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REPORT OF THE CHINESE OUTBOUND TRAVEL MARKET

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RESEARCH | STRATEGY | TRAINING | MARKETING

REPORT INTRODUCTION

The United Nations World Travel Organisation (UNWTO) estimates that Chinese outbound tourists will make up a quarter of all international tourists by 2030.

This number alone should have the whole industry in all corners of the world interested in the opportunities and challenges ahead for a whole new era of travel.

This report will provide a brief overview of the Chinese outbound travel market and some of the trends that shape the World's largest source market for tourism.

Enjoy the report.



PHILIPKYHL
CHINA OUTBOUND TRAVEL | SPEAKER | ADVISOR

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STATISTICS ON CHINESE OUTBOUND TRAVEL

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DEVELOPMENT IN CHINESE OUTBOUND TRAVEL

200 MILLION OUTBOUND TRIPS

150

100

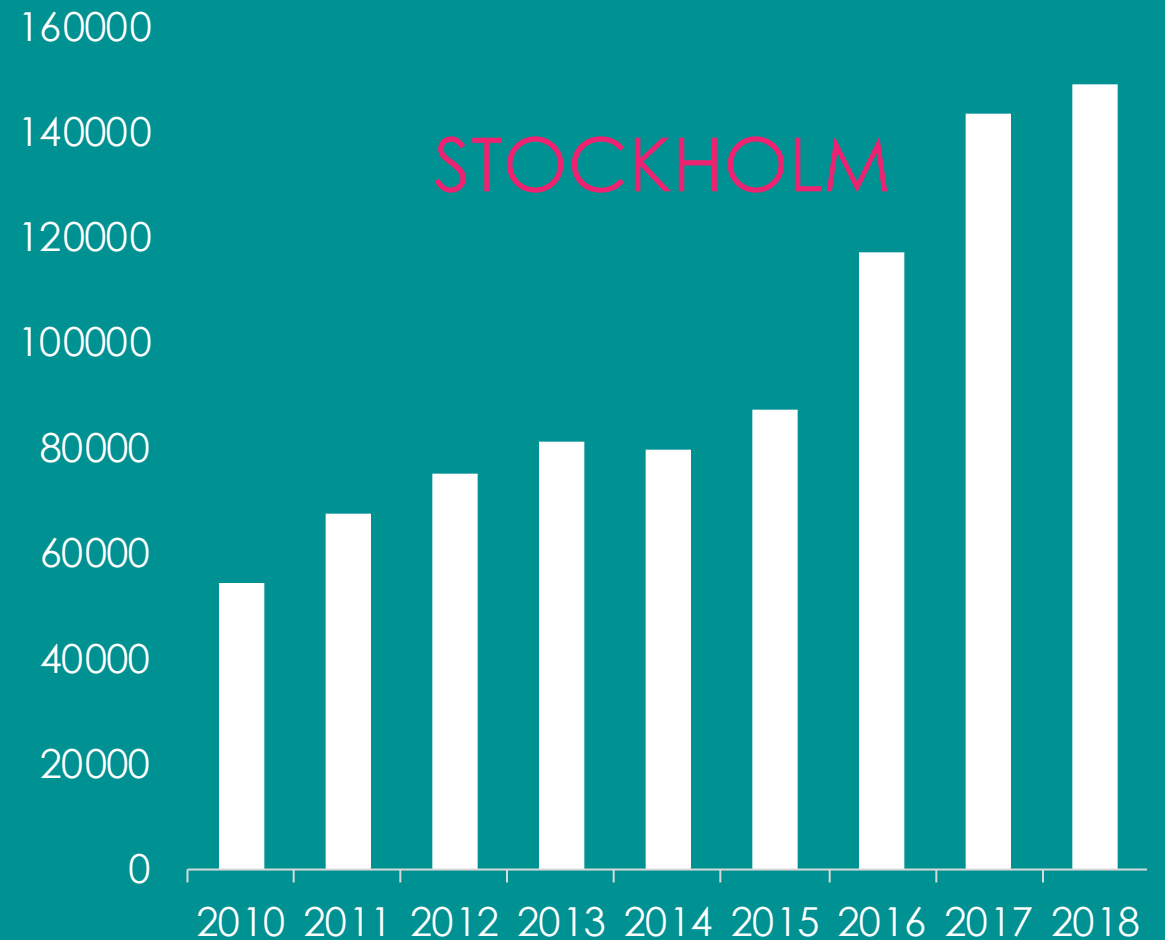
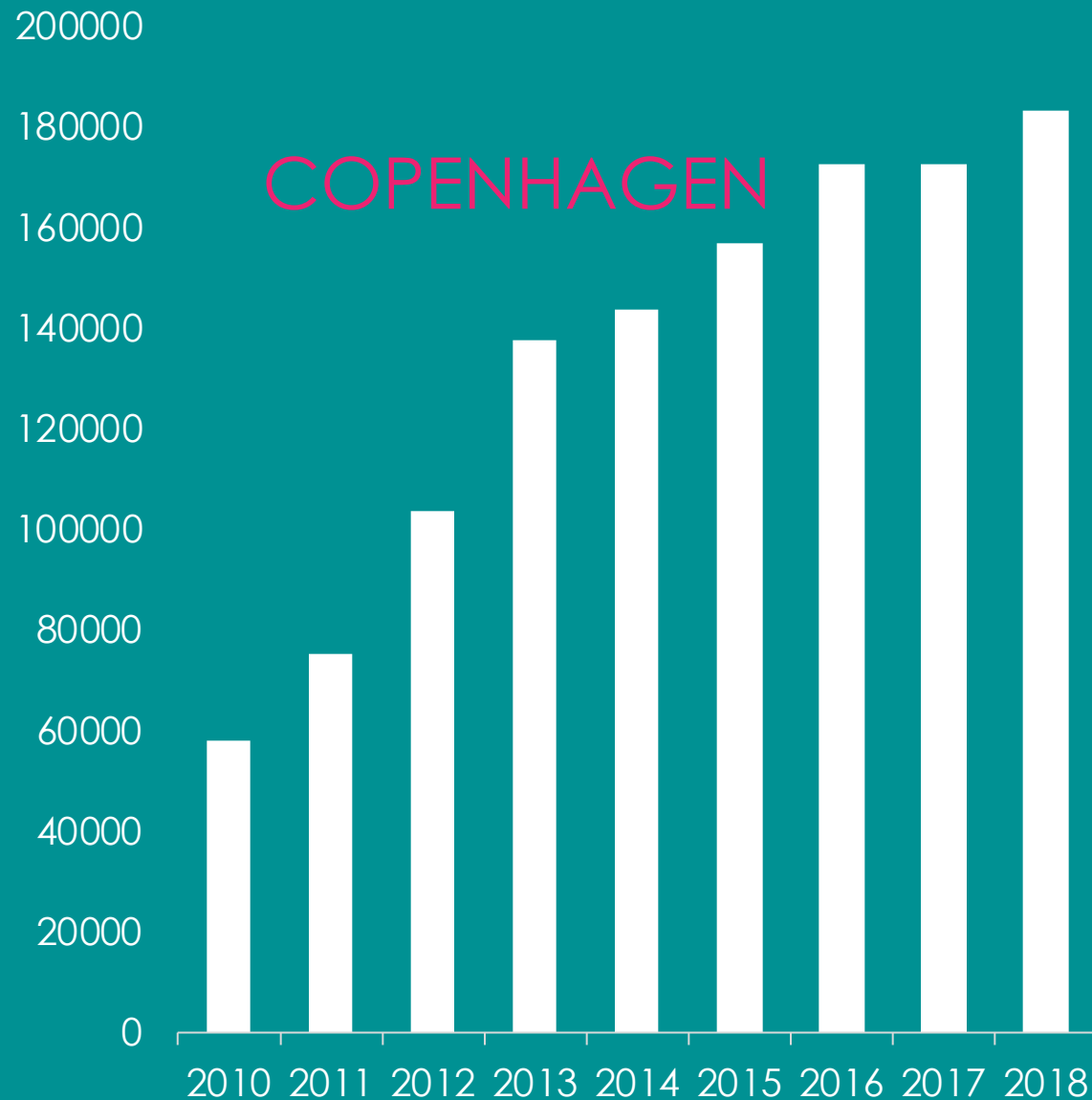
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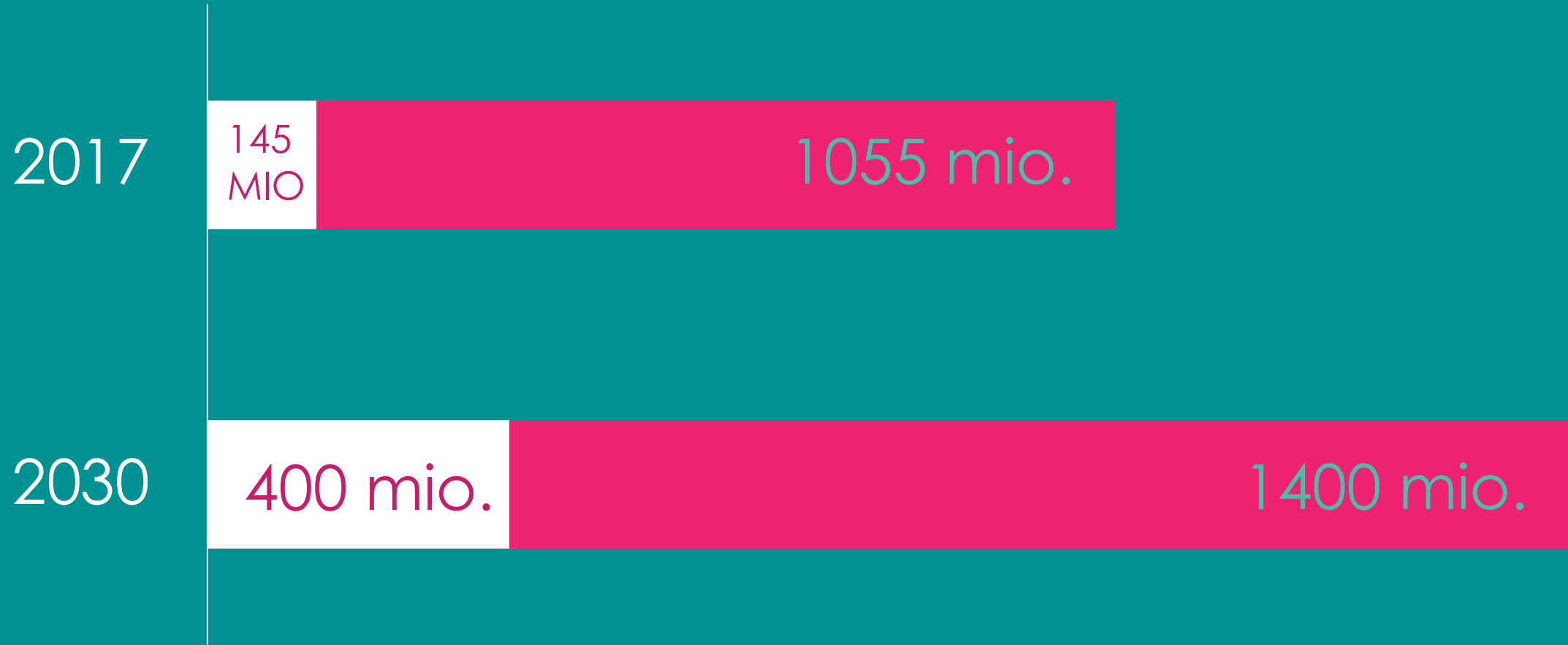


↑
400 MILLION

DEVELOPMENT IN CHINESE BEDNIGHTS 2010-2018



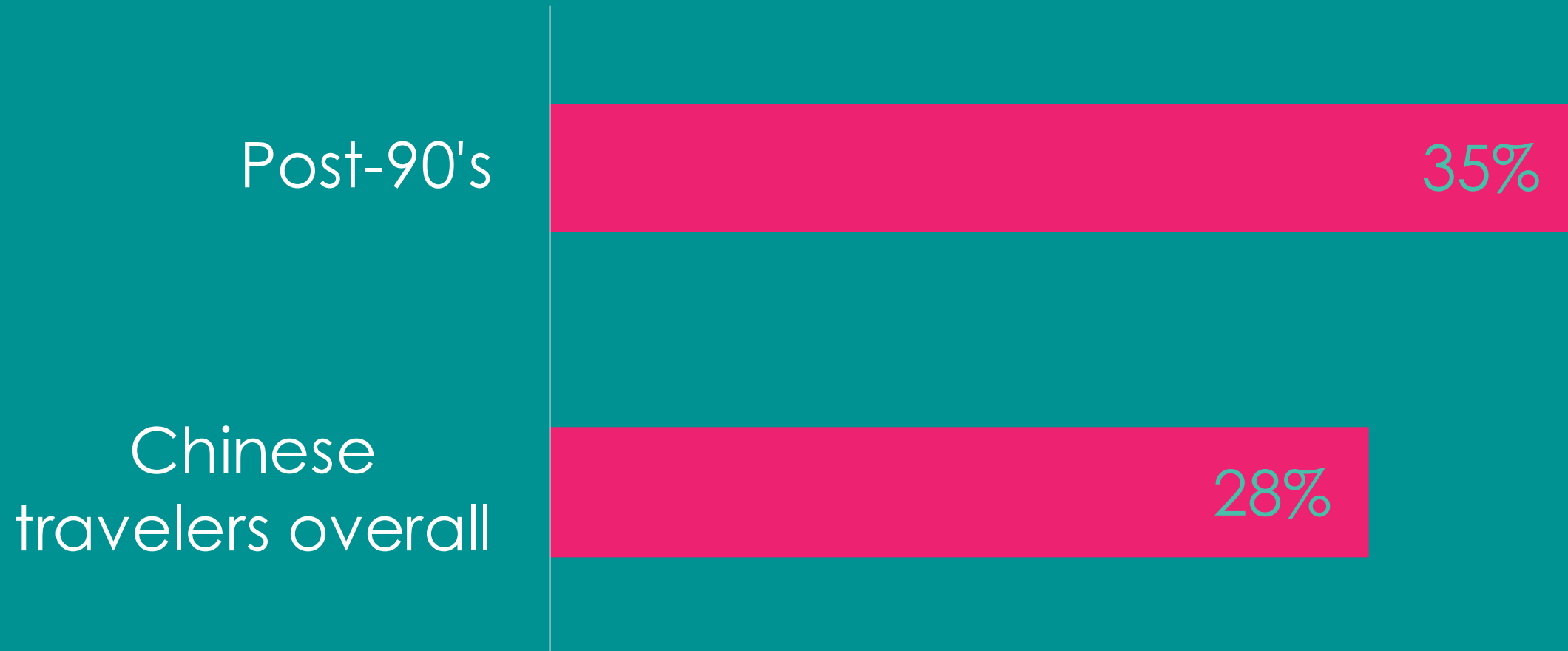
CHINESE WILL MAKE UP 1/4 OF ALL INTERNATIONAL TRAVELLERS BY 2030





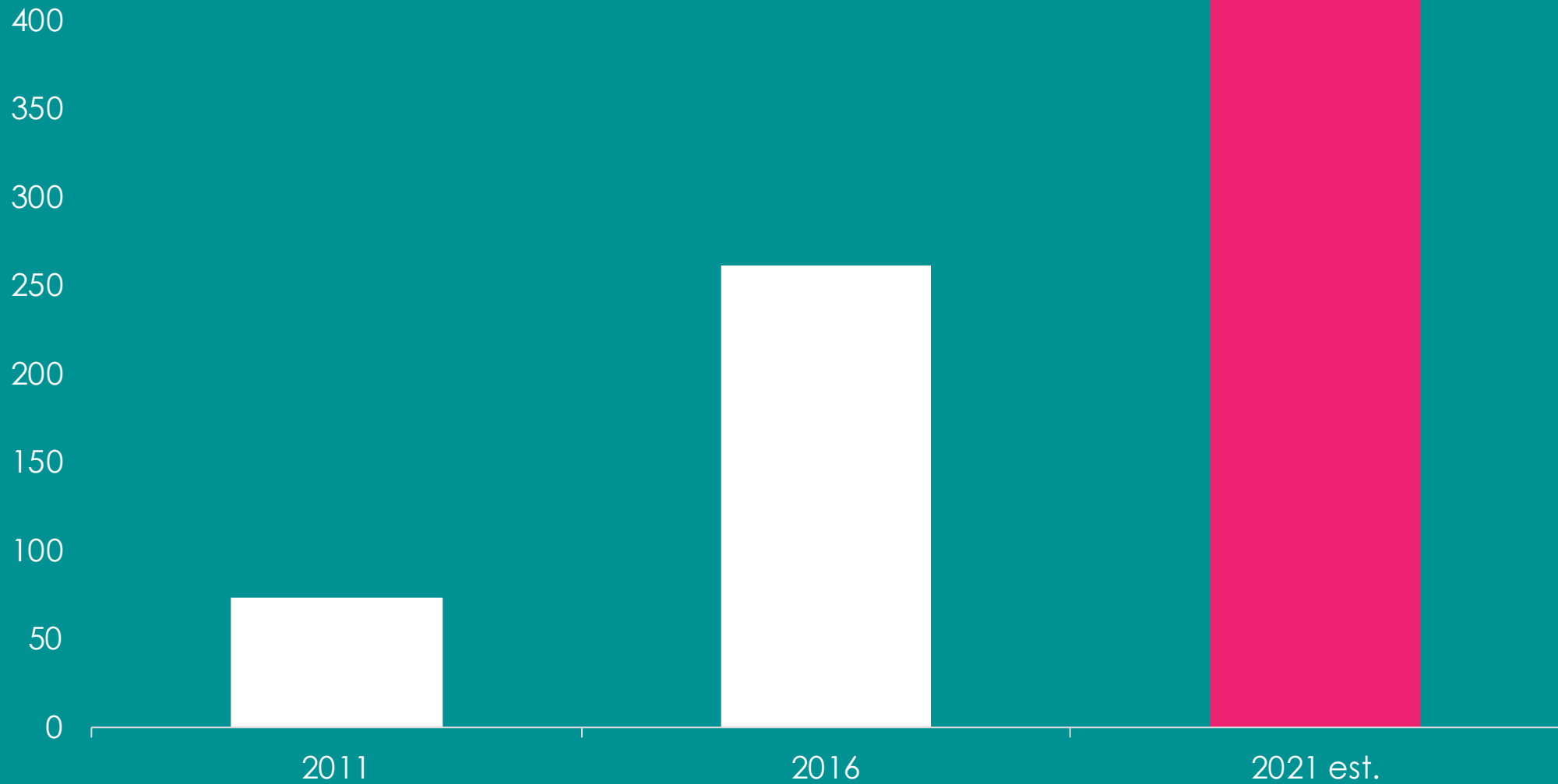
ONLY 9%
OF CHINESE
NATIONALS OWN A
PASSPORT

PROPORTION OF INCOME SPENT ON TRAVEL

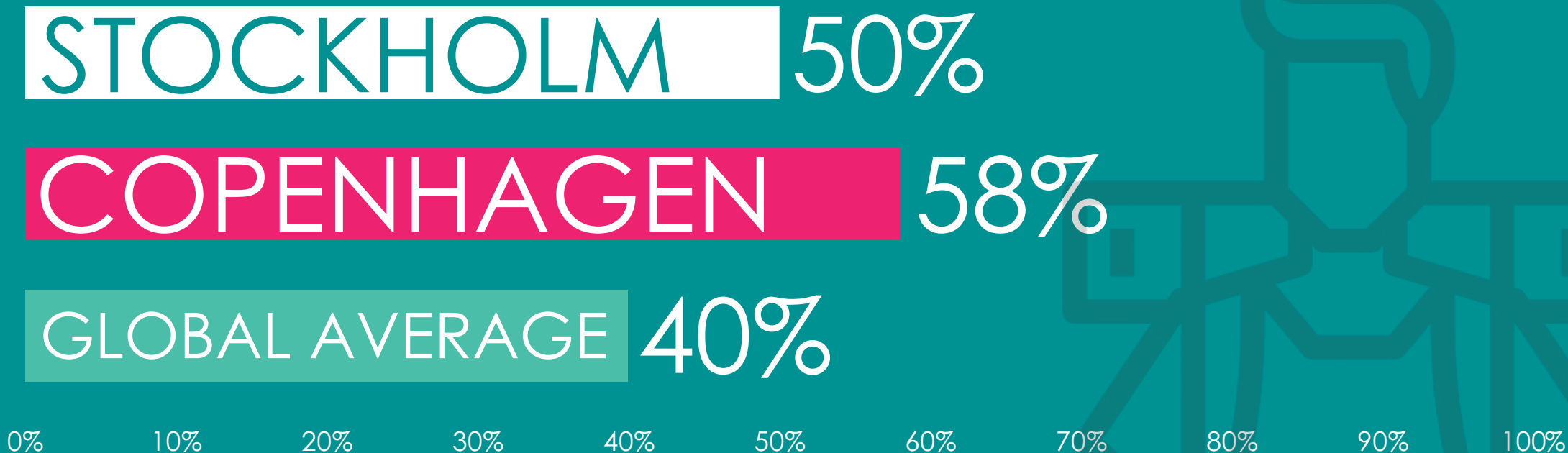


TOTAL SPEND OF CHINESE OUTBOUND TRAVELLERS

450 BILLION US DOLLARS



SHARE OF INDEPENDENT TRAVELLERS



CHINESE MOTIVATIONS FOR TRAVELLING

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FOR CHINESE TOURISTS
TRAVELLING ABROAD IS AN INVESTMENT
— NOT JUST AN EXPENSE



SOCIAL CURRENCY & STATUS

"To impress my peers" is never seen as one of the motivations for traveling in various surveys. Travel does, however, add to one's social currency account and the game of sharing the most impressive holiday photos is as alive and well as in most other countries. Chinese tourists value social relationships and social status, and one way of achieving high status is through sharing pictures of unique places or flashing knowledge of far away destinations around the dinner table.

This "immaterial showing off" is a relatively new development in China that, for some segments, partly replaces the old practice of buying luxury items abroad to show wealth and one's position in the social hierarchy.

“ CHINESE TRAVELLERS TRAVEL LESS FOR SHOPPING AND MORE FOR SIGHTSEEING, PARTICULARLY FOR CITY VIEWS/LOCAL CULTURE. ”

OLIVER WYMAN 2018

CHINESE VISITORS' TOP 3 MOTIVATIONS FOR TRAVELLING TO CPH & STKHLM

The city's cultural offerings (museums, exhibitions, events etc.)

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The city's main attractions

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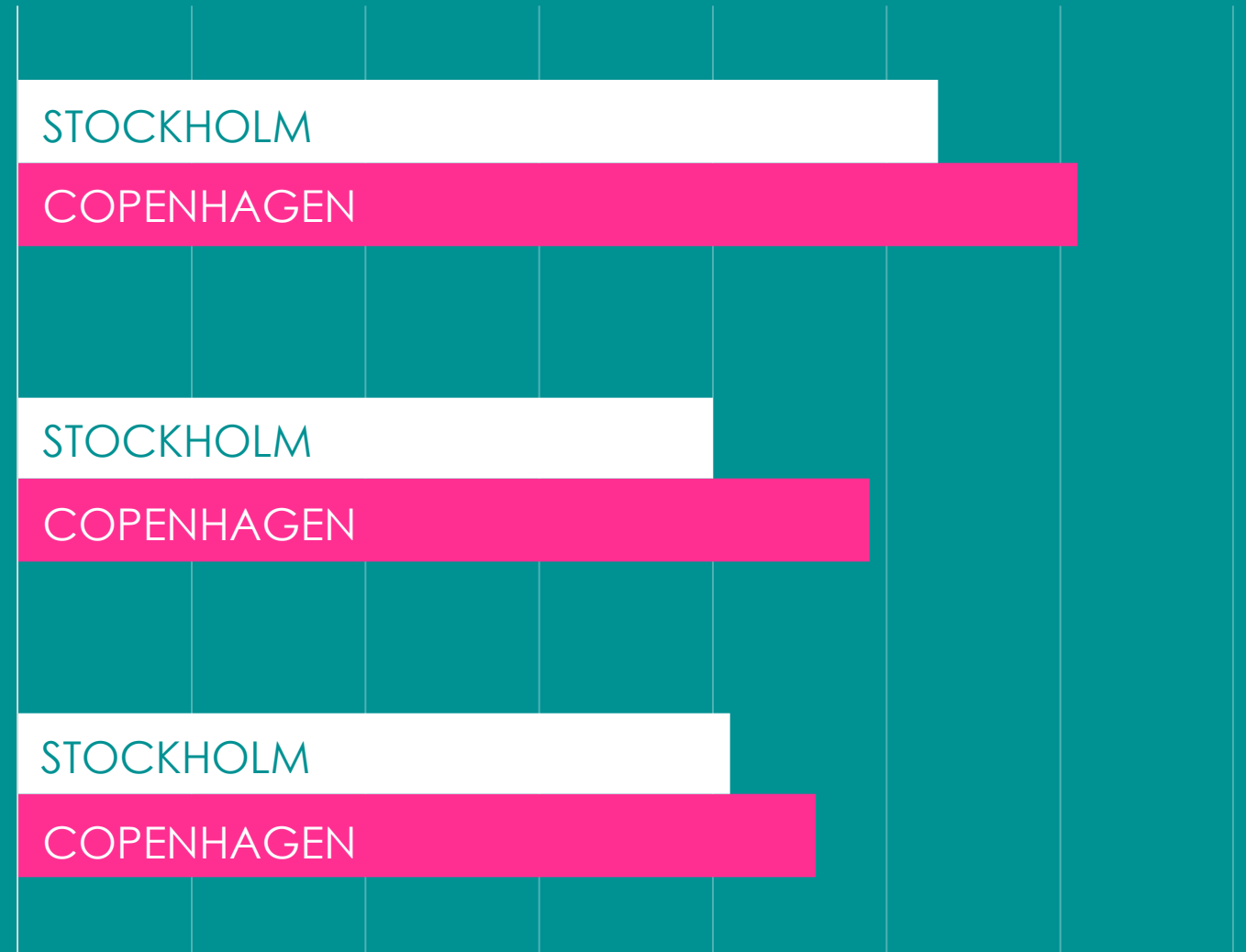
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Experiencing how the locals live

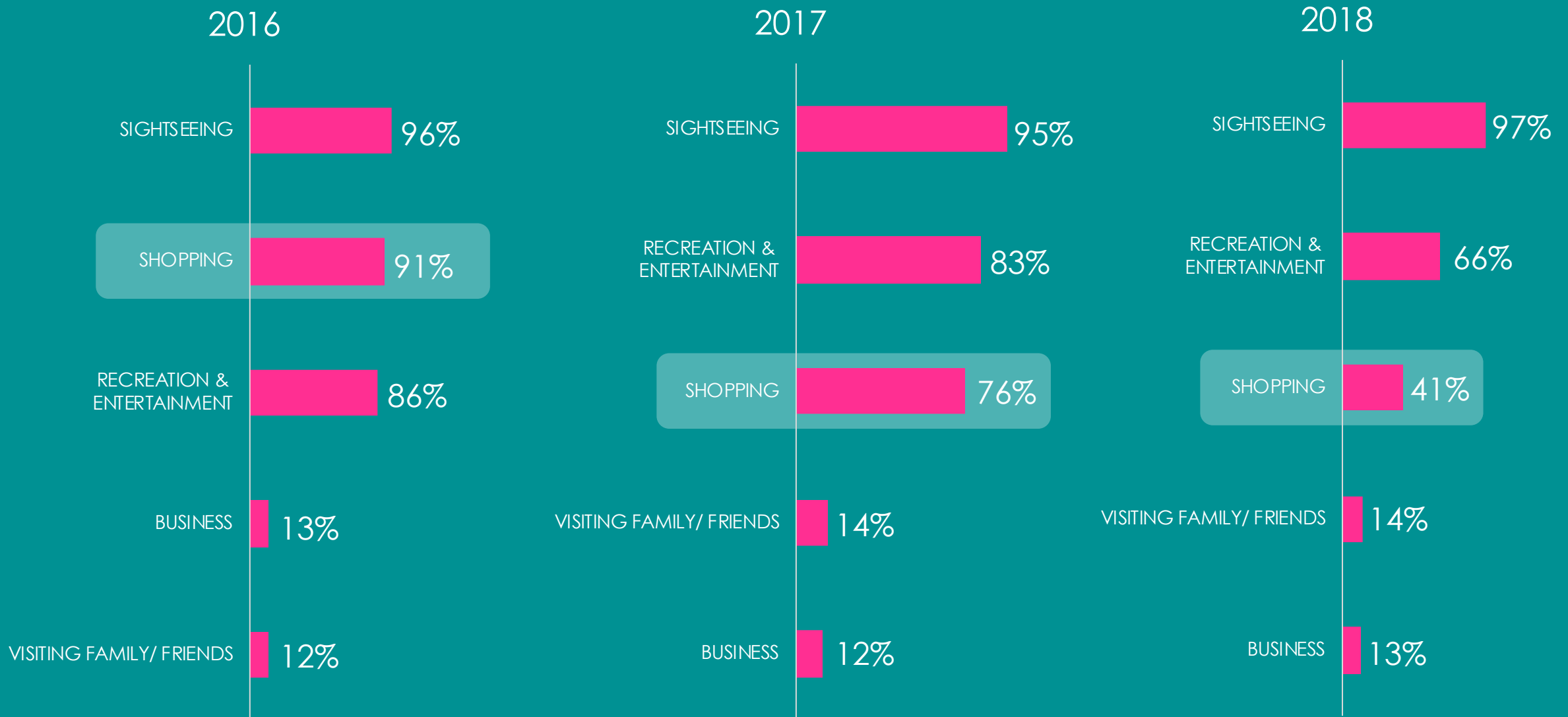
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PERCENT 0 10 20 30 40 50 60 70



THE PURPOSE OF TRAVELLING ABROAD



BUY BUY BUY

The urge for shopping has for years fueled the wanderlust of Chinese tourists but as shown in the graph on the previous page shopping is losing momentum as a main purpose of travelling abroad.

According to data from a 2018 Oliver Wyman report of Chinese travellers, the main purpose of travelling abroad has – not surprisingly – been sightseeing, i.e. to see and experience the destination(s) in one's itinerary. More interestingly shopping as a purpose of travelling has decreased from 91 percent of respondents indicating shopping as the trip purpose in 2016 to a mere 41 percent in 2018. Chinese tourists' shopping expenditure abroad is still growing and Chinese travellers have not abandoned shopping at all. But the times when a destination could brand itself merely on being a shopping destination may slowly be coming to an end.



FACTORS CONSIDERED WHEN CHOOSING A TRAVEL DESTINATION

1 BEAUTY AND UNIQUENESS OF DESTINATION

When choosing a destination, Chinese tourists are mostly concerned with the beauty and uniqueness of the destination followed by the local environment including safety.

2 SAFETY

On a third place comes the concern of obtaining a visa and how convenient or troublesome the process can be depending on which country they are going to.

3 EASE OF VISA PROCEDURES

Friendliness of locals to tourists is the fourth major factor considered by the Chinese. This highlights the need for awareness about the Chinese visitors, their culture and their expectations to a trip abroad.

4 FRIENDLINESS OF LOCALS TO TOURISTS

5 AFFORDABILITY

As incomes continue to grow cost of travel is only the fifth biggest consideration for Chinese tourists. This is in sharp contrast to non-Chinese travellers in the same survey to whom cost consideration was placed second.

洗肺之旅

WASH YOUR LUNGS

One of the more peculiar drivers of Chinese outbound tourism in recent years is Lung Wash Tours. Chinese search engines have in recent years noted record numbers of searches relating to air quality such as “wash the lungs” and “forests”. Of course this phenomenon is related to the pollution problems in China’s mega-cities - many with more than 20 million people.

China's largest online travel site Ctrip released a "haze travel list" and a “haze travel” report guiding Chinese travellers to the best destinations worldwide to go for a "lung wash", i.e. destinations with clean air.

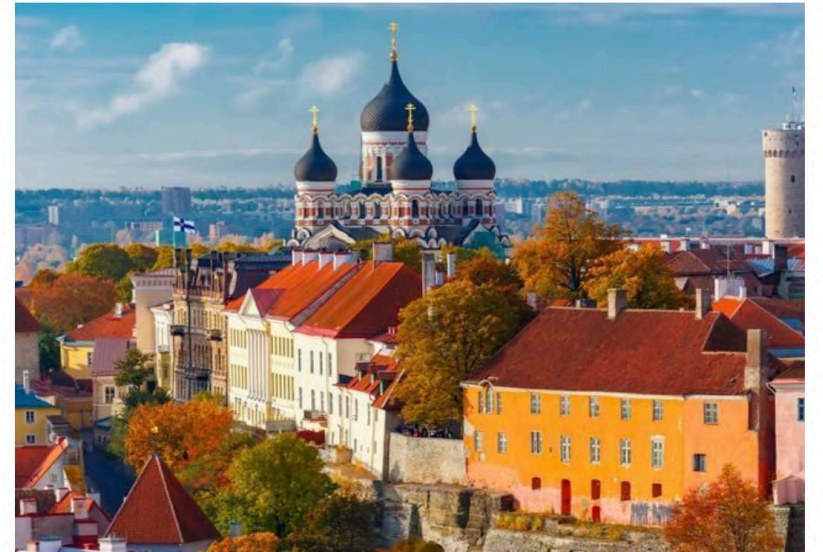
The Ctrip report shows that *air pollution avoidance tourism* has become a winter tourism must-do in recent years.

Lung wash destinations (洗肺之旅) include cities and regions such as Dali and Sanya in China, and Canada, Switzerland, Antarctica and Estonia as in the example to the right.



首页 酒店 客栈公寓 国内机票 港澳台/国际机票 旅游度假 景点门票 火车票

爱沙尼亚，全球最干净的空气



爱沙尼亚，位于波罗的海东岸，芬兰湾南岸，这里是欧洲的“文化之都”，有保存最完整的中世纪风貌。

“ESTONIA – The world’s cleanest air”

KEY PLAYERS IN THE INDUSTRY

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ONLINE TRAVEL AGENCIES



CTRIP 携程

Ctrip is the #1 online travel agency in China. Ctrip is not only a travel agency, it is also an "open shop" that allows travel agencies to put their products on the platform. Ctrip can be used to buy a full travel package or just parts hereof including flights, hotels, or experiences at the destination, such as day trips or attraction tickets. In the outbound travel section Ctrip is known for their high-end products.

300 million registered users



FLIGGY 飞猪

Fliggy, formerly known as Alitrip, is an online travel agency providing plane tickets, hotel booking services, tour guide services, visa application services, and vacation packages.

The brand aims to offer the quality international travel services to meet millennials' travel demands. Its affiliation with the e-commerce giant, TaoBao, makes it an interesting platform that will try to challenge the hegemony of Ctrip in the coming years.

220 million registered users



QUNAR 去哪儿

Qunar.com Qunar is a Chinese-language online travel information provider and mainland search engine for travel packages, flights, hotels etc.

The platform is somewhat similar to the Western Expedia but also features its own unique travel products. In 2019, Qunar released 100 new culture-themed travel packages leading the way for a new generation of travel products in the Chinese market.

218 million monthly unique users

ONLINE TRAVEL AGENCIES



LY.com 同程旅游

LY.com, also known as Tongcheng Travel, is an online travel agency providing plane tickets, hotel booking services, tour guide services, visa application services, and vacation packages. All attractions and services come with user recommendations, which makes it easy for users to pick the best services from the comfort of home. The company also benefits from its integration with in-app services on Wechat from which the majority of its users are referred.

200 million monthly web visitors



TUNIUI 途牛

Tuniu is a leading online leisure travel company in China that offers a large selection of packaged tours, including organized and self-guided tours, as well as travel-related services for leisure travelers through its website tuniu.com and mobile platform.

Monthly active users – N/A



MAJOR TOUR OPERATORS ONLINE DISTRIBUTORS

AGENT NAME	DISTRIBUTION TYPE	ANNUAL VOLUME
Ctrip.com	Online Travel Agency	3000-4000
Fliggy.com		2000-3000
LY.com		2000-3000
Tuniu.com		2000-3000



MAJOR TOUR OPERATORS

NORTH CHINA

AGENT NAME	DISTRIBUTION TYPE	ANNUAL VOLUME
Beijing GrandVision Travel (Beijing)	Wholesales	10000-15000
China Bamboo Garden		10000-15000
Feimay		20000-25000
U Travel		8000-10000
Sheng Xing		10000-15000
Caissa	Direct Sales	10000-15000
CYTS		500-1000
CTS		500-1000
HH Travel	Direct Sales (High-end)	Less than 200
6renyou		500-1000
Unique Travel		500-1000
Utour	Wholesales & Direct Sales	8000-10000



MAJOR TOUR OPERATORS

EASTERN CHINA

AGENT NAME	DISTRIBUTION TYPE	ANNUAL VOLUME
Beijing Grand Vision Travel (Shanghai Branch)	Wholesales	5000-6000
China Bamboo Garden (Shanghai Branch)		2000-3000
Phoenix Travel (Shanghai)		500-1000
ETI Shanghai		4000-5000
ShanghaiJinjiang Travel	Direct Sales	200-500
Spring Travel		1000-2000
Yetravel	Direct Sales (High-end)	500-1000
ZANADU		200-500
Banma Travel (Shanghai)	Wholesales & Direct Sales	500-1000
Utour (Shanghai)		2000-3000



MAJOR TOUR OPERATORS

SOUTH CHINA

AGENT NAME	DISTRIBUTION TYPE	ANNUAL VOLUME
Beijing Grand Vision Travel (Guangzhou branch)	Wholesales	1000-2000
ETI Guangzhou		3000-4000
Success Way		2000-3000
Honor Holidays		500-1000
Mia Travel		500-1000
GZL	Direct Sales	2000-3000
CITS Shenzhen		2000-3000
Nanhu Travel/ Europe Champion Travel	Wholesales & Direct Sales	1000-2000
Beautiful Scene & Good Day		200-500
Mustard Seed Oy	OTA (High-end)	2000-3000



DIGITAL TRAVEL PLATFORMS



MAFENGWO 蚂蜂窝

The to-go-to platform for Chinese individual travellers and in fact the world's largest community of travel reviews and forums. Travellers share their experiences and keep a log of their recent travel adventures. A market place for travel products is also available and integrated into the system. Mafengwo is known to have dedicated and very helpful users and a strong community of Chinese world travelers.

120+ million users



QYER 穷游

Qyer.com is the dominant Chinese platform specialising in outbound tourism. Qyer.com provides user-generated travel itineraries, travel forums / community, and smart booking tools enabling users to create professional looking itineraries just with a few clicks. 70 percent of the platforms users are between 25-44 years old.

88+ million users



MEITUAN-DIANPING 美团点评

Meituan-Dianping is becoming a staple for Chinese consumers because of its many services. The services relevant to the tourism industry are its O2O review site, Dianping, and its ability to sell hotel rooms faster than anyone else, even including the largest OTA in China, Ctrip. Meituan offers a one-stop "travel life" service platform for users in order to achieve coverage of full consumption in different places.

300+ million users

RELEVANT AIRLINES

FLIGHT ROUTES BETWEEN CHINA AND THE NORDIC COUNTRIES



Copenhagen – Beijing 7 weekly flights
Copenhagen - Shanghai 7 weekly flights
Copenhagen – Hongkong 5 weekly flights



Stockholm – Beijing 7 (5) weekly flights
Copenhagen – Beijing 4 weekly flights



Helsinki – Beijing 10 weekly flights (Nov '19)
Helsinki – Chongqing 2 (0) weekly flights
Helsinki – Guangzhou 4 weekly flights
Helsinki – Nanjing 3 (2) weekly flights
Helsinki - Shanghai 7 weekly flights
Helsinki - Xi'an 3 weekly flights



中國東方航空
CHINA EASTERN

Shanghai – Stockholm 4 (0) weekly flights



Chengdu – Helsinki (short stop) – Copenhagen
2 weekly flights



Beijing – Oslo
3 weekly flights

*Bracketed numbers are low season frequencies, usually from November through April.
All flights are as of August 2019 unless otherwise indicated..*

GREATER CHINA

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WHAT IS GREATER CHINA?

The term Greater China referring to the Greater area of China, including the mainland + Taiwan, Hongkong and Macau.

Greater China incl. Taiwan, Hongkong and Macau are recognised by most countries in the world as one country (the One Country Policy). However, Taiwan, Hongkong and Macau are self-governing areas of China with other visa rules than Mainland China.

Although Hongkong, Taiwan and Macau are considered a part of China, travellers are therefore required to go through passport control and customs since they enjoy status as independent self-governing provinces.

Due to the One Country Policy, it is often hard to come about data on visitors from these regions because they are registered as Chinese.

台湾

香港

澳门



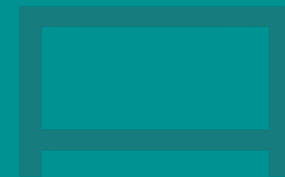
NUMBERS MATTER

The three governing provinces have relatively small populations compared to Mainland China but average incomes and percentile share of passport holders are also considerably higher than in Mainland China.

Another thing to consider before spending big on marketing in the three provinces is their access to your destination. Direct flights to the Nordic countries are currently only available from Hong Kong. SAS flies directly between Hongkong and Copenhagen and Finnair operates a direct flight between Helsinki and Hongkong.

ACCESS TO EUROPE

Hongkong, Macau and Taiwan passports have their own visa agreements with foreign countries and all three enjoy visa-free access to European Schengen area countries for shorter stays.



Simplified characters

广东话

Traditional characters

廣東話

LANGUAGE AND TARGETING

An important difference between the mainland and Hongkong and Taiwan is the languages used. Mainland China speak Mandarin Chinese and use simplified Chinese characters.

In Taiwan a variety of Mandarin Chinese is spoken (very similar to what is spoken on the mainland) but traditional Chinese characters are used in writing.

In Hongkong, Cantonese is spoken and traditional Chinese characters are used in writing. Having been under British rule for 100 years, many people also speak English.

Although all geographical areas are Chinese, language differences mean that each market needs its own approach, own targeted content and most importantly also other media channels.

MEDIA REACH

While Facebook, Instagram, Twitter, Youtube and a long list of other international social media platforms are banned in China, they remain open to residents of Taiwan, Hongkong and Macau.

Targeting these areas for campaigns and advertisements require language localisation as well as a thorough understanding of which platforms are used by travelers in each of the provinces.

While Mainland China has its own unique media landscape due to internet restrictions, international platforms like Facebook and Instagram can be considered in the three self-governing provinces.



CURRENT CHINESE TRAVEL TRENDS

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TRAVEL TRENDS INTRODUCTION

10 years ago profiling the Chinese traveller (yes, in singular) was a fairly easy task. They traveled in large groups, spent little on accommodation and the majority of their budget was spent on shopping.

In recent years Chinese outbound travellers have been diversifying and new types of travellers have emerged as the Chinese travellers become increasingly sophisticated and require ever more exciting experiences and novel destinations.

The search for novelty and "pristine destinations" provide challenges as well as opportunities for travel destinations and local stakeholders alike.

This chapter will outline the overall trends in Chinese outbound travel.



FIT (FREE INDIVIDUAL TRAVELLERS)

More and more Chinese are travelling and while most travellers went on package tours just 5-10 years ago the current trend is to travel on your own.

This means that the travellers travel in smaller groups of friends or family and decide themselves what to see and where to go at what time.

As Chinese often have busy lives, many travel agencies now also offer to put together all the time consuming bookings, so the travellers are still travelling independently but save the hassle of booking and planning in detail.

This trend opens up opportunities for many in the tourism industry because it is now possible to reach the travellers without going through a Chinese travel agent.





CHINESE GROUP TRAVELLERS v2.0

FIT (Free Individual Travellers) is a segment in growth but the overall outbound tourism market is also growing steadily creating more of all types of travellers.

While the common perception of the "Chinese group traveller" is an inexperienced traveller with limited travel experience and equally limited understanding of the destinations they are visiting there is also a new type of group traveller on its way; the version 2.0.

This type of traveller is not travelling in groups because of inadequate language skills. They choose curated travel itineraries for convenience, to save time, for safety and to get experiences that are hard to come by when travelling independently.

Semi-guided and high-end package tours are on the rise as mature travelers demand a customized and flexible travel experience.

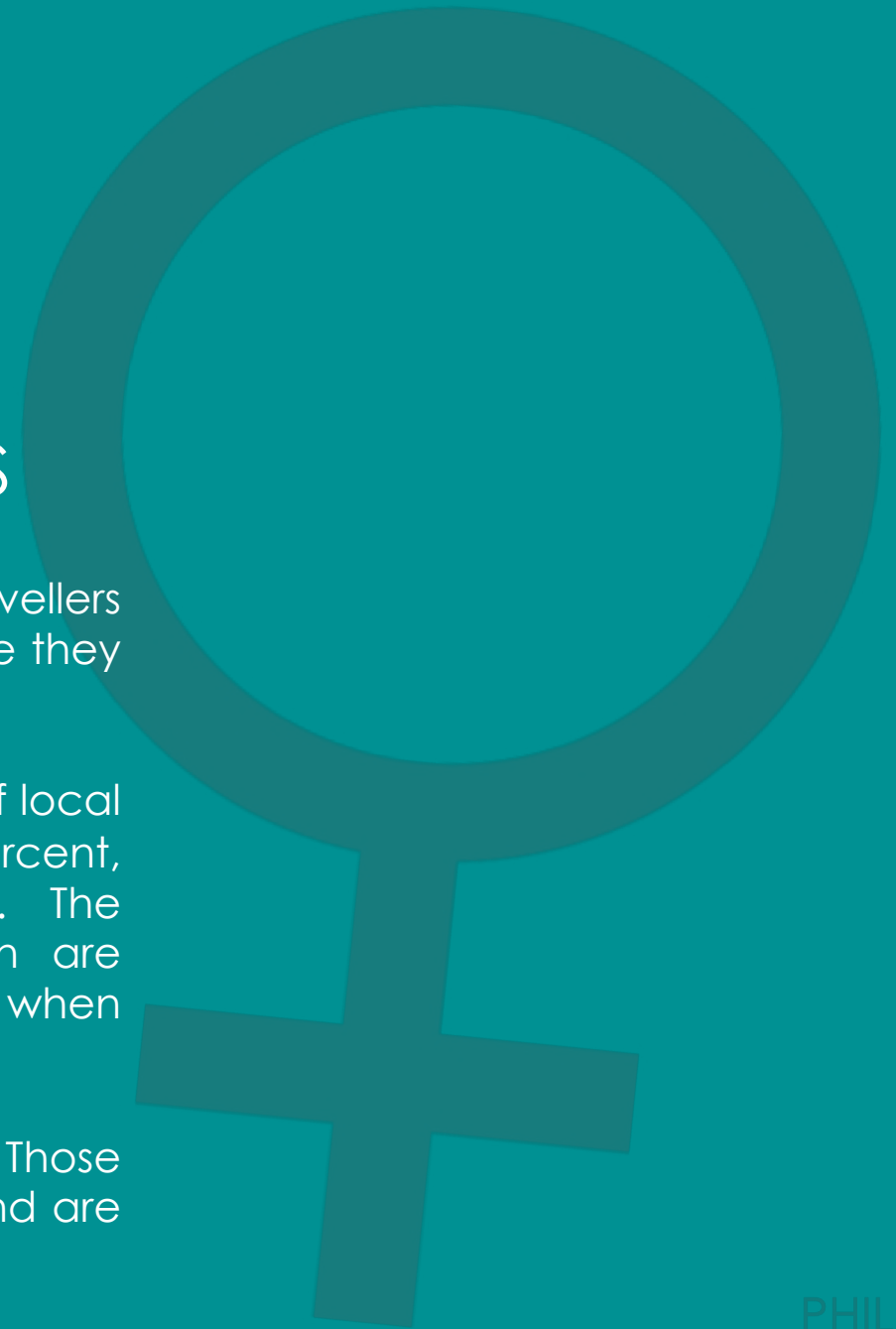
Chinese OTA Ctrip reports an increase in privately arranged group tours of 120 percent between 2018 and 2019.

SKEWED GENDER RATIO FOR TRAVELLERS

Despite making up only 48 percent of the population, female travellers are over-represented among Chinese outbound travellers where they make up 56 percent of the total volume.

Chinese OTAs like Mafengwo, Tuniu and Qyer, who offer a mix of local and international trips, report that female travelers make 57 percent, 68 percent and 62 percent of their users respectively. The overrepresentation on OTA platforms indicates that women are deeply involved in the decision and booking process, also when travelling with their spouse.

The female travellers are more likely to travel internationally. Those who travel internationally are more fluent in other languages and are more adventurous in their travel preferences.



DEEP TRAVEL & CULTURAL IMMERSION

In-depth travel, or deep travel, is a major trend that is also closely related to the trend of travelling independently. Independent travellers spend more time in each destination, spend more money and visit more attractions at the destination.

In June 2018, Chinese OTA Qunar released 100 new suggested trips and itineraries with culture as a main theme. This bold move shows how much culture and in-depth understanding of destinations is moving into mainstream travel in China.

The new Chinese traveller wish to immerse themselves in the local lifestyle and learn more about other ways of living. On the surface they may appear to require the same of an outbound trip as Western travellers but although the keyword "local culture" might be the key to both markets, it is still an ever-changing challenge to select the right experiences for Chinese travellers and to make them readily accessible to a Chinese audience.





CHINESE TRAVELLERS ARE DIGITAL

Chinese travellers have been quick to leverage digital tools for travelling. This has partly been fueled by the wish to travel independently and hence the high need for travel information in Chinese.

Since Western destinations in general have been slow to provide Chinese travellers with the necessary information and travel tools, Chinese platforms that did not even exist 15 years ago are now huge travel platforms that have exceeded their Western counterparts in size and user base.

Inspiration, planning, booking, wayfinding-while-travelling and sharing of travel moments all take place online.

CHINA OUTBOUND NEWS

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CHINA OUTBOUND NEWS



BEIJING OPENS NEW AIRPORT

In 2019, the first flights from Beijing's newly built Daxing International Airport. The airport will be capable of handling 72 million passengers annually by 2025, and 100 million by 2040.

Combined, Daxing and the older Beijing Capital International Airport, that started operating in 2007, will handle 170 million annual passengers by 2025, according to official estimates. The joint capacity of these two airports says a lot about the government's expectations toward outbound travel in the coming years.

CHINA OUTBOUND NEWS

NORDICS AND CHENGDU CONNECTED

Since December 2018, Copenhagen has been connected to Chengdu in South West China by a direct flight operated by Sichuan Airlines. In September 2019, the route will add a short stop in Helsinki before continuing to its final destination of Copenhagen.

The decision is taken because of insufficient passengers on the current route but the move might be a good thing for tourism. Many Chinese tourists today choose to fly directly to Helsinki and then return from Copenhagen or another Finnair destination. The new Chengdu connection will make the same possible for tourists from South-Western China twice weekly.

FINNAIR READY FOR TAKE OFF

Finnair will commence its operations from the new Beijing Daxing International Airport from November 2019. The company decided to expand its frequency between Beijing and Helsinki from 7 weekly flights to 10 weekly flights. Finnair will be one of the few airlines operating from both Capital and Daxing airports.

NORWAY CONNECTS WITH CHINA

In 2019, Norway got its first direct flight connection to China. The route is operated by Hainan Airlines and has three weekly departures.

Another Norwegian city, Trondheim, was earlier in 2019 connected to Helsinki by a direct route to Helsinki. This effectively means that Trondheim is accessible for Chinese tourists from Finnair's extensive network of China routes.

CHINA OUTBOUND NEWS



TRADE WAR MEANS MORE CHINESE TO EUROPE

The trade war between China and the US has already affected the travel industry, where Chinese arrivals to the US has decreased for the first time in 15 years.

At the same time, many European destinations have experienced growth from the increasingly adventure-hungry Chinese visitors.

According to data from the European Travel Commission, bookings to Europe in the first 4 months of 2019 were up by 17 percent compared to the same period in 2018.

CHINA OUTBOUND NEWS

LESS HURRIED TRAVELLING

One of the most popular Nordic travel product is the 4 countries tour of the Nordic countries. However, in recent years, several 3 country, 2 country or even single country itineraries and travel packages have appeared on Chinese online travel platforms and online travel agencies' product shelves.

More and more Chinese travel independently and this segment of travelers are more into in-depth travel and are willing to spend more time in one destination. Spending more time in each place allows them enough time to understand the local lifestyle and get a better feeling of the place.

While many travellers have money to travel they sometimes lack time. Tailored itineraries where travel agents suggest and guide the travellers and then make all the bookings for them in advance are therefore becoming popular. This saves time and hassle and provides the safety of having a professional agent approve of and book the itinerary.



CHINA OUTBOUND NEWS

VISA LIBERALISATION CAN FUEL GROWTH

The European Travel Commission has published a report quantifying the potential impacts of visa facilitation for Chinese travellers on European tourism. At present China is one of the long-haul source markets for which visa-free access to the EU, including the Schengen area, is not available despite the incremental rise in Chinese travel demand to Europe over the last ten years.

The analysis estimates that a full visa liberalisation scenario between China and the EU is likely to increase the average growth of Chinese arrivals from seven per cent to 18 per cent per year between 2018-2023.

This in turn would generate additional inbound spending of €12.5 billion per annum and raise total employment level by nearly one per cent, creating 237,000 additional jobs, including 120,000 directly within the travel and tourism sector. This would contribute to an increase of Europe's GDP by one per cent.

