

Keeping Pace With The Second Wave Of Chinese Outbound Visitors To Europe? — Opportunities For Ireland

*6th Tourism Policy Workshop
Dromoland
Nov. 21st, 2015*



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COTRI
中国出境游研究所
CHINA OUTBOUND
TOURISM RESEARCH
INSTITUTE

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How can Ireland Attract More Visitors from China, the World's Largest International Tourism Source Market?



***Third Annual Tourism Policy Workshop
Dromoland/Ireland Nov. 3rd, 2012***

About COTRI

COTRI is a privately organised and independent institute founded by its director, Prof. Dr. Wolfgang Georg Arlt, in Germany 2004. Since its inception, COTRI has become the world's leading institute for services and insights related to the Chinese outbound tourism market, and cooperates with leading international and Chinese tourism organisations.

COTRI is headquartered in Hamburg, Germany, has an office in Beijing, China, and coordinates a global network of regional partners across all continents.

COTRI IN GERMANY

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COTRI IN CHINA

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COTRI's founder and director



Prof. Dr. Wolfgang Georg Arlt

Latest & Forthcoming publications:

COTRI China Market Report (Ed.)

Li: *China's Outbound Tourism 2.0*
(Chapter)

Green Book of China's Tourism

2015 (Ed.)

COTRI Yearbook 2016 (Ed.)

- 中 First visit to People's Republic of China in 1978
- 中 1991-1999, owner of Inbound Tour Operator China-Europe with offices in Beijing and Berlin
- 中 COTRI founder and director since 2004
- 中 Professor for International Tourism Management at West Coast University of Applied Sciences Germany (Heide)
- 中 Visiting professor at universities in China, United Kingdom and New Zealand
- 中 Fellow Royal Geographical Society (London)
- 中 Research Fellow Japanese Society for the Promotion of Science (Tokyo)

COTRI Services

COTRI China Outbound Tourism Research Institute offers a wide range of services suitable for any need related to the Chinese outbound tourism market.

CONSULTING

With rich experience and deep knowledge about China's outbound tourism market, COTRI can provide holistic solutions to any challenge or opportunity.

RESEARCH

COTRI's in-house research department with offices both in Germany and China together with COTRI's network of experts and analysts ensures world-class research and analysis.

TRAINING

The COTRI China Tourist Welcome (CTW) Training programme is a well-renowned program that helps tourism service providers to position themselves at the forefront of the biggest global outbound tourism market.

EVENTS

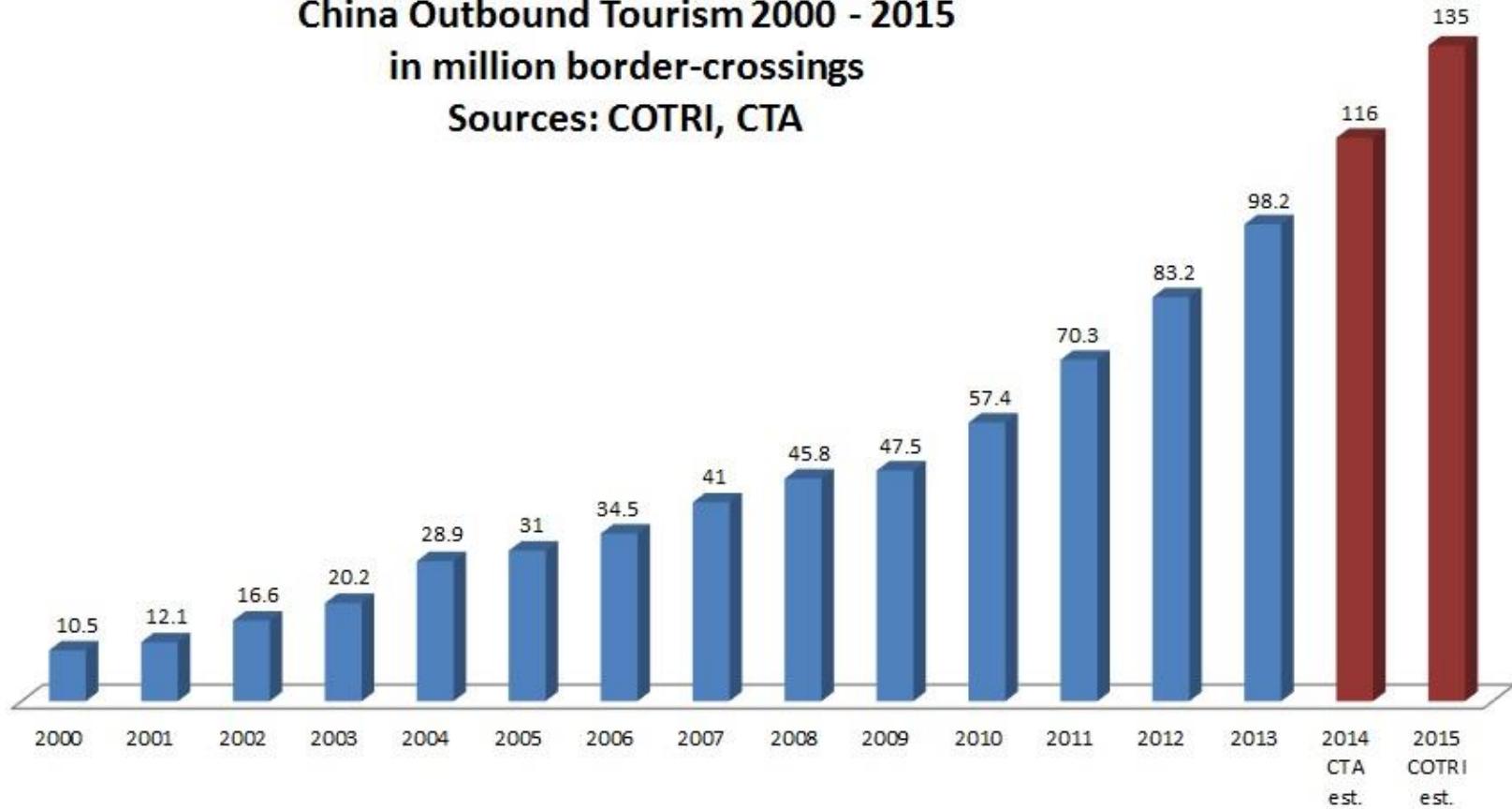
Since 2004, COTRI has organised a large number of events related to the Chinese outbound tourism market for private companies, public institutions, and at academic conferences across all continents.



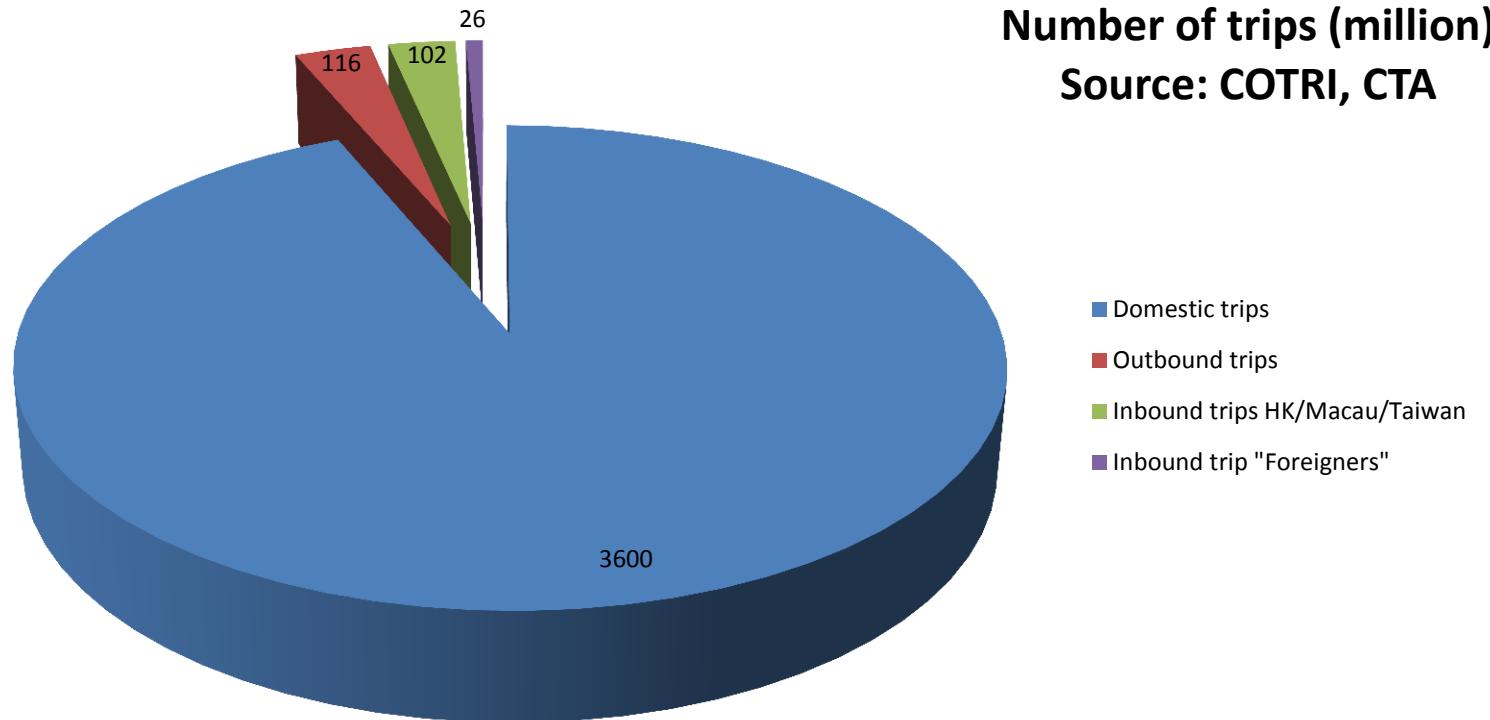
2011: 70 million border crossings
69 billion US\$ total spending
2014: 116 million border crossings
165 billion US\$ total spending

China Outbound Tourism 2000 - 2015 in million border-crossings

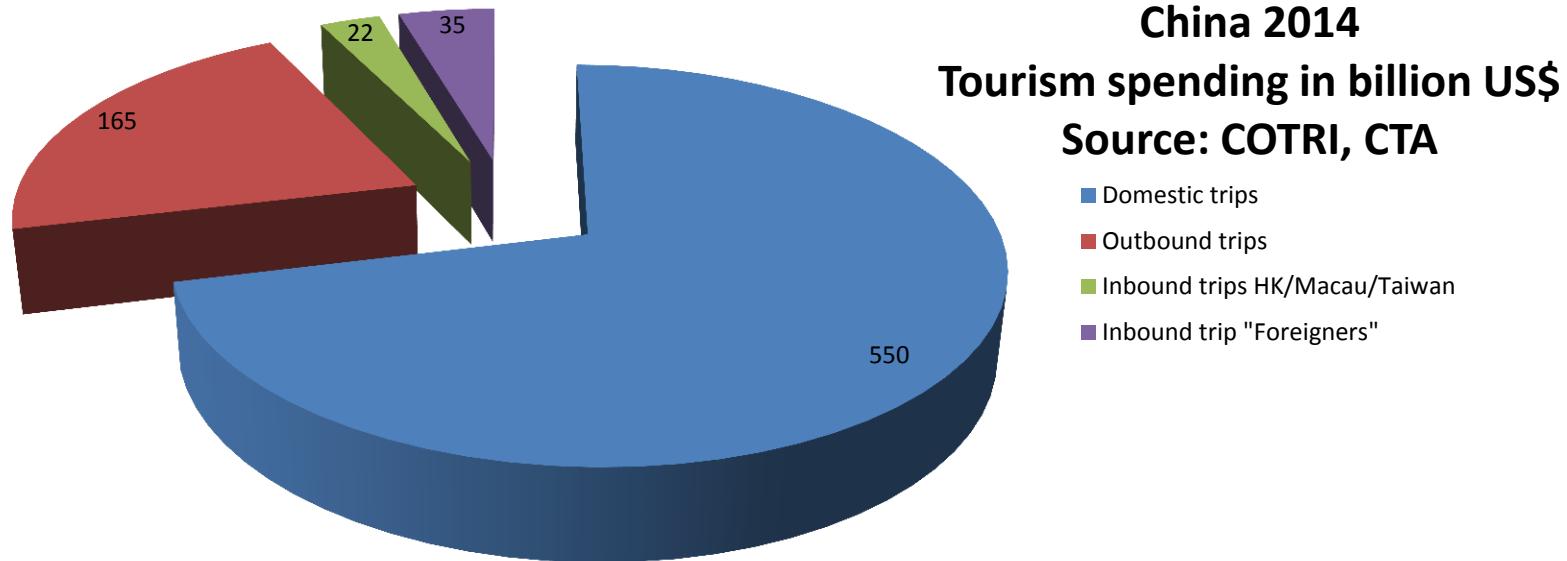
Sources: COTRI, CTA



Relevance of outbound travel for Chinese tourism industry by number of travellers



Relevance of outbound travel for Chinese tourism industry by spending



Europe still most important non-Asian destination, but losing market share

Jan.-Nov. 2014 Chinese citizens outbound travel (CNTA, first port of call) After Nov. 2014 change of method			Share of total
Country (Region)	Jan-Nov	YoY growth	
		(%)	
Total	105,633,900	18.0	
Asia Total	94,773,900	17.0	90%
Of which Hong Kong + Macau	70,583,000	18.0	67%
Americas Total	2,812,800	14.4	2.7%
Europe Total	3,665,600	10.7	3.5%
Of which Germany	455,500	14.9	
Of which France	551,400	37.3	
Of which UK	496,500	6.7	
Of which Russia	902,600	3.5	
Oceania Total	1,213,100	24.3	1.1%
Africa Total	2,940,700	80.9	2.8%
Others Total	227,800	21.7	1.0%

Ireland increasingly trailing behind

- 2014: **40,000** Chinese arrivals in Ireland (half a per-mille of 8.4 million total arrivals)
- **10%** increase over 2013
- 2017: Tourism Ireland aiming at **50,000** arrivals
- **25%** increase over three years – a not very ambitious goal
- Chinese arrivals to many European destinations increased already **more than 25%** in Q1-Q3 2015
- Chinese outbound tourism will grow by more than **50%** in the period 2014-2017

Global Importance and Importance in China

Chinese Outbound Travel will increasingly represent a major part of global tourism and include more destinations, but will still be restricted to the Top 10% of the Chinese society

- 中 In **2014** *one out of ten of all international border crossings* started from Mainland China
- 中 In first half of **2015** *one out of nine of all international border crossings* started from Mainland China
- 中 In **2020** *one out of seven of all international border crossings* will start from Mainland China

So getting more Chinese to switch from this mood...



Beijing, November 10, 2015

... to this mood is certainly possible



A market not to be ignored

Chinese Outbound Travel will continue to grow despite the economic slowdown and political crisis in China

First of all, because long-distance outbound travel is not a private decision, but an investment, **not a holiday**:

- 中 ***Direct* investment:** Buying real estate and companies for profit and for passports
- 中 ***Indirect* investment:** “Leisure” Travel and shopping for self-esteem and peer group confirmation of status and prestige
- 中 ***Long-term* investment:** Formal and informal education, market knowledge, experiences

A market not to be ignored

Five Reasons why Chinese Outbound Travel will continue to grow despite economic slowdown and political crisis

- 1) By the end of October 2015, the Shanghai Composite and the exchange rate of the RMB are back to the levels of January 2015. Bubbles have burst, but for the top 5% of Chinese society, the ability to spend a few thousand dollars for a trip has not been seriously hampered.
- 2) The environmental problems connected to mismanagement problems as illustrated by the explosion of 3,000 tons of dangerous chemicals on Aug. 13, 2015 in Tianjin only increase to pull Chinese customers to travel to places offering a safe and clean environment.

A market not to be ignored

- 3) Visa procedures are getting easier for Chinese nationals with multiple-entry visa introduced by major destinations including USA, Canada, Australia, New Zealand, Schengen countries – EVEN UK!
- 4) Hong Kong and Macau are losing their appeal for Chinese travellers. The increase in outbound travel goes almost completely to destinations beyond Greater China, benefitting international destinations around the world.
- 5) International travel has already become a firm part of the consumption pattern of *everybody who is anybody* in China. *Reisefreiheit* is a freedom which will not be taken away from the Chinese upper and upper-middle class even if in other areas (culture, education) reforms are slow.

The bad news:

90% of all Chinese outbound travellers are not interested to visit Ireland.

Too far away or too difficult to reach, not famous enough or too similar to other destinations, no big cities or famous brands or too crowded, not high enough on the list of “must-sees”, already ticked-off the list by staying in similar place, lack of direct flights or difficult visa procedures...

The good news:

10% of all outbound travels in 2015 will still amount to more than 13,000,000 trips.

Second Wave travellers – sophisticated with travel experience and language abilities, living in first-tier cities – are looking for suitable specific Chinese demand-adapted offers in new destinations

Therefore general information and averages talking about *the* Chinese outbound tourist are useless – with growing segmentation it becomes ever more important to identify, understand, prepare for and communicate with *specific* Chinese outbound market segments

Segmentation: Package tours, “FIT” and FIT tours

- **Package tours are losing „bragging power“ for experienced travellers**
- **Interests different from first-time sightseeing and brand shopping orientated customers**
- **Second Wave experienced Chinese travellers: Niche topics, themed tours, bespoke arrangements, activity based trips, moving from “money rich but time poor” to “money and experience rich but time poor”**
- **Looking for new kicks and lifestyle affirmation, serious leisure, new destinations and authentic activities, experiences instead of sightseeing, clean nature, direct involvement in local culture and community and stories and pictures to share**

Segmentation: Package tours, “FIT” and FIT tours

- **Group vs. FIT is not a simple “either-or” but a sliding scale.**
- **On the one end are old-fashioned package tours “8 countries in 7 days” mainly done for the “me in front of the Eiffel Tower” selfie.**
- **On the other end are fully autonomous backpackers.**
- **In between are all kind of ‘semi-self-organized’ packages, customised or bespoke tours with varying degrees of flexibility.**
- **(Online) travel agencies increasingly develop products of one or two day organised tours, which can be booked before or during the otherwise self-organised trip.**

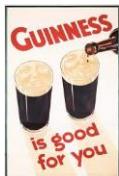
Segmentation: Package tours, “FIT” and FIT tours

- The relative importance of self-organised travel varies between different markets, from 0% for destinations, which cannot be reached without an organised tour (example: Antarctica) to more than 70% for destinations like Hong Kong and South Korea.
- For an *easy-to-travel* country like Ireland (small, English spoken, no snakes or volcanos) the majority of Second Wave travellers will see no need to book a fully organised tour.
- Chinese “FIT” are different from “Western” FIT, most of them are not backpacking on a shoe-string budget, but can afford hybrid spending patterns.
- Most of them are seekers of prestige and self-affirmation, trying to find *themselves* abroad.

How to accelerate the development of Chinese outbound tourism to Ireland?

No Eiffel Tower, few brand shops, not on the main European trail – does that mean no/few Chinese visitors?

- ✓ *Concentrate on Second Wave travellers with a clear story about the friendly, clean and green island full of history, unspoilt food and nature and English-speaking hospitable people*
- ✓ *Concentrate on Chinese social media, not TV or print, using WeChat tools like “Chinese Travel Academy”*
- ✓ *Concentrate on niches – even small niches (bird-watching, golf...) involve hundreds of thousands of persons in China*
- ✓ *Concentrate on activities instead of geography – tell about the best Hiking Tour place, which happens to be on an island called Ireland*
- ✓ *Use stories to have Chinese experienced travellers to dream about the Emerald Isle*
- ✓ *Start with the more than 100,000 Chinese students living in the UK*



FROM 2012 PRESENTATION:

What attracts New Chinese Tourists to Ireland – or keeps them from coming?

Helping	Hindering
„Ireland“ known place (picturesque island somewhere near England)	Not in the mental map of Chinese visitors to Europe (less than Iceland)
Empty page, easy to fill with positive image (green, clean, authentic, easy to reach)	No clear positioning of brand based on market research and market observation
General Ireland image fitting for NCTs	Not clear what to see and do
English speaking inhabitants	No Schengen visa
Good place for investment, studies and golf	No direct flights
Ambassadors in place:	No participation at COTTM and other fairs



FROM 2012 PRESENTATION:

To sum up:

Is there a chance to earn serious money from Chinese visitors to Ireland? YES.

Has been done enough to use the new opportunities the Chinese market offers in the form of the New Chinese Tourists? NO.

When should Ireland start to put itself onto the mental map of affluent sophisticated Chinese travelers? NOW.

2015:

To sum up:

Is there a chance to earn serious money from Chinese visitors to Ireland? YES.

Has been done enough to use the opportunities the Chinese market offers in the form of the Second Wave Chinese Tourists (incl. UK-based Chinese students)? NO.

When should Ireland start to put itself onto the mental map of affluent sophisticated Chinese travellers *and stop throwing away money?* NOW.

Thank you for your attention

Looking forward to your comments and questions!

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COTRI has moved:
New headquarter in HAMBURG
New office in BEIJING