China Market Report
November 2018

Visit Finland Country Representative
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Semiannual Report – CHINA
Summer season 2018 and outlook for winter 2018-19

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Factors affecting the results of the summer season 2018

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

- China’s overall economic growth has slowed down: China’s GDP growth 6.8% in Q1 2018, 6.7% in Q2, 6.5% in Q3; trade disputes between China and the United States; investment growth slowed in Q1-Q3; consumption downgrade in general.

- The overall outbound travelling for Q1&2 2018 has grown by 15%;

- Friendly visa policy, 27 countries are visa free for Chinese passport holders, 42 countries use visa upon arrival;

- More flights capacity;

- Travellers born in 80' and 90' occupy 50% among all oversea travellers; family travellers growing;

- Online information easy to obtain, which increases the FITs market;


- Family and friends inspire consumer decisions;
Factors affecting the results of the summer season 2018

Reasons for the decrease in travelling to Finland?

Changes in demand

- Trade war, world cup has make the demand decrease.
- The exchange rate is not in favor to Chinese Yuan;
- Looking for more and more day tour packages in the destination;
- Traditional packages incl. 4 Nordic countries in one tour is no longer attractive, that influence our summer numbers a lot.

Finland's image as a travel destination

- Finland’s image is a winter destination, if the Chinese tourists has to go to Finland in one time, they will choose to go in winter time, because of Santa Claus and aurora. But in summer time, we are trying to promote Lakeland as it has the ‘quickest way to slow down’, aiming at the middle-high class people in China.
- Country with best education quality;
- Clean, relaxing;
- Midnight sun;
- Destination for family with kids;
- However, consumers think each destination of Finland is similar to each other----lakes, cottages, sauna, forest and outdoor activities. But it’s difficult to find USP for each region.
Factors affecting the results of the summer season 2018

Reasons for the decrease in travelling to Finland?

Changes in distribution
• More agencies operating educational travel to Finland;

Changes in accessibility
• Visa issue timing is not guaranteed;
• Air tickets too expensive and difficult to have seats;
• Finnair flight is quite full in summer time with the route connecting other countries, make it difficult to develop new products with more overnights in Finland
Factors affecting the results of the summer season 2018

Reasons for the increase/decrease in travelling to Finland? Products that have been attractive?

Decrease: In summer time, group travel have the traditional products for 4 Nordic countries and Russia, or Finland + other European countries, but all in all, the products are too classic to be attractive enough.

Increase: but for Lakeland increase, we believe it’s because the tour operators or OTA, specially the ones we have joint campaign with, they’ve developed the Lakeland products attractive and suitable for the Chinese market.

Increase: Educational Travel has a big increase and demand in the market.

Regions that have been attractive
- Helsinki and capital region (Espoo, Porvoo etc.)
- Lakeland

Campaigns, joint promotions results
- VF China Roadshow in March 2018
- COTTM in Beijing in April 2018
- ITB China in Shanghai in May 2018
- Joint campaign with Utour and Ctrip to promote Lakeland and summer Finland
- FAM trips for educational travel and Lakeland
- Constant sales calls to Chinese tour operators to promote Finnish summer and Lakeland.
- Westminster Lakeland campaign - Total Finland room night growth 13% from 1650 (in 2017) to 1860 (in 2018)
- Jetour Summer campaign FIT campaign - Total 300 room nights generated with new feminine and family segments launched
Outlook for the winter season 2018-19

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

Increase/decrease and reasons for the increase/decrease
• in general, Finland has still strong image as the winter destination for Santa Claus and Aurora. Big tour operators and OTA still promote heavily on winter products.
• Increase, but the growth rate will be slower than before;
• Economic situation in Q4 is not becoming better, and the unstable trade war between China and the US might still continue;
• Some tour operators use wood cottages instead of igloos to make the price lower;
• New destinations like Oulu increase accessibility;
• More diversified accommodation choices;
• Winter sports promotions

New winter products
• with sports and education theme, other than only in Lapland, new sports or education destination are combined in the products, such as Oulu, Ruka, or even Lakeland area.
• New accommodation options;
• Skiing (especially for children, beginners and medium level skiers);

New sales channels
• For education and sports travel, new channels are explored other than the traditional tour operators, such as ski club, kids education platforms, school even
Outlook for the winter season 2018-19

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

What are the trends for the winter 2018-19?

- Using wooden cottages or villas instead of igloos to lower the cost;
- Cross country skiing has gained more awareness in China, thanks to the 2022 Winter Olympics;
- For student camp, it’s important to have the part of “study”, not only “play and fun”;
- More spread to other months instead of only during Chinese New Year.

Which are the traveller segments?
- Families (with kids)
- Female groups
- Millennium
- Group travelers
- FITs
- Students for educational travel
- Sports enthusiasts
- Technical visitors
- Small private groups with customized itineraries
Outlook for the winter season 2018-19

Ad hoc marketing opportunities

TO cooperation, joint promotions, crossover, events, PR, social media

• proposals for co branding or joint campaigns are received from Travel Zoo, Tuniu.com, Stokke, Valio, in the process of evaluation and communication with HQ to finalize which brand/TO to cooperate with.

• Double 11 (Nov. 11th) is a great shopping day in China, Fliggy has sold 1000 Aurora Finland 3.0 products on that day, as well as other hundreds of segmental products such as arctic zoo or Icebreaker. Before and after Double 11, VF Weibo accounts did have interactions with Fliggy official account to promote the products.

• Santa Claus promotion (possibly of crossover with Tik Tok, Baidu Map etc.)

• China-Finland Winter Sports and Tourism Forum in Wanlong 5-7 December

• China-Finland Winter Sports Year Opening Week in Beijing in January 2019;

• "Feel the World" video shooting with celebrity and promotion on Sina Weibo;

• "Our Snow Cottage" reality show shooting in Finland;

• Travelpop Nomadic Market at PMQ on 17-18Nov

• Finnish Xmas Market at Stanley Plaza on 8/9/15/16Dec
Prospects for the spring/summer season 2019

The overall outlook of travelling to Finland?

What trends should be considered in product development to increase the demand in the spring/summer time?

• Thanks to this year’s campaign and events with TOs, Lakaland has gained the market exposure in a small scale, we notice that the inquiries about the area is booming, starting with hotel price/location, sceneries spots, restaurants, transportation, systematic information are in huge need.
• FIT marketing is increasing, more and deeper cooperation will be needed with big OTA and UGC.
• It’s initially confirmed that Juneyao will launch the new route from June 2019, Shanghai – Helsinki, which will increase the flight capability in summer time.
• Family travellers’ needs—slowed down path, exclusivity, study elements;
• Important events and festivals;
• Skiing is still possible in Finland in spring and basically winter is still there in spring for winter products.
• Delicate food, fancy restaurants and bars, design shops, architecture tour, museums with interesting exhibitions.

Which present target groups should be considered to increase the demand?

• Traditional group travellers;
• FITs
• Value-seeking sightseers;
Prospects for the spring/summer season 2019

The overall outlook of travelling to Finland?

Which new target groups should be considered to increase the demand?

- "Unpluggers" from city life;
- Student camps;
- Technical visitors, esp. officers from different levels of sport bureaus of China since 2019 is the theme year of Winter Sports between China and Finland;
- Sports enthusiast, such as iron men, trail runners, water sports enthusiasts.
Trends and other relevant travel related topics

Trends

Any new travel trends on your market? What's hot now on your market?

BtoC:
• New social media platforms
• Go digital and mobile
BtoB: Digitalization of products

New distribution channels

Your suggestion on how to develop business with them: what needs to be done?
• Digital Marketing campaigns to increase the awareness of Finland (to C)
• New products development together with Finnish partners based on the market demand
• To follow up MICE agencies(need to understand Finland’s advantages in MICE, esp. venues and events);
• Customized itineraries for small groups----important to react fast.

Online channels

Channels where Visit Finland should be present and suggestion of how to be present
• UGC platforms such as Mafengwo;
• Crossover with video sharing platforms such as Tik Tok;
• To optimize the POI on digital platforms
Trends and other relevant travel related topics

Competitors’ actions

Which countries have been active, where have you seen their promotion, what was the main message/content of the communication, competitors’ new products or activities with tour operators/sales channels

• Trip to North Pole
• Iceland: a lot of Chinese celebrities go to Iceland for photo shooting. It’s not an initiative by the tourism bureau.
• Sweden, Denmark and Norway also promoting educational travel;
• Norway also promoting skiing; Norway was very active, 1.2 million RMB was given to Fliggy to develop new products in Norway (Bergen and fjords ), also, cooperation was finalized with Ctrip last month when the King and Queen from Norway visited China in October.
• For winter, the countries in Southern Hemisphere are very appealing to Chinese travelers;
• For educational travel, the English speaking countries as well as neighbour countries (Japan, Singapore) are very competitive;
• Different online training programs to the trade;
• BtoC campaign to create awareness.
Trends and other relevant travel related topics

Free word

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

• Hold on! Patience and hard work will pay off.
• Sometimes, it is not about volume or overnight, but it is about the expenditures of travelers and revenue for the company.
• To be active on social media platforms can be a good and simple start.
China (incl. Hong Kong) – Market Review
Chinese (incl. Hong Kong) overnights in Finland

Seasonal overnights in 2016, 2017 & 2018

<table>
<thead>
<tr>
<th>Season</th>
<th>Year 2016</th>
<th>Year 2017</th>
<th>Year 2018</th>
<th>2017 vs. 2016</th>
<th>2018 vs. 2017</th>
<th>Reasons behind the actual or expected change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter</td>
<td>53 400</td>
<td>97 300</td>
<td>120 000</td>
<td>+82%</td>
<td>+23%</td>
<td></td>
</tr>
<tr>
<td>Spring</td>
<td>41 800</td>
<td>57 100</td>
<td>61 100</td>
<td>+37%</td>
<td>+7%</td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td>104 700</td>
<td>128 000</td>
<td>115 400</td>
<td>+22%</td>
<td>-10%</td>
<td></td>
</tr>
<tr>
<td>Autumn</td>
<td>58 300</td>
<td>74 000</td>
<td></td>
<td>+27%</td>
<td>(+xx%)</td>
<td></td>
</tr>
</tbody>
</table>

Chinese overnights in Finland by season in 2017

Autumn 21%  Winter 27%  Summer 36%  Spring 16%

Coast & Archipelago 2018

<table>
<thead>
<tr>
<th>Season</th>
<th>Year 2016</th>
<th>Year 2017</th>
<th>Year 2018</th>
<th>2017 vs. 2016</th>
<th>2018 vs. 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter</td>
<td>4 500</td>
<td></td>
<td></td>
<td>+51%</td>
<td></td>
</tr>
<tr>
<td>Spring</td>
<td>3 700</td>
<td></td>
<td></td>
<td></td>
<td>-7%</td>
</tr>
<tr>
<td>Summer</td>
<td>10 800</td>
<td></td>
<td></td>
<td></td>
<td>-28%</td>
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<tr>
<td>Autumn</td>
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Lapland 2018

<table>
<thead>
<tr>
<th>Season</th>
<th>Year 2016</th>
<th>Year 2017</th>
<th>Year 2018</th>
<th>2017 vs. 2016</th>
<th>2018 vs. 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter</td>
<td>63 500</td>
<td></td>
<td></td>
<td>+10%</td>
<td></td>
</tr>
<tr>
<td>Spring</td>
<td>14 000</td>
<td></td>
<td></td>
<td>+21%</td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td>5 800</td>
<td></td>
<td></td>
<td>-12%</td>
<td></td>
</tr>
<tr>
<td>Autumn</td>
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Lakeland 2018

<table>
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<tr>
<th>Season</th>
<th>Year 2016</th>
<th>Year 2017</th>
<th>Year 2018</th>
<th>2017 vs. 2016</th>
<th>2018 vs. 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter</td>
<td>6 400</td>
<td></td>
<td></td>
<td>+100%</td>
<td></td>
</tr>
<tr>
<td>Spring</td>
<td>6 200</td>
<td></td>
<td></td>
<td>+60%</td>
<td></td>
</tr>
<tr>
<td>Summer</td>
<td>13 300</td>
<td></td>
<td></td>
<td>+17%</td>
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<tr>
<td>Autumn</td>
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Helsinki area 2018

<table>
<thead>
<tr>
<th>Season</th>
<th>Year 2016</th>
<th>Year 2017</th>
<th>Year 2018</th>
<th>2017 vs. 2016</th>
<th>2018 vs. 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter</td>
<td>45 700</td>
<td></td>
<td></td>
<td>+37%</td>
<td></td>
</tr>
<tr>
<td>Spring</td>
<td>37 300</td>
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<td></td>
<td>-1%</td>
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</tr>
<tr>
<td>Summer</td>
<td>85 600</td>
<td></td>
<td></td>
<td>-10%</td>
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<tr>
<td>Autumn</td>
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Source: Rudolf data base, Statistics Finland
Trends for seasonal overnights in Finland – Chinese (incl. Hong Kong) visitors

- High winter season (12-02)
- High spring season (03-05)
- High summer season (06-08)
- High autumn season (09-11)

Source: Visit Finland Statistics Service Rudolf, Statistics Finland