Profiling the elite middle-age Chinese outbound travellers: A 3rd wave?

Abstract

With inductive analysis of relevant statistics and literature, this paper reveals an elite middle-age Chinese cohort of significant size, with ample buying power and considerable discretionary time to support the outbound travel of themselves and their children. This middle age group has experienced a time of dramatic change in recent years causing a transformation of traditional livelihood activities and lifestyles. Associated changes in wealth and values contribute to overseas travel proclivities that could entail both positive and negative impacts for both host and guest. The depiction of the current status and potential development in Chinese outbound travel suggests that this group could possibly form a ‘3rd wave’ of Chinese outbound tourists. The segmentation based on generation cohort and social status is particularly suitable in helping the tourism industry service providers in identifying market characteristics for marketing, product development and comprehensive destination development.

Keywords: Chinese outbound tourists, generation cohort, 3rd wave

1. INTRODUCTION

The increase in Chinese outbound trips from 10 million in 2000 to 128 million in 2015 (UNWTO, 2016) has attracted considerable international attention, with associated 2015 expenditures of US\$292 billion continuing China’s pattern of double-digit growth every year since 2004 (UNWTO, 2016). Facilitating factors have included a range of economic, social, and political stimuli (Jin & Wang, 2016), and notably the Approved Destination Status (ADS) system that has incrementally resulted in the opening of most foreign countries to the Chinese leisure market (Arita, Edmonds, La Croix, & Mak, 2011). From a Mainland China perspective, trips to Hong Kong and Macau – the special administrative regions of China – are regarded as outbound travel in both literature and statistics, and account for most such activity. However, the Chinese market has emerged as a significant source market for many other short and long-haul destinations, indicating a transition from Burton’s ‘industrialising’ to ‘industrialised’ tourism phase, where widespread participation in domestic tourism is augmented by growing participation in international travel (Burton, 1995).

The enthusiastic attitude of Chinese to travel abroad is almost certain to continue as China moves into its ‘post-industrial’ stage, notwithstanding the anticipated economic disruptions that typically accompany the transition from a manufacturing model to one of services-dominated product and business innovation (WTCTF, 2015). Concurrently, the Chinese public has become increasingly attached to travel as its multiple benefits to quality of life and wellbeing become more apparent (Chen, Lehto & Cai, 2013), and its links to the Chinese Dream more salient (Weaver, 2015). An important challenge for stakeholders is to accurately identify the Chinese market segments most likely to experience sustained growth and to

exhibit patterns of high expenditure. Indeed, a large body of literature has explored the overall Chinese outbound tourism market with regard to travel motivations and barriers (e.g., Sparks & Pan, 2009), expectations of destinations (e.g., Li, Lai, Harrill, Kline, & Wang, 2011), destination image and positioning (e.g., Hsu & Song, 2012), service quality, shopping management, and unethical practices (e.g., Zhang, Heung, & Yan, 2009), but these studies tend to assume a market homogeneity that generates generic rather than segment-specific findings and implications (Jin & Wang, 2016).

There is a neglect of age-based segmentation in literature and statistics always depict Chinese outbound tourists as mostly young, with about two-thirds born after 1980 (WTCF, 2015). General research and marketing, accordingly, tend to focus on the youthful so-called ‘2nd wave’ of Chinese tourists (Arlt, 2013). This emphasis contrasts with neighbouring East Asian countries which are well into a post-industrial phase of tourism articulation. For example, Japanese after age 60 have a higher travel propensity than those in any other age group for both sexes (Sakai, Brown, & Mak, 2000). Studies in other countries (e.g., US and Canada) indicate that the better educated seniors have more money, are predisposed to recreational spending, and tend to travel farther from home if their health allows (Zimmer, Brayley & Searle, 1995).

Moreover, depending on destination and tour purposes, the number of older Chinese outbound travellers could already exceed that of younger Chinese outbound travellers. For example, the number of above 40 year-old Chinese holiday tourists to Australia has exceeded that of under-40 Chinese tourists since 2012. Also, in 2016, the above-40 Chinese visiting friends and relative (VFR) tourists to Australia surpassed 1.3 million, which was 2.3 times of the figure of under-40 VFR tourists (TRA, 2017).

Yet, little is discussed regarding this older Chinese outbound traveller segment in the literature. Thus, through inductive analysis of secondary data, this paper aims to inform researchers of the shift of older Chinese outbound tourists from a position of latency to salience as a key market segment based on their potential expenditure. An inductive approach is also employed by Cheng and Foley (2017) in connection with the post-1980s Chinese generation to inform subsequent empirical research, and as such provides a helpful precedent. ‘Older Chinese tourists’ mainly refer to Sun & Wang (2010)’s ‘beginning of economic reform’ generation (born 1956-1975) in their study of changing values among different Chinese age groups. Prospects of the segment and key sub-segments with respect to magnitude, group characteristics and dynamics, and buying power, are discussed. It also considers the attendant implications for travel product development, destination marketing, and sustainable tourism development. While older travellers can currently be regarded as a latent ‘niche market’, a niche in the Chinese population can still be very big and influential.

Common sense steps in segmenting markets (Dolnicar, 2007) were followed in this research, entailing 1) selection of the segmentation criteria (in this case, age/generation), 2) profiling the attendant segments by identifying personality characteristics that characterise each group while distinguishing them from other groups, and 3) assessing the pragmatic usefulness of the segments and formulating relevant targeted marketing activities.

2. CHINESE GENERATIONS AND OUTBOUND TOURISTS

2.1 Generation and generation theory in tourism research

A generation is an ‘aggregate of all people born over roughly the span of a phase of life who share a common location in history and, hence, a common collective persona’ (Strauss & Howe, 1997, p.61). The inner beliefs of a generation arguably remain consistent as its members age together (Li, Li & Hudson, 2013). Each generation may also develop long-lasting core values, derived from societal events, which significantly influence their life and provide vital cues for lifelong consumer and other behaviour (Muller, 1991; Schewe & Noble, 2000). Continuity theory suggests that individual travel patterns observed in a generation are difficult to change, especially because these patterns often emerge at a relatively early age (Filep, Hughes, Mostafanezhad & Wheeler, 2015; Pilcher, 1994),

Numerous studies in tourism and other disciplinary areas use generation theory in their studies and many focus on a particular generation cohort because of their alleged behavioural consistencies, such as cohort comparison between baby boomers and the silent generation (Lehto, Jang, Achana & O’Leary, 2008), tourism and generation Y (e.g., Benckendorff, Moscardo, & Pendergast, 2010; Vijaya, 2010). Other studies do not specifically use the term ‘generation cohort’ but focus similarly on a particular age group (e.g., senior travel, backpackers, grey nomads). With regard to senior travel, much research has focused on traveller motivations, constraints and behaviour. Motivations include opportunities for social interaction, physical exercise, learning, excitement and nostalgia (e.g., Guinn, 1980), as well as socialisation and exposure to novice situations (Hagan & Uysal, 1999). Health, financial limitations, lack of time and information are some of the important constraints (McGuire, Dottavio, & O’Leary, 1986). Factors such as income, education, rural residency, willingness to spend money on recreation, and health status influence the choice of destination. Education, providing an awareness of other cultures, history and geography, is an important factor influencing travel behaviour of seniors (Zimmer et al., 1995).

2.2 Chinese generations

The fact that the Chinese belong to a collectivist culture where certain impulses are widely shared and replicated (Michailova and Hutchings, 2006) endorses the broad prospect of generational fidelity. Because China has experienced its own unique social and political trajectory since the mid-20th century, the use of conventional Western generational distinctions (i.e., silent generation – prior to 1945, baby boomers – 1946-1964, generation X 1965-1980, generation Y 1981-1990, and the millenniums – after 1991) is inappropriate in Chinese contexts. Simple use of decades to define group cohorts (e.g., post 60s, 70s, 80s, post 90s) is also inappropriate since these do not align with the critical events that have influenced China’s generational dispensations. Reflecting China’s exceptionalism, Erickson’s (2009) modified Western framework categorises Chinese generations after 1949 as ‘boomers’ (born from 1946-1960/64), ‘generation X’ (born from 1961/65 to 1979), and ‘generation Y’ (born from 1980 to 1995). More indigenous still are Egri and Ralson (2004) and Sun and Wang (2010). The former distinguish ‘consolidation’ (1951-1960), ‘cultural revolution’ (1961-

1970) and ‘social reform’ (1971-1975) generations, while the latter define four Chinese older generations (COG) as ‘great leap forward’ (born before 1941), ‘cultural revolution’ (1941-1956), ‘the beginning of economic reform’ (1957-1972), and ‘societal transition’ (1973-1977).

We adopt Sun and Wang (2010) framework (and respectively label the four generations as COG1-4), since it emphasises the formative events that influence generational cohorts as their members progress from adolescence to adulthood (Manheim, 1953; Schuman & Scott, 1989), a cohort being a group of people within a delineated population who experience the same significant social event within a given period of time (Pilcher, 1994). Both studies concur that Chinese born between 1955 and 1975 are more open to change and self-enhancement (Egri & Ralson, 2004), and hold on to more modern values such as individualism and secular orientation (Sun & Wang, 2010).

2.3 Younger and Older Chinese outbound tourists

According to World Tourism Cities Federation 2015 report, the majority of outbound mainland Chinese travellers over the past 10 years are younger (with those born after 1980s and 1990s accounting for 68%), are childless (35.3%) or have very young children only (59.25%). Corroboratively, Tuniu.com, the second largest online travel platform in China, reported that those between 26-35 accounted for 36% of their 2015 sales and those above 56 just 18% (Tuniu.com, 2016). These younger and allegedly more independent and sophisticated tourists are those referred to by Arlt (2013) as the 2nd wave of Chinese outbound tourists, juxtaposed against the supposedly unsophisticated and older package tourists of the 1st wave that have dominated the industrialising and industrialised tourism stages and embody the classic mass tourism ‘environmental bubble’ (Cohen, 1972).

The 2nd wave, more prominent since 2005, is thought to be ‘mostly affluent travellers’ with experience of overseas education who are no longer ‘hostage of the tour guide’ and are ‘latte-drinking’, ‘avant-garde’, ‘self-organising’ and ‘English speaking’ (Arlt, 2013). They are believed to take time in their trips for more in-depth experiences and to travel further afield in search of ‘off-the-beaten-track’ destinations and activities. This pattern underpins recent segmentation studies that focus specifically on Chinese youth travellers (Liu & Ryan, 2011) and (mostly young) backpackers to Macau (Ong & du Cros, 2012), or that otherwise implicate a prevalence of younger Chinese travellers among outbound film tourists to Korea (Kim, 2012), casino visitors (e.g., Wong, Fong, & Liu, 2012); and self-drive tourists (Wu & Pearce, 2014).

Internationally, middle age tourists constitute a large market that has been well researched in countries such as the United States, Canada and Australia with large ‘baby boomer’ populations. Investigations of comparable Chinese travellers, however, are lacking. Some historical indication is provided by Jang, Yu and Pearson (2003), who found that earlier Chinese travellers to the United States were mostly business or VFR travellers and middle-aged males. The business travellers were mainly from managerial and executive positions while a quarter of the VFR travellers were retirees visiting their children or relatives; neither

group were active leisure participants (Jang et al., 2003). Other studies, while not focusing on older cohorts, have included them in their samples, usually as a relatively small group (e.g., Sparks & Pan, 2009, Jin, Wu, Becken, & Ding, 2016).

The existence of the 1st (older, unsophisticated) and 2nd (younger, more sophisticated) waves, though lacking rigorous empirical support, is well accepted in industry and academia alike (Li, 2016). A critical issue, however, is the emphasis on younger travellers in segmentation studies, as secondary data in certain destinations indicate the rise of older Chinese outbound tourists in the recent years. Data from Australia are used here as evidence for the alleged 3rd wave, as statistics from Tourism Research Australia, the peak national tourism research body, are reliable and well-respected, and correlate well with the purpose of the paper. These data (Figure 1) indicate that older Chinese tourists (40+) have exceeded younger Chinese tourists (under-40) in recent years. While the number of business tourists remain stable in the last decade for both groups, there is a clear and significant increase of older (40+) Chinese tourists travelling to Australia for holiday and VFR purposes. Chinese older holiday tourists (40+) increased from about 1.28 million in 2005 to 1.94 million in 2016, surpassing the number of the younger group (under 40) since 2012. Chinese older VFR tourists (40+) increased more dramatically from 695,000 in 2005 to 1.33 million in 2016, whereas VFR markets for younger groups do not see significant growth.

Insert Figure 1 about here

Top foreign destinations for Chinese outbound tourists include Thailand, South Korea, Japan, Vietnam, the United States, Singapore, Russia, Australia, Indonesia and Malaysia (CNTA, 2016). Statistics from TRA, reported in Figure 1, indicate that older Chinese visitors are on the rise. Data broken down by age and visitation purpose from other key destinations are not available for this paper; however, our contention is that the older Chinese travellers, and perhaps specific segments thereof, constitute a relatively neglected travel market that merits more concerted attention by destination managers, marketers and planners as well as entrepreneurs.

The next sections of this paper outline the profiles and characteristics of the older Chinese outbound tourists, by, first of all, distinguishing between ‘senior’ and ‘middle aged’ cohorts and identifying an elite component of the middle age cohort (Sellick, 2004, as 40-59). Then, based on literature that discusses older Chinese tourists with regard to psychological characteristics such as travel motives, risk perceptions, and cognitive age, and demographics (e.g., Hsu, Cai & Wong, 2007), the paper discusses external conditions (e.g., societal progress, personal finance, time, and health, family support and responsibility) that support the long term growth of this market. The final sections raise questions with regards to internal desires of the cohort and the implications for both themselves and receiving destinations.

3. OLDER CHINESE OUTBOUND TOURISTS – IDENTIFYING AN ELITE GROUP

3.1 Identifying an ‘elite’ component

Not all older Chinese have the resources or inclination for outbound travel, so we use ‘education’ and ‘urban dweller’ as two variables that facilitate identification of segments more conducive to such activity. Years of schooling and educational level, beyond their associations with higher income, are useful to designate social and economic status, with the better educated situated at the top of the hierarchy (Gareth, Chuan, & Higgins, 2007). Concurrently, city dwellers, with disproportionately high education levels, have been identified as the group benefitting most from recent economic growth (Tang & Parish, 2000). Table 1 establishes a broad demographic context by situating all Chinese born between 1956 and 1975 by education level and urban/rural status. Subsequently, it isolates middle-aged (COG3-4) Chinese urban dwellers with at least Tertiary (2-3 year) educational attainment, who account for 6.1%% of older Chinese residents and 20.4% of city dwellers in this age cohort (born between 1956 and 1975) but a disproportionately higher percentage of disposable income.

Insert Table 1 approximately here

As indicated, the absolute total number of tertiary graduates born between 1956 and 1975 residing in cities exceeds 23.8 million. Males are disproportionately represented, especially at the highest levels of education and among older members of the group. Understanding the motivations of these elite middle-aged urban-dwelling Chinese to travel overseas and the constraints for traveling (such as family duties, financial resources, time) would provide significant implications to the patterns and growth of the Chinese outbound travel market.

3.2 Relevant formative (defining) events

The formative years for common generation identity and shared values are believed to be roughly from 17 to 25 years of age (Mannheim, 1953; Pilcher, 1994). Based on literature discussing Chinese generations in tourism and sociological studies (e.g., Cheng & Foley, 2017, Sun & Wang, 2010, Van Norden, 2015), Table 2 sums up the major social events that shaped generation core values and highlights in bold years of age of the elite middle age groups at the time of these major social events, thereby influencing their characteristics and behaviour.

Insert Table 2 approximately here

The elite middle-age cohort, accordingly, was born after the radical agricultural and industrial reform of the Great Leap Forward (1958-1961) which resulted in disastrous economic disruptions which induced the Great Famine of 1959-1961. They were also not significantly influenced by the most tumultuous years of The Cultural Revolution (1966-1969), which plunged China into disastrous political and social upheavals, but were influenced by the social recoveries that succeeded this disruption. Notably, they were the first generation to enter universities by passing entrance examinations, a system regarded as just and equal for attaining status in the social hierarchy. Previously, the exams were suspended and universities

were close during the Cultural Revolution (Gareth et al., 2007). This generation is the last generation born and raised in the era of ubiquitous material scarcity, and therefore has less experience and memory of real suffering from extreme poverty or political turmoil than their elders. These memories therefore have less direct impact on their psychological and behavioural patterns in politics and everyday life, although memories and traditions passed on from the previous generations could modify their perceptions and behavioural patterns.

3.3 Wealth accumulation and the buying power of the elite middle-aged group

The middle-aged elite generation came of age in tandem with China's two decades of rapid economic development, and therefore this is the generation with real economic power. In particular, this elite group has accumulated significant wealth through the possession of housing, dramatic increases in household income, and participation in financial markets (Meng, 2007). In 1993, Deng Xiaoping made the famous South China tour to affirm China's open policy and economic reform. Housing reform began in 1994 and ended in the early 2000s, first by selling public sector housing to their occupants (mainly social and political elites) at a highly subsidised price and then by opening the housing market to all buyers (Liu, Winter & Zilibotti, 2015). Between 1995 and 2002, households who owned their homes increased from 37% to 78% and urban average real household total wealth increased more than four-fold (Meng, 2007). Research shows that privatisation of public housing gave the elites a sudden windfall of private housing wealth as they received larger and better housing prior to the reform and then higher price subsidies during the reform. Since 2002, elite wealth accumulation expanded through investment-oriented house purchases, induced by rising real estate value as well as land-use and mortgage reforms. Ownership of more than one property in particular has contributed to asset accumulation. The fact that the elite group has multiple house ownerships reflects research findings that disposable income is not a full proxy for accumulated wealth, as there is no long term relationship between housing price and income (Guo & Huang, 2010). In contrast, the following generation (born after the 1980s) have accumulated their wealth mainly by first sharing houses with their elders (Rosenzweig and Zhang, 2014).

The elite cohorts, in addition, were the first generation to be affected by the one-child policy, implemented from 1979, which was more strictly enforced in urban settings; in rural areas, a second child was generally allowed five years after the first child was born especially when the first child is a girl (Hesketh, Lu & Xing, 2005). This contributed further to wealth accumulation by increasing the saving rate (Choukhmane, Coeurdacier, & Jin, 2013). The active 2nd wave outbound Chinese travellers, born in the 1980s and 1990s, are the children of this generation whose decisions about travelling overseas for education or pleasure are mainly made and financed by their parents, thus indicating a secondary or indirect form of tourism momentum. Statistics indicate that over 901,000 Chinese students studied abroad on a student visa in 2015 and every year about 523,000 new Chinese students go overseas for tertiary education (Chinese Ministry of Education, 2016). According to UNWTO criteria, these individuals qualify as tourists. As to the question of whether this elite group has sustainable financial resources to support their own travelling after they support their

children's education, the above review on the nature of wealth accumulation and the following discussions indicate sufficient resources to additionally fund such activity.

3.4 Changing family obligations

Chinese culture has traditionally placed great importance on family obligations, including a belief in the need for children to repay parents for their efforts in raising the children, a willingness to sacrifice for the family (including funding of their overseas education), and respect for the authority of the family. These obligations are rooted in Confucian teachings, a patriarchal clan system, and the long agrarian tradition of Chinese society (Qi, 2015). However, the attainment of wealth and property through individual initiative in free-market economies has allowed traditional obligations to be integrated with more individualistic desires (Fuligni & Zhang, 2004), both impulses of which are accommodated in contemporary discourses about the Chinese Dream (Wang, 2014). As the only generation that experienced the rapid transition from controlled economy to market economy, the elite middle age cohort has attitudes regarding family obligations different from their parents and children.

Consisting mostly of one-child parents, the elite group has paid great attention to their children's education success, which is seen as bringing honour and respect to their families (Chao & Tseng, 2002). They still uphold family obligations to take care of their elders, but such traditions could decline as a result of long-term exposure to a market economy. Children with more education and greater economic resources request and use more formal age support services (Sun, 2002). The ongoing re-interpretation and renegotiation of filial piety reflects China's transition to the individualisation of society in which self-interest paradoxically drives behaviour for care of the elderly (Qi, 2015). As a result, the elite cohort may not envisage a governmental role in caring for their parents, but simultaneously do not expect the same care-giving from their children given their own accumulated wealth and various urban welfare schemes. With their children growing up and leaving the household, the group is therefore attaining considerable discretionary time and income for outbound travel and other leisure activity.

3.5 Behavioural patterns in an era of changing lifestyles and social values

Witnesses to rapidly improving social values and lifestyles in their prime years (18-38), members of COG3-4 transitioned from a monotonous and naïve childhood that gave them an 'idealistic' complex (Zhang, 2009) to a privileged adulthood of consumption where increasing prosperity and the questioning of old value systems were both taken for granted. An emerging habit of independent thinking after the Cultural Revolution is associated with the emphasis on 'scientific training' experienced by graduates of higher education. The elite group harbours memories of The 1989 Tiananmen Square incident, with some serving as active participants in the protest or advocates of the student movement. The incident itself symbolised profound social change – although the Communist political leadership was still firmly entrenched, the incident brought a conscious recognition to the regime in power that China needed to develop a pragmatic plan to relate more positively with the rest of the world (especially the West) and to shift away from a rigid demand economy toward a 'manageable'

market driven economy (Ralston, Holt & Terpstra, 1995). The South China tour in 1993 conducted by Deng Xiaoping, the supreme leader at the time, symbolised this pragmatic mentality and initiated the development that propelled China's economy into the world's second biggest.

With China thus integrating into the world community and Western managers and entrepreneurs importing Western business systems, values, expectations, and behaviour patterns previously unfamiliar to the Chinese, members of the elite group have become more open to new methods and processes, embracing organisational changes, and accepting greater risks through individual decision making. Compared to their elders, they are more likely to regard 'self-development' as the most important thing in life, and are more individualistic and secular (Sun & Wang, 2010). Yet, and paradoxically, some conventions remain influential (Ralston et al, 1995). For example, the traditional emphasis on informal reciprocal obligations (*guanxi*) persists as a key factor in interpersonal relationships. Yet, research is lacking as to how changing value structures that amalgamate Eastern and Western impulses may impact on psychological and behavioural patterns with regard to travel decisions of themselves or their children.

A related factor is the extent to which the elite middle age group had been substantially influenced by outside pop culture during China's transition from a controlled to market-oriented economy (e.g., Zhou, 2015). In the early 1990s, there was an overwhelmingly unidirectional flow of Asian popular culture to the mainland – a survey in 1993 indicated that over 85% of young people were substantially influenced by Hong Kong and Taiwan pop culture (Gold, 1993). This offered an outlet for individuality, subverting the authorities without confronting the social mechanics of domination per se. Sentiments expressed in foreign pop culture as to directions for personal development were certainly assimilated, an example being 'Go With Your Feelings', a popular song by the Taiwanese singer Su Rui (Gold, 1993). More recently, with the economic growth of the Mainland quickly surpassing those of Hong Kong and Taiwan, mainland Chinese pop culture has superseded those of Hong Kong and Taiwan in influence. Concurrently, social and political stability have been emphasised as necessities for economic and national development. What implications this second dichotomy/hybridisation of external/internal pop culture influence has on travel psychology and patterns is also unclear.

Because of the Cultural Revolution and concomitant destruction of associated tangible and intangible cultural heritage, members of this elite group might have experienced a lacuna in their formative years through lack of exposure to traditional ideologies such as Confucianism. However, these have recrudescenced substantially. A renewed interest in Confucianism has originated inside various walks of life without evident initiative by the central and local authorities, yet, from the late 1980s the promotion of Confucianism has been increasingly orchestrated by the government (Holbig & Giley, 2010). With the opportunities for self-development and actualisation, 'investment' in oneself and one's children has been the main driving force. How these are reflected in the tourism sector is not clear. Relevant research would answer a call by Arlt (2013) to explore whether 'investment' in personal prestige, self-

esteem, social and cultural capital and learning, has been the main driving force of Chinese outbound tourism.

4. AGENDA FOR FUTURE RESEARCH

This analysis of statistics and literature reveal an elite middle age Chinese cohort of significant size and with ample buying power to support the outbound travel of themselves and their children. However, the extent to which this group distinctly contributes and will contribute to Chinese outbound travel, as VFR, business package or other types of tourist, and especially during trips to long-haul destinations such as Europe, Australia, and the US, is unclear. Within-group consistency with regards to ideology, value of life, and fictions about other countries is probable, but actual consumption and behavioural patterns are less certain and remain unexplored. Personal, psychological, marketing, and product/experiences related factors that shape the demand and behaviour of this cohort are largely under-researched.

For example, how do members decide which destinations to visit or what activities to participate in? To date, the majority of mainland Chinese travellers have stayed within East or Southeast Asia before venturing further, but will they choose ‘mainly the most famous sights in the most famous cities in major destinations’ or will they choose destinations based on childhood/early adulthood interests in culture and destinations shaped by revolutionary developments in Chinese society and economy? The higher market elite middle age group has already been known to visit remote destinations in pursuit of exotic activities, but what about the other elite middle age tourists? Will they do the same? How do their travel experiences shape their interests and increase their confidence/efficacy in travelling? Their spending patterns and information search behaviour requires further empirical research.

Personal, psychological and behavioural factors also warrant more investigation. Chinese outbound tourism is induced not only by economic development, but also by psychological impulses implicating self-reinvention – to explore if ‘being Chinese’ means something new. Outbound trips could be used as a way to develop and affirm the tourists’ self-identity, with recent studies exploring the Chinese ‘gaze’ on host destinations. For example, female Chinese felt confused by Macau’s city presentation of its urban image due to Chinese cities’ being fast urbanised and thus contrasted with the perceived lack of change in Macau’s downtown urban development (Zhang & Hitchcock, 2017). Research indicates that self-referencing and other values shape Chinese tourists’ perceptions during outbound travel but to what extent classical Chinese culture may be wholly relevant in the future is questioned (Sun, Zhang & Ryan, 2015). This elite middle age cohort grew up with the concept of ‘learning to the West’ in China’s transition into a more open and capitalistic society, yet, with Chinese cities increasingly becoming leaders in urbanisation, what constitutes ‘modernism’ in the eyes of this elite Chinese cohort, what would be their ‘gaze’ on their overseas trips, and what constitutes ‘otherness’, are all timely and thought-provoking research questions.

Understanding the mindset and expectations of this cohort and what impacts their behaviour seem particularly relevant, as the cohort is currently in key positions in the workplace, and their mindset will shape future trends in China’s values and socioeconomic development.

Moreover, while older Chinese, in concert with longstanding societal norms, are actively involved in taking care of their grandchildren, their interaction with ‘foreign’ destinations may have an influence on their attitude toward traditional Chinese educational ideology. An important implication for countries such as Australia which heavily emphasize their protected areas and other natural attractions is whether the elite middle age Chinese visitors who are increasingly attracted to such places will accept the Western ‘scientific’ approach to product interpretation, or prefer the Eastern ‘aesthetic’ approach that privileges story-telling, poetry and metaphor in a meta-narrative of human-nature oneness and quest for harmony (Xu, Cui, Ballantyne & Packer, 2012).

Studies indicate that contact between people from different cultural backgrounds (via tourism or other channels) may lead to positive attitude change, friendship and respect building (e.g., Pizam, Uriely & Reichel, 2000), whereas other research indicates outcomes of tension, misunderstanding, stereotyping, irritation and ethnocentrism (e.g., Reisinger & Turner, 2002). The differences might be context-based and attributable to quality and quantity of the contact, cultural distance, and the degree of ‘interculturalness’ (e.g., Pizam et al., 2000, Reisinger & Turner, 2002). Urry (2002) famously posits the ‘tourist gaze’ as a dynamic and constructed context of social contact that is influenced by social group and historical period. Host gaze is an equally important reciprocal context. Chinese outbound tourists in diverse outbound destinations have been consistently reported as displaying poor behaviour. Chan (2006), for example, associated Chinese tourists to Vietnam with ‘litter’, ‘haggle a lot’, ‘spit’, ‘bargain too much’, ‘trouble-making’ and ‘difficult to satisfy’. Conscious of possible damage to image and concomitant soft power aspirations, the Chinese National Tourism Administration even launched a national educational campaign to promote appropriate behaviour. The poor behaviour might be from tourists of a newly rich but relatively less well-off segment. Some of these behavioural problems might be ‘culturally justifiable’ (Moufakkir, 2011), and research finds that residents’ empathy for tourists could be positively mediated by high cultural distance – the higher the distance, the more sympathy the residents could have towards the tourists (Moufakkir, 2011). Yet, research is warranted as to the cultural experience and behaviour of the middle class elite cohort.

This phenomenon calls for more research on examining the ‘Chinese tourist gaze’, as well as its connection with the ‘demonstration effect’, and whether these in tandem construct new ways of tourist self-reflection. The Chinese self could be shaped through interaction with host people. Chinese tourists might ‘copy’ or at least become conscious of the behavioural patterns of the host community, as social behaviour of people from a collectivistic culture (such as China) could be strongly influenced by in-group and outgroup distinctions (Triandis, 1989). While the aforementioned exposure to and influence of Western culture (often via Hong Kong and Taiwan) during puberty and early adulthood indicates receptiveness to this effect, at least in highly developed Western destinations, the rise of mainland China economic influence and self-confidence may serve as a mitigating factor, and also potentially as a cause of seemingly arrogant behaviour. With the elite group entering middle age, their mindset may be more fossilised, and how this reconciles with the sense of freedom and critical thinking that are legacies of external (e.g., Hong Kong and Taiwan) pop culture is

unclear. The gaze of the older Chinese tourists and the perceived demonstration effect could offer an opportunity to understand identity formation and self-positioning of this elite group in an increasingly globalized world.

In addition, although within-group consistency is probable with regard to formative events, ideology, tradition, and value of life, a disparity in wealth status, political influence, and variety of subcultures may exist within this elite middle age group due to regional differences within China. Within-group differences may also manifest as a gap in economic status, influence of external culture, attitude on self and family development, and on values and behavioural states and patterns. For example, the fictions about other countries within the group would be largely individualised, affected by their experiences with regional difference as a contributing factor. Currently, a large percentage of Chinese outbound tourists are from the more commercialised and industrialised eastern coastal regions, followed by tourists from the fast-growing middle inland areas, and less from western interior regions or the economically struggling northeast. Future research is warranted into whether regional economic differences, political influence, subcultures, and formative experiences equate with potentials of generating outbound travels within this group and their travel behaviours.

Literature indicates that recent segmentation studies focus specifically on Chinese youth travellers. With the attendant discussion of the 2nd wave of Chinese outbound tourists and foreign independent travel, destinations are getting ‘China ready’ but with too much focus perhaps on assisting independent travellers. The China National Tourism Administration reported that more than 57.3 million outbound tourists were organised by travel agencies in 2016, among which about 45 million travelled to foreign countries, 9 million to Hong Kong and Macau, and 3 million to Taiwan (CNTA, 2017). Although the percentage of older Chinese travellers among the above figures is unknown, destination marketing organisations may need to collaborate more closely with travel agencies to further assist the group travellers and respond to the needs and wants of older elite travellers accustomed to high standards of service and experience. Based on the discussions, a conceptual map is outlined below with relevant questions which academics and destination managers and marketers need to explore to attract, satisfy and engender loyalty among elite middle aged Chinese tourists (Figure 2).

*** Figure 2 Goes About Here ***

5. CONCLUSION

This paper identifies an elite middle age group of Chinese outbound tourists, a possible 3rd wave, by depicting their current status and potential development for the future. Segmenting a large market using distinctive generation cohort characteristics is plausible theoretically and practically, and compatible with China’s collectivist inclinations. This segmentation is particularly suitable in helping the tourism industry service providers in identifying market characteristics for marketing, product development and comprehensive destination management. This elite middle age group has experienced a time of dramatic change causing a transformation of their traditional livelihood activities and lifestyles. Associated changes in

materials wealth and values contribute to overseas travel proclivities that could entail both positive and negative impacts for both host and guest. More research is warranted to understand the travel urge, and generate experiences and services beneficial to the segment, so that diverse outbound destinations can achieve economic benefits from their presence.

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Figure 1 – Older (40+) and younger (under 40) Chinese tourists to Australia: Number and Trip Purpose

Source: Tourism Research Australia 2017

Table 1 – Number of tertiary graduates born between 1956 and 1975 residing in cities as of 2015

YOB	General Population Information			40+ Graduates Living in Cities = 23.86 million					
	Total population (million s)	Living in Cities (million s)	Living in Towns (million s)	Tertiary (2-3 year) Graduates subtotal (millions)	Male %	University (4 year) subtotal (million s)	Male %	Post graduates subtotal (million s)	Male %
1975 - 1971	124.8	37.8	26	5.1	53%	3.38	57%	0.48	63%
1970-1966	105.6	32.4	21.2	3.7	55%	2.69	60%	0.32	68%
1965-1961	78.8	24.3	15	3.1	58%	1.99	66%	0.25	76%
1960-1956	81.3	22.4	15	1.9	61%	0.87	67%	0.08	79%
Sub-Total	265.7	116.9	77.2	13.8		8.93		1.13	

Total 23,864,518 graduates born between 1956 and 1975 reside in cities, accounting for 6.11% of population of the age group and 20.4% of city dwellers in the age group.

Source: The sixth national population census, National Bureau of Statistics of the People's Republic of China, 2015.

Table 2 – Major events and the age of the above 40s at the time of the events/year

Indicative Age of Different Age Groups in a Year of Major Event					
Year of Birth:	1956	1960	1965	1970	1975
1951-1961- Great leap forward and famine	4				
1966 - Beginning of cultural revolution	10	6	1		
1976 - End of cultural revolution	20	16	11	6	
1979 – first year to resume entrance examination to universities/colleges, beginning year to implement the one child policy	23	19	14	9	4
1989 - Tiananmen square incident	33	29	24	19	14
1993 - Deng Xiaoping South China tour - start of the economic taking off	37	33	28	23	18
2003 - GDP per capita exceed CNY10,000	47	43	38	33	28
2010 - China becomes world 2 nd largest economy	54	50	45	40	35
2015 - Year of the census	59	55	50	45	40

Source: compiled by the authors. Formative years (17-25) are italicised in the table.

Figure 2 – Future research questions

Psychology – gaze, otherness, authenticity, demonstration effect	Marketing – information search, destination and activity choices	Product/experiences – travel type, travel companion, experiences, spending patterns
<ul style="list-style-type: none"> • Is there a 'demonstration effect' for the Chinese middle age tourists? • What are the 'demonstration effects'? – what do they learn from their overseas trips? • If and how will the 'demonstration effect' make changes to their value systems or behavioral patterns? • What do they look for, 'modernity' or 'otherness'? • What are considered as 'otherness' and 'authenticity' to these tourists? • What are the impacts of their trips on their personal life? • What are their attitudes towards diversity, flexibility and social issues in tourism? 	<ul style="list-style-type: none"> • How do they decide on destinations? • Do they pick the mainly the most famous sights in the most famous cities in major destinations? • Will they pick destinations based on their childhood or early adulthood interests in culture and regions? • What activities give them a sense of 'self-reinventing' and self-actualization? • What marketing strategies and techniques are most effective to this group? • What are their information search patterns? • Will social media be effective in marketing to this cohort? 	<ul style="list-style-type: none"> • What are their spending patterns? • Would they continue the current spending pattern which favors shopping rather than accommodations and activities? • What's their consumption priority? • How do travel experiences shape their interests and efficacy in overseas travel?