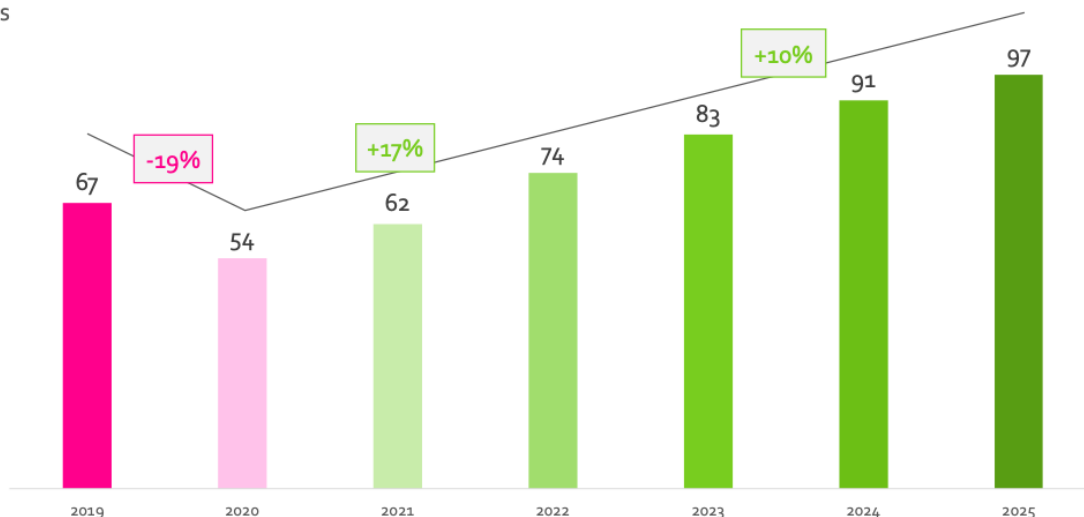


m1nd-set research unveils Hainan potential & opportunities

Chinese travelers to Hainan: 2019-2025

MN trips



mind-set
expert in travel market research

Source: Hainan Tourism Board

The recently conducted report highlights the positive outlook for future sales given the competitive pricing policy adapted by duty free retailers on the island

The latest consumer research from Swiss research agency m1nd-set reveals essential keys to converting Chinese domestic tourists traveling to Hainan.

The research, which is part of an ongoing and regularly updated series of reports dedicated to shopper behavior in China's "Duty Free Paradise" was conducted over recent weeks among Chinese consumers who have either traveled to or who live in the province.

The research provides a long-term picture with projected traffic growth, as well as sales forecasts, and analyzes both the traveling and shopping behaviour of domestic Chinese tourists who have visited Hainan. The report also highlights the positive outlook for sales given the competitive pricing policy adopted by duty free retailers on the island. The province's duty free retailers are offering discounts of up to 50% compared to the prices on leading e-commerce sites, which means sales are inevitably set to experience healthy growth in the coming years. Additionally, the report presents staggering numbers in terms of footfall and conversion, emphasising the importance of shopping for Chinese visitors to Hainan.

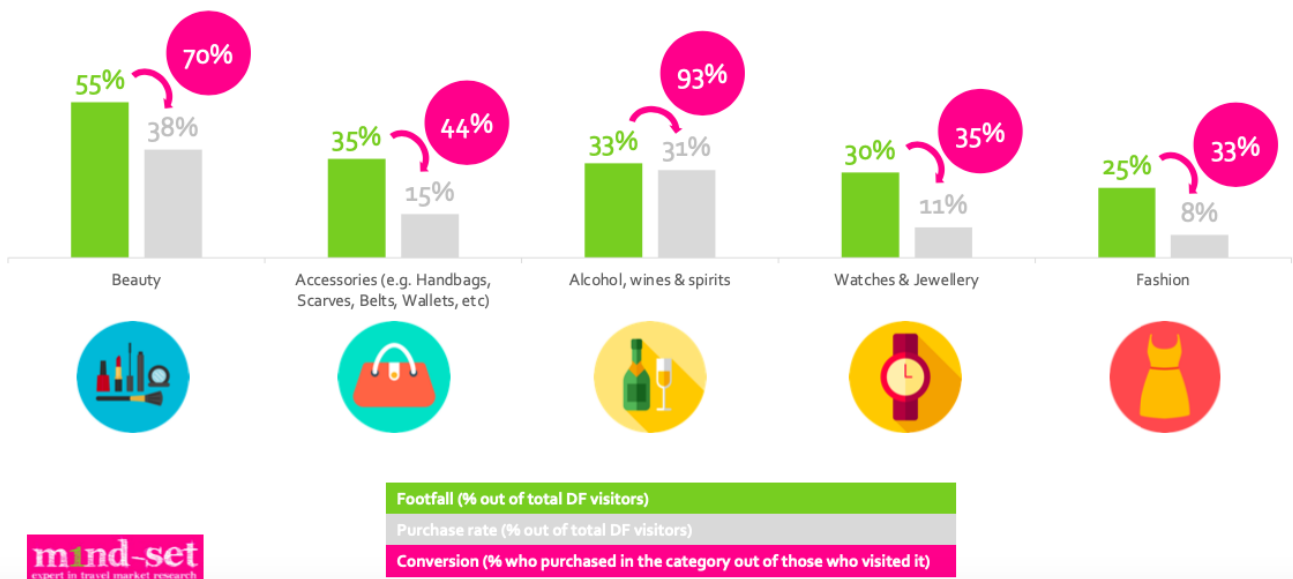
Key takeaways:

- Almost all visitors to the island visited a duty free store in Hainan
- More than 70% of visitors to the island made a purchase at a duty free store in Hainan

- Footfall is highest among the beauty category at 55%
- Conversion is highest among the wine & spirits category at 93%
- Spend is highest among the watches & jewelry category at \$950+ (USD)
- Tier 1 island residents and middle-aged shoppers are among the top spending segments, both of which spend above average when in Hainan

Categories Visited & Purchased in Hainan Duty Free Stores

TOP 5 MOST VISITED DF CATEGORIES



The research details the purchasing behavior of new products and brands on an individual category level; more than 70% of visitors to the island made a purchase at a duty free store in Hainan

According to m1nd-set, given the high propensity to purchase new brands and products, there are significant opportunities for brands to win over Chinese shoppers who are looking for novelty when in Hainan. 68% of Chinese tourists visiting duty free shops in the province said they were open to buying a brand or product that they had never before purchased.

The research details the purchasing behaviour of new products and brands on an individual category level. Other essential data revealed in the research includes the impact of certain touchpoints as purchase drivers, such as peers (family and friends), as well as sales associates, billboards, digital screens and online branding.

“As well as focusing on shopping behavior in the research, we also take a deep dive into how Chinese tourists plan their travel to Hainan – how they book, where they stay, what other activities they engage in when visiting the island. This enables us to help brands determine where best to reach their specific target segment.

“While large hotel group websites and airline sites are heavily used by Chinese travelers booking their stay on the island, we also see a significant percentage booking their travel, accommodation and activities via sites such as Ctrip and opting to stay in smaller boutique hotels. We are seeing a growing number of partners seeking this type of information on a detailed segment level to optimize their pre-travel marketing to the Chinese shopper heading to Hainan.

“With the increase in allowances, we also see a growing potential to reach Chinese shoppers who have not spent their full allowance while in Hainan. Our research analyses the level of allowances used - both in terms of volumes for liquor and tobacco or by dollar amount. Brands are using this information to reach travellers who have yet to benefit from their full allowance through post-trip marketing for online duty free shopping also. This is increasingly frequent, especially since the government increased the duty free allowance in Hainan in 2020,” explains Peter Mohn, Owner & CEO, m1nd-set.