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## 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.

### January 2017 Quick Facts<sup>1</sup>

Visitor Expenditures: \$49.6 million  
 Primary Purpose of Stay: Pleasure (12,978) vs. MCI (1,177)  
 Average Length of Stay: 10.53 days  
 First Time Visitors: 80.5%  
 Repeat Visitors: 19.5%

China MMA (by Air)	2015final	2016P Final	% Change 2016P vs 2015	2017 Forecast	% Change 2016P vs 2017 Forecast	YTD Jan. 2017P	YTD Jan. 2016F	% change YTD
Visitor Expenditures* (\$ Millions)	427.8	407.9	-4.7%	434.3	6.5%	49.6	41.9	18.6%
Visitor Days	1,091,274	1,120,731	2.7%	1,190,720	6.2%	155,007	104,623	48.2%
Arrivals	173,520	170,078	-2.0%	173,479	2.0%	14,715	13,418	9.7%
Per Person Per Day Spending* (\$)	392.0	364.7	-7.0%	342.2	-6.2%	320.2	400.1	-20.0%
Per Person Per Trip Spending* (\$)	2,465.5	2,398.3	-2.7%	2,503.6	4.4%	3,373.0	3,119.9	8.1%
Length of Stay (days)	6.29	6.59	4.8%	6.86	4.2%	10.53	7.80	35.1%

\*Excludes supplemental business spending

### Contact Information

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<sup>1</sup>2016 and 2017 data are preliminary.  
As of March 7, 2017



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### Market Summary

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- Expenditures by Chinese visitors in 2016 totaled \$407.9 million, which was a decrease of 4.7 percent from 2015. In January 2017, visitor expenditures rose 18.6 percent to \$49.6 million.
- In 2016, arrivals from China to Hawai'i declined 2 percent from 2015 to 170,078 visitors. In January 2017, arrivals increased 9.7 percent to 14,715 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. In January 2017, Chinese visitor distributions to O'ahu, Island of Hawai'i, Maui and Kaua'i were at 98%, 43%, 31%, 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 2015, average length of stay was 6.29 days. Through December 2016, the length of stay was 6.59 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). In January 2017, the average daily spending dropped to \$320 per person, but remained highest among all visitors to Hawai'i.
- The majority of Chinese visitors to Hawai'i are first timers. In 2016, 83.9% were first time visitors, 47% came on group tours, and 31% made their own travel arrangements.
- Airlift: In 2016, air seats from China increased 15% to 173,421 seats. In January 2017, air seats from China rose 25.9% to 15,340 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

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- 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.

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- 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.

### Visitor Statistics

China MMA (by Air)	2013	2014	2015	2016P	% Change 2016P vs 2015	2017 Forecast	% Change 2016P vs 2017 Forecast	YTD Jan. 2017P	YTD Jan. 2016P	% change YTD
Visitor Expenditures* (\$ Millions)	304.9	405.6	427.8	407.9	-4.7%	434.3	6.5%	49.6	41.9	18.6%
Visitor Days	773,942	1,022,125	1,091,274	1,120,731	2.7%	1,190,720	6.2%	155,007	104,623	48.2%
Arrivals	125,011	159,718	173,520	170,078	-2.0%	173,479	2.0%	14,715	13,418	9.7%
Per Person Per Day Spending* (\$)	394.0	396.8	392.0	364.7	-7.0%	342.2	-6.2%	320.2	400.1	-20.0%
Per Person Per Trip Spending* (\$)	2,439.0	2,539.3	2,465.5	2,398.3	-2.7%	2,503.6	4.4%	3,373.0	3,119.9	8.1%
Length of Stay (days)	6.19	6.40	6.29	6.59	4.8%	6.86	4.2%	10.53	7.80	35.1%

\*Excludes supplemental business spending

### China: Distribution by Island

China MMA (by Air)	2013	2014	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016P	% change YTD
O'ahu	118,637	152,389	165,632	162,330	-2.0%	14,427	13,003	11.0%
Maui County	19,515	26,226	29,132	31,553	8.3%	4,598	3,935	16.9%
...Maui	18,789	25,839	27,899	30,205	8.3%	4,594	3,864	18.9%
...Moloka'i	1,034	647	2,116	1,410	-33.4%	20	60	-65.6%
...Lāna'i	718	545	1,715	864	-49.6%	6	14	-54.3%
Kaua'i	3,568	4,173	5,111	4,553	-10.9%	381	464	-17.8%
Hawai'i Island	19,944	31,684	45,304	48,570	7.2%	6,383	5,158	23.7%

### 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

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### China: Group vs. FIT; Leisure vs. Business

China MMA (by Air)	2013	2014	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016P	% change YTD
Group vs FIT								
Group tour	63,620	74,657	87,924	80,071	-8.9%	3,139	3,899	-19.5%
True Independent	31,284	41,617	46,764	52,920	13.2%	7,622	6,422	18.7%
Leisure vs business								
Pleasure (Net)	109,136	144,568	155,687	153,900	-1.1%	12,978	12,030	7.9%
MCI (Net)	9,656	8,922	12,384	8,983	-27.5%	1,177	1,263	-6.8%
Convention/Conf.	3,712	4,156	5,213	3,132	-39.9%	516	521	-0.9%
Corp. Meetings	1,990	1,070	2,000	896	-55.2%	213	79	168.2%
Incentive	4,404	3,797	5,411	5,219	-3.5%	448	681	-34.2%

### China: First Timers vs. Repeat Visitors

China MMA (by Air)	2013	2014	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016P	% change YTD
1st timers (%)	85.1	83.9	84.2	83.9	-0.4%	80.5	80.7	-0.2
Repeaters (%)	14.9	16.1	15.8	16.1	1.9%	19.5	19.3	0.2

### Tax Revenue

China MMA (by Air)	2013	2014	2015	2016P	% Change 2016P vs 2015	YTD Jan. 2017P	YTD Jan. 2016P	% change YTD
State tax revenue generated* (\$ Millions)	32.47	43.19	45.56	43.44	-4.7%	5.29	4.46	-18.6%

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



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**Industry** (Confidential – for internal purposes only)

### 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

### Major Hotels

For many affluent Chinese visitors, upscale hotels with familiar brand names such as Hilton, Sheraton, Hyatt, and Marriott are preferred. There are also visitors who seek good value for their money and prefer economy hotels. Special services and room amenities such as Chinese language speaking staff, free Wi-Fi, restaurant menus and signs in Chinese characters, teabags, hot water boiler, and slippers are important to all Chinese visitors.

	Romance/Golf/Affluent	Family
O'ahu	Royal Hawaiian Hotel The Kāhala Hotel and Resort Halekūlani Hilton Hawaiian Village Waikīkī Beach Resort Sheraton Waikīkī Resort Waikīkī Beach Marriott Resort & Spa Hyatt Regency Waikīkī Beach Resort and Spa Moana Surfrider, A Westin Resort	Aston Waikīkī Beach Hotel Outrigger Reef on the Beach Holiday Inn Resort Waikīkī Beachcomber Ramada Plaza Waikīkī Maile Sky Court Hotel Hyatt Place Waikīkī Beach Waikīkī Gateway Hotel Waikīkī Sand Villa Hotel
Maui	Hyatt Regency Maui Resort & Spa Grand Wailea The Ritz-Carlton, Kapalua Four Seasons Maui at Wailea The Westin Maui Resort & Spa	Sheraton Maui Resort & Spa Maui Beach Hotel Royal Lahaina Resort
Island of Hawai'i	Hilton Waikoloa Village Waikoloa Beach Marriott Resort & Spa Fairmont Orchid	King Kamehameha's Kona Beach Hotel Sheraton Kona Hilo Hawaiian Hotel
Kaua'i	Grand Hyatt Kaua'i Resort & Spa The St. Regis Princeville Resort Kaua'i Marriott Resort	Courtyard Kaua'i at Coconut Beach Kauai Beach Resort