

China - Tourism Trends, Prospects, Challenges and Opportunities

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1. BACKGROUND

Following over a decade of steady growth, until the first months of 2020, China was the front force of the world's outbound tourism industry. Chinese travellers, their travel habits, desires, and purchasing power were key topics of numerous research, studies, and opinion on various platforms - from industry publications to mainstream media. Congresses specialised tourism and lifestyle industry. Most importantly, industry fairs and business meetups recognised the importance of this market in the early stage, putting it under additional spotlight within its B2B and B2C specialised activities.

Great rise of Chinese travellers led to a significant and somehow unprecedented airline trend. Having a direct flight connection with one of the Chinese metropolises became a must-have and was seen as a new business opportunity for the respective connection city, region or generally a whole country/destination. New trends led many industrial sectors to start adapting to the travel habits and desires of Chinese travellers, from investing in translation of promo materials and street signs, restaurant menus in major cities in the Mandarin language, creating special (package) tours, opening additional duty free stores, outlets etc., to encouraging Chinese mobile payment tools, and Union Pay among many other China outbound tourism-friendly moves. 2019 was a record-high year in many aspects of Chinese outbound, and predictions for 2020 were even higher, with broader Europe still being one of the key destinations.

Although no one could predict it, the unexpected turn at the beginning of 2020, known as the COVID-19 outbreak, caused great disruption of quite stable, rising trend, economic loss worldwide, and general fear regarding the future of Chinese outbound has been practically sealed since March 2020.

2. CURRENT SITUATION OVERVIEW

As of March 2022 overall situation hasn't changed significantly compared to two years ago. China practically closed its borders then to control entry from abroad amid COVID-19 surge worldwide strictly and to preserve positive trends on its ground related to prevention and control while adhering to so-called 'zero COVID policy'.

In the first half of 2020, fear was lingering among industry leaders, players and insiders as it was hard to predict what would happen next, or better say - when! From the start, central and local governments in China introduced and implemented various preferential policies and subsidies to save the domestic tourism sector that was flying (very) high on outbound up until that moment.

On the other hand, seasoned China experts and insiders were convinced the critical solution is something quite familiar - very high domestic consumption (even in the pre-COVID-19 era).

Quick response and initial adherence to all the prevention measures implemented resulted in China returning slowly but steadily to travel trends within its borders. First, two key indicators were Tomb Sweeping Day or Qingming Festival in early April 2020 and Labour Day - May Holiday. Although numbers couldn't even compare to those from two previous years, with almost zero outbound, travellers' comeback and spending gave great hope.

The positive trend continued through 2020 and a great portion of 2021 (with some disruptions due to mini surges in local COVID-19 cases), creating interesting new tendencies and overall direction of the domestic market. Those could be significant indicators for new outbound trends for Chinese tourists once international travel resumes from this part of the world.

3. 2020-2021 KEY FINDINGS

The past two years were exciting despite lingering challenges and problems that occurred when COVID-19 caused outbound travel disruption from one of the most important world markets, especially when it comes to following new (re) surging trends and how China managed to sustain its tourism industry within the country borders.

In this sense, two key points are worthy of further elaboration.

3.1. Domestic Tourism boom - As said earlier, the tourism sector in China quickly shifted to its domestic market to save the industry and its numerous stakeholders. In this sense, there were several noteworthy trends:

3.1.1. Staycation is a New Vacation – Obviously, when COVID-19 hit in 2020, hotels, resorts and accommodation providers were generally knocked super hard. When measures started easing in major cities, but great movements within the country were not encouraged yet, major hotels started offering great staycation deals, including many perks (meals, spa, gym, pool, free flow etc.....). Staycation was not something Chinese travellers were using heavily before this period.

3.1.2. Self-Driving Tours - This kind of travelling already rose before COVID-19 hit, and sticking to travel within borders became the best way to avoid crowds and discover hidden places in China. In this sense West part, wilder and fuller of nature provinces, were heavily profiting, such are Yunnan, Sichuan, Xinjiang, Gansu, Ningxia and Tibet.

3.1.3. Comeback of Rural Tourism and Escape to Nature - As mentioned above, rural tourism and escape to nature were the perfect way to isolate, avoid crowds and enjoy being outdoors. The rise of all kinds of camping and glamping was highlighted in every major research on the domestic market in the past two years. Also, this kind of travelling the flourishing of homestays boutique hotels and the revival of historical and traditional architecture for accommodation purposes. Some provinces already had this trend before (those popular among foreign travellers in the past, such as Guangxi Zhuang, Guizhou or Yunnan), but this became wide also, resulting in new job opportunities.

3.1.4. Food Tours - Food generally has key place in Chinese culture; in this sense, food tours to those China's hidden gems were also on rise and very well received. The popularity of food tours was also noticed in major metropolises that made their name because of their cuisine (Chongqing and Chengdu - hot pot and Sichuan cuisine, Dongbei area - barbecue, Guanzhou - Shenzhen - Zhuhai - Cantonese food etc ...)

3.1.5. Study and Family Tours - Family travel always had a great significance for Chinese travellers, and during the past two years reached new highs and upgrades. Major hotels, hotel chains and resorts at key destinations countrywide included a lot of resources for families and their kids - from various activities - games, school, workshops and so on, plus specialized family suites, rooms and villas ... For Chinese parents' education of their kids is crucial, and in this sense, having a learning aspect included in family travel/vacation is something very welcoming and often needed.

3.1.6. Hainan Island - The Great Rise of China's Tropical Paradise and duty free - Pre-COVID-19 experts rarely put Chinese travellers in line with the concept 'beach and sun'. During summers of 2020 and 2021 Hainan Island proved everyone wrong. It also worthy that apart from the sun, beach, nature and great seafood, Chinese travellers definitely enjoyed also tax free shopping on imported and domestic luxury goods. That definitely helped them ease the pain of not being able to travel abroad to do one of favourite activities apart from sightseeing - shopping.

3.2. New Type of Traveller - In pre-COVID-19 times, big groups and package tours were quite a synonym for a regular Chinese traveller abroad. Although many other trends were already present in the past two years, there was a significant rise in different trends, namely:

3.2.1. FIT - Free Independent Travelers were success key for the domestic market, although many were still relying on tour operators and major OTAs.

3.2.2. Small Groups - Usually FITs and families.

3.2.3. Family Tours/Study Tours - Apart from FITs, one more group heavily contributed to rebound.

3.2.4. Wedding/Honeymoon Industry - One segment popular even before the COVID-19 outbreak continued with its rise with a special highlight - photography.

4. POST COVID-19 CHALLENGES

From the start of topic elaboration, it is very obvious what will be the main challenges in post-COVID-19 times or, better say, in times when outbound from China resumes. Also, the exact date of easing border policy and general encouragement of international travel is hard to determine. That is for sure a major headache for key industry players at China market who have already established themselves when it comes to outbound business. It is worth highlighting a few key challenges:

4.1. Local and International Policies - We are still unsure will local policies follow international travel policies and vice versa.

4.2. Flight disruption - As mentioned, disruption of air traffic from China caused immense losses to airlines and destinations internationally. It will take a more extended

period for recovery. China-bound flights are a bare minimum and are subject to strict policy related to several imported COVID-19 cases.

4.3. Visa and Vaccination - Many countries stopped issuing visas for Chinese travellers since China became so strict with its entry policies, so we are yet to see how this will move in future and also there will be any preferential travel policies. It is also important to say that there are currently positive moves from many countries and key destinations to recognise all Chinese vaccines, which is key.

4.4. General Safety Concerns - For Chinese travellers will be significant to feel safe when they travel. They will work for sure to check in advance what prevention measures destinations have in place, are there testing possibilities, doctor consultations and so on ... Apart from that surge of violence against people of Asian origin in the wake of the COVID-19 outbreak in some countries is one other primary concern that can't be ignored and denied.

5. POST COVID OPPORTUNITIES

Despite all said in previous sections, there are opportunities, and those will be immense ones:

5.1. Great Travel Desire - Imagine being adjusted to international travels at least two, three times per year, or even more (when it comes to the upper-middle class in China) and then spending over two years not being able to do so? The answer is pretty straightforward.

5.2. Financial and High Purchasing Power - One more aspect that definitely can't be denied.

5.3. Remote Work Possibilities - According to many key surveys young Chinese are willing to explore remote work possibilities outside their country.

5.4. FIT - This type of traveller was already well elaborated.

5.5. Family Tourism - Chinese families will be a great source for many destinations willing to develop programs they are generally seeking.

5.6. Wedding and Honeymoon Industry - This sector is usually very stable, but being abroad for your honeymoon or wedding photography sounds more exotic and romantic, so this will be a great opportunity.

5.7. Responsible and Sustainable Travel - Being in a specific situation for the past two years, Chinese travellers will follow the rules and adhere to measures respecting a responsible approach to control and prevent COVID wherever they travel. Apart from that term, sustainability is becoming more important in the tourism sector, especially among FITs and youngsters.

5.8. Digitalization and Related Opportunities - China is one of the most digitalised places globally, with the digital environment changing and evolving rapidly every month. It is also a particular environment and given the fact that apart from those living in China, many are still struggling to understand it, there could be an excellent opportunity for IT wizards and developers from abroad to try to tap into this market and offer something to Chinese travellers already quite spoiled by digital convenience advancement.

6. SUMMARY

This presentation, particularly the entire webinar, gave significant insight into current travel trends on China market. Although it was highlighted several times that making accurate predictions over time and the pace of border control easing is impossible, the focus should be on future possibilities rather than challenges. Keeping in mind the current situation and the past two years of great China outbound stand by, it is not surprising to see other destinations moving on and focusing more on other markets. That decision is understandable, especially when it comes to goals heavily relying on tourism. This is also one great challenge not listed earlier. Out of sight – out of mind should not be the logic to adhere to in the China market despite current challenges. Destinations worldwide should follow up carefully on China trends and make plans in advance for the restart. The question is not will China's market bring opportunities in future; better to ask, are you ready to dig those.