



InterContinental Hotels Group

The Future of Chinese Travel

The Global Chinese Travel Market



A report by Oxford Economics for
InterContinental® Hotels Group (IHG®)



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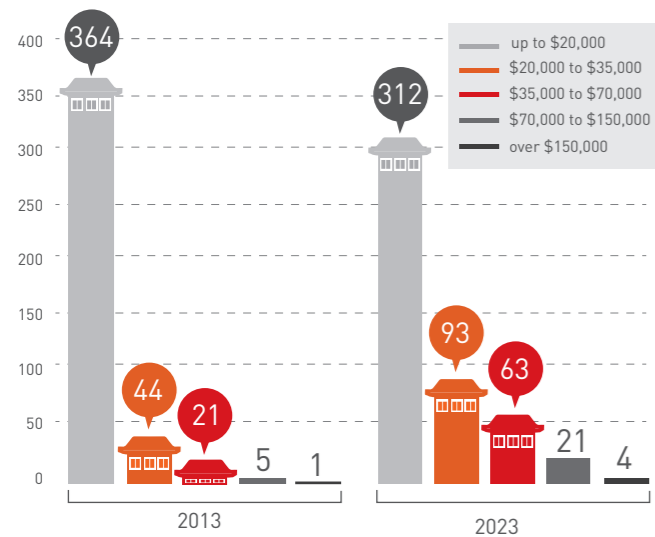
Executive Summary

- China is becoming the largest source market for international travel. Already the global leader in tourism departures, it is estimated that China overtook the US as the largest source of international travel spending in 2014¹. In total, Chinese travellers made over 67.5 million trips in 2014. Annual Chinese arrivals are expected to total nearly 97 million by 2023 at an average annual growth rate of 5.1% over the ten-year forecast horizon.

- Historically, low average household incomes, a large lower income class, and travel restrictions – both inbound and outbound – have tempered Chinese demand for long-haul travel, weighting Chinese travel toward short-haul destinations. The Special Administrative Regions (SARs) of Hong Kong and Macao received a combined 28.4 million tourist arrivals from China in 2014 – representing 42% of total Chinese outbound travel. Given the ease of travel to the SARs, and their high popularity among Chinese travellers, these destinations will maintain their market share over the next ten years even as Chinese visits to other short- and long-haul markets become more frequent.

Chinese household income distribution

Millions of households by earnings per annum



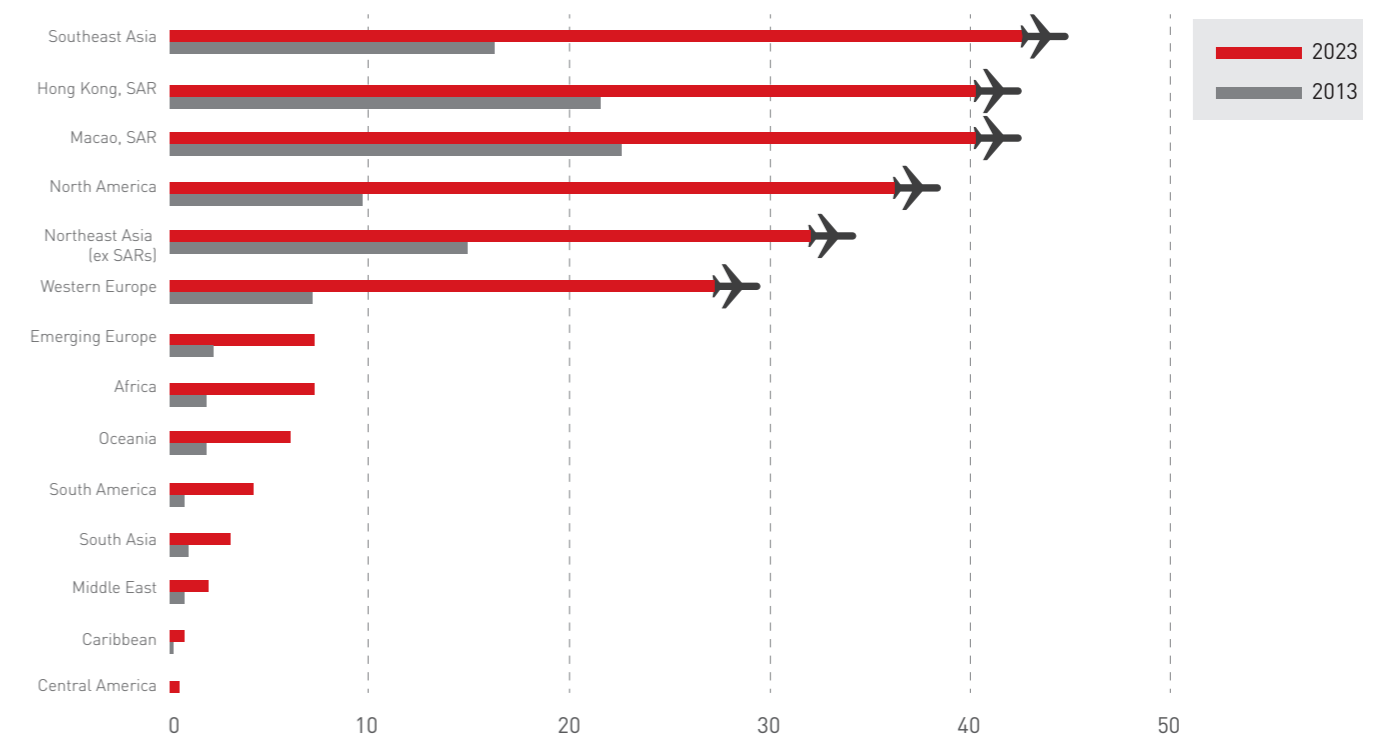
Source: National Statistical Offices, Tourism Economics

Annual arrivals from China will total nearly 97 million globally by 2023

- Robust income growth and expansion of China's middle class will make long-haul travel more achievable for Chinese households. The number of Chinese households earning above \$35,000 per annum – a key income level at which international travel becomes more affordable – rose by 21 million from 2003 to 2013. An additional 61 million households will pass this threshold by 2023.
- Already, Chinese travellers are ranked among the top spenders on a per-trip and per-night basis. Redistribution of Chinese households toward the middle and upper income classes will raise the value of Chinese travellers to international destinations as preferences continue their shift toward long-haul travel, higher-cost accommodations and upscale shopping.
- Leisure tourism comprises an increasing share of Chinese travel demand. Currently, leisure accounts for 59% of total Chinese travel and tourism spending. By 2023, the leisure share of total Chinese outbound tourism will reach 62%. With the growing popularity of leisure travel to the US and Europe, these long-haul destinations will experience greater travel flows from China.
- Cities are the primary destinations of Chinese travellers, with over 85% of Chinese outbound travel to major cities around the world. Excluding SAR destinations, 70% of outbound travel from China is to major cities. As income growth drives up tourism demand, this preference will fuel robust growth in Chinese travel to major city destinations, relative to non-urban destinations.

Chinese demand for long-haul travel will ramp up

Total Chinese outbound travel spending by destination, billion US\$



¹Chinese outbound spending is already larger than that for the US according to some sources and notably balance of payments data. However, once education related spending is removed from the total it is still lower than the US for 2013.

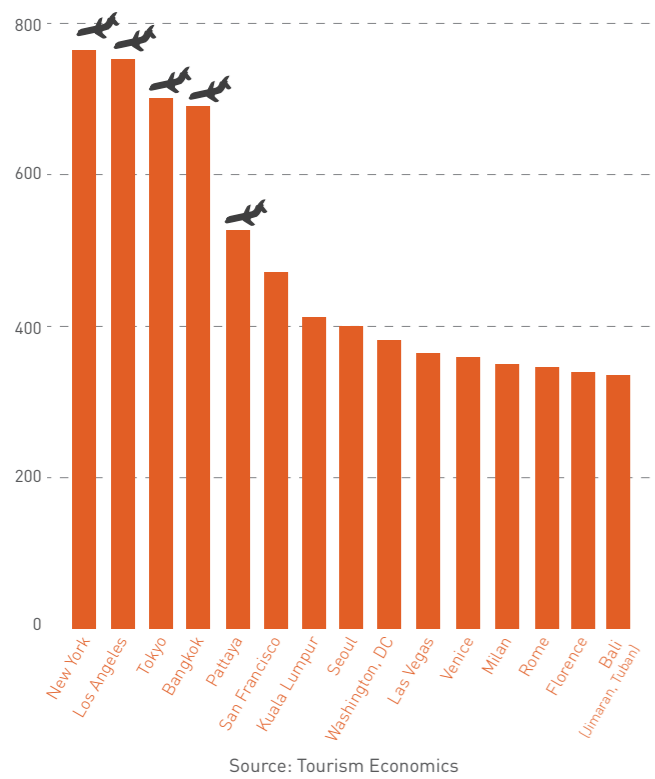
- Whereas the volume of arrivals from China to global destinations varies considerably, average length of stay is a more meaningful measure for comparing the value of Chinese tourists across global cities. Sydney and Melbourne enjoy the highest trip lengths among long-haul markets in the Asia-Pacific region. While New York City, Los Angeles, and Tokyo represent the top three destinations for Chinese travellers in terms of visits, they enjoy a somewhat lower length of stay than Bangkok and Pattaya in Thailand. Among

European cities, London enjoys the highest average trip length for Chinese travellers, topping several other leading long-haul destinations.

- Nearly 92.5% of total Chinese outbound travel spending is received by major global cities – 44% excluding Hong Kong and Macao. The largest city markets for Chinese travel spending are mostly found in the Asia-Pacific and the US. However, spending growth over the next decade will see more long-haul cities rise to the top.

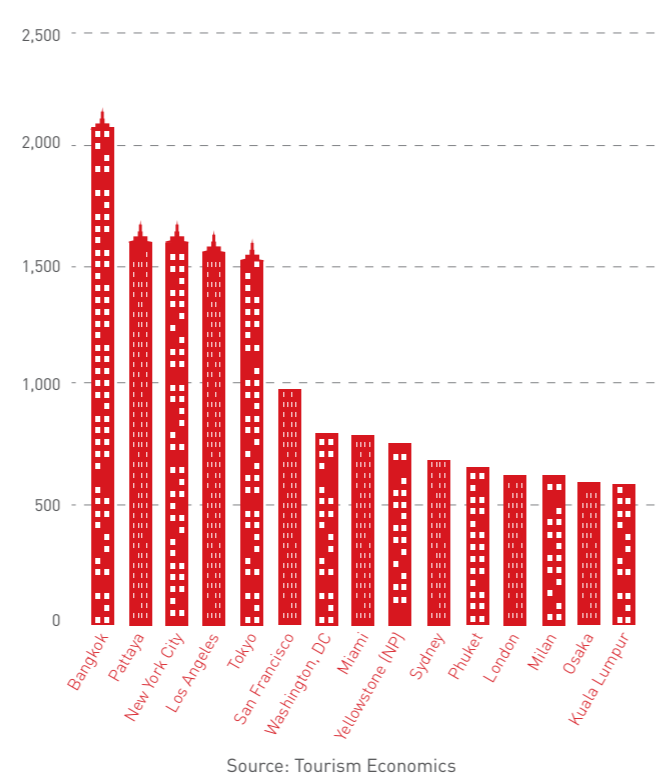
Chinese traveller arrivals to top city destinations

Absolute growth in thousands, 2013 - 2023



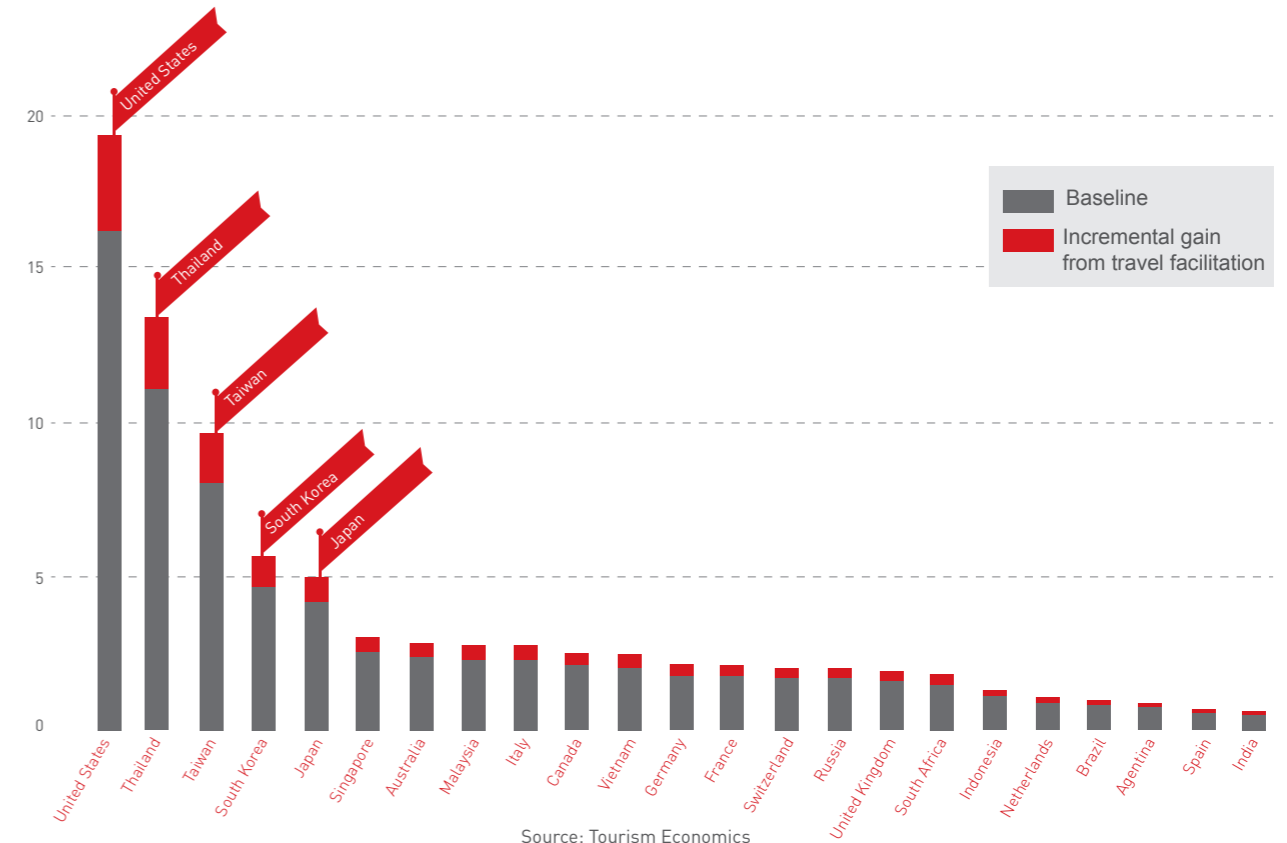
Chinese traveller hotel nights in top city destinations

Absolute growth in thousands, 2013 - 2023



Growth premium from travel facilitation

Chinese Traveller Spending, billion US\$ 2017



- Destinations with easier access, including simpler visa policies, are set to gain the most. Additional measures to improve visitor visa access present even greater opportunities for tourism growth to these destination countries. Analysis of historical travel facilitation reforms affecting Chinese nationals shows that these reforms yielded an average growth premium of 19.9 percentage points in Chinese arrivals above historical trend. This implies that destinations which adopt facilitative policies could see a substantial growth premium in Chinese arrivals over a three-year forecast horizon. Examples of these reforms include extending visas on arrival (VoA) and visa waivers to Chinese nationals, as well as the addition of destination countries to China's Approved Destination Status (ADS) scheme.

Improving access to travel for the Chinese yields a nearly 20% growth premium in arrivals

Introduction

This report examines trends in Chinese outbound travel in the context of economic and demographic developments and projects how Chinese travel demand will evolve over the coming decade. The research provides a unique perspective of which destinations - both cities and countries - are set to benefit most from this growth in Chinese travel demand. Modelling has linked expected growth in income and spending to total tourism demand. The potential benefit for different worldwide destinations has also been identified in comparison to overall growth in Chinese outbound travel.

In particular, global city destinations are identified as key growth markets for Chinese outbound tourism. Given that cities are the primary loci of growth in China's mid- to upper-class households, global city destinations are expected to receive a greater share of additional Chinese outbound tourism relative to non-urban destinations. The increasing preference for long-haul leisure travel, higher-cost accommodations,

and high-end shopping are also explored as drivers of the increasing value of Chinese travellers to these city destinations over the forecast horizon.

As countries globally look for new sources of income and job creation, the potential benefits from improved travel policies in terms of boosting visitor numbers are also explored, offering recommendations and best practices for global destinations. Historical case studies of travel-related reforms affecting Chinese travel provide the basis for an alternative scenario which addresses the potential impacts on Chinese tourist arrivals and travel spending within destination markets pursuing such reforms.



1. Background

1.1 Favourable economic and demographic trends

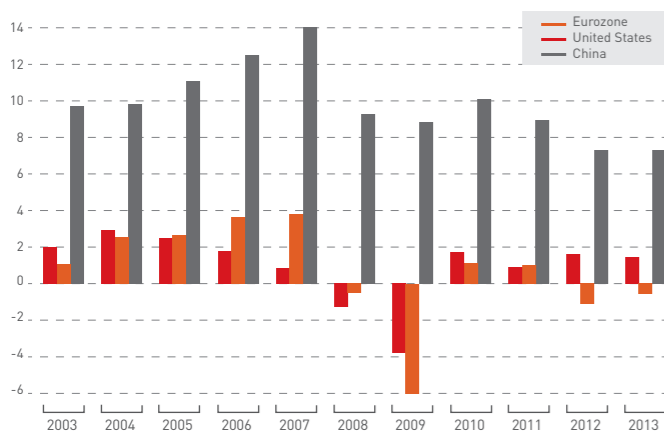
China has experienced phenomenal economic growth over the past decade with GDP per capita outperforming other large emerging markets. Growth has exceeded that of the other BRIC economies which represent the largest emerging markets experiencing rapid growth.

The size of the Chinese middle class has expanded massively as average income has risen. GDP per capita has increased in real terms to close the gap on developed countries with growth of 148% over the past ten years. Between 2003 and 2013, GDP per capita grew at an average annual rate of 5.5% in the BRIC economies, dwarfing rates of 0.7% and 0.9% across the Eurozone and in the US, respectively. Growth in Chinese GDP per capita led that of both key emerging markets and developed economies over this period, and average incomes are expected to rise further as the economy continues to develop.

China has experienced phenomenal economic growth over the past decade

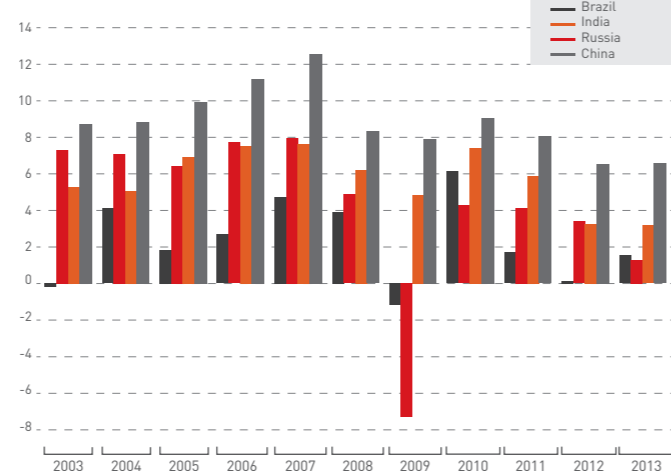


Real GDP per capita % growth per annum



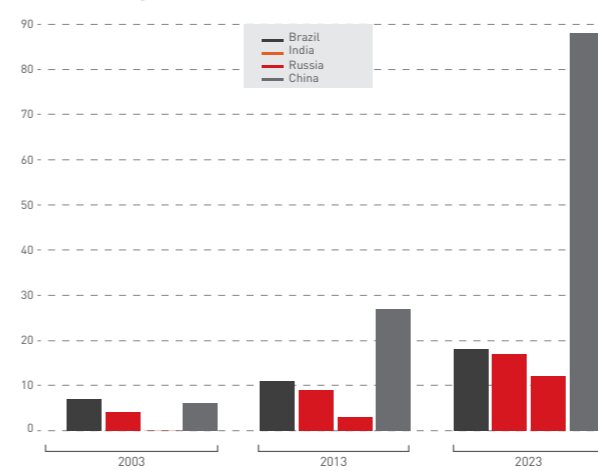
Source: Census Bureau, Eurostat, National statistical Offices, Tourism Economics

Real GDP per capita % growth per annum



Source: United Nations, Tourism Economics

Middle class households Million households with income over \$35k; able to afford long-haul travel



Source: Oxford Economics

Shanghai will surpass Boston, Philadelphia and San Francisco in GDP by 2016

The proportion of households able to afford leisure travel, and international travel in particular, has risen globally over the past decade, but especially in China. Previous analysis of income and travel spending patterns by the World Travel & Tourism Council (WTTC) and Oxford Economics for InterContinental® Hotels Group (IHG®)² identified household income of close to \$20,000 as the threshold at which Chinese households can afford leisure travel. From there, it was determined that households making \$35,000 per annum find international travel more affordable, taking more long-haul trips.

The number of Chinese households earning above \$35,000 rose to an estimated 27 million in 2013 from 6 million just ten years ago. The 21 million new Chinese households now able to afford travel dwarfs the household wealth accumulation in other emerging markets. In 2003 there were an estimated 11 million households in Brazil, Russia and India with income above the \$35,000 level. By 2013, this value had grown to 23 million; fewer households than in China alone.

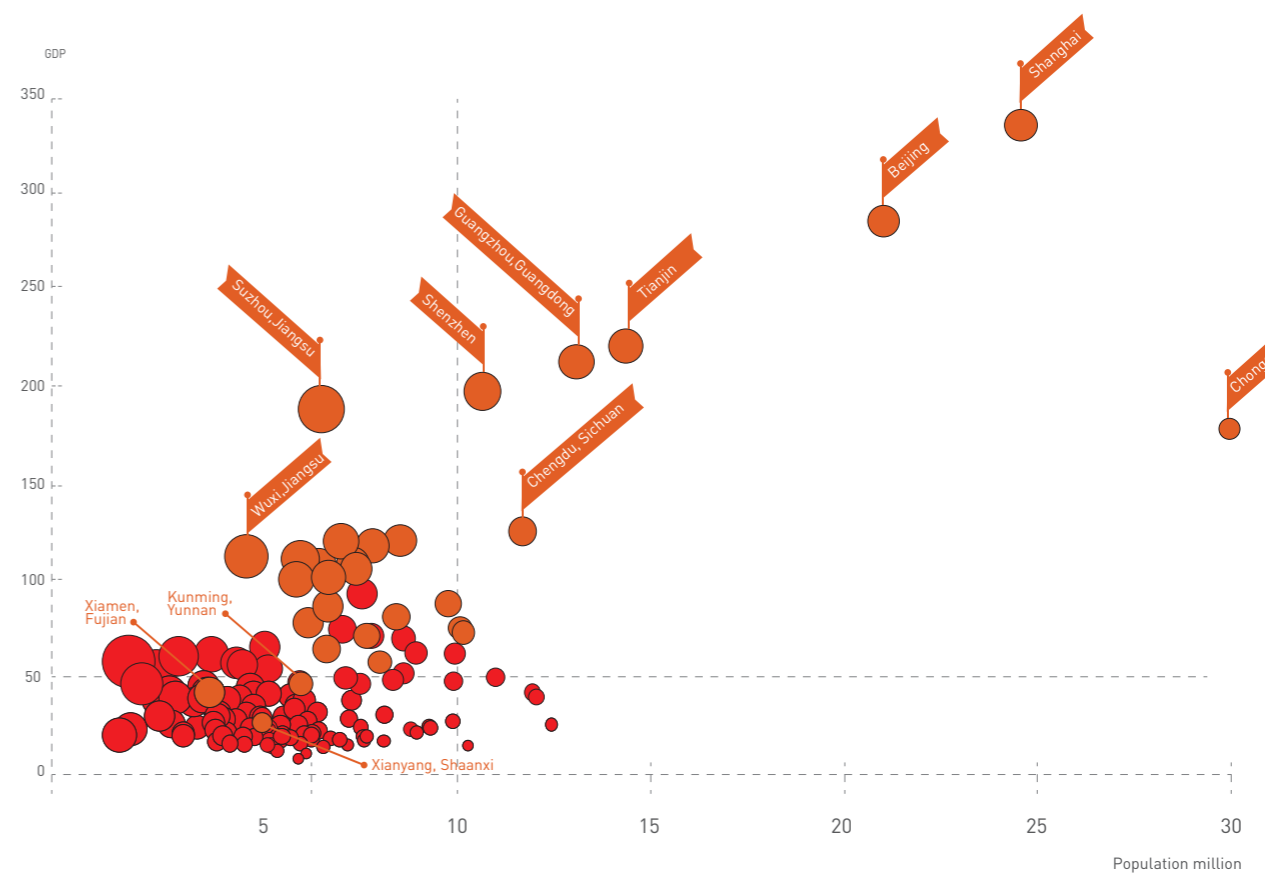
Chinese cities are also rising in prominence as hubs of economic activity. Urban centres are host to the

majority of China's middle- to upper-income classes – encompassing households which are most likely to engage in long-haul travel. Thus, rapid expansion of Chinese cities illustrates the substantial economic growth driving Chinese tourism demand. Looking ahead, Chinese cities will become more important, rising in GDP rankings and overtaking some developed European and North American cities in terms of size, supporting expectations for greater Chinese international tourism.

Currently, there are over 150 Chinese cities with a population over one million that can be considered significant origin markets for tourism, given their rapid GDP and income growth over the past decade. Several Chinese cities are set to overtake some notable Western cities in terms of GDP size in the coming years. Shanghai will surpass Boston, Philadelphia, and San Francisco by 2016, and Beijing is expected to do the same by 2021. These and other rising Chinese cities are likely to become the most important source markets for international tourism demand, especially as China's increasingly urban population prefers travel to city destinations.

Chinese Cities: Select indicators

Bubble size represents relative GDP per capita

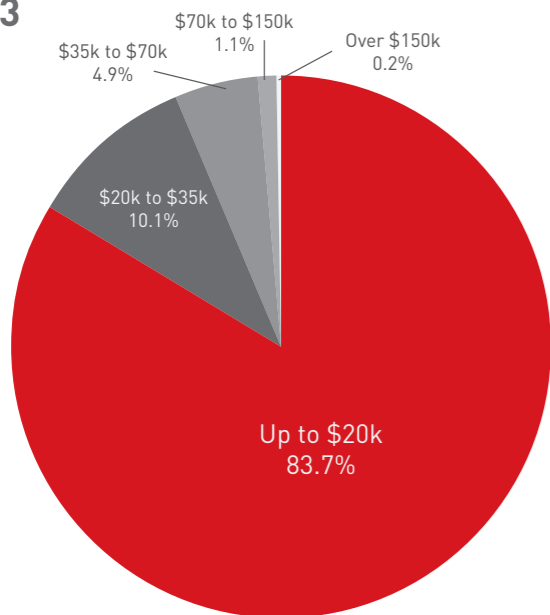


² World Travel & Tourism Council and Oxford Economics (2014), The Economic Impact of Travel & Tourism 2014 (Online), available: <http://www.wttc.org/focus/research-for-action/economic-impact-analysis/>

Chinese household income distribution

Share of Chinese households by income class

2013

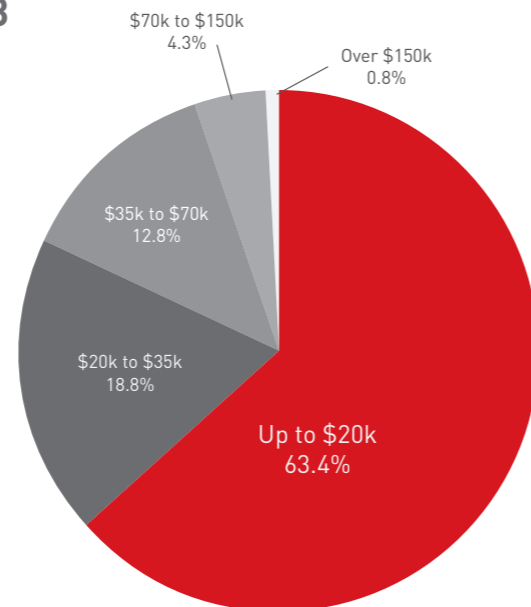


Source: National Statistical Offices, Tourism Economics

Chinese household income distribution

Share of Chinese households by income class

2023



Source: National Statistical Offices, Tourism Economics

1.2 Demand for international travel will grow further

Chinese incomes are set to grow further over the coming decade and beyond, catching up further with developed countries in terms of average income. Oxford Economics predicts that 61 million more households will be able to afford international travel by 2023, cementing China's place as the top origin market. China is currently on par with the US as a source market and is set to become the largest long-haul source market, surpassing the UK, US, and Germany, by 2020.

The countries with the greatest opportunities for growth in coming years are those that currently represent smaller shares of outbound Chinese travel. The United States stands out as a destination which receives a relatively low share of Chinese travel – about 3% in 2013 – but will experience strong growth, as a result of increasing efforts to boost inbound travel via improvements to visitor visas and marketing efforts. Similarly, the United Kingdom will see Chinese arrivals more than double over the next decade – due, in part, to ongoing visa improvements.

Expected changes in China's income distribution suggest that Chinese travellers will become more valuable to foreign destination markets in the next eight years. According to the World Travel Organization (UNWTO) and European Travel Commission (ETC)⁵,

Chinese – even those at lower income levels – spend around 53% of their disposable income on travel – excluding spending on necessities.

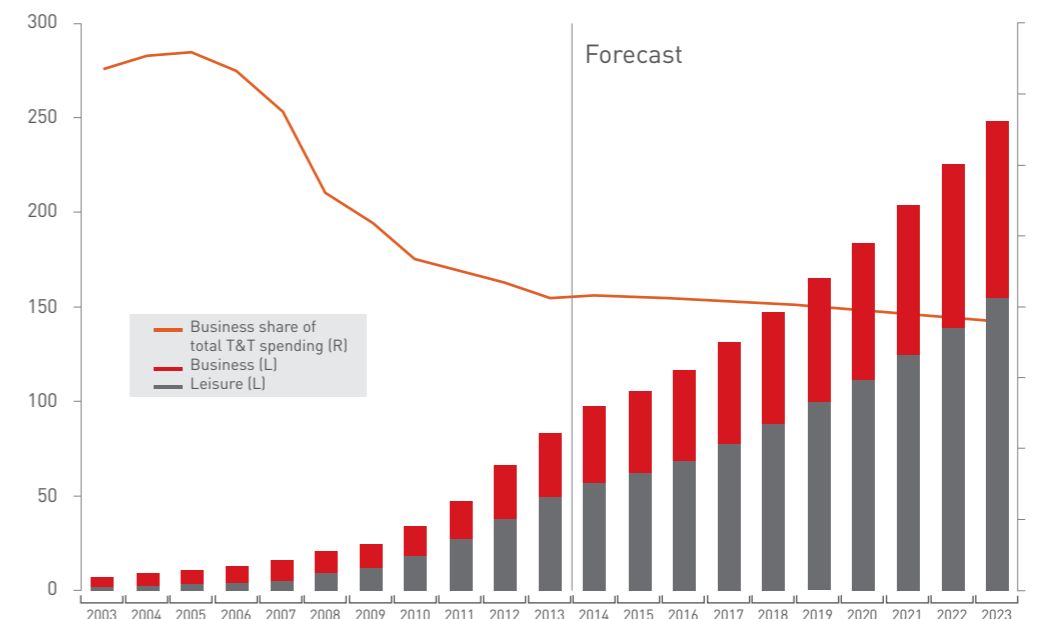
The number of low-income households with high propensity for booking short-haul trips and low-cost accommodations – those earning between \$20,000 to \$35,000 per annum – will more than double by 2023 to 92.6 million. The number of Chinese households earning between \$35,000 and \$70,000 – the income bracket where demand gravitates toward long-haul trips and higher-cost accommodations – will nearly triple to 63 million. Most promising is the expected quadrupling in the number of Chinese households making \$70,000 to \$150,000 by 2023 to 21.3 million. Travellers in the highest income bracket are most likely to opt for luxury accommodations and tend to spend more while on long-haul trips.

As Chinese tourism demand matures we expect preferences to shift toward more expensive, longer-haul experiences. Tourism demand by origin market tends to evolve from domestic to short-haul to long-haul travel as growth in the proportion of middle class households causes average incomes to rise. Rapid growth in the number of middle to upper class households in China will fuel the transition toward long-haul travel and raise the average value of Chinese travellers to destinations markets.

⁵ European Travel Commission and World Tourism Organization (2013), The Chinese Outbound Travel Market– 2012 Update, UNWTO, Madrid.

China travel and tourism spending by purpose of trip

Billion US\$



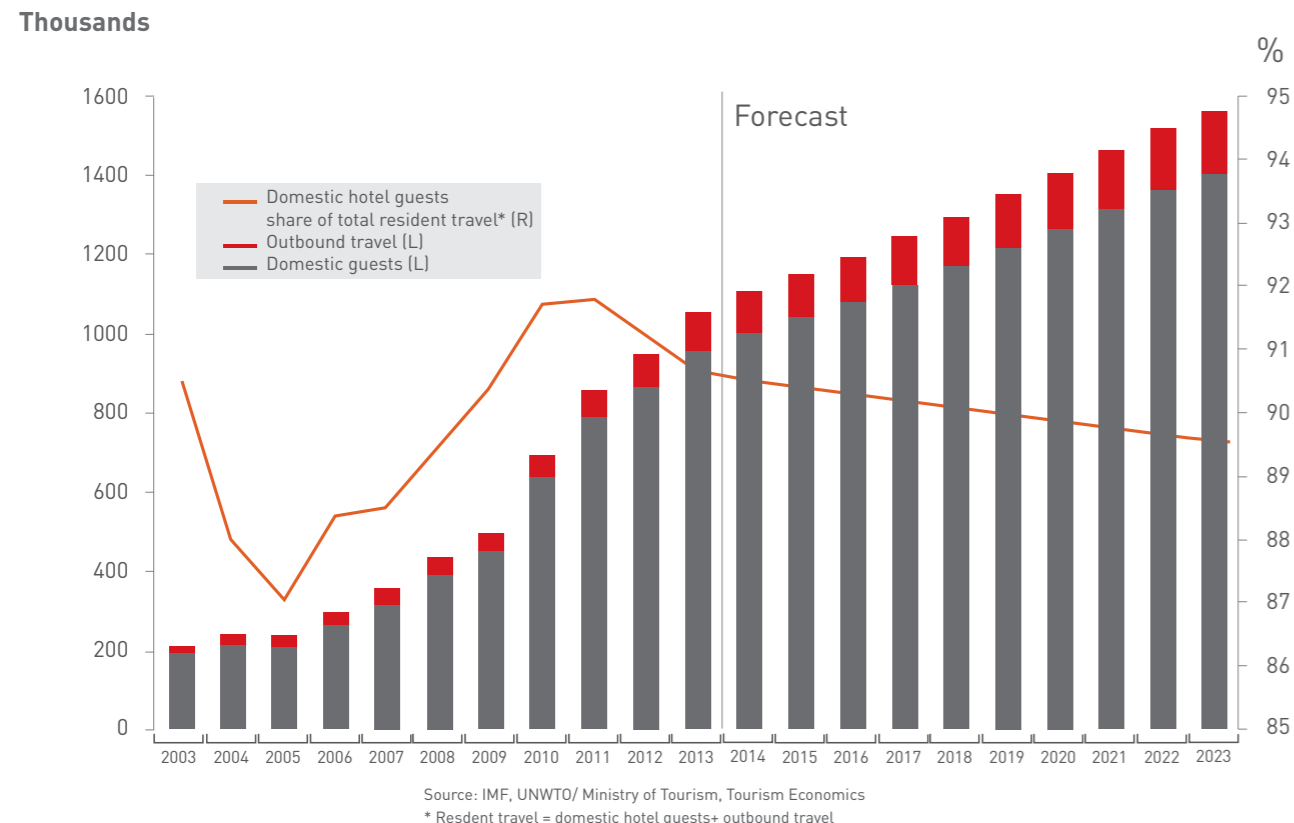
Source: IMF, UNWTO/ Ministry of Tourism, Tourism Economics

Top long-haul country arrivals, 2013-2023		
Rank	Market	Absolute growth ('000 arrivals)
1	United States	3,431
2	France	1,221
3	Germany	909
4	Russia	541
5	Switzerland	474
6	Austria	377
7	Italy	359
8	Belgium	343
9	Netherlands	322
10	United Kingdom	299

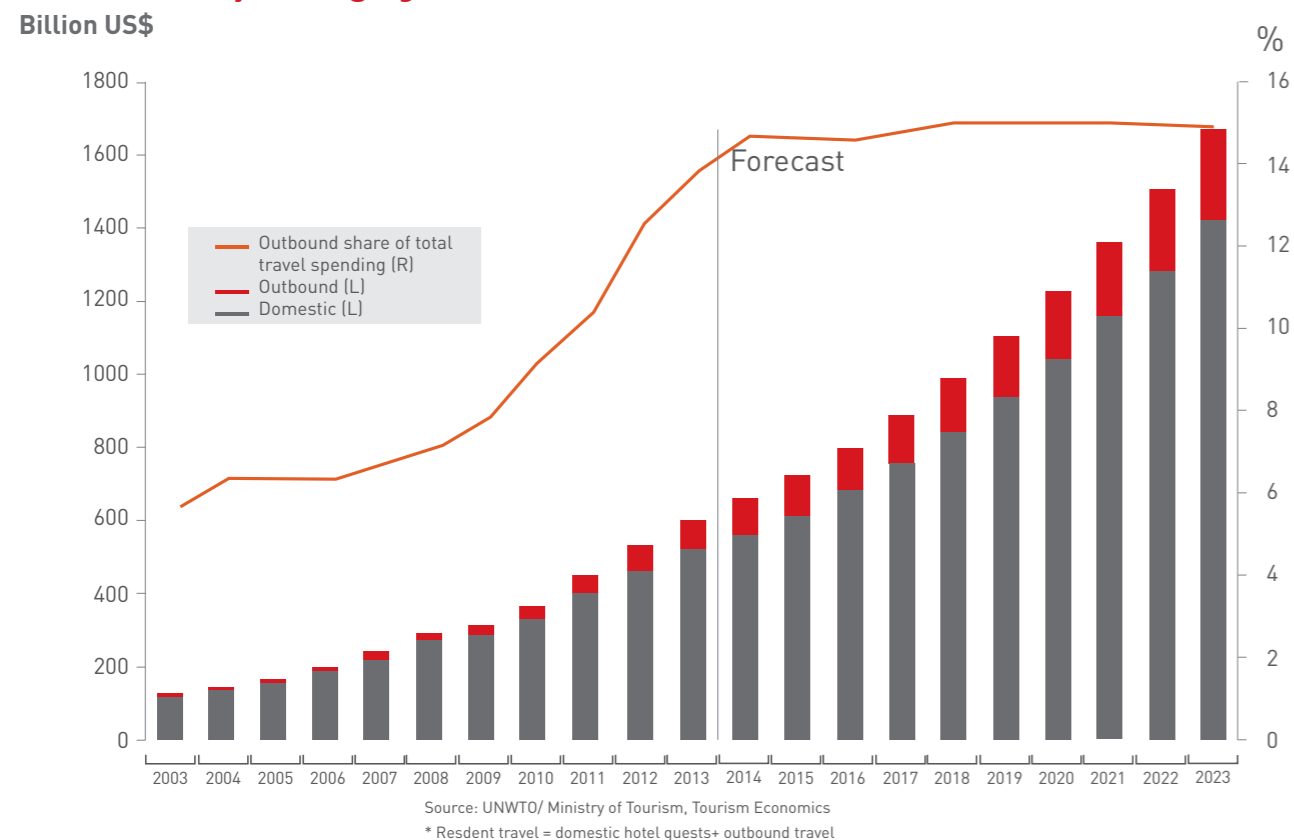
Leisure travel has begun to represent a greater share of total Chinese travel demand. Historically, outbound travel demand has been dominated by business travel; less than ten years ago business travel spending comprised over three-quarters of total Chinese international travel spending. Business travel now accounts for less than half of Chinese demand and could fall further as household income and leisure demand continue to mature. By 2023, leisure trips are expected to account for 62% of total Chinese outbound travel.

Long-haul leisure travel destinations are set to benefit the most from evolving demand. There is potential for even stronger growth in some destinations as further moves can be made to ease access or to attract Chinese tourists. The top long-haul destination countries for Chinese travellers – namely the United States, France, and Germany – will likely remain the most popular, but outbound volumes and spending from China to these and other long-haul destinations are set for considerable growth.

Chinese guests in foreign and domestic hotels



China travel spending by destination



1.3 Domestic vs outbound tourism demand

Chinese tourism has largely remained within domestic borders to date, although outbound travel has grown strongly. Today, over 90% of Chinese travellers stay at domestic hotels. Fewer than 15% of all trips made by Chinese citizens are outbound, albeit a higher proportion than in previous years.

Domestic tourism demand within China is five times larger than it was ten years ago. In the latest estimates by Tourism Economics, there were almost one billion visitor arrivals at accommodation establishments in 2013, generating 1.6 billion room nights. This is equivalent to around 1.2 room nights per capita, up from a ratio of 0.3 ten years ago. By comparison, US domestic room demand per capita is around 4.3 room nights.

Domestic tourism demand will continue to grow despite some loss of market share to international destinations.

Domestic Chinese travel demand is highly concentrated within cities. We calculate that in 2013 around two-thirds of Chinese domestic travel was concentrated within the largest 30 cities in China, in terms of population. This proportion has remained relatively stable over the last ten years.

20 percent of domestic travel is currently located in the Tier 1 Chinese cities of Shanghai, Beijing, Guangzhou and Shenzhen⁶. As business and administrative centres, these major cities are unsurprisingly significant destinations for both leisure and business tourism. They are also key gateways for foreign tourism. Increased length of stay for major cities has been especially evident in Tier 1 cities as tourism has evolved to include leisure visits.

The strongest domestic tourism growth over the past ten years has been within Tier 2 cities⁷, helped by large scale supply-side developments – including improvements to tourism facilities, hotels, and infrastructure.

Domestic demand for visitor accommodation within China hit 1.6bn room nights in 2013

⁶ Cities with 16 million households and \$1 trillion in total household income – according to Nielsen

⁷ Cities with 38 million households and \$2 trillion in total household income – according to Nielsen

2. Global destinations for Chinese travel

2.1 Cities are key destinations

Over 85% of Chinese international travel is to major city destinations, including travel to Hong Kong and Macao. Excluding these Greater China or SARs destinations, the proportion falls to around 70%, but it is clear that cities represent a large proportion of Chinese travel demand.⁸ By comparison, total international travel to major cities from all origin markets represents around 45.1% of all travel demand. Identifying where Chinese travellers go to within destination countries is essential to understanding this rapidly expanding origin market.

Chinese travel preference has been influenced in the past by a high proportion of business travel, skewing volumes towards cities as business centres. However, business travel currently accounts for less than half of all Chinese international travel demand. The proportion of total Chinese travel to cities remains high, indicating a preference for leisure travel to cities as well.

This fits with the key travel modes of Chinese tourists, who tend to travel as part of a package trip involving group tours with multiple destination stops. This type

of travel is well suited to overnight city visits allowing major sights to be seen in close proximity to the hotel.

Among the top destination countries, major cities alone receive almost half of each country's total Chinese visitors. For example, Bangkok accounts for over 40% of Chinese room demand in Thailand while Seoul generates just below 50% of room demand in Korea.

At the extremes, London accounts for over 60% of all Chinese stays in the UK, and Auckland receives a similar proportion of total Chinese travel to New Zealand, while Sao Paulo attracts over 70% of Chinese visitors to Brazil.⁹

The comparison of top global city destinations by arrival numbers provides some important insights about the behaviour of Chinese travellers. For instance, the fact that several Italian cities – namely Milan, Florence, and Venice – appear on the top for arrivals while other popular European cities – such as London and Paris – are absent does not necessarily mean that these destinations are more popular among Chinese tourists.¹⁰

Over 85% of Chinese international travel is to major city destinations

⁸ Arrivals at all cities within a country can exceed the country total due to visits to multiple cities within the same trip.

⁹ Arrivals are measured within this study as travel involving at least one overnight in a hotel establishment or other paid accommodation. Visits to friends and relatives are not included in these trends.

¹⁰ The country-level arrivals data for Italy represent the sum of all arrivals at hotels at the city level – rather than arrivals at borders, as is the case with most European countries. Since Chinese visitors tend to stay in more than five Italian cities per country visit, their length of stay in a given Italian city is far lower than that in London or Paris – where visitors spend the bulk of their nights per country visit.



In terms of number of nights spent by tourists, the mix of top global city destinations is more diverse. Sydney and Melbourne are added to the list, highlighting the tendency for Chinese visitors in Australia to stay longer than in most other Asia Pacific locations, given the lower number of Chinese arrivals to these cities. Similarly, Dubai is among the top destinations in nights, despite the average number of Chinese arrivals to Middle Eastern cities falling behind that of destinations in the other regions.

This raises an important distinction between the volume and value of Chinese outbound travel. While some cities receive a greater number of Chinese visits (volume), others experience a greater number of room nights spent by Chinese visitors (value). Average length of stay represents the ratio of room nights spent per visit, providing a more meaningful comparison of the relative value of Chinese tourists across global cities.

Discounting the Canadian provinces, which incorporate several city destinations, Fukuoka in Japan boasts the greatest length of stay by Chinese visitors at 12.6 nights per trip in 2013. By this measure, Medina and Mecca in Saudi Arabia are among the top city destinations for Chinese tourists, highlighting the significance of China's expanding Islamic population. London – the top Chinese destination in the UK and a major transportation hub – is one of the top long-haul cities in terms of average stay at seven nights per trip. Melbourne and Sydney post the next longest average stays at close to 6.5 nights. Other top long-haul city destinations ranking high in average stay by Chinese tourists include Istanbul (3.7 nights), several US cities (3.3 nights) – including New York City, Los Angeles, San Francisco, and Washington, DC.

London – is one of the top long-haul cities in terms of average stay at seven nights per trip

Top global city arrivals, 2013		
Rank	Market	Value ('000 arrivals)
1	Seoul	2,009
2	Bangkok	1,758
3	Pattaya	1,339
4	Taoyuan	734
5	Kuala Lumpur	579
6	Taipei	566
7	Phuket	544
8	Tokyo	528
9	Busan	472
10	New York City	395
11	Los Angeles	392
12	Jeju City	379
13	Bali (Jimaran, Tuban)	348
14	Milan	325
15	Firenze	283

Top global city arrivals, 2013		
Rank	Market	Value ('000 arrivals)
1	Bangkok	10,251
2	Pattaya	7,810
3	Taipei	6,385
4	Taoyuan	6,222
5	Phuket	3,173
6	Tokyo	2,145
7	Seoul	
9	Chiang Mai	1,464
10	New York City	1,307
11	Los Angeles	1,303
12	Sydney	1,240
13	Melbourne	998
14	Ayutthaya	976
15	Dubai	895

Average length of stay, 2013		
Rank	Market	Value (nights per trip)
1	British Columbia	17.3
2	Ontario, Alberta	15.6
3	Fukuoka	12.6
4	Quebec	11.2
5	Medina	7.7
6	London	7.0
7	Melbourne	6.5
8	Sydney	6.4
9	Sharjah	6.3
10	Sao Paolo	6.1
11	Bangkok, Pattaya, Phuket, Chiang Mai, Ayuttha	5.8
12	Mecca	5.7
13	Osaka	5.0
14	Jeddah	5.0
15	Riyadh	4.5
16	Tokyo	4.1
17	Istanbul	3.7
18	New York City, Boston, Los Angeles, Las Vegas, San Francisco, Chicago, Washington DC, Philadelphia, New Jersey, Seattle	3.3
19	Dubai	3.3
20	Hanoi	2.9

Top city arrivals, Asia-Pacific, 2013		
Rank	Market	Value ('000 arrivals)
1	Seoul	2,009
2	Bangkok	1,758
3	Pattaya	1,339
4	Kuala Lumpur	579
5	Phuket	544
6	Tokyo	528
7	Busan	472
8	Jeju City	379
9	Bali (Jimaran, Tuban)	348
10	Chiang Mai	251
11	Banten	230
12	Incheon	217
13	Siem Reap	213
14	Pahang	196
15	Sydney	195

Top city nights, Asia-Pacific, 2013		
Rank	Market	Value ('000 nights)
1	Bangkok	5,374
2	Pattaya	4,094
3	Phuket	1,663
4	Tokyo	1,177
5	Seoul	1,062
6	Kuala Lumpur	841
7	Chiang Mai	768
8	Sydney	663
9	Melbourne	534
10	Ayutthaya	512
11	Osaka	447
12	Fukuoka	383
13	Siem Reap	310
14	Hanoi	289
15	Pahang	285

Average stay, Asia-Pacific, 2013		
Rank	Market	Value (nights)
1	Fukuoka	12.6
2	Melbourne	6.5
3	Sydney	6.4
4	Pattaya	5.8
5	Ayutthaya	5.8
6	Phuket	5.8
7	Bangkok	5.8
8	Chiang Mai	5.8
9	Osaka	5.0
10	Tokyo	4.1
11	Hanoi	2.9
12	Siem Reap	2.7
13	Kuala Lumpur	2.6
14	Pahang	2.6
15	Seoul	1.0

2.2 City destinations by region

Asia-Pacific

In terms of arrivals, the top seven city destinations for Chinese travellers are all in the Asia-Pacific region, even excluding Hong Kong and Macao. These cities comprise around one-third of total Chinese outbound travel.

Seoul is the most visited global city destination by Chinese travellers outside of the SARs, but it only enjoys the fifth largest number of overnight stays, with very low reported average length of stay by Chinese visitors across Korea.

Seoul essentially acts as a hub to other destinations - it is a very popular city for connecting flights to, from and within the Asia-Pacific region. The fact that average length of stay is just one night is partially due to Seoul Incheon International Airport offering travellers with long-enough layovers between flights a complimentary overnight stay and city tour. Chinese tour groups can incorporate this into their itineraries on trips to other destinations within the region or indeed beyond.

Destinations within Thailand are the next most-visited global cities by Chinese travellers and enjoy a high average length of stay. The top three global destinations measured in terms of hotel rooms sold to Chinese tourists are within Thailand. Bangkok is a key gateway to the country and also to the region as a whole, with short-haul leisure travel representing the bulk of international trips by Chinese travellers.

Kuala Lumpur also receives a large number of visitors as the fourth most visited city, similarly acting as a destination and business centre as well as a gateway to the rest of the country. Travel to Malaysia – specifically to Kuala Lumpur – involves a higher proportion of Chinese business travel than travel to Thai destinations.

Tokyo is the top city destination within Japan, accounting for nearly half of Chinese travel to the country. Tokyo is also the sixth most visited destination worldwide and is favoured with a high length of stay by Chinese visitors. In terms of room nights, the city overtakes Kuala Lumpur, despite receiving fewer Chinese travellers.

Travel to Indonesian cities is less favoured by the Chinese than other regional centres, with a majority of travel to that country involving leisure trips to Bali. Nevertheless a relatively large proportion of travel to Indonesia involves business travel with low average length of stay.

Australian destinations see high length of stay and a relatively low share of business travellers. Melbourne and Sydney have become the primary long-haul city destinations in the region as Chinese leisure travel has grown.

Europe

Seemingly, the top three most visited cities in Europe by Chinese travellers are all within Italy, with Rome in 5th place. However, the counting of international arrivals at Italian hotels rather than borders – as with other European countries – skews the ranking for the region. Italian cities are popular city destinations for the Chinese but show relatively low average trip lengths compared to other European cities, as visits tend to incorporate multiple city destinations. Further, Chinese travel is dispersed across a number of centres within the country rather than a single stand-out destination. Each of the top three cities receives between 15% and 17% of Chinese travel to Italy as a whole.

By contrast, France is the second most visited European country by Chinese travellers, but only Paris ranks in the top 10 European cities. In fact, the second most visited European city by global travellers is Lyon, ranked as only the 38th largest city within Europe for Chinese travel, as much of Chinese tourism in France is concentrated around the Paris region.

Travel to France from China is an unusual case, as visits and overnight stays are concentrated outside of major city areas. Overnight visits are heavily concentrated in the Ile de France region, which includes Paris, but are most frequent in the departments adjoining the city rather than in Paris itself. In 2013 there were two million Chinese arrivals in France of which 1.2 million stayed in paid accommodation. Of these, around 900,000 stayed within the wider Ile de France region, but fewer than 250,000 stayed within Paris itself. That is, Paris only accounts for around a quarter of all Chinese overnight stays to the wider region. For other international origin markets, 60% of overnight travel to the Ile de France region is centred in Paris itself.

Travel to the UK provides a clear contrast with a heavy concentration of Chinese visitors (over 60%) staying within London. The UK capital appears to be used as a base from which to explore the rest of the country, with a large number of nights spent in the city. This concentration positions London as the 16th most visited European city by Chinese travellers in 2013, while the UK is only the 11th most visited country in the region.

Comparisons of Chinese travel to Paris and London clearly show the distinction between traveller volume and value. Paris receives three times more hotel guests from China than London, yet it is estimated that London sells more hotel room nights to Chinese tourists than Paris.

In fact, London is estimated to be the largest European market for Chinese room nights. This is due to a combination of a much longer average length of stay and also fewer people per room. Ironically, it appears that a factor holding London and UK visitor volumes back is actually increasing the value of each visit. Sitting outside the Schengen visa zone, it is more difficult for Chinese travellers to visit the UK as part of a multi-destination trip to Europe so when they do visit, they tend to stay longer than in other European destinations. This could change as UK visa policies affecting Chinese travellers become more facilitative. UK travel also retains a higher concentration of business travel, partially explaining the lower guest-per-room ratio.

The nature of travel demand to London is also an explanatory factor as many visitors prefer to be based within the city to take day trips to other destinations within the UK. This is unlikely to change significantly while Chinese travellers continue to favour organised tours, as other UK cities cannot easily serve as stops on the way to other country destinations. This differs to other smaller cities in Europe.

London is estimated to be the largest European market for Chinese room nights

Top city arrivals, Europe, 2013		
Rank	Market	Value ('000 arrivals)
1	Milan	325
2	Florence	283
3	Venice	283
4	Paris	226
5	Lucern/Lake Lucern	219
6	Rome	190
7	Bernese Oberland	164
8	Tyrol	145
9	Frankfurt	143
10	Zürich Region	137
11	Vienna	115
12	Munich	100
13	Treviso	95
14	Berlin	84
15	Padova	82

Top city nights, Europe 2013		
Rank	Market	Value ('000 nights)
1	Milan	560
2	Florence	410
3	Venice	365
4	London	343
5	Paris	328
6	Rome	307
7	Frankfurt	222
8	Munich	207
9	Berlin	187
10	Lucern/Lake Lucern	148
11	Bernese Oberland	117
12	Vienna	116
13	Zürich Region	112
14	Istanbul	99
15	Tyrol	91

Average stay, Europe 2013		
Rank	Market	Value (nights)
1	London	4.6
2	Berlin	2.2
3	Munich	2.1
4	Istanbul	2.0
5	Milan	1.7
6	Rome	1.6
7	Frankfurt	1.6
8	Paris	1.5
9	Florence	1.4
10	Venice	1.3
11	Vienna	1.0

Top city arrivals, Americas, 2013		
Rank	Market	Value ('000 arrivals)
1	New York City	395
2	Los Angeles	392
3	San Francisco	253
4	Washington, DC	202
5	Las Vegas	195
6	Chicago	121
7	Boston	117
8	Philadelphia	47
9	New Jersey	47
10	Seattle	46
11	San Diego	41
12	Buffalo	40
13	British Columbia	37
14	Orlando	37
15	Atlanta	35

Top city nights, Americas, 2013		
Rank	Market	Value ('000 nights)
1	New York City	817
2	Los Angeles	814
3	San Francisco	525
4	British Columbia	456
5	Washington, DC	418
6	Las Vegas	404
7	Ontario	374
8	Chicago	251
9	Sao Paulo	246
10	Boston	243
11	Quebec	179
12	Alberta	110
13	Philadelphia	98
14	New Jersey	98
15	Seattle	97

Average length of stay, 2013		
Rank	Market	Value (nights)
1	British Columbia	17.3
2	Alberta	15.6
3	Ontario	15.6
4	Quebec	11.2
5	Sao Paulo	6.1
6	New York City	3.3
7	Los Angeles	3.3
8	San Francisco	3.3
9	Washington, DC	3.3
10	Las Vegas	3.3
11	Chicago	3.3
12	Boston	3.3
13	Philadelphia	3.3
14	New Jersey	3.3
15	Seattle	3.3

Americas

Travel to the US from China dwarves other destinations within the American continent – the top 12 city destinations for travel in terms of arrival numbers within the region are in the US. Yet, the average length of stay by Chinese hotel guests in US cities is notably shorter than the average stay for the country as a whole. This is largely due to the extensive US air travel network and universal visa access throughout the country, which increase the ease of inter-city travel. This makes it more appealing for Chinese travellers to visit multiple cities while in the US, especially as part of a tour group package. On average, Chinese travel to the US tends to involve visits to two or more cities per trip.

The US also has a more diverse city offering than many other countries and lacks a single dominant city in terms of arrivals. Three cities stand out as receiving a notably larger than average proportion of Chinese travel however: New York City, Los Angeles and San Francisco. Together these cities account for around half of the nights spent by Chinese travellers in the US. All three cities are ranked among the top 15 global markets in terms of Chinese arrivals and room nights and are expected to remain the most visited within the wider region over the next ten years.

Some cities in Canada, and to a lesser extent, Brazil, see a relatively higher benefit measured in terms of overnight stays and rooms sold. These cities all enjoy a higher average length of stay than US cities. Sao Paulo – the largest city in the Americas – is favoured by a relatively high length of stay, given the presence of the most heavily-used airport in Latin America with regional service to key destinations in Brazil and much of South America. Similarly, Chinese travel to Canada tends to revolve around urban centres (e.g. Vancouver in British Columbia and Toronto in Ontario) with day trips throughout the rest of the province.

Outside of Brazil, travel from China to Latin America is relatively low compared to the rest of the region, with business taking up a greater proportion of trips than leisure. Mexico is the next largest country destination for Chinese travellers, though Mexico City – the country's top city destination – received fewer than 10,000 Chinese visitors in 2013.

Middle East

Middle East city destinations receive far fewer Chinese travellers on average relative to locations in other regions of the world. The tendency for longer-than-average lengths of stay raises the value of Chinese visitors to the region however.

A rising Muslim population in China has contributed to an increase in family and religious related trips to the region. According to Pew Research¹¹, the Muslim population in China comprised 1.8% of the nation's total population in 2010, a 38.4% increase from two decades prior. The rapid expansion of China's Muslim population has resulted in inflated demand for travel from China to centres of the Islamic faith.

Medina and Mecca have largely benefited from this trend. The travel, retail and entertainment centres of Dubai and Abu Dhabi have led the region, attracting an increasing number of Chinese tourists on leisure trips and cruises.

Chinese visitors to the Middle East tend to stay longer than in the average long-haul destination for two main reasons. First, religious visits tend to last longer than other leisure trips. For instance, a trip to the Islamic centres of the Middle East might incorporate sight-seeing and participation in religious observations or events which can last for several days, as opposed to sporting or entertainment events which might take place on a single day. Second, cruises in the Middle East – popular among Chinese leisure visitors – often involve one major coastal city as a base for overnight lodging and departures for day excursions to other destinations in the region.

A rising Muslim population in China has contributed to an increase in family and religious related trips to the region

Top city arrivals, Middle East, 2013		
Rank	Market	Value ('000 arrivals)
1	Dubai	276
2	Abu Dhabi	44
3	Doha	15
4	Riyadh	7
5	Mecca	4
6	Jeddah	2
7	Medina	1
8	Sharjah	0.04

Top city nights, Middle East, 2013		
Rank	Market	Value ('000 nights)
1	Dubai	895
2	Abu Dhabi	83
3	Riyadh	32
4	Doha	27
5	Mecca	23
6	Medina	11
7	Jeddah	8
8	Sharjah	0.27

Average stay, Middle East, 2013		
Rank	Market	Value (nights)
1	Medina	7.7
2	Sharjah	6.3
3	Mecca	5.7
4	Jeddah	5.0
5	Riyadh	4.5
6	Dubai	3.2
7	Abu Dhabi	1.9
8	Doha	1.8

¹¹ Pew Research Center's Forum on Religion & Public Life (2011), The Future of the Global Muslim Population (Online), available at: <http://www.pewforum.org/2011/01/27/future-of-the-global-muslim-population-regional-asia/#ftn1>

Top city arrivals, Asia-Pacific, 2013-2023		
Rank	Market	Absolute growth ('000 arrivals)
1	Tokyo	701
2	Bangkok	691
3	Pattaya	527
4	Kuala Lumpur	410
5	Seoul	399
6	Bali (Jimbaran, Tuban)	335
7	Banten	221
8	Osaka	218
9	Phuket	214
10	Sydney	191
11	Melbourne	166
12	Pahang	146
13	Penang	140
14	Chiang Mai	99
15	Hokkaido	96

Top city nights, Asia-Pacific, 2013-2023		
Rank	Market	Absolute growth ('000 nights)
1	Bangkok	2,112
2	Pattaya	1,609
3	Tokyo	1,531
4	Sydney	683
5	Phuket	654
6	Osaka	582
7	Kuala Lumpur	579
8	Melbourne	516
9	Fukuoka	498
10	Chiang Mai	302
11	Aichi (Nagoya)	275
12	Seoul	208
13	Pahang	207
14	Ayutthaya	201
15	Penang	197

2.3 Growth opportunities for global cities

Given observed travel preferences of Chinese tourists, growth to key city destinations will come at a premium over growth to countryside, beach, mountain, and other non-urban destinations. The incremental growth in number of visitors or room nights sold is a more instructive measure than percentage growth. A small percentage growth from a large base still implies a large increase in relative volumes and value. Some very small city destinations will top the rankings of growth in percentage terms, though their market shares will remain very small relative to the current top city destinations.

Asia-Pacific

The larger destination cities in Asia will receive a greater share of new Chinese visitors, relative to smaller cities. Yet, percentage growth rates appear to be low for these markets. In terms of volume, Tokyo and Bangkok will be the largest recipients of new Chinese visitors in the region over the next eight years – each are expected to receive close to an additional 700,000 arrivals from China by 2023. Other Asia-Pacific

destinations which currently receive a smaller share of Chinese outbound arrivals will also experience considerable gains. Osaka in Japan and Banten, Indonesia, will each see close to 220,000 additional Chinese visitors by 2023, and the number of new Chinese visitors to Sydney will approach 200,000 over the same period.

Growth in Chinese room nights will be strongest in the Asian cities of Bangkok and Pattaya in Thailand, cementing their status as the largest world markets for Chinese room demand. Tokyo will also experience robust growth in Chinese room nights, pushing the Japanese capital into third place in the Asia-Pacific region by 2023. Close proximity will continue to benefit these already-popular Asia-Pacific destination markets. Sydney and Melbourne will also post robust growth in room nights – more than doubling their 2013 values – maintaining their status as the top long-haul markets within the region.

Top city arrivals, Americas, 2013-2023		
Rank	Market	Absolute growth ('000 arrivals)
1	New York City	772
2	Los Angeles	752
3	San Francisco	471
4	Washington, DC	382
5	Las Vegas	364
6	Boston	244
7	Chicago	210
8	Seattle	96
9	New Jersey	92
10	Philadelphia	87
11	Buffalo	83
12	Sao Paulo	75
13	San Diego	75
14	Orlando	71
15	Atlanta	68

Top city nights, Americas, 2013-2023		
Rank	Market	Absolute growth ('000 nights)
1	New York City	1,600
2	Los Angeles	1,566
3	San Francisco	981
4	Washington, DC	798
5	Miami	791
6	Yellowstone (NP)	756
7	Boston	508
8	Chicago	437
9	Sao Paulo	281
10	British Columbia	250
11	Ontario	205
12	Seattle	200
13	New Jersey	191
14	Philadelphia	180
15	Buffalo	171

Americas

Some of the largest growth opportunities are evident for US cities, with the major gateway cities of New York City and Los Angeles expected to benefit most from their popularity among Chinese travellers. Both cities will see nearly triple the number of Chinese visitors over the next eight years. San Francisco, Washington DC, and Las Vegas will also see robust growth, given their diverse historical attractions and entertainment offerings. Outside of the US, Sao Paulo will receive more than double the 2013 number of Chinese tourist arrivals by 2023 as travel to Brazil becomes increasingly popular.

While New York City will see the greatest incremental increase in Chinese room demand in the Americas, several smaller US cities are set for significant gains as well. Miami will experience considerable room demand growth by 2023, as affluent Chinese tourists are attracted to its high-end shopping and entertainment offerings. However, relatively low average trip length will prevent Miami from becoming a top city destination within the Americas. Yellowstone National Park will also benefit from a rising number of Chinese room nights, given its popularity among group tours to the American West.

Rio will see the greatest increase in Chinese room nights in the region outside of the US, as 250,000 new arrivals are expected by 2023 – nearly five times the 2013 value. Brazil's hosting of the 2016 Summer Olympics in Rio could further boost the number of arrivals as Chinese spectators are introduced to the cultural offerings and tourism attractions of the city and surrounding area. Several Canadian destinations will see greater Chinese room demand as well with Alberta and Quebec each expected to receive close to 200,000 additional Chinese room nights by 2023.

Europe

Large opportunities exist for long-haul European markets as well. London will receive the eighth largest absolute increase in Chinese visitors by 2023, though its percentage growth will be weaker than other top European cities. Still, London will account for almost half of Chinese national room demand, and an even higher proportion of visits. Visa improvements could also boost growth above expectation.

The top four markets in terms of expected growth in Chinese visitors by 2023 are all located in Italy. However, the counting of arrivals at Italian hotels overstates the absolute gains in these cities. In relative terms, London will see larger gains, receiving close to double the 2013 number of Chinese arrivals by 2023, while Milan and Florence will see about the same number of new Chinese arrivals over the next eight years as their respective 2013 totals.

London will lead the top European cities in room demand growth from China over the next eight years, given the longer average trip length associated with the city's status as a travel hub for Chinese visitors to the UK. The city operates as a base for night life and hotel accommodation for tourists who spend their days exploring other destinations within the UK.

In terms of room nights, key Italian city destinations will receive the next strongest growth by 2023. The tendency of Chinese travellers to stay in multiple cities while visiting Italy will keep their average trip length under two nights however. In contrast, Paris will receive 280,000 additional Chinese room nights by 2023 – just over half of the expected average across Milan, Rome, Venice, and Florence – while maintaining an average trip length of 2.5 nights or more. Similarly, Istanbul will receive around 205,000 additional Chinese room nights while enjoying an average trip length of around 3.6 nights.

Top city arrivals, Europe, 2013-2023		
Rank	Market	Absolute growth ('000 arrivals)
1	Venice	358
2	Milan	350
3	Rome	346
4	Florence	339
5	Paris	210
6	Lucern/Lake Lucern	188
7	Frankfurt	143
8	London	130
9	Vienna	119
10	Istanbul	108
11	Tyrol	107
12	Munich	104
13	Zürich Region	99
14	Treviso	90
15	Padova	84

Top city nights, Europe, 2013-2023		
Rank	Market	Absolute growth ('000 nights)
1	London	624
2	Milan	613
3	Rome	546
4	Venice	473
5	Florence	466
6	Paris	280
7	Istanbul	205
8	Munich	200
9	Frankfurt	199
10	Berlin	169
11	Lucern/Lake Lucern	119
12	Vienna	115
13	Zürich Region	77
14	Tyrol	67
15	Koln	66

Middle East

Opportunities for additional growth in Chinese travel to the Middle East are present for both leisure and business purposes.

China's Muslim population is expected to reach 2.1% of its total population by 2030, representing a 28% increase over 2010 levels¹². This increase will drive demand for travel to the primary Islamic city centres in the region.

Over the next decade, growth in arrivals to and nights spent in Dubai and Abu Dhabi is expected to top that of other major city destinations throughout the world, such as London and Paris in Europe and Sydney in the Asia Pacific region. Similarly, travel from China to Mecca and Medina is forecast to rise by 50% by 2023.

Travel from China to Mecca and Medina will rise by 50% by 2023

Top city arrivals, Middle East, 2013-2023		
Rank	Market	Absolute growth ('000 arrivals)
1	Dubai	270
2	Abu Dhabi	133
3	Doha	41
4	Riyadh	4
5	Mecca	2
6	Jeddah	1
7	Medina	1
8	Sharjah	0.06

Top city nights, Middle East, 2013-2023		
Rank	Market	Absolute growth ('000 nights)
1	Dubai	875
2	Abu Dhabi	236
3	Doha	73
4	Riyadh	17
5	Mecca	9
6	Medina	6
7	Jeddah	5
8	Sharjah	0.34

¹² Pew Research Center's Forum on Religion & Public Life (2011), The Future of the Global Muslim Population (Online), available at: <http://www.pewforum.org/2011/01/27/future-of-the-global-muslim-population-regional-asia/#ftn1>

3. Chinese Traveller Spending

3.1 Chinese traveller yield

While assuming the role of the largest outbound travel market in the world in terms of volume, China has also caught up with other major origin markets in terms of per-trip spending. Avoiding much of the drag from the global recession experienced in other outbound markets, China exhibited rapid growth in both outbound visits and spending over the past few years.

Between 2007 and 2013, Chinese per-trip spending growth averaged 15% – compared to 7.5% over the previous ten years. In 2013, travellers from China spent just over \$1,400 per visit on average falling just behind those from the UAE, Iran, Saudi Arabia, Brazil, Norway, and Australia – the top origin markets for per-trip spending.

Between 2007 and 2013, Chinese per-trip spending growth averaged 15%



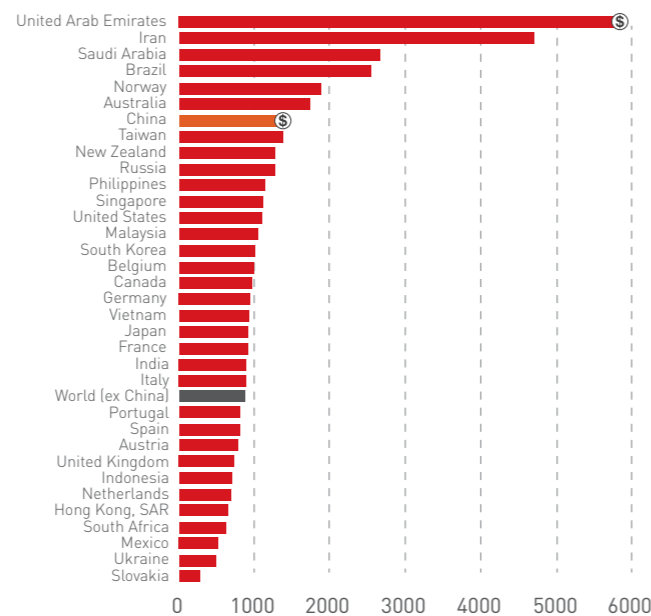
Though per-trip spending by Chinese travellers is relatively high, low average income and preference for short-haul travel contribute to Chinese travellers' tendency to spend less on a given trip than the top outbound markets. While earnings in China have grown rapidly, average disposable income per household remains relatively low, limiting the capacity of the average Chinese visitor to spend while abroad.

Frequent, short trips to the SARs, as well as other short-haul destinations in Asia Pacific, keep the average length of stay for Chinese travellers relatively low. Chinese visitors spent, on average, 1.1 nights per trip in Macao and fewer than two nights per trip in Hong Kong last year. In 2013, the average trip length of Chinese travellers to all country destinations was just 3.3 nights (4.5 nights excluding SARs), while the world average (excluding China) was 5.4 nights. By keeping trip length relatively low, Chinese travellers can afford to spend more per night.

As a result, whereas China ranks seventh highest in terms of per-trip spending among major long-haul origin markets, it ranks fourth highest in per-night spending. Chinese travellers spent, on

Outbound travel spending per trip by origin

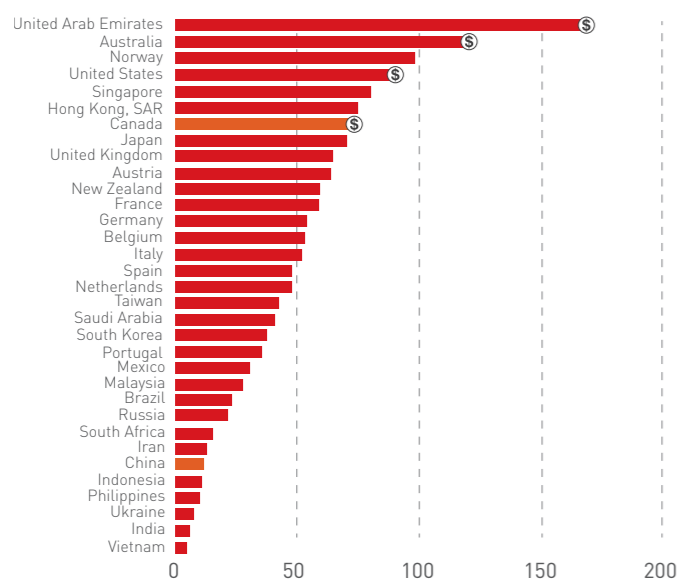
US\$, 2013



Source: UNWTO, Tourism Economics

Average household personal disposable income

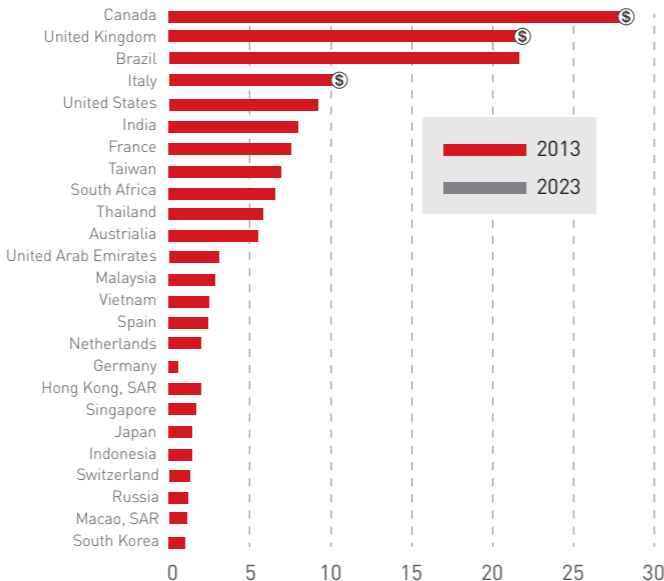
Thousand of US\$, 2013



Source: National Statistical Offices, Tourism Economics

Average Chinese length of stay by destination

of nights per visit, 2013



Source: UNWTO, Tourism Economics

average, \$430 per night in 2013, with considerably more spent per night while visiting short-haul than long-haul destinations.

3.1.1 Chinese market profile

Identifying the preferences and characteristics of Chinese travellers is crucial in understanding their travel spending decisions.

The preference of Chinese leisure travellers for packaged group trips is a key characteristic which shapes their travel and spending behaviour while abroad. Package trips are especially appealing to new travellers, as they provide the comfort of a guide who speaks a familiar language and the company of fellow tourists. Further, package trips tend to include reduced air fares, accommodation rates, and fees for entertainment offerings and attractions, offering a more economical alternative to individual travel. While the lower costs of organised group trips may provide a smaller benefit per traveller to destination markets, they have been a primary driver of new leisure tourism among China's expanding middle-class.

As the Chinese travel market evolves, the popularity of group leisure travel is unlikely to diminish, as a large proportion of the increase in Chinese outbound arrivals will be made by first-time travellers. However, Chinese travellers making their second international trip and those in higher income brackets are more likely to opt for individual travel, which carries higher per-trip costs. Packaged group travel should therefore be thought of by destination markets as a gateway to greater future individual Chinese leisure travel.

The distribution of travel and tourism spending abroad is a key determinant of the value of the Chinese traveller to a destination market. The shares of per-trip spending by Chinese visitors attributable to airfare, accommodation, local travel, dining, entertainment and shopping tend to differ based on the purpose of the visit. For instance, holidays or leisure trips for purposes of sightseeing, entertainment, and shopping tend to include costs for hotel accommodation and local travel via paid rental services and public transportation while visits to family and relatives (VFR) may include nights spent at private residences and the use of private vehicles.

As previously suggested, the increasing popularity and frequency of non-business travel is a key driver of greater Chinese tourism spending. A 2013 joint study¹³ by the ETC and World Tourism Organization (UNWTO) showed that business travel – albeit shorter in average trip length – tends to bear higher per-trip spending, on average, as they “are paid for by organisations and require a higher level of customisation”. However, the sheer increase in non-business travel volumes from China and associated growth in leisure travel spending are filling the gap left by a declining business travel share of outbound trips.

A relatively high propensity for consumption and accommodation spending while abroad raises the value of Chinese travellers above those from other leading global source markets. According to sales data by Ctrip – a travel services provider which aggregates data on travel, accommodations and tourism spending – “shopping accounts for a much higher share of total spending abroad by Chinese travellers compared to any other market. 30% of the total trip price, excluding air fares: the same percentage as for accommodation.”

Outbound travel from China by purpose of trip ^a						
Purpose of Trip	2000		2005		2010	
	(000 trips)	(% of total)	(000 trips)	(% of total)	(000 trips)	(% of total)
Public	4,843	46.2	5,886	19.0	5,693	9.9
Private	5,631	53.8	25,140	81.0	51,697	90.1
Total	10,473	100.0	31,026	100.0	57,390	100.0

a) Passports for 'public' or official and/or business travel are issued to a wide range of categories, but mostly non-holiday travellers. 'Private' passports are issued to VFR and some leisure travellers. In effect, business travellers could travel abroad on either type of passport, although they are more likely to have 'public' passports.

Source: ChinaNews [China Tourism Research Institute] (2011), European Travel Commission

¹³ European Travel Commission and World Tourism Organization (2013), The Chinese Outbound Travel Market – 2012 Update, UNWTO, Madrid.

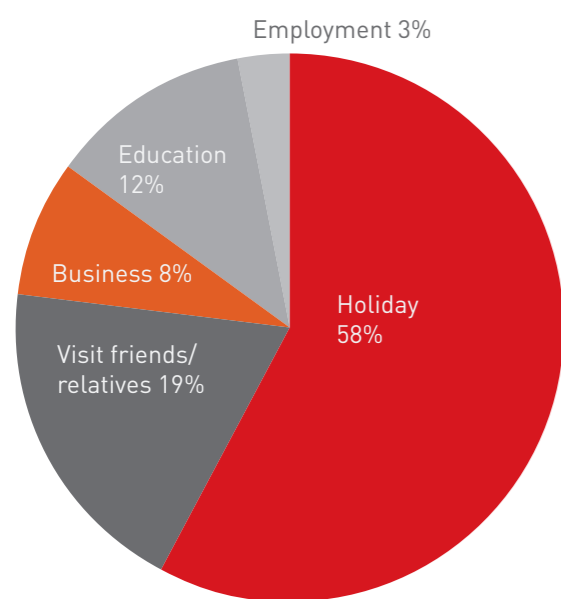
This compares to 21.8% of total non-resident tourism consumption on accommodation in the US while 21.4% went toward personal consumption expenditures.¹⁴ In 2011, inbound tourists in the UK spent 22.7% of their total tourism expenditures on accommodation, and 40.6% on consumption products (not including travel or entertainment services).¹⁵ Between 2012 and 2013, 14.2% of total tourism consumption by international visitors to Australia went toward accommodation services, while 12% went toward shopping, gifts, and souvenirs.¹⁶

Australia was China's ninth largest outbound travel spending market in 2013. Tourism Australia's China Market Profile 2014 report¹⁷ characterises Chinese travellers as being highly motivated to travel for holiday over business purposes. In 2013, the number of Chinese visits to Australia for holiday purposes was nearly eight times higher than the number of business trips. Trips for the purpose of visiting friends or relatives were a distant second. Between 2009 and 2013, Chinese travellers spent, on average, over \$4,000 per-trip for holiday and leisure purposes, close to \$3,800 per-trip for VFR, and over \$5,200 per-trip for business purposes. However, holiday visits tended to last for a shorter period at 9.3 nights, relative to 59.6

nights for VFR, 22.9 nights for all leisure purposes, and 18.9 nights for business. Average per-night spending by Chinese travellers to Australia is highest for holiday trips (\$449), relative to VFR (\$64), leisure (\$178), and business (\$276) trips. Thus, the most popular purpose of travel for Chinese visitors to Australia also holds the highest value.

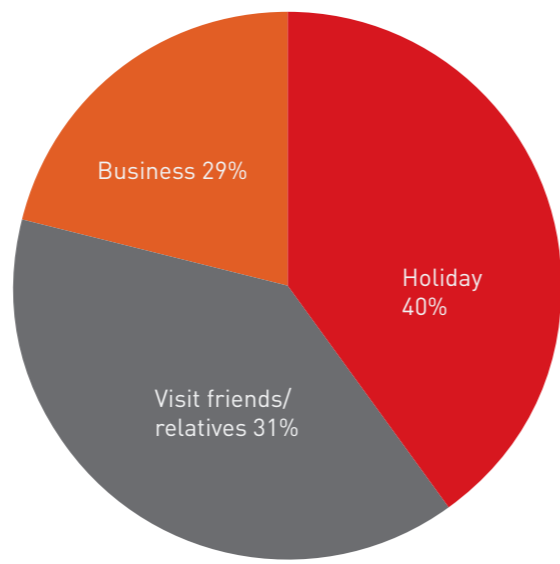
The United Kingdom ranked 19th in terms of outbound travel spending from China in 2013. According to a 2014 VisitBritain report¹⁸, the majority of Chinese visits to the UK shifted from business-oriented to leisure-oriented in 2012, with over 60,000 holiday trips taken, relative to almost 50,000 VFR trips and less than 45,000 business trips. The report stated that Chinese holiday trips tended to be shorter than business and VFR trips, on average, at nine, 11, and 16 nights, respectively. However, shopping was reportedly a key activity for Chinese visitors to Britain with "60% of leisure and almost half of all business visits" featuring "at least some shopping activity". Big-ticket purchases are especially popular among Chinese guests as well. Thus, above average trip length by Chinese travellers to Britain, and higher potential spending per night raises the relative value of Chinese travellers in UK destinations.

Main purpose of visit % respondents, 2013



Source: Visit Britain

Main purpose of Chinese visitors to UK % respondents, 2013



Source: Visit Britain

¹⁴ ITA Office of Travel & Tourism Industries (OTTI), Travel and Tourism Satellite Account (TTSA) Program

¹⁵ Office of National Statistics, UK Tourism Satellite Accounts

¹⁶ Australian Bureau of Statistics, Australian National Accounts: Tourism Satellite Account

¹⁷ Tourism Australia (2014), CHINA Market Profile 2014 [Online], available: http://www.tourism.australia.com/documents/Markets/MarketProfile_China_May14.pdf

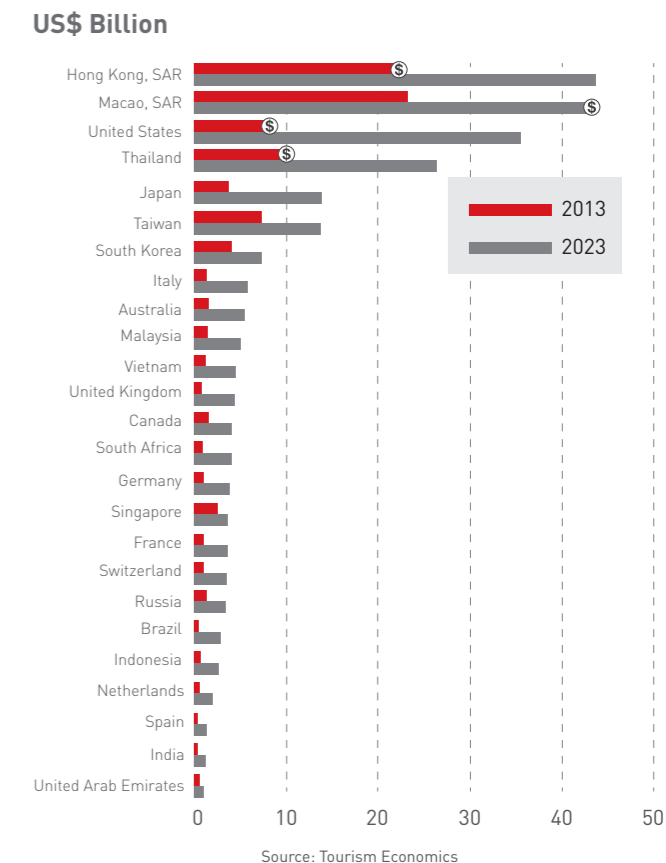
¹⁸ VisitBritain (2014), Market and Trade Profile – China [Online], available: http://www.visitbritain.org/Images/China%20-%20Dec%202014_tcm29-14678.pdf

3.1.2 Greater potential yield

Sizeable gains in Chinese household income over the next eight years will be accompanied by greater travel spending by Chinese visitors. Assuming average Chinese trip length remains relatively unchanged – as is the case in the Oxford Economics forecast – greater travel spending will yield greater per-night travel spending, raising the value of Chinese travellers. Considering that the Chinese tend to allocate more of their tourism spending budget toward accommodation and shopping than average, this increase should be especially evident for the lodging and retail industries of the top Chinese tourism destinations.

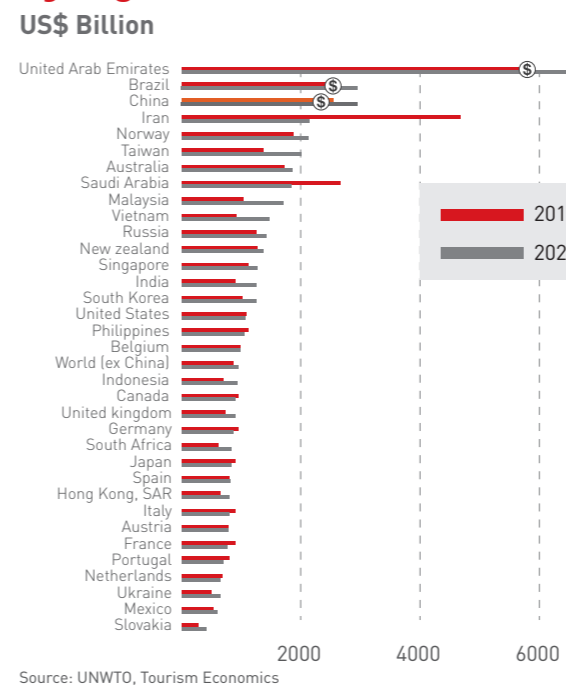
With disposable income growing rapidly and higher-income Chinese households representing a greater share of the nation's outbound travel market, the average traveller from China is expected to spend considerably more per trip and per night than ever before, with a greater propensity for booking higher-cost accommodations. Per-trip spending by Chinese travellers is expected to grow 73% in nominal terms by 2023, making the Chinese the third highest per-trip

Chinese outbound travel spending by destination



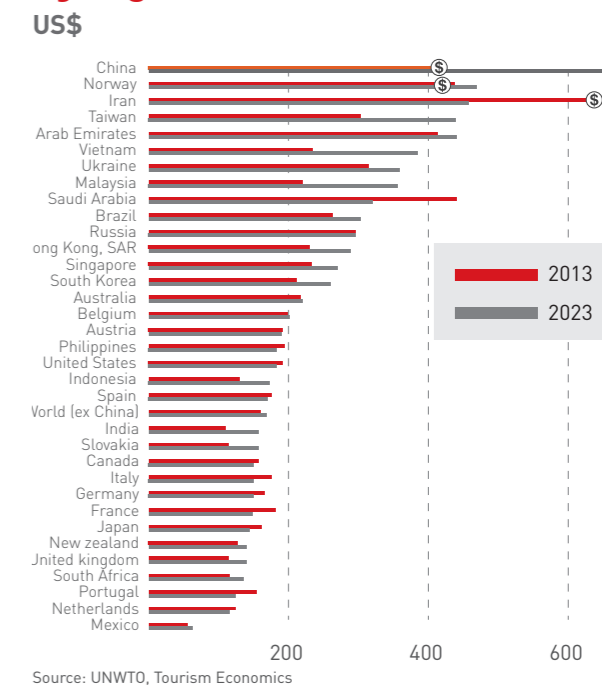
Source: Tourism Economics

Visitor travel spending per trip by origin



Source: UNWTO, Tourism Economics

Visitor travel spending per night by origin



Source: UNWTO, Tourism Economics

spenders among major long-haul origin markets. The average traveller from China will likely spend more per-night than those from any other major long-haul origin by 2023, as per-night expenditures are expected to grow by 61% in nominal terms.

While the SARs will continue to represent the largest outbound travel destination markets for Chinese travellers, seven of the top ten destinations in per-trip spending terms will be long-haul destinations – with the Americas region topping the list. While long-haul destinations are unlikely to move ahead of lower-cost, short-haul destinations in terms of per-night spending, outbound travel expenditures will increase dramatically on a per-night basis for nearly all long-haul destinations.

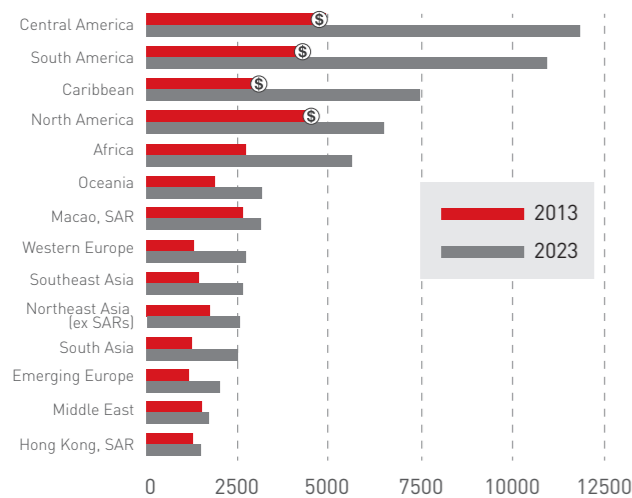
3.2 Impact of Chinese traveller spending

3.2.1 Spending in countries

Spending by Chinese tourists has significant economic value to the key destination markets included in this study. A comparison of travel spending estimates shows – as to be expected – the impact of Chinese tourism is greatest for destinations in the Asia-Pacific region with Macao, Taiwan and Hong Kong each receiving more than 40% of their total travel spending from Chinese visitors. South Africa, Canada, the US, Argentina, Brazil, and Russia are also among the top 15 destinations in terms of the Chinese share of total travel spending.

Chinese visitor travel spending per trip by destination

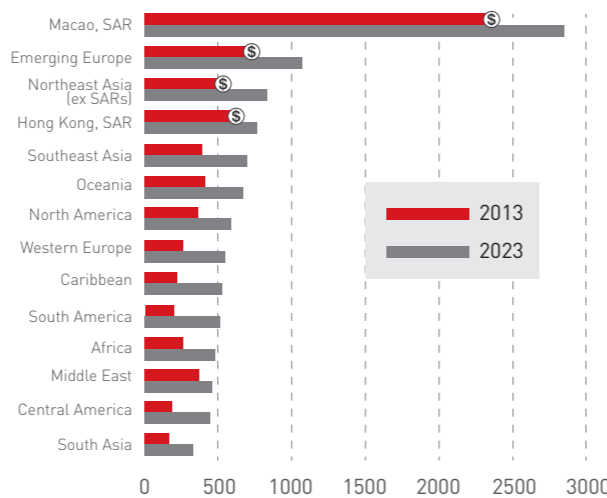
US\$



Source: UNWTO, Tourism Economics

Chinese visitor travel spending per night by destination

US\$



Source: UNWTO, Tourism Economics

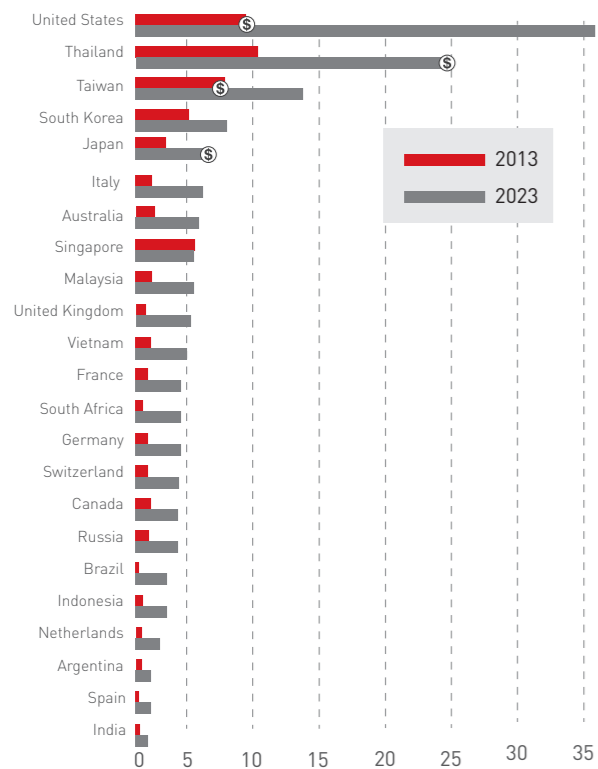
Over the next eight years, growth in Chinese outbound spending in key destination markets will expand markedly. In absolute terms, the United States will see the greatest increase in Chinese travel spending, more than quadrupling by 2023. Thailand will see Chinese travel spending more than double by 2023, and Taiwan is poised for similar gains. Several smaller long-haul destination markets, including Italy, the UK, South Africa, and Brazil, will also see dramatic increases in spending by Chinese tourists by 2023.

Asia-Pacific destinations receive more than 40% of their total travel spend from Chinese visitors

Chinese Traveller Spending by Destination				
Destination	\$ Bn		Share of total int'l visitor spend	
	2013	2023	2013	2023
Hong Kong, SAR	21.4	41.6	58%	62%
Taiwan	6.8	12.8	53%	54%
Macao, SAR	18.9	35.4	41%	41%
Thailand	9.3	23.7	22%	29%
South Korea	4.1	7.0	28%	28%
Japan	2.4	6.2	18%	28%
Vietnam	1.1	3.9	17%	24%
Australia	1.4	4.8	9%	20%
South Africa	0.7	3.5	8%	18%
Canada	1.2	3.3	9%	17%
Singapore	2.3	4.5	12%	15%
United States	8.4	34.7	6%	14%
Argentina	0.5	1.2	12%	14%
Brazil	0.3	2.4	5%	14%
Russia	1.2	3.2	11%	13%
Switzerland	1.0	3.3	6%	11%
Indonesia	0.6	2.4	6%	10%
Italy	1.2	5.1	3%	10%
Netherlands	0.5	1.9	3%	10%
Malaysia	1.3	4.4	6%	9%
Germany	1.0	3.4	3%	8%
United Kingdom	0.8	4.2	3%	7%
France	1.0	3.5	2%	5%
India	0.3	0.9	2%	2%
Spain	0.3	1.2	1%	2%

Chinese Traveller spending by destination

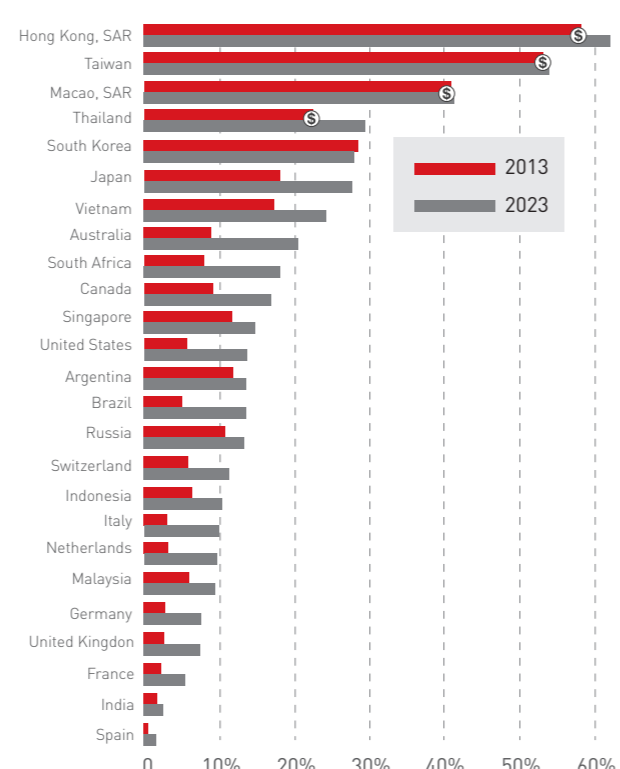
US\$ billion



Source: Tourism Economics

Chinese Traveller spending by destination

Share of total inbound spending



Source: Tourism Economics

While the current top destination countries will maintain their lead, several longer-haul destinations will see the Chinese proportion of total travel spending increase dramatically over the next eight years. In the US and UK, Chinese travel spending will more than double as a share of total inbound travel spending. Most European destinations will experience similar gains, while the Chinese shares in Italy and the Netherlands will likely more than triple.

3.2.2 Spending in cities

Given the preference of Chinese travellers for visiting major global cities, it is important to understand the spending impacts of Chinese visitors within urban centres. The top 25 global city destinations outside of Greater China receive more than a quarter of total Chinese outbound travel spending - 27.6%.

Outside of Greater China, Thailand and the United States have been the recent frontrunners in terms of travel expenditures received by Chinese tourists. It is no surprise that four of the top five cities for Chinese travel spending are located in these two countries. At \$3.8 billion, Chinese travel spending in Bangkok accounted for 4.6% of total outbound travel expenditures from China in 2013. Pattaya was a distant second at 3.5% and Seoul accounted for 2.3%. Meanwhile, New York City and Los Angeles represented a combined 3.4% of the total, each receiving \$1.4 billion in Chinese travel spending.

Though the mix of top city destination markets for Chinese travel spending will remain relatively unchanged over the next decade, long-haul cities are slated for more robust gains in Chinese travel spending than many urban centres in the Asia-Pacific region. For instance, London - a considerably smaller recipient

Top Cities for Chinese Traveller Spending			
Destination	\$ Bn		CAGR
	2013	2023	2013 - 2023
Bangkok	3.83	8.89	8.8%
Pattaya	2.92	6.77	8.8%
Seoul	1.96	3.34	5.5%
New York City	1.41	5.48	14.5%
Los Angeles	1.41	5.40	14.4%
Tokyo	1.21	1.47	1.9%
Phuket	1.19	2.75	8.8%
San Francisco	0.91	3.42	14.2%
Washington, DC	0.72	2.74	14.3%
Las Vegas	0.70	2.63	14.2%
Sydney	0.60	0.75	2.2%
British Columbia	0.56	0.68	2.0%
Chiang Mai	0.55	1.27	8.8%
Kuala Lumpur	0.51	1.65	12.6%
Melbourne	0.48	0.58	1.9%
Osaka	0.46	0.56	1.9%
Ontario	0.46	0.56	2.0%
Busan	0.46	0.78	5.5%
Chicago	0.43	1.56	13.7%
Boston	0.42	1.70	15.0%
Fukuoka	0.39	0.48	1.9%
Jeju City	0.37	0.63	5.5%
Ayutthaya	0.37	0.85	8.8%
London	0.34	1.85	18.5%
Bali (Jimaran, Tuban)	0.33	0.41	2.4%

At \$3.8 billion, Chinese travel spending in Bangkok accounted for 4.6% of total outbound travel expenditures from China

of Chinese travel spending at present - is slated for average annual growth of 18.5% by 2023, moving it from the 24th largest Chinese travel spending market to the tenth largest. As Chinese travel to the UK ramps up, London will realise a greater share of incremental growth in Chinese travel spending due to its status as the nucleus of travel within the UK for Chinese visitors. Similarly, Chinese travel spending growth in the top US cities will average between 13.7% and 15% over the next eight years. The fastest growing short-haul city destination for Chinese travel spending, aside from those in Hong Kong or Macao, will be Kuala Lumpur with an average annual rate of 12.6%.

4. Additional Opportunities

Improving access for Chinese travellers presents significant opportunities for travel growth to destination countries and cities. As it stands, visa regulations inhibit, or at least complicate, travel for Chinese nationals to many international destinations. Eliminating these barriers to entry, whether through visa reforms or non-visa facilitation measures, has the potential to increase the flow of Chinese outbound tourism to international destinations beyond expected gains resulting from GDP and income growth over the forecast horizon.

Improving access for Chinese travellers presents significant opportunities for travel growth to destination countries and cities



4.1 Visa facilitation scenario

4.1.1 Visa case studies

The benefits of travel facilitation reforms can be historically observed through increases in tourism arrivals after more open policies were implemented (and conversely, declines in arrivals after more restrictive policies were put in place). A series of 20 case studies was conducted analysing tourism arrivals to key destination countries which have implemented visa policy reforms affecting Chinese nationals since 1998. The observable growth premium in Chinese arrivals after each reform was used to develop a model of the potential impacts which could be realised by host nations of Chinese tourists if certain reforms were enacted.

Observed travel facilitation reforms included both visa policy changes and non-visa measures, ranging from the removal of inbound travel quotas, introduction of an individual travel visa scheme, government-sponsored tourism promotion programs, visa-free travel exceptions for various classes of passport holders, introduction of electronic visa applications (eVisa), visa waiver programs, visa on arrival programs (VoA), and the addition of the destination country to China's Approved Destination Status (ADS) policy. Growth in Chinese outbound tourism to the 20 observed destination countries varied considerably following each reform but was largely positive. The post-reform three-year compound annual growth rate (CAGR) in Chinese arrivals ranged from -2% (Russia) to 61% (Vietnam). Excluding these outliers, the average CAGR in the three years after a reform was 25%.

Approved Destination Status

Several case studies included in this report refer to a nation's addition to China's Approved Destination Status (ADS) program. In contrast to the other types of visa reforms studied, ADS is an outbound reform extended by China to destination countries. The primary intention of the program is to make it easier for Chinese nationals to travel as a part of an organised group trip to approved destinations. Modest gains in Chinese arrivals have been observed following a nation's addition to the ADS program, while shares of total Chinese outbound travel have fluctuated. Examples of ADS adoption have been incorporated to account for the benefits gained by the initial surge in arrivals that accompanies increased group leisure travel from China. The destination markets which have seen the most robust gains in Chinese visits since their addition to ADS have also implemented

travel facilitation reforms for Chinese visitors, ensuring that individual leisure travellers can just as easily gain access.

Visa on Arrival

In June 2006, Indonesia made visas on arrival (VoA) available to Chinese nationals for the first time, eliminating the need for the completion of traditional visa applications in advance of travel. In the six years leading up to the policy change, Chinese arrivals to Indonesia grew at a CAGR of 15%, and Indonesia received roughly 0.3% of total outbound Chinese travel per annum, on average. Since the introduction of VoA, Indonesia's average share of total Chinese outbound travel more than quadrupled to 1.3% per year, while CAGR in arrivals rose to 40%, suggesting the greater ease of travel to Indonesia considerably improved its popularity among Chinese tourists.

Visa Waivers

Singapore and the Philippines provide examples of the graduated effects of various types of visa waiver programs. The former made visa-free travel available to travellers with official or diplomatic passports in April 2011, while still requiring traditional travel visas for all other Chinese nationals. Growth in Chinese arrivals to Singapore increased from a six-year CAGR of 5% before the reform to a three-year CAGR of 15% following the change, though the nation's share of total Chinese outbound travel was relatively unchanged. As previously suggested, carriers of official or diplomatic passports are more likely to visit an international destination for business purposes than for leisure. Chinese outbound leisure travel growth is now outpacing business travel growth, so it is likely that continuing to require traditional visas of Chinese tourists is preventing Singapore from capturing a larger share of total Chinese outbound travel.

Similarly, the Philippines reached a mutual visa waiver agreement with China in February 2005 affecting travellers with diplomatic or official passports from both markets. At first Chinese travel to the Philippines increased dramatically, as business travel was still growing at a premium over leisure in 2005. The CAGR for total Chinese arrivals to the Philippines topped 15% in the three years following the change. Meanwhile, the share of total Chinese outbound travel received by the Philippines rose from 0.2% to around 0.6%. Yet, a more significant reform came in 2010 when Chinese travellers holding valid visas from Australia, Japan, Canada, the US, or any of the Schengen countries were granted visa-free access to the Philippines for up to seven days. In the three years following the reform,

Travel Facilitation Policy Effects on Chinese Outbound Tourism Arrivals

Destination Country	Year of Policy Change	Policy Change Type	CAGR ^b (pre-reform, 6-yr)	CAGR ^c (post-reform, 3-yr)
Indonesia	2006	VoA	15%	40%
Singapore	2011	visa-free exceptions	5%	15%
Philippines	2005	visa waiver	9%	15%
Hong Kong, SAR	2002	mainland quota removed	7%	19%
Macao, SAR	2003	individual visa scheme	22%	26%
Malaysia	2007	gov tourism promotion	1%	18%
Thailand	2010	gov tourism promotion	4%	59%
Cambodia	2006	eVisa	14%	17%
South Korea	1998	ADS	10%	32%
Australia	1999	ADS	18%	27%
Japan	2000	ADS	8%	8%
Vietnam	2000	ADS	-37%	61%
Germany	2003	ADS	13%	18%
France	2004	ADS	-1%	22%
Switzerland	2004	ADS	6%	21%
Austria	2004	ADS	3%	-0%
Laos	2004	ADS	-42%	59%
Russia	2005	ADS	10%	-2%
Taiwan	2008	ADS	6%	36%
Canada	2010	ADS	13%	22%
AVERAGE ^a			4%	25%

a Average CAGR calculations exclude outliers (Russia, Vietnam)

b Due to historical data limitations, pre-policy CAGRs for the following countries were calculated over fewer than 6 years: Republic of Korea (2-yr); Japan (4-yr); Vietnam (4-yr); Australia (3-yr)

c Due to the lateness of the visa reform, post-policy CAGRs for the following countries were calculated using partial forecast periods: Thailand (2013); Canada (2013); Singapore (2013 and 2014)

CAGR in Chinese visitor arrivals rose to 40% in Indonesia since the introduction of a visa on arrival

Chinese arrivals to the Philippines grew at a CAGR of 20.1% while the nation's share of total Chinese outbound travel held steady.

For some destinations, travel facilitation measures have had profoundly positive impacts on Chinese tourism. Hong Kong, China's largest outbound tourist destination, removed a quota for the number of mainland Chinese permitted into the country per year, more than doubling the pace of arrivals growth in the years that followed. Arrivals to Indonesia had been growing steadily prior to introducing visas on arrival (VoA) for Chinese nationals in 2006. The nation was added to ADS four years before, boosting Chinese tourism, but growth accelerated even further after the VoA scheme.

Strong post-reform growth was observed in some destinations that experienced very weak growth in Chinese outbound tourism prior to the reform (e.g. Austria, Malaysia, Taiwan, and Thailand). In some cases, annual Chinese arrivals had been declining on average before the policy was changed (e.g. Vietnam, Laos, and France).

While most of the observed reforms caused acceleration in Chinese tourism growth, the result was not always positive, suggesting other pressures may have undercut a policy's success. For example, growth in Chinese tourism to Austria slowed following its addition to China's ADS program in 2004. Chinese arrivals to Russia actually declined after it joined ADS in 2005.

The list of potential external pressures which can confound the benefits of travel facilitation reforms is extensive. Exchange rate fluctuations can lower the affordability of travel from China to a given destination market, inhibiting travellers from taking advantage of more open visa policies or other forms of facilitation. Political tensions and prohibitive non-visa barriers – such as travel quotas and temporary travel advisories – can prevent or discourage Chinese travellers from making a trip to a destination affected by a reform. Further, preferences of individual Chinese travellers and broader Chinese income brackets can shift, drawing demand away from certain destinations while favouring others – increasing demand for long-haul versus short-haul travel from China and for urban

Visa Policy Effect on Chinese Outbound Tourism				
Destination	Growth Premium (ppt)	Visit(diff, 000s)	Nights(diff, 000s)	Share(diff, ppt)
Vietnam	131.5	179	611	0.4
Laos	130.5	109	202	0.1
Thailand	65.8	6,470	37,730	3.5
France	28.6	720	4,419	0.8
Taiwan	25.2	1,319	9,057	1.0
South Korea	22.2	323	430	0.9
Canada	18.2	191	5,357	0.1
Cambodia	13.7	60	153	0.1
Singapore	12.3	766	1,278	0.4
Malaysia	10.1	357	991	0.3
Indonesia	9.8	83	116	0.1
Switzerland	8.9	40	63	0.0
Australia	8.5	47	405	0.1
Macao, SAR	8.2	1,213	796	1.3
Hong Kong, SAR	4.7	1,151	3,035	1.1
Germany	3.2	48	100	0.1
Japan	1.6	25	45	0.1
Austria	0.0	0	0	0.0
Philippines	-12.8	-63	-130	-0.1
Russia	-22.0	-626	-737	-0.6
TOTAL	19.9	12,858	63,922	9.7

environments and high-end shopping are a few recent examples. The impacts of these pressures, among others, on Chinese travel demand are difficult to quantify and may provide some explanation for why travel facilitation reforms failed to produce more robust gains for some destination markets.

The visa policy effect – or the difference in three-year average growth rates from before and after a given travel facilitation reform – of each reform varied across the 20 destination countries. The growth premium on Chinese outbound tourism after each travel facilitation reform averaged 19.9 percentage points, excluding the outliers of Russia (-22.0) and Vietnam (131.5). In the table below, total growth premium represents this average. Total difference in visits, nights and share of visits represent sums across the 20 observed destination countries (less Russia and Vietnam).

The top Chinese destinations of Hong Kong, Macao and Thailand all recorded large bumps in visits and nights following their respective reforms. Russia and the Philippines both posted declines, while the results in Austria were neutral. Increased visits in

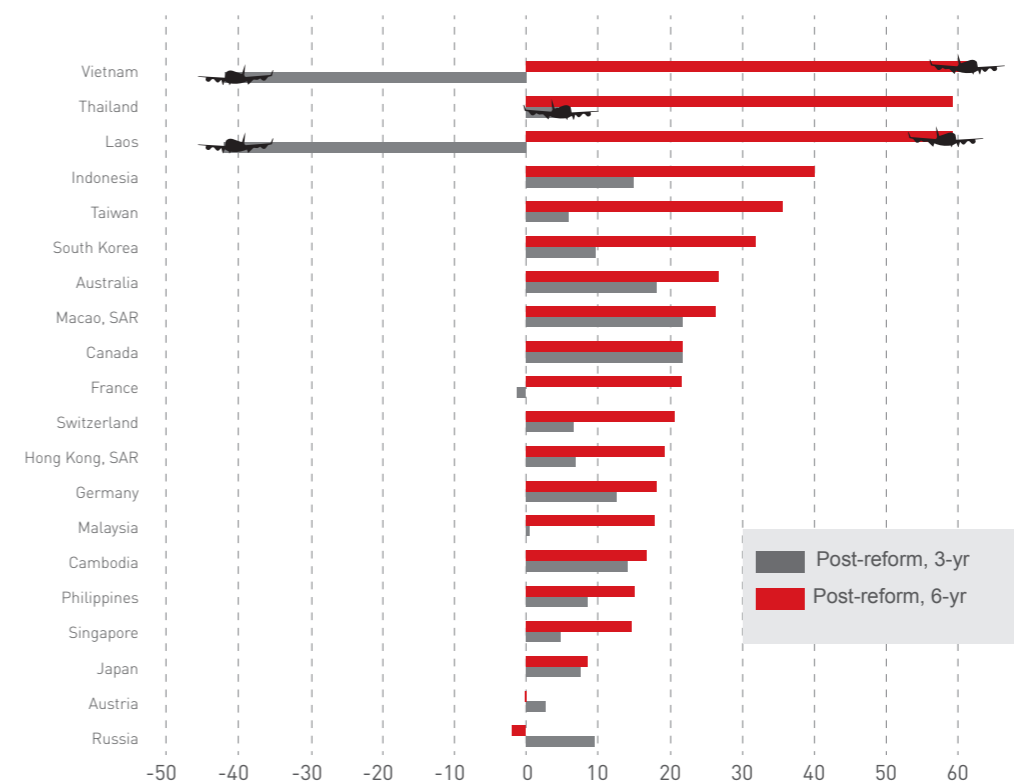
Korea, Vietnam and Malaysia following their respective reforms significantly boosted their share of total Chinese arrivals in the years that followed. The same is true for France and Singapore, though their shares have since declined, suggesting a potential crowding-out effect.

The negative growth premiums observed in Russia and the Philippines suggest that their respective reforms could not overcome other negative pressures on Chinese tourism in the years that followed. The same goes for the lack of premium recorded for Austria. Furthermore, the triple-digit premiums in Laos and Vietnam likely reflect the countries' increasing popularity for other reasons outside of their reforms.

Still, in the majority of cases, travel facilitation reforms were accompanied by considerable, positive growth premiums among the 20 observed destination countries, supporting the notion that increasing a country's openness to Chinese nationals can lead to significant gains in tourism from China.

Chinese outbound tourism arrivals by destination

Compound annual growth rate, %



Source: Tourism Economics

4.1.2 Travel facilitation opportunity

Using the same methodology developed for previous Oxford Economics studies with the WTTC and UNWTO^{19, 20}, the results of case study analysis were extrapolated to produce an alternative scenario forecast for key Chinese outbound travel destination markets in order to determine the potential benefits of travel facilitation. By applying the average growth premium of 19.9 percentage points from the aforementioned visa policy analysis, Tourism Economics calculated the potential economic impact of travel facilitation reforms by 23 international destination countries in the near term. Growth in Chinese travel spending was estimated over a three-year forecast horizon. Assuming each destination implements travel facilitation reforms by the end of 2014, the impact of each policy change would be realised by 2017.

For comparison, the Chinese share of each destination's international visitor spending total under the baseline and policy scenarios is shown on the next page. Note that each destination country was treated separately when calculating growth in the Chinese share of total international visitor spending, with forecasted travel spending from other origin markets held constant.

In many cases, the growth premium in Chinese spending would have significant impacts on the Chinese share of total travel spending by 2017. While policy reforms by any destination would facilitate travel from China, that impact will likely be larger in destinations that are already heavily travelled by Chinese visitors. Thus, the impacts for short-haul destinations, which Chinese travellers tend to prefer, would likely be larger than those felt in long-haul destinations. That said, as average income increases in China and its middle class expands, expected growth in the long-haul share of total outbound travel from China would likely be amplified if more facilitative visa policies were enacted by these destinations.

Recent reforms by the US and UK will greatly facilitate Chinese travel, though their impacts have yet to be observed in the available Chinese outbound arrivals and spending data. In November 2014, the US and China reached a mutual agreement to extend the terms of their tourist visa from one year to ten years. That is, Chinese nationals will be able to acquire US short-term multiple-entry visas for both business and leisure travel valid for up to ten years, and vice versa. The reform extends the same level of access to Chinese nationals as that enjoyed by nationals of countries with close ties to the US and is expected to boost Chinese tourism to the US over the next several years.

Likewise, the UK is in the process of improving visa facilitation and processing for Chinese travellers. Super Priority Visas, which are processed within 24 hours, have been extended to travellers from Beijing, Shanghai, and Guangzhou. And Chinese travellers may soon be able to apply for UK and Schengen visas simultaneously. Other reforms include lower wait times for visa processing and reduced personal identification documentation for visa applications.

These recent policy changes and process improvements, along with those highlighted in the case study analysis, provide examples of best practices in improving travel facilitation for Chinese visitors. Adopting similar measures would provide opportunities for destination markets to improve their attractiveness to Chinese travellers, increasing the likelihood of achieving the estimated growth premiums in Chinese outbound arrivals and spending described in this analysis.

*Recent reforms by
the US and UK will
greatly facilitate
Chinese travel*

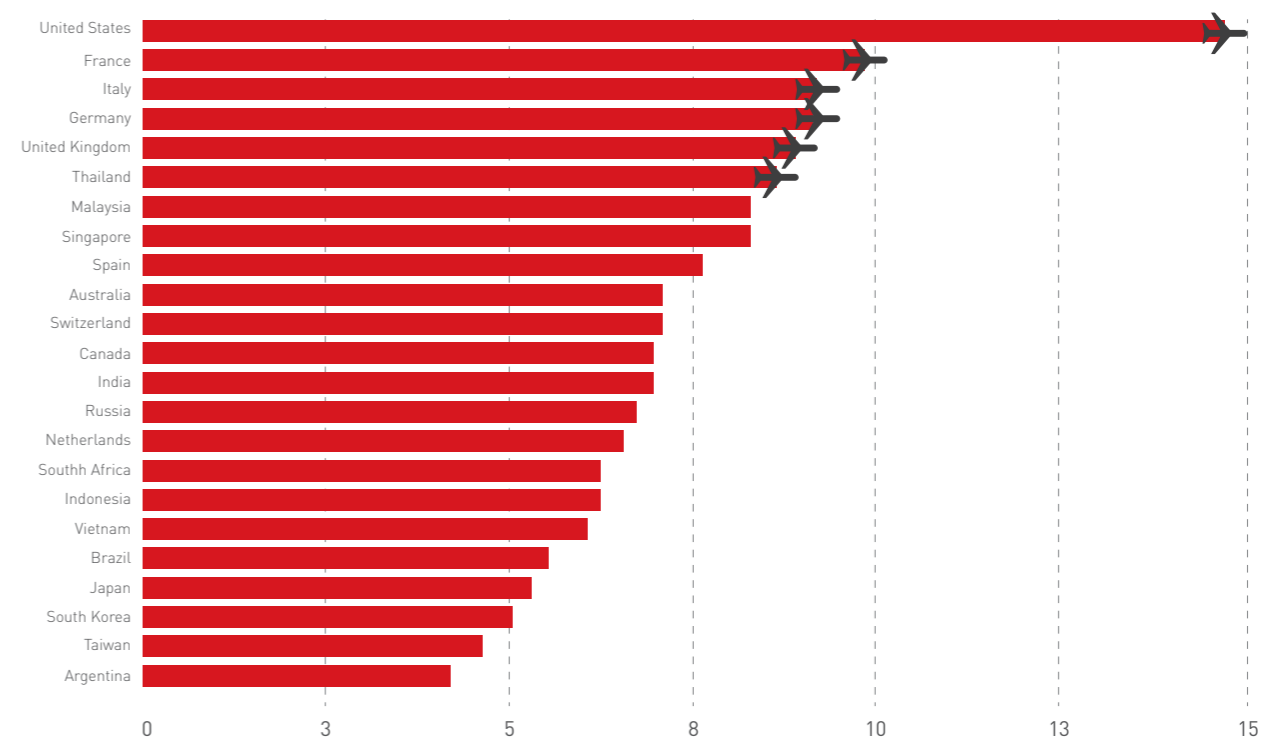
¹⁹ Tourism Economics, World Travel & Tourism Council (WTTC), and World Tourism Organization (UNWTO) (2014), The Impact of Visa Facilitation in ASEAN Member States [Online], available: file:///C:/Users/Anthony/Downloads/Impact_ASEAN.pdf

²⁰ Tourism Economics, World Travel & Tourism Council (WTTC), and World Tourism Organization (UNWTO) (2013), Tourism Visa Openness Report: Updated for the 5th T.20 Ministers' Meeting [Online], available: http://dtxq4w60xqpw.cloudfront.net/sites/all/files/docpdf/2013tourismvisaopennessreportt20november2013lowres_0.pdf

Chinese Traveller Spending by Destination				
Destination	\$ Bn		Share of total international visitor spend	
	2017 Baseline	2017 Policy Scenario	2017 Baseline	2017 Policy Scenario
Taiwan	8.2	9.9	52%	57%
South Korea	4.8	5.8	28%	31%
Japan	4.3	5.2	27%	30%
Thailand	11.5	13.8	25%	29%
Vietnam	2.1	2.5	21%	24%
Argentina	0.7	0.9	14%	16%
Australia	2.4	2.9	14%	16%
Canada	2.1	2.6	13%	16%
South Africa	1.5	1.8	12%	14%
Russia	1.7	2.0	12%	14%
Singapore	2.6	3.1	11%	13%
United States	16.6	20.0	9%	11%
Switzerland	1.7	2.1	8%	10%
Indonesia	1.1	1.3	8%	10%
Brazil	0.8	1.0	8%	10%
Malaysia	2.3	2.8	8%	9%
Netherlands	0.9	1.0	6%	7%
Italy	2.3	2.8	5%	6%
Germany	1.8	2.2	5%	5%
United Kingdom	1.6	1.9	4%	5%
France	1.8	2.1	3%	4%
India	0.5	0.6	2%	2%
Spain	0.6	0.7	1%	1%

Growth premium from travel facilitation

Growth in Chinese traveller spending above baseline, 2014-2017, %



Source: Tourism Economics

¹⁹ Tourism Economics, World Travel & Tourism Council (WTTC), and World Tourism Organization (UNWTO) (2014), The Impact of Visa Facilitation in ASEAN Member States [Online], available: file:///C:/Users/Anthony/Downloads/Impact_ASEAN.pdf

²⁰ Tourism Economics, World Travel & Tourism Council (WTTC), and World Tourism Organization (UNWTO) (2013), Tourism Visa Openness Report: Updated for the 5th T.20 Ministers' Meeting [Online], available: http://dtxq4w60xqpw.cloudfront.net/sites/all/files/docpdf/2013tourismvisaopennessreportt20november2013lowres_0.pdf

5. Conclusion And Recommendations

Despite the expected gradual slowing of economic growth in China from the breakneck pace exhibited over the past decade, the Chinese economy will remain a leading emerging market with considerable impacts on international tourism.

Millions of Chinese nationals will make their first international leisure trips over the next eight years as the growing middle class and increasing affordability means international travel is more accessible for Chinese households.

As the number of high-earning Chinese grows, their preferences will alter to include more long-haul destinations and higher-cost accommodation. At the same time we can expect to see an increase in the amount of per-trip and per-night travel and tourism spending by Chinese visitors.



Communicating visa requirements to travellers is the first step in making travel easier

The increase in outbound travel demand from China will be most evident in global city destinations, as a greater share of Chinese travellers originate from urban centres over the forecast horizon. Those cities which are well connected via regional and global air routes, as well as those with diverse shopping, entertainment, and sight-seeing offerings stand to benefit most from rising demand.

In order to benefit most from increasing Chinese outbound tourism, global destination markets should facilitate travel for Chinese nationals where possible. The following is a list of recommendations to help global destination markets work towards this.

Improve the communication of visas requirements to travellers

Communicating visa requirements to travellers is the first step in making travel easier. Information on visa applications and travel procedures should be easily searchable and available online, provided in languages and dialects familiar to Chinese nationals from target provinces and regions, and updated daily. Live support should be available to travellers applying for entry visas through electronic communication or by phone. Visa policies should be enforced consistently across ports of entry, and any discrepancies between ports should be clearly communicated to travellers before they start their journey.

Increase the efficiency of visa application processes

The visa application process should be streamlined and simplified as much as possible, removing the possibility for administrative errors or delays. Travellers should be permitted to apply for visas online. Visa processing capacity should be optimised online and at ports of entry. Waiting periods for visa approval should be reduced. Visa application fees should be lowered or removed entirely.

Facilitate travel for tourists who currently require traditional visas

Where some form of visa is required, officials should prioritise the implementation of visa on arrival and electronic visas (eVisa). Travel visas should be made valid for an extended period of time, limiting the need for reapplication, as exemplified by the recent agreement between the US and China to mutually increase the validity period of short-term travel visas from one year to 10 years. Governments could consider visa-free travel where possible during holidays, peak travel seasons, and special events. Officials should extend visa-free travel opportunities to tourists currently requiring a traditional visa, either universally or selectively by classification of traveller type.

Developing aviation connections with China is critical to achieving increasing travel destination markets

Promote reciprocally open visa policies

Non-facilitative visa policies put in place to achieve restrictive reciprocity with China should be eliminated and replaced with visa-free travel. Being the first-mover in relaxing visa policies in non-open pairs encourages other nations to implement more facilitative policies as well, mutually benefiting both the origin and destination markets.

Grant visa-free travel cooperatively

Further opportunities for cooperation between economic and political blocs should consider extending common visas for Chinese nationals. Mutual visa-free travel arrangements – similar to Europe's Schengen visa – should be expanded to incorporate travel from China to more participating markets, eliminating individual visa requirements for each destination.

Create new air routes and increase airline capacity

Developing aviation connections with China is critical. Partnerships between tourism stakeholders and major airlines should be developed for the purpose of increasing the frequency of flights, number of connections, and access to Chinese origin markets. To accommodate greater visitor demand, airport

capacity should be increased wherever possible, whether through the expansion of existing facilities or construction of new ones. Regional air connections should also be established to increase the ease of local travel for Chinese visitors.

Businesses and destinations need to do more

Businesses and city destinations alike need to understand the needs and specific requirements of Chinese travellers. As visitors' travel preferences move away from packaged tours, language facilities and better guidance and signposting will be key. Attracting Chinese visitors is more than just improving the experience once they have arrived, the entire booking procedure needs to be considered and adapted to improve access. Governments in turn should do all they can to ensure businesses large and small are aware of the opportunity and can access tools to help reach the Chinese market.

Annex:

Global City Travel Data Tables – breakdown by country

Americas

Top American cities for Chinese arrivals, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
United States					
1	New York City	395	1,166	196%	11.4%
2	Los Angeles	392	1,144	192%	11.3%
3	San Francisco	253	724	186%	11.1%
4	Washington, DC	202	584	189%	11.2%
5	Las Vegas	195	559	187%	11.1%
6	Chicago	121	332	174%	10.6%
7	Boston	117	361	209%	11.9%
8	Philadelphia	47	134	183%	11.0%
9	New Jersey	47	139	196%	11.4%
10	Seattle	46	142	208%	11.9%
Canada					
1	British Columbia	37	59	59%	4.8%
2	Ontario	34	54	59%	4.8%
3	Quebec	23	36	59%	4.8%
4	Alberta	10	16	59%	4.8%
Mexico					
1	Mexico City	9	20	118%	8.1%
2	Cancún	3	7	128%	8.6%
3	Tijuana	2	4	118%	8.1%
4	Monterrey	1	2	129%	8.6%
5	Guadalajara	1	1	136%	9.0%
6	Acapulco	0	1	122%	8.3%

Top American cities for Chinese average stay, 2013-2023				
Rank	Market	Average stay		CAGR
		2013	2023	
United States				
1	Dallas/Ft. Worth	3.4	3.4	
2	Los Angeles	3.4	3.4	
3	Newark	3.3	3.3	
4	Virginia	3.3	3.3	
5	New Orleans	3.3	3.3	
6	New Jersey	3.3	3.3	
7	Boston	3.3	3.3	
8	San Diego	3.3	3.3	
9	San Jose	3.3	3.3	
10	San Francisco	3.3	3.3	
Canada				
1	British Columbia	17.3	17.2	
2	Alberta	15.6	15.6	
3	Ontario	15.6	15.5	
4	Quebec	11.2	11.1	
Mexico				
1	Cancún	11.1	11.1	
2	Acapulco	5.1	5.1	
3	Mexico City	4.6	4.7	
4	Monterrey	4.6	4.5	
5	Guadalajara	4.4	4.6	
6	Tijuana	3.5	3.6	

Top American cities for Chinese roomnights, 2013-2023					
	Market	1000s		% change	CAGR
		2013	2023		
United States					
1	New York City	817	2,417	196%	11.5%
2	Los Angeles	814	2,380	192%	11.3%
3	San Francisco	525	1,507	187%	11.1%
4	Washington, DC	418	1,209	189%	11.2%
5	Las Vegas	404	1,161	187%	11.1%
6	Chicago	251	688	174%	10.6%
7	Boston	243	751	209%	11.9%
8	Philadelphia	98	278	184%	11.0%
9	New Jersey	98	289	196%	11.4%
10	Seattle	97	296	207%	11.9%
Canada					
1	British Columbia	456	706	55%	4.5%
2	Ontario	374	579	55%	4.5%
3	Quebec	179	278	55%	4.5%
4	Alberta	110	171	55%	4.5%
Mexico					
1	Mexico City	27	59	120%	8.2%
2	Cancún	22	49	122%	8.3%
3	Tijuana	4	9	116%	8.0%
4	Monterrey	2	4	119%	8.2%
5	Guadalajara	1	4	142%	9.2%
6	Acapulco	1	3	117%	8.1%

Top American cities for Chinese traveller spending, 2013-2023					
	Market	2013	2023	% change	CAGR
1	New York City	\$1,410,292,179	\$5,483,009,609	289%	14.5%
2	Los Angeles	\$1,406,122,848	\$5,398,459,545	284%	14.4%
3	San Francisco	\$907,269,316	\$3,417,870,244	277%	14.2%
4	Washington, DC	\$721,017,505	\$2,742,149,144	280%	14.3%
5	Las Vegas	\$698,318,092	\$2,632,555,514	277%	14.2%
6	Chicago	\$433,330,629	\$1,561,417,144	260%	13.7%
7	Boston	\$419,673,294	\$1,702,944,740	306%	15.0%
8	Philadelphia	\$168,651,028	\$630,300,982	274%	14.1%
9	New Jersey	\$168,571,347	\$654,592,272	288%	14.5%
10	Seattle	\$166,854,958	\$672,326,236	303%	15.0%
Canada					
1	British Columbia	\$561,131,581	\$681,292,371	21%	2.0%
2	Ontario	\$459,692,841	\$558,131,525	21%	2.0%
3	Quebec	\$220,763,337	\$268,037,627	21%	2.0%
4	Alberta	\$135,464,420	\$164,472,789	21%	2.0%
Mexico					
1	Mexico City	\$21,099,871	\$44,431,583	111%	7.7%
2	Cancún	\$17,526,969	\$37,201,553	112%	7.8%
3	Tijuana	\$3,392,435	\$7,005,092	106%	7.5%
4	Monterrey	\$1,515,830	\$3,177,967	110%	7.7%
5	Guadalajara	\$1,182,071	\$2,731,878	131%	8.7%
6	Acapulco	\$993,898	\$2,062,003	107%	7.6%

Europe

Top European cities for Chinese arrivals, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
	United Kingdom				
1	London	75	205	174%	10.6%
2	Edinburgh	13	27	106%	7.5%
3	Manchester	9	18	93%	6.8%
4	Birmingham	6	12	86%	6.4%
5	Glasgow	4	9	127%	8.5%
6	Brighton	4	3	-12%	-1.3%
7	Cardiff	3	4	32%	2.8%
8	Portsmouth-Southampton	2	4	78%	5.9%
9	Leeds-Bradford	2	7	274%	14.1%
10	Liverpool	2	4	105%	7.5%
	France				
1	Paris	226	436	93%	6.8%
2	Lyon	19	18	-3%	-0.3%
3	Strasbourg	7	15	118%	8.1%
4	Nice-Cannes	6	11	68%	5.3%
5	Bordeaux	6	12	102%	7.3%
6	Toulouse	2	6	167%	10.3%
7	Lille	2	5	128%	8.6%
8	Marseille	2	4	116%	8.0%
	Germany				
1	Frankfurt	143	286	100%	7.2%
2	Munich	100	204	105%	7.4%
3	Berlin	84	164	95%	6.9%
4	Koln	30	63	109%	7.7%
5	Dusseldorf	26	52	100%	7.2%
6	Fussen	24	52	122%	8.3%
7	Hamburg	22	49	122%	8.3%
8	Nurnberg	15	30	99%	7.1%
9	Mainz	15	39	166%	10.3%
10	Heidelberg	14	22	58%	4.7%
	Russia				
1	Moscow	27	43	58%	4.7%
2	St. Petersburg	5	7	38%	3.3%
	Italy				
1	Milan	325	675	108%	7.6%
2	Florence	283	622	120%	8.2%
3	Venice	283	640	127%	8.5%
4	Rome	190	536	181%	10.9%
5	Treviso	95	186	95%	6.9%
6	Padova	82	166	102%	7.3%
7	Prato	62	136	119%	8.2%
8	Pistoia	55	133	141%	9.2%
9	Bologna	50	116	133%	8.8%
10	Verona	41	97	136%	9.0%

Continued on next table

Top European cities for Chinese arrivals, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
	Switzerland				
1	Lucern/Lake Lucern	219	407	86%	6.4%
2	Bernese Oberland	164	234	43%	3.6%
3	Zürich Region	137	236	72%	5.6%
4	Geneva	54	96	78%	5.9%
5	Lake Genva Region (Vaud)	48	76	60%	4.8%
6	Bern Region	26	45	72%	5.6%
7	Ticino	23	32	37%	3.2%
8	Valais	17	27	62%	5.0%
9	Basel Region	12	18	54%	4.4%
10	Jura & Three Lakes	7	14	82%	6.1%
	Netherlands				
1	Amsterdam	94	206	119%	8.2%
2	The Hague	4	11	179%	10.8%
3	Rotterdam	2	7	182%	10.9%
	Poland				
1	Warsaw	8	19	123%	8.4%

Top European cities for Chinese roomnights, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
	United Kingdom				
1	London	343	967	182%	10.9%
2	Manchester	78	101	30%	2.6%
3	Birmingham	56	108	93%	6.8%
4	Edinburgh	46	55	19%	1.8%
5	Leicester	25	24	-3%	-0.3%
6	Liverpool	23	26	13%	1.2%
7	Glasgow	9	20	114%	7.9%
8	Nottingham	8	25	212%	12.1%
9	Bristol	8	18	133%	8.8%
10	Brighton	5	5	-3%	-0.3%
	France				
1	Paris	328	608	85%	6.4%
2	Nice-Cannes	41	64	57%	4.6%
3	Bordeaux	40	79	97%	7.0%
4	Strasbourg	19	41	114%	7.9%
5	Lyon	16	15	-9%	-0.9%
6	Toulouse	14	33	132%	8.8%
7	Marseille	11	22	102%	7.3%
8	Lille	5	11	132%	8.8%
	Germany				
1	Frankfurt	222	421	89%	6.6%
2	Munich	207	408	97%	7.0%
3	Berlin	187	356	90%	6.7%
4	Koln	60	126	110%	7.7%
5	Dusseldorf	55	109	96%	7.0%
6	Hamburg	54	117	115%	8.0%
7	Stuttgart	31	86	178%	10.8%
8	Nurnberg	31	67	118%	8.1%
9	Dresden	26	48	90%	6.6%
10	Fussen	25	55	119%	8.2%
	Russia				
1	Moscow	40	58	42%	3.6%
2	St. Petersburg	9	13	37%	3.2%
	Italy				
1	Milan	398	806	103%	7.3%
2	Florence	291	602	107%	7.5%
3	Venice	260	576	122%	8.3%
4	Rome	218	586	169%	10.4%
5	Treviso	74	140	89%	6.6%
6	Padova	68	139	106%	7.5%
7	Prato	55	115	107%	7.5%
8	Bologna	49	111	126%	8.5%
9	Naples	42	88	108%	7.6%

Continued on next table

Top European cities for Chinese roomnights, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
10	Pistoia	42	100	136%	9.0%
	Switzerland				
1	Lucern/Lake Lucern	148	267	80%	6.1%
2	Bernese Oberland	117	161	38%	3.3%
3	Zürich Region	112	189	69%	5.4%
4	Geneva	48	83	76%	5.8%
5	Lake Genva Region (Vaud)	41	67	65%	5.1%
6	Bern Region	21	35	67%	5.2%
7	Ticino	17	23	37%	3.2%
8	Valais	13	22	65%	5.1%
9	Basel Region	13	21	64%	5.0%
10	Graubünden	7	12	73%	5.6%
	Netherlands				
1	Amsterdam	91	196	115%	8.0%
2	Rotterdam	6	18	177%	10.7%
3	The Hague	4	10	173%	10.6%
	Poland				
1	Warsaw	10	21	121%	8.3%

Top European cities for Chinese average stay, 2013-2023			
Rank	Market	Average stay	
		2013	2023
	United Kingdom		
1	Leicester	19.4	13.1
2	Liverpool	18.1	10.0
3	Birmingham	13.4	13.8
4	Manchester	12.6	8.5
5	Nottingham	7.5	9.0
6	London	7.0	7.2
7	Bristol	6.9	8.1
8	Edinburgh	5.3	3.1
9	Aberdeen	4.4	4.7
10	Glasgow	3.6	3.4
	France		
1	Bordeaux	11.9	11.6
2	Toulouse	11.8	10.3
3	Nice-Cannes	11.5	10.8
4	Marseille	11.4	10.8
5	Strasbourg	5.0	4.9
6	Lille	4.1	4.2
7	Paris	2.6	2.5
8	Lyon	1.5	1.5
	Germany		
1	Magdeburg	6.0	5.2
2	Erlangen	4.3	4.0
3	Darmstadt	3.3	3.6
4	Hannover	3.1	2.5
5	Bonn	3.1	2.9
6	Essen	2.8	2.8
7	Regensburg	2.5	2.6
8	Mannheim	2.5	2.8
9	Hamburg	2.5	2.4
10	Offenbach	2.5	2.4
	Russia		
1	Moscow	1.6	1.6
2	St. Petersburg	1.6	1.6
	Italy		
1	Turin	2.7	2.6
2	Naples	1.8	1.7
3	Milan	1.7	1.7
4	Rome	1.6	1.6
5	Varese	1.5	1.5
6	Florence	1.4	1.4

Continued on next table

Top European cities for Chinese average stay, 2013-2023			
Rank	Market	Average stay	
		2013	2023
7	Bologna	1.4	1.4
8	Verona	1.3	1.4
9	Venice	1.3	1.3
10	Prato	1.3	1.2
	Switzerland		
1	Eastern Switzerland	2.2	2.5
2	Basel Region	1.8	1.9
3	Graubünden	1.6	1.5
4	Jura & Three Lakes	1.5	1.5
5	Geneva	1.5	1.5
6	Lake Genva Region (Vaud)	1.4	1.5
7	Zürich Region	1.4	1.3
8	Bern Region	1.3	1.3
9	Valais	1.3	1.4
10	Fribourg Region	1.3	1.4
	Netherlands		
1	Rotterdam	4.4	4.4
2	Amsterdam	1.5	1.5
3	The Hague	1.5	1.5
	Poland		
1	Cracow	3.1	3.1

Top European cities for Chinese traveller spending, 2013-2023					
Rank	Market	2013	2023	% change	CAGR
	United Kingdom				
1	London	\$338,279,348	\$1,850,220,013	447%	18.5%
2	Manchester	\$76,951,423	\$193,632,004	152%	9.7%
3	Birmingham	\$55,432,579	\$207,487,552	274%	14.1%
4	Edinburgh	\$45,460,166	\$105,189,039	131%	8.8%
5	Leicester	\$24,227,617	\$45,491,985	88%	6.5%
6	Liverpool	\$22,592,104	\$49,575,635	119%	8.2%
7	Glasgow	\$9,204,846	\$38,216,176	315%	15.3%
8	Nottingham	\$7,985,102	\$48,318,561	505%	19.7%
9	Bristol	\$7,434,108	\$33,537,737	351%	16.3%
10	Brighton	\$5,087,367	\$9,585,346	88%	6.5%
	France				
1	Paris	\$254,535,692	\$369,865,344	45%	3.8%
2	Nice-Cannes	\$31,787,027	\$39,149,389	23%	2.1%
3	Bordeaux	\$30,954,893	\$47,811,958	54%	4.4%
4	Strasbourg	\$14,812,515	\$24,903,919	68%	5.3%
5	Lyon	\$12,626,724	\$9,049,377	-28%	-3.3%
6	Toulouse	\$10,894,133	\$19,797,506	82%	6.2%
7	Marseille	\$8,571,967	\$13,576,564	58%	4.7%
8	Lille	\$3,570,360	\$6,493,052	82%	6.2%
	Germany				
1	Frankfurt	\$142,018,792	\$170,218,194	20%	1.8%
2	Munich	\$132,336,483	\$164,670,817	24%	2.2%
3	Berlin	\$119,278,335	\$143,764,995	21%	1.9%
4	Koln	\$38,489,424	\$51,094,544	33%	2.9%
5	Dusseldorf	\$35,419,923	\$44,004,070	24%	2.2%
6	Hamburg	\$34,751,502	\$47,264,798	36%	3.1%
7	Stuttgart	\$19,790,876	\$34,830,491	76%	5.8%
8	Nurnberg	\$19,667,024	\$27,177,930	38%	3.3%
9	Dresden	\$16,313,428	\$19,591,711	20%	1.8%
10	Fussen	\$15,900,450	\$22,084,648	39%	3.3%
	Russia				
1	Moscow	\$121,495,173	\$292,629,761	141%	9.2%
2	St. Petersburg	\$22,971,746	\$48,758,491	112%	7.8%
	Italy				
1	Milan	\$270,859,062	\$318,350,073	18%	1.6%
2	Florence	\$198,241,009	\$237,668,713	20%	1.8%
3	Venice	\$176,718,089	\$227,612,040	29%	2.6%
4	Rome	\$148,386,995	\$231,371,006	56%	4.5%
5	Treviso	\$50,459,366	\$55,282,899	10%	0.9%
6	Padova	\$45,982,427	\$54,832,264	19%	1.8%

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Top European cities for Chinese traveller spending, 2013-2023					
Rank	Market	2013	2023	% change	CAGR
8	Bologna	\$33,511,236	\$43,986,086	31%	2.8%
9	Naples	\$28,883,783	\$34,822,244	21%	1.9%
10	Pistoia	\$28,774,642	\$39,370,720	37%	3.2%
	Switzerland				
1	Lucern/Lake Lucern	\$270,272,206	\$954,130,496	253%	13.4%
2	Bernese Oberland	\$212,944,162	\$575,699,340	170%	10.5%
3	Zürich Region	\$203,745,397	\$673,547,038	231%	12.7%
4	Geneva	\$86,862,584	\$298,189,368	243%	13.1%
5	Lake Genva Region (Vaud)	\$74,671,937	\$240,826,146	223%	12.4%
6	Bern Region	\$38,078,586	\$124,190,791	226%	12.5%
7	Ticino	\$30,605,082	\$81,944,390	168%	10.4%
8	Valais	\$24,225,783	\$78,136,682	223%	12.4%
9	Basel Region	\$23,412,172	\$74,904,234	220%	12.3%
10	Graubünden	\$12,963,690	\$43,763,888	238%	12.9%

Asia

Top Asian cities for Chinese arrivals, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
	Japan				
1	Tokyo	528	1,229	133%	8.8%
2	Osaka	164	382	133%	8.8%
3	Hokkaido (Kushiro, Sapporo, Wakkanai, Chitose)	72	169	133%	8.8%
4	Aichi (Nagoya)	62	145	133%	8.8%
5	Fukuoka	56	129	133%	8.8%
6	Chiba (Narita)	47	110	133%	8.8%
7	Kanagawa (Yokohama)	45	105	133%	8.8%
8	Kyoto	22	50	133%	8.8%
9	Okinawa (Ginowan, Naha, Ishigaki, Onna)	19	44	133%	8.8%
10	Hyogo (Kobe)	15	35	133%	8.8%
	Indonesia				
1	Bali (Jimaran, Tuban)	348	683	96%	7.0%
2	Banten	230	452	96%	7.0%
3	Riau (Batam)	78	152	96%	7.0%
4	Kalimantan	3	6	96%	7.0%
5	Sulawesi	1	2	96%	7.0%

Continued on next table

Top Asian cities for Chinese arrivals, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
6	West Java (Bandung)	1	1	96%	7.0%
7	Central Java (Semarang)	0	0	96%	7.0%
8	Jakarta	0	0	96%	7.0%
	India				
1	New Delhi	11	13	17%	1.6%
2	Bangalore	7	11	56%	4.5%
3	Kanpur	7	9	31%	2.8%
4	Kolkata	5	6	11%	1.0%
5	Jaipur	5	6	32%	2.8%
6	Mumbai	4	5	23%	2.1%
7	Manali	2	2	32%	2.8%
8	Chennai	2	2	21%	1.9%
9	Cavelossim	2	2	33%	2.9%
	Singapore				
1	Singapore	1,789	1,584	-11%	-1.2%
	Thailand				
1	Bangkok	1,758	2,449	39%	3.4%
2	Pattaya	1,339	1,866	39%	3.4%
3	Phuket	544	758	39%	3.4%
4	Chiang Mai	251	350	39%	3.4%
5	Ayutthaya	167	233	39%	3.4%
	Australia				
1	Sydney	195	386	98%	7.1%
2	Melbourne	153	318	109%	7.6%
3	Gold Coast	93	172	86%	6.4%
4	Brisbane	65	124	90%	6.6%
5	Perth	17	31	79%	6.0%
6	Adelaide	14	25	76%	5.8%
7	Canberra	12	26	110%	7.7%
8	Hobart	6	11	78%	5.9%
9	Darwin	1	2	64%	5.1%
10	Alice Springs	0	1	45%	3.8%

Top Asian cities for Chinese roomnights, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
	Japan				
1	Tokyo	1,177	2,709	130%	8.7%
2	Osaka	447	1,029	130%	8.7%
3	Fukuoka	383	881	130%	8.7%
4	Aichi (Nagoya)	211	487	130%	8.7%
5	Kyoto	59	135	130%	8.7%
6	Hyogo (Kobe)	41	95	130%	8.7%
7	Hokkaido (Kushiro, Sapporo, Wakkanai, Chitose)	37	84	130%	8.7%
8	Chiba (Narita)	32	73	130%	8.7%
9	Kanagawa (Yokohama)	30	69	130%	8.7%
10	Shizuoka	23	54	130%	8.7%
	Indonesia				
1	Bali (Jimaran, Tuban)	191	245	28%	2.5%
2	Banten	126	162	28%	2.5%
3	Riau (Batam)	42	55	28%	2.5%
4	Kalimantan	2	2	28%	2.5%
5	Sulawesi	0	1	28%	2.5%
6	West Java (Bandung)	0	0	28%	2.5%
7	Central Java (Semarang)	0	0	28%	2.5%
8	Jakarta	0	0	28%	2.5%
	India				
1	New Delhi	82	101	22%	2.0%
2	Bangalore	75	95	27%	2.4%
3	Kolkata	44	53	20%	1.9%
4	Mumbai	44	47	7%	0.7%
5	Chennai	19	21	12%	1.2%
6	Kanpur	17	23	31%	2.8%
7	Jaipur	12	16	32%	2.8%
8	Manali	4	6	32%	2.8%
9	Cavelossim	4	6	33%	2.9%
	Singapore				
1	Singapore	1,495	1,311	-12%	-1.3%
	Thailand				
1	Bangkok	5,374	7,486	39%	3.4%
2	Pattaya	4,094	5,704	39%	3.4%
3	Phuket	1,663	2,317	39%	3.4%
4	Chiang Mai	768	1,069	39%	3.4%
5	Ayutthaya	512	713	39%	3.4%
	Australia				
1	Sydney	663	1,346	103%	7.3%
2	Melbourne	534	1,050	97%	7.0%

Continued on next table

Top Asian cities for Chinese roomnights, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
3	Brisbane	199	373	88%	6.5%
4	Adelaide	134	223	66%	5.2%
5	Perth	121	204	69%	5.4%
6	Gold Coast	63	117	86%	6.4%
7	Canberra	47	106	127%	8.5%
8	Hobart	21	35	68%	5.3%
9	Darwin	6	11	67%	5.3%
10	Alice Springs	0	0	58%	4.7%

Top Asian cities for Chinese average stay, 2013-2023			
Rank	Market	Average stay	
		2013	2023
Japan			
1	Fukuoka	12.6	12.6
2	Yamanashi	6.2	6.2
3	Shizuoka	6.2	6.2
4	Aichi (Nagoya)	6.2	6.2
5	Toyama	6.2	6.2
6	Niigata	6.2	6.2
7	Ishikawa (Kanazawa)	6.2	6.2
8	Hyogo (Kobe)	5.0	5.0
9	Kyoto	5.0	5.0
10	Osaka	5.0	5.0
Indonesia			
1	Kalimantan	1.3	1.3
2	Jakarta	1.3	1.3
3	Bali (Jimaran, Tuban)	1.3	1.3
4	Banten	1.3	1.3
5	Sulawesi	1.3	1.3
6	Central Java (Semarang)	1.3	1.3
7	West Java (Bandung)	1.3	1.3
8	Riau (Batam)	1.3	1.3
India			
1	Mumbai	15.0	13.1
2	Chennai	14.6	13.6
3	Bangalore	14.2	11.6
4	Jaipur	13.7	12.6
5	Kolkata	11.7	12.7
6	New Delhi	10.3	10.7
7	Kanpur	3.4	3.4
8	Manali	3.4	3.4
9	Cavelossim	3.4	3.4
Singapore			
1	Singapore	1.8	1.8
Thailand			
1	Bangkok	5.8	5.8
2	Ayutthaya	5.8	5.8
3	Phuket	5.8	5.8
4	Chiang Mai	5.8	5.8
5	Pattaya	5.8	5.8
Australia			

Top Asian cities for Chinese average stay, 2013-2023			
Rank	Market	Average stay	
		2013	2023
1	Adelaide	18.0	17.0
2	Perth	13.0	12.4
3	Darwin	10.0	10.2
4	Canberra	7.1	7.7
5	Melbourne	6.5	6.2
6	Hobart	6.4	6.1
7	Sydney	6.4	6.6
8	Brisbane	5.7	5.6
9	Gold Coast	1.3	1.3
10	Alice Springs	1.2	1.3

Continued on next table

Top Asian cities for Chinese traveller spending, 2013-2023					
Rank	Market	2013	2023	% change	CAGR
Japan					
1	Tokyo	\$1,212,950,910	\$1,468,998,481	21%	1.9%
2	Osaka	\$460,743,564	\$558,004,112	21%	1.9%
3	Fukuoka	\$394,678,320	\$477,992,843	21%	1.9%
4	Aichi (Nagoya)	\$217,855,459	\$263,843,603	21%	1.9%
5	Kyoto	\$60,658,116	\$73,462,726	21%	1.9%
6	Hyogo (Kobe)	\$42,589,741	\$51,580,212	21%	1.9%
7	Hokkaido (Kushiro, Sapporo, Wakkanai, Chitose)	\$37,717,216	\$45,679,122	21%	1.9%
8	Chiba (Narita)	\$32,562,352	\$39,436,093	21%	1.9%
9	Kanagawa (Yokohama)	\$30,981,655	\$104,802,015	238%	13.0%
10	Shizuoka	\$24,028,176	\$81,280,397	238%	13.0%
Indonesia					
1	Bali (Jimaran, Tuban)	\$326,303,087	\$413,531,701	27%	2.4%
2	Banten	\$215,645,595	\$273,292,816	27%	2.4%
3	Riau (Batam)	\$72,644,775	\$92,064,459	27%	2.4%
4	Kalimantan	\$2,683,171	\$3,400,447	27%	2.4%
5	Sulawesi	\$804,278	\$1,019,281	27%	2.4%
6	West Java (Bandung)	\$595,512	\$754,707	27%	2.4%
7	Central Java (Semarang)	\$126,991	\$160,939	27%	2.4%
8	Jakarta	\$40,406	\$51,208	27%	2.4%
India					
1	New Delhi	\$89,506,282	\$96,425,424	8%	0.7%
2	Bangalore	\$81,270,242	\$91,025,284	12%	1.1%
3	Kolkata	\$47,804,700	\$50,608,597	6%	0.6%
4	Mumbai	\$47,463,561	\$44,638,002	-6%	-0.6%
5	Chennai	\$20,637,873	\$20,389,700	-1%	-0.1%
6	Kanpur	\$18,785,931	\$21,677,608	15%	1.4%
7	Jaipur	\$13,570,599	\$15,761,084	16%	1.5%
8	Manali	\$4,849,634	\$5,620,017	16%	1.5%
9	Cavelossim	\$4,534,316	\$5,318,673	17%	1.6%
Singapore					
1	Singapore	\$2,353,598,093	\$3,520,783,160	50%	4.1%
Thailand					
1	Bangkok	\$3,832,619,917	\$8,889,190,572	132%	8.8%
2	Pattaya	\$2,920,091,365	\$6,772,716,626	132%	8.8%
3	Phuket	\$1,186,287,117	\$2,751,416,129	132%	8.8%
4	Chiang Mai	\$547,517,131	\$1,269,884,367	132%	8.8%
5	Ayutthaya	\$365,011,421	\$846,589,578	132%	8.8%
Australia					
1	Sydney	\$601,416,586	\$746,816,841	24%	2.2%

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Top Asian cities for Chinese traveller spending, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
2	Melbourne	\$484,231,600	\$582,642,502	20%	1.9%
3	Brisbane	\$180,325,219	\$207,108,224	15%	1.4%
4	Adelaide	\$121,882,445	\$123,607,566	1%	0.1%
5	Perth	\$109,444,065	\$113,152,380	3%	0.3%
6	Gold Coast	\$56,920,098	\$64,884,659	14%	1.3%
7	Canberra	\$42,242,377	\$58,677,378	39%	3.3%
8	Hobart	\$18,659,158	\$19,177,085	3%	0.3%
9	Darwin	\$5,777,276	\$5,896,948	2%	0.2%
10	Alice Springs	\$267,436	\$258,956	-3%	-0.3%

Middle East

Top Middle Eastern cities for Chinese arrivals, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
	United Arab Emirates				
1	Dubai	276	545	98%	7.1%
2	Abu Dhabi	44	177	301%	14.9%
3	Sharjah	0	0	136%	9.0%
	Saudi Arabia				
1	Riyadh	7	11	56%	4.5%
2	Mecca	4	6	40%	3.4%
3	Jeddah	2	3	63%	5.0%
4	Medina	1	2	61%	4.9%
	Qatar				
1	Doha	15	56	268%	13.9%

Top Middle Eastern cities for Chinese roomnights, 2013-2023					
Rank	Market	1000s		% change	CAGR
		2013	2023		
	United Arab Emirates				
1	Dubai	473	627	33%	2.9%
2	Abu Dhabi	44	113	158%	9.9%
3	Sharjah	0	0	50%	4.1%
	Saudi Arabia				
1	Riyadh	19	28	50%	4.2%
2	Mecca	14	19	36%	3.1%
3	Medina	6	10	55%	4.5%
4	Jeddah	5	8	58%	4.7%
	Qatar				
1	Doha	15	34	135%	8.9%

Top Middle Eastern cities for Chinese average stay, 2013-2023					
Rank	Market	Average stay		% change	CAGR
		2013	2023		
	United Arab Emirates				
1	Sharjah		6.3		5.9
2	Dubai		3.2		3.2
3	Abu Dhabi		1.9		1.8
	Saudi Arabia				
1	Medina		7.7		7.5
2	Mecca		5.7		5.6
3	Jeddah		5.0		4.9
4	Riyadh		4.5		4.5
	Qatar				
1	Doha		1.8		1.8

Annex:

City Calculation Methodology

Data used in this report have been compiled from a variety of official national data sources, as well as available industry data including hotel and aviation data. Data have been compiled to give the most complete and comprehensive view available of which cities Chinese travellers visit. Forecasts have been derived consistent with Tourism Economics' existing global tourism outlook.

Chinese city data

For China, raw arrivals data are derived from the following sources:

- China Statistical Yearbook reports domestic arrivals in paid accommodation by Province
- Shanghai city arrivals data are reported by Shanghai government statistics department, consistent with the official Province data
- Beijing city arrivals data are reported by Beijing government statistics department, consistent with the official Province data
- All other cities historic data sourced from China Tour Online. This data source is consistent with the provincial data reported in the China Statistical Yearbook but gives city detail.

The China Tour Online data source provides the comprehensive data on sizing of both domestic and inbound tourism for all cities for earlier years, but it is not as up to date as the other data sources.

A combination of the provincial level data as well as STR data and air passenger data are used to grow the city level data forward for the more recent years to be consistent with the other raw data sources. The city share of the region is projected forward for total

overnight arrivals (inbound and domestic) in line with STR data for the city relative to the wider region. Next the share of total overnight arrivals attributable to domestic and inbound is estimated according to the evolution of air passenger arrivals.

No data are available for domestic room nights in Chinese cities and the country total has to be shared down to cities. This is according to STR global data by city as the best indicator of total room nights by Chinese city.

Domestic and inbound room nights by city are then adjusted where necessary according to the implied average length of stay from a simple approach of sharing the country down to the city values. Maximum and minimum length of stay is imposed by city according to the distribution by origin market. Extreme high or low length of stay is overwritten by the average value plus or minus one standard deviation across cities. Total room nights are then scaled across cities to ensure they do indeed sum to the country total.

The one exception to this methodology is for Tianjin where reported arrivals appear to be very low in historic data looking at city as a share of the province. This is especially so compared to the implied number of room nights according to STR data which suggests an average length of stay of over 100 nights. In this instance the hotel and aviation data point to comparable and more accurate figure than the historic arrivals data. As such we take the number of room nights implied by the industry data and then apply an average length of stay assumption to derive the arrivals figure. As a final sense check this was still consistent with the province level total.

Chinese travel to global cities – historic data

National statistical sources are used wherever available, typically from national statistical agencies, while additional data are also sourced from city marketing agencies.

Some manipulation of data is required to ensure consistent definitions are used to allow comparison between countries and cities. Raw data can differ across countries and cities in terms of whether data relate to all tourist arrivals, or those in paid accommodation or just in hotel establishments.

Arrivals in paid accommodation are reported most frequently and we adjust all data to be on this basis. Ratios of paid/unpaid accommodation use and all paid accommodation/hotel arrivals are derived from data and estimates at the national level where necessary.

In the instances that reported data are only available for room nights, scaling is applied to ensure that the sum of room nights across cities and regions is equal to the reported national total. Average length of stay is estimated according to the characteristics of Chinese travellers to the country. The difference in length of stay for comparable travel to the city relative to the country is taken into account.

In this way data are also fully consistent with county level data reported by national data sources via UNWTO as used within TDM. However, it should be noted that although room nights have to sum to reported country totals it can often be the case that the sum of arrivals in cities exceeds the reported number of tourism arrivals in that country. This can be explained by visits

to multiple destinations within the same trip. In these instances it is often the case that average length of stay for cities is lower than for the country as a whole.

Available industry data are used to fill any gaps in the dataset or to add necessary detail. Notably data sources are STR data on the number of rooms sold as well as air arrivals data. Such data are also used as a sense check on reported data and can be used to make informed judgement in the case of any conflicting data sources for example, if city agencies report different values to national sources.

STR data are of particular use to help understand the total size of the city overnight travel market. In some cases the only available data at the sub-nation level are for states, regions or provinces rather than cities. The relative size of the hotel market in the city compared to the wider region is an important element in calculation of Chinese travel to the smaller geography.

Air arrivals data to city airports provides a further source of data for any required estimation. This source also provides information on arrivals by country of origin and can help to identify the share of Chinese travellers as well as the overall size of the city market.

Finally, average party size and number of people per room are estimated, as a function of purpose of travel, to derive an estimate of hotel room nights sold to Chinese travellers. Data are consistent with reported STR data for the city.

Forecast methodology

Forecasts are reliant on the global tourism outlook produced within the TDM database. In turn, this is reliant on Oxford Economics' global macroeconomic outlook. Tourism demand for all countries of origin is estimated according to expected economic developments as faster growth in factors such as GDP, income, consumer spending typically translates into faster growth in tourism demand.

By using this global framework and ultimately relying on the global macroeconomic model we are able to provide a comprehensive view within a global context rather than forecasting each destination in isolation.

Accuracy is also aided by reliance on Oxford Economics' projections which perform well in terms of forecast accuracy relative to other forecasters.

Travel demand by origin country is mapped to destination performance in modelling according to historic travel preferences in the first instance. The majority of travel tends to be short-haul so, for example, we would expect further growth in Chinese demand to continue have a large beneficial impact on other Asian destinations.

Destinations competitiveness and attractiveness is also modelled which can impact on market share. Price competitiveness is modelled according to relative inflation and exchange rate movement while destination non-price competitiveness is incorporated in forecasts through the use of WEF indices. More attractive destinations gain a greater share of tourism demand. New investment trends and any known changes in travel related policy are also incorporated in the travel outlook. The latter includes any announced visa facilitation measures, new routes or major events that will attract visitors.

Competitiveness factors, and notably price competitiveness can also affect domestic travel demand. Some substitution is evident between outbound and domestic travel and relative pricing can affect this, as well as ease of international travel (due to visa facilitation or air transport). However, they are not perfect substitutes and increased outbound travel demand does not necessarily result in lower domestic travel to the same value.

Travel to cities is expected to evolve as a share of predicted country level demand. However, shares are not fixed over time but are expected to evolve in line with a composite indicator of economic development and attractiveness. Expected sectoral GDP developments are key inputs into calculation of location quotients. Consumer services GDP is available for all cities under consideration from Oxford Economics cities database and acts as a good indicator for leisure attractiveness. Financial and business services GDP is also included as an indicator of business travel demand.

Chinese travel spending in global cities was calculated by sharing out total Chinese travel spending to each country amongst its major cities using the ratio of total Chinese room nights spent in the city to the country total. While this represents a useful proxy for city-level spending by Chinese tourists, it should be noted that day trips, visiting family and relatives, and education-related travel are not incorporated in this figure, skewing the city share of total Chinese travel spending in a given country solely toward overnight travel.

Oxford Economics Forecast performance compared 2008-2012
(Average absolute forecast divergence for real GDP growth)

	US	Eurozone	UK	Japan
Oxford Economics	0.9	1.2	1.6	2.3
EIU	1.1	1.8	-	2.6
Global Insight	1.0	1.2	1.5	2.5
IMF	1.5	1.9	2.2	2.8
OECD	1.1	1.5	1.6	3.4
Consensus Economics	1.1	1.2	1.6	2.4

Note: Forecasts made in December for year ahead



Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, investors, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, travel forecasting models, destination policy analysis, and economic impact studies.

Oxford Economics

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

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