

# CHINESE TRAVELERS FAVOR DOMESTIC DESTINATIONS



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# CHINESE TRAVELERS FAVOR DOMESTIC DESTINATIONS MORE THAN EVER

## A Survey Revealing the Impact of COVID-19 on Chinese Travelers

At present, with the COVID-19 epidemic being effectively controlled domestically, public life is gradually getting back on track in China. Tourism, as one of the major industries most obviously affected by the outbreak, will also usher in a recovery period. In this context, Oliver Wyman conducted a consumer survey this month to reveal the trends and changes happening to the behavior of Chinese travelers.

Firstly, an obvious impact of COVID-19 is witnessed regarding travel plans, with most travelers remaining cautious: around 60 percent of respondents claimed that they would only start traveling again one month after all the patients in mainland China were cured; with another seven percent of the survey pool going further by saying they would no longer consider traveling as an option in 2020 due to the outbreak.

### Exhibit 1. Most travelers are still cautious about planning for their next trip

#### When to travel again after the epidemic

# of respondents, N=1,000



- One month after all patients are cured in mainland China
- When all patients are cured in mainland China
- When there are no more infections in mainland China
- It is not safe to travel for the rest of the year due to the virus
- It's alright to travel right now

Question: When do you think it's OK to start your first trip after the COVID-19 outbreak?

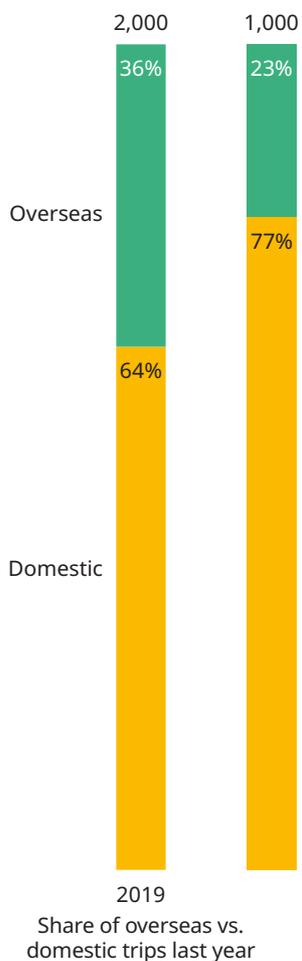
Source: COVID-19 impact on Chinese traveler survey, March 2020, Oliver Wyman analysis

In terms of destination selection, nearly 80 percent of respondents would prefer a domestic destination for their first trip after the epidemic subsides. According to a previous Oliver Wyman survey conducted in November 2019, 64 percent of respondents said they had more domestic trips in 2019 than 2018, indicating the rise of domestic travel. With the latest survey data, we believe this trend will continue in 2020 as a result of the virus outbreak. Nearly 70 percent of those surveyed remained concerned about the situation abroad. Moreover, the reduced time and/or budget available for travel, supporting domestic tourism, and the unfriendly attitude of foreign governments and/or foreigners during the epidemic were also cited as other reasons for travelers' preferring to go to domestic destinations.

**Exhibit 2. For their first post-epidemic trip, 77 percent of the respondents would prefer domestic traveling**

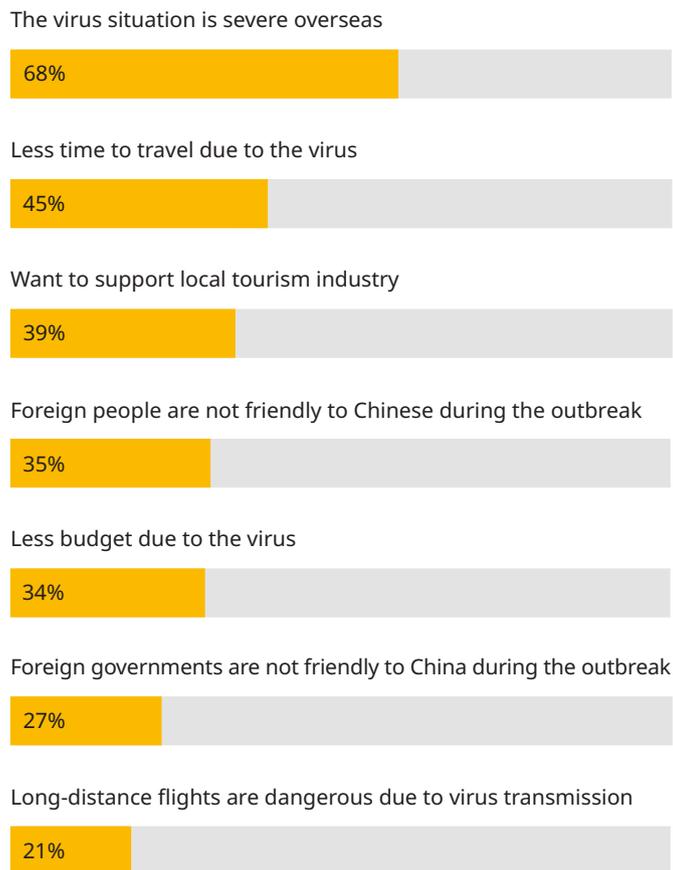
**First post-epidemic trip – domestic vs. overseas**

# of respondents, 2019 N=2,000; 2020 N = 1,000



**Key reasons for more domestic trips**

# of respondents, N = 579



Question: What would be the destinations for your first trip after the COVID-19 outbreak? / Why do you choose to travel more domestically?

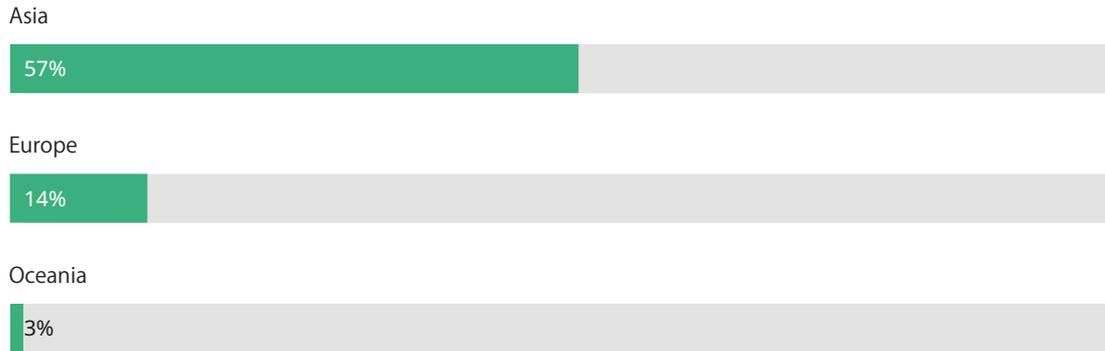
Source: COVID-19 impact on Chinese traveler survey, March 2020, Oliver Wyman analysis

Yunnan, Beijing and Chongqing are among the top 10 most popular domestic destinations on travelers' wish lists. In terms of outbound trips, 57 percent of the respondents said their first post-epidemic trip would be to an Asian country, far higher than destinations in Europe and Oceania. The main factors for this choice include sticking with the original plan, getting closer to nature, safety, and flexibility.

**Exhibit 3. Most popular destinations**

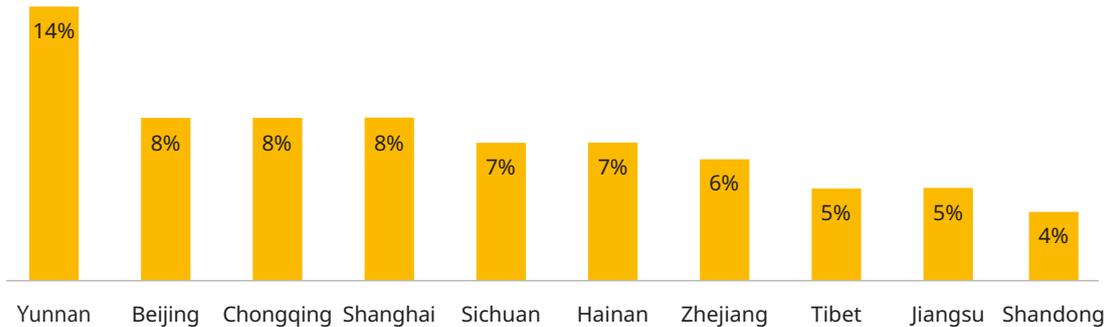
**Top 10 overseas destinations**

# of respondents, N=230



**Top 10 domestic destinations**

# of respondents, N=770



Question: What would be the destinations for your first trip after the COVID-19 outbreak?

Source: COVID-19 impact on Chinese traveler survey, March 2020, Chinese traveler Survey 201911, Oliver Wyman analysis

### Exhibit 4. Sticking with the original plan, getting closer to nature, and safety are the three main factors for destination choice

#### Factors for post-epidemic destination choice

# of respondents, N=1,000

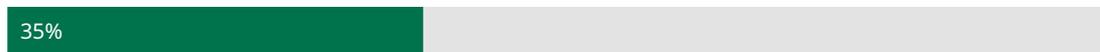
It is where I planned to go before the virus outbreak



I want to get closer to nature



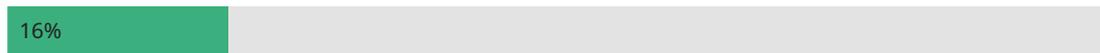
It is relatively safe



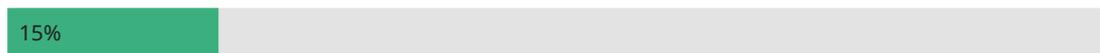
After the virus I want to go somewhere close because short trips are more flexible



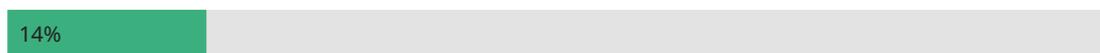
After the virus I want to go somewhere close because there are no long public holidays



After the virus I want to go somewhere close because I want to avoid long-distance travel



I want to visit friends/family



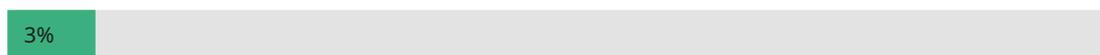
I want to support local tourism



I want to go somewhere I can exercise



Others



Question: Why do you select this place as your next trip destination?

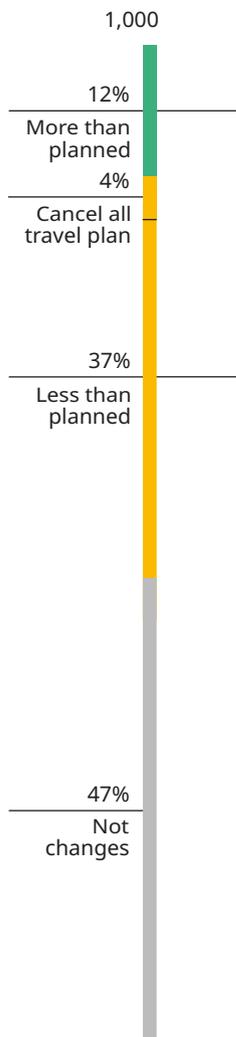
Source: COVID-19 impact on Chinese traveler survey, March 2020, Oliver Wyman analysis

When asked about their future traveling frequency, nearly half of the respondents said they would not change how often they travel, while 40 percent said they would reduce or even cancel travel plans owing to concerns about the epidemic recurring, as well as objective restrictions, such as work and income. However, 12 percent said they would go the opposite way and increase their travel frequency so that they could relax more and have more fun.

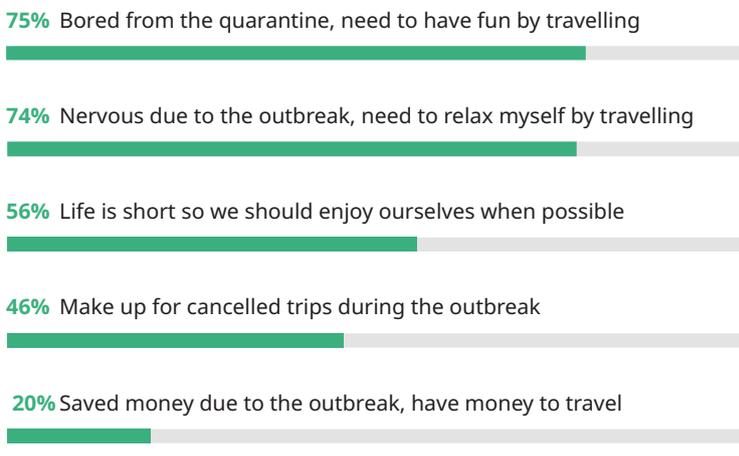
**Exhibit 5. Half of the respondents will not change how often they travel, but 35% will travel less**

**Future traveling frequency**

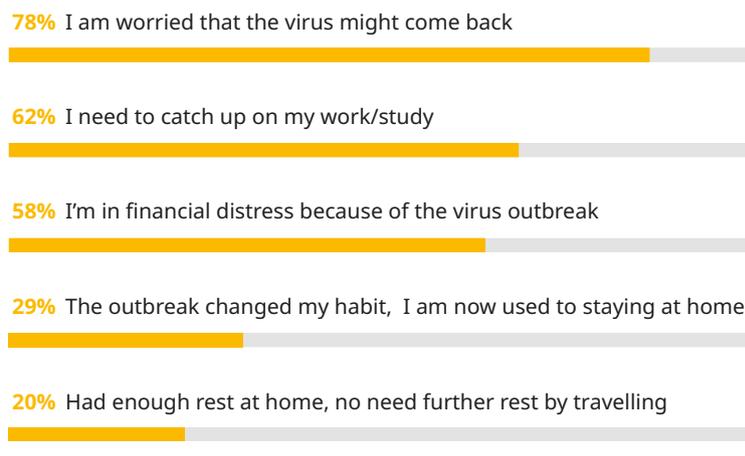
# of respondents, N=1,000



**Key reasons for traveling more** # of respondents, N=117



**Key reasons for traveling less** # of respondents, N=410



Question: When COVID-19 goes away, will you travel more/same/less than originally planned for the rest of the year? / Why will you travel more than planned? / Why will you travel less than planned?

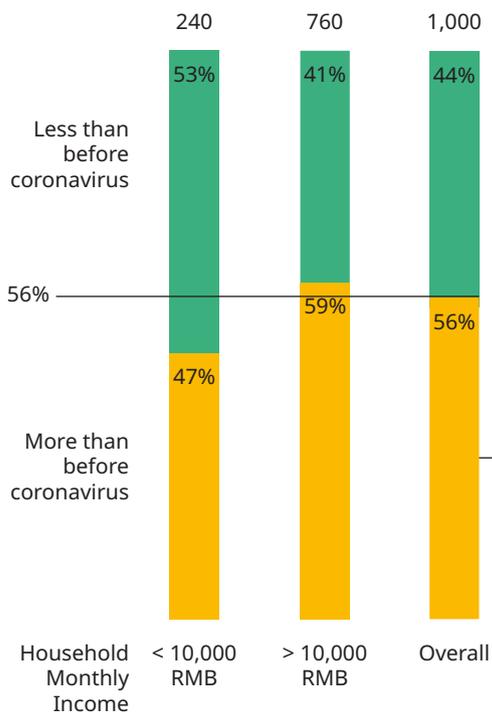
Source: COVID-19 impact on Chinese traveler survey, March 2020, Oliver Wyman analysis

Although people’s willingness to travel and their travel frequency have been obviously affected by COVID-19, their travel budget seems not influenced at all. In fact, nearly 60 percent of them said they would like to spend more when they travel next time (with the higher the household income correlating to the higher the willingness), especially on food and beverages, local experiences (mainly admission tickets and entertainment programs), and shopping.

**Exhibit 6. More than half of the respondents are willing to spend more on traveling, especially on Food and local experiences**

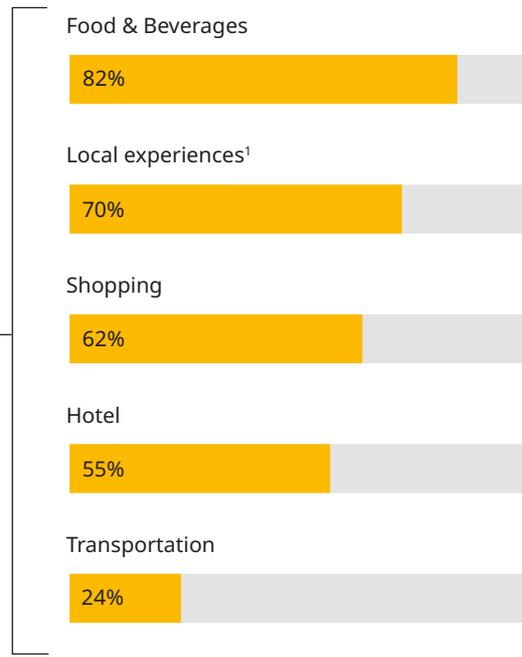
**Willingness to spend on traveling**

# of respondents, N=1,000



**Key areas for more spending**

# of respondents, N=564



1 Admission tickets, entertainment programs, etc.

Question: Will you spend more money during your next trip after the virus outbreak? / For your next trip, on which part do you plan to spend more money on? And by how much percentage?

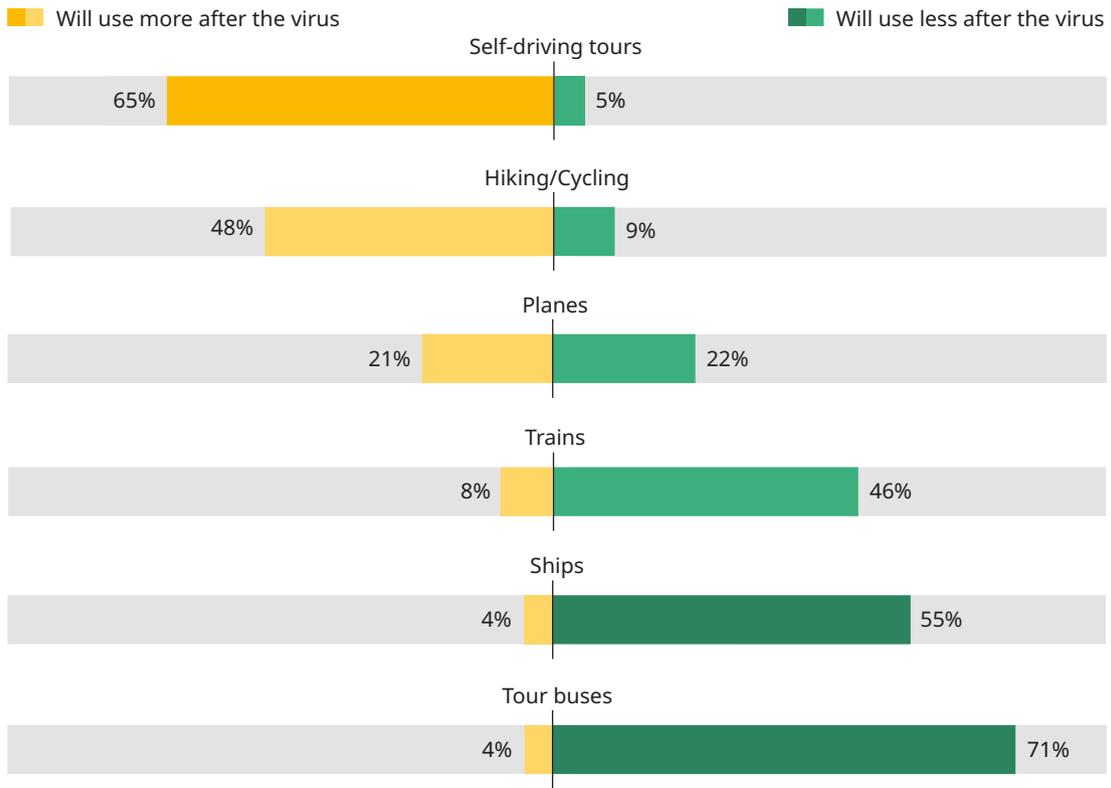
Source: COVID-19 impact on Chinese traveler survey, March 2020, Oliver Wyman analysis

Regarding travelers' preferred means of transportation, the ideas of driving themselves around and hiking and/or biking are becoming increasingly popular. At the other end of the spectrum, transportation means that have a higher population density, such as tour buses, trains and ships, are likely to be snubbed due to the influence of the epidemic.

**Exhibit 7. Chinese travelers would prefer individual rather than group modes of transportation when they travel again**

**Preference on the means of transportation after the epidemic**

# of respondents, N=1,000



Question: Do you have different preference on transportation tools after the virus outbreak, for the remainder of the year?

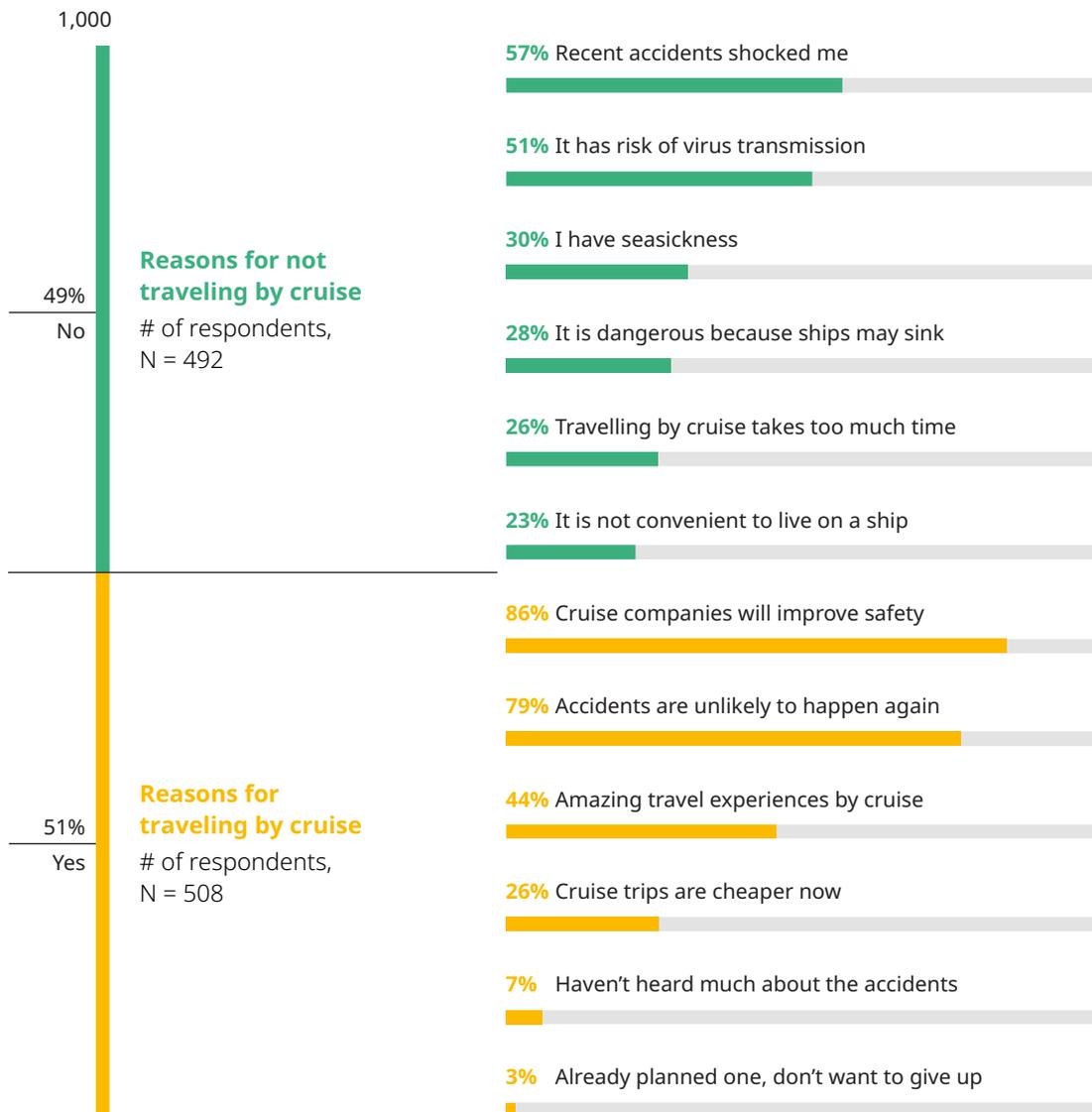
Source: COVID-19 impact on Chinese traveler survey, March 2020, Oliver Wyman analysis

The cruise industry is under a lot of pressure because of the recent “Diamond Princess” incident. The travelers who were surveyed held quite varying views towards taking cruises. Nearly half of them said they would avoid taking cruises over the next few years, with most of them concerning the exposure and transmission risks of diseases or viruses. However, slightly more than half of the respondents said they would still like to take cruises, saying that they believed the health incidents are unlikely to happen again. They added that they had confidence in cruise operators to take the appropriate actions to make cruise voyages safe again.

**Exhibit 8. Consumers have mixed feelings towards cruises**

**Preference on travel by cruise after the virus**

# of respondents, N = 1,000



Question: Will you take a cruise holiday in the coming years after the virus has gone? / Why doesn't the virus situation on the “Diamond Princess” stop you from taking a future cruise trip? / Why will you not have a cruise holiday in the coming years after the virus has gone?

Source: COVID-19 impact on Chinese traveler survey, March 2020, Oliver Wyman analysis

## CONCLUSION

These results exceeded our expectations, particularly in regard to Chinese consumers' willingness and eagerness to once again take trips. Despite people having to suspend their travel plans at present, in the long run, most people's travel plans have not been fundamentally affected. In fact, nearly 60 percent will not change their plans and may even have more trips, and most are also willing to increase their travel budgets. We believe it reflects people's optimism that the domestic epidemic is under control, and more importantly, their willingness and eagerness for travel – it sets a positive tone for the recovery of the tourism industry.

Chinese travelers are increasingly preferring domestic tourism due to multiple considerations, such as the severe situation abroad and the flexibility of domestic trips. Interestingly, one of the reasons why many respondents would choose domestic destinations is that they want to support local tourism that has been adversely affected by the outbreak.

In the context of the COVID-19 outbreak, travelers have started to take into account their health risk exposures when choosing their next destinations. The survey shows that they are now increasingly considering places that are closer to nature and less severely impacted by the epidemic. Yunnan, with its gorgeous natural scenery and diversified culture, has become the most popular post-epidemic traveling destination domestically. At the same time, self-driving tours, hiking and biking are gaining in popularity.

We believe that the increased cautiousness among Chinese travelers brings opportunities for the tourism industry, because consumers are now demanding higher safety and other requirements from the industry. For example, driven by the strong consumer trend of the increased appreciation for nature, more and more travelers wish to enjoy natural sightseeing, biking, and hiking during their trips. "Eco-tourism", which focuses on nature and health, is expected to become a hot pick among Chinese travelers. People preferring self-driving tours over tour buses is expected to increase the demand for car rentals and customized tour services.

In this sea of changes, the constant is the strong willingness to travel and consume. The domestic tourism market is expected to recover soon after the epidemic subsides. Players in the tourism industry should pay close attention to the changing preference of consumers and therefore seize this opportunity by quickly developing products and services that provide customized tour plans and unique local experiences, including trying authentic local food and drinks, and taking part in special activities.

## ABOUT THE SURVEY

The online questionnaire was fielded in Mainland China in February. Oliver Wyman surveyed 1,000 travelers to understand how the COVID-19 outbreak has impacted their willingness to travel and their related preferences. Of the 1,000 respondents, 45 percent were male, and 55 percent were female; 61 percent of the respondents have a monthly income between RMB10,000 and RMB30,000.

### Exhibit 9. The 1,000 Chinese travelers surveyed are widely distributed by age, income, and city tier

#### Age breakdown

# of respondents, N=1,000



#### Income breakdown<sup>1</sup>

# of respondents, N= 1,000, RMB



- 2,500-4,999
- 5,000-7,499
- 7,500-9,999
- 10,000-14,999
- 15,000-29,999
- 30,000-49,999
- 50,000-79,999
- 80,000+

#### City tier breakdown

# of respondents, N=1,000



- Tier 1 city
- Tier 2 city
- Tier 3 city or below

Note: 1. Monthly household income before tax

Question: What is your age? / In which province & city are you currently residing? / What is your household monthly income in RMB (pre-tax, including all sources of income such as salaries, investment, etc.)?

Source: COVID-19 impact on Chinese traveler survey, March 2020, Oliver Wyman analysis

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