

VIEW from ILTM
REPORT



胡润百富
HURUN REPORT



THE CHINESE LUXURY TRAVELLER 2018

EXECUTIVE SUMMARY



Photo by Yiran Ding

FOREWORD

The Hurun Research Institute and ILTM China have joined forces to release **The Chinese Luxury Traveller 2018** for the eight successive year. The report is based on deep research into travel preferences and consumption among Chinese high-end travellers, and the trends expected to arise in future.

The data behind the research are drawn from the Chinese Luxury Travel and Lifestyle Survey 2018, a cooperative venture between Hurun Report and four travel agencies, namely DIADEMA, MAGIC TRAVEL, ZANADU and 8 Continents.

The quantitative survey encompasses data from 236 respondents hailing from 43 cities nationwide, including first-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen, and second- and third-tier cities such as Xi'an, Qingdao, Hangzhou, Nanjing, Nanchang, Qingdao, Dalian and Suzhou. Further details concerning the respondents demographic can be found in the methodology.

Rupert Hoogewerf, Chairman & Chief Researcher of Hurun Report, said: "Chinese high-end travellers more and more recognise the value of services, and are less concerned about the prices compared to the past. 42% of the respondents' budgets are above CNY3000 for one night at a hotel, and 66% of high-end travellers choose to take first/business class to travel, a complete change from five years ago. I am delighted that Hurun Report once again partnered with ILTM China, the

global high-end travel industry leader, for the twelfth successive year, and that we have collaborated to release the Chinese Luxury Traveller for the past eight years, to explore the trends and trajectories of the high-end travel market."

ILTM China Event Manager **Andy Ventris** added, "ILTM China has been created as a platform for the most valuable luxury travel advisors from across China to meet with the world's very best luxury travel providers. We are delighted to once again partner with Hurun Report, who are a leading voice in the conversation concerning China's high-net worth consumers. The findings of the Chinese Luxury Traveller 2018 will continue to help our partners and clients grow their businesses in this region."

The following report includes insights such as the emergence of parent-child travel, the rise of holiday home purchases and the dominance of European travel. By reading on, we hope you will be able to clearly discern the current and future trends in the Chinese luxury travel market.

Enjoy!

TOP 10 FINDINGS

1. Destinations

In the past year, the top 5 most popular overseas destinations for Chinese high-end travellers were Europe (39%), the Americas (36%), Africa (29%), Southeast & South Asia (23%) and Japan & South Korea (22%). Africa rose fastest, breaking into the top three as it increased from 15% last year to 29%.

2. Travel themes

The surprise vacation theme last year was islands and beaches. Its popularity seems to have peaked, however, with the selection rate dipping to 13%. Travel around the world saw the fastest rate of growth, establishing itself in pole position with an increase from 13% last year to 37%. A prominent new theme in recent years, parent-child travel enters the top three with 19%.

3. Travel times

The proportion of travellers choosing not to travel at fixed times throughout the year increases by 8% compared with the previous year, up to 45%. With regards to travel during public holidays, the Chinese New Year is the top choice, taking up 23%.

4. Main travel concerns

The biggest travel worries are traffic safety, with a noteworthy 42%, followed by natural disasters (25%), robbery and theft (22%), being ripped off (12%), dietary hygiene (11%) and travel facility safety (11%). It is clear that safety issues are the biggest concerns for travellers.

5. Travel agency selection

Over half of high-end travellers opt for personalised service as the key consideration when selecting a travel agency, with half choosing a well-planned itinerary. 45% of travellers prioritise problem-solving. Creative itineraries and hard-to-find resources are also among the top five factors for consideration.

6. Transport

When it comes to domestic airlines, Air China is the carrier of choice among high-end travellers by a considerable margin with 50%; China Eastern comes second, with its selection rate increasing by 7% to 28%. Among international airlines, Emirates remains in top spot.

7. Hotels & Accommodation

Ritz-Carlton is the most popular luxury hotel brand once again. With regards to hotel membership, the Hyatt scheme is the most popular, being preferred by 26% of high-end travellers, up from a mere 3% last year. In addition to traditional hotel accommodation, 24% of travellers will consider Airbnb-style holiday home rentals, more or less the same proportion as the previous year.

8. Popular cuisine

Local cuisine is undoubtedly the most popular style of food when travelling. Other well-received cuisines among high-end travellers, ranked in order of popularity, include Japanese, Sichuan and Hunan, Cantonese, Italian and French.

9. Holiday homes

Nearly half of high-end travellers interviewed have purchased holiday homes, with 11% of them in Thailand, 10% in Australia and 5% in both Switzerland and Japan; in China, Sanya is the location of choice, with a selection rate of 12%. The homes have an average floor space of 100m².

10. Future trends

Demand for smart accommodation experiences in the future are expected to rise, including expectations for VR, house-viewing videos and AI services. 36% of the respondents believe, for instance, panoramic VR viewing should be added to the list of pre-stay services.

Europe is the number one stop for high-end Chinese travellers.

Nearly half own a holiday home somewhere in the world.

HOTTEST DESTINATIONS

Africa Rises Fastest, Europe Remains Top Choice

In the past year, the top five most popular overseas destinations for Chinese high-end travellers were **Europe** (39%), **the Americas** (36%), **Africa** (29%), **Southeast & South Asia** (23%) and **Japan & South Korea** (22%). **Africa** rose fastest, increasing from 15% compared with last year to 29%, announcing its entry into the top three. **The Americas** increased by 5%, rising to second. Top pick **Europe** fell by 6% compared with last year. The destination of choice in the previous two years – **Southeast & South Asia** – was eclipsed by the rise of alternative options, falling significantly from 44% last year to 23% this time around and slipping out of the top three. Perennially popular **Japan & South Korea** performed solidly in fifth position.

The Maldives Is Still the Favourite International Destination

The Maldives still ranks at the top of the “most favourite international travel destination”, followed by **Japan**. **America** slips to the sixth spot, with **Thailand** going into the top ten for the first time. As for domestic travel, **Sanya** leads the “most popular travel destination” for the seventh consecutive year. **Tibet** ranks at the second spot, and **Hong Kong** maintains the third place.

MOST POPULAR TRAVEL TIMES

64% of respondents plan to travel overseas during Chinese New Year. The top three destinations are **Australia** (20%), **Thailand** (18%) and **New Zealand** (17%).

The proportion of travellers choosing to travel at flexible times throughout the year increased by 8% compared with last year, up to 45%. Among national holidays, the **Chinese New Year** is the top choice, with 23%; the **National Day** holiday (19%) is second, while the **Labour Day** holiday (8%) and **Mid-Autumn Festival** (6%) come next. While 64% of respondents plan to travel overseas for Chinese New Year, 29% will stay in China. The most popular domestic choice is to return to one's hometown, with 10% planning to do so.



Photo by Joshua Earle

SEASONAL CHANGES

Summer and Autumn

Thailand is still the top choice for summer and autumn but the selection rate drops by 5% to 22%. **The Maldives** maintains its second position but also falls, down by 3% to 15%. The popularity of **Hawaii**, **Saipan** and **Malaysia** saw rises, with respective increases to 15%, 13% and 11%. The popularity of **Bali** and **Fiji**, however, has waned. In China, **Yunnan** knocks Sanya off top spot, with a selection rate of 13%. **Sanya** drops by 6% this year and ends up in second place with 10%. The popularity of **Changbaishan** increased by 3%, and it enters the top three in China with 6%.

Thailand maintains its top position as high-end Chinese travellers favourite summer and autumn travel destination, while **Japan** maintains its top position for winter and spring travel.

Winter and Spring

Japan is the top choice for winter and spring travel, with the selection rate increasing by 4% to 36%. The selection rate for **New Zealand** saw a significant spike this year, rising by 13%, establishing it in second place with 21%. **Australia** maintains third place with 18%. **Switzerland** also performed well, increasing by 5% and ranking fourth with 12%. The popularity of **Thailand** weakened, dropping by 8%, and ranking fifth with 10%. In China, **Sanya** is the clear favourite with 13%; **Xiamen** and **Hangzhou** rise to joint second, both with 8%; **Yunnan** and **Tibet** are joint third with 6%.

The biggest climbers this year were **Saipan** for summer and autumn travel, reaching 4th place, and **New Zealand** for winter and spring, reaching 2nd.



Photo by Gianandrea Villa



NEW TRAVEL TRENDS IN 2019 AND BEYOND

Of all the travel trends explored, travelling around the world ascends to the number one spot pushing polar exploration into second, whilst parent-child travel is set to become the latest hot trend.

The surprise vacation theme last year was **islands and beaches**. Its popularity seems to have peaked, however, with the selection rate dipping to 13% this year. **Travel around the world** saw the fastest rate of growth, establishing itself in pole position with an increase from 13% last year to 37%. **Polar exploration**, the most popular theme last year, fell by 8.5% and takes second place with a rate of 22%.

A prominent new travel theme in recent years, **parent-child travel** enters the top three with 19%. It is worth noting that high-end travellers are not satisfied with single-purpose trips, and like to combine beaches, adventure, fine dining and leisure activities.

Over the next three years, the biggest difference between the preferences of those residing in the first-tier cities and non-first-tier cities is the desire to experience **art and culture**; the selection rates are respectively 38% and 18%.

The demand for smart experiences in the future is also mounting, with new travel accommodation services including VR, Short Video Viewing, and AI Services all in high demand.

The use of **AI** to simplify check-in and provide smart unlocking and even robot services are on the high-end tourist wish list for services to be provided in the future. 36% of the respondents believe that **panoramic VR viewing** should also be added to the list of pre-stay services, while 33% would like **video viewing services**.



DECISION MAKING

Travel Agents and Agencies

Over half of high-end travellers choose **personalised service** as the top factor for consideration when selecting a travel agency, with half of travellers also singling out a **well-planned itinerary**. 45% of travellers consider **problem-solving capacity** especially important. **Creative itineraries** and **hard-to-find resources** also enter the top five, selected by nearly 30% of travellers.

Among the reasons for dissatisfaction with travel agencies, **itinerary scheduling** accounts for 31%, ranking first, with other gripes including **meals** (18%), **flight services** (17%), and **tour guides** (14%).

Compared to second-tier cities, first-tier cities are more focused on **customised services**, while the second tier rely more on **package tours**.

Travel Safety Concerns

The biggest travel worries for high-end Chinese travellers are **traffic safety**, with a noteworthy 42%, followed by **natural disasters** (25%), **robbery and theft** (22%), **being ripped off** (12%), **dietary hygiene** (11%) and **travel facility safety** (11%).

Hotel Room Selection

Room cleanliness is the chief deciding factor among high-end travellers for selecting a hotel, followed by **good location** (36%), **spaciousness** (35%), **comfortable bedding** (28%) and **humanized hotel service** (25%).

Traffic safety is by far the biggest worry for high-net-worth Chinese travellers, with 42% stating it as one of their top concerns whilst travelling.

Offering a personalised service is the most important factor for considering a travel agency for high-end Chinese travellers.

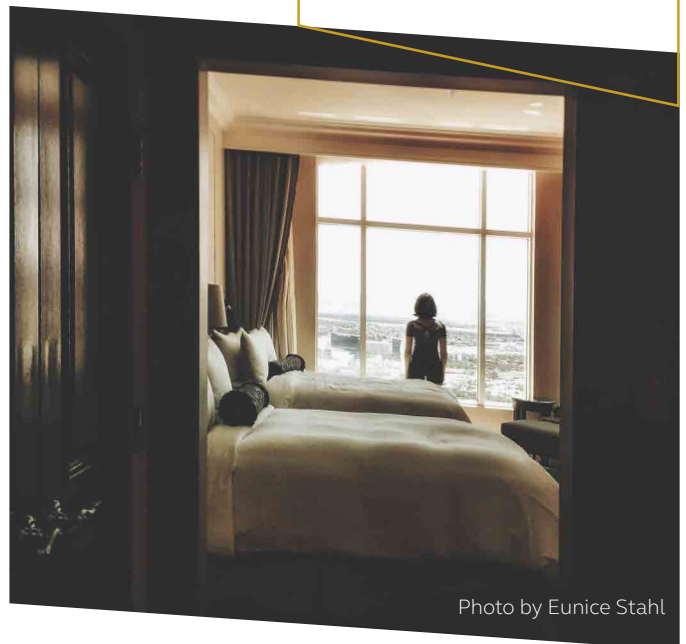


Photo by Eunice Stahl

TOP THREES

	Domestic Airlines	International Airlines	Hotel Chains	Hotel Membership
1			 THE RITZ-CARLTON	
2			 BANYAN TREE	 THE RITZ-CARLTON
3			 FOUR SEASONS <i>Hotels and Resorts</i>	

When it comes to domestic airlines, **Air China** is the carrier of choice among high-end travellers by a considerable margin with 50%. Among international airlines, **Emirates** remains in top spot. Likewise, **The Ritz-Carlton** also remains the most favoured luxury hotel brand. **Hyatt's** membership scheme was selected by 26% of high-end travellers, occupying the top spot for the first time. Last year, the figure stood at a mere 3%.



Photo by Yiran Ding



Photo by David Klaasen

ACCOMMODATION STYLES

Sea View Holiday Homes Are First Choice

Nearly half of the high-end tourist respondents have purchased holiday homes. 11% are in **Thailand** and 10% in **Australia**, while **Switzerland** and **Japan** both account for 5%; domestically, **Sanya** remains their first choice, with a selection rate of 12%. Holiday homes are purchased not just for vacationing, but also for **investment** and **retirement** purposes. The average floor space is **100 square metres** and **apartments** and **villas** are the favoured modes of accommodation. And in terms of the surrounding environs, having a **sea view** is the most attractive feature. The usage rate of these homes is not particularly high, with 22% of respondents only making use of theirs **1 to 3 times a year**.

“The performance of the high-end short-stay holiday home market has been weak. However, as travelling as a family grows in popularity, the market is likely to see significant development in the future.”

says Rupert Hoogewerf, Hurun Report chairman and chief researcher

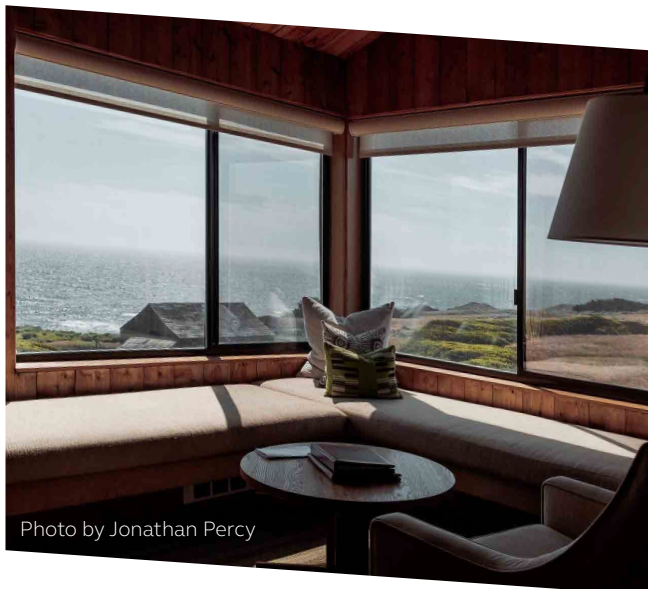


Photo by Jonathan Percy

The Sharing Economy Remains Stable

The high-end short-stay **holiday rental market** remains stable. The boom in the **sharing economy** has had an impact on high-end Chinese tourists' accommodation choices. In addition to traditional hotels, 24% of respondents choose **Airbnb-style homestays**, more or less the same as last year. The reasons why they choose homestays are mainly '**strong sense of belonging and experience of local life**', '**lower price**', and '**family atmosphere**'.

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Methodology

The quantitative survey encompasses data from 236 respondents, showing that they have been to 20 countries on average, and 20% have been to 50 countries. Average spending on family travel is CNY350,000. Rupert Hoogewerf says, "It really takes an effort to find more than 200 high net worth individuals who spend more than CNY 350,000 per year on travel. These people represent the future trend of China's high-end travel. We highly appreciate the support from four agencies, including Diadema, Magic Travel, Zanadu, and 8continents, to our research this year."

About ILTM China

ILTM China takes place in Shanghai, exclusively inviting buyers and planners of outbound luxury travel from China only. ILTM China is a bespoke event with one-to-one meetings supporting pre-scheduled mutually matched appointments. International exhibitors meet over 200 carefully vetted luxury planners and agencies from 18 major Chinese cities, including, Beijing, Changchun, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Guilin, Guangzhou, Hangzhou, Kunming, Nanjing, Shanghai, Shenyang, Shenzhen, Tianjin, Wenzhou and Wuhan. More than 30% of all buyers at ILTM China 2018 were new to the ILTM Portfolio. For more information, please see www.iltm.com/china.

About Hurun Report Inc.

Established as a research unit in 1999 by British accountant Rupert Hoogewerf, Hurun Report Inc. has grown into a leading research platform based in Shanghai, best-known for its China Rich List, and with 150 employees today. Hurun Report Inc. has four divisions: Media; Conferences & PR; Market Research; and Investments. Within the Media Division, our titles are Hurun Report, Hurun Schools Guide, Hurun Horse & Sports, and Wings & Water. For further information, please see www.hurun.net.

Download the Full Version

For the full version of *The Chinese Luxury Traveller 2018*, in either English or Chinese, **please click here.**

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