



Island trips from China on course for sustained growth in the coming years

Being spot on with what island tours have to offer is important as tourists perceive certain destinations, for instance ones in the South-east Asia, to be both value-for-money as well as having a superlative experience at the same time.

Is the ongoing macro uncertainty going to hit the tourism industry in China in a big way? Established travel companies aren't overly concerned at this stage. In fact, the outbound tourism pie remains one of the major attractive segments.

Among the chosen foreign holiday options, island travel products remain in demand, as has been the case for years. The market size of island trips exceeds RMB100 billion, and travel companies are optimistic of sustain an impressive compound annual growth rate in the coming years. According to *Chen Hua, Head of Outbound Travel Department, CTS*, the company is looking at 30% growth over the next 2-3 years.

Such bullish sentiment can be attributed to several factors. One of them is the trend of consumption upgrade i. e. expectations around high-end product or one of premium quality. Also, visitors are not only expected from first and second tier cities in China, but even from lower tier areas as well. The growing income of Chinese tourists, international flights and simplified visa application process are expected to drive the increasing popularity of customized tour option such as island trips among Chinese travellers, mentioned Hua.

Customized travel

As Hua indicated, one area which the industry is pursuing is customized travel. Studies (for instance, one by Ctrip and China Outbound Tourism Research Institute released this year) have underlined the spending prowess of Chinese travellers when it comes to customized tours. Individuals spend RMB 2500 per person per day on a trip to Europe and these trips are usually for 12 days. Customized travel has gradually emerged as a force to reckon with in the outbound tourism, especially considering the substantial number of middle to high-end customers and increase in spending power. It is being witnessed that travellers are open to spending more money for distinctive local experiences and showing penchant for self-coordinated and individualized tours. "A variety of customized trips demonstrate the promising market potential. Many families are willing to join such tours, most of which is the Millennials," said Hua.

Also, when it comes to preferences for customized travel, domestic travel companies are looking at understanding the way consumers would prefer to enjoy their trip. For instance, for popular destinations such as Bali, Phuket and Boracay, it is being pointed out that consumers favor semi-self-guided trip as 50%, while packaged tours cover the other 50%. Another area where itineraries are becoming interesting is peculiar experiences that can only be enjoyed when one is travelling to islands. It could be learning a traditional dance on the beach or adventure activities in the sea.

Value-for-money + superlative experience

Being spot on with what such tours have to offer is important as tourists perceive certain destinations to be both value-for-money as well as having a superlative experience at the same time. According to Hua, it is important to be pragmatic first when it comes to ensuring travellers consider island trips. So more than factors like the setting, with beautiful or romantic views by the sea, or certain activities such as water sports, it is vital to look at areas like to getting there. "Most of island destinations offer visa-free or arrival visa to Chinese travellers," said Hua. "Islands in Southeast Asia show high value for money. Other premium and luxury island destinations are great in all aspects, but relatively expensive," said Hua.

CTS' island travel products stand out for following destinations - Phuket, Bali, Nha Trang and also ClubMed. Most of these products are all-inclusive offerings, said Hua.

In terms of expectations, Chinese travellers expect island trips to be "safe, convenient, beautiful in scenery and high performance (value for money)-to-price ratio", said Hua. "An itinerary shall include airfare + accommodation + airport transport + visa + meals. Accommodation and food options are popular among Chinese tourists."



Observing trends, Hua shared:

- Island scenery and environment appeal to newly-married couples, such as Maldives.
- Families with children prefer all-inclusive islands, such as ClubMed.
- And single travellers like themed island destinations, such as diving at Bohol Island in the Philippines.

As for the higher end of the tourist groups, Tahiti and Seychelles are emerging as attractive options among Chinese travellers.

“Premium and luxury island destinations are suitable for high-end consumers,” said Hua.

Hua also cautioned that language barrier can be an area of concern and needs to be focused upon. Another area that can propel island tours is addition of more international direct flights to facilitate access to such destinations.
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Additional Company Info:

CTS continuously enhanced its brand awareness and reputation through continuous reform and profit model innovations, as well as active product optimization, channel expansion and service elevation.