INDONESIA
Market Profile

TOURISM AUSTRALIA

In 2012, Indonesia was Australia's 12th largest inbound market for visitor arrivals, 13th for total expenditure and 15th for visitor nights.

Findings from Tourism Australia's recent international tourism research project[1], indicate that when selecting a holiday destination Indonesian visitors are wanting (in order of importance): a family friendly destination, safety and security, value for money, friendly and open locals, and clean cities with good infrastructure. Compared to other out of region destinations, Australia ranks very highly for coastal scenery, swimming beaches, ease of obtaining visas and interesting local wildlife. The research shows that Australia delivers a positive holiday experience that exceeds the expectations of Indonesian visitors.

The latest forecast by the Tourism Forecasting Committee (TFC), released in October 2012, estimates that arrivals from Indonesia will grow 5 per cent in 2012/13 and 8 per cent in 2013/14, with a 7 per cent annual compound growth rate expected between 2011/12 and 2016/17.

$0.6bn total spend

Total spend from Indonesia in 2012 (down 2 per cent on 2011)[3]

145,600 arrivals

Indonesian visitor arrivals in 2012 (up 3.7 per cent on 2011)[4]

4.5m total nights

Indonesian visitor nights spent in Australia in 2012 (down 2 per cent on 2011)[3]

0.9m dispersed nights[5]

Indonesian visitor nights spent outside gateway cities in 2012 (up 26 per cent on 2011)[3]

Australia ranks **5th**

among all out of region outbound destinations for Indonesian travellers[6]

Key airlines and share of passengers in 2012[2]

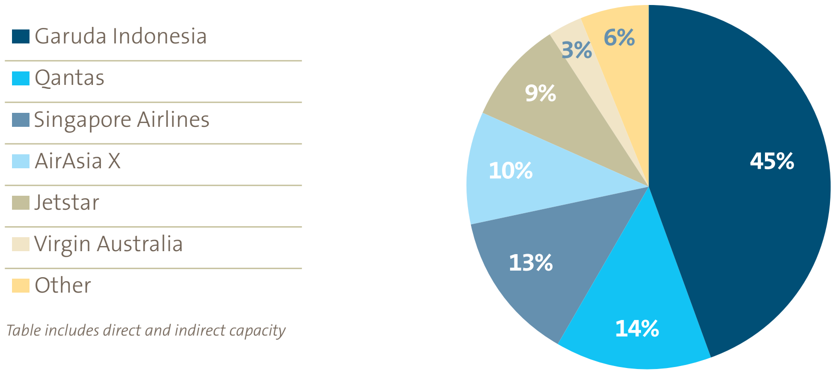


Table includes direct and indirect capacity

Visitor profile in 2012

74% repeat visitors[3]

63% of total arrivals are for leisure[4]

30-44 years largest demographic[4]

$4,863 average spend[3]

34 nights average stay[3]

May, Aug-Sep and **Nov** peak booking period

Lebaran and **Dec** peak travel period

In this Market Profile

Sources:

1. Tourism Australia, Australian Consumer Demand Research, conducted by BDA Marketing Planning, 2012

2. Department of Immigration and Citizenship (Aviation)

3. International Visitor Survey (Tourism Research Australia)

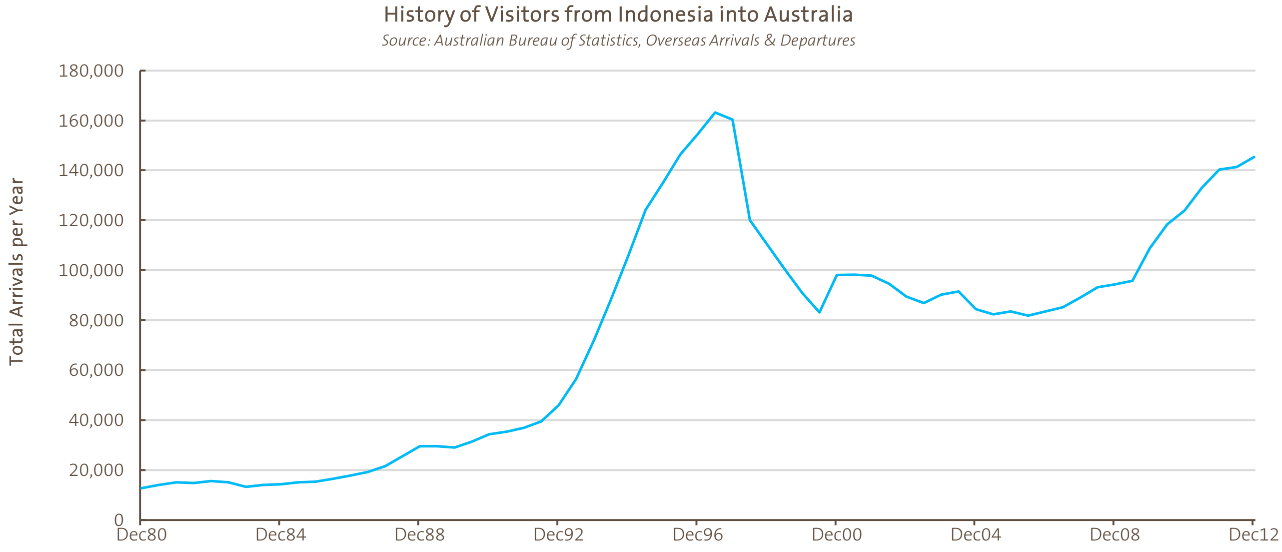
4. Australian Bureau of Statistics, Overseas Arrivals & Departures

5. Dispersed nights refer to nights spent outside gateway cities of Sydney, Melbourne, Brisbane and Perth

6. Tourism Economics, Tourism Decision Metrics

INDONESIA
Market Performance

1.1 Arrivals trends



- In 2012, Indonesia was Australia's 12th largest inbound market for visitor arrivals.
- Arrivals from Indonesia have achieved a 5 per cent annual compound growth rate between 2002 and 2012.
- Arrivals from the market to Australia peaked in 1997 and dropped sharply in the aftermath of the Asian Financial Crisis. The outbreak of SARS in Asia in 2002-2003 also affected outbound travel demand across the region.
- The market has grown consistently in recent years off the back of increased aviation capacity and a growing economy fuelling outbound travel demand. Holiday arrivals have seen the largest increase, almost doubling since 2008.

INDONESIA
Market Performance

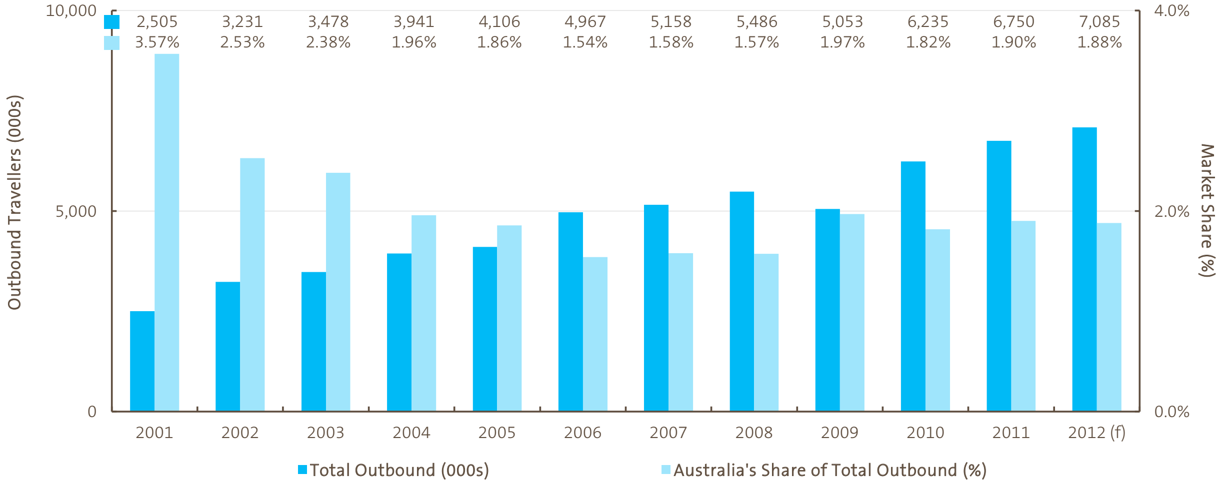
1.2 Australia's market share[7]

Australia's market share of Indonesia outbound travel

- Outbound travel from Indonesia increased slightly in 2012 to 7 million trips, up from 6.8 million trips in 2011.
- Australia's share of Indonesia's total outbound travel has declined from 2.5 per cent in 2002 to 1.9 per cent in 2012.
- The removal of the unpopular exit tax and the availability of more affordable airfares from the increasing number of low cost carriers have been key drivers in the reported surge in demand of outbound travel, particularly domestic and intra-regional travel, amongst Indonesians.[8]

Indonesia: Total Outbound & Australia's Market Share

Source: Tourism Economics (Tourism Decision Metrics)



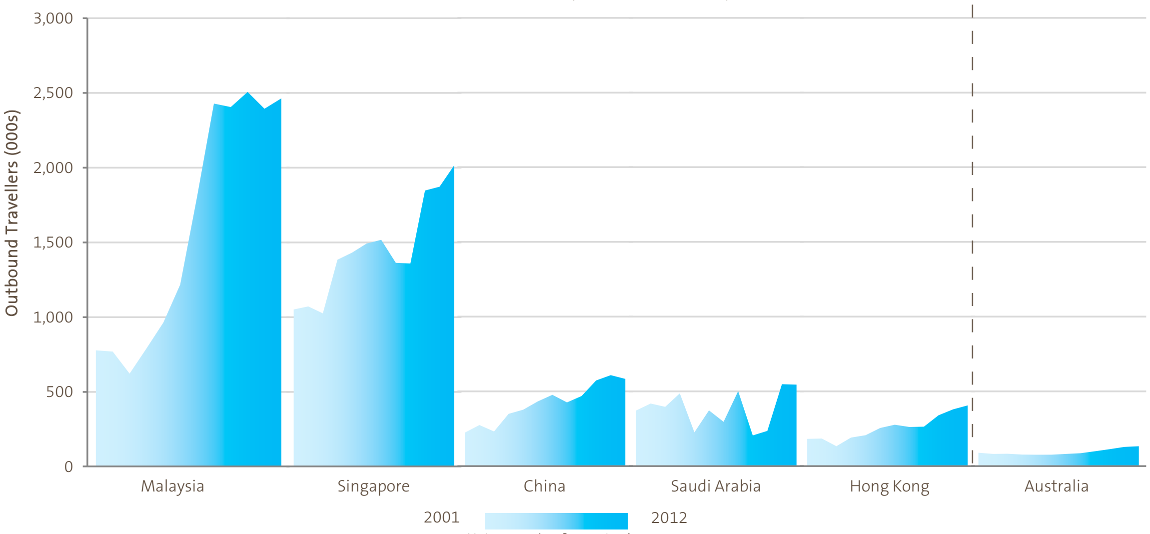
Note: 2012 is a forecast value

Top five outbound destinations from Indonesia

- In 2012, the top five outbound destinations from Indonesia were Malaysia, Singapore, China, Saudi Arabia and Hong Kong.
- Australia ranked ninth among all outbound destinations, slipping one position from 2011.

Trend of Top 5 Outbound Destinations from Indonesia

Source: Tourism Economics (Tourism Decision Metrics)



Note: 2012 is a forecast value

7. Figures for 2012 in this section are based on forecast data, last updated 14 February 2013

8. Outbound Travel Market Profile - Indonesia, UNWTO-TA Study, October 2012

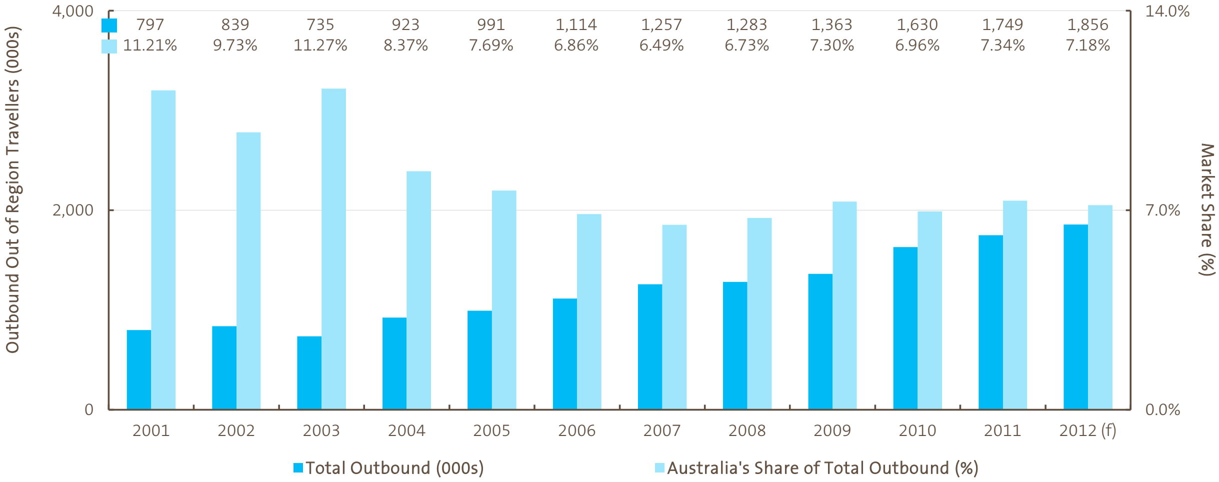
INDONESIA
Market Performance

Australia's market share of out of region travel

- Out of region travel from Indonesia excludes travel outside of South and South East Asia and the Middle East.
- Out of region travel from Indonesia more than doubled from 0.8 million trips in 2002 to 1.9 million trips in 2012.
- Australia's share of Indonesia's total out of region outbound travel has declined from 9.7 per cent in 2002 to 7.2 per cent for 2012.

Indonesia: Out of Region Outbound & Australia's Out of Region Market Share

Source: Tourism Economics (Tourism Decision Metrics)



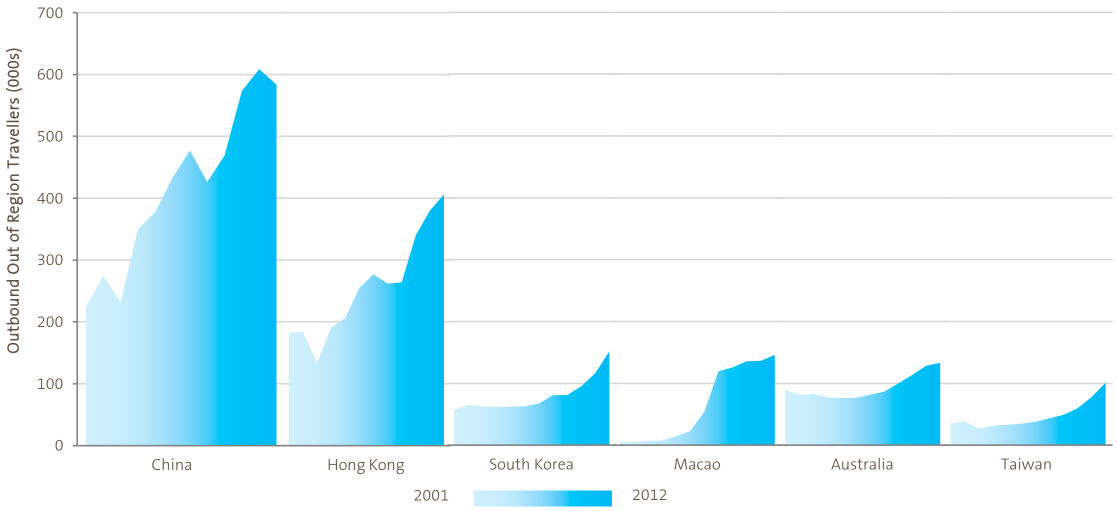
Note: 2012 is a forecast value

Australia's competitor destinations from Indonesia

- In 2012, the top five destinations for Indonesian travellers outside of South and South East Asia and the Middle East were China, Hong Kong, South Korea, Macao and Australia.
- Australia is ranked fifth among out of region destinations in 2012, slipping one position from 2011.

Trend of Top 5 Out of Region Outbound Destinations from Indonesia

Source: Tourism Economics (Tourism Decision Metrics)



Note: 2012 is a forecast value

TOURISM AUSTRALIA

INDONESIA

Market Performance

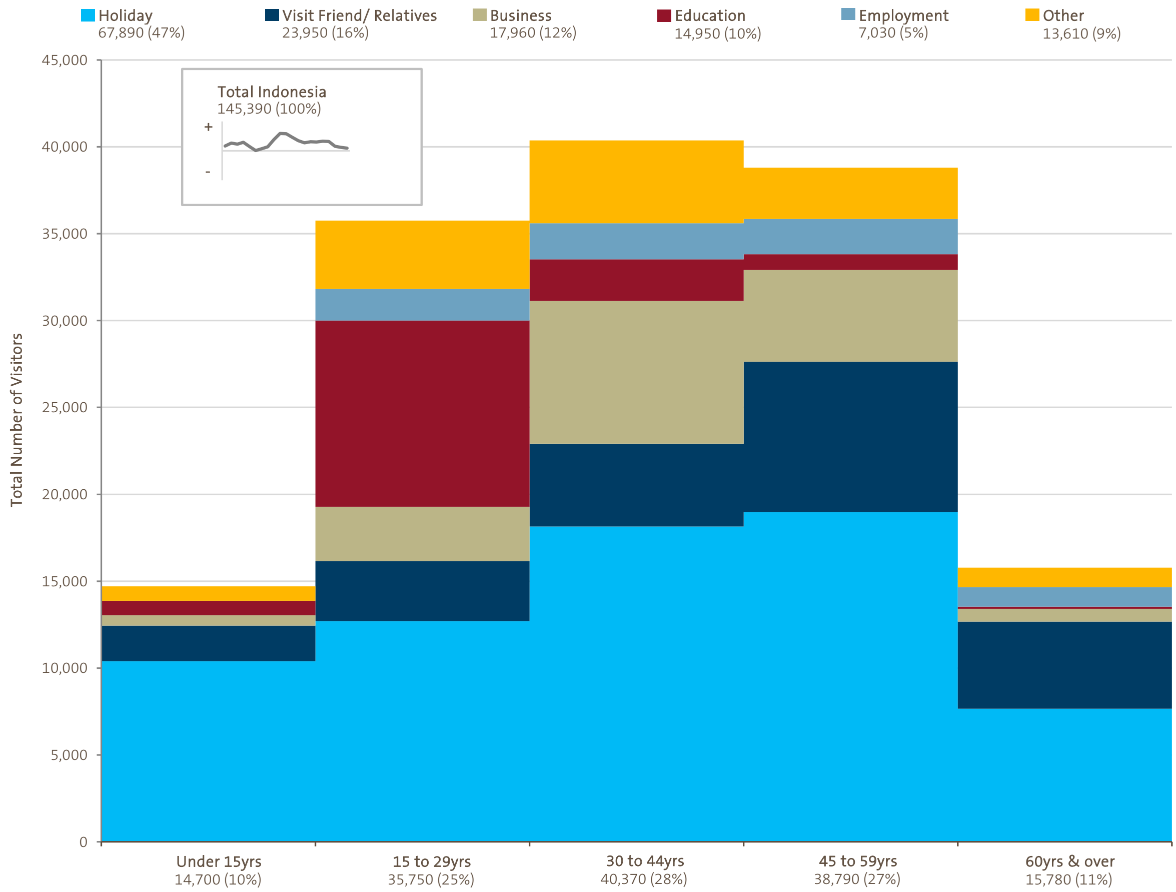
1.3 Visitor arrivals by age and purpose of visit

Analysis of visitors from Indonesia in 2012

- In 2012, the majority of arrivals from Indonesia visited Australia for Leisure purposes, with Holiday representing 47 per cent of total arrivals, and Visiting Friends and Relatives (VFR) representing 16 per cent.
- The largest age demographic was 30 to 44 years, representing 28 per cent of total visitors, closely followed by 45 to 59 years representing 27 per cent of total arrivals.
- Of total Business arrivals from Indonesia in 2012, there were 3,650 convention/conference visitors.

Visitors from Indonesia by Age and Purpose of Visit for 2012

Source: Australian Bureau of Statistics, Overseas Arrivals & Departures



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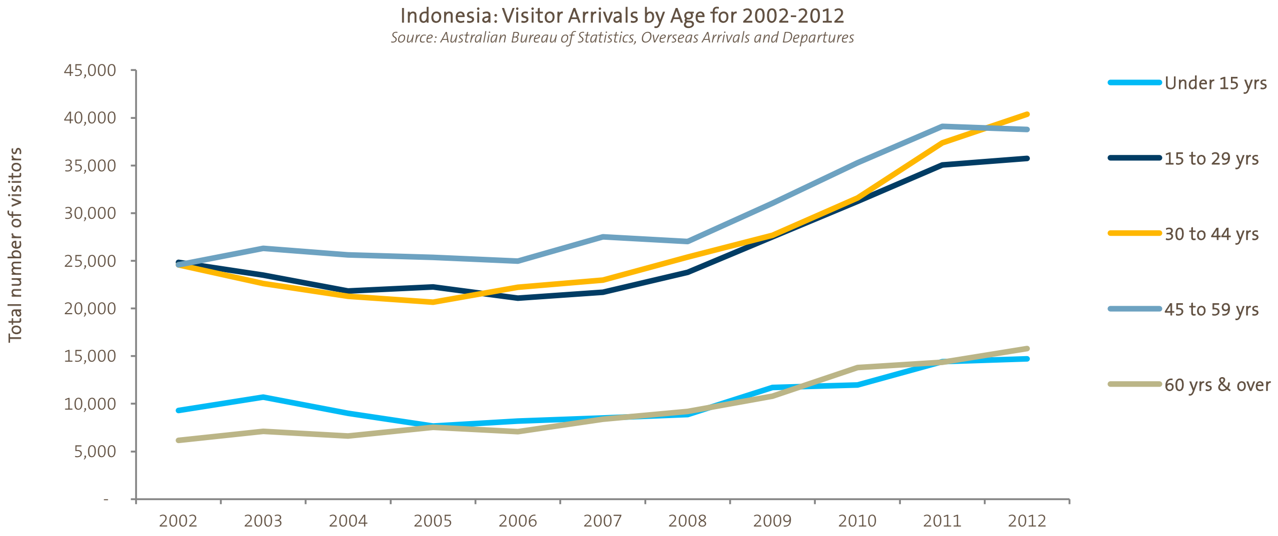
Market Performance

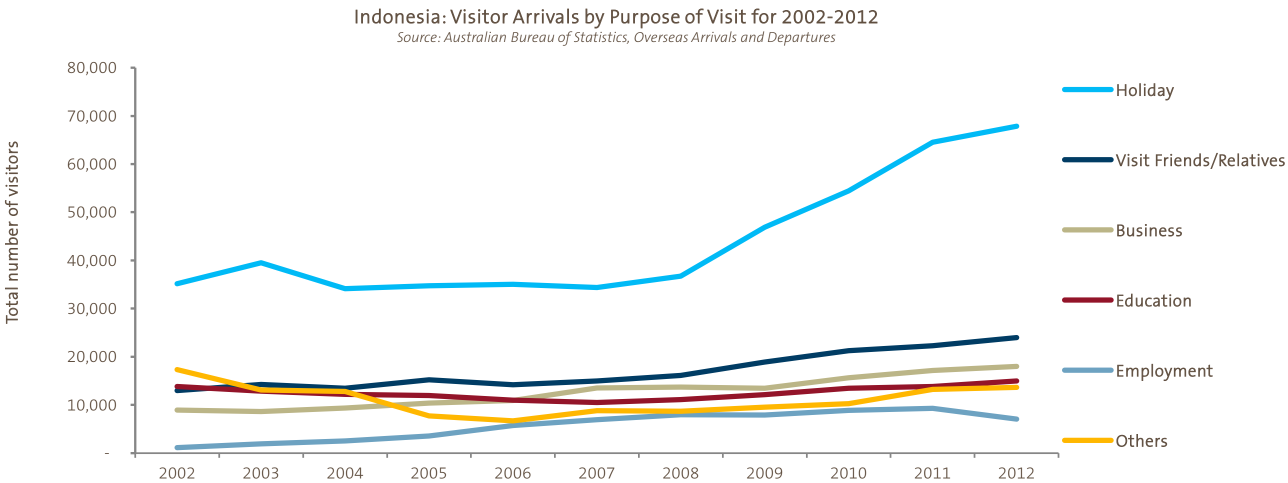
Age demographic of visitors from Indonesia for 2002-2012

- In 2012, 30 to 44 years was the largest age demographic from Indonesia, overtaking 45 to 59 year olds.
- Both 30 to 44 years and 45 to 59 years segments, have achieved an annual compound growth rate of 5 per cent between 2002 and 2012.
- All age groups (except of 45 to 59 years) increased in 2012 compared to 2011.



Visitor segments from Indonesia for 2002-2012

- Holiday visitors have consistently been the largest segment out of Indonesia to Australia, achieving a 7 per cent annual compound growth rate between 2002 and 2012.
- The VFR segment has almost doubled over the last decade, and accounted for 16 per cent of arrivals in 2012.



INDONESIA

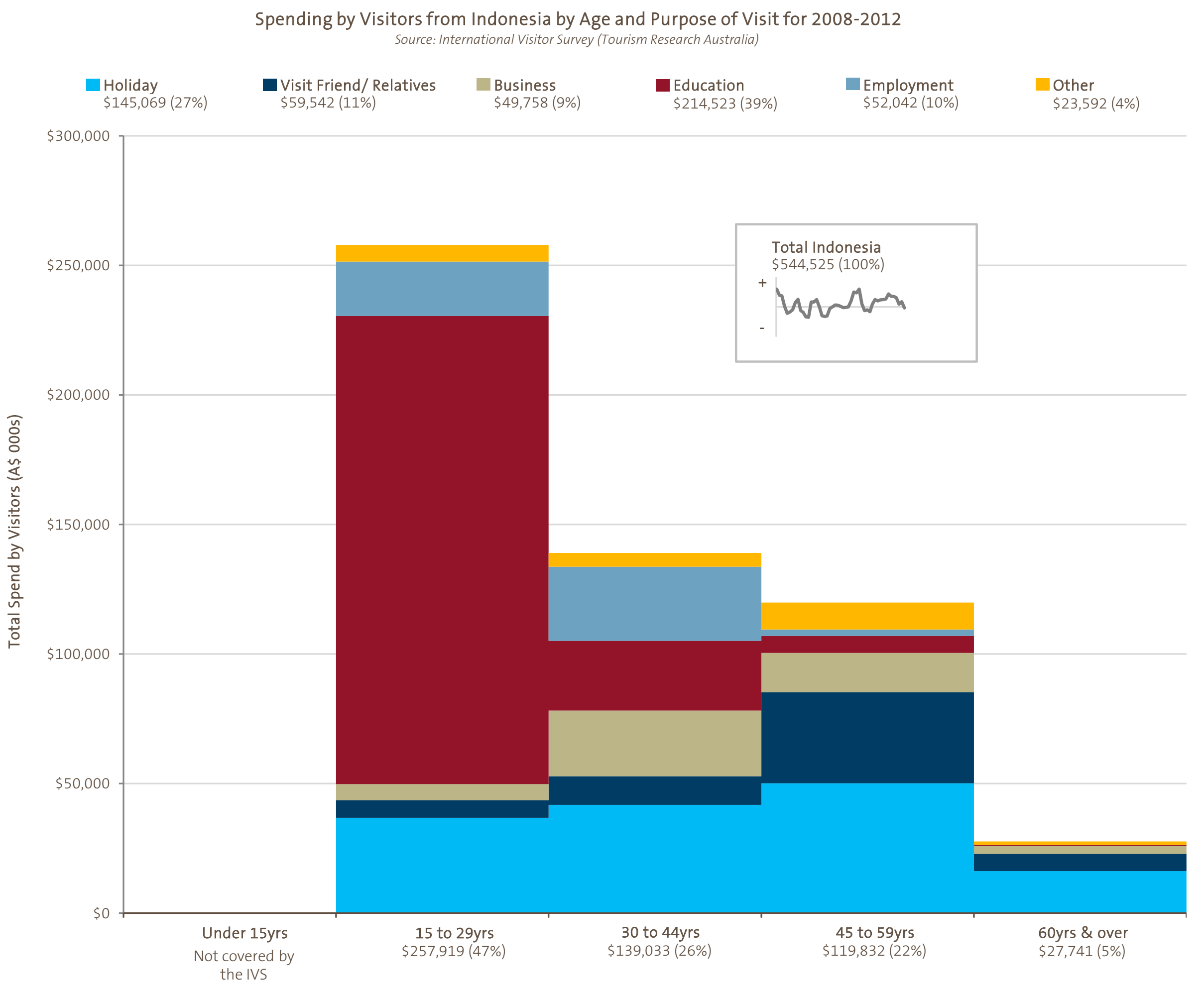
Market Performance

1.4 Spend by age and purpose of visit

Breakdown of spend by visitors from Indonesia for 2008-2012

> On average from 2008 to 2012, the largest spending visitor segment was Education, representing 39 per cent of total spend. This was followed by (Holiday) which totalled 27 per cent.

> The largest spending age group was 15 to 29 year olds, representing 47 per cent of total spend by Indonesian visitors, primarily attributed to Education purposes.



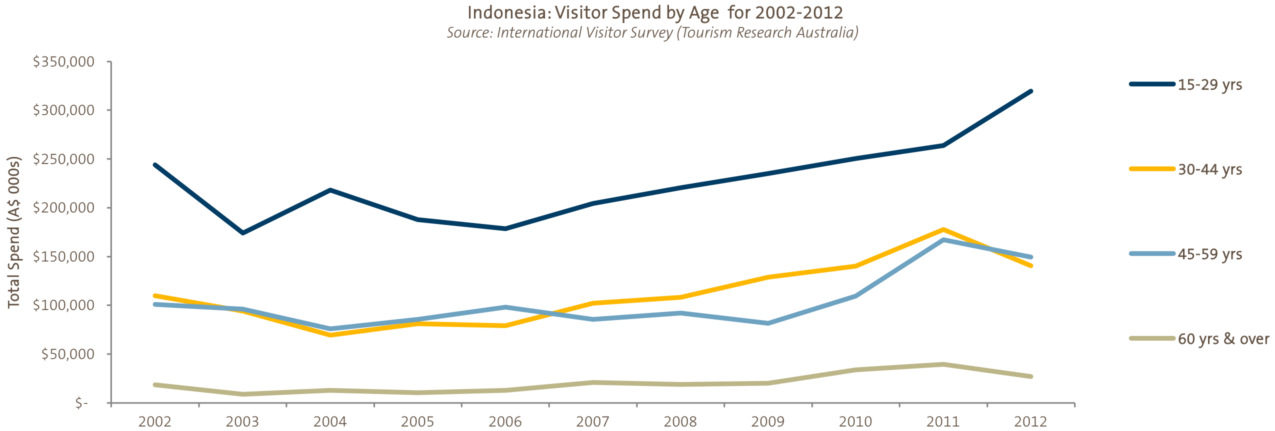
Note: Data in graph refers to an average of 2008-2012

TOURISM AUSTRALIA

INDONESIA
Market Performance

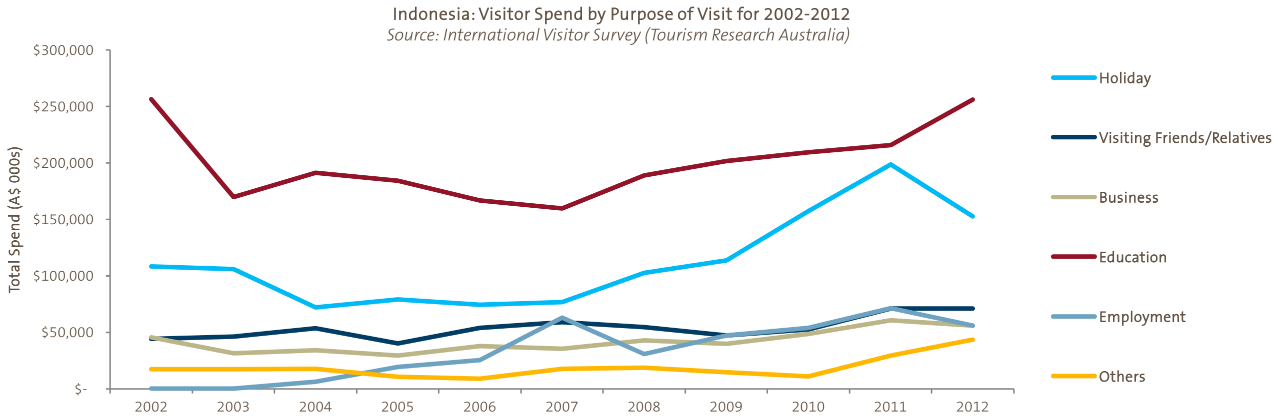
Spend by age group Indonesian visitors for 2002-2012

- Visitors aged 15 to 29 years have consistently spent more money in Australia between 2002 and 2012.
- Spend by visitors aged 30 to 44 years and 45 to 59 years peaked in 2011, before declining 21 per cent and 11 per cent respectively in 2012. The decline was most pronounced within the 45 to 59 years of age group, with spend for Holiday purposes from this demographic declining
57 per cent in 2012.



Spend by purpose of visit segments for 2002-2012

- Spend by Indonesian Holiday visitors peaked in 2011 before declining 23 per cent in 2012, which reflects the anecdotal industry feedback that Indonesians have an increasing preference for shorter city-break stays in Australia.



TOURISM AUSTRALIA

INDONESIA
Market Performance

1.5 Visitor profiles for spend and nights

Average visitor

Spend per trip $4,940
Stay 37.1 nights
Spend per night $133

Purpose of visit

Holiday
Spend per trip $3,108
Stay 18.1 nights
Spend per night $172

Visiting Friends and Relatives
Spend per trip $3,053
Stay 23.3 nights
Spend per night $131

Business
Spend per trip $3,132
Stay 10.6 nights
Spend per night $296

Other (including education and employment)
Spend per trip $10,302
Stay 93.1 nights
Spend per night $111

Age groups

15 to 29 years
Spend per trip $7,885
Stay 69.1 nights
Spend per night $114

30 to 44 years
Spend per trip $3,881
Stay 31.5 nights
Spend per night $123

45 to 59 years
Spend per trip $3,753
Stay 14.9 nights
Spend per night $252

60 years & over
Spend per trip $2,839
Stay 23 nights
Spend per night $123

International Visitor Survey (Tourism Research Australia)
Note: Data refers to an average of 2008-2012

INDONESIA
Consumer Research

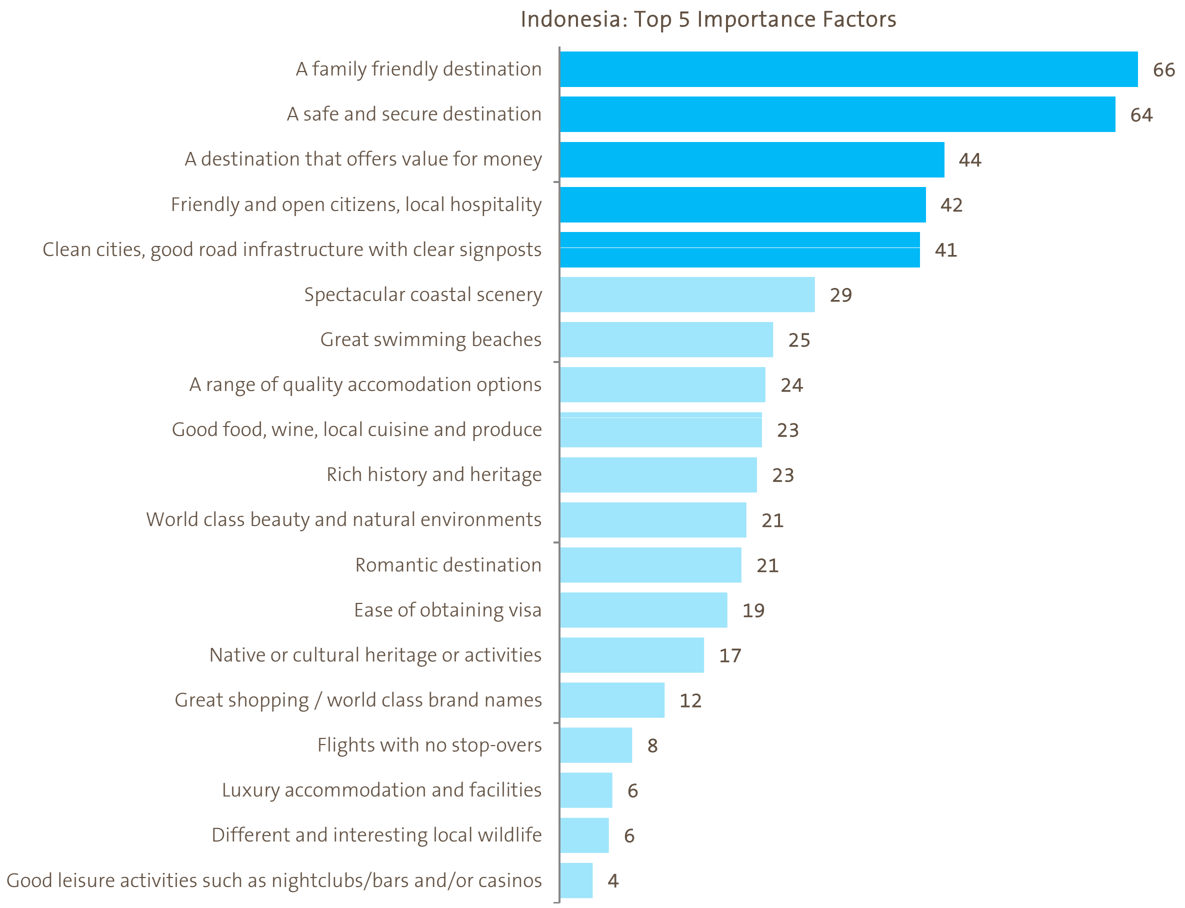
In 2012, Tourism Australia undertook a major international tourism research project[9] into how global consumers view Australia and what most motivates them to visit, identifying the 'triggers' and experiences important to the consumer when selecting a holiday destination. The research involved 13,389 consumers across 11 markets, who have travelled long haul in the past two years and/or plan to travel long haul in the next few years.

The results below refer to the responses of Indonesian consumers.

2.1 What travellers from Indonesia want in a holiday destination

Participants were asked what they look for when choosing ***any*** holiday destination. The graph below outlines the top five considerations of Indonesian respondents.

Their key considerations are: family friendliness, safety and security, value for money, friendly and open locals, and clean cities with good infrastructure.



Read as: 66 per cent of Indonesian respondents ranked 'a family friendly destination' in their top five considerations when choosing a destination

9. Tourism Australia, Australian Consumer Demand Research, conducted by BDA Marketing Planning, 2012

Consumer Research

2.2 Associations with Australia

For Indonesian respondents, Australia is known for having different and interesting local wildlife however, this is not a key consideration when choosing a holiday destination. Generally, many importance factors for Indonesian respondents had a low association with Australia, which presents opportunities to build awareness.

Compared to other out of region destinations, Australia ranks highly (first, second or third) for coastal scenery, swimming beaches and ease of obtaining visas.

2.3 Opportunities for Australia highlighted by the research

The research shows that Australia delivers a positive holiday experience that exceeds the expectations of Indonesian visitors.

This was particularly clear for their perception of Australia offering value for money and being a safe and secure and family friendly destination. Despite unfavourable exchange rates, Indonesians who had visited Australia perceived their experiences delivered value for money. Noting that 'value' was not defined during the research and is considered a subjective term.

Indonesian respondents who have visited Australia ranked it as number one for family friendliness and safety and security, compared to other out of region destinations. Given the importance placed on this attribute by Indonesian respondents, this presents future opportunities to improve upon their perception of Australia.

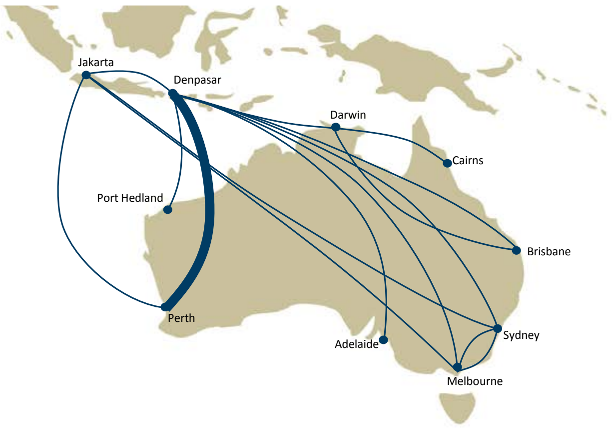
2.4 Preferred Australian experiences

Indonesian respondents prefer experiences in Australia which include wildlife (both aquatic and non-aquatic), coastal or harbour settings and/or shopping. Compared to the average across other markets in the research, Indonesians differed by ranking shopping in their top preferences.

INDONESIA
Aviation Landscape

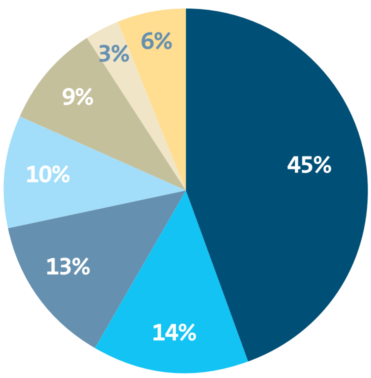
3.1 Summary

- The Indonesia-Australia bilateral agreement was expanded in 2010, 2011 and most recently in February 2013 to support strong growth and interest by airlines.
- Growth is expected to resume in 2013 with new entrants Lion Air, Batik Air and Mandala Airlines potentially launching new routes. Garuda Indonesia also plans to launch services to Brisbane and Perth from Jakarta.
- Garuda Indonesia is the key airline on the route and has ambitious growth plans which include Australia. It is expecting 52 aircraft deliveries by 2015 and plans to open two new hubs in Medan and Balikpapan, while supporting the development of the existing hubs of Jakarta, Denpasar and Makassar.
- Alliances continue to develop and shape the market:
  - Virgin Australia and Delta Air Lines plan to codeshare on Virgin's Indonesian services.
  - Garuda Indonesia and Etihad also recently extended their codeshare agreement to include Garuda's Australian services.
- After years of strong capacity growth, capacity to between Australia and Bali started to soften in the second half of 2012, following the reduction of services by Low Cost Carriers (LCCs). However, this has not strongly affected Indonesians travelling outbound to Australia as they mostly depart from Jakarta.



Operating Airlines	Flights per week	Route	Alliance/Codeshare partner (on route)
Garuda Indonesia	6-14	Bali-Perth	Etihad
	7	Jakarta-Bali-Perth	
	7	Bali-Sydney	
	5-7	Jakarta-Sydney	
	5	Bali-Melbourne	
	4	Jakarta-Melbourne	
Jetstar	14-17	Bali-Perth	Qantas
	5-6	Bali-Sydney	
	5-4	Bali-Darwin	
	4-5	Bali-Melbourne	
	2-7	Bali-Darwin-Brisbane	
	2-3	Jakarta-Perth	
	0-2	Bali-Melbourne-Sydney	
	0-1	Bali-Sydney-Melbourne	
Indonesia AirAsia	21	Bali-Perth	
Virgin Australia	9	Bali-Brisbane	Delta Air Lines
	9	Bali-Perth	
	7	Bali-Melbourne	
	7	Bali-Sydney	
	5	Bali-Adelaide	
Qantas	4	Jakarta-Sydney	Jetstar
Skywest Airlines	2	Bali-Port Hedland	Virgin Australia

Source: Innovata, Northern Summer Scheduling Season (31 March 2013 to 26 October 2013)
Note: Table includes direct services to Australia only



Key airlines and share of passengers

Airline	2008	2009	2010	2011	2012
Garuda Indonesia	30%	31%	37%	43%	45%
Qantas	26%	22%	19%	16%	14%
Singapore Airlines	30%	25%	20%	16%	13%
AirAsia X	1%	4%	7%	9%	10%
Jetstar	4%	10%	9%	8%	9%
Virgin Australia	0%	2%	3%	3%	3%
Other	9%	6%	5%	5%	6%

Table includes direct and indirect capacity

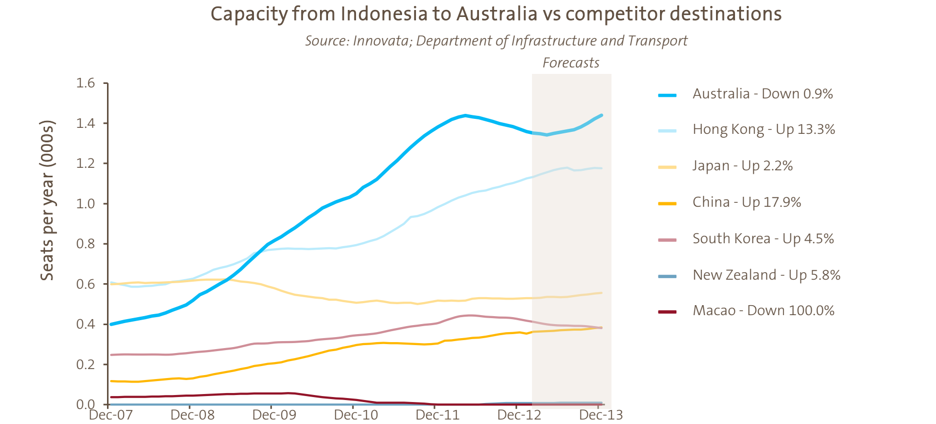
INDONESIA

Aviation Landscape

3.2 Trends

Capacity

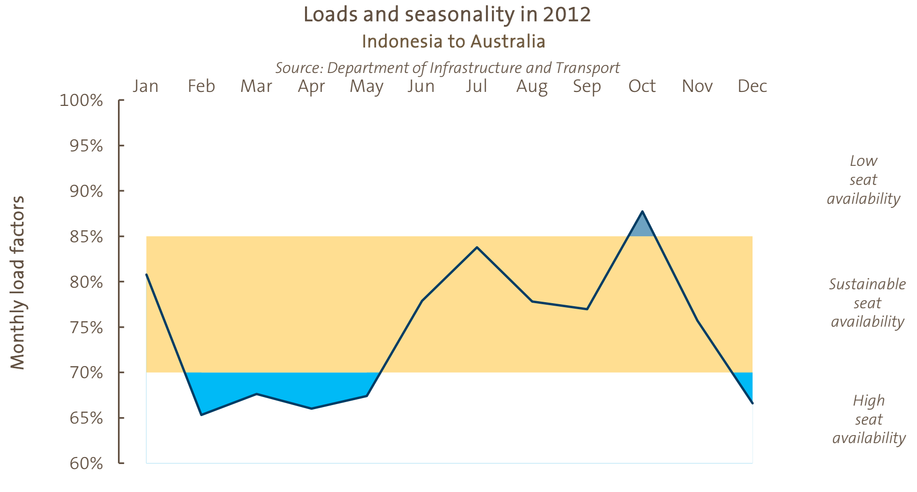
- In 2012, capacity from Indonesia to Australia declined 1 per cent, following five years of very strong growth. The declines largely reflect the withdrawal of services by new entrants such as Air Australia following its collapse in February 2012, and Indonesia AirAsia withdrawing services to Darwin. Growth of 2 to 4 per cent is expected in 2013 as average loads improve.
- In recent years, Australia has gained market share of aviation capacity out of Indonesia compared to similar haul destinations. However, it is also evident that capacity growth has focussed on North Asian destinations such as China and Hong Kong.



Note: Chart includes direct capacity only and above percentages reflect change in direct capacity from 2011 to 2012

Average loads

- Load factors or seat utilisation is the ratio of passengers carried to the number of seats available, expressed as a percentage.
- Average load factors rebounded from the lows of 70 per cent in 2011 to 75 per cent in 2012.
- While average loads have increased overall, loads remain soft between February and May as well as the month of December.



Note: Chart includes direct capacity only

INDONESIA

Distribution

4.1 Distribution system

Whilst there are a number of channels available to Indonesian consumers for planning and booking travel, most consumers book through traditional retail travel agencies. The internet is primarily used as a research tool, with many Indonesian travellers not yet comfortable with booking online. The free independent travel (FIT) sector is also growing in the Indonesian market.

Wholesalers/ Large Agents

Commission Level: Wholesalers will usually offer a net rate to agents

> 10 active wholesalers have developed their own packages to promote Australia.

> Key wholesalers include: Avia Tour, Bayu Buana Travel, Dwidaya Tour, Golden Rama Express, Panen Tour, Panorama Tour, Rotama Tour, Smailing Tour, Wita Tour and Vaya Tour.

> The travel trade in Indonesia continues to operate under the traditional retail system, although the larger retail agents often take on the role of wholesalers. These retail agents market their own programs with links to Inbound Tour Operators (ITOs), on selling to smaller agencies.

Special Interest

> Best Tour is the only agent that handles school excursion tours and education travel, which is currently a small niche segment.

Retail Agents

Commission Level: 10% to 15%

> Consortia operations are common in Indonesia, particularly for group travel as it helps to generate larger group sizes. The two main consortiums are Holidays Wonders Consortium (Dwidaya Tour and Smailing Tour) and Our Holidays Consortium (Avia Tour, Bayu Buana Travel, Golden Rama Express and Wita Tour).

Online

> A large percentage of the free independent travel segment (FIT) use the internet to search for information on holiday destinations. However the majority of consumers book through travel agents.

> Likewise, the internet is primarily used by travel agencies as a source of information and communication; not for making bookings. Agents generally prefer to make reservations via traditional Computer Reservation Systems, wholesalers and Inbound Tour Operators.

> Recently, airlines have increased their emphasis on internet bookings.

Aussie Specialists

> The Aussie Specialist Program is the primary platform for Tourism Australia to train and develop retail agents to sell Australia.

> As at March 2013, there were 37 qualified Aussie Specialists in Indonesia and a further 43 agents in training.

Inbound Tour Operators

Commission Level: ITOs will usually offer a net rate to agents.

> ITOs are still responsible for the vast majority of group holiday business into Australia, including incentive bookings from agents.

Business Events

> Most retail agencies handle both leisure and business events in a highly competitive market. However, there are a few agencies that solely concentrate on incentive business.

INDONESIA

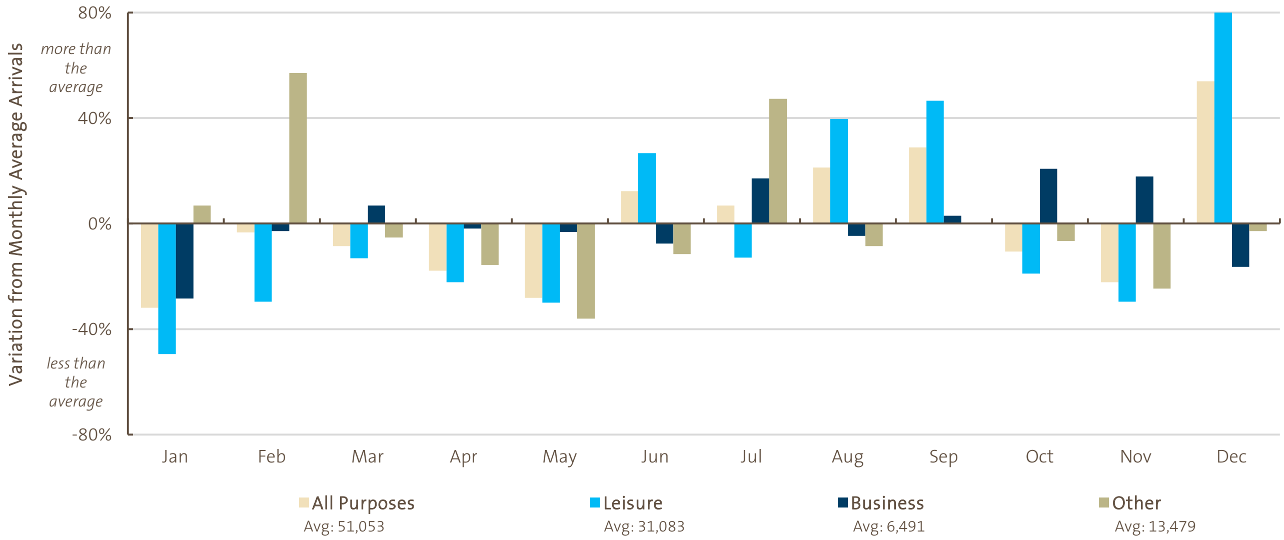
Distribution

Brochures and rates

Brochure Validity	› Due to price fluctuations throughout the year, agents generally do not publish prices in their annual brochures, with only suggested itineraries featured. The latest prices are published on a new flyer when available and attached to brochures.
Brochure Space Policy	› Generally, agents do not ask for contributions.
Setting Rates	› The peak periods are: » June and July » August/September – at the end of Ramadan, which moves forward by 11 days each year (Lebaran period) » Christmas holidays › Off peak is January to May and October to November.
Standard Rate Validity Periods	› Rates are valid from April to September and October to March, subject to peak periods. There is also a black out period during Lebaran. In 2013, Lebaran will be in early August.

Seasonality of Visitors from Indonesia

Source: Australian Bureau of Statistics, Overseas Arrivals & Departures, 2008 to 2012



Seasonality

› The peak booking periods for travel to Australia are May, August to September and November.

› The peak travel periods to Australia are the Lebaran period (August to September) and December. In 2013, Lebaran will be in early August.

TOURISM AUSTRALIA

INDONESIA

Distribution

4.2 Trends

Planning and purchasing travel

- According to findings from Tourism Australia's Consumer Demand Research project[10], Indonesian respondents are very online savvy when it comes to researching online. Respondents would mostly use online sources to research a trip to Australia including general internet searches, government tourism websites and social networking. After online sources, respondents would talk to family and friends who have been to Australia and travel agents.
- Most consumers book through traditional retail travel agencies. The internet is primarily used as a research tool, while consumers generally purchase through travel agents, as they seek assurance that someone will take responsibility for their purchase should there be any issues.
- There is a shift towards FIT travel, with many consumers still choosing to book flights through agents, but making fewer bookings for accommodation prior to departure.
- Groups tend to travel during peak season when the major holidays such as school, Lebaran and Christmas occur. The lead time is three to four weeks prior to the peak season. FITs travel more during the off peak months and have a shorter lead time than group travellers.
- There are two consumer segments in Indonesia. One segment is price driven and more inclined to switch travel agents to get a better deal. The other consists of affluent consumers who stay loyal to travel agencies who provide a customised service.
- Jakarta is the main source market for Australia. The city has the highest concentration of people able to afford travel, as well as the best connectivity with both non-stop services and direct services to Australia.

4.3 Planning a visit to market

Top tips for sales calls

- Avoid sales calls in the peak June and July school holiday season, Lebaran and Christmas holidays.
- The best time for sales calls is January to April and October to November.
- Trust and relationship management is important in the Indonesian market as it helps to build loyalty.
- The key market for sales calls is Jakarta. Due to heavy traffic conditions, a realistic program is five to six sales calls a day.
- Plan and combine visits that are in the same geographical area so you can maximise the number of sales calls and minimise commuting times.
- For more general information on sales calls and planning a visit to market, please see Tourism Australia's Planning for Inbound Success at www.tourism.australia.com/inboundsuccess

4.4 Key trade and consumer events

Key Trade and Consumer Events		
Event	**Location**	**Date**
In House or Shopping Mall Travel Fairs	Jakarta	June/July, August/ September, December 2013
ASTINDO Consumer Travel Fair	Jakarta	March 2014 (annual)
Indonesia Sales Mission	TBC	April 2014 (every two years)

Where to Find More Information

Tourism Australia's activities in Indonesia are managed from Tourism Australia's Kuala Lumpur office. For more information visit Tourism Australia's Corporate website at www.tourism.australia.com

There are no Australian State and Territory Tourism Organisations operating in Indonesia.

Also see:
Indonesia Country Brief published by the Department of Foreign Affairs and Trade at www.dfat.gov.au/geo

10. Tourism Australia, Australian Consumer Demand Research, conducted by BDA Marketing Planning, 2012