

## THE CHINESE TRAVEL INDUSTRY

### How the industry is organised

The Chinese travel industry is young and developing. Distribution is still extremely fragmented while control is exerted by the government through the ministry level CNTA as well as provincial and city governments. In practice this means politics strongly influence tourism policy and execution, making it crucial for tourism operators to understand China's politics and diplomacy.

#### *China National Tourism Administration (<http://en.cnta.gov.cn/>)*

The CNTA is comparable to a Ministry of Tourism and financed by the government. However it does not have the full status of a ministry and lacks enforcement power. For this reason tourists' rights are protected through legislation.

- The CNTA, like other Governmental institutions, is non-commercial and not allowed to directly cooperate with private companies.
- CNTA and the local tourism bureaus are partners of many European national tourist offices for marketing and promotions in China.
- CNTA is usually the official tourism partner for major cultural or sports events abroad.
- Business and official travel arrangements are not under the jurisdiction of CNTA. The Ministry of Commerce and other ministries oversee these arrangements, often in cooperation with trade consultants or similar organisations.

The CNTA's main functions are:

- Defining the legal framework within which the travel industry operates.
- Defining and implementing the strategy for the development of the travel industry overall.
- Promoting inbound and domestic travel.
- Decision-making on the legal establishment of foreign travel organisations within China.
- Overseeing events concerning the foreign travel industry (e.g. CITM).
- Signing tourism agreements with foreign governments on behalf of the Chinese government.

#### *Local government tourism bureaus*

- Each province and city has a tourism bureau which is a branch of CNTA and is responsible for implementing national policies at a local level.
- Their budgets come from their local government which often creates conflict when it comes to implementing policies.

Cultivating good relations with local tourism bureaus is just as important as maintaining good relations with CNTA head office.

## *CNTO <http://www.cnto.org.uk/> (CNTO London)*

China National Tourism Office is the international arm of the CNTA. It has offices in the Los Angeles, New York, Toronto, Sydney, Seoul, Tokyo, Osaka, London, Paris, Madrid, Zurich, Frankfurt, Kathmandu and Singapore. These offices primarily deal with promoting China as a destination but have a secondary role to promote bi-directional tourism links.

## *Approved Destination Status (ADS) policy*

China's ADS policy applies to all EU member states and provides a framework for the growing interest of Chinese citizens in foreign travel and the fast increase in consumer spending by Chinese visitors to Europe. It covers key aspects of travel such as guarantees, payments and visa applications and helps guarantee safe and reliable tourism services for Chinese customers by imposing control mechanisms on the organising parties on both sides (Chinese travel agencies and international tour operators).

Britain was the last EU member state to sign an ADS agreement with China, in 2005. This means that only certified ADS travel agencies are allowed to promote and organise tourist groups to Britain, including visa application and payment of foreign currency to foreign parties.

Important things to note:

- ADS only concerns tourism groups handled by approved Chinese travel agencies. Business and official travel to overseas destinations are not included in ADS agreements.
- CNTA keeps a directory of approved tour operators for outbound travel to each destination country and publishes it online ([www.cnta.gov.cn](http://www.cnta.gov.cn) – note this is in Chinese). However the online directory is often several months' out of date.
- Each country in Europe has differing methods of selecting approved inbound operators to submit to CNTA. VisitBritain is responsible for 'approving' inbound operators to the UK and providing details – via the British Embassy in Beijing – to the CNTA.

## **Requirements for ADS certification**

To qualify, travel agencies need to have:

- At least a one-year track record of incoming tourism.
- No previous violations of travel related laws and regulations.
- Adequate indemnity insurance – for national travel agencies at least 300,000RMB, for international travel agencies at least 600,000 RMB
- Licensed outbound travel agencies must have an additional insurance fund of one million RMB (meaning that they need to have a minimum cover of 1.6 million RMB in total)

## **Tour leaders and group size**

The ADS agreement stipulates that tourism groups must be accompanied by a Chinese certified tour leader.

- The certificate of a tour leader is reassessed on a yearly basis by CNTA.
- The minimum size of a group is five people including a tour leader.

## ***Major Tour Operators***

### ***Offline agencies***

- Well-known agencies include CTS, CITS, and CYTS, all of which were set up in the days of full Government control. They have offices throughout China, usually managed almost completely independently through a local franchise or autonomously run branch.
- Other nationally known brands include: China Comfort, CITIC, China Merchants, Spring Travel. CTI, which is owned by Hong Kong CTS, is the only non-Chinese company that can legally operate outbound travel. Recently, CITS and CTS began buying back a controlling part in many of their own-brand offices across China. However there is no automatic distribution of products through the chain of offices and each can choose their own suppliers.

### ***Online travel agencies (OTA)***

Online travel still accounts for only a small part of the total travel market (25% for domestic, less than 10% for outbound) but is growing much faster than the overall travel market.

- The largest online travel agency in China is Ctrip ([www.ctrip.com](http://www.ctrip.com)), other online travel agencies includes eLong, Lostrip, Mango City, Aoyou and Tuniu.
- Meta-search companies that compare prices from multiple suppliers and agencies include Qunar, Kuxun, Tianxun (Skyscanner), Youbibi.
- Travel review sites and travel writing forums are popular with the independent traveller. They include Daodao (Tripadvisor), Mafengwo, Qyer.com.

### ***Tour operators with UK-based operations***

Several operators have offices both in the UK or Europe and in China, and act as wholesalers to Chinese tour operators and travel agencies, for both group and FIT travel. These include:

- **Kuoni** : <http://www.kuoni.co.uk/>
- **GTA (part of Kuoni Group)** : <http://www.gulliverstravel.com/>
- **JTB** : <http://www.jtbuk.com/>
- **China Holidays**: <http://www.chinaholidays.co.uk>
- **Omega Travel** : <http://www.omegatraveluk.com>
- **Caissa Touristic Group AG**: <http://zh.caissa.de/>
- **Hino Travel**: <http://www.hinotravel.com/en/index.htm>

### *Group travel*

Groups are generally arranged from a single city or province, as Chinese would not choose to join a group with people from outside their area who speak a different dialect or have different food preferences.

- The tour guide usually carries all passports of the group members.
- Both travel agents and consulates keep lists of cities in China that are regarded high risk for illegal immigration.
- Travel agencies operate screening procedures on customers that are similar to those employed by consulates to reduce rejected visa applications.
- The itineraries sold by travel agencies are often copies from others.
- [The China Tourism Law of 2013](#) has impacted greatly on group travel costs and shopping commissions.

### *Independent travel*

- Travel and hotels reservations are still mainly handled through a travel agency but most of the research and price comparison is done online and increasingly via mobile pre-booking.
- Independent travellers use social networks extensively to get input from peers. Research is done in extreme detail and strongly influences their final decisions.
- High net-worth travellers often delegate this task to personal assistants or a high-end travel agent. They require very personalized treatment and will sometimes be accompanied in their trip by a large number of attendants.

### *Incentive travel*

- There is a noticeable growth in incentive travel among Chinese enterprises in terms of frequency, budget, number of employees included and number of destinations that are now considered for such trips (Mainland China is preferred but medium and long-haul locations are increasingly popular).
- Corporates usually have a fixed budget for these incentive trips which influences both destination and duration of the trip.
- Value for money, safety and understanding of Chinese culture are also key factors when it comes to choose a destination and a supplier.
- Selection of suppliers are generally driven more by trust and affinity than by purely professional criteria.

## China's Tourism Law

On October 1<sup>st</sup> 2013, China, implemented the New Tourism Law of the People's Republic of China. By compelling domestic and outbound tour operators to be more transparent about what is included (or not) in packages they sell, this law aims to improve the quality of the tourism products being offered and to protect the rights of Chinese tourists who usually suffer a position of weakness compared to tourism operators. With the intention of changing China's reputation abroad for the better, the changes effectively seek to:

- *Put a stop to forced group purchases*
- *Discourage unplanned stops in overpriced retail stores or restaurants*
- *Ban unexpected add-on fees*
- *Encouraging public order*
- *Promoting the sustained and healthy development of tourism*
- *Protecting the ecological environment*
- *Bringing respect to social morality in tourism activities*
- *Increasing the respect for local customs, cultural traditions and religious beliefs.*

### *Why was the law introduced?*

Chinese tourist groups became accustomed to purchasing extremely cheap package tours over the years. While this has certainly contributed to the amazing growth rate of domestic and outbound tourism, it was not necessarily beneficial to destinations, nor did it provide a quality experience to the tourists themselves. This led to many complaints from tourists about being pressured to shop or being charged unreasonable amounts for various optional activities and excursions.

Article 35 of the new law states: "Travel agencies are prohibited from organizing tourism activities and luring tourists with unreasonably low prices, or getting illegitimate gains such as rebates by arranging shopping or providing tourism services that requires additional payment."

### *How might the new law affect you?*

Most travel agencies in China now follow the law and avoid discounting tours. They have started including 'free time' in the itinerary instead of 'shopping time'. They also allow tourists to decide whether they require the arrangement of tourism services requiring additional payment, and provide the optional tours in advance for their consideration.

Operators can facilitate this by

- Providing information verbally and in writing about the shopping options and locations to allow the tourists to make an informed decision as to where they would like to go.
- Confirming the agreed shopping locations and optional activities that require additional payment in writing, which the clients can sign.

In the longer term the new law is likely to prompt a shift towards self-organised independent travel. Destinations that can spot this opportunity and are able to capitalise on it quickly, will win the affections of the new breed of independent Chinese travellers.

## Visa processing

The UK requires a separate visa to that of other EU countries under the Schengen agreement. There are several visa application centres run by a private company in different cities across China to facilitate faster and more efficient visas.

Certified travel agencies handle visa procedure on behalf of group customers, following the [Approved Destination Status \(ADS\)](#) agreement with the destination country. Independent travellers must be applied for personally. It is up to the discretion of each embassy or consulate whether to issue FIT visas for tourism. This is not covered by the ADS agreement or any other government policy. In fact, FIT is not classified by China as tourism.

- China has several types of passports: diplomatic, public affairs and private.
- Depending on the purpose of travel the Chinese citizen may use different passports.
- Only private passports are used for ADS tour groups.
- The ADS licensed travel agent will submit the application to the embassies or consulates involved, including documents on the social, economic and financial background of the applicants.
- Visa application procedures for individual, business or official travel are different with each consulate.

General requirements for UK visa application: (<http://www.ukba.homeoffice.gov.uk/countries/china/02-tourist/?langname=UK%20English>)

## *ADS Group Travel Procedure*

- The Approved Destination Status (ADS) is an agreement between the British Government and the National Tourism Administration of China (CNTA) to facilitate the visit of Chinese tourist groups to the UK.
- Over 60 Chinese travel agencies are currently accredited to submit ADS visa applications to the UK Border Agency through the VFS Visa Application Centres.
- Approved Destination Scheme visas are valid for 30 days and require successful applicants to enter, leave and travel within the territory of the UK as a member of a tour group.
- Only certified Chinese outbound travel agencies listed on the ADS list are allowed to handle visa applications on behalf of their clients and payment of foreign currency to foreign parties.
- The ADS licensed travel agent will submit the application to the embassies or consulates involved, including documents on the social, economic and financial background of the applicants.
- Appointment at application centre with entire group where the biometric details are taken.

### *Perceived issues with UK visa application*

A large section of the Chinese tourism industry still perceives UK visa to be more difficult to obtain than US or European Schengen visa. This in fact is due to out-dated knowledge of the application process and you could be helping your partners in China by anticipating these concerns and providing them with the latest information on visa to the UK:

- The ADS procedure for the Schengen member states is the same for every member country. As the UK is not part of the Schengen area, Chinese visitors to Europe need to apply for a separate visa to the UK.
- The cost of a UK visa is £80, slightly more than a Schengen visa.
- Another obstacle for Chinese applicants is that the online application form is in English only.
- It needs to be filled out at the UK Border Agency Website: [www.visa4uk.fco.gov.uk](http://www.visa4uk.fco.gov.uk)
- The average visa processing time is currently just seven working days, with further improvements and simplifications planned for the system.

### *FIT Procedure*

The procedure for acquiring a FIT visa for the UK is similar to the ADS procedure above. More information is available on the UK consulate website.

### **Travel Media**

The media in China is not fully privatised and is controlled by the government to a large extent. Reporters and journalists can choose to write whatever they think is interesting as long as it is in line with government policies. This is of less relevance to travel and commercial reporting but is still important to bear in mind. The mind-set of reporters and editors is affected, which often leads to aversion to risk taking or tackling new/difficult topics.

### *Media characteristics*

- There is no need to strive for excellence in the sense of 'scoops' or 'breaking news'.
- Reporters and journalists often work on the basis of their own network, not necessarily based on market mechanisms as in the West.
- The tasks and responsibilities of reporters and editors are often not clearly divided.
- It is often confusing who the decision-makers are.
- Editors do not have as much freedom as those in the West and normally need to obtain approval from propaganda or censor bureaus of the government.
- Journalists can write and place articles in a number of titles across the country.

## Television

- All television stations are state owned and controlled.
- China Central Television CCTV has 12 channels broadcasting nationally and internationally.
- Every province has at least one other local channel.
- Most households receive about 50 different Chinese channels.
- Many requests for cooperation in promotion of foreign destinations come from TV stations and this demands careful study of the potential exposure.
- Foreign channels are not broadcast in China by terrestrial means but satellite dishes are the norm in international chain hotels and expatriate compounds.
- Fees for television advertising are high. Australia, Hong Kong and Singapore have used this medium.

Travel programs on television include:

<b>National</b>	CCTV	“Travel Compass” “Travelling the Four Seas”
	Travel Satellite TV	“Travel Column”
<b>Beijing</b>	Beijing Television	“Beautiful Mountains, Beautiful Rivers, Beautiful Feelings”
<b>Shanghai</b>	Shanghai Television	“Life On-Line: Fun”
	Shanghai Eastern Satellite	“China is More and More Fun”
<b>Guangdong</b>	Guangdong Television	“Wandering”
<b>Hong Kong</b> <b>Europe</b>	Phoenix Satellite Phoenix CNE Satellite	“Across China”

## Radio

- All radio stations are state owned and controlled.
- Radio listeners are usually older people, students and (taxi) drivers. As many people of the middle class take taxis or drive their own car, radio stations can be good partners in advertising.
- The Traffic Radio in each city has very big influence on the market. In Beijing, 103.9 is a famous radio channel and the tour operators are willing to co-operate with it.
- Travel agencies have contracts with stations for tourism advertising and features.

Main travel programs on the radio:

<b>National</b>	Central People’s Broadcasting Station	“Morning News”
<b>Beijing</b>	Beijing People’s Broadcasting Station	“Traffic Station – Relaxed Travel” and “Music Station”
<b>Shanghai</b>	Shanghai People’s Broadcasting Station	“Travel Bus”
<b>Guangdong</b>	Guangdong Radio	“Travel Macau and Hong Kong”

### *Print Media*

- There are two news agencies in China, Xinhua News Agency and China News Agency.
- There are thousands of different newspapers in China. The main two national newspapers are the “People’s Daily” and the “Economic Daily”.
- The only daily newspaper specialising in tourism is the “China Tourism Report” of CNTA.
- Evening Newspapers in each city are widely read by the locals and considered most valued by advertisers.
- The segmentation of readers based on economic class or background is prevalent in China. Examples include “Beijing Youth” for white-collar workers, “Shopping Guide” for the fashionable young, papers with a focus on specific provinces and those intended for expatriates from Taiwan, Japan or Korea.
- Most of the magazines regarding economics and finances are focusing on the white-collar class.
- Automobile and IT magazines are suitable for tourism promotion since their readers have a relatively high income.
- Fashion magazines target the white-collar female readers.
- It is useful to know when considering PR activities that glossy travel magazines often organize trips for their readers. Examples of such magazines are Travel + Leisure 旅游休闲, World Traveller 旅行者, Trends Travel (in association with National Geographic) 时尚旅游, Voyage 新旅行 and Business Travel 商务旅行. Global Golf 环球高尔夫 is also another notable option.
- Since their names in English can be confused with other magazines, do check also the corresponding name in Chinese.

### *Online Media*

**Sina**新浪 : <http://www.sina.com/>

- The largest and most influential online Chinese media. As of 2013 it had more than 280 million registered users worldwide and over 900 million daily page views.
- Provides internet services to the Chinese population around the world as well as mobile value-added services, mail, search engine, online games, micro-blogging, bulletin boards, instant messengers, fee-based services, e-commerce and enterprise services.
- Sina owns Sina Weibo, the most popular microblogging service in China.
- Target Audience: virtually every Chinese internet user.
- Category : news, sports, technology information, finance, advertising services, entertainment, fashion, and travel.

**Sohu**搜狐 <http://www.sohu.com/>

- Chinese online media, search, gaming, community and mobile service group.
- Provides internet services , online advertising and mobile related services.
- Owns Sogou search engine.
- Was selected as official Internet content service sponsor of Beijing 2008 Olympic Games.

## *Travel Trade Media*

### **Travel Weekly China : 旅讯**

- Target audience : travel agents
- Category : Aviation, Business travel, Cruise, Destinations, Hotel, MICE, NTOs people Technology, Tourism innovation
- Main topics :
  - Reflects the view of tourism industry and problems faced by operators of various travel products,
  - Analyses new regulations on travel agencies, investigate agency market intelligence,
  - Provides analysis on trends, special products and services offered by destinations, hotels, and cruise providers.

### **Events (Published by Travel Weekly China) 商旅圈**

- Target Audience: Enterprise end users, Convention center, Tourism Boards, Attractions, MICE travel Agency, Exhibition organizers, travel management companies...
- Category: MICE, Business, People, Cruise, Destinations, Demonstration of new MICE destination (location facilities, Related policies...),
- Main Topics :
  - Showcase of ballroom, meeting rooms and other MICE facilities,
  - Analysis of the changes in MICE industry
  - Focus on hot spots concerning MICE industry.

### **TTG China 旅业报**

- Target Audience : Travel Agency, Tour operators, Wholesalers (Corporate, Leisure and Online), Hotels
- Category : Leisure trade, corporate travel, MICE, luxury travel
- Main topics :
  - Travel destinations trends: domestic and international
  - Marketing insight: analysis of various marketing and developing strategies from a focused business angle;
  - Featured interviews: exclusive interviews with China's industry leaders where they share their views on the Chinese travel market;
  - Travel shows: essential highlights and features of the most prestigious domestic and international travel

### **TTN (Travel Trend News)**

- Target Audience : Travel Agents, Tour Operators, hoteliers, Airlines, Tourism boards
- Category : Business, Technology, Airlines, Hotels,
- Main Topics:
  - Travel agencies, industry people and national tourism boards
  - Insights into industry trends,

### **China Travel Agent 旅行社资讯**

- Target Audience : Tour operators
- Category : Travel agency, Destinations, Cruise, Airlines,
- Main Topics :
  - In-depth travel trading trends and insights;
  - Featured products and services: hotel resorts, cruise lines and so on

### **China Travel Daily 环球旅讯**

- Target Audience : Travel Agent, Tour Operators, Hotels, Aviation
- Category : Online travel, Hospitality, Airlines, Destination, travel technology, business and incentive travels...
- Main topics:
  - Up-to-the-minute news and feature stories;
  - In-depth analysis by leading industry experts

### **Travel Link Daily 旅业链接**

- Target Audience: Travel Agents, Tourism Companies, Online Travel Companies, Tourism Boards, Hotels, Airlines, Cruise Companies, MICE Agencies
- Category : MICE, Online travel, Airlines, Hotels, Destination, Exhibitions, MICE, Cruise
- Main Topics :
  - Up-to-date tourism related news and trends;
  - Feature a selective topic each month;
  - Translating foreign updates, current affairs and reports regarding tourism industry

### **Business Traveller Asia Pacific**

- Target Audience : Business Travellers
- Category : Destinations, Lifestyle technology
- Main Topics :
  - Travel products reviews including technology, gadget and accessories for travellers.
  - In depth hotel reviews, destination information, airline reports
  - Examination of the latest travel discount offers
  - Business travel news covering a wide range of issues (health, security, technology, golf, automotive, financial and buying property)

## Elite Traveler

- Target Audience: Elite affluent consumer
- Category : Luxury
- Main Topics :
  - Luxury lifestyle,
  - Luxury transports,
  - Destination guides
  - Travel news

## China Travel Trend

- Target Audience: International tourism organisations
- Category: Industry intelligence
- Main Topics :
  - China Outbound Tourism and China Travel market landscape
  - Social Media and Digital Marketing to China

## Hurun Report 胡润百富

- Target Audience: Private Members Club, Golf Clubs, Polo Clubs, Airlines, Five-star Hotels
- Category: Luxury
- Main Topics:
  - Luxury lifestyle,
  - Exposés on the lives of China's very richest,
  - Exclusive interviews
  - Tracking of the changes amongst China's wealth creators

## *Consumer travel media*

### National Geographic 华夏地理杂志 <http://ngmchina.com.cn/>

- The Chinese version is widely distributed and constitute a reference for travel destinations to Chinese independent travellers
- National Geographic traveller also has its Chinese version and provides professional reviews and solid service information that help readers plan their trips.
- Target audience : White collar workers, employees, postgraduate
- Category : Independent travel, geography, photography, discovery
- Main topics :
  - photo driven section of destinations
  - outdoor experience and activities when travelling
  - local hospitality and catering services

## Conde Nast Traveller 悦游

- The Chinese version was launched in March 2013 and is published under copyright cooperation by Women of China Media.
- Target audience : affluent consumers, white collar workers
- Category : Luxury
- Main topics :
  - advice on luxury travel destination and unique experiences in travel
  - Luxury travel lifestyle