



**tourism market insights**  
**CHINA**

**WESGRO**  
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# 1. Overview of China

## About China

Where is China?	China is located in Eastern Asia, between North Korea and Vietnam. It has coastlines along the East China Sea, Korea Bay, the Yellow Sea and South China Sea.
Population (millions)	1 382.7 (2017)
Time Difference	South Africa is 6 hours behind China.
Language	Mandarin and Cantonese
Economy	China is the world's second-largest economy (after the US). Its industrial and construction sectors are the biggest contributors to its US\$9.4-trillion GDP.
Formal Greeting	'nǐn hǎo' (neen howw)

### Restaurants

A good belch after a meal is considered complimentary to the chef. It's considered important to be on time for a dinner date and to dress appropriately for the venue – to be poorly dressed is viewed as disrespectful to fellow diners. Toothpicks are commonly used in China, and small towels are sometimes presented to guests at the end of a meal.

### Chinese Etiquette

It is considered extremely rude to dig through food and leaving a little food behind on your plate shows the host that you were served enough food. When eating a meal with chopsticks, they are to be placed together right in front of you, parallel to the edge of the table. Leaving them standing upright in the bowl is done at funerals.

### Professionalism

Chinese shake hands when meeting someone new. Hugging and kissing are not common practice. A gift is presented with both hands and appreciated when beautifully wrapped. White should be avoided in all aspects of present-giving as it is sometimes considered a colour of sorrow and poverty.

### Phone calls

Many Chinese people are quite insistent about phone calls being answered, and it is not considered rude to interrupt a face-to-face conversation to take a phone call.

## 2. Economic Overview of the Chinese Travel Market

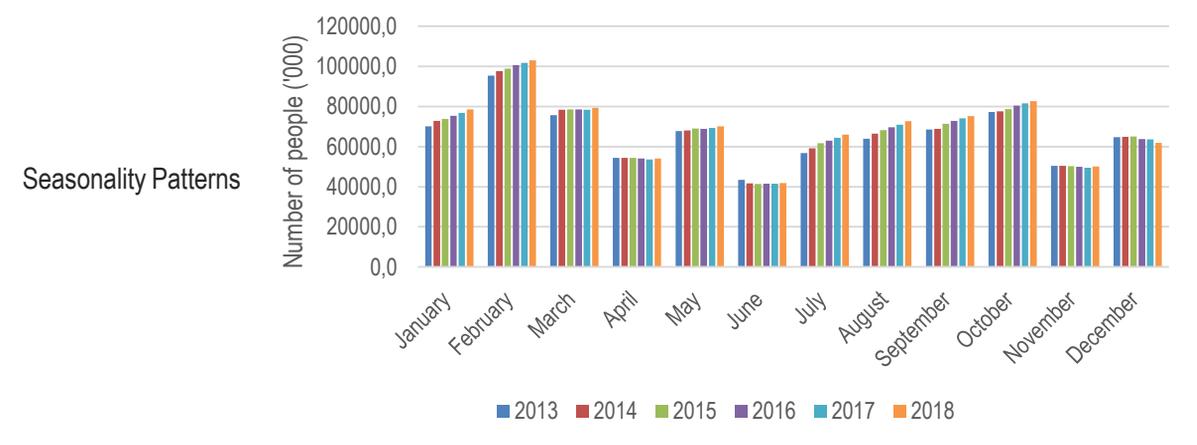
- China's economy is gradually easing after three decades of uninterrupted growth. Real GDP increased by 6.9% in 2017 and it is expected to slip to about 5.0% per year by 2026.
- Recession, high inflation, currency fluctuation and high unemployment, amongst other economic issues, have plagued consumers in recent years. The unemployment rate was 3.8% in 2018 and it is expected to rise to 3.9% in 2019. Changes to the 'one-child policy' and less rural-to-urban migration has made staffing harder and firms have increased efforts to retain workers.
- China's population came close to 1.4 billion in 2017, an increase of more than 130 million since 2000. At 38.2 years, the median age was 7.7 years greater than in 2000. Fertility is still 1.1 births per female, however it is expected to reach about 1.2 births per female by 2030. This comes after China abandoned its one-child policy in 2015, allowing couples to now have two children.
- In 2017, China's savings amounted to 37.5% of disposable income and consumer expenditure per capita amounted to RMB39,398 (US\$5,955).
- Consumer spending increased by 5.6% from 2016 to 2017 and spending patterns indicate that consumers are spending less on housing and food and more on travel and entertainment.
- The 18 to 44 year olds who form part of the post 80s and post 90s generations are driving the country's consumption and lean more towards spending rather than saving.
- Online shopping is growing at a robust rate. Between 2012 and 2017 value sales of internet retailing increased by 552%, including value sales growth for mobile internet retailing. Growth has been driven largely by younger consumers in top-tier cities but may change as more consumers from lower-tier cities engage in internet retailing.
- Chinese consumers are increasingly spending time travelling both domestically and internationally and there is a growing trend in their concept of travel as an important component of creating a balanced life. The 'two Golden Weeks' in the Spring and in October are peak travel periods for Chinese travellers.
- The population of Chinese consumers in the 65+ age category are rapidly increasing and presents a growing demand for age-related products and services.

### 3. Overview of the Chinese Travel Market

#### China Travel Market

Largest Cities % of total population, number of people	<ol style="list-style-type: none"> <li>1. Shanghai: 1,6% (21.9 million)</li> <li>2. Beijing: 1,4% (19.7 million)</li> <li>3. Tianjin: 0,9% (11.9 million)</li> <li>4. Shenzhen: 0,8% (11.6 million)</li> <li>5. Guanzhou: 0,8% (11.1 million)</li> </ol>
Disposable income Per capita, US\$ 2017	5,474
Savings As % of disposable income	37.5%
Median Age	38.2 years
Paid Holidays (2018)	10.0
Public Holidays (2018)	11.0
Annual Leave (2018)	21.0
Outbound Departures ('000 trips)	<ol style="list-style-type: none"> <li>1. 2016: 82,920</li> <li>2. 2017: 87,413</li> <li>3. 2018: 97,567</li> </ol>
Top 5 Outbound Destinations ('000 trips, 2018)	<ol style="list-style-type: none"> <li>1. Hong Kong: 20,115.0</li> <li>2. Macau: 10,969.0</li> <li>3. Thailand: 10,728.3</li> </ol>
Events impacting outbound travel	China's embassy in Washington has issued a security advisory to Chinese nationals travelling to the United States, the latest such warning as trade tensions escalate between the two countries
Type of Outbound Trips	Leisure: 70.7% Business: 29.3%

NUMBER OF PEOPLE TRAVELLING BY MONTH, JAN - DEC 2014 - 2018 YTD

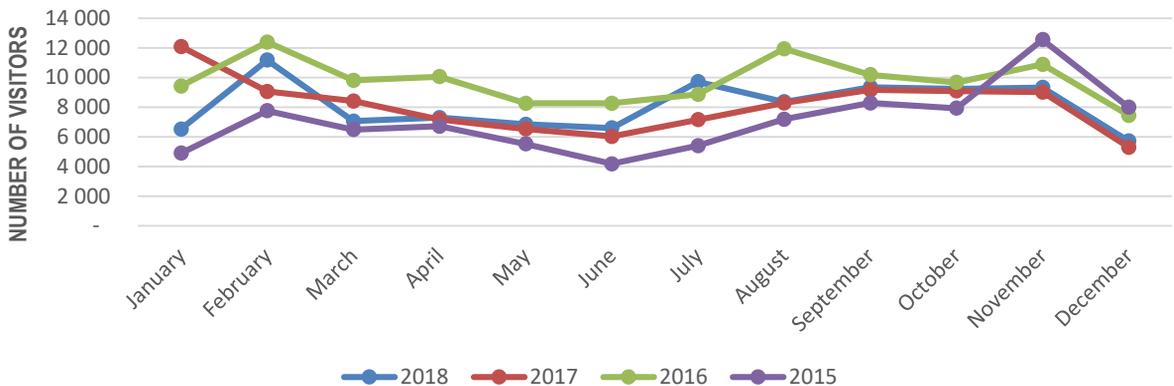


## 4. The Chinese traveller to South Africa

### China Travel Market

Number of Arrivals	2015: 84 878 2016: 116 946 2017: 97 069 2018: 96 915
Purpose of visit to South Africa (2018)	Leisure (60,9%) Business (32,8%)
Average length of stay in South Africa (Number of nights)	2016: 7,4 2017: 13,7 2018: 17,6
Age profile (2018)	18 – 24 yrs (15,1%) 25 – 34 yrs (45,0%) 35 – 44 yrs (18,3%) 45 – 54 yrs (12,1%)
Repeater Rate of Chinese Travellers (2018)	1. First Time: 45,1% 2. 2 -3 times: 25,3%
Accommodation Usage (2018)	1. Friends & Family (914 818) 2. Hotels (581 560) 3. Guesthouse (205 795)
Total Foreign Direct Spend in South Africa (R in millions)	2016: R 1 076 2017: R 1 401 2018: R 2371
Average Spend in South Africa	2016: R 9 600 2017: R 15 800 2018: R 18 800
Most positive experiences for Chinese visitors in South Africa (2017)	1. The scenery 2. The hospitality and friendly people 3. Visiting friends & family

SEASONALITY PATTERNS: CHINESE TRAVELLERS TO SOUTH AFRICA BY MONTH, JAN - DEC 2015 - 2018



## 4. The Chinese traveller to South Africa

### 5.1. Visitor Arrivals to South Africa



### 5.2. Purpose of visit to South Africa

Chinese travelling to South Africa are predominantly visiting for the purpose of holiday and visiting family and friends. They are most impressed with South Africa's beautiful scenery, and the hospitality and friendliness of people. They typically visit Gauteng, the Western Cape and Kwazulu Natal province and their length of stay in the country is on average 15.0 nights.

They are typically between the ages of 25 and 54 years, with 45,0% in the 25 – 34 years category and 18,3% are in the 35 – 44 years category, and 12,1% are in the 45 – 54 years category. In 2018, 45,0% of Chinese travellers to South Africa were first time visitors to the country and 55,0% were repeat visitors.

#### Top reasons for travel to SA

Holiday (29,8%)

VFR (31,1%)

MICE (20,0%)

Average length of stay (2018)

17,6 nights

### 5.3. Activities in South Africa

#### Top activities undertaken

1. Nightlife

2. Eating Out

3. Shopping

4. Visiting natural attractions

5. Business

Nightlife, shopping, eating out, visiting natural attractions and business were amongst the top activities undertaken by Chinese tourists while in South Africa. In 2017 their average spend was R15 800 per tourist.

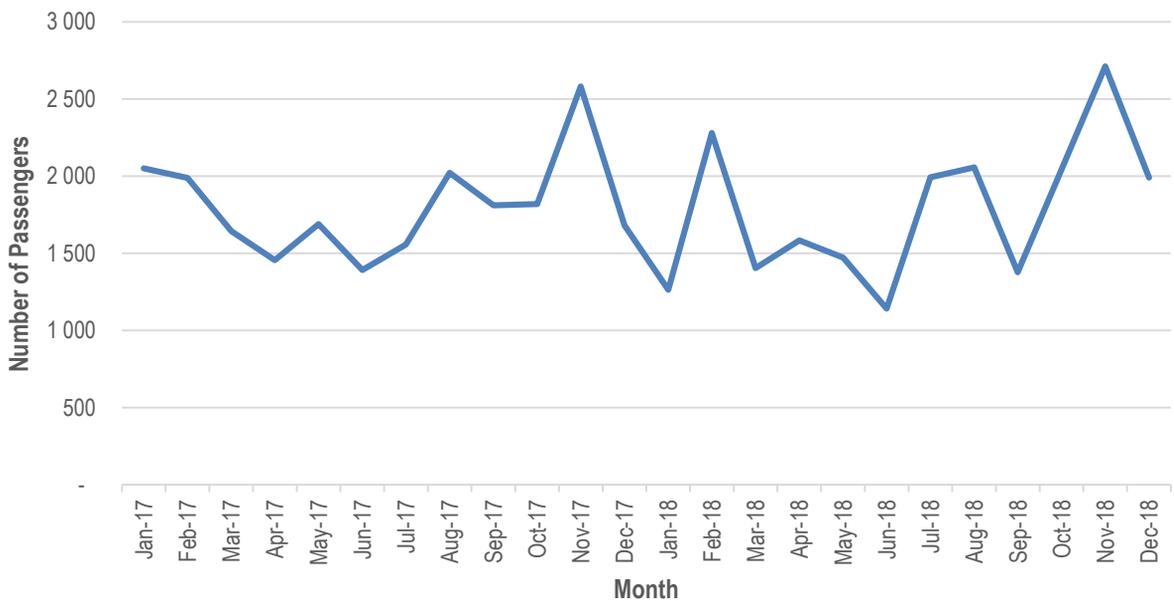
They are more likely to stay with family and friends or book hotel accommodation. Many Chinese also make use of Guesthouse and Self-Catering accommodation. Game lodge is also a popular accommodation choice, which suggests that those who visit the wildlife attractions are likely to do an overnight safari rather than a one day visit.

## 5. The Chinese traveller to the Western Cape

### China Travel Market

Number of Arrivals	2015: 38 535 2016: 60 096 2017: 36 710 2018: 57 868
Total Foreign Direct Spend in the Western Cape (R in millions)	2015: 328 2016: 378 2017: 450
Average Spend in the Western Cape	2015: R 9 000 2016: R 6 600 2017: R13 300
Average length of stay in the Western Cape (Number of nights)	2015: 7,1 2016: 5,8 2017: 11,2
Total bed nights spent in the Western Cape	2015: 258 000 2016: 335 000 2017: 396 000
Total number of *formal bed nights spent in the Western Cape	2015: 186 000 2016: 267 000 2017: 212 000

CHINESE PASSENGER MOVEMENT THROUGH CAPE TOWN INTERNATIONAL AIRPORT, JAN 2017 – DEC 2018



Sources: SA Tourism, OAG Traffic Analyser, 2018

\*Formal bed nights = Hotels, B&B's, Guesthouses, Self-catering units, Game Lodges and Backpackers

## 5. The Chinese traveller to the Western Cape

### 5.1. Visitor Arrivals to the Western Cape

The Western Cape has seen an increase in Chinese visitors since 2014, despite visa challenges. This comes after a decrease in Chinese tourist arrivals in 2015 and 2017. Visitor numbers have since recovered and tourist arrivals have increased by 57,6% from 2017 to 2018.

The top airlines operating between China and Cape Town are Cathay Pacific Airways, Emirates, Singapore Airlines, Ethiopian Airlines, and South African Airways.

Period	Tourist Arrivals	Y-O-Y % Change
2014	48 365	-
2015	38 535	-20,3%
2016	60 096	56,0%
2017	36 710	-38,9%
2018	57 868	57,6%

### 5.2. Passenger Traffic through Cape Town International Airport

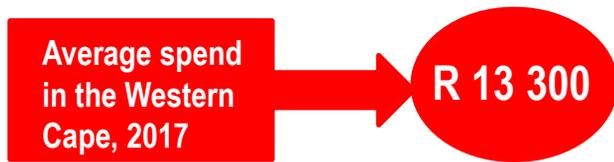
Inbound Passenger Performance: China – Cape Town				
Country	Passengers 2018	% Change 2017-18	Passengers Jan - Mar 2019	% Change Jan - Mar 2018-19
China	21 348	-2%	6 081	23%
Hong Kong (Sar) China	10 721	20%	4 437	63%
Macao (Sar) China	4	-67%	2	100%
<b>Total</b>	<b>32 073</b>	<b>5%</b>	<b>10 520</b>	<b>37%</b>

Top 5 Cities: China – Cape Town					
Rank	City	Passengers 2018	% Change 2017-18	Passengers Jan - Mar 2019	% Change Jan - Mar 2018-19
1	Hong Kong	10 721	20%	4 437	63%
2	Beijing	8 629	-11%	2 673	3%
3	Shanghai	6 705	9%	1 582	23%
4	Guangzhou	1 949	-14%	586	108%
5	Xiamen	725	-3%	208	37%

### 5.3. Spend Patterns

In 2017, the Chinese market contributed R450 million to the Western Cape's economy making it the second most lucrative Asian source market for the province.

On average, Chinese tourists spent R13 300 per trip in the Western Cape in 2017. Total Foreign Direct Spend has increased steadily between 2015 and 2017, and the average spend per trip more than doubled from 2016 to 2017, increasing from R6 600 in 2016 to R13 300 in 2017.

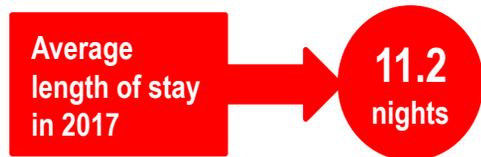


TOTAL FOREIGN DIRECT SPEND IN THE WESTERN CAPE, 2015 - 2017

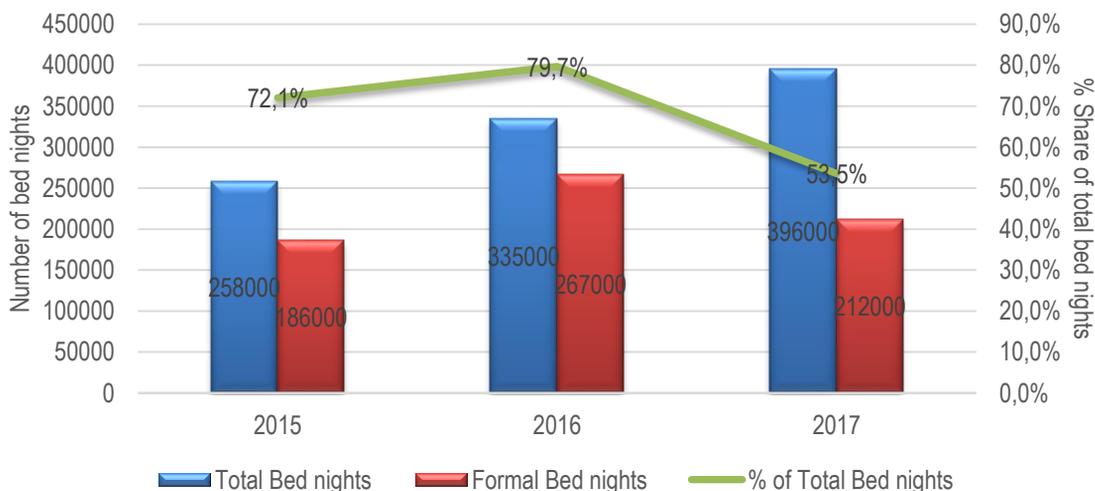


### 5.4. Bed nights and Average Length of Stay in the Western Cape

In 2017, Chinese travellers spent 396 000 bed nights in the Western Cape, of which 212 000 were spent in the \*formal accommodation sector. The number in total bed nights increased by 18,2% but formal bed nights decreased by 20,6% when compared to the 2016 figures, owing to the increase in staying with family and friends.



NUMBER OF BED NIGHTS SPENT BY CHINESE TOURISTS IN THE WESTERN CAPE, 2015 - 2017



\*Formal Bednights refers to Hotels, B&Bs, Guesthouses, Self-catering units, Game Lodges and Backpackers.

## 6. Chinese Traveller Trends

### 6.1. Consumer profile

To better understand the market it is important to identify who the target audience is, what they are searching for and where they find information. A Market Research Report on Chinese Outbound Tourist Consumption published by World Tourism Cities Federation in September 2018 gives insight into Chinese consumer behaviour throughout the travel purchase journey.

Based on the survey findings, the average age of China's outbound tourist is 35 years old, close to 70% of survey respondents were female, and 65% were married with kids. They are well educated and earn higher incomes with more than 80% indicating to have obtained at least a Bachelor's Degree, and based on survey responses the average household income is around USD 3900. More than 80% of respondents are proficient in a foreign language and nearly a quarter of them have studied abroad.

They are enthusiastic about travel and it has become a lifestyle choice driving stable demand. Taking multiple trips per year, the post-80s age group are the main drivers for outbound travel. Those in the older generation categories with greater disposable income tend to travel for relaxation and visiting family and friends. They have high consumption power and enjoy shopping.

### 6.2. Destination considerations

A 2017 Outbound Chinese Tourism and Consumption Trends Report reveals that, when considering international destinations, tourist attractions and the travel experience are more likely to influence the decision than cost. In addition, the safety of the destination and ease of visa procedures were key considerations.

Chinese tourists indicated that they spent on average USD 762 per person on shopping, and are increasingly making use of mobile payment platforms during overseas travel. In addition, Chinese tourists indicated that they would be encouraged to spend, if more overseas merchants would accept mobile payments.

#### Top travel considerations

Sightseeing

Enjoying leisure time

Experiencing different cultures and lifestyles

Tasting food

Shopping

Findings from the Market Research Report on Chinese Outbound Tourist Consumption indicate that most Chinese tourists will make travel plans 1 – 3 months in advance and they are increasingly looking at the cultural heritage and overall experience when selecting a destination. Sightseeing, enjoying leisure time, and experiencing different cultures and lifestyles are the top 3 reasons for travel cited by Chinese tourists. Culture, history, food, beautiful scenery and natural landscapes are some of the factors considered when choosing a destination. In addition, word-of-mouth and the uniqueness of the destination arouses their curiosity. They rely heavily on travel guides when arranging their trip.

## 6. Chinese Traveller Trends

### 6.3. Needs of the Chinese Traveller

According to the Market Research Report on Chinese Outbound Tourist Consumption, most Chinese outbound tourists stay abroad for 6 – 10 days. They tend to create a spending budget before departure but many exceed the budget, mainly due to shopping.

The Outbound Chinese Tourism and Consumption Trends report reveals that the top 3 overseas travel expenses by Chinese tourists are shopping, accommodation and dining. Majority of Chinese tourists take into consideration their public holidays as well as the appropriate time according to the destination, when choosing the right time for their vacation. Packaged tours are the most preferred method of travel, however, the desire for self-guided tours are rapidly increasing.

Prior to their trip, Chinese tourists are mostly concerned about language difficulties, safety issues, and cultural differences. Their concerns are around the availability of Chinese tour guides, food options, shopping opportunities, the price of entertainment, and safety related to transport and accommodation. They are keen to make use of visa free or visa on arrival services and prefer simplified visa processing. This is especially important as Chinese travellers tend to book their trips closer to departure date. Multiple-entry visa options are also attractive to Chinese travellers.

#### Top in-destination spending categories

Shopping

Accommodation

Dining

Tourist Attractions

Local Transport

#### Marketing activities to attract Chinese outbound tourists

Discounts on attraction entrance tickets

Seasonal promotions

Cultural creativity

Shaping the new city image

Targeted advertising videos

Distributing local products (eg. Sim cards, shopping vouchers)

Specialized promotions in China

Famous brand ambassadors

The Market Research Report on Chinese Outbound Tourist Consumption indicates that survey respondents found official travel websites, Chinese official accounts on Weibo/WeChat, and Chinese official websites as the top 3 most suitable marketing channels for travel research. Other promotion channels cited were, sharing platforms, travel agency websites, mobile APPs, promotional activities, printed brochures, promotional videos, and web portals.

In addition, specific marketing activities like offering discounts to top attractions, seasonal promotional activities and improving cultural creativity are amongst the top methods to effectively attract Chinese outbound tourists.

Another crucial factor is direct flights. According to the Market Research Report on Chinese Outbound Tourist Consumption more than half of Chinese tourists will choose a destination because of direct flights and more than 70% will choose to fly directly to overseas destinations.

## 6. Chinese Traveller Trends

### 6.4. Outbound travel trends

In 2017, a total of 87 413 100 Chinese international outbound trips were made and the figure reached 97 567 400 trips by September 2018. Hong Kong, Macau, Thailand, Japan and South Korea were the top five outbound destinations for Chinese travellers in 2017 which accounted for 57% of all outbound trips. The number of outbound trips is expected to increase to 152 204 100 by 2023 with a forecast expenditure of CNY 157 852 000.

The Chinese have, on average, 21 days annual leave per year. Seasonality patterns indicate that they are most likely to travel during February, October and January, respectively. Of all outbound trips in 2017, 70,7% were for the purpose of leisure.

The Market Research Report on Chinese Outbound Tourist Consumption cites that the majority of outbound tourists come from Beijing, Shanghai, and Guangdong. Outbound tourists from these cities account for close to half of all outbound tourists. In addition, Jiangsu, Shandong, Zhejiang, Tianjin, Fujian, Liaoning, and Hebei also have high outbound tourist volumes.

In terms of international travel, Asia and Europe are the most favoured destination for Chinese tourists. Those choosing Africa as a destination account for just over 12% of the total outbound tourists. Survey results indicate that post-60s and post-70s tourists, who make up 18.65% of China's outbound tourists, are likely to choose cities in South America, Africa and Oceania in the future. The majority age group amongst China's outbound travellers are those born in the 1980's who are now married with children and earning higher incomes.

### 6.5. Media consumption habits

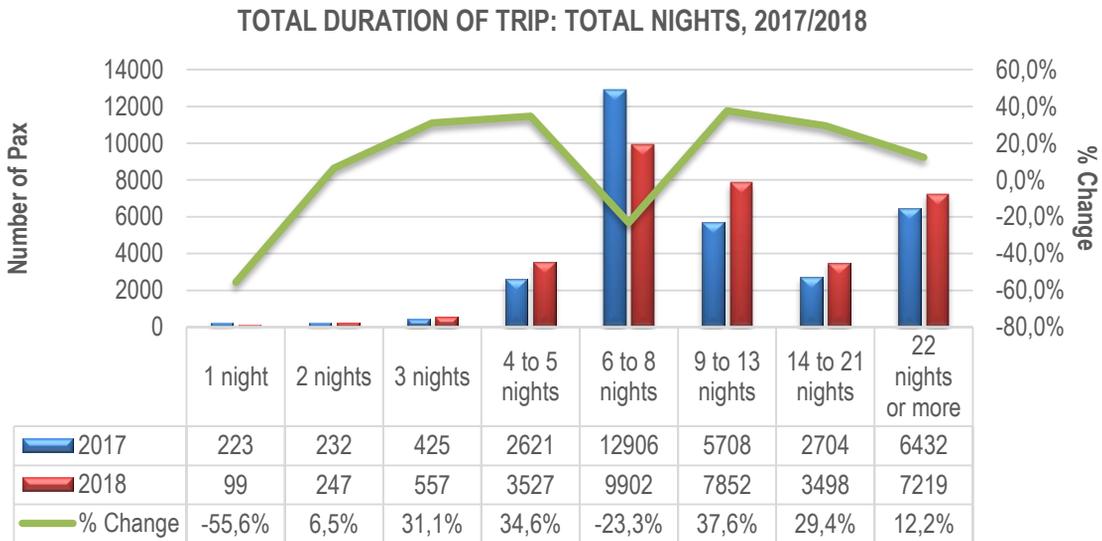
Top Travel Resources for planning a trip
Search engine
APP
Website
Wechat official account
Info provided by online travel site or offline agency

The Market Research Report on Chinese Outbound Tourist Consumption further indicates that Chinese travellers make use of official websites of online travel agencies, review-sharing sites, APPs, and WeChat official accounts when searching for destination information. They are likely to search directly through search engines, APPs, WeChat official accounts, Weibo, WeChat Mini Programs and other mobile search channels.

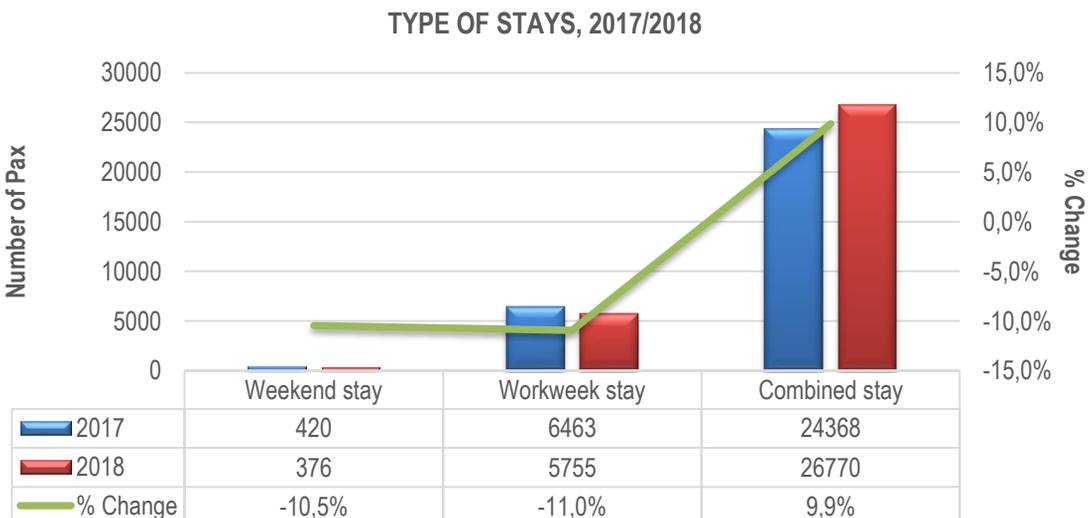
The survey results indicate that Chinese tourists focus on the accuracy, practicality, consistency, reader friendliness, and richness of the information they receive online. When booking hotels online their main focus is in determining whether the information provided is legitimate and whether the reviews are good.

## 7. Chinese Traveller Booking Trends

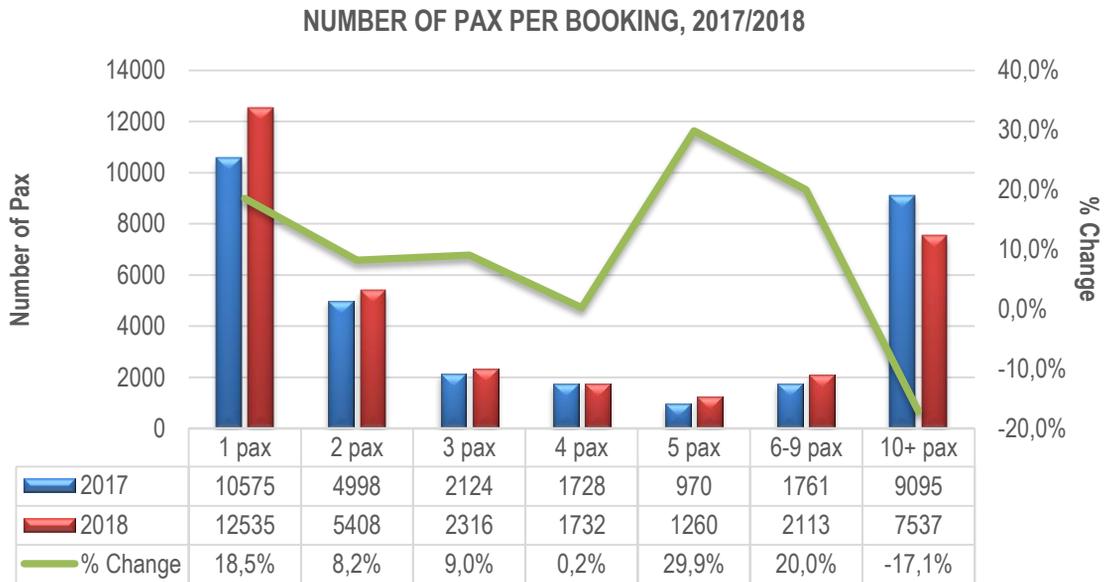
This section provides an overview of traveller booking trends obtained from ForwardKeys, an established data, IT and business intelligence company. ForwardKeys offers a new approach to traveller operational business intelligence, leveraging global flight reservation information and other data to monitor and qualify traveller flows, map global demand, and forecast trends. ForwardKeys receives fresh data daily from different BI providers, ranging from capacity data, to flight searches, and booked air plane tickets. It is therefore important to note that the sample of bookers represent travellers who have conducted bookings at the respective BI providers aligned with ForwardKeys, and does not represent the complete travel market.



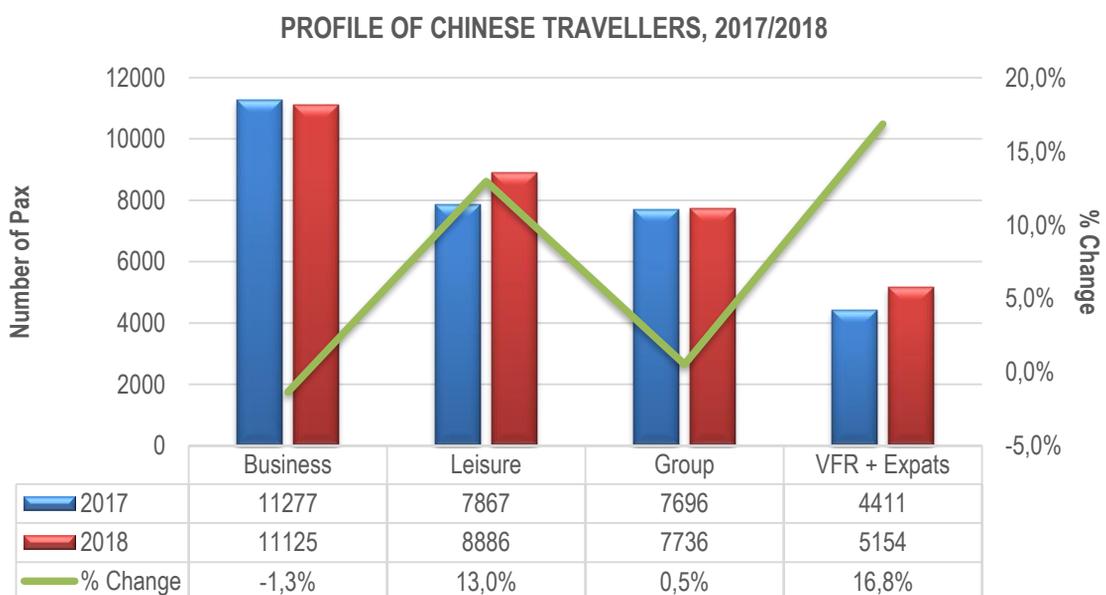
The total duration of trip indicates that Chinese travellers spent a longer time travelling in 2018 than they did in 2017. The year-on-year increase was most significant in the 9 to 13 nights category. The length of stay in destination also saw a significant increase in the 14 to 21 nights (+27,9%). Most Chinese tourists stayed for either 4 to 5 nights (23,5%) or 22 nights or more (20,2%) indicating a shift to longer holidays and more time spent in Cape Town in 2018. This is further reflected in the large volume of Combined stays from the Chinese market.



## 7. Chinese Traveller Booking Trends

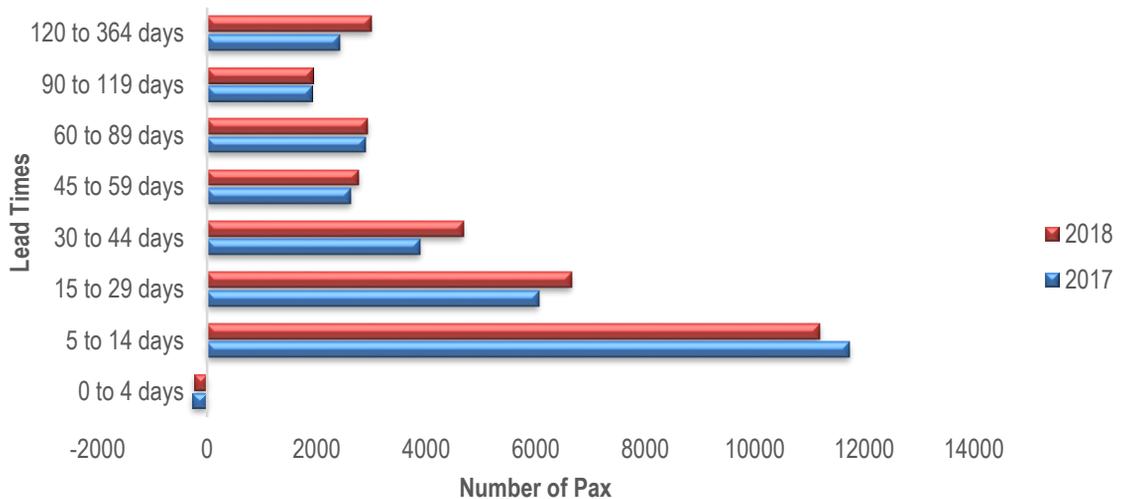


The number of passengers per booking indicates that Chinese travellers are more inclined to travel alone or in pairs but 2018 saw an increase in group (3 – 9 pax) travel. The year-on-year change was most significant in the 5 pax (+29,9%) and 6 to 9 pax (+20,0%) categories. Trends indicate that group travel of 10+ pax is on the decline which supports the trend that more Chinese tourists are travelling in smaller groups with family and friends. This is further reflected in the increase in leisure travel from the Chinese market. Business Travel saw a slight decline in 2018 but still remains the predominant reason for Chinese bookings to South Africa.



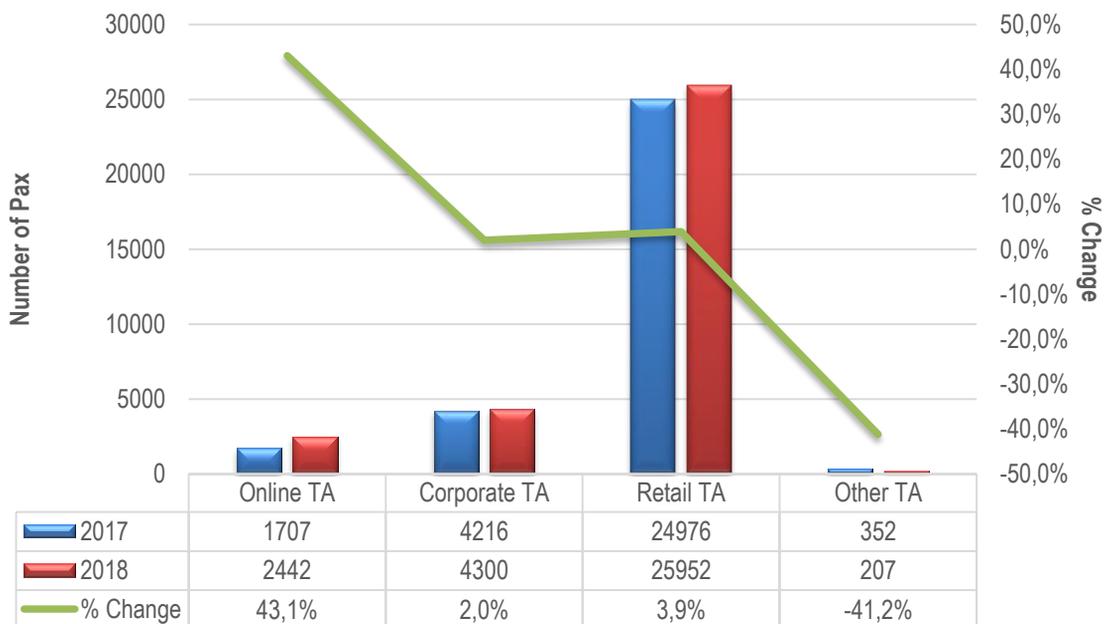
## 7. Chinese Traveller Booking Trends

LEAD TIMES: NUMBER OF DAYS BETWEEN BOOKING AND FLIGHT DAY, 2017/2018



Booking trends indicate that Chinese tourists are more likely to book their flights less than 15 days before the actual flight day. The use of Online Travel Agencies (OTA's) grew by 43,1% from 2017 to 2018, however, Retail Travel Agency remains the top distribution channel used by Chinese travelers when making bookings.

DISTRIBUTION CHANNELS USED BY CHINESE TRAVELLERS, 2017/2018



## 8. Key Findings

- Chinese tourists visiting South Africa are predominantly visiting for holiday purposes. They are most impressed with South Africa's beautiful scenery, and the hospitality and friendliness of people.
- Taking multiple trips per year, the post-80s age group are the main drivers for outbound travel. Those in the older generation categories with greater disposable income tend to travel for relaxation and visiting family and friends. They have high consumption power and enjoy shopping.
- They have annual leave of 21 days, which includes 10 days' paid leave and 11 days' public holiday leave. Seasonality patterns indicated that the Chinese visitor numbers to South Africa are highest during January, February, March, August, September, October and November.
- The consumer profile of the average Chinese outbound tourist, according to the Market Research Report on Chinese Outbound Tourist Consumption is 35 years old, female, and married with kids. They are well educated and earn higher incomes with more than 80% indicating to have obtained at least a Bachelor's Degree, and the average household income is around USD 3900. More than 80% of respondents are proficient in a foreign language and nearly a quarter of them have studied abroad.
- When considering international destinations, tourist attractions and the travel experience are more likely to influence the decision than cost. In addition, the safety of the destination and ease of visa procedures were key considerations.
- Prior to their trip, Chinese tourists are mostly concerned about language difficulties, safety issues, and cultural differences. Their concerns are around the availability of Chinese tour guides, food options, shopping opportunities, the price of entertainment, and safety related to transport and accommodation.
- Most Chinese tourists will make travel plans 1 – 3 months in advance and they are increasingly looking at the cultural heritage and overall experience when selecting a destination
- They are increasingly making use of mobile payment platforms during overseas travel. In addition, Chinese tourists indicated that they would be encouraged to spend, if more overseas merchants would accept mobile payments.
- The top airlines operating between China and Cape Town are Cathay Pacific Airways, Emirates, Singapore Airlines, Ethiopian Airlines, and South African Airways. The highest passenger traffic originates from Hong Kong, Beijing and Shanghai.
- Direct flights are a key consideration. More than half of Chinese tourists will choose a destination because of direct flights and more than 70% will choose to fly directly to overseas destinations.
- Official travel websites, Chinese official accounts on Weibo/WeChat, and Chinese official websites are the top 3 most suitable marketing channels for travel research. In addition, specific marketing activities like offering discounts to top attractions, seasonal promotional activities and improving cultural creativity are amongst the top methods to effectively attract Chinese outbound tourists.

## 9. List of sources

1. South African Tourism
2. Euromonitor International
3. OAG Airline Passenger Traffic Analyser
4. ForwardKeys
5. World Tourism Cities Federation, Market Research Report on Chinese Outbound Tourist Consumption, 2018
6. Nielsen Holdings, Outbound Chinese Tourism and Consumption Trends Report, 2017

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