



# **Analysis Report on the Development of China's Online Hotel Reservation Industry in the First Half of 2019**

August 2019

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# Research Overview

- Object: Chinese mobile Internet users
- Data source: sample set of Android users built by Trustdata with a DAU of over 100 million (and an MAU of over 320 million), according to the demographic structure and geographical distribution of Chinese mobile Internet users, as well as mobile app iOS
- Calculated by the model built based on various factors including the proportional relationship with Android
- Collection method: data are only collected when the screen is bright to ensure the authenticity and validity of data. Regarding frequency, every 10 seconds for apps without payment function, and every 1 second for apps with payment function
- Time: 2017-2019

## Indicators:

- DAU--Daily Active Users
- MAU-- Monthly Active Users
- Monthly coverage -- the percentage of MAU of the app in the total number of mobile Internet users
- Monthly new -- newly added users per month
- Monthly retention rate -- the probability that a new user has used the app for 1 day or more in the following month
- TGI index -- user index/target group's user feature index

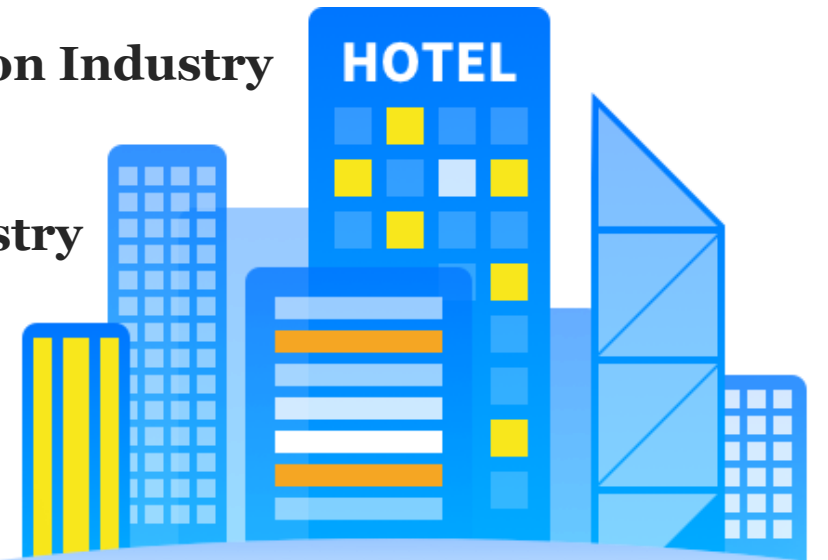
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## Current Development of Online Hotel Reservation Industry in China



**1. China's online hotel reservation market continues to grow, with huge potential in online rate compared with developed markets such as Europe, US and Japan**



**2. The accelerated expansion of supply side resources will lead to the number of hotel rooms in China exceeding 20 million in 2019**



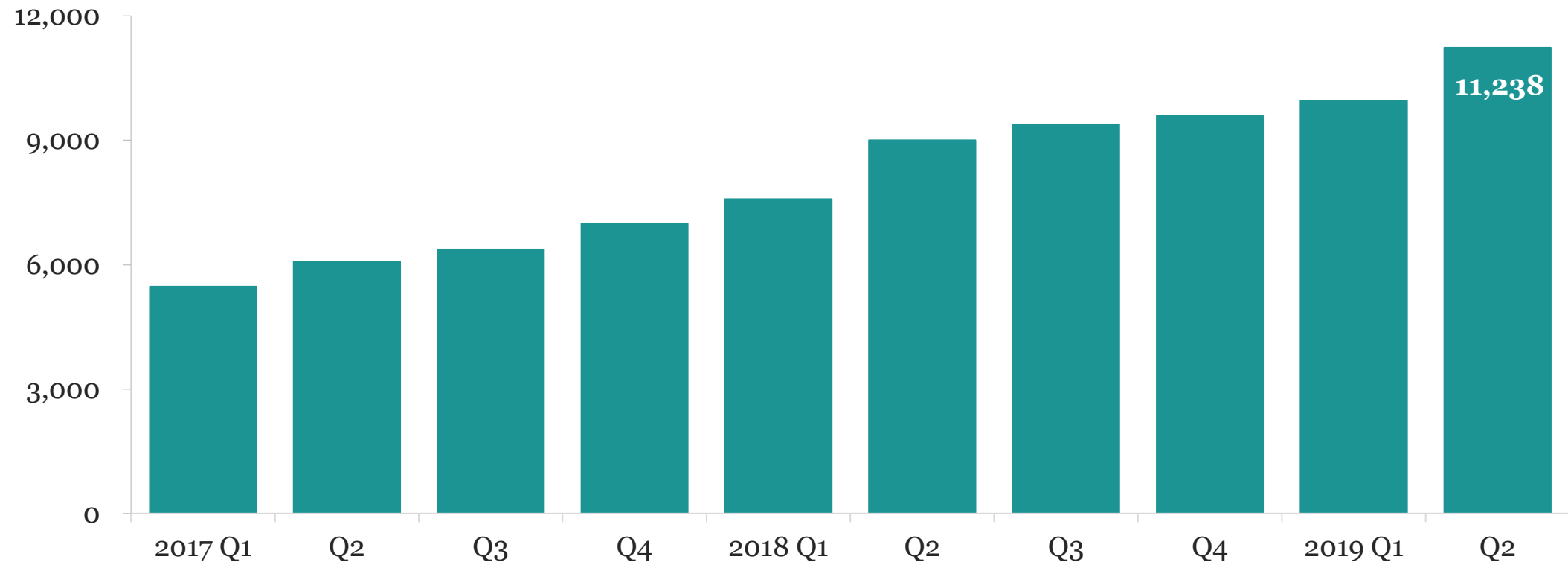
**3. China's per capita GDP is expected to exceed \$10,000 in 2019, accelerating the increase of new tourists and boosting the demand for hotel reservations**



**4. In the first half of 2019, local orders have continued to increase, with Q2 orders accounting for more than 30%**

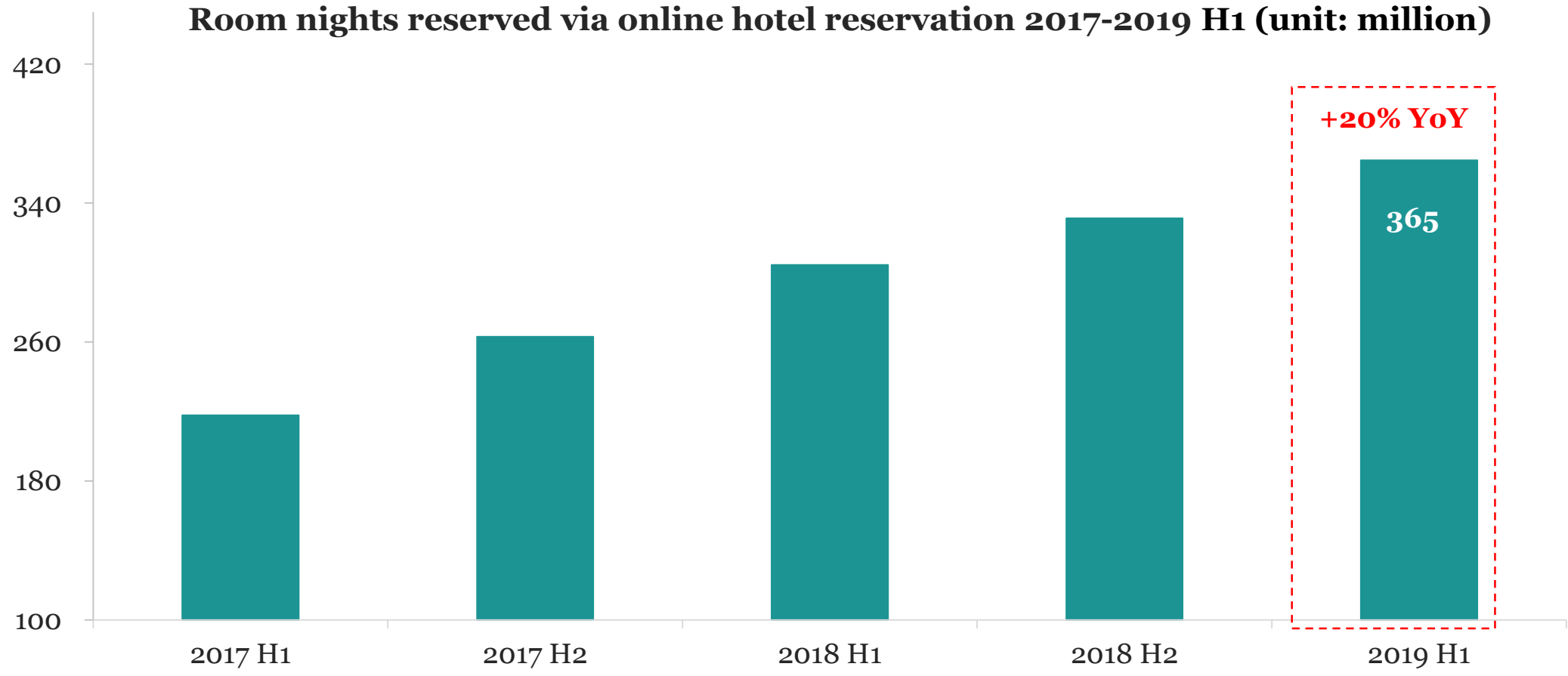
# In the first half of 2019, the number of online hotel reservation users has continued to grow, reaching a scale of 100 million in Q2

Online hotel reservation quarterly MAU 2017-2019 (unit: 10,000)



Note: Trustdata mobile big data monitoring third-party reservation platforms (excluding hotel group's official websites)

# In H1 of 2019, the number of room nights reserved via online hotel reservation increased by 20% year-on-year, reaching the scale of nearly 400 million

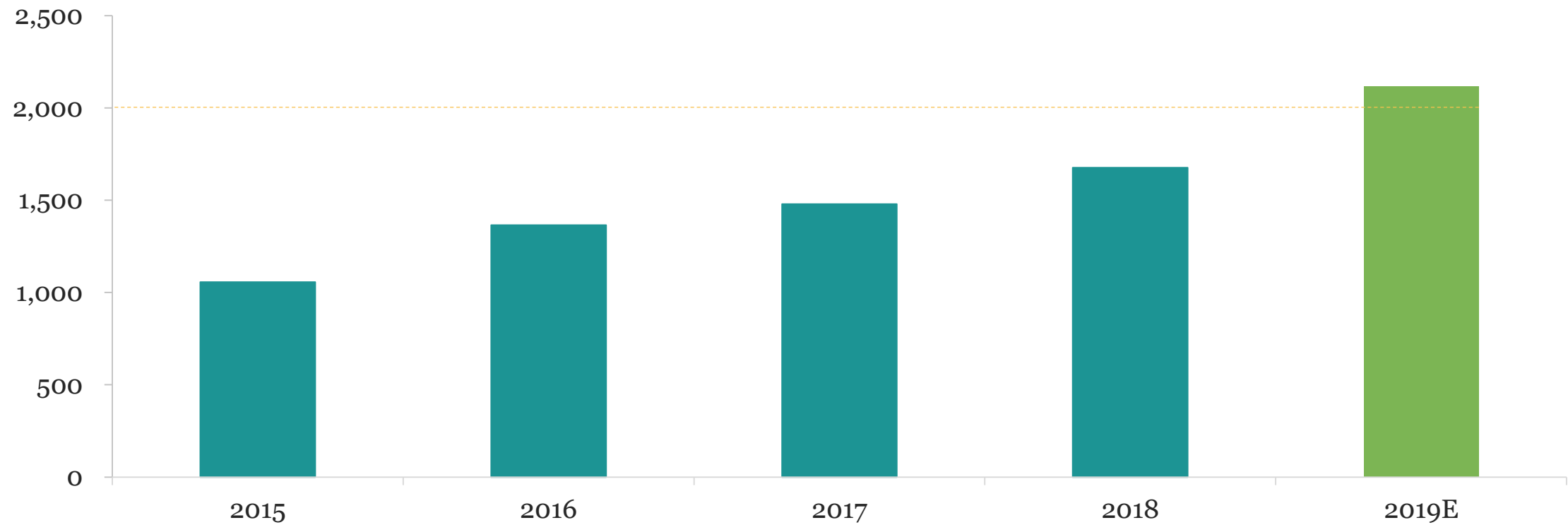


Source: Trustdata Mobile Big Data Monitoring Platform



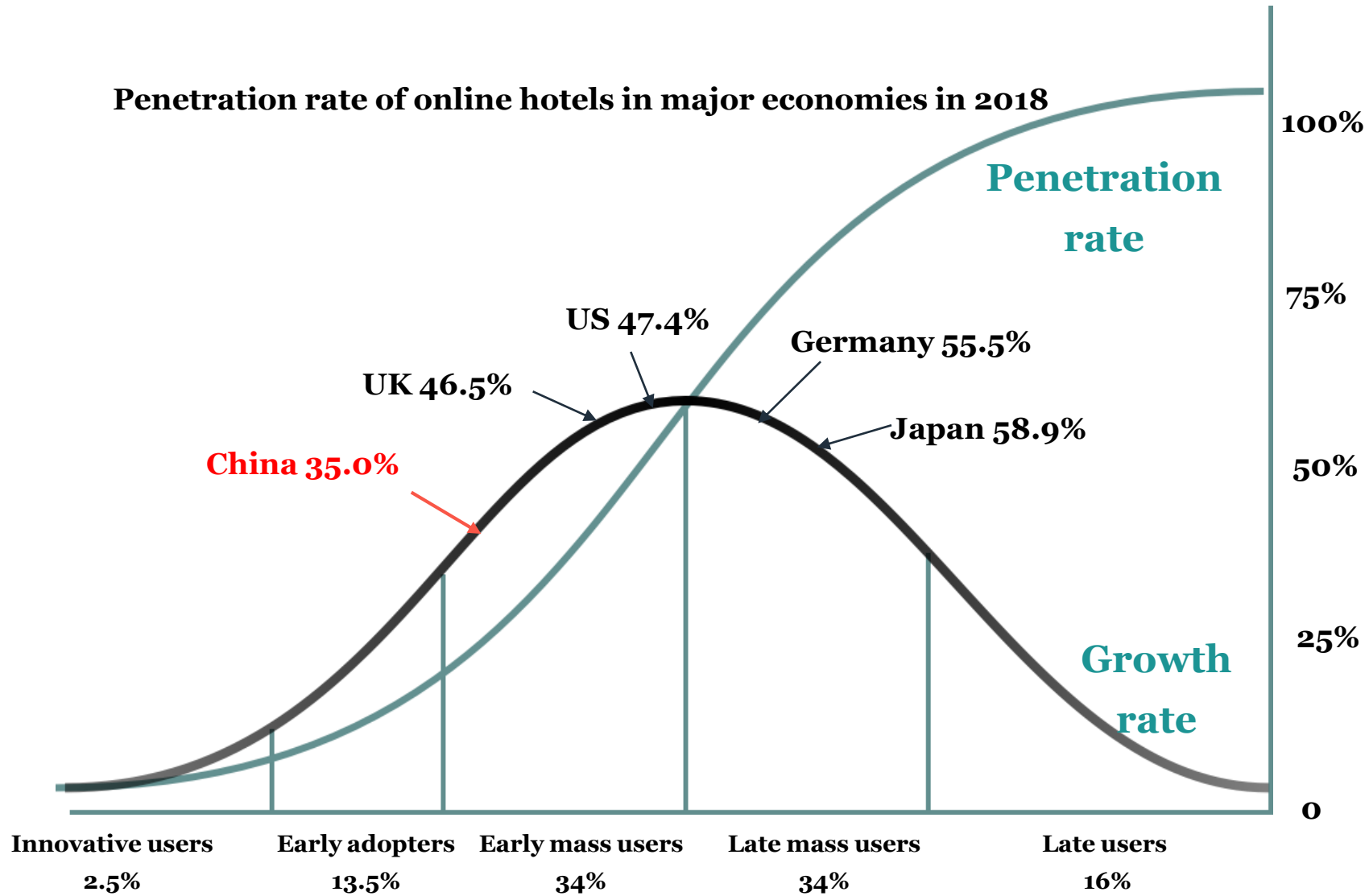
# The number of hotel rooms in China is increasing steadily, and will exceed 20 million in 2019

Hotel room numbers in China from 2015 to 2019 (unit: 10,000 rooms)



Note: the data on this page are compiled by Trustdata according to the public information of China Hospitality Association

# China's online hotel reservation market continues to grow, with huge potential in the rise of online rate compared with developed markets such as Europe, US and Japan

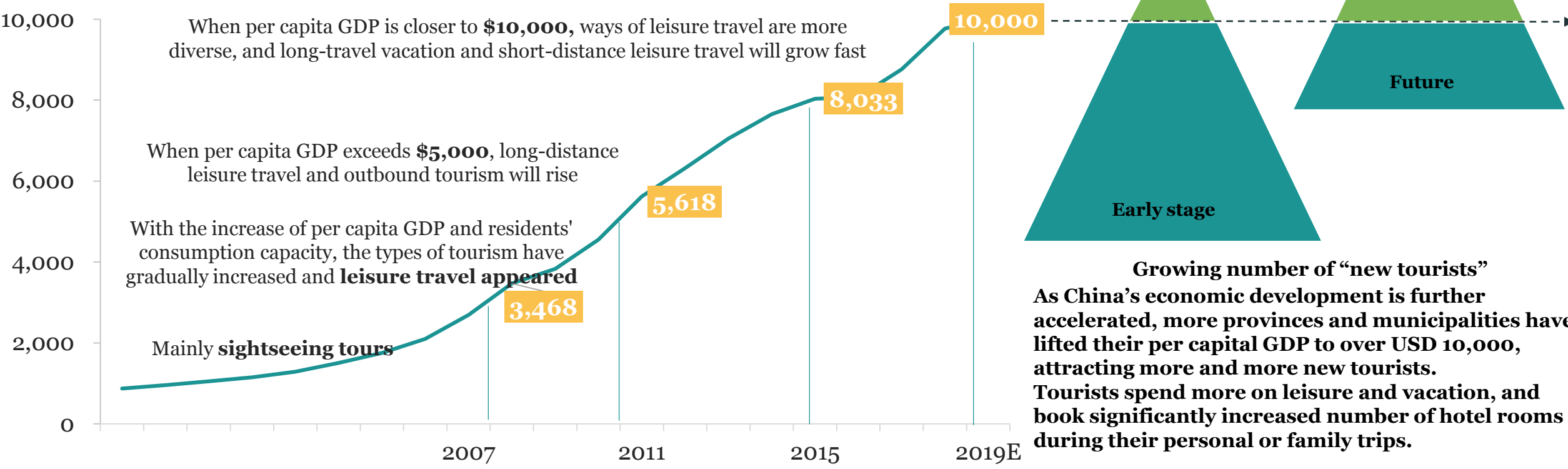


Note: Data of this page is from Euromonitor



# China's per capita GDP is expected to exceed \$10,000 in 2019, accelerating the increase of new tourists and boosting the demand for hotel reservations

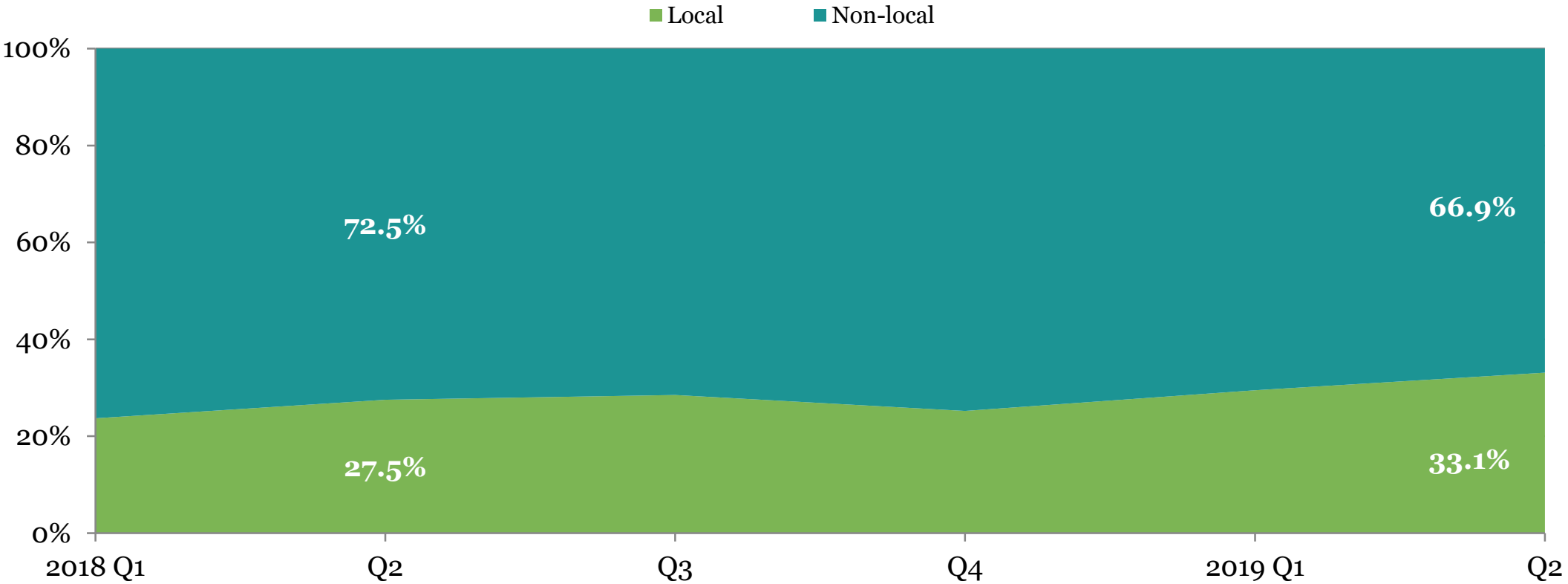
Annual growth of China's per capita GDP (unit: USD)



Note: data on this page refer to data from the National Bureau of Statistics

# In the first half of 2019, local orders have continued to grow, with Q2 orders accounting for more than 30%

Analysis of quarterly proportion of online reservation of local and non-local hotels from 2018 to 2019





# User Research for Online Hotel Reservation Industry in China



**1. The age composition of Chinese online hotel reservation users has changed, with post-90s and post-00s becoming the main consumers**



**2. Online hotel reservation has continued to penetrate in county-level markets, with "small town areas" registering multiple growth**



**3. Young users' strong willingness to buy, diverse needs and multiple scenarios for consumption drive the growth of online hotel reservation**



**4. Young users' needs and scenarios for online hotel reservation are becoming increasingly diversified and personalized**



# Majority of new online hotel reservation users are small town youths, who have diversified needs and strong willingness to consume online



## Younger users

The number of young users born in the 1990s and 2000s has increased rapidly

## Small town youths

The number of users in third-tier and lower-tier cities has increased significantly

## Strong willingness to consume online

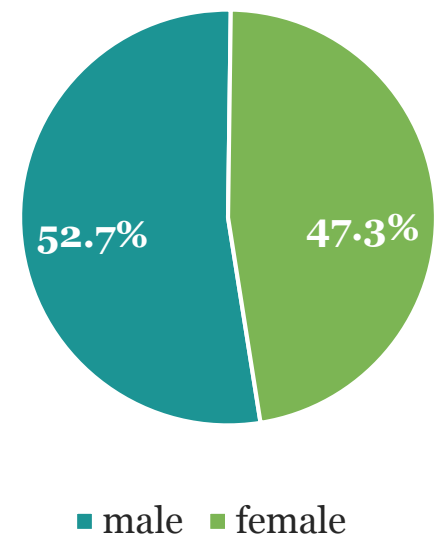
Young users born in the 1990s and 2000s have no pressure from buying houses & cars and raising kid(s), and they are more willing to consume based on personal interests and hobbies than other users

## Diversified demands

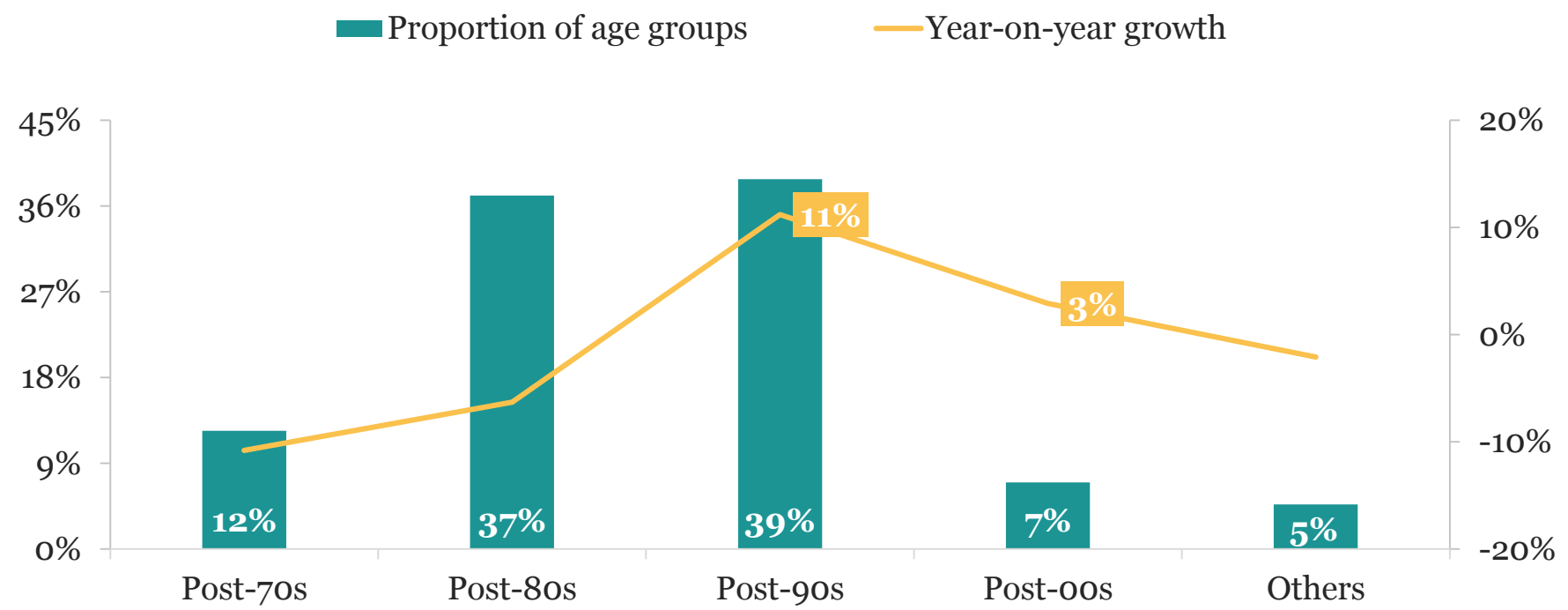
The consumption scenarios for online hotel reservation of young users born in the 1990s and 2000s are diversified, covering travel, theme parties, star-chasing and travel list-completing

In the first half of 2019, the share of male users was slightly more than female. Young users are increasing, with the share of post-90s exceeding post-80s for the first time. The potential for the post-2000s is huge

Proportion of male and female users for online hotel reservation in H1 2019

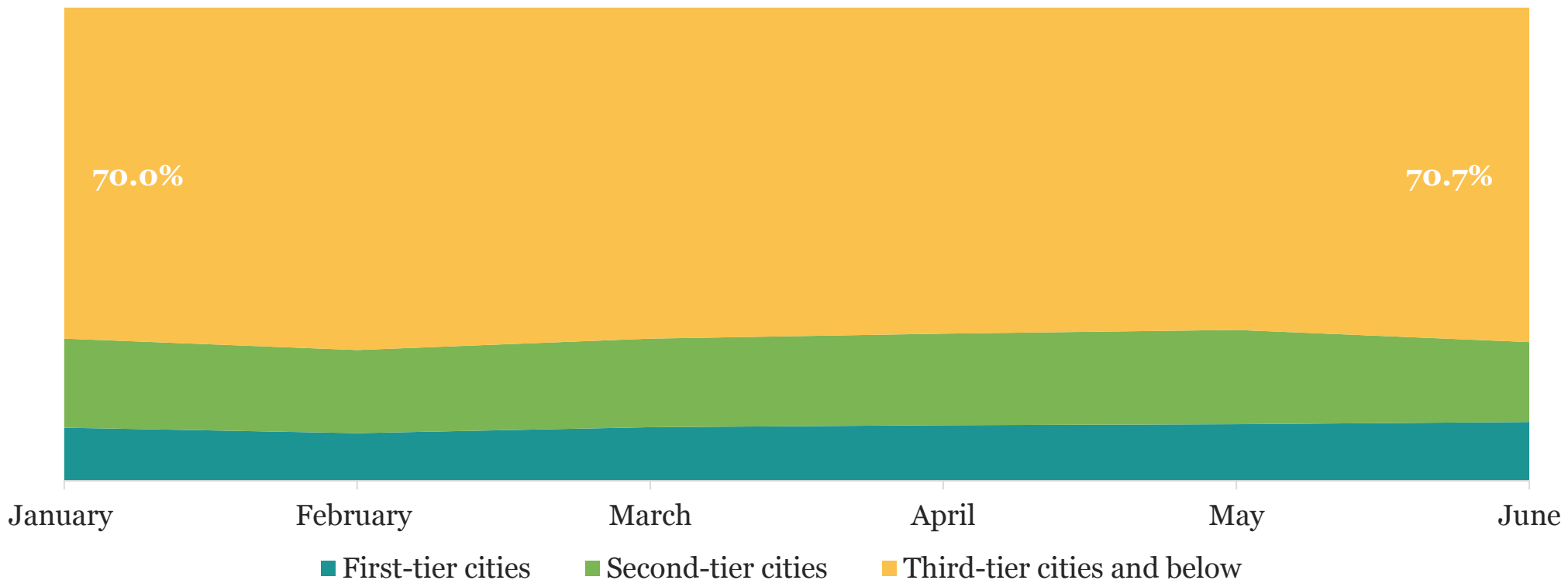


Age composition of users and YoY changes in H1 2019



# Online hotel reservation has continued to penetrate in county-level markets in H1 of 2019, with 70% of new users from third and lower tier cities

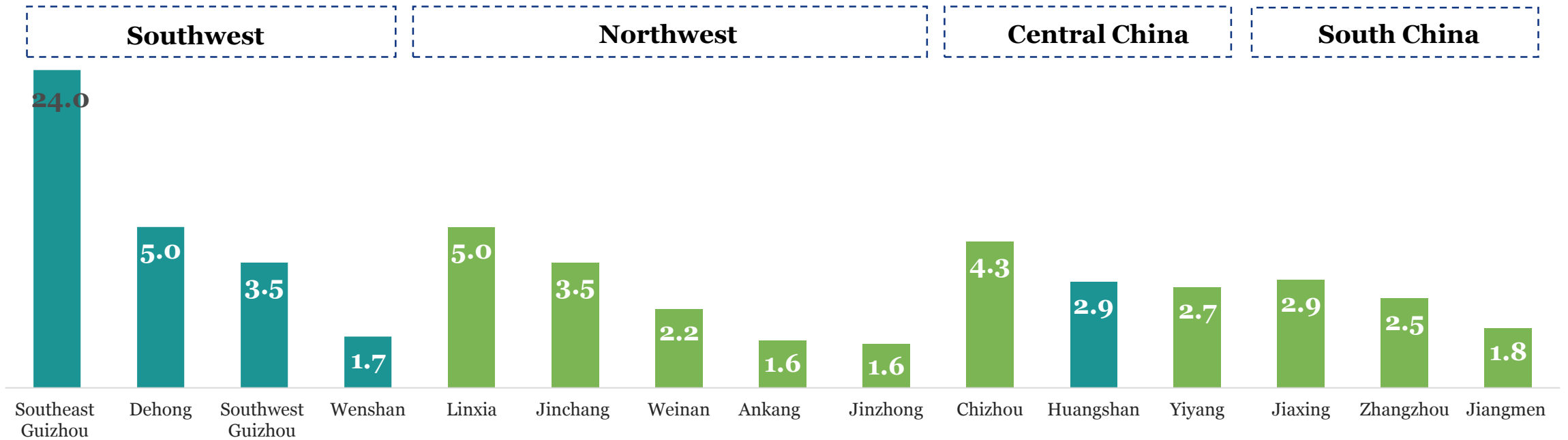
Distribution of new users in H1 2019



# Number of users in some cities in southwest, northwest and central China grew multiple times. “Tourism-resources-led consumption” + “economic-growth-driven consumption” are the dual drivers of hotel order increase

In H1 2019, the TOP15 user growth areas were mainly in the southwest, northwest, Central China and part of South China. There are two main factors promoting such growth. First, the strong promotion of tourism resources, such as Southeast Guizhou and Dehong in Southwest China. Second, economic development drove consumption growth. The increase of consumption of leisure tourism promoted the release of demand for online hotel reservation. Performance of Linxia, Jinchang, Chizhou, and Jiaxing is outstanding.

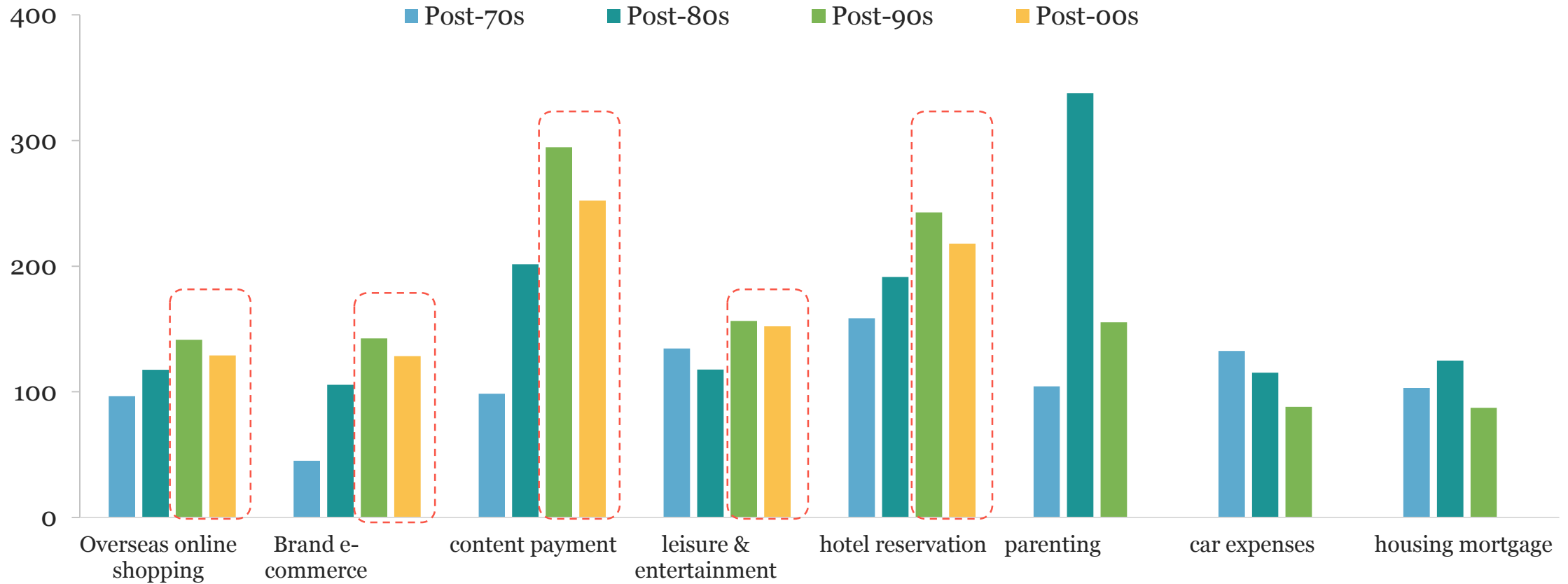
### TOP15 cities for growth of users of online hotel reservation in H1 2019



Note: In the chart, ■ means regions driven by tourist resources, while ■ means regions driven by economic growth

# Young users born in the 1990s and 2000s have less pressure of parenting, mortgage and car expenses. They have strong willingness to spend online, with higher demand for online hotel reservation

TGI index of online hotel reservation users for H1 2019 (by generations)





# Young users' leisure and entertainment are rich and colorful. Multi-scene interaction drives the growth of demand for online hotel reservation



Average number of APP starts in H1 2019    Monthly average number of reservations in H1 2019

7.1 times

2.6 times

Young users

1.5 times higher than other users

1.6 times higher than other users



Young users' leisure and entertainment are rich and colorful



Self-driving for leisure



Travel list-completion  
Food & Consumption



Graduate/gap year travel



Overseas study



Cartoon exhibition/lectures/  
music/star-chasing



Theme parties & entertainment



# Competitive Landscape of China's Online Hotel Reservation Industry



**1. Competition in the industry continues to rise, and Meituan gains at higher speed**



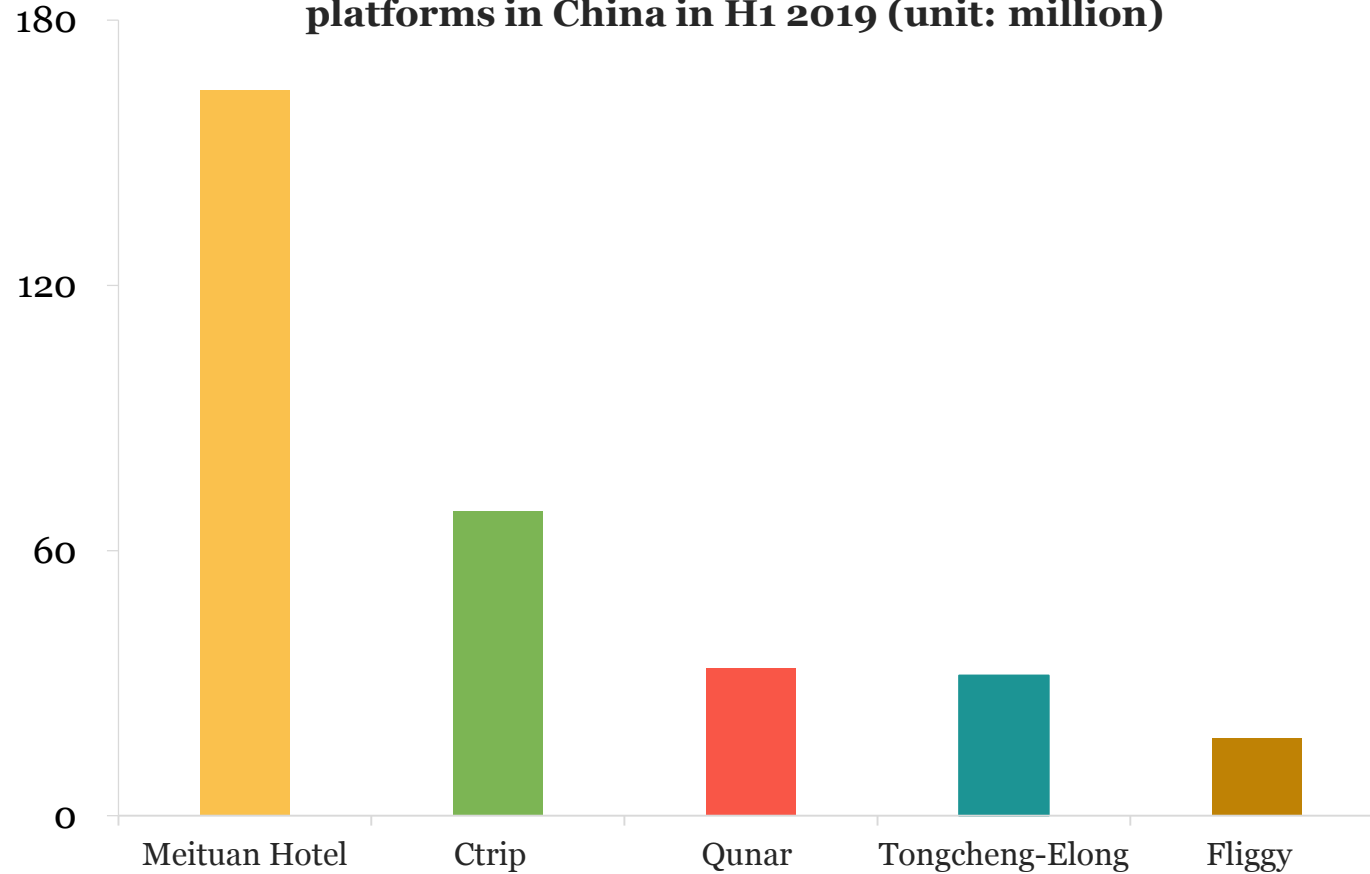
**2. Meituan and Fliggy users are younger, with 50% post-90s and post-00s**



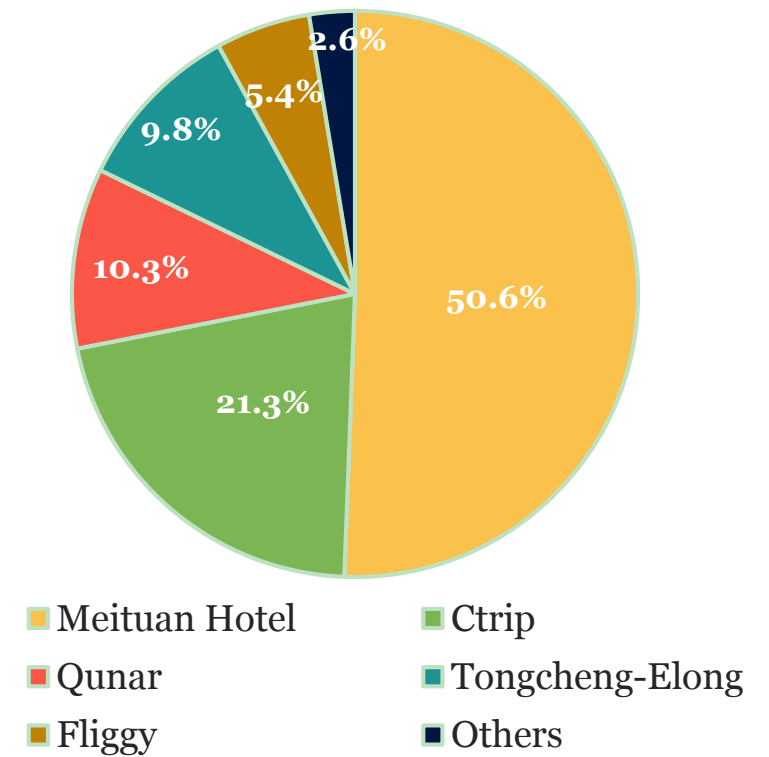
**3. User stickiness of mainstream platforms are above 20%, Ctrip has the best performance of 24.3%**

# Meituan tops the online hotel reservation industry in H1 2019, gaining over 50% of orders in the industry

Accumulated orders of online hotel reservation platforms in China in H1 2019 (unit: million)



Proportion of orders of different platforms in the online hotel reservation industry in China in H1 2019

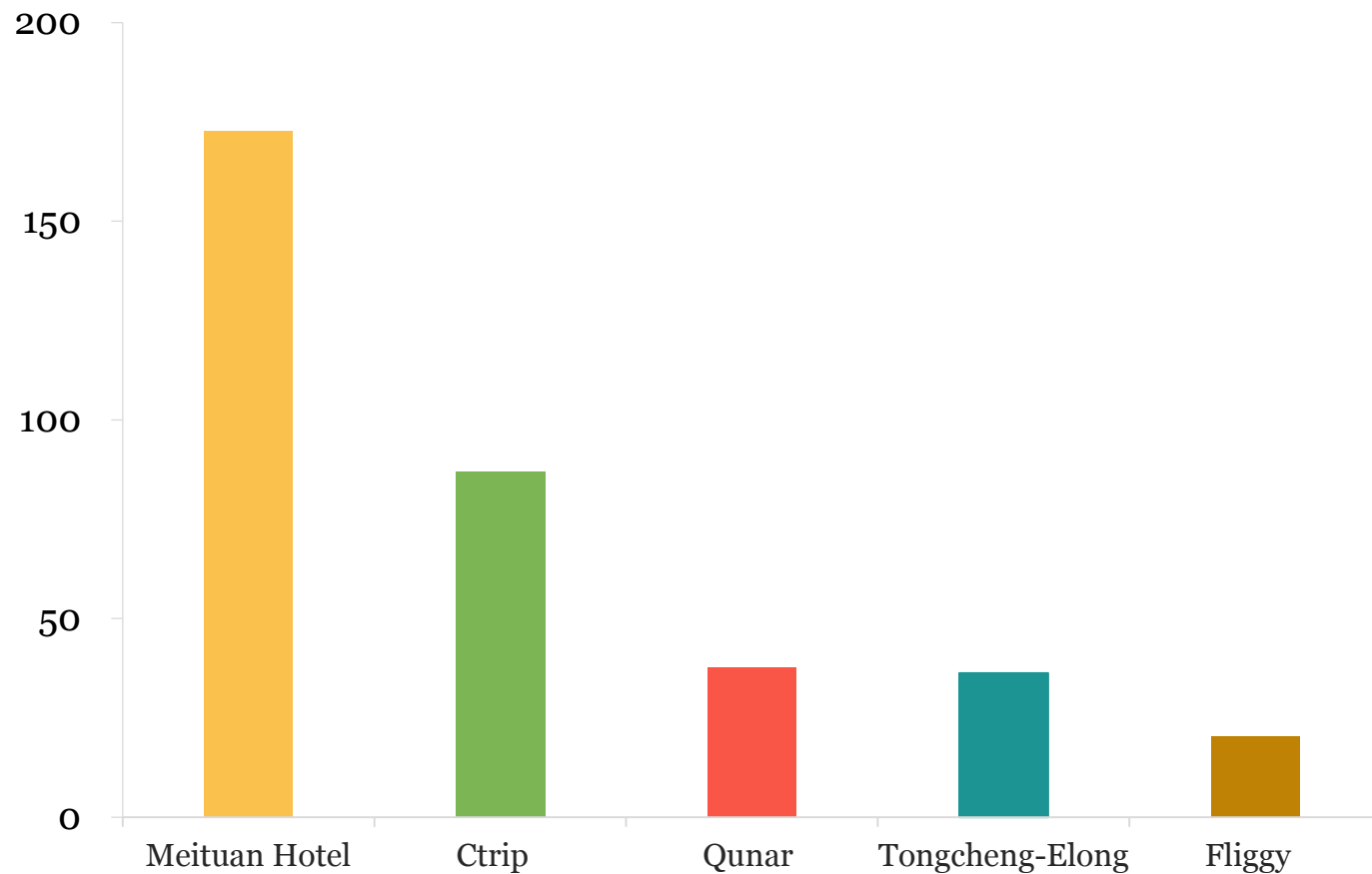


Note: data on this page are statistics of users in the Chinese mainland, excluding Hong Kong, Macao, Taiwan. Number of orders here refers to number of paid orders.

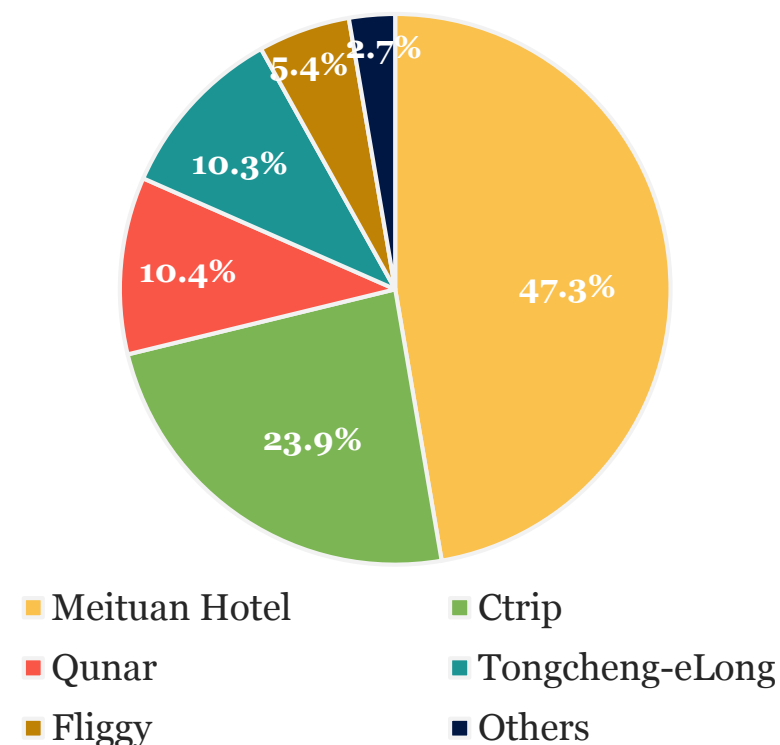
Source: Trustdata Mobile Big Data Monitoring Platform

# In H1 2019, Meituan led the industry in terms of room nights reserved, accounting for 47.3% of the market, more than the total share of Ctrip, Qunar and eLong combined

Ranking of China's platforms in terms of room nights reserved in H1 2019 (unit: million)



Market share of China's platforms in terms of room nights reserved in H1 2019

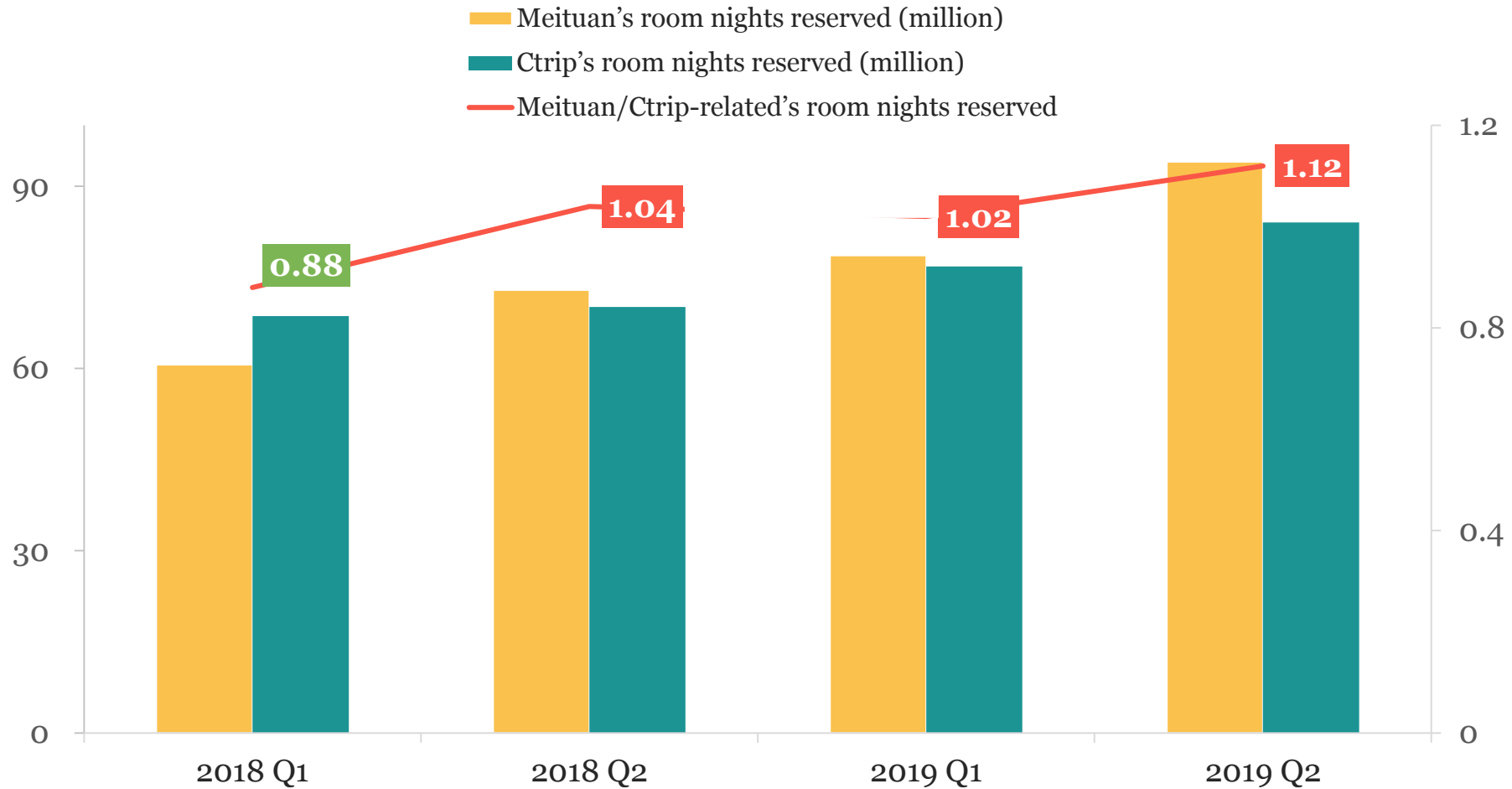


Note: data on this page are statistics of users in China's mainland, excluding Hong Kong, Macao, Taiwan and overseas

Source: Trustdata Mobile Big Data Monitoring Platform

# Meituan's room nights reserved increased rapidly, surpassing the Ctrip-related platforms in a steady manner

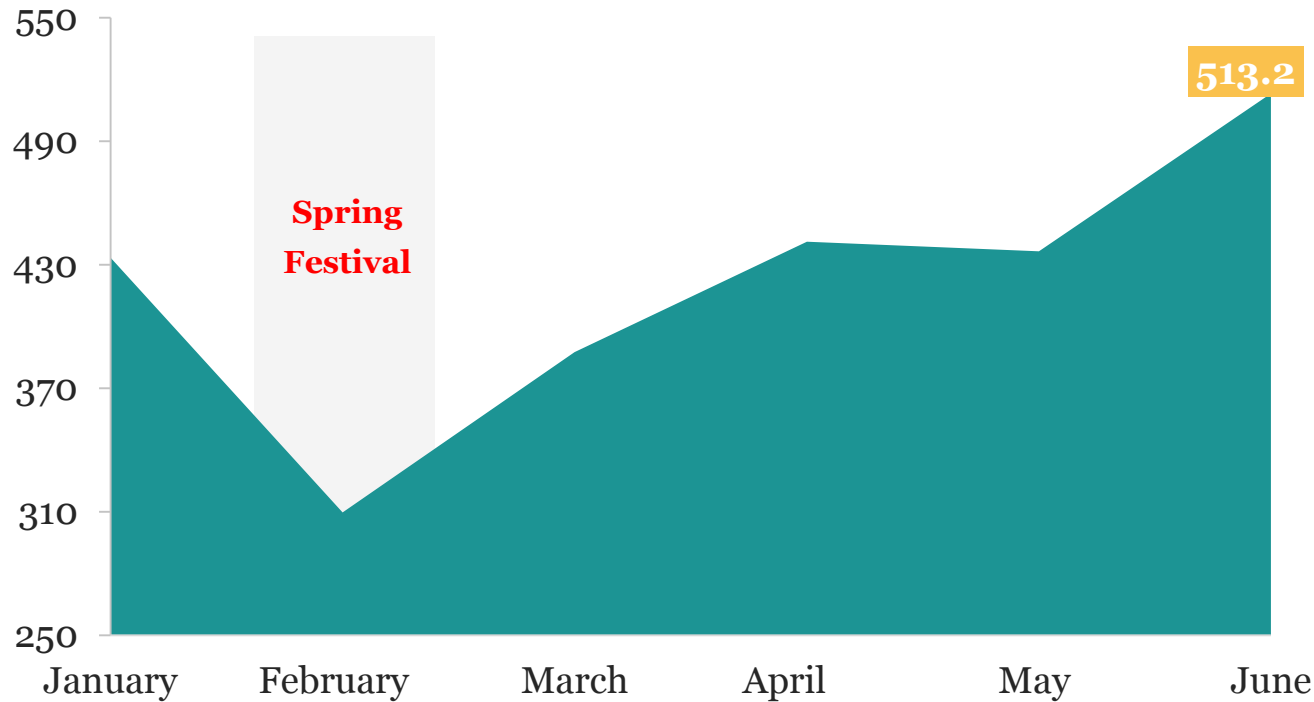
Meituan vs. Ctrip-related OTA platforms regarding room nights reserved during 2018-2019



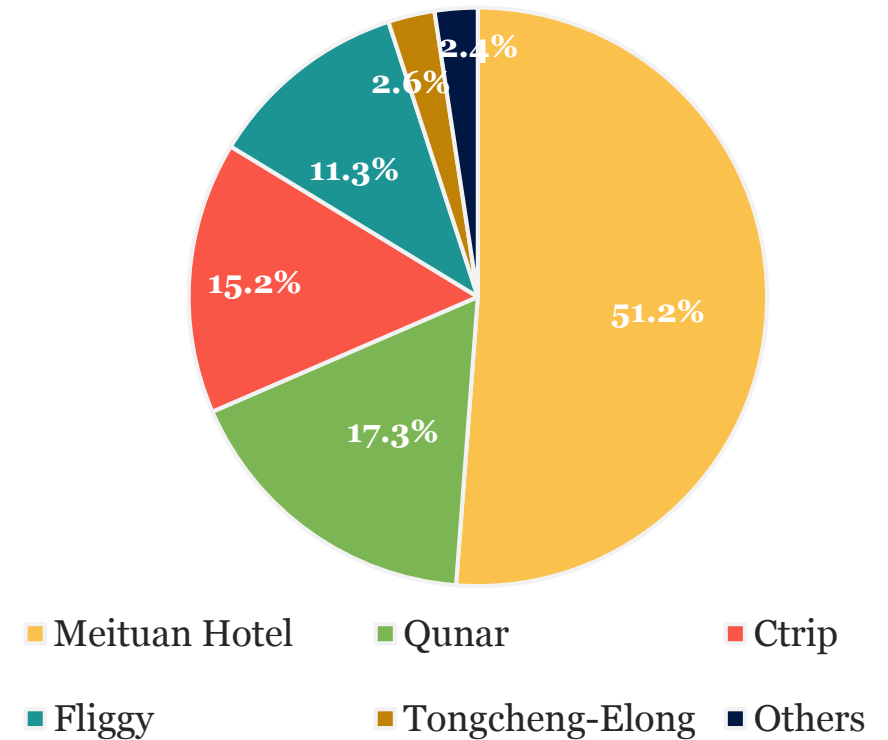
Note: Ctrip-related refers to OTA platforms such as Ctrip, Qunar, Tongcheng-Elong

**In H1 2019, users of China's online reservation platforms have continued to grow, adding up to 5 million per month. Meituan accounts for half of the new user market, while Qunar and Ctrip rank second and third**

**Growth trend of new users for online reservation platforms in China in H1 2019 (unit: 10,000)**

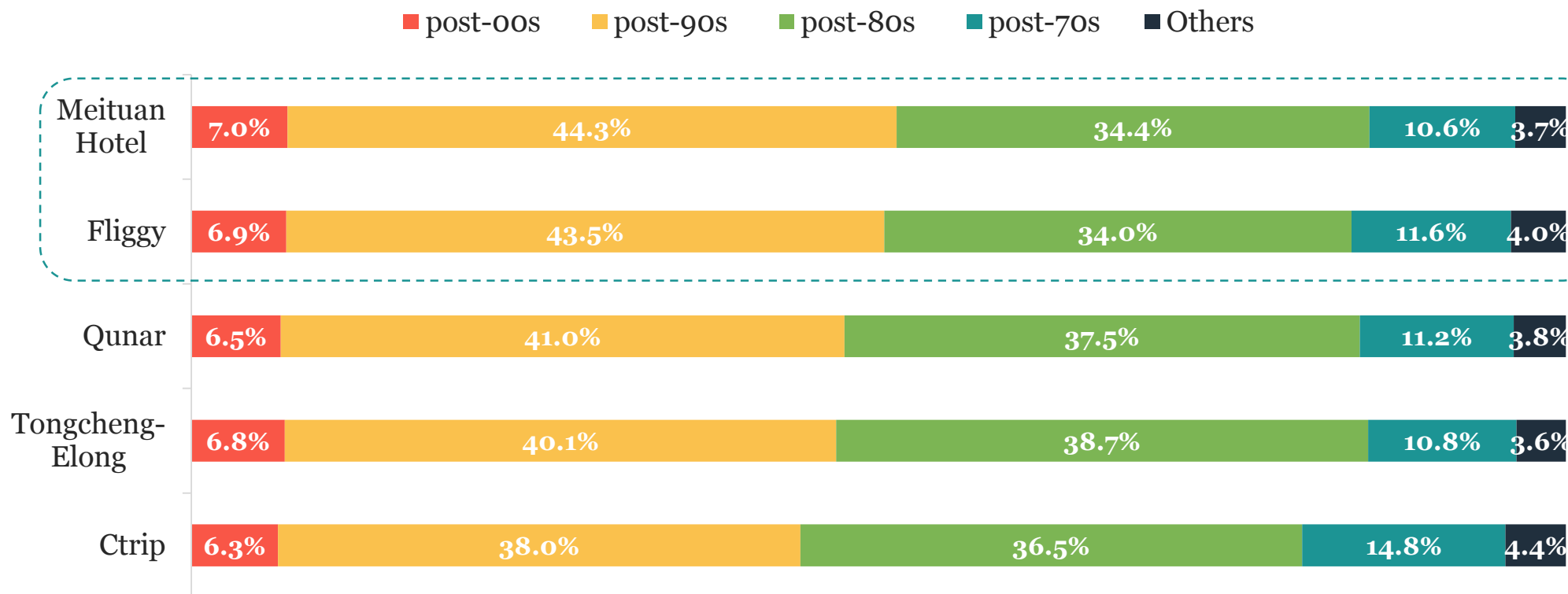


**Market share of platforms in terms of new users in H1 2019**



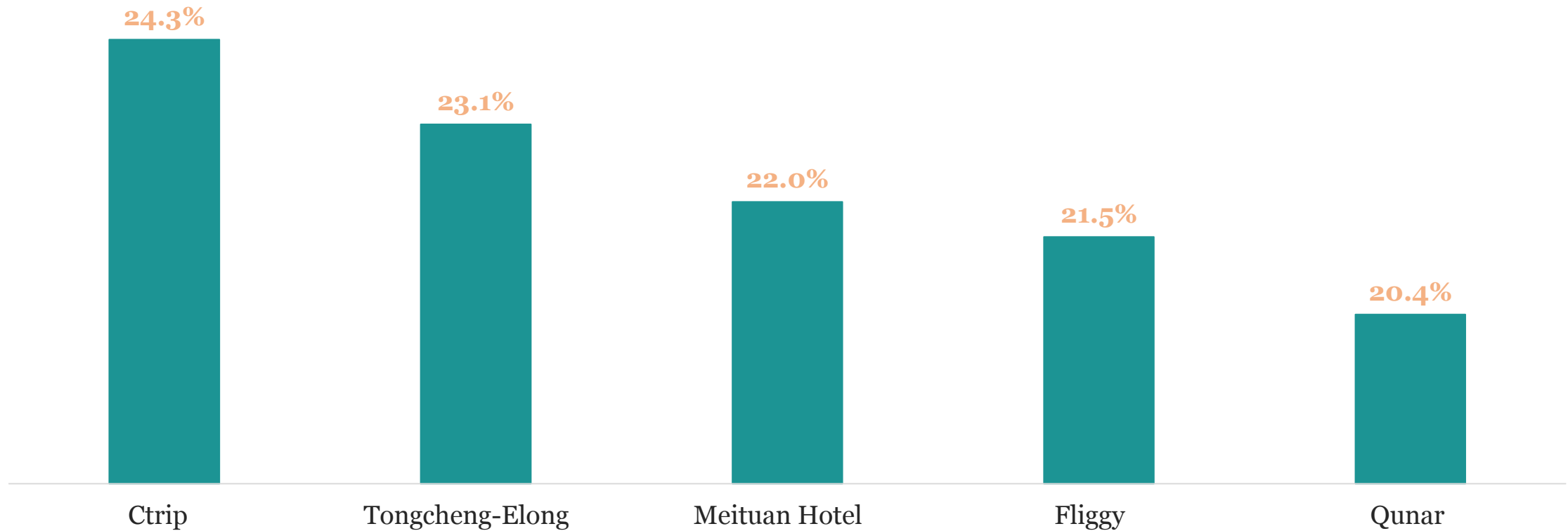
# Meituan & Fliggy led the industry regarding number of young users, with post-90s and post-00s accounting for more than 50%

## Age composition of users of major platforms in H1 2019



# Ctrip ranked first in user stickiness, while Tongcheng-eLong and Meituan ranked second and third

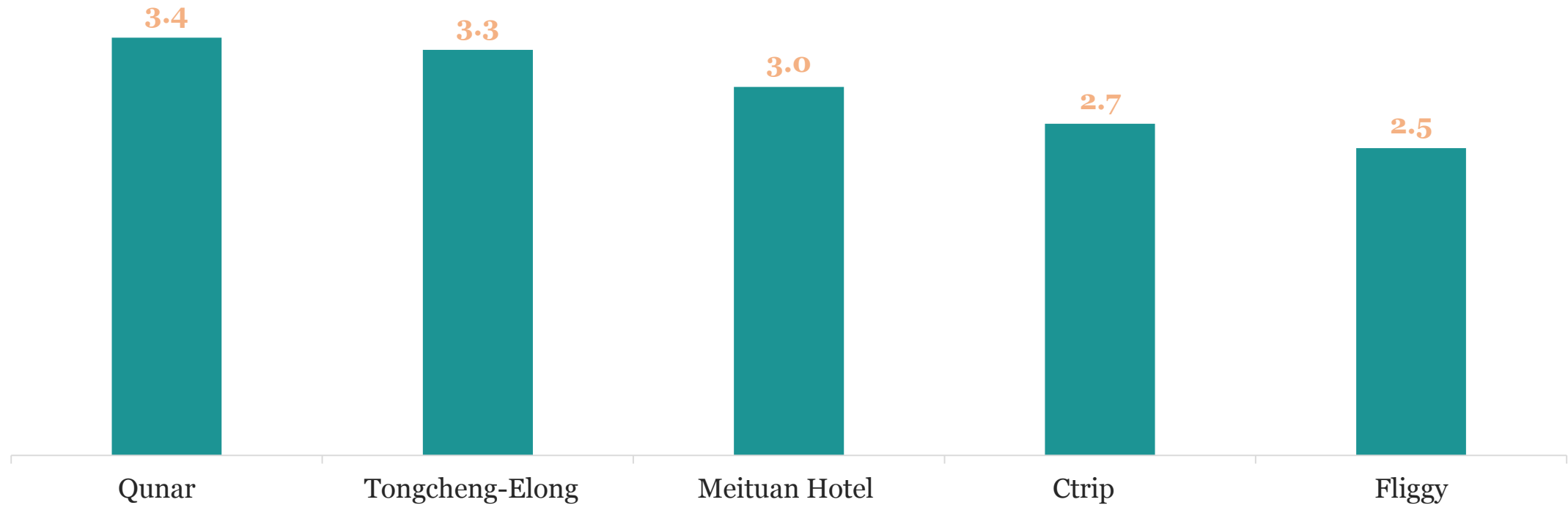
User stickiness of mainstream platforms in H1 2019 (user stickiness = monthly DAU/MAU)





# Qunar ranked first in terms of daily opens, followed by Tongcheng-eLong and Meituan

Daily open times of platform users in H1 2019 (times)





## Trend Forecast for China's Online Hotel Reservation Industry



**1. Online hotel reservation is deeply interlinked with scenarios of leisure and entertainment, and gradually upgraded to one-stop consumption model featured by diversification and high frequency**



**2. Super platforms with huge customer traffic drive the upgrade of competition which focuses more on integrated strength of players**



**3. OTA players around the world form a four-pole competitive landscape, and leisure travel is the key area battled for**

# Deeply interlinked with life, leisure and entertainment scenes, online hotel reservation is gradually upgrading to the one-stop consumption model



## Rise of young users

Young users growing up together with the mobile Internet are largely different from traditional users in terms of consumption mindset, ways and demand. Under the scenario of tourism, young users are stronger than traditional ones regarding frequency of local and non-local travels, and most of such travels, dominated by free travels, are with close friends or freely formed groups. In addition to tourism, other scenarios such as leisure and entertainment, star-chasing, exhibition, games and parties, also tap the potential of online hotel reservation.

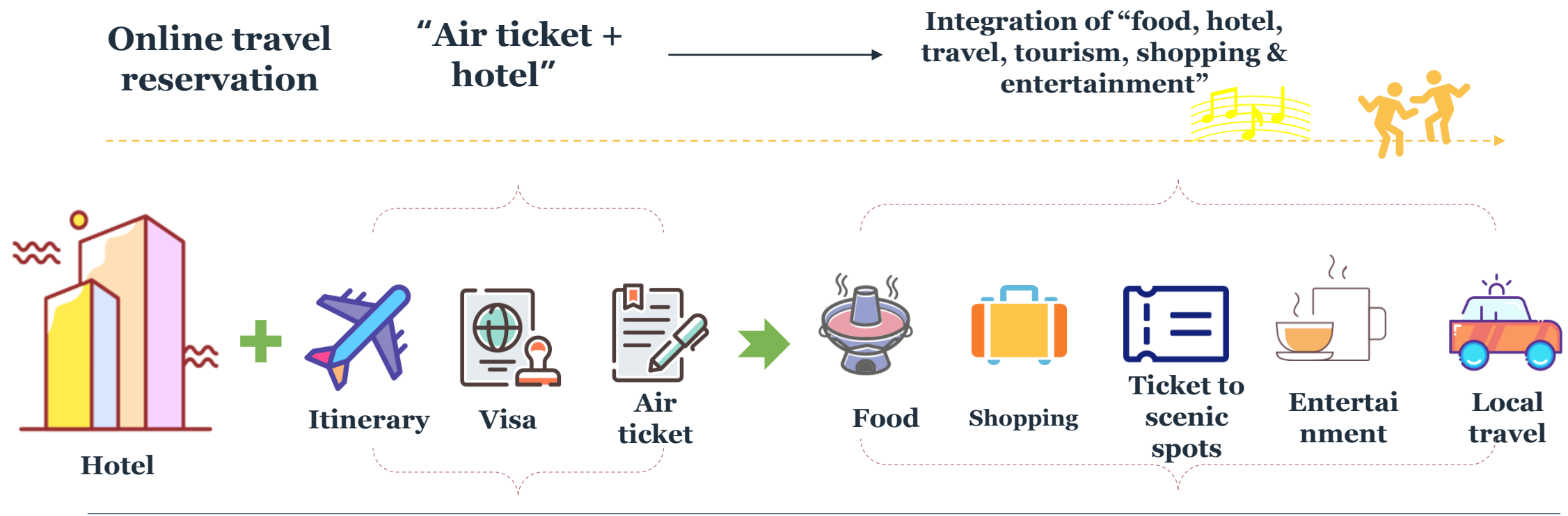


## Diversified and one-stop consumption

Chinese users are getting more diversified. From business travelers in early days to people with “business + leisure and entertainment needs” today, the rapid change of user mix leads to the upgrading of consumption characteristics to one-stop consumption. Super APP platforms integrating ecosystems such as online hotel reservation, travel, leisure and entertainment are popular among users.

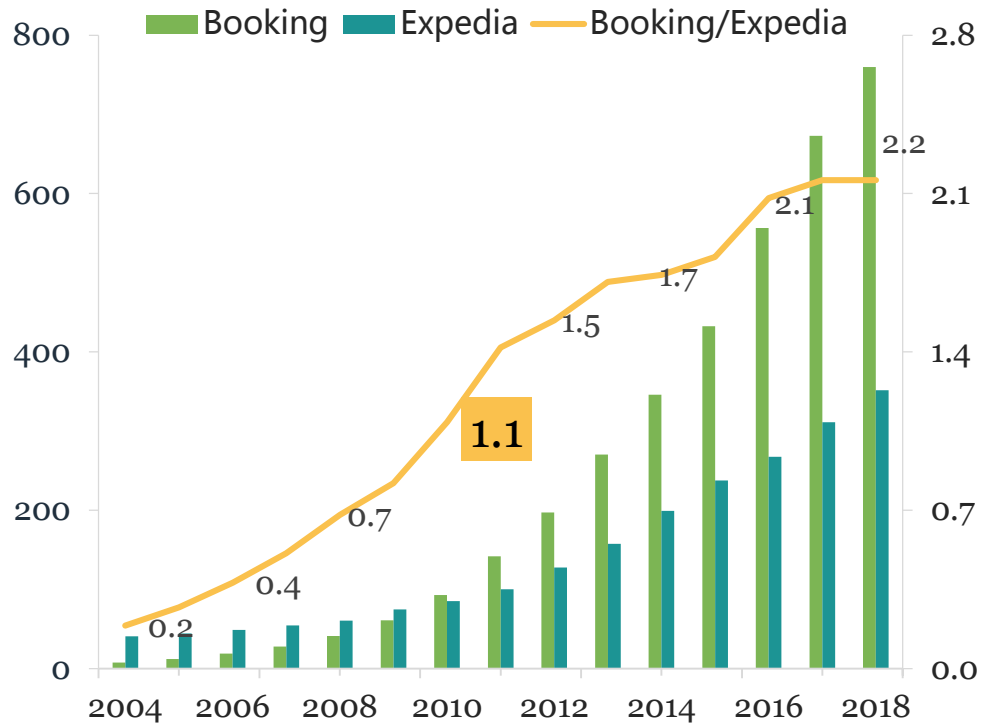
# Key factors of tourist consumption: from “air ticket & hotel” to “food, hotel, travel, tourism, shopping & entertainment”

The changing user needs lead to changes in tourist consuming behaviors. With the rise of recreational vacation and users' growing consuming ability, “air ticket + hotel” are no longer the most critical factors in tourist consumption decisions. After determining the destination, people prefer more in-depth local travel experience integrating food, hotel, ticket to scenic spots, travel, shopping and entertainment.



# OTA players around the world form a four-pole competitive landscape, and leisure travel is the key area battled for

**Comparison of room nights reserved between Booking and Expedia from 2004 to 2018**

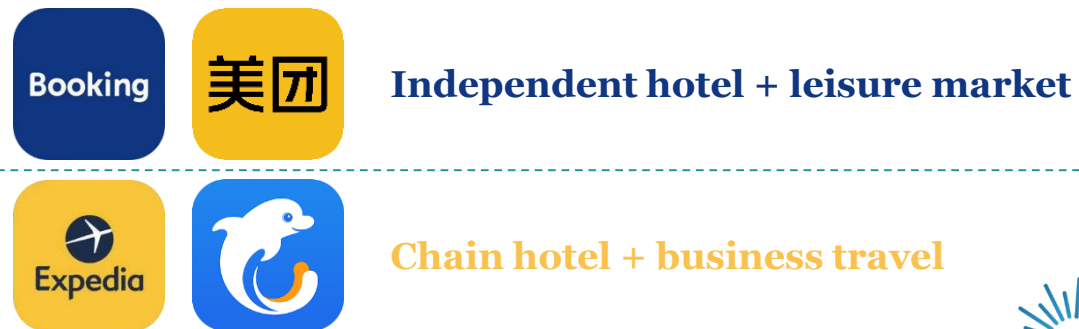


Note: the data are from Booking and Expedia's financial reports.

Source: Trustdata Mobile Big Data Monitoring Platform

Both Booking and Expedia have been developing for more than 20 years. The former's market is mainly Europe, which is dominated by leisure demand and the supply of which is relatively scattered, while the latter's major market is the US, which focuses on business travel and boasts higher share of chain hotels. In early days of competition, Expedia had obvious advantages over its rival. But in 2010, the room nights reserved of Booking exceeded Expedia, and then Booking developed rapidly, widening the gap and maintaining the champion position.

Globally, Meituan and Ctrip have rapidly grown to form a four-pole pattern with Booking and Expedia in terms of scale. Similar to Expedia, Ctrip has been developing for 20 years and focusing on business travel. Meituan, though young, is similar to Booking in nature. Meituan mainly focuses on the leisure and vacation market, and expands in regions with little chain hotels and with rapid growth. At the same time, Meituan, as a comprehensive platform of life services, has access to different ecosystems and is able to drive the growth of low-frequency scenarios with high-frequency ones, forming its unique competitiveness





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