

Hitting the road again: How Chinese travelers are thinking about their first trip after COVID-19

A survey of 1,600 travelers shows how their travel patterns may change in the near term

by Kay Chen, Will Enger, Jackey Yu, and Cherie Zhang



The global travel sector has taken a catastrophic hit as a result of the COVID-19 pandemic, which continues to keep most of the world in lockdown, and away from resorts and tourist hotspots.

As China's economy emerges from the stasis engendered by coronavirus containment measures, it is important to understand how long it will take for consumers to regain the confidence to leave their homes for leisure travel. With this in mind, we surveyed 1,600 travelers in eight Chinese cities about their attitudes to leaving home for leisure, as the first wave of a broader COVID-19 Travel Sentiment Survey.

Respondents in our survey had taken a domestic or international leisure travel trip within the last year, and were based in Shanghai, Beijing, Guangzhou, Shenzhen, Chengdu, Xi'an, Xiamen, and Wuhan.

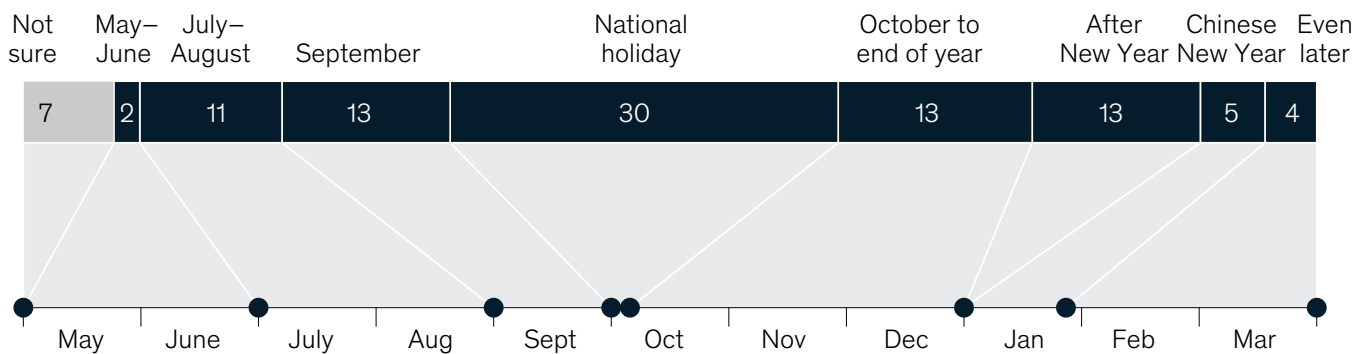
Data were collected from April 13 to April 18. Where relevant, we compare responses with our 2019 McKinsey Consumer Sentiment Survey.

We asked respondents when they are likely to take their next trip, who is planning to travel, and with whom, where they want to go, and what they want to do. The upshot is that though various measures of economic activity are on the rise in China, the rebound in leisure travel sentiment has so far been conservative: 13 percent of travelers report that they plan to take a trip in the next three months. Intracity leisure trips are more popular, with slightly more than a third of respondents expecting to increase local leisure trips in the next month. Most travelers will continue to stay close to home; less than 5 percent expect to increase their overnight domestic leisure trips.

Exhibit 1

The travel-recovery peak will likely come after September 2020 in China.

Planned resumption of travel,¹ % of respondents²



¹Question: When do you expect to take your next leisure trip? (n = 1,682 respondents, data collected from April 13–18, 2020.)

²Figures may not sum to 100%, because of rounding.

Source: COVID-19 Travel Sentiment Survey, 2020

While overall sentiment among Chinese consumers has recovered rapidly over the past several weeks—with 36 percent of consumers optimistic about China's economy, when it comes to travel, the rebound in confidence appears to be slower. The survey also reveals several important insights into the way leisure travel behavior and sentiment is shifting in the wake of the peak of the outbreak in China.

Key insights

1. Most travelers expect to make their next leisure trip between September-October, with a noticeable uptick around the National Day holiday. Expectations of future leisure travel are fairly evenly distributed around the National Day, with about 13 percent of travelers expecting to travel over the summer for the first time, and 56 percent of travelers in the September-October time frame. While a small proportion

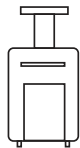
of respondents expect to travel in early summer, the majority do not expect to return to the market until the week-long National Day holiday around October 1. Travelers are waiting on an announcement from experts (54 percent), or the reopening of schools (54 percent), before they are ready to take their next leisure trip.

2. Young, single, and experienced travelers expect to travel first. Travelers who expect to take a trip in the next three months are generally young, single, middle-class, and experienced travelers. (Exhibit 2) They are also from the enlarged group of 19 tier-one cities, with Shanghai and Chengdu most heavily represented. Some among this group have already explored local leisure travel postcrisis—31 percent said that they engaged in intracity leisure travel in April.

Exhibit 2

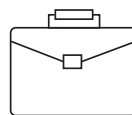
The 'early returns' to travel in China are young people and those without families.

Planning to travel or to book a trip in the next 3 months¹



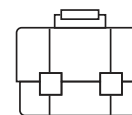
Younger, single, middle class

- 41% are under 34 years old
- Nearly twice as likely to be single
- Slightly higher income



Shanghai or Chengdu

- 57% of them are from tier-1 cities (21% from Shanghai)
- Used ridesharing, car-hailing more frequently
- Were working remotely in the past 2 weeks



Frequent travelers

- Domestic leisure travelers and those who used to commute by domestic flights before COVID-19
- 31% engaged in local leisure travel in April

¹n = 1,682 respondents, data collected from April 13–18, 2020.
Source: COVID-19 Travel Sentiment Survey, 2020

Most respondents do not feel safe enough to travel for leisure, but sentiment is quickly improving. Overall, between 85-90 percent of respondents felt that in early April it was “not safe at all” to leave their hometown for leisure travel. However, working in the local area is now seen to be “somewhat safe” (62 percent), while 36 percent of potential travelers say they will travel within their cities more frequently in the coming month. Sentiment towards domestic travel is also improving, with the percentage of respondents that consider it “not safe at all” to travel in the next month falling to 50-60 percent of respondents (compared with early April).

This increasing confidence in the safety of travel, driven by the improving local experience,

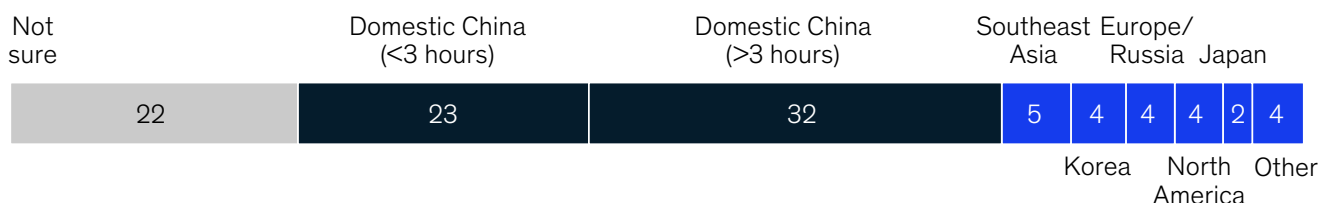
is giving potential travelers more range of movement—from local city to the provinces they live in. Although cross-province travel was still banned for the recent Labor Day Holiday, and outbound international travel is still not possible, the outlook from the perspective of safety for both shorter and longer distance domestic trips is improving—with trips within three hours of the city expected to be nearly as safe as local leisure travel is today.

3. **Domestic travel is most favored, but many are undecided on destination.** The majority of respondents (55 percent) expect their next leisure trip to be domestic. (Exhibit 3) However, despite the challenges of COVID-19, almost a quarter think that their next leisure trip will

Exhibit 3

Domestic destinations remain the most realistic choice for Chinese travelers.

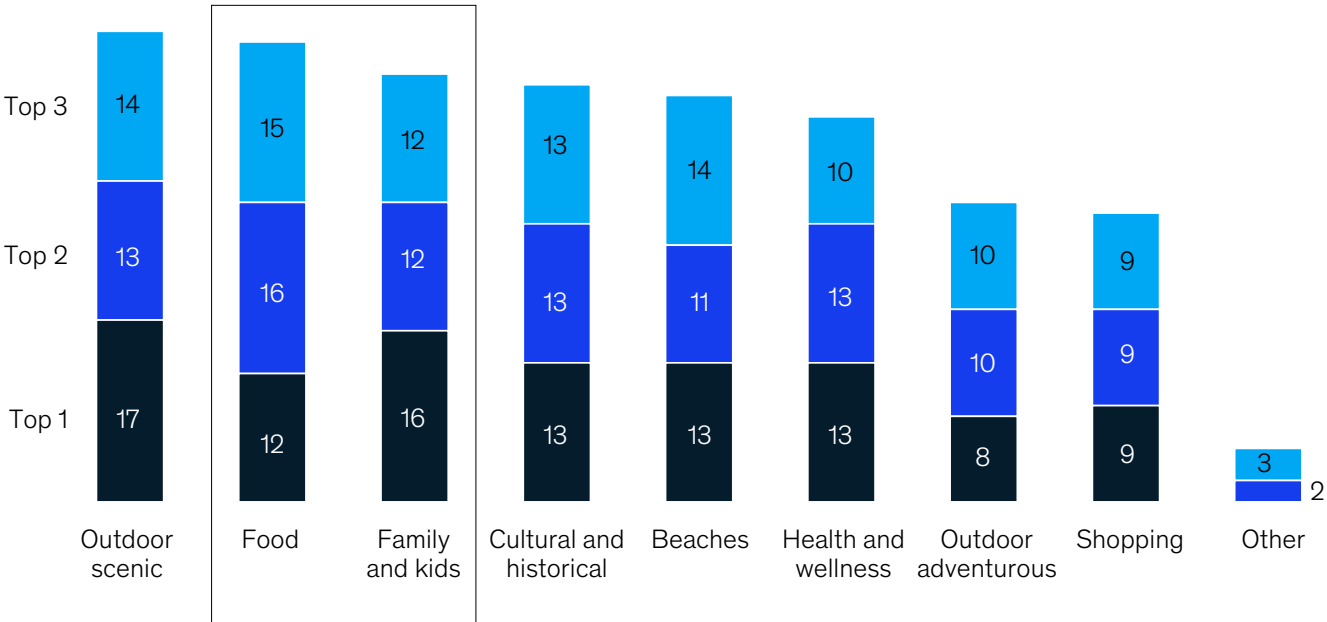
Planned travel distance for next leisure trip,¹ % of respondents



¹Question: How far do you expect to go on your next leisure trip? (n = 1,682 respondents, data collected from April 13–18, 2020.)
Source: COVID-19 Travel Sentiment Survey, 2020

Food and family destinations popular despite virus concerns.

Planned domestic leisure travel,¹ % of respondents (top 3 choices)



¹Question: How would you categorize your next domestic leisure trip? (n = 1,682 respondents, data collected from April 9–13, 2020.)
Source: COVID-19 Travel Sentiment Survey, 2020

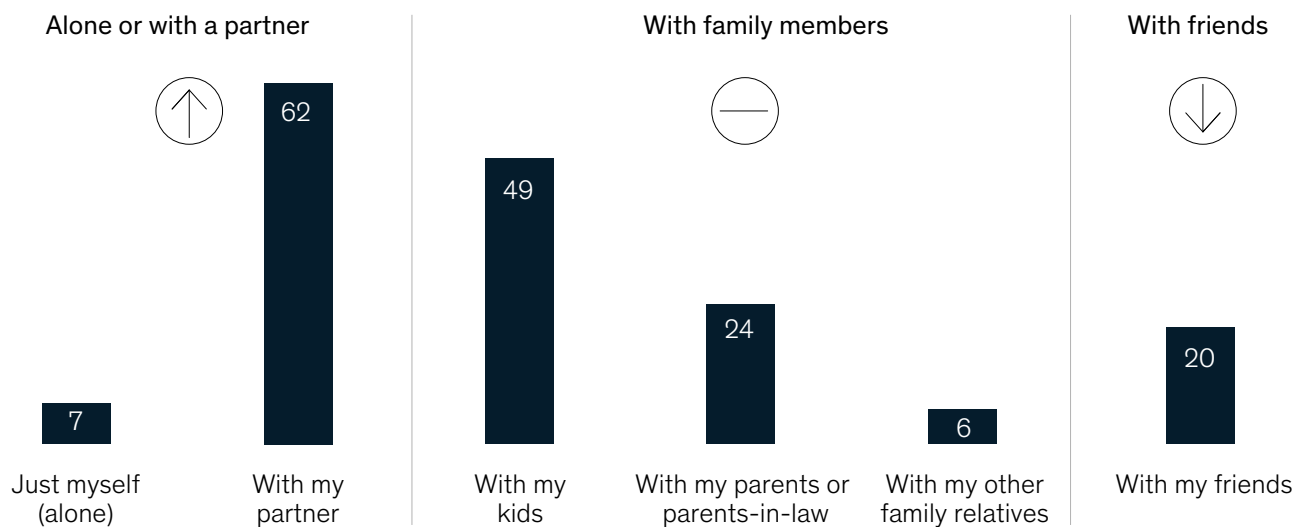
be international. Another 22 percent have not thought about the destination yet. Self-driving or car rental options are viewed as more acceptable and safer than rail or air transport.

4. Food and family destinations popular despite virus concerns. While travelers plan to avoid crowded tourist spots, visiting scenic attractions outdoors ranked as the most popular type of trip. Food- and family-themed destinations were also a top-three choice, with shopping falling to the bottom of the list.

5. Leisure travel groups are shrinking. Prior to COVID-19, 66 percent of travelers planned to travel with family, either with their parents, or even with family members from across three generations. In a large reversal, 69 percent of respondents now plan to travel solo, or with their significant other, compared with 30 percent pre-epidemic. (Exhibit 5)

Leisure travel groups are shrinking.

Planned group travel,¹ % of respondents



Note: The 2020 Travel Sentiment Survey focuses on outbound cruise while 2019 Consumer Survey only had "River Cruise" in the domestic module.

¹Question: Who will you travel with? (n = 1,682 respondents, data collected from April 9–13, 2020.)

Source: COVID-19 Travel Sentiment Survey, 2020

Guided tour packages have fallen dramatically in popularity, with only 10 percent of travelers saying they would take a group tour for their next trip; 68 percent said it was impossible to even consider the option (Exhibit 6). In the pre-COVID-19 period, 28 percent of travelers preferred tour formats with groups of 10 people or more. Smaller groups (<10 people) are now more popular, with 31 percent of respondents likely to choose this as an option, nearly triple the percentage observed in 2019.

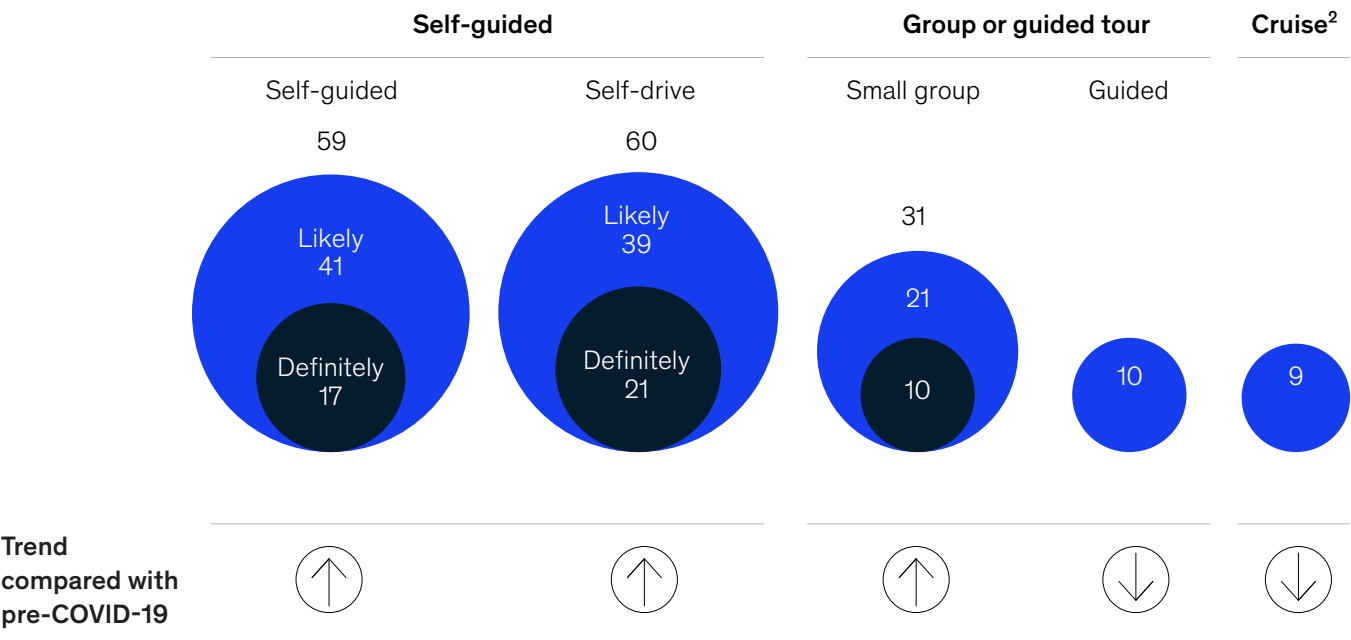
Implications for players in the leisure travel value chain

While the travel sector is in the very early stages of recovery, we see opportunities for agile players to serve returning travelers by taking the following three steps:

1. **Target marketing:** Leisure travel players should target marketing at the discrete categories of traveler who intend to return to the market in the next three months, from three to six months, and beyond six months, at the city level. Sentiment across cities varies, and we expect the rate of change in sentiment over time in cities will also differ sufficiently to impact the recovery curve—though this hypothesis is still untested.
2. **Adapt offerings:** Players along the entire value chain will need to quickly iterate offerings to appeal to shifting traveler demographics that so far point towards smaller groups, as well as younger, urbanite travelers. There are suggestions that these travelers are seeking to scale up their experience: 41 percent of respondents expressed a preference for luxury or upscale hotel options, compared with an

Chinese travelers prefer self-guided and self-drive trips over group tours.

Planned group size on next trip,¹ % of respondents



¹Question: Which group size will be the most popular? (n = 1,682 respondents, data collected from April 13–18, 2020.)
²The 2020 COVID-19 Travel Sentiment Survey focuses on outbound cruises while 2019 Consumer Survey only had “River Cruise” in the domestic module.
Source: COVID-19 Travel Sentiment Survey, 2020

actual share of 31 percent of such bookings in China last year. There is also opportunity in the relatively high proportion of travelers who have not yet thought about their destination.

3. Watch for retail opportunities: Travel retailers should adjust strategy in light of the abrupt shift to about 70 percent of respondents planning to travel without their family. Historically, this travel group size spends a larger proportion of the total trip budget on retail, even if the purpose of the trip is not shopping. This represents an opportunity for retail brands to re-engage with customers.

While the recovery from COVID-19 will take some time—particularly for travel—it is promising to see early indicators of improving sentiment in China. While international travel will be subject to regulatory restrictions and quarantine challenges for the foreseeable future, domestic options are increasingly perceived as safe. As the “first wave” of travelers begin to post their experiences on social media, this trend may accelerate in China—offering hope for the global travel industry as a whole.

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