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"Ni Hao" is the new "Aloha": Asia's Rise in Tourism

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“Ni Hao” is the new “Aloha”

Asia’s Rise in Tourism

By: Julianne Binns

February 2020

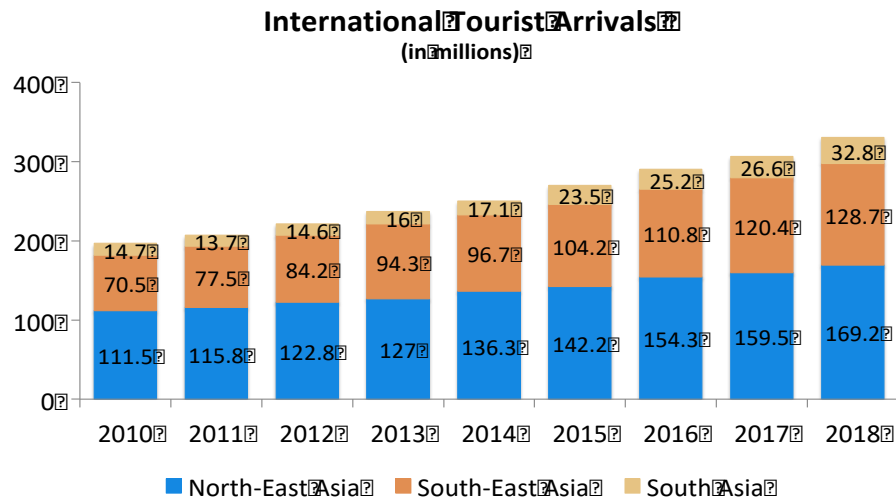
The sound of rolling suitcases can be heard in airports all around the world. As we enter a more globalized era, we are increasingly aware of other nations to visit, places to see, and things to experience. Simply put, tourism is “in.” Tourism is not only a popular activity, it is a strong and steady element of many national economies. As people migrate from place to place, countries put their best foot forward in an attempt to bring more visitors in.

This increase in tourism comes with a question; where is everyone going? Chances are, many travelers are making their way to Asia. This region has recently become one of the world’s fastest-growing areas in terms of travel and tourism. New studies explore the evidence for increasing travel to Asia, the causes of such growth, and the implications of this change for future generations.

Evidence of Growth

In the last few decades, a surge in tourism has taken place in Southeast Asia, South Asia, and Northeast Asia. With improving economies, expanding urban infrastructure, and exotic landmarks, Asia has become a major player on the tourism and travel circuit.

For years, Europe has led the polls in bringing in the most tourists. While this region maintains its top spot, Asia has seen the most growth out of any area in the world. Should the current trends continue, Europe will face a strong newcomer in the tourism market. The chart below, which comes from the 2019 United Nations World Tourism Organization report, illustrates the rising growth that Asia is experiencing.



(UNWTO Tourism Highlights 2019, page 17)¹

The UNWTO shows how each sub-region has increased in tourist arrivals from 2017 to 2018. North-East Asia increased by 6%, South-East Asia increased by 7%, and South Asia increased by 19%.² As countries like India, Thailand, Vietnam, and Nepal grow in popularity, tourism increases as well. Other organizations beyond the UNWTO are also taking note of this growth.

The Mastercard Global Destination Cities Index also agrees with the numbers. In 2016, half of the top ten destination cities were in the Asian region, including; Bangkok, Singapore, Seoul, Kuala Lumpur, and Tokyo.³ Think of it! Five of the ten top-destination cities in the world came from Asia. How does the index from 2019 compare? Very few differences can be found. Bangkok continues to be the most-visited city by the most international visitors. Singapore, Kuala Lumpur, and Tokyo also remain in the top ten, with Seoul ranking at #11 on the index.⁴

The region has enjoyed incredible growth and was termed “the fastest growing region in 2018” by the 2019 edition of UNWTO Tourism Highlights.⁵ These numbers all show a clear growth pattern for tourism and travel; however, some important questions still remain. What is the cause of all of this growth? What does this mean for the future of the tourism industry? What does this mean for tourists and travel businesses?

Reasons for Growth

Intraregional Tourism

When looking at the reasons why Asian tourism has grown so popular, it is important to note where visitors are coming from. Many travelers are from Asia itself. One demographic with enormous influence on the growth is found in the heart of the region; China.

China's immense population and growing middle class create a perfect combination for surging outbound tourism. Tradingeconomics.com reports evidence for the growth in the disposable income of Chinese households. The average urban households' income moved from 19,109 CNY in 2010 to 42,359 CNY in 2019, (about a \$3,000 increase).⁶ With an increased disposable income, the Chinese population can spend more on luxuries like travel and tourism.

Among the Chinese demographic there is a sub-demographic that should be noted. According to Rong Huang and Tao Xu at the University of Plymouth, China has an immense senior population. "The drastic demographic shift, combined with impressive economic growth in recent decades, has contributed to the emergence of a prosperous market of senior consumers."⁷ With extra time and money, China's senior population is perfectly positioned for more tourism.

China is a perfect example of the intraregional tourism that is playing such a key role in the growth of Asian travel. Intraregional travel simply means that tourists will visit countries within the same region. For example, many Chinese tourists visit countries like Thailand, Vietnam, Japan, South Korea, Taiwan, and Singapore.⁸ The World Economic Forum's *Travel and Tourism Competitiveness Index of 2019* states that "in 2017, [Asia-Pacific] was both the second-largest destination for international visitors and boasted the second-largest volume of international tourist receipts. Moreover, the region is the biggest source of global outbound tourist spending, with most of this spent on *intraregional travel*."⁹

With millions of Chinese tourists looking to travel and other international tourists interested in the region, competition between Asian countries has increased rapidly. The CEO of the Pacific Asia Travel Association, Dr. Mario Hardy, says, "Intra-regional flows of international visitors continue to be the backbone of foreign tourism for most of the Asia Pacific sub-regions and this is likely to continue over the medium term."¹⁰ Thus, it makes sense that competition has increased. With visitors coming from within their own region, these countries have to put in

more effort to be chosen over other locations. While the pull of intraregional tourism within Asia is strong, the region also has allure that appeals to those all around the world.

Pull Factors

This region has “pulls” or attractive characteristics that draw tourists from across the globe. For example, East Asia (China, South- Korea, and Japan) is “hip” in economic and infrastructural terms. The Travel and Tourism Competitiveness Index states, “As one of the world’s economic centres, with a particularly strong dependence on trade and globalization, the subregion provides exceptional connectivity. It includes some of the world’s best air, ground, port and ICT infrastructures.”¹¹ It would be nearly impossible to travel around a country without airplanes, busses, and automobiles. If a country has an excellent and cohesive infrastructure, it becomes much more enticing to tourists. A small demographic of “adventure tourists” wouldn’t mind the challenge of traversing across an underdeveloped country. However, mass appeal only comes when roads and airports can facilitate safe and efficient transportation.

As for Southeast Asia (Thailand, Indonesia, Cambodia, and Vietnam), the pull revolves around exotic and beautiful landscapes. “Many visitors are attracted to the subregion’s combination of rich natural resources and price competitiveness, with the latter being its greatest advantage relative to other countries in the broader Asia-Pacific region.”¹² Videos of Thailand, Indonesia, Vietnam, and Cambodia flood the internet and invite people to experience the breathtaking scenery. The beauty sparks interest and the affordable prices seal the deal.

The growth of tourism in Asia is clearly evident for the following reasons: the growing middle-class in China, the improving economies and infrastructure, and the enticement of nature and affordable prices. So, what does this mean for the future of tourism?

Moving Forward

Despite all the growth and economic improvement across Asia, the recent outbreak of COVID-19 has damaged the tourism industry. The New York Times states, “In recent years, countries in Southeast Asia invested heavily in resorts and casinos to capture the swelling ranks of Chinese tourists. Now airlines, hotels and tour operators are suffering from a rush of cancellations and a drop in future bookings, primarily from mainland China, but also from Western travelers

spooked by the spread of the virus in the region.”¹³ This pandemic has not only slowed inbound tourism from other nations, but also outbound tourism from China and the surrounding countries.

At the end of the day, tourism is a luxury and a recreational activity. When something like an epidemic appears, the tourism industry is one of the first to feel the effects. The New York Times says, “Countries that have relied heavily on Chinese tourism, including Vietnam, Thailand, Cambodia, Malaysia and Singapore, are each expected to lose at least \$3 billion in tourism-related revenues, according to an analysis by Animesh Kumar, a travel and tourism director at GlobalData, a research and consulting firm based in London.”¹⁴

Although the outbreak continues, leading minds around the world are working to solve the issue, and no crisis lasts forever. Eventually, the Coronavirus will decline, and tourism will pick up again. Because tourism is such an integral part of many regional economies, nations will act quickly to attract visitors when the epidemic passes. After months of sheltering in place, many will be clambering to explore new places around the world. Asian travel will become even more popular when it is again safe to fly internationally.

The economies of Asian nations are growing stronger. When it comes to investing in tourist destinations, planning a trip, or building up a tourism business, Asia should not be written off. The desire to travel and see something new is timeless. When it comes to tourism in Asia, one should be wary of the new virus, but also realize that Asia is strong. In fact, it may be wise to invest in Asian tourism now while prices are low. When the market inevitably picks back up, investors can be ahead of the game.

Tourism will continue to rise, the sound of rolling suitcases will continue, and many travelers will be heading to Asia.

End Notes

- ¹ International Tourism Highlights, 2019 Edition. (2019). In *International Tourism Highlights, 2019 Edition*. World Tourism Organization (UNWTO). <https://doi.org/10.18111/9789284421152>
- ² International Tourism Highlights, (UNWTO).
- ³ *Mastercard Global Destinations Cities Index 2017: Asia Pacific Spearheading Travel Tailwinds / Asia Hub*. (n.d.). Retrieved February 23, 2020, from <https://newsroom.mastercard.com/asia-pacific/press-releases/mastercard-global-destinations-cities-index-2017-asia-pacific-spearheading-travel-tailwinds/>
- ⁴ Robino, D. M. (n.d.). *Global Destination Cities Index Senior Vice President of Global Tourism Partnerships, Mastercard*.
- ⁵ International Tourism Highlights, (UNWTO).
- ⁶ *China Urban Households Disposable Income per Capita | 1978-2019 Data*. (n.d.). Retrieved February 23, 2020, from <https://tradingeconomics.com/china/disposable-personal-income>
- ⁷ Huang, R., & Xu, T. (n.d.). *Opportunities and challenges brought by the China outbound travel market*. <https://doi.org/10.1108/WHATT-07-2018-0049>
- ⁸ *Top countries for Chinese tourists: The impact of China's tourism on the globe*. (n.d.). Retrieved February 23, 2020, from <https://www.traveller.com.au/top-countries-for-chinese-tourists-the-impact-of-chinas-tourism-on-the-globe-h0zuga>
- ⁹ *Travel and Tourism Competitiveness Report 2019 - Reports - World Economic Forum*. (n.d.). Retrieved February 23, 2020, from <https://reports.weforum.org/travel-and-tourism-competitiveness-report-2019/regional-profiles/asia/>
- ¹⁰ "PATA Annual Tourism Monitor 2017 Final Edition Is Now Available at the PATA Store." PATA. Pacific Asia Travel Association, November 9, 2017. <https://www.pata.org/pata-annual-tourism-monitor-2017-final-edition-now-available-pata-store/>.
- ¹¹ *Travel and Tourism Competitiveness Report- World Economic Forum*
- ¹² *Travel and Tourism Competitiveness Report- World Economic Forum*
- ¹³ *Impact of the Coronavirus Ripples Across Asia: 'It Has Been Quiet, Like a Cemetery' - The New York Times*. (n.d.). Retrieved February 23, 2020, from <https://www.nytimes.com/2020/02/23/travel/coronavirus-asia-tourism.html>
- ¹⁴ *Impact of the Coronaviurs Ripples Across Asia, The New York Times*