



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 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 2018, 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.

Year-to-Date February 2018 Quick Facts¹

Visitor Expenditures:	\$81.1 million
Primary Purpose of Stay:	Pleasure (24,121) vs. MCI (1,284)
Average Length of Stay:	8.55 days
First Time Visitors:	76.0%
Repeat Visitors:	24.0%

CHINA (by Air)	2016	2017P	% Change 2017P vs 2016	2018 Forecast (Feb. 2018)	% Change 2017P vs 2018 Forecast	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
Visitor Expenditures* (\$ Millions)	416.4	386.9	-7.1%	394.5	2.0%	81.1	84.2	-3.7%
Visitor Days	1,082,459	1,146,143	5.9%	1,162,980	1.5%	223,446	268,160	-16.7%
Arrivals	164,326	151,295	-7.9%	153,565	1.5%	26,130	27,383	-4.6%
Per Person Per Day Spending* (\$)	384.7	337.6	-12.2%	339.3	0.5%	363.0	314.0	15.6%
Per Person Per Trip Spending* (\$)	2,534.0	2,557.2	0.9%	2,569.3	0.5%	3,104.1	3,075.0	0.9%
Length of Stay (days)	6.59	7.58	15.0%	7.57	0.0%	8.55	9.79	-12.7%

*Excludes supplemental business spending

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¹ 2016 visitor data are the final numbers and reflect data from the National Travel and Tourism Office and updated reports from airlines. 2017 and 2018 data are preliminary.

Market Summary

- Expenditures by Chinese visitors in 2017 totaled \$386.9 million, which was a decrease of 7.1 percent from 2016. Through the first two months of 2018, visitor expenditures declined 3.7 percent to \$81.1 million compared to year-to-date 2017.
- In 2017, arrivals to Hawai'i decreased 7.9 percent to 151,295 visitors. Through February 2018, arrivals declined 4.6 percent to 26,130 visitors.
- In 2017, Chinese visitor distributions to O'ahu, Island of Hawai'i, Maui and Kaua'i were at 97%, 36%, 21%, and 3%, respectively. Through February 2018, distributions to O'ahu, Island of Hawai'i, Maui and Kaua'i were at 98%, 43%, 24%, 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.
- In 2017, the length of stay was 7.58 days. Through February 2018 the length of stay increased to 8.55 days.
- Average daily spending by Chinese visitors in 2017 dropped to \$338 per person (\$385 per person in 2016) but remained highest among all visitors to Hawai'i. Shopping continued to be their number one expenditure (\$110), followed by lodging (\$95), food and beverage (\$54), transportation (\$37), entertainment and recreation (\$34) and others (\$8). Through February 2018, the average daily spending increased 15.6 percent to \$363 per person.
- The majority of Chinese visitors to Hawai'i are first timers. In 2017, 80.9% were first time visitors, 32% came on group tours, and 41% made their own travel arrangements (FIT). Through February 2018, 76% were first time visitors, 16% came on group tours, and 50% were FIT.
- Airlift: In 2017, air seats from China decreased 1.8 percent to 163,904 seats. Through February 2018, total seats from Beijing and Shanghai increased 6.8 percent compared to the first two months of 2017.

Market Conditions

- The China economy grew 6.9% in 2017. For 2018, many economists believed that the GDP growth rate will decelerate further with an estimate of 6.7%.
- The strengthening of Chinese RMB will increase spending power of the Chinese travelers to U.S.
- As reported by China National Tourism Administration (CNTA), the volume of outbound tourism reached 128 million people in 2017, an increase of 4.9% over 2016. Forecast for 2018 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.
- Over 60 destinations/countries offer Chinese visitors visa waiver or visa upon arrival to entice the market.
- 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 2018 are expected to reach 3.2 million according to the U.S. Department of Commerce.
- To position Hawai'i as the 'original', the 'diamond' of all islands, HTC launched Diamond of Islands campaign comprising digital Treasure Hunt and Offline components designed to entice upscale

Chinese couples. In February, two winning couples were selected from 10,000 participants to win a romantic trip and diamond granting ceremony in Hawai'i.

- For Chinese New Year holiday, HTC secured 3 charter flights through work with China Eastern Airlines and trade partner CYTS Zhejiang. This is the first-ever direct flight from Hangzhou to Honolulu. In addition to the charter flights, China Eastern Airlines and Air China also added seasonal flights to meet the high demand of traveling to Hawai'i during the holiday season.
- HTC and nine tour planners created 14 mono Hawai'i tour packages and products in February to target March to June travelers. The tour products introduced were aimed at Groups, FITs and Families. All are available online and in retail stores nationwide.

Visitor Statistics

	2016	2017P	% Change 2017P vs 2016	2018 Forecast (Feb. 2018)	% Change 2017P vs 2018 Forecast	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
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*Excludes supplemental business spending

China: Distribution by Island

CHINA (by Air)	2016	2017P	% Change 2017P vs 2016	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
O'ahu	156,799	146,137	-6.8%	25,538	26,838	-4.8%
Maui County	30,145	32,279	7.1%	6,648	8,014	-17.1%
...Maui	28,899	31,650	9.5%	6,276	8,006	-21.6%
...Moloka'i	1,277	849	-33.5%	205	57	260.4%
...Lāna'i	819	1,118	36.5%	242	94	155.9%
Kaua'i	4,418	4,938	11.8%	743	768	-3.2%
Hawai'i Island	46,642	54,193	16.2%	11,335	11,079	2.3%

China: Airlift

DepCity	2018					2017					% CHANGE				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Beijing	21,147	20,085	20,600	20,085	81,917	23,665	22,240	20,322	21,311	87,538	-10.6	-9.7	1.4	-5.8	-6.4
Shanghai	20,182	20,436	20,698	23,056	84,372	16,280	20,174	20,854	19,058	76,366	24.0	1.3	-0.7	21.0	10.5

Source: Diio Mii airline schedules, updated January 2018

China: Group vs. FIT; Leisure vs. Business

CHINA (by Air)	2016	2017P	% Change 2017P vs 2016	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
Group vs FIT						
Group tour	77,719	48,639	-37.4%	4,165	7,299	-42.9%
True Independent	50,937	62,663	23.0%	13,034	12,893	1.1%
Leisure vs business						
Pleasure (Net)	149,052	129,704	-13.0%	24,121	24,718	-2.4%
MCI (Net)	8,520	15,051	76.7%	1,284	1,586	-19.0%
Convention/Conf.	3,011	5,626	86.8%	741	610	21.5%
Corp. Meetings	863	2,115	145.2%	323	246	31.2%
Incentive	4,900	7,667	56.5%	327	733	-55.4%

China: First Timers vs. Repeat Visitors

CHINA (by Air)	2016	2017P	Change 2017P vs 2016	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
1st timers (%)	83.8	80.9	-2.9	76.0	79.4	-3.4
Repeaters (%)	16.2	19.1	2.9	24.0	20.6	3.4

Tax Revenue

CHINA (by Air)	2016	2017P	% Change 2017P vs 2016	YTD Feb. 2018P	YTD Feb. 2017P	% change YTD
State tax revenue generated* (\$ Millions)	48.60	45.16	-7.1%	9.47	9.83	-3.7%

*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