



Cooperation between China
and Central and Eastern European Countries
中国—中东欧国家合作

China Information Day Conference

***Presentation of the results of China-focused
tourism route development in Q1 2016***

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中国出境游研究所
CHINA OUTBOUND
TOURISM RESEARCH
INSTITUTE

Agenda

- 中 China Outbound Tourism 2016
- 中 Report on three workshops
- 中 Recommendations

About COTRI

COTRI is a privately organised and independent institute founded by its director, Prof. Dr. Wolfgang Georg Arlt, in Germany 2004.

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.

COTRI is headquartered in Hamburg, Germany, has an office in Beijing, China, and coordinates a global network of regional partners across all continents.

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Prof. Dr. Wolfgang Georg Arlt

Latest & Forthcoming publications:
COTRI China Market Report (Ed.)
Li: *China's Outbound Tourism 2.0*
(Main Introduction chapter)
Green Book of China's Tourism
2015 (Ed.)
COTRI Yearbook 2016 (Ed.)

- 中 First visit to People's Republic of China in 1978
- 中 First visits to Macau in 1980 (during studies in HK)
- 中 1991-1999, owner of Inbound Tour Operator China-Europe with offices in Beijing and Berlin
- 中 COTRI founder and director since 2004
- 中 Professor for International Tourism Management at West Coast University of Applied Sciences Germany (Heide)
- 中 Visiting professor at universities in China, United Kingdom and New Zealand
- 中 Fellow Royal Geographical Society (London)
- 中 Research Fellow Japanese Society for the Promotion of Science (Tokyo)

2015 – A good year for smaller destinations in China's outbound tourism development

Chinese outbound tourism continues to grow by double-digit numbers in 2015 to 133 million border-crossings (COTRI)

But for Greater China (Hong Kong, Macau, Taiwan) in 2015 first time **drop in arrival numbers** from Mainland China:

Macau: 9.7 million overnight arrivals from Mainland China, 5% less than 2014

Hong Kong: 19.1 million overnight arrivals from Mainland China, 6% less than 2014

Taiwan: 4.2 million total arrivals from Mainland China, +5% (2014: +39%)

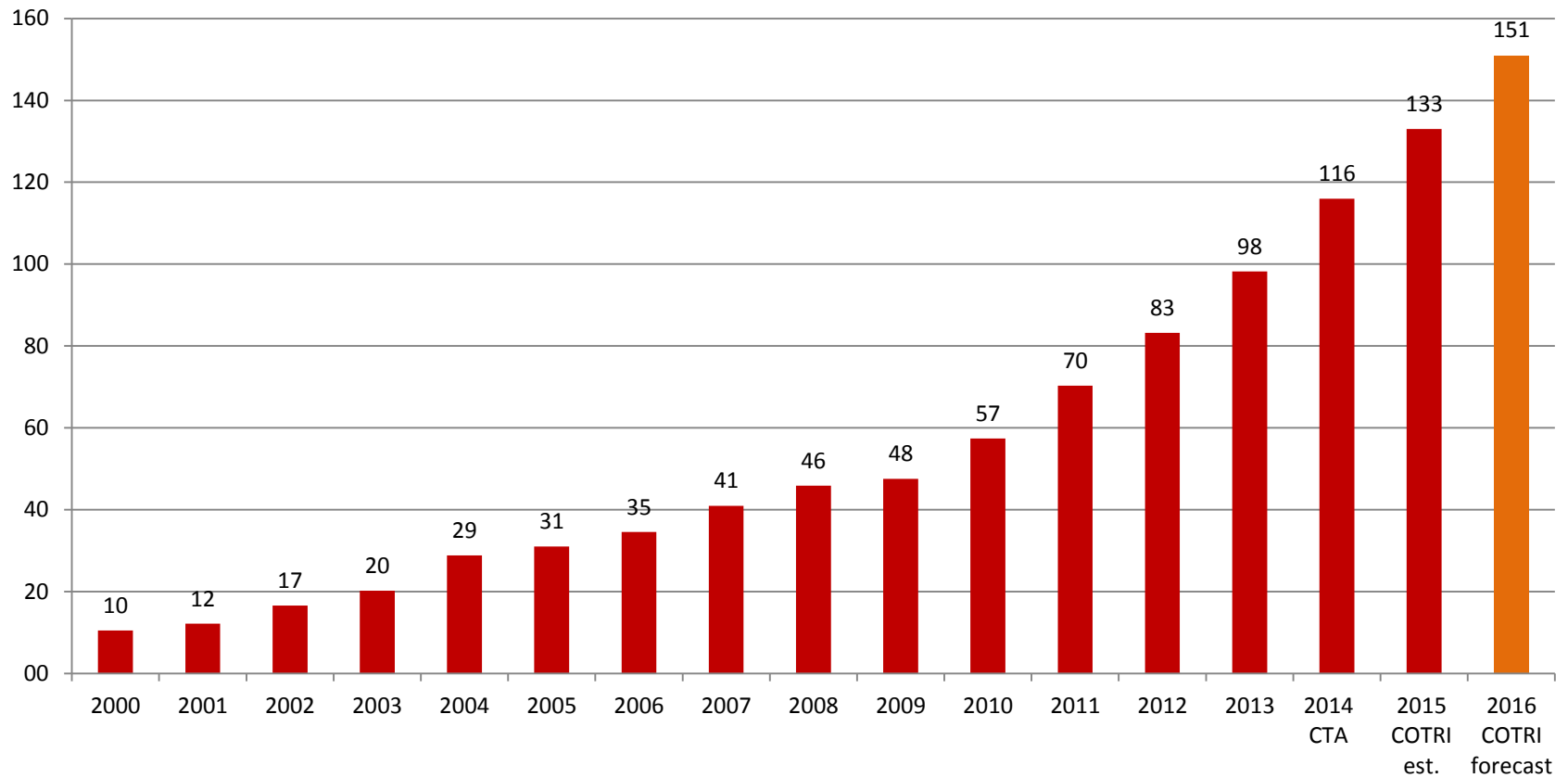
Winner in 2015: JAPAN, 5 million arrivals, 107% more than 2014

Almost all smaller destinations in Europe saw in 2015 **big increases: Hungary, Slovakia, Montenegro and Serbia all above +40%**

More popular European countries like Germany, Switzerland and France all above 30% YoY growth.

2011: 70 million border crossings
2015: 133 million border crossings

Border crossings from Mainland China in millions



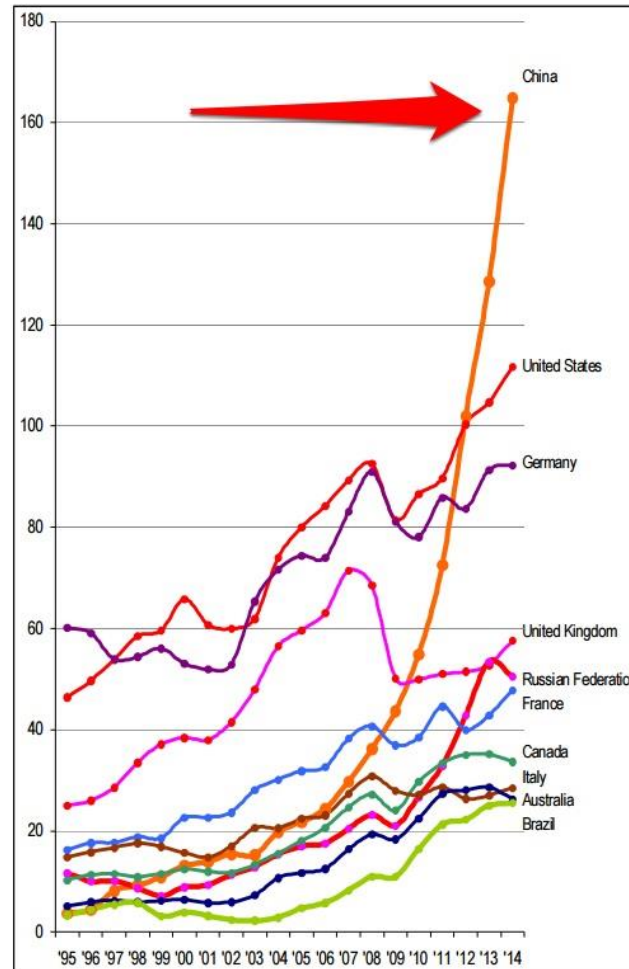
2011: 69 billion US\$ total spending
 2015: (est.) 195 billion US\$ total spending

2011:
 69 billion US\$
 total spending

2015 (COTRI est.):
 195 billion US\$
 total spending

2016 (COTRI forecast):
 220 billion US\$
 total spending

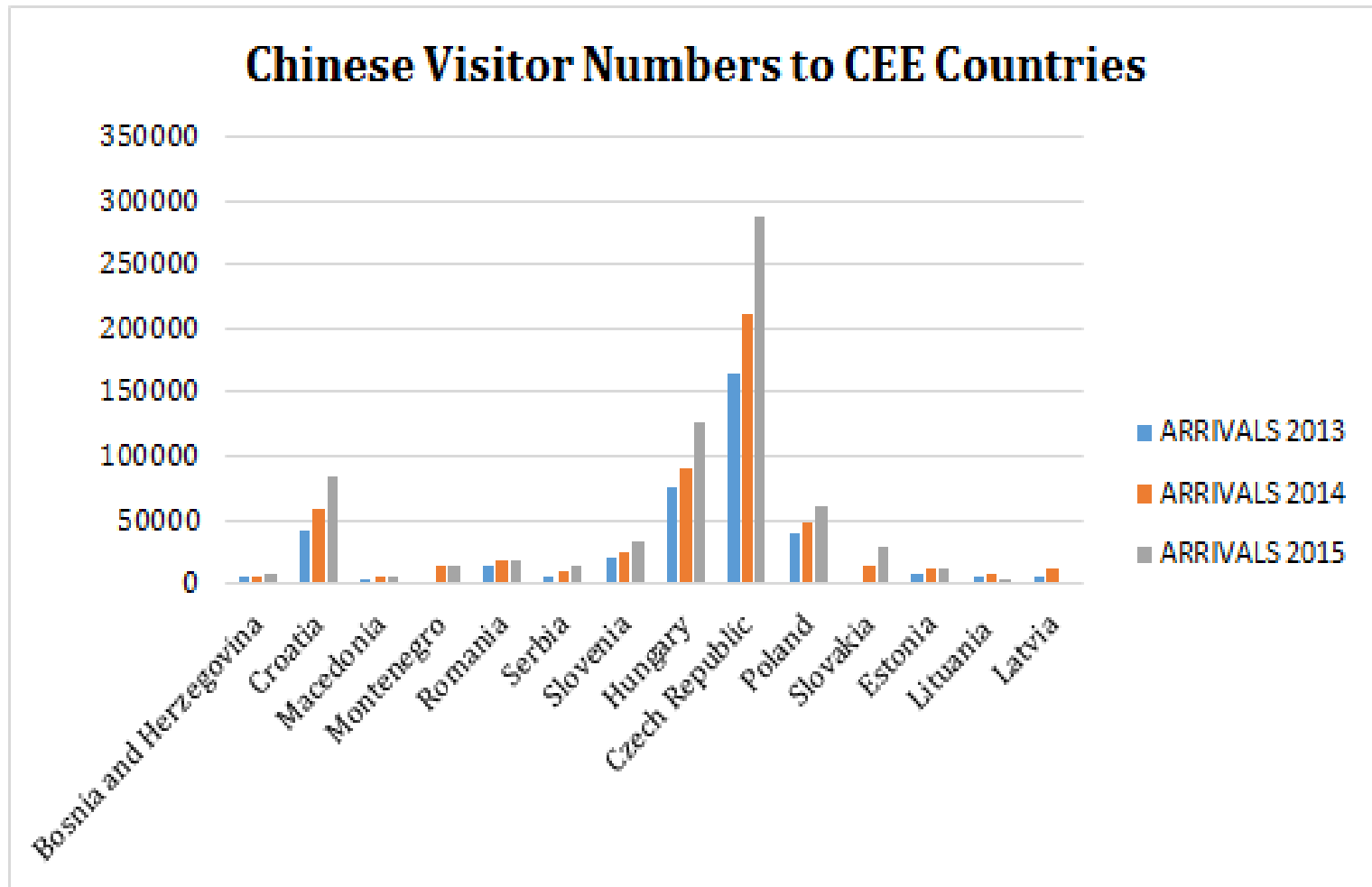
World and regions: Outbound Tourism
 International Tourism Expenditure (US\$ billion)



Source: World Tourism Organization (UNWTO) ©

Chinese Visitor Numbers to CEE Countries

(Albania, Bulgaria no data available)



CEE countries – starting to appear on the mental map of Chinese travellers

- In 2015, only **four CEE Countries received more than 50,000 Chinese arrivals** (Czech Rep., Hungary, Croatia, Poland)
- However, growth rates are impressive for some of the CEE countries, including Slovakia 97%, Croatia, Hungary, Montenegro all above 40%
- After Western, Northern and Southern Europe, Central and Eastern Europe has started to become increasingly a part of the mental map especially for „**Second Wave**“ travellers: sophisticated with travel experience and language abilities, living in first-tier cities from China, on repeat visits to Europe

2016 – Continuation of growth of Chinese traveller market and of diversification of destinations visited

- 中 Total Chinese outbound travel growing by 12-14% to at least 150 million border crossings (COTRI Forecast)
- 中 Greater China (Hong Kong, Macau, Taiwan) will continue to see slight decrease of overnight arrival numbers
- 中 Growth rates for Asian “hot” destinations will decrease to below 50%, but still continue strong growth
- 中 **Niche destinations** in Europe, Africa, Asia will continue to see **strong growth, including visitor numbers to most Central and Eastern European countries**
- 中 Western Europe and some Balkan countries will suffer slowdown from terrorism and refugee scare

2016 – Continuation of growth of Chinese FIT and semi-organised travel

- **60% of outbound travellers born after 1980** (“*baling hou*”), new age groups entering the market: More **kids** (“*lingling hou*” – born after 2000), first cohorts of affluent, experienced travellers **55+**, more **multi-generational family groups**.
- Chinese “FIT” are different from “Western” FIT, most of them are not backpacking on a shoe-string budget, but can afford **hybrid spending patterns** and will spend a lot if they are given the chance and are convinced to get value-for-money.
- Introduction of **Multiple-entry visa** for most relevant destinations (USA; Canada, Australia, NZ, Japan, South Korea) including Schengen area changes the way Chinese visitors can travel through CEE region, **enabling them to go in and out of and back to Schengen countries during one trip**.
- Economic slowdown in China will not reduce number of travellers to Europe: The **top 5% of Chinese are getting richer a bit slower, but still can afford to travel** internationally for prestige and self-actualisation, for clean nature and stories to tell (and for business).

Report on three workshops in Budva, Warsaw and Riga in Jan/Feb 2016

- The China – Central and Eastern European (CEE) countries' Tourism Coordination Centre (TCC) takes major responsibilities in coordinating tourism development between 16 CEE countries and China and to promote the CEE region as one single destination to China consumers.
- To further support the development especially of cross-border offers for Chinese visitors, TCC organised three regional workshops, facilitated by COTRI China Outbound Tourism Research Institute.
- The overall objective was capacity building to improve the understanding of Chinese outbound travel market and thus to identify opportunities for suppliers in the CEE region. The workshop also aimed to facilitate participants from each region to develop suitable routes and products on a regional level.
- **Three regional workshops took place**
 - **For the Balkan region: January 21, 2016, in Budva/Montenegro**
 - **For the Visegrad4 region: January 27, 2016, in Warsaw/Poland**
 - **For the Baltic region: Feb. 5, 2015 in Riga**

Report on three workshops in Budva, Warsaw and Riga in Jan/Feb 2016

- Altogether around **70 participants** from at least seven different countries participated. From participants' feedback, all regional workshops were considered highly appropriate and crucial to gain better knowledge of the China market. The example routes proposed on the base of the work for the workshops showed on what routes development and product adaptation can be based:

Products for the China market should be adapted, bookable, intense, 'storified', short and offered as modules which can be booked separately or as a full itinerary.

- Each workshop was started with presentations by TCC and COTRI. During the workshops, it became also apparent, that instead of trying to compete with big destinations for "me-too" mass-market visitors, the CEE countries should rather **concentrate on 'second-wave' Chinese travellers** who come as Fully Independent Travellers (FITs) or semi-self-organised ('Free and Easy') packages buyers as families or small groups.
- To attract them, the provision of **"value for money" is more important than cheap prices**, as the time-poor visitors are investing time, money and effort during their short available travel time and are looking for a 'return on investment'. Instead of developing 'comprehensive' routes to cover many countries, **themed offers to be completed in shorter time** will communicate clearer messages and stronger images to potential Chinese customers.

Report on three workshops in Budva, Warsaw and Riga in Jan/Feb 2016

- Overall, participants were enthusiastic about the market development, and **keen to learn** how they can better position themselves. The interest was further fueled up by the favourite political relationship between CEE region and China and initiatives such as China's "**One Belt One Road**" initiative and "16+1" strategy and the ongoing improvement of direct flight connections (currently: four).
- However, findings from workshops also identified uneven tourism development among the three sub-regions.
- More specifically, the tourism and hospitality industry of each region demonstrated different levels of:
 - **knowledge and experience in the China market**
 - **clearness of destination image(s)**
 - **variety in market exposure**
 - **willingness to work across borders**
 - **readiness of products to be adapted or to create completely new**

Report on three workshops in Budva, Warsaw and Riga in Jan/Feb 2016

- The workshop for the Balkan region in **Budva** attracted ten participants mainly from Montenegro. Most tourism suppliers indicated that they have not had much experience with the China market and a lack of information and training.
- The participants identified a wide range of issues such as visa problems, lack of regional brand, lack of direct flights, local Chinese tour guides, restaurants, and payment facilities.
- In regards to products, participants suggested a large variety including UNESCO sites and historical heritage, traditional culture, nature adventures, wellness, cooking and dining at special venues, nostalgia tours in connection to Yugoslavia.
- There is a **lack of available products and information** of the Balkan region for the Chinese market. On major Chinese travel websites, Balkan countries have only a few package tour itineraries, characterised by a short stay in each country.

Report on three workshops in Budva, Warsaw and Riga in Jan/Feb 2016

- In **Warsaw**, 34 participants from Poland, Czech Republic and Slovakia participated in the V4 region workshop.
- It became apparent that it is important to recognise the uneven development of the supply side when TCC coordinates at the CEE regional level. Suitable support and consultation is needed to be tailored to help each country to identify specific needs while keeping an overarching tourism promotion strategy in mind.
- Participants considered routes to include all V4 group countries and leverage the geographical proximity to Austria, Germany and Italy. Other advantages were seen in safe image and the connection with post-communism heritage.
- On most Chinese travel websites and travel agencies' catalogues, V4 groups countries are connected to keywords like "**mystery**", "**bourgeois**" and "**Bohemia**". Prague (and Budapest) have become favored destinations for Chinese "hipster".
- The problems for this region are similar to many other destinations: inadequate knowledge of source markets, lack of product adaptation, language barriers at both B2B and B2C levels, employment capability and insufficient leverage of Chinese social media.

Report on three workshops in Budva, Warsaw and Riga in Jan/Feb 2016

- In **Riga**, 24 participants represented all three Baltic States.
- Participants unanimously agreed that the Baltic states should promote all three together to the China market. Rather than a region that attracts Chinese visitors by its own, participants want to **connect the Baltic region with either Finland or Scandinavian countries**, which also provide direct flight or cruise access to the China market.
- Baltic states are enjoying strong growth in terms of arrival numbers from China. However, participants identified that the key issue for the region is not the quantity of how many Chinese it can attract, but the question of how to get Chinese visitors who can stay longer in the Baltics and spend more.
- Participants identified the need for the Baltic States to **develop themed and experience-based products**. Searching for mushrooms in the forest, fishing, ballet summer camp and specific events and festivals are all some potential ideas to be developed further into bookable products for authenticity and exotic experience seekers from China. They cater for niches, but niches are big in absolute numbers in China in comparison to the size of the Baltic – and most CEE – countries.

Examples Package Tours

Example Offer Krakow-Warsaw-Vilnius-Riga-Tallinn

波罗的海4国8日 波兰/立陶宛/拉脱维亚/爱沙尼亚



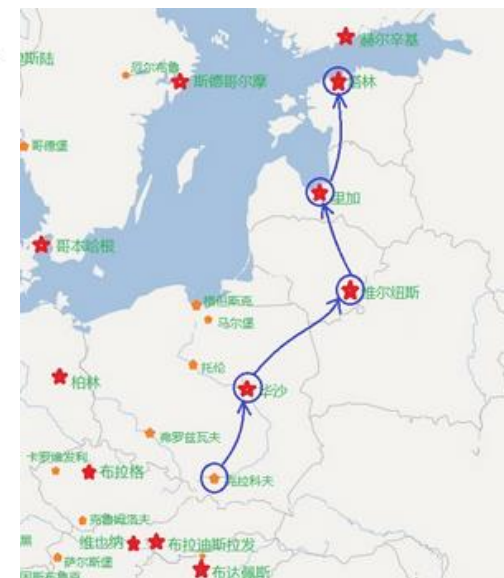
路线名称:波罗的海4国8日

行程概要:波兰/立陶宛/拉脱维亚/爱沙尼亚

团费参考:请咨询客服人员

行程特色:

1. 波罗的海三国游
2. 波兰古都克拉科夫-华沙



Examples Package Tours

- Day 1 Shenzhen – Hong Kong – Istanbul – Thessaloniki
- Day 2 Thessaloniki, city center
- Day 3 Thessaloniki - Rila Monastery – Sofia
- Day 4 Sofia – Skopje, Sfia Sveta Nedelya Cathedral,
- Day 5 Skopje – Ohrid – Tirana, Stone Bridge, Lake Ohrid
- Day 6 Tirana - Skadar Lake – Podgorica, Tirana city center
- Day 7 Podgorica – Zlatibor, Sightseeing
- Day 8 Zlatibor – Belgrade, Tito's tomb, sightseeing
- Day 9 Belgrade – Sarajevo, Old Town, Latin Bridge
- Day 10 Sarajevo – Mostar – Dubrovnik, Mostar Old Bridge, Dubrovnik Wall
- Day 11 Dubrovnik – Split, Dubrovnik Beach, Monastery, Split Old Town
- Day 12 Split – The Historic City of Trogir - The Krka National Park - Vodice,
- Day 13 Vodice - Plitvice Lakes National Park – Zagreb
- Day 14 Zagreb - Lake Bled – Ljubljana, Sightseeing in Zagreb
- Day 15 Ljubljana – Istanbul – Hong Kong, Sightseeing in Ljubljana
- Day 16 Hong Kong – Shenzhen
- (Ctrip)

Examples Package Tours

- Day 1 Beijing – Budapest
- Day 2 Budapest, Halászbástya and Sightseeing
- Day 3 Budapest – Tihany – Lake Balaton, Festetics Palace
- Day 4 Lake Balaton – Zagreb, Zagreb city center
- Day 5 Zagreb - Plitvice, Plitvice Lake National Park
- Day 6 Plitvice – Opatija, Opatija Lungomare
- Day 7 Opatija - Postojna Cave – Ljubljana, Ljubljana sightseeing
- Day 8 Ljubljana – Bled – Salzburg, Lake Bled
- Day 9 Salzburg - Salzkammergut Lake District – Vienna, Hofburg Palace
- Day 10 Vienna – Budapest – Beijing
- Day 11 Beijing
- (Ctrip)

Sample Itineraries developed during the workshops

Balkan region:

Example 1: “Games of Adriatic Sea/山与海之歌” – Slovenia, Croatia and Montenegro (Ljubljana – Rastoke - Plitvice Lakes National Park – Split – Dubrovnik – Kotor – Budva – Podgorica)

Featuring attractions of sunny blue sky and Adriatic Sea, exotic orange roofs, ‘Kings Landing’, salamanders in Postojna Cave, fairytale waterfalls and mills, European “Nine Valley” and old European towns. This product has elements of the nature, slow tourism and movie themes targeting young to medium age, affluent and semi-organised travellers.

Example 2: “Back to the nature, travel like a local” – Romania and Bulgaria (Sofia – Plovdiv – Hissar – Nessebar – Veliko Turnovo – Veliko Turnovo – Ramniku Valcea – Sibiu – Sighisoara – Brasov – Bran Castle – Bucharest)

Featuring attractions and leisure activities of Rose Valley, rose spa and massage, Black Sea, Bulgarian cuisine and cooking lessons with bio-products from local herbal gardens, legend of vampire, castle, bike riding through Romanian villages, beer house, UNESCO sites and little bit history of Communism regime targeting families, younger couples and colleagues.

Sample Itineraries developed during the workshops

V4 region

Example 1: “Royal treatment in Central Europe”: Czech, Austria, Slovakia and Hungary (Prague – Kalvary Vary – Pilsen – Budweis – Krumlov – Vienna – Bratislava – Heviz – Budapest).

Featuring attractions of magnificent castles, fairy tale town in the Renaissance time, Bohemian towns, spa and thermal lake, Budweis, Pilsen and river cruise, this product has elements of culture and architects for sightseeing and wellness and health tourism. It is suitable to target young, affluent and semi-organised travelers.

Example 2: “The different European cuisine, tradition and history”: Poland, Slovakia and Hungary (Warsaw – Cracow – Wieliczka – Oświęcim – Vysoke Tarty – Bratislava – Heviz – Eger Region – Budapest)

Featuring attractions and sight including the house of Madame Curie, concert of Chopin’s music, Wieliczka Salt Mine, Auschwitz Concentration Camp, electronic boat on Lake Balaton, spa, Goulash meal with village horsemanship show, Eger Bikaver, Noble wine at Hungarian traditional dance show banquet. Elements in this route has been revealed by the product’s name and it is suitable to target middle to elderly aged groups.

Sample Itineraries developed during the workshops

Baltic region

Example 1: “Discovery amber’s hometown – lung cleanse trip at the Baltics” – Poland, Lithuania, Latvia and Estonia (Warsaw – Vilnius – Trakia Lake – Kaunas – Klaipeda – Palanga – Riga – Parnu – Tallinn)

Featuring attractions of concert of Chopin music, the Baltic Sea, amber factory and demonstration workshop, castles (pink castle, Turaida Castle, etc.), the Hill of Crosses, Rundale Palace and rose garden, old European towns, this route is provided within an environment of the purest air, white sandy and healthy mineral beach, national park forest that can cleanse lungs. It has elements of the nature, culture, “Europeans’ vacation” targeting self-drive, young to medium age, affluent and semi-organised travellers.

Example 2: “Playing like your child at the Baltics” – Tallinn, Riga and Vilnius.

Features a range of family activities that both children and adults can participate such as picking up mushroom while encountering wild forest animals, ballet camp with certifications, wind tunnel, pottery workshop, fishing, cookie baking at café, etc. This product provides the opportunity for parents and children to spend time and share activities together with unique cultural elements, targeting families with friends and colleagues, summer season and small groups.

Sample Itineraries developed during the workshops

In all examples the itinerary should be offered and priced both as

- a total **programme for organised tours**

and as

- **1-2 day modules** to be booked by FITs before or during the travels in the region.

Especially for the modules it is important to have **elements which cannot be easily organised by travellers themselves**, as for instance cooking lessons, guided bike tours etc.

Results of three workshops

- Apparently some countries like Slovenia and Croatia have already more experience with the Chinese market, some others are just starting. Therefore there is **not one „Golden Rule“ for all countries**, but for all of them cooperation across borders with neighbours inside and outside CEE region is necessary.
- For most Chinese potential visitors the CEE countries are rather unknown. This creates a **challenge, but also opportunities** as Chinese visitors can be guided towards times of the year which are considered “low season” by the traditional markets and to parts of the country which are not considered the main tourism areas, in many cases by establishing events or educational activities there.
- To be successful in the Chinese market, **traditional ways of offering sightseeing tours via tour operators will have only limited success**. The Chinese travellers who are already arriving in most of the CEE countries come for experiences and immersion into the local culture rather than just for sightseeing and travel rather organised by travel clubs, online providers of tourism services or completely self-organised, typically in small groups of 2-8 persons than with big tour operators.
- If offered suitable products, they are willing to buy touristic products and to pay relatively high prices **if they can be convinced of getting value for money**.

Results of three workshops

- On an operational level, TCC needs to facilitate **identifying entities that are willing** to operationalise the modules and routes, coordinate among suppliers and sell these products to Chinese buyers, and eventually issue invoices.
- In terms of marketing, TCC also needs to work with **stakeholders improving online exposure** in China both in terms of destination information and products with tools like the “China Travel Academy” WeChat training programme.
- Besides proactively seeking better solution to provide easier visa entry for Chinese visitors, stakeholders in CEE countries should also support policies to increase the number of **Chinese-speaking staff**, guides etc. and of providing more **Chinese signage** at major airports, attractions and shops.

Results of three workshops

- A positive aspect which is often forgotten is the fact that in most CEE countries **English** is widely spoken at least in the major cities and that in any case the visitors are not expected to understand the local language.
- Some CEE countries are currently perceived as **safer** than Western European countries in terms of the danger of terrorist attacks, on the other hand others are perceived critical because of refugee transit movements.
- 2015 has been the “China-CEE Tourism Year”, in 2016 further development will be possible if supported by an **active and intelligent engagement with the market**.
- To move forward, market entry **trainings** (such as COTRI's CTW training) and **product adaptation workshops** are strongly recommended for regional stakeholders.
- Marketing **using Chinese social media** (like China Travel Academy WeChat learning programme), blogs, celebrities and storyfication are crucial to spread the word.

How to accelerate the development of Chinese outbound tourism to the CEE region in 2016?

Growth in numbers by growth in quality

- ✓ *Learn* more about the market by continuous flow of data and information
- ✓ *Train* staff and management
- ✓ *Avoid* being perceived as a “cheap” destination or service provider
- ✓ *Concentrate* on Second Wave travellers with a clear story about the history, unspoilt food and nature, the special attractions and offers and the relative lack of other Chinese guests - and the hospitable people
- ✓ *Concentrate* on niches – even small niches (bird-watching, food, hiking, golf...) involve hundreds of thousands of persons in China
- ✓ *Concentrate* on activities instead of geography – tell about the *best area in Europe for ...*

How to accelerate the development of Chinese outbound tourism to the CEE region in 2016?

Growth in numbers by growth in quality

- ✓ **Concentrate** marketing on Chinese social media, using fairs, FAMtrips, Roadshows etc. as auxiliary tools
- ✓ **Use stories** to have Chinese *dream* about their trip to the region
- ✓ **Start** with the more than 200,000 Chinese students living nearby in Europe as customers and brand ambassadors
- ✓ **Offer** itineraries and tourism services and products fitting to the needs of the market segments, joining forces with your neighbours
- ✓ **Provide** „Return on Investment“ for the investment of time, money and effort (bragging power, proof, special, scarce, discount, behind the scenes, unique, storyfied, authentic, to take home, with WiFi to upload for friends back home)
- ✓ **Provide** a lot of experiences in a short time (accessibility, connectivity, avoiding queue and empty time)
- ✓ **Provide** good service by cooperation across borders

Thank you for your attention

Looking forward to your comments and questions!

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