



Interview by Robert Cotter, Journalist; London UK

## **ABOUT CHINA with DANIEL TSCHUDY (\*)**

*1. You once talked about the Great Walls of China, but you've since adjusted your position. In your opinion, do the walls still exist and, if yes, what has made you change your stance on this?*

Actually, I have not changed my opinion. I still believe, that wide and heavy Walls of China are in place and rather difficult to overcome (in terms of politics, mentality, language barriers, education, global awareness, etc.). The question is on which side of the walls you stand. During the last 4, 5 years, I have learned, at least a little bit, to stand inside China and look ... over those walls... towards outside.

As an example, a couple of years back, I thought that every Chinese would have to learn English first, before China would really be ready to concur the world. Now I feel that the language is not really a major issue. Yes, it is practical to have a common spoken language for the business meetings, but the fact is that every major document or contract between Chinese and a Westerner partners must be produced both in Chinese and English. And, should there be a legal issue in this agreement, only the Chinese contract would be valid and applied. Because Chinese, even if they speak English comfortably well, would not rely, or shall I say, not trust the English words. The whole language thing, in a way, is much more a mentality matter ... many Chinese are not yet in the comfort zone when dealing with foreigners; particularly those in the decision-making generation. So, yes, there is a Wall of China ... the question is, how to overcome. In case of the language issue it is clear: be ready from the start to invest in professional translators and do check every further written exchange again and again.

*2. With the US set to be the dominant world economy until at least 2020 and the Chinese economy showing the first signs of easing on growth, would you consider another rethink on this position? What do you think the industry consequences of this might be?*

First, I am not so sure if the USA will indeed stay on the top for another decade. Those BRICS countries are pushing so hard, and that goes well in line with China's needs and objectives (China being both the leader and motivator of the BRICS-countries, and others, such as Nigeria). The sheer size of the Middle Kingdom almost guarantees the growth of its Middle Class, and for two decades to come.

The United Nations and the US Census Bureau both estimate that the population of China will grow until 2030 and reach then a peak of 1.4 billion; before being taken over from India (1.5 billion by 2040). By-the-way, that's a population growth for China of 22'000 per day - but compare it to India, 60'000 a day!

China's Tourism will substantially grow, both inbound and outbound. In Inbound, China has already taken the 3<sup>rd</sup> position (after France and US), and in Outbound, China has replaced Japan as largest source market of Asia. Quite logically, meetings and events will grow too; although more likely in around Asia and less between the Old and the New World. China's main incentive business still stays inland and travels to Macau and Hong Kong. Australia is getting a good share, as are the other Asian capitals (Kuala Lumpur, Singapore, Seoul). As more and more Chinese groups travel, many hospitality suppliers will have to make a conscious decision whether or not to serve this market. It is a demanding clientele, and not because of food or language issues. But because of the tremendous pressure on price – as it happened 30 years ago with the early mass arrivals of the Japanese – some operations might not be so lucrative at all. Provider of consumer goods (i.e. watches) and mass-destination products (such as for example a Disneyland) can make good mass-earnings, but for single hoteliers for example, it might be quite a challenge to make money...

*3. For Beijing in particular, what do you consider to be its strengths as a meeting destination compared to other high-profile regional competitors, domestically and internationally e.g. Seoul, Taipei, Shanghai?*

Beijing is foremost an attractive convention city, already ranked 12th in the ICCA-list and now attacking Taipei (11<sup>th</sup>) even Singapore (5<sup>th</sup>). Beijing made it clear that within a couple of years, they want to be Asia's Congress City number one. They are well organized, the infrastructure is set, more than 50 deluxe hotels ready and a fine Convention Center (CNCC) in place. The only real drawbacks are, at times, traffic and air pollution.

*4. We also discussed the enormous domestic throughflow of Beijing, 180 million in 2010 (set to increase), and how the industry can more than exist on this. However, much economic talk is of the weakness of the domestic economy and I proposed that the development of the industry, whilst sufficient numerically, may be stunted in other ways - technical sophistication, how to manage international gatherings. What are your thoughts on the potential strengths and weaknesses of focusing on an effective monopsony?*

Indeed, the domestic tourism traffic is huge; official figures speak about 1.61 billion domestic trips in 2010. Naturally, most of it is based on migrant workers and family visits and the average per-day-expenditure is only about RMB 500 per person. But both leisure and business travel are quickly growing too.

While upscale international business-focused suppliers will learn how to serve their foreign clients better and better, domestic-oriented suppliers might have less motivation to adjust to international needs. One example is taxi services in Beijing. Towards the Games in 2008, there were efforts to 'teach' the taxi drivers how to serve foreigners and which manners to respect (no spitting, no smoking, etc.). Now, quite honestly, I feel that the euphoria is over and taxi services are as bad as they were ten years ago (many drivers are impolite, sometimes refuse customers or don't even know the hotels in question).

The true challenge for the Tourism officials in China will be to make it clear to the entire industry, how substantially more international clients spend during their days in the country (than a national or local traveler).

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(\*) Daniel Tschudy has been involved in the global tourism- and meetings-industries for four decades; was engaged with Switzerland Tourism, Thomas Cook, MCI Group (as co-founder in 1987) and Spectrum Events. Daniel works as journalist, speaker and consultant; with focus on the New World; and particularly on China.

