



Travel Trade Scan China 2023



NBTC
Netherlands Board
of Tourism &
Conventions

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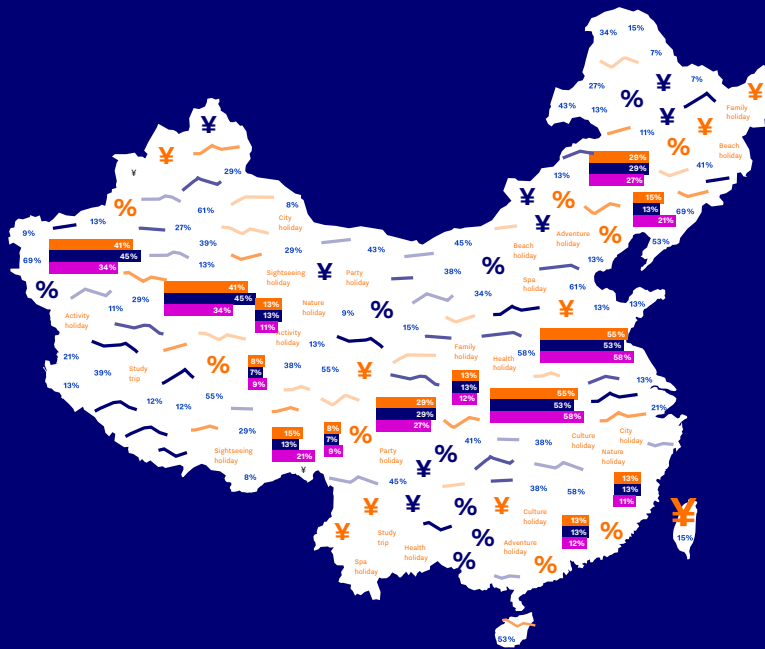
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1

General overview of the Chinese economy

Key economic developments since the border reopening in January 2023 shaping the post pandemic recovery.

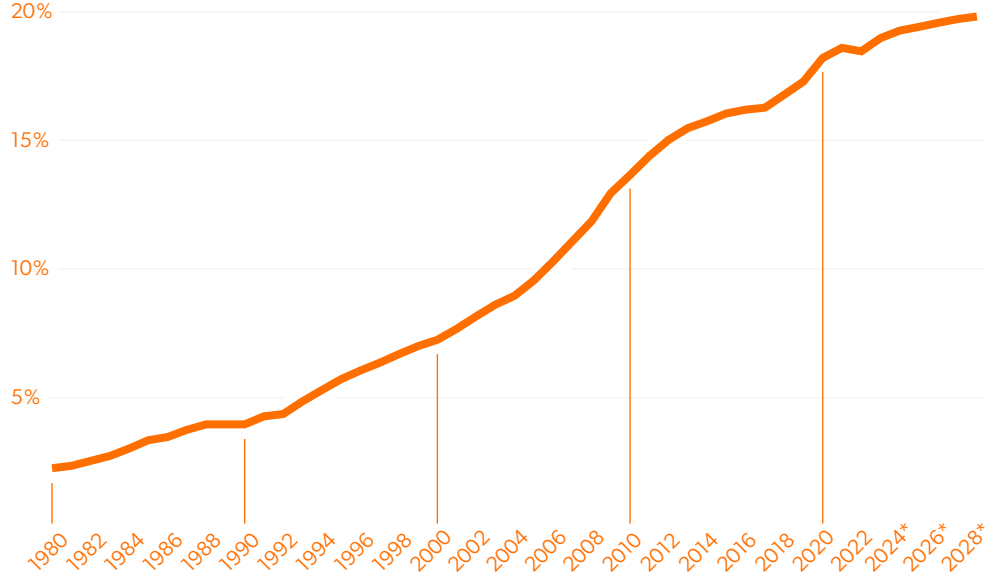


China has a population of 1.4 billion people (netizen population: 904 million) with a total GDP of 121 trillion Yuan (over 15 trillion Euro). China is the most valuable trading partner of more than 120 countries worldwide. The Chinese economy accounts for about 20 % of the global GDP.

Chart 1

China's share of global gross domestic product (GDP) adjusted for purchasing-power-parity (PPP)

share of global GDP
20%

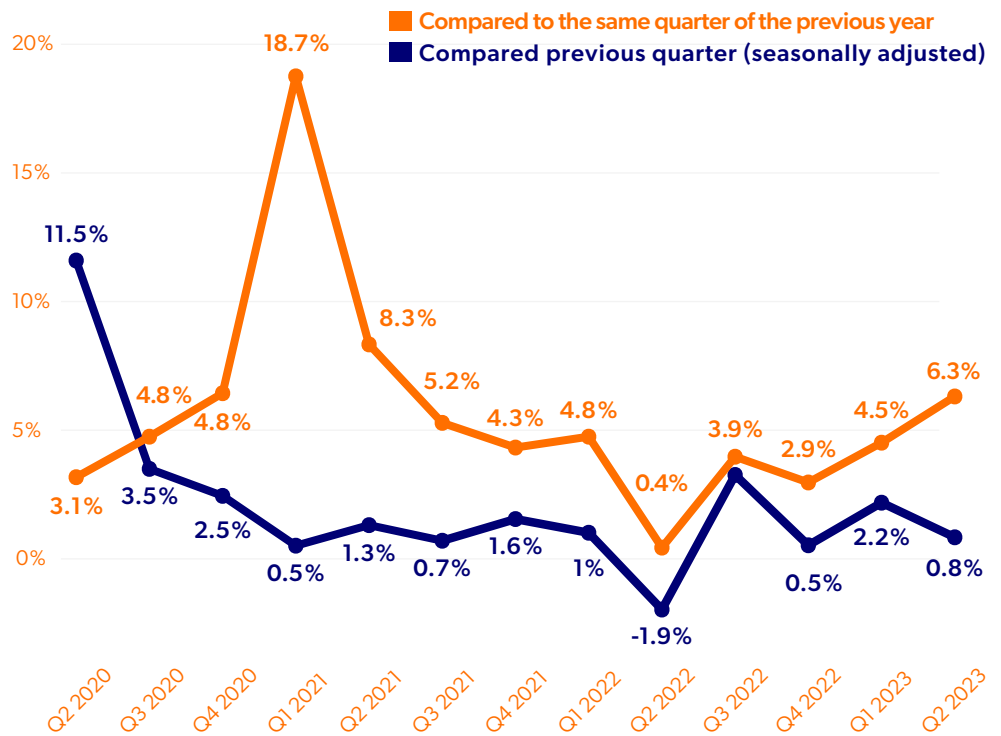


Source: IMF

Economy growth after the pandemic

The GDP growth rate for 2022 was 4%. Since the border was reopened after the pandemic, in January 2023, the economy has growth significantly faster. Forecasts say the GDP growth rate for 2023 will be about 7%.

Chart 2

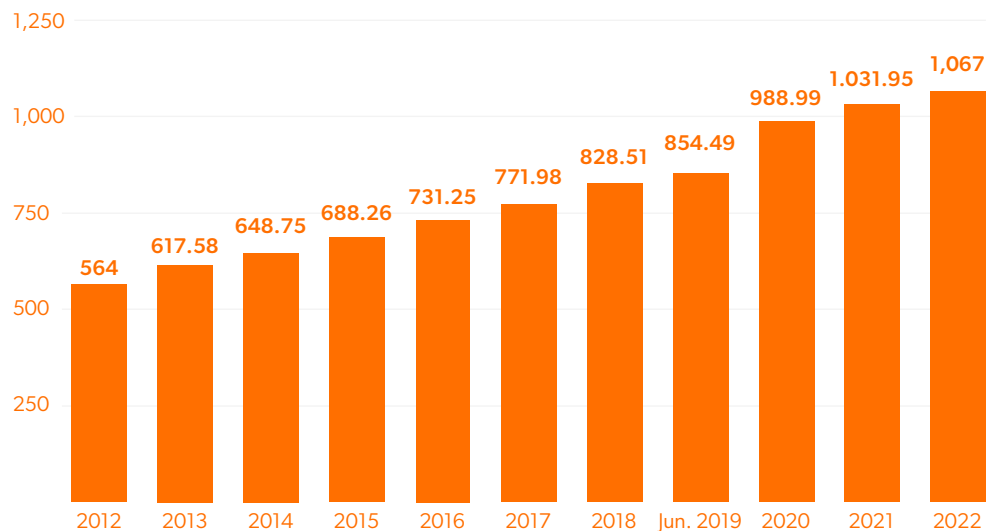
Quarterly gross domestic product (GDP) growth rate in China

Source: National Bureau of Statistics of China

A mobile oriented society

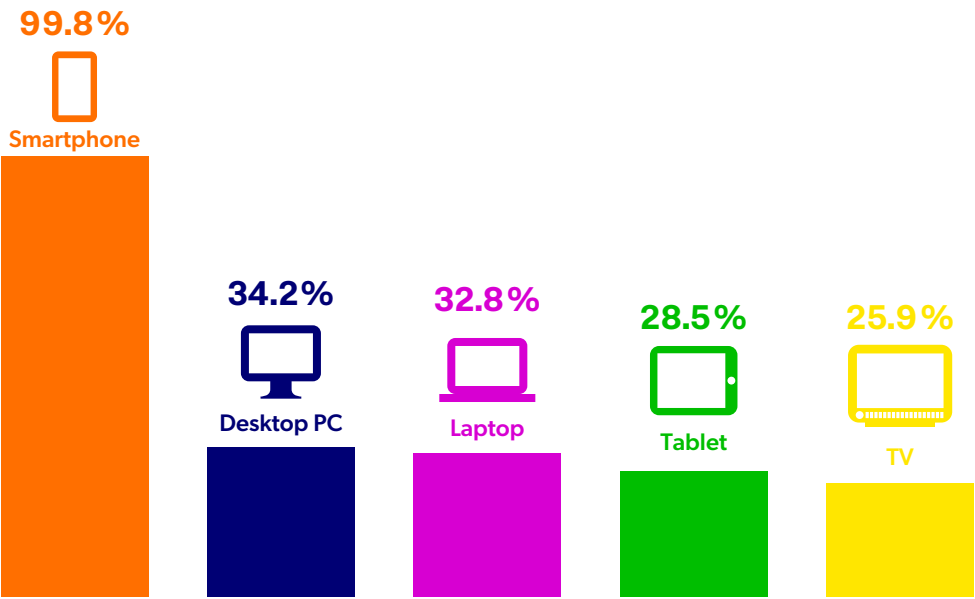
The number of internet users in China continued to grow despite the pandemic, now reaching over 1 billion users. About 75% of the population use the internet and 99.8% use mobile devices to go online.

Chart 3

Number of internet users from 2012 to 2022 (in millions)

Source: CNNIC

Devices used to access the internet by users in China as of December 2022



Source: CNNIC



2

Connectivity between China and the Netherlands

After the reopening of China's borders, travel industry recovery started off slowly due to the reduced flight network and high demand for visa's, but has since gathered pace.

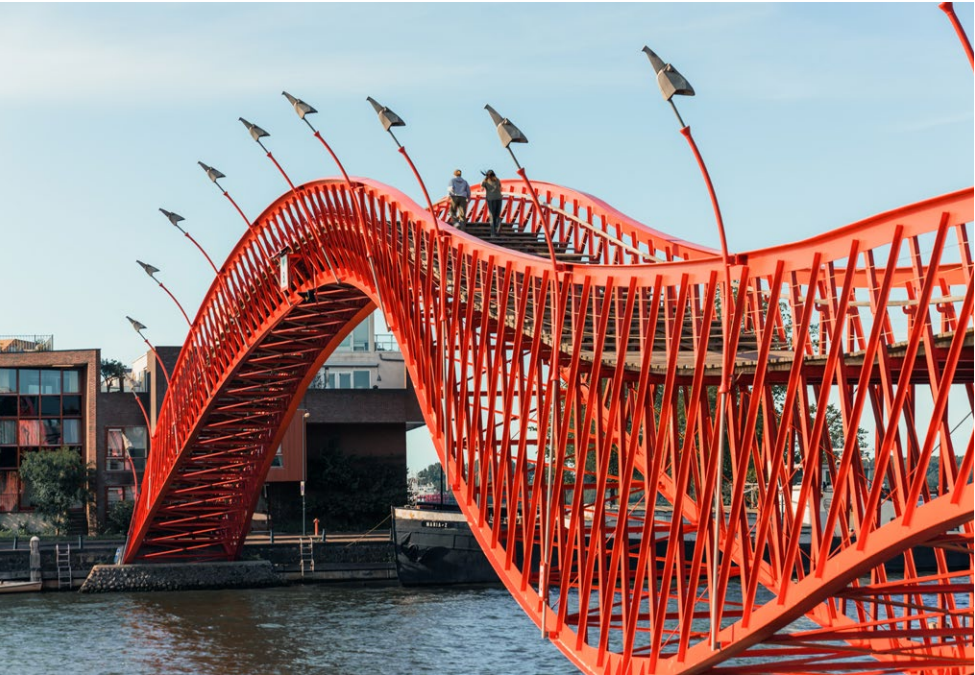
2.1 Connectivity

Currently, there are 43 weekly flights operated by 5 airlines connecting 7 airports in China (including Hongkong & Taiwan) to Amsterdam. This is about 50 % of the number in 2019.

	Beijing		Amsterdam	✈ 7
	Shanghai		Amsterdam	✈ 7
	Hong Kong		Amsterdam	✈ 3
	Taipei		Amsterdam	✈ 3
<hr/>				
	Beijing		Amsterdam	✈ 4
	Guangzhou		Amsterdam	✈ 4
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	Shanghai		Amsterdam	✈ 4
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	Xiamen		Amsterdam	✈ 4
<hr/>				
	Hong Kong		Amsterdam	✈ 7
<hr/>				
Weekly flights				✈ 43

2.2 Visa services

Since September 2022, all types of visas have been reinstated, including tourist visas. However, the processing capacity does not yet meet the demand. The waiting time for an appointment to submit an application was approximately 10 weeks in August 2023. The approval time is officially 15 working days, but in practice many applicants received their visas in about a week.



3

The chinese travel market

An overview of the Chinese travel markt with a focus on its key travel tade players and their business models, opportunities and tips for a successful approach to doing business.



3.1 The chinese travel market at a glance

Domestic travelling

In the first half of 2023 2.384 billion domestic trips were made. This is a 63,9% increase compared to the year before.

Domestic v.s. outbound travelling

According to forecasts, a total of 4.55 billion domestic trips will be made in 2023. This represents 98% of the total number of trips. The remaining 2%, representing approximately 90 million trips, is outbound travel.

This is less than in 2019, when 155 million outbound trips were made by Chinese travellers.

3.2 Group vs. FIT

For domestic trips, the share of group trips is very low at 3% of the total number of trips. Outgoing traveling represents a significantly higher proportion of group travel at 35% of the total number of trips. This is because many travellers opt for professional support due to visa, language and cultural differences. However, this percentage is shrinking as the younger and more tech-savvy generation takes up an increasing share of the market.

3.3 Total number of travel companies

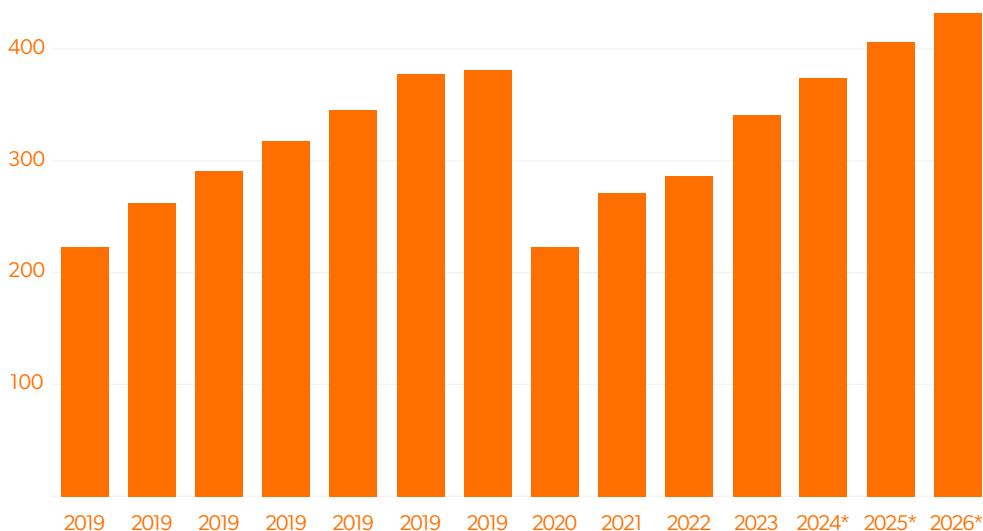
According to figures from the Chinese Ministry of Culture and Tourism, there are a total of 47.069 travel organizations (up to July 2023).

3.4 Business travel

Chinese business travel is and will remain an important market for the Netherlands. The recovery of this market after the pandemic is quite stable. It is a trend and a tradition for the Chinese to combine business travel with leisure activities.

Chart 5

Business travel spending of China from 2013 to 2020 with forecasts until 2026 (in billion U.S. dollars)



*forecasts

Source: GBTA, trip.com

3.5 Business models of outbound travel companies by type

OTA

Online Tour Agents provide online services for travel reservation and bookings through their own websites. One of the most renowned OTAs is Trip.com, which specializes in flight and hotel package bookings. But Trip.com also offers platform services to other travel organizations.

Platforms

Unlike OTAs, platform companies set up an online marketplace where tour operators can run their stores to sell travel products. The most popular platform is Fliggy. This is a subsidiary of Alibaba, integrated with other platforms within the Alibaba group. Also popular are Tongcheng.com and JD.com. Tongcheng.com is an independent travel platform. As part of the largest online shopping platform in China, JD.com also offers travel.

Where platform companies usually did not offer their own travel products in the past, they now more often set up their own travel organization and sell products on their own platform.

Wholesale

Wholesale is the most traditional form of business. These companies develop itineraries and distribute them to their agencies. Characteristic of this type of travel organization is the win-win combination of high volumes and competitive prices. Following the COVID-19 pandemic, this business model is in the process of recovery. However, it will take time for the restoration of supply chains and the development of new product portfolios in order to regain a substantial market share.

The Netherlands has recently been included in the list of ADS (Approved Destination Status). This is an agreement between China and the EU that allows Chinese visitors to travel in groups for leisure purposes. This status forms the foundation for wholesale group travel business.

Tailor made

Tailor made travel has been hot business lately due to COVID-19. This type ranges from leisure travel to business travel, offering travel services per individual customer requirements.

Client acquaintance

Social media plays an exceedingly important role in the Chinese travel market. Most travel companies, especially those focused on leisure travel, use social media platforms such as TikTok, Red book and WeChat to present themselves to customers. Live streaming and social media shops are the most popular tools.

Mixed

Mixing business models is the common approach in China.

3.6 How to ensure products are included

Start communicating with consumers.

As the travel market is rapidly moving from supply-driven to demand-driven, it is critical that suppliers understand customer needs.

Position the travel trade.

The role of travel organizations in the communication chain has to be clear. Use these companies as the intermediaries in the communication between consumers and service providers.

Provide travel organizations with the right tools.

Provide travel companies with useful tools such as discounts, booking channels, product details in Chinese, Chinese speaking staff, etc.

3.7 How to get in contact with the travel industry

Trade fairs

Trade fairs are still the best way to build a database of contacts in China's travel market, especially for new entrants.

Broker agencies

Broker agencies are the most efficient way to increase the number of contacts. When developing your business, use the closest and/or largest business partners in your network as a gateway to further contacts. Especially useful when a GSA system is being set up.

Communications

Use business partner friendly communication tools. WeChat is a must. Timely response is also important.

3.8 useful activities and tools

FAM trips

A traditional and highly effective way to get to know business partners who provide products or services. It is recommended to take combined FAM trips where you meet trade and key opinion leaders as well as media.

Seminars

Organize knowledge seminars together with key business partners such as GSA for their network and a broader range of partners. Traditional but still effective. Recommending hybrid seminars with mixed audience of trade, key opinion leaders and media, including all other relevant parties.

Training programs

Recommended but not a must. To ensure that the knowledge of products or services is up to date, training courses for a specific group of business partners or potential business partners are a great way. Training can also be hybrid, a combination of online and offline.

Business visits

Good relations are very important for business success in China. The best way to maintain a good business relationship is to make personal contact in addition to daily communication through other channels.

3.9 What the travel industry is looking for

The travel industry is currently rebuilding its supply chain. Now is the right time to get in. There is a demand for all kinds of travel products and services. Incoming tour operators, both for group travel and tailor-made trips and for business visits, are very welcome. The same applies to local specialist tour guides.



Eddie Yang
Asia Director
eyang@holland.com
+86-13901371464

