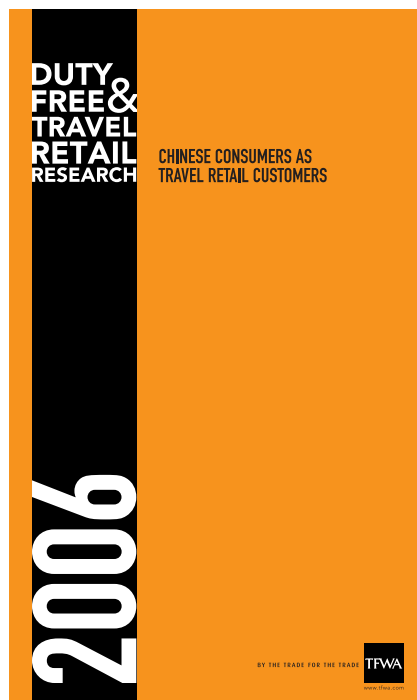


EXECUTIVE SUMMARY

CHINESE CONSUMERS AS TRAVEL RETAIL CUSTOMERS

THE CHINESE OUTBOUND LEISURE TRAVELLERS – 2006

In 2005 TFWA commissioned ACNielsen to undertake a study of Chinese travelling consumers. This report, which follows up that landmark study, is based on representative samples of 1,500 adult Chinese consumers and 800 leisure travellers from Beijing, Shanghai and Guangzhou and was conducted in February and March 2006.



- The number of Chinese outbound travellers making their trip for holiday or business purposes continues to grow year on year – the total is estimated to reach 34 million people in 2006, with WTO estimating that by the year 2020 in excess of 100 million Chinese people will be travelling overseas or abroad every year.
- Over one-fifth of the combined populations of Beijing, Shanghai and Guangzhou has travelled overseas or abroad, with about half of them having done so from March 2005 through February 2006. Hong Kong followed by Macau and then Asian destinations in general are the most popular; with increasing numbers travelling to destinations further afield like Europe.
- Although most Chinese leisure travellers are still predominantly from higher socio-economic groups, it is anticipated that the travellers' profile will more closely resemble 'average' urban levels in the future as outbound travel increases in popularity.
- Travel on organised (group) package tours is quite popular among so-called 'first-timers' and those who travel outside Asia; independent travel on individual schemes is relatively popular with 'repeaters' and those who travel to nearer destinations in Asia.
- Though not always a primary purpose for travelling overseas or abroad, shopping is definitely considered to be a 'must-do' by most outbound Chinese travellers, especially when they travel to Hong Kong.
- Confectionery, fashion, fashion accessories and cosmetics are the most popular luxury or international branded items purchased by Chinese travellers during their foreign or overseas trips.
- High street shops, but also duty free shops, are important shopping locations for Chinese outbound travellers; with 'downtown' duty free shops in particular gaining popularity.
- On average, Chinese travellers spend US\$ 928 on shopping alone during their outbound trip – about 80% of their average monthly household income.
- Besides benefiting from the increasing numbers of Chinese travellers in general, with almost half of the total shopping budget spent in duty free shops, duty free businesses have opportunities to increase that share of consumer spend.
- While already enjoying a high conversion rate from visitors to purchasers, duty free shops can increase traffic by fine-tuning their targeted consumer communications; co-operating with travel operators and agencies to include duty free shop visits in the itinerary; and improving the image of duty free shopping by promoting its high quality, reasonable prices and the wide variety of products available.