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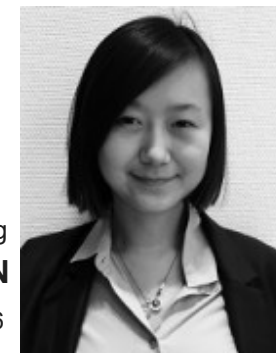
China Market Report

October 2016

Visit Finland, Beijing ja Chongqing

Lia LIN

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1. Analysis of summer season 2016

What factors have affected the results of the summer season, especially with regard to Finland?

Reasons for the increase/decrease in overall outbound travelling from your market?

Economic situation

- For 1-3Q, China's GDP growth around 6.7%, CPI growth around 1.81%, both slower than last year
- Overall outbound travellers growth around 4.3% in first half year 2016, slower than last year
- Travel market has been affected by economic and finance situation, such as unstable stock market and real estate market.

Changes in holiday periods/timing

- 3 days holidays from 30th Apr – 2nd May
- 3 days holidays from 9th – 11th Jun
- Summer holidays for children in July and August
- 3 days holidays from 15th – 17th Sept
- 7 days holidays from 1st -7th Oct. Similar in every year.

New target groups

Family with kids; FIT; middle-high end consumers; young people under 35 years.

Other

Visa convenience and security are two important issues that effect decision making.

Reasons for the increase/decrease in travelling to Finland?

Campaign results

1. Summer campaign:

- **Utour:** Different marketing measures have been done via members events, website banners, Wechat, products catalogues, radio etc. From May to October both group quantities and room nights have increased respect to last year. Utour's U6 charter has sent 3000 people to Finland from June to Oct.

- **Caissa:** Different marketing measures have been done via members events, website banners, Wechat and Weibo, products catalogues, radio etc. From January to October both group quantities and room nights have increased respect to last year. Caissa has realized Finland mono-packages with 8 nights to different groups of 225 pax in total.

- **Phoenix Travel:** Different marketing measures have been done via advertisement, B2B events, magazines, Wechat, products sales on LY.com etc. From May to October group quantities have decreased by 15%.

Reasons for unsatisfactory performance: (1) Phoenix Travel uses Turkish Airlines which suffered from unstable security problem; (2) Norway, Netherlands have faster visa issue process with 24hrs-48hrs. Finland visa needs 4 working days; (3) Chinese economic and finance performance not very good; (4) Competition from Western Europe with low cost (charters; 4999-6999 RMB package price in summer).

2. NNTC campaign:

NNTC campaign has brought more awareness to Nordic countries: first campaign in cooperation with Sina has attracted more than 30 million views from 25th Aug to 8th Oct; landing page www.nordicsurprises.com has attracted more than 20 million views from 9th Sept to 10th Oct; H5 game has attracted 562 thousands of players and created nearly 7 million of effect views.

Products or destinations that have been successful

- Summer trips with 4 Nordic countries; Stopover concept; family trips to Finland in summer Lakeland for FIT

Changes in demand

- In-depth travel is more and more asked: less countries in one trip.

Changes in distribution or accessibility

- Finnair Beijing have maintained good overall performance from June to Oct, but the group booking has decreased for 10%; Finnair Chongqing's group booking has decreased but overall booking has increased; Newly opened Finnair flights from Xi'an in summer with 13 flights per month, groups from Xi'an to Finland have increased.
- Turkish Airlines's unstable situation has affected some TOs like Phoenix Travel.

Other

- Roadshow in may 2016 in Beijing and Chongqing has strengthened cooperation between partners and TOs;
- Proactive participation at events like Moi Helsinki, Chongqing 10000 children write letters to Santa Claus, WTCF Chongqing Tourism Investment Forum, IWSI in Beijing, Finland Primary Education workshops in Xi'an and Chongqing, WWSE in Beijing, etc.

2. Winter season 2016-2017 prospects

What are the prospects for the coming winter season?

The overall outlook of travelling to Finland for the coming winter?

Increase

Reasons for the expectations

- The awareness of Finland esp. Lapland as winter destination has increased.
- Interest for Aurora Borealis hunting has increased in the market.
- The continuous promotion from VF and the cooperation with tour operators will increase the quantity of groups and FIT tourists to Finland in winter.
- However, Finnair decides to temporarily stop flights from Chongqing to Helsinki from 11th January till 2nd May 2017, caused by the training to pilots for the new A350 aircrafts. Chongqing's guests will be transferred to departure from Beijing. This will occupy some seats of Beijing flights in the upcoming winter. And Finnair CQ will stay low-key for the winter promotion in Chongqing/South West China market.

New products/prospects

- Kuusamo is included in some packages.
- New igloo hotel and Arctic Treehouse Hotel in Rovaniemi, Seaside Glass Villa in Kemi are good news.

Marketing opportunities

TOs cooperation

- Continue the cooperation with current TOs, help them to develop more diversified packages and mono packages to Finland.
- Sales promotion together with TOs during Christmas period in Beijing and Chongqing.
- Cooperation with new TOs in specialized fields like skiing, cycling, outdoor activities etc.
- Probably cooperation with TOs for Visit Arctic Europe project (t.b.c.)

Events

- Finland Cultural Week in Chongqing
- ETC China Day in Beijing
- Christmas promotion in Beijing in big shopping malls (t.b.c.)

PR

- Involvement in the cooperation between House of Lapland and Xinhua News Agency
- NNTC campaign will have a press conference in cooperation with Baidu in the end of November
- Probably VAE project will have a press conference in the end of November or beginning of December (t.b.c.)

Social media

- More TOs news and partners news to be posted via our personal social media channels which have nearly 500 contacts in Beijing and Chongqing regions travel trade.

3. Other important factors

New distribution channels

Your suggestion on how to develop business with them: what needs to be done?

- The distribution channels are more diversified and segmented, such as camping travel, luxury travel, sports travel, wellbeing travel, photographing travel, honeymoon or weddings etc.. Some traditional TOs have set up their own branches to cope with the new demand, and a lot of new smaller operators come to the market. To approach these new channels, VF local reps. are attending some related events, and doing sales calls. From suppliers' side, more diversified tourist products need to be developed basing on the actual demand of the customer. Chinese speaking staff is very important.

Online channels

Channels where Visit Finland should be present

- Digital platforms such as website, APP, Wechat and OTA store of traditional TOs like Caissa, Utour, CITS etc.
- OTAs such as Ctrip, Tuniu, LY.com, Qunar, Alitrip etc.
- Online itinerary builder such as Youpu, Uniqueway, Mioji, Uthing etc.
- Review website such as Qyer, Mafengwo etc.

Suggestion of how to be present

- China Roadshow, joint-campaign, sales calls and FAM trips.



Competitors actions

Which countries (our competitors) have been active

- Sweden, Norway, Denmark for all seasons
- Canada, Iceland for Aurora Borealis
- USA, Australia for summer instead of Nordic Europe (partly due to worries about Europe security).

Where have you seen their promotion

- Outdoor or online ads: USA, Australia, Canada very active
- Roadshow: Sweden, STB have separate roadshow every year, and have joint Scandinavian roadshow in November in Guangzhou, Shanghai and Beijing.

PR

- strong PR team composed by local in-house staff and PR agency, more active with mass media.

Events and fairs

- Switzerland and Austria are participating almost all important winter tourism events or fairs.

What was the main message/content of the communication

- Norway: fjords in summer, Aurora in winter.
- Sweden: soft-adventure; self-driving.
- Canada: keep exploring with 9 different themes.
- Iceland: magical landscape & Aurora; all-year-around destination.

Competitors' new products or activities with tour operators/sales channels

- Products mentioned above.
- Activities with sales channels: apart from above-mentioned promotion activities, some competitors invest in joint-campaign with big TOs every year.

4. Themes

What program themes / marketing themes are the most interesting in your market area?

- Family trip with kids and students camps
- Helsinki and nearby
- Lapland in winter

What themes we still need development with? Why? Suggestions regarding product development?

- Lakeland and Archipelago in summer. It's important to make people see what Finland can offer in summer in one package competing with Norway, Sweden, Denmark and Iceland.
- Outdoor activities: Finland is clean and pure, very favorable for outdoor activities such as cycling, paddling, sailing, trekking, fishing, wildlife watching, skiing, snowshoeing, snowmobiling in winter. More products need to be developed and more specialized suppliers are needed.
- Self-driving: Chinese people love self-driving. The feeling of on the road with all your needed stuff in your car is wonderful. Since young travellers and FIT are the future trend, more self-driving itineraries need to be developed. Car rental convenience (including Chinese driving license identification) and facilities along the road are important.

5. Free word

What's hot right now on your market (BtoC and/or BtoB)

- M&A news: CITS merged into CTS, probably rename as "China Tourism Group" - the largest state-owned tourism company in China.
- OTAs want to have direct control to tourism resources by merging offline tour operators, doing direct purchase and setting up offline service centres (also overseas service centres).

Something else that you would like to say to the Finnish travel trade or Visit Finland

- Finland Embassy in Beijing personnel change: new press & culture counsellor—Mr. Jyri Lintunen, and new consular affairs officer—Ms. Minna Niemi.
- Hope to see more partners in Visit Finland China Roadshow in May 2017.