

2018 EU-China Tourism Year



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Getting Ready For China

Webinar

Feb. 23rd, 2017



PROF. DR. WOLFGANG GEORG ARLT FRGS, DR. MINJUAN DENG-WESTPHAL
COTRI CHINA OUTBOUND TOURISM RESEARCH INSTITUTE



How to use the GoToWebinar Control Panel



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https://attendee.gotowebinar.com/registration/confirmation.tml?registrantConfirmation=7791046316775200769&webinar=1095625235014006530&duplicate=false

Waiting to view Prof Dr Wolfgang G Artl's screen

Talking:

The future of China's Outbound Tourism

Organizer: Prof Dr Wolfgang G Artl | **Presenter:** Prof Dr Wolfgang G Artl

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Waiting to view Minjuan Deng-Westphal's screen

Talking: Prof Dr Wolfgang G Artl

Minjuan Deng-Westphal

Prof Dr Wolfgang G Artl

Questions

Me

11:29: Why is?

Me

11:34: How can I...?

All - Entire Audience

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Trial webinar 14/02 with office

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Audio

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Handouts: 3

06062011033.mp4

Background information Webinar Feb (1).d...

feb13webinar1202.ptbx

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Trial - The future of China's Outbound Tourism - trial

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Windows taskbar: Search Windows | 10:11 21.02.2017



How to Use GoToWebinar Control Panel

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GoToWebinar Control Panel interface showing a webinar session.

The interface includes a main window displaying the webinar content, a sidebar with controls, and a bottom status bar.

Main Window:

- Waiting to view Minjuan Deng-Westphal's screen
- Talking: Prof Dr Wolfgang G Arlt
- Minjuan Deng-Westphal: Placeholder image (bell icon)
- Prof Dr Wolfgang G Arlt: Placeholder image (bell icon)

Handouts:

- Handouts: 4 (highlighted with a red circle)
- Handouts: 3 (highlighted with a red circle)

Handouts List:

- Bridge 23 Feb Webinar progress 13 Feb 20...
- COTRI Status Report 10_02_2017 WBT 23 ...
- World Bridge Tourism - One Page.docx
- World Bridge Tourism - One Page.pdf

Audio Controls:

- Audio: Sound Check
- Computer audio (selected)
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Questions:

- Questions: We would appreciate you take a few minutes to tell us your experience of the webinar through our post webinar survey. The survey will be provided after you exit the webinar. We hope you enjoy it!
- [Enter a question for staff]
- Send

Footer:

- Trial - The future of China's Outbound Tourism trial
- Webinar ID: 475-897-275
- GoToWebinar

System Bar:

- Search Windows
- Taskbar icons: File Explorer, Edge, Office, PowerPoint, Chrome
- System tray: Network, Volume, Date/Time (10:11 21.02.2017), Language (ENG)



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GoToWebinar Viewer

Sorry, this portion of the webinar cannot be viewed on your device.

China Outbound Tourism Research Institute

Registered!

Audio

Sound Check

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Handouts: 3

- 06062011033.mp4
- Background information Webinar Feb (1).d...
- feb13webinar1202.pptx

Questions

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Trial - The future of China's Outbound Tourism - trial

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How to Use GoToWebinar Control Panel

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The screenshot shows a web browser window with the URL <https://attendee.gotowebinar.com/registration/confirmation.tml?registrantConfirmation=77910463107752897698&webinar=1095625235014006530&duplicate=false>. A red arrow points from the 'New Tab' label in the browser's tab bar to the top-right corner of a survey window. The survey window, titled 'Waiting to view Prof Dr Wolfgang G Artl's screen', contains the following text:

The future of China's Outbound Tourism

Organizer: Prof Dr Wolfgang G Artl | **Presenter:** Prof Dr Wolfgang G Artl

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A red box labeled 'Survey' is positioned to the right of the survey window. The background page shows a sidebar with a 'Trial' section and a 'To Ce' section. The Windows taskbar at the bottom displays the date and time as 10:11 on 21.02.2017.



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Citrix Online LLC [US] | https://attendee.gotowebinar.com/survey/6160820217480394498/mata@china-outbound.com/1095625235014006530/9182637

Post Webinar Survey: "Trial The Future of China's Outbound Tourism in Times of Increased Nationalism and Protectionism"

1. COTRI - Do you feel you are more familiar with the Gotowebinar control panel?
 - ☐ yes
 - ☐ no
 - ☐ I feel a need a bit more training
2. COTRI - Did the video play smoothly during the webinar?
 - ☐ yes
 - ☐ no
 - ☐ I couldn't see the video at all
3. COTRI - How was the sound effect during the webinar?
 - ☐ Very good
 - ☐ Bad
 - ☐ It was just ok.

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A Welcome from the
European Commission

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Welcome and Introduction

Start	End	Topic
14:00	14:05	Welcome by the European Commission
14:05	14:10	Introduction How to Use GoToWebinar control panel, Presentation Content
14:10	14:25	Results from the KAIROS survey "Current and future developments in tourism flows from China to the EU"
14:25	14:40	Characteristics of the demand structure of different segments of the Chinese international tourism source market and resulting opportunities and challenges for European SME Tourism Service Providers
14:40	14:50	Q&A from audience
14:50	15:00	Specific structure of the Chinese tourism industry and successful interaction with Chinese business partners
15:00	15:05	Introduction ITB China
15:05	15:15	Introduction WORLD BRIDGE TOURISM project & 2018 EU-China Tourism Year
15:15	15:25	Q&A from audience
15:25	15:30	Closing remarks, Reminder Survey, explanation download possibilities of Webinar for colleagues



Prof. Dr. Wolfgang Georg Arlt FRGS
COTRI's Founder and Director



Dr. Minjuan Deng-Westphal
COTRI's Head of Research



Results from the KAIROS survey
"Report on the latest and future
developments in tourism flows
from China to Europe"



First time revealed: Results from the KAIROS survey "Report on the latest and future developments in tourism flows from China to Europe"

The survey was done in December 2016 as part of the World Bridge Tourism project. It looked at the stories told by Chinese travellers through blogs, microblogs, online photos, forum posts, and reviews, using 'netnography'.

- 9.7 million social media entries were clustered into 'landscapes'
- 26,000 reviews about European attractions and activities were downloaded and analysed for information about the positive and negative opinions expressed by Chinese travellers in relation to European destinations and travel products
- The travel diaries of individual travellers were used to map travel routes of independent travellers in Europe. Online tour package information, was used to map travel routes of group travellers in Europe.



Main results - General

- In 2015, Europe received 11.5% of all outbound trips going further than Hong Kong SAR or Macau SAR
- Demand for a greater variety of travel products in Europe can be found, for example offerings connected to sports, health, wedding, and cruise travel. UK, Spain, and Germany, for instance are increasingly attracting Chinese football fans.
- Chinese travellers are out to explore not just the world but themselves as well. A new generation of travellers are pursuing intellectual and artistic ideals.
- As much as Chinese travellers want to experience local culture when they travel, they still require China-friendly service and appreciate a feeling of home.



Main results – Image

The Chinese image of Europe as a destination is a mix of old and new components

- Europe is still seen as a shopping destination and a museum of history and culture
- Travellers are drawn to the image of the exotic and fairy tale-like Europe
- Europe is seen as an ideal place for photographers
- Travellers follow in the footsteps of famous people
- Chinese tourists are taking in Europe in a variety of ways
 - Self-driving
 - Nature adventure
 - Walking tours and one-day tours
 - Biking



Main results – Wishes

- New European themes and products are emerging in the mind of the Chinese traveller
- Chinese travellers want to interact with local life
- Chinese look to Europe for quietness and relaxation
- Tourists are immersing themselves in Europe's café culture
- Destinations are benefitting from local Chinese knowledge
- European travel routes differ between tour groups and independent travellers
- Destination top attractions dominated by France and Italy
- Chinese travellers hope for removal of barriers and annoyances of European destinations like language and communication problems, safety anxiety, bad food, difficulty getting around, and low perceived value for money

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Chinese Arrivals in European Destinations, 2006-2014 Based on Reported Arrivals in Destination Countries (× 1,000)

Destination	Series	2006	2007	2008	2009	2010	2011	2012	2013	2014	Average annual growth (%)
											'09-'14
France	THSr	573.0	530.5	416.5	395.2	581.2	752.8	836.4	1,230.6	1,292.5	26.7
Russian Federation	VFn	765.3	765.1	815.5	718.6	747.6	845.6	979.0	1,071.5	1,125.1	9.4
Germany	TCEr	441.5	462.3	421.5	384.6	510.6	637.4	757.3	870.7	1,033.5	21.9
Switzerland	THSr	132.6	145.9	129.2	187.1	286.4	452.7	575.3	704.9	823.7	34.5
Spain	TCEr	109.3	145.4	152.5	159.5	218.8	300.0	365.3	462.8	609.4	30.7
Austria	TCEr	176.7	171.1	156.2	155.2	182.3	259.9	354.7	408.5	497.9	26.3
Turkey	TCEn	49.9	67.4	52.4	47.9	68.6	125.0	179.5	203.1	319.1	46.1
Italy	TFn	117.4	160.1	158.2	138.2	136.8	209.7	231.0	289.7	294.6	16.3
Greece	TCEr	40.5	51.3	49.9	48.1	59.3	87.4	88.5	135.0	241.9	38.1
Czech Republic	TCEn	29.7	38.4	53.1	61.8	79.2	108.6	152.9	174.3	211.0	27.8
Netherlands	THSr	95.3	108.1	112.8	122.5	124.3	155.7	172.8	192.0	209.0	11.3
U.K.	VFr	107.3	143.4	107.9	89.2	109.0	149.0	178.7	200.0	185.0	15.7
Belgium	TCEr	107.4	98.2	75.0	75.2	79.9	101.4	122.1	149.4	169.1	17.6
Norway	TCEr							67.0	136.4	136.7	

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Chinese Arrivals in European Destinations, 2006-2014 Based on Reported Arrivals in Destination Countries (× 1,000)

Destination	Series	2006	2007	2008	2009	2010	2011	2012	2013	2014	Average annual growth (%)
											'09-'14
Portugal	TCEr	22.1	23.5	23.2	21.9	29.4	37.6	51.9	73.6	109.5	37.9
Sweden	TCEr	50.0	56.8	49.2	42.5	49.1	64.6	71.4	83.6	99.6	18.6
Finland	TCEr	49.4	53.3	39.9	32.6	39.2	50.3	59.5	79.4	85.4	21.2
Poland	VFn	15.1	18.3	20.0	25.0	35.0	40.0	40.0	45.0	70.0	22.9
Croatia	TCEr		6.4	6.3	7.5	13.2	22.5	43.2	42.0	61.2	52.0
Iceland	TCEn	7.7	8.5	5.4	6.5	4.9	7.8	13.6	28.5	44.9	47.4
Denmark	TCEr							30.2	39.6	39.6	
Luxembourg	TCEr			12.3	14.3	15.9	26.5	42.3	33.3	36.8	20.9
Romania	VFr	11.4	16.8	26.2	19.7	17.8	18.6	20.0	21.5	24.8	4.7
Slovenia	TCEn	2.6	3.5	4.9	5.6	8.2	11.1	15.3	19.8	24.1	33.7
Bulgaria	VFr	4.6	5.1	6.2	6.2	6.4	6.6	8.7	11.6	15.2	19.8
Slovakia	TCEn	2.2	4.3	7.7	6.5	8.3	11.9	16.3	15.9	14.4	17.1
Latvia	TCEr	0.5	0.4	0.9	1.6	2.0	2.9	3.7	6.3	12.6	51.2
Estonia	TCEr	1.2	1.0	1.9	2.1	2.8	5.5	5.9	7.8	11.7	41.5
San Marino	VFn	25.8	17.4	9.7	9.0	10.2	12.2	14.4	13.8	11.3	4.7
Ukraine	TFr	15.5	17.2	16.6	16.1	16.8	19.1	19.7	18.1	11.3	-6.9
Lithuania	TCEr	1.2	1.0	1.9	2.5	3.3	5.5	6.1	5.6	7.0	22.8
Cyprus	TCEr	0.8	0.8	1.1	1.5	1.8	1.7	3.6	4.9	7.0	36.0

Source: UNWTO (2016).

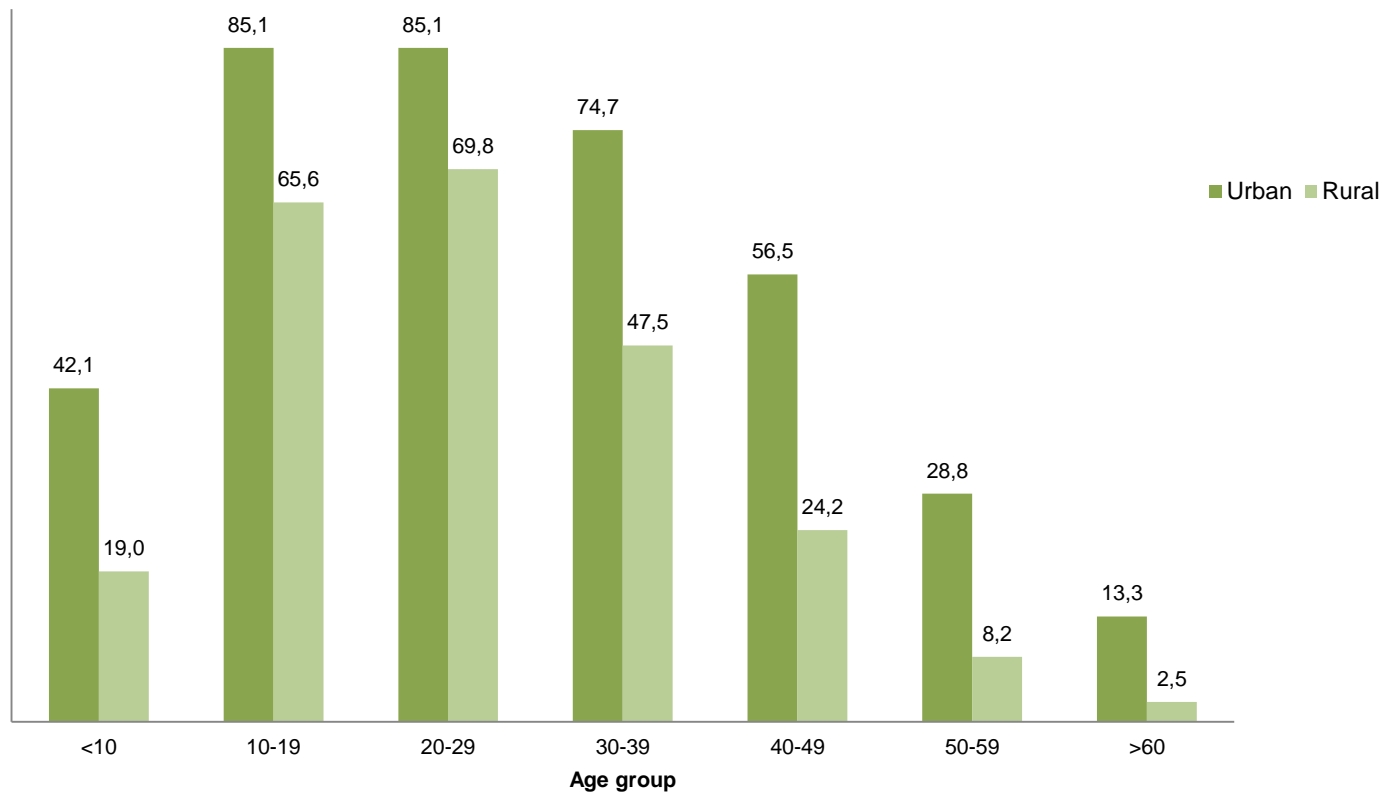
Notes: TCE = Arrivals of non-resident tourists in all types of accommodation establishments; VF = Arrivals of visitors (including same-day visitors) at national frontiers; TF = Arrivals of overnight visitors (tourists) at national frontiers; THS = Arrivals of visitors in hotels and similar establishments; n = by nationality; r = by country of residence.

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Internet penetration in different age groups and location in China (%)



Source: China Internet Watch (2016)



Chinese travellers' views of Europe – results of the Netnography study

Grouped into:

- **Mature themes and travel products**
- **Growing themes and travel products**
- **Emerging themes and travel products**

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Mature themes and travel products

- **Europe the museum of history and culture.** Chinese netizens know Europe as the epicentre of art, culture, classic music and architecture. This makes a big mark on Chinese travel in Europe.
- **Shopping and markets.** While luxury shops and malls are still high on the list during Chinese trips to Europe, more and more travellers seek out local market and boutique design shops.



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Growing themes and travel products

- **Exotic Europe.** Some European destinations and travel products have come to be seen as exotic to Chinese travellers: from northern lights in Finland to glaciers and geysers in Iceland.
- **Fairy tale small towns.** In the last few years, the interest in small European towns has grown from an emerging to well-established phenomenon. Some of the small towns frequently visited by Chinese travellers are barely known by most Europeans.



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Growing themes and travel products

- **The photographer's dream.** The beauty of European natural landscapes, small towns, and architectural landmarks are a paradise for a growing number of Chinese who are part of the photography craze sweeping the country.
- **Hitting the road.** With a growing number of independent Chinese travellers in Europe, driving has become an increasingly important way to get around. There is a particular interest in scenic and romantic roads.



The 'Romantic Road' in Germany has become one of the most famous self-driving routes for Chinese travellers in Europe. The 400-kilometre road begins in Würzburg, heads through Rothenburg and Munich and ends at the Neuschwanstein Castle. 2,146 WeChat public articles were posted in regards to this heavily travelled road. One of them, titled 'Travelling on the 'Romantic Road' made me understand how beautiful Germany is, ' gained 12,828 page views.

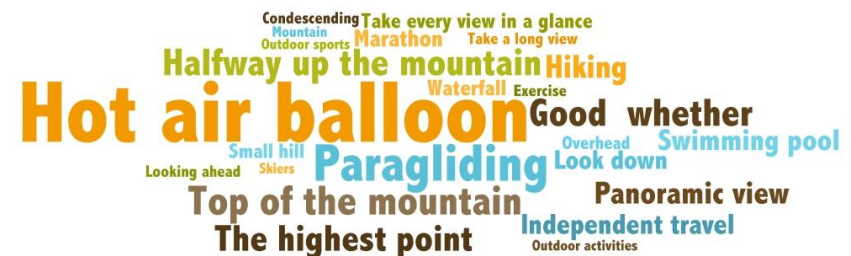
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Growing themes and travel products

- **Following in the steps of famous people.** Destinations and venues with a connection to famous historic or contemporary figures are of particular interest to Chinese travellers. And some of the figures in whose footsteps they like to follow are largely overlooked by Europeans.
- **Nature adventures.** The desire to get close to nature, with activities such as hiking and climbing, has grown quickly in the last few years.
- **Active City travel.** From walking tours to one-day tours to biking.



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Emerging themes and travel products

- **Interacting with local life.** The mindset of Chinese travellers is changing from that of an observer toward that of a participant. This means they are increasingly looking for experiences and travel products that immerse them in local culture.
- **Getting immersed in Europe's café culture.** Café culture is hot in Chinese cities, and Europe is seen as the source. This is connected to a desire to sample the culinary specialties of various destinations.



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Emerging themes and travel products

- **Quiet and relaxing Europe.** Europe is increasingly seen as a place to chill, not maximising the number of sights visited. This brings an interest in Spas, hot springs, and beaches.
- **The benefits of local Chinese knowledge.** Local hostel and restaurant owners have long been an important and largely overlooked force in promoting Chinese tourism to some European destinations. Now students are becoming part of it, supporting Chinese travellers with local knowledge at the destination.



‘Fisketorget in Norway is very busy. The seafood here is very fresh and tasty, especially the small shrimp. Many Chinese students are working part-time jobs here so you don’t worry about the language barrier.’ [Qiongyou]

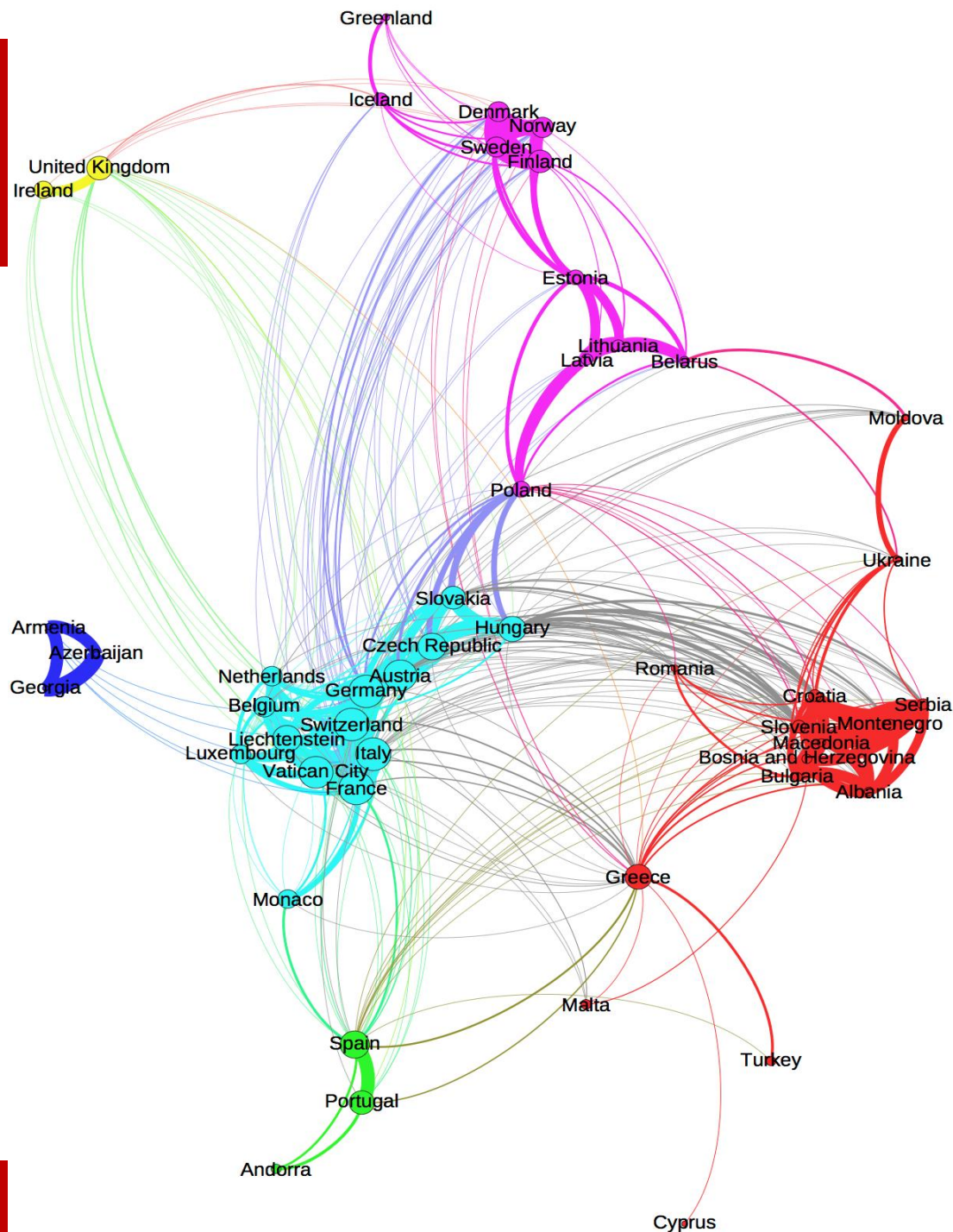
‘Blankenese is a small village in Germany. It is said that there are many artists and rich people living here. There is a cafe owned by a Chinese guy. I liked it very much and enjoyed going there.’ [Qiongyou]

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Network of tour package itineraries in Europe by country. Each node represents a country. The size of a node reflects the number of itineraries the country is part of. The weight of links between nodes represents the number of itineraries that combine the two countries.

Overall, the network reveals the structure of packaged group travel between European countries. The locations of the nodes are not based on geographical realities.

Created by combining the itineraries of 6,443 European tour packages offered by Ctrip

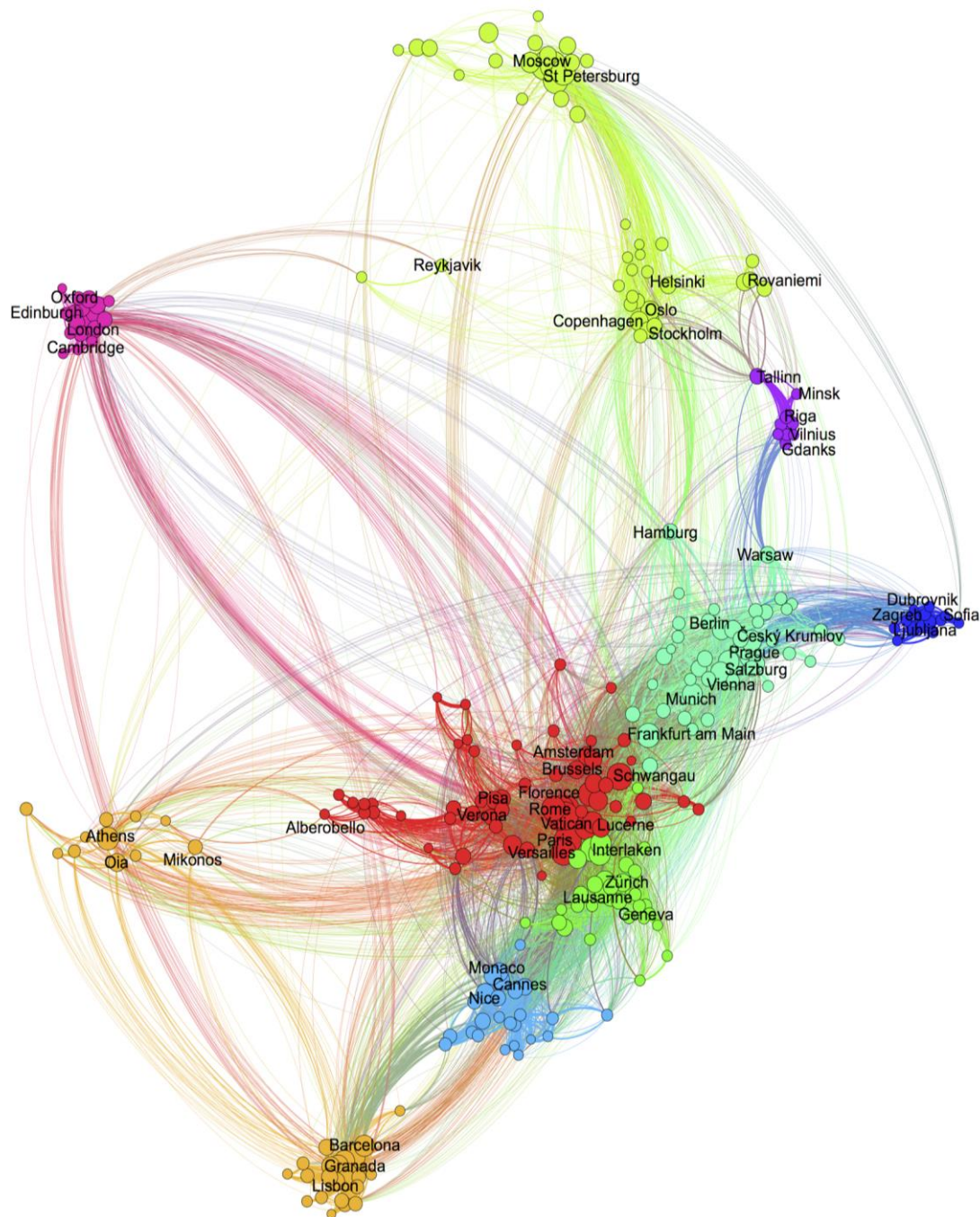


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Network of tour package itineraries in Europe by city. Each node represents a city. The size of a node reflects the number of itineraries the city is part of. The weight of links between nodes represents the number of itineraries that combine the two cities.

Overall, the network reveals the structure of packaged group travel between European cities. Note that the locations of the nodes are not based on geographical realities.

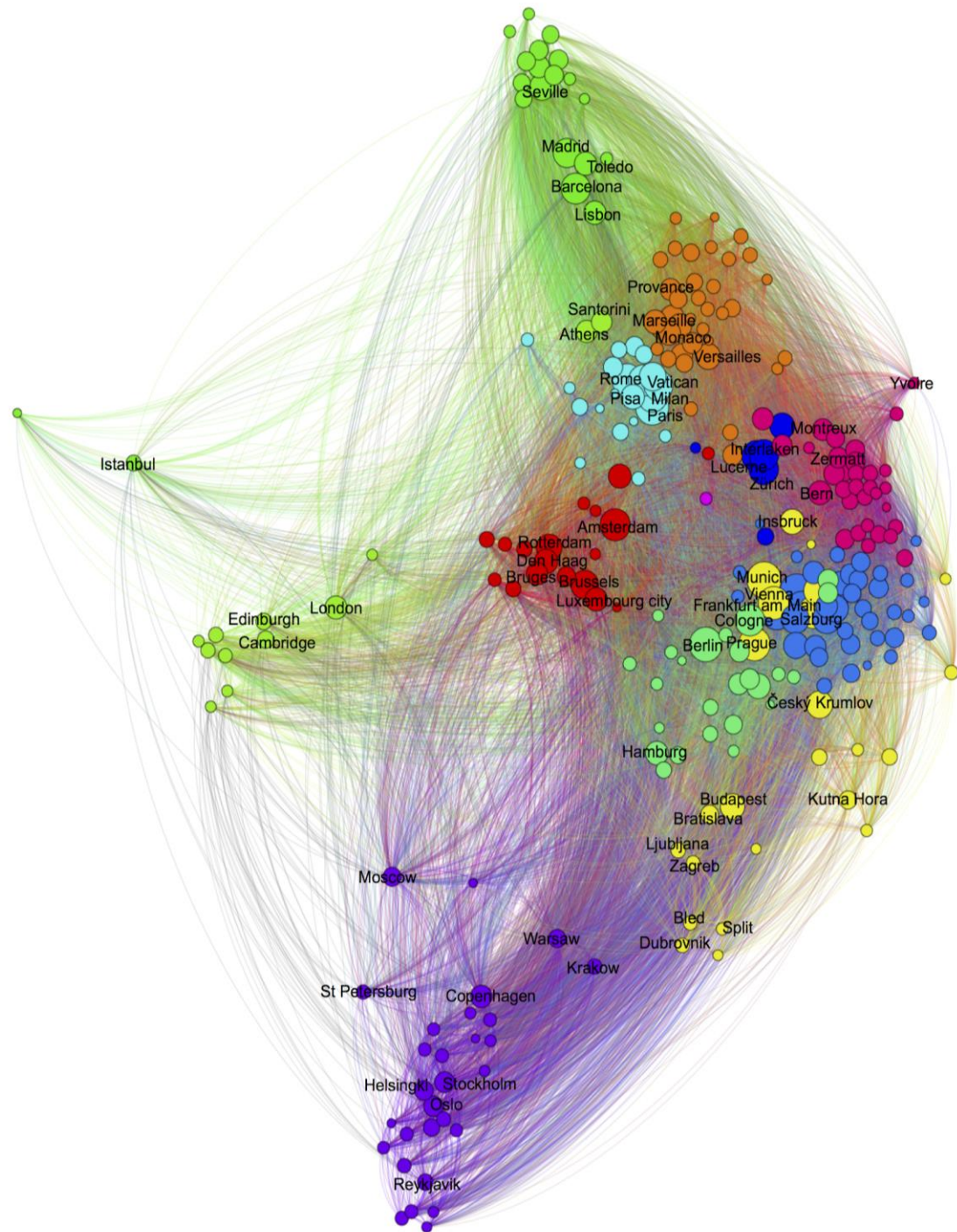
Created by combining the itineraries of 6,443 European tour packages offered by Ctrip



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Network of independent travel itineraries in Europe. Each node represents a city. The size of a node reflects the number of itineraries the city is part of. The weight of links between nodes represents the number of itineraries that combine the two cities. Overall, the network reveals the structure of independent travel between European cities. Note that the locations of the nodes are not based on geographical realities.

Created by combining the itineraries of independent travellers shared in social media.

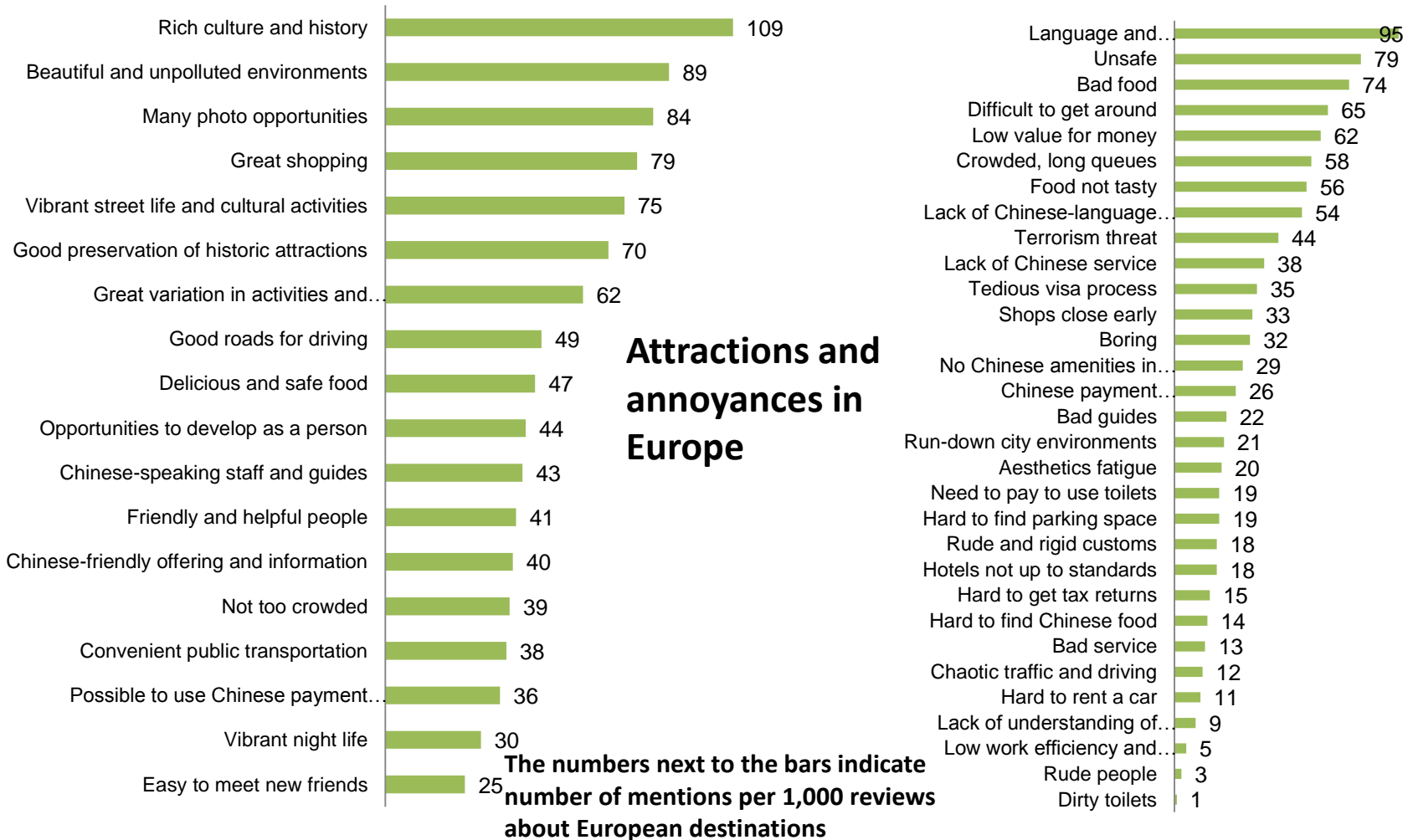


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Attractions and annoyances in Europe





Recommendations 1

- Help extend travellers' **comfort zone** by China-proofing your offering and breaking down barriers related to language, safety, crowdedness, and other areas of frequent complaints.
- Target a **niche** and cater to a tribe, whether foodies, cultural youth, sports lovers, or other emerging, lifestyle-driven groups.
- Facilitate sharing by allowing Chinese travellers to conveniently connect to the **internet** to create and share their travel moments.
- Provide a genuine and immersive **local experience** that allows Chinese travellers to go from observers to active participants.



Recommendations 2

- Give a **surprise** by giving small gifts or mixing in surprises into itineraries.
- Identify your **China connection**, such as a previous visit by a Chinese celebrity or a connection to topics that Chinese consumers feel strongly about.
- Become **visible** in the planning stage.
- Tap into existing itineraries of Chinese travellers and connect to the growing desire to get off the beaten track to lure them to **new destinations and products**.



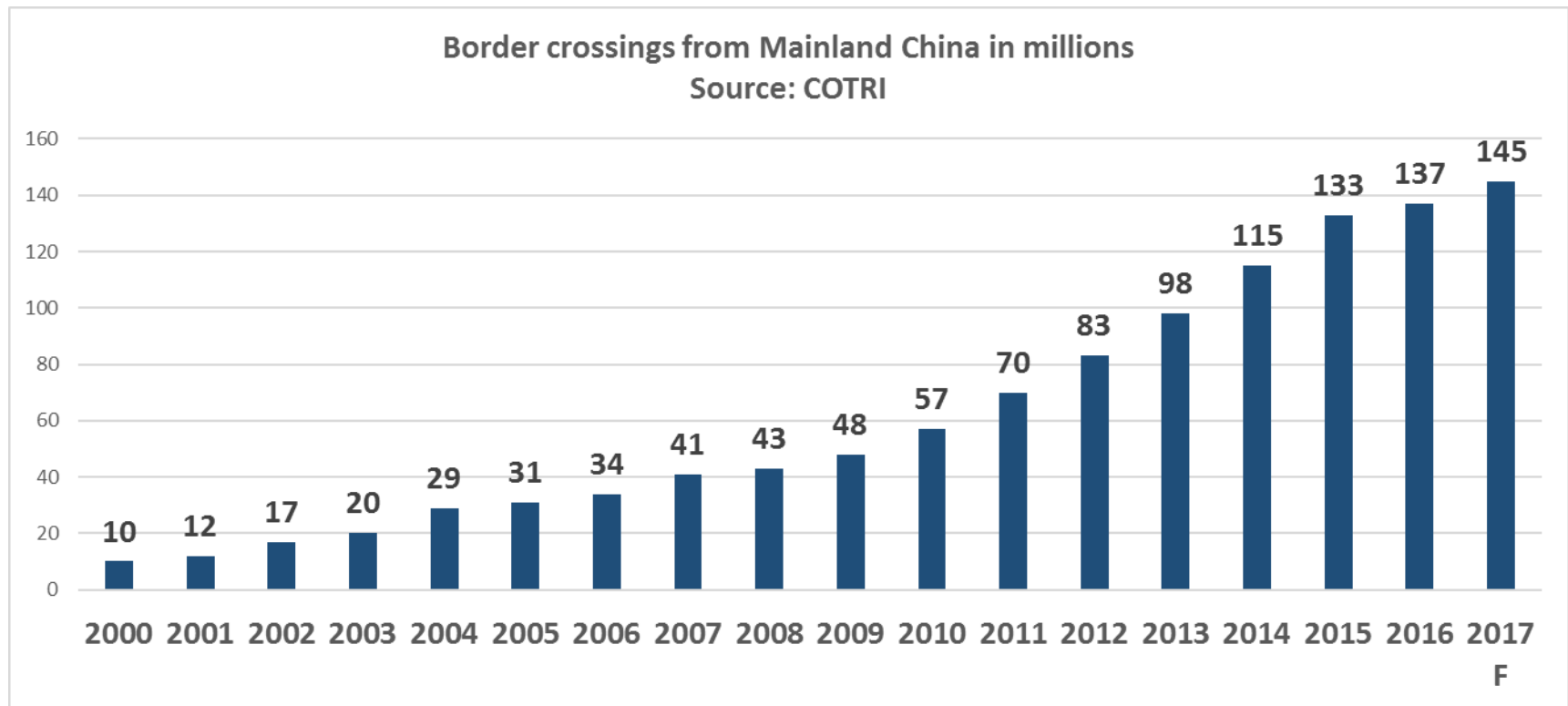
Characteristics of the demand structure of different segments of the Chinese international tourism source market and resulting opportunities and challenges for European SME Tourism Service Providers

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The big picture: China continues to be the biggest international tourism outbound source market in the world with 137 million border crossings from Mainland China in the year 2016.



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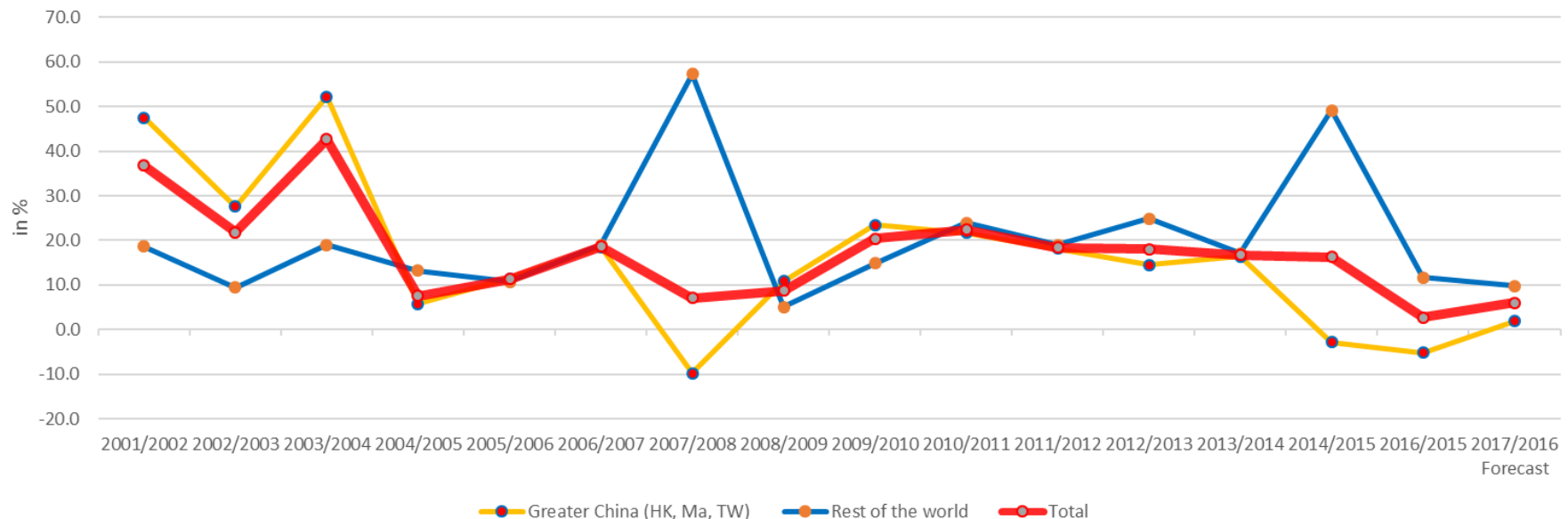


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However, the growth rate fell to only 2.7%, the lowest in the modern history of China's outbound tourism. Trips to the Rest of the World still grew by 11.7%, but trips to Greater China fell by -5.2%, the second year in a row in negative territory.

Annual Growth Rates of border-crossings from Mainland China
to Greater China and to Rest of the World

Source: COTRI

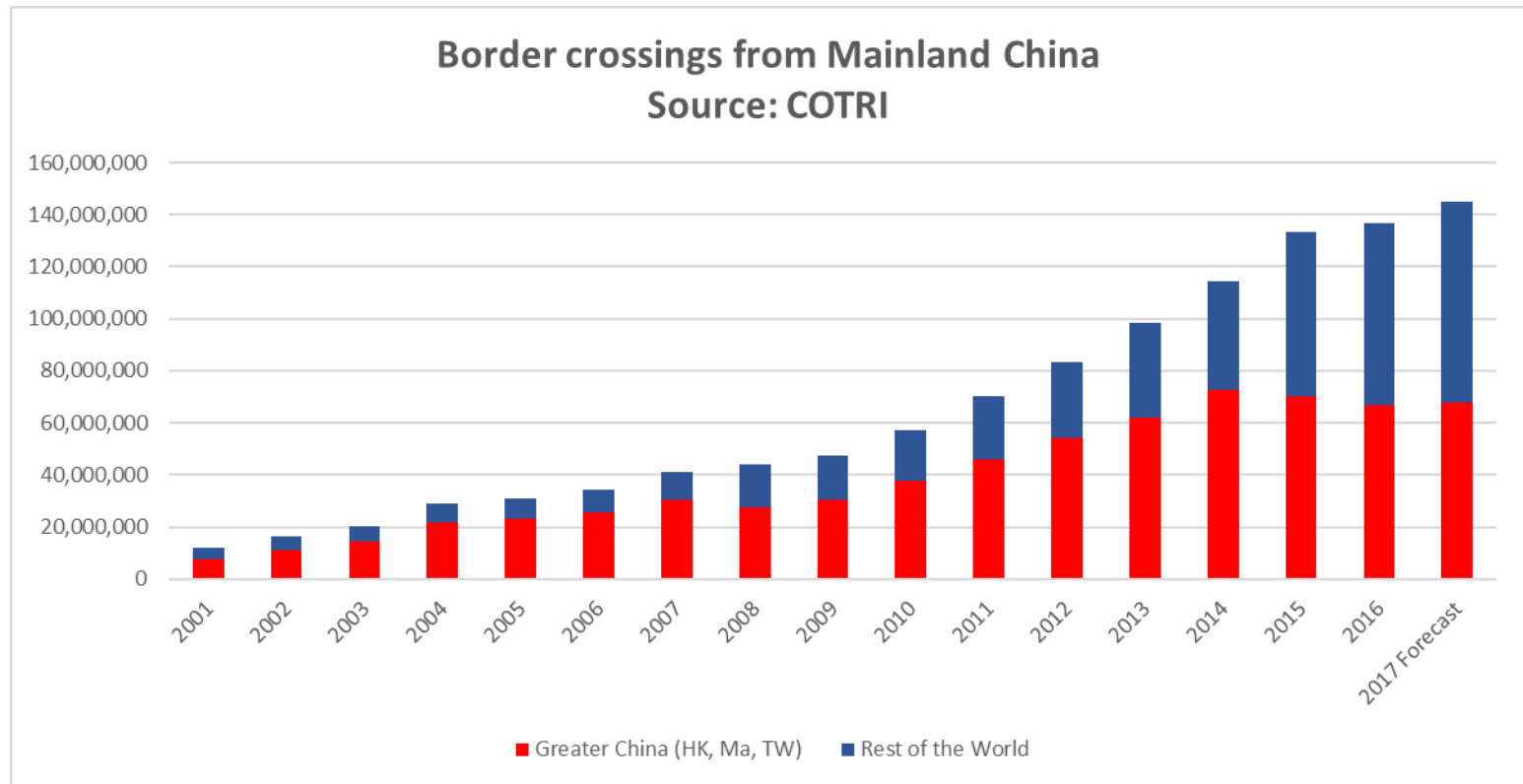


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For the first time, less than half of all border crossings had Greater China as a final destination: 66.7 million trips to Greater China vs. 70.1 million trips to the Rest of the World.



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Who are the heroes in YoY growth in arrivals numbers in % of 2016?

Heroes Globally: Nepal (+56%), Vietnam (+51%), but both recovering from losses in 2015. Chile, Egypt, South Africa, Philippines and Mexico grew by more than 30%.

Heroes Europe: FIT destinations gain: Georgia, Bosnia & Herzegovina, Iceland, Norway, Poland and Serbia all grew more than 40%.

Most major European destinations suffered especially in second part of 2016.

Terrorist events and exaggerated news about problems created by refugees kept some safety-conscious Chinese from travelling to Spain, Italy, France, Greece, and Switzerland, which all suffered double-digit percent losses.

Germany, relying more on business travelers, ends 2016 with only a small loss in Chinese arrivals.

Biggest loser by far: Turkey. Drop of 47% in Chinese arrivals compared to 2015.

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A story of a maturing and segmenting market

Many millions of Chinese living in second or third tier cities are still poised to take their first overseas trips, joining group tours and visiting the biggest cities and most popular destinations, predominantly in Asia. When travelling to Europe, they are more likely to do a “7 countries in 8 days” coach trip with the main aim to be able to gain bragging rights.

The number of more experienced overseas travellers continues to increase however, as Chinese travellers take their second, fifth or tenth trip overseas — and, in the process, become more confident travelling on their own and pursuing more unique and personalized experiences.

These experienced travellers are more likely to travel as FITs in small groups of couples, families, friends or colleagues, eschewing typical Chinese package group tours.

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A story of a maturing and segmenting market

Those who do participate in group tours are more likely to seek out 'customized tours' that cater to their leisure interests or travelling style or to travel as modular travellers, booking services within a self-organised trip like city tours, homestays, cooking classes and other arrangements with the promise of unique, authentic experiences.

These 'Second Wave' Chinese travellers can be characterised as being younger, more independent and having a taste for more sophisticated adventures and experiences. Many of them have studied overseas and/or work in an international company in China. This trend is also supported by the fact that it has never been easier for Chinese nationals to travel to another country, whether in terms of obtaining passports, hard currency, visa or detailed destination information.

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A story of a maturing and segmenting market

Segmentation is the main characteristic of the Chinese outbound market.

“The” Chinese outbound tourist, if he ever existed, is not a sensible target group anymore.

Segmentation is necessary according to serious leisure preferences like foodies, culture buffs, adventure travellers, nature lovers, health seekers etc. or to age, as *Linglinghous* and *Liulingqians* entering the market: Young travellers (born after 2000) and older travellers (born before 1960) are the biggest demographic growth markets, ending the *Balinghous* and *Jiulinghous* (born after 1980 and 1990 respectively) dominance and also to geography, segmenting sunseekers from the North from low humidity fans from the South.

All these segments are niches, but in China niches tend to include hundreds of thousands of potential clients.

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Opportunities and challenges for European SME Tourism Service Providers

It has been proven to be hard to offer good quality products for adequate prices to Chinese package-tour group organisers who are working in a race-to-the-bottom price market. Until now, in many cases retailers in major destinations were the biggest beneficiaries of the growing number of Chinese visitors.

Segmentation, dispersion and the wish for a higher degree of **immersion** into the local culture are offering now the opportunity to offer Chinese FITs, customised group participants and Modular travellers to spend more money and become more satisfied with customised services.



Opportunities and challenges for European SME Tourism Service Providers

Opportunity: Segmentation

Many Chinese outbound traveller are not starting their decision-making process by asking “*What can I do in the European country X?*” but by asking “*Where do I find good conditions to follow by hobby in Europe?*” Catering for specific interests with adapted products will offer a chance for destinations off the beaten track and services outside the mainstream.

Concentration on what a company or destination can offer best, development of a clear brand image focused on Chinese the market segments most interested in such offers, storytelling and engagement with the Chinese market through trainings, certification, communication in Chinese social media can result in longer stay of the customers and more satisfactory encounters.



Opportunities and challenges for European SME Tourism Service Providers

Opportunity: Dispersion

The biggest problem for many touristic destinations – not only – in Europe is the concentration of most guests in only some part of the year (“main season”) and only some parts of the destination (beach, UNESCO World Heritage sights, main cities).

Whereas in most cases the traditional main markets have strongly ingrained ideas about when and where to travel within a destination, Chinese visitors can be attracted by specific offers at other times of the year and other parts of the region.

Chinese visitors to Europe do not travel long-distance to spend their time on the beach or to travel the same place several times, the growing number of repeat visitors is looking for new places to go, new things to do and new photo opportunities to exploit.



Opportunities and challenges for European SME Tourism Service Providers

Opportunity: A higher degree of immersion into the local culture

The higher the level of education and income and the greater the travel experience, the more likely are Chinese travellers to have passed the phase of sightseeing and shopping and are looking now for immersion into the local culture or specific scene they are interested in, be it music, art, food, history, traditions, curiosity how hierarchies and gender relations function etc.

Wonderful Copenhagen DMC has just announced “The End of Tourism - Localhood for everyone” and specifically pointed out emerging markets like China as candidates to embrace the idea of “instant (short-term) membership in a community”.

Understanding that most affluent travellers have much more knowledge about Europe than most Europeans have about China helps to embrace the idea of creating – and selling – doors into the community, being it a physical place or a community of like-minded enthusiasts for food, football or Caravaggio.



Opportunities and challenges for European SME Tourism Service Providers

Challenges

Segmentation – The identification of the suitable market segments in China requires a adequate level of market research and strategy development and the development of a local network to create enough value of the offer for the specific market segments. For one SME to go it alone is neither possible nor advisable.

Dispersion – The biggest step for a destination to embrace new ideas about what, when and where services can be offered is to jump out of the box of the old self-image (*We are a beach destination, We have only boring cows and fields*). SMEs can function as a katalysator in such a process.

Immersion – The basic requirement is an openness based on information and preparation towards visitors from other countries and cultures such as China. European Tourism Services SMEs are - like everybody - asked to support such openness.



Q&A Part 1



Specific structure of the Chinese tourism industry and successful interaction with Chinese business partners



Specific structure of the Chinese tourism industry

National Level – CNTA Chinese National Tourism Administration

CNTA Chinese National Tourism Administration is the national authority responsible for managing domestic, inbound and outbound travel in China. CNTA is comparable to a governmental department or ministry of tourism in other countries, and is financed by the government.

However, CNTA does not have the full status of a ministry and is in many fields lacking the enforcement power of a ministry.

In a similar manner to other governmental institutions, CNTA is non-commercial and not permitted to directly cooperate with private companies. CNTA and the local tourism bureaus are partnered with many foreign national tourist offices as a means of carrying out marketing and promotions in China. Business and official travel arrangements, however, are not under the jurisdiction of CNTA. China's Ministry of Commerce, in addition to a number of other ministries, oversee such arrangements.



Specific structure of the Chinese tourism industry

National Level – CNTA Chinese National Tourism Administration

CNTA's main functions are:

- Determining the legal circumstances in which the tourism industry is allowed to function;
- Determining and executing the approach for the wider development of the tourism industry;
- Endorsing and stimulating inbound and domestic travel;
- Determining the legal organisation of overseas travel companies operating within China;
- Supervising industry events;
- Representing the Chinese government in the signing of tourism agreements with foreign countries.



Specific structure of the Chinese tourism industry

China's tourism industry is dominated by state-owned tour operators without clearly identifiable brand images.

For the mass-market package tours price wars are fought which lead to a “race to the bottom” for lower and lower prices, which are often realized by pushing clients into forced shopping during so-called “Zero-Dollar Tours”, even though such travel arrangements are illegal under the Chinese Tourism Law since 2013.

Accordingly more experienced travellers book more and more through OTA Online Travel Agencies, which offer complete tours as well as individual module like air tickets, hotel bookings, car rentals, entry tickets to attractions etc.



Specific structure of the Chinese tourism industry

- 27,000 licenced travel agencies in China (50% more than in 2006)
- 3,000 companies are licenced to offer outbound travel.
- Non-Chinese companies are barred – with few exceptions – from operating outbound tours in China
- The two biggest Chinese travel groups, HKCTS and CITS, merged in 2016 to form China National Travel Service Group Corporation (CTS Group), now China's largest state-owned travel group
 - CITS to focus on tour operation and duty-free stores, keeping brand name
 - CTS Group to concentrate on investments and strategies for cultural tourism, travel finance and property-related business



Specific structure of the Chinese tourism industry

- 20% is the current penetration rate of China's OTAs, however it is substantially bigger for outbound tourism.
- Chinese consumers spent about \$56 billion at offline travel agencies at \$11 billion at online travel agencies in 2015.
- Offline travel agents in China have closer relationships to consumers than their foreign counterparts have with markets elsewhere.
- The line between retail travel agents and tour operators (tourism wholesalers) is blurred. Many tour operators not only create tour packages, but to also sell directly to customers sometimes even run their own retail shops.
- Chinese travel agencies try to contact and work with inbound tour operators directly without wholesalers.

2018 EU-China Tourism Year



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Specific structure of the Chinese tourism industry

Online Travel Agencies: The biggest OTA in China is Ctrip, the company with most outbound customers is Tuniu.

There are however many other players in the field, the latest addition being Fliggy (Flying Pig), the rebranded former Alitrip of Alibaba, the biggest online retailer.





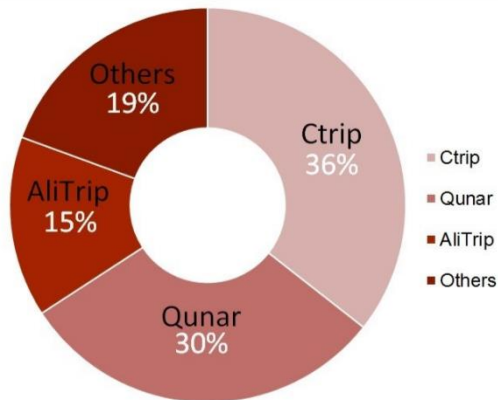
Specific structure of the Chinese tourism industry

- In 2015, the Chinese OTA market consolidated: Expedia sold its majority stake in eLong, allowing Ctrip to buy a 37.6% stake
- In 2015, Ctrip also performed a share swap with Baidu (“Chinese Google”) and merged part of its business with competitor Qunar
- China’s three major web giants Baidu, Alibaba and Tencent (“BAT”) bought many smaller companies



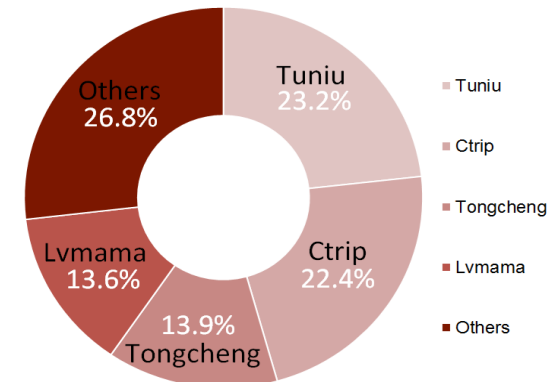
Specific structure of the Chinese tourism industry

Market Share of Chinese OTAs in Q1 2016 (by Transaction Values)



Since 2016, Ctrip, Qunar and AliTrip/Fliggy are the three largest OTAs by transaction value, accounting for 80% of the total

Market Share of Chinese OTAs in Holiday Product Booking in Q1 2016 (by Transaction Values)



For the outbound market alone however, Tuniu, has the biggest market share.



Successful interaction with Chinese business partners

- Get information about your potential business partners (companies and persons) beforehand, understand their needs
- Translate all product information and brochures into simplified Chinese
- Prepare enough (at least double of what you think is necessary) number of business cards with one side translated into simplified Chinese and with a properly developed Chinese name
- Bring your own interpreter
- Liaise closely with local representatives from your national or regional tourism organisations
- Starting to get to know each other before discussing business is generally preferred, this is often done over a meal.

2018 EU-China Tourism Year



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Successful interaction with Chinese business partners

- Always bring a gift to exchange (chocolate, wine, coffee-table books, models of sights, preferable things that cannot be bought in China).
- Get to grips with WeChat. WeChat has 850 million users in China and is used instead of Facebook, Twitter, Emails, etc. It can even be used to pay
- Pre-arrange appointments prior to arrival but expect last-minute changes
- When in China, always consider traffic conditions and expect traffic jams
- Out of the world's 60 largest airports, the seven worst performers for on-time departures are Shanghai Pudong, Shanghai Hongqiao, Hangzhou, Shenzhen, Guangzhou, Chongqing and Beijing Capital
- Avoid national holiday periods (Chinese New Year, October Golden Week)
- Stay calm, be patient, know your bottom line



Introduction ITB CHINA

**PICK THE RIGHT MARKET
FOR YOUR BUSINESS.**



ITB
China

The Marketplace for China's Travel Industry

ITB CHINA
Shanghai | 10 -12 MAY 2017



itb-china.com

ITB IS THE WORLD'S LEADING TRAVEL TRADE SHOW



ITB
China

The Marketplace for China's Travel Industry



- 1st edition in 1966
- 10,000 exhibitors
- 170,000 visitors



- 1st edition in 2008
- 10,300 attendees
- 880 buyers

- 1st edition in 2017
- 10,000 attendees
- 600 hosted buyers

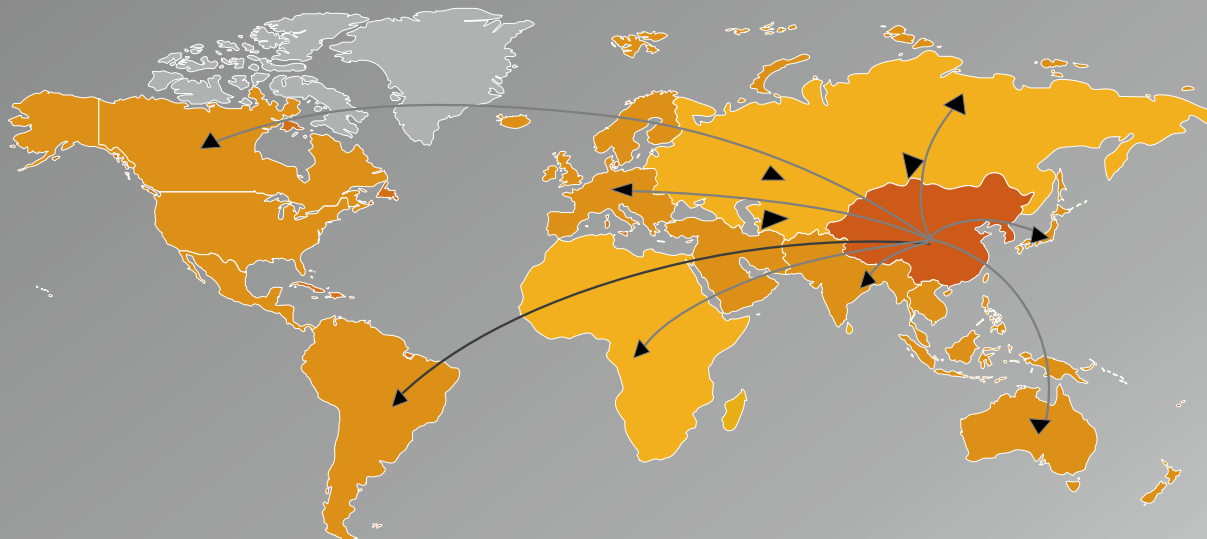


ITB CHINA 2017 EXCLUSIVE FOCUS ON CHINESE TOURISM



ITB
China

The Marketplace for China's Travel Industry



Business



- Pure B2B show

FOCUS ON OUTGOING:

- Chinese buyers meet global vendors

INCOMING:

- Chinese vendors meet global buyers

Content



- Key Note Speeches
- Panels and Workshops
- Product Presentations

Hybrid Function



- Leisure



- Mice



- Corporate Travel

ITB CHINA 2017 BUYER



ITB China

The Marketplace for China's Travel Industry

Buyers from more than 600 companies like:



ITB CHINA 2017 – EU PARTICIPATION

Partner Destination



Europe Pavilion at ITB China:

Showcases the multitude of European tourism products and destinations, confirmed national presences: Czech Republic, Belgium, Hungary, Estonia, Latvia, Lithuania and Serbia

About World Bridge Tourism:

A project supported by the European Union, in order to increase the flows of visitors from China to the EU. It will be held in conjunction with ITB China on the 9th-10th May 2017. The programme combines a conference and a B2B workshop between tourism-related EU companies (particularly SMEs) and Chinese operators. The project will be supported by an extensive programme of research and webinars aimed at increasing the understanding of the needs of Chinese visitors within the European tourism community.



FOCUS ON BUSINESS

MATCHMAKING



12,000+

prescheduled appointments
maximize business opportunities
21 match made appointments per
9 sqm exhibition space

HOSTED BUYERS



600+

Top and hand selected hosted
buyers from all over China

NETWORKING



Focused networking
opportunities complement
the matchmaking with

10,000

 attendees

BUYERS' ORIGIN



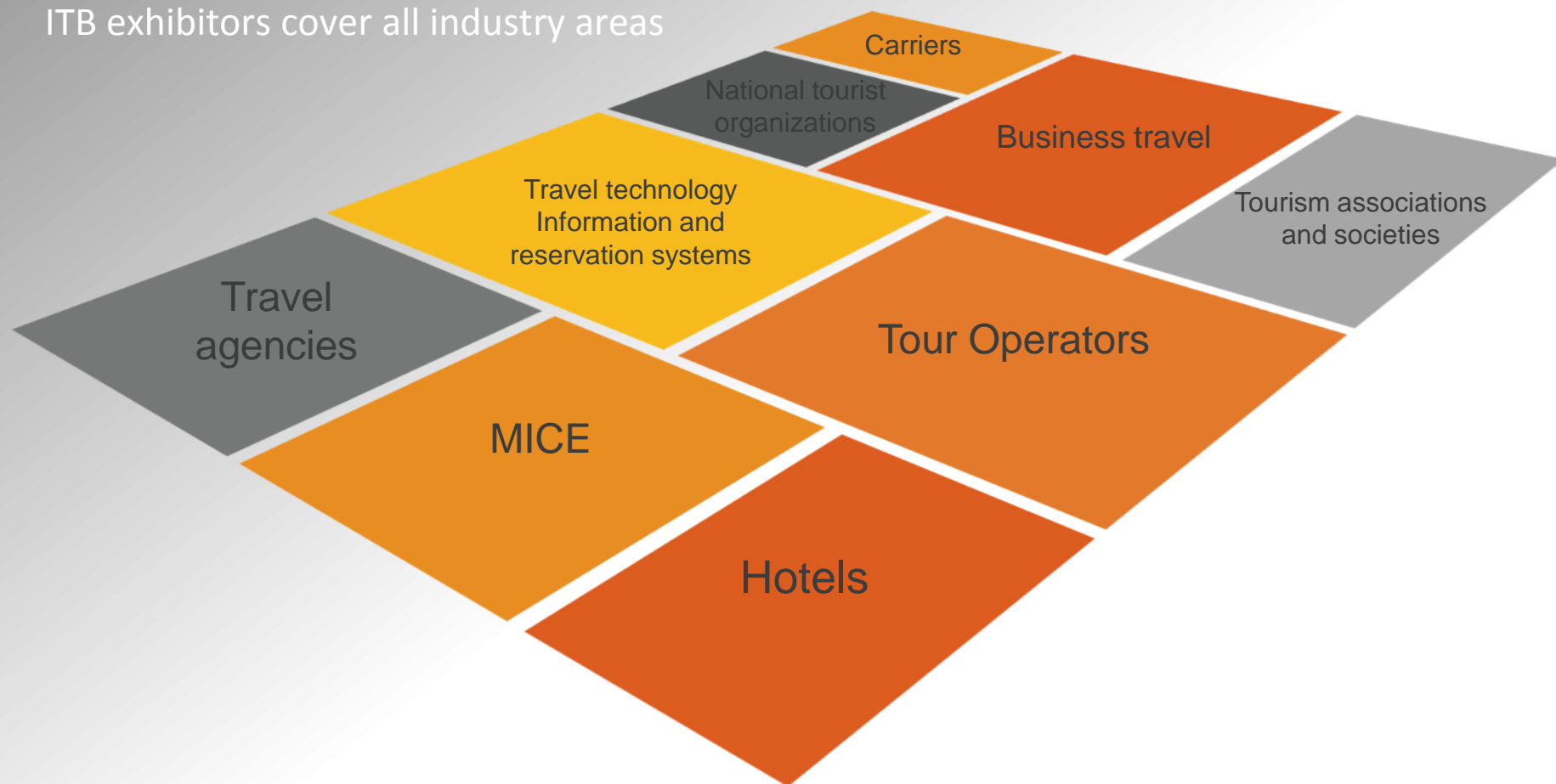
100%

from Greater China Region

EXHIBITORS

EVERYTHING THE TRAVEL INDUSTRY HAS TO OFFER

ITB exhibitors cover all industry areas



ITB China 2017 Exhibitor Structure



ITB
China

The Marketplace for China's Travel Industry

Exhibitors@ ITB China 2017

EUROPE

- Greece
- Austria
- Portugal
- Germany
- Italy
- United Kingdom

ASIA

- Thailand
- India
- Russia
- China
- Cambodia
- Japan

NORTH / SOUTH AMERICA

- Peru
- Bolivia
- United States

AFRICA / MIDDLE EAST

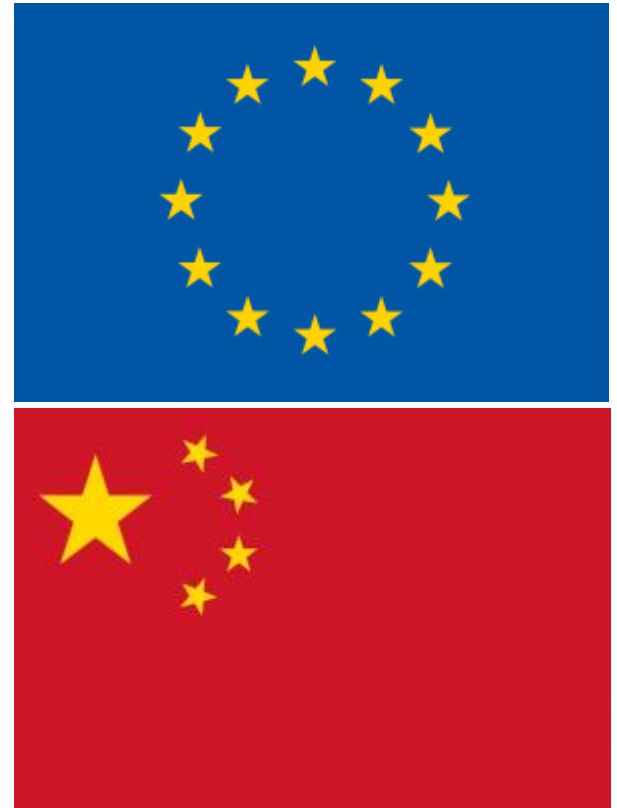
- Morocco
- Mauritius
- United Arab
Emirates
- Jordan



Introduction 2018 EU-China Tourism Year and World Bridge Tourism project

2018 EU- China Tourism Year

An opportunity for the EU Tourism
Business



Unique Opportunity

- Announced by Mr Jean-Claude Juncker, President of the European Commission and Mr Li Keqiang, Premier of the State Council of the People's Republic of China, at the opening of the EU-China summit on 12 July 2016.
- During 2018, an unprecedented level of attention will be paid to the growing importance of China as an origin market, and the changing preferences and behaviour patterns of Chinese visitors.
- China is the world's largest travel market in terms of both outbound travel and expenditure.
- Lately, European destinations have strengthened their position in this market, attaining 10,2 million Chinese visitors in 2016, accounting for a share of 11% of all outbound travel from China.

PLEASE HAVE A LOOK AT THE VIDEO

World Bridge Tourism

Curtain raiser for the 2018 EU-China Tourism Year



Objectives

- Increase the flows of visitors from China to the European Union
- Support EU tourism operators, mainly SMEs, to tap into the potential of the Chinese tourism outbound market
- Prepare EU tourism operators, mainly SMEs, to welcome Chinese visitors and cater for their needs
- Pave the ground for major B2B activities in the framework of the 2018 EU-China Tourism Year
- The programme of activities is carried out jointly by the European Travel Commission (ETC) and the European Tour Operators Association (ETOA), together with their partners Kairos Future, COTRI and Welcome Chinese.

Programme of activities

- **Report** on the latest and future developments in tourism flows from China to Europe
- **Website** for 2018 EU-China Tourism Year www.ECTY2018.org
- **Two events**, combining **political conference** and **B2B matchmaking** workshop
- **Two webinars**, to provide tourism SMEs with more insight into the Chinese market and the opportunities provided by partnerships with local operators
- Support, Communication and Information Activities

The video of
today's webinar
will be available
here for
download

Timeframe

- September 2016 – December 2017
- Webinars:
 - 1st: 23rd February 2016
 - 2nd: Date tbd
- Event in China:
 - 9th May 2017 – Political Conference – Grand Hyatt, Shanghai (ITB China Gala Dinner)
 - 10th May 2017 – B2B Matchmaking Session @ITB China
- Event in London:
 - 2-3 November 2017

Funded
by





Q&A Part 2



Closing remarks

Thank you for your attention!



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See you at



A record of this webinar for download and further information can be found at:
<http://ecty2018.org/> <http://etoa.org/wbt> <http://china-outbound.com>

Contact: arlt@china-outbound.com

... AND PLEASE ANSWER THE SHORT SURVEY AFTER YOU END THE WEBINAR. THANKS!