

## **CHINESE TRAVELERS FAVOR DOMESTIC DESTINATIONS MORE THAN EVER**

*Nearly eight out of 10 respondents plan to travel domestically when epidemic subsides*

**SHANGHAI, March 23, 2020** – According to a recent Oliver Wyman survey, 77 percent of Chinese travelers would consider domestic destinations for their first trip after the COVID-19 epidemic subsides. Moreover, 56 percent of those surveyed would be willing to spend more on traveling than before the start of the COVID-19 outbreak.

“These results exceeded our expectations, particularly in regard to Chinese consumers’ willingness and eagerness to once again take trips,” said **Jacques Penhirin, Partner and the Head of Greater China Retail and Consumer Goods Practice, Oliver Wyman**. “Though there are some changes with regard to their traveling preferences, demand is still strong – a combined nearly 60 percent of surveyed consumers would not change their traveling plan and they even plan to increase their traveling frequency for the remainder of the year. As China resumes work and production nationwide, we look forward to the country’s consumer market restoring its prosperity.”

### **Changing destination landscape**

Another Oliver Wyman survey, which was fielded in 2019 prior to the COVID-19 outbreak, shows that the average outbound trips per capita for Chinese travelers had dropped from 2.10 in 2018 to 1.56 in 2019, reflecting a recent slowdown in terms of the growth of outbound travelers. In addition, 64 percent of Chinese travelers had taken more domestic trips than outbound ones in 2019 compared to 2018.

With 77 percent of the respondents surveyed now eyeing domestic destinations for their first post-epidemic trips, the COVID-19 outbreak is expected to exacerbate this shift in destination preference among Chinese travelers.

In fact, with the situation worsening outside China, a number of domestic destinations are becoming hot picks for Chinese travelers, with Yunnan, Beijing, Chongqing and Shanghai being among the top 10 most popular destinations on travelers’ wish lists. In the survey, many respondents gave their concern for safety as one of the main reasons in choosing their next destination. Other popular reasons included choosing a destination closer to nature and choosing domestic destinations to help support local tourism.

In terms of outbound trips, Asian countries remain attractive as destination choices for Chinese travelers. Among all the outbound destinations mentioned during the survey, 57 percent of the respondents said their first post-epidemic trip would be to an Asian country.

### **Pent up demand**

More than half of the respondents said they would like to spend more when they travel next time. They would be happy to spend the most on food and drinks, in line with the 2019 survey, followed by local experiences and activities.

When asked about means of transportation during their first post-epidemic trip, 65 percent of the respondents said they would prefer to go on tours where they themselves drive. At the other end of the spectrum, tour buses have become the least popular transportation option, with 71 percent of the respondents saying they would avoid taking tour buses when the situation calms down.

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 due to the multiple COVID-19 outbreaks on cruise ships recently. They also worried about the exposure and transmission risks of diseases or viruses in general when spending time on cruises. However, slightly more than half of the respondents would still like to take cruises, saying that they had confidence in cruise operators taking the appropriate actions to make cruise voyages safe.

When asked about when the respondents felt it would be safe for them to start traveling again, most of the respondents remained cautious. More than 80 percent said they would only start traveling again when all the patients in mainland China were cured, with 60 percent of the survey pool going further by saying they would wait for another month from then.

On the flip side, about 60 percent of those surveyed said that for the rest of the year, their travel plans would remain unchanged or they would even travel more than originally planned, reflecting their confidence in the government's measures to contain the virus soon.

The remaining 40 percent, meanwhile, said they had canceled all travel plans or planned to travel less. These respondents were either worried about the resurgence of the virus, or needed to make up for lost work or studying time.

**Katie Sham, an Oliver Wyman Principal and the lead of the study,** believes 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. "Travelers have started to take into account their health risk exposures when choosing their next destinations. For example, they are now increasingly considering places that are closer to nature and less severely impacted by the epidemic. This probably explains why Yunnan, a southwestern Chinese province with gorgeous natural scenery, has become the most popular post-epidemic traveling destination domestically," she said.

"People preferring self-driving tours over tour buses is expected to increase the demand for car rentals and customized tour services. Short domestic trips and weekend getaways are also expected to see more popularity in the near future. Players in the tourism industry should therefore seize these opportunities 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," she added.

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**Official WeChat account of Oliver Wyman:****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.

Oliver Wyman also conducted an annual Chinese travelers survey in November 2019. This survey of 2,000 travelers was fielded to capture the shift in their travelling preferences, and to interpret the knock-on implications for businesses in the tourism industry.

**About Oliver Wyman**

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