

China Tourism Report

Country Profile



The People's Republic of China (PRC), has control over mainland China and the largely self-governing territories of Hong Kong (since 1997) and Macau (since 1999).

- World's most populous country

- World's fastest growing economy

- World's fourth largest country

- The world's third largest trading nation China, is now also the second most prolific consumer of oil

- By 2014 the IMF expects China to account for about twelve percent of world trade.

China Fact Sheet

Official Name	People's Republic of China (PRC)
Conventional short form	China
Capital City	Beijing
Area	Total: 9,596,961 sq km Country comparison to the world: 4
Population	1,338,612,968 (July 2009 est.) Country comparison to the world: 1
Literacy	90.9%
GDP - per capita note: data are in 2008 US dollars	\$6000 (2008 est.) Country comparison to the world:133 \$5,500 (2007 est.) \$4,900 (2006 est.)
Major Languages	Mandarin, Yue (Cantonese), Wu (Shanghainese), Minbei (Fuzhou), Minnan (Hokkien-Taiwanese), Xiang, Gan, Hakka dialects
Currency	Renminbi (RMB)
Time Zone	UTC +8

China Outbound: Motivation & Needs

Travel Motivation

- Rising Incomes
- Travelling abroad for business and education inspires them to return to the same destinations for leisure
- Travel (especially to Europe) as a status symbol
- Curiosity

Travel Needs

- Safety of a destination
- Ease of getting a visa
- Other factors:
 - Natural Scenic Beauty
 - Well-known landmarks
 - Friendly local people

China Outbound : Purpose of Travel

- **Official:**
 - Travel by people employed in government or public service upon invitation of a related organisation in the destination country
- **Business:**
 - Incentive travel, visiting exhibitions and inspections or technical visits
- **Private:**
 - Leisure is the sole purpose

Private travel is in Groups or as FITs

- **Group:** First time visitors and travel in groups, given the language barriers and unfamiliarity with the destinations. They belong to the rising middle classes
- **FITs:** Has a high income and big purchasing power, more likely to speak other languages and are experienced travellers, can be quite demanding to their agent and supplier

China Outbound: Purpose of Travel

Business

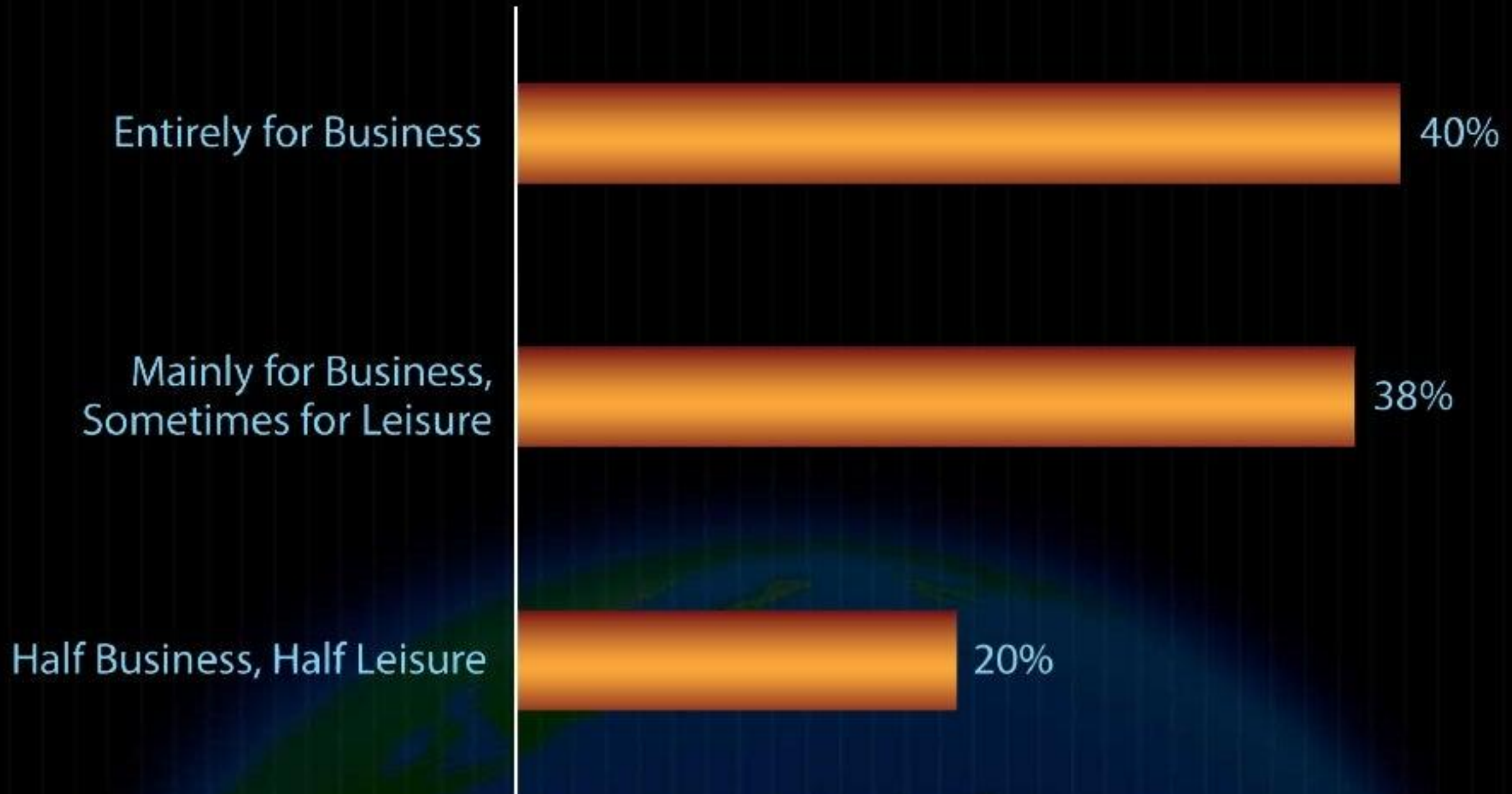
- Paid by company/bureau
- Predominantly company of male colleagues
- Convenience and time
- Concentrated shopping
- Appreciate flexibility and attention to time management

Private

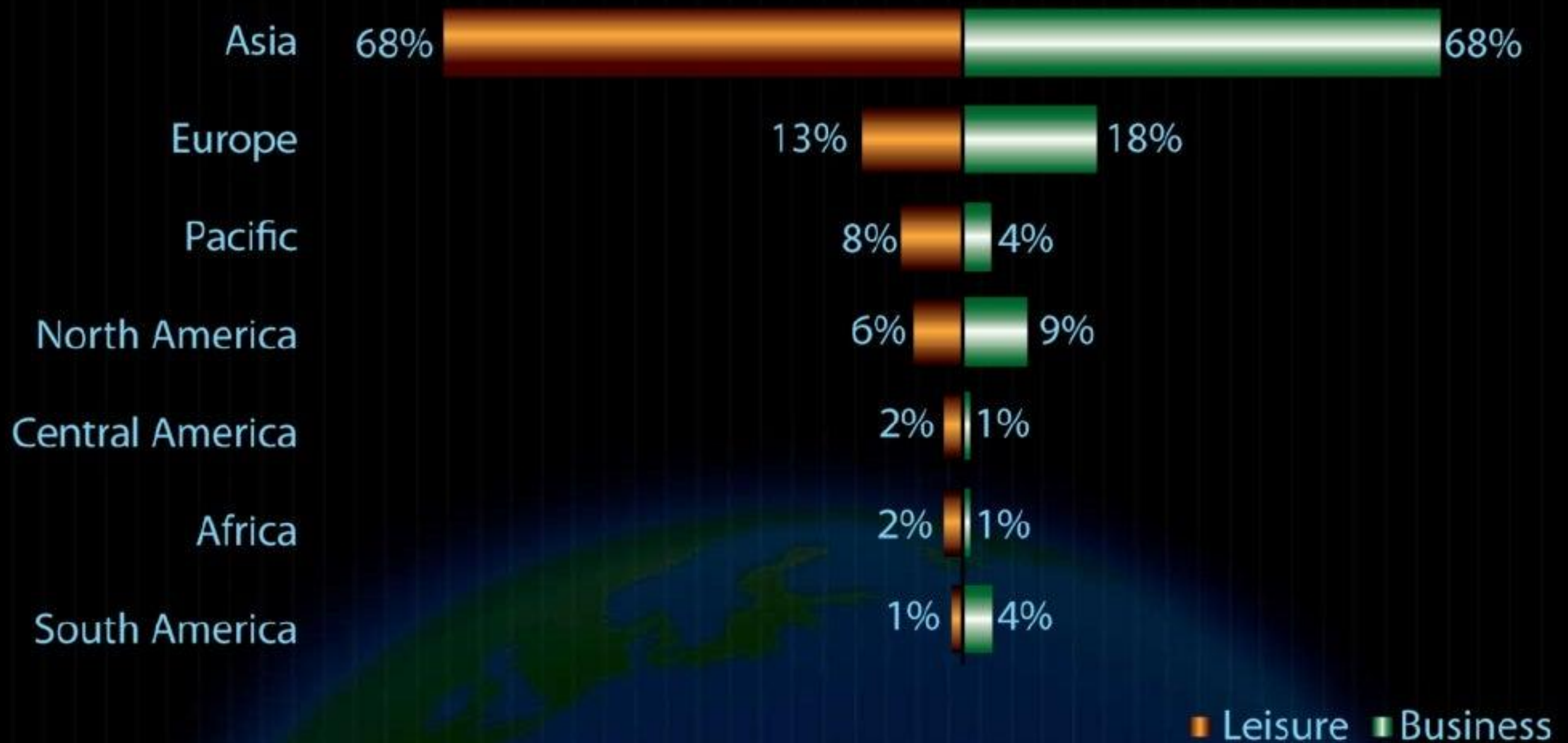
- Self financed
- Small groups of friends or family members
- More flexibility and interest in attractions
- Allocate more time for shopping

Most high spending still driven by business and delegations

China Outbound: Purpose of Travel

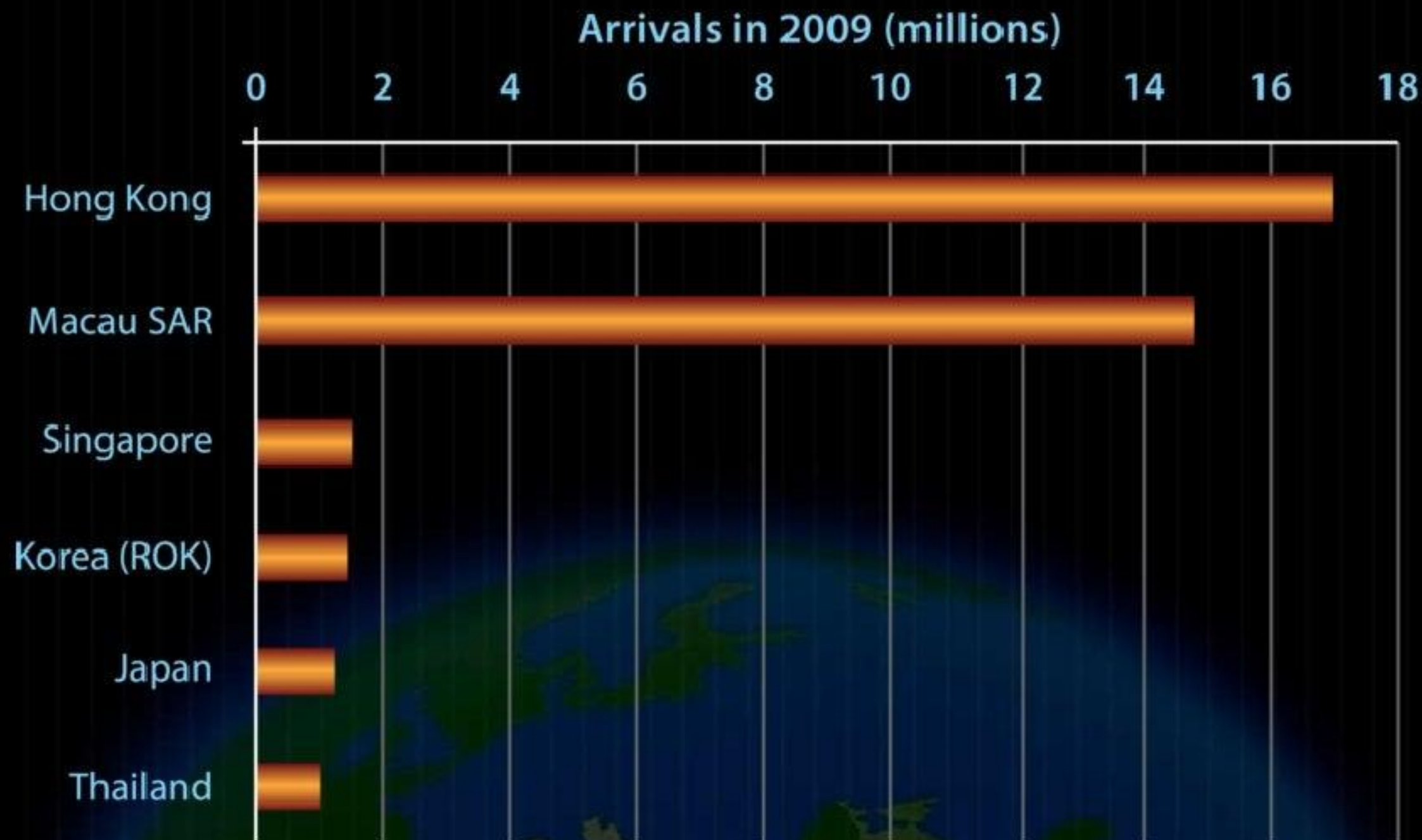


China Outbound: Purpose of Travel



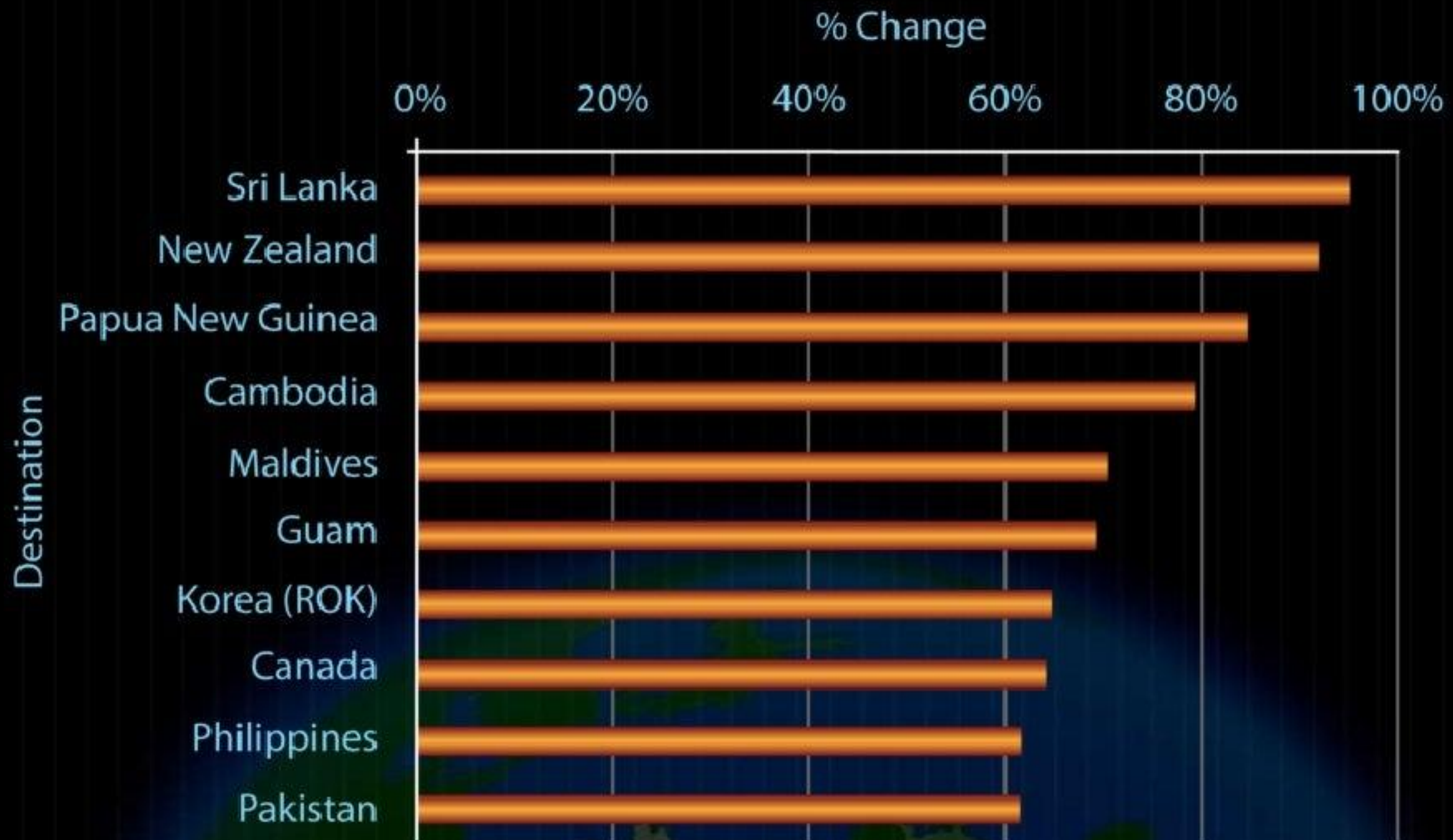
China Outbound: Where?

Established Destinations



China Outbound: Where?

Emerging Destinations



China Outbound: Why?

Reasons For Popularity

- Established Destinations:
 - politics, time, cost, cultural affinity, language, food
- Emerging Destinations:
 - status, novelty, culture, business needs, shopping

China Outbound: Who?

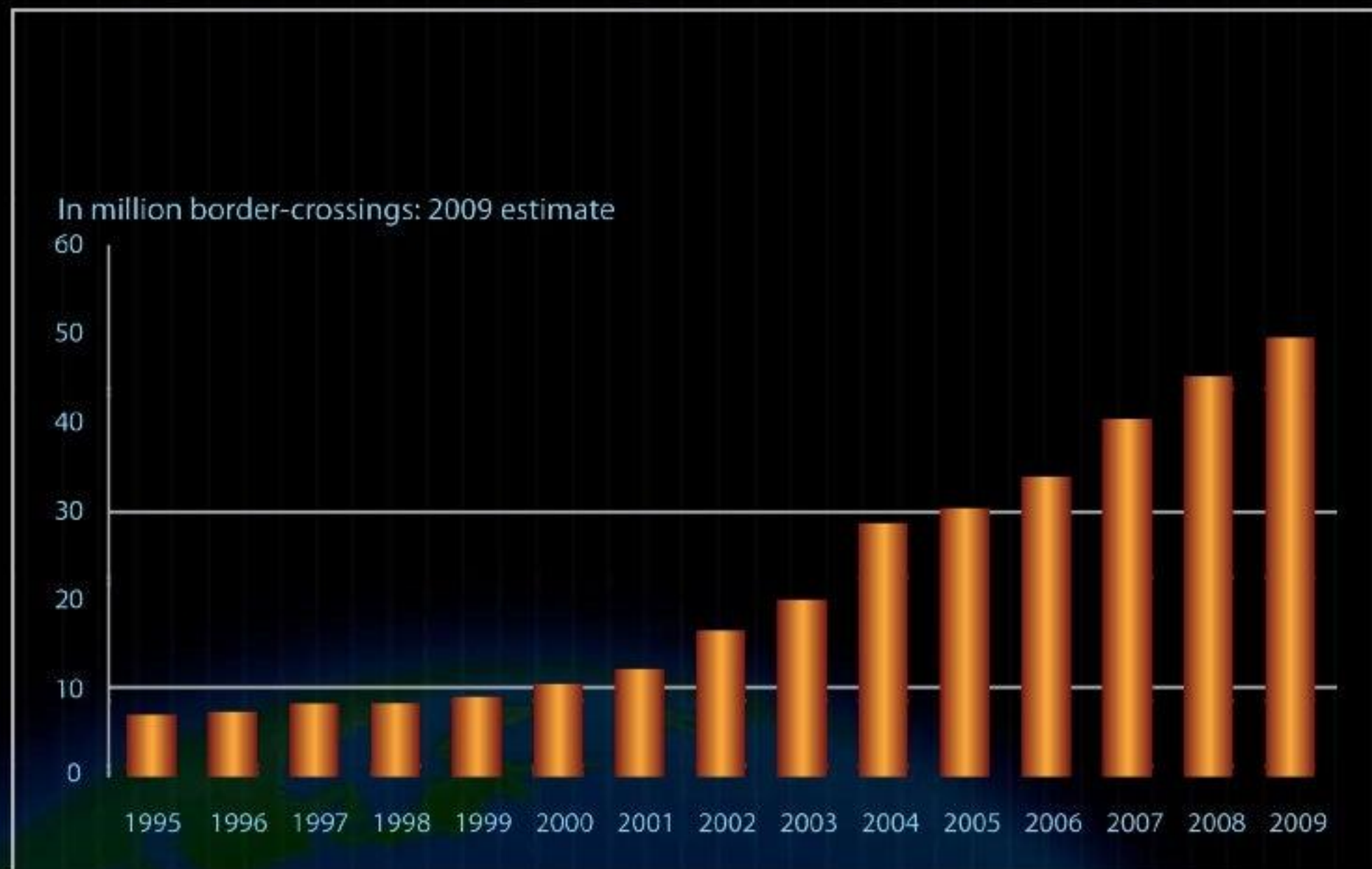
- Young (20-39 years old)
- Well educated (with tertiary education)
- With higher income
- Working professionals and semi-professionals
- Top management of companies and government bureaus
- Small groups on an incentive trip
- Tech-savvy and fashionable (interested in cutting-edge gadgets and latest fashions)
- 4:2:1 (3 generations – grandparents, parents and single child)

China Outbound: 1995-2009

Outbound 2009:
50 million
(estimated)

Outbound 2008:
45.8 million trips
90% inside Asia;
10% outside
Asia

Outbound 2007:
41 million trips



China Outbound – From where?

- South China
- Eastern seaboard
- North East
- Western China



Characteristics Of Major Generating Regions

- Northern China (Beijing and Northeast China)
 - Most of the official travel is from Beijing
 - Beijingers are engaged in politics and love socialising
 - Work comes second to friends and family
- Eastern China (Shanghai and the Coastal Provinces Zhejiang and Jiangsu)
 - Regions with a history of overseas travel, resulting in relatives abroad
 - Wealthiest in terms of average income
 - Shanghainese are trendy and internationally oriented
 - Very price-driven, shrewd business people who drive hard bargains
- South China (Guangdong Province and Neighbouring Provinces)
 - Guangdong benefits from its proximity to Hong Kong as the commercial gateway into China
 - Its capital city, Guangzhou, is a major trading and commercial centre
 - Consumer spending is the highest among China's provinces
 - People in the south prefer higher standard of services to cheap prices

Market Sensitivity vs. Business Factors

Factor	Beijing	Shanghai	Guangzhou
Price Sensitivity	Low	High	High
Quality Expectation	Middle	High	High
Service Expectation	Middle	High	High
Brand awareness	Middle	High	Middle

Chinese Outbound: When?

- Outbound mainly for business and official travel, hence not reliant on peak seasons
- Private travel is mainly concentrated during the public holidays and school vacations
 - School vacations take place around Chinese New Year (4 weeks in Jan/Feb) and in summer (July and August)
 - Preferred destinations are domestic destinations and South East Asia
 - October is chosen for long haul destinations
 - 5 to 15 days paid holidays are available since 2008

China Outbound: When?

List of Public Holidays	
New Year's day	1 January (one day off)
Spring Festival (Chinese New Year)	Varies according to lunar calendar (3 days off extended to 1 or 2 weeks)
Tomb Sweeping Festival	5 April (one day off)
Labour Day	1 May (one day off)
Dragon Boat Festival	June, varies according to lunar calendar (one day off)
Mid-Autumn Festival	September, lunar calendar (one day off)
National Day	1 - 3 October (3 days off extended to 1 week)

China Outbound: Travel Preferences

Short Haul to Long Haul: Significant growing interest to 'less discovered' European destinations; trips to S.E. Asia, Japan, Korea and Oceania still popular

Group Tour to Independent Travel: More Chinese travellers are able to apply for individual visas (as long as they showcase sound financial and employment status)

Multi-Country Packages to Hybrid Tours: Travellers are interested in in-depth travel rather than multi-country packages. They are keen to return to destinations enjoyed the first time.

The Chinese 'top priorities' in life are keeping fit & healthy, professional development and spending time with family & friends.

In terms of holidays, taking domestic holidays is at least 'quite important' for 80% and 'extremely important' for 9%. Foreign holidays are regarded as at least 'quite important' for a smaller proportion (61%) and 'extremely important' for 10%.

China Outbound : ADS Policy

- Approved Destination Status (ADS) Policy is a bilateral government agreement defining the arrangement between the Chinese Government and a foreign destination whereby Chinese tourists are permitted to undertake leisure travel in groups to that destination. Business and official travel to overseas destinations are not included.
- Was first introduced in the early nineties for destinations in Southeast Asia such as Singapore, Thailand and Malaysia.
- Countries without an ADS agreement are not allowed to receive tourism groups from China or to promote their destination in China for tourism and are restricted to business and official travel groups only.
- More than 135 different countries and territories have been granted ADS. The EU Member States, Switzerland, Norway, Iceland, USA, Canada, Australia and New Zealand are some of the major countries with ADS agreement.