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## **Abstract**

After the change from a planned economy to a market economy in 1978, the Chinese travel industry has expanded enormously, and the luxury travel sector, in particular, is still growing fast. The prosperity of the Chinese population is constantly increasing, and more and more people can afford the luxury of tourism experiences. Today, China is recognised as one of the most important markets for many international businesses and companies interested in tapping into new, prosperous markets. This phenomenon is important to be studied for its speed and

The purpose of this study is to understand the cultural values, behaviour and expectations of the luxury Chinese traveller abroad. The research project provides an insight into the development of Chinese tourism, particularly in relation to Italy as a luxury destination, and an understanding of how Italian travel companies can promote their products and services to target customers through different media channels.

In order to better understand this phenomenon, direct data was collected through personal interviews with people who have a direct knowledge of and experience with marketing and travel, with a focus on the Chinese market. This method was chosen to gather in-depth information based on the respondents' experiences and views on the topic.

The findings indicate that Chinese luxury customers are difficult to segment; however, they do show some specific characteristics that differentiate them from other tourists. The data analysis also offers some general ideas on the Chinese tourism market and its development with a focus on Italy as a Chinese luxury tourism destination. Word of mouth and the Internet appear to be

the most relevant promotional channels to influence Chinese tourists' choices of travel destinations.

To conclude, some suggestions for further research are provided, in particular concerning further issues that can be analysed more in depth, such as other important characteristics of the Chinese culture and Chinese government implication in tourism.

## **Chapter 1: Introduction**

With a population of about 1.4 billion and a booming economy, China is seen as one of the most important markets for many international businesses, and companies understand the great opportunities that this market provides (Foyle, 2012). The shift that took place in 1978 from a planned economy to a market economy allowed for the emergence of the Chinese market, turning China into one of the most important countries in the world. The reshaping of the economy also uncovered the nature of tourism as an increasingly vital economic activity for the country. The last two decades have seen a substantial change in the Chinese tourism industry; in particular, a drastic growth in the number of Chinese tourists (Li Chen et al., 2016) positioned China as the largest tourism source market in the world in terms of spending (United Nations World Tourism Organization, 2014) (Jin and Sparks, 2017). The prosperity of the Chinese population is constantly increasing, and as more Chinese people can afford the luxury of tourism experiences, the outbound travel sector is constantly growing.

The tourism industry began developing in 1978, following the ‘open door’ policy initiated by Deng Xiaoping. Tourism appeared for the first time in a national plan for social and economic development as a contributor to modernisation. In 1978, Chinese citizens were only allowed to travel overseas for official, education or business purposes (Li Chen et al., 2016). From 1990 on, they started to travel following tours organised by the Chinese Travel Service to near destinations such as Thailand, Singapore and Malaysia. In 1997, the Approved Destination Status (ADS) scheme was officially introduced (Li Chen et al., 2016), allowing Chinese citizens to travel for leisure purposes. A few additional destinations were approved through bilateral agreements between the governments of nine nations. By 2014, the ADS list was rapidly extended to over 140 destinations, and Chinese citizens were allowed to apply for individual visas subject to a string of conditions depending on the destinations (Li Chen et al., 2016). Since 1978, the Chinese tourism industry has been increasingly drawing attention from

various governments, industries and the general public (Guangru et al., 2000). Western travel and tourism agencies have been competing hard to attract Chinese tourists to their respective countries.

Chinese outbound tourism is currently growing at an incredible speed. Official data shows that between 1994 and 2013, the number of outbound trips increased from 6.1 million to 98.2 million, with an average annual growth rate of 15.7%. These figures demonstrate that China is now the largest tourism market in terms of number of outbound visitors and travel spending (Li, 2016).

The challenge for foreign tourism-related brands that want to attract Chinese customers lies not only in captivating Chinese consumers' attention, but also in maintaining the demand in a society where brand infatuation is rapid. Statistics presented by the United Nations World Tourism Organisation show that in 2015, Chinese outbound tourists amounted to 128 million; the Chinese tourism market was 'the world's fastest developing major source marketplace', and it was among the major suppliers in the tourism industry. In July 2016, China accounted for 23.2% of international tourism expenditure (United Nations World Tourism Organisation, 2016).

Italy became part of the ADS list only in 2004, and since then it has attracted an increasing number of Chinese tourists every year. In 2015, the main Italian tourism office, Ente Nazionale Italiano Turismo, registered 3,338,040 arrivals and 5,378,298 presences in Italy. The number of arrivals and presences grew by more than 45.3% and 54.5% respectively in 2014 only (Italian National Institute for Statistics). A report on Chinese tourism in Italy entitled *Cina e Hong Kong Rapporto Congiunto Ambasciate/Consolati/ENIT 2017* shows that the average age of Chinese people travelling abroad is 25-34 (38,5%), followed by those in the 35-44 age group (26,20%). Given that young people aged in the range of 20-40 years old constitute the main

body of luxury consumer (Wang et al., 2011). Most of the Chinese tourists that travel to Italy come from the Beijing, Shanghai, Canton and Chongqing areas, and surprisingly enough, the majority of people travelling abroad are females (60.9%).

Since the outset of outbound travel in China, Chinese tourists have changed considerably. Today, they are more experienced and prefer to explore unfamiliar destinations rather than popular attractions. Furthermore, the use of technology in tourism – such as the Internet, mobiles, online review platforms and social media – plays an increasingly important role in travel decision-making, while the percentage of bookings through travel agencies has been falling (Li Chen et al., 2016).

The main objective of the dissertation is to understand the culture and behaviour of the luxury Chinese traveller abroad and make recommendations on how Italian travel companies can promote their products and services to Chinese luxury target customers through different media. When it comes to international marketing that aims at profit and client satisfaction, understanding the customer's needs and wants is essential, and these elements are inextricably linked to their culture and design for living (Ghauri and Cateora, 2014, p. 70). This research focuses on high-income professionals and entrepreneurs with a propensity for luxury holidays. The study formulates questions that specifically aim at achieving the overall objective while trying to identify the importance of marketing in the Chinese tourism sector as well as its effects and its obstacles. As the Chinese outbound tourism has tremendous growth potential (Keating and Kriz, 2008), this study area is becoming increasingly relevant for nations and government.

The materials used for the study include documents and books on the subject and interviews carried out personally with staff from different agencies that operate in this sector, to learn about their experience with Chinese customers and how important it is to understand their culture. The study contains a brief introduction to the Chinese tourist and their expectations,

the Chinese value system and the Chinese tourism industry related to Italy as a holiday destination. The following section analyses how the outbound travel industry is publicised; more specifically, it evaluates which kind of channels are the most valuable for the Italian travel industry in order to attract Chinese customers.