

**REPORT OF WORKSHOP ON ROUTE AND PRODUCT DEVELOPMENT
IN CENTRAL AND EASTERN EUROPEAN COUNTRIES**

(Riga, Latvia, 5 February 2016)

**Central and Eastern European Countries' Tourism Coordination Centre
Q1 2016**

COTRI No. CEE03



February 2016

Introduction

Background

Established in 2014, the China – Central and Eastern European (CEE) countries' Tourism Coordination Centre (TCC) takes major responsibilities in coordinating tourism development between 16 CEE countries and China. Aiming at catching the wave of the fast growing China outbound tourism, TCC proactively engages 16 CEE countries to promote the CEE region as one single destination to China consumers against increasing competition.

TCC recognises that China outbound tourism is growing at an unprecedented pace both in terms of the number of border crossings and travellers' expenditure. China, with double-digit growth in expenditure every year since 2004, continues to lead global outbound travel, benefitting various destinations in Asia, North America and Europe. Figures that demonstrate the growth of the China outbound tourism market are presented in Appendix A. However, only partial reference of the trend of Chinese arrival to the Baltic region can be drawn from limited official statistical data by 2015 (Appendix B).

As of February 2016, there are four direct flights between CEE region and China:

Routes	Airlines	Frequency per week
Warsaw – Beijing	LOT	3
Budapest – Beijing	Air China	4
Prague – Beijing	Hainan Airlines	3
Prague – Chengdu	Sichuan Airlines	2

Despite anticipating the growth rate to be 11% in terms of total arrival number to CEE countries by 2019, TCC considers that the absolute number of arrivals to the CEE region is much lower than to Western European destinations. In addition, the China outbound market is also characterised with a short stay, with tourist nights staying less than two nights in any CEE country.

After an eventful 2015, TCC organized three regional workshops for the Balkan region, Visegrad4 and Baltic region in January and February 2016 with objectives to facilitate

regional routes and products development. Focusing on findings of the Baltic region, this report is part of a larger report that provides recommendations to the tourism route and product development in CEE countries

Baltic Regional Workshop Objective

The overall objective was capacity building to improve the understanding of Chinese outbound travel market and thus to identify opportunities for suppliers in the CEE region. The workshop also aimed to facilitate participants from Baltic region to develop suitable routes and products on a regional level.

Consider the limited experience and exposure to the China outbound market, the Baltic regional workshop was also provided to participants to address their specific questions and issues and to share experience.

Workshop Programme

Date: 05.02. 16	Location: Balttour Exhibition Venue
11:45 – 12:00	Registration
12:00 – 12:05	Opening <i>(Ms. Inese Sirava, Acting Director, Latvian Tourism Development Agency)</i>
12:05 – 12:20	Presentation TCC activities 2016 <i>(Mihály Aranyossy, head of International Cooperation, TCC)</i>
12:20 – 12:45	China’s outbound tourism 2016 <i>(Prof. Dr. Wolfgang Arlt, Director and Founder of COTRI)</i>
12:45 – 14:00	Facilitated Route and Product Development Workshop Part 1 <i>(Prof. Dr. Wolfgang Arlt)</i>
14:00 – 14:15	Coffee break
14:15 -- 15:30	Facilitated Route and Product Development Workshop part 2 <i>(Prof. Dr. Wolfgang Arlt)</i>
15:30 – 15:45	Summary <i>(Mr. Mihály Aranyossy)</i>

Workshop Participation and Organisation

In total there were 24 participants coming from organisations such as national tourism boards and governmental departments, hospitality, travel agency and tourist attraction. All three Baltic states had participants. The role of participants in their respective organisations ranged from decision makers, line managers to operational

staff. The workshop was funded by TCC, and was hosted by Latvian Tourism Development Agency and facilitated by COTRI China Outbound Tourism Research Institute.

Key Findings (Baltic Region Workshop)

Accustomed to Working on A Regional Level

Participants at workshop unanimously agreed that the Baltic states should promote all three together to the China market, considering there has been a long history of cooperation and the geographical proximity. Furthermore, participants also considered that it is important and feasible to connect the Baltic region with either Finland or Scandinavian countries, which have current direct flights, cruise access to the China market.

Targeting Quality Visitors

Although statistical data is not complete in 2015, it shows that Lithuania had 83% increase by Q1 YoY 2014/15, and 6% for Estonia. However, participants identified that the key issue for this region is not only the quantity of how many Chinese it can attract, but also more a question of how to get 'better' Chinese visitors who can stay longer in the Baltics and spend more.

Besides sightseeing products, participants identified the need for Baltic states to develop themed and experience-based products. Picking up mushroom, fishing, ballet summer camp and pottery exchange festival are all some potential ideas to be developed further into sellable and bookable products for authentic and exotic experience seekers from China. Ambers are the No.1 shopping items in this region.

Building on Better Accessibility

Participants shared news that potentially there will be direct flight connection between Chengdu and Riga in 2017. In terms of visa application, Latvia and other Schengen countries will open more visa application offices in different cities in China.

An agreement that official passport holders from China will not need visa for Schengen anymore is on the agenda to be considered.

COTRI's Insights of the Baltic Region

The Baltic states are currently not on Chinese tourists' map, and few Chinese people know where exactly these three countries are, and what they can expect there. To increase the market awareness is definitely a challenge, but it is also an opportunity allowing the tourism boards and the industry to work together carefully craft a destination image that is desired for targeting quality visitors.

The nature, the finest white sandy beaches, artistic atmosphere, old town, the 'pink' castle, the freshest air in national parks, wellness and mud spas can all be elements to be woven into marketing promotion. While promoting the best of nature, it has to be careful that Europe, including the Baltic region, are commonly associated with cultural and historical offers in China.

In addition, Latvia is especially famous for Ballet schools and ensembles following the Russian tradition of Bolschoi, the best in the world. It is possible to offer one-week summer camp for Chinese girls - not to become professional dancers, but for gaining experience (team, hard work and foreign country) and posture as well as certifications of participation.

One of the successful stories in this region can be the Waldorf School summer camp which was started by a Latvian lady who spent some time in China. She organised privately with 20 kids in the first year, and grew into 500 participants on the third year, all based on word-of-mouth marketing and personal contacts. It shows that it is possible to turn niche products into profitable venture if it is done correctly and without waiting for tour operators.

Limited, but often positive and even quirky media exposure on Chinese social media includes that Latvia is listed in Lonely Planet's top destinations to be visited in 2016, and that the chance of seeing beautiful women in Latvia and Lithuania is very high.

Recommendation and Moving Forward

The Baltic regional workshop brought together tourism and hospitality suppliers, national tourism organization and regional tourism coordination body to develop routes and products for the China market. Themes tours and building connection with Chinese culture can be developed targeting Chinese wealthy family for summer camps with shopping opportunities.

For example, picking berries and mushrooms is an authentic as old tradition in the Baltic region still done by locals. Only a nature guide is needed to facilitate the tour and to sort out the edible mushrooms and the poison ones. The most important part is to cook with local cooking style afterwards into visitors' dinner at local restaurants to allow visitors tasting what they have picked and enjoying local cuisine. It can be a well-fit element as a half-day nature and activity-based product for summer and autumn when is often the family travel season for Chinese. It is easy to operate, no training needed but fulfill Chinese' need to experience authentic, traditional, healthy family local activities.

All the culture-based activities such as ballet camp and pottery workshop can be organised on all levels from very amateur level to professional ones, ranging from children to artists. The shopping of ambers can also be combined with visits to studios to see production of amber jewellery and meet artists.

Wind tunnel from Latvia in Shanghai Expo2010 amazed thousands of Chinese visitors but was only performed by professionals there. Wind tunnel can become a big attraction as Chinese now can experience in Latvia as normal visitors. Some examples of developing routes and products as below:

Example 1: "Discover amber's hometown – lung cleanse trip at the Baltics" – Poland, Lithuania, Latvia and Estonia (Warsaw – Vilnius – Trakia Lake – Kaunas – Klaipeda – Palanga – Riga – Parnu – Tallinn)

Featuring attractions of concert of Chopin music concert, the Baltic Sea, amber factory and demonstration workshop, castles (pink castle, Turaida Castle, etc.), the Hill of

Crosses, Rundale Palace and rose garden, old European towns, this route is provided within an environment of the purest air, white sandy and healthy mineral beach, national park forest that can cleanse lungs. It has elements of the nature, culture, “Europeans’ vacation destination” targeting self-drive, young to medium age, affluent and semi-organised travellers.

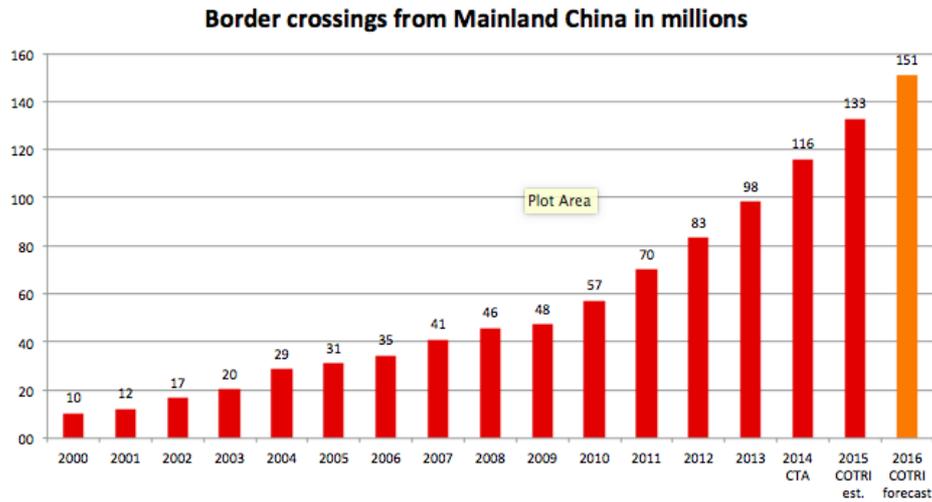
Example 2: “Playing like your child at the Baltics” – Tallinn, Riga and Vilnius.

Features a range of family activities that both children and adults can participate such as picking up mushroom while encountering wild forest animals, ballet camp with certifications, wind tunnel, pottery workshop, fishing, cookie baking at café, etc. This product provides the opportunity for parents and children to spend time and share activities together with unique cultural elements, targeting families with friends and colleagues, summer season and small groups.

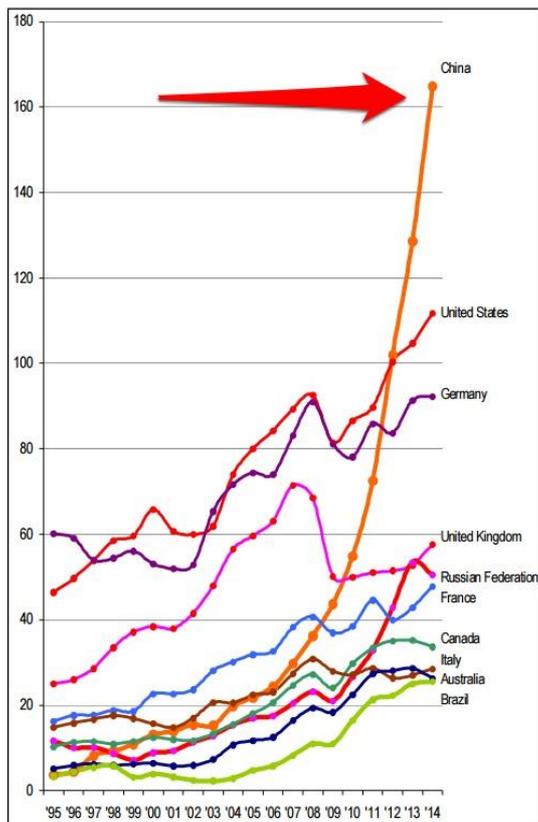
In terms of marketing, potential investment into movies or TV shows in China can be prohibitively expensive. To start, the Baltic States can engage local ‘ambassadors’. For example, Chinese students can be invited to write essays and embassy staff can be invited to attractions outside of capital cities and across Baltic borders. Other relatively low cost marketing avenues can include establishing accounts on WeChat, using existing contacts and bonds such as sister cities and company contacts.

Appendix

Appendix A: The Growth of the China Outbound Tourism Market (Number of Border Crossing and Expenditure)

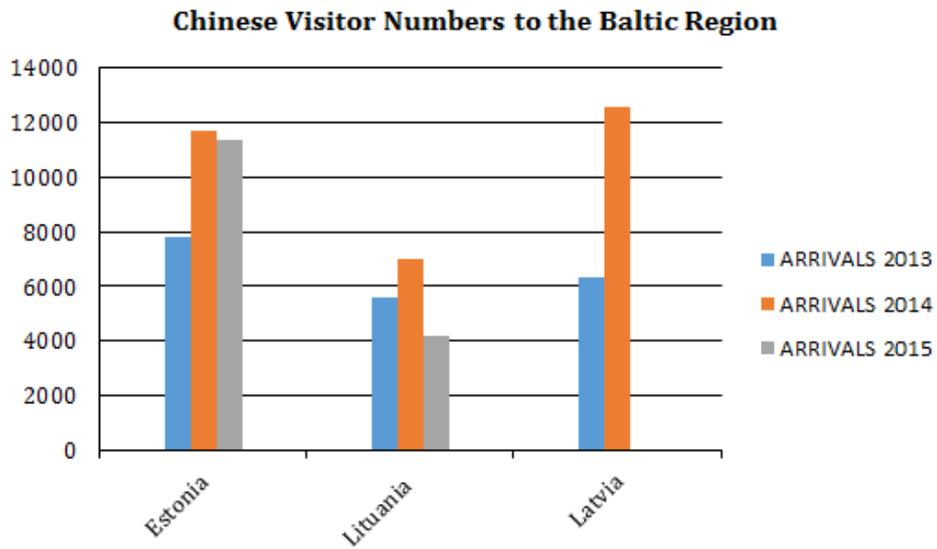


World and regions: Outbound Tourism
International Tourism Expenditure (US\$ billion)



Source: World Tourism Organization (UNWTO)©

Appendix B: Chinese Visitor Numbers to the Baltic Region



Data Sources for Appendix B:

- Visitestonia.com, official tourist information Website
- Central Statistical Bureau of Latvia
- State Department of Tourism Lithuania

* Arrival data to Latvia is not available from Latvian official statistics bureau.

* Lithuania's arrival data is only till Q2 2015.

Appendix C: Sample Itineraries of Baltic Region on Major Chinese Websites

Sample 1: Provided by Qunar.com

Day 1 Beijing - Helsinki

Day 2 Helsinki – Tallinn, city tour – Tallinn

Day 3 Tallinn (city sightseeing) – Parnu (Red Tower)- Riga

Day 4 Riga (city sightseeing) – Siauliai – Kaunas, The Hill of Crosses

Day 5 Kaunas (city sightseeing) – Vilnius (University of Vilnius)

Day 6 Vilnius – Trakai (Trakai Island Castle) – Vilnius (city sightseeing)

Day 7 Vilnius – Helsinki – Beijing

Day 8 Beijing

Sample 2: Provided by Caisser.com

Day 1 Beijing – Helsinki – Vilnius

Day 2 Vilnius (city sightseeing: Amber Museum Gallery) – Trakai (Trakai Island Castle) – Vilnius (city sightseeing)

Day 3 Vilnius- Siauliai-Riga (The Hill of Crosses)

Day 4 Riga (Latvian National Opera and Ballet, the Freedom Monument, etc.)

Day 5 Riga - Sigulda (Gutmanis Cave-Turaida castle)

Day 6 Sigulda – Tartu – Viru (University of Tartu, Church, etc.)

Day 7 Viru – Tallinn (city sightseeing)

Day 8 Tallinn – Helsinki (city sightseeing)

Day 9 Helsinki-Beijing

Day 10 Beijing

Sample 3: Provided by Ctrip.com

Day 1 Shanghai- Moscow (city sightseeing, Red Square, etc.)

Day 2 Moscow- Sergiyev Posad –Moscow - St Petersburg

Day 3 St Petersburg

Day 4 St Petersburg

Day 5 St Petersburg-Tallinn (Open Air Museum, etc.)

Day 6 Tallinn – Tartu (Alexander Nevsky Cathedral-Dome Church and city sightseeing)

Day 7 Tartu - Parnu (Tartu city sightseeing, University of Tartu)

Day 8 Parnu (beach walk) -Riga (city sightseeing, Red Tower etc.)

Day 9 Riga –Vilnius (St Peter's Church, The Freedom Monument, The Three Brothers' House, Powder Tower, Open-air Museum of Latvia, etc.)

Day 10 Vilnius (city sightseeing, Amber Museum Gallery, University of Vilnius, Pilies Gatve-Gedimino Prospektas)

Day 11 Vilnius- Moscow- Shanghai

SWOT Analysis of the Baltic Region

