

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



Background information for the WTM-ChinaContact forum is provided courtesy of ChinaContact, forum co-organizers. The following are excerpts from the 'China Outbound Travel Handbook' which will be given to all forum delegates prior to the event. Additional resources are available through the links provided at the end of this document.

Since 1999, China has embarked on an unprecedented rate of travel industry growth domestically and internationally. This rate is expected to remain stable at over 10% for the next 12 years, on course to make China the top tourist destination and tourism source market by 2020. While the size of the market for travel products and services is potentially huge, generating real profits has remained an allusive goal for many reasons. Most important of these is the communication and cultural gap, followed closely by restrictive legal and financial policies still in place in China. 2008 has been a turbulent year so far - the euphoria of Beijing holding the Olympic games and the tragic earthquake in Western China. These events and other developments are having serious impacts on the state of the tourism industry in China.

The WTM-ChinaContact forum is the only event outside China that can discuss these developments with authority. Through forums and interactive panel discussions delegates deepen their insight of China as a tourism market and destination. This landmark event held at the premier international travel trade exhibition, World Travel Market, is now in its third year. Support is given from international organisations and industry leaders as well as global travel trade media partners. Following on from the 2008 Olympic Games in Beijing, unprecedented media attention falls on China. No travel organisation can afford to miss this rare opportunity for real knowledge and networking with Chinese travel professionals. A delegation of Chinese tourism officials and travel agents as well as travel trade media will be visiting during WTM. Networking opportunities will be available to maximise the benefits to forum delegates.

Table of contents:

- [Bilateral tourism - why is this important in the context of China's tourism development?](#)
- [China Outbound tourism overview](#)
 - [Hospitality for Chinese outbound tourists](#)
 - [Marketing to Chinese outbound tourists](#)
- [China Inbound tourism overview](#)
 - [Alternatives to mass tourism in China](#)
 - [Rural sustainable tourism development in China](#)
- [About the organisers](#)
- [Further resources](#)

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



China tourism - why bilateralism is crucial

Western national tourism boards have been setup with one important function - to promote incoming tourism to their destination. Their energies are spent on finding creative ways to bring more tourists and more tourism revenue. Western tourism companies are split between those selling an inbound destination (suppliers) and those that sell travel products abroad. Multinational corporations have specific departments to deal with these two very separate sectors. This focus on specialization has enabled companies to flourish in their selected field and induced innovation and service improvements. The open markets for goods and services in Europe places no restrictions on financial transactions in any direction. When it comes to China, however, things are not so simple. If we want to increase the benefits of tourism for Europe's travel service providers we must understand how China officially and culturally views business in general, and tourism in particular.

The capitalist market mechanism is clear to Western players in travel and tourism: suppliers must meet consumers' demands, with a premium on value added. But the overwhelming role of Chinese governmental institutions is not often understood by Western businesses. In the Chinese travel industry, the national, provincial, and city governments greatly influence the development of the market. We expect this influence to gradually decrease over the coming years, in light of WTO regulations and increased openness to the West. As it stands, only a very limited number of licenses are issued for Chinese travel agents allowed to operate international travel. There is no distinction between retail and wholesale business. Foreign tour operators are not allowed to conduct outbound travel in China in any legal form. CNTA is comparable to a ministry of tourism and is financed by the government. It does not, however, have the full status of a ministry, and it lacks enforcement power. It is responsible to regulate and control both the inbound and outbound tourism sectors. This is a very different approach to that of Western tourism promotion boards.

While the emphasis of the Chinese government is clearly on promoting inbound tourism, their control over the outbound travel sector means that they have to be engaged by any country or territory that is interested in China's outbound travel market. In recent years this has been done through the 'Approved Destination Status' policy (ADS). On a governmental level bilateral cooperation has political and general economic implications. It has been shown that China rewards its close political or business partners with access to the China outbound travel market. The favorable business climate that is formed out of these relationships leads to higher business and leisure travel in both directions.

When Chinese media report on high level political meetings between their leaders and a foreign nation, this raises interest in this nation as a potential tourist destination. When Chinese hear of important China related events that take place in a destination, it stimulates their curiosity.

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



In a cultural context, Chinese appreciate those in the West that reach out to China, and normally respond in kind. Countries such as Germany and Australia have been quick to recognise this and benefited from higher tourism arrivals as a result. The United States, thanks to its many business dealings with China, has enjoyed high Chinese visitor numbers for several years. European visitors to China often act as unofficial tourism promoters for their destination by talking to the people they meet and 'selling' their country. Chinese, in their current travel patterns, have less opportunity to engage with local people in Europe. The Chinese government is nonetheless working hard to instill the same concept with Chinese who travel abroad.

In business, the current restrictions on trade in services in China requires Western companies to either work with a local partner or focus only on incoming tourism before being allowed to offer outbound travel products in China. Chinese travel companies almost always operate travel business in both directions, and prefer to seek out partners in the West that can reciprocate. This is deemed as a Win-Win scenario and in addition makes international financial transactions easier. The observation in Europe is that the concept of bilateral tourism development with China is not widely recognised and implemented. However other destinations that compete for the Chinese outbound market utilise this concept successfully in what is becoming a fierce global competition. Only by understanding fully this idea and working in cooperation within Europe can all European countries benefit. increasing tourism flows in both directions is not only good for business but contributes to better communication and cultural awareness.

The conference 'China - the future of Travel' is focusing on the need for more bilateral cooperation, and stronger pan-European cooperation. It is a rare opportunity in Europe that should not be missed.

Related links:

1. [2006 interview with retired Director of Communications for China National Tourism Administration](#)
2. [China tourism sector overview 2007](#)

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



China Outbound Travel overview

Today there are more than 200 million Chinese who are financially able to travel overseas. Outbound numbers for 2004 reached more than 28 million, an increase of 43% over 2003. The World Trade Organisation (WTO) estimates a minimum annual growth of 12.8%, reaching 100 million by 2020. There are nearly 700 licensed outbound travel agencies in China. More than 90 countries have been given ADS (Approved Destination Status), and this number increases yearly. It's an exciting time to be working in tourism, and China represents the single greatest growth opportunity in the world for Western travel destinations and tourism companies.

APPROVED DESTINATION STATUS (ADS) POLICY

The emphasis of the Chinese government is clearly on developing inbound and domestic travel. The holiday economy is focused on promoting consumer spending within the country. Inbound tourism has priority, as it brings in foreign currency. As for outbound private travel (tourism), the policy is chiefly concerned with controlling and regulating the travel trade and maintaining a sustainable gradual development of this sector. ADS was first introduced in the early nineties for destinations in Southeast Asia such as Singapore, Thailand, and Malaysia. Prior to ADS, travelling abroad was only allowed for business purposes and official visits, with government approval needed for every single visit. ADS policy was created to account for the Chinese citizens' growing interest in foreign travel and the fast increase in disposable income.

ADS is granted to overseas destinations through a bilateral government agreement. The ADS only concerns tourism groups handled by assigned Chinese local travel agencies. Business and official travel to overseas destinations are not included in ADS agreements. The purpose of ADS is to have a control mechanism upon the organising parties on both sides (local travel agencies and international tour operators) in order to guarantee safe and reliable tourism services for the Chinese customers.

An important issue within ADS is to avoid possible illegal immigration through tourism channels. All tourism groups travelling within the ADS framework are supposed to be monitored by both Chinese and foreign authorities to ensure they return to China. Embassies and consulates apply different methods to monitor the return of the Chinese tourists. Whenever a tourism group member does not return to China, the local travel agency is held responsible, and sanctions are applied. Only certified ADS travel agencies are allowed to promote and organise tourist groups and handle processes including visa applications and payment of foreign currency to foreign parties. Each of the certified travel agencies must assign special couriers to handle the visa application procedure. Countries without an ADS agreement are not allowed to receive tourism groups from China or to promote their destination in China, and they are restricted to business and official travel groups only.

135 different countries and territories have signed an ADS tourism agreement with the Chinese government, but only 96 countries were actively engaged in tourism promotion as of June 2008. The reason for this discrepancy is that, after signing the agreement, the two

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



countries require additional time to negotiate the details of operating and monitoring the tourist groups. All the EU member states are included in the ADS agreement as concluded in 2004. In January 2004, the United Kingdom was the last EU member state to sign an ADS agreement with China, and it began operation in the end of July 2005. Switzerland, Norway, and Iceland have separate bilateral ADS agreements with China as non-EU members.

[View the full list of ADS countries and territories](#)

The Tourism sector

There are over 1,600 international (inbound) travel agencies in China. This is out of a total of more than 16,000 travel agents. Only about 700 agencies are licensed to operate outbound travel. These travel agencies vary greatly in size. Some of them have branches nationwide, while others operate in certain regions only. There is no clear distinction between wholesale and retail travel agencies yet. As tourism has only recently been developed, the services provided to the customer are still rather limited. Traditional transactions are concluded by salespeople, who visit the clients based on their personal networks. This way of operating is not transparent and highly dependent on the salesperson. These networks are the so-called grey areas. Although their name cards may show the names of certified travel agents, they operate independently and often switch from one agency to another (and so do their name cards). The flow of staff between travel agencies is very common, and staff retention is a major challenge. Any database of travel agencies in China must take this into account.

These days, more travel agencies sell their services and products at the storefront to meet the demand of the growing number of customers. Customers are becoming more sophisticated and therefore demanding quality and transparency.

The few wholesalers that exist are based in Beijing, Shanghai, and Guangzhou. They normally sell both to trade and direct consumers, and they operate multiple brands. The wholesalers collect their clients from all over China through a personal network of relations. Pressure from below (the consumers), from above (government regulations), and from the outside (foreign competition) is expected to increase which could lead to local companies developing clear brands and diversifying their products.

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



The Chinese Traveller

Groups

Most people from China are first-time visitors and travel in groups, given the language barriers and unfamiliarity with the destinations. They belong to the rising middle classes and often travel in large groups (30–45 people). Certified travel agencies in China handle the visa procedure on behalf of the customers, following the ADS agreement with the destination country.

Individual Travel (FIT)

Individual travellers often have high incomes and big purchasing power. They are more likely to speak other languages and are experienced travellers. They can be quite demanding to their agent and supplier. FIT travellers must personally apply for visas. It is up to the discretion of each embassy or consulate whether to issue FIT visas for tourism. This is not covered by the ADS agreement or any other government policy. In fact, FIT is not classified by China as tourism.

Statistics on China are, in a word, confusing. The arrival figures, as registered by the receiving countries, and the departure figures, as registered by the customs in China, do not match at all. The main reason for this is the fact that Chinese customs only register the first destination upon leaving China. As so many travellers leave China at the border with Hong Kong, it is registered as the first destination, regardless of where the actual destination may be. For example, in 2004 the Chinese customs registered 420,000 departures for Singapore, while the Singapore statistics show 880,000 arrivals from China. The European Union member countries do not keep uniform statistics on Chinese arrivals. The passports of China, Taiwan, and Hong Kong all have the name China on them, which leads to confusion at the destination. Lack of unified computer data from all EU countries makes the statistician's job very difficult. Only the first country of arrival is often reported though Chinese visit several countries on a single trip.

Direct flights are a major selling point in destination marketing. The first port of arrival determines the choice of tour operators in Europe and number of nights in each destination. Travel agents would often bargain with different consulates to find the cheapest and simplest visa application and, with it, the choice of first destination. With the implementation of the overall ADS procedure, this should not be the case anymore, as all the embassies and consulates are supposed to apply the same rules. Nevertheless, 'visa shopping' still exists in practice, as some embassies and consulates process visas faster (they may have larger staff capacity at their visa departments), have better facilities (such as special opening hours for ADS visa couriers), communicate in a more transparent way, are more service oriented, or are less fussy with visa processing (lower rejection rates). All contribute to the image of a certain destination and have an impact on overall arrivals.

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



Internet

While the World Wide Web is becoming increasingly popular among Chinese, the Chinese central government is getting worried about the negative effects of this new media. While some worries are justified (addiction to online games, Internet gambling, pornography, and credit card fraud), others stem from the tight control China exercises on all other forms of media. The result of this concern is a high degree of censorship and restriction of Internet content. As China cannot control sites that are hosted outside its borders, it resorts to monitoring and censoring what Chinese can view from external sites. This can lead to certain servers, at certain times, being blocked. Since most websites are held on shared servers, any site can be affected by this.

The other issue not yet resolved is capacity: usage outpacing investment in underwater cables and routing systems. This results in frequent bottlenecks and extremely slow uploads of external sites. Companies and organisations that want Chinese viewers to access their sites need to consider that they will be frequently unavailable or load at such slow speeds that people may become frustrated and go elsewhere. The solution is to host a mirror of your site on a shared server in China. To do this, it is important to note the following:

- Chinese sites have different design requirements, often very busy sites with animation and colours.
- Registering your domain with .CN will improve search engine performance in China and avoid your domain name being taken by someone else.
- Chinese search engines also use registered domains in Chinese. A separate registration is required, and this is available only in China.
- Only companies registered in China can legally host a website in China. An ICP registration number is now required for any site, no matter what the content is.

Providing hospitality to Chinese visitors

Among the 1.3 billion people in China, clearly not everybody can afford a trip overseas. Disparity in income and living standards is very high. Research shows that at least 150 million people have an income level of middle class and above, privileged enough to afford travel abroad. Given the continuous growth of the economy, this middle class is increasing rapidly even as the income gap is increasing. Among this group, we can distinguish three types of travellers.

Official Travel, Business Travel and Private travel.

Official travel is conducted by people employed in government or public service. They often travel abroad upon the invitation of a related organisation in the destination country. Such travel requires approval from the Chinese authorities in advance, as it is at the government's expense. These officials carry official passports, which are different than private passports. Business travel includes incentives, visiting exhibitions, and inspections or technical visits. The purpose of travel is to establish business relations and get a better

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



understanding of the foreign business climate and commercial partners. The actual purpose of travelling is still leisure. Business groups vary in size and nature and can come from anywhere in China.

Private travel, unlike official and business travel, is a new phenomenon in China. This type of travelling has leisure as its sole (and authorised) purpose. Due to this being a new opportunity for Chinese, their priorities are to see as many countries as possible and get a better understanding of foreign cultures.

Cultural Differences

Traveling in Europe can be a culture shock for Chinese. It can also be so for the hosts. Managing expectations is equally important for the hotels and service suppliers that engage Chinese tourists. The concepts of privacy and space are quite different for Chinese and Westerners. Being loud and nosy is an expression of enjoying oneself and caring for one another, but Westerners might consider this rude. With such a dense population, Chinese are accustomed to very little personal space and are not used to being on their own. Smoking is entrenched in Chinese society as the domain of men. They will find it difficult to accept smoking bans in public spaces. At the same time, they will be puzzled over the prevalence of public smoking amongst women in Europe.

As China's history dates back thousands of years, Chinese are not impressed by cultural sites that are "only" a few hundred years old. This is a distinct advantage of Europe over the "new world" destinations of Australia and North America. The cultural and historical links between China and Europe should be highlighted as much as possible. When travelling abroad, Chinese have the rare opportunity to experience certain activities that are forbidden in China. Casinos and cabaret shows cause a lot of excitement among visiting Chinese for this reason.

In China, travel is a service, and travel agents are expected to bend over backward to satisfy their paying customers. In turn, those agents expect their partners in the destination to go along with the client's demands, under any circumstance. The agents find it difficult to accept Western attitudes that might be considered less accommodating [such as refusing to show flexibility or sticking to rigid regulations]. What we consider a fair service for a fair price, they would consider inflexibility or lack of caring. Because visa approval is still sometimes unpredictable, air tickets and hotels are often confirmed at the last minute. Business people, used to flexible domestic travel, expect to be able to change their plans frequently and therefore do not plan carefully enough to avoid late changes.

Compared to other nationalities, Chinese groups are never booked months in advance. There is tremendous pressure on travel agents, visa consulates, local suppliers, hotels, guides, etc., to provide instant quotations and high-quality tours on extremely short notice. Inevitably this often leads to problems on the road and subsequent complaints from the clients. As ADS procedures become the norm and visa application procedures become standardized, we expect to see this problem ease. The demographics of private travellers vary: Pensioners are travelling during the off-season, mostly sponsored by their sons or

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



daughters; parents take their children for travel during school holiday; and the three golden holiday weeks are crowded with office workers and their families.

For now, group travel to Europe consists of more than five countries in the same itinerary for the first-time visitors. Success in arranging single-country European tours will depend on how well the destination is promoted. Traditionally the domain of middle-aged males, travel is now accessible to all. Tourism promotion boards, suppliers, and guides should be prepared to adjust the product to suit the demands of new types of customers. China has many ethnic minorities with different cultural and religious backgrounds. Hui, Manchu, Korean, Uighur, Kazakhs, Tibetan, and Miao are just some of them. They are all potential consumers, with their own defining characteristics and demands.

Shopping

A trip to Europe equals roughly the average yearly disposable income of people living in the cities (1,500 euros). As the cities in China have a population of millions, it goes without saying that quite a few people enjoy an income significantly higher than the average. Economic disparity is extremely high and cause for concern for the Chinese government. Estimates are that about one-third of the urban population can afford to travel. Their average daily spending on travelling in Europe is around 300 euros. Shopping is one of the highlights of travelling abroad for several reasons. Firstly, Chinese consumers are generally price conscious, and consumers of luxury goods typically seek the lowest price if it is easily identifiable. Prices of luxury commodities can be at least 20 to 30 percent higher in the mainland, compared to Hong Kong or Europe, as a result of the high import tariffs and consumption taxes.

Secondly, gift giving is an important aspect of Chinese culture. When travelling, the Chinese tend to bring back gifts representative of the countries they have visited, often branded products otherwise unavailable in China. In addition, in the business world, buying expensive gifts is a common and accepted practice and is seen as a way to show respect.

Last, but certainly not least, despite the recent expansion of most luxury brands, the variety of luxury products available in the Chinese mainland is still limited when compared with Europe. And some brands do not offer their full range of products on the Chinese mainland. This is an additional incentive for the Chinese tourists to buy when travelling overseas.

Accommodation

Chinese consumers are not familiar with the range of hotels or the standards in Europe. They form their expectations based on hotels in China and assume that the standards are the same across Europe. Managing their expectations and providing more information in advance is very important. Chinese travellers often judge the hotel by the size of the lobby. They prefer large hotels with a modern look and state-of-the art equipment. A double room in China means two separate single beds, the equivalent of a twin room in Europe. This is also referred to as a "standard" room and is preferred by Chinese guests. Hotels that

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



feature Chinese restaurants, or have Chinese restaurants in the vicinity, are always preferred. Shopping areas within walking distance have preference. It is helpful to provide information in Chinese about where the nightlife takes place or where there are casinos. Chinese people are not used to drinking tap water. They expect hot water flasks or water kettles in the room.

We recommend stocking the minibar in the room with green tea leaves and instant noodles. It is important to clearly show which items are for sale. Chinese people travel lightly, so a basic selection of accessories in the room (such as toothbrush, toothpaste, razor, comb, etc.) will be appreciated. Chinese electric plugs are three-pronged and different from any European country. They use the same wattage, but adapters are needed to suit the local sockets. Chinese international satellite programs are available globally. CCTV 9 is an English-language channel, while other CCTV channels are all in Mandarin. Many satellite channels available in Europe are in Cantonese, so this is a point to notice. Providing channels such as PhoenixCNE TV is a very good selling point.

Expectations

Historically, travelling abroad was often based on “friendly relations” with other countries. Until the late eighties, the world was divided into two camps engaged in cold war. During this period, China made a clear distinction between friendly nations and adversaries. Officials were allowed to travel abroad only upon official invitation to enhance friendly relations. Travel was therefore very much limited to officials and seen as a great privilege. With the fall of the Berlin Wall, the consequent change in world order, and economic reforms in China, outbound travel moved from being the privilege of officials to a business necessity. As disposable income and leisure time increases, it is now becoming a part of ordinary people’s lives for pleasure and education. However, visiting other countries is still regarded as an exchange of friendship and goodwill.

This cultural background can influence the expectations of Chinese travellers. One often still feels honoured or privileged to travel abroad and expects a corresponding hospitality from the hosts. With the changing times, privileged Chinese visitors are not necessarily received ceremoniously; rather, they are often treated as a cash cow. Frequently, Chinese visitors are disappointed in the level of service and hospitality they find in Europe. To experience Western society firsthand is very much a culture shock. Europe is not the hypermodern society they have expected compared to China, which has always depicted itself as backward and poor. The first groups of travellers to Europe received a great deal of publicity and have set the tone for Europe’s image in Chinese eyes. They view with respect Europeans’ regard for cultural heritage, the environment, and personal freedoms. The positive experience often comes from such things as access to casinos and luxury goods and visits to famous traditional landmarks like the Eiffel Tower and Dutch windmills.

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



China Outbound Tourism Marketing

Outbound travel periods

Travel takes place throughout the whole year. As about half of outbound travel is for business and official travel, it is not reliant on peak seasons. Domestic and regional travel is often booked at the last minute. This is also true for European destinations, as the agent could not know if the visa application was successful until one or two days prior to departure. With more information available on the overseas destinations (climate, prices, attractions, events, etc.) and more accessible visa procedures, customers have started planning longer ahead. Nowadays agents can advertise tours one or two months in advance and receive bookings, safe in the knowledge that a tourist visa can be obtained. Paid holidays are not common, which is why people tend to do private travel only during the public holidays. A public discussion is ongoing on whether to introduce more paid holidays in order to spread the tourism flow throughout the year. This might be implemented in the near future.

Employees of international companies or foreign-invested companies enjoy better conditions, with up to 12 days a year of paid holiday in addition to the national public holidays. These white-collar workers are also higher paid and form an attractive potential market sector for outbound travel.

Sales and marketing to the trade

Chinese consumers and trade are different from the West, and selling to them is the main challenge for new entrants into this market. Adaptability, creativity, and willingness to listen and be flexible with plans will be rewarded. Frequently, strategies will need to be adjusted or refocused to keep in line with a fast-changing marketplace. The Swiss National Tourism Office, German Tourist Office, Italian Tourist Board, Maison de la France, Finnish National Tourist Office, and Visit Britain have now all established themselves as well-known travel promotion organisations in China. Their extensive network within the trade and media is an excellent gateway to the Chinese market. National and regional tourism boards have the option of using a local travel consultancy to deliver tailor-made marketing strategies before they embark on establishing their own branches.

Chinese business is based on personal relationships and trust. When selecting a local partner, agent, or representative, consider their existing personal networks with the travel trade, media, and government. Maintaining good relations with the China National Tourism Administration (CNTA) and its local branches cannot be stressed enough. CNTA is responsible for implementing the ADS policy, and their public or tacit approval is always needed. Any marketing campaigns should be reviewed with them to ideally gain their approval and cooperation at both the national and local levels.

The initial partners for marketing campaigns are often the 672 certified international travel agencies that are authorised to handle tourist groups. They are in direct contact with targeted customer groups. Profitable cooperation will come through when designing a joint promotion and marketing campaign. A win-win solution found through incentive schemes

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



or marketing cost sharing is advised. Cooperation can include further parties such as airlines, media, and other overseas travel organizations (hotels, shopping areas, attractions, etc.). Though more complicated, cooperation is also more effective and allows the agents to offer a fully designed package. Travel agents are eager for practical information in order to understand overseas destinations, since they themselves have not travelled abroad much. Familiarisation (FAM) tours are very useful and serve to enhance mutual relationships. Cooperation should be planned for long-term profit, as the industry is still in its developing phase. FAM tours are not only useful for raising awareness, but also for improving relations with key contacts. The cooperation of different tourism-related bodies—to provide a seamless package to the consumer, as suggested above—helps overcome the agent's lack of knowledge and initiative in promoting new destinations.

Any new marketing campaign will require high-profile press events and direct contact with the trade through newsletters promoting new itineraries and products. Involvement of either government bodies or one of the main Chinese tourism groups will help with the publicity and the follow-through. Attention should be paid to the dominant players in each geographical region. Plan your campaign in a gradual way, since it is impossible to cover all of China with one single campaign. This market is too large and shifts constantly as it develops. Since Chinese place high value on famous brand names, marketing strategies can be adapted to suit. Joint promotions that play into this characteristic—with famous brands of electronics, drinks, watches, cars, etc.—have a higher chance of success. Certain target groups cannot be easily reached through the mainstream retail travel sector. These include the affluent, corporate, and incentive travellers. In order to market to them, other channels should be tapped; this will require assistance from local specialist consulting companies, trade groups, clubs, associations, and government bureaus.

Promotion and marketing are now the vital tools in exploiting the market potential. Consumer target groups require more information on the range of products available to raise their level of sophistication when making travel choices. Most popular tourism destinations have signed ADS agreements with China, while countries like the United States and Canada are in negotiations. Already Chinese have nearly as much choice as tourists in Western countries, and competition for their business is fierce. Destinations and Companies that intend to tap into this market must establish an early presence and be willing to adapt and develop their products and services as needed.

Exhibitions and conferences remain a good introduction to the China tourism sector, but they should be selected carefully and approached with preparation. [Click here](#) for details on China's travel trade events and how China - the future of Travel will help you decide which ones are worth your investment.

Related links

1. <http://www.ccontact.com/Blog/category/china-marketing-and-sales/>

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



China's inbound tourism overview

Group Tours

This is the traditional form of travel to China, which started in the 1970's. Since early 1990 tour groups to China have been the mainstay of incoming tourism with mass tourism groups arriving from Korea, Japan, and Taiwan. Western tour groups have tended to be smaller in number and focused on cultural attractions more than natural scenery. This is due to the difficulty in travel within China and the lack of convenient services of western standards in most naturally significant sites. With the increased popularity of China as an exotic destination finally accessible to general tourists, operating tours to China became fashionable in the 90's especially in USA, Canada, UK, Germany and France. The range of tours on offer is wide, from budget tours sold by agents in the market and operated by the large state owned agencies in China, to specialised up market tours by small tour operators who employ their own staff in China or use private, quality land operators.

Invariably, there is often a mismatch between expectation and delivery, which is greater in the case of agencies leaving all the operation to the Chinese handler. Control of guides, buses, restaurants and accommodation is tricky because of the size and the language. With a variety of personalities in each group, and the innate drive of Chinese hosts to please their guests, it is inevitable that some members of a group tour will find many things to be unhappy about.

Typical complaints:

- Too many people in the group, takes too long to check-in, get on and off the bus and queue for attractions.
- Packed itinerary leaving no free time to rest or walk around.
- Tipping not included in package price but encouraged by the escort and guides, often not very subtly.
- Food not clean or not tasty enough, bland, greasy (not what is expected from Chinese food).
- Frequent stops at factory outlets and government run stores for souvenirs.
- Hotel location far from city centre, not expected standard, breakfast selection not satisfactory.

In broad terms, group tours may be divided into those planned by Chinese land operators and escorted by a Chinese nationally licensed guide, and those planned by western specialist operators who use their own staff as escorts, either flying with the group or a local representative who meets them on arrival. These tend to receive less complaints due to the personal attention to details given.

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



Independent tours

The FIT market to China is young, and follows in the footsteps of two distinct trends.

The business traveller

Business has been done with China in an open way since the 70's when German, French, British and later American and Australian business people would fly to the main Chinese hubs for meetings with business partners and inspections of manufacturing sites and real estate. Since the 90's China's open door policy and increasing international air routes saw a drop in air ticket prices and the ability of people to combine their business activities with leisure ones. The increased reliability of domestic air carriers helped the visitors go further a field. As infrastructure improved the business travellers would bring along their family or return as tourists with their family or friends. Using the personal connections that they have made in China, they would receive help from locals in planning and making reservations. This led to more leniency on the part of the Chinese authorities towards independent travel, which was originally frowned upon and actively discouraged.

The authorities initially thought only low budget travellers would travel on their own, and had suspicions of spying and western ideas influencing Chinese people. They preferred organised groups that they could control and follow, allowing them to visit only specific areas and towns. The business travel phenomenon shows the authorities and local business that FIT is a lucrative market that can and should be exploited. Over the past 10 years only, many private travel companies have been setup specifically targeting the FIT and business traveller, offering hotel reservation services, flight bookings and tour packages. Despite the increase in incoming business, overwhelmingly the western FIT business is home grown, coming from expatriates who feel comfortable travelling around China by themselves.

The backpacker

Independent budget travellers have been going to China since the 80's. Before then young people did visit China as students of Chinese, martial arts or Chinese medicine. Others were contracted as foreign language teachers. They were able to travel inside China using government issued documents allowing them to pay local prices, stay in hotels reserved for locals and use the local currency. As explained above, this was not easy. Unless they spoke Chinese, travelling in China independently was a real struggle.

The impact of the backpacker culture on China's tourism development cannot be underestimated. Most of the popular tourist attractions now visited by millions of Chinese tourists and throngs of foreign tour groups were until only a few years ago secluded and idyllic backpacker hangouts. They served only basic accommodation in guest houses and simple restaurants selling local food. In place after place, the trend of backpackers 'opening up' a destination to mass tourism has repeated itself. Internationally, the inclusion of certain spots in the 'Lonely Planet' or similar guide books brought about more interest from package tourists and groups, along with a demand for better standard accommodation and food. In many instances, the attraction of the place to foreigners was

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



the impetus to Chinese tourists to start visiting. We can see the same trend in Dali, Yangshuo, Lijiang, and Jiuzhaigou to name a few.

Leisure package FIT

These two trends led to a new concept for China travel – the FIT package. The demand came from:

- Business travellers wishing to add on a leisure experience at the end of the visit;
- Ex-backpackers returning on a higher budget and expecting more comfort;

People who have tried mass group travel and wish to experience the freedom of independent travel with some assistance from the travel agent. China is not an established destination for individual packages. The cost for FIT is much higher than for groups largely because of the need for full escort services and the short supply of quality accommodation in city centres. The underdeveloped infrastructure and reliance on internal flights also increase the cost of an FIT package compared to a group package. There are signs that more people are picking up guide books, booking flights and accommodation with a travel agent and heading to China by themselves, with friends or family. The advent of new, clean and safe budget hotel chains throughout China is stimulating this trend. China's infrastructure is improving by leaps and bounds.

Aviation

The main gateways into China are: Hong Kong, Shanghai, and Beijing. The secondary gateways are: Guangzhou, Kunming, Chengdu, and Dalian. Most international airlines fly to China and Chinese carriers now fly to many international destinations. The Chinese carriers with international routes are Air China, China Eastern, China Southern and Shanghai Airlines. Domestic airports are usually efficient, modern and small enough for short processing time. Catering and shopping outlets are minimal and over priced.

Rail

Shanghai, Beijing, Guangzhou and Hong Kong have underground rail systems. Tianjin, Wuhan and Shenzhen have limited service and are constructing a larger network. Chongqing has an elevated monorail. Where an underground network exists, it is efficient, safe and cheap. It is recommended for tourists who wish to experience Chinese city life. China's rail network is extensive and now includes a link to Tibet! It is the main method of transport for most of China's citizens despite the growing popularity of flights. The rail companies operate at provincial level and lack a central computer system that links all of them together. It is therefore not possible to issue train tickets other than from the point of departure. Reservations are normally opened one to two weeks in advance, and popular routes are filled quickly. Travelling overnight or several hours on a Chinese train is part of the experience of travelling in China.

Roads

The road network in China has been greatly expanded in the last decade, especially in the vicinity of popular tourist attractions, to cope with the growth in coach and private car traffic. Long stretches of newly built highways are still quiet on inter-city routes, while city

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



centres are chocking from traffic jams. In the major cities private car ownership has mushroomed to an unsustainable growth level, to the extent that Shanghai has began restricting the number of car plates it issues each month. Owning a car is a status symbol for the younger generation. Domestic tourists mostly travel in large groups, and demand large coaches. Most Chinese buses and mini buses used by domestic tour operators have little leg room for the western tourist. Coaches offered to foreign tourists tend to be slightly roomier, though long rides in coaches will not be very comfortable.

Each city is different when it comes to taxi service levels. In general the smaller the city and the further away it is from the eastern seaboard, the lower service standards are. Self drive car rental is available in the major cities of Beijing, Shanghai, and Guangzhou. It is not recommended for short term visitors since driving in China is dangerous. Many of the private car drivers do not have formal training. Driving licenses can be obtained by bribes and traffic enforcement is lacking. There are hardly any signs in English, which makes navigating tricky. Once the proverbial home of the bicycle, this symbol of proletariat China is being rapidly replaced by the car. There are still millions of bicycles on the streets every day, but they are now seen as a nuisance by the authorities who try to curb their access to major routes, in order to ease congestion. Riding a bike in China can be a great experience but not for the faint hearted, due to the sheer volume of traffic.

China sightseeing highlights

Most tours take in the various sites in Beijing before moving on to visit the most famous cultural attractions of China. In Beijing, the 'must see' attractions are: Forbidden City, Tiananmen Square, Temple of Heaven, the Lama temple and Confucius temple, the Summer Palace, the Ming tombs and the Great Wall. While Beijing has many museums, they are more of interest to domestic tourists and lack accessible information for western tourists. It is worth noting that the drive to improve tourism infrastructure is ongoing leading up to 2008, so the situation of many tour attractions will improve.

Xian in Shaanxi province is famous for the army of terracotta soldiers buried in the tombs of Emperor Qin Shi Huangdi from 200 BC. It is a worthwhile one day stop over. Guilin is famous for its beautiful landscape of strange rock formations shooting out of the valley floor, the calm Li River as well as growing popularity of nature sports such as mountain biking and rock climbing. Yunnan province is possibly the most diverse province for tourist attractions, with its varied climate ranging from snow covered mountains in the north to tropical rain forests in the south, and a large number of minorities living in traditionally built villages. Highlights of Yunnan include Lijiang ancient city, the Stone Forest near Kunming, and Xishuang Banna, a tropical paradise more resembling Thailand than China.

Sichuan province conjures images of hot, spicy food and Giant Pandas. It has both although much more of the former. Chongqing, a metropolis of provincial status, has equally spicy food and is the gateway to cruises on the Yangzi River through the three gorges. With the construction of the three gorges dam, the scenery is not as striking as it used to be but the cruise is smoother. Near Chengdu the sacred mountain of Emeishan and the Giant sitting Buddha statue of Leshan are famous tourist attractions. The recent

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



earthquake in Sichuan province has damaged much of the tourism infrastructure but the main tourist destinations are rebuilding quickly.

Tibet has long held a fascination to westerners as a religious centre of Buddhism. It is now a regular tourist destination though a special permit is required from foreigners to go there. The high altitude and distance from the rest of China rule Tibet out as part of a general China itinerary. The recent opening of a railway line to Lhasa has already resulted in a tourism boom to the area.

Shanghai is China's most modern and fast moving city. Visiting this 'Paris of the East' is a chance to see how far China has come in its modernization drive. Chinese are proud of their accomplishments in the city and routinely put it in tourist itineraries. The nightlife, shopping and cityscapes are undoubtedly exciting, but do not hold a particular attraction to people from Europe. It can be added to a long itinerary at the end of the trip, to catch up on some retail therapy and western style entertainment.

Hainan Island is known as the 'Hawaii' of China and attracts holiday makers as the only pure sun&sea resort destination in the country.

There are many other attractions around China that cannot be mentioned due to space constraints. Many are seasonal in nature due to the extremes in climate.

China's alternatives to mass-tourism groups

The most popular tours include all the famous attractions. China is billed as a 'cultural tour' destination although there are many different themes that lend themselves to complete itineraries. These are increasingly accessible not just by organised groups but also for independent travellers.

Some of the themes that can be explored include:

Sports

With the recent and successful entry of China into the world of sports events (Tennis tournaments, Ski races, Football, Sailing, F1 motor racing and more), China's tourism industry is increasingly aware of the possibilities contained in sports tourism. Already many areas are developing new sports activities, a trend that is actively supported by the central government as China holds the 2008 Beijing Olympics.

Adventure

China's dramatic landscape and access to all kinds of terrain as well as a long sea line, make it an ideal location for adventure sports. Though not developed into a regulated industry, enthusiasts can engage in most adventure pursuits with help from local organisers. It is important in the case of organised events to secure permission from the local government and public security bureau.

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



Eco-Tourism

There is no agreed definition of eco-tourism in China and this label is applied to many attractions and tours that have an element of nature in them. Chinese domestic tourism do not know what to expect and are happy with the operators' definition as simply nature based tours. For serious eco-tourists, there are few options available. This is an area where international advice and experience can make a real difference.

Soft Nature:

Hiking is popular in China and many nature reserves have organised, paved hiking routes. In fact sometimes all paths are paved with stones and concrete, with steps built into the mountain for easier climbing. This evolved from the demand of Buddhist pilgrims climbing up sacred mountains in China. The country side is often most accessible by cycling.

Religion:

China is home to many religions, though not all are officially sanctioned. Buddhism has the longest history as a pure religion while Confucianism is more a way of life than a religious dogma. Tibetan Buddhism is different to other forms of Buddhism practiced in India or the rest of China. Tibet itself has many sites of religious significance and pilgrimage routes that take the devout through sacred mountains and lakes. Many of the peaks in China are sacred to Buddhists.

Landmarks:

These are the must-see places of China starting in Beijing (Great Wall, Forbidden City, Tiananmen Sq, Summer Palace, Temple of Heaven), Xian (Terracotta soldiers, Tomb of Qin Shihuang), Shanghai (modern China, Pudong financial district), Suzhou gardens, and Hangzhou (Western Lake). China has so many sites that time allows only a selection. Lesser known landmarks often may offer a more authentic experience, though the famous sites are popular for a reason!

Ancient History:

China is full of history but sadly much has been destroyed over time and through the zeal of the Red Guard during the Cultural Revolution. There are 31 sites inscribed in the UNESCO World Heritage List for their cultural or natural value to humanity. Through bad management, corruption and neglect many of the sites have suffered erosion and degradation. Tourism has a strong role to play in the protection of these places. If managed badly it will inevitably destroy the sites it relies on, but if managed well it will provide sustainable finance for the maintenance of the sites and education for the visitors.

Contemporary History:

Those interested in more contemporary history from the last two centuries also have much to see and visit in China. Guangzhou (Canton), Beijing (Pekin) and Nanjing (Nanking) were important trading and political centres in the past and this is still evident in their museums as well as back alleys and markets. Shanghai still retains much of its old glory as 'Paris of the East' on the Bund or in the French Concession area. Since officially early

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



19 century was a period of corruption and rampant capitalism, this resource is not developed in China.

Archaeology:

Even today archaeological findings can be made, although the vogue of Chinese artefacts on the world stage increases instances of looting and grave robbing. Not many sites remain intact today, but they are still full of history and represent a unique window into the distant past, into a rich and ancient culture that once was the most advanced in the world.

Cuisine:

A culinary visit to China for those who love Chinese food is unsurpassed. Combining traditional sightseeing with a maximum variety of Chinese food and cooking classes, such a tour will provide sightseeing to the palate as well as the eyes. Chinese food is based on the principles of Yin and Yang, balancing flavours and qualities of the ingredients to bring balance to the body and the mind through what we eat.

Minorities:

There are 56 official ethnic groups in China. About 8% of Chinese are non-Han (approximately 100 million people). Those with more than one million people are: Zhuang, Hui, Uyghur, Yi, Miao, Manchu, Tibetan, Mongolian, Tujia, Bouyei, Korean, Dong, Yao, Bai and Hani. There are in fact many sub-divisions of the groups into smaller ethnic tribes, based on differences in dialect, clothing and customs. Western China, in particular Sichuan, Guizhou, Guangxi, Yunnan, Xinjiang and Tibet, is home to most of the ethnic minorities of China.

Chinese medicine:

This science has been developed over thousands of years of recorded medical advancement. Western medicine only now is beginning to recognise the benefits of this medicine and realise that in many cases it is more effective than western cures, since it addresses the cause rather than the symptoms. While western medicine is available in China, it is always alongside the traditional approach. Many foreigners come to China just to study in its institutions. A tour based around Chinese Traditional medicine would include a visit to some of the most renowned schools, demonstrations of various techniques and a short course in one of several disciplines.

Alternative health: Taiji, Qigong and Martial Arts

China has developed various exercise and health techniques over several thousands of years. While Gong Fu has been made prominent in the west through famous actors like Bruce Lee and Jackie Chan, it is the gentler and slower schools of Taiji Quan and Qi Gong that are practiced all over China, especially by the older generation. It is common to see people in groups early in the morning, practicing in the parks and open spaces of China's cities. While this has fallen out of favour with the young generation more used to gyms and health clubs, there is no doubting the health and concentration benefits of these techniques.

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



The potential for promoting rural tourism in China

According to media reports, China plans to finance 10,000 villages by the year of 2010 to help promote the tourism development in the rural areas. CNTA plans to enlarge support to the tourism industry in China's rural area and advance the rural travel service system, helping the countryside explore its travel market and strengthen tourism personnel training. China will be able to provide 350,000 job opportunities for farmers and their net income is expected to increase by five percent by the year of 2010. Currently, rural China receives little of the benefits that tourism brings to large cities or world famous tourist attractions. The cycle of promotion and increased investment in popular sites means that most domestic and inbound tourism ends up in a handful of well known attractions.

Unless fairly urgent action is taken, the quality of tourism in China is likely to further deteriorate. China's Top 100 classic sites are over-saturated and access to other sites is frustrated by lack of information, poor management and difficult access. For example, despite significant stretches of interesting parts of the Great Wall in the Beijing area, 99.5% of tourists are channelled into just four locations: Badaling, Mutianyu, Jinshanling and Simatai. Every major tour agency offers tours only to these locations, despite easily accessible parts within just a few kilometres of each of these locations. It is a similar story elsewhere in the country.

Investment into preparing rural areas for an influx of tourists should take into consideration the very different conditions that exist in these areas, their unique eco-system and cultural background. Any tourism drive should also consult the wishes and aspirations of the local communities. While it is certainly true that jobs in tourism are less destructive to the environment than jobs in heavy industry, chemicals or logging, the limitations of tourism as a reliable income source must be considered. Tourism is seasonal in nature and is affected by local, regional and international events - natural and man-made.

Carrying capacity

development should be planned on the basis of realistic expectations of tourism flows and sustainable long term management of a site. Allowing unchecked infrastructure development risks diminishing the emotional experience tourists derive, while pushing capacity beyond the limitations of the place will jeopardise its long term economic benefit.

Visitor Experience

Scenic areas attract development of restaurants, hotels, souvenir shops and street vendors. Their efforts in attracting the attention of the visitors harms the overall experience at the site and leaves the visitor with a negative experience. This harms the visitor, the vendors and the site. As long as the management authority is receiving an annual fee from rental income they have no incentive to alter this situation.

Interpretation

Rural sites lack any form of interpretation other than giant maps on billboards and small panels that do not provide meaningful information to foreign tourists. At one beautiful

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008



Buddhist cave complex, the only information provided on the signboards is the fact that the frescos are "beautiful" and that they cover 530 square metres. Even the best provincial museums lack adequate interpretation. Locally produced guidebooks do not help, so visitors (including many domestic visitors) travel with foreign guidebooks, and an opportunity to earn additional revenue locally is missed. A further assumption made at many sites is that visitors understand already the history or chronology of places. Experience suggests that even few Chinese understand sufficiently to construct a mental picture of what they are seeing or how it relates to them or even to China as a whole.

If independent travel is to be encouraged, access to information is crucial, as those who prefer to travel alone would rather study their own information than follow a guide with a megaphone.

Expanding China's travel themes

Local tourism authorities and the media constantly portray China as a cultural tourism destination, yet few tourists travel specifically for cultural tourism purposes; more often than not, visiting cultural heritage places is an incidental activity to other travelling purposes. There is almost no investment in adventure tourism, almost no investment in eco-tourism, nor in a hundreds of other sectors of the market that might spread tourist income beyond the famous UNESCO World Heritage Sites.

Communicating effectively

Some international tour operators who send groups to rural China work through local suppliers in the main cities. Many do not have knowledge of the rural provinces beyond the one or two major attractions there, often not even realising in which province the attraction is located. Small remote sites cannot hope to match the marketing efforts of established and popular tour attractions. But tourism boards and large tour operators do have the power to raise awareness of alternative tourist destinations and disseminate factual and insightful information about new sites.

Focus on quality and duration, not quantity

For rural areas with smaller carrying capacities, high numbers of visitors do not translate into a success story. In most cases mass tourism to these destinations results in natural destruction and loss of the unique qualities that attracted visitors originally.

Instead, they should focus on niche markets, small groups and individuals who stay for longer and venture further a field. The increased interaction with local communities serves to spread more tourist dollars in the area and stimulates better local involvement.

Related links

1. <http://www.ccontact.com/Blog/category/china-sustainable-tourism/>
2. <http://news.future-of-travel.org/?p=174>
3. <http://news.future-of-travel.org/?p=165>
4. <http://news.future-of-travel.org/?p=166>

China - the Future of Travel

World Travel Market, Excel, London 12 November 2008

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About the organisers



ChinaContact, established in 2005 as a China market entry specialist for the tourism sector. ChinaContact provide training on China and provide strategy consulting for China market access, representation, deal brokerage, public relations, sales and marketing services. Managing Director Roy Graff has spent over seven years developing outbound and inbound tourism with China and has helped many travel companies and destinations to enter the China market.

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Newland-UK provides business consulting and luxury travel services and has extensive links with tourism officials in China. It has organised promotional events for China based destination promotion bodies and private companies. Newland-UK has offices in London and Beijing and handles operations and sales for the forum in Europe and China.

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Further resources

Links to websites that provide additional information for research or direct services

- [ChinaContact market entry](#)
- [Newland-UK](#)
- [WTM-ChinaContact forum on China's tourism industry](#)
- [China Travel Industry News Blog](#)
- [China Outbound Tourism Research Project](#)
- [the China Business Network](#)
- [Pacific Asia Travel Association](#)
- [ChinaContact Tourism Network](#)
- [China Outbound Travel Handbook](#)