



China Fact Sheet

China Overview

The HTA, through Hawai'i Tourism China (HTC), implements targeted marketing programs to increase awareness and drive travel demand to Hawai'i. The HTA has selected a new marketing contractor, BrandStory, Inc. to provide destination representation services for the Hawaiian Islands in Mainland China effective January 1, 2016. BrandStory China was established in 2006 with offices in Beijing, Shanghai, Guangzhou and Chengdu. In 2017, HTA continues to aim for positive market growth through enhanced online presence, increased direct consumer promotions and campaigns, greater collaboration with travel trade partners, and further development in direct air services from China. HTA continues to position Hawai'i as a desired stand-alone vacation destination for Chinese travelers.

March 2017 Quick Facts¹

Visitor Expenditures:	\$110.2 million
Primary Purpose of Stay:	Pleasure (32,950) vs. MCI (3,104)
Average Length of Stay:	9.11 days
First Time Visitors:	80.7%
Repeat Visitors:	19.3%

CHINA (by Air)	2015	2016P	% Change 2016P vs 2015	2017 Forecast	% Change 2016P vs 2017 Forecast	YTD Mar. 2017P	YTD Mar. 2016P	% change YTD
Visitor Expenditures* (\$ Millions)	427.8	407.9	-4.7%	434.3	6.5%	110.2	123.1	-10.5%
Visitor Days	1,091,274	1,120,731	2.7%	1,190,720	6.2%	338,291	302,477	11.8%
Arrivals	173,520	170,078	-2.0%	173,479	2.0%	37,114	40,957	-9.4%
Per Person Per Day Spending* (\$)	392.0	364.7	-7.0%	342.2	-6.2%	325.7	406.9	-20.0%
Per Person Per Trip Spending* (\$)	2,465.5	2,398.3	-2.7%	2,503.6	4.4%	2,969.0	3,005.2	-1.2%
Length of Stay (days)	6.29	6.59	4.8%	6.86	4.2%	9.11	7.39	23.4%

**Excludes supplemental business spending*

Contact Information

Hawai'i Tourism Authority: Jadie Goo
 Director of Marketing
 Tel: (808) 973-2252
jadie@gohta.net

Hawai'i Tourism China: Reene Ho-Phang
 Managing Director
 Tel: 86 (21) 6355-8033
reene@brandstory.asia

¹2016 and 2017 data are preliminary.

Market Summary

- Expenditures by Chinese visitors in 2016 totaled \$407.9 million, which was a decrease of 4.7 percent from 2015. Through March 2017, visitor expenditures decreased 10.5 percent to \$110.2 million.
- In 2016, arrivals from China to Hawai'i declined 2 percent from 2015 to 170,078 visitors. Through March 2017, arrivals decreased 9.4 percent to 37,114 visitors.
- In 2016, Chinese visitor distributions to O'ahu, Island of Hawai'i, Maui and Kaua'i were at 95%, 29%, 18%, and 3%, respectively. Through March 2017, Chinese visitor distributions to O'ahu, Island of Hawai'i, Maui and Kaua'i were at 98%, 39%, 28%, and 3%, respectively. The number of arrivals to Kaua'i remains the lowest, mainly due to the lack of Chinese speaking receptive tour operators and tour guides on that island.
- For 2016, average length of stay was 6.59 days. Through March 2017, the length of stay was 9.11 days.
- Average daily spending by Chinese visitors in 2016 was \$365 per person. Shopping continued to be their number one expenditure (\$126), followed by lodging (\$92), food and beverage (\$56), entertainment and recreation (\$39), transportation (\$39), and others (\$12). Through March 2017, the average daily spending dropped to \$325.7 per person, but remained highest among all visitors to Hawai'i.
- The majority of Chinese visitors to Hawai'i are first timers. Through March 2017, 80.7% were first time visitors, 30% came on group tours, and 44% made their own travel arrangements.
- Airlift: In 2016, air seats from China increased 15% to 173,421 seats. Through March 2017, air seats from China increased (+1.0%) to 39,945 seats. Currently, China Eastern flies daily between Shanghai and Honolulu. Air China and Hawaiian Airlines fly three times a week each between Beijing and Honolulu.

Market Conditions

- The China economy grew 6.7% in 2016, the slowest in two decades but within the government's target range of 6.5% to 7%. For 2017, many economists believed that the growth rate will decelerate further. The International Monetary Fund is forecasting a growth rate of 6.5%, on the back of expectations for continued government stimulus.
- The strengthening of U.S. dollar has resulted in the erosion of the spending power of the Chinese travelers.
- As reported by China National Tourism Administration (CNTA), the volume of outbound tourism reached 122 million people in 2016, increasing at a slower pace of 4.3% over 2015. Outbound travel had grown by 9.3% in 2015 with 117 million outbound tourists over 2014. Forecast for 2017 outbound travel growth rate will maintain at around 4%.
- The Millennials FIT segment is growing with travelers seeking authentic local culture, food, thrilling activities and self-driving experiences.
- The ten-year validity extension of U.S. visa will attract more Chinese to travel to the U.S. However, many competitor destinations have been improving their visa policies and procedures to entice the same market.
- As the new leadership continues to combat corruption and regulate government spending, overseas business travel by government owned/affiliated businesses and institutions will be further tightened.
- Competition continues to be intense with countries and continental U.S. destinations investing large amounts on access development in the China market. The overall increase in airlift from Tier 1 and Tier 2 China cities made continental U.S. the main beneficiary in terms of providing more

convenience and destination offerings to Chinese travelers posing direct competition to the Hawaiian Islands.

- Total arrivals to U.S. in 2017 are expected to reach 3.45 million according to the U.S. Department of Commerce.
- In March, HTC organized a joint promotion with Unique Way and Modern Weekly magazine in Shanghai to promote Happy Healthy Hawai'i targeting travelers who is seeking unique travel experiences. Unique Way is a travel agency specializing in customized tour with over 40,000 users.

Visitor Statistics

	2015	2016	% Change 2016 vs 2015	2017 Forecast	% Change 2016P vs 2017 Forecast	YTD Mar. 2017P	YTD Mar. 2016P	% change YTD
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Length of Stay (days)	6.29	6.59	4.8%	6.86	4.2%	9.11	7.39	23.4%

*Excludes supplemental business spending

China: Distribution by Island

CHINA (by Air)	2015	2016	% Change 2016 vs 2015	YTD Mar. 2017P	YTD Mar. 2016P	% change YTD
O'ahu	165,632	162,330	-2.0%	36,301	39,408	-7.9%
Maui County	29,132	31,553	8.3%	10,456	10,007	4.5%
...Maui	27,899	30,205	8.3%	10,392	9,757	6.5%
...Moloka'i	2,116	1,410	-33.4%	162	277	-41.6%
...Lāna'i	1,715	864	-49.6%	157	129	22.1%
Kaua'i	5,111	4,553	-10.9%	1,052	1,082	-2.8%
Hawai'i Island	45,304	48,570	7.2%	14,443	13,078	10.4%

China: Airlift

	2017					2016					2017 vs. 2016 (%)				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Beijing	24,027	22,452	20,709	21,240	88,428	24,198	20,709	21,477	21,922	88,306	-0.7%	8.4%	-3.6%	-3.1%	0.1%
Shanghai	16,256	20,436	20,698	23,056	80,446	15,048	22,440	21,616	19,506	78,610	8.0%	-8.9%	-4.2%	18.2%	2.3%

Source: Diio Mii airline schedules

China: Group vs. FIT; Leisure vs. Business

CHINA (by Air)	2015	2016	% Change 2016 vs 2015	YTD Mar. 2017P	YTD Mar. 2016P	% change YTD
Group vs FIT						
Group tour	87,924	80,071	-8.9%	11,268	15,838	-28.9%
True Independent	46,764	52,920	13.2%	16,504	14,900	10.8%
Leisure vs business						
Pleasure (Net)	155,687	153,900	-1.1%	32,950	36,887	-10.7%
MCI (Net)	12,384	8,983	-27.5%	3,104	3,010	3.1%
Convention/Conf.	5,213	3,132	-39.9%	865	1,141	-24.2%
Corp. Meetings	2,000	896	-55.2%	325	245	32.4%
Incentive	5,411	5,219	-3.5%	1,917	1,742	10.0%

China: First Timers vs. Repeat Visitors

CHINA (by Air)	2015	2016P	% Change 2016 vs 2015	YTD Mar. 2017P	YTD Mar. 2016P	% change YTD
1st timers (%)	84.2	83.9	-0.4%	80.7	84.2	-3.5
Repeaters (%)	15.8	16.1	1.9%	19.3	15.8	3.5

Tax Revenue

CHINA (by Air)	2015	2016	% Change 2016 vs 2015	YTD Mar. 2017P	YTD Mar. 2016P	% change YTD
State tax revenue generated* (\$ Millions)	45.56	47.61	+4.5%	12.86	14.37	-10.5%

*State government tax revenue generated (direct, indirect, and induced)

Industry

Major Tour Operators

The list below shows the top tour operators in China in relation to market share. This is based on total number of passengers to Hawai'i.

- Shanghai Ctrip International Travel Service Co.
- GZL International Travel Service
- Beijing UTour International Travel Service
- Beijing China International Travel Service Co.
- China Environment International Travel Service
- China Youth Travel Service
- China International Travel Service Limited
- China Merchants International Travel Co.
- Shanghai Airlines Tours International
- Grand Vision (Beijing) International Travel Service