

Market Trends Update

May 2018

Karly Melo

Regional Director, Canada



VisitTheUSA.com

Brand USA



Canada Market Trends

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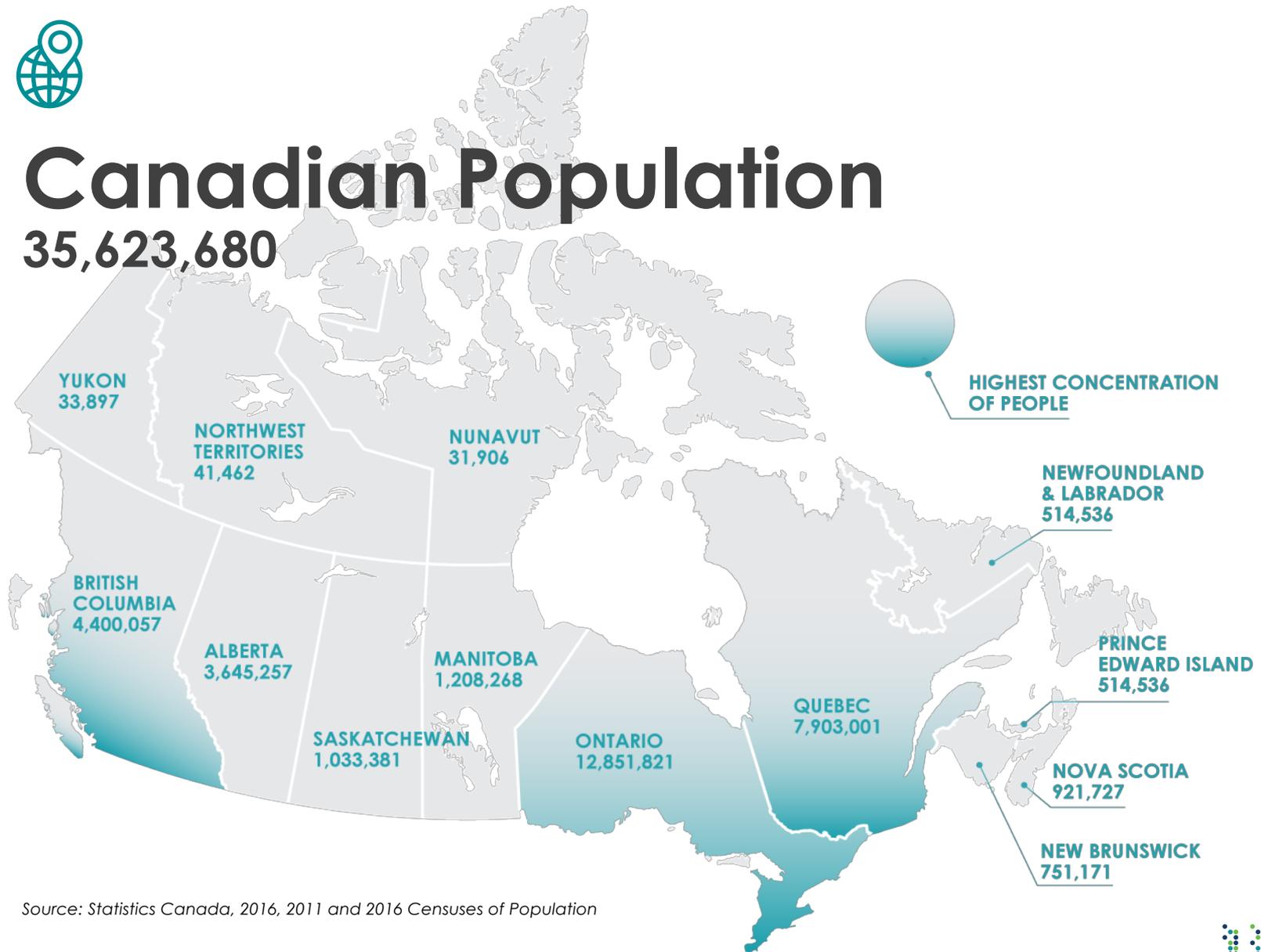
- The U.S. / Canada border is the longest international border in the world
- As of 2016, two out of three people (66%) lived within 100 kilometers of the Canada – United States border.





Canadian Population

35,623,680



Source: Statistics Canada, 2016, 2011 and 2016 Censuses of Population



Largest Metropolitan Areas

Vancouver
2.485 million ✦

Edmonton:
✦ 1.272 million

✦ **Calgary:**
1.337 million

Toronto: ✦
5.993 million

Montreal:
✦ 3.981 million

✦ **Ottawa:**
1.326 million

Source: CIA World Factbook 2017



Canadian Gateways

26

National Airports

71

Regional and Local Airports

6.2

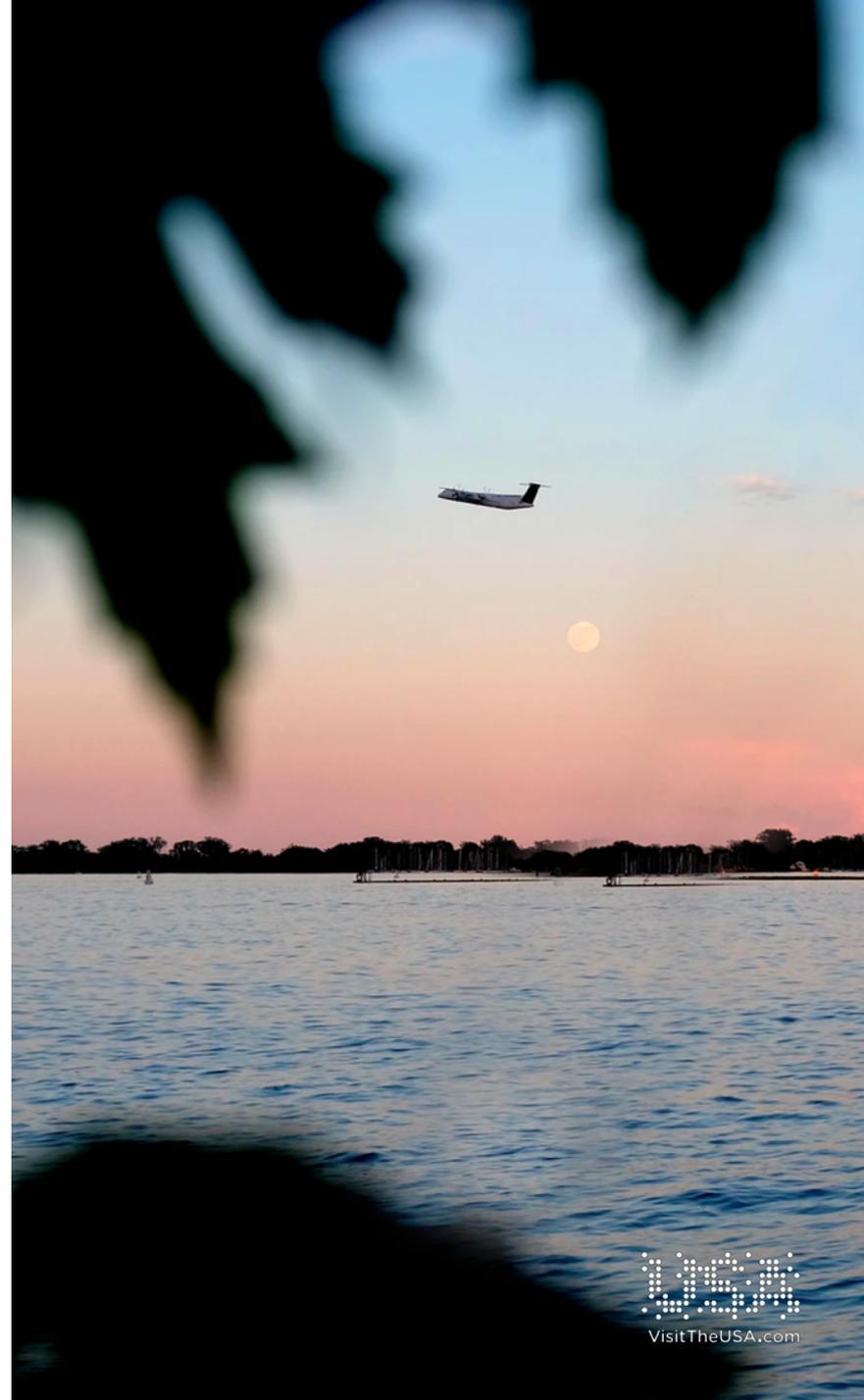
Million aircraft movement

Over 140 million

Passengers per year

As of 2016, regularly scheduled Canadian airlines serviced 90 U.S. cities.

Source: Transport Canada



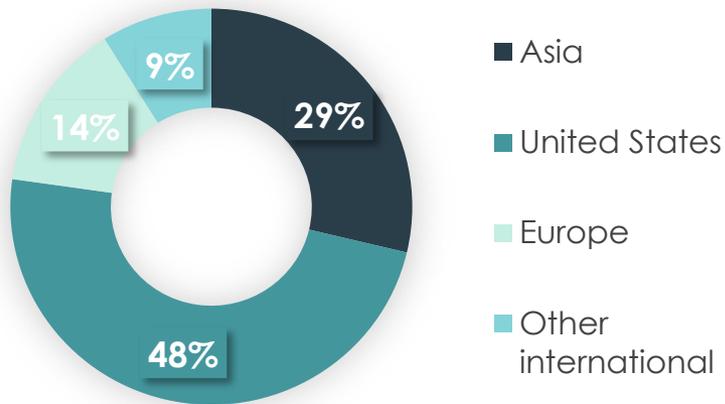
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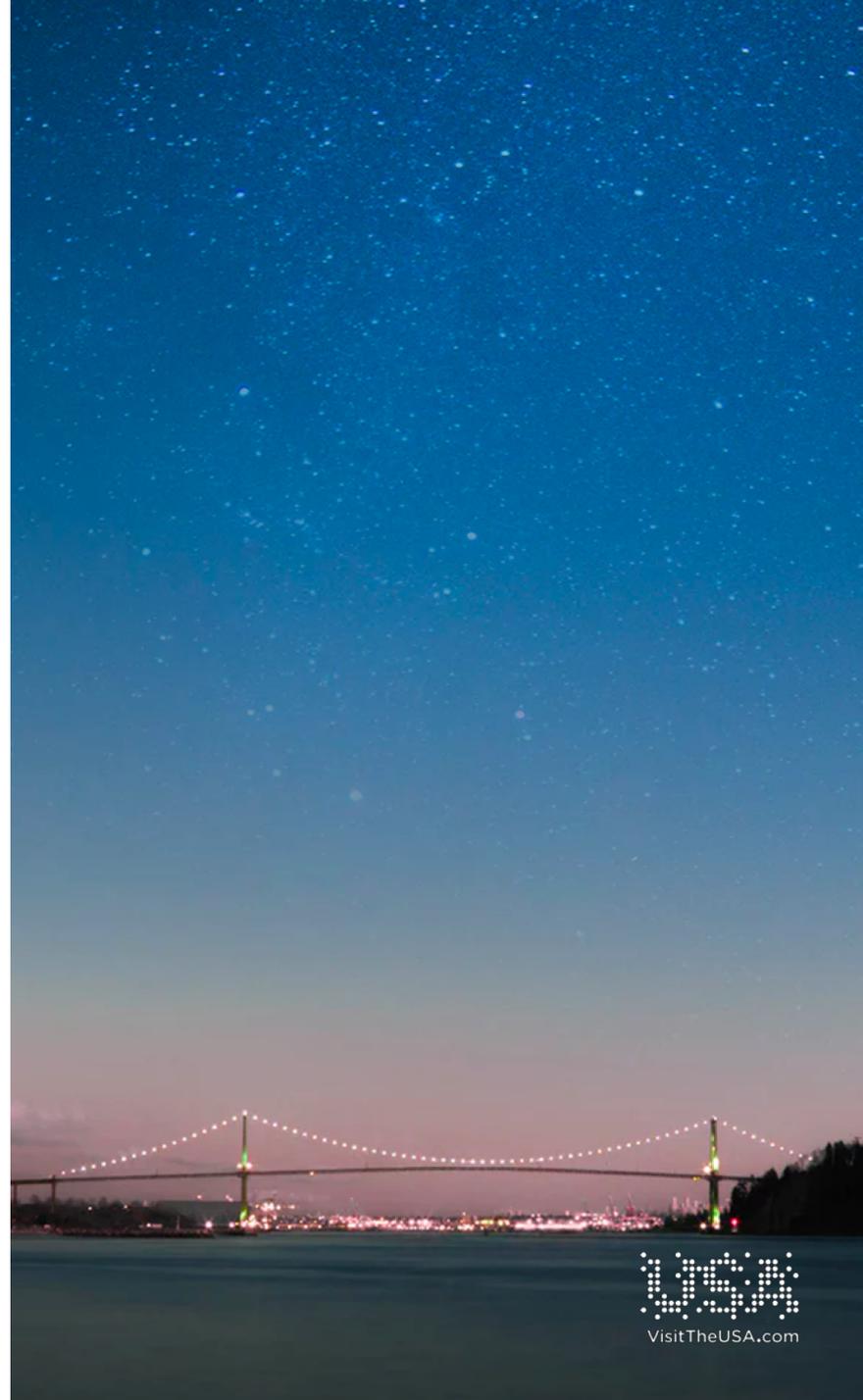
Western Gateways

Vancouver International Airport had 21.4 million passengers.

In 2016, international passengers at Vancouver came from/went to:



Source: Transport Canada



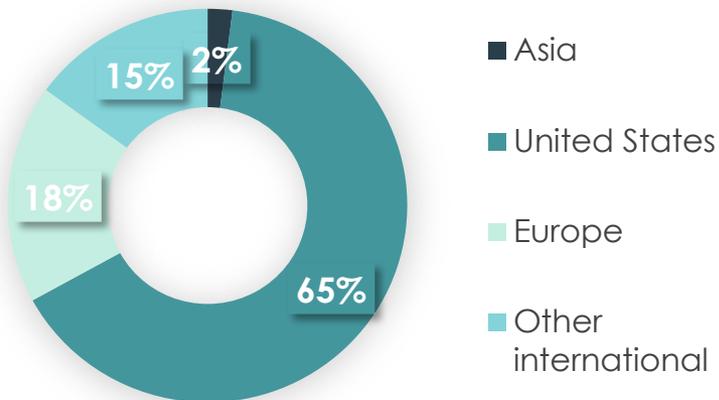
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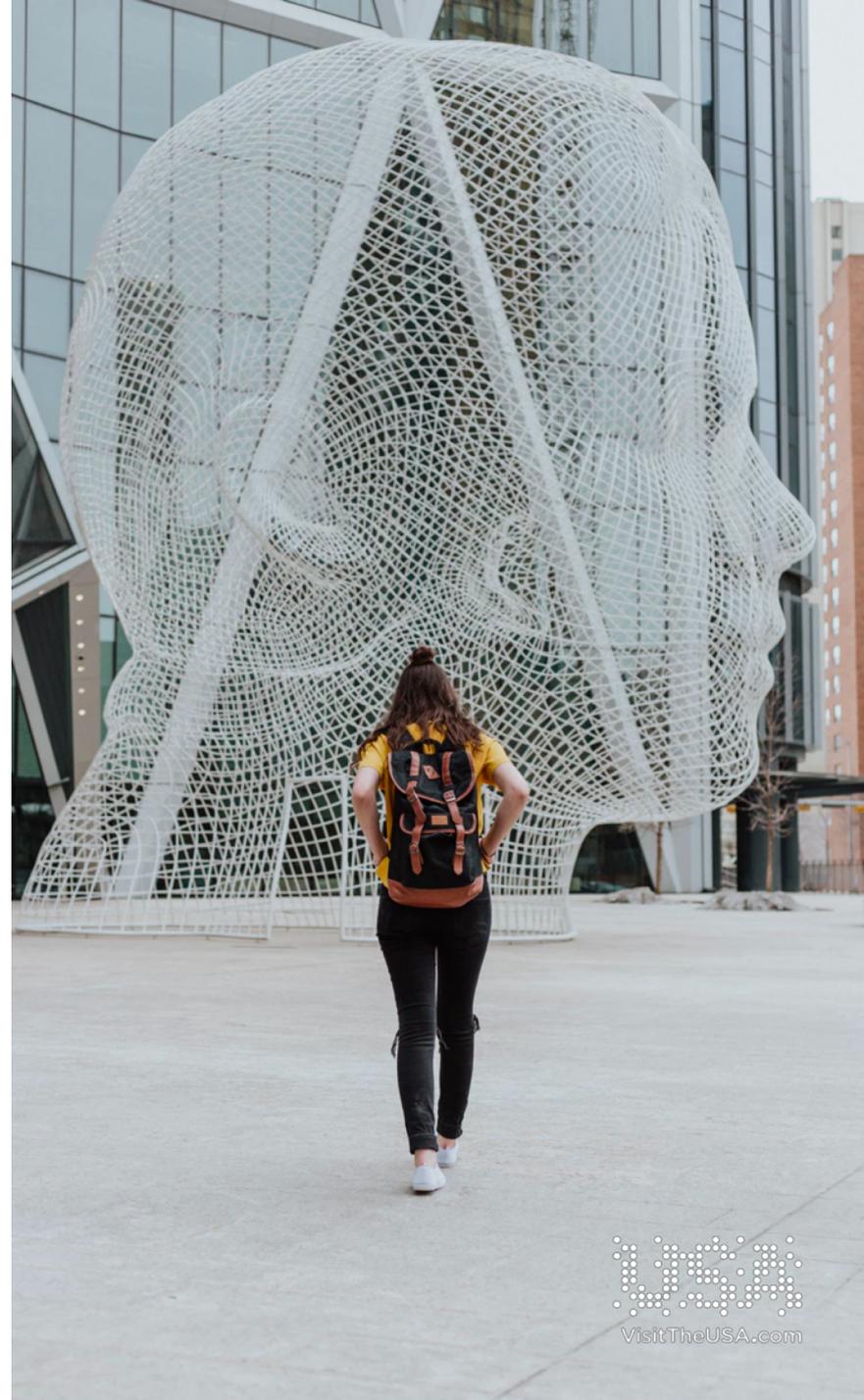
Western Gateways

Calgary International Airport had 14.8 million passengers.

In 2016, international passengers at Calgary came from/went to:



Source: Transport Canada

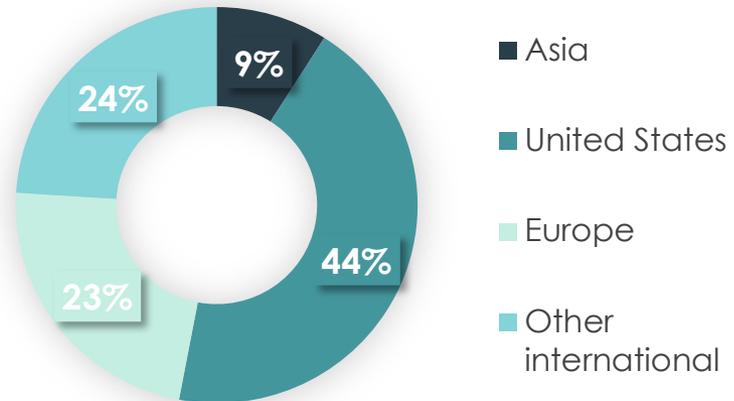




Central Gateways

Toronto Pearson International Airport had 42.3 million passengers.

In 2016, international passengers at Toronto came from/went to:



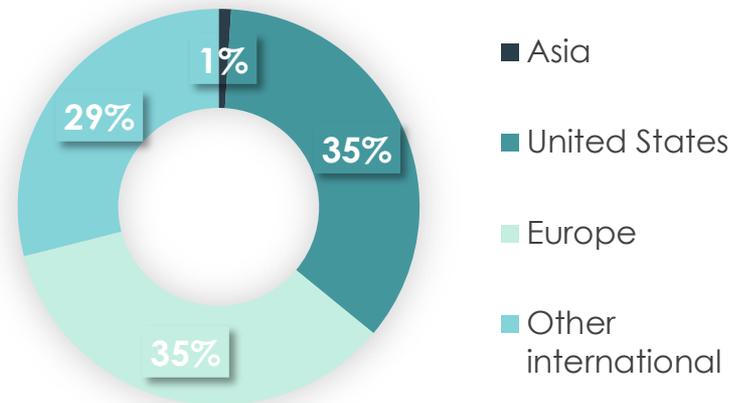
Source: Transport Canada



Central Gateways

Montréal-Pierre Elliott Trudeau International Airport had 15.4 million passengers.

In 2016, international passengers at Montréal came from/went to:



Source: Transport Canada



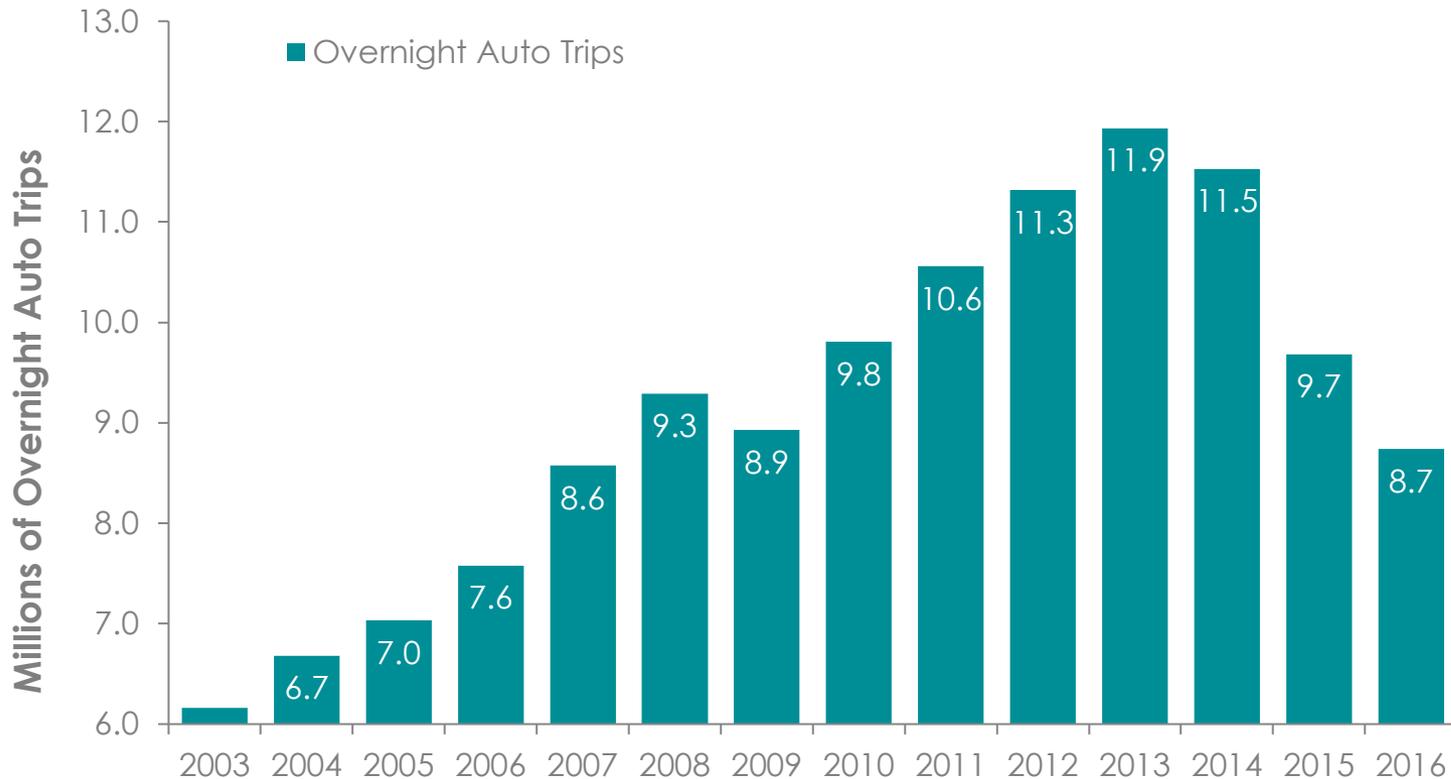
Direct Seat Capacity

	2016	2017	% change	2017 share
United States	17.9 million	18.5 million	3.6%	100.0%
California	2.66	2.93	10.3%	15.8%
Florida	2.33	2.21	-5.3%	11.9%
New York	1.92	1.86	-2.9%	10.1%
Illinois	1.38	1.39	1.2%	7.5%
Texas	1.10	1.21	9.9%	6.5%
Washington	0.99	1.05	5.9%	5.7%
Nevada	1.06	1.03	-3.5%	5.6%
New Jersey	0.94	1.03	9.1%	5.5%
Massachusetts	0.63	0.71	12.4%	3.8%
Minnesota	0.59	0.58	-1.2%	3.2%
Other States	4.26	4.51	5.9%	24.4%

Source: OAG, US BTS; CBoC.



U.S. Auto Travel and the Canadian Dollar



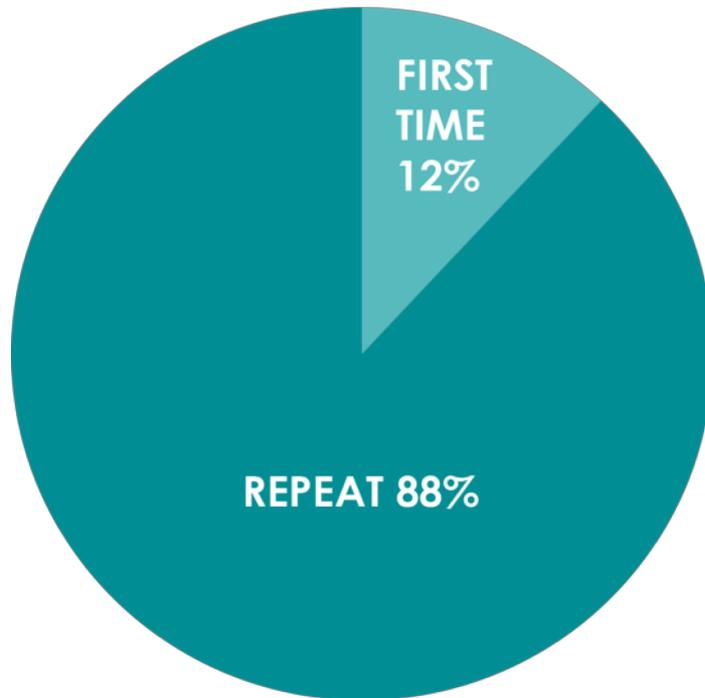
Your Canadian Visitors





Who they are

Canadian visitors to the U.S.A.



15,732,029

Total 2017 Arrivals

19,301,507

Total 2016 Arrivals

-4%

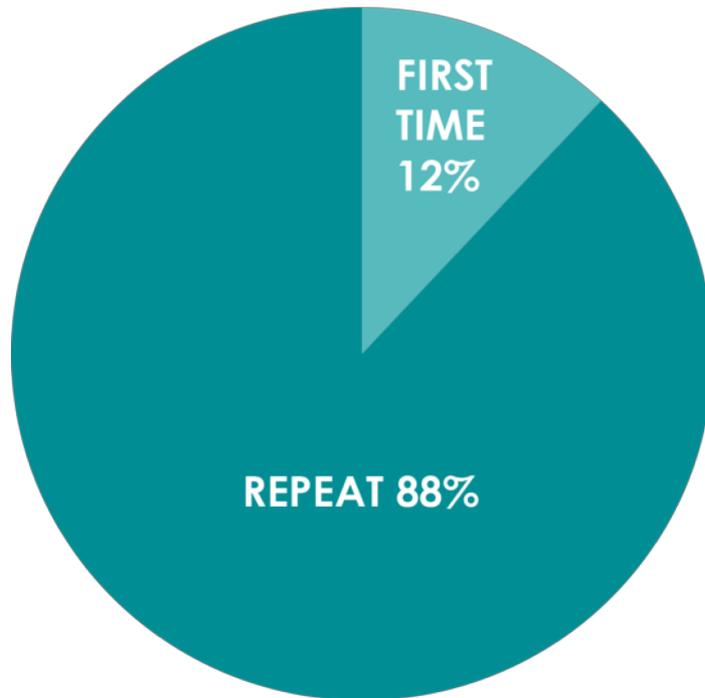
YoY change for
total visitation

SOURCE: NTO TOP 10 INTERNATIONAL MARKETS:
2016/2017 VISITATION



Who they are

Canadian visitors to the U.S.A.



#3

Rank #3 in spend

\$19.1 Billion

2016 total spend on U.S. travel

-8%

YoY percent change for total leisure travel

SOURCE: NTO TOP 10 INTERNATIONAL MARKETS:
2016 VISITATION AND SPENDING (REVISED, OCTOBER 2017)



Top 10 Popular Destinations Among Canadians

(the most searched for destinations on KAYAK)

- 1.** Orlando, Florida
- 2.** Fort Lauderdale, Florida
- 3.** Cancun, Mexico
- 4.** Honolulu, Hawaii
- 5.** San Jose, Costa Rica
- 6.** Las Vegas, Nevada
- 7.** Puerto Vallarta, Mexico
- 8.** Miami, Florida
- 9.** Los Angeles, California
- 10.** Kahului, Hawaii

Source: [Kayak.com](https://www.kayak.com)



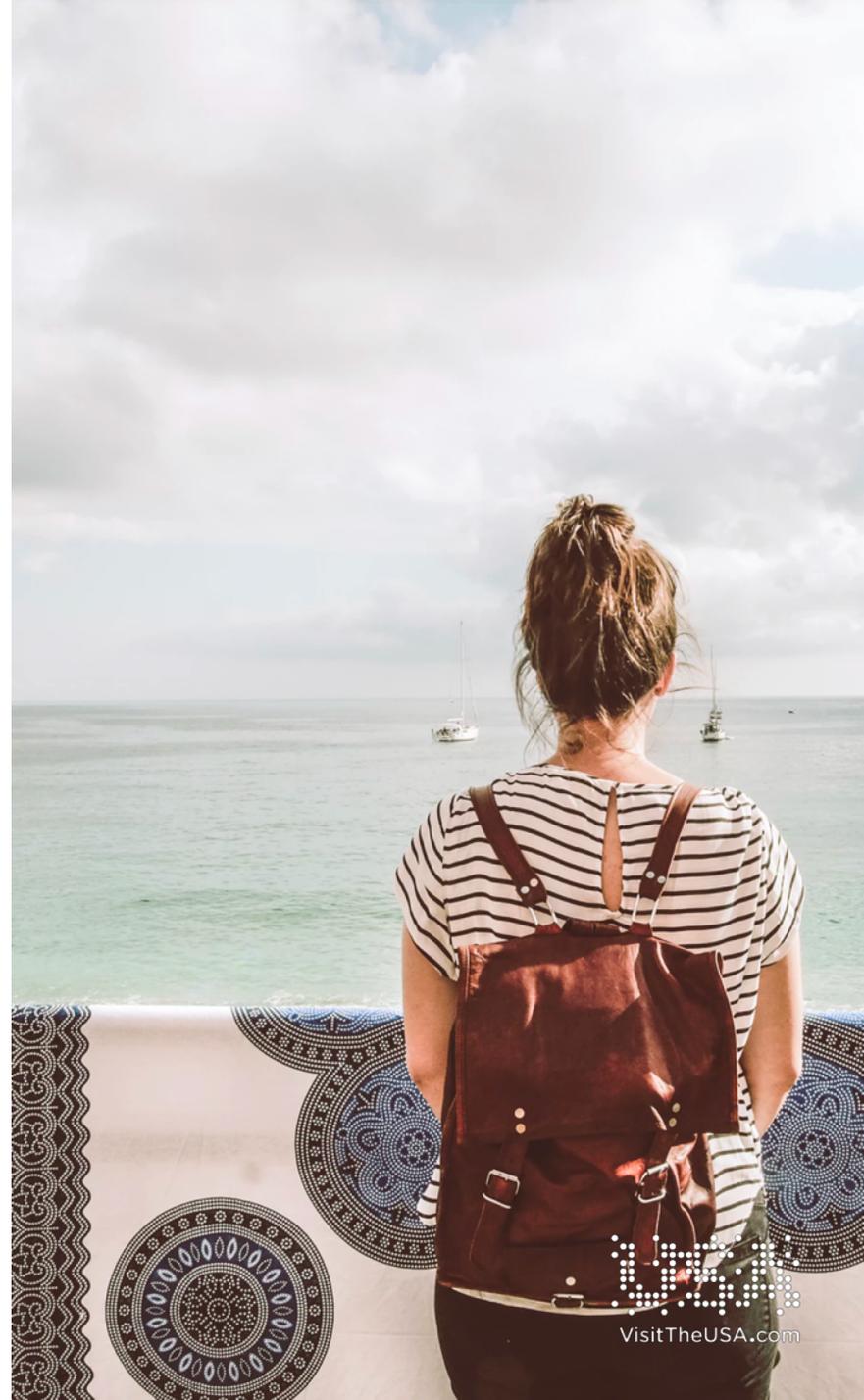


Top 10

Deal destinations among Canadian travelers *(Destinations that have decreased in flight price year over year)*

1. Male, Maldives ▼ **31%**
2. Boston, Massachusetts ▼ **19%**
3. Dallas, Texas ▼ **16%**
4. Palm Springs, California ▼ **15%**
5. Chicago, Illinois ▼ **12%**
6. Denver, Colorado ▼ **11%**
7. Jacksonville, Florida ▼ **11%**
8. Belize City, Belize ▼ **11%**
9. Copenhagen, Denmark ▼ **10%**
10. Tampa, Florida ▼ **9%**

Source: Kayak.com



VisitTheUSA.com



Where they travel

Top 10 cities visited in the USA



Source: [Kayak.com](https://www.kayak.com)



Who they are



**“Bleisure”
extended stayers**



**Retired active
adventurers**

1
USA
60%

- 2**
U.K.
- 2**
France
- 2**
Italy
- 2**
D.R.
- 2**
China



Drivers of growth

- Canada is in a period of economic growth
- Baby-boomers represent a significant portion of the population
- Canadian residents from various ethnic communities travel to their country of origin to visit friends and family
- Canadians are familiar with digital marketing and are among the most active populations on social media



Travel interests

- Beaches/seaside attractions
- Cultural/historical attractions
- Local lifestyle
- Dining/gastronomy
- Shopping
- Sporting events





Invite Canadians to “See Another Side” of the USA that defies expectations

Surprise them with new, novel, and interesting cultural experiences.

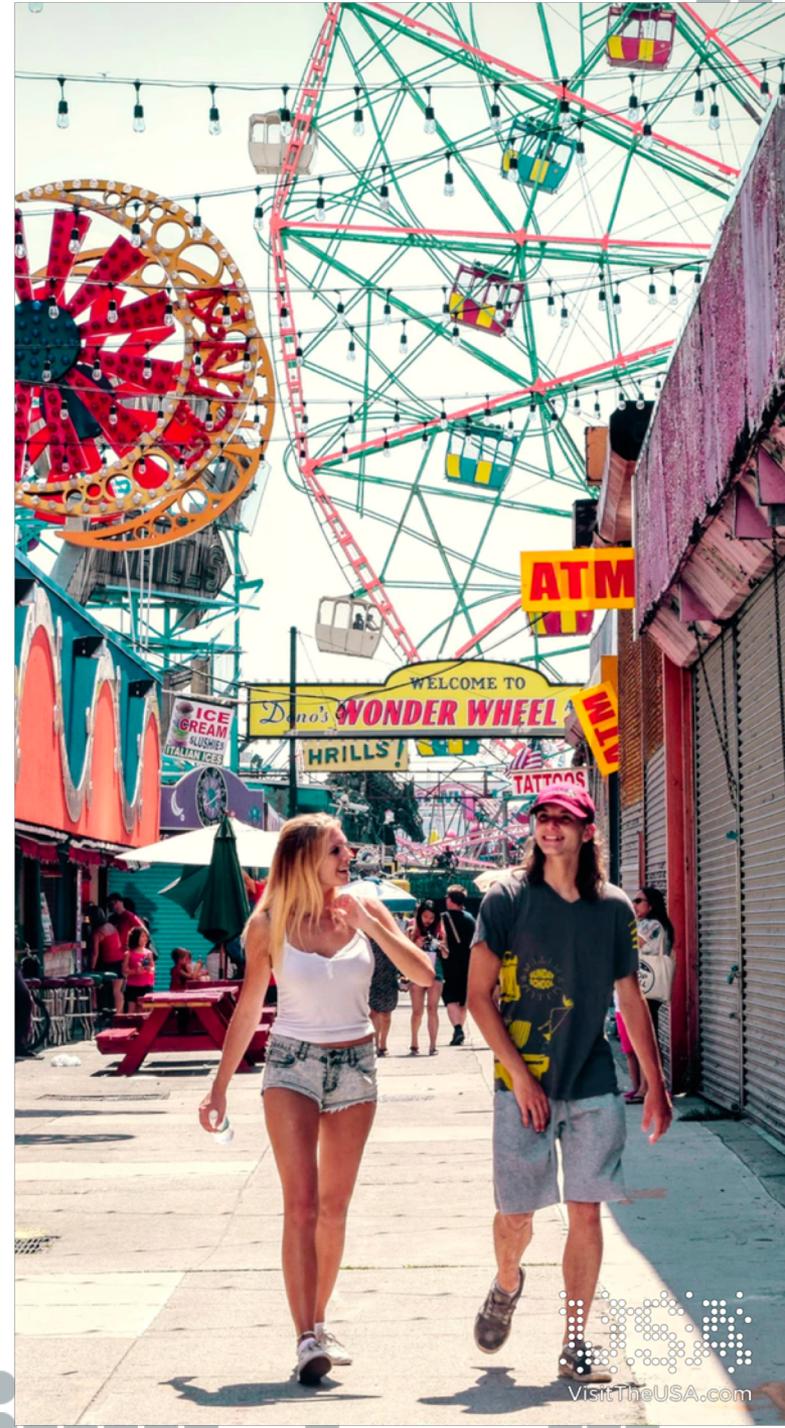
Source: *Transport Canada*



“Bleisure” Extended Stayers

Younger, professional,
short-haul & short stay.

- Emerging U.S. cities & neighborhoods for couples
- Authentic local music culture hotspots
- Culinary hotspots, live music/entertainment experiences





Retired Active Adventurers

**Older, culturally adventurous,
new seeking, value conscious.**

- Authentic local music culture hotspots
- Guided/self-guided walking & biking scenic tours through cities or towns
- Scenic, undiscovered nature experiences beyond the coast

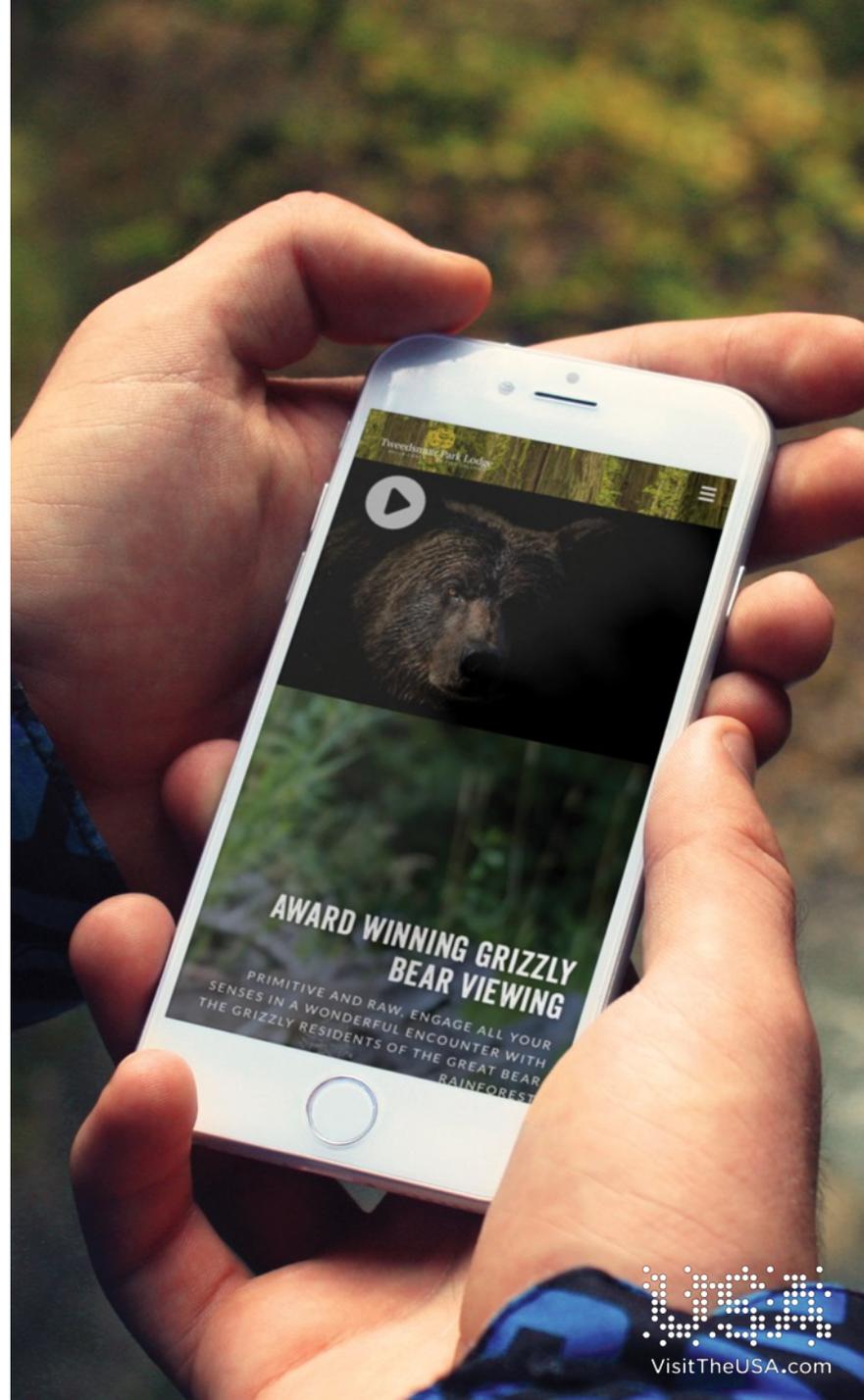




Booking Trends

- Digital technology is reshaping the way we research, book, and experience travel
- Expedia.ca continues to rank #1 for Canadian travelers

Source: CBoC annual summer vacation travel intention survey of 1500 Canadian adults.



Recap



Canadians love to travel and seek new experiences

45% of Canadian travelers have a bucket list, and of that 45%,

82% plan to check at least one destination off of that list in 2018.



Value Conscious

In 2018, Canadians will be looking for destinations that stretch their dollar to the max, with nearly half of them **(47%)** taking the currency exchange into consideration before booking.

Source: Booking.com research





Tech Savvy

29%

of global travelers say they're comfortable letting a computer plan an upcoming trip based on data from their previous travel history. What's more, half of those polled said they don't mind if they deal with a real person or a computer, so long as their questions are answered.



Informed

Precise online searches; such as local experiences, pop culture pilgrimages, wellness vacations, and more.

Source: *Booking.com* research

A scenic view of the Golden Gate Bridge in San Francisco at sunset. The bridge's towers and suspension cables are silhouetted against a warm, orange and yellow sky. The water below is a deep blue, and the surrounding hills are bathed in the soft light of the setting sun.

Mexico Market Travel & Consumer Trends

Denver, CO

May 20th, 2018





About Mexico

124,574,795 people

2nd largest internet user in Latin America after Brazil

21% of the population belong to high class & upper middle class

43.57% of Mexicans have private health insurance

51.8% of the population are between 18-44 years old

48.8% male, **51.2%** female



Largest Metropolitan Areas

- Mexico City: 20.999 million
- Guadalajara: 4,843 million
- Monterrey: 4,513 million
- Puebla: 2,984 million
- Toluca: 2.164 million
- Tijuana: 1,987 million



Population

#11 worldwide population

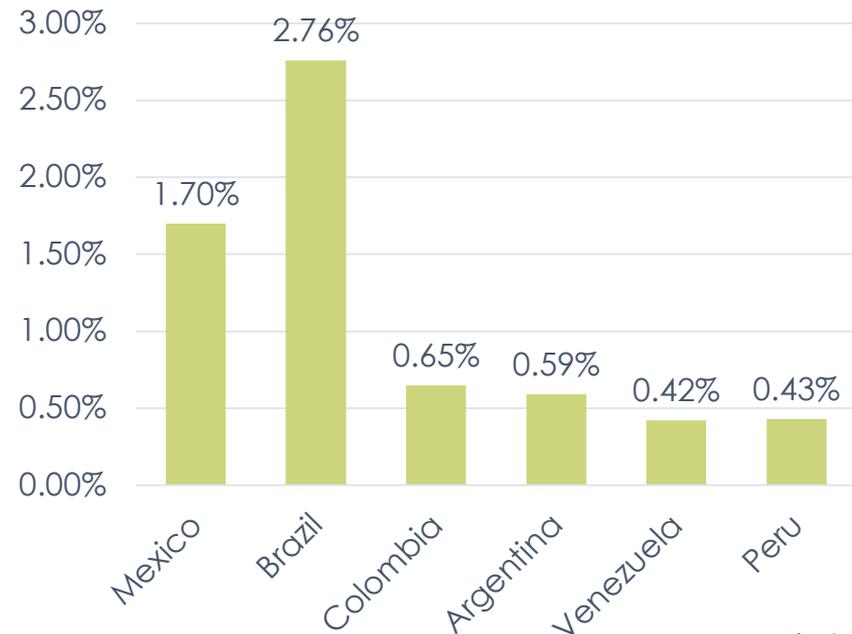
85.28% of the Mexican population is under 50 years old

35% of them are millennials

.....

Most of the population is found in the middle of the country between the states of Jalisco and Veracruz; approximately a quarter of the population lives in and around Mexico City

Mexican Population vs Latam as % of World Population



Source: CIA World Fact book 2018



Economy

\$2.406 trillion GDP- 12th largest in the world

#2 economy in Latam

2.1% GDP real growth rate

\$19,500 GDP—per capita

3.6% unemployment rate

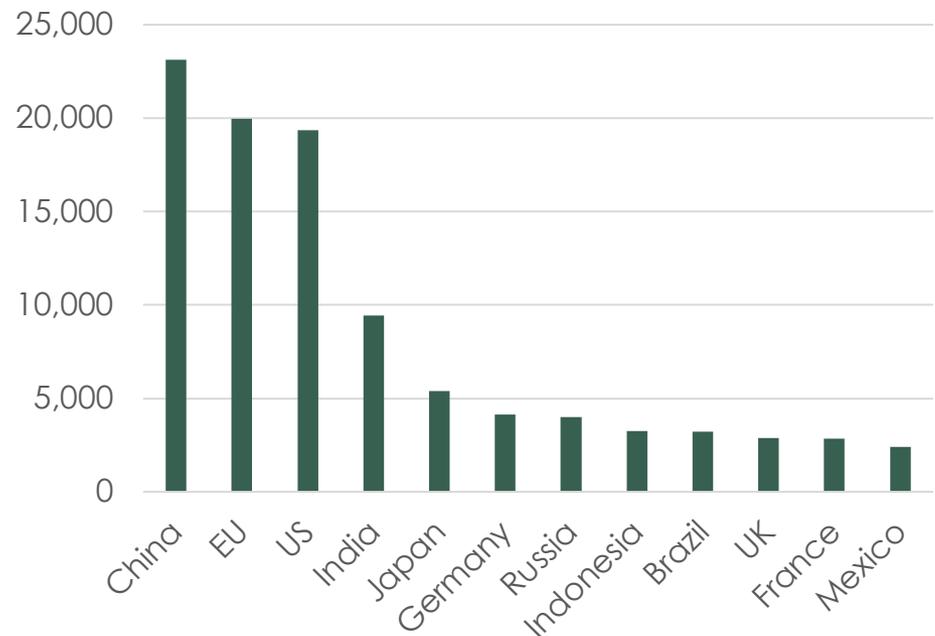
5.9% inflation rate

.....

Mexico has become the U.S.' second-largest export market and third-largest source of imports.

In 2018, Mexico's economy will be vulnerable to uncertainty surrounding the future of NAFTA, and to potential shifts in domestic policies following the starting of a new administration.

GDP based on purchasing power parity (PPP)
Valuation of the world's top 11 economies, in billions of U.S. dollars



Source: CIA World Fact book 2018

Mexico Market Trends



Trend: Increasing Traveling & Increasing Spending

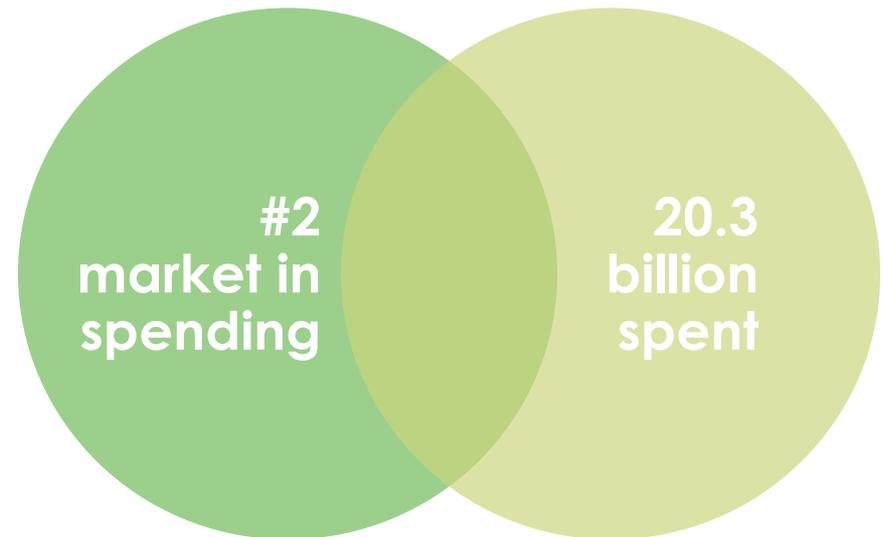
- In 2016, Mexico ranked as the 2nd largest market and sent nearly 19 million visitors to experience the United States
- An increase of 3% and setting a new record for the fourth consecutive year
- In 2017, the USA welcomed an estimated 17.3 million visitors from Mexico
- The NTTO has forecasted a 4% increase for Mexico by 2022

+4%
Visitors
by 2022



2016 Mexican Spending

- Mexican visitors spent \$20.3 billion for their travel to and within the United States
- Mexico ranked 2nd market in spending after China
- While number of Mexican travelers decreased in 2017/16, the average spent per visitor increased



Source: U.S Department of Commerce, ITA; National Travel & Tourism Office, Bureau of Economic Analysis



Mexican Spending

- Mexican travelers spend an average of **\$3,025 US dollars per trip**, which represents **30%** more than the average traveler worldwide
- Mexicans are **very reliant on both cash and card** as the main mode of payment both during the booking stage and at the destination
- **Specialty apparel is #1 category with 26%**, followed by discount / mass / drug stores with 12%, supermarkets 11%, dining 8%, specialty retail / gifts / ho / department stores 7%
- Mexican travelers spend most of their budget at **medium / large retailers** and casual restaurants
- They prefer to use cash for **tourism attractions, tours, and local transportation**



Historic Air Connectivity

USA

[VisitTheUSA.com](https://www.visittheusa.com)

Brand USA



Increase of 10% seat capacity between both nations

- More frequencies
- New routes
- New gateway cities
- New airlines

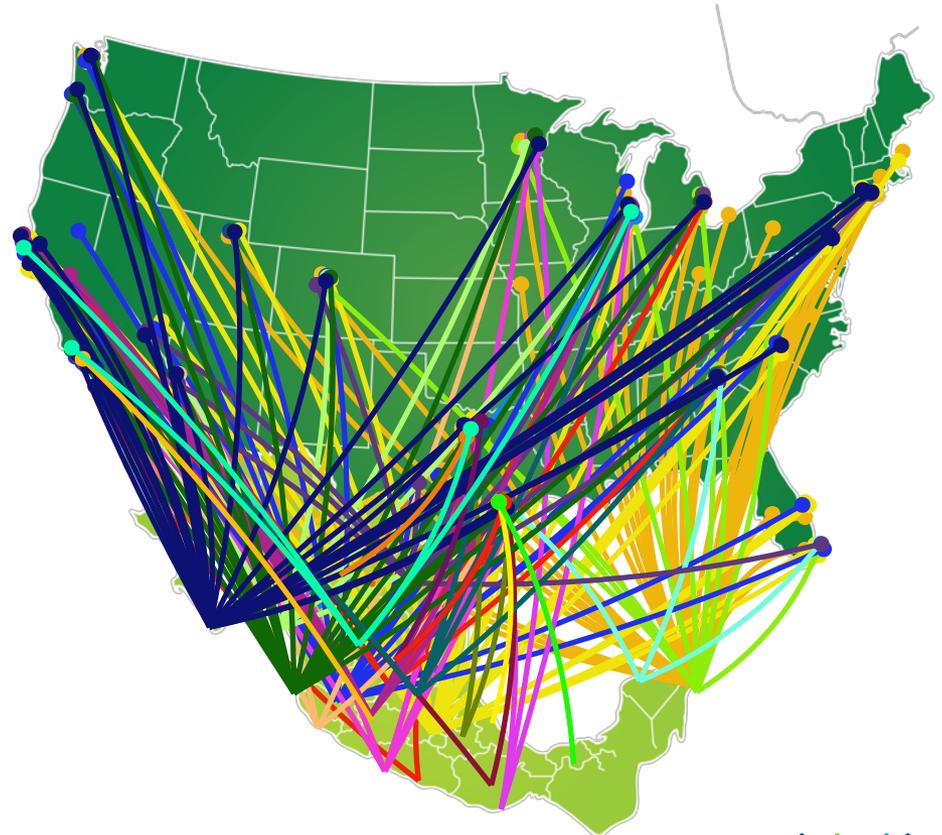


Source: Transport Canada



Mexico Gateway Cities

- Acapulco
- Aguascalientes
- Cabo San Lucas
- Cancun
- Chihuahua
- Ciudad Victoria
- Colima
- Cozumel
- Durango
- Guadalajara
- Huatulco
- Hermosillo
- Ixtapa- Zihuatanejo
- Lazaro Cardenas
- Leon/Guanajuato
- Manzanillo
- Mazatlan
- Merida
- Mexico City
- Monterrey
- Morelia
- Oaxaca
- Piedras Negras
- Puebla
- Puerto Escondido
- Puerto Vallarta
- Queretaro
- San Luis Potosí
- San Jose del Cabo
- Tampico
- Tepic
- Veracruz
- Villahermosa



Source: Transport Canada



U.S. Gateway Cities

- Houston
- Los Angeles
- Detroit
- Chicago
- Sacramento
- San Jose
- Dallas
- Fresno
- San Francisco
- Atlanta
- Las Vegas
- Phoenix
- Ontario
- Oakland
- Portland
- New York
- Salt Lake City
- Miami
- San Antonio
- Seattle
- Denver
- Orlando
- Reno
- Austin
- Milwaukee
- Newark
- Minneapolis
- Baltimore
- Philadelphia
- Nashville
- Kansas City
- Raleigh/Durham
- Pittsburgh
- New Orleans
- Cleveland
- Indianapolis
- St. Louis
- Port Columbus
- Cincinnati
- Hartford
- Tampa
- Sacramento
- Boston



Source: Transport Canada

A person is seen from behind, swinging on a swing set. The swing set is positioned on a rocky shore. In the background, the Golden Gate Bridge spans across the water, with the city skyline visible in the distance. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The overall scene is serene and scenic.

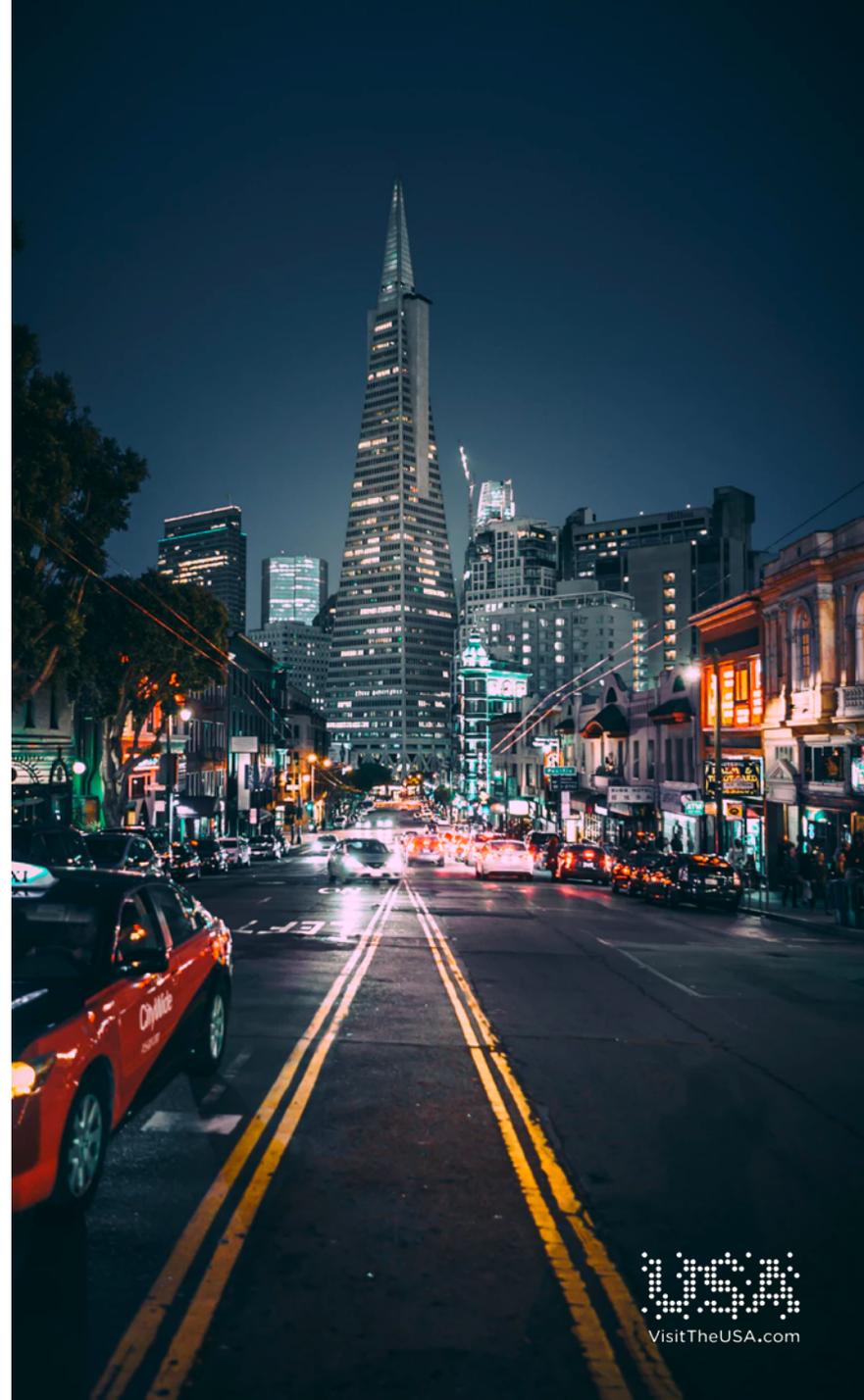
Mexico Consumer Trends



Market Trends

- Mexico is **the largest consumer of video** in Latin America
- **By 2020** Mexicans will grow from having 78 million (2016) smartphones to **90.7 million**
- Digital marketing is considerably increasing; the forecast states that it will increase **by 50% over previous years**
- Marketers in Mexico allocate 50% into **event marketing** as a source of creating “**storytelling**” and “**client interaction and experiences**”
- 70% of brand engagement comes from **working with influencers**

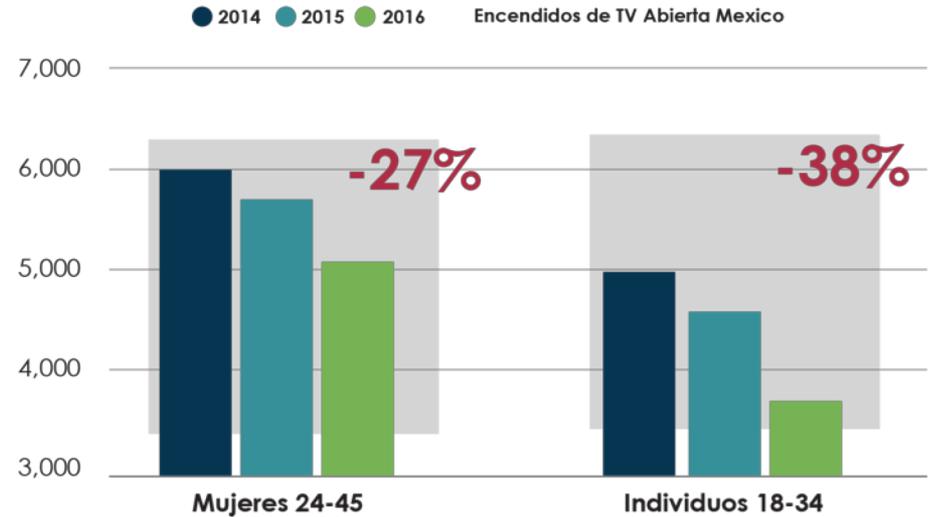
Source: ComScore, EIEconomista





Fact 1: TV Audiences are Shrinking

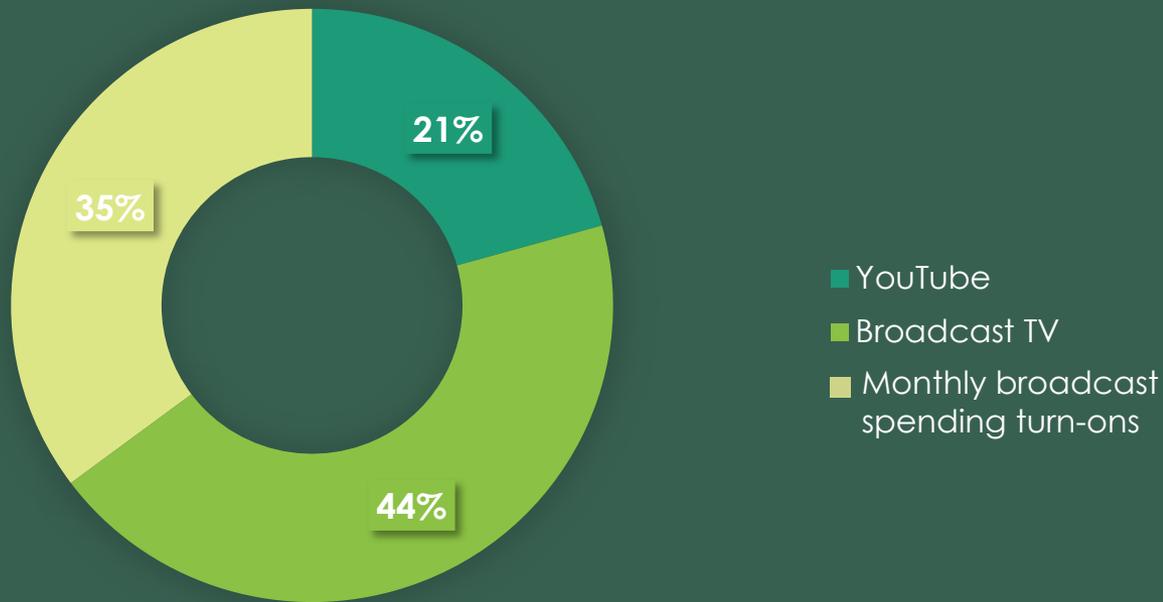
- **-3 million of** TV viewers in less than last 2 years
- More than **25% of women and millennials** have stopped turning on broadcast TV since 2014



Source: NIELSEN MSS



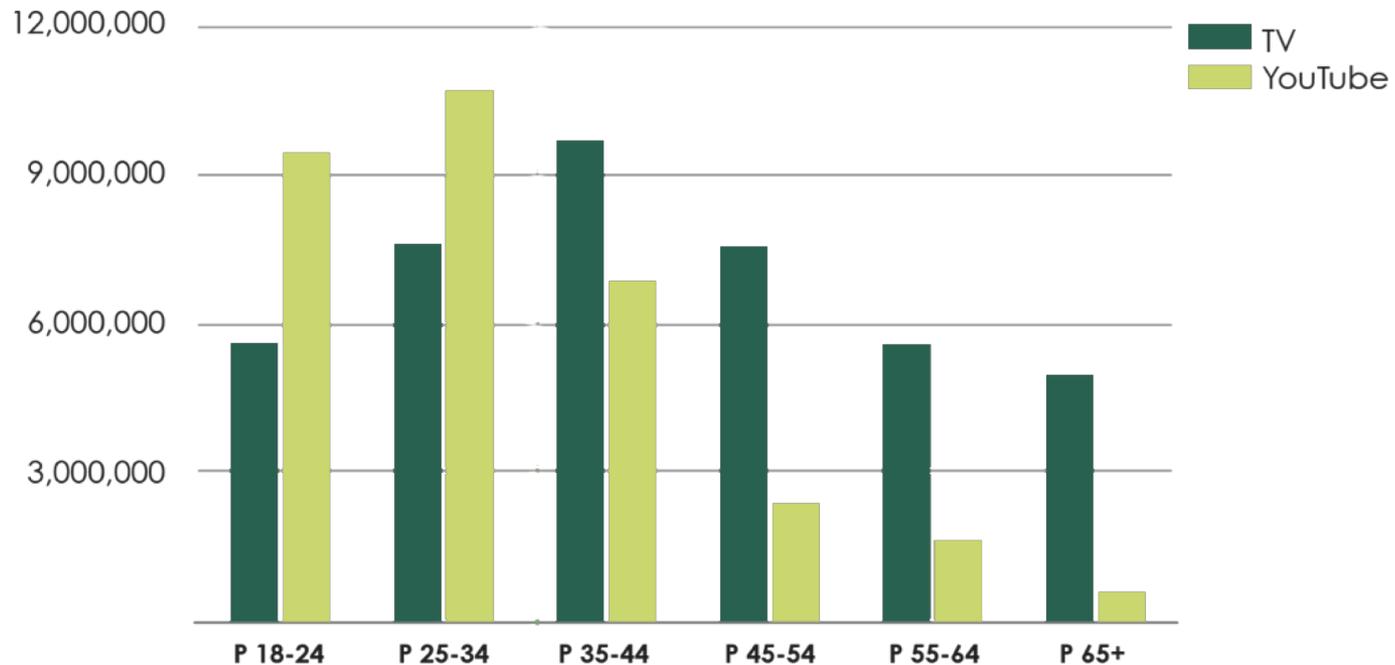
Fact 2: YouTube has Massive Reach



Source: MSS, IBOPE



Fact 3: YouTube is Capturing the Attention of Millennials



Source: MSS, IBOPE



Trend: Integration of Tech for Travel Journey

- 77% Mexican travelers **will prefer the use of technology** to plan their holidays
- 33% Mexican travelers say that they feel comfortable if **a computer organizes their trips based on their past travels**
- 77% Mexican travelers **would like to use vr** before booking their next holidays
- 71% Mexican travelers said that **otas personalized suggestions are very important** when they decide to book
- 72% of Mexican travelers **will use more travel apps**
- They share their travel **experiences via social media across all age groups**; young millennials also share memories on **Instagram**



The Trip Planning Flow



Mobile users lead travel sector in Mexico



Trend: Online Travel and Booking

53%

airlines

31%

online
travel agency

23%

personal
recommendation

16%

national/state/
city travel office

15%

corporate
travel dept.

10%

travel
agency office

5%

travel guides

4%

tour operator/
travel club

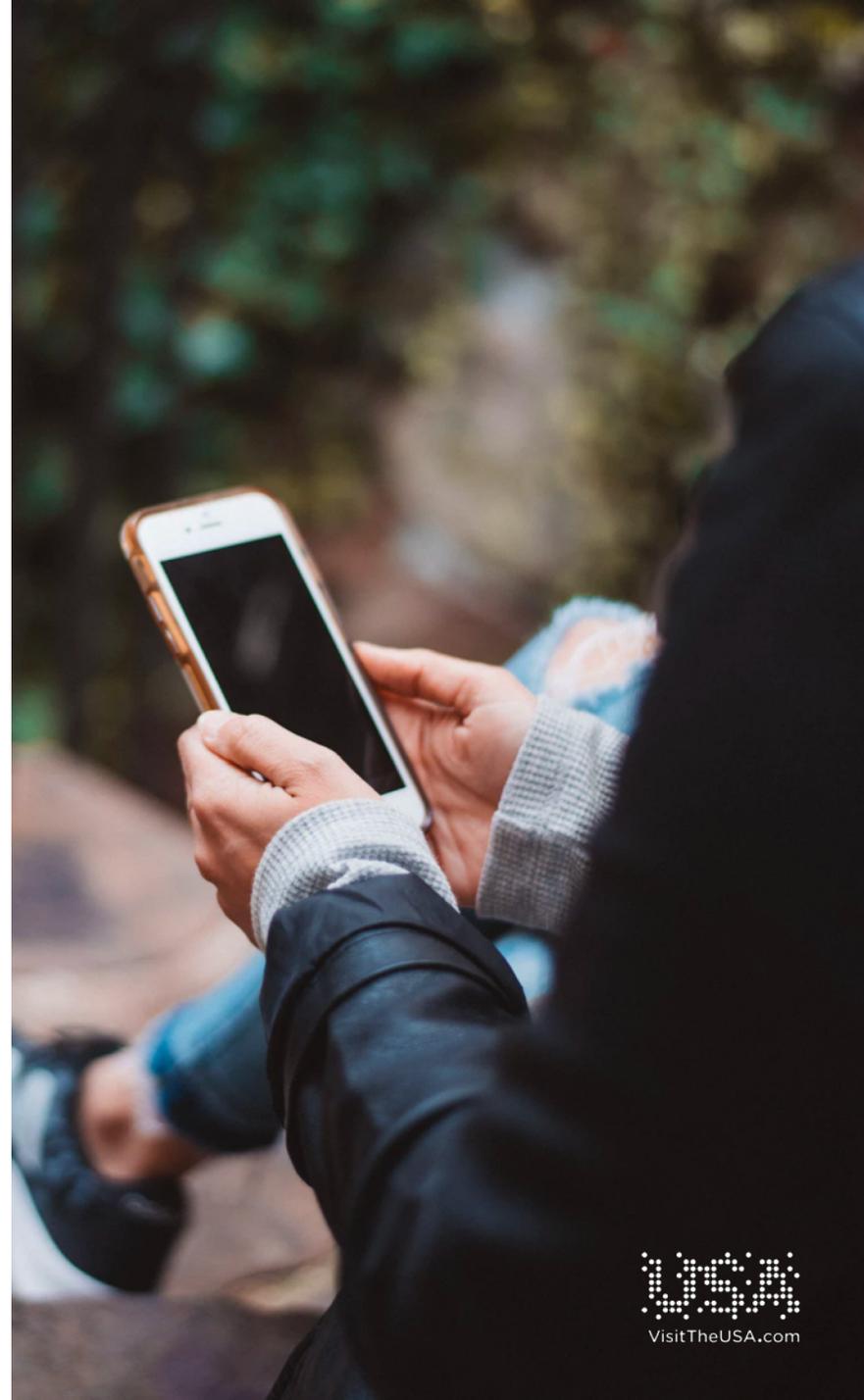
Source: Booking.com research



Top 10 Online Booking Sites

- 1.**
Best Day Travel
- 2.**
Despegar.com
- 3.**
Price Travel
- 4.**
Expedia
- 5.**
Booking.com
- 6.**
Almundo
- 7.**
American Express
- 8.**
Mundo Joven
- 9.**
Carlson Wagonlit
- 10.**
BTI – Business Travel International

Source: Euromonitor International





Promote Regional Travel

10.8 = length of
nights in 2016 stay in USA

11%
1st-time us

decision timing

less than **=** trip
2 months decision

41 = airline
days booking

89%
visited only 1 state

1.5 = average # of
destinations visited



1.5
people-travel
party size

39
average age:
female
(among adults)

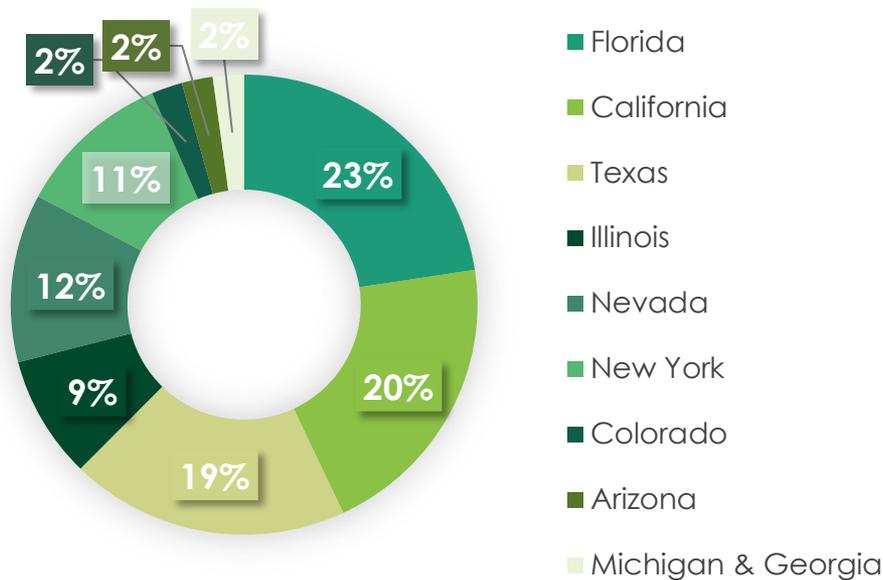
40
average age:
male
(among adults)

Source: U.S Department of Commerce, ITA; National Travel & Tourism
Office, Bureau of Economic Analysis

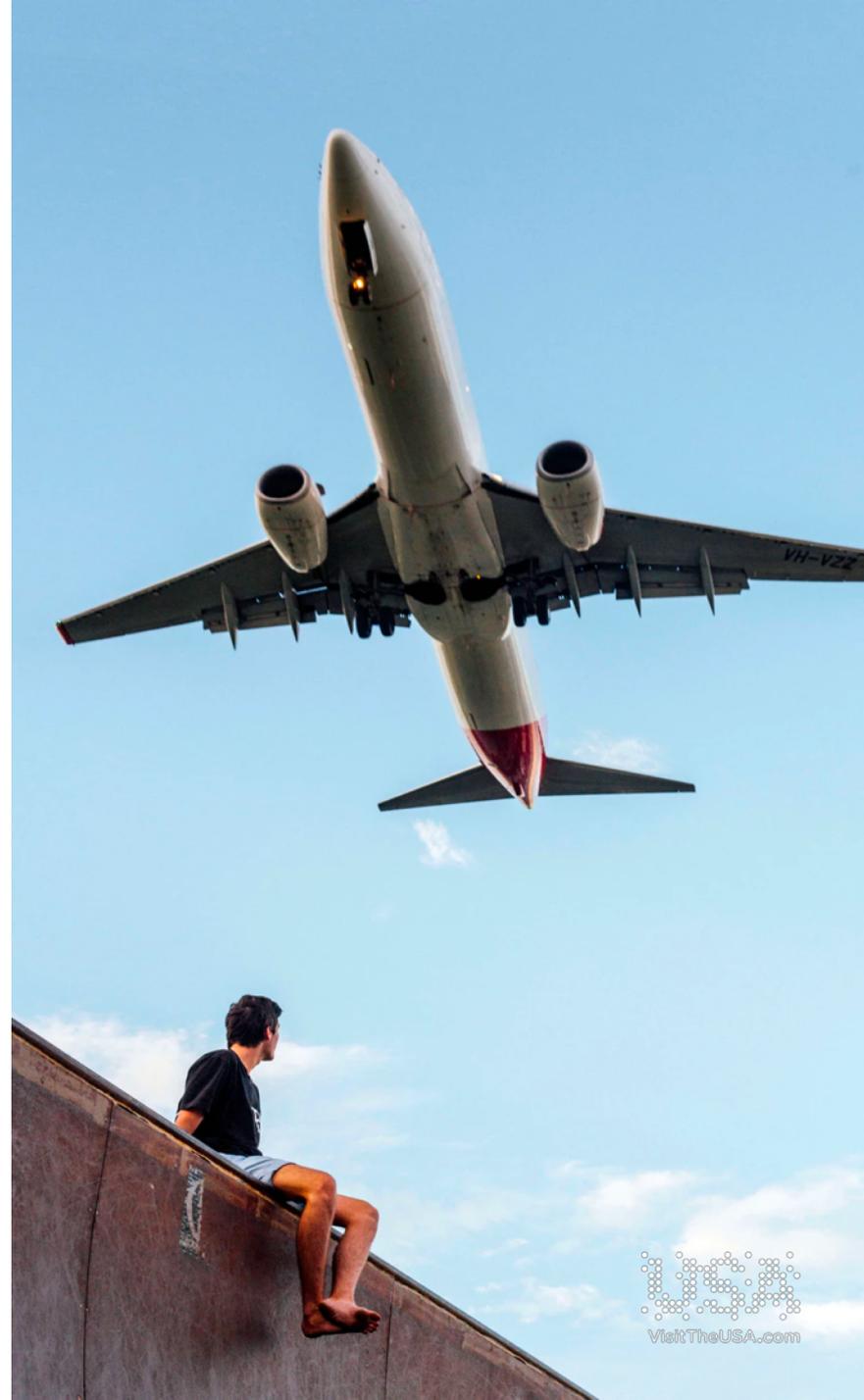




Destination Promotion + Airlines



* Only states with at least 2% market share are shown





Destination Promotion + Airlines

12%

Los Angeles

11%

Miami

11%

Houston

11%

Las Vegas

10%

New York City

9%

Orlando

8%

Chicago

4%

Dallas

4%

San Antonio
& San Francisco

3%

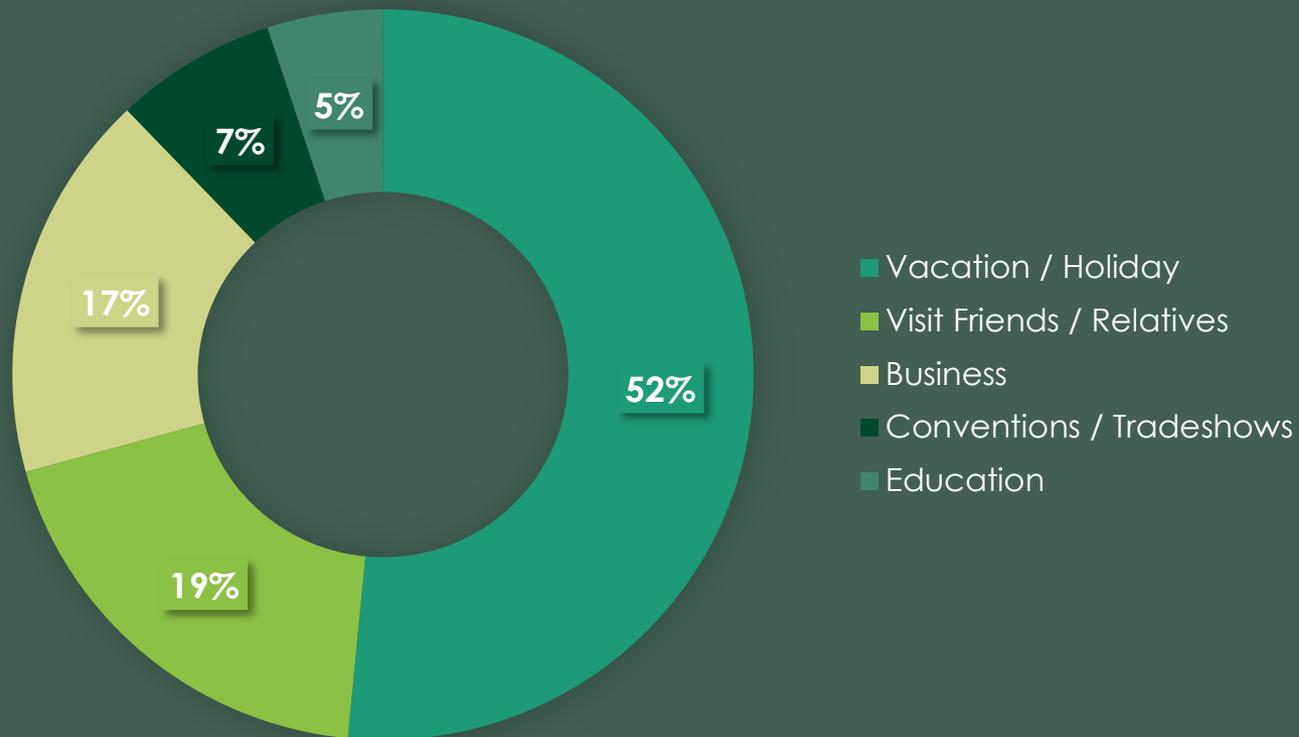
Anaheim
& Washington, DC

** Only states with at least 2% market share are shown*





Reasons for Traveling



Source: CIA World Fact book 2018, INEGI, ComScore



Promote Experiences

83%

shopping

63%

sightseeing

27%

amusement/
theme parks

27%

art gallery/
museum

26%

experience
fine dining

24%

national parks/
monuments

19%

nightclubbing/
dancing

18%

historical
locations

16%

concert/ play/
musical

Source: U.S Department of Commerce, ITA; National Travel & Tourism Office, Bureau of Economic Analysis



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Gracias



China Market Update

May 2018

HOLLYWOOD





China Market Size

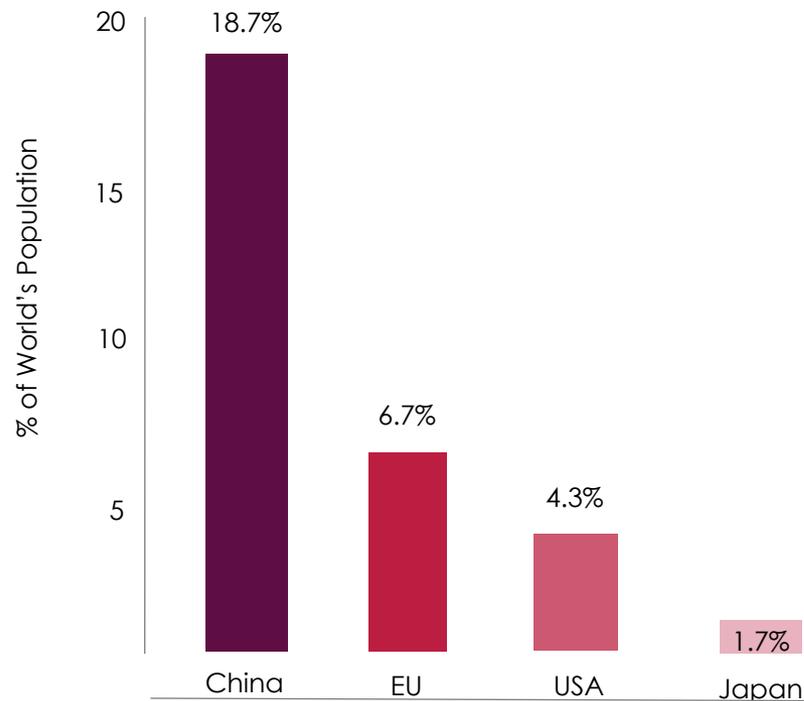
China's population of **1.47 billion** represents:

- **18.7%** of the world's population
- **2x** the adult population of the USA's top 10 inbound markets combined, after removing India
- **3x** the population of the entire EU
- **20x** the adult population of the UK

This population is:

- rapidly urbanizing – soaring from **26%** urban in 1990 to **58%** urban today
- rapidly growing – China added the entire adult population of Australia in the last 5 years
- seeing its spending power soar each year

China's population vs. other major economies, as a percentage of the world's population



Source(s): Brand USA China research; CIA World Fact Book

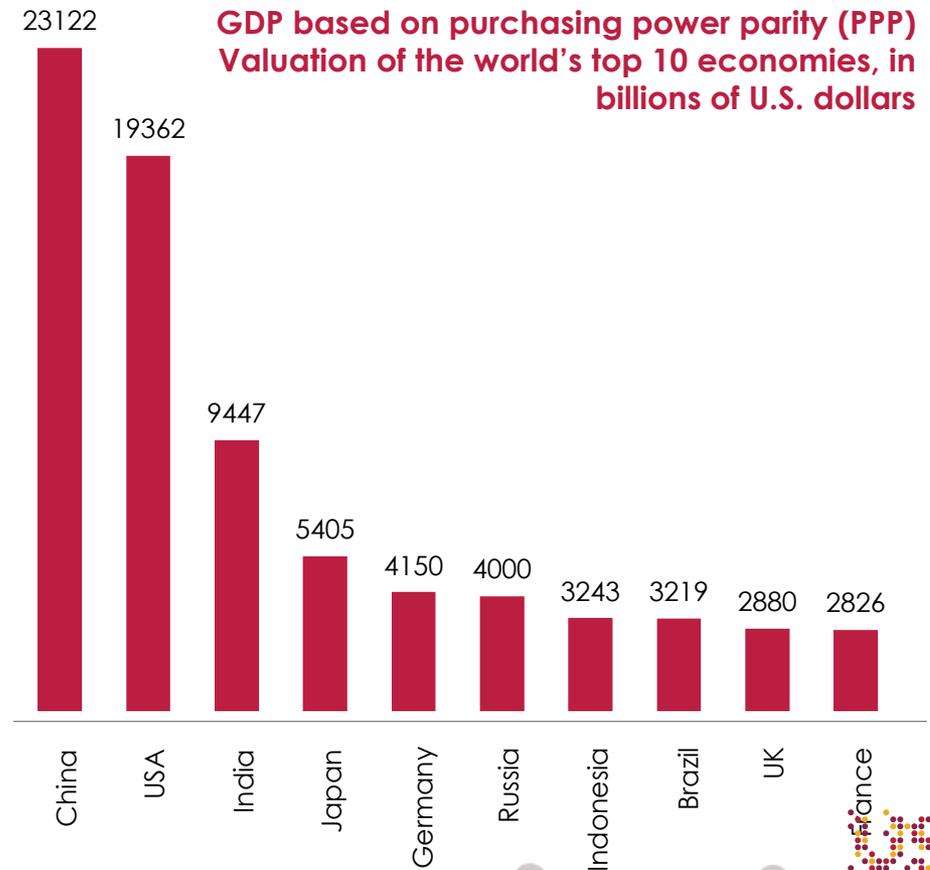


Size of China's Economy

China's GDP is greater than the combined GDPs of:

- India (#3)
- Japan (#4)
- Germany (#5)
- Russia (#6)

China's economy is **20%** greater than that of the United States (#2) on a Purchasing Power Parity (PPP basis)

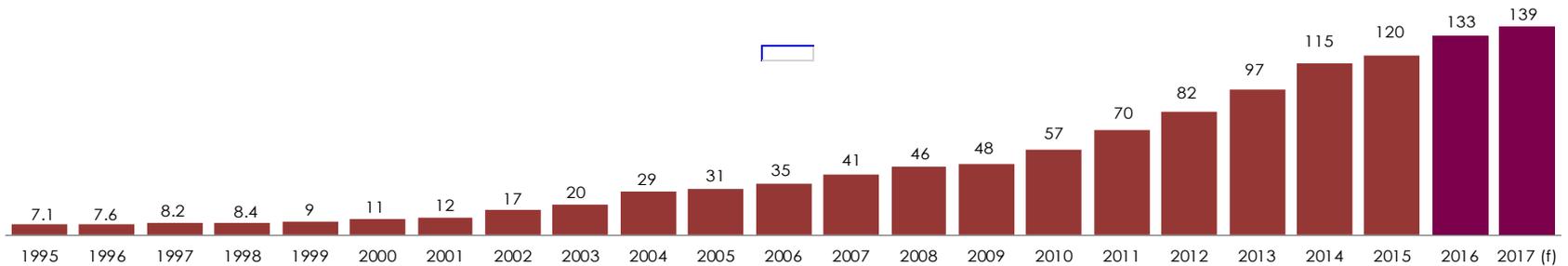




China Outbound Travel

CHINESE OUTBOUND TRAVELERS IN MILLIONS

“2016 marked the end of the Golden Decade for outbound tourism”



Source(s): Brand USA China research; CNTA; Travel China Guide



Chinese Travel Spend

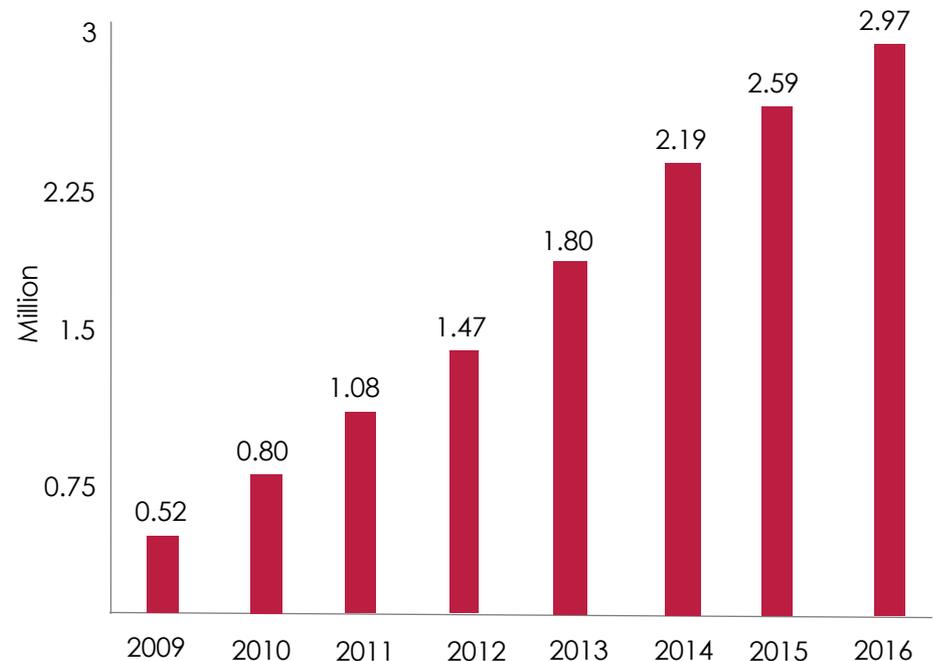
- **2012:** China became the world's #1 spending market on travel
- **2013:** Chinese spending soared 24%; widening the gap with the world's #2 and #3 highest spending travel markets (USA and Germany)
- **2014:** Chinese spending on travel soared 27% in one year, accounting for nearly 20% of global travel spend
- **2015:** Chinese spending on travel continued to soar 23%; 48% of outbound Chinese indicated they planned to increase travel spending
- **2016:** China overtakes the USA as the #1 business travel market
- **2017:** Chinese spending on travel reaches new high of \$266 billion - drop in shopping spend, increase in experiences and culture demand
- **2020:** Chinese spending on travel forecast to reach \$429 billion



Chinese Travel to the USA

- **2009:** half a million Chinese visitors
- **2010:** up 53%
- **2011:** pass the million mark for 1st time
- **2012:** 30%+ increase
- **2013 & 2014:** growth still above 20%
- **2015:** first time growth dips below 20%
- **2016:** end of Golden Decade of growth
- **2017:** USA ranks #1 in intention to travel

NUMBER OF CHINESE TRAVELERS TO THE USA



Source: Booking.com research



Chinese Airlift: U.S. Gateways

16 U.S. NON-STOP GATEWAYS TO CHINA

- Los Angeles
- San Francisco
- New York
- Honolulu
- Seattle
- Washington D.C.
- Boston
- Las Vegas
- Chicago
- Houston
- Dallas
- Detroit
- San Jose
- Saipan
- Guam
- Atlanta (New Delta non-stop summer 2018)

Current annual seat capacity between the USA and China stands at 5.1 million regularly-scheduled seats, a capacity jump of over 500,000 seats in the last 6 months alone.

Source(s): Brand USA China research



Chinese Airlift: China Gateways

17 CHINA NON-STOP GATEWAYS TO THE USA

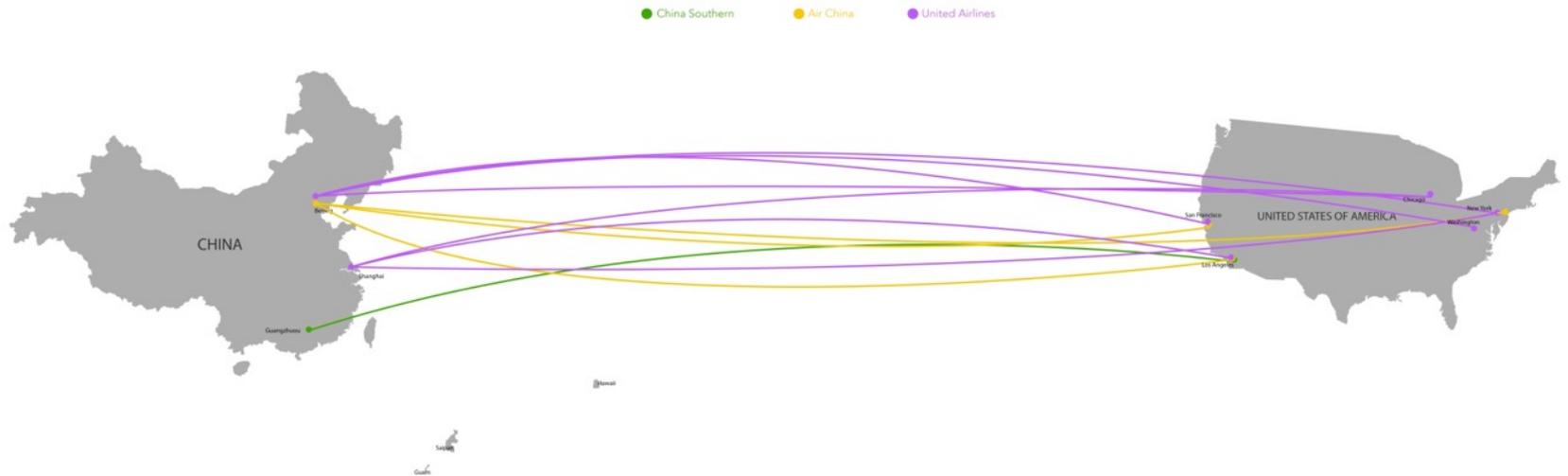
China has 206 airports and is now building another 66 major new airports – a 32% increase in number of airports in China in just the coming 5 years.

- Beijing
- Shanghai
- Guangzhou
- Chengdu
- Wuhan
- Nanjing
- Xian
- Hangzhou
- Changsha
- Shenyang
- Shenzhen
- Qingdao
- Fuzhou
- Chongqing
- Jinan
- Tianjin
- Zhengzhou (New 2018))



Chinese Airlift: 2010 Routes

Direct Flights Between China and USA - 2010

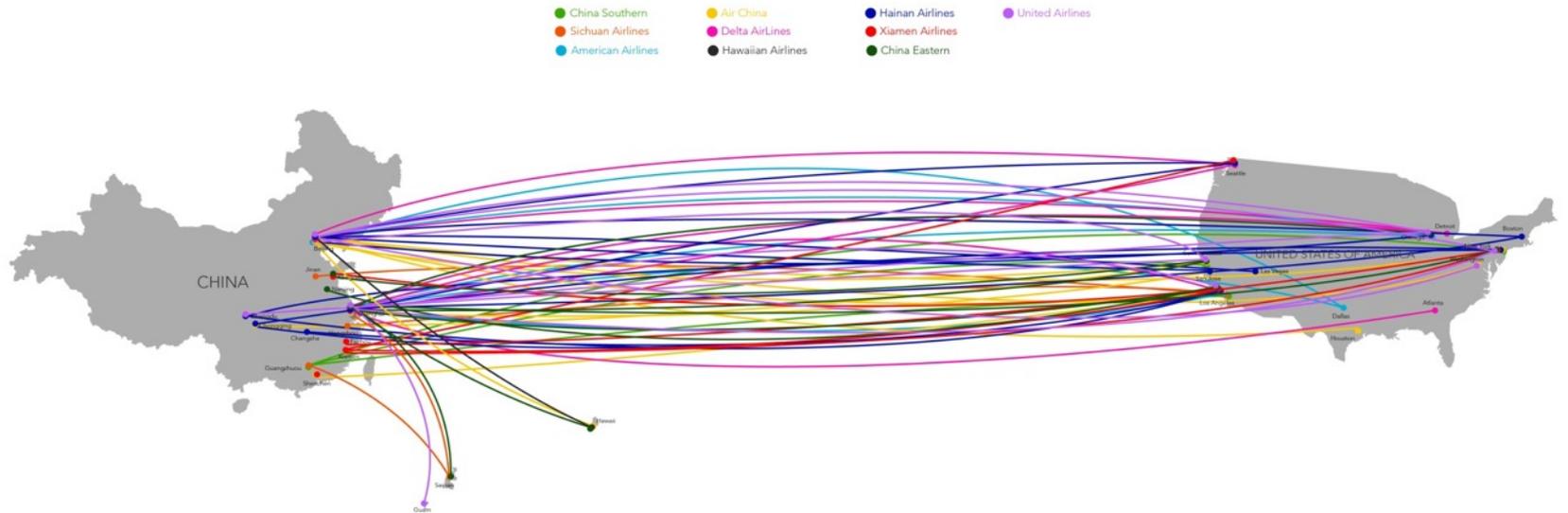


Source(s): Brand USA China research



Chinese Airlift: 2017 Routes

Direct Flights Between China and USA - 2017



Source(s): Brand USA China research

China Market Trends



Trend 1: Online Bookings

- 20% growth in online purchases of travel in 2017
- Over \$800 billion in tourism products bought online in China 2017
- Online tools are key in both destination selection and actual booking
- Online platforms are the China outbound travel purchasing channels of the future

Source(s): Brand USA China research; C-trip





Trend 2: OTAs Dominating

- 2018 Chinese New Year OTA bookings up 60% v. overall outbound market up 10%
- 3 OTAs dominate: C-Trip, Qunar and Tuniu, over 80% of China's OTA sector
- Air tickets (#2 after OTA booking) and accommodations (#3) are increasingly being booked on service providers' websites directly
- 'Fly & Drive' and car rental are soaring in popularity

Source(s): Brand USA China research; C-trip; Agencies



Trend 3: Emerging OTAs

- **Zuzuche** now dominates the online car rental market, going from 200,000 bookings to 4 million U.S. car rental bookings in less than 3 years
- **Fliggy**, the online travel brand of e-commerce giant Alibaba, has gone from zero to 200 million users in less than 3 years and is now a key partner for many destinations
- **Mafengwo**, the “TripAdvisor” of China launched in 2010 originally as a social travel website/blog, has now transformed itself into a travel booking app which is key to reach Chinese FITs



Source(s): Brand USA China research; Zuzuche; Fliggy; Mafengwo; China Daily



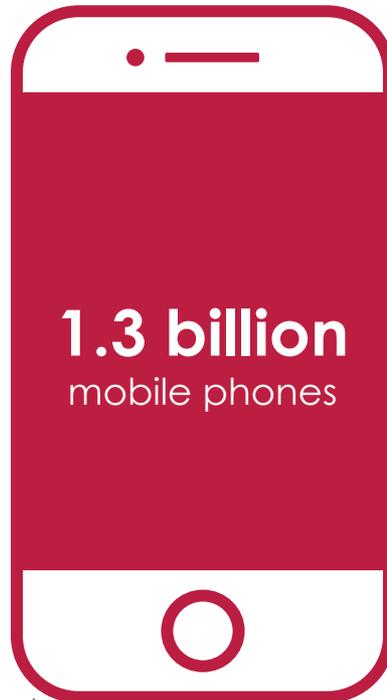
Trend 4: Shift to Mobile

Mobile Internet: **685 million** users use their mobile to access the internet; **50%+ 4G**

Mobile payment: **87%** of Chinese consumers in China used mobile payments in 2017 - Up from **69%** in 2016

Dominant channel: media and entertainment in China are now primarily consumed on mobile

TV: **71%** of Chinese watch TV on mobile several times a day - **27%** in the US



News: phone-based news apps have become the **#1** source of information for Chinese social media is now the **#2** source of information

Travel search & planning: over half of destination search & planning is done on mobile

Bookings: **72%** of online bookings on top 5 OTAs are done directly via mobile, and **81%** of online hotel bookings are made on mobile

Booking apps: OTAs lead the way, with traditional TO/TAs playing catch up



VisitTheUSA.com



Trend 5: Booming FIT

- Growing **10-20%** per year, outperforming China's overall outbound market
- In certain states, FIT represents **40%** of China travel and rapidly rising
- Semi-FIT (air/hotel packages) represents an additional **40%** of the market

Source(s): Tencent; China Internet Watch





Trend 6: Beyond the Gateways Soaring

Converging factors: Increased Chinese traveler sophistication, increased disposable income, and increased frequency of travel to the USA means Chinese travelers are no longer satisfied with cookie-cutter itineraries and are now rapidly going beyond the gateways

Been there done that, no more: Much like in the West, social pressure pushes sophisticated Chinese to “one up” their peers and classic itineraries/destinations are no longer enough

Attractive to the trade: High-end Chinese travelers are less price sensitive– the higher margins of tailor-made travel beyond the U.S. gateways are highly attractive to the Chinese travel trade who are happy to develop tailor-made itineraries

Opportunities for lesser known destinations: The tailor-made itineraries trend is a major opportunity for lesser-known destinations and attractions to boost Chinese business





Trend 7: Booming Luxury Market

- **Booming Chinese middle & upper class:** is translating to booming luxury travel
- **Demanding exclusive travel:** 5 & 6-star hotels, limos, helicopter transfers, private tours
- **New luxury travel agents:** all major Chinese tour operators have created luxury travel subsidiaries
- **Meituan:** in less than 2 years, went from a group buying site to China's dominant luxury hotel online booking site, recording a **300%** increase in bookings in 2017

Source(s): Brand USA China research; Meituan, Jing Daily





Trend 8: Family Travel Soaring

END OF ONE-CHILD POLICY RESHAPING CHINA'S TRAVEL INDUSTRY

- The end of China's one-child policy resulted in **8.83 million** newborn second children in 2017 (1/4 of the entire population of Canada)
- **51%** of all babies born in 2017 were 2nd children for the first time ever in China's history
- 3-generation travel (boomers, millennials, babies) booming
- 1/4 of Chinese millennials plan to travel with their parents and their children
- Even with children, **58%** of Chinese travelers choose "fly & drive" options
- Educational tourism (families with college-age children) soaring
- Theme park visitation with younger children benefiting from the trend

Source(s): Brand USA China research; China Daily



Trend 9: Rise of Tier 2 Markets

TIER 1 GATEWAYS

Five years ago, there were only 3 cities in mainland China with direct non-stop flights to the USA: Beijing, Shanghai, and Guangzhou.

TIER 2 GATEWAYS

- Greater China now has 16 gateways with direct non-stop flights to the USA
- China has 100 cities with a population of over 1 million – compared to just 10 in the USA
- China's future growth in outbound travel will come from these tier 2 markets
- This requires a 2-tier strategy to the China market:
 - One targeting increasingly sophisticated FITs in tier 1 cities, and
 - A second parallel strategy targeting first time long-haul group travelers from China's tier 2 cities

Source(s): Brand USA China research; China Daily



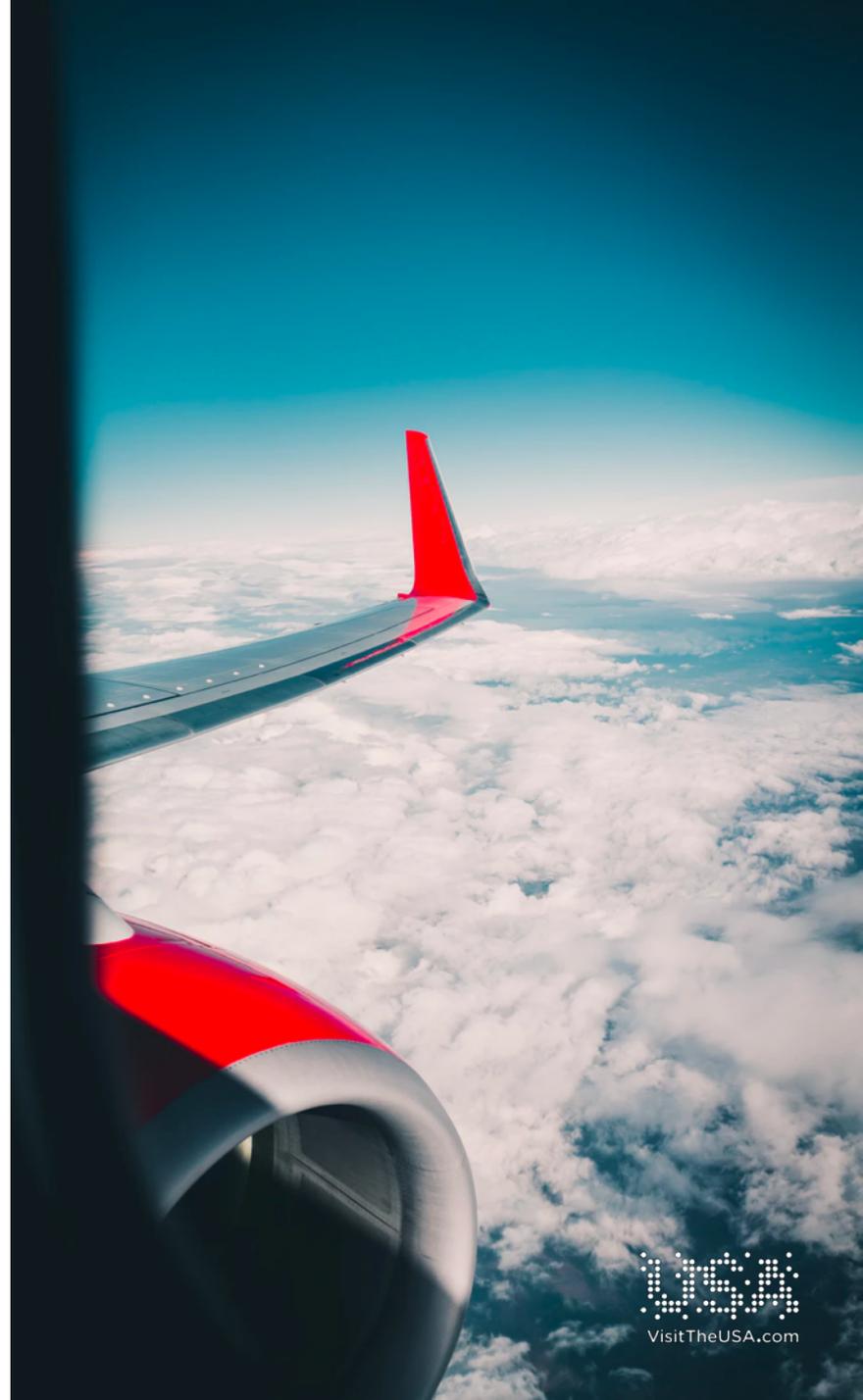
Trend 10: China Airport Growth

AIRPORT GROWTH: Between 2006 and 2016, six of the world's top 10 fastest growing airports were in China

CASE STUDY: Tianjin grew from **2.7 million to 16.8 million** passengers during the decade

NEW AIRPORT CONSTRUCTION: China has 206 airports and is now building another 66 new airports → a 32% increase in number of airports in China in the coming 4 years

Source(s): Brand USA China research; Civil Aviation Authority of China



Brand USA in China





4 Offices with 10 PR & Travel Trade Marketing Officers

Beijing

Covering North China: market size -- 200 million

Shanghai

Covering East China: market size -- 350 million

Guangzhou

Covering South China: market size -- 200 million

Chengdu

Covering West & Central China: market size -- 545 million





James Huang

Regional Director

Oversees / advises on:

- China International Rep firms
- Travel Trade
- Partner Programs
- USG Relationship
- Consumer Agencies
- Public Relations

Source(s): Brand USA China research



Xie Xie!



India Market Trends

May 20th 2018





Growth Potential

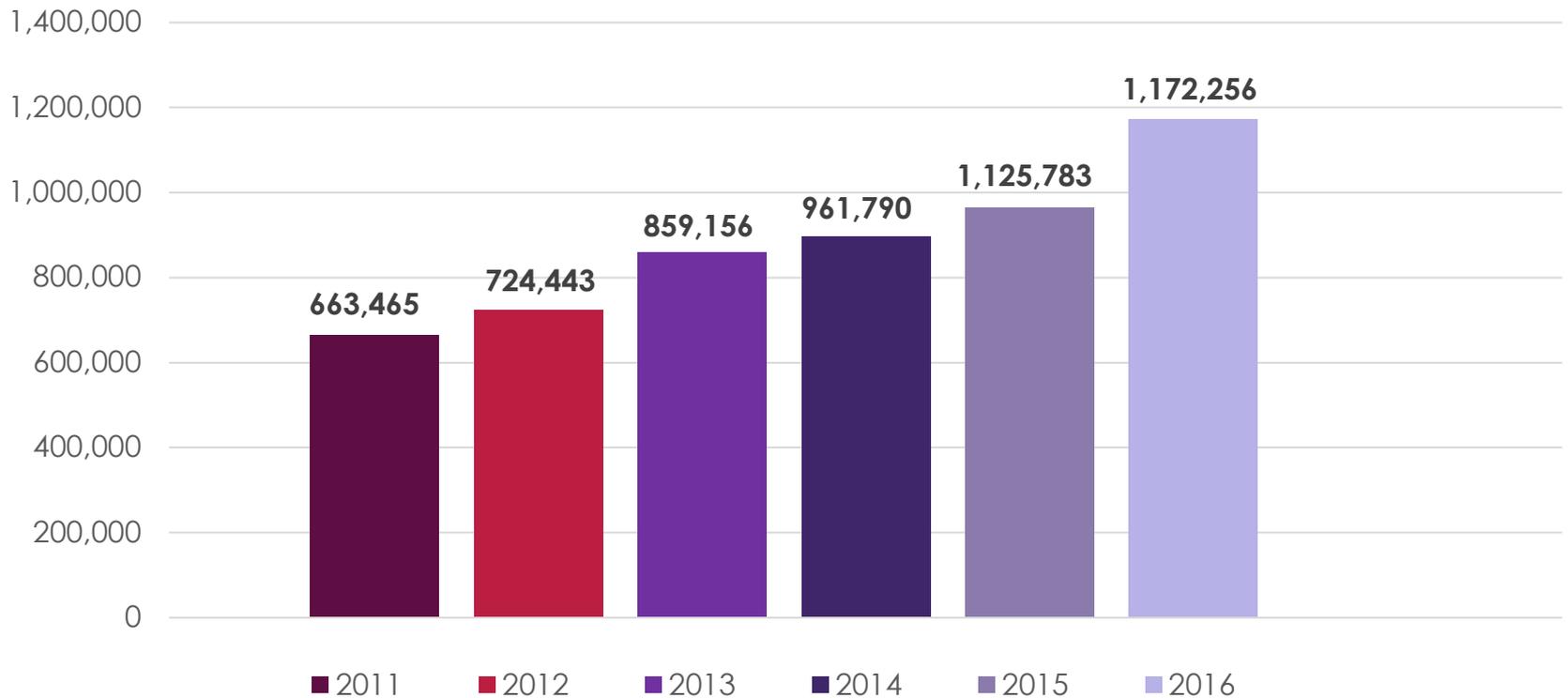
- **1.3 billion** population
- **Over 60** cities with million+ population
- Fastest growing economy in the world
- Third largest economy by 2025
- Youngest population globally - **Over 700 million** people under 32
- Regional Diversity (North/South/East/West India)
- **22** official languages, English widely spoken
- Growing middle and affluent classes



Source(s): Brand USA China research; CIA World Fact Book



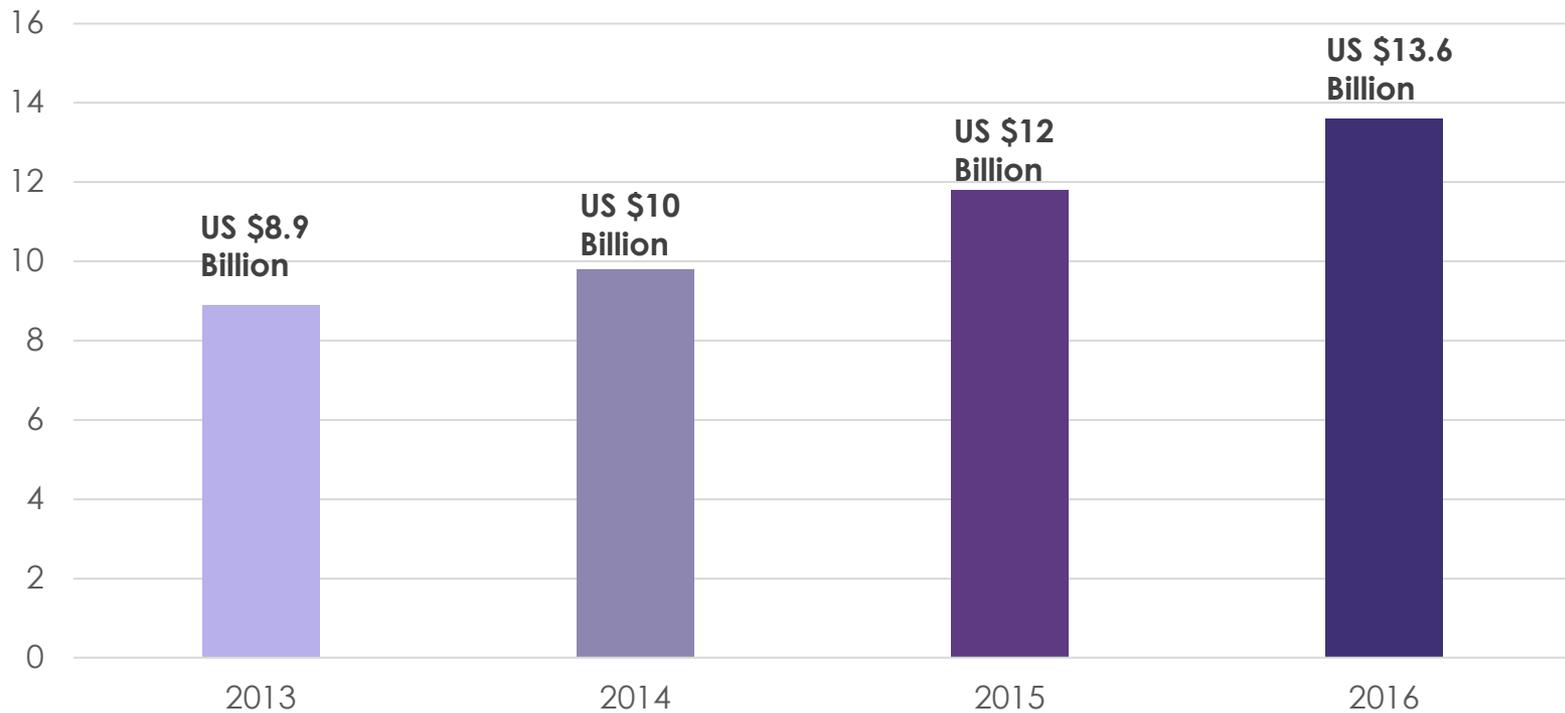
Indian Arrivals into the USA



Source : U.S. Department of Commerce National Travel and Tourism Office.



Money Spent by Indian Travelers in the USA



Source : U.S. Department of Commerce National Travel and Tourism Office.



Indian Traveler Profile

- Millennials
- Families
- Luxury
- Honeymoon & Couples
- Outdoor / Adventure
- Special Interest - Solo Travel/Culinary/Events
- Cruise
- Students
- VFR





Main Holiday Season

April - July:

- Summer Holidays
- School Vacations

October - November:

- Diwali/Dussehra
- Fall Holidays

December:

- Christmas/New Year
- Winter Holidays



Consumer Trends

- India's outbound market estimated to be 50 million by 2020
- Growth in all segments– FIT, Special interest & MICE with FIT growing the fastest.
- High spenders / Growth in Affluence
- Millennials– adventure, self drives, sports, events and entertainment
- Baby Boomers / Solo Travelers





Consumer Trends

- Websites & Social media rank high as travel influencers
- Shorter duration trips, and willingness to extend duration of a holiday
- Growing demand for free & easy itineraries
- Leisure
- Local Experiential



Digital Trends



Facebook

Largest, 250 million active users



Twitter

40 million with 79% accessing it on mobile



LinkedIn

Crossed 42 million users, a growth of 40% compared over the last two years



Instagram

52 million active users

Unique mobile users: 844 million

The total mobile users in the country stood at 1.185 billion in Q3 2017



Increasing Airline Lift

Most of the traffic between India and the US travels via an intermediate hub, only 8/6% of India-US traffic is non-stop

Via Atlantic

British Airways → 49 Weekly Flights → 26 US cities

Lufthansa Airlines → 48 Weekly Flights → 18 US cities

Jet Airways → 147 Weekly Flights → Amsterdam, Paris , London, Abu Dhabi → Delta/ Etihad

Virgin Atlantic → 7 Weekly Flights → 13 US cities

Alitalia → 7 Weekly Flights → 5 US cities

Directly to USA

Air India → 33 Weekly Flights → 5 US cities in the USA

United Airlines → 14 Weekly Flights → Newark

Source: Booking.com research



Increasing Airline Lift

At the Indian end 50% of O-D traffic is ticketed to/from Delhi or Mumbai

Via Pacific

Cathay Pacific → 48 Weekly Flights → 6 US cities

Singapore Airlines → 99 Weekly Flights → 4 US cities

Via Gulf

Emirates Airlines → 176 Weekly Flights → 11 US cities

Etihad Airways → 172 Weekly Flights → 4 US cities

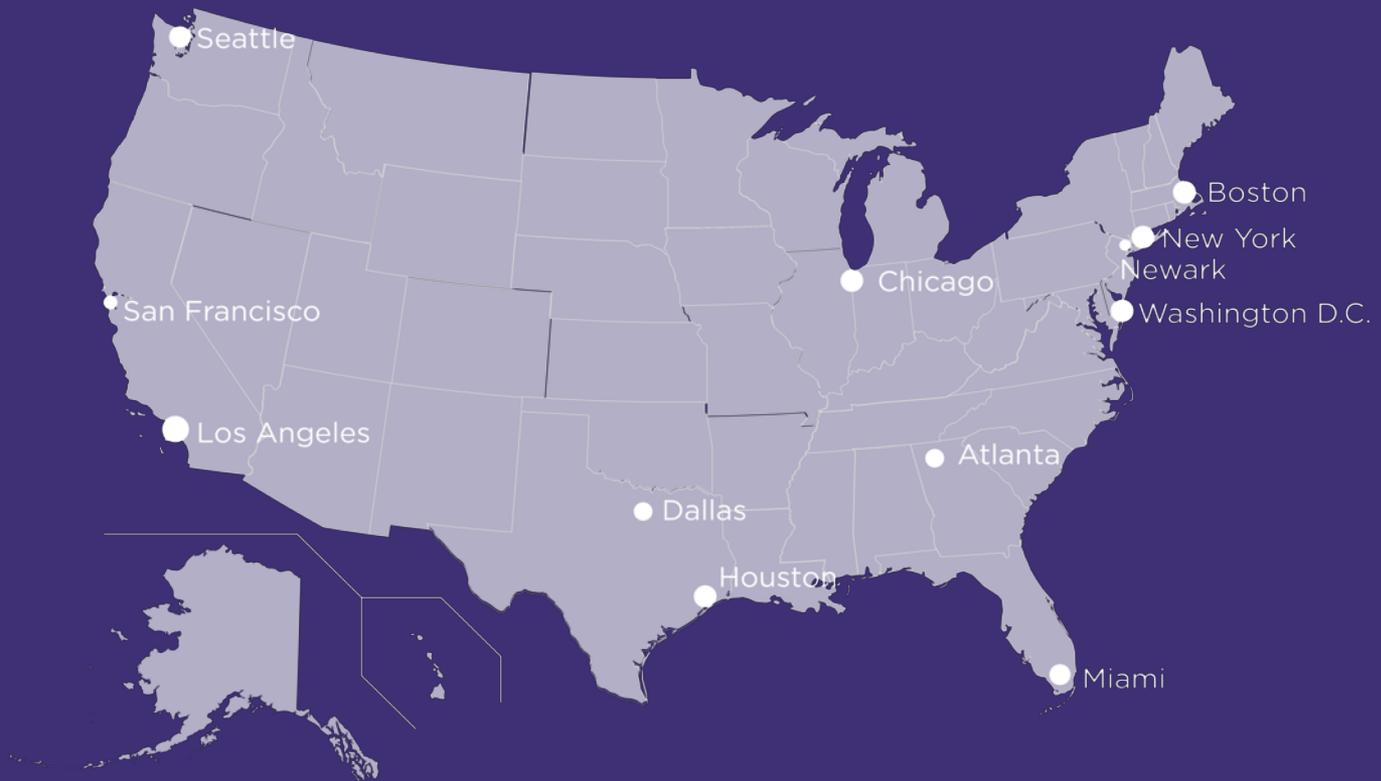
Qatar Airways → 102 Weekly Flights → 10 US cities

Turkish Airlines → 98 Weekly Flights → 9 US cities

Source: Booking.com research



Major Gateways



Source(s): Brand USA China research



Travel Industry Update





Industry Overview

- Tour Operators Pan-India
- Regional Tour Operators
- Online Travel Agencies
- Retail Agents
- Others (TMC's, B2B agencies)





Working with the Travel Trade

- Unorganized sector– No licenses required
- Regional companies– Aggressive in marketing & advertising
- Major companies– pan India presence, trendsetters
- Prefer working through land operators / DMC's
- Decision makers– senior management / owners for most regional / mid-size companies
- Multiple Quotations
- Limited destination knowledge
- Expect extraordinary requests
- Prepared to change set programs



Cultural Nuances



Cultural Nuances

- Diversity of ethnic, linguistic, regional, economic, religious, class and caste groups
- Change in family structure
- Relationship focused
- Shopping for friends & family
- Ranking in society
- Dietary– Vegetarian, Pork or Beef



USA Discovery Program



Since its launch in September 2014, **10k+ Badges Passed, 4,300 Active Users**



DISCOVERY PROGRAM
India



EPEX 2018 – MICE Show

Participation at EPEX 2018, Experiential
Planner Expo– 28th-30th June

- MICE & Destination Events Expo focused solely on
 - India Outbound
 - MICE & Destination Weddings ONLY
- 2017 edition witnessed 42 destination and hotel partners and 220 hosted buyers
- Scheduled appointments with decision makers





Strategy

TRADE

- Product Development
- Sales Missions
- Co-Ops
- USA Discovery Program
- FAM trips
- Educational Seminars
- Product Development

PR:

- Roundtables & Updates
- Story Pitching
- Images
- Press Releases & Newsletters
- Content
- FAM trips



Activities and Opportunities

- “Discover USA” Educational Seminars
- Product Development
- Namaste USA 2018: 5th –7th February 2018
- EPEX WOW: 28th-30th June 2018 (MICE)
- Brand USA India Mission 2018 : 23rd Sep to 28th Sep
- Webinars
- FAM Trips - Trade, Media
- Content / Story Pitches



Market Potential

Largest YOUNG Population: Millennials & Gen Z

- One of the fastest growing outbound markets
- Huge depth and potential
- Ease of visa process
- Culturally similar to USA
- The world's largest democracy– similar ideology, way of working & empathy as USA
- Rising affluence, urbanization and age demographics– there will be a constant mix of first-time and repeat travelers for the long haul

Source(s): Brand USA China research; Civil Aviation Authority of China





Thank You!

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Consumer

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Travel Industry

TheBrandUSA.com



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GoUSA