

Pulse of China



Travel and consumer spending over Chinese New Year 2025

March 2025

Brought to you by Searchlight Consulting
www.searchlightchina.com

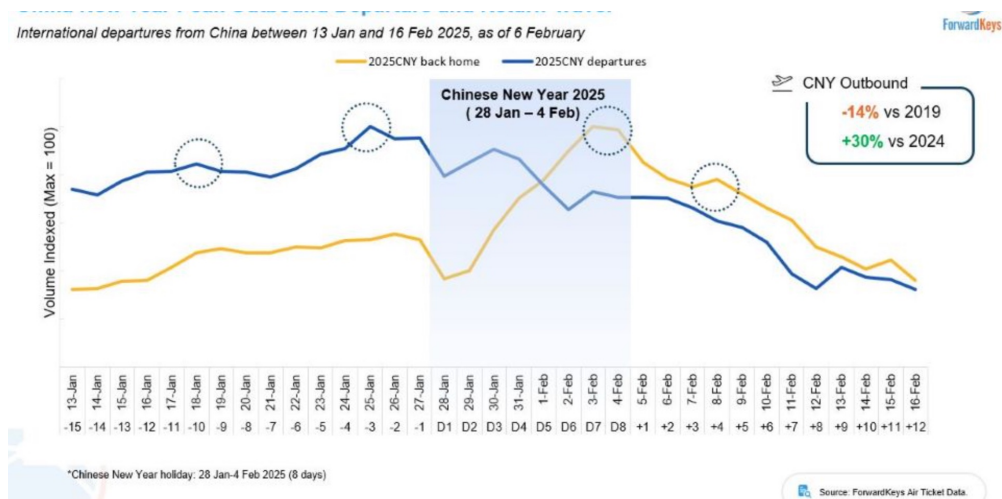
Chinese travelers – on the road again

Chinese New Year has often been hailed as the biggest travel event in the world. In recent times, it hasn't been as dramatic as in the past, but the statistics for CNY 2025 show a surge in travel that is encouraging for the travel industry in particular, but also consumer spending in general.

Domestic Travel:

According to data released on 5 February by the Ministry of Culture and Tourism, 501 million Chinese traveled domestically during the Chinese New Year holiday period, a 5.9% year-on-year increase. Tourism spending reached 6.77 billion RMB, a 7% increase. Cultural tourism was the biggest trend, and data from Tuniu shows that more than 60% of travel was done by family groups — including parents with children, and three generations traveling together.

Signs of recovering China outbound travel



Searchlight

Overseas Travel

China's National Immigration Authority recorded 14.366 million border crossings during the holiday period, an increase of 6.3% compared to last year. Mainland Chinese border crossings (both outbound and inbound) accounted for 7.671 million of these, a 5% year-on-year increase. Shanghai stood out as the biggest source market for outbound travel, followed by Shenzhen, Beijing, Guangzhou, Zhuhai, Chengdu, Chongqing, Qingdao, Tianjin, and Hangzhou.

China Tourism Academy reported that 3.78 million Chinese traveled outbound during the Chinese New Year holiday, a 5.2% increase from last year. New Zealand, Vietnam, and the Philippines were popular destinations for outbound travel.

Cross-border travel bookings on Ctrip grew by 30%. The most popular 10 outbound destinations were: Japan, Hong Kong, Thailand, Malaysia, Singapore, Australia, South Korea, USA, Macau, and Vietnam. Among short-haul destinations, Japan saw the most significant increase. Long-haul destinations saw healthy growth compared to last year, too, including USA (+53%), Spain (+82%), Italy (+56%), and France (+50%).

What happened to Thailand?

Thailand has been, for a long time now, the top destination for overseas Chinese travel. Last year, they enabled visa-free entry for Chinese passport holders, making it even easier to go. However, there has been a spate of stories in the news about Chinese nationals (among others) being trafficked into online scam operations along the Thai-Myanmar border from Thailand. Those stories came to a head when an actor was trafficked and then rescued, creating a lot of publicity and bring this into the mainstream news. All of this has made Thailand seem less desirable as a destination, especially for first-time overseas travellers from China, and it will probably be a while before they're able to overcome some of the negative headlines and go back to the top of the list again.

Good signs of a travel recovery, in the context of post 2019 drops

Of course, all such numbers are compared to 2019, the year before COVID. At that time, China was the largest source of cross-border travel globally, and an exciting marketing opportunity that was growing rapidly year on year. We're not yet back to those heady times but given some of the doom and gloom of 2024, the early signs for 2025 are certainly encouraging. Travel, we always feel, is the harbinger of general consumer sentiment and the growth in travel numbers and spend for both domestic and international travel is a sign that consumers are regaining their confidence in the economy and their willingness, therefore, to spend on travel.

Consumer retail spending in Jan-Feb 2025 – another sign of recovery?

National Bureau of Statistics data for Jan-Feb 2025 shows growth across all sectors of the economy, including in consumer retail spending.

While the growth rates we're seeing are not as exciting as they were pre-pandemic, in most areas, the growth in 2025 is ahead of the growth in 2024 for the same period. For instance, retail sales in Jan-Feb 2025 grew 4% over 2024, whereas the same period in 2024 grew 3.5% over 2023 – so the base is growing and the growth rate is slowly increasing.



Retail sales of consumer goods reached 8,373.1 billion yuan, up by 4.0 percent year on year

Consumer goods spending grew 3.9% v/s YA and catering (F&B) by 4.3%

Online retail grew 7.3% v/s YA

Source: National Bureau of Statistics

Searchlight

From a GDP growth perspective, it's a similar story. Industrial production grew 5.9% in Jan-Feb 2025 against the same period in 2024, while the growth rate for the previous year was 5.8%. The service sector grew 5.6% in Jan-Feb 2025 as opposed to 5.4% in Jan-Feb 2024. Overall, there is increased momentum in the economy in the early months of 2025.

While it's still early 2025, the first couple of months show encouraging signs and there is cautious optimism in the commentary accompanying national statistics as well.

Globally, there is considerable uncertainty about some of China's key trading partners, with the USA threatening a high level of tariffs that will definitely have an effect on their trade relationship with China (and other countries, of course), but at least from the perspective of domestic consumption, China seems to be on a road to a slow but steady recovery.

About Searchlight Consulting

Set up in early 2020, Searchlight is a boutique management consulting firm headquartered in Shanghai. We focus on helping brands understand and prioritize their opportunities and overcome their barriers to growth. We do this by working closely with our client teams over an extended period, facilitating their process of decision-making, building capability by guiding and training their teams, and also helping with organization redesign if necessary.

Our team of 14 associates covers a wide range of specialist areas – business management, brand management, marketing, communication, media, HR, CRM, sales management, technology. Each of us has at least 20 years of work experience, a large part of that in China

We coach and assist client teams to make quality decisions for the business. We also assist in the design of organizational processes and financial models, especially building internal and external capabilities for strategy implementation.

We've worked with both international and local brands, startups, and public listed companies - J&J, Hollister Medical and Pandora as well as SUNNER Foods (a listed food processing company that has become one of the fastest growing B2C brands now) and startups like Little Ondine, LeBunna and Youxin coffee. For more about us visit www.searchlightchina.com