

Mainland insurers tap rising demand

Effective marketing is gaining the trust of consumers seeking protection rather than high returns

By **WU YIYAO** in Shanghai
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Zhou Lijuan, 33, owner of a flower shop in Shanghai, is expecting her first baby soon. Over the last few months, she spent a lot of time talking to dozens of insurance agents to understand how policies work.

"My child will be born soon, and I'm in dire need of protection for myself and my baby," she said.

Zhou exemplifies Chinese families who are now more aware of insurance and current innovations in the sector. This is because insurers have been responding to mainland

consumers' tendency to buy policies from Hong Kong.

Insurers' marketing campaigns are now resulting in consumers buying insurance from the mainland market, said analysts.

Latest data from the China Insurance Regulatory Commission showed that the combined life insurance premium income of insurers in January grew 39 percent year-on-year to 758 billion yuan (\$110 billion), with regular payments rising 49 percent year-on-year.

"I'm not inclined to face policy uncertainty in markets outside the mainland, so I'd like to invest in protection in the home market, which

758

billion yuan

Insurers' combined life insurance premium income in January, up 39% year-on-year

is more stable and easily accessible," said Zhou.

Wu Kaihao, wealth management consultant with Shanghai Blue Point Investment Advising, said many families in China are now approaching wealth management products for protection rather than high returns.

This is particularly true for families whose housing needs have been

met, and with enough money in their bank accounts to take care of day-to-day expenses.

"Retirement plans and education for children are the major things we think about. Five years ago, I'd have bought financial products with yields of some 7 or 8 percent. Now 4 percent is good enough, and for insurance, 2.5 percent is good enough," said Wu.

Pu Dongjun, analyst with Changjiang Securities, said in a research note that insurers and consumers attach more importance to protection than high returns.

"Since the beginning of 2017, insurance-related dividends are

somewhere between 2.5 percent and 3.5 percent, while last year they were between 3 percent and 5 percent. Policies are formulated with more focus on protection, not returns," said Pu.

Innovative products, like online tools for Chinese families, have been driving market growth in recent months, said Chen Jiaoyi, an analyst with Zhongtai Securities.

A health insurance product by ZhongAn Online P&C Insurance Co, China's first online-only insurance company, sold 57,000 policies in the week following its launch, demonstrating the strong demand from customers.

Hotels spy global opportunity in tourism boom

Chinese hospitality groups plan overseas expansion as they believe travelers will want to stay in a familiar chain

By **PAUL WELITZKIN** in New York
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More Chinese than ever are traveling to the United States and other foreign destinations — and hotels in China are going with them.

In 2015, more than 2.5 million Chinese people visited the US, and that figure was expected to rise significantly last year, which was designated 2016 China-US Tourism Year.

One hotel group seeking to capture those tourists is Shanghai-based GreenTree Hospitality Group. It has five hotels in the states of Arizona and California.

Kevin Brooks, a co-managing director, said the company operates more than 2,000 hotels in China that range from budget or limited-service options to five-star designations. He said that a GreenTree budget or limited-service hotel in China is similar to a Holiday Inn Express in the US.

"About 18 months ago, the company decided to expand in the US, and last year, we converted five hotels to our brand," Chris Petroff, co-managing director, said in an interview. "In 2017, we have embarked on franchising."

Petroff said the company is hoping that existing franchise operators in China will consider a US location to help spread the brand.

Brooks said GreenTree intends to build on its familiarity in China to spur growth in the US. "We currently have a loyalty program in China that has 12 million paying members," Brooks said. "We are seeing strong demand for US travel from that group."

Driven by a rapidly growing mid-



CHINESE TOURISTS celebrate Lantern Festival at a hotel in Los Angeles. ZHANG QUNCHAO / XINHUA

dle class, Chinese outbound tourists are expected to reach 150 million in 2020 from 122 million in 2016, according to the China National Tourism Administration.

Travelers have many incentives for visiting other countries. In addition to a vacation, business or family considerations may require a trip from the Chinese mainland.

"There have been several articles

on the growth of what is called the 'beisure' group," said Petroff. "That is a fast-growing segment that combines business and leisure travel by taking a week before or after a business trip to visit prominent places."

Another growing segment of overseas travelers from China are parents sending children to study in the US, said Petroff.

Brooks said Alex Xu, the founder

and chairman of GreenTree, sees the company as a global brand. "We are also exploring other countries in Asia and Europe for expansion," he said.

In addition to traditional hotels, online marketplaces like Airbnb, which enables homeowners, renters and others to offer accommodation to travelers, are also expected to benefit from rising Chinese outbound tourism.

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CHRIS PETROFF
A co-managing director of
GreenTree Hospitality Group

"To date, there have been more than 3.5 million guest arrivals by Chinese travelers at Airbnb listings all over the world," company spokesman Nick Papas said in an e-mail. "While we have not focused on building our community in China, we've seen more and more Chinese hosts organically sign up to share their space. There have been nearly 1 million guest arrivals at Airbnb listings in China to date."

Many of those are young people, especially the group referred to as millennials. According to a study for Airbnb conducted by research company GfK last fall, millennials surveyed in China, the US and the United Kingdom said that when they think about the next five years, traveling is as important as (or more important than) buying a home, paying off debt, or purchasing a car.