

Chinese Tourism Fever



Managing Director of Harrods Michael Ward announces at a press conference in London on February 3, 2011 that the illustrious department store accepts UnionPay – China's sole debit card provider representing 14 major Chinese banks.

By staff reporter JIAO FENG

FROM April 24 to 25 the 2014 World Travel & Tourism Council (WTTC) Global Summit convened in Sanya, China, the second time the event was held in the Asian country since the Beijing Summit in 2010. The WTTC forecasts that China's tourism industry will grow by seven percent annually for the next 10 years, overtaking the United States as the world's biggest travel and tourism economy by 2023.

Fast Growing Market

In recent years, the Chinese government has stepped up support for tourism and promoted it to a strategic pillar industry of the national economy. Further,

the country has advanced infrastructure construction to facilitate domestic travel. Last year China's first Tourism Law took effect, marking a new stage of development for its tourism industry. The booming domestic tourism market has attracted increasing international attention.

As a platform to highlight major issues concerning tourism, WTTC summits have been held annually in different countries since 2000. It is no surprise that China has hosted two WTTC summits within four years, as the country has become a powerful engine of growth for the world's tourism industry. During recent summits, China has become a highlight with an increasing number of Chinese entrepreneurs invited to speak. From fast-growing tourism e-businesses to large-scale listed companies, the

world tourism industry wishes to hear more from China.

Tourism is soon to become one of the world's most important industries, and China will be a key driver in its development.

"In 2013 one third of global tourism growth came from Asia, and China was a major driving force. This phenomenal growth will be driven by increasing wealth among the Asian middle classes, particularly in China. The United Nations describe it as a historic shift, the likes of which have not been seen for 150 years," said WTTC President & CEO David Scowsill.

According to WTTC data, in 2013 some 98 million Chinese tourists travelled out of the country. China leads the world in outbound tourist spending, outstripping the United States and Germany to be the world's leading source of international tourists. Meanwhile it received about 50 million inbound tourists, with a total consumption of RMB 321 billion. It is estimated that this year inbound tourists will exceed 57.2 million and reach 115.52 million by 2024. In addition to the huge number of domestic tourists, China's tourism industry has high potential.

Promising Hotel Industry

China's hospitality industry faces stiff headwinds as Chinese economy is under downward pressure. The government has increased scrutiny on official expenditures, in particular receptions and travel, as part of its anti-corruption campaigns. These disadvantages however do not stop transnational hotel groups' expansions in China.

"China has huge potential to develop its hospitality industry," said Arne Sorenson, president and CEO of Marriott International Inc. Marriott expects to more than double in size in Asia through 2016, reaching a total of 330 hotels.

Nearly half of them will be opened in China, with priority on the country's second- and third-tier cities. This year Marriott will open new hotels in cities like Haikou of Hainan Province, Harbin of Heilongjiang Province and Zhengzhou of Henan Province. According to Arne Sorenson, affected by the government's frugality policies, sectors like high-end catering, tobacco and wine are declining. However, China's consumers, with stronger demands for tourism, are filling up this gap. Prospects for the hotel industry therefore remain bright.

"There is no change in our strategy in China, and we are very confident about the prospects for China's hotel industry," said Wolfgang Boettcher, Starwood Hainan Area Managing Director. Starwood Hotels and Resorts runs about 130 hotels in China, with another 118 hotels in the pipeline.

"Everybody is talking about China," said Richard Solomons, CEO of InterContinental Hotels Group (IHG). "China is IHG's second largest market after the United States. The growth in China is amazing, as more and more Chinese people begin travelling."

Focus on Quality

One effect of tourism development is that traditional group tours are losing ground to customized tours. Chinese tourists are becoming more sophisticated, and look forward to richer experiences and higher-quality services.

According to Clement Kwok, managing director and CEO of Hong Kong and Shanghai Hotels, Chinese consumers have changed their consumption habits and refined their tastes after greater exposure to the bigger world. Chinese tourists, who used to focus on material consumption, now pay more attention to cultural experience. High quality travel will play an important role in the sustainable development of China's tourism market. Mr. Kwok hence concluded that China is not only a perfect market to promote high-end products, but also an ideal place to allow these products to evolve.

Edouard Ettegui, chief executive of Mandarin Oriental Hotel Group, was amazed by the fast change in Chinese people's tastes – their demands for travel, culture and recreation have rapidly soared.

Richard Solomons said that the rise of many small and medium-sized Chinese cities spell fresh opportunities for InterContinental Hotels. The group has operated in China for over three decades, and it is now widely acknowledged that a brand with high recognition in China is likely to have a parallel advantage overseas.

Young Travelers

Although the middle class has been regarded as the major boost for Chinese tourism, some companies have shifted focus to young people who prefer individual and self-guided tours. Many young people in China enjoy travelling alone, even though they still present a small market share. Data show that young backpackers account for about 30 percent of Chinese tourists. Nevertheless, young people are trendsetters and pushers of emerging leisure products and recreations.

In response to this trend, Shanghai Spring International Travel Services has introduced a package aimed at young tourists that features "cheap tickets but luxury accommodation."

"Travelers who select Spring Airlines can buy tickets at 30 percent off, allowing a higher budget for hotels with better

quality. The market response is pretty good," said Spring's Vice President Xiao Qianhui.

In addition, the Internet has changed the tourism consumption model and the way of traveling. Online tourism services have become a growth point of e-commerce.

According to Zhuang Chenchao, co-founder and CEO of www.qunar.com, the tourism e-commerce platform has many young users, about 30 percent of whom are college students or fresh graduates who prefer to try new things and new patterns. Some young Chinese are in no hurry to find work after graduation, preferring to see the world first. They hope that travel agents can provide them with the planning and traveling experience they want.

Ctrip.com is another tourism e-commerce platform favored by young travelers. According to Fan Min, co-founder of the website, many young people choose to solve travel problems via the Internet. "Although tourism for young people is not a big industry chain, it has promising prospects," said Fan, who believed that the tourism industry should also change its image and ways of thinking to attract more young people. ■



Outbound Chinese tourists converge at the exit-entry frontier inspection section of Qingdao Airport on the eve of the 2014 May 1 holiday.