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Volume 8

**Chinese
Outbound Tourism**

From Source Markets to Destinations

**Maxime Dejean, Marine L'Hostis
and Meng Li**

ISTE

WILEY

Chinese Outbound Tourism

Tourism and Mobility Systems Set

coordinated by
Philippe Violier

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Introduction

As “a picture is worth a thousand words”, we begin this book with the following photograph (Figure I.1). It shows the front of Sinothai, a restaurant located in the heart of the bustling Patong district on the island of Phuket in Thailand, which we discovered a few years ago. In fact, during a previous field trip dedicated to observing the practices of Chinese tourists, we could not miss this permanently booked-out establishment, with an almost exclusively Chinese clientele. It has to be said that the restaurant had succeeded in attracting this clientele: a menu adapted to their palates, efficient Mandarin-speaking servers, the possibility of using Alipay and WeChat Pay, but also and above all, an ingenious set-up of partnerships with some of China’s biggest tour operators to provide a framework for these individuals’ trips. While writing the final pages of this book, in February 2023, we had the opportunity to revisit the street known as Patong 3 and witness the activity of a place that had become an institution for thousands of Chinese travelers looking for a taste of home. In 2019, Thailand welcomed nearly 40 million visitors, including 28% from mainland China, its biggest market. This meant that no less than 543 billion baht (around 15 billion euros) in annual tourism revenue (Industry Team 2023) was not injected into the country’s local economy, and this is when China decided to impose strict restrictions preventing its citizens from leaving its borders in January 2020¹. As a result, in tourist hotspots such as Phuket, Koh Samui

1 A quick reminder of what happened: the city of Wuhan was locked down on January 23, 2020 for a total of 76 days to control the spread of the virus. Thereafter, China completely cut itself off from the rest of the world, limiting the number of international flights entering the country, drastically controlling entry with quarantines sometimes lasting up to a month and pausing administrative procedures for passport creation/renewal. Citizens were not allowed to travel abroad, except in special circumstances, such as for work purposes, studying abroad or family emergencies.

and Chiang Mai, which have become heavily dependent on Chinese tourism, countless SMEs like Sinothai had to close their doors.



Figure I.1. Sinothai restaurant available for rental (after Meng Li, February 2023). For a color version of this figure, see <http://www.iste.co.uk/dejean/chinese.zip>

This example illustrates the significance gradually acquired by these tourist flows from China, which, until this sudden halt, affected a large part of the globe. By 2019, 155 million visitors had made nearly 170 million international trips, generating almost \$255 billion in tourism spending². According to the World Tourism Organization³, China had been the world's leading tourist-sending country since 2013, and the one generating the most revenue from the sector. These records

2 Nearly 40% of these flows are destined for Greater China. We will return to this later.

3 However, the UNWTO statistics distinguish between the two territories of Macau and Hong Kong, so flows with the Mainland are included under international tourism; whereas, in principle the distinction is only made in the case of a territorial discontinuity, for example, between the overseas departments and France in Europe.

have been achieved, despite the fact that the Chinese tourism phenomenon only really began in the 1980s, and has only really been democratized since the new millennium. This growth went hand in hand with the country's dazzling economic development, as it became the second largest power behind the United States in terms of global GNP, and its ambition to change a world order hitherto dominated by Western liberal democracies. This is where the importance of understanding Chinese tourism lies, and where this book takes on its full meaning: while the birth of "modern tourism"⁴ hinges on the emancipation of individuals exercising their free will in the implementation of their travel plans, Chinese tourism was built within a "socialist model with Chinese characteristics", in which the all-powerful party-state is observed throughout all facets of society. However, far be it from us to suggest that the tens of millions of people who travel abroad do so under the close supervision of the authorities. The reality is far more complex and multifaceted. Indeed, Chinese international tourism has many layers, and this is what we are going to illustrate by analyzing it in its entirety, from the mechanisms taking place within the territory to the course of its protagonists' stays beyond the country's borders; and this in the popular destinations of Southeast Asia as well as in the heart of Europe.

Written by three geographers, this book has been conceived according to a spatial rationale, and has thus been divided into three distinct parts based on the knowledge acquired during the three unpublished field trips carried out by each of the authors⁵. First of all, Maxime Dejean will immerse us in the main source markets of the People's Republic of China, where travel projects are designed and prepared by companies in the sector, while also being supervised by a regime that ensures that they do not lose control. After a first general chapter that leads to the understanding of a tourist system built as much to respond to a demand from the population as to the ideological aspirations of the regime, the book moves onto Wuhan, a city now well known throughout the world, with an introduction to its tour operator market in which the mechanisms that take place before departures abroad will be highlighted. Meng Li will take us 4,000 kilometers further south, to the island of Phuket in Thailand, the country most visited by Chinese tourists. She will show us how local players, mainly from the Chinese diaspora, have appropriated this market and adapted to tourism, which, a few years ago, was still mainly supervised by large specialized tour operators from China. Finally, in a third and final part, Marine

4 We use this expression here, as it is widely used in China, but it may be debatable. Indeed, it implies that the travels of scholars, such as those of Xu Xiake (徐霞客) in the 17th century, were assimilated to tourism.

5 These various works, which have been carried out over many years, will be presented in detail in the introduction to each author's respective section.

L’Hostis will guide us towards understanding a distant and much more exotic destination in the eyes of tourists from the Middle Kingdom: France. Its territory, made accessible since 2004 by agreements authorizing the arrival of strictly supervised tourist groups, is today also popular with much more autonomous individuals in search of otherness and immersive experiences. Chapter 5 returns to the processes that lead the Chinese to acquire tourism skills and emancipate themselves from organized groups. Chapter 6 analyzes the representations associated with France by tourists and the practices in which they are achieved. Then Chapter 7 focuses on the spatial diffusion of Chinese tourism in France.

We have kept this introduction brief for one simple reason: we need to round it off with a brief overview of Chinese international tourism in the period prior to the Covid-19 pandemic. This preamble will have a historical dimension, recalling the major stages in the emergence of the tourism phenomenon in a Chinese political environment that gives it all its specificity. It will then take a geographical approach to illustrate in concrete terms how this history has shaped the 170 million tourist flows recorded in 2019. This step is essential to contextualize and facilitate the understanding of each of the upcoming parts.

History of Chinese outbound tourism development

From 1949 and the proclamation of the People’s Republic of China until the reforms of 1978, following Mao’s death, China experienced a deliberate 30-year period of “non-tourism” (Sofield and Li 2011). This period saw the country completely shut down and tourism classified as a bourgeois activity that did not respect communist thinking. Travel both within the country – with the introduction of the Hukou system, the identity document attaching citizens to their city and making travel outside their place of residence almost impossible until the 1980s – and outside the country was completely banned, with a few exceptions for diplomats, executives and “good functionaries” of the Party (Sofield and Li 1994). For an ordinary citizen, the mere fact of expressing the desire to travel abroad would have made them a traitor to the country, with consequences we can only imagine (Gerstlacher and Sternfeld 1991). It was not until 1978, with Deng Xiaoping’s seizure of power and the start of his reforms to modernize the country, that things changed and the country was able to begin the transformations that have enabled it to become, in 35 years, the leading country for international tourism in terms of both flows and revenues generated (Figure I.2).

This development involved four distinct phases, which we will now describe.

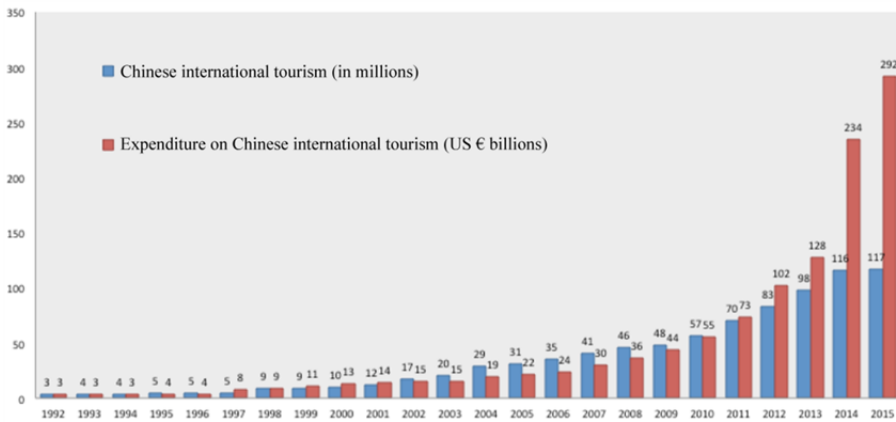


Figure I.2. *Chinese international tourism: arrivals and expenditure (1992–2015)* (OMT 2015; CNTA 2016, after Meng Li). For a color version of this figure, see <http://www.iste.co.uk/dejean/chinese.zip>

From 1983 to 1997: visits to family and friends in the Chinese world

During this period, China gradually lifted travel restrictions to allow its citizens to travel abroad and visit family and friends. This policy was first implemented in 1983 with organized trips to Hong Kong and Macau for residents of Guangdong province, before being extended to other regions via the travel agency China Travel Services. From 1988, this VFR authorization⁶ was extended to destinations in Southeast Asia, home of the Chinese diaspora, with the possibility of traveling to Thailand, Singapore, Malaysia and the Philippines. It should be noted that these trips were strictly supervised and required a letter of invitation and on-the-spot financing by the visiting relatives. At the same time, the authorities allowed cross-border day trips to Sinuiju in North Korea. Although anecdotal in terms of visitor numbers, this approach bears witness to a political strategy that characterizes outbound tourism to this day: encouraging flows to “friendly” countries.

By the end of the first 15 years of operation, nearly 5 million people visited these destinations and thus gained their first access to the outside world. Although only a minority of the privileged people took part in these trips, they were the pioneers of a China that was opening up to the world and taking its first steps toward a market economy.

⁶ VFR stands for Visiting Friends and Relatives.

1997 to 2005: the first official pleasure trips

True to the concept of “advancing one step at a time”, and considering this initial experience conclusive, the party-state very quickly accelerated measures to promote tourist travel by its citizens, both within its own territory and internationally. In 1997, the CNTA (Chinese National Tourism Association) and the Ministry of Public Security jointly promulgated a series of measures authorizing international travel by Chinese citizens at their own expense, thus putting an end to the VFR that had marked the first period. In its place, the ADS⁷ system was introduced in 1995. Visits previously advertised as family-oriented were now officially tourist-oriented. They were carried out within the framework of agreements negotiated with China by the destinations to receive organized group trips, which had to be exclusively assembled and supervised by an approved Chinese tour operator. All previously authorized destinations had automatically obtained this status, and others were gradually added: South Korea (in 1998), Australia and New Zealand (1999), Japan (2000), Vietnam (2001), etc. By the end of 2004, no fewer than 57 countries, including those in the Schengen area, had signed an ADS agreement with the People’s Republic of China.

Benefiting from free time, thanks to the first national paid vacation law of 1999⁸ and being the first to reap the benefits of more than a decade of double-digit economic growth, the populations of China’s major coastal cities were the first to go. During this period, which laid the foundations for outbound tourism in China, almost 30 million people traveled abroad.

2005 to 2011: entering the modern era

After 20 years of development and successive measures to encourage and control outbound tourism in China, it had become much more mature. The world had become much more accessible, and traveling abroad had become a way of life.

This period saw, following on from what had been done previously, a restructuring of national vacations, with more and more long weekends (to the detriment of the non-working week of May 1st), but above all, the possibility for employees to have real paid vacations to take throughout the year. Accompanying this new encouragement to devote free time to tourism, the world continued to open up to Chinese citizens: no fewer than 49 countries have obtained ADS status to

7 Acronym for Approved Destination Status. More on this later.

8 Initially, three “golden weeks” (黄金周) were offered to all citizens: the week of October 1st (national holiday), a week between January and February (corresponding to the lunar new year) and a final one for May 1st.

welcome them. The signing of a tourism cooperation agreement by the United States in 2008, a country which for many years had been reluctant to accept Chinese citizens for fear of illegal immigration, is a perfect illustration of this general trend. In fact, with the number of travelers growing by almost 20% every year, topping the 70 million mark in 2011, all the world's destinations were now hoping to attract this growing number of tourists. They therefore opened tourism promotion offices in China's major cities, of which there were already 23 in 2007 (Tse and Hobson 2008), to promote the tourist attractions of their territories in conjunction with local authorities, and also to understand local demand and thus propose adapted products. This last point is not insignificant, as a transition was underway within the major coastal cities: the emergence of individual tourism.

From 2012 to the end of 2019: affirmation of the status of a major tourist power and transformation of the market

The last decade has seen China assert itself as a major player in international tourism, a role that the authorities have become fully aware of and assume openly.

Between 2012 and 2013, China overtook the USA and Germany respectively in terms of revenue generated by tourist travel and the number of people crossing its borders. It was at this opportune moment that China's President Xi Jinping, fresh from power, underlined the potential of outbound tourism in his speech at the Forum for Asia's annual conference in Bo'ao on the island of Hainan. It was the first time in the country's history that a party leader had spoken officially and positively about Chinese outbound tourism on an international scale. This strong signal encouraged both entrepreneurs in the sector, now confident of the future, to develop their business, and party officials at all levels to create an environment conducive to business growth.

In line with this dynamic, the tourism market has been gradually transformed. The new generations, more inclined to evolve autonomously outside borders, have reached adulthood and begun to travel in large numbers, gradually replacing previous generations within these millions of international flows. In 2019, the UNWTO counted almost 170 million tourist trips from China, and these now concerned almost every country in the world. A total of 134 countries had signed an ADS agreement with the People's Republic of China, and many of these had modified their visa policies to facilitate entry for individual tourists (Figure I.3). In the few months prior to the outbreak of the pandemic, Chinese citizens with regular passports had access to 74 countries⁹ with a simplified procedure (no visa, visa on

⁹ Note that the map is based on data updated up to the end of 2022; whereas, the text presents the reality as it was in December 2019.

arrival or e-visa in just a few clicks). The Henley index, which calculates the “power” of a passport according to the destinations to which it gives access, shows us that China, then ranked 94th in 2015, is now 70th.

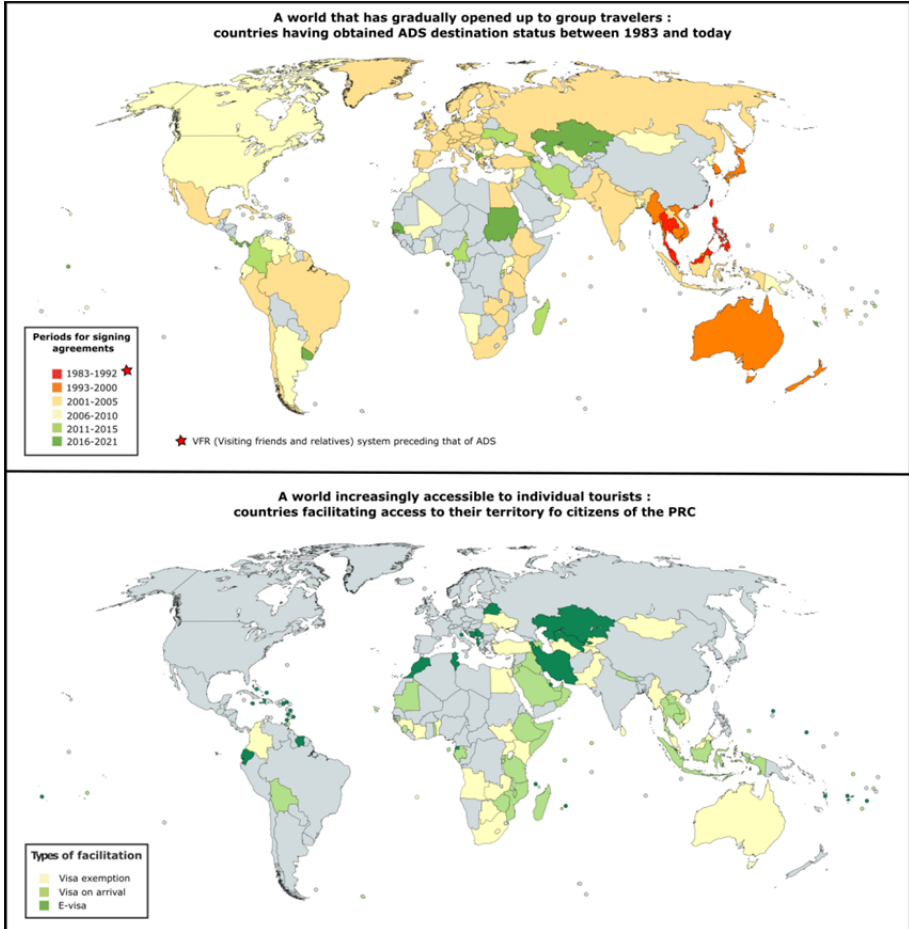


Figure I.3. Access to the world for a PRC citizen (according to Maxime Dejean).
 For a color version of this figure, see <http://www.iste.co.uk/dejean/chinese.zip>

The destinations for this kind of tourism

After observing how the world has gradually opened up to tourist travel by the Chinese population, we now offer a global overview of the nature of these flows in

2019. This overview is the latest before the three-year break caused by the Covid-19 pandemic, and is therefore essential for understanding Chinese outbound tourism and its future development. Based on monitoring listing all the figures communicated by the statistical organizations of the states of the world, this summary document is, to our knowledge, the most complete to-date¹⁰. Mapped out (Figure I.4), we can see that these 170 million tourist flows are mainly destined for Asia. Indeed, Chinese international travel is no exception to what has been observed in the rest of the world: it is above all, local tourism. However, travel to border countries is distinguished by the fact that it largely involves China's special administrative regions. Although these geographical areas came back under Chinese governance in 1997 for Hong Kong and in 1999 for Macau, a travel document is still required to go there, and any trip within these zones is counted by Beijing as an "international trip"¹¹. Adding the island of Taiwan (which accounts for 2.7 million tourist trips) to encompass the territories of "Greater China", almost 43% of Chinese tourist flows take place within this geographical area¹².

We will now turn our attention to the remaining 97 million tourist trips to the rest of the world. The Asian continent accounts for the lion's share of arrivals, with seven of the top 10 countries visited by Chinese tourists. Thailand and Japan are the two major beneficiaries of this tourism, receiving 11 and 9.6 million visitors respectively. Next is South Korea and Vietnam, with annual arrivals reaching 6 million. The city-state of Singapore (3.6 million) and its host country, Malaysia (3.1 million), complete the list dominated by Asia's top six destinations in terms of Chinese outbound tourism. Cambodia, the Philippines and Indonesia, with arrivals of between 1.7 and 2.3 million, remain among the 15 most popular destinations. While the first two experienced a definite craze from 2015 onwards, Indonesia saw its visitor numbers drop following the 2016 attacks. Finally, Laos and Burma, although with much lower figures (approximately 800,000), are also destinations with growing popularity. After 30 years of opening up Southeast Asia to tourism, these countries are becoming attractive alternatives to the nearby "must-see" destinations that many travelers have already visited. As a result, Sri Lanka and the neighboring Maldives are also growing in popularity as new destinations for Chinese tourists.

10 The methodology and detailed country-by-country figures can be found in Maxime Dejean's thesis (2021).

11 It is interesting to note that at all Chinese airports, departures to Hong Kong and Macau take place in the international terminals.

12 Although it may seem significant, this proportion of departures to Greater China is declining from year to year, to the benefit of the rest of the world. These territories accounted for 80% of departures in 2005, around 65% in 2012 and just over 40% in 2019.

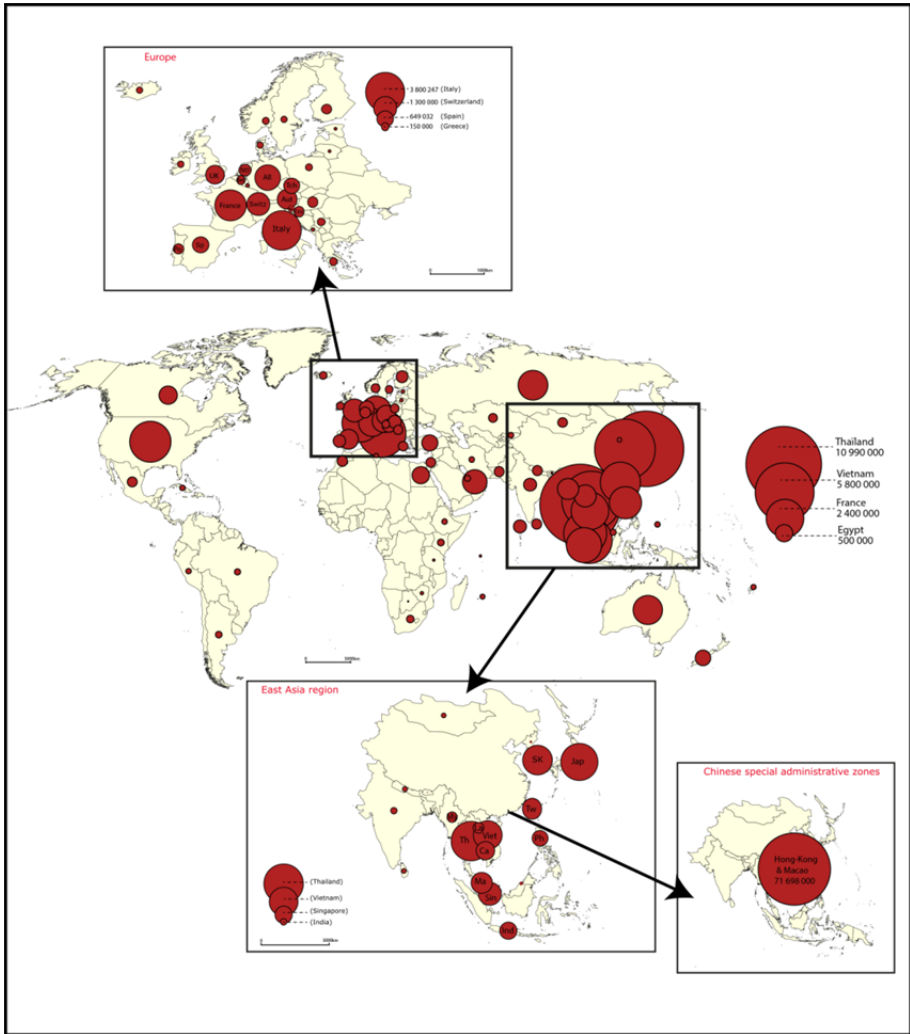


Figure I.4. Chinese arrivals worldwide in 2019 (excluding special administrative regions) (designed and produced by Maxime Dejean). For a color version of this figure, see <http://www.iste.co.uk/dejean/chinese.zip>

After Asia, Europe is the world’s second most visited continent. Since the introduction of the ADS agreements in 2004, which have facilitated access to this geographic region, Italy and France remain the two most popular destinations,

welcoming 3¹³ and 2.4 million visitors respectively in 2019. Other important destinations in Europe include, in order of importance, Germany (1.6 million), Russia (1.5 million), Switzerland (1.3 million), Austria (973,000), the UK (883,000) and Spain (650,000). It is worth noting that 40–50% of Chinese travelers to Europe still do so via multi-destination tours. Major tour operators often provide tours from Italy via Switzerland to France. It is important to emphasize that the whole of Europe is now visited. This spread of tourism has been gradual, and two trends have marked the last decade: an appetite for Northern European countries from 2012 onward (Norway recorded 450,000 arrivals in 2019) and a growing interest in Eastern European and Balkan countries from 2018 onward.

In addition to the two major destinations mentioned, which attract the majority of travelers from mainland China, three other regions stand out. Firstly, North America, in particular the United States, which remains the most-visited non-Asian country, with 2.8 million arrivals, despite the trade war started by Donald Trump in 2018 that led to tension between the two countries. Canada, also on the outs with China since the Huawei affair¹⁴, is still a relatively important destination with 737,000 visitors. Secondly, Oceania welcomes around 2 million visitors, mainly to Australia (1.4 million) and New Zealand (400,000). Since 2015, this region has seen a new trend with the rise of individual car travel: the autotour. Finally, the Middle East has seen its popularity rise thanks to the city of Dubai, which became a popular destination after the introduction of numerous direct flights since 2015. With its 1 million visitors, it has become the major hub of Chinese tourism to this part of the world, alongside destinations that have already been popular for many years, such as Egypt (500,000) and Turkey (436,000).

Africa and Latin America remain the two territories still overlooked by Chinese travelers. However, things are changing for Africa. The continent is beginning to attract the attention of travelers, particularly the wealthiest among them, who see it

13 Officially, Italy reported 3.8 million arrivals, but this figure appears to be greatly overestimated. As the country compiles its statistics by aggregating those of regional offices, tourists, particularly those from China who travel long distances during their stay, are counted several times (Santori 2017). According to several researchers and consultancies, actual arrivals were between 2.5 and 3 million.

14 In response to an American request, Canadian authorities detained Meng Wanzhou, the group's CFO and daughter of the founder, on charges of circumventing the ban on doing business with Iran. In retaliation, China locked up two Canadian businessmen on its territory, Michael Spavor and Michael Kovrig, on the pretext of being involved in espionage.

as “the final frontier”¹⁵. The most popular are South Africa, highlighted by the 2010 Soccer World Cup; Kenya, which the major tour operators offer for relatively inexpensive safaris; and Morocco, whose popularity exploded in 2016 thanks to a visa exemption for Chinese citizens. Despite this, the number of trips to these immense territories remains very low (less than a million in 2019), although this is set to change with a desire to showcase this immense territory, highly strategic for Beijing, through major media campaigns. Latin America, on the contrary, remains virtually untouched by Chinese travelers, mainly due to its difficult accessibility.

Because “a journey of a thousand miles begins with a single step”¹⁶, we invite you to begin this journey on Chinese territory, from Wuhan to Nice, to understand Chinese outbound tourism.

What do we know about the tens of millions of tourists who visited the pre-pandemic world?

They come mainly from the country’s major urban centers, but now also from the country’s wealthy coastal and inland provinces. Their geographical origins influence their tourism practices and the way they organize their trips: people from the eastern provinces, which have been more developed and open to the world for longer, tend to want to discover new destinations more independently, thanks to their greater tourist capital. On the contrary, the inhabitants of inland provinces prefer organized group tours to cope with an otherness to which they are not yet very accustomed. In 2019, with most Chinese tourists traveling internationally between the ages of 18 and 40, these differences linked to geographical origin were tending to diminish. Indeed, these new generations have grown up in a China that has offered them the opportunity to pursue higher education, to master a foreign language, while at the same time having a substantial budget for leisure activities¹⁷. Added to this is the fact that they live in a Chinese society that has embraced a technological modernity¹⁸ that greatly simplifies the organization and execution of trips anywhere in the world: access to numerous efficient infomediaries, AI programs that

15 See the very interesting Hurun report studying the trips of the country’s highest-income populations (The Hurun Research Institute 2018).

16 “千里之行，始于足下” is a famous Lao Tzu proverb that reminds us to start at the beginning, even though the final goal seems to be distant and difficult to reach.

17 These findings were made possible thanks to Big Data from China’s leading tourism companies. They can be found at tour operator Caissa (WTCF and Ipsos 2018), online tour operators Ctrip (CTrip 2019) and Fliggy (CBNData and Fliggy 2018), payment organizations Unionpay (UnionPay 2019) and Alipay (Nielsen and Alipay 2019), and infomediary Qyer (Qyer and iResearch 2020). All five have at their disposal a database analyzing the profiles of tens of millions of individuals who have traveled internationally.

18 We will return to the rapid adoption of new digital technologies and the ultra-connectivity of Chinese tourists in Part 1 of this book.

create itineraries abroad in just a few clicks, tried-and-tested translation applications and Chinese-language online tourism service providers. The effect of these developments is to make individuals increasingly equal in their relationship to otherness, whether they hail from Beijing or Wuhan. This is reflected in the latest statistics on Chinese tourists to France, where 60% of them, taking all origins together, were now traveling individually. Attraction to local gastronomy (WTCF and Ipsos 2018; Qyer and iResearch 2020), the search for immersive activities (McKinsey and Company 2018; Atout France 2019), use of public transport (UnionPay 2019) and individual car rental (Zuzuche and Analysys 2018): all the evidence shows that, for these new travelers, the practice of tourism in destinations, once perceived as very “exotic”, has been made much easier. While the image of a Chinese tourist surveying the world in a coach and closely following a guide in the colors of a major brand was still partly true, it is important to understand that outbound tourism now takes on many appearances.

Box I.1. *What do we know about these tourists?*

PART 1

Departure Management: New Forms of Constraints

Introduction to Part 1

The first part of this book will help us to understand the process that takes place where it all begins: in the major urban centers of the People's Republic of China. This is essentially based on the thesis work of Maxime Dejean, whose research was carried out over several years in the Wuhan tour operator market (Box I1.1). This immense city in inland China, which became world-famous in 2020 for having been the first place hit by Covid-19, has undergone rapid transformation over the course of the 20th century under the impetus of the country's policies and has become a major source market for millions of outward-bound residents.

An immersive methodology that enabled us to observe the internal workings of tour operators was combined with over 15 years of living in the Chinese territory to obtain an overview of the system governing international travel. The main observation to emerge from this research is the strong involvement of politics in the mechanisms behind such travel.

In the first chapter, we show how the flow of individuals from China's tourism system is so specific that it requires a different approach. Through an analysis of the legislative framework in place and a number of concrete examples from recent years, we will illustrate how the party state has secured certain control over its citizens' leisure travel, and also how stratagems have been devised to evade it. The second chapter proposes a relatively innovative approach to the study of Chinese international tourism: an interpretation from a starting point. We will delve into the city of Wuhan, where an entire network of tour operators has gradually sprung up to meet the growing needs of a population in search of the exotic.

Methodology: several years of immersion in the tour operator market

More than 15 years of life in mainland China, including five spent at the head of a Sino-French tour operator, were the inspiration for Maxime Dejean's thesis entitled "*Transition chinoise et mise en place du système touristique: une lecture à partir du marché des voyageurs de Wuhan*" ("Chinese transition and establishment of the tourism system: An interpretation based on the Wuhan tour operator market"). It was in 2015, with a couple of entrepreneurial Wuhanese friends, that the project to create a tour operator began to germinate. The city was then transforming at high speed and travel needs were evolving without being able to be fully met by the existing local offer. A year later, 小王子旅行家 (literally "The Little Prince Travels"), a tour operator specializing in high-end immersive travel to Europe, opened its doors in the Wuchang district in conjunction with a Paris-based incoming agency. Alongside this entrepreneurial venture, his thesis project took shape around a simple idea: co-construction. The activity within the tour operator, through meetings with customers and joint projects with competing brands, fueled research which itself enabled better professional strategic choices.

Dejean spent several years working in the flourishing market of a city of over 11 million inhabitants, at the heart of the regime's development policies. He has worked alongside some of the biggest tour operators (CSITC, Wanda New-Airline, CITS, Comfort Travel, Tuniu and a host of smaller local structures), met key local players (provincial travel influencers, consular authorities in charge of tourism development, specialized lawyers) and been in contact with hundreds of customers with travel plans for destinations all over the world.

Drawing on the local phenomena observed, this work has focused on a common thread guiding developments in Chinese outbound tourism: the interplay between tourists with increasingly high expectations of autonomy in their travels and a party-state that wishes to retain a certain degree of control over the flow of tourists leaving its territory. At the heart of this equilibrium, tour operators must adapt to meet their customers' expectations and secure their place in the market, while respecting the restrictive legislation that governs their activities, as well as the country's frequent political adjustments.

Box 11.1. Presentation of Maxime Dejean's thesis