

CHINESE INTERNATIONAL TRAVEL MONITOR 2013



Methodology

The Hotels.com Chinese International Travel Monitor (CITM) collects data directly from both Chinese international travellers and international hoteliers.

For the hoteliers' survey, Hotels.com carried out a global survey of more than 1,500 Hotels.com hotel partners during May/June 2013. Responses were received from Argentina, Australia, Brazil, Canada, Colombia, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Mexico, Netherlands, New Zealand, Norway, Russia, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, the UK and the USA.

For the travellers' survey, Hotels.com commissioned TNS, a world leader in market research, global market information and business analysis, to conduct a research study amongst Chinese residents in mainland China who had paid for accommodation on an international trip at least once in the past five years. The online research was conducted during May 2013 with 3,000 eligible respondents across the country. Targets 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 preferences for accommodation.

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Introduction

**Johan Svanström,
Vice President and
Managing Director
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Welcome to the second Hotels.com Chinese International Travel Monitor (CITM), examining the impact of the huge growth in Chinese outbound tourism and the response by the global hotel industry to benefit from this rapidly developing trend.

Since we issued our first report in 2012, the subject has hardly been out of the headlines with many countries now recognising the potential of the Chinese traveller boom.

The numbers speak for themselves. Chinese tourists visiting Australia have tripled during the past decade, despite the strong Australian dollar, with China overtaking

the UK for second place in inbound tourism for 2012 and now accounting for 10 per cent of Australia's international tourism market. China has become the biggest source market for high-end destinations such as the Maldives in the past two years as well as many countries in Asia, including Thailand. In 2012, the US Embassy in China processed more than 1.34 million non-immigrant visa applications, a 26 per cent year-on-year increase.

In addition, the UN World Tourism Organization reported that Chinese travellers spent US\$102 billion on international tourism in 2012, 40 per cent more than in 2011, overtaking



Sydney, Australia

Germany and the USA as the world's biggest spenders.

This remarkable growth, largely due to more relaxed government restrictions on foreign travel and the rise of the Chinese middle class with higher disposable income, does not appear to have been impacted by the slowdown in overall economic growth seen in China over recent months. The desire to explore foreign lands and enjoy new experiences remains as strong as ever.

The 2013 CITM is richer in data than

our 2012 edition as this year, alongside feedback from hoteliers once again, we have surveyed 3,000 international travellers from China to gain a better understanding of the consumer's viewpoint, looking at where their priorities lie during their trip away, and it highlights some interesting trends.

For instance, the move away from groups to more independent travel, identified in the CITM last year, is now unstoppable and is preferred by the mainstream. Governments will have to take this

into account when organising their visa application infrastructure and processes. Hoteliers report a growing confidence in this segment as more travellers say they are prepared to step outside their comfort zone and try more authentic local experiences. Although shopping remains one of the favourite activities, it is by no means the key driver for many who instead rate sightseeing and dining as their main interests. The desire for hotels to provide more material in Mandarin, including Mandarin-speaking staff, is highlighted

by the vast majority of travellers.

In the main, hoteliers are responding well to these new challenges. The CITM can help to provide them with information on how best to capitalise on this potentially highly-rewarding development, particularly as travel from more traditional source markets from parts of Europe has been declining.

We welcome your feedback on this report and look forward to hearing from you.



The Chinese travel surge

Further growth in the pipeline

According to the China Tourism Academy, China became the world's largest outbound tourism market in 2012ⁱ, overtaking Germany and the USA, with an estimated 83 million overseas trips made by Chinese citizens, rising to an astonishing 200 million by 2020. Outbound tourism has already grown by 16 per cent in the first quarter of this year to 22.6 million trips.

Earlier this year, the Chinese government published its Outline for National Tourism and Leisureⁱⁱ, which, amongst other topics, is aimed at sparking an increase in outbound tourism by encouraging employers to promote the use of leave days and also to give Chinese workers more freedom and flexibility of where and when to travel.

New airports, new routes

China plans to build 70 new airports by 2015 and to expand its existing 100 airports. There is a continued increase

in low-cost carrier activity and route expansion in Asia, many with China as a key part of their future networking planning. Air Asia, Scoot by Singapore Airlines, Jetstar (building a hub in Hong Kong), Peach by ANA, Cebu Pacific and others are all helping to build the Chinese in- and outbound flows.

Several airlines have also announced new nonstop longhaul services to China with several starting in 2013: British Airways between Chengdu and London, the Air China Beijing-New York route over the pole and Beijing-Geneva, LOT Polish Airlines with Beijing-Warsaw, plus the Delta Airlines Shanghai-Seattle route. Shanghai, already the busiest cruise city in China, has announced plans to build a third cruise terminal at Baoshan in Shanghai.

Many governments around the world are also helping to invigorate the market by relaxing visa requirements with tourist boards funding aggressive marketing campaigns. Some examples of this can be found on page 32.

ⁱ <http://www.wantchinatimevts.com/news-subclass-cnt.aspx?id=20130428000086cid=1102> retrieved 22nd July 2013

ⁱⁱ <http://www.hospitalitynet.org/news/4059966.html> retrieved 22nd July 2013



London, United Kingdom

What hoteliers say

In the global hoteliers' survey, 45 per cent say they have experienced an increase in Chinese guests to their property over the last year with the greatest increases coming in APAC (61 per cent), followed by 47 per cent in North America, 36 per cent in Europe and 27 per cent in Latin America.

Nearly a quarter (24 per cent) said they had experienced growth of more than 10 per cent, with this figure rising to 35 per cent in APAC.

Hoteliers still see China as a positive growth market over the next three years with one in 10 expecting to see an increase of more than 50 per cent and almost half (47 per cent) anticipating an 11-50 per cent rise.

Globally, 75 per cent of hoteliers say that Chinese travellers now account for up to five per cent of their business. A further 12 per cent estimate between six per cent to 10 per cent and one per cent reporting a figure of more than 50 per cent. In 42 per cent of hotels in APAC, more than 10 per cent of the business already comes from Chinese guests.

2.

Profile of the Chinese traveller

China's international travellers are still amongst the wealthier of China's citizens with an average yearly household income of 109,922 RMB (US\$17,752) compared to the Chinese average of 49,920 RMBⁱⁱⁱ (US\$8,062)^{iv} per year. However, nearly a quarter (23 per cent) of travellers have household incomes of less than 70,000 RMB (US\$11,305)^{iv} per year.

Nearly all of the Chinese international travellers surveyed have been abroad for leisure reasons (96 per cent), while over half (52 per cent) have visited other countries

for business or educational purposes. Hoteliers have noticed that 20 per cent of their Chinese guests combine business and leisure, a figure that rises to 24 per cent in North American hotels and drops to 18 per cent in Europe.

At an average 3.53 trips over the past five years, travellers tend to take leisure trips abroad more frequently than business trips (2.64). This is particularly true for those visiting friends and relatives who took an average 4.32 trips over the same period.

ⁱⁱⁱ Source: GCRM Country Demos and Stats_US MCP
^{iv} Exchange rate taken on May 26, 2013

Figure 1: A comparison of Chinese travellers who travel abroad for business and for leisure

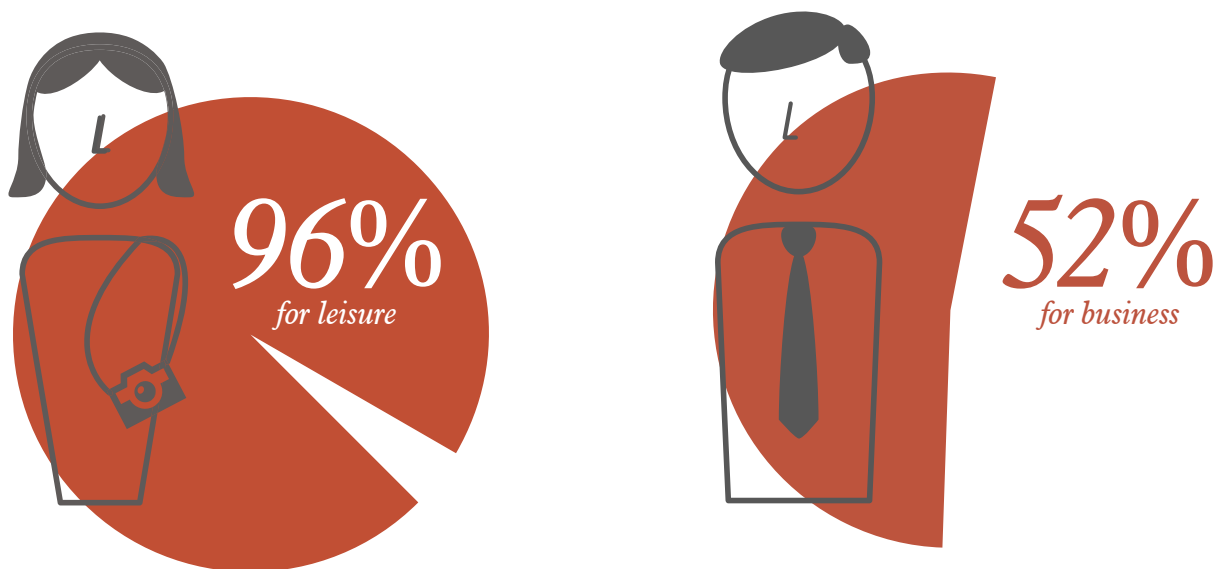
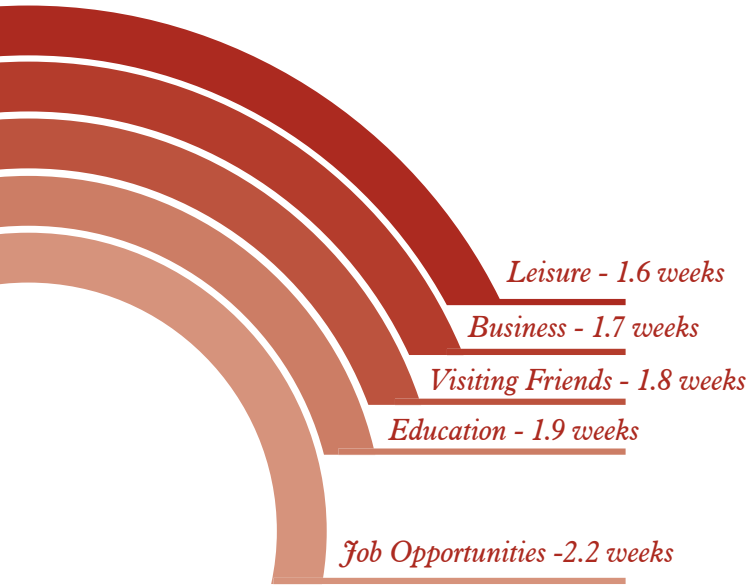


Figure 2: Average length of trip for Chinese travellers



Length of stay

Most trips (62 per cent) taken by Chinese travellers are between one to two weeks in length. Trips for educational reasons or to see friends and relatives tended to be longer, while purely leisure trips are generally shorter.

However, Chinese travellers don't stay in one place for long. Reflecting the fact that many still travel on organised tours and enjoy sightseeing, hoteliers report that the majority of Chinese travellers (58 per cent) stay between 2-3 days at their property, with a quarter staying overnight.

Travelling companions

Family and friends are by far the most popular travelling companions when taking a trip abroad,

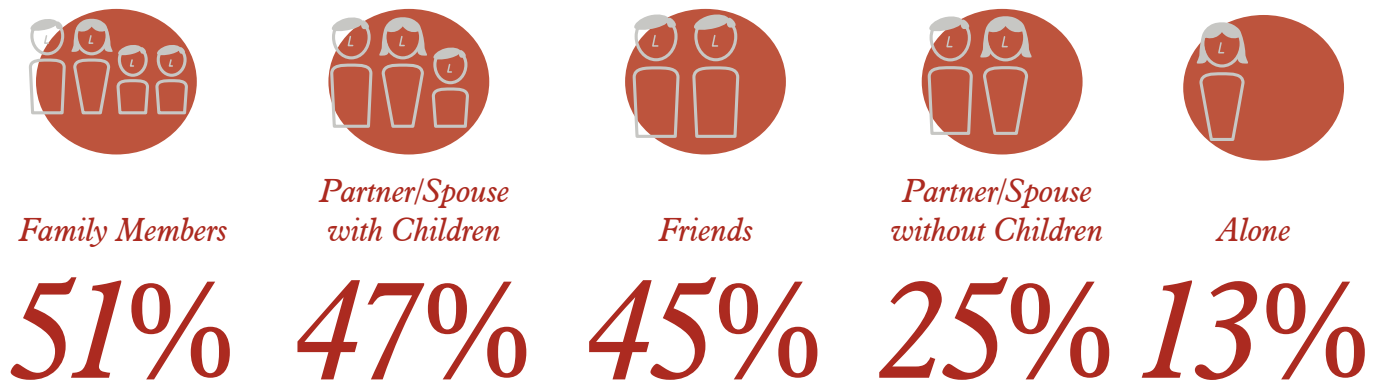
with more travelling with their children (47 per cent) than without (25 per cent).

One in five (20 per cent) hoteliers have seen an increase in Chinese guests travelling with their

partner or spouse without children, compared to only one in 10 (11 per cent) seeing an increase in Chinese guests travelling with their partner or spouse with children. In addition, one in

five (21 per cent) have seen an increase in business travellers, particularly in North America and Europe. One in 10 (12 per cent) hoteliers have seen an increase in Chinese guests travelling alone.

Figure 3: Most popular travelling companions when on an international trip



Independent or group?

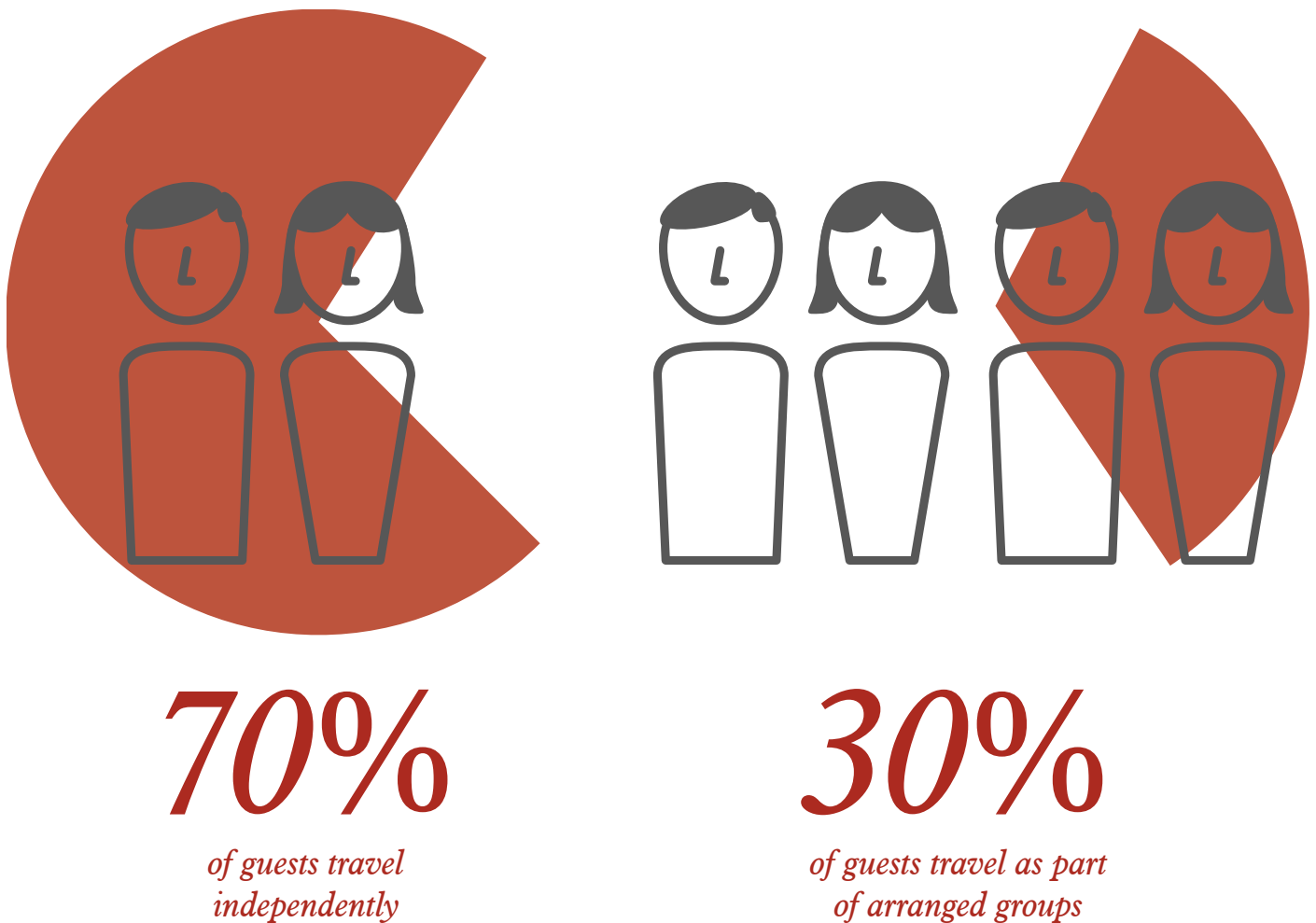
In a growing trend, nearly two-thirds of Chinese travellers (62 per cent) say they prefer to travel independently and not as part of a group.

This development has also been confirmed by hoteliers who say that 70 per cent of their Chinese guests now travel independently, compared to a much more even split as recently as the 2012 CITM.

Overall, 61 per cent of hotels say they have seen an increase in the number of independent Chinese travellers in the past two years. This figure rises to 74 per cent in APAC, 69 per cent in Latin America and 62 per cent in North

America but falls to 46 per cent in Europe. Many of the international travellers are repeat visitors or have already lived abroad as students so feel more secure going it alone.

Figure 4: Comparison of Chinese travellers who travel independently and those who travel as part of arranged groups according to hoteliers



Most popular activities

When travelling abroad, sightseeing (75 per cent) is the most popular activity amongst those travelling for leisure with dining in second place (65 per cent), demonstrating both how important food is in Chinese culture but also the sense of

discovery amongst Chinese travellers as they explore new cuisines. Shopping (51 per cent) is in third place amongst those travelling for leisure, as Chinese tourists seek out luxury brands in Europe and the USA.

Taking part in sport and gambling (both on five per cent) are the least popular, in

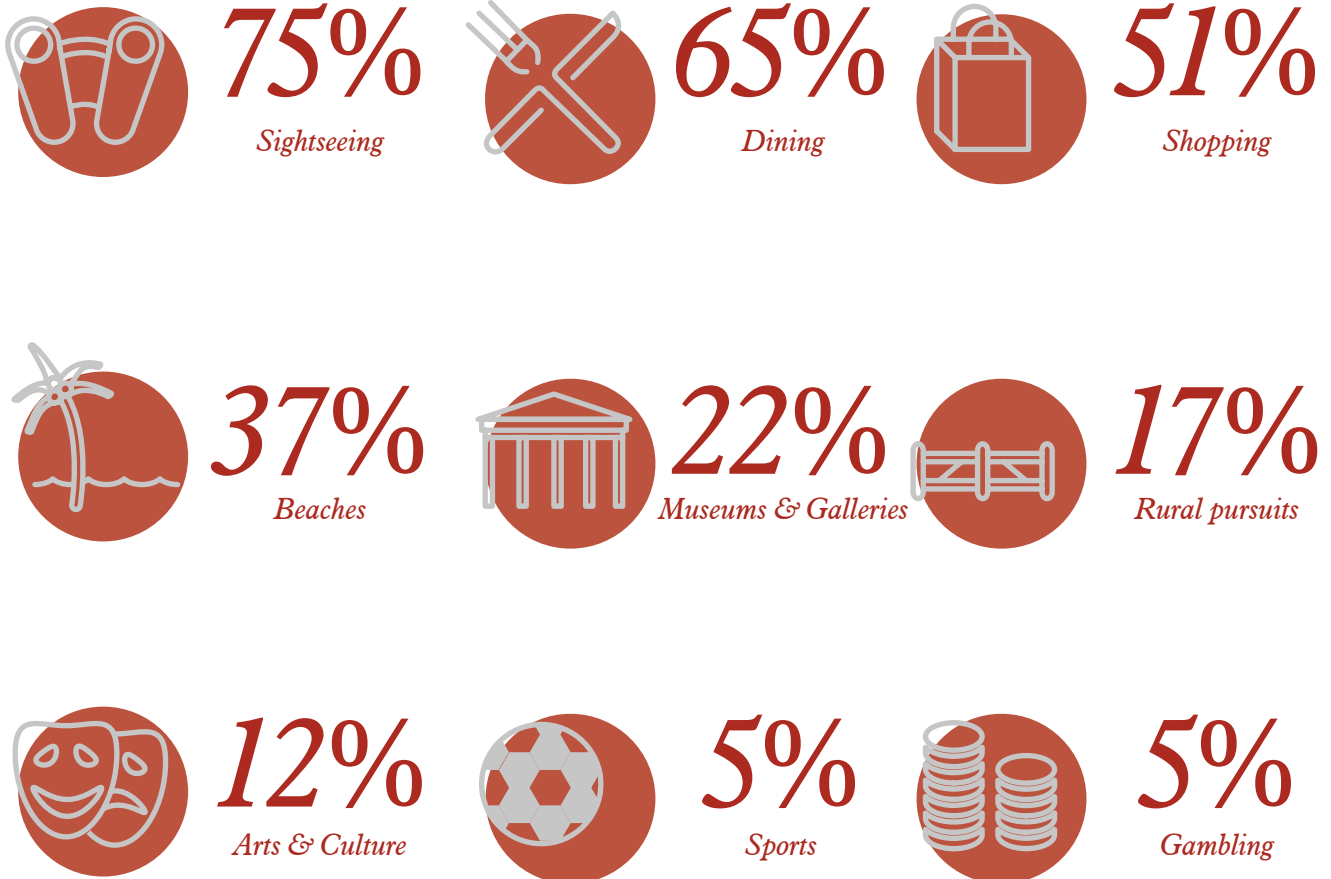
spite of the number of Chinese travellers who visit Macau for this purpose. Older travellers aged 35+ are more likely to be interested in traditional sightseeing (78 per cent vs 69 per cent for under 35s).

Younger travellers aged under 35 are more interested in dining (69 per cent vs 63 per cent for 35+),

cultural activities such as the theatre, concerts or comedy shows (16 per cent vs 10 per cent for 35+), and sport (eight per cent vs four per cent for 35+).

Chinese travellers in tier 1 cities are more likely to go shopping when abroad (57 per cent vs 51 per cent for the total).

Figure 5: Top activities for Chinese travellers when travelling internationally



3.

Booking trends

Nearly half of Chinese travellers (49 per cent) say they book their accommodation directly through the hotel, either on the website (29 per cent) or by telephone (19 per cent). A further 36 per cent rely on a travel agent, with 14 per cent booking through online travel companies via their website, mobile app or call centre.

According to the China Internet Network Information Center, China has an internet penetration rate of 42 per cent^v. The internet plays a key role for Chinese travellers in booking accommodation, with two in five using websites or mobile apps to do so.

Behaviour in this area is markedly different, depending on age. Younger travellers are more likely to book directly (57 per cent under 35s vs 45 per cent for 35+), while

older travellers are twice as likely to book through a travel agent (40 per cent for all 35+, rising to 48 per cent for 55+, vs 25 per cent for under 35s).

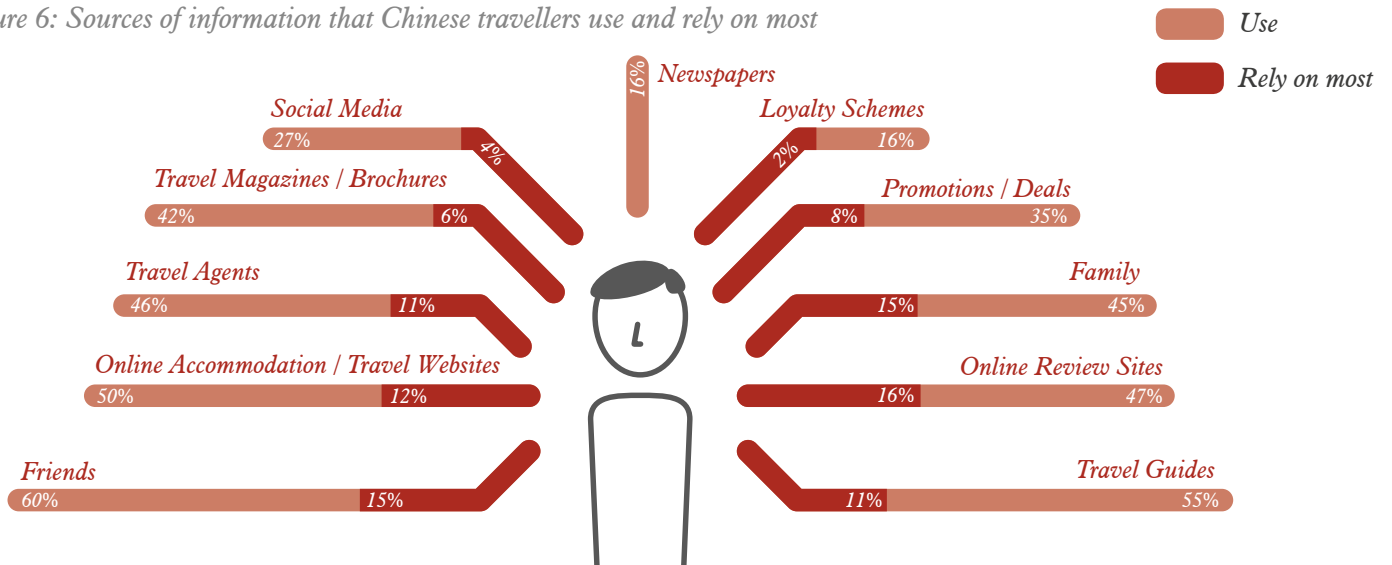
Another differentiating factor is the type of traveller questioned: those making their own travel arrangements, as opposed to travelling with an organised group, are much less likely to use a traditional travel agent (17 per cent).

Looking at Hotels.com's own data, one in five travellers book in the week before travel and 62 per cent overall book up to 30 days before they travel, with 31 per cent booking between 31-90 days and seven per cent prefer securing their accommodation more than 91 days in advance.

Chinese travellers are now fairly savvy about how to

^v <http://pandodaily.com/news/china-swells-to-42-internet-penetration-75-via-mobile/> retrieved 26 July, 2013

Figure 6: Sources of information that Chinese travellers use and rely on most



choose a holiday destination and consult an average of four sources of information to help make their decision.

Personal recommendation plays a vital role with 30 per cent saying that advice from family and friends is what they rely on most, followed by online travel booking and review sites (29 per cent). One in 10 pick travel agents as their most trustworthy source (11 per cent), the same percentage that choose travel guides.

More than a quarter of Chinese travellers (27 per cent) use social media to help them make decisions on holiday destinations and this rises to a third (33 per cent) amongst younger travellers under 35.



Seoul, South Korea



Hat Tham Phra Nang beach, Thailand



New York, USA

4.

Accommodation choices

According to the Hotels.com Hotel Price Index for the full year 2012, Chinese international travellers are already in fifth place in the table of highest spenders on hotel accommodation when travelling abroad with an average rate of 1,069 RMB (US\$169)^{vi} per room night. In some individual countries, they rank much higher than that. New Zealand is an example, as they already spend more there than any other nationality and, in Switzerland, they are in fourth place (see Figure 8 opposite).

When surveyed, Chinese travellers pick hotels as their most popular type of accommodation. More than half (52 per cent) book 3/4-star hotels most often when they go away with a further nine per cent each opting for 5-star properties or all-inclusive resorts. Hostels, back-packing establishments and B&Bs are chosen by 18 per cent, followed by serviced apartments (six per cent) and 1-2 star properties (four per cent).

Proof that Chinese travellers are becoming more confident when travelling abroad can also be seen in their choice of hotel style. Only 15 per cent prefer to stay in Chinese-style hotels, although this choice is more popular (27 per cent) amongst the over-55s.

^{vi} Exchange rates applied at the time of booking

More than half overall (52 per cent) prefer an independent hotel with local flavour and 27 per cent would choose an international chain.

Younger travellers are more likely to prefer an independent, local-style hotel (58 per cent for under 35s vs 50 per cent for 35+).

On the whole, Chinese travellers are fairly open-minded when it comes to hotels that might not cater specifically for Chinese needs with nearly two-thirds saying they would consider them (64 per cent) while a further 13 per cent are happy to stay there. Younger travellers are more likely than their older counterparts to consider hotels not catering specifically for them (69 per cent for under 35s versus 61 per cent for all those 35+ and 51 per cent for 55+).

When it comes to making a decision on where to stay, 26 per cent say that the hotel's star-rating, comfort and facilities are the primary driver, followed by its brand or reputation (15 per cent). Price is less of an issue (10 per cent) and, although the CITM shows that the hotel restaurant is enjoyed by 94 per cent of travellers, it is crucial in only four per cent of the booking decision-making.

Figure 7: Most important factors when choosing accommodation on an international trip



Figure 8: Countries where Chinese travellers are amongst the Top 10 biggest spenders on hotel accommodation



5.

Hotel hotspots

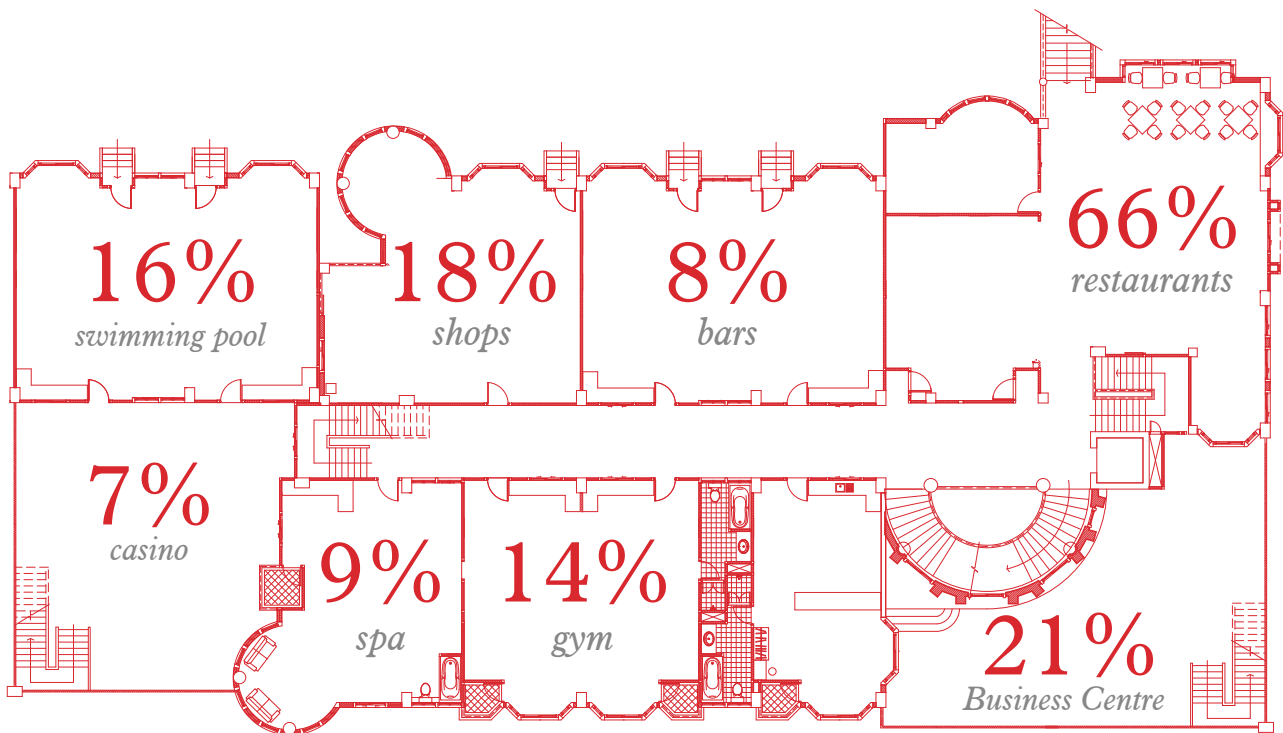
The vast majority (94 per cent) of all Chinese travellers like to eat in the hotel restaurant when they travel and the facility is one of the most highly-rated on-site services provided by hotels, with two-thirds (66 per cent) placing it in their top three. The business centre takes second place (21 per cent) with the on-site shop in third (18 per cent).

More than half of travellers (52 per cent) agree that they spend the most money in the hotel restaurant, followed by room service

(17 per cent). Drinking is less prominent in the results with only nine per cent listing the bar as the area earning their highest level of spending with the mini-bar on just four per cent.

Hoteliers agree that global Chinese travellers tend to spend the majority of their travel funds on food and beverage when holidaying, with well over half (59 per cent) confirming that the majority of Chinese travellers' money goes towards eating and drinking.

Figure 9: The most important on-site facilities for Chinese travellers



6.

Service tips

Travellers say...

Nearly six out of 10 travellers state that the ability to accept Chinese payment methods is seen as the single most important offering from international hotels and 26 per cent of Chinese travellers felt this is an area that needs improvement.

With a bias amongst wealthier travellers, 88 per cent of respondents choose

language-related items, such as translated literature, website, TV programmes and newspapers, as amongst the more important services a hotel can provide. Three-quarters feel that hoteliers need to improve in this area, with 42 per cent saying that they would like more Mandarin-speaking staff.

Seventy-five per cent rate food and drink items as their priority, placing on-site restaurants serving Chinese food

(37 per cent), Chinese breakfast (34 per cent) and Chinese room service options at the top of their wish list, while an in-room kettle (19 per cent), Chinese tea (18 per cent) and instant noodles (four per cent) are less significant.

More than half of Chinese travellers value free Wi-Fi very highly but seem to be relatively satisfied that hotels have recognised this requirement as only 17 per cent say this is an area needing change.

Top 10 Chinese-specific products	Most important	Needing the most improvement
China Union Pay / Alipay facilities	58%	26%
In-house Mandarin speaking staff	54%	42%
Free Wi-Fi	54%	17%
Translated travel / tourism guides	49%	27%
Chinese restaurant on-site.	37%	25%
Chinese TV programmes	37%	26%
Hotel website in Chinese language	34%	22%
Chinese room service options	34%	30%
Chinese breakfast	34%	22%
Translated welcome materials	26%	18%

Hoteliers' response...

Hoteliers point to Free Wi-Fi as their most common request from Chinese guests, once in their hotel, with this topic recognised by 84 per cent of respondents. Other popular requirements raised are a kettle for tea-making (44 per cent), translated travel guides (41 per cent), smoking rooms (40 per cent), Chinese TV programmes (33 per cent), translated hotel website (31 per cent), translated welcome materials (26 per cent) and in house Mandarin speakers (25 per cent).

The least requested item is feng shui rooms (3%) and Chinese room service options (eight per cent).

More than a quarter (27 per cent) of hoteliers have dedicated marketing programmes targeting Chinese guests, while a quarter (25 per cent) offer cultural awareness training for staff. Only one in 10 (11 per cent) offer welcome materials in Mandarin.

Just over half (56 per cent) of the hotels surveyed have invested fewer than US\$10,000 in developing programmes and

products catering specifically to the Chinese guest over the past 12 months. The North American industry has thrown the most amount of money into catering to Chinese travellers with almost one in 10 (nine per cent) investing between US\$10,000–US\$50,000. Despite the increasing growth of the Chinese outbound travel market, across the regions only a small portion of hoteliers (between zero per cent-three per cent) have invested more than US\$50,000 in developing programmes or products specifically for the Chinese market in the past 12 months

Figure 10: The top five items hotels already offer for Chinese guests

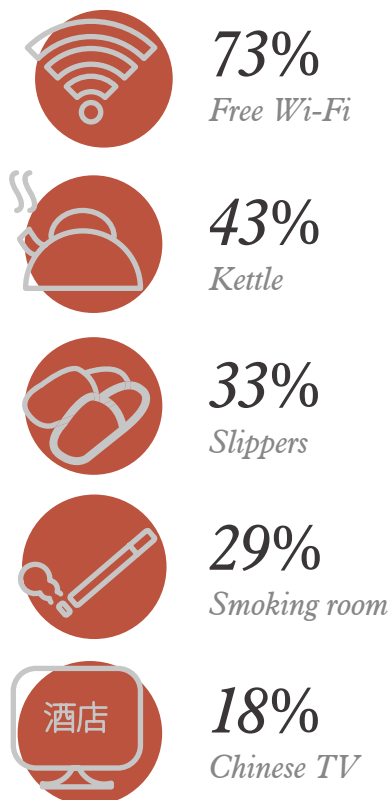
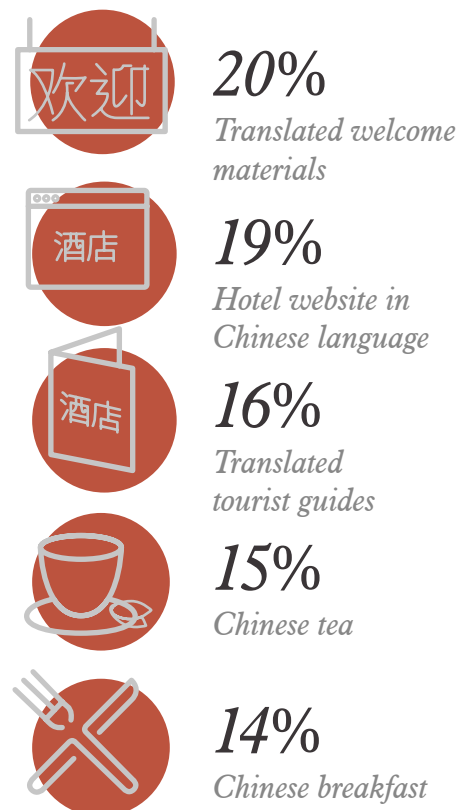


Figure 11: The top five items hotels plan to offer in the next 12 months for Chinese guests





Where to go

With the growth of the independent sector, Chinese travellers will have much more say in which countries they visit in future as they are not tied to organised itineraries. This could well have a marked impact on the destinations they choose to visit.

The wish list

European destinations (72 per cent) are most popular amongst Chinese travellers in terms of places they would like to visit in the next 12 months, with a third of Chinese travellers hoping to visit France in second place in the overall table followed by Switzerland (25 per cent) in fifth and the UK (19 per cent) in ninth. Australia (39 per cent) is the overall favourite, with New Zealand (27 per cent) third and the USA just behind (26 per cent) in fourth. Destinations closer to home, such as Hong Kong, Singapore and Taiwan, are also in the Top 10.

In spite of political tensions over the islands in the East China Sea, more than one in 10 would like to visit Japan. Latin American countries are further down the table, with Brazil on nine per cent, Mexico and Argentina five per cent and Colombia three per cent. However, the relaxation in visa restrictions and marketing initiatives by the Mexico Tourist Board in China during 2013 could well boost their figures in future.

Europe is slightly more popular amongst younger travellers (75 per cent under 35s vs 71 per cent for 35+), as is Asia (61 per cent vs 57 per cent respectively).

Older travellers are more likely to choose North American locations (40 per cent for 55+ vs 33 per cent for under 35s) and Australia (55 per cent vs 44 per cent respectively).

Figure 12: The Top Ten destinations Chinese travellers want to travel to compared to the destinations they actually travel to



The reality

According to bookings made on the Hotels.com Chinese website in 2012, when it comes to where Chinese travellers travelled to in 2012, the USA was the most popular country to visit but, in general,

they chose to stay close to home with Asian destinations taking six of the positions in the Top 10, with Hong Kong in first place.

Italy was the highest European entrant at No 8, followed by France, helped

by the relaxation of visa regulations for Chinese travellers. Australia took the final place in the Top 10.

What influences choice

When asked what factors are important to Chinese travellers when thinking about their next international holiday, safety comes out as the primary concern (43 per cent), followed by historical

and heritage sites (39 per cent) and value-for-money (30 per cent).

Younger travellers are more likely to say that the cuisine of the destination is an important factor (34 per cent for under 35s vs 27 per cent for 35+) and are also almost twice

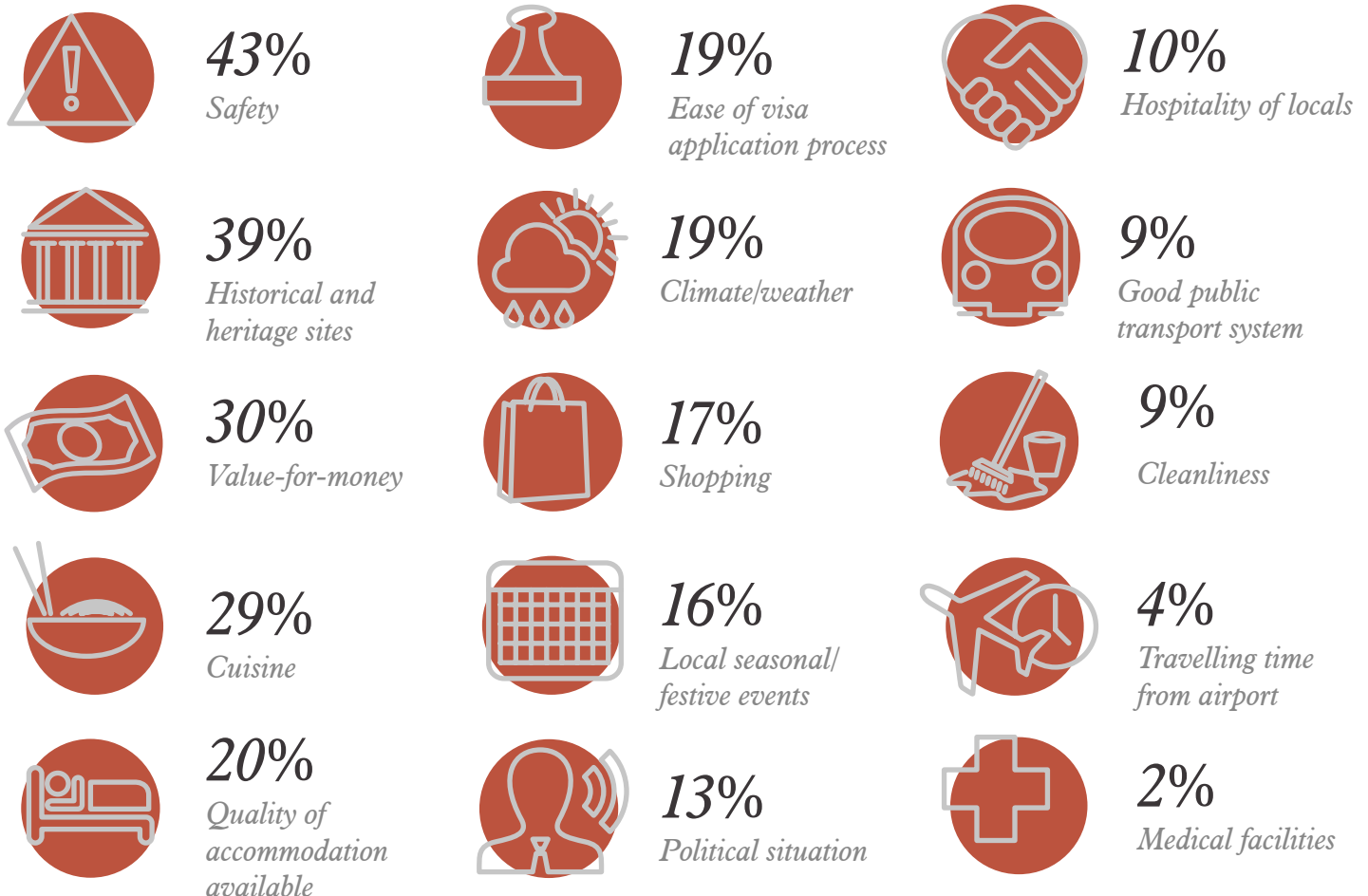
as likely to say that local seasonal/festive events are important (23 per cent vs 13 per cent respectively).

Older travellers are more likely to be concerned with safety (46 per cent for 35+ vs 36 per cent for under 35s) and are more interested in historical and heritage sites

(42 per cent vs 33 per cent respectively).

Although visa application processes have been relaxed for Chinese travellers in many countries, it still remains a key factor in the choice of destination for a fifth of travellers.

Figure 13: Most important factors when choosing the next international holiday destination





A closer look at traveller profiles

Female travellers

Although recent research has shown that Chinese women now account for half (51 per cent) of senior management roles in mainland companies^{vii}, Chinese women are taking slightly more trips abroad for leisure (3.61 trips in past five years vs 3.45 for men), though they are not travelling as much as men for business reasons (2.38 trips in past five years vs 2.91).

Women are more likely to travel abroad to see friends and relatives (31 per cent vs 26

per cent) and for education (12 per cent vs eight per cent).

Dining (69 per cent vs 60 per cent) and shopping (56 per cent vs 47 per cent) are particularly popular amongst Chinese female travellers, although they are slightly less interested in sightseeing (72 per cent vs 78 per cent).

Women are just as likely to make their own travel arrangements rather than choose an organised tour (62 per cent).

^{vii} <http://www.scmp.com/news/article/1185834/mainland-chinese-women-top-world-holding-senior-business-roles-survey-shows> retrieved July 22nd 2013

* please note that the comparative figures in this section refer to men



Dining and shopping are amongst the most popular activities for Chinese female travellers



The hotel restaurant takes the highest proportion of Chinese female travellers' spending money



Women are more likely than men to travel abroad to see friends and relatives



Women are slightly more likely to be guided by promotions and deals when choosing holiday destinations (37 per cent vs 33 per cent) but are less likely to consult social media (24 per cent vs 29 per cent).

There are no significant differences when it comes to how to book international travel but women are less fond of 3-star accommodation than their male counterparts (26 per cent vs 35 per cent) although this category is still their first choice. They are also more likely to prefer independent hotels with a local flavour (54 per cent vs 50 per cent).

When it comes to hotel facilities, the on-site restaurant is more important for women (68 per cent vs 64 per cent) who are less interested in room service (60 per cent vs 65 per cent). More than one in 10 women (12 per cent) choose the spa as an important

hotel feature, twice as many as men (six per cent).

The hotel restaurant takes by far the highest proportion of women's spending money (54 per cent vs 49 per cent) followed some way behind by room service (13 per cent vs 22 per cent), while they pay more than twice as much in the spa (10 per cent vs four per cent).

In terms of hotel services for women, luxury toiletries are seen as imperative (41 per cent), followed by a good quality hair-dryer (21 per cent) and scented oil for burning (16 per cent).

Younger women are more likely to say that a full-body mirror is important to them (14 per cent for under 35s vs eight per cent for 35+), while older women are more likely to want scented oil for burning (17 per cent 35+ vs 13 per cent for younger women).

Business travellers*

With the burgeoning Chinese economy, business travel has been on the increase for some years. According to the Global Business Travel Association, China's total business travel spending increased by an average of 15.5 per cent per year between 2000 and 2012, with a predicted 13 per cent increase in outbound business travel in 2013. This section highlights

where they differ most markedly from leisure travellers.

Business travellers are slightly younger than their holidaying counterparts (35 per cent under 35 vs 30 per cent) and more likely to be male (57 per cent), although this could change with the increase in the number of women occupying management roles. Two-fifths (43 per cent) live in a tier 1 province with the highest internet

* please note that the comparative in this section refer to leisure travellers



There is a predicted 13% rise in outbound business travel in 2013



When booking a hotel, star rating is more important when compared to leisure travellers



penetration. They are more likely to have booked their accommodation through the hotel's own website (36 per cent vs 29 per cent) and are more likely to book high-end accommodation such as 4-5 star hotels (39 per cent vs 31 per cent) and international hotel chains (35 per cent vs 28 per cent).

When choosing accommodation, comfort/star-rating is more important (32 per cent vs 27 per cent) while price matters slightly less (six per cent vs nine per cent).

The on-site restaurant and Wi-Fi/ internet access are the most important hotel amenities, both chosen by 62 per cent of respondents, with room service in third place on 59 per cent. They are more likely to eat meals within the hotel (97 per cent vs 94 per cent) and more likely to spend more during the trip (average 12,662 RMB vs 10,247 RMB, US\$2,045 vs US\$1,655).

Independent travellers

Independent travellers are the new generation of travellers from China and more than three out of five say they prefer to make their own arrangements (62 per cent). They are younger, more confident and internet savvy, travel more frequently and stay longer. Many will have already studied abroad so are more familiar with how to fit comfortably into a foreign environment.

Independent travellers are younger (35 per cent under 35 vs 21 per cent for 35+) and equally likely to be male or female (50 per cent each). With more control and flexibility over their travel plans, trips organised independently are more likely to be longer than those organised through tour groups (1.7 weeks vs 1.5 weeks respectively).

Independent travellers tend to avoid travel agents for advice (33 per cent vs 68 per cent organised group), preferring to use online travel, accommodation and review websites, consulting a wider range of information sources before booking. Social media plays a much higher role in their decision-making process (31 per cent vs 19 per cent respectively).

Nearly two in 10 are happy using online travel companies and mobile apps.

When it comes to accommodation choices, their decisions are more widespread. Three-star hotels (28 per cent) followed by 4-star (19 per cent) with 10 per cent plumping for 5-star properties but hostels and back-packing establishments



Social media plays a large part in the independent travellers' decision-making process



Sightseeing, dining and shopping are the top activities of the independent traveller



(11 per cent) and B&Bs (10 per cent) are also significant. They are somewhat more likely to want an independent hotel with a local flavour (54 per cent vs 49 per cent for organised groups).

As with Chinese travellers as a whole, sightseeing, dining and shopping are still the most popular activities when travelling internationally but cultural attractions such as the theatre, concerts, comedy shows etc are slightly more appealing to this group (13 per cent vs 10 per cent for organised tours).

Luxury vs budget travellers

For the purposes of the CITM, luxury is defined by analysing the answers of all those who say they book 4/5-star hotels and all-inclusive resorts most when travelling internationally while budget covers 1/3-star hotels, hostels and motels.

Forty per cent of Chinese travellers prefer to stay in luxury accommodation when travelling abroad and are more likely to be older travellers (41 per cent for 35+ vs 36 per cent for under 35s)

Fifty-four per cent are booking the less expensive types of accommodation with greater appeal amongst younger travellers (57 per cent for under 35s vs

52 per cent for 35+).

Those travelling for leisure are more likely to choose budget accommodation than those travelling for business (54 per cent vs 47 per cent).

Independent travellers are less likely to opt for top-of-the-range properties compared with those travelling with organised tour groups (37 per cent vs 43 per cent).



Leisure travellers are more likely to choose budget accommodation than business travellers.



Luxury travellers are more likely to be older than budget travellers.



Under 35s

With more younger travellers now spreading their wings, their travel habits will soon begin to make an impact on the way hotels adapt their services.

Sightseeing is their favourite activity (69 per cent) but this is lower than the over 35s (78 per cent). However, they are more interested in dining (69 per cent vs 63 per cent for 35+), cultural activities such as the theatre, concerts or comedy shows (16 per cent vs 10 per cent for 35+), and sport (eight per cent vs four per cent for 35+).

More than a quarter of Chinese travellers (27 per cent) use social media to help them make decisions on holiday destinations and this rises to a third (33 per cent) amongst younger travellers.

Younger travellers are more likely to book directly with the hotel (57 per cent under

35s vs 45 per cent for 35+) and are less likely to use a travel agent (25 per cent for under 35s vs 40 per cent for all 35+).

Younger travellers are more likely to experiment than the older generation, preferring an independent, local-style accommodation (58 per cent for under 35s vs 50 per cent for 35+) and would consider staying in a property that does not cater specifically to their needs (69 per cent for under 35s vs 61 per cent for 35+ and 51 per cent for 55+).

This age group is also less concerned with safety (36 per cent vs 46 per cent for 35+).

Younger travellers like to experience the local culture and are more likely to say that the cuisine of the destination is an important factor (34 per cent for under 35s vs 27 per cent for 35+) and are also almost twice as likely to say that local seasonal/festive events are significant

(23 per cent vs 13 per cent respectively).

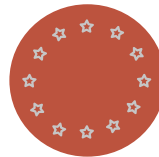
Europe is slightly more popular as a future destination amongst younger travellers (75 per cent under 35s vs 71 per cent for 35+), as is Asia (61 per cent vs 57 per cent respectively).



Sightseeing is the favourite activity of the under 35 Chinese traveller.



Amongst younger travellers, 33 per cent use social media to help them make travel decisions.



Europe is a more popular destination for younger travellers.



9.

Hotel case studies



Dim Sum

Some of the leading hotel chains around the world, such as Four Seasons, Hilton, Hyatt, Intercontinental, Marriott and Starwood have already modified their offering to provide a warmer welcome for their Chinese guests but smaller independents have

also recognised the need to provide a more tailored approach. In these examples, hoteliers have taken to heart the requests identified by Chinese travellers in the CITM and are enjoying the benefits that these programmes bring in terms of increased business.



Hilton Hotels & Resorts team members showcasing offerings from the Hilton Huanying program

Case Study – Hilton Hotels & Resorts



One of the best-known programmes, Hilton Huanying is a consistent set of amenity and service standards that meet the Chinese traveller's needs and expectations when travelling abroad. Huanying is the Chinese word for "welcome" and the Hilton Huanying programme offers

amenities and services that extend an authentic welcome to Chinese travellers ranging from Mandarin-speaking staff members, in-room amenities such as a kettle, slippers and Chinese tea, and a Chinese-style breakfast.

The rapid growth of Hilton Huanying points

to how quickly regions around the world are seeing an increase in arrivals from Chinese visitors. Hilton originally launched Hilton Huanying in August 2011 with 30 hotels in 13 countries. Today, 85 hotels in 27 countries offer the programme and interest continues to grow. The company

saw room bookings by Chinese guests at participating hotels increased by 98 per cent from 2011 to 2012.

Hilton believes Chinese travellers are looking to experience new cultures and destinations, while also enjoying the traditional comforts of home. Hilton Huanying caters to these desires by providing the familiar touches and a warm welcome so these guests have the most enjoyable experience possible. For example,

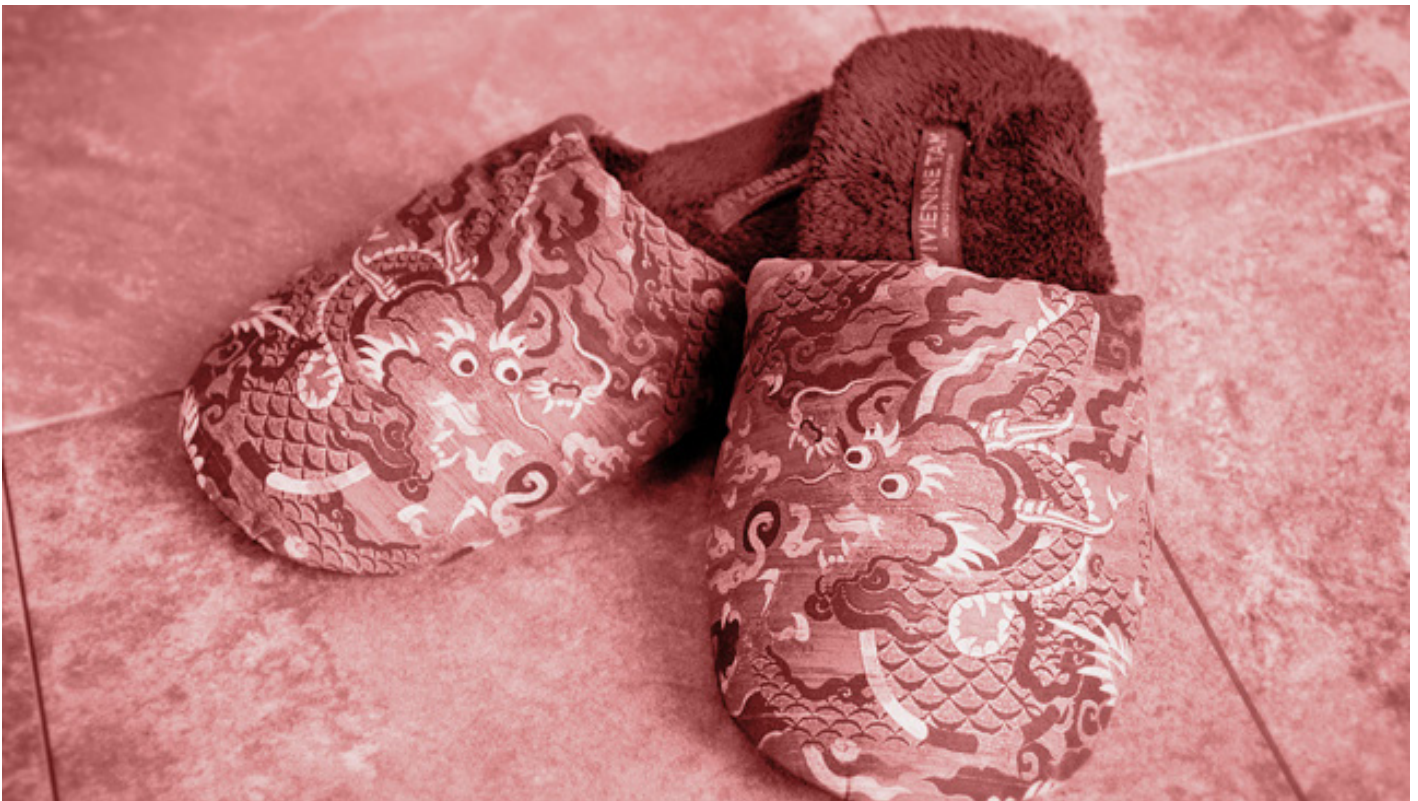
Hilton research shows that while Chinese travellers may be eager to explore the food of a new international destination, a traditional Chinese breakfast remains an important part of how they want to start their day.

Additionally, Hilton has expanded the Huanying program with seasonal programme elements at Chinese New Year as an example, with special menu selections featuring

traditional holiday fare for guests and groups planning to celebrate at participating hotels.

For the programme's one year anniversary in August 2012, Hilton offered limited-edition "water dragon" slippers, exclusively designed by noted fashion designer Vivienne Tam. Anniversaries play a significant role in Chinese culture and Hilton hosted events in Shanghai and New York City to celebrate the programme's one year milestone to

reveal the Vivienne Tam designs. The stylish slippers feature a mirrored design of two intricate inward-facing blue dragons swimming in a turquoise "sea" - a common symbol of optimism, harmony and fulfilment in Chinese culture. Featuring rich shades of blue inspired by the Hilton Hotels & Resorts signature colour, the slippers also celebrated the Year of the Dragon.



Hilton Huanying limited-edition "Water Dragon" Slippers by Vivienne Tam



LUX, Maldives*

Case Study - LUX* Resorts



LUX* Resorts is a collection of award-winning premium hotels in Mauritius, the Maldives and Réunion Island which has seen the number of Chinese visitors to their properties double in the last year.

They recognised that Chinese travellers have different requirements and, as this is an emerging market for the Indian Ocean region, they wanted to appeal to as many of these

new guests as possible by catering more specifically to their needs. Special emphasis is placed on language skills whereby the LUX* team members are being trained in Mandarin and the recruitment of chefs specialising in Chinese cuisine will ensure that restaurant menus better reflect their tastes. High speed internet access is also available in every corner of the hotel.

In addition, the company has run special marketing campaigns in China to help raise their profile there and, in March this year, hosted a high profile press trip from China to Mauritius with journalists from publications such as Vogue, Tatler, Reluxe, Elite Traveller, Travel & Leisure.



The River Lee Hotel, Cork

Case Study - Doyle Collection



The Doyle Collection offers a selection of eight hotels set in the most fashionable quarters of five major cities in Ireland, the UK and the USA. At the River Lee Hotel in Cork, they are trialling some new services which they plan to roll out to other properties later this year.

These include Mandarin-speaking staff to liaise with Chinese guests, an in-room welcome gift, translated brochures

and website as well as specialist menus. They have been involved in three sales trips to China and have hosted educational tours from Chinese travel agents in association with Tourism Ireland.

They have noticed that Chinese guests enjoy meeting local Irish staff and also being given something that little bit extra, such as towelling robes and slippers and green

tea in the bedroom which are always appreciated.

They also understand that Chinese guests can be superstitious and dislike the number four so they do not allocate them rooms that include a four or ones that are on the fourth floor. On the other hand, eight is lucky so they try to assign rooms with a number eight.



Maksoud Plaza

Case Study - Maksoud Plaza



The Maksoud Plaza is an independently-owned five-star hotel in the centre of Sao Paulo, Brazil, with more than 400 rooms, welcoming both business and leisure customers.

They have seen an increase in Chinese travellers at their property and have adapted their services and facilities to cater specifically to them. As well as introducing a Mandarin version of their website, other enhancements to

their facilities include providing amenities such as tea-making facilities, slippers, a robe and early check-in/late check-out, if available.

In their experience, Chinese travellers generally travel in small groups and often ask for smoking rooms.



*HUALUXE hotel & resort, entrance**

Case Study - InterContinental Hotels Group



In 2012, IHG launched the first upscale, international hotel brand designed specifically for the Chinese traveller: HUALUXE Hotels and Resorts. HUALUXE translates from Hua, which means majestic China and luxe, representing luxury. HUALUXE is designed for the busy leaders in business

that are driving China's economic resurgence; whose working lives in China's thriving cities are often stressed. They have intense business schedules, long hours, and high expectations to achieve in life. They need a hotel to feel comfortable and familiar and understands their

true needs. They expect international standards, quality and consistency and value world-class brands.

The HUALUXE brand has been developed in response to three core growth opportunities: consumer demand for an upscale international hotel brand that demonstrates pride in

*These are indicative images only.



*HUALUXE hotel & resort, guest room**

Chinese customs and reflects local tradition; the domestic China opportunity, whereby the number of domestic travellers is expected to reach 3.3 billion in 2015 and the China hotel market is projected to grow by five to eight per cent annually by 2030 and the international opportunity.

HUALUXE will offer guests a more traditional experience based on four priorities that Chinese travellers want from an upscale hotel:

Tradition: Long-celebrated traditions are reflected in every aspect of the physical hotel design and are

brought to life through a refined welcome experience, deep-rooted tea culture and signature food & beverage throughout the hotel from the Fu Lin restaurant to late night noodle bar.

Rejuvenation: Natural surroundings from the green arrival, to the lobby garden and resort inspired bathroom helps guests break away from the pressures of their busy lives and be reinvigorated for the challenges ahead.

Status: Recognition and respect are fundamental in Chinese society. A seamless VIP arrival, a unique Club

Lounge experience and specialty food and beverage 'hosts' throughout the hotel serve to underpin the importance of guests and ensure the hospitality they receive and in return give to their business partners is flawless.

Familiar Spaces: A range of public/private spaces are thoughtfully set out across the hotel. From multi-function suites, rejuvenation centre and tea house they are creating a unique set of facilities for a wide range of social interactions and business meetings.

HUALUXE will launch

initially in tier 1, 2 and 3 cities and resort locations in China, with the first opening in late 2013 or early 2014. A further 19 hotels are in the pipeline to open over the forthcoming few years. IHG is already the largest international hotel operator in China, with more than 160 hotels across 60 cities and sees the opportunity for this brand to be in over 100 cities in China in the next 15-20 years. In time, more will open in major cities elsewhere in the world so that Chinese travellers can have the same experience abroad.

*These are indicative images only.

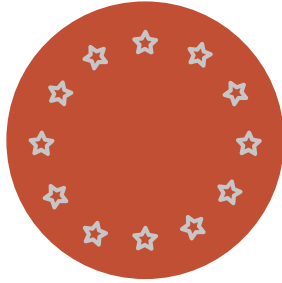
10.

Some country initiatives targeting Chinese outbound visitors



Australia

The China 2020 Strategic Plan is a core element in the Australian ten-year tourism strategy, aiming to ensure that the country remains competitive in the fast growing market for outbound travel from China. Since the launch of the Plan in 2011, inbound tourism from China has gone from strength to strength. China is Australia's fastest growing and most valuable inbound market.



Europe

Chinese visitors to European countries participating in the Schengen agreement only need to have a visa from one of the countries in order to be able to visit all 26 members comprising 22 EU countries and four from EFTA. In July 2012, France and Germany opened a common visa centre in Beijing, outsourcing the task to a company specialising in processing visa applications. Being the entry, and often the exit, point to Europe for Chinese visitors has its advantages in terms of local spending.



Germany

VisitBerlin aims to position Berlin as the most important new Gateway to Central Europe in the Chinese Market and to double the visitor numbers in two years, through a series of roadshows, promotions, events, a Chinese website and other initiatives.



Ireland

The largest-ever tourism trade mission to China from Ireland took place in November 2012 when 18 organisations, including hotels, golf operators, visitor attractions and destination management companies joined Tourism Ireland in Shanghai and Beijing for a series of seminars, B2B workshops, networking events and media interviews.



Mexico

The country expects to boost the number of Chinese travellers visiting the country in 2013 by 30 per cent helped by a relaxation in visa restrictions and marketing initiatives by the Mexico Tourist Board including road shows in major cities and Chinese-speaking tour guides.



New Zealand

Earlier this year, New Zealand announced it would be making it easier for Chinese tourists to visit the country by extending the length of visitor visas. Starting in May, the length of the multiple-entry visitor visas routinely granted to independent Chinese travellers will be extended from 12 months to 24 months. A new bi-lingual China section on the Immigration New Zealand website is also making it easier for Chinese visitors to lodge a visa application.



Russia

Russia Tourism Year, with more than 200 events staged in China in 2012, prompted 343,000 Chinese tourists to visit the country in 2012, a 47 per cent increase over the previous year. China has become the second biggest tourist source market to Russia, behind Germany.



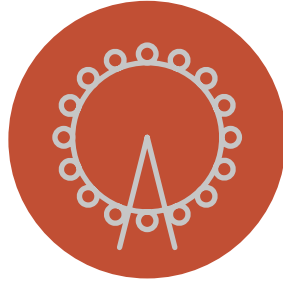
Spain

The Spanish government has implemented the Plan Turismo China, which aims to attract one million Chinese tourists by 2020. The Spanish Tourism Minister Miguel Sebastian said that, in addition to easing visa requirements, he would also look to increase direct routes to China and open more tourist offices in China. The government also plans to publish guides about Spain in Mandarin and encourage restaurants and hotels to offer foods and opening hours that are more suited to Chinese tastes.



Taiwan

In 2013, five more Chinese cities were added to the list of cities whose residents are allowed to visit Taiwan as individual tourists. More than 25 travel agencies in China are permitted to operate cross-strait tourism and design itineraries in Taiwan for Chinese.



UK

Amongst other initiatives, the British government has introduced a fee-based, mobile biometric service for business travellers and high net-worth individuals who would like the convenience of a personal visit by the passport service to collect their biometric data. China is also one of the nine major international markets targeted by Visit Britain in its high profile post-Olympic marketing campaign, with its China Mission in November the largest ever B2B event organised by the tourist board.



US

The United States launched a new application policy for non-immigrant visa applicants from China, offering greater convenience for applicants scheduling visa interviews, completing visa processing procedures and checking their visa status. There is also a free helpline provided by the US Embassy in China. There are additional options for paying online with a Chinese debit card, a foreign credit card or paying at any China CITIC Bank ATM, rather than just cash as before. Applicants can conduct visa interviews online

and passports can be collected at any of the 900 China CITIC Bank branches across China. Under the old system, applicants could only collect their passports from the Embassy or have them returned by mail. In 2012, the Embassy processed more than 1.34 million non-immigrant visa applications, a 26-percent increase year-on-year and an almost 80 per cent increase from 2011.

About Hotels.com

Hotels.com is a leading online accommodation booking website with approximately 220,000 properties around the world, 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 US in 2002 with the first international version launched in the UK later that year. The Hotels.com Chinese site was added in 2009. There are now more than 85 Hotels.com sites worldwide in Europe, North, Central and South 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 warning of up-coming sales. There are more than seven 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 Welcome Rewards available in all markets, customers can earn a free* night for every 10 nights stayed at more than 85,000 hotels, subject to Welcome Rewards terms and conditions as set out at www.hotels.com. The programme has given away more than one million free nights.

Under its Price Match Guarantee, if a customer can find a lower price on a prepaid hotel, Hotels.com will refund the difference, subject to the Price Match 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.

Hotels.com is part of Expedia group, the largest travel company in the world with an extensive portfolio that includes some of the world's best-known brands. Follow Hotels.com on Facebook, Twitter and on YouTube.

*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.

How Hotels.com is adapting to the Chinese market

Recognising the growing importance of the Chinese travel market, Hotels.com launched a website in simplified Chinese in 2009. As well as special deals and promotions aimed particularly at Chinese travellers, it now also includes customer reviews and destination guides, as well as visa application information and a new starter guide, advising travellers how to use the site, all in local language. In line with the findings in the report, Alipay is being introduced as one of our payment options for Chinese customers.

In addition, the Hotels.com call centre in Beijing has native-speaking agents available to help bookers and the portfolio of apps for mobile phones and tablets are all available in simplified Chinese. Hotels.com also has a presence on major social media sites such as Weibo, where travellers can find further travel tips and information as well as providing feedback.

Hotels.com offers its customers approximately 220,000 hotels around the world, many of them in destinations popular with Chinese travellers across Asia, such as Hong Kong and Thailand, but also farther afield in Europe, the Middle East and the USA.

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