

China Readiness Seminar

April 26, 2017 | Bretton Woods



Brand USA





China Ready Essentials

A woman in a blue qipao with a high collar and a gold necklace is holding a large, open, striped fan. The fan has a black and white floral design. In the background, there is a traditional Chinese building with a tiled roof and a blue sky with some clouds. The image has a soft, ethereal quality with a purple and blue color gradient.

Chinese Culture Essentials

Useful Facts

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- ★ **Population:** 1.3 billion
- ★ **Language:** Mandarin Chinese is spoken; Simplified Chinese is written.
- ★ **Time difference:** 8AM in Beijing is 7PM in Chicago now; In winter, it will be 6PM in Chicago.
- ★ **Time Zones:** There is only one time zone for all of China.
- ★ **Currency Conversion:** US\$1.00 = 7 RMB
- ★ **Government/Religion:** Communist Party/No official religion.
- ★ **Geographic Size:** Similar in size to the United States. Shaped like a Rooster!
- ★ **Chinese Names:** Surname typically comes first, and given name is second.
However, some people will flip this when in the West, so it's best to ask which is the surname.

Chinese Cities

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- ★ Tier 1 City: Beijing, Shanghai & Guangzhou
- ★ Tier 2 Cities: Provincial capitals, sub-provincial cities, SEZs, and other more developed cities with cultural and economic influence.
- ★ Tier 3 Cities: These are generally made up by open coastal cities, high income cities, and cities with significant economic development which you may not have heard of.



Cultural Background

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- ★ China is a Confucian society. Respect for elders and position is of utmost importance.
- ★ Theory of concentric circles governs social interaction.
- ★ Indirect culture - focus on respect versus transparency.
- ★ Relationships (*guanxi*) are of great importance in all aspects of life.



Concept of “Face”

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- ★ Although it is difficult to define the true meaning of the concept of “face,” it roughly translates to the idea of a person’s outward image and reputation.
- ★ Receiving face provides a great sense of pride in Chinese culture, and losing face is a tremendous source of embarrassment.
- ★ Face is the most common driving motivator in purchase and travel decisions.



Business Etiquette

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- ★ A handshake greeting is sufficient. There is no bowing, as in Japanese culture.
- ★ Exchange business cards with two hands and pay special attention to the card. Treat card with proper respect, read it and do not write on it.
- ★ Respect should be given to business leaders, according to hierarchy with the highest ranking person being greeted first.



Numbers

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- ★ Numbers are important and have meaning as they sound similar to certain words in Chinese.
- ★ 8 is a symbol of luck and fortune and should be used whenever possible.
- ★ 4 is a symbol of death and should be avoided.



Colors

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- ★ Colors have meaning.
- ★ White (and sometimes black) typically have funeral/death connotations, and while do not need to be completely avoided, should be used carefully (no black frame, white candles, white hemp linen, etc..).
- ★ Bright colors such as red, gold, yellow and purple are symbols of luck, royalty and happiness.
- ★ Green is a popular color and taps into eco-meanings, **except in hats!**
- ★ Don't write name in red ink.

Symbols

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- ★ Be aware of symbols.
- ★ Don't give a clock, white flowers, white candles, an umbrella or sharp objects as as gifts.
- ★ Fish signifies abundance, and is a considered lucky dish to serve.
- ★ Chinese love chrysanthemum tea, as it is believed to have many health benefits.
- ★ Avoid chrysanthemum flower for decoration or gifts; it is traditionally the flower for mourning.

A woman with long dark hair, wearing a black leather jacket and a bright green handbag, is sitting on a stone ledge by a river. She is looking off to the side with her hand near her face. In the background, there are trees, a park area with people, and a river with boats. The text "Outbound Market Overview" is overlaid in the center.

Outbound Market Overview

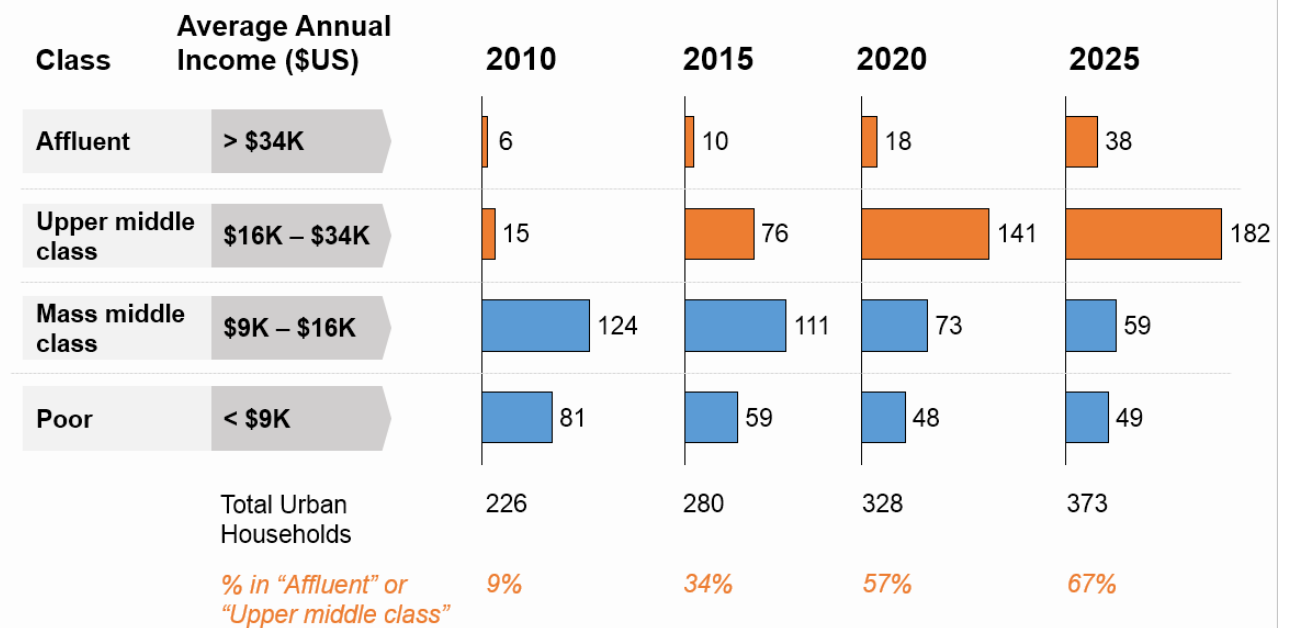
China: A Global Economic Power

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-  Sustained periods of rapid GDP growth
-  Dramatic increase in wealth
-  Loosening control over citizens' travel overseas
-  Rise of China as a global economic power

China's Middle Class: >230M Affluent or Upper Middle Class Households by 2025

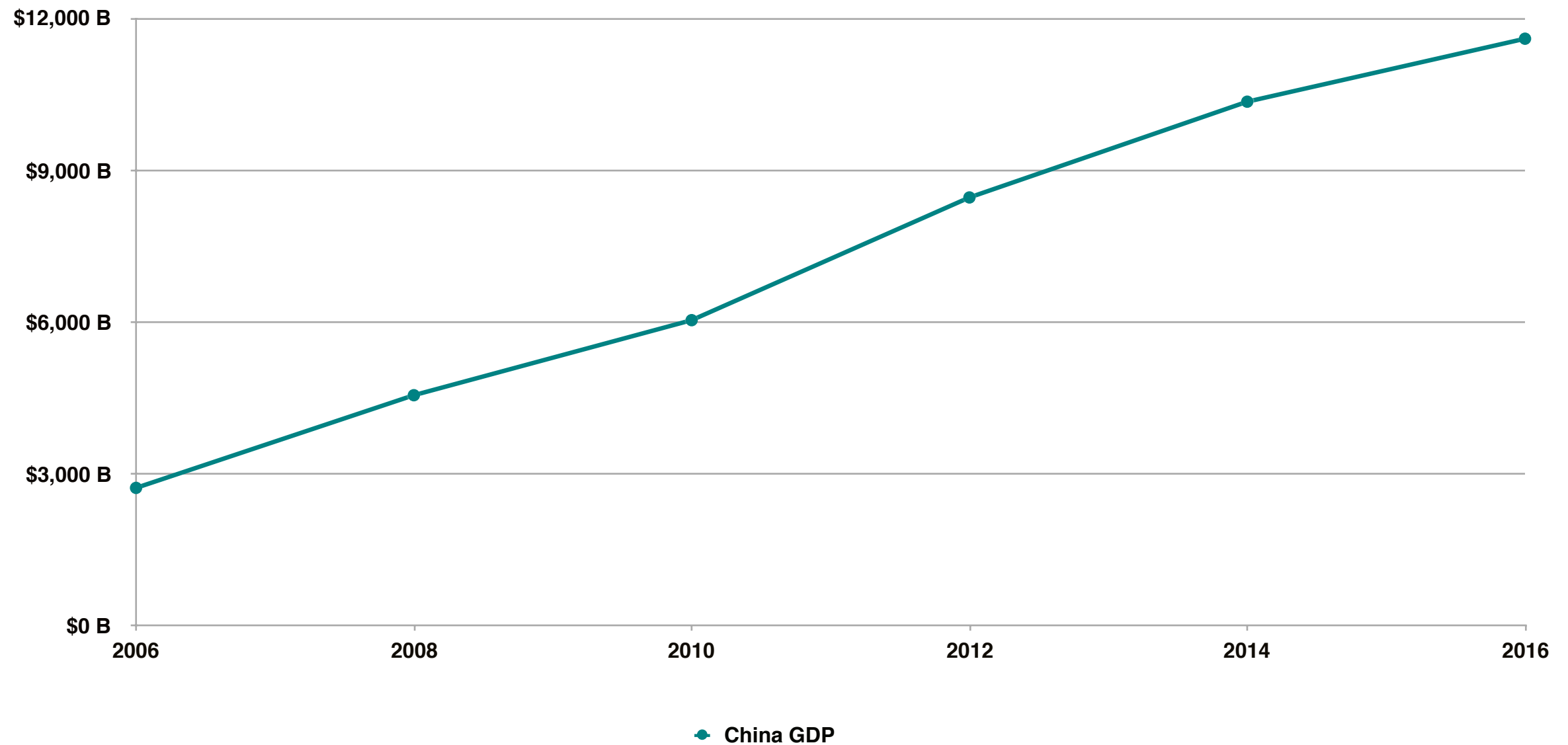
Urban households in China (million)



Source: Based on McKinsey analyses for 2000, '02, '10, '12, '20, '22, and Mobile Forward estimates

The Status of Chinese Economy

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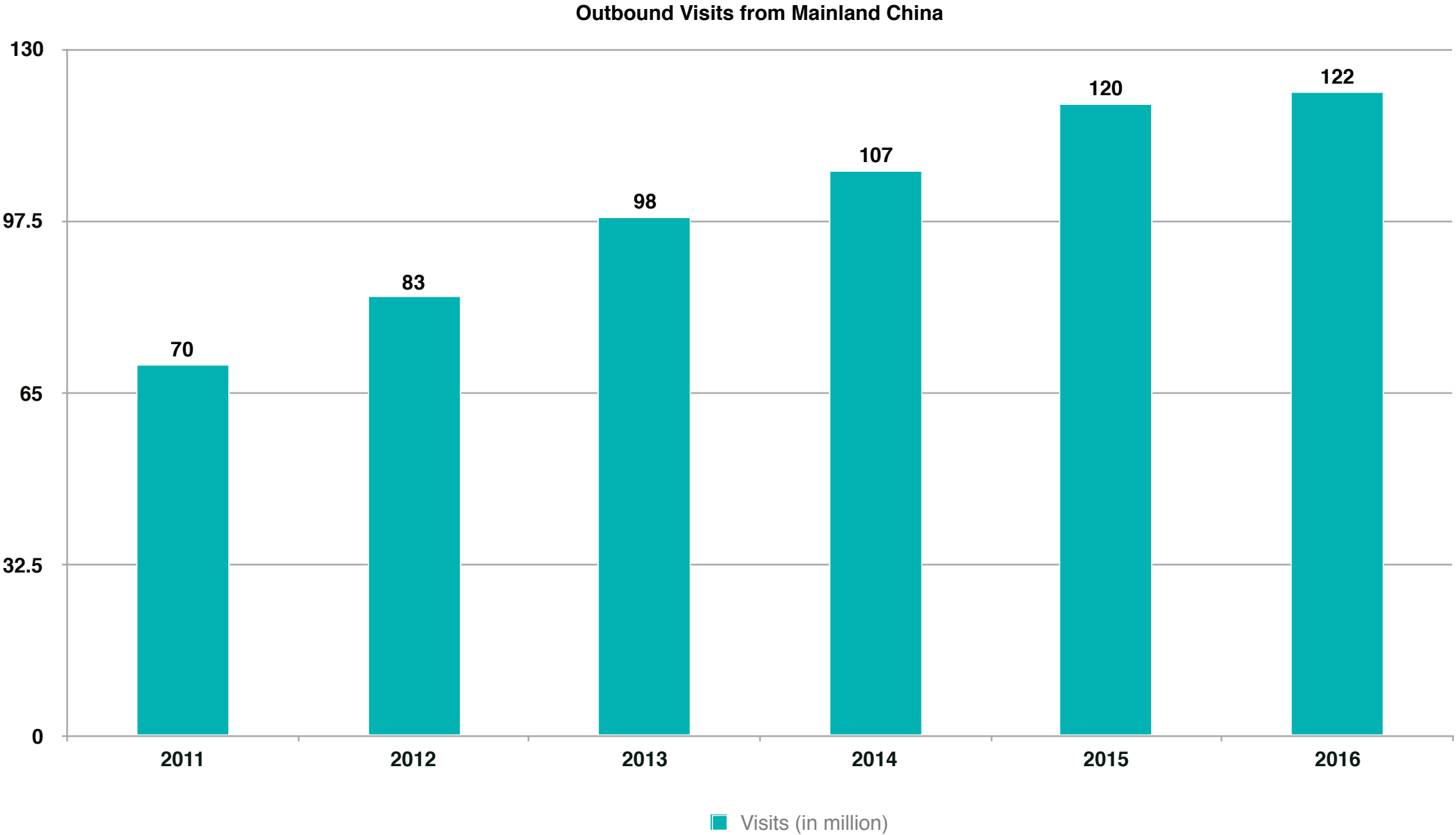
Approved Destination Status

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- ★ Travel overseas has only recently opened up for many Chinese citizens, effectively opening up the world and making travel an aspirational lifestyle.
- ★ China has a special policy for its outbound tourism: **Approved Destination Status (ADS)**, a bilateral agreement to allow group tours to the approved destination.
- ★ Australia and New Zealand obtained ADS status in 1999; Japan in 2000, and 26 EU countries in 2004. In January 2005, United Kingdom and Canada were approved.
- ★ U.S. was approved for the ADS status in 2007.

China Outbound Market Growth

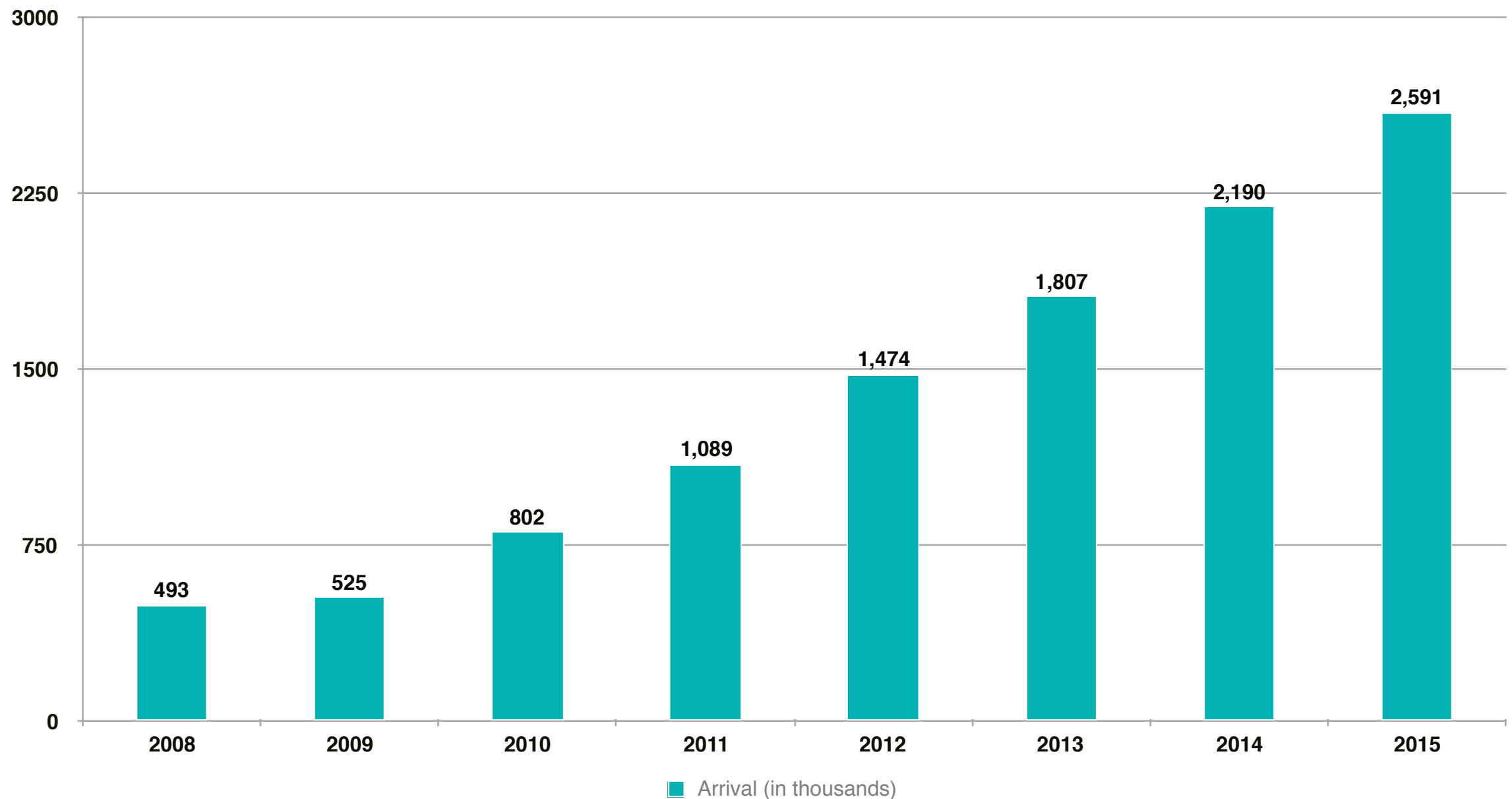
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Inbound into United States

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Arrivals in United States from China 2008-2015



Source: US Office of Travel & Tourism Industries

Highest Spender in the U.S.

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Country	Spending (in billions)	YoY Change
China	26.9	+12%
Canada	22.1	-16%
Mexico	18.9	+1%
Japan	16.6	-6%
Brazil	13.6	+1%
UK	12.6	-7%
India	10.6	+8%
South Korea	8.8	+13%
Germany	6.8	-8%
France	5.7	-3%

2015 Tourism Spending in the U.S. by Country

Source: National Travel & Tourism Office

China Market Recap

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- **Market Growth**
China's population has grown by the entire population of Australia in 5 years
- **Economic Growth**
Second largest economy in the world after the US. with willingness to spend on travel soaring
- **Currency Exchange Rate**
Chinese currency RMB is pegged to the US. dollar
- **Disposable Incomes**
Chinese incomes are growing at 10% per year
- **Arrivals into the U.S.**
#1 overseas market for the US. within 5 years

China Market Recap

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◆ **Outbound Travel Growth**

120M outbound in 2015 —
world's # 1 outbound market;
projected to more than double in
the next 5 years to 250 million

◆ **Travel Potential**

Less than 9% of China's population
is traveling overseas — versus 25%
for Korea

◆ **Chinese Desire to Travel**

Travel is the most desired
leisure pursuit for 56% of middle
and upper-class Chinese

◆ **Willingness to Spend**

Chinese are the No. 1 spending
international visitors to the US.
with 19% of disposable incomes
spent on travel on average

Future Growth

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1

Minuscule U.S. Market Share

0.2% of China's population and 2% of Chinese travelers to US.

2

Positioning

The US. has the highest intent to visit of any long-haul destination

3

US Destination Satisfaction

US. tops list of most satisfying destinations for Chinese

4

Streamlined US Visa Interview Process

Under 5 days with 10-year visa now available

Future Growth

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5

Growth in Airlift

35% increase in lift from China to the US. in 2015

6

Exploding Secondary Markets

120 cities with populations of over 1 million

7

Booming FIT

With massive growth potential beyond the traditional U.S. gateways

8

Booming Online and Social Media Channels

1.28 billion mobile phone subscribers

Future Growth

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9

Rapid Growth of MICE Market

Perfect China (7,000 pax) Amway (9,000 pax)

10

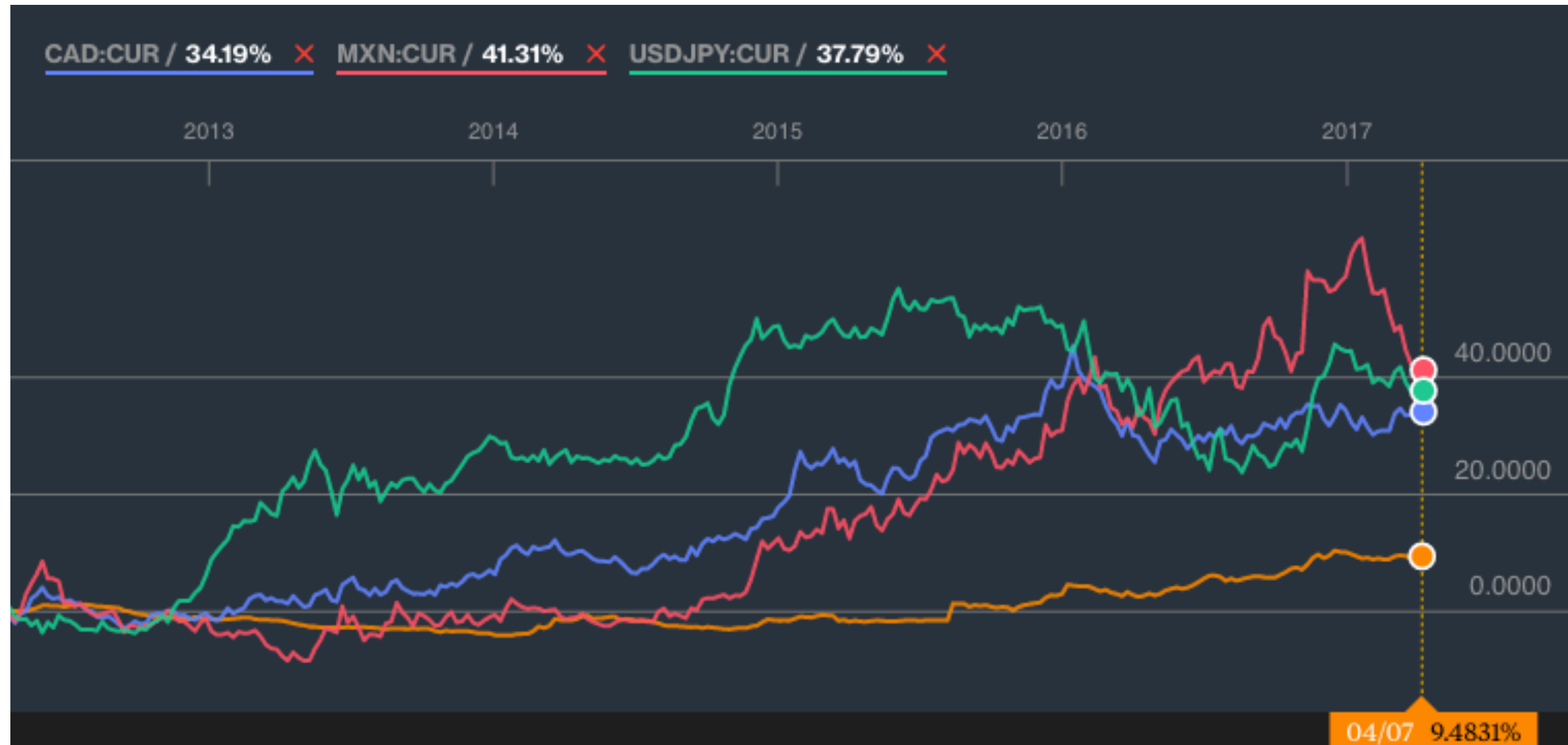
Huge Growth in Niche Travel

Golf, ski, study abroad, real estate, medical tourism etc.



Currency Exchange Rate

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Appreciation rate of USD against currencies from top tourism source market

(Chinese Yuan in yellow)

Declining Visa Approval Rate

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Hawaii News

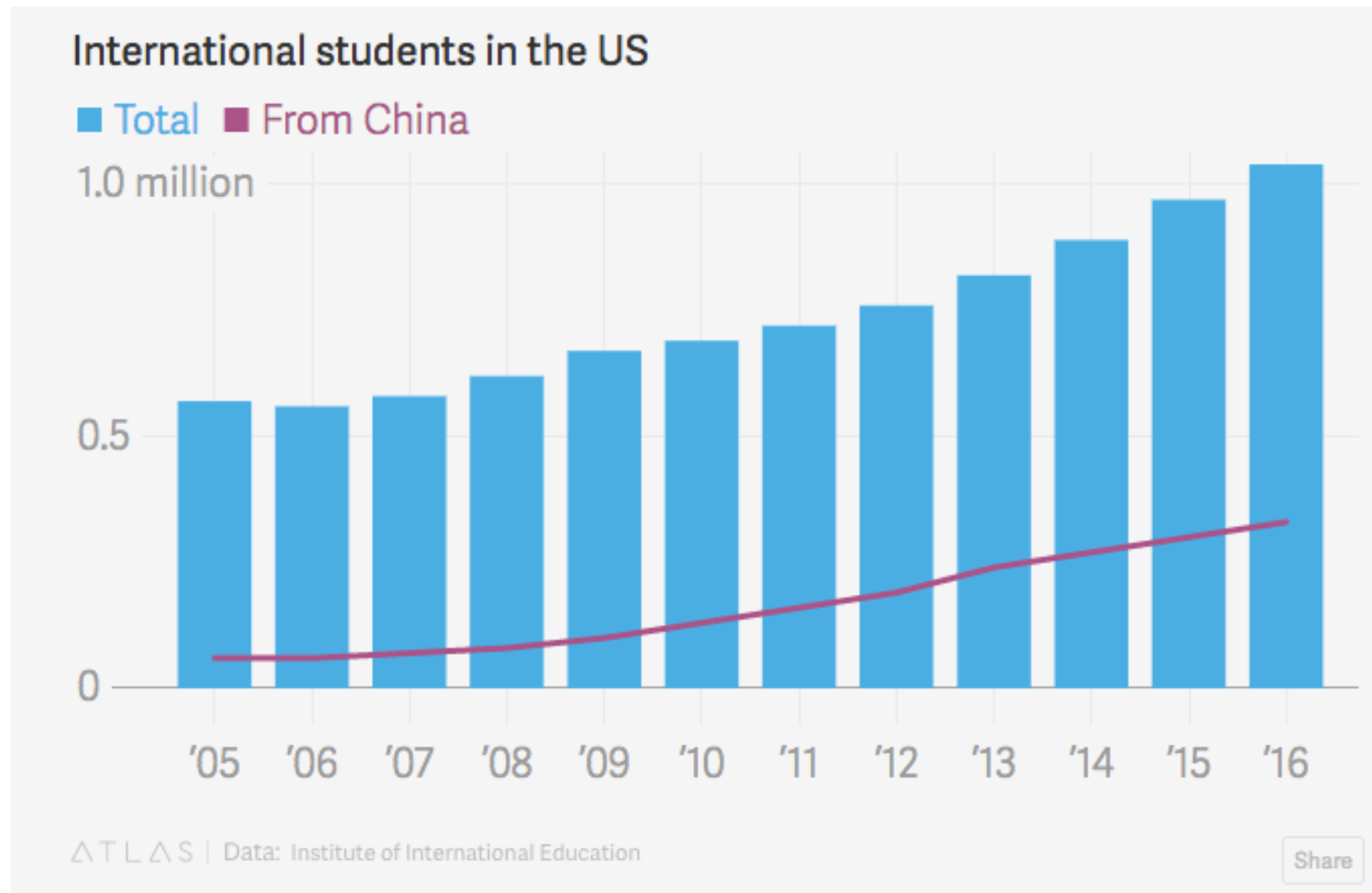
Rejected visas keep thousands from Hawaii

Hawaii will host its largest incentive travel group from China in April, but roughly 40 percent of the group members won't be joining their peers because their visa applications were rejected.

More than 6,000 Nu Skin distributors in China and Hong Kong qualified for the trip, but fewer than 4,000 of them were able to get approved to travel to Hawaii,

Student Visa Implication

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Key Market Trends

Evolving Group Travel

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- ★ High-end groups shrink in size
- ★ VIP groups seek themed travel experience
- ★ Blurred line between independent and group
- ★ MICE and business travel market grow rapidly
- ★ Multi-generation family private groups key driver in peak travel season



Tourist 1.0 vs. 2.0

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Hats & Flags

Two star hotels

10 days, 10 cities

Tour buses



Road trips

Four/Five star hotels

National Parks

Foodie Tours

Rising Independent Travel

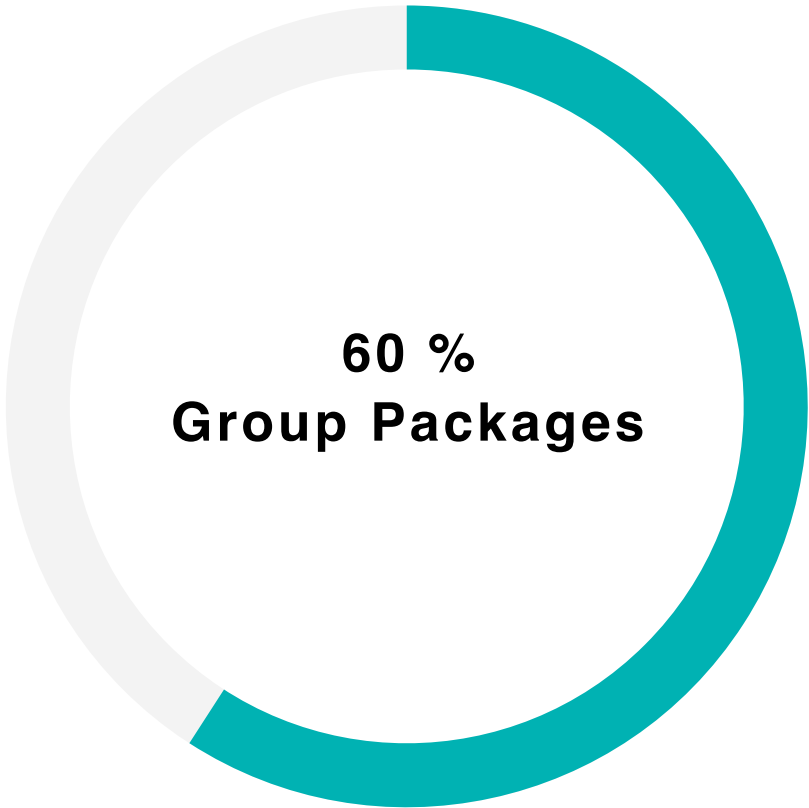
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- ★ Future growth from Chinese outbound tourism led by an entirely new generation of free independent travelers (FIT).
- ★ Love **out-of-the-ordinary** experiences rather than a laundry list of the usual attractions.
- ★ Demand more **individualized travel products** and services, requiring DMOs to target them with a range of strategies and communication channels.

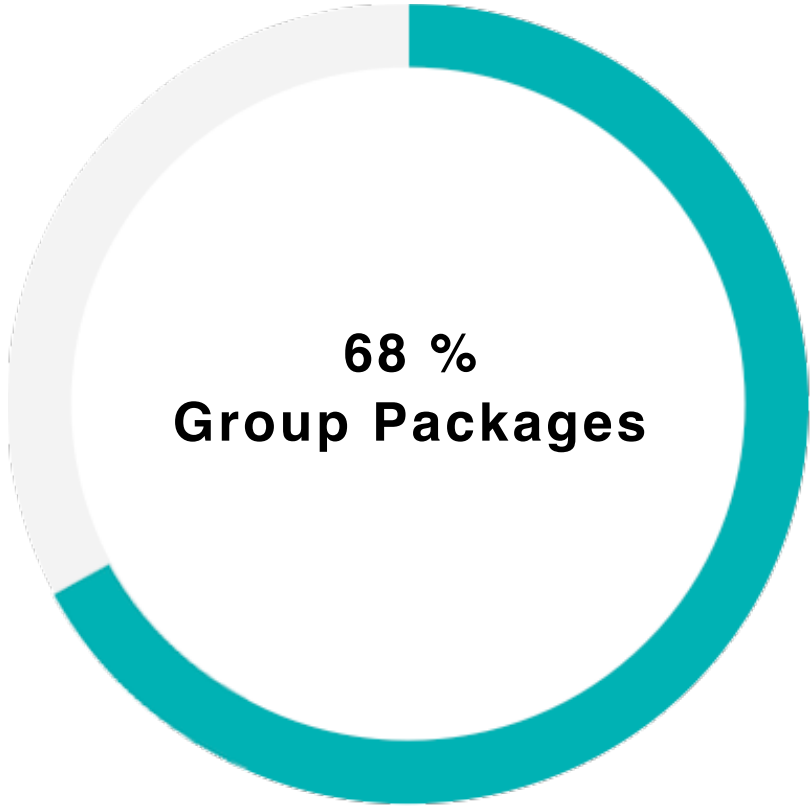


Group/FIT Ratio

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US/Canada



Long Haul

Chinese Outbound Travel Group vs. FIT

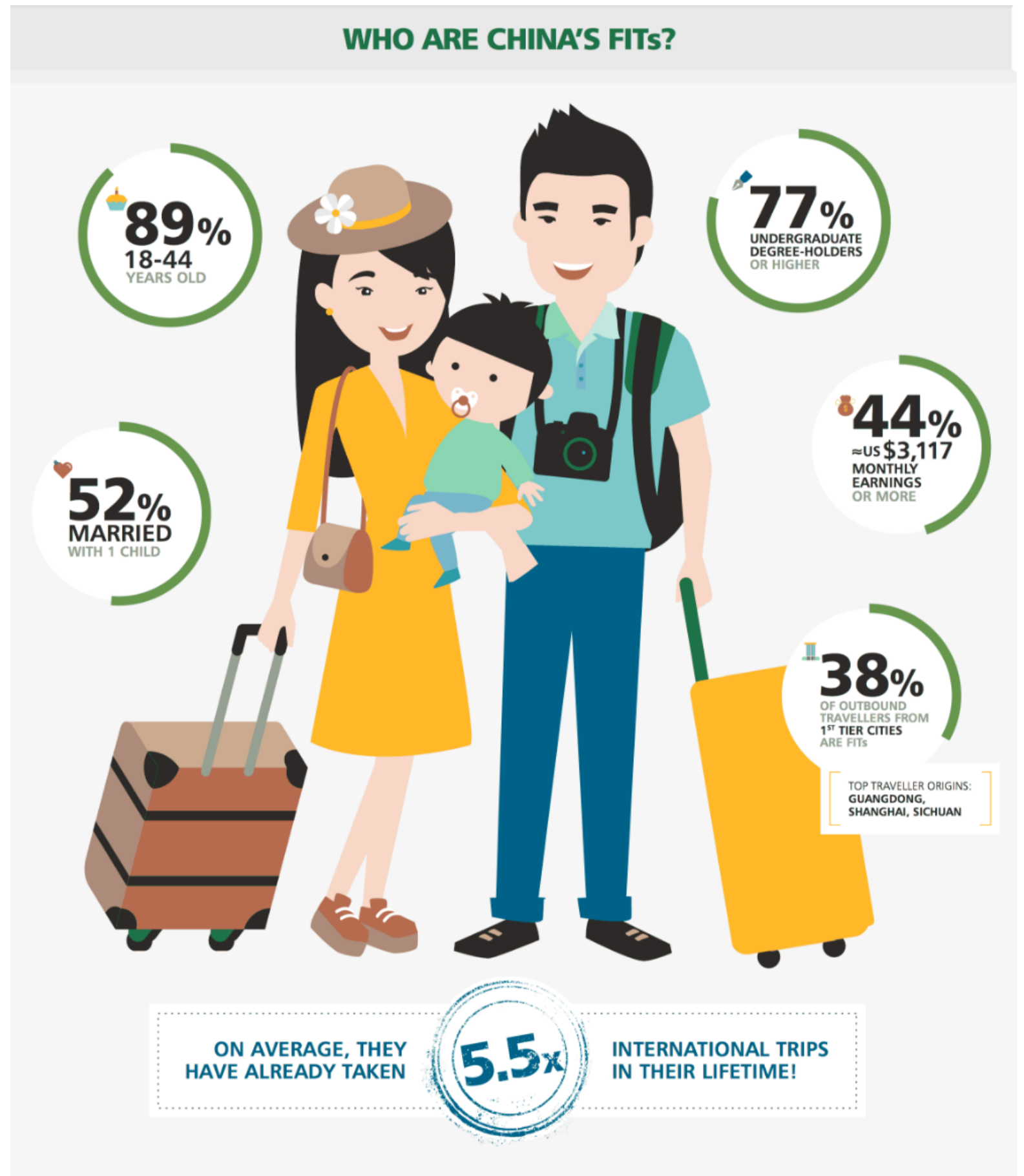
Who Are They

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“More often than not, China’s FITs are young, well-educated and relatively affluent.”

— TripAdvisor

Source: TripAdvisor China Unbounded



Travel Motivations

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56%

REST &
RELAXATION



47%

NATURE,
CULTURE &
HISTORY



42%

SHOPPING



DESTINATION CRITERIA

SAFE AND POLITICALLY STABLE

65%

CLEAN WITH LOW POLLUTION

36%

NATURAL FEATURES AND LANDSCAPES

35%

Traveler Habits

.....

CREATING CUSTOMISED ITINERARIES

9/10

BUY SEPARATE
TRAVEL COMPONENTS



TRAVELLING SPONTANEOUSLY

32%

CHOOSE DESTINATIONS
1-2 WEEKS BEFOREHAND



TAKING LONGER TRIPS

40%

STAY 4 - 6
NIGHTS ABROAD

7 NIGHTS OR MORE
FOR 1/3 TRIPS TAKEN DURING
THE NATIONAL DAY HOLIDAY



77%
PREFER TRAVELLING
BETWEEN MAY
AND OCTOBER

FLYING SHORTER DISTANCES

91%

PREFER SHORT-HAUL
DESTINATIONS

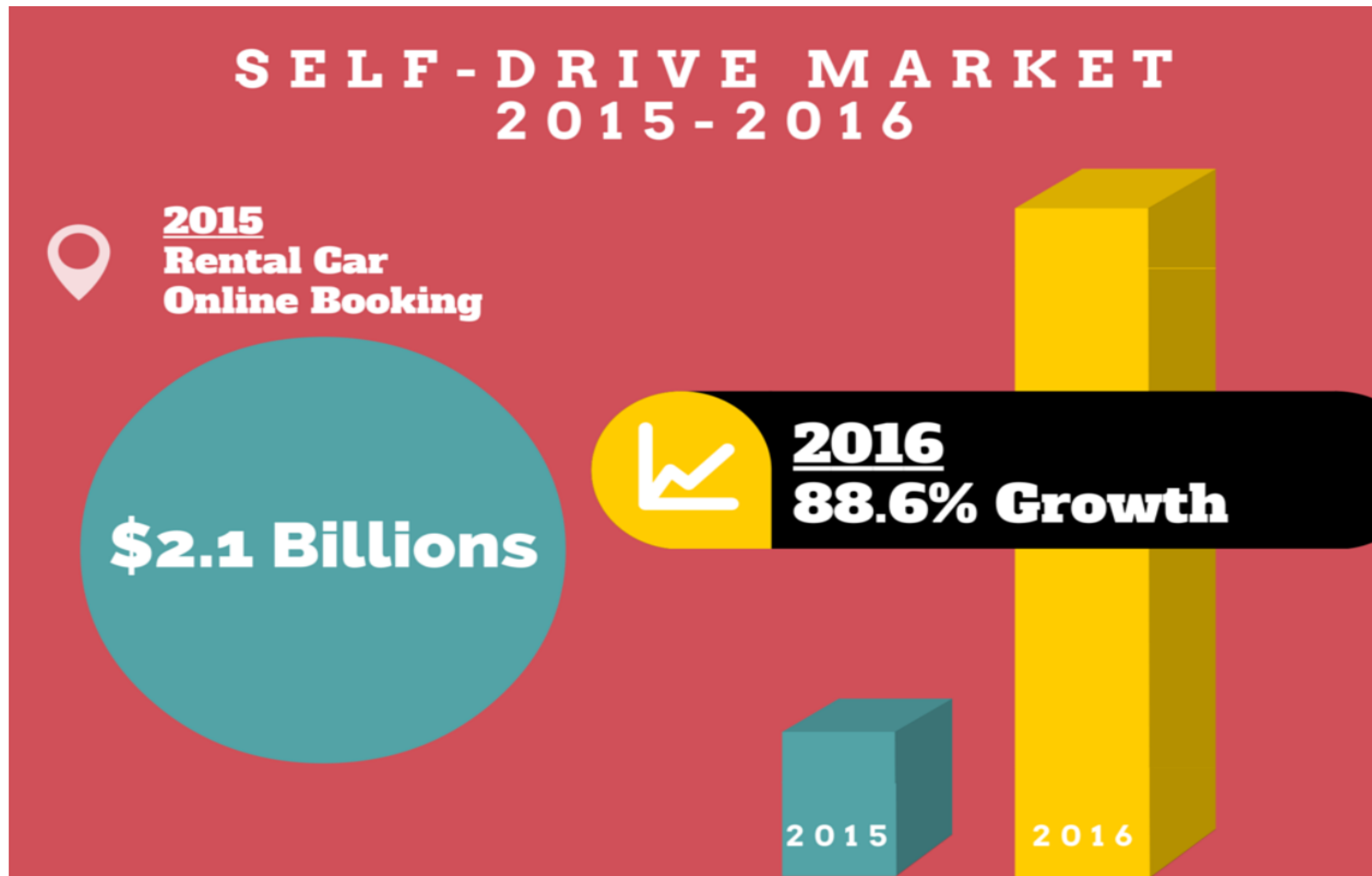


TOP 10 TRAVEL HOTSPOTS:
JAPAN, THAILAND, SOUTH KOREA, UNITED STATES, MALAYSIA,
SINGAPORE, FRANCE, UNITED KINGDOM, ITALY, CANADA



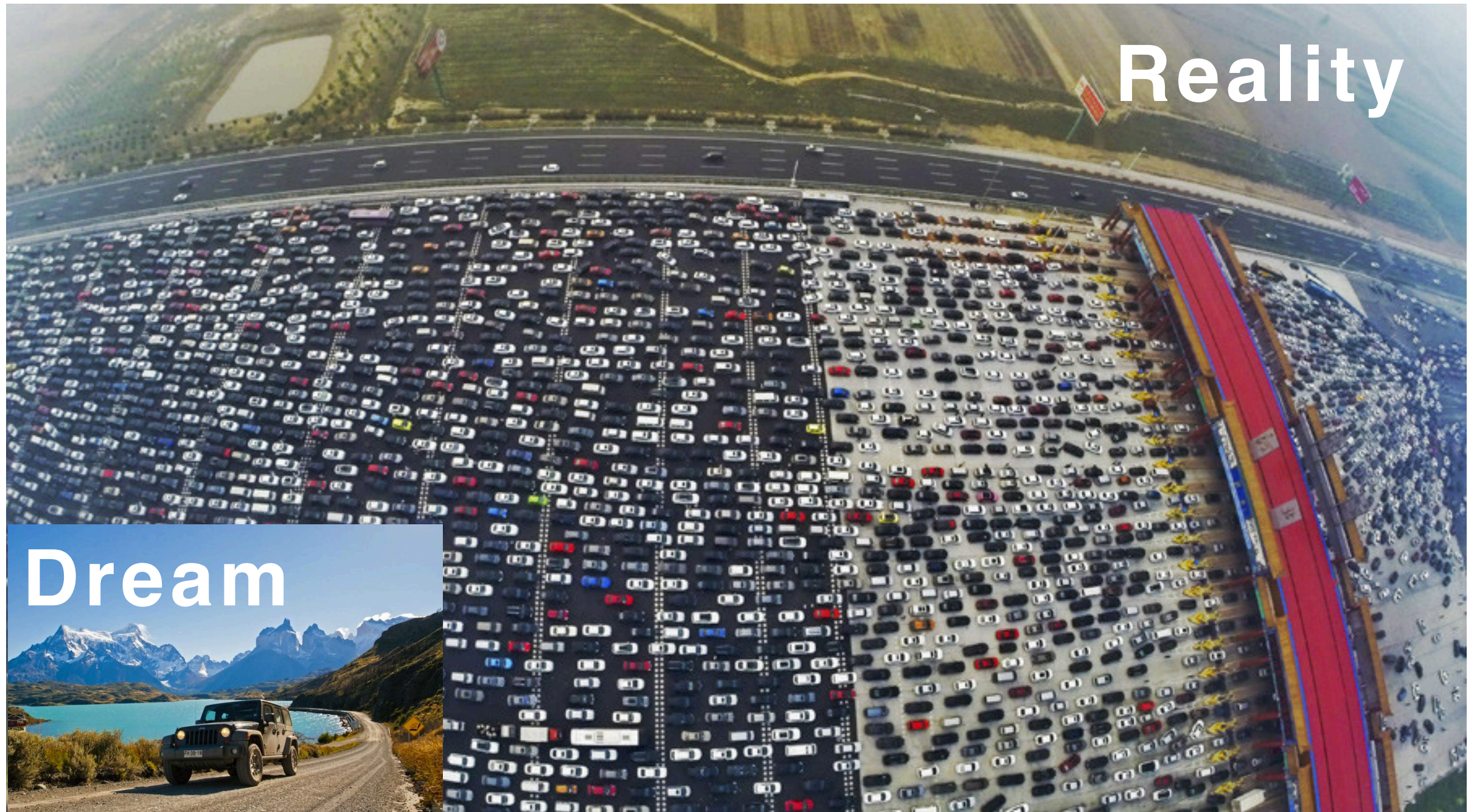
Booming Self-Drive Market

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Self-Drive Holiday in China

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FIT Market Outlook

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20% INCREASE
IN OUTBOUND
LEISURE TRIPS
YEAR-ON-YEAR*

≈US **\$205.7**
BILLION TOTAL TRAVEL
EXPENDITURE

In the next 2 years, nearly half of outbound Chinese FITs plan to take more trips

52% for a
LONGER
period

54% with a
BIGGER
budget

Changing Demographic

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Chinese Millennials: The \$264 Billion Tourism Industry Target

"Chinese millennials earn, spend and travel more than previous generations."



Millennials Leading Growth

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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



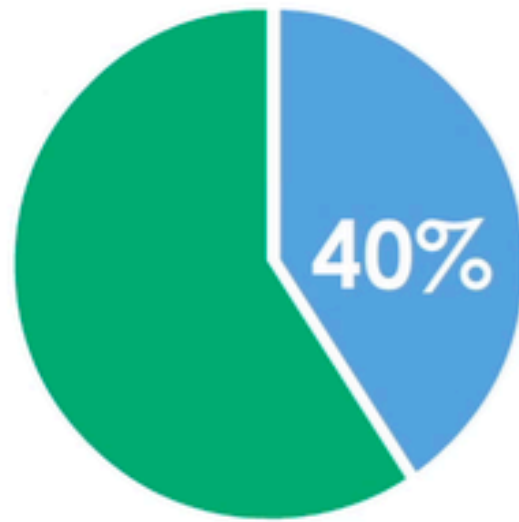
Outspend their parents and grand parents by as much as 40%.



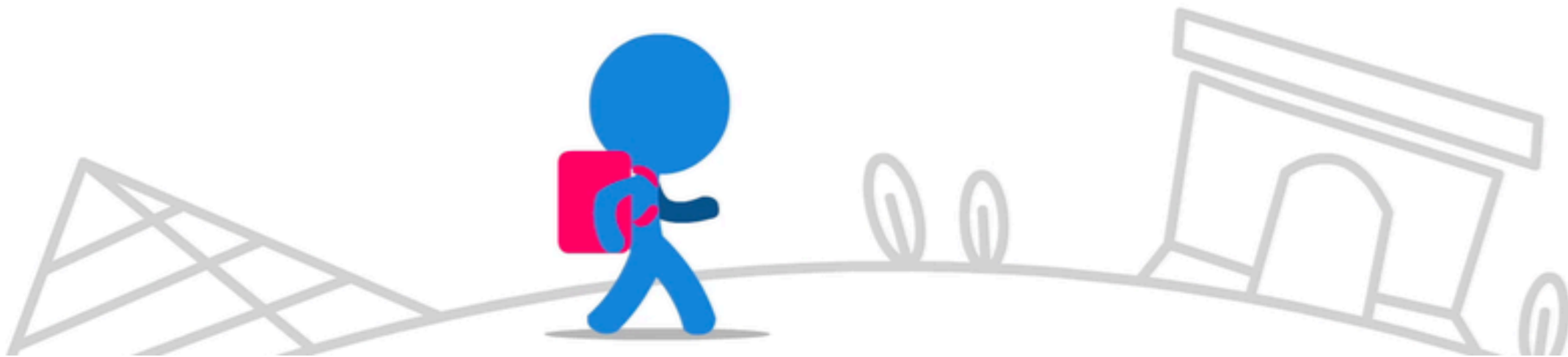
Will drive 55% expansion in China's consumption spending over the next 5 years.

They Love Travel

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Millennials contributed 40% of China's outbound travel



They Like to Splurge

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Chinese millennial blogger Tao Liang (Mr. Bags) has over 2 million followers on Weibo. He sold 20 luxury Givenchy handbags on his WeChat account within 10 mins.

Definition of Luxury Shifting

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For many affluent Chinese, the definition of luxury is shifting from conspicuous spending to experiential luxury.



A report by PR firm Ruder Finn shows that affluent mainland Chinese consumers spent more on travel than on luxury goods in 2015

Love of National Parks

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Yellowstone National Park hired three Chinese speaking rangers in summer 2016 to help meet the demand from the growing number of visitors.

Love of National Parks

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Visiting national parks at home is often a dramatically different experience.

Growing Skiing Population

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Skiing is considered a status symbol by China's elite class. Fashion often plays an equally important role.

Winter Sports Gaining Popularity

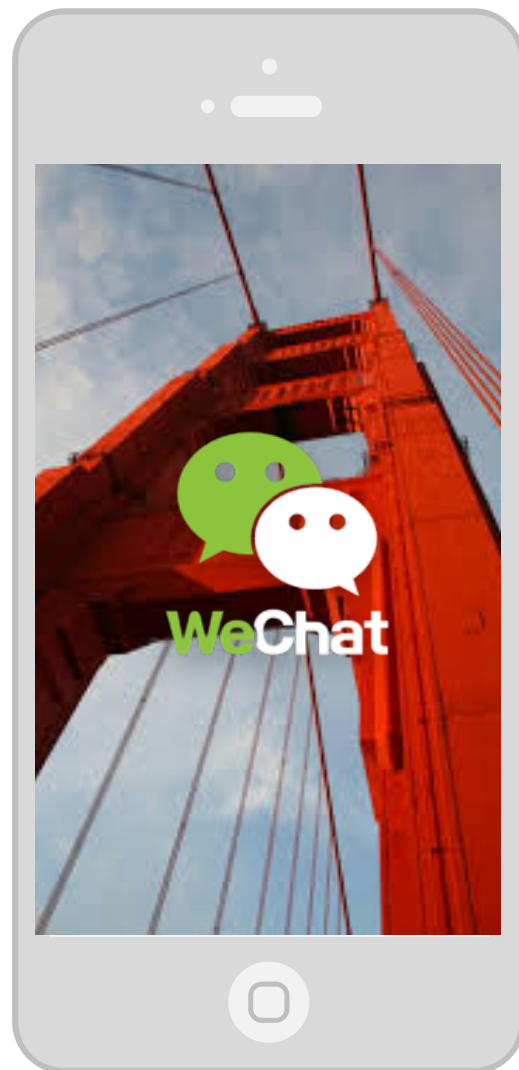
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After it became the host country of the 2022 Winter Olympics, the Chinese government has launched a nationwide initiative to transform 300 million non-skiers into winter sports enthusiasts.

Mobile, Mobile, Mobile

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SMARTPHONE PENETRATION



China's smartphone penetration rate is nearly 70%.

INTERNET AND MEDIA



A majority of Chinese consumers access the Internet and consume media through their smartphones.

RESEARCH, COMMUNICATE, PURCHASE



Many Chinese consumers prefer to research, communicate and make transactions within one platform. Mobile is the preferred platform for booking.

WECHAT



WeChat is currently the dominant social media and communication platform in China, with 840 million monthly active users.

Mobile Payment

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Why Mobile Payment

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★ 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.



Working with Chinese Travel Trade

Travel Trade Ecosystem

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- China's travel trade environment is highly fragmented and competitive, with many state-owned and private players.
- Chinese government is intrinsically linked to the tourism industry from both a regulatory and operational perspective.
- Travel trade tightly control itineraries and travel products.
- Tourism laws aimed to protect customers further restrict flexibility, prohibiting last- minute changes and forbidding any perception of “fleecing” or otherwise misleading tourists.

Key Players

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- **Travel Agents:** Primarily offline booking in China. Typically sell travel packages developed by tour operators, but also FIT.
- **Tour Operators:** Develop travel packages and sell to Chinese customers directly and through travel agents. Almost all are Chinese, and some have opened offices in the United States.
- **Receptive Tour Operators:** US-based tour operators that contract with Chinese tour operators to execute on-the-ground experiences. Most are solely focused on Chinese visitors, but some cater to a number of countries.
- **Online Booking Sites (OTA):** Chinese online booking sites, which are geared towards FIT travel and allow for booking flights and hotels separately, as well as offer travel package deals that combine flights, hotel and attractions.
- **Airlines:** Airline capacity has a determining factor for inbound growth into the United States. Chinese and Japanese/Korean airlines play key role in travel patterns.

Key Players

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- **Tour Guides:** Typically in-market guide providing localized information. Some are employed by receptive tour operators and some are independent, working with multiple tour operators.
- **Tour Leaders:** Accompanies the group throughout the whole trip. Serves as a liaison and between the tour operator and receptive operator. Typically employed/contracted by tour operator.
- **Through Guide:** Sometimes to save cost, Chinese tour operators will use tour leaders as local tour guides, especially when they are visiting gateway cities.

Tour Operators in China

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- Operate in a highly competitive market.
- Decide itinerary and hold the contract with customers.
- Difficult to sell expensive trips, so they typically focus on low-cost trips with optional add-ons.
- Often rely on commissions and optional add-on packages in order to make money on the tours.
- Starting to experiment with high-end and tailored “niche” itineraries.



Receptive Tour Operators

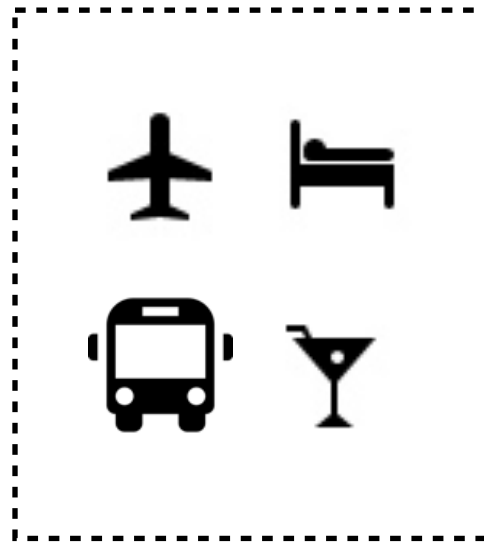
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- U.S. based companies that contract with Chinese operators to execute tours on the ground.
- Typically, they are solely focused on Chinese tourists, but some cater to a broader portfolio of countries.
- Have significant influence on itinerary and hotel choices.
- Provide insights on new attractions and sightseeing.
- Increasingly important in reaching semi-FIT and private group segment.



Package vs. Semi-FIT vs. Private

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Package



Semi-FIT



Private



Online Travel Agency

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- Ctrip now dominates China's OTA market with its recent acquisition of Qunar.
- The online market is estimated to reach 465 billion yuan (\$75 billion) by 2017, 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.
- Listing your product on Fliggy (formerly known as Alitrip) requires you to either open a digital storefront on the site or work with an existing agency that already has one.



Tour Guide Influence

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- Can be independent or hired by tour operator/receptive operators.
- A few ways they influence travel:
 - ✦ Destinations are set, but tour guide influences which locations are visited.
 - ✦ Add an unscheduled stop to the itinerary.
 - ✦ Suggest other locations for future visits.
 - ✦ A customer might hire a tour guide directly for future visits.

Tour Guide Insight

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What can tourist attractions provide to help you with your job?



Source: CLA survey of LA-based Chinese tour guides

Tour Operator Insights: Hotels

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What is most important in choosing a hotel for the group?

- Price and location cited as two most important factors (proximity to destinations and freeways)
- Brand awareness and reputation in China very important
- Star rating also a key factor in choosing hotels for tour groups
- Online reviews not cited as a significant influence for tour groups
- Safety of the area is also a consideration

All stated that pricing including breakfast was of utmost importance. A few tour operators called it a “MUST”.

- Additional breakfast rates considered acceptable ranged from \$5 to \$20
- Business groups are more willing to pay extra for breakfast

For MICE operators, percentage of double beds and location are key.

Tour Operator Insights: Restaurants

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What is most important in choosing which restaurants to book for the groups?

- Price is typically first consideration
- Capacity to accommodate large groups is extremely important
- Location a key consideration: should be near or on the way to attractions or hotel
- Chinese food is most preferred food style, followed by Asian food
- Quality of food also a consideration
- Private rooms a plus



Tour Operator Insights: Attractions

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How do you decide which attractions to visit? Would you consider new attractions?

- China operators typically set the itineraries.
- Changes to itinerary must be approved by customers.
- Customers can request additional attractions.
- Education related theme is a key selling point for multi-generation family groups.
- Generally willing to consider new alternatives, but strongly recommend that attractions work to ensure they are included on the itineraries from the China side.
- Consider tailor your product to their interest and schedule.

Tour Operator Insights: Shopping

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How do you decide which shopping locations to visit?:

- Customer requests
 - Location
 - Brand selection
 - Reputation
 - Relationship with the shopping location
-
- Convenience of parking is very important. It is considered a safety liability to cross a busy street or walk long distances.
 - Tour operators/guides try to find shopping locations that will help tourists find what is on their pre-set shopping list.



Travel Trade Insights:Takeaways

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- Commissions are always a topic of discussion and requested by guides and operators.
- Wi-fi is a popular subject and in high demand.
- Value added services/amenities are appreciated.
- Find ways to alleviate pain points for tour guides/operators.
- Customers have more control. Help the trade sell your location to customers.

Travel Trade Incentives

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- What type of incentives works for my organization?
- What can I offer? (cash, credit, benefit or amenities)
- Can I partner with anyone? (dining, transportation, retail, attraction, etc)
- Who are the decision makers? (agency, guide, consumer)
- Is it feasible to implement?
- How do I promote it?
- Can I track the results?

Travel Trade Show Calendar

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- Active America China I April, 2017 (Portland)
- ITB China I May, 2017 (Shanghai)
- IPW I June, 2017 (Washington, D.C.)
- ILTM I June, 2017 (Shanghai)
- CIBTM I August, 2017 (Beijing)
- CITM I October, 2017 (Kunming)
- GITF I February, 2018 (Guangzhou)



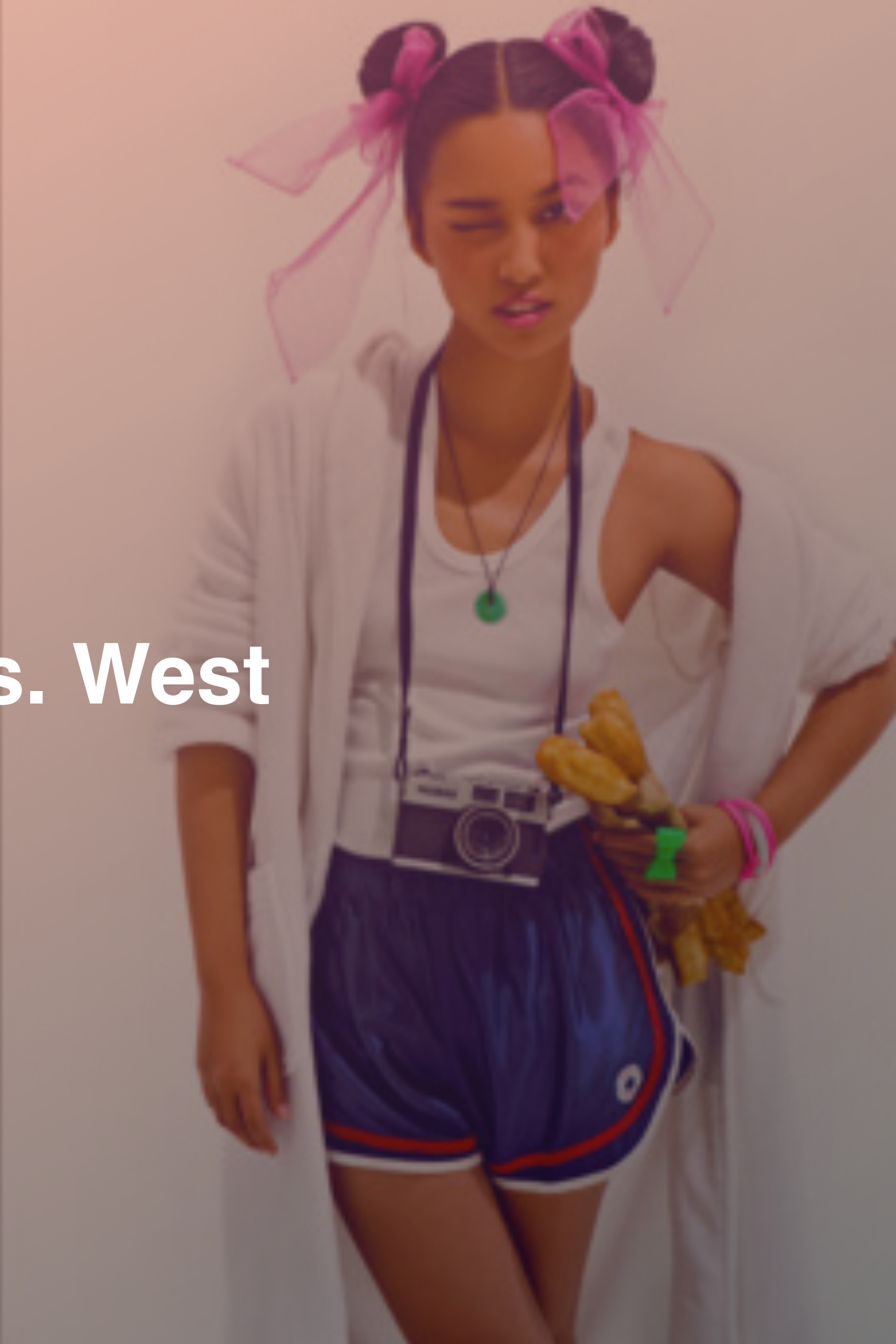
Local RTO Insight

A woman with a pink flower in her hair is riding a black bicycle. She is wearing a white long-sleeved top and denim shorts. A large, quilted, light-colored bag is slung over her shoulder. On the back of the bicycle, there is a tall stack of books, secured with white ribbons that have the word 'Dear' printed on them. The background is a blurred cityscape at dusk, with warm lights from buildings and a bridge visible. The overall color palette is dominated by warm oranges, reds, and blues.

Service Excellence for Chinese Travelers

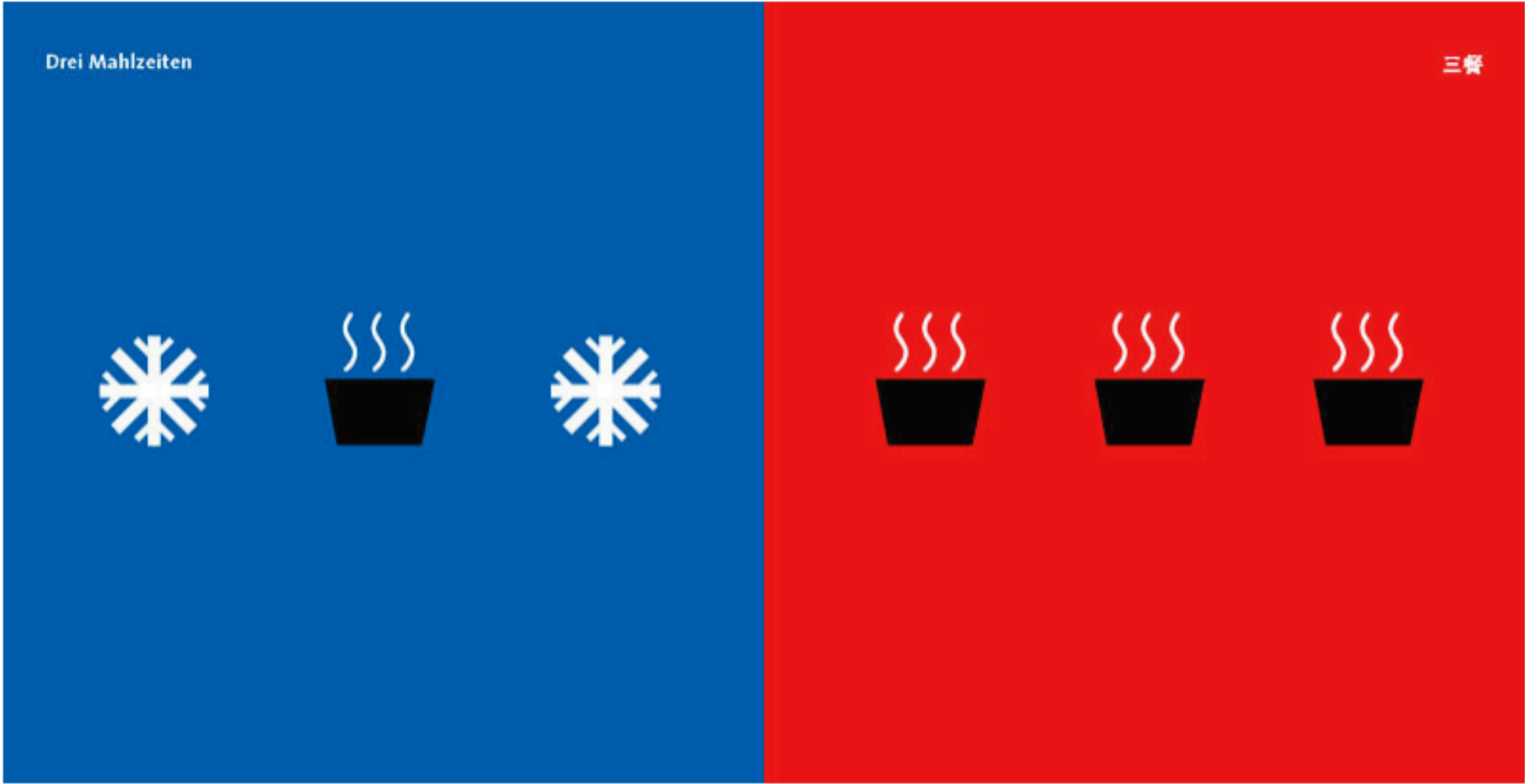


East vs. West



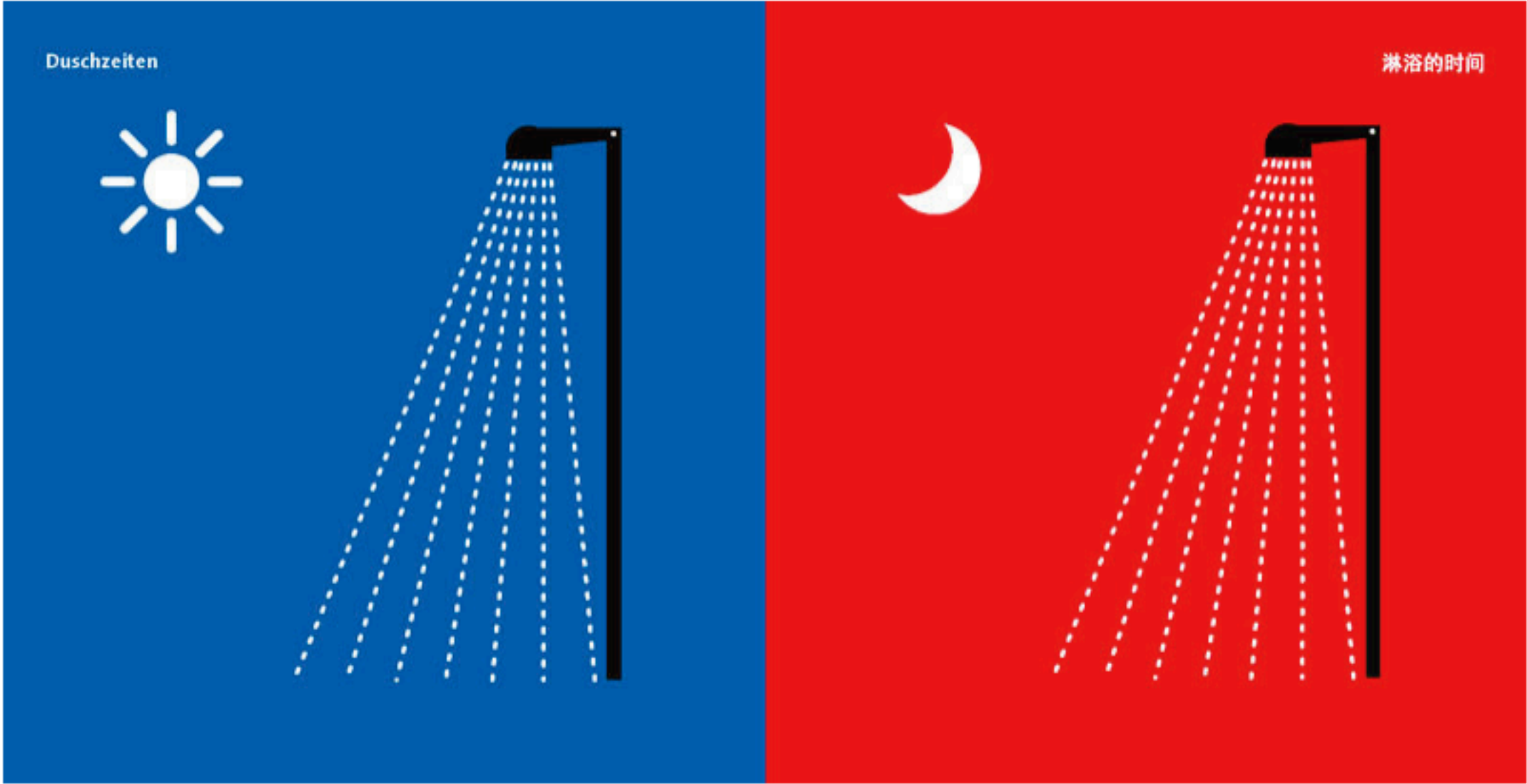
Daily Meals

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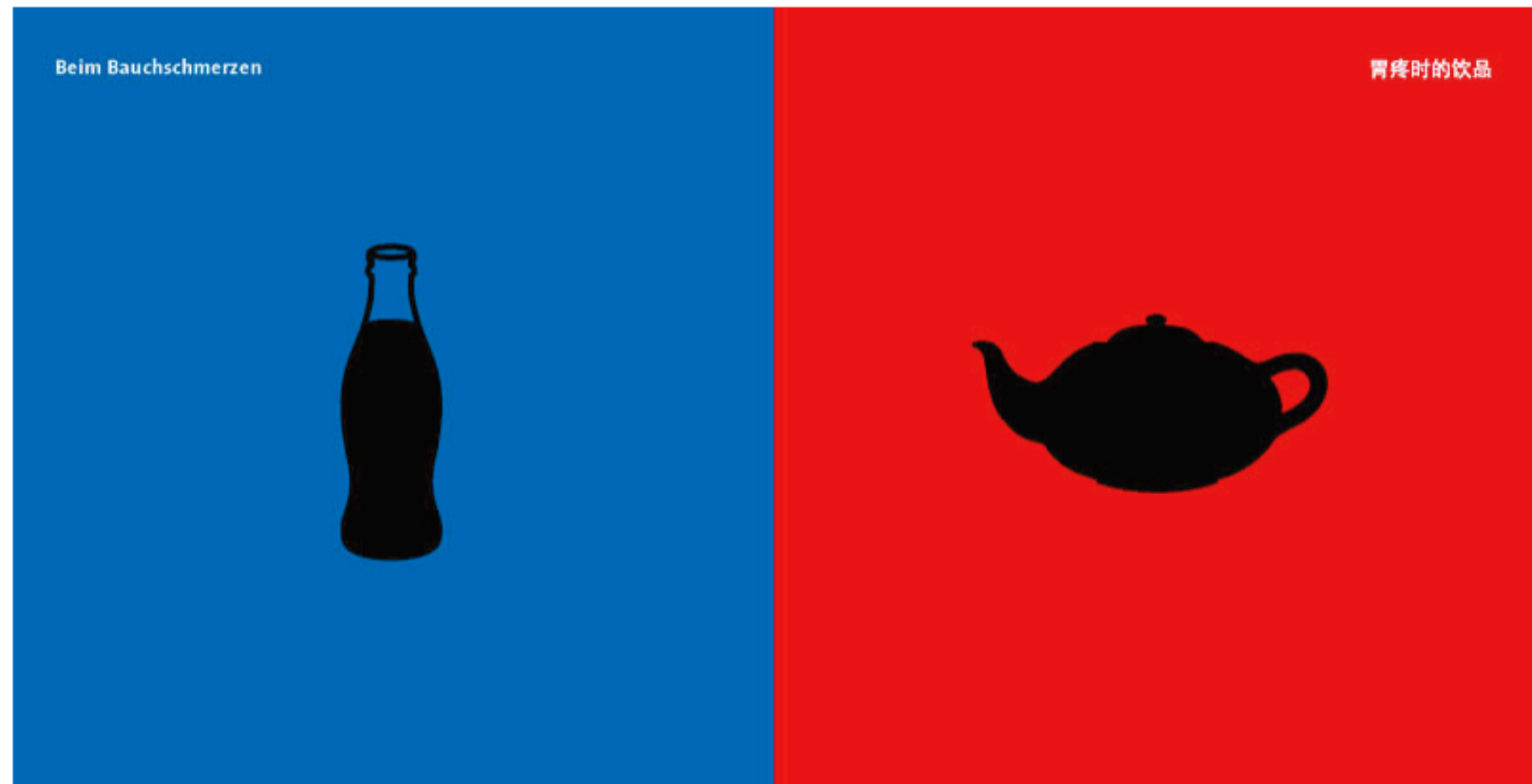
Shower

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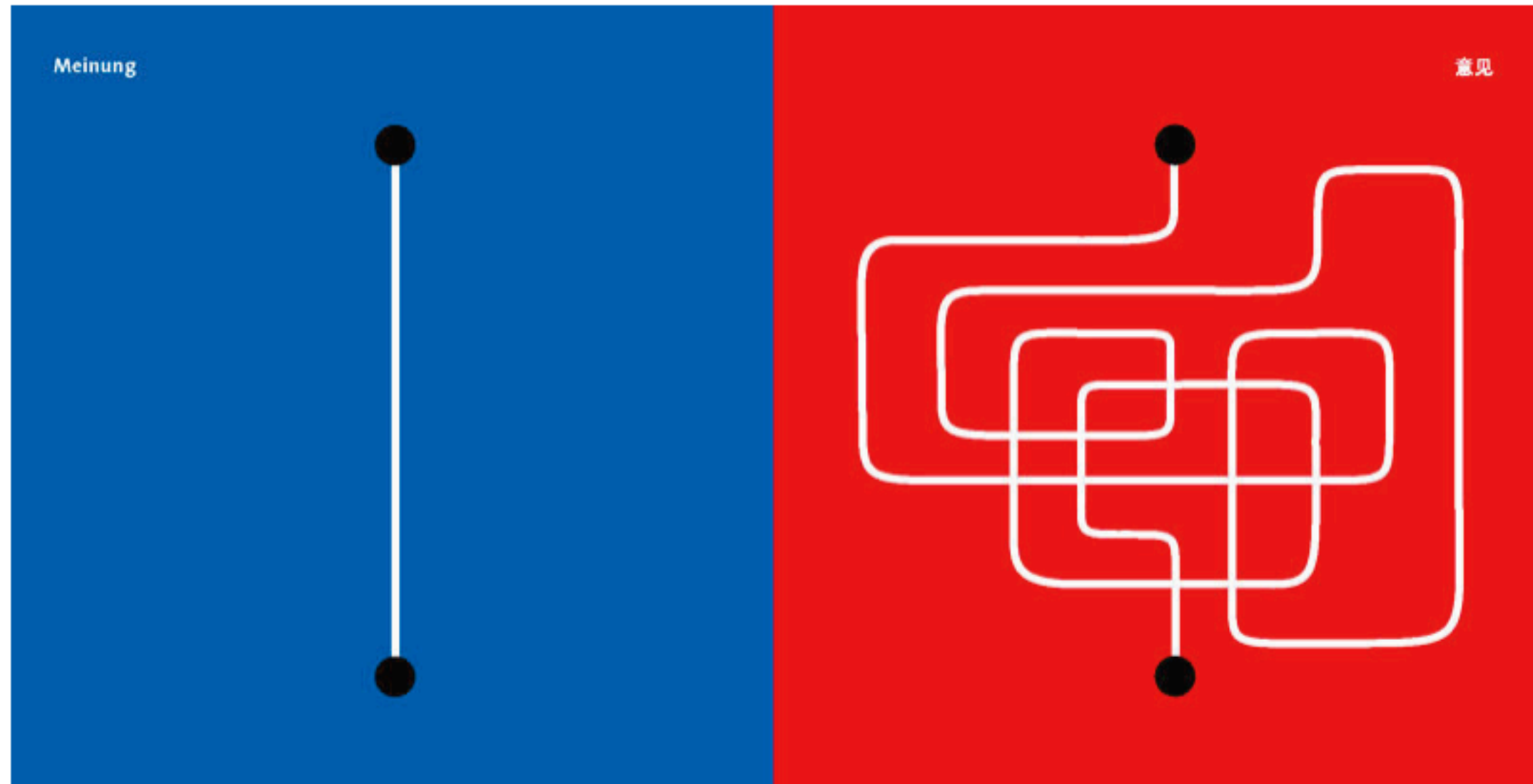
Deal with Stomach Ache

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Express Opinion

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Lifestyle

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Lebensstil



生活方式



Punctuality

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Pünktlichkeit

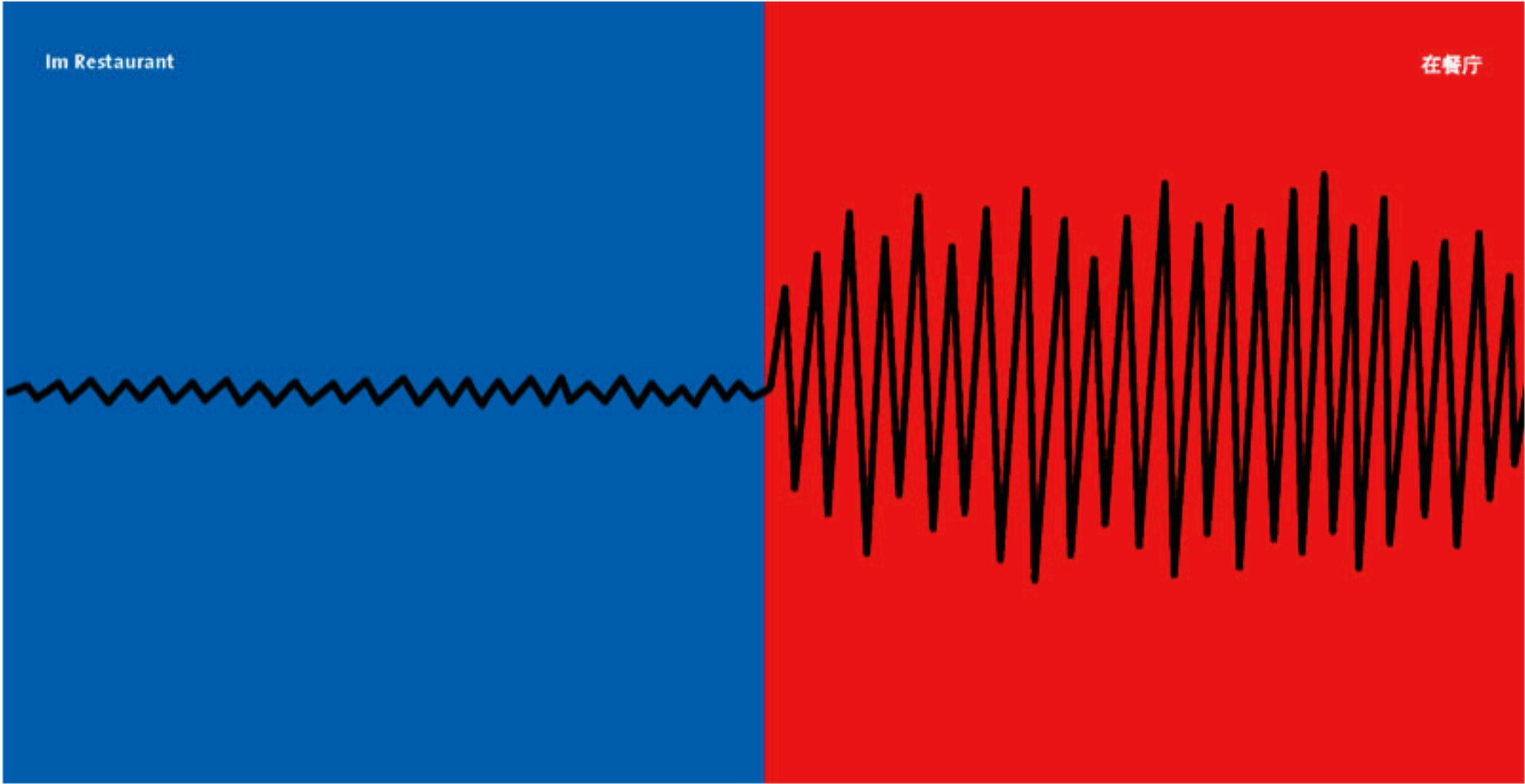


准时



In A Restaurant

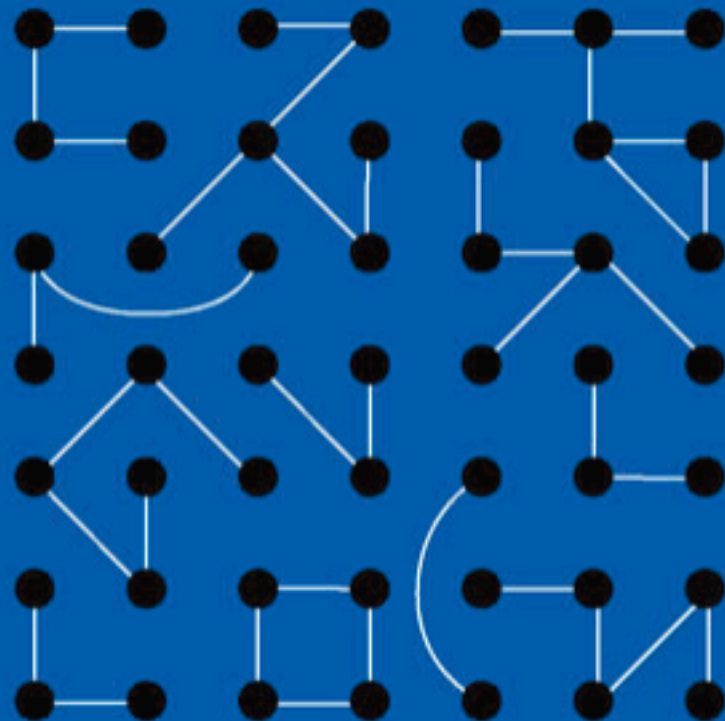
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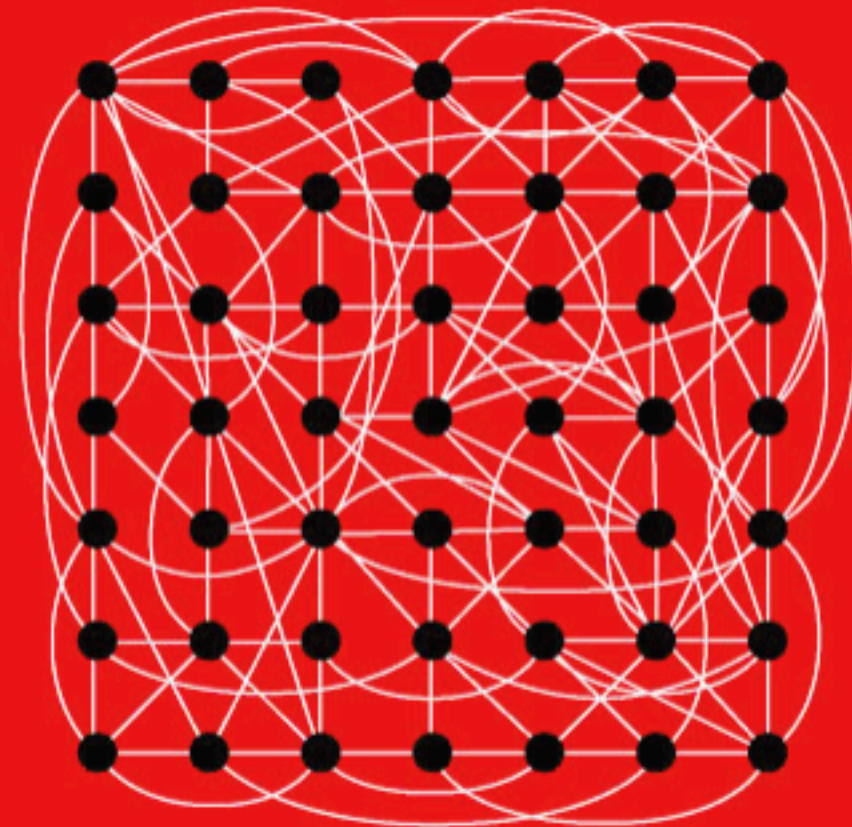
Contacts

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Kontakte

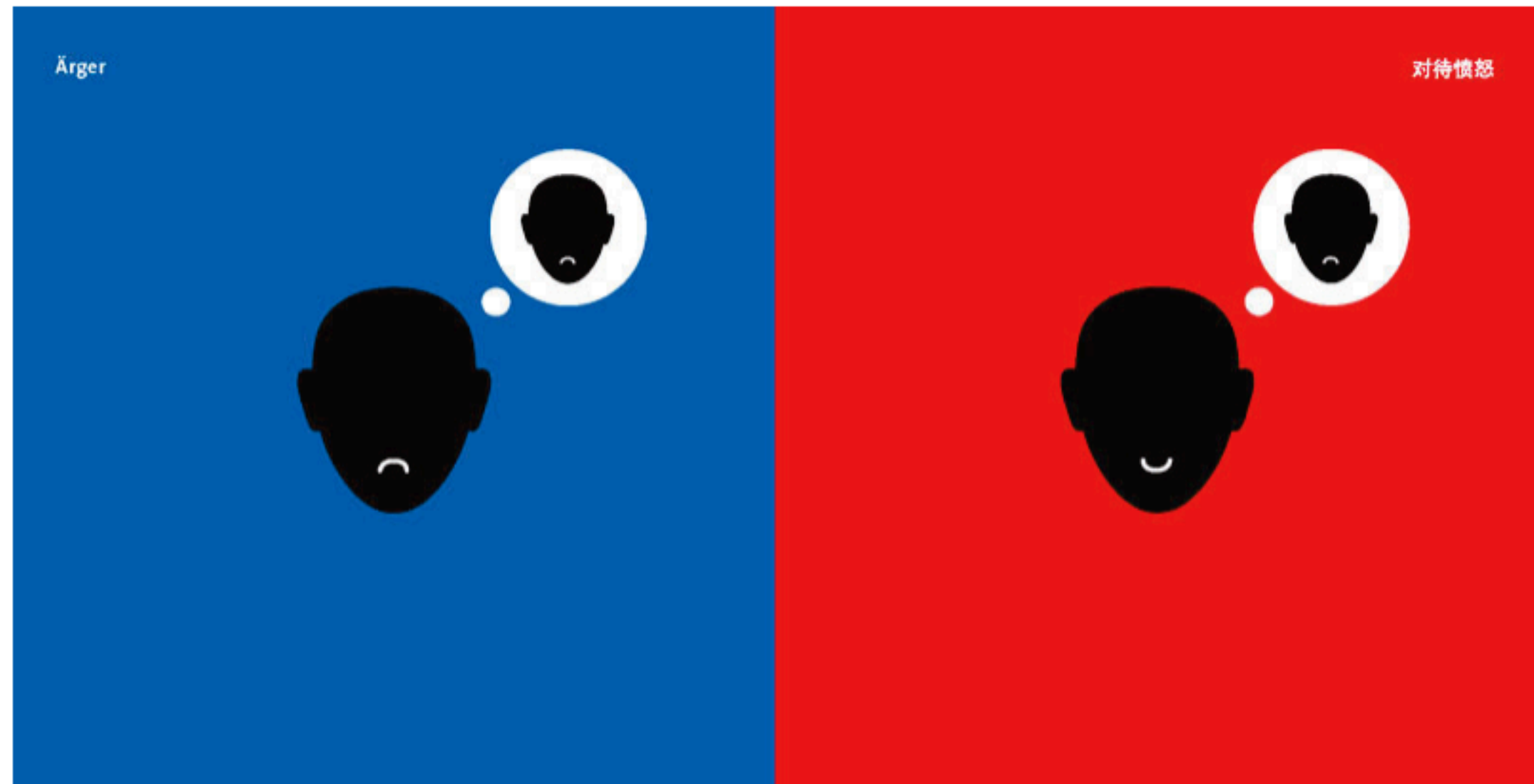


人际关系



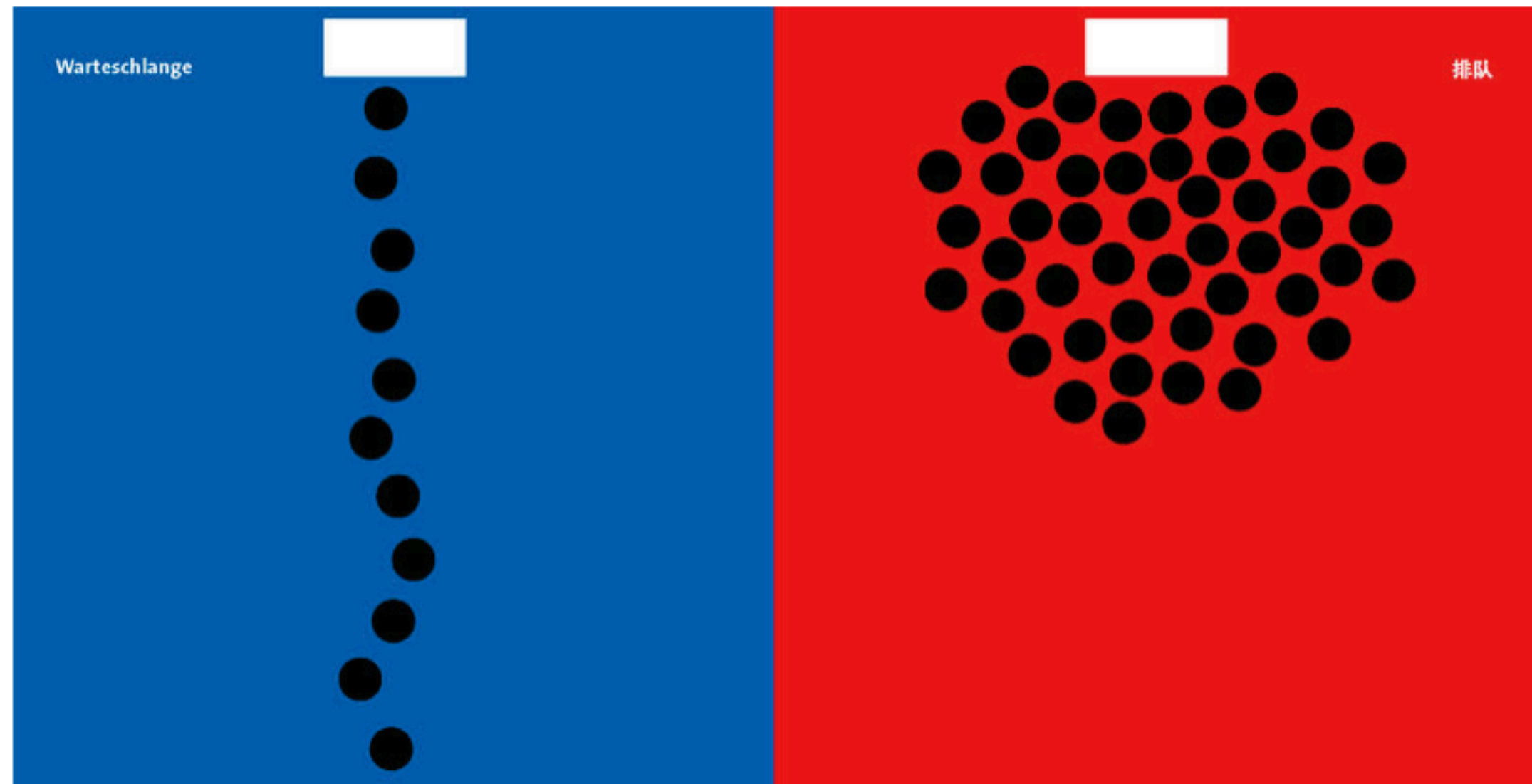
Express Anger

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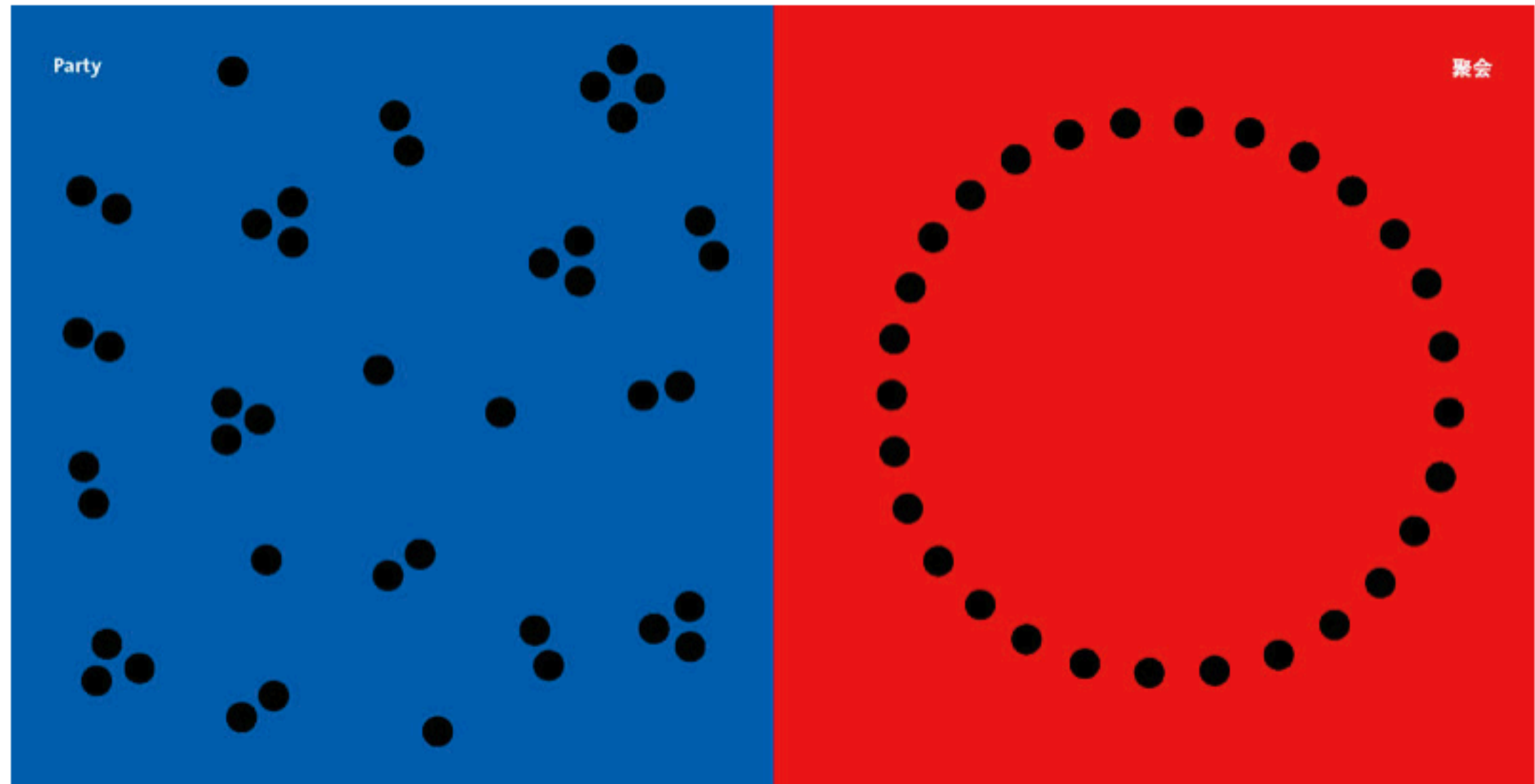
Wait in Line

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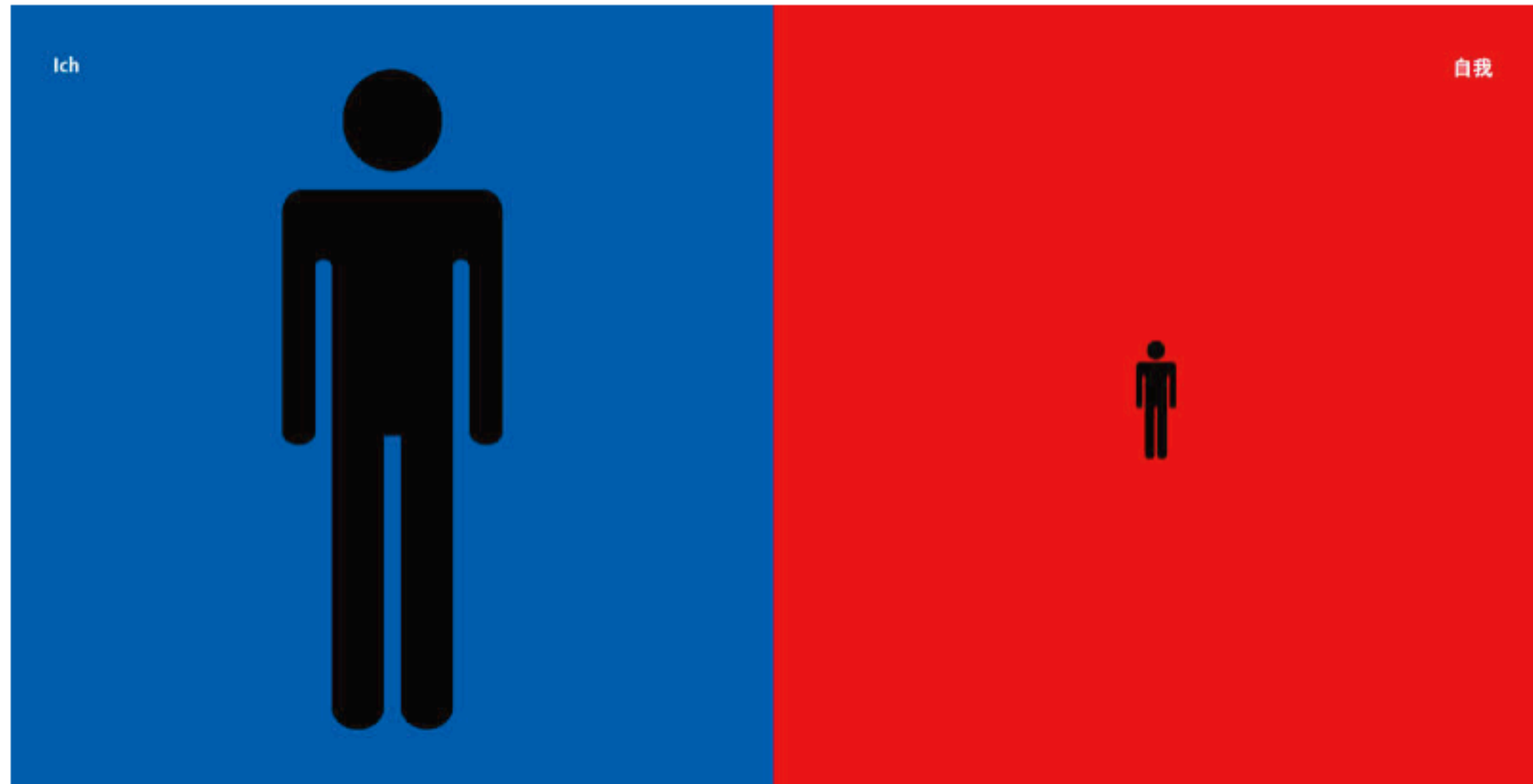
Party

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View of Self

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Travel

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Reisen



旅游



Senior Living

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Senioren im Alltag

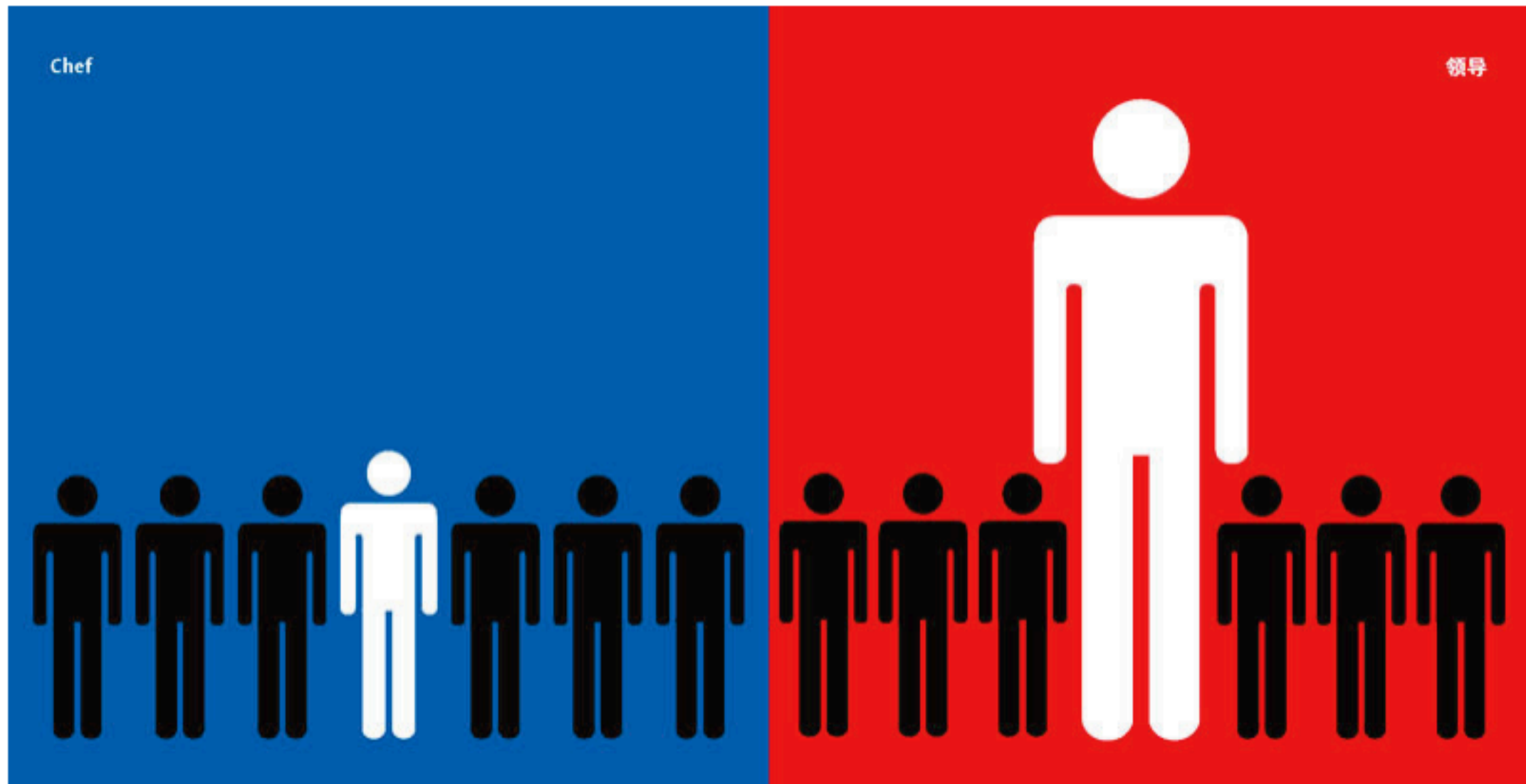


老人的日常生活



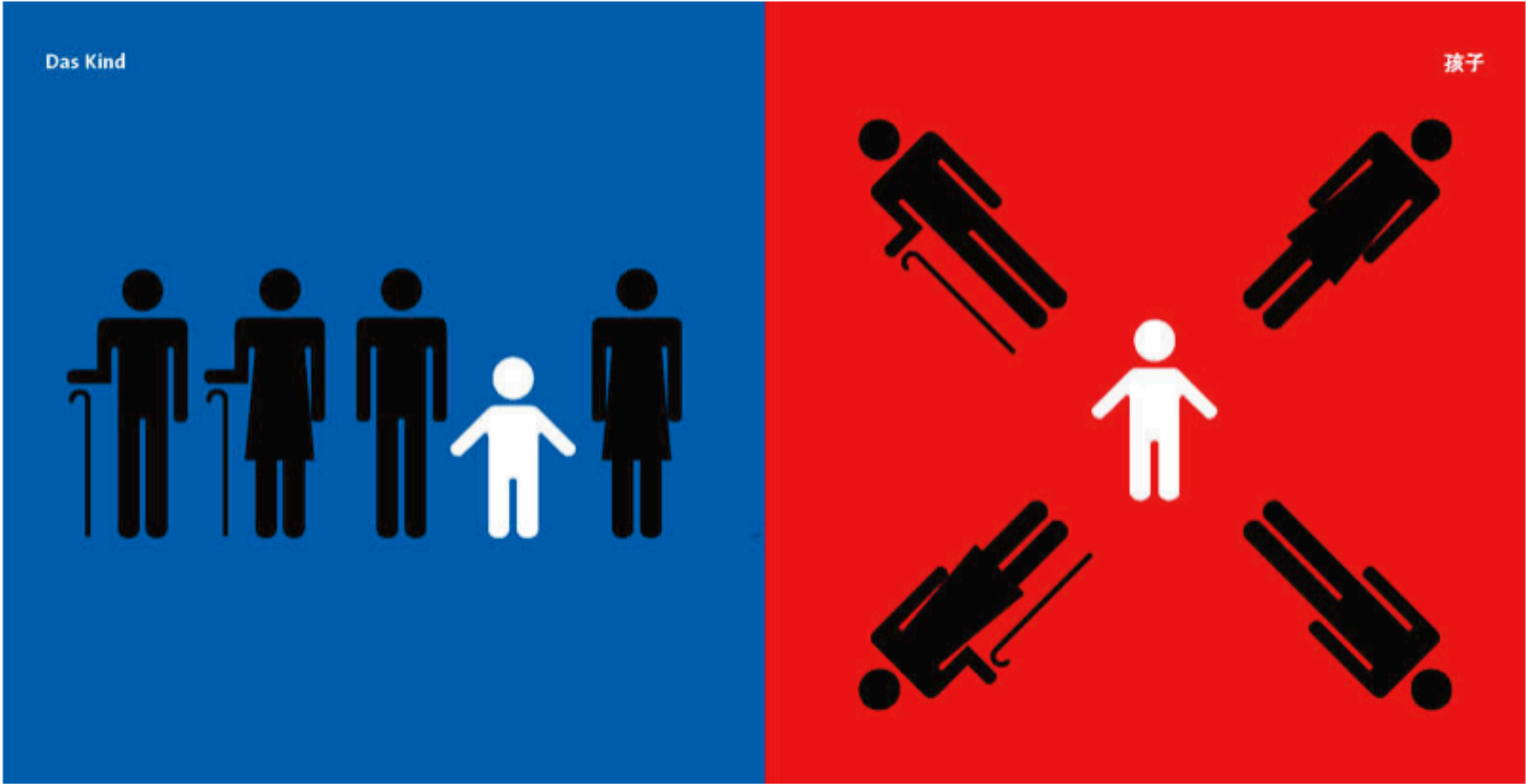
Boss

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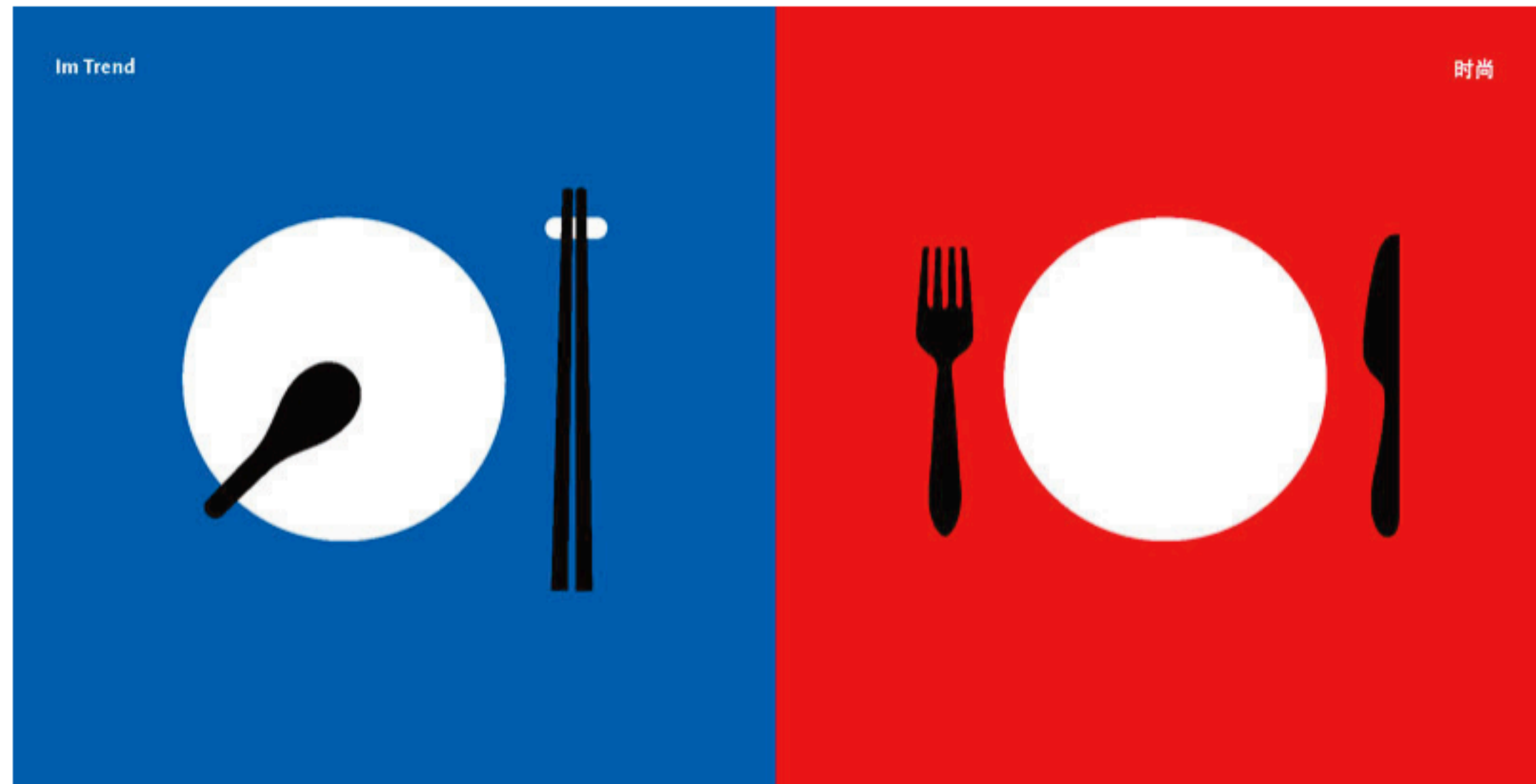
Raise a Child

.....



What's Trendy

.....



A young couple is shown in a vintage, warm-toned setting. The woman, on the left, is wearing a white short-sleeved top, a wide brown corset, and a floral skirt. She is holding a large telescope to her eye and looking upwards with a joyful expression. The man, on the right, is wearing a dark blue blazer over a red and white checkered shirt and light-colored trousers. He is also looking upwards and smiling. In his left hand, he holds several white shopping bags. The background is a blurred, warm-toned scene that appears to be a vintage street or market, with a car and various signs visible. The overall mood is nostalgic and happy.

Service Excellence: Where to Begin

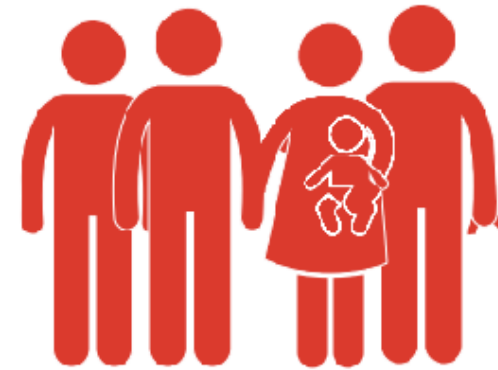
Typical Group

.....



Partner / Spouse with Children

54%



Family members

46%



Friends

45%



Partner / Spouse without Children

26%



Alone

16%

Cultural Context

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- ◆ Customer service is still in developmental phase in China - rapidly improving, but with widely varying quality.
- ◆ And yet, almost anything is possible: online delivery waits for you to try on clothes.
- ◆ Five-star hotel service is common and expected.
- ◆ Drivers, cooks, maids are all commonly used in home life.



Cultural Etiquette

.....

- ◆ National Pride: Be wary of sensitive issues such as Tibet, Taiwan
- ◆ Surnames come first (it's ok to ask)
- ◆ “Face” issues can result in mixed messages
- ◆ If conflict arises, coordinate with the tour leader and find ways to constructively solve the problem.
- ◆ Gifts and gestures can go a long way.
- ◆ 30% of Chinese adults, and 53% of men, smoke — more than 300 million smokers in China.

What They Want

.....

- ◆ Trust: Transparency, price assurances, don't want to feel cheated or lose face
- ◆ Comfort: Language, food options, smoking, respect
- ◆ Relevant Information: Chinese language, targeted to their needs and preferences
- ◆ Convenience: Tailored to their needs, wi-fi, payment, transportation

Some Basic Rules

.....

- ◆ Even if you don't speak Chinese, you could deliver good service.
- ◆ Always greet a customer with smile.
- ◆ Don't judge a book by its cover.
- ◆ Avoid display of impatience even if you don't understand the customer's question.
- ◆ Making the effort is more important than the result.

General Process for Greeting

.....

- If you think a customer might be from China, ask: “Hello, where are you from?”
- If from China, say Ni Hao and Huan Ying. (During Chinese New Year period, wish customer “Happy New Year.”)
- If language is not a barrier, engage as you normally would.
- If language seems to be a barrier, speak slowly and use simple vocabulary. For example, you could say the following:
 - ★ How may I help you?
 - ★ We accept China UnionPay (gesture to CUP placard).
- If customer indicates they would prefer to speak with Mandarin-speaking staff, politely request they wait for staff member to assist, or hand Chinese-language materials in meantime.
- If no Mandarin-speaking staff, hand any Chinese-language materials for reference.
- If possible, offer customer tea or warm or hot water (never iced).

A modern hotel lounge with traditional Chinese decor. The room features a low, light-colored sofa with dark wood framing and several cushions. In front of the sofa is a low, dark wood coffee table with a bowl of fruit and some papers. To the right is a large, light-colored armchair with dark wood framing. In the background, there is a desk with a lamp and a chair. A large window with a lattice screen provides a view of the outdoors. The ceiling has a circular light fixture. The overall color scheme is warm, with reds, oranges, and browns.

Best Practices: Hotel

Cultural Background: Hotel

.....

- ★ Most upscale hotels in China were developed or remodeled in the past 10 years.
- ★ Chinese hotels often have grand lobbies, upscale dining and modern room amenities (washlet).
- ★ Every 4-5 star hotels in China has a breakfast buffet with both Chinese and Western choices.
- ★ Slippers, water kettles (now coffee makers) and toiletry kit is a standard offering at any mid to upscale hotels.
- ★ For independent or business travelers, an official print-out receipt is always preferred for tax deduction purposes.
- ★ A double room in China is two separate beds - which is the preference of many Chinese and expectation of a double room, especially for family.

What's Important

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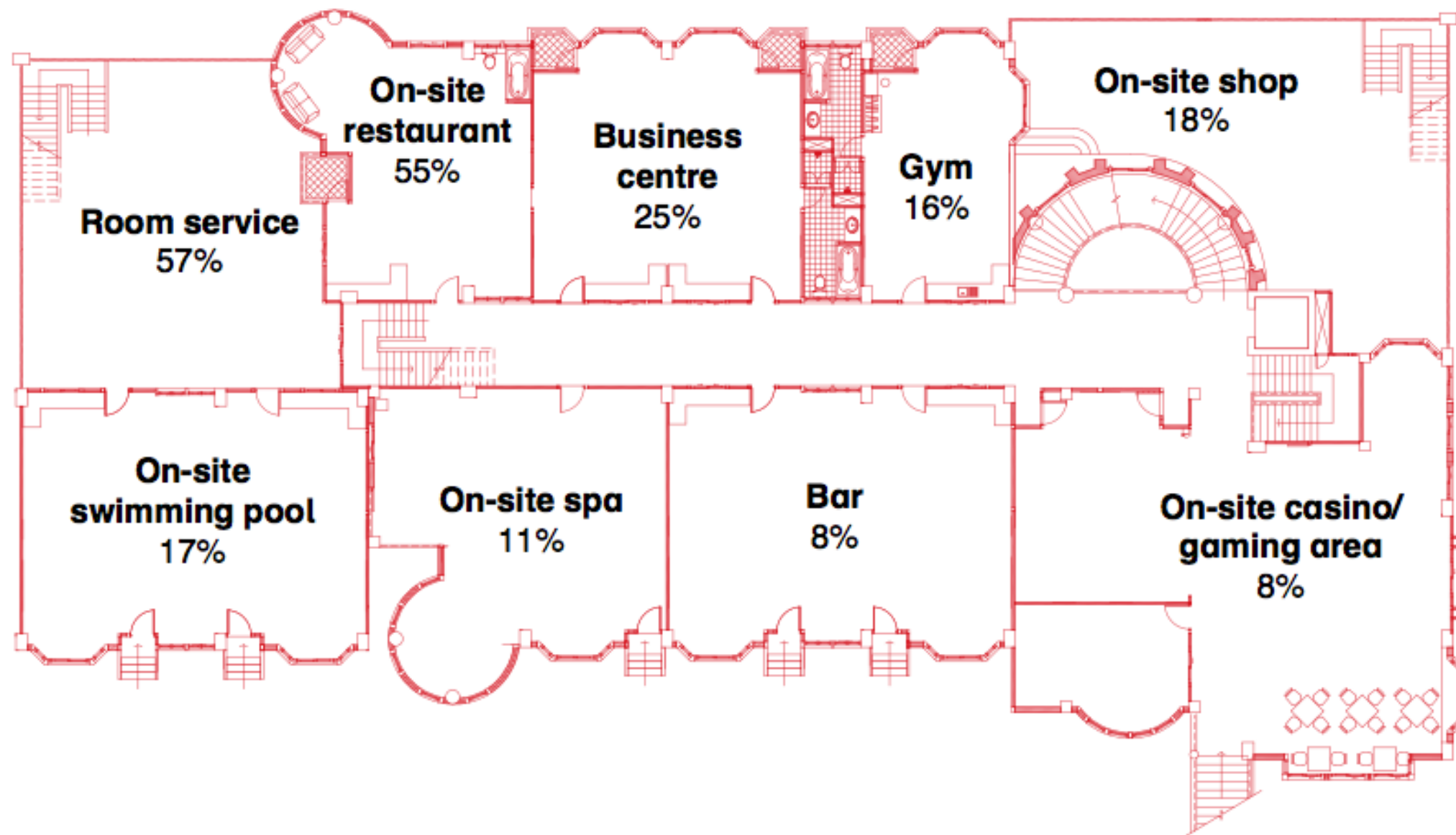


Ctrip "Chinese Preferred Hotel" Program Requirement

What's Important

.....

Hotel amenities most important to Chinese travellers



(source: [hotels.com](https://www.hotels.com))

Dos & Don'ts

.....

- ★ Do: Provide amenities such as slippers, toiletries, kettles
- ★ Do: Provide free Wi-Fi
- ★ Do: Make payment easy and stress free
- ★ Do: Provide Chinese language information & entertainment
- ★ Don't: Put guests on floors with a 4
- ★ Don't: Ignore hierarchy in groups
- ★ Don't: Ignore cultural customs related to colors and gifts

Hotel Examples

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- Marriott has stationed 20 sales representatives in China and teaches employees in the U.S. to speak basic Mandarin phrases like hello and thank you. The Marriott Marquis in New York City has even replaced room numbers on the 44th floor with names.
- Four Seasons: Bellmen, reception clerks and telephone operators are being trained to pronounce Chinese names and offer Chinese newspapers, translated welcome materials and green tea in rooms at hotels in Paris, London, Los Angeles and other cities.
- JW Marriott: Li Yu, meaning “To Serve with Courtesy.” As part of this program, The JW Marriott London Grosvenor House staffs a Chinese welcome desk for group arrivals, offers Chinese-labeled bathroom products and supplies a Chinese do-not-disturb sign.
- Conrad Hotel: Guests of Conrad Hotels and Resorts can use the Conrad Concierge mobile app to choose Chinese television channels, mini-bar foods and other amenities, in Mandarin, on their mobile phone before they arrive.

Best Practices: Restaurant



Cultural Backdrop: Restaurant

.....

- While tipping is not customary, 15-20% service charge at upscale restaurants is common now in cities like Shanghai, Beijing and Guangzhou.
- Chinese visitors often bring their own wine and liquor to restaurants. Many cities in China ban corkage fees at restaurants.
- Almost all Chinese restaurants have private rooms for business meeting, family gathering and entertaining.
- 30% of Chinese adults, and 53% of men, smoke — more than 300 million smokers in China.

Taste Preference

.....

- 92% of Chinese have some level of lactose intolerance
- Tend to not like overly sweet deserts
- Wary of cold water
- Very few vegetarians
- Beer is most popular alcohol (especially for men), followed by spirits and increasingly red wine (not white).
- Tend to want variety in meals - one dish is boring.
- Tea is most popular drink (with leaves, not tea bags).
- Generally speaking, seafood (lobster, abalone, sea bass, sea cucumber, etc) is considered delicacies and the preferred choice for entertaining guests compared to poultries.

Recommendations for Restaurant

.....

- Incorporate Chinese condiments into the dining experience to add familiar flavor and small tweaks to your existing menu.
- Suggestions: scallions, ginger, soy sauce, vinegar, hot sauce, sesame seeds.
- Incorporate Chinese dining style into your experience.
- Individual Servings vs. Family Style
- Quantity vs. Variety

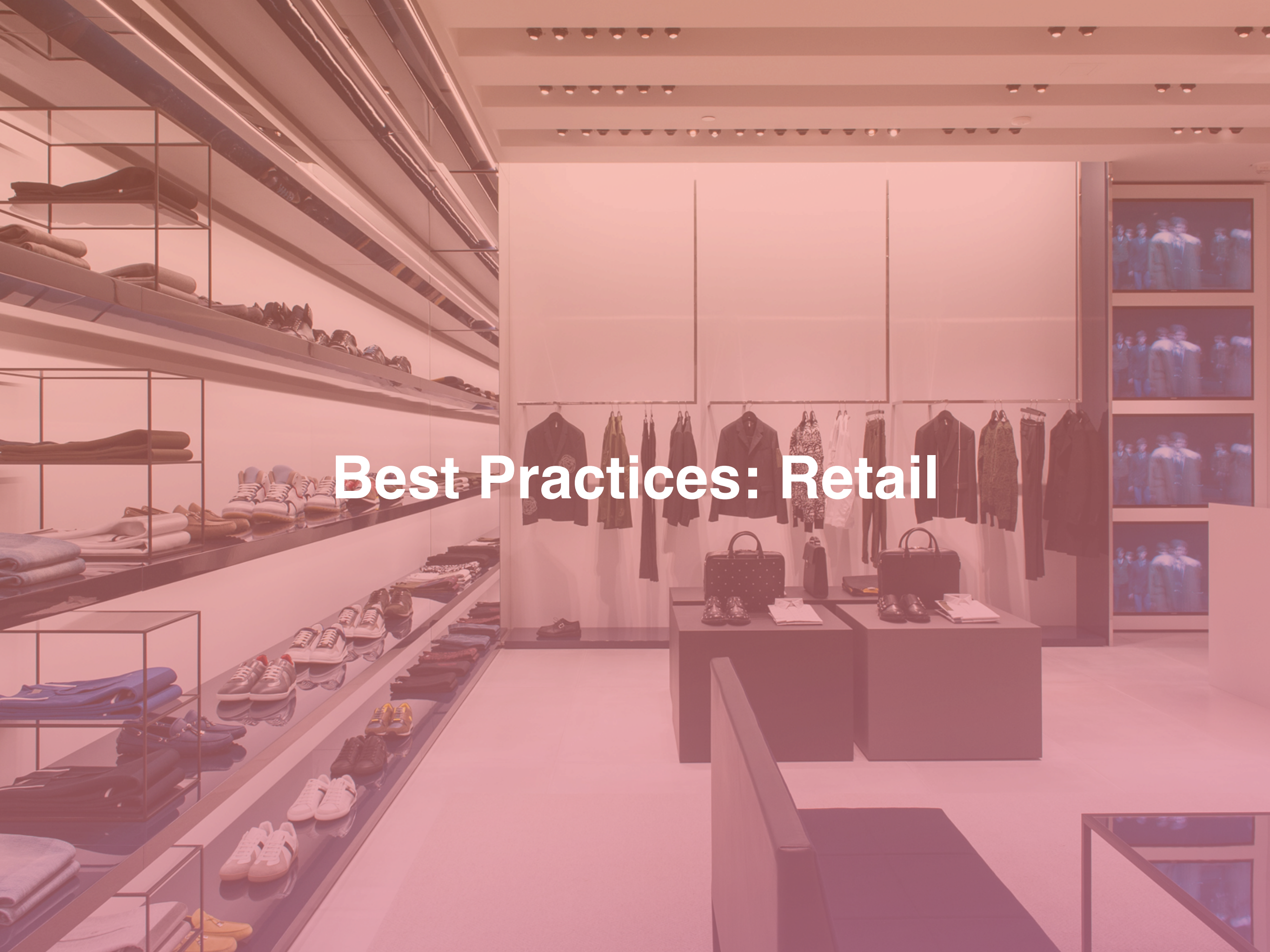


Restaurant Recommendations

- Incorporate Chinese elements for fun.
- Example: Write happy birthday in Chinese on desserts, incorporate Chinese elements to pastries.
- Create a dining experience - especially one that is unique to the location or symbolizing an aspirational lifestyle.



Best Practices: Retail



Cultural Backdrop: Retail

.....

- Sales service is abysmal in China.
- Chinese consumers usually compare global pricing before they purchase large ticket items. They usually walk into a store with target in mind, or on a list.
- Chinese banks offer very little post-transaction fraud protection. It's very common for banks to decline transaction until they can verify with a phone call or text message.
- A majority of the items purchased by Chinese visitors are gifts for friends and relatives.
- Chinese customers tend to prefer more fitted clothes compared to their Western counterparts.
- Color, fitting and style matters even for ski and hiking equipments.

Dos & Don'ts

.....

Do

- Encourage questions and leisurely pace
- Offer tea, Chinese-language materials
- Intro any perks (tailoring, loyalty programs, social media)
- Encourage to share contact info or follow you on WeChat
- Ask where they're visiting from
- Expect questions about price/discounts

Don't

- Rush them to certain sections
- React dismissively to questions about price
- Assume their understanding of your brand/products is low
- Be surprised when they show up at last minute
- Make them feel like “walking wallets”

Decision Maker

.....

Group

- Determined by tour operator based on balance of price and customer acceptance/willingness to pay
- Influenced by perceived value, not by convenience, location, travel reviews
- Tour operator “re-selling” your store/location

Individual

- Decision based on extensive online research
- Influenced by a range of factors including price, convenience, location
- End consumer is the decision maker

Promotion Tactics

.....

The customer is:

- Seeking a better price by traveling overseas.
- Expecting to receive special treatment, including special discounts.
- Sense of pride and “face” when receiving special discounts or treatment.
- Predisposed to seek economic value first.
- Influenced by active promotion environment in China (especially in slower economy).

Promotion Tactics

.....

Practices that regularly work include:

- Attractive gift with minimum purchase.
- Gift with purchase of featured item or bundle.
- Spend X, and receive Y in gift cards.
- Spend X, get Y discount.
- Refund state sales tax as incentive.
- Give VIP card entitling special discounts or experiences.
- Promotions during special holidays or periods.

Promotion Tactics

.....

- Station best Mandarin speakers near the door, strategically position greeters.
- If no Mandarin speakers, prepare Chinese handouts introducing brand and promotions/perks.
- Assign special staff to handle VIP customers.
- Ask simple questions:
 - ◆ Are you pressed for time, or would you like (some tea, etc.)?
 - ◆ Are you shopping for a gift or for yourself?
 - ◆ Is this your first time in the area? How often do you come?

Best Practices: Attraction



Recommended Amenities

.....

Amenity/Service	Required	Recommended
Chinese language map/ materials	X	
Chinese language content on website	X	
Accept China UnionPay/China UnionPay ATMs	X	
Audio tour in Chinese		X
Mandarin speaking staff		X
Chinese food/drink options (if applicable)		X
Free wi-fi		X
Way finding/signage in Chinese		X
Chinese subtitles on videos		X
Chinese social media accounts (Weibo/Wechat)		X



What Would I Do?

Scenario: Hotel

.....

You work at the front desk at a hotel near a national park. It is past 11 p.m. A Chinese family just arrived at your hotel. The guests try to ask you some questions, but you don't understand a word of what they are saying. You want to help, but the only mandarin speaker in the staff is off duty. What would you do?

Scenario: Restaurant

.....

You are the manager of an upscale steakhouse. During dinner some local guests complained to you the Chinese tour group next table is talking very loud. What would you do?

Scenario: Retail

.....

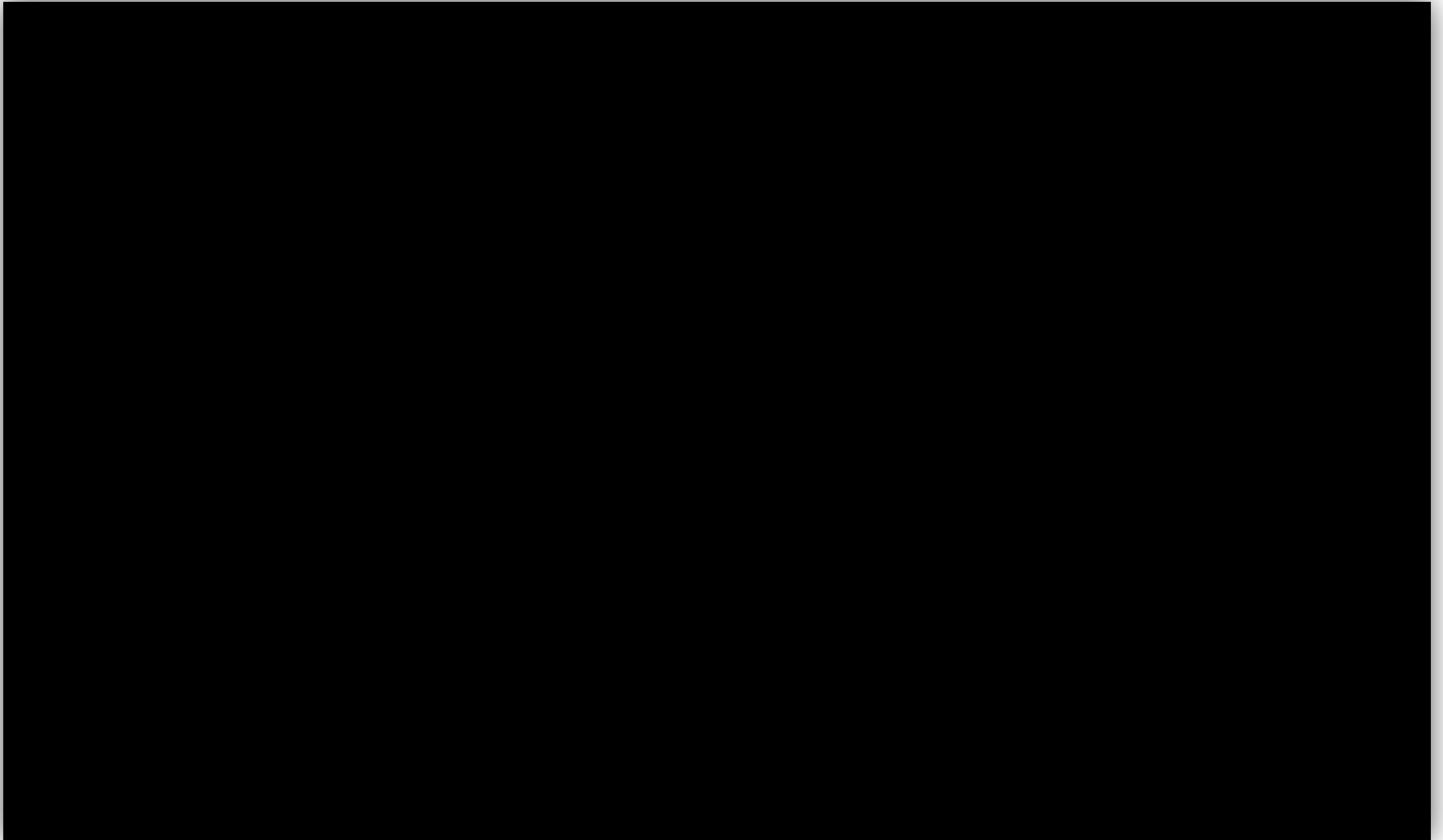
You are the manager at a fashion boutique. A Chinese customer complained to you that the sales tax is too high compared to other places. She demands that you give her a discount, but you are not authorized to do so. What would you do?



WeChat Deep Dive

What is WeChat?

.....



Why WeChat?

.....

- ★ WeChat is the world's largest post-social platform, with more CRM functionality than media — it's no longer merely an “app,” but an inseparable part of one's existence.
- ★ Chinese travelers are younger, more brand-acquisitive and more digital than any other demographic.
- ★ With 840+ million active users, WeChat drives the lifestyle of the most important group of customers in a generation.

Let Numbers Talk

.....

840,000,000

WeChat's Daily Active User

Let Numbers Talk

.....

90 mins

Time Average Users Spend Per Day in
WeChat

Let Numbers Talk

.....

10

55% of users open WeChat more
than 10X per day

Let Numbers Talk

.....

93%

WeChat penetration rate in Tier 1 cities

Let Numbers Talk

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73%

Proportion of WeChat Moments Comprised of
Original Content Among Youth

Let Numbers Talk

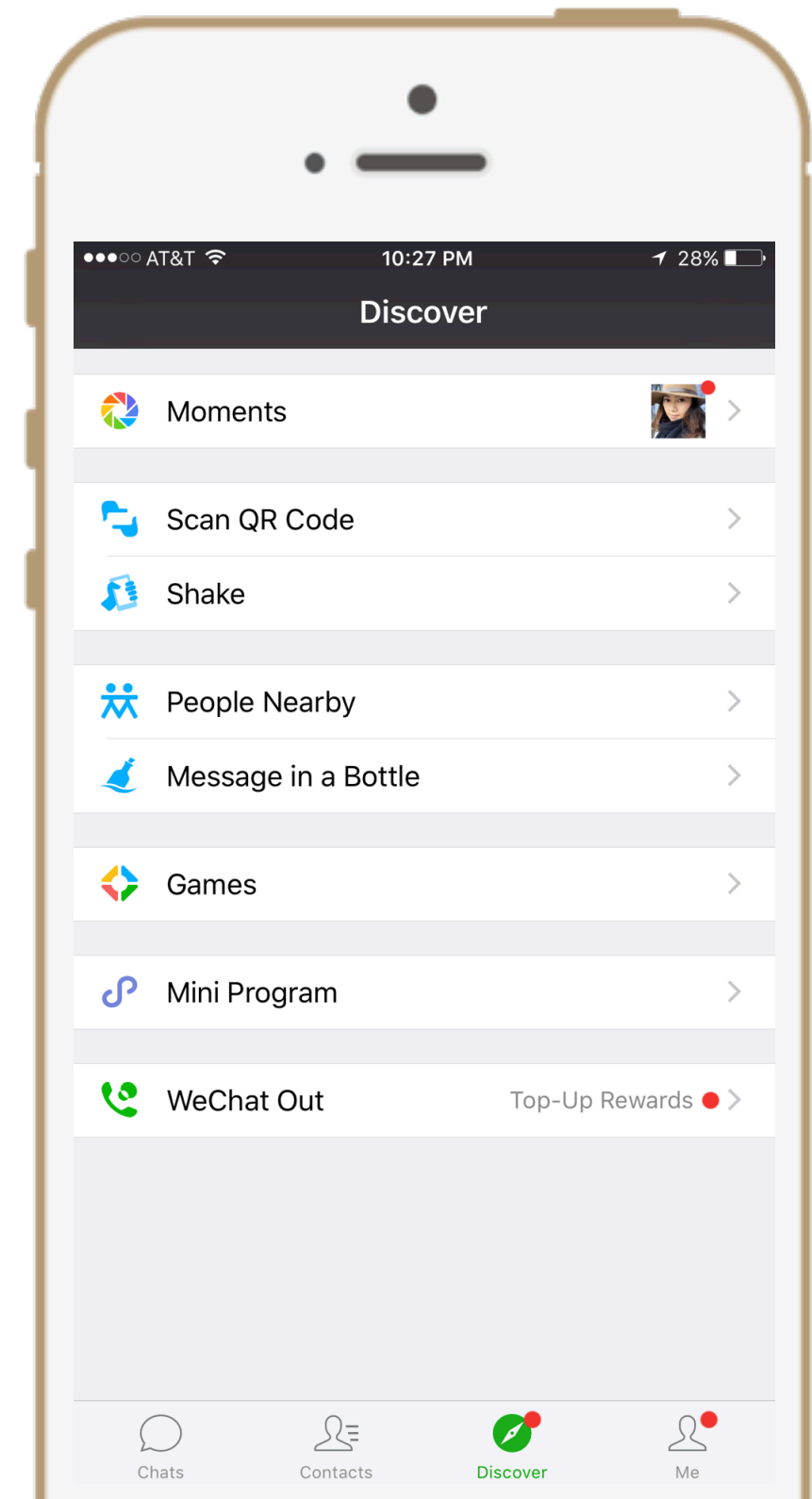
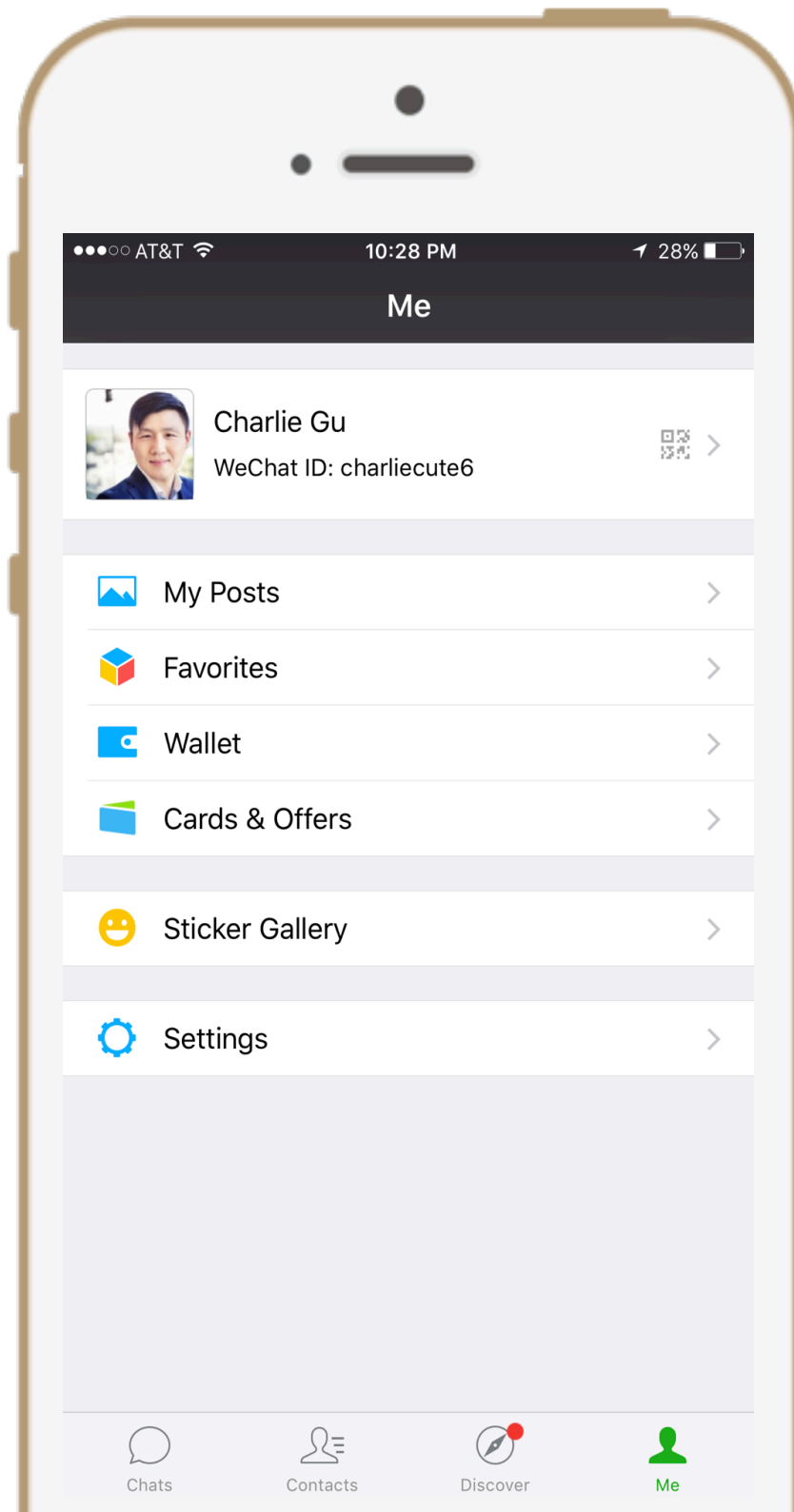
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2.35 billion

Number of Lucky Money Envelopes Sent during
Chinese Festivals in 2016

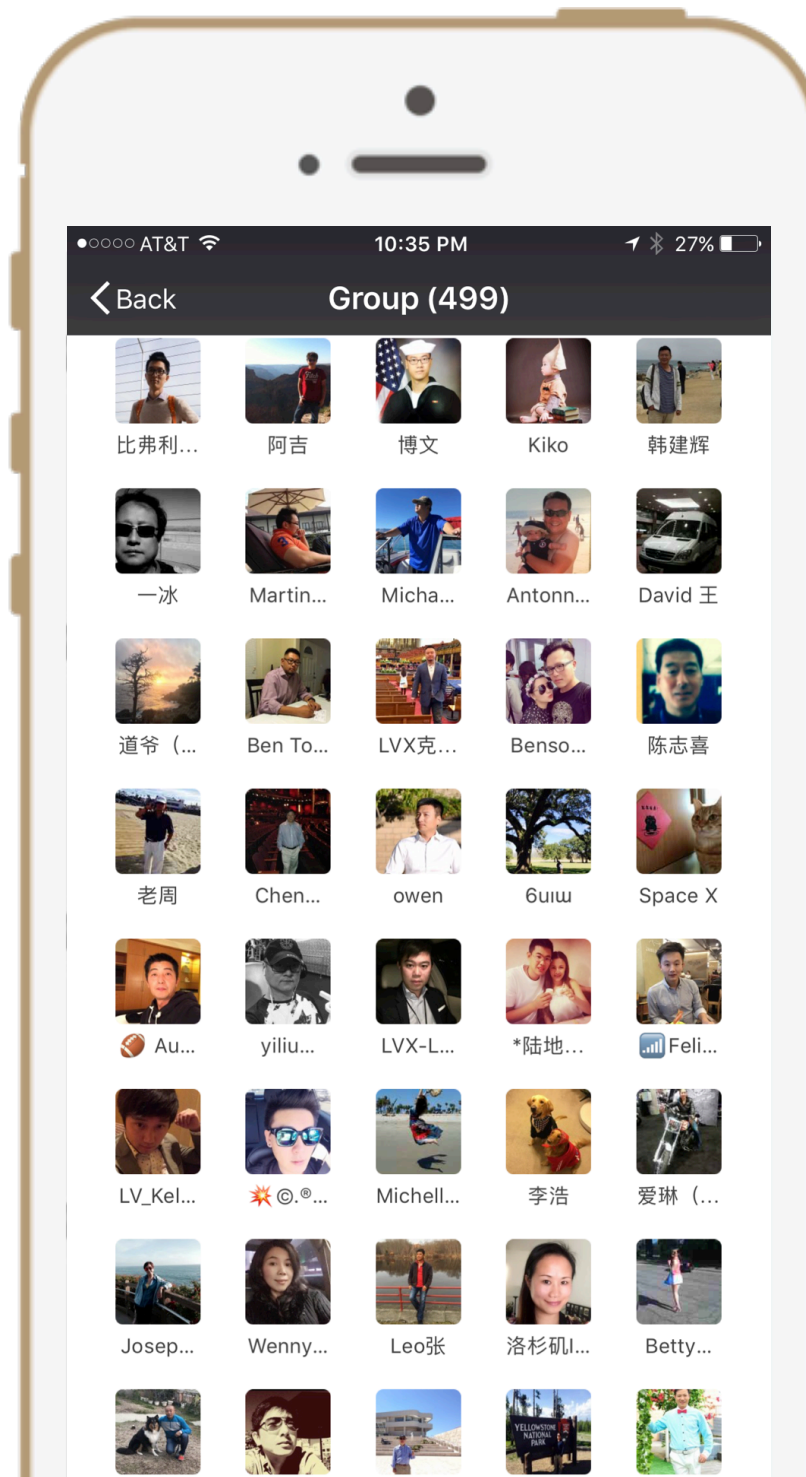
Basic Interface

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Social Function

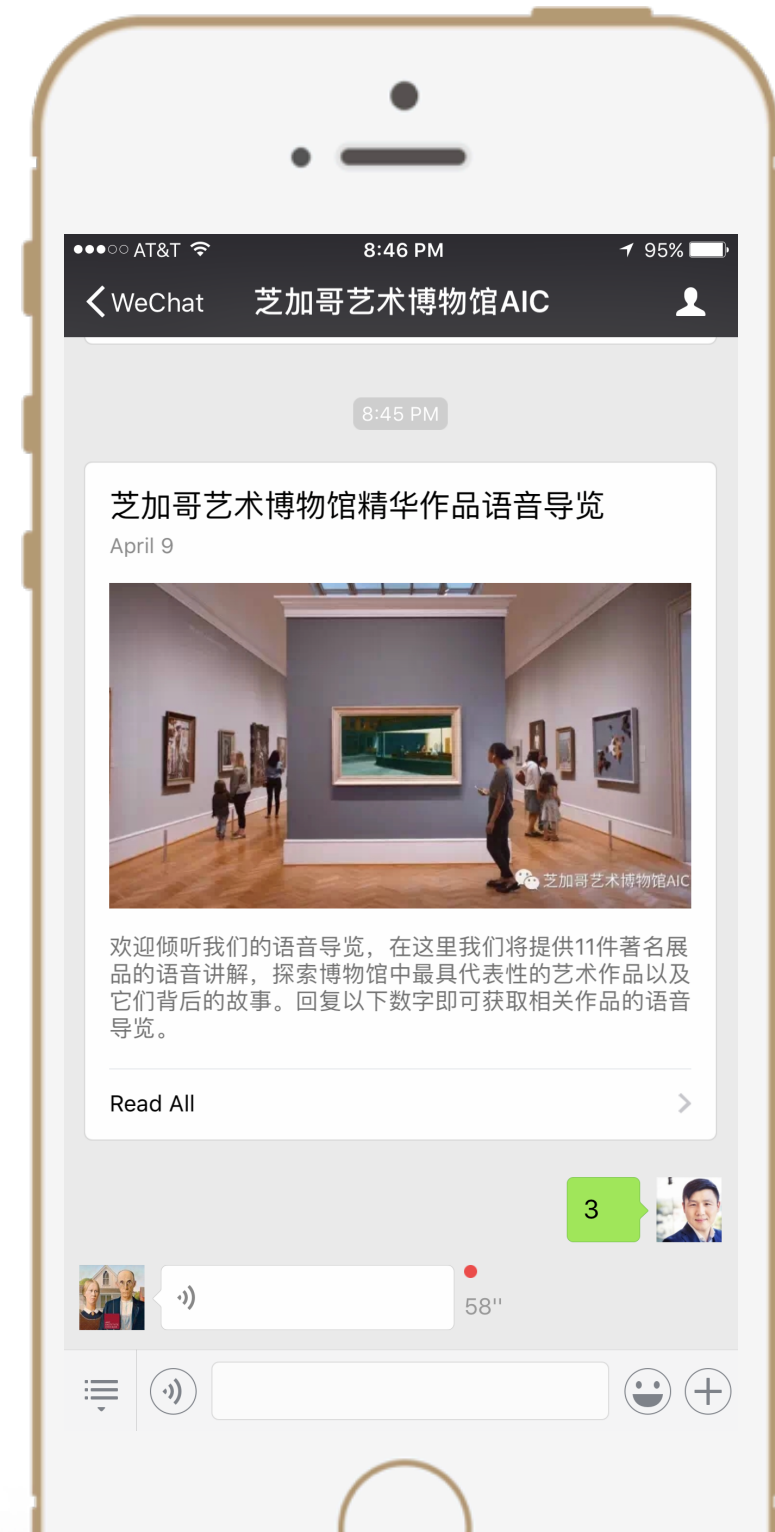
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Official Account: Targeted Content

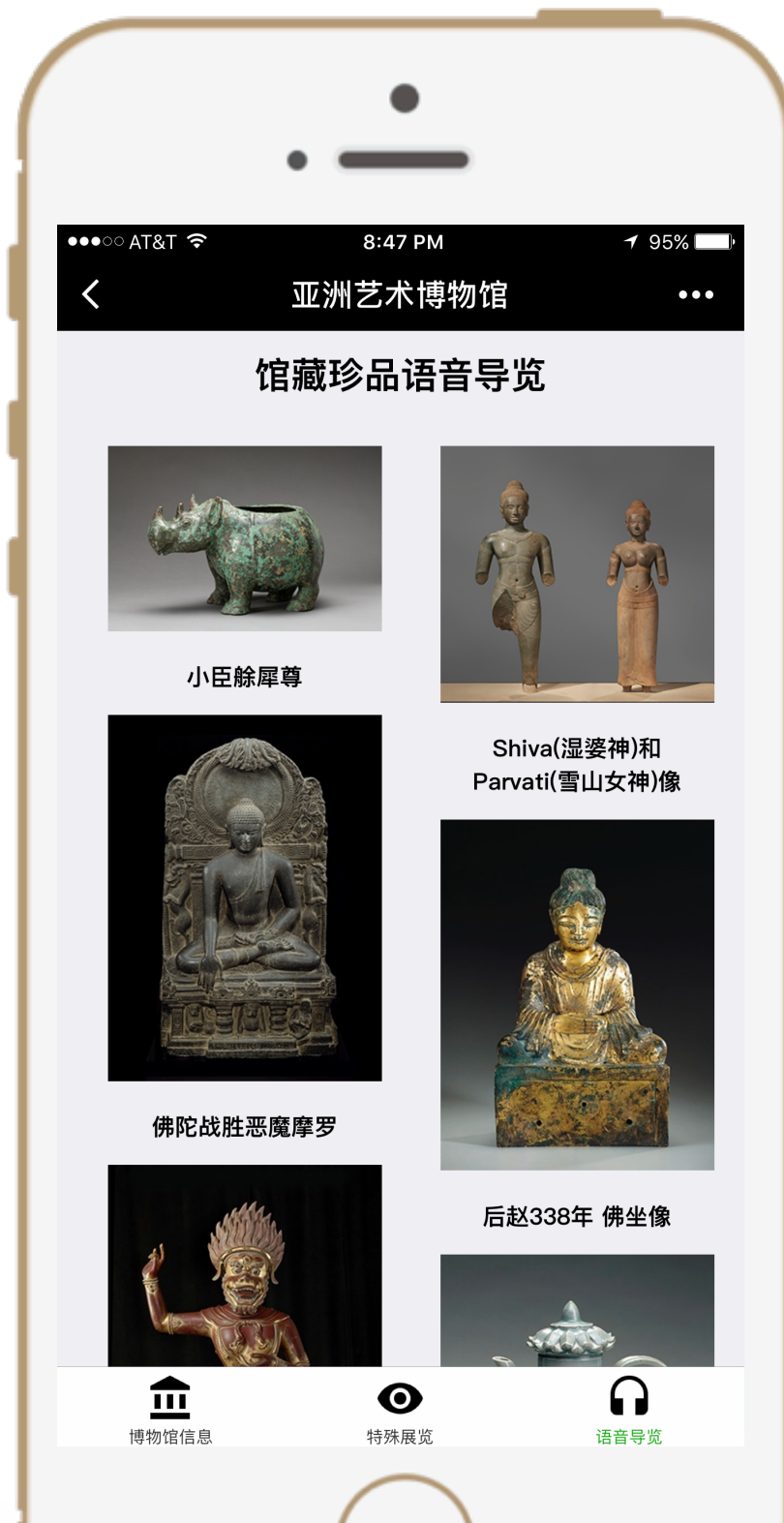
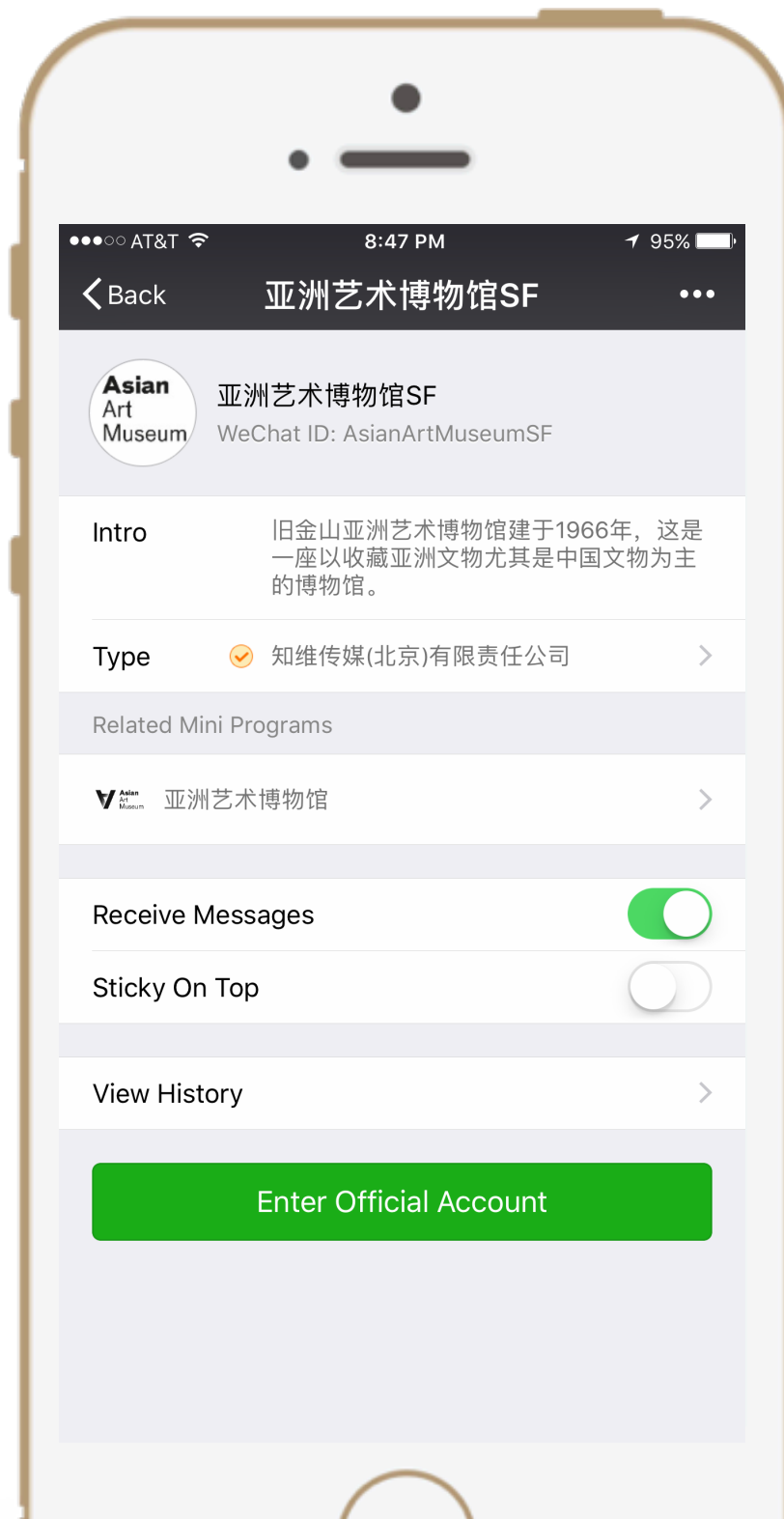
.....

- ◆ 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

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WeChat Payment

.....



Case Study: The Palace Museum in China



Interactive map with way finding feature provides visitors information and audio guide.

Case Study: The Palace Museum in China

.....



Download wall paper

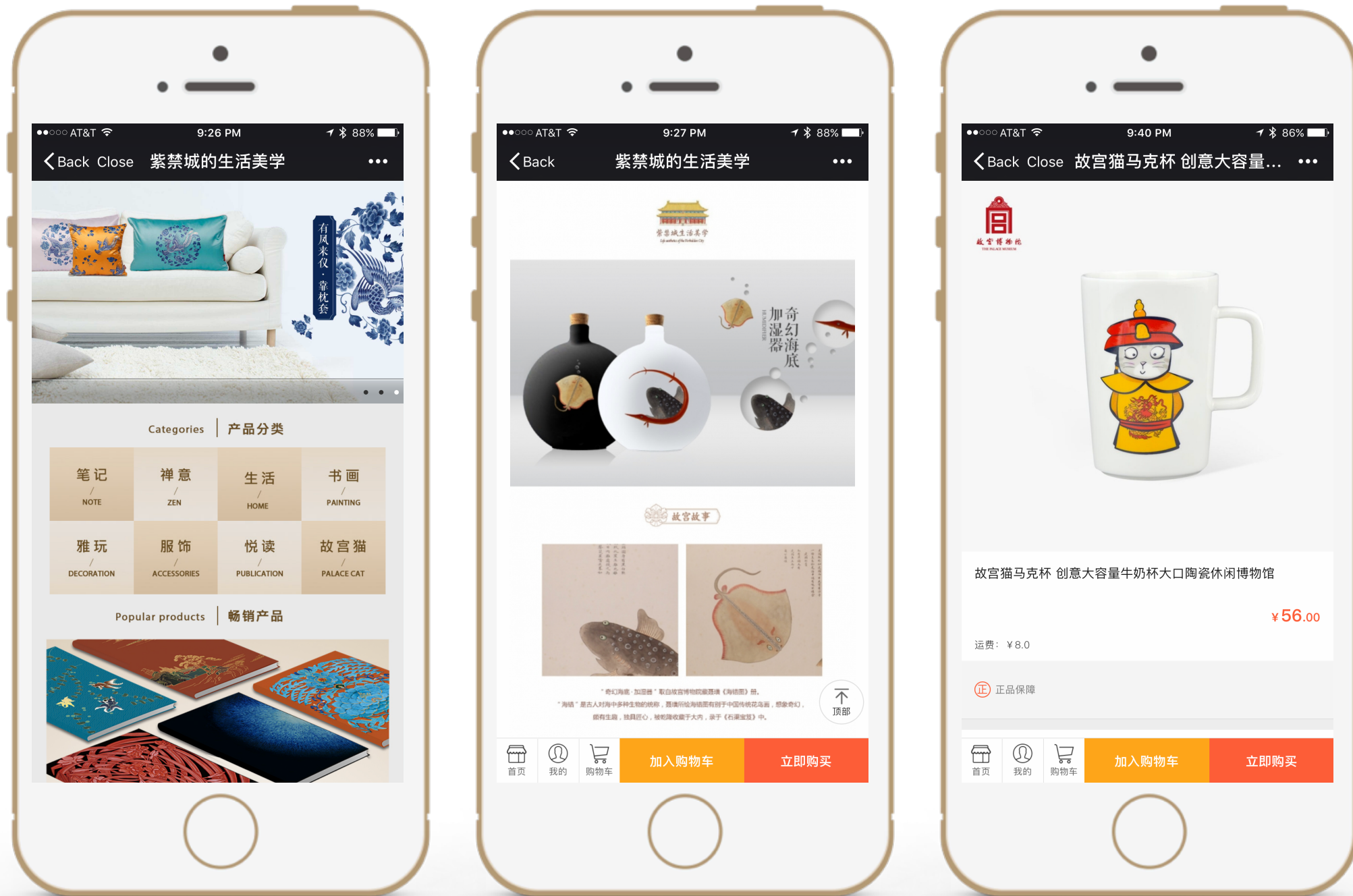


Play game



Share Emoji

Case Study: The Palace Museum in China



Museum's WeChat store allows visitors to buy souvenirs and pay with WeChat pay.

WeChat Campaign Example

.....

BMW M2 Launch

BMW designed a HTML5 campaign with a successful click-bait strategy to capture attention and delivers an immersive audio-visual experience on WeChat to introduce its newest vehicle in China



BMW H5

Buick Comic Book Storytelling

Buick set up a powerful and beautiful campaign enabling users to play an “escape game”. A secret agent gets captured by a gang. It’s up to you to re-order and select actions which will enable him to escape.



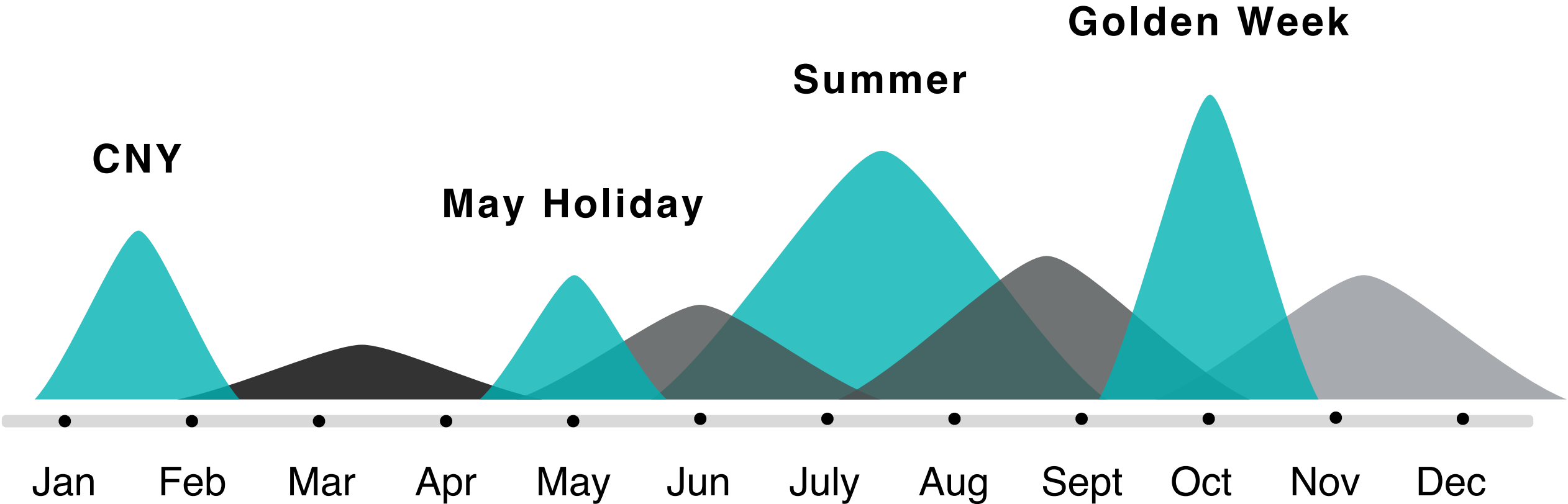
Buick Game



Activate Your China Market Strategy

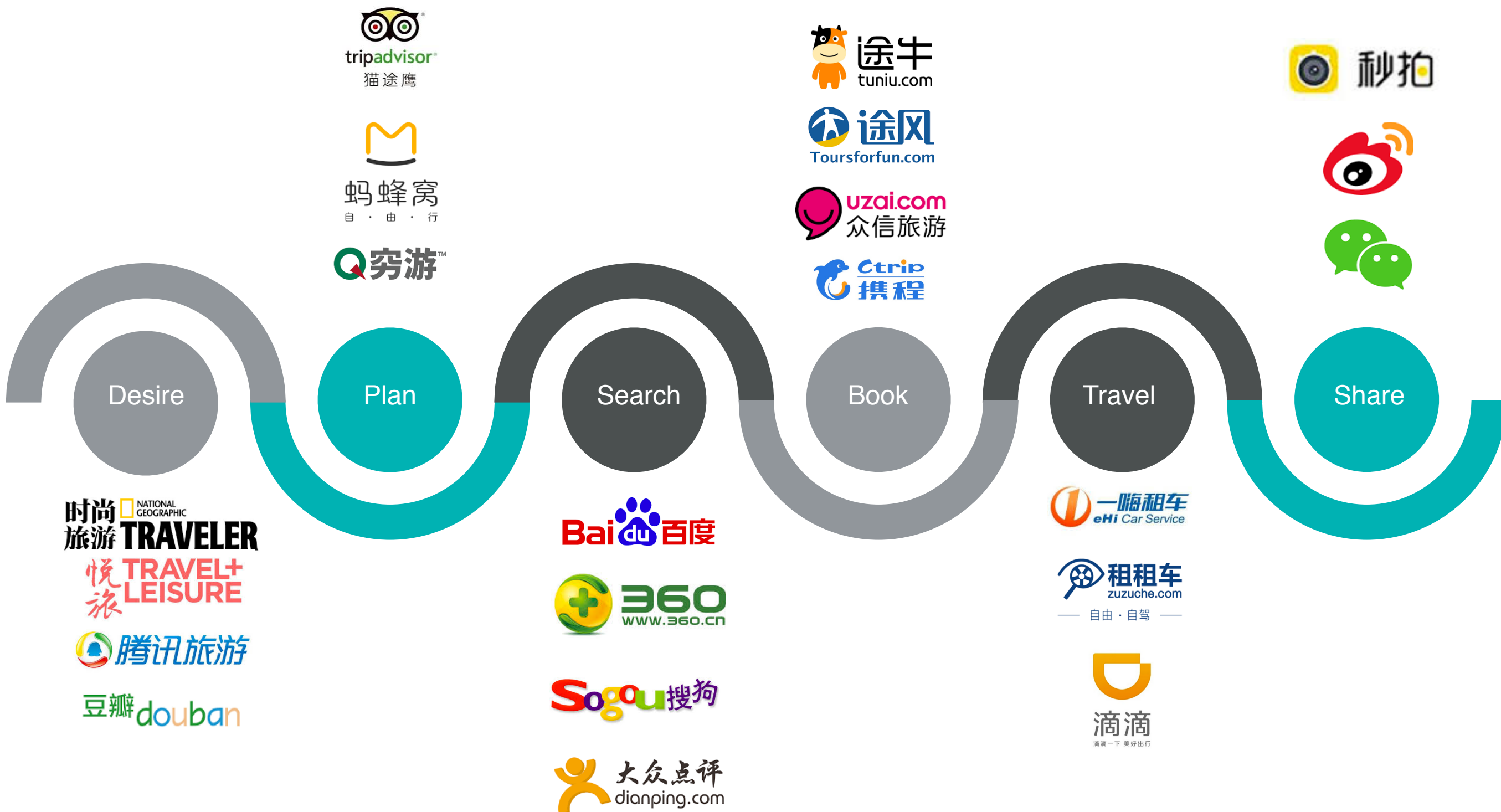
Plan for Peak Travel Season

.....



Understand Their Travel Journey

.....



Work with Chinese Travel Trade

.....



Volunteer to host China FAM trips



Host a receptive operator/tour guide FAM event at your location



Build one-on-one relationships with Chinese tour guides/operators



Find ways to engage the Chinese travel trade that visit your business



Build your own database



Maintain ongoing interaction/regular updates and outreach



Participate in Sales Missions in China



Attend U.S. based travel shows

Audit Your Brand

.....



Audit travel forums and review site for business presence



Analyze pros and cons of comments



Add official pages/listings on travel forums



Post relevant news/updates on the travel forums



Reach out to travel forum administrators/influencers to provide information

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

Establish Profile in Media

.....



Host a Chinese media event at your location



Distribute news and press release/events to local Chinese media



Participate in Chinese media FAM trips



Build one-on-one relationships with Chinese media



Create media angles that appeal to Chinese media and audiences

Build Social Media Presence

.....



Start Weibo and WeChat accounts



Create content that is relevant and engaging for Chinese audiences



Engage Chinese influencers to increase following



Create offline-to-online opportunities: leverage the peak tourism season to build your social media following



Develop partnerships that increase following and interest



Incentivize sharing to create positive word of mouth associations



Utilize WeChat for on-site service enhancements and engagement

Train Your Staff

.....



Provide China Ready trainings for your staff



Create your own list of Do's and Don'ts for Chinese tourists



Create policies and procedures for handling Chinese tourists and travel trade



Hire Mandarin speaking employees or interns if possible



Create list of short questions to ask tourists

Engage Visitors Directly

.....



Engage Chinese visitors — learn how they found you, feedback on your services, recommendations



Capture contact information for CRM and ongoing communication



Identify influencers for your brands/organization



Assess mix of group versus individual travel at your business



Create opportunities to refer friends/family and create positive word of mouth



Look for avenues to increase loyalty and repeat visits

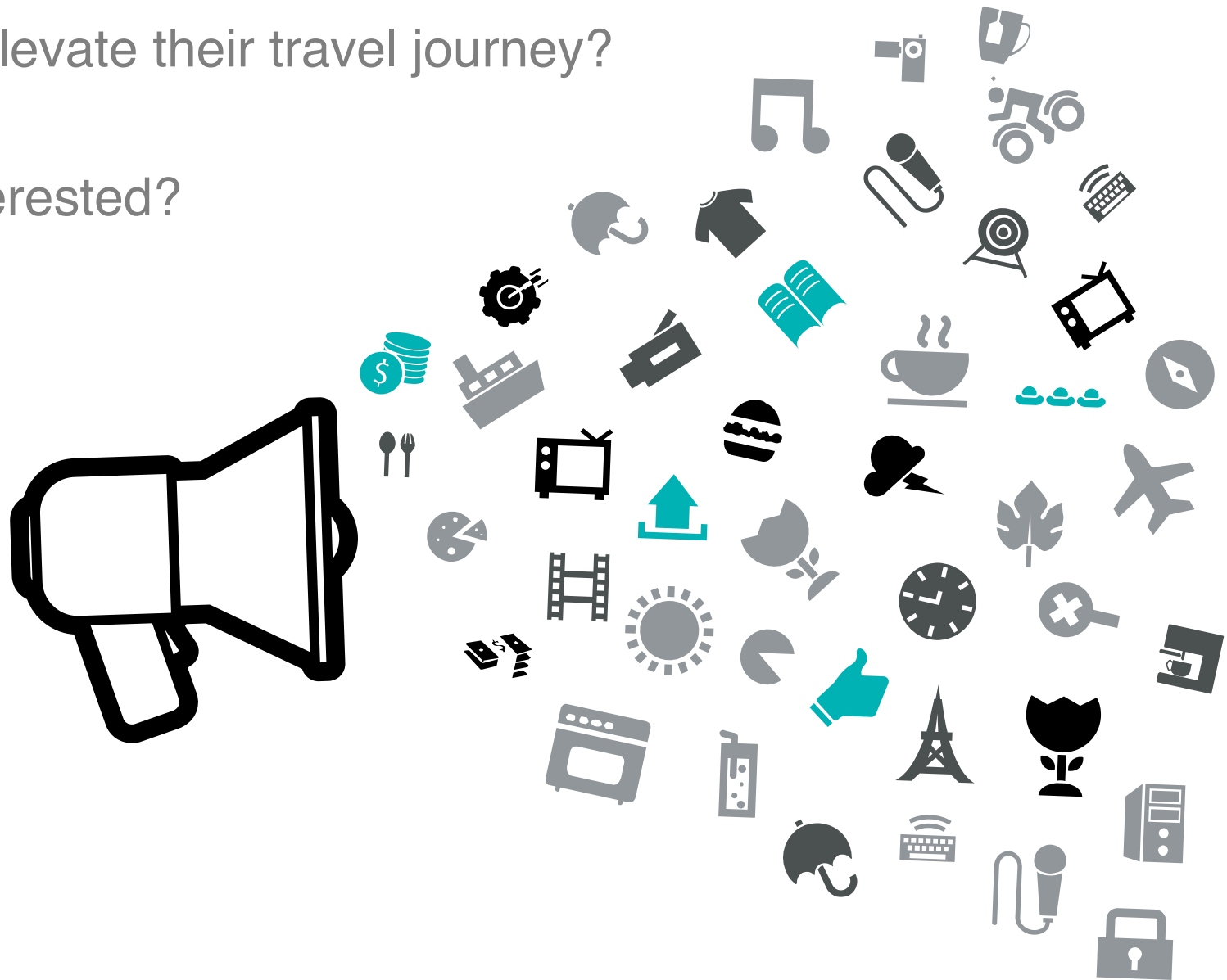
Find Your Brand's Voice

.....

How does my product elevate their travel journey?

Why should they be interested?

What's my story?





Q&A

Contact

.....

Sage Brennan

Co-Founder, China Luxury Advisors

sage@chinaluxuryadvisors.com

+1.310.710.7113

Jessica Dai

Director, China Luxury Advisors

jessica@chinaluxuryadvisors.com





Thank You!

谢谢

