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China Market Recap: Alignment of Key Factors

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- **Market Size:** Massive market size of 1.3 billion
 - **Market Growth:** China's population has grown by the entire population of Australia in 5 years
 - **Economic Growth:** Second largest economy in the world after the U.S. with willingness to spend on travel soaring
 - **Disposable Incomes:** Chinese incomes growing at 10% per year
 - **FX Rate:** RMB pegged to the U.S. dollar
 - **Chinese Desire to Travel:** Travel is the most desired leisure pursuit for 56% of middle and upper-class Chinese
 - **Willingness to Spend:** Chinese are the No. 1 spending international visitors to the U.S. with 19% of disposable incomes spent on travel on average
 - **China Outbound Travel Growth:** 120M outbound in 2015—world's No. 1 outbound market
 - **Potential:** Less than 9% of China's population is traveling overseas—versus 25% for Korea
 - **Growth:** Number of Chinese outbound travelers is projected to more than double in the next 5 years to 250 million

Key Factors Driving Chinese Arrivals to the U.S.

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- **Miniscule U.S. Market Share:** 0.15% of China's population and 2% of Chinese travelers to U.S.
 - **US Destination Satisfaction:** The U.S. tops list of most satisfying destinations for Chinese
 - **Positioning:** The U.S. has the highest intent to visit of any long-haul destination
 - **Streamlined US Visa Interview Process:** Under 5 days with 10-year visa now available
 - **Growth in Airlift:** 35% increase in lift from China to the U.S. in 2015.
 - **Booming Online and Social Media Channels:** 688M online netizens with 594 million via mobile
 - **Exploding Secondary Markets:** Over 100 cities with populations of over 1 million
 - **Booming FIT:** With massive growth potential beyond the traditional U.S. gateways
 - **Rapid Growth of MICE Market:** Perfect China (7,000 pax) Amway (9,000 pax)
 - **Huge Growth in Niche Travel:** Golf, ski, study abroad, real estate, medical tourism etc.
 - **Spend:** Per visitor per day already leads all overseas markets
 - **Arrivals:** No. 1 overseas market for the U.S. within 5 years
 - **U.S. China Year of Tourism 2016:** Unique opportunity to activate all travel agents nationwide

U.S.-China Tourism Year

- ❑ Announced by Presidents Obama and Xi in September
- ❑ Led by the Department of Commerce and the China National Tourism Administration



- ❑ Aims to effectively position the United States and China for increased trade in travel services by focusing on:
 - ❑ Enhanced travel and tourism experiences
 - ❑ Enhanced cultural understanding
 - ❑ Enhanced appreciation of natural resources



U.S.-China Tourism Year

□ Brand USA efforts focused on:

- **Educating** (China Readiness Programs, USA Discovery Program, Training Events)
- **Promoting** (USA Campaign, Co-op Programs, MegaFams, Sales Missions)
- **Sharing** (Best Practices)



□ Key Events:

- **Opening Gala** in Beijing in conjunction with Brand USA China Sales Mission
- **Shanghai Disney** opening celebration
- **2016 U.S.-China Tourism Leadership Summit**: September 8-12, 2016; Ningxia, China
- **Closing Event** in late November
- **And more!**



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