

CiR charts the effects of visa reform on Chinese arrivals

As Counter Intelligence Retail (CiR) reported earlier this month, the largest growth in global traffic over the next 10 years will come from the APAC region. This will grow in excess of +70% by 2025 versus 2015, boosted by an additional 74m international Chinese passengers, making them the most significant passenger group within the region.



Combine this with the latest data published by the World Tourism Organisation, which reports that total spend by Chinese tourists abroad reached \$292bn US dollars in 2015 – an increase of +25% on 2014, making them the largest spending nation in the world – and this makes for a very encouraging future for those retailers who can successfully target this important customer group.

“It is understandable then that more and more countries are beginning to employ various facilitative measures in a bid to attract more of this high-spending nationality, and one such method is the relaxation of visa regulations,” says CiR.



As China's GDP continues to grow, its middle class expand and the new generation of travellers emerge.

According to Reuters, the Chinese now enjoy visa-free entry (*or visa on arrival*) to 57 countries worldwide. In 2015 alone the Chinese Foreign Ministry made new visa arrangements with 18 countries.

CHINESE PASSPORT STILL RANKS LOW

However, despite these efforts, the Chinese passport still ranks low: currently sitting in 69th place alongside Senegal and Ivory coast in terms of the number of countries they can enter visa-free,” points out CiR.

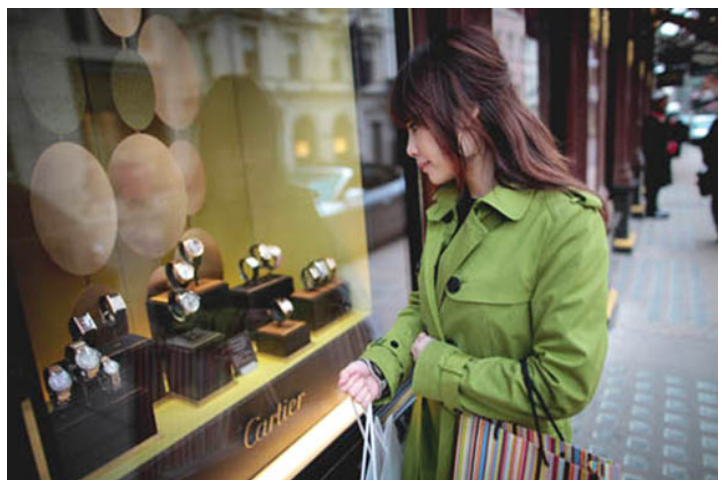
“The benefits of travel facilitation reforms (*making the process of attaining a visa faster, cheaper and generally more efficient, or waiving the need entirely*) can be clearly seen in historical passenger trends and are positively linked to the number of tourists.”

CiR points out that one country to adopt this approach in recent years is Japan, which continues to rank highly in the most popular travel destinations for the Chinese.

“In the twelve months leading up to January 2015, growth of Chinese passengers to Japan averaged +12.4% year on year, peaking at +24.7% in July 2014,” says CiR.

JAPAN RELAXES MULTI-ENTRY VISA POLICIES

“However, over the 12 months following the Japanese government's decision to relax their multi-entry visa policies for Chinese tourists (*which targeted the wealthy in particular*),



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growth in passenger numbers accelerated at an average rate of +32.0%, with growth peaking in November 2015 at +47.0% versus the same month in 2014.”

high-spending nationality, says CiR.

Another country that has seen a huge influx of Chinese arrivals in recent years is Thailand.

“The impressive growth of Thailand as a tourist hotspot can partly be attributed to various measures employed by the Thai government to better facilitate Chinese tourists,” says CiR.



“Traffic from China to the country was growing significantly in 2014, at an average rate of +11.1% in the six months leading up to November 2014. However, during the three months prior to November, in order to boost their tourism industry, the Thai government waived all visa fees for Chinese tourists.”

NEW AGENDA: ADVENTURE AND EXPERIENCES

Total spend by Chinese tourists abroad reached \$292bn US dollars in 2015.

Following these measures, growth for the 12 months from November 2014 accelerated to +60.0%, further bolstered by a new 6-month multiple entry visa being introduced from September 2015 onwards, says CiR.

“It would be incorrect to say that the impressive growth of Thailand as a Chinese tourist hotspot is entirely down to visa regulations, however,” points out the data and analysis firm.

“It’s beaches, temples and culture appeal to the aforementioned emerging Chinese middle class and millennials seeking adventures and experiences, rather than the traditional shopping and gambling sprees.”

Another South-East Asian country to take measures to attract Chinese tourists is Indonesia. From June 2015 onwards, Chinese nationals were officially granted visa free access to Indonesia. Since then the number of Chinese flying to Indonesia has sky-rocketed, growing +40.3% in the last twelve months thanks in no small part to the government’s efforts to attract more Chinese tourists through the relaxation of their visa laws.



Further afield, in November 2014, the US significantly improved the visa application process for Chinese tourists, and increased visa validity limits from one year to ten years in order to boost repeat arrivals. The reform was intended to boost Chinese tourism to the US in the coming years, so an immediate increase in Chinese arrivals was not to be expected.

Chinese Millennials are seeking adventures and experiences, rather than the traditional shopping and gambling sprees.

LONGER-TERM VISAS

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“The introduction of longer-term visas and these types of easing of visa restrictions are part of a long-term plan to attract Chinese tourists. It means that Chinese travellers are no longer faced with as many hurdles if they want to revisit the US in the future,” adds CiR..



“As China’s GDP continues to grow, its middle class expand and the new generation of travellers emerge, the share of long-haul outbound traffic from China could potentially grow at a faster rate as these destination countries continue to relax their visa regulations for Chinese nationals, or employ measures to improve the processes involved in attaining a visa.”

As CiR reported earlier this month, despite economic growth in China slowing as the economy moves away from heavy industry towards a more service and consumption-based economy, consumer spending is forecast to continue its strong growth trajectory, and China will remain the leading emerging market with substantial impacts on international tourism.

“As the number of high-earning Chinese grows in the coming years, thousands more Chinese tourists will board their first international flights every day,” concludes CiR.

“Although the relaxation of visa regulations and ease of travel are important factors in the growth of Chinese visitors to a country, they are only part of a complex set of driving factors; exchange rates, flight costs, conflict or political instability, and cultural interest/tourist attractions are also important.

“However, we can see that the relaxing of visa laws does have a visible and lasting positive impact on inbound Chinese tourism. If travel retail brands and retailers can stay on top of visa reforms for Chinese travellers, it could aid in identifying the next big travel trends among Chinese millennials, giving them a distinct advantage in a rapidly expanding global market.”