

# Ready for takeoff: a look at Chinese outbound travel and a new generation of tourists in play



Unsurprisingly, all travel in China has increased over the past year, but it will be another year before outbound travel reaches pre-pandemic levels

The economic power of Chinese tourists continues to be a driving force in global tourism and related industries, including travel retail. The resilience of China's luxury market and its expected steady growth underline a recovery in consumer confidence and a resurgence in international travel post-pandemic. This shift is poised to benefit the global hospitality and retail sectors, offering broader economic advantages.

## **Evolving preferences**

The luxury travel market is evolving to cater to the changing preferences of affluent Chinese tourists, fulfilling the desire for unique, high-quality experiences. This market is anticipated to grow significantly, its value projected at US\$1.38 trillion in 2023 with an expected 7.9% CAGR from 2024 to 2030, with growth fueled by the increased spending capacity of elite travelers, the popularity of micro-trips, and a booming global tourism sector, according to global management consultants Bain & Company.

The travel and shopping behaviors of Chinese tourists show a clear preference for destinations that

are not only vacation spots but also cultural and experiential hubs. Increasingly, they seek immersive experiences that offer a deeper connection with local cultures rather than traditional sightseeing or shopping.

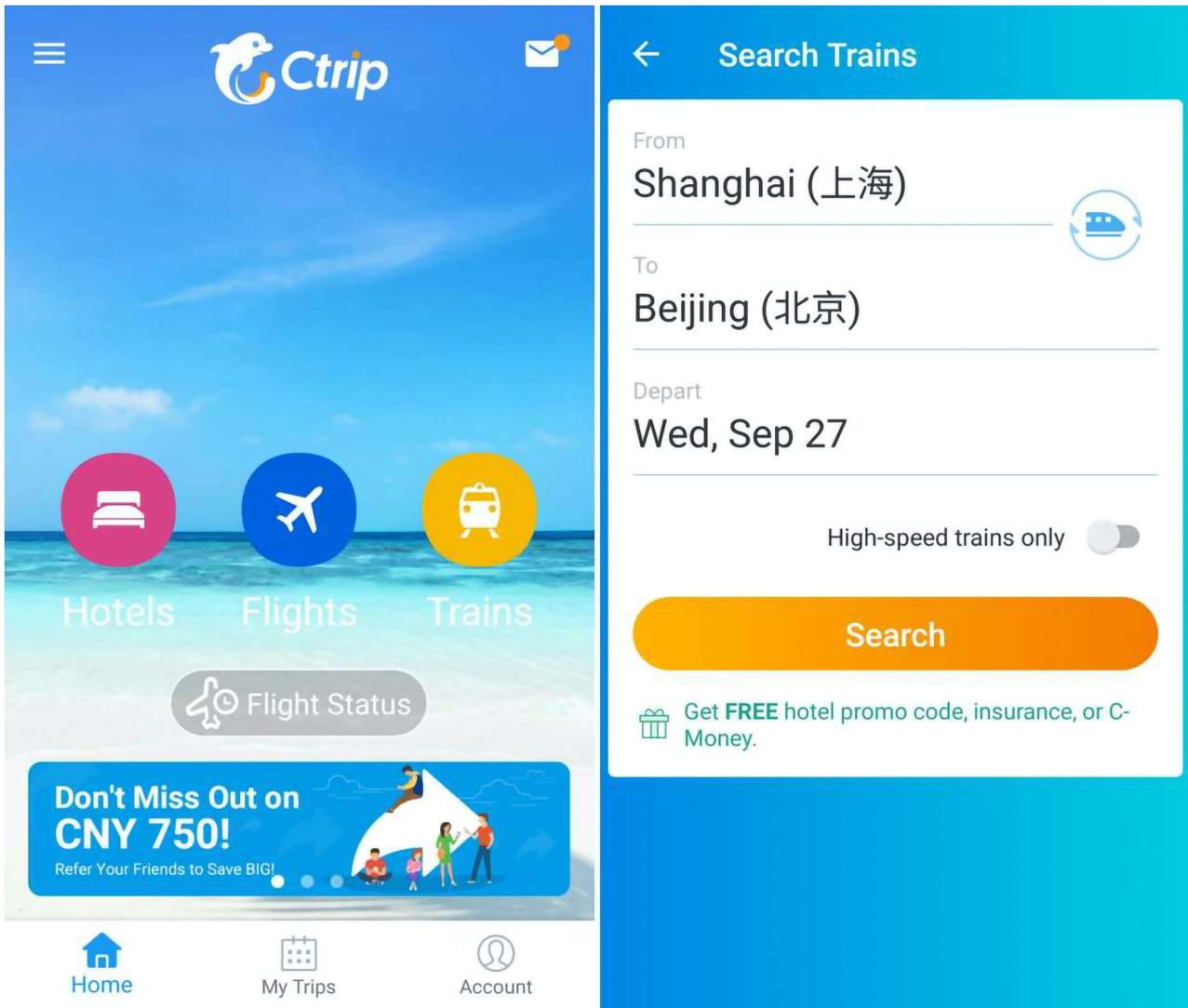
We are seeing significant changes in traveler demographics and preferences within this cohort. Gen Z has emerged as a crucial demographic, comprising about 30% of new Chinese travelers. These younger tourists, often with stable incomes, are opting for unique experiences to share on social media. They tend to travel to geographically closer destinations to maximize experiences on shorter trips. This group prefers to engage in luxury shopping at home more than abroad.

Sustainability has become crucial in travel and consumption decisions, with an increasing number of Chinese tourists opting for eco-friendly travel options and prioritizing destinations that emphasize environmental conservation. This trend extends to their shopping habits, favoring products that are ethically sourced and environmentally sustainable.

### **Travel trends**

Outbound travel, while increasing, is not expected to reach pre-pandemic levels until 2025, though Chinese domestic travel is booming, according to *Economist Intelligence*. This year has seen a significant expansion in flights to popular destinations such as Thailand, Japan and various European capitals from China, however, with airlines sometimes doubling or even tripling flights to key destinations, especially during peak travel seasons like the Lunar New Year and Golden Week.

Destination-specific marketing has become more sophisticated, utilizing both digital and traditional media to attract Chinese tourists. *Jing Daily* states that collaborations between tourism boards and travel agencies are producing tailored offerings that highlight unique cultural experiences and high-quality shopping opportunities. These marketing efforts are supported by digital campaigns on platforms popular in China, such as WeChat and Weibo, which not only raise awareness but also simplify travel planning and booking, increasing the overall appeal of these destinations.



The Chinese traveler is becoming increasingly reliant on travel apps and social media services. Advanced digital tools and AI are reshaping Chinese travel by providing personalized, streamlined planning and impactful social media influences on destination choices

### **Influence of technology**

ITB China reports that the travel behaviors of Chinese tourists are increasingly shaped by advanced digital tools and platforms such as Ctrip, Qunar and Fliggy. Travel apps offering AI-powered recommendations, virtual reality previews and personalized itinerary planning are revolutionizing how journeys are planned by streamlining the planning process and providing personalized travel experiences based on individual preferences. Additionally, social media platforms play a critical role in travel decision-making, offering a mix of inspiration and practical advice that influences destination choices.

### **Strategies for engagement**

While travel has picked up since the reopening last year, the economic slowdown in China is dampening the recovery pace of outbound tourism, affecting Chinese travelers' spending abroad and necessitating adjustments in business strategies to remain attractive to this key demographic. However, this scenario also drives innovation in catering to evolving preferences for more personalized and culturally relevant experiences.

Businesses can enhance their appeal by offering services such as Mandarin-speaking staff, Chinese food options, and popular Chinese payment platforms like Alipay and WeChat Pay, states *Jing Daily*. Digital engagement is crucial, and the convenience of these familiar platforms significantly impacts the travel decisions of Chinese tourists.

Additionally, the influence of Key Opinion Leaders (KOLs) and influencers on platforms like Douyin and Little Red Book is pivotal. Collaborations with these figures can drive awareness and attract tourists through aspirational content that showcases unique experiences and brand offerings.



Beauty products will dominate the Chinese shopping basket on their trips in 2024, with skincare leading the category rankings, according to m1nd-set research

### **Future outlook**

As projected by *Travel Daily News China*, the trajectory for Chinese outbound tourism will not only recover to pre-pandemic levels but will continue to climb. The allure of global travel for Chinese tourists is not just rebounding; it's evolving with promising vigor. China's intensified desire to traverse international borders is anticipated to play a pivotal role in the global travel dynamics, fostering an era of unprecedented growth for the industry, especially in luxury retail.

With a robust increase in outbound travel from China expected, the ripple effects will be felt across various global destinations. Chinese travelers are increasingly venturing beyond traditional tourist spots, seeking out unique and upscale experiences. This shift is creating fertile ground for businesses worldwide to innovate and cater to this lucrative segment, which shows a growing preference for premium services and exclusive offerings.