CHINESE INTERNATIONAL TRAVELLERS
TRAVEL INTENTION SURVEY REPORT

PREPARED BY CHINA DIGITAL AGENCY

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China Digital
China Visitor Experience Agency

INTRODUCTION

The tourism industry has been hit hard in the last few months with bushfires around the country affecting regional areas and our international appeal and then the double whammy of the global COVID-19 crisis. The bushfires have destroyed infrastructure and, with the COVID-19 travel bans, created a lack of international travellers to support the rebuild. Travel bans includes from Australia's largest inbound market, China. With no end in sight, many businesses have downsized or suspended operation. As this crisis continues, it becomes increasingly difficult for businesses to plan and manage their ongoing operations.

The purpose of this report is to reduce some of the uncertainty, by answering the question "how soon after the travel bans are lifted will the Chinese travel?"

There are many things that we cannot control and do not know, particularly in relation to the longevity of this crisis. But the more tools we have at our disposal, the easier it will be to reactivate the businesses, big and small, that make up this important industry. This report contributes to the growing body of resources that enable businesses to make more informed decisions and get tourism back on its feet, employing people and providing unforgettable Australian experiences.

CONTEXT

The Novel Coronavirus outbreak was first reported in December 2019, emanating from Wuhan in Central China's Hubei Province. The highly contagious virus, which affects the lungs and in severe cases causes pneumonia, has spread across China and beyond, currently in 79 countries at the time of writing.[1] The official name of this novel coronavirus is COVID-19. A time of writing, there have been 93,090 confirmed COVID-19 cases globally and 3,198 fatalities. A significant proportion of those are in China, at 86%.

The Chinese Government has gone to extraordinary lengths to contain the virus and have, on the whole, succeeded. Of the 80,442 cases in China, 83.7% of these are in Hubei province and 96% of the deaths have been in Hubei province. The rate of new cases is 0.15% in China, compared to 16.6% for the rest of the world (2,103 new cases, 12,668 cases in total).[2] On the 27th January 2020, the Chinese government has banned international group travel out of China as the first part of its efforts to contain the virus. Since then, 80 countries have placed a travel ban of Chinese passport holders entering their countries[3], with Australia enacting "enhanced border control measures" on the 1st February 2020. The official line is:

*If you are or have been in mainland China since 1 February 2020, and you are **not** an Australian citizen, permanent resident, or an immediate family member (spouse, de facto partner, minor dependant or legal guardian) of an Australian citizen or permanent resident as above, **do not travel to Australia at this time.**[4]*

IMPACT OF THE CRISIS

The travel ban has affected not only travel, but also supply chains, education, events, dining, health providers, economic and financial markets and oil demand – almost every facet of the economy. And now the shops have run out of toilet paper as people stockpile in the face of uncertainty.

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[1] *World Health Organisation: Coronavirus Disease 2019 (COVID-19) Situation Report No. 44*
[2] *World Health Organisation: Coronavirus Disease 2019 (COVID-19) Situation Report No. 44*
[3] *Think Global Health: https://www.thinkglobalhealth.org/article/travel-restrictions-china-due-covid-19*
[4] *Department of Home Affairs: https://www.homeaffairs.gov.au/news-media/current-alerts/novel-coronavirus*

It is this uncertainty that is the hardest to deal with. Not be able to see an end in sight means it's hard for businesses to plan for recovery, leaving confidence and cashflow at an all-time low. Not knowing how the disease will behave, it is hard to predict an ending.

With new hotspots emerging, the general consensus is a long term negative outlook. However, the projections are often "best guesses" via experience, but little evidence.

Some things we do know:

- The only way to stem the epidemic, which is fast becoming a pandemic, is with the development of a vaccine. Scientists are collaborating internationally and are working around the clock in to develop a vaccine. However, even with fast tracking, it is still months away.[5]
- The disease doesn't behave or present like SARS or MERS, so previous experiences may not be indicative of the way this plays out. COVID-19 attacks the respiratory system like SARS and MERS, but people with COVID-19 may not have any symptoms, or even know they have got the disease and the incubation period could be anywhere from 1 day to 14 days to 27 days.[6]
- The mortality rate appears to be lower than SARS or MERS.
- That the global travel patterns are very different now to when SARS was at its most threatening in 2002, with the Chinese now the largest travelling cohort in the world. So, the impact on the world travel economy is much greater than in 2002.
- The disease impacts the hardest on older people and those with pre-existing health conditions. The mortality rate for those over 80 years is 14.8% but .2% for those aged 10 – 39 years.[7]

The knowledge to date is a mix of good news and bad news. But no closer to certainty.

CREATING GREATER CERTAINTY FOR BUSINESSES

It occurred to the China Digital team that one of the questions that has not been addressed to date, one that would have a major impact on recovery rate, is the propensity for the Chinese market to travel again, once the travel bans were lifted. It is another piece in the puzzle that, with other pieces of intelligence, might contribute to more informed decision making around recovery.

We set about gathering intelligence on this question in an effort to forecast the timing of return of the Chinese traveller once the crisis was over and some topline travel behaviours.

To ascertain a fuller understanding of the impact of the coronavirus measures on the Chinese travellers, we surveyed Chinese residents in Mainland China over the period of the 19th to the 27th February 2020. The questions focused on measuring intention of the respondent to travel abroad once the epidemic is over.

The methodology was an online questionnaire. There were no incentives. To qualify, the respondents had to have an intention to travel overseas at some stage after the travel bans were lifted. The survey was distributed through Wenjuanxing in Simplified Chinese. The respondent database was purchased and personal. The sample size was 565, across China. The qualifier, those with an intention to travel overseas, resulted in a non-participant rate of 50% exactly, leading us to believe that there is still a healthy appetite for travel.

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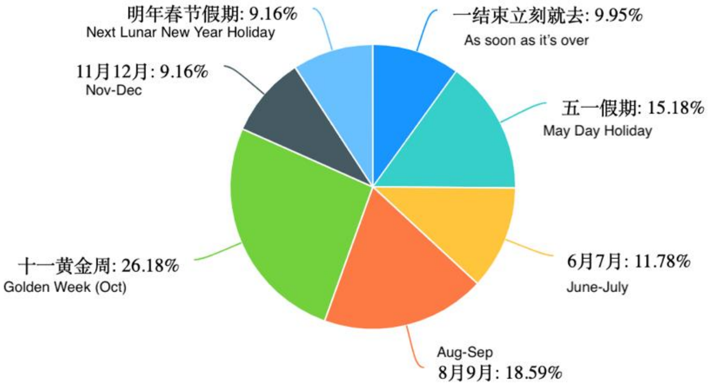
[5] *Live Science: https://www.livescience.com/coronavirus-outbreak-end.html*
[6] *Merck, Sharp and Dohme: https://www.msdmanuals.com/professional/infectious-diseases/respiratory-viruses/coronaviruses-and-acute-respiratory-syndromes-covid-19,-mers,-and-sars*
[7] *Business Insider: https://www.businessinsider.com.au/who-confirms-coronavirus-global-death-rate-rises-fatalities-numbers-2020-3?r=US&IR=T*

FINDINGS

1. TIMING



Q6: When will you consider travelling abroad after the outbreak?

Amongst the people who have intention to travel overseas, most respondents (26%) nominate Golden Week as the preferred travel period; followed by the Summer holiday period of August and September (18.6%). The proportion of people intending to travel in November/December or Spring Festival in January/February next year (9.16%).

Encouragingly, almost 10% of people are willing to travel immediately once the epidemic is over. If the crisis was to end tomorrow, 37% would travel before the end of July and 81.7% would like to travel before the end of October.

However, as with all research, there are conflicting accounts of when the Chinese will be willing to travel. An iResearch report shows that travel intention starts to increase significantly at 3 months, going from a year on year intention to travel of -49 points one month after the crisis, to -18 points 3 months after the crisis. In summary, outbound travel intention is only 18% less in a 3 month window than it was 12 months ago. Those with higher incomes, those from Hubei and couples with kids have a higher intention to travel overseas, not initially, but 3 months after the crisis is over.[8]

Interestingly, the report also shows that intention to travel is stronger for international than it is for domestic.

Mafengwo search data from their Data Research Centre shows that "May Day" is currently the most searched travel period. Depending on the lifting of the travel bans, May Day, which is celebrated on the 1st May annually, could become the first wave of tourism recovery.[9]

In contrast, a survey by the China Tourism Academy shows that 71.5% of respondents to their survey will return to international travel after an unspecified period of stability and that 20.7% would travel immediately.[10]

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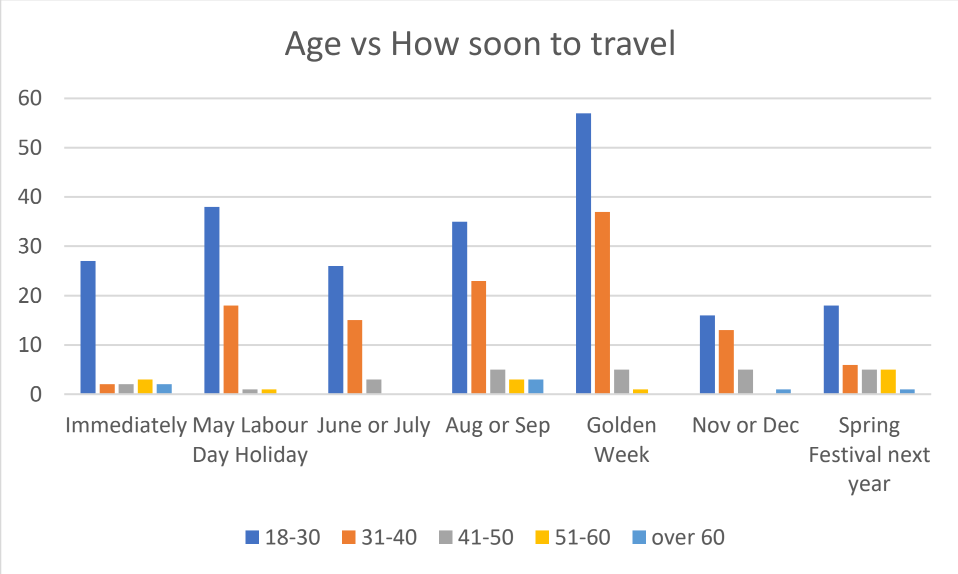
[8] *iResearch "The trend of outbound travel after the Coronavirus." February 2020. Found at* http://www.iresearchchina.com/insights/index.html

[9] *Mafengwo "An insight into the travel market trends and outbreak guides for overseas destination." Found at:* https://mp.weixin.qq.com/s/31FDUHD-E6mRryF8U5863A

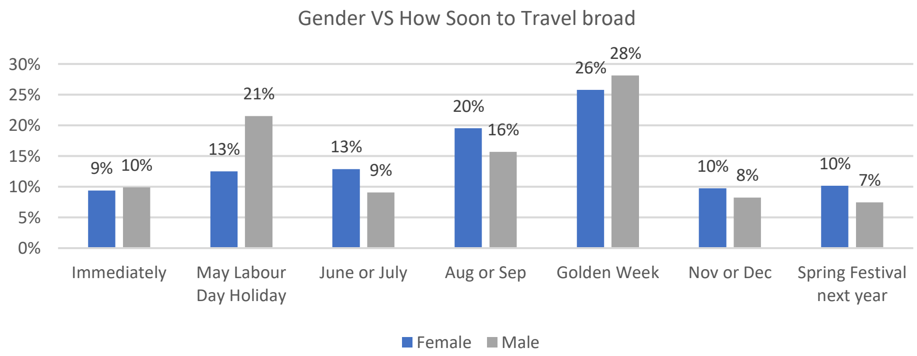
[10] *China Tourism Academy, as quoted in China Travel News "71.5% of Chinese travelers will hit the road after the outbreak ends." Found at* https://www.chinatravelnews.com/article/135894

The influence of age on how soon to travel



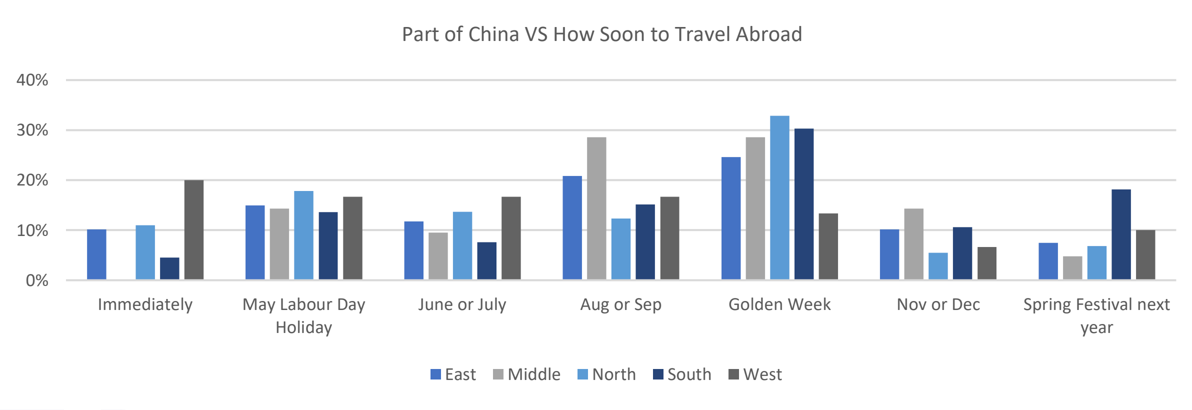
Not surprisingly, it is the younger traveller that is keen to travel as soon as possible. In general, more adults age under 40 years old prefer to travel before October Golden Week, while people over 41 years old would like to wait for several months and start to travel after August this year. Note that the younger skew reflects the sampling of the survey, with 57% of respondents aged 18 – 30 years. Conversely, only a small percentage of those aged over 41 years old will consider an overseas visit in this financial year. 74% will delay travel until August or later.

The influence of gender on how soon to travel



There's no significant skew related to gender and time of travel, but in general, males show stronger interest to travel in public holidays, i.e. May Labour Day and Golden Week, while females are more willing to avoid public holidays and travel during school holidays, i.e. July and August.

Province vs How Soon to travel



Response areas (province):

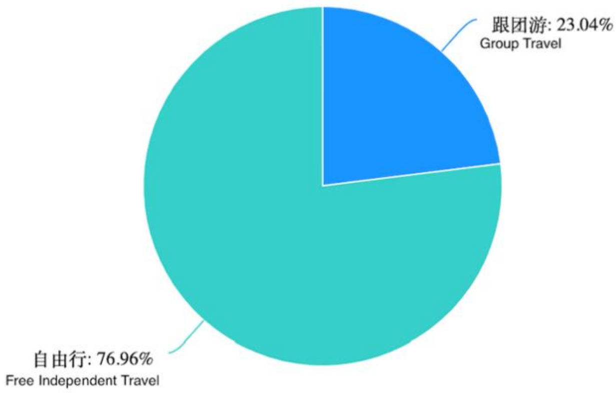
East China: An'hui, Jiangsu, Shandong, Shanghai, Zhejiang, Fujian
Middle China: Henan, Hu'bei, Hunan
North China: Beijing, Tianjin, Gi'lin, Hei'longjiang, Heibei, Liaoning, Shan'xi and Shanxi
South China: Guangdong, Guangxi, Hai'nan, Yun'nan
West China: Chongqing, Gansu, Ning'xia, Qinghai, Shan'xi, Sichuan, Xinjiang

While Golden Week is the most preferred travel time across China, a few interesting trends by province emerged. Most glaringly, those intending to travel who live in Middle China, including those from Hubei, are definitely not intending to travel immediately. They have been the most impacted by the virus and affected by the quarantining. The spotlight has well and truly shone on Hubei and as a result, we hypothesise, will take the longest to recover. On the other hand, the eastern part of China, including Shanghai, shows a fairly even spread of travel timing intention, with a significant contribution to each travel period. This is similar in the Western part of China, where there are more travellers intend to travel immediately and in the first half year (53%) than the second half (47%). South China includes Guangzhou which has traditionally had a very high incidence of travel to Australia, led by the availability of flights to 6 Australian cities. However, South China has more conservative travel outlook, with travel more likely in later half of the year.

All of this will be dependent on the airlines reactivating routes. There has been a slight growth in the weekly flights between Australia and China in the past week, but a significant recovery will be dependent on the airlines. The cashflow positive routes between larger cities in China and Australia are likely to be the first to come back online, with the smaller, less profitable routes taking time to return. Others, such as Andy Jiang from Andy Wilson, have done work on this, and the information can be found at https://www.linkedin.com/company/andywilson/.

Conclusion: It appears that the Chinese are keen to travel again, and relatively quickly. However, intention and reality can be two different beasts and the more conservative travellers will take longer to achieve a return to the skies.

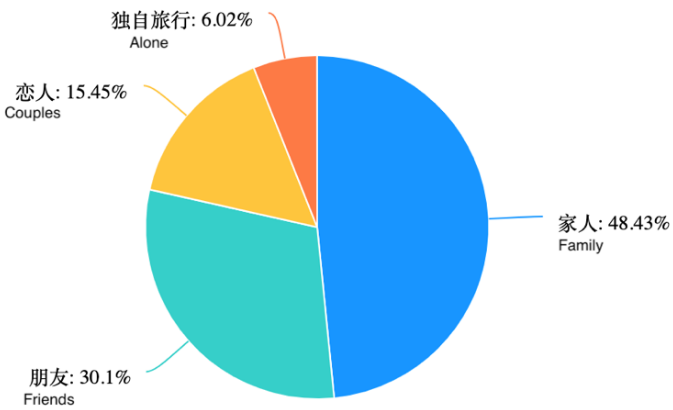
2. TRAVEL STYLE / TRAVEL COMPANIONS



Q7: How will you travel abroad?

In a reflection of the status quo, an overwhelming number of people (77%) prefer to travel independently as opposed to organized/group travel (23%). One of the hypotheses of the research was that the Chinese market would retreat to safer travel choices, such as safety in numbers with everything organized for you. However, it seems that the Chinese appetite for more free and flexible travel has not been diminished by this crisis.

Travel Companions



Q8: Who will you travel abroad with?

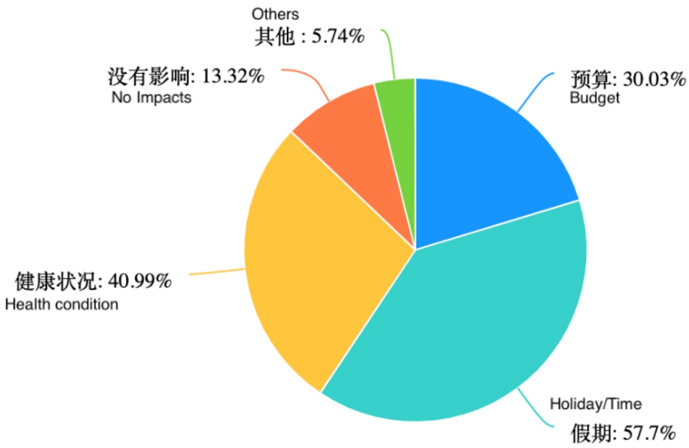
Similarly, the makeup of small group travel companions also reflects status quo, with the intention to travel primarily with family (48.3%) or friends (30.1%). Family and friends have always made up the majority of travel companions, with McKinsey measuring it at 70%[11] and travel has always been an important family activity, and perhaps it is more so with a crisis and being confined to home and each other's company. The China

[11] *Chinese tourists: Dispelling the myths, September 2018. Found at https://www.mckinsey.com/~/media/McKinsey/Industries/Travel%20Transport%20and%20Logistics/Our%20Insights/Huanying%20to%20the%20new%20Chinese%20traveler/Chinese-tourists-Dispelling-the-myths.ashx*

Digital research report for Tourism Research Australia found that 36% of Chinese independent holiday makers to Australia were couples and 38% were travelling with families.[12]

Conclusion: There is no intention to lose their travel independence in the aftermath of the crisis, and in fact, the desire for independent travel may be even stronger.

3. WHAT WILL IMPACT TRAVEL PLANS?



Q8: What is the biggest impact of the outbreak on your future travel plans?

The greatest issue that will impact when, where and how long Chinese people will travel overseas is the availability of holiday time or annual leave (57.7%). This is generally more limited in China than in the west, so to get extended time off, they often couple public holidays with annual leave. This is the reason that public holiday blocks such as Chinese New Year (January or February) and Golden Week/National Holiday (October) are the most popular times to travel.

41% of respondents say that concern about their health may impact travel decisions. This is not a concern that we have seen before but not surprisingly given the context. Budget is the third greatest concern at 30%. This is a common concern that we have seen in previous surveys. However, given the financial impact of COVID-19 on businesses, this may take on greater significance as the crisis goes on.

Additional comments regarding the impact on travel plans was the concern about the reception of Chinese travellers in overseas markets and whether there would be anti-Chinese sentiment because of the origin of the epidemic. There has been many reported cases of racism and prejudice. This is shared through social channels in China and Chinese fear the repercussions are real.

[12] *Chinese Free and Independent Travellers: Their Potential for Regional Australia, March 2019. Found at* https://www.tra.gov.au/data-and-research/chinese-free-and-independent-travellers-their-potential-for-regional-australia

The impact of age on influencing elements

When filtered by age group, obviously available holidays impact those that are working, namely Gen Y (64%), Millennials (59%) and Gen X (54%). Interestingly, the younger groups – the Millennials and Gen Y (both 43%) - care about health safety at similar levels to those aged 51 to 60 (46%). More than half of those aged over 60 year (57%) felt that there were no impediments to their overseas travel plans.

8% of all respondents said that there would be no impact on their international travel plans. For a few, the epidemic even triggered or enhanced their willingness to travelling:

"I want to spend the money that should have been spent

during Spring Festival after COVID-19"

(Female, aged 41-50, from Xi'an, Shanxi Province, working as a teacher)

"There are too many unexpected things, I can only do as much, as soon as I can"

(Male, aged 41-50, from Taizhou, Zhejiang Province, working in a national company)

Conclusion: There is a conflict in the travel timing intention and the barriers to travel. While more than half of those intending to travel in the next 12 month want to do so relatively soon after the ban is lifted, there is no major public holiday break until October. The reality of the available holiday time may trump the enthusiasm to go sooner rather than later. Or the Chinese traveller might be satisfied with a short haul holiday. At a later date, when travellers will have more certainty around a lower health risk (another major barrier), more public holidays and greater choice of flights, the volume of long haul international travel should start to grow significantly. In the meantime, there are always those that won't let the barriers stand in their way and are keen to throw caution to the wind and start travelling again.

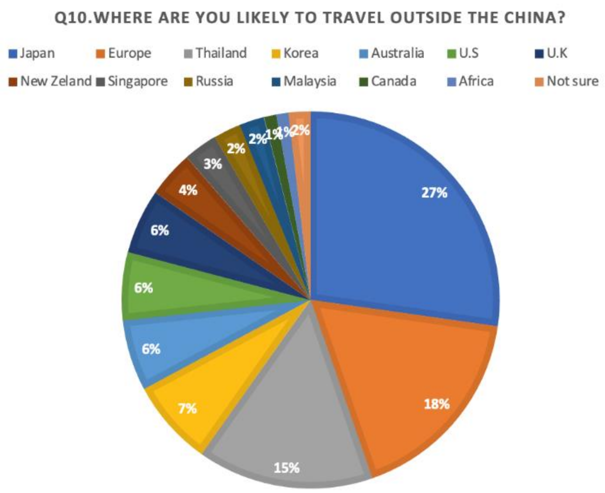
Side note – Annual Leave:

In China, the mandated annual leave is dependent on your years of service with a business:

- *An employee with more than 1 and less than 10 years of cumulative service is entitled to 5 days annual paid leave*
- *An employee with more than 10 and less than 20 years of cumulative service is entitled to 10 days annual paid leave*
- *An employee with more than 20 years of cumulative service is entitled to 15 days annual paid leave*
- *Other "event dependent" annual leave entitlements are available such as maternity (and paternity) leave, wedding leave, family leave, funeral leave and sick leave.*

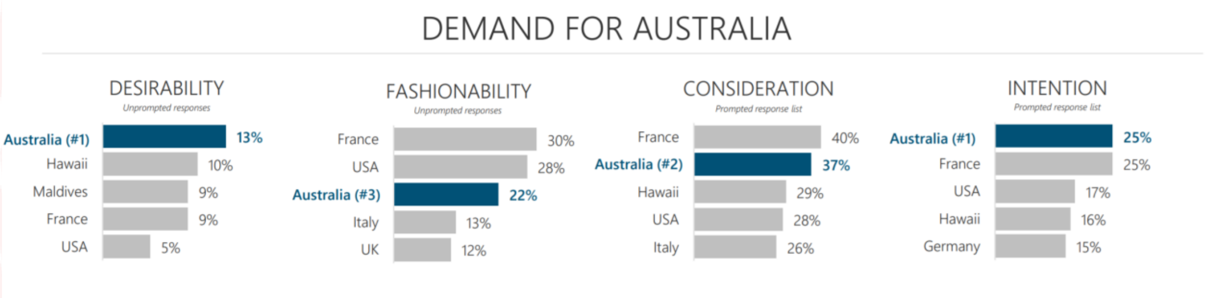
Source: HROne "Employment Leaves in China". Found at: https://www.hrone.com/types-leave-employees-can-avail-china/#annual

4. DESTINATIONS OF CHOICE?



The Chinese love affair with Japan continues, possible driven by the Olympic Games coming up in July 2020. Europe and Thailand are also strong on the agenda. Australia comes in 5th on the list after Korea, at a similar percentage to the US and the UK.

This is at odds with Tourism Australia's findings, which measures Australia at the number 1 destination for desirability and intent, often dueling with France, Hawaii and the USA.



[13]

However, the reality of long haul travel is that Australia is in the bottom end of the top 10 countries visited, and is pipped at the post by countries closer to China – Japan, Thailand and Korea.[14]

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[13] *Tourism Australia "Traveller Snapshot – China", July 2018. Found at: https://www.tourism.australia.com/content/dam/assets/document/1/7/5/e/v/2013223.pdf*

[14] *Ctrip "2019 Spring Festival Long Holiday Travel Trend Forecast Report" as reported in the Shanghai Observer 9 March 2020. Found at: https://www.jfdaily.com/news/detail?id=126965*

OUT TAKE OF THE REPORT - DID WE REDUCE UNCERTAINTY?

Possibly not. But what we can take from this is the confidence that international travel is still a consideration across a range of age groups and provinces; that Australia is still in contention for intended destinations; that as soon as the travel bans are lifted, there will be inquiry and likely to be some travellers hopping on planes; and that school holidays and Golden Week are likely periods to get mass travel, depending on the lifting of travel bans and the reinstatement of airline routes. To this end, we suggest two paths of action – one for business and one for society:

1. That Recovery plans are created now for implementation when the bans are lifted – fast recovery for long haul markets will depend on destinations and products able to react quickly and ensure that an annual international trip is to Australia
2. That, as a country and a community, we ensure that we welcome Chinese travellers back with wide open arms and dispel any concerns of xenophobia or resistance. Safety, fair and respectful treatment and a happy holiday are priority concerns in this climate and Australia can come together and lead the way as we have seen in recent crises.

China has managed to slow the spread of the virus, with a swift and single-minded response, well stocked hospitals and experience in handling epidemics, which other markets cannot emulate. China is also becoming a benchmark study in ensuring economic recovery.[15] Government subsidies – dispersed swiftly - are supporting small businesses and interest free loans are being issued to travel agents by allowing them to access funds in a quality insurance scheme that they contributed to when they applied for their business licence to operate a travel agency.[16]

Perhaps one more learning to note is that we should watch China and learn.

OTHER SOURCES OF INFORMATION

If you would like more information on the impact of COVID-19, try these reports and information sources:

- Mafengwo “An insight into the travel market trends and outbreak guides for overseas destination.” Found at: https://mp.weixin.qq.com/s/31FDUHD-E6mRryF8U5863A
- Andy Wilson estimates on air travel and economic impact. Found at https://www.linkedin.com/company/andywilson/
- iResearch “Trend report of consumer consumption index under the influence of the epidemic.” Found at: https://www.iresearch.com.cn/Detail/report?id=3527&isfree=0
- World Health Organisation “Coronavirus disease (COVID-2019) situation reports.” Found at https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports

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[15] *Australian Financial Review "Australian expats laud China's swift emergency virus relief." Found at: https://www.afr.com/world/asia/australian-expats-laud-china-s-swift-emergency-virus-relief-20200305-p54797*
[16] *David Thomas "China Bites: After the Crisis." Found at www.china-bites.com*