

CASA ASIA

China Outbound Tourism Research Institute



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# ASIAN TOURISM – FUTURE CHALLENGES IN A POST-WESTERN WORLD



**II International Congress on Asian Tourism**  
«The impact of Asian Tourism in Europe»

BARCELONA CAIXAFORUM

7 - 8 / 02 / 2011

- **COTRI China Outbound Tourism Research Institute** is the worldwide leading independent research institute for analysis, consulting and quality assessment relating to the Chinese Outbound Tourism market.
- Headquarter in Heide/Germany, China office in Beijing
- Director: Prof. Dr. Wolfgang Georg Arlt FRGS  
Active in P.R. of China since 1978  
Former owner of Inbound Tour Operator China->Europe  
COTRI founder and director since 2004  
Professor at West Coast University of Applied Sciences

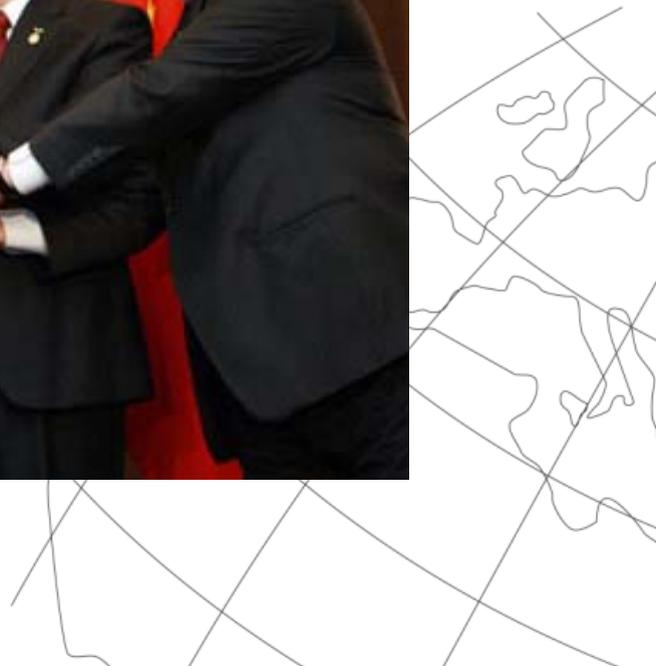
# The Main Players - BRIC

**B**razil

**R**ussia

**I**ndia

**C**hina



# And what about Japan?

Stagnating since 2000 below  
17 million outbound trips:

- ▣ Aging society
- ▣ Dim economic prospects
- ▣ Young Japanese with decreasing interest in international travel

→ **Still major Asian source market, but relative importance decreasing**



## And what about Post-Western World?

*We in the West have an odd way of looking eastward. It is odd because it is at the very latest a late-19th century way of seeing.*

*The Asia in our minds resembles a disassembled machine. It is long on data (the lowest form of knowledge) and short, very short, on understanding (the highest form of knowledge).*

(P. Smith 2010)

SOMEBODY ELSE'S  
CENTURY

EAST and WEST in a  
POST-WESTERN

WORLD



PATRICK SMITH

China Outbound Tourism Research Institute



# Some insights from the last two days

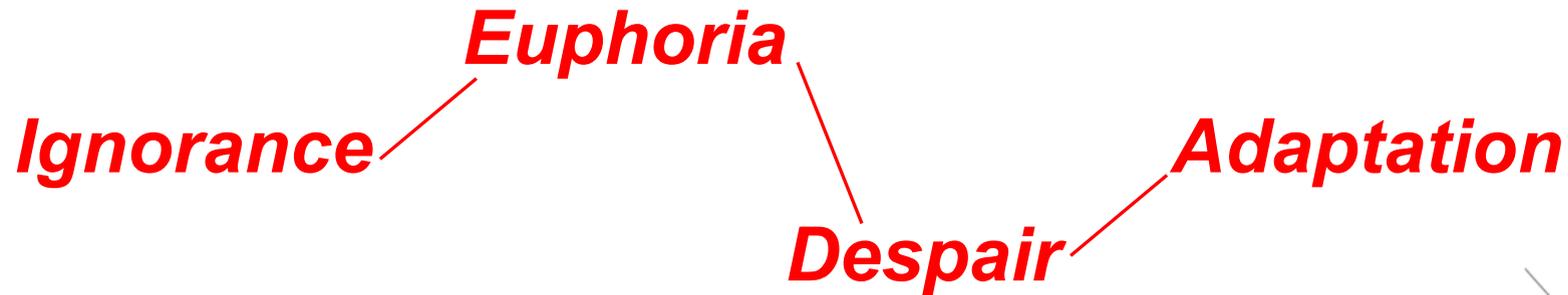




**“Asian Tourism” and “Europe” are very big and diverse entities, making it difficult to facilitate meaningful understanding.**

**As we have already done throughout most of the congress, let’s concentrate on <The impact of Chinese and Indian Tourism on Spain>.**

**Every country, destination and tourism service provider has to work it's way through the “Acculturation Curve” (after Hofstede 1994)**



**Most major European players have arrived at the “Adaptation” end in Chinese/Indian inbound tourism. Spain as a late starter is getting near to the “Euphoria” point.**

**The late start provides a chance for Spain to avoid the mistakes suffered by early movers in the field.**

**However, to be able to learn it is necessary to understand that not the Asian outbound tourism has just now started, but that it has only now got into the focus of many stakeholders in Spain**

**The Indian and Chinese outbound travelers are already since a decade in the middle of a process of learning, sophistication and segmentation**

**It is necessary to acquire meaningful data:**

***“60% of Chinese outbound travelers are between 30 and 50 years old” will not help to develop a customized offer:***

**中 A Chinese person born in 1980 grew up in a world of uninterrupted economic growth**

**中 A Chinese person born in 1960 grew up in the Cultural Revolution**

**Beware of averages - On average there are two cars per km<sup>2</sup> in China. Still traffic jams in the big cities are remarkable.**

***You are only interested in the top 10% of society***

## Know what you are selling:

中 It is easy to get a fake FCB shirt for a few dollars on every Indian or Chinese street market – still FCB sells lots of expensive shirts in both countries

中 There are enough sightseeing and leisure offers available inside the countries to last for a lifetime – still international travel is the wish of every upward mobile person in China and increasingly also India

The name of the product is  
**PRESTIGE, STATUS, BRAGGING POWER**

and sometimes money laundering...



**Spain is such a wonderful country  
not only for Europeans – let us  
share it with the rest of the world!**

**So, finally:  
Future Challenges for the  
Chinese and Indian  
tourism source market**



## **Development of Chinese outbound tourism:**

### **Today:**

- 中 Biggest tourism source market in Asia**
- 中 4th biggest tourism source market in the world**
- 中 Segmentation of market in**
  - low price/bad quality mass market and**
  - “FIT” / ”MICE” high-end market**

### **Tomorrow:**

**Future strong growth as main travel motivation**  
***bragging power* remains important.**

**No. 1 global source market within this decade**

**China's Share of International Tourism 1995-2010**

**World 540 -> 930 Million + 72%**

**China 7 -> 54 Million + 770%**

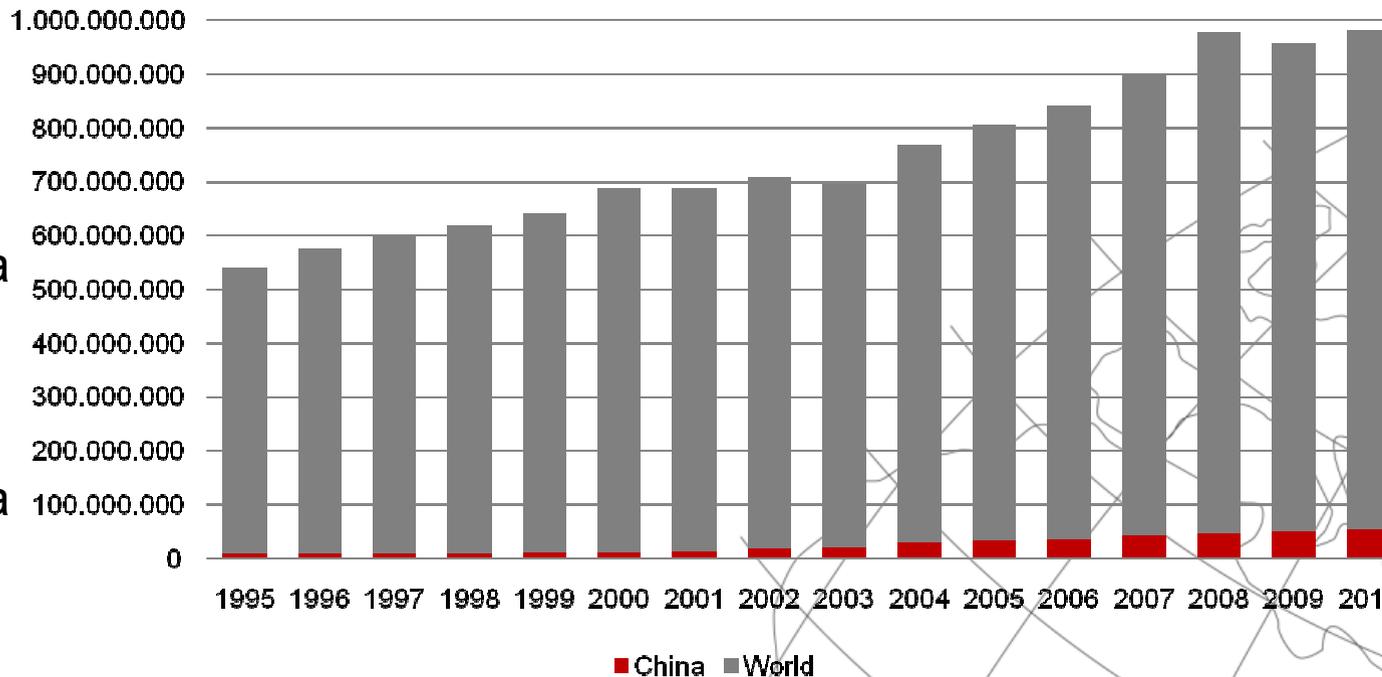
**Sources: COTRI, UNWTO, CNTA, CTA. 2010 Estimates**

2000: Global market share 1.5%

2010: Global market share 5.8% (est.)

2000: One out of 67 international travelers from China

2010: One out of 17 international travelers from China



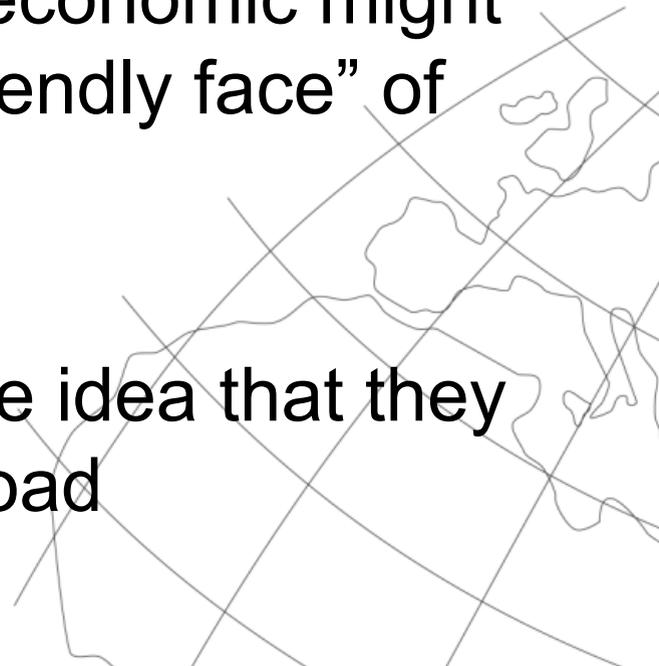
The greater picture: After three decades of unprecedented economic growth combined with the replacement of socialist and internationalistic ideas with consumerist nihilism and nationalism, the Chinese society in 2011 is at the cross-roads in it's development:

- 中 Internally the way of *modernization without modernity* has run its course
- 中 Externally the Deng Xiaoping policy of "*keep a low profile and never take the lead*" (稻光养晦, *taoguang yanghui*) is no longer applicable

## Radiating Soft Power

The Chinese government, after decades of trying to stem the tide of international travel demand, has discovered outbound tourism as a Soft Power tool to show off to the world the economic might of China but also to show the “friendly face” of China especially in Africa

Most Chinese tourists support the idea that they are “ambassadors” of China abroad



P. Smith (2010) compares China today – mentally, not economically – to Meiji Japan in the 1880s, trying to modernize while inventing a fake past as an identity anchor

Other commentators liken China today to Japan 1989 or even to Japan 1937

**New 8 m high Confucius statue at Tiananmen Square unveiled on Jan. 11, 2011**

“Party officials use Confucius as a Father-Christmas-like symbol of avuncular Chineseness rather than as the proponent of a philosophical outlook.” *The Economist* Jan. 20, 2011





**Chinese outbound travelers will continue to travel but they have increasingly higher expectations of being treated with respect as representatives of China – *as rulers of the world.***

**Develop your Chinese quality brand**  
**Adapt your product**  
**Train your staff**

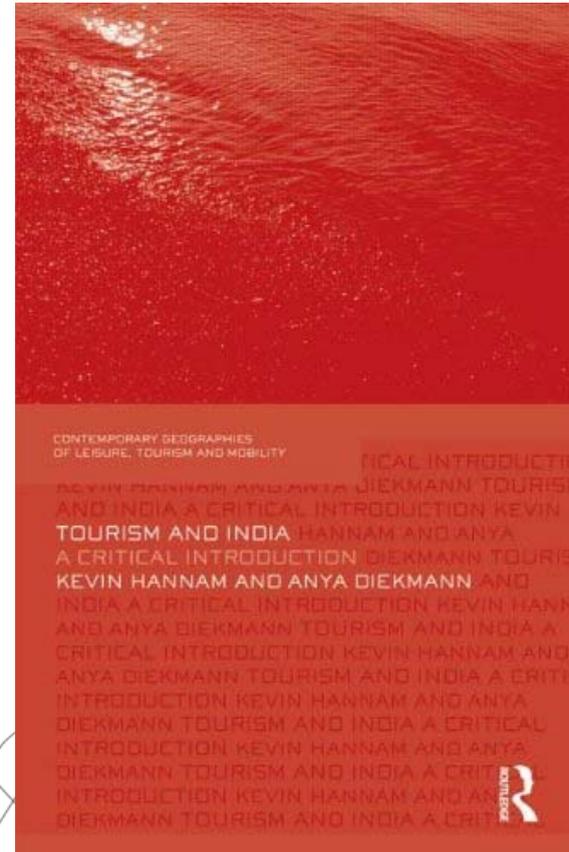
**Are You Ready?**  
For Chinese International Travellers

A Practical Guide for  
Delivering Superior Service



**Indian tourism has been hyped as the next big thing already for a number of years – until now both inbound and outbound tourism is underperforming**

**“Why is there – compared with many other countries – so little international tourism in [and out of] India?” (Hannam, Diekmann 2011:137)**



## China Outbound Tourism Research Institute

Rank	International Tourism Expenditure (US\$ billion)		Local currencies change (%)		Market share (%) 2009*	Population 2008 (million)	Expenditure per capita (US\$)	
	2008	2009*	08/07	09*/08				
	<b>World</b>	<b>941</b>	<b>852</b>		<b>100</b>	<b>6,792</b>	<b>125</b>	
1	Germany	91.0	81.2	2.0	-5.9	9.5	82	989
2	United States	79.7	73.2	4.4	-8.1	8.6	307	238
3	United Kingdom	68.5	50.3	4.4	-13.3	5.9	62	814
4	China	36.2	43.7	21.4	20.9 (\$)	5.1	1,335	33
5	France	41.4	38.5	0.8	-1.9	4.5	63	615
6	Italy	30.8	27.9	4.9	-4.3	3.3	60	467
7	Japan	27.9	25.1	-7.6	-18.4	3.0	128	197
8	Canada	27.2	24.2	9.4	-4.8	2.8	34	717
9	Russian Federation	23.8	20.8	12.1	-12.7 (\$)	2.4	141	147
10	Netherlands	21.7	20.7	6.2	0.4	2.4	16	1,255

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO, August 2010)

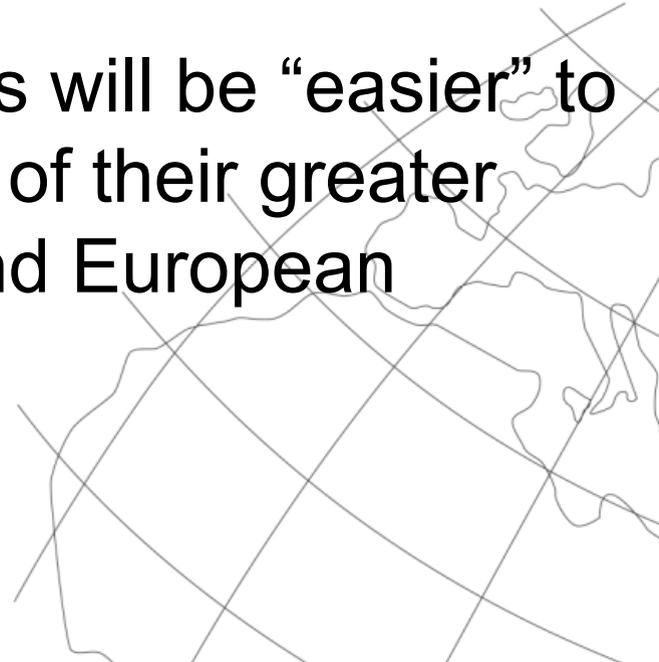
(\$ = percentage derived from series in US\$ instead of local currency)

**China 2010: 48 billion US\$**

**India 2010: ca. 10 billion US\$**

But: Indian outbound travel is growing, the Indian society is moving towards more and more equally shared development not the least thanks to IT advances.

Compared to China, Indian tourists will be “easier” to welcome in Spain, partly because of their greater knowledge of European culture and European languages.



Visitors from both major Asian countries, home of 2.5 billion people, need to be treated according to their specific expectations, preferences and behaviour. This is easier said than done. Is it impossible? NO.

**Develop your quality brand**

**Adapt your product**

**Train your staff**

***Develop your cultural understanding  
(the highest form of knowledge)***





**Melbourne: Supporters of Li Na, first Chinese finalist in a Grand Slam January 2011, telling her “Your Motherland people pray for you”**

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中国出境游研究所



**Thank you for your attention!**

**Thank you Casa Asia for organizing the Congress!**

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