

DANIEL TSCHUDY

China's walk into the future is not based on Western needs, but on their own

Daniel Tschudy has been involved in global tourism, hospitality and MICE industries for four decades. Originally from Zurich, Switzerland, he worked abroad for 13 years (Canada, Germany, France, Japan, and Shanghai, China from 2008/9). Until the mid-80s, he was engaged with Kuoni Travel, Switzerland Tourism and for 6 years with the then-largest global tour operator, Thomas Cook/Wagonlit in Tokyo. In 1987, he co-founded MCI (the leading global congress & association management agency group), and later was Managing Director of Spectrum Events in Switzerland. Daniel now works as journalist, speaker and consultant. As globally acclaimed presenter, he talks about the ongoing shift from West to East; about the new markets in Africa, Arabia and Asia; specifically about China and Japan; as well as about communication and mentalities of the new world. He is editor of the events magazine (Germany) and writes regularly for Handelszeitung, Switzerland's leading economic newspaper. He also consults both Chinese companies dealing with overseas partners and international companies interested in working with China.

Daniel, how have you seen the industry change in Asia and, in your opinion, who have become the key players?

There are two issues: one is that several Asian countries have finally found a mature self confidence to position and sell their destination; no longer are Paris, London and America the key parameters. Now, the UAE is pushing hard, Thailand keeps promoting well even through in crisis, Malaysia became 'Truly Asia', Singapore is battling in Vegas-style (investments to Marina Bay Sands and Casinos), Macau actually became Las Vegas #2, and the Chinese capitals used their global events (2008 Olympics and 2010 World Expo) to create whole-new MICE destinations. So, to sum up: Asians have learned the value of their very own products and that (issue two) has also triggered, at least in some Asian markets, a stronger domestic and outbound demand for Incentives and Meetings. In any case, tourism and MICE in particular grow not because of what the 'old world' teaches, but because of the very own economic growth in the new world. And China is heading the pack, of course.

Do you think there could be a saturation risk if MICE development is not coordinated regionally?

We all have to learn to think outside of the box. South East Asia might have looked a bit too long at the Westerner way of doing business, but China certainly did not. In the old days, organisations such as MPI and SITE in the meetings industry (or ASTA in leisure), both out of the USA, 'taught' the industry how to function and how to develop. Their expertise was originally based on the dominating US outbound mass tourism industry. And although these organisations are now showing a good presence in China (SITE's international conference next year will be in Beijing; ICCA's annual conference 2013 in Shanghai), it has to be recognised that China, while

appreciating the Westerner expertise, is not depending on it.

Beijing municipal representatives discounted the risk of the industry not developing internationally as something that could be absorbed by domestic growth. Do you not consider a cornerstone of MICE meetings to be developing international trade (and cultural exchange and awareness), making this position perhaps a little risky?

Let's look at the statistics: last year, China had 1.61 billion domestic trips (migrant workers, families, business and holidays), operated by 12,000 domestic travel agents, and hosted by some 300,000 hotels and guesthouses. That is the true powerhouse of this market. It's huge, logically putting every international aspect way back into line. Any growth of tourism and also in the still young meetings industry is most of all based on domestic needs. Then, outbound tourism grew in 2010 to 56 million travellers (source: UNWTO), with analysts seeing the 100 million mark reached before 2020. So, by all means, China's walk into the future is not based on Western needs, but on their own. One could say 'if you can't beat them, join them'. But joining them means doing business ... in their way.

Beijing has, to date, no CVB. Do you consider this a handicap in its rate of growth within China and the region?

The global industry might feel a bit more comfortable if dealing with a CVB established in a Western understanding. But in the end, I think that is irrelevant. We all have to understand that the sheer size of both market and destinations creates proceedings that are first of all suitable to China, and then, maybe, to the West. The demand, for example, for Beijing as international convention town (now already at position 12 in ICCA's ranking) will grow anyway. And Beijing

openly declared that it wants to become number one Asian meeting town (means it has to overcome Taipei, now 11th and most of all 5th ranked Singapore).

Some years ago you spoke of the ‘Great Walls of China’ – cultural differences and lack of English language availability – as barriers to its success in the international MICE arena. How strongly do you think this holds and can you give reasons for your answers?

I remember that interview and I received several critical comments for it. However, I believe that nothing has changed. Cultural differences and the lack of English knowledge are still there and will remain so. In fact, more than before, I believe that China does not have to learn English; the world will have to learn Mandarin. Ok, in tourism, the Chinese supplier industry will of course improve fast its English knowledge, but in the general global economics, Mandarin, already the most spoken language in the world, will prevail. Having said that, I also feel that China’s eagerness to impress the world (with the two above mentioned global events) has somewhat subsided. Beijing’s Commission of Tourism Development estimates that last year 180 million Chinese travelled to or through Beijing. So logically, the share of foreigners, even if they spend substantially more money per person, is relatively insignificant. UK-based ‘The Right Solution’ presented their findings about the satisfaction level of foreign event organisers at the recent CIBTM in Beijing. Those having judged the services as ‘excellent’ or ‘very good’ were down from 60% in 2009 to 44% last year and a substantial 22% now rated the services as barely acceptable or even poor. China’s economic success could produce an ongoing focus on growth in quantity instead of quality. That does not mean that some suppliers are and will be able to create excellent ground and meeting management for international audiences, but the majority will be busy handling the crowd.

As a Swiss native who spends a lot of time on the international circuit, what do you know of the meetings industry in South East Europe, from Slovenia to Greece? How successful do you think their progress has been over the past 2 decades? How do you think they can begin to challenge the established destinations - Vienna, Brussels, Paris, Barcelona?

It’s again about self confidence, and South East Europe could take a cut from the Chinese ‘power mind’. The region has so much to offer (history, culture, people and hospitality,) but it’s too often based on individual efforts and personal success stories. More importantly, I believe that the region too often tried to copy the Western Europe business style instead of creating their own identities and parameters (and in fact, some might be tempted now to shift to the Asian business style and try to apply that one). However, the solution lies not in what others do, but in the art of communication. Communication today must be self secure, emotional, fast and very, very focused. One cannot beat Paris by trying to copy Paris. One can only be successful by finding one’s very own personality, identity, products and capacities. And then go out to the very many and highly-segmented target audiences and find the suitable clientele. ‘One message suits all’ is no longer a valid approach.

What lessons do you think this corner of Europe can take from China’s growth?

Europe (both the West and South Eastern) cannot take China’s needs as parameter for its own industry. The demands are simply too different and Chinese Outbound Incentives, for example, compare more to the kind of US-Incentives of the 80s (meaning deluxe group travel) and absolutely not to Central Europe’s ‘event-like’ Incentives of the late 90s. Also, the majority of Chinese outbound Incentives go to Macau, Hong Kong, Malaysia, and Australia; and not, for a long time to come, to Europe

or the US. So, Europe can look at China and be fascinated. But its MICE industries will live or die with the economic success of its own European enterprises and their pro-active positive attitudes towards an open and flexible development. The rest is about a self-secure, fast-forwarded and target focused communication.

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