China Market Update FY22

Submitted by AVIAREPS China
China Market Overview

Geographic Data
• Capital: Beijing
• Main cities: Shanghai, Guangzhou, Chengdu, Shenzhen, Wuhan

Demographic Data
• Population: 1.410 billion

Source: AOT Market Profile as of 7/22
2022 Chinese Outbound Travel Market

• **China Outbound Tourism Return Projection:** A “strong wave” of Chinese outbound travel will begin again in 2023 and return to 2019 numbers by 2024, according to new projections from the China Outbound Tourism Research Institute.

• **Vaccination Ramp-up:** China had administered 3.37 billion vaccine doses by May 23. 92% of all Chinese have received at least one dose, 90% have been double-vaccinated and 55% have received a third booster dose, the latter considered essential to ward off Omicron.

Source: Data Center of Ministry of Culture and Tourism
Source: National Health Commission of China / Chinese Center of Disease Control and Prevention
2022 Chinese Outbound Travel Market

Consumer Sentiment:

- Travel remains on hold for most Chinese, but eagerness to travel is on the rise.
  - Sentiment surrounding “eager for travel” increased significantly from 23% in September 2021 to 33% in March 2022.
- Chinese consumers yearn for the opportunity to travel overseas again.
  - Pandemic burnout
- Quarantining policies upon return from overseas trip is the biggest obstacle to outbound travel
  - Safety has dropped to third place.

Source: China Tourism Academy
China Travel Trends 2022/2023

• **Focus on Influencers**
  - More people now rely on Key Opinion Consumers (KOCs) and Key Opinion Leaders (KOLs) for purchasing advice for international travel

• **Digital Payment**
  - In 2021, 79% of smartphone users in China used digital payment systems; 577 million Chinese consumers use AliPay and WeChat Pay.

• **Digital Nomads**
  - While most travelers will not work on vacation, more and more people are switching to remote jobs that they can also do while traveling

• **Family Travel**
  - Terms like “unschooling” and “edventure” underline the power of digital technology.

• **Camping**
  - Camping vacations are expected to grow 18.6% in 2022 to $5.34 billion

• **Live Streaming**
  - Broadcasting directly from an event or special location is a growing online trend. Now, live streaming is also transforming the digital travel industry.

Source: China Tourism Academy
Digital Marketing

Importance of Social Media

• More than 850 million Chinese people (60% of the population) used the Internet in 2021 compared to 300 million in the U.S. (Source: McKinsey Digital)

• There were around 673.5 million social media users in China in 2019, making it the world’s largest social media market. (Source: McKinsey Digital)

• China’s social media landscape is unique and is constantly evolving, with new platforms being regularly developed to meet emerging demands.

• Chinese consumers spend as much as 44% of their time on social media apps. (Source: McKinsey Digital)
Digital Marketing

Social Lifestyle in China - Consumers manage most of their lives via apps.

- Instant messaging functions similar to WhatsApp
- Social functions similar to Facebook and Twitter
- Finance functions like Apple Pay and PayPal
- Social functions similar to Facebook and Twitter
- Social & E-commerce functions: Similar to Instagram but more weight on purchase
- Social & E-commerce functions: Similar to Instagram but more weight on purchase
- Entertainment functions: Share or enjoy Vlog or live streams
Media Habit Are Changing

1. ONLINE VIDEO IS GROWING RAPIDLY
2. OTT IS ON THE RISE
3. TRADITIONAL TV IS LOSING ITS POWER

Data source: KANTAR
AOT Social Media in China
Social Media Strategies FY22

- Focus on travel inspiration and dreaming
- Educate the market via in-depth articles
- Repurpose KOL content to keep Arizona on the minds of Chinese travelers
- Expand Arizona’s WeChat Channel presence with more engaging & high quality video content
- Target Chinese consumers in North America for regional travel via programmatic ads on Chinese websites & apps
Engaging Weibo Content

AOT’s Weibo account gained a total of 2,926 followers in FY22

01 Jul 2021 - 30 Jun 2022 (Weekly)
Inspiration: Travel Dreaming via WeChat Articles

With the travel restrictions and paused investment on WeChat ads in the past year, the number of WeChat followers decreased, but the number of organic shares and reads increased 18% and 6%, respectively, in FY22.
Top Performing Social Posts

WeChat Official Account

Arizona’s Wildly Different Desert Regions
Reads: 415
Shares: 16
3/31/22

A Guide to Visiting Horseshoe Bend ‘The Right Way’
Reads: 395
Shares: 29
11/23/21

WeChat Channel

Iconic Arizona
Views: 11,000
Engagements: 139
9/23/21

Grand Canyon - Clouds
Views: 11,000
Engagements: 30
10/6/21

Weibo

Route 66: Flagstaff
Impressions: 100,000
Engagements: 146

Dude Ranches Video
Impressions: 34,400
Engagements: 117
Repurposing Key Opinion Leader (KOL) Content

While Chinese travelers are not able to visit Arizona, we launched a round of KOL content repurpose to keep inspiring the travel enthusiasts with high quality & practical content. The campaign generated more than 10 million impressions on a comprehensive list of platforms.

Timeline: 8/23/2021 - 11/18/2021
KOL: Lingwei另唯

<table>
<thead>
<tr>
<th>Impressions</th>
<th>Total Engagements (Like, Share, Comment)</th>
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<tbody>
<tr>
<td>10,135,151</td>
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<th>Target CPM</th>
<th>Actual CPM</th>
<th>Deliverables</th>
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<tr>
<td>$1.75</td>
<td>$0.2</td>
<td>2 WeChat articles</td>
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<tr>
<td></td>
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<td>15 Weibo posts</td>
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<tr>
<td></td>
<td></td>
<td>1 video post</td>
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<td></td>
<td></td>
<td>1 Mafengwo post</td>
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<tr>
<td></td>
<td></td>
<td>1 Zhihu post</td>
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Content to Showcase a Different Side of Arizona

Chinese consumers are reacting better with video content. We subtitled the Dude Ranches video and featured it on all Arizona China social channels to maximize the exposure. It gained more than 35,000 impressions and 200 engagements in total.

Timeline: 5/19/2022 - 5/25/2022

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<th>Impressions</th>
<th>Total Engagements (Like, Share, Comment)</th>
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<table>
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<tr>
<th>CPM (Weibo)</th>
<th>Platforms</th>
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<tbody>
<tr>
<td>$11.62</td>
<td>Weibo</td>
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<tr>
<td></td>
<td>WeChat Official Account</td>
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<td>WeChat Channel</td>
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China Travel Trade
OTAs Still Dominate The Market

- OTAs continue to be the main travel purchase channel.
- Airlines and hotels are secondary channels.
- Within OTAs, Ctrip has the top market share followed by Qunar.
- Among domestic airlines China Southern is the leader.
China Market Travel Trade

• FY22 Sales & Marketing Overview:

• Number of agent staff trained: 463
• Number of offline events: 1
• Number of trade enrolled in WeChat Mini program training: 241
• Number of trade completed online training course: 70
FY 22 Trade Activities

• **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 46 travel agencies, OTAs and tour operators.
  
  • As of June 30, trained 361 sales/product staff in 96 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, and Tribal.
FY 22 Trade Activities

- **Education USA China College Fair**
  - Hosted by the US Embassy Commercial Office Beijing, AVIAREPS presented with AOT at the *Education USA China College Fair* on Saturday, September 25, 2021.
  - **750+** students and their families attended participated. AVIAREPS had connected with some Arizona education organizations and community colleges, prospective new partners for student tours and future destination promotion.
  - On behalf of AOT, AVIAREPS introduced Arizona as a Tourism + Study destination to all guests and interacted with students and families at the booth. Arizona tourism information and the WeChat/Weibo QR code were well distributed, and Arizona giveaways of notebooks and sports bag were given in lucky draws.
China Media Relations
FY 22 Media Activities

Media Publicity: AD Value US$1.69 million
Number of Impressions: 103.5 million
Key Opinion Leaders (KOL) Content Repurposed

Number of KOLs worked with: 9
Engagement: 1.13 million
Total posts repurposed: 11
Ad Value: US$ 39,500

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<th>Phoenix is the gateway of Arizona</th>
<th>Arizona is my most favourite road trip and family destination among other 30 states in US</th>
<th>My memorable travel experience of the 8-day/7-night Colorado River Rafting Trip in Arizona.</th>
<th>Phoenix &lt;Born Radiant&gt; video post</th>
<th>Asian Festival in Mesa</th>
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Phoenix is the gateway of Arizona

Arizona is my most favourite road trip and family destination among other 30 states in US

My memorable travel experience of the 8-day/7-night Colorado River Rafting Trip in Arizona.

Phoenix <Born Radiant> video post

Asian Festival in Mesa
Thank You

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