

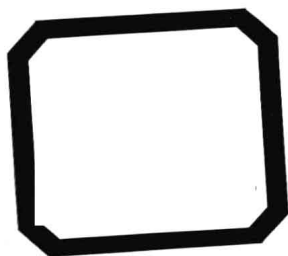
China Tourism Academy

Annual Report of China Outbound Tourism Development 2012



旅游教育出版社
Tourism Education Press





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Preface

The year of 2011 witnessed China's stronger economic growth, which served as a major driving force of its rapidly developing outbound tourism. China's outbound tourism played an increasingly important role in the world tourism economy, creating a more favorable external environment. The number of outbound tourists and the volume of tourism consumption hit a record high. The number of China's outbound tourists reached 70.25 million (person times), a remarkable year-on-year increase of 22.42%. Outbound tourist expenditure is predicted to reach USD 72.6 billion, second only to the United States and Germany. In terms of the number of outbound tourists, China, as a major tourist source market, had 1.2 times that of the United States of America, and 3.5 times that of Japan. In other words, China is becoming the world's No. 1 source market of the global outbound tourism industry.

The continued growth of China's outbound tourism has become a stable growth pole of the world tourism economy. Since the global financial crisis in 2008, China has not taken any measures to restrain the development of its outbound tourism. Instead, through its own orderly development, it has helped prevent the tourism industry of destination countries from deeper recession. In 2011, the year-on-year growth rate of world inbound tourism was 4.4%. Chinese tourists contributed 30% to this global increase, which, to a great extent, reduced the negative impact caused by the European sovereign-debt crisis, combined disasters in Japan and the chaos in the Middle East and North Africa. China has become a key driver in maintaining the lasting prosperity of the global tourism industry.

The development of outbound tourism increased China's overall tourism influence in the world, despite a drop in China's inbound market share in the global tourism economy. China is placing a greater influence on global tourism, which is due to factors such as the sustainable development of the total volume of tourism service trade, the closer relationships between China and the rest of the world within the framework of ADS agreement, and status changes of major tourism countries caused by the global financial crisis. Many countries have identified China as a key market in their mid-term and long-term blue print of the tourism industry, and measures have been taken for product development, marketing and easier visa procedures.

This series of annual research studies, started in 2003, cover influential factors, market conditions, consumption features, industry trends and the regional pattern of China's outbound tourism, in an effort to provide valuable and all-round information to domestic and foreign tourism administrations, industry players and research institutions. It has been valued as a reference for their operations and management, policy making, strategy development and academic research.

To ensure the authority and professionalism, entrusted by the Department of Marketing& International Cooperation of the China National Tourism Administration, the *Annual Report of China Outbound Tourism Development* has been compiled by experts and researchers sponsored by the China Tourism Academy since 2008. For the convenience of foreign readers, this report has also been released in English since 2009. Based on consecutive research and paradigms, this report has been constantly improved. This report includes quantitative analysis about correlations between environmental factors and changes in outbound markets, provides a detailed analysis of the business travel market and leisure vacation market, and presents the results of comparative studies of market characteristics of major regional tourist cities.

The report consists of an introduction and five chapters. The introduction presents an overview of the development of China's outbound tourism in 2011. Chapter One provides a complete analysis of the influential factors in the outbound tourism market. Chapter Two analyzes the features of major consumer markets of China's outbound tourism. Chapter Three evaluates the performance of China's outbound tourism industry under the impact of the market fluctuation in 2011. Chapter Four explores typical tourist cities in China's north, east, south and southwest markets. Chapter Five forecasts the development of China's outbound tourism market in 2012 and makes policy-related recommendations for governments, enterprises, and tourist destinations.

Professor Du Jiang and Professor Dai Bin developed the framework for this project. The annual work plan was formulated through discussions, including questionnaire design, guidelines for conducting interviews and organization of research. Since 2010, eight port cities, including Beijing, Shanghai, Guangzhou, Chongqing, Chengdu, Xi'an, Shenyang and Hangzhou, were placed on the survey list. The panel has conducted field surveys of government authorities and major outbound tour operators in typical destinations. The report was then revised and finalized on the basis of data collection (from both home and abroad) and analysis. The authors are as follows: Jiang Yiyi (Introduction); Yang Jingsong, Lu Xiuli (Chapter One); Jiang Yiyi, Liu Limin, Su Hui (Chapter Two); Ma Yiliang (Chapter Three); Jiang Yiyi, Ma Yiliang, Yang Jingsong, Yang Liqiong, Liu Limin, Xu

Na, Su Hui, Lu Xiuli, Li Li (Chapter Four); Jiang Yiyi (Chapter Five).

It is anticipated that the Annual Report will grow along with China's outbound tourism and make greater contributions to the healthy development of the tourism market, industry and research.

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Overview of China Outbound Tourism Development
in 2011

Introduction

China's outbound tourism continued to grow steadily and rapidly in 2011, with a total scale of 70.25 million person times, or a year-on-year increase of 22.42%. The amount of outbound tourism spending reached USD 72.6 billion. The adverse balance of the tourism service trade recorded a further rise to USD 24.1 billion. The proportion of long and mid-haul destinations soared due to various factors, such as emergencies. The consumption structure tended to be more diversified and personalized, which resulted from growing market segments like recreational consumption and development-oriented consumption of middle class consumers. The industry grew rapidly in terms of scale and its transformation and upgrades due to the speedy expansion and continuous development of market demands.

1. Continuous Improvement of the Environments at Home and Abroad

1.1 Constant development of China's economy as a major driver of fast growing outbound tourism

In 2011, China's economy continued to develop toward the expectation of macro-economic control. The gross domestic product of the year increased by 9.2% on a year-on-year basis, and the income of urban and rural residents grew substantially, which laid a good foundation for the development of outbound tourism. Research shows that every 1% increase in per capita GDP and disposable income may lead to an increase of 1.01% and 1.22% of the number of outbound tourists, respectively. Although the CPI was up by 5.4% compared to that of the previous year, the CPI base rose at a moderate rate which, along with the roughly 5% rise in the RMB's appreciation against the US Dollar, acted as a stimulus to outbound travel. Research also suggests that every 1% increase in per capita CPI may contribute to a 12.78% increase in outbound travel, and every 1% devaluation of the USD against the RMB may lead to 4.36% increase of the same.

1.2 Significance of China's outbound tourism to the world tourism economy

The number of global inbound tourists in 2011 saw a 4.4% year-on-year increase, 30% of which resulted from the outbound travel of Chinese citizens. This countered to a great extent the negative influence of the Euro zone sovereign debt crisis, compound disasters in Japan and political upheavals in the Middle East and North Africa. Furthermore, a more flexible external environment, including improved visa and reception systems, was established and consumption demands promoted. Earlier this year, Japan lowered the threshold for tourist



visas to Chinese tourists twice within the same year, as it tended to regard China as the strategic pillar that supports the development of its tourism industry. The U. S. Travel Association appeals for a more flexible visa policy for emerging countries like China. Greece has substantively eased visa conditions and opened direct flights. The Italian press reflected on how to improve the service quality to better meet the needs of Chinese tourists. Overseas businesses were improving the service provided to Chinese tourists as well. For instance, Starwood Hotels launched an initiative called *the Customer Experience Management Program*, providing services, such as serving rice congee, Chinese translation service and Chinese TV channels.

1.3 Resources allocation by businesses to outbound tourism services

According to the *Bulletin of the Statistics of China's Travel Agencies 2010*, despite the fact that there were only 5% outbound tour organizers out of the total number of travel agents, their operating income and gross profits respectively accounted for 58.58% and 52.25% of the whole trade. Many small and medium-sized travel agencies proactively engaged themselves in product innovation, improving service quality and management skills in order to achieve rank among outbound travel agencies, which promoted the transition of China's travel agency industry from a quantity-driven pattern to a quality-oriented approach. Influenced by continuous expansion in the scale of outbound travel and profits, more and more travel agents tended to allocate resources like funds and manpower to outbound tourism, and increased investment in business advertising and promotions, which further accelerated the development of the outbound travel market.

1.4 Strengthened international co-operation

With the further development of the China-ASEAN Free Trade Area, the co-operative mechanism has been continuously improved. In April 2011, the establishment of a China-Vietnam International Tourism Cooperation Zone was advanced by the two countries. Regional tourism cooperation in Northeast Asia was also in full swing. Based on the Cooperation Agreement on Cross-border Circular Tourist Routes signed by China, Russia and North Korea, visa-free travel projects among the three countries were put into operation on April 26th, 2011, which marked a breakthrough in the regional cooperation among countries in North Asia. Since the end of May 2011, North Korea, for the first time, has opened its border to Chinese driving tourists and provided self-drive tours in Rajin-Sonbong (Rason).

1.5 Improved tourism public services

In order to improve the capability to cope with emergencies in the outbound and inbound markets, to better provide public services and to safeguard Chinese tourists' rights and interests, China has proactively been strengthening cooperation with major tourist destinations and tourist source countries to improve international tourism public services, including security and safety services. During the 6th China-Japan-South Korea Ministerial Conference on Tourism in May 2011, the three countries expressed their common wishes of building multi-lingual tourist signs and establishing a contingency system for tourism emergencies. China and Russia attached great importance to tourism security, which facilitated the pragmatic and efficient work of the China-Russia coordination team for tourism security and travel safety, strengthened further co-operation in travel insurance business between the two countries and enhanced tourists' awareness of tourism safety and security.

2. The Establishment of the World's Number One Outbound Tourism Market

2.1 Fast growing outbound tourism

In 2011, the total number of China's outbound tourists was 70.25 million person times, a year-on-year increase of 22.42%. Currently, China's outbound market was 1.2 times^① larger than that of the United States in terms of the scale of the outbound market, and 3.5 times^② bigger than that of Japan. It is suggested that the world's number one outbound market is taking shape in China. The number of multiple exits of existing tourists and new outbound tourists are the primary impetus to the growth.

2.2 Increased adverse balance of tourism service trade

Thanks to the continuous and rapid growth of outbound tourism over a long period of time, China achieved a steady increase in tourism service trade importing. Statistics of the Balance of Payments showed that the value of the imported tourism service reached USD 54.1 billion in the first three quarters of 2011, with the total value of the whole year

① According to the statistics from the United States Department of Commerce, the total numbers of outbound tourists in 2010 were 60 million person times.

② According to the statistics from Japan's Statistics Bureau, the total numbers of outbound tourists in 2010 were 16.64 million person-times.