

# On Domestic Tourism Preferences of Urban Residents in China

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## Abstract

The domestic tourism develops fast in China. Its potential is great. Urban residents are important for domestic tourism market. To study on urban residents' payment abilities and tourism preferences is meaningful for domestic tourism. Based on statistical data from 2002 to 2007, this paper builds a statistical equation reflecting the quantitative relations of urban residents' tourism payment per capita and average wages. According to the tourism preference index, this paper sorts urban residents' domestic tourism preferences into four types, which supplies basis for analyzing and predicting domestic tourism market.

**Keywords:** Urban residents, Domestic tourism, Payment equation, Tourism preferences

Entering the new century, China's domestic tourism market tends to be more prosperous. In 2007, domestic tourists are 1.61 billion person-times and the income reaches 777.062 billion RMB. Domestic tourism receives 12.2 times of inbound tourism. Tourism income is more than two times of world tourism. China has already become the largest domestic tourism market. According to the general law that "as the GDP per capita exceeds 1000 US dollars, it will generate domestic tourism motive" (Bao, Jigang & Chu, Yifang, 1999, p49-51), China's domestic tourism industry is just starting its fast-developing period and has a great potential for development, which will exert important effects on China's sustainable economic development. Facts prove that urban residents' demands for domestic tourism are important sources for China's tourism market and tourism income. Relevant statistical data show that in 2007 the urban tourists are 612 million person-times in China and the tourism consumption reaches 555.039 billion RMB, respectively accounting for 38% of domestic tourists and 71.4% of domestic tourism return. Therefore, to precisely analyze urban residents' payment abilities and preferences is important for domestic tourism development.

Tourism, as a kind of super spiritual appreciation and aesthetic activity, associates closely with people's income (Leonard J. Likorish & Carson L. Jenkins, 2002, p62-64). However, as for whether there is certain quantitative relation between tourism demand and people's income, there is no relevant research till today. Meanwhile, due to cities' different locations, tourism sources, and residents' desires for tourism, even with similar economic income, residents' domestic tourism preferences are far different. Urban residents' income is mainly wages (Deqian Liu, 2002, p11-12). Based on statistical data from 2001 to 2006, this paper makes a quantitative analysis of relation between urban residents' domestic tourism payment and wages, builds a domestic tourism payment equation, and further analyzes domestic tourism preferences, which is meaningful for predicting domestic tourism market (Gennian Sun, 1998, p91-96; Yongmei Song & Gennian Sun, 2006, p54-58).

## 1. Data sources

This paper mainly takes 39 cities as objects in the study. The basic data is from a survey of residents' domestic tourism and economic statistical data from 2002 to 2007. In detail, it includes: (1) The percentage of urban residents as tourists and the expenses per tourist, respectively reflecting urban residents' touring demands and tourists' average consumption. Data is from *Materials of China Domestic Tourism Sample Survey* (National Tourism Administration of The People's Republic of China, 2003-2008). (2) Workers' wages, mainly reflecting urban residents' income level. Data is from *Urban Statistical Yearbook of China* (National Bureau of Statistics of China, 2003-2008). (3) Tourism expenditure per resident, as an indirect data, can be got by the percentage of urban residents as tourists multiplying the average expenditure of tourists, namely the average tourism expenditure of all urban residents, reflecting the average tourism consumption level of urban residents. In order to eliminate the random fluctuation in different years, this paper takes the average data of six years from 2002 to 2007.

## 2. Build the payment equation of urban residents' domestic tourism

Tourism payment and tourism expenditure are two different and related concepts. Tourism expenditure is an economic statistical term, reflecting the practical expenditure of urban residents for domestic tourism. Tourism payment is a theoretical concept. It is a theoretical value of domestic tourism expenditure per capita supported by economic income. In other words, it is based on real economic abilities. Its value can be calculated by statistically analyzing amounts of section data. Generally speaking, the higher the level of urban residents'

income is, the more the residents take touring, the higher the percentage of touring is, and the higher the tourism expenditure per capita is, and the stronger the tourism payment ability per capita is. Suppose urban residents' domestic tourism payment ( $Y$ ) is the function of workers' wages ( $X$ ). Then,  $y = a+bx$  can reflect the correlation. Based on data of tourism expenditure per capita and average wage in 39 cities from 2002 to 2007, we can get a scatter diagram for their relationship (Figure 1). Apparently, there is a better linear correlation between tourism expenditure per capita and average wage. Make a regression analysis based on linear equation and get a regression equation as follow.

$$Y=108.877+0.06553X, (1)$$

The correlation coefficient  $r=0.691$ .

We name this equation as the standard equation of domestic tourism payment. It reflects the relation of Chinese urban residents' domestic tourism payment ability and wages level. In other words, as residents' wages rise by every 1000 Yuan, domestic tourism consumption will rise by 65.5 Yuan in average. Input the average wages of cities into equation (1) and calculate the domestic tourism payment per capita in cities. The line in Figure 1 is the domestic tourism payment standard line.

### 3. Types of domestic tourism preferences

The real tourism expenditure of urban residents is not only under the influences of income but also some non-economic factors, such as cities' tourism sources, natural and humanism environment, geological locations, residents' qualities, tourism psychology, and life styles (Rorbert W. McIntosh & Charles R. Goeldner, 1990, p57-65; Shimin Ning, 2000, p75-76). Therefore, in cities how many residents travel in domestic areas and how much they may spend are not only determined by economic income. Even for cities with similar average wages, their domestic tourism expenditure is far different. This point has been already verified by the six years data of 39 cities. This paper regards the difference of domestic tourism expenditure caused by non-economic factors as a tourism preference determined by residents' psychology. Because these factors change along with different cities, the author uses tourism preference index ( $\rho$ ) to reflect the abnormal change of tourism expenditure caused by non- economic factors.

$$P=(Rt/Tt)\times 100\% \quad (2)$$

Here,  $R_t$  is the real tourism expenditure per catia.  $T_t$  is the theoretical tourism payment based on urban residents' average wage.

For one city, the tourism payment preference index is stable in a sense. It reflects the integrated effect of non-economic factors, such as the city's natural and humanism environment, geological location, tourism sources, residents' qualities, life styles, and tourism psychology, on urban residents' domestic tourism demand. Use the equation (2) to calculate the 39 cities' domestic tourism preference index and sort them into three types (Table 1).

(1) Weak tourism preference, tourism payment reference index  $\rho < 90\%$ , real domestic tourism expenditure is smaller than tourism payment ability supported by income level. It reflects that urban residents have no strong desire for participating domestic tourism. This phenomenon is caused by three reasons. Firstly, residents have lower income and the tourism purchasing ability is weak, such as Taiyuan, Guiyang, Zhengzhou, Shenyang, and Nanchang. Secondly, the city has a favorable environment and rich leisure sources. Residents prefer to entertain themselves nearby. Therefore, the expenditure per capita is low, such as Dalian, Xiamen, Hangzhou, Chengdu, and Changsha. Thirdly, the city has developed economy and residents have higher income. A large amount of people prefer to outside touring instead of domestic touring, such as Shanghai, Guangzhou, Xiamen, and Ningbo.

(2) Medium tourism preference. It can be further sorted into the close-to-weak medium type and the close-to-strong medium type. Here, the former's tourism payment preference index  $\rho$  is between 90% and 105%. This number is close to the theoretical value. For these cities, residents are not interested in domestic touring because of higher income and preferring to outside touring or lower income. The later has a tourism preference index between 105% and 120%. Residents' real domestic tourism expenditure is lightly higher than the theoretical value of tourism payment. It indicates that urban residents are interested in taking domestic touring, such as Suzhou, Qingdao, Guilin, Xi'an, Tianjin, Chongqing, and Wuhan. These cities are hot cities in tourism industry due to rich touring sources. Besides, these cities have developed various international and domestic touring activities, under the influences of external cultures. Residents in these cities have strong desires for touring.

(3) Strong tourism preference. Tourism payment index  $\rho \geq 120\%$  indicates that the real domestic tourism

expenditure is higher than the theoretical value. It belongs to a high-consumption type. Two possible reasons contribute to this phenomenon. Firstly, the city is far from hot touring areas or economic centers, such as Changchun, Urumqi, Xining, Lanzhou, and Haerbin. Therefore, residents have to pay more for touring. Then, the total tourism expenditure tends to be higher than other cities with similar average wages. Secondly, the city has developed economy and residents have higher income. Residents travel frequently and spend too much in touring, such as Shenzhen, and Zhuhai.

#### 4. Main conclusions

This paper advances the concept of residents' tourism payment per capita and tourism preference index. Based on the section data of 39 cities between 2001 and 2006, this paper analyzes urban residents' domestic tourism payment abilities and tourism preferences and draws these conclusions as follow.

Firstly, urban residents' domestic tourism consumption is mainly limited by wages, which is also under the influences of cities' geological locations, surrounding tourism sources, residents' qualities, and life styles.

Secondly, multiply cities' residents touring rate with tourism expenditure per tourist. Get an integrated index, tourism payment per capita, which reflects urban residents' domestic tourism payment abilities. It indicates that there is a positive correlation between urban residents' tourism payment ability and level of wages in 39 cities. As the average wage rises by every 1000 Yuan and residents' domestic tourism consumption rises by 66.5 Yuan.

Thirdly, according to the tourism preference index, sort the residents' domestic tourism preferences in 39 cities into three types. Because of different tourism preferences, urban residents with similar wages have different demand for touring.

This paper builds a equation of urban residents' domestic tourism payment and analyzes their tourism preferences, which offers a new basis for programming regional tourism development, and analyzing and predicting the target market for domestic tourism.

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Table 1. Types of 39 cities' residents domestic tourism preferences.

Type	Weak tourism preference	Medium tourism preference		Strong tourism preference
		Close to weak	Close to strong	
Preference index	$\rho < 90\%$	$90\% \leq \rho < 105\%$	$105\% \leq \rho < 120\%$	$\rho \geq 120\%$
Cities	Shanghai, Nanchang, Shenyang, Xiamen, Changsha, Zhengzhou, Guiyang, Ningbo, Chengdu, Huhhot, Guangzhou, Hefei, Hangzhou, Taiyuan, Dalian	Wuxi, Jinan, Shijiazhuang, Kunming, Haikou, Beijing, Nanjing, Nanning	Guilin, Tianjin, Xi'an, Qingdao, Suzhou, Chongqing, Wuhan	Shenzhen, Changchun, Urumqi, Zhuhai, Fuzhou, Yinchuan, Xining, Haerbin, Lanzhou

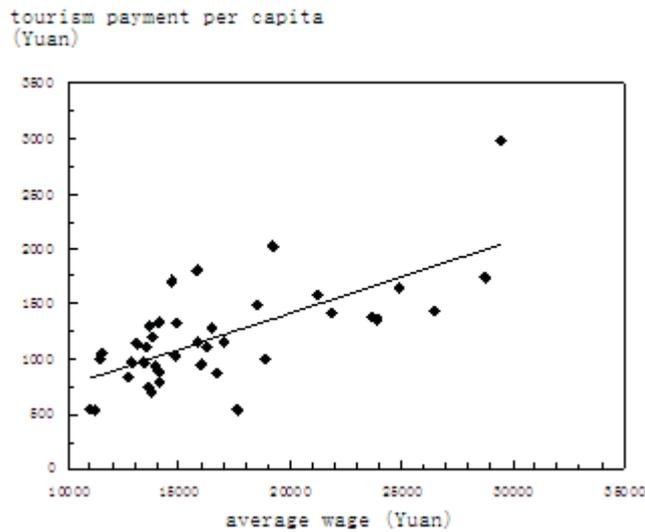


Figure 1. Relation between domestic tourism payment and average wage