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2020 Market Intelligence Report for China



ECONOMY

- **China's FDI inflow up 4.6% in January:** Foreign direct investment (FDI) into the Chinese mainland, in actual use, expanded 4.6% year-on-year to 91.61 billion yuan (US\$14.2 billion) in January, the Ministry of Commerce said.
- **China's CPI declined 0.3% in January:** China's consumer price index (CPI), a main gauge of inflation, declined 0.3% year-on-year in January, compared with a 0.2% increase in December last year, data from the National Bureau of Statistics (NBS) showed.
- **Chinese economy's Spring Festival holiday data highlights:** China's economy continued to gather steam during the Spring Festival period despite millions of people staying put for the week-long holiday which started on Feb. 11, and which usually sees mass migration across the country.
 - ✓ Online payments through online Chinese payment clearinghouse NetsUnion and card payment giant China UnionPay surged over the weeklong holiday. Online payments on the two platforms from Feb. 11 to Feb. 17 totaled 6.36 trillion yuan (about US\$985.5 billion), data from the two platforms shows.
 - ✓ The sales revenue of China's catering sector during the holiday was 5.4% higher than it was during the Spring Festival in 2019, indicating the sector is returning to pre-Covid-19 levels. The sales revenue of the sector during the Feb. 11 to Feb. 17 period soared 358.4% from the Spring Festival holiday in 2020, which was hit by the country's rapid and massive response to Covid-19, according to value-added tax data released by the State Taxation Administration.
 - ✓ China's major coastal ports were busy during the holiday amid the strong recovery of the Chinese economy, with the container throughput of major hub ports growing rapidly, according to latest data from the China Ports and Harbors Association.
- **China's GDP advanced 2.3% in 2020:** China's gross domestic product expanded 2.3% year-on-year in 2020, exceeding the 100 trillion yuan (US\$15.42 trillion) threshold, official data showed. The country's GDP expanded 6.5% year-on-year in the fourth quarter of 2020, faster than 4.9% growth in the third quarter, the data showed.
- **China's 2020 per capita disposable income rises:** China's per capita disposable income reached 32,189 yuan (about US\$4,961) in 2020, more than double the level in 2010, official data showed. The figure represents a 2.1% year-on-year increase in real terms after deducting price factors, said the National Bureau of Statistics' Fang Xiaodan.
- **China stronger in global trade, despite COVID-19:** China has pulled ahead in global trade despite disruption caused by the COVID-19 pandemic, according to Customs data reflecting the country's recovery. The U.S. trade deficit with China continues to rise, while China is importing more American goods than before, Fortune magazine reported.
- **China to keep macro policies consistent in 2021:** China will continue to implement proactive fiscal policy and prudent monetary policy, amid efforts to maintain support for economic recovery, according to the Central Economic Work Conference in Beijing. In 2021, China will adopt a fiscal policy that offers stronger financial guarantees to major national strategies as well as promotes science and technology innovation, accelerates economic structural adjustment, and proactively adjusts income distribution.



OUTBOUND TRAVEL MARKET

- **Government expects 70% more Chinese tourists to travel abroad in 2021:** China's tourism sector is expected to rebound this year as it quickly recovers from the impacts of the Covid-19 pandemic with mass immunization. The inbound and outbound market should recover to about 30% of pre-Covid-19 levels by December due to vaccine optimism, a Ministry of Culture and Tourism report said. Tourism revenue could climb by 48% in 2021 from 2020 while the number of outbound travelers may rise by 70%.
- **Number of Chinese visitors to Singapore plunges in 2020:** Singapore witnessed a year-on-year nosedive of 88% in the number of visitor arrivals from the Chinese mainland to around 342,460 in the first three quarters of 2020, the Singapore Tourism Board (STB) reported. The Chinese visitors spent some SGD 537 million (US\$404 million) in the first nine months of last year, down 83% year-on-year.
- **Hong Kong, Singapore in talks again over postponed travel bubble:** Hong Kong and Singapore are in discussion again over the postponed travel bubble, with both cities mulling extra safeguards amid the coronavirus pandemic. The quarantine-free travel arrangement, touted at the time as the world's first, was initially set for last November 22 but put on hold indefinitely on its eve following a fresh Covid-19 outbreak in Hong Kong. The city has seen its daily Covid-19 caseloads ease and will launch a mass vaccination drive.
- **Chinese diplomat calls for U.S. cooperation to restore travel, trade:** A senior Chinese diplomat in the U.S., Chicago consul general Zhao Jian, has called for cooperation from Washington in restoring travel and trade between the two countries that have been disrupted by the Covid-19 pandemic. He highlighted China's continued efforts to facilitate essential travel. China currently requires a 14-day quarantine for all international arrivals, including Chinese citizens.
- **Costa Rica to allow visa-free tourism from China:** Costa Rica will make it easier for tourists from China to visit, the Tourism Board announced. Starting in March, tourists from Beijing and Shanghai will be allowed to enter the country without the need for a prior visa. Under current requirements, Chinese nationals must apply for an entry permit at the Costa Rican consulate.
- **Indonesia longs to see Chinese tourists back:** Amid rising relief and hope about vaccinations, countries such as Indonesia are now looking to China for the recovery of their tourism industry. Indonesia expects significant numbers of Chinese tourist arrivals from this year, and is conveying the message through diplomatic channels. However, it may be too early to say that Southeast Asia's largest country will soon be ready enough for tourist arrivals in the coming months. In 2019 Indonesia was the world's third-most attractive tourist destination for Chinese travelers, after Japan and Thailand.
- **China, Cuba agree on visa-free travel:** China and Cuba concluded on January 13 an agreement on visa exemptions, according to Pyongyang Times. The Cuban Foreign Ministry said the deal displayed the will of the two countries to boost friendship and cooperation in different fields.
- **Japan considers suspending business travel deal:** A rapid expansion of coronavirus infections has caused the Japanese government to consider a general ban on foreign nationals entering the country, including Chinese business travelers. Restrictions announced on Dec. 26 did not originally cover these visitors and students from 11 countries including China, South Korea and Singapore. However, amid fears of a new mutant strain, Prime Minister Suga Yoshihide is considering barring all foreign citizens as long as the state of emergency for Tokyo remains in force.
- **Chinese to take 100 million international trips in 2021:** China Outbound Tourism Research Institute (COTRI) is forecasting 100 million international trips by mainland Chinese in 2021. CEO Wolfgang Georg Arlt said China would be "the number one international tourism source market again," elbowing out the number two, USA, which "will see much lower outbound numbers, especially in the first half of 2021."



- **Japan, China resume business travel:** Japan and China are resuming two-way business travel as part of efforts to ease entry restrictions and promote economic activities, Japan's NHK reported. An influx of Chinese travelers is expected at Narita Airport, with about 20 flights to and from Chinese cities weekly. Business people are now allowed to make trips for both short- and long-term stays.



COMPETITIVE ENVIRONMENT

- **China set to expand blacklist of overseas casino tourist destinations:** China is preparing to expand a "blacklist" of overseas tourist destinations it says are attracting Chinese tourists for gambling activities, Xinhua news agency reported. Analysts suggested it was likely pointing to emerging Southeast Asian gaming destinations such as the Philippines, Cambodia and Vietnam, and potentially Australia. Macau could in fact benefit from such a crackdown.
- **China requires people to quarantine before traveling to country:** China will now require some travelers to quarantine for 14 days before entering the country, in a rare move that toughens up restrictions to stop the spread of the coronavirus. China already requires quarantine upon arrival, but a mandatory quarantine before travel seems to be a much rarer requirement, U.S. News and World Report said.
- **Europe prepares for return of Chinese tourists:** In digital terms WeChat is the place to be to promote European destinations to intending Chinese travelers, EuroNews reported. In Italy, the city of Milan has launched a specific promotional campaign on WeChat called Yes Milano. A similar initiative is underway in the region of Tuscany. China was Europe's fastest-growing source market for international tourism with about 5 million Chinese tourists every year in the pre Covid-19 era. France, Italy and Spain were among their favorite spots for holidays.
- **U.S. tightens visa rules for CCP members:** The U.S. has issued stricter immigration rules in an effort to limit entry to Chinese Communist Party members. With immediate effect, they will be restricted to one-month, single entry visas. Previously, all Chinese nationals, including CCP members, could obtain a U.S. visit visa that was valid for up to 10 years.



CONSUMER TRENDS

- **Chinese New Year consumption soars as Covid eases:** Total retail and catering sales over the seven-day holiday, hit 821 billion yuan (\$128 billion), a 29% jump from last year's pandemic-disrupted holiday, and a 4.9% increase from the same period in 2019, the Commerce Ministry reported. Across China's 10 biggest cities, consumer foot traffic at shopping malls was triple last year's levels. Online sellers took 15% of all consumer spending during the period, with online catering sales jumping over 130%. Airlines, railways and other tourist transit companies were the areas that took the biggest hit, down 43% on 2020 and 76% on 2019 as the Government called to hold off travel. High-end hotel bookings bucked the trend, growing 160% from last year.
- **Chinese consumers focus more on health, safety when buying holiday goods:** More consumers (62.8%) planned to improve their focus on the health and safety of goods for purchases during Spring Festival shopping, according to a China Youth Daily survey. Most (60%) aimed to reduce close contact with others, and 36% would check the quarantine certificate and trace information of imported goods.



- **Chinese consumers will ditch luxury goods within 1-3 years:** A global study by luxury giant Kering found China to be the most prominent throwaway culture market, where the majority of respondents reported keeping their items for only one to three years. Only 6% of Chinese shoppers kept their luxury goods for more than 10 years, compared to 31% and 33% of consumers in the U.S. and Japan respectively.
- **Rich shoppers stuck in China fuel an unlikely boom in duty free:** Covid-19 travel restrictions have hammered profits of duty free businesses worldwide, except China's Hainan Island, where even domestic visitors can shop duty free. China's share of the global luxury market — the goods typically sold at duty free — almost doubled last year to 20%, according to consultants Bain & Co.
- **China reports record-high online payments over New Year:** Online payments through NetsUnion, China's online payment clearinghouse, and card payment giant China UnionPay reached 3.89 trillion yuan (US\$601.16 billion) during the 2021 New Year holiday (Jan. 1-3), a record high compared to all previous New Year holidays. Online payments for daily necessities, hotel accommodation and catering accounted for the largest proportions of total transactions in the three days, the two platforms said. NetsUnion processed 4.36 billion online payment transactions during the holiday, up 28.37% year-on-year, while data from China UnionPay showed steady growth in travel-related consumption in the period compared to one year earlier.
- **Chinese consumers in Covid-19's 2020 and beyond:** Store shutdowns and social-distancing made Chinese consumers more dependent on online platforms for shopping. China ranked as the world's largest online retail market for an eighth straight year in 2020, with online sales surging by 14.8% year-on-year to 9.8 trillion yuan (US\$1.52 trillion). Live-streaming was a catalyst, with influencers sitting in front of cameras and promoting products via their social media channels. Official data showed more than 20 million live-streaming marketing activities took place in 2020. Impacted by epidemic-induced travel restrictions, Chinese consumers no longer traveled as much to buy international brands abroad, but their thirst for them remains real. Official data showed China's imports of consumer goods rose by 8.2% year-on-year to 1.57 trillion yuan in 2020, accounting for 11% of the country's total value of imports. The growth partly resulted from China's expanding cross-border e-commerce business, which rocketed by 31.1% from a year ago in aggregate import-export volume.
- **China's consumer spending gains steam, underpinning growth:** China's consumer spending continued to gather steam in November, solidifying its role as a key growth engine for economic recovery. The retail sales of consumer goods rose 5% year-on-year to 3.95 trillion yuan (about US\$603.7 billion) in November, the National Bureau of Statistics said. The growth picked up from a 4.3% gain in October, sustaining an upward momentum from the first positive growth this year in August.
- **China's global luxury market share nearly doubles in 2020:** Following a slow start due to COVID-19, China's luxury spending has rebounded strongly as global travel restrictions have pushed consumers to buy local rather than overseas. The mainland luxury market is expected to climb by 48% year-on-year to almost 346 billion yuan (US\$53 billion) this year. The growth has propelled China to double its share of the global luxury market in 2020, a trend expected to continue through 2025, says a joint research report by Bain & Company and Tmall Luxury.



TRAVEL TRENDS

- **China to see increased domestic tourism in 2021:** A total of 4.1 billion domestic tourist trips will be made in China in 2021, up 42% from 2020, according to a report from China Tourism Academy. China will gain 3.3 trillion yuan (about US\$511 billion) in revenue from domestic tourism in 2021, an increase of 48% year-on-year, said the report. Amid the impact of the Covid-19 pandemic, China saw approximately 2.88 billion domestic tourist trips in 2020, a 52.1% year-on-year slump, according to the Ministry of Culture and Tourism. However, people's passion for travel returned quarter by quarter. During the Chinese Spring Festival holiday which began on Feb. 11 and



continued until Feb. 17, the tourism industry recorded positive figures. The number of tourists traveling to and from major tourist destinations like Guangdong, Henan, Jiangsu, Shanghai, Chongqing and Beijing exceeded or almost reached levels of the 2019 Spring Festival.

- **New trends thrive amid China's "staying put" holiday:** As inter-city travel was minimized during the holiday amid strict anti-epidemic measures to reduce the risk of infection, people savored a variety of entertainment options within their cities. The transaction value of local hotel bookings surged 190% year-on-year during the holiday, data from Alibaba's online travel service provider showed. Ski resorts and spa centers were among the most popular local destinations, according to search results on Alipay.
- **Booming ice-snow tourism in China with Winter Olympics one year away:** Winter sports like skiing have become popular for many Chinese people since Beijing won the bid in 2015 to host the 2022 Winter Olympics, national broadcaster CGTN reported. In just a few years, China has become the fastest-growing ski market in the world, with an ever increasing number of ski resorts and ski visits. Tourist numbers and revenue in the sector have also surged.
- **Chinese travelers are more optimistic about travel in 2021:** Global research by Expedia has found that Chinese travelers are more optimistic about travel in 2021 than travelers from other Asia Pacific countries, with more than three-quarters expressing positive sentiment, the highest across all 11 markets surveyed. Many of the rationales that drove travel in Asia Pacific during Covid-19 – such as needing a change of scenery, using vacation days, or visiting friends and family – will carry over to this year, according to the report.
- **Authorities ask people to cut travel as outbreaks rise:** In January, China experienced its worst Covid-19 outbreaks since March 2020, with healthcare officials reporting over 100 cases a day. The cases remain clustered around northern China, with Jilin, Hebei, and Heilongjiang provinces experiencing the largest increases, although the death toll remains largely unchanged. The rise is especially untimely with the fast-approaching Chinese New Year holiday. Concerns around travel are high, as millions of people prepare to travel and authorities appealed to citizens to cut down on non-essential travel during the break when hundreds of millions usually visit their home towns. Pre-sale of railway tickets before the Spring Festival has dropped by nearly 60% compared with the same period in the previous year. China's National Health Commission is requiring Spring Festival travelers to show a negative test result for Covid-19 which must be administered within seven days of travel.
- **Rising demand for quality family trips:** Due to the impact of Covid-19, the number of trips taken by Chinese families in 2020 fell to an average of 2.4, down from 2.7 in 2019, according to a Trip.com report. About 40% of Chinese families chose road trips for family vacation; 28% of families chose rail trips, while 32% flew, reflecting the shift in 2020 to local regional holidays. The share of post-1980s parents who booked family trips via Ctrip reached 41%, followed by post-1990s (32%) and post-1970s (20%). Most family trips lasted three to five days, accounting for 45% of the total, followed by six to eight days (31%) and over eight days (4%). Theme parks accounted for 27% of family trips, followed by natural scenery (22%), architecture (19%), city tours (12%), museums (11%) and historical sites (9%).
- **Chinese outbound tourism to gain strength:** After additional delays to travel activities due to Covid-19, the next wave of Chinese outbound tourists will be stronger, according to Wolfgang Georg Artl, founder of China Outbound Tourism Research Institute. Dr. Artl expected trends in post-pandemic Chinese travel to include live-streaming, domestic destination competition, skiing, new and less-visited destinations and travel retail.
- **Offshore duty-free sector set to extend beyond Hainan:** The huge success of Hainan province's offshore duty-free sector is set to spawn similar zones elsewhere in China, according to a report in China Daily. Chinese consumers are likely to remain cautious about international travel, the report said, even after the pandemic ends, so most luxury brands believe that domestic growth will continue in 2021 at about 30%.
- **Trip.com heralds new era for small, private groups:** A report by leading Chinese OTA Trip.com indicates tours for boutique and small groups were gaining popularity in 2020, with mid- and high-level products leading the growth. The number of private group offerings rose by 400% to nearly 60,000.



- China expects 230 million ice trips this winter: Chinese tourists are expected to make 230 million trips featuring ice and snow during the current winter season, the China Tourism Academy reported, generating more than \$60 billion in revenue for the industry. Local regional visitors are expected to account for 60% of visitors, with 49.4% of tourists preferring 4-6-day packages.
- New Year holiday travel bookings reach peak in China: The popularity of domestic travel destinations for the New Year holiday period (Jan. 1 to 3) in China is up 320% month-on-month, according to Trip.com. Searches by the OTA platform's 300 million domestic users show more people prefer to travel in depth and choose relatively niche destinations. Lower priced air tickets and entry price reductions or exemptions offered by many scenic spots have helped cut the average price of New Year's Day tours by 25% compared with 2019. The average cost of private group travel is down 40% on the same period last year.
- Chinese tourists are discovering their own country in RVs: With most international borders closed, mainland Chinese tourists have been exploring their own country instead, the South China Morning Post reported. A small but growing number have been taking the road less traveled, driving hired or their own recreational vehicles (RVs). Some 849 companies doing RV rentals were established in China in the second quarter of 2020, up by 36% year-on-year, SCMP said.
- TAs in China handle 83% fewer domestic trips in Q2: Domestic tours organized by travel agencies in China attracted 7.79 million travelers in the second quarter, 83.23% less than the same period last year. The total number of domestic tourists handled was 10.12 million, 78.59% lower year-on-year. The figures are drawn from data provided by 30,201 travel agencies, or 76.13% of the nation's total 39,670 travel agencies, to the Ministry of Culture and Tourism.
- Mafengwo's report sheds light on night tourism trends: A report by Chinese travel services and social networking platform Mafengwo show that young consumers are the most active participants in night tours. More than 72% of tourists from the post-'95 generation (born in or after 1995) made specific plans for their night tours. Young urban white-collar workers with a monthly salary of RMB 15,000 (US\$2,292) were more willing to experience night tours, with 96.46% of this group making plans for night travel. More than half of those with a monthly income of RMB 20,000 (US\$3,057) would include night tours in their itineraries.



IN-MARKET DMO ACTIVITIES

- **International destination marketing:**
 - **SWEDEN:** Visit Sweden conducted a 13-hour online live-streaming of the aurora through WeChat UL to around 260,000 viewers on Feb. 1, making it the most popular tourism live-streaming in the month.
 - **THAILAND:** The Southeast Asian country launched its incentive MICE program Ease Up and special project "Thai loves you" for the Chinese market to attract more MICE business during 2021.
 - **SPAIN:** The tourism ministry's promotion arm is preparing for destinations in Spain to welcome the new wave of Chinese visitors after the end of the pandemic. It is the first European tourism authority to implements a Recovery and Resilience program for a more sustainable Chinese outbound tourism market.
- **Trip.com, Abu Dhabi ink China partnership:** Leading China OTA, Trip.com, has signed an exclusive 18-month China business development collaboration with Abu Dhabi's Experience Hub. It will promote Yas Island as a holiday destination for Chinese tourists.
- International destination marketing:
 - **SCANDINAVIA:** on January 8, 2021, the Scandinavian Tourist Board held an offline event in Beijing, themed "HEI HEJ, long time no see," to meet and greet travel industry and media partners to better prepare the country for recovery in 2021.



- **SAUDI ARABIA:** on January 11, 2021, the Royal Commission for AlUla (RCU) successfully held an event in Shanghai to start its 2021 China roadshow. In following visits to Beijing and Guangzhou, AlUla's historic and cultural resources were introduced to nearly 200 Chinese travel agencies, media and industry partners.
 - **NEW ZEALAND:** in 2020, Tourism New Zealand attracted 220,000 industry partners and 620,000 citizens through 37 live-streaming events intended to focus Chinese visitors on New Zealand and maintain the confidence of industry partners.
 - **DESTINATION D.C.:** on January 13, 2021, the DMO for Washington, DC held its first online Fam via a Tencent Conference. Chinese industry partners were invited to experience a one-day online tour to experience local attractions and food.
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- **Museums embrace livestreaming to woo Chinese:** The popularity of livestreaming by museums in China is pushing cultural organizations around the world to follow suit, according to a report by Jing Culture & Commerce. Fliggy has arranged partnerships with the Palace of Versailles, the Louvre, the British Museum and the Museo del Prado in Madrid to help Chinese travelers go on virtual holidays. The British Museum attracted more than 370,000 Chinese visitors within the first minute of livestreaming, the report said.
 - **China, Cuba officials strengthen tourist cooperation:** China and Cuba have signed an MOU to support joint plans and projects to expand tourist flows to the Caribbean nation. Cuban Ambassador in Beijing Carlos Miguel Pereira said the collaboration would pave the way for a greater presence of Chinese travelers on the island.
 - **Chamber supports Guangzhou-Phuket tourism route:** The Thai-Chinese Chamber of Commerce plans to propose a tourism route from Guangzhou to Phuket under a travel bubble scheme. The chamber believes it would help the island province recover from the recession brought on by the pandemic and lack of foreign travel.
 - **Thailand moots convention alliance with China, Japan, Korea:** Thailand Convention and Exhibition Bureau and Thailand Incentive and Convention Association are proposing an Asia Convention Alliance to revive international conventions. The proposed founding members of the alliance are Mainland China, Japan, Korea, Thailand and Taiwan.
 - **Events:** Qatar National Tourism Council and Tourism Ireland held a VIP Partners Appreciation Banquet this month. NYC & Company launched a "Rise, Renew and Recover" online seminar to share ongoing and upcoming travel activities.



AIRLIFT

- **China's air passengers down 45% over Chinese New Year:** China's air passenger traffic fell 45.16% year-on-year over Chinese New Year, the aviation regulator said on Thursday, though signs of a quick recovery are emerging due to the country's success in curbing domestic transmission of the Covid-19 virus.



- **U.S. airlift:** air carrier flights scheduled to North America in February include:

U.S.	China Southern Airlines	Guangzhou=Los Angeles	February 1 – February 28
	Xiamen Airlines	Xiamen=Los Angeles	February 1 – February 28
	Air China	Beijing/Tianjin=Los Angeles	February 1 – March 27
		Shenzhen=Los Angeles	February 1 – March 27
	China Eastern Airlines	Shanghai=New York	February 1 – March 27
	Delta Air Lines	Shanghai=Detroit/Seattle	February 3 – February 28
		Shanghai=Detroit	February 1 – February 28
	United Airlines	Shanghai=San Francisco	February 1 – February 28
American Airlines	Shanghai=Dallas	February 1 – February 28	
Canada	China Southern Airlines	Guangzhou=Vancouver	February 1 – February 28
		Guangzhou=Toronto	February 1 – February 28
	Xiamen Airlines	Xiamen=Vancouver	February 1 – February 28
	Air China	Beijing=Vancouver	February 1 – March 27
		Beijing/Zhengzhou=Vancouver	February 1 – March 27
	China Eastern Airlines	Shanghai=Toronto	February 1 – March 27
		Nanjing=Vancouver	February 1 – March 27
	Hainan Airlines	Beijing=Toronto	February 1 – March 27
	Sichuan Airlines	Chengdu=Vancouver	February 1 – February 28
	Air Canada	Shanghai=Vancouver	February 1 – February 28

- **Civil aviation flew 420 million passenger trips in 2020:** China's civil aviation sector handled 420 million passenger trips in 2020, 63.3% of 2019's trip volume, the country's civil aviation regulator reported. Momentum picked up in the fourth quarter, with passenger numbers accounting for 84.2% of 2019 levels, CAAC said. The regulator said it plans to increase the annual ratio to about 90% in 2021 amid the fight against Covid-19.
- **China eyes full rebound of air travel:** China's civil aviation authority will adjust policies to boost the resumption of international flights and improve international air cargo capacity this year, it said in a report. CAAC said China will step up measures to ensure efficient flight schedules for domestic and international airlines, upgrade China-U.S. and China-Europe civil aviation cooperation, and gradually loosen air travel policies in the special administrative regions of Hong Kong and Macau.
- **China extends UK flight suspensions:** CAAC said flights to and from the UK will remain suspended in order to respond to the possible impact of the mutant novel coronavirus properly. The agency earlier announced a suspension of flights to and from the UK from December 28 to January 10.
- **China imposes tougher restrictions on international flights:** The Civil Aviation Administration of China (CAAC) has announced stricter measures on international flights into the country, as it moves to curb the number of imported coronavirus cases. If five or more passengers on a flight arriving in China test positive for COVID-19, the airline will have to suspend operations on the specified route for two weeks, instead of one week as previously announced in June.
- **United Airlines, American halt non-stop flights to Shanghai:** American Airlines and United Airlines have ceased non-stop flights to Shanghai from the U.S. and included Seoul on the route. The adjustment follows reports of lengthy waits for airline crew members upon arrival, limited local accommodation and restrictions on their movement in China. Meanwhile, Delta Air Lines announced on WeChat that it has resumed non-stop flights connecting Shanghai to Seattle and Detroit.
- **Singapore, China commit to restoring normal air travel:** Singapore and China have expressed mutual willingness to restore normal air travel "at an appropriate time" during discussions in early December. They are prepared to discuss how to open borders further, including optimizing the Singapore-China Fast Lane and increasing flight frequencies.
- **ANA launches flight to Shenzhen, first since pandemic:** All Nippon Airways has launched a flight between Japan's Narita airport and Shenzhen in southern China. It is the airline's first new international route to open since the coronavirus outbreak was declared a pandemic in March. The airline began operating the new route after the two countries restarted reciprocal business travel in November.



- **China's domestic air market nearly recovered, rest of world still depressed:** The recovery of passenger demand continued to be disappointingly slow in October, according to the International Air Transport Association (IATA). China's domestic market has nearly recovered, while most others remain deeply depressed. China's domestic traffic was down just 1.4% in October compared to October a year ago. Low fares and so-called "all you can fly" deals boosted demand.



TRAVEL INDUSTRY NEWS

- **Why China's airlines need to resume international flying:** A recent webinar by travel data analysts OAG hinted at a saturated Chinese domestic market with wafer-thin margins and explored why it's important not to assess China's airline market's health on capacity alone. Traditionally China's big airlines made the bulk of their revenue from international routes, it reported, but the Chinese government is still acting very conservatively.
- **Sales in Hainan duty-free shops hit \$231 million during holidays:** The week-long Spring Festival holidays have triggered another shopping spree for China's duty-free shops, as latest data from Hainan Island, the "Hawaii" of southern China, revealed. From February 11 to 17, the 7-day sales of outbound duty-free shops in Hainan exceeded 1.5 billion yuan (\$231 million). Sales exceeded 280 million yuan on February 14.
- **Bankruptcy implications for HNA's dwindling empire:** Bankruptcy proceedings represent the latest step in the unraveling of HNA Group's ambitious global expansion, and could lead to divestment of more of its aviation holdings, Aviation Week reported. The company still holds an extensive airline portfolio with at least 14 carriers in China and Hong Kong. Despite HNA's contraction, China's airline market remains fundamentally strong. If HNA's restructuring does result in more consolidation or mergers — and less capacity — this could help decongest the post-Covid-19 industry landscape, the journal said.
- **OTA giant launches destination account:** China's major online travel agency, Trip.com, has kicked off its first destination account with Guangdong-based Chimelong Resort. The destination account section was developed as travelers are increasingly making decisions online and asking for diverse tourism content, the OTA said. Tourism players and destinations will be able to conduct live-streaming shows through their official accounts at Trip.com to reach the travel agency's pool of about 100 million users.
- **Positive initiatives to help rise from the ashes:** The unprecedented Covid-19 pandemic has made the year 2020 quite a challenging one for tourism, one of the hardest-hit sectors. While many countries are still struggling to kickstart their battered tourism industries, China has seen positive signs for rebuilding the tourism market, including a W-shaped recovery, thriving virtual and live-streaming tours, and preferential ticketing policies, broadcaster CGTN reported.
- **TikTok affiliate sets up TA in China:** Beijing Weibo Shijie Technology, an affiliate of TikTok's parent ByteDance, has registered the Weizijie (Beijing) Travel Agency. Its activities will include inbound tourism, domestic tourism, travel information consultancy, and ticket agency. Mr. Zhang Yiming, founder and CEO of ByteDance, is the controlling owner of Weizijie, according to Qichacha.
- **ITB China to hold events in Beijing and Shanghai:** ITB China announced it will present an ITB China Special Edition in 2021. The two-day business event will debut in Beijing from May 7-8, 2021, offering an innovative showcase for business exchanges and a stage for sharing travel industry insights. The regular ITB China 2021, and accompanying ITB China Conference, in Shanghai is being rescheduled to November 24-26, 2021.
- **Top 20 China Travel Groups for 2020 announced:** China Tourism Academy and China Tourism Association have jointly announced this year's Top 20 China Travel Groups. They are: China Tourism Group, Overseas Chinese Town (OCT), Beijing Tourism Group, Meituan,



Caissa Group, Hebei Tourism Investment Group, Shanxi Culture and Tourism Group, Haichang Group, Jin Jiang International, Trip.com Group, Fosun Tourism, Spring Travel, Joyu Lv mama, Nanjing Tourism Group, Tongcheng Group, Zhejiang Tourism Group, Hangzhou Commerce & Tourism Group, New Century Tourism Group, Huangshan Tourism Group, SunRiver Group, Fujian Tourism Development Group, Shandong Province Guoxin Cultural Tourism Development Group, Jiangxi Tourism Group, Central China, Hubei Culture & Tourism Investment Group, Lingnan Group, Zhuhai Jiuzhou Holdings and TCG Shaanxi.



MEDIA & DIGITAL TRENDS

- **China's online advertising market expands in 2020:** The scale of China's internet advertising market expanded to nearly 500 billion yuan (US\$77 billion) in 2020, up 14% year-on-year, according to the latest statistical report on internet development. Internet advertising via mobile devices commanded a market share of 85% last year, up from 70% in 2018, said the report released by the China Internet Network Information Center (CNNIC). Key opinion consumers (KOCs), or those who can influence their friends and fans and generate consumption behavior, are reconstructing the internet marketing communication chain and boosting advertising, the report noted.
- **China's internet user population reaches 1 billion, one-fifth of global figure:** China has hit the billion mark for its internet users - over 70% of the population. CNNIC reported 31% are from rural areas. The proportion of users who are under 20 or above 50 years of age have increased significantly. By December 2020, 346 million people had worked remotely, up 147 million from June 2020. CNNIC said 88% of online Chinese now use short video, up 100 million between March and December 2020.
- **Taobao turns product listings into entertainment:** Discovery shopping means that users shop without actually knowing what they want, Future Tech China claimed. But they don't need to know what they want because the platform knows them better than themselves. The experience for users is more like being in a physical store than traditional e-commerce, it said. On Taobao and Tmall, users are essentially scrolling through recommendations via a content feed that combines: personalized recommendations; various content formats such as video, lists, articles, and more, in a double-row setup; and infinite scroll. Brands should think less of their product listing as informational and more of it as entertainment, Future Tech China said.
- **Why China is a decade ahead in social media-driven sales:** Most shoppers expect to make a luxury purchase with a couple of clicks, but despite the many breakthroughs in online shopping, the process is still quite complex, confusing and time-consuming in the West, Jing Daily reported. Until recently, if people liked an outfit worn by an influencer on Instagram, they had to go to a different platform to identify it, and then go to other platforms to buy it. In contrast, Chinese social media platforms are more multifunctional, have a broader purpose than their Western counterparts and are more engaging than traditional shopping experiences.
- **WeChat's search MAUs reach 500 million:** The number of monthly active users of WeChat search has reached 500 million, China Internet Watch reported. The monitor also said: 330 million of WeChat's 1.09 billion users do video calling, 780 million users are on social networking section WeChat Moments, and 120 million publish updates. The content network WeChat Official Account has 360 million users.
- **WeChat expands marketing and e-commerce tools:** Tencent keeps releasing new functions to help marketers more easily reach consumers. After it acquired the Chinese search engine Sougou, there are now search capabilities not only on WeChat's Discovery tab but also available within chat windows. WeChat has also released the ability to redirect users using #hashtags.
- **What Brands Can Learn from Viral Moments:** A Khampo Tibetan farmer captured users' attention online in China after he was featured in a blogger's photography session. With his handsome looks and appealing, simple lifestyle, he became an internet viral sensation overnight. His popularity in social media resulted in tourism authorities around China inviting Ding Zhen - via their own WeChat and Weibo accounts - to visit their destinations.