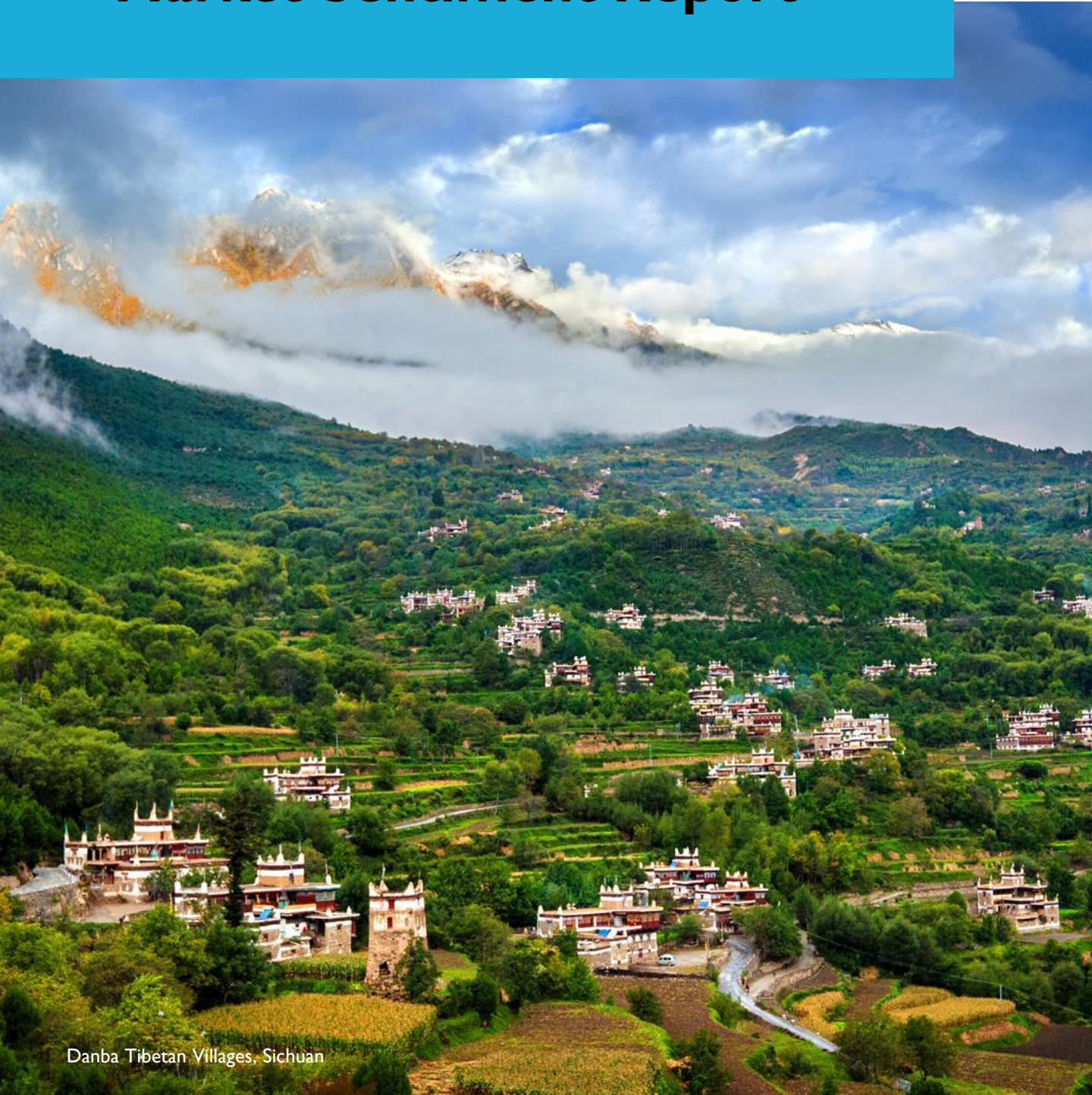


March 2024

2024/H1

China Domestic Tourism Market Sentiment Report



Danba Tibetan Villages, Sichuan

Content

Introduction	02
Background	03
Sentiment analysis	04
Conclusion	09
WTA & Horwath HTL	10
Disclaimer	12



Bifengxia Giant Panda, Sichuan

Introduction

In 2023, the tourism industry saw a remarkable resurgence after the COVID-19 pandemic, particularly in domestic tourism. Noteworthy trends and concepts such as "Crowd Mode," "Reverse Tours," "Gen Z," "Village BA," "Special Forces-themed Tours," and "Zibo Barbecue" showcased the industry's diversity and its integration of various disciplines. This momentum continued into 2024, evident in the Spring Festival travel statistics released by the Ministry of Culture and Tourism, which reported a remarkable 474 million trips countrywide—a 34.3% increase from the previous year and a 19.0% surge comparable to 2019 figures—setting a strong note for the year ahead.

WTA, in collaboration with Horwath HTL, a leading global hospitality and tourism consultancy, is releasing the "China Domestic Tourism Market Sentiment Report" for the 11th time in order to monitor the evolving trends in China's domestic tourism market and provide members of the World Tourism Alliance (WTA) and global practitioners with insights to understand and forecast market prospects.

We extend our gratitude to the China Association of Travel Agents and its affiliated member units for their support. We would also like to thank the Sichuan Provincial Department of Culture and Tourism for providing us with the images featured in this report.



Nuorilang Waterfall, JiuZhaiGou

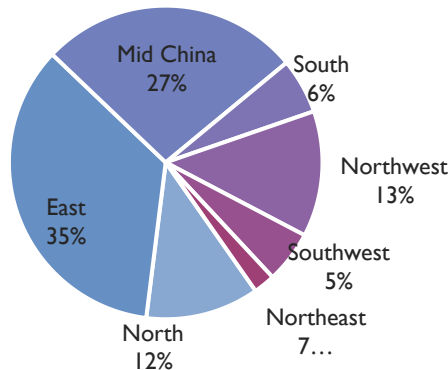
Background

We use a specialized sentiment scoring model to quantify respondents' feedback, facilitating more effective analysis and comparison of domestic tourism markets across different regions and cities in China. These scores are presented as an index, reflecting respondents' expectations.

Each question is assigned a sentiment score ranging from negative 150 to positive 150. A score of negative 150 indicates absolute pessimism, while a score of zero signifies unchanged expectations. In addition, a score of positive 150 denotes highly optimistic sentiment. Respondents were tasked with evaluating market performance in the first half of 2024 compared to the actual performance in the first half of 2023. Further, they were asked to identify factors contributing to any variances and provide insights on both source and destination markets.

This report summarizes our research findings based on 326 valid questionnaires collected from 28 provinces, municipalities, and autonomous regions in China. Questionnaires were received up to February 5, 2024. The main conclusions drawn are based on respondents' predictions concerning the market situation at that specific time.

By Region



By Organization Type

38%	Hotels	24%	Travel agency
16%	Destination Management	13%	Social Organization
1%	Airlines	8%	Others

Note: The questionnaire was collected from December 22, 2023, to February 5, 2024.

Market Sentiment Analysis

Index “ high start and steady ”, Tourism Market Sustains Optimistic Expectations

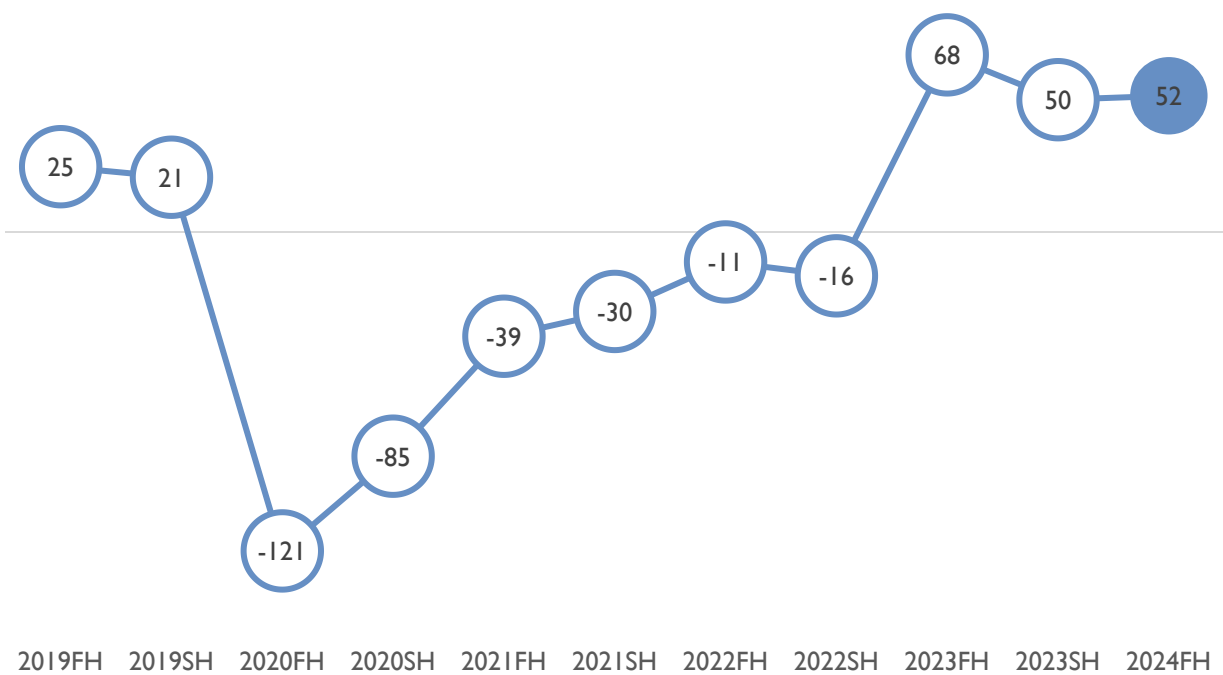


Continuing the upward trajectory observed in 2023, the domestic tourism market in the first half of 2024 maintains its "high start and steady" trend. The domestic tourism market sentiment index has risen to 52, marking a 2-point increase from the previous survey. Respondents harbor optimistic expectations regarding the development of the tourism market and future prospects.

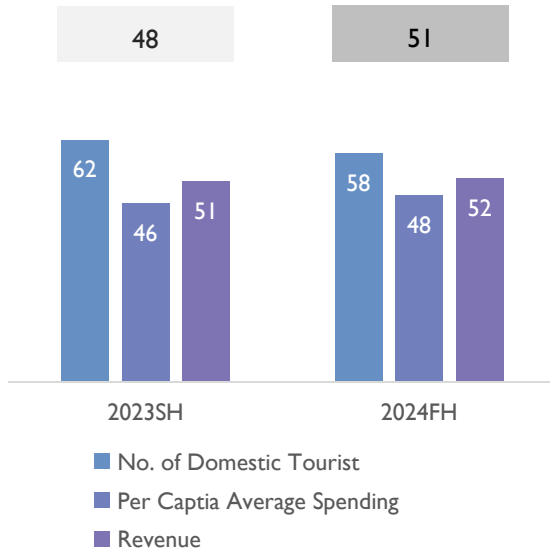
The vigorous resurgence of the domestic tourism market in 2023 instills ongoing confidence and momentum in the industry. Data from the Ministry of Culture and Tourism's Department of Finance reveals that nearly 4.891 billion domestic trips were undertaken in 2023, representing a significant surge of 93.3% compared to the previous year, with total tourist expenditure reaching an impressive 4.91 trillion yuan, marking a 140.3% increase.

What's particularly encouraging is that the survey period, encompassing the New Year and Spring Festival holidays of 2024, followed a similar pattern to the previous year, positively shaping the outlook for the first half and indeed the entirety of 2024. Tourism, now entrenched as an integral part of contemporary lifestyle in the era of mass tourism, is anticipated to sustain its gradual expansion, buoyed by increasingly favorable economic conditions and consumer sentiment.

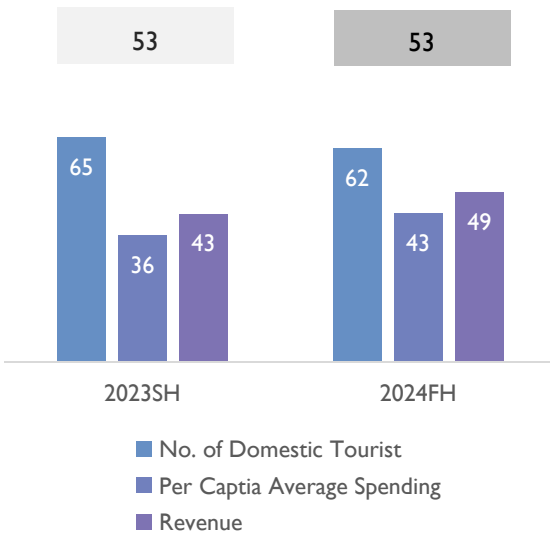
Historical Domestic Tourism Market Sentiment Index



Domestic Tourism Performance Sentiment Score



Your Institution/Region's Tourism Performance Sentiment Score



Tourism Performance Sentiment Score

Performance Indicators Show Positive Forecast, Slight Cool-Down Expected in Tourist Numbers



After experiencing a significant resurgence in 2023, the domestic tourism market continues to exhibit positive trends within a stable framework. Respondents in this survey express sustained optimism regarding the three key performance indexes of domestic tourism.

While the domestic tourism market maintains an optimistic outlook regarding the number of domestic tourist trips, there is a slight deceleration from the surge in tourist numbers observed in late 2023. This slowdown is primarily attributed to the normalization of travel demand, which had been constrained over the preceding three years, signaling a transition towards a more balanced travel cycle and a more rational market demand.

Simultaneously, both per capita average spending and revenue have experienced increments since the latter part of 2023, indicating a resurgence in consumer confidence. However, industry practitioners are more cautious in their expectations for the rise in the per capita average spending index, reflecting a common belief in prudent consumer spending during the current market cycle. Nonetheless, looking ahead, the market exhibits significant potential for spending growth, driven by ongoing innovation and the evolution of tourism offerings.



Nankan Grottoes, Sichuan Bazhong

Influencing Factors

Rising Expectations Across Various Factors,

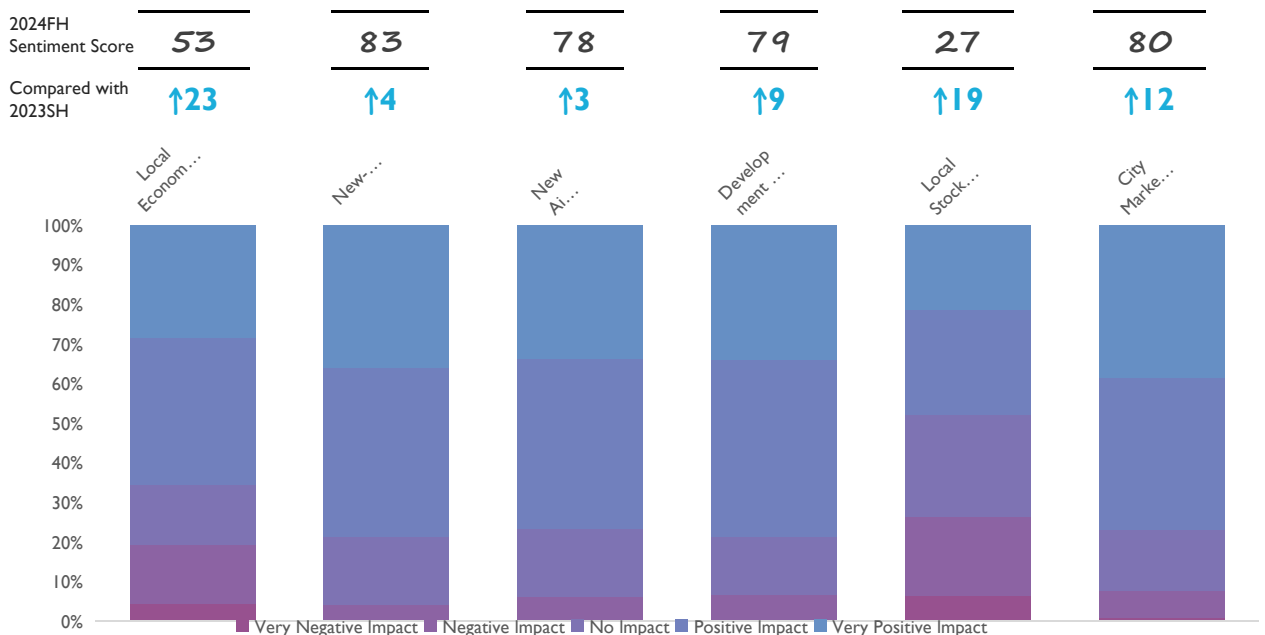
New-Built Highspeed Railways and City Marketing Remaining Key Drivers of Domestic Tourism Development.

Newly built high-speed railways, air routes, and the development of tourist facilities: Consistent with past trends, respondents harbor positive expectations regarding these factors. With the introduction of the tourism industry's development plan for the 14th Five-Year Plan period, the integration of tourism and transportation has increased. The continuous expansion of high-speed railways and air routes, along with the introduction of numerous scenic routes and tourism trains, has bolstered inter-regional tourism connectivity and facilitated the comprehensive development of tourism resources. Simultaneously, advancements in tourism infrastructure, particularly through the implementation of Smart Tourism Systems, have significantly enhanced the management of tourist destinations, services for tourists, and overall visitor experiences. These initiatives in tourism development and promotion have broadened and simplified travel options, resulting in a surge in the growth of the domestic tourism market.

City marketing: 77% of respondents recognize the positive impact of city marketing on the domestic tourism industry. Since 2023, the significance of city marketing in driving the expansion of the tourism market has become increasingly evident. Across the nation, destinations have leveraged the influence of short videos and social media to significantly enhance their attractiveness and reputation. Highlighting the successful city marketing campaigns of 2023—such as Zibo Barbecue, Village BA/Super, Tianjin's Diving Grandpas, and Harbin Ice and Snow World—it's evident that city marketing plays a pivotal role in destination promotion and igniting travel interest. Using Harbin as an example, through the utilization of its iconic Harbin Ice and Snow World and continuous promotion through new media, Harbin effectively transformed its natural and cultural assets into a viral phenomenon, increasing the city's appeal for winter tourism.

Local economic growth trend and local stock market performance: The trend of local economic growth shows a significant upward trajectory compared to the previous quarter. However, respondents maintain a cautious outlook on the performance of the local stock market. Particularly during the research phase of this report, the domestic A-share market experienced a significant downturn, somewhat denting investor confidence in the current economic landscape. Nonetheless, looking ahead, China is on a path towards a high-quality development phase, promising a conducive market environment for the sustainable and steady growth of the tourism market.

Question: How do you expect each factor below to impact the performance of China's domestic tourism market in 2024 H1?

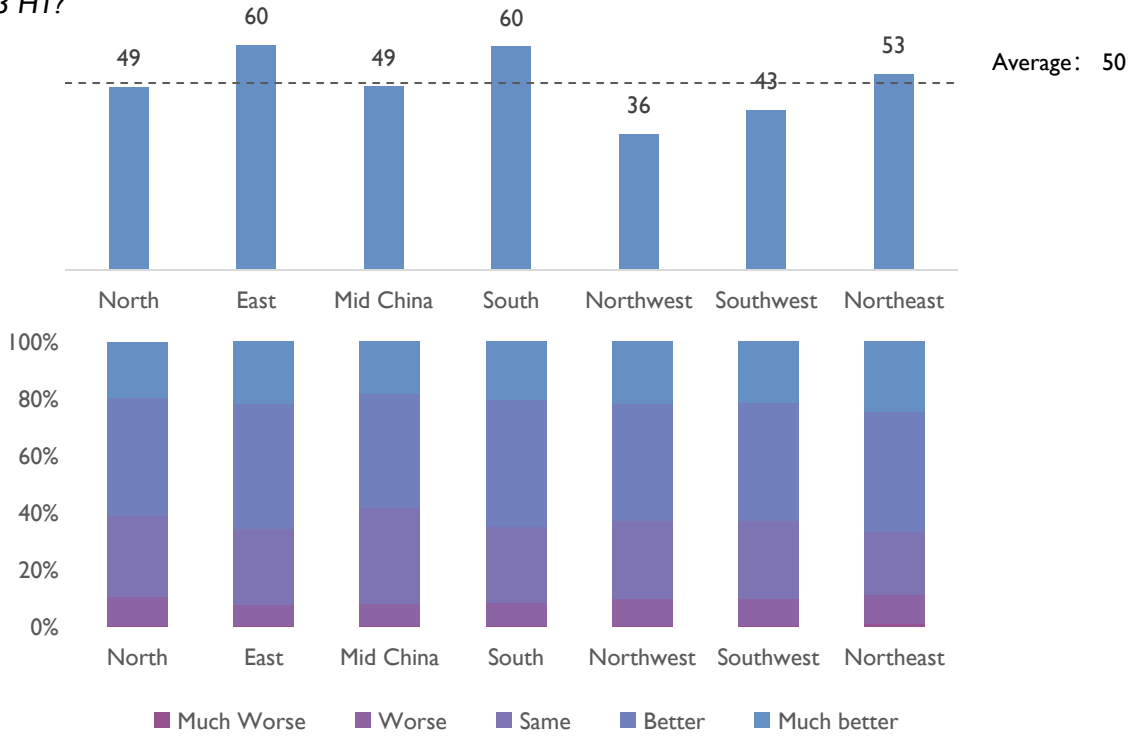


Source Market Sentiment Score

Source market confidence varies greatly, with East and South China at the forefront of the domestic market.



Question: How do you expect the market performance of each region below as a source market in 2024 H1 vs. 2023 H1?



From the perspective of source markets, although there is a slight decline in the Sentiment Index compared to the previous period, respondents remain optimistic about the growth potential of various regions as tourist sources. However, distinct variations in sentiment levels are evident across regions, with East China and South China leading the domestic market, while the Northwest and Southwest regions exhibit lower confidence levels.

Continuing historical patterns, respondents express the highest market expectations **for East China and South China**, with the average Sentiment Index reaching 60. The consistent prominence of East China and South China in the Source Market Sentiment Score underscores their enduring roles as the primary source markets for domestic tourism in China. The significant population and dynamic market economies of these regions are the main factors driving demand within China's domestic tourism landscape.

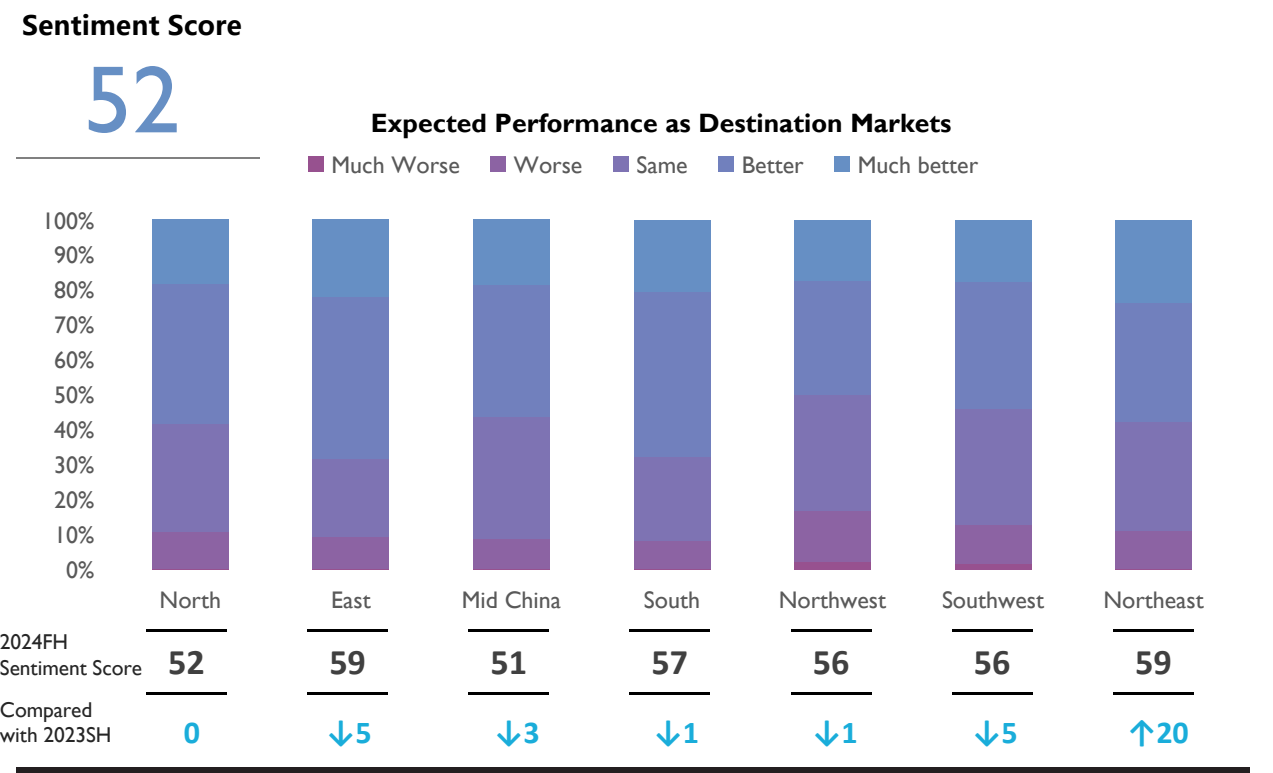
Respondents also hold optimistic views regarding the growth potential of the **Northeast, North, and Mid China** as tourist source regions, positioning them in the second tier of the Sentiment Index. Notably, the Northeast region witnessed a remarkable increase of 24 points in the index in the latter half of 2023, surpassing the overall market average. This surge is largely attributed to the emerging trend of "southbound and northbound travel." Since December 2023, while southern tourists have been flocking to the Northeast provinces, their northern counterparts have been seeking warmth in southern cities as winter getaways. According to Ctrip's data, during the Spring Festival of 2024, northern cities like Beijing, Shenyang, Dalian, Tianjin, Zhengzhou, and Harbin emerged as key sources of tourists for the south's hot springs and island destinations.

In contrast, the **Northwest, Southwest, and Northeast** regions are placed in the third tier of index performance as source markets, primarily due to limited economic development in these areas, aside from a few economically stronger cities like Chengdu and Xi'an. Residents in these regions generally exhibit lower levels of consumer spending and travel enthusiasm, resulting in a Source Market Sentiment Index that falls noticeably below their attractiveness as tourism destinations.

Destination Market Sentiment Score

Confidence Improves Across Regions, Northeast Region Surges to the Top in Sentiment Index

Question: How do you expect the market performance of each region below as a destination market in 2024 H1 vs. 2023 H1?



Based on the index results, domestic regions exhibit optimistic expectations as destination markets, with minor fluctuations in index values among them. Regarding trend changes, aside from a significant upsurge in the Northeast region, other areas generally maintain stability or show slight declines compared to the latter half of 2023.

Northeast China, particularly Harbin, renowned for its ice and snow tourism, witnesses a surge in tourist activity. This surge is attributed not only to its exceptional winter attractions and established brand reputation but also to effective marketing efforts and urban promotional strategies, resulting in a remarkable influx of visitors and a substantial enhancement of its market appeal.

Aligned with the sentiment of source markets, both **East China and South China** stand out as destinations. East China, boasting rich tourism resources, favorable natural climatic conditions, and a diverse range of high-quality tourism products, has emerged as a preferred destination for domestic travelers.

The **Southwest and Northwest regions** continue to hold high market expectations as destination markets. In recent years, cities in these regions have experienced a noticeable increase in popularity as long-distance tourist destinations. This trend can be attributed to two main factors: Firstly, the irreplaceable tourism assets found in both regions, such as the unique ethnic cultures in the Southwest and the abundance of historical sites in the Northwest. Secondly, sustained efforts in innovation and diversification of tourism offerings, along with ongoing improvements in infrastructure, have contributed to the successful cultivation of urban brand identities and the enhancement of consumer experiences.

Conclusion

With mass tourism now at a stage of comprehensive development, travel has seamlessly integrated into people's daily lives, accompanied by a constant stream of niche tourism products. The Domestic Tourism Market Sentiment Index has steadily risen to 52, indicating a robust market recovery and the optimistic outlook of industry professionals. In terms of segmented performance indicators, while there's a minor decline in anticipated tourist numbers, the increase in per capita spending and revenue suggests a shift towards high-quality development in domestic tourism. As for influencing factors, advancements in high-speed railways and airport infrastructure, as well as innovative city marketing strategies, are paving the way for the vigorous expansion of the domestic tourism market.

From the standpoint of source markets, notable variations in market confidence are apparent across different regions, with East and South China emerging as frontrunners in the domestic arena. Conversely, a uniformly positive expectation prevails across destination markets, particularly in Northeast China, where the sentiment index has surged to the nation's top position.

China's domestic tourism market is transitioning from post-COVID-19 recovery to comprehensive prosperity. In this new phase, destinations that effectively engage audiences through innovative media marketing continue to thrive, alongside a growing array of niche destinations catering to specific market segments. Industry stakeholders must adeptly grasp evolving consumer demands and marketing strategies, driving continuous product innovation to sustain high-quality growth in the domestic tourism economy.

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.

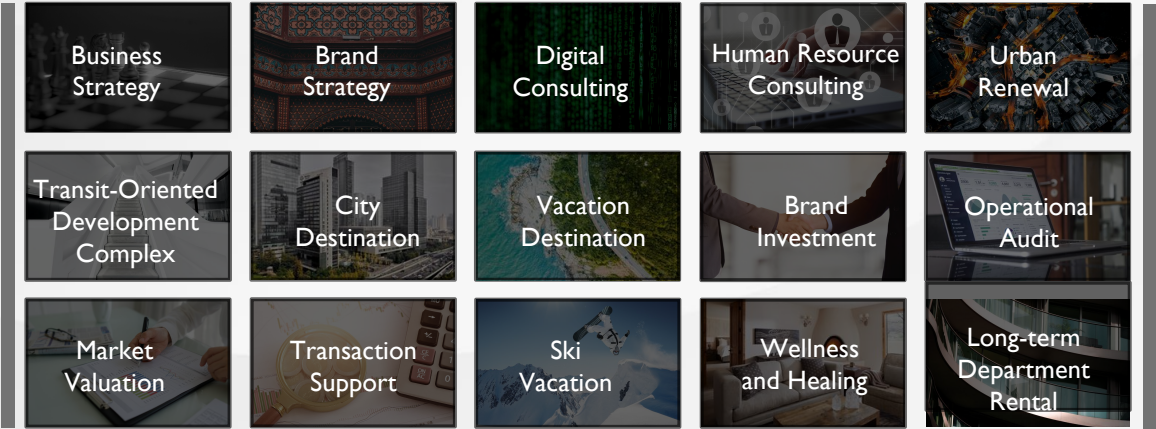


Giant Panda, Sichuan

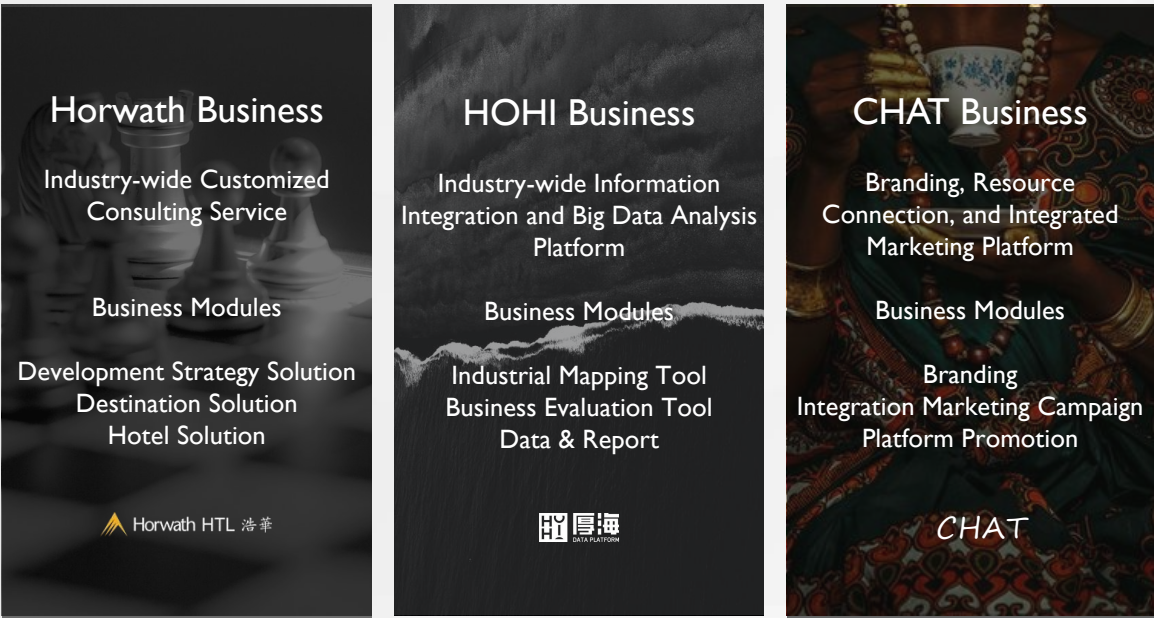
About Horwath HTL

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



Three Brands and Business Segments



Disclaimer

This report is intended for general informational purposes only. While we believe the information from sources from which this report has been derived to be reliable, we have not independently verified it and do not guarantee its accuracy or completeness. All opinions and estimates presented in this report reflect our judgment as of the publication date and are subject to change without prior notice. Transactions should not be based solely on the information, opinions, and estimates provided herein. We assume no responsibility for any action taken or not taken in reliance on the information contained in this report. The contents of this report may not be quoted, reproduced, or distributed in any form without the written consent of the World Tourism Alliance (WTA) and Horwath HTL.

Any data extracted from this publication should be credited to the “2024 H1 China Domestic Tourism Market Sentiment Report, Horwath HTL, and World Tourism Alliance (WTA).”

Zigong Lantern Festival, Sichuan