

China-Friendly 2.0

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Greater Boston Convention & Visitors
Bureau



Inbound Travel from China is Booming

- Today China is the most powerful source of change on the planet for our visitor industry.
- If you are a hotel, a restaurant, a retailer, or an attraction, then understanding and touching this market is key to growing your business.
- According to US Department of Commerce data, Chinese visits to the US are forecasted to increase at an annual average rate of 13.9% over the next five years (2017-2021) and will increase to more than 5.6 million by 2021.
- What does this all mean for the Boston visitor industry? In 2016 Boston attracted 242,000 Chinese visitors making it our largest overseas visitor source market, supplanting the UK. Chinese visitors spent an average of 19.1 nights in Boston with a total spend of \$1.2 billion.
- Boston in 2016 outperformed the US, which saw a 14.7% growth in Chinese visitors while Boston registered a 16.3% growth.
- Over the next five years the GBCVB has a goal to attract more than 500,000 Chinese visitors to Boston by 2021.



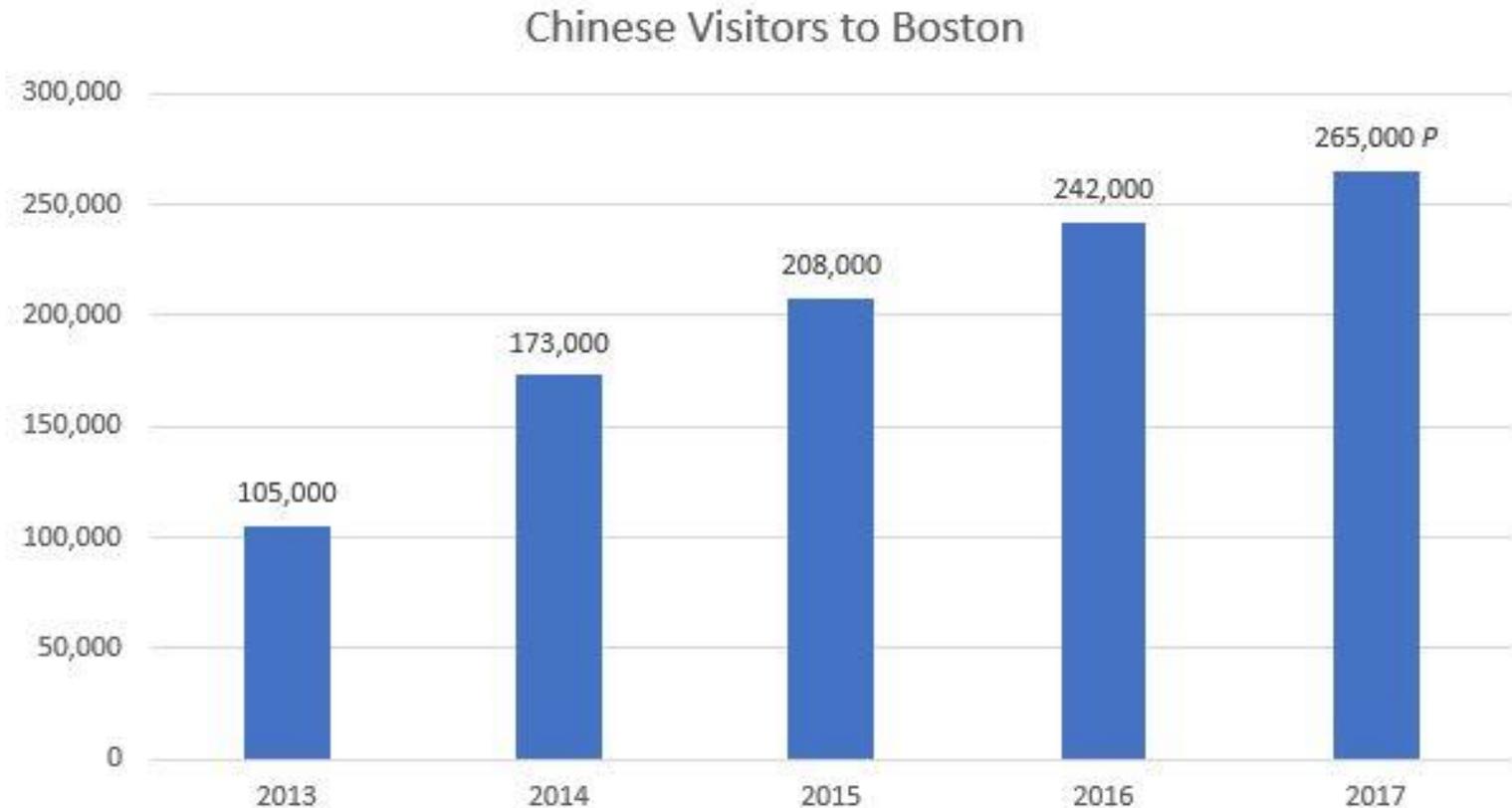
Highlights for 2016 Overseas Travelers to Boston: China surpasses UK

	Total Overseas	China	UK	Germany
Estimated Travelers	1,526,000	242,000	196,000	120,000
Total Spend	\$3,571,213,101	\$1,201,591,206	\$274,397,905	\$132,057,446

- Overseas travelers represent 8% of total visitors to Boston & Cambridge but account for over 15% of all visitor spending.
- Chinese visitors accounted for 34% of total overseas expenditures and on average spent nearly \$5,000 per visit.

Source: Travel Market Insights based on US Department of Commerce data

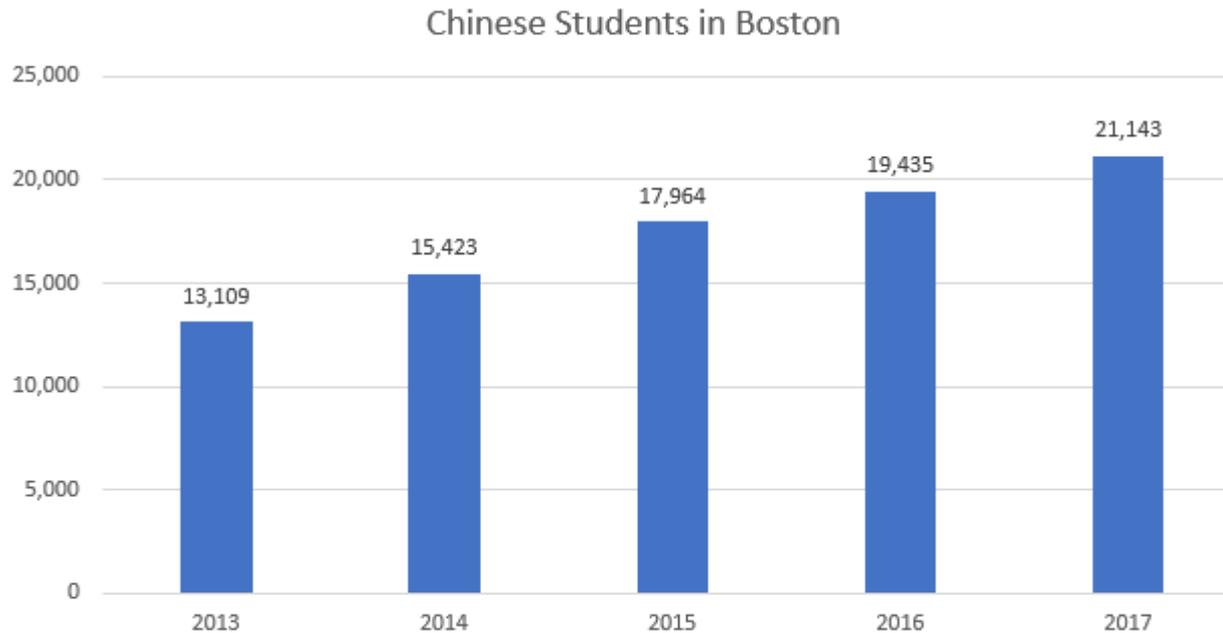
Chinese Visitors to Boston: 2013-2017



Chinese visitors to Boston grew by 130% between 2013 – 2016 and are projected to grow another 10% from 2016 to 2017

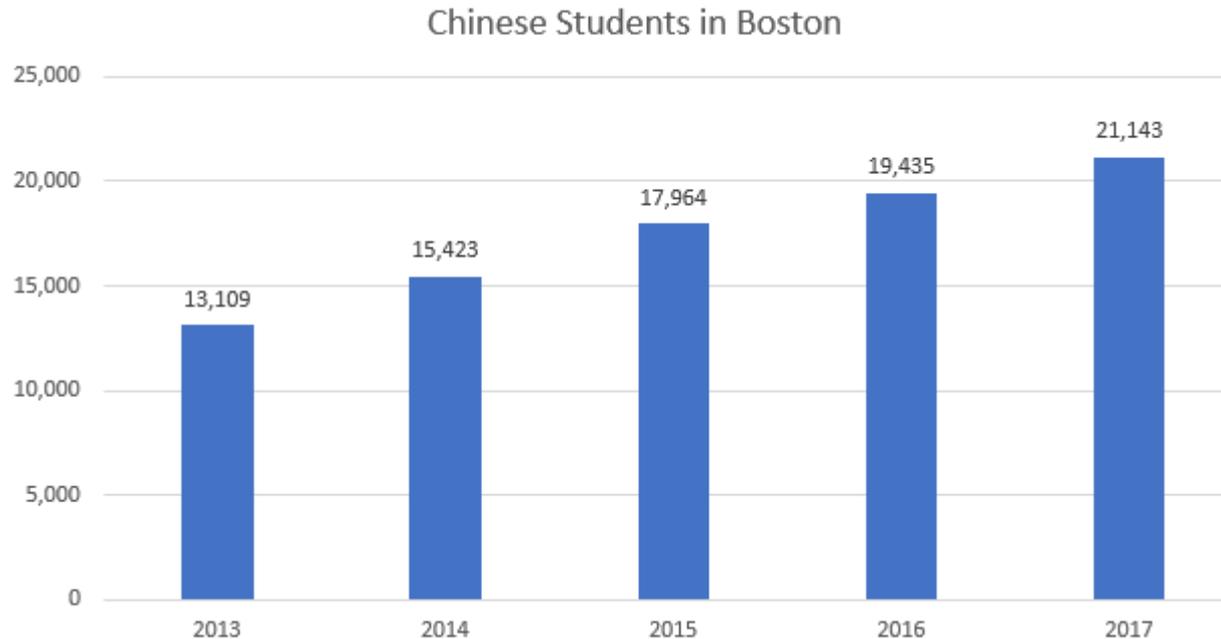
Source: Travel Market Insights based on US Department of Commerce data

Chinese Students attending Boston & MA Colleges & Universities: 2013-2017



- **Chinese students in Boston and MA have grown more than 61% since 2013.**
- **For 2017, international student growth was 3.4% for the US and 5.9% for Boston and MA.**
- **Chinese student growth was 6.8% for the US and 8.8% for Boston and MA in 2017.**
- **Chinese students now represent 32.5% of all international students at US colleges and universities, and represent 33.6% of all international students in Boston and MA.**

Chinese Students' Spending Impact



Year	Overall spending by Int'l students in Boston & MA	Overall spending by Chinese students in Boston & MA
2017	\$2.7 Billion	\$481 Million

Source: Open Doors Institute

GBCVB China Marketing Initiative

- GBCVB forms a China-Friendly Marketing Committee comprised of member hotels, restaurants, retailers and MOTT.
- GBCVB works with Massport and MOTT to arrange inaugural FAM trips for Hainan Airlines and Cathay Pacific Airways.
- GBCVB launches Weibo channel to connect with Chinese visitors to Boston and Chinese students living in Boston.
- GBCVB hosts China-Friendly 101 Workshop in December of 2016.
- GBCVB hires dedicated Chinese marketing staff member.
- GBCVB embarks upon first Trade Mission to China with MOTT and 8 member companies.
- GBCVB organizes second workshop – China-Friendly 2.0 – for November of 2017.
- GBCVB launches WeChat account.



WeChat

- With over 900 million active users, WeChat is the most prolific social media network in China, where mobile devices are pervasive.
- Social media marketing is the most important channel to reach prospective Chinese visitors – destination imagery and referrals shared on WeChat are the most effective means of luring Chinese visitors.
- 85% of Chinese visitors obtain destination information electronically, and 40% obtain this information from friends. WeChat is a bridge to both channels.
- The advent of WeChat Pay, along with AliPay, has made e-commerce in China the fastest growing mode of payment, with over \$1 trillion in transactions annually.
- In Boston, we can convert today's Chinese visitors into a sales force for our destination by meeting the needs of Chinese visitors and being engaged on platforms that influence how Chinese visitors make decisions and share their experiences.



GBCVB WeChat

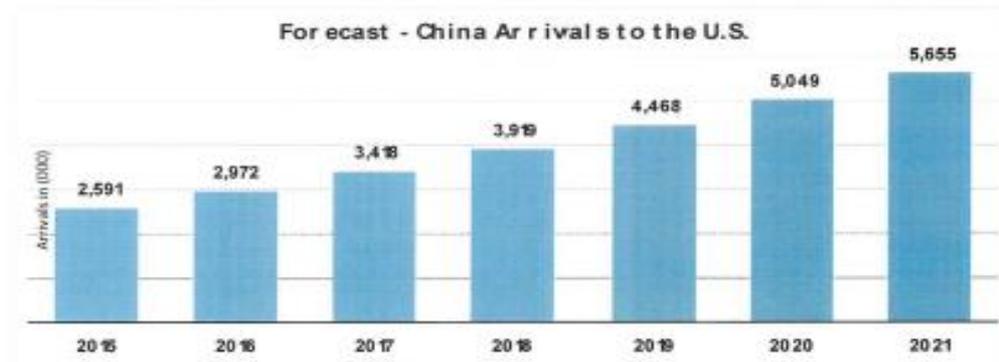
- Today the Bureau is excited to announce the launch of a WeChat account, and to share with you how you can get involved.
- Our workshop will feature WeChat's parent company, Tencent, discussing the influence and growth of WeChat, and how destinations can use it as a key marketing tool.
- Towards the end of today's workshop you will hear from two panels, the first will be a Tencent panel on how the digital transformation has created new challenges and solutions for businesses trying to entice Chinese customers and clients.
- The second panel will delve into specific examples of how organizations like Caesars Entertainment and Saks Fifth Avenue have applied WeChat strategies from the grass-roots level on up, and how the GBCVB intends to use WeChat to bring Chinese visitors to our destination and connect them to our member companies.



Chinese Visitor Summary 2016

Chinese Visitors to the United States

- In 2016 2.97 million Chinese residents traveled to the United States.
- Visitation increased by 14.7% in 2016, adding 380,931 additional visits.
- In 2016 China ranked as the third largest overseas market, accounting for 7.91% of total overseas visits to the United States. In addition, the Chinese share grew from 6.75% of total overseas visits in 2015.
- China ranked as the fifth largest market for vacation visitors (all purposes).
- China's share of total international visitors increased in 2016 to 3.93%, up from 3.34% of all visits in 2015.
- Visitation is forecast to increase 118%, at an average annual rate of 13.9% between 2015 and 2021, to reach nearly 5.7 million by 2021. China's economic growth is expected to hold in 2017 and 2018 with fiscal stimulus that will keep GDP growth around 6.5% in 2017 and 2018. The exchange rate is expected to remain relatively steady with the dollar remaining stronger until mid to late 2018.



Key Chinese Market Shifts to the U.S. in 2016

- Challenges ahead: Air capacity may be ahead of demand given the amount of new lift added from primary airlines and a growing number of secondary airlines. Visa approval and concerns surrounding visa approval may slow travel and may result in airlines reducing air capacity. Visa approval rates should be watched closely as well as the airlines' reaction to the visa approval rates.

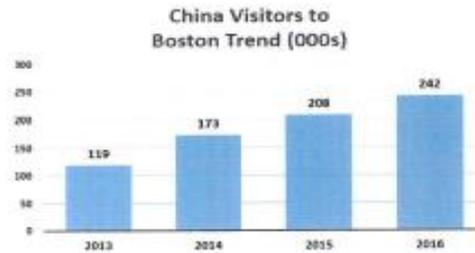
Chinese Visitors to Boston in 2016

- Boston registered record arrivals from China for the third year in a row.
- China is the sixth largest vacation market for Boston by main purpose of trip and sixth largest by multiple purpose of trip.
- In 2016 China ranked as Boston's top overseas visitor market for arrivals, accounting for 15.9% of all overseas visitors to Boston.

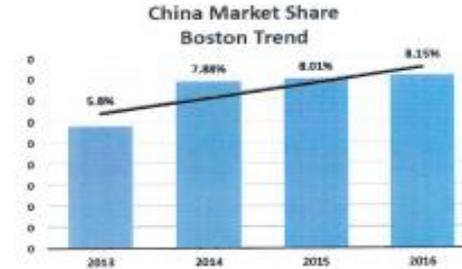


Chinese Visitor Summary 2016, cont.

- 242,000 Chinese residents explored Boston in 2016.
- Boston attracted 8.15% of the total Chinese visitors to the United States in 2016.
- Visits to Boston increased 16% in 2016. Market share increased 0.14 points in 2016.



Source: Visitor estimates and counts
Source: Travel Market Insights, based on 2016 custom SIAF.



Sources: Travel Market Insights; NITTO SIAF custom report

Chinese Visitor Spending in Boston

Boston Total Chinese Visitor Spending*				
	2013	2014	2015	2016
Total Overseas Spending (in millions)	\$691.3	\$743.4	\$1,024.6	\$1,201.6
% Change		7.5%	37.8%	17.3%

Sources: Travel Market Insights Inbound Travel Monitor - Destination Spending Model, Boston custom SIAF reports, Bureau of Economic Analysis, National Travel and Tourism office.

*Spending includes all visitor spend: including business, leisure, education, and other spend.

- In 2016 242,000 Chinese residents spent \$1.2 billion while visiting Boston.
- Spending increased 17%, at a faster rate than visits, primarily due to more Chinese staying longer in Boston (up 18%).
- Chinese visitors that traveled to the U.S. and visited Boston spent \$9,424 per travel party per trip in 2016 (spending on their entire U.S. trip).
- In 2016 Chinese visitors to Boston spent an estimated \$4,960 per visit, and \$260 per visitor per day in Boston on average.

Note: all spending data are preliminary and subject to adjustment until the final Bureau of Economic Analysis (BEA) spending figures for the U.S. are released.

2016 Chinese Visitor Characteristics

- Chinese visitors to Boston spent 19 nights in the city on average.
- 60% of the Chinese visitors indicated they stayed in a hotel. On average, Chinese visitors spent 10 nights in a hotel.
- In 2016 Chinese visitors to Boston accounted for 735,000 room nights.



Chinese Visitor Summary 2016, cont.

- Vacation travel was the top trip purpose (54%), followed by VFR (40%) and education at 27 percent (multiple purpose of trip).
- Convention was listed by 10% of the Chinese visitors and business travel accounted for 5% as multiple purposes of trip.
- The majority (60%) of Chinese visitors traveling to Boston in 2016 considered Massachusetts as the main destination during their U.S. visit.
- Boston was used as a port of entry by 26% of the Chinese visitors, and New York was used by 17% of the Chinese visitors that stayed in Boston.
- One half (50%) of the trip to the U.S. was spent in Boston.
- Chinese visitors to Boston traveled to 2.9 states and 3.3 destinations on average.
- The top leisure activity was shopping, followed by sightseeing, fine dining, and art galleries/museums.
- Chinese visitors to Boston had an average household income of \$74,000 USD, with just over two fifths (43%) in management/business/science/arts positions. Only 4% of the Chinese visitors were retired.
- Travel information sources used included: personal recommendations (40%), airlines (37%), OTAs (29%), travel guides (19%), and corporate travel departments (12%, tied to business and potential educational travel).
- Nearly one half (45%) of the Chinese visitors to Boston were visiting the U.S. for the first time.
- In 2016 Boston was used as a port of entry by 2.9% of all Chinese residents flying into the United States. In 2016 the share of passengers increased from 2.3% in 2015.
- By comparison, in 2016 22% of all Chinese residents entering the U.S. flew into Los Angeles (as their point of entry). San Francisco accounted for 14% and New York 11 percent.



Chinese Visitor Summary 2016, cont.

Key Chinese Market Shifts to Boston in 2016

- In 2016 leisure and visiting friends and relatives as a share of visitors decreased while business travel was flat.
- Length of stay increased by 2.9 nights and room nights in a hotel increased by one night.
- The increase in Chinese visitors also equated to higher spend per stay and overall spend.
- Growth in visitors from China also meant more leisure activities took place in 2016 – more visitors sought out historical locations (up 8.5 points), guided tours (up 2.0 points), and cultural/ethnic heritage sites (up 0.6 points).
- More Chinese visitors used a tour operator (up 3.6 points), airline (up 3.1 points), travel agency office (up 2.8 points), travel guide (up 2.4 points), DMO office (up 2.2 points), and online travel agency (up 1.2 points) as an information source in 2016.
- More visitors also pre-booked lodging than in 2015 (up 1.3 points). Fewer pre-booked lodging direct with the hotel, while booking lodging increased for travel agencies (up 4.0 points) and tour operators (up 3.3 points). Booking a flight using internet booking services (up 4.8 points) and tour operators (up 1.8 points) increased, while fewer booked a flight through a corporate travel department (down 7.2 points).
- The distribution of the ports of entry used by Chinese residents also shifted in 2016. The strongest shift was an increase in port of entry via Boston (up 8.5 points), followed by Seattle, Detroit, Las Vegas, San Francisco, Newark, and Dallas/Fort Worth. In contrast, ports of entry used by Chinese residents with the most notable decreases included: New York, Chicago, Los Angeles, and Washington, DC.

