China on the jump – how the Winter Olympics in Beijing in 2022 will shape a new generation of skiers and how established mountain destinations can benefit

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“COTRI is the world’s leading institute for research and consulting services related to the Chinese outbound tourism market, and cooperates with all leading international and Chinese tourism organisations.” (China Daily, March 2016)

COTRI was started in 2004 as independent institute offering research and consulting by Prof. Dr. Wolfgang Georg Arlt FRGS.

Offices are located in Hamburg/Germany and Beijing/China, with a global network of regional partners on all continents.
COTRI’s founder and director

- First visit to People’s Republic of China in 1978
- 1991-1999 owner of Inbound Tour Operator China-Europe with offices in Beijing and Berlin
- Since 2004 COTRI founder and director
- Professor for International Tourism Management at West Coast University of Applied Sciences Germany (Heide)
- Visiting professor at universities in China, United Kingdom and New Zealand
- Fellow Royal Geographical Society (London)
- Research Fellow Japanese Society for the Promotion of Science (Tokyo)

Prof. Dr. Wolfgang Georg Arlt
1: Constant Change

China keeps changing – it certainly changed from the first time I visited Beijing in 1978.

China is taking on a greater and more responsible role in the world, by the One Belt, One Road programme, by establishing Confucius Institutes all over the world, by increasingly investing outside of China, by sending Chinese soldiers as UN blue helmets to dangerous places and as Taikonauts to space stations and soon to the moon.
Chinese outbound foreign investment in Europe 2015: 20 billion Euro, including major investments in hospitality and entertainment, continued in 2016 (Inter Mailand, Manchester City, Odeon UCI cinemas, Port of Piraeus).
China’s outbound tourism – Background

2: Travelling beyond Greater China

Since 2012 China is the biggest international tourism source market both in terms of border crossings and in terms of spending.

In 2016 137 million border crossings from Mainland China took place, more than 220 billion US$ was spent by Chinese travellers. In 2016 for the first time less than half of the trips ended in Greater China – Hong Kong SAR, Macau SAR, Taiwan.
China continues to be the biggest international tourism outbound source market, but for 2016 the growth rate for the first time dropped below double-digit figures.
The growth rate fell to only **2.7%**, the lowest in the modern history of China’s outbound tourism. Trips to the Rest of the World still grew by **11.7%**, but trips to Greater China fell by **-5.2%**, the second year in a row in negative territory.
China’s outbound tourism – 2: Going further

66.7 million trips to Greater China vs. 70.1 million trips to the Rest of the World.
3: Diversification of demand and behaviour

“The” Chinese tourists does not exist (anymore).

The mass-market package tours frantically rushing around ticking off main sights with a selfie are still existing with 100+ million Chinese still waiting for their first trip abroad.

However, the interest of many more experienced Chinese tourists are changing, after the first phase of sightseeing tours they now look for experiences and immersion during customised or self-organised trips.
China’s outbound tourism – 3: Diversification

The destinations visited by Chinese outbound travellers are changing from “must-see” destinations to discovering new places, from national capitals to other cities, regions and landscapes including beaches, national parks and the ocean.

Instead of postcard confirmation the more experienced travellers look for authenticity, following their own interests to visit - instead of yet another cathedral or shopping mall - football stadiums, medieval city centres, natural clean spaces, river cruises, wineries or ski slopes.

Still, almost all Chinese travellers are „Money rich, but time Poor“.
Chinese traveller demographics are changing.

From a majority of middle-aged travellers in the first wave of Chinese outbound tourism, now persons born after 1980 (balinghou’s) and even after 1990 (jiulinghou’s) make up almost 60% of all Chinese international travellers.

Demographics are also becoming more diverse: The first cohorts of affluent 60+ citizens are entering the market, more children (linglinghou’s, born after 2000) accompany their parents or go on school trips.

2016 growth rates for outbound travellers below 18 and above 55 years of age: +90%
Average life expectancy for a person living in China 1960: 43 years.
Average life expectancy for a person living in China 2016: 76 years.

More than 200 million Chinese citizens are aged 60 and over.

Some of them have enough money – or children with enough money – to take part in outbound tourism.

Senior outbound travel is the fastest growing market segment, since 2013 every year more than 50% YoY growth.
China’s outbound tourism – Winter Mountain outdoor activities

Winter Mountain outdoor activities

China has no tradition of Winter outdoor activities in the mountains.

The core area of the development of Chinese culture was situated in flat land along rivers, suitable for farming.

Mountains were terraced for farming if possible, but otherwise seen as remote places of gods and immortals (仙, Chinese character combining person and mountain).

From a Chinese point of view, winter outdoor activities comprise sports (skiing, skating, etc.) as well as riding in a horse-drawn sledge or walking in a snowy forest.

Skiing and similar active winter sports are seen by many Chinese as too dangerous, especially for their only child, and also as very expensive as no first tier city is located near mountains and special gear is needed.
China’s outbound tourism –
Winter Mountain outdoor activities

Winter Mountain outdoor infrastructure development

The Chinese government has several times stated that by 2022 300 million Chinese will have been made into fans or even participants in Winter outdoor sport activities in the mountains. School courses in skiing in mountain areas started first time in 2014.

In November 2016 the government approved a ten-year plan to develop the winter sports industry with a total investment sum of one trillion RMB (150 billion USD). The plans includes the construction of hundreds of new ski resorts, the setting up of sport associations and the organisation of winter sports competitions and festivals.

In January 2017, the first ever winter sports event was held in South China in Guizhou province, Hong Kong SAR currently develops an ice hockey team with Mainland support.

Chinese media comments: “China takes plunge into snow biz” (China Daily), “China aims to be the next winter sports superpower” (star2.com).
China’s outbound tourism – Winter Mountain outdoor activities

Winter Mountain outdoor infrastructure situation

Currently 568 skiing resorts exist in China (March 2017), however only a few have international standard:

Changbaishan (3 bio. USD investment) – Dalian Wanda & Ecosign, opened 2012, Park Hyatt, Sheraton and Westin Hotel, spa facilities, 43 trails

Genting Resort Secret Garden – Ecosign designed, opened 2011, 87 trails, 22 lifts

Thaiwoo Ski & Alpine Resort – Ecosign designed, near Great Wall, offering après-ski culture

Vanke Shijinglong – 80,000 visitors in winter 2015/2016

Mass market: Yabuli (Heilongjiang), largest in China
China’s outbound tourism – Winter Mountain outdoor activities

How many Chinese are skiers?

For 1995 the number of Chinese active skiers was estimated at 10,000

Estimates today vary wildly (depending also on the definition used)

5 million (China Daily, March 2017)

5 to 20 million (Canadian Tourism Commission (2012)

12.5 million (Vanke, March 2017)

30 million “participating in winter sports and related activities” (star2.com, Jan. 2017)

Indication from the number of total visitors to the 22 outdoor and indoor ski resorts in the most important Beijing region during Winter 2015/2016: 1.7 million
China won the first gold medal at Winter Olympic Games only in Salt Lake City in 2002, in Sochi (2014) China won only nine medals (three gold), all in skating and freestyle skiing and not a single medal in the Sochi Winter Paralympics (compared to 70 medal at 2016 Summer Olympics and 239 medals at 2016 Paralympics).

The first ever Chinese bobsleigh team was started in 2016 with the help of the former World Cup Winner Manuel Machata from Germany, new head coach of the Chinese Bobsleigh and Skeleton Association.

Main goal for 2022 is to establish Beijing as the only city in the world which hosted both summer and winter games.
China’s outbound tourism – Winter Mountain outdoor activities

Winter Olympics and Paralympics

The Yan mountains, venue of outdoor competitions, see only about one meter annual snowfall.

Average depth 21 cm in Zhangjiakou, 8 cm in Yanqing – outdoor events will be held entirely on artificial snow.

Total investment is supposed to be only 4 billion USD (not including high-speed train line Beijing – Zhangjiakou.

11 venues of 2008 Olympics will be used again, including Bird’s Nest Stadium (Ceremonies) and Water Cube (Curling). President Xi Jinping demanded during visit to Zhangjiakou in Jan. 2017 to build infrastructure with post-2022 usage in mind.
A new generation of Chinese Winter sports fans

Despite being the biggest international tourism source market, until now Chinese customers have not contributed a lot to the global skiing industry.

Example: Switzerland. In 2013/14 and again in 2015/16 Swiss Tourism and Swiss Snowsports invested in the “Chinese ski-instructors in Switzerland” project, with little results to show. Switzerland is seen in China still as a summer/autumn destination rather than a winter destination.

In New Zealand ski resorts are offering snowshoe hikes instead of trying to teach Chinese visitors skiing, based on the insight that few Chinese have learned to ski and do not want to make a fool of themselves in front of foreigners or to be sent to the nursery slope for training.
A new generation of Chinese Winter sports fans

With 2022 looming, the Chinese government started after the massive investment into football another initiative to Make China Great in those sports in which China not yet excels.

Schools are starting to offer skiing courses, international instructors and coaches are imported, talents are searched for and developed as only Chinese winners interest the majority of the Chinese audience (Example of failure: F1 Shanghai)

The number of 300 million winter sports fans is certainly only realistic if every Chinese person ever watching TV coverage of 2022 Olympic Games is counted.

Nevertheless established mountain destinations can look forward to new customer targets groups emerging in China.
China’s outbound tourism –
How established mountain destinations can benefit

How to benefit from future Chinese Winter sports fans

First to understand: Who are the potential customers?

• Mostly experienced affluent travellers from first tier cities
• Not to forget: Only 5% of Chinese citizens have a passport
• Majority born after 1980, but more seniors and kids joining
• Able to spend money based on wealth, not on income
• Gender balance: Leisure trips more women than men
How to benefit from future Chinese Winter sports fans

Second to understand: Why are they travelling?

• More than now will be into skiing or snowboarding, but most will still spend only limited time on the slopes

• Long-distance outbound travel is not a private decision, but an investment in self-esteem and peer group confirmation of status and prestige – not holiday, not recreation, not sports

• Visitors looking for new kicks and lifestyle affirmation, new destinations, authentic experiences, clean nature, stories and pictures to share
China’s outbound tourism –
How established mountain destinations can benefit

How to benefit from future Chinese Winter sports fans

Third to understand: Who to talk to?

• Cooperation with Chinese skiing resorts is necessary
• Cooperation with Chinese tour operators is necessary
• Communication with the customers however is also necessary, the majority of experienced affluent travellers is not using Chinese tour operators but travel as FIT or as Modular traveller, booking some packages with OTAs like Tuniu and Ctrip in China, but organising the rest of the trip themselves.
China’s outbound tourism –
How established mountain destinations can benefit

How to benefit from future Chinese Winter sports fans

• Fourth to understand: How to prepare?
  • Most Chinese customers leave “Western” destinations dissatisfied with the level of preparation in terms of language and intercultural competence they experience
  • Understanding and continuous updating of information about different market segments and their demands and expectations is necessary
  • Staff has to be trained, Chinese demands anticipated and met
Finally: Chinese visitors to winter outdoor destinations will continue to be “money rich but time poor”. They will continue to work many hours for their wealth, with little times for leisure travel or perfection of leisure skills like skiing.

Chinese will not over time become “normal” visitors in the sense of being similar to traditional European or North American markets. They are however, coming from heavily polluted cities, be very interested in the level of sustainability of the operations of the service providers.
China on the jump

Thank you for your attention!

Looking forward to your comments and questions!

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