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TOURISM TRENDS AND OUTLOOK, Guilin, China**

Changes in Consumption Patterns and Tourism Trends in China

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I. Changes in Consumption patterns (1)

- Anti-corruption campaigns leads to the sharp deduction of government corruption consumption;

学习贯彻中央八项规定内容

★改进调研：轻车简从，不安排宴请★
1、改进调查研究，到基层调研要深入了解真实情况，总结经验、研究问题、解决困难、指导工作，向群众学习、向实践学习，多同群众座谈，多同干部谈心，多商量讨论，多解剖典型，多到困难和矛盾集中、群众意见多的地方去，切忌走过场、搞形式主义。轻车简从、减少陪同、简化接待，不张贴悬挂标语横幅，不安排群众迎送，不铺设迎宾地毯，不摆放花草，不安排宴请。

★改进警卫：一般情况下不得封路★
5、改进警卫工作，坚持有利于联系群众的原则，减少交通管制，一般情况下不得封路、不清场闭馆。

★改进报道：是否报道要看新闻价值★
6、改进新闻报道，中央政治局同志出席会议和活动应根据工作需要、新闻价值、社会效果决定是否报道，进一步压缩报道的数量、字数、时长。

★改进会风：未获批不出席剪彩奠基★
2、精简会议活动，切实改进会风，严格控制以中央名义召开的各类全国性会议和举行的重大活动，不开泛泛部署工作和提要求的会，未经中央批准一律不出席各类剪彩、奠基活动和庆祝会、纪念会、表彰会、博览会、研讨会及各类论坛；提高会议实效，开短会、讲短话，力戒空话、套话。

★文稿发表：除安排外不得题词出书★
7、严格文稿发表，除中央统一安排外，个人不公开出版著作、讲话单行本，不发贺信、贺电，不题词、题字。

★改进文风：可发可不发的一律不发★
3、精简文件简报，切实改进文风，没有实质内容、可发可不发的文件、简报一律不发。

★严守廉政：严格执行住房用车规定★
8、厉行勤俭节约，严格遵守廉洁从政有关规定，严格执行住房、车辆配备等有关工作和生活待遇的规定。

★规范出访：一般不安排留学生迎送★
4、规范出访活动，从外交工作大局需要出发合理安排出访活动，严格控制出访随行人员，严格按照规定乘坐交通工具，一般不安排中资机构、华侨华人、留学生代表等到机场迎送。

以身作则、率先垂范、树立廉政风

中共中央总书记 国家主席 中央军委主席
习近平

The Publishing of '8 Rules', 4th December, 2012.

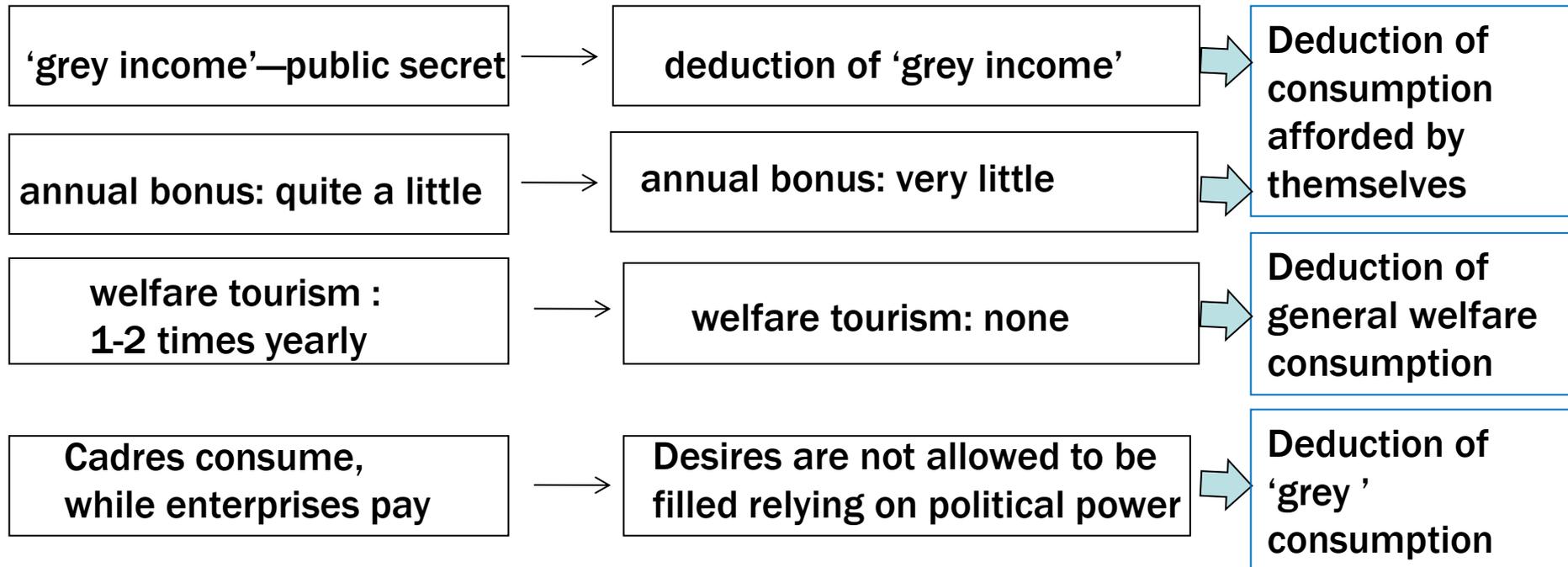


The change of consumption of the specific group

Most Influenced Group:

Administrative organs, parties and social organizations, financial appropriation institution staff and state-owned enterprise employees, etc. ;

The total number: more than 75 million ;





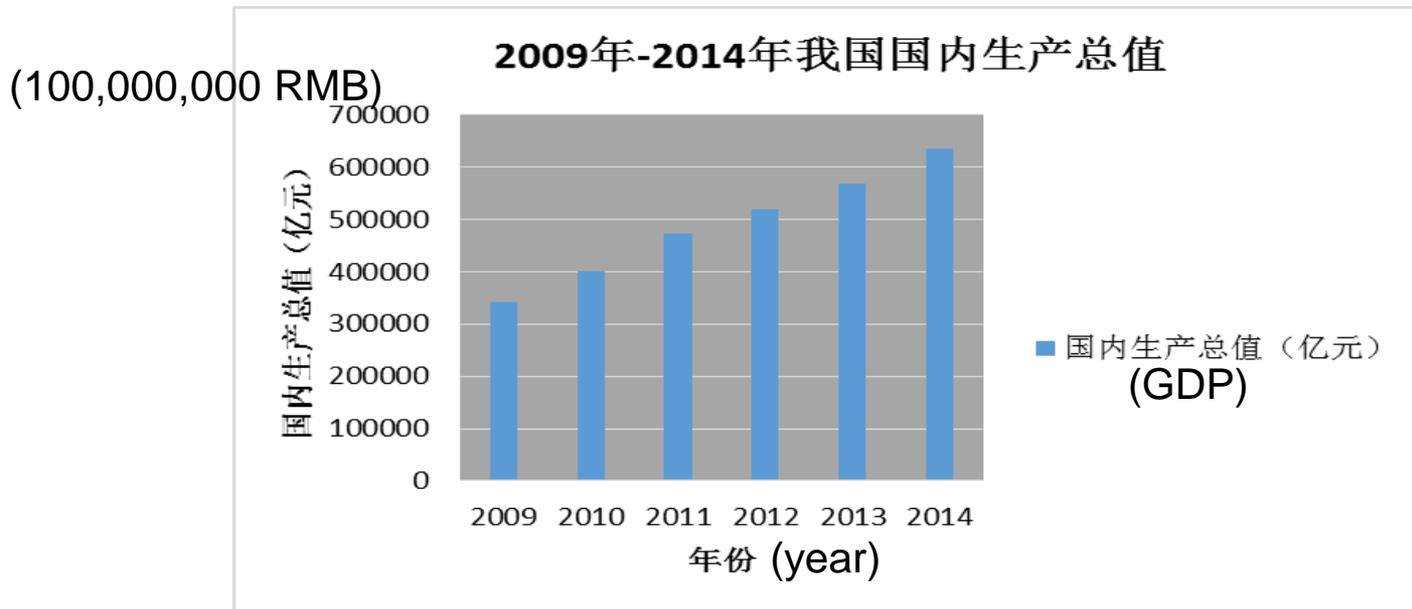
Leading to Changes in Luxury Consumption

Consumption Items	Before publishing of '8 rules'	After publishing of '8 rules'
Luxury goods	Spring Festival of 2012: 1.75 billion US \$ (PRC.);	Spring Festival of 2013: 0.83 billion US \$ (PRC.)
Luxury hotels	Spring Festival of 2012: Average price-14000 RMB (Ritz-Carlton, Sanya)	Spring Festival of 2013: Average price-5999 RMB (Ritz-Carlton, Sanya)
	Spring Festival of 2012: Dinner-1000 RMB per person (Hilton, Sanya)	Spring Festival of 2013: Dinner-200-300 RMB per person (Hilton, Sanya)



I . Changes in Consumption patterns (2)

- Increase of national income leads to expansion of consumption scale and the change of consumption structure;



- ◆ From daily necessity consumption to leisure consumption ;
- ◆ Change of consumption concept ;



Annual Income Per Capita of Urban Residents (2014)

省份	按全体居民数排名	全体居民			城镇常住居民			农村常住居民		
		2014	2013	增速	2014	2013	增速	2014	2013	增速
上海	1	45966	42174	9.0	48841	44878	8.8	21192	19208	10.3
北京	2	44489	40830	9.0	48532	44564	8.9	18867	17101	10.3
浙江	3	32658	29775	9.7	40393	37080	8.9	19373	17494	10.7
天津	4	28832	26359	9.4	31506	28980	8.7	17014	15353	10.8
江苏	5	27173	24776	9.7	34346	31585	8.7	14958	13521	10.6
广东	6	25685	23421	9.7	32148	29537	8.8	12246	11068	10.6
福建	7	23331	21218	10.0	30722	28174	9.0	12650	11405	10.9
辽宁	8	22820	20818	9.6	29082	26697	8.9	11191	10161	10.1
山东	9	20864	19008	9.8	29222	26882	8.7	11882	10687	11.2
内蒙古	10	20559	18693	10.0	28350	26004	9.0	9976	8985	11.0
全国	-	20167	18311	10.1	28844	26467	9.0	10489	9430	11.2
重庆	11	18352	16569	10.8	25147	23058	9.1	9490	8493	11.7
湖北	12	18283	16472	11.0	24852	22668	9.6	10849	9692	11.9
湖南	13	17622	16005	10.1	26570	24352	9.1	10060	9029	11.4
吉林	14	17520	15998	9.5	23218	21331	8.8	10780	9781	10.2
海南	15	17476	15733	11.1	24487	22411	9.3	9913	8802	12.6
黑龙江	16	17404	15903	9.4	22609	20848	8.4	10453	9369	11.6
	(Ranking)	(RMB)	(RMB)	(+%)	(RMB)	(RMB)	(+%)	(RMB)	(RMB)	(+%)



Changes of consumption concept

Consumption concept: from 'frugal living' to 'society of consumption';

Consumption scale: Consumption scale increase rapidly;



Film market as the case:

17.1 Billion RMB in 2012; 3.96 Billion RMB (30.18%) more than box office earning of 2011; annual growth rate 34% in the past 10 years;

Younger audience: average age of 25.7 in 2009; average age of 21.7 in 2013;



II. The Impact of Changes in Consumption patterns to Tourism development (1)

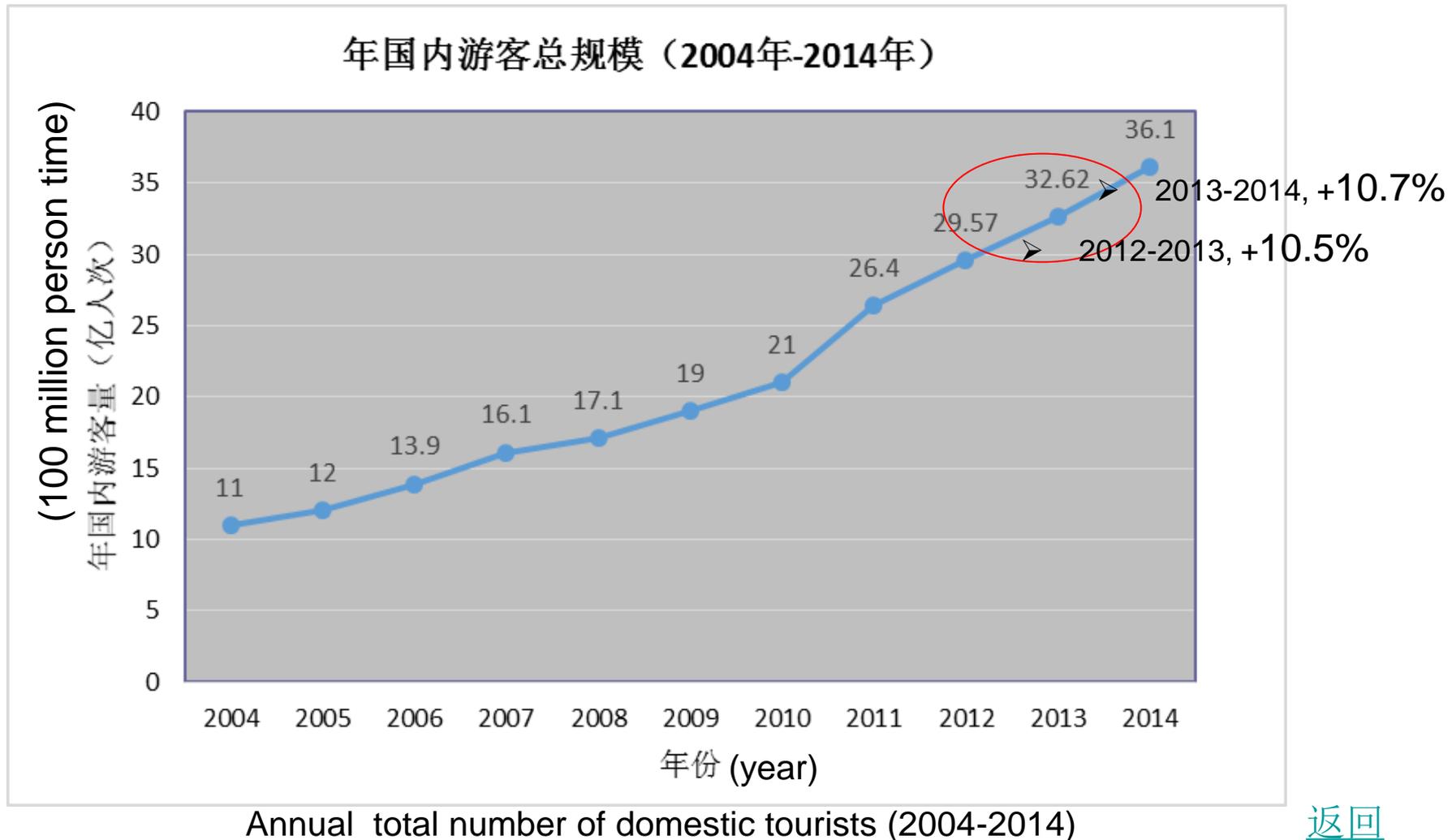
On the Demand Side

- **The number of domestic tourists still increases;**
 - **Consumption level of domestic tourists changes** (mainly due to the government campaign of anti-corruption consumption) ;
 - **Domestic tourists' spatial activities change;**
 - **The number of outbound tourists still increases**
-



Effect of increase of national income on domestic tourism demand

➤ **Potential tourists** → **Practical tourists** (rural market and youngster market)



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Deduction of luxury and irrational consumption

- **Characters of tourists paid by government and state-owned enterprise :**

“they never bargain, and they are the main producer of our revenue...the main customers of luxury goods.....” (manager of a local travelling agency in Sweden, 2013.06)





Domestic tourists' spatial activities change

- **Demand of long-distance, trans-provincial routine —decrease**
- **Demand of short-distance, provincial routine — increase**

Reception of Kanas scenic area during 'golden week' of 2014 as the case

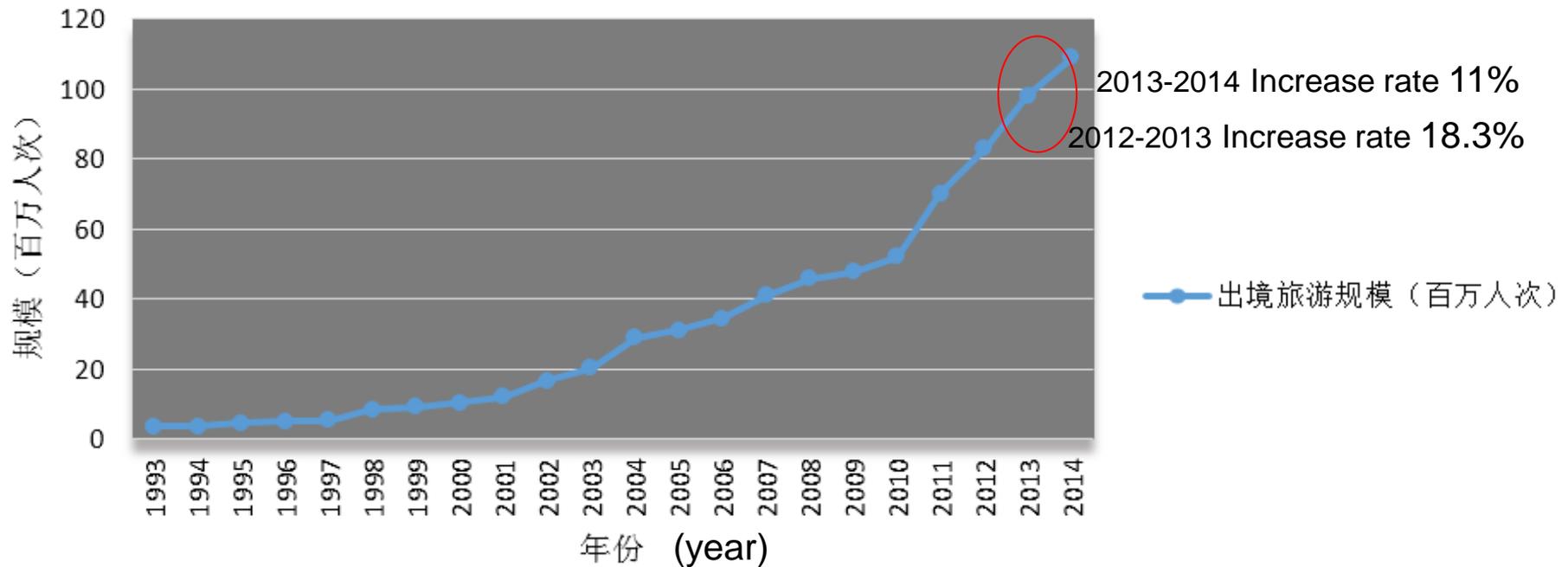
- Number of tourists from areas out of Xinjiang— a decrease of 50% below last year;
- Number of tourists from areas within Xinjiang — an increase of more than 100% over last year



2014——Outbound tourism still increase

中国年度出境旅游总规模（1993年-2014年）

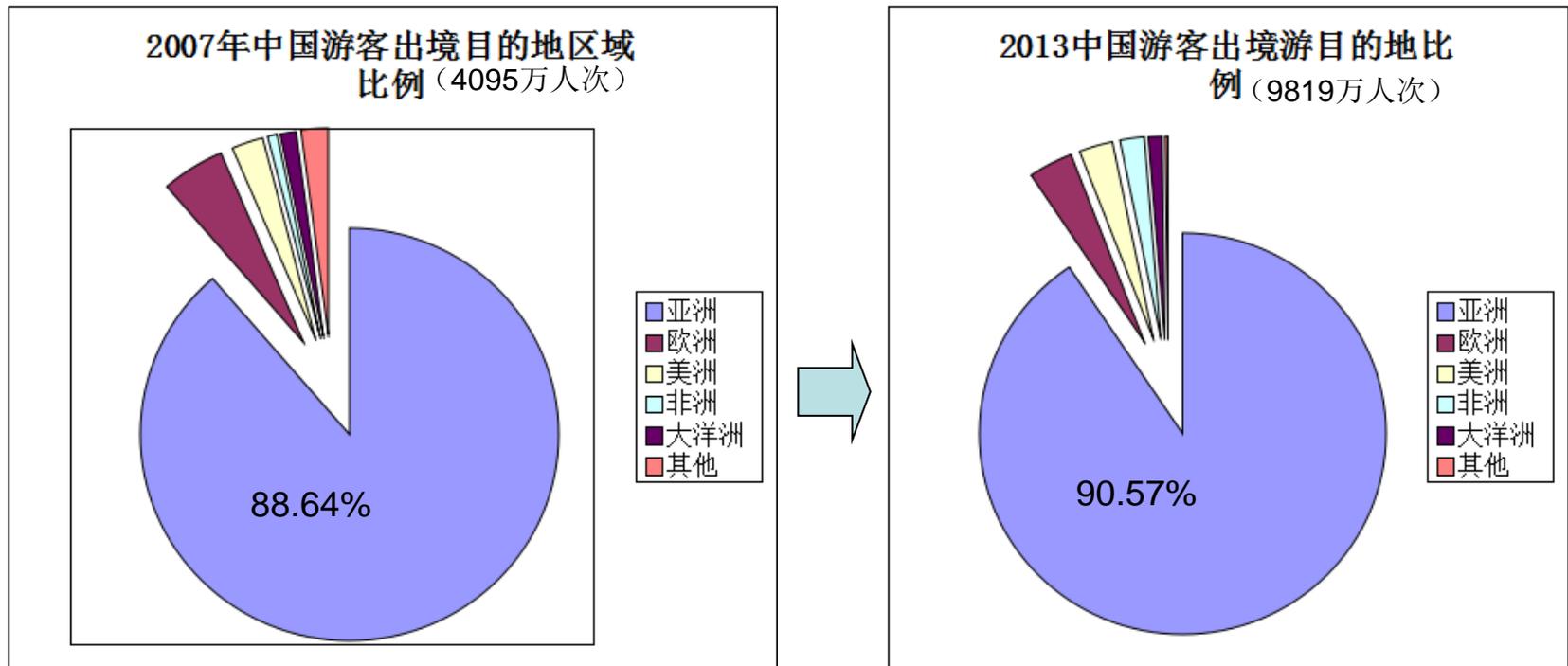
(10,000 person time)





More Reasonable Consumption Demand

- More demand of short routine;
- 90%—— within Asia;



- Less than 10%——first class hotels;
- More than 80%——budget hotel;
- Average spending on accommodation——1031 RMB.



Decrease of luxury consumption demand

- According to investigation of Challenges, during September of 2013, 18 of 24 high-end watch brands in Galleries de Lafayette reported falls in sales;
- 'Showing off wealth' has become a dangerous thing for many Chinese consumers;

Chinese tourists will be still keen on overseas shopping:

- *Lower price than shopping within China (Tariff——30-40%);*
- *Lower price (Drawback —— 10%);*
- *More choices and brands;*
- *Increasing influence of consumerism;*



II. The Impact of Changes in Consumption patterns to Tourism development (2)

On the Supply Side

- **Lower prices, especially luxury hotels at the destination
(Example of Sanya, Hainan Province);**
 - **More rational investment at the destination**
 - **Slower development speed, especially the development of
second-home real estate;**
-



Lower prices especially luxury hotels at the destination

➤ More mass-affordable tourism products;

Case: Luxury hotels in Sanya

Consumption Items	Before publishing of '8 rules'	After publishing of '8 rules'
Luxury hotels In Sanya	Spring Festival of 2012: Average price-14000 RMB (Ritz-Carlton, Sanya)	Spring Festival of 2013: Average price-5999 RMB (Ritz-Carlton, Sanya)
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Lower prices especially luxury hotels at the destination

Case: Luxury hotels in **Haitang Bay, Sanya (2015, Golden Week)**

Date	Frontline sea-view hotel Average Rental rate	Frontline sea-view hotel Average price (RMB/n/r)	Highest Rental rate among individual hotels	Highest average price among individual hotels (RMB/n/r)
2015/9/30	68%	---	90%	2737
2015/10/1	86%	---	100%	3940
2015/10/2	96.40%	1536	100%	3788
2015/10/3	99%	1618	100%	3834
2015/10/4	98%	1477	100%	3406
2015/10/5	83%	1219	96%	3883
2015/10/6	63%	1237	92%	3531

Conrad, Sheraton, Hilton, Westin, InterContinental, Shangri-La hotel ...



Lower prices especially luxury hotels at the destination

Case: Luxury hotels in **Yalong Bay**, Sanya (2015, Golden Week)

Yalong Bay: “The price of a basic room in our hotel *during the Golden week of last year was 3280RMB per night, while during the Golden week of this year, the price is 2688 RMB per night, with a discount of 82%, to attract more guests who are more interested in a more reasonable price* (Marketing Chief of a luxury hotel in Yalong Bay, Sanya, 2015.9.22) ;

- **Lower prices might stimulate the demand of inbound tourism;**

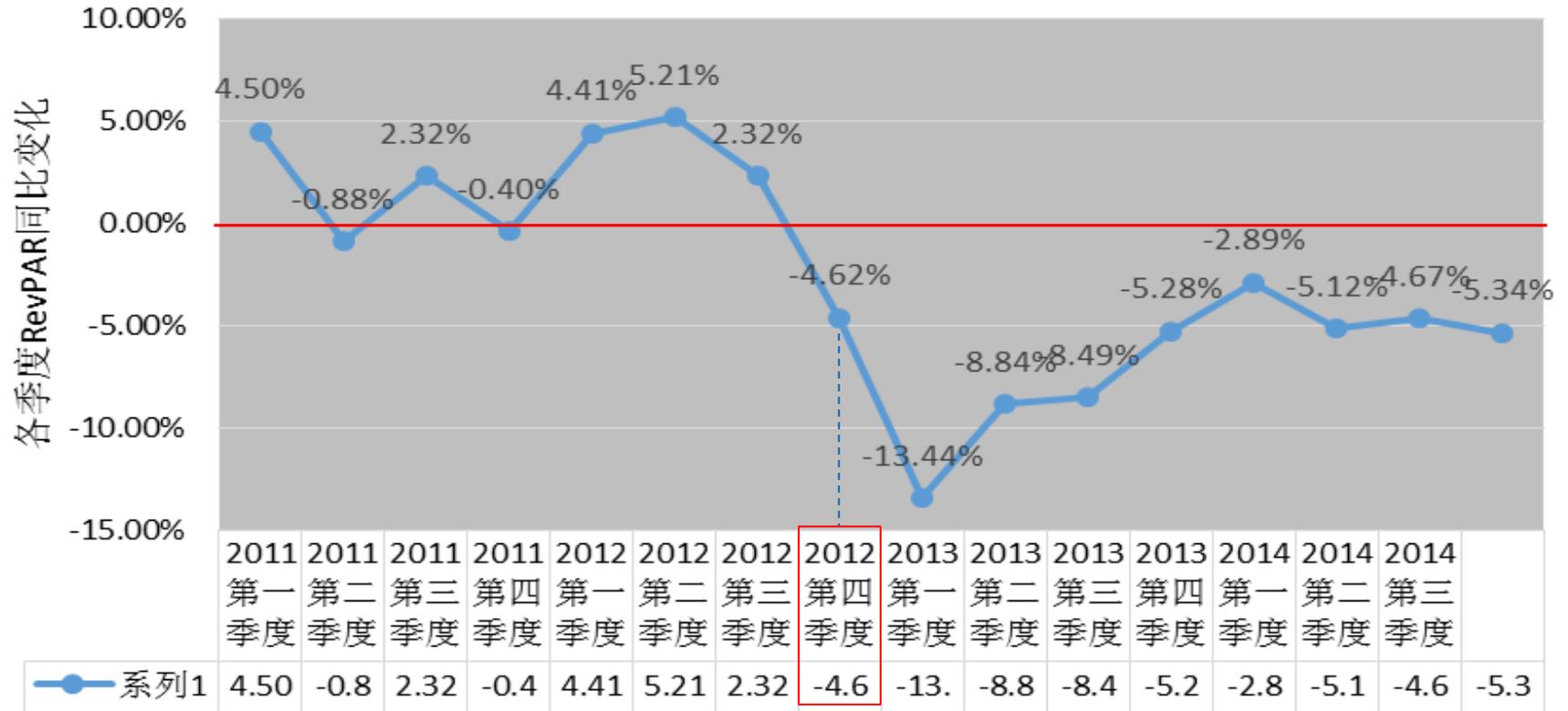


**What are changes of tourist destinations in China on the
context of consumption transition ?**



Decrease of revenue of luxury hotels

全国五星级酒店各季度RevPAR同比变化率



RevPAR (average price × average rental rate) of 5 star hotels in China—nine season of year-on-year decline since the fourth quarter of 2012;



Slower development of second-home real estate

Effect of anti-corruption campaigns:

- deduction of anticipated income; more rational tourism real estate buyers;
- Difficult to gain large area of land at a low price through 'guanxi' with officials;



Effect on tourism real estate:

- Cooling the invest on real estate (second home) in tourist destinations;
- Slower exploitation of recourses in tourist destinations;



Erhai Lake. Tianyu



Clear Water Bay. Sanya



Sanya. High housing vacancy rate



III. Conclusion

- (1) Benefit from the increase of national income, the number of both domestic and outbound tourists still increases; Tourism consumption has become a regular consumption for Chinese people;**
-



III. Conclusion

(2) The continuous anti-corruption campaign and the deduction of 'grey income' will lead to the deduction of corrupted luxury consumption both within China and abroad and will gradually transfer national consumption towards a rational 'budget life' pattern;



III. Conclusion

(3) The 'budget life' consumption pattern is pushing tourism destinations to adjust the price of their tourism products; the prices have to comply with the demands of the 'real' market



III. Conclusion

- (4) Rational consumption and demand will lead to more rational investment at destinations and slower development speed of second-home real estate in China;**

 - (5) Sustainable tourism development has both become an urgent issue and consensus that Chinese local governments concern .**
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Thank you!



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