



## 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.

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

Visitor Expenditures: \$242.1 million  
 Primary Purpose of Stay: Pleasure (81,866) vs. MCI (10,603)  
 Average Length of Stay: 7.62 days  
 First Time Visitors: 81.4%  
 Repeat Visitors: 18.6%

CHINA (by Air)	2015	2016P	% Change 2016P vs 2015	2017 Forecast	% Change 2016P vs 2017 Forecast	YTD Jul. 2017P	YTD Jul. 2016P	% change YTD
Visitor Expenditures* (\$ Millions)	427.8	407.9	-4.7%	434.3	6.5%	242.1	265.2	-8.7%
Visitor Days	1,091,274	1,120,731	2.7%	1,190,720	6.2%	734,219	695,093	5.6%
Arrivals	173,520	170,078	-2.0%	173,479	2.0%	96,379	107,713	-10.5%
Per Person Per Day Spending* (\$)	392.0	364.7	-7.0%	342.2	-6.2%	329.7	381.6	-13.6%
Per Person Per Trip Spending* (\$)	2,465.5	2,398.3	-2.7%	2,503.6	4.4%	2,511.9	2,462.6	2.0%
Length of Stay (days)	6.29	6.59	4.8%	6.86	4.2%	7.62	6.45	18.1%

\*Excludes supplemental business spending

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<sup>1</sup>2016 and 2017 data are preliminary.

## 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. Through July 2017, visitor expenditures declined 8.7 percent to \$242.1 million.
- In 2016, arrivals from China to Hawai'i dropped 2 percent from 2015 to 170,078 visitors. Through July 2017, arrivals decreased 10.5 percent to 96,379 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 July 2017, Chinese visitor distributions to O'ahu, Island of Hawai'i, Maui and Kaua'i were at 97%, 35%, 21%, 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 July 2017, the length of stay increased to 7.62 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 July 2017, the average daily spending dropped to \$330 per person, but remained highest among all visitors to Hawai'i.
- The majority of Chinese visitors to Hawai'i are first timers. Through July 2017, 81.4% were first time visitors, 35% came on group tours, and 40% made their own travel arrangements.
- Airlift: In 2016, air seats from China increased 15% to 173,421 seats. Through July 2017, growth in air seats from China was decreased (-1.9% at 96,128 seats). Currently, China Eastern flies five weekly flights 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.
- 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 July, HTC invited six top Weibo social influencers to visit The Hawaiian Islands. The goal is to promote Hawai'i's diverse landscapes, natural resources, history and culture to the Chinese market through influencer and online engagement. The influencers visited attractions and venues that are rooted in Hawaiian history and culture, as well as unique dining and outdoor experiences. To-date, a total of 140 Weibo blog posts were created, shared to 2.8 million followers and viewed over 60.5 million times, generating a PR Value of USD 6.9 million.
- In order to boost summer visitations to Hawai'i, HTC and Zuzuche jointly launched a Hawai'i-themed online campaign with a landing page to promote special deals of car rental packages and local activities with discounted air tickets supported by Air china on both APP and PC. This promotion is expected to generate a large number of exposure to attract self-drive consumers.

## Visitor Statistics

	2015	2016	% Change 2016 vs 2015	2017 Forecast	% Change 2016P vs 2017 Forecast	YTD Jul. 2017P	YTD Jul. 2016P	% change YTD
CHINA (by Air)								
Visitor Expenditures* (\$ Millions)	427.8	407.9	-4.7%	434.3	6.5%	242.1	265.2	-8.7%
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Length of Stay (days)	6.29	6.59	4.8%	6.86	4.2%	7.62	6.45	18.1%

\*Excludes supplemental business spending

## China: Distribution by Island

CHINA (by Air)	2015	2016	% Change 2016 vs 2015	YTD Jul. 2017P	YTD Jul. 2016P	% change YTD
O'ahu	165,632	162,330	-2.0%	93,441	102,930	-9.2%
Maui County	29,132	31,553	8.3%	20,806	18,841	10.4%
...Maui	27,899	30,205	8.3%	20,382	18,113	12.5%
...Moloka'i	2,116	1,410	-33.4%	406	747	-45.6%
...Lāna'i	1,715	864	-49.6%	856	426	100.9%
Kaua'i	5,111	4,553	-10.9%	3,188	2,468	29.1%
Hawai'i Island	45,304	48,570	7.2%	33,948	29,340	15.7%

## China: Airlift

DepCity	2017					2016					CHANGE2017 vs. 2016 (%)				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Beijing	23,665	22,240	20,322	21,311	87,538	24,198	20,709	21,477	21,922	88,306	-2.2%	7.4%	-5.4%	-2.8%	-0.9%
Shanghai	16,280	20,174	20,698	23,056	80,208	15,048	22,440	21,616	19,506	78,610	8.2%	-10.1%	-4.2%	18.2%	2.0%

Source: Diio Mii airline schedules, updated June 2017

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

CHINA (by Air)	2015	2016	% Change 2016 vs 2015	YTD Jul. 2017P	YTD Jul. 2016P	% change YTD
Group vs FIT						
Group tour	87,924	80,071	-8.9%	33,560	52,695	-36.3%
True Independent	46,764	52,920	13.2%	38,373	32,393	18.5%
Leisure vs business						
Pleasure (Net)	155,687	153,900	-1.1%	81,866	98,396	-16.8%
MCI (Net)	12,384	8,983	-27.5%	10,603	5,897	79.8%
Convention/Conf.	5,213	3,132	-39.9%	3,766	2,112	78.3%
Corp. Meetings	2,000	896	-55.2%	1,477	615	140.1%
Incentive	5,411	5,219	-3.5%	5,646	3,393	66.4%

## China: First Timers vs. Repeat Visitors

CHINA (by Air)	2015	2016P	% Change 2016 vs 2015	YTD Jul. 2017P	YTD Jul. 2016P	% change YTD
1st timers (%)	84.2	83.9	-0.4%	81.4	84.2	-2.8
Repeaters (%)	15.8	16.1	1.9%	18.6	15.8	2.8

## Tax Revenue

CHINA (by Air)	2015	2016	% Change 2016 vs 2015	YTD Jul. 2017P	YTD Jul. 2016P	% change YTD
State tax revenue generated* (\$ Millions)	45.56	47.61	+4.5%	28.26	30.96	-8.7%

\*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