

Tourism Trends and Outlook in China
Perspective from an Inbound company

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What is the impact of the 2009 global economic downturn on the inbound tourism industry in China?

LEISURE GROUP BUSINESS

Series groups have cancelled departure dates, group size has been reduced in general from average 25-30 to 10-15.

MICE BUSINESS

Decision-makers in Europe and elsewhere have postponed incentive or other projects as a result of budget-control. Short haul or domestic trips are preferred over long-haul.

INDIVIDUAL TRAVELLERS

We still have a large number of travellers to China, but the overall budget concern has put pressure on the hotel rates, tour inclusions.

CORPORATE BUSINESS

Many companies have cut budgets on overseas travel, which resulted in a downturn of corporate travel. Increased levels of approvals, reduction in travel budget (4 iso 5 star hotels), restriction on 'non-essential' travel, teleconferencing iso business travel...



What other factors have a negative impact on the inbound tourism industry in China?

H1N1

Many travellers are concerned about the situation. Ad-hoc groups get cancelled when media reports show pessimistic forecast of potential outbreak.

PERCEPTION OF INSTABILITY OF REMOTE REGIONS

Overseas media reports on events in remote western regions of China have an averse impact on the bookings to those regions.

Business to Silk Road and Tibet has been effected.



What are the challenges facing the inbound tourism industry?

SATURATION OF TOURISM SITES WITH BOOMING DOMESTIC TOURIST GROUPS

Huge crowds in key tourist sites (Forbidden City, Summer Palace,...) scare away overseas visitors.

HEAVY PRESSURE ON INFRASTRUCTURE DURING NATIONAL HOLIDAYS

Now shifting to become a general phenomenon during the entire high season.

UNSUSTAINABLE DEVELOPMENT OF POPULAR TOURIST SITES

Certain tourism sites are developed to suit needs of domestic tourism and cause conflict with expectations of the overseas visitor.

Examples :

Lijiang, Fenghuang – old towns suffering from impact

Terracotta Warriors – long entrance and exit on foot

Li River – quality of food and vessels has not improved

Yangtze River – lack of development of new 'post-dam' sites



What is our strategy for the way forward?

WORLD EXPO 2010

Very big demand for ad-hoc groups to visit World Expo. Many requests from Europe in particular, group sizes varying from 20 to 200.

POST-OLYMPIC BEIJING

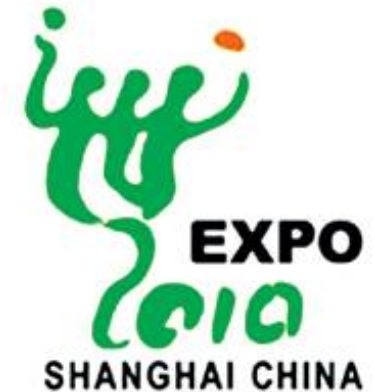
Olympic green is a new site in Beijing, which overall has become a better place, with many new hotels and improved infrastructure. Even the pollution levels seem to have dropped.

CONGRESSES AND CONFERENCES

Beijing is attracting many big global conferences in 2010, related to the opening of CNCC (World Congress of Cardiology, etc).

SUCCESSFUL CELEBRATIONS = POSITIVE EXPOSURE

The overall image of China was put in a positive light with the successful celebration of the 60th anniversary. This plays a role in the confidence level for potential visitors.



What is our strategy for the way forward?

ENORMOUS POTENTIAL OF NEW TOURIST ATTRACTIONS

Many areas in China are still waiting to be developed for the overseas tourism market.

Domestic and regional tourism opens the way, and if local tourism boards are willing to create a suitable environment for other markets as well, there is big potential.

Examples :

- ancient towns and mountains in Jiangxi
- nature tourism in northern Xinjiang
- Kaiping towers and new maritime museum in Guangdong
- adventure tours in western Sichuan
- southwest Yunnan (with new airport in Tengchong)
- D-train trips from Beijing
(Tianjin, Shenyang, Qingdao, Taiyuan...)
- Shanghai Disneyworld 2012
- Etc etc



What are the Trends in the China Inbound Tourism Industry?

DEVELOP NEW MARKETS

With the 'traditional' markets (western Europe, USA) slowing down in terms of incoming passengers, we have to look for business from emerging markets like Russia, Middle East, Latin America, Africa...

EXPLORE NEW CHANNELS

Group series travel is very clearly going down.
Individual tailor-made travel and ad-hoc leisure groups are on the rise, and these are the segments we will build up.

FOCUS ON MICE SEGMENTS

China is an increasingly popular destination for Meetings & Incentive groups, with the large majority going to Beijing and/or Shanghai.

Also Special Events like Solar Eclipse, Italian Supercup,...
Trips that were put on hold will slowly but steadily return in 2010 (with the World Expo as a key driver).



What is our role in representing Destination China to our clients overseas?

DIVERSIFY PRODUCT OFFER

Clients want more and more tailor-made services, so we are coming up with new product lines like Explore or VIP services.

UPDATE PRODUCT OFFER IN LINE WITH EVER-IMPROVING INFRASTRUCTURE

More cities and sites are becoming easily accessible thanks to the ever-expanding network of expressways and high-speed trains (D-trains). It is our role to adapt our product offer to show how the 'China experience' is getting better and better.

LARGE CHOICE OF HOTELS

Most international hotel chains have impressive expansion plans in China in the coming years. We need to keep our customer updated on the best available offer so they can experience the best value for money thanks to our 'insider knowledge'.



What is our role in representing Destination China to our clients overseas?

COMPETITION WITH OTHER DESTINATIONS

At all times must we defend, create and sell the best possible image of China and help China to become the most popular tourism destination in the world in the 2010s !

KEY TO SUCCESS

Develop tourism sites in a sustainable way, look at the long-term impact rather than the quick money made from domestic tourism only.



Thank you for your attention!

