online travel distributors on an ongoing basis and provide content resources and co-operative marketing investment



Although China's travel distribution system is heavily regulated by Government there are many opportunities for partnerships and growth.



MARKET SNAPSHOT: CHINA'S TRAVEL DISTRIBUTION SYSTEM

APPROVED DESTINATION STATUS (ADS)

The Chinese market is heavily regulated by Government through the China National Tourism Administration (CNTA). It is responsible for regulating the development and promotion of outbound travel.

Central to government regulation of the market is Approved Destination Status (ADS), a bilateral agreement administered by CNTA that acts as a guarantee of safe and reliable tourism services for Chinese group travellers (excluding business and official travel). Countries not granted ADS are not allowed to receive tourist groups from China or to promote their destination in China.

There are 91 ADS Approved Chinese Outbound Tour Operators (OTO) able to promote and organise ADS group travel.

There are 51 ADS Approved Inbound Tour Operators (ITOs) in Australia.

ADS ADVANTAGES

ADS travel has many advantages over non-ADS travel for certain consumer segments – these include access to a fast and efficient visa processing system for travel to Australia, agents who are educated and familiar with Australia and the security of Government regulation and endorsement.

ADS has also presented advantages to State and Federal Tourism bodies and industry operators who have been able to grow the market through their support and engagement with the ADS trade distribution system.

ADS TRAVELLER DEMOGRAPHIC

ADS travellers have a broad demographic. Participants are aged 25–54, are representative of China's growing middle classes, live in major cities such as Beijing, Shanghai and Guangzhou as well as rapidly growing secondary cities across China.

They tend to be new or less experienced travellers with a preference for travelling on a group tour with some free time built into the itinerary.

ADS 2020 OUTLOOK

Until 2020 (and beyond) ADS group travel will drive the majority of growth in leisure travel to Australia and NSW. ADS travel from primary markets will remain strong but growth will be driven by the expansion of 'secondary city' markets.

Established ADS wholesalers are responding by extending operations to new city markets – acting as General Sales Agents (GSAs) or opening retail shops.

FIT-ASSISTED INDEPENDENT TRAVEL

Younger, educated and well-to-do Chinese consumers with more travel experience want more flexibility and independence. This segment increasingly uses the Internet for travel research and planning, but bookings are still largely handled through ADS travel agents who arrange flight and accommodation packages, services such as Mandarin speaking guides and access the efficient ADS visa processing system. This segment is termed 'Free Independent Travel' (FIT) but is more accurately termed 'Assisted Independent Travel'.

The shift towards FIT has recently been aided by further simplification of visa application processes to Australia – although in future years a key challenge will be ensuring that the Australian Government is able to manage the potential high volume of FIT applications.

FIT Travel is growing strongly in the primary markets of Beijing, Guangzhou and Shanghai and similar sophisticated travel segments are starting to emerge elsewhere.

The challenge for NSW will be to ensure distribution channels have access to greater FIT product information and have the capability to sell the product. Previous experience in other Asian markets, such as Japan, indicate that wholesalers in maturing markets can struggle in catering to demand for more independent, less homogenous travel experiences.

ONLINE TRAVEL AGENTS

More than 90 per cent of travel bookings are still undertaken through traditional channels but the Internet is the most popular source of planning information.

Travel search engines are gaining in popularity by allowing consumers to make price comparisons quickly. However so called 'online agents' are actually hybrids comprising traditional retail /wholesaler arrangements, search sites and call centres. While set to grow, online bookings are presently constrained in China by technology issues, and comparatively low usage of credit cards.

BUSINESS EVENTS AGENTS

Traditional ADS agencies are developing their Business Events divisions, largely servicing convention and incentive travel.

STRATEGIC DIRECTION 7 EXPAND COMMERCIAL AND GOVERNMENT PARTNERSHIPS

Government and commercial partnerships are fundamental to achieving success in China. However Destination NSW needs to conduct and develop these relationships in conjunction with other Australian Government and industry bodies. Given the market's size, complexity and regulatory environment, a united approach is crucial.

KEY PRIORITIES

- **National Government Policy Initiatives**

Australia supports two key forums to address tourism policy and regulatory issues with the Chinese tourism authorities. These are the market based China Industry Advisory Group (CIAG) and in Australia, the China Market Advisory Panel (CMAP).

Although NSW has some participation, these partnerships are very much Federally controlled and are conducted through representatives of Tourism Australia, Department of Resources, Energy and Tourism (DRET), Department of Immigration and Citizenship (DIAC) and Department of Foreign Affairs and Trade (DFAT). Both forums will be extremely important as new markets become active and opportunities and associated opportunities arise.

- **Strategic Commercial Partnerships**

Destination NSW is also targeting development of more commercial partnerships, both within and outside the tourism industry. These can assist NSW in meeting its strategic growth objectives by providing new promotional opportunities, extending audience reach, attracting additional investment and offering connections with development activities undertaken by other parties.

A good example of commercial partnerships is Destination NSW's partnership with China Union Pay (CUP) – China's only provider of bankcard services. This partnership gives NSW access to potential FIT segments and online travel distributors. The focus for entering into these partnerships is the overall strategic benefit they bring, rather than their capacity to deliver simple revenue targets.



STRATEGIES: COMMERCIAL AND GOVERNMENT PARTNERSHIPS	
Desired Outcome	Destination NSW's Government and commercial partnerships have assisted NSW to overcome barriers, maximise influence and deliver strategic benefits which have enabled both Australia and NSW to achieve success in the market.
Strategy	Align with Tourism Australia and other Government partners to address policy and regulatory issues with Chinese authorities.
Activities	<ul style="list-style-type: none"> Supportive contribution to National initiatives through CIAG and CMAP
Strategy	Negotiate and exert influence with the Commonwealth Government to resolve key policy issues affecting NSW.
Activities	<ul style="list-style-type: none"> In conjunction with other NSW Government and industry bodies, address key strategic issues relating to bi-lateral airline agreements, visa issuance and immigration to meet skills shortages in the tourism industry
Strategy	Align with other NSW and Commonwealth Government partners to support development of complementary export and investment sectors.
Activities	<ul style="list-style-type: none"> Work in partnership with NSW T&I, Business Events Sydney, NSW Department of Education, Austrade and Department of Foreign Affairs and Trade to grow NSW's share of Business Events and Education visitation Work in partnership with NSW T&I to implement initiatives to attract Chinese investment in major tourism enterprises in Sydney and regional NSW In partnership with NSW T&I and other industry and Government organisations position Sydney as Australia's global city and the leading centre for business, industry and investment

Destination NSW is targeting development of more commercial partnerships, both within and outside the tourism industry. The focus for entering into these partnerships is the overall strategic benefit they bring, rather than their capacity to deliver simple revenue targets.

STRATEGIC DIRECTION 8

INCREASE RESOURCES TO FACILITATE GROWTH

Destination NSW's in-market resources need to be increased to enable broader market engagement and penetration. NSW has had a tourism presence in-market since the late '90s, initially with an office in Hong Kong and then, since 2009 with a two person office located in the NSW Government Trade Office in Shanghai – with responsibility for covering all of Mainland China.

Although somewhat limited by its size, NSW's regional office in Shanghai has been able to successfully build broad trade relationships, facilitate new product categories to market such as Self-Drive and lead the establishment of several key strategic partnerships. However with the rapid and ongoing growth of the market there will be increased resourcing for the region.

KEY PRIORITIES

- **Business Development**
The majority of Destination NSW's market resources will be focused on Business Development – working to create and educate channels to market for NSW product suppliers and educating distributors on how to 'sell' NSW to their clients.
- **Additional Service Centres**
The expanding geographic coverage required in Greater China, and Sydney's 'first mover' position, means that there will be a growing need to provide servicing capability to the trade in other parts of China.
- **Promotional Resources**
Additional assistance will be provided in-market to better facilitate advertising, public relations and promotional activity. In addition, marketing support resources such as top quality images, footage, digital content, consumer and trade collateral and visiting trade and media support will be provided by Destination NSW's Head Office in Sydney.
- **Head Office Resources**
Dedicated resources to educate, guide and encourage NSW operators to develop product and engage with the China market will be provided by Destination NSW's Sydney office.



STRATEGIES: RESOURCING FOR GROWTH	
Desired Outcome	Destination NSW's investment, marketing and human resources have optimised yield and visitation from the market.
Strategy	Focus the majority of Destination NSW resourcing for China on business and trade development activities.
Activities	<ul style="list-style-type: none"> ● Increase servicing capability in China by employing additional staff ● Investigate opportunities to increase office space in China including co-locating with Tourism Australia ● Appoint a dedicated China specialist in Sydney to work with NSW operators ● Increase resources to expand and increase training programs with NSW industry ● Allocate significant budgetary commitments in China to trade education and servicing and co-operative campaigns with major trade partners
Strategy	Direct consumer marketing investment to improving in-market capability in PR, social networking and digital marketing activities.
Activities	<ul style="list-style-type: none"> ● Engage agency services in China to assist social media, digital marketing and PR



The majority of Destination NSW's market resources will be focused on Business Development – working to create and educate channels to market for NSW product suppliers and educating distributors on how to 'sell' NSW to their clients.

...if NSW is successful in protecting and growing its market share, the value of Chinese inbound tourism to NSW will almost double.

By 2020 China will be NSW's largest international market in terms of visitor arrivals, visitor nights and expenditure; contribute more than \$2.1 billion annually to the NSW Visitor Economy and be directly responsible for 13,900 jobs.

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