

Press Release

Tuesday, 10 November 2020

WebBeds reveals first insights into post-peak pandemic travel trends in China and South Korea

Focus groups, executive interviews and in-house data provide interesting insights into the changing face of tourism and hospitality in two of Asia's biggest markets, including a sharp shift towards domestic tourism, shorter booking lead times, and rising demand for contactless booking tools...

WebBeds, the world's second largest B2B accommodation provider, reveals the first in-depth insights into the travel landscape in China and South Korea, in the wake of the global pandemic.

The unprecedented COVID-19 health emergency has changed the face of travel, tourism and hospitality around the world. Two of the first countries to feel its impact were China and South Korea, and now, following extensive research including focus groups, expert insights, interviews with travel experts, and its own in-house data, WebBeds can exclusively unveil the latest trends that are being felt by travel companies in these important Asian markets.

China: Uncertainty impacts domestic rebound

In China, WebBeds has found that the country relied on the rebound of its large domestic tourism sector, although uncertainty is still having a major effect. Ted Zhang, co-founder & CEO of DerbySoft, revealed that the booking window has shortened to just 2-3 days in advance, as customers lack information on when hotels and facilities will be fully operational. This assertion was supported by Zhiwei Bai, Vice President of Brand Marketing of Tongcheng Elong, who also stated that the share of online hotel bookings have significantly increased, and that walk-ins have become almost impossible as travellers don't know if a hotel is still operational.

According to Mr. Bai, domestic airfares were "surprisingly low" this year, which enabled many migrant workers to book flights. Many trains were suspended and demand for bus tickets grew fast. Wenzhi Zhao, Executive Vice President of Guangzhilv Travel Agency, noted that his business – like many others – has shifted to focus on domestic travel. "We are intensifying efforts to develop small group customised products with niche characteristics, especially products focused on ecotourism and wellness," he said.

Gloria Wang, Executive Vice President of Jin Jiang Hotels - China Region, predicted that the domestic travel switch could continue for "3-5 years... if international travel restrictions continue". She also noted that "short-haul destinations around urban areas will become more popular, particularly in destinations with nature and fewer people."

China's Ministry of Culture & Tourism has forecast that domestic tourism will decline 43% to 3.43 billion trips this year, while domestic tourism revenue is expected to slump by 52% to CNY2.76 trillion (USD394 billion) in 2020¹.

South Korea: Spending power and independent travel drive revival

The closure of international borders has had a significant impact on South Korea, which experienced an 80.2% plunge in international visitor arrivals in the first eight months of 2020². But while the country has a much smaller population than China, it still ranks as the ninth biggest outbound tourism market in the world³ – a fact that reflects South Korea's affluence. This local spending power has the potential to fuel a domestic rebound.

WebBeds research found that, as in China, booking lead times in South Korea have been severely shortened, which has also reduced the popularity of early bird rates. Flexible booking conditions are now the top priority for customers when making a travel or hotel reservation. Interestingly, Youngmi Jung, General Manager Overseas at Interpark, noted that travellers are now booking either ultra-short breaks or very long holidays, with a preference for self-contained stays.

The preference for secluded vacations since the onset of COVID-19 has also led to a rise in South Korean motorhome holidays. There are mixed opinions on the long-term sustainability of this sector, but Kyung Ok Kim, Managing Director of Hotelpass, suggested that demand may continue in the post-pandemic era, as more people become accustomed to this style of independent travel. Korean consumers were also found to prefer contactless booking.

Finally, the usual travel seasons have been usurped by COVID-19 swings; according to Wook Sung, Managing Director of Shinhwa World, demand now grows when customers feel confident that an outbreak is under control and declines when a new outbreak occurs.

"The global pandemic has transformed the travel industry, certainly in the short- to medium-term and potentially forever. Until now however, no-one has compiled a comprehensive report on what the repercussions have been – in practical terms – for companies. In order to shed light on the latest trends, we engaged with our partners in China and South Korea, who provided excellent insights into their markets. This is just one example of how WebBeds has been working closely with all our esteemed partners to help everyone navigate a route safely through these troubled waters," said Daryl Lee, WebBeds' CEO for Asia Pacific.

"Early on in the pandemic, WebBeds identified the need to shift our focus to domestic tourism. This strategy has allowed us offer considerable assistance to outbound travel agencies all across Asia Pacific, which have been forced to adapt their businesses to the changing circumstances. We continue to offer full support, expertise and insights to our partners and clients all across the region," Mr. Lee added.

"The results of our focus groups in China and Korea correlate with WebBeds' own in-house findings. For example, our bookings have seen a considerable shortening of lead times, with a 60% increase in proportion of bookings made 2-3 days in advance. Fortunately, by having strong and regional contracting and operations teams, WebBeds is able to react to any last-minute requests. With such a changeable outlook, this agility is vital and has significant benefits for our hotel clients," commented Sun Kok Sheng, WebBeds' CCO for Asia Pacific.

"We've noticed a sharp increase in requests for room rates that include value-added services, such as dining, airport transfers, spa treatments and hotel credit. We're also offering our clients in certain markets a B2B affiliate programme to book motorhome vacations," he added.

Based on the findings of its research, WebBeds recommends that hotels and other tourism providers continue to offer flexible travel policies, rather than simply relying on discounting. It also advises travel agencies and other stakeholders to continue making investments in technology, including contactless services. WebBeds stands shoulder-to-shoulder with its partners all across the Asia Pacific region, and will work tirelessly to help them overcome this unprecedented challenge.

For more information about WebBeds, please visit www.webbeds.com.

References:

¹ <https://www.reuters.com/article/us-health-coronavirus-china-tourism/chinas-domestic-travel-revenue-likely-to-halve-to-394-billion-in-2020-report-idINKBN2660Q2>

² <https://kto.visitkorea.or.kr/eng/tourismStatics/keyFacts/KoreaMonthlyStatistics/eng/inout/inout.kto>

³ <https://www.e-unwto.org/doi/pdf/10.18111/9789284419876>

About WebBeds

Launched in 2013, WebBeds is the world's fastest growing bedbank. A B2B business, WebBeds supplies accommodation and services to the travel industry, providing global coverage through three regions - Europe, Asia Pacific and AMEA (America, Middle East and Africa) with over 1,600 travel professionals working in 50 offices worldwide.

WebBeds provides a global distribution network of travel trade partners with the choice of more than 368,000 hotels around the world, comprising 30,000+ direct contracts, 70+ integrated third-party providers and 60+ major hotel chain groups. WebBeds sells to over 190 destination countries through clients in more than 130 source markets worldwide.

Clients can access this huge choice of inventory, (ranging from affordable guesthouses to luxury hotels and including international chain hotels, city-centre and resort properties) via market-leading, trade-only websites or simple and seamless platform to platform API connectivity. Clients can also book over 5,500 transfer services in 1,200 destinations along with thousands of guided excursions and tickets for attractions.

WebBeds also provides tailor-made travel arrangements for groups of all sizes covering corporate and leisure, special interest, education and MICE via its dedicated and award-winning DMC division, and operates specialist travel brand Umrah Holidays International, a genuine pioneer in providing online pilgrimage travel services to travel agencies worldwide.

Find out more about the WebBeds business at www.webbeds.com

WebBeds is a subsidiary of Webjet Limited (ASX: WEB).

About Webjet Limited

Webjet Limited (ASX: WEB) is an ASX 200 listed company operating a digital travel business spanning both wholesale markets (through B2B) and consumer (through B2C).

The B2B travel business, WebBeds, is the world's second largest and fastest growing accommodation supplier in the wholesale travel market. It operates global coverage through three regional divisions - Europe, Asia Pacific and AMEA (America, Middle East and Africa). The B2C travel business operates Webjet, the market leading OTA brand in Australia and New Zealand, and Online Republic, which specialises in the provision of online cars, motorhome and cruise bookings.

Find out more about Webjet Limited at: www.webjetlimited.com