THE RISE OF TOURISM IN CHINA: CONSEQUENCES FOR EUROPE

Abstract

The spectacular growth currently being experienced by the tourism sector in China is an indication that in the not so distant future this country is likely to become the world's leading tourism market. European destinations such as France or Spain will lose their leading positions in the world ranking in terms of the volume of tourists they receive and the income generated by tourism to make way for this Asian destination. This is why the European tourism institutions and companies must focus their attention on this destination which will become a fierce competitor, but which will also generate enormous opportunities due to the growing number of Chinese tourists. The objective of this paper, therefore, is to analyse the consequences that the boom in the Chinese tourism market could have on the European tourism sector. A description of the characteristics of the Chinese tourism sector will be followed by a SWOT analysis which will provide the basis for a series of actions and measures which the main European tourism destinations should adopt in order to counteract this upsurge of the Chinese tourism sector.

Keywords: tourism, China, Europe, SWOT analysis, challenges, opportunities.

1. Introduction: Europe in the current tourism context

Europe is the most important and mature region in terms of tourism on a global level. It is the region which receives the most tourists and which earns the most tourism-generated income, followed, since 2002, by the Asia-Pacific region when it knocked the Americas from the second position (WTO, 2007). Europe receives 53% of international tourists, far ahead of the Asia-Pacific region which receives 20%, or the Americas with a 16% share, the Middle East with 6% and Africa with 5%.

However, in the last year, Europe was the only region whose growth, in terms of the number of international tourist arrivals, remained unchanged. This was not the case for the rest of the regions, with the Asia-Pacific region recording a growth of 2%, albeit much lower than the 11% of 2007. The Americas experienced a growth of 4% in terms of the number of tourist arrivals, the Middle East grew by 11% and Africa by 5% (WTO, 2009).

Forecasts for the coming year indicate the same trend in the case of Europe due to the fact that the main outbound tourist markets are in recession. However, positive results are expected for the Asia-Pacific region, the Middle East and Africa. In fact, those destinations which recorded the most positive results in 2008 were the Republic of Korea, Macao (China), Indonesia, India, Egypt, Lebanon, Jordan, Morocco and Turkey. However, in spite of this trend, the WTO (2007) forecasts that in 2020 Europe will continue to be the leading area in terms of the number of tourists it receives, although with a growth rate below the global average.

Although Europe, and more specifically countries such as France, Spain or Italy, still maintains a strong position as a tourism destination on a global level, this continent should not overlook the opportunities that the new tourism context has to offer in terms of adopting measures to improve its level of competitiveness. Within this new arena there is a dominant player: China, which will emerge as the world's leading tourism market, overtaking Spain and France, which until now have led the rankings in terms of both the number of tourists and the volume of income generated through tourism. This country has a population of more than 1.3 billion inhabitants, with a growing middle class of potential tourists, an area of over nine and a half million square kilometres, fourteen thousand kilometres of coastline, 148 airports, millions of kilometres of roads, waterways, etc. Moreover, within its borders there is an abundance of historical, cultural and natural resources. As observed by Liu and Wall (2005), China, with its immense geographical area, its ancient civilisation, its long history and its diversity of cultures and ethnic groups is endowed with distinctive tourism resources characterised by their variety, abundance, age and exclusivity. There may be no other country in the world with such diversity and unique places within its own territory as China, with its many local cultures and ethnic groups, customs and folklores (Wang, 1997)[1].

It is therefore inevitable that we should focus our attention on this destination, which, while being a strong competitor, can also offer enormous opportunities for those countries who learn how to identify and exploit them. So, the objective of this paper is to highlight some of the main threats and opportunities

[1] According to data from the UNESCO, China holds the third position in terms of the number of World Heritage Sites, with a total of 37 (26 cultural, 7 natural and 4 mixed) after Italy and Spain, with 43 and 40 respectively (http://whc.unesco.org/en/list).

inherent in China's emergence onto the global tourism scene for the main European tourism destinations, as well as the strengths and weaknesses of Europe to compete in this new tourism context. To do this, we will begin by describing the most prominent characteristics of the Chinese tourism sector on which we will base an analysis of the Strengths, Weaknesses, Opportunities and Threats (SWOT) that the Chinese tourism sector represents for Europe. Lastly, by way of conclusion, we will propose a series of actions and measures which will enable certain European destinations to adapt to the new global tourism context.

2. The phenomenon of tourism in China

2.1. Background information

As opposed to the situation in Europe, which is one of the oldest and most consolidated tourism markets, the Chinese tourism sector is still in its infancy (Zhang, Pine and Zhang, 2000). Although tourism was included for the first time in the national plan for economic and social development in 1986 (in the Seventh Five-Year Plan: 1986-1990), it was not until the end of the 1990s that tourism in China experienced rapid growth (Wang and Qu, 2004). This could be due to the growth of per capita income of Chinese citizens together with an increase in leisure time and the structural adjustments of the national economy (Wu, Zhu and Xu, 2000). More specifically, the rapid growth in tourism began after 1997, when the Chinese government decided to provide a range of measures to facilitate tourism trips (Tamames, 2007). It is in this year, 1997, that the 2nd phase of the development of the Chinese outbound tourism market began. Overseas trips for leisure purposes were officially authorized and ADS (Approved Destination Status) agreements were signed with Australia and New Zealand[2]. After this, overseas tourism began to grow, and the forecasted growth rates were tripled (Paños, 2009).

In spite of its late start, China is gradually becoming one of the world's leading tourism destinations. Ma, Ryan and Bao (2009) believe that tourism has become a sector of rapid growth with significant economic importance in the globalisation process. Likewise, Chen and Wang (2007) indicate that the tourism industry has emerged in very few years as the most rapidly growing sector and has expanded widely throughout the world. Tourism has become an important source of economic activity, employment, taxation, income and foreign currency for many countries, including China.

[2] Chinese citizens may only travel to those countries with which it has signed the Approved Destination Status.

More specifically, tourism in China represented 6.9% of GDP in 2007 (5% in 2006) and it is forecast to reach 8% in 2010. With respect to the number of jobs, the tourism sector employed a total of 72 million people in 2007 (64.5 million jobs in 2006, of which 17 million corresponded to direct jobs), which represents around 9% of the workforce of the country (López, 2006; Paños, 2009).

Within the context of global tourism, China held the fourth position in 2007 in terms of the number of international tourist arrivals (with a growth of 9.6% with respect to the previous year) and the fifth position in terms of income generated by international tourism (with a growth of 23.5%). Regarding outbound tourism, international tourism expenditure placed China in fifth position ahead of Italy and Japan, with a growth of 22.5% (WTO, 2008). Over the next few years, China is set to become the world's leading tourism market in terms of both inbound and outbound tourism.

It is predicted that China will be the world's leading inbound tourism market in 2020. In this year China is expected to attract 210 million foreign tourists, more than twice the volume that it currently receives, while its outbound tourists will amount to 100 million (WTO, 2004). And so China will emerge as the world's leading tourism destination and the fourth largest outbound tourism market, which would generate an income of 250,000 million euros, representing between 8 and 11% of GDP. However, if the current growth trend continues, China will become the world leader in terms of inbound tourists by 2014. (De la Morena, 2008; Paños, 2009). In any case, tourism is set to become one of China's most prominent industries.

It is estimated that in 2008 a total of 59 million tourists visited China while almost 46 million outbound tourists travelled beyond its borders (12% more than in 2007). The countries of origin of the majority of inbound tourists travelling to mainland China were (after Hong Kong, Macao and Taiwan), Japan, South Korea, Russia, the United States, Singapore, Malaysia, the Philippines, Thailand, Australia and the United Kingdom. As we can see, the Asia-Pacific region is the leading market with respect to outbound tourists visiting this country.

The favourite destinations of Chinese tourists who decide to travel abroad are Hong Kong (closely linked to luxury product shopping), Macao (the only place in China where gambling is permitted), South Korea, Japan, Vietnam, Russia, Singapore, Australia, the United States and Malaysia (Paños, 2009). Again, the Asia-Pacific region is home to the favourite destinations of Chinese tourists. In 2007, of the millions of Chinese travellers who decided to cross their borders, only 2 million visited Europe, 1 million travelled to

America, 0.5 million to Oceania and 0.26 million travelled to Africa (table 1). The rest of the Chinese outbound tourists travelled throughout Asia, Hong Kong and Macao (Paños, 2009).

TABLE 1

Of these 2 million Chinese tourists who visited Europe, the most popular destinations were, after Russia which we previously mentioned, Germany, France and England.

If we now examine the information regarding outbound tourism from Europe to China, there were a total of 6.2 million Europeans who travelled to this destination in 2007. The European countries with most outbound tourists visiting China are: Russia (by a large difference with more than 3 million tourists), the United Kingdom, Germany, France and Italy (table 2).

TABLE 2

In short, it can be observed that more than 6 million outbound tourists from Europe visited China (more than 11% of the total number of tourists entering China), while only 2 million (a mere 4.9%) of the total number of Chinese tourists travelling abroad visited Europe.

Defining the profile of the Chinese tourists who travel abroad may help us to understand their selection of destinations and the characteristics of the trips that they choose. A description of this profile follows below.

2.2. The profile of the Chinese tourist

The Chinese tourist is typically a middle-aged male. He is usually between 35 and 54 years of age, although today travelling is extending to a younger population of both sexes. Chinese tourists usually travel for leisure purposes, although outbound tourism for this reason is a recent phenomenon in China (Paños, 2009). This is closely followed by official government trips, whilst the third reason is for business trips.

Leisure trips usually have an approximate duration of between 10-15 days, while business trips last for less than a week. Chinese tourists who travel for pleasure are usually urban tourists who prefer to visit cities and who enjoy art, food or sports more than the sun and beach. They travel using air transport with an organised trip and stay in 3 star hotels (business tourists stay in 4 or 5 star hotels). They prefer to spend the least amount as possible on travelling and accommodation (as they only use the hotels for sleeping) and save their money for shopping, which is one of their favourite activities when they travel and one of the main reasons for travelling. However, although they do not use the hotel facilities, they do prefer to be offered some typical Chinese food, a kettle or hot water point for drinking or preparing Chinese tea and noodles, a bathrobe, slippers and a safe in the room as well as a Chinese TV channel. They usually visit several countries in one trip. This is why they are attracted to Europe as the countries are close together and they can visit an average of 5 different countries during their trip.

Shopping, particularly for luxury articles or brand names, is a very important aspect for Chinese tourists when selecting their destination. This is because luxury products in China are more expensive than in Hong Kong or Europe and shops selling this type of article are still scarce in China. It should not be forgotten that China is the world’s third largest consumer of luxury products after the United States and Japan. 27% of the Chinese population between 30 and 44 years of age regard foreign travel as a sign of social status. They are attracted by fashion and brands and the original or typical products of each country. Furthermore, it is customary for Chinese tourists to purchase gifts for their family and friends (De la Morena, 2008).

Many of them prefer to travel in a group because they have no experience in travelling abroad and are not familiar with their destinations. They usually require guides or interpreters due to the language barriers and as they do not usually research the destination for themselves, they prefer guides to take them to the most characteristic places of each destination and to provide them with information. These groups are usually made up of citizens from a growing middle-class. Chinese tourists who travel individually usually have a higher purchasing power, speak several languages and have previous experience in travelling abroad (Paños, 2009). In this case it is more difficult to obtain visas because this type of tourism is not covered by the ADS agreements or regulated by any policy and whether visas are granted or not depends on each embassy or consulate[3]. Travelling outside of China often depends on visas, one of the pitfalls in travelling to the West due to the slowness in processing them and the problems in obtaining them, as many visas are being denied in order to prevent illegal immigration. The logistical obstacles and problems in obtaining visas when travelling to the West have influenced the preference of the majority of Chinese to travel to other Asian destinations.

On the whole, Chinese tourists are highly sensitive to safety aspects in the destination. Moreover, they follow a reverse seasonality cycle as they travel outside the usual western holiday periods: The Spring Festival (January – February), which marks the beginning of the Chinese year, the Labour Day Holiday (in May) and the National Day of the People's Republic of China (1 October)[4].

Another interesting characteristic is that the level of spending of these Asian tourists is higher than the average. Specifically, it is estimated that an Asian tourist spends up to double the amount of a European tourist. The percentage of the Chinese population with a level of income that enables them to travel abroad is estimated at around 200 to 250 million (between 15% and 20% of the total population) (Paños, 2009).

In order to conclude the description of the Chinese tourism market, we will examine the situation of the Chinese business tourism sector.

2.3. The business tourism sector in China

Beginning with the hotel sector, in 2007 China had a total of 13,583 hotels with categories of between 1 and 5 stars, with an occupancy rate of 60.96% and more than 1.5 million hotel beds. Of these hotels, 369 were 5 star establishments, not including those recently built for the Olympic Games; 1,596 were 4 star hotels; 5,307 had 3 stars, 5,718 had 2 stars and there were 594 1 star establishments (Liu, 2008). The number of boarding houses, motels, private accommodation, hostels, etc., as a whole, exceeds the number of hotels.

More than 40 international hotel chains have a presence in China, with around 70 hotel brands. These chains largely dominate the superior category hotels, while the more economical hotels with a medium price

[3] The ADS agreements enable groups of Chinese tourists to travel to destinations via trips organised by authorised travel agencies to destinations with which these agreements are signed.

[4] The holiday policy has been recently changed in order to adapt it to the rest of the world. One of the changes that has been introduced is that holidays have been split to avoid the previous situation of a collapse in the transport systems during the so-called "golden weeks" of the holidays, which ultimately dissuaded the Chinese from travelling and forced them to remain at home.

are owned by national companies or investors. These hotels are designed for the domestic tourist who does not seek luxury accommodation because, as we have already commented, Chinese tourists prefer to spend their money on food or shopping in the destination (Paños, 2009). The hotel sector has been open to foreign investment for more than two decades, although each project ultimately depends on government approval. In fact, foreign investment is present in around 60 five-star hotels and 70 four-star hotels, although in many cases the investment is not formed by 100% foreign capital but by mixed capital contributed by both foreign and local investors.

Several studies have shown that Chinese hotels managed by foreign brands produce better results than those managed by local brands. This is fundamentally due to the fact that foreign companies are more competitive, with more efficient management models, recognised brands, greater experience etc. In this sector, international chains have a lot to offer in the light of the lack of knowledge with regard to hotel management in China, as it is still an emerging sector. The Chinese authorities believe that access to the know-how of hotel companies already consolidated on an international level is beneficial for the competitiveness of the sector. This is why the hotel sector was one of the first to be opened to foreign investment.

It is expected that the number of hotels will continue to increase over the next few years, due to, for example, Expo 2010 in Shanghai or the Asian Games of Guangzhou, also in 2010. The CNTA (China National Tourism Administration) has approved a multitude of luxury hotel projects and there are more than a thousand under construction. The economical hotel segment is also growing so we can conclude that this sector currently represents a huge growth potential. The CNTA has declared that more than 10,000 hotels are expected to be opened by 2015. A geographical redirection of the investment made in hotel facilities is also currently taking place, particularly with respect to the superior category, towards emerging cities or regions as there is already a high concentration in Beijing and Shanghai. This may be due partly to the increase in tourists travelling for business reasons to trade fairs which are held in different parts of China, such as Guangzhou (Guangdong), Dalian (Liaoning), Yiwu (Zhejiang), Kunming (Yunnan), etc; and also due to the desire for less well-known areas to benefit from tourism.

With respect to travel agencies, according to Liu (2008), in 2007 China had a total of 19,720 travel agencies of which 915 were tour operators with a license to send Chinese tourists abroad; 25 were mixed agencies (with foreign and Chinese capital) and only 10 were 100% foreign owned. These latter agencies are not permitted to engage in the outbound tourism business, only inbound and domestic tourism. However, in the future it is expected that the foreign travel agencies will have a greater presence in China and will be able to operate in the outbound tourism market.

The requirements necessary for a foreign travel agency to operate in the country are quite stringent. For example, to set up a joint venture, the foreign company must have a turnover of around 29 million euros and to open an affiliate with 100% foreign capital, a turnover volume of 367 million euros is required. Nevertheless, for the time being, the outbound tourism business will continue to be out of reach for the foreign agencies, except in Hong Kong and Macao where they are allowed to operate in this sector through an agreement with the government (Paños, 2009).

Therefore, there is a lot of liberalisation still to take place in this sector, and as this process advances and the market gradually opens up to foreign capital, overseas companies will have more business opportunities.

In the transport sector, it should be mentioned that China has the third most extensive rail network in the world and is developing high speed lines to link some of the most important points of the country, such as Shanghai and Beijing. The road network is best nearer the coast and more deficient in the rural areas. Therefore, in order to stimulate tourism in these areas, significant investment in infrastructures will be required in order to facilitate connections with rural destinations and the interior of the country.

It is air transport which deserves special attention as China has 148 airports, 40 of which operate with international routes. There are only 3 large Chinese airlines (after the ten previously existing airlines merged in 2002) that control 80% of flights in China. This sector is still largely restrictive to foreign investment and the private sector, although it is gradually opening up. The government has plans to construct new airports in the north and west of China as the majority of "entrances" to the country are located in the east and south (Paños, 2009). Recently, low cost companies have started to emerge, although they still have not had a significant impact. With respect to these companies, Chang et al. (2008) believe that the impact that these low cost airlines have had on the competitiveness of the domestic market in the European Union and the United States has been positive because it has raised competition between the two types of airline, stimulating an improvement in efficiency. It can be expected that this pattern will be repeated in Asia, where the competition with the low cost airlines is starting now. Furthermore, these airlines are a very important alternative for those countries with low incomes or with a deficient land transport infrastructure (for example, Malaysia) and greatly stimulate the tourism market.

Finally, with respect to the leisure and entertainment industry, we will briefly consider the situation with regard to golf courses and theme parks which represent segments where foreign capital companies may have a greater participation. The policies are somewhat imprecise in these businesses and the approval of foreign investment depends directly on the central government both with regard to theme parks and golf courses (Paños, 2009). Curiously, there are less than 1,000 golf courses in China and more than 60 theme parks which are lines of business with a rapidly increasing demand (De la Morena, 2008).

3. SWOT analysis of the Chinese tourism boom for Europe

We will firstly analyse the threats faced by some European destinations in the wake of the emergence of China as a world tourism leader, mainly in terms of the possibility of losing market share. Secondly, we will study the opportunities of the tourism boom in China from different points of view; in terms of attracting Chinese tourists; penetrating and investing in the Chinese market as it becomes more liberalised; and in terms of European travel agencies and tour operators generating business by offering trips to tourists who wish to visit China or other Asian countries. Subsequently, we will identify the main weaknesses of some European destinations in adapting to and benefiting from Chinese tourism. And lastly, we will highlight the strengths that Europe has in terms of attracting Chinese tourists or penetrating and competing in the Chinese tourism market.

3.1. Threats

The main threat for Europe posed by the boom of China as a leading tourism market is the loss of its leading positions in the ranking of tourism destinations, which until now has been dominated by European countries such as France, Spain and Italy. As we have already seen, according to the forecasts of the WTO, in the next decade China will lead the list of countries in terms of inbound tourists and income generated by tourism. This implies that there may be a decrease in the number of tourists visiting European countries in favour of outbound tourism to China. This shift may occur due to factors such as the opening of this country to the rest of the world, its greater popularity thanks to the Olympic Games, the attractiveness of this destination and its element of the unknown, its cultural richness, etc. All of this will also be facilitated by greater trade flows, the development of infrastructures, the increase in air connections from more and more countries to the Asian giant and the increasing number of tour operators that offer trips to China.

Also, recently, several airlines have increased their European connections with China, which will give rise to an increase in travellers from those countries which have flight connections. This is the case of airlines such as Lufthansa, which has added three new destinations to the four that it already offered from Frankfurt and from Munich; or SWISS, which has also added a daily flight to Shanghai and Hong Kong from Zurich; or Air Berlin which operates a flight from Dusseldorf to Beijing and Shanghai five times a week, with connecting flights to Berlin, Hamburg, Munich, Nuremberg, Stuttgart, Zurich and Vienna. These flights reinforce the confidence of the airlines of these European countries in the potential of the Chinese market.

In this light, with the objective of attracting more tourists and becoming the most popular tourism destination in the world, the Chinese airlines will add 27 routes to European and North American cities by the end of 2009 as part of their strategies directed at gaining market share. Air China will establish 12 new flights between China and European and North American cities such as Toronto, Rome, Berlin, Istanbul and Warsaw. China Southern Airlines will also add five new routes to destinations such as New Jersey or Moscow.

Generally speaking, all of these connections may be regarded as a threat for Europe as they will create more possibilities for European tourists to visit Asian destinations rather than other parts of Europe. However, for those countries that have flight connections with China this can be regarded as a strength when attracting Asian tourists. This is not the case for other countries whose insufficient connections represent a weakness, as we shall see later.

3.2. Opportunities

The main opportunity that this market offers Europe is the possibility of obtaining a significant market share of Chinese tourists who decide to travel overseas. There are still only a few Chinese tourists who decide to travel to Europe. As we saw earlier, in 2007 only 2 million of them chose Europe as a destination. We will later identify the reasons why Chinese tourists still do not travel to Europe very frequently.

One of the factors that condition the choice of destination is the price of the trip. While there are still not very many Chinese citizens who can afford to travel abroad, there is a trend indicating that there is a growing medium-upper class which will give rise to more tourists being able to travel outside of China in the coming years.

A report published by the European Tour Operators Association (ETOA), commissioned by the WTO and the European Tourism Commission (ETC) in order to study the prospect of China as an outbound tourism market, predicts that Europe could receive at least 5 million Chinese tourists by the year 2020.

These travellers, due to their previously described profile, represent an important opportunity for the sector: owing to their high average spending rate in the destination and also because they help to compensate seasonality, as Chinese holiday periods fall in what is considered to be the low season in may western countries. Furthermore, this would allow many European destinations to diversify the origin of their tourists and compensate the stagnation of some of their principal outbound tourism markets.

An opportunity for attracting a greater number of Chinese travellers resides in the business tourism segment. Given that there are an ever-increasing number of European companies that decide to expand into the Chinese market, the business trip market could hold a very promising future. The number of tourists who decide to take long trips and visit exotic Asian destinations is also on the rise. There is no doubt that after the image of China projected to the rest of the world through the Olympic Games, which will continue with Expo 2010 in Shanghai, the number of tourists who select China as a destination will increase.

On the other hand, there is also a window of opportunity for travel agencies, tour operators and European hotel chains who wish to establish themselves in China, as it is a market with a low level of saturation and with growth possibilities, as we have already mentioned. More specifically, the Chinese hotel sector is very attractive as its occupancy and profitability rates are very difficult to obtain in other countries.

3.3. Weaknesses

Europe has some weaknesses which limit the possibility of exploiting the Chinese tourism market. One of the reasons for the low number of Chinese tourists visiting Europe could be that the countries of the European Union (EU) received ADS status very late in comparison with other countries. The EU signed in 2004 while the first ADS agreements were created in 1997. So, until 2004, Europe was not one of the possible destination options for Chinese tourists. This may have curbed interest in discovering our continent and restricted the knowledge that Chinese citizens have of it today.

There are now 137 countries throughout the world that have signed an ADS agreement, together with the United States which has signed an equivalent bilateral agreement with China. The signing of these agreements has given rise to an increase in the competition between national tour operators to attract clients, with a subsequent reduction in prices in favour of consumers. However, the tour operators have reduced the quality of their services in order to maintain their profit margins and this trend is already having a negative impact on the image of Europe as one of the main destinations for Chinese tourists (Paños, 2009).

The high cost of processing visas and the slowness in obtaining them is another obstacle to increasing the number of Chinese tourists who visit Europe. In some European destinations, the requirements for obtaining a visa are becoming more and more stringent in order to avoid illegal immigration. For countries such as Spain this situation is aggravated by the scarcity of Spanish consulates (Antón, 2008).

Another weakness for some countries, which will set them at a disadvantage when competing for the millions of Chinese tourists travelling around the world, is the inadequate transport connections with China.

The geographical, cultural and linguistic distance, together with the poor adaptation of tourism facilities to the peculiarities of Chinese tourists represent a final weakness. A thorough knowledge of the Chinese culture and of the kind of services that Chinese tourists expect to find and how they expect to be treated would be necessary. The cultural and linguistic distance is an obstacle that reduces the competitiveness of a destination. In Europe, in general terms, tourism services are poorly adapted to the Chinese language in airports, hotels, transport services, tourist attractions, etc. It is very rare to find tourist leaflets and information about destinations printed in Chinese. It is also very difficult to find guides who speak the language and who can provide interpreting services. Neither are the restaurants or hotel services adapted to the Chinese diet. A thorough knowledge of the Chinese culture would have to be acquired in order to receive tourists from this country adequately. Table 3 shows some of the differences between European and Chinese citizens:

TABLE 3

A common error is treating the Asian tourist in the same way as any other western tourist, and treating all Asian tourists as if they were the same without differentiating between nationalities.

3.4. Strengths

Finally, we will define the Europe's strengths which will enable it to benefit from the Chinese tourism boom. Firstly, Europe has a vast cultural heritage. Cultural tourism is what Chinese tourists are most attracted to, and in this sense Europe has a whole array of historical and cultural richness to offer throughout its territory. But Europe also offers other types of tourism such as nature and rural tourism (which has been attracting Japanese tourists in recent years) sport or shopping. It simply needs to inform tourists of the complete range of options it has to offer and adapt them to the demand of these tourists.

A study carried out by Noya (2008) reveals that of the ten countries most highly rated by the Chinese in terms of country brand image, seven are European. Specifically, the ten top countries are: France, Germany, the United States, the United Kingdom, Switzerland, Italy, Canada, Russia, Australia and Sweden. Therefore, this represents an advantage for these European countries and a disadvantage for other less known or lower rated countries such as Norway, Denmark or Belgium which do not appear on this list.

The findings of this same study also reveal that the Chinese consider the best wine producer to be France, and identify the best shoe producer as Italy and the leading fashion producer as France again. Therefore, these destinations should take advantage of the image that Chinese tourists have of them in order to exploit this to the full. As we have already mentioned, the Chinese are the world's leading consumers of luxury products and their choice of destination when travelling is usually motivated by the possibility of purchasing quality products there. Those countries that are not yet known by the Chinese should begin to launch promotional campaigns to inform them of their heritage resources and their typical products that will attract these Chinese tourists.

On the other hand, as we have previously indicated, the increase in the number of flight connections with China from certain European countries represents a strength for these destinations when attracting Chinese tourists.

Finally, another strength resides in the tourism infrastructures that the majority of European countries have, principally hotels. Given the high number of hotel rooms and their quality, Europe is very well positioned and has sufficient capacity to accommodate Chinese tourists. Notwithstanding, a series of adaptations would have to be made to these infrastructures in order to compete for the Chinese market more efficiently.

4. Conclusions: recommendations for exploiting the Chinese tourism potential

By way of conclusion, we will examine some recommendations for overcoming the threats and weaknesses and exploiting the strengths and opportunities in order to benefit from the Chinese tourism potential in both of its dimensions – inbound and outbound. We will propose six lines of action: improving connections, improving price competitiveness, speeding up the visa process, increasing promotion, adapting supply and investing in China.

Firstly, the connections with some of the principal European tourism destinations, such as Spain, should be improved, so that any country could be an entrance door for the millions of Chinese tourists travelling around the world. Consequently, Europe will increase its possibilities of securing a significant market share, provided of course that this line of action is accompanied by the rest of actions identified below, such as promotion or adapting the tourism product.

In terms of price levels, as China increases its presence in the market, hotels will be obliged to review their rates as there will be fierce competition to gain a high share of inbound Chinese tourists. The first aspect that the Chinese tourist will take into account is price because, although they are interested in coming to Europe, this will be the primary differentiating element (Paños, 2009).

The visa problem is an institutional issue. In this respect, visa policies could be improved by relaxing the requirements for obtaining them, enabling the alternative use of passports to avoid passengers from being unable to travel because their visas have not yet been processed. These procedures could be speeded up, the duration of visas could be extended to last one year, new consulates could be opened, etc.

In terms of promotion, we believe that a more powerful marketing strategy is required to promote Europe, especially for those destinations which are less well-known outside of China, including an informative campaign of their historical and cultural heritage in order to improve the image that the Chinese have of Europe. In order for Europe to compete as a tourism destination, it is very important that countries invest in their country brand, in some cases so as to dispel associations with stereotypical and obsolete clichés such as in the case of Spain. In spite of the advantages which have been gained by initiatives based on an approximation on an institutional, business and cultural level, there is still a high degree of ignorance in China with respect to many European countries. In this regard, efforts made by governments and tourism institutions should be intensified to facilitate promotion and collaboration in tourism issues.

Given the increased use of the Internet in China, mostly by the more affluent classes and younger segments of the population, the online presence of the different European countries should be reinforced in the Chinese language.

With respect to how to "sell" Europe as a tourism destination, it would be interesting to carry out joint promotional campaigns between different countries. It is difficult for individual countries to promote themselves in China as the Chinese consider countries to be provinces within Europe (Bravo, 2008). In other words, Europe is considered to be a destination in itself. Furthermore, as we have stated above, the Chinese like to visit several countries in the same trip, therefore it would be interesting to be able to offer them tours through different parts of Europe.

Insofar as adapting the supply, new tourism products should be developed that would be able to attract more Chinese tourists and the existing supply should be adapted to the needs of this market. Chinese tourists travel for cultural reasons, they enjoy visiting museums, but they also enjoy contemplating landscapes and nature. Until now, the attitude of Asian tourists has been passive towards the tourism resources that they have been offered (Blanco, 2008). Attempts should been made to ensure that these tourists do not come solely to take photos of the sights but also get involved in the cultures and traditions of the countries that they visit. Different types of tourism should also be offered to them, such as nature, adventure, food, sport, etc.

The services that make up the tourism product of a destination should also be adapted (hotels, restaurants, transport, travel agencies, leisure venues…) in order to cater for tourists from these countries: translating signs, including typical Chinese dishes, translating restaurant menus…It is also important to treat Chinese tourists differently to other tourists, even other Asian tourists. In short, "Europe should adapt to China, and not vice versa"[5].

[5] Statements made by Wolfgang Arltm, chairman of a Chinese tourism project with its headquarters in Berlin, http://www2.eluniversal.com.mx/, March 2006.

To do this, companies need trained staff, not only in the language but also in the culture of this country (they should know how the Chinese people think, their customs, needs…). One way of bringing the Chinese and Western cultures closer together is through exchange programmes between university students or the so-called language tourism, as this could facilitate a greater social, professional and cultural closeness between the two countries (they will learn the language, customs, technology, get used to the food of another country, etc). Therefore, training programmes and exchanges between universities and training centres in China and Europe should be reinforced.

It is evident that all of the above should go hand in hand with a greater support from the competent authorities. They should provide more information and resources to tourism companies of European countries so they may learn the characteristics of this market and adapt as quickly as possible so they do not get left behind in the competitive race for Chinese tourists.

Lastly, more European tourism companies should be encouraged to expand and compete in China. This will require providing more information and business support, most of all when making investments or adapting to the regulations of the country, contacting local agents, etc. This step must not only be taken by large companies; small and medium-sized tourist companies must also take advantage of the initiative of their larger counterparts in order to expand into China.

In short, these are only some recommendations so that European destinations do not lose their competitiveness in the new world tourism environment. It is necessary for European businesses and institutions to be ever more aware of the growing evolution of Chinese tourism which will lead the world tourism market in a not so distant future.

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TABLES

Table 1: Principal Chinese foreign outbound tourism destinations 2007

INTERNATIONAL REGIONS	TOTAL CHINESE TOURISTS (in millions)	% GROWTH
ASIA-PACIFIC	37.2 (including Hong Kong and Macao)	20.10%
EUROPE	2	7.43%
AMERICA	1	0.74%
OCEANÍA	0.5	11.46%
AFRICA	0.3	36.15%
TOTAL	**41**	**11.86%**

SOURCE: adapted from De la Morena (2008)

Table 2: Principal European countries of outbound tourists to China 2007

OUTBOUND TOURISM COUNTRY	TOTAL TOURISTS (in millions)	GROWTH %
RUSSIA	3,003,867	24.90%
UNITED KINGDOM	605,094	9.50%
GERMANY	556,663	11.21%
FRANCE	463,392	15.22%
ITALY	215,212	10.18%
SWEDEN	145,138	11.98%
THE NETHERLANDS	194,079	15.63%
SPAIN	136,731	5.79%
SWITZERLAND	64,594	11.61%
AUSTRIA	63,300	2.93%
BELGIUM	65,760	14.79%
NORWAY	50,732	3.41%
PORTUGAL	48,273	8.50%
TOTAL EUROPE	**6,207,287**	**17.74%**

SOURCE: Liu (2008)

Table 3: Some differences between Chinese and European citizens

EUROPEAN CITIZENS	CHINESE CITIZENS
Express their feelings	Do not reflect their feelings
Are punctual	Are flexible with the timetable
Form orderly queues	Form multiple queues
Consider it best to start off on the right foot	Consider it best to start off on the left foot
Drink cold water and coffee	Drink hot water and tea
European restaurants are quiet	Chinese restaurants are noisy
Like meat	Like vegetables
Look a person in the eyes when speaking	Look away when speaking
Believe their boss to be of little importance	Believe their boss to be of great importance

Source: adapted from De la Morena (2008)