

KÍNVERSKIR FERÐAMENN

Umfang og þróun markaðarins

Ársæll Harðarson

Hilton Nordica 13. Maí 2016

Major influencing factors:

- ✓ Political acknowledgement 1971
- ✓ Embassy in China and Embassy in Iceland (1972/1995)
- ✓ Icelandair GSA, General Sales Agent since abt. 2000
- ✓ Airtraffic agreement
- ✓ EES agreement
- ✓ Schengen agreement
- ✓ ADS 2004(Aproved Destination)
- ✓ Visa issuance in Embassy in Beijing
- ✓ Free Trade Agreement 2013-2014
- ✓ Other activities
 - ✓ Icelandair Holidays
 - ✓ Hotels of Iceland
 - ✓ Promote Iceland

THE HEADLINES

- 100 million outbound travellers from China
- "Winning the Next **Billion** Asian Travellers-Starting with China"
- \$140 billion worth in outbound travel 2013

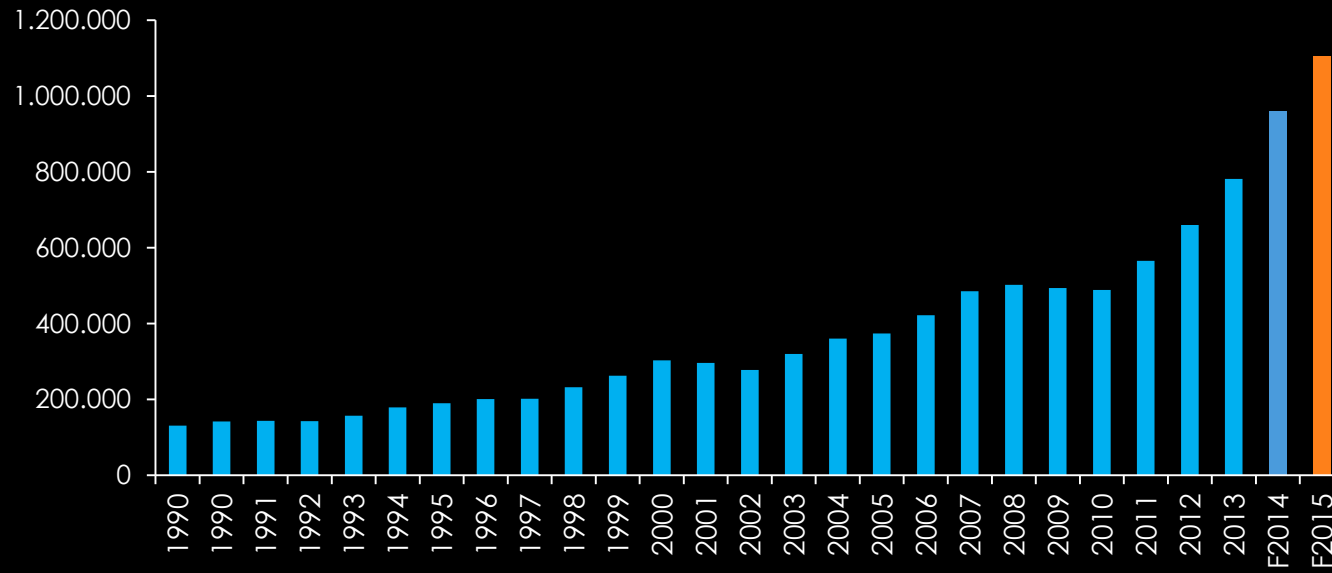
CHINESE OUTBOUND TRAVEL AND THE „FATA MORGANA“ TÁLSÝN OG TÆKIFÆRI

Top 20 outbound destinations for Chinese travellers

1. Hong Kong
2. United States
3. Thailand
4. Taiwan
5. Japan
6. South Korea
7. France
8. Italy
9. Indonesia
10. Malaysia

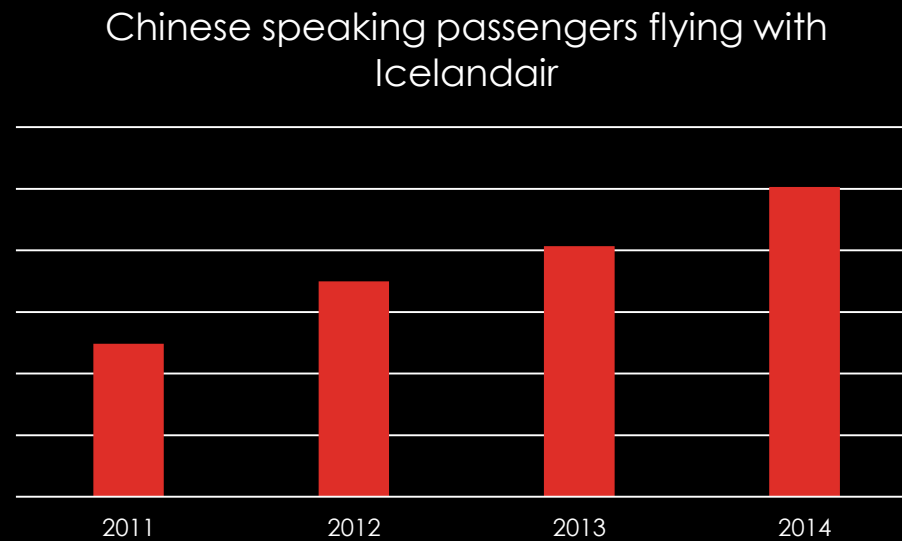
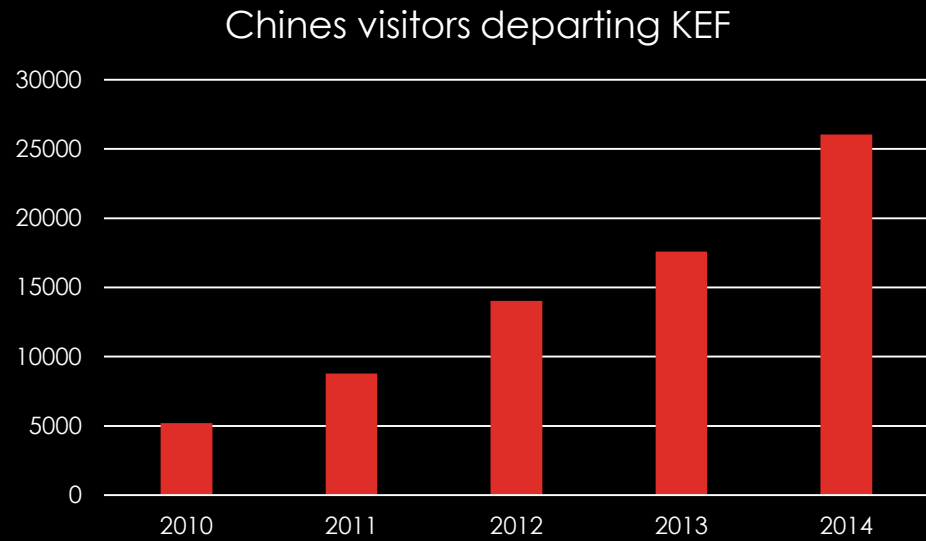
11. United Kingdom
12. Spain
13. Macau
14. Singapore
15. United Arab Emirates
16. Germany
17. Australia
18. Canada
19. The Netherlands
20. Vietnam

TOURISM GROWTH TO ICELAND: 1980-2015



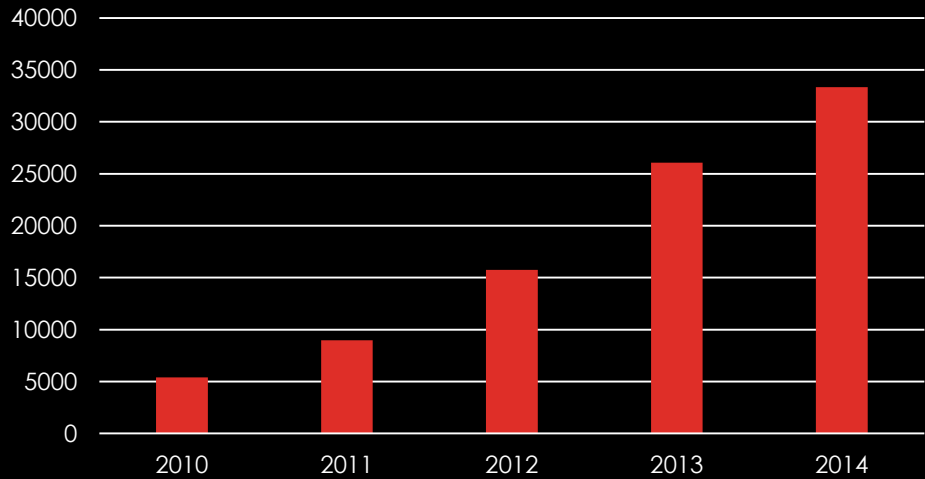
- + 1.000.000 visitors to Iceland in 2014
- + 1.200.000 visitors to Iceland in 2015
- + 9% average increase in visitors pr. year for 10 years

Chinese visitors departing KEF

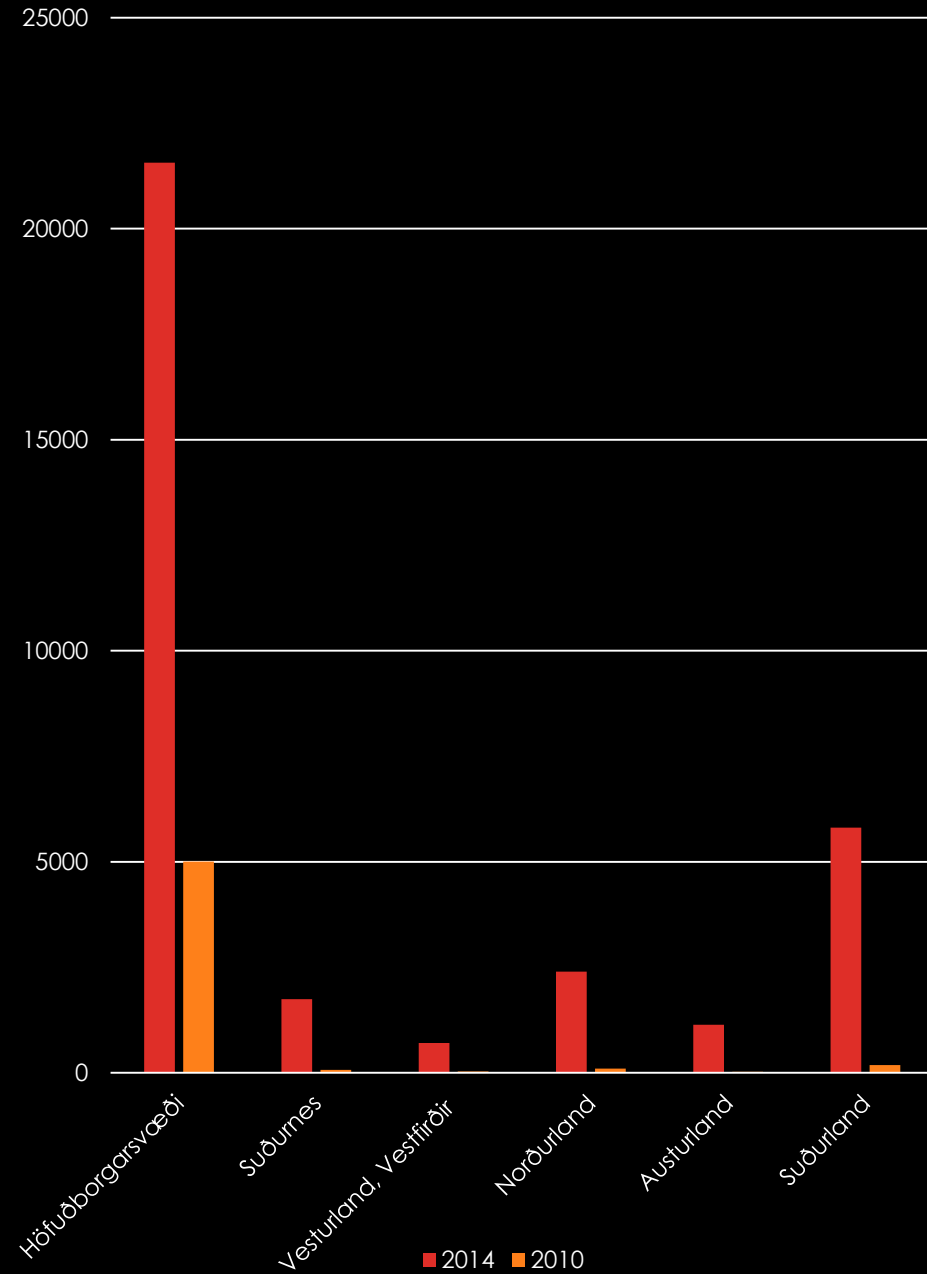


Chinese stay at hotels

Chinese overnights at whole year Hotels

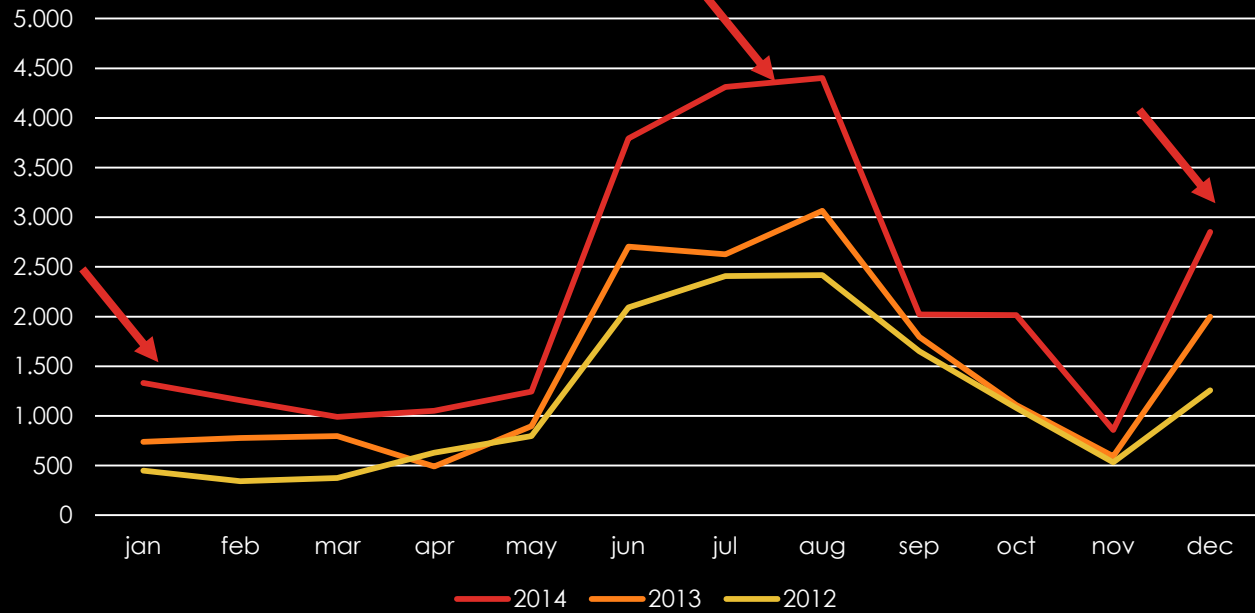


Overnights by region

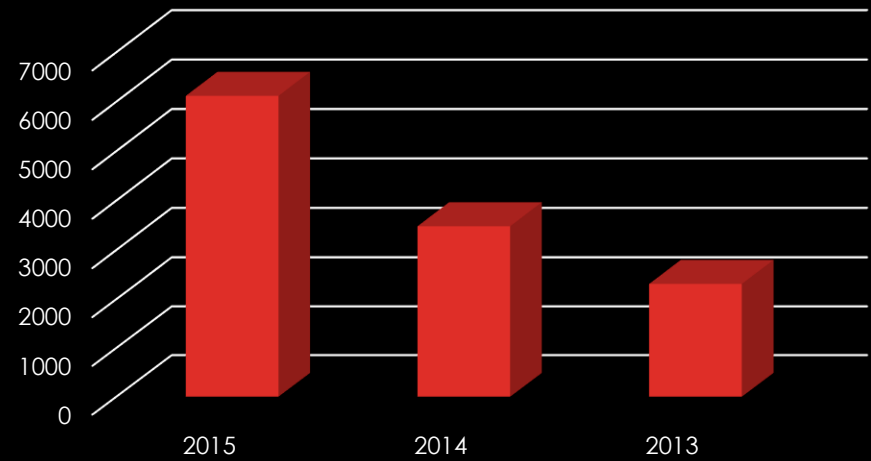


Chinese visitors departing KEF

Chinese visitors departing KEF



China JAN-MAR



HOW DOES CHINA APPEAR TO US?

2014 RANK	2013 RANK	BRAND	SECTOR
1	4	Tencent	Internet Services
2	1	China Mobile	Telecommunications
3	NEW	Alibaba Group	Internet Services
4	2	China Construction Bank	Financial Services
5	3	ICBC	Financial Services
6	5	Bank of China	Financial Services
7	6	PING AN	Financial Services
8	7	China Life	Financial Services
9	8	Agricultural Bank of China	Financial Services
10	9	China Merchants Bank	Financial Services
11	11	Baidu	Internet Services
12	10	MOUTAI	Alcohol
13	NEW	Huawei	Technology
14	13	Lenovo	Electronics
15	14	CPIC	Financial Services
16	12	Bank of Communication	Financial Services
17	15	SPD Bank	Financial Services
18	16	China Minsheng Banking Corp., Ltd.	Financial Services
19	19	Industrial Bank Co., Ltd.	Financial Services
20	NEW	PICC	Financial Services
21	18	Tsingtao Beer	Alcohol



HOW DOES CHINA APPEAR TO US?



China ?
Africa ?
Greenland?
Huang Nubo?

SNAPSHOT CHINA: 20 AIRLINES WITH DIRECT FLIGHTS EUR-CHINA

20 flugfélög fljúga beint milli Kína og Evrópu

Fjöldi flugfélaga	Borg	Fjöldi evrópuborga
16	Beijing	23 Paris, Helsinki , London, Stockholm, Dusseldorf, Rom, Frankfurt, Genf, Madrid, Minsk, Munich, Milano, Moskva, Vienna, Amsterdam, Bruxelles, St. Petersburg, Berlin, Varsjá, Zhurich, Kiev, Copenhagen, Istanbul
12	Shanghai	13 Paris, Helsinki , Milan, London, Frankfurt, Munich, Milano, Amsterdam, Zhurich, Rom, Moskva, Copenhagen, Istanbul.
4	Guangzhou	5 Paris, Amsterdam, London, Moskva, Istanbul
4	Chengdu	4 Moskva, London, Frankfurt, Amsterdam
3	Xian	3 Moskva, Paris, Helsinki
2	Chongqing	2 Helsinki , Rom
1	Wuhan	1 Moskva
1	Changsha	1 Frankfurt
1	Urumqi	1 Istanbul
1	Hangzhou	1 Amsterdam
1	Xiamen	1 Amsterdam
1	Nanjing	1 Frankfurt
1	Shenyang	1 Frankfurt
1	Kunming	1 Paris

Add to this: One stop with Alliances: STAR, ONE World, SKY TEAM

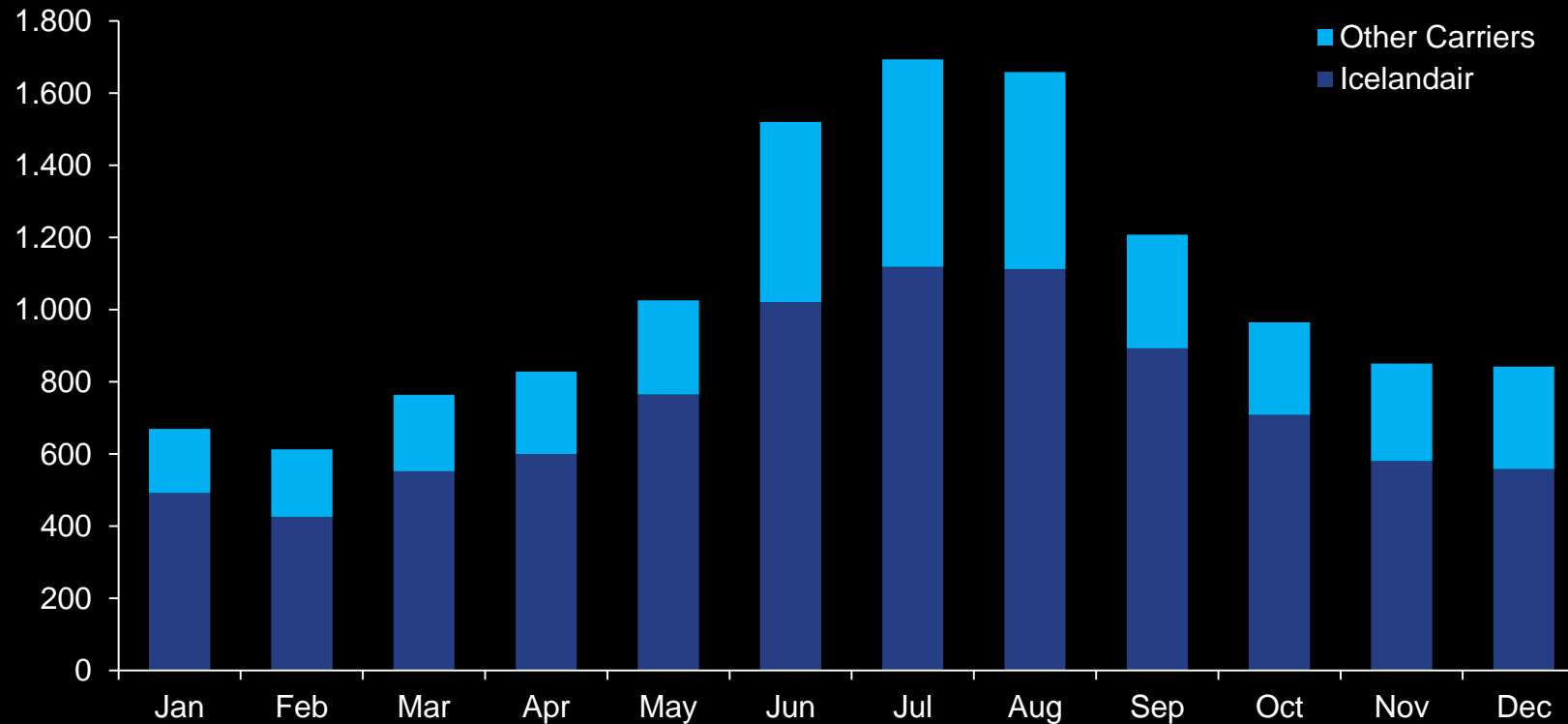
Not to mention: Ethihad, Emirates, Qatar, Gulf Air

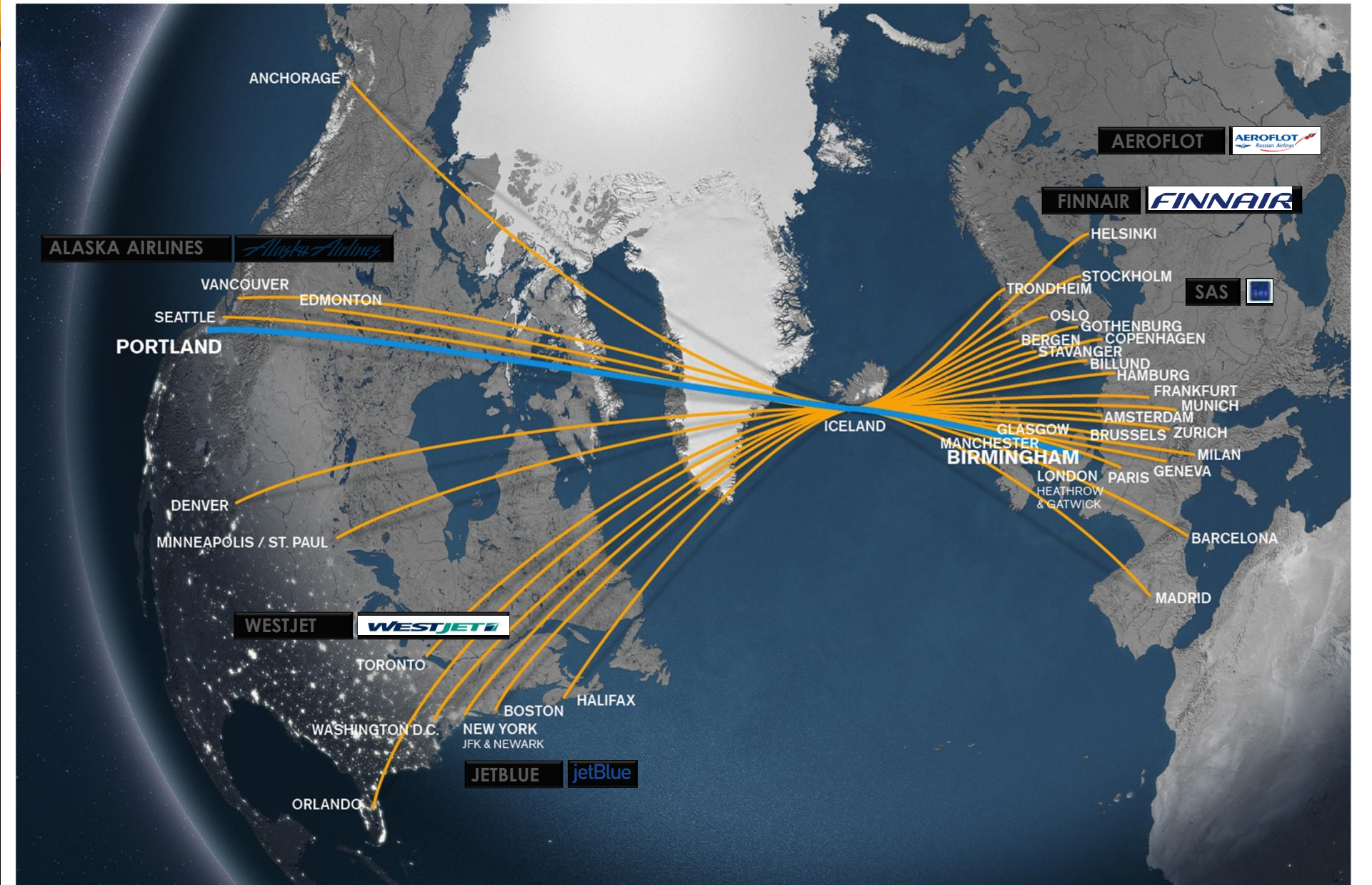
Not to mention: USA-CHINA direct

What are we still missing?

Reykjavik, Oslo, Madrid, Barcelona, Lisbon, Dublin, Glasgow, etc.....

FLIGHTS THROUGH KEF 2014





CHINA DISTRIBUTION, B2B/B2C

- | GSA: Beijing BEALL GSA Business Consulting
- | GDS: Travel Sky/Amadeus
- | Airline Interline and Special Prorate Agreements
- | Code Share Agreements
- | B2B and B2C: Icelandair Holidays/High Wing
- | WeChat, Citrip.com, Qunar.com etc.
- | Recent Roadshows B2B:
 - Beijing
 - Tianjin
 - Nanjing
 - Shanghai
 - Hangzhou
 - Guangzhou
 - Chongqing
 - Kunming
- | Hong Kong, SAR
- | Taiwan, SAR



CHINESE OUTBOUND TRAVEL AND THE „FATA MORGANA“ TÁLSÝN OG TÆKIFÆRI

VisitBritain is strengthening its promotion in Chinese market and successfully launches the “GREAT China Welcome” initiative.

Table 2: The Satisfaction of Chinese Tourists to the UK (2013Q1-2014Q1)

	Satisfaction Index	Surveyed country's ranking	The most satisfied	The least satisfied
2013Q1	78.38	12	Self-driving, reputation, public transport, credit card payment, cultural atmosphere and natural environment	Complaint channel and handling mechanism, cost efficiency, signboard without Chinese translation and travel agency service
2013Q2	83.39	1		
2013Q3	81.52	6		
2013Q4	79.97	5		
2013	80.80	7		
2014Q1	80.51	8		

- No Chinese signs at the venues, such as airports, hotel, museum and shops
- A lack of Chinese food and hot water supply
- Some information has no Chinese translation
- Chinese entertainment programs are not available
- Chinese visitors find it difficult to file complaints

CHINESE OUTBOUND TRAVEL AND THE „FATA MORGANA“ TÁLSÝN OG TÆKIFÆRI

- **Strategies for Market Entry**
- Business setup
- Location, staff, licenses, relationships
- Public relations strategy
- Consumers or trade? Offline or online?
- Marketing campaigns
- Travel agencies, media, exhibitions
- Distribution and access
- Product, collateral, training, service
- Working with the right partners
- Due diligence

1. Learn to see beyond the clichés about Chinese tourists

Chinese only want to eat Chinese food.

Growing number of Chinese travelling in small, self-organized groups

2. Think about long-term engagement and commitment

Chinese do business with friends

Long term relations important

3. China is not a single market. Understand the regional and demographic identifiers

Not same sales strategy and marketing campaign for all European countries.

China is the same. Taking the time to learn about demographic differences across regions will pay big dividends.

4. Maintain an active presence on China's internet

If you are not physically in China, your web presence needs to be.

Chinese are much more active on social media and spend more time online compared to Western people. Being active means engaging with them there, through a well localized website, local hosting, social media profiles on Weibo/Wechat and video content on Youku.

5. Localisation is important and should be delivered appropriately

Localisation is much more than simply accurate translation. Under no circumstance should you use machine translation for your website.

6. Emphasise the brand heritage, its history and the human interest story in your marketing

Britain is known in China for rich culture, history, art and fashion.

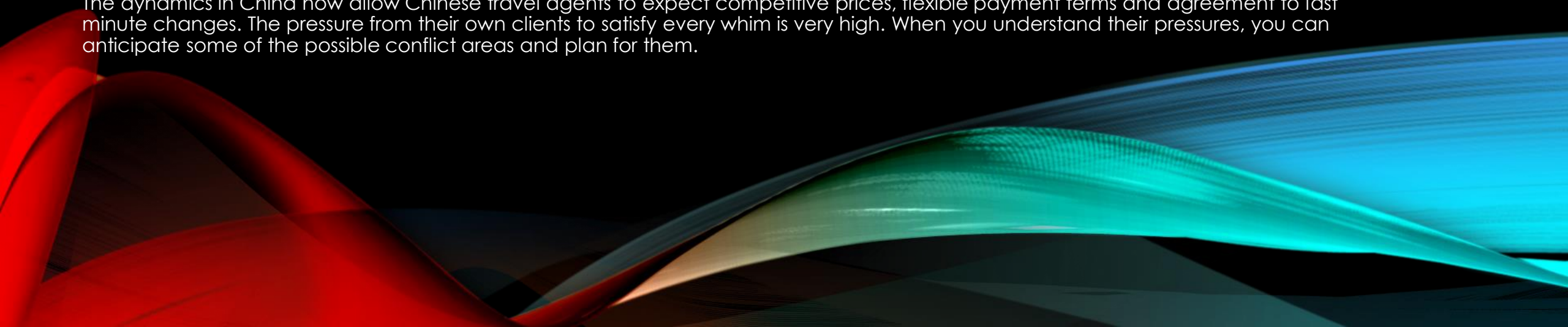
Bring out these elements whenever you are describing your own product or service, but try to relate them specifically to Chinese culture and influences (Classical China, Confucianism, the civil war and Communist revolution, the Cultural revolution and the opening up period) wherever you can.

7. Keep up to date on developments – China changes quickly

There are lots of sources of information you can register for which will provide you with regular news and updates on what is happening in the market.

8. Show respect for Chinese culture

The dynamics in China now allow Chinese travel agents to expect competitive prices, flexible payment terms and agreement to last minute changes. The pressure from their own clients to satisfy every whim is very high. When you understand their pressures, you can anticipate some of the possible conflict areas and plan for them.





1. The Number of Independent Travelers Will Continue to Rise

2. They Are Seeking Authentic Local Experiences

3. The Growing Importance of Booking Trips on Mobile

4. An Increasing Number of Direct Flights

5. The Rise of UnionPay Cards



Thank you !