

Marketing & International Cooperation Department of  
China National Tourism Administration

**China Tourism Academy**

# Annual Report of China Outbound Tourism Development 2011



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of China National Tourism Administration  
China Tourism Academy**

# **Annual Report of China Outbound Tourism Development 2011**



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## Preface

In 2010, China leapt to become the world's third largest inbound tourist host-country and Asia's largest outbound tourist source-country, with a per capita trip rate of 1.5 times, and a direct employment of 13.5 million people. Tourism consumption contributed over 10% of the total society, and the tourism industry showed its growing and positive role in China's economic and social development.

Against the background of a continuous growth in China's economy, a stable increase in residents' income and a further opening up to the outside world, 2010 saw a sustained rapid growth in China's outbound tourist numbers and their relevant spending. In 2010, the person-time of our outbound tourists reached 57.39 million, rising by 20.4% year on year, and spending on outbound tourism reached USD 48 billion, up 14%. In 2011, China's outbound tourism will maintain its high-speed growth, with estimated tourist number of 65 million, up 13%. Spending on outbound tourism will exceed USD 50 billion, hitting a record high of USD 55 billion.

Although China was affected by the financial crisis, H1N1 influenza and world's regional political unrest, its outbound tourism still maintained a good momentum and thus contributed much for the recovery of the world tourism industry. With the fast development of China's outbound tourism, the integrated function of outbound tourism has become increasingly prominent. It has played a positive role in balancing our international payments, easing international trade friction, elevating the international status of our tourism industry, getting us more say, and enhancing our influence in international travel affairs, improving our overall national quality, embodying the superiority of the socialist system and the great achievements of reform and opening up, encouraging our tourist enterprises and related businesses to "go global" and take part in international market competition, promoting the development of national brands and shifting the focal point of the pattern of reform and opening up from coastal areas to border areas.

Since 2008, entrusted by the Department of Marketing & International Cooperation Department of China National Tourism Administration, China Tourism Academy has been organizing experts and relevant researchers to compile the Annual Report of China Outbound Tourism Development. The Annual Report 2007/2008, and Annual Report 2009/2010 were published in February 2009 and February 2010 respectively. Since Annual Report 2009/2010, both Chinese and English versions have been provided to meet domestic and

foreign needs.

The report consists of six chapters. Chapter One briefly introduces China's market environment, industrial operation and product innovation, as well as market conditions and tourists' behavior in 2010. Chapter Two provides a complete analysis of the influential factors of the outbound tourism market in 2010 from three aspects: domestic, international and market-related environment. Chapter Three analyzes the basic characteristics of the main players in China's outbound tourism industry, industrial trends and product development and innovation. Chapter Four refers to the consumer market features of outbound tourism in China, especially tourists' behavior and consumption features in destinations. Satisfaction evaluation of outbound tourism is also touched upon here. Chapter Five explores influential factors, a market overview and characteristics of industrial operation in China's north, east, south and southwest market, including typical markets, i. e. Beijing, Shanghai, Guangzhou, Chongqing and Chengdu. Chapter Six proposes policy recommendations for outbound tourism-related bodies like government, enterprises and destinations, based on a grasp of the development environment and trends of our outbound tourism.

As a follow-up research series from 2003, this report covers influential factors, market conditions, consumption features, industrial trends and the regional pattern of China's outbound tourism. More importantly, based on a previous survey plan and research paradigm, improvement and innovation have been made to offer rich information to meet readers' demands and better mirror the rapid changes in outbound tourism. Because of this, the report has gotten wide attention and full recognition from domestic and foreign departments of tourism administration at all levels, related research institutions and the industry. It has been valued as a reference to their operation and management, policy making, strategy development and educational research.

In recent years, China's outbound tourism has experienced a rapid growth. It will be of great significance to promote Chinese culture through outbound tourism, to strengthen exchanges and cooperation in the field of humanities, and to further enhance the research on the outbound travel market.

We hope that the Annual Report grows along with China's outbound tourism, reaching its perfection. We will work hard for its greater role in promoting the orderly development of China's outbound tourism.

Zhu Shanzhong (祝善忠)  
Vice Chairman of China National Tourism Administration  
February, 2011

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An Overview of the Development of China's Outbound  
Tourism in 2010

# Chapter

# 1





# **Chapter One**

## **An Overview of the Development of China's Outbound Tourism in 2010**

In 2010, influenced by the policy implications of orderly development, coupled with other factors such as continuous domestic economic improvements, the RMB exchange rate increase, and the lowering threshold for a visa to destination countries and regions, China's outbound tourism, in terms of both the consumption power and the number of tourists, has reached an historical high. In contrast, the "going out" strategy of tourism enterprises has not made any significant progress. The market ripple effect is mainly manifested in the internal adjustment of industrial competition patterns and business models.

### **Section I : The Main Features of China's Outbound Tourism Market in 2010**

#### **1.1 The outbound tourism market expanded significantly due to continuous improvement of the macro environment**

In 2010, China's outbound market kept its momentum. The number of outbound tourists in 2010 reached 57.39 million, an increase of 20.4% compared with that in 2009. The dominant pattern of tourists traveling abroad for personal reasons was further strengthened, while the number of tourists departing for public duty declined to only 10% of the total number of outbound tourists. The rapid growth of the outbound tourism market will continue in 2011, and the number of outbound tourists is expected to reach 65 million, an increase of 13%. Outbound tourism spending is expected to exceed USD 50 billion, reaching a record high of USD 55 billion.

#### **1.2 Outbound tourism destinations remained steady with small changes and the travel to Taiwan continued to heat up**

The number of tourist destination countries and regions for Chinese citizens totaled 141, among which 110 were officially opened. Ranking by number of outbound tourists, the top ten countries or regions of the first destination were still Hong Kong, Macao, Japan, Korea and Southeast Asian countries and regions, with the exception of the United States. The



number of long-distance visitors to Africa and Oceania grew rapidly because of events such as the 2010 World Cup in Africa. Influenced by factors such as the opening of the Taiwan market to the whole of mainland China in 2010, the increasing number of travel agencies operating Taiwan-bound group tours and the setting-up of tourism offices on both sides, the number of mainland residents traveling to Taiwan achieved a rapid growth hitting 1.22 million, an increase over 100%.

### **1.3 Obviously promoted by shopping, consumption grew on a large-scale**

Outbound tourism consumption in 2010 reached USD 48 billion, 14% up from that in 2009, hitting a record high. According to the latest statistics released by the World Tourism Organization, China's total outbound tourism consumption increased by 22% from January to August in 2010, ranking third in the world, lower than Brazil (54%) and Russia (26%), but much higher than Japan (8%), the United States (3%), Italy (3%), Germany (2%) and France (2%). China's current outbound tourism consumption ranks fourth in the world, exceeded only by France, the United States and Spain. Among others, shopping becomes an important promoting factor for the growth of consumption. Shopping accounts for 76% of the total expenditure of mainland tourists to Hong Kong, 63.1% to Macao, and 50.2% to Taiwan.

### **1.4 The market characteristics of aging emerged and the Internet served as a major channel for information and reservations**

Compared to previous years, there was some growth in the proportion of the senior tourists market. As major cities in China have entered the aging society, the market for senior tourists is expected to become the new growth business for operators of outbound tourism. As of November 2010, the number of Internet users in China reached 450 million, with an internet penetration rate of 33.9%. Most of the tourists will source information on tourist attractions and prices via the Internet. The on-line booking market is growing constantly. The revenue of China's online travel booking market in 2009 reached RMB 3.89 billion Yuan, a 32.3% increase, and RMB 5.99 billion Yuan in 2010.

### **1.5 Outbound tourist satisfaction has improved significantly compared with 2009**

Overall, the satisfaction of outbound tourists in 2010 improved significantly as compared with the year 2009. While traveling, visitors viewed accommodation and scenic spots services as most important. Higher appraisals were given for accommodation, recreation,

scenic spots services and destination public services, while lower evaluations went to services in shopping and dining.

## **Section II :Main Features of the Business Operation of Outbound Tourism in 2010**

Substantial progress was made in the opening-up policy of the travel industry in 2010. Influenced by the implementation of pilot entrusted agencies policy around the country, the change mode of outbound travel industry development has been accelerated and conglomerate growth and industrial chain expanding have been sped up. In contrast, the “going-out” strategy of tourism enterprises has not yet made any significant progress.

### **2.1 The scale of outbound travel agencies remained in Stable condition, and their business operation remained outstanding**

In 2010, only one travel agency was added to the outbound tourism industry in China. Outbound tourism operators in 2009 accounted for only 4.94% of the total travel agencies, with the number of groups making up 9.78% of the total, but outbound tourism revenue reached RMB 38.434 billion Yuan, 22.02% of the travel agencies business revenue nationwide. The gross profit of the outbound tourism business reached RMB 25.25 billion Yuan, a rise of 28.99% compared to 2009, which was much higher than the inbound tourism business and the growth rate of gross revenue of domestic business.

### **2.2 A national market speeds up to take shape, and region-wide competition accelerates the market evolution**

Outbound travel agencies were caught in imbalanced geographical distribution for a long time in the past. The new edition of *Regulations on Travel Agencies* allows travel agencies to operate in different places by way of opening branches, so many travel agencies began to restructure their regional organization. On one hand, the Big Three, namely CITS, CTICD and CYTS, quickened their step in stake in the acquisition of their local branches respectively, and even set up travel agencies directly. On the other hand, local travel agencies expanded their business operation to surrounding areas. Under these circumstances, the competition pattern at the regional level will be replaced by a nation-wide competition.