



WORLD TOURISM ALLIANCE



Horwath HTL™ 浩華

September 2023

2023/H2

China Outbound Tourism Market Sentiment Report





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Photo: Zoran Jelaca/CNTB

Introduction

At the beginning of 2023, outbound tourism restrictions were liberalized, and outbound communication witnessed the dawn of recovery. The Ministry of Culture and Tourism of the People's Republic of China officially announced on August 10, 2023, that travel agencies could resume the operation of outbound group tours to 138 countries from that day on. After experiencing varying degrees of transition in the first half of the year, the outbound tourism market has added significant favorable factors, and it is anticipated that its recovery will continue to accelerate.

As one of the major components of WTA's information and data services and for the convenience of WTA members and global practitioners in understanding and judging the development trends and future prospects of China's outbound tourism market, the World Tourism Alliance (WTA) has partnered with Horwath HTL, a leading global hotel and tourism consulting company, to release the "China Outbound Tourism Market Sentiment Report" for the sixth time globally.

The China Association of Travel Services and its affiliated member organizations assisted in the distribution, collection, and interviewing of the survey's questionnaires. We would like to express our sincere gratitude to the Croatian National Tourist Board for providing the pictures!

Background

The year 2023 marks the resumption of China's outbound tourism industry after a three-year hiatus, with the number of outbound tourists from mainland China reaching 40.37 million in 2023H1. Despite having a slower recovery than in 2019, the outbound tourism market recovered steadily as a result of favorable policies, the operational capacity of air carriers, visa processing ease, and the strong desire of Chinese citizens to travel abroad. The China Outbound Tourism Market Sentiment Report, which had been put on hold for two years due to the impact of the harsh winter on the sector, has also returned for 2023 H1.

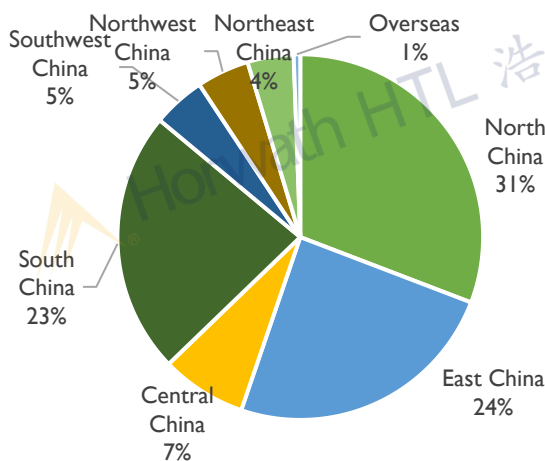
This survey is devoted to the recovery of market sentiment in the tourism industry following the outbreak of the epidemic. It also focuses on five aspects aimed at understanding the market's expectations for **the numbers of outbound tourists, per capita spending, and total revenue levels** in 2023 H1, in order to better analyze and compare the outbound tourism market across regions and cities. Responses are quantified using a specific sentiment score model and presented in the form of scores in order to reflect the respondents' expectations of the outbound tourism market.

The sentiment score presented for each question reflects the market's overall performance expectations. The sentiment score ranges from -150 to +150. A -150 score indicates a state of absolute pessimism. A score of 0 indicates unchanged expectations. Furthermore, a score of +150 indicates a highly optimistic sentiment. Respondents were asked to compare the market performance in 2023 H2 to the actual performance in 2019 H2. In addition, they were asked to identify factors that contributed to the disparity and give their perspectives on tourism supply markets and destination markets.

Sample Analysis

This is the sixth survey that Horwath HTL and the World Tourism Alliance have conducted for the China outbound tourism market. This report provides a summary of the research findings of the Outbound Tourism Market Sentiment Survey for 2023 H2, which received 172 valid questionnaires from 24 provinces, municipalities, and autonomous regions, as well as 1 overseas region.

Region Samples



Sample by Organization



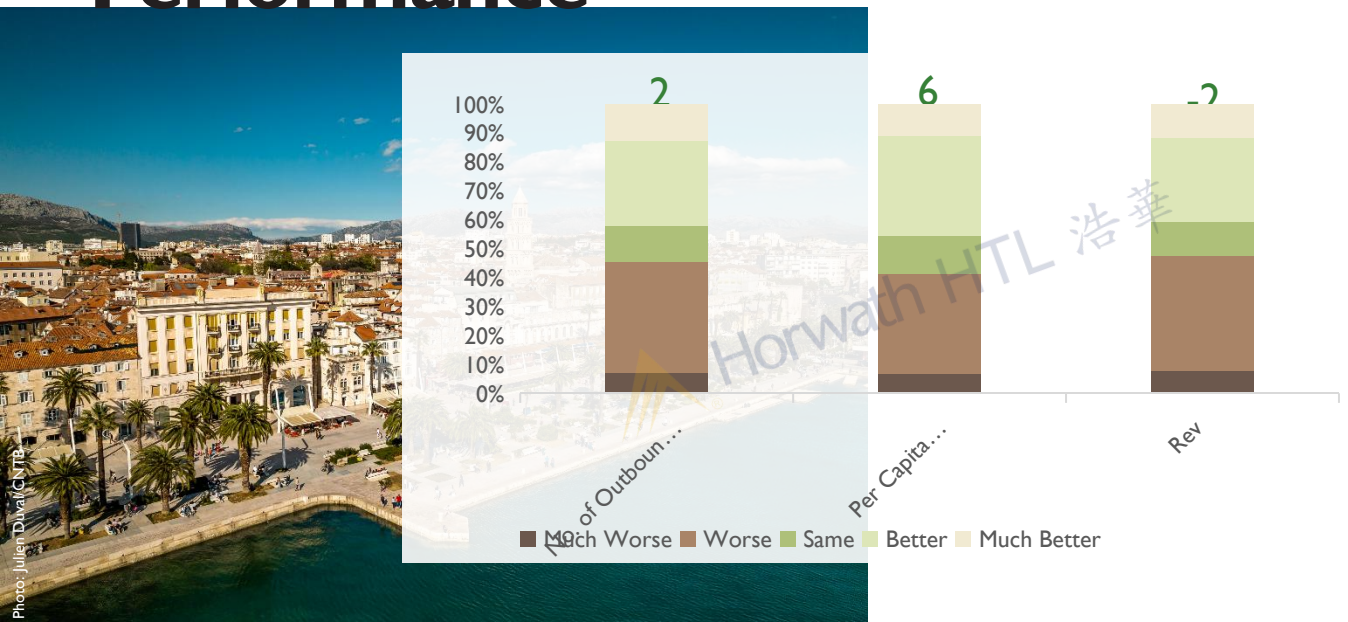
Note: This questionnaire was collected from 06/28/2023 to 07/26/2023.

Sentiment
Score

2

How do you expect the overall performance of the outbound tourism market in 2023 H2 compared to 2019 H2?

Outbound Travel Overall Performance



Conservative Market Expectations for Outbound Travel

Low Optimism of Total Revenue Recovery Due to Cost Control Difficulties

Practitioners had great hopes for the outbound tourist business once it began to develop in 2023 and once the sentiment score reached 26. The actual recovery of outbound tourism in 2023 H1 was significantly worse than anticipated, and practitioners' confidence suffered a setback, resulting in a return to a conservative attitude and a sentiment score of 2 in 2023 H2. More than half of respondents said that outbound tourist travel, per capita expenditure, and revenues could not reach 2019 levels.

Based on various sub-indicators of outbound travel market performance in 2023 H2, per capita spending is anticipated to increase. However, the total revenue sentiment score is anticipated to depreciate by merely -2. The first wave of post-epidemic outbound tourists is younger and more willing to pay for quality and experience, resulting in an increase in per capita expenditure. On the other hand, a lack of international flight capacity, an incomplete industry recovery, and an increase in the cost side of the equation have all contributed to higher per capita expenditure. However, the increased difficulty in controlling costs has had a negative impact on total revenue.



Expectations of outbound travel returned to rationality, and the market resumed in a stable manner.

China's outbound tourism is growing until 2020. In 2019, Chinese tourists traveled abroad 155 million times and spent US\$133.8 billion, making China one of the world's leading tourism markets. The outbound tourism market is consolidating, and the product system is rich and developed.

China's outbound tourism has ceased since 2020 due to the global epidemic, and the industrial chain is deteriorating. China's outbound tourism market began to recover at the beginning of 2023. However, **fewer air routes, visa backlogs, outbound security threats, and high costs** prevented an "overnight boom" in 2023 H1.

All of these factors have lowered practitioners' expectations for the second-half outbound travel industry's growth. According to this survey, the sentiment score is 2, much lower than in 2023 H1. Following the conclusion of the questionnaire survey, the policy liberalizing outbound group tours was published, which helped the outbound tour business revive.



Photo: Julien Duval/ONTB

Market Sentiment Analysis



2023 H2



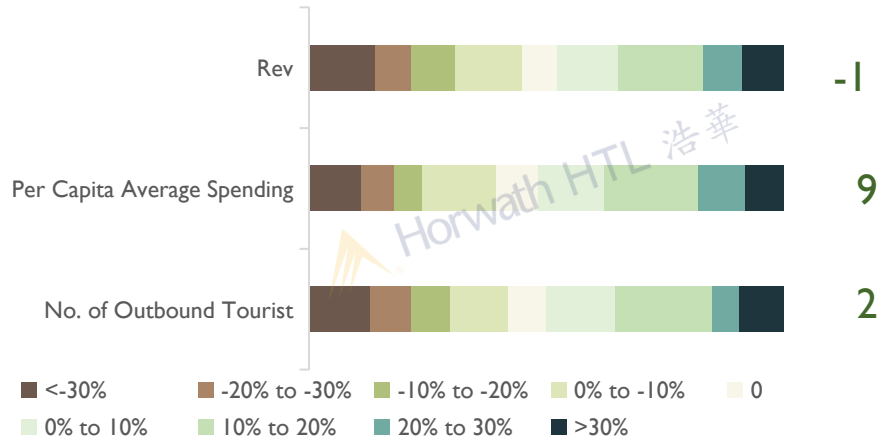
2023 H1



2019 H2

Sentiment Score

3



What is your year-on-year expectation for the growth or decline of your business in 2023 H2 compared to 2019 H2?

Responses about the recovery of their organization's performance are conservative, whereas per capita expenditures are more optimistic.



Photo: Julien Duval/CNITB

The performance sentiment score for institutions or regions is 3, down 9 scores from 2019, with more conservative forecasts. The spending per capita indicator has the most optimistic sentiment score of 9 out of the three performance indicators, for the following reasons:

First, 78% of the regional market samples questioned in the current study are from North, East, and South China. These three markets have historically been China's major outbound travel markets due to their higher purchasing capacity, desire to travel overseas, and willingness to spend. The area also has China's diplomatic, foreign company, and foreign commerce resources, which necessitate cross-border interactions. These two factors are likely to increase the number of outbound passengers and, as a consequence, per capita expenditure.

Sentiment Score

-15

How do you expect each of the following factors to impact the China outbound tourism market in 2023 H2 compared to 2019 H2?



China's economic growth is the only one of the seven indicated contributing variables for which practitioners anticipate a positive sentiment score.

China's economy rebounded quickly after the outbreak, and overseas expenditure increased after three years of restriction.

As a result, practitioners are confident that, after the opening of the international market, nationals' enhanced economic capability and increased consuming desire level will drive outbound demand.

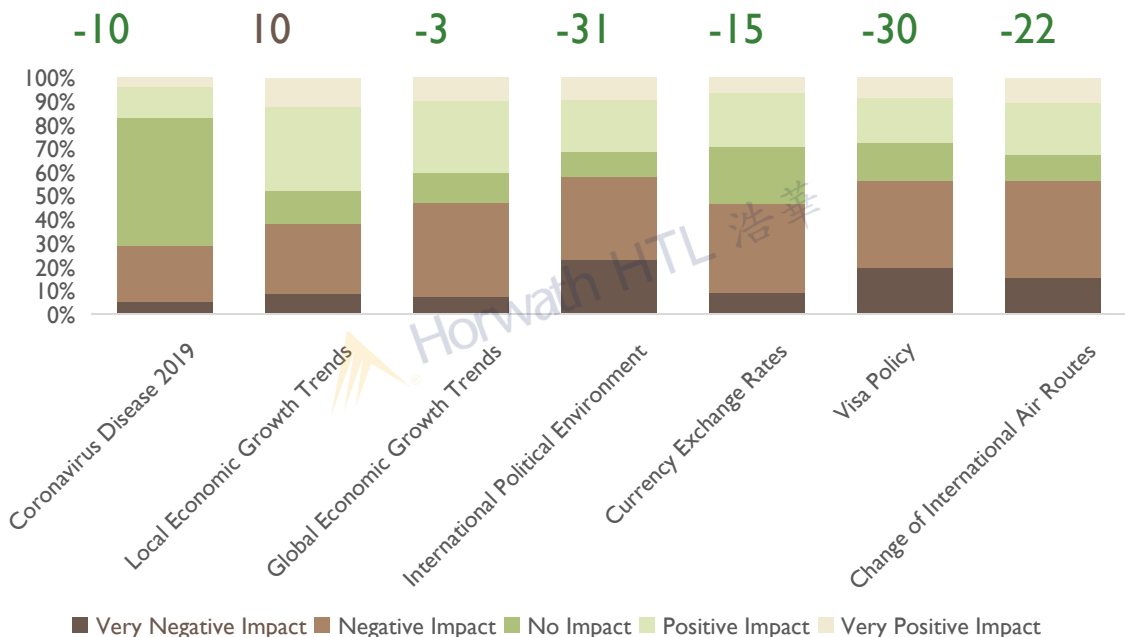


International political instability poses the biggest threat to outbound travel. European society is agitated, and travel security is affected as a result of the Russian-Ukrainian war. In the meantime, unfavorable news has negatively affected certain Southeast Asian border sites, reducing the public's interest in outbound visits.

China had not offered group visas to the majority of nations, which had poor visa issuance efficiency and high prices at the time the questionnaire was returned. This visa policy was another negative factor. As of the date of this writing, China has virtually completely liberalized outbound group visas, reducing the negative effects of such issues.

International political unrest and complicated visa regulations are major drawbacks.

Only China's economic growth is likely to increase outbound travel.



Sentiment Score

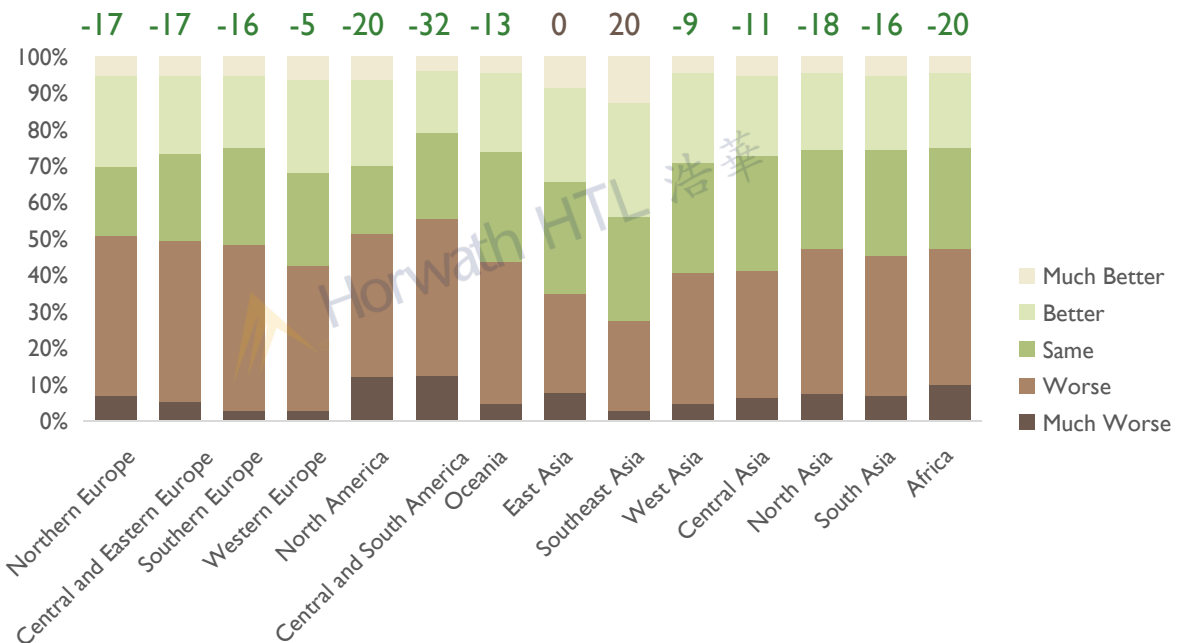
-12

What is the performance expectation for each outbound travel destination market below in 2023 H2 compared to 2019 H2?

Southeast and East Asia are the only regions with positive sentiment scores. The remaining outbound destinations have low market expectations.



Destination Visited





Asia remained the most-outbound destination.

Southeast Asia leads this research with a sentiment score of 20 as China's most popular outbound travel destination. Southeast Asia's outbound tourism business revived and prices increased after the first tourist pilot opened in 2023 and selected Chinese provinces and Southeast Asian countries signed the "mutual tourism destination" agreement. Recent negative Internet stories and rising expenses have made Southeast Asian vacations less appealing. Practitioners have modest hopes since Japan and South Korea have visa backlogs and flight number constraints, and the tourism sector has not recovered quickly since 2019. The liberalization of outbound group visas is expected to increase demand for group visits to Japan and South Korea.



Europe and Oceania's export markets are moderately impacted and recovering slowly.

Europe and Oceania are popular outbound travel destinations. However, slow visa audits, fewer pilot countries opening up for tourism, and slow and expensive flight resumptions have led to a negative sentiment score and cautious market confidence. The government reopened group visas for 138 countries at the beginning of August, simplifying outbound trip preparations and reducing the required level of travel. European multi-country line tandem travel is anticipated to recover gradually.



Africa, North America, and Central and South America will be the most affected.

Central and South America are not typical Chinese outbound travel destinations, and respondents' sentiment score for the second half of 2023 was reduced by 29. Their projections for the future of the market remain pessimistic.

North America's outbound demand has increased due to its rigid demand for things such as study abroad and business. However, the sentiment score is anticipated to be the second lowest at -20 due to geopolitical issues, poor long-haul international route recovery, and visa backlogs.

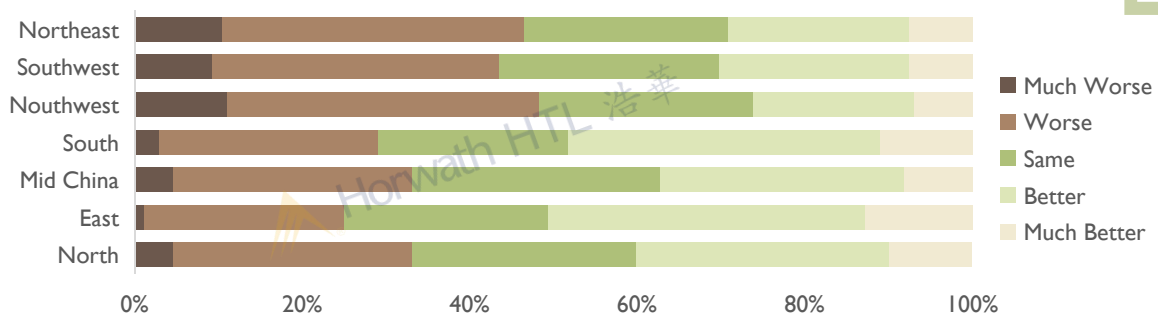
Africa is not a popular destination for rendering citizen due to issues with travel, transit, safety, and product development. Therefore, this sentiment score is low.

Travel Destination



How do you expect each of the following outbound travel source market to perform in 2023 H1 compared to 2019 H1?

**Confidence declines in all regions
East and South China remain the
dominant sources of outbound travelers.**





East and South China dominate the outbound travel market

East and South China have always been significant outbound travel sources, with sentiment scores of 28 and 20 in 2023 H2. Despite the fact that East China and South China's sentiment scores are roughly 10 scores lower than those of the same period in 2019, 70% of respondents anticipate that their outbound sentiment scores will be comparable to or better than 2019's, largely for the following reasons:

- Strong economic foundations, more per capita spending, and greater consumer willingness and attitudes make overseas travel more frequent.
- Geographic location advantages: airports, cruise ship terminals, and other major external transportation centers provide a spectacular transit network for trips.
- Cultural exchanges and openness: East and South China have been open to the outside world for a very long time, exchanging cultures and ideas, which has made locals more conscious of cross-border travel.

Therefore, practitioners are optimistic about the future of the East and South China outbound travel markets.



Confidence in the outbound travel market recovery in other regions tends to be conservative.

Central and Northern China have second-tier outward sentiment scores. East and South China, which lead in overall strength, have lower outbound sentiment scores than Beijing and new first-city cities such as Wuhan, Changsha, and Zhengzhou, which dominate North and Central China. However, they have growing economic strength, more international air routes, and more residents willing to travel outside China. Despite their economic strength, Southwest, Northeast, and Northwest outbound tourist sentiment scores are low and anticipated to remain negative in 2023 H2. Despite economic development in some cities, underdeveloped transport, low resident wealth, and low travel willingness, the outbound tourism sentiment score in the three regions remains low.

Conclusion

In 2023 H1, the outbound travel industry rebounded steadily with rising demand, but supply issues persisted. It is difficult to restore the industrial supply chain, and associated businesses cannot be restarted in time, resulting in visa backlogs, delayed resumption of foreign flights, expensive air ticket costs, etc. International politics are uncertain, and nations' entry and exit policies change, putting pressure on the outbound market. Overall, the outbound tourism sector chain demands significant collaboration and policy synergy between foreign affairs, foreign exchange, immigration, and other agencies. The sentiment score in 2023 H2 suggests a more conservative market.

Since the publication of this study, more favorable laws, such as group visas, have been implemented to increase outbound travel. Following national legislation, the supply side quickly launched outbound tour group items. Numerous nations and official tourism bureaus have also adopted preferential spending policies, established more visa centers, and taken other measures to expedite the return of Chinese tourists.

We anticipate growth in China's outbound tourism market. After the post-epidemic transition phase and industrial chain recovery, China is expected to become the world's largest source of outbound tourism. **Due to the trend of a younger outbound traveler group and the Chinese people's increasing travel experience, the outbound travel market needs to follow the trend, look forward to the supply, and offer more diverse products with in-depth experiences, creative content, and individualized routes in order to revitalize the market.**



About World Tourism Alliance

The World Tourism Alliance (WTA), the world's global, comprehensive, non-government, nonprofit tourism organization founded in China, was inaugurated on September 11, 2017, in Chengdu, Sichuan Province, China.

Upholding the vision of “Better Tourism, Better World, Better Life” as its ultimate mission, WTA is devoted to promoting peace, development, and poverty alleviation through tourism. It aims at driving global tourism exchanges and cooperation at the non-governmental level.

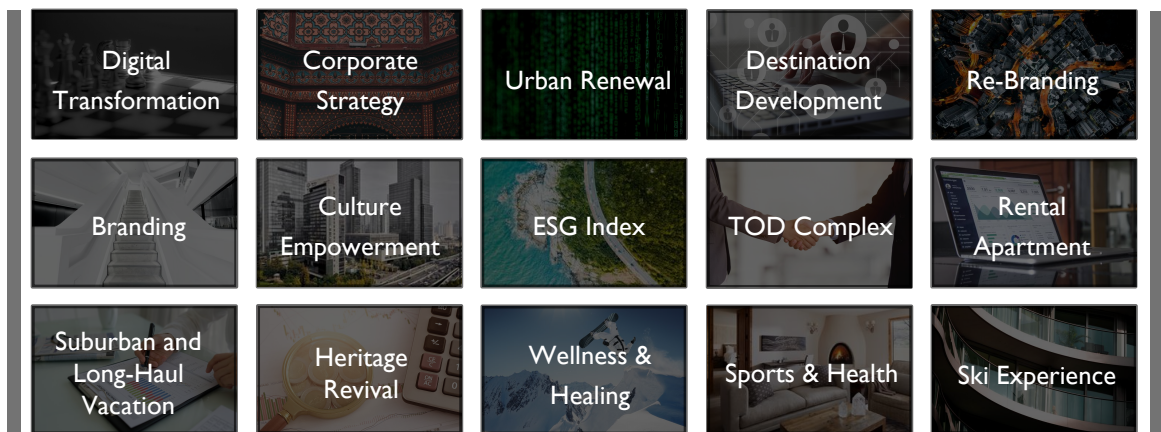
To date, the WTA has 228 members from 42 countries and regions. The WTA membership covers national and regional tourism associations, influential tourism and tourism-related enterprises, government tourism boards, academia, the media, and individuals. As a service-oriented international organization that caters to its members across the world, WTA is a vital platform for dialogue, networking, practical and authoritative information, and resource sharing for integrative development.

The WTA headquarters and secretariat are located in China.

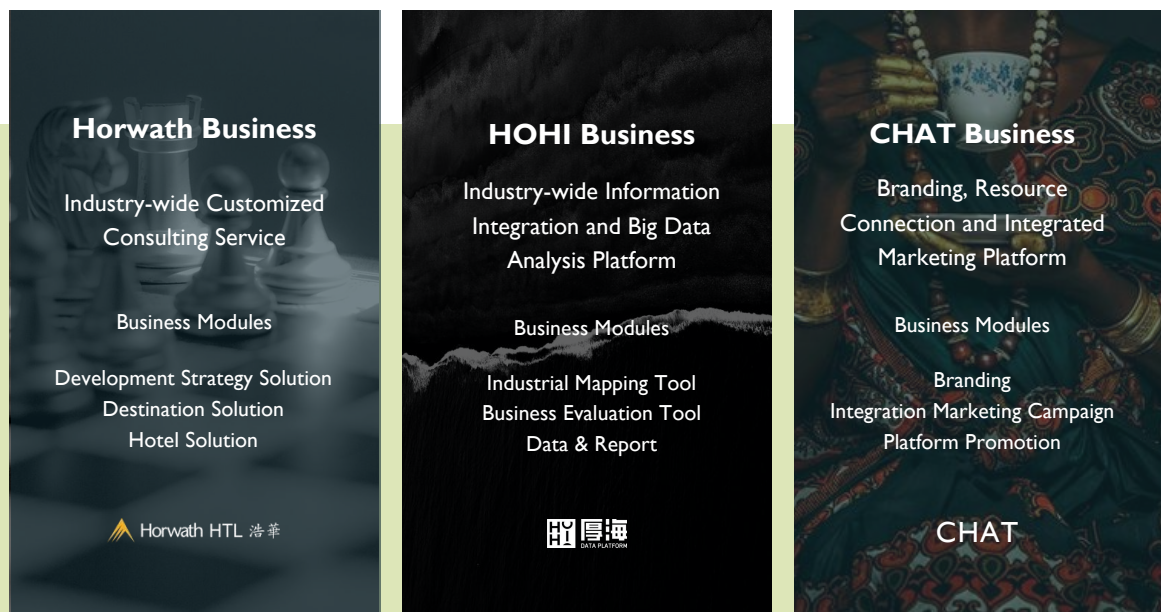
About Horwath HTL

As a centennial corporation, Horwath HTL participated in the creation of the “Uniform System of Accounts for the Lodging Industry,” which is still used worldwide. Starting from the beginning of its entry into the mainland China market in 2003, Horwath HTL collected and analyzed industry benchmarking data for the “China Hotel Industry Study” with the China Tourist Hotel Association. Horwath HTL has been leading industry development for 20 years in China as the first international consulting company to bring the international hotel investment and development standard process to the Chinese market. Horwath HTL was the first to introduce the concept of “per square meter efficiency” to help the industry make accurate investment and asset management decisions. It also created industry data standards such as MSI (Market Sentiment Index) and MVI (Market Value Index) to help upstream and downstream practitioners further understand the market. In 2022, Horwath HTL launched the HOHI data platform and started to build up the ESG index system to further guide the digitalization and sustainable transformation of the industry. In the new era, relying on abundant project experience, customized consulting services, the HOHI data platform, and CHAT branding and marketing platforms, Horwath HTL provides professional services covering multiple dimensions and the full life cycle and is always devoted to providing various professional solutions to promote the continuous evolution of the wonderful lifestyle industry.

Multi-Dimensional and Full Life-Cycle Professional Solutions



Three Brands and Business Segments





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Any data presented in this report should be attributed to the “2023 H2 China Outbound Tourism Market Sentiment Report, World Tourism Alliance (WTA), and Horwath HTL.”