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HONG KONG'S BRIGHT FUTURE FROM CHINA'S EXPLODING TRAVEL MARKET

Survey reveals where world's fastest-growing travel market is headed

Hong Kong ... A new study by leading market information company TNS, which probed the travel preferences of mainland Chinese businessmen and holidaymakers from tier 1 and 2 cities across the country, suggests that the explosive growth in the outbound Chinese travel market is set to continue. 90% of both business and leisure travelers claim they are travelling more (or at least the same), in 2009 as they did in 2008, and the indications are that this trend will continue in 2010.

The study found that there were few reasons for travelling less. Business travelers who claim they will be travelling less, mainly say they will be switching to webcasts or teleconferences instead. The main reason cited by leisure travelers was fear of H1N1, which may fall away in 2010.

COMBINING BUSINESS AND LEISURE

Less than 10% of travelers are travelling only on business, with around 60% combining both leisure and business. Commenting on the findings, Neel Banerjee, who leads the Travel & Leisure practice for TNS in Hong Kong, says this suggests opportunities for persuading business travelers to extend their trip for a few days of leisure, perhaps including their family or friends as well. The leisure travel market is being driven mainly by travelers taking advantage of attractive packages, low fares and budget airlines, and budget hotels. Hong Kong is in a prime position to take advantage of these combined business and leisure trips. It is already the number one destination for both business and leisure travelers and within convenient flying distance if family or friends are to join the business traveler.

OPPORTUNITIES FOR HONG KONG

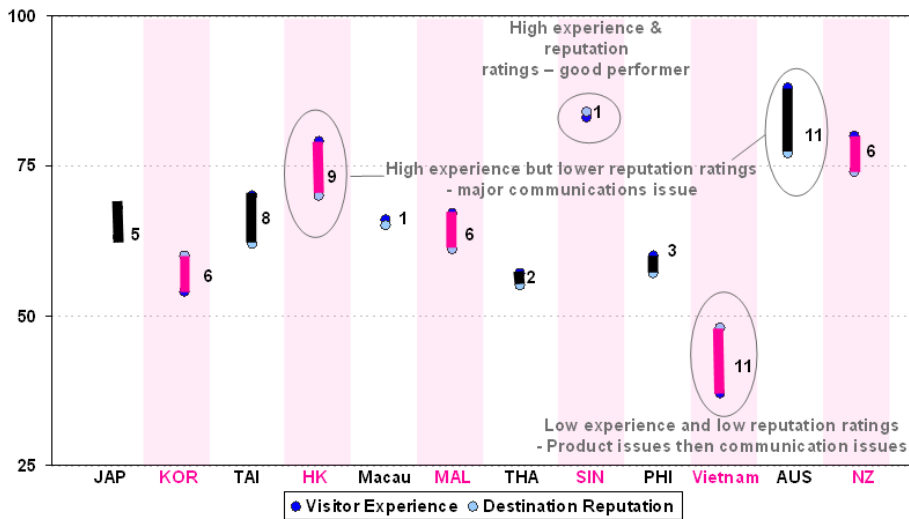
Hong Kong has another advantage. The survey found that in fact travelers' experience of Hong Kong was better than its reputation had led them to believe (see chart on next page). Hong Kong has a TRI*M Index score of 70 for Reputation but 79 for Experience. This suggests that Hong Kong has a communication problem and that it needs to tell travelers more about the benefits it has to offer.

Although 45% rely on family and friends for traveling advice, the main source of advice for travelers is still the internet, with 86% consulting one or more sites. Clearly investment in digital media will be critical if Hong Kong is to reach this target efficiently and communicate its benefits.

Delivering against reputation – Asia Pacific

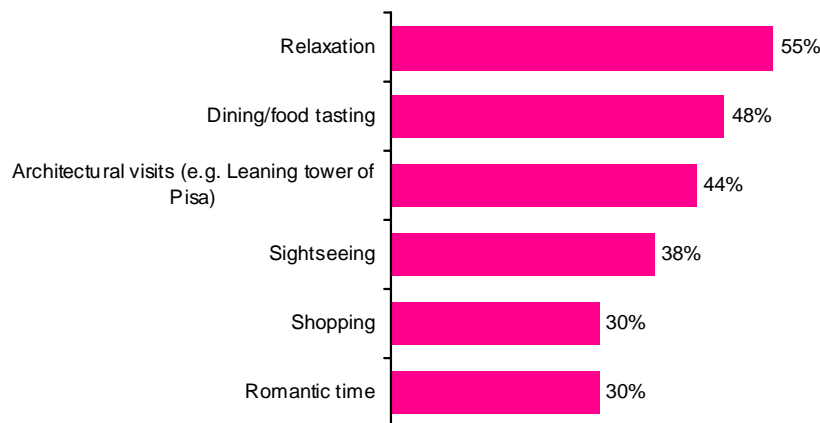
China Travelers:

Visitor Experience TRI*M vs. Destination Reputation TRI*M



WHAT SHOULD THE COMMUNICATION SAY ABOUT HONG KONG?

Leisure travelers are primarily looking for relaxation (see chart below). No doubt stressed business travelers would like some relaxation time as well. Hong Kong is perhaps best known for its fast paced, hectic lifestyle. Is this the ‘gap’ between reputation and actual experience? What can Hong Kong do to persuade potential visitors that it is also a good place to relax? Certainly Hong Kong can offer great sightseeing, a vast array of food/dining options and endless shopping opportunities. However what about promoting the idea of Hong Kong as a place for romance and for self pampering or as a place to admire some of the world’s most impressive architecture?



Top attractions in Hong Kong have been and remain Disneyland, Victoria Harbour and Ocean Park, with 83%, 82% and 82% having been to these attractions during their last visit. Future destinations of interest, which may be used as drawcards in communication, include the Hong Kong Wetland Park, the Giant Buddha and Ngong Ping 360, with 55%, 48% and 46% of travelers planning to see these attractions on their next visit.

WHERE ARE THE THREATS TO HONG KONG COMING FROM?

The number one destination experience for Chinese travelers is Australia with a TRI*M Experience Index of 88. Singapore (Index 83) and New Zealand (Index 80) offer similar levels of Experience to Hong Kong (Index 79). Banerjee also commented that if Australia can persuade more people to make the journey by communicating their benefits to Chinese travelers, then for most the experience turns out to be better than they expected. Since Chinese consumers rely on the internet and family/friends as the main sources of information for their next trip, word of mouth could play a strong role in increasing the attractiveness of Australia as a destination, perhaps at Hong Kong's expense.

FINALLY WHAT ABOUT THE ALL IMPORTANT SPENDING HABITS OF TRAVELERS?

The good news is that around 80% of both business and leisure travelers say that their shopping budget in 2009 has increased or at least stayed the same, despite the recession. Travelers feel that prices outside of China are often better than at home and they like both the service and the shopping environment in foreign destinations. Hong Kong is in an excellent position to offer a great shopping experience and to provide all of the top merchandise travelers are looking for.

Again, communication is important so that travelers know where to buy what and where the best deals and shopping experiences are to be found. The internet is key to this, with 75% relying on the internet for shopping information. The main product categories which people are interested in buying in Hong Kong are shown in the chart below. Business and leisure travelers are interested in the same categories.



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Notes to Editors

About the study:

The China Outbound Tourism Study was conducted between 24th July and 1st August 2009. A representative sample of n=1000 respondents aged between 18 and 64 drawn from TNS 6th dimension access panels in China's Tier 1 and 2 cities were interviewed online for the study. All respondents had to have travelled internationally on business at least three times and/or at least once for leisure since January 2008. Margin of error is +/- 5.7% at a confidence level of 95%.

For the chart on 'Delivering against Reputation', TNS used their internationally validated methodology TRI*M, to measure both the reputation and actual experience of a range of destinations. The potentially good reputation of a destination may be undermined by an experience of the plane being

delayed, the hotel being uncomfortable or too far out of town, the food is not being to your liking, or the people being rude and unfriendly.

About TNS

TNS, who recently merged with Research International, is the world's largest custom research agency delivering actionable insights and research-based business advice to its clients so they can make more effective business decisions. TNS offers comprehensive industry knowledge within the Consumer, Technology, Finance, Automotive and Political & Social sectors, supported by a unique product offering that stretches across the entire range of marketing and business issues, specialising in product development & innovation, brand & communication, stakeholder management, retail & shopper, and qualitative research. Delivering best-in-class service across more than 75 countries, TNS is part of Kantar, the world's largest research, insight and consultancy network. Please visit www.tns-global.com.hk for more information.

About the Kantar Group

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