
China Market Update

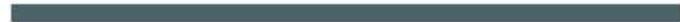
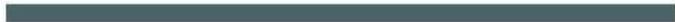
2016 Governor's Conference on Tourism

July 11-13, 2016



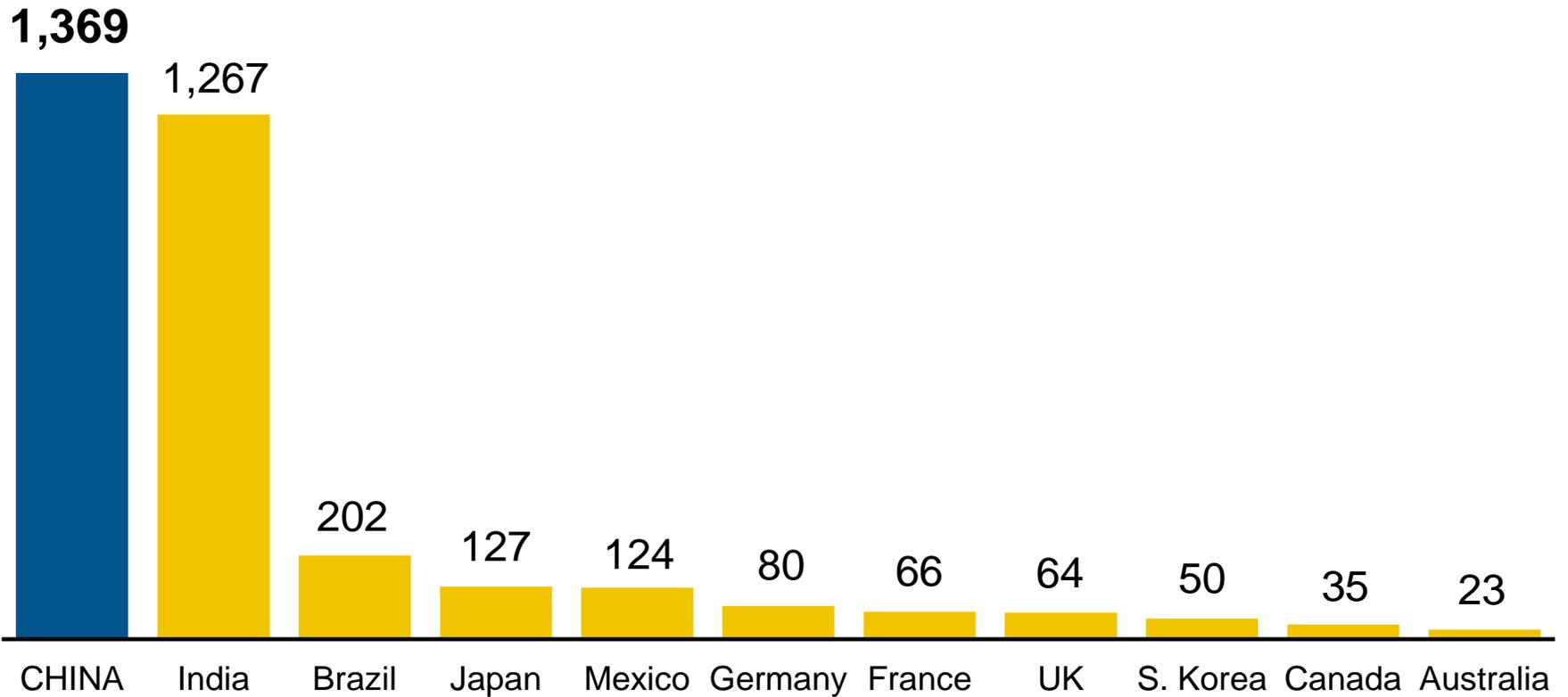


- China Market Overview
- Chinese Travelers Profile
- Attracting the Chinese
- Trade Overview
- Media Relations Overview



China Market Overview

Population Trends

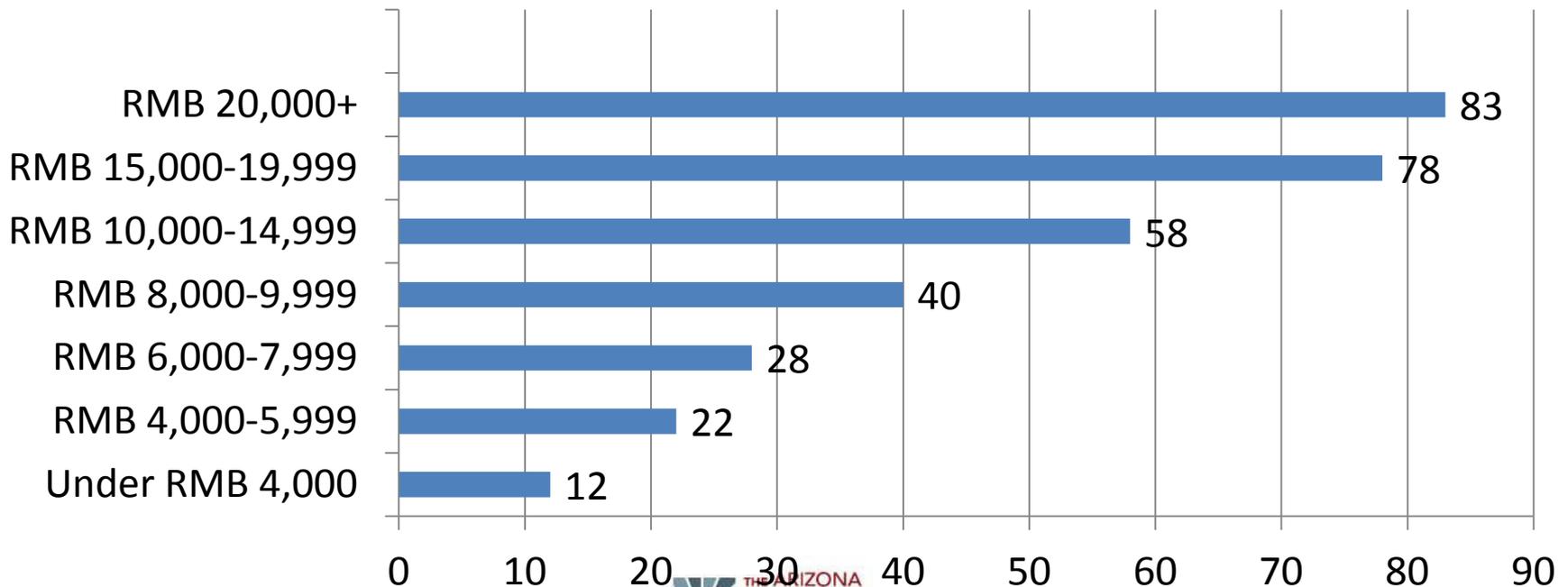


Key Socioeconomic Trends

- **SOARING MIDDLE CLASS:**

- 2010: 50 million
- 2015: 300 million (1/4 of China's population)
- 2020: 600 million (1/2 of China's population)

Ratio of income affecting the outbound travel



Affluent Segment Trend

- **Upper Middle Class & Affluent Households:** will exceed 100 million households by 2020 each with over \$24,000 in disposable income
- **Growth:** current spending growth rate for this high-spend segment is 17% annually versus 5% for the emerging-middle-class
- **Importance:** will account for 81% of China's incremental consumption growth through 2020
- **Spend Categories:** three top spending categories: food, education and **travel**
- **Location:** by 2020, 46% of affluent Chinese consumers will live in China's Tier 3 cities

Chinese Visitation to U.S.

Overseas Market Rank

- 2003 - Under 200,000
- 2013 - 1.8 million (+23%) #5
- 2014 - 2.19 million (+21%) #6
- 2015 - 2.59 million (+18%) #5
- 2017 - est. 3.66 million (+18%) #3
- 2018 - est. 4.31 million (+18%) #2
- 2021 – est. 7.3 million (+11%) #1

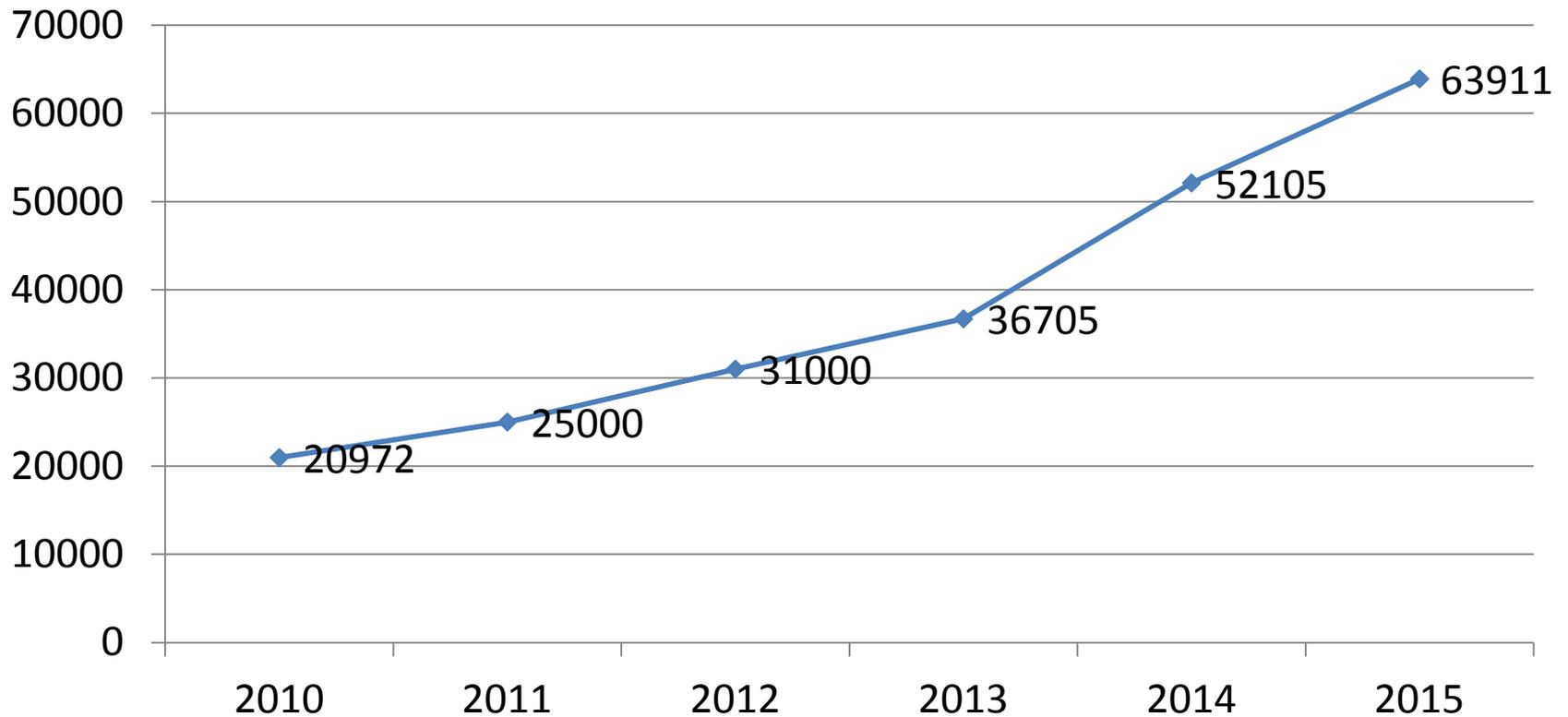


Young Demographic Trend

- **Chinese under 35:** rapidly becoming the dominant force in China's consumer market
- **Absolute Growth:** this segment will drive a 55% expansion in China's consumption spending over the next 5 years to represent 53% of total Chinese consumption
- **Growth Rate:** consumption growing at 14% per year versus 7% for their elders
- **Spending:** outspending their parents and grandparents, by as much as 40% in many product categories

Chinese Visitation to Arizona

Visitation Volume



Flight routes between China & U.S.

➤ **West Coast Gateways**

• **Los Angeles**

- Beijing - Air China
- Shanghai - United, Delta, American, China Eastern
- Changsha & Hunan - Hainan Air
- Nan Jing - China Eastern
- Guangzhou - China Eastern

• **San Francisco**

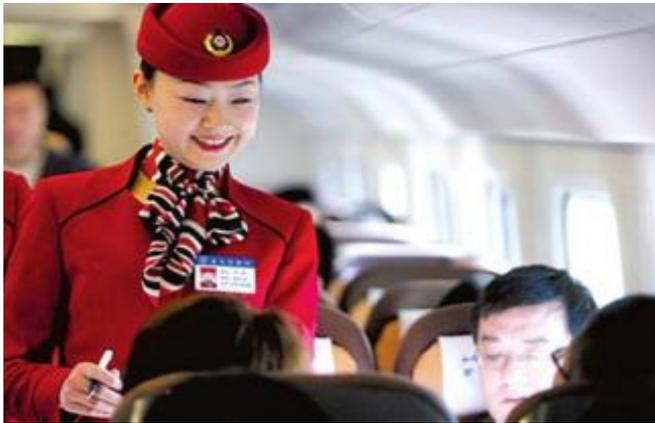
- Beijing - United, Air China
- Shanghai - United, China Eastern
- Chengdu – United
- Xi'an - United
- Guangzhou - China Southern

➤ **Other gateways in U.S.**

- ✓ New York
- ✓ Seattle
- ✓ Dallas
- ✓ Detroit
- ✓ Chicago
- ✓ Boston
- ✓ Washington D.C.
- ✓ Houston
- ✓ San Jose
- ✓ Hawaii
- ✓ Guam
- ✓ Saipan

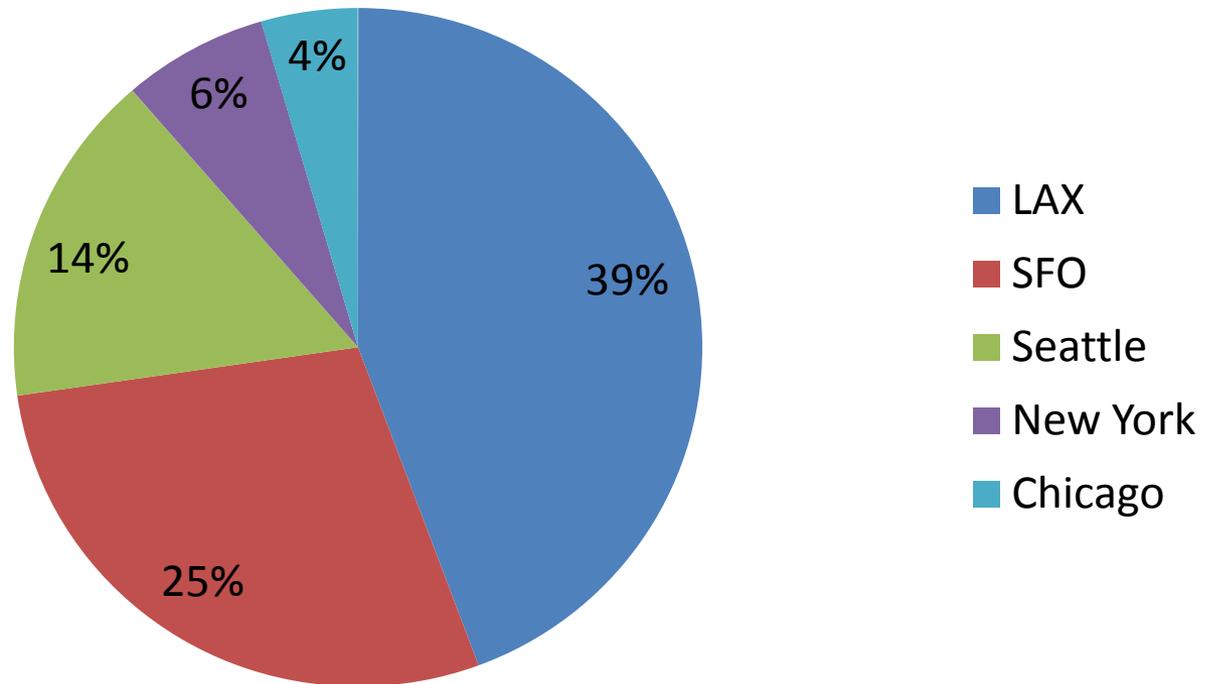
New flights to U.S. in 2016

- March Shanghai to Chicago (China Eastern Airlines)
- May Xi'an to San Francisco (United Airlines)
- June Shanghai to San Jose (Air China)
- July Hangzhou to San Francisco (United Airlines)
- Sep Beijing to Las Vegas (Hainan Airlines)
- Oct Shen Zhen to Los Angeles (Air China)
- Dec Beijing to Los Angeles (Delta & American Airlines)



Port of Entry

Top Ports of Entry for Arizona



New 10 years US. Visa Policy Effects

- Rapid increase in repeat travelers to the U.S.
- Rapid rise in FIT travelers to the U.S.
- More Chinese tourists from the secondary markets of China
- Rapid growth in beyond-the-gateway travel in the U.S.



Chinese Traveler Profile



Purpose of Travel

- 78% Travel to Arizona for Leisure
 - 39% Vacation
 - 28% Visit Friends and relatives
 - 9% Education

- 22% Travel to Arizona for Business
 - 15% General business
 - 7% Convention or Trade Show



Online Travel Booking Trend

- The number of bookings made on the internet has risen by 1,300% in the past seven years.
- Four out of five Chinese research and book online, almost always via travel agents, tour operators and OTAs.
- When accommodations are booked directly, 46% are via an internet booking service while just 9% are directly with the hotel chain

Arizona's Appeal

- New USA -sharing the experience with friends/families , etc
- Iconic Locations
- Clean & Fresh Air
- Western USA – Cowboy Culture
- Warm Seasonal Weather
- Not crowded/Wide Open Spaces
- Photography Opportunity



What Chinese Travelers Prefer to Do in Arizona

- **Group activities**
 - Boat Tours such as on Lake Powell
 - Agriculture Tour / Farm to Table/Foodie Trails
 - Star Gazing / Astronomy
 - Natural sightseeing
- **Soft adventure, no Extreme Sports (can be considered as unsafe)**
 - Mountain bike/bicycling ride
 - Jeep Tours
 - Horseback Riding /Hay Ride
 - River Rafting
- **Other Fun activities**
 - Wine or Beer Tasting
 - Cowboy Experience
 - Helicopter Tours
 - Hot Air Balloon Rides
 - NBA – Phoenix Suns Game

Attracting the Chinese Traveler

How to Welcome Chinese Tourists

- **Electric kettles in hotel rooms**
- **Have chopsticks available**
- **Free Wi-Fi**
- **Food**
 - Chinese food or recommend other Asian Cuisines: Japanese, Korean, Thailand, Vietnamese, Malaysian
 - Congee for breakfast!
 - Fruit for dessert (no fortune cookies)
 - No Ice Cubes in drinks
 - Hot tea served
 - Ipad menu with pictures of dishes as a plus
- **Well-defined No smoking policy & how to use hotel laundry service**



How to Welcome Chinese Tourists

For Businesses:

- Accept China Union Pay
- Offer Chinese food or recommend Chinese restaurants in the area
- Hire Chinese speaking staff for your sales team, the front desk
- Participant into the “China Ready Program”
- Provide nearby shopping information, including supermarkets
- Print out the brochures/information in Chinese Version

Cultural Differences to Keep In Mind

- Build Guanxi (personal relationships) first
- Gift giving indicates that you are interested in building a relationship
 - Do NOT give: clocks, yellow chrysanthemums, green hats, scissors, knives, handkerchiefs, or umbrellas as gifts.
 - Do NOT wrap gifts with black or white paper.
 - Red and Gold are always a good choice of color!
- Avoid potentially hot topics such as Taiwan, Hong Kong or Tibet
- “Saving Face”, not “Losing Face”
- Lucky Numbers: 8, 9, 6
- Unlucky numbers: 4, 7, 14 (don't put your hotel guests on these floors)
- Make an effort to learn and use at least a few words in Chinese; your initiative will be noticed and appreciated.

Trade Overview

China Travel Trade Landscape

Top Travel Agencies:

- ❖ *CITS*
- ❖ *CTS*
- ❖ *U Tour*
- ❖ *Spring Intl Travel*
- CYTS*
- Caissa*
- Jinjiang Tours*
- GZL*

Top OTAs:

- ❖ *Ctrip*
- ❖ *LvMaMa*
- ❖ *Tuniu.com*
- LY.com*
- MaFengWo*
- Alitrip*



Top Chinese Receptive tour operators:

- ❖ *Galaxy Tours*
- ❖ *America Asia*
- ❖ *American International Tours*
- DISTA Tours*
- Hyde Tours*
- Alpha Way*

Trade Activities in FY16

- Travel Trade FAM trip - March, 2016
- China Mission (Beijing and Shanghai) - April, 2016
- Active America – China - March, 2016
- IPW, New Orleans - June, 2016



Trade Strategy in FY17

- Brand USA Road Show - Shenzhen & Guangzhou - August 2016
- China Trade & Media Mission - Beijing & Shanghai – Oct. 24-28, 2016
- CITM Shanghai - Nov 11-13, 2016
- FAM Trips, including Brand USA – Spring 2017
- Outreach in key markets – Beijing, Shanghai, Guangzhou and Chengdu



Digital Outreach

Trade:

- E-newsletters (ongoing)

Trade & Consumer

- Sina Weibo
- WeChat (coming soon)
- VisitArizona.com.cn



March 2016 Issue

探索大峡谷国家公园之路

提到大峡谷国家公园除了再次感叹这地球上的地理精髓之外，也无需再作多介绍。大家可以花一天或者几天去探索这个5-6百多年历史，深入地心的自然景点。大峡谷是亚利桑那州最显著的地标，这个大自然的奇观只有亲眼所见才能体验到她的壮观。大峡谷绵延 277 英里，科罗拉多河自谷底穿流而过，顺势流向西南方向，而距谷底一英里多高的上方则矗立着一道道陡峭的岩石墙。

作为一个全年开放的景点，游客可以从非拉格斯塔夫或者威廉向南或者从卡麦隆向东抵达大峡谷国家公园的南缘 (South Rim)。北缘 (North Rim) 一般只在五月至十月之间开放，驾车从亚利桑那州佩吉 (Page) 出发抵达北缘会是一个更好的自驾体验。除此之外，您还可以沿着华莱派印第安人保护区 (Hualapai Indian Reservation) 中纵横交错的公路进入大峡谷国家公园的西缘。在这里游客可以在著名的玻璃桥上欣赏对面壮观的大峡谷景色，或者来一次探索美丽的哈瓦苏瀑布 (Havasupai Falls) 的奇妙体验，您可以从南缘徒步一直来到拥有清澈见底的瀑布湖水的苏派城 (Supai)。

详情请见官http://www.visitarizona-cn.com/top_destinations_01.html

图森 (Tucson) 荣获联合国教科文组织美食之都称号

图森成为了第一个加入联合国教科文组织“创意城市网络”美食之城的美国城市！这是亚利桑那州南部的美食传统和烹饪创意的荣耀。阅读更多



2016年的66号公路90周年庆

在拾起如今的节奏之前旧时的公路流淌着浪漫的而简简单单的时光。回到从前，66号公路 (于1926年开通) 还是美国的主要通道。亚利桑那州是这条最长原始之路的故乡，她也是亚利桑那州25条风景路的其中之一，如今仍然被这里的居民所保护着。阅读更多



关于亚利桑那州的10个有趣而奇妙的事实

1. 亚利桑那州坐落着3929座山峰——超过其他任何一个山峰之州 (科罗拉多州、蒙大拿州、怀俄明州、新墨西哥州、犹他州和怀俄明州)



联系我们

更多信息，敬请联系美国亚利桑那旅游局
c/o 环宇咨询有限公司上海办事处

董瑾女士，公关总监

Email: jdong@aviareps.com

亚利桑那旅游中文官方网站: www.visitarizona-cn.com

新浪微博: weibo.com/arizonatourism



Media Relations

China Media Landscape

- China office communicates with more than 1,500 major media throughout China.
- These are both on-line and off-line, and include travel trade, consumer and lifestyle media.

Influential Media:

- Impactful Consumer Travel Publications include Condé Nast Traveler, National Geographic, Travel+Leisure, Lonely Planet.
- Countless Weekly & Monthly Magazines, among which there are 50 leading lifestyle, tourism and fashion magazines.
- Luxury Lifestyle Publications catering to the discerning HNWIs include Tatler, Forbes Life, Vanity Fair, Noblesse, Luxury Property, Yachting.
- And publications dedicated to Niche Experience Pillars including: Romance, Golf, Spa, Wine and Dine, outdoor, photography, yacht. These can be in the form of magazines, guidebooks and direct mailers.

Mainstream Media

- A dozen Travel Trade (B to B) Publications.
- In-flight Publications of major air carriers.
- Major Newswires: China News Service, China News Agency which distribute news stories to all major newspapers nationwide – the Chinese equivalent of Reuters or the AP Wire.
- Daily Broadsheets/Newspapers; Regional newspapers.
- Leading press companies in Beijing, Shanghai and Guangzhou respectively.
- Radio; Network and Satellite Television nationwide which have incredible power to deliver message to a mass market audience.
- Major Online Portals including Video Sharing Portals & Travel Portals.

Digital Trends

ONLINE LIFESTYLE

700 million internet users as of Q1 2016

600 million used smart phones to access the Internet

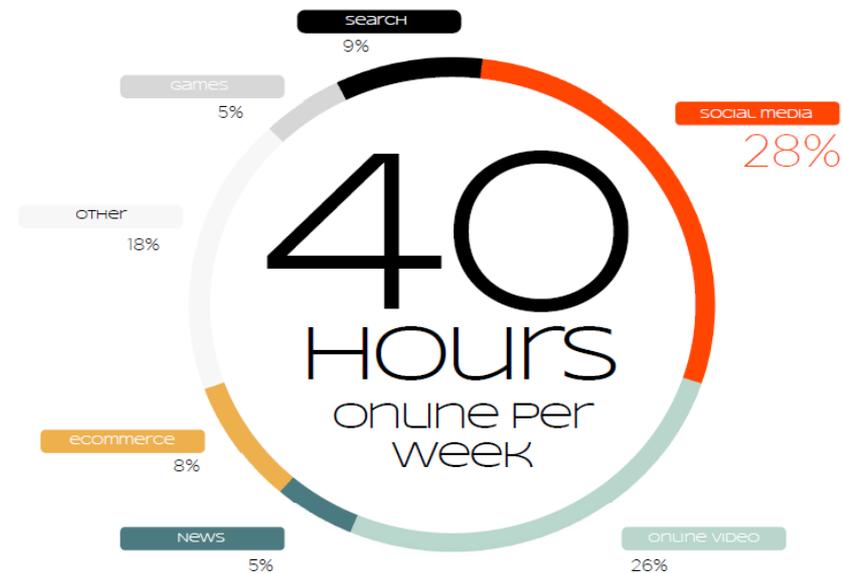
Wechat: 650 million active users worldwide

Weibo: major social media platform in China, and is a great channel for increasing brand awareness

61% ask for opinions online before a purchase/destination selection

73% go online to give their opinion on a purchase they made

53% of Chinese will post negative experiences versus 29% in the U.S.



Media Stories Placed

- Arizona A State For All Seasons
- Arizona A Family Affair
- Arizona Fact Sheet
- Arizona Current Round Up
- Day excursions from Phoenix
- Welcome to the National Parks in Arizona

China Market - Earned Coverage FY16

9 Chinese journalists visited in FY 16

22 Printed articles

Total value: \$3,971,380

Total circulation: 6,113,000

22 Online articles

Total value: \$155,000

Total audience: 3,798,500

Earned Coverage

Publication: **Outdoor Gears**
Article Title : *Arizona Like a Walk in the Park*
Date : May 2016
AVE: \$673,000
Circulation: 280,000 copies

Communities mentioned:

Willcox, Sierra Vista, Tucson and Tempe

Outdoor Gears



Social Media

Social Media: **KOL on Weibo**

Article Title : *Arizona: A Perfect Playground*

Date : June 2016

Followers: 200,500

Communities mentioned:

Phoenix, Prescott, Sedona, Grand Canyon, Williams

KOL – Bao Kuo



FY17 PR Strategies

- Low-cost, high-impact public relations campaign
 - Online and social channels
 - Co-branding opportunities
- Leverage key travel media with extensive platforms
 - Publisher and travel company
- Earned coverage promoting Arizona as a world-class travel destination
 - Press and individual media trips
- Consistent and ongoing communications to keep Arizona top of mind
 - E-newsletters/press releases/appointments/mission

Thank You!

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Arizona Tourism:

A GRAND FUTURE

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