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China: a research challenge and an opportunity

It was big news in Canada: Canada has the go-ahead to negotiate its Approved Destination Status (ADS) with China. (see references at the end of this article) For Canada's marketing efforts this obviously represents a big opportunity. But what about research? What does it mean for us?

China represents a huge opportunity for researchers as well. It is not often you are presented with such a large and relatively unmapped market. It is a market that is creating wealth faster than nearly anywhere else on earth, and its middle class is growing by leaps and bounds. The World Tourism Organization (WTO) predicts that by 2020, China will be the fourth largest source of outbound tourism worldwide, providing up to 100 million international tourists per year, which countries around the world will be fighting for.

But the opportunity comes with challenges. Research issues abound that have to be addressed if we are going to meet this opportunity effectively. A few of them are:

- the information infrastructure question. Research and information services are much less developed than in North America or Europe. Getting reliable, up-to-date data will be a concern.
- language and culture. Doing studies across cultures has its own inherent risks, and we must take account of these risks when designing questionnaires for the different cultural groups which make up the Chinese market. Labour concepts such as vacations, for example, are not understood the same way everywhere in the world.
- developing realistic assumptions. How big are the markets that are realistic prospects to market to?
- set realistic growth scenarios and develop associated forecasting models. We expect tourism traffic from China to Canada will increase by 20 per cent in the first year after ADS is approved. In 2004, for the first time, Canada welcomed more than 100,000 visitors from China. We need to qualify and quantify this type of figure for the coming years.
- consumer market segmentation. We will have to define which market segments would be best bets for Canada, and assess the most appropriate Canadian tourism products for these segments.
- profiles of our competitors, and measuring Canada's price competitiveness. Canada has now joined 60 other countries around the world who either have ADS status or are finalizing the ADS negotiations.

- business to business research. Who are the outbound operators in China that are potentially good prospects to work with, and what are their views of Canada and Canadian travel products?
- technological questions. Research sometimes relies on telephones and computers for access to consumers. What is the situation in China, particularly in the markets Canada will be operating in?

There are other challenges as well, having to do with the whole approach we take. In North America and Europe, there is a class of market research professionals who can do research work. There is also an understanding and appreciation of what market research is. If someone calls your house to do a survey, you may not participate, but you understand what is going on. In an inexperienced market like China, there is a real challenge to find good people who understand the value of research, and can carry it out effectively.

As well, there is the question of volatility. Because the Chinese market is developing so rapidly, research that is done risks falling out of date in five years or even less. Emphasis will be on recent findings. The more recent, the better.

Compared to a market like Japan, the China market is closer to what we usually see in developing countries. Japan is already rich, has a mature travel market, its market segmentation has stabilized, and there is a certain amount of predictability when we do studies in Japan. In China, on the other hand, we see appetites for experiences that aren't very well defined. The Chinese usually have less experience as tourists, and tend to be looking for classic iconic travel experiences (do Paris, do Rome, etc), although some market segments are rapidly becoming more sophisticated.

Other countries, such as Australia and Singapore, have done good research on China. We in Canada, frankly, will be catching up with these efforts, and looking to build on them.

China is an exciting new vista for the Canadian tourism industry. The market is developing very fast. When approaching China, the research we have used in the past will have to be adapted to this new market. There is a chance to do some innovative research work. But with the challenges also faced in this market, we will have to use the best techniques and tools to do it. It is a little intimidating, but also an exciting challenge for the next few years.

The news release entitled *CTC opens new office in Beijing and welcomes move to grant Canada approved destination status* is available on the Canadian Tourism Commission's business web site, canadatourism.com, along with the article *The China Market: a brief overview*, in the February edition of *Tourism Online*, and the research report *Market Intelligence Profile of China*.