The Chinese Traveller and how to deal with this desired class of visitors as a City Destination

Sam Kim, PhD, CHE
Associate Professor
School of Hotel & Tourism Management
The Hong Kong Polytechnic University
Economy of China

- Foreign exchange reserve: US$3,900 billion in 2014 (World #1)
- GDP in 2014: US$10,380 billion (World #2); US$7,594 per capita
- Per capita disposable income: US$4,547
- The Gini coefficient increased from 0.45 in 1995 to 0.73 in 2013. (US: 0.57 before tax; 0.42 after tax)
- Top one percent of households holds one-third of total assets
Tiens’ incentive tour in Nice 2015

6,400 Tiens employees used 84 flights, 140 hotels, 4,700 rooms
Nu Skin’s incentive tour in Abu Dhabi 2014

16,000 visitors used 200 flights, 40 hotels, 400 buses
Approved Destination Policy

- 24 in Europe
- 26 in Asia and the Middle East
- 23 in North America
- 16 in South America
- 33 in Africa
- 16 in Oceania
- Hong Kong, Macau, Taiwan
- Total 141 “approved” destinations
Growth of Outbound Tourism

In 2000, 10 million
In 2010, 57 million
In 2011, 70 million
In 2014, 100 million
Spending: USD165 billion

In 2019, 174 million
Spending: USD264 billion
## Preferred Outbound Country

Top 20 Outbound Destinations by Travel Agencies in First Three Quarters of 2014

<table>
<thead>
<tr>
<th>Destinations</th>
<th>Number of Mainland Chinese Tourists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>5,370,884</td>
</tr>
<tr>
<td>South Korea</td>
<td>3,546,921</td>
</tr>
<tr>
<td>Thailand</td>
<td>2,884,539</td>
</tr>
<tr>
<td>Taiwan</td>
<td>2,671,350</td>
</tr>
<tr>
<td>Macau</td>
<td>2,434,431</td>
</tr>
<tr>
<td>Japan</td>
<td>1,394,203</td>
</tr>
<tr>
<td>Singapore</td>
<td>990,159</td>
</tr>
<tr>
<td>Malaysia</td>
<td>677,836</td>
</tr>
<tr>
<td>Indonesia</td>
<td>646,048</td>
</tr>
<tr>
<td>France</td>
<td>619,294</td>
</tr>
<tr>
<td>United States</td>
<td>553,846</td>
</tr>
<tr>
<td>Italy</td>
<td>497,453</td>
</tr>
<tr>
<td>Vietnam</td>
<td>440,683</td>
</tr>
<tr>
<td>Switzerland</td>
<td>436,771</td>
</tr>
<tr>
<td>Australia</td>
<td>413,333</td>
</tr>
<tr>
<td>Germany</td>
<td>397,611</td>
</tr>
<tr>
<td>Russia</td>
<td>354,065</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>239,967</td>
</tr>
<tr>
<td>New Zealand</td>
<td>222,566</td>
</tr>
</tbody>
</table>

**Short-haul countries/regions (1st to 9th ranking)**

**Long-haul countries**

**Long-haul countries**
Current competition

Competition among short-haul destinations

Long-haul destinations (France, US, UK, Australia)

Kim, Kozak and Chon (2015)
Future competition

Currently, aged 25 to 34 people are major overseas tourists. According to specialization theory and travel ladder motivation theory,

Short-haul travel tourists => Long-haul tourists

Within less than 4 hours

After 2025

Within 5 or longer hours

In 2015

Europe

Middle East

Africa

Oceania

Americas
Chinese Outbound Tourists, Expenditures, and Growth

- Total expenditure by 100 million in 2014: USD165 billion => USD264 billion by 174 million in 2019 (Travel Link Daily, 2015)

- 30% of the world’s tax free shopping in 2014. 47% of all luxury good worldwide (Travel Link Daily, 2015)

- In 2014, 10 provinces: per capita income US$8,000 or more (explosive growth of outbound tourism in previous Asian countries at this income level) (Fidelity Worldwide Investment, 2015)

  => In 2020, most provinces: per capita income US$8,000 or more (Bank of America Merrill Lynch, 2015)
Understanding of Chinese Mental Values

- Confucianism
- Taoism
- Buddhism
- Cultural revolution (1966 to 1976)
- Modernization (1980 - )
Confucius (551–479 BC)

Five virtues:

- Humanitarianism
- Allegiance
- Courtesy
- Wisdom
- Trustworthiness

Five relationships:

- Parent and child
- Husband and wife
- Elder brother and younger brother
- Older friend and younger friend
- Ruler and subject
Taoism

- Harmonious relationship between nature, humanity, and the divine
- Philosophical way of balancing
- Yin & Yang
- Feng Shui
- Tai Chi
Buddhism

- When early Buddhism was brought to China, people interpreted it with Taoist terminology.
- Buddhas were carved along the Silk Road during the Tang Dynasty, for worshipping.
- Buddha is depicted not only as a teacher but as god.
Buddhism

• Chinese Buddhists may pray to Buddha for help and salvation.
• Today the Buddha is also depicted as “Happy Buddha”, being fat and laughing.
• “Happy Buddha” shows that Chinese has become more worldly looking for prosperity.
Cultural Revolution (1966-1976)

- Mao’s political maneuver to reinforce his power base.
- To end Old Customs, Old Culture, Old Habits, and Old Ideas.

Scholars were humiliated, religions were ridiculed, and heritage was wrecked.
Modernization (1980-present)

Deng Shao-ping: “Black cat or white cat: If it can catch mice, it's a good cat.”
Implications of the culture

- Travel is rooted in Chinese culture
- Comparing with Chinese scenery and food
- Travel has a strong symbolic meaning
- Religious tourism
- Chinese eating habit
- Souvenir for relatives and friends
Public holidays 2016

- New Year 1 January
- **Chinese New Year** 7-11 February
- Tomb Sweeping Day 4 April
- Labor Day 1 May
- Dragon Boat Festival 9 June
- Moon Festival 15 September
- **National Day Holiday** 1-5 October
- Double Ninth Festival 9 October
China National Tourism Administration

- General Office 办公室
- Comprehensive Coordination 综合协调司
- Policy and Legal Affairs 政策法规司
- Tourism Promotion and International Liaison 旅游促进与国际合作司
- Planning and Finance 规划发展与财务司
- National Red Tourism Coordination 全国红色旅游工作协调小组办公室
- Quality Standardization and Administration 监督管理司
- Affairs on Tourism of Hong Kong, Macao & Taiwan 港澳台旅游事务司
- Personnel 人事劳动教育司
- Party Committee 机关党委
- Office of Retired Cadres 离退休干部办公室
Chairman Li Jinzao Attends the China-ROK Friendly Exchange Night

2015-09-14
Layers of Tourism Bureaus

- **Provincial Level**
  - 32 in total
  - e.g. Beijing Tourism Bureau
  - e.g. Zhejiang Tourism Bureau

- **Major Cities**
  - 18 in total
  - e.g. Guangzhou Tourism Bureau
  - e.g. Xiamen Tourism Bureau

- **Secondary Cities**
  - >1000
  - Prefecture level
  - County level
China National Tourism Administration

Overseas Offices

London
Paris
Madrid
Frankfurt
Zurich
Rome
Moscow
New Delhi
Kathmandu
Singapore
Los Angeles
Toronto
New York
Seoul
Tokyo
Osaka
Hong Kong
Taipei
Kaohsiung
Sydney
Asian Infrastructure Investment Bank

• A proposed international financial institution which is focused on supporting infrastructure construction in the Asia-Pacific region.

• The bank was proposed by China and supported by 57 prospective founding members.

• The members include UAE, Saudi Arabia, Qatar, UK, Australia, France, Germany, Switzerland, Korea, Singapore, Thailand, etc.
China’s outbound tourism market is growing at a rate of 9% annually, with expenditure predicted to grow to US$1.8 trillion by 2030.

Chinese old saying: One learns more by traveling ten thousand miles than reading ten thousand books.

读万卷书不如行万里路

China’s outbound tourism market is growing at a rate of 9% annually, with expenditure predicted to grow to US$1.8 trillion by 2030.