

Back to the future: lessons for the travel sector from China

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During the first quarter of this year we have learned that the future is not quite what it used to be. In fact, right now that future we all predicted – of a continued growth year – couldn't be further away.

Relative to Europe and North America, here in China we are now in the position of essentially already living in the future of travel.

Even in the Hubei province – where COVID-19 was first identified – travel restrictions have now been lifted and tourist sites across the nation are opening. This has been accompanied by a modest but encouraging return in hotel bookings at a domestic level here in China.

So what are the lessons for all of you in travel industry?

Firstly, domestic will recover first before international and in the next few months leisure travelers will choose destinations away from dense crowded spaces. Fresh air, green mountains and rivers, blue sky and the sea will be preferred by many people. Business travelers will prefer chain brand hotels at the mid-price level because of concern for both safety and budget.

And note that it is very likely that Chinese travellers will be the first to venture abroad for holidays once international restrictions are lifted. In fact just this week a survey by the China Tourism Academy and Trip.com showed that from around the end of May and June onwards it is likely that Chinese outbound travel will gradually pick up once the pandemic is controlled, border controls are lifted, and destinations open again. This most likely will start with neighbouring countries such Thailand, Japan and South East Asian countries generally, depending on the travel policy of each destination. Travel demand will gradually resume but clearly the destinations will be changed post COVID-19.

Given that Chinese travellers were already the biggest international travel segment before COVID-19 struck, when travel restrictions are eased and the recovery comes outbound Chinese tourists will present a significant opportunity to hoteliers around the globe keen to lift occupancy rates. Will your hotel be ready for that?

Secondly, we are seeing that concerns about safety are a focus for many travelers. Travelers will tend to be more cautious in selecting their travel agent, travel destination, airline or hotel. And those who responded professionally during the COVID-19 outbreak and who now have a compelling safety process in place will be strongly positioned. Will that feature in your sales, marketing and operations processes?

This is not just about the end traveller too, but about support for your partners right across the whole travel distribution chain. For example, our clients were eager to get up-to-date information and assistance during this unprecedented time, so we developed a dedicated [COVID-19 website](#).

Many small travel agents, travel operators and B2B resellers operating a low profit model will disappear or be change substantially after this crisis. That is because bigger players who have more stable finances and solid performance in the past can attract more capital to survive during this crisis. Will this change your choice and decision of partners afterwards?

Thirdly we expect that online travel, in the future may see a boost given that most people over the

last few months have now learned how to purchase anything and everything online. This 'purchase online' behavior will gradually turn into a permanent habit, so we believe that it will further accelerate the digitalization of the industry overall for the long term.

If you didn't have time to think about transformation your business model previously, now is a good time to focus on it! Especially for those 'Bricks-and-Mortar' travel agencies, who need to restructure their business practices to meet the changing demands and transaction into a 'Clicks-and-Mortar' business.

Last but not least, we are anticipating a significant increase in the number of travellers looking to take out comprehensive insurance before travelling. For travel agents and other intermediaries searching for extra ways to boost revenues, this could prove a rewarding cross-selling opportunity that your consumer customers will be truly grateful for.

In the film Back to the Future Part II, Marty 'returns' to the year 2015. Whilst 2015 may well be in the past for us, the reality is that many would welcome a return to the sales performance of that year. My view from China suggests that we may gradually return to-but that the travel landscape will look quite different.

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