

Beijing Olympic Update



EUROPEAN TOUR
OPERATORS ASSOCIATION

When Beijing won the right to stage the 2008 Olympic Games, it was widely seen as a boost to its tourism prospects. The Beijing committee of the Olympic Games was clear: "The tourism industry will be benefited the most directly by the 2008 Olympics." They outlined a clear programme for tourism promotion in a Beijing Olympics Action Plan.¹ "The Games in Beijing" wrote another correspondent "will take the tourism of China to a new place". The danger being too much demand "we should deeply dig the tourism potential of Olympic Games within the capacity of our tourism resources to avoid too much pressures imposed on tourism resources".²

"Tourism experts" estimated that Beijing would receive 4.5 million tourists in 2008 and "industry analysts" said that inbound spending by visitors to the 2008 Olympic Games "will reach US\$4.5 billion". The Beijing Tourism Administration estimated that 550,000 international visitors would come to the games.³

In anticipation of this bounty, Beijing saw a boom in hotel building. From 64 four and five star hotels in 2001, Beijing had 174 by the end of 2008. In 2008 alone there were added an additional 9,739 four and five star rooms.⁴

The first indication that all might not be going well was in April, when news began circulating that the Chinese authorities had introduced a more stringent visa regime.⁵ Visitors were being asked to prove that they had paid for accommodation, and multiple entry visas became much more difficult to obtain. The Chinese authorities insisted that their behaviour was "safeguarding our national security and making sure our environment is safe, and making sure foreigners in China will be safe". They also pointed out that China was more lenient and convenient than other countries (such as the UK and the US), "for example we do not require fingerprinting for foreign visitors".⁶

The visa regime was blamed for the subsequent slump in demand that occurred throughout China. The growth in visitor numbers had been averaging 6% per annum until March 2008, but in April numbers dropped by 2% against the previous year, and deteriorated after that. For the subsequent twelve months China's tourism fell by 5%. This was more than 6 million fewer visitors than 2007-8, and 14 million fewer than the previous year's trend.

Much of the blame for this must be borne by the economic downturn. China was not alone. In 2008 tourism throughout the Asia-Pacific region remained broadly static⁷, with a very poor second half of the year. Some areas did well: Hong Kong saw a 5% increase in visitors over 2007⁸. But Singapore was more typical: an annual growth of 4.6% until April became a decline of 2% by the end of the year. In 2007 Singapore had mirrored the growth in mainland Chinese tourism, in 2008 it shadowed its decline. In 2009 both China and Singapore staged similar recoveries.

1. <http://en.beijing2008.cn/76/92/article211929276.shtml>

2. <http://www.shvoong.com/law-and-politics/1604290-tourism-effect-2008-olympics-conceiving/>

3. <http://www.china.org.cn/english/news/209901.htm>

4. <http://www.chinahospitalitynews.com/en/2009/10/12/13643-post-olympic-mice-in-beijing/>

5. http://shanghaiist.com/2008/04/18/more_updates_on.php

6. http://www.chinadaily.com.cn/china/2008-05/07/content_6665678.htm

7. "For the year ending December 2008 the World Tourism Organisation (WTO) estimates there were a 1.6% increase over the 2007 year."
http://www.rotoruanz.com/rotorua/info/stats/asia_tourism.php

8. http://www.tourism.gov.hk/english/statistics/statistics_perform.html

Figure 1: Yearly change in overseas visitor numbers 2007-08⁹



Beijing fared worse. By July 2008, it was carrying 30% fewer tourists than in the same month in 2007. The Olympic Games in August provided a spike in demand, leading to a 5% decline. Thereafter demand dropped to 25% below 2007 in December. The total number of foreign visitors who came to Beijing in 2008 was just below 3.3 million, of whom 390,000 came during the Olympic month. In the twelve months from March 2008 mainland China had 2% fewer visitors than it had in the previous twelve months; Beijing had a drop of 18%. The Olympic year provided a surge in supply that catered to falling demand. But Beijing is recovering: early reports for the last three quarters of 2009 look as if it will comfortably exceed the dismal 2008. 2009 may match 2007 figures.

Is this due to an “Olympic” Effect? There is no evidence that, post Olympic Games, any city sees a surge in tourism arrivals¹⁰. All the indications are that this rally is price led. “We were anticipating some decline as demand is normally disrupted by an Olympics,” said Carey Fletcher of China Holidays “but the fall was sharp and hard. But since 2008 the hotel industry has responded with very competitive rates. They are pricing themselves into a recovery.” In September 2009 Beijing posted a “revenue per available room” (revPAR) decline of “only” 9.2%. The same month saw an increase in occupancy of 18.8% percent to 57.1%: a 50% increase in the number of rooms sold¹¹. Beijing has responded to the downturn in demand with a “China price”.

9. Source CNTA and Singapore Tourist Board <http://app.stb.gov.sg/asp/tou/tou0201.asp>

10. ETOA reports [passim www.etoa.org](http://www.etoa.org)

11. <http://www.hsmi.org/Events/NewsDetail.cfm?id=4044012>

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