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MARKET INSIGHTS
EUROPEAN TRAVEL COMMISSION
MARKET INTELLIGENCE GROUP

CHINA

January 2011

This Market Insight is one of an ongoing series of market profiles produced by the Market Intelligence Group [MIG] of the European Travel Commission [ETC]. New market profiles will be added to the series and updated at regular intervals.

The members of the MIG comprise the Research Directors of the 35 National Tourist Offices (NTOs) that are members of ETC. The group regularly commissions and publishes market intelligence studies, handbooks on methodologies and best practice, and facilitates the exchange of European tourism statistics on the 'TourMIS' web platform.

More information on ETC's programme of market intelligence activities - including links to studies and sources of European tourism statistics - can be found on the organisation's corporate website: http://www.etc-corporate.org.

OVERVIEW

- After bursting onto the international tourism stage in the 1990s, China has been one of the world's fastest-growing outbound travel markets. This growth has been a little erratic in recent years, but in 2010 the market confirmed that it was well and truly back on a strong growth track.
- In 1995, the World Tourism Organization (UNWTO) predicted that China would generate 100 mn trips a year by 2020, making it the fourth largest market in the world. It is well on course to reach that target. Indeed, preliminary estimates suggest that it overtook the UK in 2010 to become the third largest source country in terms of spending on travel abroad – US$48 bn. In terms of outbound trip volume, it may also have moved into third place, with an estimated 54 mn trips, 13% above 2009's level. This follows 12% growth in 2008 and a modest 4% increase in 2009.
- However, all the enthusiasm about China's potential as an outbound market overlooks the fact that the vast majority of outbound trips (around 70%) are really domestic – for the Chinese Special Administrative Regions (SARs) of Hong Kong and Macau.
- Official data on outbound travel – at least in terms of details – has recently been scarce. This makes it difficult to determine Europe's share of China's outbound trip volume, especially since official outbound data only counts first point of call. But the official count was 2.1 mn (4.5% of the total) in 2008.
- The leading European destinations are Russia (including Russia's Far East), France, Germany and Italy. Estimates suggest that trips to Europe fell in 2009 but increased again in 2010 (but by less than the overall average for Chinese outbound trips).
- The European tourism industry's focus in recent years has been on the Chinese group leisure market, following the granting of Approved Destination Status (ADS). However, this has delivered disappointing results due to the proliferation of low-priced, low-yield, multi-destination tours. Business, incentive and technical trips, as well as independent leisure trips (FITs), have also been increasing quite rapidly and are, in most respects, much more attractive markets, as well as being easier to organise than in the past.

COUNTRY PROFILE

Currency

- Yuan, also called the renminbi (Rmb)

	2005	2006	2007	2008	2009	1 Dec 10
Yuan per euro	10.190	10.003	10.412	10.226	9.528	8.722
Yuan per US$	8.194	7.973	7.608	6.949	6.831	6.676
Yuan per ¥100	9.499	9.246	8.601	8.842	9.894	10.183

- The yuan/renminbi was effectively pegged to the US dollar at Rmb8.28 = US$1.00 until July 2005 and again at about Rmb6.83 = US$1.00 in June 2008 until July 2010. The government then reverted to the 'managed floating exchange rate regime' (based on an unspecified basket of currencies with daily revisions to the central parities) which it had adopted in 2005. During that first three-year period (2005-08) the renminbi appreciated against the US dollar by 21%. In the five months since July 2010 it has appreciated just 2%.
- Many other world currencies fluctuated strongly against the US dollar, and consequently against the renminbi, in the aftermath of the world financial crisis, and this volatility continued through 2010. The euro has been up and down against the renminbi by 25% since September 2008, within a range of Rmb8.17 to Rmb10.31 per euro, while sterling has fluctuated within a range of Rmb9.41 to Rmb12.68 per pound. The Japanese yen has generally been strengthening since September 2008 and is now almost a quarter higher.

Population

- 1,354 mn in 2010 – 141 people per km^2.
- The population is now growing by about 0.6% a year. The annual birth rate has fallen to 13.7 births per 1,000, while the death rate has fallen much more steeply to 7.3 per 1,000. The government introduced a law in 1980 essentially setting a limit of one child per family (with complications in the detailed rules), which has contained the growth in the total population but is causing it to age very rapidly. The population under 45 (930 mn) in already falling by about 0.75% a year, while the population over 45 (424 mn) is still growing by about 3.25% a year.
- The urban population was estimated at 42% of the total in 2007. The household registration ('hukou') system is being gradually relaxed, which is very slowly improving the legal and economic situation of the 'illegal migrants' (migrants from rural areas without residence permits, estimated to number 150-200 mn).
- There are at least 60 cities in China with populations of over 1 mn. Beijing has 10 mn, Shanghai 14 mn and Guangzhou/Shenzhen 14 mn in 2010.
- The populations of the Beijing, Shanghai and Guangdong regions – the main international tourism generating regions – are estimated at 16 mn, 19 mn and 96 mn, respectively.

Age

Breakdown (%)	2010	2020[f]
0-4 years	6.5	6.3
5-14	13.4	12.5
15-24	16.9	12.6
25-34	14.3	15.8
35-44	17.6	13.3
45-54	13.2	16.2
55-64	9.9	11.7
65-74	5.2	7.8
75-84	2.5	3.0
85+	0.5	0.8

- More simply, the population may be broken down as follows: 0-24 years: 37%; 25-59 years: 51%; over 60: 17%. This compares with world averages of 45%, 35% and 11%.
- Over the next ten years, the population aged 0-24 is expected to fall by 10%, while the 25-59 year-old age group will increase by 8% and those over 60 will increase by 44%.

Ancestry & Migration

- 92% of the total population is reported to be Han Chinese.
- Various sources suggest that there may be 40 mn 'overseas Chinese' – people of Chinese origin living outside 'Greater China' (China, Hong Kong, Macau and Taiwan). This figure includes 31 mn in Asia, 6 mn in the Americas and 2 mn in Europe. In Europe, there are about 500,000 in Russia, 500,000 in the UK, 250,000 in France, 150,000 in Italy, 125,000 in Spain, 110,000 in the Netherlands and 100,000 in Germany. (Many other figures are quoted, ranging up to about 60 mn in total).
- Large numbers of young Chinese have been permitted to study abroad in recent years (over 100,000 a year in recent years). Many do not return. In 2007 the Chinese Academy of Social Sciences found that 1.1 mn Chinese had gone to study overseas since 1978, but only 275,000 had returned.

Language & Religion

- The official language in China is Putonghua or Mandarin ('Standard Chinese'), but most people also speak other dialects and languages, including Yue (Cantonese), Wu (Shanghainese), Minbei (Fuzhou), Minnan (Hokkien-Taiwanese), Xiang, Gan, Hakka and many others.
- Written Chinese comes in two basic forms – 'Simplified' (now used for most purposes across mainland China) and 'Traditional' (still the predominant form in Hong Kong, Macau and to a certain extent in Southern China).
- China is officially atheist, but freedom of religious belief is protected by law. In practice, the principal religions are Taoism and Buddhism; there are smaller numbers following Lamaism, Shamanism, Christianity (<4%) and Islam (<2.5%).

Economic Data

	2005	2006	2007	2008	2009e
GDP (Rmb bn)	18,494	21,631	26,581	31,405	34,051
GDP (US$ bn)	2,257	2,713	3,494	4,520	4,985
Real GDP growth (%)	11.3	12.7	14.2	9.6	9.1
GDP per capita (US$)	1,726	2,064	2,645	3,404	3,735
Inflation (%)	1.8	1.5	4.8	5.9	-0.7

China's Economy 2004-05

- The Chinese economy is, famously, growing breathtakingly fast. The world economic downturn seems to have had only a brief effect on this growth and in July 2010 the IMF raised its forecast for real GDP growth in 2010 to 10.5%. However, the government is already withdrawing the special measures introduced to sustain the economy through the downturn and is resuming its efforts (which in the past have often had little effect) to rein in credit and investment. In October 2010 the IMF retained its forecast of 10.5% for 2010 and raised its forecast for 2011 to 9.6%; other forecasts tend to be a little lower.
- Prosperity is generally concentrated in the eastern and southern coastal provinces (notably around Beijing and the Pearl and Yangtze River deltas – the Beijing, Shanghai and Guangzhou regions). It is proving more difficult to generate growth in 'rural' areas, in the inland and western provinces, and in the North Eastern Region, with its concentration of declining heavy industries.
- It is estimated (by ICSEAD) that there may be about 120 mn people (40 mn households), representing the richest quintile of urban households, with per capita disposable incomes averaging around Y20,000 (US$3,000 or €2,000). At these income levels, travel abroad (but not usually travel to Europe) is becoming possible.
- According to *The Ledbury Report*, there are 5-6 mn 'middle class Chinese' working for Fortune 500 companies or their equivalents – 65% on incomes of US$40,000-80,000, 25% on US$80,000-240,000 and 10% on US$240,000 plus. On such incomes, occasional trips to Europe are perfectly feasible.
- As for the super-rich, the *Hurun Report* (the Chinese counterpart to *Fortune*) says there are 825,000 people with assets of more than US$1.5 mn and 51,000 worth more than US$15 mn. Merill Lynch / Cap Gemini put the number of 'High Net Worth Individuals' (people with investment assets of more than US$1 mn) at 364,000 in 2008 (down from 413,000 in 2007). Many of these people are frequent travellers worldwide.

- Inflation has usually been low in China in recent years, but in boom times it risen to around 5%. In the second half of 2010 it has been edging up again, reaching 5.1% in November.
- The yuan/renminbi is regarded as seriously undervalued in the USA and many other OECD countries (and as a corollary overvalued in terms of local purchasing power), making overseas travel – especially to Europe – an expensive option.

TRAVEL PROFILE

Chinese Outbound Trips

Destination ('000)	2004	2005	2006	2007	2008	2009
Hong Kong	13,002	13,525	14,611[e]	16,137	17,557	na
Macau	7,490	8,479	10,052[e]	12,765	15,522	na
Other Asia	5,330	5,749	6,391[e]	7,438[e]	8,721[e]	na
Americas	680	799	932	1,022	1,087	na
Europe	1,807	1,810	1,899	2,040	2,071	na
Oceania	361	409	447	498	510	na
Africa	115	144	194	264	322	na
Unidentified	68	111	0[e]	790[e]	55[e]	na
Total	28,853	31,026	34,527	40,954	45,844	47,656
% annual growth	42.7	7.5	11.3	18.6	11.9	4.0

Note: These are the official figures for Chinese 'citizen departures', issued by the China National Tourism Administration (CNTA) and broken down by first port of call. The figures for Europe, for example, do not include tourists travelling via Hong Kong or Singapore. However, they do include travellers to Russia, including Russia in Asia, which accounts for more than 45% of the total for Russia. Departure figures such as these always differ substantially from arrivals as measured in the individual destinations (see below in 'leading destinations'), but the discrepancies in the figures for Hong Kong and Macau are puzzlingly large.

- The departure statistics show that Hong Kong and Macau alone account for 72% of outbound trips. The rest of Asia accounted for 19%, Europe for 4.5% (down from 6.3% in 2004), the Americas for 2.4%, Oceania for 1.1% and Africa for 0.7%. The total for Europe includes departures for eastern Russia. Of first touchdowns in Europe in 2005, Russia accounted for 43%, Germany 13%, France 11%, the UK 10% and other countries 23%.
- Although the annual figures for outbound travel from China show continued growth in 2008-09, there were strong short-term fluctuations. There was a rapid decline in monthly outbound growth in 2008, due in the first half of the year to local events such as the snows in southern and central China over the May Golden Week and the earthquake in Sichuan, and in the second half of the year to the world economic crisis and fears about the flu epidemic. By the end of the year limited airline capacity was also a factor, as financially troubled international (especially US) carriers reduced capacity.
- The China Tourism Academy has announced that outbound trips by Chinese increased by 13% to 54 mn in 2010 – thereby exceeding the planned growth rate of 9% per annum – and it is forecasting 57 mn for 2011. However, most China industry analysts believe this is an overly cautious projection and that the total will be over 60 mn.
- Oxford Economics' estimates of cumulative arrivals from China worldwide, as opposed to official figures of outbound departures, in 2009 and 2010 (+7% and +17%) include increases for the two years of 7% and 17% for Asia Pacific, 8% and 16% for Europe, 3% and 26% for the Americas and 1% and 11% for Africa and the Middle East.
- Of total departures, private trips accounted for 81% of the total in 2006. More recent official data is not available, but MasterCard's MasterIndex of Travel China limited survey of 608 travellers in the second half of 2008 found that 80% were in private employment and 20% in government employment.
- For comparison, domestic trips totalled 1.9 mn in 2009, up 11% on 2008, and 2.1 bn in 2010 (up 0.5%).

International Travel Expenditure (excl transport)

	2004	2005	2006	2007	2008	2009
Total (US$ bn)	19.1	21.8	24.3	29.8	36.2	43.7
% annual change	26.1	13.6	11.8	22.5	21.4	20.9
Spend per trip (US$)	663	701	704	728	790	917

- Total expenditure abroad increased by an average of 14% a year over the period 2000-09, in current US dollar terms, with increases of over 20% in 2004, 2007, 2008 and 2009. Preliminary estimates for 2010 point to a 10% growth to US$48 bn.
- The figures for spending per trip in the table above are distorted by the predominance of travellers to Hong Kong and Macau. Spending per trip to Europe is typically in the range €1,500-€3000. A survey of Chinese tourists in 2005 released by the CNTA showed that travellers to various EU member states spent about €3,000 per trip (including about €500 on the flight) – of which 34% went on shopping, 17% on the air fare, 18% on accommodation, 9% on entertainment, and 3% on travel agency services.
- A feature of the Chinese market is the extremely low prices negotiated by Chinese travel agents for ADS leisure tours. According to trade reports, it is not uncommon for such tours to work on a budget of less than €50 per traveller per day, including accommodation, food and local travel.
- Until recently only the most affluent and privileged Chinese could travel to Europe, but this situation is changing with the rapid increase in the numbers of prosperous middle-class Chinese.

Leading Destinations

Arrivals from China in selected destinations ('000)

Destination	Measure	2005	2006	2007	2008	2009
Macau	VFr	10,463	11,986	14,866	11,613	10,990
Hong Kong	TFr	8,030	8,434	9,093	9,380	9,664
South Korea	VFn	710	897	1,069	1,168	1,342
Malaysia	TFr	352	439	689	944	1,016
Japan	VFn	653	812	942	1,000	1,006
Singapore	VFr	858	1,037	1,114	1,079	937
Thailand	TFr	762	1,033	1,003	937	816
Russia	VFn	799	765	765	815	na
France	TFr	554	805	832	778	na
USA	TFr	270	320	397	493	525
Vietnam	VFr	717	516	575	643	519
Indonesia	TFr	112	147	230	337	395
Germany	TCEr	418	441	462	421	385
Australia	VFr	285	308	358	356	366
Switzerland	THSr	110	133	146	129	187
Canada	TFr	117	145	152	160	160
Austria	TCEr	177	177	171	156	155
Italy	TFn	95	117	160	158	138
Netherlands	TCEr	106	105	119	124	135
New Zealand	VFr	88	106	121	112	102
India	TFn	45	62	88	98	97
UK	VFr	95	107	143	108	89
Belgium	TCEr	109	107	98	75	75
Czech Republic	TCEn	18	30	38	53	62
Finland	VFr	75	69	78	66	61
Turkey	TFn	43	55	66	59	na
Greece	TCEr	27	40	51	50	48
Sweden	TCEr	35	50	57	49	na

Notes: These figures represent arrivals as reported by the destinations according to standard UNWTO definitions: TF = tourists at frontiers; VF = visitors at frontiers; TCE = international tourists at all forms of commercial accommodation; THS = international tourists at hotels and similar establishments; n = by nationality; r = by country of residence.

- Most European countries now provide counts of arrivals from China, but there are still serious questions about the reliability of the figures, because of the large numbers of tourists travelling unmonitored across the frontiers on multi-country tours. It is also suggested that the fact that citizens of China, Hong Kong, Macau and Taiwan all carry passports from 'China' makes for unreliable reporting. However, annual arrivals in European countries are very roughly on the following scale:

500,000-1,000,000	Russia (including Russia in Asia – a very large proportion of the total), France
250,000-500,000	Germany, Italy
100,000-250,000	Austria, Belgium, the Netherlands, Spain, Switzerland, UK,
50,000-100,000	Czech Republic, Denmark, Finland, Greece, Sweden, Turkey
25,000-50,000	Hungary, Portugal,
10,000-25,000	Norway, Poland, Romania, Ukraine
5,000-10,000	Bulgaria, Croatia, Iceland, Ireland, Latvia, Luxembourg, Slovakia, Slovenia
<5,000	Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Estonia, Cyprus, Georgia, Ireland, Latvia, Liechtenstein, Lithuania, Macedonia FYR, Malta, Moldova Monaco, Montenegro, San Marino, Serbia.

- With Asia taking the lion's share of growth in Chinese outbound travel in recent years, most European countries have been slipping down the world ranking of destinations for Chinese travellers. However, France, Italy, Austria, Switzerland and Turkey have performed relatively well in the last few years. Among the top Asian destinations, South Korea, Japan, Malaysia and Indonesia have moved up in the ranking, at the expense of Singapore, Thailand and Vietnam.

Outbound Travel by Region and Province

- China is a big country. In many respects, it can be treated as three, almost separate, markets, each with a core and a vast hinterland with relatively (and often extremely) sparse demand for outbound travel:
  - The Bohai Delta, based on Beijing, covering the North Region and also catering for the Northeast, Northwest and much of the Central and Southwest Regions (especially Sichuan);
  - The Yangtze Delta, based on Shanghai, covering the East Region and also catering for much of the Central and Southwest Regions;
  - The Pearl River Delta, based on Guangzhou and Shenzhen, covering the South Region and also catering for parts of the Central and Southwest Regions.
- Statistically, Beijing appears to generate much stronger demand for Europe than Shanghai and the South. However, this is to an extent misleading: Shenzhen channels a great deal of demand from the whole of China for Southeast Asia, Oceania and Europe through Hong Kong, while Beijing attracts business from the whole of China for Europe – and in particular handles much of the demand for eastern Russia.

Purpose of Trip

- The share of official / business trips in total outbound volume has declined in recent years, but only because of the much faster growth in leisure travel.
- Purpose of trip to different destinations naturally varies widely. By way of example, the UK reported the following breakdown for arrivals from China in 2009: 31% holidays, 27% VFR, 28% business, 7% study, 3% other. There has been a sharp drop in the number of business trips since 2007, no doubt partly because leisure trips under the ADS system are now available. However, Australia (where ADS visits have been allowable for longer) also saw a decline in business trips in 2007-09.
- Although attention has focused on leisure travel allowed under the ADS scheme, business, MICE and FIT travel are also increasing rapidly and are in most respects more attractive markets. These segments comprise senior officials and executives, entrepreneurs and professionals who combine business and leisure on their travels. Incentive travel for employees and business partners is still a relatively young segment of the market, but it is also expected to become more important.

Nature of Trip

- First-time travellers to Europe under the ADS system tend to travel on multi-destination trips, although the number of destinations covered per trip is much lower than, say, for the Japanese when they first started travelling to Europe. Tours to the Nordic countries often offer four countries over eight days (six nights) and trips involving Schengen countries generally cover a minimum of three, but European itineraries can incorporate as many as 6-8 destinations. The trend towards a smaller number of destinations per trip is expected to continue.
- Repeat travellers increasingly opt for 'deep tours' covering just one or two countries. Italy is a firm favourite for single destination trips, but obtaining visas for such trips are sometimes a problem.
- Average length of stay in individual destination locations is correspondingly short. Destination statistics suggest, for instance, 2.1 nights for destinations in Germany, 2.0 in France 1.8 in the Czech Republic, 1.6 in Italy, Belgium and the Netherlands and 1.5 in Switzerland. In spite of the reported trend towards 'in depth' tours with fewer destinations, these average lengths of stay have, if anything, declined in recent years.
- The UK appears to be the exception, with an average length of stay of 21 nights in 2008 and 13 nights in 2009. This is attributed to the large numbers of study, business and VFR visitors, but the fact that the UK is not a member of the Schengen area, and therefore not a candidate destination for multi-destination tours on a single visa, is clearly an important factor. In 2007, only 26% of Chinese visitors to the UK were going to another country on the same trip.
- The UK also found that 60% of all visitors from China (and even 41% of holiday visitors) had already visited the UK in the previous ten years. This reinforces the idea that many Chinese visitors to Europe have personal connections of some kind to bring them (see below under 'Profile of Travellers').

Holidays & Travel Seasonality

Breakdown of overseas trips by month, 2007-08 (%)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
8.09	8.37	8.13	7.95	8.16	7.31	9.08	8.51	8.29	8.81	8.47	8.84

Public holidays

2011: 2-8 Jan, 3-5 Apr, 1-3 May, 6 Jun, 12 Sep, 1-7 Oct

2012: 22-28 Jan, 5-7 Apr, 1-3 May, 6 Jun, 30 Sep, 1-7 Oct

In addition there are national and regional festivals which are not official holidays, and several holidays for particular sets of people (including 12 Mar for Women, 4 May Youth, 10 Jun Children, 1 Jul Communist Party, 1 Aug Army, 10 Sep Teachers). Tibet in particular has its own holidays.

- **Holiday entitlement and holiday periods**
  Since 1999, a five-day working week and leave entitlement, usually of 14 days a year, have been introduced for government office workers, and these conditions are being gradually extended to many formal, urban employees.
- In addition, there were three 'Golden Weeks' which offered opportunities for travel: 'Spring Festival' (the Chinese New Year, in January or February), 'Labour Day' (the first week in May), and 'National Day' (the first week in October). However, in 2008 the May Day Golden Week was replaced by three separate holidays. This had the effect of boosting domestic travel at the expense of long-haul destinations, which are beyond the reach of a long weekend.
- **School holidays**
  The school holidays in July-August form the peak season for family travel, and May-October for business travel. Schools also take a four-week break in the New Year. However, seasonal fluctuations in outbound travel are not strong, as the figures above show.

Accommodation

- ADS tours often book budget (3-star or 4-star) hotels, but this frequently leads to disappointment. Compared with the spacious, newly built international hotels in China's key cities and in many tourism destinations in Southeast Asia, European hotels may be perceived as old, dingy and poorly maintained, with small rooms and unsatisfactory service standards. European hotel rooms usually lack items provided by their Chinese counterparts, including green tea, sewing kits, slippers, combs, toothpaste and toothbrushes. Kettles and green tea in the rooms and ready access to 'proper' Chinese restaurants are essential.

- MasterCard's MasterIndex of Travel China (2nd half of 2008) found that the preferred accommodation of business travellers was international four-star hotels (53%), three-star/medium priced hotels (31%) and international five-star hotels or higher-end hotels (12%). There has been a sharp decline in the proportion using three-star hotels since 2006. Only 3% prefer economy hotels and 1% rented accommodation.
- VisitBritain found in 2009 that 55% of Chinese visitors (including 90% of business and 58% of holiday visitors) stayed at hotels or guesthouses. Hotels and guesthouses accounted for 25% of nights, hostels, universities and schools for 14%, rented accommodation for 13% and own accommodation for 3%. 5% of nights were spent as paying guests with friends or family and 39% as free guests. Only 1% were spent in bed & breakfasts – reflecting language and cultural barriers (the b&b concept is unknown in China).

Leisure / Recreational Activities

- According to IPK International's World Travel Monitor, the Chinese have a preference for city holidays, which account for an estimated 40% of all outbound trips, followed by beach holidays (close to 30%) and touring trips (23%).
- The MasterIndex of Travel China (2nd half of 2008) found that the main activities of private travellers (to all destinations) were general sightseeing and scenic spots (84%) and shopping (82%, up sharply since 2006). Preferred shopping items are local souvenirs, antiques and arts and crafts (71%), apparel and personal effects (67%), electronic and audio-visual products (36%), food items (35%) and luxury and branded goods (32%). 52% of travellers opted for entertainments, 41% visited historical sites, museums and art centres, 25% went to a beach resort and 38% engaged in 'rest & recreation'.
- The emphasis for first-time travellers to Europe is naturally on the primary images, such as Versailles, Buckingham Palace, the Louvre, Eiffel Tower and Colosseum. Opportunities for taking photographs (as mementoes, but also for showing to friends as status trophies) are valued.
- VisitBritain found in 2006-08 that, overall, the profile of activities of Chinese visitors was close to the averages for all visitors, except that they were less likely to 'socialise with the locals', go to pubs and night clubs and take part in sports. However, VFR and (more especially) leisure visitors from China were generally less active than their counterparts from other countries, and business visitors were more likely to take part in a wide variety of leisure activities.
- An ETC/UNWTO study of the Chinese market in 2006 quotes one of China's most experienced European guides as saying "Younger travellers like to see famous sights and nature and the older tourists like to go shopping". However, it was also reported that the European shopping experience sometimes proves disappointing, especially for travellers from Guangdong, who have ready access to Hong Kong. More recent comments suggest that branded goods bought in Europe, though often (to the tourists' amusement or perplexity) 'made in China', are valued both for being cheaper than in China and more likely to be genuine.
- Trade reports suggest that remote countryside, ruins and "too many old churches" are turn-offs.

PROFILE OF TRAVELLERS

Nature of Overseas Travellers

- A survey conducted by ACNielsen about five years ago on behalf of the Tax Free World Association (TFWA) among 1,500 Chinese citizens in the three key cities of Beijing, Shanghai and Guangzhou who had travelled in the past six months found that 69% of travellers were women and only 31% men. However, these figures include travellers to Hong Kong and Macau, and surveys of arrivals in many other destinations show very different pictures. Two thirds of arrivals from China in the UK are males, and only one third females. Tourism Australia found that, in 2004, 58% of arrivals from China were male and 42% female.
- The TFWA-ACNielsen survey also shows that 36% of outbound travellers were aged 20-29, 29% 30-39, 16% 40-44 and 19% 45+. It is believed that travellers to Europe tend to be somewhat older – predominantly 35-60 years old. In 2000-04, the breakdown of visitors to the UK was as follows: aged 0-15 6%; 16-24 11%; 25-34 29%; 35-44 30%; 45-54 18%, 55+ 8%. The younger travellers were much heavier spenders.
- A feature of the Chinese market emphasised by the Scandinavian Tourist Board (STB) is the high proportion of repeat visits to Europe. A survey of Chinese arrivals (business as well as leisure) at Copenhagen airport commissioned by the STB in 2005, for example, found that only 56% had never been to the Nordic countries before.

- This is related to another feature of Chinese travel to Europe: the language and cultural barriers are still high, and although Europe may rank highly as an aspirational dream, it ranks lower when practical realities and the current enthusiasm for 'the new Asia' are taken into account. A high proportion of travellers to Europe have family, cultural or business links with Europe, present or historical.

Education

- Travellers to Europe are predominantly graduates, but the proportion of travellers with higher education is falling and this trend will clearly continue. The STB's survey of arrivals at Copenhagen airport found that 66% had a bachelor's degree, 24% a master's, 3% a doctorate, and only 7% were not graduates (3% were educated to secondary level and 4% to primary level).
- In spite of the recent enthusiasm for learning English (there are reported to be 50,000 EFL – English as a foreign language – schools in China), the ability to speak some English (or, more rarely, French, Dutch or Portuguese) does not seem to be much related to education. It is more a matter of whether the family has connections with Chinese living in Hong Kong, Macau or Southeast Asia. It is therefore much more common among travellers from Guangdong.

Occupations

- The MasterCard's MasterIndex of Travel China (2nd half of 2008) found that, as mentioned above, 80% of outbound travellers were employed in the private sector and 20% by the government. 1% were self-employed entrepreneurs, 45% managers, 33% non-management staff, 16% professionals and technicians and 5.5% 'other'.

Travel Companions

- Leisure travellers to Europe under the ADS regime are restricted to groups of five or more (plus tour escort and guide). ADS tour groups are typically of 30-40 people, but may be smaller or larger. Official, business and MICE groups vary widely in size – some are very large.
- Fully independent travel (FIT) to Europe is still quite difficult to organise for most would-be travellers (normally requiring an official or business passport), but is a growing market. FIT travel to Asia, meanwhile, is becoming very common and is certainly the preferred type of leisure trip for Chinese, who are rebelling against overly organised ADS tours, especially if they involve frequent shopping stops to ensure commissions for the tour guides.
- Independent VFR travel on private passports to European destinations is also not yet normally formally possible, in contrast to many Asian destinations. However, some travel agents will arrange ADS tours for Chinese wishing to visit friends and family.
- In 2008 Mastercard, in its limited MasterIndex survey, found that 20% of outbound personal travellers normally travelled alone, 60% with friends and 66% with family. 78% normally travelled in a tour group and 22% alone.
- In 2009, roughly 32% of Chinese visitors to the UK were travelling alone, 25% as a couple (14% with children), 7% in other groups with children, 7% with adult friends, 8% with adult family members, 18% with business colleagues and 10% merely as part of a tour group. Compared with other visitors, many more were travelling with business colleagues or in tour groups, and many fewer alone, as couples, or with adult family or friends.
- It is reportedly not common for travellers to bring their children to Europe (indeed, it is reported that some consulates look very carefully at visa applicants wishing to do so). However, 4% of Chinese visitors to the UK are under 15 and a higher than average proportion were travelling with infants (under 5 years old).

AIR TRANSPORT

Airports

- Three Chinese airports provide frequent direct flights to Europe: Beijing Capital International Airport (PEK), Pudong International Airport (PVG) in Shanghai, and Guangzhou New Baiyun International Airport (CAN). There are also several flights a week from Nanking Lukou (NKG), Chengdu Shuangliu (CTU) in Sichuan, Sanya (SYX) in Hainan. Urumqi (URC) in Xinjiang and Hangzhou (HGH) near Shanghai, Hong Kong (HKG) has been included in the analysis below because so many Chinese fly to Europe via that airport.

- 21 airports in Europe are served by direct scheduled flights from China: London (LHR), Paris (CDG), Frankfurt (FRA), Munich (MUC), Berlin Tegel (TXL), Amsterdam (AMS), Milan Malpensa (MXP), Rome Fiumicino (FCO), Istanbul Atatürk (IST), Vienna (VIE), Copenhagen (CPH), Helsinki (HEL), Stockholm (ARN), Madrid (MAD), Brussels (BRU), Budapest (BUD), Kiev (KBP), Zurich (ZRH), Moscow Sheremetyevo (SVO), Moscow Domodedovo (DME) and St. Petersburg (LED). Nine of these airports are also served by flights from Hong Kong. Services to several more, including Athens (ATH) and Düsseldorf (DUS), are due to be introduced in 2011.

Airline Traffic / Capacity

- In September 2010, according to SRS Analyser, 23 airlines operated 471 weekly flights from China and Hong Kong to Europe (in the one direction, and excluding Russia in Asia), with a capacity of 134,934 seats.
- This represented an increase of 20% in number of flights and 19% in seat capacity since March 2010 – representing partly the difference between 'summer' and 'winter' schedules, partly the reinstatement of flights withdrawn during the global economic crisis (seat capacity fell by 4% between March 2009 and March 2010), and partly the growth of a burgeoning market.

Scheduled flight capacity from China and Hong Kong to Europe

	March 2010		September 2010	
Originating airport	**Flights**	**Seats**	**Flights**	**Seats**
Beijing	141	30,066	169	45,414
Pudong (Shanghai)	98	26,555	119	31,841
Guangzhou	9	2,355	10	2,647
Others in China	6	9,629	15	3,540
Hong Kong	139	44,844	158	51,492
Total	393	113,449	471	134,934

- The principal Chinese airlines are Air China (whose main hub is Beijing), China Eastern Airlines (based in Shanghai) and China Southern Airlines (based in Guangzhou). All three are controlled by the China National Aviation Corporation and Air China (formally the national flag carrier) is allied with Hong Kong's leading airline, Cathay Pacific. Hainan Airlines, based in Haikou, is part-owned by the Hainan provincial government and part by private interests.
- In addition to the direct flights listed below, there is an increasing range of competitive one-change options, particularly through the Middle East. Emirates, for instance, flies to Peking, Pudong, Guangzhou and Hong Kong, and from Dubai offers connections to a great many airports in Europe. Etihad flies to Peking and Qatar Airlines to Hong Kong. Qantas and Air New Zealand have local rights in Hong Kong.

Airlines operating non-stop services from China and Hong Kong to Europe, September 2010

Airline	Alliance	Flights	Seats	Originating airports	Destination airports
Cathay Pacific	OneWorld	63	22,751	HKG 63	LHR 28, CDG 7, AMS 7, FRA 7
					FCO 7, MXP 4, DME 3
Air China	Star	71	19,352	PEK 59	FRA 14, CDG 7. LHR 7, FCO 7
					SVO 10, MAD 5, ARN 5, MUC 4
				PVG 12	FRA 7, MXP 5
Lufthansa	Star	51	15,044	PEK 7, PVG 10, CAN 3,	FRA 30
				NKG 3, HKG 7	
				PEK 7, PVG 7, HKG 7	MUC 21
Air France	Sky Team	45	12,916	PEK 14, PVG 14, CAN 3	CDG 45
				HKG 14	
KLM	Sky Team	32	8,985	PEK 7, PVG 11, CTU 4	AMS 32
				HGH 3, HKG 7	
British Airways	OneWorld	26	7,818	PEK 7, PVG 5, HKG 14	LHR 26
Aeroflot	Sky Team	26	6,463	PEK 14, PVG 7, HKG 5	SVO 26
China Eastern	—	24	6,066	PVG 24	CDG 10, FRA 5, LHR 4, SVO 3
Finnair	OneWorld	21	5,663	PEK 7, PVG 7, HKG 7	HEL 21

Hainan Airlines	—	20	4,506	PEK 17	BRU 4, BUD 4, SVO 3, TXL 4 LED 2
				PVG 3	BRU 3
Virgin Atlantic	—	14	4,354	PVG 7, HKG 7	LHR 14
Turkish	Star	14	4,195	PEK 5, PVG 5, HKG 4	IST 14
China Southern	Sky Team	15	3,792	PEK 7, CAN 4, URC 4	AMS 7, CDG 4, SVO 4
Swiss	Star	14	3,192	PVG 7, HKG 7	ZRH 14
Qantas	OneWorld	7	2,758	HKG 7	LHR 7
SAS	Star	7	1,715	PEK 7	CPH 7
Air New Zealand	Star	5	1,520	HKG 5	LHR 5
Austrian	Star	6	1,380	PEK 6	VIE 6
Transaero	—	3	1,098	PEK 2, SYX 1	DME 3
Aerosvit	—	3	690	PEK 3	KBP 3
Trans North	—	4	676	HKG 4	SVO 4

Note: for airport codes, see above (under 'Airports'). The numbers after the codes represent the number of weekly flights from/to each airport. Flights to Russia east of the Urals are excluded.

- In recent years there have been substantial increases in capacity, particularly for the Chinese airlines, Aeroflot and Turkish Airlines. However, in 2008-09 British Airways, Virgin Atlantic and Cathay Pacific cut capacity particularly heavily. Alitalia withdrew its flights between Pudong and Milan, but plans to resume them in June 2011. Air China intends to add flights from Peking to Athens, Milan, Rome and Düsseldorf, and possibly other European destinations, in 2011, and China Eastern will introduce flights from Pudong to Milan. Turkish Airlines will introduce flights between Guangzhou and Istanbul. Virgin Atlantic is reported to be planning a service between Beijing and Heathrow.

TRAVEL PLANNING & BOOKING

Travel Formalities

- International travel from China is strictly controlled, but the restrictions are being steadily relaxed. Prior to 1983 only official and authorised business travel was permitted. From 1983 travel to Hong Kong and Macau was permitted from specified cities. From 1987 1-day tours to neighbouring countries began to be introduced, and these were extended to 8-day tours by 1998. From 1988 travel to relatives in a few Asian destinations, at the relatives' expense, was introduced. From 1997 private leisure travel began to be allowed under the 'Approved Destination Status' (ADS) system. By March 2010 137 countries had ADS status. Most European countries were granted ADS by the end of 2004, but some components of the former USSR and Yugoslavia are still outside the system (eg Albania, Bosnia-Herzegovina, Serbia, Macedonia FYR, Ukraine, Belarus and Moldova).

- The ADS system involves a bilateral agreement between China and a foreign government that allows Chinese citizens to travel for leisure purposes, within organised group tours arranged through approved tour operators in China and in the host country. The tours must have at least five members (Australia has negotiated ADS groups of just two members) and be accompanied by an authorised group escort ('leader') and a guide (bi-lingual in English and Chinese). ADS also enables the destination country to establish a local NTO office in China.

- Travel agents are required to post bonds with CNTA guaranteeing the services provided to and rights of the tourists, and guaranteeing the return of the tourists to China. The tourists in turn are required to provide bonds, typically of Rmb50,000-Rmb200,000 (€5,000-€20,000), to the travel agents.

- Chinese travel documents include:
  1) Special travel permits allowing visits to Hong Kong, Macau and Taiwan;
  2) Diplomatic passports, seamen's passports, etc;
  3) Public affairs passports (valid for five years and multiple trips), for people sent abroad on behalf of the government or state-owned enterprises, including Chinese attending international conferences, making scientific or educational visits, artists, reporters and athletes;
  4) Private passports (valid for five years and multiple trips), mainly for Chinese visiting friends and family in certain approved destinations.
  5) Tourist passports (valid for one year and a single trip), introduced recently for travellers who wish to travel on ADS tours.

- Chinese visitors require visas for travel to all European countries. The authorised travel agents are responsible for presenting visa applications to the respective consulates. Visa information requirements are often very intrusive and somewhat arbitrary. Requirements for Schengen visas are not 'harmonised', allowing travel agents to shop around among the consulates for more favourable treatment. The complications involved in obtaining visas (which include social and political dimensions which are outside the experience of most Europeans) are said to be an important deterrent to long-haul travel, and an important factor in the choice of destinations.
- China and host nations are concerned to prevent ADS tourists from absconding. Agencies that fail to return their tourists to China are quickly blacklisted by the visa-issuing consulates and the Chinese authorities. Consequently, the tour escorts usually retain the tourists' passports for the duration of the tours.

Travel Decisions

- Tourists typically make their bookings 1-2 months in advance, but late booking is becoming increasingly more widespread except for peak travel periods. Much depends on the kind of visas required and the time required to get them.
- The tour organisers tend to book accommodation and facilities at short notice, and the trade often complains about frequent changes in plans.

Booking Methods

- Leisure tourists to Europe (restricted to the ADS system) depend on the authorised travel agencies to form a tour within which they can travel and to process their visa applications, and virtually all make their travel arrangements through these travel agencies. The authorised travel agencies cater for people who do not live within easy reach by working through numerous sub-agents.
- Official, business, MICE and technical travellers notionally have greater freedom to make their own international travel arrangements independently, but in practice almost all make their bookings through the major travel agents equipped to deal with them, or through their companies and organisations (many of which have an in-house department linked to one of these travel agencies).
- While 70% of Chinese travellers have some kind of credit card, few have international credit cards, but the numbers are growing fast, according to Visa International.
- The internet is increasingly popular for booking air travel and hotels within mainland China, Hong Kong and Macau. But international credit cards are still necessary for making bookings outside China.
- E-commerce is growing rapidly in China, but the available estimates vary hugely, as the following bullet points show.
- The China-based internet firm iResearch says that only 10% of all bookings were made online in 2009 but the number is expected to double by the end of this year. iResearch also says that the total value of the online booking sector will be worth US$2.3 bn by 2013.
- PhoCusWright, in the other hand, reports that, of US$58 bn travel bookings in 2009, 15% were made online. But the value of internet bookings for international travel is still zero: the formalities and complications involved make online bookings impossible, even for 'FIT' and official/business travellers.
- In May 2010 PATA reported research showing that 42% of consumers paid cash when purchasing a leisure trip (second only to Russia among 12 leading markets) and 32% paid with a credit card (compared with 60-65% in the USA, Hong Kong and UAE). Only 1% paid by debit card. (These findings are rather at variance with reports about the extensive use of credit cards for spending when abroad.)

Information Sources

- The Mastercard MasterIndex survey (2nd half of 2008) found that, as key sources of information on where to travel to, 82% of personal travellers used the internet, 77% tour operators, 59% word of mouth, 43% travel/lifestyle magazines and newspapers, 46% travel guides, books and brochures, 27% advertising (including advertising by NTOs), 22% the cinema or TV, and 4% travel promotions and fairs.

- Travel agencies use newspapers, radio programmes (especially those aimed at car drivers), TV (only the biggest agencies can afford TV spots) and, increasingly, the internet. However, advertising is expensive and therefore superficial – it focuses heavily on price. This reinforces a serious problem with information and marketing. The senior managers in the authorised travel agents may be highly educated and knowledgeable, but their counter staff are usually not. They are unable to offer good information to customers, and fall back on the number of countries to be visited and price. There is a crying need for elementary brochures, properly translated and laid out for Chinese readers, aimed at both the trade and at consumers.
- Research sponsored by VisitBritain in 2008 found that the Chinese are more trusting of published and broadcast travel information (including advertising and trade information) and of travel blogs and travellers' postings on the internet than many other people, but find it difficult to be inspired by these sources. Of course, the responses are subjective, and it may well be that they reflect cultural differences in responding (i.e. a reluctance to criticise or enthuse) rather than cultural differences in actual reactions to these sources of information. As almost everywhere, the greatest trust and importance is placed on information from friends and relatives.
- Nielsen reports that the Chinese often use online social networks for secondary research. That is, they search for travel information in traditional media and then turn to online travel discussion forums to check and fine-tune their plans.
- In October 2010 PhoCusWright asked online consumers the following question: "When you planned or gathered information for your holiday travel in the last 12 months, how did you research any of the following travel components?" and obtained the following answers:

	Offline	**Online**
Air tickets	53%	35%
Hotels	70%	35%
Travel packages	50%	19%
Train	59%	14%
Rented car	1%	0%

Internet & Media

- The International Telecommunications Union (ITU) reports that, in 2009, there were 389 mn internet users in China – 29% of the total population (Internet World Stats says 420 mn in June 2010 and *eMarketer* 359 mn). There were 112 mn fixed (wired) internet subscriptions (8 per 100 inhabitants), 93% of which were broadband. These figures are high by emerging world standards, but lower than the average in Asia and well under half of those in the developed world.
- The ITU reports that, in the same year, China had 312 mn fixed telephone lines (24 per 100 inhabitants) and 742 mn mobile telephone subscriptions (56 per 100 inhabitants). The number of fixed telephone lines is no longer growing but the number of mobile subscriptions is still growing fast (by 17.4% a year in 2004-09) and is far short of saturation.
- The Boston Consulting Group, in May 2010, reports that the online population in China are far more intensive users of the internet than those in other emerging countries, and have enthusiastically adopted online forums, instant messaging, on-line games, music and entertainment.
- Internet users are, essentially, the urban middle-class elite, young, urban and educated – the prospective long-haul international travellers in the population. 73% of users are under 35 and most have white-collar jobs; 99% of young professionals are internet users.
- Access to radio and television is now almost universal in China. There are over 300 TV channels and over 300 radio stations. Radio is especially important for reaching the growing population of car drivers.
- There are said to be over 2,000 daily newspapers and nearly 10,000 magazines (including a full range of lifestyle, women's and men's magazines) published in China, many of them with travel content. VisitBritain lists the following travel magazines: *Travel + Leisure, World Traveller, Ctrip Magazine, National Geographic Traveler, Travelling Scope, City Tourism, Traveler, Voyage, Tourism Magazine, Global Travel, Euro Travel, Air Travel, China Travel News, Travel Weekly China, TTN China* and *TTG China*.

TRAVEL TRADE PROFILE

Tourism Authorities

- The China National Tourism Administration (CNTA) is the main government organisation in charge of the tourism industry and effectively controls tourism policy (domestic, inbound and outbound) and supervises the industry closely. It handles foreign contacts and investments.
- The Public Security Bureau (PSB) is responsible for issuing passports.
- The Civil Aviation Administration of China (CAAC) supervises aviation, including the issuing of air tickets.
- The China Tourism Association (CTA) is a semi-governmental organisation, responsible to the CNTA but including the major players in the travel trade. Its purpose is to spread knowledge within the industry on how to improve management, efficiency and quality, and it has direct contacts with many foreign counterparts.

Structure of the Travel Trade

- There are reported to be more than 1,250 international travel agencies in China. Of these, more than 670 are licensed to handle outbound travel but only 69 are licensed to handle ADS travel. Most are wholly or partly owned, or controlled, by central or local government organisations. Under World Trade Organization rules, foreign companies are now allowed to set up wholly owned subsidiaries or joint ventures in China, but none have yet been authorised to handle outbound business (although this is reportedly imminent).
- There is no clear distinction between tour operators and travel agents, nor between wholesalers and retailers. The large travel agencies service several thousands of smaller travel agents, which are not licensed to handle outbound travel and therefore rely on a big agency for visa processing and official procedures (see 'Travel Formalities'). It is also reported that private individuals sometimes form their own travel groups and sell these to the travel agents or tour operators for a commission.
- The travel agencies licensed by CNTA to handle ADS tours work with 'incoming' tour operators in the destination countries to design and package the products. CNTA requires tours to be accompanied by an authorised tour escort or 'leader' and a guide, bilingual in Chinese and English. In the past, these guides were often residents of China or Taiwan, but in view of the expense of their air-fares and their lack of familiarity with conditions in the host countries, guides are more often being hired locally.
- Similarly, the inbound operators handling ADS tours must be approved by the national tourism authorities.
- Although there are some thoroughly modern and efficient agencies, most provide rudimentary services, often with manual, paper-based procedures. Very often the front-line staff have little experience and very limited knowledge about Europe. Few can read English (or any other European language).
- Travelsky is the only computer reservation system (CRS) approved by the Chinese government.

Retail Travel Agencies

The principal international travel agencies include:

- China International Travel Service (CITS), with 122 domestic and 14 overseas branches/outlets. It is the largest inbound operator and the second largest outbound operator.
- China Travel Service (CTS), with about 250 branches throughout the country, is China's largest outbound operator.
- China Youth Travel Service (CYTS), controlled by the Communist Youth League of China, claims to be one of the three largest travel agencies in China (handling inbound, outbound and domestic travel) and was the first Chinese travel agency to be listed on the stock market, in 1997. It has about 50 branches.
- China Peace International Tourism (CPITC), based in Beijing, is a diversified inbound and outbound travel agency and one of the few companies equipped to deal with MICE business. It has about 30 retail agencies in China.
- BTG International Travel and Tours, also based in Beijing, is another diversified travel agency also equipped to deal with MICE business.
- China Comfort Travel, based in Beijing.

- Jin Jiang Tours, based in Shanghai.
- Shaanxi Overseas Tourist Company
- Shanghai CITIC International Travel Co Ltd is a subsidiary of the state-owned conglomerate, CITIG Group.
- Shanghai Tea Metropol International Travel Service Company.
- China Ocean International Travel, China Travel International (CTI), Panorama Tour, and Shanghai Business International Travel Service Company operate mainly as wholesalers but also sell directly to the consumer.

E-travel Resources

- The leading travel search site (and, for domestic travel, travel commerce site) is Ctrip.com. Other important e-commerce sites include Alibaba.com, Dangdang.com, Taobao.com, Tencent.com and Joyo.com (owned by Amazon). Expedia has put together a set of e-travel resources which includes eLong.com (China's second-largest online travel agency), Kuxun.cn (the second largest travel search engine), Daodao.com (a travel review site owned by TripAdvisor) and Egencia China (a travel management unit).
- China's Google clone is Baidu rather than Google, but the largest travel search engine is Qunar.com. The leading social networks are also home-grown (Facebook, Twitter and YouTube are all blocked, although many Chinese find irregular ways of accessing them).
- Simple translations of European web pages into Chinese are inadequate: the logic and layout conventions of Chinese websites are very different.

KEY TRENDS AND FORECASTS

Key Characteristics of Chinese Outbound Travellers

- The initial tendency for Chinese first-time leisure travellers to Europe to take 'lightning tours' through many destinations is declining fast. The current trend towards fewer destinations per trip, or even single destinations, is expected to intensify.
- Whether on ADS group tours or independently organised trips, the Chinese tend to be exacting customers. They are used to modern, spacious hotels, with facilities and details often lacking in the European hotels selected for them by European tour operators. Surveys reveal that, although they are willing to test European cuisines, they require Chinese food – and are often disappointed by what passes for 'Chinese food' in Europe. Kettles and green tea in hotel rooms are essential.
- Cultural differences and communication remain serious problems, in spite of the high proportion of graduates among travellers and the enthusiasm of the Chinese for taking EFL (English as a foreign language) courses. Chinese tourists expect their bilingual guides and tour leaders to be available at all times. Sensitivity to discrimination, or perceived discrimination, against China or the Chinese is also sometimes an issue.
- Until recently only the most affluent and privileged Chinese could travel to Europe. One reason for the decline in spending per trip in recent years has been the growing proportions of Chinese on more modest incomes allowed to travel to Europe – a trend which is expected to continue.
- Activities of leisure tourists on ADS tours to Europe are necessarily somewhat restricted. They include quick trips to the iconic sights in the capital cities, shopping and taking photographs. However, in view of the limited and often unsatisfactory experience which 'lightning tours' offer to the tourists, and the lack of profitability in offering such tours, the variety and sophistication of tour activities can be expected to improve rapidly.

Short-term Prospects

- There are numerous forecasts for China outbound travel, mostly based on the UNWTO's projection, made 15 years ago, of 100 million trips by 2020 (implying a growth rate of 13% a year). In 1995-2007, actual growth was very much faster than this – nearly 20% a year – so many analysts expected the 100 mn trips mark to be reached by 2015 or even earlier. However, after the setbacks in 2008-10, this now seems less likely, but since 100 mn trips in 2020 would mean a growth rate of only 7% a year in 2009-20, the target will very likely be reached before 2020.
- Sceptics point out that most of this growth is being generated by trips to Hong Kong and Macau. Furthermore, growth in trips to traditional destinations elsewhere in Asia and Oceania was expected – and is still expected – to be stronger than that to Europe.
- However, the introduction of ADS tours and the dynamic growth in trading and business links with China sustained growth in travel to Europe at reasonably high levels in 2005-09 (an estimated 5.4% a year). Oxford Economics expects travel to Europe to grow by 12% a year in the next three years, outpacing travel to the world as a whole (10% a year).
- The Boston Consulting Group has pointed out that China's GDP is far short of the US$15,000 per person normally required to sustain mass demand for long-haul air travel. Such levels will not be achieved much before 2030. The Chinese population is so large, and the economy so prosperous, that it is already an important outbound travel market, but it will not have the characteristics of a highly developed mass market for many years.
- The European tourism industry has perhaps been overly excited at the opportunities for leisure tours opened up by ADS. Results have generally been disappointing, largely because of the extremely low prices negotiated by Chinese travel agents and the complications of catering for their customers. Specialist FIT, business, MICE and technical visits are invariably more attractive – but still highly competitive – segments for European operators.
- The Chinese market is also extremely sensitive to political and security considerations. Recent examples of this sensitivity include the extraordinary reactions, in terms of travel, to the French president's reception of the Dalai Lama, to the Japanese arrest of a Chinese fishing vessel off the Senkaku Islands, and to the Philippine police's misshandling of the hijacking of a bus in Manila. The Chinese also proved very sensitive to fears about the spread of swine flu in 2008. Used to very circumspect handling of politics and bad news in their own media, they have no yardsticks against which to measure such reports from abroad, and very easily fear the worst.
- In short, the Chinese market holds huge potential, but for many operators it is in the short term proving a difficult and unrewarding market in which to do business.

NOTES

[a] Multiple responses possible/percentages add up to more than 100%

[e] Estimates

[f] Forecasts

SOURCES OF INFORMATION

Principal statistical sources (by section):

- **Country Profile**: National Bureau of Statistics of China (NBSC); International Monetary Fund; United Nations Department of Economic & Social Affairs Population Division; International Centre for the Study of East Asian Development (ICSEAD); O&A.com.
- **Travel Profile**: China National Tourism Administration (CNTA); World Tourism Organization (UNWTO); Pacific Asia Travel Association (PATA); Ivy Alliance Tourism Consulting Co Ltd; Oxford Economics; MasterCard MasterIndex of Travel China; VisitBritain; The Travel Business Partnership (TBP) from various industry sources.
- **Profile of Travellers**: CNTA; IPK International's World Travel Monitor; Scandinavian Tourist Board (STB); VisitBritain; Tourism Australia.
- **Air transport/Airlines**: SRS Analyser; Peking, Pudong and Guangzhou International Airports.
- **Travel Planning and Booking**: International Telecommunications Union (ITU); Ivy Alliance; MasterCard; PhoCusWright; VisitBritain; TBP.
- **Travel Trade Profile**: CNTA; UNWTO; PATA; ETC *New Media Trend Watch*; TBP.

FURTHER INFORMATION

China National Tourism Administration (CNTA):	www.cnta.gov.cn
National Bureau of Statistics of China (NBSC):	www.stat.gov.cn
Pacific Asia Travel Association (PATA):	www.pata.org
World Tourism Organization (UNWTO):	www.unwto.org
International Centre for the Study of East Asian Development (ICSEAD):	www.icsead.or.jp/eaea/
China Outbound Tourism Research Institute:	www.china-outbound.com

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