



Dragon Trail
INTERNATIONAL

Guiding the Way to Market Recovery

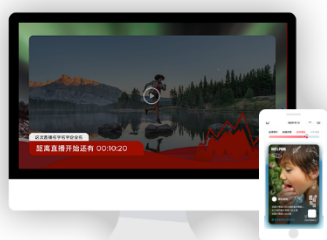
Chinese Outbound Travel Trade Survey

Dragon Trail Research

July 2023



It's time to reconnect with the Chinese travel trade



Digital Solutions

Dragon Trail's digital solutions for B2B marketing include training programs and live webinars optimized for WeChat, product catalogues, and data management systems to make sure you get the best results.



Trade Representation

We identify and introduce you to key partners and contacts in the Chinese travel trade, and work with them to promote your product or destination, while keeping you up to date on this dynamic market.



Events Management

We're experienced at organizing fully offline, hybrid, and online events for the Chinese travel trade, including road shows, conferences, and FAM trips for both the leisure travel and MICE sectors.

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Introduction: Guiding the way to Chinese outbound travel market recovery

Chinese outbound travel has restarted, and major international travel industry events are returning to the country. In this first year of post-pandemic recovery, what is the mood among Chinese travel agents? For overseas destinations and travel suppliers, what is the best way to work with the trade in 2023, and which products are most in demand? Between 7 June-3 July 2023, Dragon Trail Research explored these questions in a survey of mainland Chinese outbound travel agencies.

The results provide an overview of the overall Chinese outbound travel market, with practical applications for product development. FIT is considered the most popular travel product as sold by travel agents in 2023, and group tours are best limited in size to 20 or fewer travelers. Perhaps related to these trends is the fact that the market is young, with millennials born in the 1990s and 1980s the core customer group for Chinese travel agents selling outbound trips.

Are there any changes in customer demand? What do travel agents say their clients value the most when choosing a travel product, and what themes do they prefer? Quality and comfort, interesting destinations, and unique experiences rank much higher than low prices. Among travel themes, beach and island, and family trips are the most popular options.

The full recovery of the outbound Chinese travel market still faces significant obstacles, among which visa applications and high prices are the most onerous, according to the travel trade. Still, our respondents are eager to meet international partners once more, with offline events chosen as the most helpful way to receive information from overseas destinations and businesses. At the same time, online platforms should not be overlooked, especially WeChat. More than half of respondents said online training courses and live webinars were the most useful resources for them when dealing with overseas destinations.

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Methodology

From 7 June-3 July 2023, Dragon Trail Research conducted an 18-question online survey of travel agents currently selling outbound travel for mainland Chinese travel agencies. Survey respondents were strictly vetted, and our data cleaning process identified and removed invalid responses, resulting in a total of 101 valid responses.

Chinese travel trade survey findings: 8 recommendations for B2B engagement

1) **It's time to meet in person...**

During the pandemic, some questioned whether in-person events and meetings would ever return. The answer from the Chinese travel trade is a resounding "yes." 61% said that meeting at an offline event would be their preferred way to work with overseas travel destinations and businesses, while 70% said they are currently making sales to consumers at in-person events – the leading sales channel.

2) **...and invest in online training**

At the same time that offline events are of renewed importance to the Chinese travel trade, digital channels are also vital to both training and sales. 56% of travel agents said that online training courses and live webinars would help them to work with overseas suppliers. Digital channels – particularly WeChat – are also popular for travel agents making sales to their clients.

3) **The millennial market dominates travel trade sales in 2023**

Don't assume that Chinese consumers who purchase travel through agencies are older than the overall outbound travel market. In fact, post-90s travelers are driving travel agent business in 2023, followed by the generation born in the 1980s. Whether you're engaged in B2C or B2C travel marketing and sales, it is important to take the behavior and demands of Chinese millennials into account.

4) **Focus on independent and small group travel**

With the number of countries where Chinese travel agents can sell group travel products still restricted to less than half of pre-pandemic levels, bookings for independent travelers are considered the most popular product type by 42%, ahead of group tours (34%) and customized travel for private groups (24%). Group sizes are also small, with groups of 20 people or fewer the most popular.

5) **Natural settings, family travel, and special experiences are selling best**

Travelers value experiences, relaxation, nature, and family time in 2023. According to travel agents, beach and island (37%) is the leading travel theme, followed by family travel (33%). Nature, arts & culture, and adventure/sports are also popular themes for travel products booked through an agency.

6) **Quality and experiences are valued over low prices**

When asked about what their customers value most when booking travel, travel agents overwhelmingly chose the quality of products and experiences offered in destination over low prices.

7) **Visas and travel costs are the leading obstacles to recovery**

China reopened more than six months ago, but there are still obstacles impeding the travel trade's recovery. The top barriers to selling outbound travel are difficulties in getting visas and high prices, especially airfares.

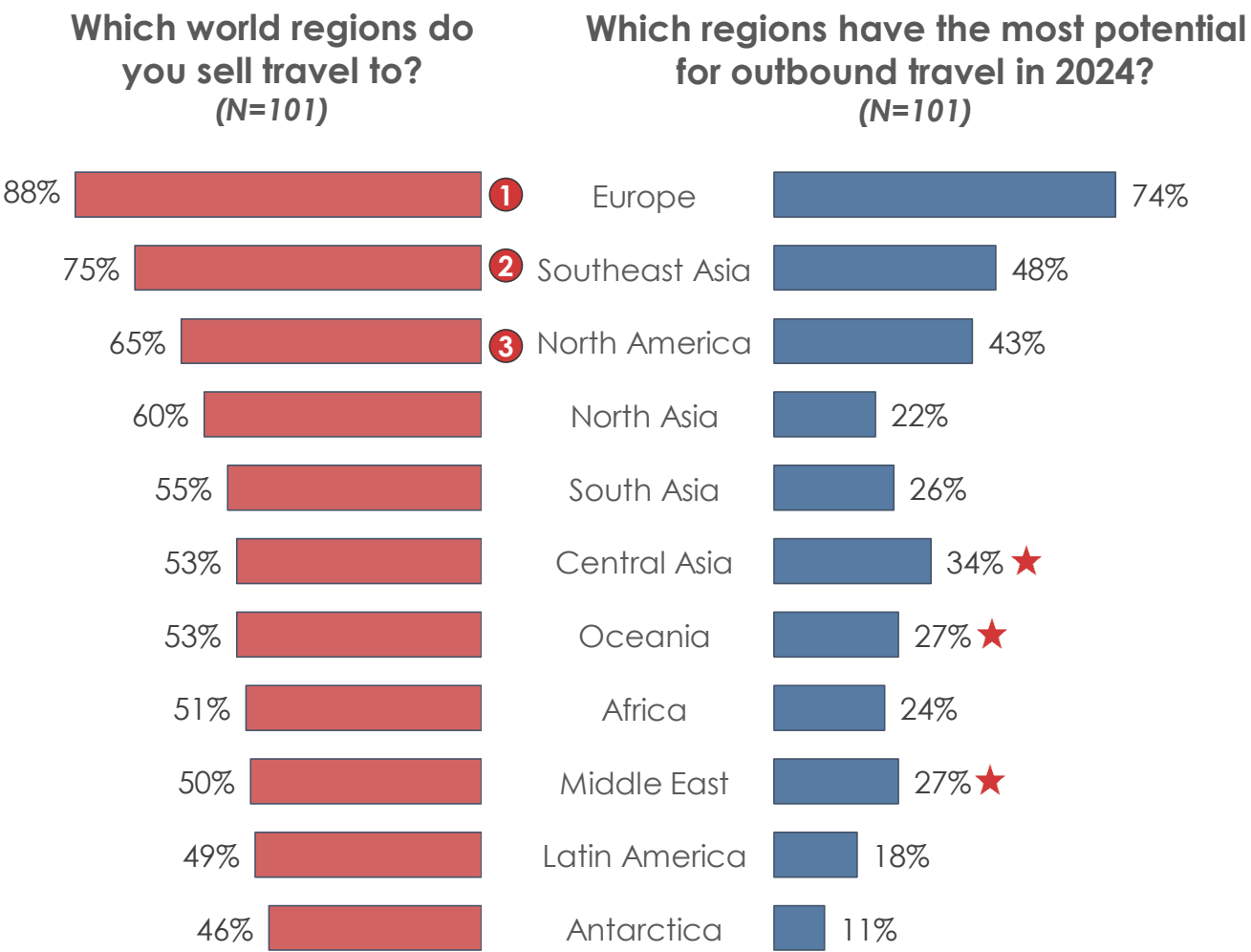
8) **Chinese-language communications should be prioritized**

When it comes to materials and communications from overseas destinations and tourism suppliers, Chinese travel agents strongly prefer to use Mandarin. More than half are happy communicating in English, but it's very rare they'll be comfortable doing business in other foreign languages.

World regions: For travel trade sales, Europe offers high potential for the coming year

With 88% of respondents selling travel to the region and 74% considering it as a destination with the most potential, Europe ranks particularly high among the surveyed Chinese travel agents. Southeast Asia and North America are the second-the third-ranked destinations for potential for outbound travel in 2024, corresponding proportionally with the percentage of travel agents selling products in these destinations.

It is noteworthy that Central Asia, Oceania and the Middle East rank higher when it comes to their potential for 2024, compared to what percentage of agents sell travel to these areas. While 60% of travel agents sell travel to North Asia, they were relatively pessimistic about the potential for sales to this region next year.

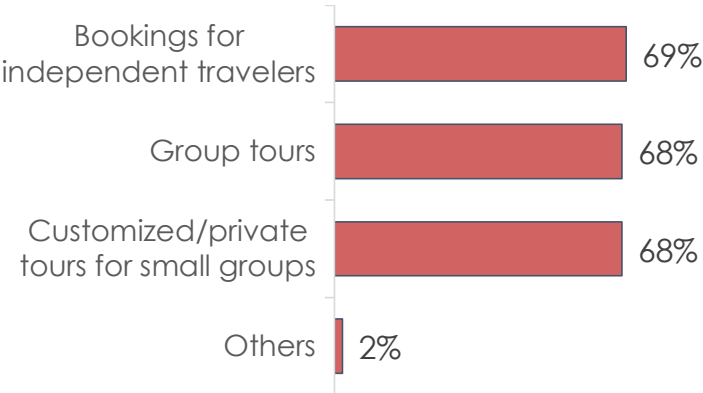


Independent travel and small group tours are the most popular types of travel now

Survey respondents were equally likely to sell bookings for independent travelers (69%), group tours (68%), or customized tours for small, private groups (68%). In terms of bookings in 2023, FIT clearly takes the lead, with 42% of travel agents saying this type of travel is most popular. Chinese travel agents were banned from making outbound group travel sales for more than three years until February 2023. This ban was rescinded first for a list of 20 countries, with 40 additions made in mid-March. The current list of 60 countries accounts for less than half of the destinations with Approved Destination Status (ADS) agreements for outbound group travel before the pandemic, so independent travel bookings remain an easier product to sell. As for group tours, smaller is better, with 89% of travel agents saying that group sizes of 20 people or fewer are most popular right now.

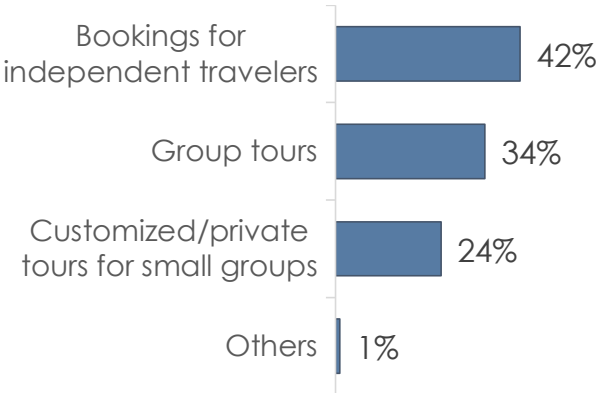
Which kind of travel products do you sell?

(N=101)



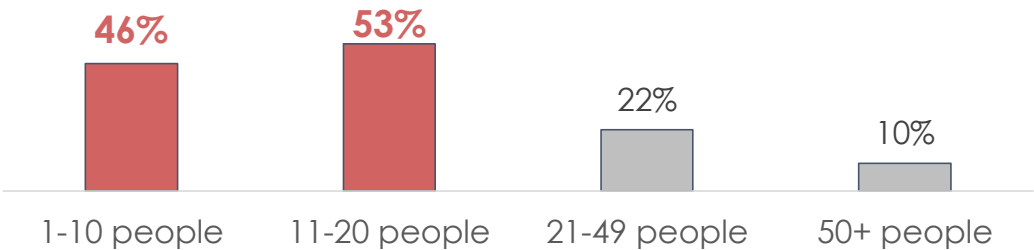
In your experience, which kind of travel products are the most popular in 2023?

(N=101)



What size group tours are most popular now?

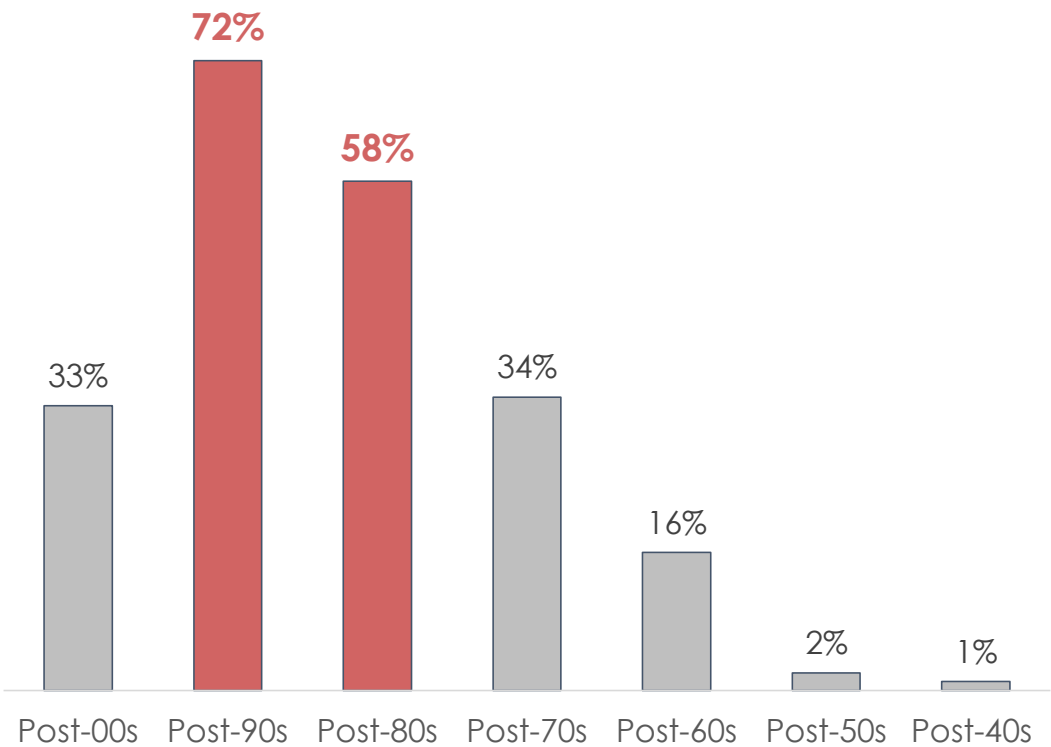
(N=101)



Traveler demographics: The millennial market dominates travel trade sales in 2023

Thinking about which demographics are most likely to buy travel from a travel agent, one might expect to find older consumers. But, at least in 2023, millennials are the dominant group. 58% of travel agents said their average consumer age range included the generation born in the 1980s, with 72% selling travel to the even younger 1990s generation. These generations are the core of China's travel market and outbound travel recovery, and they are no less important when it comes to B2B sales and marketing. Understanding the demands and behavior of China's millennial travelers and designing products that can attract them is one key to working successfully with the Chinese travel trade.

What is the average age/generation for your customers in 2023?
(N=101)



Foreign visas top the list of challenges in selling outbound travel, followed by costs

It's been half a year since China reopened, but there are still obstacles impeding the travel trade's recovery. The top barriers to selling outbound travel are difficulties in getting visas and high prices, especially airfares. Many travel agents also mentioned that it is hard to attract customers. Trouble in communicating with foreigners, security concerns, limited resources and lack of staff are also frequently raised challenges.

Most of the obstacles mentioned by respondents are impacted by the fact that the economy and travel market have not fully recovered from the pandemic: flight capacity has not returned to pre-pandemic levels, there is backlog of visa applications, and many travelers are still reluctant to venture abroad.

What are the biggest obstacles right now for selling outbound travel?

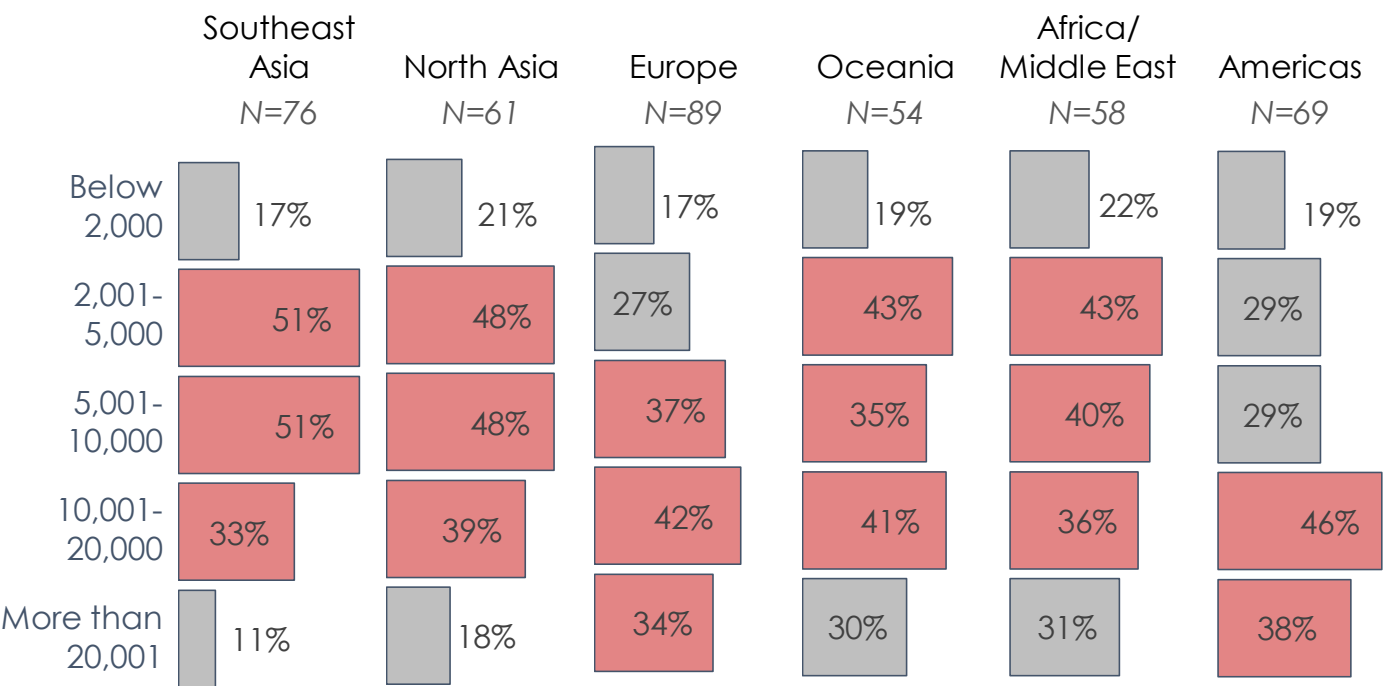


Chinese outbound travel pricing: Trips to the Americas cost the most, followed by Europe

With the cost of outbound travel in 2023 identified as one major challenge, we asked travel agents how much their customers are paying on average for trips to Southeast Asia, North Asia, Europe, Oceania, Africa and the Middle East, and the Americas. Understanding these ranges will also help travel providers to develop and price their own products so that they are competitive for the Chinese market.

The prices of trips to the Americas and Europe are the most expensive. For respondents who sell travel to these regions, over 40% sell trips priced between 10,001-20,000 yuan (US\$1,395-2,789) and more than one-third say average trips currently cost over 20,001 yuan (US\$2,789) per person. The price of trips to Southeast and North Asia is concentrated in the 2,001-10,000 yuan (US\$279-1,395) range and the majority of trips to Oceania and Africa/Middle East are more evenly distributed, with a range of 2,001-20,000 yuan (US\$279-2,789) per person.

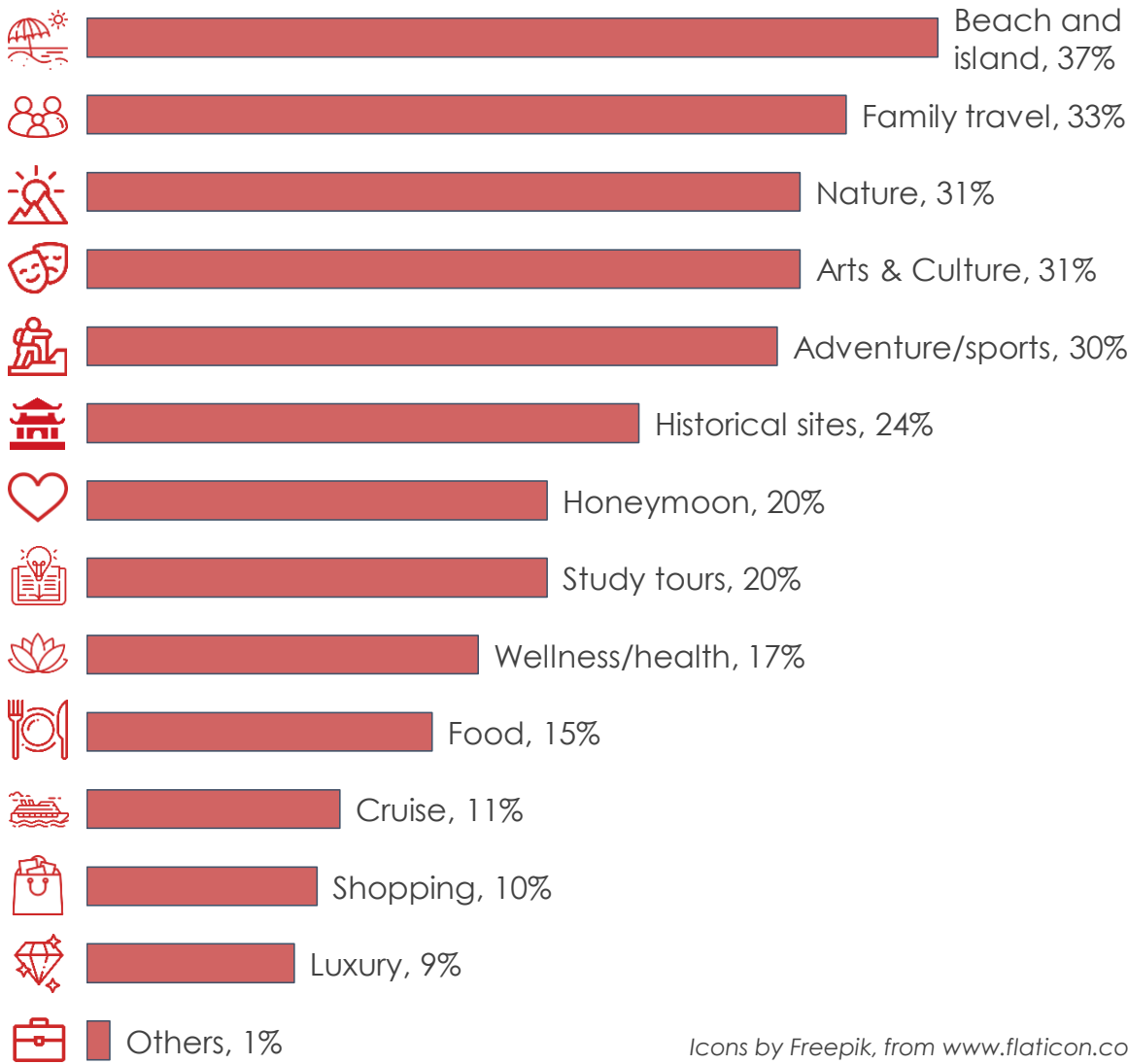
What is the average price per person for a trip to the following destinations that you are selling now?



Beach and island destinations, family travel top the list of travel themes for 2023

Travelers value experiences, relaxation, nature, and family time in 2023. According to travel agents, beach and island (37%) is the leading travel theme in 2023, followed by family travel (33%). Nature, arts & culture, and adventure/sports are also popular themes for travel products booked through an agency. On the other hand, shopping (10%) and luxury (9%) ranked lowest, showing that Chinese travelers are more likely to consult travel agents to help them find certain experiences and destinations rather than shopping opportunities or luxury products.

Which travel themes are most popular in 2023? (N=101)



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Quality and comfort much more important than low prices, say Chinese travel agents

From the Chinese travel trade's point of view, quality and comfort, interesting destinations, and unique experiences are the most important elements when their customers are booking travel. Small group size is also one of the key factors for just over half of respondents.

Conversely, low prices are the lowest priority for customers when booking travel. For the travel trade, the quality of products and experiences offered in destination is far more important than merely selling trips at low prices to their customers.

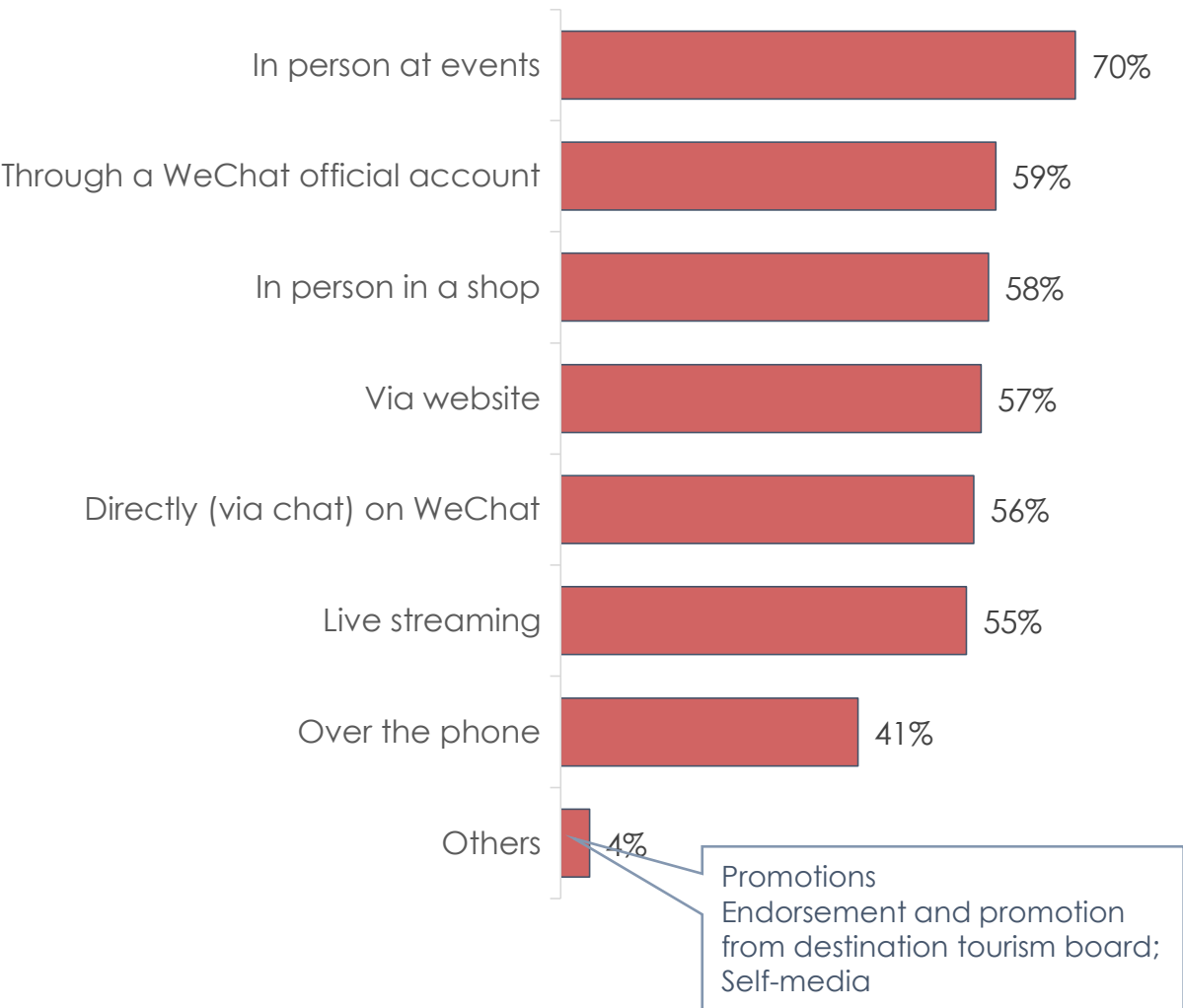
What do you think is the most important thing your customers are looking for when they book travel? (N=101)



In-person sales are key for post-pandemic Chinese outbound travel recovery

Digital sales channels are used to complement rather than replace traditional offline travel product sales in China, even after the pandemic. 70% of travel agents said they sold products to their clients in person at events, with another 58% selling in person in a physical shop. At the same time, online channels are also important, especially WeChat. 59% said they made sales through an official account on WeChat, with 56% selling directly via chat on WeChat. 57% also said they made sales via a website. Live streaming is a relatively new online channel that is worth noting, with 55% of respondents selling products through it.

How do you sell travel products to your clients? (N=101)

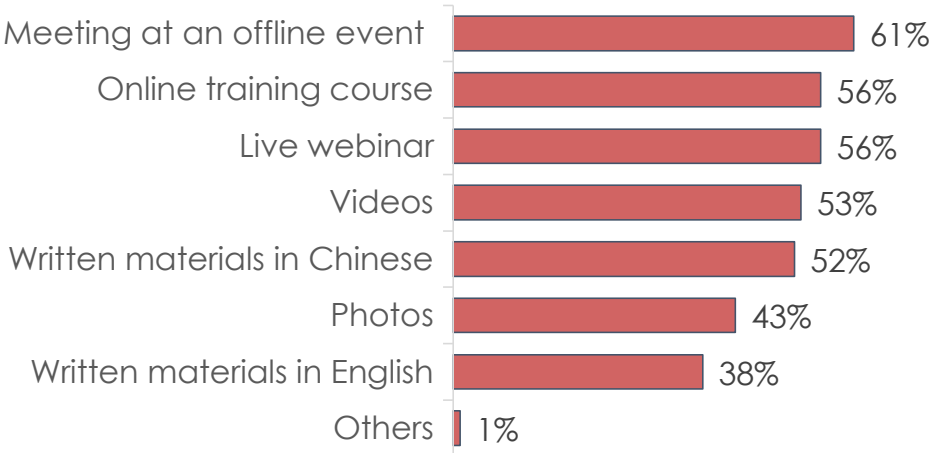


Working with the travel trade: Offline meetings and online resources are both in high demand

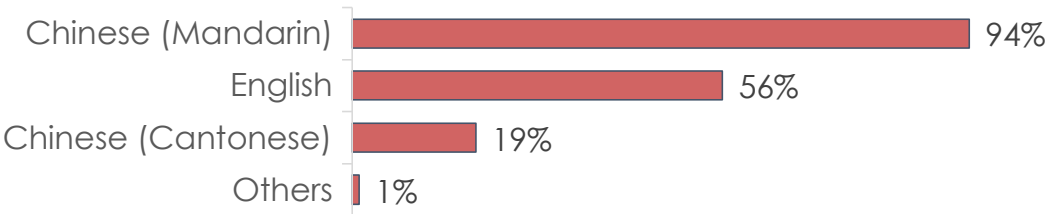
Just as in-person events are still the main channel for selling travel products to consumers, meeting at an offline event was chosen as the most useful resource for meeting B2B partners. At the same time, 56% of travel agents also said that online training courses and live webinars would help them the most to sell outbound travel.

Those working with the Chinese travel trade should make an effort to communicate in Chinese, as materials written in Chinese are strongly preferred to those in English, at 52% compared to 38%. Moreover, Mandarin is the language (94%) that the travel trade prefers to use at work. 56% are comfortable using English and 19% speak Cantonese, while only one (Japanese-speaking) respondent said they were comfortable working in a foreign language that's not English.

If you were working with an overseas destination or travel business, what information/resources would help you the most? (N=101)



Which language(s) are you comfortable communicating in for work? (N=101)





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Dragon Trail Research empowers decision-making for the travel industry. Founded in 2019, Dragon Trail Research delivers quantitative and qualitative research fueled by statistics to help our clients uncover market trends, evaluate tactics, and engage their target audience.

SERVICES WE PROVIDE

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