

Internet

Trends observed from 2025 Spring Festival

For this year's Spring Festival Holiday (SFH), we identified several key trends regarding travel and consumption: 1) overall domestic travel demand remains resilient, with solid increases in both the number of tourists and per capita consumption; 2) outbound travel demand remained strong and inbound travel could become an important long-term growth driver for the travel industry over the long-run; and 3) although overall consumption sentiment likely still takes time to recover, retail sales GMV growth during the holiday period was strong, and "national subsidy" remains a solid driver for growth in key categories such as home appliances and communication equipment. We view JD.com (JD) as one of the key beneficiaries for the nationwide trade-in program in our e-commerce coverage space, and we reiterate our BUY rating on Meituan (3690 HK) and Trip.com Group (TCOM US).

- **Cross-border travel orders delivered solid growth.** According to the forecast made by National Immigration Administration of China, the average daily number of inbound and outbound travelers in China during the SFH in 2025 will reach 1.85mn, up 9.5% YoY compared to the same period in 2024. TCOM highlighted that overall cross-border travel orders on its platform increased by 30% YoY during SFH, among which inbound travel ticket orders/hotel orders were up 180%/60% YoY. Revenue generated from outbound travel business has recovered from 90% of pre-pandemic level in 1Q24 to c.120% in 3Q24. We are looking for c. 25% YoY revenue growth for TCOM's outbound business in 2025E, and the SFH data implies a growth trend in line with our estimate. For inbound travel business, we estimate it has accounted for c.2% of TCOM's total revenue in 3Q24, while it should become an important long-term revenue growth driver for TCOM. Tongcheng Travel (780 HK) noted that residents coming from small and medium-sized cities are increasingly becoming the main force driving the growth of outbound travel on its platform: the number of outbound travel booking orders from residents of cities below tier-3 has more than doubled YoY during SFH.
- **Domestic travel saw resilient growth trend.** Per data from the Ministry of Transport, from the first day of the Spring Festival travel rush (14 Jan) to 2 Feb 2025, the estimated volume of cross-regional passenger flow nationwide will reach 4.8bn, up 7.2% YoY. TCOM noted that cross-provincial travel orders contributed 62% of the total on its platform, and Fliggy highlighted that per capita consumption of domestic travelers on its platform during the SFH has increased by nearly 10% YoY, which in our view indicates a resilient growth trend for domestic travel in 1Q25.
- **Solid retail sales GMV growth during holiday period.** According to data from the Ministry of Commerce, in the first 4 days of the SFH (28-31 Jan): 1) the sales GMV of key retail and catering enterprises nationwide increased by 5.4% YoY; 2) driven by the "national subsidy", the sales GMV of home appliances and communication equipment of key retail enterprises has grown over 10% YoY. Regarding food delivery, Ele.me saw the number of orders that are originated from hotels/resorts/and scenic spots up ~30%/>50%/>20% YoY in the first three days of SFH this year.

OUTPERFORM
(Maintain)

China Internet Sector

Saiyi HE, CFA
(852) 3916 1739
hesaiyi@cmbi.com.hk

Ye TAO, CFA
franktao@cmbi.com.hk

Wentao LU, CFA
luwentao@cmbi.com.hk

Joanna Ma
(852) 3761 8838
joannama@cmbi.com.hk

Link for related reports:

1. [JD.com \(JD US\) - Expecting solid 4Q24 results driven by home appliance trade-in program – 20 Jan](#)
2. [Meituan \(3690 HK\) - 3Q results beat: driving earnings growth in a more holistic perspective – 2 Dec](#)
3. [PDD \(PDD US\) - Impact from enhancement of merchant support stared to emerge – 22 Nov](#)
4. [Trip.com \(TCOM US\) - Solid business growth momentum continues – 20 Nov](#)
5. [Kuaishou \(1024 HK\): Inline 3Q24 results; resilient core commercial business – 21 Nov](#)
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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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