WORLD TOURISM ALLIANCE

Horwath HTL 浩華

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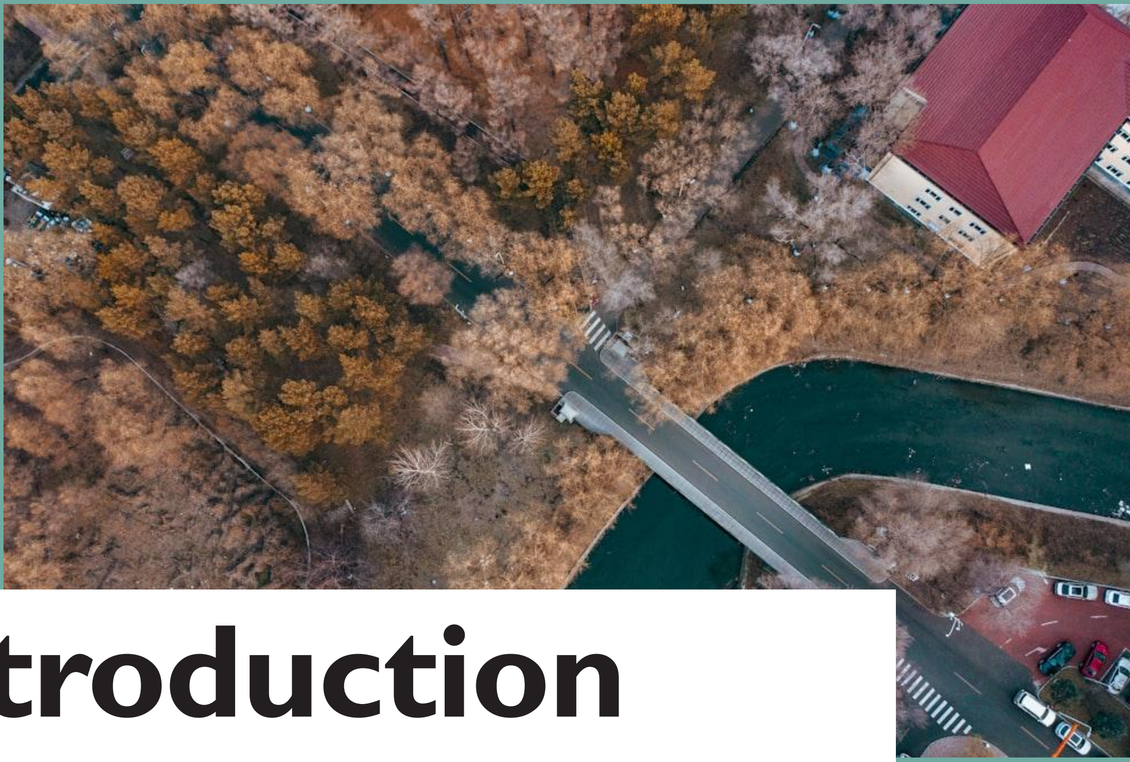
2024/H1

China Outbound Tourism Market Sentiment Report

Contents



Introduction

In 2023, confidence in the Chinese outbound tourism market experienced a turbulent year, transitioning from optimistic anticipation of the market reopening in the first half of the year to a more rational outlook in the second half. Throughout 2023, the outbound tourism industry continued its gradual recovery, with the total number of outbound tourists from China surpassing 87 million, essentially reaching 50% of the 2019 level. At the beginning of 2024, several policy incentives spurred the revival of the outbound tourism market, and the Spring Festival outbound tourism season experienced a promising start, establishing a solid foundation for sustained market recovery in 2024.

As an integral component of WTA's information and data services and to facilitate WTA members and global practitioners in comprehending and assessing the development trends and future prospects of China's outbound tourism market, the World Tourism Alliance (WTA) has collaborated with Horwath HTL, a leading global hotel and tourism consulting firm, to release the "China Outbound Tourism Market Sentiment Report" for the seventh consecutive time globally.

Throughout the survey process, the China Travel Association and its affiliated member organizations provided valuable support in distributing, collecting, and conducting interviews for the questionnaire. We extend our special thanks to the Harbin Tourist Board for providing the photographs!

Background

The China outbound tourism market sentiment survey is a crucial segment of the tourism market sentiment survey jointly published by WTA and Horwath. It endeavors to provide global tourism practitioners with insights to anticipate and evaluate the future trajectory of the China outbound tourism market.

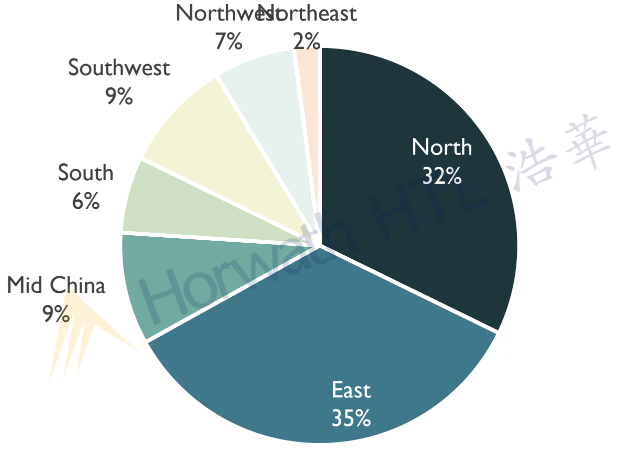
This survey encompasses five questions designed to understand market expectations regarding the development of outbound tourism volume, per capita expenditure, and total revenue levels in the first half of 2024. We conducted a comprehensive analysis and comparison of outbound tourism markets across various regions and cities in China. We did this by quantifying respondents' feedback using a specific sentiment index model and presenting it in index form to more accurately reflect their expectations for the outbound tourism market.

Each question in this survey corresponds to a sentiment index, depicting the market's outlook on overall performance. This index ranges from -150 to +150, with "-150" representing a highly pessimistic outlook, "0" denoting neutrality in performance expectations, and "+150" indicating a very optimistic market outlook. In this survey, travel agencies were tasked with evaluating their anticipated performance for the first half of 2024 against their actual performance in the same period of 2023 and identifying the primary factors influencing the anticipated changes. They also offered insights into the future prospects of the primary source and destination markets.

Sample Analysis

This marks the seventh survey conducted by Horwath HTL and the World Tourism Alliance on the China outbound tourism market. This report summarizes the research findings of the 2024 H1 Outbound Tourism Market Sentiment Survey, which received 300 valid questionnaires from 23 provinces, municipalities, and autonomous regions.

Samples by Region



Sample by Organization

11% Destination Management/ Marketing Agency

35% Travel Agencies

17% Hotels

37% Others

Note: The questionnaire was collected from 12/14/2023 to 02/07/2024.

Outbound tourism has benefited from several favorable factors, rekindling market enthusiasm

At the beginning of 2023, the gradual easing of cross-border travel restrictions and the resumption of group tour operations significantly bolstered market confidence. This fostered a positive and optimistic outlook for the outbound market in the first half of the year. However, during the second half of the year, factors like geopolitical tensions and the overall economic environment prompted a gradual shift in outbound travel enthusiasm towards a more rational state, resulting in a decline in the sentiment index.

As we step into 2024, a series of favorable policies have emerged. Starting on February 9, 2024, Singapore implemented a visa-free policy for Chinese tourists, followed by Thailand on March 1. Furthermore, Malaysia's implementation of a 30-day visa-free policy at the end of 2023 has revitalized interest in the classic "Singapore-Malaysia-Thailand" outbound travel route. In addition, airlines have ramped up international flight frequencies since 2024, leading to significant drops in ticket prices and rekindling people's passion for travel. These positive signs indicate that the outbound tourism market is poised for an accelerated recovery in the first half of 2024.

These developments have influenced industry expectations for the outbound tourism market in the first half of the year. The survey findings reveal a comprehensive sentiment index of 42, marking a significant increase compared to 2023.

Market Sentiment Analysis

2024H1	2023H2	2023H1
Sentiment Score 42	Sentiment Score 2	Sentiment Score 28

Sentiment Score

35

How do you anticipate the overall performance of the outbound tourism market in 2024 H1 compared to 2023 H1?

Overall Performance of Outbound Travel

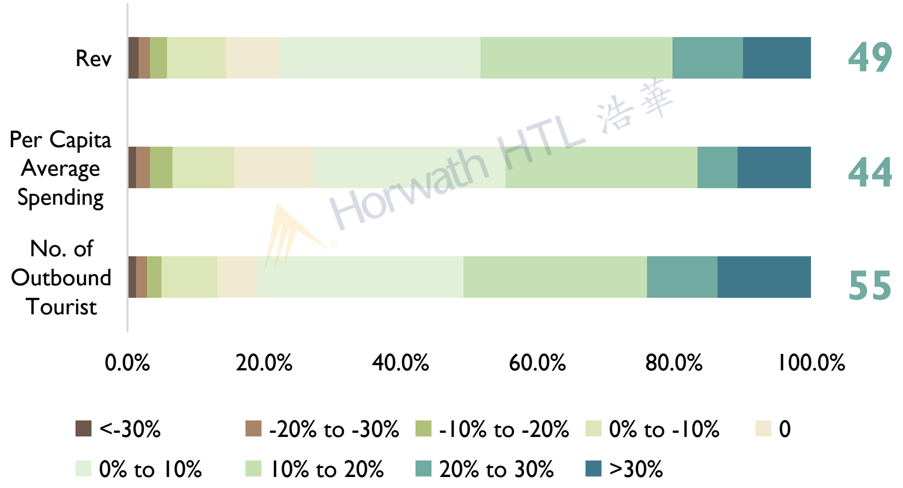
Overall market performance expectations are positive and optimistic.
Expectations for growth in per capita spending are trending towards being conservative.

In early 2024, a series of favorable policies for outbound tourism injected significant momentum into the market's recovery. According to this survey, the overall performance index for the Chinese outbound tourism market in the first half of 2024 reached 35, marking a 9-point increase from the same period in 2023. This reflects a positive outlook for market performance and growth.

Analyzing specific indicators of the outbound tourism market, the index for outbound tourism volume in the first half of 2024 soared to 45, a 20-point increase from the same period in 2023. This indicates industry practitioners' confidence in the surge of outbound tourists in the first half of the year. However, it is noteworthy that the index for per capita spending has decreased compared to the same period in 2023, standing at a modest 29. This decline has also impacted the overall revenue expectations index. The relatively conservative expectation for per capita spending can be attributed to two main reasons. Firstly, Chinese consumers' consumption concepts are evolving towards a more mature outlook, prioritizing value for money and product personalization over the mere pursuit of low prices. Secondly, influenced by consumers' pessimistic expectations for future income growth and the depreciation of the RMB, industry practitioners generally believe that consumers' willingness to spend is more restrained in the short term.

Sentiment Score

50



What are your expectations for your business's year-on-year growth or decline in 2024 H1 compared to 2023 H1?

Respondents are confident in the recovery of their own organizations and the performance of their regions, with all indicators showing improvement.

Respondents' organizations/regions exhibit a performance sentiment index of 50, representing a 24-point increase from the same period in 2023. The enhancement across the three performance indicators underscores the confidence of organizations in their own businesses and the outbound tourism sector within their regions for the first half of 2024.

The optimistic outlook of respondents' organizations/regions is somewhat correlated with their geographical locations. The sample of regional market interviews in this survey is predominantly concentrated in North China and East China, which also happen to be the most densely populated areas with industry practitioners and serve as primary headquarters locations. In addition, East China and South China are major source markets for China's outbound tourism sector. Consequently, respondents generally anticipate an accelerated performance recovery for their organizations and the outbound tourism sector within their regions in the first half of 2024, with growth expectations surpassing the national average.

Sentiment Score

21

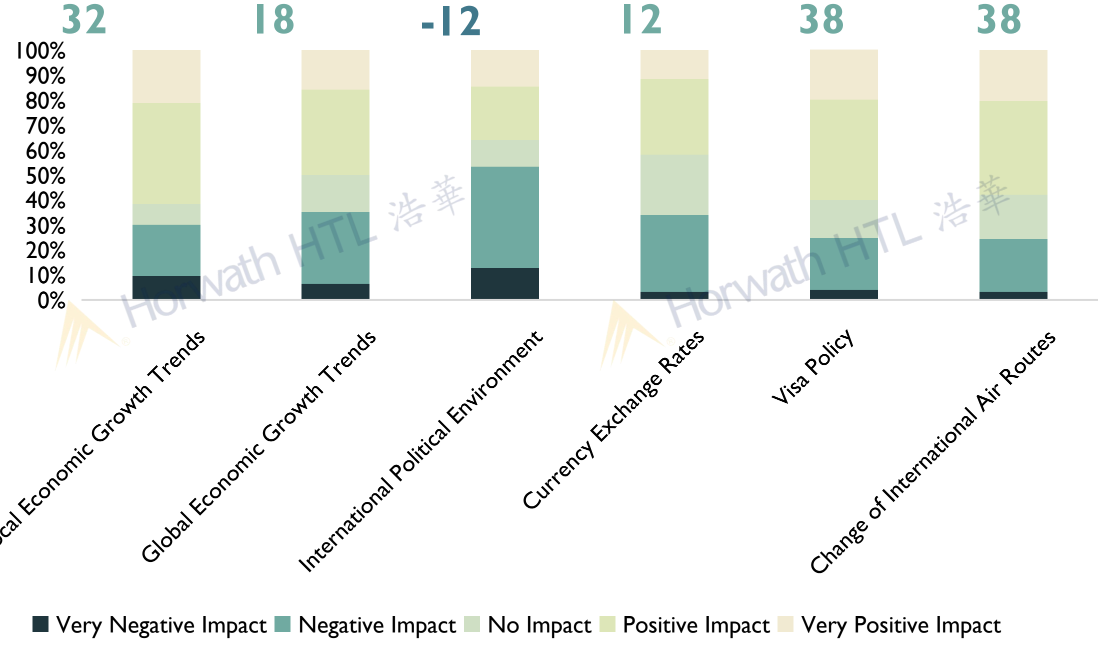
How do you expect each of the factors below to impact the China outbound tourism market in 2024 H1 compared to 2023 H1?

The anticipated indices for "**Current Visa Policies**" and "**International Flight Changes**" have both increased compared to the same period last year, reaching 38. Since the second half of 2023, several countries have implemented favorable visa policies for Chinese citizens, which is expected to further boost outbound tourism demand. Regarding changes in international flights, there has been a significant increase in flights to Southeast Asia, Japan, and South Korea, which will contribute to reducing costs and increasing the convenience of short-haul outbound travel. Moreover, the continued increase in flights between China and the United States also indicates positive momentum for the recovery of the long-haul outbound tourism market. 。

"**Instability in the International Political Situation**" continues to be the most adverse factor impacting the outbound tourism market, showing no change compared to the same period in 2023. Market expectations remain negative, with a sentiment index of -12.

The ongoing instability in international politics has made consumers more cautious when choosing travel destinations. In addition, some potential travelers opt to temporarily forego overseas travel and instead explore domestic tourist destinations.

The recovery of international flights and convenient visa policies are the main factors driving the recovery of outbound tourism.

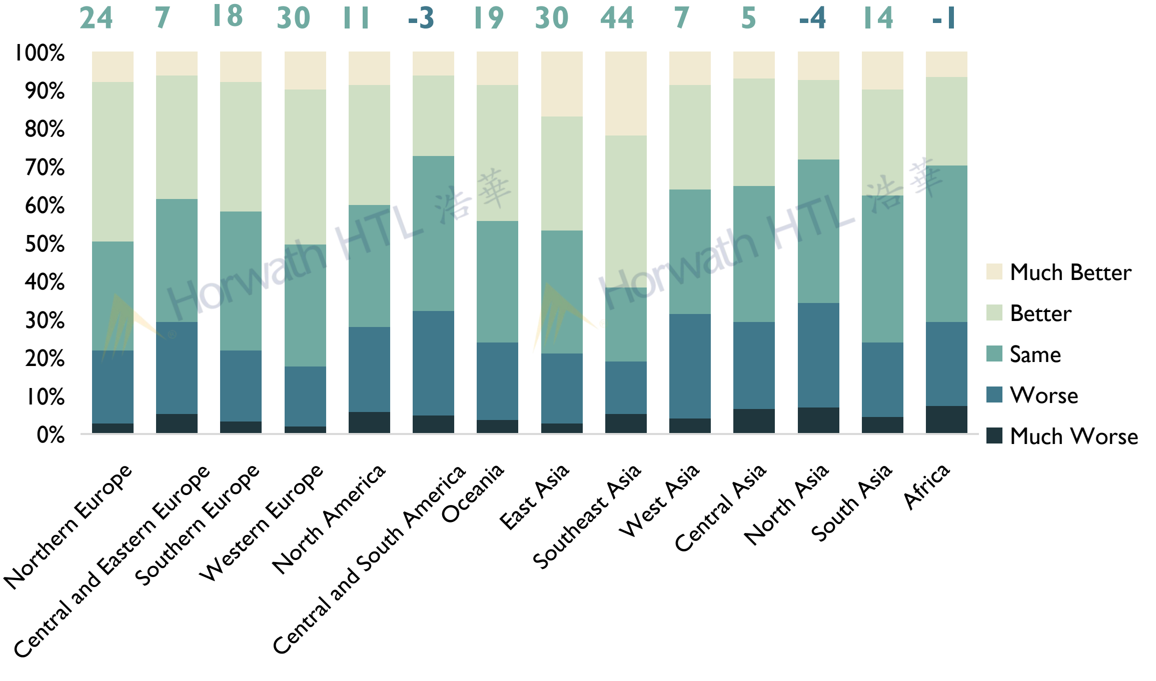


Sentiment Score

15

What are the performance expectations for each outbound travel destination market below in 2024 H1 compared to 2023 H1?

The tourism sentiment index for Southeast Asia is leading, while Central Asia and West Asia are emerging as new outbound tourism destinations.



Southeast Asia and East Asia are the popular destination

The "Singapore-Malaysia-Thailand" route, a traditional outbound tourism itinerary, has consistently been popular among Chinese tourists. With Singapore officially implementing visa-free entry for Chinese citizens in February 2024, travel between China and the three countries will become more convenient. As a result, Southeast Asia has regained its status as the top choice for outbound tourism.

Moreover, the number of flights between China and Japan, as well as South Korea, continues to rise, enhancing the convenience and cost-effectiveness of travel for Chinese tourists.

Interest in Central Asia and West Asia is steadily increasing

As emerging outbound tourism destinations, countries along the "Belt and Road," such as Central Asia and West Asia, are continuously enhancing their tourism attractiveness. The new generation of young consumers is becoming the main group for outbound tourism, prioritizing factors such as niche destinations, value for money, and immersive experiences. Consequently, countries along the Silk Road, such as Iran, Saudi Arabia, Kazakhstan, and Uzbekistan, are gradually capturing the attention of Chinese outbound tourists.

The European market is expected to be generally positive. However, recovery in the North American region still needs time.

Europe's regions are displaying relatively positive sentiment indices. This is attributed to increased flights from China to countries such as France, Italy, and Germany, with current airline capacity recovering to 90% of 2019 levels. Nordic countries, representing the rise of niche tourism destinations in recent years, are also witnessing increasing popularity, with a sentiment index of 24, ranking second in Europe. However, two points still warrant attention. Firstly, most European countries maintain relatively high entry barriers for Chinese citizens, with visa fees constantly increasing. Secondly, the outbound tourism supply chain has not fully recovered, and travel costs remain high.

Outbound tourism in North America remains relatively slow, with Chinese citizens mainly traveling for study and business purposes.

Travel Destination

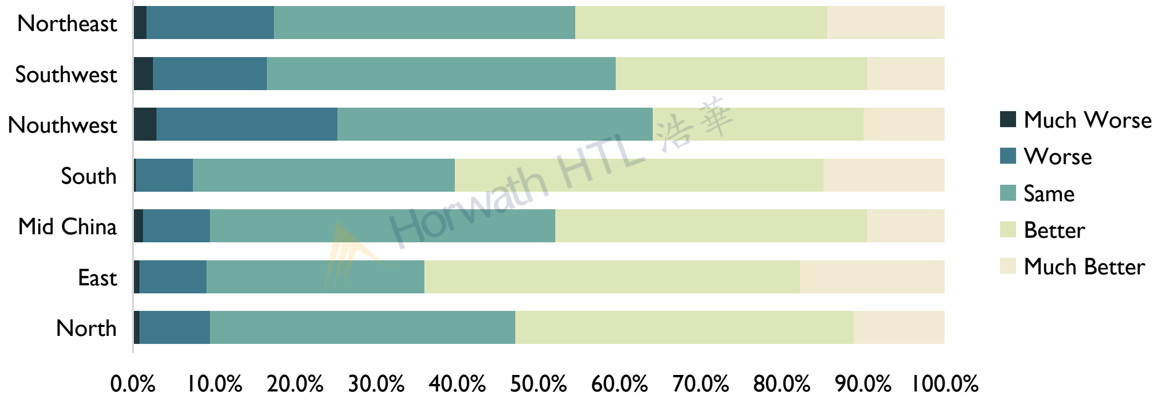
Sentiment Score

35

How do you expect the performance of each outbound travel source market below in 2024 H1 compared to 2023 H1?

Confidence has increased across all regions.

East China and South China remain core markets.



East and South China play a crucial role in the outbound tourism market.

East China and South China, as major contributors to China's outbound tourism, had indexes of 54 and 51, respectively, in the first half of 2024, which were essentially unchanged from the same period in 2023. The reasons behind East China and South China's consistent position as the top sources of outbound tourists are as follows:

Prosperous Economy: The developed private economy has afforded residents a higher level of consumption and positive consumer confidence, gradually making outbound tourism a lifestyle choice for them.

Geographical Location: South China's proximity to Southeast Asian countries, coupled with recent visa-free policies, has undoubtedly attracted more residents to opt for short holidays for "go when you want" outbound travel. Furthermore, cities in East China and South China have excellent international air connectivity, low travel costs, and high convenience.

Cultural Exchange: Serving as the forefront of China's development of the market economy and implementation of opening-up policies, residents in East China and South China exhibit a relatively strong willingness to engage in cross-cultural exchanges.

It is observed that confidence in the outbound tourism market in other regions is gradually recovering.

To begin with, the metropolitan areas in **North China** and **Mid China** have large populations and ample international airlines. Secondly, the visa-free policy between China and Russia established in October 2023 will continue to drive outbound tourism enthusiasm in **Northeast China**. Additionally, through the advancement and promotion of tourism routes in countries along the "Belt and Road" initiative, **Northwest and Southwest China** have the opportunity to generate more outbound tourism demand from these countries by leveraging their geographical advantages.

Conclusion

In 2023, marking the first year post-COVID-19 pandemic, the outbound tourism market's recovery encountered a complex international environment, alongside the heavy burden of rebuilding and repairing the upstream and downstream industry ecosystems. With proactive guidance and endorsement from the Chinese government, a series of favorable policies have been introduced. In terms of visas, by the end of January 2024, China had signed visa exemption agreements with 157 countries and reached agreements with 44 countries to simplify visa procedures. Regarding airline capacity, data from the Civil Aviation Administration of China shows that international passenger flights have rebounded to 70% of pre-epidemic levels since the 2024 Spring Festival. These developments undoubtedly accelerate the recovery of the outbound tourism market in the first half of 2024, as reflected in the outbound tourism market confidence index hitting its highest value since the pandemic, at 42.

During the first half of 2024, industry experts anticipate a significant increase in tourist numbers. However, due to income projections and exchange rate fluctuations, expectations regarding the recovery or growth of per capita outbound tourism expenditure remain conservative. In terms of destinations, the survey indicates a gradual diversification of outbound tourism destinations. Apart from traditional destinations like Southeast Asia, Japan, South Korea, Europe, and the United States, countries and regions along the "Belt and Road", such as West Asia and Central Asia, are also attracting market attention. Nonetheless, it's crucial to note that ongoing uncertainties in global economic development and geopolitical tensions have also prompted concerns among outbound tourists regarding travel safety.

2024 stands as a pivotal year for the Chinese outbound tourism market, transitioning from recovery growth to sustained prosperity. It is anticipated that the Chinese outbound tourism market will gradually gather momentum post-coronavirus adjustments, ultimately revitalizing with renewed vigor and vitality.

About World Tourism Alliance

The World Tourism Alliance, a comprehensive, global, non-profit, and non-governmental tourism organization established in China, held its inaugural ceremony on September 11, 2017 in Chengdu, Sichuan Province, China, and received a letter of congratulations from LI Keqiang, the former Premier of the State Council of the People's Republic of China.

With its mission and vision of "Better Tourism, Better Life, Better World", the WTA is committed to promoting tourism for peace, development, and poverty alleviation, as well as fostering non-governmental global exchanges and cooperation in tourism.

WTA has 236 members from 41 countries and regions throughout the world. Members of the WTA include national or regional tourism associations, influential tourism or tourism-related enterprises, destinations, non-profit organizations, academia, media, and individuals. As a service-oriented international organization that caters to the needs of its members, the WTA strives to create cooperative platforms for dialogue, exchange, cooperation, ideas and information, resource sharing, communication for integrative development, and a thriving marketplace of inspirations and best practices for the benefit of all through travel and tourism.

The WTA is honored to have received generous support from the Ministry of Culture and Tourism of the People's Republic of China, with its headquarters and secretariat established in China.

About Horwath HTL

As a centennial company, Horwath HTL played a pivotal role in establishing the “Uniform System of Accounts for the Lodging Industry,” which remains a global standard to this day. Since entering the mainland China market in 2003, Horwath HTL has been at the forefront of collecting and analyzing industry benchmarking data for the "China Hotel Industry Study" in collaboration with the China Tourist Hotel Association. As pioneers in introducing international hotel investment and development standards to China, Horwath HTL has been a driving force in the industry's growth for two decades. Horwath HTL was also the first to introduce the concept of “per square meter efficiency” to facilitate precise investment and asset management in the industry. In addition, they have established industry data standards such as MSI (Market Sentiment Index) and MVI (Market Value Index) to enhance understanding among industry stakeholders. In 2022, Horwath HTL launched the HOHI data platform and embarked on developing the ESG index system to further steer the industry towards digitalization and sustainability. In this new era, leveraging extensive project experience, customized consulting services, the HOHI data platform, and the CHAT branding and marketing platform, Horwath HTL offers comprehensive professional services across various dimensions and the entire lifecycle, committed to providing diverse professional solutions for the continual advancement of the lifestyle industry.

Multi-Dimensional and Full Life-Cycle Professional Solutions

Digital Transformation	Corporate Strategy	Urban Renewal	Destination Development	Re-Branding
Branding	Culture Empowerment	ESG Index	TOD Complex	Rental Apartment
Suburban and Long-Haul Vacation	Heritage Revival	Wellness & Healing	Sports & Health	Ski Experience

Three Brands and Business Segments

Horwath Business

Industry-wide Customized Consulting Service

Business Modules

Development Strategy Solution
Destination Solution
Hotel Solution

HOHI Business

Industry-wide Information Integration and Big Data Analysis Platform

Business Modules

Industrial Mapping Tool
Business Evaluation Tool
Data & Report

CHAT Business

Branding, Resource Connection and Integrated Marketing Platform

Business Modules

Branding
Integration Marketing Campaign
Platform Promotion

Disclaimer

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