

Part I.

Travel in the time of Corona:
China luxury hospitality in
a post-pandemic world.

Spring 2020.

katana

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A journey of a thousand miles
begins with a single step

Lao Tze, in the Tao Te Ching

Foreword

We live in unprecedented and challenging times.

As the terrible Covid-19 pandemic wreaks havoc on the global economy and affects everyone's lives, the travel, tourism and hospitality industry is particularly vulnerable.

In this paper we review the China travel market sentiment - the world's largest - and what some of the actors are doing, thinking and saying, as the country begins to recover from the crisis, and thoughts turn to life beyond the pandemic, albeit in this surreal and troubling new reality.

Of course, just as China starts to recover, the rest of the world turns upside down, so this paper will be part of what, we hope, will be a short-lived series, keeping tabs on sentiment in China and the region, sharing information and inspiration to try and help hospitality brands with their post-pandemic recovery planning, and get the world moving once again...

We are all in this together.

Stay safe everyone.

KCM.

Road to Recovery

Source: World Travel & Tourism Council

Coronavirus COVID-19

WTTC predicts **potential jobs impact of COVID-19** to the global Travel & Tourism Sector



Up to **50 million jobs at risk globally**
Representing a **reduction in jobs of 12-14%**



International travel could be adversely impacted by up to **25% this year**
Equivalent to a **loss of three months of travel**



The steep and immediate drop in the willingness to travel is comparable to the aftermath of the 9/11 attacks.

The concern about international travel is growing every day, amid reports of worsening outbreaks around the world.

This will have an even worse impact than SARS in 2013

This is mainly because of the ongoing uncertainty around the possible extent of the global impact, but also because the crisis started during the Chinese New Year holidays, forcing over 450 million travellers to cancel their plans, according to some estimates.

Much of the travel that has already been lost, or may still be cancelled in the weeks and months to come, is unlikely to be made up.

According to interviews conducted by Travel Daily, the recovery for the hotel sector in China is estimated to be in 3 to 6 months at the earliest.

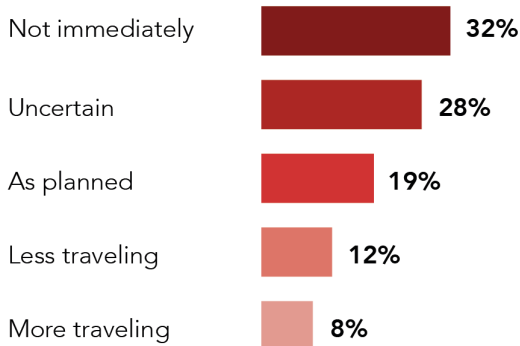
Internationally, Tourism Economics has estimated that the travel industry will only begin to recover in July, and that is dependent on the global situation being contained in the first half of 2020, something that is looking increasingly unlikely today.

Road to Recovery

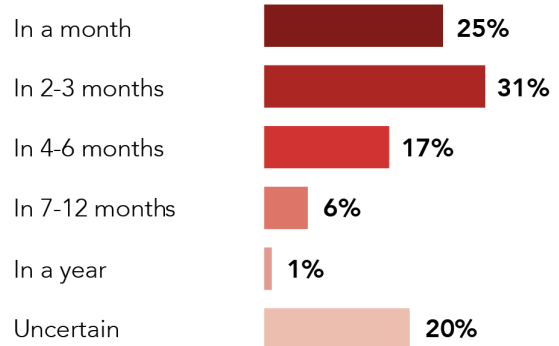
On Weibo, the topic
#where do you want to travel
post pandemic# or
#疫情后你最想去哪里旅行#
is trending
with 140 million views
and 29,000 posts

Road to Recovery

Travel post-pandemic



Holiday post-pandemic

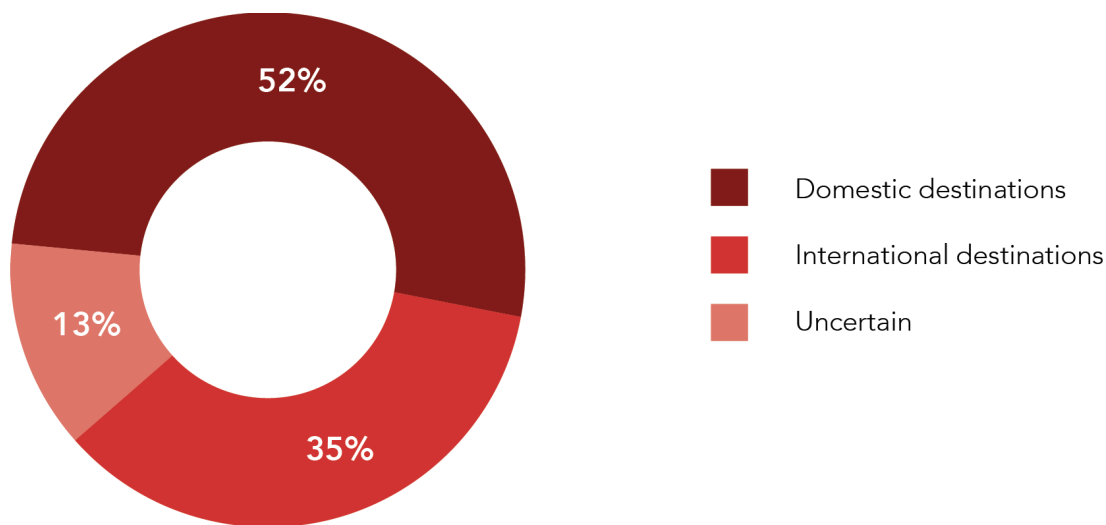


According to data published by Fliggy on 28 February, and the “Post-pandemic Willingness To Travel Report” from the China Tourism Academy and the Ctrip Big Data Lab

- Online search for flights and train tickets and hotels during the Labour Week holiday increased 40% and 35% respectively.
- 32% of correspondents indicated they won't travel immediately, with 28% being unsure what they will do. 19% intend to go on their holidays as planned, 12% will cut down on their travelling, but 8% plan to increase travel.
- When considering method of travel, 41% of respondents preferred road trips, an increase from previous surveys indicating an increase in domestic travel, which could be attributed to concerns over virus transmissions. 29% prefer high-speed trains.

Road to Recovery

Holiday destination post-pandemic



- As the country starts to recover from the epidemic, domestic travel is favoured by the majority.
- Since the beginning of March, a large number of tourist attractions across the nation have reopened to the public, with 40% of 5A level scenic spots (the top level) resuming bookings via online travel platforms, according to Ctrip
- One of China's biggest online travel service providers, Qunar, is offering 'pre-sale' travel packages for April - May on their app and website

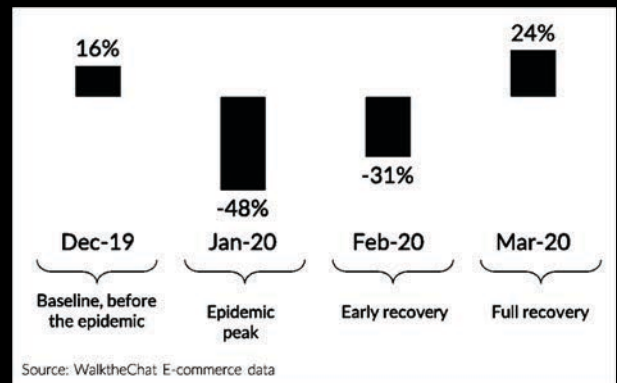
52% of correspondents are planning domestic travel. Of the 35% wanting to travel abroad, Japan, SE Asia, US and Europe are the major destinations under consideration*

** this is likely to have changed since the publication of the report, as this data precedes the current lock down and border situations in Europe and the Americas*

Road to Recovery

Online chatter is full of references to 'revenge spending' '报复性消费' a post- pandemic phenomenon driven by the release of the pent-up desire to spend, by a segment of the population with cash burning holes in their pockets after weeks and months of housebound frugality.

Revenge spending is helping prompt a rebound in the Chinese luxury sector.

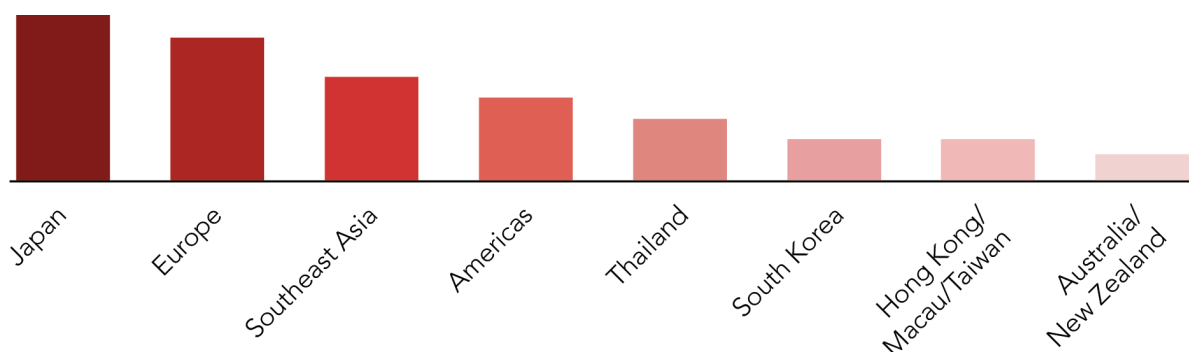


In the travel sector this means 'revenge travel' or '报复性旅游' is not such a far-fetched notion considering the booming outbound travel sector pre-pandemic, or how many people still want to travel.

This sentiment appears to be borne out by Travel Daily research showing about 80% of respondents confident in overseas travel with honours split between organic and revenge travel, and Marketing Consulting Research expecting a spike in travel in Q3 carrying through Q4 2020.

Road to Recovery

International holiday destination preferences

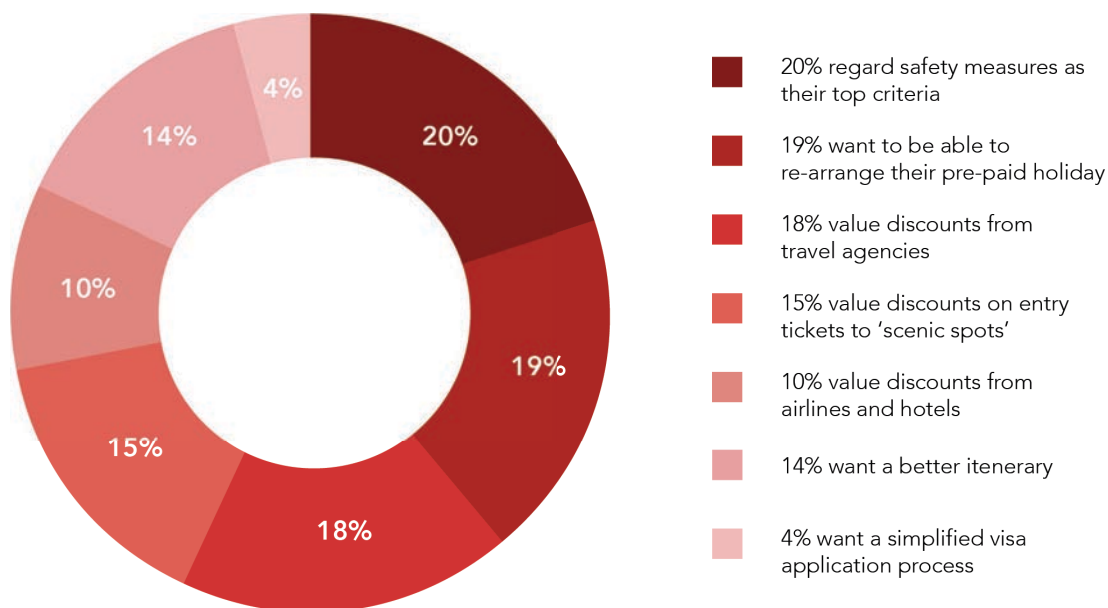


Some destinations are receiving more attention than others since the epidemic broke and then went pandemic

- Japan has always been a popular destination for Chinese tourists, particularly recently. Japan was also among the first to send medical aid and masks to China (in early Feb). Many Chinese were deeply touched by their act of kindness and want to visit Japan to support their economy.
- The US President's remarks about China, and increasing instances of xenophobia reported in some American communities, have upset many Chinese who are expressing strong stances on boycotting US products and travel.
- When Chinese medical experts arrived in Serbia to help them fight COVID-19, the Serbian President and the general public expressed their gratitude in many ways, online and offline, even opening an official Weibo account to communicate with China. Many Chinese netizens have responded with messages of encouragement and promises to visit the first visa-free European country when circumstances allow.

Road to Recovery

What will encourage people to travel in 2020



When it comes to booking travel post-pandemic, the most important of the considerations in this new reality appear to be health and hygiene, a flexible travel plan that's straightforward to change, and, of course, a good deal.

Road to Recovery

We are seeing the green shoots of recovery, with thoughts daring to turn to travel once again, but the focus is first on domestic itineraries. We are still some way off seeing a recovery in outbound travel, which is, of course, not just dependent on public sentiment but also the access to the destinations travellers want to visit...

Domestic travel is still in its initial warming-up phase, however, and by no means back to normal levels. The recovery may accelerate in the coming weeks, as lock-downs are relaxed, fuelled by so-called 'revenge travel' spree. However, with Chinese borders now closed to inbound traffic, with concerns over 'foreign' infections, and increasingly asymptomatic infections, this may yet dampen domestic travel ardour.

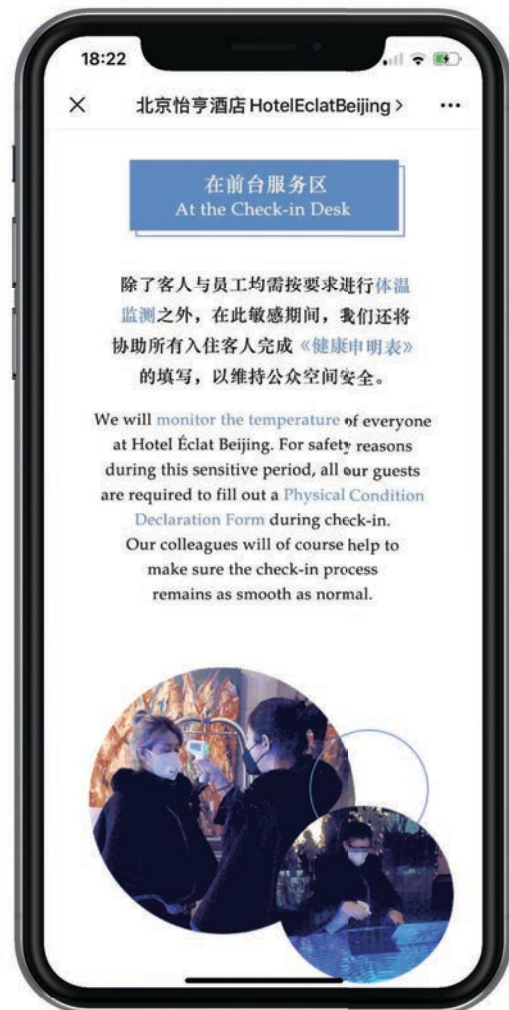
Destination and Tourism Boards need to work with airlines, hotels and travel agents to re-promote their destinations, and address the concerns of both the domestic and international traveller such as key issues around health, hygiene and safety, greater flexibility with bookings, and introducing new initiatives that recognise all the challenges guests consumers may be facing.

Best Practice

First and foremost, hotels must ensure they maintain the highest standards of hygiene and care, adding appropriate additional measures over existing health and safety policies to reassure their guests and make sure they feel they can trust the hotel and feel comfortable staying there.

Many brands are using WeChat to update customers on their current services, as these are adjusted in response to the market, and new and/or evolving policies regarding international arrivals.

A clear communications plan using social media channels, often with dedicated sections on service and information updates, are a useful way to inspire confidence.



Hotel Eclat's WeChat post about health and hygiene safety measures

Best Practice



Atlantis Sanya's Weibo post offering free afternoon tea for medical staff



Park Hyatt's afternoon tea discount for female medical staff on WeChat

Many hotel brands are offering free and discounted services and stays for medical staff, as a thank you gesture, and recognition of the sacrifices made by health workers all over the country.

Best Practice

With the travel industry reeling and regrouping from their own crisis within a crisis, travellers nevertheless expect more support - more flexibility, more recognition of their struggles - and are responding to innovation and empathy...

Direct promotional content needs to be reserved for more appropriate times, this is about supporting customers, their health and wellbeing, and society at large.

Publishing timely and clear information regarding any issues or initiatives related to the outbreak, and stating the precautionary measures and contingency and emergency plans, helps to reassure the public.

When news of the virus first broke, many major hotel international brands started offering flexible cancellation policies which were well-received by the public.

Major international hotel chains with loyalty schemes like Hilton, IHG and Marriot are giving one-year extensions to current membership tiers to encourage future planning.

This kind of unconditional support is well received in times of difficulty, creating long-term goodwill.

Best Practice



Mandarin Oriental WeChat Post
about cooking and recipes



Four Seasons Weibo Post
about meditation

Under lock-down conditions, people have more time and eager to explore and engage online. We can see this in dramatically increased online traffic, and clear surges in engagement with content and influencers focusing on fitness, cooking, health and wellness.

Best Practice



One&Only Resorts WeChat post of heartfelt support, and standing together with their community

Brands use social media to send out positive messages of support and sympathy, to show and express solidarity with the people of China, and with their brand communities...

The early stages were marked with a respectful silence by many brands, as the world watched with worry, and struggled to understand the severity of the situation.

As a local epidemic became a global pandemic, brands sensitive to the needs of communities, began to respond with balanced point of view - supporting their community at home as best as they could with helpful and useful content, while also acknowledging the need to daydream and look to a world where life was back to normal.

New Trends

Thinking outside the box, a number of luxury hotels in China are offering food and beverage delivery services to local addresses, Beijing International Hotel even offers a fresh grocery delivery!



Shangri-La now offers meals that can be ordered on well-known 3rd party delivery services, and also for collection. With meals reasonably priced for higher quality, many customers now prefer this to normal takeaways from restaurants.

Although not a long-term solution given the high cost of sale involved, these programmes help maintain guest and staff morale, and builds brand loyalty.

New Trends



The Opposite House WeChat post about 1 Michelin Star Beijing Duck home delivery service



The Opposite House WeChat post offering sommelier selected wines delivered to your home

Hotel brands are adopting more creative solutions to stay more connected with customers, to stay top-of-mind, by offering more than 'just' travel and stay experiences.

New Trends



Beyond regular social media, livestreaming has become a useful and important tool for many destinations, and cultural institutions, to re-engage and connect with their community and potential visitors.

On 23 February, Taobao started the "Cloud Spring Trip" programme with 8 famous museums including the China National Museum..

云春游 was met with enthusiasm by Chinese netizens generating over a million online visitors so far...

On 06 March, Mafengwo joined Kuaishou app - the 2nd biggest live stream app after TikTok - in an international museum virtual tour programme, involving renowned international institutions such as MoMA and The Louvre.

The latest to jump on the bandwagon is the Potala Palace in Tibet, which started live-streaming in March in partnership with Fliggy and Taobao, and shows previously restricted areas to viewers and selling related merchandise.

What brands should do

As the global response to the Coronavirus evolves, even as China recovers, brands should plan broad social messaging for the coming months.

Q1 Stay At Home

Focus on staying healthy and well, support and solidarity, bringing the brand into people's homes.

Q2 Dream Of Travel

Dream today, travel tomorrow! Well-being, enjoying life again, the brand experience at home; introducing content that builds anticipation for the next trip!

Q3 Time To Travel *

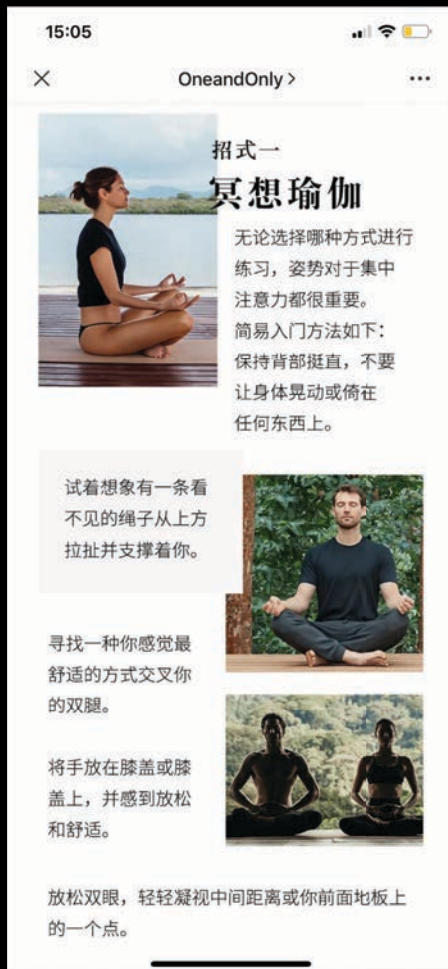
While being more balanced generally, reintroduce travel content with strong calls-to-action to celebrate life with travel during the summer holidays and golden week.

** This assumes that the pandemic is under control by summer with travel restrictions lifted.*

“

If the people
can't come
to the mountain,
then the mountain
must go
to the people...

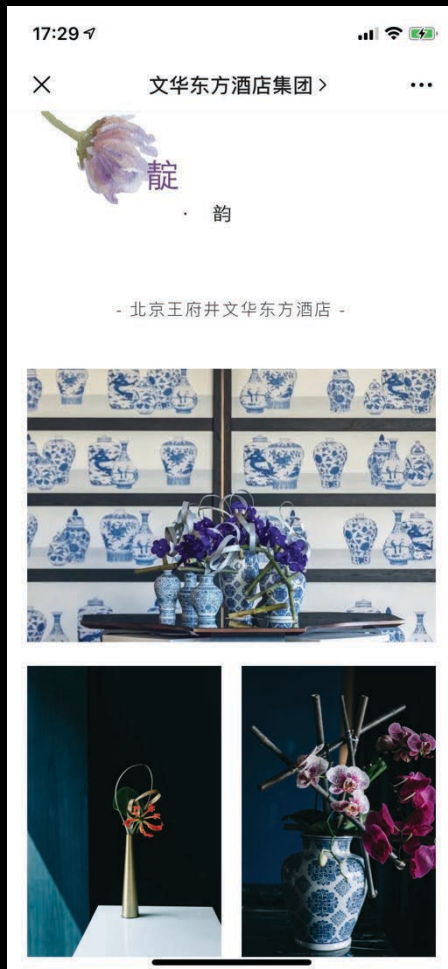
One&Only



One&Only took a moment of silence out of respect for the rapidly deteriorating situation in Wuhan during the early stages of the outbreak, and returned with a heartfelt expressions of support when it was appropriate...

Recognising that their community enjoyed the dream of a remote luxury holiday as an escape from 'real life' troubles OO adopted a balanced strategy of useful content that brought the OO experience into people's homes with health, wellness, exercise and recipe content, alongside stories and ideas to help transport users away from their worries.

Mandarin Oriental



Mandarin Oriental reacted quickly in the early stages of the outbreak, immediately posting health wellness tips after, announcing a new free cancellation policy.

Recently they have moved on to posting promotional content through interesting perspectives, including seasonal content, for example, showcasing the hotel floral decorations in different MO hotels, and introducing the hotel history with stories like the world famous writer who was inspired when they stayed at the MO hotel where the Queen of England learned her first dance at MO hotel, with contests to encourage sharing fun facts to win prizes...

Shangri-La



Shangri-La has been posting positive content by sharing how the brand has been reacting to the outbreak; supporting local hospital staff by offering free meals during the darkest period in China, updates on cleaning and disinfection, and a new food takeaway and paid laundry service

Recent posts have focused on F&B content, with star chef livestreaming and F&B voucher giveaways, chef recipes and video tutorial for home cooking, creating a #simple ingredient cooking challenge# to encourage use of simple ingredients like tomatoes or eggs in different ways at home to win limited prizes.

Four Seasons



Four Seasons has only posted a few times since Chinese New Year on both Weibo and WeChat, apart from announcing their free cancellation policy in the early stages.

They have recently moved on to general content about food, wellness, sharing recipes of healthy soups by the chef from the Four Seasons Hong Kong, and meditation tips with music to encourage followers to meditate at home.

Aman



Aman has been uncharacteristically quiet throughout the lock down period with little to no special activation; so far it has two posts on WeChat, one post with a poem and their new brand launch announcement.

On Weibo Aman still posts the usual assortment of promotional resort content with same frequency, style and format as before the outbreak.

Jumeirah



Jumeirah has published a few posts on both channels focusing on food and wellness, particularly overseas.

Jumeirah Nanjing partnered with the Meituan food order app to offer takeaway food prepared by hotel chefs, and an online ordering service for desserts to collect from the hotel.

KOL & Influencers

We sampled 17 travel KOL and Influencers we have worked with on luxury outbound travel ex China for their current mood and sentiment with regard to travelling again.

Once life is back to some semblance of normality, the first choice is to travel to remote islands, like the Maldives or Fiji, somewhere with less travellers around...

Generally, no travel plans for the immediate future...

May consider travel in later in the year, such as late summer or autumn onwards, but this will also depend on how the global outlook develops...

Will consider domestic travel, where safe or permitted, and working with domestic hotels for the moment...

Will consider visiting a country destination with no confirmed cases of COVID-19 without any complicated visa requirements.

*“ A remote island
like the Maldives or
Fiji... somewhere with
less travellers...”*



Michella



Baimoshui



Jolie Luo



Zoey



Celine Shi



Dong Mo & Ulanuoya

Social Media



WEIBO

#不要错过这个春天#
#Don't Miss This Spring#

Sina Travel - Sina are owners of Weibo - is running a Spring campaign on Weibo to help boost the travel industry.

This campaign invites destinations, tourism boards, hotels, agents to participate by generating content which Sina Travel will promote in a cross-platform campaign:

- 1000+ influencers
- 30+ travel media platforms
- 20 travel themes
- 20 virtual KOL travel stories
- 20 competitions
- 20 travel wishes (vox pop)



WECHAT

《微信战“疫”数据报告》
“Combat The Virus”

Set up for government organisations, hospitals, essential shops, pharmacies to set up a mini program to broadcast news, offer online health assessment, and essential deliveries.

- 1,175,000,000 views of the WeChat COVID-19 channel
- 1,776,000,000 users have used one of the Coronavirus-related services provided on the platform
- 220 hospitals ran online health assessments, with 73 additional services added online, including case reporting, case monitoring, organ donation, etc
- Guangzhou province's official Sui Kang mini program which allows users to register for mask purchases received over 640,000,000 visits

Social Media



XIAOHONGSHU

LITTLE RED BOOK is a known for sharing shopping tips and prices, style advice, as well as travel content - its home to all manner of influencers, also creating many of its own.

Wired reports Little Red Book is "becoming a repository of coronavirus content," claiming Wuhan netizens are documenting lives under quarantine, with practical tips how to cope.

KOLs/celebrities increase engagement and win praise for commitment to fight COVID-19 with new online initiatives. Certain influencers are using the outbreak to stimulate engagement, propagating dubious tips without credentials or experience to do so.

Jing Daily comments that since the Chinese public penalizes humorous or vulgar commentary of the outbreak, showing support is less dangerous - detractors can read worse things in silence than in any sincere statement.

美团点评

MEITUAN DIANPING

Meituan has launched a new "Safe Stay" "安心住" function in its app enabling users to check photos of hotels, health and hygiene processes like room sterilization videos, records of employees' temperature measurements, etc.

The campaign hash tag #hotel cloud room checks use black tech# #酒店云看房是什么黑科技# has been viewed nearly 11 million times.

Louis Vuitton debuted their first Livestream on Little Red Book on 26 March, signalling their confidence that luxury spending in China is rebounding post-pandemic...

#Hash Tags#

"Where Do You Want To Travel
After The Epidemic"

#疫情后你最想去哪里旅行#

origin: individual user

views: 140 million

engagements: 29,000

"Revenge Travel"

#报复性旅游#

origin: individual user

views: 49.35 million

engagements: 160,000

"Virtual Travel Competition"

#云旅游大赛#

origin: individual user

views: 160 million

engagements: 44,000

#Cloud Travelling At Home#

#在家云旅行#

origin: Weibo - Oasis

views: 910 million

engagements: 314,000

#Beyond Travel#

#不止旅行#

origin: Sina travel

views: 13.4 billion

engagements: 7.22 million

#Travel With Weibo#

#带着微博去旅行#

origin: Weibo

(older, still popular)

views: 52.8 billion

engagements: 81 million

#Pretend I'm On A Journey#

#假装自己在旅游#

origin: Weibo - Oasis

(celebrity support)

views: 440 million

engagements: 948,000

#Shooting Spring#

#随手拍春天#

origin: CCTV

views: 3.17 billion

engagements: 2.46 million

#The Meaning Of Travel#

#旅行的意义#

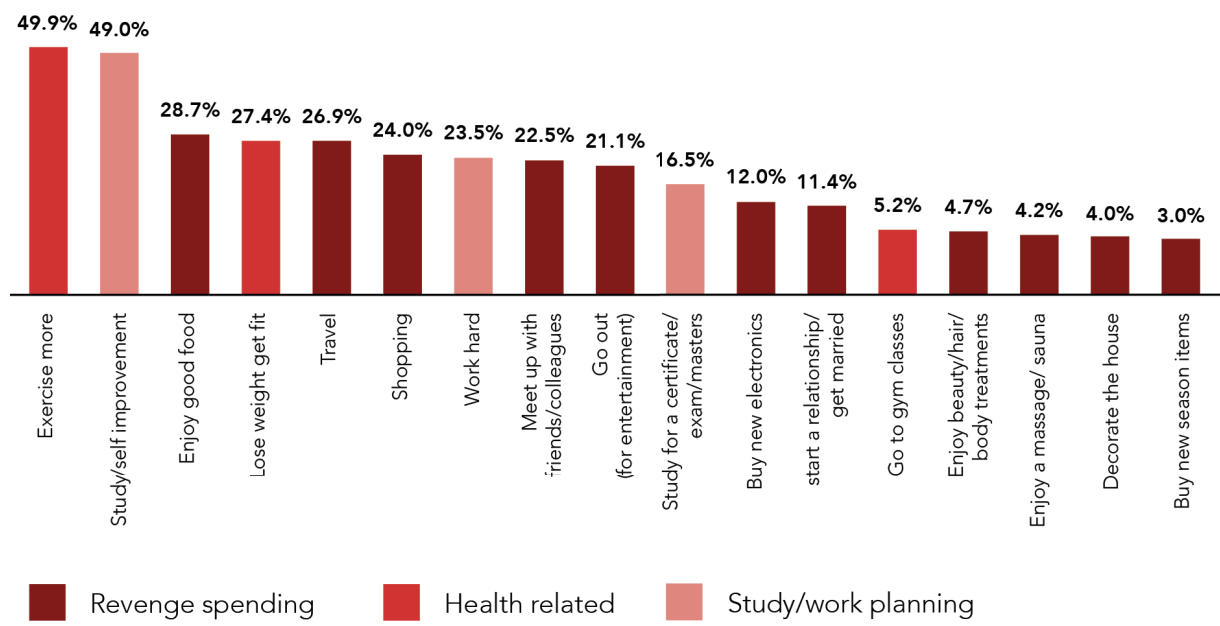
origin: individual user

(also the title of a pop song)

views: 410 million

engagements: 560,000

Travel Agents



Independent luxury travel agents like Zanadu and Eight Continents remain bullish for a strong rebound in travel, particularly seeing as search activity for overseas travel destinations are still very high on their websites.

This diagram from Zanadu above shows online users interests after the epidemic came under control in China, showing health, fitness, education and self improvement, and food and travel as leading drivers.

Travel agents activity is primarily focused on domestic travel for obvious reasons, however, they will update their overseas travel listings with special offers as they come in. They are not actively promoting outbound travel at the moment. The Sina Travel campaign mentioned previously seems to be the exception to the rule, and that is also looking towards to medium term.

Travel Tidbits

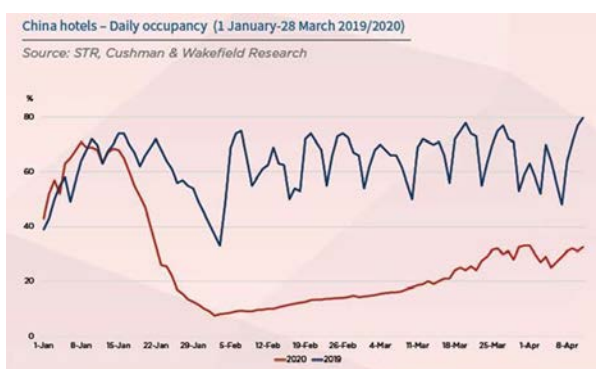
'Safety, sanitary conditions, contactless services' are key buzzwords travellers are searching for, according to Qunar. Car rentals have also become one of the fast-growing business segments.

The Ctrip 2020: Travel Industry Recovery Index mines big data and consumer sentiment to produce a top 10 list of overseas destinations - here are the most popular 5

1. Thailand
2. Japan
3. Singapore
4. Vietnam
5. Dubai

Ctrip data shows the total number of domestic tourists during the Qingming holiday (April 4) reached 43.25 million, a year-on-year decrease of 61.4% but still a huge number. Ctrip predicts the total number of domestic tourists during the Labour Day Holiday will be at least double the amount for Qingming Holiday. It will be the first peak travel period for this year.

On 23 March, Ctrip executive chairman Liang Jianzhang live-streamed on Douyin from Atlantis Sanya, Hainan, to promote travel. The livestream was viewed by over 510,000 people and resulted in sales of over 10 million travel products within an hour.



April 11 - STR reports hotel occupancy in China has climbed above 30% from a low of 7.4% during the first week of Feb 2020.

FIT accelerates post covid-19

Group travel is expected to decline further from 70% of the market in 2017 and 55% of market in 2019 as the older generation reduce travel, and younger travellers seek to avoid group travel post-pandemic.

Final Thoughts

We know the recovery for the travel industry, and the world economy in general, will be slow and painful.

The world already looks and feels very different, and many hospitality businesses will not survive, forcing the industry to reflect and evolve.

Brands, indeed we all, need to think about the best way forward, what it means to be relevant in a post-pandemic world, what the luxury travel experience looks like in this new context.

As sure as eggs are eggs, some semblance of normality will return, and the world will travel again, as it should. In the meantime, if this cloud has any silver lining, it is by making us pause, rediscover what really matters to us, our customers, and think how we can help shape the new conversation.

The China Outbound Tourism Research Institute (COTRI) forecasts a +7% increase in Chinese outbound trips for 2020 despite the coronavirus outbreak (Feb 2020); based on patterns of travel following SARS, Avian Flu and other periods of enforced travel restrictions.

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DIAGEO RESERVE

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HIP HOTELS



One&Only
RESORTS



MY HOTELS
GROUP

THE ROCCO FORTE COLLECTION

SOHO HOUSE

SOFITEL
LUXURY HOTELS

goop

Parkview Green 芳草地
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