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# 2020 New Tourism Trends In China



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**MOBILE INTERNET AND E-COMMERCE PENPERTRATION:** by the end of 2020, China had 989 million internet users, with nearly one third of them were in rural areas, 80% of China's netizens shopped online last year, making the country the world's largest e-commerce market. 40% of the country's internet users ordered takeaway food, 30% of users learned online and worked remotely, and 20% of users received medical consultations online. China, the world's largest online retail market for an eighth consecutive year, saw the annual online retail sales total about \$1.82 trillion in 2020, up 10.9% year-on-year.

**DOMESTIC DUTY-FREE SALES:** duty-free sales in China's island province of Hainan reached about \$585.5 million in January, an increase of 143.6% year-on-year. Hainan's offshore duty-free shops received some 509,000 customers and sold 5.11 million products during the period, up 29% and 146.6% year-on-year respectively.

**LUXURY DEMAND:** China has become the only country in the global luxury market to experience growth in 2020, luxury consumption in the Chinese mainland is expected to buck the trend and report a 48% yearly sales increase in 2020. China is projected to become the world's largest luxury market by 2025.

**Livestreaming** – Livestreaming started in 2019, but saw a big boom in 2020. In 2021 consumers, including outbound travelers will continue to explore emerging platforms such as Kuaishou and Bilibili. For KOC (Key Opinion Customer) marketing live streaming will be an effective way of reaching new audiences.

**Domestic destinations as competitors** – The forced concentration on China as the only possible destination in 2020 brought for many Chinese the experience that there are still many new and unexplored places also within China. Combined with the government support for "patriotic" tourism, places like Hainan, even though the pricing, quality of attractions, and level of service are still below the level of other tropical islands such as Phuket or Bali, are seen by many as an alternative destination with enough bragging power. Visiting a countryside destination in Sichuan or a smaller city close to a Tier 1 city does not automatically signal anymore that you are too poor to travel abroad, but might show your sophistication to your peers in some social strata.

**SNOW TRAVEL** – With the Winter Olympics in Beijing 2022 coming closer, skiing and other winter sports will become more popular in China. Local infrastructure has improved, so more Chinese will be able to learn the basics before venturing out to international winter sports destinations, no longer afraid to embarrass themselves in front of foreign eyes.

Chinese tourists are expected to make 230 million trips featuring ice and snow during the current winter season, generating more than \$60 billion in revenue for the industry. Local regional visitors are expected to account for 60% of visitors, with 49.4% of tourists preferring 4-6-day packages.

**KEY STRATEGIC TAKEAWAY:** It anticipates this growing interest in snow themed winter sports travel to expand to international travel in 2021. Traditionally, snow travel has been a niche market in China -- but the pandemic has generated a major shift among Chinese consumers with significant new interest in winter sports in China. With the arrival of the Beijing Winter Olympics next year, there is a significant opportunity for international snow destinations to leverage this trend and target the China market during recovery.

**New destinations** – Chinese travelers, locked into their own country, had enough time to dream about and pick up information about new and less-visited destinations. Smaller countries and less visited areas within popular countries will have a bigger chance than before to attract Chinese travelers if they offer them good reasons to visit with bespoke services.

**Travel retail** – For retailers, the need to have a greater online presence including hotel delivery services or click and collect arrangements with the help of Apps will become apparent. Chinese also start to care more about environmental and ethical issues: Is the brand or retail chain doing enough to be perceived as placing planet before profit?  
And then a lot'll – The days are getting longer again in the North



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**RENTAL CAR INDUSTRY:** according to Ctrip, Chinese demand for car rentals increased by 40% year-on-year in 2020, with budget car and SUV rentals becoming the most commonly rented categories.

**FAMILY TRAVEL:** according to Ctrip, the frequency of average family trips fell to 2.4 times in 2020 from 2.7 times in 2019 due to the pause of international travel, with road trips becoming the most popular form of family travel. About 40% of Chinese families chose road trips for their family vacation, with 28% of families choosing rail trips, while 32% flew, reflecting the shift in 2020 to local regional holidays.

The share of post-80s parents who booked family trips via Ctrip reached 41%, followed by post-90s (32%) and post-70s (20%). Most family trips last three to five days, accounting for 45% of the total, followed by six to eight days (31%) and over eight days (4%).

In terms of themes, theme parks accounted for 27% of family trips, followed by natural scenery (22%), architecture (19%), city tours (12%), museums (11%) and historical sites (9%).

**KEY STRATEGIC TAKEAWAY:** It anticipates this shift to family travel in the domestic market will apply to international travel once borders re-open, with a rising percentage of family groups, mini-groups for those within the same bubble, and FIT travel representing an ever greater share of Chinese travel than before the pandemic.

As a result, destinations need to make sure that new FIT and mini-group products are presented to travel trade partners in China to catch the first wave of bookings once borders re-open. Developing new FIT and mini group product while maintaining traditional group travel will become the key China strategic direction for 2021. Road trips, family travel, outdoor and nature, and culinary will be the most popular themes.

**SMALL PRIVATE GROUPS BOOMING:** China's leading OTA Trip.com confirms that private and tailor-made groups have been the fastest-growing segment in 2020 with the number of private group tour offerings on Trip.com ballooning 400% in 2020 to over 60,000 different tour offerings and with 60% of group tours booked on Trip.com in 2020 being small private groups.

**DOMESTIC TRAVELER DEMOGRAPHIC:** Chinese travelers born in their 80s and 90s continue to dominate China's travel market, representing 47% of domestic small private group bookings.

**KEY STRATEGIC TAKEAWAY:** It anticipates this key domestic travel trend of 2020 in favor of small private and family group tours to carry over into the international outbound travel market in 2021 and to become the key international travel trend of 2021 for Chinese. Destination training programs must position destinations in a fresh way to target this key new segment in 2021 with new private and family group tour product.

**SAFE GROUP TOUR INITIATIVE:** as previously reported, Trip.com launched the Safe Group Tour Initiative in mid-July in partnership with 4,000 travel agencies nationwide each of which put forward an average of 25 "Safe Group Tour" itineraries, generating over 100,000 new "Safe Group Tour" Itineraries. The number of Chinese now booking these "Safe Group Tour" itineraries has exceeded over 500,000 in just one month.

**GEOGRAPHIC FOCUS:** as it was during the pre-pandemic era, the majority of domestic travel bookings in 2020 came from the four key regions of:

<b>East &amp; Central China:</b>	Shanghai, Jiangsu, Zhejiang, Hubei (Wuhan)
<b>North China:</b>	Beijing
<b>South China:</b>	Guangdong (Guangzhou)
<b>West China:</b>	Sichuan (Chengdu), Chongqing, Kunming

All four regions of China have proven to be key drivers of domestic travel in 2020, with South and West China markets rising to equal prominence to the traditional dominant markets of Shanghai and Beijing.



**KEY STRATEGIC TAKEAWAY:** It recommends a re-launch strategy which targets all four regions of China rather than limiting China reach to the historic markets of Beijing and Shanghai who's relative dominance has weakened during the pandemic as travel spend booms in all four quadrants of the nation.

**NEW DESTINATIONS:** Chinese travelers, limited to domestic travel for the past year, have had sufficient time to dream about and research new and less-visited overseas destinations. Less explored overseas destinations beyond the gateways will have a greater chance than before to attract Chinese travelers if safety and bespoke services are offered.

**KEY STRATEGIC TAKEAWAY:** the pandemic and new travel trends has placed all destinations back onto a level playing field, which enables new market entrants to tell their stories and build market share. IT recommends that experienced players in the China market review their marketing strategies and share destination stories less frequently told in the past when re-establishing themselves in the China market.

## MOBILE PAYMENT TRENDS IN CHINA OUTBOUND TOURISM

- **European Merchants Accelerated Adoption of Chinese Mobile Payment**

**92% of Chinese tourists traveling to Europe** said they are more likely to pay with mobile phones if more local merchants supported Chinese mobile payment solutions, and 89% said that they are more likely to shop and spend locally.

In the U.K. and France, the percentage of Chinese tourists who used mobile payments increased to 65% in 2019, with per capita mobile spending increased by about 10%.

- **Mobile Payments Facilitates Digital Operations of Merchants**

88% of merchants in the Nielsen survey who have used additional services on Chinese payment platforms recognized that these solutions helped market their stores, and 63% believed that mobile payment and related services improved the efficiency of store management.

Nearly 70% of the U.K. merchants surveyed have begun utilizing services beyond payment on Alipay. 82% witnessed an increase in sales and customer traffic after connecting to the Chinese mobile payment platforms.

The integration of online and offline retail with a more digitized operation has further enhanced the consumer experience for Chinese tourists when traveling overseas and has resulted in a new experience for overseas merchants in their digital transformation.

- **More Overseas Merchants May Deepen Their Use of Chinese Mobile Payment Platforms**

South Korea and Singapore, when it comes to their future store operation and management, 66% of surveyed merchants hope to carry out more digital store operations through Chinese mobile payment, and 66% of them hope to further store promotional and marketing activities leveraging Chinese mobile payment platforms.

Integrated in Alibaba and Wechat's ecosystem, Alipay and Wechat pay helped merchants realize traffic monetization from both online and offline channels, which is appealing to regions that have embraced Chinese mobile payments.

78% of the U.K. merchants surveyed said that they are likely to recommend Alipay and Wechat pay to their industry peers in the future.