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Potentials of Chinese outbound travel for the growing tourism industry of Sri Lanka; A review

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Abstract

The Chinese economy has been of rapid growth after the establishment of Peoples Republic of China (PRC) with the conclusion of World War II and it was accelerated with the opening of the economy in the late 70s'. The growing economy has improved the disposable income of a massive portion of this highest popularized nation. On the other hand in Sri Lanka the tourist industry is growing rapidly after resolution of war in 2009. Prevailing peaceful conditions of the country has opened up an ideal opportunity to develop the long awaited tourism industry of this tropical island. This paper tries to propose the best ways of tapping the Chinese outbound travel market in achieving tourist targets of Sri Lanka. Comprehensive review of literature and related documents and unstructured interviews with Chinese tourists and travel agency operators were key methods for data collection. Descriptive analysis and narrative discussions were employed to elaborate the findings. The Chinese outbound tourist market has shown a huge potential in the context of Sri Lankan tourism and specific considerations and expectations in catering Chinese market is discussed in detail.

Keywords: Chinese outbound travel, Sri Lanka tourism, qualitative analyses

01. Introduction

A hackneyed joke we (Sri Lankans) are familiar about Chinese people is "KONDE BANDAPU CHEENNU" (the long haired Chinese) which is undoubtedly older than one good century. Such deleterious attitudes would miss another lucrative opportunity resulting perhaps the utmost "forgone" for the emerging tourism industry of Sri Lanka. Recognizing opportunities, analyzing in detail, drawing plans and executing marketing plans parallel to product offering are absolute necessities in bestowing the tourist destination offer in the global scale. As a research student in the field of tourism and hospitality management, I have been in China for one and half years and travelling around interacting all sorts of people in this emerging super power of the world. A recent survey conducted in the second fastest developing city in the world Chengdu (second to Colombo), inspired the writer to draw the attention of Sri Lankan tourism stakeholders on the key concerns on which the Sri Lankan tourism product offer and promotions be navigated to exploit the blasting Chinese market.

There is no doubt that the emerging economic giant of the world is China. Similarly, the comprehensive economic development plan put forward by the Central Committee of the Communist party (CCC) for 2015 is "One Belt One Road" which is the restoration of the "Silk Route" both on ground and in sea. Sri Lanka being the central strategic stopover in the South Asian Region, should fully harness this opportunity to grab the opportunities of trans-logistic operations between East Asia and Africa and Europe. It is of utmost importance to balance the geopolitical strategy of Sri Lanka towards India and China in winning this sensitive geo-political and economic confrontation especially in the case of India. Service industries like tourism generate immense opportunities in particular the cruise sector parallel to the fast growing income levels of East Asian nations.

A fascinating fact that the writer must stress here is that the extremely optimistic attitude of majority of Chinese people towards Sri Lanka. The moment a Chinese ask "where are you from" My answer from Sri Lanka would get 90 percent response "WOW it's a place I must visit during my life". Yet a significant drawback experienced was the lack of information about Sri Lanka to tap such a gigantic market which is almost 100 percent on line. Chinese online market has to reach through their servers, browsers and social networks such as Baidu, Weibo, Wechat QQ and so on. Even though China has hundreds of regional dialects,

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Mandarin Chinese would facilitate an easy medium to access the potential Chinese tourist.

Another significant concern over Chinese people are that they work of relationships and trust. Even the place a guest would be invited to have a business discussion and the type of tea the host would order depend on the relationship which prevails between two parties involve in. Thus establishing trustworthy and strong relationships are of essentials to access Chinese business community. One more interesting fact about the Chinese people is that the degree of showoff. A multi billionaire would ride a push bicycle dressing in an average outfit. Hence, estimating a Chinese person by out appearance would be complex and of course the people would not declare their wealth for many reasons which are complex to understand even.

02. Chinese Outbound Tourism

China is becoming the largest source market for international travel. Already the global leader in tourism departures, it is estimated that China overtook the US as the largest source of international travel spending in 2014. The PATA summit 2015 held at Leshan-Sichuan declared significant statistics of the East Asian tourism between 2014 and 2018. Accordingly, Thailand would continue to be the fastest growing destination at an annual average rate of 27.5 percent followed by Myanmar 17.7%. In Cambodia 13.2 percent and Laos 11.6 percent growth are expected. According to the present trends, the Sri Lankan tourism sector could also be expected to maintain an attractive annual average growth being a significant competitor in the South Asian Region.

Similarly, the outbound tourists to Asian Pacific region from China is expected to be 110 million in 2015 and it is expected to grow up to 182 million with a 25 percent increase within next three years. China presently is the largest source market for many destinations including, USA, UK France, Canada and so on. Historically, low average household incomes, a large lower income class, and travel restrictions – both inbound and outbound – have tempered Chinese demand for long-haul travel, weighting Chinese travel toward short-haul destinations. However, the changing trends of Chinese policies are easing the travel opts of growing upper middle class of Chinese population. Robust income growth and expansion of China's middle class will make long-haul travel more achievable for Chinese households. The number of Chinese households earning above \$35,000 per annum – a key income level at which international travel becomes more affordable – rose by 21 million from 2003 to 2013. An additional 61 million households estimated to pass this threshold by 2023.

The number of low-income households with high propensity for booking short-haul trips and low-cost accommodations – those earning between \$20,000 to \$35,000 per annum – will more than double by 2023 to 92.6 million. The number of Chinese households earning between \$35,000 and \$70,000 – the income bracket where demand gravitates toward long-haul trips and higher-cost accommodations – will nearly triple to 63 million. Most promising is the expected quadrupling in the number of Chinese households making \$70,000 to \$150,000 by 2023 to 21.3 million. Travellers in the highest income bracket are most likely to opt for luxury accommodations and tend to spend more while on long-haul trips.

Chinese Traveller Yield

Though per-trip spending by Chinese travellers is relatively high, low average income and preference for short-haul travel contribute to Chinese travellers' tendency to spend less on a given trip than the top outbound markets. While earnings in China have grown rapidly, average disposable income per household remains relatively low, limiting the capacity of the average Chinese visitor to spend while abroad. In 2014, the average trip length of Chinese travellers to all country destinations was just 3.4 nights, while the world average (excluding China) was 5.4 nights. By keeping trip length relatively low, Chinese travellers can afford to spend more per night. As a result, whereas China ranks seventh highest in terms of per-trip spending among major long-haul origin markets, it ranks fourth highest in per-night spending. Chinese travellers spent, on average, \$445 per night in 2014, with considerably more spent per night while visiting short-haul than long-haul destinations.

03. Methodological Choice

The study focuses on the qualitative methodology given the fact that the expectations and potential decision-making on travel are extremely sensitive to individual perceptions. Such perceptions require deeper narrative explorations which could support through qualitative narrations and digging deeper for probing to potential decisions of individuals. Personnel experiences and observations from September 2014 to December 2015, unstructured interviews and informal discussions were key approaches in collecting primary data. Comprehensive review of policy papers and statistical reports were main sources of secondary data.

Qualitative discussions and winnowed narrations were used in elaborating raw data into usable information which elucidate the research focus on Sri Lankan tourism industry targets. This paper is organized into the key objective of Sri Lankan tourism targets and the potential of Chinese growing outbound travel in the above excise.

04. Expectations of Chinese Tourists

The Chinese clientele that more and more countries are trying to attract is basically due to their number and high purchasing power. It is worth to consider their customized expectations verses the general tourism offer at a destination given the extreme potential explained above. The basic needs of Chinese tourists are satisfied by slippers hot water (kettle), mandarin speaking personnel.

High Tech Rooms

For example, for Chinese tourists being away does not mean disconnected from the internet. Majority of the tourists expect free WiFi in the room. This represents a higher percentage on any other market which is probably caused by the strong taste for Chinese for the digital in general. Similarly, they want a host system for iPod / iPhone which is a direct consequence of the high penetration rate of this equipment in China.

Personal Experience

The personnel experience is a preference by many Chinese even at an outside dining experience. When choosing a luxury hotel, "personal experiences" are also an important

feature and at a much higher than when poll with tourists from other countries percentage. Chinese in general are curious to experience the event. The tourism products should be customized and designed to experience rather than a show piece.

Quality of the Drinks and Food

Eating out is a culture of Chinese and the quality concerns are of serious concern particularly when they are on tour. Majority of Chinese tourists prefer prestigious restaurant in the hotel, while drinking alcohol too a part and partial in their culture. Seafood (Crabs, Prawns, Lobster) would be a delicacy for them as long as it is arranged in a group for their consumption. They prefer to consume wine, beer and champagne in the mini bar along with soft drinks: Coca-Cola was their favorite brand of mini-bar.

Internet Word of Mouth

In such circumstances it is necessary to appeal to an agency that will be able to control reputation to limit the damage caused by bad comment via the Internet word of mouth (IWOM). This same transmission channel of information is perfect to attract Chinese tourists to the hotel as well as to the destination as a whole. Knowing these things is increasingly important to make sure the experience is memorable and is of commendable to maintain repeat businesses and high degree of customer loyalty.

Shopping Lovers

The Chinese are very keen on shopping, it is often a high priority on their agenda. People will often have large families and social circles, when they travel abroad they want to bring home many souvenirs for relatives and friends. All most every Chinese tourist in Sri Lanka needs to buy black tea. A large majority will prefer to buy gemstones (Blue) and some would spend millions on this. However, this has to be handled in corporation with the tour operator since Chinese operators are even keen on their portion of shopping commissions.

Care for Senior Tourists

China has the largest senior citizen population in the world. At the end of 2014, there were 200 million people over 60 years old living in China. According to Chinese tradition, children are expected to care and financially support their parents for as long as possible. Many increasingly affluent, middle class Chinese are willing to spend money on their parents. It is seen as loyal, respectful and loving to send their parents on trips abroad. These tourists are not sensitive to price but to quality. Chinese senior citizens are important to the tourist market because they are likely to have more free time, money and a desire to travel. Travel agencies look to attract older tourists in China because they usually travel during the off-season, agencies can therefore fill the quieter and slower seasons with bookings. Many senior tourists come back and recommend their friends to tours and hotels who gave the best service and made them feel cared for. Providing a service which gives elderly special attention and caters for their needs can lead to substantial repeat business

They prefer to be in Groups

Agencies take care of Chinese tourists and often organize group travel. This is beneficial as it is likely to increase the

number of people travelling. According to the latest report by national tourism agency in China, 70% of Chinese people travel through agency organized groups. There are a number of reasons for this. (1) Language barrier: many Chinese citizens do not speak English so they need a guide, (2) Visa difficulties: agencies take care of everything and make it easier to obtain a VISA, this can often be a hassle for Chinese travelers because of the complicated process (3) Fear of adventure: most Chinese people have never travelled abroad until the recent decade, so they are less eager to explore alone. They turn to experienced travel agencies and feel more comfortable with other Chinese citizens. (4) The Chinese live in a more collective, communist society where people are used to doing things in groups. (5) Price benefits: traveling with a travel agency is much cheaper than traveling in a single or small group, in a price sensitive society like China this is one of the driving factors encouraging group travel. However, FIT is growing fast among the new digital and online generation.

Maldives- Making Competitor a Compliment

Maldives has become a dream, fashion and a mania for middle and young Chinese and writer experienced some suggestions from Chinese tour operators to have combined packages to Maldives and Sri Lanka. Such co-operative moves would give win-win opportunities for tourism in both destinations. Moreover, marketing the destination as a whole instead of individual business units in international tourism promotional events is a lesson Sri Lanka must learn from Maldives.

05. Implications for Sri Lankan Tourism

Despite the expected gradual slowing of economic growth in China from the breakneck pace exhibited over the past decade, the Chinese economy will remain a leading emerging market with considerable impacts on international tourism. Millions of Chinese nationals will make their first international leisure trips over the next eight years as the growing middle class and increasing affordability means international travel is more accessible for Chinese households. As the number of high-earning Chinese grows, their preferences will alter to include more long-haul destinations and higher-cost accommodation. At the same time we can expect to see an increase in the amount of per-trip and per-night travel and tourism spending by Chinese visitors.

The increase in outbound travel demand from China will be most evident in global city destinations, as a greater share of Chinese travellers originate from urban centres over the forecast horizon. Those cities which are well connected via regional and global air routes, as well as those with diverse shopping, entertainment, and sight-seeing offerings stand to benefit most from rising demand. In order to benefit most from increasing Chinese outbound tourism, Sri Lankan destination marketers should facilitate travel for Chinese nationals where possible. The following is a list of key areas of concern.

- i One significant advantage for Sri Lanka is the image as explained above in this article. The business community and promotion bureaus should fully harness this opportunity through information provision. The online promotion through the Chinese media is a good way of access as long as the material are in Mandarin Chinese. A comprehensive online

- promotional campaign is recommended targeting entire China.
- ii Communicating visa requirements to travellers is the first step in making travel easier. Information on visa applications and travel procedures should be easily searchable and available online, provided in languages and dialects familiar to Chinese nationals from target provinces and regions, and updated daily. Visa policies should be enforced consistently across ports of entry, and any discrepancies between ports should be clearly communicated to travellers before they start their journey.
 - iii The visa application process should be streamlined and simplified as much as possible, removing the possibility for administrative errors or delays. Travellers should be permitted to apply for visas online. Visa processing capacity should be optimised online and at ports of entry. Waiting periods for visa approval should be reduced.
 - iv Developing aviation connections with China is critical. Partnerships between tourism stakeholders and major airlines should be developed for the purpose of increasing the frequency of flights, number of connections, and access to Chinese origin markets. To accommodate greater visitor demand, airport capacity should be increased wherever possible, whether through the expansion of existing facilities or construction of new ones. Regional air connections should also be established to increase the ease of local travel for Chinese visitors.
 - v Businesses and city destinations alike need to understand the needs and specific requirements of Chinese travellers. As visitors' travel preferences move away from packaged tours, language facilities and better guidance and signposting will be key. Attracting Chinese visitors is more than just improving the experience once they have arrived, the entire booking procedure needs to be considered and adapted to improve access. Governments in turn should do all they can to ensure businesses large and small are aware of the opportunity and can access tools to help reach the Chinese market.

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