



Switzerland.

Market situation China.

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1 MARKET SITUATION AND OUTLOOK

1.1 Economic situation

The annual meeting of the National People's Congress (NPC) was held from 4 to 11 March 2021. The Chinese Premier's report outlines the government's official assessment of progress in the previous year and sets out plans for national economic and social development in 2021.

The Chinese economy advanced 18.3% year-on-year in the first quarter of 2021, accelerating sharply from a 6.5% growth in the fourth quarter and compared with market consensus of 19%. This is the strongest rate of growth since records began in 1992, boosted by strengthening domestic and global demand, strict virus containment measures and continued fiscal and monetary support. The latest reading reflected a low comparison base in 2020, when activity plunged due to the Covid-19 shocks. For 2021, China expects the economy to grow by more than 6%. However, the services sector and smaller companies still face challenges, while consumer inflation is likely to remain moderate. In 2020, the country's GDP expanded 2.3%, the slowest pace in more than four decades.

This year is the 100th anniversary of the founding of the Chinese Communist Party. It will be a crucial year for China as it endeavours to step into the next development objective. The future target will focus on increasing quality rather than quantity.

Lawmakers adopted the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035.

The US-China Trade War started back 2018 and is becoming ever more intense. It affects the export/import-related trade industry and there is no sign it will be stopped soon and has in fact worsened in the wake of the Covid-19 pandemic. Political conflicts have become more complicated after 2020.

The central government plans to lower its fiscal deficit-to-GDP ratio from 3.6% in 2020 to 3.2% this year to maintain the consistency, stability and sustainability of macro policies.

1.2 Meetings & wedding industry situation and trends

MICE:

Chinese economic sectors continue to report much higher figures than elsewhere in the world. The MICE industry has been growing over the past few decades into a mature business sector, driven by globalisation and an increase in cross-border trade. Particularly in the Chinese culture, businesses cannot function in a fully effective way without face-to-face meetings between the parties involved. More and more companies now understand that meetings, conferences and exhibitions are indispensable for communicating their business messages, increasing sales and business development in China. With the strengthening of China's economic powerbase, companies from all over the world are not just buying from China, they are also selling to China's 1.3 billion people.

China's MICE market is recovering rapidly. Owing to the pandemic, domestic demand has been booming since mid-2020. The popular MICE destinations in China are fully booked. The MICE industry shows successfully economic internal circulation. All domestic MICE business is back to normal and all overseas demand is now for domestic destinations.

The MICE trend forecast for after Covid-19 might be changed by some key factors: the political situation with overseas markets, the vaccination status, mutual recognition policy and safety.

In the MICE industry and especially incentives, there is greater sensitivity to political relationships between China and foreign countries. With the reopening of the market, it is an inevitable trend that the regional market will open or kick off with bubble projects, before moving on with visas being granted, flights recovering and vaccination passports.

The MICE industry predicts that MICE business will once again have a regional market by 2022.

Industry-wise, the most requests will come from China's market in the near future: direct selling and WeChat business industries.

As a result, future prospects for Switzerland from the MICE industry in China are still good because of Switzerland's image as a neutral state. The main targeted clients decreased their budgets for incentives groups, but are nonetheless eager to travel abroad again after the pandemic. Meanwhile, even though MICE agencies are busy with domestic requests, the profit is too low compared with overseas requests. Business with foreign destinations is undoubtedly expected to return.

Weddings:

Due to the Covid-19 situation, overseas wedding planners have turned their focus to domestic wedding destinations.

As a long-haul wedding destination, Switzerland still offers plenty of potential, especially in combination with a honeymoon trip and pre-wedding photo shoot.

1.3 RFP situation in China

MICE:

We lost some confirmed requests for 2020 and probably will again in 2021. However, some companies will postpone their overseas trip to 2022. We will chase the confirmed requests and always be ready for the market recovery.

Meanwhile, we are maintaining relationship with corporates clients and MICE agencies during this tough time. Corporate customers are very cautious about making overseas destination plans for incentives at present.

Weddings:

There are almost no overseas destinations in the market for wedding promotion. We continue our promotion and await marketing recovery. The strategy will be expanded and include the pre-wedding photo shoot and honeymoon concept in Switzerland. The aim is to appeal to more couples to travel to Switzerland after Covid-19.

1.4 Challenges

There are major challenges in the MICE sector:

- Continuation of anti-corruption policy: Chinese President Xi Jinping has made it his mission to stamp out corruption, which has been a big part of China's social and political life for decades. It still influences the market after Covid-19. President Xi emphasised the importance of scientific R&D and the development of quality.
- Especially during the pandemic, supervisors have been strictly controlling the meetings and incentives of state-owned companies, particularly their duration and the destination of official programmes abroad.
- E-commerce also has a strong impact on traditional MICE business in China and affects profit in MICE industries.
- Since 2020, some destinations have been quietly disappearing, especially North America. Our main competitors will be European destinations, some Asian destinations and New Zealand.

There are some challenges in the wedding sector:

- Due to the pandemic, we had to stop most of our promotion in 2020 and postpone some of our projects. We are creating our image as a wedding destination and will try to influence audiences via different channels, e.g. STA wedding version, cooperations with related industries.
- As a long-haul destination, travel to Switzerland is more expensive and takes longer than to Asian destinations. Also, participants have to negotiate a more complicated visa process compared with Asian destinations.

1.5 Trends

MICE:

- **The pharmaceuticals industry: budget cuts and strict policy**
The pharmaceuticals industry, which used to be a big market, is now facing stricter rules and laws to counter bribery. Influenced by the global recession, most companies have tighter budgets, fewer new products and longer R&D periods. As a result, the need for conference and business travel has decreased.
- **Requests from high-quality clients for diverse destinations – travel season slightly changed**
From the statistics of recent years, there are ever more requests from high-end groups considering Switzerland as a long-haul MICE destination. Destinations are becoming more diverse than before. And for winter, we still have some requests from high-end clients. We are trying to get more business for our cities during the low season of winter. The 2022 Winter Olympics will take place in Beijing soon and will be our good opportunity to promote winter incentive programmes.
- **Direct selling companies are surviving**
Performance was negative during Covid-19 crisis, because meeting with people is at the heart of direct selling, as well. The economy is not good as before and consumption power has declined.
- **Smaller groups requests**
Before Covid-19, incentive requests from the Asian market used to be for big groups. In the near future, requests will more likely be back-to-back groups with different arrival times. The support policy should therefore be modified accordingly, which will be more effective for the market.

Weddings:

- **Young generation changes wedding industries**
New couples now were mainly born in the 1990s. They have travelled overseas more or studied abroad and would like to have a unique wedding experience, especially returning to countries where they studied. So, the traditional wedding ceremony still exists, but pre-wedding photo shoots and honeymoon travel are usually combined as a package and becoming more popular in the Chinese market, especially for first and second tier cities.
- **Anniversary and remarriage business**
China's economy has been growing rapidly for over a decade now. The older generation would like to make up for when they were poorer and unable to afford a honeymoon or romantic wedding ceremony. They would like to "marry" again and organise a wedding ceremony with their family. This is also a potential market for overseas weddings. Another trend is that the divorce rate has been increasing in China over the last ten years. So, those remarrying are also a target market and as most had their first wedding ceremony in China, it will be more acceptable for them to organise an overseas wedding the second time. These couples usually have higher consumption power. Therefore, wedding planners in China are more aware of the importance of these two target customer groups.

2 TARGETS

- Maintain and update contacts with key MICE agents/wedding planners
- Find new potential clients through different channels (fairs, MICE agencies, wedding planners, etc.)
- Sales calls to existing corporate clients
- Organise corporate client event to approach them directly
- Give destination updates to MICE agents, corporate clients and wedding planners
- Closely keep in touch with potential repeaters
- Continue to support client requests as well as partners
- Focus on market trends and changes in requirements

3 DETAILED MARKETING ACTIVITIES

Further details of past, present and future marketing activities can be found on www.stnet, which can be accessed by using your personal username and password.