



A thesis submitted in fulfilment of the requirements for the
degree of

DOCTOR OF PHILOSOPHY

**SOCIAL CHANGE AND THE CHINESE
TRAVELLER: GUANGDONG'S
OUTBOUND TRAVEL MARKET SINCE
1978**

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ABSTRACT

Since China opened its door to the world in the late 1970s, this most populous nation on earth has undergone significant reforms, which have had an enormous impact on its society, driving social changes in a profound and extensive way, and leading the country onto the path of social re-structuring. The reforms have also made significant change to China's consumption pattern, and have converted the nation's previously simple and under-supplied consumer market into a colourful and sophisticated consumption world.

In the context of China's Open Door Policy and Reforms introduced in 1978, and based on a study conducted between 2000 and 2003, this research attempts to identify the relationship between the nation's dramatic social change and a newly developed form of consumption, namely outbound travel, as well as to explore the influencing social dynamics which have shaped the nation's outbound travel market.

Key Words

Social change, outbound travel, social system, Open Door and Reform policy, consumption, social dynamics, travel pattern, interactive social relationship, population movement, pull and push forces, travel psychology.

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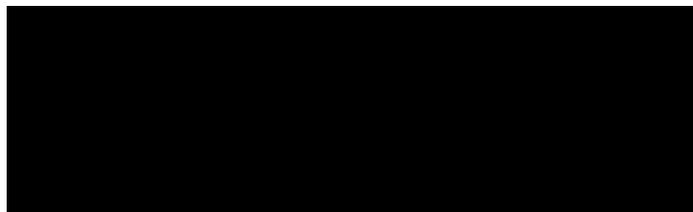
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DECLARATION

I, Cam Hong Tang, solemnly declare that the PhD thesis entitled “ Social Change and The Chinese Traveller. Guangdong’s Outbound Travel Market since 1978 ”, is no more than 100,000 words in length, exclusive of tables, figures, appendices, references and footnotes. This thesis is based on authentic research carried out by me and to the best of my knowledge, contains no material which may be fabricated or misleading, or has been published previously by another person, or has been accepted for the award of any other degree or diploma in any educational institutions.

Signature:



Date:

3 December 2005

Melbourne Australia

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LIST OF ABBREVIATIONS

1. ABS	Australian Bureau of Statistics
2. ADS	Approved Destination Status
3. ATC	Australian Tourist Commission
4. ATEC	Australian Tourism Export Council
5. CAAC	Civil Aviation Administration of China
6. CCP	Chinese Communist Party
7. CNTA:	China National Tourism Administration
8. CTIS	China International Travel Services
9. CTS	China Travel Services
10. DIEA	Department of Immigration and Ethnic Affairs
11. DIMA	Department of Immigration and Multicultural Affairs
12. DIMIA	Department of Immigration, Multicultural and Indigenous Affairs
13. ETDZ	Economic and technical development zones
14. FDI:	Foreign direct investment
15. FIT	Free and independent traveller
16. GDP	Gross Domestic Product
17. NAATI	National Accreditation Authority for Translator and Interpreter
18. PATA	Pacific Asia Travel Association
19. PLA	People's Liberation Army
20. PRC	People's Republic of China
21. RMB	Renminbi (Chinese currency)
22. SAR	Special Administrative Region
23. SARS	Severe Acute Respiratory Syndrome
24. SEZ:	Special Economic Zones
25. SOE	State-owned enterprise
26. VFR	Visiting Friends and Relatives
27. VTOA	Victorian Tour Operators Association
28. WTO	World Tourism Organisation

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CHAPTER ONE: INTRODUCTION

1.1 Background and problem definition

1.1.1 China's social change: from the "Iron Curtain" to the "Open Door and Reform policy"

Since China opened its door to the world in the late 1970s, this most populous nation on earth has undergone significant reforms which have had an enormous impact on its society, driving social changes in a profound and extensive way, and leading the country onto the path of social re-structuring. Changes have occurred across a range of sectors and social mechanisms.

In the political domain, the dramatic social change referred to as the 'Open Door and Reform policy'¹ introduced in 1978, turned China from a strict, centrally planned system to a more relaxed and open 'socialist system with Chinese characteristics'². In the economic domain, this social change has underpinned China's world-leading economic success in just two decades, and has transformed the formerly poor communist state into an economic power of growing regional and global significance (Seagrave, 1995). In the social domain, the Open Door and Reform Policy has released the nation and its 1.3 billion people from international isolation, and has changed China's social face from that of a rigid, backward and gloomy society to an open, vivid and comfortable society full of challenges and opportunities. In the cultural domain, opening to the world has enabled China to absorb and accommodate the cultures of other civilizations,

¹ A new policy under which Communist China has opened up to government, business community and interactions with other countries since 1978.

² A culture-specific term coined by China's late political leader, Deng Xiaoping, who intended to create a special political system to set China free from the former strict communist system, and to provide a buffer during China's transformation into a market economy.

further enriching and consolidating China's enduring 5,000 years old culture. The social changes of the late 1970s have paved the way for China to be more integrated in all aspects into the global system.

The social and other changes prompted by the reforms of 1978 have been extensive and profound, and have attracted considerable international attention. The changes included the creation of the innovative Special Economic Zones, and reforms to the prevailing systems of agriculture, labour, pricing, enterprises, welfare and finance. Among the many and varied effects of these reforms, perhaps the most obvious are the increased levels of income and increased social mobility for many (for example, movement between work units, between residential locations, between cities, between urban and rural areas, and even between countries). The opening of the nation to the outside world has attracted large-scale foreign direct investment (FDI). The fact that FDI helps to create employment and business opportunities has both raised incomes and diversified China's consumer market. In these respects, the events of 1978 have transformed China's consumption patterns, and the previously simple and under-supplied consumer market, into a colourful and sophisticated world of consumption.

As China's reforms and social changes have deepened and living standards have continued to improve, consumption patterns have evolved from satisfying basic daily needs to fulfilling higher level consumer desires; from buying practical items such as bicycles and sewing machines in the 1970s, to acquiring luxury goods such as motor cars or upmarket apartments today. Those already leading comfortable and abundant lives and being in possession of surplus disposable income, seek to acquire mental and psychological enjoyment. Examples of this kind of consumption include the purchase of brand name commodities, attendance at concerts, playing golf, collecting antiques and engaging in leisure travel.

Given China's vast size and population, the impacts of the dramatic changes of 1978 have warranted the attention of hundreds of writers worldwide. A substantial literature already exists about China across a wide range of issues. It

is not the intention of this research to examine all aspects of social change. Such scope would be too broad to enable adequate and full coverage. Rather, this is intended as an exploratory study, attempting to look at a particular social phenomenon created by social change. Specifically the research investigates the relationship between China's socio-economic reform and the nation's relatively new but rapidly growing tourism industry, especially its outbound travel market.

1.1.2 The macro and micro levels of the study

The study was conducted at two levels. Firstly, the range of reforms and social changes which have occurred during the period since 1978 are examined from a macro point of view, including the impact of these changes on Chinese society. The influence of these changes on various aspects of society is analysed, including development of China's consumer market and changes in consumption patterns. Secondly, at a micro level, this study examines the influences of these changes on China's fast-developing outbound travel market. The reason for focusing on 'social change' rather than dimensions such as the 'political system' or 'government intervention' is that 'social change' indicates a two way interaction between the state and the individual, whereas the latter two suggest a one-way top-down influence from government to the lowest stratum (individual) within society. The meaning of this interactive relationship is subsequently explained in more detail. It is believed that the use of the flexible term 'social change' enables the research investigation to extend a step further than would be possible under a more prescriptive approach.

The interactive nature of social change has generated numerous dynamics, which enhance social evolution and progress in many ways. These have produced various social phenomena such as rises in income levels, the emergence of a business elite, growth in social wealth, changes in consumption patterns, and rapid growth of a travel market. In the context of such a torrent of change, this study endeavours to examine one particular phenomenon, that is, the dichotomy of a booming outbound travel market, including restrictions on entry imposed by some destination countries, as well as influential factors occurring within China.

1.1.3 The dichotomy of a booming travel market and restrictions on entry

China's outstanding economic success and its huge market potential have recently attracted great worldwide interest. In the tourism field, China's outbound travel market has grown rapidly from virtually zero to one that is tempting many of the leading tourist destination countries. Despite the evidence of enormous interest in this fast growing source market, many countries appear reluctant to relax their visa control restrictions. It is widely recognized that the difficulty of obtaining an entry visa to the most popular countries of destination has been perhaps the biggest obstacle to the development of China's outbound travel market. This is because many countries believe that visitors from China may overstay the time permitted by their visas, and are likely to become illegal migrants. This perception is particularly prevalent in major developed countries such as the USA, Japan, Canada, Great Britain and Australia. For this reason, there has been a long-standing conflict between the tourism industry and government policy makers in a number of developed countries. On the one hand, China's booming travel market is too big to be ignored; on the other hand, the probability of letting in over-stayers cannot be treated lightly. Before this market can be correctly and appropriately evaluated, it is necessary to understand the dynamics behind the development of China's tourism industry in general, and its outbound travel market in particular. Since the immigration / tourism issue is an international issue and has existed for a long time, the present research aims to explore the relationship between immigration and tourism in more detail, and to examine the social dynamics leading to the current situation.

1.2 Study rationale

1.2.1 The importance of the tourism industry and the significance of China's outbound travel market

Because of the income generating capacity of tourism and its ability to improve national and regional economies, many countries have recognized tourism as a leading industry. Given the growing importance of China in the

world economy, its economic success and rapid development, it is expected that China will become one of the world's major sources of international travellers. According to statistics released by the China National Tourism Administration (CNTA) in 2000, outbound travellers from China grew from 3.74 million in 1993 to over 9.24 million in 1999. Despite all the restrictions imposed on this market, this was a 150% increase in just six years, or an average annual growth of 21.4%. Countries seriously interested in tourism cannot afford to ignore the potential benefits of this market. The enormous potential has obviously attracted the interest of many countries. Australia for example, has shown an interest in the China market since the early 1990s (Thoma-Ian, 1993; Tsang, 1993; Australian Tourist Commission, 1996). However, despite strong interest in this market, formal research and publications on China's outbound travel have been rare until recent years, perhaps because the Chinese government did not intend to encourage or promote China's outbound travel for reasons of economic and national interest. As a result, until the mid 1990s, China's outbound travel market was of marginal importance internationally.

Though not specifically focusing on Australia, the present research uses a great deal of Australia-related information and statistics to help clarify issues such as changes in travel patterns and market characteristics at various stages of the development of the market. This is largely for reasons of convenience concerning the collection of data.

1.2.2 The inadequacy of existing literature and research

Though relatively small in quantity compared to literature about China's political and economic development, writings and studies on China's outbound market started in the early 1990s (see Appendix A- List of some existing studies of China's outbound travel market). Such studies have contributed valuable information and knowledge about the China market and have a number of common features. Firstly, they are all consumer / marketing research oriented and tend to concentrate on marketing issues, such as segmentation, market profiles and forecasts. Secondly, they focus on the positive side of the market, such as

tourist revenues, and downplay the negatives, such as social costs generated by mass tourism. Thirdly, though some studies have attempted to investigate the market comprehensively by embracing the full range of political, social, economic and cultural aspects, such investigation has not adequately explained the driving forces which underpin the growth of the market, as well as the significant constraints imposed upon it. Explanations for such social phenomena require more thorough and extensive investigation, and answers to some questions are not found in straightforward consumer or marketing research.

In contemporary tourism research, researchers have been increasingly drawn to the social as well as the economic impacts of tourism, and assumptions and value judgements associated with tourism have often prompted debate. As Smith points out, recent tourism studies tend to advocate the importance of a more comprehensive and systematic understanding of tourism, taking full account of both the incumbent benefits and the costs economically and socially (1995:9). For example, from the perspective of Australia's tourism industry, China's outbound travel market is important as it could bring in a substantial amount of tourist revenues. Yet from the perspective of Australia's national interest, the potentially negative consequences of illegal migrants, such as taking employment opportunity away from the locals, can be an issue of social concern. In this light, it is essential for government and industry decision-makers of host countries to find an optimal balance between tourism, immigration and social planning, so that these countries can secure a fair share of the benefits of the China market without the emergence of related social costs. Bearing this in mind, the present research started off with an investigation of the social causes for changes in China's outbound travel market, and the various stages of outbound travel development prompted by social changes occurring at different points in time.

1.2.3 Tourism and social change – a professional interest

The researcher has a complex ethnic, social, cultural and educational background which constitutes a major part of her strong interest in China's social development in general, and outbound tourism in particular. The researcher is of

Chinese ethnicity born in Dongguan, China, brought up in Vietnam, and living in Australia for over 20 years. She has worked as a professional Chinese interpreter and translator for the Australian Department of Immigration and Ethnic Affairs (DIEA) since 1981. This has provided her with the opportunity for frequent contact with Australia's Chinese population, and a sound understanding of the ethnic Chinese community. This advantage has kept her informed about the progresses of social development in various Chinese-speaking societies including mainland China. She is also involved in an inbound tour operating business in Melbourne, which enables her to have regular access to valuable information about the China outbound market through a diversified business network covering government authorities, eg. The Australian Tourist Commission (ATC) and tourist bureaux; tourism industry bodies, eg. Australian Tourism Export Council (ATEC) and Victoria Tour Operators Association (VTOA); and various industrial organizations or individuals, eg. Australian inbound tour operators, travel agents, tour guides, and other travel-related service providers. More importantly, her Chinese language ability permits her to access information published and available only in Chinese, and to communicate with the subjects of the study without the need to engage an interpreter. This is of crucial importance as it can help to minimize distortion or misunderstanding of the original meanings of the subjects' opinions.

The present research was prompted by two main reasons; first of all, due to the above-mentioned complex background, the researcher has cultivated a very strong interest in China's social development post 1978; secondly, the researcher's multi-disciplinary background and interest in tourism and Asia have given her a desire to explore this newly emerged social phenomenon of population movement, with a view to contributing to knowledge about China's outbound market, and to generating social change-travel theories which can be applied in other source markets experiencing similar circumstances. In short, this study attempts to look at the development of China's social change and its outbound travel (a consumption phenomenon) from a social perspective, with a hope that the findings may help to fill gaps in the existing literature.

1.3 Research aims

Since tourism theory often regards travel and tourism as a social activity undertaken spontaneously and voluntarily by the traveller concerned, much of the existing studies are consumer and marketing oriented, focusing on how to satisfy traveller's psychological needs such as "escaping from daily work routine" or "indulge oneself in the paradise on earth". This researcher however believes that Chinese outbound travellers' travel needs can be more complex than just having a good time abroad. During the earlier periods of China's Open Door and Reform policy, travel decision-making involved long planning, and travelling abroad in the 1980s was not "consumption", rather, it was regarded by many as "social investment", which often required the support of relatives and friends. The researcher also believes that Chinese outbound travellers' travel decision-making is more influenced by social change (external factors) rather than by their own psychological desire (internal factors). In this light, while the general aim of most research is to generate theory and to produce knowledge (Rossman and Rallis, 2003:6), this research is to examine the China outbound travel market in the context of the nation's social change since 1978, and to identify the factors which have caused the Chinese to travel over the past two decades.

1.3.1 The main aim - the relationship between social change and travel, and a situation analysis

Based on both primary and secondary data and supplemented by a range of theories (including social theory, the principles of travel and tourism, consumption theory, marketing theory and population movement theory), this research attempts to analyse and examine the relationship between social change and travel in China, to find relevant explanation for the development of China's outbound travel market, and to assess this market from the perspectives of both global tourism and Australia's tourism industry. In recognition of the complexity of China's outbound travel market, an objective market evaluation is conducted. While evaluation of market opportunities and constraints is an important goal of

the study, there is a focus on investigating the underlying dynamics behind the rapid growth of the market, and on the identification of the driving forces which have helped to shape the market.

Under the umbrella of the above main aim, the following specific aims are developed:

1.3.2 Specific aims

1. To propose a conceptual framework which can be applied to tourism markets that occur in social systems similar to those prevalent in China.
2. In the wider context of social change, to investigate, compare and analyse changing consumption patterns in contemporary China, with particular reference to travel. (7.2, page 211)
3. Through a holistic study of potential Guangdong outbound travellers, to arrive at an interpretation of China's outbound travel propensity. (7.2, page 211)
4. Identify features of China's outbound travel market generally, and the features of the Chinese traveller in particular. (The researcher notes that such history- moulded uniqueness will fade as market development deepens).
5. Profile outbound travel demand and classify relevant market segments.
6. Profile the Chinese outbound traveller and examine the associated consumer decision-making processes.
7. Identify factors motivating travel and influencing destination preferences, e.g. income rise and the ADS scheme.
8. Identify any problems encountered by the Australian tourism industry in dealing with the China outbound travel market.

1.4 Research questions

When the present research was designed, China's outbound travel was a relatively under-researched area. What was available consisted mainly of business or economically related consumer research reports. Since very little literature was

dedicated to China's outbound travel from a sociological perspective, there was insufficient information which could be used to formulate a set of hypotheses. For this reason, the present research is an exploratory study seeking answers to the research questions set out below.

1.4.1 Primary research question

To what extent has China's outbound travel market been shaped by the nation's social change since 1978, and will this shaping of the market by social change continue into the future? What are the implications for global tourism?

1.4.2 Secondary research questions

To suggest a set of causal rules for the prediction of the Chinese outbound traveller's behaviour, the following research questions were developed addressing a number of issues related to China's outbound travel market. These issues include the relationship between social change and China's outbound travel, market characteristics, market development, market opportunities and constraints.

1. In a socialist country such as China, which is experiencing a period of transformation and redefinition, is travel propensity influenced by social change? The term 'social change' refers to significant changes in social, economic and political systems. (7.2, page 211) (Relationship between social change and travel)
2. Will China become the world's largest source of international travellers by 2020 as predicted by the WTO? Is the sustainability of China's outbound travel growth dependent on the direction of the nation's social change? (Relationship between social change and travel; market opportunity)
3. Given the distinct characteristics of China's social system, is China's outbound travel market sensitive to particular influencing factors derived from social change? (Relationship between social change and travel)
4. Does China's outbound travel market differ substantially from markets governed by free market consumption and marketing rules, given the

characteristics of China's social system,? Are economic factors the primary concerns for Chinese travellers in making travel decisions? (Market characteristics)

5. Will package tours remain the dominant form of outbound travel, given the relative immaturity and contingency nature of the market? (Market behaviour)
6. Do the decision making processes of Chinese travellers differ from those exhibited by travellers in developed country due to historical influences, and the unique social and political conditions,? (Social conditions and travel)
7. How reasonable is the following statement - 'given the generally low level of income, overseas leisure holiday will not be readily accessible to the majority of the Chinese until much later'? (Market opportunity).
8. From the perspective of a receiving country, are Chinese travellers a burden for destination countries because they often overstay their visa time limits? (Market characteristics; market development)
9. In line with the changing stability of China's political, economic and social situations, is the current composition of "push" and "pull" factors likely to change? (Market characteristics; market development)

Given the complexity and the broad issues involved, it would be impossible to provide thorough answers to these questions. The present research is thus intended to provide insights into certain phenomena and to stimulate thoughts for further research into the future.

1.5 Significance and implications

1.5.1 An Australian perspective

Since the Whitlam government's initiative to restore diplomatic relationships with China in 1972, there have been increasing levels of interactions between Australia and China in terms of commercial and cultural links. As the

friendly relationships continued, Australian governments and businesses hoped to benefit from the economic success of their giant trade-partner. However, statistics show that Australia only has a tiny share of China's huge outbound travel market. The reasons for this are complicated and worth further examination.

Through undertaking in-depth analysis and examining the factors shaping and regulating China's outbound market, this research attempts to explain some of the problems confronting players involved in this market. Taking account of all of the contributing factors, the research has come up with a comprehensive and objective market evaluation which would be useful for the tourism industry in both tourist generating and receiving countries. While sources of outbound travellers are identified, and opportunities and constraints are evaluated, it is hoped that the research findings may help Australia to re-position itself in the context of Australia-China relations. It is also hoped that the research findings will assist tourism industry decision-makers to gain insights into the 'behind the scenes' of the market, and thus formulate more effective and sophisticated marketing strategies, or else exercise greater care in any plan to penetrate the Chinese outbound travel market. According to an ancient Chinese saying, "Those who know the ins and outs of both sides of the battle will win". Indeed, gaining a better understanding of the market opportunities and risks can help to maximize the benefits and minimize the costs of tourism.

1.5.2 A Chinese perspective

Since its adoption of the 'Open Door and Reform policy' of 1978, China has appeared to be eager to learn from the outside world in order to push for its modernization. During its process of integrating into the global system, it is important for China to learn from the experience of its international counterparts. From this point of view, the research findings may enable policy makers of China to gain improved insights into the economic and social dynamics of the development of the nation's travel market, and to get some feedback from the evaluation of its outbound market by an impartial outsider. Since the findings also provide a picture of travel patterns, traveller needs, and changing travel

propensity, it is hoped that this information would help to clarify some of the related social phenomena, and could be useful for the Chinese authorities in their review of social planning activities, as well as in developing and regulating China's travel industry.

1.5.3 An international perspective

The international business community is prone to over-excitement about the enormous market potential of the world's most populous nation. On the other hand, it is also often puzzled by the complex market environment of this emerging economic power. Some business leaders believe that to do business successfully with China requires a comprehensive understanding of its social culture. This is also likely to be helpful in dealing with China's outbound travel market. It is thus believed that the findings from the present research can provide a deeper understanding of this volatile market and an insight into the possible costs and benefits of development. Such understanding and insight could enable international tourism marketers to formulate relevant market development strategies, and government policy makers to determine whether to encourage or discourage market growth by amending immigration and tourism policies. Last but not least, the research also seeks to promote social and cultural awareness, which could enhance mutual understanding between the people of both China and the host countries with a view to securing greater acceptance of tourism as a social activity.

1.6 Methodology

To undertake an in-depth analysis of the phenomena under investigation and to obtain a comprehensive understanding of the China outbound market, this research employs both quantitative and qualitative approaches with more emphasis on the latter. It is believed that the qualitative approach is more suitable for the purposes of illustrating a complex and holistic picture of the phenomena of the social world under investigation (Creswell, 1998:15). There were several

reasons for employing a combination of quantitative and qualitative research methods. Firstly, the available resources were insufficient to contemplate large-scale, representative samples. Secondly, some of the issues investigated are too sensitive or complicated to have any prospect of securing straightforward answers by means of questionnaires alone, as answers often require elaboration from the subjects, and the level of disclosure of information usually depends on the level of trust between the subjects and the researcher. Thirdly, a combined approach is a better way to gain insights into the multiple dimensions of the research problem. Fourthly, given the huge size of the China outbound market, it is necessary to employ quantitative methods to gather demographic information and general opinions in order to obtain a broad view of the research area while it is essential to use qualitative methods to explore the area in more depth. As argued by Rossman and Rallis (2003:11), all research proceeds through a complex, non-linear process of induction (qualitative method), deduction (quantitative method), reflection, inspiration and just plain old hard thinking.

The methodology involves a combination of theoretical research and the collection of primary and secondary data. Using this approach, there are six discrete steps in the methodology, each involving the use of one or more techniques such as literature review, critical thinking, selection of information, questionnaire, interview, fieldwork, and participant observation: 1. Theoretical development; 2. Collection and use of secondary data; 3. Research design and development of research questions; 4. Collection of primary data; 5. Data analysis and interpretation; 6. Discussion and conclusion (see Figure 6.1, page 187).

A phenomenological study was undertaken as the genre adopted for the qualitative approach to investigate the structure and essence of the lived experience of a small number of people (eg. the subjects of the present study). This approach usually involves extensive and prolonged engagement with individuals through a series of in-depth, intensive and iterative interviews. The purposes of phenomenological study are description, interpretation, and critical self-reflection into the social world (Rossman and Rallis, 2003:7)

Influenced by the researcher's background and world view, the research paradigm of the present research involves positivism, reflexivity and interpretive paradigms. This will be elaborated in Chapter Six.

Given the nature and complexity of the research, and the importance of getting first hand information, five surveys have been conducted in both China and Australia to obtain a broad view of the area of research. The first three surveys targeted at travel consumers in China and Australia, whilst the remaining two took the supply side perspectives and were conducted to seek opinions of Chinese outbound travel agents and Australian inbound tour operators. Detailed description of the surveys will be provided in Chapter Six.

It is hoped that through a set of fully integrated and practical steps, theories can be grounded and generated from data collected and knowledge built up from the bottom of the research process (Miller and Brewer, 2003:132).

1.7 Limitations of the research

The present research has certain limitations for both internal and external reasons:

1. *Sampling bias.* Whilst every attempt was made to get respondents from a variety of walks of life, the distribution of questionnaires tended to be concentrated among professional and higher-educated respondents since many of the researcher's contacts who assisted in distributing the questionnaires in China are themselves from an academic or professional background. The inadequate attention devoted to the full range of social dimensions may result in the loss of important information, such as the trends in travel decision-making among certain groups of potential travellers, for example, higher ranking government officials and the executives of larger sized private sector companies. In addition, due to the widespread suspicion of social surveys

amongst the Chinese (with the exception of those conducted by the government), random respondent selection is almost impossible, and the researcher had to follow the traditional Chinese way of relying on social connections to ensure distribution, completion and return of the questionnaires. Although this may be expected and is anticipated in a society, which attaches high value to the nature of social networking, it may result in bias. Dependence on others to administer the questionnaires may have resulted in a number of problems such as sampling error, incomplete data, misunderstanding of the survey questions, and demographically and geographically uneven questionnaire distribution.

2. *Representativeness*. The scope of the survey is limited to a handful of cities within Guangdong Province. Given the size and diversity of China, the selected survey sample is not large enough to represent all of China's outbound travel market, although Guangdong has been, and still is, the largest origin of China's international outbound travellers. They do however provide an approximate picture of the market which is acceptable given the early stage of development that characterizes the China market.
3. *Outdated secondary data*. Since China is experiencing rapid changes, it is particularly important to use up-to-date statistics. Unfortunately, the researcher experienced considerable difficulties in collecting information from some government organizations including the National Statistics Bureau, the National Tourism Bureau of China, the Tourism Bureau of Guangdong Province, and the Australian Consulate-General in Guangzhou City. Confronted by the difficulty in accessing such information, the researcher was forced to turn to data stored in the libraries of local universities such as the Zhongshan University and the Southern China University in Guangzhou. In some cases the information contained in the publications sourced from these libraries is not recent. Fortunately, the problem has been overcome to a considerable extent by the availability of online information through the internet.

4. *The reliability of secondary data.* There are discrepancies in statistical information published by different government authorities. For example, the per capita disposable income in Zhongshan city for 2002 was reported differently in www.zs.net.cn (Zhongshan government website) and in www.people.com.cn (Website for The People's Daily, a Chinese official newspaper).
5. *Low respondent rate.* A second set of questionnaires with reply-paid envelope was mailed to 70 travel service providers across China, 67 of whom were licensed to handle international travel at the time of the survey. Unfortunately, only 7 out of these 70 questionnaires were completed and returned, constituting a response rate of only 10%. This has rendered the collection of data from industry players in China incomplete.

1.8 Thesis structure

The structure of the thesis adopts a combination of vertical, horizontal and interlocking writing techniques. Vertically the present research reviews the historical development of China's outbound tourism from the pre-1978 period to the present. Horizontally it looks at China's social change from a broad perspective, covering various dimensions such as the historical and social backgrounds, impacts of social change, consumption, population movement and travel. It also systematically examines the interlocking relationship between social change, population movement, changes in consumption patterns, and the development of tourism, especially outbound tourism. While Chapter One identifies the research problem and sets out various research aims, Chapter Six spells out the methodology employed to achieve these aims. Within the theoretical framework design in Chapter Two, the research is developed and presented at three levels. Chapters Three and Five provide background information at the macro level on China's social change. Chapter Four explores what might be described as the middle ground before reaching the micro level of investigation. Chapter Seven uses the triangulation technique, drawing upon information collected from both primary and secondary sources as well as from various

dimensions, eg, potential and past outbound travellers on the demand side; and travel trade people in both China and Australia on the supply side. Based on the research findings, Chapter Eight addresses the tasks set out in the aims mentioned in Chapter One, and presents new ideas derived from the research process. Chapter Nine summarises what has been achieved from the present research and how it was done. Before concluding with suggestions for further studies, the final chapter attempts to provide answers to the Research Questions raised in Chapter One and to confirm the fundamental theme of the research.

1.9 Conclusion

The researcher acknowledges that the present research is ambitious as it has probed sensitive areas within a society which is still characterized by a high degree of central control. It has set out to investigate a simple form of consumption – ‘outbound travel’ - against a complicated socio-economic background, rather than taking the consumption boom and the rapid growth of the outbound travel market at face value. Given the depth of the issues to be explored, the research methods had to be revised a number of times as the research progressed. While acknowledging the limitations of the present research, the researcher believes that the findings make a significant contribution to existing knowledge, as well as highlighting future opportunities for cross-disciplinary study.

CHAPTER TWO: THEORETICAL FRAMEWORK AND PERSPECTIVES

2.1 Introduction

China has been experiencing a process of transformation from being a centrally planned economy into a ‘market economy with socialist characteristics’³. In view of China’s unique economic, social, cultural and political background and characteristics, the prospect of ‘travelling abroad’ by Chinese citizens has complex connotations in terms of both consumer behaviour and the wider social context. It is likely that a wide range of complex issues influence China’s booming outbound travel market. The motives of Chinese travellers are likely to be many and varied, and travel decision-making may be very different from the equivalent practices of travellers in capitalist countries. Because of these complexities, the conventional theories of tourism, marketing and consumption may be inadequate or insufficient to provide a holistic explanation of China’s outbound travel phenomenon. It may be necessary to supplement such explanations with concepts such as social theory and population movement theory. In recognition of this, and for the purposes of the present investigation, a theoretical framework is proposed and supported by a number of explicitly designed models. The theoretical framework incorporates the range of issues which are believed to have prompted the booming market, notably the relationship between different social systems and consumption patterns, between social change and the development of outbound travel, and between social change and travel decision making.

The major concepts included within the theoretical framework are social theory, tourism systems, consumption theory, marketing theory and population movement theory. The framework attempts to show the relationship between two

³ A culture-specific term now commonly used in mainland China. See footnote 2.

phenomena in China, namely social change and outbound travel. At the macro level, theories of society and social structure provide a broad explanation for the dramatic social change that China experienced in 1978, including an examination of the various schools of thought about social change. At the micro level, the principles of tourism and of population movement are used to examine the causes for, and constraints upon, the development of China's outbound travel market over the past two decades. Consumption theory is used as a bridge between the wider social context and the psychological emphasis on the individual outbound traveller. As a final component of the conceptual framework, an overview of established marketing theory is provided, which highlights the similarities and differences between the Chinese outbound traveller and travellers of Western societies.

2.2 Theoretical perspectives on society and social change

Social theories attempt to explain the way in which society works, and how society affects individuals or human agents. This may occur through their membership of groups (eg family and peers) and their socially ascribed characteristics (eg class, race, ethnicity, gender and age). Social theories aim to understand social processes with a view to making sense of society and social change (Furze, 1994:7). In this light the present research intends to apply various social theories to the phenomenon of tourism development in China generally and outbound tourism in particular, which are viewed as social processes in their own right. This researcher examines the cause and effect relationship between such development and the experience of social change, noting how such changes have shaped outbound travel over the past two decades.

There are three main theoretical traditions within social theory: structural functionalism, conflict theory and the interactionist perspective. Collectively these theories aim to explain the relationship between human society and individuals, and each separate theory offers an explanation for various aspects of society. According to the American sociologist Jonathan H. Taylor, the relationship between human society and its individuals is the most interesting aspect of social

theory. This relationship involves the processes by which societies and individuals reflect, shape, create and change one another. The major macro and micro social theories concentrate on one central issue, namely the relationship between social structure and the individual, and between social structure and social interaction (cited in Wang, 1995:6). Consistent with this view, the researcher will regard Chinese travellers as individuals operating within society for the purposes of the present research. This allows for a proper examination of the interactions between individuals and society.

2.2.1 The relationship between power and autonomy within society

According to social theory, human beings are not free-ranging individuals with the capacity to do as they like, but are subject to constraints on their behaviour including the legal system, work or educational environments, and family expectations. Do these limitations on autonomy reflect dimensions of inequality imposed by the structure of society? The relationship is complex and involves the interplay between a myriad of social, political, economic and historical factors and processes (Furze, 1994:6). In China, the context and hence the relationships have been changing. Inequality was less obvious during the pre-reform era. During that period, equality was imposed by the prevailing proletarian ideology with all citizens receiving similar rewards irrespective of their capacity and contribution. In contemporary China, the relationships between power and autonomy appear to have changed. As inequality of power and advantage has been a common feature of human society, social position and power now also play important roles (Bilton *et al*, 1987). For instance, it appears that access to outbound tourism, for a variety of social, political and / or economic reasons, is more accessible to certain social groups, e.g. those entitled to official passports (CNTA, 1993). To undertake outbound travel, individuals must either hold a social position, which provides opportunities, or must have adequate funds to cover the costs associated with an overseas trip. (e.g. company executives or technical personnel sent overseas to acquire new knowledge and technology for their employers).

2.3 Social theories and their application to the present research

As a clarification of key expressions used within the present research, the following theories are reviewed:

2.3.1 *Social structure:*

This refers to the enduring patterns within society. A state may, for example, encompass both a political system and its associated bureaucracies (Furze, 1994:6). Social structure may be characterized as a hierarchical and complex network formed by various social elements under the control of certain regulations and norms, relatively stable, yet containing a certain level of conflict (Wang, 1995:13-17). There are certain hierarchical orders between the various sub-structures within the social structure, for example, individual, family, neighbourhood, community and state. Together these represent an ordered social structure. Reflecting the interaction between society and the individual, such hierarchical levels of social structure are much more complicated in large urban cities than in small, simple rural villages. Society and the individual interact and influence each other primarily through the medium of this hierarchical system (Wang, 1995:14). Such hierarchical relations exist in the tourism industry too. China's tourism industry is, for example, regulated by CNTA, which is under the control of the Central government. Below CNTA, there are provincial tourist bureaux and regional tourist offices.

As suggested by Anthony Giddens, structures in general are produced and reproduced by social actions (1984:26). On the other hand, human action should be understood as a product of underlying social structure (Haralambos et. Al, 1996:7; Bilton *et al*, 1987:599). Social structure is also made up of various networks of social relationships. From an individual perspective, there are family networks, school or peer networks, and colleague networks. From a social group perspective, there are networks between organizations and between different social groups. From a national perspective, there are networks between nations and regions. The much larger network, which includes a meshing together of these

various networks, is described as the social structure. In China's traditional social structure, the system of social relations is individual-centred. As interactions occur with the social relation networks of other individuals, the system ripples outwards. It is generally the case that the further the reach of the ripples, the weaker the relation networks (Wang, 1995:14). This remains a dominant feature of social structure in contemporary China, where "relationship" (*guanxi*) plays the primary role in most social interactions. During the Spring Festival (Chinese New Year) period, for example, many Chinese rely on social connections to secure railway tickets to travel from one city to another. To procure a group tour booking, tour operators and travel agents in China usually have to know the decision-maker or influencing power within the relevant organization. The further the distance from the decision maker, the lower the profit margin in many cases. These practices indicate the enduring relationship between social structure and both domestic and international travel.

Social structure may be regarded as a complete, integrated system, rather than as the sum of the various components of society (Haralambos *et al*, 1996:8; Bilton *et al*, 1987). Each component of a social structure has the capacity to generate many more new social relations. A farmer who migrates to a conurbation in search of work or to do business may develop new social relations with city residents while maintaining the old social network at his home village. If there are other farmers doing the same thing, the entire social relation network may become more complex. This may occur even though the number of farmers remains static, since new networks are created while the old ones are maintained. In this case the social structure is an integrated system with both the old and new networks interacting and interweaving with one another.

As an integrated system, the social structure has a number of characteristics: (1) A strong inter-relationship between the sub-elements. For example, in order to survive, human agents or organizations in one society must provide services and resources to one another. (2) As an integrated system, social structure is highly stable. Change within an individual component (eg a reduced

or increased number of workers or of enterprises) will not cause the entire social structure to disintegrate. (3) Social structure is more adaptable than the various social components, because social structure can rely on a wider variety of social relations in its adjustment and reaction to external challenges and impacts. China's state-owned-enterprises (a social component) for example are widely acknowledged as performing poorly as businesses, yet they have not retarded China's economic development as a whole (Chen, 1999; Kong, Marks & Wan, 2000; Mok, 1995; and Laurenceson & Chai, 2003). Over the past two decades, the rapid development of rural enterprises and private businesses appears to have compensated for the inefficiency of the state-owned enterprises.

The tourism industry also consists of a social structure and an integrated system, with interactions occurring between them. In some cases the functionalities may overlap, as is the case where a tour operator also owns a hotel or a transport company. There is also a strong interrelationship between the various components that make up the industry. It is widely acknowledged in the literature that the various parties involved must work closely together to deliver the end product or service, namely a holiday. As a social structure, the tourism industry is also relatively stable and not easily undermined by change within an individual component. For example, the collapse of Ansett Australia in 2001 did not lead to the disintegration of the whole Australian tourism industry. Likewise, the Severe Acute Respiratory Syndrome (SARS) crisis of 2003 did not destroy global tourism, despite the disasters it brought to many countries and regions. In cases of improper competition between travel agents and tour operators, individual components may be harmed but the impact on the industry as a whole is likely to be limited. The September 11 terrorist attacks in 2001 discouraged travel markets such as the US and European markets, but had a fairly limited impact on the Asian market.

Social structure is not free of conflict (Haralambos et al, 1996:11; Furze & Stafford, 1994:9). Conflicts exist in the relations between the wider society and its components, between individual components, and between social structure and its

external environment. As observed by Wang (1995), conflicts may occur in a variety of situations: (1) When the old social structure rejects the emerging and unprecedented structural elements; for example, at the outset of China's Open Door and Reform policy, the new element – the market economy – impacted strongly and conflicted with the old social structure. (2) When the old social structure breaks down due to the loss of some connecting points between individual social components, conflicts and tension can occur; for example, during China's period of rural reforms, the government abolished regulations, which had controlled social interaction between rural and urban areas. This prompted a significant flow of the newly liberated rural workforce to the urban areas. This movement has in turn created conflicts between the urban and rural populations. (3) When there is a sudden change in the political situation, for example, a change of government or foreign invasion. Conflicts alone are unlikely, however, to bring about a complete disintegration of society. Firstly not all conflicts are destructive; secondly, society itself has the ability to re-structure and re-adjust (Wang, 1995:17). Conflicts also arise within the tourism industry, for example, where multiple tour operators compete for the same markets and customers. Conflicts may even be evident between the private and public sectors. Some Australian inbound tour operators, for example, complain that the ATC and some State Tourist Bureaux are competing with them to attract overseas markets, and are thus undercutting their profitability by marketing direct to overseas consumers (A comment by some Australian inbound tour operators at the workshop held by the ATEC in Sydney in December 2002).

2.3.2 Functionalism

Functionalism is a major and influential social theory concerned primarily with social stability. It suggests that society consists of a number of interdependent components – for example, the family, the education system, the political system and the economy - which fit together to provide a stable, functioning social system. According to the functionalists, each social component functions in order to maintain this stability. Such stability is achieved when these social components work together to meet the basic needs of society. This

interdependence and the process of mass socialization lead to one of the central assumptions of the functionalists: value consensus, or a set of commonly held beliefs, which bind society together and provide social stability. This theory views social change as disruptive to the stability of society (Haralambos et al, 1996:10; Bilton et al, 1987:19; Furze and Stafford, 1994: 8).

A major criticism of this theory is that it fails to explain social conflict, particularly competition and conflict between social groups over access to scarce social resources (Furze and Healy, 1994:8-9; Haralambos et al, 1996:11; Bilton et al, 1987:25). In tourism, “social stability” is also important, as it requires the cooperation of a number of “interdependent components” working together to ensure a “smooth delivery of the tourism service”. Such interrelationships occur between the various components of the tourism industry such as retail travel agencies, car hire companies, the hotel sector, and catering services. In contrast to the functionalist’s view that social change disrupts the stability of society, the present research argues that the social change which China experienced in 1978 has restored the nation’s social stability which had been lost during the central planning era due to endless political struggles. The subsequent renewal has fostered the momentum that is essential for the nation’s tourism development.

2.3.3 Conflict theory

This theory focuses on social conflict, tension and competition. For conflict theorists, society is not an interdependent entity which leans towards stability. Rather, it is full of competing social groups who have differing access to life chances and social rewards. When there is differential access to scarce resources and social rewards are unevenly distributed, social inequality occurs and is a major source of social conflict. Conflict theorists argue that social relations are based on exploitation, oppression, domination and subordination. They reject the functionalist notion of value consensus, and believe that stability is maintained through force rather than through consensus. They believe that the tendency of society is towards change rather than equilibrium, and that conflict is the engine of this change (Haralambos et al, 1996:10 & 681; Bilton et al, 1987: 25). Such

conflict occurs because groups in subordinate positions challenge the existing social order (for example, the student demonstrations in China in the late 1980s). Social change then becomes the outcome of changes in power relations and ultimately of changes to the social order (Furze and Healy, 1994:9). This may take the form of revolution - for example, the downfall of the *Qing* dynasty during China's 1911 revolution; or of social reform – for example, the Open Door and Reform policy advocated by Deng Xiaoping and his followers in 1978.

Conflict theory is criticized for being as ideologically biased as functionalism. Both tend to be the extremes of opposite directions. It is argued that conflict theory does not explain social order, and fails to understand the prevalence of stability in human society (Furze and Healy, 1994:10; Wang, 1995:7). Although tourism is generally characterized as a peaceful activity, it is not free of conflicts and these may arise across the tourism industry. In the case of tourism development, conflicts may arise for example between developers, governments and local residents over access to limited resources, competition over land uses and environmental protection.

2.3.4 *The interactionist perspective*

Functionalism and conflict theories adopt a macro view and concentrate on the importance of social structure in understanding the social world. They share some basic features: they approach sociology in terms of society as a whole, and regard society as a more or less coherent system, and tend to see human action as shaped by the system (Haralambos et al, 1996:14). By contrast, the interactionist perspective focuses on the micro world of everyday life and social interactions. Its focus is on how individuals interpret and react to each other, and how this interaction socially constructs our reality. The interactionists believe that it is on the basis of our interactions with others that we construct our social knowledge, as well as society and its institutions playing a part in this construction. In a sense, society's structures and institutions are therefore the product of our interactions, and of membership of society (Furze and Healy, 1994; Wang, 1995; Haralambos, 1996).

The central criticism of the interactionist perspective is that it neglects the influence and importance of social institutions and social structures. In other words, its emphasis on the micro level of social life causes it to downplay the importance of society's macro dimensions (Furze and Healy, 1994:11). The researcher notes that being a form of population movement, travel is obviously an interactive social activity, which in most cases involves interaction between individuals, between individuals and institutions, and between institutions. No travellers can avoid interaction with others, regardless of whether they are travelling alone or in groups.

Figure 2.1: The three main social theories

	Functionalist	Conflict	Interactionist
Level	Macro	Macro (Large-scale social patterns)	Micro (Small-scale social patterns)
Key assumption	Society as a set of integrated parts	Society made up of competing interest groups	Small-scale interaction is most important
Main social force	Stability	Conflict	Interaction
Key question	How does it contribute to the overall stability of society?	Who benefits?	How do people react or respond to each other?
Theorists	Parsons Merton Durkheim	Marx Mills Connell	Cooley Mead Berger
Main criticism	Conservative; dismissive of social change. Too much emphasis on order and stability	Narrow focus on conflict. Ignores stable elements of society.	Neglects larger social institutions. Focus is too narrow.

Source: Furze & Healy, 1994; Haralambos et al, 1996;; Bilton et al, 1987

For the purpose of comparison, the main features of the three theoretical perspectives are summarised in Figure 2.1 (page 28). Figure 2.2 (page 29) provides examples of applications of each theory in the tourism industry. Although no single theory can provide an all-purpose answer to the various phenomena that occur within the tourism industry, each of the three major social theories discussed above has considerable relevance to tourism. This brief discussion of the theories provides a perspective on tourism which has been largely absent from the literature and should give some additional insight into the effects of social change in China since the 1970s. It should also provide some basis for understanding the context in which travel behaviour in China is politically, socially and culturally determined, and the extent to which such behaviour reflects universal practices.

Figure 2.2: Applications of the three main social theories in tourism

Functionalist	Conflict	Interactionist
Interdependent components work together to ensure smooth delivery of tourism services.	Possible conflicts in the tourism industry between developers, governments and local residents over access to resources, competition for land use, and environmental protection.	Interaction between individual travellers, between travellers and travel agents, and between various organizations operating within the tourism industry, such as airlines, tour operators, tourist attraction providers.

Source: Social theories applied to tourism by the researcher, 2000

2.4 Theories of social change

Social change is a relentless process which occurs continuously in every human society. Some changes may be considered as minor and insignificant, such

as a change of garbage collection day in a suburb. Others may be perceived as of great magnitude, representing a radical alteration of basic social institutions and value systems, and producing a fundamental transformation of the social structure. China's Open Door and Reform policy of 1978 is an example of a significant change which has substantially shaped the social, economic, cultural and political face of contemporary China. Given this significance, it is important to understand the various dimensions, causes and directions of social change, and the ways in which these impact upon Chinese society.

2.4.1 *Definitions of social change*

To understand the nature of society as well as the relationship between the structural characteristics of society and individuals, sociologists tend to draw on the main social theories discussed earlier in this chapter (Furze and Healy, 1994; Wang, 1995). From a sociological perspective, social change may be defined as “*the alteration in basic structures of social groups or society*” (Giddens, 1979:731). Earlier writings in modern sociological theory have noted two major forms of change:

1. *A process that removed a social unit from its institutionalised pattern and thus elicited forces of social control that strove to counter it, and to return the unit to its initial state. It is similar to a ball that is rolled from the bottom of a bowl against one of its walls. The force of gravity strives to return the ball to its initial position.*
2. *A change or process that is a necessary condition for equilibrium ... For instance, the changing positions of the feet of a bicycle rider, or the turning of the wheels, which are required in order for the bicycle to keep mobility at a given level to maintain an achievement-oriented society. Both conceptions of change assume that the basic variables remain unchanged (Etzioni, 1973:66-67).*

These concepts suggest that ‘changes’ are governed by specific socio-cultural arrangements and practices. Whenever necessary, they can replace and be

replaced. Both concepts are applicable to the process of social change in China. Wang (1998:1-3) has argued that China's Open Door and Reform policy was a "*natural trend*" in the evolution and development of human society. Driven by internal dynamics (e.g. change in social structure) and external influences (e.g. change in global relations), China 'opened' and 'closed' its door to adapt to changes. In an era of globalization characterized by interdependence of economic development between nations, China simply has to 'open' up again and "*keep mobility at a given level to maintain an achievement-oriented society*" (Etzioni, 1973:66-67). This is exactly the case of China's current social and political landscape, where almost the whole nation seems to be striving for some sort of achievement. Governments of all levels are trying to turn their territories into modern, prosperous and civil societies, whereas individuals are working hard to achieve life goals. The underlying commonality is that most goals of achievement tend to be economic oriented.

Swanson (1971: 3-19) refers to 'change' as "*a difference in a structure, the difference occurring over time and being initiated by factors outside that structure*". As societies are necessarily 'environment' for other societies, relations between societies are often regarded as a source of change, despite the absence of a fully developed and applicable theory (Swanson, 1971:39).

This concept of change is relevant to the present research as it not only provides the context for the development of tourism in China, but also helps to explain the causes of changes in the tourism industry generally, and the outbound tourism industry in particular. The latter would not have come into being on any significant scale without the dramatic social change occurring in 1978. As Zhang (1995a) has commented, China's outbound travel has changed from an activity with political purposes to the new era of mass tourism.

2.4.2 Evolutionary theories and modernization theories of social change

Based on the functionalist school of thought, there are two main types of theory which explain the path of social change: evolutionary theories and modernization theories.

Evolutionary theories of social change

Following the principles developed by Auguste Comte, one of the founding fathers of sociology, the central argument of evolutionary theory is that human society progresses from simple to more complex forms, from a backward to an advanced state, by means of continuous processes of growth and differentiation. The 'progressive evolution' of society is assumed to be "*gradual, ordered and incremental*" (Furze and Healy, 1994:14). This theory assumes that the evolutionary process is unilinear, and that all human societies follow a particular course of evolution from the 'simple primitive' to the 'complex modern' as indicated by Parsons's "Paradigm of evolutionary change" (1966:21 & 26; Crow, 1997:167). Societies pass through three stages: the primitive, the transitional and the industrial. Each of these corresponds to a particular mode of human thought – the theological, the metaphysical and positive reasoning. The theological stage is dominated by primitive religious thought, intuition and emotion, with society ruled by military and religious elites. Social life and moral values are centred on family and kinship ties. In the metaphysical stage, critical thought is more developed, polytheism has given way to belief in a single deity, and law is codified. The social system is more complex, and the state emerges as the dominant social organization. In the positive reasoning stage, social organization reaches its most complex form. Religious thoughts are replaced by scientific principles and reasoning reigns supreme (Furze & Stafford, 1994:15).

The evolutionary theories of social change can be applied to China's tourism, which may in itself be viewed as an outcome of wider social changes. China's tourism development has undergone an evolutionary process having started from humble beginnings and subsequently evolving into a huge consumption market that attracts international attention. The relevant industry

structure has evolved through several phases. During the early stages, the industry operated in a context of inadequate infrastructure, technology and management know-how. Developments such as hotel construction were often inadequately planned. For example, during a study tour organized by the Department of Physical Education of the Footscray Institute of Technology in Melbourne in 1989, the researcher observed that a six month old five star hotel in central Beijing was exhibiting damage caused by negligence and a lack of care. During that period, decision-making was in the hands of central government, which appeared unsure of how the operating systems of hotels should develop.

In subsequent years, the Open Door and Reform policy offered opportunities for foreign investment and for the introduction of new skills and advanced technology. While learning and copying from its more developed overseas counterparts, China's tourism industry evolved into the next stage, which took account of western models of management and control. Travel agency and aviation regulations were adopted, eliminating the previously prevalent monopolies enjoyed by the Civil Aviation Administration of China (CAAC), China Travel Services (CTS) and China International Travel Services (CTIS), albeit not entirely eliminating the advantages enjoyed by government-owned enterprises. In recent years, tourism industry reforms have brought the sector closer to international levels in terms of quality and codes of practice. The recent deregulation of the travel agent sector provides a further opportunity for competition. As the industry evolves, it becomes increasingly complex in terms of both structure and function. The previously prevailing simple and unspecialised structure has subsequently broken down into many separate specialized parts. An increasing distinction for example is evident between the travel retailing and travel wholesaling functions.

Consumer travel patterns are also evolving. The earlier Chinese outbound travellers of the 1980s were mostly poor and often seeking an escape from the prevailing political uncertainty. Subsequent years have seen the emergence of powerful business travellers and overseas students from wealthy families.

Modernization theories of social change

Modernization theories attempt to explain the process by which so-called 'traditional' societies achieve 'modernity'. Within the spectrum of social development, 'pre-modern' and 'modern' societies are viewed as dichotomies. Social change is thus seen as "evolution from the 'traditional' to the 'rational'; from the 'agricultural' to the 'industrial'; from 'small scale, personal' society to 'large-scale impersonal' society; from the 'rural' to the 'urban way of life'; from 'religious' to 'secular' modes of thought; from 'stratification' systems based on 'ascription' to those based on 'achievement'; and from the 'simple, undifferentiated' structure of the 'primitive' to the apparent 'complexity' and 'differentiation' of the 'modern'" (Worsley, 1970:256; (Furze & Stafford, 1994:17).

Pre-modern society is dominated by family life, and is characterized by a unity of intimacy and familiarity based on the all-embracing personal ties of kinship, neighbourliness and friendship. Social relations are intimate and enduring, and are dominated by individuals. On the contrary, modern or industrial societies are based on impersonal, contractual relations deliberately entered into for certain purposes and with certain commitments. Social relations are based on the prospect of personal gains rather than personal ties. The forces of industrialization and urbanization produce a larger scale and less personal society. Industrialization or economic development is often identified as the most crucial aspect of modernization. Modernization involves increasing division of labour, the use of 'rational' management techniques, improved technology, and the growth of industrial and commercial activities. However, modernization is perceived as being more than economic or technological development. Changing economic and technological forms, the driving forces of modernization, involve concomitant changes in social, political and cultural forms (Furze and Healy, 1994:17-19). This wider context can contribute to an understanding of the dynamics of tourism generally, and to outbound tourism in particular. Mass

tourism is characterised by modern society, where travellers make a relatively low financial contribution in return for experiences, expectations and enjoyment.

The social change that has occurred in China over the past two decades has been a realization of many prevailing theories of modernization. When the Open Door and Reform policy was introduced in 1978, one of the primary goals of national policy was the achievement of modernization. In the early reform period, developing the nation's economy and achieving modernization were the guiding ideology and involved playing down the importance of communism, if not replacing it altogether. During the transformation from a strict communist social system into the so-called socialist market economy, China changed from a 'simple, undifferentiated structure' to the 'complexity' and 'differentiation' of a 'modern' one. The diverse and widespread consequences of this change have impacted upon the consumption patterns of daily life, as well as the functioning and practice of government policy.

Patterns of dress are a useful indicator of changing consumption and hence of social change. In the early 1980s, the most popular colours used in Chinese clothing were navy blue, army green and grey. Almost everybody dressed similarly. Nowadays, the fashions in cities such as Shanghai and Guangzhou parallel international fashion trends. Tourism is another symptom of fashion. Tourism development is both a consequence of social change, and an example of modernization. As society evolves and China becomes more engaged with the world, the tourism industry has been progressing towards international level standardization in terms of both regulations and service quality. The operation of the tourism system is becoming increasingly rational and market oriented. Although social connections (*guanxi*) still play a critical role in China's culture and society, the business world now tends to acknowledge the utility of 'rational management' techniques. Under the emerging scenario, the chief executive of an organization is appointed according to merit (credentials such as education, experience and skills), and not only according to the social relationships he/she may have. This is an outcome of modernisation. In the past, the 'right' social

background and connections were necessary for an individual to get to the top of the social ladder.

For the purpose of comparing theories of social change, the following subsection is a brief introduction of an ancient philosophy of China widely known as part of the “*Yi-jing*” (The Book of Change). The researcher notes some of the similarities found in this Chinese philosophy and the Interactionist Perspective as well as the evolutionary theories. This section is included in order to show the Chinese contribution to understanding social change, and with a view to integrating both Eastern and Western perspectives.

2.4.3 *The ‘Book of Change’ and the life cycle theory of the universe – ‘wu-ji-bi-fan’*

Chinese culture and ways of thinking have been significantly influenced by an ancient book of wisdom and philosophy known as the “Book of Change” (*Yijing*). The theories contained in this book have been applied to many aspects of Chinese society for thousands of years, notably in the domains of military and social planning, as well as astrology. The Book of Change is the philosophical backbone for ‘*Feng-Shui*’, which has become an increasingly popular “Environmental Science” attracting the interest of Westerners as well as the Chinese. The theoretical basis of the Book of Change proposes that everything in the universe is changing every day as the result of the interaction between components within the universe. It is believed that the universe was originally in one piece, but split into two major elements called ‘*Yin*’ and ‘*Yang*’, which are opposite but inter-supplementary by nature (e.g. female versus male, implicit versus explicit, dull versus bright, negative versus positive). The forces of *Yin* and *Yang* interact and generate more and more elements. Everything in the universe is created as a result of such interactions. It has been suggested that this theory of *Yin* and *Yang* is quite similar to the theory on which computer science is based, whereby everything starts with ‘0’ or ‘1’.

Influenced by the Book of Change, Chinese fatalists believe that everything in the universe adapts to a natural form and follows a pre-destined path. The Chinese saying ‘*wu ji bi fan, sheng ji bi xuai*’ (translated as “Things will develop in the opposite direction when they become extreme”) suggests that there is an invisible life cycle which regulates everything within the operations of the universe. Change will be initiated once ‘the top’ is reached. According to this view, dawn must follow a long dark night, a pleasant spring season comes after bitter winter, and vice versa. Human life is viewed as being akin to climbing a hill; after we reach the peak, the next step will be to descend and vice versa. The Chinese have believed in this type of doctrine for thousands of years. This philosophy may be applied to all aspects of life. For example, there has been comment that Chinese society is now as materialistic as capitalist societies, if not more so. Consumption in China used to be controlled by the government and for many decades was characterized by a very basic and simple form. After the Open Door and Reform policy, consumption rights were restored, and there was a sudden boom, impacting upon both supply and demand. For nearly three decades during the Iron Curtain period, China was isolated from the rest of the world. Few people from the non-communist world were able to visit China during this period. However, when the “close door” policy reached its extreme, China reopened her door in 1978. Since then inbound tourism has played an important role in the national economy, and the outbound travel boom has interested numerous tourist-receiving countries.

2.5 The relevance of social theories to the present study

It is the view of the researcher that the above theories have significant implications for the present research. A review of these theories is likely to assist in obtaining a better understanding of the complex social context within which the present research was conducted. These theories seek to explain why social changes occur, and how society changes to adapt to social needs at various times. For example, before 1978, China had a social structure characterized by strict central planning and the concentration of power. In this system, everything was controlled by the government, regardless of whether policies and programs were

or were not reasonable and/or feasible. Changes to the socio-economic situation were manipulated by government decision, rather than being responsive to social trends or market forces. The rigidity of this system had disastrous consequences during the implementation of collectivisation and the notorious ‘eating from the public pot’ (*daguofan*) system of the 1960s with tens of millions⁴ dying of starvation. The problems accumulated to the point where there was a pressing need for change, thereby triggering the rural reforms of 1978 (a typical example of the “*wu ji bi fan*” theory).

The evolutionary and modernization theories help to explain the development of social change in China. It is an ongoing process, with the focus shifting from one stage to the next, influenced by the prevailing social needs evident at particular periods. During the initial reforms, the focus was on satisfying basic survival needs. Once this had been achieved by the mid 1980s, a strong desire was evident amongst the population to lead comfortable and abundant lives. As lives have continued to improve more or less across China, the target of the reforms has shifted to the pursuit of self-esteem and self-actualisation. This process of evolution is consistent with the principles of Maslow’s hierarchy of needs, and has provided an environment for the growing interest in the various social phenomena, which provided the impetus for conducting the present research.

The three main social theories serve to explain the complex nature of society as it evolves and advances towards a more integrated system. Some knowledge of these theories enables a better understanding of how the various social dynamics operate, and of the relationship between society and its members, notably between social change and Chinese travellers.

Without the backbone provided by these social theories, the present research would have been unable to probe more deeply into the relevant social

⁴ A more specific figure of those who died was not available in the Chinese reference. The estimate indicates a huge number of people.

phenomena, and would probably be ordinary consumer research, attempting to answer questions with inadequate and superficial information. For this reason, it is essential to devote attention to these social theories while constructing the theoretical foundations of the present research.

2.6 Social systems and consumption theories

The consumption boom prompted by China's social change of 1978 has embraced leisure travel over the past decade. To understand what has caused China's tourism growth, it is necessary to examine the causes of the consumption boom and its evolution over the past two decades. A number of consumption and consumer behaviour theories may provide insights into this important area. Conventional consumption theory defines consumer behaviour as those activities directly involved in obtaining, consuming, and disposing of products and services, including the decision processes that precede and follow these actions (Engel *et al.*, 1995:4). East suggests that consumer behaviour focuses on the action of acquiring goods and services. Some of these actions are recurrent; some have important and irreversible consequences; some are freely chosen while others are involuntary (East, 1991:2).

Teare *et al.* characterize consumer behaviour as consisting of three main stages, namely pre-purchase, consumption and post-consumption evaluation (1994:9-11). Stage 1 assumes that consumer-related factors, such as self-confidence and assertiveness, are dominant influences on the purchase decision. Stage 2 assumes that product-related factors such as service interactions and subjective impressions of product experience will have a greater impact on satisfaction than internalised consumer-related factors such as prior expectations. If the outcome of stage 2 is a negative psychological state during the stage of post-consumption evaluation, the consumer is likely to experience a feeling of dissatisfaction, which will influence brand attitudes and future purchase behaviour.

Engel *et al.* offer a more complex and refined model encompassing need recognition, the search for information, pre-purchase alternative evaluation,

purchase, consumption, post-purchase alternative evaluation and divestment (1995:143). They suggest that the factors shaping and influencing the decision-making process include individual differences (eg. consumer resources, knowledge, attitudes, motivation and involvement; personality, values, lifestyle); and environmental influences (eg. culture, social class, personal influences, family and situation). This model emphasizes the factors influencing decision-making, taking into account a broader view of influencing factors including internal factors (consumer-related) and external factors (such as social influence). This researcher believes that Engel's model provides a better explanation for travel consumption, which is a much more complicated process involving a number of implicit and explicit factors.

Outside a market economy situation, these consumption theories have limited applicability. They are for example inadequate in the market situation exemplified in China, where the government retains socialist characteristics in an obvious trend towards a market-led economy. Inspired by the functional perspectives that human actions are shaped by social systems (Haralambos, 1996) and Cheng's model building theory (1993), the researcher believes that in an economy system such as socialism, capitalist based theories of consumer behaviour may not work. The researcher also believes that consumers behave differently according to the social systems in which they live. This relationship between social systems and consumption is demonstrated in Figure 2.3 (page 43), which has been constructed by the researcher to illustrate the development of consumption in a social system in transition such as China. This model aims to identify and compare differences in the consumption behaviour, which occurs within three social systems, namely the central planning system, the socialist market economy system, and the market economy system. The model suggests that in the type of central planning system which characterised China during the pre-reform era, consumption was strictly controlled by the central government. Consumers had no choice and free market transactions were not allowed as supply of daily life necessities was regulated by means of a voucher system with an intention to maintain equal shares of social resources. This system represents an

imperfect market situation as market forces and competition are almost non-existent.

The socialist market economy system is an improvement on the central planning system. In the socialist market economy system, government control remains strong in the core industries and sectors, while deregulation is gradually introduced in many aspects across society. Newly gained market freedoms usually result in an abundant supply of and sufficient demand for the necessities of life, but consumers and the market are both sensitive to changes of government regulations. The market characteristics of this system are that consumers have choices in making purchases and there is a growing awareness of the importance of quality of life, and growing income disparity as a result of competition for social wealth. In a market economy, the market is allowed to reach its maturity with minimum government control. An abundant supply of goods and saturated demand result in free trade and intense market competition. With strong appreciation for a higher quality of life, the consumer is free to make choices before making a purchase. The market is a fully competitive and integrated system predominantly regulated by market forces.

Over the past two decades, China has completed the transition from the strictly centrally planned system of the pre-1978 period, to the current 'socialist market economy system' which is progressing towards the 'market economy system'. This model of the relationship between social systems and consumption provides a background against which travel consumption behaviour can be analysed in the present research. Prior to the reform period, consumer goods in China were in short supply and consumer purchases were confined to the functional necessities of daily life. There was little to buy in the shops. By the late 1970s, more goods became available for purchase and consumers were eager to spend, although purchases still fell predominantly within the realm of the functional. By the 1990s, China was experiencing the biggest consumption boom in world history (Seagrave, 1995:278). It was the biggest market for American aircrafts, power generating plants and telecommunication. The consumption boom

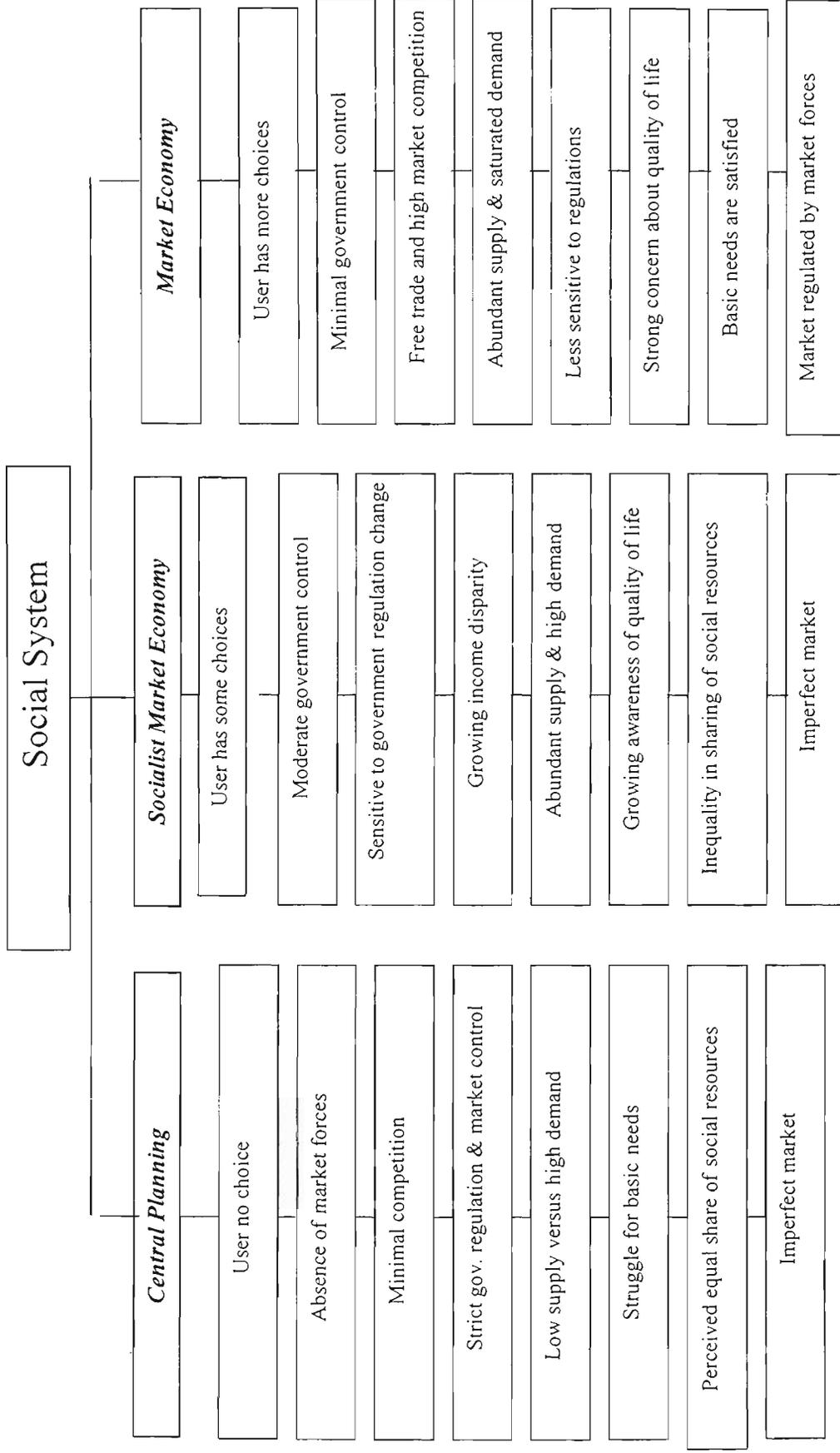
was one manifestation of the social phenomenon created by economic reforms. Numerous studies report a consistent rise in the consumption of durable and even 'luxury' goods as the pent-up demand of the pre-reform years finally found an outlet. According to 1993 statistics, Chinese people have, in a short period of time, become accustomed to an abundant supply and variety of goods (Mok, 1995:156). Increasing sophistication and shifting values have altered consumption preferences and patterns. As supply increases, quality has become a prominent concern in purchasing decisions (Li, 1998:120-158).

2.6.1 Consumption and the economics of affluence

In both developed and developing societies, overseas leisure trips may be classified as forms of conspicuous consumption. As Mason (1998:106-109) has pointed out, psychologically grounded desires take over for the majority in affluent societies once basic physical needs have been satisfied. At this stage, a wide range of products or services would be bought or sold as symbols of social status rather than as a fulfilment of basic needs. This appeal to status aspirations was evident during the 1950s, when American families benefited from remarkable improvements in earnings and living standards. Conspicuous consumption grew as wealth increased and incomes rose. In a more affluent country such as the USA, the dominant consumer culture emphasizes the sale of goods and services which are generally far from necessities in the traditional sense. This parallel provides a partial explanation for the growth of China's travel market, given the function of international travel as a luxury item. The consumption boom characterising contemporary China is evidence of progress towards the economics of affluence.

After many Chinese achieved the goal of 'living comfortably and abundantly' in the 1980s, consumer needs shifted to a higher level of 'self-esteem' and began to take account of psychologically grounded needs. High culture activities, higher education, luxury items and travel have assumed greater importance and prominence on people's consumption list. Among these higher

Figure 2.3 A model of the relationship between social system and consumption.



Source: Cheng, 1993, developed by the researcher in 2000.

level consumption items, the development of outbound travel has attracted interest internationally and has been a highlight. This leads to the core issue of the present research. How is China's outbound travel market developing in the context of the nation's social change? Chinese outbound travellers have obviously come a long way from the involuntary expatriates of ancient times, and more recently the fortune-seekers of the Gold Rush era, and the political refugees of the late 1980s. They are now leisure travellers exercising free will, flooding the world's major tourist destinations. The evolution of this social activity is traced against Maslow's hierarchy of needs in a subsequent section of the thesis.

2.7 The principles of travel and tourism

The theories of society and consumption discussed above provide a macro or 'middle ground' view of social change in China, its causes, and ramifications for the country and its people. Since the core issue in the present research is the development of China's outbound travel market, a detailed examination of 'travel' is necessary. What do travel and tourism mean in the Chinese context and why are they important? Why do the Chinese travel? What motivates them to travel? What factors influence the travel decision-making process? Is the Chinese outbound traveller different from his or her counterpart from a developed country in his or her decision-making? Answers to these questions would help to identify the link between social change and travel in China, particularly with respect to outbound travel.

The challenge of defining tourism has long been acknowledged. The tourism industry is diverse and fragmented covering accommodation, transport, catering, and many other tourism related businesses such as laundry services, souvenir shops, plumbing, telecommunication, and banking. Authors such as Ryan (1991:5-6) and Davison (1994:21) have suggested that tourism may be defined as either an industry, an economic activity, a human experience, a social behaviour, a creation of income and employment, and / or a social phenomenon. The earliest standardized definition in 1937 defined an international tourist as

‘anyone visiting a country other than his usual residence, for more than 24 hours’ (Smith, 1995:21).

According to Kaul (1985, cited in French et al, 2000:4), historically a ‘traveller’ was an adventurer who visited other lands to gain knowledge of other cultures, societal frameworks and material situations. ‘Travel’ is an act of going, and a ‘traveller’ is a person undertaking travel. Hall and Page (1999:58-9, cited in Williams and Hall, 2001:5) identify three salient features of tourism: *occurring outside the normal place of residence, being temporary in character with the intention of returning home within a few months at the outside, and being for purposes other than employment remunerated from within the destination*. Such definitions have effectively excluded travel for work purposes and most of the Chinese outbound travellers in the 1980s, whose main trip purpose was to seek employment or even migration opportunities. In both cases there was an intention to work and generate personal income in the destination countries. This definition has been subject to increased criticism. In practice, tourists may have several objectives when choosing a holiday, sometimes including a work component. A further definitional problem concerns the People’s Republic of China (PRC) students who left China in the 1980s in the guise of being international students. What category should be applied in their case? Few appeared to have any intention of migrating and even fewer would have satisfied the relevant migration requirements. Additionally, most were not prepared to leave their families and partners on a permanent basis. Most intended to work and/or study for a few years to generate sufficient funds for a better life and pay off the debts incurred for the trip (Tang, 1997; and Mo, 2004). They were far from “the tourist” described by MacCannell (1989), as “a model” for modern man. Their travel experience was not quite “a production of modernity”. The ambiguous and inadequate treatment of statistics in many countries exacerbates the definitional problem. In the case of the Australian Bureau of Statistics, international visits are grouped into a narrow range of categories. Tourism and migration statistics are narrowly based and usually restricted to the primary purpose of the trip (Williams and Hall, 2001:8).

The lack of reliable and comprehensive statistical information has created some difficulties for the present research investigation.

For the purposes of the present research, 'travel' is defined as the activity of moving from one place to another for pleasure rather than out of necessity. This means daily travel to and from work is excluded from consideration. In the present research and for purposes of convenience, tourism is regarded as a subset of leisure studies, and the terms 'travel' and 'tourism' may be used interchangeably. In a broader sense, tourism activity occurs primarily during extended blocks of leisure time such as weekends, annual holidays or long service leave, whether for a day trip to a local beach or a round-the-world holiday. This indicates a close link between tourism and leisure (French et al, 2000:13). The connection appears to be universal and is not culturally determined. Guangdong residents, for example, are fond of travel and the province claims to be the main source of tourists both nationally and internationally. Day trips, excursions and intercity holidays have emerged as important leisure activities. The province has been also the leader and pioneer of China's outbound travel since the first sign of the development of China's outbound tourism was seen in Guangdong when the province sent the first group of 'Visiting Friends and Relatives' (VFR) outbound travellers to Hong Kong in 1983. Such VFR travellers may have raised another definitional problem for travel and tourism, as they travelled to a British colony under the strict condition that all expenses incurred for the trip must be paid for by their relatives in Hong Kong. Should they be regarded as 'international tourists' in both the tourism and political senses?

Of the various phenomena exemplifying China's social change, the development of tourism in general and of outbound tourism in particular, has been chosen as the core issue of the present research because of the significance of the industry. Tourism has become a major force in global trade and according to some measurements is the world's largest industry (Smith, 1995:1). The social, cultural and economic importance of tourism is well recognized internationally. However, it was not until 1978 that China adopted more market oriented economic policies

and recognized the importance of tourism. The turn-around opened China's door to the outside world, thus exposing the nation to the processes of globalisation which now affect almost the whole of the international community. The development and change of status of the tourism industry in China's national economy to some extent reflect the level of the nation's social change. The relationship between social change and tourism development may be positive or negative depending on the 'input' of social dynamics which cause the change.

In addition to being a labour-intensive business which generates income for a significant component of the global workforce, tourism is capital-intensive in terms of infrastructure investment and in acquiring the necessary construction and equipment such as hotels and aircraft. In view of this, tourism policy makers in both public and private sectors are concerned about how to avoid inappropriate investment, and how to maximize profitable returns on investment. Achieving these goals involves a wide range of issues starting from market research. Conventional marketing theory holds that there must be a 'need' before a 'market' is formed, and this principle may also be applied to tourism. Travel is not undertaken for its own sake, and since it involves the activation of needs and the direction of wants, marketing is a central component. From a marketing perspective, it is impossible to market a product or service effectively without knowing the psychology of the prospective customers. It is essential to find out what motivates the behaviour of potential consumers, and what will stimulate a reaction from them (Davidoff, 1994:43).

2.8 The consumer psychology of tourism

Unlike food, water and shelter, and despite its increasing contribution to quality of life issues, leisure travel cannot properly be regarded as a daily consumption necessity. Because it is a discretionary activity, more effort is required when selling travel than when selling necessities such as staple foods. Since it is essential to understand as much as possible about the motivation of prospective travellers, the psychology of tourism has been a main concern for marketers of travel services. Maslow's theory of hierarchy of human needs

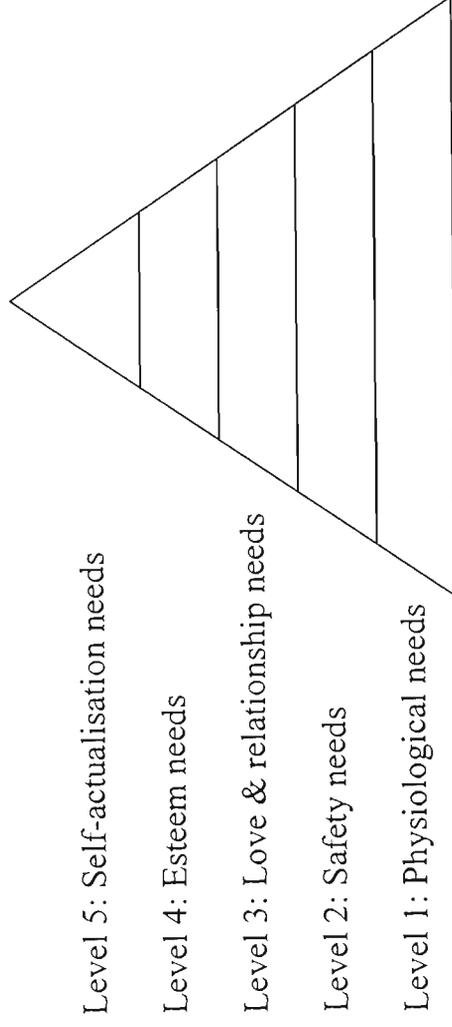
provides an explanation which may assist an understanding of tourism behaviour in Guangdong.

2.8.1 Maslow's hierarchy of human needs and tourism

Maslow believed that human beings proceed through five stages of motivation: physical and biological needs; safety and security needs; social needs; status or esteem needs; and self-actualisation needs. An individual may move to a higher stage after the needs of a lower stage are met, but may also function on different levels for different activities at different times. The evolution of living standards in Guangdong may be viewed as a reflection of Maslow's Hierarchy of Needs. In 1980 when goods were still in short supply, the Chinese welcomed almost anything consumable. During this period, any parcels containing daily commodities, such as clothing and household items sent by Chinese compatriots in Hong Kong, Macau and other countries were highly appreciated. In the second half of the 1980s, gifts from compatriots also included more expensive items such as colour televisions, electrical appliances and even motor bicycles. In the 1990s, sending parcels to relatives in China increasingly lost its significance as the nation enjoyed an abundant supply of goods and the majority of people were leading relatively comfortable lives. In the year 2000 when the researcher was conducting her fieldwork in Guangzhou city, there was already an over-supply of daily necessities. Being the leading province of China's economic development, Guangdong has been the first to achieve one of the goals set by the nation's late paramount leader, Deng Xiaoping, namely, to 'live a comfortable life'. The fact that Guangdong residents are fond of travel and are regarded as the major source of tourists is reflective of the fact that they have already moved beyond the first two levels of needs, and are now straddling the higher levels.

The need for food, shelter and clothing sufficient to survive is classed as physical and biological need. In normal circumstances, travellers do not operate at this level, except in the case of refugees seeking shelter and food or escaping from poverty or war. Travellers functioning on the safety and security level opt for escorted tours, which provide them for example with the safety of having a leader

Figure 2.4 a Maslow's hierarchy of needs



Source: Maslow, 1943

Figure 2.4 b Maslow's hierarchy of needs

Level one	Physiological needs	Hunger, thirst, sleep, air, sex etc
Level two	Safety needs	Freedom from threat or danger, a secure environment
Level three	Love needs	Feelings of belonging, affectionate relationships, friendship, group membership
Level four	Esteem needs	Self-respect, achievement, self-confidence, reputation, recognition, prestige
Level five	Self-actualisation needs	Self-fulfilment, realising one's potential

Source: Maslow 1943

to whom they can turn if a problem arises, and also provides certainty in terms of pre-arranged accommodation, food and itinerary etc. According to Maslow's theory, humans generally need to feel they belong, and to feel wanted and loved.

'Travel need' should be above the first level of Maslow's 'hierarchy of needs' (i.e., basic survival needs), and should fall somewhere between level two and four (Davidoff, 1994) (see Figures 2.4a and 2.4b, pages 49 and 50). As Davidoff (1994:64) suggests, the fourth level of needs (status and esteem needs) is an important concept in marketing travel products, because travel is one of the primary status symbols in contemporary society. Group travel or package tours generally target people functioning on the social needs level and/or safety and security needs level. Since travel may also symbolize social status, travellers operating at the level of esteem needs tend to enjoy visiting newly popular destinations so that they can tell their friends that they have been there.

The highest level consists of 'self-actualisation needs'. Those on this level are 'beyond' needing to impress friends and associates. Their goals could aspire as high as having a building named after themselves. Often they are not the targeted customers for the seller of travel products except in the case of niche marketing, because they are only a small proportion of society (Davidoff & Davidoff, 1994:57-59). An example of such self-actualisation needs is the famous Chinese scholar and historian, *Yu Qiu-Yu*, who quit his position as the Chancellor of Hong Kong University to become a traveller and writer. He subsequently devoted most of his time to travelling across China before extending his travels to visiting many of the world's historic and cultural places. The aim of his travels was to discover and re-live what remains of the disappearing ancient cultures. Yu is well known for his thoughtful and touching prose, and for a series of inspiring books which have been produced as a result of his travels. Yu's case is a unique one and thus not intended to be used to generalize a traveller's psychological needs. However, it serves to demonstrate that there are various types of traveller's psychological needs, which should not be narrowed down to the lower levels of needs alone. It also indicates that such psychological needs may change according

to the traveller's personal and social situation at the time when a travel decision is to be made.

From a consumer perspective, purchases are made to satisfy physical or psychological needs. In the case of travel, they can be translated into reasons such as to visit friends and relatives; to see new places and learn new things; to get away from daily routines; to relax; to undertake activities people cannot do at home, and so on (Davidoff & Davidoff, 1994 :52).

Applying the principles of consumer psychology that have been noted above to China's outbound travel market, the development of the market may be interpreted in the following way. At the level of physical needs prior to 1978 when China suffered severe poverty and starvation problems, outbound travel was limited to very few diplomats and exchange students; the rest were those who tried to escape from China to bordering countries and regions such as Thailand and Hong Kong. In the earlier stages of the Open Door and Reform policy, Chinese consumers were primarily found at the level of physical and biological needs. When freedoms were newly granted, desires for daily necessities were eagerly unleashed. Once these needs were satisfied, people moved to the next level to seek social safety and political security. By the mid 1980s, and given the political uncertainty and feeling of insecurity at the time, people's needs for safety and security were reaching such a level that they were translated into '*chuguo chao*'⁵ (means 'waves of going abroad') during the period leading up to the political upheaval known as the 'Tiananmen Square Incident'⁶ in June 1989. According to Tang (1997 and Mo, 2004), most of those who left China in this period intended to seek a better life in the outside world. Most could not afford to pay the cost of their overseas trips, and many had to raise or borrow money from

⁵ A culture specific term popular in mainland China during the 1980s and the 1990s. The term can be literally translated as 'tides of going abroad' or 'waves of going overseas'.

⁶ A student movement in June 1989 which led to a military crackdown by the Chinese government and resulted in the loss of many students' lives. As a consequence, China was sanctioned by the international community for more than a year.

their relatives and friends, in the hope and promise that they would work hard abroad for a few years to save up for the repayment of the loans. These travellers can be referred to as ‘opportunist travellers’. It is also worth noting that at the level of safety and security needs, there was little tourist activity within China except for business or VFR purposes during this period.

Figure 2.5 The application of Maslow’s hierarchy of needs to tourism

Maslow’s hierarchy of needs	The traveller	The Chinese traveller
Physical needs level	* Refugees	* Refugees and escapists
Safety and security needs level	Package tour traveller	Non-tourist opportunist traveller
Social needs level	Package tour and / or Free and Independent Traveller (FIT)	Student, package tour, educational and business traveller
Esteem needs level	Adventurous and special interest traveller	Educational and vocational training traveller
Self-actualisation needs level	High goal setting traveller	Outstanding achievement traveller, eg. international sports athlete

* Involuntary travellers

Source: Maslow, 1943, applied by the researcher 2000

The social needs level can be represented by Chinese tourists, students and business people travelling in groups as part of a fully comprehensive package. Everything is prepared in advance by those involved in the service delivery, including migration agents, travel agents, and education providers. As China’s reforms deepen and lives improve, the need for social safety and political security in China is less extreme, and increasing numbers of travellers are moving between

the levels of social needs and self-esteem needs. This trend is evident in the rapidly growing number of outbound travellers visiting developed countries such as Australia, and the gradually declining number of overstaying unlawful non-citizens from China (Melbourne Daily Chinese Press, 2002). Figure 2.5 (page 53) summarizes the relationship between Maslow's hierarchy of needs and the Chinese traveller.

2.8.2 Motives and factors influencing travel decisions

As previously stated, travel is not undertaken for its own sake. There must be a need to fulfil a specific 'desire'. Therefore, it is essential to find out what motivates potential consumers to take a particular action, and why they react in a certain way (Davidoff, 1994, page 43, Woodside et al., 2000; Ross, 1998).

Consumer behaviour increasingly requires the knowledge of consumption decisions on a global basis, and an understanding of the cultures operating within prospective markets with population vitality and ability to buy, to be attractive market segments for global marketing organizations (Engel et al., 1995:128; Middleton, 1988). According to conventional marketing theory, it is essential to consider some basic psychological concepts such as motivation, perception, drive, need, want and motive of the consumer. Given the complexity of China's social and cultural situations, this is particularly true in the case of China's outbound travel market. Motivation is complex and cannot be inferred directly from behaviour. Motivations change, for example, as wealth increases and life is improved. Blyth (1997:21) suggests that since many motives are irrational or unconscious, purchases are often motivated in part by hedonistic goals. For this reason advertising often makes use of the power of psychological effect to motivate impulse purchases. However, such consumer behaviour theory cannot be directly applied to travel in general, and to Chinese outbound travellers in particular, because the process of travel decision-making usually takes a longer time to complete than other consumer decisions, and is subject to influence by a number of internal and /or external factors.

Redman suggests that perception is functionally selective and can be affected by: the needs of the perceiving individual; the person's mental set and mood; culture and social belief (1979:46). Perception is an internal influencing factor which can be so powerful that it may drive a consumer to buy something at a much higher price. For example, the perceived utopia somewhere outside China has driven many Chinese to leave their homeland at a very high cost, and in some cases even beyond their ability to pay. Similarly, attitude is an important internal factor which may affect consumer decision-making. Attitude is a relatively enduring organization of beliefs around an object or situation predisposing one to respond in some preferential manner. Attitudes are formed by past experiences, through the mechanisms of learning. They affect a person's behaviour in direct proportion to their perceived relative importance. Attitudes can be changed by social influence through persuasive communication (Petty, McMichael and Brannon, 1992:78; Manfredi, 1992). This is why exploring consumer attitudes is critical in market research. The study of consumer lifestyles (or psychographics) is also important. It involves a quantitative study of consumer lifestyles for the purpose of relating those lifestyles to consumer purchase behaviours. Understanding a consumer's lifestyle can assist in predicting purchasing behaviour, and the kind of products and promotions that will have greatest appeal (Blyth, 1997:45). In the case of China's outbound travellers, it is also important to understand the political, social, cultural and historical background of their changing lifestyles.

Ryan and other writers have suggested that tourism demand is determined by a number of economic, psychological and social factors. In principle, the potential holiday-maker must have sufficient discretionary income to permit holiday behaviour (Ryan, 1991:34). Travel may be motivated by a series of deep psychological needs such as escape from routine, relaxation, play, strengthening family bonds, prestige, social interaction, educational opportunity, self-fulfilment, wish fulfilment, and shopping. The type of holiday is determined within a set of behavioural patterns. In many cases holidays are prompted by more than one motive, whilst being subjected to income constraints and the demands of other

family members. In the case of Guangdong Province, residents generally enjoy relatively higher incomes than elsewhere in China, and therefore are in a better position to obtain a higher quality of life. As the international gateway into Southern China, Guangdong has higher exposure to influences from the outside world, and is more prepared to adopt the lifestyle of developed countries, which usually contains a component of hedonism. Living in a more advanced region of a fast developing country, Guangdong residents tend to live a more competitive life in which rapid change and tension are typical social rhythms, and are known to be more disposed to recreational travel (ATC, 2002).

Goossens has suggested that destination choices are pushed by people's emotional needs and pulled by the prospect of emotional benefits (2000:301-302). He argues that the push and pull factors of tourist behaviour are two sides of the same motivational coin, and that the psychological factor connecting both sides is the 'concept of emotion'. His 'Hedonistic Tourism Motivational Model' emphasizes the importance of experiential information to stimulate imagery and emotion. He also suggests that a combination of push and pull information and hedonic responses motivates tourists to plan a trip and subsequently to make a travel booking (Goossens, 2000:317). His model is useful from a marketing point of view. Given the relative immaturity of China's outbound travel market, it is however premature to apply a hedonic motivational model for the purposes of the present research on China.

Apart from discretionary income, major factors influencing the decision to travel include exogenous variables (such as social structure, political stability and regulatory developments) and market forces (such as demand for and the supply and distribution of tourism products and services) (Go, 1997:10). The political and regulatory environment can also influence travel decision making. Currency restrictions on outbound travel can limit the potential to travel, whereas the collapse of communism, the rise of capitalism, and more active government involvement in tourism planning can enhance tourism growth (Go, 1997:14). Demographic and social trends also play an indirect role. An ageing population

may for example have more discretionary income and more leisure time available for travel purposes. The burgeoning of the middle class in the Asia-Pacific region may also cause leisure travel to expand (Go, 1997:11). In order to understand travel behaviour and to find answers to questions such as ‘why do people travel?’ and ‘what motivates people to make a decision to travel?’, it is necessary to examine further theories of consumption and consumer behaviour before it is appropriate to determine the extent to which the Chinese traveller fits such models.

Contemporary consumption theorists believe that a knowledge of consumption decision-making is necessary for any attempt to analyse consumer behaviour in both normal and special market situations. This is especially the case in emergent markets such as China which exhibit both population vitality and ability to buy (Engel et al., 1995:128). As previously mentioned, motivation is complex, cannot be inferred from behaviour, and may change as wealth increases. This is evident in the evolution of China’s outbound travel market over the past two decades. As Figure 2.6 (page 58) demonstrates, the actions taken at various stages by China’s outbound travellers were directly influenced by motivators and facilitators. Figure 2.6 has been designed by the researcher to illustrate, from a socio-political perspective, the relationship between social change and the development of China’s outbound travel. It can be seen that the motivations of Chinese travellers (at least in earlier times) diverges somewhat from conventional consumption theory which suggests that many purchases are motivated in part by hedonic goals, and are quite often irrational or unconscious (Blyth, 1997:21). The motivations of Chinese outbound travellers of the 1980s were far from being hedonism-driven. Most of these trips involved long-term planning, and in many cases were the results of decisions jointly made by all family members.

Based on these conventional theories of consumption, and on an understanding of social change in contemporary China, the researcher believes that the decision-making processes of Chinese outbound travellers are driven by different historical, social, political and cultural experiences than their counterparts in the capitalist world, albeit subject to similar categories of

Figure 2.6: Social Change and Development of China's Outbound Travel

	Pre – 1978	1980s	1990s	2000s	2010s
Level of Development	Minimal.	Rapid growth.	Steady. Gathering market momentum.	Rapid growth. Worldwide recognition.	Stead growth. Major market source.
Push and Pull Factors	High push. Low pull.	Extremely high push. Low pull.	Extremely high push. High pull.	High push. High pull.	Low push. Low pull.
Motivators and facilitators	Strict political control. Poor economic conditions. Strong ideology.	Relaxed political control. Improved economic conditions. Fading ideology. Future uncertainty and insecurity. Illusion of the outside world.	High uncertainty and insecurity. Much improved economic conditions. Weak ideology. High expectation of outside world.	More income and time. New knowledge. Psychological fulfilment. Quality of life. Upward social mobility. Approved Destination Status (ADS) and relaxed regulations.	Relaxation. Self-esteem. Globalisation. Quality of life. Minimum regulations.
Action taken	Little action due to suppressed and unfulfillable desires.	Rush action driven by emerging signs of hope and blindfolded by inadequate information.	Risk-taking action as a result of better knowledge and higher expectation of the outside world.	Mass travel as a result of easier access to destinations and relaxed entry control.	Sophisticated and selective travel as a result of market maturity.
Social conditions	Strict and highly ideological central planning.	Chaotic and uncertain during early stage of opening. Under-established social mechanism. Tentative relaxation of regulations.	Gradually under better control with the blessing of economic success and more stable political conditions.	Promising future after successful bid for 2008 Olympics and admission to WTO. Full of opportunities and challenges. Global integration. Better political and social order.	Deeper involvement in globalisation. Stable political and social climate.
Market characteristics	Strictly controlled by social conditions.	Highly sensitive to social change	Highly sensitive to social change.	Highly sensitive to social change.	Less sensitive to social change.

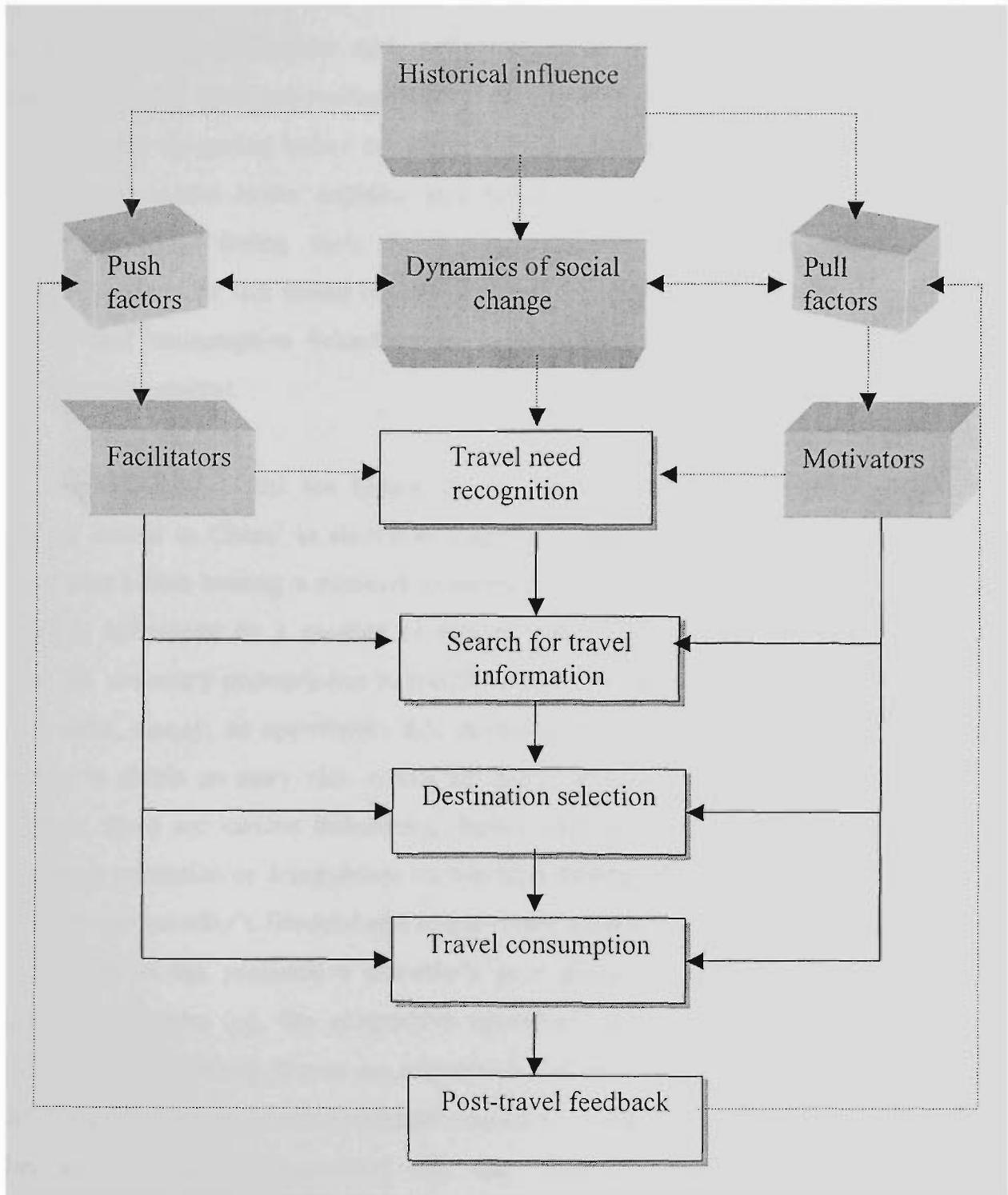
Source: Designed by the researcher in 2000 as part of the theory building process.

influencing factors⁷. A 'Model of Consumer Decision-Making Process for Chinese outbound travellers' has been developed and is presented in Figure 2.7 (page 60). This model emphasizes the important influencing role of factors related closely to China's social change and to its political and social past. These factors are pre-determinants which affect the traveller's choice well before the conventional travel decision-making process starts. In this model, the researcher suggests that for most of the developing countries the political and social past plays an important part in social change and the development of outbound tourism.

Unlike the countries of the former Eastern European Bloc, China has been reluctant to break away entirely from its communist past. The preservation of such political identity has to some extent caused perceived threats and political fears in the minds of many in the population. The perceived threats and political uncertainty formed a strong 'push' force, which drove hundreds of thousands of Chinese away from their homeland in the 1980s, when they were 'facilitated' by opportunities available at that time (notably more relaxed government policies and improved economic conditions). In the context of China's long history of diaspora, the 1980s saw the first 'waves of going overseas' or Chinese leaving the country in order to seek a perceived better future in the guise of studying abroad. These groups of outbound travellers later became overseas Chinese and contributed to the already vast global economic power and influence of 'overseas Chinese' that has been well recognized and documented, for example, by Bolt (2000) and Hwang (2002). The growing power of the overseas Chinese communities worldwide has periodically aroused racial concerns amongst the international community, especially in countries with a high aggregation of Chinese ethnics, and exposed to greater Chinese influence in economic terms. The influence of the overseas Chinese network together with advanced information technology and the process of globalisation have created a strong

⁷ The difference is that each country is at a different stage of 'development'. The general influences are the same, but what they mean differs for different people in different countries.

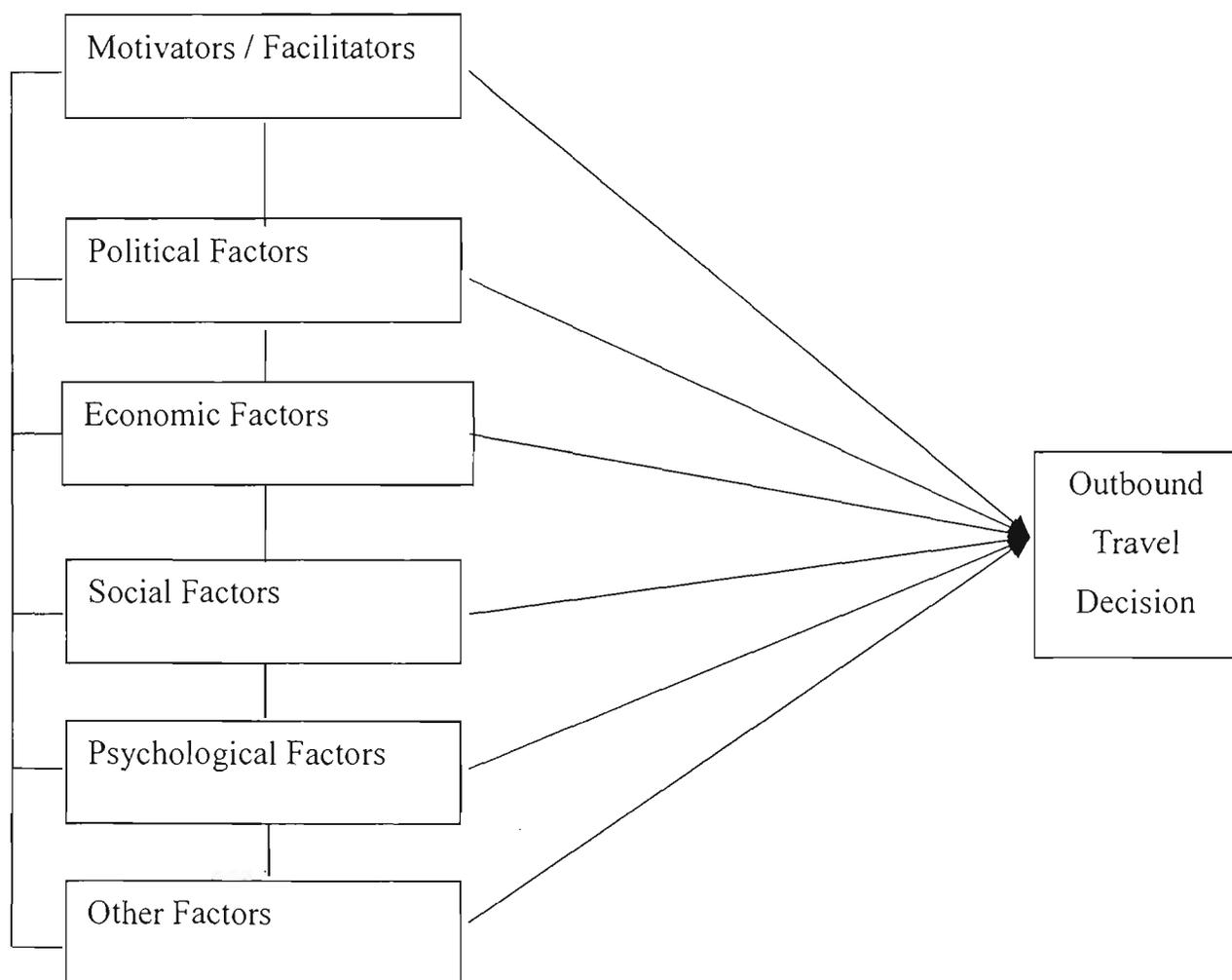
Figure 2.7 A model of consumer decision-making processes for Chinese outbound travellers



Source: Designed by the researcher in 2000 as part of the theory building process.

‘pull’ force, which ‘motivates’ numerous Chinese to go overseas to search for the “myths of the utopia” (Mo 2004). A travel need has emerged as a result of the interplay between push and pull factors, the dynamics of social change, and assisted by relevant facilitators and motivators. It is at this point that the conventional travel decision-making theory comes into play. The researcher believes that for the period before the Chinese market reaches full maturity, this push and pull model better explains and reflects the mentality of Chinese outbound travellers during their decision-making process. From a wider theoretical perspective, this model can also be more broadly applied to consumer behaviour and consumption behaviour in the context of the world’s fastest growing tourism market.

As a supplementary model for Figure 2.7, a ‘Model of Factors Influencing Outbound Travel in China’ is shown in Figure 2.8 (page 62) This researcher suggests that before making a decision to travel overseas, the Chinese outbound traveller is influenced by a number of factors. First of all the traveller must possess the necessary prerequisites to travel, notably motivators and facilitators such as time, money, an opportunity and desire to go overseas, as well as the eligibility to obtain an entry visa. Under the broad umbrella of motivators and facilitators, there are various influencing factors such as: political factors (eg. Government regulation or deregulation on overseas travel); economic factors (eg. the prospective traveller’s financial and employment situation); social factors (eg. the influence of the prospective traveller’s peer groups or social ties); and psychological factors (eg. the prospective traveller’s perceived benefits of an overseas trip). All of these factors are interwoven and each to some degree exerts an influence over the prospective traveller’s decision-making. Each factor may be further analysed at a macro-level (eg. the national political and social environment) and a micro-level (eg. the individual traveller’s social and economic situation).

Figure 2.8 Model of Factors Influencing Outbound Travel in China

Source: Designed by the researcher in 2000 as part of the theory building process.

2.8.3 Conditions fostering the expansion of tourism

Based on the above information, this researcher suggests that demand for tourism is affected by political, economic, sociological and psychological factors, and by the complex interrelationships between them. Tourism demand is fostered by both tourism motivators and tourism facilitators. The former relates to the field of consumer psychology and explains why people travel, whereas the latter relates to the fields of economics and sociology, and serves as a predictor of whether or

not a person will be able or encouraged to travel. French, Craig-Smith and Collier suggest that motivators are intrinsic and related to a traveller's inner feelings, emotions and drives. They might be conscious or unconscious, and they arise out of perceived needs or wants (2000:32). Motives or drives alone can hardly lead to travel; for a person to participate in tourism, he/she must also meet the requirements of two fundamental facilitators, disposable income and leisure time.

Although sociological variables such as occupation, stage in the family life cycle and level of education play a role in influencing tourism demand, the most important facilitators are undoubtedly income and time. This means that propensity to travel should increase as income and time increase (French et al., 2000:33). This is why tourism can be regarded as an economic indicator in judging the wealth and prosperity of a country. The researcher believes motivators may be extrinsic too. When a prospective traveller is invited to visit an overseas friend or relative, the invitation can be regarded as an extrinsic motivator. If the overseas friend or relative offers to pay for the trip, which is a financial facilitator, the prospective traveller can be regarded as having satisfied the basic conditions of travel demand, namely motivator and facilitator. This is not uncommon, being especially prevalent in the earlier stage of China's outbound tourism, when many Chinese had their overseas trips paid for by relatives in various parts of the world.

Motivators and facilitators can operate at two levels. They can encourage people to, or discourage people from, participating in and spending their money on tourism related activities in general. The first level of motivation in tourism is a general demand for travel and tourism as a means of satisfying needs, and the second level relates to demand for specific destinations and activities. Hence there are both general and specific motivators and general and specific facilitators. The most important facilitators at both levels are time and income, while motivators to travel will vary depending on the needs that travel is fulfilling (French, Craig-Smith & Collier, 2000:180). In the case of China's outbound travellers, the facilitators can be improved income levels, increased leisure time and relaxed government regulations on overseas travel; the motivators can be perceived needs

to see the outside world, or a strong drive to fulfil one's self-esteem. Certain factors may encourage people to travel, but the destination and the purpose of trip can be separate issues (French, Craig-Smith & Collier, 2000:32).

2.8.4 Purpose of travel

The reason for travel can be distinguished from the stated purpose of trip. The purpose of travel relates to overt reasons, and usually falls into one of the following categories: for a holiday, to visit friends and relatives, for business, for education or for sport. However, behind these stated purposes lie various psychological stimuli, which are the true reasons for travel or motivation. As income grows and quality of life improves, consumer expectations in China are becoming more sophisticated and demanding. While social change can alter individual lifestyles and consumer expectations in general, tourism is an individual experience requiring an understanding of individual behaviour, namely the psychology of tourists or potential tourists (Smith, 1995:6).

2.9 Relationship between social change and development of outbound travel

As a theme of the present research, the researcher believes that there is a close link between social change and travel development in China and thus examines the potential of China's outbound travel market in the context of broader social change. Figure 2.9 (page 65) attempts to explain how travel as a social activity is related to and influenced by social changes under way in China.

From a socio-economic perspective, Figure 2.9 (Page 65) attempts to track the relationship between social change and travel at three different levels: macro, middle ground, and micro. At the macro level, the impacts of China's reforms (A) are many and varied. The ramifications of the derivative effect can be broadly divided into "positive force" (PF) and "negative force" (NF). The

Figure 2.9: The impact of social change and its relationship to travel – A model of interactive relationship

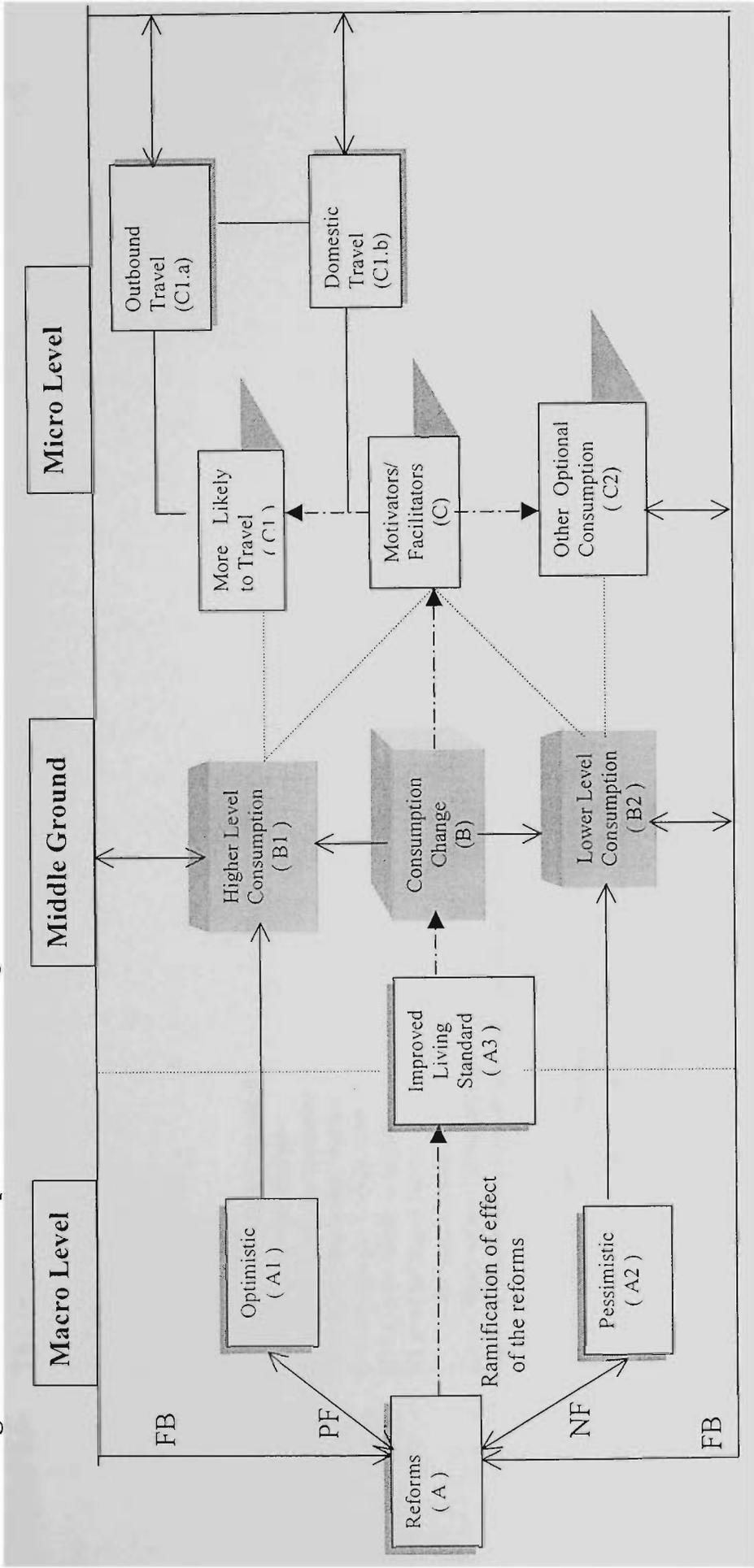
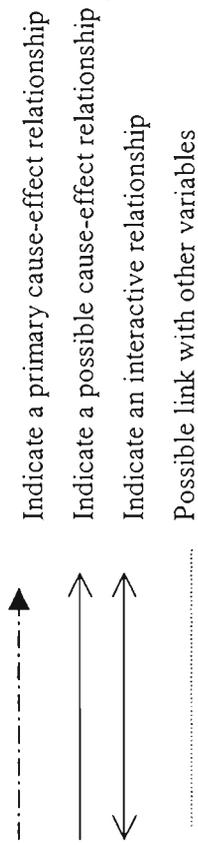


Figure 2.9: The impact of social change and its relationship to travel – A model of interactive relationship (continued)

Where:

- A = Reforms
- PF = Positive force
- NF = Negative force
- A1 = Optimistic
- A2 = Pessimistic
- A3 = Improved living standard
- B = Consumption change
- B1 = High level consumption
- B2 = Low level consumption
- C = Motivators / facilitators
- C1 = More likely to travel
- C1.a = Outbound travel
- C1.b = Domestic travel
- C2 = Other optional consumption
- FB = Feedback from various outcomes of social change



Source: Designed by the researcher in 2000

positive force represents the positive results brought about by the reforms (such as higher income levels, more freedom and better democracy, higher social mobility, more employment and business opportunities). It is believed that the positive force helps to create a positive social dynamic, or optimistic view (A1), which leads to better living standard (A3) and consumption change in general (B). Prompted by various motivators and facilitators (C), consumption may evolve into various forms. Travel (C1), in particular outbound travel (C1.a), tends to be realised at the higher end of consumption pattern. This straightforward cause-effect relationship between the reforms and travel, with consumption as the middle ground, is indicated by the symbol (-----▶).

The negative force (NF) represents the negative or perceived negative results of the reforms (such as the shrinking welfare system, labour redundancy, corruption, uneven distribution of social wealth, and the widening gaps between the rich and the poor). This negative force is believed to have created a sense of crisis or a pessimistic view (A2) among people who are directly or indirectly affected by the reforms. For example, the housing system reforms exclude people who have been employed after 1996 from housing benefits. This system allocated workers free accommodation according to their seniority and position in the work units if they were employed prior to the change of the policy. Although people holding the pessimistic view also enjoy improved living standards (A3) brought about by the reforms, the sense of crisis tends to lead them to restricted or lower level consumption (B2), and thus less prospect of travel. However, lower level consumers may still be interested in other optional consumption (C2). Depending on the motivators and facilitators, both high and low level consumers have the chance to upgrade or down grade their consumption level to suit their own situations. Regardless of people's positive or negative perception, it is commonly accepted that Chinese living standards have been significantly improved (A3) since 1978, and as a result of this, basic consumption (B) is generally available.

Since one of the most significant outcomes brought about by the reforms is the liberation of consumption, the changes in consumption patterns can be seen as the middle ground level for our situational analysis before the conduct of a micro-analysis of 'travel'. During the 1980s the reforms triggered a commodity consumption boom, and as living standards continue to improve, consumption needs are more sophisticated and can be satisfied in a number of ways. After the daily commodity purchases reach saturation point, people start seeking luxury items and / or spiritual satisfiers such as high culture activities, higher education or travel. At this stage, motivators and facilitators (C) play an important role in the determination of such discretionary consumption items. For those who are positive about the reforms and can afford to pay for a higher quality of life, travel naturally becomes an important item on their consumption list. Since travel is not a necessity, a travel decision may depend heavily on motivators and facilitators during the decision-making process. Motivators and facilitators may vary according to each individual's situation. For instance, those who are in a better social position, hold a positive view, and possess appropriate motivators (such as overseas ties) or facilitators (such as a well-paid job or a position with opportunity to travel), may put travel on their consumption list (C1- More likely to travel). On the other hand, those who are in a worse social position, holding a pessimistic view of the future, lacking appropriate motivators or facilitators are less likely to travel, or may turn to other optional consumption (C2) such as a golf club membership, concert, brand-name commodities, or just going to the movies. At a micro level, travel consumption is then largely divided into 'outbound travel' and 'domestic travel'. Depending on the composition of motivators and facilitators, those who are more likely to travel may choose international outbound travel (C1.a) or domestic travel (C1.b).

The model shown in Figure 2.9 serves to trace the relationship between social change and the development of China's outbound travel, as well as to summarise the interactive relationships between reforms and variables represented by a two-ways arrows (\longleftrightarrow). It is also believed that China's reform is not a one-way process. Various outcomes of the social change may create various

feedback effects (FB), which may influence the reform in different ways at a later stage. For example, excessive hedonic consumption by government officials may trigger an anti-corruption campaign which may cause social tension and may have direct impact on consumption. Such an interactive relationship will be further explained by Figure 8.1 (page 284) and elaborated in Chapter Eight. Having identified two important relationships (the cause-effect relationship and interactive relationship) between social change and travel, Figure 2.9 however does not provide an adequate explanation for the dynamics that motivate and drive people to travel overseas at various stages of reform, namely the ‘pull’ and ‘push’ factors. An investigation of some of the theories of population movement and an examination of tourism / migration models may help to fill this gap. This is necessary to gain a better understanding of Guangdong’s historical role as a major source of outward migration, and as an important source of outbound travellers today. Being one of the main international gateways into China and the largest source of Chinese emigrants to various parts of the world, Guangdong, China’s most vibrant province, is a suitable example to showcase the interplay of social dynamics which drive China’s economy.

2.10 Theories of population movement and tourism-migration models

Given the complexity of historical and political reasons, a thorough analysis of China’s outbound tourism cannot be confined to the commercial and economic domains. As indicated in Figure 2.6 (page 60), the motivations of and actions taken by Chinese outbound travellers have changed over time and are influenced by a number of factors. Since ‘push’ and ‘pull’ factors have clearly played an important role in prompting overseas travel, a better understanding of the push and pull factors requires some basic knowledge of the theory of population movement.

2.10.1 Population movement

Prior to 1978, population movement in China was strictly controlled by the government through a rigorous system of household registration, and food and commodity supply vouchers. People were not free to move from one place to another, let alone to travel overseas. A shift from rural to urban areas usually involved complicated application procedures and many years of waiting. Since the introduction of the Open Door and Reform policy, government control over population movement has been significantly relaxed including both internal migration and emigration. Internal migration refers to the population flow from rural to urban areas within China. The so-called ‘blind-flows’⁸ (*mangliu*) have swamped major cities, especially in the southern and eastern coast regions and have constituted one of the most serious social problems confronting the government. The authorities have had to handle the associated issues with extreme care to avoid political and social unrest (Wong & MacPherson, 1995; Day & Xia, 1994; Perry & Selden, 2000). Despite its social significance and implications, internal migration has limited relevance for the present research, which focuses on outbound travel. Nevertheless it provides an important component of urbanization which underpins the desire for and practice of long-haul international travel.

As the home provinces of most overseas Chinese, Guangdong and Fujian have played an important role in China’s modern history. China’s massive emigration started in the second half of the 19th century, when hundreds of thousands of Chinese ‘coolies’ from Southern China were first shipped to America and Australia during the ‘Gold Rush’ eras, and later dispersed to various parts of the world. South East Asia in particular has been well known for its high concentration and aggregation of overseas Chinese. An example is Vietnam where there were about three million people of Chinese ethnicity prior to 1975 according to the information provided by a Vietnamese tour guide in Ho Chi Minh City during an introduction of the city to a group of twelve Australian visitors including the researcher. Though lacking official statistics, the researcher recalls

⁸ “Mangliu” refers to the influx of people moving from rural or less developed areas into the urban or wealthier areas of China in the early stage of China’s reform during the late 1970s. They flocked to unfamiliar places, hoping to seek a better life without proper planning.

that prior to 1975, the Chinese community in South Vietnam was so big that the Chinese ethnics did not have to rely on the Vietnamese government for any social support. The Chinese had their own shopping districts, markets and facilities which supplied all the daily needs. In addition, five famous hospitals, many social welfare organisations, and numerous primary and secondary schools were funded, owned and run by a group of Chinese elite. The majority of the Vietnamese Chinese originated from Guangdong and Fujian provinces. Although sources of emigration from China have become more diversified over recent decades and now cover also Beijing, Shanghai and various parts of China, Guangdong and Fujian remain the main ‘homes’ of overseas Chinese.

According to the various theories of population movement, human beings are highly mobile. Moving from one place to another in search of a better life is a natural response shared by all animals to environmental conditions (Wulff et al, 1993; Day & Xia, 1994; Newton, 1977, Bell, 1995). As part of the contemporary process of globalisation, population movement may be permanent (eg. permanent migration), or in the form of short or long term temporary movements which are of major social and economic significance (Hugo 1996:28 & Stahl *et al* 1993:xiii; (Wulff et al, 1993). Population movement theory is relevant to the present research because firstly it may help to provide explanation for the dichotomy which prompted the present research to be conducted, namely market boom versus strict visa control, and secondly, travel is also a form of population movement, and is closely linked to migration. Sometimes people want to conduct an exploratory trip to find out more about the country of intended migration before the actual decision for migration is made; this trip purpose blurs the distinction between travel and migration (Oigenblick and Kirschenbaum, 2002, Vol. 29, No. 4, pp. 1086-1100). A key group of China’s outbound travellers in the 1980s, the “PRC students”, fell within the category of short or long term temporary migrants. Many intended to work and earn foreign wages during their stay in the outside world, or in a small number of cases to find a means of staying permanently outside China. Chinese people have a history of travelling abroad to seek a better life, especially during times of natural or man-made disasters. The

nightmares of endless political struggles during the era of Mao Zedong's Iron Curtain Regime continued to haunt the popular imagination. Fears of political uncertainty and other worries have provoked a major surge in Chinese emigration (Seagrave, 1995:262). Many were "pushed" to expatriate themselves from the country, both legally and illegally, to seek some sort of political and social insurance (push factors).

The theory of human mobility suggests that it is natural for those from underdeveloped and poor countries to relocate to developed and rich countries. Initially they seek out a better life either temporarily or permanently, though this situation may change or even reverse once the living conditions of poor countries are improved. For those who have overseas ties, the movement may take the form of migration and be permanent. For those who are not eligible to migrate, they may try a number of different ways to achieve their goals. They may have to gain entry into the countries of their choice by applying for short term visitors' visas such as tourist, business or student visas.

As Appleyard has pointed out, illegal workers from some poorer countries gaining entry have created serious problems for European countries and other wealthier countries (1991). Many developed countries have subsequently imposed visa controls on countries generating most illegal migrants to protect the wellbeing of their own societies. Despite strict controls on tourist visa issuance in high risk countries such as China, many intending illegal migrants still find their way through immigration barriers each year (Mo 2004). For instance in Australia, at one stage there were 50,000 short term business visa holders from Mainland China overstaying their designated visa period. More recently, following the Asian financial crisis of 1998, Immigration Detention Centres were full of Malaysian tourists who were caught working illegally. They were 'pushed out' of Malaysia because of political and economic instability in their country of origin, and were 'pulled' to Australia for its attractive living standards.

'Push' and 'pull' factors play an important role in the travel decision-making process, whether for migration or short term overseas trip purposes. In cases of migration, 'push' factors usually refer to unpleasant circumstances in the country of origin. The relevant forces may be economic (such as a very low wages system); demographic (such as strict control over population growth); social (such as social injustice); political (such as political upheaval); or natural (such as flood and earthquake) (Cox, 1980:2). 'Pull' factors on the other hand, usually refer to the attractive economic, social, political and/or environmental related conditions of the country of destination. Conditions such as a high quality of life, excellent economic conditions, and social and political stability at the destination often attract migrants from countries experiencing a worse-off situation. Such push and pull factors are applicable in the case of short-term travel, albeit to a much lesser extent. Residents from a highly developed and industrialized country such as Japan may be 'pushed' out by the overcrowded living environment of their modern cities and 'pulled' to take their vacations in countries such as Australia, which can offer fresh air, a comfortable lifestyle and natural scenery.

Appleyard relates the complex pattern of migration in Asia, a rapidly changing region in terms of economic growth and population movement, to a model based upon the concept of demographic transition, and suggests that countries at early stages of modernisation typically lose large numbers of emigrants to countries at later stages (as is occurring in China) (1991: 5-6). A further inference of this concept is that the situation may be reversed if China's modernization were to be successful, although the type of migrant composition varies at the various stages of transition. This theory has some relevance for the development of China's outbound tourism. As Figure 2.6 (page 60) demonstrates, the composition of the 'push' and 'pull' factors is expected to change over time, and in line with a number of other factors.

2.10.2 *The tourism / migration relationship*

A variety of authors have noted the close link between tourism and migration (Oigenblick & Kirschenbaum, 2002:1008; and Williams & Hall,

2001:3). As a form of international population movement, tourism may be viewed as a pre-immigration facilitator as in the case of the 'PRC students' of the mid 1980s. In this sense, the 'push-pull' forces of the traditional models of migration may also be applied to tourism in terms of a traveller's feelings about the environmental effects of the country of origin and perceived image of the destination.

Despite the continuing rises in levels of income and significant improvement in living standards during the past two decades, Chinese workers earn very low salaries by international standards. Low income has been a crucial factor that pushed many Chinese to take the risk of going to developed countries to try their luck. Their ways to gain entry to these countries have been many and varied. Some obtained the correct visitor visa but overstayed in the destination countries; others paid huge amounts of money to international people smugglers for forged passports to travel to other countries; many more chose to stow away by boat or by land transport (Mo, 2004). The most obvious examples are the boat people who invaded Australia's western and northern borders several years ago, and more recently, the tragedy of the 58 Chinese who suffocated to death in a truck on their way to France.

In their 'tourism-immigration model', Oigenblick & Kirschenbaum have suggested that "*push factors had a differential influence on immigration and tourism flows, increasing the former but reducing the latter*" (2002:1088). They support this argument using the case of population flow from the poor ex-Soviet states to wealthy, prosperous Israel in the late 1990s, and suggest that the 'push-pull' forces of the economic disparity between the generating and receiving countries has contributed to the massive immigration flow from the former Soviet Union to Israel, and the significant reduction of tourist arrivals in the former Soviet Union. Though this theory may be applicable for some countries, the situation in China appears to be somewhat different. When 'push-pull' factors prompted waves of movement overseas from China during the 1980s, this communist state attracted a substantial number of foreign tourists at the same time

as international interest in the former 'iron-curtain' regime grew. This indicates the applicability of both 'push-pull' factors, albeit to different degrees.

2.11 Conclusions

This chapter has proposed a conceptual framework to guide the understanding and identification of links between social change, consumption, tourism and population movement, and to explain how the dynamics of social change influence these inter-relationships. At a macro level, functionalism is concerned primarily with social stability, whereas conflict theory focuses on social conflicts, tension and competition. At a micro level, the interactionist perspective is interested in the micro world of everyday life and social interactions. Theories of social change explain how and why social change occurs, while theories of consumption provide a middle ground bridging the broad social context of social change and the core of this research, China's outbound tourism. The principles of travel and tourism demonstrate the importance of tourism. Theories of consumption behaviour and psychology of travellers intend to explore travel motivations. The population movement theories and immigration-migration models attempt to identify the close link between tourism and migration, and to highlight some of the causes of constraints in the development of China's outbound tourism.

Though no single theory can provide a comprehensive answer to all the issues under examination in the present research, the range of theories investigated is relevant to and useful for the exploration and analysis of the relationship between social change and the development of China's outbound travel. The researcher proposes that the three major theories of society, which are functionalism, conflict theory, and interactionist perspective, assume that the functioning of societies operates spontaneously, for example, the division of labour into occupations such as farmer, builder, accountant, and migration agent is a natural response to satisfy the needs of a society under specific circumstances at specific periods of time. Any deliberate or artificial deviation from this course of nature would disrupt the operation of a society such as China's, thus triggering

social change. Prior to the reforms, China adopted a centrally planned labour system, that is, people were placed in jobs chosen by the government, not according to their personal preference, or their capability and merits in terms of skills and experience. Workers received similar rewards regardless of performance and contribution. Such a rigid system failed to recognize the complex characteristics of societies and human beings, therefore prompting the need for reforms in 1978.

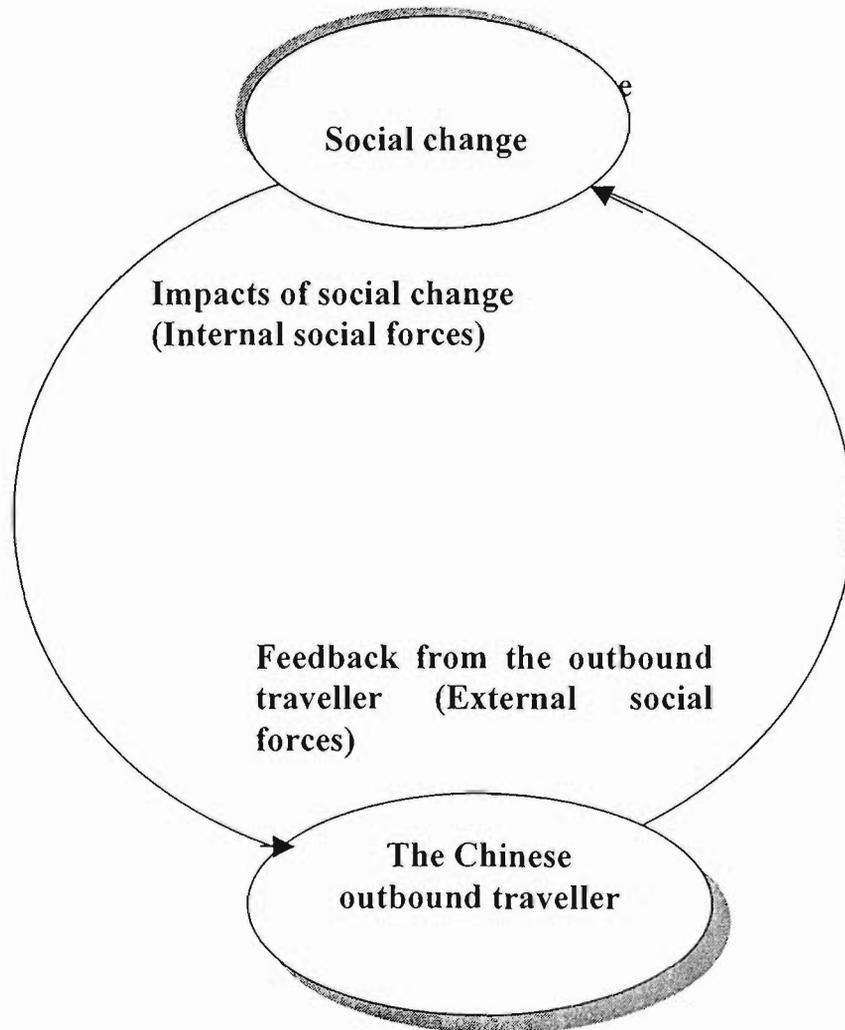
Drawing upon the above theories and principles, as well as an understanding of the context of China's social change, a number of models have been proposed to demonstrate the cause and effect of social change, and its relationship with consumption and tourism generally, and outbound tourism in particular. The 'Social System and Consumption' model explains how a change in social system can affect a society's consumption pattern. The 'Social change and development of China's outbound travel' model demonstrates the power of 'push and pull' factors over the nation's outbound travel during the past two decades and how social change can influence the composition of these factors. The 'Chinese traveller's decision making' model and the 'Influencing factors on China's outbound travel' model suggest that the Chinese traveller experiences a more complicated decision-making process than the one experienced by his / her counterpart in the West, as it is subject to the influence of a more complex historical, political, and social environment in addition to the traditional economic and psychological factors.

The researcher suggests that the relationship between social change and outbound travel is interactive in nature and not one-way in terms of influence. As illustrated in Figure 2.10 (page 78), the impact of social change has caused the revitalization and development of China's outbound travel, which creates the need for further social change through feedback obtained from outbound travellers. This argument will be elaborated in the concluding chapter of the thesis (Chapter Eight). The researcher suggests that the interactionist perspective may be extended to the analysis of all types of social relationships.

The line between tourism and migration can sometimes be ambiguous, as a short term visit may lead to a long term temporary or even permanent migration in the future. For this reason, immigration officers of some destination countries upgrade their tourist screening standards by imposing stricter visa control. From a tourism supplier perspective, one may wonder whether it is justifiable to ‘cut one’s feet just to fit the shoes’ (meaning sacrificing a fundamental aspect to make room for a less important one). To answer this question, the researcher aims to identify and examine the links between a number of variables, namely social change, government intervention, immigration, outbound travel and population movement.

The models and figures presented in this chapter have shortcomings and deficiencies. They do however provide a theoretical framework based on the various theories that have been discussed. They are intended to serve as guiding principles and provide direction for analysis throughout the research. The following two chapters contain an extensive review of literature ranging from a broad context of China’s social change to the evolution of consumption, and finally to a focus on the development of outbound tourism which is the core subject of the present research.

Figure 2.10 An interactive and integrated relationship: social change and the outbound traveller



Source: Designed by the researcher in 2000 as part of the theory building process.

CHAPTER THREE: SOCIAL CHANGE AND TOURISM DEVELOPMENT IN CHINA

3.1 Introduction

The dramatic and fundamental changes which commenced in 1978 and prompted China to break away from its conservative and strongly ideological past were brought about by a range of social, political and economic factors (Bucknall, 1989:37). The changes profoundly and directly affected the lives of China's vast population of 1.3 billion, and have also had an enormous impact on the rest of the world. This chapter examines how these significant changes arose, and how they have impacted upon tourism. The causes of the changes are examined as well as their impact on society, on consumption, and on outbound travel in particular. An improved understanding of the social forces prevailing before and after the change should help to identify the specific relationship between such change and China's tourism development. Although discussion in this chapter is intended to provide a general contextual picture of outbound tourism from all of China, Guangdong Province stands out as the leader in the course of outbound tourism development and is the major focus for the research. This chapter helps to answer some of the questions about social change and tourism development in China, and contributes to the achievement of some of the aims set out in Chapter One.

China has experienced a series of dramatic social changes over the past century (Chinese History text books, 1970s). These included the shift from a monarchical state to a republic in 1911, and the takeover of the mainland by the Chinese Communist Party (CCP) in 1949, which turned China into a centrally controlled communist country. In the late 1970s, after three decades of implementing communism and socialism, the Open Door and Reforms policy and the reforms advocated by Deng Xiaoping and his supporters launched China into a period of transition which involved departing from a state of strict central

planning towards the so-called ‘socialist market economy with Chinese characteristics’.

As noted by White *et al.*, economic reforms in China have “*altered the fabric of the society, rendering it more complex, fluid and differentiated*” (1996:23). The reforms have spurred the creation of new sources of wealth and avenues for personal success, have redistributed power and resources from Party/state officials towards the emerging business elite, and have nourished certain industries such as tourism and real estate which hardly existed prior to 1978. Throughout its history and as observed by Guo, Turner and King, tourism has prospered in China during periods of political stability (2002). The increasing commodification of goods, labour, capital and land has contributed to increasing levels of social differentiation, to social and geographical mobility, and to social and regional inequality. In earlier periods, travel was the exclusive domain of privileged groups such as high-ranking government officials, diplomats and professionals possessing special skills for the conduct of political activities and for scientific and technological exchange. Since the Open Door and Reform policy in 1978, and the various social and economic reforms which followed, many Chinese have achieved upward social mobility by seizing the available opportunities. In contemporary China, travel is no longer confined to political and business purposes, but has become a form of luxury consumption available to those who possess the required economic resources and/or are in a social position enabling them to enjoy the benefits.

3.2 Social change and reform in China

Given the significance of the Open Door and Reform policy in shaping the social, economic, cultural and political face of contemporary China, it is important to understand the causes, scale and directions of social change, and their impact upon Chinese society.

3.2.1 *The history of social change and reform in China*

This section reviews the changes which had the cumulative effect of transforming China over the past century. China has evolved from being a weak, 'sleeping giant' of the Orient at the end of the 19th century, to an independent democracy, then a strictly central planning regime, and today an economic power operating within the socialist market system. Different forces have driven population movement at various stages in the development of China, including the temporary form of migration that is characterised by tourism. Since travel and tourism activity is part of the wider movement of people, it is useful to understand how Chinese travellers have responded to social change at different times.

In the late 19th century, invasion by the Eight Nations Alliance⁹ of foreign powers forced the Chinese to confront the challenges of engaging with the world outside their own territory. This experience prompted an attitude of fear and hostility towards westerners. The Revolution of 1911¹⁰ led by Dr Sun Yat Sen, overthrew the Qing Dynasty and ended five thousand years of monarchy, thereby 'liberating' the Chinese from the ideology of, and their faith in, imperialism. During the Japanese invasion of the 1940s, China experienced the most serious threat of foreign occupation in its long history. The painful lessons of the anti-Japanese war¹¹ fostered strong feelings of nationalism among the people, especially young intellectuals. Soon after the anti-Japanese war ended, the outbreak of civil war between the National Party (*Guomindang*) and the CCP divided the nation into two ideological camps. In 1949, China became a communist country. Its doors were closed to the outside world and were not re-opened until

⁹ A military alliance involving the USA, Britain, Germany, France, Austria, Italy, Russia and Japan was triggered by the anti-foreigners movement during the weakening Qing Dynasty. This led to the signing away of Hong Kong to Britain under a lease that ended in 1997.

¹⁰ A significant democracy revolution which led to the formation of the Republic of China in 1912.

¹¹ The Japanese invasion of China after WW1 escalated in 1937. The Japanese accumulated aggression forced the *Guomindang* leader, Chiang Kia Shek, to declare war against Japan. This hard-fought anti Japanese war lasted for eight years, and was ended by Japanese surrender at the end of WW2 in 1945.

1978. During this 'iron curtain'¹² period, China was isolated from most of the world, and was strictly under the control of communist ideology and Mao Zedong's rule. The following is an account of the events which led to the turnaround in 1978, with an emphasis on their impact upon subsequent attitudes towards consumption.

During the early period of CCP rule, the Chinese were eager to escape from the problems brought about by the appalling economic conditions prevalent at the time and by a century of turbulence, civil war and foreign occupation (Mackerras, Taneja and Young, 1994). For the latter reasons, the new communist rules were widely accepted as being necessary agents of change. However, New China¹³ soon found itself facing enormous problems and opposition from abroad, as well as internal opposition when unpopular changes were implemented. One example was Land Reforms¹⁴, a violent affair which resulted in many casualties.

In the early CCP period, notable 'successes' were achieved such as eliminating the richest class, transferring power, redistributing land, and ending the oppression of women and minority nationalities. Under Mao's doctrine of changing the nature of society and its people¹⁵, the nation enjoyed effective government, and political and economic order. The prevailing ideology was to sacrifice individual interests for the interests of the mother-land and the CCP. People across the nation gave the impression of cooperating with the central government and appeared anxious to 'serve the people'. This mentality is clearly

¹² A term used by the non-communist world to describe the rigid and strict closure of Communist China during Mao's era.

¹³ After the CCP won the civil war and the Guomindang retreated to Taiwan, Mao Zedong declared to the world that a 'new' China was born, and officially named the nation as 'The People's Republic of China' (PRC). Since then, mainland Chinese have referred to the PRC as 'New China'.

¹⁴ A political campaign and government policy introduced in the 1950s which aimed to redistribute social resources by transferring land-ownership from the rich to the poor.

¹⁵ During Mao's era, people were educated to love only the State and Chairman Mao. Love between individuals and even love for one's family were not encouraged.

in sharp contrast with individual consumerism, which has become commonplace more recently.

After the Land Reforms, a series of political campaigns and social changes was enacted. The 'Great Leap Forward'¹⁶ and the 'people's communes'¹⁷ of 1958 ultimately resulted in severe economic downturn that led to famine and population decline (Mackerras, Taneja and Young, 1994:6-11). About 20 million people died of starvation during this period. In 1962, a political struggles in the superstructure of Chinese society led to the labelling of some high profile members of the CCP as 'revisionists'¹⁸. Most of the senior leaders opposed Mao's radical notions as both flawed and harmful, and this opposition prompted him to turn to the youth and students for support. The establishment of the 'Red Guard'¹⁹ signalled the prelude of the Cultural Revolution²⁰ which started in earnest in 1966. During the Cultural Revolution, many influential elements within the CCP were subjected to successive class struggles, including important characters such as Liu Shaoqi and Deng Xiaoping. The revolution attempted to wipe out the old culture completely and for a decade this political movement created widespread and systemic turmoil. During the troubled periods of the 1950s and 1960s, China's interaction with the outside world was minimal, and was strictly confined to communist countries. Tourism scarcely existed. Hedonistic activities including travel for

¹⁶ A political campaign steered by Mao Zedong between 1958 and 1960 for rapid industrial development with the whole nation engaged in iron and steel making. It was criticised as an unrealistic leftist idea characterised by anxiety for success, and as having damaged the rational balance of the national economy.

¹⁷ A major form of the socialist collective economic system in rural China between the late 1950s and the early 1980s. Under this system, individuals were not supposed to enjoy the results of their work performance. Everything was collectively owned by the communes to which they belonged.

¹⁸ A term often used to derogate those people who questioned the main beliefs of Marxism during Mao's era. Liu Shaoqi and Deng Xiaoping were two examples.

¹⁹ A political force consisting of mainly young people of high school age who were directly under the control of Mao Zedong and were used to destroy political dissidents during China's Cultural Revolution.

²⁰ A notorious, ten year long political campaign driven by Mao Zedong and his wife Jiang Qing between 1965 and 1975 to expunge political dissidents and rivals.

pleasure purposes were regarded as meaningless capitalistic ‘bad habits’ which would ‘pollute’ the purity of communism. Overseas ties and /or inter-marriage were condemned and in some extreme cases were made illegal. Both inbound and outbound travel were strictly controlled by the government. In such an ideologically charged environment, there was little prospect for outbound travel to take root. The disasters brought about by the various political movements and power struggles have left a stigma in the history of contemporary China. They were a ‘push’ factor which drove hundreds of thousands of Chinese away from their homeland when they grabbed the opportunity to go overseas in the 1980s.

1976 is a remarkable year in the history of the CCP. After the death of China’s influential Prime Minister, Zhou Enlai, the rule of Mao Zedong ended in the same year with his own death. His successor Hua Guofeng took on the task of solving enormous problems such as the devastating Tangshan earthquake, and the struggle with the Gang of Four²¹ led by Mao’s wife, Jiang Qing. Hua’s policy of ‘Four Modernisations’²² promoting agriculture, industry, national defence and science and technology, prompted an acknowledgement of the need for social reform. After the Cultural Revolution, Deng Xiaoping’s political power was restored, and in 1978, the Fifth National People’s Congress adopted a new PRC Constitution. This downgraded Mao and his Cultural Revolution for the first time in the CCP’s history (Mackerras et al, 1994:17).

The ‘Third Plenums’ and the early period of the reform

Two closely related outcomes of the Third Plenary Session²³ of the Eleventh Central Committee in December 1978 have shaped contemporary China:

²¹ A political clique led by Mao Zedong’s wife Jiang Qing which was believed to have caused the Cultural Revolution. Given that Mao’s position as the spiritual leader for the Chinese was not to be shaken, the Gang of Four often took the blame for the outcomes of the political struggles taking place during the Cultural Revolution.

²² An ideal which has been pursued by the leaders of China since the middle of the 1970s.

²³ An important national meeting of China’s political leaders held regularly. Significant national policies and strategies are determined at the meeting.

the establishment of the reform policies (Burton, 1990; Pei, 2000:2); and the consolidation of the power of *Deng Xiaoping* who had long advocated for reform and modernization for China. His ultimate goal was to achieve advanced technology, rapid economic development, and a higher standard of living for as many people as possible. His policy managed to transform people's attitudes significantly, moving them away from the stereotypes of the Cultural Revolution and from the bonds of the traditional feudal past, and towards a society more open to the outside world (Mackerras et al, 1994:2; Ma and Ling, 1998:81-84).

China unveiled the Open Door and Reform policy after the Third Plenary Session of 1978. This led to an economic boom and significant improvement in living standards during the period. However, the other side of the coin was that problems arose due to the absence of effective control and the inability of the legal system to prevent worsening crime and corruption (Mackerras et al, 1994:18; Gong, 1994:121-133). A new and important stage in the reform process was inaugurated during the Twelfth Central Committee, and economic reform in the countryside was extended to the cities by loosening state control over prices and management.

The need for reform

China's Cultural Revolution left the country in deep crisis. Politically, the machinery of government was in ruins as party and state organs were wrecked by the Red Guards. Ideologically, people's faith in the party and communism was badly shaken by constant policy reversals, power struggles and over-mobilization. In addition, the lesson learned from the conflict between China and the former USSR in the 1960s also created the need for new friends (Bucknall, 1989:7; Uysal, Wei and Reid, 1989:114). More importantly, the low living standards prevalent after thirty years of socialism caused widespread frustration. In this social context after the death of Mao and the fall of the Gang of Four, there was a strongly felt desire for change (Wong & Mok, 1995:1; Bucknall, 1989:1).

The reforms were driven by a number of factors. Chinese leaders realized that economic isolation in a more integrated global economy had prevented China from modernizing. Prompted by the success of Hong Kong, Taiwan, Singapore and South Korea, and encouraged by the normalization of relations with Japan, the USA and Vietnam, China rejoined the world community. As admitted by *Deng Xiaoping*, if China was to develop quickly, Western technology, investments and markets would be indispensable. Early on during the reform process, there was considerable disagreement over which approach should be adopted. Political power was passed from one hand to another, until *Deng Xiaoping* and his supporters overcame all political obstacles and championed bold experiments different to the dominant Maoist mode (Wong 1995; Ma & Ling 1997).

3.2.2 *Social change in China*

China's social change of 1978 had a profound influence on the lives of over one billion people. Given its significance, it is necessary to obtain a better understanding of the context which nurtured and eventually led to the dramatic change. After reviewing some historical factors which led to the ultimate change, it is appropriate to look at the causes of change from a horizontal, socio-political perspective.

Catalysts of China's social change

Having closed its doors to the outside world for two decades, China resumed a minimal amount of contact with the outside world during the early 1970s, probably due to the need for international friends again. Well-known instances that prompted China's move towards openness are the game of '*Ping-Pong*' (table tennis) in the early 1970s, and American President Nixon's visit to China for the first time during the era of 'containing China'. It was reported that an athlete from Mainland China made acquaintance and exchanged friendship with an American athlete at the end of an international competition for Ping Pong. To the surprise of most people at that time, this Chinese Ping Pong athlete was not

punished by the CCP for having contact with foreigners without approval; instead, this short encounter later developed into the so-called “*Ping Pong wuai jiao*” (using Ping Pong as a diplomatic strategy), which played an important role in the period leading up to Nixon’s historical visit of 1975. Another important trigger for social change was evident within the structure of China itself. The absence of progress in improving people’s lives and standards of living despite practising communism and socialism for over two decades drove the nation to look for solutions beyond the communist world.

Another impetus for change may be ‘Dynamic processes of personalities’ (Swanson, 1971:9 & 40). For example, many commentators attribute a lot to Deng Xiaoping and his supporters for their reform achievements over recent decades. Fatalists on the other hand consider that all things in the universe follow a pre-destined path, and operate in a “life-cycle” as suggested by the theory of “*wu ji bi fan, sheng ji bi xuai*”.

Reduced hostility between ideologically antagonistic countries and the trend toward globalization have provided the external environment for change in China. The death of Mao Zedong and the fall of the Gang of Four also produced critical internal conditions for change. The opportunities provided by these conditions and environments were quickly seized upon by Deng and others who shared his views. They acknowledged the mistakes of the ‘Closed Door Policy’, and proposed that China should re-open its doors to the world with a view to absorbing the foreign capital, technology, skills and experience crucially important for its development (Wang, 1998:27-33). The adoption and implementation of the Open Door and Reform policy as China’s long term and fundamental national policy did however encounter a number of obstacles. While Chen (1995), Ma and Ling (1998) have noted the vigorous political struggles between the reformists and the anti-reformists, and the three major stages of ‘liberalization of thoughts’²⁴ since 1978, Perry and Selden (2000) have looked at

²⁴ According to Ma and Ling (1998), the first stage refers to the political break-through of the Open Door and Reforms policy in 1978 that brought China back to the international community.

the problem from the angle of social consequences of the reform.

The dynamics of social change

White *et al.* (1996:7) have suggested that a dual dynamic operates during the course of transformation from a “*homogeneous and egalitarian, highly segmented, vertically encapsulated and immobile society*” into a market oriented one. This has involved the emergence of a ‘civil society’. The political dynamic involves the impact of totalistic political institutions on a society and the political conflicts against such totalism. Civil society constitutes a form of resistance to state control on the part of groups and organizations with implicit or explicit political agendas. The political cause of the ‘Tiananmen Square Incident’²⁵ in June 1989 is a typical example of this political dynamic. The second dynamic of ‘civil society’ is a market dynamic “*analogous to the ‘great transformation’ wrought by the spread of market relations in Western societies*”. As China continues to integrate into the global economy, the market dynamic becomes increasingly important and influential. In this context, civil society is a consequence of a separation between state and society resulting from the rise of a market economy and redistribution of social power away from the state to new strata which are thereby empowered to control and restructure the state. In China’s situation, the two dynamics support each other and are required to work together. Neither can be abandoned without creating serious social consequences such as uncontrollable social disorder and unrest. Thanks to the Open Door and Reform policy, Chinese people may now enjoy a certain level of freedom in managing their lives. To some extent, the emergence of a new business elite is the result of market dynamics which help to shape and restructure the state’s economic and

The second stage refers to Deng Xiaoping’s success in positioning China with the innovative concepts of ‘Socialism with Chinese characteristics’, and ‘Socialist Market Economy’. The third stage refers to the shifting focus of political debates from ‘Socialism or Capitalism?’ to ‘State-ownership or Private-ownership?’.

²⁵ Also known as the ‘June 4 Incident’ which was originally a student movement cultivated and triggered by the influence of western concepts and values, but ended up as a bloody military crackdown by the Central Government in June 1989.

social conditions, though the 'political dynamic' preserved and protected by the central government would be likely to intervene in the event that any activities exceeded the state's point of tolerance. This nature of interdependence is applicable to tourism which is also subject to the influence of market dynamics. Tourism thrives in an environment of tolerance, but is also dependent on an element of order and security since leisure travel is a discretionary activity and highly sensitive to periods of unrest.

White *et al*'s concept of civil society places greatest emphasis on the power of politics and market, but may have underestimated the importance of the social dynamic, namely the interaction between society and individuals, and between members of society. As was acknowledged by Deng Xiaoping during the earlier stages of the Open Door and Reform policy, the development of China's reform owes much to the farmers who pressed for the de-collectivisation of the agricultural system. It was this feedback of the farmers to the state that strengthened the determination and confidence of China's leaders in making further reforms. This example supports the interactionist view that the power and influence of the individual should not be ignored or underestimated.

As a result of China's historical development, the Chinese have a strong sense of contingency. The highly homogeneous society of the Mao Zedong era produced large numbers of individuals experiencing similar economic conditions (eg. receiving similar remuneration regardless of work performance) and exhibiting similar behavioral patterns (eg. wearing similar styles of clothing which were usually limited to dark green or navy blue colours). This pattern provided a basis for the formation of collective action, which continues into the post-Mao reform era. When the Household Production Responsibility System²⁶

²⁶ A system which deregulated the public commune system by contracting output quotas to individual households with remuneration linked to production levels and controlled by the production team administration. Under the new system, each household was allocated land to work on. Bonus or penalty is awarded according to performance. This system provided incentive for farmers to work harder and more efficiently.

was first introduced in 1979, farmers successively strove for land tenure. Rural laborers looking for work swarmed into the major cities. Meanwhile urban consumers increased their consumption of mass produced and identical consumer durables. In Shenzhen, new shares offerings were purchased in large numbers. In 1988, cross-border trade merchants flocked into Russia (Chen 1995, Ma & Ling 1997). The contingency was also evident in the 1980s with the 'wave of going abroad' when hundreds of thousands of PRC students travelled to various countries under the guise of 'studying foreign languages' (Tang, 1997). Chen believes that these micro-level behavioral changes could impact upon state expectations and the course of economic transition (1995). The central authorities have periodically been required to accommodate the common interests articulated by collective action. This constitutes another example of interaction between society and individuals.

The dynamics generated by market-oriented reforms have reduced the power of sectoral administrators in central government, led to a gradual separation between state and society, and nurtured opportunities for various business sectors. For example, China's local governments are now playing dual roles: as managers working for the central leadership, and as bosses of their own 'regional companies' (Chen, 1995). The People's Liberation Army (PLA) is known to have control of more than 20,000 businesses, mostly producing goods for civilian markets (PATA, 1994:3). As far as the tourism industry is concerned, the market-oriented reforms have brought about industry deregulations, notably in the travel agent and aviation sectors. This has deprived China's national carrier (Air China) and its largest government owned travel agencies such as China International Travel Service and China Travel Service of the monopoly that they previously enjoyed.

3.2.3 Characteristics of the reform

After two decades of exploration, the reform process in China has recorded at least two major achievements: firstly, formal confirmation of the goal of reform has been through the establishment of a market economy system with

socialistic characteristics; and secondly, establishment of the fundamental framework of a socialistic market economy system (Ash and Kueh, 1996).

According to Yang Qixian, the Vice President of the Research Institute for China's Economic System Reform, China's reform movement has four important components, namely: a) to build up and develop a market; b) to change the mechanics of the enterprise system from a centrally planned one to one suitable for a market economy; c) to improve the macro-control system to prevent economic chaos caused by the opening up of the market; and d) to improve the social wealth distribution and security system to reduce risks brought by the market economy to ordinary workers (2000). It is obvious that these components represent only part of the reform, and have experienced significant, albeit uneven progress, and all warrant further examination. Yang suggests that China's economic reform has involved three distinct phases: market development, enterprise system reform, and reform of the national macro-control system. It is worth noting that when economic hiccups were experienced during the periods 1988/89 and 1992/93, the Central government managed to overcome the economic and social problems of the time by implementing mandatory planning strategies known as the 'economic hard landing'²⁷ in the first case, and 'economic soft landing'²⁸ in the second. The 'hard landing' approach was effective in controlling prices but slowed economic growth from 10% to 3.9% over a single year. The 'soft landing' approach proved to be a great success in 1994 and enhanced international confidence in China by demonstrating its capacity to take control (Yang 2000)

Chinese living standards have improved and the savings of urban and rural

²⁷ 'Economic hard landing' was a tough strategy employed by the former Chinese Premier, Zhu Rongji, to harness and rectify the issues of an over-heated economy in the second half of the 1980s.

²⁸ 'Economic soft landing' was another economic strategy used by Zhu Rongji to rectify economic hick-ups in the early 1990s through gradually progressing ways of minimising shocks occurring during the economic readjustment.

residents continue to accumulate as income levels and GDP have continued to grow (Li, 1998; Chai, 1996; and Chen, 1995). For instance, resident housing conditions witnessed further improvement with per capita housing space within the Beijing conurbation reaching 14 square metres, an increase of 0.2 square metres over the previous year, and reaching 27.4 square metres, up 1.7 square metres in rural areas (IMI Consumer Behaviours and Life Patterns Year Book 1998-1999, page 8).

Reform has also had the effect of transforming consumption patterns. Retail sales of consumer goods increased 22.8 fold from 4.4 billion Yuan in 1978 to 105.2 billion Yuan in 1997 (IMI Consumer Behaviours and Life Patterns Year Book 1998-1999, page 6). China's reforms sought to introduce change at a systemic level, leaving only the socialist structure intact. The impact of the reforms has been profound, touching almost all spheres of life and affecting all party and state organs (Wong & Mok, 1995:3; Yeh, 1996:11). The reforms have brought about radical changes to the social structure and social mechanisms, and have significantly improved living standards prompting a consumption boom.

Reform goals and strategies

At the Second Session of the Fifth National People's Congress in 1979, it was agreed to direct the national interest towards economic development and set China on the course of 'readjusting, restructuring, consolidating and improving the national economy' (Ma and Ling, 1998). The Four Modernizations were to be pursued actively in industry, agriculture, science and technology, and national defense. The objectives were to quadruple per capita GNP by the year 2000 and to raise living standards to a 'relatively comfortable level' (*xiaokang*); to achieve economic efficiency and price stability through a series of economic reforms and an 'open door policy' (Wong and Mok, 1995; Ma and Ling, 1998). The reform program followed two general principles: "to the outside, adopt openness; to the inside, enliven the economy". In the absence of a clear agenda or comprehensive planning mechanisms, reform strategies were largely trial and error. As Deng

Xiaoping admitted in the early 1980s, the approach was akin to the Chinese saying ‘touching the stone to cross the river’ (meaning ‘groping around in the dark’) (Ma and Ling, 1998:232). That is why after 20 years of reforms, many people still regard China’s reforms as pilot projects or experiments and China’s political future as unstable and uncertain. This provides a background of some uncertainty for tourism. Fears of political instability were a contributing reason for travel by many Chinese outbound travellers during the 1980s.

3.2.4 The spectrum of social change in contemporary China

Prior to the reforms, China’s social structure was relatively egalitarian. It was characterized by uniform conditions of work and undifferentiated incomes with the provision of basic welfare services, security of employment, and guaranteed incomes for the whole population (White *et al.*, 1996:2-21). Since 1978 the social and economic complexion of China has changed dramatically and extensively. Some of the changes have had a profound impact on all sectors of Chinese society, and even directly contributed to the nurturing of facilitators and motivators for population movement in general, and travel in particular. The following are examples of major reforms undertaken over the past two decades.

Agricultural reforms

Agricultural reforms were the prelude to the various other reforms, which followed, and laid the ground-work for the subsequent development of tourism. This turn-around generated significant increases in income for rural dwellers, and prompted greater freedom of movement between urban and rural areas. The ripples of the rural-urban population movement later turned into the ‘waves of going abroad’, when the opportunity for outbound travel became available during the 1980s.

The decollectivization movement²⁹ initiated in 1978 in Fengyang County of Anhui Province liberated rural economy from the inefficient and unproductive “People’s Communes” system of the late 1950s which was controlled by the rural cadres through a “work points remuneration system” (Burton, 1994:86). This reform expanded the scale of privately owned farms, diversified production, freed rural markets to rapidly growing rural industries, and led to greater autonomy for individuals (Ma and Ling, 1998:125-143). Despite the prevalence of outdated technology and the uneconomic scale of much production, rural enterprises made an important contribution to China’s development by increasing agricultural efficiency, by providing competition for state enterprises, and by creating an environment for the development of entrepreneurial expertise (Blejer *et al.*, 1991:5).

The separation of commune from government has been characterized by two major policy initiatives in the countryside: first, the adoption of a system of contractual responsibility for agricultural production based primarily at the household level; and second, the revival of township governments, which have made the communes meaningless and ineffectual. Under the responsibility system each peasant family contracts to work a piece of land and is required to pay the state a form of ‘rent’. Whatever is harvested over and above the household’s contractual obligation is theirs for disposal. As a result, rural governments are suffering severe revenue shortfalls and are obliged to curtail expenditures on health care and education. With the abolition of the work point system, the power of political cadres has been reduced significantly (Burton, 1994:86-87). The most notable outcome of the agricultural reforms during the early 1980s was the release of the long suppressed rural labour force and the emergence of township enterprises. Immediately after the lifting of strict controls over population movements, especially from rural areas, tens of millions of rural residents flooded into the wealthier southern provinces, notably Guangdong and Fujian. This

²⁹ The decollectivization movement was a spontaneous movement undertaken by farmers in Anhui Province which resulted in the replacement of the former People’s Commune system (see Footnote number 21) with the Household Production Responsibility System (see Footnote 32).

created the phenomenon of vast internal migration which was unprecedented in contemporary China. It is referred to as “*mangliu*” (literally ‘the blind flow of people’). According to Wang, *mangliu* has impacted significantly on China’s social system, driving social re-structure, and changing the relationship between the rural and urban areas from the old subservient and subordinate relationship to a fairer and mutually beneficial one, thereby illustrating the picture of an interactive social relationship as discussed in Chapter Two (1995). The regained freedom of movement between work units and across geographical locations has laid the foundations for private travel. This increased in importance during the 1990s and has become a popular and important social activity. It has also provided a breeding ground for “community-based tourism” with strong parallels to established Western models. This has exerted an indirect impact on the development of outbound travel. Finally it is worth noting that the expansion of tourism through history has been closely associated with urbanization. The *mangliu* is a Chinese version of rural urban drift which has been evident in many societies since it arose in eighteenth century Britain.

The reform of enterprises

China next extended the reform process from the rural to the urban areas, separating the management of enterprises from government. China’s state-owned enterprises (SOEs) are notorious for imposing a huge financial burden on government as a result of their long-standing record of loss making (Kong, Marks and Wan, 2000:65); Laurenceson and Chai, 2003:32). Under the rigid central government controls which prevailed prior to the reforms, enterprise profits were transferred to the government and enterprise losses were reimbursed from the state treasury (Blejer et. al; 1991:5, and Burton, 1994:89). Having little decision-making power and no responsibility for financial results, managers had little incentive to improve efficiency and productivity.

Under the new policies, profitable enterprises retain any profits remaining after tax and may distribute these to workers as bonuses (sometimes for incentive

travel) or reinvest them into enterprise development. Unprofitable enterprises are obliged to pay workers less or even shut down. In cases where profitability impacts directly on the living standards of the workers in a specific workplace, enterprises tend to engage contract workers for whom the regular provisions for housing, pensions, medical insurance, and other benefits need not be applied. The reform of state enterprises has increased enterprise autonomy and has improved efficiency by providing incentives for managers, thereby enhancing their decision making authority and increasing their responsibility for profit and loss. During the 1980s, the scale of government interference over enterprises was reduced via measures such as the introduction of income tax, system of contracts, leasing arrangements, and a new national bankruptcy law to facilitate the closing of poorly performing state-owned enterprises. The reform of state enterprises has resulted in a significant drop in the share of total industrial production that is accounted for by state enterprises and in the expansion of non-state-owned enterprises.

The reforms have created a healthy and competitive environment for enterprises in both public and private sectors, pushing top end executives and management personnel to strive for efficiency and excellence in business performance. This has nurtured a strong desire for the acquisition of innovative management skills, advanced science and technology from the outside world. Such desire has laid a solid foundation for the development of China's outbound business travel in subsequent years. High achievement in a more competitive environment has produced a newly emerging business elite (Pearson, 1997).

Wages and labour market reform

Change is also evident in the labour market system. In the absence of any incentive for work effort, the earlier labour market was rigid. Wages were undifferentiated and lifetime employment was guaranteed, thereby contributing to enterprise inefficiency. In the mid 1980s, a wage restructure was implemented to link wages more closely with performance. In 1986, a 'contract labour'

was introduced which entitles contract workers to be paid higher wages, but limits the employment period to a three to five year term instead of guaranteed lifetime employment (Blejer et. al, 1991:7). Job competition is increasingly intense in China's labour market, leading to greater tolerance of exploitation. Currently wages are measured on the basis of performance using the "economic responsibility system". In order to overcome the under-employment which characterized the "big public pot"³⁰ (*Daguofan*) system, public ownership now coexists with other economic structures. Collectively owned enterprises and privately owned businesses play an increasingly prominent role in contributing to the target of "*enlivening the national economy*" (Burton, 1994:90). The stereotype 'no need to work hard as you won't become unemployed under the protection of the Communist Party and the Central Government' has been significantly overcome. The reward-performance system has also undermined confidence in the premise that all are treated equally under the Communist system and has stimulated the Chinese to work harder in the pursuit of greater rewards. Many Chinese now have more than one job and wealth building has become a widely accepted social norm. This attitude of '*xiang qian kan*' (a pun, literally meaning 'money hunting' or 'looking ahead') has boosted national income and has ultimately contributed to consumption of activities such as leisure travel. The juxtaposition of such extreme competitiveness and entrepreneurship within a socialist framework provides a particular challenge for understanding the dynamics of China's consumer market.

Reform of the price system

Prior to the reforms, prices were controlled by the state and reflected neither scarcities of goods nor prices on international markets. Liberalization over the period since 1979 has allowed prices to be freely determined or negotiated within state-established guidelines. However the process has not been free of

³⁰ The 'big public pot' system refers to the financial system of centralized revenue and expenditure. It is a system in which the State is responsible for the profits and losses of all enterprises. Literally it means everybody is eating the same pot of rice.

obstacles. A dual pricing system generated heated debate during the mid 1980s. According to supporters, the system stimulated production, improve efficiency and quality of management. Critics however noted hypocrisy on the part of enterprises; the loss of objective standards for performance assessment by the state; smuggling in distribution; and irrational resource use because of a loss of economies of scale (Wu & Zhao, 1988:23-26). The overheated economy before 1987/1988 has forced the government to tighten price controls to curb severe problems of inflation (Blejer et. al, 1991:7).

The deregulation of pricing has had both positive and negative implications. Regulation of commodity prices by market forces stimulates efficiency and allows healthy competition. In the absence of government controls during the late 1980s and into the early 1990s, however, soaring commodity prices drove inflation to dangerous levels. This caused considerable hardship for a majority of the population as they found it increasingly difficult to keep up with the rising cost of living. At the other end of the scale, dropping prices for agricultural produce brought about by the end of government intervention prompted farmers to discontinue working on their land. Triggered by economic development, farmland is increasingly giving way to industrial development, prompting fears that China will eventually experience severe food shortages if the government does not assist the farmers. From the travel industry perspective, reform of the pricing system has had a positive effect on travel, making it more affordable for Chinese citizens, thereby contributing to the development of the market. A challenge for the industry generally and researchers in particular is that the juxtaposition of government price controls alongside examples of extreme wealth make it difficult to estimate price sensitivity amongst travel consumers. This problem compounds the difficulty of evaluating price sensitivity in instances of “official travel” where the cost is met in part by the organization rather than the consumer.

The spectrum of the reform is too broad to have a full coverage in the present research, however, those mentioned in the above section are important

examples to demonstrate the force of social dynamics currently under way in contemporary China, which are driving the development of tourism in general.

3.2.5 *The 'Open Door and Reform policy' and the Special Economic Zones*

As a result of the Open Door and Reform policy, four special economic zones³¹ (SEZs) were established in 1979 to attract foreign capital and advanced technology, which are fundamental for economic growth and modernisation (Bucknall, 1989:144). Four provincial cities were selected as the experimental sites for China's first group of SEZs largely on the basis of their close proximity to Hong Kong, Taiwan and Macau, and under the assumption that being the place of origin of many overseas Chinese, they may help to attract investment from overseas Chinese conglomerates (Seagrave, 1995:282). These cities are Shenzhen, Zhuhai, Shantou (in Guangdong) and Xiamen (in Fujian). The spectacular success of these four special economic zones encouraged the development of further SEZs and subsequently the 'economic and technical development zones'³² (ETDZ) along China's coastline. These 'open cities' are models of extrovert economic development and over the past two decades have made a significant contribution to China's economic achievements (Wang, 1998:57 & 115).

Economic experimentation has long been regarded as a locomotive of economic development and social change in China. The deliberately designated SEZs attracted vast foreign investment and introduced badly needed advanced technology as part of the national modernization plan. These cities have also helped to stimulate the national economy, leading the whole nation in the direction of civil society, raising income levels, improving living standards, and linking the nation with the outside world. New ideas and concepts of modern living are introduced through these places, especially in the area of conspicuous

³¹ Four provincial cities selected by Deng Xiaoping in the early 1980s as the experimental sites for China's Open Door and Reforms policy.

³² Similar to the SEZ, the ETDZ refer to cities selected for the purposes of enhancing further economic development as China's reform progressed.

consumption such as luxurious fashionable items and leisure travel. The role of Guangdong as an engine for growth within a more sluggish China makes it a particularly useful focus of study. At the provincial level, it mirrors the duality evident at the individual and enterprise levels where parallel standards are operating, sometimes creating unusual consequences (eg. black-market currency exchanges; taking advantage of some taxation incentives) as a result of their interaction and interrelationship.

3.2.6 Ramifications of the 'Open Door and Reform Policy'

Over two decades China has reported sustained, rapid and sound economic development, thanks largely to the Open Door and Reforms policy. GDP has been growing steadily across all industries and per capita GDP has increased 12 fold from 1290 Yuan in 1978 to 16,735 Yuan in 1997 (see Table 3.1, page 101). China's strong foreign trade performance has been a further positive effect of the Open Door and Reform policy. During the 1980s, China's rate of growth outperformed the rest of the world, and its share of global trade expanded (Lardy, 1996 and Li, 1998). The use of China's most abundant resource (ie people) in labour intensive manufacturing, price liberalization, and a relaxation of exchange controls contributed significantly to the changing patterns of China's foreign trade expansion in the 1980s. Decentralization encouraged the emergence of rural township and village enterprises, as well as joint ventures, which are the most dynamic sources of export earnings.

Foreign direct investment (FDI) has risen appreciably since the reforms were instituted (Kueh, 1996:159). Its contribution to capital formation, its impact on income in priority areas (eg. Guangdong, Fujian, and the SEZs in these provinces), and their ability to earn foreign exchange are recognized as important aspects of China's economic success. Consumption patterns and living standards have changed dramatically. Between 1981 and 1990, the share of total expenditure accounted for by basic necessities (eg. staple foods) declined,

Table 3.1 China's Gross Domestic Product 1978-1997 (in Yuan)

Year	Change in GDP (%)	GDP (100 M)	Primary Industry (100 M)	Secondary Industry (100 M)	Tertiary Industry (100 M)	Per Capita GDP (in Yuan)
1978		108.44	5.63	77.43	25.78	1290
1979	+ 10.76	120.11	5.17	85.18	29.76	1391
1980	+ 15.78	139.07	6.07	95.79	37.21	1582
1981	+ 8.00	139.15	6.61	92.52	40.02	1558
1982	+ 15.79	154.94	10.34	99.79	44.81	1704
1983	+ 18.19	183.13	12.85	112.65	57.63	1977
1984	+ 18.28	216.61	14.85	130.68	71.08	2308
1985	+ 18.70	257.12	17.81	153.66	85.65	2704
1986	+ 10.79	284.86	19.14	165.75	99.97	2955
1987	+ 14.73	326.82	24.31	182.59	119.92	3338
1988	+ 25.52	410.22	37.07	221.27	151.88	4125
1989	+ 11.15	455.96	38.53	252.23	165.20	4499
1990	+ 9.83	500.82	43.88	262.39	194.55	3224
1991	+19.58	598.89	45.52	291.53	261.84	5781
1992	+ 18.40	709.10	48.67	345.91	314.52	6805
1993	+ 21.78	863.53	53.57	414.79	395.17	8240
1994	+ 25.53	1084.03	74.77	499.84	509.42	10265
1995	+ 28.68	1394.89	81.44	615.17	698.28	13073
1996	+ 15.83	1615.73	83.46	683.14	849.13	15044
1997	+ 12.03	1810.09	84.85	738.56	986.68	16735

Source: IMI Consumer Behaviours and Life Patterns Year Book 1998-1999

Note: The exchange rate for Yuan (Renminbi) is approximately 1 US dollars = 8 Yuan.

whereas non-basic items (eg. non-staple foods and housing) and services increased. Changes in real consumer expenditure in different categories of consumer goods depend on both incomes and the price elasticity of demand. However, increased incomes and improvement in living standards do not occur at a uniform level across the country. Consumer satisfaction has significantly increased, but the well-being of the average citizen may be adversely affected by widening income disparities, increasing rural poverty, economic insecurity and environmental degradation (Chai, 1996:256).

Having grown rapidly during the first half of the 1980s, agriculture stagnated in subsequent years, creating challenges and dilemmas for the authorities as they attempted to accommodate the conflicting objectives of farmers and the state. The most likely focus of rural economic discontent are unemployed or under-employed farmers, especially those engaged in less profitable work, such as grain production, in poorer parts of the country (Ash, 1996:55). During the 1980s, the industrial sector experienced impressive though erratic growth. Annual industrial growth rates fluctuated wildly and rapid industrial growth was not accompanied by major improvements in productivity or efficiency. The large number of loss-making state-owned enterprises remains an unsolved problem (Field, 1996).

China's Open Door and Reform policy has resulted in impressive economic achievements, major structural changes and unprecedented improvements in living standards. However, the reforms have also produced problems such as: severe inflation in the early 1990s; new sources of tensions from emerging social groups such as *Fa-lun-gong* (a semi-religious organization which has more than 10 million followers and has been regarded as a cult by the Chinese government and many of its people); social disparity between urban and rural areas, and between the coastal, southern regions and the western region; and unwelcome population growth as a result of more relaxed government control. Among the major underlying difficulties, rapid inflation is the most severe cost of the unprecedented growth of the early 1990s. Factors causing inflation include

renewed growth of fixed asset investment, consumer spending and further price liberalization (Ash and Kueh, 1996:1-4). The dynamics resulting from both positive and negative social factors provide the core of the current study. These dynamics have a direct impact on consumption generally, and on non-necessities such as leisure travel in particular (see Figure 2.9, page 65).

3.2.7 Impact of the reform and social change

The impact of the reforms and social change has been profound and extensive, covering almost all aspects of Chinese society (Blejer *et al* 1991, Wong 1995, Field 1996, Chey 1996, Li 1998). The previously all-encompassing role of government has been reduced, mandatory plans abolished, prices decontrolled, and administrative controls decentralized. Changes across a wide range of areas have unleashed the latent entrepreneurial energies of the Chinese people and have led to increases in productivity and efficiency, changing the lives of the Chinese significantly. With increasing levels of income, many consumption items which were beyond the reach of the majority have now become available and accessible. Without the reforms, conspicuous consumption such as travel would have remained a dream for most Chinese.

Economic impact

Wong and Mok have observed the impact of social change in China from the political, economic and social perspectives (1995). They note that reform has had a particularly significant economic impact in terms of rising income levels, and improving living standards. The results of China's historical social change in 1978 have been show-cased in Beijing, Shanghai and Guangzhou. Economic growth can be readily understood through an examination of personal incomes. Table 3.2 (page 104) shows changes in average annual wages in Beijing and Shanghai over the period 1978 to 1997. As income levels have gone up, the cost of living has also risen. For comparison purposes, Table 3.3 (page 105) presents the changes in cost of living in Beijing and Shanghai for the same period.

Table 3.2 Changes in the average annual wages of city employees in Beijing and Shanghai 1978-1997 (in Yuan)

Year	1978	1980	1985	1989	1990	1991	1992	1993	1994	1995	1996	1997
Beijing	673	848	1343	2312	2653	2877	3402	4780	6540	8144	9579	11019
Shanghai	672	873	1416	2608	2917	3375	4273	5650	7401	9279	10663	11425

Source: IMI Consumer Behaviours and Life Patterns Year Book 1998-1999.

Table 3.3 Changes in the cost of living for Beijing and Shanghai 1978-1997 (in Yuan)

Year	1978	1980	1985	1989	1990	1991	1992	1993	1994	1995	1996	1997
Beijing	360	409	923	1,520	1,646	1,860	2,135	2,940	4,134	5,020	5,729	6,532
Shanghai	n. a.	553	992	1,812	1,936	2,167	2,509	3,530	4,669	5,868	6,763	6,820

Source: IMI Consumer Behaviours and Life Patterns Year Book 1998-1999.

Full details about income levels in Guangzhou city are not available because unlike Beijing and Shanghai, the city does not have the status of an independent municipality directly under the control of the Central government. Given the research focus on consumption in Guangdong Province, this is an unfortunate limitation which is beyond the researcher's control. The average per capita annual income of city residents in the capital of Guangdong Province was reported to be 13,118 Yuan in 1997 (IMI Consumer Behaviours and Life Patterns Year Book 1998-1999, page 29). The fact that only aggregate figures are available may affect the accuracy and reliability of the information about average wages, as Guangdong is a large province covering many poor and backward rural areas as well as wealthy cities such as Guangzhou, Shenzhen, Zhuhai, Zhongshan and Shantou. Inevitably the aggregate average figure is lower than in these cities where residents enjoy higher wages. For example, it is believed that Shenzhen city has the highest levels of income in China, though this observation is not readily verifiable since the city comes under Guangdong Province.

Political impacts

According to Burton, Chinese political evolution over the past two decades has been a continuous process of accommodating the social demands for change (1990:9). The transforming relationship of progressive economic reform, political democratisation, and changing social values must be a gradual and balanced process if economic disorder and political and social instability are to be avoided. Since 1978, politics has shifted from 'Maoist utopianism' to 'Dengist pragmatism'. The driving force behind such shifts is obvious: failure of the Communist Party's post-revolutionary political agenda resulted in incontrovertible demands for economic reform, which in turn led to pressures for corresponding reform of the nation's political authority, and transformation of prevalent social values.

The Chinese Communist Party has never admitted to abandoning its legitimating ideology and has insisted on maintaining its political power and

control. During the new period since 1978, all initiatives have been described as socialist and China's political arena has been more relaxed. The ideology underlying the post-1978 reform program is 'building socialism with Chinese characteristics'. Under this new watchword of China's ruling elite, the CCP has shown great transformational flexibility in responding to changing objective conditions and in meeting evolving social demands (Burton, 1990:7).

As reform gathered momentum, pressures grew for older leaders to retire in favour of the next generation. In 1986, attempts were made to reduce bureaucratic practices and to control the escalating problem of corruption. As a result of the Open Door and Reform policy, western political, intellectual and other influences strengthened among China's student population during the mid 1980s. They admired the spirit of democracy, freedom and innovation and the ability to get rid of old-fashioned notions in favour of new ones. Provoked by Fang Lizhi's speech, students demonstrated in Hefei, then Shanghai and finally Beijing, leading up to the historic June 4 incident (also known as Tiananmen Square Incident) in 1989.

After all the ups and downs of the early reforms, the policy has transformed the CCP from a revolutionary movement into a political organization supporting the governance of a modernizing China. The CCP is no longer the vanguard of the proletariat because all elements of the population, including intellectuals and management, are now considered to be the same "*working people*" (Burton, 1990:96). This shift in the identity of the party has been the major transformation of the CCP's role in society since 1949. In its own interests, the party is likely to follow the reform program. Providing the people's expectations of improved living standards and political democratisation continue to be met by the government, it is likely that the CCP will continue to control China. Such stability has been reassuring to tourism investors looking to secure their potential investments.

Socio-cultural impacts

The Open Door and Reform policy has impacted significantly on Chinese society. On the positive side, it has promoted new attitudes and values, enabled different market mechanisms and free enterprises to develop and reinstated ancient traditions including drama, festivals and religions. On the negative side, it has facilitated corruption and fostered a crisis of faith towards the nation and its dominant ideology.

Wong and Mok have highlighted three features of social change in China during the reform era: 1. The decline of state ideology and fragmentation of values; 2. The lessening of party-state control over the public domain; and 3. The destabilization of society (1995:8-10):

1. In a rapidly developed market economy, *“market oriented values have threatened the coherent system of socialist morality of self-sacrificing belief in the common good and egalitarian justice. The ideological configuration of post Mao society is being shaped by three major value systems: confucianism, egalitarian socialism and free market ideology. The results are fragmentation of values and a crisis of cultural identity”* (Wong and Mok 1995:8). The researcher observes that in the early stage of the reform, the mentality of the Chinese somewhat reflected the theory of ‘wu-ji-bi-fan’ as mentioned previously in Section 2.4.3 (page 35). Social values were suddenly transformed significantly. The population blindly accepted everything ‘western’, and were all too eager to adapt to and copy from almost everything imported from the outside world. This is a similar phenomenon as the Cultural Revolution, yet operated in an opposite direction. The latter attempted to eliminate all western and traditional values indiscriminately.
2. Economic reforms have brought about changes in the social structure and softened the boundaries between state and society,

encouraging a more fluid, dynamic and entrepreneurial society. These changes have rendered the old totalitarian control of social structure inappropriate. To overcome this problem, the CCP has adopted coping strategies such as decollectivization and diversification of ownership forms, and decentralization of state control over direct management of social and public policies. The result is that the state has lost its hegemonic control.

3. The rise of private enterprise has led to the proliferation of new social organizations, categories and challenges which have a potentially destabilizing effect on Chinese society. The formation of autonomous organizations such as students, workers and professional associations suggests a weakening of the CCP's monopolistic control of mass organizations and activities. The Open Door and Reforms policy has further exposed Chinese people to the outside world, offering alternative views about how social life can be organized. The population has become more critical of the socialist system and structure. Besides unemployment caused by the closure of bankrupt state enterprises, the shrinking size of government (reduced numbers of government officials), and dissatisfaction due to the reduction of state supply of welfare services, can contribute to problematic social movements in the future.

The social mentality has also been changing. People seem to be more tolerant of social and economic problems such as inflation and income inequality, and accept them as a natural consequence of the market economy. Another new trend is the substantial increase in bank savings and personal investment in the stock market. Such economic behaviours indicate an acceptance of individual striving and market competition. Young people have become more individualistic and pragmatic in their thinking (Wong and Mok, 1995:12 & 140).

3.2.8 Social change and consumption

As mentioned previously, China's reforms sought to introduce a thorough and systemic social facelift touching almost all spheres of life. This has brought about radical changes to the social structure and social mechanisms, and has significantly improved living standards, ushering in a new era of booming consumption (Wong & Mok, 1995:3; Yeh, 1996:11). Reform has also brought about a transformation in consumption patterns, turning the consumption world from severe under-supply in the pre-reform era to saturation of demand in the 1990s, and to excessive supply of daily necessities since the start of the new century. Statistics reveal that total retail sales of consumer goods have increased 22.8 fold from 4.4 billion Yuan in 1978 to 105.2 billion Yuan in 1997 (IMI Consumer Behaviours and Life Patterns Year Book 1998-1999, page 6). After people's basic needs are satisfied, consumption patterns change towards higher levels of needs.

The rapid economic growth has stimulated strong domestic consumption in a wide range of industries. With consumer purchasing power on the rise, car and/or home ownerships gradually become an achievable goal on many consumers' shopping lists. According to a market trend report by the Economic Information and Agency in Hong Kong, a large number of urban residents possess purchasing power between 10,000 Yuan and 100,000 Yuan. In a survey of 150,000 urban households carried out nationwide in 2001 by the State Statistics Bureau's Urban Survey Team, it was found that for every 10,000 urban households, there were 114 car ownerships. Car ownership has increased markedly with the rise of income. The survey also found that 64% of households with an income over 100,000 Yuan owned a car (Lo, 2001). The Chinese automobile market has become the second largest in the Asia Pacific region, ahead of South Korea and just behind Japan (Shanghai Stock Newspaper, Jan. 23, 2003, cited in Qiu, Turner, & Smyrk, 2003). It was also reported that between 1997 and 2001, sales of consumer goods increased by an average of 10.8% annually. While the reliability of these statistics warrants further investigation, the massive change in Chinese consumption patterns is an undeniable fact.

In addition to household electrical appliances which contribute to the achievement of a comfortable life, China's consumers now also purchase goods and services at the higher end of the consumption scale. As a result, commercial property sales registered a 20% growth in 2000 and 2001, while domestic car sales increased 40% in 2002. In the service sector, tourism and education achieved outstanding performance. In 2002, domestic travel grew 11.43%, while the number of outbound travellers increased 36.9%. Over the past ten years, education related expenses have grown by an average of 30% annually, accounting for 10% of total household spending (Zhu, 2003). For the purpose of the present research, outbound travel as a form of luxury consumption is used as an example of higher level needs.

Overseas travel is an indicator of better social position and status in both developed and developing countries. As is the case with luxury brand-names, it is something that the consumer would like to show off in his/her social group. For this reason, travel generally and overseas travel in particular, usually has to compete with other conspicuous consumption for the consumer's preference and eventually for his/her disposable income. Like many other forms of luxury consumption, travel consumption owes much to China's positive social change for its existence. In order to gain a better understanding of how outbound travel is related to the nation's social change, it is necessary to review the form that tourism development has taken in China. The following section provides some contextual background for the subsequent and more detailed research.

3.3 Tourism development in China since 1978

As a form of population movement, travel has a long history in China. Its origins can be traced back several thousands of years when business people travelled for the exchange of goods and commodities (eg business activities along the world famous Silk Road), and scholars travelled from country to country

during the eras of ‘Spring and Autumn’³⁴ and of the ‘War Kingdoms’³⁵ to sell their strategies and wisdoms to the kings or warlords. Confucius is a well-known and representative figure among the travellers of ancient times. Leisure travel in ancient China was exclusively for the upper social class such as royal families, high-ranking officials, scholars, artists and poets. Li Bai³⁶, Tang Bo-hu³⁷, Xu Xia-ke³⁸, and Emperor Qianlong³⁹ are examples of high profile leisure travellers of the past.

For the first three decades after 1949, leisure activity and life enjoyment were unacceptable according to the prevailing ideology and tourism scarcely existed. Such activities were regarded as contrary to China’s national interest, because according to Mao’s doctrine, individuals should give up their interest for the nation’s interest, and leisure activities could not help the national economy. In the period prior to 1978, tourism was essentially a political activity, serving political rather than economic goals (Uysal, Wei and Reid, 1986:113). Domestic travel was mainly for political and work purposes (for example, meetings of cadres outside their normal residential cities, political indoctrination, and scientific conferences); outbound travel was limited almost exclusively to diplomats and government officials; and inbound travel to China was usually for purposes of political propaganda, and was only available to foreigners and overseas Chinese with special permission to visit the country. During the highly politically-oriented Mao Zedong period, tourism was not thought of as an industry but rather as “*a part of foreign affairs*” and a “*public relations exchange*” (Zhang, 1995 & 2002). It was not until the reform era of the 1978 that tourism became a vital economic force for earning foreign exchange in support of modernization.

³⁴ An ancient period of China’s history (770–476 BC) before Confucius’s time .

³⁵ A period of China’s ancient history (475–221BC) during which China was divided into a number of kingdoms ruled by war lords of various power.

³⁶ The most famous poet of the Tang Dynasty (618-907).

³⁷ A well-known scholar, artist and poet of the Ming Dynasty (1368-1644).

³⁸ A well-known leisure traveller of the Ming Dynasty (1368-1644).

³⁹ A powerful emperor of the early Qing Dynasty (1645-1911) who was fond of travelling and calligraphy.

Since then, the Chinese government has attached great importance to tourism and has taken a series of measures to develop the industry in all possible ways (Jenkins & Liu, 1997:104-105; (Uysal, Wei and Reid, 1986:115).

According to the CNTA (www.cnta.gov.cn, 4 October 2002), the Chinese government has drawn up a 20 year plan for tourism development. The ultimate goal of this plan is to transform China from a nation of rich tourism resources in Asia into a tourism super-power at the international level. The implementation of this plan is based on fundamental theories that tourism development must be government oriented, must follow the guiding principles of Deng Xiaoping's economic theory and his thoughts about tourism economy, and must be regarded as an important economic industry, serving as a booster of national and regional economy. In support of the tourism development, the State Council released a "National Policy of Festivals, Anniversaries and Holidays". This officially entitles all people in China to three week-long holidays every year marking three important occasions, namely the National Day, the Spring Festival (also known as the Chinese New Year), and the May 1 International Labour Day. These three week-long holidays are now called 'Golden Week Holidays'. The holiday economy was further promoted by involving relevant government departments and authorities such as the State Council, National Tourism Bureau, National Planning Committee and many more (CNTA Online, October, 2002).

In terms of development within the industry, the past two decades have witnessed rapid growth in all aspects including infrastructure, revenues, supply and demand, despite painful experience of serious shortages of management skill and industrial know-how in the early 1980s. The tourism industry in China is now significant, accounting for 274,700 accommodation establishments, 10,532 travel agencies, 5,870 attractions and tourism related enterprises, involving investment in non-current assets valued at RMB 779.2 billions, directly employing 5.98 million people, and indirectly employing 29.8 million people (The Yearbook of China's Tourism Statistics, 2002).

In light of possible competition from the entry and participation of foreign travel companies after the entry of China into the World Trade Organization, the Chinese government has been pushing very hard for standardization of service delivery in the tourism industry (People's Daily, July 2001). A number of regulations have been released in various provinces and regions to regulate and standardize the provision of tourist services, prompting further integration of the industry.

As a component of social and economic development, tourism in China has been transformed: from a much suppressed social activity to one winning enormous national support; from a diplomatic activity to an industry of importance; from micro-management and control to macro-management and service; from monopoly to decentralization in tourism business operations; and from a product-oriented to a market-oriented mode. Tourism could not be what it is today without the historic policy change of 1978 (Zhang, 1995:3-4; Zhang, 2002 & Gormsen, 1995:132). Given its historical, social and political backgrounds, the Chinese experience of tourism development is unique. The following sections provide an overview of the three major areas of China's tourism development, namely inbound tourism, domestic tourism and outbound tourism.

3.3.1 International inbound tourism

With its long sweep of civilization and diverse territories, China has rich historical and natural tourism attractions. From humble beginnings of 1.8 million tourist arrivals in 1978, China grew to become one of the top Asian tourist destinations. With the exception of the two years immediately after the turmoil of the June 4 Incident in 1989, and the SARS crisis in 2003, the total number of international visitor arrivals in China grew steadily, from 43,684,500 in 1994 to 91,662,100 in 2003, of whom 11,402,900 were foreigners, 77,527,300 were compatriots from Hong Kong and Macau, and 2,731,900 were from Taiwan (The Yearbook of China Tourism, 1999:327 & 331; He, 2002 and He, 2004). Driven by curiosity and a novelty seeking mentality, foreigners and Chinese compatriots

flocked to visit the awakened giant of the Orient. Table 3.4 (page 116) demonstrates China's achievement in receiving international visitors.

China's position as an international destination has been on the rise too. In 1999 China was ranked the 7th of the world's top ten international tourism earners, and in 2000, the 5th of the world's top ten international tourism destinations. Tourism receipts also increased significantly from RMB2,62.9 million in 1978 to RMB4,680 million in 1993 (Zhang, 1995:5; Liu, 1997:103), and to US\$ 14.41 billion in 2003 (approximately RMB 116 billion). Guangdong is the leading province in 2003 with tourist revenues reaching US\$ 4.2 billion (He, 2004).

According to the Centre for Tourism Studies of China's Academy of Social Science (2002), China's tourism continues to maintain rapid growth and remains one of the top ten destination countries in the world, despite the global negative impact of the terrorist attack in the USA on September 11, 2001, the War on Iraq and the SARS crisis of 2003. It is also ranked number one in Asia for international tourist arrivals. The WTO forecast expects China to become the first of the top ten international destinations in 2020 (cited in Zhang, 2002:6). Compared to 1978 when there were only 1.8 million total international visitors with only US\$ 263 million foreign exchange earnings, China has made outstanding achievements in tourism development.

Overseas visitors to China can be largely grouped into three categories: non-Chinese foreigners, overseas Chinese, and '*compatriots*'⁴⁰ from Hong Kong, Macau and Taiwan. Compatriots were by far the largest group in 1993, accounting for 88% of the total visitor arrivals, yet Jenkins and Liu believe that this category is less significant as most of them are VFRs, excursionists or simply cross-border day trippers who do not spend much (1997:107). On the contrary, foreign tourists

⁴⁰ A term commonly used to refer to residents of Hong Kong, Macau and Taiwan. Compatriots usually receive special treatment, eg. more generous entry requirements.

Table 3.4 Annual Visitor Arrivals in China, 1978-2003**(in Thousand)**

Year	Total Arrivals	Foreigners	Hong Kong & Macau	Taiwan
1978	1,809.2	229.6	1561.5	-
1979	4203.9	362.4	3820.6	-
1980	5702.5	529.1	5139.0	-
1981	7767.1	675.2	7053.1	-
1982	7924.3	764.5	7117.0	-
1983	9477.0	872.5	8564.1	-
1984	12852.2	1134.3	11670.4	-
1985	17833.1	1370.5	16377.8	-
1986	22819.5	1482.3	21269.0	-
1987	26902.3	1727.8	25087.4	-
1988	31694.8	1842.2	29335.6	437.7
1989	24501.4	1461.0	22430.9	541.0
1990	27461.8	1747.3	24675.4	948.0
1991	33349.8	2710.1	29559.6	946.6
1992	38114.9	4006.4	32625.7	1317.8
1993	41526.9	4655.9	35177.9	1527.0
1994	43684.5	5182.1	36996.9	1390.2
1995	46386.5	5886.7	38851.7	1532.3
1996	51127.5	6744.3	42494.7	1733.9
1997	57587.9	7428.0	47943.3	2117.6
1998	63478.4	7107.7	54075.3	2174.6
1999	72795.6	8432.3	61670.5	2584.6
2000	83443.9	10160.4	70099.3	3108.6
2001	89012.9	11226.4	74344.6	3442.0
2002	97908.3	13439.5	80808.2	3660.6
2003	91662.1	11402.9	77527.3	2731.9

Source: CNTA, 2003 (online access 15 November 2004)

stay longer and spend more per capita while touring throughout the country. They are the main target for bringing in foreign exchange and most of the tourism infrastructure development is directed at this group. The researcher considers that Jenkins and Liu have under-estimated the economic benefit brought by the compatriots, and may not have taken fully into account that many of these compatriots either moved their factories to or set up new businesses in the

mainland, and that a significant number of trips taken by this group are for business purposes. The compatriot investments in the mainland have helped to reconstruct China's economy in the early days of reform.

As a sector providing employment, generating foreign exchange, and supporting heritage renovation and conservation, inbound tourism has contributed significantly to China's economic and social development. Firstly, it has generated significant amounts of foreign exchange. WTO's (June 2002) statistics reveal that in 2001, China's international tourist revenues amounted to US\$ 17.8 billion, ranking fifth in the world after the USA, Spain, France and Italy. This achievement is probably due to the Chinese government's vigorous effort in promoting the country as a safe destination for international travellers. Secondly, it has provided more employment opportunities. If both international and domestic travel are included, about 2.4 million people were employed in the industry in 1993, and 6.49 million in 2003 (China Tourism Statistics, 12 July 2004, CNTA Online). Thirdly, it has helped to diversify the national economy and to promote regional economic development. It has stimulated the development of other sectors, including transportation, communication, urban construction, commerce, public utilities, and industries manufacturing tourist goods. Fourthly, it has served to preserve and revitalize traditional crafts and cultural relics. And finally, it has expanded international cooperation, promoting friendship and understanding between the Chinese and other peoples of the world (Jenkins & Liu, 1997:114).

As experienced in other developing countries, tourism development in China has also had less desirable impacts on society. Foreign influences are causing dramatic changes to family ties, work ethics and social relations, as well as to social values and beliefs. They have caused rising materialism, a decay in traditional values and doubt about the system. Many in the population perceive that the values of Western societies are superior to those of China. More severely, tourism growth has been blamed for increases in venereal disease, prostitution, pornography, drug addiction and drug trafficking (Jenkins & Liu, 1997:114).

Nevertheless, as inbound tourism continues to develop in China and as incomes increase and life conditions improve, increasing numbers of Chinese realize that leisure travel is no longer an exclusive right of foreigners. By the mid 1990s, leisure travel started creeping into the life of Chinese civilians, and slowly gained its place on the list of consumption items.

3.3.2 Domestic tourism

Prior to 1978, domestic tourism was not encouraged by government because it was considered a bourgeois activity and contrary to communist ethics. After the implementation of the Open Door and Reform policy, domestic tourism was no longer rejected by the government. However its importance was still overlooked because the government did not consider it to be a contributor to the country's foreign exchange earnings. Nevertheless, as a result of the Four Modernizations which enabled people to have more time off, domestic tourism has grown significantly into a huge business industry, generating travel expenditures amounting to RMB 25 billion in 1992, making significant contributions to the local economic development of many Chinese cities and regions (Zhang, 1995:6 and Gormsen, 1995:131). These figures reflect an impressive increase in the desire and ability to travel by Chinese nationals, a direct consequence of the government's economic policies.

Despite the ambiguous relationship between leisure, recreation and tourism (Xiao, 1996:18), domestic tourism was reported to have grown over the period 1980 to 1995 from virtually nil to 629 million domestic trips (Li, 1998:129). In 2000, the Chinese government announced its intention to make China a 'world power' in tourism, and in the same year, introduced the controversial Golden Week Holidays policy. Despite the controversy over the benefits and costs of the policy noted by King, Yu and Tang (2003), the Golden Week Holidays policy has created enormous tourism demand and has generated significant tourist revenues for the major tourist destinations throughout China since 2000.

As the national infrastructure has been improved, domestic leisure travel has rapidly become a popular social activity and an important revenue generator for the nation's economy (see Table 3.5, page 119 – Domestic Tourism and Domestic Revenue from 1992 to 2001, and Table 3.6 (page 120) – Proportion of Domestic Tourism to GDP from 1992 to 2001. This information provides some insights into the significance and development of domestic travel. Over a span of ten years from 1992 to 2001, domestic travel has grown from 3.3 million to 7.84 million, a 138% growth in tourist numbers, and from 25 billion Yuan to 352.2 billion Yuan, an outstanding 13 fold growth in tourist revenues. The researcher notes that the growth was fast during the earlier part of the decade, slowed down to very low levels in 1996 and 1997, and has steadied since 1998. Due to the lack of available information, the researcher was unable to explain the reason for the significantly low growth rates in 1996-1997; however, it is believed that the low growth could be due to social or political changes within the country; the return of Hong Kong to the mainland in 1997 may also have contributed to the slow growth of domestic travel in that year.

Table 3.5 Domestic Tourists and Domestic Revenue from 1992 to 2001

Year	Domestic tourists (million person)	Increase (%)	Domestic Revenue (Billion Yuan RMB)	Increase (%)
1992	330	10.0	25	25.0
1993	410	24.2	86.4	-
1994	524	27.8	102.3	18.5
1995	629	20.0	137.6	34.4
1996	639	1.6	163.9	19.1
1997	644	0.8	211.3	29.0
1998	694	7.8	239.1	13.2
1999	719	3.6	283.2	18.4
2000	744	3.5	317.6	12.1
2001	784	5.3	352.2	10.9

Source: CNTA China Domestic Tourism Spot Check Survey (Adapted by King, Yu & Tang, 2003)

Table 3,6 Proportion of Tourism Revenue to GDP from 1992 to 2001

Year	GDP (Billion Yuan)	Domestic Tourism Revenue (Billion Yuan)	Proportion (%)
1992	2663.8	25	0.94
1993	3463.4	86.4	2.49
1994	4675.9	102.4	2.19
1995	5847.8	137.6	2.35
1996	6788.5	163.8	2.41
1997	7477.2	211.2	2.83
1998	7955.3	239.1	3.01
1999	8206.8	283.2	3.45
2000	8940.4	317.6	3.55
2001	9593.3	352.2	3.67

*Source: CNTA China Domestic Tourism Spot Check Survey 2002
(Adapted by King, Yu & Tang, 2003)*

3.3.3 Outbound tourism

He (2002) comments that China's outbound travel is a product of the nation's Open Door and Reform policy. In line with the current phases of China's social and tourism development, the Chinese government has formulated a guiding principle for appropriate and manageable outbound tourism development, which includes overseas travel, border travel and travel to Hong Kong and Macau (CNTA, 2002). As demonstrated in Table 3.7 (page 123) the growth of outbound travel has maintained its momentum since 1993, with increasing numbers of non-official or private purpose passport holders, albeit at various rates. The researcher notes that the growth rates recorded for different years reflect the social changes of the time to some extent. For instance, Zhu Rongji's tough strategies to solve problems caused by the nation's overheated economy during 1993 and 1994 have contributed to the negative growth of -0.2% in the number of outbound travellers.

It is also worth noting that there was significant growth in outbound travel in 1998 (58%), which can be interpreted as being influenced by Hong Kong's return to China in 1997, although a thorough investigation would be required for the collection of reliable evidence.

Though experiencing rapid growth, China's outbound travel market has not developed as smoothly as the international inbound and domestic travel markets for two reasons. Firstly and mainly because it is not viewed as a foreign exchange earner, outbound travel is not on the priority list of the Chinese government's development plan. Secondly, outbound travel involves the requirement of an entry permit by the destination countries, which has been a major barrier to the development of the outbound travel market. The development was slow at the beginning (ATC 1996; Bailey, 1998). The positive reaction after the first outbound group to Hong Kong prompted the State Council to pass a regulation in 1984, which facilitated Chinese nationals to visit their relatives in Hong Kong and Macau. After the release of the 'Provisions for Organized Travel To Three South-east Nations⁴¹ by Chinese Nationals', such facility was extended to a Thailand tour in 1988, Singapore in 1989 and Malaysia in 1990 (Bailey, 1998; CNTA, 2001). All of these tours were labelled as "VFR", were fully financed by travellers' overseas relatives, and originated from a single province – Guangdong. In 1990, Fujian was allowed to organize outbound VFR tours; in 1992, the privilege was extended to all other provinces, and in the same year, cross-border tours to the USSR, Vietnam, Myanmar and Laos commenced. Border travel started as early as 1987 with an exchange scheme between Dandong City of Liaoning Province and Xinyizhou City of Korea. Initially it was a one-day-tour mainly for diplomatic purposes, but gradually became a popular tourist activity in various forms ranging from a one-day-tour to an eight-day-tour, covering seven provinces (Heilongjiang, Inner Mongolia, Liaoning, Jilin, Xinjiang, Yunnan, Guangxi) and involving eight bordering countries including Russia, Mongolia, Korea, Burma, and Vietnam (CNTA, 2001).

⁴¹ Namely Singapore, Malaysia and Thailand.

Chinese outbound travellers gradually extended the scope of their destinations to include more Asian countries (see Table 3.8, page 124) and long haul destinations such as Australia and New Zealand (in 1993), and the USA (in 1994). Over a period of 14 years, China outbound tourism expenditure has significantly increased from US\$ 66 million in 1982 to US\$ 4.4 billion in 1996 as demonstrated in Table 3.9 (page 125). From a tourist receiving country's perspective, China's outbound tourism has become increasingly important as it continues to develop.

The differences in number of outbound travellers to Asia and other destinations shown in Table 3.10 (page 125) clearly indicate room for improvement for long haul destinations such as Australia, which accounted for merely 1.27% of the total China outbound destinations in 1998, despite its geographical advantage of being relatively close to China.

In terms of sources of outbound travellers, Guangdong has always been the leading province (ATC, 1995:4; CNTA, 2001). Table 3.11 (page 126) presents the statistics of the top ten sources of outbound travellers from China. As these figures have shown, Guangdong's status as the largest source of China's outbound travellers is obvious. However, the researcher notes that as far as statistics is concerned, figures contained in this table are not fully comparable, as Beijing and Shanghai are cities whereas others are provinces.

Table 3.7 Statistics of outbound Chinese travellers 1993 – 2003

Year	Number of outbound travellers (in millions)	Growth rate (%)	For official purposes (in millions)	Growth rate (%)	For private purposes (in millions)	Growth rate (%)
1993	3.74	27.7	2.28	n.a.	1.46	n.a.
1994	3.73	-0.2	2.09	-8.0	1.64	12
1995	4.52	21.1	2.47	17.9	2.05	25.1
1996	5.06	12.0	2.65	7.3	2.41	17.5
1997	5.32	5.2	2.88	9.0	2.44	1.1
1998	8.43 [^]	58	5.24	82	3.19	30.77
1999	6.04 ^{^^}	n.a.	n.a.	n.a.	n.a.	n.a.
*2000	n.a.	13.4	n.a.	n.a.	n.a.	n.a.
*2001	12.13	15.9	5.19	7.2	6.95	23.3
**2003	20.22	21.8	5.41	n.a.	14.81	47.2

Sources: Bureau of Immigration, China, cited by CNTA, 2001 [Online]

* Zhang Guang Rui, 2003

** He Guangwei, CNTA, 2004 [Online]

[^] CNTA Online information. However, figure collected by Access Asia Limited 2000 for 1998 is 5,682,000.

^{^^} Access Asia Limited 2000

Table 3.8 Major China outbound destination – Asian countries and regions, 1995 - 1998

Ranking Order	1995		1996		1997		1998	
	Destination	No. of travellers ('000)						
1	Macau	395.8	Burma	472.2	Hong Kong	465.7	Hong Kong	604.6
2	Hong Kong	374.3	Hong Kong	419.8	Macau	333.4	Macau	397.8
3	Burma	232.9	Macau	389.6	Burma	234.7	Thailand	387.2
4	Vietnam	122.4	Thailand	226.6	Thailand	220.7	Burma	340.1
5	Thailand	120.4	Vietnam	146.9	Vietnam	212.9	Vietnam	240.6
6	Russia	70.3	Singapore	83.8	Singapore	86.3	Singapore	136.8
7	Singapore	39.3	Malaysia	81.2	Malaysia	81.7	Malaysia	132.1
8	Malaysia	37.8	Russia	65.6	Russia	75.1	Russia	76.4
9	Korea	18.1	Korea	23.4	Korea	52.6	Korea	21.1
10	Philippines	13.6	Philippines	13.6	Philippines	9.2	Philippines	9.9

Source: various tourist bureaux cited in CNTA, 2001. [Online]

Table 3.9 China outbound tourism expenditure 1982 - 1996

Year	Outbound tourism expenditure (in million US\$)
1982	66
1983	53
1984	150
1985	314
1986	308
1987	387
1988	633
1989	429
1990	470
1991	511
1992	2512
1993	2797
1994	3036
1995	3688
1996	4474

Source: *Statistics of International Revenue and Expenditure, China*. Cited in CNTA, 2001. [Online]

Table 3.10 Composition of China outbound destinations 1998

Destination	Asia	Europe	Americas	Australia	Africa
Number of travellers	7,110,000	769,900	396,600	106,600	40,100
Percentage (%)	84.37%	9.14%	4.71%	1.27%	0.48%

Source: CNTA, 2001 [Online]

Table 3.11 Top ten sources of China's outbound travellers 1995 – 1998

Ranking order	1995 Origin	No. of travellers ('000)	1996 Origin	No. of travellers ('000)	1997 Origin	No. of travellers ('000)	1998 Origin	No. of travellers ('000)
1	Guangdong	677.1	Guangdong	718.9	Guangdong	582.3	Guangdong	607.5
2	Yunnan	275.2	Yunnan	524.1	Yunnan	292.5	Yunnan	432.8
3	Guangxi	105.4	Guangxi	120.6	Guangxi	189.1	Guangxi	202.5
4	Heilongjiang	51.8	Heilongjiang	45.7	Liaoning	55.3	Shanghai	104.8
5	Fujian	31.9	Fujian	42.3	Heilongjiang	54.0	Heilongjiang	67.1
6	Inner Mongolia	20.1	Liaoning	28.0	Fujian	46.7	Beijing	65.5
7	Liaoning	18.9	Shanghai	27.5	Shanghai	43.8	Fujian	61.1
8	Shanghai	18.6	Beijing	27.1	Beijing	37.6	Zhejiang	42.9
9	Beijing	16.2	Inner Mongolia	23.4	Inner Mongolia	25.3	Hubei	30.0
10	Zhejiang	10.0	Sichuan	22.8	Zhejiang	22.2	Jiangsu	29.6

Sources: Tourist Bureaux in China, cited in CNTA, 2001. [Online]

3.4 Conclusions

From its origins as a much suppressed social activity to one generating enormous enthusiasm, tourism development in China has owed a lot to the social change of 1978 which has had profound and extensive impact on the whole society (Uysal, Wei and Reid, 1986; Zhang, 1995:3-4 & Gormsen, 1995:132). Tourism creates social benefits arising from broaden world view and knowledge acquired through contact with the outside world. The researcher believes that during the course of social change, the future growth of China's outbound travel market will be influenced by a range of factors, of which economics is only one. Before predictions can be made with confidence, it is necessary to understand the history and causes of social change, and the relationship of social change to consumption in contemporary China. The background information contained in this chapter provides a useful social context to examine the current issue of suppressed growth in a booming travel market. This information clarifies the various concepts embodied in the models presented in Chapter Two, and helps to explain the links between social change, consumption and travel.

Outbound tourism from China has obviously experienced significant growth since the reforms, although the scale of such movements still remains tiny if compared to the country's inbound and domestic travel. Information shown in Tables 3.8 (page 124) and 3.10 (page 125) indicates that there is enormous market potential and opportunity for long haul destinations. The researcher believes that distribution of market share will change over time, as the interest in Asian destinations becomes saturated, and as Chinese travellers' purchasing power becomes stronger. In the next Chapter, some causal factors of the emergence of China's travel consumers will be examined and analysed in greater detail.

CHAPTER FOUR: THE EMERGENCE AND MATURATION OF THE CHINESE TRAVEL CONSUMER

4.1 Introduction

China's Open Door and Reform policy is likely to be judged as one of the most significant world events of the 20th century. It changed the lives of hundreds of millions of people, and contributed to the ending of the Cold War⁴² (Ross, 1998; McGrew & Brook, 1998). With the significant easing of political control, together with rising incomes, many Chinese can now lead more comfortable lives. Over a brief period, China has been transformed from a country of poverty and famine to a huge, promising consumer market. The remarkable economic turnaround has attracted the attention of the world. This chapter takes a close look at the relationship between China's dramatic social change and outbound travel as a particular manifestation of socio-economic development. The examination starts with the changes in Chinese consumption. It then extends to the social factors that have shaped the emergence of the outbound travel market. The link between China's outbound travel and migration is investigated within the context of population movement.

4.2 Changes in consumption patterns

The consumption boom has been one of the many social phenomena brought about as a result of China's economic reforms. Prior to the reform period, consumer goods in China were in acute shortage and consumer purchases were confined to the strictly functional necessities of daily life. There was little to buy and the distribution of any goods that were available was strictly controlled by the government voucher system. When more consumer goods gradually became

⁴² A term referring to the state of political struggle between countries with opposed political systems, which attacked each other in various political ways without actually fighting. It was believed that the Cold War between capitalist and communist countries in the 20th century was ended with the dissolution of the former Soviet Union.

available to consumers and were rapidly purchased in the late 1970s, the emphasis was on functionality. As has been reported previously, there has been a consistent rise in Chinese individual consumption of durable goods (such as washing machines or extra television sets) and even luxury goods (such as air-conditioning systems and motor cars). In 1997, consumer retail sales totalled 132.52 billion Yuan in Shanghai, Luxuries and consumer durables and small household electrical appliances all reported sales growth (IMI Consumer Behaviours and Life Patterns Year Book 1998-1999, page 17). This growth pattern has been repeated in subsequent years. As Mok observed, the reforms familiarized the Chinese with an abundant supply and a variety of goods (1995:156).

4.2.1 From necessity to conspicuous consumption

The changes of 1978 stimulated China's consumption boom. Firstly, increased incomes and changing propensities to consume during the earlier stages of the reforms increased the demand for a narrow range of goods and services (Chen, 1995:11). Soaring consumer demand continued during the early 1990s, even though the choice of available goods and services was limited. However, in the new century, China's consumer market has started to resemble the developed world in terms of diversity and sophistication. Many Hong Kong residents now travel across the border to shop for fashionable commodities in Shenzhen or Guangzhou, where they pay almost one-third less for goods and services of similar quality and diversity as those available in the former shoppers' paradise of Hong Kong.

Causes of consumption boom

Opinions about China's consumption boom are many and varied. Some writers such as Chen (1995:11) believe that the all-embracing welfare system prior to 1980 has been responsible for distortions within the soaring consumer demand. For example, low living costs enable people to have more disposable income, although this may change as income structures become more heterogeneous (Chen, 1995:55, PATA, 1995:8-18). Others believe

mismanagement of the supply-demand relationship had an influence on consumer demand. From about 1980 to the mid 1990s, producers reacted with blind enthusiasm to the prospect of apparently limitless demand, prompting an excess of supply (Chen, 1995). Over-supply within the consumer market and the involuntary fall in commodity prices may have created a false consumption boom, with negative consequences such as a stagnant market and an unsustainable increase in demand. These problems were partially attributable to poor market information, a failure to respond to market demands, and mismanagement of some poorly performing state-owned enterprises. Li attributes some of the changes in China's consumer market to the influence of the so-called "S" generation of 18-35 year olds. He has proposed a number of fundamental elements which he claims exert an influence on Chinese consumers. These include: interpersonal interactions, assimilation, life extension and social status (Li, 1998).

Interpersonal interactions and assimilation

Less worried than before about being spied upon, people are more willing to share information. From a consumption point of view, improved interpersonal interactions as a result of the diluted communist ideology are likely to create a strong assimilation effect. With the prospect of stronger responses, businesses are spending millions of dollars on marketing with a view to creating a brand name or image for their particular product. Once the image or brand name is widely recognised by consumers, the effects of assimilation will be passed on and will be shared by people within common social groups. The pursuit of major brands has become a trend in China's consumer market. A sophisticated consumer contemplating a purchase of sports shoes may go for big names such as Nike, Adidas or Reebok. This assimilation effect on branding also applies to tourist destinations. In the lead up to the Sydney 2000 Olympic Games, Sydney had been widely promoted as a city representing Australia. This has created an assimilation effect in many people's perception that Sydney is the soul of Australia, and that a trip to Australia cannot be regarded as complete and worthwhile without including Sydney.

Life extension and social status

Despite warnings that life extension and the 'one child policy' could exacerbate the ageing of China's population, improvements to both quality of life and longevity brought about by improvements in hygiene and medical advances have contributed to increasing consumer demand. For the purposes of the present research, the influence of ageing on consumption patterns generally and tourism consumption in particular is a key issue.

As the permanence of the reforms has become reinforced, the Chinese now enjoy a more stable political and social environment which allows them to pursue higher levels of need. Social status for example has become an important impetus for up-market consumption such as brand name products, luxury goods and services. As was proposed in Maslow's hierarchy of needs, levels of consumption will move up as lower levels of needs are satisfied. Where luxury consumption was previously condemned as an unnecessary and harmful indulgence contrary to the national interest, the pursuit of personal identity and style through consumption is now widely accepted. Goods and services are purchased for their value as symbols of social status as well as for their utility (Mason, 1998:1). Over a brief period, Chinese consumption has been transformed from whatever life necessities were available at the time, to the energetic pursuit of conspicuous consumption. With goods now available in abundance, consumers have become increasingly concerned with quality of life issues. As Li has commented, China's consumer market has evolved the satisfaction of basic needs to the pursuit of sophisticated, luxury goods as well as intangible products and services (1998:120-158).

Like car ownership, the capacity to undertake overseas travel has always been an indicator of holding a senior or better paid position and of higher social status in the developed and developing countries alike. Having realized this, and as a means of showing China's social achievements, the government has made

considerable efforts to encourage integration within the tourism industry, paying attention also to the development of domestic and outbound travel. Large companies are often encouraged by the government to use travel as an incentive to reward outstanding employees or work teams. Some companies provide overseas trips for government officials and company executives who exert influence over decision-making and offer the prospect of assisting the company's economic well-being.

4.2.2 Tourism and the world of consumption

Increasing sophistication and shifting values have altered consumption preferences and patterns. In search of a better and fuller life, Chinese consumers are increasing their spending on services and entertainment. As Li has suggested, travel may become an important item on the wish list for a better life (1998:129). As a form of consumption, travel is the core research subject of this study. Chapter Two has demonstrated that travel decision-making requires the presence of both facilitators and motivators. On the basis that the external factors such as rises in income levels and a relaxation in government controls over movement have made travel more accessible, we now need to examine the internal factors, or psychological needs, which have motivated the Chinese to travel since 1978.

4.3 Travel flows and patterns

China's outbound tourism has evolved from a trickle into a huge and promising market and has attracted the interest of most of the world's tourist receiving countries. This section gives a brief account of how the market has developed, and how travel flows and patterns have changed over the past two decades, examining the interactions between domestic, inbound and outbound travel.

4.3.1 The emergence of domestic travel consumers

Before the introduction of the concept of the holiday economy in the mid 1990s, domestic travel was almost akin to an activity of necessity taken mainly for family, employment or education purposes. Since it was not regarded as an activity which would benefit the economy, domestic travel was neglected by government, and little was invested in any associated infrastructure. Such neglect led to serious problems of inadequate carrying capacity in China's domestic transport system (e.g. hundreds of thousands of passengers would sleep on railway station floors for days and nights to queue for train tickets if they did not have the necessary contacts to obtain them). Such practices were most prevalent during the Spring Festival (Chinese Lunar New Year) when huge populations flowed between cities, and between urban and rural areas. These domestic travellers were mainly students or expatriate workers returning home for the customary family reunion and New Year celebration. Though leisure and pleasure components often formed part of these trips, these aspects were not widely acknowledged as popular social activities. The researcher contends that the development of domestic travel is attributable to a number of factors, which are consistent with China's social development and are in turn outcomes of the nation's social change.

The concept of holiday travel was introduced to the Chinese by international inbound travellers during the earliest stages of the Open Door and Reform policy. The researcher recalls from personal experience that during the early 1980s, visitors to China could easily feel that they were a highly privileged group, receiving attention unavailable to Chinese nationals. Many tourist sites were specifically inaccessible to the Chinese. For example, a luxurious restaurant inside the Summer Palace in Beijing was clearly signposted 'Foreigners only' at the entrance. The locals experienced contrasting feelings of admiration and jealousy, appreciation and rejection. During the years immediately after 1978, such mixed feelings and attitudes amongst the host community were probably due to the government's eagerness to attract foreign tourists and its lack of knowledge of the social influence of tourism. As China's economy continued to improve and the levels of interaction with the wider international community increased, the

Chinese government acknowledged that holiday travel was not an exclusive right of foreign tourists. As an indicator of social and economic well-being, there is now a greater understanding that Chinese nationals should also be entitled to enjoy the pleasures of leisure travel. During the mid 1990s, such attitudinal changes have prompted government to encourage domestic travel generally and specifically to implement the Golden Week Holidays policy in the year 2000.

Gormsen (1995:132) and Chen (1995) have suggested that welfare system has enabled the Chinese to make more purchases and at higher level. As a result of increased incomes and living standards, together with factors such as more leisure time and freedom of mobility, Chinese consumers are becoming increasingly sophisticated and preoccupied with quality of life issues. Luxury goods such as fur coats as well as intangible experiences such as attendance at concerts and participation in leisure travel have become more prominent. Facilitated by improved wealth, freedom of movement and information, as well as new concept of value, the Chinese travel consumers not only swamp China's numerous tourist attractions, but also become noticeable tourists in many of the world major tourist spots.

4.3.2 The evolvement and maturation of outbound travellers

Starting from humble beginnings in 1983 and reaching 20 million Chinese people in 2003, outbound tourism from China has also experienced significant growth since the start of the reforms, albeit on a tiny scale compared with inbound and domestic travel. The landmark event of the first leisure group to Hong Kong in 1983 was a pilot plan for the government's strategy of awarding Approved Destination Status (ADS). This strategy placed outbound tourism growth firmly under government control, with a view to preventing a drain on foreign currency reserves (Guo 2002:7). The growth pattern has to a large extent been a result of the ADS strategy. By the end of 2003, ADS has been granted to 24 countries and regions, with two more ready to start (see Appendix B, page A1). This approach is indicative that major outbound destinations have been largely determined by the timing of country signatories to the ADS Agreement, and by the course of China's

outbound travel development which has been shaped largely by government policy.

As the reform process has deepened and living standards improve further, outbound travellers from China have extended the distance of their journey beyond Asia and into long haul destinations such as the USA, Europe, Japan, Australia and New Zealand. Given that more countries will increasingly be granted ADS status, it is likely that China will become the world's largest source of international tourists if current economic development is sustained (WTO, 2002). Indeed, the huge potential of China's outbound market is already evident since the late 1990s in the form of Chinese coach parties, which have been increasingly present at major international tourist destinations.

4.3.3 *From asylum seekers to conspicuous travellers*

Over time the purpose of trip for most Chinese outbound travellers has changed from asylum seeking during the 1980s to conspicuous consumption in the 21st century. The first wave of outbound travellers set off in the mid 1980s when social and political conditions within China were gloomy and uncertain. Facilitated by relaxed government regulations, increased freedom and living standards, a great many Chinese nationals in the 1980s took a daring move by creating a world stunning wave of '*chu-guo-chao*' ('wave of going abroad'). Destinations in this round of population movement covered mainly the developed countries and regions such as Canada, Australia and Europe, and also developing countries such as Thailand. However, by the second half of the 1990s, Chinese travellers had become one of the most significant leisure travel markets for many tourist-receiving countries

4.3.4 *Preferred destinations*

China's outbound destinations started with border regions such as Hong Kong and Macau. With the continuing rise in income levels, improved living standards in the second half of the 1990s and on-going development of

the scope of opportunity extended to long haul destinations such as Japan, the USA, Europe and Australia although the USA is yet to be recognized as an ADS destination. Border tours, including visiting relatives in Hong Kong and Macau, do however remain a significant part of outbound travel from China, with growing interest in visiting places, which are viewed as capable of exemplifying the western capitalist world.

Because of the way the ADS strategy was developed, most China outbound travel has been concentrated in Asia (PATA, 1995:23). Hong Kong has been the top destination for both business and pleasure, with Singapore, Thailand, Malaysia, France, Germany, Canada, the UK and Australia listed among the top ten. Visitation to Japan is focussed on business travel. The USA usually appears high on the list of destinations that Chinese travellers most want to visit, followed by Hong Kong and Japan. However, Chinese interest in the USA has shifted recently to Australia and New Zealand, especially after the events of September 11, 2001. The latter two countries have been perceived as safe, despite Australia's involvement in the war on Iraq.

4.3.5 Travel patterns

Prior to 2001, public or official travel always outnumbered private travel, although this may not reflect the real purpose of the travel. The public visits may have involved only one day of business and ten days of sightseeing. To add more confusion, public business travellers sometimes apply for private passports because of their easier obtainability. This pattern has however changed over time. As shown in Table 3.7 (page121), outbound travel for private purposes outnumbered official purposes for the first time in 2001, and this trend is likely to continue as the importance of leisure travel grows.

As in the case in many immature markets, the Chinese prefer to join packaged tours, and usually travel via Hong Kong to take advantage of shopping opportunities. They tend to minimize their spending on non-material items such as accommodation, transportation and food, preferring to spend their money on

shopping, sometimes for themselves, but often for friends and relatives who do not have the opportunity to go overseas.

The ATC has reported that travellers from Beijing travel abroad more often than those from Shanghai and Guangzhou (1993). The average trip abroad lasts two weeks, with business trips being shorter than pleasure trips. Due to visa controls imposed by some destination countries, people tend to travel with colleagues or to travel alone on package tours. Outbound travellers often combine business activities with sightseeing and visiting friends and relatives. However, travel patterns may have changed over time. This report may seem to be outdated given the emergence of reports on China outbound tourism in recent years, yet most of its findings are still valid, for example in the cases of average length of stay, travel companion and purpose of trip. Travel patterns are also greatly influenced by the ADS scheme. After the granting of ADS to Australia and New Zealand in 1998, Chinese nationals have been able to use ordinary passports and apply for tourist visas in the case of these two countries. This is changing the Chinese visitor mix. In Australia's case, while Chinese travel is currently dominated by business travellers, access to tourist visas is expected to increase the proportion of visitors travelling to Australia for holiday or VFR purposes (Tourist Forecasting Council, 1999:8).

4.3.6 Sources of outbound travellers

Due to restrictions imposed by the Chinese government, all outbound travel must originate from one of three approved international ports: Beijing, Shanghai and Guangzhou. This means that regardless of where outbound travellers live, they must depart from China via one of these three cities. This requirement has obviously enabled the control of population movements in and out of the country. It has however held back the development of the outbound travel market, since it makes travel more costly for travellers originating from areas outside the three approved cities. In addition, it has also distorted statistical information, as it is not easy to trace the origins of the outbound travellers. A recent CNTA report has however revealed some positive signs of deregulation

(www.cnta.gov.cn, September, 2003), and it is anticipated that outbound travel will be made accessible to people throughout China in the near future.

According to PATA, most outbound travellers are people employed in the collective or private sectors, as well as professionals and the self-employed (1995). Although this survey is already outdated, such findings remain valid and are consistent with findings of more recent studies such as the PATA China Outbound study (2001) and China Outbound Strategic Plan (ATC, 2002). The rapidly expanding private sector within the workforce constitutes a cluster of consumers with the strongest purchasing power. Statistics released by the China Youth Travel Agency (2001) reveal that most of those able to pay for their own foreign travel are from coastal cities and areas of Guangdong, Fujian, Shandong, Shanghai and Jiangsu where per capita incomes are about twice the national average, although per capita incomes in China remain very low by Western standards. CNTA has collected information about the top ten sources of China's outbound travellers from 1995 to 1998 (see Table 3.11, Page 126). When comparisons are conducted at city level, the top three source cities are Guangzhou, Beijing and Shanghai (ATC 2003; CNTA 2002).

4.3.7 *Outbound traveller profiles*

China is an ancient civilization with a strong cultural history. The agrarian background has created a family and group oriented society. Cultural norms including harmony, and indirect and ambiguous communication exist to avoid confrontation and to preserve the unity of the group. Relationships and face-saving are always important. Given the vastness of China's landmass, different degrees of cultural, social, historical and industrial development have created cultural variations between those in different regions. People in the north tend to be more conservative and appreciate high culture compared with those in the south who are more business oriented, materialistic and mobile. Eastern Chinese tend to be more fashionable and cosmopolitan, while Western Chinese tend to be more hard-working and traditional. The researcher notes that residents in Guangdong, the site of the present research, tend to be more westernised,

materialistic, pragmatic, realistic, eager to pursue upward social mobility, and hold a broader world vision. However, despite all these cultural variations, it is believed that after more than 30 years of restrictions in travelling abroad, and with an increase of consumer disposable income and the gradual relaxation on overseas travel, Chinese of various parts of China now share common interests, one of which is to go abroad to broaden their views of the outside world (ATC, 1993:2, CNTA 2002).

In the early 1990s, travellers from China were likely to be 35 years of age or over, with the majority being male, heads of a family, heavy smokers, and probably a manager or cadre⁴³ in a work unit. These people are more likely to be in a position to have the financial resources to travel, or the necessary authority to be sponsored to travel. They are also less likely to overstay their visas (ATC, 1993:5). This profile has remained dominant into the new century. Income and consumption disparities are however still evident between the urban and rural population. Nevertheless, the ATC believes that fast economic growth especially along the coast, southern China and SEZs, provides long term potential for the Australian tourism industry, although low per capita incomes and a high rate of inflation hinder the immediate expansion of Australian-bound tourist traffic (ATC, 1993:1). PATA found that in line with rising per capita incomes, the Chinese are likely to visit countries with better tourist facilities, attractions, services and shopping opportunities (1995). Half of those who have travelled recently plan to travel again soon. These optimistic findings should however be interpreted with care because of the limited representativeness of the sample. As acknowledged by PATA, the respondents were all highly educated, and travelled predominantly for business purposes.

The researcher notes that it is necessary to review findings of both outdated and more recent studies because they provide valuable periodic information for comparison purposes, thereby helping to identify changes and

⁴³ A communist way of classifying work position. Cadres usually get higher pay than ordinary workers.

possibly future trends in the course of China's social and tourism development. The following section provides contextual information which is useful for the understanding of the pattern of China's outbound travel market development.

4.4 Tourism and the Chinese diaspora

As mentioned previously, the wave of going abroad is nothing new or unique in the long sweep of China's history. China has a long history of outbound travel when imperial officers and scholars went to other countries for diplomatic and cultural or religious purposes in ancient times. The first wave of contemporary Chinese outbound travellers occurred in the mid 1980s, almost eight years after the announcement of the Open Door and Reform policy. Most of the participants were those who had shown a capacity to save for emergency purposes, or the social creditability to borrow money for their adventurous trips. Driven by the nation's uncertain social and political environment, the mentality of the Chinese in those days prompted them to grab any opportunity to leave the country before it closed its doors again.

4.4.1 *A diasporic experience*

This research does not intend to go far back into China's 5,000 year long history. However, it is necessary to look at some historical episodes with a view to highlighting the emergence of outbound travellers at different times and thereby understanding how the Chinese outbound traveller has changed over time in reaction to the prevalent social conditions. A noticeable example of mass Chinese travellers going abroad in recent Chinese history occurred during the 1850s when fortune hunters from Guangdong seeking gold flocked to California, the '*jiu-jin-shan*' (literally the 'Old Gold Mountain') and Australia, the '*xin-jin-shan*' (literally the 'New Gold Mountain') (Choi, 1975:3). Such travel was generally intended as a temporary move. However, many travellers subsequently became migrants and made their homes overseas. Others returned home after a period of hard work in the goldfields. During the Gold Rush era, outbound travel was clearly focussed on economic rather than leisure purposes. During this period, the

majority of Chinese outbound travellers came from Guangdong Province, though small proportions originated from Hainan, Shandong and central China. Over many generations, travellers from mainland China have gone to different countries and places including Hong Kong, Taiwan, Macau, Thailand, Cambodia, Laos, Vietnam, Malaysia, Singapore, Indonesia, the Philippines, Korea, Japan, Timor, Australia, Europe, the Americas and Africa, with the majority of those in South-East Asia. There is a popular Chinese saying: “wherever there is sea water, there are Chinese”. In the late 1990s, the estimated total number of overseas Chinese was around 56 million (Choo, 2000:113). It is noteworthy that many overseas Chinese hold a China-centred world view even after many generations of migration experience, and still see themselves as Chinese. As to those first generation migrants, they usually consider leaving China as a temporary departure rather than as permanent settlement elsewhere, and are prepared to return to China when circumstances permit.

During the mid 1980s the wave of going abroad resulted in hundreds of thousands of Chinese travellers settling overseas, especially in major developed countries such as the USA, Australia and the UK. Like their earlier counterparts, these travellers did not set off with an intention of migrating permanently. Most of these travellers were motivated by the so-called “myths of overseas Chinese” (Mo, 2004), believing that utopia was within reach as long as they got out of China. Their purpose for travel was simple and clear - to earn higher wages for a period of time and then return home, and if possible, to obtain political insurance by acquiring permanent residence in the host country (Tang, 1997). Given the traditionally deep cultural roots and close family and social ties in China, these Chinese nationals have created an inter-country network between China and their host countries, which has fostered the rapid growth of two-way population flows.

The outbound travellers of the 1980s and 1990s have made a significant contribution to developing social, cultural and commercial links between the host countries and their homeland. With the support of their social networks in China, they have facilitated economic cooperation, and educational and cultural

exchanges. Their contribution has been particularly evident in the area of imports and exports. As a result, “Made in China” products are evident almost everywhere in the developed world, notably in Europe, the USA, Canada and Australia, as well as in developing countries such as Vietnam and Cambodia. The Chinese who left China in the 1980s have also played an important role in building economic and cultural links. They have introduced a number of new concepts and knowledge into their homeland. For example, they have helped their friends and relatives to study abroad in their resident countries, and have assisted their resident countries to run educational programs in China. They have also facilitated service exports from their resident countries to China, for example, by selling tourism services to the Chinese, or by organizing and bringing group tourists into their resident countries. It is not surprising that many Australian inbound tour operators specializing in the China market are from mainland China.

4.4.2 The influence of the overseas Chinese network

As many economists have observed, Chinese nationals are scattered worldwide but are united in a unique “brotherhood”. Over the past century, the “invisible empire of overseas Chinese conglomerates” has formed a strong and powerful economic network, which dominates the economy of many parts of Asia (Seagrave, 1995:2-3). Since Hong Kong’s return to China’s sovereignty, there has been an increasing possibility of the formation of the ‘Grand Chinese Economic Sphere’. The economic power of this sphere is enormous. According to the World Bank, the purchasing power of a combination of China, Hong Kong and Taiwan alone is expected to amount to US\$9.8 trillion by 2002, surpassing the USA and Japan. Such power will grow even stronger in the proposed ‘Grand Chinese Economic Sphere’ as it includes ASEAN member nations whose economies are greatly influenced by overseas Chinese (Choo, 2000:114). It is worth noting that over the past two decades it has been overseas Chinese who have contributed most to China’s economic development and great success.

From an economic perspective, outbound travellers may be viewed as an indicator of a nation’s social and economic well-being - the greater the number of

leisure or business travellers, the stronger the nation's economic power. The development of China's outbound travel market has elevated the nation's position in the world economy. The potential of such a huge market has indirectly provided China with enormous bargaining power in the world market as the number of competitors for the China market increases. This partly explains why tour operators in some countries are willing to sell their tours to the China market at below-cost prices. The logic is that they may still make a profit in other areas even though no profit is made from the tour. More economic benefits can be realized when outbound travellers bring new knowledge and advanced technology back to China, as well as the commercial links some travellers may have built up during their overseas trips (Uysal, Wei and Reid, 1986:114). It has been reported that Deng Xiaoping was inspired to push for China's economic reform and modernisation, when he witnessed Japan's advanced and prosperous society during an official visit in the early 1980s.

A comprehensive understanding of a relatively new but complex travel market requires extensive knowledge of the historical context and developments, and breadth of current issues. To gain a better understanding of the development of China's outbound travel market, it is useful to have some knowledge of another dimension of prospective Chinese outbound travellers, namely China's business elite.

4.5 The rise of China's new business elite

One of the major factors contributing to the growth of China's outbound travel market is the emergence of China's new business elite. This newly formed social group owes much of its social and political existence to China's economic reform, and has become a major market segment within China's outbound travel market. The capacity of members of this business elite to influence the government remains unclear. The push for democratisation and eventually leading China to the state of civil society as many people would expect to happen has not yet materialized. Nevertheless it is obvious that this group possesses the greatest market potential for outbound travel. It was this group which dominated the

outbound travel market prior to China's mass tourism in the late 1990s, when increasingly more tourist receiving countries were granted ADS status.

Pearson has researched China's new business elite and suggests that it consists of two segments: 'foreign-sector managers' and 'private entrepreneurs' (1997:3-6). The former refers to Chinese nationals who manage the foreign-backed businesses that have been allowed to operate in China since the 1970s; the latter refers to private sector business owners, entrepreneurs, and executives of non-state-owned enterprises. Members of both groups have been granted considerable autonomy in carrying out their work, and as a result of their business positions exert considerable control over economic resources. China's new business elite is a modern and influential business class, which is supported by foreign capital. It is a group defined primarily according to its position in the hierarchy of the economy and the income, education and prestige of its members who are usually at an income level many times higher than the national average. Some have built their wealth through illegitimate means such as kickbacks or smuggling. Regardless of the source of their wealth, higher incomes usually mean a better standard of living (Pearson, 1997:7). With their social position and acquired wealth, these people are usually higher-level consumers, and usually have greater opportunities to go overseas for business related purposes such as professional development and training. The emergence of this new business elite has generated more impetus for the development of outbound travel. Indeed, the increasing number of business travellers has produced a second boom in outbound travel from China since the 1990s. Until it is ultimately outperformed by the emerging leisure / holiday market segment, this group of travellers is likely to remain the most important outbound travel market segment.

4.6 The opportunities and constraints affecting outbound tourism

4.6.1 Opportunities

In sharp contrast to the slow growth of world tourism experienced over recent decades, China has consistently experienced rapid growth in tourist arrivals and expenditures since 1980. The development of China's outbound travel also offers enormous opportunities to global tourism. Opportunities can be attributed to a number of factors: positive government support and encouragement; unmet demand; growing interest in seeing the outside world; a maturing travel market; and a more integrated modern society.

The Chinese leaders realise that in order to make up for the 30 years lost during the era of "iron curtain" regime, China needs to integrate with the global system. Without the help of foreign capital, knowledge, skills and technology, it will take the nation a lot longer to achieve its goal of modernisation. For this reason alone, the Chinese government has adopted a supportive attitude towards outbound travel, hoping that outbound travellers will return home with more new skills and ideas.

If the findings by Yu, King and Tang (2003) are correct, the over-demand effect caused by the Golden Week Holidays policy introduced in 2000 may be interpreted as a golden opportunity for outbound tourism to destinations such as Australia, which possesses considerable competitive advantages such as unique natural beauty, a modern and peaceful lifestyle, a distinctive Western culture, geographic proximity, and the approved destination status (ADS) of the most preferred holiday destination for Chinese. The spending spree shown in the past Golden Week Holidays indicates strong desires for travel as well as huge potential behind unmet demand.

There has been growing interest in overseas travel for the reasons previously mentioned. Provided that the reforms continue and that China remains free from further political turmoil, it is likely that increasing numbers of Chinese will be able to afford overseas tours, even though their incomes remain relatively low. Given that urban consumer spending in China has been distorted by heavily subsidized welfare expenditures, it can be anticipated that the proportion of family

income designated for leisure and travel will grow with increasing urban wages (Chen, 1995). However, the spending capacity of rural dwellers is less distorted and more predictable because the scope of welfare programs is generally confined to urban residents.

Since 1978, China has demonstrated its determination to transform into an integrated modern society. Its performance in economic and social development indicates a strong likelihood that the nation will achieve this goal sooner or later. In many aspects, the gap between China and its counterparts in the developed world is gradually closing. Similarly, consumption patterns are also catching up with many advanced societies. As quality of life is no longer a novel concept for the Chinese, travel and in particular overseas travel is becoming an important social activity for many.

The general outlook for outbound tourism in China is favourable, though patterns are likely to change (PATA, 1995; 2001, ATC 2002). As the situation changes and China's outbound tourism continues to grow, leisure and pleasure travel is now playing a more important role in the composition of market segments. Zhou *et al's* findings also suggest that the desire to see well-known attractions is a major motivation for Chinese travelling overseas (1998). This point may be applicable to certain market segments but is not appropriate for all. Pleasure travel appears to be growing at the expense of business travel, given that increasing number of destination countries will be granted the ADS. It is the view of the researcher that the purposes of visit for Chinese outbound travellers are many and varied. The pleasure and leisure component comprises only a proportion of the multiple reasons for overseas travel and the composition of purposes of travel varies according to changes of social situation at different points in time. During the 1990s, business visas were used as a convenient way of obtaining entry after China was classified as a high risk country in migration terms by developed countries including Australia. For overseas travel, leisure and pleasure were not prominent motivations in the first half of the 1990s due to restrictions imposed by the prevailing social conditions (eg. political uncertainty).

However, since the start of the new century, fears of overstaying illegal migrants have diminished as the numbers of illegal migrants from China continue to fall (Chinese Program, Australian SBS Radio, December 2002, DIMIA, 2002).

Based on a long term observation of China's development, the researcher believes that increasing numbers of countries will open their doors to Chinese travellers, and that China's outbound tourism will play a key role in global tourism in the near future. Subject to political stability, sustained growth of its economy and favourable government policies, China's tourism industry (inbound, domestic and outbound) should continue to grow. China is striving to become the top tourist destination in Asia and one of the largest tourist countries in the world (Zhang, 1995; CNTA 2002). There is little doubt about China's capability of achieving this goal. However, China has to be prepared to meet challenges around international competition, environmental pressure on scarce and fragile tourism resources, sustainability of tourism development, and political and social volatility.

4.6.2 *Constraints*

Despite rapid growth, the development of China's outbound travel is not free of constraints. Until the lifting of restrictions in 1990 and 1996 respectively, restricted passport issuance and currency controls were major constraints on the development of outbound travel. In a survey of consumers and their key informants, Zhou, King and Turner identified the major constraints to the growth of China's outbound market, and concluded that the most significant barrier to outbound travel was the difficulty of obtaining entry visas to countries that Chinese travellers would like to visit (1998:110). This situation has not changed much as visa control remains the largest obstacle in China's outbound tourism development. Destination countries that do not have a tourist agreement with China are often reluctant to issue visas to Chinese tourists. Entry barriers set up by developed countries such as Australia and the USA are still in place to avoid overstaying visitors and unplanned migration. This has the effect of excluding *bona fide* tourists and may sometimes force Chinese tourists to give alternative reasons for their travel.

Political and socio-cultural changes may turn out to be constraints on the growth of outbound travel. As mentioned in Chapter Three, tourism development is encouraged by the government, but must be under the scrutiny of the guiding principle of government policy. The government has paramount power to decide which direction tourism development should be heading. Usually government regulation changes may directly or indirectly affect consumption. For example, the former premier Zhu Rongji's anti-corruption strategy at one stage had adversely affected consumption generally (eg. restricted work-related entertainment expenses), and travel in particular (eg. less funding for official government travel). Other negative influences on outbound travel growth include unfavourable fluctuations in the exchange rate, a slowdown in GDP growth and unpredictability of the political and economic environment. For instance, the impact of a crackdown on corruption halted the growth of outbound travel from August 1993 until early 1994 (Zhou *et al.* 1998:111).

Whilst identifying some of the major constraints and opportunities, Zhou *et al.*'s findings do not provide a full explanation of some of the more complex travel motives. Chinese travellers' psychology warrants further investigation in its own right, as the emergence of and bright future forecast for China's outbound travel market has now attracted attention worldwide. In a nutshell, the China outbound market possesses both opportunities and constraints. The outcomes of the historical social change have fostered golden opportunities for market development, yet China's specific social and political past have also created constraints which hinder market growth. The researcher notes that such constraints are often the results of interaction between factors external to the tourism market place, such as economic and political ups and downs, which are unfortunately beyond the control of both the demand and supply sides of the tourism industry.

4.7 Marketing to the Chinese traveller – understanding consumer psychology

An overall picture has now been created of China's social situation and the development of its outbound tourist market. The importance of this market is widely recognized; yet from a marketing perspective, and given the special characteristics of this market, it is necessary to know what needs to be done to capture this rapid growth market, and to ensure benefit maximization and cost minimization. The following section is a brief review of key issues in tourism marketing which may be useful and relevant for marketing to China's market.

4.8.1 Key tourism marketing issues in the Chinese context

Marketing involves the application of various techniques to generate demand for the products available for sale in the market-place. It is the total process of bringing together the potential buyer of the product or service with the product or service. Apart from selling, the marketing process consists of elements such as the marketing mix. The identification of potential markets, development and pricing of products and services to meet the needs of these markets, advertising, and other promotional efforts, are all important parts of marketing (Davidoff, 1994:18). The difference between consumer behaviour and marketing is that the former is customer-oriented (demand-side concept) whereas the latter is product/service oriented (supply-side concept). The two concepts are interrelated and complementary.

On the supply side, Vasallo and Delalande (in OECD, 1980:22, cited in Tisdell, 1984:10) have suggested that the main determinants of tourist demand are: attractiveness of the landscape; climate, clean air, clear water, and a restful atmosphere; the cost of the holiday; the region's intrinsic qualities and other factors. On the demand side, a full understanding of the market is of crucial importance before appropriate marketing strategies are formulated. Every market is different and has its own market characteristics. No one single marketing strategy can be applied to all markets, and all strategies have negative impacts.

Given its specific historical, social and political conditions, the China market has unique features. Marketers and government policy-makers who are interested in the China market must obtain a full picture of all variables, which create the dynamics driving the current rapid growth. Details of the similarities and differences of the China outbound market as compared to the Western world's are elaborated further in Chapter Eight.

Although the travel product encompasses many activities, it is marketed and sold to two very different primary groupings, the non-discretionary and discretionary segments. It is important to have a clear understanding of these groupings in view of the dynamics of consumption in China. The travel motivations that apply to these segments are quite distinct. Non-discretionary travel is undertaken out of necessity, notably for business, study, or attending to family issues. Discretionary travel is a matter of choice, and competes with other discretionary products, such as electronic goods (Davidoff, 1994:22). The distinction cannot be applied directly to the China outbound market, because the line separating discretionary and non-discretionary travel is blurred. Many travellers go overseas under the guise of business purposes, whereas in practice they are travelling for recreational or hedonic purposes. Numerous business delegations go overseas ostensibly to conduct business investigations, but spend minimal time on business activities, and the rest on sight-seeing.

Market segmentation

Travellers are motivated by a variety of travelling reasons and needs. Since no single product will appeal to all consumers, it is necessary to segment the market to identify how many people are pursuing particular products and at what price (Blyth, 1997:152). Market segmentation is the process of identifying a group of consumers with similar needs, and producing products to meet those needs at a profit. Markets may be segmented in various ways: geographic, psychographic, demographic, socio-cultural, affective and cognitive, and behavioural segmentation (Blyth, 1997:158 & Engel et al., 1995:78). In a market

as huge in size and diversity as China in terms of demographic, geographic and socio-cultural composition, segmentation is an indispensable technique in tourism marketing.

Market segmentation occurs in various ways. Geographic segmentation may be useful in helping to identify sources of travel demand within a vast country like China. Commercial distribution systems may be concentrated in the largest cities, but it is the rural consumers in outlying areas that constitute the bulk of the market. As Li has pointed out, the rural consumer segment is important because it is a group with growing income and easy access to commercial distribution systems (1998:60). Generally, these rural consumers live in thriving regions such as the Pearl River Delta, the Yangzi River Delta, pockets around the major cities, more developed regions along the coast, and along the length of the Yangzi River. The rural market also has a strong urban component because roughly one third of China's population has either joined collective enterprises, or moved into cities and joined China's 100 million migrant workers. This group is becoming an increasingly important consumption market with rapidly rising purchasing power, and has the prospect to become an important source of travellers in the near future.

The present research segments the Chinese outbound travel market on the basis of occupation (demographic segmentation) and purpose of trip (behaviour segmentation). According to the World Tourism Organization (WTO), trips may be classified by purpose of travel such as pleasure, visiting friends and relatives, business, health, religion and other. Each may involve a number of more specific motivations (Smith, 1995, Engel *et al.*, 1995). 'Occupation' and 'purpose of trip' are useful categories for segmenting China's outbound travel. Occupation is a major determinant for an individual of opportunities to travel overseas. Without the appropriate social position, and regardless of available finances, an individual can be denied such opportunities. Purpose of trip also plays an important role in the individual decision-making process. In specific circumstances, such as for

political, economic and / or social reasons, an individual may try all available means of travelling regardless of whether he / she can fund the trip.

Comments on key tourism marketing issues have been included in this chapter to indicate the importance of marketing to all sorts of markets including those beyond the capitalist world. Marketing strategies need to be applied appropriately and flexibly, and adapted to the direction of current social change. The rural consumers mentioned by Li, for example, might have been an ideal market segment for potential outbound travel consumption in the 1980s, when they were among the first group of people who benefited from the Open Door and Reform policy (1998:60). However, as social changes continue, the rural segment has lost its attractiveness in the eyes of some marketers. Many farmers and rural enterprises have suffered severe financial loss due to a number of factors. These include significantly decreased prices for most agricultural produce, unreasonable taxes charged by local government, high production costs, inefficient and outdated machinery and equipment, over-supply in some products, poor market information, and inability to catch up with changes in increasingly sophisticated consumer tastes.

4.9 Maturation of the travel consumer

The economy appears to reign in contemporary civilization. It is the driving force, means and end in one, and dictates the course of events. The utilization of resources, social values and policies of the state are all in its powerful grip. As China's social system evolves towards a fully fledged market economy, Chinese travellers are expected to mature and to fall within Krippendorf's 'Model of life in industrial society: work-home-free time-travel', which has indicated a strong link between society and travel (1999:4). He proposes that the recreation cycle begins with people and the spheres of everyday life – work, home and free time. Part of the free time is mobile leisure spent in travelling, which serves as an outlet or break from everyday life and is itself characterized by particular influences, motives and expectations. Of special interest here is the behaviour and experience of travellers, the host population and

their environment, and the encounter between visitors and locals. This model of life has some significance to the development of China's tourism. The researcher observes that one important outcome of China's social and economic reforms is that China is transforming towards an industrialized society which values efficiency and supports competition. Typically this means that the rhythm of life is becoming increasingly fast and tense. Increasingly people find this tedious, and many have fostered strong desires to have a break from daily routine. In the past, Chinese tended to travel for the purpose of obtaining an experience which they could "*brag about*" (ATC, 2003) on returning home, but now the concept of relaxation and having a break are also important expectations which motivate people Chinese to travel. For many who can afford the cost of a trip, travel has become an important part of their working life. At present, the Chinese work/leisure cycle is more appropriately represented by the model of "work-saving-home-free time-leisure-travel". The researcher recalls that three years ago when the fieldwork of the present research was conducted, many respondents had difficulty in understanding the meaning of the term 'relaxation' which was used in the questionnaire. However, the researcher was recently informed by her contacts in Gunagzhou that travel is so popular in Guangdong that one of the greetings now commonly used by people in social situations is "*Have you travelled recently?*", or "*What is the destination of your next trip?*". Compared to the conventional greetings "*Have you eaten (rice) yet?*" or "*Have you had your congee yet?*", a travel related greeting is obviously an outstanding great leap forward in China's social development.

4.10 Conclusion

This chapter has illustrated how China's outbound travel market has emerged in the context of social change. While providing useful information about important issues such as the existence of opportunities and constraints in China's outbound travel market, the chapter also raises a number of questions which merit further investigation such as the link between tourism and illegal migration. Despite the concerns associated with previous experiences of political turmoil, China's future as a consumer market appears bright. As Chen and others

have observed, under the new generation of leadership, the political system is likely to become more stable (1995). This is a crucial pre-condition for economic growth which is fundamental to the development of the travel market. Whether this can be translated into outbound travel demand or whether there is a direct relationship between social change and travel behaviour remains unclear and requires empirical investigation. Whilst the importance and potential of China's outbound travel market have been widely recognized by the international community, many destination countries remain cautious about opening their doors to risk because of concerns about overstaying visitors. Is this concern justified and what strategies could these countries employ to achieve the optimal balance between immigration and tourism policies?

In the context of China's unique social and political environments, the review of changing consumption patterns and travel flows has suggested that conventional models of consumer decision-making may be inadequate to analyse Chinese outbound travellers, as their behaviour changes in line with the nation's social transformation. Existing models emphasise the psychology and decision-making of the traveller under normal circumstances. They have not however provided an adequate explanation for the urgent need for overseas travel exhibited by Chinese outbound travellers in the late 1980s and early 1990s. This need was so strong that many borrowed large amounts of money to travel and left their families behind. Over the past ten years, as incomes have grown and lives have improved, such phenomena may have changed as the purpose of travel has become more oriented towards pleasure and leisure than employment or migration.

From a marketing perspective, any evaluation of the Chinese outbound market should consider its unique social characteristics. Marketers need to acknowledge the dynamic nature of China's transition to a market economy. As economic conditions are progressively transformed, new incentives are created and the behaviour of economic agents undoubtedly change (Chen, 1995:137). The political and regulatory environments influence travel decision-making. While

currency restrictions on outbound travel limit the potential for travel, the replacement of communism by capitalism, and more active government involvement in tourism planning enhance tourism growth (Go, 1997:14). Demographic and social trends can also influence travel decisions indirectly. An aging population may have greater discretionary income and leisure time for travel purposes. The burgeoning of the middle classes in the Asia Pacific region may also prompt an expansion of leisure travel (Go, 1997:11).

The pursuit of improved education and training may also be classified as an economic factor in light of its ultimate aim of enhancing the employability, financial and social situations of the traveller. Education can also be a push factor for migration, both national and international. In their survey on the demographic characteristics of internal migration within China, Yu and Day have found a strong positive association between education and the propensity to migrate (1994:111-112). While the survey was focussed primarily on internal migration within China, some findings may also be applied to outbound travel, which is the core issue of the present research. Education as an important push and pull factor is manifested in Tang's (1997) research findings.

On the basis of information noted above and the social changes occurring in contemporary China, the researcher believes that decision making by Chinese outbound travellers, though subject to similar categories of influencing factors, is affected differently from its counterparts in the capitalist world. This is mainly because the Chinese outbound traveller is a product or outcome of different social, historical and economic experiences compared with other outbound travellers. Using Guangdong as an example to gain an improved understanding of how social change has affected people's lives since 1978, the next chapter is dedicated to providing further information about life in this prosperous province, with special reference to the four cities chosen as the sites to conduct the main survey.

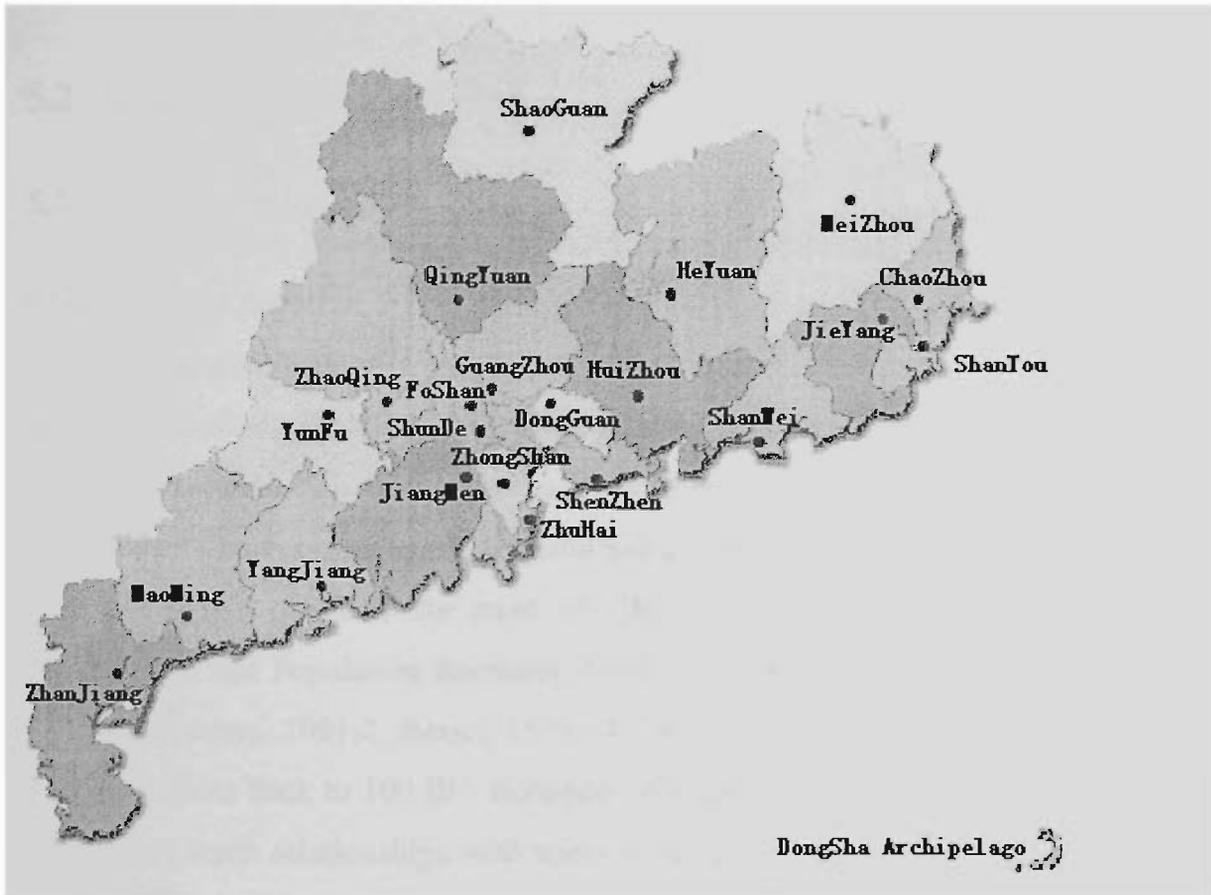
CHAPTER FIVE: GUANGDONG – ENGINE OF CHINA’S TOURISM DEVELOPMENT

5.1 Introduction

There are a number of reasons to dedicate this chapter to Guangdong Province in general, and some of its provincial cities in particular. As has been mentioned previously, the fieldwork component of the present research was conducted in Guangdong Province, mainly in the capital city of Guangzhou, though including three wealthy provincial cities: Zhongshan, Dongguan and Shenzhen (see Map of Guangdong, page 157). Given that China is a vast country with diverse cultures and geographic characteristics between different regions, it is believed that some understanding of the dynamics of the study region will help to explain the rationale for the choice of site. Since Guangdong had been selected by Deng Xiaoping in the early 1980s as a microcosm for China, a better understanding of the province will provide insights for other provinces in terms of changes in industrial and economic structures and in consumption patterns, which lead to the core interest of the present research, namely the development of tourism. Being China’s leading province and the experimental site of its social and economic reforms, Guangdong is the evidence of China’s social change over the past two decades. Investigation of the development of the province and its major components provides a context to assist in understanding the relationship between social change in China and the nation’s multidimensional development, such as outbound tourism. Given that the focus of the present research is on social change, this chapter seeks to illustrate changes occurring in Guangdong’s major cities as a result of China’s Open Door and Reform policy in 1978.

The information presented in this chapter is based mainly on literature, government publications, websites of various government bodies in China, and information gathered by the researcher during a field trip in 2000. Though some of the information is fragmented and incomplete, it is to the knowledge of the

Map of Guangdong Province, China



Source: Government’s Official Web Portal of Guangdong. www.gd.gov.cn, Accessed August 2005

researcher the best available. This is notably the case with the provincial cities where extremely little literature is available.

The chapter begins with a brief, general account of Guangdong province, followed by a descriptive report for each of the four cities concerned. Each report covers the same major headings, namely geographical and demographic information, economy (structure, strength, and development), society and people’s life (social situation, life styles, education, social security, consumption, and travel). It is hoped that these reports contribute to the knowledge of social development in these cities, an issue which has generated little or no previous study. These accounts are also intended to identify and better understand the social dynamics which have provided an impetus for the engine of an emerging global tourism power. To enable easy understanding of some economic values, it

is worth noting that the currency exchange rate for the Chinese Yuan is 1 USD= 8 Yuan.

5.2 Guangdong in brief

5.2.1 *General information*

Guangdong (formerly Canton) is located in Southern China. Though not China’s largest province, it has great strategic importance for a number of reasons. It is the home to three of China’s four earliest Special Economic Zones (SEZs), namely Shenzhen, Zhuhai and Shantou. It also boasts the rich Pearl River Delta (an open economic zone encompassing twenty-eight municipalities and counties), one open city and two SEZs. Guangdong has a long history of emigration, and has been the origin province for most of China’s overseas diaspora (Bureau of Immigration and Population Research, 1994:1; Zhou & Zhang, 1997:71; Golden Dragon Museum, 1991:2; Brand, 1978:14). Its involvement in trade with South-East Asia dates back to 100 BC. Between 1400 and 1500, Guangdong and Fujian established trade relationships with many ports in Southeast Asia (Armstrong & Armstrong, 2001:21). In the 1970s, Guangdong played a very important role as facilitator for the establishment of cultural and business networks for ethnic Chinese residents in East and Southeast Asia (Yen, 2002:42). Since the Open Door and Reform policy, ethnic Chinese in various parts of the world have been able to obtain information about China which is distributed on a regular basis in the form of souvenir magazines by the Overseas Chinese Affairs Offices of Guangdong’s six districts. Such “news from the motherland” has also attracted numerous ethnic Chinese outside mainland China, who are regarded as an “enormous opportunity for tourism and economic development” (Lew and Wong, 2003, vol. 4:83).

Since 1978, Guangdong’s proximity to Hong Kong, Taiwan and Macau has attracted industries migrating from these regions in search of cheaper labour particularly in the three Special Economic Zones. During the first ten years of the reforms, Guangdong’s Pearl River Delta achieved industrial growth rates of around 20% per annum, and an annual growth rate of 27% in 1991. In a short

period of time, Guangdong was transformed from a relatively backward province into China’s top export-earning province and second largest provincial industrial economy, with GNP per capita and rural income 50 per cent higher than the national average (Asia Research Centre Murdoch University, 1992:1 & 51). In 1999, Guangdong’s GDP reached RMB845.6 billion, with an annual growth of 13.8% (Li, 2000, V54:3). Since Deng Xiaoping’s historic visit to Southern China, Guangdong has been a focus for enhancing industrialization and modernization in China. For more than two decades Guangdong has led China’s rapid economic development. Its success in attracting foreign direct investment, advanced technology and new knowledge from the developed countries has been widely recognized. Guangdong’s economic miracle can be attributed to a number of factors. These include the benefit of being located close to Hong Kong and Macau, the opportunity to over take Hong Kong as the centre for the relocation of manufacturing in search of cheaper labour and land, and its long history of exposure to foreign influence which enables the province to learn and adopt new knowledge and skills quickly and readily.

5.2.2 Tourism development

Guangdong is China’s leading province in terms of visitor arrivals, and, depending upon which source of information is used, the largest of China’s three major sources of outbound travellers (CNTA Online 2004). In 2000, Tourism Guangdong reported tourism revenues of RMB115 billion, a quarter of the national total. In the same year 67 million visitors to the province were reported, approximately 80% of the national figure. The researcher notes that this proportion may seem too high for one province; however, it is quite possible given that hundreds of thousands of visitors travel from Hong Kong, Macau and Taiwan to various parts of Guangdong every day. The composition of these visitors is diverse, and the purposes of visit may include family, business and leisure reasons. They may be compatriots returning to their hometowns for family or business purposes. Many come for day trips to do their daily shopping in Shenzhen. Small business people may travel in and out twice daily for the exchange of commodities. Entrepreneurs from Taiwan, Hong Kong and Macau

usually travel frequently between Guangdong and their residential cities. Foreigners who are temporarily in Hong Kong for work or business reasons may need to cross the border to China at the end of their legitimate stays (usually 90 days) to legalize and refresh their immigration status. An international gateway and window of Southern China, Guangdong is also appreciated for its unique historical, geographical and strategic characteristics. As acknowledged by Chen, the officer-in-charge of Guangdong Province’s Tourism Development Research Centre, Guangdong needs to improve in terms of modernization and internationalisation (2000). To date its success in the business and domestic markets is due primarily to its proximity to Hong Kong and Macau (Guangdong Tourism Research, 2001). However, Guangdong aims to retain its status as the leading province in line with China’s goal of becoming a tourism super-power. With overall strategic importance and a well-established system of infrastructure, Guangdong will undoubtedly secure a position as the centre of finance, business, culture and tourism development in Southern China.

5.2.3 Implications for outbound tourism

Supported by increased income levels, improved living standards, and government encouragement of domestic spending (such as pay-rises for public servants and retired workers, increased public holidays and weekends off), travel consumption has become commonplace for many ordinary families in Guangdong. Traditionally, the people of Guangdong enjoyed travel and Guangdong has always been the largest source of tourists nationally and internationally. In a survey on 7,896 randomly selected domestic tourists across China in 1999 (see Table 5.1, page 161), 59.6% (4,708) were from Guangdong, compared to 4.7% (371) from Beijing, and 3.7% from Shanghai. Of the 4,708 travellers surveyed, 70.5% (3,318) were from the Pearl River Delta (including Guangzhou and 28 municipalities and counties), and 33.1% (1,464) were from the capital city, Guangzhou. Most of the respondents were urban residents (81.7%) while only 18.3% were from rural areas. 61.9% of the travellers were male and the largest proportion were in the age group 25-44 (47.3%).

Table 5.1 Major sources of domestic tourists 1999

Source	Guangdong	Pearl River Delta	Guangzhou	Beijing	Shanghai	Overall
Number	4,708	3,318 *	1,464 *	371	295	7,896
Percentage %	59.6	42**	18.5 **	4.7	3.7	

Sources: Bai Dengliang, Tourism Research, 1999

(*) Part of Guangdong

(**) Proportion to total number surveyed

21.1% (1,666) were skilled and professional workers; 21.3% were employed in various occupations. In terms of purpose of travel, leisure and sight-seeing (41.7%) were the major purposes followed by business (19%). 55.6% were independent travellers accompanied by friends or relatives, whereas 26.2% were incentive trips organized by work-units. 80% were taking over-night trips, while 20% were day trippers (Bai Deng Liang, 1999, Tourism Research). According to a survey conducted in 2000 by Guangdong’s Urban Research Team, travel has become a popular trend for people in Guangdong. About 53.3% of families took a holiday trip in the year 2000, spending an average of RMB489.61 per person. Although most of the trips taken were short trips within China, including day trips and camping trips, the survey suggests that Guangdong has enormous potential as a travel market (www.tourism-research.com/market/guangdong2000.htm). This enormous market potential is likely to have spill-over effects on outbound tourism.

The researcher observes that signs of positive change are evident throughout Guangdong. In 1988, during a visit to a mountainous village of Luoding County, which is a remote township within Guangdong Province, the researcher witnessed that up to 20 villagers would gather in one particular household to watch TV almost every evening. This activity was regarded as one of the important forms of entertainment for villagers of all ages. From Guangzhou, access to the county took a whole day because of poor road conditions and traffic, and access to the village was possible only by walking or bicycle. During the late 1980s, commodities were in short supply and were highly valued irrespective of quality. People would not waste anything that was still of some use.

By the year 2000, things were very different. The most obvious changes were improvements in transportation, infrastructure, housing and other construction development, and more importantly, attitudes towards consumption and the material world. Food surpluses have become the norm in both urban and rural areas leading to conspicuous consumption. At local restaurants patrons order excessive dishes not because of hunger but to display their wealth and social

status. Shops are generally busy; local markets are packed with fresh farm produce and buyers; most households in Guangdong have televisions, washing-machines and air-conditioning systems. Interactions between the capital city and provincial cities are frequent and busy, with the former playing the role as suppliers of commodity. Over the past two decades, many of Guangdong’s provincial cities have also made significant contributions to China’s economic development. Unfortunately the researcher was able to conduct surveys in a handful of cities only where she was able to make use of her “*guanxi*” (social connections) due to limited resources available. The following section of this chapter is an account of the four cities in which Survey One was undertaken, namely Guangzhou, Shenzhen, Dongguan and Zhongshan. While acknowledging the limitations and incompleteness of the information collected, some of the information is invaluable since it is generally unavailable within the existing literature.

5.3 Guangzhou – China’s most vibrant city

5.3.1 *General information*

Guangzhou is the political, economic, educational, cultural, scientific and technological centre of Guangdong located adjacent to Hong Kong and Macau. As the provincial capital and the economic hub of southern China, Guangzhou has long been a port of international importance and is known as China’s southern gateway to the world. (Xu, 1985:167).

5.3.2 *Historical background*

Guangzhou has a long history of over 2,200 years. It combines Chinese and foreign cultures, with overseas contact dating back to the Qin and Han Dynasties (about 221 B.C.–A.D. 220) when it was a regional market and port. It was the starting point for the “Silk Route on the Sea” and the sole port city to have had exchanges with foreign countries in the Qing Dynasty since 1757. It has maintained close contacts with central and northern China since the late 1750s. Its

important role in both international trade and local commerce made Guangzhou the largest city in China during the nineteenth century. It was the source of modern China’s revolutions, bringing China’s 5,000 years of monarchy to an end and establishing China’s first republic regime in 1912. Despite its historical importance, Guangzhou was neglected by the central government until 1978.

5.3.3 *Geographical information*

Encompassing eight districts and four county-level cities, Guangzhou has a total area of 7,434.4 square kilometres and a population of over 6.85 million. Its location in the Pearl River delta region is uniquely advantageous. The city is surrounded by some of the richest agricultural land in China, which has supported the cultivation of rice, sugarcane, and vegetables. At present it is the junction of the Jing-Guang (Beijing-Guangzhou), Guang-Shen (Guangzhou-Shenzhen) and Guang-San (Guangzhou-Santou) railways. Its convenient transport links with the rest of China have made it China’s major foreign trade port (Xu, 1985:168). It is also an important air terminal for southern China, handling tens of thousands of passengers each day.

5.3.4 *Socio-cultural characteristics*

Guangzhou’s favourable geological environment has helped to foster the famous Lingnan culture which includes painting, music and the world renowned Cantonese cuisine. With its long established culture and tradition, Guangzhou is a city full of festive activities and tourist attractions (Guangzhou Tourism Bureau, 2000).

Guangzhou is also a famous hometown for members of the Chinese diaspora, and is home to a great number of overseas Chinese people (GZMCFERT, 2000). There are about 1.35 million compatriots and overseas Chinese residents in Guangzhou from 116 countries and regions throughout the world. These people have enthusiastically supported the construction and development of their hometown and are playing an important role as a bridge and

medium between China and the outside world. They have contributed significantly to the development of international markets and to the promotion of economic and cultural exchanges overseas (Ling et al, 2000:25). They can also be regarded as the impetus for what Cohen has described as “existential tourism”, which refers to people who travel in search of a personal or spiritual centre located beyond their immediate place of residence (Lew and Wong, 2003, Vol. 4:83).

5.3.5 *Economic structure*

Guangzhou is a city of many functions. As described by Xu, Guangzhou is a provincial capital, China’s most important centre of light industry, a base for foreign trade, a transport node, and a tourist centre (1985:177). The plentiful supply of farm products from Guangdong Province has been an important asset in enabling Guangzhou to develop its light manufacturing industry. It also has a long tradition of handicraft production and the manufacture of daily consumer goods. It has accumulated a body of experience and a pool of skilled labour. Guangzhou has a history as a foreign trade port. Since 1956, it has played host to the bi-annual China Import and Export Commodity Fair, which, until 1978, was the only channel for China trade.

As China’s third largest port, Guangzhou is the major cargo collection and distribution centre in China and the largest hub for international trade. The world renowned Spring Trade Fair and Autumn Trade Fair (held annually in April and October respectively) attract hundreds of thousands of business people from various parts of the world. It is also one of the main hubs for post and telecommunication services linking more than 190 countries and regions throughout the world. The city ranks number one in China for its volume of business activity and the associated revenues. It also leads in its urban telecommunication network coverage. In addition to its high quality, productive agricultural development and modernized agricultural system, Guangzhou is an industrial centre for Southern China. It has established a foreign-oriented industrial system consisting of light and heavy industries. Guangzhou’s Economic

and Technological Development Zone was set up with the approval of the State Council as a showcase for the outside world (Guangzhou Municipal Commission for foreign Economic Relations and Trade, 2000).

The city boasts the highest density of financial institutions in China. With total deposits of 459.505 billion Yuan in 1999, the financial strength of Guangzhou ranked third amongst China’s mega cities (Ling et al, 2000:69). Foreign banks such as the ANZ have opened branches in Guangzhou with a view to capturing enormous business opportunities and getting involved in the busiest commercial environments within China. However, based on casual observations by the researcher, the banking system throughout China remains beset by restrictions and problems. Strict foreign exchange controls and lack of enthusiasm amongst bank officers are manifestations of this. These may create certain obstacles for foreign investors trading in China generally, despite the positive view that Guangzhou will in the near future learn from and catch up with Hong Kong as a leading provider of international financial services.

5.3.6 Economic and social development

According to a report by the Guangzhou Municipal People’s Government (Ling *et al*, 2000:29), the city’s GDP in 1999 was 206.337 billion Yuan, with GDP per capita of 30,400 Yuan, which was more than double the figures reported in 1997 by the IMI Consumer Behaviours and Life Patterns Year Book (1998-1999:29). Guangzhou’s economic growth rate is relatively higher than other Chinese mega cities. The composition of primary, secondary and tertiary industries has changed respectively from a ratio of 8 : 43 : 49 in 1990 to 5 : 45 : 51 in 1999. In recent years, the city has achieved its urban construction goal of “small changes in one year after another” (Ling *et al*, 2000), and this has significantly changed the appearance of the city. The researcher heard a comment by one resident, “Guangzhou is changing every day! You wouldn’t recognize your own street if you went away for a month”. Albeit exaggerated, this statement is reflective of the speed of change in Guangzhou. Living standards continue to improve, and social development has been obvious in almost all aspects, of which

the most obvious signs include the mushroom growth of modern, high-rise landscaped living quarters, the prosperous atmosphere in most business districts, and the crowded shops and eating places.

In 1999, the Guangzhou Government put forward policies and measures to promote imports and exports, which resulted in a gross export value of US\$7.822 billion in that year. Commodities were exported to 194 countries and regions throughout the world; the value of imports was US\$6.585 billion, with a foreign trade surplus of US\$1.237 billion. The use of funds was changed from supporting general processing industries to promoting high-tech, energy and telecommunications industries. As the structure of the market economy continues to mature and the environment for an open market improves further, the market-oriented economic reforms occurring in Guangzhou have been leading reform across the country. The city stands out for its achievement in hosting the business operations of 59 of the top 500 multinationals in China (Wu, 1998:53).

In terms of social development, Guangzhou has in recent years established a sound social security system to support unemployed and laid-off workers. The registered unemployment rate in urban and rural areas was below 3% in 1999. While the minimum wage per employee increased from 380 to 450 *Yuan* per month, the standard of basic living of laid-off workers was adjusted from 340 *Yuan* per month per person in 1998 to 442 *Yuan* per month per person in 1999. The pattern of financial management has shifted from sheer savings to purchases of insurance and property. The average living area per person is 12.21 square metres, and colour televisions, refrigerators, air-conditioners, and washing machines have become commonplace in almost every household. Mobile phone subscribers amounted to 1.7296 million and Guangzhou ranked first among China’s top ten cities of mobile phone subscribers (Ling *et al*, 2000:91).

Living standards have continued to improve. In 1999, per capita disposable income reached 12,019 *Yuan*, with per capita consumer expenditures of 9,751 *Yuan*. Guangzhou’s consumption ability ranked third amongst the top ten

cities in China, totalling 68.644 billion Yuan in 1997 (Wu, 1998:53). It is worth noting that while Beijing and Shanghai are municipalities directly under the control of the central government, Guangzhou is merely the capital city of Guangdong Province. This status difference amongst the cities can create confusion for foreigners when comparing statistical information. When comparing per capita income levels between major municipalities such as Beijing, Shanghai and Tianjin, there is a tendency to use the average figure for Guangdong Province (including all cities, counties and rural townships) instead of Guangzhou city alone. By such means the level of incomes of Guangzhou residents may be significantly distorted and recorded as being much lower than is actually the case. Nevertheless, the absence of the status that comes with being a municipality directly responsible to the central government does not appear to have disadvantaged Guangzhou to a great extent, and has not marginalized its importance in the nation’s economic development.

Guangzhou was the first city to benefit from China’s Open Door and Reform policy. For this reason, it was also one of the first cities to attract “*mangliu*”, or migrant workers and peasants from various parts of the country seeking a better life in the city. In the streets of Guangzhou, it is no longer surprising to hear people speaking Mandarin, or with various accents. These incomers have taken over many of the less desirable jobs from Guangzhou locals, filling up positions such as construction site labourers, taxi drivers, domestic helpers, cleaners, and road construction workers. The researcher observed that many of these labourers live in tents or makeshift stalls near construction sites where they are employed. The living conditions are poor, but this scenario has become a common part of the social landscape within Guangzhou over the past 20 years. It may be due to the temporary nature of the work, the need to save living costs to send money home, and the nomad style of mobility of the labourers. The impact of these migrant workers is enormous since they have contributed to changing the social face of Guangzhou both tangibly and intangibly.

According to Yusuf and Wu, Guangzhou’s strong performance may be attributed to a variety of factors. These include, though are not limited to, the following: urban infrastructure; the politics of reform and its influence on resource availability; industrial structure and associated agglomeration economies and diseconomies; neighbourhood effects emanating from buoyant economies along the rim of the South China Sea; kinship networks that bind Guangzhou to the economy of South-east Asia; the emergence of strong industrial growth poles in the Pearl River delta area; the role of transport; the labour market of the Pearl River delta region; and the rise of producer services in Guangzhou’s economy (1997:113).

Guangzhou is frequently compared and benchmarked with its rival city Shanghai. However, some people who have lived in both Guangzhou and Shanghai told the researcher that Guangzhou’s vitality as a metropolitan city is superior as far as life style is concerned. The researcher observes that this is particularly true in the case of night-life. Guangzhou’s life does not stop as daylight ends, but continues with busy shopping streets, a bustling riverside and numerous eating places.

Guangzhou’s geographical position in southern China has resulted in the city’s multiple roles as trading centre, international port, tourist centre and industrial base. Its growth has been rapid, particularly in the spheres of industry and foreign trade. It is not however problem free. Lack of coordinated planning in the development of suburban satellites has given the city a negative image, although with the recent change of government attitude, Guangzhou’s city planners are now paying more attention to issues such as environmental protection, restructuring the old city, and updating social infrastructure.

5.3.7 *Tourism development*

Guangzhou is also a city of tourism. According to Tourism Guangdong statistics for the year 2000, Guangzhou was the largest source of travellers nationally, well ahead of its major rivals, Beijing and Shanghai. There was an

upsurge in outbound travel with Hong Kong and Macau the most popular destinations. Guangzhou was the site of China’s pilot project for outbound tourism in 1983 when the first groups of VFR and leisure travellers departed Guangzhou for Hong Kong. In 1999, the city reported total tourist operating revenues of 36.346 billion *Yuan*, and foreign exchange income of US\$1.167 billion. Since the implementation of the ADS scheme, Guangzhou has been one of the three largest sources of China’s outbound travellers along with Beijing and Shanghai. Recently, the city has been identified by the Australian Tourist Commission (ATC) as one of the three key segments for potential travellers and in the same report, consumers in Guangzhou are described as people who enjoy “having a good time” (ATC, 2003)

The above information has demonstrated the importance of Guangzhou as the capital city of China’s most vibrant province and as the international gateway of Southern China. However, Guangdong’s success and glory would not have occurred without the contributions of its various provincial cities, some of which have become the focus of the nation’s economy. These include the study sites of the present research, namely Dongguan, Shenzhen and Zhongshan. The following sections intend to provide an overall introduction for each of these important provincial cities of Guangdong.

5.4 Dongguan – A little industrial tiger

5.4.1 General information

Promoted from an ordinary county township to an industrial city approximately 20 years ago, Dongguan is located in the central southern area of Guangdong, on the east of the Pearl River, 59 kms from Guangzhou, 99 kms from Shenzhen and 140 kms from Hong Kong. It is known as an historic city rich in tourist resources and as the ‘land of heroes’, a result of being the first city to stand up against foreign invasion during the ‘Opium War’ against the British. It was also one of the military bases during the Anti-Japanese Invasion War in the 1940s.

5.4.2 *Social development and characteristics*

Dongguan has a total area of 2465 square kilometres, with a population of 1.45 million, an external labour force of 1.83 million., 280,000 overseas Chinese residents, 740,000 Hong Kong residents, and hundreds of thousands from various parts of the world. The city is a popular centre for investment, particularly amongst entrepreneurs from Taiwan and Hong Kong in major industries such as clothing, textile, shoe-making, electronics and other light industries. As a means of saving costs, many companies relocated their factories from Taiwan and Hong Kong to Dongguan in the 1980s and 1990s. The manufacturing boom attracted tens of thousands of rural labourers, many from northern China. The emergence of these “blind flows of population” (*mangliu*) at one stage created serious social pressures and problems for the city. Some managed to find work in local factories, whereas others were unemployed and homeless. Visitors to Guangdong Province in the early 1980s would have seen rural people sleeping in make-shift tents and young women breast-feeding their babies along the streets of some wealthier cities. More serious problems included young children being kidnapped by underworld criminals and used as hostages to extort money, and violent robberies usually involving murder or even mass killing. Minor robberies can take place almost anytime and anywhere, leaving residents in fear and insecurity. Social disorder and security have been serious social problems confronted by the Dongguan government for quite some time. One Dongguan respondent observed that crime exists almost everywhere; however, it seems to be more obvious in a smaller city than in a bigger city such as Guangzhou.

The security issue does not appear to impact upon Dongguan’s attractiveness as a destination for foreign investment. The city is well known as a hub for investment from Hong Kong and Taiwan. It is highly regarded by small to medium sized business operations as it is more cost effective to run businesses in Dongguan. Many clothing manufacturers have shifted their factories to Dongguan from Hong Kong and Taiwan to take advantage of the cheaper labour, land, equipment and services costs. As a Taiwanese businessman put it, “There are so many Taiwanese business people here, some with their families, some without.

The Taiwanese population is so big that we are planning to establish our own hospital and schools to serve only the Taiwanese people”. Dongguan is also a place for entertainment and relaxation for consumers in search of more sophisticated hedonic pursuits involving quality services at reasonable prices. For example, a small amount of money can buy a hair cut together with a 30 minute associated service including massage for head, neck and shoulder. Foot massage is another newly emerged service in Guangdong Province. In Dongguan, the cost for a one-hour service is approximately half the cost for the same service in Shenzhen. For fashionable commodities, Dongguan’s small business owners tend to get their supplies from Guangzhou, which is only an hour away by car.

5.4.3 *Economic structure*

Being a newly emerging modern industrial city, Dongguan is an important component of the Guangdong - Hong Kong - Macau economic circuit, and has established excellent economic and technological cooperation relationships with over 20 countries and regions including Hong Kong, Taiwan, Japan, the USA, the UK, the Netherlands, Germany, Australia, Canada, France and Singapore. There were over 13,800 “joint-venture” and “Three Capitals” enterprises in 1999, involving many large scale multinationals from Taiwan, Hong Kong and other countries, manufacturing a wide range of products including electronic and electrical appliances, textiles and clothing, toys and foot-wear, processed food, hardware and machinery, building materials and medicine. Apart from large scale manufacturing firms, Dongguan is also known as a centre for small businesses, typically little local shops selling all sorts of commodities for daily needs. Some new business services have also emerged, most noticeably hair and massage salons. Initially these service businesses targeted rich business people from Hong Kong and Taiwan, but have gradually become a popular way of relaxation treatment for local residents. Together these big and small firms form an integrated modern industrial system which has contributed to Dongguan’s economic success. Since the end of 1999, the city has become a manufacturing base of international standard with the most up-to-date systems in transportation, communication, water supply and electricity (www.dg.gd.cn, 2003).

Since the Open Door and Reform policy, Dongguan has adopted an Internationalised Economic Strategy, actively absorbing foreign investment and rapidly establishing an outward and open economic development model. Between 1996 and 2000, Dongguan completed the construction of an integrated transportation and infrastructure system, which has further accelerated the city’s industrial development. The city has since become a major transport centre for connections between Guangzhou and Hong Kong, Shenzhen and Zhuhai, and the two sides of the Pearl River (www.dg.gd.cn, 2003).

Over the past two decades, Dongguan’s economy has achieved an average annual growth of 20%, and has become one of the four fastest growing regions in China known as “China’s Four Industrial Tigers”. In 1999, the city’s GDP amounted to RMB41.278 billion (approximately US\$ 5 billion), with total export volume reaching RMB121 billion (approximately US\$ 15.2 billion) (www.dg.gd.cn, 2003).

5.4.4 Tourism development

Since 1978, tourism in Dongguan has developed rapidly as commercial activity linking the city with Taiwan and Hong Kong has provided an opportunity for growth, especially in the areas of business travel, conventions and commercial exhibitions. This activity has benefited the hotel industry. By the end of 2000, there were more than 30 star rating hotels in Dongguan. According to a business delegation from Guangzhou Ministry of Transport which visited Melbourne in December 2003, Dongguan has more five star hotels than Guangzhou. Six of the 11 Dongguan-based travel agencies have been ranked among the top 100 travel agencies across China. With their innovative ideas and professional operations, these agencies have brought tourism in Dongguan to a new development stage with excellent social and economic benefits. In 2000, visitor numbers amounted to 6.79 million, with total tourist revenue of RMB 3.59 billion.

Dongguan is one of the cities to benefit from China’s reforms. With improved living conditions and increasing levels of income, Dongguan is also a popular source of domestic tourists for other destinations within China, as well as an important source of international outbound travellers. The high concentration of private individual businesses and increased levels of income indicate that the city has shown great potential for outbound tourism growth nationally and internationally. People in Dongguan generally enjoy travel, as many of the interviewees of this research indicated that they had outbound travel experience. Their most preferred destination was Hong Kong, where they could shop and bring back innovative ideas for their businesses. Some individual business owners commented that they had no time to travel, although financially they could afford a very comfortable holiday with their family members at least once a year. Others found an outlet for their hard-earned money and a way to satisfy their psychological needs by spending money on buying luxury goods and services, or sending their children to study abroad or in a large city within China, for example, Guangzhou.

5.5 Shenzhen – the centre of foreign capital, technology and skills

5.5.1 General information

Shenzhen claims to be the most dynamic city in China, arguably with the most rapid economic growth. It is located in the southern part of Guangdong, overlooking Hong Kong in the South, and bordering Dongguan and Huizhou in the North. Being rich in oceanic resources and seafood, the city has a coastal line of more than 15 kilometres, along which numerous heavy-duty ports have been built. Twenty-three multinational shipping companies have developed 71 international sea-routes starting from Shenzhen, ranking the city second among all port cities in China in terms of port handling capacity (www.sz.gov.cn).

Shenzhen consists of six districts: Luohu, Futian, Nanshan, Yan Tan, Baoan and Longgang. Its central business district, Luohu, is a continuous

settlement area, estimated at about 35 sq km in 1985, in which 240 factories, the 52-storied International Trade Centre, shopping centres, residential districts, and most of the 27 primary schools are located. Factories are grouped together according to their products. The Shekou district is a harbour and has the potential to become the basis for exploration of the South China Sea offshore oil fields (Schinz, 1989:337).

5.5.2 *Economic structure*

Like China’s outstanding success in its economic Open Door and Reform policy, the creation of Shenzhen, one of China’s earliest SEZ, is an economic miracle in its own right. Originally an old town called Bao-an County, Shenzhen was transformed into a substantial settlement and a stunning modern city after just five years of development in the early 1980s, with a view to attracting foreign capital investment and industrial know-how, and participating in the economic development of China by offering cheap land, cheap labour and tax cuts to foreign investors (Schinz, 1989:337). The city has an obvious emphasis on high technology products in its industrial structure, with remaining industry more evenly shared by agriculture, retail and financial services. Shenzhen has a comprehensive and integrated banking and financial system, with 16 commercial banks, 52 foreign financial institutions and ten insurance companies, and 508 public companies listed on its Stock Exchange. The city has had huge success in attracting foreign investment. By the end of 2001, there were 27,030 foreign invested projects with capital injection coming from 70 countries and other regions of China.

5.5.3 *Economic development*

Since the reforms, Shenzhen has enjoyed the status of being one of the cities with the most rapid growth in China. When the city was first constructed, the GDP was 196 million Yuan, with per capita GDP of only 606 Yuan. By 2001, the GDP had soared up to 195.46 billion Yuan, 849.8 times higher than 1979, boasting a per capita GDP of 43,355 Yuan, the highest among all cities in China.

Between 1992 and 2002, the city enjoyed an average annual growth rate of 18.9%. After slowing to 15% in 2003, the rate was still well ahead of the national average of 8%. As one of China’s most efficient cities, Shenzhen’s total productivity is equivalent to a medium sized province in China. In just 22 years, Shenzhen has grown from a small town to a world class city of crucial importance, and China’s new centre for high technology, foreign trade, import and export and international shipping activities (www.sz.gov.cn). The rapid development in high technology products has significantly improved Shenzhen’s industrial structure, and has become the primary impetus for the city’s international trade.

5.5.4 Social development and characteristics

Given its special mission to attract foreign capital and technology, Shenzhen was specifically designed to attract young professionals with a high IQ. This is a very special situation in China (Schinz, 1989:337). For instance, 80% of the workers in Shekou have at least a middle school education. Of some 10,000 scientific and technical officials in the zone, 21% have university or college education. For this reason, the living standards and education level of the inhabitants of the SEZ are considerably higher than anywhere else in China. Of the total population, 85% are below 30 years of age. There were 3.33 million employed people in Shenzhen in 2001, most of whom were in manufacturing and service sectors.

Shenzhen has an integrated social security system, realizing a universally available aged pension system. Health insurance, workers compensation insurance and many multi level social insurance systems are increasingly common. By the end of 2001, there were 2,235,700 people participating in superannuation, of whom 904,700 took up unemployment insurance, 1,044,900 had health insurance, and 27,964 had workers compensation insurance (www.sz.gov.cn).

Residents in Shenzhen have a strong record of savings, with total bank savings amounting to 137.34 million Yuan at the end of 2000. Per capita savings increased from 118 Yuan in 1979 to 29,298 Yuan in 2001. As a young city

created with wealth, technology and government support, Shenzhen enjoys a prosperous consumption market. In 2001, total consumption amounted to 61 billion Yuan, a 13.2% increase from the previous year. Per capita average spending reached 17,809 Yuan, which is 50% more compared to the 1995 figures. Real estate, motor cars, securities, information technology and travel have become popular social consumption trends. Modern life commodities such as air-conditioning, hot water boilers, computers, gymnasium equipment and mobile phones are increasingly popular.

5.5.5 *Tourism development*

As a centre of foreign investment and technology, Shenzhen has well established tourism facilities catering for business travellers from various parts of the world. Plentiful high quality hotel accommodation has been developed for foreign visitors. As a tourist destination, Shenzhen’s man-made tourist attractions such as Disneyland Park, Splendid China and the Cultural Villages of China’s Minority Groups are very popular in the Far East, attracting numerous visitors from all over the world. The ethnic Chinese in particular have special feelings for their country of origin. In 2001, the city reported a total tourist revenue of 32 billion Yuan, earning foreign currency of US\$ 1.5 billion, receiving 679,000 foreigners and 3,073,300 compatriots from Hong Kong and Macau (www.sz.gov.cn).

Given the high income levels of its residents, Shenzhen possesses the potential of being a city of high level consumption, and is likely to become a major source of China’s outbound travellers in the near future. As living conditions and levels of income continue to improve, it is anticipated that travellers from Shenzhen will become increasingly experienced in overseas travel as is the case in western countries.

In general, the SEZ has tried to transform itself into a modern civilized city by international standards over the past 20 years. It has endeavoured to pursue SOE (State-owned enterprises) reform, and has made impressive contributions

such as introducing enterprise competition mechanisms, work place incentive systems, and self-monitoring mechanisms. The SEZ has also completed the construction of an integrated market system, which includes financial market, property market, labour market, securities market and technology market (Hu, 2000:25-27). The “Shenzhen success” has become a phenomenon which attracts the attention of numerous economists and scholars, and is a widely mentioned case of speedy economic development to modern standards.

5.6 Zhongshan – the most habitable city of China

5.6.1 *General information*

Zhongshan is a provincial city of Guangdong province with a population of 1.35 million. Located in the central south of the Pearl River Delta and near Guangzhou, Hong Kong and Macau the city is known to accommodate over 800,000 overseas Chinese from more than 87 countries and regions in the world. Within a 90 km radius are airports in Guangzhou, Shenzhen, Zhuhai, Hong Kong and Macau, providing easy access to Zhongshan from almost anywhere. Apart from gaining its reputation as the home town of Dr Sun Yatsen, the founder of the Republic of China, Zhongshan has won a number of honourable awards in recent years, including: “The most advanced and civilized city in China”; the “City of best hygiene”; and the “Model city for environmental protection in China”. More significantly, it has also been awarded “the most habitable city” in China by the United Nations.

5.6.2 *Economic structure*

As one of the coastal open cities, Zhongshan has set a goal of becoming an “industrial tiger”, and has successfully established the “National Packaging and Printing Base”, the “National Health Technology Industry Base”, and “Electronic Information Industry Base”. More than 20 enterprises have been set up by some of the world’s top 500 companies, with total production of 41.6 billion Yuan. Like many other cities in China, the economy of Zhongshan has experienced rapid

growth. In 2002 the city’s GDP amounted to 41.6 billion (up 16.5%) Yuan, of which 2.59 billion Yuan was in primary industry, 24.37 billion Yuan in secondary industry, and 14.60 billion Yuan in tertiary industry, constituting a ratio of industrial structure of 6:59:35.

5.6.3 *Economic development*

Since the reforms, Zhongshan has endeavoured to compete with other provincial cities in Guangdong and across many dimensions has performed relatively well. First, its import and export sectors have enjoyed rapid development in recent years. According to the Chinese Custom Office, imports amounted to US\$ 3.62 billion in 2002, up by 29.6% over the previous year, whereas exports totalled US\$ 5.73 billion, an increase of 31.3%. About 56% of total export was machinery and electrical appliances. In terms of high technology products the export volume reached US\$ 1.45 billion in 2002, up by 48% since 2001. It is believed that the city’s success owes much to its top five trade partners, with invested capital from Hong Kong (US\$ 3.23 billion); Taiwan (US\$ 1.27 billion); the USA (US\$ 1.18 billion); Japan (US\$ 876 million); and Europe (US\$ 833 million). As usual, the largest proportion of foreign investment comes from Hong Kong. High technology industry is growing steadily, with 190,200 skilled workers engaged in various professions. In 2002, the government’s investment in high technology increased by 32.2% to 97 million Yuan compared to the previous year. Being “the most advanced and civilized city of China”, Zhongshan has an accumulated awareness of intellectual property protection and high appreciation for higher education. As reflected in its unusually clean and green living environment for a city in China, Zhongshan has made significant achievements in environmental protection across various areas including noise control, air pollution control and sewerage water treatment.

Manufacturing has been the leading industry with total production value at 134.62 billion Yuan. Its contribution rate to GDP was 69.2%. There has been improvement in agriculture, with total production value at 3.23 billion Yuan in 2002. Farmers per capita annual income was 5,886 Yuan in 2002, up 11.5%. The

financial sector has experienced significant growth, with savings by institutions and individuals at 14.6 billion Yuan and 46,29 billion Yuan respectively, up 19% and 17.5%. As advocated by the Zhongshan government, the city “adheres to the principle of ‘being active, reasonable and effective’ in respect of foreign capital utilization. ...It encourages the change from labour-intensive foreign-invested projects to technology-intensive ones and the increase of investment in science and technology to enlarge the scale of high-tech industrialization of foreign-invested enterprises” (www.zs.gov.cn).

5.6.4 Social development and characteristics

According to the information gathered by the researcher during her field trip in Zhongshan, the majority of the population in this city is leading comfortable lives. Shops and restaurants are full of customers; tourist attractions are crowded with local people as well as visitors from other parts of China. The consumption market is also growing steadily with total consumption of 13.43 billion Yuan in 2002, up by 12.4% compared to the previous year. Increasing car ownership is noticeable; by the end of 2002, there were 111,500 registered private cars, rendering a relatively high rate of car-ownership of 8%, or one private car for every 11.7 people. According to the Asian Automotive Industry Forecast Report in April 2003, the national vehicle ownership for China is 17.3 vehicles per 1000 people, and 624 cars per 1000 people for Australia (cited by Qiu, Turner, and Smyrk, 2003:2). Compared to the previous year, there were 1,275,400 mobile phone users, up 42%, 517,400 internet users, an increase of 1.42 times, and 22,500 broadband users, an increase of 2.18 times. These figures indicate that Zhongshan is a relatively well off city, given that car and mobile phone ownership can be used as economic indicators to reflect the well-being of a society. According to official statistics, the per capita income in 2002 for the Zhongshan urban area is 14,208 Yuan, and 6,785 Yuan for rural areas. Living conditions continue to improve, and the social security system is becoming more and more integrated.

The labour market is relatively stable. In 2002 there were 1,316,400 people in employment, an increase of 73,600 from 2001. The total of registered unemployed was 7,531, with an unemployment rate of 2.44%. As admitted by the Zhongshan government, its major economic and social concerns are the increasing pressure of unemployment, the relatively slow development of the tertiary industry, the relatively weak economic competitiveness, and inadequate creativity of enterprises. There has been continuous improvement evident in the social security system. In 2002, approximately 2.3 million people participated in some form of social insurance, with 551,200 having superannuation, 550,200 taking unemployment insurance, 552,900 joining workers compensation funds, 48,600 with maternity insurance, and 594,500 taking up health insurance.

5.6.5 *Tourism development*

Tourism development in Zhongshan has been steady. In 2003, the city received 4,114,200 visitors, up 3.7% from the previous year. About 660,000 were international visitors, and 3,453,900 were domestic travellers. There were about 41,400 outbound package tourists departing from Zhongshan in the mode of package tours, an increase of 20.6% over the previous year. Zhongshan has been highly valued by the Hong Kong Tourism Promotion Bureau as an important market with enormous potential, especially after the Chinese government’s introduction of the new “Free to visit Hong Kong” policy which permits residents from several cities in Guangdong to visit Hong Kong without a visa. Zhongshan was selected as a targeted market in a tourism promotion campaign jointly organized recently by the Hong Kong Tourism Promotion Bureau and the world renowned cruising company “Star Cruises” (www.travel.zsnet.com).

According to a report by www.travel.zsnet.com, travel patterns in Zhongshan have changed recently. There are now more independent travellers than those on package tours. Independent travellers tend to travel with their own transport. More and more people travel for the purposes of relaxation and pleasure, unlike the past when people travelled for the sake of travelling, unable to identify the tangible and intangible benefits of the activity. Zhongshan’s travellers

have become very sophisticated consumers and know what to choose to most suit their needs.

5.7 Conclusion

The preceding ‘Tale of the four cities’ has provided insights into the various elements of the impetus driving the engine of China’s outbound tourism, albeit in an incomplete way. Table 5.2 (page 184) provides a summary of some facts about the four cities. Urban areas rather than rural areas have been selected for at least two reasons; firstly, it is easier to obtain information about urban cities than rural townships, as most of the existing publications focus on cities; secondly tourism usually begins in urban areas as in the case of Europe’s tourism development. This is because cities are the centres of information and wealth, and urban residents tend to be in the higher income groups than rural residents.

Given the difficulty in accessing information in China, the figures presented in Table 5.2 are inconsistent in terms of publication dates, and the researcher was limited to making use of whatever was available at the time of writing. This problem may render comparisons between the cities impossible, especially for levels of income which have changed so significantly. For example, the per capita disposable income for Guangzhou in 1999 was 12,019 Yuan, but has jumped to 42,834 Yuan in 2002 according to *people.com.cn*. Nevertheless, it is hoped that this contextual information will provide insights into the dynamics of Guangdong’s social and economic development. It is also hoped that such knowledge will help to explain the importance and rationale of selecting Guangdong as the region for this research.

In light of the various historical, economic, political, cultural and social reasons, it is believed that Guangdong is the best choice as the site for an empirical study of this kind. The use of this information should enable interpretation and forecast for Guangdong’s outbound tourism, and provide some insights into the likely development of other Chinese provinces as tourism markets. The researcher notes that discussion of tourism can be divorced from the

dynamics occurring in the source market. It is believed that the inclusion of this chapter will provide the reader with an insight into the dynamics of the province as a context for outbound travel development, and will enable a better understanding of the adopted research methodology which will be discussed in great details in the following chapter.

Table 5.2 The tale of the four cities – a summary

Variables	Guangzhou (Year 1999)	Dongguan (Year 1999)	Shenzhen (Year 2001)	Zhongshan (Year 2002)
<i>Total areas</i>	7,434.4 sq.km	2,465 sq.km	2,020 sq.km	1,800 sq.km
<i>Population</i>				
Locals	6,850,000	1,450,000	3,600,000	1,360,300
External labour*	n.a.	1,830,000	n.a.	1,075,000
Overseas Chinese*	1,350,000	280,000	n.a.	800,000
Hong Kong residents*	n.a.	740,000	n.a.	n.a.
<i>GDP</i>	206.34 billion (Yuan)	41.28 billion (Yuan)	195.47 billion (Yuan)	41.55 billion (Yuan)
<i>Per Capita GDP</i>	30,400 Yuan	n.a.	43,355 Yuan	n.a.
<i>Per capita disposable Income</i> (**Year 2002 by <i>People.com</i>)	12,019 Yuan **42,834 Yuan	n.a. **36,211 Yuan	n.a. **49,038 Yuan	18,803 Yuan **n.a.
<i>Unemployment rate</i>	n.a.	n.a.	n.a.	2.44%
<i>Foreign investment</i>	Yes	Yes	Yes	Yes
<i>Economic structure</i>	Multi functions	Manufacturing, light industry	Finance, hi-tech	Manufacturing, light industry
<i>Industrial ratios</i>	5 : 45 : 50	n.a.	1 : 49 : 50	6 : 59 : 35
<i>Total imports</i>	9.35 billion (USD)	n.a.	22.22 billion (USD)	3.62 billion (USD)
<i>Total exports</i>	9.84 billion (USD)	n.a.	28.21 billion (USD)	5.73 billion (USD)

Sources: Chinese local governments 1999, 2001 & 2002; ** *People.com* 2002

* Most are temporary residents. Overseas Chinese and Hong Kong residents tend to come and go more frequently, whereas external labourers are likely to stay longer, usually till the end of their temporary employment.

** Foreign exchange rate for Chinese Yuan is 1 USD= 8 Yuan approximately.

CHAPTER SIX: METHODOLOGY

6.1 Introduction

This chapter outlines the research methods used for the thesis. Given the complexity of the field of investigation, a mixture of techniques including exploratory, descriptive and causal approaches have been employed. SPSS has been adopted as the software to assist with data analysis. Unlike much consumer study, the present research does not rely exclusively on quantitative methods. It was felt that an exclusively quantitative approach would be insufficient, since the research attempts to explain a wide range of social phenomena constituting the context for consumption behaviour in China. Quantitative techniques were judged to be of limited use in revealing the meanings ascribed to particular events or activities, and the contextual complexity of social processes (Miller & Brewer, 2003; Ragin, 1994). In light of such limitations, a combination of qualitative and quantitative research methods has been used, incorporating questionnaires, face-to-face in-depth interviews, participant observation, and the collection and examination of primary and secondary data. Qualitative methods were included because the researcher believes they would help the researcher to look beyond ordinary everyday ways of seeing social life in novel ways and allow for more in-depth exploration (Esterberg, 2002:2; Rossman and Rallis, 2003:6; Filstead, 1970). Using the technique of triangulation, the research investigates potential and actual Chinese travellers, international travellers from Australia, and Chinese visitors to Australia, as well as industry participants in both China and Australia. Triangulation strategy is employed to ensure that the research is not limited to only a fraction of the complexity. It is hoped that a holistic picture of the investigated area can be obtained through the use of multiple sources of data, at multiple points in time, and with a variety of methods (Rossman and Rallis, 2003:69)

The methodology was implemented in six stages, each involving one or a combination of research techniques. In conducting the investigation, the researcher spent three months in China in 2000 undertaking fieldwork and collecting relevant data. Given the geographical dimensions, the population size, and regional diversity of China, it was considered unrealistic to gain insights into China as a whole for the purposes of a doctoral study. After careful consideration, the geographical focus of the study was placed on the Province of Guangdong. Four cities of Guangdong Province (formerly Canton), namely Guangzhou, Zhongshan, Dongguan, and Shenzhen were assessed as appropriate for the conduct of the research, with Guangzhou chosen as the major site. It was believed that gathering data from four separate cities rather than a single one would provide a more in-depth and accurate insight into the research problem.

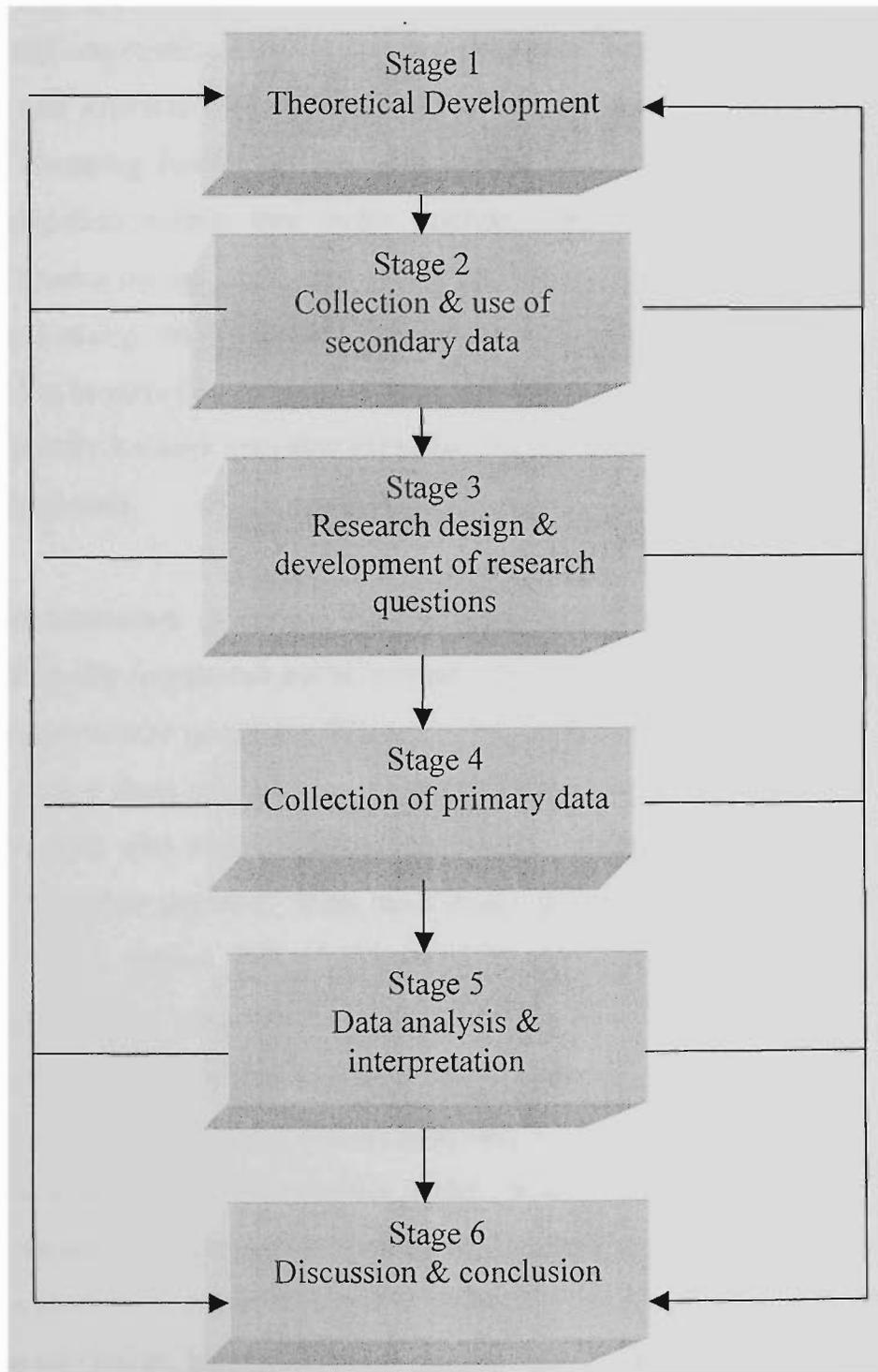
There were a number of reasons for the site selection: Guangdong was the first experimental site for China's Open Door and Reform policy and the home province for three special economic zones. It has also been the leading province for China's economic reforms and the first to reap the benefits of the Open Door and Reform Policy. Guangdong is China's premier tourist province, boasting a national market share of 25 percent of revenues, and 80 percent of arrivals (Chen, 2000). Given its close proximity to Hong Kong, Macau and Taiwan, Guangdong Province is a showcase offering insights into China in its process of transformation. Finally, Guangdong is the region of origin for many overseas Chinese, and the largest of the three major sources of outbound travellers from China (CNTA, 1998). A more detailed investigation of Guangdong is provided in Chapter Five, 'Guangdong – Engine of China's Tourism Development'.

The researcher was born in Guangdong, and maintains close cultural and social ties with the province, thereby facilitating the research process. It was hoped that the researcher's fluent Chinese, her knowledge of the culture and well-established social network would mitigate against the difficulty of conducting research in China.

6.2 The six research stages

The research consists of six major stages. These are illustrated in Figure 6.1, page 187 – The Process of the study.

Figure 6.1 The Process of the Study



Source: Designed by the researcher, 2000

6.2.1 Stage 1 - *Theoretical development*

Conceptual framework

Since 1978, China has been striving to break free from its troublesome past, albeit showing reluctance to abandon its communist traditions. In the eyes of the international community over the last two decades, China has been a country in transition and characterized by uncertainty, and by rapid and all pervasive change. The changing function of social activities such as travel may warrant further investigation within this wider context. The researcher started the investigation from a strongly held view that China's travel development is closely linked to social change taking place within the country. Finding conclusive proof of such links has however been challenging in general, firstly because it is a broad issue, and secondly because very few previous tourism studies have taken such a sociological approach.

As the researcher observed, the changing face of China and the rapid growth of a formally constituted travel industry, the researcher was confronted by a number of unanswered questions: What has caused the boom of China's travel market over such a short period? Are there any differences between the Chinese outbound travellers who swamp major international attractions today and their predecessors in earlier decades? Why have many developed countries imposed visa controls on a market full of potential? Is the market characterized by opportunity or risk, and what are the implications for tourism marketers? Is this market sustainable? As Esterberg has observed, it is necessary to "*theorize*" about answers for questions like these and to cultivate a "*sociological imagination*", namely to see individual issues within a wider social context (2002:4). For this reason, the researcher undertook an extensive literature review with a view to formulating a conceptual framework and to extending the researcher's knowledge of China's social change, human mobility, tourism and consumption. A number of models were developed from the literature review as shown in The List of

Figures. A detailed explanation of these models is provided in Chapter Two, which forms the theoretical framework of the research. Information about social change in China and development of its outbound tourism was gathered progressively during the course of the research.

Research paradigm

Most researchers enter the field with a perspective, which is usually articulated in the conceptual framework (Rossman and Rallis, 2003:275). The research paradigm of the present research reflects the researcher's perspective and shared understanding of the reality of the investigated area (eg. the China outbound market). The applied paradigm involves positivism, reflexivity, and the interpretive paradigm. Positivism assumes a rational and ordered social world with an orientation toward the status quo. It attempts to explain and improve organisational functioning. Experimental and quasi-experimental designs dominate the positivist paradigm. Reflexivity refers to a relationship existing between the researcher and those being researched. When used in the context of social science, reflexive means that a method or theory takes account of itself or of the effect of the personality or presence of the researcher on what is being investigated. The interpretive paradigm incorporates status quo assumptions about the social world and tries to understand it as it is from the perspective of individual experience, hence an interest in subjective world view (Rossman and Rallis, 2003:46-49). Given the need to focus on both historical and contemporary social phenomena, the research strategies are largely humanistic – face to face interactions in the form of in-depth interviews and extended observations in addition to collecting data through questionnaire. Techniques employed include participant observation, small group discussion, in-depth interview with consumers, industry people, travel experts, and tourism related government officials.

6.2.2 Stage 2 - *The collection and use of secondary data*

During the early stages of the research, little information could be identified about China's outbound travel since formal research into this phenomenon was very limited. In order to obtain a general picture of the situation, a preliminary investigation was undertaken using the readily available data from the Australian Bureau of Statistics (ABS), the Australian Tourist Commission (ATC) and the Department of Immigration and Multicultural Affairs. Such statistics provided useful information about Chinese visitors to Australia, such as the number of international arrivals, purpose of visit, average expenditure, length of stay, and incidence of overstaying by Chinese visitors. Although Australia may at first glance appear to be a very particular and hence unrepresentative destination for Chinese tourists, it was one of only two Western destinations granted ADS by the Chinese government. Whilst not always specific to travellers from Guangdong in particular, this data provided useful overall insights from the perspective of an international destination. Insights into market trends could provide potential insight for other Western destinations (eg. the North Americas and Europe) intending to tap into the Chinese market.

The collection of secondary data was an on-going effort required throughout the research. When undertaking the fieldwork, and with the assistance of contacts, the researcher gained access to the libraries of the Southern China University and Zhongshan University in Guangzhou City. More up-to-date information about social change in China and trends in the travel market were also gathered from newspapers, magazines, government publications and internet. Subsequently the statistics collected in both Australia and China were used to validate the survey results, and were updated with information obtained from various intelligence reports on the China market published by the tourism authorities and organizations in China and in various countries. The on-going process of data collection also involved Internet searches.

While the researcher was undertaking her fieldwork with a view to obtaining the most current official statistics, the researcher wrote to the Statistics Department of the National Tourism Bureau in Beijing and to the Australian

Consulate General in Guangzhou. Unfortunately, neither government body replied even after personal visits to both offices. After returning to Australia, the researcher continued to collect information via email to the Chief Immigration Officer of the Australian Consulate in Guangzhou, the Public Affairs Section of the Foreign Affairs Department, the Australian Tourist Commission, and by interviewing officers of the Department of Immigration and Multi-cultural Affairs (DIMA). Throughout the course of the research, the researcher took advantage of all possible opportunities to attend China outbound market related conferences and seminars to update her knowledge of the research area. Useful websites such as the CNTA's, the ATC's and the ATEC's were frequently visited to keep up with development of the China outbound market. The researcher's principal supervisor also provided the most up-to-date reports on the China market, research papers, government and industrial statistics, seminars and conferences news. In the absence of original Chinese statistics, the researcher also relied on information published in a number of periodicals and Chinese Internet Websites. These are included in the List of References at the end of the thesis.

6.2.3 Stage 3 - *Research design and development of research questions*

Research design

The research aimed to incorporate both the deductive and inductive reasoning approaches. This was considered to be important for gathering in-depth knowledge about China's outbound travel market and for the achievement of its various aims. The research consists of five questionnaire-based surveys, and a number of non-survey research techniques such as participant observation and in-depth interviews. A series of research questions were developed (see Primary Research Question and Secondary Research Questions in Chapter One, pages 10-11), and answers were sought amongst the survey findings, which were integrated within the study.

6.2.4 Stage 4 - *The collection of primary data*

To obtain a thorough understanding of the market, a number of surveys were conducted, namely 1. A survey of Chinese consumers; 2. A survey of Chinese visitors in Australia; 3. A survey of Australian international travellers; 4. A survey of outbound travel service providers in China; and 5. A survey of Australian inbound tour operators. All surveys involved the collection of primary data and this was gathered over a number of steps:

Step 1: Sampling method

In ideal circumstances, Survey One (Survey of Chinese consumers) would have employed a quantitative approach involving a large number of respondents selected randomly across China (including Beijing, Guangzhou and Shanghai, which account for most of the outbound tourism). This approach would have generated objective, unbiased and more representative results. The researcher however had limited financial resources at her disposal. It is also difficult to conduct such surveys in China because of reluctance by potential respondents to participate in surveys that appear to offer them no tangible benefit. Governments are generally also reluctant to provide assistance. For these reasons, a ‘convenience sampling’ was adopted as the only viable approach. In this context ‘convenience sampling’ refers to the distribution of questionnaires through the researcher’s dispersed social network within China (see Appendix C). With such sampling method, it is possible that the targeted respondents were influenced by the parties responsible for distributing the questionnaires. For similar reasons, Survey Two (Survey of travellers who have visited or are visiting Australia) and Survey Three (Survey of Australian travellers) also applied ‘convenience’ sampling, since the questionnaires were distributed by acquaintances of the researcher other than by random. Questionnaires for Survey Two were distributed both in China through the researcher’s friends, and in Australia through an education agent and inbound tour operators specializing in the China market. For Survey Three, questionnaires were distributed to Australian travellers by three Melbourne-based retail travel agencies. Survey Four adopted a ‘full coverage’ approach and the questionnaires were posted to all of the 67 accredited outbound

travel agencies listed in 'China's Domestic and Outbound Travel Practical Handbook 1997'. Survey Five had a sample of 53 inbound tour operators majoring in the China market, listed in the 2002 Membership Directory of the Australian Tourism Export Council (ATEC).

Sample definition

The complexity of the subject necessitated the use of five different surveys, each drawing upon a separate sample. Survey One was administered to Chinese consumers representing many walks of life; Survey Two was targeted at Chinese travellers who had visited or were visiting Australia at the time of the research; Survey Three was a supplementary survey of Australian international travellers who had recently booked their air-tickets. This was aimed at comparing differences between the travel decision-making processes of Chinese and Western travellers. Survey Four was intended to cover all of the 67 accredited international travel service providers across China; Survey Five was targeted at Australian inbound tour operators involved with the China market.

In the case of Survey One, respondents were drawn from a wide spectrum of occupations, ranging from taxi drivers to university professors and retired government officials (see Appendix D, page A4)

This range is insufficient to be fully representative of a huge market such as China. However, by involving people such as taxi drivers and factory workers, the researcher intended to broaden the range of survey participants which had characterized previous China outbound travel research (ie, those conducted by PATA and ATC); and were predominantly from well-educated professionals.

Sample sizes

Different sample sizes were used for the five surveys, ranging from 53 to 1,050.

Survey One – Survey of Chinese consumers:

During the year 2000, a total of 1,050 questionnaires were distributed to Chinese nationals. The sample size of 1,050 was obviously far from being sufficient or representative, given that China is a vast country and the research topic is broad. However, the research was not intended to be a large-scale consumer study, and it was considered that the subsequent use of other research techniques would compensate for the limited sample size. Four groups of 50 questionnaires were taken from the 1,050, with the first group of 50 comprising a ‘pilot survey’ in Beijing, and the other three groups of 50 distributed in the three selected provincial cities of Guangdong, namely Zhongshan, Shenzhen and Dongguan. Beijing was selected for the pilot study because the researcher had an opportunity to participate in a conference there, which offered a valuable access to an audience knowledgeable about China tourism. Most were administered in the capital city, Guangzhou. Apart from the historical, economic and strategic reasons already mentioned in chapter one, Guangzhou was given emphasis because of the researcher’s social connections in the provincial capital.

Survey Two – Survey of Chinese travellers who had been or were visiting Australia:

Given the difficulty in tracking down qualified respondents (those who have been previously to Australia), it was not possible to distribute a large number of questionnaires in China. For this reason, Survey Two was first administered in China, using semi-structured interviews with the assistance of a friend of the researcher, who was then a student of the Guangzhou Foreign Language Institute and a part-time employee of a professional research company. Interviews were conducted in seven separate households within Guangzhou. Interviews lasted approximately 30 minutes each and a questionnaire was completed at each session. The second part of Survey Two was conducted in Melbourne. With the assistance of the researcher’s business connections in Melbourne, namely an

education agent and two tour operators, approximately 100 questionnaires were distributed to Chinese travellers who were visiting Australia between 2001 and 2002. Eighteen questionnaires were completed and returned. The researcher also managed to interview 12 Chinese visitors from three groups at their Melbourne hotels, namely the Darling Tower Serviced Apartment in Collins Street, the Bayview Hotel and the Carlton Crest Hotel on Queens Road Melbourne. All three groups were here for business or for education and training purposes, but sight-seeing was regarded as a very important part of the trip, as is the typical pattern with such groups from China. More details about these interviews are shown in Section 7.3.3 (page 256), and the characteristics of the interviewees are summarized in Figure 7.10 (page 257).

Survey Three – Survey of Australian travellers:

During 2001 and 2002, about 100 questionnaires were distributed to Australian residents who were customers of three Melbourne-based travel agencies. Some of the targeted respondents had made their overseas travel arrangements with these travel agencies, or had just completed a trip at the time of the survey, whereas others had no specific travel plans. 89 questionnaires were completed and returned.

Survey Four – Survey of outbound travel service providers in China:

The sample of seventy used in Survey Four provided coverage of almost a complete population, namely the sixty seven officially accredited international travel service providers in China listed in ‘China’s Domestic Travel and Outbound Travel Practical Handbook 1997’, plus three major non-listed travel agents that advertised international outbound travel in the main newspapers in Guangzhou city. A list of the recipients of this mail-out is provided in Appendix E (page A5)

Survey Five – Survey of Australian inbound tour operators:

Questionnaires were mailed to 53 inbound tour operators in Australia who are currently handling or have previously handled travel arrangements for visitors from China (see Appendix F, page A7). Some of the respondents are ADS accredited. Prior to the distribution of the questionnaires, the researcher had an opportunity to conduct two participant observation sessions: one at the ATEC National Workshop for ITOs and Suppliers in Sydney in December 2002, and the other during the ‘Gold Coast Famils for Asian Market ITOs’ held in the Gold Coast in February 2003 and attended by 80 ITOs. On these two occasions, the researcher was able to meet with many inbound tour operators from various parts of Australia, and had an opportunity to exchange information and ask questions informally about Chinese visitors to Australia. During tea breaks on the second last day of the Gold Coast Famils, the researcher attempted to distribute questionnaires to some ITO delegates after obtaining approval from the representatives from ATEC and the Gold Coast Tourist Bureau. Unfortunately four out of the five delegates whom the researcher had approached appeared to be reluctant to complete the questionnaire on the spot. For this reason, the questionnaires were later mailed to all ITOs specializing in the China market as listed in the ATEC Members Directory 2002. The main purpose of sending out the questionnaires was to verify some of the information gathered during the participant observation, and to formalize the process of data collection for Survey Five.

Step2: Questionnaire design and ethical approval

The questionnaires

Five sets of questionnaires were designed to collect data from both individual consumers and from travel service providers in China and Australia (see Appendix G, page A9). Questionnaires One, Two and Three were directed at consumers. The first two questionnaires were constructed with a view to

collecting information about demographics, consumption patterns, attitudes towards travel, and destination preferences. It was also intended to identify travel motivations and expectations and to evaluate the relationship between social change and travel propensity in China. It was hoped that the latter would help with predicting traveller perceptions and consumption levels in terms of travel expenditure. The third instrument is a simple one-page questionnaire distributed to international travellers from Australia. Since one of the research questions is about whether Chinese travellers differ from travellers in developed countries in terms of their travel decision-making processes, this questionnaire was used as a supplementary survey for the purpose of comparing the factors influencing the decision-making process of Chinese travellers with their Australian counterparts. By this means of triangulation, it was hoped to avoid the danger of becoming exclusively preoccupied with travellers from a single market within their distinct cultural and behavioural characteristics.

Questionnaires Four and Five aimed at soliciting the opinions of travel service providers in China and Australia about the future development of outbound travel from China, especially to Australia. They also attempted to identify travel preferences, patterns, motivations, expectations and level of satisfaction towards overseas travel.

As most of the survey work was conducted on Chinese nationals whose knowledge of English was very limited, Questionnaires One, Two and Four were translated into Chinese before they were distributed. The translation was done by the researcher who is a NAATI accredited translator in the Chinese language.

Questionnaire content

In this section, a more detailed explanation is provided for the construction of the various questionnaires.

Questionnaire One

This questionnaire was a consumer survey distributed to Chinese nationals in Guangdong province through various social networks available to the researcher. Since the core research subject in the present study is the Chinese traveller, Questionnaire One was the leading questionnaire and was designed to gather a wide range of information. It consists of six parts as follows:

1. Demographic information (gender, income, occupation, age, household situation, hobbies and interests, residential location and overseas ties);
2. Consumption patterns and behaviour (level of consumption and utilization of disposable income);
3. Travel patterns and behaviour (destination preference, reasons for travel, frequency of travel, length of stay, and future travel plans);
4. The relationship between social change and travel propensity (such as how social change may affect the possibility of travel);
5. Travel decision-making and traveller expectation;
6. The propensity to overstay the time specified in the visa.

Given the sensitivity of visa control issues and associated political connotations, some of the questions were asked in a rather ambiguous and indirect way; for instance, whether respondents would consider applying for an extension when validity of the visa ended (see Appendix G1, Questions 28 and 29 of Questionnaire One).

Questionnaire Two

As is reflected in its design, the primary aim of Questionnaire Two was to measure the level of satisfaction amongst Chinese travellers and to identify any problems encountered during their travel to Australia (see Appendix G3).

Questionnaire Three

This questionnaire aimed to explore any differences between the travel decision-making of Chinese and Australian travellers (see Appendix G5)

Questionnaire Four

This questionnaire sought insights from travel industry personnel in China towards their previous outbound travel clients and their view of future market development Appendix G6.

Questionnaire Five

This questionnaire sought the views of travel industry players in Australia towards their inbound clients from China, about their experience in dealing with this market, and about their confidence in future market development (see Appendix G8)

The designed questionnaires were checked and improved by the researcher's principal supervisor at the time they were completed. A formal approval was given by the Committee for Research Ethics in July 2000.

Step 3: Pilot study

During August 2000, a pilot survey was conducted in Beijing when the researcher was attending the three day 'World and China Tourism in the 21st Century Forum' organized by the University of Tourism in Beijing. With assistance from the Forum organizer, 50 sets of Questionnaire One were distributed to participants on the second last day of the forum. The pilot study was intended to test respondent responses and to check for any translation problems. More than half of the 96 attendees were tourism experts or academics teaching tourism-related subjects across China. They were asked to complete the questionnaire and to comment on its usefulness as well as the appropriateness of

the various questions. Interviews were conducted with three respondents and twenty completed questionnaires were returned. Based on responses to the pilot survey, Questionnaire One was revised prior to its distribution in Guangdong.

Step 4: Questionnaire distribution and response rates

Survey One was conducted in Guangdong's capital Guangzhou as well as in three important cities within the province - Shenzhen, Zhongshan and Dongguan for the reason previously discussed (see Chapter Five).

The consumer surveys

Following the administration of the 'pilot survey' in Beijing, 1,000 consumer-oriented questionnaires (Survey One) were prepared and distributed through various channels facilitated by the researcher's social network (see Appendix C, page A3).

Survey One involved self-administered and interviewer-assisted data collection. As a result of personal visits and telephone contacts, all distributing agents in Guangzhou City were briefed and trained to assist with the process of questionnaire administration. Quality training could not be guaranteed where the distribution of the questionnaires was beyond the researcher's immediate social network. Two hundred questionnaires were distributed by kindergarten and primary school teachers to parents attending parent-teacher meetings at a kindergarten and a primary school in Wushan, a suburb in Guangzhou City. During the conduct of her fieldwork in China, the researcher visited Dongguan, Zhongshan and Shenzhen. About 50 copies of Questionnaire One were distributed in each city. The numbers of completed and returned questionnaires were 23, 28 and 27 respectively.

Of the 1,000 questionnaires (excluding the 50 for pilot survey) that were distributed, 588 were completed and returned, constituting a reasonable response

rate of 58.8%. Survey Two involved the distribution of Questionnaire Two to approximately 100 Chinese travellers visiting Australia between 2001 and 2002. Two inbound tour operators and one education agent in Melbourne assisted with the distribution. As mentioned previously, the group consisted of travel service providers organizing tours within Australia for Chinese tourists and for Chinese visitors who came to Australia to undertake short-term vocational training. Of the 100 questionnaires distributed, 39 were completed and returned, including those of the 12 interviewees from the three groups of visitors and two individual visitors. The low response rate could be due to the reluctance of the Chinese visitors, or due to the lack of enthusiasm of the tour organizers who might have accepted the task simply for the sake of courtesy.

For comparative purposes, a supplementary survey was conducted in Melbourne to identify any differences between Chinese and Australian travellers in terms of the factors influencing travel decisions. A simple one-page questionnaire was designed to collect information about purpose of trip, travel companion, whether the present and/or future trip is for domestic or international travel. The last and also the most important question is the same as Question 24 of Questionnaire One (See Appendix G1), namely to ask respondents to compare the importance attached to the various factors in their travel decision-making processes. Assisted by three Melbourne-based travel agencies, Survey Three involved distribution of questionnaires to Australian travellers who had made their international travel bookings at the travel agencies involved, or had recently completed an overseas trip. As the questionnaire was limited to one page and was relatively simple, the administration of Survey Three had a high response rate of 89%.

The industry survey

In addition to the consumer-oriented surveys, two separate sets of questionnaires (Questionnaires Four and Five) were posted to 70 travel service providers in China and to 53 inbound tour operators in Australia. Of the 70 travel

agents in China, 67 had been granted official licenses to handle overseas travel. The remaining three were Hong Kong-based travel agencies with large branch offices that advertised in the major Guangzhou newspapers. Unfortunately, only seven of the 70 questionnaires were completed and returned. This constituted a disappointing response rate of just 10%. In retrospect, mail-out may have not been suitable as a means of distribution in China in the absence of appropriate social connections.

The equivalent survey administered in Australia received a more positive response. Questionnaires were posted to 53 inbound tour operators listed in ATEC's 2002 members directory. These inbound tour operators advertised that they specialized in the China market. 26 out of 53 responses were received from these inbound tour operators, a response rate of 49%. For the convenience of the respondents, a reply-paid envelope was attached to all mailed questionnaires. The relatively low industry response rates may be due to the typical attitudes of business people, for they tend to be too busy to become involved in activity that does not generate direct economic benefits. For future research, it is suggested that distribution by email may be considered.

Step 5: In-depth interviews

The use of in-depth interviews with consumers was intended to collect information unobtainable via the questionnaire format. This was due to possible sensitivity about particular topics and the difficulty of providing lengthy answers in a closed response format. For the reason of recruiting interviewees, respondents of Survey One were provided with the option of leaving their contact details for voluntary in-depth interviews. The types of questions asked at the in-depth interviews focused on consumer decision-making, with special attention to motivations and purpose of travel. Of the 588 respondents of Survey One, 71 answered "yes" to Question 32 (see Appendix G1) and provided their contact details. The interviewer conducted a series of semi-structured individual and small group interviews and asked exploratory questions (see Appendix H and I, pages

A10 & A11) with a view to encouraging the interviewees to express their opinions freely. Each session of the in-depth individual interviews lasted about 45 minutes and up to 90 minutes in the case of small groups. The smallest group interview was conducted at a tennis court near Zhujiang Hotel in Haizhu District. The four interviewees were well-paid young professionals under 30 years of age, and were employees of joint venture companies. The largest group interview was conducted at a police officer's home in Zhongshan City with twelve interviewees recruited through that police officer's social network. In the case of Shenzhen City, three telephone interviews were conducted since the researcher did not have a chance to visit this particular location.

Three small group interviews and two one-to-one interviews with individual respondents were conducted in Melbourne between 2001 and 2002 as part of Survey Two. These interviews were to obtain opinions and feedback in relation to travel experiences in Australia and post-travel evaluation. It was hoped that such information would be useful for the Australian tourism industry, especially for inbound tour operators with a strong interest in the China market.

Individual interviews were also conducted with travel industry operators in Australia such as inbound tour operators and Chinese tour guides. Inbound tourism related government agencies in Australia such as the Australian Tourist Commission (ATC) and Department of Immigration and Multicultural Affairs (DIMA) were also approached for their views of the China market. The purpose of such interviews was to gather the opinions of tourism professionals and relevant government bodies about travel patterns and the perceived characteristics of the Chinese visitors. Questions asked at the interviews covered issues such as market appraisal, potential sources of travel demand, changes in travel patterns, destination preference, overall opinions about the opportunities and constraints, and the benefits and costs of the China outbound travel market.

Step 6: On-site / participation observation

Participant observation technique was used throughout the process of data collection. This method required the researcher to observe things that happened, to listen to what was being said, and to question relevant people over some length of time (Becker and Geer, 1970:133). The advantage of this technique is the availability of first hand information, whereas the disadvantage is the possibility of biased information caused by individual experience on both the researcher's and the subject's sides.

During the course of the research, the researcher had contact with prospective and actual travellers and had four opportunities to conduct on-site observations. Three occasions occurred in 2000 and one in 2003. The first one was in Guangzhou in September 2000. When the researcher was booking her domestic tour to Jiu-zai-gou, a world heritage scenic attraction in Sichuan Province, she was able to observe and listen to conversations between other travellers at the tours department of Southern China Airlines. A subsequent opportunity arose when the researcher was undertaking her one-week sightseeing trip in Sichuan Province of central China in October. The third occasion was when the researcher was attending a tourism conference organized by the Association of Tourism and Leisure Education of Europe in Hainan Province in November 2000. The last occasion was at the Transit area of Bangkok International airport in November 2003, when the researcher encountered a group of 37 Chinese travellers who were waiting for their connecting flights. During the last occasion, the researcher took the opportunity to interview the tour leader of this large group for approximately 20 minutes.

Because of her involvement in the Australian tourism industry, the researcher also had an opportunity to observe and participate in conversations between Australian inbound tour operators.

6.2.5 Stage 5 - *Data analysis and interpretation*

The quantitative component of the data collected during Survey One was computer-coded, labelled and entered for processing using the SPSS Software

System. With reference to the research questions and the conceptual framework developed in Chapters One and Two respectively, the data were systematically analysed, organized and categorized around the themes of the research, namely the relationship between social change and outbound travel and its implications for global tourism. The empirical findings were presented under the following sub-headings: demographics, consumption patterns, attitudes towards travel, expectations and purposes of future overseas trips, changing travel patterns, social change and travel. Wherever this was considered necessary, interpretation and explanation were provided. Data collected from the supporting survey conducted on Australian international travellers (Survey 3) were organized and processed in a similar way. They were analysed and interpreted with a view to identifying any differences between Chinese and Australian traveller decision-making. Given the small sample sizes of Survey Two, Four and Five, data collected from these surveys were organized and processed manually.

Interview transcriptions, field notes and other relevant material were processed with similar sorting and grouping techniques, but were analysed and interpreted in a holistic manner. A narrative format was used to report on the qualitative research findings generated from the in-depth interviews and participant observations.

Analysis and interpretation of both the quantitative and qualitative data were undertaken with a view to providing insights into the China outbound market. For instance, the processed data were used to interpret travel patterns and trends, and to explain the dichotomy of rapid market growth versus strict visa controls. To form a basis for subsequent research, and given that the major survey was conducted in Guangdong Province, a profile of the Guangdong outbound travellers was drawn up. Since Guangdong is the largest of the three representative sources of China's outbound travellers, inferences were drawn from the data and were then used in the preparation of market segment classifications for China's outbound travel market.

6.2.6 Stage 6 - Discussion and conclusion

After a review of the overall findings and information collected, a chapter is dedicated to provide insights into the China outbound market, and to answer research questions set out in Chapter One. In addition, various research aims are examined to ensure comprehensive coverage of targeted issues. In the concluding chapter, the main theme of the research “sustainability” is clearly spelt out, with special reference to the research implications and the new knowledge that the research has contributed. The research findings are related back to the various theories discussed in Chapter Two, and explanations are provided for the issues that prompted this research to be conducted.

6.3 Limitations of the research methods

Throughout the conduct of the research, every effort was made to achieve accuracy and objectivity. Nevertheless, a number of possible limitations are acknowledged in addition to those already discussed in Section 1.7 (page 15):

1. *Data collection problems.* Although those distributing the questionnaires were briefed and trained, many questionnaires were completed with minimal guidance, especially those reliant upon the researcher’s outer social network, such as indirect friends. Some questionnaires were returned incomplete and some answers appeared to be either incorrect or contradictory. Although most incomplete questionnaires were excluded from consideration, these factors may influence the accuracy of the research. Fortunately, the problem of unanswered questions was largely confined to the less important questions, such as detailed breakdowns of the proportionate usage of disposable income, which could constitute a crucial component in a large-scale, sheer consumer / market research. Another data collection related problem is that some of the questions were not clear enough, for example, Question 31 (Appendix G1) of Survey One asked the respondents to estimate their future overseas travel budget, but failed

to mention whether the estimate was for one single traveller or for a family travelling together.

2. *Respondent error.* The accuracy of answers to some delicate topics may have been questionable, eg. income levels and intention of overstaying beyond the time permitted in the visa. For a variety of reasons, it is likely that some respondents were unwilling to disclose their true incomes. As a result, any use of the information about income levels should be handled with care when being used to predict market potential. Also indicative of possible inaccuracies, few respondents would openly admit an intention to overstay their visa.
3. *Inconsistency between answers given by the respondents and their actual behaviour.* Since human behaviour is not mechanistic, studying humans is obviously different from studying other aspects of the natural world. A person may for example alter his behaviour because he knows that he is being studied. Human behaviour is very context sensitive, and can vary according to different situations (Esterberg, 2002:11). Bearing this in mind, it is quite likely that the answers given in the questionnaires might not be fully reflective of behaviour, especially where more sensitive questions were asked. This was notable in the case of income related matters.
4. *Researcher bias.* Strictly speaking, all social research should be value free and objective. Researchers must aim to transcend personal biases, prejudices and values, and remain neutral toward their study objectives. Since the researcher and the objects of the study are human beings, it is difficult to guarantee objectivity, even though every effort has been made to achieve this goal. As Esterberg acknowledges, all researchers have a vested interest in what they study, unless they are indifferent to the knowledge that they pursue (2002:11). Given possible influence of the researcher's background, past experience, values, previous studies and involvement in the tourism industry, it is not surprising that bias may have occurred at some stage in the course of the study with or without the researcher's knowledge. For example,

selective attention might apply while collecting information using personal observation; interpretation of data might have been influenced by the researcher's previous studies; and some naturalistic reports (such as the in-depth interview narrative) might have been filtered through the researcher's perspective. "*Who we are*" shapes the kinds of theories we create and the kinds of explanations we offer (Esterberg, 2002:12).

6.4 Conclusion

The various research methods used have a number of unavoidable shortcomings. These include an over-ambitious methodology, multiple small scale and fragmented surveys which may be non-representative, and the potential for bias with the participant observation and in-depth interview methods. The researcher believes nevertheless that the approach adopted has been the best possible way to conduct research of this kind, particularly in the absence of government support in both China and Australia, and in view of the limited available resources. Since the market under investigation is large and diverse, and prevailing attitudes towards social research are negative and non-supportive, it is not easy for any non-government funded research to adopt a comprehensive, fully representative and flawless methodology. Given that the China market is changing so rapidly, the researcher has to maintain post-fieldwork contacts with her friends in Guangzhou City and China market inbound tour operators in Australia, so that the most updated information could be obtained. This information includes levels of income, life-style, consumption and travel patterns, with special reference to outbound travel. It is hoped that towards the end of the research, a more accurate profile of the China market will emerge, reflecting all of the variables, which have come to the researcher's attention.

CHAPTER SEVEN: DATA ANALYSIS AND INTERPRETATION

7.1 Introduction

This chapter reports on the data collected from the various surveys and interviews undertaken during the course of the research. Information and statistics provided by various public and private sector organizations have been used as supplementary support for the data collected. Both primary and secondary data have been analysed, interpreted, evaluated, compared and presented in turn under various headings, including those where the response rates are low. Main findings of each survey are summarised in Appendix J (page A12).

Qualitative data were gathered using a combination of in-depth interviews, participant observation and group discussions. Field notes, interview transcriptions and other relevant material were systematically organised into salient themes and patterns according to pre-designed segmented information about the research questions (Creswell, 1998:57; Rossman and Rallis, 2003:267). Where appropriate, explanatory and interpretive narrative has been used to highlight key findings. For analysis purposes, any representative statements attributable to the subjects of the research and properties identified from the data are grouped under various themes or headings and are reported and quoted to allow the emergence of diverse perspectives (Moustakas, 1994; Creswell & Urbom, 1997). In the case of Survey One, the themes include demographics, consumption patterns, travel attitudes, changing travel patterns and social change. Cross-tabulation analysis has been undertaken wherever practical and meaningful.

With reference to the conceptual framework discussed in Chapter Two and the research questions set out in Chapter One, the collected data were analysed and interpreted categorically and holistically to bring meaning and significance to

Table 7.1 Demographic profile of consumers in Guangdong Province

Variables	Frequency (N=588)	Valid percentage (%)
Gender		
Male	293	49.8
Female	291	49.6
Missing	4	0.6
Age		
15-25	109	18.5
26-35	149	25.3
36-45	162	27.6
46-55	99	16.8
56-65	50	8.5
Over 65	19	3.2
Marital status		
Married	369	62.7
Never married	170	29
Divorced	1	0.2
De facto	3	0.5
Missing	45	7.6
Education		
Primary school	12	2
Secondary school	233	39.7
Tertiary and above	327	55.6
Others	14	2.4
Missing	2	0.3
Occupation		
Professional	90	15.3
Para-professional, trade-person, technician	92	15.6
Executive, business-owner, sales representative, entrepreneur.	134	22.8
Public servant	47	8
Blue collar / white collar workers	97	16.5
Others: student, housewife, Farmer etc	57	9.7
Missing	71	12.1
Employment		
Private sector	145	24.7
Public sector	212	36.1
Joint-venture	50	8.5
Self-employed	76	12.9
Unemployed	20	3.4
Retired	59	10
Other	1	.0.2
Missing	25	4.2
Level of income Individual		
Less than RMB 1000	102	17.3
RMB 1001-2000	228	38.8
RMB 2001-4000	104	17.7
Over RMB 4000	94	16
Missing	60	10.2
Cities of residence		
Guangzhou	487	83
Zhongshan	47	8
Dongguan	29	5
Shenzhen	25	4

Source: Data collected from Survey One by the researcher in 2000.

what was found, and to invent insights and new discovery (Rossman and Rallis, 2003:271-273). The research findings are used to seek answers to the various questions set out in Chapter One. This data presentation aims to provide a clear picture of outbound travel from China in general, and from Guangdong Province in particular. Table 7.1 (page 210) presents a demographic profile of Guangdong respondents.

7.2 Survey One: prospective travellers in Guangdong

7.2.1 Demographic information

Table 7.1 summarizes the major characteristics which are likely to influence outbound travel demand. These include gender, age, marital status, education, employment, level of income and residency.

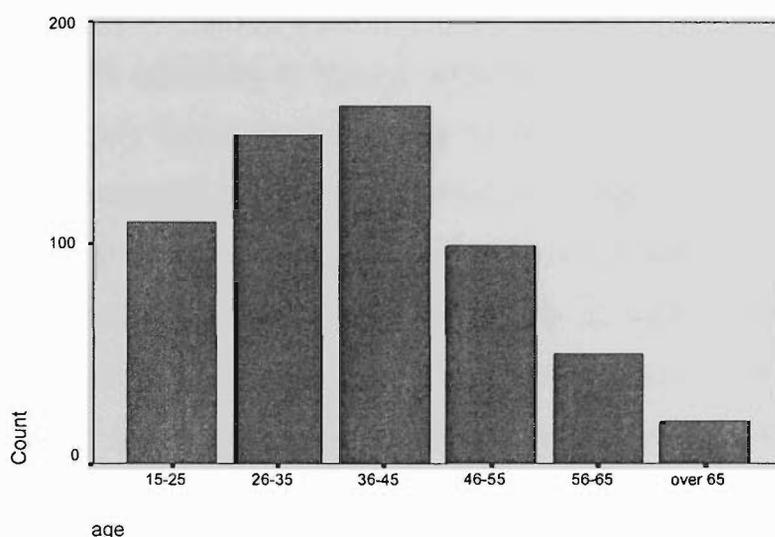
Gender and age structure

A balanced gender ratio is evident with respondents divided fairly equally into males and females. Since Chinese within age range of 26-55 (70%) are most likely to have the means to travel internationally, the profile shown in Figure 7.1, (page 212) appears to be fairly representative of the “potential travel consumer”.

Those respondents aged 26 to 35 (25.3%) were generally found to be energetic, active, ambitious, and fond of learning and seeing new things. They tend to be young professionals and what might be described as “hard-working dream-makers”. Given their relatively limited experience of life and career, their prospects of earning superior incomes may be distant. In China, the path to success is often built on social connections, with better-placed connections often leading to the prospect of higher incomes. This observation is based on information obtained from in-depth interviews conducted in Guangzhou,

Zhongshan and Dongguan during 2000, and from various articles in Chinese magazines such as the “*Da-Lu Wen Hui*” (“Collection of information about the Mainland”), and “*Tou shi zhong guo*” (“Insights into China”). Many in the 26-35 age group have recently started a family, and their priority may be to establish a comfortable home rather than to take overseas trips. For those who are fond of travelling, domestic travel may be a more realistic goal.

Figure 7.1: Age structure of respondents (Survey One)



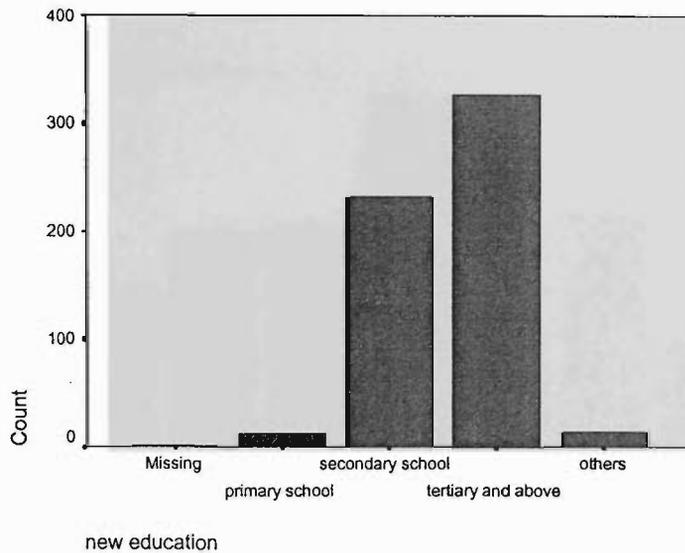
Source: Data collected from Survey One by the researcher in 2000.

Broadly speaking, those in the age groups 36 to 45 (28%) and 46 to 55 (17%) have better prospects for engaging in international travel. They are more likely to have more settled lives and better-established careers, with many having worked hard over an extended period to reach their current stage in life. Those aged 46-55 are more likely to be actively pursuing an improved quality of life. Many would have experienced the turmoil of the Cultural Revolution. Having lived lives of struggle, competition and hardship, they welcome the prospect of rest and its associated rewards. For this group, travel generally and overseas travel in particular offer the prospect of improving the quality of life and travel is recognized as an economic indicator and a symbol of well-being. Relative to other

age groups, these two groups are likely to have well-established lives in terms of both career and family.

Levels of education

Survey One was not intended to focus only on the upper social echelons within China, although many questionnaires were distributed through channels involving educational personnel such as lecturers, researchers, kindergarten teachers and university students. However, it was found that an overwhelming majority of respondents have secondary education and above (55.6% tertiary, 40% secondary), with only 2% admitting to having completed only primary schooling (see Figure 7.2, page 214). Since the beginning of the Open Door and Reform policy, the Chinese government has sought a better understanding of the outside world. It advocates the benefits of higher education and acknowledges the importance of having its own knowledge-based workforce as well as cultivating a welcoming environment for foreign investors and skilled workers. The enhancement of labour force skills has been a popular campaign which has attracted the support of the public and private sectors. Having a second job has become one of the most talked about issues in China. Attendance at evening classes with a view to acquiring qualifications or skills is also gaining increasing acceptance as a means of achieving life goals. Some are participating in a voluntary capacity, and others because of work requirements. One Guangzhou interviewee complained that both he and his wife either had to undertake further studies and sit for exams to upgrade or formalise their qualifications, or else face the prospect of demotion or losing their long-established jobs.

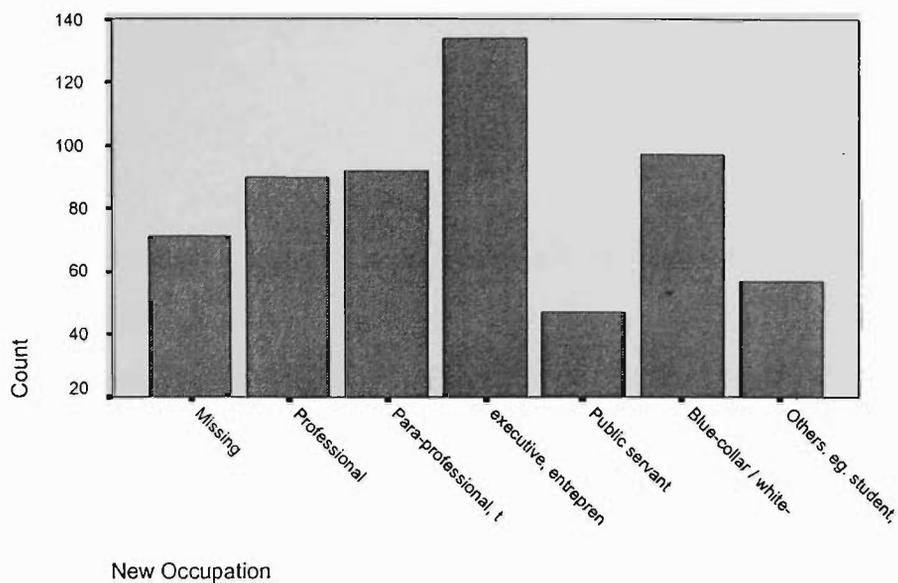
Figure 7.2: Levels of education (Survey One)

Source: Data collected from Survey One by the researcher in 2000.

Higher educational attainment is an important characteristic of potential outbound travellers in the present research, since it offers greater access to higher social positions and better paid jobs.

Occupation

As outlined in Chapter Six, Survey One respondents occupy a broad range of occupational roles (Appendix D, page A4). The occupations are grouped into six categories for analysis purposes: executive, entrepreneur, business owners and sales representatives (22.8%), white-collar and blue-collar worker (16.5%), para-professional, technician and trade person (15.6%), professional (15.3%), public servant (8%), others (such as student, housewife and farmer) (9.7%). (see Figure 7.3, page 215)

Figure 7.3: Occupations (Survey One)

Source: Data collected from Survey One by the researcher in 2000.

This grouping follows established approaches used commonly in social research. It is worth noting that certain occupations may straddle multiple categories. “Teacher”, for example, may be regarded as either “professional” or, in the case of kindergarten or primary school teacher, “para-professional”. For the purposes of distinguishing university “lecturers” from “non-tertiary school teachers”, and given that the former require a higher qualification and education, “lecturer” is classified as “professional” whereas “non-tertiary school teacher” is classified as “para-professional”.

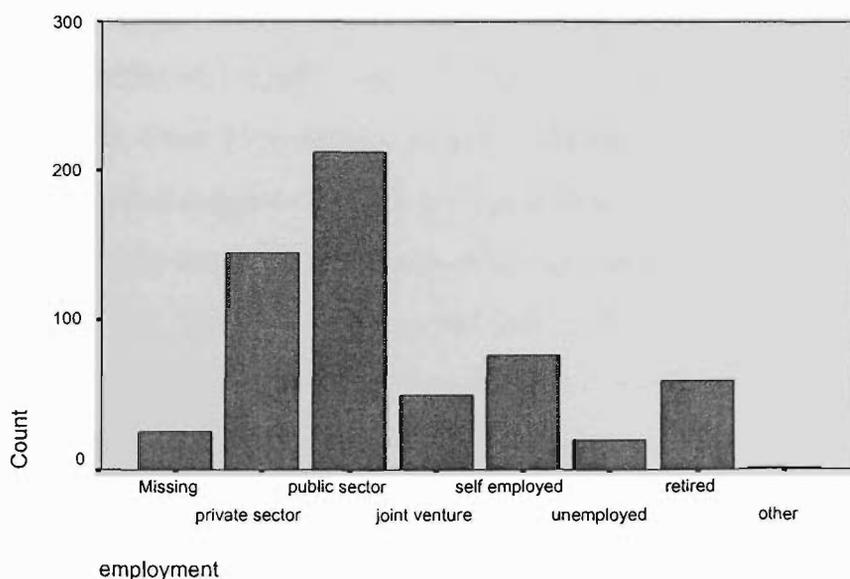
A blurring of distinctions is also evident in the case of “executives” and “small-business owner/entrepreneurs”. Those in the former categories may be employees of a public or private company, or may be owners or entrepreneur of their own business. Since respondents who are likely to earn higher incomes are generally found in the following occupational categories: professional, para-professional, executive, small business owner/entrepreneur, public servant, trade-person / technician, and trading / sales representative, the sample seems to capture most of the market potential. Over 70% of the respondents conform to the occupational groups which have the purchasing power to travel in the immediate

future. The researcher notes that the skill-oriented occupation composition of this sample is more appropriate than that consists of low-paid employees who have less prospect of becoming outbound travel consumers.

Employment

As shown in Figure 7.4 (Page 216), of all 588 respondents, about 82% were currently employed, 10% were retired and 4% unemployed. Though more respondents were employed in the public sector (36.1%) than in the private sector (24.7%) in the period since 1978, it is the private sector which has grown faster. If employees of joint venture enterprises (8.5%) and self-employed people (12.9%) are classified as private sector, the non-public sector (46.1%) outnumbers the public sector. Whilst the current employment pattern in Guangdong appears still public sector dominated to some extent, employment is likely to continue shifting towards the private sector, as the state-owned-enterprise (SOE) and labour reforms are increasingly implemented.

Figure 7.4: Employment structure of respondents (Survey One)



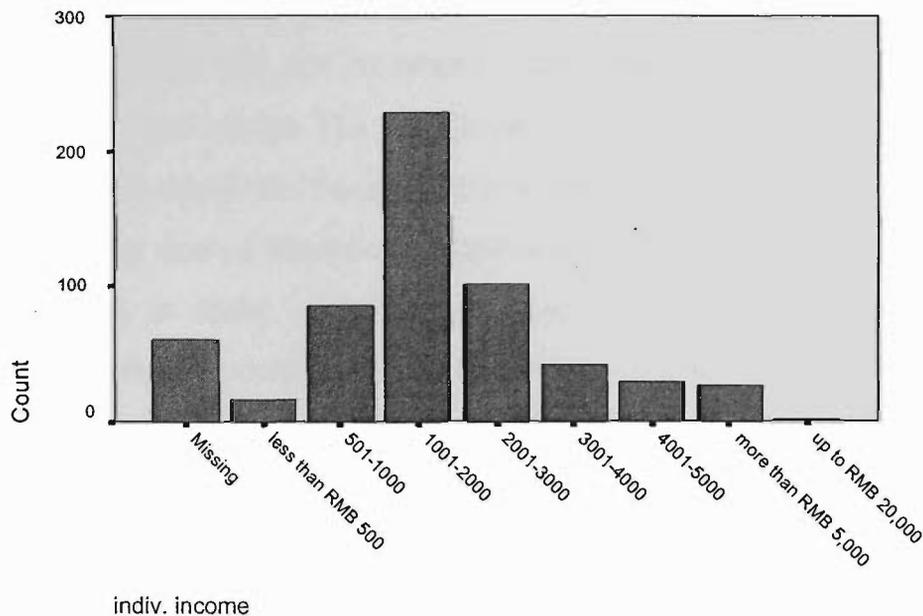
Source: Data collected from Survey One by the researcher in 2000.

Marital status and family size

The research has found that most respondents (62.7%) were married, with 42% living in households of three people. As a result of China's one-child policy, the small three-person family is a common social phenomenon. This has major repercussions for outbound travel. Many destination countries (developed countries in particular) require Chinese outbound travel agents to collect a security bond of RMB 5,000 to 20,000 from each intending traveller with a view to ensuring that they return to China. This financial barrier has restricted access to overseas travel, making it difficult for Chinese families who are unable to afford the security bond required for the whole family. As previously mentioned, Chinese people rarely travel to developed countries with members of their family probably due to this reason. However, increasing numbers of Chinese families take family holidays in Southeast Asia where a minimal or no security bond is required.

Levels of income

Income levels in China are generally low. In the case of respondents in the present research, about 17.3% earn a monthly income of less than RMB1,000, 38.8% earn RMB1,001-2,000, and 17.7% have middle to high incomes (RMB2,001-4,000). Only 16% earn in excess of RMB4,000. (see Figure 7.5, page 218). This distribution suggests that the profile is broadly in line with the official statistics of per capita disposable incomes noted in Table 5.2 (Page 184). Family incomes are also low, with 18% of the families in the present research earning incomes of less than RMB2,000. A further 41% earn RMB2,001-4,000, and 26% receive RMB4,001-6,000. Only 14% of families earn monthly incomes in excess of RMB6,000.

Figure 7.5: Levels of individual income (Survey One)

Source: Data collected from Survey One by the researcher in 2000.

Having outlined the spending capacity of Chinese consumers overall, it is now appropriate to look more closely at the cost of outbound travel generally, and to Australia in particular. When the present survey was undertaken, the cost of a 10 day trip to long haul destinations such as Australia and/or New Zealand was approximately RMB13,000-16,000 (Information provided by travel agencies in Beijing, Shanghai and Guangzhou in 2000). For medium income earners receiving RMB4,000 per month, this indicates a cost of three times his/her monthly income for a short trip to Australia, with the additional cost of a security payment. In developed countries, it is common practice to spend one to two months of salary for an extended and sought after overseas trip. Based on this yardstick, a Chinese outbound traveller to a long haul destination such as Australia needs a monthly income of RMB5,000 or more. Only 5% of the respondents in Survey One are within this bracket.

Discretionary time is a crucial influence over travel behaviour as well as income. The low incomes prevalent in China might suggest that long haul outbound travel is not yet ready for take-off. This finding clearly supports the statement of Research Question 7 *'Given the generally low level of income, overseas leisure holiday will not be readily accessible to the majority of the Chinese until much later'* (page 11). Respondents have however indicated that official income levels should not be taken at face value due to concerns about tax implications, and the fear of potential government policy changes. Respondents also suggested that in many cases incomes may not be disclosed honestly, especially where bribery or corruption has played a part in the process of earning these incomes. Many Chinese undertake two or more jobs to keep up with the ever-increasing cost of living. Respondents typically declared only the income that they generated at their principal place of work where they earned most of their salary and received fringe benefits such as accommodation and bonuses. Incomes from a second job are usually hidden and saved for purposes such as life-style improvement. As one Guangzhou interviewee commented, *"Don't be so naïve. Nobody will tell you the truth about how much income they actually earn. Keep in mind that the income I receive from my previous work unit is not even sufficient to pay for my monthly phone bill"*. This interviewee is a retired cadre now running his own small business from home. The researcher notes that this kind of additional income could be potentially directed to travel.

Hobbies and interests

Arts and culture related hobbies and interests account for about 63% of respondents, indicating a possible bias of respondent backgrounds (over half had completed tertiary education). This finding indicates an appreciation of non-necessity or possibly higher level consumption amongst the respondents. Some 36% report an interest in sport, 33% in travel, and 27% in shopping, leisure and entertainment. While a majority of respondents have leisure-oriented hobbies and interests, only 33% of respondents chose "travel" as an interest. The low response for travel is probably due to the fact that income levels in China are generally low,

and that travel generally and overseas travel in particular are expensive forms of consumption. However, there is a possibility that a strong interest in leisure-oriented hobbies may develop into a stimulus to travel later on. A further 27% have economic-oriented interests such as the acquisition of work-related or hi-tech skills, investment and personal development. This may reflect social trends in a vibrant province such as Guangdong where people are required to work hard to keep up with the fast pace of life of the newly emerging industrial cities. This trend of having economic-oriented interests may also be interpreted as a potential for leisure travel to meet a need for relaxation.

Geographic distribution of the sample

The majority of the respondents in Survey One were residents of Guangzhou City (83%). The rest were drawn from three major provincial cities of Guangdong, namely Zhongshan (8%), Dongguan (5%) and Shenzhen (4%). These cities are regarded as having higher living standards compared to many other areas of China.

Overseas ties

43% of the respondents have friends or relatives outside China. About 19% have overseas ties in North America, 17% in Asia, and 8% in Australia and New Zealand. The high proportion with overseas ties may suggest a strong "pull" factor to these places and may increase the possibility of these places being chosen as preferred destinations when travel decisions are made. Existing overseas ties are a potentially important determination of destination appeal and competitiveness.

7.2.2 *Consumption patterns*

In order to achieve Specific Aim 2 “*In the wider context of social change, to investigate, compare and analyse changes in consumption patterns in contemporary China, with particular reference to travel*” (page 9), this section presents findings relating to consumption patterns in Guangdong. These are intended as an interpretation and prediction of changing consumption patterns. This information is a prerequisite for understanding the growing importance of leisure travel as a form of consumption.

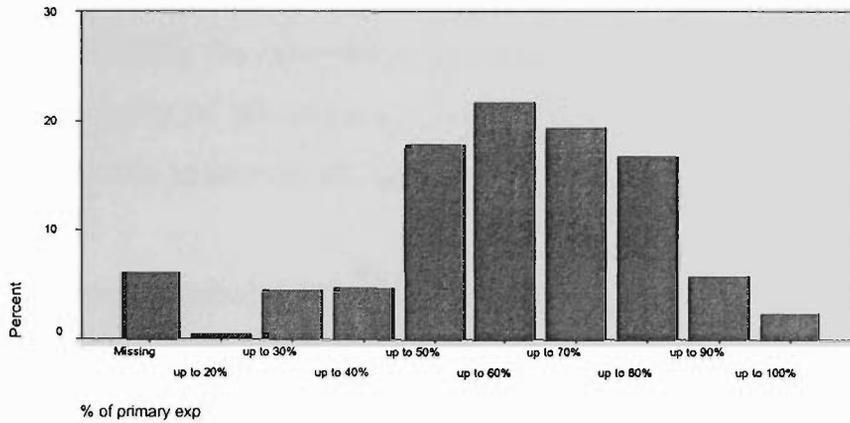
Income use

The survey found that 69% of the 588 respondents spent up to 70% of their income on primary concerns such as food, clothing, dwelling, transport, and education (See Question 11, Appendix G1). Over the course of the investigation, 552 respondents (93.9%) provided only broad answers to questions about “primary” and 524 (89.1%) about “non-primary” expenses (see Figures 7.6a and 7.6b, page 222). An average of 208 respondents (41.5%) provided detailed information on sub-categories such as education and entertainment. Of those who provided detailed information about components of consumption, the majority (over 74%) spend up to 30% of their total income on food and 30% on clothing. More than 93% spend up to 20% on dwelling and 20% on transport. About 83% spend up to one-fifth on education. These figures indicate some positive signs of generally improved living standards in China, and suggest that most respondents in Guangdong are living relatively comfortable lives. Clearly Guangdong is not typical of China as a whole, but it is indicative of conditions in the major coastal cities.

Prior to the Open Door and Reform policy, the Chinese struggled to satisfy basic survival needs such as food and clothing. The above figures suggest that for most Chinese in urban areas, basic survival needs are now being substantially met. Many may have surplus income to save with a view to

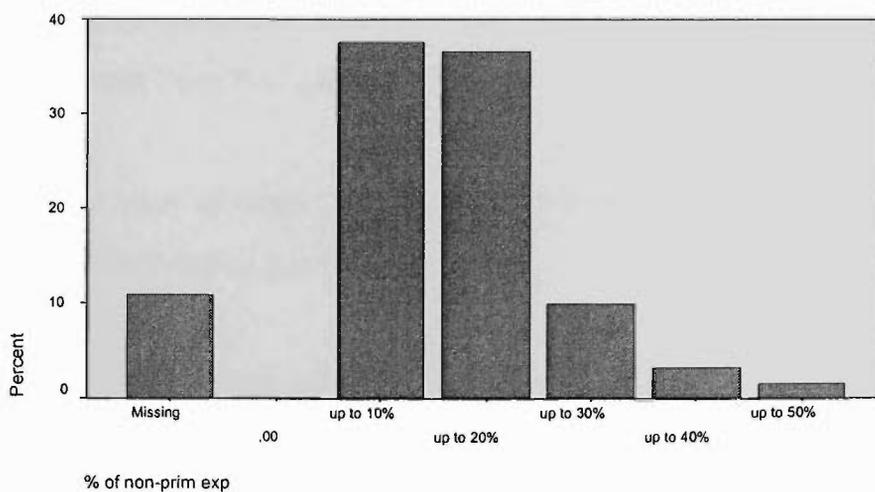
consuming later. These findings confirm the statistics published in the IMI Consumer Behaviours and Life Patterns Yearbook 1998-1999 (page 20) about improved living standards of the Chinese.

Figure 7.6a: Proportion of income used for primary expenses



Source: Data collected from Survey One by the researcher in 2000.

Figure 7.6b: Proportion of income used for non-primary expenses



Source: Data collected from Survey One by the researcher in 2000.

The proportion of incomes used for primary expenditure may serve as an indicator of social wealth. The higher the proportion of expenditure allocated for basic needs, the lower the proportion that remains for discretionary expenditure such as entertainment and leisure travel. Using the Chinese assessment standard suggested by Chinese respondents during the pilot study, 5% of respondents with an income of RMB 5,000 or more in Survey One may be classified as “rich”, 33% as reasonably well-off, 43% as reaching the standard of “*xiao-kang*” (a relatively comfortable life), the targeted standard of living which Deng Xiaoping pursued for the majority of the population (see Figure 7.7a and 7.7b, page 224). About 25% are unable to save much, and only 3% are unable to have any surplus.

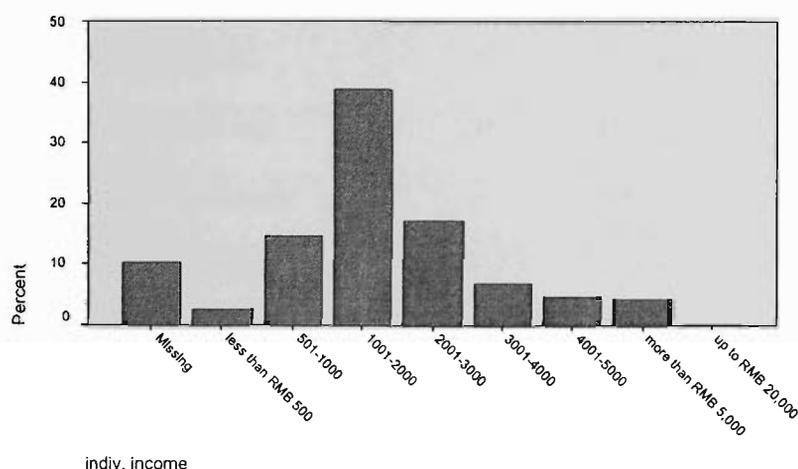
The researcher acknowledges that the income use data is open to a variety of interpretations. In contemporary China where a high proportion of expenditure is being targeted at dwelling, this might be interpreted as being associated with home ownership. As reported in an article in Zao-Bao (August 2002, Morning Daily), a Singaporean newspaper, Chinese nationals are increasingly competing to buy luxury apartments, which used to be available exclusively to foreign residents. Many Chinese purchase such apartments as owner-occupiers, while many others buy them for investment purposes (2002). Private home ownership can also be interpreted as reflecting high-level income earners. Those who cannot afford to buy their own home usually have to rely on public housing provided by their work units or a government related organization.

*The major uses of disposable income following primary expenditures
(Specific aim 2 and 3, page 9)*

Survey One has found that 76% of the respondents (N=588) had bank savings. This finding confirms the traditional Chinese way of handling surplus income by putting it in the bank. To some extent the high savings rate reflects the need for security, as well as accumulating purchase power. The second highest response is the purchase of additional daily necessities (52%). This indicates that about half of the respondents were still pursuing basic life items. 30% spent their

disposable income on entertainment, 27% on domestic holidays, and 15% on more durable goods such as refrigerators and washing machines. 20 years ago the latter would have been the most wanted items by most households. 16% bought shares and 16% were saving for a commercial apartment (as against government or work-unit funded accommodation). Only 13% would buy an overseas trip and very few (2%) would buy luxury goods such as a car (See Table 7.2, page 225).

Figure 7.7a: Financial well-being as indicated by levels of income



Source: Data collected from Survey One by the researcher in 2000

Figure 7.7b: Financial well-being as indicated by levels of income

		indiv. income			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than RMB 500	16	2.7	3.0	3.0
	501-1000	86	14.6	16.3	19.3
	1001-2000	228	38.8	43.2	62.5
	2001-3000	101	17.2	19.1	81.6
	3001-4000	41	7.0	7.8	89.4
	4001-5000	29	4.9	5.5	94.9
	more than RMB 5,000	26	4.4	4.9	99.8
	up to RMB 20,000	1	.2	.2	100.0
	Total	528	89.8	100.0	
Missing	System	60	10.2		
Total		588	100.0		

Source: Data collected from Survey One by the researcher in 2000.

Table 7.2 Use of disposable income versus consumption preferences
(N=588)

Uses of incomes	Percentage of respondents (%)	Consumption preferences	Percentage of respondents (%)
Savings in banks	76	Luxury goods	34
Buying more daily necessities	52	Higher education	29
Entertainment	30	Extra durable goods	22
Domestic holiday	27	Entertainment	19
Buying shares and securities	16	Domestic holiday	16
Buying commercial apartment	16	Sports and recreation	16
More durable goods eg. refrigerator	15	Overseas trip	15
Overseas holiday	13		
Luxury items eg. car, brand name items	2		

(Note: Multiple responses were permitted)

Source: Data collected from Survey One by the researcher in 2000.

After analysing all relevant factors, the researcher suggests that the low expenditures attributed to luxury items should not be assumed to be synonymous with low buying power. According to the researcher's observation, people in Guangzhou, Dongguan, Zhongshan, Shenzhen and Hainan Island spend money in a way that seems entirely out of proportion with the generally low incomes prevailing in China. The researcher observed small boutiques and restaurants in Guangzhou city crowded with patrons buying expensive garments or enjoying fine dining. One item of clothing (eg. a lady's smart casual dress) could easily cost between RMB300 and 600 (approximately A\$50-A\$100); a banquet for eight people could cost more than RMB1,500 (approximately A\$250). These amounts are close to one-third or more of the average monthly income. According to one

in-depth interview respondent in Guangzhou city, this consumption phenomenon has a number of explanations:

1. People tend to buy items that they see other people buying (the social trends influence);
2. Most people who have surplus incomes may not earn enough to buy luxury items such as property and motor cars (bearing in mind that personal loans or home loans are not yet common in China). They shift their consumption desires towards smaller or more affordable targets such as buying favourite clothing, or eating out at more exclusive restaurants;
3. Those who occupy more than one job, hold a well paid job, or are in a privileged position which attracts lawful or unlawful “fringe benefits”, tend to spend money more generously;
4. Those required to buy office or business work attire, or who choose to dress in a way reflective of upper social status need to buy expensive items.

Given that “time” and “money” are the two key prerequisites for travel, the fact that less than half of the respondents (47%) would travel for pleasure indicates the existence of an untapped market potential for travel. This indirectly supports the statement made in Research Question 7 (page 11) that “*overseas leisure holidays will not be readily accessible to the majority of the Chinese until much later*”. It does not however rule out the huge potential contained in this market.

Comparing “Consumption preferences” with “Use of disposable incomes” (Table 7.2, page 225), a strong desire is evident for improving the quality of life. While over one-third (34%) rank luxury goods at the top of their consumption preference list, in reality, only about 2% can afford such purchases at the time of the survey. Interestingly there is a marked difference between the answers given

to questions 13 and 15 of Questionnaire 1 (Appendix G1) with respect to domestic travel. The lower percentage option for domestic travel on the consumption preference list may be due to the relative accessibility of this item, which includes day trips and excursions. The percentage for overseas travel as a consumption preference is slightly higher than the percentage actually indulging in such travel. This indicates that overseas trips were not a readily available consumption item and were not high on the preferred consumption list.

The above section provides insight into consumption patterns. However, due to certain limitations such as fragmented and missing data, incomplete answers, a lack of clarity in some questions, questions influenced by the researcher's values and beliefs, and lack of enthusiasm, different concepts of value, and / or time constraints amongst respondents, these "income use" data should not be taken at face value without a more thorough investigation. Nevertheless, the present research is not intended to be a specific study on consumer behaviour, and the above information is incorporated primarily to help identify possible connections between general consumption and travel consumption.

7.2.3 Attitudes towards travel

This section is devoted to testing the propensity for outbound travel in Guangdong. This is the main task set out in Specific Aim 3 (page 9) "*Through a holistic study of potential Guangdong outbound travellers, to arrive at an interpretation of China's outbound travel propensity*", and part of Specific Aim 4 "*Identify features of China's outbound travel market generally, and the features of the Chinese travellers in particular*" (Page 9).

Level of interest

The low response rates for domestic and overseas travel in the case of Questions 13, 14 and 15 (Appendix G1) differ from the response rates to Question

16 “do you like travel?” where a clear majority (86%) answered “yes”. This may be interpreted as meaning that “people in general are fond of travelling when in the absence of other choices”. When asked the question “do you like travel?”, many people answer “yes”. However, when asked to compile their consumption list in order of preference, “travel” is located further down the list. This suggests that discretionary travel is not considered a necessity and may have to compete with both necessity and non-necessity consumption items such as luxury goods (having a token association with social well-being), and higher education (associated with upward social mobility). A recent report by the Mandarin Program of SBS Radio in Sydney in May 2004 reveals that high-level consumption has already become a popular social trend among consumers from wealthy and non-wealthy families in China alike. Hire purchases, credit card uses, mortgage, and negative gearing are now common ways of consumption. More and more people borrow money to buy cars, houses, apartments and brand name commodities. Although holiday loans have not yet become common, the strong interest in travel (86% of respondents) indicates that travel is likely to become a popular form of high level consumption as travel also carries the symbol of better social status, therefore satisfying consumers’ psychological needs to feel important.

Preferred types of destination

Destinations may be categorised according to their characteristics such as natural scenery, historic values, metropolis and man-made attractions. About 49% select major cities as their preferred places of interest. This reflects the trend that groups of Chinese visitors are usually found in the world’s major cities. Within China itself, Chinese people crowd into the mega cities such as Beijing, Shanghai and Guangzhou; within the rest of Asia, they swamp Hong Kong, Singapore and Bangkok; and in the case of Australia, most Chinese visitors are concentrated in four major cities, namely Sydney, Melbourne, Canberra, and Brisbane, and the Gold Coast tourist area of Queensland (see Section 7.6, page 269). The second most popular places of interest are historic sites and relics (28%), and the third

most popular are sites of natural beauty and scenery (25%). Australia may struggle to compete with destinations which have a long history, civilization and associated historic sites and relics such as Europe and the Middle East, but has competitive strengths in terms of its unique Aboriginal history and culture. Educating potential international visitors about these attributes may however take time. Australia's diverse natural tourism resources include islands and beaches, the Great Barrier Reef, Ayers Rock, and striking coastline. Its attractiveness underpins the rapid increase in Chinese visitation to the Gold Coast and Cairns in recent years. Australia's outback, grassland and desert are ideal for adventurous travellers. The research findings have however identified a relatively low level of interest in adventurous travel, suggesting that the Chinese market may not yet be ready for adventure travel.

Preferred destinations in terms of distance

Border/ short haul destinations

The expressions 'border' and 'short haul' destinations were unfamiliar to many respondents. Some regarded Hong Kong / Macau as border destinations, whereas others treated them as international destinations. Although Hong Kong and Macau were returned to China in 1997 and 1999 respectively, they are still regarded as international destinations by the Chinese Government. Chinese visitors are required to obtain entry permits similar to the requirement for visitors from other countries. The requirement has changed since mid 2003, when the Chinese Government introduced the so-called 'Visiting Hong Kong Freely' policy as a means of helping Hong Kong to recover from the SARS crisis. In Survey One, the short haul destinations were identified in order of preference as Hong Kong (16%), Vietnam (9%), Russia (9%), Macau (8%), and other Asia (6%).

Long haul destinations

Survey One finds that interest in Australia and New Zealand (14%) is second only to Europe (19%) and North America (17%), indicative of Australia's competitiveness in attracting Chinese travellers. This may be due to attributes such as Australia's natural beauty, its multiculturalism, and the 'pulling force' of its large Chinese ethnic community. Its appeal may also have been assisted by Australia being the first Western country to gain Approved Destination Status (ADS), and the ATC's marketing activities in Hong Kong and China in recent years. Such government support is likely to have raised awareness of Australia as a destination.

North America is a major competitor of Australia for attracting visitors from China. For many years North America generally, and the USA in particular, have been regarded as the most sought after destinations for the Chinese, whether for further study, migration or holiday, though this situation has changed to some extent as a result of deteriorating Sino-US relations over the course of the Bush administration. Since the September 11 2001 terrorist attacks, outbound travel trends have changed in favour of Australia and New Zealand. These are regarded as safer destinations than the USA. Australia and New Zealand also enjoy the advantage of offering a Western-style culture, a characteristic favoured by many Chinese people because they have a strong desire to experience cultures other than Asian ones.

Destinations visited over the past ten years

Over the past decade, about 27% of respondents have visited Hong Kong, Macau and Asian countries such as Vietnam, Thailand, Singapore and Malaysia. During the in-depth interviews, respondents commented that it is more difficult and expensive to go to Hong Kong than to South-east Asian countries. As China has become the largest source market of international travellers in the Asian region, many Asian countries have progressively relaxed their entry requirements for Chinese travellers. According to a Chinese tour guide in Hanoi interviewed by the researcher in June 2003, the Chinese are not required to hold a Vietnamese

visa for visits of up to one week. This special consideration for Chinese travellers has obviously facilitated the growth of border travel from China.

Only 2% of respondents have previously travelled to the long haul destinations of North America, Europe and Australia. There are two likely explanations for these low percentages: Firstly, the sample has not been purposefully selected to represent those with a higher chance of travelling overseas. These might include high-ranking government officers, executives of big companies in both private and public sectors, and well-paid employees of foreign companies or joint-venture enterprises. Secondly, long haul overseas travel is still a rare phenomenon in China and is exclusive to a defined set of social groups. When comparing actual travel experiences with destination preferences, the market potential for Australia is relatively high (1.7% versus 14.3%).

Average length of stay

The number of Chinese travellers to Australia has grown rapidly over the past two decades as demonstrated in Table 7.3a (page 232). The most common length of stay in Australia identified in Survey One matches those of the short-term arrival and departure statistics of the Australian Bureau of Statistics (ABS 1985-1993) (see Table 7.3 b, page 233) and the International Visitors Surveys (BTR 1999-2002) (see Table 7.3 c, page 234). In the present survey, “Up to 10 days” is the most common length of stay for people who have undertaken domestic (77%) or international (50%) travel with the exception of travel for VFR, education and training purposes. The high percentages recorded between 1986 and 1991 reflect the fact that Chinese visitors to Australia during this period were predominantly holders of student visas as Tang’s research has found (1997). Cross-border trips tend to be shorter, with 68% indicating a duration of up to a week. According to respondents with experience of border travel, one day cross-border trips are common. In the period since 1978, many Chinese have travelled

briefly across the border to countries such as Russia, Mongolia and Vietnam for shopping, trading and/or sight-seeing.

Table 7.3 a Chinese visitors to Australia –1985-2002

Year	Number of visitors	Year	Number of visitors
1985	5,300	1994	29,700
1986	6,200	1995	42,600
1987	10,900	1996	54,000
1988	18,000	1997	65,800
1989	29,100	1998	76,500
1990	23,700	1999	87,500*
1991	16,400	2000	114,600*
1992	18,700	2001	148,200*
1993	22,300	2002	179,600*

Source: ABS –Overseas Arrivals and Departures, Australia, 1985-1993(Category No. 3401)

* International Visitors Survey 1999-2002, BTR

Frequency of travel

Domestic travel is more common than border or international travel. About 8% have taken at least ten domestic trips within the last ten years, whereas only 0.2% have reported undertaking border travel and 1.2% international travel. The low percentage of reported border travel may be attributable to several reasons. Firstly, the survey was conducted in a handful of cities in Guangdong, far from the most popular destinations for border travel such as Russia, Laos and Vietnam. Had the survey been conducted in Yunnan or Inner Mongolia, the result might have been different. Secondly, most respondents do not regard visits to Hong Kong and Macau as “border travel”. These destinations are usually treated as “international”

Table 7.3 b Chinese visitors to Australia – Length of stay 1985-1993

Year	Up to 1 week	1-2 weeks	2 weeks 1 mth	1-2 mths	2-3 mths	3-6 mths	>6 mths	Total
1985 %	1,400 26.4	1,200 22.6	1,400 26.4	300 5.7	200 3.8	100 2.0	700 13.2	5,300 100
1986 %	1,100 17.7	1,200 19.4	1,600 25.8	400 6.5	200 3.2	200 3.2	1,500 24.2	6,200 100
1987 %	1,700 15.6	1,900 17.4	1,700 15.6	400 3.7	n.a.	n.a.	n.a.	10,900 100
1988 %	1,700 9.4	2,300 12.8	2,900 16.1	700 3.9	300 1.7	500 2.8	9,600 53.3	18,000 100
1989 %	2,800 9.6	3,600 12.4	2,100 7.2	800 2.7	300 1.0	500 1.7	19,000 65.3	29,100 100
1990 %	3,000 12.7	4,000 16.9	2,900 12.2	900 3.8	500 2.1	700 3.0	11,700 49.4	23,700 100
1991 %	2,900 17.7	4,000 24.4	3,700 22.6	900 5.5	500 3.0	400 2.4	4,000 24.4	16,400 100
1992 %	3,300 17.7	5,500 29.4	3,900 20.9	900 4.8	500 2.7	800 4.3	3,800 20.3	18,700 100
1993 %	3,400 15.2	7,700 34.5	4,900 22.0	1,500 6.7	600 2.7	700 3.1	3,500 15.7	22,300 100

Source: ABS–Overseas Arrivals and Departures, Australia, 1985-1993(Category No. 3401 & 3404)

Note: As confirmed by ABS Melbourne office, information about the breakdown of length of stay is not available after 1993 due to discontinuity of Category number 3404.

since entry permits are required. Therefore there may be under-reporting of border travel, and over-reporting of international travel. Thirdly, outbound travel is still an expensive activity beyond the reach of most people. Other than for

business purposes, few Guangdong respondents would have had the opportunity to undertake outbound travel more than twice in the last decade.

Table 7.3 c Chinese visitors to Australia – Length of stay 1999-2002

Year	1-7 nights	8-14 nights	15-28 nights	29-42 nights	Over 42 nights	Total
1999	38,500	19,250	9,625	3,500	16,625	87,500
%	44.0	22.0	11.0	4.0	19.0	100
2000	46,986	32,088	11,460	5,730	19,482	114,600
%	41.0	28.0	10.0	5.0	17.0	100
2001	76,546	34,086	7,410	5,928	22,230	148,200
%	53.0	23.0	5.0	4.0	15.0	100
2002	80,820	41,308	17,960	8,980	30,532	179,600
%	45.0	23.0	10.0	5.0	17.0	100

Source: International Visitors Survey 1999-2002, BTR

Purpose of previous overseas trips

About 25% of respondents travel for recreation and pleasure purposes, 16% to visit friends and relatives, 11% for employment and training, and 9% for business. These figures are somewhat different from the ABS statistics in which the ‘business and employment’ category is generally ranked second highest, only after the ‘other and not stated’ category which includes ‘study and holiday’ (see Tables 7.4a, 7.4b and 7.4c, 7.4d, pages 236, 237, 238 & 239).

Prospects for overseas travel

Data collected from this sub-section helps to establish outbound travel propensity as set out in Specific Aim 3 (page 9) of the research. About 10% intend

to travel overseas within six months, 13% within one year and 15% within two years. This indicates that though prospective travellers need to save considerably, there is a substantial latent interest in travel. Over half of the respondents prefer shorter duration stays of up to two weeks. This is relatively close to the answer “up to 10 days” length of stay expressed in response to the question about previous travel. Shorter stays are understandable, given that most outbound travellers are employed and other than in exceptional cases need to return to work quickly.

7.2.4 Expectations and purposes of future overseas trips

Diverse expectations about overseas travel have been identified in Survey One. About 58% would go overseas for a holiday, relaxation and pleasure, 49% for improved quality of life, 39% to learn something new, 21% to satisfy curiosity, 17% to visit friends and relatives, 12% for personal development opportunities, 8% for education, and 6% for employment. Again, there are considerable differences between these data and those published by the ABS and the ATC (see Tables 7.4a and 7.4b, pages 236 and 237). The researcher notes that such statistics may sometimes be skewed due to the influence of the ADS strategy, whereas data collected in Survey One may come from the respondents’ intuition. The high percentage of travellers in the “Business and Employment” category in the ABS statistics may be due to the fact that many Chinese visitors apply for a “Business Visa” to come to Australia for convenience, while their actual purpose of visit may have been sight-seeing and holidaying. The ABS data records only what is stated by visitors on the incoming passenger card, and the information on the card usually needs to be consistent with the visitors’ visa applications. The use of Business Visas is not necessary when travelling to other destination countries, which impose less or no visa restrictions, such as Thailand, Korea and Vietnam. The ABS statistics are specific to Australia, whereas the survey questions are for

Table 7.4 a Chinese Visitors to Australia – Purpose of Visit 1985-1999

Year	In transit	%	VFR	%	Holiday & Business	%	Business & Employment	%	Attend Conference	%	Other	%	Total
1985	600	11.3	400	7.5	800	15	2,300	43.4	300	5.7	900	17	5,300
1986	600	9.7	700	11.3	1,200	19.4	2,200	35.5	300	4.8	1,200	9.4	6,200
1987	700	6.4	900	8.3	1300	11.9	3,100	28.4	-		4,600	2.2	10,900
1988	800	4.4	1,500	8.3	2,200	12.2	4,900	27.2	500	2.8	8,200	5.6	18,000
1989	700	2.4	2,100	7.2	6,000	20.6	4,400	15	200	0.7	15,500	3.3	29,100
1990	700	3	2,100	8.9	3,700	15.6	4,900	20.7	300	1.3	12,000	0.6	23,700
1991	1,100	6.7	2,900	17.7	3,200	19.5	6,400	39	300	1.8	2,600	5.9	16,400
1992	1,000	5.3	2,200	11.8	4,500	24	8,000	42.8	500	2.7	2,400	12.8	18,700
1993	1,100	4.9	2,800	12.6	4,500	20	10,200	45.7	500	2.2	3,100	13.9	22,300
1999*	-	-	14,700	15.9	28,300	30.6	25,200	27.2	4100	4.4	13,900	15	92,600

Source: ABS – Short Term Arrivals from China 1985-1993

*ATC – China Market Profile 2002

Table 7.4 b Chinese Visitors to Australia – Purpose of Visit 1998-2003

Year	Holiday	VFR	Business	Education	Employment	Other	Total
1998 %	17,100 23.0	13,300 18.0	25,800 35.0	n.a	n.a	17,000 23.0	73,000 100
1999 %	27,900 32.0	15,500 18.0	34,300 39.0	6,500 7.0	700 1.0	2,700 3.0	87,500 100
2000 %	39,200 34.0	17,600 15.0	42,800 37.0	10,200 9.0	400 0.3	4,300 4.0	114,600 100
2001 %	64,800 44.0	18,800 13.0	44,600 30.0	14,200 10.0	-2,400 2.0	3,400 2.0	148,200 100
2002 %	79,300 44.0	20,900 12.0	49,800 28.0	20,300 11.0	3,800 2.0	5,500 3.0	179,600 100
2003 %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	168,600

Source: *International Visitors Survey 1998-2003, BTR*

Table 7.4 c Chinese Visitors to Australia – Major destinations visited 1999-2003

Year	Sydney	Melbourne	Gold Coast	Brisbane	ACT	Tropical North QLD	Perth	Total
1999 %	72,625 83.0	38,500 44.0	22,750 26.0	14,875 17.0	7,875 9.0	7,000 8.0	5,250 6.0	87,500
2000 %	92,826 81.0	40,110 35.0	24,066 21.0	25,212 22.0	17,190 15.0	6,876 6.0	3,438 3.0	114,600
2001 %	114,114 77.0	60,762 41.0	47,424 32.0	32,604 22.0	19,266 13.0	11,856 8.0	2,964 2.0	148,200
2002 %	123,924 69.0	66,452 37.0	53,880 30.0	43,104 24.0	14,368 8.0	12,572 7.0	5,388 3.0	179,600
2003 %	105,000 62.3	74,200 44.0	36,100 21.4	36,500 21.6	n.a.	13,400 8.0	10,600 6.3	168,600

Source: International Visitors Survey 1999-2003, BTR

Table 7.4 d Chinese Visitors to Australia – Travel party type 1999-2002

Year	Unaccompanied traveller	Business associates travelling together	Adult couple	Family group	Friends & relatives travelling together	Total
1999 %	53.0	18.0	15.0	8.0	7.0	87,500
2000 %	57.0	16.0	12.0	9.0	6.0	114,600
2001 %	53.0	13.0	18.0	9.0	8.0	148,200
2002 %	52.0	16.0	14.0	9.0	10.0	179,600

Source: International Visitors Survey 1999-2002, BTR

overseas travel generally, without reference to particular destinations. The respondents in the current research were not under the influence of the Australian visa requirement which might have distorted the statistics of purposes of trip in the 1990s. For example, visits to South-east Asia may be undertaken exclusively for sight-seeing purposes, whereas the focus of travel to Hong Kong may be visiting relatives. As a result, the respondents provide intuitive answers applicable to all possible outbound destinations.

Comparing the data for past and future purposes of trip shows some changes in the travel patterns amongst Chinese outbound travellers (see Table 7.5, page 240)

Table 7.5 Purpose of Trip, Past and Future (Survey One)

(N=588)

Purpose of trip	Past (%)	Future (%)
Recreation & pleasure	25	58
VFR	16	17
Employment & training	11	15
Business	9	-
Improved quality of life	-	49
Learn new things	-	21
Satisfy curiosity	-	17
Personal development	-	12

(Note: multiple responses applicable)

Source: Data collected from Survey One by the researcher in 2000.

7.2.5 Changing travel patterns

With a view to identifying changes in travel patterns, the researcher approached the National Statistics Bureau in Beijing and the Guangzhou Tourist

Bureau for official statistics on outbound travel. Unfortunately the researcher was unable to access information due to the lack of relevant connections (*guanxi*) and being unable to provide the required referees (eg. reference letter by someone from a relevant authority such as CNTA). In light of this problem, the researcher became reliant on obtaining information from within Australia. Though incomplete, the data shown in Tables 7.4a, 7.4b and 7.5 reveal important information about changing travel patterns amongst Chinese travellers. Being one of the most popular long haul destinations, and because it is easier to gather information about Australia than other countries, Australia is used as an example. It is not claimed that Australia represents other destination countries, since each country has its own situation and characteristics in terms of receiving Chinese visitors. For example, Hong Kong and Macau are generally regarded as destinations for VFR travellers, whereas travel to Singapore, Malaysia, Thailand and Vietnam is primarily for recreation and leisure purposes. Travelling to Western and developed countries is usually for business and technical exchanges, and to some extent to learn about Western culture.

As suggested in Figure 2.6 (page 58), significant changes are evident at various stages of the development of China's Australian bound travel. Between 1986 and 1990, many Chinese outbound travellers came to Australia with a student visa, concealed behind the category "others" (nearly half of the total short term arrivals from 1987 to 1990). After the Tiananmen Square Incident in 1989, Australia accepted nearly 50,000 Chinese students as permanent residents who had been in Australia prior to or after the incident. This involuntary migration intake caused a heated immigration debate at that time. Since then, China was labelled a "high risk" country for overstaying visas. In 1990, special entry requirements were introduced to prevent PRC students from entering Australia to overstay their visa. Subsequently the number of PRC students dropped significantly. Australia's experience with Chinese visitors in the 1980s was not unique, as other major developed countries such as the USA, Britain, Canada, New Zealand, and Japan, as well as African countries such as Mauritius and

Kenya, had similar experiences of accepting huge numbers of Chinese students to join their migration stream.

When additional visa restrictions were imposed on Chinese students, Chinese travellers altered their behaviour by applying for business visas. Since 1991, the short term Business Visa (Class 456) and the long term Business Visa (Class 457) have become the most popular visa types for Chinese people, regardless of whether the trips are genuinely for business purposes or not. For most of the 1990s, business visitors have been the major component of Australia's short-term international arrivals, despite strong leisure purposes hidden behind the business visas. Such business travel may take the form of business opportunity investigation, technical visits, cultural exchanges, or short term educational and vocational training. The growth of business travel from China is closely related to China's social transformation. The nation is in transit and is eager to learn and introduce new ideas and technology from the developed world.

As overseas students are Australia's second largest group of temporary entrants, constituting a \$3.2 billion dollar export industry (DIMA Fact Sheet 60, 2001), Australia opened its door to Chinese students again. In financial year 1998-99, 3,530 students visas were granted to PRC citizens, an increase of 49% over 1997-98 (DIMA Fact Sheet 56, 2000). Since the beginning of the new century, tourist visas are gaining more importance (30.6% in 1999 – ATC China Market Profile 2002) as a result of the 1998 ADS Agreement between Australia and China; however, business related travel remains a crucial part of China's outbound tourism (27.2% in 1999 – ATC China Market Profile 2002).

The primary and secondary data noted above to some extent reveal a correlation between social change and outbound travel development. This can be interpreted as supporting Research Questions 1, 2 and 3 (page 10).

When asked about worries they may encounter while travelling overseas, 50% of respondents nominate language barriers, 33% inadequate funds to support

oneself, 30% feelings of insecurity in a strange country, 21% concern about people's attitudes in the host country, and only 8% cultural differences such as food. These findings explain why package tours and travelling in groups are the prevailing modes of travel for the Chinese. As discussed in Section 2.8.1 (Figures 2.4a, 2.4b and 2.5, page 49, 50 and 53), travellers with less experience tend to fall between levels 2 and 3 on the scale of travellers' psychological needs. Such travel patterns are typical in a new and immature travel market such as China's.

Funding of future overseas trips

Unlike the situation in the 1980s when most Chinese outbound travellers borrowed money to fund their overseas travel, 80% of respondents indicate that their future overseas trips would be self-funded (contrary to findings of Survey Two, where most respondents had their trips paid for by their employers). Only 18% would rely on family members to pay for the trips, ap

proximately 4% each on relatives in destinations, government and employers. This indicates an enormous consumption potential, and is also indicative of the impact of social change on consumption behaviour.

Intention to over-stay visa limit

In contrast to the situation during the 1980s, when many outbound travellers from Guangdong, Shanghai and Beijing intended to seek migration opportunities in developed countries (Tang, 1997), most respondents (72%) stated that they would return to China immediately upon the expiry of their visas, or where an extension was not approved. Overstaying in foreign lands has been a big issue for both China and the destination countries (see discussion in Section 2.10, page 70). Given the numerous cases of boat-people from China and people smuggling to developed countries such as the USA or in Europe (Mo, 2004), the reliability of this information may however be questionable. A notable example is the tragic case of the 58 Chinese stow-away who suffocated in a truck in 2000 while trying to slip into Europe unobserved. Given such events, many developed

countries are still concerned about the social burdens likely to be caused by the sudden arrival of large numbers of non-citizens.

In Survey One, the researcher wished to test the intention of respondents to overstay visas but felt that it would be inappropriate to ask such a sensitive question directly. Thus Question 29 of Appendix G1 was used to test respondent intention to extend their visa prior to expiry. The hidden intention behind this open-ended question was detected by a small proportion of respondents, and their comments reflect a strong sense of patriotism. These include: “China is the best country in the world”; “Nowhere on earth is better than my own home”; “Why should I stay in a foreign country illegally while there are so many opportunities in China”; “As a Chinese person, I will live and die in my own country”; “My roots are in China”. There are also general comments such as: “Not necessary to extend visa”; “Everything is pre-organized. No need to overstay the scheduled time”; “No way. I have to go back to work”. These types of responses may be indicative of the difficulties surrounding behavioural intentions that are at the margins of or beyond the law.

According to some respondents to the present research, those who intend to become illegal immigrants in other countries and choose to risk their lives in such ways are primarily from a small number of under-developed regions within China. These people tend to be less educated, inadequately informed, and desperate to leave their home towns or villages to seek a better future. Their ignorance, together with an eagerness to find a better life elsewhere, make them prey to illegal organizations involved in the people-trade. As one respondent in Guangzhou commented during an in-depth interview:

“No way that people in wealthier cities such as Guangzhou would risk their life like that. Of course some city people may also intend to find employment or even migration opportunities abroad, but they would do it in a much safer way, for example, paying extra money to get an entry visa of some sort and travel by plane. But

China is now prospering. There are plenty of opportunities here now. We are not desperate as we were before”.

This view is shared by many other respondents and confirmed in discussion with interpreters (who do not want to be identified due to confidentiality reason) involved in assisting immigration officers to conduct interviews with the boat people in Port Hedland Immigration Detention Centre in Western Australia, and at the Immigration Barrier Control at various airports in Australia. It was confirmed that most of the boat-people are from rural towns within Southern China such as Beihai (a town within Guangxi Province) and Fuqing (a town within Fujian Province). Some boat people can only speak the dialect used exclusively in their town of origin. This can create communication problems with immigration officers. For reasons of confidentiality, information about overstaying visitors remains vague and obscure.

Despite being labelled as a “high risk” country, and contrary to its previously high overstay record, China is not on the top ten list in 2002 for either the general or visitor overstaying rates, although in numerical terms it is still ranked third (DIMA, 2002). This is to say that given the large number of Chinese visitors, the percentage of over-stayers is relatively low compared to countries listed below. The overstay rate shows the estimated percentage of visitors (ie people who arrive in Australia primarily as tourists) who no longer have a valid visa. During 2002, the top ten countries with the highest visitor overstay rates are: Macedonia (with 4.1% overstaying), Jordan (3.5%), Greece (2.5%), Vietnam (2.5%), East Timor (2.1%), Peru (2%), Samoa (1.9%), Spain (1.5%), Kiribati (1.5%) and Lao (1.4%). This list includes only countries with arrivals of greater than 500 during the specified period. According to a press release issued by Australia’s Department of Immigration and Multicultural Affairs (DIMA, 2002), the number of overstaying visitors from China has been declining over the past few years. As a result, the Department is considering revising the visa controls regulations.

“Overstaying visa” is the cause of strict visa controls being imposed on intending Chinese outbound travellers by developed countries such as the USA, Great Britain and Australia. China’s transformation from a high risk country to one that is not included in the top ten countries with the highest visitor overstaying rates has significant implications for the development of the market. The findings from both primary and secondary data indirectly and partly contradict statements contained in Research Question 8 *“From the perspective of a receiving country, Chinese travellers are a burden for destination countries because they often overstay their visa time limits”*, but strongly support Research Question 9 *“In line with the changing stability of China’s political, economic and social situations, the current composition of “push” and “pull” factors is likely to change”*. While there are still people from China intending to seek migration opportunities or to overstay their visa limit, the push factor has been weakening and the benefits of having Chinese visitors are likely to overtake the costs in the future.

Overseas trip budget

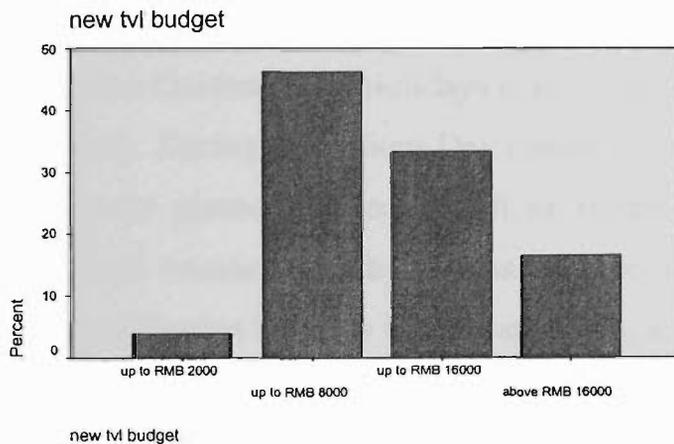
As shown in Figures 7.8a and 7.8b (page 247), about 36% of the respondents in Survey One set their overseas trip budget at RMB8,000, enough to travel to neighbouring countries such as Vietnam, Thailand, Singapore and Malaysia. About 26% are willing to pay up to RMB16,000 for an overseas trip, enough to travel to a longer-haul destination, such as a short trip to Australia. It is worth noting that about 13% have a budget above RMB216,000, reflecting the growing gap between the rich and the poor. In terms of travel consumption, it means that there are significant numbers of people in Guangdong who are willing to spend significantly on overseas travel. This is reflective of Guangdong’s strong economic conditions.

Figure 7.8a: Future Overseas Travel Budget (Frequencies)

new tvl budget

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	up to RMB 2000	18	3.1	3.9	3.9
	up to RMB 8000	212	36.1	46.2	50.1
	up to RMB 16000	153	26.0	33.3	83.4
	above RMB 16000	76	12.9	16.6	100.0
	Total	459	78.1	100.0	
Missing	System	129	21.9		
Total		588	100.0		

Source: Data collected from Survey One by the researcher in 2000.

Figure 7.8b: Future Overseas Travel Budget (Percentage)

Source: Data collected from Survey One by the researcher in 2000.

7.2.6 Social change and travel

This section contains information based on findings from Survey One which provide strong support for Research questions 1, 2 and 3 (page 10).

Have the reforms made travel more accessible?

An overwhelming majority (83.1%) agree that the Open Door and Reforms policy over the past 20 years has made travel more accessible. The reasons given include relaxed government regulations (60%), favourable conditions overall (25.2%), improved economic conditions (11.6%), higher living

standards (5%), lower and more affordable prices (3.1%), more foreign connections (2.6%), more open-minded and broader view of the world (2.6%), and more holiday and leisure time (1.4%). It might have been anticipated that improved economic conditions would be an important factor. However, the small percentage (11.6%) selecting this option is probably indicative that many respondents consider that current economic conditions are still not good enough to make overseas travel accessible and affordable.

The low percentage (1.4%) given to “more holiday and leisure time” is probably not reflective of the true situation across China. This may partly be due to timing. Since the introduction of the Golden Week Holidays policy in 2000, the Chinese have had many more travel opportunities, particularly for domestic travel. The longer holiday periods are indicative of the government’s strong support for tourism. The Golden Week Holidays policy was expected to boost travel demand significantly. During the Labour Day Festival in the year 2000, almost all of the most popular places of interest such as Huang Shan (Yellow Mountain) and Beijing were over-crowded by tourists, and the festival was even regarded as an unexpected disaster by many tourism suppliers, as demand significantly exceeded supply (King, Yu & Tang, 2003).

Despite the majority of respondents considering that reform has made travel more accessible, about 13% disagreed. They emphasised the difficulty in obtaining visas, and sense of crisis due to the government reducing its social role and limiting its social welfare responsibility. Some respondents indicated that they are unsure whether the statement is right or wrong. They believed that it is a complicated issue and hard to answer simply. Some admit that they are not knowledgeable about the situation and are unable to comment.

How does social change influence travel demand?

Most respondents expressed positive views about the current social situation. More than half believed that the dramatic social changes evident since

1978 had created opportunities and wealth for many. They commented that relative to the pre-reform era, disposable incomes are higher and it is easier for travel plans to be realized. Factors cited as major reasons for higher travel demand include: more consumption choices since the Open Door and Reforms policy (39%), more freedom to move around (33.2%), and more information about the outside world (32%). A small number, though nevertheless a substantial minority of respondents (10.4%), expressed pessimistic views about the social environment. They were troubled by social issues such as unemployment, housing, medical and education services, which have resulted from the diminishing role of central government as a provider of social welfare services. Such negative opinions emerged more clearly in the in-depth interviews and will be discussed later.

Factors influencing decisions about outbound travel

Many respondents cite “money” and “time” as the two most important determinants in the travel decision-making process, perhaps because outbound travel is an expensive form of consumption that involves an extended absence from earning an income. In Question 24 of Appendix G1, respondents were asked to rank five major influencing factors in their decision making for overseas trips. The findings reveal that in order of importance, these factors are: money, time, visa and entry restrictions, overseas ties, and domestic travel opportunities.

The survey identifies that a majority (88%) of the respondents opt for “money” as the most important influencing factor, whereas 68.6% regard “time” as more important. Other influencing factors are comparatively less significant. To the surprise of the researcher and contrary to the belief of some outbound travel service providers in China, as well as the findings of previous studies, only 25.4% consider “visa and entry restrictions” as the most or as a very important factor in their travel decision-making process. This is despite the fact that it has been identified as a fundamental obstacle hindering the development of China’s international outbound travel market (Zhou and King, 1997). The reason for the

low score attributed to “visa and regulation control” may be because of a belief that gaining an entry visa to developed countries such as Australia is dominated by economic concerns. It appears to be widely believed that as long as the applicant can justify that they have enough funds to support their overseas trip, and to advance security money to guarantee their return at the end of the trip, obtaining an entry visa does not appear to be a problem.

Table 7.6 Most Important Factors Influencing Travel Decision-making (Survey One) (N=588)

External factors	Frequency (%)	Internal factors	Frequency (%)
Economic factors (eg. Time & money)	74.9	Psychological factors Wish fulfilment Pleasure Relaxation Self-esteem Attitudes & perception	41.7 38.3 31.7 21.3 13.2
Social factors Family reasons Social trend Peer groups	26.9 16.5 16.7	Perceived opportunities in destination	7.8
Political factors Government regulations Foreign relations Political climate Visa control	41.5 39.1 36.6 25.4	Past experience	8
Overseas ties	13.8		
Knowledge of destination	25.5		

Note: Survey respondents could nominate as many factors as relevant.

Source: Data collected from Survey One by the researcher in 2000.

Since “money and time” are selected as the two most important factors influencing travel decision-making, at its face value, this finding does not support the first part of Research Question 4 “*Does China’s outbound travel market differ substantially from markets governed by free market consumption and marketing rules, given the characteristics of China’s social system?*” but to some extent affirms the second part of the question “*Are economic factors the primary concerns for Chinese travellers in making travel decisions?*”. The finding also partly contradicts Research Question 6 “*The Chinese traveller’s decision making process differs significantly from that of the traveller of a developed country*”. Nevertheless, a deeper analysis of the findings reveals that there are similarities and differences between the two groups of travellers. This will be discussed in more detail in Section 7.4 (page 266) with the assistance of Table 7.9 (page 267). “Overseas ties” might have been expected to attract greater attention but is cited by only 8.9% of respondents. Competition arising from domestic travel is ranked the 5th most and very important factor in influencing people’s travel decision making. These findings indicate that despite the strongly interventionist approach of the Chinese Government (known as “managed growth”) towards outbound tourism, many of the decision making fundamentals are similar to those found in developed western countries.

A comparison of factors influencing travel decision-making

Based on conventional motivational studies in consumer behavior and travel decision-making theory, as well as the researcher’s personal beliefs, Question 25 of Survey One (Appendix G1) groups the most common internal and external influencing factors into eight categories: economic, social, political, overseas ties, psychological, knowledge of the destination, perceived developmental opportunity in destination country, and past experience. The first four categories are external factors, whereas the rest are internal factors.

In order to examine how potential travellers might be influenced during the process of travel decision-making, a 5-point Likert Scale Measurement is used

to measure the level of importance of each factor, with the higher the score, the greater support for the value. Wherever applicable, respondents were asked to apply scores to each of the eight categories and sub-categories. Table 7.6 (page 250) summarizes these findings, which reveal those factors that Chinese consumers perceive to be important factors when making overseas travel decisions. With the support of the findings from Survey Three, significant similarities and differences are detected between Chinese consumers and those in western societies in terms of travel decision-making. More details of the comparison are presented in Table 7.9 (page 267). This sub-section together with the analysis of data collected from Survey Three partly meet Specific Aim 5 “*Profile the Chinese outbound traveller and examine the associated consumer decision-making processes*”; and Specific Aim 6 “*Identify factors motivating travel and influencing destination preferences*”.(page 9)

7.2.7 Cross-tabulation analysis

The following section takes the examination of Guangdong’s outbound market a step further by identifying the correlation between variables, such as overseas travel experience and occupation, level of income, employment status and overseas ties (see Appendix K, page A14). The importance of certain variables is measured and the characteristics of the China outbound market are identified. The outcomes of this section, together with those previously discussed, satisfy the aims set out in Specific Aim 3 “*Through a detailed study of potential Guangdong outbound travellers, to arrive at an interpretation of China’s outbound travel propensity*”, Specific Aim 4 “*Identify features of China’s outbound travel market generally, and the features of the Chinese traveller in particular*”, and Specific Aim 5 “*Profile outbound travel demand and classify relevant market segments*” (page 9).

Overseas trip experience

Of the 588 respondents who participated in Survey One, 190 (32%) have had previous experience of outbound travel (Table 7.7, page 253). The destinations visited previously are consistent with the course of China's outbound travel development, namely starting with travel to neighbouring countries and regions, then slowly extending to include long haul destinations such as North America, Australia and New Zealand. As the market matures, increasing numbers of travellers will take longer trips. The implication for Australia is considerable potential market growth, coinciding with the growth phase of the life cycle. By

Table 7.7 Overseas trip experience – destinations visited (Survey One)
(N=588)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
indiv. income * HK / Macau / Taaiwan	82	13.9%	506	86.1%	588	100.0%
indiv. income * N.E Asia	15	2.6%	573	97.4%	588	100.0%
indiv. income * S.E. Asia	61	10.4%	527	89.6%	588	100.0%
indiv. income * Other Asia	1	.2%	587	99.8%	588	100.0%
indiv. income * Australia / New Zealand	9	1.5%	579	98.5%	588	100.0%
indiv. income * North America	11	1.9%	577	98.1%	588	100.0%
indiv. income * South America	1	.2%	587	99.8%	588	100.0%
indiv. income * Europe	8	1.4%	580	98.6%	588	100.0%
indiv. income * Africa	2	.3%	586	99.7%	588	100.0%

Source: Data collected from Survey One by the researcher in 2000.

way of contrast, Hong Kong /Macau /Taiwan are already quite accessible for people occupying various occupations, because they are cheaper and because many Southern Chinese have their social and family ties in these places.

South-east Asia is the second most visited region. There has been a boom in package tours to Singapore, Malaysia, Thailand and Vietnam. Most of these trips are for sight-seeing purposes. Japan and Korea may be referred to as North-

east Asia. South Korea long ago opened its doors to Chinese travellers and generally has an enlightened approach towards the Chinese outbound market. According to a small group of young professionals interviewed in Guangzhou in 2000, a trip to South Korea is only slightly dearer than to South-east Asia, making South Korea a popular destination for the Chinese, especially those from Northern China. For a number of reasons, interest in Japan is generally not high. These include the historic conflicts between China and Japan, the high living costs and standards, and the difficulty in obtaining employment without a visa. The most important reason is likely to be that Japan has a very similar culture to China, and is less appealing to Chinese people relative to the culture of Western destinations.

Table 7.8 Overseas travel experience versus income, occupation and employment (Cross tabulation data, Survey One)

Variables	Overseas travel experience
1. Level of income (N=588)	
* RMB 1001-2000	82 (43%)
* RMB 2001-3000	39 (21%)
* RMB 3001-4000	34 (18%)
* RMB 5000 or above	14 (0.7%)
2. Occupation (N=198)	
* Executive, entrepreneur, business owner, sales representative	75 (38%)
* Para-professional and trades people	26 (13%)
* Public servant	23 (12%)
3. Employment (N=204)	
* Public sector employees	80 (39%)
* Self-employed	47 (23%)
* Private sector employees	41 (20%)
* Joint-venture employees	29 (14%)

Source: Data collected from Survey One by the researcher in 2000.

Data shown in Table 7.8 (page 254) suggest that although there is a positive relation between income and tourism consumption, income has no clear positive relation with tourist behaviour (Zhang, 2002).

Case 1: Levels of income and overseas travel experience

As has been observed by many travel and tourism researchers, income has consistently been the primary facilitator of travel. Data collected from Survey One suggest that this is not always the case with China's outbound travel market. The biggest group of ex-outbound travellers is found among those within the monthly income group up to RMB2,000 (82 cases or 43%), whereas only 14 cases (0.7%) are within the high income group of above RMB5,000. The middle income groups of up to RMB3,000 and RMB4,000 score 39 (21%) and 34 (18%) respectively (see Case 1, Appendix L, page A24). Interestingly, data shown in Figures 7.9a and 7.9b (page 256) also suggest that those willing to pay high costs for a trip are mainly found in low income group 1,001-2,000. These findings can be interpreted in different ways. On the one hand, they may be due to problems such as sample scale and/or bias; on the other hand, they may reflect China's dual income standard system. The researcher notes that these findings are reflective of some characteristics of Chinese outbound travellers. Many Chinese who have travelled overseas are likely to occupy positions that offer travel opportunities, for example, postal officers sent to a developed country to learn about new mail-sorting technology. Such travellers are likely to form part of the income group under RMB2,000 per month. (The researcher came across such a group of postal officers from China on an Air China flight coming to Melbourne in April 2002). By way of contrast, some of the richest groups within the community may not have the opportunity to travel. The reasons may include: 1. Lack of time as they consider themselves to be indispensable to their businesses. 2. Inability to obtain a visa into the countries they want to visit. For example, a respondent in Zhongshan told the researcher that he and his wife applied unsuccessfully several times for visas to visit the USA and Australia, despite the fact that they are multimillionaires and are quite well known in their home town. His family travelled to Russia twice

because they have a desire to experience western culture, and Russia was the only western country for which the whole family could get visas. Despite the need for further investigation into the reliability of the data collected, findings of the present research to some extent affirm Research Question 4 (page 10).

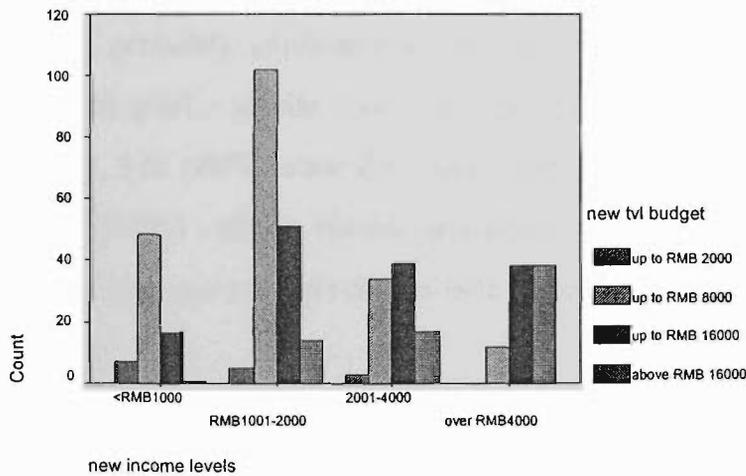
Figure 7.9a: Level of Income Versus Future Overseas Travel Budget

new income levels * new tvl budget Crosstabulation

Count		new tvl budget				Total
		up to RMB 2000	up to RMB 8000	up to RMB 16000	above RMB 16000	
new income levels	<RMB1000	7	48	17	1	73
	RMB1001-2000	5	102	51	14	172
	2001-4000	3	34	39	17	93
	over RMB4000		12	38	38	88
Total		15	196	145	70	426

Source: Data collected from Survey One by the researcher in 2000.

Figure 7.9b: Level of Income Versus Future Overseas Travel Budget (Bar chart)



Source: Data collected from Survey One by the researcher in 2000.

Case 2: Occupations and overseas travel experience

Amongst those who have travelled overseas previously, the outstanding occupational groups with ready access to overseas travel to both short and long haul destinations consist of executives, entrepreneurs, business owners and sales representatives. Of the 198 valid cases, 75 (38%) fall within this group, followed by 26 paraprofessionals and trades-people (13%) and 23 public servants (12%) (see Case 2, Appendix L, page A27). In China, a “public servant” is a government employee. A public servant is not necessarily a “cadre”, since the latter is determined by way of an assessment and selection system, and usually enjoys better rewards or more benefits. In general, those who are employed in the public sector tend to have greater overseas travel opportunities.

Case 3: Employment and overseas travel experience

The research data indicate that of the 204 valid cases, 80 people (39%) who have overseas travel experience are public sector employees, compared to 47 (23%) self-employed, 41 (20%) private sector employees, and 29 (14%) employed by joint-venture enterprises (see Case 3, Appendix L, page A30). The spread of these findings is probably explained by the advantage enjoyed by government officials who hold public affairs travel documents. Of those who have overseas travel experience, 126 (60%) state that they travel for the purposes of recreation and pleasure, 63 (30%) visiting friends and relatives, 40 (19%) for business, and 30 (14%) for employment related reasons (see Case 4, Appendix L, page A33).

7.2.8 *The in-depth interviews*

As part of Survey One, 71 Chinese consumers were interviewed during the researcher’s fieldwork in 2000. Interviewees were drawn from acquaintances of the researcher in Guangdong, and from the 588 respondents who indicated willingness to participate further by providing personal contact details at the end of the completed questionnaires. All interviews were semi-structured and

informal, with some involving small groups, and others conducted individually either face-to-face or over the phone. A range of questions (see Appendix H, page A10) was posed to each interviewee. Respondents were encouraged to give their opinions freely, and all answers and comments during interviews were truthfully documented. In-depth interviews provide the researcher with an opportunity to ask the respondents more sensitive questions, which may not be appropriate in the survey questionnaire technique. All interviews were conducted in the format of casual chatting to avoid any unnecessary interviewee worry or embarrassment, since the researcher had been warned by her contacts in Guangzhou that the Chinese in general tend to be more politically and culturally sensitive than others.

Some of the responses provided by the interviewees are either fragmented, incoherent or irrelevant. For this reason, it is sometimes difficult to cluster opinions into clearly defined themes without compromising their true meanings. With a view to being as accurate as possible in the data reporting, findings from these interviews are largely grouped into three categories: positive, pessimistic, and general opinions. Each type of comment is noted with its relevance to the specific interview question (see Appendix M, page, A48). The researcher feels that in this way the report can better reflect a truthful record of what have been said by the respondents, given that the interviews have been conducted in a rather loose manner.

7.3 Survey Two: Chinese travellers to Australia

Survey Two includes a collection of supporting data. The survey was conducted between 2000 and 2001 and aims to collect information about Chinese travellers who visited Australia during the period of Surveys One and Two. Survey One concerns Chinese consumers in general, with an intention of achieving the aims set out in Chapter One. Survey Two plays a supporting role to Survey One and has been designed to examine the travel behaviour of those who have previously travelled overseas. Given that the valid sample is too small to be

representative and to have any statistical significance, Survey Two should be regarded as merely an example providing useful insights into a dimension of the Chinese outbound travel market. A number of Australia-specific questions were asked, since the research had an Australian perspective at the time it was conducted. One hundred questionnaires were distributed with assistance from two Melbourne-based inbound tour operators and one education agent. Together with the seven questionnaires completed and returned in Guangzhou City in 2000 and 18 collected in Melbourne in 2001, 39 cases were available for analysis purposes. The researcher was able to interview 14 people between June and December 2001 (three from each of the four groups of Chinese visitors and two individual visitors in Melbourne). Despite the invalidity due to small sample size, data collected from this survey were grouped and presented under different categories. It is hoped that such fragmented information may help to supplement one part of the findings in an attempt to obtain a better understanding of the China outbound travel market.

7.3.1 Travel behaviour

Based on the data collected from Questionnaire 2 and interviews conducted in Melbourne, most Chinese visitors were travelling to Australia for the first time. Given that many were members of groups coming to Australia for professional development training, the average lengths of stay were relatively long, ranging from ten days to four weeks. Travelling in groups was the most typical pattern in this sample, with a very small proportion in independent travel. This to some extent provides a positive answer to Research Question 5 “*Will package tours remain the dominant form of outbound travel, given the relative immaturity and contingency nature of the market?*”. The researcher observes that in recent years Chinese people tend to travel overseas in groups, especially to destinations where ADS is enforced. As noted in Figure 2.5 (page 53), the Chinese traveller still straddles the first and second levels of Maslow’s Hierarchy of Needs. As safety, security and a sense of group belonging are major concerns for travellers in developing premature markets, package tours are the dominant

form of outbound travel pattern, regardless of whether or not the travellers fall within the ADS category.

Majority (30 out of 35) were professional people and holders of management positions in either government enterprises or foreign capital funded enterprises. Many appeared to be high level consumers (eg. buying luxury goods, overseas travel and shares), despite the fact that only a few (5) had an income of 5,000 Yuan or above; the rest were in the low to medium monthly income groups ranging from 2,000 Yuan to 4,000 Yuan. Almost all (33) had their trips paid for by their employers. Most had multiple purposes of trip, combining sight seeing with business or training related purposes. Only five selected holidaying or sight-seeing as the only purpose for the trip. The majority (28) were motivated by business and work-related reasons, with other motivators spread out more evenly among “VFR”, “love for nature”, “curiosity” and “social reasons”. Almost all indicated no intention to have their visas extended beyond the duration of stay originally granted.

7.3.2 *Level of satisfaction*

All respondents of Survey Two (35) expressed overall satisfaction with their Australian experience. An overwhelming majority (32) indicated they would come back again and were happy to recommend Australia to their friends and relatives. Many (22) of those travelling for business or training purposes expressed an interest in returning with family members for a holiday. Almost all respondents (32) regarded “life style”, “climate and scenery”, “quality of life and living standards”, “peaceful and clean environment”, “prosperous and advanced society” as the things they most liked about Australia, whereas some (20) indicated that “language barrier”, “high costs”, “cultural difference”, and “local attitudes” were drawbacks in their experience in Australia.

Figure 7.10 Profile of Chinese Groups to Australia (Survey Two)

Characteristic	Source of Visitors	Group Size	Age Range	Social Status	Nature of Visit	Highlight of Trip	Length of Stay
Group 1	Anhui	8	40 to 55	Government Administrators	Work incentive	Sight-seeing & culture	11 days
Group 2	Guangzhou	12	25 to 45	Telecom Groups	Business & work incentive	Technical visit, business & sight-seeing	13 days
Group 3	Various parts of Northern China	18	30 to 55	Government enterprise employees	Professional training	Training & sight-seeing	3 weeks
Group 4	Shanghai	16	30 to 50	University teachers	Professional training	Upgraded qualifications, culture & sight-seeing	4 weeks

Source: Data collected from Survey Two conducted by the researcher between June and December 2001

7.3.3 *Group interviews*

Figure 7.10 (Page 261).highlights the characteristics of the four group interviews Two interviewees were from each of the business and work-related groups, namely groups 1 and 2, whereas five interviewees were recruited from each of the professional development oriented groups, namely groups 3 and 4. All interviews were semi-structured with the researcher asking several standard questions (see Appendix I, page A11) before inviting the interviewees to freely give their opinions. The interviews were conducted in four small group discussions in hotel lobbies or in the public waiting area of the residences of interviewees. Interviews lasted for up to 45 minutes, a symptom of the limited time available and suitability of the interview space.

Group One was organized by a provincial government body in Anhui, China, as an incentive for a group of eight high-ranking executives from various offices within its administration network. For this group, the main purposes of trip were sight-seeing and obtaining knowledge about Western cultures and lifestyles. Visiting their Australian counterparts occupied only a very small component of the whole itinerary, taking about four hours or one morning. All members of this group were males between 40 and 55 years of age and were led by an officer who held the highest official position among the group. This was an incentive tour fully financed by the relevant work units. Perhaps because of budget limitations, the group spent only eleven days in Australia touring Melbourne, Sydney, Canberra, Brisbane and the Gold Coast. They continued their journey to New Zealand for three days before returning to China via Hong Kong. According to the leader, the official positions and social status of most members of this group provided them with enormous travel opportunities. Many were experienced travellers with high expectations about standards of service quality. For example, they criticized some of the four star hotels in Australia as not being as good as some three star hotels in China. One interviewee proudly commented, “We would not have stayed at a hotel like this if it was in China”. According to some Australian inbound tour operators, due to high competition and price sensitivity,

Chinese visitors are usually placed in three to four star hotels targeting mass tourism and package tours. These properties are usually centrally located, offer a standard level of service, but lack unique characteristics or the “fancy look” which seems to appeal to many Chinese travellers.

Group Two consisted of 12 executives and departmental heads within a large government enterprise travelling for a combination of technical exchange and sightseeing. It was also an incentive group financed by a large joint-venture enterprise in Guangzhou. The highlight of the itinerary for this group was to visit the largest telecommunication organizations in Australia and New Zealand with a view to exchanging technical knowledge. The rest of the itinerary was for sightseeing and shopping. Led by a young engineer, the group was predominantly male (eight males versus four females) and consisted of young professionals aged between 25 and 45. Many members were experienced travellers having travelled to Hong Kong, Europe and / or the USA prior to visiting Australia. This group appeared to be more approachable in terms of answering questions, and more familiar with Western culture. They started their trip in Cairns before travelling to Brisbane and Sydney and finally to New Zealand. After four days in New Zealand, the group returned to Australia and arrived in Melbourne for a technical visit before completing their journey. The duration of stay in Australia was 13 days.

Group Three consisted of 18 managers and administrators recruited from various organizations in China. Again this group was predominantly male (15 versus three). The main purpose of the trip was to obtain professional development training by attending a two week training program in management skills run by a Melbourne- based educational institution. The training was funded by each group member’s work unit. After they completed the training in Melbourne, they had the opportunity to undertake a seven day tour visiting three major tourist locations, Brisbane, the Gold Coast and Sydney, with a side trip to Canberra.

Group Four included 16 teachers recruited from a University in Shanghai. The main purpose of this trip was to attend a one-month professional development training course in Melbourne followed by a nine day trip to Sydney, Canberra, Brisbane and the Gold Coast. The training was subsidized by the university, but the teachers covered a component of their expenses. Most members of the group had never travelled overseas, and were more conservative towards foreign culture and food. The gender distribution was more equitable, with seven females and nine males. Some members were already experts in their own field of study. A key expectation of the trip was to acquire an “overseas qualification” which would be valued highly at home. Group members appeared to have enjoyed living in Melbourne for an extended period, which had given them the opportunity to try various Chinese cuisines in Chinatown and have some contact with the locals.

7.3.4 Common findings from the group interviews

The four groups displayed a number of similarities. These may be indicative of prevalent travel patterns amongst Chinese outbound travellers. Firstly, they were all business or employment-related; secondly they were all smaller in sizes with fewer than 20 participants; thirdly, all group members were travelling without family; fourthly, their length of stay tended to be short (the incentive and technical exchange groups fall between eleven and thirteen days, which is typical for long haul destinations in the Chinese market); fifthly, all groups had their trips paid for by their employers, either as an incentive or as a means of upgrading their knowledge of skills or technologies. Many had previous overseas travel experience. Almost all believed that it was a rare opportunity to go overseas from China. They cited two major reasons: first, the high cost of overseas travel was still beyond the reach of most Chinese, given the cost of a thirteen day trip to Australia (approximately RMB13,000 in 2001). This is considerably more than the median annual income; second, even in the case of those in the “right” position to travel, it occurs infrequently since the employer is required to account for and justify the expenses of the trips. For similar reasons, most interviewees believed that overseas travel was not readily available to the

majority of the Chinese population, and that to have the opportunity required the “right” time, the “right” job, and the “right” social position. Nevertheless, most were positive about the future development of China’s outbound travel. One interviewee even comments proudly and half jokingly, “*We Chinese indeed have got out of the door of our country from now on*”. (According to the Chinese way of expression, this statement carries a connotation of “broadening one’s view. No longer a frog at the bottom of a well”). Almost all interviewees have a very positive impression of Australia in general and were very happy with their Australian experience. This coincides with the findings from the questionnaires in Survey Two.

7.3.5 Interviews with individual visitors

With the assistance of friends, the researcher had the opportunity to interview two independent travellers from Guangzhou in the homes of their relatives in Melbourne. Both were young professionals in their early 30s. They paid for their own trips to visit their relatives in Australia for the first time. One of the two interviewees went first to Hong Kong first where he joined a small package tour to Australia which was organized by a Hong Kong based tour operator. Within Australia the tour started in Cairns and ended in Sydney. The interviewee paid extra money to extend the journey and for transport to Melbourne to see his relatives. The main purpose of visit was to broaden his experience, to find out more about the world beyond China, and to undertake sight seeing. Visiting relatives was regarded as a side benefit or bonus of the trip. The second interviewee was quite different in terms of purposes of travel. He obtained a visitor’s visa and bought his ticket to travel to Melbourne where his brother’s family lived. The main purpose of his trip to Australia was to see his brother and investigate his eligibility for migration under the Independent and Skilled Migrant Category. This was a VFR trip and sight-seeing was not initially intended. The researcher notes that according to Chinese culture, relatives in the host country usually take care of the visiting family member, and depending on their financial

situation, usually most expenses are paid for by the host during the visiting relative's stay, unless the host is in a much worse financial situation than the visiting relative.

7.3.6 Findings from the individual visitor interviews

In contrast to the findings of the group interviews, the two independent travellers did not focus on the difficulty of travelling overseas, especially to destinations within Asia. They believed that those employed in a well-paid position could readily make at least one trip each year. It is not surprising that they made this comment, given that they were both engaged in well-paid employment, were relatively young and had no family responsibilities. However, they believed that overseas travel was not readily available to most Chinese, and that it was still a privilege accessible to only a small proportion of the overall population, notably government officials, professionals and skilled personnel. Both considered that the future of China's outbound travel was very bright, and believed that Australia would benefit from the growth of this market as Australia has a very positive image in China.

7.4 Survey Three – Australian Travellers in Melbourne

This survey was conducted in Melbourne between December 2000 and June 2001 for the purpose of identifying travel decision-making similarities and differences between Chinese outbound travellers and travellers of western societies. With the assistance of three Melbourne based travel agencies, 100 questionnaires (Appendix G5) were distributed to previous customers of the travel agencies. Respondents were Australian residents who had recently completed or had made travel bookings for the near future. 89 questionnaires were completed and returned, a response rate of 89%. Given the huge difference in sample sizes of the two surveys, comparison focuses on scaled percentages rather than the actual numbers of respondents.

Table 7.9 Comparing the influencing factors of travel decision-making between Chinese travellers and Australian travellers

Influencing factors	Chinese Travellers (Survey One) (N=588)	Australian Travellers (Survey Three) (N=89)
	Most important (%)	Most important (%)
Economic factor	74.9	50.6
Social trends	16.5	5.6
Peer group influence	16.7	3.4
Family reasons	26.9	32.6
Satisfy self-esteem	21.3	16.9
Wish fulfilment	41.7	28.1
Relaxation	31.7	53.9
Pleasure	38.3	56.2
Attitude & perception	13.2	19.1
Political climate	36.6	11.2
Foreign relations	39.1	9
Barrier of entry	25.4	31.5
Government regulation change	41.5	16.9
Knowledge of destination	25.5	33.7
Overseas ties	13.8	10.1
Perceived opportunity in destination	7.8	14.6
Past experience	8	30.3

Source: Surveys One & Three conducted by the researcher in 2000-2001

About 67% (60) of the Australian travellers stated that they travelled for leisure purposes, 14% (12) for business and 11% (10) for visiting friends and relatives. About 40% of the respondents travelled with friends, 25% travelled alone, 24% with family, and 11% with both friends and family. Comparison of the

data collected in Surveys One and Three reveal that there are significant differences between Chinese and Australian travellers in terms of the factors influencing their travel decision-making. Table 7.9 (page 267) presents the relevant findings.

Table 7.9 compares the factors influencing travel decision-making amongst Chinese and Australian travellers. While both acknowledged the importance of economic factors (time and money) as important in travel decision-making, 75% of the 588 Chinese respondents considered it the most important factor compared with 51% of Australian respondents. Given the disparity in levels of incomes between China and Australia, this is perhaps understandable. Travel is generally more affordable for Australians than for Chinese.

The views of the two groups towards political and social factors were very different. A larger proportion of Chinese respondents seemed to be sensitive to factors such as “political climate” (36.6%), “foreign relations with country of destination” (39.1%), and “government regulation change” (41.5%), than was the case with Australian respondents (11.2%, 9% and 16.9% respectively). The differences can be explained by the fact that China’s outbound tourism is very much government controlled, whereas in Australia, the government plays only a supportive role. Although it should be acknowledged that the percentage of respondents selecting social factors was not high in either group, the Chinese had much higher responses than Australians in the cases of “social trends” (16.5% versus 5.6%) and “peer groups influence” (16.7% versus 3.4%). In terms of psychological factors, more Australian respondents were leisure and hedonic oriented than the Chinese, scoring much higher on relaxation (53.9% versus 31.7%) and pleasure (56.2% versus 38.3%), which are important for people living in stressful industrial societies. Chinese respondents were slightly more concerned about “self-esteem” than Australians (21.3% versus 16.9%) and about “wish fulfilment” (41.7% versus 28.1%). The psychological differences identified appeared to reflect some of the distinct market characteristics of mature and immature travel markets. In mature markets such as Australia, pleasure and

relaxation appear to be important travel motivators, whereas in an immature market such as China, self-esteem and wish fulfilment are important motivating factors especially in the case of overseas travel. As reported by the ATC, “bragging rights on return home” is one of the key holiday needs for Chinese outbound travellers (2002). The view of overseas travel as a symbol of better social well-being of which the traveller would be very proud is common in less developed countries. Other areas of major difference were “perceived opportunity in destination” and “past experience”. Amongst Chinese respondents, only 7.8% and 8% considered these as the most important factors, compared with 14.6% and 30.3% in the case of Australian respondents. The low percentages reported for Chinese respondents in these two factors may be attributable to their reluctance to provide truthful answers to a somewhat sensitive question (in the former case), and to the recent emergence of overseas travel as a social activity in China. It appeared as if “past experience” was considered to be relatively unimportant to Chinese, probably due to the fact that not many Chinese respondents have past overseas travel experience, whereas Australians are more likely to be experienced travellers. In a number of cases there were minimal differences evident between Chinese and Australian respondents. These include “family reasons” (26.9% of Chinese versus 32.6% of Australians), “attitude and perception” (13.2% versus 19.1%), “knowledge of destination” (25.5% versus 33.7%) and “overseas ties” (13.8% versus 10.1%).

The findings from Surveys One and Three noted above suggest that Chinese travel decision-making can be significantly influenced, either directly or indirectly, by social conditions brought about by social and political factors such as changes in government regulations and policies. As noted by one interviewee in Guangzhou, *“Nowadays we are trying to enjoy our life as much as we can and make the most of what we have, because we are not sure whether we would lose everything again one day, if the central government decided to change the national policy”*. The findings noted in the previous section provide answers in response to Research Question 1: *“In a socialist country such as China, which is experiencing a period of transformation and redefinition, is travel propensity*

influenced by social change?"; and Research Question 3, *"Given the distinct characteristics of China's social system, is China's outbound travel market sensitive to particular influencing factors derived from social change?"*. The findings also provide some affirmation for the first and second parts of Research Question 4 *"Does China's outbound travel market differ substantially from markets governed by free market consumption and marketing rules, given the characteristics of China's social system,?"* (First Part) and *"Are economic factors the primary concerns for Chinese travellers in making travel decisions?"* (Second Part). The data collected in Surveys One and Three highlight some important differences in response to Research Question 6, *"Do the decision making processes of Chinese travellers differ from those exhibited by travellers in developed country due to historical influences, and the unique social and political conditions,?"* As commented by one Australian respondent, *"When I feel that I need a holiday and have enough money and annual leave for a trip, I just pack my things and go. Who cares which party is in power and what kind of new policy the government is going to introduce. I have the right to go where I want to go, as long as I have the money and time to do so"*. Other comments from Australian travellers include: *"Yes, I do think political factors are important. Changes in government policies can drive up the prices of many things, including travel"*; *"I can't wait to go back to Italy to see my relatives there. But the Australian dollar is losing so much value as against the US dollar. Perhaps it is not the best time to go now"*. The comments made by Australian travellers were predominantly economically oriented. It seems that Australians take minimal notice of social or political changes in their travel decision-making process, except where these changes may have serious consequences which may threaten personal safety. It is worth noting that the survey of Australian travellers was conducted prior to the September 11 terrorist attacks and the recent War on Iraq. The results might have been different if the survey was conducted after these two incidents.

7.5 Survey Four – Survey of Chinese travel agents

During the researcher's fieldwork in Guangdong in 2000, questionnaires with reply-paid envelopes were posted to seventy travel companies across China, sixty-seven of which were accredited to handle international travel. Disappointingly, only seven questionnaires were completed and returned, resulting in a low respondent rate of 10%. The poor result may be attributable to the distribution of the questionnaires occurring outside personal social networking channels, which are crucially important in Chinese society. During the initial stages of the present research, the study was intended to have a stronger focus on Australian-bound travel from China. Consequently some of the Australia-specific questions which were originally important have become less so after the focus of the research shifted to a stronger international emphasis. Despite the low respondent rate, the findings from this survey are presented in the following section according to clustered themes, with a view to providing insights into travel industry views.

7.5.1 *Profile of the respondent companies*

Five of the seven companies which responded were state-owned enterprises with employee numbers ranging from 60 to 157. The two privately owned companies each employed fewer than 15 people. Despite the major difference in terms of economic scale (total outbound travellers handled per annum ranging from 400 to over 10,000) and business longevity (from three to 20 years), all companies had a relatively short history of handling outbound travel (ranging from three to five years). This component accounted for up to 35% of the total business activities. Almost all respondent businesses concentrated on the Asian-bound market, followed by the European, American and Australian bound markets. One private company reports that 90% of its total outbound business is Australian-bound, whereas two other companies report less than 20% for the same market. The remaining companies had limited involvement in the Australian-

bound market. Only one company has an agent or branch office in Australia, while two others indicate that the development of an Australian office was under consideration.

7.5.2 *Travel patterns*

The outbound travel conducted by these companies was predominantly business group travel and package tours, with smaller proportions of independent travel and visiting friends and relatives. The purpose of trip was predominantly recreation, holiday, leisure, and satisfying curiosity, followed by business and employment related purposes such as business investigation or technical exchange. Traveller motives and expectations were reported in order of preferences as “desire for a remarkable holiday”, “learn about other culture and lifestyle”, “learning new things”, “seeking opportunities for personal development and business”, and “fulfilling self-esteem”.

7.5.3 *Impressions of Australia as a holiday destination*

In general, impressions of Australia as a destination appeared to be very positive. The Australian living environment, lifestyle, climate, natural scenery, and quality of life scored highest amongst the most liked aspects, whereas the language barrier, unfamiliarity with the destination, high living costs, and cultural differences were regarded as the most dissatisfying factors. All companies regarded Australia as an excellent destination with considerable growth potential, and believed that trips to Australia offered good value for money. This positive impression of Australia is confirmed by the ATC’s most recent China market survey, which concluded that Chinese respondents rated Australia as the top holiday destination country (ATC Online, October 2003).

7.5.4 *Opinions for the development of outbound tourism*

All companies reported that their outbound customers were satisfied with their overseas trips. However, almost all considered the biggest barrier to the development of outbound travel to be visa controls imposed by destination countries. Most considered the fastest growing destinations include Australia, Europe, Hong Kong, Macau, Singapore, Malaysia, Thailand, Japan and the USA. The researcher notes that once the visa control barrier is removed, the potential of China's outbound travel market might be fully realized. Though brief and incomplete, findings from this Survey contribute to achieving the goal set out in Specific Aim 8 "*Identify any problems encountered by the Australian tourism industry in dealing with the China outbound travel market*".

7.6 **Survey Five – Survey of Australian inbound tour operators specializing in the China market**

Survey Five was conducted with a view to examining Chinese outbound travellers from the perspective of Australian travel service providers, and to obtaining opinions about the market from key intermediaries who have contact with the market. This survey involved the use of three research techniques: questionnaires, interviews, and participant observation. The researcher had the opportunity to participate in two ITO national meetings organized by ATEC; the first one was the ATEC National Workshop for ITOs and suppliers of various tourism products held in Sydney in December 2002; the second one was the Gold Coast Famils 2003 which was held in February 2003 for ITOs of the Asian markets, and was jointly sponsored by ATEC, the Queensland Tourist Bureau, the Gold Coast Tourist Bureau and QANTAS Airlines. These two opportunities enabled the researcher to meet, speak with, discuss, and share opinions about the China market, with the participating inbound tour operators from various parts of Australia including Sydney, Melbourne, Perth, Brisbane and Adelaide. Between March and May 2003, Questionnaire 5 (Appendix G8) was mailed to 53 inbound

tour operators specialising in the China market. 26 questionnaires were completed and returned. Following the receipt of the completed questionnaires, the researcher conducted eight interviews with inbound tour operators in Australia. Three were done face-to-face with Melbourne based ITOs; the rest were conducted over the telephone with two ITOs in Sydney, one in Brisbane, one in Adelaide and one in Perth.

7.6.1 Sample definition

The respondent ITOs of Survey Five are companies incorporated in Australia with the exception of three individual business owners or sole traders. Based in various capital cities of Australia, all of them are inbound tour operators with experience in the China market. Nine of them are ADS agents, whereas the rest are mainly involved in receiving non-ADS groups, business and technical visiting groups and FIT. Their itineraries generally cover major destinations in Australia, notably Sydney (voted by 24 ITOs), Gold Coast (by 17 ITOs), Melbourne (by 16 ITOs), Canberra (by 11 ITOs), Cairns (by 11 ITOs), Brisbane (by 9 ITOs), Adelaide (by 3 ITOs), Perth (by 3 ITOs), and Hobart (by 1 ITO).

7.6.2 Market characteristics

The Australian ITOs have mixed feelings about the China market. Most (21) indicated they had no problem with Chinese visitors in terms of providing the relevant travel services. This finding has two alternative interpretations: first, their services are so good that Chinese travellers cannot complain; second, Chinese travellers are not demanding and are easy to deal with. More than half viewed Chinese as “price sensitive” and “cost saving oriented”; about half considered them as big spenders on tourist goods (11). There were some contradictory comments: some considered Chinese travellers to be “fussy and demanding” (7), and “not observing rules or social customs” (7); others contended that Chinese travellers were “very easy to please” (3) and “very generous with money”. Given that China has diversified social cultures and vast territory, it is perhaps not

surprising to see differences in travel behaviour among Chinese travellers. As an ITO in Adelaide comments, visitors from Northern China tend to do a lot of shopping, whereas those from the South, especially from Guangdong, are not big spenders. The lack of a shopping impulse may come from being close to Hong Kong and Shenzhen, being China's first region to open to the world, and having the modern city of Guangzhou with its wide range of competitively priced commodities right on the doorstep. Despite the differences of opinions that arose, most ITOs (21) agreed that China's travel market offers great business opportunities for the Australian tourism industry, and many ITOs (9) believe that their customers are "likely to be frequent travellers in future".

Some ITOs complained that Chinese travellers were difficult to please, especially in the case of high ranking government officials or executives of large scale companies. A lack of cultural understanding on the part of Chinese travellers may also create problems for ITOs. It was commented that complaints received from Chinese travellers sometimes appeared unrealistic and unreasonable. They may for example, request a change of tour guide on the grounds of age or gender. Other travellers may be offended by the tour guide's jokes because of perceived cultural difference. An ITO recalled that one of his tour guides was abused by a group of middle aged female travellers because she had jokingly advised them to "kiss a male driver good bye". She was criticized as being rude and shameless, and her comments were taken to be very humiliating and offensive.

7.6.3 *Travel behaviour*

In Question 7 of Questionnaire 5 (see Appendix G8) the ITOs were asked to select the purposes of trip which were important to their travel customers. Multiple responses were permitted for this question. The result reveals that holiday and pleasure scored highest with 20 responses, followed by business activities (16), education (10), visiting friends and relatives (9), curious to see the outside world (9), and personal development (3). Only one ITO ticked "seeking better life" and "social reason" as the purpose of visit. In terms of travellers'

expectations, most ITOs believed Chinese travellers want “to learn something new from other countries” (16); about half of them considered that their customers expected “to look for opportunity for future business or personal development” (12), “to fulfil self-esteem” (11), or “to have a remarkable holiday” (12). Only ten of them believed that the travellers intended “to look for opportunity for migration” and “to learn about other culture and life styles”. The researcher notes that although the results of findings may vary depending on the market segment or geographical source region of the China outbound market, it is generally agreed that sight seeing and pleasure are the most important components regardless of market segment. Whatever the primary purpose of travel, almost all visits involved sight seeing and pleasure seeking to varying degrees.

7.6.4 Impression of Australia as a destination

Almost all ITOs considered that Chinese travellers were satisfied with their experience of Australia. All of them (24) selected “climate and the natural scenery” as the most popular attraction, followed by “the peaceful environment” (16), “the freedom and democracy” (11) and “the people and their life style” (10). The majority (16) believed “language problem” was the item most disliked by Chinese, followed by “cultural difference” (10), “unfamiliarity of the country” (10), and “problems encountered during immigration clearance” (9). Only three ITOs ticked “expectation not being met”, one ticked “the trip not worth the costs”, and one mentioned “western food” as one of the most disliked things.

All respondent ITOs considered Australia as an attractive destination for Chinese travellers and many believed that the current market price for a trip to Australia from China was “good value for money”. Again this coincides with the ATC’s most recent finding that Australia has been rated as the top holiday destination in China (ATC Online, October 2003). Four ITOs had agents or branches in China, with two more considering establishing these. In giving their opinions about how Australia can improve its image as an international tourist destination, many believed that the ATC should undertake more advertising and

promotion in China, while some called for simplified visa application procedures, easier immigration clearance, and banning the shopping subsidization. Improving tour guide services and giving greater attention to the needs and expectations of individual market segments were also on the list of things to be done by the Australian Government.

7.6.5 *Problems confronting the ITOs*

Through participant observation and interviews with the ITOs, the researcher found that most ITOs were unhappy with subsidized duty free shopping. It is believed that some duty free shops are viewed as a threat to the livelihood of many ITOs who deal with the China market. Some complained that the prevalent unhealthy price competition left them with no profit. Other companies avoided ADS groups (which are the most competitive area) and concentrated on the business and technical visiting segments. Recently the situation has deteriorated further due to vigorous price competition amongst travel agencies in China. Many travel agencies in China are out-bidding one another to cut tour prices even in the case of the business and technical visit segments with a view to matching the market prices for the ADS groups. It was commented by some ITOs and even staff from a tourist bureau that the tour price had dropped to well-below cost, between US\$39 and US\$45 per person per day. The problems of price competition and shopping subsidization have been well recognized by many tourism industry bodies, including ATEC and ATC. However, as admitted by some ATC representatives such as Mr Richard Beere (Managing Director) at the ATC Market Briefs held in Melbourne in April 2003, they do not understand how this unhealthy price competition could have happened, given that Australia has a lot to offer to overseas visitors. In this context, there should be little reason to undercut prices to below cost simply to obtain the business.

Some ITOs admitted that due to price competition, they had to sell some of their groups to duty free shops, and had received complaints from Chinese travellers about poor quality and compulsory tipping. It was believed that this

kind of business practice originated from Thailand and Malaysia, where ITOs sold their groups to tour guides, whose services were often not remunerated. The tour guides relied on tips and / or commissions from shop owners to make up for their wages. The problem with this practice is that groups are sometimes abandoned by the tour guides if insufficient shopping is undertaken; some tour guides demand tips from tourists at a set rate of say \$5 per capita per day. Problems of low service quality have been reported in “China’s Travel News, Beijing”, which has criticized some Australian tour operators for poor service quality and for cheating innocent travellers by cancelling activities specified in itineraries (April 2002). Hong Kong tourism has experienced similar problem known as “zero tour cost” (Zhang, Mao, and Chow, 2004). According to Mr Huang, the general manager of CITS in Guangzhou, the hidden trick of this concept is that while paying nothing for the tour, the tourist must participate in activities (eg. cultural shows, horse-racing, shopping etc) prescribed by tour operators in Hong Kong. Often the tour operators recover the tour costs and make profit by charging extremely high admission fees, and/or by getting kick-back commission from shops.

The researcher notes that there is a short supply of professional Chinese speaking tour guides in Australia. Many practising Chinese guides do not possess formal training and some have limited knowledge of English and the tourism industry. The use of unqualified Chinese guides is predominantly for cost-saving purposes. Qualified guides are usually much more expensive and are not easy to find due to an under-supply. This problem has been recognized by the industry and has been reported to the Ministry for Tourism and Trade. As a result, the Prime Minister John Howard announced at the ATEC Symposium held in Perth in May 2003 that a significant part of the grants for the travel industry will be allocated to address the language problems confronted by the industry. “Language problem” refers to the needs for training tour guides and translating tourist information for the fastest growing markets, which are not confined to the China market.

The price-undercutting issue has been recognized by the industry but very little has been done to rectify the problem. As one ATC officer commented, the government has little power to regulate prices set by tour operators even though the adverse effect of underselling is widely known across the industry. The Queensland Government has recently taken action to tighten control over licensing. The researcher notes that the legislation which requires companies involved in tour operations to hold appropriate business licenses passed into law in 2003. This legislation may not have much effect on the shopping-subsidy issue, but may deter practices (such as individuals conducting business from home without complying with the legal requirements set out for the tourism industry) from trading without a proper license. Discussions with staff of Tourism Queensland confirmed the determination of the Queensland Government and Queensland tourism industry to help achieve healthy and sustainable tourism development. ITOs were encouraged to contribute their opinions about how the goal could be achieved.

One ITO interviewed by phone advised that shopping subsidization is not unconditional. Some duty free shops screen and select the groups they believe will do enough shopping to make up their profits. The market research conducted by these shop owners reveals that groups which buy substantial duty free goods and souvenirs usually come from the north, north-east, central, and eastern coast regions of China. The heavily subsidized tour prices (usually below cost) are predominantly available to groups coming from these regions. The duty free shop owners believe that those from the South of China such as Guangdong and Fujian generally do very little shopping for reasons previously mentioned. Some ITOs expressed their concern about the difficulty of collecting payments from tour groups. Some travel agencies in China deliberately delay payments for the tours, which should be made prior to the arrival of groups. Some ITOs even have collectable tour money accumulated of A\$500,000 or more. This delay in payment has created many problems and business risks.

Responding to questions about problems encountered in doing business with the China outbound market, the frequency of responses is as follows: “price competition” (17), “payment collection” (14), visa (9), “control over the number of ADS agents in Australia by the Chinese government” (6), “booking time pressure” (5), “inadequate professional tour guides” (5), “domestic flight bookings and confirmation in Australia” (4). There was only one mention of “language barrier”, probably because the majority of the ITOs are ethnic Chinese. In their answers to the question “*What can the Australian government do to improve business opportunity in this market?*”, many ITOs call for government action in the following: “relax visa control” (15), “stronger government control over price competition” (10), “regulating business operation” (7), “more ADS agents in Australia” (5), “improve tour guide services” (5), “upgrade promotion scale” (3), and “more domestic flights” (2).

Some open-ended comments provided by respondent ITOs at the end of the questionnaire include: “fairer market competition”, “improve tour guide services”, “monitor the ADS requirements”, “regulate duty free shops involvement”, and “more rules to protect the licensed ITOs”.

Survey Five provides a detailed report on the China market from the supply side. The findings from this survey help to achieve the goal set out in Specific Aim 8 “*Identify any problems encountered by the Australian tourism industry in dealing with the China outbound travel market*”. Although the findings from the survey on Australian inbound tour operators may appear somewhat unsystematic and fragmented, they reflect the inexperience of Chinese international travellers while disclosing positive signs of this market. Most, for example, perceive Australia as an attractive destination. Since the data collected through this survey are unique in the sense that no previous studies have examined the market from the supply side perspective in this way, it is hoped that the results contribute to better understanding of this complex market.

7.7 Conclusion

This chapter has reported a range of first-hand research findings drawn from various surveys conducted in China and Australia. Survey One covers the major investigation of the research. Surveys Two and Three provide supporting data for the main survey, allowing the generation of adequate information to achieve the aims set out in Chapter One. Surveys Four and Five focus on the supply side of the market. Their inclusion is useful as they provide support for the main findings. While every effort has been made to ensure the reliability and validity of the research findings, caution is needed when interpreting the results, since many of them are based on qualitative research and are unsubstantiated by comprehensive quantitative research across the tourism industry in China. Given the extended duration of the research process, some of the data may already be out of date. Since the China outbound market is huge, any single opinion about the market would be like a blind person touching an elephant with one hand, and being unable to work out its shape, dimensions and size. In this light, it is hoped that a triangulation method of five surveys has helped to combat any intentional or unintentional bias, and to enable an insightful and multi-dimensional understanding of the market, which is intended to form the foundation for the following chapter: 'Insights into an emerging tourism tiger'. In the next chapter, findings from both primary and secondary data will be discussed and elaborated further, with an intention to find out what they mean for the research area.

CHAPTER EIGHT: INSIGHTS INTO AN EMERGING TOURISM “TIGER”

8.1 Introduction

This chapter elaborates the research findings reported in Chapter Seven. Drawing upon such findings, the research aims and questions set out in Chapter One are addressed. The changing consumption patterns in China are examined and an attempt has been made to provide market profiles and segmentation of the outbound travel market, and to assess the opportunities and constraints created by changing social dynamics. With reference to the central theoretical framework developed in Chapter Two, this chapter also includes an analysis and discussion of the social implications of the relationship between social change and the development of outbound travel. Wherever possible, the validity and significance of the research findings are evaluated in the context of previous studies and the prospective development of the market is evaluated. It is hoped that by using a multi-dimensional analysis of the relevant data and information, a clearer picture of the China outbound market will emerge.

8.2 Further discussion of research findings

The key findings of the research, as reported in Chapter Seven, are discussed in the following section and some causal relations are identified.

8.2.1. Relationship between social change and outbound tourism development in China

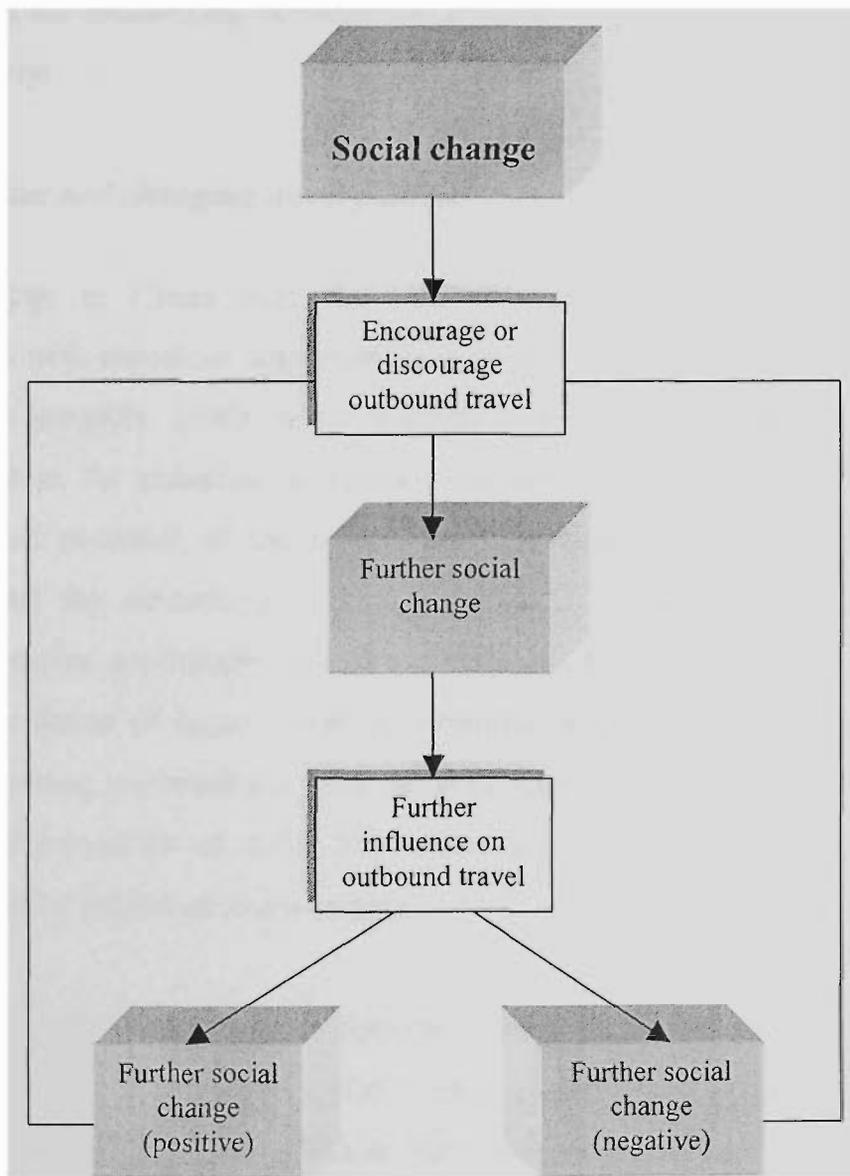
The findings in general and of Survey One in particular support a close link between social change and outbound tourism development in China. According to the data that has been reported, an overwhelming majority (83.1%) believe that the social changes since 1978 have created opportunities and wealth

for many, thus boosting consumption and travel demand. However, some respondents disagree that travel is more accessible, for reasons such as the difficulties encountered in obtaining visas to certain destinations, and the sense of crisis prompted by anxiety about government’s reduced commitment to social welfare. It was pointed out that one of the major side-effects of the reform is the increasing threat of social disorder due to widening gaps between the rich and the poor (data collected from Survey One and in-depth interview. See Section 7.2.6, page 247). As commented by March (2003), any serious social or economic turbulence may affect outbound tourism growth. For example, an economic downturn or a government clampdown on outbound holidays is likely to trigger cuts in government-funded overseas travel to a great extent.

The issue of social change and outbound travel development has been explained in greater detail previously. Most respondents were satisfied with the reforms and optimistic about the future development of tourism in China. Their confidence seemed to be based substantially on the current direction of social change and government policy in China. They believed that travel would become increasingly popular as long as China’s reforms continue to be in the right direction. However, those who used to rely on the government for their survival needs now strongly feel the threat of being in crisis, since the Chinese Government is gradually transforming the social welfare system from an all-embracing one towards a user-pays system, causing some people to save their money rather than spend it on travel in order to avoid the risk of encountering financial problems in the future. Despite some contradictory opinions, it is commonly agreed that as long as incomes continue to rise and living standards improve, more and more people will spend their disposable incomes on travel, including outbound travel (Section 7.2.7, page 252). The researcher notes that rising income levels, improving living standards, and associated social phenomena, are largely a result of the social changes of 1978. Figure 8.1 (page 284) is a flow chart designed to demonstrate a complex relationship in a simple manner. It outlines the interactive relationship between social change and the development of outbound tourism in China, which is the core issue of the present

research. From the perspective of outbound travel development, Figure 8.1 further explains and supports the theory of such interactive relationships developed in Figure 2.9. This will be discussed in greater details in Section 8.9.1.

Figure 8.1 An interactive and integrated system: Social change and outbound travel



Source: Designed by the researcher in 2003 as part of the theory grounding process.

As has been found the intention amongst Chinese outbound travellers to overstay their visa limit has been declining in recent years (DIMIA, 2002 and Section 7.2.5 page 240) as China’s economic development and reforms have continued. Most Survey One interviewees believed that the problem of overstaying will diminish, since China is now prospering and provides many employment, business and personal development opportunities. In other words, as China’s social and economic development continues, the “push” factor is decreasing (Section 7.2.7, page 252). Changing travel motives and purpose of trip further demonstrate the relationship between social change and outbound tourism development in China.

8.2.2 *Consumption and changing travel patterns*

Social change in China over the past two decades has created a consumption world with enormous opportunities for various industries, including producers of both tangible goods and intangible services. There has been widespread interest in the potential of China’s market for two main reasons: firstly, the size and potential of the market (on the basis of China’s huge population base and the unleashing of long suppressed consumption needs); secondly the prospective profitability of such a huge market. Outbound travel, together with other forms of higher level consumption such as car and house ownership, are becoming important purchase items on Chinese people’s shopping list. They are a useful indicator of social and economic well-being, and provides evidence of the positive impact of social change.

The following Section addresses Specific Aim 2 (page 9) and part of Specific Aim 6 (page 9). As a result of social change, consumption in China pre- and post-1978 has evolved from a response to basic survival needs such as food, clothing, and shelter, to a channel for surplus funds in bank deposits, and disposable income to buy capital goods during the 1980s. Luxury commodity consumption has become evident since the late 1990s. These changes have been well documented in previous studies, and are supported by data presented in

Section 7.3 (page 258) of the present research. At the upper end of the scale, more and more consumers are acquiring up-market apartments and motor cars. As reported by Qiu, Turner and Smyrk (2003), car ownership in China has accelerated with vehicle sales of 3.38 million in 2002, up 1 million over 2001, and reaching 2.08 million in the first half of 2003. At the lower end of the scale, there have been Chinese media reports that younger generation Chinese tend to pursue the so-called “vanity consumption culture”, spending money on items which are unnecessary (eg. changing mobile phones frequently for the latest models to display to members of their peer group) or beyond their financial affordability (eg. hiring a fleet of Mercedes Benz vehicles for a wedding). This new group of vanity consumers are not necessarily members of wealthy families. Many are working class people, or low income university students who borrow money to maintain an artificial life of luxury based on the prospect of earning high incomes after they complete their studies (Mandarin Program, SBS Radio Australia, May 2004). The practice of spending an increasing proportion of total income on non-necessities is an indication of improved living standards with associated increases in consumption.

The data collected about the use of disposable incomes and consumption preferences (Section 7.2.2, page 221) reveal a strong desire for improvement in the quality of life. Although only 2% of respondents can afford to purchase luxury goods, 34% rank luxury goods at the top of their consumption preferences. The obvious trend towards higher levels of consumption in China is a sign of the potential for travel in general, and for overseas travel in particular. As the responses to Question 16 of Survey One indicate, there is strong interest in travel which is becoming increasingly popular in satisfying consumer psychological needs (Section 7.2.3, page 227).

Changes are also evident in the emerging patterns of travel consumption. As China’s reforms have deepened, the tastes and preferences of Chinese travel consumers have become increasingly sophisticated. Consumers have progressively upgraded their expectations of service quality, and have extended

their typical travel distance from day trips to inter-provincial travel, to border countries and regions, to other parts of Asia, and most recently to the South Pacific, America and Europe.

Since 1983, the pattern of Chinese outbound travel has been fairly typical of newly emerging markets. More people travel to border or short-haul destinations than to longer haul destinations at the earlier stage of leisure travel development, although there has also been a significant growth in long haul travel (CNTA Online, 2004). In terms of attractions, Chinese travellers tend to visit the most talked about major cities and historical sites, as well as destinations famous for their scenic beauty. The average length of stay for outbound travel is typically one week to ten days, with the exception of travel for VFR, education and / or training purposes (Section 7.2.3, page 227). Purpose includes recreation and leisure, improved quality of life, learning new things and visiting friends and relatives (this is consistent with findings of some other China outbound studies listed in Appendix A, page A1), although Australian-bound travel tends to be more focussed on business (for the reasons previously mentioned, namely the ADS requirement) (Section 7.2.4, Page 235). As reported in other studies (eg. research by Austrian National Tourist Office in 1998), Chinese outbound travellers to developed countries often conceal the leisure motivation for their trips under the guise of business purpose in order to obtain the required entry visa. The researcher notes that the composition of market segments is subject to social influences and / or government policies. In the case of Australia, the leisure travel segment is increasing in importance since the granting of ADS in 1998 (ATC China Market Profile 2002; and Section 7.2.5, page 240). The travel patterns of the outbound market have changed dramatically from the asylum seekers of the 1980s whose trips were predominantly funded by family members and relatives (Tang, 1997, Yie 1996, Mo 2004), to the business travellers of the 1990s who travelled for a variety of reasons, to the well-off students and leisure travellers of the new millennium (see Table 7.4a and 7.4b, pages 236 and 237). These changes have occurred within the wider context of social change in China, and travel

patterns will continue to be shaped by social change to a considerable degree (Primary research question).

8.2.3 *Market and traveller characteristics*

Market characteristics

Based on the data collected and the literature review, it has been found that the China market has characteristics which make it unique and distinct.

Huge market potential, rapidly improved incomes and consumption choices. Given its vast population and rapid economic development, China is a huge consumer market with enormous potential. In major cities such as Guangzhou, the majority of the population enjoy relatively comfortable lives with average net surplus incomes of 15% or more (Section 7.2.2, page 221), and with an abundant availability of major consumption commodities (Wu, 1998:321-322). Consumption choices are becoming more sophisticated and diversified, thereby providing an opportunity for the growth of leisure travel.

Travel consumption and income are disproportionately related. By international standards, levels of income in China are generally low. Travel consumption has always been regarded as a luxury requiring the support of economic factors such as high income. This would suggest the prevalence of low travel propensities in China. However, the research findings indicate that outbound travel opportunities in China are not necessarily determined by traveller incomes. Social status and / or employment position often appear to play a more important role. Overseas trips are available to those who are in the “right” position and in the “right” career. Those who work in an area where incentive travel is available, or where regular technological update is required, have the opportunity of making overseas trips which are fully financed by their employer (Sections 7.3.3, page 262 and 7.3.4, page 264). This situation has another special feature of the China outbound market, namely income levels serve as a guide only and

cannot be relied upon as an economic prerequisite for outbound travel demand (Section 7.2.1, page 211). For Chinese outbound travel, income is not always the most important facilitator in absolute terms. Government officials have more opportunities for travel, whether or not they are in the higher income groups. It is also worth noting that income levels may vary significantly within the same occupation category due to the diversity of reward systems employed by various organizations (Section 7.2.7, page 252). For a variety of reasons, respondents tend to disclose only their official incomes.

Long haul travellers are usually not accompanied by family members. The business and student segments tend to travel unaccompanied by family members, although they often travel in groups, either as part of a business delegation or as a group of students recruited by an educational agent within China. Young, single travellers often travel alone, especially in the case of longer haul destinations which are accessible to only a small proportion of the population. Those who are married with children commonly prefer to travel with their family members with a view to sharing the experience. However, for economic and political reasons such as cost or visa restrictions, family travel is particularly rare in the case of longer haul developed country destinations.

Travel demand is reactive to social change. Reflective of the volatility and vulnerability of the market, travel demand in China tends to be greatly influenced by social change and particularly to changes in government regulation. The development of tourism is heavily government-directed and controlled, and will vary according to the preferences and priorities of the incumbent Chinese government. The implementation of the Golden Week Holidays policy has been a notable example. Within a short period, this initiative artificially created enormous demand for domestic travel. Another notable example is the government’s hardline solution during 2003 when it shut off the tourism industry in order to curb the spread of SARS. Social change may also have a direct bearing on travel demand generally and outbound travel in particular. As observed by Wu (1998: 324) and confirmed by the research findings, Chinese people generally feel

insecure and have a sense of being in crisis as they are no longer able to rely on the support of an all-embracing welfare system. Chinese people are increasingly concerned with the increasing expense of social services such as education, housing, medical and health care. The fact that medical and health care costs are increasingly high has already impacted upon newly acquired comforts of life. This will obviously influence travel demand in general, and outbound travel in particular.

Different reaction to political conditions. The research has revealed that Chinese outbound market responds more to internal social influences (such as the SARS crisis in 2003) than to external influences (such as the war against Iraq in 2003 and other international incidents) For example, the September 11 2001 terrorist attack did not hinder the growth of the outbound market. In 2001, there were 12,130,000 outbound travellers from China. It is also worth noting that Chinese travellers’ interest in Australia has not been greatly affected by Australia’s involvement in the war against Iraq in 2003. However, the market responds swiftly to government policy and social situation changes. At the outbreak of SARS, Chinese arrivals dropped significantly from 27,000 in February to 14,300 in March, and further dropped to 3,200 in April. After the ban was lifted in July, the figures jumped from 4,500 in June to 11,300 in July, and continue to rise steadily since then. This fluctuation reflects the outbound market’s vigorous response to CNTA’s ban on almost all domestic and outbound group travel, and is a vivid example of social influence on outbound travel.

Low price and tight schedule. The Chinese travel market is highly competitive and price sensitive. Given low incomes and the inexperience of Chinese travellers, this is understandable. Chinese outbound travellers tend to travel for purposes of demonstrating their social well-being, rather than for relaxation or the pleasure of holidaying. They like to join comprehensive package tours for the benefit of lower prices, and choose to visit well-known international cities. This is typical of a newly emerging travel market, where lower prices and safety issues are important considerations. However, the researcher observed that

conspicuous consumption has become trendy in China, particularly in the better-off regions such as the eastern coast and major capital cities. This may change the future travel patterns of the Chinese towards what Krippendorf (1999) refers to as “humanization of travel”.

Mixed purposes of trip, travel motivations and expectations In Survey Four, it was found that the dominant purposes of trips include recreation, holiday, leisure, and satisfying curiosity, followed by business and employment related purposes such as business investigation or technical exchange (Section 7.5.2, page 272). Such traveller motives and expectations closely replicate those found in Survey One and Two. Chinese outbound travellers tend to have multiple purposes for travel, often combining sight-seeing with business or training related purposes. The researcher has observed some common findings concerning travel motivations and expectations between the present research and other surveys, although the findings may be presented in slightly different forms. According to the present research, the Chinese travel for holiday and pleasure, conducting business activities, undertaking education, visiting friends and relatives, seeing the outside world, learning about other cultures and life styles, pursuing opportunities for personal or business development, fulfilling self-esteem, and / or seeking opportunity for temporary or permanent migration (Section 7.6.3, page 275). Most of these reasons are also found in other China outbound studies listed in Appendix A. This researcher notes that the distinction between business travel, education travel and leisure travel is often blurred in the China outbound market. Regardless of the purpose of trip that has been declared in the visa application, there is often a strong leisure component (Section 7.2.7, page 252).

Australia is perceived as being an excellent destination full of growth potential (Section 7.5.3, page 272, and ATC Online, October 2003). Australia possesses most of the previously mentioned appealing conditions and a range of “pull” factors, as well as the advantage of being an ADS accredited country. Of those who have previously travelled to Australia, most are satisfied with their Australian experience and wish to return. Major “pull” factors are the western life

style, climate and scenery, quality of life and living standards, peaceful and clean environment, and perception of a prosperous and advanced society. The main drawbacks are high costs, cultural differences, unfamiliarity with the destination, local attitudes and language barriers (Section 7.3.2, page 260). These findings are consistent with those of other studies which have focussed on long haul destinations.

Characteristics of the Chinese traveller

Through in-depth interviews conducted in Guangdong during 2000, the researcher found that Chinese people generally travel with a number of expectations of making their overseas trip really fruitful. These include finding opportunities for higher education or personal development, if not actively seeking migration opportunities as their forerunners did during the 1980s. This finding is particularly relevant in the case of visiting developed countries (Section 7.2.7, page 252) which possess strong “pull” factors beyond the appeal of specific tourism attractions. As demonstrated in Figure 2.6 (page 58) the characteristics of Chinese travellers vary according to the stage of development. In the 1980s, outbound travellers from China were predominantly holders of student visas, aged 20 to 45 years, well educated and skilled, with a prevailing economic purpose of earning money through employment available in host countries within this group (Ye 1996; Tang 1997;.Mo 2004) The leisure component was almost non-existent. During the 1990s, Chinese travellers tended to be holders of business visas travelling for hybrid reasons including business, migration and leisure. Since the start of the new century, as a result of China’s entry into WTO and the deepening of the reforms, outbound travellers are typically characterised by the pursuit of business opportunities, skills and knowledge from the destination countries, with a rapidly increasing emphasis on leisure and pleasure, especially in the case of destinations which impose few or no visa controls. While business investigations, technical visits, education and training remain important purposes of trips, leisure and pleasure travel are quickly gaining momentum as expectations of travel change and economic conditions improve.

Given the predominant driving forces that have been evident at various stages of development, it may be concluded that Chinese outbound travellers are generally very sensitive to changes in the society around them. They share a number of common features. Firstly, their travel decision-making is sensitive to the prevailing economic, social and political conditions of the times. Secondly, the overwhelming influence of peer groups and social trends appears to be a dominant feature of Chinese travellers. This is particularly true in situations where information is not readily available due to strict government controls and/or inadequate access to information technology. Thirdly, Chinese outbound travellers demonstrate the common Chinese characteristics of contingency, namely the tendency to take action as a group when responding to a particular situation. During the 1980s this took the form of opportunist moves by PRC students. In the 1990s, it was the desperate boat people, and the ambitious international students and knowledge hunters of the new century. These characteristics of Chinese travellers play an important role in travel decision-making and destination selection. Similar driving forces pushed millions of Vietnamese boat people to risk their lives after the Vietnamese Communist Party took power in 1975. During that period of uncertainty, many people in South Vietnam reacted to the dramatic change in political power in an irrational way. They blindly followed the sweepingly powerful social trend of that time and tried every possible means to escape from the country. Many had little or no knowledge about the perceived utopia abroad. The researcher recalls having heard a comment by a friend in 1976: “I rather become a street beggar in a small African country than stay in Vietnam”. It is worth noting that many desperate escapees were not in a desperate situation to leave. They were simply influenced by what their peers had done, and were motivated by the perceived happy life projected by the successful expatriates’ messages which were sent back home through the broadcasting service of various media such as Radio Australia and Radio London.

The present research finds that superficially, Chinese outbound travellers are very similar to travellers from developed countries. Both are subject to similar

influences such as economic, social and political factors, albeit to varying degrees (Section 7.2.6, page 246). Nevertheless, deeper investigation and comparison between Chinese travellers and travellers from developed countries (eg. Australian travellers in the case of Survey Three) reveal that the two groups are different in terms of travel decision-making. Chinese people appear to be more sensitive to factors such as “political climate”, “foreign relations with country of destination” and “government regulation change”. This may be because Chinese people are familiar with the imposition of authority through government intervention. In liberal democracies such as Australia, government intervention is usually subtle.

They also appear to adopt a more serious approach to social trends and peer groups influence than Australians. The researcher observes that this may be attributable to differences in living conditions and cultures between China and Australia. Most Chinese live in apartment style living quarters where the “grapevine” constitutes an important communications system due to the population density, whereas in Australia, people tend to confine their activities to their homes, maintaining a certain distance from their immediate neighbours. Secondly, it is a common practice in Chinese culture for people to share information with their friends and relatives. In Australia, social norms require people to refrain from interfering with the business of others and to respect privacy rights. Thirdly, in Chinese social culture, people tend to be concerned with what others think and say, while in Australian culture (which is influenced by the individualism of western cultures), people tend to focus more on their personal well-being, rather than on what others think or say about them.

Chinese travellers appear to be less leisure and hedonic focussed than their Australian counterparts, and are more concerned about issues of “self-esteem” and “wish fulfilment” (Section 7.2 & 7.4, pages 211 & 266; and Table 7.9, page 267). These findings indicate that the decision-making of Chinese travellers may be influenced either directly or indirectly, by social conditions resulting from social and political factors such as changes in government regulations and policies. To

some extent they also reflect typical market characteristics of countries in transition, where pleasure and relaxation are less important than the motivations of learning something new, broadening knowledge of other culture, seeking opportunity for personal development, or simply boasting to peers and relatives on the return home. In less developed countries, overseas travel is often regarded as being a symbol of better social wellbeing, of which the traveller should be very proud. Such psychological benefits are felt less intensely in developed countries, where reasons for undertaking leisure travel are more practical (eg. to relax and recuperate). However, any such differences between the two groups are not permanent or static and will change over time. As China’s social development continues and outbound tourism matures, the gaps are likely to become smaller.

The discussion above has attempted to summarise the goals set out in Specific Aims 4, 6 and 7 (page 10) of Chapter One.

Existing studies suggest that Chinese outbound travellers are big spenders on shopping (Section 7.2.2, page 221; and Canadian Tourist Commission Report, 2001:2). This is probably one of the major causes to the issue of low priced and subsidised tours which are threatening the survival of many inbound tour operators in some destinations. Many are however reluctant to spend money on intangible luxury items such as five star hotels. According to Australian inbound tour operators who participated in Survey Five of the present research, most Chinese visitors to Australia choose, whether voluntarily or involuntarily to stay in standard hotels of no higher than four stars.

8.2.4. Market outlook and constraints

As discussed in Section 8.2 (page 282), the trend towards increased consumption in China suggests potential demand for travel generally, and overseas travel in particular. From the perspective of a tourist receiving country, it is encouraging to note that the benefits associated with visitation from China are likely to overtake possible social costs, given that push factors have been

weakening (Section 7.2.5, page 240). As revealed by Survey One, the China outbound market is moving beyond border and neighbouring countries for travel purposes, and that long haul countries such as the USA, Europe, Canada, Australia and New Zealand now have the opportunity to have a greater market share (Section 7.2.5, page 240). Despite the fact that income levels in China are still very low by international standards, this is a positive sign. As some China market observers have noted, *“Even if a small percentage of the Chinese population has the economic ability to travel abroad, it is still a large enough number to quit worrying about lack of customers”* (Favor Travel Service, 2000, <http://www.favor-travel.com>, accessed 10 May 2004). Given the barriers of high costs, it may be advisable for long haul destinations to target the better-off in their marketing activities. Examples may include company executives, professors, high-ranking government officials, and employees holding important positions in private enterprises. These groups are examples of those with greater opportunities to travel both domestically and overseas (Section 7.2.7, page 252). As was found in in-depth interviews conducted in Guangdong, young professionals are also more likely to have the opportunity to travel overseas often because they are employed in well paid positions, and enjoy greater employability in the event that they have to change job (Section 7.3.6, page 265).

High costs, visa restrictions and the absence of ADS status have been considered to be the biggest constraints to the development of China’s long haul outbound travel (WTO, 2001). Somewhat surprisingly, Survey One has found that visa and entry restrictions are not regarded as being amongst the most important factors in the travel decision-making process (Section 7.2.6, page 247). This is despite the fact that such restrictions have been identified previously as a fundamental obstacle hindering the development of China’s international travel market (Zhou and King, 1996; Section 7.5.4, page 272; and 7.6.3, page 275). This may be partly because the respondents of Survey One are not confined to commenting on destination countries which have imposed visa controls over Chinese outbound travellers

A number of other issues have been raised in Survey Five of the present research. These include below price competition, unlicensed and unprofessional tour operations, and trading off quality for lower prices (Section 7.6.4, page 275). These problems are not unique to Australia. Within China the CNTA is facing similar issues, and the Administration is eager to straighten the skewed development of China’s outbound tourism. CNTA officials recently announced that China will further regulate the outbound tourism market and crack down on fraudulence and human trafficking in the name of tourism. The Administration is concerned that problems such as price wars, cheating tourists and engaging in unhealthy activities seriously harm the legal rights of tourists and the image of China’s tourism industry (Xinhua News Agency, 10 January 2004, Chinadaily.com.cn, accessed 10 May 2004). The researcher notes that any disciplinary actions are likely to affect the outbound tourism growth directly or indirectly.

8.3 Proposed answers to research questions

Based on the research findings and information collected from the previous chapters, this section addresses the various questions set out in Chapter One.

8.3.1 Primary research question

To what extent has China’s outbound travel market been shaped by the nation’s social change since 1978, and will this shaping of the market by social change continue into the future? What are the implications for global tourism?

The review of existing literature in Chapters Three, Four and Five together with the research findings discussed in Sections 8.2.1 and 8.2.2 (page 282 & 284) have confirmed the close relationship between social change and tourism development in China, particularly in the case of outbound tourism. We have learned that the dynamics associated with the social changes resulting from the

1978 reforms have driven tourism growth. By providing an enhanced understanding of China’s unique historical and socio-political background, it is suggested that social change has shaped the current form of China’s outbound tourism, and will continue to influence the market until such time as China encounters further dramatic change. Such changes might include becoming a fully developed country, or entirely abandoning its socialist and communist past. The pattern of China outbound travel will continue to respond to social changes influenced by political, economic, social and cultural factors. For example, the USA has been one of the most preferred destination countries for Chinese people. However, the appeal of the US has been fading for a number of reasons. The most important has been deteriorating Sino-US relations and the absence of ADS status for the US. Previously the Chinese had to go to the USA and Europe to experience western culture and technology. Nowadays, these may be experienced in Australia and New Zealand at lower costs, and destination preferences can shift from the US and Europe to Australia and New Zealand (both classified as ADS countries). This shift is already evident in the increasingly important commercial links and rising numbers of international arrivals between China and Australia. (According to CNTA, 295,000 Australians visited China in 2002, and the Australian Bureau of Statistics recorded 179,600 arrivals in Australia from China in the same year).

The implications for global tourism are obvious. The China market is huge and offers further potential, however, the sustainability of travel demand is dependent on the nation’s social change. The market is not free of risk factors, a number of which might steer the market in an unfavourable direction. These risk factors should not be ignored and should be calculated with care when assessing the market situation and before formulating any serious policies and / or strategies. For example, the prospect of a civil war between China and Taiwan could adversely affect the growth of the market. War could potentially escalate to the international level if the USA were to interfere and defend Taiwan. In the worst scenario, such a war could slash China’s outbound travel growth (or turn it back into an asylum seeker market similar to the 1980s), and could also affect international tourism development as a whole, given that enormous international

tourism investment has been undertaken to cater for the growing China travel market in recent years. The model of the social change / outbound travel relationship may be applicable to other social systems to various degrees (eg, changes in foreign exchange rates or changes in political powers may encourage or discourage outbound travel in non-communist countries such as Australia). However, the model is unique to China to the extent that its significance is hardly comparable to other countries, given China’s vast population and global strategic importance.

8.3.2. Secondary research questions

- 1. In a socialist country such as China, which is experiencing a period of transformation and redefinition, is travel propensity influenced by social change? The term ‘social change’ refers to significant changes in social, economic and political systems.***

The previous section has provided answers to some aspects of this question. The changing travel patterns revealed in Sections 7.2.5 (page 240), 7.2.8 (page 257) and occurring at various stages of the development of outbound travel demonstrated in Figure 2.6 (page 58) have strongly supported the proposition that travel propensity is influenced by factors directly or indirectly related to social change in a socialist country such as China. It may be further inferred that in any social system where the push factors are strong, people will choose to leave, regardless of the costs and consequences, notably in the case of refugees fleeing from their homeland. As long as China remains a socialist nation under the control of a single political party (The CCP), it is likely that travel demand will be significantly affected or disrupted (as was the case with SARS) by the government’s powerful intervention.

- 2. Will China become the world’s largest source of international travellers by 2020 as predicted by the WTO? Is the sustainability of China’s***

outbound travel growth dependent on the direction of the nation’s social change?

Again, this question has been well covered by the discussion in the previous sections. The future of outbound travel is promising in light of the positive social changes and supportive government attitudes. There is wide support for the view that China will become one of the world’s largest sources of international travellers. For example, at the 15th Session of the General Assembly of the WTO held in Beijing in October 2003, The Secretary General of the WTO remarked that by 2020 China will surpass France as the world’s leading tourist destination and will be the fourth tourist generating country with an estimated 100 million outbound travellers. In the absence of reliable comparative statistics, the researcher suggests that China has already become the largest source of tourists in Asia, especially for countries such as Thailand, Vietnam and Korea, even without including its own Special Administrative Districts of Hong Kong and Macau. At the same international tourism event, Chinese Premier Wen Jiabao commented that the tourism industry is a new but truly dynamic part of the economy of China, and will become a pillar industry by 2020. By October 2003, China had granted ADS to 26 destination countries and regions for self-funded tours. According to Zhang Xiqin, Vice-Chairman of the CNTA, 20 other candidate nations are on the waiting list to become ADS destinations (China Daily, 20 October, 2003. <http://www.chinadaily.com.cn>, accessed 10 May 2004). Given the rapid growth of the market over the past decade, an enormous market potential is foreseeable after the market is further open up.

For reasons discussed in Section 8.2, the sustainability of China’s outbound travel growth may be expected to depend on the direction of the nation’s social change. The issue of sustainability will be further discussed in Chapter Nine.

3. *Given the distinct characteristics of China’s social system, is China’s outbound travel market sensitive to particular influencing factors derived from social change?*

As reported in Section 7.2.8 (page 257) and discussed in Section 8.2.2 (page 284), China’s outbound travel market is sensitive to a number of factors derived from social change. Firstly, outbound tourism is unlikely to grow without the freedom of movement bestowed by ongoing social change. Secondly, as a country in the process of transformation, China has fostered a strong desire to acquire new knowledge about and from the outside world. This is a significant contribution to market growth and explains in part why China’s outbound travel has been predominantly business oriented. Thirdly, social change has greatly improved living standards and has increased income levels, thereby providing the motivators and facilitators essential for travel decision-making. It may be readily appreciated that outbound travel demand would be severely affected if the direction of social change was in an unfavourable direction (see Section 8.2.4, page 296).

4. *Does China’s outbound travel market differ substantially from markets governed by free market consumption and marketing rules, given the characteristics of China’s social system,? Are economic factors the primary concerns for Chinese travellers in making travel decisions?*

Based on the research findings discussed in Sections 7.2.8, 7.3.4, 7.3.5 and 8.2.3 (pages 257, 264, 265 and 288), the researcher suggests that China’s outbound travel market exhibits substantial differences from markets governed by mainstream consumption and marketing rules. This is because of historical, social and political factors. Some are related to China’s political past (eg. fear of political uncertainty), while others are related to the social changes since 1978 (eg. freedom to move around and increased income). For example, travel consumers from developed countries, such as the Australian travellers mentioned in Section 7.4 (page 265) would adhere more closely to conventional

consumption and marketing rules. They are more likely to be motivated by the hedonic part of an overseas trip, that is, pursuing pleasure and relaxation or activities outside their normal daily routine. To satisfy their wants and facilitate their trip, they need sufficient time and money. Once they possess the necessary economic capacity to travel and decide to travel overseas, this decision is unlikely to be revoked by a change in political power or government policy in their own country. They might defer their departure as a result of more serious reasons such as international terrorism, political upheaval or natural disasters at the destination country. The China outbound market has its own distinct characteristics. As discovered in previous studies and in Survey One, Two and Five of the present research, during the early market development stage, outbound travellers from China were mainly opportunists or political asylum seekers. Since the mid 1990s, the market has become dominated by business travel, with leisure travel not taking shape until the late 1990s. At the dawn of the new century, the China outbound market has been represented by four major market segments, namely holiday, business, VFR and education, with the holiday segment growing at the expense of the business segment (see Table 7.4a and 7.4b, pages 235 & 236). The findings reported in Sections 7.2.7, 7.2.8, 7.3.4 and 7.3.5 confirm that economic factors are not the primary concern for many Chinese travellers in their travel decision-making process, because most business related trips are financed or subsidised by employers. This phenomenon may change as the composition of market segments vary, and as China’s social development continues in a manner conducive to mobility.

5. Will package tours remain the dominant form of outbound travel, given the relative immaturity and contingency nature of the market?

From the literature and research findings discussed in Section 8.2.3 (page 288), it has been found that private leisure travel other than VFR must be in the form of package tour groups. This has been the case since the beginning of the nation’s outbound tourism development in 1983 because of specific social and political reasons. In addition, since the China outbound market is newly emerging,

Chinese travellers are less experienced or adventurous than travellers from developed markets such as Hong Kong, Europe or the USA. Within Maslow’s hierarchy of needs, they tend to fit between levels two (safety and security needs) and three (social needs), and feel more comfortable with fully escorted package tours for the reasons discussed in Section 2.8.1 (page 47) and shown in Figure 2.5 (page 53).

6. Do the decision-making processes of Chinese travellers differ from those exhibited by travellers in developed country due to historical influences, and the unique social and political conditions?

The answer to this question has been covered comprehensively in Sections 7.4, 8.2.3 and Table 7.9, (pages 265, 287 and 266) The decision making process of Chinese travellers differs significantly from that of the traveller of a developed country in many ways, notably political and peer group influence and travel motives and expectations. The researcher notes that such characteristics of the China outbound market will become less prominent as China continues its development towards a market economy. When China’s outbound travel market fully matures, the level of importance attached to each influencing factor in travel decision processes is likely to be different.

7. How reasonable is the following statement - ‘given the generally low level of income, overseas leisure holiday will not be readily accessible to the majority of the Chinese until much later’?

Having presented the various positive signs associated with a huge market offering enormous potential, the present research also recognises the negative forces which may hinder market growth. As was found in the Group interviews of Survey Two (pages 262), leisure travel is still beyond the reach of most Chinese, especially in the case of long haul overseas trips. It may be some time before overseas travel can be regarded as a common social activity. Given that leisure travel is not a necessity consumption item, it will not readily become a commonly

accessible item in developed societies, let alone in a populous country which has been struggling for over two decades to emerge from backwardness and poverty.

8. *From the perspective of a receiving country, are Chinese travellers a burden for destination countries because they often overstay their visa time limits?*

As discussed in Section 8.2.1, page 282, the problem of Chinese visitors overstaying their visas is fading in light of China’s positive social change. In other words, “push” factors are decreasing as China’s social and economic development continues unabated (Section 7.2.7, page 252). As a result of these processes, the number of visa over-stayers from China has been diminishing (Section 7.2.5, page 240). This means that the visa issue alone is no longer strong enough to classify China as a social burden to a developed country such as Australia, albeit the “social burden” qualification is not associated exclusively to visa issue. In a broader view, problems such as environmental damage, cultural shock or abnormal price competition may also be considered to be social costs.

9. *In line with the changing stability of China’s political, economic and social situations, is the current composition of “push” and “pull” factors likely to change?*

According to population movement theory, and given that the development of China’s outbound tourism is closely linked to social change, one may predict that the composition of “push” and “pull” factors will change in line with the improved stability of China’s political, economic and social situations. This will be the case provided that social change is progressing in a positive and problem-free direction. If China continues to enjoy sustainable economic growth and remains free of any significant social or political disruptions, there are likely to be fewer opportunistic outbound travellers and more genuine tourists. The correlation of “push” and “pull” factors has been clearly demonstrated in Figure 2.6 (page 58). This does not mean that any weakening of the “push” factors as a

result of positive social and economic development will prompt a decline in China’s outbound travel. On the contrary, weaker “push” factors in a political sense may further facilitate and encourage a mainstream form of outbound travel. It is worth noting that the composition of “push” and “pull” factors may operate differently in tourism terms. For example, given uncontrollable conditions such as population density and geographic limitations, a well developed and highly advanced industrial society such as Japan may “push” people to go overseas seeking holiday facilities and resorts which are not readily available in their home country. It is a well-known fact that many Japanese tourists are “pulled” to destinations overseas (e.g. Hawaii or Cairns) for outdoor activities such as golfing and diving, or simply relaxing in natural environments.

8.4 Profile of Chinese travel consumers

Since China’s outbound travel is the product of social change, the types of outbound travellers will be influenced by the nature of development at various stages of change. This has made analysis of the China outbound market difficult. It is thus useful to profile the Chinese travel consumer for providing a preliminary understanding of this huge market.

Based on demographic information, cross-tabulation analysis and the results of in-depth and group interviews drawn from Survey One and Survey Two respectively, typical Chinese travel consumers tend to be between 25 and 55 years of age, married and employed. They are likely to be young professional people, senior government officers, or enterprise executives, earning relatively high incomes officially or unofficially, holding an important position which provides opportunity for travel. Although this profile is broadly in line with the findings of some other studies in Appendix A, it is worth noting that there are some findings unique to the present research.

Using psychographic segmentation, Chinese travel consumers may be grouped on the basis of purpose of trip, into business travellers, leisure travellers,

international students, VFR travellers and specific purpose travellers. While Zhang (2002) explicitly excludes business, students, and employment from outbound tourism, the grouping in the present research excludes only outbound travellers involved in international labour and temporary employment schemes. This has been done on the basis that it is impractical to insist upon a clear distinction between business or student travel and leisure outbound tourism, since these two segments often involve a great deal of sight-seeing. In the case of some business travel, sightseeing is the major activity undertaken during the trip.

8.5 Sources of demand and market segments

In this section, sources of demand are identified and the China outbound market is segmented with special reference to the context of China’s social and political past, as well as the nation’s current social characteristics. These include: the communist approach to control over foreign currency and population flows; China’s strong desire to be integrated into the world economy system; and its eagerness to catch up with new knowledge and advanced technology.

8.5.1 Sources of demand

From a geographical perspective, sources of demand are still confined to the three established ADS regions, namely Beijing, Guangdong and Shanghai (ATC 2003). This is due to the influence of China’s ADS strategy. Government has provided support for the expansion of outbound tourism (for example, the significant increase in the number of ADS accredited travel agencies in both China and Australia since 2002). However, it will be a considerable time before outbound tourism is extended substantially beyond the three major international gateways. This will require enhanced development involving investment in infrastructure such as the provision of direct flights, airport handling, and the further relaxation of controls over population movements. In addition, as pointed out by Roth (1998:7), there will be a greater prospect of manipulating visa applications when engaging travel agencies outside the three major cities where

foreign embassies and consulates are located. The researcher notes that further investigation is required in order to obtain stronger support for these observations.

From a demographic perspective, sources of outbound travel demand are primarily associated with certain social groups such as the business elite, especially those occupying a social position which entitles them to travel. In a broader sense, the term business elite may be applied to professionals and para-professionals, government officers, company executives, and self-employed entrepreneurs and business owners. International students are another group associated with the business elite, since international students may themselves be members of these privileged social groups (for example, young professionals who have saved enough money to acquire higher overseas qualifications with a view to enhancing their earning capacity), or for their children, in the case of those successful entrepreneurs and / or high ranking officials or company executives sending their children to study abroad for mixed reasons.

8.5.2 Market segments

The segmentation in this section is based on the findings from the five surveys with the support of information collected from existing literature published by various organizations, including the ABS, ATC, DIMIA and PATA.

Business travellers

According to ABS and ATC data, the business travel segment has consistently ranked first or second in terms of importance. However it is leisure travel which ranks top in Survey One. For the reasons mentioned previously, the inconsistency between various sources may be attributable to the focus on different destinations. While the secondary data quoted in the present research are predominantly Australia specific, the survey data refer to outbound travel in general. Secondly, respondent travel experiences tend to focus on the Special

Administrative Regions, namely Hong Kong and Macau, and to the Asian region, where purpose of trip is more likely to be VFR or leisure.

Business travel may be categorized according to its nature and purpose. The most common categories include business investigation, technical visits, professional development, and business operations. Apart from business operations which usually require more frequent visits and longer stays in the destination country, most are short term in nature. As suggested by Oigenblick and Kirschenbaum, travellers involved in overseas business operations are subsequently more likely to become migrants in the host countries (2002, Vol. 29, No. 4, pp. 1086-1100). In the case of Australia, business travellers from China usually hold either a short term business visa (Class 456) which allows them to stay up to three months to conduct necessary business investigations or activities, or a Class 457 visa which is longer term and permits multiple entry during four years. The main purpose of this visa is to allow sufficient time for prospective business migrants to establish and run a business operation in Australia. The ultimate goal of this visa is to allow the recipient to make a contribution that will be beneficial to Australia’s national interests (DIMIA Fact Sheet). The generation of employment and / or export revenue are examples.

During the 1990s, business investigation was the most common reason for outbound travel. Though such consumers may in practice travel independently, they usually travel in groups under the name of the relevant business group with set itineraries. Whether they travel in groups or as independent travellers, they normally have a pre-planned schedule of business activities. Without this they may encounter problems with immigration officers when they enter the destination country. Such business travellers are likely to be found amongst individual business owners, executives or middle to high level managers of large-scale enterprises from both public and private sectors. Their stays tend to be short, though with the possibility of extending to a longer-term visa type (Class 457) in cases where a business link can be established during the initial visit.

According to information collected from Australian inbound tour operators, education and training providers and Chinese interpreters who have experience of interpreting for Chinese delegates, technical visits are the domain of government or private sector enterprise employees who hold a specialized position within their organization. Typically a series of visiting activities is arranged through agents either in China or in the relevant destination country, with the purpose of updating new knowledge and technology in certain technical fields. For example, a team of environmental protection specialists may go to the USA to see how pollution and waste problems are dealt with in a developed country context. Such travellers tend to stay for a short period of time in three or four star accommodation, and, as commented by some inbound tour operators in Australia, they are likely to have substantial expenditures on tourist goods for themselves and their families or friends.

According to the training program coordinator of Latrobe University and an Education Agent for RMIT, many Chinese travellers also undertake short-term professional development training in various technical fields. As is the case with those undertaking technical visits, travellers with this group are usually employees of larger public or private companies going overseas to learn new skills and knowledge in the interests of their employing organizations. The length of this type of travel ranges from two weeks to three months, depending on the nature of the courses undertaken. In April 2002, the researcher encountered a group of post office employees from Beijing on a Melbourne-bound flight. This group of 18 Chinese travellers was travelling to Melbourne in order to undertake a 28 day training course fully funded by their employers. The purpose of the trip was to learn about new skills and technology being employed in the post and telecommunications industry in an advanced country context. According to the leader of the group, the all-inclusive cost per person was RMB 26,000.

The category of “business operation traveller” applies to those engaged in business who invest capital with a view to establishing overseas ventures. In the case of Australia, those within this group of travellers tend to hold longer term

business visas allowing stays of up to five years with multiple entry permits. Such travellers typically travel frequently for business purposes between China and the relevant host country. They are generally busy executives with very limited time to undertake leisure and recreational activities. They usually follow a pre-arranged itinerary and business schedule, sometimes in the form of a package organized by their agent in China. These travellers are likely to be big spenders, but are usually too busy to engage in much tourist shopping. From a tourism perspective, this is generally an attractive segment.

There are also business travellers who are interested in overseas investment. Through a number of trips to Vietnam undertaken in 2003 and 2004, the researcher has observed that Chinese capital is now competing with Taiwan, Hong Kong and Singapore sources in the manufacturing and construction sectors of this developing country. In recent years, Chinese investment from the private sector has been reaching developed countries such as Australia. According to some real estate agents in Melbourne, a number of Chinese have purchased investment properties in Australia. These purchasers tend to be extremely well-off and are big spenders during their stay at the destination. Their visit is more likely to be facilitated and / or assisted by their overseas connections.

The business travel boom appears to be a phenomenon generated by the dramatic social changes which commenced in 1978. Without the Open Door and Reform policy, the Chinese would have continued with the prevailing communist ideology, and would have felt less need to see and learn from the outside world. The business travel category has been and is still the most important China outbound market segment. It is significant because of the tourist revenues that it generates for the tourism industry in both China and the destination countries, and also because of the intangible benefits created during the process of interaction between China and the outside world.

Leisure travel

Until 1993, travel for exclusively leisure purposes was almost non-existent in China. In 1993, the first outbound groups departed from Guangdong province for Hong Kong under the VFR program, strictly controlled and monitored by the Chinese government. Since the introduction of the ADS strategy, outbound leisure travel has rapidly gained momentum. Leisure travel to bordering countries (such as Russia, Laos and Vietnam) and Southeast Asian countries (such as Malaysia, Singapore and Thailand) is now a popular and affordable form of consumption for Chinese nationals who have monthly incomes of RMB2000 or more. According to two informants in Guangzhou, leisure travel is no longer considered to be an unrealisable dream for individuals and families but a normal form of consumption, although certain destination countries still remain less accessible for most Chinese due to visa controls and the high costs involved. As reported by PATA (1995 and 2001), the leisure travel segment is growing more rapidly than the business travel segment.

In November 2003, the researcher had an opportunity to speak with a tour leader of a group of 37 Chinese travellers at the transit area of Bangkok International airport. They were residents of Nanjing City, had just completed a ten day trip touring Thailand and Singapore, and were returning home via Hong Kong. During the course of this 30 minute conversation, the researcher was able to gather additional insights into the China outbound market. The group was predominantly aged 35 to 45 with fairly equal gender balance. All were government employees though from a variety of organizations, with typical monthly salaries of RMB 1,500. The trip cost RMB 5,000 per person, which was considered reasonable and affordable by many of the group members. As government employees, they were in receipt of a variety of government subsidised benefits, and therefore able to save their disposable incomes for leisure purposes. The tour leader commented that the most popular destinations for the Chinese are South-east Asian countries, as it is much easier to obtain an entry visa and the costs are generally low (from RMB 2,500 to 5,000). More importantly there is no

security bond required. Korea is also popular as visas are also readily obtainable, though tourists are required to pay a bond of RMB 3,000. Some travellers believed that Australia, Europe and America are becoming more attractive to Chinese people, since those who can afford overseas travel have already experienced travelling in Asian destinations. Their desire to see something different is getting stronger. They commented that South-east Asia may appear to be a low cost destination, but they were not satisfied with the many extra costs they had to pay subsequently, such as tips and admission fees. However, they enjoyed shopping in Thailand. Compared to Vietnam, Thailand is more appealing for its more diverse culture and attractions.

Since the commencement of the ADS Agreement between China and Australia, leisure travellers from China have become an important and strongly growing market for the Australian tourism industry. The ATC is obviously taking the China leisure travel market very seriously and has diverted much of its funding to promoting Australia as a holiday destination as well as to conducting market research. In the ATC’s latest China Strategy Report (2002), three key holiday needs for the Chinese holiday have been identified:

- Physiological / biological needs: eg. fresh air, unpolluted environment.
- Self-development needs: eg. experience different countries / lifestyles; broaden knowledge of other cultures.
- Prestige needs: bragging rights on return home.

These needs seem to be fairly typical of a developing travel market within an industrial society. Based on these findings, Australia and New Zealand as well as some European countries appear to enjoy a competitive advantage in their appeal to the Chinese travellers. However, the researcher has observed that in view of the generally low income levels in China, leisure travellers tend to be highly price sensitive and influenced by the cost of travel when making their destination preferences. More factors need to be taken into account in the formulation of any serious marketing strategy.

International students

Within the China outbound market, student travel has always been an important market segment. For the historical reasons previously mentioned, “student” was the predominant visa type issued to Chinese nationals during the 1980s by various developed countries. The unexpected migrant intake experienced by these countries prompted most developed countries to label China as a “high risk” nation in their visa control systems during the early 1990s. As China’s political situation has stabilized and the economy has continued to grow, more countries have now opened their doors to the increasing number of Chinese students studying abroad. China is a country with a rich culture and long history, and considerable social value has always been attached to education as a paramount goal. After China’s admission into the World Trade Organization (WTO), the need to broaden global knowledge and acquire technical as well as foreign language skills has never been stronger. In response to this huge demand and with a view to capturing business opportunities, numerous educational institutes from various countries have attempted to capitalise upon this vast market by offering a wide range of courses and training programs for Chinese people. While many are run within China as joint-ventures with Chinese counterparts, many others offer the opportunity for Chinese students to study “on-shore” (from the Chinese student’s perspective, this means study abroad). For this reason, “international student” is a very important segment within the China outbound market. From a tourism perspective, this segment may be lucrative not only because of the revenues generated during the stay within the host country, but also because overseas students are generally “repeat or frequent travellers” who travel home at least once a year during the course of their study abroad.

VFR travellers

According to the findings of the present study and the ATC’s China Profile 2002, VFR travellers from China are a relatively important segment

comprising approximately 16% of Australia’s total international arrivals. The importance of this segment was recognized long before the emergence of the student, business and leisure segments. As discussed in Chapter Five, China has a strong diasporic experience in its recent history, which has resulted in the establishment of an economically and culturally powerful overseas Chinese network. VFR travellers are pioneers who helped to launch the era of China’s outbound tourism. As mentioned in the previous section, the first experimental groups of VFR travellers went to Hong Kong from Guangdong Province in 1983 on the basis that their trips were paid by relatives in Hong Kong (ATC 1995, CNTA 2001, Guo 2002). Waves of “going-abroad” Chinese during the 1980s and the multiplier effect of immigration thereafter have helped to consolidate the foundations for sustainable growth in this segment since the early 1990s. Travellers within this segment are more likely to stay for a longer period of time, often for six months or more. This segment may however have little economic significance in terms of generating tourist revenues, since VFR travellers tend to stay in the homes of friends and/or relatives, and in many cases, all expenses are fully paid for by their relatives in the host countries.

Special purpose travellers

This category covers a broad range of trip purposes. It may include travellers who intend to investigate migration or employment opportunities at the destination, to check out future education for their children, to seek medical treatment, or to conduct cultural activities. It is difficult to determine with any accuracy whether this is a profitable and welcome segment. This is dependent upon the trip purpose. For example, it would not be an attractive segment if travellers come with the intention of becoming illegal migrants and taking away employment opportunities from local residents in the destination countries. It may however be a profitable segment if the travellers come to the destination countries to seek out educational opportunities for their children. This means that the host country could earn foreign currency in terms of school fees, student living

expenses and possibly tourist revenues in cases where the students make leisure trips during their study periods.

Given China’s special political and social conditions, it is difficult to draw a clear distinction between the various segments, despite the segmentation approach that has been proposed. For example, sight-seeing may be the most important part of the schedule for a group of business travellers; a leisure traveller may collect business related information while touring; a student or professional development trainee may spend time engaging in leisure travel during or after their training. Despite such ambiguity, the above sections have gone some way achieving the goal set out in Specific Aim 5 of Chapter One (page 9).

8.6 Problems confronted by the Australian tourism industry

Despite the strong interest in this huge market that offers so much potential, the tourism industry in Australia has to face a number of challenges in handling the China travel market:

1. *Inadequate understanding of the market.* As admitted by the Managing Director of the ATC at the 2004 Market Briefing session, Australian tourism operators have inadequate knowledge of key market characteristics generally, and of social and cultural awareness in particular. It has become increasingly well known that the “right” social connections (*guanxi*) are essential when doing business with the Chinese. As pointed out by some non-Chinese background Australian inbound tour operators, lacking the appropriate connections or fluency in Chinese has created a strong barrier of entry for those interested in the China market. Inbound tours from China are predominantly recruited and handled by ethnic Chinese tour operators, who have the advantage of the necessary social connections and Chinese language for communication purposes.

2. *Below cost competition.* A number of problems arise in a Chinese dominated inbound travel sector, given Chinese business practices. There are a number of causes for the problem of below price competition. Firstly, Chinese business people often give up attractive profits in the pursuit of high volume, on the basis that a bigger quantity can make up for low margins. Under the influence of such business culture, some short-sighted ITOs have taken the initiative to cut prices, and because most people want to gain a foothold in a growing market full of potential, others follow. People believe that a “bright future” lies ahead once competitors are eliminated during the ensuing price wars (comments by a group of Sydney-based ITOs during the ATEC Symposium in April 2004). Secondly, the cause for below cost competition can be traced back to the Chinese nationals who left China in the late 1980s and early 1990s. Many are well educated and highly qualified people, but due to language barriers and various other reasons, are unable to find preferred employment. This group is likely to have close ties in, and good social connections with China. Opportunities arose for them when the China outbound market started booming. In addition, it is not as difficult to obtain an inbound tour operator license (for Category Three, no experience is required) as is the case with travel agencies (Category One for international agent, five years experience required). This provides an opportunity to run their own business. Some run businesses from home at very low cost and can afford to sell tours at very low prices. For this group, earnings may barely cover their wages. Thirdly, outbound tour operators in China tend to bargain for lower prices so that they can increase profits. At its worst the daily per person tour price in Australia dropped to US\$39 in 2002 while the standard normal net cost was from US\$70. In the same year an all-inclusive ten day package tour to Australia was sold at RMB9,800 (approximately A\$1,650), while the normal price with some profit margin for the tour operators should have been RMB13,000 (approximately A\$2,180). The researcher has discussed

this problem with several tour operators in Australia and China to obtain the most recent information.

Further investigations revealed that despite all the warnings set out in the strict rulings of the ADS Scheme, many tour operators are unable to cope with the pressures that arise as a result of the problems mentioned above. They are forced to breach conditions and regulations by sub-contracting inbound groups to large-scale duty free shops prepared to subsidize the tour cost, and recoup their profits through the sale of duty-free goods to visitors. These shops often possess their own vehicles and commission-based tour guides. With a high volume and proportion of group bookings, these shops enjoy a huge competitive advantage, thereby having strong bargaining power in obtaining other travel related products and services such as hotel rooms and meals. They may be able to sell the tours at well below cost price. However, the quality of the tour usually depends on how many items the travellers buy, and how much commission is generated for the tour guide. In extreme cases, it has been reported that tour guides and drivers conspire to demand money from travellers, or even steal money from tourists to make up for the wages or commissions they lose as a result of travellers not buying from the designated shops. Fourthly, some Chinese in Australia organize inbound groups without holding the appropriate license. These people make use of their Chinese ties and run the tours themselves without any of the required training or experience. Some might do this on a one-off basis, while others might do it regularly. These individuals are also able to undersell tours because they have lower business costs than a licensed tour operator would normally have to bear. Lastly and most importantly, the below cost pricing may sometimes be related to legal loophole malpractices such as money laundering. This issue is complex and not directly relevant to the current investigation.

The ATC also faces some challenges in its attempt to tap the China market. Firstly, the market is huge and diverse. It would be impossible for any promotional campaign to give full coverage to China, and any marketing strategies would be ineffective and unsuitable if they were to target all market

segments. Secondly, even where there was a perfectly designed marketing plan, it may work with some people but not others, given that social conditions have a strong influence over the travel decision making process of travellers. The diversity of the market makes it difficult to apply a single marketing plan. On the other hand, it is unrealistic financially to target each market segment with a specific marketing campaign. For these reasons, the ATC has confined its marketing campaigns to the conventional ADS regions, namely Guangzhou (as the main target within Guangdong), Beijing and Shanghai (2004 Market Briefing), despite the fact that many other parts of China are showing positive signs of becoming important sources of international travel.

Since many ADS inbound tours leave no profit margin for Australian tour operators and may even be loss-making, the under-cost competition issue was raised by inbound tour operators during the ATEC Symposium held in Perth in May 2003. In their returned questionnaires, some of the respondents to Survey Five commented that the government should take action to regulate such unfair competition, if healthy inbound tourism is to be maintained. The low-yield issue of the China market has been acknowledged by the Australian tourism industry, as well as by PATA. There is a fine print comment in PATA’s “China Outbound Market Report 2001”: “...We now believe that the term ‘lucrative’ is misleading, and that the reference is related to China’s volume potential, not financial yield” (Bailey, 2001:35).

8.7 Market attractiveness and challenges

8.7.1 *Market attractiveness*

Growth and profitability is the primary driving force behind international marketing (Lumsdon, 1997:254). Based on this principle and on an understanding of social change obtained through the findings of the present research, the attractiveness of China’s outbound market has been analysed according to considerations such as market size, market trends, level of competition, and

degree of control. Being the world’s most populous country, the size of China’s market is unquestionably large. During the first stage of China’s reform and economic development, there was a popular saying that if every Chinese bought one pair of socks, the size of the market would be sufficient to stun the world. This is substantially true. To translate this into travel demand, the estimates need to be more conservative, because it is inconceivable that every Chinese person would be able to become a travel consumer in the near future. WTO, PATA and other relevant bodies have conservatively estimated that even if only 1% of the Chinese population travelled internationally, it would have the effect of 13 million people travelling annually. The figure is big enough to put the receiving capacity of many countries under pressure. The market size of the China market is undeniably attractive.

With social change including political relaxation, economic improvement and advanced technology such as transport and information technologies, the Chinese can increasingly afford to buy travel services, and recognize a desire to go overseas to satisfy their curiosity. Given the contingency nature of the Chinese culture that was mentioned previously, the influence of peer groups and social trends should not be undervalued. As tourism in China is government-directed and supported, travel propensities are currently high at both international and domestic levels. The researcher has observed that overseas travel has become a widely talked about topic amongst middle to upper class Chinese. Other frequently mentioned issues include getting an MBA degree from one of the developed countries, sending children to study abroad, and buying shares and / or residential / investment properties. Such social trends have to some extent been reflective of the social wellbeing of the nation and the emerging values of contemporary Chinese society. As Jing Yi, a visiting scholar from China, commented at the 2002 moon festival celebration organised by the China-interest Group of Asialink, University of Melbourne: “The Chinese like to greet one another when they meet by asking a very common question ‘Have you eaten (rice) yet?’ ”. This reflects the survival needs which have dominated Chinese lifestyles for generations. During times of hardship and threatening starvation, “eating” was obviously the most

important need to be satisfied. Many decades ago in a remote, poverty-ridden mountain village in Henan Province, people could not afford to have solid food and relied on drinking thin congee or “soup” to survive. The daily life greeting then was ‘Have you had your soup yet?’. In contrast to this depressing connotation hidden in a daily life greeting, nowadays many Chinese greet each other by asking “Have you travelled recently?” or “Where would you like to travel next?”. Though superficial, the meanings behind these greetings imply a considerable advance in terms of improving living standards and an encouraging sign for tourism development. Provided that China’s social change continues to be positive, a promising market trend can be expected.

A huge market such as China obviously attracts many competitors. Internationally, many countries are competing for this huge growth market. The granting of ADS status has influenced the level of competition. During the period when the fieldwork component of the present research was being conducted in China, there were only a few countries and regions granted ADS. By October 2003, the number has reached 26 (see Appendix B, page A2). Many countries have been introducing innovative marketing strategies including simplifying visa application procedures, opening travel mission offices in China (in Global Roundup Report. North East Asia, ATC, 2003). An inbound tour operator in Ho Chi Minh City Vietnam told the researcher that Chinese travellers do not need a visa to visit the bordering regions of Vietnam, provided that their stay is less than one week. This policy appears to be a very effective government supported marketing strategy, as it has attracted numerous Chinese travellers to the northern part of Vietnam including Hanoi and Ha Long Bay. In these areas the importance of the China market has become so obvious that Mandarin is now a widely used language in most tourist attractions and shops.

Given the vastness and diversity of the China market, the degree of market control tends to be weak and low from a marketer’s point of view. First of all, a well-designed marketing plan may not necessarily achieve the expected outcome as the decision-making of Chinese travellers can be strongly affected by the

nation’s social change as well as by unexpected and uncontrollable factors. For example, a sudden crack-down campaign on corruption or a tightened monetary control policy may discourage the travel plans of many people. This was witnessed by the researcher during the outbreak of the bird-flu virus in the early 2004. A traveller safety advice released by a Chinese government officer caused the Vietnamese tourism industry to suffer for several months. Secondly, it is difficult to formulate an effective marketing strategy which is suitable for all segments geographically and demographically. Thirdly, a successful marketing plan may turn out to be in vain if the intending travellers fail to obtain an entry visa. Fourthly, a good marketing plan may be targeted at the wrong consumer groups and thus create some unwanted results. Lastly, travel demand is subject to a high level of competition from other destination countries, from domestic travel within China, and from other forms of high-level consumption such as luxury goods.

8.7.2 Challenges confronting tourism decision-makers in both public and private sectors

Tourism decision-makers face a number of challenges. At the international level, policy-makers need to balance the benefits and costs of this huge market. Apart from the issues of illegal immigration and overstaying visas mentioned in previous chapters, government decision-makers are also required to take possible social costs into account, such as environmental issues, and the sustainability of infrastructure investment. It is therefore necessary to weigh up the China market against national interests. At the national level, the tourism industry and tourism developers have to face the issues of carrying capacity and sustainability. While enjoying the benefits brought about by a booming market, it is necessary to calculate the risks to avoid the problem of over-supply when demand shifts to somewhere else or simply vanishes as occurred during the SARS crisis. Perhaps the most serious challenges are confronted by individual tour operators, especially those who do not have the required social connections in China. According to Australian inbound tour operators (Survey Five), the unfair competition and

malpractice previously mentioned have severely affected the profitability of the China market, and at one stage has made the ADS groups very unattractive to many tour operators.

8.8 The dynamics behind population movement and tourism development

China’s Open Door and Reform policy has created dynamics which have driven population growth and dispersal as well as the expansion of travel activity. From the findings of the literature review and the various surveys, these dynamics are attributable to a number of inter-related factors: 1. Freedom of mobility; 2. Effect of globalisation; 3. Improved purchasing power; 4. Information technology; 5. Government encouragement and support.

1. *Freedom of mobility.* Many authors and survey respondents believe that domestic and outbound travel would not have developed if the strict household registration system which controlled population movement remained in place. During the Mao era, people were not able to move from one village to another within the same district without approval of their local government, let alone travel to other provinces or countries. The capacity to move around obviously constitutes a backbone for the development of China’s domestic and outbound tourism.

2. *Effect of globalisation.* The Open Door and Reform policy has facilitated China’s integration into the world economy and has stimulated contacts with people beyond one’s own residential region. At the international level, this has been translated into a strong desire to see and learn new things about the outside world. This is probably the main reason for the rapid growth of China’s outbound business travel since the 1990s. At a national level, the policy has provided opportunities for people to move between cities, as well as between rural and urban areas to seek better lives and to exchange goods and services. Such internal and external

population movements have stimulated the national economy and have enabled urban and rural areas to supplement and support each other’s needs along the social distribution line. The most obvious results for much of the population have been improved living standards and incomes.

3. *Improved purchasing power.* The Open Door and Reform policy laid a solid foundation for China’s integration into the world, initially by letting in foreign capital and investment. This has made an enormous contribution to the creation of business and employment opportunities. The most direct effect has been to increase income levels. With disposable incomes on the rise, many people are now able to realise their travel aspirations. Destination preferences and travel distances are subject to a number of determinants. The most crucial are financial capacity and the social position occupied at the time of decision-making.

4. *Information technology.* The Open Door and Reform policy has allowed China to enter the new era of information technology. The introduction of telephones, mobile phones and the Internet has nourished an information revolution. The rapidly growing uses of advanced information technology have enabled Chinese people to obtain information about the outside world much more quickly. This has constituted a strong motivator for travel in general, and for outbound travel in particular.

5. *Government encouragement and support.* For the reasons mentioned in the previous chapters, China’s outbound tourism development owes much to the dramatic changes that have occurred in the political, social and economic systems since 1978. Leading Chinese tourism experts have confirmed the growing importance of tourism in the nation’s economic development and its leading role in the process of globalisation. Opinions gathered from the in-depth interviews also verify the government’s supporting and encouraging role in tourism development. Such support is exemplified in the domestic arena by the Golden Weeks

Holidays policy. Internationally it is evident in the ADS strategy and numerous government funded groups of outbound business travellers, who have been dominating the world’s major destination countries over the past ten years.

The various factors examined in the previous section have collectively generated strong dynamics, which have become the impetus for growth in many sectors of China’s society including tourism.

8.9 Social implications

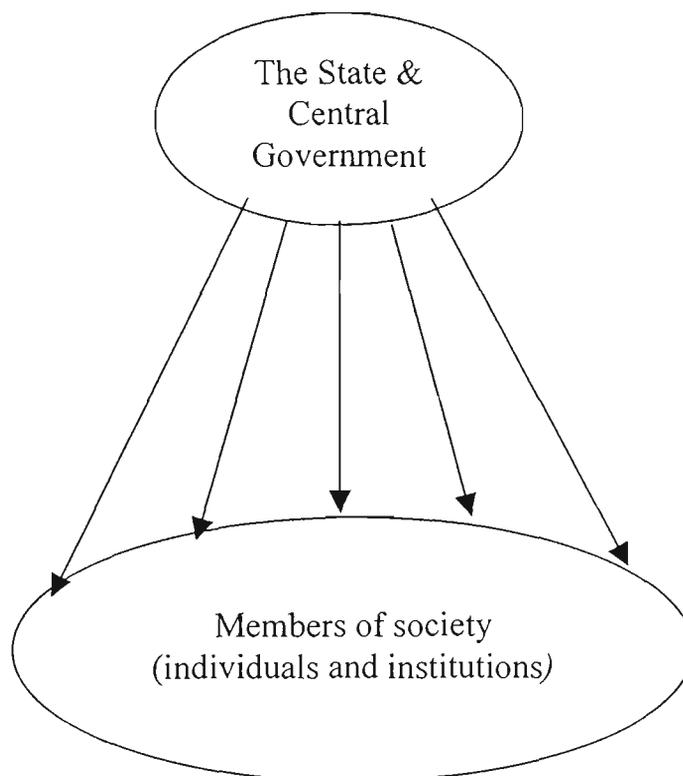
A number of social implications are evident from an examination of social change in China and the development of outbound tourism. First of all, there is a ‘cause’ and ‘effect’, as well as a ‘whole’ and ‘part’ relationship between the two. Drawing upon the survey findings, the literature review and the theories reviewed in Chapter Two, the researcher proposes that the relationship between social change and the Chinese traveller is interactive, and that this relationship functions as a sub-system within an integrated system of society. This is consistent with the view that human civil societies constitute interactive and integrated social systems, which accommodate numerous sub-systems functioning interactively, reciprocally and harmoniously.

Secondly, the emergence of a booming outbound travel market powerfully symbolizes the denial and substantial abandonment of China’s recent past, a period of less than 30 years, which can be viewed as an aberration in China’s contemporary history. The most significant difference between the pre and post 1978 social system is that the central planning orthodoxy did not permit or encourage an interactive relationship between central government and the civilian population. It was a closed system, with everything and everyone being state-owned and controlled. Members of society, both individuals and institutions, were required to serve one major mission, namely to sacrifice all private or personal goals in the interests of the government and the state. Any order from central

government was to be strictly and precisely carried out. Under this system, society was controlled by a political and military elite, and social behaviour was strictly governed and directed by political campaigns and the prevailing social movement. Other members of society played an insignificant role, with no dissidence tolerated. This one-way system plunged China into turmoil on several occasions during the lead up to the reforms mentioned in Chapter Three. Figure 8.2 (page 326) demonstrates the relationship between government and individuals in society in China before 1978. Enormous changes have been witnessed in Chinese society over the past two decades. Similarly, the development of outbound tourism has been testimony to transformational changes within one dimension of society, where the Chinese population can now move freely between rural and urban areas, inter-cities, inter-provinces, and even inter-countries. The development of this social activity can be regarded as a miniature example of China’s social change, both interactive, and having to undergo a life cycle process.

According to the Chinese ancient ‘Book of Changes’, the universe is changing every day and every minute. This collection of ancient wisdom has influenced the Chinese way of thinking over thousands of years. China and Chinese society are also changing. New methods and ways of life are constantly being pursued. The dynamic generated by each change is influencing all social facets and dimensions. The issues covered by the present research are merely a small part of a big picture. The market is like a smaller society which is also full of changes and unknown variables. From a marketing perspective, every market has its own distinct characteristics. A successful marketer must be able to adapt to changes, as well as understand and control the relationship of a range of variables which influence the market, thereby capturing the right opportunity at the right time, and formulating effective marketing strategies in response to various marketing situations.

Figure 8.2: A model of one-way, vertical social relationship - China before 1978

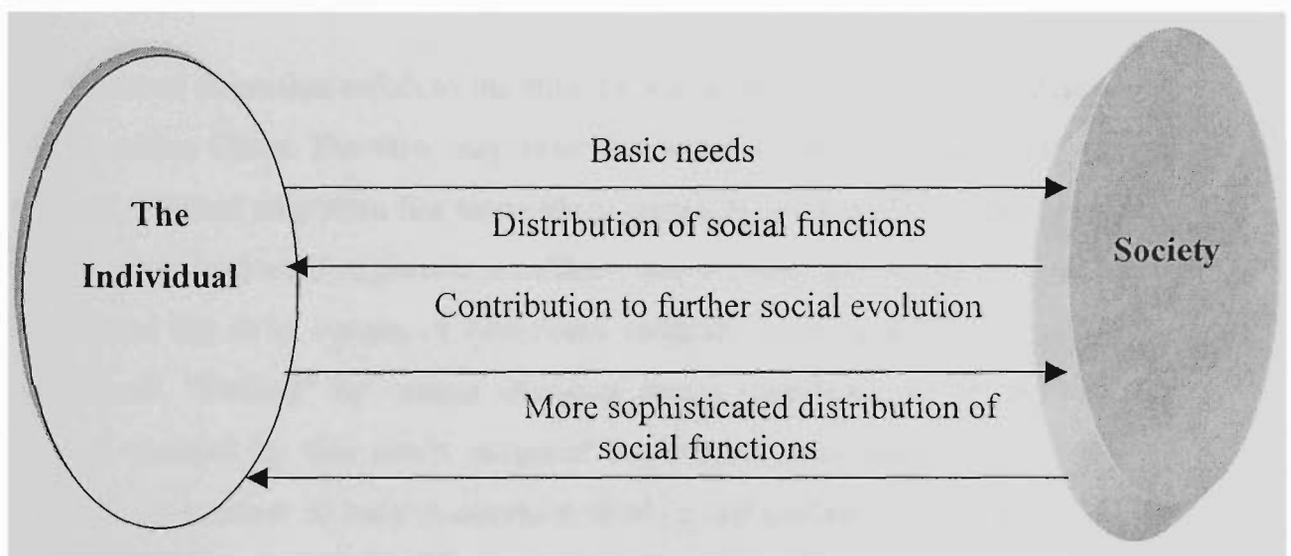


Source: Designed by the researcher, 2000

With reference to the social theories discussed in Chapter two, we can see that interactivity is a crucial element in the relationship between the individual and society. A review of social evolution theory informs us that human beings are group-oriented creatures and like to interact with one another. Looking back to the primitive period of human history, we can follow the evolution of society. In ancient times individuals grouped together to form simple societies, where they could exchange goods and services in order to satisfy their basic needs. As society has progressed, a system of social functions began to form. This in turn required each individual to perform his or her social duties to maintain the momentum. The individual then needed to improve and upgrade him/herself in order to better serve

the needs of society. With this continuing improvement, the distribution of social functions became more sophisticated. Other matters being equal, this model may be applied to the evolution of any human society. The system may be disrupted at times, but will usually revert to its natural course over time. Figure 8.3 (page 327) is a simple presentation of this interactive relationship

Figure 8.3: Relationships between the society and the individual – A model of social evolution



Source: Designed by the researcher in 2000

The present research has shown that China’s outbound travel is closely linked to the social changes evident since 1978. Such dramatic change has created a wide range of significant social consequences and influences, one of which is a key element of this study, namely population movement. Population movement is

a sociological topic too big to be covered in full in this study. However, for the purposes of comparison and demonstration, China’s internal migration is briefly mentioned in order to support the argument that an interactive system exists in almost all social relationships.

8.9.1 An integrated interactive system

The researcher holds the view that an interactive system is evident in almost all types of relationships in human society. In the case of the present research, such a system can be found in the following relationships:

1. Social change and internal migration

Internal migration refers to the flow of people between various residential locations within China. The flow may be in any direction, but in the case of China after 1978, internal migration has taken place primarily from rural to urban areas, and from poor, backward regions to wealthier, major cities. The social changes of 1978 relaxed the strict system of household controls. This freed the Chinese to move around. “Pushed” by various changing social conditions within the rural areas and assisted by this newly acquired freedom of movement in the early 1980s, a huge number of rural residents rushed to and swamped some wealthier cities of China to seek a better life. For similar reasons, many people from poorer and less developed provinces such as Hunan and Guizhou moved to wealthier cities such as Beijing, Guangzhou, and Shanghai, or to the newly emerging industrial cities such as Dongguan and Shantou. The cities of this study namely Guangzhou, Shenzhen, Zhongshan and Dongguan all experienced the problems caused by this so-called “*mangliu*” (the blind flow of people).

During the initial period of China’s Reform and Open Door policy, the central government did not have a sound and adequate social system in place to control all of the problems associated with such changes. Due to the lack of proper management, such one-way and massive internal migration at one stage

became a heavy burden for the Chinese government, as it was associated with serious social problems and crimes such as murder, robbery, poverty, home-less population and prostitution. However, the emergence of the rural population in urban areas changed the distribution of social functions within the cities. The cities provided better employment opportunities for rural migrants who proceeded to take over most of the lower-paid and unwanted jobs from the urban residents such as construction site labour work, cleaning, taxi-driving, restaurant-waiting and domestic service. Those who managed to find employment in the cities could afford to make economic contributions to the cities where they worked. With the wages they subsequently earned, they became consumers and spent their money on accommodation, transport, and various daily life necessities. Today their contribution through consumer spending further drives the development of the cities, and pushes more sophisticated distribution of social functions. Such an interactive system forms a continuous cycle of social evolution.

2. Social change and rural migrants

As mentioned previously, the agricultural reforms in rural areas have caused an over-supply of rural labour. Encouraged by the relaxation of government policy, redundant rural workers then spilled over to bigger cities in search of a living. Wherever they go, rural workers are keen to maintain a close relationship with their hometowns or villages. The rural migrants who manage to get a firm standing in urban areas usually save up their earnings for future uses in a number of ways. For example, those who return to their original towns or villages after working in the cities for a period of time may start their own businesses or build their new houses there. Those who are lucky enough to stay in urban cities permanently may send money back home to support their rural families. One way or the other, these rural migrants make significant contributions to their home towns or villages, and help enhance the development of the so-called township economy. As this process moves on, further social change may be required in the rural areas.

3. *Social change and China’s outbound traveller*

This relationship is the core element of the present research. As previously mentioned, outbound travel from China took different forms at various stages of social change occurring within contemporary China. First of all, outbound travel became a prominent social phenomenon in the mid 1980s when large numbers of PRC students left China to seek better lives in developed countries under the guise of studying English abroad.

- *Social change and the PRC student in the 1980s*

Facilitated by higher incomes, greater freedom and better information about the outside world, and pushed by fear of social and political uncertainty, many Chinese left the country during the second half of the 1980s and travelled overseas to study English or undertake other approved vocational courses. As a result of the Tiananmen Square Incident in 1989, this wave of outbound travellers became unexpected migrants in various countries. The outbreak of this incident was an unexpected social change triggered by the influence of western concepts of democracy and social values, which were introduced into contemporary China since the implementation of the Open Door and Reform policy.

As mentioned in Section 4.4.1 (page 140), this group of outbound travellers have contributed significantly to China’s society and have helped to agitate for further changes for the nation. From an economic perspective, they helped to improve the economic relationship between China and their resident countries in terms of commodity flow, capital flow, human resource flow, technology and knowledge flow, and so on. In the socio-cultural aspect, they helped to improve quality of life, arouse awareness of environmental protection, and introduce new social concepts and values. For instance, with increasing knowledge of the importance of public health and spiritual enjoyment, the Chinese have eliminated many bad habits (eg., queue jumping and spitting in the

street) and have changed their attitudes toward certain social behaviours (eg. more and more people quit smoking, previously a symbol of high social status, as they now realize smoking is a health hazard). Chinese outbound travellers have also brought back ideas such as environmental protection. This is a very important social and economic issue at both national and international levels, given that China is a rapidly growing economy, and can be a major threat to the human environment as a significant producer of air and water pollution. As society continues to accept new concepts and knowledge from the outside world through the contribution of these expatriates, it develops further and provides more development opportunities to its members as well as to those expatriates. In terms of their influence on tourism, Chinese outbound travellers may bring home new ideas to improve the quality of travel products and to raise traveller expectations.

- *Social change and the business visitor in the 1990s*

After the Tiananmen Square Incident in 1989, it was extremely difficult to obtain an entry visa to any developed countries. China’s tourism was severely and adversely affected by the political turmoil. Although the Central Government tried to implement an overall internal readjustment, which ensured continuing though slow economic growth, the social and political unrest at that time remained a strong driving force which pushed the Chinese to look elsewhere for a more secure future. As mentioned in Section 8.5.2, page 307, business travellers have become a very important market segment since the early 1990s. The number of business visitors to Australia increased significantly, jumping from 2,200 in 1986 to 10,200 in 1993. Among these business visa holders, many were genuine business travellers intending to find business opportunities overseas, but many more were simply taking advantage of the provisions in the business visas with the intention of taking a short cut to future migration.

As suggested by the perspective of “interactive relationships”, these business visa holders had different influences on China and its society. The

genuine businessperson would help enhance commercial links between China and the host countries while achieving economic goals as a result of the business visit. The feedback to wider Chinese society would be very different in the case of visitors who overstayed their visa time limit and became illegal migrants. Whether this feedback was positive or negative would depend upon their various experiences in the host countries after becoming illegal migrants.

- *Social change and the leisure traveller since the late 1990s*

Strictly speaking, outbound leisure travel in China was almost non-existent until 1989 when the State Council approved the “Interim Provisions for Organized Tour for Chinese Nationals to Visit Three Countries in Southeast Asia”. While the first condition of the ADS strategy has been abolished as China’s social change and reforms continue, the last three requirements remain the same and have become the guiding principle for the rapidly growing outbound leisure tourism. The development of the ADS strategy is obviously part of China’s social change in response to the increasing interaction between China and the international community since China opened its door.

Under the ADS program, leisure outbound travellers are required to pay security bond to ensure their return to China upon completion of the trip. This indicates that those who can afford the cost of an overseas trip are usually in a better social position, or are at least living a relatively comfortable life to have surplus income for a holiday. The social implications would be that the higher the number of leisure travellers, the better the social situation. On their return home, leisure travellers not only have acquired the right to “brag about” their overseas holiday experience, but also have learned about the life and culture of the countries they have visited. The newly acquired knowledge may be brought back to China and may later contribute to further social and cultural changes thereby influencing Chinese lifestyles in general.

- *Social change and students studying abroad in the new century*

As mentioned previously, international students have become an important segment of China’s outbound market since the turn of the century. As China’s social change and reforms continue, there is increasing interest in overseas study. The desire to study abroad has strengthened after China’s admission into the WTO. According to an informant in Beijing, the trend of studying abroad can be due to a number of factors:

1. The higher education system in China is not adequate to accommodate current demand. As a result, many parents pay extremely high education fees to get their children into private institutions.
2. As disposable income increases, many families can afford to send their children to study abroad, partly to gain a better career future for the students, and partly to show a higher social status of the parents.
3. Many young people have foreseen the enormous opportunities provided by China’s entry to the WTO and want to prepare themselves for future business and / or employment opportunities.
4. In light of possible opportunities and challenges after entering the WTO, the Chinese government is eager to adapt the nation to the international environment and therefore encourages Chinese people to acquire the necessary skills and knowledge for the nation’s further integration into the world economy.

The increasing number of students studying abroad to some extent reflects the positive achievement of China’s social change. This is supported by the fact that numerous higher educational institutions in many developed countries are competing for Chinese students across a wide range of courses. It is likely that Chinese students now studying abroad will return home with

many new ideas and skills. These will almost certainly make a significant contribution to China’s social change and social development. Compared to the student travellers of the 1980s (see Figure 2.6, page 58), the trend of student travel of today confirms and supports the interactive relationship between social change and travel development proposed in Figure 2.6, 2.9 and 8.1.

8.10 Conclusion

In this chapter, the texture of the emerging tourism “tiger” has been examined under the magnifier for a general analysis. Through studying the consumers of Guangdong province, the social and historical causes and effects of China’s outbound tourism development have been demonstrated in detail and the characteristics of this market have been presented and grouped around prescribed themes. This sequence of facts and information has provided insights into the tourism market. From the tourism research perspective, China’s outbound tourism lingers between the concept of “making a fruitful trip” (eg. taking in as much as possible) and “passion of vanity” (eg. buying a bragging right for the return home). In terms of the value of travel, the China market remains far from achieving Krippendorf’s (1999:27) proposed humanization of travel. There is likely to be a lengthy process before Chinese travellers change their travel patterns from “extensive to intensive”; from “rush to leisure”; from “ticking off included items to stopping and thinking”. Nevertheless, comparing the refuge seeking travellers of the 1980s with those who have swamped many tourist attractions in the world since the late 1990s, there is a striking difference between the miserable lives of the former group (eg. most were living in strange and unknown countries during that time) (Ye, 1996), and the knowledge hunting and dream-realising travellers of today. In this light, the evolution of China’s outbound travellers is in many ways a “great leap forward”.

CHAPTER NINE: CONCLUSIONS AND SUGGESTIONS FOR FURTHER STUDY

9.1 Introduction

The large China outbound market is booming and offers great potential. Not surprisingly, market observers have undertaken research to identify the strategies needed to enter or secure a share of the market. Such market research has been strongly customer-oriented, and has sought to understand consumer characteristics such as their tastes, needs, and purchase decisions. Marketing researchers have adopted a somewhat broader approach, examining exogenous factors such as social and cultural influences on consumer decision-making. As befits a broader contextual investigation, the present research has taken a different approach. It has examined the costs as well as the benefits of market development; it has also examined the dynamics of market growth in the context of constraints, such as the exercise of controls over population flows in the form of visa and ADS restrictions. The research has explored China's outbound tourism development in the context of the nation's dramatic social change since 1978.

Although Guangdong was selected for the conduct of Survey One and part of Survey Two, the investigation has not been a case study of Guangdong. The research has adopted a multi-dimensional approach. Survey Four was for example intended to cover all of the accredited outbound travel agencies in China, while Surveys Three and Five and part of Survey Two were conducted in Australia. Over the course of research, useful and relevant data were processed in accordance with the research direction and themes, covering both specific information (eg. typical examples) and general information (eg. contextual information and statistics), historical and concurrent information. All data have been examined carefully and the selected data are accurate and reliable to the best of the researcher's knowledge. Seeking answers to the various research questions

and attempting to achieve the various aims set out in Chapter One, the research intends to extend far beyond the scope of a market report.

The enormous potential of China's outbound travel has aroused international attention since the early 1990s, although more serious and far-reaching investigations have not been conducted until recently. Most of the research to date has been commercial oriented and somewhat superficial. Useful facts and information have been reported about the size of the market, its potential and characteristics. Others have explored the challenges confronting the tourism sector. Most have examined the market from a marketing perspective, and few have adopted a serious social approach. The paucity of market research monitoring in the context of developing countries generally has been a major deficiency of existing studies. A thorough exploration of the social context within which tourism occurs and a multi-dimensional examination of the market are as important as examining consumer behaviour. The present research has made every effort to collect as much of the available and relevant information as possible, focussing on the investigation of real world situations. An attempt has been made to interpret this information objectively and impartially .

Unlike other existing studies, the present research has not been confined to providing a straightforward market evaluation. It has not focussed on consumer specific theories such as testing tastes and needs. It has attempted to distinguish the phenomenon from its wider context (that is, a booming travel market versus the historical reasons for such boom), to examine the various causes and effects of the social dynamic under way, and to identify the links between certain phenomena and situations to find causal rules, which may be applicable to similar market situations.

9.2 Summary of previous chapters

Chapter One introduced the spectrum and impact of social change in China, including the prospective links between social change and outbound

tourism development. The core research problem and aims positioned the present research as being very different from others, although there are similarities in research findings in terms of factual information such as market characteristics, traveller profile, and most visited destinations. A number of limitations and obstacles were encountered, as is inevitable when a less beaten track of investigation is undertaken. These problems will be discussed later.

To explore issues beyond the beaten track, the present research has investigated a number of approaches including social theories, consumption theory, marketing theory, and population movement theory in the context of tourism. The relationship between these theories and the associated research problems has been identified and explained. The application of the theories to the investigation has been discussed in Chapter Two. A theoretical framework was proposed, drawing upon the various theories and proposing various models designed and created by the researcher. These theories and models were proposed as building blocks for the research, with inter-relationships proposed to underpin the structure of the study. Theories of social change and major social theories have provided an understanding of the causes of China's reform and the social dynamics generated during the process of social transformation. Together with the theories of consumption and economics of affluence, the social system and consumption model provide useful contextual information for the examination of the core research subject, namely the outbound travel market. The principles of tourism generally, and tourism consumer psychology in particular, help to provide a better understanding of the subject at the micro level, namely the Chinese traveller. Theories of population movement and the tourism / migration model serve as guiding principles, and threads linking the various themes. As discussed in Chapter Eight, an interactive system is believed to be existent in almost all types of relationships operating within the wider system of human society.

Any understanding of the nature of China's outbound tourism boom would remain superficial without a thorough investigation of the full range of influencing factors. Chapter Three has provided contextual information beginning

with the source of China's social change prior to 1978, the spectrum of the change since 1978, and its various impacts on Chinese society generally, and on tourism development and consumption in particular. Investigation of the pre-reform social context has been provided to enhance an understanding of suppressed growth in a booming travel market, and to predict future market development.

Having investigated the context of China's social change, the research confines its attention to the growth of consumption. Chapter Four examines how changing consumption patterns and shifting values amongst Chinese consumers have prompted the current boom in outbound travel. While reviewing China's domestic and outbound tourism development, this chapter explores the successive social conditions, which has prompted the desire to undertake outbound travel at various stages. A fairly standard approach has been adopted to date towards the evaluation of opportunities and constraints in the outbound market, and the present research has been more innovative in examining and analysing the influence of the network of overseas Chinese and the emerging business elite. Chapter Four applies the theories of human movement, consumer psychology and tourism marketing to explaining how Chinese consumers were successively transformed from asylum seekers (during the 1980s and early 1990s) to today's conspicuous consumers. The chapter concluded with a recap of the tourism / migration relationship and how this relationship is changing.

Most other studies have been conducted on a China-wide level. The present research has focussed specifically on Guangdong - China's leading province in terms of economic as well as tourism development. It is intended that the study of one province rather than the whole nation may provide an example for other markets, which are either too big in size to have a full national coverage of market research, or are operating in semi-open market situations typically found in post-communist states, which are usually strongly influenced by established social and historical conditions. The fact that market information found in Survey One (which involved distribution of 1,000 questionnaires in four cities of Guangdong) is similar to larger scale studies indicates that Guangdong is

both suitable as a showcase for tourism development in China, and plays an exemplary role for tourism globally. The tourism master plans recently undertaken by the WTO for various provinces in China and in India (eg. Andhra Pradesh) have highlighted the importance of understanding the profile of tourism at provincial as well as at national levels. There has generally been a lack of understanding in developing countries where analyses have rarely extended beyond superficial national overviews.

Chapter Five provided in-depth information about Guangdong generally and its capital (Guangzhou) and three major provincial cities (Shenzhen, Dongguan and Zhongshan) more particularly. Such regionally focussed descriptive information is rarely available in English language literature. This information enables a better understanding of why Guangdong has been and remains the engine of China's tourism development, and offers insights into the social dynamics that have prompted the development of tourism in China more generally. The chapter provides a broad picture covering economic performance, population, urban development and strategic position of each of the four cities, and their importance as sources of China's outbound travellers. It also provides a rationale for the choice of Guangdong as the place to conduct the potential travel consumer survey, and the extent to which it may be viewed as typical of China.

Having gathered sufficient contextual information, the researcher proposed a research design incorporating multi-dimensional investigation of the research problem. As explained in Chapter Six, the research methodology included both quantitative and qualitative approaches, as well as the various techniques employed to collect data and information during the various stages of the research process, including observation, surveying, the conduct of in-depth interviews, group discussions and a literature review. Chapter Six also outlined the nature and purpose of the five surveys that were conducted, and acknowledged difficulties encountered during the data collection process. It was noted that the Statistical Package for Social Science (SPSS) was adopted as the most suitable software for the analysis of relevant data.

In Chapter Seven, after the data collection was complete, the relevant quantitative and qualitative data were analysed, interpreted, evaluated, selected and presented according to pre-designed themes. These included demographic information, consumption patterns, attitudes towards travel, expectations and purposes of overseas trips, changing travel patterns, social change and travel, and influencing factors of travel decision-making. The research findings generated useful information about the China outbound market. Some findings are consistent with those of other studies (such as market characteristics and traveller profile); others were found to be unique to the present research, for example, the various social dynamics driving outbound tourism development at various stages, the interactive relationships between social change and outbound tourism development, and the connection between tourism and population movement.

Given that the findings presented in Chapter Seven were drawn from five separate surveys conducted at different points in time and in different social environments, it was necessary to re-organise and present the information in a more systematic and logical way. Chapter Eight provided a summary of the research findings, intended to answer the research questions as well as addressing the various aims set out at the beginning of the research. Some may have been adequately covered by practical marketing oriented information, for example, market characteristics and evaluation; others required more conceptual solutions. While the costs and benefits of tapping into China's outbound market were carefully assessed and the opportunities and constraints of the development of the market thoroughly examined, the social dynamics driving the outbound travel boom were explained and the social implications of the relationship between such booming and conditions of China's social change were discussed. Finally, drawing upon the research findings and based on the theoretical framework discussed in Chapter Two, this chapter suggested that an interactive system exists in almost all types of relationships in human society.

The final chapter (Chapter Nine) provides an overview of what has been achieved and what needs to be done into the future. Major issues affecting market growth are highlighted and a range of associated ideas is discussed. The extent to which market growth is sustainable is assessed, using an evaluation of those factors which encourage or hinder market growth. Based on the research findings, the significance and contribution of the present research to knowledge are re-confirmed with special reference to implications for China, Australia and the world. The researcher admits to a number of further limitations. Some of the proposed models and findings require further empirical verification; further studies are proposed to strengthen our confidence in causal relationships between variables, for example, decision-making versus socio-political background; push and pull factors versus outbound tourism growth. To gain a better understanding of the supply side of the China market, a comprehensive survey of tour operators and Chinese travellers will be needed to examine traveller satisfaction. Follow-up observation is also proposed with a view to assessing Guangdong's sustainability as the leading source of China's outbound travellers in the light of pressure coming from China's further relaxation of its outbound tourism. Finally, Chapter Nine re-affirms the value of the present research.

9.3 Major issues confronting China's outbound travel market

The findings of the present research are consistent with a number of other studies and confirm that China's outbound travel market is full of opportunities. They also highlight issues which are confronting the tourism industry in China and internationally. Some of these issues were well known prior to the conduct of the present research (e.g. visa restrictions); others are issues discovered only after the investigation was undertaken (eg. underselling and related issues). In this section, the researcher draws attention to causes of the key issues and their possible consequences.

9.3.1 *The visa restriction issue*

The reasons prompting some destination countries to impose visa restrictions on Chinese outbound travellers have been discussed in previous chapters. Given the trends of China's social and economic development, and the fact that more and more countries have joined the list of those seeking to acquire ADS status from China, it is likely that such restrictions will in due course be relaxed or even abolished. Whilst the scale of the China outbound market is enormous, the governments of destination countries generally, and developed countries in particular, which have strong "pull" factors, need to weigh up the benefits and costs of tourism before making decisions about whether to proceed and if so how. Ideally the China market may bring significant economic benefits, in terms of both tourism and associated advantages such as income generation in educational exports and other trade activities. Restricting entry of Chinese visitors is likely to lead to the diversion of business to competitors. This is not a preferred outcome from a marketing perspective. Visa restrictions may also create opportunities for dishonest travel agents to impose excessive or unlawful charges, thereby adversely affecting the consumer rights of tourists. On the other hand, an open-door policy without controls may not be the best solution, and may involve a risk of unexpected migration (a social cost), in the event of a subsequent outbreak of social or political upheaval inside or outside China, similar to the Tiananmen Square Incident of 1989.

9.3.2 *The balance of trade issue*

The requirement imposed by the Chinese government that tourism trade be maintained in balance has created problems for tour operators both within China and overseas. Following similar principles as the ADS strategy, the balance of trade strategy is imposed to exert control over foreign exchange flows. Destination based tour operators are required to give an equivalent quantum of business to tour operators within China, otherwise China-based tour operators may have difficulty in making official payments for outbound tours. Chinese tour operators are often able to find a way around the system, but many take advantage

of this requirement and use it to delay payment to their overseas suppliers. As noted by some Australian inbound tour operators, collection of tour payments is another problem with the China market and requires urgent attention by governments and by the tourism industry. Armed with the potential of a huge market, Chinese tour operators usually have the bargaining power to negotiate credit terms that favour them. From the supplier perspective, long-term credit could exacerbate the risk of carrying bad debts, which have already been experienced by some Australian suppliers.

9.3.3 The below cost competition issue

Within marketing, competition at an appropriate level is believed to be necessary to improve the quality of consumer products and services. In some cases, it may though be detrimental to consumer well-being or even undermine an industry as a whole. During a price war, an airline may need to lower the level of service in order to cut costs. This may affect the customers' level of comfort, or in some cases, even jeopardise their safety and security. The key to finding a solution is to draw a clear line which ensures that competition is not excessive.

The practice of underselling encountered in the China outbound market is not new in Australia's tourism industry. However it is now causing serious damage to the well-being of the tourism industry. Though it has prompted concerns within the government as well as the tourism export sector, there has not been any effective solution to the problem as far as the ITOs are concerned. Some Australian ITOs whom the researcher met in Canberra at a business function hosted by the Canberra Tourist Bureau in April 2004 admitted that they had been confronted with critical problems which were threatening their survival. Those who have strong and useful Chinese contacts may be able to secure some business with reasonable profit, although this usually means that a good proportion of the profit may need to be given away as a "kick-back". They also need to be prepared for further price cuts in the future to match the market prices prevailing at the time. Those who do not have the right connections to secure profitable business may need to follow others, for example, by selling the tours at below cost and making

up for the loss elsewhere, usually illegally or taking advantage of legal loopholes. Those who do not belong to either of these two groups may have to choose between exiting the business altogether or switching to other markets to avoid becoming trapped. The implications for Australia's tourism industry are obvious. Firstly, the trade-off of service quality for lower prices will damage Australia's image as a tourist receiving country. In fact, such criticisms have already been reported in the Chinese media (National Tourism News, April 2002). The Australian travel trade was accused of "ripping off" Chinese travellers by charging excessively for poor service. Secondly, underselling may lead to unhealthy market development, thereby affecting the long run profitability of the travel trade. According to the interactive relationship theory proposed by the researcher in Chapter Eight, this problem will go round and round endlessly, generating negative dynamics which will eventually disturb the equilibrium of the industry, until a significant change is triggered to interfere and return the situation back to its original position. Before this point is reached and the associated problems are solved, the tourism export sector dealing with the China market would need to undergo a re-shuffle and re-structure, with the poorer and weaker performers being eliminated. According to the Chinese theory of change and the theory of life cycle discussed in Section 2.4.3 (page 36), this may be a natural course of selection resulting from ruthless competition, necessary to tighten up a loose and chaotic situation.

9.3.4 *The business malpractice issue*

An interactive relationship is evident between the above-mentioned issues and the issue of business malpractice. Sometimes it is not easy to distinguish cause from effect. Visa restrictions may, for example, cause bribery to occur somewhere along the travel arrangement process when a visa applicant desperately obtains a visa to visit a certain country. This may involve fabricating documents or facts, which will in turn alert the visa issuing authority. As a consequence, stricter visa controls may be implemented.

On the supply side, malpractice may occur when competition is excessive or unjust. As mentioned in section 8.8 (page 322), a tour operator selling a tour at below cost may compensate using one of a number of ways. Over the past few years, the researcher has noticed that some travel agents have become the prey of money laundering operations in countries where strict foreign exchange controls are in place, notably China and Vietnam (Gong, 1994; Alatas, 1999; Elliott, 1997; Beare, 2003; Block, 2004). This may be attributable to social change, which has created opportunities for certain types of Chinese nationals to profit as a result of bribery and corruption. In such cases, illegal earnings need to become “legalised”, thereby nurturing a culture of business malpractice. This problem may be regarded as further proof of the interactive social relationship theory proposed previously.

Most corruption cases involve economic gain (Gong, 1994; Block, 2004). In a social system which employs monetary control policy such as China, money laundering has naturally become a useful way to store or hide money for those who have obtained large sums of money either legally (eg. through business operation) or illegally (eg. through corruption). The researcher notes that although bribery and corruption are serious social problems in contemporary China, very little literature has been published on the incidence of these problems in China. This is despite the fact that anti-corruption has been regarded as a mission of priority by Prime Ministers of various times such as Zhu Rongji and Wen Jiabao, and numerous books have been written about corruption and money laundering issues at international level. Anti-corruption is a sensitive social issue, potentially affecting many powerful positions within Central Government. Writings about corruption in China are generally confined to those reported cases where the subjects have already lost political power and privilege. The researcher is not an expert in this area and has been unable to locate solid proof in writing, although it is a well-known social phenomenon to the Chinese as well as China observers.

9.3.5 *The sustainability issue*

Is the growth of China's outbound tourism sustainable? Or is it merely a short term, temporary phenomenon? Sustainability appears to be the ultimate goal which the present research has pursued to achieve. Why are we concerned about China's social change and its relation to the development of outbound tourism? Why are we worried about the dichotomy of visa restriction and China's outbound tourism growth? All the themes which have been discussed in the previous chapters can be streamlined into one issue: "Is China's outbound travel market sustainable?" The answer depends on so many unpredictable variables. Because of its complexity, this issue merits discussion under a separate section.

9.4 Sustainability of growth

The prospect of sustainability for China's outbound tourism growth may be assessed in a number of ways, and from various perspectives. With a view to assisting the assessment, some of the positive and negative factors are discussed in the section which follows.

9.4.1 *Factors that will sustain market growth*

Given the success of China's economy over the past two decades and the rapid transformation of its socio-economic position, few would underestimate China's capacity to sustain its growth. While the rapid growth of China's outbound tourism is obviously an outcome of the social change that has occurred since the late 1970s, or more specifically, the positive change in the nation's economic situation, sustainability of outbound tourism growth is foreseeable on the ground of a number of factors which are directly or indirectly related to its social change.

- *China's further integration into the world's economy and its active involvement in the process of globalisation.* Entry into the WTO will surely enhance the extent of communications and business contacts

with the rest of the world. This means that China will continue to open up its market, including the outbound travel market.

- *Market maturity.* As Oppermann (2000) has noted Hamilton's concept of maturity (1988), once a new market becomes mature, wider travel distance will be covered and more diverse forms of travel will become the new patterns of travel, like what has been the case of the Japanese outbound market (Chon et al, 2000). The fact that more and more nations are interested in becoming ADS destinations indicates a further extension of travel distances, for long-haul travel in particular.
- *China's ability to manage crisis and attract foreign investment.* Over the past twenty five years, China has demonstrated its capacity to survive economic and political hick-ups, including the notorious *Tiananmen* (June 4) Incident of 1989, the over-heated economy problem of the early 1990s, the Asian Financial Crisis of 1998, the *Falungong* problem of the late 1990s, and the SARS crisis of 2003. Since its opening to the world in 1978, China has enjoyed rapid economic growth. Whilst a brief slowdown of growth to a rate of 5.4% was experienced from 1989 to 1991, China's growth quickly rebounded to double-digit rates. China's growth rate far exceeds that of any of the world's other economic powers including the USA and Japan. It is therefore believed that China's economic growth is sustainable, with the support of a wide range of factors, including a high level of savings and investments, a well educated work force, increasingly advanced new technologies, continuing export earnings, foreign exchange reserves, and limitless ability to borrow internationally at below market rates (Mastel, 1997:13).
- *Improved living standard.* The growing affluence of the Chinese population, increasing appreciation of quality of life and freedom of mobility are driving travel consumption. Like other high-level consumption items, overseas trips can bring status to the traveller. Travelling abroad has already become a social activity usually

associated with the image of being well-off and holding a better social position.

- *Favourable consumption environment.* As China is transformed towards a fully industrialised country, there is a growing need for relaxation and leisure. Growing leisure time and more public holidays encourage the Chinese to travel and spend money. Decreasing costs for outbound travel make overseas trips more affordable and attractive.

9.4.2 *Variables which may hinder market growth*

The above factors strongly indicate that if the current macro environment continues, the China outbound travel market will be sustainable for many more years. However, in a less perfect world, there are foreseeable and unforeseeable factors which may have a direct impact on market growth. The most likely and critical factors are as follows:

- *Outbreak of a War in the Taiwan Strait.* Although Chinese people appear to be less concerned with global politics as discussed in Chapter Seven, their active responses to various national political campaigns in the past may lead people to believe that they would not remain indifferent in the case of internal political ups and downs, as these would have a direct impact on their lives. No-one should underestimate the severity and possible consequences of a civil war between the two sides of the Taiwan Strait. Recent developments in the political situation in Taiwan indicate that the island province's claim for independence is a matter of time. This researcher observes that in response to this political development in Taiwan, China's attitude has changed from a fairly soft and accommodating one to a tougher and more determined stance. On the day when President Chen Shuibian was controversially sworn into the presidency, China reiterated its anti-Taiwan-Independence policy and announced that if Chen declares Taiwan independent, China will have to reclaim Taiwan by force at all costs, including the so-called "Three Giving-ups" –

giving up the Olympic Games 2008, giving up Sino-US relations, and in the worst case, giving up China's economic growth. These are the toughest words used on the issue of China-Taiwan relations since China's 1978 reforms. International China observers are interested to know how determined China is to carry out its words. Given China's political past, no-one should take this determination light-heartedly.

- *Social and political uncertainty.* As mentioned previously, the negative side of China's reform is represented by social disorder, unemployment, bribery, widening gaps between individuals and social groups, environmental problems, unfair social wealth distribution, and the diminishing welfare system, in particular the medical and housing systems (Section 7.2.7, page 252). Based on the researcher's past work experience in dealing with the Chinese people, other side effects of China's economic and social development are noted, which have not been touched on by most respondents perhaps because of their sensitivity. These include corruption (eg. bribery), dishonest behaviour (eg. fraudulent documents and qualifications), and business malpractice (eg. fake brand name products and copyright violations). Such social conduct can be regarded as the result of one form of negative interaction between society and its members. The researcher also notes that many members of the business elite, who represent one of the most important factors for outbound tourism growth, have achieved success on the merit of their ability (intelligence, hard work, skills and capability to get things done well). However, it is also widely believed that the most important key to success in China is one's social capital, or social position and connections. Knowing the "right people" is an important key to success in almost all human societies, but is particularly important in China. This means that many high achievers among the business elite owe their success to their social connections. These may be high-ranking government officials (eg. a mayor who has the decision-making power to approve a big infrastructure project); or those who hold important positions which

empower them to influence other people's economic losses and gains (eg. the executive of an official bank). Such reciprocal social interactions are quite common in China and have become an impetus for controversial social developments in some areas. According to theories of social change, the interactionist perspective and the Book of Change discussed in Section 2.4.3 (page 36), when social interaction reaches a certain point which affects the equilibrium, change will occur. In the case of China, this could mean sudden action by the central government to prevent a situation from deteriorating, (eg. a blanket ban on official travel to prevent corruption). Such an eventuality would lead to a significant drop in the number of outbound travellers. This may be regarded as further evidence for the proposed relationship between social change and outbound travel. Social and political uncertainty has a direct effect on the growth of outbound tourism. As commented by Mastel (1997:88), "In China, things can go wrong if winds begin blowing the wrong ways". Mastel also quoted another analyst in support of his statement: "In China, there is no one crowd that can guarantee your success". Indeed, uncertainty is the only certainty in a country in transition.

- *Trade barriers and government intervention.* With the ADS strategy and the policy of balanced inbound and outbound trade effectively in place, the Chinese government has been able to regulate and manipulate the outbound population movement for economic reasons. China has been enjoying a travel trade surplus in its dealings with developed markets such as Japan, Germany, France and Australia. In the case of Australia, there were 249,000 Australian visitors to China in 2002, whereas only 179,600 Chinese visitors came to Australia in the same year. Trade barriers are not an issue when they are in China's favour. Trade barriers are not entirely responsible for this discrepancy in the travel trade balance, since Australia's visa control policy is one of the major factors hindering market growth. However, with more countries queuing up for ADS status, and China under pressure

following its admission to the World Trade Organization to further open its market, including travel, more outbound travellers from China may be anticipated and the travel trade account balance may reverse. Naturally China does not want to see a trade deficit in any areas, and is likely to implement new policies to protect its national interests unless there are special political or economic reasons not to do so. The possible changes in the development of China's outbound tourism to some extent reflect the future outcome of interactions between China and the international community as a whole. Again this demonstrates the clear link between social change and outbound tourism.

The researcher notes that almost all of the issues discussed in Section 9.3 (page 341) are derived from or are related to social change. Since China is still in the process of transformation from communism to market economy, shortcomings in the government administrative mechanism are inevitable. This has provided some opportunities to take advantage of social positions to make private gains, thereby skewing the development of outbound tourism and causing abnormal competition within the industry either directly or indirectly. Inappropriate business practices have created obvious problems for the tourism industry. This may be regarded as another example of the theory of interactive social relationships; after all, abnormality may only be found under abnormal market conditions.

9.5 Significance and contribution to knowledge

A thorough exploration of the social context within which tourism occurs is as important as examining consumer behaviour in its narrow sense. The holistic approach adopted in the present research has differentiated it from previous studies. Though subject to limitations, the present research has identified a number of findings not found elsewhere. The approach in this research of focussing on a cause-effect relationship between social change and outbound tourism development (as stated in 1.3.1 – the main aims of the research), and

issues affecting the China outbound market demand and supply is innovative. In addition, the researcher enjoys the advantage of being able to access information which may not be readily available to researchers from outside the field (eg. observations about the Chinese diaspora and experience of migration). At a micro level, the present research also reflects some typical market characteristics of a country in transition, where pleasure and relaxation are often less important than other motivations such as learning, broadening knowledge of other cultures, seeking opportunities for personal development, or simply boasting to peers and relatives on return home. Nevertheless, Hamilton's concept of maturity suggests that the gap between developed markets and new markets (such as China) will be closing up as the new markets are maturing (Oppermann, 1997:64).

The present research is a reminder that the established theoretical principles of consumption are inadequate as explanations for all consumer behaviour, and that certain marketing orthodoxies may be insufficient to accommodate a social system such as China. It has also been pointed out that a failure to recognise the importance of social context for a market is likely to render the knowledge of the market incomplete and superficial. The researcher suggests that where tourism policy and decision-makers lack comprehensive understanding of the market, they are likely to formulate strategies that are ineffective for market targeting, positioning or penetration. New concepts were identified during the process of the research; for example, observation of the relationship between outbound tourism development and social change caused by social interactions has generated insights into the interactive relationships between unlimited sub-systems within human society. The examination of the complex relationship between social change, consumption, population movement and outbound tourism development is a novel and daring attempt.

The approach adopted in this research may provide an exemplary model for dealing with other markets or nations that exhibit comparable characteristics. For example, the conceptual framework and some of the findings of the present research may offer some insights for other socialist states such as Russia, or for

provinces within countries with huge populations currently experiencing rapid economic growth such as India. Though different in social, economic, cultural and political backgrounds, these countries share common characteristics with China in terms of economic and tourism development.

In the context of tourism globally, this may facilitate enhanced understanding of other market situations. As societies provide an aspect of the external 'environment' for other societies, relations between societies are often regarded as a source of change (Swanson, 1971:39). Within the international community, individual states are constantly learning from the experience of others. For example, the changes and evolution in ideology among the former communist states represent a process of learning, through which each communist state adopts the style and level of change to suit its own social situation. Based on this understanding, China's reluctance to break away from the communist system completely may not be a mere political face-saving strategy. Rather, it may be based on learning from the painful experience of the former Soviet Union. From an interactionist perspective, most changes within contemporary society may be regarded as the outcome of interactive relationships between the members of human society. In this light, the present research on China's social change and outbound tourism development offer valuable lessons for other nations that want to follow its path. Vietnam, for example, has followed its giant neighbour to open up and undertake a series of reforms since the early 1990s, setting its future direction and re-positioning itself internationally. On the other hand, China's success in economic development and its ability to attract foreign direct investment may also influence confidence amongst international investors considering tourism development in developing countries such as Cambodia and Vietnam, or in other fast growing economies, such as India which is also a populous country under the influence of political and social uncertainty (McVey and King, 1999:65).

Using Guangdong to demonstrate the causes and effects of China's outbound tourism growth has been an effective approach, since this international

gateway of Southern China is the best qualified province to exemplify the nation in any attempt to investigate its economic and tourism development. Findings from the survey conducted in Guangdong display some similarities with those of other studies conducted across the country or on a larger scale (see Appendix A). On this basis, it is believed that the findings may be generalised to Chinese travellers as a whole. The case of Guangdong may be applied to social settings with similar characteristics, albeit more detailed examination is required due to the shortage of information within the existing literature to confirm the relationship between different social settings. For example, Guangzhou and Ho Chi Minh City of Vietnam share the following commonalities: 1. Both are leaders of national economic development. 2. Both are the largest source of outbound travellers and emigrants of their own countries. 3. Both rely on overseas ties to achieve economic development. 4. Both are wealthy capital cities with higher levels of income. 5. Both have rich experiences in diasporic tourism because of strong overseas ties. 6. Both are subject to strict visa controls by developed countries. Given these commonalities, Guangzhou's experience in outbound tourism development may to some extent provide a referencing example for Ho Chi Minh City, albeit the ultimate model of development is unlikely to be the same. Since each society has its own historical, geographical and socio-cultural characteristics, this study of Guangdong's experience in outbound tourism development should be regarded as a reference point only and should not be translated directly into other social settings.

The descriptive information included about each of the four Guangdong cities has provided insights into how the social dynamics operate, and how these regional economic and tourism developments integrate into the larger systems from the provincial to national and even international levels. For example, Guangdong has played a cooperative role to support the central government in the nation's struggle against the SARS crisis in 2003, and a constructive role assigned by the central government in July 2003 to help save Hong Kong's tourism industry which was on the brink of collapse after being hit by the epidemic.

Within the international tourism research community, there has also been growing interest in gaining understanding of the profile of tourism at a provincial level.

9.6 Implications for Australia's tourism industry and world tourism

While it is generally agreed that China's travel market offers considerable opportunities for Australia's tourism industry, many respondents in Survey Five complain that China is a low yield market (Section 7.6.2, page 270, generating high volumes but not good profits on returns. As the key findings of Survey Five have revealed, Australian inbound tour operators specialising in China have mixed feelings about the market. Most of these ITOs are unhappy with the current market situation for the reasons mentioned in Section 7.6.5 (page 277). Among the major problems encountered by the ITOs (eg. price competition, payment collection, visa restrictions, control over the numbers of ADS agents in Australia by the Chinese government, booking time pressure, inadequate professional tour guides, domestic flight bookings in Australia), price competition is regarded as the most destructive.

Some complain that besides the problem of low profit margins, they are often the scape-goat and are abused by Chinese travellers for poor service quality which is below traveller expectations. In many cases travellers are charged a lot but are given below standard service. This is because a significant proportion of the profit has been "eaten" away by various parties along the distribution channel in China, through multiple tiers of "*guanxi*" (social connections). One ITO comments that he sometimes feels ashamed of being a tour operator serving the China market, because this carries a symbol of low yield business with lower quality. Sometimes such perceptions of "inferiority" can have a negative impact on the bargaining power of ITOs while negotiating business deals with suppliers in Australia or buyers in China.

The importance of the under pricing issue and its negative impact has been well recognised by relevant tourism bodies including the ATC, ATEC, and

various tourist bureaux. It has been said that strategies will be implemented to rectify this problem. However, few effective solutions have yet been found other than the introduction of relevant new legislation initiated by the Queensland government. Reasons given for the difficulty of exercising government intervention in tourism include that in a free market situation, tour operators are free to set whatever prices they want to sell, and that the China market is only one of the many markets being served by Australia, so that the issue is not crucial enough to warrant any high level action that may lead to destabilisation. The inability of tourism authorities to develop a quick solution to this problem has been criticised by Sydney based ITOs, who believe that Australia should learn from New Zealand (which has enforced the provisions set out in the ADS agreements to ensure a quality service is delivered to Chinese travellers), and should ban improper business practices such as shopping subsidised tours and commission kick-backs.

The researcher notes the possible causes to the core problem of underpricing discussed previously and suggests that countries interested in doing business with the China market should be able to treat this problem as an outcome of cultural difference, and try to find a suitable way to minimise the negative impact. However, there may be possible social consequences if the problem extends further. It would be unwelcome if in future, the majority of ITOs handling the China market have to be involved in improper business activities in order to survive. As Dr Roger March, Director of Inbound Tourism Studies Centre (2003), has questioned: 'Is China another "Korea", which experienced the critical issue of below cost tours and proliferation of 'fly-by-night' ITOs?' (<http://www.inboundtourism.com.au>, accessed 10 May 2004).

For a number of historical and concurrent reasons, research on Chinese visitors to Australia merits more attention. Firstly, Australia was one of the first nations to resume foreign relations with China (in 1972). Since then, the two nations have been maintaining fairly positive bilateral commercial and cultural relations. Secondly, since the Gold Rush era Australia has had a long history of

appealing to emigrants from China. Australia has been perceived as the “New Mountain of Gold” (*xinjinshan*) compared with the “Old Mountain of Gold” (*jiujinshan*) of the USA. This to some extent reflects Australia’s attractiveness to the Chinese. Thirdly Australia has accepted more than 200,000 China born migrants since the June 4 Incident in 1989. This relatively large Chinese ethnic community in Australia forms a solid base for interactive travel activities to take place and plays an important role in enhancing two way population flows between the two nations (see discussion in Section 8.9.1, page 328). Lastly, Australia is the first Western country (together with New Zealand) granted ADS. This has provided enormous opportunities for Australia to build up its competitive advantage. Under a similar principle discussed earlier in this section, Australia’s experience with the China market can also be an exemplary model for other Western countries which are either eager to obtain ADS status or show some interest in the market. These countries may learn from Australia’s success or failure, satisfaction or frustration in its dealings with the China market, so that existing problems can be prevented, or new approaches can be considered to improve the chance of success in this market.

9.7 Further limitations of the research

Given the huge size of China’s outbound tourism market, very few studies can afford to provide full coverage of the entire market. While attempting to cover a broad range of issues by taking a multi-dimensional approach, the present research is not exempted from having inevitable limitations other than those data collection related problems already mentioned in Chapter One. Some of the more obvious limitations detected from the overall research process include the following.

1. *Updating of information:* This research started in 2000. In a rapidly developing market such as China’s, changes occur every day and a period of four years is long enough to make an enormous difference in the market situation. The time factor may render the collected data out

of date or less accurate. For example, the average levels of income in some cities in China, eg. Shenzhen, have increased so much that the levels of income disclosed by respondents in 2000 may lose some validity. When the researcher returned to China in April 2002 (eighteen months after Survey One was conducted), she was informed by her informants in Guangzhou that there had been significant changes in levels of income and living standard in Guangdong. On the other hand, the costs of overseas trips have dropped significantly compared to that of 2000, as the market has opened up further, and as competition among tour operators has become more vigorous.

2. *Discrepancy between findings.* Some of the findings may appear to contradict one another. For example, people earning less than RMB2,000 per month believe that they have no chance of travelling overseas (according to outcomes of in-depth interviews), yet the findings from Questionnaire 1 show that the biggest group of ex-outbound travellers is found among people of this relatively low income group (see Section 7.2.7, page 252). This contradiction in fact supports another finding, that level of income is not necessarily a determinant of outbound travel propensity in a market which is subject to the influence of social conditions such as China's (Sections 7.3.3 and 7.3.4, pages 262-264)
3. *Minimal consideration of the environmental issue.* The present research has endeavoured to embrace a wide range of issues such as social change, consumption and outbound tourism development as well as population movement. However, as a result of placing priority on addressing population and social issues, the research has not touched on environmental issues. The latter have attracted considerable attention in tourism research fields in recent decades, but may also become a debatable issue as far as the China outbound market growth is concerned. There have been reports that

overcrowding of Chinese travellers has generated some negative effect on both social and natural environments in Hong Kong during the post SARS recovery period, though the “Freedom to travel to Hong Kong” policy introduced in July 2003 has played a crucial role to help the Special Administration Region to recover from its economic wounds after the SARS attack.

4. *The validity of imbalanced sample sizes between comparable groups.*

The researcher notes that the sample size of Survey Three (89 valid cases) is much smaller than that of Survey One (588 valid cases). To demonstrate that the influencing factors on Chinese travellers’ travel decision-making are different from those of a developed country, the two groups are compared despite the disparity in sizes. In addition, the subjective nature of some influencing factors (eg. political factors) may also render comparison difficult since the survey question lacks a built-in mechanism which allows assessment to be made against a respondent’s social and political backgrounds.

9.8 Suggestions for further research

The present research has proposed a number of models and has highlighted a range of questions which have been puzzling the China outbound market. However, solutions to these questions are not readily available without further investigation of the related areas. Propositions made by the proposed models may require stronger experimental support. These models may need to have further empirical testing before they are acceptable as theories in their own right. In this light, the researcher suggests that a number of large-scale surveys may be necessary to help demonstrate causal relationships between variables, for example, more thorough examination of income uses; decision-making versus socio-political background; push and pull factors versus outbound tourism growth. While most of the causal relationships mentioned in the present research are measurable, some may require special treatment due to their sensitivity (eg. direction of social change versus intention to seek migration opportunity).

On the supply side, a proper survey of tour operators in terms of Chinese travellers' level of satisfaction may be useful to ensure a better understanding of the needs and expectations of the China market. This may help to identify new consumer-related problems which have not been covered in this research, or to confirm the issues already discussed.

Since the China outbound market is undergoing further relaxation due to the influence of internal (eg. increasing needs and growing desires for overseas trips) and external (eg. China's obligation to further open up as a requirement of its WTO membership) social forces, it would be interesting to conduct follow up research on the possible consequences and impacts of such relaxation. There have been numerous writings examining the possible impact of the WTO entry on China's tourism industry over the past few years (CNTA On Line, accessed 16 November 2004). In addition, it would be interesting to see how Guangdong may be affected as the Chinese government has increased the number of its ADS accredited travel agencies from 67 to over 500 over the past two years. This has liberated the handling of ADS outbound tours beyond Beijing, Shanghai and Guangdong. A timely follow-up study of the sources of Chinese outbound travellers is not only interesting but also important as far as market strategy is concerned. As Mr Huang, the deputy General Manager of the Guangdong CITS commented in September 2004: "There are many wealthy potential outbound travellers from the North-east of China. They are eager to spend their money for a life-time overseas trip". The composition of market sources is likely to change in the future, however, the researcher believes that Guangdong will remain one of the largest sources of China's outbound travel, given the province's strategic importance and its geographic advantage. As its capital city Guangzhou progresses towards becoming a world-class mega city, tourism in Guangdong will become more integrated with the national and even the world tourism system.

9.9 Conclusions

Social change is an abstract concept which is the result of interactions between a wide range of political, social, cultural and economic factors. These factors interact with one another in any given specific social condition, resulting in a social dynamic that may take various forms. During the process of change, the relative strength of each dynamic may support or negate each other. The interaction between various factors is by no means linear. It is so complex that the calculation and measurement of the impact of each factor on the final net effect is almost impossible. Social change occurs in all societies, yet its impact varies from one to another, and the interactive social relationships between any pair of variables may differ from time to time, from place to place, and from society to society. For example, China's political and historical past has driven the nation's outbound travel at various stages, whereas Australia's historical and political past has driven its military alliance with its "big brothers", namely Great Britain and the USA. Given that different compositions of sub-social systems may generate different sets of interactive social relationships, this research focuses on the specific social change and tourism in China as a reforming Communist country, rather than on a general case about the relationship between social change and tourism.

Given the limitations mentioned previously and the changing nature of the market, this research is far from being a conclusive piece of work. It is not intended to be a complete market research project, as it does not focus on quantitative research on consumer behaviour like most existing literature does. However, it is the result of much effort over a period of time, blending knowledge of multiple disciplines and information on both the demand and supply sides of the market, with an intention to provide insights into a recently emerging market, using an approach different to conventional, straightforward market research. The research findings may not be sufficient to provide solutions to existing issues (such as whether the potential overstaying visa issue will continue on the demand side, and under-selling and associated problems on the supply side). The findings however help to provide references for other markets, which have similar characteristics, to raise awareness of some rarely touched issues, as well as to

point to directions for further studies. In conclusion, it is hoped that the present research may serve as a thought-stimulating tool for tourism and immigration policy makers, and may contribute to the knowledge of a relatively new research area.

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Appendix A: List of Existing Studies of China's Outbound Travel Market

1. Market Overview (China) by the Australian Tourist Commission (ATC) (1993);
2. China Market Intelligence Report, commissioned by the Pacific Asia Travel Association (PATA) (1995);
3. Market Analysis by Australia's Tourism Forecasting Council (1999);
4. The Chinese Outbound Travel Market – Overall Situation and Specific Aspects of Travel to Europe, commissioned by Austrian National Tourist Office Vienna (1998);
5. The Australian Perspective on Attracting Chinese Tourists – a conference paper by Grace Wen Pan and Eric Laws (2000);
6. China: Economic Reform and Tourism (Witt 2001);
7. A Study of the China Outbound Travel Market jointly conducted by the University of Tasmania and *Zhongshan* University of Guangzhou China (2001);
8. Chinese visitors to Australia by Theresa Barry – a BTR Tourism Report (Vol. 3 No. 2 Spring 2001);
9. China Outbound Market Report by PATA (December 2001);
10. China's Tourism by World Tourism Organization (WTO) (2002);
11. Strategies for Entering China's Outbound Market by Wenbin Guo (a Ph.D thesis, 2002);
12. China Strategy and Actions Report by the ATC (2002).
13. Research on the Chinese Outbound Travel Market Report by the Canadian Tourism Commission (2001- 2003);
14. Study on the Outbound Tourism Industry of the Republic of China – the Probability of a Bilateral ADS Agreement between the PRC and the Shengen Area, by Véronique Verhelst (2003).
15. Study into Chinese Outbound Tourism – WTO – ETC Joint Research on China, (2004)

Appendix B: Countries and Regions with ADS in 2003

Number in order of approval	Country / Region	Year of approval	State of development
1	Hong Kong	1983	Fully developed
2	Macau	1983	Fully developed
3	Thailand	1988	Fully developed
4	Singapore	1990	Fully developed
5	Malaysia	1990	Fully developed
6	Philippines	1992	Fully developed
7	Korea	1998	Fully developed
8	Australia	1999	Testing points in Beijing, Shanghai and Guangzhou
9	New Zealand	1999	Testing points in Beijing, Shanghai and Guangzhou
10	Japan	2000	Testing points in Beijing, Shanghai and Guangzhou
11	Vietnam	2000	Fully developed
12	Cambodia	2000	Fully developed
13	Burma	2000	Fully developed
14	Brunei	2000	Fully developed
15	Nepal	2002	Fully developed
16	Indonesia	2002	Fully developed
17	Malta	2002	Fully developed
18	Turkey	2002	Fully developed
19	Egypt	2002	Fully developed
20	Germany	2003	Fully developed
21	India	2003	Fully developed
22	Maldives	2003	Fully developed
23	Sri Lanka	2003	Fully developed
24	South Africa	2003	Fully developed
25	Russia*	2004	Ready to go ahead
26	Croatia*	2004	Ready to go ahead

Source: CNTA 2004

* Approved and ready to start

**Appendix C: Questionnaire Distribution Channels
(Survey One)**

1. Professor from the Guangzhou Academy of Social Science;
2. Professors from the Southern China University of Technology and the Zhongshan University;
3. Director of the Guangzhou Tourism Research and Planning Institute,
4. University students,
5. Kindergarten and primary school teachers,
6. Engineer of a state-owned porcelain factory,
7. Senior engineer of an architecture company,
8. Public security officer (police),
9. Salespersons,
10. Small business owners,
11. Taxi driver,
12. Senior researcher of the Guangzhou Agricultural Research Institute,
13. Librarian,
14. Employees of joint-venture companies,
15. Retail shop owners.

Appendix D: Range of Occupations of Respondents of Survey One

Building project manager, public servant, cadre, small business owner, architect, professor, teacher, farmer, public security officer, clerk, secretary, factory worker, medical doctor, traffic police, security, aerospace engineer, redundant worker, scientific researcher, engineering technician, accountant, librarian, quality control supervisor, salesperson, postal worker, investment consultant, receptionist, auto-mechanic, property manager, hotel employee, tour guide, marketing professionals, technical analyst, chef, photographer, computer programmer, courier delivery, pharmacist, computer engineer, custom clearance clerk, internet manager, beautician, chemical laboratory worker, driving instructor, house wife, student and so on.

Appendix E: List of recipients of questionnaires for Survey Four (Outbound travel agencies in China)

1. China International Travel Service (Head Office), Beijing
2. China Travel Service (Head Office), Beijing
3. China Youth Travel Service (Head Office), Beijing
4. China Kanghui Travel Service (Head Office), Beijing
5. China Zhaoshang Travel Service (Head Office), Beijing
6. China Women's Travel Service, Beijing
7. Guangdong Overseas Travel Company(Head Office), Guangzhou
8. Guangdong Province's China Travel Service, Guangzhou
9. Shantou City Travel Company (Head Office), Shantou
10. Shenzhen City Travel (Groups) Company, Shenzhen
11. Guangzhou City Travel Company, Guangzhou
12. Global Travel Agent, Zhuhai SEZ, Zhuhai
13. Beijing Overseas Travel Company, Beijing
14. Beijing's China International Travel Service, Beijing
15. Beijing's China Travel Service, Beijing
16. Beichen International Travel Company, Beijing
17. China Peace International Travel Company, Beijing
18. Shanghai's China International Travel Service P/L Company, Shanghai
19. Shanghai City China Travel Service, Shanghai
20. Shanghai China Youth Travel Service, Shanghai
21. Shanghai Jinjiang Travel P/L Company, Shanghai
22. Shanghai Huating Overseas Travel Company, Shanghai
23. Fujian Province Travel Company, Fuzhou
24. Fujian Overseas Travel Company, Fuzhou
25. Fujian Province's China Travel Service, Fuzhou
26. Fujian Province's China International Travel Service, Fuzhou
27. Xiamen City Travel Company, Xiamen
28. Jiangsu Overseas Travel Company, Nanjing
29. Jiangsu Province's China Travel Service, Nanjing
30. Nanjing Overseas Travel Company, Nanjing
31. Suzhou Overseas Travel Company, Suzhou
32. Wuxi City Overseas Travel Company, Wuxi
33. Dalian City Overseas Travel Company, Dalian
34. Liaoning Overseas Travel Company, Shenyang
35. Shenyang City China Travel Service, Shenyang
36. Zhejiang Overseas Travel Company, Hangzhou

37. Hangzhou Overseas Travel Company, Hangzhou
38. Zhejiang China Travel Service, Hangzhou
39. Shandong Province's China International Travel Service, Jinan
40. Qingdao China International Travel Service, Qingdao
41. Sichuan Overseas Travel Company, Chengdu
42. Chengdu Overseas Travel Company, Chengdu
43. Yunnan Overseas Travel Company, Kunming
44. Kunming China International Travel Service, Kunming
45. Xian China International Travel Service, Xian
46. Shanxi Province's China Travel Service, Xian
47. Jilin Province's Overseas Travel Company, Changchun
48. Heilongjiang Overseas Travel Company, Harerbin
49. Hubei Overseas Travel Company, Wuhan
50. Wuhan City Overseas Travel Company, Wuhan
51. Guilin China International Travel Service, Guilin
52. Chongqing City Overseas Travel Company, Chongqing
53. Tianjin China International Travel Service, Tianjin
54. Hebei Overseas Travel Company, Shijiazhuang
55. Shanxi Province's China International Travel Service, Taiyuan
56. Inner Mongolia China Travel Service, Huhehaote
57. Anhui Overseas Travel Company, Hefei
58. Jiangxi Province's Overseas Travel Company, Nanchang
59. Henan Province Travel Company, Zhengzhou
60. Hunan China International Travel Service, Changsha
61. Hainan Province's China International Travel Service, Haikou
62. Guizhou Overseas Travel Company, Guiyang
63. Tibet Travel Company, Lhasa
64. Gansu Province Silk Road International Travel Service, Lanzhou
65. Qinghai Travel Company, Xining
66. Ningxia China International Travel Service, Yinchuan
67. Xinjiang China International Travel Service, Urumqi
68. Guang Zhi Lu Travel Agent, Guangzhou
69. Hong Tai Travel, Guangzhou
70. Wing On Travel, Guangzhou

**Appendix F: List of recipients of Questionnaire 5
(Survey Five)**

1. All Reach Travel, Sydney
2. Ananda Travel, Sydney
3. Asian Pacific Holidays, Sydney
4. AUS Wonder Travel, Sydney
5. Aviation Travel, Sydney
6. AWL Travel, Sydney
7. CITS Travman, Sydney
8. China Travel Service, Sydney
9. CP Tours, Sydney
10. CYC Travel, Sydney
11. Direct Link Travel, Sydney
12. Ever Sun Tours & Travel, Sydney
13. Golden World Travel, Sydney
14. Great World Travel, Sydney
15. Helen Wong's Tour, Sydney
16. Honey Travel & Tours Agency, Sydney
17. Iris Tours, Hurstville, NSW
18. Lion Tours, Sydney
19. PTC Express Travel, Ultimo, NSW
20. Tournet Australia, Sydney
21. Transglobal Tours, Haymarket, NSW
22. Travel Worl (Australia), Sydney
23. Winglong Travel, Sydney
24. Wonder Tours, Sydney
25. AGTOUR Australia, Rockampton, Queensland
26. Accommodation Down Under, Broadbeach, Queensland
27. Asian Travel Service, Springwood, Queensland

28. Australian Cultural & Business Tours, Cairns, Queensland
29. ERM Travel Service, Brisbane
30. Golden Eagle Travel, Sunnybank, Queensland
31. Hung Ta Travel, Slacks Creek, Queensland
32. Kings Travel, Brisbane
33. Keith Prowse Entertainment Travel, Brisbane
34. Encounter Australia, Adelaide
35. Great Discovery Travel, Brooklyn Park, SA
36. Tranquil Travel Service, Urrbrae, SA
37. Australia Bound Travel, Jolimont, VIC
38. China International Travel Service, Melbourne
39. Dragon Tours, Melbourne
40. Extragreen Holidays, Melbourne
41. Grandcity Tours, Melbourne
42. Jiangsu Travel Service, Melbourne
43. Pan Global Travel, Balaclava, VIC
44. Premier Town Travel, Melbourne
45. Time Travel, Niddrie, VIC
46. Asia Travel Network, Joondalup, WA
47. Blue Travel, Perth
48. Davis Tours & Travel, Hillarys, WA
49. Mandarin Holidays & Travel, Northbridge, WA
50. Orient Express Travel, Perth
51. Platinum Holidays, Mount Lawley, WA
52. Valentino Holidays, Burswood, WA
53. WEL Travel, Perth

Appendix G: List of Questionnaires

G1. Questionnaire One (English) - Survey One (Chinese consumers)

G2. Questionnaire One (Chinese) - Survey One (Chinese consumers)

G3. Questionnaire Two (English) – Survey Two (Chinese visitors to Australia)

G4. Questionnaire Two (Chinese) – Survey Two (Chinese visitors to Australia)

G5. Questionnaire Three (English) – Survey Three (Australian travellers)

G6. Questionnaire Four (English) – Survey Four (Travel agents in China)

G7. Questionnaire Four (Chinese) - Survey Four (Travel agents in China)

G8. Questionnaire Five (English) - Survey Five (Inbound tour operators in
Australia)

Appendix G1

Questionnaire One (English)

Survey One: Chinese Consumer

Victoria University of Technology

PO Box 14428
Melbourne City MC
VIC 8001 Australia

Telephone:
(03) 9688 4430
Facsimile:
(03) 9688 4931



School of Hospitality, Tourism & Marketing

Footscray Park Campus
Ballarat Road
Footscray

Date: 30 September 2000

Dear Sir/Madam,

I am a doctoral candidate of the Victoria University in Melbourne Australia. I am conducting a study on China's outbound travel market in the context of the nation's social change. The main aims of this project are as follows:

1. To explore the relationship between social change and travel development in contemporary China;
2. To identify and examine the influencing factors of the Chinese outbound travellers' decision making process;
3. To evaluate the opportunities and constraints of China's outbound travel market from Australian tourism industry's perspective;
4. To explore the key features of China's outbound travel market and the characteristics of the Chinese traveller; and
5. To identify the needs and expectations of the Chinese outbound traveller.

The research procedures involve distribution of questionnaires, optional in-depth interview, and focus group discussion. It is hoped that the findings of this research would produce the following benefits:

1. Contributing to the knowledge of the domains of tourism and consumer research;
2. Providing objective, accurate and useful market information to parties of both Chinese and Australian tourism industries;
3. Improving understanding of China's outbound travel market;
4. Enhancing cooperation between parties of Chinese and Australian tourism industries, so that the quality of travel can be improved, and travellers' expectations can be met.

This research is conducted for sheer academic purpose only and does not contain any foreseeable risk factors. All information collected is strictly confidential and anonymous. As the research would not be successful without your assistance and support, I sincerely request you to spare a small amount of your precious time to complete the attached questionnaire.

Thanking you in anticipations.

Yours faithfully,


Cam Hong Tang (Ms)

School of Hospitality, Tourism & Marketing
Victoria University, Melbourne Australia



WINNER
2000 AUSTRALIAN
TOURISM AWARDS



Survey on prospective Chinese traveler consumers

(To be distributed in China and Australia)

Demographic information

1. Sex:

- a) Male b) Female

2. Age group:

- a) 15-25 b) 26-35 c) 36-45 d) 46-55
e) 56-65 f) above 65

3. Level of education:

4. Occupation:

5. Employment status:

- a) Private sector employee b) Public sector employee
c) Joint-venture d) Self-employed
e) Unemployed f) Retired

6. Marital status:

- a) Married b) Never married c) Other

7. Family situation (Monthly income in RMB):

	Individual income	Family income	No. of people
a)	Less than RMB500	a) Less than 1000	_____
b)	RMB 500 to 1000	b) 1000-2000	_____
c)	RMB 1000 to 2000	c) 2000-3000	_____
d)	RMB 2000 to 3000	d) 3000-4000	_____
e)	RMB 3000 to 4000	e) 4000-5000	_____
f)	RMB 4000 to 5000	f) 5000-6000	_____
g)	Above 5000	g) above 6000	_____

8. Hobbies and interests:

9. Residential area:

10. Do you have relatives or friends in other countries?

- a) Yes b) No

If "yes", where are they?

- a) Domestic travel : _____
- b) Border travel: _____
- c) International travel: _____

18a. What are the places that you visited in the last 10 years?

- a) Domestic : _____
- b) Border: _____
- c) International : _____

18b. What was the average length for these trips?

19. What were the purposes of these trips?

- a) Business
- b) Cultural and sports activities
- c) Education
- d) Employment
- e) Recreation (include relaxation and sight-seeing)
- f) Visiting friends and relatives
- g) Other (please specify)

20a. When will you take your next overseas trip?

- a). Within 6 months
- b). Within 1 year
- c). Within 2 years
- d). Other

20b. For how long?

- a) Less than 10 days
- b) Less than 2 weeks
- c) Less than 2 months
- d) Less than 3 months
- e) More than 3 months

Relationship between social change and travel behavior

21. "The Open Door Policy and economic reforms in the past two decades have made overseas travel more accessible". Do you:

- a) Agree
- b) Disagree
- c) not sure

Why? _____

22. In what way has social change in China affected your desire to travel?

- a) More disposable income;
- b) More freedom to move around;
- c) More information about the outside world;
- d) More choices in consumption
- e) Feel threatened by issues such as unemployment, health care, and housing..
- f) Other (please specify) _____

23. What would be the most important factors that deter you to travel overseas?
Please rank them in order.
- Inadequate funds;
 - No time;
 - Lacking overseas ties;
 - Obstacle in obtaining visa to enter the countries you want to visit;
 - Domestic travel is more attractive;
 - Other (please specify)

Travel decision-making and traveller expectations

24. Please compare the level of importance of the following factors in your travel decision making process. ("1" = the least important; "5" = the most important)

a) Economic factors	1	2	3	4	5
b) Social factors:					
Social trend	1	2	3	4	5
Peer groups influence	1	2	3	4	5
Family reasons	1	2	3	4	5
c) Psychological factors:					
Satisfy self-esteem	1	2	3	4	5
Wish fulfilment	1	2	3	4	5
Relaxation	1	2	3	4	5
Pleasure	1	2	3	4	5
Attitude & perception	1	2	3	4	5
d) Political factors:					
Political climate	1	2	3	4	5
Relations between China and destinations	1	2	3	4	5
Barrier of entry in destination	1	2	3	4	5
Government. regulation change	1	2	3	4	5
e) Knowledge of the desired destinations	1	2	3	4	5
f) Overseas ties	1	2	3	4	5
g) Perceived opportunities in destinations	1	2	3	4	5
h) Past experience	1	2	3	4	5

25. What would you like to get when you go overseas?
- Holiday, relaxation and pleasure
 - Visiting friends and relatives
 - Satisfying curiosity

- d) Education opportunity
- e) Employment opportunity
- f) Personal development opportunity
- g) Learn something new
- h) Have a better understanding of other cultures and life styles

26. What are your main concerns about your overseas trip?

- a) Language barrier
- b) Sense of insecurity in a strange country
- c) Inadequate funds to support yourself
- d) The attitude of the people in the host country
- e) Cultural differences; e.g. food, custom, social values etc.
- f) Other (please specify)

27. Is your overseas travel likely to be:

- a) Self-funded
- b) Paid by your family members
- c) Paid by your relatives in the destination country
- d) Paid by your employer
- e) Paid by the government
- f) Paid by your own business
- g) Other (please specify)

28. When your visa expires, will you apply for an extension ?

- a) Yes. Why? _____
- b) No. Why? _____
- a) Don't know

29. If extension of visa is not granted, would you return to China immediately?

- a) Yes
- b) No
- c) Not sure

30. How much would you be prepared to spend for a ten days overseas trip?

31. Do you think overseas travel can influence people's ways of living and quality of life?

- a) No
- b) No
- c) Don't know

32. Would you like to take part in an in-depth interview later? If yes, please provide your contact details.

Name: _____

Tel : _____

Address: _____

Any other comment: _____

Thank you very much for your help and support

Appendix G2

Questionnaire One (Chinese)

Survey One: Chinese Consumer

Victoria University of Technology

PO Box 14428
Melbourne City
MC 8001 Australia

Telephone:
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Facsimile:
(03) 9688 4931

Footscray Park Campus

School of Hospitality,
Tourism and Marketing
Ballarat Road
Footscray



尊敬的女士/先生:

本人是澳大利亚墨尔本维多利亚大学的博士研究生, 现正从事一项有关广东省境外旅游的消费行为研究。以下是此项研究的主要目的:

1. 探索当代中国社会变革与旅游行为之间的关系。
2. 从消费者角度探索和研究能影响中国境外旅游者选择旅游过程的因素。
3. 评价中国境外旅游市场的机会与限制。
4. 研究中国境外旅游市场和旅游者的特性。
5. 了解中国境外旅游者的需要和期望。

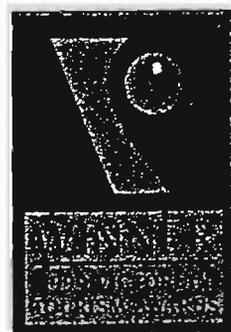
研究程序包括问卷调查、深入访谈和小组讨论。本人希望此项研究能得到以下的收获:

1. 对旅游和消费研究方面的知识领域有所贡献。
2. 为中澳双方旅游行业的有关人士提供客观、正确和有价值的市场讯息。
3. 提高对中国境外旅游市场的认识。
4. 促进中澳双方旅游行业的合作, 从而提高旅游质素, 以期满足旅游者的需要与期望。

这是一项纯学术性的研究, 绝无任何可预见的风险因素。这次研究仰赖您的支持与帮助。本人恳请您拨出宝贵的时间参与这项调查。如蒙协助, 本人万分感激。

墨尔本维多利亚大学
商学院旅游系
曾锦红敬礼

问卷资料, 绝对保密



中国境外旅游者调研问卷

统计用资料

1. 性别

男 女

2. 年龄组

15-25 26-35 36-45 46-55
56-65 65 岁以上

3. 教育程度

小学 中学 大学 其它(请说明)

4. 职业

5. 受雇状况

私营机构雇员 国营机构雇员 外资公司三资企业
自雇 待业 退休

6. 婚姻状况

已婚 未婚 其它

7. 家庭状况 (收入按人民币计算)

每月个人收入	每月家庭收入	家庭人口(注:住在一起的人口)
<input type="checkbox"/> 低于 500	<input type="checkbox"/> 低于 1000	_____
<input type="checkbox"/> 500-1000	<input type="checkbox"/> 1000-2000	_____
<input type="checkbox"/> 1000-2000	<input type="checkbox"/> 2000-3000	_____
<input type="checkbox"/> 2000-3000	<input type="checkbox"/> 3000-4000	_____
<input type="checkbox"/> 3000-4000	<input type="checkbox"/> 4000-5000	_____
<input type="checkbox"/> 4000-5000	<input type="checkbox"/> 5000-6000	_____
<input type="checkbox"/> 5000 以上	<input type="checkbox"/> 6000 以上	_____

8. 嗜好与兴趣

9. 住何区

城市 名称 _____
郊区 名称 _____
乡镇 名称 _____

10. 您是否有亲友在国外?

有 没有

如有, 请问在何处?

消费状况

11. 必要开支占总收入的百分比_____%

衣 _____%

食 _____%

住 _____%

行 _____%

教育 _____%

其它(请说明) _____% _____%

12. 消遣开支占总收入的百分比____%

娱乐 _____%

文化 _____%

旅游 _____%

康乐 _____%

其它(请说明) _____% _____%

13. 您如何应用可支配收入(扣除必要开支后)?

存银行

买股票

储蓄买住房

添置必需品

添置耐用商品(如冰箱等)

购奢侈品(如名牌服饰等)

用于娱乐消费

用于境内旅游

用于境外旅游

其它(请说明)

15. 您如何消磨假期?

在家休息

旅游观光

其它(请说明)

14. 请把下列各项依次编号。最想要的编号为“1”，次想要的为“2”，以此类推。

- 额外家居耐用商品，如第二部彩电
- 奢侈品，如汽车，名牌服饰等
- 娱乐，如电影，逛夜总会，听音乐会，歌剧等
- 高等教育
- 康乐体育活动
- 旅游(国内)
- 出国旅游
- 其它(请说明)

16. 您喜欢旅游吗？

- 喜欢 不喜欢 不知道

17. 您最喜欢哪些目的地？

- 境内游 _____
- 边境游 _____
- 境外游 _____

18. 过去十年间您去过哪些地方？

平均多长时间？

- 境内游 _____ 天/月/年
- 边境游 _____ 天/月/年
- 境外游 _____ 天/月/年

19. 过去的出国以何种机会实现的？

- 商务
- 文化体育交流
- 教育
- 外派工作
- 康乐旅游
- 探亲访友
- 其它(请说明)

20. 下次境外游是何时？

大概多长时间？

- 六个月内 不超过 10 天

- 一年内
- 两年内
- 其它

- 不超过两周
- 不超过一个月
- 不超过两个月
- 不超过三个月
- 三个月以上。

社会变革与旅游行为的关系

21. 过去 20 年来，开放政策与经济改革使出境旅游较容易实现。

- 同意 不同意 不肯定
- 为什么？
-

22. 中国的社会变革如何影响您的旅游行为？

- 较多可支配的收入 其它(请说明)
- 较多走动自由
- 有关外面世界的资料增多
- 较多消费选择
- 就业，医疗，住房等等问题的威胁

23. 影响您出国旅游的最重要因素是什么？请依次编号。

- _____ 资金
- _____ 时间
- _____ 海外关系
- _____ 目的国的入境条件限制
- _____ 国内旅游的机会
- _____ 其它(请说明)

旅游决定与旅行者期望

24. 决定旅游各因素的重要性比较。

(从 1 至 5 排列。1=最不重要；5=最重要)

a. 经济因素	1	2	3	4	5
b. 社会因素:					
社会趋势	1	2	3	4	5
他人的影响	1	2	3	4	5
家庭理由	1	2	3	4	5

c. 心理因素:					
满足自尊心	1	2	3	4	5
愿望实现	1	2	3	4	5
减压	1	2	3	4	5
消闲	1	2	3	4	5
态度, 看法	1	2	3	4	5
d. 政治因素:					
政治气候	1	2	3	4	5
中国与目的国的关系	1	2	3	4	5
目的国的入境限制	1	2	3	4	5
政府政策改变	1	2	3	4	5
e. 对目的地的认识	1	2	3	4	5
f. 海外关系	1	2	3	4	5
g. 想象中目的地的发展机会	1	2	3	4	5
h. 过去的经验	1	2	3	4	5

25. 您出国最想实现的愿望是什么?

- 度假, 观光
- 探亲访友
- 满足好奇心
- 教育机会
- 工作机会
- 个人发展机会
- 学习新事物
- 认识其它文化和生活方式

26. 您出国时最担心的是什么?

- 语言障碍
- 在陌生国度的不安全感
- 钱不够维持开支
- 目的国民众的态度

- 文化差异(如食物, 风俗习惯, 社会价值观等)
- 其它(请说明)

27. 您出国是否

- 自费
- 家人资助
- 国外亲友资助
- 雇主拨款
- 政府拨款
- 企业拨款
- 其它(请说明)

28. 在签证到期时, 您会在国外申请延期吗?

- 会的 为什么? _____
- 不会 为什么? _____
- 不知道

29. 如得不到延期签证, 您是否会马上回国?

30. 您愿意花多少钱作一次为期十天左右的境外游?

31. 您认为出国旅游是否能影响人们的生活习惯和生活素质?

- 是
- 否
- 不知道

32. 您是否愿意日后参加一个较为深入的讨论? 如愿意请留下联络资料。

名字: _____

电话: _____

地址: _____

33. 其它意见:

谢谢您的帮忙

Appendix G3

Questionnaire Two (English)

Survey Two: Chinese Visitors to Australia

Survey of Chinese visitors to Australia

1. How many times have you visited Australia?
2. What are the destinations in Australia that you have visited?
3. How long did you stay for each time you visited Australia?
4. Did you come to Australia as an individual traveller or as part of a group?
 - a) Individual traveller
 - b) Member of a group
 - c) Package Tour
 - d) Other (please specify) _____

5. What are the main purposes of this visit? _____

6. Have your expectations of the trip been met?
 - a) Yes
 - b) No
 - c) To some extent

Please give reasons for your answer _____

7. Have you experienced any difficulties in your trip to Australia ?
 - a) Yes
 - b) No
 - c) Not at all

If "Yes", what are they? _____

8. Please compare the level of impression for the following in reference to your trip in Australia. (1 = the least impressive; 5 = the most impressive)

a) The people and their life style	1	2	3	4	5
b) The climate and the natural scenery	1	2	3	4	5
c) The quality of life	1	2	3	4	5
d) The opportunities for personal development	1	2	3	4	5
e) The living standard	1	2	3	4	5
f) The freedom and democracy	1	2	3	4	5
g) The prosperous and advanced society	1	2	3	4	5
h) The peaceful & clean environment	1	2	3	4	5
i) Other (please specify)	1	2	3	4	5

9. Please compare the level of disturbance of the following in reference to your trip in Australia (1 = the least disturbance; 5 = the most disturbance)

a) Language barrier	1	2	3	4	5
b) People's attitude (eg. unfriendliness)	1	2	3	4	5
c) Problems encountered at immigration clearance	1	2	3	4	5
d) High living cost	1	2	3	4	5
a) Cultural differences; e.g. custom, social value etc	1	2	3	4	5
e) Climate & weather	1	2	3	4	5
f) Poor service quality	1	2	3	4	5

g) The facilities & amenities	1	2	3	4	5
h) The food	1	2	3	4	5
i) Personal health conditions	1	2	3	4	5
j) Unfamiliarity of the country	1	2	3	4	5
k) Lack of support in general (e.g. inadequate information and/or direction)	1	2	3	4	5
l) Inadequate funds	1	2	3	4	5
m) Expectations not being met	1	2	3	4	5
n) Too expensive	1	2	3	4	5
o) Other (please specify)	1	2	3	4	5

10. What influenced you to make your travel decision?

11. Do you regret for having made that decision?

- | | |
|-----------------|--------------|
| a) Yes | b) No |
| c) A little bit | d) very much |

12. Would there be any difference if you had chosen another destination? If yes, please specify.

13. How satisfied are you with your trip to Australia ?

	1	2	3	4	5
--	---	---	---	---	---

(1= the least satisfied; 5 = the most satisfied)

14. Are you likely to come to Australia again?

- | | |
|-------------|-------------|
| a) Yes | b) Not sure |
| c) Unlikely | d) No |

15. Would your next trip to Australia be different ? (e.g. places to visit; ways of travel etc)

16. Would you recommend Australia to your friends and relatives?

- | | |
|-------------|-----------|
| a) Yes | b) No |
| c) Not sure | d) No way |

17. Any other comment:

Thank you very much for your help and support

Appendix G4

Questionnaire Two (Chinese)

Survey Two: Chinese Visitors to Australia

正在访澳或曾经访澳的中国旅客调研问卷

1.您第几次来澳大利亚?

2.您到过澳大利亚的哪些地方?

3.逗留多久?

4.您是独自访澳还是随团体同来?

独自访澳 团体的成员 参加旅行团 其它(请说明)

5.访澳的主要目的是什么?

6.旅程是否符合所望?

符合 不符合 有些符合

为什么?

7.访澳期间有否遇到任何困难或麻烦?

有 没有

如有,是什么

8.您访澳期间以下哪些使您印象最深刻? 请依次编号。

(5=最深刻; 1=最不深刻)

民众和他们的生活方式 1 2 3 4 5

气候和天然景色 1 2 3 4 5

生活素质 1 2 3 4 5

个人发展的机会 1 2 3 4 5

<input type="checkbox"/> 生活标准	1	2	3	4	5
<input type="checkbox"/> 自由和民主	1	2	3	4	5
<input type="checkbox"/> 繁荣进步的社会	1	2	3	4	5
<input type="checkbox"/> 安静整洁的环境	1	2	3	4	5
<input type="checkbox"/> 其它(请说明)	1	2	3	4	5

9.您访澳期间，认为以下哪些最使您烦恼(请依次编号)

(5=最烦恼 1=最不烦恼)

<input type="checkbox"/> 语言障碍	1	2	3	4	5
<input type="checkbox"/> 民众的态度(如：不友善)	1	2	3	4	5
<input type="checkbox"/> 在移民关卡上碰到的麻烦	1	2	3	4	5
<input type="checkbox"/> 生活消费高	1	2	3	4	5
<input type="checkbox"/> 文化差异	1	2	3	4	5
<input type="checkbox"/> 气候	1	2	3	4	5
<input type="checkbox"/> 服务	1	2	3	4	5
<input type="checkbox"/> 设施	1	2	3	4	5
<input type="checkbox"/> 饮食	1	2	3	4	5
<input type="checkbox"/> 健康	1	2	3	4	5
<input type="checkbox"/> 对澳大利亚不熟悉	1	2	3	4	5
<input type="checkbox"/> 缺少支持	1	2	3	4	5
<input type="checkbox"/> 缺钱	1	2	3	4	5
<input type="checkbox"/> 旅程不符所望	1	2	3	4	5
<input type="checkbox"/> 费用太多	1	2	3	4	5
<input type="checkbox"/> 其它(请说明)	1	2	3	4	5

10.是什么因素促成您的旅游决定?

11.您是否后悔作了这一决定?

后悔 不后悔 有些后悔 十分后悔

为什么? _____

12.假如您选择了其它国家作为目的地,您现在的想法是否不一样?
(请举例说明)

13.您对访澳旅程的满意程度是(5=最满意 1=最不满意)

1 2 3 4 5

14.您会再来澳大利亚吗?

会 不大可能 不肯定 不会

为什么 _____

15.下次的安排有否不同(如:地方、愿望、旅游方式等)?

16.您会把澳大利亚介绍给亲友吗?

会的 不会 不肯定 绝不

为什么 _____

Appendix G5

Questionnaire Three (English)

Survey Three: Australian Travellers

Travel decision-making survey

1. Purpose of this trip: Business VFR Leisure
2. Travel companion: Alone With friends With family
3. Is this trip: Domestic International
4. Will your next trip be: Domestic International

5. Please compare the level of importance of the following factors in your travel decision making process. ("1" = the least important; "5" = the most important)

a) Economic factors

Time	1	2	3	4	5
Money	1	2	3	4	5
Price	1	2	3	4	5
Change in foreign exchange	1	2	3	4	5

b) Social factors

Social trend	1	2	3	4	5
Peer groups influence	1	2	3	4	5
Family reasons	1	2	3	4	5

c) Psychological factors:

Satisfy self-esteem	1	2	3	4	5
Wish fulfilment	1	2	3	4	5
Relaxation	1	2	3	4	5
Pleasure	1	2	3	4	5
Attitude & perception	1	2	3	4	5

d) Political factors:

Political climate (e.g. who is in power?)	1	2	3	4	5
Foreign relations	1	2	3	4	5
Barrier of entry at destination	1	2	3	4	5
Gvt. regulation change (e.g. social security changes)	1	2	3	4	5

e) **Knowledge of the destinations** 1 2 3 4 5

f) **Overseas ties** 1 2 3 4 5

g) **Perceived opportunities in Destination** 1 2 3 4 5

h) **Past experience** 1 2 3 4 5

Thank you very much for your assistance

Appendix G6

Questionnaire Four (English)

Survey Four: Travel Agents in China

Survey of travel agencies in China

1. Name of organization _____

2. Nature of organization
 - a) Private enterprise
 - b) Public enterprise
 - c) Three Capitals Enterprise (Joint venture with foreign company)
 - d) Other (please specify) _____

3. Number of employees _____

4. Major business activities:

	Number of years	Proportion
a) Domestic travel	_____	_____ %
b) Inbound international travel	_____	_____ %
c) Outbound international travel	_____	_____ %
d) Border travel	_____	_____ %

5. Which of the following receive more outbound travellers?

a) America	b) Asia	c) Australia & New Zealand
d) Africa	e) Europe	

6. Proportion of Australia-bound travel _____ %

7. In terms of outbound international travel, what are the proportions of the following:
 - a) Individual travel _____ %
 - b) Business group travel _____ %
 - c) Package tours _____ %
 - d) Other (please specify) _____ %

8. Approximately how many outbound travellers did you get in one year? _____

9. What are the biggest obstacles in organizing outbound travel services?

10. What is your opinion about the future of outbound travel to the following destinations:

	Declining	Stable	Fast growing
a) Australia	_____	_____	_____
b) United Kingdom	_____	_____	_____
c) Canada	_____	_____	_____
d) France	_____	_____	_____
e) Germany	_____	_____	_____
f) The USA	_____	_____	_____
g) The Netherlands	_____	_____	_____
h) Hong Kong	_____	_____	_____
i) Indonesia	_____	_____	_____
j) Japan	_____	_____	_____
k) Korea	_____	_____	_____
l) Macau	_____	_____	_____
m) Malaysia	_____	_____	_____
n) Russia	_____	_____	_____
o) New Zealand	_____	_____	_____
p) Taiwan	_____	_____	_____
q) Thailand	_____	_____	_____
r) Vietnam	_____	_____	_____
s) Others (Please specify)	_____	_____	_____

11. What provinces / cities did your customers come from?

12. In your opinion, what motivates these travellers to go overseas?

- a) Holiday, relaxation and pleasure
- b) Business reasons
- c) Education
- d) Curiosity
- e) Looking for opportunity to learn
- f) Looking for work
- g) Personal development opportunity
- h) Looking for migration opportunity
- i) Family reasons
- j) Social reasons
- k) Economic reasons
- l) Psychological reasons
- m) Political reasons
- n) Other (please specify)

13. In your opinion, what were these travellers' expectations of their overseas trip?

- a) To fulfil self-esteem
- b) To learn something new from other countries

- c) To have a remarkable holiday
- d) To learn about other cultures and life styles
- e) To look for opportunity for future business or personal development
- f) To look for opportunity for migration
- g) To look for opportunity for further education
- h) Other (please specify)

14. Were they happy with the overseas trips?

- a) Yes b) No c) Don't know

Why? _____

15. What were they most impressed about in their overseas trips? (5=most impressed; 1= least impressed)

a) Locals and their life style	1	2	3	4	5
b) Climate and the natural scenery	1	2	3	4	5
c) The living standard	1	2	3	4	5
d) Environment and hygiene	1	2	3	4	5
e) Quality of life	1	2	3	4	5
f) Development opportunity	1	2	3	4	5
g) Freedom and democracy	1	2	3	4	5
h) Prosperity of society	1	2	3	4	5
i) Other (please specify)	1	2	3	4	5

16. What did they most worry about in their overseas trips?

a) Language barrier	1	2	3	4	5
b) People's attitude (eg. unfriendly)	1	2	3	4	5
c) Problems with immigration clearance	1	2	3	4	5
d) High cost living	1	2	3	4	5
e) Cultural difference	1	2	3	4	5
f) Climate	1	2	3	4	5
g) Service	1	2	3	4	5
h) Amenities	1	2	3	4	5
i) Food	1	2	3	4	5
j) Health issues	1	2	3	4	5
k) Unfamiliarity of the country	1	2	3	4	5
l) Lack of support (specify)	1	2	3	4	5
m) Inadequate funds	1	2	3	4	5
n) Expectations not being met	1	2	3	4	5
o) The trip not worth the costs	1	2	3	4	5
p) Other (please specify)	1	2	3	4	5

17. Do you have an agent or branch office in Australia?
 a) Yes b) No c) Under consideration d) Won't
18. How would you assess the service quality of Australian travel industry people?
19. Do you think Australia is an attractive tourist destination?
 a) Yes b) No c) Not sure

Why? _____

20. Do you think travelling to Australia is "good value for money"?
 a) Yes b) No c) Not sure

Why? _____

21. Do you think there is market potential in Australia-bound travel?
 a) Yes b) No c) Not sure

Why? _____

22. If yes, how should it be developed?

23. How may Australia improve its image as an international tourist destination?

24. Any other comment:

25. Would you like to be invited to a focus group discussion to share your opinion with other people in the tourist industry?
 a) Yes b) No c) Not sure

If yes, please provide your contact details.

Tel : _____
 Address: _____

Thank you very much for your help and support

Appendix G7

Questionnaire Four (Chinese)

Survey Four: Travel Agents in China

中国旅游服务机构调研问卷

1. 机构名称 _____

2. 机构性质

私营企业 国营企业 三资企业 其它(请说明)

3. 雇员人数 _____

4. 主要营业范围

	年数	占总业务的百分比
<input type="checkbox"/> 国内旅游	_____	_____ %
<input type="checkbox"/> 国际旅客入境旅游	_____	_____ %
<input type="checkbox"/> 国际旅客出境旅游	_____	_____ %
<input type="checkbox"/> 边境旅游	_____	_____ %

5. 出境旅游以何国居多?

美洲 亚洲 大洋洲 非洲 欧洲

6. 前往澳大利亚的旅游占境外游的百分比 _____ %

7. 以下各项各占境外游的百分比

个人性质 _____ % 机构/团体出国考察 _____ %
 旅行团性质 _____ % 其它(请说明) _____ %

8. 平均每年有多少境外游客? _____

9. 组织国外旅游的最大障碍有哪些?

10. 您认为前往下列目的地的境外旅游市场前景如何?

	人数下降	维持现状	快速增长
澳大利亚	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
英国	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
加拿大	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
法国	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
德国	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
美国	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
荷兰	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
香港	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
印尼	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
日本	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
韩国	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
澳门	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
马来西亚	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
俄国	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
纽西兰	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
新加坡	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
台湾	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
泰国	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
越南	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

其它(请说明)

11. 贵公司的境外旅游客人都来自何省/市?

12. 您认为贵公司的境外游客出国的主要动机/原因是什么?

度假、消闲、享乐

外派工作

留学

满足好奇心

寻找学习机会

找工作

追求个人发展机会

寻找移民机会

家庭因素

社会因素

经济因素

心理因素

政治因素

其它(请说明)

13. 您认为这些旅客对境外游抱何期望?

满足自尊心

学习新事物

希望有个难忘的假期

认识其它文化和生活方式

得到个人或商业的发展机会

- 得到移民机会
- 得到教育机会
- 其它(请说明)

14. 这些旅客对过去的境外游是否满意?

- 满意 不满意 不知道

为什么? _____

15. 在境外旅程中，客人最印象深刻的是什么?

(5=最深刻 1=最不深刻)

<input type="checkbox"/> 民众和他们的生活方式	1	2	3	4	5
<input type="checkbox"/> 气候和天然景色	1	2	3	4	5
<input type="checkbox"/> 生活水平	1	2	3	4	5
<input type="checkbox"/> 环境与卫生	1	2	3	4	5
<input type="checkbox"/> 生活素质	1	2	3	4	5
<input type="checkbox"/> 发展机会	1	2	3	4	5
<input type="checkbox"/> 自由民主	1	2	3	4	5
<input type="checkbox"/> 社会繁荣	1	2	3	4	5
<input type="checkbox"/> 其它(请说明)	1	2	3	4	5

16. 在国外旅程中，客人最烦恼的是什么?

(5=最烦恼 1=最不烦恼)

<input type="checkbox"/> 语言障碍	1	2	3	4	5
<input type="checkbox"/> 民众的态度(如不友善)	1	2	3	4	5
<input type="checkbox"/> 在移民关卡上碰到的麻烦	1	2	3	4	5

<input type="checkbox"/> 生活消费高	1	2	3	4	5
<input type="checkbox"/> 文化差异	1	2	3	4	5
<input type="checkbox"/> 气候	1	2	3	4	5
<input type="checkbox"/> 服务	1	2	3	4	5
<input type="checkbox"/> 设施	1	2	3	4	5
<input type="checkbox"/> 饮食	1	2	3	4	5
<input type="checkbox"/> 健康	1	2	3	4	5
<input type="checkbox"/> 对澳大利亚不熟悉	1	2	3	4	5
<input type="checkbox"/> 缺少支持(请说明哪方面)	1	2	3	4	5
<input type="checkbox"/> 缺钱	1	2	3	4	5
<input type="checkbox"/> 旅程不符所望	1	2	3	4	5
<input type="checkbox"/> 费用太多	1	2	3	4	5
<input type="checkbox"/> 其它(请说明)	1	2	3	4	5

17. 贵公司在澳大利亚是否有分公司或代理?

有 没有 正在考虑 不考虑

18. 您如何评价澳大利亚旅游从业人员的服 务?

19. 您认为澳大利亚是个有吸引力的旅游目的地吗?

认为 不认为 不清楚

为什么? _____

20. 您认为往澳大利亚旅游是“物有所值”吗?

认为 不认为 不清楚

为什么? _____

21.您认为前往澳大利亚的市场有发展潜力吗?

有

没有

不清楚

22.如有, 应如何发展?

23.作为一个国际旅游目的地, 澳大利亚应如何改善它的形象?

24.其它意见 _____

25.您是否愿意参加一次“焦点小组”讨论, 与其他旅游界人士分享您的意见?

愿意(请提供联络资料)

电话: _____

地址: _____

不愿意

不能决定

衷心感谢您的帮助

Appendix G8

Questionnaire Five (English)

Survey Five: Inbound Tour Operators in Australia

Victoria University of Technology

PO Box 14428
Melbourne City MC
VIC 8001 Australia

Telephone:
(03) 9688 4430
Facsimile:
(03) 9688 4931



School of Hospitality, Tourism & Marketing

Footscray Park Campus
Ballarat Road
Footscray

Date: 18 February 2003

Dear Sir/Madam,

I am a doctoral candidate of the Victoria University in Melbourne Australia. I am conducting a study on China's outbound travel market in the context of the nation's social change. The main aims of this project are as follows:

1. to explore the relationship between social change and travel development in contemporary China;
2. to identify and examine the influencing factors of the Chinese outbound travelers' decision making process;
3. to evaluate the opportunities and constraints of China's outbound travel market from Australian tourism industry's perspective;
4. to explore the key features of China's outbound travel market and the characteristics of the Chinese traveler; and
5. to identify the needs and expectations of the Chinese outbound traveler.

The research procedures involve distribution of questionnaires, optional in-depth interview, and focus group discussion. It is hoped that the findings of this research would produce the following benefits:

1. Contributing to the knowledge of the domains of tourism and consumer research ;
2. Providing objective, accurate and useful market information to parties of both Chinese and Australian tourism industries;
3. Improving understanding of China's outbound travel market;
4. Enhancing cooperation between parties of Chinese and Australian tourism industries, so that the quality of travel can be improved, and travelers' expectations can be met.

This research is conducted for sheer academic purpose only and does not contain any foreseeable risk factors. All information collected is strictly confidential and anonymous. As the research would not be successful without your assistance and support, I sincerely request you to spare a small amount of your precious time to complete the attached questionnaire.

Thanking you in anticipations.

Yours faithfully,


Cam Hong Tang (Ms)

School of Hospitality, Tourism & Marketing
Victoria University, Melbourne Australia



WINNER
2000 AUSTRALIAN
TOURISM AWARDS



China Outbound Travel Market Survey

Questionnaire for Australian Inbound Tour Operators Specializing in China Market

1. Name of organization (Optional)
2. Nature of organization (please select one answer)
 - a. Australian company
 - b. Foreign company
 - c. Joint venture with foreign company
 - d. Individual business owner
 - e. Other (please specify)
3. Your main business activities are : (please select one or more answers)
 - a. Domestic travel
 - b. Inbound international travel
 - c. Outbound international travel
 - d. Other (please specify)
4. Have you received any visitors from China before?
 - a. Yes
 - b. No
 - c. Intending to do so in future
 - d. Not interested
5. If yes to Q4, were they here for:
 - a. Individual travel
 - b. Non-ADS group
 - c. ADS Package tour
 - d. Other (please specify)
6. What were the main destinations visited in Australia?

7. What were the purposes of their visit? (please select one or more answers)
 - a. Holiday, relaxation and pleasure
 - b. Visiting friends and relatives
 - c. Curious to see the outside world
 - d. Education
 - e. Employment
 - f. Personal development
 - g. Seeking better life
 - h. Family reasons
 - i. Political reasons

- j. Social reasons
 - k. Psychological reasons
 - l. Other (please specify)
8. In your opinion, what were these travelers' expectations of their overseas trip?
(please select one or more answers)
- a. To fulfil self-esteem
 - b. To learn something new from other countries
 - c. To have a remarkable holiday
 - d. To learn about other cultures and life styles
 - e. To look for opportunity for future business or personal development
 - f. To look for opportunity for migration
 - g. Other (please specify)
9. Were they happy with their trips to Australia?
- a. Yes
 - b. No
 - c. No feed back
10. What did they most like in their Australian trips?
- a. The people and their life style
 - b. The climate and the natural scenery
 - c. The living standard
 - d. The opportunities for further development
 - e. The freedom and democracy
 - f. The prosperous and advanced society
 - g. The peaceful environment
 - h. Other (please specify)
11. What did they most dislike in their Australian trips?
- a. Language problem
 - b. Cultural difference
 - c. Problems encountered during immigration clearance
 - d. High cost living
 - e. Unfamiliarity of the country
 - f. Lack of support
 - g. Inadequate funds
 - h. Expectations not being met
 - i. The trip not worth the costs
 - j. Other (please specify)
12. Did you experience any problems with the Chinese visitors?
- a. Yes
 - b. No
 - c. No
- comment: _____
- _____
- _____
- _____
- _____

**Appendix H: Key questions asked at in-depth interview
(Survey One)**

1. How do you view the future of tourism in China?
2. What is your view of China's social, economic and political future?
3. Are attitudes towards travel influenced by the social changes currently underway in China? If yes, to what extent?
4. What is your view of the development of outbound travel from China?
5. In your opinion, what types of Chinese residents are likely to travel overseas?
6. Are there any psychological differences between Chinese travellers and travellers originating in other countries?
7. When do you think overseas travel will become accessible to ordinary people in China?
8. Is Australia an attractive destination? How do you view the future growth of Australian-bound travel from China?
9. As China's social reforms deepen, do you think there will be more (or fewer) people attempting to go overseas to explore new possibilities?

Appendix I: Group Interview Questions (Survey Two)

1. Is this your first international trip?
2. How long is your stay in Australia?
3. What are the main purposes of this trip?
4. Did you pay for the trip?
5. What is your overall impression of Australia as a holiday destination?
6. Is this a rare opportunity to travel out of China?
7. In China, who would be more likely to get the chance to travel overseas?
8. Do you think overseas travel is readily available to the majority of the Chinese population?
9. What is your view of the future development of China's outbound travel?

Appendix J: Summary of Main Findings of the Five Surveys

Survey number	Subjects surveyed	Main findings	Survey periods	Techniques employed
Survey One	Chinese consumers	<ul style="list-style-type: none"> • Demographic information Age 26-55, high education; skilled personnel; generally low incomes; long haul travel not accessible to most; strong “pull” to see the outside world; sensitive to internal political conditions. • Consumption pattern Many have surplus income; big spenders in tourist goods; tendency towards high consumption. • Attitude towards travel Strong interest in travel; prefer famous cities, relics and natural scenery; growing interest in long haul travel. • Purposes of previous overseas trip Recreation and pleasure, VFR, employment, training, and business. • Expectation of future overseas trip Holiday, relaxation and pleasure, improved quality of life, learn new things, and satisfy curiosity. • Changing travel patterns From opportunistic to conspicuous traveller; from financed trip to self-funded trip; from intentional illegal immigrant to knowledge seeker and leisure traveller; from subsidised to self-funded; changing composition of “pull” and “push” factors. • Social change and travel Overseas travel more accessible due to positive social change; improved income and freedom of mobility; economic factors influence travel decision making. • Cross tabulation analysis Ex-outbound travellers not necessarily high income earners; employment position determines overseas travel opportunity. 	September to November 2000	Questionnaire, in-depth interviews, observation
Survey Two	Chinese visitors to Australia	<ul style="list-style-type: none"> • Travel behaviour Package groups; combination of business, training and sight-seeing. • Expectations Quality lifestyle; advanced society; peaceful and clean environment. • Travel opportunity Not accessible by most people; 	2000-2001	Questionnaire, group interview, observation

		<p>determined by work position held; funded by employers.</p> <ul style="list-style-type: none"> • Future view of China outbound Positive view of future development 		
Survey Three	Australian travellers	<ul style="list-style-type: none"> • Factors influencing travel decision making Big differences between Chinese and Australian travellers in political climate, government regulations, foreign relations, wish fulfilment, relaxation and pleasure. 	2000-2001	Questionnaire, observation
Survey Four	Travel agencies in China	<ul style="list-style-type: none"> • Travel patterns Predominantly business group travel and package tours. • Expectations A remarkable holiday; learn about new things and other cultures; fulfil self-esteem; opportunities for personal development. • Impression of Australia as a holiday destination Positive in general. • Opinions for outbound tourism development Positive but with concern about visa control. 	2000	Questionnaire, interview
Survey Five	Australian inbound tour operators	<ul style="list-style-type: none"> • Characteristics of Chinese travellers Price sensitive; big spenders on tourist goods; lack of cultural understanding; like famous cities and attractions. • Expectations and purposes of trip Holiday and pleasure; business activities; VFR; learn new things. • Impression of Australia Happy with Australia for its scenery, clean and peaceful environment; good value for money freedom and democracy; people and lifestyle; dislike language problem and immigration procedure. • Problems confronting the ITOs Inadequate promotion for Australia in China; not enough Mandarin speaking tour guides; visa control too strict; unhealthy price competition; booking time pressure; payment collection. • Causes of problems Some of the problems are due to specific social conditions in China; eg. bribery and strict foreign exchange control leading to the need for money laundry 	2002-2003	Questionnaire, interview, participant observation

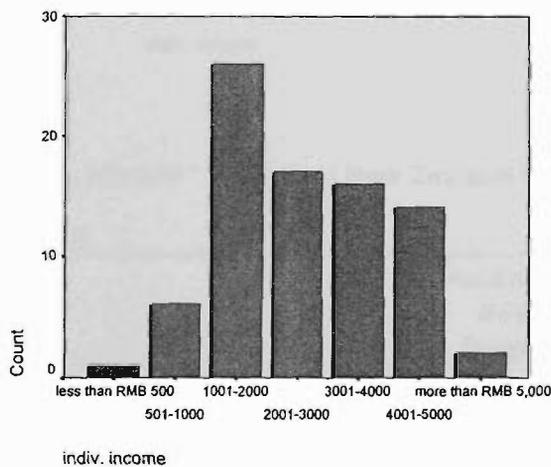
Appendix K: Cross Tabulation Data (with bar charts) from Survey One

Level of income and travel experience

individ. income * HK / Macau / Taaivan Crosstabulation

Count

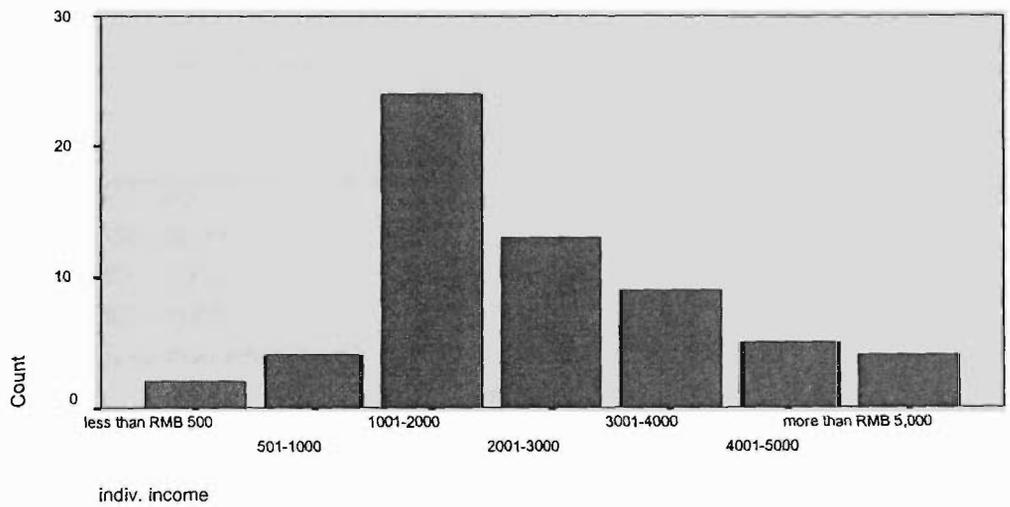
		HK / Macau / Taaivan	Total
		tick	
individ. income	less than RMB 500	1	1
	501-1000	6	6
	1001-2000	26	26
	2001-3000	17	17
	3001-4000	16	16
	4001-5000	14	14
	more than RMB 5,000	2	2
Total		82	82



indiv. income * S.E. Asia Crosstabulation

Count

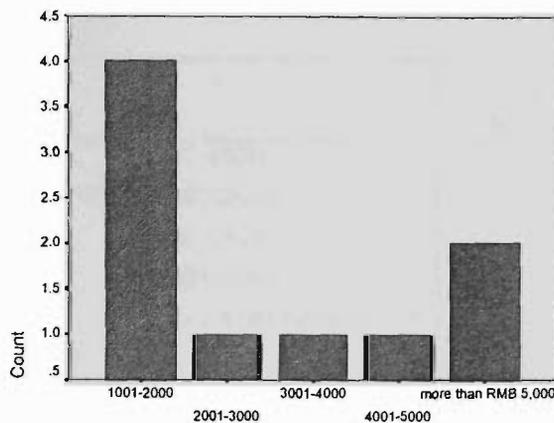
		S.E. Asia	Total
		tick	
indiv.	less than RMB 500	2	2
income	501-1000	4	4
	1001-2000	24	24
	2001-3000	13	13
	3001-4000	9	9
	4001-5000	5	5
	more than RMB 5,000	4	4
Total		61	61



indiv. income * Australia / New Zealand Crosstabulation

Count

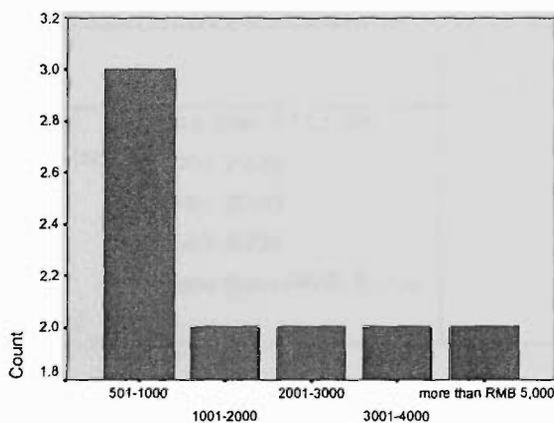
		Australia / New Zealand	Total
		tick	
indiv.	1001-2000	4	4
income	2001-3000	1	1
	3001-4000	1	1
	4001-5000	1	1
	more than RMB 5,000	2	2
Total		9	9



indiv. income

indiv. income * North America Crosstabulation

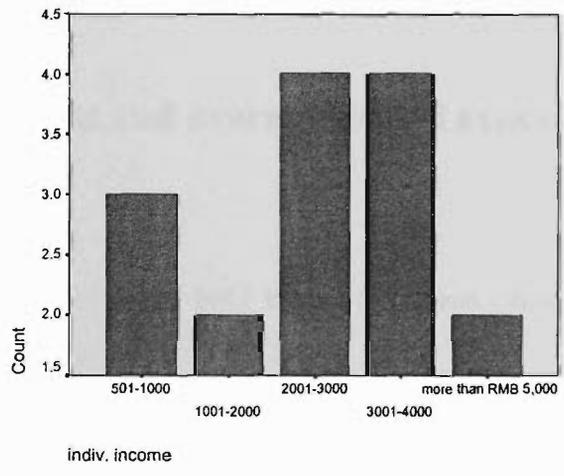
Count		North America	
		tick	Total
indiv. income	501-1000	3	3
	1001-2000	2	2
	2001-3000	2	2
	3001-4000	2	2
	more than RMB 5,000	2	2
Total		11	11



indiv. income

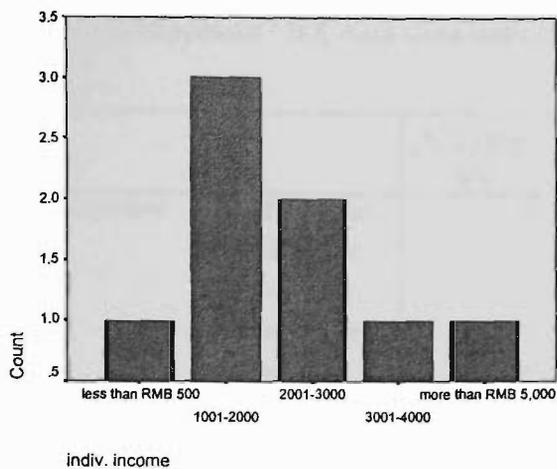
indiv. income * N.E Asia Crosstabulation

Count		N.E Asia	
		tick	Total
indiv. income	501-1000	3	3
	1001-2000	2	2
	2001-3000	4	4
	3001-4000	4	4
	more than RMB 5,000	2	2
Total		15	15



indiv. income * Europe Crosstabulation

Count		Europe	
		tick	Total
indiv. income	less than RMB 500	1	1
	1001-2000	3	3
	2001-3000	2	2
	3001-4000	1	1
	more than RMB 5,000	1	1
Total		8	8

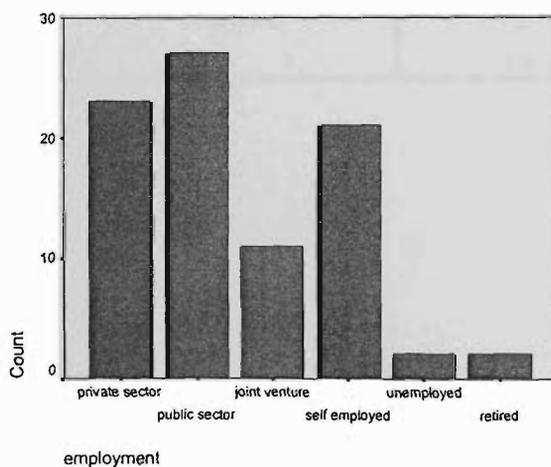


Employment and overseas travel experience

employment * HK / Macau / Taaivan Crosstabulation

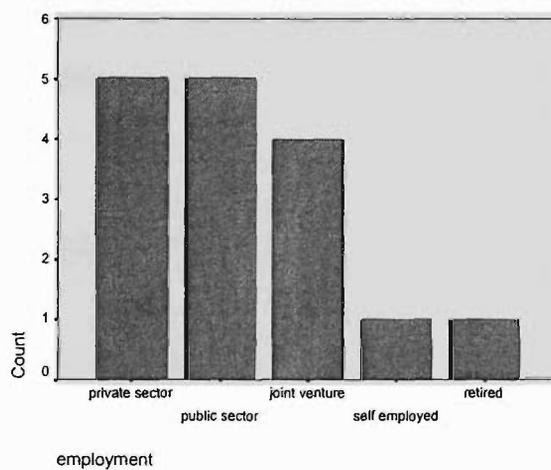
Count

		HK / Macau / Taaivan	
		tick	Total
employment	private sector	23	23
	public sector	27	27
	joint venture	11	11
	self employed	21	21
	unemployed	2	2
	retired	2	2
Total		86	86



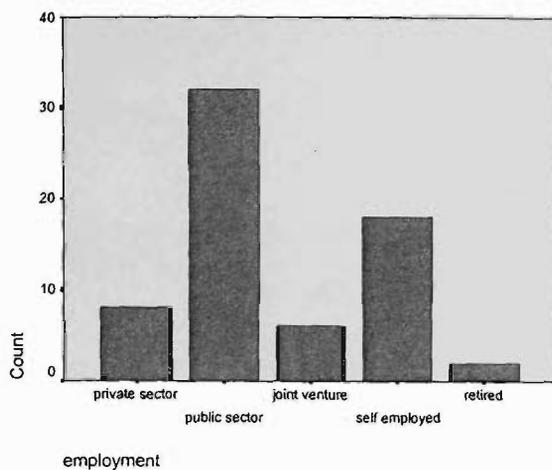
employment * N.E Asia Crosstabulation

		N.E Asia	
		tick	Total
employment	private sector	5	5
	public sector	5	5
	joint venture	4	4
	self employed	1	1
	retired	1	1
Total		16	16



employment * S.E. Asia Crosstabulation

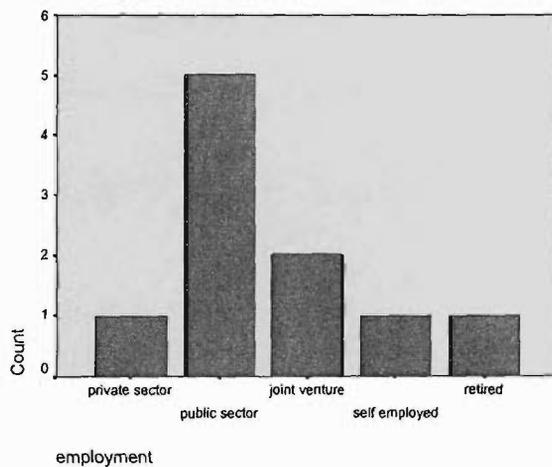
		S.E. Asia	
		tick	Total
employment	private sector	8	8
	public sector	32	32
	joint venture	6	6
	self employed	18	18
	retired	2	2
Total		66	66



employment * Australia / New Zealand Crosstabulation

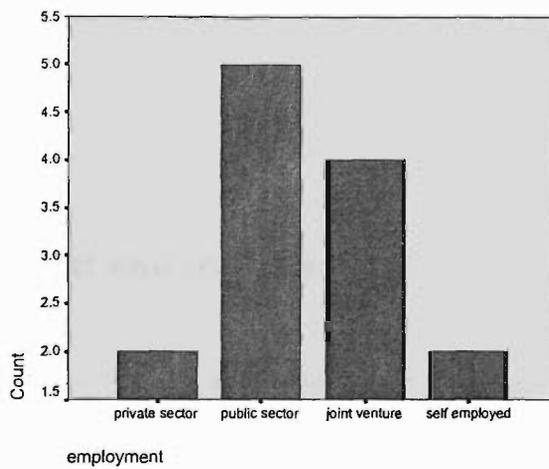
Count

		Australia / New Zealand	
		tick	Total
employment	private sector	1	1
	public sector	5	5
	joint venture	2	2
	self employed	1	1
	retired	1	1
Total		10	10



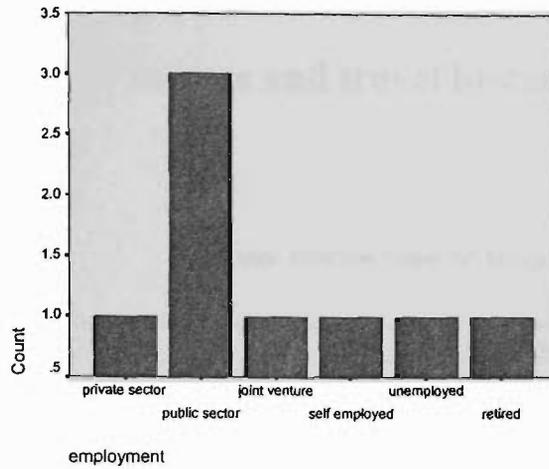
employment * North America Crosstabulation

		North America	Total
		tick	
employment	private sector	2	2
	public sector	5	5
	joint venture	4	4
	self employed	2	2
Total		13	13



employment * Europe Crosstabulation

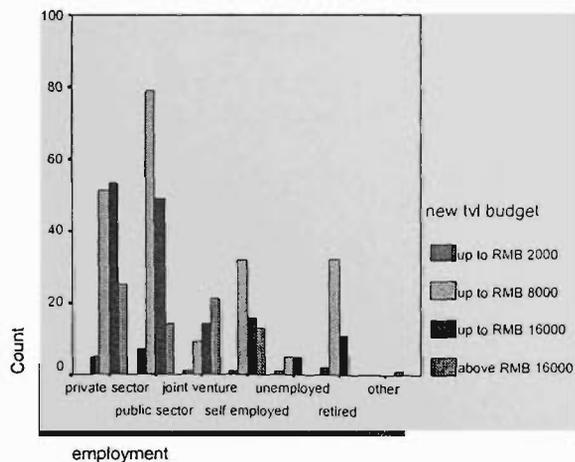
		Europe	Total
		tick	
employment	private sector	1	1
	public sector	3	3
	joint venture	1	1
	self employed	1	1
	unemployed	1	1
	retired	1	1
Total		8	8



Employment and travel budget

employment * new tvl budget Crosstabulation

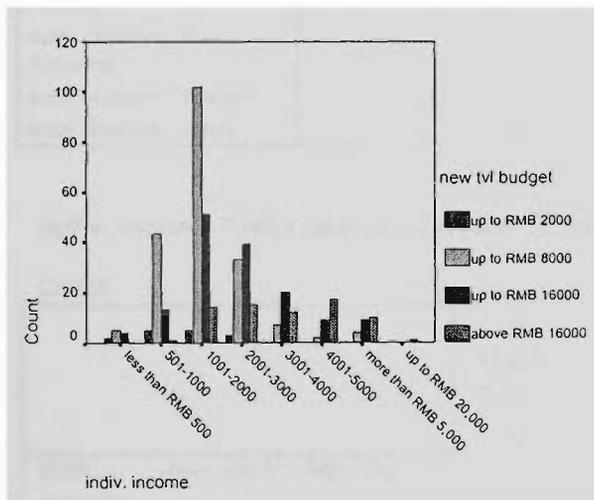
Count		new tvl budget				Total
		up to RMB 2000	up to RMB 8000	up to RMB 16000	above RMB 16000	
employment	private sector	5	51	53	25	134
	public sector	7	79	49	14	149
	joint venture	1	9	14	21	45
	self employed	1	32	16	13	62
	unemployed	1	5	5		11
	retired	2	32	11		45
	other				1	1
Total		17	208	148	74	447



Level of income and travel budget

individ. income * new tvl budget Crosstabulation

Count		new tvl budget				Total
		up to RMB 2000	up to RMB 8000	up to RMB 16000	above RMB 16000	
individ. income	less than RMB 500	2	5	4		11
	501-1000	5	43	13	1	62
	1001-2000	5	102	51	14	172
	2001-3000	3	33	39	15	90
	3001-4000		7	20	12	39
	4001-5000		2	9	17	28
	more than RMB 5,00		4	9	10	23
	up to RMB 20,000				1	1
Total		15	196	145	70	426



Appendix L: Cross Tabulation Data (Survey One)

Case 1: Levels of income and overseas travel experience

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
indiv. income * HK / Macau / T'aiwan	82	13.9%	506	86.1%	588	100.0%
indiv. income * N.E Asia	15	2.6%	573	97.4%	588	100.0%
indiv. income * S.E. Asia	61	10.4%	527	89.6%	588	100.0%
indiv. income * Other Asia	1	.2%	587	99.8%	588	100.0%
indiv. income * Australia / New Zealand	9	1.5%	579	98.5%	588	100.0%
indiv. income * North America	11	1.9%	577	98.1%	588	100.0%
indiv. income * South America	1	.2%	587	99.8%	588	100.0%
indiv. income * Europe	8	1.4%	580	98.6%	588	100.0%
indiv. income * Africa	2	.3%	586	99.7%	588	100.0%

indiv. income * HK / Macau / T'aiwan Crosstabulation

Count

		HK / Macau / T'aiwan	Total
		tick	
indiv. income	less than RMB 500	1	1
	501-1000	6	6
	1001-2000	26	26
	2001-3000	17	17
	3001-4000	16	16
	4001-5000	14	14
	more than RMB 5,000	2	2
Total		82	82

indiv. income * N.E Asia Crosstabulation

Count

		N.E Asia	
		tick	Total
indiv.	501-1000	3	3
income	1001-2000	2	2
	2001-3000	4	4
	3001-4000	4	4
	more than RMB 5,000	2	2
Total		15	15

indiv. income * S.E. Asia Crosstabulation

Count

		S.E. Asia	
		tick	Total
indiv.	less than RMB 500	2	2
income	501-1000	4	4
	1001-2000	24	24
	2001-3000	13	13
	3001-4000	9	9
	4001-5000	5	5
	more than RMB 5,000	4	4
Total		61	61

indiv. income * Other Asia Crosstabulation

Count

		Other Asia	
		tick	Total
indiv. income	501-1000	1	1
Total		1	1

indiv. income * Australia / New Zealand Crosstabulation

Count

		Australia / New Zealand	
		tick	Total
indiv.	1001-2000	4	4
income	2001-3000	1	1
	3001-4000	1	1
	4001-5000	1	1
	more than RMB 5,000	2	2
Total		9	9

indiv. income * North America Crosstabulation

Count

		North America	
		tick	Total
indiv. income	501-1000	3	3
	1001-2000	2	2
	2001-3000	2	2
	3001-4000	2	2
	more than RMB 5,000	2	2
Total		11	11

indiv. income * South America Crosstabulation

Count

		South America	
		tick	Total
indiv. income	3001-4000	1	1
Total		1	1

indiv. income * Europe Crosstabulation

Count

		Europe	
		tick	Total
indiv. income	less than RMB 500	1	1
	1001-2000	3	3
	2001-3000	2	2
	3001-4000	1	1
	more than RMB 5,000	1	1
Total		8	8

indiv. income * Africa Crosstabulation

Count

		Africa	
		tick	Total
indiv. income	4001-5000	1	1
	more than RMB 5,000	1	1
Total		2	2

Case 2: Occupations and overseas travel experience

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
occupation * HK / Macau Taiwan	85	14.5%	503	85.5%	588	100.0%
occupation * N.E Asia	16	2.7%	572	97.3%	588	100.0%
occupation * S.E. Asia	64	10.9%	524	89.1%	588	100.0%
occupation * Other Asia	1	.2%	587	99.8%	588	100.0%
occupation * Australia / New Zealand	10	1.7%	578	98.3%	588	100.0%
occupation * North America	11	1.9%	577	98.1%	588	100.0%
occupation * South America	2	.3%	586	99.7%	588	100.0%
occupation * Europe	7	1.2%	581	98.8%	588	100.0%
occupation * Africa	2	.3%	586	99.7%	588	100.0%

occupation * HK / Macau / Taiiwan Crosstabulation

Count

		HK / Macau / Taiiwan	Total
		tick	
occupation	Professional	9	9
	Para-professional	9	9
	Executive	12	12
	Small Business Owner/ Entrepreneur	14	14
	Public Servant	10	10
	trading/sales representative	7	7
	Blue collar worker	3	3
	White collar worker	9	9
	Farmer	3	3
	Others	9	9
	Total	85	85

occupation * N.E Asia Crosstabulation

Count

		N.E Asia	Total
		tick	
occupation	Professional	2	2
	Para-professional	1	1
	Executive	3	3
	Small Business Owner/ Entrepreneur	1	1
	Trade-person/ Technician	1	1
	trading/sales representative	2	2
	Blue collar worker	2	2
	White collar worker	2	2
	Others	2	2
Total		16	16

occupation * S.E. Asia Crosstabulation

Count

		S.E. Asia	Total
		tick	
occupation	Professional	3	3
	Para-professional	7	7
	Executive	7	7
	Small Business Owner/ Entrepreneur	11	11
	Public Servant	11	11
	Trade-person/ Technician	2	2
	trading/sales representative	4	4
	Blue collar worker	3	3
	White collar worker	7	7
	Domestic duties	1	1
	Farmer	4	4
	Others	4	4
Total		64	64

occupation * Other Asia Crosstabulation

Count

		Other Asia	Total
		tick	
occupation	Public Servant	1	1
Total		1	1

occupation * Australia / New Zealand Crosstabulation

Count

		Australia / New Zealand	
		tick	Total
occupation	Para-professional	2	2
	Executive	4	4
	Small Business Owner/ Entrepreneur	1	1
	Public Servant	1	1
	White collar worker	1	1
	Others	1	1
Total		10	10

occupation * North America Crosstabulation

Count

		North America	
		tick	Total
occupation	Professional	3	3
	Small Business Owner/ Entrepreneur	2	2
	Trade-person/ Technician	1	1
	trading/sales representative	3	3
	Blue collar worker	1	1
	Others	1	1
Total		11	11

occupation * South America Crosstabulation

Count

		South America	
		tick	Total
occupation	Executive	1	1
	Others	1	1
Total		2	2

occupation * Europe Crosstabulation

Count

		Europe	
		tick	Total
occupation	Para-professional	2	2
	Small Business Owner/ Entrepreneur	1	1
	trading/sales representative	2	2
	Student	1	1
	Others	1	1
Total		7	7

occupation * Africa Crosstabulation

Count

		Africa	
		tick	Total
occupation	Para-professional	1	1
	White collar worker	1	1
Total		2	2

Case 3: Employment and overseas travel experience

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
employment * HK / Macau / Taaiwan	86	14.6%	502	85.4%	588	100.0%
employment * N.E Asia	16	2.7%	572	97.3%	588	100.0%
employment * S.E. Asia	66	11.2%	522	88.8%	588	100.0%
employment * Other Asia	1	.2%	587	99.8%	588	100.0%
employment * Australia / New Zealand	10	1.7%	578	98.3%	588	100.0%
employment * North America	13	2.2%	575	97.8%	588	100.0%
employment * South America	2	.3%	586	99.7%	588	100.0%
employment * Europe	8	1.4%	580	98.6%	588	100.0%
employment * Africa	2	.3%	586	99.7%	588	100.0%

employment * HK / Macau / Taaiwan Crosstabulation

Count

		HK / Macau / Taaiwan	Total
		tick	
employment	private sector	23	23
	public sector	27	27
	joint venture	11	11
	self employed	21	21
	unemployed	2	2
	retired	2	2
Total		86	86

employment * N.E Asia Crosstabulation

Count

		N.E Asia	Total
		tick	
employment	private sector	5	5
	public sector	5	5
	joint venture	4	4
	self employed	1	1
	retired	1	1
Total		16	16

employment * S.E. Asia Crosstabulation

Count

		S.E. Asia	Total
		tick	
employment	private sector	8	8
	public sector	32	32
	joint venture	6	6
	self employed	18	18
	retired	2	2
Total		66	66

employment * Other Asia Crosstabulation

Count

		Other Asia	Total
		tick	
employment	public sector	1	1
Total		1	1

employment * Australia / New Zealand Crosstabulation

Count

		Australia / New Zealand	Total
		tick	
employment	private sector	1	1
	public sector	5	5
	joint venture	2	2
	self employed	1	1
	retired	1	1
Total		10	10

employment * North America Crosstabulation

Count

		North America	Total
		tick	
employment	private sector	2	2
	public sector	5	5
	joint venture	4	4
	self employed	2	2
Total		13	13

employment * South America Crosstabulation

Count

		South America	Total
		tick	
employment	private sector	1	1
	joint venture	1	1
Total		2	2

employment * Europe Crosstabulation

Count

		Europe	Total
		tick	
employment	private sector	1	1
	public sector	3	3
	joint venture	1	1
	self employed	1	1
	unemployed	1	1
	retired	1	1
	Total	8	8

employment * Africa Crosstabulation

Count

		Africa	Total
		tick	
employment	public sector	2	2
Total		2	2

Case 4 : Purposes of previous overseas trips

HK / Macau / Taaivan * purpose of trip - business Crosstabulation

Count

		purpose of trip - business		Total
		tick	no tick	
HK / Macau / Taaivan	tick	12	71	83
Total		12	71	83

HK / Macau / Taaivan * cultural & sports activities Crosstabulation

Count

	cultural & sports activities		Total
	tick	no tick	
HK / Macau / Taaivan tick	2	80	82
Total	2	80	82

HK / Macau / Taaivan * education Crosstabulation

Count

	education	Total
	no tick	
HK / Macau / Taaivan tick	82	82
Total	82	82

HK / Macau / Taaivan * employment & training Crosstabulation

Count

	employment & training		Total
	tick	no tick	
HK / Macau / Taaivan tick	10	73	83
Total	10	73	83

HK / Macau / Taaivan * recreation & pleasure Crosstabulation

Count

	recreation & pleasure		Total
	tick	no tick	
HK / Macau / Taaivan tick	52	31	83
Total	52	31	83

HK / Macau / Taaivan * visiting friends & relatives Crosstabulation

Count

	visiting friends & relatives		Total
	tick	no tick	
HK / Macau / Taaivan tick	17	67	84
Total	17	67	84

HK / Macau / Taaivan * others Crosstabulation

Count

	others		Total
	tick	no tick	
HK / Macau / Taaivan tick	2	80	82
Total	2	80	82

N.E Asia * purpose of trip - business Crosstabulation

Count

	purpose of trip - business		Total
	tick	no tick	
N.E Asia tick	3	10	13
Total	3	10	13

N.E Asia * cultural & sports activities Crosstabulation

Count

	cultural & sports activities	Total
	no tick	
N.E Asia tick	13	13
Total	13	13

N.E Asia * education Crosstabulation

Count

	education	Total
	no tick	
N.E Asia tick	13	13
Total	13	13

N.E Asia * employment & training Crosstabulation

Count

	employment & training		Total
	tick	no tick	
N.E Asia tick	6	7	13
Total	6	7	13

N.E Asia * recreation & pleasure Crosstabulation

Count

	recreation & pleasure		Total
	tick	no tick	
N.E Asia tick	7	6	13
Total	7	6	13

N.E Asia * visiting friends & relatives Crosstabulation

Count

	visiting friends & relatives		Total
	tick	no tick	
N.E Asia tick	4	10	14
Total	4	10	14

N.E Asia * others Crosstabulation

Count

	others		Total
	tick	no tick	
N.E Asia tick	1	12	13
Total	1	12	13

S.E. Asia * purpose of trip - business Crosstabulation

Count

	purpose of trip - business		Total
	tick	no tick	
S.E. Asia tick	11	52	63
Total	11	52	63

S.E. Asia * cultural & sports activities Crosstabulation

Count

	cultural & sports activities		Total
	tick	no tick	
S.E. Asia tick	2	60	62
Total	2	60	62

S.E. Asia * education Crosstabulation

Count

	education		Total
	tick	no tick	
S.E. Asia tick	2	60	62
Total	2	60	62

S.E. Asia * employment & training Crosstabulation

Count

	employment & training		Total
	tick	no tick	
S.E. Asia tick	8	54	62
Total	8	54	62

S.E. Asia * recreation & pleasure Crosstabulation

Count

	recreation & pleasure		Total
	tick	no tick	
S.E. Asia tick	44	20	64
Total	44	20	64

S.E. Asia * visiting friends & relatives Crosstabulation

Count

	visiting friends & relatives		Total
	tick	no tick	
S.E. Asia tick	20	45	65
Total	20	45	65

S.E. Asia * others Crosstabulation

Count

	others		Total
	tick	no tick	
S.E. Asia tick	62		62
Total	62		62

Other Asia * purpose of trip - business Crosstabulation

Count

	purpose of trip - business		Total
	tick	no tick	
Other Asia tick	1		1
Total	1		1

Other Asia * cultural & sports activities Crosstabulation

Count

		cultural & sports activities	Total
		tick	
Other Asia	tick	1	1
Total		1	1

Other Asia * education Crosstabulation

Count

		education	Total
		no tick	
Other Asia	tick	1	1
Total		1	1

Other Asia * employment & training Crosstabulation

Count

		employment & training	Total
		no tick	
Other Asia	tick	1	1
Total		1	1

Other Asia * recreation & pleasure Crosstabulation

Count

		recreation & pleasure	Total
		no tick	
Other Asia	tick	1	1
Total		1	1

Other Asia * visiting friends & relatives Crosstabulation

Count

		visiting friends & relatives	Total
		tick	
Other Asia	tick	1	1
Total		1	1

Other Asia * others Crosstabulation

Count

	others	Total
	no tick	
Other Asia tick	1	1
Total	1	1

Australia / New Zealand * purpose of trip - business Crosstabulation

Count

	purpose of trip - business		Total
	tick	no tick	
Australia / New Zealand tick	4	6	10
Total	4	6	10

Australia / New Zealand * cultural & sports activities Crosstabulation

Count

	cultural & sports activities	Total
	no tick	
Australia / New Zealand tick	10	10
Total	10	10

Australia / New Zealand * education Crosstabulation

Count

	education	Total
	no tick	
Australia / New Zealand tick	10	10
Total	10	10

Australia / New Zealand * employment & training Crosstabulation

Count

	employment & training		Total
	tick	no tick	
Australia / New Zealand tick	2	8	10
Total	2	8	10

Australia / New Zealand * visiting friends & relatives Crosstabulation

Count

	visiting friends & relatives		Total
	tick	no tick	
Australia / New Zealand tick	8	2	10
Total	8	2	10

Australia / New Zealand * others Crosstabulation

Count

	others	Total
	no tick	
Australia / New Zealand tick	10	10
Total	10	10

North America * purpose of trip - business Crosstabulation

Count

	purpose of trip - business		Total
	tick	no tick	
North America tick	3	10	13
Total	3	10	13

North America * cultural & sports activities Crosstabulation

Count

	cultural & sports activities		Total
	tick	no tick	
North America tick	1	12	13
Total	1	12	13

North America * education Crosstabulation

Count

	education		Total
	tick	no tick	
North America tick	1	12	13
Total	1	12	13

North America * employment & training Crosstabulation

Count

		employment & training		Total
		tick	no tick	
North America	tick	3	10	13
Total		3	10	13

North America * recreation & pleasure Crosstabulation

Count

		recreation & pleasure		Total
		tick	no tick	
North America	tick	8	5	13
Total		8	5	13

North America * visiting friends & relatives Crosstabulation

Count

		visiting friends & relatives		Total
		tick	no tick	
North America	tick	8	5	13
Total		8	5	13

North America * others Crosstabulation

Count

		others		Total
		tick	no tick	
North America	tick	1	12	13
Total		1	12	13

South America * purpose of trip - business Crosstabulation

Count

		purpose of trip - business		Total
		tick	no tick	
South America	tick	1	1	2
Total		1	1	2

South America * cultural & sports activities Crosstabulation

Count

		cultural & sports activities	Total
		no tick	
South America	tick	2	2
Total		2	2

South America * education Crosstabulation

Count

		education	Total
		no tick	
South America	tick	2	2
Total		2	2

South America * employment & training Crosstabulation

Count

		employ ment & training	Total
		no tick	
South America	tick	2	2
Total		2	2

South America * recreation & pleasure Crosstabulation

Count

		recreation & pleasure	Total
		tick	
South America	tick	2	2
Total		2	2

South America * visiting friends & relatives Crosstabulation

Count

		visiting friends & relatives	Total
		tick	
South America	tick	2	2
Total		2	2

South America * others Crosstabulation

Count

	others	Total
	no tick	
South America tick	2	2
Total	2	2

Europe * purpose of trip - business Crosstabulation

Count

	purpose of trip - business		Total
	tick	no tick	
Europe tick	3	6	9
Total	3	6	9

Europe * cultural & sports activities Crosstabulation

Count

	cultural & sports activities	Total
	no tick	
Europe tick	9	9
Total	9	9

Europe * education Crosstabulation

Count

	education		Total
	tick	no tick	
Europe tick	1	8	9
Total	1	8	9

Europe * employment & training Crosstabulation

Count

	employem ent & training	Total
	no tick	
Europe tick	9	9
Total	9	9

Europe * recreation & pleasure Crosstabulation

Count

		recreation & pleasure		Total
		tick	no tick	
Europe	tick	3	6	9
Total		3	6	9

Europe * visiting friends & relatives Crosstabulation

Count

		visiting friends & relatives		Total
		tick	no tick	
Europe	tick	1	8	9
Total		1	8	9

Europe * others Crosstabulation

Count

		others	Total
		no tick	
Europe	tick	9	9
Total		9	9

Africa * purpose of trip - business Crosstabulation

Count

		purpose of trip - business	Total
		tick	
Africa	tick	2	2
Total		2	2

Africa * cultural & sports activities Crosstabulation

Count

		cultural & sports activities	Total
		no tick	
Africa	tick	1	1
Total		1	1

Africa * education Crosstabulation

Count

		education	Total
		no tick	
Africa	tick	1	1
Total		1	1

Africa * employment & training Crosstabulation

Count

		employ- ment & training	Total
		tick	
Africa	tick	1	1
Total		1	1

Africa * recreation & pleasure Crosstabulation

Count

		recreation & pleasure	Total
		tick	
Africa	tick	2	2
Total		2	2

Africa * visiting friends & relatives Crosstabulation

Count

		visiting friends & relatives	Total
		tick	
Africa	tick	2	2
Total		2	2

Africa * others Crosstabulation

Count

		others	Total
		no tick	
Africa	tick	1	1
Total		1	1

Case 5: Levels of income and overseas travel budget

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
indiv. income * new tvl budget	426	72.4%	162	27.6%	588	100.0%

indiv. income * new tvl budget Crosstabulation

Count

		new tvl budget				Total
		up to RMB 2000	up to RMB 8000	up to RMB 16000	above RMB 16000	
indiv. less than RMB 500	income	2	5	4		11
	501-1000	5	43	13	1	62
	1001-2000	5	102	51	14	172
	2001-3000	3	33	39	15	90
	3001-4000		7	20	12	39
	4001-5000		2	9	17	28
	more than RMB 5,0		4	9	10	23
	up to RMB 20,000				1	1
Total		15	196	145	70	426

Case 6: Occupations and travel budget

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
occupation * new tvl budget	418	71.1%	170	28.9%	588	100.0%

occupation * new tvl budget Crosstabulation

Count		new tvl budget				Total
		up to RMB 2000	up to RMB 8000	up to RMB 16000	above RMB 16000	
occupation	Professional	3	28	30	9	70
	Para-professional	1	21	22	6	50
	Executive		10	13	17	40
	Small Business Owner/ Entrepreneur	1	17	10	9	37
	Public Servant	4	25	7	1	37
	Trade-person/ Technicia trading/sales representative	1	5	5	2	12
	Blue collar worker	1	23	18	3	45
	White collar worker	1	12	5	2	20
	Student	3	28	15	15	61
	Domestic duties	1		3	1	5
	Farmer		3	1	1	5
	Others		5	1		6
Total		1	11	11	7	30
		16	188	141	73	418

Case 7 : Employment and travel budget

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
employment * new tvl budget	447	76.0%	141	24.0%	588	100.0%

employment * new tvl budget Crosstabulation

Count

	new tvl budget				Total
	up to RMB 2000	up to RMB 8000	up to RMB 16000	above RMB 16000	
employment private sector	5	51	53	25	134
public sector	7	79	49	14	149
joint venture	1	9	14	21	45
self employed	1	32	16	13	62
unemployed	1	5	5		11
retired	2	32	11		45
other				1	1
Total	17	208	148	74	447

Appendix M: Data Reporting for In-depth Interviews (Survey One)

Optimistic views:

- All (N=71) interviewees welcomed the Open Door and Reforms policy and expressed satisfaction with the progress that has been achieved. Some considered that the Open Door and Reforms policy had provided ample business opportunities for capable and work-oriented people (Interview Question 2).
- Most agreed that the future of tourism in China is promising as travel generally and domestic travel in particular have become more attainable (Interview Question 1).
- Respondents observed that travel has become a popular social activity encouraged by the government and supported by many public and private sector organizations. The newly introduced Golden Week Holidays policy helps to stimulate domestic and international travel demand (Interview Question 1).
- Several interviewees pointed out that many enterprises used travel as a reward scheme to provide employees with incentives to improve their work performance. Incentives varied from company to company. Usually the employee could enjoy a trip fully paid by the company. Accompanying family members of the employee were generally required to pay a part of their travel costs (Interview Question 3).
- Most interviewees expressed confidence about all aspects of China's reforms. In their view it would be impossible for China to return to where it was 20 years ago, especially with the leadership becoming younger and more open-minded. They regarded China's social and economic future as being brilliant, despite some unsolved political issues such as relations with the USA, and claims for independence by Taiwan, Tibet and Xinjiang provinces (Interview Question 2).

- A majority of respondents supported the view that attitudes towards travel were affected by the social changes underway in China. Examples given include higher income levels, more relaxed regulations and simpler procedures, greater unrestricted mobility, and more access to information about the outside world. Guangdong residents enjoy the benefits of proximity to Hong Kong. They access Hong Kong's television stations and are very familiar with the material world that characterises most modern societies. They may also access the most fashionable commodities and advanced technology. Many interviewees were very proud of being Guangdong residents, commenting that travel is long established in Guangdong and residents are generally fond of travel. In confirmation of this view, the Guangzhou Tourist Bureau was promoting the theme of "Day trips around Guangdong" at the time the survey was undertaken, in order to boost intra-provincial travel (Interview Question 3).
- Most respondents were optimistic about the development of outbound travel from China. With overseas travel having grown rapidly over the past ten years, they expect tourism to enjoy continuing growth as living standards steadily improve, and as more nations acquire the Approved Destination Status (ADS). As the survey was undertaken, seven more countries were granted the ADS including Japan, Cambodia, and Laos (Interview Question 4).
- While most interviewees indicated that they were fond of travel, less than half had previously travelled overseas. Among those who had travelled outside China, most had visited only neighbouring countries and regions such as Hong Kong and Macau. Few had experience of long haul overseas travel.
- All agreed that income levels had improved significantly for a range of occupations such as highly skilled professionals. Levels of income may however vary significantly even within the same occupational category. For example, a university professor's monthly salary might range from RMB1,500 in a regional city such as Guizhou to over RMB10,000 at a prestigious university such as Qinghua University in Beijing. The researcher was told that the discrepancies are attributable to the reward systems adopted by different

work units or employing organizations in the form of bonuses. Such reward systems are economically-oriented, and generally profit-making work units allocate relatively higher bonuses to their employees (indirect answer to Interview Question 2).

- Because of the nature of their employment, most interviewees believed that company executives, professors, high ranking government officials, and employees holding important positions in private enterprises, have the greatest opportunity to travel both domestically and internationally. The most common purposes of trip are attending conferences and business meetings, or participating in short-term occupational training. One interviewee is the brother of a well-known economist and retired professor of a prestigious university in Guangzhou. At the time the survey was being conducted, he was working in partnership with a university in Perth, Australia to set up training courses for Chinese people in a number of cities in Southern China. He is a frequent traveller to Australia. In general, it is believed that overseas trips are mainly business oriented and funded by the employing organizations (Interview Question 5).
- Respondents were asked whether they anticipated more (or fewer) people travelling overseas to explore new possibilities such as short term employment or migration opportunities (Interview Question 9). The responses were vigorous. Many immediately rejected the implicit suggestion that Chinese travellers are likely to overstay their visas and become illegal immigrants. As mentioned previously, one participant in an in-depth interview in Guangzhou commented that there is no need for Chinese from wealthier regions to become illegal migrants, since China is now prosperous, and there are plenty of opportunities within China in terms of employment, business and personal development.

Pessimistic views:

- While holding a positive view of China's Open Door and Reforms policy and the associated socio-economic reforms, many interviewees pointed out that

the reforms have negative side effects. The issues of most concern are social disorder, unemployment, bribery, widening gaps between individuals and social groups, environmental problems, unfair social wealth distribution, and the diminishing welfare system, in particular the medical and housing systems. One interviewee, an executive of a state-owned enterprise, recalled that she was robbed and badly assaulted while she was crossing a very busy street in a Guangzhou City suburb at around 3.00 pm one day. The robbery lasted a few minutes and was witnessed by many passers-by. She reported that nobody came to help her or called the police, and that people walked past her as if nothing out of the ordinary was occurring. This interviewee is economically quite well off and has had extensive experience in both domestic and overseas travel to destinations including Europe and the USA. She appreciated the economic improvement brought by the reforms, but was worried about social problems as side effects of the reforms. The researcher notes that those who held a pessimistic view were not necessarily poorer people. On the contrary, quite a few were in better-off social positions, occupying well-paid jobs or of privileged social status (Interview Question 2).

- It was commented that by international standards income levels in China are still very low. For this reason it may be some time before overseas travel can be regarded as a commonplace social activity. Some high income earners (with monthly incomes of RMB5,000 or more) observed that though their monthly incomes were high enough to allow overseas travel, they are not prepared to spend more than RMB10,000 for a ten day trip to Australia. A number of interviewees pointed out that one needs to be either very rich or in the “right” job to get the chance to go overseas. They suggested that those in positions with decision-making powers in large-scale companies or SOEs have a better chance of travelling. For example, an overseas trip is sometimes offered to people in positions of power in return for favouritism, such as obtaining a permit for the conduct of projects (Interview Question 5).
- It was commented that while many people have visited Hong Kong, Macau, Thailand, Singapore and Malaysia, long haul overseas trips are still beyond the reach of the majority (Interview Question 7).

- Some interviewees believed that overseas travel is exclusively available to younger people with higher incomes. Middle aged and older people either cannot afford the expenses, or they are more concerned about the negative side of the social reforms, for example, the consequences of a reduced social welfare system (Interview Question 5).
- Many believed that there is a close relationship between social changes and attitudes towards travel. As the Chinese Government gradually transforms the social welfare system towards a user-pays approach, those who previously relied on government support for their survival now feel themselves being in a state of crisis. To avoid the prospect of future financial problems, many prefer to save than spend on travel (Interview Questions 2 and 3).
- One of the major concerns mentioned by interviewees was medical expenses which may amount to more than RMB100,000 in the case of some critical illnesses. Depending upon the nature of their previous work units, retired people usually enjoy government subsidized medical benefits (up to 90% of total costs). Respondents who were active participants in the labour force enjoy medical benefits of up to 80% from their work units. Those out of work and not belonging to a work unit have to draw upon their own resources to survive (Interview Question 2).
- Another major issue of concern was housing. Those who missed the opportunity of acquiring a house or apartment from their work unit prior to the 1997 reforms of the housing system are effectively “house-less”. The housing reforms have created a boom in China’s private housing market, with billions of RMB being invested in building ‘*shangpinfang*’ (apartments for private sale). Vast amounts have also been wasted in various failed and abandoned construction projects (Interview Question 2).
- The next major concern is educational expenses. For respondents with school age children, these amounted to up to 25% of family incomes (Interview Question 2).
- Most of those with monthly incomes of less than RMB2000, and especially retired people, maintained that at their income level, even a visit to Hong

Kong is not easy to achieve, let alone to a long haul destination such as Australia (Interview Question 4).

- Almost all interviewees agreed that long haul overseas trips are beyond the reach of those with a monthly income of RMB2000 or less, unless they have relatives in the destination countries willing to finance their trips. This would indicate that most Chinese cannot afford a long haul overseas trip (Interview Question 4).
- Many interviewees believed that it would take five to ten years for overseas travel to become popular and widespread in China (Interview Questions 4 and 7).
- Many were worried that the Chinese government's reduced role in the social welfare system, together with uneven distribution of social wealth, might lead to future social unrest. This might have a direct influence on attitudes towards leisure travel. Consumers may prefer to save for emergency uses rather than spend income on discretionary travel (Interview Questions 2 and 3).

General opinions

- Since the prices charged for agricultural products have dropped, food costs at the time the survey was conducted occupied only 20-25% of total incomes. Public transport remained heavily subsidized by the government, and was not regarded as a concern. Expenditure on clothing was flexible and did not appear to be problematic. Respondents appeared to be generally happy with the current social situation which is increasingly in line with Deng Xiaoping's concept of "*xiaokang*" (comfortable lives) (Interview Question 2) .
- Many believed that a reasonable cost for a short overseas trip was less than RMB5,000. On this basis a ten day trip to Australia and New Zealand (cost RMB15,000 in year 2000) was considered to be very expensive (indirect comment on Interview Questions 4 and 7).
- Some young or high-income professionals considered visa requirements of destination countries such as Australia and the USA as the biggest obstacle to the growth of China's outbound travel market. Many of the respondents in this

group had money to travel, but had to wait for up to a year for a VFR (visiting friends and relatives) visa to be granted (comment on Interview Question 4).

- Most interviewees had a positive impression of Australia and would visit the country if circumstances permit. Many also acknowledged that they knew very little about Australia (Interview Question 8).
- While most interviewees viewed “time” and “money” as the two most important determinants of leisure travel, others such as small business owners and well paid professionals employed by private enterprises considered “time” and “visa control” as the major obstacles to their travel plans (related to Interview Question 4).
- Many believed that China’s outbound travellers had more complex demands and different expectations compared to travellers from developed countries. To make the most of their overseas travel, they may seek out opportunities for higher education or for personal development (Interview Question 6).
- Some respondents indicated that they undertook between one and three trips each year and were generally satisfied with their lifestyle. They expressed appreciation for the reforms and for the opportunity to visit different places. Some retired respondents led very comfortable lives, and were not very worried about the future. Optimistic about the prospect for further social reforms and for the continuing development of tourism, they believed that travel would emerge as an essential consumption item in the near future (Interview Questions 1, 2, and 3).
- Some interviewees commented that well paid and highly skilled workers represented a newly emerging market for outbound travel. Because they can afford to travel and are competitive in the job market, these people have considerable potential for travelling overseas (Interview Question 5).

****** End of Appendix ******