

# Rolling out the red carpet as Chinese tourism takes off

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- [China's airlines aiming to fly high](#)

XIONG LAN grew up poor in post-cultural revolution China atop the vast Tibetan Plateau in the country's remote north-west.

Today, she is halfway through a remarkable 50-day sojourn around Australia, hoping to take in the best Australia's east coast has to offer.

Having crossed Sydney, regional New South Wales and Canberra off her list, she is boarding a tour bus headed for the Great Ocean Road on Victoria's surf coast.

"The architecture of the buildings in Sydney and Melbourne are like works of art," enthuses Xiong, who owns a business in Qinghai province's largest city, Xining.

"And what they say about Australia is true, it really has natural beauty."

While Qinghai, like the rest of China, has made huge economic strides since opening up its economy, it is disadvantaged by its geographic isolation and remains one of the poorest provinces in China. Until recently, it may still have been rare for ordinary Qinghai natives to undertake a holiday of this magnitude.

It is a neat illustration of how far China's economy has come in the space of a generation; and how Australia's tourism industry is increasingly buttressed by the new-found spending power of Asia's burgeoning middle class.

Xiong, an eloquent woman in her late 40s, says she marvels at the pace of economic development in China, and the opportunities it affords the upwardly mobile younger generation. "They can afford to be picky with their food and have many options in life," Xiong says. "They are very lucky."

Despite a stubbornly strong Australian dollar and most of Europe and North America in the economic doldrums, tourists are arriving in record numbers, with a sharp increase in Chinese visitors more than offsetting declines from other regions.

With Chinese travel growing at an average of 20 per cent a year for the past decade, the annual number of Chinese venturing overseas is expected to exceed 100 million by 2020, according to United Nations estimates.

For Australia, the 635,700 Chinese tourists to have visited in the past year have already seen it overtake Britain to become Australia's second largest source of foreign visitors, behind New Zealand.

Chinese tourists already spend more than anyone else, contributing \$3.8 billion to Australia's economy last year.

The influx is forcing an industry that directly employs about half a million people to adapt quickly to a

changing mix of visitors.

Large cities are benefiting from the rapidly growing number of Chinese, but those far-flung parts of regional Australia - traditionally well-supported by European and American holidaymakers - are yet to prove as popular.

And while publicity stunts luring talk-show hosts Oprah Winfrey - and in March, Ellen DeGeneres - tend to hog the headlines, the tourism industry is scrambling to tailor its advertising strategies to a Chinese-speaking audience.

SO WHAT'S our appeal? He Zongkai, a senior executive at China Southern Airlines, says Australia attracts the Chinese because of its relative proximity, cultural diversity, and beautiful scenery. When China is in the depths of a harsh winter, as it is now, Australia offers a summery southern-hemisphere respite.

China Southern, which has aggressively expanded its Australian presence over the past two years, has been running extensive advertising campaigns in China to promote travel here, including on national broadcaster CCTV. The Guangzhou-based airline was responsible for ferrying about one in five Chinese travellers to Australia last year.

He believes it will not take long before the number of Chinese visiting Australia surpasses 1 million because of China's fast-growing economy and quick improvement in living standards. "Now more and more Chinese people are willing to travel overseas. It will not take us a long time to make 1 million," he says.

This the same target Tourism Australia has set for its Asian-targeted 2020 master plan.

But the federal government-backed Tourism Research Australia says for Australia to realise this growth, it must continue to adapt to a fast-growing Chinese middle class in what will be an increasingly competitive global tourism market.

Garry Crockett, the chairman of tourism consultants China Ready and Accredited, says the industry "has a long way to go" before putting itself in a position to "understand what is required".

"Is Australia really ready to handle 1 million [Chinese] travellers that are going to be descending on our shores?" Crockett asks. "It's very important that we prepare ourselves."

There have been signs of willingness to innovate. Hotel chain Accor is an example of the hospitality industry making an effort to ensure Asian visitors feel more at home.

Chinese newspapers and television channels are increasingly available in Australian hotel rooms, as are instant-cup noodles. Congee is fast becoming a breakfast-buffet staple. Hotels are hiring more Mandarin speakers, and staff are trained not to check guests into rooms with a number four in them - the number sounds like the word "death" in a number of Chinese dialects, including Mandarin.

About 18 months ago Tourism Australia commissioned a five-part online drama series starring Show Luo and Rainie Yang, a pair of Taiwanese celebrities who collectively have 40 million followers on the Twitter-like Chinese micro-blogging site Weibo. Filmed in Australia, with many tourist icons featuring heavily, it has been watched by 125 million in China.

Of course, the industry is mindful that the shift in the demographics of those visiting Australia has not benefited all tourism destinations.

Andrew Burnes, the founder of Australia's largest inbound tour operator AOT Group, says while those within a day-tour of major capital cities and other popular destinations such as the Gold Coast and Cairns

are "doing well", regional areas are doing it tougher.

That's partly because they aren't included in the typical 10-day packaged-tour experience offered by Chinese travel agents targeting the budget traveller.

"It is the second-tier regional destination that is continuing to do it tough - Alice Springs, Ayers Rock ... Kakadu, Broome would be looking for a big 2013," Burnes says. "They are struggling because of a decline in longer-stay visitors; domestic tourists are travelling overseas and they are expensive destinations to reach."

Burnes, a former deputy chairman of Tourism Australia, says the industry ignores Europe and North America at its peril because many of the tourists from those markets are long-stay visitors. "They are the life blood of a lot of regional destinations in Australia. Germans in campervans have been driving from one end of Australia to the other for the past two decades," he says.

"Brits have been climbing the Rock, and going out to Kakadu and heading to Kangaroo Island. Those destinations are heavily reliant on the 1.4 million Brits and Europeans that come to Australia, and nearly 600,000 from North America."

It is a point not lost on Tourism Australia's chief executive, Andrew McEvoy. He highlights the importance of its recent "G'Day USA" campaign aimed at enticing more Americans to these shores.

"There has been this big structural shift in terms of numbers from West to East," he says. "But the West is still incredibly important. They travel more deeply into our country, so while we will get a lot of volume growth out of Asia, and over time they will get further into our country, we are going to keep marketing hard in the UK, Europe and the Americas."

Australia's experience with Japanese tourists - which reached 700,000 at its peak before dropping to about 400,000 - is a salutary lesson for not putting all eggs in one basket.

"Cairns is an example where it was so dominated by Japanese tourists that when the bottom fell out of that market through no fault of their own they were left a bit high and dry," McEvoy says.

Tourism Australia has also been criticised in some quarters for bringing Oprah Winfrey to Australia in late 2010. McEvoy defends the publicity stunt by pointing out that visitor numbers from the US have held firm when every economic indication suggested it should have declined.

"She generated \$380 million of global media exposure for the country - four hours of television about our country to 70 million people," he says. "These things sow the seed about aspiration about Australia that may manifest in a year - or in a decade."

But before it looks to bring another A-list celebrity here, Tourism Australia has to resolve a damaging stand-off between its chairman, Geoff Dixon, and Qantas chief executive, Alan Joyce.

Although Qantas has agreed to honour existing contracts such as "G'Day USA", it will not pour more money into joint campaigns with the peak body until Dixon steps down as chairman or dissociates himself from a group of high-profile investors agitating for a change in direction at Australia's largest airline.

It is a problem that the AOT's Andrew Burnes says the industry just doesn't need. "It's unfortunate that our national carrier and national tourism organisation can't maintain a working partnership but I think it's understandable ... from Qantas' [perspective]," he says.

"I think it would be better for Australian tourism and the Australian economy if it was resolved. Qantas and Jetstar are responsible for almost a third of all arrivals into Australia. That relationship also now extends out to Emirates ... so hopefully there will be some resolution of it in the near term."

Tourism Australia's McEvoy responds by saying that "we will find a way to do that at some point".

It is an issue that does not even figure in the thinking of Xiong Lan, whose decision to choose Australia as a holiday destination was a straightforward one.

Her daughter is studying for a finance degree at the Australian National University in Canberra, and they will travel together for much of the holiday.

It is a recurring theme. The education industry, Australia's second-largest export earner, accounted for 56 per cent of Chinese visits, and almost half of its expenditure, according to Tourism Research Australia.

Spending time to visit family members studying in Australia, and tagging a holiday to the trip, helps explain a phenomenon that results in Chinese tourists spending 42 per cent more - about \$7000 each - on each trip than other international visitors.

On board Xiong's tour bus to the Twelve Apostles, tour guide Nate Li, explains the peak season for Chinese visitors is December, when parents fly down to attend their children's graduation ceremonies.

Li, who works for Extragreen Holidays, a travel agency that specialises in the Asian market, says 80 per cent of his customers are from mainland China, with most of the rest from Malaysia, Taiwan and Hong Kong. During the busy season, he says, eight of his company's buses, each with about 40 passengers, set off for the Great Ocean Road every day.

Chinese New Year next month will also result in a flurry of activity in the country's tourism hot spots. Airlines, including China Southern and China Eastern, are putting on a large number of charter flights to destinations such as Cairns and Adelaide over several weeks.

In what may be encouraging signs for regional tourist destinations, Chinese tourists are showing signs of venturing more off the beaten track as they become more sophisticated in their understanding of Australia.

Contrary to the popular caricature of the Chinese tourist, who jump on and off tour buses with a giant zoom lens, only about half of first-time visitors arrive as part of a group tour.

Return visitors are much more likely to take an independent approach to travel, with less than one-third arriving as part of a travel package.

"There's quite often a large mismatch in understanding [Chinese travel preferences]," China Ready and Accredited's Crockett says. "The independent travel market is evolving faster than anybody has expected."

But one of Australia's greatest advantages in the international higher education market - which has traditionally been cheaper than prestigious US and UK universities - is in danger of being eroded by the high Australian dollar.

Unlike most Chinese visiting Australia, Xiong Lan's hometown is considerably smaller than Sydney or Melbourne. Xining, the largest city in Qinghai, has a population of about 2 million.

It is a quirk of fate that Xiong has visited Canberra before she has even had the chance to visit the Chinese capital of Beijing. "I hope to see Beijing maybe in the next two years," she says.

But three weeks into her Australian adventure, she is already displaying a level of sophistication in her knowledge that would please tourist promoters no end.

"Sydney is a bit like Shanghai, it is a very busy city," Xiong offers, somewhat generously.

And her thoughts on Melbourne?

"I like it because [the city] has an orderly grid structure. And it has many interesting small laneways."

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