

# International Market Update

Tourism Australia's International Market Update (formerly the Quarterly Market Update) provides an update to industry on the current state of international tourism for Australia. At the time of publishing, the report contains the latest Australian Bureau of Statistics data and International Visitor Survey data up to December 2015, and also references various other secondary sources.

March 2016



## RECORD FINISH FOR 2015 AND THE OUTLOOK FOR 2016 IS OPTIMISTIC

- The Australian Bureau of Statistics (ABS) showed that there were 7.4 million short-term visitor arrivals to Australia in the 12 months ending December 2015, a rise of eight per cent compared to the previous year.
- The latest International Visitor Survey (IVS) results showed that international expenditure for the 12 months ending December 2015 grew 18 per cent, reaching a total of A\$36.6 billion.

### Increasing momentum in international arrivals and expenditure

International arrivals to Australia increased eight per cent in the 12 months to December 2015. Arrivals from all of the top 15 inbound markets grew in the year ending December 2015. The Leisure segment remains bullish with Holiday arrivals up 10 per cent and Visiting Friends & Relatives (VFR) arrivals up seven per cent over the 12 month period. Strong growth was recorded in Holiday visitor arrivals from key source markets with an increase of 27 per cent in India, 22 per cent in China, 15 per cent in USA, and 12 per cent in the UK.

Similarly, expenditure grew for most of the top markets with the exception of Japan and Italy, down two per cent each. Total spend for the December 2015 quarter grew 21 per cent, which was the strongest quarter in the 2015 calendar year. China continues to be the strongest performing market in terms of expenditure, up 45 per cent reaching \$8.3 billion in the year ending December 2015. Spend by visitors from India continues to surge, up 38 per cent reaching \$1.1 billion the 12 month period. Double digit growth in visitor spend was also recorded from the UK (up 12 per cent), USA (up 22 per cent), Hong Kong (up 23 per cent), South Korea (up 18 per cent) and Singapore (up 20 per cent). Despite significant cut backs in direct aviation capacity, Malaysia recorded positive growth in visitor spend, up seven per cent in the 12 months to December 2015. Overall, Leisure spend recorded strong growth of 16 per cent in 2015.

### Tourism Australia's *There's Nothing Like Australia Aquatic & Coastal* campaign

Tourism Australia launched the latest phase of its *There's Nothing Like Australia* (TNLA) campaign focusing on the country's world-class aquatic and coastal experiences in New York on 25 January 2016. Australian actor Chris Hemsworth was announced as the global ambassador for Tourism Australia's new campaign. The campaign will continue to roll out across key markets in the first half of 2016. In the USA, the Aquatic & Coastal creative assets are being heavily utilised in a partnership campaign with Virgin Australia which started in mid-February and runs through March 2016. In Brazil, a media briefing took place as part of the Walkabout Brazil roadshow in late January focusing on the new iteration of

the TNLA campaign. In the UK, Tourism Australia has partnered with State and Territory Tourism Organisations and key distribution partners to deliver tactical campaigns focusing on conversion off the back of the media coverage generated from the global release of David Attenborough's Great Barrier Reef documentary. The documentary was launched in the United Kingdom in December and global distribution will occur throughout 2016. In Asia, the new TNLA campaign will be launched at a gala event at Australia Week in China in April, with significant brand placement to follow throughout China, Hong Kong, Japan, South Korea and South/South East Asia markets at the same time.

### Aussie Specialist Program global roll out continues

Frontline travel sellers in the USA, Canada, UK, India, Malaysia, Singapore, Hong Kong and Korea are now benefitting from Tourism Australia's revamped Aussie Specialist Program (ASP) website which is being progressively rolled out in 11 languages across Australia's key international inbound markets. The re-launch, which started rolling out in September and concludes in March 2016, follows an extensive review of the global online training program. In addition to the new website a team of 22 Aussie Specialist trainers have been recruited across all priority markets to help provide face-to-face training for frontline travel sellers.

### Business Events update

In December 2015, Tourism Australia's specialist unit, Business Events Australia (BEA), welcomed over 100 influential international incentive buyers and media from more than 10 markets for 'Dreamtime', Tourism Australia's signature incentive product showcase. In 2015, Dreamtime was held in Adelaide, South Australia in partnership with the Adelaide Convention Bureau. Satisfaction with the showcase was high with 94 per cent of international buyers stating they were 'satisfied' to 'extremely satisfied' and 95 per cent were likely to send business to Australia having attended Dreamtime. Sellers also indicated a high level of satisfaction with the event, with 100 per cent of sellers indicating they were either satisfied or extremely satisfied with Dreamtime. To date, more than 130 pieces of earned media with a reach of over 20 million people has been secured with more expected in the coming months. BEA also attended a series of trade events including the recent Pacific Area Incentives & Conferences Expo (PAICE) in New Zealand, IMEX America, IBTM World, and the Asia-Pacific Incentives & Meetings Expo (AIME) in Melbourne in late February 2016. For more information about BEA's activities [click here](#).

### New research publications available

Tourism Research Australia (TRA) published 'State and Territory Tourism Forecasts' in December 2015. The report provides forecasted figures of total visitor nights, inbound visitor nights and domestic visitor nights across Australian cities and regional areas.

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It is projected that international visitors will stay more than 300 million nights in Australian cities and 78 million nights in regional areas by 2024-25. This represents an average annual growth of five per cent between the year ending June 2016 and June 2025. [Click here for full report.](#)

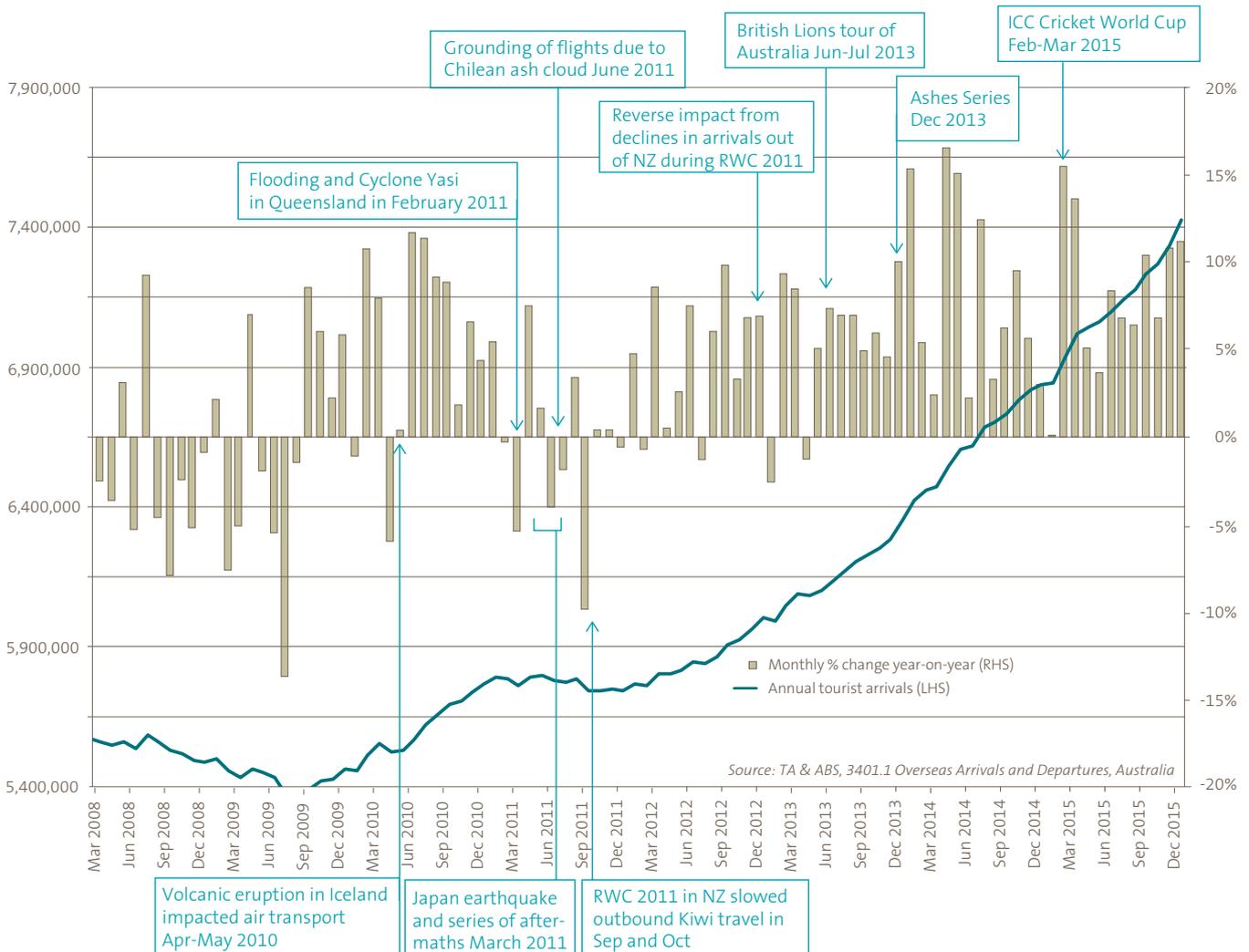
## Minister Robb announces retirement from Australian politics

In February 2016, federal Minister for Trade and Investment, the Hon. Andrew Robb AO MP, confirmed his intention to resign from federal politics. The Hon. Steve Ciobo MP has been announced as the new Minister for Trade and Investment, with the Hon. Richard Colbeck MP, maintaining his position as Tourism and Education Minister within the same portfolio. Mr Robb will continue his involvement in the trade portfolio until the next Federal election as 'Special Envoy for Trade'.

## Global consumer confidence

The latest Nielsen Consumer Confidence report (Q4, 2015) shows that global consumer confidence fell two index points from the previous quarter to 97, reverting back to the score recorded at the start of 2015. Confidence has been relatively consistent throughout 2015 in the Asia-Pacific region. Europe showed consistent confidence improvements in 2015 across three main index indicators; jobs, finances and spending. Concerns about safety have also escalated in Europe and North America and have become a bigger concern than the economy. In Brazil and South Korea recessionary sentiment is an overwhelming concern. [Click here for full report.](#)

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



# Aviation Summary

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## GLOBAL AVIATION ENVIRONMENT

Global air travel demand grew 6.5 per cent in 2015, the fastest rate of growth since the post Global Financial Crisis rebound in 2010 and above the 10 year annual average growth of 5.5 per cent. Passenger growth received a strong boost from lower air fares in 2015. Airfares were approximately five per cent lower than in 2014. The fastest growth was registered by Middle Eastern carriers with 10.5 per cent growth year-on-year in international Revenue Passenger Kilometres (RPKs). Middle Eastern carriers' share of total international traffic rose to 14.2 per cent in 2015, and overtook North American carriers' market share of 13.4 per cent. Total air travel demand outstripped capacity growth resulting in an all-time high in global load factors of 80.3 per cent in 2015. Business confidence surveys as reported by IATA suggest that economic conditions will remain supportive of another strong year for air passenger demand in 2016. The continued decline in oil prices is likely to provide further stimulus for air travel growth in 2016 (source: IATA).

### Australia's international aviation capacity

International aviation capacity to Australia remained relatively unchanged, up one per cent for the 12 months to November 2015 (latest data available). With growing passenger movements and flat capacity growth, average load factors continued to strengthen. Capacity declines out of Malaysia continued, culminating in a 24 per cent decline between July and November 2015. Strong direct aviation capacity growth was registered out of UAE, up nine per cent, USA up 10 per cent, China and Japan up 11 per cent each in the year ending November 2015 (source: Department

of Infrastructure and Regional Development). Note: refer to the Aviation News sections throughout this report for further detail on changes in inbound air capacity at a country level.

### Canberra to receive first international flight

Singapore Airlines announced its plans to be the first international airline to operate regular international flights from Singapore to Canberra and onward to Wellington, New Zealand. The four times weekly 'Capital Express' service will start operating in September 2016, effectively connecting Canberra to two international destinations at the same time.

### Expansion of air services agreement between Australia and Canada

In December 2015, Australia signed an expanded air services agreement with Canada, increasing the number of available seats for airlines of both countries and also easing restrictions on code sharing and cargo. Under the new bilateral arrangement, Australian and Canadian carriers have been granted an extra 3,000 seats between Canada and the four major international gateways of Brisbane, Melbourne, Perth and Sydney. A further 3,000 seats will be available from December 2016, providing 9,000 seats a week for airlines of both countries. There is unrestricted capacity between Canada and other points in Australia outside the main gateways. This new arrangement is timely and supports Air Canada's decision to upgrade its new Vancouver to Brisbane service which starts in June 2016, to daily services from three times weekly as originally planned.

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## Domestic aviation environment in Australia

The peak domestic holiday months of November and December were supported by domestic aviation capacity growth of three per cent and two per cent respectively. However, capacity in the Australian domestic aviation market remained flat for the 2015 calendar year. Load factors have remained unchanged with no

growth in passenger movements for the year. Primary cut backs in domestic services continued to be concentrated on mining routes. See table below for more detailed information on capacity changes at the airport level.

## Change in international and domestic seats for the year ended September 2015 for selected airports

| % change on same month previous year |               | Jan-15 | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | YE Dec 15   |
|--------------------------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------|
| Sydney                               | Domestic      | -1%    | 1%     | 2%     | -2%    | -1%    | 3%     | 2%     | 3%     | 2%     | 0%     | 4%     | 5%     | <b>2%</b>   |
|                                      | International | 0%     | -2%    | -2%    | -3%    | -4%    | 0%     | 2%     | -1%    | 0%     | 1%     | 4%     | 8%     | <b>0%</b>   |
| Melbourne                            | Domestic      | 2%     | 3%     | 3%     | 3%     | 1%     | 4%     | 5%     | 5%     | 4%     | 2%     | 5%     | 4%     | <b>3%</b>   |
|                                      | International | 4%     | 6%     | 4%     | 3%     | 1%     | 1%     | 2%     | 1%     | 3%     | 6%     | 9%     | 9%     | <b>4%</b>   |
| Brisbane                             | Domestic      | -3%    | -2%    | -1%    | -4%    | -5%    | -2%    | -2%    | -1%    | 0%     | -2%    | 5%     | 2%     | <b>-1%</b>  |
|                                      | International | 7%     | 6%     | 4%     | 1%     | 3%     | -1%    | -2%    | -1%    | 0%     | 4%     | -2%    | 3%     | <b>2%</b>   |
| Gold Coast                           | Domestic      | 1%     | 0%     | -2%    | -1%    | 2%     | 6%     | 2%     | 3%     | 5%     | 2%     | 6%     | 5%     | <b>2%</b>   |
|                                      | International | -5%    | -9%    | -10%   | 5%     | 5%     | 4%     | 17%    | 2%     | 9%     | 10%    | 4%     | 8%     | <b>3%</b>   |
| Cairns                               | Domestic      | -4%    | 7%     | 5%     | -2%    | -3%    | -1%    | 0%     | 3%     | 2%     | 1%     | 7%     | 11%    | <b>2%</b>   |
|                                      | International | 7%     | 19%    | 7%     | 21%    | 6%     | 10%    | 17%    | 21%    | 15%    | 3%     | 6%     | 14%    | <b>12%</b>  |
| Adelaide                             | Domestic      | 2%     | 1%     | 2%     | 2%     | 0%     | 1%     | 3%     | 1%     | 0%     | 1%     | 6%     | 0%     | <b>2%</b>   |
|                                      | International | -12%   | -22%   | -26%   | -26%   | -24%   | -27%   | -29%   | -29%   | -19%   | -16%   | -17%   | -29%   | <b>-23%</b> |
| Perth                                | Domestic      | -7%    | -3%    | -1%    | -3%    | -4%    | -1%    | -1%    | -3%    | -3%    | -5%    | -2%    | -4%    | <b>-3%</b>  |
|                                      | International | -7%    | -7%    | -11%   | -11%   | 2%     | 5%     | -6%    | -7%    | -9%    | -6%    | -5%    | 0%     | <b>-5%</b>  |
| Darwin                               | Domestic      | -7%    | -6%    | -9%    | -5%    | -6%    | -2%    | 1%     | -3%    | -2%    | -3%    | -1%    | 0%     | <b>-4%</b>  |
|                                      | International | -24%   | -24%   | -19%   | -11%   | -12%   | 10%    | -1%    | -9%    | -11%   | -11%   | -3%    | 1%     | <b>-10%</b> |

# South and South East Asia

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| Market    | Arrivals<br>(Year End December 2015) | % Change<br>(Year End December 2015) | % Change<br>(Oct to Dec 2015) | Spend (A\$000)<br>(Year End December 2015) | % Change<br>(Year End December 2015) |
|-----------|--------------------------------------|--------------------------------------|-------------------------------|--|--------------------------------------|
| Singapore | 395,800                              | 6%                                   | 12%                           | \$1,383,097                                | 20%                                  |
| Malaysia  | 338,800                              | 4%                                   | 7%                            | \$1,148,655                                | 7%                                   |
| India     | 233,100                              | 19%                                  | 12%                           | \$1,135,764                                | 38%                                  |
| Indonesia | 151,700                              | 1%                                   | 3%                            | \$614,729                                  | 4%                                   |

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

- > The rate of visitor arrivals growth from Singapore, Malaysia and Indonesia increased at the end of 2015, while India remained a stand out with sustained double-digit growth.
- > Expenditure remained strong from most markets in the region with the strongest growth coming from Singapore and India.
- > Performance from Malaysia is promising despite the overall significant reduction in aviation capacity to Australia in 2015 and a weakened local currency. Indicators suggest that there is still good demand for travel to Australia from Malaysia despite the local market conditions.

Singapore remains Australia's fifth largest inbound market based on visitor arrivals and became the fifth largest market when ranked on total expenditure in the year ending December 2015, ahead of South Korea (sixth) and Japan (seventh). Annual arrivals from Singapore remain at record breaking levels and are set to surpass the 400,000 milestone in early 2016. The final quarter of 2015 was particularly strong with double-digit growth in arrivals driven by strong Holiday and Education segments. Overall expenditure growth from Singapore remained very strong at 20 per cent in the 12 month period, driven largely by solid growth from the Holiday segment, resulting in an increase in yield from the market. Sources in the market indicate that spend is being positively influenced by the weak Australian dollar, with expenditure growing at a greater rate than arrivals. There are anecdotal reports that Australia has benefitted from uncertainty in Europe, with Singaporean travellers currently more likely to choose an Australia holiday over going to Europe given safety concerns. Tourism Australia's Key Distribution Partner (KDP) agents indicated a strong finish to the end of the year and continued positivity into 2016. The Visiting Friends and Relatives (VFR) segment, on the other hand, flattened off at the year-end with no growth in arrivals or expenditure. According to Nielsen's Consumer Confidence<sup>1</sup> Q4 2015 report, Singaporeans were less optimistic toward the end of the year with a considerable swing toward a more recessionary sentiment in the final quarter ([click here](#) for Nielsen's latest consumer confidence series report).

<sup>1</sup> Source: Nielsen, Consumer Confidence; Concerns and Spending Intentions Around The World Quarter 4, 2015.

Malaysia ascended to become Australia's sixth largest inbound market based on visitor arrivals in the calendar year of 2015, and was the ninth largest market when ranked on total visitor expenditure. Holiday arrivals grew six per cent, while arrivals for VFR purposes remained stable. Visitor expenditure grew faster than arrivals, up seven per cent overall, however Leisure expenditure was down nine per cent in the 12 month period. The rate of Leisure visitor growth was restrained by a significant reduction in aviation capacity between Malaysia and Australia in 2015, as well as a depreciated local currency. Indicators suggest that there is still good demand for travel to Australia despite the local market conditions and concern about the economy. Consumer Confidence remained relatively subdued at an index of 80 in Q4 2015, still 20 points below the 100 level baseline according to Nielsen. The introduction of the GST in Malaysia in April 2015 reportedly reduced disposable income and led to a decline in retail sales and the overall economy in 2015.

India is Australia's eighth largest inbound market based on visitor arrivals and 10th largest market when ranked on total visitor expenditure (just behind Malaysia). India overtook Hong Kong and South Korea's visitor arrivals levels during 2015. While visitor arrivals from India grew 19 per cent in the year, expenditure grew at double the rate, up 38 per cent. Expenditure from India exceeded A\$1.1bn for in the period, driven by a massive 73 per cent growth in the Holiday segment, the highest rate of Holiday spend growth from any market. The 2015 ICC Cricket World Cup event certainly boosted Holiday expenditure throughout the year, and VFR spend also grew by 18 per cent. Holiday visitors' average spend per trip to Australia rose to \$4,163 (up from \$3,290 in the previous year); a promising improvement to yield from the market. Consumer Confidence in India remained steady in Q4 2015, at a high index of 131 points according to Nielsen, the highest index level of any of the 61 countries measured by Nielsen. According to the latest report: "Indian consumers are confident, but they are not without their worries, and global companies need to serve them with the same degree of smart insight and sophistication as they do consumers in developed markets..."

Indonesia held its position as Australia's 12th largest visitor arrivals market and 15th largest inbound market when ranked on total visitor expenditure. Arrivals and expenditure growth from Indonesia remain relatively modest in comparison to the other markets in the region, up one per cent and four per cent respectively in 2015. The continued weakness of the Indonesian Rupiah is reportedly constraining spending on overseas holidays.

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Despite the currency volatility, Indonesian Leisure spend returned to growth at the year end, up 10 per cent, driven entirely by Holiday purpose visitors. Holiday visitor spend was up 17 per cent in the year ending December, however VFR spend was flat. Consumer confidence in Indonesia declined by one point in Q4 2015<sup>2</sup>. However despite a general concern about the economy, the Confidence index of 115 indicates the market remains optimistic.

## Aviation news

- > During the year ending November 2015 (latest data available), direct capacity to Australia from Singapore and Indonesia declined six per cent. Direct capacity from Malaysia to Australia declined 17 per cent and capacity from India remained stable.<sup>3</sup>
- > Singapore Airlines announced it will commence a four weekly Singapore-Canberra-Wellington return services starting 20 September 2016. The new 'Capital Express' service marks Canberra's first international flights and effectively connects Canberra to two international destinations at once.
- > Singapore Airlines also announced a fourth Singapore-Brisbane service, operating three days a week from late May 2016, with the aim of increasing it to daily later in the year.
- > Tigerair Australia announced daily flights from Denpasar to Melbourne and Perth, and five flights per week from Denpasar to Adelaide starting in March 2016. These are the first international flights for Tigerair Australia and will replace selected Virgin Australia flights on these routes.
- > Scoot commenced five weekly flights between Singapore and Melbourne in November 2015, using B787 aircraft. Scoot now also has an interline agreement with Virgin Australia for onward connections between Melbourne and Tasmania (Hobart and Launceston). Scoot's existing operations in Australia include Sydney, Perth and the Gold Coast.<sup>3</sup>
- > Philippine Airlines commenced four services per week from Manila to Cairns and Auckland in December 2015.
- > Malindo Air commenced daily Kuala Lumpur to Perth services from 19 November 2015; the service increased to 11 times per week from 3 December 2015.

## Industry news

- > The new Aussie Specialist Program (ASP) website launched in Singapore, Malaysia and India, with the Indonesian language site scheduled to go live before the end of March 2016. Jennifer Tan was recruited as the ASP Coordinator and Huey Ching Chiew was recruited as ASP Trainer, both responsible for Singapore and Malaysia. In India the ASP Trainer is Sumaria Kabir and Maansi Sharma was recruited as the ASP coordinator.

- > Tourism Australia will stage a Corroboree Asia 2016 event hosted in Perth, Western Australia from 4 to 8 September 2016. It is planned that 300 frontline travel sellers from Australia's key markets in Asia will attend Corroboree Asia, Tourism Australia's premier event for Aussie Specialists. More than 100 Australian tourism operators will educate the qualified Aussie Specialist agents about their products over three days of workshop appointments. The agents will also have the opportunity to experience Australia through famils that take in every State and Territory following the event.
- > Starting 1 December 2015, Australian immigration changes commenced providing greater flexibility for repeat visitors from Indonesia. Indonesians now have the option to apply for three-year multi-entry visitor visas which will enhance travel and business links to Australia. By 2017 an online applications process will be available for Indonesian citizens to obtain visas for Australia.
- > Halal Trip, a leading authority on Muslim travellers, launched a new Muslim Travellers guide to Australia in cooperation with Tourism Australia. To download the guide click [here](#).

<sup>2</sup> Source: Nielson, *Consumer Confidence; Concerns and Spending Intentions Around The World Quarter 4, 2015*.

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

# Greater China

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|-----------|--------------------------------------|--------------------------------------|-------------------------------|--|--------------------------------------|
| China     | 1,023,600                            | 22%                                  | 29%                           | 8,276,713                                  | 45%                                  |
| Hong Kong | 219,700                              | 9%                                   | 14%                           | 1,206,782                                  | 23%                                  |

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

- > Australia welcomed more than one million Chinese visitors for the first time in a 12 month period and Chinese expenditure grew to A\$8.3 billion in 2015, up from A\$5.7 billion in 2014.
- > The rate of growth from the China market continually increased throughout the year and is projected to have accelerated into early 2016 during the Chinese New Year Period.
- > Visitor arrivals growth from Hong Kong continued in the past 12 months, and expenditure grew at more than double the rate of arrivals.

The ever mounting growth rate of Chinese visitor arrivals to Australia continues. Australia received more than one million Chinese visitor arrivals in a 12 month period for the first time, an increase of 22 per cent. In 2015, China was Australia's second largest inbound market based on visitor arrivals, behind New Zealand which delivered over 1.3 million arrivals. China was Australia's largest market based on total expenditure in 2015, more than double the size of the second largest market. In 2014, China overtook the United Kingdom as the number one international market in terms of Leisure visitor expenditure and Holiday expenditure. Chinese Visiting Friends and Relatives (VFR) expenditure also broke above the \$1 billion mark in 2015, second only to the UK's level of \$1.15 billion in VFR spend. Growing at a current rate of 50 per cent, VFR spend from China is likely to rank number one at some point during 2016. In the year ending December 2015, Chinese Holiday visitor expenditure grew 44 per cent to \$2.7 billion, compared to the UK's 19 per cent Holiday spend growth to \$1.7 billion. Despite concerns about the slowdown in the Chinese economy, the inbound market has continued to strengthen for Australia. Consumer Confidence in China rose one point in the December quarter of 2015, after a one per cent fall in the previous quarter. Confidence remains above the baseline level of 100 with an index of 107<sup>1</sup>.

Hong Kong remained Australia's 10th largest inbound market based on visitor arrivals and was the eighth largest market when ranked on total visitor expenditure in 2015. Visitor arrivals growth from Hong Kong to Australia has continued at a healthy rate of nine per cent. In 2015, expenditure from Hong Kong grew at more than double the rate of arrivals, indicating good gains in yield from the market. The average

spend per trip of Hong Kong visitors to Australia broke above \$6,000 in the period, up from \$5,303 at the same time last year. The growth in Hong Kong expenditure is being driven by strong performance from the Leisure segment which was up 22 per cent in year ending December 2015. Consumer Confidence in Hong Kong remained steady in Q4 2015, close to the baseline index at an agnostic 99 points<sup>1</sup>.

Tourism Australia will launch its new There's Nothing Like Australia Aquatic & Coastal campaign in China during the Australia Week in China (AWIC) event in April 2016. The second annual AWIC event will be delivered across multiple cities during the week of 11-15 April. The initiative aims to provide delegates from trade, investment, education and tourism sectors with a sophisticated understanding of the changes underway in contemporary China. Tourism Australia and Austrade are collaborating to deliver the tourism stream which includes a Business Events Greater China Showcase, a Luxury Showcase and a VIP stream. The VIP stream will see delegates meet with a number of key travel agents, airlines and Tourism Australia's key distribution partners as part of AWIC.

## Aviation news

- > For the year ending November 2015 (latest data available), direct capacity to Australia from China increased by 11 per cent. Seat capacity between Hong Kong and Australia increased by two per cent in the 12 months to November.<sup>2</sup>
- > China Southern commenced three weekly Shenzhen-Sydney services on 28 January 2016.
- > China Eastern Airlines offered daily Shanghai-Cairns services between 15 and 21 February 2016, and will operate the route three times per week between 22 February to 30 April 2016.
- > China Eastern's inaugural Shanghai- Brisbane service commenced on 18 January 2016 for a two month period. It is anticipated that the airline will schedule year-around flights between Shanghai and Brisbane in late 2016.
- > Air China increased its Beijing-Melbourne services to daily in January 2016, up from four flights per week.
- > Hong Kong Airlines launched seasonal triangulated Hong Kong-Gold Coast-Cairns-Hong Kong service between January and March 2016; this marks the first Australian route for the airline which is reportedly considering the route as a year-round service.
- > Xiamen Airlines commenced three flights per week between Fuzhou and Sydney in November 2015, and two flights per week between Xiamen and Sydney from December 2015.

<sup>1</sup> Source: Nielson, Consumer Confidence; Concerns and Spending Intentions Around The World Quarter 4, 2015.

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- > Hainan Airlines recommenced its seasonal twice weekly service from Xi'an to Sydney between December 2015 and March 2016.
- > Cathay Pacific added a fifth weekly Hong Kong-Adelaide service in December 2015 and operated a special service to the Gold Coast in February 2016 for Chinese New Year.
- > China Airlines commenced a three times weekly service from Taipei to Melbourne starting October 2015.<sup>3</sup>

## Industry news

- > Six Aussie Specialist Program (ASP) staff have been recruited in Greater China and commenced in September 2015, Jennifer Lou was appointed as the ASP Program Manager for China. The ASP online travel agent training site relaunched in Hong Kong in English and in traditional Chinese in February 2016 and is scheduled to go live in China in March 2016.
- > Tourism Australia will stage a Corroboree Asia 2016 event hosted in Perth, Western Australia from 4-8 September 2016. It is planned that 300 frontline travel sellers from Australia's key markets in Asia will attend Corroboree Asia, Tourism Australia's premier event for Aussie Specialists. More than 100 Australian tourism operators will educate the qualified Aussie Specialist agents about their products over three days of workshop appointments. The agents will also have the opportunity to experience Australia through families that take in every State and Territory following the event.
- > Dreamtime, Tourism Australia's signature event for the business events sector, was held in Adelaide in December 2015. 21 buyers from Greater China attended the event. Satisfaction with the showcase was high with 94 per cent of international buyers stating they were 'satisfied' to 'extremely satisfied' and 95 per cent were likely to send travellers to Australia having attended Dreamtime.
- > Australia featured in two episodes of popular Asian reality TV show, Running Man, as part of a collaboration between Tourism Australia, Tourism Victoria and the South Australian Tourism Commission. More than 112 million people viewed the Australia episodes of the program on TV and 638 million people viewed them online in late January 2016.

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<sup>3</sup> Source: CAPA Centre for Aviation

# Japan & South Korea

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|-------------|--------------------------------------|--------------------------------------|-------------------------------|--|--------------------------------------|
| Japan       | 335,500                              | 3%                                   | 11%                           | 1,332,054                                  | -2%                                  |
| South Korea | 230,100                              | 13%                                  | 26%                           | 1,345,365                                  | 18%                                  |

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

- Arrivals from Japan returned to growth in the 12 month period, however total expenditure from the market is yet to move into positive territory.
- Monthly arrivals growth to Australia from Japan has consistently been in the double-digit rate following significant increases in air capacity in the second half of 2015.
- South Korean arrivals and expenditure growth accelerated to double digit rates. Expenditure from Korea overtook Japan's level for the first time in 2015.

Japan is currently Australia's seventh largest inbound market based on visitor arrivals and total expenditure. Japan slipped two spots behind Singapore and South Korea in 2015, based on spend. Japan and Italy were the only two markets in the top 20 source markets not to post expenditure growth in the 12 month period. Japanese arrivals however did return to growth in the second half of the year ending December 2015, following significant increases in air capacity. All Nippon Airways' (ANA) commenced its new Tokyo (Haneda)-Sydney service on 11 December, 2015 effectively adding 78,000 seats into Australia from Japan in 2016. The ANA service followed the introduction of Qantas' new daily Tokyo (Narita)-Brisbane service in August 2015. Since September, monthly visitor arrivals growth from Japan has been at double digit levels, with 11 per cent arrivals growth in the final quarter of the calendar year. Most of the growth occurred from the Visiting Friends and Relatives (VFR) and Education segments in the period. Consumer Confidence in Japan remains soft, with an index of 79 in Q4 2015,

down from a ten-year peak index level of 88 in Q1 2015<sup>1</sup>. Sources from the market also suggest that safety concerns have had a negative impact on overall outbound travel from Japan.

South Korea is currently Australia's ninth largest inbound market based on visitor arrivals and sixth largest market when ranked on total visitor expenditure. Expenditure from Korea overtook Japan in the period for the first time in a 12 month period. Korean expenditure was \$1.34 billion in 2015, compared to Japan's \$1.33 billion. Growth from South Korea rose to double digit levels throughout the year and eventuated as the most positive end of year performance in seven years. The growth was driven by the Leisure segment with 13 per cent growth in arrivals and 25 per cent growth in Leisure spend, bolstered by 35 per cent growth in VFR spend. The combination of a lower Australian dollar and an increase in air capacity between Korea and Australia and helped stimulate the growth. Korean Air increased their frequencies on the Seoul-Brisbane route to daily in December 2015. Korean Air also introduced larger aircraft including B777s in November and A380s in December 2015, which will operate during the high season until March 2016. Significant Australian marketing activity has taken place in South Korea with Korean Airlines and 10 trade partners, with partners reporting double digit forward bookings into the first quarter of 2016. However, Consumer Confidence decreased four points in Q4 2015, following an increase of four points in Q3. South Korea remains the lowest index out of the 61 countries tested by Nielsen at a low 46 points<sup>1</sup>. Recessionary sentiment levels remain among the highest in the world in South Korea with more than 90 per cent of respondents believing they were in a recession.

<sup>1</sup> Source: Nielson, Consumer Confidence; Concerns and Spending Intentions Around The World Quarter 4, 2015.

# Japan & South Korea

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March 2016



## Aviation news

- > For the year ending November 2015 (latest data available), direct capacity to Australia from Japan increased 11 per cent. Seat capacity between South Korea and Australia decreased one per cent over the 12 months to November.<sup>2</sup>
- > All Nippon Airways' (ANA) new Tokyo (Haneda)-Sydney service, commenced on 11 December, 2015, effectively adding 78,000 seats per year to Australia from Japan.
- > Jetstar Japan increased its Cairns services to six days a week from December 2015.
- > Korean Air increased capacity on the Seoul-Sydney route by utilising larger aircraft, including B777-300s starting in November 2015 and A380s between December 2015 and March 2016; it is estimated the A380 delivers almost a 50 per cent capacity boost on their services during the four months of operation; this was reflected in the 30 per cent visitor arrivals growth from South Korea to Australia in the month of December 2015.
- > Korean Air also increased frequencies on the Seoul-Brisbane route to daily between December 2015 and January 2016 for the high season.

## Industry news

- > Aussie Specialist Program (ASP) Trainer/Coordinators Ryota Iwasaki and JooHeui Lee commenced in Japan and South Korea in September 2015. The ASP website relaunched in Korea in February 2016 and is scheduled to go live in Japan in March 2016.
- > Tourism Australia will stage a Corroboree Asia 2016 event hosted in Perth, Western Australia from 4 to 8 September 2016. It is planned that 300 frontline travel sellers from Australia's key markets in Asia will attend Corroboree Asia, Tourism Australia's premier event for Aussie Specialists. More than 100 Australian tourism operators will educate the qualified Aussie Specialist agents about their products over three days of workshop appointments. The agents will also have the opportunity to experience Australia through famils that take in every State and Territory following the event.
- > Tourism Australia partnered with Interpark Tour on the first purely online travel expo in Korea in January 2016. A total of 203 suppliers joined the expo with Australia registering the highest interest among destinations. Interpark is the largest online travel agency in Korea with 19 million members.
- > Prime Minister Malcom Turnbull visited Tokyo on 18 December 2015. Tourism Australia, Wine Australia and Austrade supported an event during the PM's visit focusing on Australia's food and wine which generated a media reach of three million people.

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

# Americas

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March 2016



| Market | Arrivals<br>(Year End December 2015) | % Change<br>(Year End December 2015) | % Change<br>(Oct to Dec 2015) | Spend (A\$000)<br>(Year End December 2015)              | % Change<br>(Year End December 2015) |
|--------|--------------------------------------|--------------------------------------|-------------------------------|---|--------------------------------------|
| USA    | 609,900                              | 10%                                  | 15%                           | \$3,411,323   | 22%                                  |
| Canada | 141,900                              | 3%                                   | -3%                           | \$830,232   | 5%                                   |
| Brazil | 45,100                               | 2%                                   | -12%                          | Data not reliable for Brazil<br>(sample size too small) | -                                    |

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

- > Annual arrivals from the USA to Australia exceeded 600,000 for the first time in 2015.
- > Expenditure from the USA grew 22 per cent to an all-time high above A\$3.4 billion.
- > While delivering overall positive performance for the year ending December 2015, the Canada and Brazil markets showed relatively soft performance.

The United States of America (USA) is currently Australia's fourth largest inbound market based on visitor arrivals and third largest market when ranked on total expenditure. Annual arrivals from the USA exceeded 600,000 for the first time in the 2015 calendar year and expenditure grew at an increasingly rapid rate to a new all-time high. Holiday visitor performance from the USA was a particular highlight, arrivals were up 15 per cent to over 270,000 and spend increased 27 per cent to \$1.5 billion. Visiting Friends and Relatives (VFR) arrivals grew 11 per cent and spend was up 22 per cent. Growth from the Leisure segment was however offset by a six per cent decline in Business arrivals in the year ending December 2015. The Business segment accounts for 18 per cent of all arrivals from the USA and is therefore important for the overall performance of the market, attributing 110,000 arrivals; the decline in the Business segment occurred in the final quarter of 2015. The average US Leisure visitors' spend per trip was \$5,200 based on an average 19 day duration in 2015, indicating this segment is a high yielding market for Australia with nightly spend of around \$275. It is anticipated that the USA market will build its momentum in 2016 with the introduction of significant new aviation capacity between the two countries and a weaker Australian dollar benefiting American tourists once they arrive. However, history has shown that outbound travel from the USA often slows during the period surrounding presidential elections which is likely to occur in the second half of the year. With the new scheduled air capacity in place by mid-2016 there will be 110 flights per week between North American departure ports and Australia (see Aviation News section for more detail). Consumer Confidence in the USA was line-ball with the baseline at 100 points in Q4 2015<sup>1</sup>. Nielsen reported that:

*"...the percentage who believed they were in recession fell under 50 per cent for the first time since 2008, when Nielsen began tracking recessionary sentiment. The USA economy is on a solid footing, and the path to recovery is holding steady. American consumers have experienced continued job creation and lower gas prices, along with some wage growth. So it is remarkable that, while the share of consumers who believe the USA economy is in recession has fallen steadily, it is still as high as it is. This 'overestimation' on the part of consumers is a global phenomenon and reflects the large number of consumers who continue to feel uncertain about their economies overall."*

Canada is currently Australia's 13th largest inbound market based on visitor arrivals and 12th largest market when ranked on total visitor expenditure. In 2015, Canadian visitor arrivals grew three per cent and total expenditure increased five per cent to more than \$830 million. However, increases in Canadian visitation and spend are largely due to a resilient VFR market which accounts for more than a third of arrivals. Arrivals for VFR purposes rose 10 per cent in the year ending December 2015, and VFR spend increased 16 per cent. Holiday arrivals are approximately 40 per cent of all arrivals from Canada to Australia and grew two per cent in 2015, while Holiday spend declined three per cent. As with the performance from the USA Business segment, Business arrivals from Canada to Australia were down 16 per cent in the year ending December 2015. However, the outlook is more positive with Consumer Confidence in Canada improving two points to just below the baseline at 99 in Q4, 2015<sup>1</sup>, following the Canadian election held in October 2015.

In 2015, Brazil was Australia's 25th largest inbound market based on 45,100 visitor arrivals. Arrivals to Australia grew two per cent in the year, which is a relatively soft performance when compared to continual double digit growth over the past few years up until the September quarter of 2015. The Brazilian market began to experience substantial challenges over the past year with an economic slowdown, devaluation of the currency, high inflation, political turmoil and rising unemployment. Recessionary sentiment in Brazil at the highest levels in the world among the 61 countries measured by Nielsen. Consumer Confidence has fallen for five consecutive quarters to its lowest level in more than ten years at index of 76 In Q4, 2015<sup>1</sup>. Nonetheless, Tourism Australia's focus in the Brazil market is on affluent long haul leisure travellers who are less likely to be adversely impacted by economic downturns. In late 2015, Tourism Australia supported a major Brazilian broadcast visit to Australia. The partnership with international media giant

<sup>1</sup> Source: Nielson, Consumer Confidence; Concerns and Spending Intentions Around The World Quarter 4, 2015.

# Americas

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Globo saw Australia featured in four episodes of Brazilian soap 'Totalmente Demais' (Totally Awesome) which were viewed by an audience of 68.5 million people. In the first quarter of 2016, tour operator partners continued to sell 'Totalmente Australia' packages capitalising on the media exposure achieved.

## Aviation News

- > For the year ending November 2015 (latest data available), direct capacity to Australia from the USA increased 10 per cent. Seat capacity between Canada and Australia increased 13 per cent over the 12 months to November.<sup>2</sup>
- > Following commencement of the below-mentioned capacity increases, there will be 110 direct flights available per week between North America and Australia as of June 2016.
- > American Airlines (AA) subsequently announced it will begin daily Los Angeles- Auckland flights in June 2016. This new service should also benefit travel onward to Australia given AA's partnership with Qantas.
- > AA commenced new daily Los Angeles-Sydney flights in December 2015; a return of AA aircraft to Australia for the first time since 1992.
- > Qantas recommenced six weekly San Francisco-Sydney departures in December 2015, however reduced Los Angeles-Sydney frequencies by four per week, as well as their Los Angeles-Melbourne frequencies by one per week.
- > Air New Zealand increased capacity between the USA and Australia with five new weekly services departing Houston starting December 2015.
- > Air New Zealand also commenced its new Buenos Aires-Auckland services in December 2015; this new service improves access to Australia from Argentina, Brazil and other Latin American markets.
- > Air Canada will commence three weekly Vancouver-Brisbane flights on 1 June 2016 using new 787-9 aircraft. Air Canada subsequently announced that starting 17 June they will offer daily frequencies on the Vancouver-Brisbane route. Tourism Australia has a cooperative partnership with Air Canada to promote the new service with activity in market in February and April 2016.

## Industry news

- > The new Aussie Specialist Program (ASP) website launched in North America in September 2015. Four new staff have been recruited across the Americas region including ASP Coordinator USA & Canada (Emma Harper), ASP Trainer West Coast (Samuel Harrison), ASP Trainer East Coast (Karen Stotz), and ASP Trainer/Coordinator Brazil (Anais Sampaoli). The ASP site will also be launched in Portuguese language in March 2016.
- > The fourth annual Australian Tourism Summit was held at The Langham Huntington hotel in Pasadena, California on 22 to 23 February 2016. Keynote speakers addressed the topics of 'Conversion' and 'Ultra Luxury Partnership Strategies'. More than 250 industry leaders attended representing the travel, aviation and hospitality sectors.
- > The Australia Marketplace event followed the Tourism Summit at the same location from 24 to 26 February. More than 100 North American travel companies and buyers met with 95 Australian tourism products for one-on-one appointments.
- > Following Australia Marketplace, Tourism Australia and its Australian State and Territory Tourism partners hosted a North American retail roadshow visiting Vancouver, San Francisco and Denver from 29 February to 2 March 2016, connecting Australian suppliers and travel advisors.
- > Tourism Australia launched the latest phase of its There's Nothing like Australia (TNLA) campaign focusing on the country's world-class aquatic and coastal experiences in New York on 25 January 2016. In the USA, the Aquatic and Coastal creative assets are being heavily utilised in a partnership campaign with Virgin Australia which started in mid-February and runs through March 2016.
- > Tourism Australia's 'Walkabout Brazil' roadshow was held in Rio de Janeiro and Sao Paulo from 25 to 28 January 2016 marked the first ever Australian premium roadshow for the Brazilian market. Ten Australian tourism organisations had the opportunity to develop and establish business relationships with more than 100 product planners and decision makers representing outbound travel from Brazil.

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

# UK and Europe

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March 2016



| Market  | Arrivals<br>(Year End December 2015) | % Change<br>(Year End December 2015) | % Change<br>(Oct to Dec 2015) | Spend (A\$000)<br>(Year End December 2015) | % Change<br>(Year End December 2015) |
|---------|--------------------------------------|--------------------------------------|-------------------------------|--|--------------------------------------|
| UK      | 688,400                              | 6%                                   | 8%                            | \$3,802,031                                | 12%                                  |
| Germany | 190,000                              | 2%                                   | 3%                            | \$1,109,768                                | 7%                                   |
| France  | 119,400                              | 1%                                   | -1%                           | \$780,339                                  | 16%                                  |
| Italy   | 72,500                               | -2%                                  | -2%                           | \$490,318                                  | -2%                                  |

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

- UK visitor arrivals and expenditure surged forward in 2015 with six per cent arrivals growth and 12 per cent growth in spend.
- Continued growth from Germany reached 190,000 arrivals and over A\$1.1 billion in expenditure in 2015.
- Arrivals growth from France softened, however expenditure growth rose an impressive 16 per cent.
- Italian arrivals and spend contracted two per cent in the 12 month period.

The United Kingdom (UK) is currently Australia's third largest inbound market based on visitor arrivals. UK visitor arrivals grew six per cent in the year ending December 2015, edging back toward the pre-GFC peak level of 700,000 visitors set in 2007. The ICC Cricket World Cup events held in Australia and New Zealand in the first quarter of 2015 delivered an estimated 20,000 UK visitors to Australia according to an economic impact analysis conducted by PwC. The final quarter of 2015 was also strong with an increase in arrivals of eight per cent. A combination of market factors is aiding the growth for Australia including increased aviation capacity, a favourable exchange rate and unprecedented interest in long-haul travel given safety concerns in travelling to short-haul destinations as well as concerns about outbreaks of the Zika virus in the Americas and elsewhere. Australia has also been very visible in the UK market off the back of the release of David Attenborough's Great Barrier Reef documentary in December 2015. More than 900 items of coverage worth more than \$5.4m was generated in the UK market alone following the launch event at Australia House in London. Tourism Australia's key distribution partners have been leveraging the interest in Australia with their own marketing and sales tools. For the year ending December 2015, UK expenditure grew 12 per cent to \$3.8 billion. While the UK ranked as Australia's second largest market on total visitor expenditure in 2015, the UK remains Australia's largest market when considering spend for Visiting Friends and Relatives (VFR) purposes which was \$1.15 billion in 2015, ahead of China's A\$1.0 billion in VFR spend. UK VFR spend grew 16 per cent in 2015 and accounted for a third of all expenditure from the UK. Holiday expenditure grew at an even faster rate of 19 per cent to \$1.74 billion in the year ending December 2015, attributing 46 per cent of all UK spend. The outlook for the UK is optimistic, with a Consumer Confidence index

score of 101 in Q4, 2015 remaining above the baseline and at the highest levels in a decade<sup>1</sup>.

Performance from the key Continental European countries is somewhat mixed. Arrivals from Germany and France continue to reach peak levels around 190,000 and 120,000 respectively, however arrivals from Italy were down two per cent in the year ending December 2015. Expenditure from Germany and France grew at a double digit rates, suggesting good yields from these market and travellers taking advantage of the lower Australian dollar once they arrive in Australia. Italian expenditure dipped two per cent in parallel with the decline in arrivals in the 12 month period; one of the only major inbound markets to Australia to decline in 2015. VFR arrivals grew across all three major markets in Continental Europe. VFR segment arrivals were up six per cent from Germany, five per cent from France and three per cent from Italy; this coincides with good growth in arrivals from the Education segment from each of these markets. The Holiday purpose of visit showed softer performance from the three markets, likely linked to the softening Working Holiday Maker (WHM) segment which has been noted by youth travel operators and attributes a significant proportion of arrivals and expenditure. Tourism Australia will run a major youth campaign in the UK/Europe markets starting in March 2016, in cooperation with STA Travel, which aims to stimulate this valuable market segment. Consumer Confidence in Continental Europe largely reflected arrivals performance for Australia. Germany's Confidence index was 98 in Q4 of 2015, followed by 74 in France and 61 in Italy<sup>1</sup>. In Europe, concerns about terrorism escalated to new highs in the fourth quarter of 2015 according to Nielsen. Traditional short-haul 'sea, sun and beach' destinations like Tunisia, Egypt and Turkey were reportedly being reduced as offerings by tour operators in Europe as a result of safety concerns in the region. In addition, holiday and event cancellations were recorded out of the UK and Europe as a result of concerns about travelling to destinations affected by the Zika virus including the Caribbean and Central America, for example (sources: UK M&C survey, Feb-16 & Evening Standard).

1 Source: Nielsen, Consumer Confidence; Concerns and Spending Intentions Around The World Quarter 3, 2015.

2 Source: CAPA Centre for Aviation

# UK and Europe

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March 2016



## Aviation news

- > Qatar Airways will commence daily Doha-Sydney services starting in March 2016. Daily Doha-Adelaide flights will also start from 2 May 2016. The airline's Australian frequencies will increase to 28 per week once the Sydney and Adelaide routes commence. The two new routes create an incremental increase of over 236,000 seats into Australia in 2016 (114,000 for Adelaide and 122,000 for Sydney based on their A350-900s and B777-300 aircraft configurations).
- > Qatar Airways announced plans to operate an eight times weekly Birmingham-Doha services from March 2016. Birmingham will be the airline's fourth departure city in the UK and the route will increase the carrier's overall UK frequencies to more than 70 per week.
- > Qatar Airways will also increase its Manchester-Doha frequency from twice a day to 16 times a week from May 2016. The carrier accounts for more than 20 per cent of the total seat capacity between Manchester and the Middle East, with good connections through to Australia.
- > Emirates will deploy a 615 seat A380 aircraft on one of its daily Birmingham departures starting March 2016; this configuration adds 18 per cent more seats than its current largest A380 or 190 additional seats per day.
- > Emirates also announced an additional daily A380 service into Perth starting August 2016.
- > Emirates replaced its B777-300ER aircraft with the A380 on a second daily Frankfurt-Dubai frequency, commencing in January 2016. The up-gauged aircraft represents a significant increase in capacity to Australia from Germany.
- > Etihad also increased capacity by adding the A380 on the Abu Dhabi-Melbourne route.
- > Singapore Airlines will add Dusseldorf to its list of Germany departure cities starting 21 July 2016; this is the third city offered by the airline in Germany and initial plans are for three departures per week.
- > All Nippon Airways' (ANA) new Tokyo (Haneda)-Sydney service, which commenced on 11 December 2015, offers good connections through from Frankfurt, Munich, Dusseldorf and Paris. It marks the first time in 16 years Europeans can travel to Sydney via Tokyo and is reportedly an appealing option for consumers.
- > The additional seats between the UK/Europe listed above more than make up for the recent decreases from Malaysia Airlines via Kuala Lumpur to Australia.

## Industry news

- > The new Aussie Specialist Program (ASP) online travel agent training site has been launched in the UK. There are five staff working on the ASP across the UK/Europe region, with ASP Trainer/Coordinator France (Adil Hmami) and ASP Trainer/Coordinator Italy (Valeria Vitale) having been newly recruited. The ASP site will also be launched in local languages in March 2016.
- > In March 2016, Tourism Australia will exhibit at Internationale Tourismus Börse (ITB) in Berlin. ITB brings together over 10,000 exhibitors and 170,000 visitors from the tourism industry to network, negotiate and do business. Over 68 stand partners have confirmed their attendance which represents a record attendance from Australia in 2016.
- > Tourism Australia's Indigenous Tourism Champions Roadshow Europe takes place between 29 February and 12 March 2016. 11 Indigenous Champions tour France and Germany to meet with key distribution partners, media and trade.

# New Zealand

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March 2016



| Market      | Arrivals<br>(Year End December 2015) | % Change<br>(Year End December 2015) | % Change<br>(Oct to Dec 2015) | Spend (A\$000)<br>(Year End December 2015) | % Change<br>(Year End December 2015) |
|-------------|--------------------------------------|--------------------------------------|-------------------------------|--|--------------------------------------|
| New Zealand | 1,309,900                            | 6%                                   | 5%                            | \$2,641,827                                | 8%                                   |

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

## > Visitor arrivals and expenditure growth from New Zealand remained strong with a large base of 1.3 million visitors in the year-ending December 2015.

It has been another strong year for New Zealand arrivals to Australia, growing six per cent in the 12 months to December 2015. New Zealand retained its position as Australia's largest inbound market based on visitor arrivals and ranks fourth in terms of visitor expenditure behind China, the UK and USA. New Zealand Holiday arrivals to Australia grew faster than overall arrivals in 2015, up nine per cent to almost 530,000 visitors. VFR arrivals grew four per cent to above 450,000 visitors in the 12 month period. Leisure expenditure grew five per cent to \$1.7 billion; Leisure spend accounting for two thirds of all expenditure. Average trip spend overall for Kiwi visits to Australia was \$2,225 based on an average stay of 13 nights. The repeat visitor rate from New Zealand remained steady at 94 per cent in the year ending December 2015. The Consumer Confidence in New Zealand rose five points to an index of 99 in the final quarter of 2015<sup>1</sup>. The outlook for outbound travel is positive, with cautiously optimistic consumer sentiment and continued aviation growth to Australia.

New Zealand is Australia's largest inbound market for Business Events arrivals, and Tourism Australia is focussed solely on the Business Events segment in this market. Tourism Australia's priority in New Zealand is to work with Business Events decision makers, media and partners to drive high yield visits to Australia. Business events specific data for New Zealand and other markets has not yet been released for the year ending December 2015.

## Industry & Aviation news

- > For the year ending November 2015 (latest data available), direct capacity to Australia from New Zealand increased by three per cent, with an additional 126,000 seats compared to the previous year.<sup>2</sup>
- > Air New Zealand is on track to deliver a 30 per cent increase in Auckland-Perth capacity between December 2015 and May 2016.
- > In addition to increased aviation capacity into Australia, competitor destinations such as Argentina, Fiji, Hawaii, and Vietnam for example, are also benefitting from new or additional seat capacity out of New Zealand.

<sup>1</sup> Source: Nielson, Consumer Confidence; Concerns and Spending Intentions Around The World Quarter 4, 2015.

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