

# Research on Marketing Problems and Strategy Optimization of Chinese Tourism Industry

Ziyue Cai<sup>1,\*</sup>

<sup>1</sup>Hanvos-kent School, Ningbo Campus, Zhejiang, 315099, China

\*Corresponding author: caiziyue@hanvos-kent.com

## Abstract:

This research explores the marketing challenges and strategy optimization in the tourism industry, which is a sector of critical importance to the country's economic growth and global standing. The reason for selecting this topic was due to the rapid expansion of domestic and international tourism in China and the effective strategy in the face of increasing competition. The study examines several cases, focusing on both successful and struggling tourism destinations and organizations, to highlight the common challenges, such as lack of differentiation, insufficient advertisement, and weak customer retention strategy. The study identifies key issues through in-depth analysis, including the under-utilization of digital marketing channels, poor targeting of emerging customer groups, and inadequate adaptation of shifting global tourism trends. Based on these findings, the research proposes several strategies to optimize, including embracing digital transformation through social media and mobile marketing, enhancing the personalized travel experience, and developing sustainable tourism initiatives to attract eco-conscious tourists. In conclusion, the research underscores modern marketing strategies' significance in strengthening the Chinese tourism industry's competitiveness. The proposed strategies are expected to help drive growth, improve customer engagement, and contribute to long-term sustainability. Also, improves customer, offering valuable insights for policymakers and industry stakeholders.

**Keywords:** China Tourism; Challenges; Optimization; Transformation; Sustainability

## 1. Introduction

The tourism industry has become a cornerstone of any nation's economic development. Over the past two decades, tourism has played a pivotal and in-

creasing role in China's development and economy. In 2023, the contribution of tourism to global GDP is 9.1 percent, which is an increase of 23.2 percent from 2022. The number of international tourist arrivals has rebounded significantly, reaching 82.03 million,

clearing the shadow of the recovery from the epidemic [1]. However, the rapid growth has brought challenges for the industry, especially in terms of making strategies. As competition in the travel industry intensifies, destinations and organizations are under pressure to attract and retain tourists while following the pace of global trends. The decision to focus on marketing challenges and strategic optimization of the tourism industry in China stems from the adaptation need to the fast-evolving landscape. The increasing popularity of digital platforms and the rising consumer expectations present opportunities that many organizations have yet to exploit fully. Moreover, the consciousness and expectation of sustainable tourism are becoming more important to the public. Addressing these issues is essential for sustainable growth and increases the industry's international competitiveness. At the same time, Bharatiya proposed that data analysis and measurement also play a critical role in enabling organizations to gather actionable insights, measure companies' success, and optimize strategies for better performance through informed decision-making [2]. The author believes that data analysis can not only improve performance by optimizing strategies but also facilitate enterprises in understanding customer preferences. Better positioning and product segmentation can improve the chances of converting potential customers into customers. Data analysis, including customer feedback and sentiment analysis, and making improvements can greatly improve customer loyalty and retention. All of this data analysis is good for the market in the long run. Digital marketing strategies can significantly enhance interaction with potential tourists, especially through platforms such as social media, email marketing, and content marketing. Tourism marketing strategies worldwide have a significant advancement due to the development of digital technologies. Traditional marketing methods are no longer effective in an era dominated by digital technologies, and organizations are increasingly adopting digital marketing tools to meet evolving consumer expectations. Moreover, the tourism industry has shifted from traditional methods to digital strategies, where mobile phones, the internet, and other digital technologies are crucial in driving growth and enhancing customer experiences. Mobile phones allow tourism destinations to increase their online presence and compete globally by providing accessible tools and multiple distribution channels [3]. After reading post-release articles, the author sorted out a comparative analysis of traditional marketing strategies and modern marketing strategies and found several major differences, including marketing media, cost, benefit, and target audience. Digital marketing fosters two-way communication between companies and consumers, enabling real-time feedback and engagement,

unlike traditional marketing, which offers limited consumer interaction [4]. China is now shifting to the digital market, and it brought up several questions that need to be considered with caution. While previous research has extensively explored the benefits of digital marketing and data analytics in the travel industry, there are still large gaps in understanding how these tools can specifically address the marketing challenges faced by China's rapidly growing tourism industry. Most scholars have studied the positive trend of tourism marketing with attention to the general advantages that digital platforms have brought about, such as content marketing and consumer engagement. And use of data analytics to increase tourists and brand awareness to further maximize sales and profits in short-term outcomes. However, few studies have comprehensively examined how digital tools can be used as a factor that can be leveraged to optimize marketing strategies in a highly competitive environment like China's tourism market. A recent report from China's Economic Daily indicates that by the end of June 2024, the country's tourism-related enterprises have accumulated more than 4 million, and nearly 260,000 new enterprises were added in the first half of this year [5]. As more tourists seek out eco-friendly and culturally sensitive travel options, China's tourism industry must adapt its marketing strategies to meet these expectations. However, in the context of China's highly competitive tourism industry, research on integrating digital marketing strategies with sustainable tourism goals is scarce. This gap underscores the need for research that explores how China's tourism organizations can use data analytics not only to attract and retain tourists but also to foster long-term and sustainable growth in the travel industry.

## 2. Case Description

Trip.com Group and Huazhu Group are two prominent traveling industries among China's top 20 tourism groups in 2023, according to China Tourism News [6]. Trip.com Group is one of the world's largest online travel agencies, offering services ranging from hotel and airline reservations to vacation packages and travel itineraries. On the other hand, Huazhu Group is a leading hotel operator in China, managing a broad portfolio of hotel brands, including both economy and mid-range hotels. The partnership between Trip.com Group and Huazhu Group brings considerable profits to each other. To be more specific, Huazhu's extensive hotel network benefits from Trip.com's vast digital marketing and customer acquisition capabilities, while Trip.com gains access to a robust inventory of hotel offerings to promote to its large user base. However, despite their success in the industry, both

companies are facing significant challenges in their marketing strategies, particularly in adapting to the changing digital environment and growing consumer expectations. China's online travel and hospitality industry is becoming increasingly saturated with domestic and international competitors vying for market share. Although Trip.com and Huazhu have been dominant for several years, there is a continuously growing trend of the number of new platforms, including smaller online travel websites and direct hotel booking sites, which, along the way, begin to eat their market share. This growing competition has forced both companies to invest more money and resources in digital marketing campaigns to attract and retain customers.

However, the absolute number of online travel options makes it difficult for Trip.com and Huazhu Group to stand out in the crowded digital space. For example, there are now online sites such as Qunar, Fliggy, and Meituan. Consumers now have more choices than ever before, which has led to a decline in brand loyalty. Even with a large marketing budget, maintaining a competitive edge requires constant understanding and development of evolving customer preferences, brand quality, and travel routes, which can be resource-intensive and difficult to execute effectively in the short term. Rapidly changing consumer behavior, especially the preference for priority experiences and instant bookings, adds complexity to marketing strategies and makes effective marketing more difficult. In addition, both Ctrip and Huazhu face challenges in managing their online reputations in an era when consumer-generated content, such as online reviews and social media posts, plays a key role in influencing purchasing decisions. Negative reviews or complaints can spread quickly on social media platforms such as WeChat, Weibo, and travel review sites, affecting brand perception and driving away potential customers.

In addition, both Ctrip and Huazhu face challenges in managing their online reputations at a time when consumer-generated and published content, such as online reviews and social media posts, plays a key role in influencing purchasing decisions. Negative reviews or complaints can spread quickly on social media platforms such as WeChat, Weibo, and travel review sites, affecting brand perception and driving away potential customers. Douyin is the most popular and prominent social media, with a share of 75% usage in China, and the average number of users is over 757.77 million people.

Huazhu, for example, has been criticized in the past for inconsistent service across its hotel brands. Customers pointed out discrepancies between the company's promises and the actual experience, such as product link pictures that did not match the real thing, hotel room facilities

problems, and service staff attitudes that led to customer dissatisfaction and negative feedback. These issues highlight the importance of integrating marketing information with actual customer experience to provide timely feedback and remediation. Failure to do so can result in a loss of trust and damage to reputation, which is a particular problem in the travel and hospitality industry, where word of mouth and online reviews are very influential.

### **3. Analysis of the Problem**

#### **3.1 Influence Identified Case of China's Tourism Marketing**

##### **3.1.1 Influences on customer engagement**

The rise of digital platforms has significantly transformed the Chinese tourism market into a more complex and diverse field. With the advancement of technology, people can easily post photos or comments on all available travel apps, such as Xiecheng, Meituan, and Qunar, three well-known companies in the travel industry that offer diversified travel routes, flights, and hotel reservations. However, with the increasing use of social media and mobile technology, customers are becoming more informed and have higher expectations for personalized service and real-time interaction. TikTok, WeChat, and Dianping can serve as communication channels for businesses and consumers, promoting engagement and feedback. Some online travel platforms already offer this service, but it still needs improvement. Customers often want to generate an exclusive travel plan that matches their expected price in a short period of time. Failure to meet or an unsatisfactory product can lead to some negative feedback, resulting in loss of brand reputation and loss of potential customers.

##### **3.1.2 Influence of growing demand for sustainable travel**

That being said, the recovery of tourism marketing and the development of technology boosts the demand for travel. With the rising consciousness of the ecosystem, sustainable travel also occupies an important field in the tourism market. While

##### **3.1.3 Poor online reputation management**

Usage of online or social media apps has become more and more popular in the current living environment. Tons of people will share their own experiences and comments about living or traveling to one landscape. However, as the competition in tourism became more and more intense, certain companies would look for someone to smear the opposite company. This condition occurs frequently, and the environment of the post has become more harsh

nowadays. The enormous number of comments cannot be controlled very properly. As being said, this circumstance and poor comment management would cause a decrease in the company's reputation, which will definitely cut down on sales and the income of the company.

### 3.2.1 Difficulties in Adjusting to Changing Customer Attitudes

Adapting to the rapidly changing needs of tourists is a challenge. Travelers expect fast booking, personalized experiences, and smooth online shopping. Because of this shift, traditional marketing methods are now struggling to remain effective. Companies such as Huazhu Group and Trip.com are finding it hard to stay ahead of competitors in an online environment where consumer tastes are constantly changing. Since maintaining high standards of customization and excellent customer service requires a lot of resources, it is challenging to do well in the short term.

## 3.2 Inadequacy of China's Current Market

### 3.2.1 Inadequate Integration of Sustainable Tourism Practices

The need for sustainable tourism is growing, yet many travel agencies still haven't completely included sustainability in their marketing plans. Though corporations do not always have the finest travel routes or plans, the main elements of the brand value proposition typically do not focus on this, even with the growing potential for sustainability. In addition to restricting a company's capacity to draw in eco-aware tourists, a marketing strategy that ignores sustainability also keeps it from seizing long-term expansion prospects.

### 3.2.2 Lack of Efficient Digital Strategies

Travel agencies' ability to remain up to date with the rapidly shifting digital trends is hindered by their scattered approach to digital strategy and reliance on traditional advertising methods. These issues stem from a shortage of customization infrastructure, a weak commitment to sustainability, and fragmented digital campaigns.

## 3.3 Limits of Market Strategies

### 3.3.1 Lack of standard for real-time personalization

Many tourism companies lack the basic standard of personalization, and well-trained employees consume a high cost of production. Also, the variety and high expectations of customer demand bring challenges to the designer.

### 3.3.2 Insufficient focus on sustainability as a core marketing element

Companies often use sustainability as an afterthought in their marketing strategies, missing out on opportunities to attract environmentally conscious travelers and build

long-term loyalty.

### 3.3.3 Fragment approach to digital strategy implementation

Immature digital strategies, coupled with a reliance on traditional marketing methods, hinder travel companies' ability to keep up with rapidly evolving digital trends.

## 4. Suggestions

### 4.1 Enhance Consumer Engagement Through Personalized Real-Time Interaction System

Cañas Delgado mentioned that human-AI collaboration is a joint effort of humans and AI in which a common goal is pursued [7]. The aim is to create synergistic relationships where humans and AI collaboratively contribute to successful outcomes in various domains. To tackle the challenges in customer engagement outlined in the above section, travel companies could focus on developing artificial intelligence-based consumer interactions, which offer personalized travel routines based on consumer preferences, recent searches, and budget constraints. This technology can also facilitate dynamic pricing. Provide instant customer service with AI robots to enhance service responsiveness. Collecting and responding to customer feedback instantly on social media platforms such as WeChat or TikTok ensures that customers' requirements are taken seriously.

Besides, establishing partnerships with influencers and creators on social media is advantageous for engaging promotions, reaching a broader audience, and creating trust among potential customers.

According to the research, Incentive theory emphasizes the role of reward and motivation in influencing behavior. In learning, it suggests that offering incentives, such as rewards or positive outcomes, can stimulate engagement and enhance the learning process [8]. The travel agencies can provide rewards to stimulate customer's willingness to write comments and social media shares, making customer-generated content a core part of their marketing strategy.

### 4.2 Adoption of Sustainable Tourism Practices

Addressing the growing demand for sustainable travel, as highlighted in 3.1.2 and 3.2.2, companies should prioritize sustainability as a core element of their brand value proportion. This involves providing eco-friendly travel options such as corporate with sustainable hotel and transportation services, which aim at impact tourism. The achievement of sustainable tourism necessitates overcoming a number of obstacles and challenges. These include

implementing smart technologies and assuring renewable energy, transportation, buildings, infrastructure, and agriculture [9]. As that being said, businesses can create transparent, sustainable reports to showcase their effort in reducing carbon footprint and waste. Travel agencies could promote green travel packages that emphasize experiences with minimal environmental impact to appeal to environmentally conscious travelers.

#### **4.3 Implementing a Robust Online Reputation Management System**

Given the risk potential of negative feedback and bad review management, as described in 3.1.3, travel companies should invest in real-time reputation management software. The software tracks customer comments across different platforms, identifies negative trends, and flags them in order to come up with solutions. This approach allows companies to mitigate the damage caused by negative reviews before they affect their overall brand reputation. Companies can develop automated response capabilities to address customer concerns quickly and efficiently, such as offering incentives such as discounts or refunds in response to negative feedback.

#### **4.4 Adjusting to Changing Customer Attitudes through Data-Driven Marketing**

To tackle the challenge that companies are struggling with, the rapid change in consumer preferences, as mentioned in 3.2.1, can overcome these difficulties by leveraging big data analysis. By analyzing booking trends, customer reviews, and social media activity, businesses can anticipate customer demand and adjust their offerings accordingly. According to the article written by Wynsberghe and Aimee van, companies already see applications to aid medical practitioners in their diagnoses, assist legal officials in their judgments, and assume a portion of tasks in human resources for recruiting new employees [10]. Using machine learning algorithms to create personalized travel packages can improve customer satisfaction. This technology can help companies predict customer preferences, such as preferred travel destinations, accommodations, and activities.

#### **4.5 Implement Integrated Digital Marketing to Increase Customer Engagement**

In order to address the inadequacy of digital strategies outlined in 3.2.3 and 3.3.3, companies must shift from decentralized traditional advertising, such as newspapers, flyers, and TV promotions, to an integrated digital marketing strategy. This includes leveraging multiple platforms such as WeChat, TikTok, and XiaoHongshu to ensure

comprehensive coverage. Continuous innovation in app development is key to maintaining competitiveness. Uch is developing mobile apps with intuitive interfaces, real-time booking, and instant customer service. In addition, travel companies should incorporate AR/VR experiences to give potential customers a preview of the destination, thereby improving the decision-making process.

### **5. Conclusion**

In this study, the author discusses the marketing challenges and optimization strategies of China's tourism industry, mainly with a focus on key issues such as insufficient differentiation, inadequate utilization of digital marketing, and poor customer retention strategies. Analysis shows that despite significant growth and potential in the industry, organizations such as Trip.com and Huazhu Group are working hard to adapt to the rapidly evolving digital environment and constantly changing consumer expectations. Intense competition and the emergence of new platforms require innovative methods to maintain customer loyalty and increase engagement.

To address these challenges, the article proposes several strategic recommendations. These measures include enhancing consumer engagement through personalized real-time interaction achieved through artificial intelligence, prioritizing sustainable tourism practices as core brand values, and implementing online reputation management systems to reduce risks associated with negative feedback. In addition, utilizing big data analysis can help adapt to constantly changing customer preferences by predicting demand and customizing products accordingly. Finally, a comprehensive digital marketing strategy across various platforms is so significant for maximizing promotion efficiency and customer engagement. This research emphasizes the importance of modern marketing strategies in enhancing the competitiveness of China's tourism industry and how tourism organizations increase customer engagement and contribute to long-term sustainability. Despite its contribution, this study also has certain limitations, like the reliance on second-hand data, which may limit the depth of understanding specific consumer behaviors and preferences. Future research can benefit from incorporating primary data collection methods such as surveys and interviews to access a more detailed understanding of the marketing challenges and opportunities faced by tourism organizations. This method will help to analyze consumers' needs and preferences more comprehensively and ultimately develop more effective strategies to optimize the marketing of the tourism industry.

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