

Catharina Eklof, Vice President, Enterprise Development,  
MasterCard Worldwide  
November 27, 2012

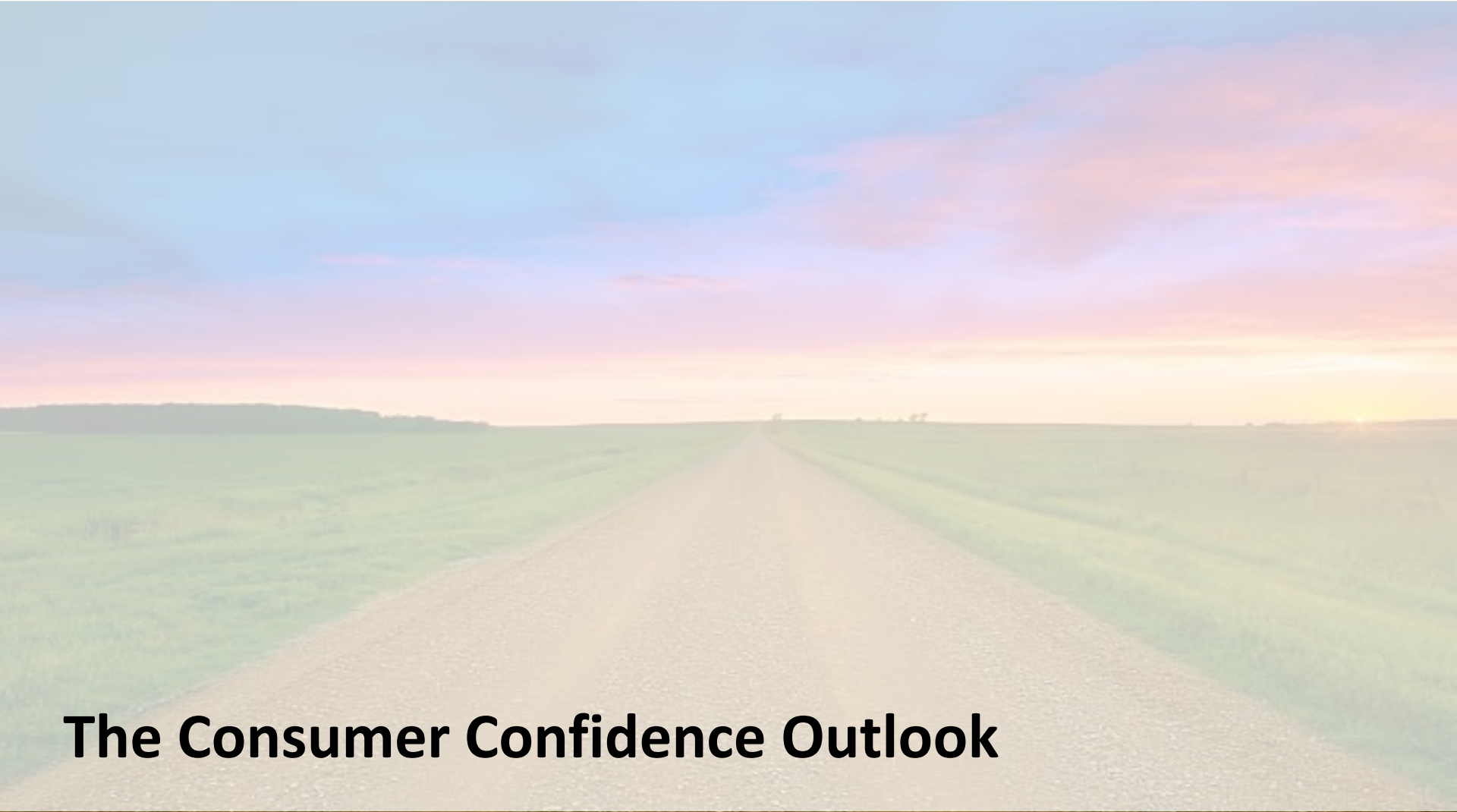


## **East Meets West: China & the Chinese Traveller in the Middle East**

MEDFA Conference 2012

# Agenda

- **China & the Middle East – consumer confidence outlook and Spotlight on Tourism in the Middle East**
- **The Chinese Traveller**
- **Chinese Outbound Tourism to the Middle East**
- **Key Takeaways**

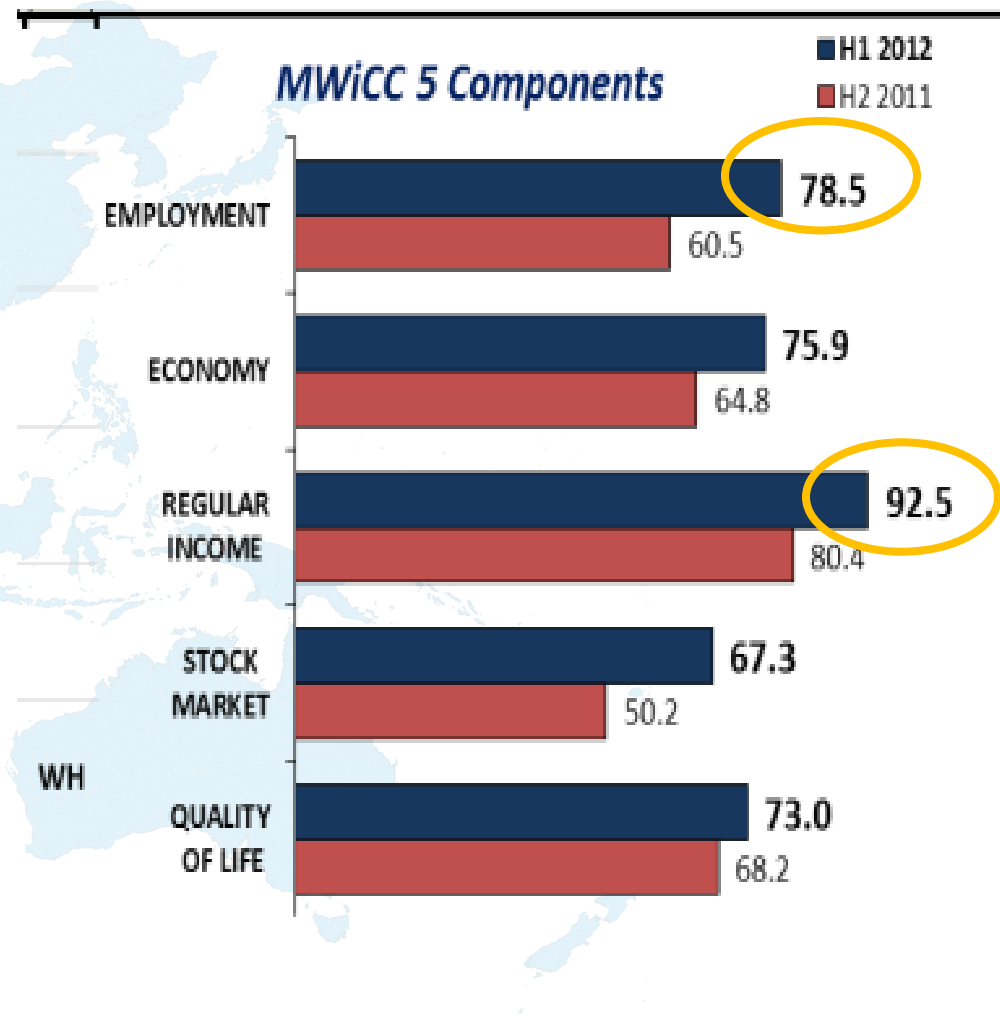


# The Consumer Confidence Outlook

# China: Consumers Optimistic In Their Short-Term Outlook



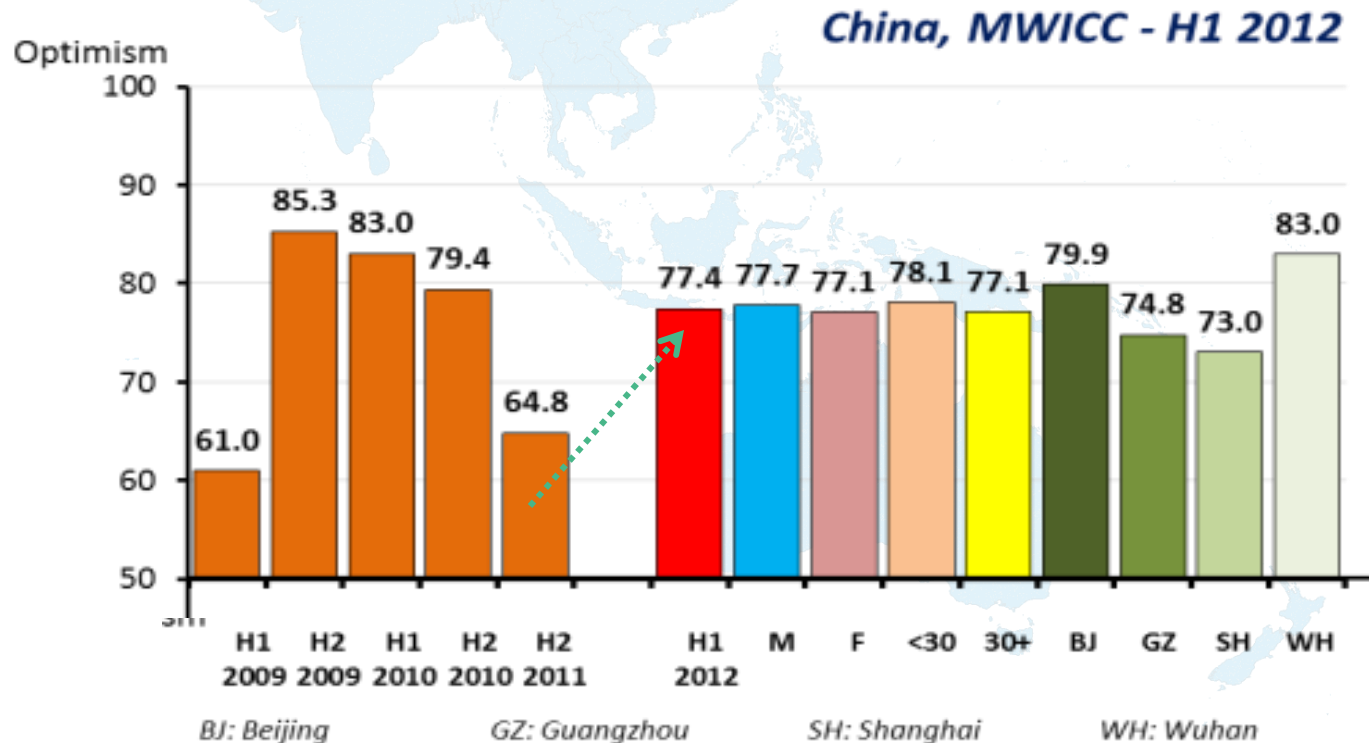
- The **MasterCard Worldwide Index of Consumer Confidence** indicated a significant rise in China's consumer confidence from **64.8** to **77.4** in the first half of 2012.
- **Chinese Consumers are most optimistic** towards Employment (78.5) and the Regular income (92.5)
- Amongst the 14 Asia/Pacific markets surveyed, **China (77.4) was the second most optimistic market**, after India (82.1)



# China: Consumers Optimistic In Their Short-Term Outlook



- Amongst the 14 Asia/Pacific markets surveyed, **China (77.4)** was the **second most optimistic market**, after India (82.1)
- Consumers coming from Beijing and Wuhan most optimistic outlook overall for the next six months



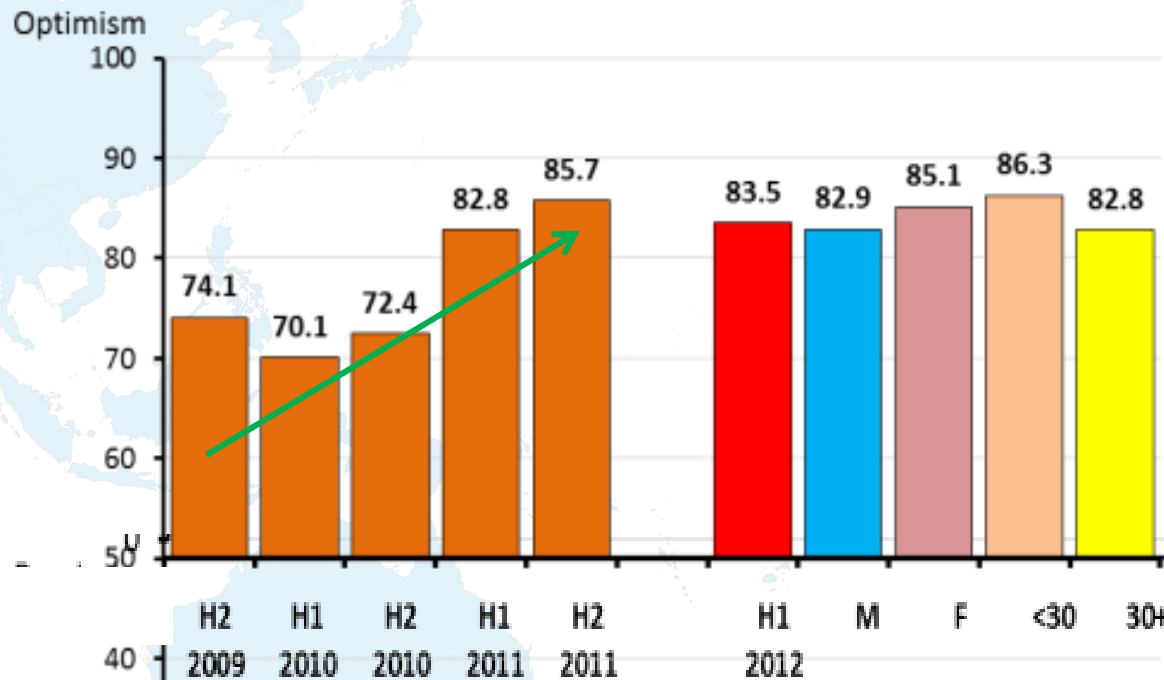
# Middle East: Consumer Confidence Remains Very High

- Across the APMEA region, the **Middle East (83.5)** recorded the most optimistic score for consumer confidence, significantly higher than **Africa** and **AP**

- Middle East consumers are most optimistic** in their outlook towards **Regular Income** and **Employment prospects**

- Qatar (96.6)** was the most optimistic market in the Middle East followed by Oman (91.5), Saudi Arabia (90.9), **Egypt (90.7)**, United Arab Emirates (86.0) and Lebanon (44.3)

Middle East MWICC H12012



# Spotlight on Tourism in the Middle East

## MasterCard Global Destination Cities Index

- **Dubai** ranked 8<sup>th</sup> in the world for inbound international visitors, with 8.8 million international visitors expected in 2012; most popular destination in the MEA region
  - Outranking cities such as New York, Amsterdam, Shanghai and Beijing
  - 15.3% visitor growth in 2012 and projected US\$ 8.8 billion visitor spend in 2012, 18% growth yoy
  
- **Abu Dhabi** emerges as the world's 4<sup>th</sup> fastest growing destination city by visitor numbers; ranks 3<sup>rd</sup> in the MEA for inbound international visitors
  - Outstripping cities such as Istanbul, Singapore and is set to grow substantially faster than New York
  - 17.9% spike in visitor arrivals expected in 2012
  - International visitor spend of US\$2.6 billion in 2012, representing an increase of 20.7% compared to 2011





**MasterCard**  
Worldwide



# The Chinese Traveller



# Chinese Travel Trends

- **China ranks 3rd in the world for international tourism** expenditure (US\$73bn),
- China recorded the highest increase (32% ) of the top spenders - an additional US\$18bn
- **Travel – Chinese respondents display the highest incidence of making international trips** for business and leisure travel in the past 12 months.
- **67% of Chinese travelled overseas in the past 12 months for leisure; 49% for business**
  - Chinese consumers indicate that they are likely to travel as much as or more frequently than before in the coming 12 months - 82% for leisure and 66% for business



# Chinese Travel Preferences

- When **travelling by plane**, national carriers are the most popular choice amongst Chinese travellers
  - 83% of Chinese opt to fly with national airlines, while only 25% travel by international carriers and 16% by budget carriers
- **Mid-range hotels are the most preferred accommodation** type for both business and leisure trips
- The mobile phone (75%) is the most popular **must-have gadget** while travelling, as compared to the laptop (14%), tablet (10%) and MP3 (1%)
- **Credit card** is the preferred mode of payment for expenses while travelling
  - Accommodation: Credit Card (69%) vs. Cash (22%)
  - Transportation: Credit Card (56%) vs. Cash (31%)
  - Expenses over US\$100 at destination: Credit Card (46%) vs. Cash (46%)



# Quick facts - The Chinese Traveller

- **The Chinese are savvy travellers**

- With over 500 million Internet users in China in December 2011, more than 80% of Chinese travellers research and educate themselves about destinations and brands online

- **Independent travel is growing**

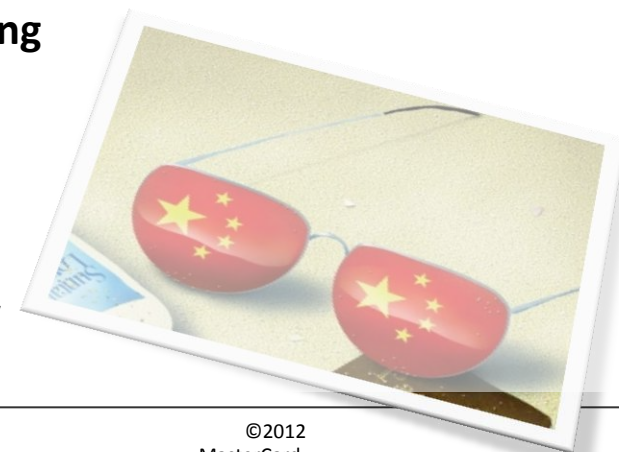
- The profile of Chinese guests is changing as they become increasingly more independent, confident, younger and more familiar with foreign cultures and customs
- They have the opportunity to explore “off the beaten track” venues and can look for holidays and activities that suit their personal interests

- **Chinese travellers devote nearly half of travel budget on shopping**

- China’s strong gift buying culture stimulates some of this spending

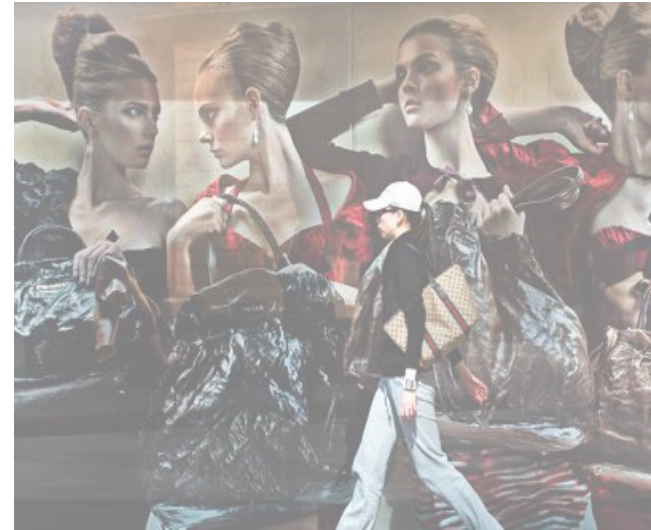
- **A dash of local cuisine**

- Chinese prefer familiarity of Chinese food but are increasingly willing to sample local fare at the right price



# The Chinese and Luxury Shopping

- China will account for 20% of the global luxury market or US\$27bn of global luxury sales\*
- **China is on pace to top Japan** as the largest market for luxury goods
- On average 6 out of 10 Chinese consumers already own luxury designer clothes/ leather goods and jewelry
- **More than 30% mean to increase their spending** in the next 12 months
- **Overseas shopping appeals to affluent Chinese shoppers**
  - More than half of Chinese shoppers buy luxury goods overseas
  - Chinese tourists purchase luxury goods mainly overseas and growing interest for Middle East
  - China's high luxury taxes, better selection and greater "show-off" value are key drivers



\*Source: MasterCard survey on Consumer Purchasing Priorities –2012

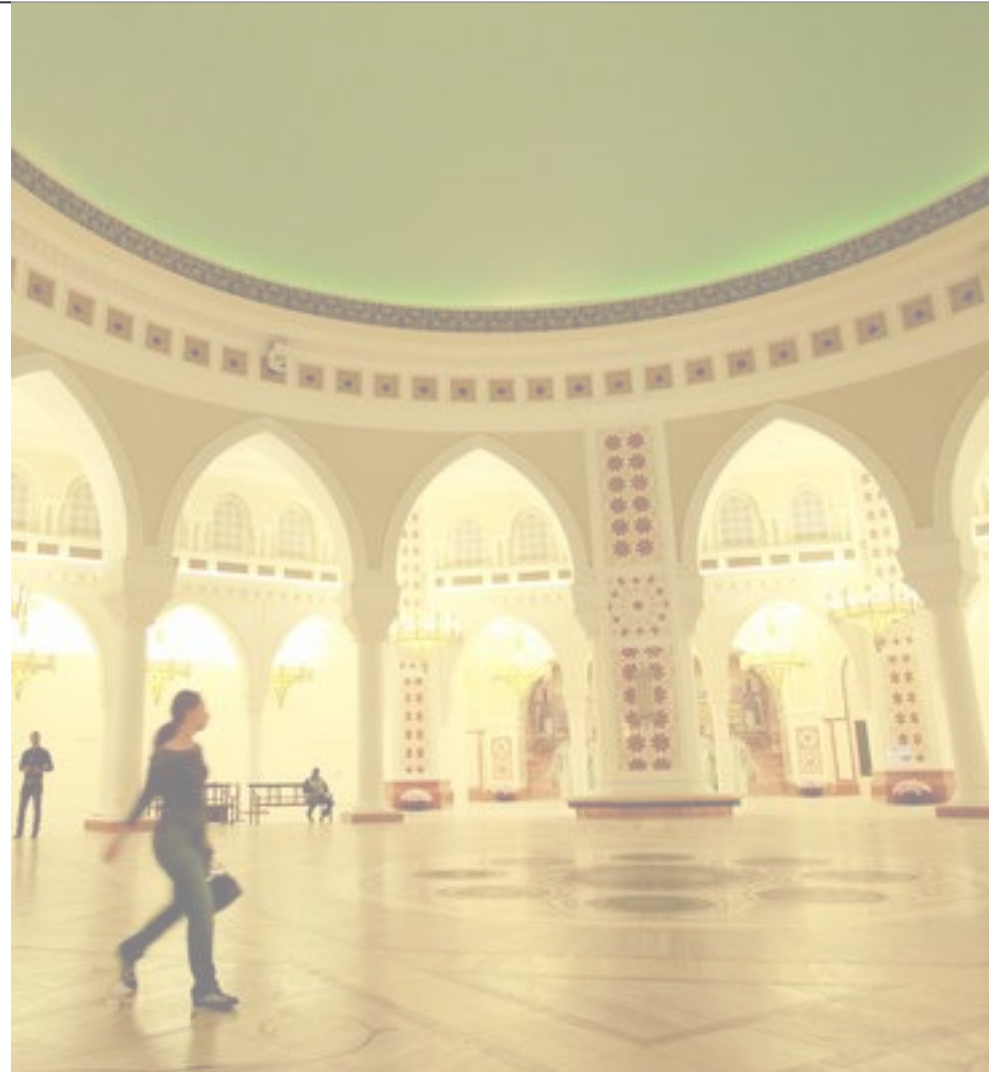
# Chinese Outbound Tourism to the Middle East



# Chinese Tourists impact on the Middle East - MasterCard Global Destination Cities Index



- MasterCard Global Destination Cities Index:
  - **An estimated 300,000 Chinese tourists travelled to the UAE** in 2011 and spent US\$334 million
  - **Beijing** ranks as the third highest source of visitors and \$ to Dubai, behind London and Kuwait
  - Chinese tourists spend was US\$1,114 compared with US\$946 per British tourist and US\$1,087 per Kuwaiti tourist
  - Chinese shoppers are top foreign spenders at luxury stores across the Middle East



\*Source: MasterCard Global Destination Cities Index, 2012

- **25% of luxury goods sold in the Mall**

# Impact on the Middle East

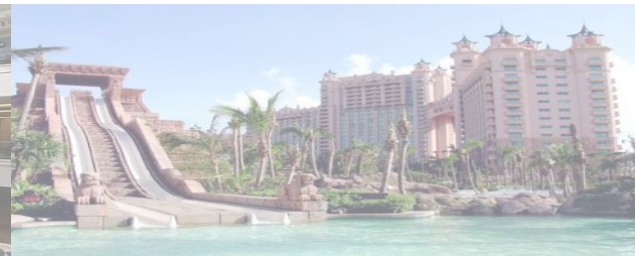
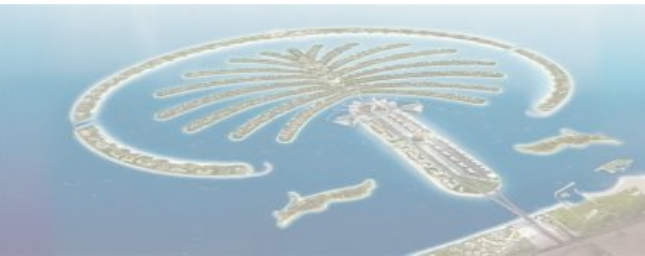
- Hospitality Industry
  - Dubai has registered a 27% increase in the number of hotel guests from China this year
  - Chinese visitors are lengthening their average stay in Dubai, spending four nights compared to three nights just two years ago
  - About 80% of guests at the Burj Al Arab hotel during the Chinese New Year holiday period last year came from China
  - 30% of guests who stayed at the Burj Al Arab hotel in the first three months of 2012 were from China



# Implications on the Tourism Industry

## Enhanced understanding

- Who they are, what they buy and why, how they think and what their needs are
- Players in the hospitality and tourism industry across the globe have intense focus to ensure that the needs of the Chinese tourist are well catered for
- Hotels and shopping malls are offering Mandarin-speaking concierge services and training their staff on Chinese culture and traditions, creating exclusive one-of-a-kind experiences and offering differentiated premium services
- Invest in understanding the special characteristics of China's travel market and commit to serving the needs of its different segments will give a powerful competitive advantage
- Essential to make a long-lasting positive impression on Chinese visitors in order to gain a share of their business





# Key Takeaways

- **The Chinese are avid travellers:** 67% travelled overseas in the past 12 months for leisure; 49% for business
- **Top tourist destinations in the Middle East:** Dubai ranked 8th in the world in terms of the number of inbound international visitors; Abu Dhabi is the world's 4<sup>th</sup> fastest growing destination city by visitor numbers
- **From Beijing to Dubai:** Beijing is among the top five cities of origin for travellers visiting Dubai
- **Resilience in Chinese consumer spending:** Despite global economic uncertainty, consumer intention to spend remains upbeat and Chinese shoppers are amongst the highest foreign spenders at luxury stores in the Middle East
- **Enhanced knowledge of affluent Chinese traveller:** Window of opportunity wide open for travel providers that can offer unique products and services for this segment



# Thank you !

---

Catharina Eklof  
Vice President Global Merchant Development  
MasterCard Worldwide  
[catharina\\_eklof@mastercard.com](mailto:catharina_eklof@mastercard.com)