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# China's Travel and Tourism Industry

And three major changes to anticipate

September 2018

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# Introduction

In less than two decades, China has grown to become the **world's most powerful outbound travelling market.**

According to Ctrip and China Tourism Academy's joint travel report on 2017 outbound tourism, in 2017 alone, there were of 130 million outbound trips by Chinese residents with estimated spending of USD 115.29 billion abroad<sup>1</sup>. Moreover, this trend is predicted to rise by an estimated 400 million overseas trips by 2030, as highlighted by the China Tourism Academy.

This already huge and growing market provides considerable opportunities for a variety of businesses in the Travel & Tourism industry (T&T), which include transportation, accommodation, and entertainment.

The even better news is that Chinese consumers have revealed that tourism is the top category on which they would want to spend more, with an increase in disposable income<sup>2</sup>, as shown in 2017-2018 China's Economy Research Report by Keda Group.

This fast-growing market is also one that's evolving at a lightning speed. And only businesses that are able to discern and navigate the changes will gain a competitive advantage.

In this paper, **we reveal three major changes** we observe in the industry, through our on-hands experience in creating measurable advantage for clients in this fast-changing marketplace.

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<sup>1</sup> Ctrip and China Tourism Academy, 2017 China Outbound Tourism Travel Report, <https://www.prnewswire.com/news-releases/ctrip-and-china-tourism-academy-joint-travel-report-on-2017-outbound-tourism-300606489.html>

<sup>2</sup> Keda Group, 2017-2018 Research on China's economy and lifestyle, [http://www.marketing.com/index.php?c=article&m=article\\_detail&id=12053](http://www.marketing.com/index.php?c=article&m=article_detail&id=12053)



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## 1. As travel becomes more prevalent, the objective changes

Driven by increased purchasing power, expansion of airlines' international networks and more lenient visa policies, outbound travelling is becoming more and more accessible to Chinese tourists, and this is changing the types of vacation sought.

With greater opportunities to travel, Chinese tourists are looking beyond the obvious "must see" hot spots. Chinese tourists now attach greater importance to "being a local" when they travel. Instead of spending the majority on shopping and accommodation in a luxury chain hotel, now they would value an in-depth tour to acquire a real taste of local culture. There is more spending on local cultural activities to explore the lesser-known spots and authentic cultural experiences, instead of merely shopping<sup>1</sup>.

### TAKEAWAY

Chinese travelers now prefer visiting fewer places for in-depth experiences in a trip and demand increased flexibility as well as autonomy to design an itinerary for themselves. Businesses can respond to this need by "LEGO-izing" their offerings; providing building blocks of different shapes and colors for them to figure out the way to complete the final product desired.

When applied to travel and tourism, that means offering travelers more specific and targeted products of smaller size/time range – ie move from selling a five-day all-round package to a one-day watersports experience in a lesser-known bay.

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<sup>1</sup> Qdaily, A different preference for travel destinations and activities, <http://www.qdaily.com/articles/37918.html>



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## 2. Travel takes on a different meaning

With the new wave of consumption, there are two major groups with higher purchasing power – 1) **upper middle-class** and affluent populations in small towns and 2) **millennials**<sup>1</sup>. Both groups are faced with varying amounts of anxiety for all sorts of different reasons, yet work remains a major culprit<sup>2</sup>.

It is very common for Chinese travelers to see travel as an escape from the reality of their work lives, and as a way to realize a more ideal life – doing things that they are interested in just for the sake of it, enjoying life to its fullest. As a result, when choosing travel-related products, they are more interest-oriented, and focus more on quality food and experiential forms of entertainment, whether a Kimono experience in Kyoto, whale-watching in Hualien or signing up for a mud bath and spa in Nha Trang – which ranked as the top three activities loved by Chinese travelers in 2017<sup>3</sup>.

### TAKEAWAY

Chinese travelers are becoming more interest-oriented across almost every aspect in life, from travelling to online shopping. Offering products that are more targeted is a prerequisite, but reaching different target audiences on the right platforms, with a message with which they identify, is also vital.

Different target groups are active on different channels at different times and frequencies. Also, their preferred messaging formats are not the same. Replicating the same set of messaging across channels is the last thing you should do if you want to have a better ROI from your communications. Tailoring by channel is crucial.

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1 Qdaily, *The young generation is spending in a different way*, <http://www.qdaily.com/articles/34765.html>

2 Qdaily, *56 insights of youngsters' travel style*, <http://www.qdaily.com/articles/32501.html>

3 Davost Intelligence, *8 travel trends in China*, [https://www.sohu.com/a/213966872\\_234564](https://www.sohu.com/a/213966872_234564)





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### 3. The information channel and planning disruption by technology

China is a fast-adopting market of new technology, as proven by the popularization of mobile payment and e-commerce, for example. Mobile-first consumers have easy and instant access to information and transactions, all on one single device.

The Chinese will spend a considerable amount of time reading a variety of different reviews before purchasing. Discussion and recommendations through influencers within their interest groups serve as a very effective endorsement in guiding purchasing decisions.

#### TAKEAWAY

Chinese travelers are early and eager adopters of new technology, and are willing to experience new things. Until fairly recently, graphics with text layover was the preferred communications format in China. In the past year however, we have seen the rise of multiple video platforms like Bilibili and acfun, while Douyin has become the world's most popular app in a mere six months.

In the Chinese market, only businesses that are informed, responsive and able to keep pace with trends, with suitable messaging ideas and materials, will convince consumers to love their brand.





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## Conclusion

It's beyond question that the potential of the Travel and Tourism market in China is substantial. However, the fast-changing pace potentially complicates the path to success. **Businesses that possess local industry acumen and market sensitivity are poised to capitalize on the growing market.** But for those who are unable to keep pace with consumer expectations, the competitive edge they have taken years to build can slip away before they even know it.

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