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Update on China Inbound Travel & the U.S.-China Tourism Year



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Presented by:

**National Travel and Tourism Office
International Trade Administration
U.S. Department of Commerce
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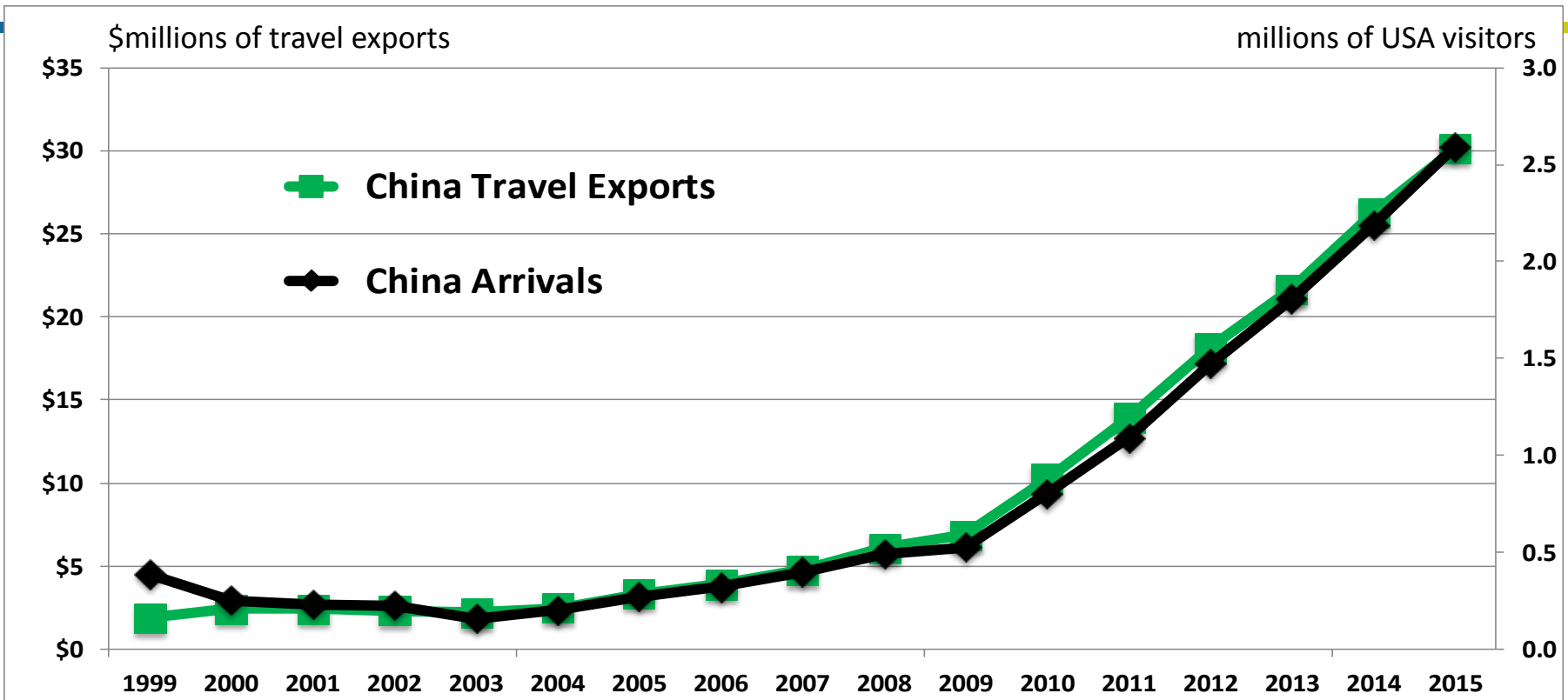




China The Big Picture

- DOC opened the group travel market from China in 2007.
- DOC Market Development Cooperator Grants (MDCP) have further helped “introduce” the United States to potential Chinese travelers
- NTA working to educate the China Inbound Program operators by doing FAM tours beyond gateway cities
- China receives 10 year visas in November 2014
- Multiple entities in China working hard to promote leisure travel: Visit USA Committee, Brand USA, Commercial Service

China Visitors & Spending Trends



Sources: Department of Commerce, National Travel and Tourism Office; Department of Commerce, Bureau of Economic Analysis; Statistics Canada; Banco de Mexico.

Note: The Bureau of Economic Analysis revised the definition of travel exports (spending) in 2014 to better align with international standards. In general, this revision increased U.S. travel exports by 20%. The timeline shown includes the revisions back to 1999 and thus represents comparable data.

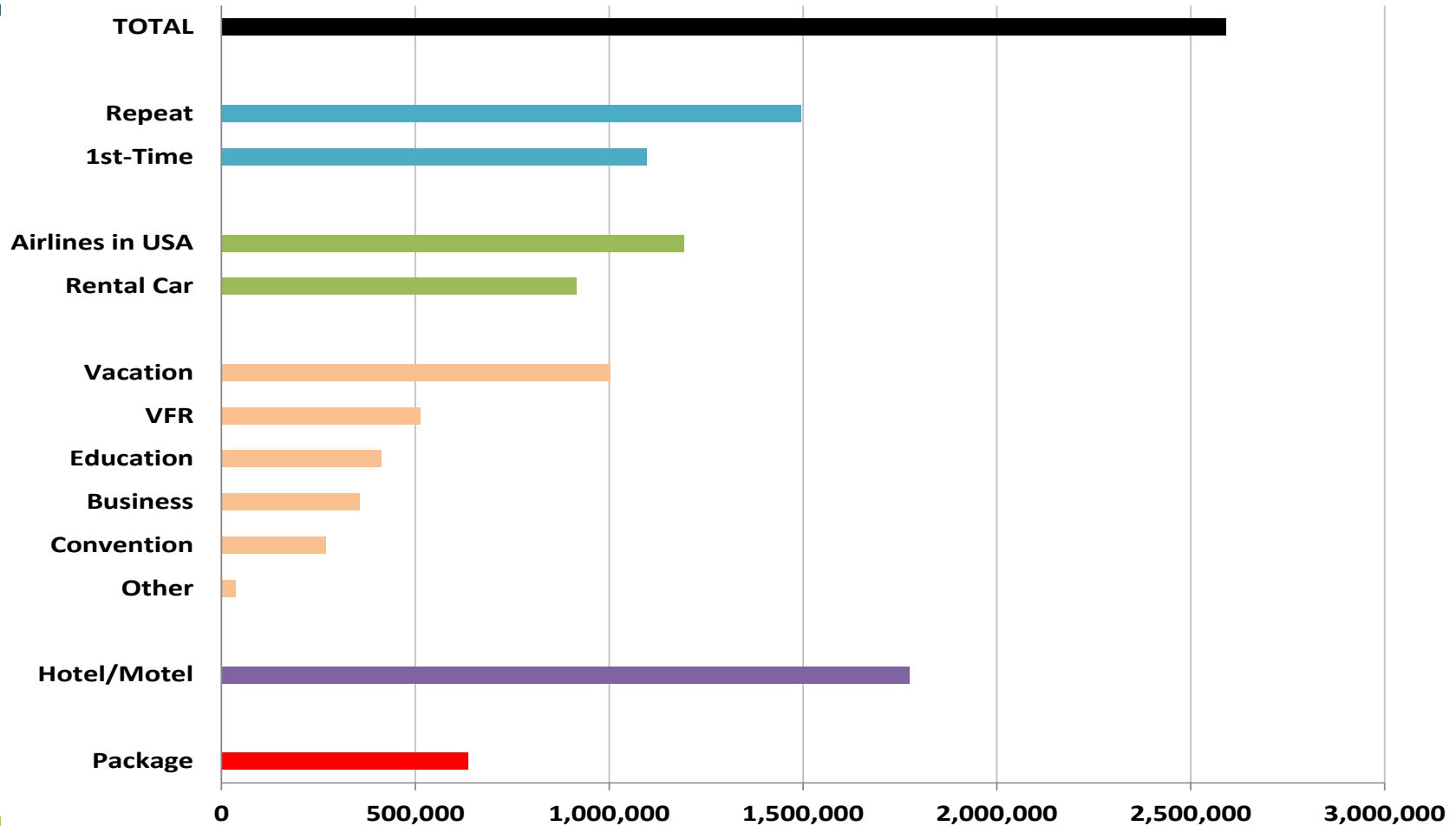


China Traveler Volume & Spending Highlights

- China is now the #1 country in producing both outbound travelers and travel exports to the world.
- 2015 traveler volume will be well over 120 million...
- ...2015 outbound expenditures were US\$292 billion, up 24% over 2014
- Nearly 3/4s of volume is to Hong Kong, Macau, and Taiwan. Other top destinations are South Korea, Thailand, Japan, Singapore, and Malaysia.
- China traveler volume to the USA was a record 2.6 million in 2015, up 18% over 2014. Arrivals from China have registered double-digit (>10%) for 11 of the last 12 years. China is the 5th largest arrival market for the United States.
- China travel exports to the USA were a record \$30.1 billion, outpacing Canada (\$22.6B) for the second straight year.
- China outbound in 2016 through Q2 is up 16%, although travel to Hong Kong, Macau, and Taiwan were down 7% for the first six months of 2016.



China Visitor Traveler Segments to the USA (2015)





Top U.S. States/Territories Visited by Chinese Travelers (2010 vs. 2015)

States/Territories Visited	2010 %	2015 %	2010/2015 (% pt change)
California	49%	42%	-7% pts
New York	31%	31%	0% pts
Nevada	17%	14%	-3% pts
Hawaii	6%	11%	5% pts
Massachusetts	10%	8%	-2% pts
Illinois	10%	6%	-4% pts
Florida	6%	6%	0% pts
Pennsylvania	4%	5%	0% pts
Texas	4%	4%	0% pts
Washington State	4%	4%	0% pts



Top U.S. Destinations Visited by Chinese Travelers (2010 vs. 2015)

Cities Visited	2010 %	2015 %	2010/2015 (% pt change)
Los Angeles	34%	30%	-4% pts
New York City	28%	29%	1% pt
San Francisco	22%	19%	-3% pts
Las Vegas	16%	14%	-2% pts
Washington, DC	14%	12%	-2% pts
Boston	9%	8%	-1% pt
Chicago	10%	6%	-4% pts
Honolulu	1%	6%	3% pts
San Diego	3%	4%	1% pts
Seattle	4%	4%	0 pts



Top U.S. States/Territories Visited by Chinese Travelers (2010 vs. 2015)

States/Territories Visited	2010 # of visitors (000)	2015 # of visitors (000)	2010/2015 (% change)
California	395	1,076	173%
New York	249	789	218%
Nevada	133	374	181%
Hawaii	45	296	560%
Massachusetts	79	215	171%
Illinois	82	166	102%
Florida	46	155	240%
Pennsylvania	58	118	105%
Texas	31	111	254%
Washington State	33	101	206%



Top U.S. Destinations Visited by Chinese Travelers (2010 vs. 2015)

Cities Visited	2010 # of visitors (000)	2015 # of visitors (000)	2010/2015 (% change)
Los Angeles	273	778	185%
New York City	226	752	232%
San Francisco	178	483	171%
Las Vegas	125	370	196%
Washington, DC	109	304	178%
Boston	75	208	178%
Chicago	78	157	102%
Honolulu	8	145	1703%
San Diego	25	106	327%
Seattle	32	99	208%



Shifts in Activity Participation

China 2012-2015, vs Overseas 2015

- Chinese visitors are active travelers—they participate in leisure-oriented activities at a rate as high as--and often much higher--than the average for all overseas visitors for all but two activities (nightclubs and attend sports event).
- As a result, the shifting in this market from a business and VFR-dominated market to increasingly vacation/leisure has produced shifts in only a few activities
 - sightseeing
 - national parks
 - art gallery/museum
 - historical locations
- Conversely, shifting down in incidence is...
 - guided tours
 - concert/play/musical
 - casinos/gambling

	Incidence of Activity Participation in USA (%)				All Overseas
	2012	2013	2014	2015	2015
Shopping	87	85	89	87	87
Sightseeing	78	78	79	81	77
Experience Fine Dining	47	48	51	51	37
National Parks/Monuments	36	37	40	45	35
Art Gallery/Museum	33	36	39	42	29
Small Towns/Countryside	36	34	39	41	28
Amusement/Theme Parks	34	34	34	36	29
Historical Locations	23	26	25	30	27
Cultural / Ethnic Heritage Si	23	22	22	24	16
Guided Tours	27	22	22	20	23
Concert/Play/Musical	18	14	15	14	16
Casinos/Gambling	18	15	13	13	10
Water Sports	11	7	11	12	11
Environ./Eco. Excursions	11	11	11	11	4
Attend Sports Event	13	11	12	10	14
Visit Am. Indian Comm.	11	6	8	9	5
Camping/Hiking	6	5	7	6	5
Nightclubs/Dancing	8	7	6	6	15
Golfing/Tennis	5	4	4	4	3
Hunting/Fishing	6	3	3	3	2
Snow Sports	2	3	2	2	1
Other	1	1	1	1	1



Chinese Visitors to Nevada 2015

- Nevada is the third most visited state by the Chinese
- 374,000 Chinese travelers visited the State
- The volume is up 181% since 2010
- China was the 3rd overseas visitor market for NV
- First trip to USA: 63%, visited only one state 7%
- Purpose: Vacation (70%), Convention (15%) & VFR (5%)
- Ports of Entry: LAX (48%), SFO (19%), JFK (5%), & SEA (5%)
- Transportation within U.S.: Air Travel Between Cities (64%), Rented Auto, (43%) & Private/Company Auto (43%)
- Activities: Shopping, Sightseeing, National Parks, Experience Fine Dining, & Small Towns/Countryside

China Traveler Forecast Highlights

- Volume will reach nearly 5 million by 2020 based on the assumption of a slowly-decelerating growth rate (issued Oct. 2015).
- China will become the # 2 overseas market in 2018 surpassing Japan, and the #1 overseas market in 2020 surpassing the U.K. unless the U.K. grows faster than 3% per year forecast over the next few years.
- Total traveler growth will be 2.8 million, or 129% larger than 2014 volume compared to 2020 forecast.
- China will account for 19% of total growth from 2014 through 2020... behind only Mexico's 27% share of growth.



Summary

- The U.S. is in a more competitive environment than ever before.
- To remain competitive and meet increasing demand, we have:
 - Created Brand USA
 - Developed a National Travel and Tourism Strategy
 - Elevated NTTO to better coordinate and meet the goals of the Strategy
- **Looking forward:** Work with industry to maximize the potential of travel and tourism to grow the economy, create jobs, and bring people closer together.