China’s Enormous Tourism Potential

A Vast New Market

As the standard of living in China continues improving and the number of Chinese who travel abroad grows at what has become an exponential rate, the United States is largely missing out on this potential visitor bonanza, thanks to bureaucratic inertia and a number of antiquated rules and regulations that were designed for the Cold War era.

The boom in Chinese overseas travel is very recent. The New York Times reports that as late as the second half of the 1980s, all but the Chinese elite were expressly forbidden from traveling abroad. In 1995, only 4.5 million left their country to see the outside world.

Over the past decade, however, the growth of Chinese international travel has been phenomenal—31 million traveled in 2005, with a predicted increase of ten percent in 2006, according to People’s Daily Online. That is nearly twice the current level of Japanese international travel, which is about 17 million.

Predictions for the future are even more staggering. The New York Times cites unnamed Chinese and international travel industry experts who forecast that 50 million Chinese tourists will travel overseas annually by 2010 and 100 million by 2020, making China potentially the world’s biggest source of outbound tourism.

So why are the streets of Waikiki not filled with Chinese visitors?

First, it is very difficult for a Chinese citizen to get a U.S. visitor visa. According to Stephen Agins writing for HMSAI Marketing Review, visa applicants must post a bond of 100,000 yuan, or $12,000, to ensure they will return to China! Welcome to America! It’s all part of a long-standing, broader effort to “protect America’s borders” from millions of would-be illegal immigrants from developing nations seeking a better life here—but, given China’s rapidly growing economy, is it realistic to expect a flood of illegals from that country to try gaining entry posing as tourists?

But Agins reports there is another problem. Since U.S. hotels, street signage, sightseeing, etc., are not geared for those who speak only Mandarin or Cantonese, the average Chinese visitor finds it more comfortable to travel in groups, just as the Japanese did 20 years ago. The Chinese government requires that countries that would like to welcome tour groups from China first apply to the China National Tourism Administration for Approved Destination Status (ADS). Some 81 countries, including Australia, New Zealand, Japan, Thailand, Singapore, the Philippines, Jamaica, South Africa, Germany, France, and several other EU countries, have applied for and received ADS, but the U.S. has not even submitted an application.

Agins interviewed Shan Zhong Zhu, Director of the China National Tourist Office, who said, “The government of China would like to send tour groups to the United States, and when your country opens its doors to the Chinese people, it will be the number-one destination for them.”

In the meantime, the U.S. is getting only a tiny percentage of the Chinese outbound market. J.W. “Bill” Marriott, Chairman and Chief Executive Officer of Marriott International, told the World Travel & Tourism Council recently that in 2005, only 200,000 of the 30-plus million Chinese overseas travelers came to the U.S. That’s just two-thirds of one percent! (Only about 34,000 Chinese passport holders visited Hawaii in 2004, the latest year for which statistics are available.)

Hawaii’s state government is more alert to the potential of Chinese tourism than most other states. Governor Lingle led a trade mission to China last year and has just announced a $2.3 billion, 12-year Airports Modernization Plan, which will make visiting Hawaii easier for future Chinese travelers—and for everyone else. The state’s Department of Business, Economic Development & Tourism, under Director Ted Liu, has established an office in Beijing to help provide information and assistance for government officials, businessmen and -women, and potential visitors. Liu says, “There’s no substitute for having somebody on the ground, both from a relationship-building perspective and also with specific projects.”

Honolulu Mayor Mufi Hannemann also recognizes China’s importance. This past April, he traveled to Shanghai, Zhongshan, and Beijing, reciprocating a visit the previous month by China’s Vice Premier, Madame Wu Yi, at which time an agreement was signed between the state and Chinese officials to facilitate travel between Hawaii and China and participation by local companies in China’s tourism industry.

We, as a company, need to get ready for the day when visitors from China will be surfing www.outrigger.com and www.ohanahotels.com, booking individual and group reservations, checking into our hotels, making purchases in our shops, and eating in our restaurants. There are many, many details to consider.

If the U.S. lightens up on its visa requirement and receives Approved Destination Status from China, we may be working on those details much sooner than we ever thought possible. It would be a good thing for Hawaii, and for our country as a whole.