

New Look at Bespoke Travel

2017

The Chinese
Luxury Traveller



Foreword

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According to the 2016 report jointly issued by Ctrip and the China Tourism Research Institute, last year Chinese tourists made 122 million overseas trips, an increase of 4.3% compared with two years previously, with China continuing to establish itself as the main source of outbound tourists worldwide. These vast numbers of tourists spent in excess of US\$100 billion, with the total reaching a staggering US\$110 billion. Although China's economic growth - and indeed, the world's - have gradually been cooling off in recent years, the ranks of the Chinese wealthy have continued to swell; as of May 2016, the number of yuan billionaires stood at 1.34 million, a year-on-year increase of 14.1%, outpacing China's overall population growth of 10.7%.

Alongside this upsurge in the number of high net worth individuals, China's luxury tourism market is also booming. Our survey reveals that last year, 58% of luxury travellers used personalised travel services offered by high-end travel agencies, and that 40% intend to make use of such products in the next three years. Against a background of a thriving industry, Hurun Report and ILTM have jointly issued the 2017 Chinese Luxury Traveller report, focusing on the behaviour and demands of China's high-end tourists, to understand and interpret the direction in which the industry is heading.

This report is based on the responses of 334 high-end travellers with average travel consumption of 380,000 yuan, 220,000 yuan of which is spent on retail. In their plans for the next three years, these travellers are looking for more than just a holiday; travelling around the world, exploring the polar regions and adventure travel are among the intrepid goals they set their sights on. Millennial travellers display a pronounced preference for



island-hopping and sampling fine cuisine from around the globe, and while they increasingly prefer to vacation outside of the busy season, holidays such as National Day and the summer season remain popular times to travel.

Why focus so much on the next three years? As these high-end travellers become increasingly independent in terms of wealth, cost considerations weigh less heavily, and they are able to travel more freely to the places they favour the most - and these choices are highly significant, as they often set the trend for future waves of tourism, with these high-end pioneers setting the benchmark. The Maldives is one of the best examples of this; once almost unknown to the Chinese, it established itself as one of the hottest destinations among wealthy Chinese travellers, before becoming the top destination among Chinese tourists that it is today.

We at Hurun Report are delighted to team up once again with ILTM, having already cooperated on the release of luxury travel reports. We hope that readers will be able to clearly discern the future trends set to come to the fore in the Chinese luxury travel market.

Happy Reading.

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Summaries:

Luxury Traveller

Survey Key Points

1. 32% of Travellers' Accommodation Budgets Top 5,000 Yuan, Boutique Hotels Increasingly Popular with Luxury Travellers

China's luxury travellers have an ample average accommodation budget of 3,800 yuan per night, with the millennial generation of travellers seeing theirs rise by 7% from 3,113 yuan to 3,325 yuan. Among them, over 30% of luxury travellers have budgets in excess of 5,000 yuan.

Luxury hotels are still the first choice for China's luxury travellers. The Ritz-Carlton and Four Seasons hotels are among the most popular choices, ranking first and third. Boutique hotels are increasingly favoured, with Banyan Tree jumping from sixth place last year to fourth place this year, while Aman entered the top ten in seventh place.

2. Luxury Travel Agencies Developing Rapidly

Agencies have grown at a rapid rate over the past two years, with customised tourism products increasingly used by China's luxury tourists. 72% of younger respondents made use of them in 2016, an increase of 7.5% year-on-year.

3. Holiday Retail Sales Up Almost 60%, Overseas Tourism Continues to Boom

The high-end Chinese tourists surveyed for this report boast average wealth of nearly 22 mil-

lion yuan. As with 2015, their travel expenditure amounts to nearly 380,000 yuan, the wealth of China's HNWI's has been on the up over the past two years. Alongside it, purchasing power has risen significantly, as the effects of anti-corruption campaigns ease, climbing from 14 million yuan per capita in 2015 to 22 million among those surveyed, a rise of 57%, with cosmetics, local specialities, luggage and clothing their most popular purchases.

At the same time, enthusiasm for overseas travel shows no signs of abating, with the proportion of time spent overseas for tourism purposes among luxury travellers rising 5% to 70% of the total. Economic slowdown in 2016 led to luxury travellers spending more time at work, but this did little to reduce their appetite for travel, making them determined to make the most of their time abroad to go travelling.

4. Time of Year Has Significant Effect on Choice of Location

When planning future trips, luxury travellers increasingly avoid the peak national holiday seasons, with the proportions opting to travel during these times falling below 20%. 59% of respondents declared that they purposely avoid travelling during national holidays.

The time of year has a large bearing on choice of location. In the summer and autumn, millennial luxury travellers possess a marked

preference for island-hopping, with Phuket (27%), Maldives (18%) and Fiji (16%) and China's very own Sanya (16%) the most popular choices. The colder winter and spring months see more variety, with the warm climes of Australia (16%) and Phuket (18%) popular among sun-worshippers, while ski enthusiasts flock to Japan (32%), Canada (8%) and Switzerland (7%).

5. High-End Tourists Favour Hotel Dining

22% of millennial luxury travellers prioritise 'diverse, appetising dining options' when choosing hotels. Local cuisine is particularly popular (56%), with Japanese (32%), Cantonese (31%) and Sichuan (26%) also well received. Nearly half of respondents think that having private dining facilities (47%) is very important for a hotel.

6. 61% of Luxury Travellers Choose Business or First Class Flights

China's luxury travellers are placing a higher premium on comfort when they travel. 61% of respondents, on their most memorable trips, travelled in business or first class seats. Air China has the most popular membership scheme among domestic airlines (54%), with the carrier scoring well between both the younger and older demographics for the past three years. Among foreign airlines, Emirates and Singapore Airlines found the most favour, with 23% and 22% respectively, benefiting from their reputations for offering both cost-effective and high level services. The fact that Singapore and Dubai airports are such important hubs for flight transfers also contributes to their popularity.

7. Fine Cuisine and Island Travel Prioritised By Millennial Travellers

The millennial generation of luxury travellers show a marked preference for island travel, with 46% of respon-

dents selecting it compared with 23% among the older demographic. This generation are also keen foodies, with a comparatively high proportion of 24% choosing gourmandising as one of their top holiday priorities. Japan and South Korea find greater preference among millennials, with 10% more choosing to visit them (33%) than the older generation. This demographic also place a higher degree of emphasis on tourism infrastructure, with 57% choosing it, as opposed to 46% of older respondents.

8. Outlook for the Next Three Years - Spirit of Adventure on the Rise

Around the world travel, polar exploration and adventure travel are the main travel priorities for China's luxury tourists in the next three years. Compared with recent years, a higher proportion of respondents are showing a taste for the adventurous, with travellers looking to challenge themselves and to take steps into the unknown. Among younger respondents, Africa and the polar regions both grew in popularity, chosen by 36% and 32% respectively, up 23% and 17% year-on-year.

9. Growing Numbers of Wealthy and Increasingly Experienced Luxury Travellers

As of May 2016, the number of yuan billionaires stood at 1.34 million, a year-on-year increase of 14.1%, outstripping China's overall population growth of 10.7%. 45% of China's luxury travellers have visited more than 20 countries overseas, while 10% have been to more than 40. 20% of respondents spent over 500,000 yuan on tourism over the past year. Nearly a quarter have visited their favourite overseas destination 5-10 times. The figures show that China's luxury tourists have moved beyond their fledgling stage of development, and have reached a stage of full travel independence.

Chapter 1: Travel and Lifestyle

Habits of Luxury Travellers

2017 Luxury Traveller Respondent Sample Data



The respondents to this survey are drawn from the ranks of China's high-end tourists, who average 42 years of age, with per capita wealth of nearly 22 million yuan. 41% of them are male. Their wealth mainly comes from investment (49%), salary (37%) and company ownership (21%). 70% of them are married, and half have one child, while 27% have two. On average, they have worked or studied abroad for 1.4 years.

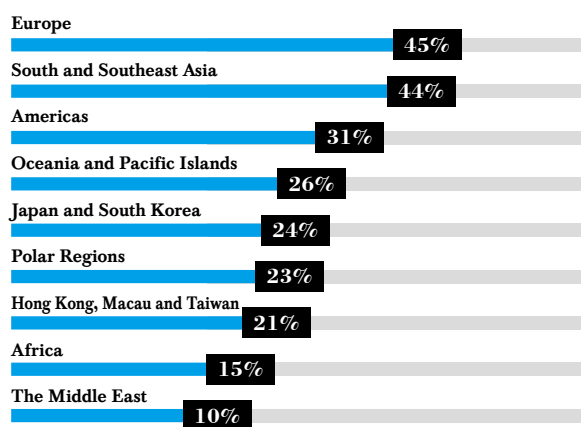
They were more enthusiastic about shopping on their travels than in 2015, with 220,000 yuan of their average travel budgets of 380,000 yuan devoted to retail therapy, up 57% year-on-year.

Enthusiasm for Overseas Travel, Europe and SE Asia Preferred

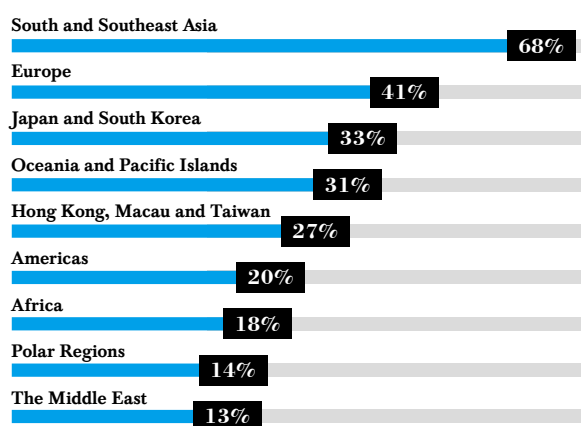
The 334 individuals surveyed have visited an average of 18 countries, and take an average of 3.3 overseas trips annually, amounting to 27 days, of which tourism accounts for 69%. Compared with 2015, respondents spent fewer days travelling abroad, but the proportion of time devoted to tourism increased by 5%, demonstrating its undiminished importance.

When it comes to destinations, Europe and Southeast Asia are preferred by a considerable margin. Europe of course, with its cultural heritage and picturesque natural scenery, is long-established as the destination of choice among the Chinese jet set, while Southeast Asia is more newly established, having surpassed the Americas as one of the hottest destinations for luxury travellers over the past two years. The latter finds particular favour among the millennial generation, with a staggering 34%

Destinations Visited Abroad in the Past Year - All Respondents



Destinations Visited Abroad in the Past Year - Millennials



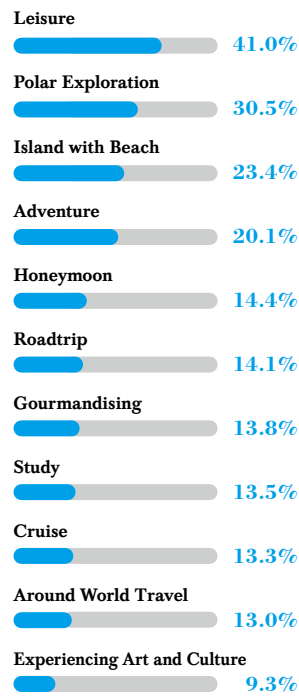
choosing it as their top pick, transforming it from the fourth most popular destination last year to the first. The region's convenient geographical proximity and lush tropical climate are the factors attracting ever-increasing droves of high-end Chinese tourists.

Island Travel the Hottest New Travel Trend in 2016

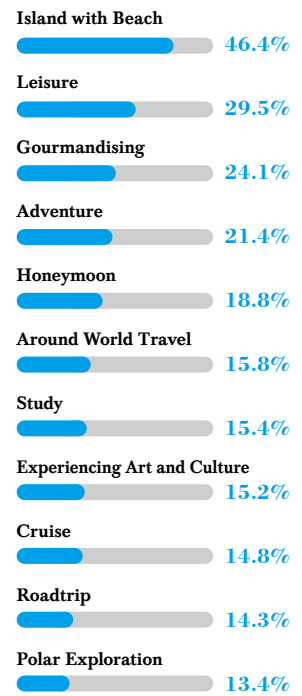
In terms of reasons for travelling abroad, travelling for leisure remains the most common motivation, with 41%. The recent trends of polar exploration and adventure travel continued to grow in popularity, with 31% and 20% respectively. Island travel saw the most noticeable upsurge in 2016, becoming the third most popular reason for travel at 23%, ahead of taking road trips (13%) and cruises (14%). Among millennial respondents, visiting islands was the most popular choice, with 46%.

From the above we can see that luxury travellers are becoming increasingly adventurous, with the growth in popularity of polar exploration a case in point. Islands, with their balmy climates and sparkling ocean views and beaches, also hold a particularly strong allure for respondents, especially for

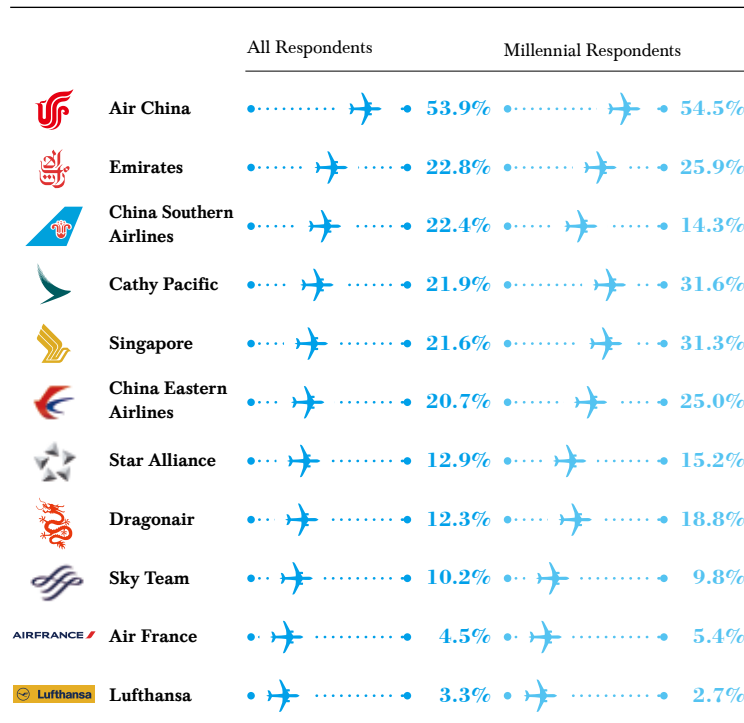
Reasons for Overseas Travel in Past Year - All Respondents



Reason for Overseas Travel in Past Year - Millennials



Most Common Airline Memberships

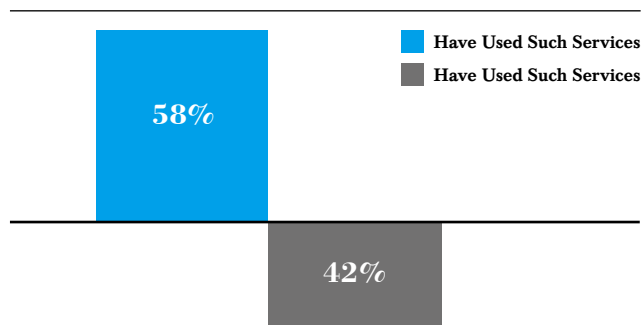


the millennial generation. As well as offering exciting water sport opportunities like surfing and diving for the more active, islands are also viewed as a family-friendly option which allow for a high degree of personal space.

Air China, Emirates Most Popular Domestic and International Carriers

Air China is by far the most popular domestic airline, selected by 53.9%, followed by China Southern Airlines (22.4%) and Cathay Pacific (21.9%). Between both age categories, Air China comes out on top, earning impressive customer loyalty, with more than half of respondents ranking it the highest due to its good reputation. For overseas airlines, Emirates and Singapore

Personalised Service Usage



Source: Hurun Research Institute Chinese Luxury Travel and Lifestyle Survey 2017

Airlines set the benchmark for luxury flight experiences, leaving their competitors trailing far behind with figures of 23% and 22% respectively. Both airlines count cost-effective services among their main selling points. The fact that Singapore and Dubai airports are such important hubs for flight transfers also contributes to their popularity.

Respondents have taken an average of 1.7 cruises before, although 34% have never been on one.

Popularity of Personalised Service Continues to Spread Among Luxury Travellers

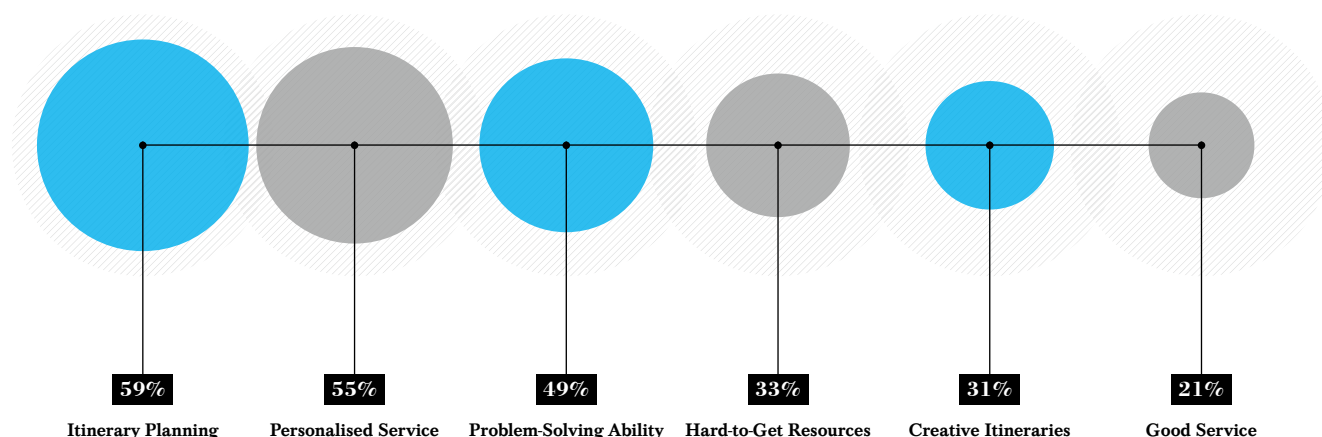
Luxury travellers are increasingly availing themselves of personalised travel services, with more than half (58%) having used them before. Likewise, 55% said that the provision of such services is their main reason for sticking with their favoured travel agency. Both data reflect the booming demand for customised service among luxury travellers, and their availability is widening as more and travel agencies begin to offer them.

Travel Agencies Require Unique and Creative Itineraries to Retain Customers' Loyalty

In terms of travel agency performance, luxury travellers lay particularly strong emphasis on strong itinerary planning, the provision of personalised services and problem-solving ability, with 59%, 55% and 49% respectively. Compared with 2015, the latter category has seen strong growth, up 11% year-on-year.

The things that respondents felt least satisfied with about travel agencies included poor itinerary arrangement, unappetising cuisine and tour guides falling below expectations, with 29%, 24% and 21% respectively. Planning a successful itinerary is the make-or-break factor when it comes to sticking with a travel agency, with successful outcomes leading to high rates of satisfaction, and

Area Most Satisfied with Travel Agencies



Source: Hurun Research Institute Chinese Luxury Travel and Lifestyle Survey 2017 (Travel Agency Research Data)

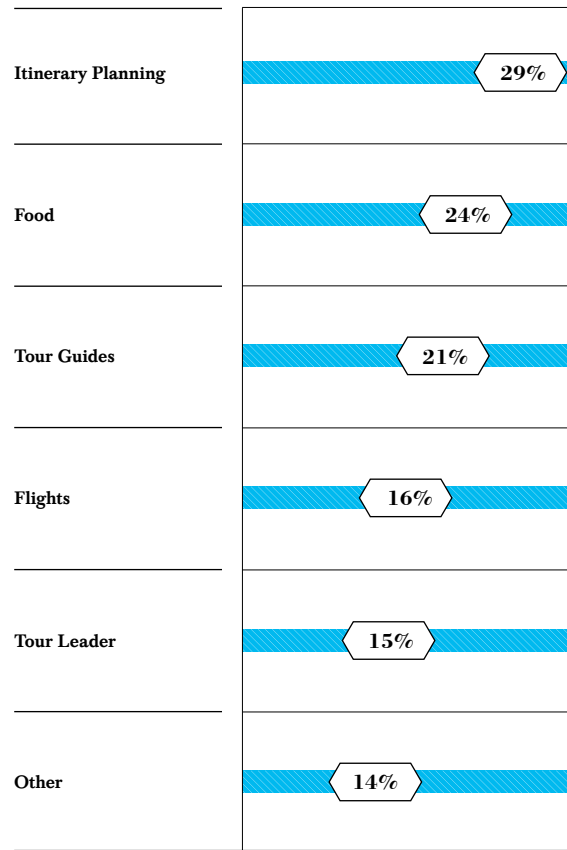
failure to do so capable of ruining an agency's reputation with its high-end customers.

Destination Type and Time of Travel: The Deciding Factors for High-End Travel

Destination type and time of travel (58% and 57%) are the two most important factors in deciding where to travel, with both the younger and older generations in agreement on this topic.

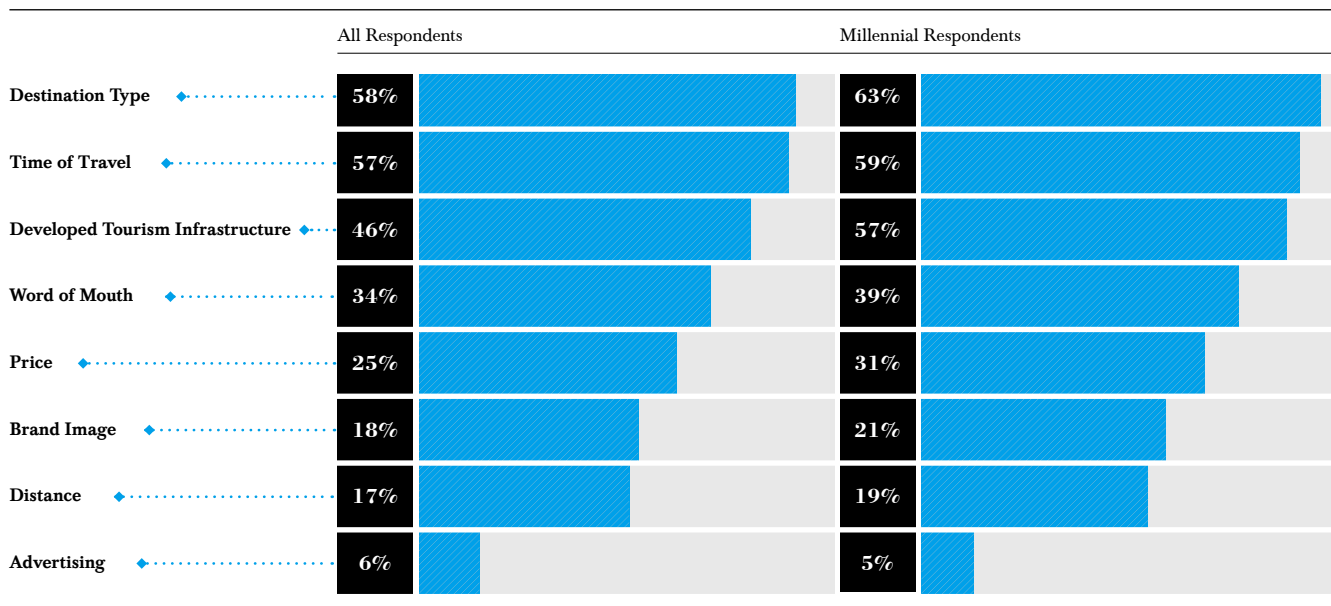
With an ever-widening range of options for travelling abroad available, luxury travellers are increasingly able to fit their choice of destination to suit their own personal preferences. Europe and North America are popular for ski trips; Japan is favoured for culinary tours whilst sun-worshippers increasingly head for Oceania and the Caribbean. Time of travel is another important consideration, with luxury travellers with longer holidays or able to set their own working hours tending to choose more far-flung destinations such as the Americas and even Antarctica, while short-hop trips to Southeast Asia are preferred for public holidays. Naturally, tourism infrastructure remains a key consideration (46%) given that travelling for leisure is still the most commonly cited reason for going abroad among respondents.

Area Least Satisfied with Travel Agencies



Source: Hurun Research Institute Chinese Luxury Travel and Lifestyle Survey 2017 (Travel Agency Research Data)

Factors Affecting Choice of Travel Destination



Source: Hurun Research Institute Chinese Luxury Travel and Lifestyle Survey 2017

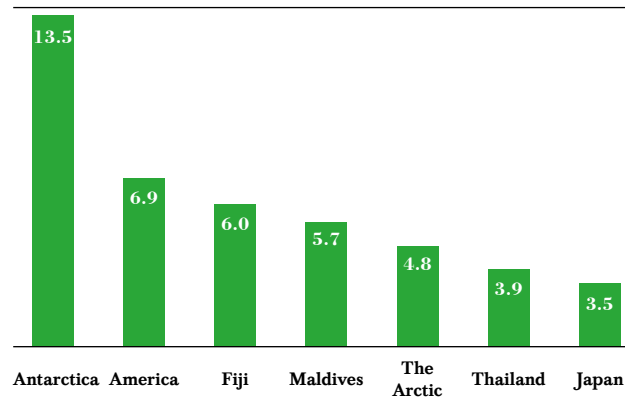
Chapter 2: Chinese Luxury Travellers Special Research

Topic 1: Most Memorable Travel Destinations of 2016

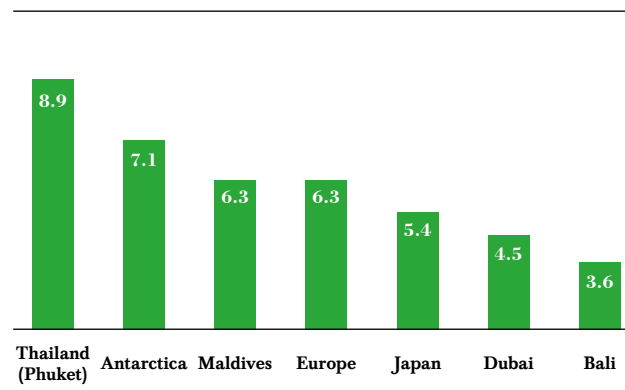
Respondents' most memorable travel experiences in 2016 were the Antarctica (13.5%), followed by the United States (6.9%) and Fiji (6%). Antarctica is clearly leaving a deep impression on Chinese tourists, having also ranked first in the previous year, with its scarcity of human life, endless magical snowscapes, fascinating wildlife and towering glaciers distinguishing it as one of the world's most incredible destinations. The variety of experiences to be had in the United States, from the sun-scorched deserts of its wild west to the vibrant cities of its coasts, need no introduction, and Fiji's inclusion on the list reflects this year's island-hopping trend, as luxury travellers seek comfortable climates and stunning ocean views.

Thailand holds a special place in the heart of millennial respondents, surpassing Japan and France in 2016 as their destination of choice, with its welcoming culture and developed tourist industry hard to top. Japan, South Korea and Europe all showed sharp declines among this demographic, as millennials look beyond traditional destinations in pursuit of exotic new adventures.

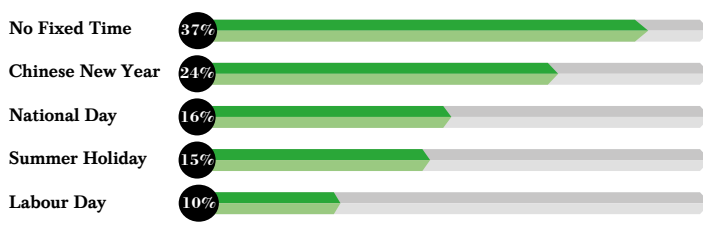
Most Memorable Travel Destinations - All Respondents



Most Memorable Travel Destinations - Millennials

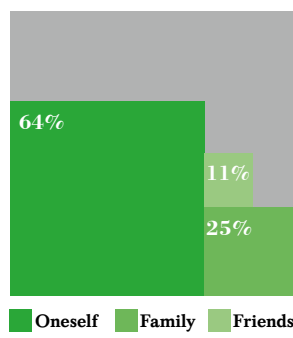


Time of Travel



Over a third (37%) of respondents experienced their most memorable travel experience of the year outside of Chinese national holidays, making the most of the smaller crowds of tourists for enhanced enjoyment. Chinese New Year accounted for 24%, and is considered a suitable time to travel due to the lower likelihood of being affected by business issues or overtime at work.

Who Chooses Travel Destination

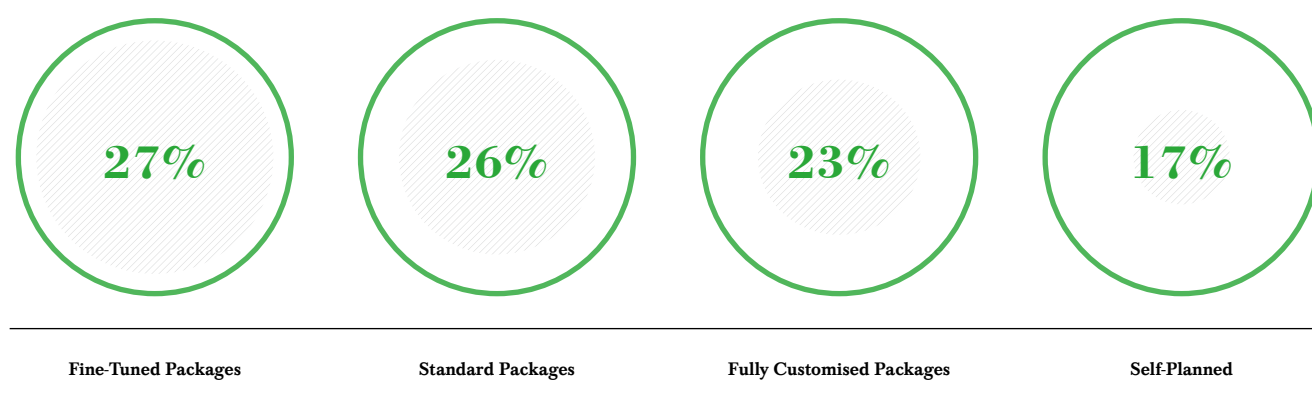


On the trip that most impressed them, all respondents were travelling either with family or with friends. The average number of travel companions was three, with 1-2 people accounting for 39% of responses, and 3-6 people for 46%. The average number of days spent on this trip was 10.

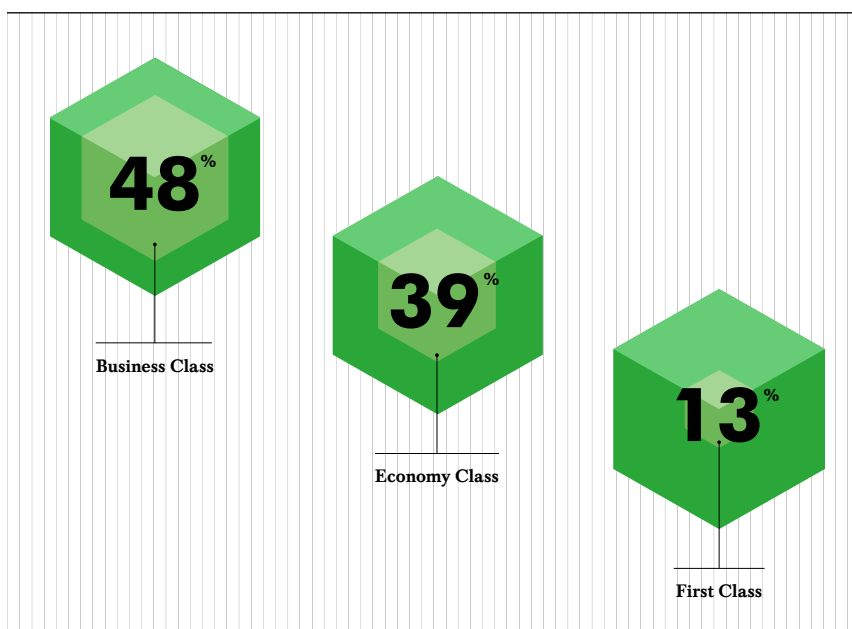
In planning a suitable travel

itinerary, fine-tuned packages offered by travel agencies (27%) and fully customised packages (23%) were the most popular methods. Standard packages fell by 11% compared with 2015, as they increasingly come to be perceived as unable to fulfill the needs of high-end travellers, with tailor-made packages

Choice of Itinerary



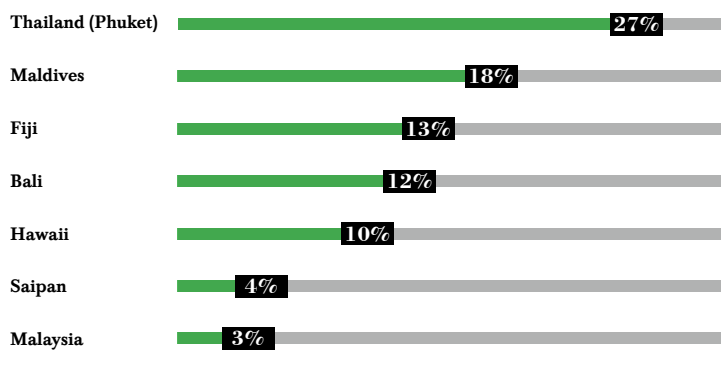
Preferred Class of Air Travel



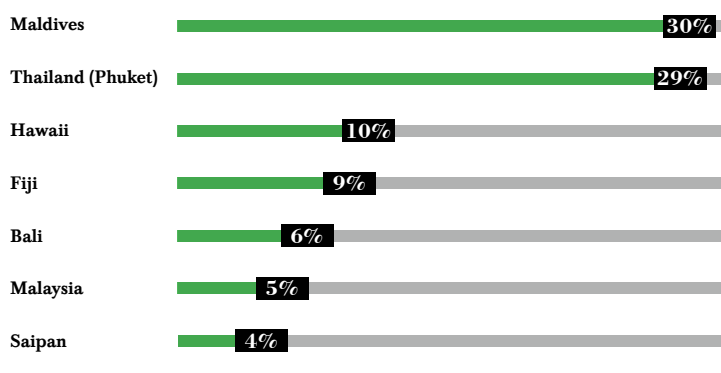
set to become more and more prevalent in their place. Luxury travellers are becoming more assertive in their choice of destination, with 64% viewing themselves as the primary decision maker.

Luxury travellers place great value on travelling in comfort, with business class the most popular choice of seat at 48%, being viewed as more cost-effective than first class and more comfortable than economy for long-distance flights.

Most Popular Summer/Autumn International Travel Destinations - All Respondents



Most Popular Summer/Autumn International Travel Destinations - Millennials



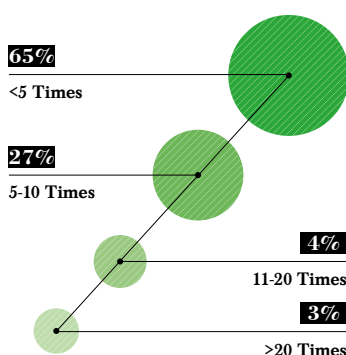
Topic 2: Luxury Traveller Summer/Autumn Travel Trend Analysis

Islands are the destination of choice for summer holidays. Respondents have been to their destinations of choice an average of six times, and they plan to return to their favourite locations twice in the next three years. The millennial generation are particularly fond of islands, which constitute all seven of their preferred destinations, with the Maldives and Phuket in first and second place.

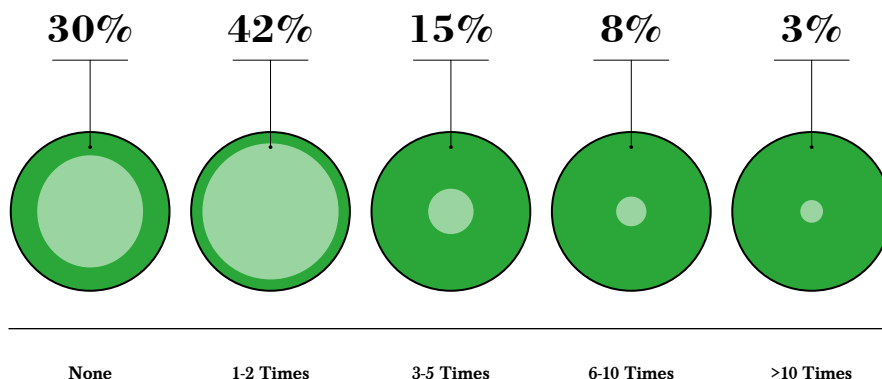
A diverse range of islands around the world are among the preferred destinations, including Phuket (27%) the Maldives (18%) and Bali (12%) in Asia, Hawaii (10%) and Fiji (13%) in the Pacific and even China's very own Sanya (16%). From soaking up the sun alongside friends and family during the day to savouring magical sunset views and beach-side barbecues, to high-octane water sports to luxuriating in tranquil privacy, islands have something to offer everyone.

Family and friends were the preferred travel companions of all respondents, who travel with an average of three people. 3-6 people was the most common category. Economy class and business class are almost neck and neck with 48% and 45% respectively, with short-haul passengers more concerned with ticket prices.

Number of Times Visited



Planned Visits in Next Three Years



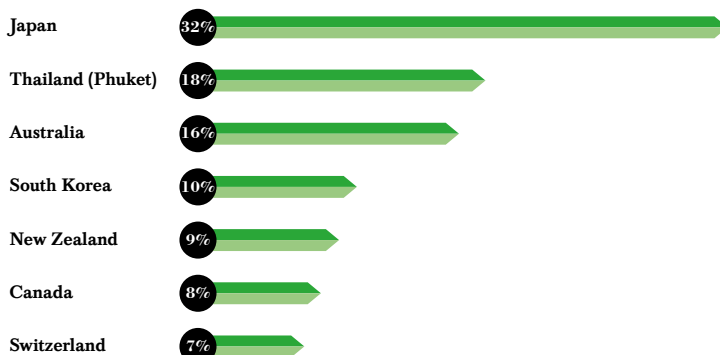
Topic 3: Luxury Traveller Winter/Spring Travel Trend Analysis

Luxury travellers choose a wider range of destinations in winter and spring. Both the younger and older age categories share similar preferences for this time of year, with Japan, Thailand and Australia the top three choices regardless of age. With high-end tourists developing a taste for active outdoor pursuits, skiing is the activity of choice for the colder months. Japan (32%), South Korea (10%), Canada (8%) and Switzerland (7%) are all renowned for their world-class ski resorts. Japan rules the roost among winter destinations, with the Hokkaido region in particular, with its unique culture and history, mouth-watering local delicacies and abundant hot springs in addition to its first-rate ski slopes, considered to be an unmissable experience.

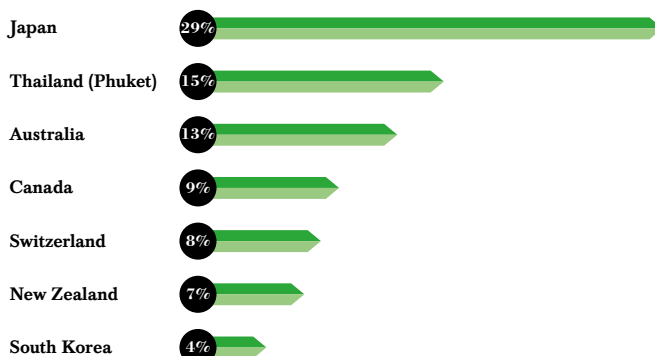
For those looking for relaxation over outdoor adventure, places with warm climates such as Thailand (18%) and Sanya (12%) and the Southern Hemisphere's Australia (16%) and New Zealand (9%) are viewed as the ideal winter getaways. Phuket is the only destination at the top of the charts in both the warmer and colder periods of the year.

Luxury travellers travel to their destinations of choice on average of more than six times a year an-

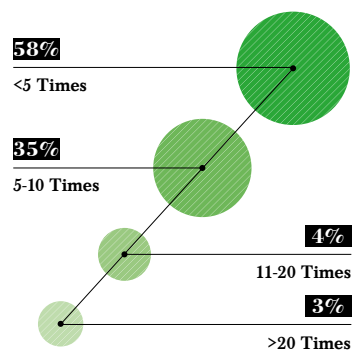
Most Popular Winter/Spring International Travel Destinations - All Respondents



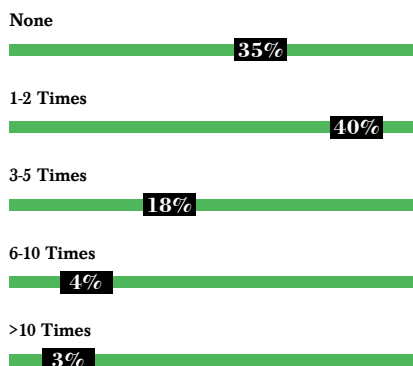
Most Popular Winter/Spring International Travel Destinations - Millennials Respondents



Number of Times Visited



Planned Visits in Next 3 Years



nually, and in the next three years they plan to return to these places twice.

All respondents travel with family or friends, with an average of three companions. They most frequently travel in a group of 3-6 people, at 47%. They opt for economy and business class in equal measure (40%) when they fly, but at this time of year, a higher proportion opt for first class, due to the need for comfort on the longer-haul flights they tend to take in the winter.

Topic 4: Luxury Traveller Trends in the Next Three Years

Around the world journeys and polar exploration are the up-and-coming trends for the next three years, with 43% and 36% planning for them, along with 26% who intend to do some adventure travel.

Comparing the last two years, luxury travellers are expanding their horizons, travelling not only for leisure but also to satisfy their individual tastes, whether this include island-hopping, culinary tours or wine-tasting, all of which appeared in the top ten future travel trends. Compared with 2015, a more diverse range of activities is on show, and as travellers seek out meaningful experiences on their travels, in line with long-standing trends in the western travel sector, so too do adventurous themes such as polar exploration burgeon in popularity.

China's younger high-end travellers are enamoured with islands, with 30% expecting to island-hop in the next three years. Gourmandising and experiencing art and culture became travel priorities among young travellers for the first time in 2016, ranking fourth and seventh, while cruises fell by 14% to eighth position. As with their peers elsewhere, the younger generation is

Reasons for Overseas Travel in Next Three Years - All Respondents

	Reasons for Travel in the Next 3 Years (2017)	Trend Direction	Reasons for Travel in the Next 3 Years (2015)
Around World Travel	43%	↑	36%
Polar Exploration	36%	↑	32%
Adventure	26%	↑	32%
Leisure	25%	↓	42%
Cruise	22%	↓	32%
Roadtrip	19%	↓	29%
Island with Beach	17%	↑	-
Gourmandising	14%	↑	-
Honeymoon	10%	↓	4%
Celebrations & Events	10%	↓	9%

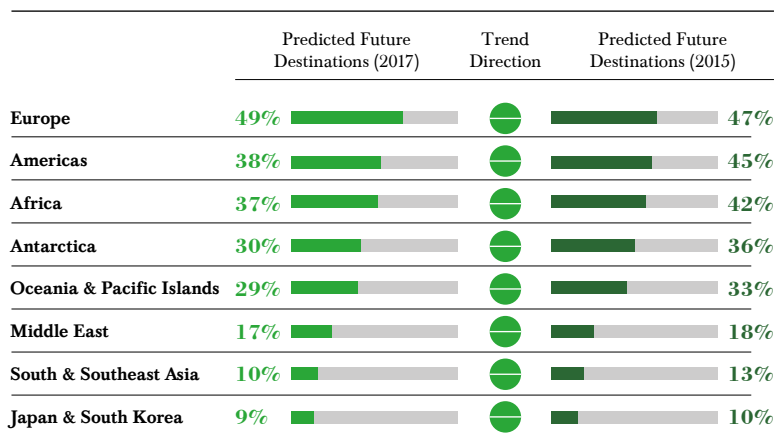
Reasons for Overseas Travel in Next Three Years - Millennials

	Reasons for Travel in the Next 3 Years (2017)	Trend Direction	Reasons for Travel in the Next 3 Years (2016)
Around World Travel	41%	↑	50%
Island with Beach	30%	↑	-
Adventure	29%	↓	35%
Gourmandising	27%	↑	-
Roadtrip	21%	↑	21%
Polar Exploration	20%	↓	22%
Experiencing Art & Culture	16%	↑	-
Cruise	14%	↓	28%
Leisure	13%	↓	68%
Honeymoon	10%	↓	11%

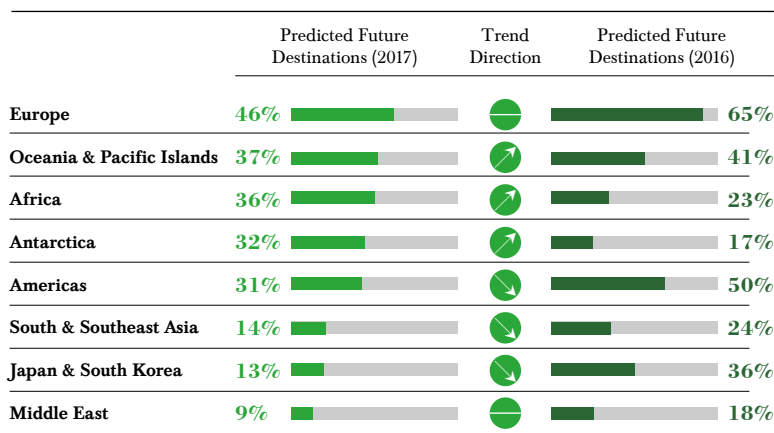




Overseas Travel Destination in Next Three Years - All Respondents



Overseas Travel Destination in Next Three Years - Millennials



“

*For the younger generation,
Europe remains the dream
destination (46%)*

”

becoming more focused and discerning in terms of what it wants out of its holidays.

Compared with 2015, there has been no change in the tourist destinations of choice for the next two years; Europe (49%), the Americas (38%) and Africa (37%) comprise the top three.

For the younger generation, Europe remains the dream destination (46%), but this marks a 19% year-on-year fall. Africa (36%) and the polar regions (32%) both rose sharply, up 13% and 15% respectively. For this demographic, exploring nature is what they are most passionate about.

Topic 5: Future Personalised Travel Market Outlook

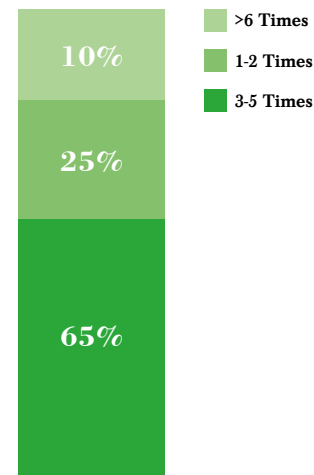
In terms of the timing of their future travels, 59% of luxury travellers have not yet decided when to go. 22% plan to go during the October National Day holiday, while Chinese New Year and summer accounted for 17% & 18%. Travelling during the hectic public holiday periods is growing less popular among luxury travellers, with the associated crowds dampening their enthusiasm and enjoyment. The young generation has plenty planned for 2017, with respondents expecting to make an average of 3.2 trips this year. 65% expect to travel 3-5 times. Visa issues do not particularly bother respondents, with 77% saying they have no impact on their choice of destination; luxury travellers tend to

have both the knowledge and the cash required to complete the application process smoothly.

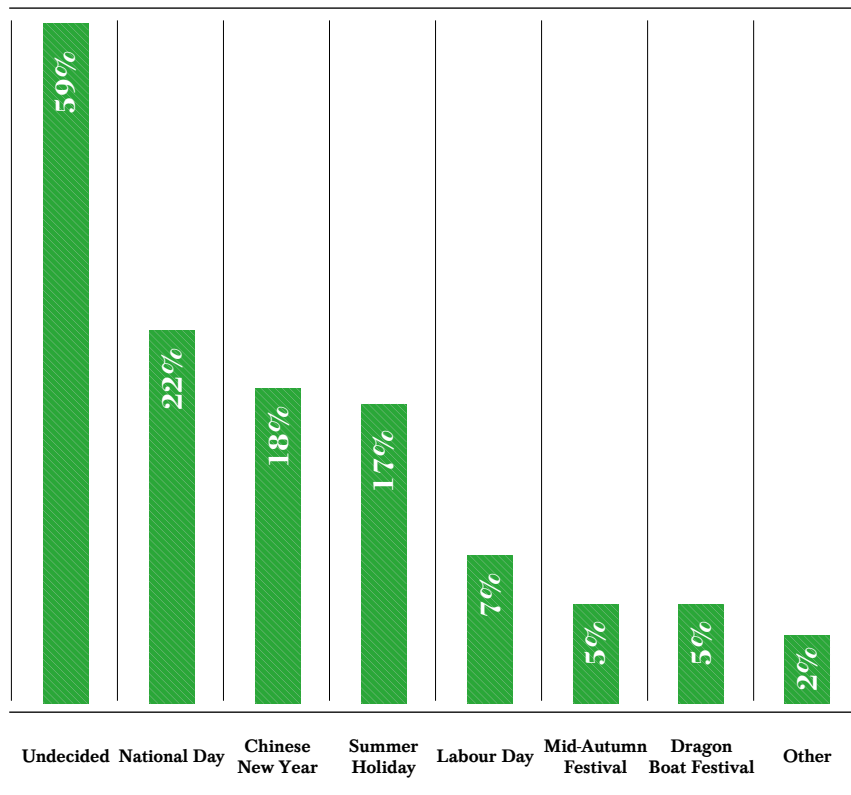
The personalised travel market for luxury travellers is set to expand. 40% of respondents said that they intend to use custom designed services in future, while a mere 10% intend to travel in the traditional manner, as part of a tour group.

In terms of choosing the best time to travel, and finding suitable itineraries and accommodation to match their personal preferences, China's luxury travellers are becoming increasingly demanding and are no longer satisfied by the traditional tour group mode of travel. They have come to appreciate the benefits of customised services, and enjoy visiting unique locations at favourable times with like-minded companions.

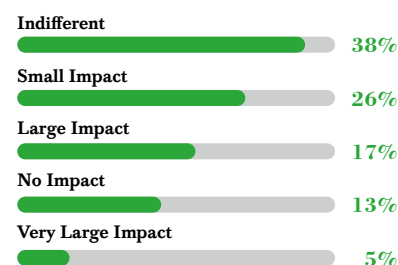
Planned Trips



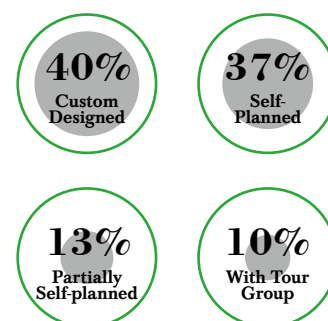
Intended Time of Travel for Next Year



Impact of Visa Regulations

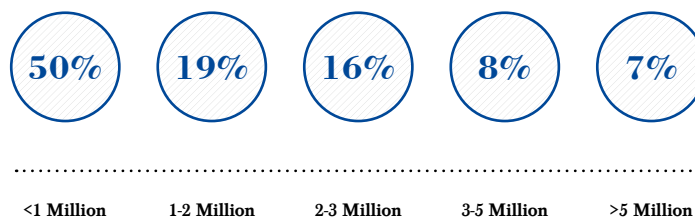


Mode of Travel in Next Three Years



Chapter 3: Luxury Travel- ler Consumption Analysis

Luxury Travellers' Total Household Consumption Expenditure 2016



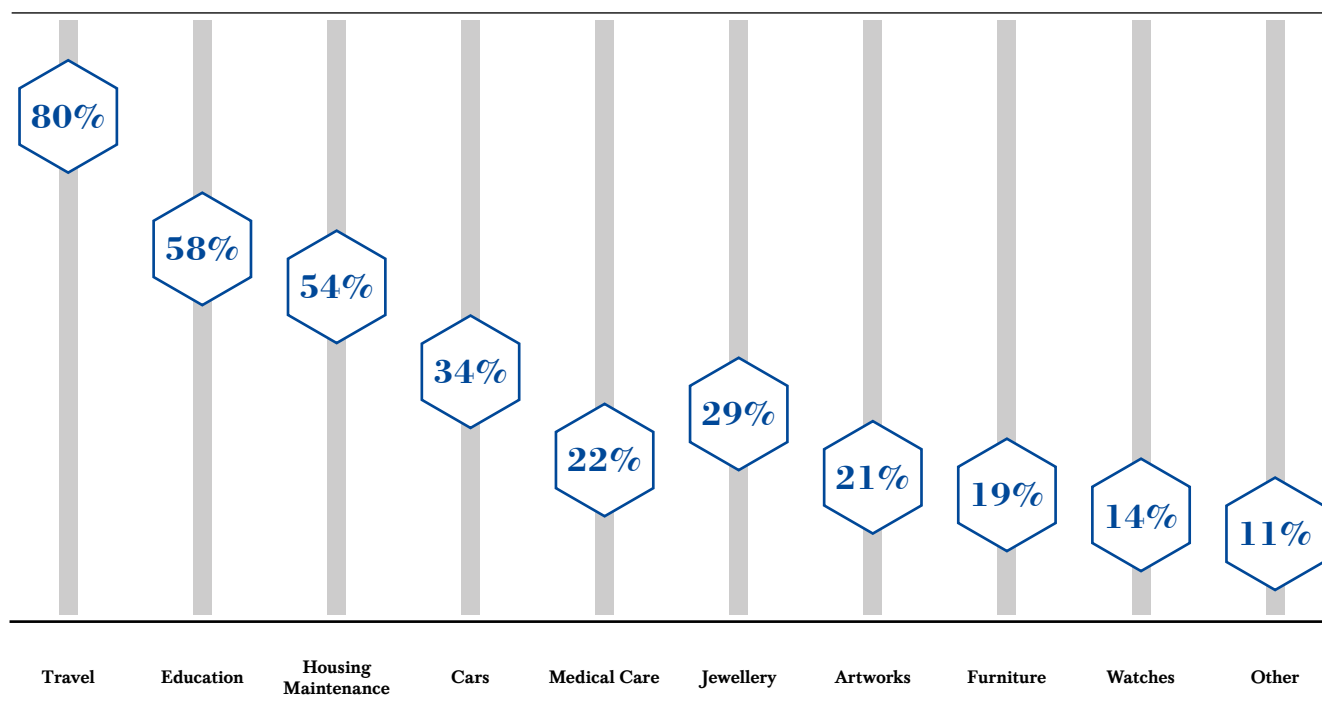
Chapter 3: Luxury Traveller Consumption Analysis

The results of this edition of the survey show that luxury travellers families are wealthier than ever, with the average family spending 1.73 million yuan on consumption annually on average, with more than a third of respondent households spending between 1-3 million yuan, reflecting both their considerable spending power and positive attitude towards consumption. 16% of respondent

families spend 2-3 million yuan annually, with 19% spending 1-2 million yuan, and another 50% having budgets of less than a million yuan.

Tourism has undoubtedly established itself as a major component of high net worth household expenditure. While more is spent on education and daily expenses, more than 80% of respondents incorporate travel into their annual budget, reflecting the increasing importance they attach to it.

Luxury Travellers' Household Consumption Expenditure Breakdown 2016

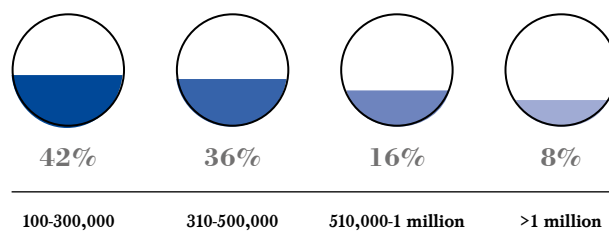


Luxury Travellers Like to Spend on Cosmetics and Local Specialities

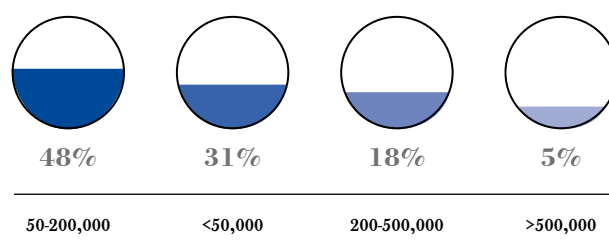
China's high-end tourists remain enthusiastic about travel, and they boast ample budgets. They spend an average of 380,000 yuan annually on their travel, with 42% spending 100-300,000 yuan, and 36% falling within the 310-500,000 yuan bracket. Around 8% of respondents spend more than one million yuan.

On their travels, respondents spend an average of 220,000 yuan on shopping, up nearly 57% year-on-year. Almost half (48%) make purchases to the value of 50-200,000 yuan, and 5% of them spend more than 500,000 yuan. While per capita spending among average Chinese tourists fell by 40,000 yuan year-on-year, the high-end of the market continues to flourish in comparison. Consequently, attracting this demographic is becoming the top priority of tourism destinations worldwide.

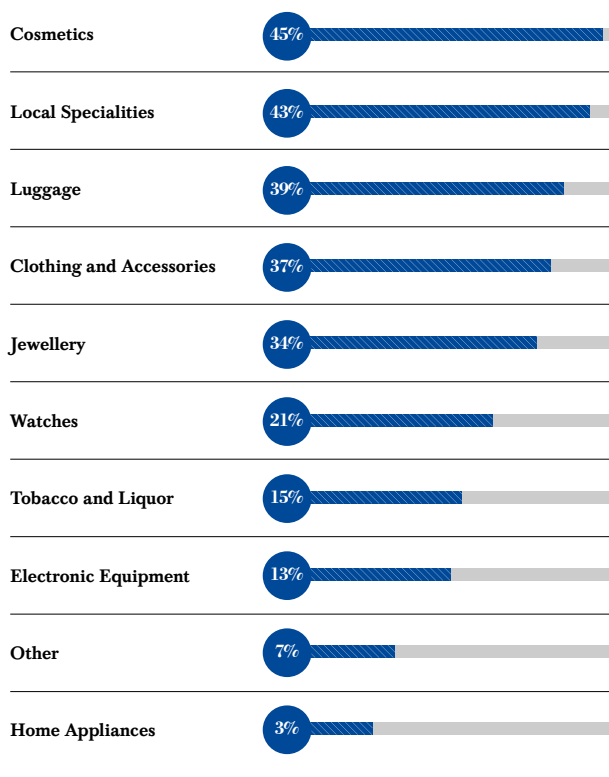
Household Travel Consumption over Past Year



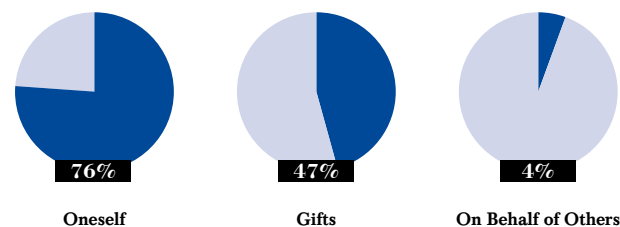
Money Spent on Shopping on Travels over Past Year



Items Purchased on Travels



Who Travel Shopping is Done For



Cosmetics, (45%), local specialities (43%), luggage (39%), clothing and accessories (37%) and jewellery (34%) remain the most sought-after items among luxury travellers. High domestic import duties and concerns about fake products both contribute to the popularity of shopping abroad. Aside from local specialities, the four other most popular items reflect the formidable purchasing power of female luxury travellers. 76% of respondents make purchases for themselves, while 47% buy gifts for others; only 4% do not shop abroad.

Chapter 4: Luxury Travellers Accommodation and Catering Market

Luxury Hotel Brand Ranking

- | | |
|---------------------|--------------|
| 1 Ritz-Carlton | 6 Peninsula |
| 2 Banyan Tree | 7 Aman |
| 3 Four Seasons | 8 Langting |
| 4 Mandarin Oriental | 9 Park Hyatt |
| 5 Fairmont | 10 St. Regis |

Source: Hurun Research Institute's
Best of the Best 2017 Report

The Ritz-Carlton is the Most Popular Hotel, and has the Most Popular Membership Scheme

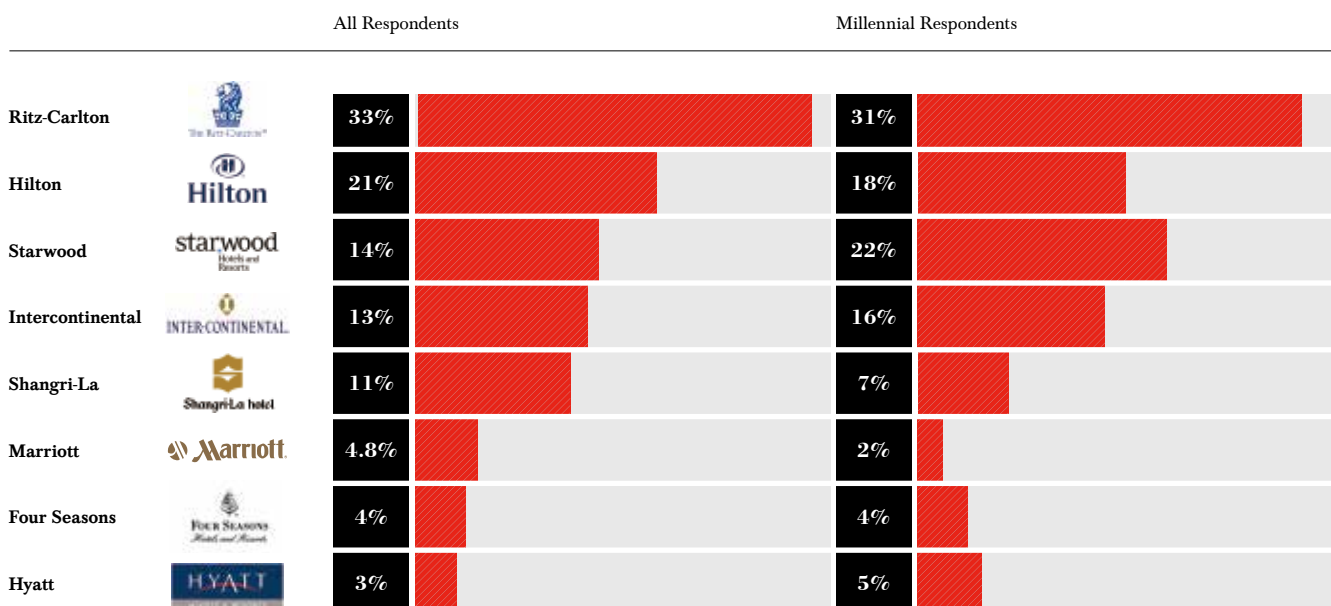
As China's high-end tourists travel overseas with ever greater regularity, they are placing increasing emphasis on top class hotel accommodation. The Ritz-Carlton was the most popular hotel group in 2016, followed by the Banyan Tree, the Four Seasons, Mandarin Oriental, Fairmont and the Peninsula.

The popularity of membership

schemes are a good indicator of luxury travellers' overall levels of satisfaction with luxury hotels. Compared with 2015, the Ritz-Carlton membership scheme's popularity rose by 19%, taking the crown from the Hilton as the scheme of choice. Marriott fell to sixth. Younger travellers' preferences remain largely unchanged.

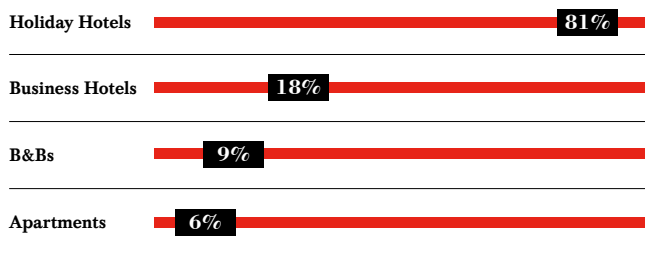
The popularity of the Ritz-Carlton's membership scheme is no surprise given its outstanding reputation among luxury travellers for high-quality service and luxurious standards.

Most Popular Hotel Membership Schemes



Source: Hurun Research Institute Chinese Luxury Travel and Lifestyle Survey 2017

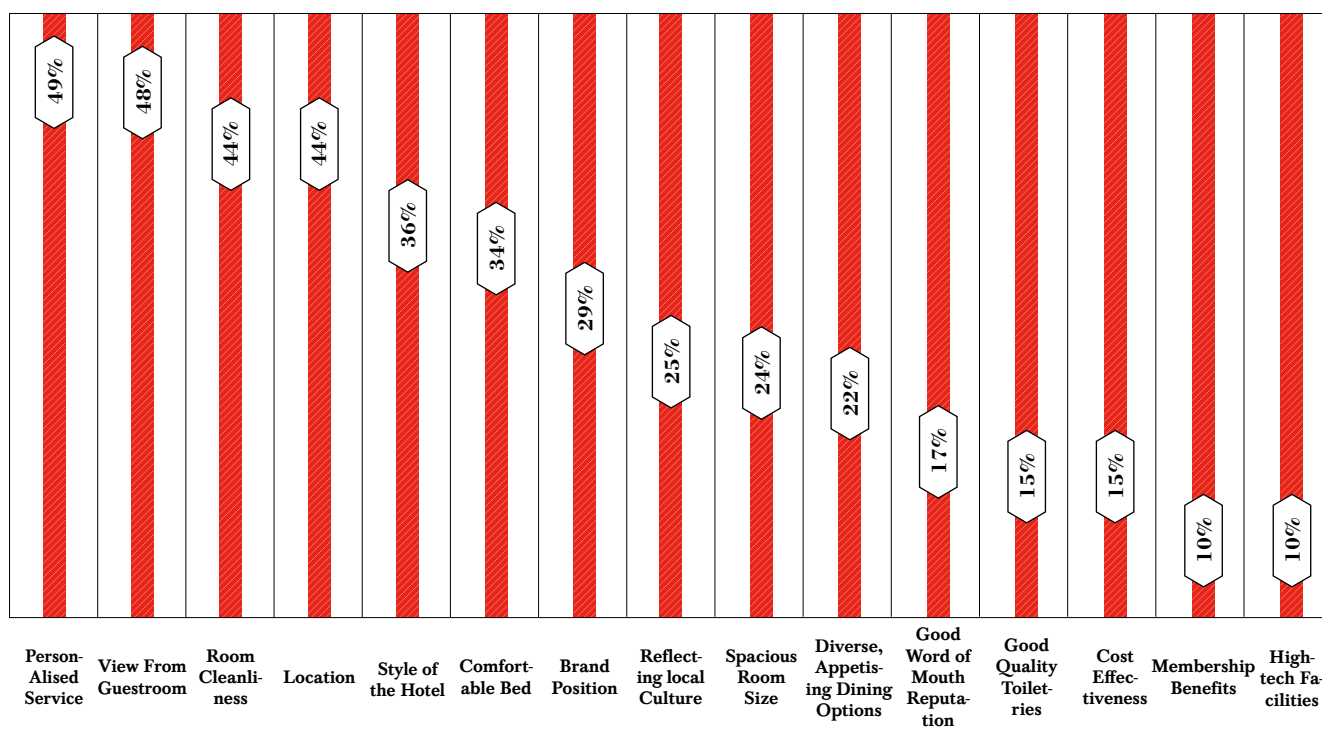
Preferred Kind of Hotel



Holiday Hotels the Most Popular Style of Luxury Hotel

Holiday hotels are by far the most popular kind of hotel among respondents, gaining 81% of the vote. Business hotels (18%), B&Bs (9%) and apartments (6%) received significantly lower preference rates. The relaxing atmosphere, luxurious decor and the variety of high-end services provided by holiday hotels all work in their favour among respondents.

Factors Considered When Choosing Hotel



Hotel Service Most Important Consideration, Followed by Room with A View

Along with their growing enthusiasm for personalised travel services, China's high-end tourists are also attaching increasing value to quality of travel services. Provision of personalised service is the most important factor when choosing a hotel for 49%. The following factors all prioritise hotel facilities and location; good views (48%), room cleanliness (44%), comfortable bedding (34%), good location (44%) and hotel style (36%) all constitute significant

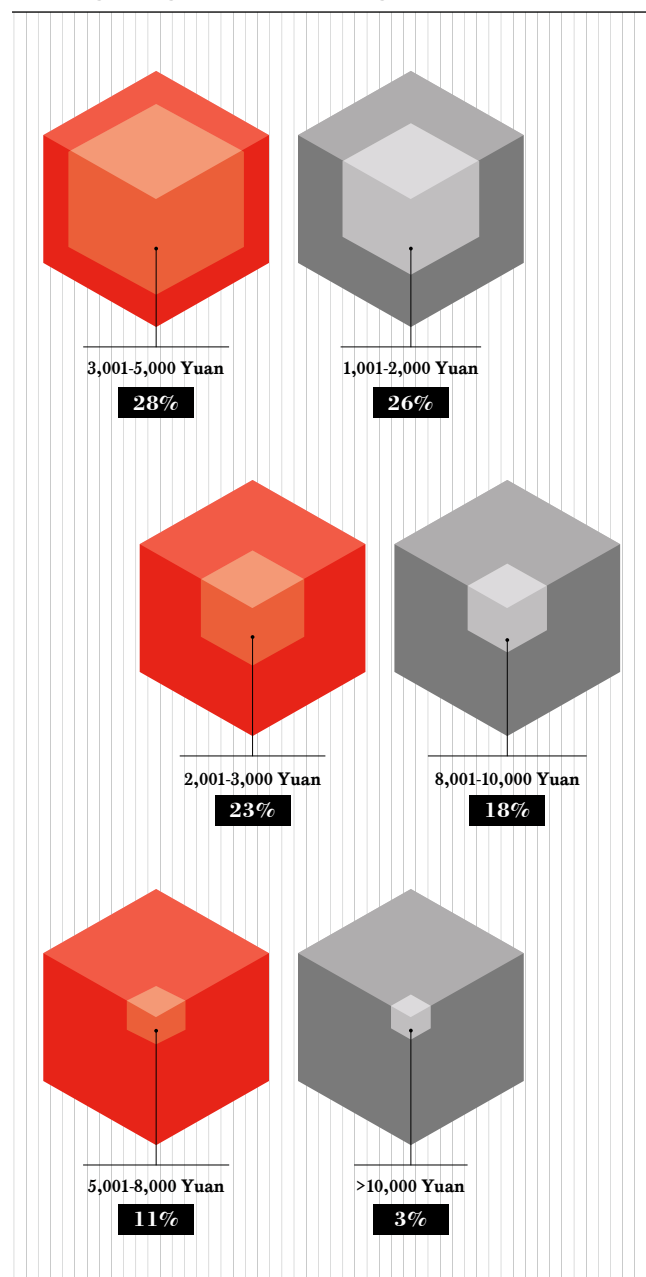
deciding factors. Word of mouth recommendations (17%), value for money (15%) and membership benefits (10%) are of secondary importance to most luxury travellers.

In summary, luxury travellers favour hotels with good locations that can provide them with personalised services, in combination with high-quality, comfortable rooms with good views. Respondents no longer blindly flock to hotels with leading reputations or bargain hunt, as their tastes become more discerning. Good service and spectacular views trump reputation and interior design.

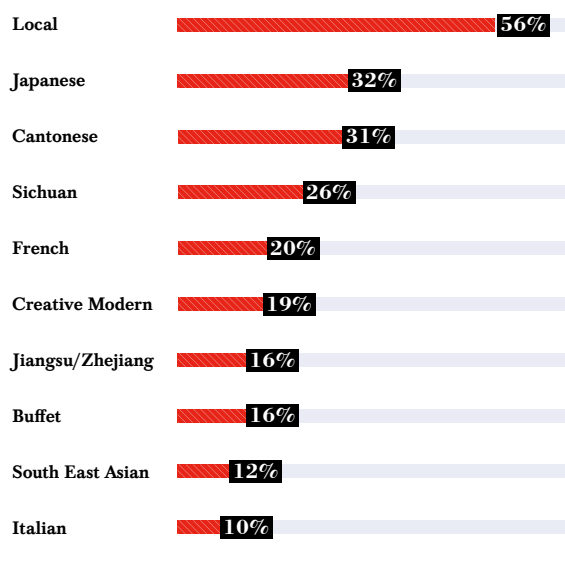
Large Accommodation Budgets Among Luxury Travellers

In terms of accommodation budgets, the average nightly spend is nearly 3,800 yuan, with 28% spending 3,001-5,000 yuan, followed by 1,001-2,000 yuan with 26%. The younger generation of tourists has risen year-on-year, up 7% to 3,325 yuan. 32% are willing to spend in excess of 5,000 yuan per night, on super high-end accommodation.

Average Nightly Hotel Budget



Most Popular Hotel Restaurant Cuisine



Hotel Restaurants Serving Local Cuisine Favoured

The quality of dining options on offer is one of the foremost concerns of China's luxury travellers, and indeed, unsatisfying cuisine is one of the biggest gripes that they have when it comes to travel complaints. Luxury hotels that offer delectable dining options naturally tend to attract more custom, with 22% of respondents naming food and drink as the deciding factor in their choice of hotel.

Local dishes are the cuisine of choice, with 56%, followed by Japanese and Cantonese with 32% and 31% respectively. French, Italian and Sichuan are all in the top ten.

Luxury travellers are eager to sample what culinary treats the locality has in store as an integral part of the travel experience, and feel very satisfied when hotels make the option available to them. In addition to local dishes, the fresh and delicate flavours of Japanese and Cantonese cuisine is often just what the doctor ordered after a day spent on the go. The fiery tang of hotpot and Korean dishes do enter the top ten, but are not universally appreciated by luxury travellers.

Private Dining Facilities Increasingly Prioritised

Private dining facilities are held in high regard by growing numbers, with 53% considering them important or very important, compared with 47% who do not. Private facilities' scope to provide

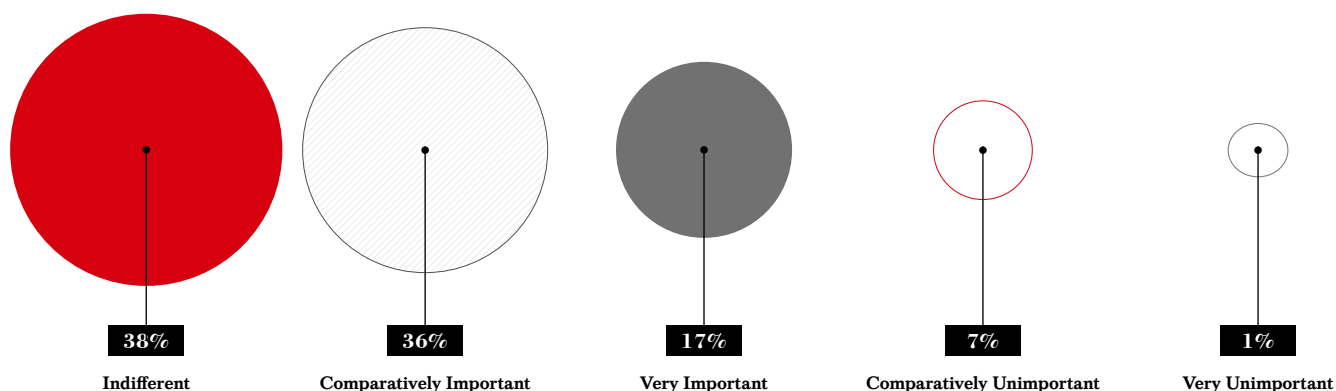
quiet, comfortable and intimate dining experiences in exquisitely decorated surroundings, with one-on-one service and high-end delicacies, along with convenient reservation options, are among the reasons why they are becoming more popular.



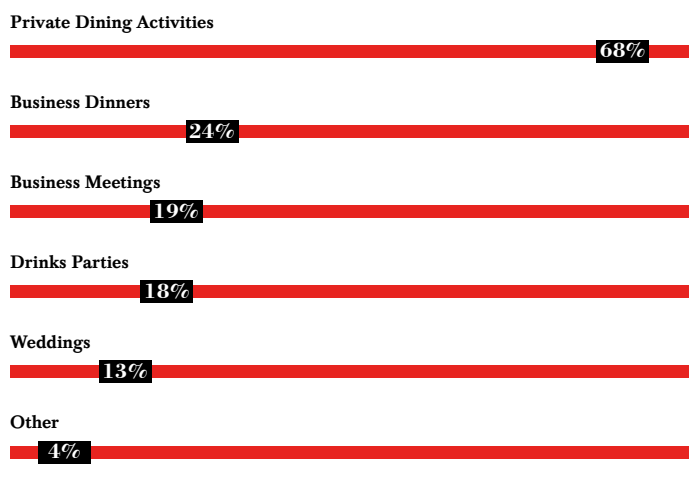
Private dining facilities are held in high regard by growing numbers



Private Hotel Dining Facilities - Level of Importance



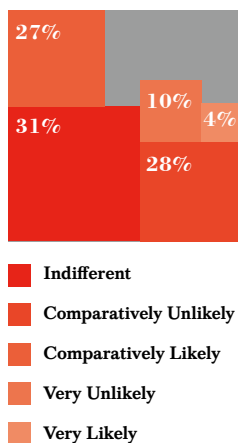
Private Dining Facility Usage



Private Dining Activities Attract Luxury Travellers to Private Dining Facilities

In terms of reasons for using private dining facilities, private dining activities account for 68%, with business banquets (24%) and business dinners (19%) in second and third places as increasing numbers of luxury travellers make use of high-end hotels for business purposes. With ever more priority being attached to high-quality, personalised service, crowded hotel restaurants no longer cut it for a great many luxury travellers. Private facilities ensure that they receive the personal attention and high level of privacy that they increasingly demand.

Likelihood of Choosing Airbnb-style Accommodation in Next 3 Years



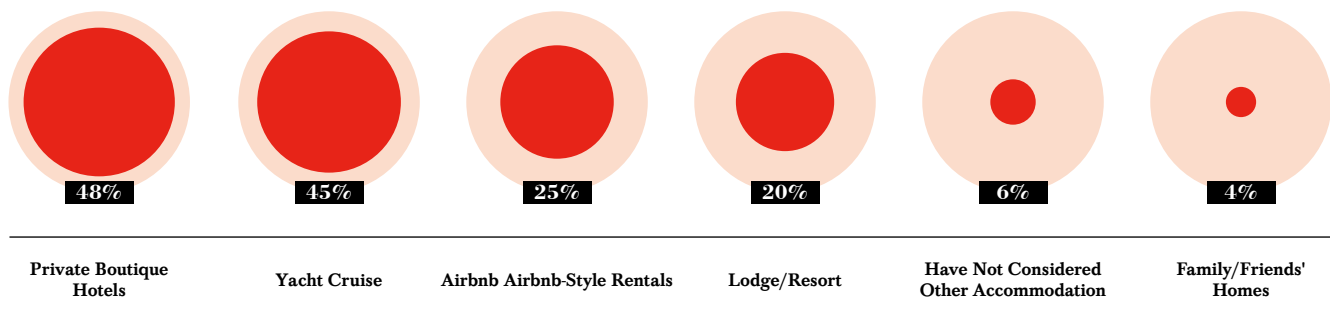
Airbnb-style Rentals Still in Early Stage of Development

Private short-stay rentals like Airbnb have become a hot travel industry topic in recent years, and it is expected that this form of accommodation will eat into luxury hotels' HNW market share. However, our survey reveals that comparatively few luxury travellers have had their heads turned for the time being. Only 25% have considered the likes of Airbnb, with other alternative options such as private boutique hotels and yacht cruises significantly more popular with 48% and 45% respectively. Similarly, when asked if they would consider them in future, 31% of luxury travellers have a neutral attitude, 28% ruled them out, and 10% said it was highly unlikely.

69% in total expressed unfavourable or lukewarm attitudes.

Unlike leisure tourists, luxury travellers place a great deal of emphasis on top-class service, and the likes of Airbnb are felt to be lacking in this area; a well-meaning landlord cannot compare with the dozens of well-trained and experienced customer service staff on hand at a luxury hotel. Furthermore, respected hotel groups are able to ensure consistently high levels of service and facilities across all of their properties, whereas the quality of short-stay rentals is variable. With respondents increasingly limited in how long they can travel, top-quality service is not something they are willing to take chances with, making luxury hotels the obvious choice.

Alternative Modes of Accommodation (Other Than Hotels)

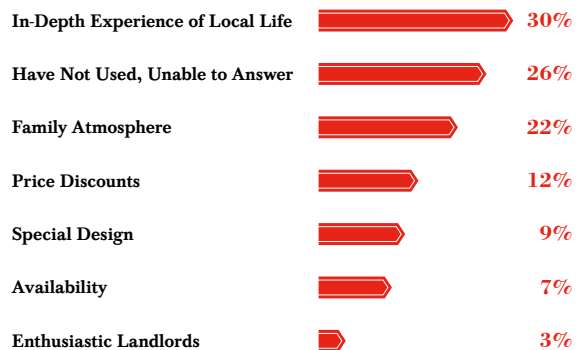


Luxury Travellers' Impressions of Airbnb-Style Rentals

Compared with traditional hotels, 30% have the impression that short-stay rentals can better allow them to experience local life. Some respondents believe that such accommodation has a family atmosphere (22%), while 12% take note of the price concessions they offer. Not many respondents associate them with special design (9%), availability (7%) or enthusiastic landlords (3%).

Generally speaking though, short-stay rentals have not made a big impact with luxury travellers, with 26% unable to respond having never tried them before. Clearly, they have yet to challenge seriously the dominance of luxury hotels.

Main Impressions of Airbnb-Style Rentals



Chapter 5: Top 12 Luxury Travel Agents in Greater China 2017

According to the latest figures from ILTM, 8 Continents, CITS Amex, CITS, Ctrip, CTS, CYTS, Diadema, D-Lux, HHtravel, Magic Travel, My Tour and Zanadu are currently the most popular travel agencies in mainland China.

American Express, Cathay Pacific Holidays, Charlotte Travel, Swire Travel, Westminster and Wincastle are the top six luxury travel agencies in Hong Kong. Charlotte Travel is a huge surprise this year, the

strong performance from Charlotte Travel in the past makes it a strong competitor in the luxury travel market.

The most popular for Taiwan are American Express, International Travel Information Services, Let's Travel, Lion Travel, One style tour and Seascape Escape.

According to the figures, that cover the Chinese Mainland, Hong Kong, Macau and Taiwan, American Express is the travel agency of choice in Hong Kong and Taiwan, having become the most recommended travel agency.

China Mainland Outbound Luxury Travel Agencies Top 12

八大洲旅游	8 Continents
国旅运通	CITS Amex
中国国际旅行社	CITS
携程	Ctrip
中国旅行社	CTS
中国青年旅行社	CYTS
德迈国际	Diadema
谛珞珂旅行	D-Lux Travel
鸿鹄逸游	HHtravel
奇迹旅行	Magic Travel
麦稻旅游	My Tour
赞那度	Zanadu





Hong Kong Outbound Luxury Travel Agencies Top 6

美国运通	American Express
国泰假期	Cathay Pacific Holidays
乐悠游	Charlotte Travel

太古旅游	Swire Travel
西敏旅游	Westminster Travel
安运满 Fun 游	Wincastle

Taiwan Outbound Luxury Travel Agencies

美国运通	American Express
唯客乐旅行	ITIS
乐子旅游	Let's Travel

雄狮旅游	Lion Travel
One Style Tour	One Style Tour
Seascape Escape	Seascape Escape

Note: Hurun Report, ILTM conducted a survey with 56 respondents from senior hotel management during April-May 2017.

Question: Which three travel agents do you think perform the best in the outbound travel markets covering mainland China, Hong Kong, and Taiwan?

About Hurun Report Inc.

since 1999

Established as a research unit in 1999, Hurun Report Inc. has grown into a leading media group targeted at China and India's high net worth individuals. Its flagship is the Hurun China Rich List and, since 2012, the Hurun Global Rich List. Headquartered in Shanghai, Hurun Report has offices in Beijing, Guangzhou, Chengdu, Sanya, London, Los Angeles, Chicago and Cochin, Kerala in India.

Hurun Research

Hurun Research ('Nobody Knows China's Rich Better') has grown to become the world's leading authority when it comes to understanding the Chinese high net worth individual. Recent reports include partnering with some of China's most important financial institutions, local government, multinationals and luxury brands, including Bank of China, Taikang Life, Minsheng Bank, Minsheng Financial Leasing, Industrial Bank of China and the Changbaishan government.

Hurun Media

Hurun Media ('The Voice of Chinese Entrepreneurship') reaches between one and two million unique viewers a week through its digital platform and a further 485,000 a month through its print media. Digital media is made up of 7 WeChat social media accounts, an online business talk show called MaShangHu, distributed through iQiyi, CBN and Ningxia Satellite, and Hurun.net. Our flagship WeChat account is Hurun Business, with others including Hurun Education, Hurun Art,

Hurun Horse & Sports, Hurun Health, Hurun Property and Hurun English.

Hurun Conferences and Training

Hurun Conferences and Training hosts over 100 events across China every year, led by its flagships in Beijing and Shanghai every year. Hurun Conferences and Training brings Chinese entrepreneurs aboard, to the US, London, Singapore, Australia and India.

Hurun International

Hurun International. Hurun Report Inc established its India business in 2012, which today is best-known for the Hurun India Rich List, Hurun India Philanthropy List and for hosting events with some of India's most respected entrepreneurs.

Hurun Investments

Hurun Investments includes a CNY 100m early-stage venture capital fund, and strategic investments in media, education, classic cars, financial services and luxury.



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Hurun International Elite
School and Hurun Art are Now
Officially Launched Under
The Group of Hurun Report,
Welcome to Join Us

Research Methodology

*Special Thanks for the Following Travel
Agencies on the Support of This Research*



The Chinese Luxury Traveller 2017 is a survey report presented by Hurun Report. The report reveals the survey results regarding travel preferences of high net worth travellers from Mainland China. First, we conducted eight meetings with qualitative focus groups in Beijing, Shanghai, Guangzhou and Chengdu, trying to discover luxury travellers' needs and common behaviour. We then organised a multi-sample quantitative survey, aiming to have a comprehensive and in-depth analysis on luxury travellers' preferences and future trends.

The sample group for this quantitative survey was comprised of 334 high net worth individuals invited to participate through travel agents Diadema, 8 Continents, HHTravel and Magic. The research covered 12 cities nationwide, namely the first-tier cities in Beijing, Shanghai, Guangzhou and Shenzhen and the second-tier cities of Tianjin, Nanjing, Hangzhou, Chengdu, Chongqing, Qingdao, Dalian and Fuzhou.

The team also utilised Hurun's research data from the past decade and the Chinese Luxury Consumer Survey 2016 by Hurun Report, as well as compiling publicly available information. All the previously mentioned efforts ensure and evaluate the accuracy of this report, thus providing the market with insights into Chinese luxury travellers' demands in travel and hotel, in order to create brand and media value.

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