Annual Market updates
China

Submitted by AVIAREPS China
July 15, 2021
Market Overview

• **Economy:** China is an upper-middle-income country and the world’s second largest economy. Its economy continues to steadily recover following GDP growth of 2.3% year during the pandemic year of 2020. It advanced 18.3% year-on-year in 2021 March quarter, accelerating sharply from 6.5% growth in the previous quarter and comparing favorably with market consensus of 19%.

• **Key Gateways:** Beijing (political capital), Shanghai (economic capital), Guangzhou (industrial capital), Shen Zhen (regional gateway)

• **Population:** In May 2021, China’s 7th population census reported total population of 1.41 billion.

• **Outbound Tourism market:** Due to rising disposable incomes and affordable long-haul flights, the demand for international travel in China had surged in pre-Covid years. In 2019, approximately 169.2 million outbound journeys were recorded in China, up from 47.6 million in 2009. The majority of Chinese overseas travel was for personal reasons. Overall, a significant number of outbound tourists came from larger cities.
China Traveler Trends

Trend 1: Longing for Travel, but Health and Safety are the Priority

• The worldwide pandemic has made Health and Safety top priority factors for any trip planning.
• Long-time quarantine on home ground is pushing tolerance levels, and people long to travel and enjoy the outdoors.
• The pandemic has caused anxiety and resistance, so being immersed in nature is seen as a salve for mental health.
• Yearnings for less crowded, remote, long-haul destinations are getting stronger in China.
China Traveler Trends

Trend 2: Shift to Mobile

- The pandemic has accelerated the adoption of mobile and digital tools. In China, social media and new media are now major sources of inspiration and information for travel decisions.
- **Reach**: 1.3 billion mobile phones in China means 1 mobile for every Chinese on average.
- **FIT means mobile**: most FITs use their mobile phone to book travel.
- **Mobile Internet**: 753 million people use their mobile to access the Internet; 50%+ access 4G.
- **Travel search & planning**: 80% of travelers are searching mainly online for information about destinations prior to booking and departure.
- **Bookings**: 72% of online bookings through the Top 5 OTAs in China 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. Traditional travel agencies, especially those designing personalized trips, continue to be popular.
China Traveler Trends

Trend 3: FIT Soaring

- In certain areas, FIT represents **40%** of China travel and is rapidly rising
- **Semi-FIT (air/hotel packages)** represents an additional 40% of the market
- Age: 91% of travelers are **under age 44**
- Experience: **5.5 international trips**, on average
- Confident: **41% speak English**, 77% have Bachelor degree or above
China Traveler Trends

Trend 4: Affluent Segment Booming

- **Size**: 100 million affluent households within 3 years
- **Growth**: 17% annual spending increase v. 5% middle-class growth
- **Importance**: 81% of China’s incremental consumption
- **Spend categories**: food, education and travel
- **Location**: 46% live in Tier 2 and Tier 3 cities
- **Booming Middle & Upper Class**: equates to booming luxury or unique travel, but there is now pandemic uncertainty and more cautious spending.
- **Exclusive Travel**: demand is growing for 5 & 6-star hotels, limos, helicopter transfers, private tours.
- **New Luxury Agents**: all major China tour operators have started Luxury Travel subsidiaries.
China Traveler Trends

Trend 5: Beyond the Gateways

- **Converging factors**: increasing travel experience, higher disposable income levels and greater sophistication are creating more demanding Chinese travelers, no longer satisfied with cookie-cutter itineraries and going beyond the gateways.
- **Been there done that, no more**: much like in the West, social pressure pushes sophisticated Chinese to “up” their peers and what were classic itineraries/destinations are no longer enough.
- **Attractive to Trade**: high-end Chinese travelers are less price sensitive. The higher the costs of tailor-made travel beyond gateways, the more appealing they are to Chinese travel trade.
- **Opportunities for lesser-known destinations**: the tailor-made itinerary trend is a big opportunity for lesser-known destinations and smaller attractions to serve the rich Chinese outbound market.
- **Long-haul and remote destinations**: Chinese outbound travelers are venturing further to long-haul and remote destinations.
China Traveler Trends

Trends 6: Younger Chinese Travelers

• Young professionals on high incomes are the major consumers driving outbound demand.
• The under-35 sector is the dominant force in China’s consumer market.
• Under-35s will drive 55% growth in consumer spending over the next 5 years.
• By 2022, they will represent 53% of total Chinese consumption.
• Sharing travel experiences on online platforms is more popular among younger generations.
• The new wave of Chinese tourists want higher quality services and non-group experiences.
China Traveler Trends

Post Covid-19 Updates, Trends

• The recovery of international travel is likely to be gradual and lead by younger generations.
• Preconditions for additional border openings are likely to include mutual formal recognition of low-risk status, and transparent heath data.
• 30% of Chinese tourists see online travel-related articles as important for choosing a destination.
• Travel experience ambitions vary according generations.
• Post-80s keywords include ‘scenic area’, ‘self-driving route’ and ‘Bar’; GenZ, represented by post-00s, prefer offbeat, i.e. ‘snacks’, ‘night markets,’ ‘landmark buildings’ among keywords searched.
Digital Landscape of China Market

• **Market landscape:** dominated by BATS (Baidu, Alibaba, Tencent and Sina), the core of China’s social and digital landscape.

• **Major digital market players:** WeChat, dominating and evolving, and still relevant Weibo measure the pulse of what’s viral.

• **Main market:** E-commerce categories reflect complexity of China’s retail market; video continues to rise as it fragments.

• **Research popular:** “Ask Me Anything” sites have reinvigorated

• **Popularity marketing:** KOLs/influencers are mainstream means for companies to attract younger audiences and generate greater profits
Digital Landscape of China Market

• Overall, digital media consumption has strongly increased vs. 2019. Social networking apps maintain their strength and high levels of usage.

• WeChat mini programs are the standout performer. Savvy brands have worked out behavior and trends and developed mini apps to meet them.

• Short form video apps, such as Douyin, Kwai and Watermelon Video, continue to grow, driven by longer use times. They are the key means to break through clutter and noise to gain audience attention.

• Live streaming continues its growth momentum and more brands in all categories use it in comms activities on various platforms.
AOT Social Media in China
Engaging Chinese Consumers During The Pandemic:

With intense travel restrictions in place the whole year, Chinese consumers were only able to dream of traveling to Arizona.

In order to inspire Chinese consumers’ travel dreams and ensure that Arizona is on the map when they can travel again, we executed on the following strategies from July 2020 to June 2021:

- Maintain our social media presence and focus on travel inspiration and dreaming
- Educate the market via in-depth articles
- Create a mobile app (within WeChat) to educate the travel trade and consumers and allow for dynamic itinerary planning
- Target Chinese consumers in North America for regional travel via programmatic ads on Chinese websites in North America
Staying On the Minds of Chinese Travelers Via Short, Engaging Weibo Content

Arizona Weibo Overview
01 Jul 2020 - 30 Jun 2021 (Weekly)

The Visit Arizona Weibo account gained a total of 6,669 followers in FY21.
Trip Inspiration: Travel Dreaming Via In-Depth WeChat Articles

Arizona WeChat Overview

The number of WeChat fans and engagement decreased, but the number of favorites increased 4% in FY21. The main reason is that with intense travel restrictions in place the whole year, Chinese consumers were only able to dream of traveling to Arizona.
Arizona Storytelling: Top Performing WeChat Posts in the Last Year

Lists of tourist spots typically perform better than single destination articles

5 MUST EAT FOODS IN ARIZONA
Read 470 times
Shared 31 times
7/29/2020

BEGINNER’S GUIDE TO ARIZONA’S OUTDOORS
Read 454 times
Shared 15 times
1/23/2021

48H IN PRESCOTT
Read 448 times
Shared 17 times
8/21/2020

TOP 5 SWIMMING HOLES FOR SUMMER RESORT
Read 444 times
Shared 15 times
7/11/2020

5 MOST WONDERFUL WINTER HIKES
Read 441 times
Shared 36 times
12/19/2020

5 DAY-TRIP IN TUCSON
Read 429 times
Shared 11 times
10/31/2020

ARIZONA OFFICE OF TOURISM
AZGCOT.com #AZGCOT
Enhancing Training Via WeChat Mini Program: Allowing For Dynamic Itinerary Planning

ARIZONA
OFFICE OF TOURISM

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#AZGCOT
Travel Trade
Trade Landscape of China Market

• OTA Concentration: Ctrip, Fliggy and Tuniu represent over 80% of China’s OTA market

• Other Online Booking Channels: traditional travel agencies have developed own online channels but lag behind OTAs
China Market Travel Trade

FY21 Sales & Marketing Overview:

• Total number of trade Fams hosted: 0
• Total number of trade show / exhibitions participated: 0
• Total number of online training/webinars: 87
• Total number of agent staff trained: 263
• Total number of offline joint events: 3

Activities postponed due to Covid-19:

• ILTM 2021
• Post-IPW Trade and Media Fam Trip 2021
• IPW 2021
• China Sales Mission 2021
Online Training Webinars

Since the Covid-19 outbreak, AOT China has conducted monthly webinars to educate travel trade partners about the destination and to inspire them. Besides building connections during this period, the activities also show AOT support in providing updated destination information and learning opportunities.

• Worked with 66 travel agencies, OTAs and tour operators.
• As of June 30, trained 263 sales/product staff in 87 live webinars.
• Training topics included: General Presentation, Dark Skies, Adventure, Road Trips and Lesser-Known Arizona, Outdoor, Luxury Hotels and shopping, national parks and monuments, tribal, etc.
FY 21 Trade Activities

U.S. Embassy Co-op & Offline Events –

“Friends in Southwest China” roadshow

AOT Beijing attended the “Friends in Southwest China” roadshow hosted by Agricultural Trade Office of U.S. Embassy Beijing on Apr. 6 in Chengdu. At a booth shared with U.S. Meat Export Federation, AOT Beijing connected with local invited partners from tourism, international trading and education industries, to promote the tourism resources. For future tourism development, AOT Beijing also connected with 20+ exhibitors from agricultural associations and wineries. Around 500 local participants attended day-time events.
FY 21 Trade Activities

Trade Round Table Dinner in Chengdu - April 6, 2021

• Venue: Chairman’s Restaurant, TaiKoo Li, Chengdu

• Eleven tour operators and airline partners attended the round table dinner which featured a destination presentation and updates on AOT China’s activities. U.S. commerce official Keenton Chiang also attended.

• AOT China reported on its activities during the pandemic, including online destination training for travel trade partners, liaison with travel agencies, and sending regular information to media.

• It presented a short-term action plan for China market, including consultancy update on Weibo and WeChat, launch of WeChat mini program (expected before May 2021), preparation for launch of AOT expert course in mini program, etc.

• AOT logoed gifts – notebooks, key chain, sports arm bag – were shared.
FY 21 Trade Activities

Discover America, a re-opened Study Destination

• AOT China presented at the Discover America Beijing event hosted by the U.S. Embassy Commercial Office on Sunday, May 16, 2021. Education USA presented the university resources of Arizona. More than 400 students and families attended.

• On behalf of AOT, AVIAREPS introduced Arizona as a tourism + study destination and interacted with attendees at the booth. Arizona tourism information and WeChat and Weibo QR codes were shared. Branded notebooks and sports arm bags were offered as lucky draw prizes.

• With the help of AOT, Northern Arizona University (NAU) also participated, explaining basic information and advantages, and adding to the lucky draw.

• AVIAREPS connected with California education organizations and community colleges, potential new partners for student tours and future destination promotions.
Media
Media Landscape of China Market

• State-owned media still dominate major media platforms and reach most of the population.

• Convergence media and convergence journalism is active in China, migrating to online/digital platforms and including KOLs and Influencers.

• Social media: WeChat remains dominant with Weibo, and new platforms such as RED, Zhihu (i.e., Do You Know), Douyin (TikTok), and Kuaishou are thriving.

• Short video apps such as Douyin and Kuaishou have become extremely popular in the past 2 years.

• Travel trade media: the limited range of travel trade media in China precisely targets industry people.
FY 21 Media Activities - KOL Co-op

Sina Weibo Posts with various core messages:

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<th>Really wanna go to Arizona again when everything is recovered!</th>
<th>Miss the outdoor adventure in Arizona, let me share some interesting stories about that fantastic destination and hope you could visit there soon!</th>
<th>Discover these natural landscapes in Arizona</th>
<th>Lesser-known destinations in the Grand Canyon State: Somewhere you don’t know</th>
<th>Wining and Dining Adventures in Arizona</th>
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"Lesser-known destinations in the Grand Canyon State: Somewhere you don’t know

"Wining and Dining Adventures in Arizona"
FY 21 Media Activities

Media Publicity: US$0.84 million Ad Value
Number of Impressions: 80 million
FY 21 Media Activities

Media Publicity - Cont'd

亚利桑那州的美食

亚利桑那州图森市被联合国教科文组织UNESCO授予“世界美食之都”称号。图森市(Tucson)因其多种多样的活动而闻名，因为当地的丰富农业，以及多元的美食传统及餐饮文化。图森市在2015年曾获得由联合国教科文组织授予的世界美食之都称号。图森市你可以轻松找到各种选择的国际化餐馆，或者订到詹姆斯·比尔德 James Beard Foundation榜上有名的顶级餐厅的座位。观光的同时，也能在这个被索诺拉沙漠所环绕的城市里进行一次美食探险！

亚利桑那州的特色水疗

自20世纪初以来，亚利桑那州的气候炎热干燥，也是一个丰富而密集的Spa疗养圣地，要说亚利桑那州的Spa潮流也是毫不为过。

亚利桑那州的奢华度假牧场

亚利桑那州的奢华度假牧场Tanque Verde Ranch位于图森郊外的仙人掌国家公园和科罗拉多国家森林附近的范库维弗尼山脉(Rincon Mountains)之间。这个牧场建立于1888年，致力于为客人提供豪华的住宿体验，无与伦比的便利设施以及各种各样的活动，如骑马、山地自行车、钓鱼和远足。La Sonora水疗中心位于牧场之内，一天疲惫的骑马行程结束后可以在这里尽情放松休憩。
Thank you!

Shanghai Office
Tina Yao, General Manager
Email: tyao@aviareps.com

Spring Zheng, Travel Trade Marketing Director
Email: szheng@aviareps.com

Jane Dong, Public Relations Director
Email: jdong@aviareps.com

Beijing Office
Cynthia Zhou, General Manager
Email: czhou@aviareps.com

Anita Yu, Public Relations Manager
Email: ayu@aviareps.com