

# HOW WERE TOP TRAVELING DESTINATIONS IMPACTED BY THE POLITICAL ENVIRONMENT AMONG CHINESE TRAVELERS IN 2016?

The number of Chinese travelers (MCTs) taking outbound trips is surging by leaps and bounds. In 2016, roughly 122 million MCTs traveled overseas - an increase by 4.3% vs. last year. They spent US\$110<sup>1</sup> billion in total and accounted for nearly 30%<sup>1</sup> of the global duty-free retailing market's revenue.

For the 2<sup>nd</sup> year, ACDL has captured this growing MCT segment in the *2017 China Travel Retail Study*, including an analysis of their purchasing behaviors, perception of the travel retail experience and expectations towards the sales ambassadors. In this article, we want to share a glimpse of key insights from our 2017 survey.

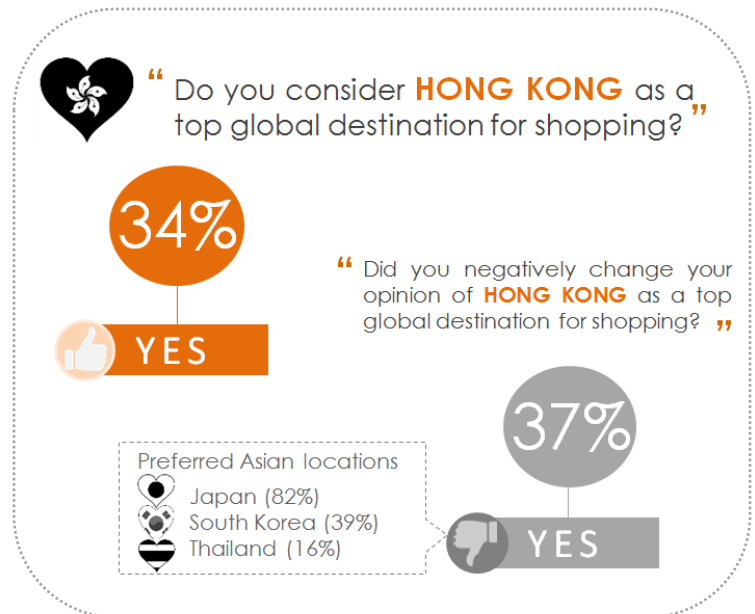
A series of unstable factors have occurred in some of the most popular destinations in the past year – Brexit in the UK, new terrorist attacks in Europe, and persistent anti-Mainlander sentiment in Hong Kong, to name a few. Did such events shift the perception of the MCTs towards those destinations? Did it change their travel plans? Which countries are preferred?

## HONG KONG: A DECLINING ATTRACTIVENESS DUE TO PRICE AND ANTI-MAINLAND CHINESE FEELING<sup>2</sup>

Our study confirmed **Hong Kong has lost some attractiveness** and continues to be less appealing to the MCTs due to reduced competitive prices (HKD appreciation vs. Yuan) and persisting anti-Mainland Chinese sentiments. 34% of our respondents considered Hong Kong as a top global destination for shopping and more than 37% negatively changed their opinion about the city in 2016.

Other Asian countries, especially **Japan**, but also South Korea and to a lesser extent Thailand, will be preferred over Hong Kong in 2017.

Exhibit 1: MCTs' changing perception of Hong Kong as a major shopping destination

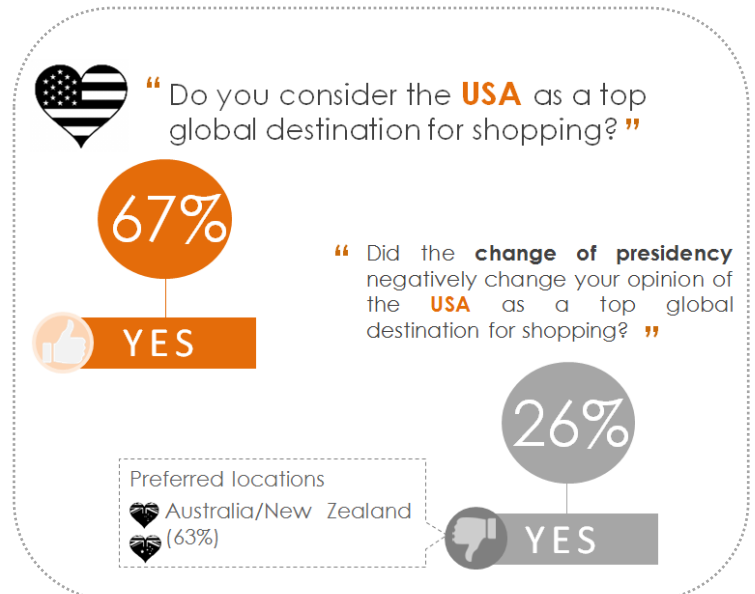


## THE U.S.: HIGHLY APPEALING BUT COMPETING WITH NOVEL DESTINATIONS<sup>2</sup>

The **U.S. remains highly attractive**, with 67% of our respondents considering the country as a top global destination for shopping.

Only a few of our respondents have **negatively perceived the change** of U.S. presidency (26%) – particularly males aged in their 30s. In 2017, those MCTs will fall out of favor with the U.S., instead choosing **more novel countries** such as Australia and New Zealand.

Exhibit 2: MCTs' changing perception of the USA as a major shopping destination



Western Europe remains somewhat attractive, especially France with 68% of respondents who perceived the country as a top global destination for shopping – compared with 50% for the UK. Brexit shows a **minimal impact** on the perception of the UK (16% negatively changed their opinion about the country). However, terrorist attacks and refugee influx led to a **significantly negative influence** on the perception of France (more than half of respondents negatively changed their opinion). The MCTs, known to be very security-conscious, are instead considering safer trips to Australia, NZ and North America.

Exhibit 3: MCTs' changing perception of France as a major shopping destination

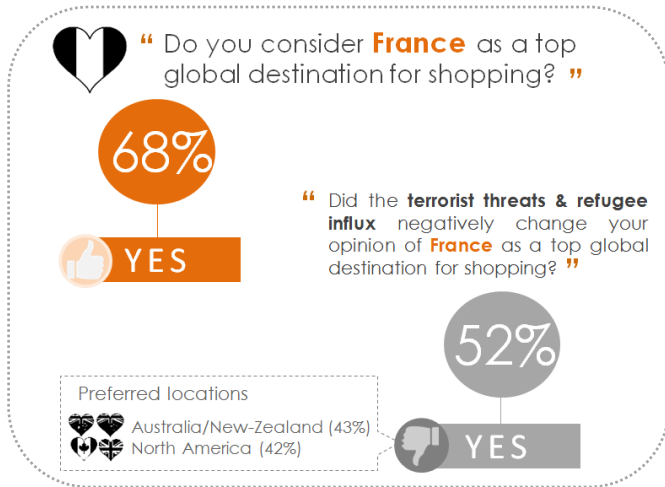


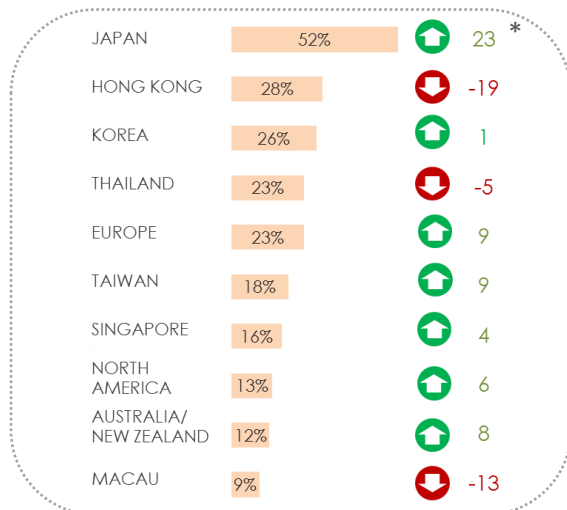
Exhibit 4: MCTs' changing perception of the UK as a major shopping destination



2017 : WHAT DESTINATIONS ARE THE MCTs EYING OFF?

While Hong Kong (the top traveled destination for shopping in our 2016 survey) and Macau are **losing some desirability**, half of our respondents are now targeting Japan as their first choice (+23 pts) in 2017. **Thailand** and **Korea** remain popular destinations. The interest in **Europe & North America and Australia/New Zealand** is growing (+9 pts, +6pts, +8 pts respectively), yet negative impacts on Europe's attractiveness were observed due to the political and refugee issues (cf. exhibit 3 & 4).

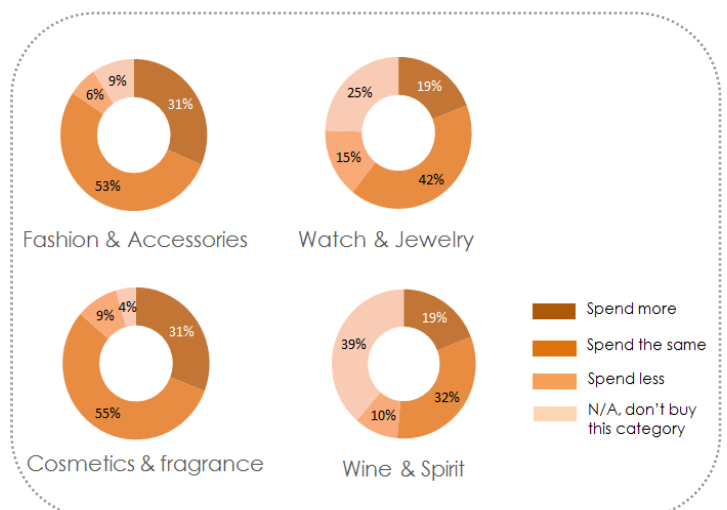
Exhibit 5: 2017 planned shopping destinations<sup>2</sup>



2017 : HOW WILL THE MCTs SPEND THEIR MONEY OVERSEAS?

Our survey showed a **positive trend in spending overseas**. Respondents are likely to be **more indulgent** in their spending, as over half of them are planning to spend the same as in 2016, or more, across the four categories. While they are **most willing to further spend** on **Fashion & Accessories** and **Cosmetics & fragrance**, purchases of **Watch & Jewelry** tend to be relatively more **conservative**.

Exhibit 6: 2017 planned spending overseas<sup>2</sup>



For further insights on the behaviors and opinions of the MCTs while traveling overseas, the 2017 **Travel Retail Study of Mainland Chinese Travelers** is already available! For more information, please contact ACDL: [inquiry@acdluxe.com](mailto:inquiry@acdluxe.com).

\*Variation comparing with 2016 traveled destinations; <sup>1</sup> China National Tourism Administration, 2016; <sup>2</sup> ACDL China Travel Retail Study 2017.