



2018 ARIZONA GOVERNOR'S CONFERENCE ON TOURISM

CHINA MARKET BRIEFING



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GLANCE AT 2017 CHINA MARKET

CHINA MARKET SIZE

- 2017 population: 1.38 billion, up 0.43%
- 18.7% of the world's population
- 58% urban-up from just 26% in 1990

CHINA's GDP GROWTH

- 6.8 % growth in 2017
- Beat market expectations of 6.7%
- Well above official target of 6.5%
- 2018 growth target: 6.5%

CHINA RETAIL MARKET _ *New!!*

- China's retail market was smaller than the USA in 2015 but now rapidly pulling away
- 2017 China e-commerce sales: \$1.1 trillion, nearly half of worldwide ecommerce
- E-commerce accounts for 23% of all China retail sales
- Projected to increase to 41% by 2021
- 75% of e-commerce sales via mobile

RISING DISPOSABLE INCOMES:

- China Disposable incomes grew 7.8% in 2016 and *7.5% in 2017* *New!!*
- Upper middle & high-income class set to make up 30% of the population by 2030, triple today's level

CHINA MARKET UPDATE



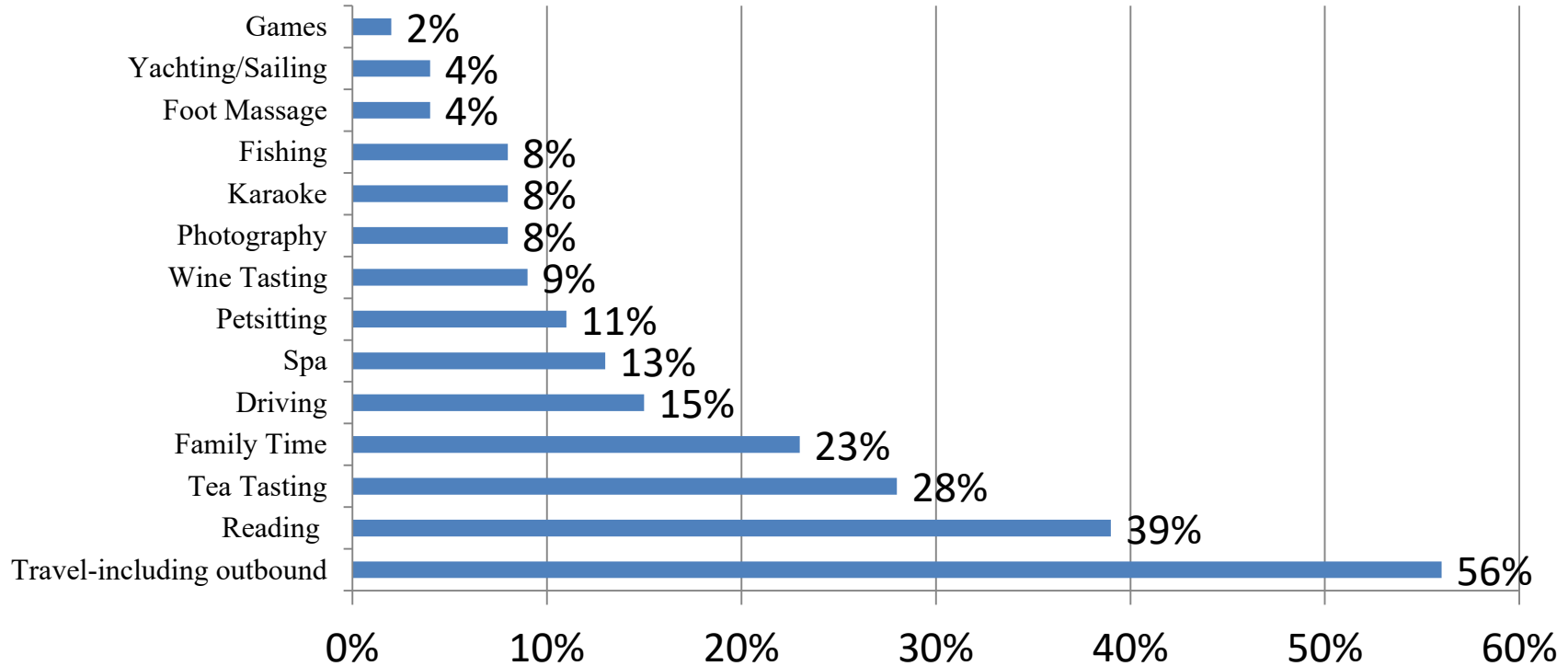
Chinese Outbound Travel to U.S.

- **2009:** half a million Chinese visitors
- **2010:** up 53%
- **2011:** pass the million mark for 1st time
- **2012:** 30%+ increase
- **2013 & 2014:** growth still above 20%
- **2015:** first time growth dips below 20%
- **2016:** end of Golden Decade of growth

THE USA RANKED #1 IN 2017 FOR INTENT TO TRAVEL

2017 Ranking	Destination	Percentage of Chinese Travelers
1	USA	18%
1	France	18%
3	Australia	16%
3	Canada	16%
5	Germany	12%
6	Maldives	11%
7	Japan	10%
7	New Zealand	10%
7	Singapore	10%
7	Thailand	10%
7	UK	10%

Preferred Leisure Activities of China's Upper Classes



Source: Brand USA research

Chinese Overseas Travel Expenditures

2015

Continued to soar an additional **23%**

48% of Chinese outbound tourists indicate they plan to increase travel spend

60% will spend over **\$1,500** for each trip

2016

China overtakes the U.S. as the **#1 BUSINESS** travel market in the world, generating 20% of global business travel spend

Overseas tourism spend reaches **\$242 billion**, up **20%** over 2015 level

2017(f)

Spending reaches a new high of \$266 billion, up 10%
Shopping spending while abroad decreases while spending on entertainment, culture, experiences and healthy-lifestyle products soars

By 2020, Overseas spending is expected to reach \$ 429 billion

New China-U.S. Flight Launches in 2018

Destinations	Routes	Airlines	Frequency	Remarks
Los Angeles	Xiamen-Los Angeles	Tianjin Airlines	3X Weekly	Plan in December
	Zhengzhou-Los Angeles	Tianjin Airlines	3X Weekly	Plan in December
Atlanta	Shanghai-Atlanta	Delta Airlines	Daily	Launch in July
Boston	Chengdu-Boston	Sichuan Airlines	3X Weekly	Launched in May
Chicago	Chengdu-Chicago	Hainan Airlines	3X Weekly	Launched in June

Source(s): Airlines

China Airlift to the U.S.

16 China Non-Stop Gateways to the U.S

Current

- Beijing
- Shanghai
- Guangzhou
- Chengdu
- Wuhan
- Nanjing
- Hangzhou
- Changsha

New

- ✓ Shenyang
- ✓ Shenzhen
- ✓ Qingdao
- ✓ Fuzhou
- ✓ Chongqing
- ✓ Jinan
- ✓ Tianjin
- ✓ Zhengzhou(new2018)

14 U.S. NON-STOP GATEWAYS TO China

- Los Angeles
- San Francisco
- New York
- Honolulu
- Seattle
- Washington D.C.
- Boston
- Las Vegas
- Chicago
- Houston
- Dallas
- Detroit
- Saipan
- Atlanta (New 2018)

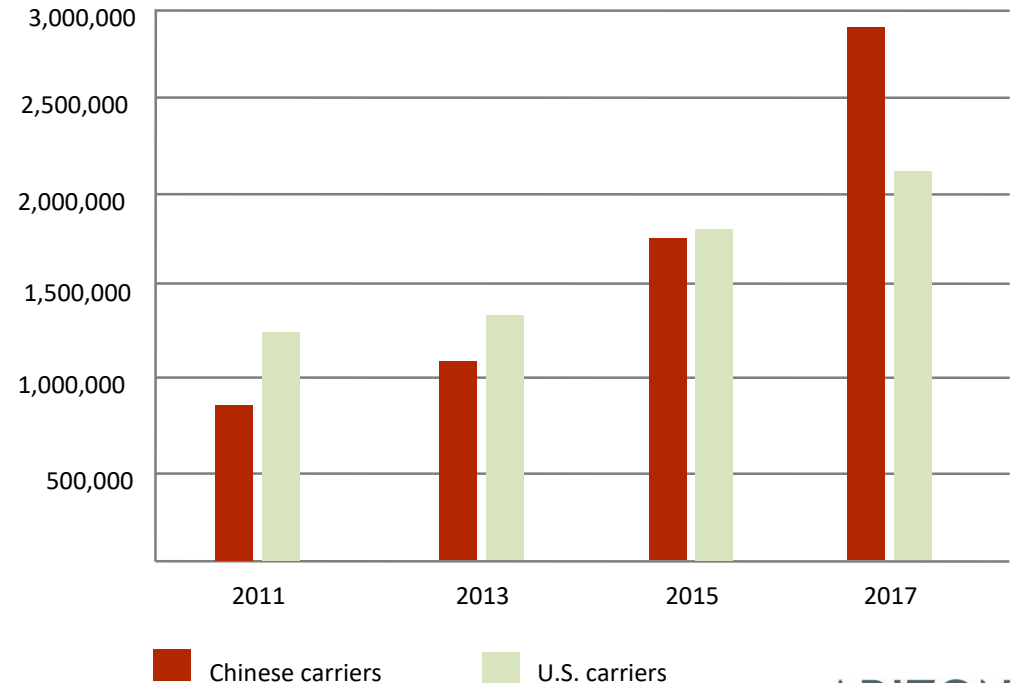
-Current annual seat capacity stands at 5,130,183 regularly-scheduled seats, a capacity jump of over 500,000 seats in the last 6 months alone

-China has 206 airports and is now building another 66 major new airports –a **32% increase** in number of airports in China in just the coming 5 years

China-USA Airlift Soaring

- Direct non-stop airlift between China and the USA has more than quadrupled in the last decade
- Chinese airlines have increased market share at the expense of U.S. airlines and now account for over 60% of annual seat capacity from China to the USA

ANNUAL SEAT CAPACITY



Source(s): Airlines

2017 -18 Key Trend-Mobile

CONTINUE SHIFTING TO MOBILE

- Mobile Internet: Increased number on mobile phone owners use their mobile to access the Internet from 685 million to 753 million people ; 50%+ 4G
- Mobile Payment: 87% of Chinese consumers used mobile payments in 2017, up from 69% in 2016; majority of new users come from 2nd and 3rd tier cities

MEDIA CONSUMPTION

- Dominant Channel: news and entertainment in China are primarily consumed on mobile
- TV: 71% of Chinese watch TV on their mobiles several times a day versus 27% in the U.S.
- News: phone-based news apps have become the #1 source of information for Chinese; social media is now the #2 source of information, mainly driven by WeChat which has over 1 billion registered users

MOBILE IN TRAVEL PURCHASE

- Travel search & planning: over half of destination search & planning is done on mobile
- Bookings: 72% of online bookings on Top 5 OTAs are done directly via mobiles; 81% of online hotel bookings are made on mobiles
- Booking apps: OTAs lead the way, with traditional TO/TAs playing catch up

2017 Online Booking& OTAs Update

GROWTH IS FOUND ONLINE:

- 20% growth in online purchases of travel in 2017 *New!!*
- Over \$800 billion in tourism products bought online in 2017 *New!!*
- Online tools are key in both the destination selection and actual booking
- Online platforms are the China outbound travel purchasing channels of the future

OTAs GAINING MARKET SHARE:

- 2018 Chinese New Year OTA bookings up 60% v. overall outbound market up 10%
- 3 OTAs dominate: C-Trip, Qunar and Tuniu--over 80%of China's OTA sector
- Air tickets (#2 after OTA booking) and accommodations (#3) are increasingly being booked on service providers' websites directly
- Fly & Drive and car rental are soaring in popularity

TRAVEL TRENDS



Booming FIT and Family Travel

China's FIT SEGMENT BOOMING

- Growing 10-20% per year, outperforming China's overall outbound market
- In certain States, FIT represents 40% of China travel and rapidly rising
- Semi-FIT (air/hotel packages) represents an additional 40% of the market

END of ONE-CHILD POLICY RESHAPING CHINA'S TRAVEL INDUSTRY:

- The new law has resulted in 8.83 million new-born second children in 2017
- 51% of all babies in 2017 were 2nd children for the first time ever
- Family travel is estimated to be up 168% in 2017
- 3-generation travel(Boomers, Millennial, Babies) booming
- ¼ of Chinese Millennial plan to travel with their parents and their children
- Even with children, 58% of Chinese travelers choose Fly & Drive options
- Educational tourism(family with college-age children) booming
- Theme park visitations with younger children benefiting from the trend

Powerful New OTAs Emerging

New OTAs Shaking Up the Travel Market_ *New!!*

- **Zuzuche.com** now dominates the online car rental market, going from 200,000 bookings to 4 million U.S. car rental bookings in less than 3 years
- **Fliggy.com** the online travel brand of e-commerce giant Alibaba, has gone from zero to 200 million users in less than 3 years and is now a key partner for many destinations
- **MaFengWo** the “TripAdvisor” of China launched in 2010 originally as a social travel website/blog, and has now transformed itself into a travel booking app which is key to reach Chinese FITs

MEDIA TRENDS



Social Media Channels in China *New!!*

- Most social media channels we are familiar with are blocked in China
e.g. Instagram, Facebook, Twitter, YouTube and Google
- In China, the people mainly use its own homegrown social media channels
e.g. Weibo(Twitter), WeChat (smart phone apps like Facebook), Youku(YouTube)
- Wechat, QQ, and Weibo are the top 3 social media platforms, with extraordinary penetration rates of 84%, 66%, and 39% of China's population, respectively.



WeChat

- WeChat, Tencent's take on WhatsApp, had more than 900 million active users worldwide by September 2017 and has become the top social media platform in China. Because of official censorship, Weibo is losing appeal as a forum where relatively uncensored news can be shared.



Weibo

- The primary platform to post news and is a great channel for users to connect with celebrities and brands; it has the highest engagement among trend-setters, with 150 million monthly active users across a wide demographic in China.

CHINA READY



Reduce the Barriers

- **Prepare a Destination Brochure, Video, Audio Guide in Chinese Language**
 - Shopping Center
 - Attractions
 - Tour activities/packages
 - Official Website ***New!!***
- **Upgrade WeChat into a new Level**
 - Official Chinese WeChat Account: increase followers; post destination information/updates ***New!!***
 - Use WeChat as a daily communication or interactive system with the Chinese travel trade/media partners
- **Payment System Trends ***New!!*****
 - WeChat Pay and Alipay own the dominate market shares in China. They are expending the market shares into overseas. You can find them in the airport stores; attractions ticket boxes, even hotels and supermarkets in some short-haul destinations, such as Japan and Thailand.
 - No need to have a lot of cash while travelling overseas.
 - Brand promotions/discounts to drive the selling performance from time to time.

A Summary of Chinese Holidays

-Traditional Holidays (3 days and 7 days) in 2019

- New Year's Day: December 30,2018-January 1,2019
- Lunar New Year: February 4-10,2019_ *Long-haul travelling season*
- Tomb Sweeping Day: April 5-7,2019
- Labor Day: April 29-May 1,2019_ *Long-haul travelling season*
- Dragon Boat Festival: June 7-9,2019
- Mid-Autumn Festival: September 13-15,2019
- National Day: October 1-7,2019_ *Long-haul travelling season*
- ✓ Chinese travelers usually takes 7 days plus annual leave for a long-haul destination travelling with friends or families.

-China School Breaks:

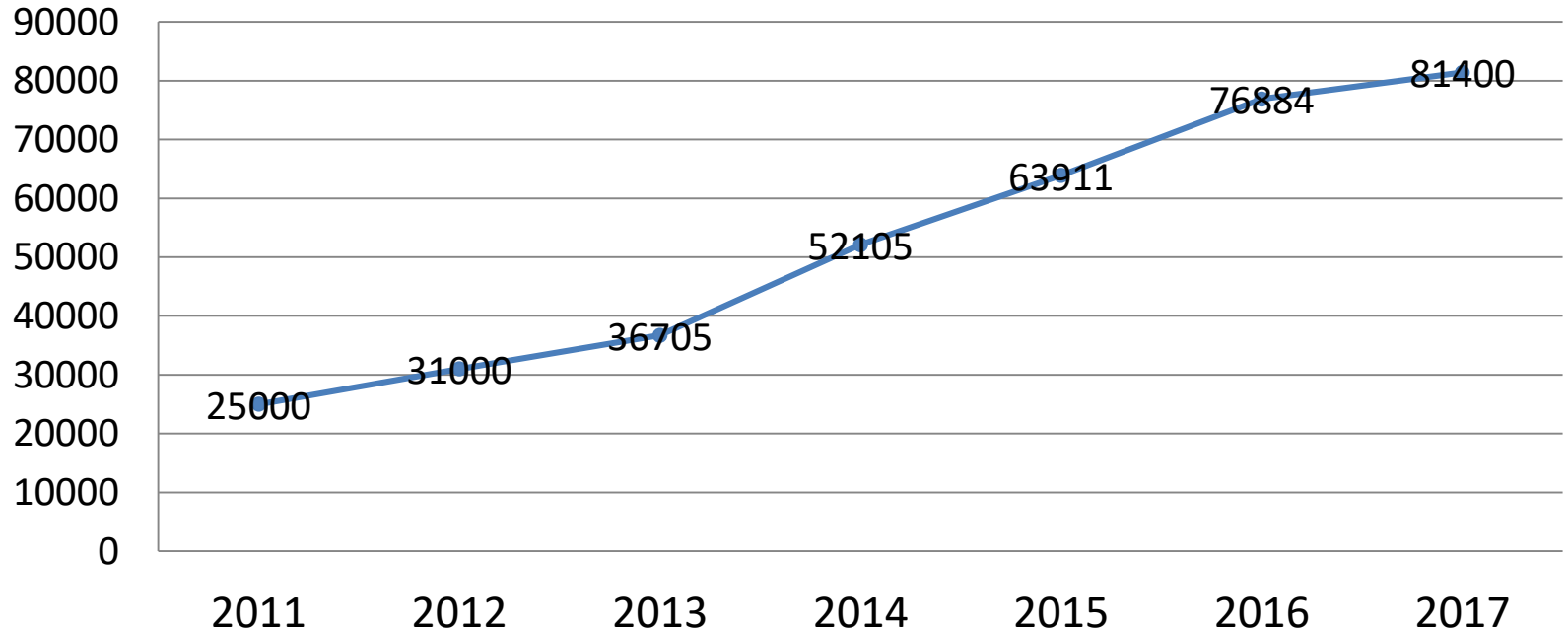
- Winter break: January 26- February 24,2019
- Summer break: July 13- August 31,2019
- ✓ Family travel and students camp(summer camp) high seasons

ARIZONA IN CHINA



GROWTH ON VISITATION

Visitation numbers*China



Arizona's advantages

What we are now selling.....

- Iconic views
- Clean & Fresh Air
- Western Style and Cowboy culture along Route 66
- Warm Seasonal Weather
- Less Crowdedness
- More safety
- Shopping
- In-depth travel experience

What we can add on.....

- Soft outdoor adventures to embrace the natures
- Road trip fun
- Family travel

•Continued New Product Developments

1) Key Travel Trade Partners

- Utour International Travel Service
- American International Travel Service
- Galaxy Tours
- Ctrip.com
- Caissa Touristic

•Marketing Co-operations

2) Ctrip Online Flagship Store

- Worked with Ctrip promoted the destination through landing page
- Social media: WeChat Content Marketing and Weibo EDMs to key selected clients

Total impression:1,428,025



2) Travel Trade/Media China Sales Mission_2018

- The China mission was hold in Shanghai, Beijing & Chengdu for one week at March 11-17.
- During the whole week, over 170 travel trade/media partners were invited to the luncheon for destination training and media interview.
- Separate to the luncheon, AOT met 7 top travel agencies in each market and 9 media appointments with key media partners.



FY18-AOT China-Cont'd

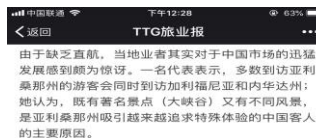
China Sales Mission 2018 Media Track



video
interview
in Shanghai &
Chengdu.



media meeting panels in
Shanghai & Beijing
for in-depth coverage opportunity.



亚利桑那州旅游局副局长Becky Blaine (右)

亚利桑那州旅游局副局长Becky Blaine说道, 此次亚利桑那州旅游局重返中国, 目的是向中国旅游行业进行动态更新, 介绍亚利桑那州的国家公园、美丽的城市和西部小镇。亚利桑那州期待与中国旅游行业探索更多商务机遇, 但更重要的是发展和巩固双边友谊。

Media Impressions
Generated: **7.2** million
AD Value: US\$ **0.5** million



FY18-AOT China-Cont'd

3) Travel Trade/Media FAM Groups

-American Airlines Key Tour Operators Southern China FAM_ Sepetmber 11-16,2017

-Post-IPW FAM_Travel Trade and Media FAM_May 24-30,2018



- IPW Post-fam: (as of July 11, 2018)

漫旅 TRAVEL+LEISURE



美西 亚利桑那之旅

亚利桑那州是美国西南部一个美丽的州，拥有丰富的自然景观和文化遗产。从壮丽的峡谷到宁静的沙漠，从古老的印第安文明到现代的牛仔文化，这里的一切都让人流连忘返。这次旅行，我们将带您领略亚利桑那州的独特魅力，感受大自然的神奇与壮丽。

28

BEYOND



30



返回

微博正文

...

公开



旅行狮

5-28 23:52 来自iPhone X



#绿色生活##乐活农场##敬畏大自然#

位于@亚利桑那州旅游局 Queen Creek(女王溪)Urban Farming——这些餐前蔬菜都在这个玻璃房的小花园培植出来，仅用1/10的土地就可以种出一英亩的蔬菜。

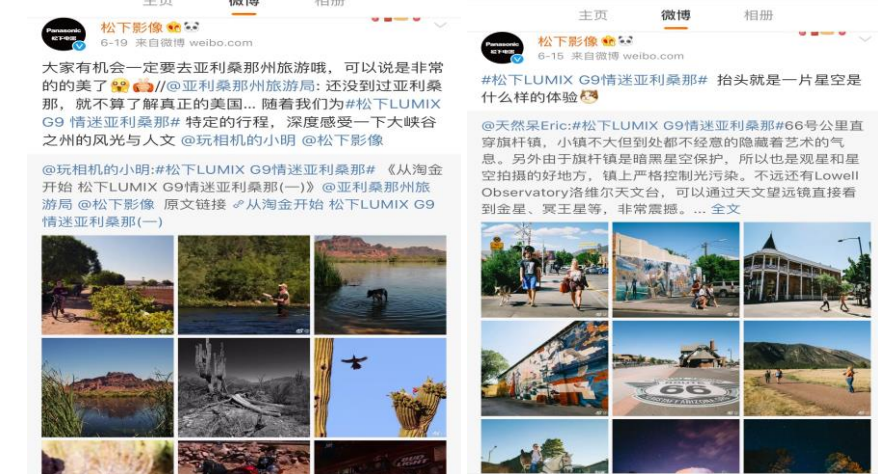


图中手中的蔬菜全是现场采摘试吃，这样就可以凑够午餐的前菜沙拉喇.....



FY18-AOT China-Cont'd

- Media Fam Group co-op with Panasonic LUMIX



FY18-AOT China-Cont'd

- Individual Media Visit
- Media Publicity: AD Value US\$ **0.5** million
- Number of Impressions: **0.8** million



FY18-AOT China-Cont'd

- Off-line Media Publicity: AD Value US\$ **3.2** million
- Number of Impressions: **11** million



Northern Arizona: driving to the end of sunset 亚利桑那州北部 驰骋到日落的尽头

从第一缕夕阳，到最后一抹晚霞的余晖，在亚利桑那州北部，你可以体验到最完美的日落。这里不仅有壮丽的自然风光，还有丰富的文化遗产。当你驾车穿越这片广袤的土地时，你会感受到一种前所未有的宁静与自由。在这里，时间仿佛静止了，只剩下你和大自然的呼吸。

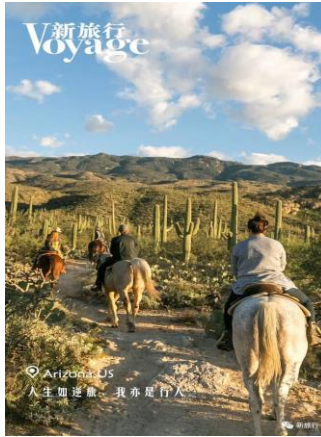


落日余晖 凤凰城
Phoenix, Arizona
在凤凰城，你可以欣赏到壮丽的日落景色。这里的沙漠风光独特，夕阳的余晖洒在沙丘上，形成一幅美丽的画卷。你可以选择驾车前往郊外，或者找一个安静的地方，静静地欣赏大自然的杰作。



湖光山色

在亚利桑那州北部，你可以欣赏到壮丽的湖光山色。这里的湖泊清澈见底，周围环绕着连绵起伏的山脉。你可以选择划船、钓鱼，或者 simply 散步，享受大自然的宁静与美丽。



AMAZING THINGS 每月精选 IN November

01 美国亚利桑那州

热气球探索高空之美

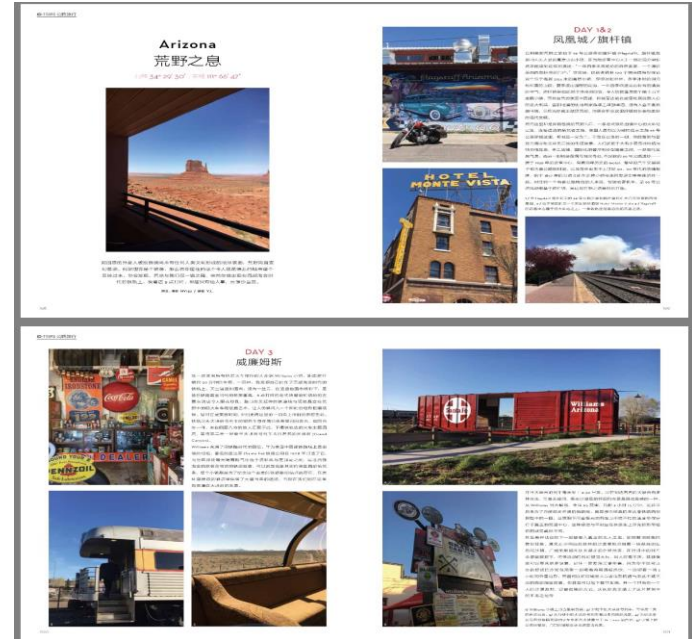
你可能已经体验过从空中俯瞰的壮观景象，或者乘坐热气球探索过沙漠。这可能是一个全新的体验，热气球之旅是一种新的方式，让你从空中欣赏到这片广袤的土地。你可以看到壮观的沙漠景观，还可以看到野生动物在眼前跳跃。在亚利桑那州的每个角落，你都能找到最适合你的热气球之旅。无论你是想体验刺激，还是想享受宁静的时光，这里都有适合你的选择。

网站: www.visitarizona.com/see-and-don't-miss-trips-and-tours-hot-air-balloons



02

登上塔科
从塔台
俯瞰景



Arizona 荒野之息



在亚利桑那州北部，你可以体验到最完美的日落。这里不仅有壮丽的自然风光，还有丰富的文化遗产。当你驾车穿越这片广袤的土地时，你会感受到一种前所未有的宁静与自由。在这里，时间仿佛静止了，只剩下你和大自然的呼吸。

网站: www.visitarizona.com/see-and-don't-miss-trips-and-tours-hot-air-balloons

DAY 15 凤凰城/旗杆镇



DAY 5 威廉姆斯



ARIZONA
OFFICE OF TOURISM

FY18-AOT China-Cont'd

- On-line Media Publicity: AD Value US\$ **1.7** million
- Number of Impressions: **100** million



进来，跟你讲一个84岁的美国老人
与“美国大街”的故事

自由不羁的T行侠 旅行者传媒 1月24日

TRAVELING MAKES DIFFERENCE
旅行改变世界



这是亚利桑那州一个名叫塞利格曼的小镇的下午，
一位穿着宽松牛仔外套，
戴着顶棒球帽的老人在夕阳中



ARIZONA
OFFICE OF TOURISM

Travel Blogger/Digital Influencers Engagement:
Total impressions are **24** million ; AD Value is US\$ **2.2** million



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如需转载请与本人联系

FY18-AOT China-Cont'd

- AOT official Sina weibo: **62%** increase of followers in FY 18;
- Total **39,198** followers as of July 11, 2018;
- Year-to-date impressions are **1.3** million



- AOT official WeChat: Launched in March 2018 with bi-weekly posts every month, total attracted **1,803** followers
Year-to-date impressions are **12,491**



THANK YOU!

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