Tourism in 2030: Opportunities and challenges brought by China outbound travel market

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Dr. Rong Huang is an Associate Professor in Tourism Marketing at University of Plymouth. She has undertaken research into experiential tourism in relation to different types of tourists, Chinese international students and Chinese tourists in particular. She has taught and researched into different types of special interest tourism, for instances, food tourism, tea tourism, literary tourism, film tourism and coastal tourism. Her new edited book in Special Interest Tourism has just been released.

Tao Xu is a doctoral student at Department of Tourism and Hospitality in University of Plymouth. His research interest includes senior travel, decision-making process and China outbound tourism.

Abstract:

Purpose - As Chinese outbound travel market has become an paramount target for world tourism with significant growth potential, the purpose of this paper is to discuss opportunities and challenges which Chinese outbound travel market has on European tourism industry.

Design/methodology/approach – The paper reviews both academic and trade literature to provide an overview of opportunities and challenges that China outbound travel market might bring for European tourism industry.

Findings – The paper presents major topics to China outbound tourism research and current research gaps. Chinese outbound tourists are not a homogenous group of tourists. The paper addresses opportunities and challenges from two key segments of China outbound travel (Chinese international students and Chinese senior tourists).

Practical Implications- The paper calls for alternative and innovative research methods to research behaviour and experience of Chinese outbound tourists. Closer collaboration between academics and industry practitioners might provide a better understanding of this market.

Originality/value – The paper offers recent insights on Chinese outbound tourism market based on an analysis of relevant literature by both academics and industry practitioners. This allows the relevant stakeholders to adopt proactive strategies to minimise potential negative impacts and maximise opportunities.

Keywords: China outbound travel, Chinese international students, Chinese senior tourists

Article Classification: General Review
1. Introduction

According to UNWTO Tourism Towards 2030, international tourists’ arrivals are forecast to reach 1.8 billion by 2030, and a large proportion of the arrivals of the next two decades will originate from the countries of Asia and Pacific (WTO, 2011). As Chinese outbound tourism has been developing at a phenomenal pace, not only its sheer number of tourists but also the amount of expenditure, it has been perceived as a major propeller of the global tourism industry (Law et al, 2016). Academics (e.g. Huang et al, 2015; Jorgensen et al, 2017) suggest that China’s economic reform and growth after its open-door policy, together with the Chinese government’s relaxation of visa restrictions and increases in disposable income of Chinese people are the primary reasons for the rapid growth of China’s outbound travel market.

The purpose of this paper is to examine academic, institutional and trade literature to discuss opportunities and challenges that China’s outbound travel market brings for the European tourism industry. Section 2 provides background information of outbound tourism in China in relation to key development stages and summaries of reviews of research in Chinese outbound tourism. Section 3 emphasises two key segments (Chinese international students in Europe and Chinese senior tourists) in relation to the opportunities and challenges they bring to Europe’s tourism industry. The final section summarises key findings in a concise manner; implications for researchers and industry practitioners are also included.

2. Background information of China outbound tourism

The phenomenal growth of Chinese outbound tourism has attracted the interest of industry practitioners and academics. Arlt (2016) suggests that four distinguishable phases have existed in the development of China’s outbound tourism over the last three decades. Firstly, the reluctant opening of the gates by the Chinese government to ‘family visits’ started in 1983, first to Hong Kong and Macao and later to other Southeast Asian countries. The official recognition of the existence of outbound leisure tourism in 1997 is the start of second phase. After Approved Destination Status (ADS) agreements were signed, initially with Australia and New Zealand, many more countries were granted ADS status in the following years; however growth was chaotic during this stage. The year 2005 is perceived as the beginning of the third phase which is characterised as gaining experience and scope. The fourth phase, named as ‘the second wave of China’s outbound tourism’, started in 2011. However, Bao et al (2018) reveal that in China there is an elite middle-age cohort with ample buying power and considerable discretionary time to support the outbound travel of themselves and their children, and this group could possibly form a ‘3rd wave’ of Chinese outbound tourists. Considering China’s economic condition, Dai et al., (2017) conclude that China’s outbound tourism is still in a preliminary stage of development.

Growing numbers of articles on Chinese outbound tourism have been published in English academic journals, thus creating an enlarged body of sources that need to be reviewed. Although Chinese outbound tourism refers to overseas trips made by Mainland Chinese, Jin and Wang (2016) note that the travels of Chinese people to Hong Kong and Macao are widely considered in Chinese outbound travel literature, this is due to the status of these two cities and special measures to control visits by
Mainland Chinese. So far, seven papers have reviewed articles in relation to Chinese outbound tourism and details of these papers are summarised in Table 1 below.

[Table 1 here]

3. Opportunities and Challenges of Key Segments

3.1 Chinese international students

Comparing the experience of international students to different tourist experiences as theorised in existing tourism literature together with her primary research of Chinese international students who were studying in the UK, Huang (2005, 2008) argues that Chinese international students are not just normal students, they should be more correctly viewed as tourists in the UK; she describes them as educational tourists. Other researchers (Brown, 2009; Glover, 2011; Kim et al., 2006; Weaver, 2004) have increasingly discussed international student travel as a form of independent youth travel.

3.1.1 The trend and behavioural characteristics of their travel

From Project Atlas 2016 reported by IIE, the United States, UK, China, France, Australia, Russia, Canada and Germany have received 81% of international students in the world, and China is the largest generating source of international students (EOL, 2018). Such dominance has shown little sign of slowing down, according to the Chinese Ministry of Education (MoE) record, around 608,400 Chinese students studied abroad in 2017, an 11.7% increase on the 2016 figures. Since the Open-door policy and economic reform of 1978, more than five million Chinese people have studied abroad, and currently 1.5 million Chinese people are studying or carrying out researching abroad (MoE, 2018). Academics are certainly interested in this growth and relevant literature focusing on Chinese international student travel is growing. Examples of such studies are summarised in Table 2 (below) in relation to behavioural characteristics of the students and also the geographical locations of those studies.

[Table 2 here]

3.1.2 Opportunities for the European tourism industry

The rapid growth of Chinese international students provides a range of opportunities for the European tourism industry. As Chinese international students stay for longer periods of time than most mainstream tourists in the country where the students are studying, Michael et al. (2004) argue that the students have more time and greater chances to travel in that country. Many studies (Gardiner et al., 2013; Huang, 2005; Huang & Tian 2013, Weaver, 2004) report that the direct contribution to the tourism industry of the host country occurs when Chinese international students undertake holidays during, and on completion of, their studies. Moreover, if they are satisfied with their travel experiences, then they may develop emotional ties with their chosen destinations (Son, 2003), thus encourage students to return to the study country after graduation.
Being residents in Europe while they study here, Chinese international students can be perceived as internal consumers of those destinations and can play an important role in place branding. Simpson & Siguaw (2008) argue residents and experienced tourists can serve as goodwill ambassadors, promoting destinations to their friends and families. Chen et al (2015:367) agree and argue that Chinese international students can “play an important role in Chinese outbound travel decision-making and tourist experience leverage, helping to create good memories of tourism experiences by providing accurate information, useful tips, company, and guidance.”

In addition, the importance of international students to Visit Family and Relatives (VFR) market is gradually being recognised by researchers (Backer, 2012; Bischoff and Koenig-Lewis, 2007; Huang & Tian, 2013; Shani & Uriely, 2012, Taylor et al., 2004). Family and friends would visit Chinese international students in their study countries, leading to indirect economic contributions. Huang and Tian (2013) study of 324 Chinese international students in the UK finds that, since starting their studies in the UK, 42% of them had had visits from their families in China, this provides strong evidence for their importance to VFR market in the UK.

3.1.3 Challenges for European industry

While Chinese international students might mean opportunities for European tourism industry, European tourism and hospitality businesses and destinations might also face some challenges to attract and serve this group of Chinese tourists.

A European Travel Commission (ETC, 2018) report found that the Chinese media landscape is largely separated and distinct from that operating outside China, including both news media and social media. It found that specific Chinese channels (e.g. Ctrip, Tuniu, Baidu) are preferred, over corresponding international channels (e.g. Expedia, Booking.com, Google), by China outbound tourists (ETC, 2018; Liu et al, 2017). Chinese international students who grew up in China may be more comfortable searching for holidays, purchasing their travel needs and sharing their travel experiences in Chinese search/booking/social media sites. Such preferences challenge European businesses and destinations to become familiar with the students' digital consumption patterns, so as to influence and convert Chinese students to their products and destinations (Ge and Gretzel, 2018).

Additionally, although Chinese students want to experience the freedom of international travel, they also have a strong sense of familial obligation and distinctive cultural beliefs that underpin their consumer decision making (Gardiner and Kwek, 2016) which is consistent with findings from other researchers (Huang, 2005; Huang & Tian, 2013; VisitBritain, 2018). Furthermore, students, and their parents, have concerns about safety and these concerns can reduce the likelihood of students taking part in some more adventurous activities.

3.2 Chinese senior tourists

3.2.1 The population ageing trend and behaviour characteristics

China became an ageing society in 1999, when those aged 60 years and above in the country accounted for more than 10% of the total population (China State Information
Today, at over 200 million, China has the world’s largest senior population (China State Information Centre, 2016; Xinhua News Online, 2017). The drastic demographic shift, combined with impressive economic growth in recent decades, has contributed to the emergence of a prosperous market of senior consumers (People’s Daily Online, 2014). According to People’s Daily Online (2014), the senior consumption market was expected to achieve an overall consumption scale of 3.3 trillion Chinese Yuan (CNY) by 2020. The tourism sector is also influenced by the trend of an ageing population; more than 80% of Chinese senior citizens have developed a demand for leisure travel (Yang, 2016). In the outbound tourism market, in particular, ten million middle-aged and senior Chinese tourists travelled abroad in 2014 (China Tourism Academy, 2014). In 2017, this figure rose to thirty million (China Tourism Academy, 2018), suggesting a 44.2% annual growth rate in senior outbound travel.

According to tourism researchers and professionals (Zeng, 2015), two factors probably contributed to the growth in the Chinese senior tourist market. First, with only one child in family, most of the baby boomers, born in 1950s and 1960s, do not have a strong demand to save their income for future generations and therefore, are more inclined to take leisure travel to enrich their life after retirement (Arlt, 2016). Second, adult children of the seniors like to demonstrate their respects and care for their parents by financially supporting their parents’ leisure travel (Zeng, 2015).

Compared with tourists from younger generations, Chinese senior tourists generally have more free time, and prefer to travel during off-seasons (Nasolomampionona, 2014). However, when it comes to outbound travel, one of the biggest challenges faced by Chinese seniors is the lack of language skills (Kairos Future, 2016). Most of the Chinese seniors are inexperienced international travellers who rely heavily on others (e.g. friends or families; travel agencies) for outbound travel information (China Tourism Academy, 2017; Ctrip, 2015; Zeng, 2015). Consequently, many Chinese seniors travel abroad on organised group tours, or by travelling with their children or relatives who can speak English. According to People’s Daily Online (2015), 80% of Chinese senior outbound tourists chose packaged tours in 2015. In addition, more than 10% of the Chinese outbound tourists chose to travel with their retired parents in 2017 (China Tourism Academy, 2018).

In terms of travel motivations, however, Chinese senior outbound tourists seem to be attracted more by foreign history and culture than by shopping activities (People’s Daily Online, 2015). In light of Chinese seniors’ preference for cultural experiences, it could be expected that their travel expenditure might not be as high as that of tourists from younger generations. As the new generation of Chinese seniors become more active in their consumption of leisure travel (Li et al., 2014), the massive market of Chinese senior tourists is potentially rather lucrative. Despite their interests in history and culture, Chinese senior tourists also pay close attention on safety issues (Bao, 2009; Li et al., 2014). In addition, they are also well aware of events (e.g. the 2009 recession; the 2010 Shanghai Expo) that might possibly influence their decision-making with regards to travel choices (Xia and Hu, 2010).

3.2.2 Opportunities for European destinations
The emergence of the Chinese senior outbound tourist market provides significant opportunities for Europe. European destinations have several advantages, for example world renowned historical and cultural heritage assets, to attract Chinese senior outbound tourists (European Commission, 2014). In addition, European destinations also offer authentic travel experience for foreign visitors, such as quality rest and relaxation and shopping opportunities (European Commission, 2014). Cruise trip, a popular mode of travel for Chinese senior outbound tourists (Ctrip, 2015), might present another opportunity for some European destinations. Although around 90% of the Chinese outbound cruise itineraries were organised in Asia Pacific, the Mediterranean region has already been focused as the next hotspot for Chinese outbound tourists (Kairos Future, 2016).

3.2.3 Challenges for European destinations

On the other hand, the arrival of Chinese senior tourists could also pose challenges for European destinations. Previous studies (see for example Yan, 2017) suggest that Chinese outbound tourists had different profiles, expectations and behaviours from Western tourists. The demographic shift in the Chinese population could also create heterogeneous and diverse market demands that require destinations to accommodate properly these demands. In the meantime, it has been reported that Chinese outbound tourists were concerned with safety issues such as theft, violence and terrorism at European destinations (Kairos Future, 2016). Therefore, European destinations also face the challenge of addressing the safety concerns of Chinese seniors, since this cohort is particularly sensitive to such issues.

4. Conclusion and Implications

To conclude, although Chinese outbound tourism is developing at a phenomenal speed, it is still in a preliminary stage of development. Seven review papers provide excellent summaries of the status of China outbound research, and their suggestions for future research should be taken seriously so as to broaden and deepen our understanding of Chinese outbound travel. In consideration of the opportunities and challenges brought by Chinese international students and Chinese senior tourists, we offer the following recommendations to European destinations, and to tourism and hospitality businesses that wish to attract more Chinese tourists:

- As Chinese international students tend to travel independently around their place of study, often accompanied by friends and relatives whom they are hosting. Hence, a better understanding the characteristics of behaviour of these independent travelers may offer insights into China’s future outbound travel market (King et al., 2015).

- The number of Chinese international students is growing rapidly in Europe. DMOs such as VisitBritain, Atout France or German National Tourism Board could collaborate more actively with their universities with a view to targeting Chinese international students and their VFRs more effectively as a market segment (Huang & Tian, 2013).
European countries are faced with challenges in encouraging potential Chinese tourists to visit and improving their travel experiences due to the language barrier and cultural differences. Chinese students in Europe can be a great source of positive Word-of-Mouth promotion for a destination to attract more Chinese tourists if they themselves have good memories of their travel in Europe (Chen et al., 2015).

The travel motivations of Chinese senior tourists must be clearly identified (Fan et al., 2015), since such identification helps market practitioners deliver satisfactory tourism products to their target market. Furthermore, Choi and Fong (2017) argue that Chinese seniors’ travel preferences could be heterogeneous among different age cohorts. Consequently, relational travel products, such as family tours and tours featuring wellness activities, could be developed accordingly.

As the overall satisfaction rate had a significant impact on Chinese seniors’ recommendation and revisit intentions (Choi and Fong, 2017), it is necessary for European countries to maintain their efforts in delivering high-quality service to this market segment. Today, Chinese outbound tourists have a relatively high satisfaction rate over their travel experience in Europe and this trend should be sustained because of the growing competition from emerging destinations (Kairos Future, 2016).

References


<table>
<thead>
<tr>
<th>Year</th>
<th>Authors</th>
<th>Number of papers</th>
<th>Key findings</th>
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<tbody>
<tr>
<td>2008</td>
<td>Keating, B. and A. Kriz</td>
<td>22</td>
<td>Since traditional destination choice models may inadequately capture the nuances of destination choice in the Chinese context, the authors argue that a new model for travel planning could be developed.</td>
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<td>2008</td>
<td>Cai et al</td>
<td>30</td>
<td>They categorise the literature sources into three groups: market overview, destination-specific research based on secondary data, and destination-specific research based on primary consumer data. They point out that most research papers applied Western models to the Chinese context and that future research should be more methodologically diverse.</td>
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<tr>
<td>2014</td>
<td>Tse</td>
<td>80</td>
<td>The paper identifies the main areas of research interest, analyses how the literature sources are related in terms of tourism framework, critically evaluates the research areas, and explores future directions. It advocates that future Chinese outbound tourism research to be more concerned with the source market where the main causal factors of tourist flows are located; the social impacts of Chinese outbound tourism on its own people and destinations; and the legal and ethical aspects of the outbound tourism.</td>
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<tr>
<td>2015</td>
<td>Keating et al.</td>
<td>148</td>
<td>The review uses an evolutionary metaphor to chronicle the main contributions over three distinct stages: crawling out (1983–1992), scurrying about (1993–2002), and walking erect (2003–2012), and they argue that walking erect is appropriate and suggest that this body of knowledge is still developing and has a considerable way to go. Chinese outbound tourism is likely to impact on Western research and will increasingly make its own contributions to generating new theory within the broader international tourism domain.</td>
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<tr>
<td>2016</td>
<td>Law et al</td>
<td>122</td>
<td>They identify the main topics related to China outbound tourism including market segmentation, travel motivation and travel behaviour. One or two theories are generally applied to investigate a certain topic. The most common research methods are interviews and a questionnaire survey. Future studies are suggested to apply more theories to investigate one topic. A single theory can also be applied to investigate different topics. Adopting different and innovative research methods, such as online interaction observation, can also be considered.</td>
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<td>2016</td>
<td>Jin, X. and Wang, Y.</td>
<td>161</td>
<td>161</td>
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<td>2017</td>
<td>Jorgensen et al</td>
<td>151</td>
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### Table 2 Chinese international students travel and characteristics

<table>
<thead>
<tr>
<th>Year</th>
<th>Authors</th>
<th>Location</th>
<th>Behavioural characteristics</th>
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<tbody>
<tr>
<td>2006</td>
<td>Huang</td>
<td>UK</td>
<td>“The behaviour of the male and female Chinese international students was very similar in the pre-holiday phase in terms of their motivations and information search. However, the phase of the actual holiday experiences in terms of accommodation choice and visited tourist attractions, both genders display different behaviour.” (2006:68)</td>
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<tr>
<td>2008</td>
<td>Wang Y, Davidson M</td>
<td>Australia</td>
<td>“Natural scenery/attractions and agreeable environment/climate as the strengths of Australia. Historical attractions and shopping related opportunities were the weaknesses of Australia as a tourist destination. Destination marketers should emphasize the general environment in Australia when marketing to the Chinese student market.” (2008:405)</td>
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<tr>
<td>2010</td>
<td>Shi et al</td>
<td>Japan</td>
<td>“Chinese students rarely used booking services for car rentals and preferred to stay at tourist hotels; public media was a major source of travel information for them. The non-Chinese students, on the other hand, preferred lodging at campgrounds/cottages and tended to rely on word-of-mouth recommendations of their friends.” (2010: 61)</td>
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<td>2011</td>
<td>Liu, G. and Ryan, C</td>
<td>New Zealand</td>
<td>“Students fulfilling several roles as guides, sources of information and acting as hosts, but the relationships between their own holiday experiences and satisfaction and the degree to which they fulfilled these roles was weak at best, indicating, therefore, the importance of other variables.” (2011: 464)</td>
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<tr>
<td>2013</td>
<td>Huang, R Tian, Y. R</td>
<td>UK</td>
<td>“Chinese students in the UK are generally satisfied with their travel experience in the UK. Furthermore, they are loyal customers, which is illustrated by their high intention of repeat visits and recommending the UK to friends/family. More than 42% of them had had visits from their families back in China since they arrived in the UK to study; this provides strong evidence for their importance to the visiting friends and relatives (VFR) market in the UK”. (2013:277)</td>
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<td>2015</td>
<td>Chen et al.</td>
<td>Australia</td>
<td>“place attachment to Australia” and “satisfaction” with Australia are positively related to different behaviour outcomes including Chinese students’ word-of-mouth, intentions to recommend Australia as a tourism destination, and willingness to help Chinese tourists to create satisfying experiences in Australia.(2015: 366)</td>
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<td>2015</td>
<td>King, B., and Gardiner, S</td>
<td>Australia</td>
<td>Chinese international students are different from independent backpacker travellers in general. Their motivations are educational first followed by travel. Their trip style tends to be accompanied independent travel. They have regular day excursions and short breaks of a week or less. They tend to stay at hotels, motels or apartments. Their key trip activities are sightseeing.</td>
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<tr>
<td>Year</td>
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<td>Location</td>
<td>Summary</td>
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<tr>
<td>2015</td>
<td>Hughes et al</td>
<td>Australia</td>
<td>Iconic attractions, nature-based activities and photography are particularly attractive to this market. The Internet and word-of-mouth advertising are important sources of information; while costs, distances and lack of time are barriers to travel. Personal safety is also a key concern in natural environments. Students’ travel plans for visiting friends and family and their suggestions for tailoring tourism products to meet the needs of independent Chinese visitors are also discussed. (2015, 12)</td>
</tr>
<tr>
<td>2016</td>
<td>Gardiner, S. and Kwek, A.</td>
<td>Australia</td>
<td>China’s Generation Y want to experience the freedom of international travel that enables self-development and maturity, but they also have a strong sense of familial obligation and distinctive cultural beliefs that underpin their consumer decision making. Safety concerns of both the young people and their parents can also reduce their likelihood of participation in adventure activities that they consider to be too risky or physically challenging. (2015:496)</td>
</tr>
<tr>
<td>2017</td>
<td>Lantai, T and Xiang, Y. M</td>
<td>Norway</td>
<td>The choice to travel alone or in small groups is due to more freedom and reducing hassle of conflicting ideas, travelling by plane is due to convenience and price as well as choosing cheap and budget accommodation such as Airbnb because of price but also because the respondents value other additional services. (2017: 393)</td>
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