

Chinese Tourism to Switzerland after the Corona Crises

29.03.2021

Christian Baumgartner



BRIEF OVERVIEW

OVER THE NEXT 45 MINUTES ...

- Overtourism
- The development of the Chinese market
- Tourism after the crises
- Switzerland and the Chinese guests
- Prevention of overtourism?
- More sustainability



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DIFFERENT DEFINITIONS

[Overtourism is] the phenomenon of a popular destination or attraction being overrun by tourists in an unsustainable way.

Collins Dictionary

"...the impact of tourism on a destination or parts thereof that unduly affects the perceived quality of life of citizens and/or the quality of visitor experiences in a negative way."

Ali, R. (2016), 'Exploring the Coming Perils of Overtourism', Skift

"... Destinations where hosts or guests, locals or visitors, feel that there are too many visitors and that the quality of life in the area or the quality of the experience has deteriorated unacceptably. It is the opposite of responsible tourism, which is about using tourism to make better places to live and better places to visit.

Often both visitors and guests experience the deterioration at the same time."

Responsible Tourism, OverTourism



OVERTOURISM

... HAS REACHED THE INNER-ALPINE CITIES

From mass tourism (nature-related) of the 80s to overtourism (inhabitant-related) of the 21st century.



OVERTOURISM

... HAS REACHED THE INNER-ALPINE CITIES

Luzern, CH

81.000 inhabitants

20.000 visitors / day

2019: group of 12.000 (Jenuesse Global)



OVERTOURISM

... HAS REACHED THE INNER-ALPINE CITIES



Hallstatt, AT

754 inhabitants

Up to 8.000 visitors / day

20.000 busses / year



Taleb Rifai, UNWTO General Secretary, at the UNWTO minister's summit, 2017

"Growth is not the enemy; numbers are not the enemy; the key is to manage growth sustainably, responsibly and intelligently, and to use the power of growth to our advantage. ...

We can't get into building five-star hotels in three-star communities. Jobs and charity are not enough - we need to diversify what we offer visitors, reduce seasonality and raise awareness of less busy destinations..."

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REASONS FOR OVERTOURISM



THE CHINESE MARKET - NOW

- Fastest growing **middle class** in the world
- Number of **Chinese passports doubled** from 120 million (2017) to 240 million in 2020
- **Tourist flow** from China increased by approx. **560 %** (number of overnight stays) and by approx. **700 %** (number of arrivals) from 2005 to 2016.

BUT:

- Value creation concentrated on a few top performers
- Group business is strongly price-driven
- Lack of strategy for displacement effects



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© Keystone, hotellerie gastronomie zeitung

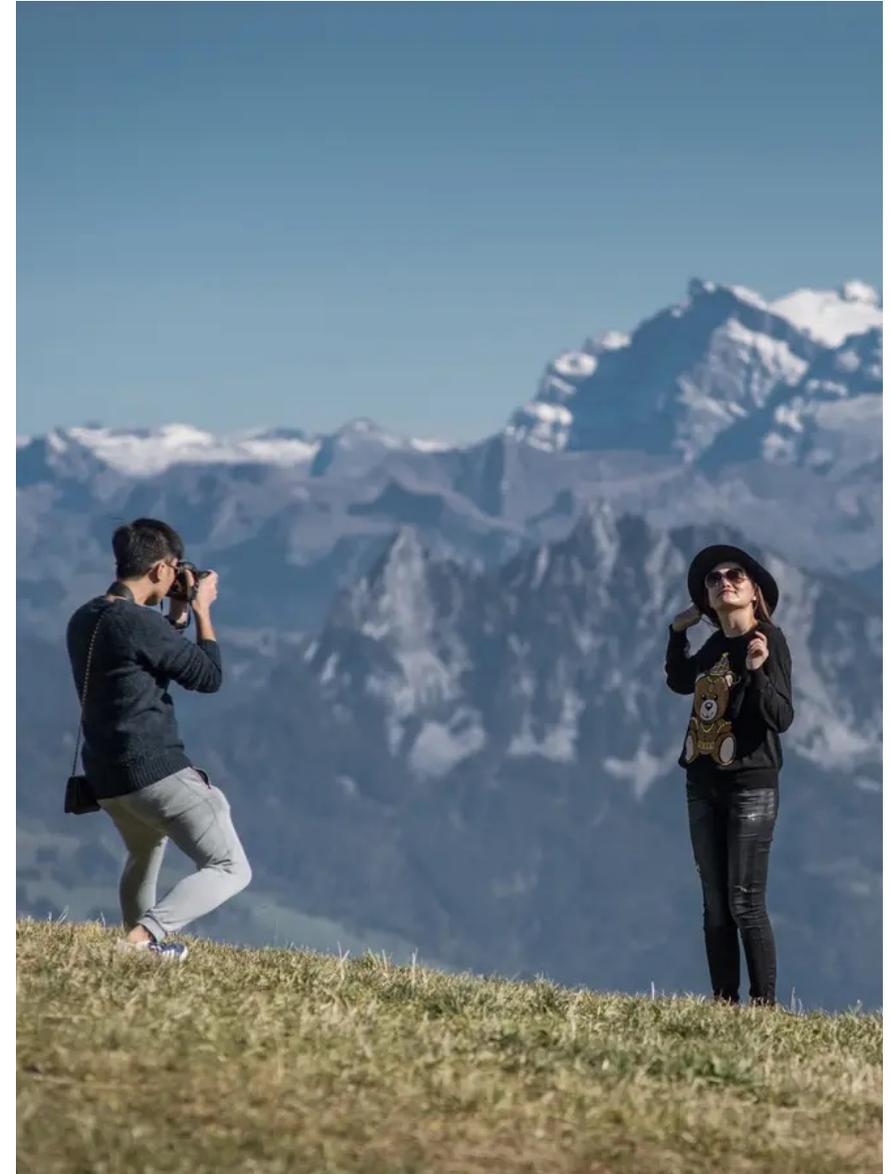
THE CHINESE MARKET - SOON

- Changes from group travel to **individual travel** (Free Independent Travelers (FIT))
- differentiated offers with good price-performance ratio

BUT: We know too little ...

- ... about the success factors for such differentiated offerings
- ... about information and booking behavior
- ... about the complex distribution structures
- ... about the crowding-out effects

Goal: Prevent a "stuck-in-the-middle" situation



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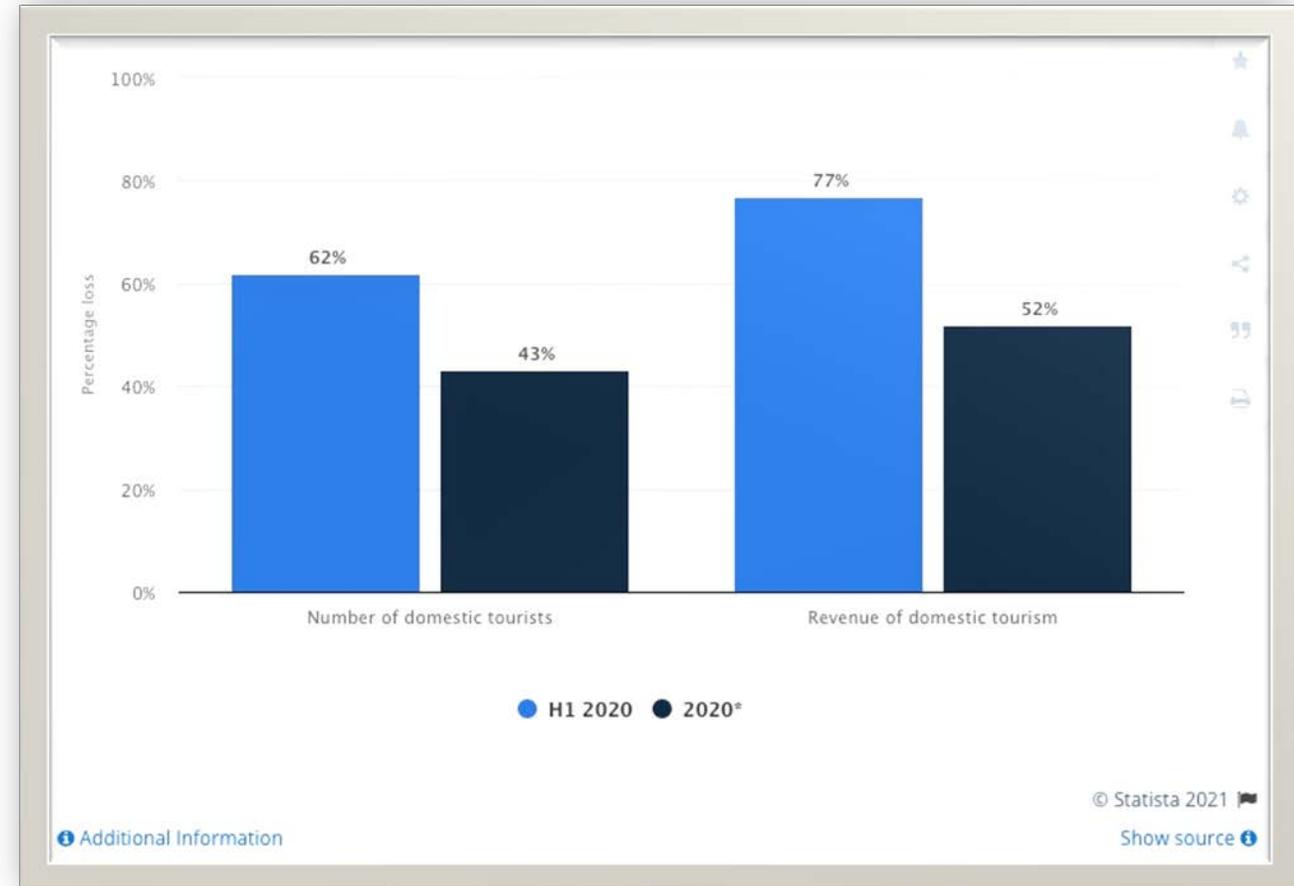
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CHINESE DOMESTIC TOURISM

- 27.1.2020: all domestic and outbound tour groups suspended
- Outbound and inbound tourism have remained stagnant
- But domestic tourism shows a "W-shaped" recovery
- Intensive help by the Chinese government

LOSS IN CHINESE DOMESTIC TOURISM 2020



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- Slow recovery for the public holidays in April / May
- Resumption of trans-provincial group tours in mid-July



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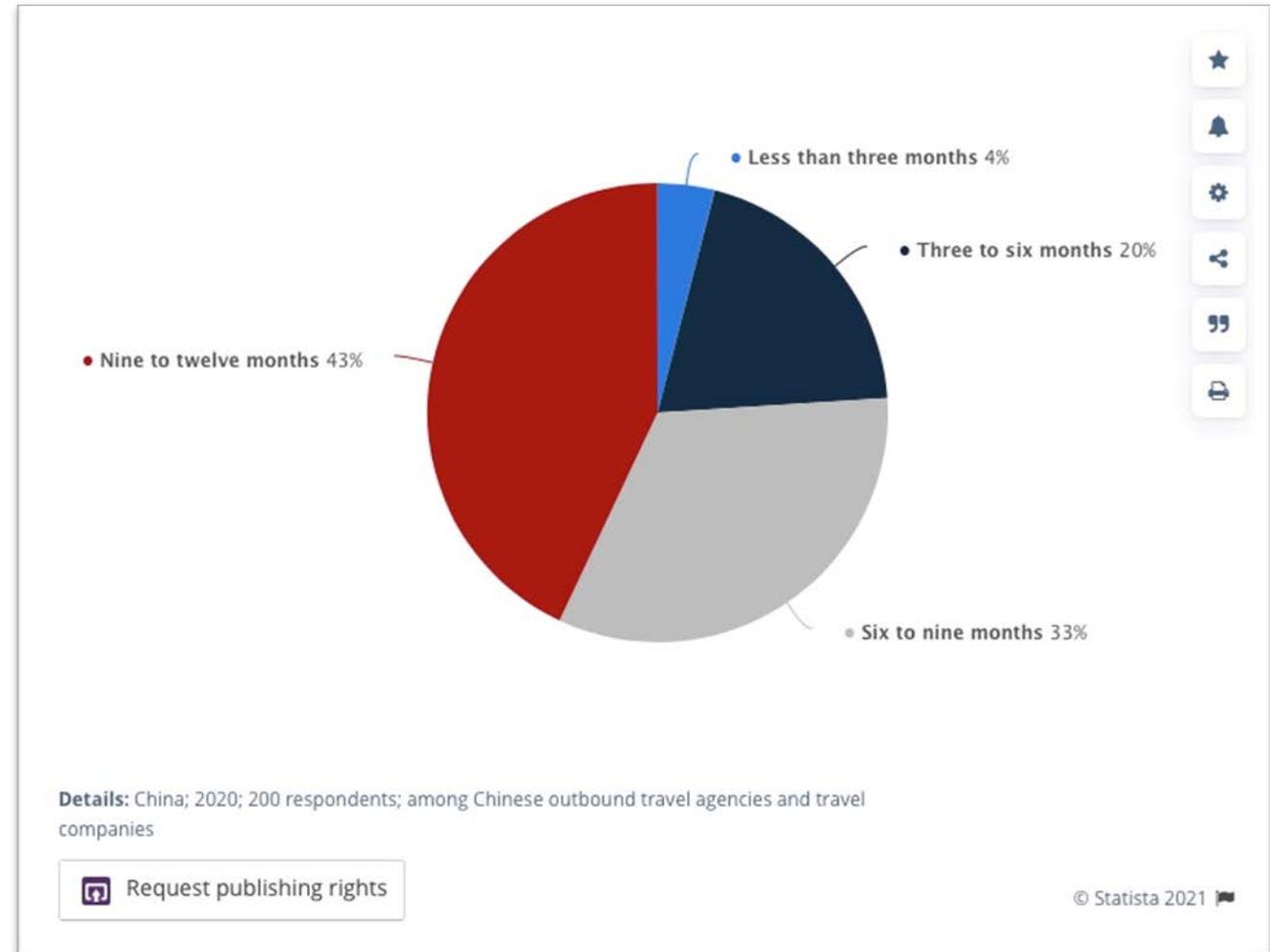
"It's essential to combine tourism with leisure. Most people are staying at home so as to curb the spread of the virus, but their demands for leisure always exist and they have more time for it. Tourism corporations can livestream beautiful scenery or offer some classes to enrich people's lives, ..."

"The impact of the COVID-19 epidemic can be an opportunity for China's tourism industry to transform and upgrade."

Wu Fenglin, CTA

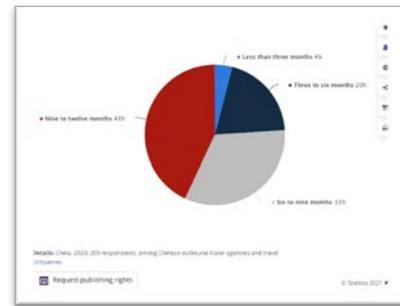
CHINESE OUTBOUND TOURISM

- Very (far too?) positive expectations to be back to normal



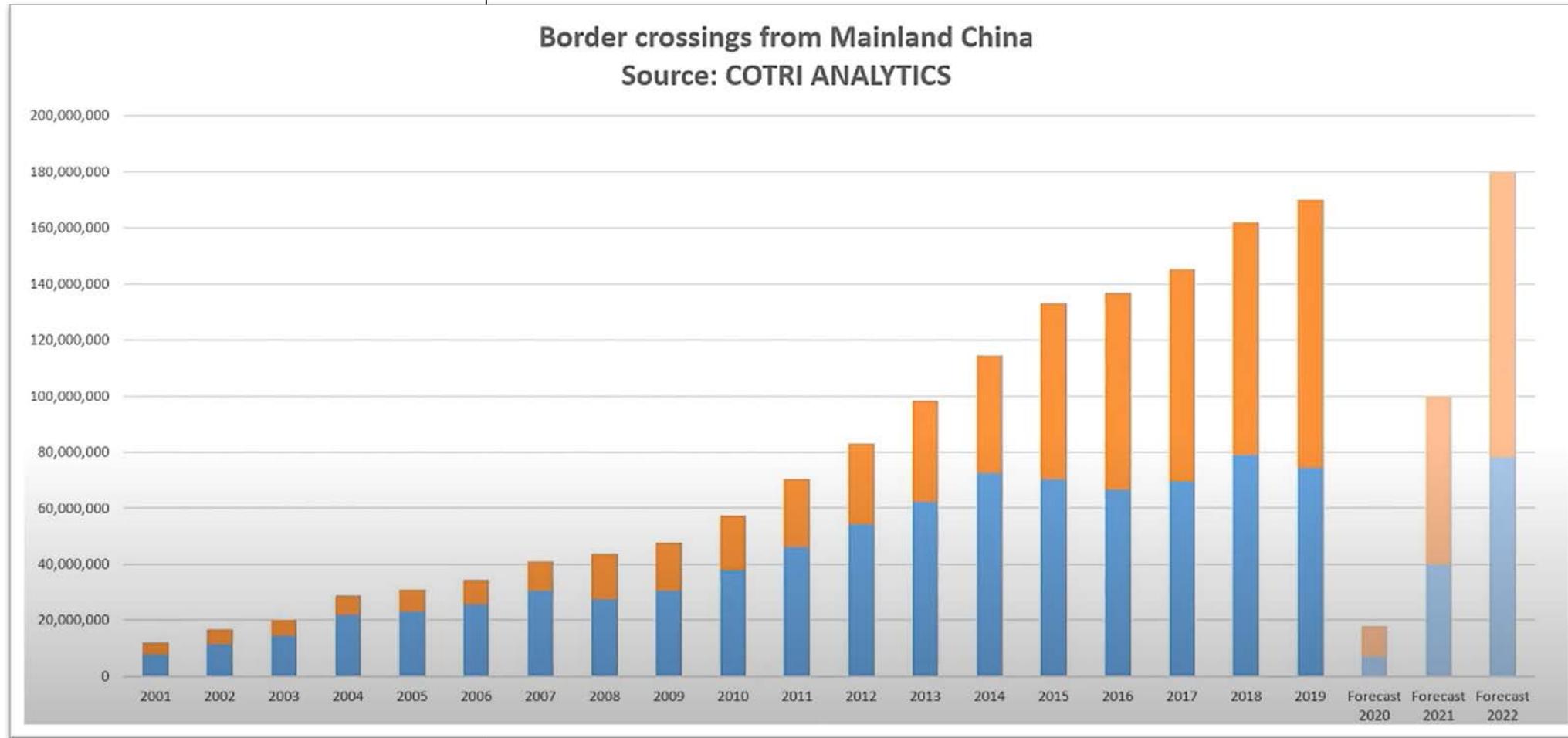
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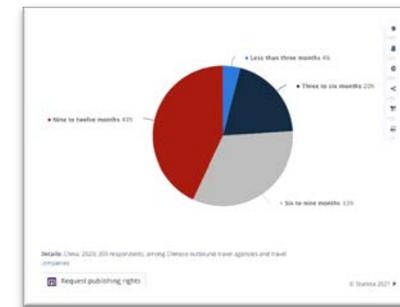
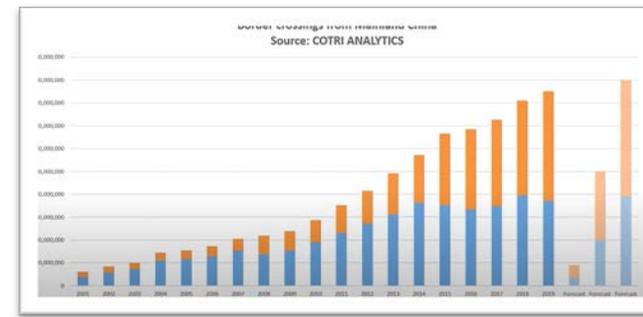
Border crossings from Mainland China
Source: COTRI ANALYTICS

Rest of the world
Greater China

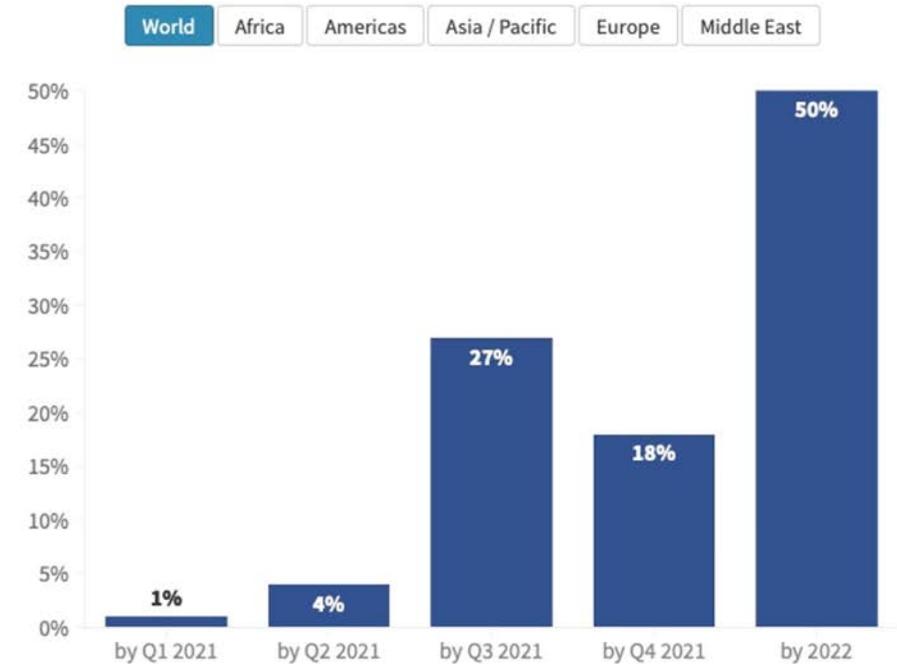


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- But what about the destinations?



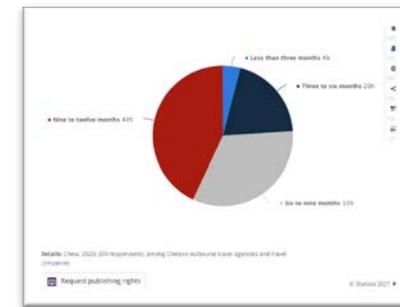
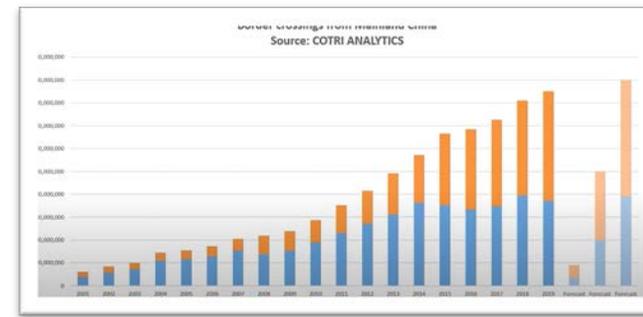
When do you expect a rebound in international tourism in your country?



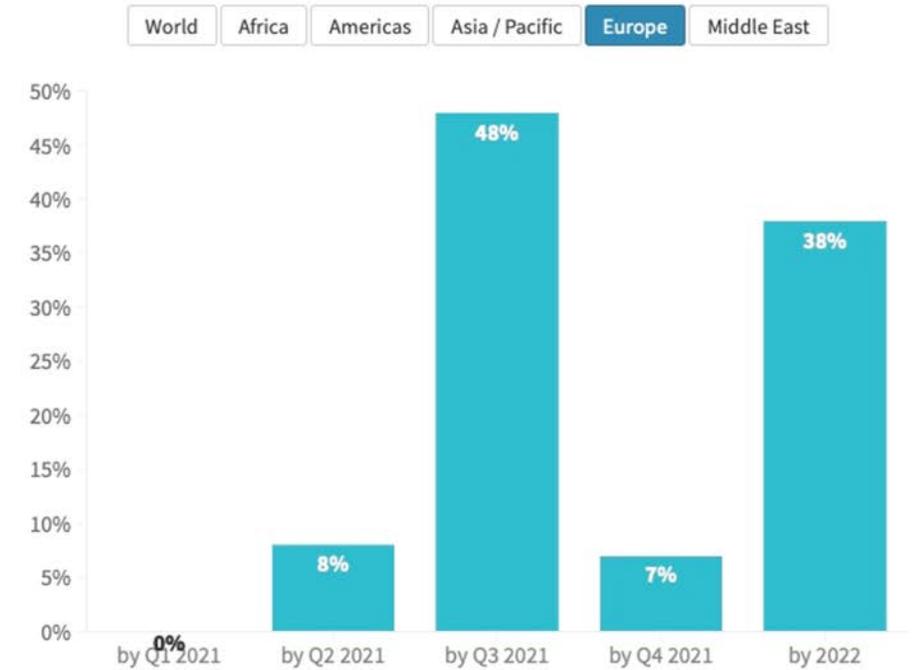
UNWTO conducted a global survey among its UNWTO Panel of Tourism Experts on the impact of COVID-19 on tourism and the expected time of recovery. Data as collected by UNWTO, January 2021. Published: 26/01/2021

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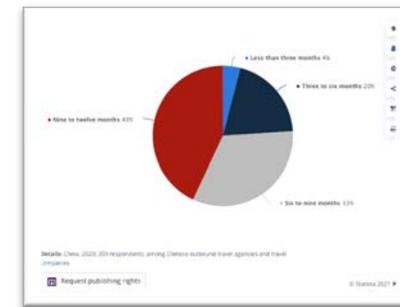
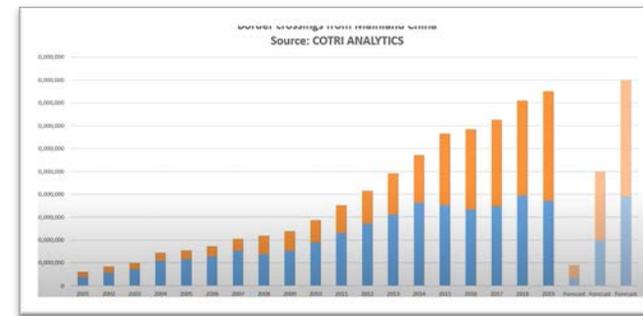
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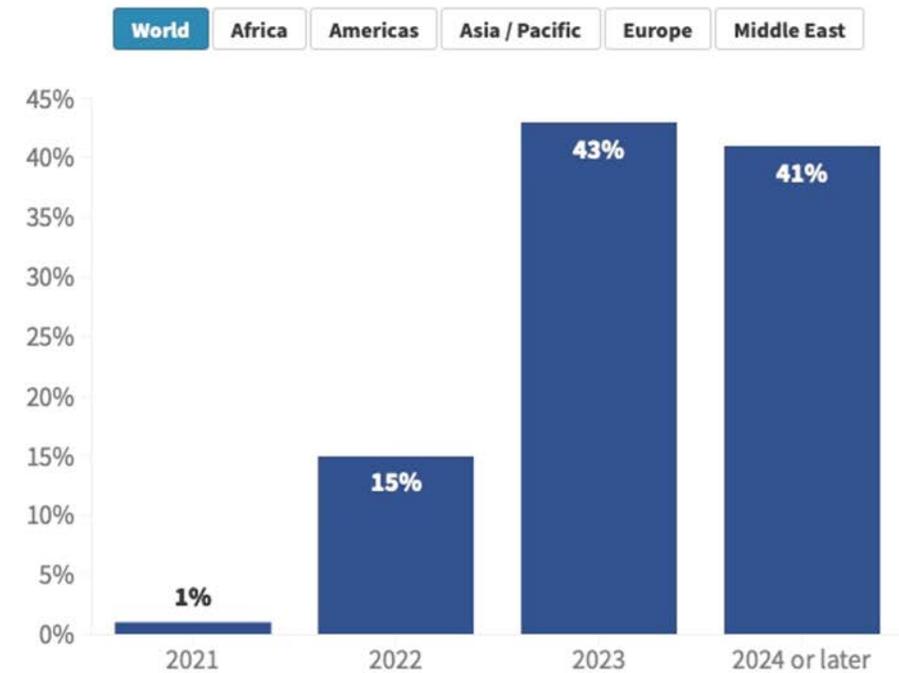
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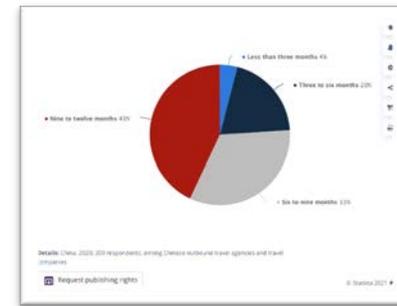
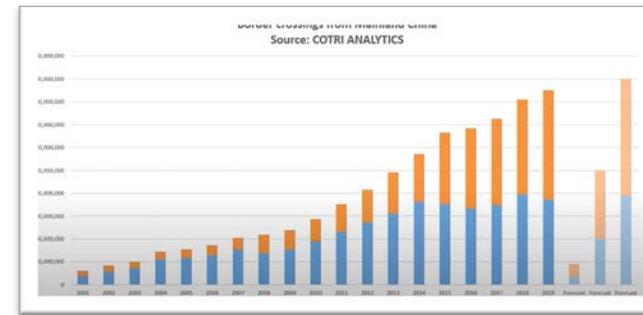
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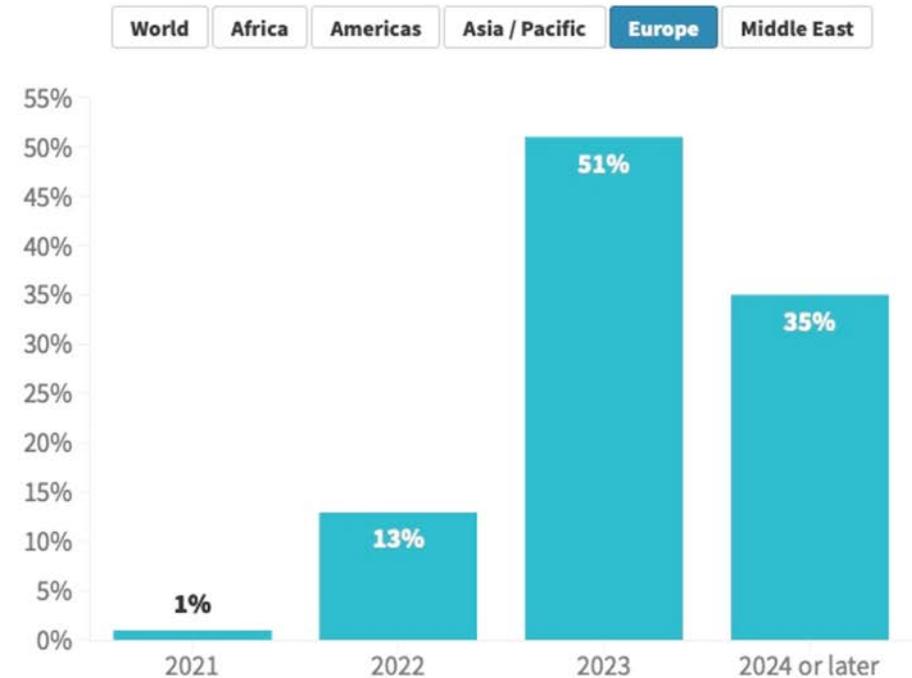
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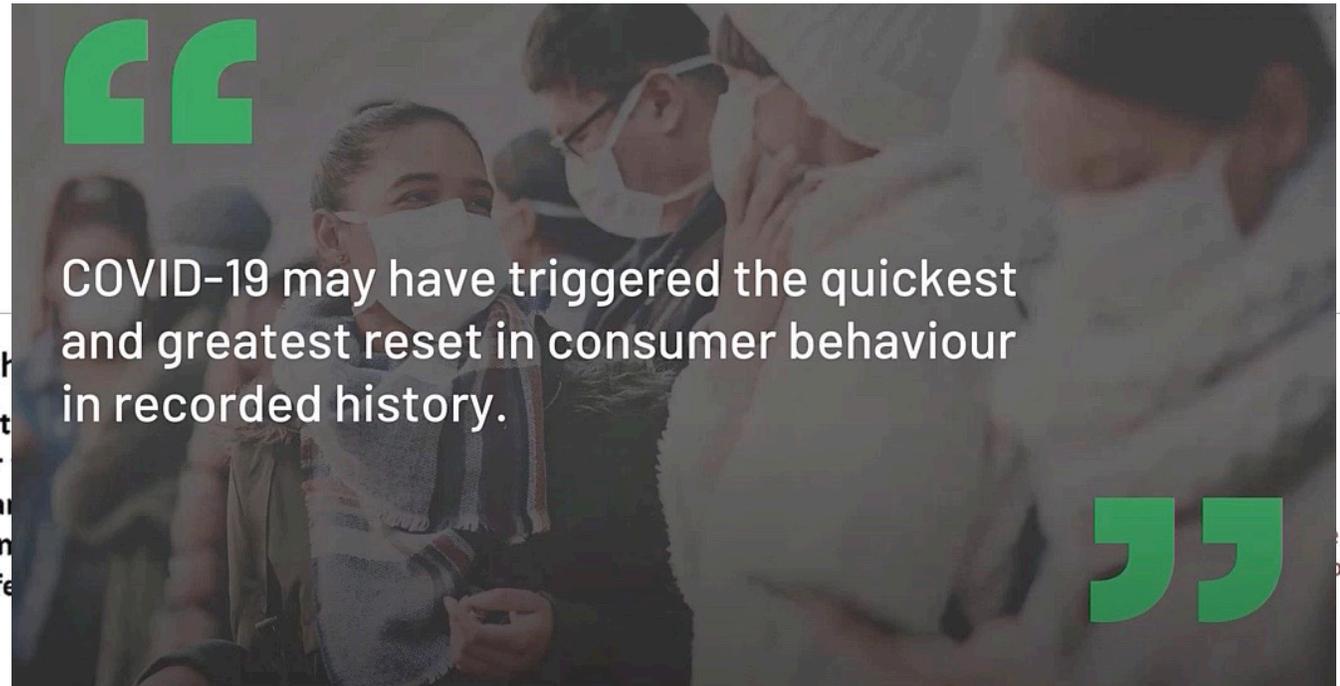
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TREND 1: Further
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However, lower
More children a
Travellers with n
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In post-virus times family trips and FIT and customised tours gain further importance.

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TREND 1: Further segmentation of Chinese outbound tourism source market

Today no more than 10% of Chinese citizens possess passports. Most of them live in 1st and 2nd tier cities. However, lower tier city dwellers are catching up. More children and Best Ager Chinese (55-65) start to travel abroad. Travellers with more travel experience have learned to compare and to name their preferences.



75% of Chinese tourists believe that travelling is a vital factor for improving their life quality and happiness.

In post-virus times family trips and FIT and customised tours gain further importance.

TREND 2: From Quantity to Quality

Quality and value for money take the place of quantity and cheap price especially for FITs and customised tours and for millennials. Growing interest in new, authentic offers and new destinations based on closer contact to local culture and nature instead of big cities if provided and communicated the right way and through the right channels.

The Tourists Splashing The Most Cash

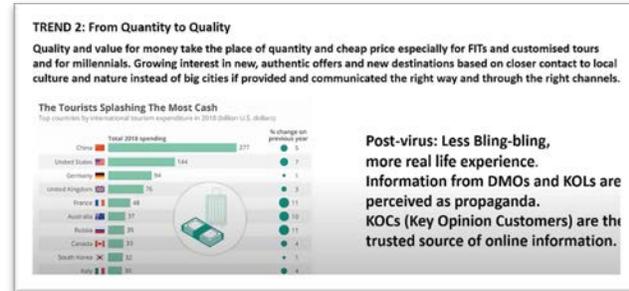
Top countries by international tourism expenditure in 2018 (billion U.S. dollars)



Post-virus: Less Bling-bling, more real life experience.
Information from DMOs and KOLs are perceived as propaganda.
KOCs (Key Opinion Customers) are the trusted source of online information.

CHINESE OUTBOUND TOURISM

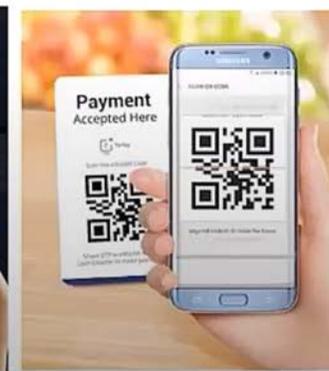
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TREND 3: Technology and cashless payment, more available information

Language problems can be solved by the use of specialised translation devices or Apps which use sound for input and output or which scan and translate menus, signs etc. into written Chinese. Younger Chinese are more likely to master some English.

Alipay and WeChat Pay have transformed China into a cashless society. Chinese outbound tourists absolutely demand to be able to pay via the phone also abroad, ideally combined with VAT refund.



The lock-down in China has further pushed the use of Apps and mobile payment. Destinations have provided additional information in form of virtual tours etc.

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73% of Chinese tourists believe that travelling is a vital factor for improving their life quality and happiness.

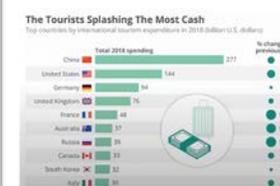
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Total 2019 spending (in billion U.S. dollars)



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TREND 4: Chinese economy recovering faster than all other G20 countries - Chinese top decile of society still rich enough to travel

Real GDP Growth
% year-on-year

Country	2019	2020	2021
Argentina	-2.1	-11.2	3.2
Australia	1.8	-4.1	2.5
Brazil	1.1	6.5	3.6
Canada	1.7	5.8	4.0
China	6.1	1.9	8.0
France	1.5	-9.5	5.8
Germany	0.6	-5.4	4.8
India	4.2	-10.2	10.7
Indonesia	5.0	-3.3	5.3
Italy	0.3	-10.5	5.4
Japan	0.7	-5.8	1.5
Korea	2.0	-1.0	3.1
Mexico	-0.3	-10.2	3.0
Russia	1.4	-7.3	5.8
Saudi Arabia	0.4	-6.8	3.2
South Africa	0.1	-11.5	1.4
Turkey	0.9	-2.9	3.8
United Kingdom	1.5	-10.1	7.6
United States	2.2	-3.8	4.0
World	2.6	-4.5	5.0
Euro area	1.3	-7.9	5.1
G20	2.9	-4.1	5.7

For China, the CoViD-19 crisis is over, GDP growth for Q3 2020 has been 7.3% Year-on-Year and 1.9% bigger than Q2 2020.

For the whole year of 2020 China will be the only G20 country with a positive Year-on-Year GDP growth of 1.8%, all others are forecasted to have negative growth rates.

For 2021 China is forecasted to have the second-highest GDP growth rate after India.

CHINESE OUTBOUND TOURISM

- Very (far too?) positive expectations to be back to normal
- But what about the destinations?
- Changing travel behaviour - forecasts from China
- But do we want them back?
 - Or in a different way?

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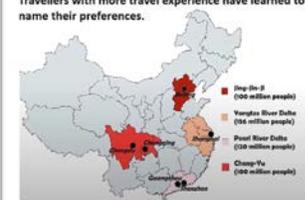
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China's Economic Recovery: Recovering faster than other G20 countries - Chinese top tier society still rich enough to travel

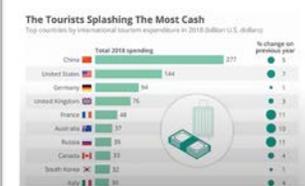


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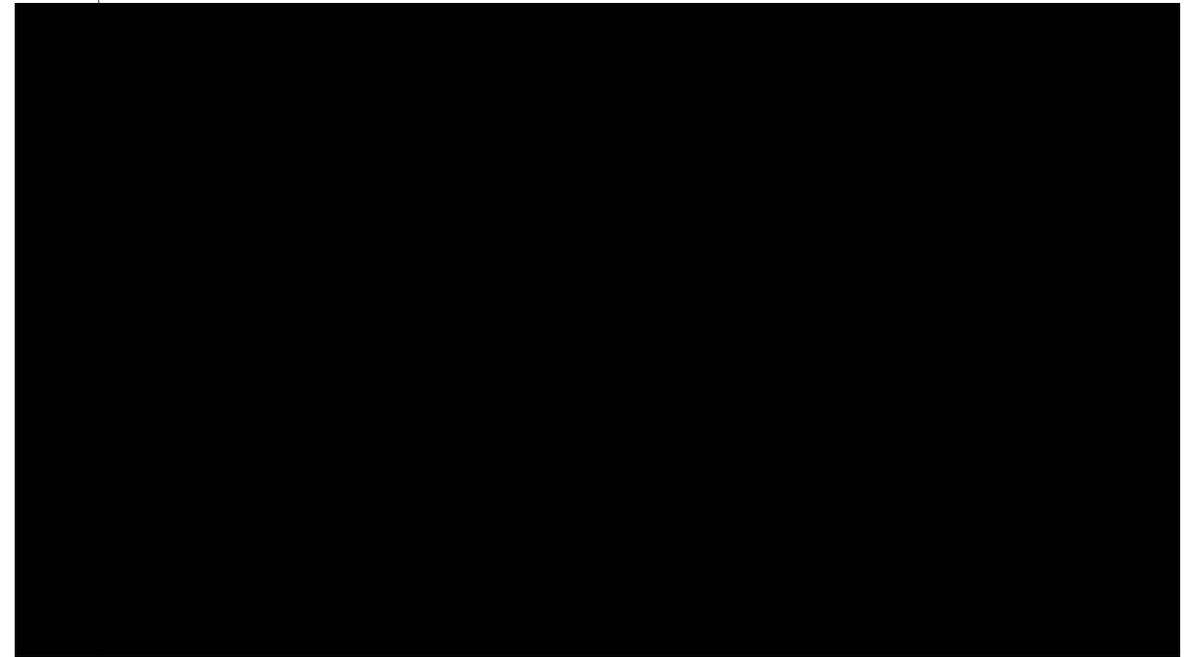
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CHANCES

WITH OUR OWN HISTORY

Chinese love mythology





CHANCEN

WITH OUR OWN HISTORY

Chinese love mythology

Storytelling

Individual Highlights / Landmarks +
Tradition + Culinary + Unexpected

Forest bathing

Experience Baden



The act of mindfully spending time in the forest, known as forest bathing, has a calming and restorative effect on body and soul. Explore Baden's forest with all of your senses on a magical guided walk and you'll instantly feel a boost to your personal sense of well-being.



- 2500 years old tradition in China
- Almost 20% of the Chinese population is over 60 years old and for them forest recreation has a special significance

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Doxey's Irritation Index

Degree of Irritation	Reactions to tourism
Euphoria	<ul style="list-style-type: none">› Small number of tourists› Feeling of excitement and expectation› Informal contact with tourists
Apathy	<ul style="list-style-type: none">› Number of tourists increases› More formal contacts with tourists› Tourism seen as a source of income and investment
Annoyance	<ul style="list-style-type: none">› Residents are concerned about significant increases in arrivals and increasing competition for resources› Residents are beginning to express concerns about the tourism industry as the number of residents, outside investment and infrastructure increase
Opposition	<ul style="list-style-type: none">› Tourists become responsible for everything bad that happened to the host community› Irritations: expressed verbally and physically› Tourists: seen as the cause of the problem

PRECAUTION INSTEAD OF REPAIR

- Good distribution is key
 - Temporal
 - Geographical
 - Relieve POI
 - Accommodations
- Dynamic pricing policy
 - Price categories at POIs
 - Increase taxes and prices
- Access restrictions
- Taboo Activities
- Innovation Funding
- Networking of data
- Communicating with and involving local stakeholders
- Communicate with and integrate visitors
- Establish monitoring and response activities



Sources:

UNWTO (2018): 'Overtourism'? Understanding and Managing Urban Tourism Growth beyond Perceptions

Tackling „Overtourism“ at destinations: Best practice solutions from setting quotas to pricing to high tech

Speaker: Gloria Guevara Manzo, World Travel & Tourism Council

Margaux Constantin, McKinsey

Overtourism: Status quo, best practices from european tourism destinations.

Speaker: Prof. Dr. Christian Laesser, University of St.Gallen

Prof. Dr. Harald Pechlaner, Catholic University of Eichstätt-Ingolstadt

Prof. Dr. Jürgen Schmude, Ludwig-Maximilians-University München

Smart Destinations: Digital technologies for managing the flow of visitors – approaches and experiences away from large cities

Speaker: Bastian Kneissl, MapCase Media GmbH

Thorsten Rudolph, Hochschwarzwald Tourismus

Geralt Swarat, Fraunhofer IESE

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- De-Marketing and growth limits



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TOURISM'S CARRYING CAPACITY

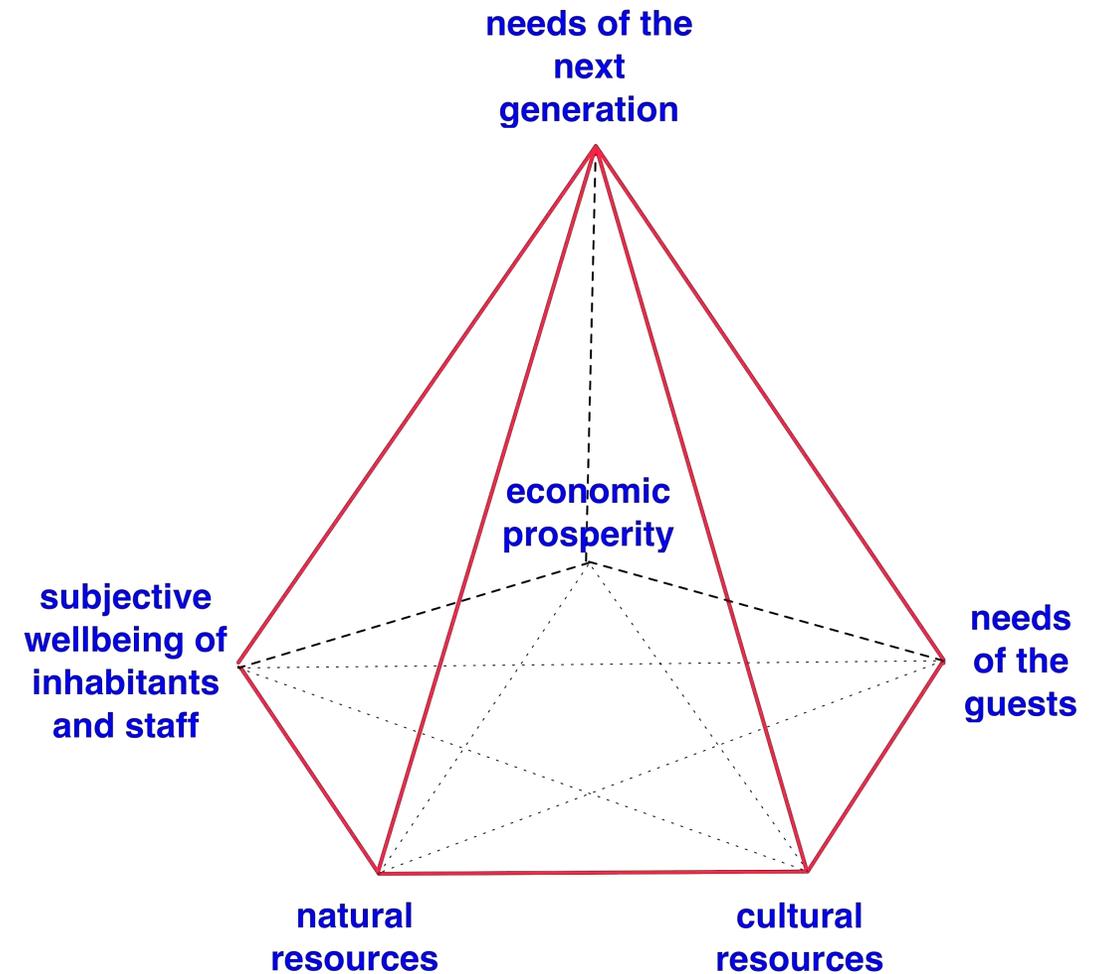
“... the maximum number of people who can visit a destination at the same time without destroying the physical, economic, and sociocultural environment and unacceptably compromising the quality of visitor satisfaction.”

UNWTO

MORE SUSTAINABILITY ...

Everything else that also applies to sustainable tourism in general ... but especially ...

- Challenge flying
- Length of stay
- Away from the quantitative belief in growth
- New criteria for success



MORE SUSTAINABILITY ...

Everything else that also applies to sustainable tourism in general ... but especially ...

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"Rebuilding tourism is a priority, but the sector must become more sustainable and resilient in the future."

OECD Tourism Papers, 2020/03 (Dec. 2020)

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Thank you
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