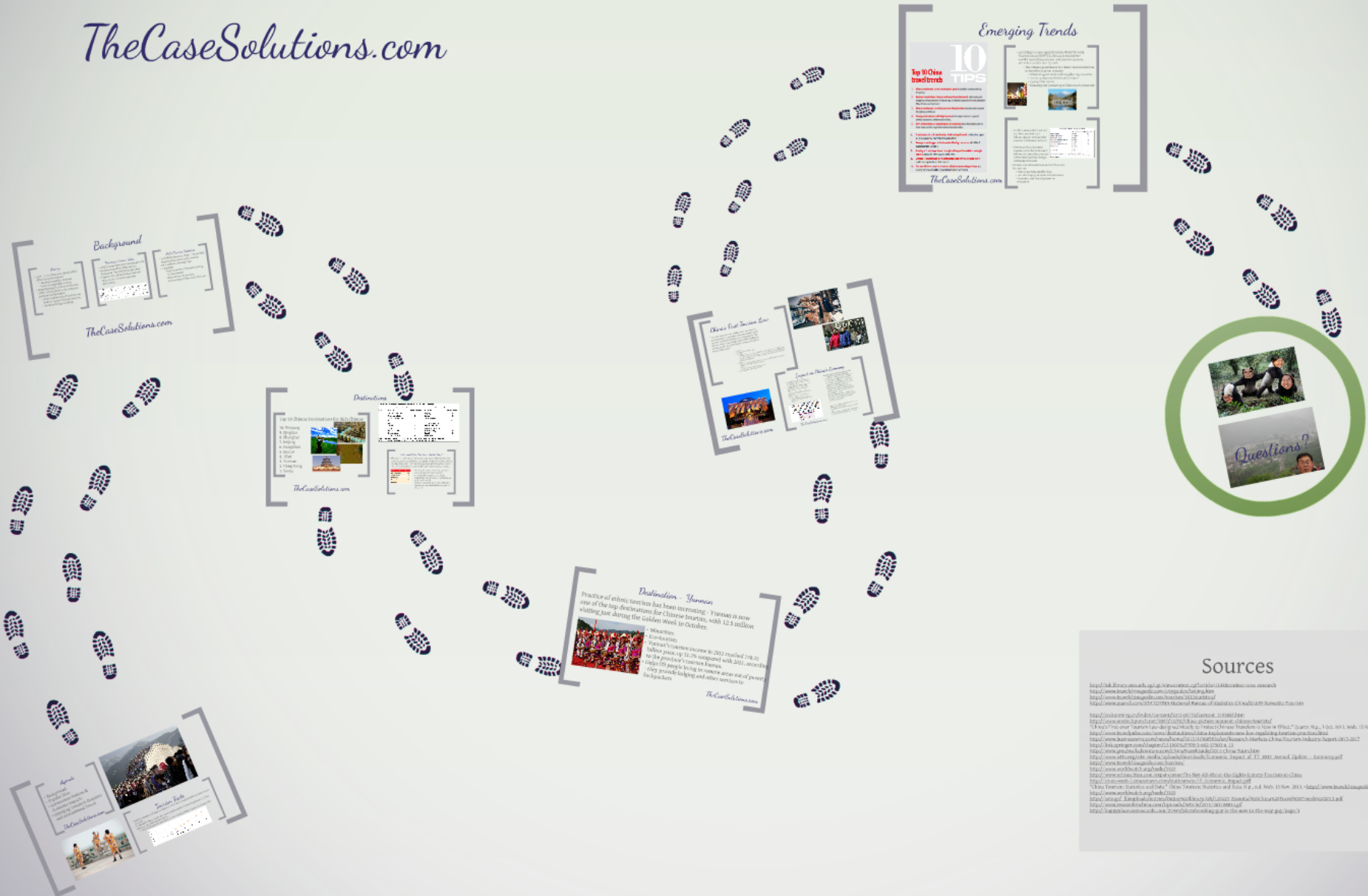


Yunnan Tourism Co., Ltd:

Developing Garden Expo '99 Site into a First-Class Urban
Eco-Cultural Complex

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Developing Garden Expo '99 Site into a First-Class Urban Eco-Cultural Complex

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Emerging Trends

Top 10 China travel trends

1. **Microbial metabolism** is the sum of all the chemical reactions that occur in a cell.
2. **Enzymes** are proteins that catalyze chemical reactions, lowering the activation energy of a reaction by up to 100 kJ/mol.
3. **Enzymes** are highly specific, catalyzing only one reaction.
4. **Enzymes** are made of amino acids, which are linked together by peptide bonds.
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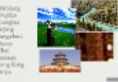
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Background

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Destinations

Tag: 10 Chinese Destinations for 2016
 10. Xinjiang



The Case Solutions cover

China's First Tourism Law



The Case Solution

10

Destination - Yunnan

visiting just during the Golden Week in October.

- Eco-courtesy
- Vietnam's tourism income in 2012 reached 1 billion USD, up 12.7%

- helps lift people's living to remote areas out of poverty
- they provide lodging and other services to backpackers

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Sources

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Agenda

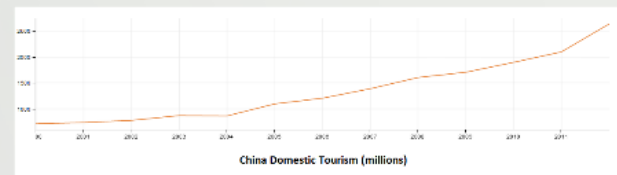
- Background
- Popular Sites
- Government Policies & Economic Impacts
- Emerging Trends in Domestic and International Travel

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Tourism Facts

- Beijing welcomes 140 million Chinese tourists and 4.4 million international visitors in a year
- By the end of 2012, 11,367 star-rated hotels submitted operating figures to China National Tourism Administration.
 - Their total revenue amounted to CNY 243.022 billion (almost 40 billion USD)



Background

History

- 1949 - 1974: China was closed off for all but select foreigners
 - Minimal domestic tourism
 - Lack of disposable income
- Deng Xiaoping's reforms in the late 1970s, tourist spots were reopened and tourism flourished
 - Most tourism infrastructure was built to support foreign tourists
 - Increase foreign earnings

Domestic Tourism Today

- 1990's: large domestic tourism growth
- Increased quality of the service industries - learned from the west
- Popular for cultural relics, historic sites, as well as more modern attractions

Table 1 China domestic tourism 1950-1995

Year	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Domestic tourist arrivals (million)	280	320	360	510	240	580	580	730	810	550	600	680
Domestic tourist receipts (RMB million)	830	850	1400	1670	1510	2010	2510	2610	3010	3120	3510	4010
Average expenditure per visitor (RMB Yuan)	29.28	26.28	38.89	32.55	6.21	34.67	43.28	35.75	37.15	56.73	58.50	59.00
Tourism's contribution (%)	—	—	—	—	—	27.32	24.27	27.20	34.17	43.83	52.40	55.01

Source: BuXia and *

2012 Tourism Statistics

- 1.6 billion domestic trips - the world's largest domestic tourism market
- 59.4 million inbound trips
- Concerns:
 - High number of tourists during holiday weeks
 - Detrimental to service, environment, historical sites, etc.

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Destinations

Top 10 Chinese Destinations for Rich Chinese

10. Xinjiang
9. Qingdao
8. Shanghai
7. Beijing
6. Hangzhou
5. Macao
4. Tibet
3. Yunnan
2. Hong Kong
1. Sanya



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Table II Travel activities of China and US domestic tourists, 1999 (% of person-trips)

Rank	China's domestic tourists		US domestic tourists	
	Activities	% of person-trips ^a	Activities	% of person-trips ^a
1	Outdoor/natural scenery	73	Shopping	33
2	Relics/historical sites	32	Outdoor	17
3	Keep-fit activities/sports	27	Historical/museums	15
4	Recreation/leisure	23	Beaches	11
5	Shopping	17	Cultural events/festivals	10
6	Festivals	15	National/state parks	9
7	Theme park	12	Theme/amusement park	8
8	Amusement park	7	Nightlife/dancing	8
9	Botanical garden	6.9	Gambling	7
10	Museum/exhibition	6.7	Sports event	6

Note: ^aTotal percentage may exceed 100 per cent since multiple choices were allowed in surveys
Sources: China's data are based on CNTA (2000), the US data are based on TIA (2000)

Where and When Do Chinese Tourists Travel?

- The tourist volume rockets to an amazing number during the peak seasons especially the two golden weeks (the National Day Holiday from Oct. 1 to 7 and the Spring Festival), which can be the cause of problems with traffic and tourist service quality.

Preferred travel time	%
Non-public holiday	36
Summer vacation	23
Golden week	17
Spring Festival	14
Labour Day	9

- Theme parks is an increasingly popular destination for Chinese tourists.
- 3 Chinese theme parks are already included in the top 25 most visited theme parks in the world
- Chime-Long Water park in Guangzhou is the second most attended water park in the world.

Destination - Yunnan

Practice of ethnic tourism has been increasing - Yunnan is now one of the top destinations for Chinese tourists, with 12.5 million visiting just during the Golden Week in October.



- Minorities
- Eco-tourism
- Yunnan's tourism income in 2012 reached 170.25 billion yuan, up 31.2% compared with 2011, according to the province's tourism bureau.
- Helps lift people living in remote areas out of poverty - they provide lodging and other services to backpackers

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China's First Tourism Law

"Tourists shall observe public order and respect social morality in tourism activities, respect local customs, cultural traditions and religious beliefs, care for tourism resources, protect the ecological environment, and abide by the norms of civilized tourist behaviors."

- 112 Articles
- Came into effect October 1, 2013.
- 1st Article:
"This law is made to protect the legitimate rights and interests of the tourists and tourism operators, regulate the order of the tourism market, protect and reasonably utilize tourism resources, and promote the sustained and healthy development of tourism."
- Includes:
 - Restriction against taking visitors to shops that pay the guide or the operator commission for sales, known as "shilling."
 - Safety
 - Fair pricing and congestion in scenic spots
- Ensuring tourists' rights while in China



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Impact on China's Economy

- In 2012, the population of domestic tourism consisted of 2.957 billion person-times (instances), accounting for 93.2%, with the revenue hitting RMB 2.2796 trillion or 87.8%
- It is estimated that the number of domestic tourists in 2013 will claim 3.275 billion person-times, standing at 95.3%, with the targeted revenue increasing by 15.4% year-on-year to RMB 2.62 trillion
- China's economic growth has promoted the development of China's domestic tourism industry and likewise
- Since the Chinese love luxury products, luxury tourism has been growing
 - The Kempinski Hotel Beijing: Revenue in 2012 worth \$39 billion and predicted to reach \$56.2 billion by 2017

5.35 U and Liu (2016) used a SAM to investigate the impact of tourism industry in Jiangsu Province, China for 2007 through 2040. The SAM distinguishes between real income, other than rural households, and lower household by seven income categories. They used the SAM to calculate the income multiplier of tourism industry receipts on the lower lower household income classes. Table 6 shows the ratio of income generated by tourism receipts to the rest of tourism receipts. It shows, for example, that the highest income class received the highest income from their tourism industry receipts (4.64%), but the lower middle income group also not far behind. The poorest households received negligible income from tourism industry receipts.

Table 6. Net multiplier effects of tourism industry receipts on other household income by income class, Jiangsu Province, China, 2002

Income class	C.R. ratio
Lower income	0.002
Upper income	0.002
Lower middle income	0.002
Upper income	0.002
Lower middle income	0.002
Upper income	0.002
Lower middle income	0.002
Upper income	0.002

Source: U and Liu (2016), p. 11

Tourism in China Contributes More to GDP Than Automotive Manufacturing

- According to new research undertaken by the WTTC (World Travel and Tourism Council) and conducted by Oxford Economics, China's travel and tourism industry is substantially larger and contributes 13% more to the GDP than its automotive manufacturing
- The travel and tourism industry in China supports over 62 million direct and indirect jobs (compared to the 48.5 million jobs in the financial services sector)
- China's travel and tourism contribution to GDP will grow by more than 9% over the next ten years, a faster growth rate than the overall economy (7.6%)

- Domestic tourism had a continuous increase of around 10% each year
- Contributes over 4% to the growth of China's GDP.
- Greatly enhances employment, consumption and the economic development of China.

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Table 6. Net multiplier effects of tourism industries receipts on urban household income by income class, Jiangsu Province, China, 2002

Income class	Multiplier
Lowest income	0.0591
Low income	0.0783
Lower middle income	0.2180
Middle income	0.2923
Upper middle income	0.4020
High income	0.2490
Highest income	0.4310

Source: Li and Lian (2010), p. 231

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Emerging Trends

Top 10 China travel trends

10 TIPS

1. **Chinese outbound travel continues to grow** in travellers number and trip frequency.
2. **Leisure travel drives Chinese outbound travel demand.** Sightseeing and shopping are key purposes of leisure trips. It is highly seasonal with peak periods in May, October and December.
3. **Chinese outbound travellers are travelling further** for destinations beyond Hong Kong and Macao.
4. **Young professionals with high income** is the major consumer segment driving outbound travel demand in China.
5. **80% of travellers are searching for information** about destination prior to their travel, and the major information channel is online.
6. **Travel agency is still dominating the booking channel**, while online agents are growing quickly, especially for long haul trips.
7. **Average spending per visit shows double-digit increase**, with 35% of budget spent on shopping.
8. **Sharing of travel experience through online platforms is increasingly popular**, especially among young generations.
9. **Chinese consumers are moving towards an experience-based choice model** from a price-based choice model.
10. **The new Chinese tourists are demanding higher quality services**, and moving from traditional tour groups to individual experiences.

- According to a new report from the World Travel & Tourism Council (WTTC), China is to become the world's second largest travel and tourism economy after the United States by 2015
- The Chinese government has taken various initiatives to boost the tourism industry:
 - Bilateral agreements with neighboring countries
 - Granting Approved Destination Status
 - Easing VISA norms
 - Branding and promoting of China as a tourism hub



- In 2011, domestic travellers in China reached 2.64 billion, almost 20 times the number of inbound arrivals

- Revenues from domestic tourism recorded USD 310.7 billion, six times the amount of the total tourism foreign exchange revenues

- Research on domestic tourism in China has focused on:

- China's growing middle class
- Fast developing tourism infrastructure
- Economic and social systems in transition

Tourism figures for first three quarters 2011

	Jan. - Sept. 2011	Growth since 2010 (%)
Domestic tourists	1.98 billion	12.6
Domestic tourism income	1.43 trillion CNY	20.1
Urban resident tourists	1.16 billion	6
Tourism spending urban residents	1.14 trillion CNY	12
Rural resident tourists	770 million	19
Tourism spending of rural residents	300 billion	80
Inbound tourism	100 million	1
Tourism foreign exchange income	35 billion USD	2
Overnight trips	42 million	1
Outbound travel	51 million	20 +

Outbound tourism expense in the first half of 2011: 33.1 billion USD
Trade deficit of tourism services: 10.7 billion USD, equates to 54.1% of the trade deficit of services