

Analysis of the Influence Factors of China's Tourism Market

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Received 14 February 2016; accepted 19 April 2016

Published online 26 May 2016

Abstract

To China's tourism industry is developing rapidly with the boom of the national economy during the period of reform and opening-up. Although started late, it has become one of the most important pillars of the national economy. Since October 1, 2013 the implementation of the new Tourism Law, tourism has become the focus of the society again. Therefore analysis and study on the influence factors of the tourism market, and explain the change of the market which will cause by the new Tourism Law have the practical significance.

This paper based on the data from 2002 to 2014. Respectively, from the three aspects of demand, supply, and political and economic environment, it analysis the influence factors of the tourism market, by using relevant data of charts and mathematical method of linear regression to account for these factors.

Key words: Tourism; The influence factors; Regression analysis; Tourist rights

Pu, T. L., & Mei, S. S. (2016). Analysis of the Influence Factors of China's Tourism Market. *Canadian Social Science*, 12(5), 79-83. Available from: <http://www.cscanada.net/index.php/css/article/view/8436> DOI: <http://dx.doi.org/10.3968/8436>

INTRODUCTION

As new industry in China, tourism has been regarded as "the catalyst of national economy". According to the National Bureau of statistics data released, only in 2014, there were 3.61 billion people returning to China travel,

an increase of 10.7% over the previous year. China's tourism income was 3.0311 trillion yuan, rising 15.4%. It can be seen that in the tide of new economy, tourism is playing a significant and special role.

After reform and opening up, China's economy has developed rapidly. As one of the important pillars of China's national economy, tourism has made a crucial contribution. From 2005 to 2014, China's tourism total cost increased from 5,285.9 billion yuan originally to 30,311.9 billion yuan, while tourists from 1,212 million to 33,611 million (Yang, 2003).

The People's Republic of China tourism law adopted in the second session of the 12th National People's Congress came into effect on October 1st, 2013, which has shown that the right and interests of consumers would be strengthened, even the tourism market, especially domestic tourism market would under go profound changes. Therefore, it really means to analyze the influence factors and explore the development rules of the tourism market deeply.

1. ANALYSIS ON THE DEMAND FACTORS OF DOMESTIC TOURISM MARKET

From the perspective of demand, the factors that affect China's domestic tourism market can be divided into population characteristics, disposable income, disposable time.

1.1 Population Characteristics

Population characteristic mainly consists of gender, age, family structure, population and other factors. People can gain brand new experience from travelling, and the concerns change with different sexes. Besides, according to previous studies, the impact of population characteristics on tourism decision making can be summarized as 3 aspects. Firstly, with the increase of

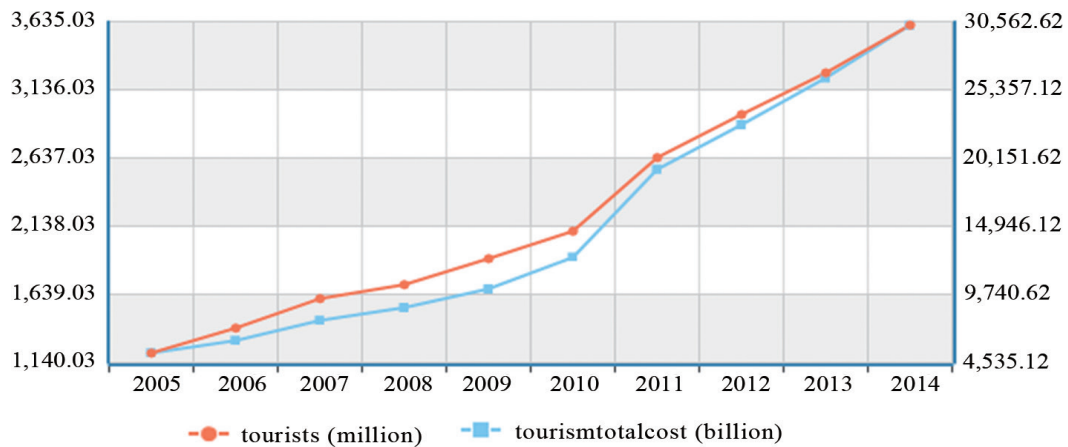


Figure 1
Changes in China's Domestic Tourism Market From 2005 to 2014
 Data source: *China National Bureau of Statistics.*

age, as the results of physical and mental capability, female tourists' interests in sports such as mountain climbing decrease far more than the male. And this phenomenon is more common among the aged. Secondly, the complexity of family structure also weights in family travelling decision-making. Generally, it is harder for the family with more members to reach consensus due to the divergence of opinion, result from giving up the travel plans. Thirdly, aiming at finding emotional sustenance and make new friends, single person has more passion for travel. Their costs are less as due to the high frequencies. So there is a necessity to divide tourism markets based on age, gender and family structure, design tourism projects and products meeting more satisfactory, in order to match up the group characteristics of different segment markets and achieve precision marketing.

1.2 Per Capita Disposable Income

Per capita disposable income is one of the most vital factors affecting tourism, which has been recognized by

many experts. Data from National Bureau of Statistics shows that, from 2002 to 2012, urban per capita disposable income in China climbed from 7,702.8 to 21,809.8 yuan. The number of tourists rose from 878 million to 2,641 million, which is considerable. Through regression analysis of the data in Figure 2, Figure 3 shows the intercept $a=6272.024$, slope $b=10.414$. Therefore, the sum of per capita disposable income is positively correlated with the amount of tourists in the year. In other words, income is the foundation of travelling. Moreover, consumer awareness plays an important in the travel demand. In these years, urban Engel coefficient drops from 37.7 to 36.3, and rural Engel coefficient drops from 46.3 to 40.4. The sharp decrease in Engel coefficient and the increase in per capita disposable income indicates that our country is gradually entering a well-off society. Consequently, spending on entertainment and leisure get improved, which also contributes to promote the development of tourism.

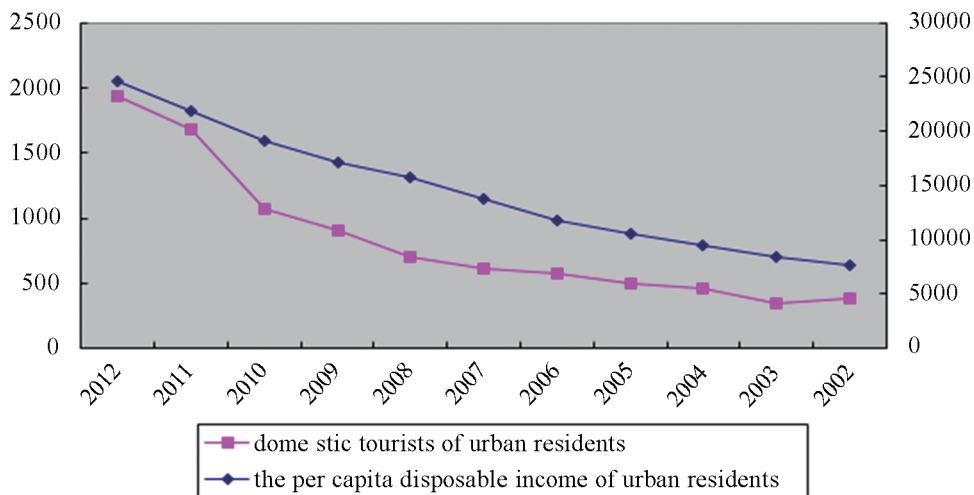


Figure 2
Per Capita Disposable Income of Urban Residents and the Number of Visitors
 Data source: *China National Bureau of Statistics.*

Multiple R	0.934379
R square	0.873064
Adjusted R square	0.85493

	Coefficients	t stat	P-value	Lower 95%	Upper 95%
Intercept	6272.024	4.888749	0.0017758	3238.327807	9305.72
Tourists	10.41427	6.938723	0.0002234	6.865226597	13.96332

Figure 3
Urban Residents' Domestic Tourists and Urban Residents Per Capita Disposable Income Regression Analysis Results

1.3 Disposable Time

Disposable time is surely one of the very important factors, since the sharp increase in the number of visitors this year as well as the Golden Week proves this point. China promulgated a national festival and the holidays policy. This policy makes tourism extremely active in May Day, National Day, Spring Festival of the three "Golden weeks". Because of the existence of "Golden Weeks", people have time to go further places for a longer period of time and spend more money, which has played an important role in raising GDP.

2. ANALYSIS ON THE SUPPLY FACTORS OF DOMESTIC TOURISM MARKET

From the perspective of supply, the factors that affect China's domestic tourism market are mainly divided into tourism resources and facilities, travel agents and related industries, information network platform and so on.

2.1 Tourism Resources and Facilities

As Figure 4 shows, 2007, 66 scenic spots into the country to enter the ranks of the first 5A. Since then, the selection of 5A scenic suspended for two years, until 2010 10 new 5A scenic spots. And then there are new 5A scenic spots every year, 43 new scenic spots added in 2011, 26 scenic spots were selected annual in 2012 and 2013, the number of 5A scenic spots increased 9 in 2014. By the end of 2014, 5A tourist attractions in China are up to 180, and are still increasing. Just according to the number of Chinese 5A Scenery Sites, there is a certain correlation between China's tourism industry and the increase of tourism resources and the improvement of tourism equipment in recent years. The increase of Spots and good attitude to service will attract more people to travel. Thus, in order to guarantee the scenic spot quality, the number of places capable of being added is limited, so the effective way to promote the rapid development of the tourism industry is to complete the tourism equipment and improve the attitude of service.

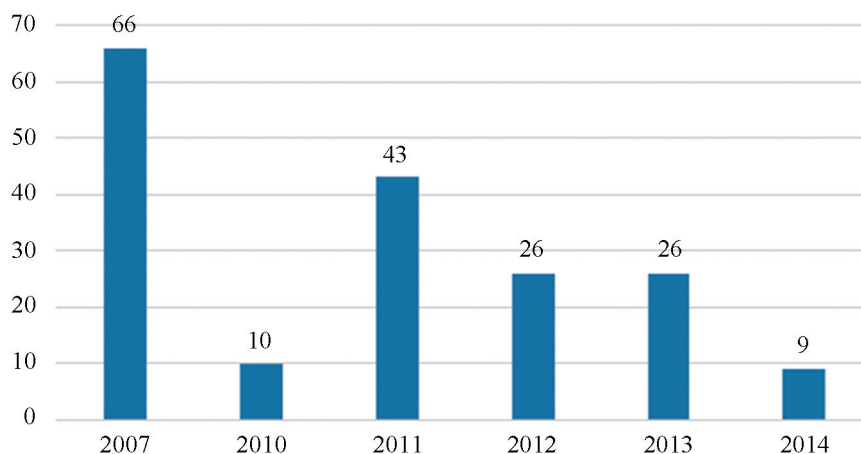


Figure 4
The Number of New China's 5A Scenic Spot Each Year From 2007 to 2014
 Data source: *China National Tourism Administration*.

2.2 Travel Agents and Related Industries

Tourism is a comprehensive industry with high value added. Travel agency, hotel industry and transportation are the highest value-added industries, as well as the barometer of the flourishing of tourism.

In recent years, with the specialization of tourism enterprises, tourism in China develops steadily. The travel agency rating activities improve the shortcomings of competition, such as uneven service levels. Traditional travel agency divides the market into the domestic

and foreign countries simply, which harm professional services. The development and promotion of tourism cause fiercer competition, so tourism enterprises have to deal with more sophisticated market segments, and develop new special products accordingly. All this conduces to the leap in travel agencies. Figure 5 shows that there are growing tendencies for agencies and star hotels. What's more, the emergency the economic chain hotels, the regulation of star hotels and the update of travel service program pave way for precise and systematic development.

Passenger traffic and traffic total mileage are excellent indicator of traffic and transport situation. In recent years, transportation industry in China has witnessed great development. For travelling largely rely on transports, so the development of the transportation industry reflects the progress of China's domestic tourism industry from the side. Generally speaking, to make travel decisions, people take the distance and traffic condition between the tourists region and destination into consideration. Thence, improving the traffic conditions is a fantastic method to enhance the performance of the tourism industry.

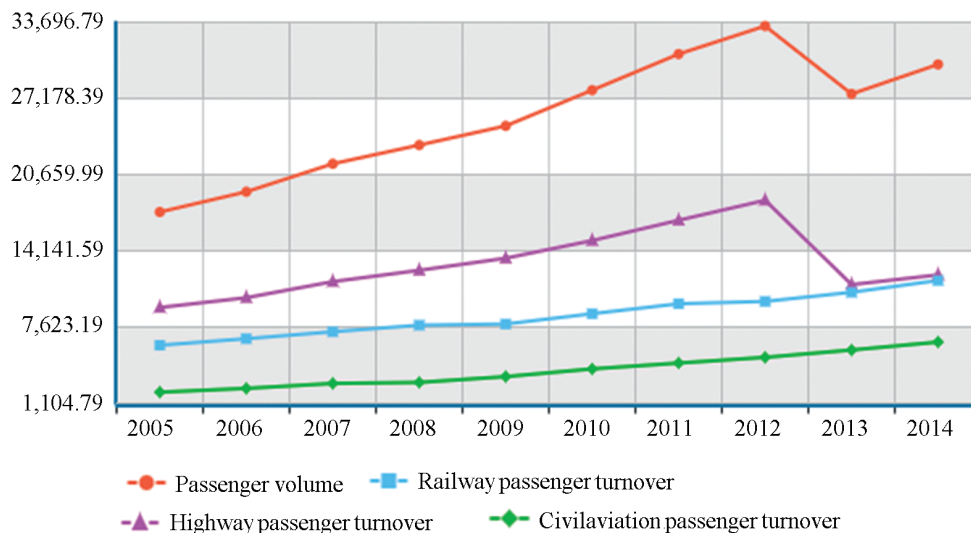


Figure 5
The Passenger Volume From 2005 to 2014
 Data source: *China National Bureau of Statistics.*

2.3 Information Network Platform

In recent years, with the rapid development of Internet, the Internet plays an indispensable role in people's living. When many tourists are not satisfied with the traditional travel agency arrangements for the journey, a large number of self-driving and other self-catering tourism has gradually emerged. In addition, the development of information technology brought the payment method a new revolution, at the same time online booking improves people's living standards. According to the China Internet Network Information Center released the 2012-2013 Chinese online travel booking industry development report, social media inject new vitality for online travel booking of the market, and run through the online travel booking and the schedule of travel. Before online travel booking, the users accounted for 21.9% and 11.6% in Douban and Sina to search, compare, and share information. As well, 19.4% and 17.6% of users share travels in the process or after the travels in the micro-blog Sina and Tencent micro-blog. With the popularity of smart phones, tablet PCs, the rapid development of tourism E-commerce, online booking service not only offers convenience to people's lives and travel, but also reduces cost. With the popularity

of smart phones and travel booking APP's continuous improvement, the offline users and potential users may be directly converted into online travel booking users in the future (Jiang, Shang, & Chen, 2004). Network information technology has also provided a helpful marketing method for related industries of tourism.

3. POLITICAL, ECONOMIC AND CULTURAL ENVIRONMENT

Stable political environment is the guarantee of tourism (Wu, 2000). Only when people live and work in peace and love and have no domestic worries and overseas troubles, do people desire to travel. Some unexpected events also make great effects on tourism, for example Infectious diseases and sudden geological disasters, will reduce the number to visitors in a large degree. A necessary condition for the development of tourism is the steady economic environment, where the specific indicators are the unemployment rate, CPI, GDP, Engel coefficient. The CPI and the GDP influence the tourism market by affecting the per capita disposable income.

Over the years, China's urban registered unemployment rate changed little and fluctuate, but the small changes still affect the residents travel rate. Figure 6 illustrates regression results between the urban residents travel rate and registered unemployment rate, where the intercept a equals 7.9876, slope b equals -1.625, so unemployment is negative correlated with travel rate since unemployment means a temporary reduction or disappearance of income, and thus disposable income is reduced. For unemployed people, worrying about the future lives' quality, on the one

hand, there is no leisure time to travel in an urgent hope to find new job, on the other hand there is no economic security in order to reduce expenditure. While the rise of unemployment rate causes employees psychological burden, the travel rate will fall in general. The unemployment rate's fluctuations will lead to travel rate changes, that is, with the increase of the unemployment rate, people are pessimistic about the future, travel rate decreasing, while on the contrary, the decline of the unemployment rate will drive the increase in the rate of travel.

	Coefficients	t stat	P-value	Lower 95%	Upper 95%
Intercept	7.9875	0.987158	0.35645	-11.14565	27.12065
Unemployment rate	-1.625	-0.83701	0.430234	-6.21578	2.96578

Multiple R	0.301625
R square	0.090978
Adjusted R square	-0.03888

Figure 6
The Regression Results of the Urban Residents' Travel Rate and the Registered Unemployment Rate

CONCLUSION AND POLICY ADVICE

In China, tourism has grown from the original luxury to present necessity, but only can it be referred to as big country, but not great country. New tourism law is a good place to start a successful transformation to complete China's tourism, which indicates the government's commitment to market reforms. However, while changes do not come easily as usual, the laws and regulations of the related industries need to improve, as well as controls are strengthened in a need, such as urbanization further strengthened, related changing the day off policy to adapt to market reforms, the reinforced protection of tourism resources, the decrease of destruction of the attractions, and strengthened quality supervision of tourist equipment. Though travel agent questions are involved in the *new tourism law*, travel is an associated comprehensive industry. Thus, the problems of the relevant departments should consider are how to improve the regulation of tourist agencies, how the prices of hotels return to reasonable prices, how transportation becomes more convenient, and how to utilize cultural differences to promote the development of tourism.

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