

*Research article***The evolution and new trends of China's tourism industry****Yanyun Zhao and Bingjie Liu\***

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**Abstract:** Tourism has become one of the fastest growing industries of the national economy in China. In 2009, the 41 document “Several Opinions on Accelerating the Development of Tourism” of national development and reform commission has made it clear that the tourism industry should be cultivated into a strategic pillar industry of the national economy, which also marks the establishment of the strategic position of tourism industry in our national economy. This article analyzes the current situation of China's tourism industry from the three aspects of domestic tourism, outbound tourism and inbound tourism, and analyzes the development process of China's tourism industry under the guidance of policies. It is divided into political reception period, tourism earning period, tourism popularization period and tourism integration period. Subsequently, this article systematically analyzes the new trends in China's tourism industry. Finally, conclusions and suggestions are given.

**Keywords:** tourism policy; tourism development; Chinese tourism**JEL Codes:** L83, L88, Z13, Z18

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**1. Introduction**

As the economy into the new normal in China, a number of industries are facing surplus and slowdown, but the tourism industry is thriving. According to “The Travel & Tourism Competitiveness Report 2017” of the World Economic Forum (WEF), the ranking of tourism industry in China rose from 71th in 2007 to 13th in 2019 in the global tourism competitiveness. China has become an important force in the world tourism pattern. After forming the largest domestic tourism market, China

has become the largest tourist generating country of outbound tourism in the world. In addition, the inbound tourism also keeps in the forefront in the world.

To analyze the development of China's tourism industry and understand the reasons behind the rapid development of China's tourism industry, it is necessary to understand the development process of China's tourism industry under different periods of policy guidance and industrial changes. This article aims to summarize the development characteristics and trends of China's tourism industry by dividing and sorting out the stages of China's tourism development. In the first part, we introduce the whole article; In the second part, we made a basic explanation of the current situation of China's tourism industry; In the third part, we have divided the development of the tourism industry since the founding of the People's Republic of China in stages, and analyzed the impact of both the market and policies on the development of tourism in each stage; In the fourth part, we analyze the current development characteristics of China's tourism industry and look forward to the future of China's tourism industry; the last part summarizes the full text.

## 2. General analysis of tourism industry in China

At present, the tourism industry develops steadily in China. The domestic tourism market continues to grow at a high speed, the outbound tourism market grows steadily and inbound tourism market is stabilizing and picking up.

### 2.1. Rapid growth of the domestic tourism market

The domestic tourism market continues to grow rapidly. In 2019, there were 6.01 billion domestic tourists, with an increase of 8.4% over the previous year; among them, 4.471 billion are urban residents with an increase of 8.5%; and 1535 million are rural residents with an increase of 8.1%. Domestic tourism revenue was 5.73 trillion yuan (1.36 trillion PPP US dollars)<sup>1</sup>, with an increase of 11.7%. Among them, urban residents spent 4.75 trillion yuan (1.13 trillion PPP US dollars), with an increase of 11.6%; rural residents spent 0.97 trillion yuan (0.23 trillion PPP US dollars), with an increase of 12.1%.

From 2008 to 2019, the per capita consumption of domestic tourism increased from 511 yuan (160.59 PPP US dollars) to 945 yuan (225.11 PPP US dollars), which is continuing to grow. The gap in expenditure per capita between urban residents and rural residents is narrowing. In 2019, the per capita domestic tourism expenditure of urban residents was 1062.6 yuan (253.12 PPP US dollars), and the per capita domestic tourism expenditure of rural residents was 634.7 yuan (155.33 PPP US dollars). The gap between urban residents and rural residents decreased from 574.1 yuan (180.42 PPP US dollars) to 427.9 yuan (101.93 PPP US dollars).

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<sup>1</sup> The purchasing power parity conversion rate of 4.198 we used comes from the OECD: <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>. This site is also the source of purchasing power parity conversion rates for other years.

## 2.2. Steady growth of the outbound tourism market

In 2019, under the influence of income growth and tourism consumption promotion, China's outbound tourism market has grown steadily. In 2019, the number of outbound tourists of Chinese citizens was 155 million, with an increase of 3.3% over the previous year. The growth rate was significantly slower than that of 14.7% in 2018. It is expected to be mainly dragged down by Hong Kong, Macau and Taiwan travels which account for a high proportion of outbound travels. Specifically, in 2019, the number of tourists from Macau increased by 10.5%, those from Taiwan increased by 0.7%, those from Hong Kong fell by 14.2%, and the total number of tourists from Hong Kong, Macao and Taiwan fell by 5.8%, mainly due to local events and the cancellation of individual visits to Taiwan in some mainland cities.

In terms of outbound travel destinations, Chinese tourists prefer Hong Kong, Macau, Taiwan and neighboring countries. Hong Kong and Macau remain the main destinations. At present, China's outbound tourism is still dominated by short distance travel. The number of tourists visiting Hong Kong, Macau and Taiwan accounted for more than 50%. Chinese tourists are keen to travel abroad. China has become the largest source of tourists for Thailand, Japan, South Korea, Vietnam, Russia, Maldives and the United Kingdom. It can be seen from Table 1 that from 2008 to 2019, Thailand, South Korea, Canada, Australia, and New Zealand have seen their tourist arrival rankings rise while Vietnam, the United States, Russia, Malaysia and other places fell in the rankings in the number of tourists. The rankings of Japan and South Korea are relatively stable. It can be seen that Thailand, Japan and South Korea have become the biggest beneficiaries of China's outbound tourism.

**Table 1.** The rankings of major destination countries of outbound tourism in China according to arrivals.

Ranking	Arrivals	
	2008	2019
1	Japan	Japan
2	Vietnam	South Korea
3	South Korea	United States
4	Russia	Thailand
5	United States	Australia
6	Singapore	Singapore
7	Thailand	France
8	Malaysia	United Kingdom
9	Australia	Canada
10	Myanmar	New Zealand

Source: The data is based on the "China Tourism Statistics Bulletin in 2008", "China Tourism Economic Blue Book (No.12)" and "China Industrial Information Research Institute-2019 Chinese Citizens' Outbound Tourism Development Bulletin".

### 2.3. Inbound tourism market is stabilizing and picking up

Overall, China's inbound tourism market is developing steadily. According to statistics released by the Bureau of Statistics and the Ministry of Culture and Tourism, in 2018, there were 47.95 million inbound foreign tourists (including those from neighboring countries to China). From 2008 to 2018, the rankings of international tourist arrivals in China remained stable. International tourism revenue reached 127.103 billion U.S. dollars, with an increase of 3.0% over the previous year. The rankings of international tourism receipts in China increased by three places, and its proportion in the world kept rising. It can be seen that the consumption level of foreign tourists in China has increased, which also shows that China's tourism market has become more and more mature. China's inbound tourism has great potential.

Tourist generating countries to China are mainly concentrated in the neighboring countries (Table 2). In recent years, South Korea has been the largest source of tourists to China. Although Japan is the second largest source country of tourists after China, the number of tourists has declined. This may be mainly due to the tension in China-Japan relations in recent years. Russia, Malaysia, Singapore, Mongolia and other neighboring countries are also the main source countries for tourists to China. Because of China's unique and mysterious Eastern culture, American tourists have always been interested in China. The United States has always been one of China's major tourist countries. Its ranking rose from the fourth in 2008 to the third in 2018.

**Table 2.** The main tourist generating countries to China and international tourist arrivals (ten thousand).

Ranking	2008		2018	
	Countries	Arrivals	Countries	Arrivals
1	South Korea	396.04	South Korea	419.35
2	Japan	344.61	Japan	269.71
3	Russia	312.34	United States	248.46
4	United States	178.64	Russia	241.55
5	Malaysia	104.05	Mongolia	149.43
6	Singapore	87.58	Malaysia	129.15
7	Philippines	79.53	Philippines	120.50
8	Vietnam	74.35	Singapore	97.84
9	Mongolia	70.53	India	86.30
10	Australia	57.15	Canada	85.02

Source: The data is compiled based on the "Website of the National Bureau of Statistics of the People's Republic of China", "Website of the Ministry of Culture and Tourism of the People's Republic of China" and "China Tourism Statistical Yearbook".

### 3. The evolution of China's tourism industry

With the continuous improvement of the country's comprehensive strength and national living standards, China's tourism industry has achieved leapfrog development. The tourism market is becoming more and more mature. From the economic perspective, the fundamental reason is the

expansion of domestic demand and the improvement of consumption levels, the upgrading of consumption structure, and the important industrial transformation such as Internet technology revolution. Meanwhile, the effective operation of the industrial economy must depend on the regulation and guidance of industrial policies. The different development characteristics of China's tourism in different periods are the result of the combined effect of different tourism policy guidance and industrial reforms. Government use policy tools to influence and adjust the development and process of the tourism industry, and have a guiding role in tourism development.

At the beginning of the founding of PRC, the level of productivity and comprehensive national strength were relatively low. At this stage, the tourism industry was mainly responsible for receiving foreign affairs personnel and was given a strong political function. After the reform and opening, the focus of tourism has shifted from reception of foreign affairs to economic construction. After Deng Xiaoping's speech on his southern tour in 1992, the domestic tourism industry has developed vigorously. The tourism concept has changed from tourism product to tourism industry. Subsequently, under the guidance of Xi Jinping's new era of socialism with Chinese characteristics, the Chinese government put forward the concept of "all-for-one tourism" and implemented tourism supply-side structural reforms. Tourism began to enter the stage of quality development, and the tourism concept changed from tourism industry to integration development of tourism.

### *3.1. Political reception stage (1949–1978)*

In the early periods of the founding of PRC, the economy was sluggish and there was no social environment for the development of tourism. At this stage, the tourism industry was mainly responsible for receiving foreign affairs personnel and made important contributions to expanding political influence and strengthening international friendly exchanges.

#### *3.1.1. Policy guiding factors*

The "Opinions on Improving the "Travel Permits" for Diplomats" issued by the Ministry of Foreign Affairs in 1955 clearly stated that foreign diplomatic officials in China can only travel in specified areas and require their own diplomatic card, public service card or passport registered by the Ministry of Foreign Affairs. In 1964, the Travel and Tourism Administration Bureau was established under the direct leadership of the State Council, and pointed out in its "Report on the First Tourism Work Conference" that the development of tourism should adopt the policy of "political leadership, steady progress, and gradual development". China's tourism industry reached the largest reception scale of foreign tourists since the founding of PRC in 1965: 12,877 person-times<sup>2</sup>. Since then, China's tourism industry has been equipped with a tourism administration agency with specialized functions, and China's tourism industry and tourism business activities have begun to enter a standardized development track.

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<sup>2</sup>Source: National Bureau of Statistics, PRC, <<https://data.stats.gov.cn/search.htm>>.

### 3.1.2. Industrial reform factors

Since the founding of PRC to the eve of reform and opening, under the guidance of the planned economic system, due to the lack of strong economic development and tourism market, China's tourism industry only has a basic industrial prototype. China's tourism industry in this period cannot be called "Industry", it basically depends on the government's reception of domestic and foreign guests. Under a strictly planned economy, social resources are allocated in strict accordance with government requirements, and the traffic is not convenient enough. From the perspective of demand, the economic level was low at that time and the overall national strength was relatively backward. The people's demand level remained at the level of meeting basic physiological needs, and the demand for travel and other leisure levels was extremely low. At the same time, from the perspective of supply, under the leadership of the government, the country has established two major systems, China Travel Agency and China International Travel Agency, and the lack of tourism agencies to serve ordinary people has restricted other forms of tourism activities.

From 1949 to 1977, there were only 137 foreign-related tourism hotels, 15,000 guest rooms, and 30,000 beds; the number of tourists visiting China throughout the year was 570,000, and the foreign exchange earnings from tourism were 262 million US dollars<sup>3</sup>. From the founding of PRC to the reform and opening, in the process of fulfilling the mission of foreign affairs reception, China's tourism industry has been initially constructed and developed, but the overall scale is small and does not yet have the characteristics of a modern industry.

### 3.2. *Income generation stage (1979–1991)*

In 1978, the Third Plenary Session of the Eleventh Central Committee made the decision to reform and opening, shifting the work center of the party and the country to economic construction, and the market economy mechanism began to be introduced, which provided a favorable macro environment for the development of tourism. At the beginning of reform and opening, under the "exogenous" demand brought about by the strong impact of the international tourism market at that time, especially the prominent function of tourism for earning foreign exchange, it brought a strong impetus to the development of China's tourism, especially inbound tourism. The rapid development of the domestic economy has increased the national material level, changed the consumption structure, and promoted "endogenous" tourism demand, which in turn promoted the development of domestic tourism.

At this stage, under the dual effects of policy guidance and industrial transformation factors, from the perspective of supply, the tourism infrastructure is continuously improved, and the tourism management system is gradually improved, which provides a basic guarantee for the development of the tourism industry; from the perspective of demand, the rapid development of domestic economy has prompted the reform of the consumption structure, and the rapid growth of tourism demand has promoted the further improvement of the tourism industry.

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<sup>3</sup>Source: National Bureau of Statistics, PRC, <<https://data.stats.gov.cn/index.htm>>.

### 3.2.1. Policy guiding factors

In 1978, the “Report on the Request for Instructions on the Development of Tourism” approved by the Central Committee of the Communist Party of China changed the “Travel and Tourism Bureau” from an administrative agency serving foreign affairs to an economic management agency; in 1979, the National Tourism Working Conference specified tourism as an economic industry, which means that the tourism industry should be transformed from a “political reception type” to an “economic management type”. Subsequently, the National Tourism Working Conference in 1986 pointed out that the development of the China’s tourism industry is an important part of economic construction and the creation of foreign exchange. Under the guidance of this series of policies, the main task of the tourism industry has been transformed into income generation. In order to achieve this goal, the Chinese government has increased the construction and investment of tourism infrastructure, and the tourism industry element development policy has begun to appear.

In 1979, at the Beidaihe Conference, the Chinese government proposed to build a foreign-related hotel in each provincial capital city. This policy provided basic facilities for inbound tourism. In 1985, the State Council approved the “Report on Several Issues”, which puts forward the guidelines for the joint development of tourism by the state, localities, departments, collectives and individuals, and speeds up the construction of tourism infrastructure; in the seventh five-year plan, the central government directly allocated 2.5 billion yuan to the National Tourism Administration for tourism infrastructure construction<sup>4</sup>. These policies to support the development of tourism elements enabled the rapid development of China’s tourism during this period and effectively promoted China’s inbound tourism.

### 3.2.2. Industrial change factors

In the early stage of reform and opening, various industries faced the problems of how to reform and how to open up. As an industry that can reach foreign guests, tourism quickly became the most cutting-edge open industry. The tourism industry has transformed from a diplomatic career that only serves foreign reception affairs and to an economic industry that can develop independently. On the one hand, the tourism industry undertakes the task of generating foreign exchange for the country. With inbound tourism as the core, the Chinese government has made great efforts to improve the development level of inbound tourism with the star-rating standards for foreign-related hotels. On the other hand, the government took the lead in implementing corporate management in the tourism industry, which freed the tourism industry from the shackles of administrative management and promoted the market-oriented development of the tourism industry.

As the degree of marketization of the economy continues to deepen, the disposable income of citizens has increased significantly, and more and more citizens have the economic ability to travel independently. The changes in the domestic consumption structure have spawned more tourism demand. The combination of expanding tourism demand and policies aimed to reform the tourism economy has promoted the development of the domestic tourism industry. At this stage, inbound

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<sup>4</sup>Source: Statistical Bulletin of China’s Tourism Industry During the Seventh Five-Year Plan, Planning and Statistics Department of National Tourism Administration.

tourism was the mainstay, and domestic tourism was supplemented. The tourism industry was undertaking the task of earning foreign exchange for the country and taking the lead in implementing corporate management in the country. It became an important income-generating industry for economic development at that time.

From 1979 to 1991, the number of inbound tourists increased to 33,349,800, and foreign exchange income from tourism was 2.845 billion US dollars, which were 58 times and 10.8 times that of 1977. Correspondingly, the tourism infrastructure has also been greatly improved. As of 1991, there were 2130 foreign tourism hotels, which was 15.5 times the number in 1977<sup>5</sup>.

### 3.3. Popularization stage (1992–2011)

In 1992, Deng Xiaoping delivered a speech on the Southern Tour, marking that China has entered a new stage of accelerating reform and opening, and shaping a favorable institutional environment and policy space for the development of tourism. During this period, people's living standards have improved, tourism has become a popular leisure lifestyle that ordinary residents can participate in, creating a tourism industry system that integrates tourism suppliers, tourism media, tourism consumers, and tourism support conditions.

#### 3.3.1. Policy guiding factors

The "Opinions on Actively Developing Domestic Tourism Industry" issued in 1993 clearly stated that domestic tourism should be included in the national economic and social development plan, and efforts should be made to develop mass tourism products. This policy aimed to expand the scale of development of the domestic tourism industry in many aspects and to promote a more vigorous development of the domestic tourism industry. In 1997, the "Interim Measures for of Chinese Citizens' Travel Abroad at Their Expenses" was promulgated, and China's outbound tourism market officially opened. In 1999, the State Council issued the "National Holidays and Anniversary Holidays". The emergence of the golden week for tourism greatly stimulated the development of domestic tourism; in 2009, the "Opinions of the State Council on Accelerating the Development of Tourism" clearly stated the strategic goal of "cultivating tourism into a strategic pillar industry of the national economy and a modern service industry that the people are more satisfied with" will play a major role in promoting the new pattern of future tourism development.

In order to cope with the development of tourism and the growth of tourism demand, policies on tourism supply have also been promulgated accordingly, and the domestic tourism market was continuously expanded through the construction of new tourist attractions and supporting measures. In 1992, the State Council issued the "Notice on Issues Concerning the Trial Establishment of National Tourism Resorts" and approved the establishment of 11 national tourist resorts; in 2001, the "Notice of the State Council on Further Accelerating the Development of Tourism Industry" proposed to further expand the content of tourism products and vigorously develop ecological tourism and urban tourism,

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<sup>5</sup>Source: National Bureau of Statistics, PRC, <<https://data.stats.gov.cn/index.htm>>.

and plan to build a number of new tourist attractions. The promulgation of these policies and measures provides a good policy environment for the arrival of popularization stage.

### 3.3.2. Industrial change factors

During this stage, China entered WTO, and the tourism industry seized the opportunities of market reform and developed rapidly. Through the reform of tourism marketization and the opening of the travel agency industry, the development of the tourism market and industry have been promoted. One outstanding change is that domestic tourism has begun to receive attention, and the tourism industry has developed from focusing on inbound tourism to both inbound tourism and domestic tourism. After more than ten years of accumulation of reform and opening, the domestic tourism industry is facing changes, that is, while strengthening industry management, promoting tourism market reforms, fully releasing the vitality of tourism market players, and promoting the development of the tourism industry.

At the same time, weekends and national anniversary days have promoted the emergence of “Tourism Golden Week”, which has greatly stimulated the travel demand of the domestic people and the development of tourism and related industries. The tourism industry has transformed from an industry dominated by inbound tourism to a modern service industry that meets the needs of the public. In order to meet market demand, the tourism industry continues to accelerate its development, further expand the connotation of tourism products, broaden the service content of the tourism industry, and promote the development of the domestic catering industry, transportation industry and accommodation industry. The tourism industry has transformed from product tourism to mass tourism. The tourism industry has gradually developed into a tourism industry system integrating tourism suppliers, tourism media, tourism consumers, and tourism support conditions. The development of tourism at this stage is mainly concentrated on the growth of the quantity of domestic tourism, however, the development of the quality of tourism such as environmental protection, tourism product cost performance, and tourism safety is still insufficient.

As of 2011, the total number of domestic tourists was 2.614 billion, and the total domestic tourism revenue was 1.93 trillion yuan (0.55 trillion PPP US dollars), which were 8.8 times and 96 times that of 1991; domestic tourist attractions also achieved rapid growth at this stage<sup>6</sup>.

### 3.4. *Tourism integration stage (2012-present)*

Since the 18th National Congress of the CPC in 2012, the development of China’s tourism industry has entered a brand-new period. As a comprehensive industry, the tourism industry, in accordance with the overall layout of the “five in one” and the development requirements of the “four comprehensive”, has emerged as a coordinated development model of “tourism+”. In this stage of development, China’s tourism industry’s focus has begun to shift from quantity to quality, continuously deepening the reform of the tourism industry, improving the quality of tourism development, and promoting the coordinated economic and social development.

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<sup>6</sup>Source: National Bureau of Statistics, PRC, <<https://data.stats.gov.cn/index.htm>>.

### 3.4.1. Policy guiding factors

The “Outline for the Development of Tourism Quality (2013–2020)” promulgated in 2012 proposed to nurture the tourism industry into a modern service industry that is more satisfactory to the people; in 2015, the concept of all-for-one tourism was formally proposed. This document has changed the development direction of China’s tourism industry, pointing out that the integrated development of tourism and other industries is an important direction for current tourism; the “Guidelines for the Creation of All-for-one Tourism Demonstration Zones” issued in 2017, which promoted the transformation of the tourism industry from the construction and management of single scenic spots to integrated destination services; In February of the same year, the National Tourism Development Planning Conference pointed out that the development of all-for-one tourism is the core path of tourism development during the “13th Five-Year Plan” period; in 2017, the Premier Li Keqiang officially pointed out that the creation of all-for-one tourism should be included in the “Government Work Report” of the State Council, and once again clarified that the current development path of the tourism industry is the integration development of the tourism industry and other industries. The establishment of the Ministry of Culture and Tourism in 2018 not only shows that the influence of the tourism industry has penetrated into the national economy, culture, and life, but also reflects the importance and necessity of the integrated development of tourism and cultural industries.

The integration development of the tourism industry and other industries involves various aspects. For example, in 2013, the “National Tourism and Leisure Outline (2013–2020)” promulgated the “tourism+” form, encouraging sport tourism, agricultural tourism and other elements to join the tourism process ; the “Thirteenth Five-Year Plan for National Tourism Informatization” issued by the National Tourism Administration in 2017 revealed the important position of information technology applications in the development of China’s tourism industry, encouraging the integrated development of (mobile) Internet, Internet of Things, artificial intelligence, computer simulation, big data and other technical fields with tourism; the “Outline for Building a Powerful Transportation Country” issued by the State Council in September 2019 clearly proposed to deepen the integrated development of transportation and tourism, and improved transportation facilities such as passenger transportation hubs and expressway service areas, pointing out the direction for the integration of tourism and transportation in the new era.

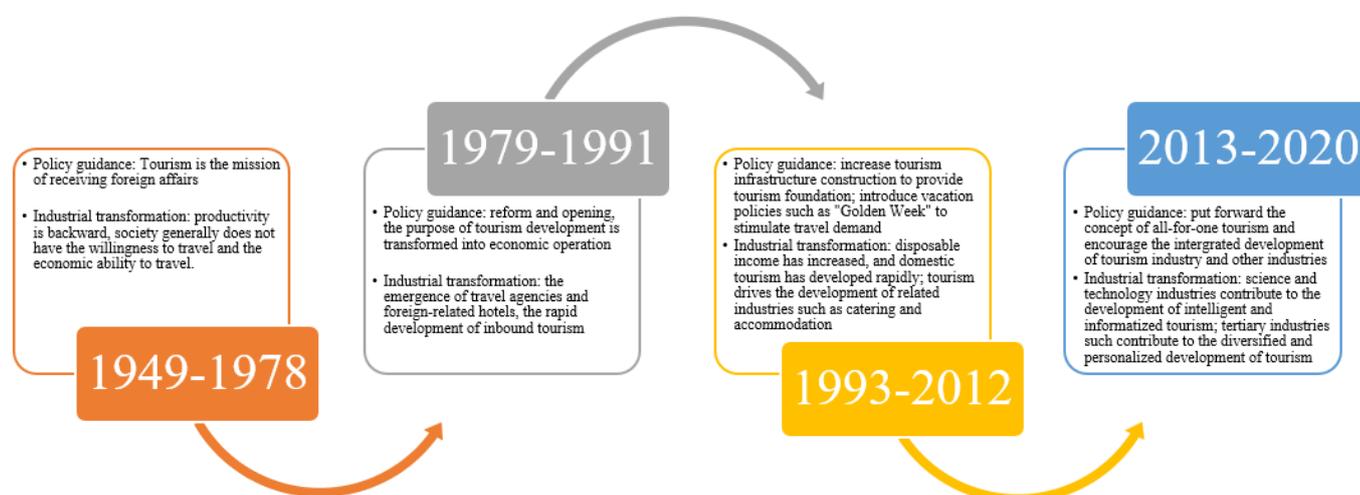
### 3.4.2. Industrial change factors

Since the 18th National Congress of the Communist Party of China, tourism has become one of the main driving forces driving China’s economic growth. The tourism market has become increasingly mature. From an economic perspective, the fundamental reason is the expansion of domestic demand and the improvement of consumption levels, as well as the upgrading of consumption structure, or the important industrial transformation of the technological revolution. With the increase in the popularity of tourism, tourists’ requirements for tourism not only stay at the quantitative level of visiting more tourist attractions, but also put forward higher quality demand for of tourism service, such as convenience, innovative forms and content richness. In order to improve the tourist experience, tourism suppliers continue to introduce new innovations: tourism companies complete the tourism network and

provide more comprehensive information services online; tourist attractions create smarter tour procedures, build smart attractions to optimize tourism experience; tourist businesses launch cultural tourism, Health-preserving tourism, research-study tourism, and other special tourism integrated with other industrial elements to increase the attractiveness of tourism products.

Generally speaking, in order to meet the increasing demand for tourism quality of tourists, China's tourism industry has used the power of other industries to innovate. The tourism industry is no longer an industry that only integrates tourism-related industries such as catering, transportation, and accommodation, but also developed into a comprehensive industry integrated with other major industries: the technology industry facilitates the development of intelligent and informatized tourism; tertiary industries such as cultural industry and leisure industry facilitate the diversified and personalized development of tourism products.

In this stage, the tourism industry has become a pillar industry of China's economy. Not only the tourism industry itself promotes the rapid development of China's economy, but also promotes the development of elements that can be integrated with tourism, such as technology, culture, and sports. In 2019, the comprehensive contribution of tourism to China's GDP reached 10.94 trillion yuan (2.61 trillion PPP US dollars), accounting for approximately 11.05% of China's total GDP<sup>7</sup>, while the contribution rate of developed countries is between 5–9%<sup>8</sup>. At the same time, the tourism industry has also created more jobs. In 2019, 28.25 million people were directly employed by tourism and 51.62 million people were indirectly employed by tourism<sup>9</sup>. The total number of direct and indirect jobs accounted for 10.31% of the total employed population in the country.



**Figure 1.** The Development stage of China's tourism industry.

<sup>7</sup>Source: National Bureau of Statistics, PRC, <[http://www.stats.gov.cn/tjsj/zxfb/202002/t20200228\\_1728913.html](http://www.stats.gov.cn/tjsj/zxfb/202002/t20200228_1728913.html)>.

<sup>8</sup>Source: UNWTO Tourism Statistics, <<https://www.e-unwto.org/toc/unwtotfb/current>>.

<sup>9</sup>Source: Ministry of Culture and Tourism of the PRC,

<[https://www.mct.gov.cn/whzx/whyw/202003/t20200310\\_851786.htm](https://www.mct.gov.cn/whzx/whyw/202003/t20200310_851786.htm)>.

## 4. New trends in China's tourism industry under industrial reforms

### 4.1. *The huge potential of cultural tourism and sports tourism*

Cultural tourism and sports tourism are the emerging industries with the depth integration of the tourism industry, cultural industry and sports industry. The combination of culture, sports and tourism can add value to each other. At present, cultural tourism and sports tourism have a very good development prospect. China's government has promulgated the "Views on further expansion of consumption in the areas of tourism, cultural, sports, health, pension, education and training, etc", "Guidance on the development of sports tourism" and "Implementation plan of cultural tourism promotion project in the period of the thirteenth five-year plan", and so on, which have won a favorable policy environment for the development of cultural tourism and sports tourism.

In the cultural tourism, with people's demand for cultural tourism products continues to increase, cultural tourism industry chain is also constantly expanding and enhancing. It shows a multi-field, multi-industry and multi-region development momentum. In some development bases or parks of cultural tourism industry in China, they have formed a trend of diversified cluster, such as the industrial parks on the theme of film and television base in Hengdian and Song City, the industrial parks on the theme of historical and cultural ancient city in Xi'an and Luoyang, as well as the culture park on the theme of science and technology innovation in Shenzhen. According to the development forecast of the cultural tourism industry by the China Investment Consulting Industry Research Center, in 2023, the income from patriotic cultural tourism will reach 988.6 billion yuan (235.35 billion PPP US dollars), and the income from tourism performances will reach 14.28 billion yuan (3.39 billion PPP US dollars).

In terms of sports tourism, according to data from the National Tourism Administration, China's actual investment in sports tourism reached 260.5 billion yuan (61.96 billion PPP US dollars) in 2018, with an increase of 15%. New forms of sports tourism such as rock climbing, skiing, adventure, diving, etc. have become a new bright spot for investment. CYTS Holdings Limited, Hna tourism, Ali tourism and other large tourism enterprises are accelerating investment in sports tourism. With the strengthening of people's exercise consciousness and the increase of enthusiasm to sports races, sports tourism market is expanding year by year. According to the research report on CITIC Investment Securities, the scale of sports tourism in China will up to 1 trillion Yuan (0.24 trillion PPP US dollars) in the future. In addition, sports tourism is being actively developed all over the country, such as Chongqing actively builds sports tourism area, and it has attracted a lot of tourists; Zhenjiang builds some towns with characteristics of sports and health to promote the development of tourism.

### 4.2. *Holiday is the pinnacle of tourism*

Holidays are the most prosperous period of China's tourism industry. The "Regulations on Public Holidays for National New Year's and Memorial Days" and the "Regulations on Paid Annual Leave for Employees Announced by the State Council" have stimulated the travel demand of the people. During the holidays, new tourism products and new routes are created to promote the development of tourism. Tourism companies have also organized various tourism activities to meet the growing demand for Chinese tourists. During the holidays in recent years, the total number of tourists and

tourism income in China have been developing rapidly. For example, during the Spring Festival holiday in 2019, the total number of tourists visit nationwide reached 415 million, with a year-on-year increase of 7.6%; tourism revenue was 513.9 billion yuan (126.7 billion PPP US dollars), with an increase of 8.2% year-on-year<sup>10</sup>, and the tourism market was prosperous.

#### *4.3. High-speed rail promotes the rapid development of China's tourism industry*

The mode of transportation determines the mode of tourism, and the transportation revolution is an important technical factor affecting the development of China's tourism industry. High-speed railway can not only save people's travel time, but also improve people's travel environment. As of 2018, China's high-speed rail operating mileage reached 29,000 kilometers, more than 2/3 of the world's total high-speed rail mileage<sup>11</sup>. At the same time, Tuniu.com stated in its "2018 High-speed Rail Travel Consumption Report" that the number of bookings for high-speed rail travel in 2018 increased by 25% year-on-year. High-speed rail helps consumers realize convenient, safe, and personalized travel, and has become the norm for people to travel. For instance, in 2016, during the Ching Ming festival period, the number of visitors who choose to take high-speed railways to the neighboring provinces of Guangdong province for sightseeing have reached 7 million, with an increase of 20% over the same period in 2015<sup>12</sup>. Taking the high-speed railway to travel has become a cultural fashion.

#### *4.4. "Internet + Tourism" promotes the new development of tourism*

In August 2015, the State Council of the People's Republic of China issued the "Opinions on Further Promoting Tourism Investment and Consumption". It requires to actively develop "Internet + Tourism". In addition, the number of Internet users in China was growing, from 620,000 in 1997 to 854 million in 2019, with an increase of 1377 times, and the Internet penetration rate reached 61.2%<sup>13</sup>. In 2017, the "Thirteenth Five-Year" National Tourism Informatization Plan issued by the National Tourism Administration pointed out the development direction of "smart tourism". A good policy environment and the rapid development of the Internet have created good conditions for the development of "Internet + Tourism".

Based on this background, Internet travel companies continue to emerge. The integration of modern science and technology tourism not only expands the market scale and development space of the tourism industry, but also improves the experience level of tourists and the dynamic ability of tourism supply to meet tourism demand, which is helpful to the transformation, upgrading and innovative development of the tourism industry. Therefore, the integration of the Internet and tourism has promoted the development of China's online travel market. From the perspective of tourism supply, tourism companies such as travel agencies and tourist attractions (spots) have introduced the Internet and artificial intelligence into the construction of smart tourism, using new information technology to improve the quality of products and

<sup>10</sup>Source: Ministry of Culture and Tourism of the PRC,

<[https://www.mct.gov.cn/whzx/whyw/201902/t20190212\\_837269.htm](https://www.mct.gov.cn/whzx/whyw/201902/t20190212_837269.htm)>.

<sup>11</sup>Source: National Bureau of Statistics, PRC, <[http://www.stats.gov.cn/tjsj/zxfb/201908/t20190829\\_1694202.html](http://www.stats.gov.cn/tjsj/zxfb/201908/t20190829_1694202.html)>.

<sup>12</sup>Source: 2016 China Tourism Statistics Bulletin.

<sup>13</sup>Source: The central People's government of the PRC, <[http://www.gov.cn/xinwen/2019-08/31/content\\_5426016.htm](http://www.gov.cn/xinwen/2019-08/31/content_5426016.htm)>.

services to expand the market. In 2011, the transaction volume of China's online travel market was only 106.21 billion yuan (30.14 billion PPP US dollars), but by 2015, this number had increased to 466.7 billion yuan (120.56 billion PPP US dollars), which is more than four times the amount in 2011.

In addition, online travel agencies (OTA) completely rely on technology carriers such as the Internet and big data to develop new business models that are different from traditional tourism companies. The integration of the Internet and the tourism industry has also contributed to the development of China's personal tourism market. Currently, personal travel has become the most important way for Chinese tourists. In 2014, about 96.4% of domestic tourists and about 64.1% of outbound tourists traveled through personal travel. In 2015, the growth rate of China's personal travel market was 16.7%, which is three times as the growth rate in the world.

#### *4.5. Good policies will promote the development of tourism*

With the "Belt and Road", "515 Strategy", "Tourism+", "All-for-one Tourism" and other tourism cooperation strategies successively introduced and implemented, the tourism industry has gradually ushered in the policy bonus period of entrepreneurship and innovation in China. In addition, other policies also contributed to the development of China's tourism industry. For example, "Regulation on Public Holidays for National Annual Festivals and Memorial Days" and "Announcement of the State Council on the Regulations of Paid Annual Leave of Employees" can contribute to the growth of tourism demand; "Guiding opinions of the Ministry of culture on speeding up the development of cultural industry" can promote the development of cultural tourism. It can be seen that the development of tourism industry is inseparable from a good policy environment in China.

#### *4.6. Preferential policies of many countries promote China's outbound tourism*

With the increase of economic power of China and the improvement of living standard of people, both the frequency of outbound tourism and the level of spending are higher and higher. In recent years, many countries continue to relax the visa policy for Chinese tourists. As early as 2003, Chinese tourists can apply for landing visa when they travel to Thailand. Furthermore, United States, Japan, Canada, Australia, Israel and other popular tourist countries also extend the visa period for Chinese citizens. In 2016, South Korea relaxes the application conditions of the multiple entry visa for Chinese tourists once again. As of February 22, 2017, the Chinese consular service network announced "The list of entry convenience for Chinese citizens who hold ordinary passports to the relevant countries and regions", which shows that there are 25 countries and regions opening visa-free and 37 countries and regions opening landing visa for Chinese citizens<sup>14</sup>. In addition, many countries' visa procedures for Chinese tourists also continue to simplify. Turkey and Malaysia implement online electronic visa for Chinese tourists; Some European countries have improved the process of visa application.

Under the impetus of the visa policies of many countries and regions, the outbound tourist departures from China have shown a clear upward trend in China. In 2019, there are 169 million outbound tourist

<sup>14</sup>Source: Ministry of Culture and Tourism of the PRC,

<[https://www.mct.gov.cn/whzx/qgwhxxlb/hn\\_7734/201901/t20190117\\_836971.htm](https://www.mct.gov.cn/whzx/qgwhxxlb/hn_7734/201901/t20190117_836971.htm)>

departures from China. The shopping market of outbound tourism has reached more than 700 billion Yuan (166.74 billion PPP US dollars). In the favorable environment of tourist visa policy, China's outbound tourism will show a larger upward trend in the future.

#### *4.7. The tourism market for rural residents has huge potential*

With the rapid development of rural economy, the improvement of rural residents' incomes and the increase of leisure time, the enthusiasm of rural residents to travel are increasing. In 2018, the disposable income of rural residents in China was 14,617 yuan (3476.93 PPP US dollars), with an increase of 8.8% over the previous year, and the per capita consumption expenditure was 12,124 yuan (2883.92 PPP US dollars), of which 2226 yuan (529.50 PPP US dollars) was spent on culture and entertainment, accounting for 10.7% of the per capita consumption. Tourism consumption of rural residents has become an important part of promoting the development of my country's tourism industry. At the same time, the rural infrastructure is becoming more and more perfect, making it possible for tourism consumption. The interconnection of urban and rural transportation facilities, the establishment of railway, aviation and high-speed transportation networks, and the development of rural road traffic have provided convenient transportation conditions for rural residents to travel.

From 2008 to 2019, the number of domestic tourists from rural residents in China increased from 1.01 billion to 1.54 billion, with a growth rate of over 50%. In 2019, the per capita expenditure of rural residents was 634.7 yuan (151.19 PPP US dollars) per person, 2.81 times that of 2008. From 2008 to 2019, the gap between urban and rural residents' per capita expenditure has been continuously reduced, and the gap between urban and rural residents has decreased from 574.1 yuan (179.48 PPP US dollars) to 427.9 yuan (101.92 PPP US dollars). We can see that the tourism market for rural residents has great growth potential. It will be an important topic to develop the tourism market for rural residents in the future.

## **5. Conclusions and recommendations**

From the above analysis, it can be seen that under the dual drive of policy guidance and industrial transformation, China's tourism development is divided into four stages. Generally speaking, China has entered the development stage of the integrated development of tourism industry and multi-industry. The tourism industry is developing well. However, there is a gap in the overall quality of tourism between China and Spain, France, the United States and other countries. The development quality of China's tourism industry needs to be improved. Therefore, the recommendations are as follows:

First, it is very important to develop high-speed rail construction and improve the high-speed rail network. One of the characteristics of tourism activities lies in the movement of geographical locations, and efficient and comfortable transportation will improve the experience of tourists. At the same time, good traffic protection can promote the agglomeration and development of regional tourism, and indirectly stimulate the development of tourism. While increasing the construction of transportation infrastructure and extending the mileage of transportation, it is necessary not only to build transportation hubs according to local conditions, but also to plan the distribution of railways, highways, and routes in a reasonable manner, and to uniformize transportation infrastructure.

Second, it is also important to improve the construction of information infrastructure and promote the development of “Internet + tourism”. With the continuous development of Internet technology and artificial intelligence technology, tourism and the Internet have been integrated in recent years, and concepts such as “smart tourism” and “smart scenic spots” have prevailed in tourism activities. Not only that, tourists are increasingly reliant on tourism information service websites such as travel websites and group buying websites. Promoting the development of “Internet + tourism” can improve travel efficiency and enhance tourist experience.

Third, vigorously encourage the development of cultural tourism, sports tourism, integrate cultural, sports and other resources, and promote the coordinated development of tourism and other industries. For example, tourism can be combined with traditional Chinese medicine culture to create tourism products that integrate leisure, health and culture; tourism and sports culture can be integrated developed, transform competitive sports into mass participation sports activities, and create new tourism products such as e-sports characteristic towns.

Fourth, it is of great significance to establish a sound tourism legal system and create a good policy environment for the tourism industry. This is also crucial for strengthening tourism cooperation with other countries and enhancing the international competitiveness of China’s tourism industry.

### Conflict of interest

All authors declare no conflicts of interest in this paper.

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