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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 2016, 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 November 2016 Quick Facts¹

Visitor Expenditures: \$381.3 million
 Primary Purpose of Stay: Pleasure (144,735) vs. MCI (8,341)
 Average Length of Stay: 6.52 days
 First Time Visitors: 84.1%
 Repeat Visitors: 15.9%

China MMA (by Air)	2014R	2015	% Change 2015 vs 2014R	2016 Forecast (Oct. 2015)	% Change 2015 vs 2016 Forecast	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
Visitor Expenditures* (\$ Millions)	405.6	427.8	5.5%	489.7	14.5%	381.3	395.1	-3.5%
Visitor Days	1,022,125	1,091,274	6.8%	1,180,175	8.1%	1,041,510	1,005,868	3.5%
Arrivals	159,718	173,520	8.6%	185,007	6.6%	159,701	161,907	-1.4%
Per Person Per Day Spending* (\$)	396.8	392.0	-1.2%	415.0	5.9%	366.1	392.8	-6.8%
Per Person Per Trip Spending* (\$)	2,539.3	2,465.5	-2.9%	2,647.2	7.4%	2,387.3	2,440.5	-2.2%
Length of Stay (days)	6.40	6.29	-1.7%	6.38	1.4%	6.52	6.21	5.0%

*Excludes supplemental business spending

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¹ Data for 2014R and 2015 were revised based on updated statistics from the Federal Office of Travel and Tourism Industries (OTTI) and from updated reports from airlines. 2016 data are preliminary.



AUTHORITY

China Fact Sheet

Market Summary

- Expenditures by Chinese visitors reached \$427.8 million in 2015, 5.5% higher than 2014. Through November 2016, visitor expenditures declined 3.5 percent from the first eleven months of 2015 to \$381.3 million.
- In 2015, arrivals from China to Hawai'i reached 173,520, an 8.6% increase year over year. Through November 2016, arrivals of 159,701 visitors was down 1.4 percent from year-to-date 2015.
- In 2015, Chinese visitor distributions to O'ahu, Island of Hawai'i, Maui and Kaua'i were at 95%, 26%, 16%, and 3% respectively. Through November 2016, Chinese visitor distributions to O'ahu, Island of Hawai'i, Maui and Kaua'i were at 96%, 28%, 19%, and 3%, respectively. 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 November 2016, the length of stay was 6.52 days.
- Average daily spending by Chinese visitors in 2015 dropped 1.2% to \$392, but remained highest among all visitors to Hawai'i. Shopping was their number one expenditure (\$160), followed by lodging (\$86), food and beverage (\$56), entertainment and recreation (\$35), transportation (\$33), and others (\$22). Through November 2016, the average daily spending was \$366 per person, down from \$393 per person in the first eleven months of 2015.
- The majority of Chinese visitors to Hawai'i are first timers. In 2015, 84.2% were first-time visitors, 51% came on group tours, and 27% were true independent travelers. Through November 2016, 84.1% were first time visitors, 48% came on group tours, and 30% made their own travel arrangements.
- Airlift: In 2015, the total number of direct non-stop air seats from China rose 8.6% to 150,390 seats. Through November 2016, air seats from China increased 11% to 153,971 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

- Economic growth in 2015 slowed to its lowest level in the past two decades. For 2016, many economists believed that the growth rate will decelerate further. The most optimistic forecast was from the PBOC, the World Bank, and the Asian Development Bank, which predicted 6.7% -6.8% growth. A median prediction by Consensus Forecasts was 6.5%.
- Strengthening of U.S. dollar has less impact on rising independent travelers from China.
- Middle upper class and experienced travelers are growing with increased interest in seeking authentic local culture and food.
- The ten-year validity extension of U.S. visa will help attract more Chinese. However, many competitor destinations have been improving their visa policies and procedures to entice the same market.

HAWAII TOURISM

AUTHORITY

China Fact Sheet

- 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 investing large amounts on access development in the China market.
- Total arrivals to U.S. in 2016 are expected to reach 2.97 million according to the U.S. Department of Commerce.
- 2016 has been declared as the “China-U.S. Tourism Year.” Hawaii expects to benefit from the mutual interest in growing two way travel between China and U.S.

Visitor Statistics

China MMA (by Air)	2012	2013	2014R	2015	% Change 2015 vs 2014R	2016 Forecast (Oct. 2015)	% Change 2015 vs 2016 Forecast	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
Visitor Expenditures* (\$ Millions)	277.1	304.9	405.6	427.8	5.5%	489.7	14.5%	381.3	395.1	-3.5%
Visitor Days	699,703	773,942	1,022,125	1,091,274	6.8%	1,180,175	8.1%	1,041,510	1,005,868	3.5%
Arrivals	116,866	125,011	159,718	173,520	8.6%	185,007	6.6%	159,701	161,907	-1.4%
Per Person Per Day Spending* (\$)	396.0	394.0	396.8	392.0	-1.2%	415.0	5.9%	366.1	392.8	-6.8%
Per Person Per Trip Spending* (\$)	2,370.9	2,439.0	2,539.3	2,465.5	-2.9%	2,647.2	7.4%	2,387.3	2,440.5	-2.2%
Length of Stay (days)	5.99	6.19	6.40	6.29	-1.7%	6.38	1.4%	6.52	6.21	5.0%

*Excludes supplemental business spending

China: Distribution by Island

China MMA (by Air)	2012	2013	2014R	2015	% Change 2015 vs 2014R	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
O'ahu	109,729	118,637	152,389	165,632	8.7%	152,717	154,666	-1.3%
Maui County	16,726	19,515	26,226	29,132	11.1%	29,574	26,614	11.1%
...Maui	15,343	18,789	25,839	27,899	8.0%	28,276	25,496	10.9%
...Moloka'i	1,560	1,034	647	2,116	227.1%	1,344	1,968	-31.7%
...Lāna'i	641	718	545	1,715	214.7%	824	1,630	-49.4%
Kaua'i	3,828	3,568	4,173	5,111	22.5%	4,125	4,492	-8.2%
Island of Hawai'i	17,929	19,944	31,684	45,304	43.0%	44,659	41,722	7.0%

China: Airlift

	2016 Outlook					2015					2016 Outlook vs. 2015 (%)				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Beijing	24,435	20,709	21,240	20,709	87,093	21,837	20,709	25,269	21,657	89,472	11.9%	0.0%	-15.9%	-4.4%	-2.7%
Shanghai	15,312	22,440	24,288	24,288	86,328	13,662	13,728	18,744	14,784	60,918	12.1%	63.5%	29.6%	64.3%	41.7%

Source: Diio Mii airline schedules



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China Fact Sheet

China: Group vs. FIT; Leisure vs. Business

China MMA (by Air)	2012	2013	2014R	2015	% Change 2015 vs 2014R	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
Group vs FIT								
Group tour	68,613	63,620	74,657	87,924	76,728	83,629	-8.3%	76,728
True Independent	22,863	31,284	41,617	46,764	48,282	42,638	13.2%	48,282
Leisure vs business								
Pleasure (Net)	99,916	109,136	144,568	155,687	144,735	145,325	-0.4%	144,735
MCI (Net)	8,709	9,656	8,922	12,384	8,341	11,352	-26.5%	8,341
Convention/Conf.	3,064	3,712	4,156	5,213	2,935	4,335	-32.3%	2,935
Corp. Meetings	1,223	1,990	1,070	2,000	805	1,980	-59.3%	805
Incentive	4,458	4,404	3,797	5,411	4,849	5,261	-7.8%	4,849

China: First Timers vs. Repeat Visitors

China MMA (by Air)	2012	2013	2014R	2015	% Change 2015 vs 2014R	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
1st timers (%)	86.3	85.1	83.9	84.2	0.3	84.1	84.3	-0.2
Repeaters (%)	13.7	14.9	16.1	15.8	-0.3	15.9	15.7	0.2

Tax Revenue

China MMA (by Air)	2012	2013	2014R	2015	% Change 2015 vs 2014R	YTD Nov. 2016P	YTD Nov. 2015F	% change YTD
State tax revenue generated* (\$ Millions)	30.19	32.47	43.19	45.56	5.5%	40.60	42.08	-3.5%

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