China’s “Second Wave” Of Outbound Tourists: New Destinations And New Consumption Patterns

COTRI
China Outbound Tourism Research Institute
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Until now, tourists from China have visited well-known “must-see” destinations and attractions. The second wave of Chinese outbound tourists is leaving the “beaten track” – peripheral destinations are experiencing above-average growth. At the same time, the motives for travel are changing from sightseeing to lifestyle-confirmation.

What is causing the changes in Chinese travel trends, how can established destinations react and what will the future of Chinese outbound tourism look like?

Greetings:
Katrina Leung, Executive Director, ITB Asia

Chair:
Prof. Dr. Wolfgang Georg Arlt, Director, COTRI China Outbound Tourism Research Institute

Panel guests:
Prof. Barbara Haller-Rupf, University of Applied Sciences HTW Chur
Nina Kubik-Cheng, Senior Vice President, Dragon Trail Interactive
Jacopo Sertoli, CEO, Select Holding
Zhao Yinong, CEO, GBTIMES
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The world's leading independent research institute for information, training, quality assessment, research and consulting relating to the Chinese outbound tourism market

Established: 2004

Offices: Hamburg (Germany), Beijing, Shanghai, Guangzhou (China)

COTRI Country Partner in: Argentina, Australia, Austria, Bahrain, Bosnia & Herzegovina, Bhutan, Cambodia, Chile, Croatia, England, Estonia, Finland, France, Iran, Ireland, Italy, Kenya, Kosovo, Kuwait, Laos, Latvia, Lithuania, Macedonia, Mauritius, Mexico, Montenegro, Myanmar, New Zealand, Oman, Peru, Portugal, Qatar, Russia, San Marino, Saudi Arabia, Serbia, Slovenia, South Africa, Spain, Switzerland, Thailand, UAE, USA, Vietnam, Wales
COTRI founder and director

- Prof. Dr. Wolfgang Georg Arlt FRGS
- First visit to People’s Republic of China in 1978
- 1991-1999 owner of Inbound Tour Operator China -> Europe (offices in Beijing and Berlin)
- COTRI founder and director since 2004
- Professor for International Tourism Management at West Coast University of Applied Sciences (Heide)
- Visiting Professor at universities in China and United Kingdom
- Fellow Royal Geographical Society (London)
- Research Fellow Japanese Society for the Promotion of Science (Tokyo)

New publications:
COTRI China Market Report, published twice a year

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10. Extra Dimension Tourism: info@3deventech.com
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12. I.B.H. – Intelligent Business Horizon: contact@ibh-paris.com
13. Innova Tax Free Group: igalarza@innovataxfree.com
14. Iran Doostan: rand@irandoostan.com
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16. Marlin Productions: danielchan2015@hotmail.com
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www.china-outbound.com
COTRI services

MARKET RESEARCH
COTRI has been conducting market research into China’s outbound tourism for international customers since 2004. COTRI’s extensive database, expert interviews, focus groups, online and offline questionnaires and data mining in published and social media are among the customised methods for applicable research.

CONSULTING
Looking at products, services and projects from a Chinese traveller’s point of view, knowledge and strategies are developed for a variety of customers at different stages of China’s outbound market involvement. Research and analysis results provide a solid foundation for investment decisions and product adaptation.
COTRI services

DATA SERVICES AND FORECAST
COTRI maintains a permanently updated qualitative and quantitative database of more than 70 Chinese outbound destinations, drawing data from a variety of sources all over the world. Based on this, COTRI provides up-to-date information as well as forecasts on China outbound figures and future trends.

CTW CHINESE TOURIST WELCOME TRAINING PROGRAMME
CTW trainings help individuals, companies and organisations gaining practical knowledge and visibility in the Chinese market. CTW trainings are based on global research, but adjusted to the local situation and delivered in the local language, ending with the certification as CTW Quality Host.
China Outbound Solutions Group
The **Welcome Chinese Standard Certification** is the certified travel service Standard and travel platform recognized by CTA. It aims at upgrading the services dedicated to Chinese travelers, working in cooperation with the China Tourism Academy (CTA), China’s main governmental research and promotion institute, part of the **Chinese National Tourism Authority (CNTA)**. Participating in the Welcome Chinese Certification program you enter into a partnership with the CTA and will enjoy a number of benefits designed to promote your travel business in the Chinese market within the framework of a government project.
China Outbound Solutions Group offers A-Z solutions for companies and organisations from all sizes, with different budgets, and adapted to their specific needs.

Market entry packages are designed for service providers just starting to focus on the Chinese market, Market penetration packages serve those who want to get more out of their existing engagement with the Chinese market, and Product adaptation packages help those who need to adapt their offers towards the specific needs of Chinese visitors.

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Enjoy your meal: A starter, three dishes and a dessert

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90% all Chinese outbound travellers are not interested to visit your destination or to use your services.

Too far away or too close, not famous enough or too common, no big cities or too many, dangerous wildlife or boring, not high on the shopping list for the next trip or already been to once...
But 10% of all outbound travels in 2015 will still amount to more than 13 million trips.

Do not look at averages and information about the Chinese outbound tourist – identify, understand, prepare for and communicate with the Chinese outbound market segment(s) suitable for your (Chinese demand-adapted) offers.
Chinese Outbound Travel will increasingly represent a major part of global tourism and include more destinations, but will still be restricted to the top 10% of the Chinese society.

- In **2014** one out of ten of all international border crossings started from Mainland China, conducted by app. 5.5% of Mainland Chinese citizens (70 out of 1,390 million inhabitants)

- In **2020** one out of seven of all international border crossings will start from Mainland China, conducted by app. 9% of Mainland Chinese citizens (120 out of 1,400 million inhabitants)

- In **2020** half of the trips will go beyond Hong Kong & Macau
CHINA – INTERNATIONAL TOURISM SOURCE MARKET NO. 1 IN THE WORLD IN TERMS OF BORDER-CROSSINGS

- 10 million border crossings in 2000
- 57 million border crossings in 2010
- 83 million border crossings in 2012
- 98 million border crossings in 2013
- 116 million border crossings in 2014
CHINA – INTERNATIONAL TOURISM SOURCE MARKET NO. 1 IN THE WORLD IN TERMS OF SPENDING

- 2011: 52 billion €
- 2012: 80 billion €
- 2013: 97 billion €
- 2014: 138 billion €

2014:
- China’s share of global GDP: 14%
- Russia’s share of global GDP: 1.4%

Source: World Tourism Organization (UNWTO) ©

www.china-outbound.com
Chinese Outbound Travel will continue to grow despite slowdown of Chinese GDP growth to below 7% p.a.

Long-distance outbound travel for Top 5% of Chinese society is not a private decision, but an **investment**, **not holiday**:

- **Direct** investment: Buying real estate and companies for profit and for passports
- **Indirect** investment: “Leisure” Travel for self-esteem and peer group confirmation of status and prestige
- **Long-term** investment: Formal and informal education, market knowledge, experiences

**New age groups** entering the market: More kids, first cohorts of affluent, experienced travellers 55+, more vertical family groups
Segmentation

- Mass-market *package tour* still important for first-time traveller from lower tier cities: low price, sightseeing, brands
- *Business/official* travellers, still interested in luxury and high-level - if less conspicuous - consumption
- Chinese *expats* and *students* increasing in importance, travelling themselves and receiving guests

But the growth and the money are here: *Niche topics, themed tours, bespoke arrangements, activity based trips*

- “Second Wave” traveller moving from “money rich & time poor” to “money and experience rich & time poor”, looking for new kicks and lifestyle affirmation, new destinations and authentic activities, clean nature, culture and stories to tell
Chinese outbound travellers more open to suggestions, but also more confident and demanding than ever

- The good news: Second Wave Chinese travellers can be attracted to new places, new activities, new times of the year, bringing not only more, but a different kind of business
- The bad news: To satisfy the Second Wave Chinese travellers needs more preparation and understanding to keep the balance between treating Chinese Second Wave guests as international citizens and still showing respect to the Chinese culture
- How to: Give the right kind of reasons to come (novelty, exclusivity, intensity, connection to China, endorsement by celebrity, quality labels, Social Media hype), give the right story to tell and give the feeling of being more welcomed as Second Wave Chinese traveller than any other kind of customer
Demand creation works well in the Chinese market

- Tourism marketing is based on the creating of demand for unnecessary consumption (don’t tell your customers)

- In a fast developing, peer group-orientated source market like China demand creation is easier, but needs new approaches: Open your eyes for “normal” things (17 hours daylight in June!), combine offers over longer distances (Wine tasting in Portugal, Spain and France!), create hype (Chinese celebrity blogger loves bee-keeping workshop!)

- In the “Second Wave” of Chinese travellers, everybody can find the right niche – and niches in China are as big as national markets in other countries.
Thank you for your attention.

Looking forward to your comments and questions in the Q&A section!

COTRI has moved: Since January 2015 we are based in our new headquarter in HAMBURG!

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