

# DIGIPANDA

Analysis report of China's travel industry in first half of 2020





# Content

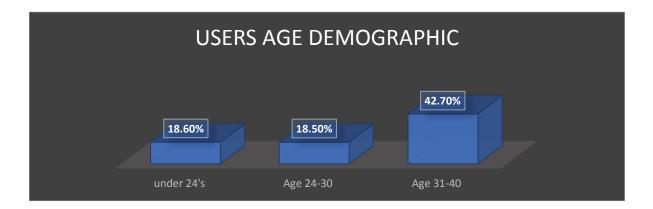
Introduction3
1. Changes in China's travel industry 4
2. Changes in travellers buying behaviours 8
3. 2020H1 users behavior analysis 12
4. 2020H1 Chinese travelers trending topics 17

### China's 2020 Half year travel industry report

#### Introduction

China's travel industry total revenue for 2019 hit 6.63 billion RMB, of which online sales represented 1.12 Billion RMB during that period. A 16.9% penetration rate that is continuously on the rise.

This was due to the increase of leisure time, favourable consumer sentiment and a strong demand generated from millennials. Post 80s and 90s have become the most important age segment. Based on the report's finding:



Along with increasing consumer spending power and an increased focus on personal wellbeing, relaxing purposed holidays have already surpassed sightseeing purposed holidays. Therefore, relaxing retreats have become the main reason for going on holiday for the majority of Chinese holiday makers. Based on the analysed data, that accounts for 58.2% of all holidays taken by mainlanders. The second reason to go on holiday still regards the traditional holiday purpose of visiting landmarks, places of interest and scenic sights.

Private group holidays are also requiring an increasingly need for tailored holiday packages. 38.6% are families traveling with children trips. 17.6% of users are seniors organising and book their holidays. Among the younger age segment, "social media worthy" or beauty sports are on the top of their list. Moreover, romantic getaways, holidays between friends, trips around a particular experience or event emphasise the need for more tailored packages.





#### **Report Methodology**

**Data**: Data used for this report was primary extracted from Big Data-Research's database which monitors, analyses and audits different industries of the Chinese market.

**Research method**: select research method, collect user's data, determine specific groupings, linking data to research method, analysis and conclusion.

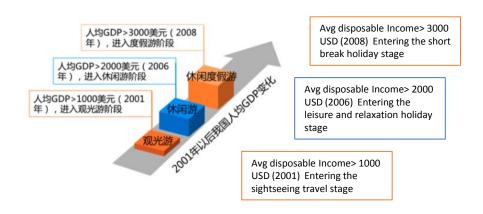
#### 1) Travel industry changes: Short relaxation retreats and decreasing trip costs

As with other developed countries, the GDP per capita is linked to consumers traveling expenditure level. Following that GDP per capita's increase, china's consumer travel market has progressively moved towards short relaxation type holidays.

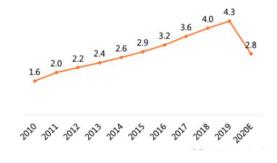
The resulted fragmentation in holiday types has been encouraged by current policies that influence individual or groups holiday arrangements. This has been supported by Chinas high speed rail network, aviation infrastructure and motorway system development. All of which have reduced travel time and related travel cost.

All of which resulted in a increase in the frequency of trips made by travellers. In 2019, the average number of trips taken by travellers was about 4.3 times. However due to the current pandemic, the average number of trips per traveller will inevitably decrease.

China's GDP per capita increase influencing the types of holiday taken



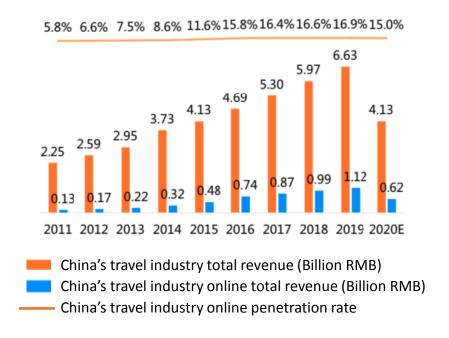
Avg. number of trips taken by travellers 2010-2020E



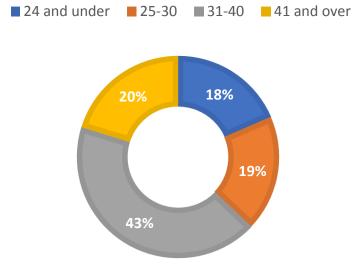
### 2) China travel industry online penetration rate steadily increasing, clear trend among young travellers

In 2019, Chinas travel industry revenue surpassed 6.6 billion RMB, of which 1,12 billion RMB was generated from online sales, a 16.9% penetration rate which is continuously increasing. Due to the increase amount of leisure time, the young adult demographic has become increasingly active when it comes to travelling. Moreover, post 80s and post 90s are the predominant adopters of online travel services

### China's travel industry year over year (YOY) online penetration rate



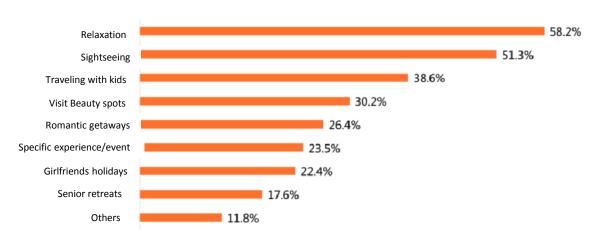




### 3) Types of holidays: from sightseeing to relaxation and the diverse needs of Chinese travellers

As Chinese travel consumption continues to increase, a stronger focused is placed on wellbeing and mental health, relaxation has surpassed traditional sightseeing and has become the primary reason for booking a holiday. Making up 58,2% of why Chinese travellers go on holiday. This is followed 51,3% for sightseeing.

#### 2020H1 Chinese travellers reasons for going on holiday



# 4) Travel variations based on travellers preferences: from tour groups to free independent travelling

Chinese tourism has seen a shift in preferences which has been linked to the improvement of quality of life in China. Travelers are increasingly paying attention to the quality of available packages and service and rely on others' comments and reviews to decided what to book.





# 1) Changes in travellers buying behaviours: Enticing travellers to travel through grassroots online recommendations

Chinese travellers spend considerable amounts of time on online platforms. OTAs are now considered as the traditional purchasing point. They are also able to cater for the increasing sophistication in travellers' requirements.

In order to create awareness and spark demand, social media platforms such as RED and Douyin have been central to enabling users to discover hot destinations, new services and products. These platforms have become the new channels for promoting travel and tourism. They allow for grassroots type marketing which is perfectly suited for Chinese travellers buying behaviours driven by other users' recommendations. They also allow for improved targeting thanks to their AI capabilities.

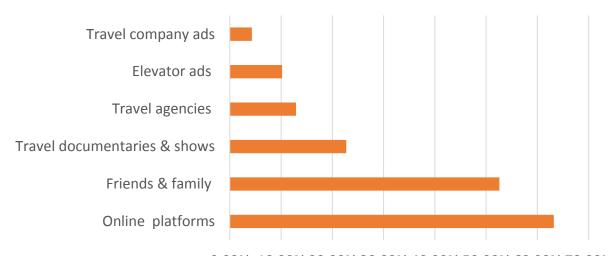
As China has moved to more leisure focused holidays, related cost of travel has decreased, trip frequency is on the rise and social media's awareness ability, the market's potential is stronger than ever. Gone are the days of secret getaways for China.



### 2) The internet continues to influence the travel industry

According to collected data, Booking online has already becomes China primary point for purchasing travel related services. It has also become the biggest influence when deciding on where to go and what to do. Over 60% of users decide on their travel itineraries based on the information collected online and from social media platforms.

### **Decision making Influences**

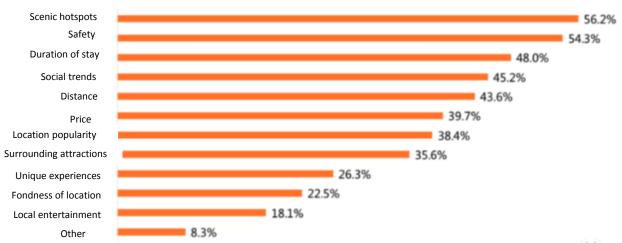


0.00% 10.00% 20.00% 30.00% 40.00% 50.00% 60.00% 70.00%

Online platforms including OTAs, travel communities and search engines have completely taken over the influence of offline channels. Moreover, users don't even need to search for travel related content. This is pushed to their news feeds thanks to online platforms' algorithms. RED and Douyin have been effective tools to suggest new destinations, attractions to visit which entices users to travel.

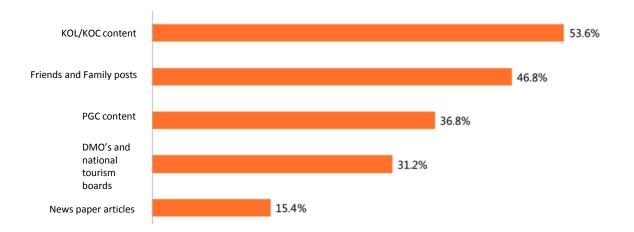
#### 3) Travelers decision making criteria

Based on surveyed users, the criteria used to decide on where to go and what to do continues to expand.



# 4) Travelers increasingly turning to KOLs and KOCs for recomendations

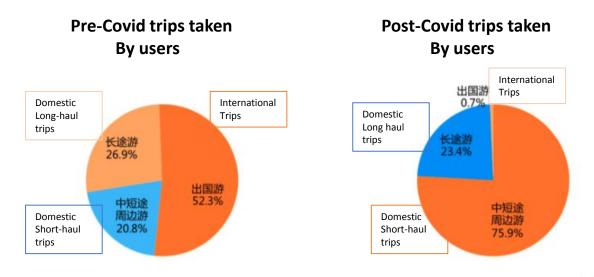
With traditional decision making, users relied on searching online to find and gather information which was mostly platform generated content (PGC) or long articles. Nowadays, with platforms like RED and Douyin, users also explore through KOLs and KOCs content. Whether photos, short videos on live streams, they all play a big influence on the viewers. Moreover, with generated user content (UGC) created by other users, it has never been so simple to find the high quality and authentic information.





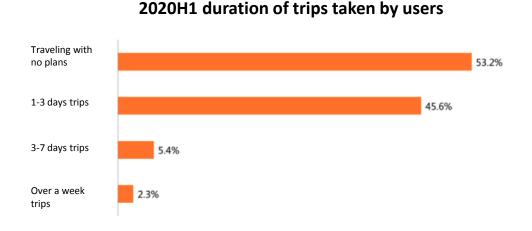
# 1) Post Covid-19 World: Domestic short-haul trips have become users' first choice

Before the pandemic, the variety of trips taken by users were broader. With International trips occupying over 52,3% prior to the pandemic, its current level has dramatically shrunk to 0,7%. With the current restrictions taken to prevent a second wave, domestic trips have taken over. Domestic short haul trips to neighbouring have been have been particularly promoted by Chinas Travel communities. This was clear during both the last two National holidays (Qingming festival or Tomb sweeping day and Labour day).



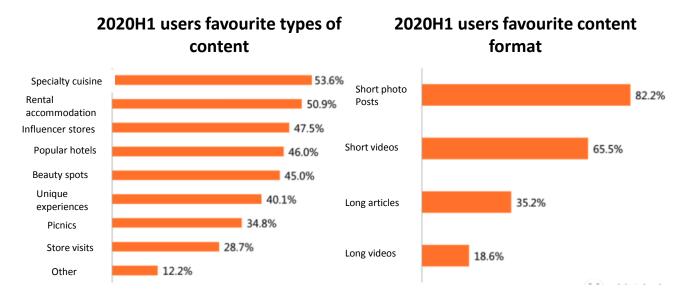
# 2) Users are shortening their trips and paying even more attention to KOLs and KOCs content

As most international trips require a significant amount of time and preparation, users have turned to shorter trips of up to three days to neighbouring cities. These requiring little or no planning are also enabled by the convenience of domestic transport. As many Chinese travellers are increasingly spending time at home, KOL and KOCs have been increasingly providing travel related content such as new experiences and other information.



### 3) Social media short photo posts are users go to content for deciding where to go next

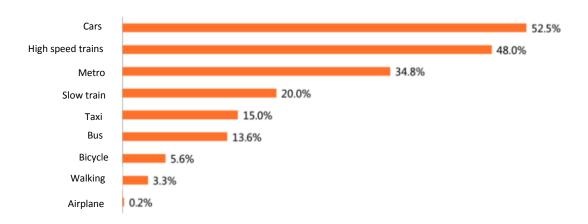
Users require increasingly diverse types of content including rental accommodation, influencer stores, beauty hotspots and social media worthy sights. This is a long way from when users were only seeking scenic spots related content. As the pandemic has restricted the level of choice offered to users and increased short haul travelling, the information required to decide on such trips are mainly short and quick to consume. This is clear with over 80% of users stating that short photo posts or videos are their favourite format for information.



# 4) Post-Covid has led to cars being the favourite type of transport to go on trips

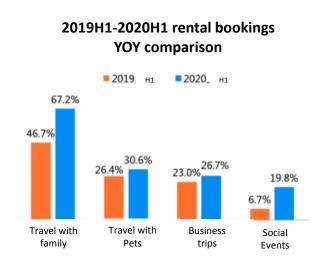
As the pandemic has created a strong demand for short haul trips to neighbouring cities, personal cars as well as rentals have become users first choice of transportation.

### 2020H1 users favoured choice of transportation



#### 5) Rental accommodations on the rise

Rental accommodations have become more suitable for families compared to traditional hotels. The second group booking rental accommodations are those travelling with pets. All of which is fuelled by the post pandemic encouraging travellers to take extra precautions. However, travellers still expect high quality rental accommodations for their short stays. Current trends also show users favouring travel to domestic coastal cities.

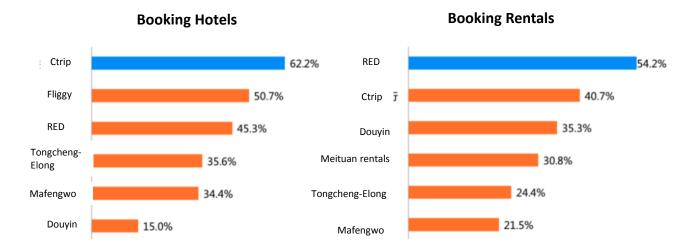


2020H1 top ten domestic locations				
Ranking	City	Ranking	City	
1	Chengdu	6	Huzhou	
2	Shanghai	7	Suzhou	
3	Hangzhou	8	Xiamen	
4	Chongqing	9	Beijing	
5	Changsha	10	Daliang	

### 6) Choosing rental accommodations: users strongly relying on RED to choose

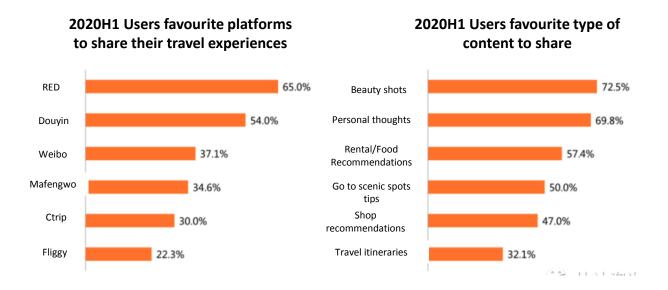
In order to select the right rental, users have increasingly relied on RED (XiaoHongShu) to gather the information needed to choose. For Hotels, Ctrip remains at the top of users favourites lists.

#### 2020H1 Users preferred platform to choose the right accommodation for them



#### 6) Users prefer RED to share content of their travel experience

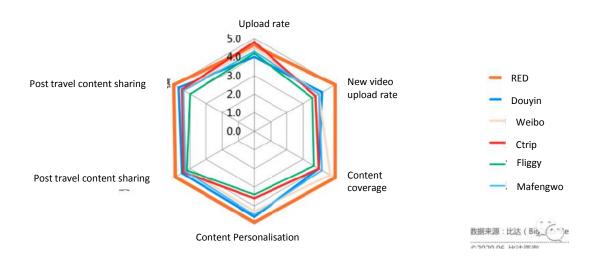
During or post travels and excluding WeChat moment, users are favouring RED to share their experience. Douyin follows closely as second favourite.



#### 7) Searching for travel related content: RED is the strongest overall

Ctrip remains the largest travel platform in terms of user base, content sharing and reviews. RED is the most versatile platform overall for travel related content with a high rate of video uploads, content coverage, content personalisation and making travel related decisions based on other users content.

#### 2020H1 Main travel related platforms for searching, sharing and deciding comparison





#### 1) The Pandemic has accelerated changes in the domestic travel industry

The 2020 pandemic has to a high extent influenced and changed consumers habits. This has developed new trends as well as promote new ways of conducting business. For the travel industry, examples of changes include registration at scenic spots for traceability purposes, strict control of the flow of holiday makers among others:

Changes in China's travel industry due to Covid-19			
Area	Category	Changes	
Entertainment	Scenic spots	Track and trace and control of tourist flow	
		Cloud Traveling: visiting locations via live streaming	
	Cultural Cloud Exhibition: visiting cultural attractions via live streaming attractions		
	Outdoor economy	Picnic trending and supporting related industries	
Accommodation	Hotels/Rentals	(Safety/ contactless service) specialty hotels/spacious rooms and flat rentals	
Travel	Travel Industry	New forms of marketing for the travel industry (livestreaming)	
Shopping	Travel shoppers	Duty free shopping/ KOL stores/ O2O	

### 2) Cloud travelling: extending tourist attractions' reach to all of Mainland

As the pandemic has inflicted huge losses to the tourism industry and restricted travellers movements, live streaming has been introduced to fill in the marketing needs of the travel industry and travellers craving to explore new destinations. This allows viewers to explore an attraction guided by the stream host. In the future, travel focused live streaming is expected to become a vital tool for content marketing and creating awareness.

#### 01) o2o shift

The pandemic has accelerated the merging of offline and online channels which is testing companies' ability to use their online capabilities to enhance their offline channels. Examples include tourism companies utilising mediums like today's headlines, Douyin, Mafengwo and Red to promote their attractions.

### 02) Tourism and culture marketing

Strategies and content have received upgrades:

- Using as many mediums as possible "platform+ travel bloggers+ scenic spots+ store+ cultural department" combined for creating videos, live streams, etc
- Using IP, celebrities, influencers, experts during pandemic period to create awareness and demand for when the market recovers.
- Live streaming flash sales, discounts, deritive products

### 03) Technology allowing for better experiences

The pandemic has altered consumer behaviour:

Travel hygiene, safety concerns, contactless service have become key criteria which have been addressed via new track, trace, control and data systems.

This has lead to cloud traveling which includes Big Data, AI and VR to support the tourism Industry.

# 3) Travelling to neighbouring areas, the new local travel destinations and travelling by car

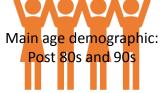
2020H1: 5 main points from survey results

Purpose of trip

Hot destinations

To relax

Neighbouring areas, country side



Type of traveller

Transport method

75% are families

Over 50% travel by car

Most of 2020 will be influenced by Covid 19 and concerns about safety will remain an important deciding factor on where, how and when to travel.

Local and neighbouring areas and country side locations will also be favoured during most of 2020.

Even if China is progressively recovering, Covid 19 still remains an important concern for any leisure activity. Prevention policies Will continue to be in place and adjusted for the foreseeable short-term. Therefore all trends reported here will be relevant for the rest of 2020.

Regarding long haul trips, the progress in tackling the virus will continue to determine Chinese travellers will to travel longer distances.









Address: 16 Upper Woburn Place, London WC1h 0AF

Email:

julien.to@digipanda.co.uk

Web: www.digipanda.co.uk





