

## **China tourism experts make the case for attracting wealthy Chinese on luxury tours in Europe.**

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When World Travel Market hosted the second annual WTM-ChinaContact forum on China's tourism industry on 14th November, delegates were keen on discovering the way to profitable tourism business from China. Due to knowledge and communication gaps between the Western and Chinese tourism industries, Chinese tourists have been gaining a poor reputation for low-cost, low quality travel. The forum speakers were unanimous in declaring that this is based on the misconception that Chinese tourists are poor and badly behaved. They contend that marketing efforts should target the wealthy elite and white collar workers who spend on quality and style both at home and abroad. Equally important is providing adequate information to Chinese before they travel and managing their expectations of unfamiliar destinations.

Since the beginning of this century, Chinese started to travel the world as tourists rather than just on government delegations. The Approved Destination Status program (ADS) has by 2007 given 94 countries the opportunity to actively market and promote tour packages to the Chinese. As a result of this and the increased openness of the Chinese government, Chinese outbound tourism jumped 700% over the past 10 years.

During the WTM-ChinaContact forum in London, delegates heard how the industry developed and what the global tourism industry can expect in the near future. All predictions by world organisations like UN-WTO, WTTC and PATA are that double digit growth of Chinese outbound tourism will continue until 2020 to reach 100 million people. The full day forum hosted world class authorities on the subject including PATA President and CEO Peter de Jong, Director of the China Outbound Research Institute Professor Wolfgang Arlt and Vice President of Asian Sales Development for Accor Group, Rosita Yiu. ChinaContact, a market entry specialist for China's tourism sector, planned and hosted the event led by its Managing Director Roy Graff.

What delegates learned in the full day event was just how complex and varied is the Chinese tourism market. The experience of host countries to Chinese tourists has been distinctly mixed, linked directly to the way in which these destinations were marketed and branded in China. Thailand and other countries in SE Asia have witnessed a huge increase in Chinese visitors but frequently this meant budget tour groups sold a cheap tour subsidized by local suppliers and tour guides who make their money from selling optional extras and from shop's sales commissions. When Australia started getting complaints about similar tours operated by unscrupulous agencies, China reacted by formulating new rules to protect consumers from dishonest travel agents and tour operators.

Destinations that focus their marketing on the top end of the consumer market found that they can keep complaints down and save their reputation. Countries like Switzerland, Seychelles, Papua New Guinea or Fiji retain a luxurious image by not appealing to the mass market. Being an expensive destination which offers value and unique experiences attracts wealthy Chinese from the big cities who travel frequently for business and leisure and enjoy the finer things in life. With 9 new Eastern European countries set to join the ADS club with their entry into the Schengen visa agreement in January 2008, competition for Chinese tourists will only intensify and standing out from the crowd will become increasingly important.

Rosita Yiu of Accor Hotels explained:

"The Chinese market is heading for luxury products. Our mission is to satisfy the needs of the new Chinese customers. The business travellers, incentive groups and luxury travellers are looking for the finest quality of service. Our efforts will be focused on: Advising, exchanging information by organizing education tours with specialized tour operators and incoming agencies; Promoting the luxury destinations through the travel market fairs and the media; Providing additional services adapted to this market."



What became obvious through the speakers' presentations and replies to delegate questions is that Europe by and large had probably shot itself in the foot by indiscriminate marketing and inability to regulate the fierce competition that has led to the low-cost tours phenomenon. As a result, many Chinese visitors find their experience in Europe marred by inflexible and exhausting itineraries, long hours drive on uncomfortable buses, below par food, out of the way cheap hotels and crammed visits to shopping outlets. This kind of experience informs on a destination much more than corporate marketing campaigns as Chinese tend to favor personal recommendations and travel articles when choosing travel destinations.



Stressing this fact, Professor Arlt said:

"The Chinese Outbound market to Europe is rapidly segmenting into two distinct forms: Low budget, fast consumption bigger tour groups of first-time visitors on the one hand, but also more and more repeat visitors with higher non-shopping spending willingness and slower speed, consisting of small groups of friends or relatives travelling together. Especially for the latter high-end market segment quality, more precisely: identifiable quality according to the needs of Chinese visitors, is the most important pull factor to visit a specific region or buy a specific tourism service. This is the reason why the COTRI China Outbound Tourism Research Institute is introducing a China Outbound Quality Label."

In such a large and populated country as China, niche markets evolve that require special attention. The forum focused on one such niche, the sports tourism market that currently is totally undervalued and under served in China.

"We believe that Chinese will begin to consume sports related tourism products in much larger numbers following the Olympic games in Beijing in 2008" said SportsWorld CEO Chad Lion-Cachet. "This will include activities like golf, horse riding and sailing as well as attending international sports event such as Wimbledon, Formula 1 racing and Football finals."

With London set to host the 2012 Olympic Games, VisitBritain and Visit London are going to exploit the marketing opportunity with a strong presence in Beijing showcasing Britain and London as attractive and diverse tourist destinations. Delegates were given details of their plans by Sandie Dawe of VisitBritain and Martine Ainsworth-Wells of Visit London.

Delegates at the forum also discussed the state of travel technology and distribution in China with the help of Olivier Dombey, until recently VP of Pegasus Solutions Asia/Pacific. The final session of the day was dedicated to tackling a diverse range of issues which included how best to offer hospitality to Chinese guests, what are the legal and financial obstacles to setting up a base in China and the challenge of recruiting and training Chinese speaking guides in Europe.

In concluding the forum Roy Graff of ChinaContact shared interim findings of the first global survey on the tourism industry's attitudes to Chinese outbound tourism which seemed to support the notion that there is a great unexplored market for luxury tourism in China. As Peter de Jong's presentation showed, Chinese by and large favour high end accommodation and service and expect their trip to more comfortable and luxurious than their normal lives. To reach these consumers, destination promotion boards should study niche markets and develop marketing campaigns that attract them.

Roy Graff summed up the forum: "We now have 9 years of leisure tourism growth from China to learn from. The lessons that South East Asia, Australia and Singapore can teach us are invaluable. Countries who do not do their homework and prepare for the influx of new Chinese visitors over the coming years will only have their selves to blame. But for those destinations and companies that take the time and show their commitment to the Chinese market, profit is not far away. Winning formula depends on bi-lateral cooperation and offering help to the Chinese travel industry – not just selling to them."



For 2008, ChinaContact will continue to cooperate with the China Outbound Travel Research Institute and World Travel Market. Throughout 2008 we will offer training courses and workshops dedicated to specific sectors such as hospitality, tour attractions, internet marketing and destination promotion. Details will be released through our website and the free online ChinaContact tourism advice network (<http://www.chinacontacttourism.ning.com>).

The next WTM-ChinaContact forum is tentatively scheduled for 12 November 2008. The full program will be announced in May 2008 and will include targeted workshops on China outbound travel for hotels, destination promotion boards, tourist attractions and tour operators.



### **About ChinaContact:**

The WTM-ChinaContact forum has been running in cooperation with World Travel Market since 2006 and is supported by PATA, VisitBritain, Visit London, CBBC and UKinbound. ChinaContact is a market entry specialist for China's tourism industry offering consulting, strategy, deal brokerage, marketing, localisation and representation services.

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