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# New Tourism Trends in China



## General Trends

### Trend 1: Shift to Mobile

#### Shift to Mobile

- **Size:** 1.3 billion mobile phones in China means 1 mobile for every Chinese on average
- **FIT means mobile:** most FITs use their mobile phone to book travel
- **Mobile Internet:** 847 million people use their mobile to access the Internet in the first half of the year; 60%+ access 4G
- **Mobile Payment:** The number of people using mobile payments in China is expected to reach 790 million in 2020; most new users come from 2nd and 3rd tier cities. Chinese people used mobile payment 3.25 times a day in 2019 on average, according to UnionPay.

### Mobile in Travel Purchase

- **Travel search & planning:** over half of destination search & planning is done on mobile
- **Bookings:** 72% of online bookings on the Top 5 OTAs in China are done directly via mobiles; 81% of online hotel bookings are made on mobiles
- **Booking apps:** OTAs lead the way, with traditional TO/TAs playing catch up

### Trend 2: Booming FIT & Luxury Travel

#### FIT Segment Growth

- In certain areas, FIT represents **40%** of China travel and is rapidly rising
- **Semi-FIT (air/hotel packages):** represents an additional 40% of the market
- **Booming Middle & Upper Class:** translates to booming luxury travel
- **Exclusive Travel:** demand is growing for 5 & 6-star hotels, limos, helicopter transfers, private tours
- **New Luxury Tour operators:** all major China tour operators have created Luxury Travel subsidiaries
- **Semi-independent travelers** have emerged who are more likely to **go off the beaten track and explore lesser-known destinations.**

### Trend 3: Beyond the Gateways

- **Converging factors:** increasing travel experiences, higher disposable income levels and greater sophistication are factors contributing to a new generation of more demanding Chinese travelers. They are no longer satisfied with cookie-cutter itineraries and going beyond the gateways.



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- **Been there, done that, no more:** much like in the West, social pressure pushes sophisticated Chinese to “up” their peers and what were classic itineraries/destinations are no longer enough.
- **Attractive to the Trade:** high-end Chinese travelers are less price sensitive – the higher cost of tailor-made travel beyond gateways, the more appealing it is to the Chinese travel trade which is only too happy to develop appropriate itineraries.
- **Opportunities for lesser-known destinations:** the tailor-made itinerary trend provides major opportunities for lesser-known destinations or smaller attractions to capture their share of the lucrative Chinese outbound travel market.

#### Trend 4: Digitalization in China

- **Market landscape:** dominated by BATS (Baidu, Alibaba, Tencent and Sina), the core of China's social and digital landscape
- **Major digital market players:** WeChat continues to dominate with its role and influence evolving rapidly; Weibo is still relevant, measuring the pulse of what's viral
- **Main market:** E-commerce categories reflect the complexity of China's retail market; video continues to rise as it fragments
- **Research popular:** “Ask Me Anything” (AMA) sites reinvigorated as platforms for deep engagement
- **Popularity marketing:** KOLs/influencers have become a mainstream method for companies to attract younger audiences and generate greater profits

#### Social Media Trends in China

- China is now a digital-first market and the trends below represent the current conversations taking place in the world's largest digital environment.
- Traditional media (print and broadcast) and most commercial and entertainment-driven media were only launched in China in the late 1990s. Prior to that all content was government-produced and had near-zero audience value, other than from a political point of view.
- Unlike other markets around the world, in China, both traditional and digital media had an equal start, and digital now completely dominates traditional media in China.

#### WeChat Rules!

- WeChat continues to rule social. With over 800 million Daily Active Users as of Q4 2019, WeChat is king in China and in Tier 1 cities, where 93% of residents are registered.
- This represents both a unique opportunity to engage with audiences on a well-established platform, and a great challenge to compete for share of voice.

#### Weibo is dead... or not!

- With Wechat dominating the headlines these years, to the detriment of Weibo, many industry watchers had predicted in early 2016 that the year would mark the end of Weibo's relevance to the market



- However, Weibo was enjoying a 35% uptick in usage, reaching the 750 million users mark and proving to everyone that the micro-blogging platform, with its ease of use and open ecosystem was very much alive indeed.

### **Global Must Be Local**

- For the past few decades, global brands have used advertising and marketing materials designed for the US/EU markets and then repurposed for China.
- While this was useful in establishing basic awareness and credibility, the challenge now is for brands to be locally relevant. Chinese audiences no longer accept content that feels foreign to them.
- The next round of digital growth in China for destinations depends on being more closely connected with Chinese lifestyles, challenges and dreams with messaging and content specifically developed for the China market.

### **How to reach potential travelers on multiple occasions during the journey?**

Step 1: WeChat/Weibo official account for awareness

Step 2: Youku/iQiYi video for consideration

Step 3: Baidu SEO/SEM during evaluation phase

Step 4: C-Trip and other OTAs collaboration for the final BUYING decision

## **Digital Trends**

### **1. KOLs will evolve to KOCs**

Key Opinion Leaders, or KOLs, have dominated the Chinese social media landscape for some time. However, as their sponsorship fees have risen, so have queries about their authenticity. With this in mind, some brands are looking to invest in Key Opinion Consumers, or KOCs. Western brands can expect to see competitors investing in influencer strategies which use both types of online influencer to spread brand awareness and to maximise returns. KOC communities are being created via private chat groups on social platforms, along with incentivised referrals and product reviews. Key platforms for these activities are likely to be WeChat, Little Red Book, Weibo and Tmall.

### **2. Vlogging will grow**

Vlogging is growing fast in China! Estimations suggest that vlog views in China almost doubled last year, making vlogs a powerful new channel for online influencers alongside livestreaming and short videos. Bilibili, the Generation Z focused vlogging platform, saw its ad revenue grow by 80% in Q4 of last year. Longer video formats were also seen in greater use across other platforms such as WeChat and Weibo, with key celebrity Chinese influencers such as Mr Bags turning to vlogs to engage with their audiences.

### **3. Livestream Commerce will go mainstream**

The feature to livestream commercial activity has been available on Chinese social media platforms such as Taobao and Tmall for some years, but it really came to the fore in 2019. For example, L'Oréal used it on Singles Day, with a 17-hour livestream to deliver a 700% sales growth. This was supported by the 'See Now, Buy Now' facility for instant purchasing via mobile phones in particular. This year, the facility will be added to Little Red Book, and brands are expected to use the livestream facility on WeChat Mini Programs.



#### **4. Lower-tier cities will become a focal point**

Chinese consumer power has been largely held in its Tier 1 cities until now (Beijing, Shanghai, Shenzhen and Guangzhou). However, lower-tiered cities are now growing in prominence, along with the spending power of their citizens. Opportunities for Western retailers are looking especially good in locations where global brands have a minimal physical retail presence. Alibaba focused on these emerging cities in Singles Day 2019, hosting a kickoff event in Harbin, alongside its regular celebrity gala event in Shanghai. Bloomberg reported that 70% of Alibaba's new active customers had come from these lower-tier cities in 2019. As a Western brand, it's easy to dismiss the idea of a 'small' tier 3 or 4 city, but the reality is that it will often have over a million inhabitants and a high proportion of smart, informed and wealthy young buyers, driven by rapid urbanisation.

#### **5. Experiences will become smarter**

For Western marketers, the Chinese market is incredibly sophisticated and becoming all the more so. Consider, for example, the fact that 69% of clothing buyers in China will use their mobile phones to research a product, whilst they stand in the retail store itself. Think about the trend for multi-screen engagement; for example, Chinese customers will watch China's Got Talent on TV, whilst engaging with bonus content on social media channels using their tablets, and sending branded show stickers to friends via their phones, along with their predictions via online forums! Lifestyle and experience will continue to drive Chinese customer conversions, but the technologies used to create innovative marketing and advertising campaigns will become hugely sophisticated and often more so than in the West. Gamification, AI, location-based services, hyper-personalisation... all these things are essential to consider.