Arizona Governor's Conference on Tourism
China-Ready Session
July 2018
Agenda

- Cultural Backdrop
- Changing Nature of Chinese Tourism
- Digital Deep Dive
- Best Practices
- Arizona: Getting China Ready
Chinese Culture Essentials
Daily Meals

Drei Mahlzeiten
Shower Time
Dealing with Stomach Ache

Beim Bauchschmerzen

胃疼时的饮品
Expressing Opinion
Lifestyle
In a Restaurant
Contacts
Expressing Anger
Parties
View of Self
Travel
Senior Living
Boss
Raising a Child
What’s Trendy
The Changing Chinese Tourist
The World’s Highest Spenders

WORLD’S TOP TOURISM SPENDERS
INTERNATIONAL TOURISM EXPENDITURE 2016

CHINA 261 US$ billion (+12%)
USA 124 US$ billion (+8%)
GERMANY 81 US$ billion (+5%)
UK 64 US$ billion (+14%)
FRANCE 40 US$ billion (+3%)

© World Tourism Organization (UNWTO) July, 2017
Growing in Volume

China Outbound Tourism 1996-2017 in million border-crossing

Source: CNTA.gov.cn
Driven by Major Cities

Tourists by Region

- **Tier 1**: 60% of the country’s total.
- **Tier 2**: 38% of the country’s total.
- **Tier 3**: 2% of the country’s total.
Peak Travel Time

- CNY
- May Holiday
- Summer
- Golden Week

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
Tourist 1.0 vs 2.0

- Hats & Flags
- Two Star Hotels
- 10 Days, 10 Cities
- Tour Buses

- Road Trips
- Four/Five Star Hotels
- National Parks
- Foodie Tours
Changing Travel Preferences

Package

Semi-FIT

Independent
Group vs. Fit

Source: China Luxury Advisors/ Resonance Research April 2018
Rising Independent Travel

- Future growth from Chinese outbound tourism led by an entirely new generation of free independent travelers (FIT).

- Love out-of-the-ordinary experiences rather than a laundry list of the usual attractions.

- Demand more individualized travel products and services, requiring DMOs to target them with a range of strategies and communication channels.
Diverse Audience Groups

Tourism Consumer Demographics

• **The Chinese Baby Boomer**
  • 65+ estimated to be 219 million by 2030
  • Prefers long-distance travel and takes longer trips

• **The Millennials**
  • 414 million millennials,
    31% of current population
  • Technologically savvy
87% of Chinese travelers under the age of 40; 80% of whom has a Bachelor degree or above.

Two thirds (66%) of this group belong to the high-income bracket.

Outspend their parents and grandparents by as much as 40%.

Will drive 55% expansion in China’s consumption spending over the next 5 years.

Source: China Daily; National Bureau of Statistics of China
Chinese millennials are independent, optimistic about their future, and seeking ways to showcase their individuality and self-expression. They are adventurous when they travel. When it comes to shopping, they are more likely to embrace independent designers or niche brands to show their unique taste.

Source: GGV Capital

And they are highly digitally focused!
Understand Their Travel Journey

Desire  Plan  Search  Book  Travel  Share
China’s Online Ecosystem
Global Population Centers
Facebook Social Media Centers
Platforms: Booking & Planning
Mobile is Key

Mobile Technology

Graph shows primary device used to research travel by age.

Source: Eyefortravel's Chinese Consumer Survey 2017
With Western social media platforms blocked in China, brands must use home-grown alternatives, which dominate the market and have unique ecosystems.

Most tourism destinations focus their efforts on Weibo and WeChat.

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<th>North America</th>
<th>China</th>
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<tbody>
<tr>
<td><strong>Public Broadcasting</strong></td>
<td>Twitter</td>
<td>Weibo</td>
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<td><strong>Personal/Brand Platform</strong></td>
<td>Facebook</td>
<td>Douban</td>
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<td><strong>Video Streaming</strong></td>
<td>YouTube</td>
<td>Youku/Tudou/iQiyi</td>
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<td><strong>Closed/Private Communication</strong></td>
<td>WhatsApp</td>
<td>WeChat</td>
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WeChat Social Interface
WeChat Official Accounts

- Menu interface provides easy navigation to rich content.

- News articles can be translated and posted in news feed, pushed automatically to opt-in subscribers on a daily or weekly basis.

- Business can set up auto reply functionality to automatically answer FAQs and allow mobile customer service.
Mini Program: WeChat App
New targeting options allow for targeting travel intenders before they leave, and retarget once they arrive in-country.
Mobile Payments

- UnionPay
- Alipay.com
- 微信支付
- Apple Pay
- QuickPass
Mobile Payments Boom

China mobile payments dwarf US
Transaction value of third-party payments ($tn)

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<th>Year</th>
<th>US</th>
<th>China</th>
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<tr>
<td>2015</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>0</td>
<td>2</td>
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<td>0</td>
<td>12</td>
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<td>2019</td>
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Post-2015 figures are forecasts; renminbi values converted to US$ at current exchange rate
Sources: Forrester Research (US); iResearch (China)
Why Mobile Payment

**Safer**
Chinese banks offer very little protection when it comes to fraud. All credit card transactions in China are protected by pin code.

**More Convenient**
Consumers can search, purchase and pay in one platform.

**Lower Processing Fee**
Mobile payment processing rate is lower than credit cards.

**Marketing Opportunity**
Sometimes platforms like WeChat Pay and Alipay invest in marketing dollars and leverage their own marketing channels to promote merchants.
Websites

- Chinese language content on website for pre/during/post research
- Chinese consumers still want “official” information
- Majority of Internet users access websites via mobile
- Great Firewall of China slows or blocks access – make sure to test your website in China
- Consider hosting in China or other “work-arounds”
- Plan for consumers accessing in China and during travel
Travel Forums / Blogs

- Travelers are voracious users of user travel forums such as:
  - Ctrip
  - Mafengwo
  - Qyer
  - Qunar
  - Lvmama

- Official and Nonofficial options for curating your page

- Photo shown: Travel Forum Lvmama’s Top 10 Contributor. Blog has more than 14 million views.
Online Travel Agencies

- Ctrip now dominates China’s OTA market with its recent acquisition of Qunar.
- The online market is expected to reach 860 billion yuan (CAD$172 billion) by 2018, up from only 131.4 billion yuan ($21 billion) in 2011.
- The package tour segment is experiencing particularly strong growth, as well as online car rental services.
- Opportunities for collaboration are vast, ranging from booking to advertising to store/offer listings.
FAQs and How-To’s
How To: Work with Chinese Travel Trade

- Volunteer to host China FAM trips with AOT
- Build one-on-one relationships with Chinese tour guides/operators
- Build your own database
- Participate in AOT’s Sales Missions in China
- Host a receptive operator/tour guide FAM event in cooperation with AOT at your location
- Find ways to engage the Chinese travel trade that visit your business
- Maintain ongoing interaction/regular updates and outreach
- Attend U.S. based travel shows
How To: Engage On Online Forums

- Audit travel forums and review site for business presence
- Add official pages/listings on travel forums by working with AOT's co-op programs such as C-Trip flagship store
- Reach out to travel forum administrators/influencers to provide information
- Analyze pros and cons of comments
- Post relevant news_updates on the travel forums
How to: Update Website with Simplified Chinese

- Translate introduction and key facts
- Place driving directions and instructions for parking/entrance
- Indicate whether your location has Chinese information on-site and whether there are Mandarin speakers
- Link to any relevant articles, social media or other Chinese resources
- Make sure your site can be easily accessed by mobile
- Ensure loading speed and Baidu search-ability
How To: Build Social Media Presence

- Provide information (and photos/videos) to AOT to share on their Weibo and WeChat accounts or start your own account
- Engage Chinese influencers to increase following
- Develop partnerships that increase following and interest
- Utilize WeChat for on-site service enhancements and engagement

- Create content that is relevant and engaging for Chinese audiences
- Create offline-to-online opportunities: leverage the peak tourism season to build your social media following
- Incentivize sharing to create positive word of mouth associations
How To: Train Your Staff

- Provide China Ready trainings for your staff
- Create policies and procedures for handling Chinese tourists and travel trade
- Create list of short questions to ask tourists
- Create your own list of Do’s and Don’ts for Chinese tourists
- Hire Mandarin speaking employees or interns, if possible
- Translate materials into simplified Chinese (menus, maps, must see places, etc.)
How To: Engage Visitors Directly

- Engage Chinese visitors — learn how they found you, feedback on your services, recommendations
- Identify influencers for your brands/organization
- Create opportunities to refer friends/family and create positive word of mouth
- Capture contact information for CRM and ongoing communication
- Assess mix of group versus individual travel at your business
- Look for avenues to increase loyalty and repeat visits
Arizona China Ready
AOT CHINA TEAM

- **Becky Blaine**: Deputy Director
- **Jessica Mitchell**: Senior Travel Industry Marketing Manager
- **Kimberly Todd**: Senior Media Relations Manager-International
- **Jonathan Jiang**: Travel Trade Account Manager Based in Shanghai
- **Jane Dong**: PR Account Manager Based in Shanghai
WHY BE CHINA READY?

- Since 2012, the number of Chinese visitors to Arizona has increased 62%.
- In 2017, 81,400 Chinese visited Arizona.
- Arizona’s Location and Offerings.
ARIZONA CHINA READY

- Representation in China since 2013 (Trade and Media)
- Weibo (39,198) and WeChat (1,803)
- www.visitarizona-cn.com
- Brochure
- Map
- Tip Sheet
ARIZONA CHINA READY

- Trade and Media FAM Trips
  - FY18 – 13 Journalists
    - 205 articles reaching an audience of 148 million
  - FY 18 – 13 Travel Trade Representatives
    - 25 Group/Semi Fit products offering AZ
ARIZONA CHINA READY

- FY 18 Trade and Media Mission
- 113 Trade Representatives and 64 Media Outlets
ARIZONA CHINA READY

- Working with ASU and NAU Chinese Student Organizations
- Sister Cities
ARIZONA CHINA READY

- Ctrip
- Expedia
- KOL - Chase Dong
WORKING WITH AOT

- Voice Your Interest
- Support / Host Trade and Media FAMs
- Update Us on Local Happenings
- Participate in Trade and Media Missions
- Keep us Informed of your China initiatives
- WeChat, Weibo, E-Newsletters, Press Releases
GOING FORWARD

- Digital Focus
- Mission in December
- 2nd Tier Cities
- FAM Trips
- University Events
- Tool Kit and Resources
Thank You