



Chinese International Travel Monitor 2015

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Introduction

This is the fourth edition of the Hotels.com™ Chinese International Travel Monitor (CITM), which examines in some detail the phenomenon of the continued growth in outbound tourism by mainland Chinese travellers and its impact on the global travel industry. It analyses research taken directly from both Chinese international travellers and hoteliers worldwide, combined with Hotels.com's own proprietary data and other research.

For the travellers' survey, Hotels.com commissioned IPSOS, a world leader in market research, global market information and business analysis, to conduct a research study among Chinese residents in mainland China who had paid for accommodation on an international trip at least once in the past five years.

The research was conducted during May 2015 using an online methodology, with a sample of 3,074 eligible respondents across China.

Minimum thresholds were set on key demographics such as age, gender and region to ensure a representative sample that would allow analysis of sub-groups. The questionnaire covered topics including, but not limited to, travel behaviour, booking methods and accommodation choices.

For the opinion of hoteliers, Hotels.com carried out a global survey of more than 1,500 Hotels.com hotel partners during May 2015. Responses were received from Argentina, Australia, Brazil, Canada, Colombia, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Mexico, the Netherlands, New Zealand, Norway, Russia, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, the UK and the USA.

Figures on different aspects of spending, including prices paid for hotel rooms, are quoted in Chinese Renminbi (RMB) and their US dollar equivalent wherever possible. Unless otherwise indicated, RMB-US\$ exchange rates in this survey were taken on April 30, 2015 of 1 RMB = 0.1612 USD. Average hotel prices quoted include taxes and fees.



Foreword

It is with great pleasure that I introduce the 2015 edition of the Hotels.com Chinese International Travel Monitor (CITM), the fourth in the annual series. Since it was first launched, the CITM has become a widely acknowledged and anticipated source of information about the latest trends in outbound Chinese tourism.

Hotels.com is one of the world's largest accommodation booking websites and, as such, we enjoy close relationships with very many hoteliers and accommodation providers. This gives us access to a deep data and insights into travellers from all over the world.



The growth in travellers from mainland China has been much reported in this report and elsewhere in recent years, with tourism authorities, government agencies, hotels, hospitality businesses and airlines around the world introducing new services and incentives to nurture and encourage this market.

In 2014, the outbound Chinese tourism market moved into a relatively stable growth period, seeing an increase of “only” 20 percent in outbound Chinese travellers. This followed a period of jaw-dropping growth over the past few years¹. Still, according to a Bank of America Merrill Lynch² forecast, outbound Chinese travellers could number around 174 million in four years' time, spending about US\$264 billion annually. That's roughly equivalent to the GDP of a developed country like Singapore³. Clearly, the Chinese dragon is still building steam.

Several themes emerge in this year's report. One is the expanding influence of “millennial” travellers, those Gen-Y people aged 18 to 35 who tend to like freer, unencumbered travel.

Another revelation is the spending power of the wealthiest top 10 percent of Chinese travellers, whose average daily outlay when travelling overseas of well over 13,000 RMB (US\$2,000) including accommodation must make them a very interesting target market for hospitality businesses everywhere.

Further, if any more evidence is needed that no one can afford to ignore today's app culture, this year's CITM highlights the power of mobile commerce, with half of all Chinese outbound travellers now using mobiles to plan and book trips, up from just 17 percent in 2014. Eighty percent of them use some form of digital device for planning and booking, and only about one in eight now visit or ring up a traditional travel agent, according to our CITM research.

Against a backdrop of often conflicting signals about the global economy, other bullish signs in this year's CITM stand out. For the fourth year running, hoteliers round the world report an annual increase in Chinese guests. Many are confident about ongoing expansion and plan to invest more in services to keep these clients happy.

I hope that interested parties in government, industry, media and other observers will find the 2015 edition of the Hotels.com CITM as interesting and informative as we do. We look forward to keeping you up to date on Chinese outbound tourism trends and bringing you many more insights in the years ahead. Happy reading.

Abhiram Chowdhry
Vice President and Managing Director APAC
for the Hotels.com brand

1 <http://www.travelchinaguide.com/tourism/2014statistics/outbound.htm>

2 <http://www.chinatravelnews.com/article/90046>

3 <http://www.heritage.org/index/explore?view=by-variables>.



1 • Overview



1 • Overview

The raw statistics behind China's outbound tourism reveal the extraordinary growth and size of the market – and demonstrate its huge potential.

China now has 1.4 billion people, up from official government estimates of 1.36 billion in July 2014⁴. Disposable personal income in China grew to an all-time high of 28,844 RMB (US\$4,649) in 2014⁶ which, put simply, means its people have more money to spend on travel and other discretionary spending.

The trend is being supported by ongoing urbanisation. During the next two decades, over 300 million more people are expected to move from rural to urban areas in China⁷, representing a rate and scale of migration unprecedented in history⁸.

Research by consultants McKinsey and Company indicates that, by 2022, more than three-quarters of China's consumers in cities will earn between 60,000 and 229,000 RMB (US\$9,000 to US\$34,000) a year⁹.

This urban affluence will fuel further, sustained growth in outbound tourism. Official China tourism statistics indicate that the number of outbound tourists was 107 million in 2014, an increase of almost 20 percent over the previous year¹⁰.

4 <http://www.worldometers.info/world-population/china-population/>

5 <http://www.stats.gov.cn/tjsj/ndsj/2014/indexeh.htm>

6 <http://www.tradingeconomics.com/china/disposable-personal-income>

7 http://www.cn.undp.org/content/dam/china/docs/Publications/UNDP-CH_2013percent20NHDR_EN.pdf

8 http://www.cn.undp.org/content/dam/china/docs/Publications/UNDP-CH_2013percent20NHDR_EN.pdf

9 http://www.mckinsey.com/insights/consumer_and_retail/mapping_chinas_middle_class

10 <http://www.travelchinaguide.com/tourism/>



1 • Overview cont.

But there's more to come. Some 174 million Chinese outbound tourists are anticipated to spend US\$264 billion by 2019, according to a forecast by Bank of America Merrill Lynch. Twenty-five to 34-year-olds are expected to make up the bulk of these travellers at 35 percent of the total¹¹.

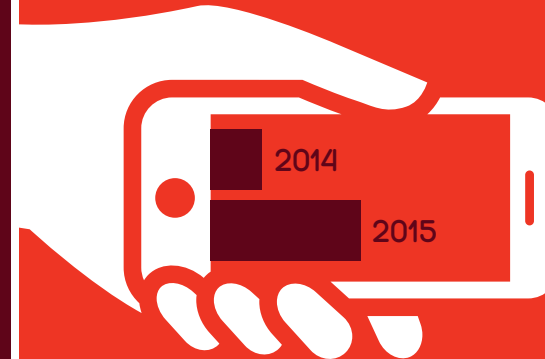
One factor contributing to the growth in outbound tourism is the easing of visa arrangements for visitors from China by many countries including the USA, Canada, South Korea and Japan^{12,13}. According to the country's Ministry of Foreign Affairs, Chinese citizens now enjoy visa-free or visa-on-arrival access to 52 countries and territories.

Rise of the tech-savvy young traveller

A key theme in this year's Chinese International Travel Monitor (CITM) is the growing influence of tech-savvy Gen Y travellers – the “millennials” aged 18 to 35. They're making more international trips, according to hoteliers surveyed, and, as they become more affluent, they're becoming better informed. Ninety-one percent consult price comparison websites when researching their trip, for example, and they're smarter in using loyalty programme points for accommodation (55 percent compared with 47 percent of all travellers surveyed.)

Meanwhile the CITM shows that most respondents eschew travel agents and the landline phone and use some form of digital device to book and plan. Travel bookings via mobile phones are soaring. Half of all Chinese outbound travellers (and 61 percent of younger millennials, aged 18 to 25) in this year's report refer to their mobile phones to plan and book trips, compared with just 17 percent the previous year.

Travel
bookings
via mobile
phones are
soaring



Half of all Chinese
outbound travellers

used their mobile
phones to plan
and book trips,
compared with just 17%
the previous year

¹¹ <http://www.bloomberg.com/news/articles/2015-03-11/chinese-tourists-are-headed-your-way-with-264-billion>

¹² http://www.9tour.cn/info/info_30232.html

¹³ <http://news.163.com/15/0114/08/AFTGRELCO0014SEH.html>

1 • Overview cont.

Big spenders' growing influence

Another feature of this year's CITM results is the behaviour and financial muscle of the top 10 percent of travellers in terms of travel spending. Including accommodation, Chinese travellers on average shell out 3,324 RMB (US\$536) daily when overseas. The top 10 percent spent 4 times more than that on an average 13,800 RMB (US\$2,225), and the top 5 percent spent over *six times* more on 20,896 RMB (US\$3,368). The top 10 percent spent an average of 2,723 RMB (US\$439) per night on hotels alone.

Total Traveller spend

RMB 3,324 / USD 536
an average day



Top 10% Traveller spend

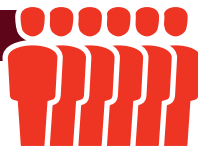
RMB 13,800 / USD 2,225
an average day



4 times that of total travellers

Top 5% Traveller spend

RMB 20,896 / USD 3,368
an average day



6 times that of total travellers

Free and easy

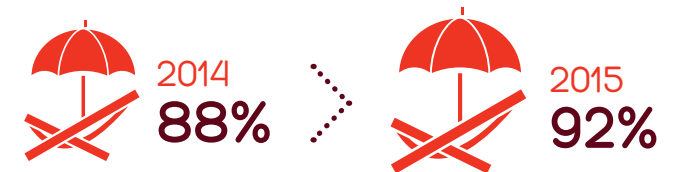
What are Chinese tourists' preferences when travelling? In a trend first identified in the CITM in 2012, many like to travel independently. This is significant for the tourism industry as independent travellers are increasingly seen as critical for tourist destinations. They spend more than others on experiences and accommodation, whereas group travellers typically spend only on shopping, skimping in other areas. Half those surveyed like to make their own "free and easy" arrangements rather than joining organised groups and themed and "eco" tours, and the percentage is even higher among younger millennials (58 percent).

The vast majority go abroad for leisure (92 percent), compared with 88 percent the previous year. Interestingly, 9 percent travel abroad specifically for medical, cosmetic surgery or "wellbeing" reasons (such as spa treatments).

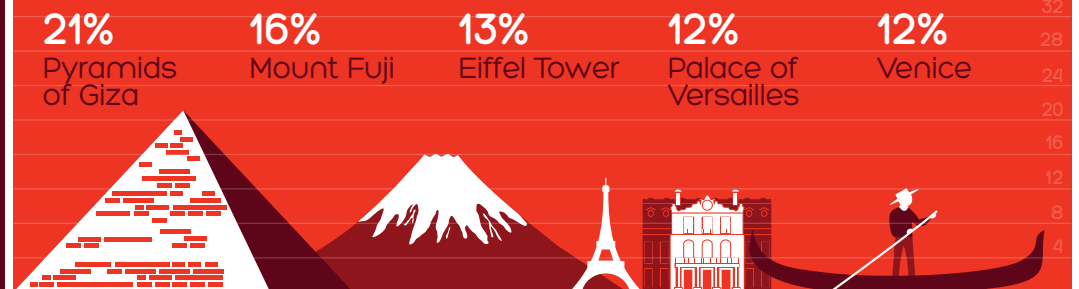
Australia and Japan are the top countries that Chinese travellers intend to visit in next 12 months. Japan shot to second place, taking France's spot, having not previously been in the top 10 places on travellers' wishlists. South Korea is deemed to be the most welcoming country (by 14 percent of respondents).

Of the landmarks outside China they'd most like to visit in their lifetime, the Pyramids of Giza (21 percent) and Mount Fuji (16 percent) top the wishlist.

Leisure is major purpose of travel



Landmarks outside China they'd most like to visit in their lifetime



1 • Overview cont.

Wishlist -v- Reality

According to the number of rooms booked on the Hotels.com Chinese website in 2014, the top four countries Chinese travellers actually travelled to remain the same. However, Hong Kong slipped to third place, while Thailand moved up to second place.

Top 10 destinations Chinese travellers said that they intend to travel to and the destinations they actually travelled to in 2014

RANK	WISHLIST	REALITY
1	Australia	USA
2	Japan	Thailand
3	France	Hong Kong
4	Hong Kong	Japan
5	South Korea	Taiwan
6	USA	South Korea
7	Maldives	France
8	Germany	Australia
9	Thailand	Italy
10	Taiwan	United Kingdom

1 • Overview cont.

What hoteliers say

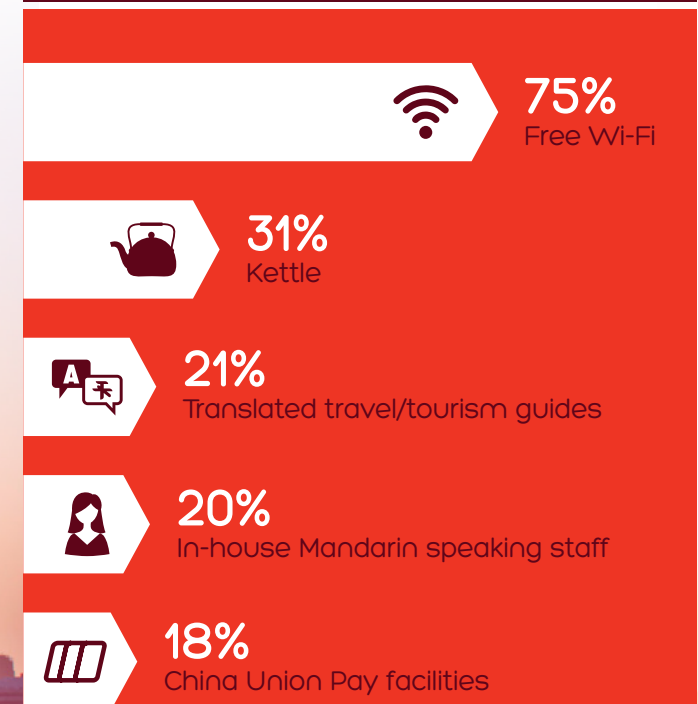
In the global hoteliers' survey, hoteliers confirm that the growth in Chinese guest numbers observed previously is continuing. Almost two-thirds (61 percent) experienced an increase in Chinese guests at their properties over the past year.

These increases are reflected at most regional levels. Seventy-nine percent of hoteliers in APAC, for example, report an increase. And North America is clearly becoming a favoured destination for the Chinese, with 65 percent of hoteliers reporting more Chinese guests.

Reflecting what appears to be a generally positive mood in the hospitality industry, most hoteliers remain confident that this market is still growing. Thirty-three percent of respondents expect growth of up to 10 percent, while 31 percent say they anticipate an 11 percent to 25 percent increase in Chinese tourists across the next three years. A further 18 percent believe it could be as high as 50 percent.

Moreover, most say Chinese guests already account for a large slice of their revenue. Seventy-four percent say they comprise up to 10 percent of their business, and 26 percent report that they make up between 11 percent and 100 percent. Hoteliers have noticed an increase in independent Chinese travellers over the past 12 months having said that they comprise 75 percent of bookings, up from 71 percent.

Of the most common requests received from Chinese guests, 75 percent asked for free Wi-Fi, followed by a kettle in the room and translated travel or tourism guides.

Hoteliers have noticed an increase in independent Chinese travellers**Most common requests received from Chinese guests**

1 • Overview cont.

Where they pay the most

An analysis of locations in which Chinese travellers paid, on average, the most for hotel rooms on the Hotels.com site in 2014 provides another insight into the spending patterns of the most affluent travellers.

The US island city of Key West, Florida, with its laid-back lifestyle and coral reefs occupies the top of the table on an average of 1,951 RMB, followed by South Korea’s Seogwipo on 1,728 RMB and Cancun/Riviera Maya in Mexico almost level-pegging on 1,725 RMB. Dubai, which topped this list in 2013 comes in fifth, while no Asian destination ranks in the latest results.

Top 10 average hotel prices paid by Chinese travellers per room per night in 2014

RANK	DESTINATION	PRICE (RMB)
1	Key West	1,951
2	Seogwipo	1,728
3	Cancun/Riviera Maya	1,725
4	New York	1,680
5	Dubai	1,673
6	London	1,647
7	Geneva	1,535
8	Paris	1,512
9	Whitsunday Islands	1,475
10	Milan	1,450

In New Zealand, Sweden and Argentina, Chinese travellers were the biggest spenders on hotel accommodation in 2014. Japan and South Korea were the only Asian countries to feature on the list, while Canada and Argentina were the only countries from the Americas.

Countries where Chinese travellers were amongst the biggest spenders on hotel accommodation in 2014

RANK	DESTINATION	PRICE (RMB)	RANK	DESTINATION	PRICE (RMB)
1	New Zealand	1,014	5	Australia	1,075
1	Sweden	1,180	5	Norway	1,152
1	Argentina	963	7	Canada	1,036
3	Finland	1,002	8	Ireland	958
3	Japan	1,009	9	Denmark	1,189
4	France	1,280	9	Spain	930
4	Germany	990	9	UK	1,317
4	Italy	1,148	10	South Korea	890

1 • Overview cont.

2015 trends

Looking ahead, Hong Kong is at the top of the list of destinations searched for on the Hotels.com Chinese website during the first five months of 2015, with Asian destinations comprising nine out of the top 10 spots on the table. Paris is the only non-Asian destination in the top 10. Of the top 20 overseas searched destinations, fourteen are Asian.

Top overseas destinations by number of searches during Jan-May 2015 on the Hotels.com Chinese website

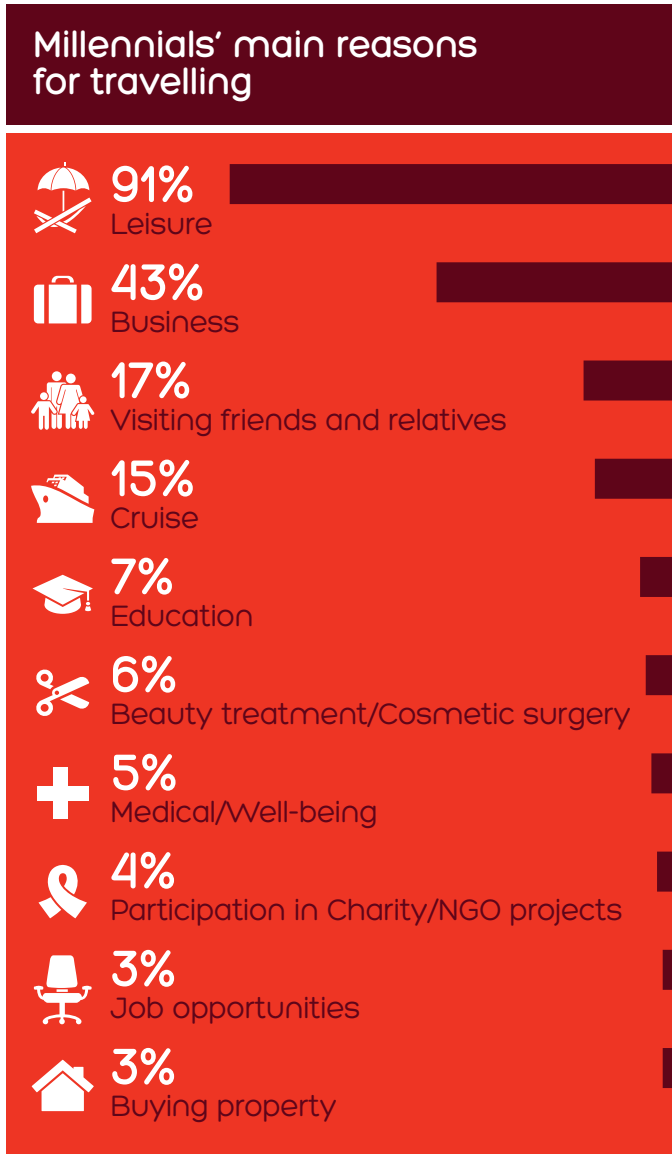
RANK	DESTINATION	RANK	DESTINATION
1	Hong Kong	11	New York
2	Taipei	12	Las Vegas
3	Bangkok	13	Kyoto
4	Seoul	14	Macau
5	Phuket	15	Koh Samui
6	Tokyo	16	London
7	Osaka	17	Los Angeles
8	Chiang Mai	18	San Fransisco
9	Singapore	19	Kuala Lumpur
10	Paris	20	Jeju



2 • Millennials' major impact



2 • Millennials' major impact



More and more “millennials,” people aged 18 to 35, took overseas trips, according to hoteliers surveyed. Not surprisingly, when travelling abroad these Gen-Ys are more likely than their older counterparts to favour adventure, cheaper accommodation, independent travel and digital sources when booking and making travel decisions.

Fifty-nine percent of all hoteliers surveyed say they’ve experienced an increase in Chinese guests aged 35 or below to their properties in the past year. This trend is especially strong in the APAC region, where 78 percent testify to an increase. Overall, 38 percent of the hoteliers report that growth in the number of millennial travellers has been between 11 percent and 25 percent.

Millennials’ main reasons for travelling are leisure (91 percent) and business (43 percent), but almost one in five visit friends or relatives. Nine percent of the sub-category aged 31 -35 go abroad for beauty treatments or cosmetic surgery compared with four percent of travellers of all age groups.

Of significance for the cruise industry is that 15 percent of Chinese millennials pick a holiday afloat somewhere in the world in the past 12 months, compared with 12 percent of all travellers surveyed.

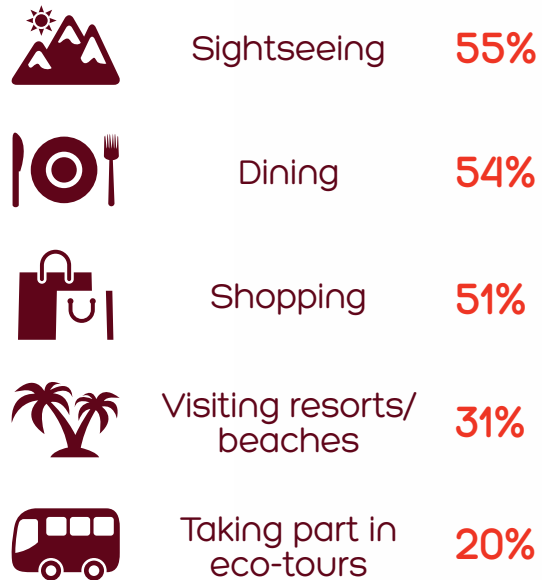


9% of 31-35 year olds went abroad for **beauty treatments or cosmetic surgery** compared with 4% of travellers of all age groups.



2 • Millennials' major impact cont.

Millennials' most favoured activities when travelling



Millennials' most favoured activities are sightseeing, dining, shopping and visiting resorts and beaches, in that order.

But – perhaps reflecting a growing awareness of social responsibility and the environment in their homeland – “taking part in eco-tours” ranks fifth, with one in five rating this as their favourite activity. Fourteen percent of millennials like visiting museums and cultural events most.

The CITM research again belies the general perception that most Chinese tourists like to travel in groups. Younger millennials aged 18 to 25 favour more independent travel when going abroad for leisure, with 58 percent liking this freer option. Conversely, 81 percent of the older sub-category, aged 46 to 54, prefer organised travel, including package, theme, “eco” and private luxury tours.



2 • Millennials' major impact cont.

Relying less on travel agents

For help in making their travel decisions, millennials use a range of resources, and rely less on travel agents than others. Almost half use word of mouth and review sites as well as online accommodation websites. Forty-four percent rely on word of mouth when planning trips and 30 percent use social media as a source.

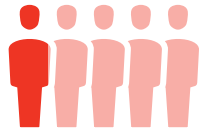
Clearly, the younger sub-category of millennials is more adventurous and budget-conscious than the rest of their millennial compatriots. Fifteen percent of travellers aged 18-25 book into hostels and backpacker venues, compared with 7 percent of all Chinese millennials. And 38 percent of the 18 to 25-year-olds prefer "independent hotels with local flavour" compared with 33 percent of the total group.

Young Chinese travellers appear to be generally open-minded about staying in hotels that might not focus on catering for their specific cultural and other needs. While two-thirds (66 percent) of all millennial travellers prefer to book accommodation that cater "specifically for travellers like me," they also consider other options. In fact, just 25 percent insist on only booking this kind of accommodation.

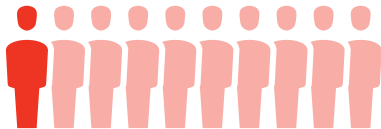
Naturally they have less cash than their older counterparts, spending an average of 3,120 RMB (US\$503) a day in total on their accommodation, food, shopping, entertainment and so on while all travellers spent 3,324 RMB (US\$536). The 46-to 54-year-olds shell out 4,054 RMB (US\$653) including accommodation.



2 • Millennials' major impact cont.



Almost one in five
of 18 to 20-year-olds booked into
hostels and backpacker accomodation
while only one in 10



booked into **a five-star hotel.**



3-star hotels
were the most popular option
among millennials

Safety less of a concern

Interestingly, in a world in which concerns about terrorism are growing, millennials seem relatively unfazed about safety issues. In last year's CITM, almost half of all respondents cited safety as their primary concern when travelling. Yet the millennials surveyed this year rank it as a relatively low priority, with only nine percent rating it as the most important consideration when choosing accommodation. Young millennials aged 18 to 25 value easy access to public transport above safety as the most important factor when doing so.

Unsurprisingly, almost one in five (19 percent) of 18 to 20-year-olds book into hostels and backpacker accommodation while only one in 10 (9 percent) book a five-star hotel. Three-star hotels are the most popular option, however, among all millennials when travelling overseas.

Wi-Fi wanted

As is to be expected of children of the digital age, Wi-Fi ranks highly as a key hotel amenity, with 63 percent of the millennial group, and 70 percent of the 18 to 20-year-olds, regarding it as important, just below the presence of an on-site restaurant (rated important by 66 percent) and above room service (49 percent).

No doubt reflecting their greater budget consciousness, this group as a whole is smarter in using loyalty programme points for accommodation bookings. Fifty-five percent make use of loyalty programmes compared with 47 percent of all travellers and 91 percent consult price-comparison websites compared with 88 percent of those aged 36 to 54. Obviously mobile planning and booking rates highly. Fifty percent of the entire millennial group use mobile phones to plan and organise trips.

Meanwhile, the outlook for the travel-spending potential of the Gen-Ys remains positive, as the hoteliers' survey demonstrates. Thirty-one percent of hoteliers expect to see an increase in Chinese guests aged 35 or below of between 11 percent and 25 percent, and just under one in five think growth will be between 26 percent and 50 percent.

2 • Millennials' major impact cont.



Case Study

W Bangkok Hotel

In a bid to cater more to today's millennials, Starwood's design-led luxury lifestyle brand, W Hotels, is luring hip young Chinese travellers in the Asia Pacific region through its unique, local design concepts and initiatives aimed at global jetsetters keen to be connected to the pulse of what's next and what's new.

To this end, W Hotels' *W Insider* service offering facilitates all kinds of guests' needs, ranging from organising a surprise wedding proposal to making a reservation at the hottest bar in town, and providing favourite amenities in a guest's room.

At W Bangkok, guests experience Thai-inspired installations such as a wall of colourful flashing tuk-tuk lights on the ground floor to oversized cushions in the shape of Thai boxing gloves in the guestrooms. The hotel's atmosphere is amplified through soulful music playing in its lobby and hallways.

Since opening two years ago, W Bangkok has seen an increase in independent millennial travellers and offers a number of services catering specifically to their Chinese guests. Many of the hotel's staff speak Mandarin and its dining facilities feature Chinese-language menus and Chinese cuisine options. It also markets to mainland Chinese with e-newsletters in Mandarin and has relationships with key travel agents and businesses in China.



3 • Top spenders – the rise of the luxury traveller

3 • Top spenders – the rise of the luxury traveller

Rapid economic growth in the People’s Republic of China over three decades has brought a dramatic decline in poverty and rise in living standards in many areas¹⁵. Reflecting their expanding affluence, the top 10 percent of Chinese travellers who on average, spend 13,800 RMB (US\$2,225) per day on travel including accommodation, generally opt for comfort and reputation over price when choosing where to stay, view the reputation of their destination as more important than value for money and are more likely to book international hotel chains and five-star properties.

The average total daily spend of all travellers surveyed in this year’s CITM was 3,324 RMB (US\$536) including accommodation. However the responses of the top 10 percent of travel spenders reveal the most surprising results and point to the growing financial muscle of China’s wealthiest consumers, who make a disproportionately high contribution to the travel economy.

These top-tier travellers pay an average of 13,800 RMB (US\$2,225) a day for hotels and other expenses – 2,723 RMB (US\$439) on hotels alone – while the top 5 percent spent 20,896 RMB (US\$3,368) a day, a figure that includes 3,565 RMB (US\$575) a day on hotels.

They seem likely to make even more of an impact in the year ahead. Forty-seven percent of the top 10 group say they intend to spend more on dining and food while travelling, and half aim to spend more on entertainment and other such activities.

The CITM results indicate that China’s international travellers as a whole are still among the wealthiest of the country’s citizens. The average annual household income of all travellers surveyed has shot up to just under 434,000 RMB (US\$69,908) this year compared with just under US\$40,000 the year before (whereas China’s average per-capita household income by comparison is only around US\$1,000¹⁶). The CITM also shows the income of the top 10 percent is 650,184 RMB (US\$104,810) and the top 5 percent earn 721,368 RMB (US\$116,285).

Almost two-thirds (61 percent) of the top 10 percent are from the bigger “Tier 1” cities of Beijing, Guangzhou, Shanghai and Shenzhen where people typically earn more than elsewhere.

The top 10 spenders’ main reasons for travelling abroad in the past year include leisure, cited by 92 percent, and business, reported by 59 percent. Twenty-three percent go on cruises and the same percentage visited friends or relatives. One in eight (12 percent) have beauty treatments or cosmetic surgery, and 9 percent travel for medical reasons or wellbeing (i.e. spa treatments) purposes.

¹⁵ <http://www.adb.org/sites/default/files/linked-documents/cps-prc-2011-2015-pa.pdf>

¹⁶ http://www.chinadaily.com.cn/business/chinadata/2015-04/15/content_20440672.htm

3 • Top spenders – the rise of the luxury traveller cont.

Shopping's the top activity

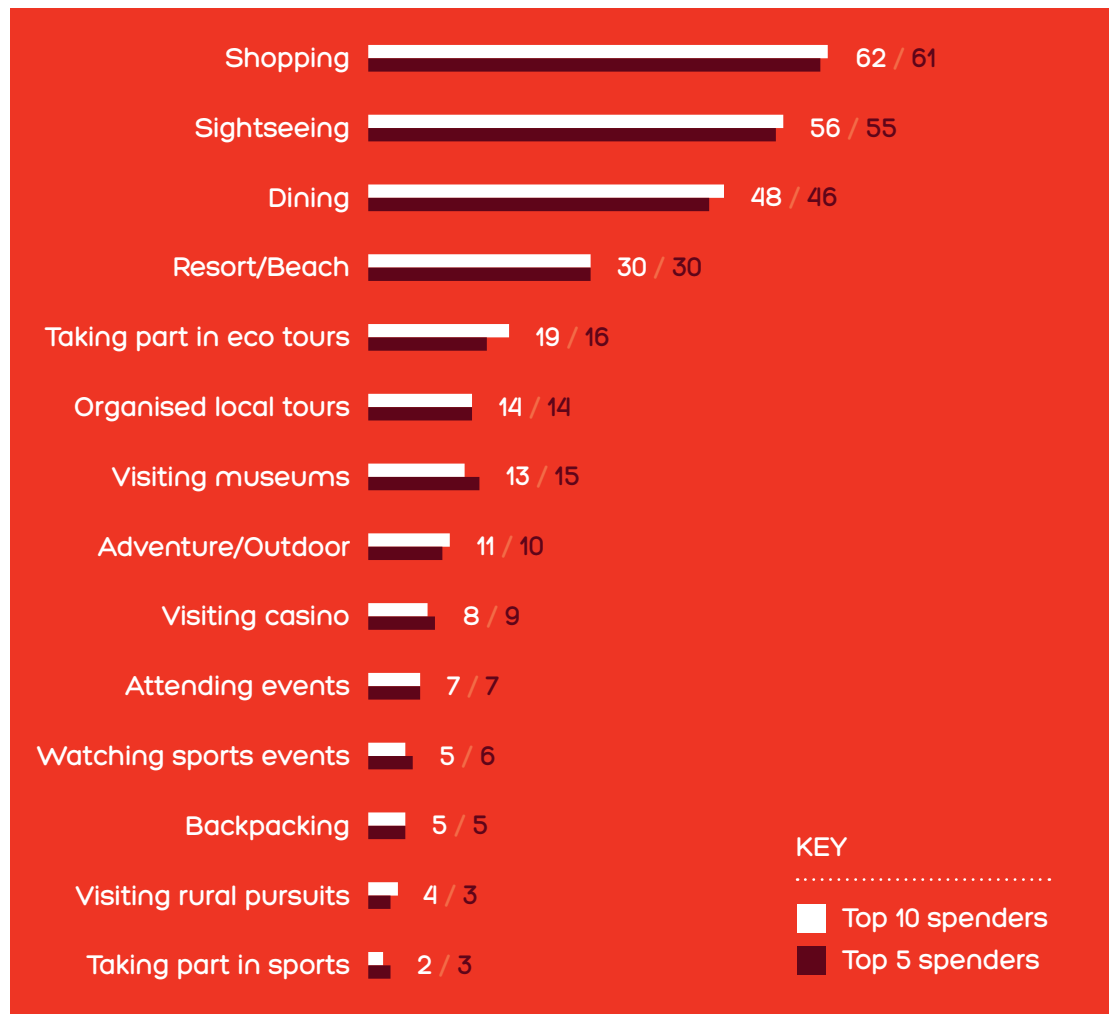
Clearly, China's wealthiest travellers have plenty of disposable income, so what do they spend it on when they go overseas? Shopping is still the favourite activity for 62 percent of the top 10 percent, which almost matches the 56 percent of guests who enquire about shopping when visiting hotels, according to the hoteliers' survey. Their next preferred activities are sightseeing, quoted by 56 percent, dining (48 percent), resorts and beaches (30 percent) and – showing that around one in five want to be environmentally aware when they travel – taking part in eco tours (19 percent).

Of this top 10 percent, 28 percent prefer to go on "theme" tours such as golfing trips, compared with 15 percent of all travellers. They also tend to go on longer trips and to more countries, with 36 percent heading off for six to nine days, and 33 percent visiting at least two countries per trip.

In the CITM, 52 percent of the top 10s favour free-and-easy independent travel when travelling abroad in the past 12 months, though in the hoteliers' survey 76 percent of travellers are reportedly independent.

Before they go, and like their millennial counterparts, the top 10 percent of spenders use a range of online sources when deciding on a destination, such as review sites (48 percent) and dedicated accommodation sites (47 percent), whereas the figures for all travellers are 42 percent and 40 percent respectively.

Favourite activities/pastimes when travelling abroad



3 • Top spenders – the rise of the luxury traveller cont.

Chain hotels favoured

The top spenders are much more likely to stay in international chain hotels and 5-star hotels. Forty-six percent of them say they mostly book in international chains while 28 percent choose “independent hotels with local flavour”. Only 3 percent opted for “eco-friendly” accommodation.

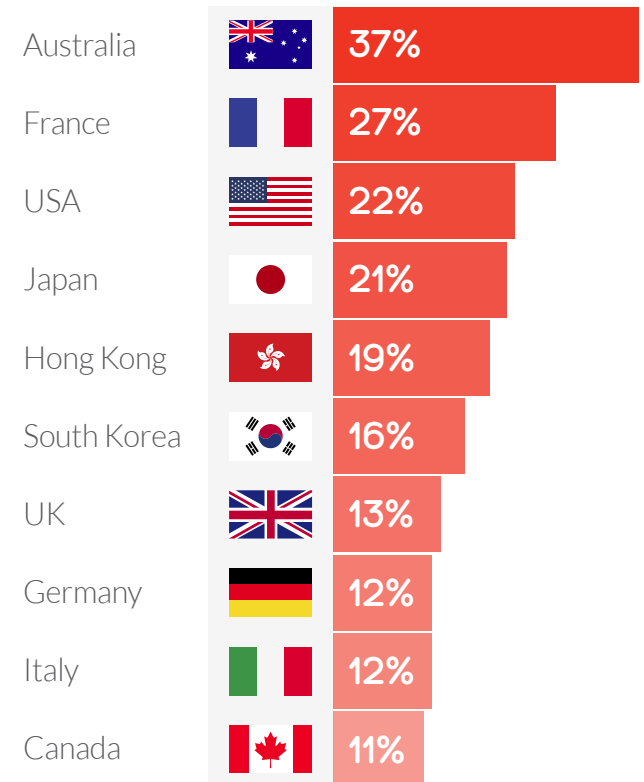
A money-is-no-object sentiment is apparent among the top 5 percent of spenders. Fifty-five percent of them believe that comfort offered is an important factor when choosing accommodation abroad, compared with 47 percent of all travellers. And only 31 percent of them think that price is an important factor when doing so.

For a significant number, reputation is more important than value for money when choosing their next destination. Twenty-seven percent of the top 10 percent believe this, compared with only 18 percent who consider that value for money is most important.

Australia heads the wishlist

Which countries do the wealthiest travellers intend to visit in the next 12 months? Australia, France and the USA rate highest, with 37 percent, 27 percent and 22 percent of the top 10 percent of respondents putting them at the top of their wishlists respectively. They are followed in order of popularity by Japan, Hong Kong, South Korea, UK, Germany, Italy and Canada.

Countries that the wealthiest travellers intend to visit in the next 12 months



3 • Top spenders – the rise of the luxury traveller cont.



Case Study

InterContinental Hotels Group

Earlier this year, InterContinental Hotels Group (IHG) launched “Zhou Dao”, the company’s global programme to welcome Chinese travellers with an intimate, home-away-from-home experience.

“Zhou Dao” integrates IHG’s Chinese name, “Zhou”, with the Chinese philosophical concept, “Dao”.

Chinese-speaking staff at the front desk and via 24/7 phone support, acceptance of China UnionPay cards, a Chinese welcome pack, Chinese TV channels, free Wi-Fi for IHG® Rewards Club members, Chinese tea, a variety of Chinese food and beverage options and other amenities are now available at the company’s China-Ready accredited hotels.

Nearly 100 IHG hotels across the globe are already participating in the programme, and by the end of 2015, this number is expected to more than double, to 250 hotels.

IHG has also announced its strategic partnership with “Welcome Chinese,” a new hospitality standard specifically dedicated to Chinese travellers and the only industry standard recognised by the China Tourism Academy, a subdivision of the China National Tourist Office.



4 • Digital – everyone's connected

4 • Digital – everyone’s connected

Use of the Internet, to which over 640 million¹⁷ people in China now have access, has become the norm for travellers researching overseas trips, and use of mobile phones for planning and booking has skyrocketed.

In the past 12 months, 80 percent of travellers have used an online source including mobiles, desktops and laptops to book and plan their travel, compared with only 53 percent last year, according to the CITM; and the jump in mobile phone use has been even more dramatic.

More travellers have used an online source over the past 12 months



Half of all travellers now access apps on their smart phones to plan and book, up from just 17 percent in 2014. Roughly the same number (13 percent) as last year use the old-fashioned landline. But – in a result that may be insightful for the broader travel industry – only 13 percent check with a travel agent, via a phone call or physical visit to an agent’s premises nearby, compared with over a third who did so in 2014.

Online review sites sit closely behind word of mouth and travel guides as among the most frequented sources by Chinese outbound tourists. Indeed, the advice of friends and colleagues, mentioned by 45 percent of respondents, and family (38 percent) is more or less matched in importance by online review sites, chosen by 42 percent.

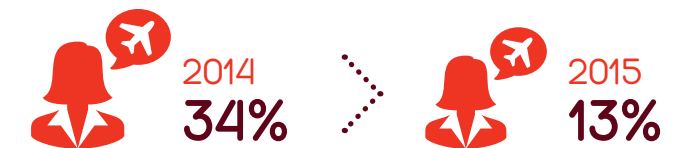
Half of all travellers used smart phone apps to plan and book travel



Roughly the same number as last year used the old-fashioned landline



Travellers who used a travel agent, via a phone call or physical visit



¹⁷ <http://www.internetlivestats.com/internet-users/china/>

4 • Digital – everyone's connected cont.

Wi-Fi most asked-for service

The availability of free Wi-Fi while travelling obviously remains a must-have facility for most Chinese travellers. In the hoteliers' survey, it ranks as the most asked-for service by Chinese guests, as it did last year, with 75 percent of all hoteliers citing it as number one. This is followed in order by: a kettle in the room, translated guides, Chinese-speaking staff and China Union pay facilities.

Eighty-three percent of all hotels surveyed say they already offer free Wi-Fi, a figure that jumps to 97 percent in APAC countries. (In properties that don't offer it, hoteliers say about half their guests spent "most money" on it.)

Ninety-two percent of travellers use the Internet to stay connected with friends and family, with 74 percent specifically making use of free Wi-Fi. Thirty-three percent choose local data SIM cards as another option, and 31 percent access overseas data roaming facilities.

Ninety-four percent bring their smartphones with them on a trip and 61 percent also carry digital or video cameras. Fifty-three percent take tablets, while only around one in four travel with their laptops.

Hotels turn to social media

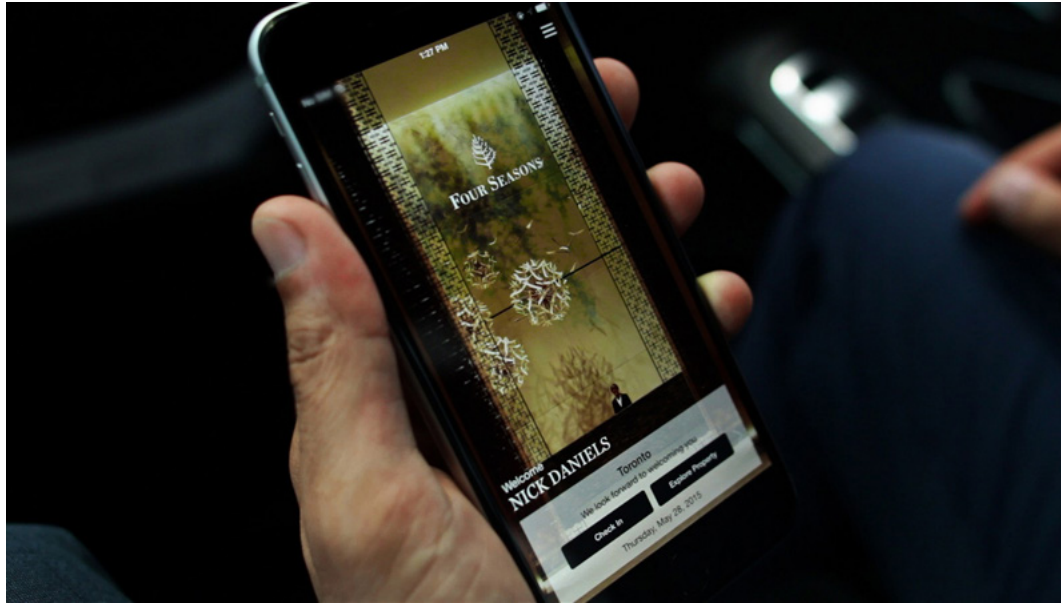
A significant proportion of hoteliers surveyed have, in the past year, ensured that their Chinese guests are well-catered for in relation to digital services. For example, 16 percent say they've expanded in social media channels such as Weibo¹⁸ – a popular hybrid of Twitter and Facebook – to reach Chinese travellers.

And looking to the future, an even bigger proportion plan to invest in such initiatives, when asked to select their top product or service for which they'll prioritise investment spending, 39 percent of hoteliers say they'll expand social media channels like Weibo to reach Chinese travellers.



¹⁸ http://en.wikipedia.org/wiki/Sina_Weibo

4 • Digital – everyone’s connected cont.



Case Study

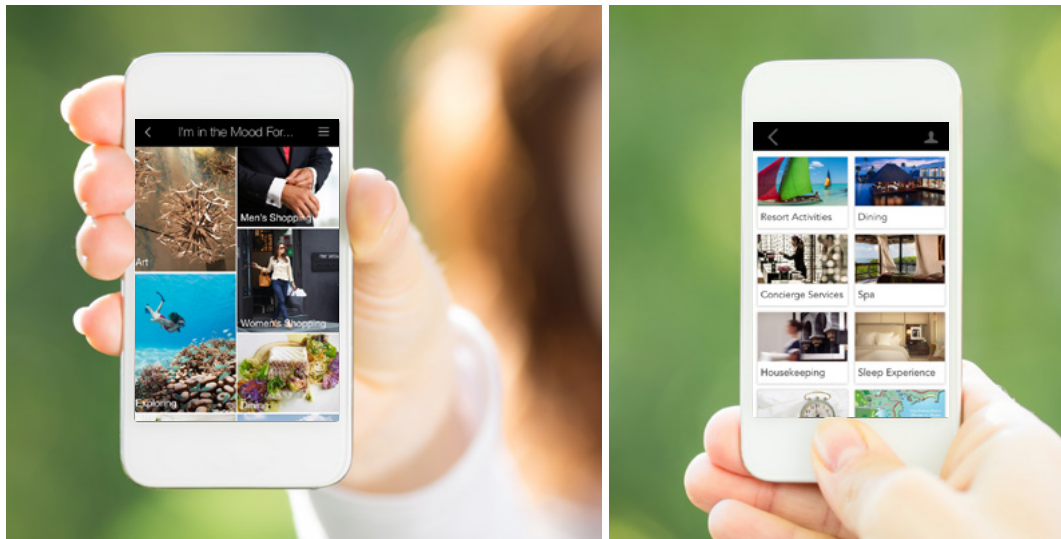
Four Seasons

Recognising the importance of digital and mobile in particular in the booking process, Four Seasons announced in June 2015 a smart device app, to allow its hotel guests to get things done on the go.

The app gives guests mobile functionality for bookings, concierge and room service needs such as pre-ordering your breakfast the night before and access to local guides and maps.

In the coming months, the Four Seasons app will be released in Simplified Chinese, and a special version tailored to the preferences of Chinese travellers will be issued by the end of the 2015.

The brand already has significant presence in popular Chinese social networks Weibo and WeChat, with Chinese relevant content shared with its followers, as well as curating user-generated content by Chinese guests at its properties.





5 • Country initiatives targeting Chinese outbound visitors

5 • Country initiatives targeting Chinese outbound visitors

AUSTRALIA

With the Australian dollar falling, more than 840,000 visitors from China arrived down under in 2014, according to Tourism Australia. This represents an annual increase of 18.4 percent.

China remained stable as Australia's second-highest inbound market after New Zealand and ahead of the UK¹⁹. An estimated 30 percent to 40 percent of Chinese tourists to Australia are repeat visitors.

The Australian Federal Government, meanwhile, has announced a number of steps to make things even easier for Chinese travellers. In June 2015, they introduced a new 10-year multiple entry visa for Chinese nationals, in line with the USA, Canada and Singapore, to help stimulate the inbound tourism industry and make the country more competitive. In 2014, three-year, multiple-entry visas for business visitors became available.

Tourism and hospitality industries have welcomed the conclusion of negotiations for the Chinese-Australia Free Trade Agreement announced in November 2014 by Prime Minister Tony Abbott and President Xi Jinping. Under the deal, \$10 million will be allocated for the China Approved Destination Status scheme, which will allow Chinese tourists to travel to Australia in guided groups. It will also support increased Chinese investment in Australia's tourism business via higher screening thresholds for private Chinese investors.

In January 2015, the Australian Government announced the settlement of a new air services agreement between the countries. Under these arrangements, Australian and Chinese airlines will be able to triple their services between Australia's major gateway cities and Beijing, Shanghai and Guangzhou.

Budget carrier Jetstar recently started operating direct flights from Wuhan in China to the Gold Coast, with two flights a week providing seats for about 70,000 additional travellers a year.

Many individual companies are doing more for Chinese tourists. Accor's Australian hotels, for example, have adopted services including the translation of welcome kits, menus and business cards, Chinese meals and utensils in restaurants, TV channels and newspapers. InterContinental Hotels Group has introduced Putonghua (standard Chinese) speaking staff and Chinese TV channels.

¹⁹ http://www.tourism.australia.com/documents/Markets/Market_Profile_2015_China.pdf



5 • Country initiatives targeting Chinese outbound visitors cont.

SINGAPORE

While there were fewer visitor arrivals to the island state from China following the implementation of China's tourism law in October 2013, those who went to Singapore spent more, with receipts remaining the same as the year before at S\$23.5 billion. China remains the second-biggest source for travellers to Singapore after Indonesia²⁰.

In a bid to woo more Chinese travellers, Singapore's Changi Airport Group is collaborating with the STB, resorts and other travel partners in a five-month-long marketing drive – Rediscover Singapore From Your Heart – which ends in October 2015. Changi and the STB will spend \$35 million over the next two years to help boost visitor numbers.

In an effort to facilitate access, Singapore authorities now allow nationals from China to extend the validity of their multiple-journey visas for up to 10 years, effective from June. If the main applicant is eligible, the same facility is extended to their spouse and children under the age of 21. The application process and fee for the visa remains unchanged.

The STB has been working with the Singapore embassy in China to expand the network of authorised visa agents so Chinese visitors have more channels through which they can apply for Singapore visas. And SilkAir, the regional wing of Singapore Airlines, last year began flights to Hangzhou, the capital of Zhejiang province.



²⁰ <http://www.channelnewsasia.com/news/business/singapore/chinese-tourist-arrivals/1863414.html>

5 • Country initiatives targeting Chinese outbound visitors cont.

GERMANY

China ranks first among Asian countries as a source of visitors to Germany, ahead of the Arabic Gulf states and Japan, according to German National Tourism Board. There were 757,290 mainland Chinese arrivals in Germany in 2014, a hefty 18.8 percent year-on-year increase. They stayed an average of 2.1 days, with Berlin in particular proving popular as a destination for luxury shopping.

The pace of arrivals from China is accelerating, as figures for the first three months of 2015 indicate. From January to March, there was a 29.9 percent increase and the German government expects further growth.

The increase has been supported by joint government efforts to promote Germany as a destination. The most influential of these was a Chinese-German government agreement in October 2014 in which both countries decided to relax visa requirements for each other's nationals. The new arrangements include visas within 48 hours for business travellers, an increase in the total number of approved visas, and expanding the length of stay. More changes are reportedly planned.

To help promote Germany as a convention destination, the German Convention Bureau has recently opened a new office in China.



5 • Country initiatives targeting Chinese outbound visitors cont.

SOUTH KOREA

China is the largest source of inbound travellers to South Korea, ahead of, in order, Japan, the USA, Taiwan, Hong Kong and the Philippines²¹. The importance of the Chinese market is illustrated by official government statistics: 6,127,000 Chinese travellers visited South Korea in 2014 – almost triple the number of Japanese – representing a 41.6 percent annual increase. In 2015, by the end of March, 515,000 Chinese travellers had already visited the country.

Airlines have been scrambling to meet the booming demand. New routes from Yangyang International Airport to 10 Chinese cities were launched last year, for instance. Air Busan began a new flight service from the Korean city of Daegu to Zhangjiajie in April 2015, while Korean Air extended its service on the Incheon-Beijing route to twice a day and Incheon-Guangzhou to once a day.

The government has introduced a variety of measures to boost the inbound business further. It has launched a cable TV channel in Chinese featuring tourist attractions, sales, performances, concerts and events. In addition, to help prevent malpractice on behalf of those visiting for medical tourism, it is implementing laws that require doctors to fully describe side effects and costs before treating Chinese patients.

Local and provincial governments are implementing their own marketing programmes. Busan city has announced that it is “Chinese friendly,” while authorities in North Gyeongsang Province have provided incentives for Chinese people to visit its cities by financially supporting accommodation, transportation and tourism services.

Multiple-entry visa periods for individual Chinese travellers range from one to five years, but the Ministry of Justice introduced a plan in April under which all multiple-entry visa periods will be set at five years. The age eligibility will be extended to include those under 17 as well as those over 60.



²¹ http://www.kctire.kr/04_3.dmw?method=view&publishSeq=608&publishId=06&pageNum=1&groupNum=1

5 • Country initiatives targeting Chinese outbound visitors cont.

UNITED STATES

In one of the most significant bilateral developments between the powers in recent years, the USA and China agreed last November to increase the validity of short-term tourist and business visas issued to each other's citizens from one to ten years – the longest validity possible under US law – and to increase the validity of student and exchange visas from one to five years.

In addition, a rule change allowing Chinese holiday visitors to return to the USA multiple times over a 10-year period is being hailed as a boon for American tourism, with the federal government predicting the economic impact could be as much as \$85 billion by 2021.

The travel-promotion vehicle Brand USA has noted that the change will have a big effect on education exchanges, with Chinese students having spent \$8 billion in the US in 2013.

At the same time, US airlines are bolstering their presence in China. American Airlines recently launched a daily nonstop service from Dallas-Fort Worth to Beijing, and last year it added Shanghai to its routes.

Across the country, local organisations and agencies are doing more to tailor services for Chinese tourists, who numbered 2.24 million in 2014, a 20 percent increase over the 1.81 million who visited the previous year. China ranks seventh in tourism numbers to the USA, after Canada, Mexico, the UK, Japan, Brazil and Germany²², and industry insiders predict that by 2021 this number will hit seven million.

Many museums are catering to Chinese tourists with the addition of audio tours and maps in Mandarin and promotions on the Chinese social media platform Weibo, while more US restaurants are reportedly altering their menus. The City of Chicago is funding a \$2.2-million campaign targeted directly at Chinese travellers while Washington DC is targeting more Chinese visitors for business events.



²² <http://www.businessinsider.com.au/chinese-tourists-to-us-on-the-rise-2015-1>

5 • Country initiatives targeting Chinese outbound visitors cont.

FRANCE

France is another nation that has seen impressive double-digit growth in tourist arrivals from China, according to official statistics. Though Chinese people represent only 2 percent of visitors to France, placing them in eighth position overall, arrivals from China reached 1.7 million last year, an annual increase of over 23 percent, with the average length of their overnight stays increasing by 2 percent.

The statistics indicate that the number of Chinese visitors to France has doubled since 2009, with more upside expected. In the first two months of 2015, China tourist visa applications were up 65 percent.

In May 2015, the largest group tour ever organised in France made headlines: more than 6,400 tourists travelled to Paris and Nice in a single contingent. The group, all employees of a Chinese billionaire, enjoyed private visits to the Louvres museum and the Galeries Lafayette department store. The trip was worth around 13 million euros to the country.

To attract more visitors like these, some French cultural institutions are opening accounts on Chinese social networks and offering information in Chinese. For example, Le Centre des Monuments Nationaux, which administers almost 100 cultural monuments in France.

The Louvre recently announced that it had opened accounts on Weibo and WeChat, the two most important social networks in China. Both accounts contain information on exhibits and feature guide maps in Chinese. The Palace of Versailles has also recently opened a WeChat account.



How Hotels.com is adapting to the Chinese market

Recognising the potential of the growing Chinese travel market, Hotels.com launched a website in simplified Chinese six years ago in 2009. As well as special deals and promotions to destinations that Chinese travellers most want to visit, the site also includes genuine customer reviews and enriched destination guides, designed to help users make an informed decision about where to stay, as well as a starter guide for new customers and an update on the latest visa application information. In order to make the payment easier for customers, Alipay was introduced as one of the payment options for Chinese customers.

Hotels.com also provides a wide range of mobile apps covering smart-phones, tablets and wearable devices, all of them available in simplified Chinese, giving customers the ability to research and book when they are away from their laptop or computer, as well as access to thousands of last minute deals.

In March, 2014, Hotels.com launched its Chinese name “Hao Ding” meaning easy and good booking experience. This Chinese name reflects the brand’s value and commitment to delivering the best booking experience for its mainland Chinese customers with the introduction of several shopping enhancements.

During the hotel search, Hotels.com specifically highlights which hotels offer Mandarin-speaking service representatives to give customers peace of mind when they reach their hotel.

On its Android app, the Voice Search Feature enables customers to run a search without the need to type. If customers are experiencing speed loading issues, Hotels.com offers them an option to switch to a “lite” version without interrupting their browsing experience. A revamped home page features a more intuitive, search-based user interface allowing customers to locate the hotel information quickly and easily.

The Hotels.com Rewards programme is available to Chinese travellers and gives them a chance to earn a free* night for every 10 room nights booked and stayed. Free nights can be earned at more than 195,000 partner hotels and redeemed at over 133,000 with no restrictions or blackout dates. Thousands of specially negotiated rates and subscriber-only deals on hotels in the top destinations for Chinese travellers are now available under the newly-introduced Secret Prices programme.

Hotels.com also publishes its Hotel Price Index (HPI) and Club Sandwich Index (CSI) regularly in Chinese to update Chinese travellers on the hotel spending trends across the world. Chinese travellers can refer to the data to help them choose the right holiday destination.

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* The maximum value of the free night is the average daily rate of the 10 nights stayed. The free night does not include taxes and fees.



About Hotels.com

Hotels.com is a leading online accommodation booking website with hundreds of thousands of properties around the world through the Expedia® group network, ranging from international chains and all-inclusive resorts to local favourites and bed & breakfasts, together with all the information needed to book the perfect stay.

Starting as a telephone service in 1991, the first website was launched in the USA in 2002 with the first international version in the UK later that year. There are now more than 85 Hotels.com sites worldwide in Europe, North and Latin America, Asia/Pacific, the Middle East and South Africa, the majority of which are in localised languages.

Hotels.com benefits from one of the largest hotel contracting teams in the industry, constantly working to bring more hotels to the sites and ensuring best value pricing for its customers with frequent sales, special deals and promotions. Regular customer e-newsletters provide exclusive offers and advance notice of up-coming sales.

There are more than 15 million reviews on the site from users who have actually stayed in the hotels to ensure customers can make an informed choice when booking.

Through its industry-leading loyalty programme Hotels.com™ Rewards available in all markets, customers can earn a free* night for every 10 nights stayed, subject to Hotels.com Rewards terms and conditions as set out at www.hotels.com. Rewards can be earned at more than 195,000 partner hotels and redeemed at over 133,000 with no restrictions or blackout dates. The latest innovation is the introduction of Secret Prices which offer thousands of specially negotiated rates and subscriber-only deals to bring even greater savings to programme members, app users and email subscribers.

Under its Best Price Guarantee, if a customer can find a lower price on a prepaid hotel, Hotels.com will refund the difference, subject to the terms and conditions set out on www.hotels.com.

Travellers can book online or by contacting one of the multilingual call centres. A portfolio of special apps for mobile phones and tablets can also be downloaded at www.hotels.com/deals/mobile enabling customers to book on the go with access to 20,000 last minute deals.

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