

Students, A Hidden Gateway To Attract Chinese Tourists

An article by

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Introduction

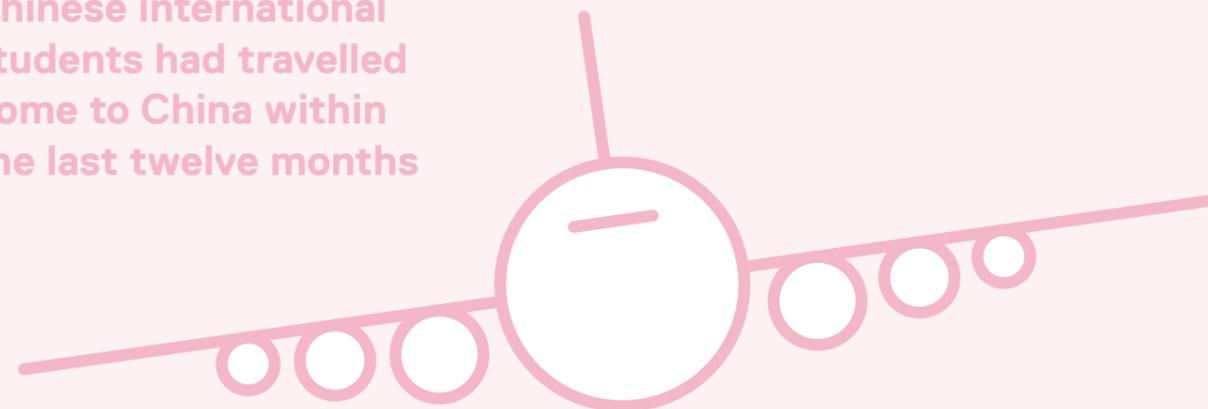
According to recently published estimates from Visit Britain, Chinese tourists are set to spend in excess of £1bn per year in the UK by as soon as 2017: an astonishing figure, which may leave some in the tourism sector wondering just how they might capitalise on what is undoubtedly a significant potential opportunity.

The country's burgeoning middle class, buoyed through China's unrivalled growth in recent years, represents the largest source of tourism spend in the world. However, as we have identified through our ongoing discussions with those in the travel and hospitality industry, there is apprehension about how to market effectively to Chinese tourists. China's sheer expanse is one major issue; with potential tourists spread disparately across the vast country, targeting those who are interested in travelling to the UK can be costly and ineffective. Further, given that most first-time travelers will have reserved package tours through agents, and that business travelers will have their bookings managed on their behalf, it is incredibly challenging to reach this audience. It appears, however, that a particularly effective means of reaching this lucrative market may be through actively targeting the 83,790 Chinese international students who are currently resident in the United Kingdom.

China has the highest proportion of international students in the UK, by far, and we have identified that these students represent a major gateway for those in the travel and tourism sectors who are looking to target the China market. Chinese students hold considerable influence upon the travel plans of their parents and relatives, and represent a smaller and more manageable market segment to target than Chinese nationals on home ground. With careful planning and a targeted approach the wider China market can be reached, and mechanisms can be put in place to measure and evaluate the results of such campaigns.

Language Brand Communication recently published the 2014 Chinese International Student Accommodation Report, in which 1,000 students were interviewed. During the research stage of this report, our team also identified findings around the travel habits of Chinese international students and their families, the significance of which led us to write this article as a supplement to the report.

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Return Flights Demonstrate Sky High Figures

From our survey, we identified that 56% of Chinese international students had travelled home to China within the last twelve months, with a further 21% having made this return trip more than once during the same period. Based upon our calculations, the amount of return trips to China made by students alone during the last year is in excess of 67,000. Further, we estimate that the total price of those flights was over £35m.

These figures are hugely significant in their own right; however, they become even more substantial when visits from family members are factored into the calculations. In the last twelve months, 17% of our respondents had either one or two family members travel from China to visit them, whilst a further 4% had between three and five relatives travel to them.

With 83,790 Chinese international students in the UK, we estimate that between 24,299 and 45,247 individuals travelled to the UK to visit members of their family studying here. Therefore, the total amount of return flights generated annually as a direct result of Chinese international students currently based in the UK is between 91,328 and 112,276.

With such a high volume of flights booked, which as we will see later in this article is set to rise significantly next year, can airlines be doing more to attract Chinese international students, and their relatives, from their competitors?

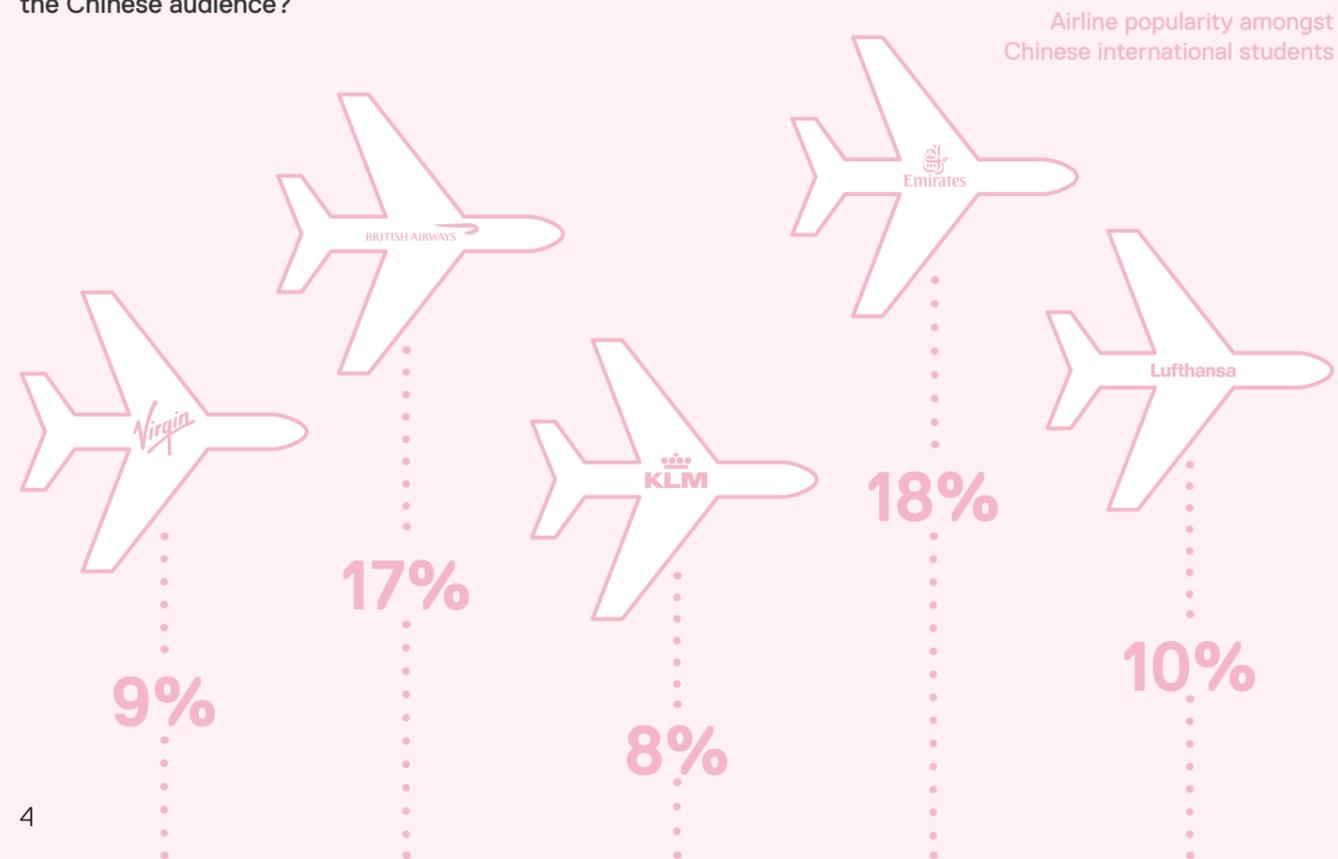
Airline Popularity on the Radar

Our survey was conducted in eight different cities across the UK, and this city-by-city approach allowed us to identify regional trends in the airlines selected by Chinese international students. For example, British Airways was the dominant airline in both London and Nottingham, whereas Emirates was the most popular choice for students in Birmingham, Manchester, Sheffield and Leeds. In Liverpool, German carrier Lufthansa was used more frequently than any of the other airlines.

Looking at the national picture, Emirates and British Airways share a predominantly equal proportion of the market, with 18% and 17% of total flights taken respectively, closely followed by Lufthansa (10%), Virgin (9%) and KLM (8%).

Currently Cathay Pacific accounts for just 3% of the flights taken by Chinese international students, however the airline is set to commence direct flights from Manchester to Hong Kong later in 2014, which will be the first direct flight from the UK to China outside of London. It will be interesting to see what impact this service will have upon Cathay's share of the market in the North West of England.

For airlines that are looking to target Chinese customers, it is critical to pay attention to those carriers that are leading in these different locations. Are they competing purely on price, or do they have particular strategies in place with local travel agencies? Do certain carriers have more substantive marketing programmes in place that specifically target the Chinese audience?



94%

of Chinese students aren't influenced by traditional advertising techniques

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Young people are the business and leisure customers of tomorrow

95%

of Chinese students say price is an important factor when spending

Influencing the Millennial: The Importance of Value and Authenticity

Despite the widely held belief that Chinese international students have large amounts of cash due to the support of their wealthy parents, price is still a critical factor in their decision-making, with 95% of our interviewees declaring this as important. However, this does not necessarily mean that they make decisions purely based upon the relative cost. Indeed, given that the airline's reputation was rated as the second most important factor, it is clear that it is the perceived value which is important to this segment. Similar findings are detailed in '2014 Chinese International Student Accommodation Report', published by Language Brand Communication in July, 2014.

Traditional advertising techniques were least likely to influence purchasing decisions, with 94% stating so. The millennial audience, is young and constantly connected online and via mobile. Where the 'push' messages of old may have been effective on the last generation of students, this generation value loyalty and authenticity from the brands they connect with.

Marketing to this group requires a deeper engagement: one that combines traditional marketing materials with an authentic experience delivered through social media and other channels. Developing a meaningful relationship between the brand and the customer is key. Many already know that consumers in China's middle class crave branded products, so tapping into that psychology and developing a solid brand reputation that feeds that desire will create firm loyalties for those looking to target this audience.

Young people in this generation are on the verge of becoming professionals themselves, so those companies that are prepared to develop relationships with them at this early stage are shrewd. Young People are the business and leisure customers of tomorrow.



Online or In-Person? The Changing Face of Travel Booking

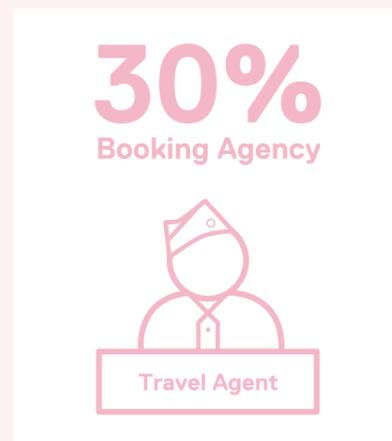
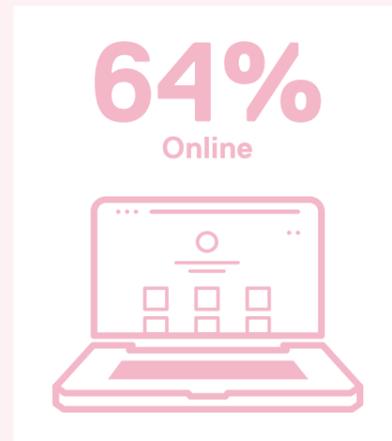
The research team were quite surprised that more students weren't making bookings through Chinese travel agents. Rather than arranging travel through agents, the majority booked online. Online bookings for air travel dominate the market for this segment, with 64% of Chinese international students booking their flights this way.

Further, given that the reputation of a carrier factors is so important for students deciding which airline to fly with, it is unsurprising that over half of online bookings are made directly on the official websites of their chosen airlines.

Just 30% of the students booked flights through a travel agency, the most popular of these agencies being Omega (used by 66% of those booking through an agency), followed by Wangchao (18%) and Titicaca (9%).

Airlines should also review how loyalty is rewarded, both individually and across families: if a student is happy with the service they receive they are likely to recommend it to their friends and relatives. And, as perceived value is a major contributor to the decision-making process, airlines need to consider their overall pricing strategy in order to ensure that consumers have the confidence to make bookings directly; without of course devaluing the perception of the brand.

By providing a well-considered direct online booking service, carriers will benefit in a myriad of ways; the booking is far more profitable to them without paying commission to a reseller, and from a brand perspective, the entire experience can be controlled, building and enhancing the consumer's relationship with the brand.

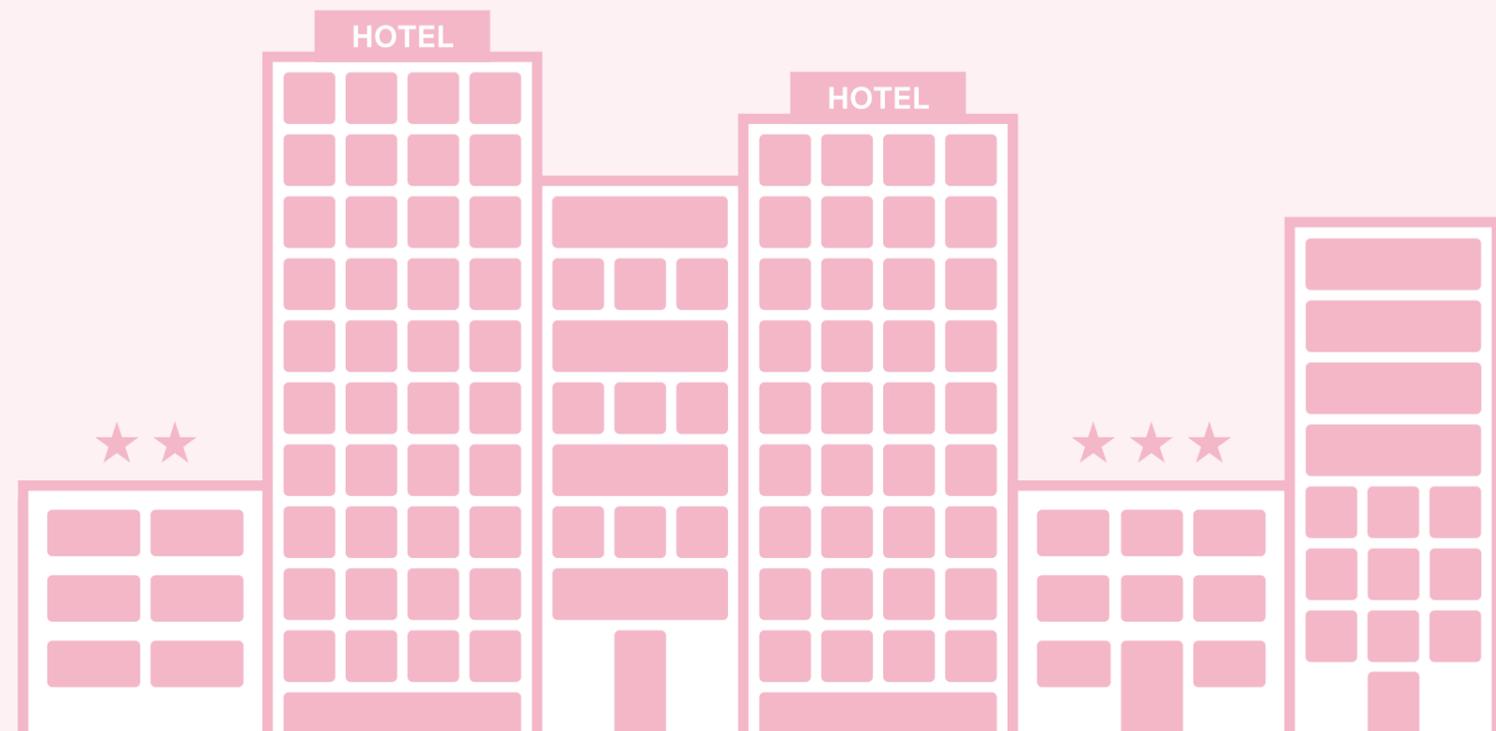


Wish You Were Here?

Delving into the future plans of the students we interviewed revealed a huge opportunity: one that few in the tourism sector have even considered. 85% of the students we spoke to stated that family members would definitely visit them within the next twelve months, whilst a further 10% stated that family members 'may' visit them. By comparison, just 22% of our interviewees had relatives travel to them from China with the previous twelve months. We therefore anticipate that between 71,221 and 79,600 Chinese international students will have at least one member of their family visit them during the next 12 months.

If, as in the previous year, 70% of those visits require a hotel room, this equates to 49,847 to 55,720 hotel bookings during the next twelve months. This represents a vast opportunity for those in the travel and hospitality industries who are willing to capitalise on it, and reinforces the importance of developing marketing strategies that actively target Chinese international students, a market segment that might hitherto seem unimportant.

The knowledge that such large volumes of Chinese tourists will be visiting the UK to see their relatives during the next twelve months means that airlines, travel agencies and hotels can now devise specific and cost effective marketing campaigns with confidence. Prior to our research, there was little evidence available to quantify such demand for flights and hotels.





A Check-In for Hotels

With as many as 55,720 bookings for relatives of students forecast for the next twelve months, hotels have much to gain from targeting the Chinese international student community in the UK. Periods where relatives are more likely to visit their offspring in the UK are typically around graduation ceremonies, which coincide with the summer and Christmas holidays.

Considering that they mark the culmination of their son's and daughter's study may have cost the family as much as £100,000 to fund, the graduation ceremony represents a proud moment for all involved. They are symbolic of the collective achievement of the family. It is not surprising therefore that both parents and their children are more susceptible to emotive marketing messages, which play on these proud feelings, during this stage in their lives.

Hotels that rise to the occasion and offer packages that really make such celebrations 'go with a bang', should be able to capitalise on these emotions: given the substantial amounts of money parents will have spent to get to this stage of their children's education, they will be keen to mark the event in style by selecting premium rooms and booking gourmet meals on graduation day. Imagine the power generated by word of mouth publicity if a hotel is able to construct the right graduation experience for this audience?

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Unlocking the Gateway



Chinese people often make decisions as a group, therefore taking in advice and opinion across the family plays a key role

Though many in the travel and hospitality sector are keen to attract tourists from China, many are put off by the sheer size of the country and the challenges that it presents. Whilst the Chinese international student population remains largely ignored, we believe that this segment may actually hold a key to unlock this vastly significant market. By considering such students as the gateway to the wider China tourism market, alongside a specialist marketing approach designed to target this audience, there is a great opportunity to generate substantial returns by capitalising on this growing market.

If you are looking to tap into this market, a fraction of your marketing budget could be used to target Chinese internationals through students currently resident in the UK, providing cost effective alternative to developing full-blown marketing strategies within China itself. A relatively small investment would ensure that your products and services are visible to this market.

Culturally, Chinese people often make decisions as a group, therefore taking in advice and opinion across the family plays a key role. In order to influence those decisions, marketing strategies targeting Chinese consumers need to be developed with this in mind.



Providing a bilingual website means that information is readily available to the students themselves, and more importantly can easily be shared with relatives back home in China. Developing and maintaining social media accounts such as Weibo and WeChat that specifically target Chinese-speaking consumers will also ensure that your company's products and services are seen by those making travel and accommodation decisions.

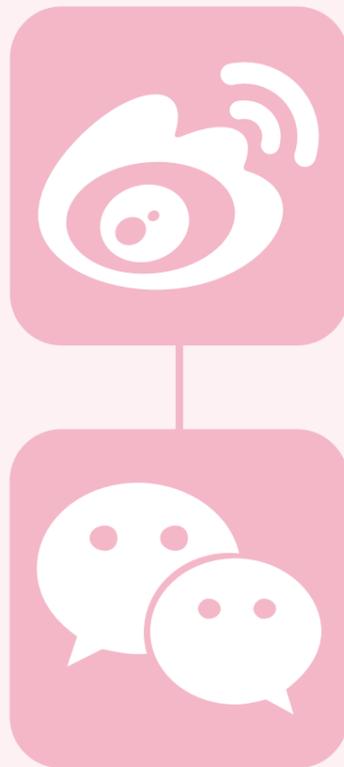
Distributing video using streaming services such as YouKu (the Chinese equivalent of YouTube) can help to break down language barriers; for example, hotels who already use short videos that offer prospective guests a short tour around the rooms they offer can take advantage of this Chinese video platform.

This means that Chinese international students can give their relatives confidence about the quality of the accommodation as they book their rooms remotely. Critically, offering marketing literature which has been translated and adapted for Chinese consumers can make a vast difference to purchasing decisions. Forward-thinking companies that provide such marketing collateral put themselves in a much stronger position to attract tourists from China, for a relatively low cost.

Those companies that are actively targeting Chinese consumers can guarantee that they stay one step ahead of their competitors, and with tourism to the UK from China growing considerably this means that those China-focused businesses can generate large returns. By taking a considered approach to communicating with this audience in their own language, and particularly through the international student population already resident in the UK, investment in marketing can be far more productive.

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Put simply, using students as a gateway to the wider Chinese marketplace means that a small investment could reap huge potential gains.

Can your company afford not to do it?
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Weibo (top) & WeChat (bottom)



To receive a full copy of this article, which features additional data and infographics, please contact the China Marketing team at Language via china@whatlanguage.co.uk

About the Author

Ben Hui is the managing director of Language Brand Communication, a creative agency based in Manchester. Since Ben took up the role of MD in 2011, he has brought an international expertise to the agency with his unique understanding of the Chinese market. He has used this to establish the 'Marketing to China' team, which serves clients targeting China. Ben has devised plans for business development and successfully secured contracts with clients including the National Basketball Association (NBA), luxury student accommodation providers Pure Student Living, Vita Student Living, Airport City Manchester, Gibbs Investment, Imperial College London, University of East Anglia, Chinese Arts Centre and many others.

Ben has also been speaker at Liverpool in China, KPMG, JCI Manchester, Lloyd Piggott and Lancaster University InfoLab21 on subjects about the Chinese market. He has contributed insight on Chinese social media to the China Britain Business Council monthly magazine, Air France KLM 'Club China' and has published articles on China including 'Do You Digital?', 'The Young Yuan' and 'Is the Party over for Luxury Brands in China'.

