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**BALTIJAS VALSTIS KĀ IZEJOŠĀ ĶĪNAS TŪRISMA
GALAMĒRĶIS**

MAĢISTRA DARBS

Autore: **Sabīne Jegi**

Studenta apliecības Nr: **sj11019**

Darba vadītāja: **Prof. Dr. geogr. Zaiga Krišjāne**

Konsultants: **Assoc. prof. Dr. Eduardas Spiriajevas**

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**BALTIC STATES AS A DESTINATION FOR CHINA
OUTBOUND TOURISM**

MASTER'S THESIS

Author: **Sabīne Jegi**

Matriculation card No.: **sj11019**

Scientific advisor: **Prof. Dr. geogr. Zaiga Krišjāne**

Consultant: **Assoc. prof. Dr. Eduardas Spiriajevas**

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Anotācija

Augošais Ķīnas izejošā tūrisma apjoms piesaista tūrisma galamērķu uzmanību visā pasaulē, tai skaitā arī Baltijas valstīs. Baltijas valstis izmanto vienotu mārketinga pieeju, lai popularizētu šo reģionu kā tūrisma galamērķi Ķīnas tirgum. Šī maģistra darba mērķis ir noskaidrot pašreizējo situāciju tūrisma attiecībās starp Baltijas valstīm un Ķīnu, kā arī izvērtēt Baltijas valstu kā Ķīnas tūristu galamērķa stiprās un vājās puses. Balstoties uz datiem no intervijām ar trīs Baltijas valstu tūrisma ekspertiem un sekundārajiem datiem no tūrisma politikas dokumentiem tiek veikta gadījuma analīze. Pētījuma rezultātā tiek noskaidrots, ka Baltijas valstīm piemīt vairāki pievilcīgi tūrisma resursi, ko iespējams attīstīt, lai radītu tūrisma produktus Ķīnas tirgum, taču galamērķa attīstību kavē tiešo avioreisu trūkums un nepietiekama tūrisma industrijas cilvēkresursu sagatavotība Ķīnas ceļotāju uzņemšanai.

Atslēgas vārdi: Tūrisma galamērķis, Baltijas valstis, tūrisms, Ķīna

Abstract

The rising volume of China outbound tourism is attracting attention of tourism destinations around the world, and this includes the Baltic region as well. Baltic countries use a joint marketing approach to promote the region as a single destination for China market. The purpose of this Thesis is to identify the current state of this tourism relationship and assess the strengths and weaknesses of Baltic countries as a destination for China tourism market. A case study based on interviews with tourism experts from the three countries and supported by secondary data from national tourism policies reveals that the Baltic region has a number of attractive tourism resources that can be developed into tourism products for China market. The destination growth, however, is hindered by lack of a direct flight connection and insufficient preparedness of human resources in the tourism industry to welcome Chinese visitors.

Keywords: Tourism destination, Baltic countries, Tourism, China

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Introduction

In today's global society tourism is recognized as one of the fastest expanding economy sectors that provides opportunities for new jobs, development of infrastructure and overall positively contributes to the economic growth of countries around the world. In the recent years demand for international tourism has been increasing, and it is vital for tourism destinations to keep up with the demand and respond to new trends in order to remain relevant and competitive in the global market. Currently Mainland China is among the world's fastest growing economies, and the rapid economic growth is evident also in China's tourism industry. The Chinese outbound travel market has experienced a significant increase in the previous years as more and more Chinese people have disposable income to spend on travelling. Countries around the world are responding to the growing economic influence of China by attempting to attract some of the capital, and one of the ways this can be achieved is through tourism. Many countries and regions are re-evaluating the importance of China as a target market and increasing their efforts to captivate the interest of Chinese tourists. While the Asian countries bordering with China remain the most popular choice for outbound tourists and especially first time international travellers, the Chinese tourism market is becoming more mature and there is an increasing interest about more distant destinations. According to UNWTO/GTERC (2018) data, Europe is the "top interregional destination for Chinese tourists" indicating that long-haul international travel to Europe is a strong trend in China outbound tourism market. The main points of interest for Chinese tourists in Europe are quite limited and still consist mainly of France, Germany, United Kingdom and Italy (ETC, 2019); however, there is an emerging trend in Chinese outbound travel market to explore lesser-known destinations.

The Baltic States – Estonia, Latvia and Lithuania – with their cultural heritage and natural diversity have a large potential as a tourism destination, and this potential is successfully realized over the years with steady tourist flows from neighbouring and nearby countries, such as Germany and Russia. Consequently, the European countries that are the main tourism source markets of the Baltics are the main targets of tourism marketing efforts. However, as international tourism is becoming more accessible, each of the Baltic States has proposed a number of long-haul target markets. One of the long-haul markets proposed by all three Baltic States is China thus demonstrating willingness to attract more visitors from this market.

It has been recognized in scientific literature that in order to promote further development of tourism, it is necessary to adjust to the changing global situation and new

emerging tourism markets. China as one of such emerging tourism markets has been a popular research subject in tourism-related studies. Nevertheless, as noted by earlier studies, research on inbound tourism from China to such European regions like Central and Eastern Europe is insufficient (Čavlek, 2016) thus identifying a research gap. Considering the growing economic importance of China, the prioritized role of China as a long-haul target market for the Baltic States, and the identified research gap, the Author suggests that it is useful and topical to study the case of Baltic States as a destination for China outbound tourism.

The **aim** of this study is to explore the current situation of Chinese tourism flow to the Baltic States and assess the potential of Baltic States as an attractive destination for the China outbound tourism market. In order to achieve this aim, Author has proposed the following **tasks**:

1. Review existing scientific literature in order to establish the theoretical framework for the assessment of tourism destination efficiency;
2. Collect information from relevant sources about the trends and characteristics of China outbound tourism market, particularly in the context of travel to Europe and the Baltics;
3. To carry out survey of experts and content analysis of national tourism documents of the Baltic States in order to determine the current status of inbound tourism from China to the Baltic States;
4. Based on the findings, identify the key aspects of tourism resources of the Baltic States as a destination for Chinese tourism market to assess whether the Baltic States as a destination is suited to the needs of China outbound tourism market.

The sources of information used in development of the thesis include primary and secondary sources, tourism-related special literature, articles and publications in scientific journals, statistical data, normative documents, strategies and reports.

The applied research **methods** are: content analysis of relevant literature, reports and strategies, as well as a case study of the current situation in Baltic States as a destination for Chinese tourism market. Case study was selected as the method for empirical research due to the fact that the proposed research topic has not been exhaustingly studied before, and case study approach allows for an in-depth exploration of a specific set of contemporary, real-life events or circumstances (Swanborn, 2010). The case study consists of semi-structured interviews with tourism experts from all three Baltic States, supported by evidence from statistical data and national tourism policy documents. It should be stated that while

comparison is made between the cases of Estonia, Latvia and Lithuania, the main goal of the present Thesis is to identify the situation in the three Baltic States as a single tourism destination.

The structure of the Thesis consists of three chapters, 14 sub-chapters and three appendices. The first chapter deals with the notion of tourism destination from an interdisciplinary perspective, as well as observes the role of efficient communication in the context of cultural differences in tourism. The second chapter explores China as a target market by identifying the main characteristics of China outbound tourism market that are relevant for the Baltics. The third chapter contains an exploratory case study of the problem.

Considering the growing relevance of China in the international tourism market, the findings of this research could be useful for national tourism administrations and other tourism sector representatives of the Baltic countries as a supporting evidence to help identify the most suitable marketing approach for China outbound tourism market. The offered proposals might be useful in adjustment or development of new tourism products for the China market.

1. TOURISM DESTINATION AS A RESEARCH SUBJECT

Looking at earlier studies on interdisciplinary tourism studies, as well as current and emerging trends in international tourism, the following chapter attempts to identify the main traits of an attractive and competitive tourism destination, and the major global processes that could influence the development of tourism. The potential applicability of these factors to the case of Baltic States is considered. In regard to communication between tourism destination and target market, the role of cultural differences is observed as an influential factor.

The words ‘tourists’, ‘travellers’ and ‘consumers’ in the text are generally used interchangeably and with the purpose to add variety to the language. In the context of statistical data, the word ‘tourist’ is understood as a visitor that spends at least one overnight at a destination.

1.1 Interdisciplinary look on tourism and international tourism trends

International tourism has increased over the previous decades, and this process is linked with the phenomenon of globalization. At the same time, tourism market has not only grown, but also has become more diverse and multinational as new regions join. The significance of tourism in the present day society has been recognized by various global and regional actors due to the social and economic benefits that tourism can provide. World Tourism Organization (UNWTO) states that tourism stimulates the economic activity in the destination countries, especially the growth of small and medium sized enterprises (SMEs). Tourism can promote development in rural areas and remote regions, increase sustainability and contribute to conservation of natural environment and biodiversity. Looking at the current processes in international tourists, it can be expected that tourism will maintain or even further increase its importance as a global economic driver. Overall, the year on year growth of international tourism in 2017 was 7% which equals approximately 86 million more tourist arrivals to destinations around the world than in 2016 (UNWTO, 2018a). The increase of tourist arrivals to Europe has been above the average global ratings since 2009, making Europe the world’s most visited region, while at the same time it remains also the largest source market for international outbound tourism (ibid.). Nevertheless, strong demand for outbound tourism is evident in all regions of the world with Asia and the Pacific becoming more visible and more influential source markets. According to UNWTO data, currently one out of every four outbound trips originates from Asia and the Pacific region (UNWTO, 2018a) thus marking a change in international tourism trends.

As a response to the on-going changes and emerging international tourism trends, the spectrum of research topics in the field of academic tourism studies has widened, and it is a research subject in a number of study fields providing valuable insight into different global and local processes. The relevant study fields include, among others, tourism geography, tourism economy and management, or issues relating to social science and anthropology – like tourist behaviour. Research in tourism field is not only expanding, but also maturing as new approaches and perspectives are supplementing and replacing traditional ways of thinking about tourism (Correia & Guillet, 2013). For example, there is an opinion that tourism as a phenomenon is socially and culturally constructed, and because of this it is directly influenced by the changes in the society, such as industrialization, urbanization and globalization (Wang, 2000). Over the previous decades there have been numerous attempts to define tourism for academic purposes. According to Holloway (1999), the concept is difficult to define because tourism covers a wide range of activities and conditions; therefore, it is usually divided in specific sections or types of tourism based on the intended aim of the travel, destination and other factors, for example, nature tourism and cultural tourism which are especially relevant and commonly mentioned in the context of Europe and Baltic States.

As the tourism research progresses, new ideas challenge and replace older ideas and assumptions. Nowadays an evident trend in tourism-related studies is focus on environmental impact and sustainability (which are closely linked to the aforementioned nature and culture tourism), as well as management and spatial planning of tourism places. Less research is dedicated to topics like tourist satisfaction, and understanding and management of tourism product development, although the situation is expected to change due to the growing competition in the international tourism (Lingebērziņš, 2017). In order to understand the complexity of tourism as an interdisciplinary research subject, it might be useful to compare the dominating perspectives. From economic point of view, the study of tourism is concerned with maximizing the economic benefits, e.g. national income, increased employment, development of entrepreneurial activities. In order to acquire these benefits, the right marketing approach is essential, which in turn depends on market analysis and understanding of the supply and demand (Freyer, 2011). On a larger scale the results of these activities can be applied to develop the national tourism policy, for example, determining the targeted markets and applied instruments. Studies of tourism in the social context explore the interaction between source culture and receiving culture. In this cultural interaction the values and expectations of both involved sides have a significant role as it can influence the tourism experience. If the source culture of travellers has a different set of values than that of the receiving culture, it can cause misunderstandings and even conflicts (Holloway, 1999:353);

therefore, when establishing tourism connections with a specific source market, it is strongly advisable to consider the possible cultural differences. Generally it is the responsibility of tourism industry specialists to recognize and identify the characteristics of a targeted source market.

In reality the economic and social aspects of tourism are closely linked, and both should be considered to build successful tourism management. While tourism industry is mainly driven by the private sector, effective support from government in the form of coordinated policies is vital to fully access the advantages that tourism can provide (UNWTO, 2012). Hence it is no surprise that the role of “intercultural competence” in international tourism marketing in the global tourism environment is increasing (Lingebērziņš, 2013:78). This is very evident in the context of Chinese tourism market which has only relatively recently joined the international tourism arena. The growing Asian and especially Chinese markets require international tourism actors to consider the cultural differences and adjust the supply accordingly in order to attract these markets.

1.2 Tourism destination marketing

The intangible nature of tourism makes this concept difficult to describe, because the act of tourism involves a number of activities that each has a potential to affect what will be the tourist’s overall impression of the tour. Generally such activities involve consumption of products and services. Recent studies on the economic value of tourism focus a lot on the practical applicability of tourism experience implications (Barbini & Presutti, 2014). The general agreement among scholars is that to ensure a positive experience, the involved tourism activities have to be perceived as satisfactory; therefore the involved products and services should be able to satisfy the tourist’s expectations. The on-going changes within international tourism can be explained drawing from the existing research on tourism marketing. Marketing in the context of tourism has been exhaustingly studied; since the final decade of the 20th century this study field has experienced an upsurge in research about the efficiency of tourism marketing. Studies on tourism have evolved a lot in response to international tourism growth which in turn is related to the globalization processes. A noteworthy aspect of globalization is the “increased interconnectedness between societies in various areas of life” (Sae, 2004, quoted in Reisinger, 2009:4). It can be argued that globalization has not only facilitated the international tourism, but is also responsible for creation of a “new type of tourist” that has more experience and knowledge about the world and, consequently, more specific demands for the tourism industry (Reisinger, 2009:11). As a

response to the social, cultural and environmental changes on a global scale, currently the focus of tourism marketing has shifted to include more of non-financial, long-term and sustainable approaches. The need for more personalized, varied and flexible tourism products have brought changes to the tourism marketing (Reisinger, 2009) and these changes can be observed on various levels. On a practical side, it affects, for example, the ways how information about marketing effectiveness is acquired. The traditional (or quantitative) indicators, such as statistical data on tourist arrival, number of overnights and spending, are replaced or supplemented with qualitative indicators like tourist satisfaction or loyalty when determining the appropriate marketing instruments (van der Steina, 2012). Thus, the effectiveness of tourism destination marketing is no longer expected to be evaluated based only on quantitative indicators. This approach to evaluation, however, can be complicated due to such factors as lack of qualitative data or methods for acquiring this data (ibid.). The intensifying global competition has an important role in this paradigm shift. To stay competitive, tourism destinations are required to innovate by acquiring new knowledge and employing it in their daily operation (Beesley & Cooper, 2008). More and more authors suggest viewing tourism marketing and management as closely related structures that should be combined in the strategic planning phase. This is particularly relevant in the context of creating and maintaining a tourism destination and its brand. As pointed out by Bregoli (2013), the foundation of successful destination marketing and management, or simply tourism destination governance, is the cooperation between tourism stakeholders within the particular destination. The governance can be executed efficiently if the activities of the involved stakeholders are coordinated with the activities of Destination Management/Marketing Organizations (DMOs), thus combining marketing activities and supply of tourism products and services in a comprehensive and cohesive manner (ibid.). Hence, if the marketing activities and the products and services provided by tourism companies correspond to a common strategy, the tourism destination can provide a more through experience. The role and functions of DMOs is discussed in more detail further in text.

Considering the history of tourism marketing, this marketing-management approach is relatively recent. A number of tourism academics in the Baltics have contributed to the research on this topic, e.g. Lingeberziņš, Rozīte and van der Steina in Latvia. Commonly the focus of these academic works is tourism management on the national or even smaller – municipalities – level. For example, Klepers (2018) has looked at tourist destination management in the regions of Latvia and how the regional municipalities are involved in increasing the competitiveness of the destination.

As a result of globalization and growing consumer demand, the scope of marketing in tourism has extended from that of products to whole destinations, and marketing of tourism destinations as consolidated units has become one of the main efforts (Barbini and Presutti, 2014). Consequently, competition in tourism has also shifted from the level of individual tourism companies to the level of destinations. Hence destination marketing and management activities have to be well planned to create a consistent and efficient destination (ibid.). For this reason it is necessary to be aware of the full potential of a tourism destination in order to manage the available resources in a competitive and responsible way.

1.3 Tourism destination profile

Tourism destination in a wider sense is understood as the place to where the tourist travels, but within the context of tourism studies the concept of destination is more complex and requires an in-depth analysis. The concept of destination and the closely related concept of destination are widely studied in tourism marketing due to the added economic value. The meaning of the term ‘tourism destination’ has been interpreted differently by various authors without common consensus on the exact defining attributes. Klepers and Rozīte (2010) have attempted to identify the common characteristics of what is defined as tourism destination by different authors, finding that the concept can be misinterpreted depending on the geographical perspective. Therefore Klepers and Rozīte suggest that additional explanation is required when claiming that a country can be a destination because there can be a significant difference in country size (e.g. to compare any of the Baltic States with USA) which in turn can create different understanding of the concept. At the same time the term ‘destination’ has been used in reference to a particular region, town or even a single hotel, and the destination can be of both natural and man-made origin (Holloway, 1999:23). From earlier works a common consensus is that the area of a destination does not necessarily coincide with administrative borders, but it should represent similar cultural and social characteristics (Klepers and Rozīte, 2010) which form the image of a destination. In terms of tangible aspects, a destination is expected to have a developed tourism infrastructure (roads, accommodation establishments etc.) and more than one point of interest for the travellers (ibid.). A widely used definition by World Tourism Organization (2016) recognizes most of the aforementioned aspects, but also suggests that several destinations can group together to form a larger destination.

“[a] physical space with or without administrative and/or analytical boundaries in which a visitor can spend an overnight. It is the cluster (co-location) of products and services, and of

activities and experiences along the tourism value chain and a basic unit of analysis of tourism. A destination incorporates various stakeholders and can network to form larger destinations. It is also intangible with its image and identity which may influence its market competitiveness.”
(UNWTO, 2016)

The given definition can be considered sufficient for the purpose of this MA thesis as it comprises the tangible and intangible aspects of a destination, as well as the functions.

It can be argued that the concept of tourism destination is dynamic, and the definition is transforming with time. When reviewing the evolution of destination concept in tourism, Jovicic (2019) sets forward three ways of thinking about destination that each roughly corresponds to a particular time period. These conceptual frameworks are: classical-traditional, systemic and “smart destination”. Jovicic notes that the classical-traditional approach to tourism destination formulated in the 1970s, and the definitions related to this approach focus mainly on the geographic or other physical aspects. The systemic approach originated in 1990s and began to explore the role of intangible aspects of tourism destinations. As a result definitions of destination as a complex system involving a number of interacting elements were developed. The most recent approach which, according to Jovicic, is currently in the process of forming is the concept of “smart destinations”. This view is developing along with the use of information and communication technologies (ICTs) in tourism. Building on the systemic approach, the “smart destinations” are perceived as cooperation between involved actors not only in real life, but also in the digital environment to create a technological infrastructure. The scholars who support this view (Buhalis & Amaranggana, 2013; Baggio & Del Chiappa, 2015) point out the significance of tourist involvement in the digital formulation of a destination as an efficient instrument for sharing knowledge (e.g., by uploading photos, writing reviews) – which is becoming increasingly relevant with the development of ICT. When striving to increase the quality of tourist experience and the success of a tourism destination, the importance of stakeholder collaboration (local and regional), human resources and innovation is emphasized (Fyall, 2011; Boes et al., 2015). The notion of “smart destination” can be perceived as incorporating the essential aspects of modern tourism marketing. Boes et al. (2015) look at the best “smart” practices of three European cities – Barcelona, Amsterdam and Helsinki – to support the idea that “smartness” requires more than the use of information and communication technologies. Their study identified four domains that are linked with the concept of “smart destination” and are valuable for sustainable long-term tourism development. These domains are: leadership, innovation, social capital and human capital. The latter two are considered by authors to be fundamental, especially for promoting cooperation between stakeholders, avoiding negative

competition, and increasing the knowledge-based business activities. Another recent perspective on tourism destinations explores the emotional aspects of interaction between tourists and destination. This emotional dimension allows exploring such constructs as ‘sense of place’, ‘place attachment’ and even changes of self-image in relation to a particular tourism destination (Correia & Guillet, 2013) proving that the topic of tourism destination still possesses a potential for further academic research despite being extensively studied before.

The tourism destination itself, as noted by Barbini and Presutti (2014), can be formed in two ways – it can be planned or emergent. The former refers to a destination that has been strategically planned in terms of destination management and stakeholder cooperation in anticipation of tourist flow. The latter, however, refers to a situation when destination is formed through consumer demand – tourists consume numerous tourism products and services in a particular area thus unintentionally linking them in a destination network. If the same demand pattern occurs over an extended period of time, the involved product and service providers may recognize their interdependence and proceed with deliberate coordination. Academic literature on this topic recognizes the difficulties of destination management if numerous stakeholders are involved. Klepers (2018) adds that networking of smaller destinations to form one common larger destination can be challenging not only for the involved actors, but also for the whole tourism industry. It requires a high degree of cooperation among the tourism stakeholders to avoid fragmentation and instead promote a unified image of a destination, therefore often the optimal level where successful cooperation is possible is sub-national (Vanhove, 2011 discussed in Klepers, 2018). The involvement of different stakeholders might result in a complex planning structure that can be difficult to manage (Fyall, 2011) without proper leadership skills. At the same time efficient cooperation in destination management involving public and private resources is perceived as a key for increased competitiveness (Volgger & Pechlaner, 2014 discussed in Klepers, 2018).

It is necessary to speak of multi-destination tourism product when the travel combines two or more destinations thus forming a network or cluster of destinations. Lue et al. (1993) identify five reasons why tourists might prefer multi-destination trip over visiting a single destination, and four of them are applicable to long-haul travel including that of Chinese outbound tourist to Europe. They are as follows:

- Increasing variation of the visited places
- Catering to different tastes and preferences of a tourist group
- Reducing risk of disappointment
- Reducing travelling cost (Lue et al., 1993, discussed in ETC, 2018a)

Speaking of multi-destination travel, it is possible to discuss the required degree of cooperation between tourism places or smaller destinations to be considered as a single destination or a network of destinations. As pointed out by European Travel Commission, it can be very beneficial for national tourism organizations and destination marketing organizations if travellers combine multiple destinations in one trip. However, it is common that these organizations maintain a nation-oriented outlook to destination marketing and management and are reluctant to cooperate with other countries – often only for a specific project instead of lasting cross-border tourism cooperation (ETC, 2018a). Reason for this reluctance could be failure to understand how a particular destination fits into the larger destination network which subsequently implies failure to understand the travelling patterns and preferences of tourists. This in turn can result in inefficient marketing to the selected target markets. The advantages of cooperation on management of a multi-destination route can be perceived both at the level individual destination and at the level of the whole destination network. Some of the advantages are:

- Being promoted as a part of a joint destination can increase the relevance of smaller countries or towns for tourists, especially in the case when they would not be the first choice of long-haul travellers when making a single destination trip;
- Joint cross-border marketing of a destination cluster can increase the visibility of the whole region or route;
- Well-developed destination networks or routes can reduce the tourist pressure from the most visited destinations and reduce seasonality (ETC, 2018a).

It has been recognized that many countries in Europe are in favourable position to be a part of multi-destination travel due to good transport and especially flight connectivity (ETC, 2018a).

In their study on perceived tourism destination boundaries, Klepers and Rozīte (2010) found that tourists generally are not aware of the administrative borders when travelling. While the particular study focused on tourism activities within a single country, the author believes that in the context of Chinese travel to the Baltics the same could apply to a larger region as well. This assumption is facilitated by the fact that Schengen visa allows tourists to travel freely between all EU countries thus reducing the importance of state borders. Furthermore, Klepers and Rozīte (*ibid.*) suggest that while the tourist image of a particular destination might not coincide with the administrative reality, the involved tourism management institutions should not try to change this perception. On the contrary, the perceived image can be employed in the marketing. Similar opinion is expressed by Lingeberziņš (Kive, 2018), stating that local tourism actors should not attempt to change the

existing long-haul travellers' perception of a region or invest effort to build a separate image for each of the countries in case of the Baltics.

In order to assess the effectiveness of a tourism destination, a quality evaluation should be carried out. According to UNWTO, a high quality tourism destination

“implies the satisfaction of all tourism product and service needs, requirements and expectations of the consumer at an acceptable price, in conformity with mutually accepted contractual conditions and the implicit underlying factors such as safety and security, hygiene, accessibility, communication, infrastructure and public amenities and services” (UNWTO, 2018b).

In addition, the social, cultural and environmental aspects of a destination should be treated with respect. If these quality requirements are fulfilled, a destination can be considered to have a high potential for competitiveness, which, in turn, is defined as

“ability of the destination to use its natural, cultural, human, man-made and capital resources efficiently to develop and deliver quality, innovative, ethical and attractive tourism products and services in order to achieve a sustainable growth [...]”(UNWTO, 2018b).

Based on the observed definitions, it can be argued that sustainability is an important factor for destination development and long-term growth, and it applies to both natural and man-made environment.

In sum, tourism destination is a place that encompasses the necessary components for receiving tourists. Tourism destination as a physical place does not necessarily correspond to administrative borders. At the same time tourism destination can exist in the digital environment (smart destination) and link the tourists with the destination and involved stakeholders within the destination with the use of ICTs. Based on the observed scientific literature, in the present MA Thesis the concept of tourism destination is applied to a geographic territory consisting of three Baltic States, also referred to as the Baltic region. While it is possible to view each of the Baltic States as a separate destination or a destination network, Author supports the opinion that separate countries as a destination is too small of a unit to be considered in the context of China outbound tourism.

1.4 Destination image

One of the aspects that is considered vital for the success of a tourism destination is the image – especially the one that is perceived by the travellers. Destination image (further in text – DI) forms in the consumer's mind based on the accessed information about this destination, and it can come from various sources. The construct of DI has been studied from various

perspectives, such as political science, social psychology or business (Zhang, Wu & Buhalis, 2018), as well as within the framework of tourism marketing and tourism territorial marketing. It is the sum total of a consumer's ideas, beliefs and impressions about a destination (Crompton, 1979 discussed in Molinillo et al., 2017). The same view is held by Kotler et al. (1993) proposing that DI is a simplified collection of associations and information related to a particular destination (Kotler et al., 1993 quoted in Avraham & Ketter, 2015). Looking at the definition of DI in works of different scholars, Molinillo et al. (2017) sum it up as a "complex, relative, multiple and dynamic concept" that consists of more than one layer or dimension. Moreover, this image can be categorized as: positive, negative, weak or unknown, mixed or even contradictory. Depending on these categories, Avraham and Ketter (2015) suggest that different marketing approaches should be applied in each case. While the most commonly recognized goal of destination marketing is to create or improve the image of a destination to increase its attractiveness, other goals are also possible depending on the specific needs or conditions of a destination. Alternative marketing goals can be changing a negative destination image, initiating tourism in an unknown destination or even reducing or stopping tourism consumption of a destination (Avraham & Ketter, 2015). At the same time the authors note that the destination marketing goals are dynamic and can change over time to adjust to changing consumer characteristics and trends; moreover, in some cases the same destination might have several images and thus also several marketing goals depending on the targeted market (ibid.). When looking at Baltic States as a destination for Chinese tourism market, the most relevant from the aforementioned marketing goals appears to be initiation of tourist consumption of an unknown destination due to such factors as geographical distance between the markets and the relatively recent joining of China in the international tourism scene (as observed in more detail in Chapter 2). Based on a qualitative content analysis of various destination marketing campaigns, Avraham and Ketter (2015) conclude that in cases when a destination wishes to target a new tourist market and become visible in the internationally, there are specific marketing tactics that can be applied. The authors suggest that first it is important to acknowledge that the current DI is weak or not recognized in the targeted market, as it might be in cases when the tourism destination is small in size and located in the periphery. The next step can be to either strengthen the DI by advertisement campaigns and public relations with the target market, or the destination might "adopt" a previously established and stronger, more visible image or brand to become associated with it (ibid.). This theory suggests that there are several options for a tourism destination with an unsatisfactory DI to improve the issue, but before that is it essential to

recognize and understand what the current situation is and what the intended marketing goal is.

Clearly, all tourism destinations are not in equal positions when developing the destination image. Factors that form DI often are numerous and difficult to distinguish; however, some of these factors can be changed – management approach, resource use and planning strategy, while other are difficult or even impossible to change – climate, location and distance to tourist markets (Avraham & Ketter, 2015). Therefore, it is vital for a destination to be aware of these factors and how they can be used to benefit the image. This task is generally assigned to DMOs, although not every tourism destination has a responsible DMO. World Tourism Organization defines DMO as a “leading organizational entity which may encompass the various authorities, stakeholders and professionals and facilitates tourism sector partnerships towards a collective destination vision” (UNWTO, 2018b). Depending on the level at which DMO operates (national, regional, local), the functions it fulfils might differ, but the main responsibilities of this type of organizations include: tourism product development and promotion, strategic planning, tourism policy implementation, as well as management and coordination of tourism resources (UNWTO, 2018b). In the case of the Baltic region the national level DMOs can be considered the most influential in the process of destination image formation.

The perceived image of a destination can significantly influence the tourists’ motivation. The image is created based on the information that is available to the potential travellers. Destinations with unique attractions have an advantage because it is easier to develop a memorable image based around the particular attraction (Holloway, 1999:80). The image should be distinctive and allow the destination to stand out from other similar destinations. Marketing-related studies indicate that consumer’s perception of a destination influences the attitude, satisfaction level and intentions to revisit the particular destination (Lin, Hsu & Tsai, 2011 discussed in Zhang, Wu & Buhalis, 2018). This notion has been developed further by Zhang, Wu & Buhalis (2018) finding that a positive consumer’s perception of a destination even before travelling is one of the most important conditions to ensure satisfaction during and after the trip, as well as higher expenditure and revisiting intentions.

DI can be evaluated by collecting qualitative data – conducting surveys, questionnaires, interviews and focus groups to disclose the attitude of the target audience (Avraham & Ketter, 2015). It is argued that DI formation in consumer’s mind is a process that begins with expectations and ends with actual experience, and throughout this process the perception and understanding of a DI is supplemented (Batat & Phou, 2017). As a result, the

consumer's perception of a DI can change over time. Since different types of consumers can have different expectations, the experience at a tourism destination might not be the same for everyone. Reviewing earlier academic works, Labanauskaite and Gedvilas (2013) have summarized the factors that can potentially determine touristic attractiveness of a place or destination: distance from the tourist's source country, geographical location, climate, natural resources, local culture and cultural resources, and political situation. However, the influence of these factors depends on the tourist's personality and their motivation, intended type and mode of travel, as well as the travel duration. Moreover, research shows that tourist attitude towards a destination is related to previous experiences, either at a similar or comparable destination, or at the same destination in case of revisiting (Batat & Phou, 2017).

The role of social media in tourism is increasing as consumers use it during decision-making process. Because of this, social media can be very beneficial for international tourism marketing to promote a destination, establish destination image and for tourism management to receive feedback from the consumers (Leung et al., 2013). As an instrument for destination management social media has the advantage of almost instant access to a wide, global audience while investing comparatively little effort and financial resources. In their research about DI formation Molinillo et al. (2017) compare influence of a destination's official website and social media finding that the latter has a greater potential to affect consumers' perception of a destination due to higher level of involvement with the content. As a result, the researchers suggest that DMOs can create a more attractive destination image by providing information in a way that is visually attractive, quick and easy to access and gives a sense of involvement to the potential travellers. This finding suggests that it is necessary for DMOs to implement the available ICT resources in order to remain relevant in the international tourism market.

In conclusion, destination image is a complex construct with numerous contributing factors. The authorities responsible for destination management should be aware of the existing perception of a destination in order to be able to identify potential issues and choose the appropriate marketing approach to solve these issues. The development or strengthening of a tourism destination image can be greatly facilitated by the use of ICT resources and social media in particular.

1.5 Cross-cultural communication in tourism

As established in the previous sections, tourism model always involves at least two sides, and depending on the purpose of study these sides can be perceived, for example, as the economic

supply-demand or social host-visitor dynamic. The cultural dimension in tourism is one of the most employed approaches when studying the relationship between the two involved sides. Culture commonly is viewed as a factor that can influence the tourist behaviour and attitudes (Lingebērziņš, 2017:120), and thus it can provide valuable information for tourism marketing. Consequently, this section focuses on cultural differences in tourism as a potentially decisive factor for tourist satisfaction.

Research concerning cultural dimension generally attempts to systematize the cultural differences and identify relevant models of culture-specific behaviour or attitudes. At the same time, the complexity and multifaceted nature of culture imply that one model cannot sufficiently reflect the aspects of a culture. In tourism marketing it is expected that the supply side will adjust to the tourist demand, especially since tourism is considered to be a highly reactive industry (Lingebērziņš, 2017:121). The changing global tourism environment motivates tourism organizations to adjust to the specific characteristics of travellers. Therefore, knowledge of different cultures and intercultural communication is more often considered during the strategic planning phase for tourism marketing and management.

Culture in tourism context most commonly refers to national culture. However, in a more general sense culture can be perceived as having multiple nested levels of influence. Reisinger distinguishes between six such levels, several of which can be intertwined; therefore, one person can possess more than one cultural identity and belong to several cultural subgroups at the same time (Reisinger, 2009:100). Li, Zhang & Cai (2016), however, point out that in previous studies regarding influence of culture in tourist behaviour, the predominant approach has been to observe culture at the level of nationality. While the authors admit that these studies have greatly increased the overall understanding of different tourist groups or markets, there are still other levels of culture that could be explored.

From the stance of practical applicability, cultural competence is increasingly valued in the studies concerning tourism industry. A prevalent opinion is that tourism companies need to become more flexible and adapt to the culturally diverse international tourism market by increasing their cultural skills, as well as the ability to apply them (Reisinger, 2009; Li, Zhang & Cai, 2016). One of the most discussed topics in tourism marketing is tourist motivation to travel, and previous research confirms a strong link between motivation and culture. However, some scholars believe that the overall influence of culture on consumer behaviour has not been sufficiently studied in the context of tourism (Li, Zhang & Cai, 2016). Huang et al. (2015) recognize that tourist motivation to travel can be either culture-specific or context-specific (unrelated to culture), and suggest that differentiation between these two should be further studied to address a gap in tourist motivation research.

The communication between cultures is promoted by such factors as the use of Internet, open borders and global businesses and organizations operating in several countries (Lingebērziņš, 2017). Reisinger (2009) emphasizes that the aim of communication between hosts and tourists representing different cultures is to establish understanding, not to achieve agreement or similarity. According to her, intercultural communication in tourism is generally carried out in a supply-demand scenario: the host has to be able to understand the needs and expectations of a tourist in order to deliver a suitable tourism product. It is recognized that tourists with different cultural background have different expectations regarding the provided products and services due to being accustomed to the standards that prevail in their source culture. This notion is illustrated, for example, by the research conducted by Naidoo & Ramseook-Munhurrun (2016) on service modification in Mauritius to accommodate the Chinese tourist market. The results of their research show that service and product adaptation to Chinese tourist needs posed numerous challenges due to different sets of values and expectations as the providers were accustomed to serving European tourists. Hence the researchers acknowledge the importance of effective intercultural communication, especially in the context of providing tourism products and services.

Tourist motivation and behaviour provide valuable information for the suppliers, as these two factors allow customizing the tourism product according to the traveller's needs and wishes. Tourists tend to have several motives for travel, although it is possible that they are subconscious and not fully recognized by the tourist. Some of these can be individually distinctive, while others prescribed by the social and cultural background of the tourist. (Wang, 2000:45) The potential tourists have to be aware of their needs and wishes, as well as the supply side of a destination; if these factors coincide, it forms motivation to travel (Holloway, 1999:77). In the context of tourism marketing the study of tourist behaviour attempts to identify the converging patterns in order to divide the tourists in sub-groups or segments based on the similar characteristics that they demonstrate (Holloway, 1999). This approach of segmentation allows tourism providers and marketing organizations to predict tourist preferences and consumption patterns, as well as choose the most suitable products or marketing approaches for specific segments (Johns & Gyimóthy, 2002). There are three established groups of determinants that are commonly used for market segmentation: demographic, socioeconomic and psychographic. The groups or segments can also be created based on either tourists' motivations, or their socio-demographic profile (Correia & Guillet, 2013). While there is a consensus in tourism marketing that segmentation based on demographic indicators has a low ability to predict tourist behaviour, the information about tourist's country of origin can be a decisive factor (Johns & Gyimóthy, 2002). There is an

emerging trend of cultural determinism in market segmentation, and this notion is supported, for example, by Li, Zhang & Cai (2016) who suggest that culture should be perceived as a strongly influential factor for tourist grouping since the behaviour of an individual is determined by the cultural values in which they have been socialized. The authors argue that adding information on tourist cultural values can increase the effectiveness of market segmentation as it provides a more accurate and detailed profile of the targeted group, and thus can be of great value for destination marketers. The Author of this Thesis supports this theory and believes that cultural background as an influential factor that should be considered in market segmentation. This approach might provide valuable information about a particular segment that may not be exposed when using, for example, demographic or socioeconomic segmentation approach.

To sum up, the cultural differences in a tourism situation can affect the communication between the host and the guest. These differences can also determine how the tourists will perceive a destination, behave during the trip and how pleased with the experience they will be afterwards. Having a sufficient understanding of the needs, wishes and specific characteristics of the tourists can significantly increase the success of marketing efforts. Moreover, it can positively influence tourist satisfaction at a destination potentially contributing to longer stay, higher expenditure and revisiting the destination; therefore, knowledge of the target market is essential.

2. TARGET MARKET: CHINA OUTBOUND TOURISTS

Knowledge and capability to establish a successful communication between different cultures can become a competitive advantage in the international tourism market (Lingebērziņš, 2013:79). However, the process of acquiring the knowledge and intercultural communication skills can be quite complex. The specific nature of tourism dictates that the main source of relevant knowledge is the tourist itself. Following this notion, the present chapter attempts to collect relevant knowledge about Mainland China (hereafter “China”) as a target market focusing on the most recent and emerging trends. The following sub-chapters explore the characteristics of Chinese outbound tourists that have been recognized as significant in different marketing-based studies. The proposed task for this chapter is to collect information on China outbound tourism market that would be relevant in the context of Baltic countries as a destination. Therefore, the main sources of information are European and EU publications as they can be considered the most fitting in terms of applicability due to geographic location and the fact that all three Baltic States are members of the European Union.

2.1 Research into China outbound tourism

China, or People’s Republic of China, is one country composed of several parts: Mainland China, Hong Kong, Macau and Taiwan. Mainland China, which is observed in this MA thesis, entered the international tourism market only relatively recently and, subsequently, the academic research on Chinese outbound tourism began around mid-1990s with earliest studies focusing on general analysis of China’s tourism market and facilitating factors for outbound tourism (Huang et al., 2015). By the end of 1990s, scholars began to look at social and psychological factors influencing outbound tourism, tourist motivation, expectations and satisfaction (ibid.). These efforts gradually increased the understanding of this seemingly very different market (especially from a Western perspective) and began to build a profile of Chinese outbound travellers in the international tourism arena that eventually could be used for marketing purposes.

A review of current literature on outbound tourism from China shows that a lot of attention is focused on the potential economic benefits that this market can bring. Apart from that, it is possible to distinguish five main study directions regarding Chinese outbound tourism (Guo, Kim & Timothy, 2007). These are: studies on domestic policies and economic factors that influence outbound tourism; Chinese tourist demand and travel trends; tourist behaviour and consumption patterns (including destination selection, preferred type of travel, activities, transportation modes, accommodation, and shopping interests); marketing

strategies to attract Chinese tourists; and problems that destination countries are facing as a result of the increasing tourism flow from China. Huang et al. (2015) add that current research concerning the arising problems seems to be rather limited in regard to such topics as negative guest-host experience or environmental implications of the receiving countries. Numerous countries in Europe have conducted China tourism market research for the purpose of identifying suitable marketing approach or developing trend forecasts. However, to build a sustainable tourism relationship it is important for destination governments and DMOs to consider social and environmental issues, and raise awareness about them before the damage is caused (ibid.). Similar opinion is expressed by Labanauskaite and Gedvilas (2013) who suggest that it has not been sufficiently researched how the on-going changes in Asian economies and societies might affect not only the European tourism market, but also both involved sides – tourists and hosts – in relation to cultural exchange. This issue remains to be addressed by further studies.

2.2 Policies and regulations influencing China outbound tourism

For a long period Mainland China was relatively closed off from the rest of the world. Officially the first outbound travels were commenced in 1983 when citizens of Mainland China were permitted to visit friends and relatives in Hong Kong and Macau. Before 1990 it was allowed to travel abroad only for education and business reasons (Arita, La Croix & Mak, 2012). Leisure outbound travel to foreign countries began in 1990 when the Chinese government issued a regulation that allowed citizens to travel to Singapore, Malaysia and Thailand with the purpose of visiting friends and families. During the next five years a few more countries (Mongolia, Russia and the Philippines) were added to the list of permitted destinations for Mainland Chinese outbound travel, yet still strictly for the intent of visiting relatives or friends. The issue of legislation on *Provisional Regulation on Self-supported Outbound Travel* in 1997 marked the beginning of international leisure outbound tourism. (Guo, Kim & Timothy, 2007) In the following years Chinese leisure outbound tourism remained under regulation of government institutions and has been strongly influenced by the policy of *Approved Destination Status* (ADS). The ADS policy was a part of a gradual liberalization process that involved negotiations between China and selected countries to allow Chinese citizens to visit these destinations in groups as a part of strictly controlled package tours (Arita, La Croix & Mak, 2012). The agreement typically involved a simplified process for obtaining visa for travelling to the particular destination as all members of a group could apply together (ibid.). European Union signed a Memorandum of Understanding with

China in 2004 which granted the ADS to almost all EU member states¹ at once (EC, 2004) including also at the time newly-accessed Baltic countries – Estonia, Latvia and Lithuania. Because of this it can be considered that international outbound tourism from China is a relatively recent phenomenon, and one that deserves to be researched in depth because of the exceptional circumstances of its development. Notable factor that has assisted the development of China’s tourism sphere is the membership of World Trade Organization since 2001 which put an end to some of China’s protectionist policies and increased the global competitiveness, subsequently reducing the travel costs and formalities for international travel, and increased the international communication (Guo, Kim & Timothy, 2007).

UNWTO (2013) data show that over the previous decade the volume of international outbound travels from China has increased more rapidly than that of domestic trips, and the actual growth has exceeded the earlier forecasts. The current national tourism strategy of China – *Outline for National Tourism and Leisure (2013-2020)* – promotes sustainable tourism development. This document was issued by State Council of China, highest level governmental body, with the aim to encourage the working Chinese citizens to use their paid annual leave which historically has not been accepted in Chinese culture. (UNWTO, 2013) Hence, the document has been deemed influential for the advancement of outbound tourism.

China is characterized by high social inequality which is reflected by the current Chinese outbound travel flow. Cities in the coastal areas of Mainland China are wealthy and fast developing, while the rural inland regions remain relatively poor. Another closely related factor that reflects upon outbound tourism is urbanization. Large cities are the main centres of economic activity in China, and the dwelling-place of the majority of middle and upper class population. There are more than 150 cities in China where population exceeds one million inhabitants; hence, these cities can be considered as important sources for international outbound tourism due to the high economic activity and GDP growth (IHG, 2015). According to the forecasts published by European Travel Commission, by 2030 approximately two thirds of all China’s population will live in cities (ETC, 2014). It is expected that the largest or so-called “first tier” cities – Beijing, Shanghai, Guangzhou and Shenzhen – will further increase in size, and many “second tier” cities will also become important sources of outbound tourism market (ibid.) with increasing demand for long-haul travel. Outbound tourism is facilitated by the increase of disposable income which has grown even faster than China’s GDP. During the period 2012-2017, the disposable per capita has grown by 65% (ibid.), and as a result the Chinese middle class is evidently growing in size. In 2000 only around 4% on China’s

¹ Ireland, Denmark and the United Kingdom did not participate in the 2004 ADS agreement between EU and China (EC, 2004)

population could be considered as belonging to the middle class, but by 2012 the number had jumped to 68% and is expected to reach 76% by 2022 (Iskayan, 2016). This indicates a positive trend that is expected to continue in the following years, and, consequently, more people are expected to have disposable income for travelling internationally.

Another note-worthy factor influencing the Chinese outbound travel patterns is public holidays and vacation policy. When compared to Europe, the Chinese are entitled to relatively few days of annual vacation, but at the same time there are more public holidays in China (EC, 2017). Most notable are the Chinese New Year (in early spring; also known as the Spring Festival) and National Day holidays (in October) – in both cases the public holiday lasts a whole week. Subsequently, these periods are popular for travelling abroad. This trend can be observed also in EU statistical data. The latest collection of data (as of March 2019) regarding long-haul travel to Europe demonstrates that arrivals from China peak between January and April every year which coincides with the Chinese New Year (ETC, 2019). However, another study on long-haul tourist travelling patterns demonstrates that the Baltic countries are mostly visited in the summer, but the Nordic countries are commonly visited during winter for the reason of observing aurora borealis (ETC, 2018a). These findings indicate that while there is a seasonal preference, the Chinese outbound tourism to Europe is not necessarily characterized by strong seasonality. Speaking of policies that affect Chinese travel to EU and Schengen area, it should be noted that Chinese visitors are required to apply for visa. From all source markets that require visa for travelling to EU, China is the largest and subjected to some of the strictest requirements for acquiring the visa (ETC, 2018b).

It should be added that China's tourism policy has been recognized as a tool for international diplomacy and foreign policy (Čavlek, 2016). Considering the regulatory role of national government in China's outbound tourism sphere, the tourism connections between China and other regions can be perceived as stemming from larger general cooperation in political and economic spheres. While outbound travel to neighbouring countries or territories of China (e.g., Taiwan) allegedly has been limited, tourism cooperation is promoted with countries that are covered by the Belt and Road initiative (BRI) (EC, 2017) thus implying political motives of Mainland China's government. There is evidence that China's BRI has indirectly increased Chinese outbound tourist interest in the so-called new Silk Road destinations. In Europe this phenomenon can be best observed in Central and Eastern Europe where the number of Chinese tourist arrival starting from 2013 has greatly increased following increased foreign direct investment (FDI) from China (UNWTO/GTERC, 2018). Apart from BRI, China-EU relations cover cooperation in diplomacy, politics, economy and education, with EU being China's largest trading partner in terms of trade value, and China

being the 2nd largest trading partner for EU in 2018 (UNWTO/GTERC, 2018). Although China's FDI in European Union declined in 2018, nevertheless, the total value was 17.3 billion euros (Hanemann, Huotari, & Kratz, 2019). The decline is believed to be connected with increased EU scrutiny over investment from Chinese state-controlled entities and increasing resistance of some countries to the strong economic presence of China (ibid.). These observations highlight the high degree of involvement of government in China's economic activities.

2.3 Modes of travel and communication

Chinese outbound travel market is huge, but significant part of cross-border travellers stay within the region of South East Asia. Within 2017 Chinese travellers made more than 130 million outbound trips, but majority were to Hong Kong, Macao and other short-haul destinations within Asia (UNWTO/GTERC, 2018). The huge population of China and the past outbound travel restrictions contribute to the fact that the majority of outbound tourists from China are going abroad for the first time. First-time travellers generally prefer pre-paid package tours, and even though the individual travel sectors is quickly evolving, the popularity of package tours is not expected to decrease (IHG, 2015). From Chinese outbound tourists travelling to Europe in 2017, 46% were a part of package tours, but 54% travelled independently – this figure has doubled since 2010 (UNWTO/GTERC, 2018). It is evident that even though the segment of individual Chinese travellers has grown, currently both package and individual travel take up almost equal market share and, therefore, neither of these groups should be overlooked.

A survey conducted by World Tourism Cities Federation (WTCF, 2018) found that over 35% of Chinese tourists that had travelled abroad within the previous year will most likely choose Europe for their next outbound travel. In Europe there have been identified several destination clusters that reflect the typical routes taken by Chinese outbound travellers. A study by European Travel Commission (2018a) recognizes 13 destination clusters that reflect the travelling patterns of tourists from long-haul markets with Paris as central hub linking together numerous other clusters. Chinese tourists typically prefer to travel to large cities and urban areas, and there can be two explanations for this. First, it is believed that the business travel tradition has influenced leisure travel patterns of Chinese tourists (IHG, 2015). Second, larger towns and cities are convenient destinations for less experienced and first-time travellers as all the objects of interest are located in close proximity to the hotel (ibid.). This trend generally coincides with the findings of the ETC study that based on the

favoured routes of long-haul tourists identifies Vilnius, Riga, Tallinn, and Helsinki as the foundation of the Baltics destination cluster (ETC, 2018).

The results of the aforementioned ECT study show that Northern and Eastern European destinations rarely are linked with other European regions in multi-destination tours by long-haul travellers (ibid). Such Chinese tourist travelling patterns could imply that these particular regions are treated as a separate destination network not an extension of, for example, the popular Western European destinations. The cluster consisting of the three Baltic countries is commonly combined with Southern Finland, especially Helsinki, due to the convenient ferry connection from Tallinn. Other common combinations include Warsaw in Poland or St. Petersburg in Russia. An evident trend is the Chinese tourist preference of Arctic destinations when visiting Nordic countries. Nevertheless, the travelling pattern of Chinese visitors in the Baltic and Nordic countries is not as well-defined as, for example, in the Balkans, suggesting that the tours conducted in the Baltic/Nordic region are less standardised and include more variety. (ETC, 2018a) This could be explained by the fact that Baltic and Nordic destinations are not as popular in the China tourist market and thus are less demanded among package tour travellers. It should be added that flight connectivity significantly affects the Chinese outbound travel because it is the main mode of transport used to reach long-haul regions such as Europe. Lack of direct flights can negatively affect the perceived attractiveness of a destination as more than half of Chinese outbound tourists consider this factor when choosing a travel destination (WTCTF, 2018). This observation reflects negatively on the Baltic region where currently no direct flight connection with China is available.

Another noteworthy aspect is that Chinese people generally do not have a very good knowledge of the English language, with only around 22% of the population speaking English [10]. While younger travellers and those from larger cities have better knowledge of English language, it is still “considered as great hospitality if the travel agency, attraction, destination, or accommodation, have information in Chinese on their website” (Holst Kjaer, 2014).

The Chinese society generally can be considered as tech-savvy, and especially the younger generations (people below 35 years of age) rely heavily on modern technology in their everyday life. Increasingly large numbers of outbound travellers purchase their trips on the Internet. By 2017 more than 55% of hotel bookings by outbound tourists were done online (EC, 2017). While the tourism market in China is dominated by a small number of traditional, state-regulated tour operators, online travel agencies are becoming more popular due to their convenience (UNWTO/GTERC, 2018). Moreover, from all internet users in China, roughly 90% prefer to access internet on their mobile phones (ibid.). Scholars note that the rapid

development of social media use on mobile devices in China can be perceived as both opportunity and challenge for destination marketing organizations (Huang et al., 2015) because such widely used mobile applications as *WeChat*, *Fliggy*, *Qyer* and *Alipay* strongly influence the Chinese outbound tourist decision-making, behaviour during trip and satisfaction of the travelling experience. WTCF survey (2018) found that according to Chinese outbound tourists the most appealing marketing and promotion approach of a destination is promotion online, e.g., by having an official account in Chinese social media platforms *Weibo* and *WeChat* (WTCF, 2018). It should be noted that such websites as *Google*, *Facebook*, *Youtube* and *Instagram*, which are very popular in Western countries, are blocked in China (Stephens, 2018), thus emphasizing the importance of recognizing and choosing the correct platforms for marketing and communication with China.

2.4 Demographic profile and tourist segments

In terms of population, currently China is the largest country in the world. The overall size of Mainland China's population as of January 2019 was 1.4 billion people, but according to a report by Chinese Academy of Social Sciences (CASS, 2019 quoted by Myers, Wu & Fu, 2019) it is expected to gradually decline starting from 2027. China is currently experiencing a demographic shift – according to the World Health Organization data, more than a quarter of China's population will be aged 60 and over by 2040 (WHO, 2015). However, the majority of outbound travellers today are still relatively young.

China outbound travel market can be categorized in segments according to the age of tourists. While this demographic segmentation cannot be considered very precise, it does highlight some noteworthy features. Today three age groups are most visible in China outbound tourism market: people born post-1970, post-1980 and post-1990. The segment of post-1970 travellers is shrinking; however, this age group is characterized by the highest travel expenditure (WTCF, 2018). Tourists of this segment treat outbound travel as an indicator of wealth and social status, and therefore tend to prefer luxurious travel such as cruise tours (ibid.)

People born after 1980, also known as millennials, compose the largest percentage of outbound travellers, and these tourists are likely to have several international trips each year (WTCF, 2018). This generation of Chinese travellers is characterised by high use of internet, sharing travel experiences online and using mobile phones for payment (UNWTO, 2017). People in the age group 1980-1990 typically travel with their children and spouses, and prefer package tours (ibid.) According to European Travel Commission data, majority of travellers

to the Baltic countries belong to this age group (ETC, 2018a). The proportion of people born after 1990 in China's outbound travel sector is increasing. The post-1990 travellers prefer individual travel or travelling in small groups with friends or colleagues, their travel expenditure is generally lower than that of older travellers (WTCTF, 2018). This tourist segment is generally interested in tourism products that provide personalized experience (ibid.), and thus considered a favourable target for promoting tourism products with high added value.

It can be added that there is a predominance of female travellers over male (Chinese Tourism Academy, 2016, quoted in EC, 2017), although this demographic indicator is generally not considered very influential for Chinese tourist behaviour. Another possible approach is to segment tourists into first-time and repeated outbound travellers; this division is discussed in more detail in the next section.

2.5 Travel motivation and behaviour

Due to the political restrictions described in the previous sections, for several decades Chinese outbound tourism was dominated by business travel. For the first time number of non-business and self-supported (not sponsored by government) outbound travellers exceeded that of business travellers only in 2000 (Guo, Kim & Timothy, 2007). Since then leisure has increasingly become the main outbound travel purpose for Chinese. Leisure trips are expected to make up 62% of total Chinese outbound travel by 2023 (IHG, 2015).

Researchers have identified several push and pull factors that apply to Chinese outbound travellers. In their research on Chinese outbound tourist motivation, Li, Zhang & Cai (2016) identified seven internal motivation or push factors:

1. Escape and relaxation
2. New experiences
3. Seeking knowledge
4. Education of children
5. Spending time together with loved ones
6. Self-development
7. Nostalgia

Three main pull factors were identified from the same sample: business, natural scenery and shopping. Due to the small sample size (46 participants), the findings of the abovementioned study cannot be generalized, but they provide an insight in Chinese tourist motivation to travel that could be useful for DMOs.

A significant push factor that is expected to become increasingly decisive is the negative consequences of rapid urbanization – overcrowding, and environmental problems such as pollution. These issues serve as motivational factors for Chinese travellers to seek out destinations that are more quiet and “green” (ETC, 2014). It has been recognized that Chinese outbound travel decisions are significantly influenced by celebrities and digital influencers (such as travel bloggers), as well as films and TV shows, and social channels online (EC, 2017). In case of celebrity influencers and social media, the Chinese consumer trust in these opinions and reviews could be potentially connected with the collectivist mentality. There is, however, a gap in studies regarding culture-specific determinants of China outbound tourist travel motivation and further research might be conducted to explore the link between Chinese cultural values and motivation to visit a particular destination (Huang et al., 2015).

In the context of travelling to Europe as the main motives of Chinese travellers are identified beauty of landscape and nature (82%), variety of historical and cultural heritage (73.6%), attractive cities and towns (43.5%), interest in the different cultures and folklore (23%), shopping opportunities (21.9%) well-developed tourism facilities and infrastructure (16%) and entertainment opportunities (6.7%) (Tomás, 2011 discussed in Andreu, Claver & Qer, 2014). Andreu, Claver & Qer (2014) have identified that for European destinations a positive correlation exists between the number of Chinese visitors and the amount of culture and nature heritage sites at the destination, level of infrastructure development and level of safety at the destination. It is further proposed that opportunity of involvement and first-hand experience with the local customs and traditions of the tourism destination serves as additional travel motivation for visiting Europe (ibid.).

The huge population of China and the past outbound travel restrictions contribute to the fact that the majority of outbound tourists from China are going abroad for the first time. Typically, in the first overseas trip the Chinese tourists prefer to include as many activities and experiences as possible (ECT, 2014) to gain the most out of the money they paid for the tour, especially in group package tours. As mentioned in the previous section, Chinese outbound travellers generally prefer multiple destination trips covering more than one country, and the main reason for it is the time and money resources; therefore, the tours offered by travel agencies in China typically include several countries from one region allowing the travellers to feel like they receive good value for their money (Guo, Kim & Timothy, 2007). As China belongs to collectivist culture (Hofstede Insights, 2019), community and family ties are very important for Chinese, and this is evident also in the outbound travel behaviour. According to a recent study by European Travel Commission, almost half, or 47% of all outbound tourists from China travel together with family and

relatives, and approximately quarter (24%) travel together with friends (ETC, 2014). The same study also found that only around 7% of all Chinese outbound tourists travel without any companions, although this number is expected to increase, especially for travel to Europe (ETC, 2014; EC, 2017). Studies show that common reasons reason why tourists from China prefer to travel in groups are concerns about prices, language barrier, and visa acquiring process (EC, 2017) – all of which can potentially be minimized by choosing pre-paid group package tours.

There are some notable differences between the travelling patterns of first-time outbound travellers and those that are already experienced. First-time Chinese trips abroad tend to be shorter – the average length is 4 days, but include multiple destinations and a variety of activities, while more experienced tourists tend to seek a more in-depth experience and focus on one or two countries per tour. According to a report by European Travel Commission (2014), the first-time travellers are typically attracted by the following features:

- Filled travel schedule – many activities in a short period of time;
- Shopping of luxury international brands;
- Good value for money;
- Safe and secure environment;
- Finding links with home – Chinese restaurants, local Chinese community etc.
- Opportunity to increase their prestige – evidence (photos or souvenirs) of visiting iconic sights (ETC, 2014).

The same report notes that majority of the abovementioned points are significant also for Chinese tourists who travel abroad repeatedly, but this market segment has a few additional characteristics:

- Demand for authentic experience, interest in local culture of the destination;
- Increasing individualism and reduced fear of risk-taking when travelling (ibid.).

A characteristic of Chinese outbound tourists that is commonly mentioned in market reports and studies is high expenditure during the trip. Chinese tourists currently are the highest spenders, and have significantly preceded such countries as United States and Germany (EC, 2017), and this is one of the main reasons why China is perceived as a desirable target market by many destinations around the world. Approximately 30% of the Chinese outbound tourist travel expenditure (excluding flight tickets) is comprised of shopping (ibid.). This can be explained by the observation that tourists from Mainland China typically shop not only for themselves but also for their families and friends back at home

(Guo, Kim & Timothy, 2007). In addition, there is a high demand for luxury items in the Chinese upper middle class, and luxurious goods are especially sought-after during international travels due to reduced taxes for purchases made abroad (EC, 2017). Huang et al. link this Chinese tourist shopping behaviour to the notion of keeping “face” – a complex concept that is deeply embedded in the Chinese social relations. Hence buying and giving gifts is one of the necessary activities for maintaining a good social status (Huang et al., 2015).

2.6 Perceived image of the destination, expectations and travel satisfaction

Tourists travelling to long-haul destinations for the first time might not know what to expect from the destination, and this is not an uncommon reason why Chinese outbound tourists prefer package group tours when going to Europe (ETC, 2014). However, there is evidence that Chinese travellers are becoming more educated. Currently, over 80% of all Chinese outbound tourists have a Bachelor’s or higher degree (WTCF, 2018). While better educated tourists are favoured by tourism marketers and suppliers, at the same time it means that these tourists are more likely to have higher expectations from their travel experience.

There is an emerging trend of interest in smaller, lesser known destinations that are not overcrowded with tourists, such as islands or Arctic regions (EC, 2017). This can be linked with another identified tendency – interest in niche products, thematic tours and unique experiences (WTCF, 2018). These two trends can be considered especially beneficial for European destinations due to Europe’s varied cultural and geographic scenery. A 2017 study by EC tried to identify the Chinese tourist perception and main points of interest in Europe as a destination by quantitative analysis of Europe-related topics in Chinese social media. The study found out that an established image in Chinese media is that of Europe as a heritage site – a collection of art, culture and architecture (EC, 2017:54). Popular perception of Europe is also as an exotic destination with unusual natural phenomena like northern lights, beautiful landscapes and picturesque small towns and villages (ibid.). Earlier research shows that the most popular activities among Chinese tourists in Europe are culture-based (Yun & Joppe, 2011). Common activities mentioned in the context of Europe are: relaxation, visiting cafes, museums and churches, shopping, especially for traditional handicrafts and food items (EC, 2017:55-56). A similar study by ECT found that in the context of Baltics, first of all, the three Baltic countries are often perceived as a whole, and, second, the Chinese tourists in this region also focus on the historic and cultural sights, and architecture in particular, e.g. the Old Towns of Riga and Tallinn (ETC, 2018a). Hence, culture-based sights and activities appear to be the most demanded tourism product in the Baltic region.

Despite the evident pull factors, long-haul trips, particularly to Europe, are often linked with a number of travel concerns for Chinese outbound tourists. Several studies highlight that the main concerns expressed by Chinese travellers before going on an overseas trip are: language barriers, visa facilitation, cultural differences, transportation, accommodation and food quality, and personal safety (CTA, 2018; WTCF, 2018). Other concerns that are regarded as less decisive include: high prices, lack of information in Chinese language and not being able to pay with Chinese bank cards (ETC, 2014; CTA, 2018). Younger travellers and the millennial generation in particular are worried about the access to internet, such as availability of Wi-Fi in hotels and public spaces, and ability to pay with mobile devices via apps like *Alipay*, which is highly popular in China (CTA, 2018). The terrorist attacks in Western Europe in previous years have affected the Chinese travelling patterns as illustrated by decreased number of Chinese visitors in France in 2016 (EC, 2017). As a result more potential travellers have considered destinations in Northern and Central Europe as they are believed to be safer (ibid.).

In the context of outbound tourism from Mainland China, current research about Chinese tourist satisfaction has mainly been limited to exploring the situation in neighbouring destinations like Hong Kong and Macau (e.g. Chan, Hsu & Baum, 2015; Wong & Li, 2015) since the majority of Chinese outbound tourists, especially first-time travellers, prefer short-haul destination. Huang et al. (2015) address this issue and suggest that it is necessary to carry out further empirical tests in the long-haul destinations as well, including European countries.

Providing satisfactory travel experience for the Chinese tourists may be vital for the future of Chinese tourism market attraction to a particular destination due to the strong community ties and prevalence of social media use in Chinese society. A report by World Tourism Cities Federation (WTCF, 2018) based on questionnaires filled by 8,374 participants revealed that over two thirds of Chinese outbound tourists share their travel experience online on social media. Moreover, in case of a satisfactory experience over 70% of the travellers are very likely to recommend the destination to their peers (ibid) which might significantly contribute to popularity of a destination as word-of-mouth recommendations are highly valued by Chinese.

2.7 Observable implications

While the Chinese outbound tourism market is clearly evolving and maturing with travellers becoming more adaptive and seeking more authentic experiences, the receiving countries can further encourage this process. Studies show that countries perceived by

Chinese as long-haul destinations have a large potential for growth and increased benefits from Chinese tourist arrival (IHG, 2015), but this means also increased global competition as every region in the world hopes to attract this new and rapidly developing tourism source market. To be able to compete in the international tourism market, selecting the right strategic approach is vital. For example, European Travel Commission (2014) has proposed the following factors are decisive for attracting Chinese outbound tourists:

- Understanding the cultural differences, characteristics and needs of Chinese tourists;
- Developing and providing the correct tourism products to the targeted market segments;
- Recognizing that individual travel is becoming more popular;
- Selecting a destination marketing approach that appeals to the growing Chinese tourist interest in authentic experiences;
- Learning to integrate China-friendly elements in the tourism products (ETC, 2014).

While these suggestions are valid, they do not provide enough practical advice for destination marketing. Therefore, based on the characteristics of Chinese outbound tourism market identified in the previous sub-sections, the author of this MA thesis draws several conclusions about what features a destination should possess to be perceived as attractive by Chinese travellers. These conclusions are presented in a form of observable implications.

1. As evident by the example of Central European countries in the case of Belt and Road Initiative, political and economic cooperation with China in spheres that are not directly linked with tourism can still increase tourist flow from this source market. However, increased Chinese FDI poses a potential threat of increased economic and political influence of China in the particular region.
2. When developing tourism products for China market, the time periods when Chinese are most likely to travel (early spring and October) should be targeted as it could present an opportunity for European destinations to minimize the trend of seasonality of tourist arrivals to Europe.
3. Based on the identified destination clusters that are preferred by Chinese travellers, the destinations within a cluster should increase cooperation to create a comprehensive tourism product. In case of Baltic cluster the cooperation should be between the three Baltic countries, Finland (Southern part), Poland and Russia.
4. As a significant part of Chinese outbound tourists are not experienced and only going abroad for the first time, they prefer to reduce the potential risks by choosing popular

destinations, direct flights and package tours, therefore relatively unknown destinations like the Baltic States will not be their first choice when travelling to Europe. This implies that first-time overseas travellers should not be the prioritized Chinese outbound tourism market segment for the Baltics.

5. In response to high collectivism in Chinese culture and the preference to travel with friends and families, the destinations should offer inclusive activities that can be enjoyed by small groups and enhance the experience of spending time with loved ones.
6. Taking into consideration the Chinese tourist perception of Europe, the cultural heritage and diversity of European countries could be successfully implemented when developing tourism products for this market. As Chinese travellers are seeking new and unique experiences, there is a potential to sell thematic and niche products with high added value that provide more involvement than regular sightseeing tours.
7. Marketing activities for China outbound tourism market should be carried out in the online environment and within the social media platforms that are widely used in China. The presented information should be concise and presented in Chinese language. In addition, there should be an opportunity for consumer involvement in content creations as Chinese highly value peer reviews.
8. Considering the continuous urbanization and growing middle class, the destination marketing activities should cover not only audiences from first-tier cities, but also second or even third-tier cities as they are expected to increasingly contribute to international outbound tourism from China.
9. Pollution and urbanization in China provide an opportunity to use green and clean natural environment as a strong selling point of a destination. Nevertheless, it should be combined with other, more experience-based and diverse tourism products (e.g. cultural tourism) to attract Chinese market. Offering only one product or destination might be insufficient, especially since the trend of multi-destination travel is still strong in China outbound tourism.

The proposed list of observable implications summarizes the characteristic features of China outbound tourist market from the outlook of potential practical applicability in tourism destination marketing and management. These implementations can be considered a theoretical basis for development of a destination marketing approach for China tourism market.

3. TOURISM RESOURCES AND ATTRACTIVENESS OF BALTIC STATES FOR CHINA MARKET

This chapter explores the current situation and future potential of the three Baltic countries as a destination for Chinese tourist market on the basis of the theoretical and factual framework established in the previous chapters. In order to provide the research problem with empirical evidence, the research method of an exploratory case study is applied. This method was selected because the respective researched phenomenon has not been exhaustively studied before, and case study approach provides the opportunity to explore a specific set of contemporary, real-life events or circumstances in depth (Swanborn, 2010). Multiple sources of evidence have been selected to ensure more comprehensive and reliable results. Primary sources were collected by conducting semi-structured individual interviews with seven tourism experts from all three Baltic States (see Table 1). The interviews were voluntary and carried out in person, via phone and via email depending on the geographic distance and preference of the interviewee. Outline of questions used in the interviews is included in Appendix 1. As the conducted interviews were semi-structured, additional questions may have been asked depending on each individual case. The experts were selected based on their occupation, knowledge and experience in the sphere of inbound tourism from China. The represented field and country were considered as well when selecting the experts in order to provide a more varied and comprehensive insight on the research topic.

Table 1. Profile of the interviewed tourism experts

Expert	Represented field	Current position and connection to tourism
Expert 1	Public institution	Marketing Project Manager of tourism development agency "Lithuania Travel"
Expert 2	Public institution	Head of Trade Marketing of brand "Visit Estonia" of Estonian Tourist Board
Expert 3	Public institution	Senior Expert of the Tourism marketing Division at the Tourism Department of Investment and Development Agency of Latvia
Expert 4	Public institution	Senior Officer in Sectoral Policy Department of Ministry of Economy of Latvia, responsible for national tourism policy development
Expert 5	Tour operator	Director of North Europe & Overseas Department of inbound tourism company "Via Hansa & Borealis"
Expert 6	Tour operator	Travel consultant and Inbound Project Administrator of inbound tourism company "Estravel Latvia" (AS "Estravel" branch in Latvia)
Expert 7	Academic	Head of Geography Programmes of Klaipeda University, specialised in international tourism

The qualitative content analysis was applied to the conducted interviews to identify main statements, and the intermediate results of research are reflected in Appendix 2. The data collected from interviews is supplemented by secondary qualitative data from national tourism planning policies and marketing strategy documents, as well as quantitative data of national tourism statistics. Comparison is made between the cases of Estonia, Latvia and Lithuania, but the main goal of the present research is to identify the situation in the three Baltic countries as a single tourism destination. The reflections on the results are provided in the following sub-chapters.

The conducted research is not without limitations. First, the interviewed experts are not representative of whole tourism sphere of the Baltic States. For a more in-depth research of the situation interviews with service industry representatives could be conducted, e.g. tour guides, accommodation and catering establishment representatives. Second, access to secondary information sources was limited due to the language fluency as several tourism policy and marketing-related documents are available only in the official language of the respective State.

3.1 Importance of China tourism market for the Baltics

In order to assess the current situation of Baltic countries as the destination for Chinese outbound tourism flow, it might be beneficial to first identify the importance of these tourism relations. In order to gain a more thorough insight, the Chinese tourism flow to the Baltics is observed on both national and international scale. This approach can also provide insight on the relevance of further commitment to the promotion of Baltic States as a tourism destination for China market.

All three Baltic countries have proposed China as one of the priority markets in the long-haul market category and adopted a strategy for cooperation in the promotional activities to target this market. The current national tourism planning strategies of Estonia, Latvia and Lithuania affirm this intention [2]; [3]; [4]. The following excerpts from interviews confirm that the importance of China tourism market for the Baltics is increasing both in terms of relevance and number of overnights.

Expert 2, representing *Estonian Tourist Board*, expresses an opinion that China market will grow in importance for Estonia and the Baltic States due to the increasing outbound tourism volume from China (see following excerpt).

“[...] China as a market will definitely become more important for the Baltic States in the future because the number of tourists coming from Asia, and China specifically is growing. Over the last five years in Estonia the number of overnight tourists [from China] increased 3 times. The overall number of Chinese outbound tourists will definitely continue growing, and we hope to take a share of that as well. [...] I think we are ready to receive Chinese tourists because we have worked intensively with China market starting from 2011 following the Shanghai Expo.” (Expert 2, 10.04.2019; phone interview transcript)

Importance of China market for Latvia is confirmed by Expert 4 who represents Ministry of Economy of Latvia.

“The importance of China tourism market is definitely increasing. We started intensively working towards China tourism market in 2017 together with LIAA. They have representative offices abroad, two of those offices are in China – our person is there on the spot, works with establishing communication with Chinese businesses, investors. The main goal is to attract investors to Latvia, develop economy including tourism. In 2017 a strategy for attracting Chinese tourists to Latvia was developed [...].” (Expert 4, 12.04.2019; interview transcript, author’s translation)

While confirming the prioritized role of China tourism market, the two experts also indicate that the level of allocated importance towards China market is not equal in the Baltic countries with Estonia actively working on attraction Chinese outbound tourism since 2011, but Latvia only since 2017. Different approach is evident also from the content analysis of national marketing documents of the countries.

China, along with Japan, is proposed as a the long-haul target market for Estonia in Asia, and a separate strategic document – Asia Program– has been developed to support the main tourism policy of Estonia. The main tasks proposed in this Asia Program in regard of tourism marketing are increasing visibility of Estonia as a tourism destination in targeted Asian markets and popularize Estonian tourism products by creating localized content for Asian consumers [6]. The current Latvian Tourism Marketing Strategy (LIAA, 2018) mentions China as one of the priority markets in long-haul market category, and a number of tasks are proposed to target this category without specifying separate activities particularly for the China or even wider Asia market. In case of Lithuania, China as a priority market was introduced in the Lithuanian Tourism Development Program for 2014-2020 [4] where it is mentioned as one of the long-haul target markets. A more in-depth approach to China tourism market is visible in Lithuanian Tourism Marketing Strategy for 2016-2020 that provides a market analysis of Chinese tourists as a growing market segment in Lithuania [5]. The document contains a description of Chinese traveling trends in Lithuania, main

challenges and opportunities for future development of tourism products for China market (ibid.). These observations demonstrate that each Baltic country has developed an individual approach to the inbound tourism from China.

Looking at official statistical data about inbound tourism it is evident that number of Chinese tourists in the Baltic countries has indeed notably increased over the years. Depending on the length of stay, foreign visitors are generally divided into same-day visitors (do not spend a night at the destination) and overnight visitors (spend at least one night at the destination). Since it is complicated to acquire precise data on same-day visitors, for the purpose of this Thesis the dynamic of Chinese tourist arrival is observed using statistical data on registered overnights in accommodation establishments (see Table 2). Overnight visitors are economically more valuable for tourism destination due to added accommodation expenses, therefore this indicator can be considered more important to describe destination development.

Table 2. Number of tourists from China in accommodation establishments in the Baltics

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Estonia	2 823	5 549	5 934	7 806	11 689	12 027	14 167	19 698	20 381
Latvia	1 963	2 893	3 666	6 319	12 584	13 022	20 549	22 774	22 738
Lithuania	3 309	5 522	6 124	5 591	7 015	9 029	11 403	15 171	(19,3 thsd.) ²

(Source: Statistics Estonia; CSB; Statistics Lithuania)

While there is a diverging dynamic between the countries, overall Table 2 reflects a steady growth of overnight visitor arrival to the Baltics since 2010. Official data of Chinese overnight visitors in Lithuania in 2018 is not available as of May 2019. However, there is data available on the first three quarters (Jan-Sep) of 2018. During this period the number of Chinese overnight tourists in Lithuania reached 16,2 thousand thus already surpassing the 2017 results. Approximate number of Chinese tourists (19,3 thousand) provided by representative of national tourism agency of Lithuania is used for reference. Looking at the figures reflected in Table 2, it can be observed that starting from 2014 the number of Chinese tourists significantly increased for Estonia and especially Latvia, but Lithuania has experienced a more gradual growth. Based on the available data, the total Chinese overnight tourist increase between 2010 and 2018 for the Baltic countries is as follows:

- Estonia: + 622%
- Latvia: + 1058%
- Lithuania: + 483%

² Approximate number based on information provided by representative of Lithuania Travel

These results demonstrate an impressive growth dynamic for a period of less than 10 years, and an evident positive trend. The varying figures imply that not all Chinese visitors who spend overnight in one of the Baltic countries stay overnight in other two countries as well. The positive trend of Chinese tourist arrival to the Baltics is acknowledged not only on the national level, but also in a larger EU context. The 2017 report *Tourism Flows from China to the European Union* by European Commission states that in regard to destination growth for Chinese tourists, the Baltic countries have “experienced spectacular growth, particularly Latvia and Estonia” (EC, 2017). It can be concluded that the tourism flow from China to the Baltics is recognized on the EU level thus adding to the perceived importance of China tourism market for the region.

As some Chinese overnight visitors spend more than one night at a particular country, the number of total overnights can be compared (Table 3) in the context of Baltic countries. These figures are relevant because higher number of overnights at a destination indicates higher expenses thus increasing the economic value of these visitors.

Table 3. Number of overnights by Chinese tourists in accommodation establishments in Baltics

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Estonia	5 057	9 429	10 337	15 339	18 842	19 817	24 609	30 210	32 453
Latvia	3 804	5 521	7 533	12 034	25 505	20 940	34 171	37 774	39 589
Lithuania	5 350	8 920	10 807	10 400	11 339	18 025	20 256	28 337	n/a

(Source: Statistics Estonia; CSB; Statistics Lithuania)

For Lithuania the official data for whole year 2018 is not available as of May 2019, but during the first three quarters (Jan-Sep) of 2018 the number of overnights by Chinese tourists reached 25,6 thousand, and this is 6.3% increase compared to the same period in 2017. Based on the available data, the increase of total number of overnights by Chinese tourists between 2010 and 2018 (2017 in case of Lithuania) for the Baltic countries is as follows:

- Estonia: + 542%
- Latvia: + 941%
- Lithuania: + 430%

These results demonstrate that even though there is a strong growth, the number of overnights spent at a destination has not increased as much as the number of overnight visitors. This finding implies that more travellers from China are interested in the Baltic countries as a destination, but not equally interested in spending more time at this destination.

In order to understand the market share of Chinese tourists in the Baltics, data on total inbound tourism in Baltic countries is used for comparison. Data about year 2017 is used due

to the lack of precise official data on Chinese tourist overnights in Lithuania for year 2018. As illustrated by Table 4, the total number of overnight visitors in 2017 in all three countries is significantly larger than the number of Chinese overnight visitors in 2017. The percentage of Chinese overnight visitors of all inbound overnight visitors is below 1% in case of Estonia and Lithuania, and slightly over 1% in case of Latvia. The share of total overnights is even lower for Chinese tourists in the Baltics – below 1%. Thus in terms of quantitative indicators Chinese tourists do not constitute a significant segment in the inbound tourism market of Baltic countries.

Table 4. Inbound tourism in the Baltics in 2017: total vs. Chinese overnight visitors

	Total number of overnight visitors (thousand)	Percentage of Chinese overnight visitors (%)	Total number of overnights spent (thousand)	Percentage of Chinese overnights (%)
Estonia	3 545	0.56	6 509	0.46
Latvia	1 949	1.17	8 865	0.43
Lithuania	2 523	0.60	10 819	0.26

(Source: Statistics Estonia; CSB; Statistics Lithuania)

At the same time, if the absolute numbers of Chinese inbound tourism figures for Baltic countries are compared to the total number of outbound travellers from Mainland China (see Table 5), it is clear that in this context the results of Baltic countries are insignificant. It should be added, however, that comparison on a global scale does not objectively reflect the destination growth of the Baltic region and is provided only for reference. This is especially the case as the available outbound tourism figures of China include also trips to regions of Greater China like Hong Kong and Macao which remain among the top destinations for Mainland China's outbound travellers.

Table 5. Number of outbound travellers from Mainland China (border crossings)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of travellers (millions)	57.39	70.25	83.18	98.19	117	120	122	130	149.72

(Source: Travel China Guide [20], based on data from Ministry of Culture and Tourism of People's Republic of China)

Looking at qualitative data from conducted interviews, it can be noted that all interviewed experts affirm the relevance of China tourism market for Baltic countries,

although on varying degree (see Appendix 2). Expert 5, representing inbound tourism company “Via Hansa & Borealis”, notes that growth of Baltic countries as a destination for China market is possible and achievable, but would require an efficient marketing strategy and increased communication with the target market.

“In my opinion, the tourism flow in the future will depend on our own actions. This will never be the first destination for Chinese who have not been in Europe before. First [destination] will always be London, Paris, Milan, maybe then closer – Central Europe, Scandinavia. The increase [of arrivals] depends on us, how we organize the marketing. [...] If we increase the efficiency of communication, work directly in China, then there will be growth. But it will never be a dramatic increase, there will never be as many Chinese tourists [in Baltics] as German [tourists].” (Expert 5, 16.04.2019; interview transcript, author’s translation)

Moreover, this excerpt highlights the idea that it is necessary to have realistic expectations about the amount of travellers from China to the Baltics considering that it is a long-haul market. Similarly, Expert 4 notes that China tourism market in the Baltics is new and because of this it is difficult to understand how many resources should be invested in its development (Expert 4, 12.04.2019). Some of the experts, namely, Experts 2 and 4, indicate that the aim of Estonia and Latvia respectively is not to attract mass tourism. Instead, specific segments of Chinese tourism market are targeted – “tourist segments that wish to stay [in Estonia] longer” (Expert 2, 10.04.2019); “experienced and educated tourists [...] that have visited Europe and are looking for something new” (Expert 4, 12.04.2019). These findings reveal that not only quantity, but also quality of Chinese tourists is considered by tourism professionals, and this might indicate towards a sustainable approach.

As demonstrated by the presented statistical data, the market share of Chinese tourists in the Baltics is growing but still quite insignificant. The prioritized role of Chinese tourist market for Baltic countries despite the relatively low absolute figures can be explained with the global tourism trend of increased interest in the rapidly expanding Chinese outbound tourism market and, consequently, the potential economic benefits of this market. The comparison of statistical data exposes another issue – the quantitative data on Chinese tourists is acquired differently in each country and thus not directly comparable in all categories. The lack of common method for acquiring and publicly presenting tourism statistics can certainly be considered a shortcoming when the Baltic countries have proposed an intention to cooperate in targeting the China outbound tourism market. Moreover, currently no precise data is available on whether the tourists from China that visited one country have continued their tour also in the other two Baltic countries. Statistical data that clearly and comprehensively reflects the market situation, especially if supplemented with qualitative data

from tourist surveys, might be beneficial for the assessment of marketing efficiency and for better understanding of the Chinese tourist travel dynamic and trends.

3.2 Tourism resources of the Baltic States

In Baltic States the main tourism policies and strategies are developed and managed on the national level in collaboration between the national DMO and the respective government department. In Estonia the national tourism policy is implemented by *Estonian Tourist Board* which operates under the supervision of the Ministry of Economic Affairs and Communications, and the main tourism policy document currently is the National Tourism Development Plan 2014–2020. *Estonian Tourist Board* is responsible for marketing and product development for both domestic and international tourism markets. In Latvia the main institution responsible for tourism policy implementation and marketing is the *Investment and Development Agency of Latvia* acting under the Ministry of Economics. The main tourism policy document in effect is Latvian Tourism Development Guidelines for 2014-2020. Since 2019 the official institution responsible for tourism marketing in Lithuania is the public agency *Lithuania Travel* subordinate to Ministry of Economy and Innovation. The main tourism policy document is Lithuanian Tourism Development Program for 2014-2020.

Due to historical conditions, the tourism sphere in all three Baltic States has developed similarly; hence the tourism resources in the region are relatively similar. Estonia's National Tourism Development Plan 2014–2020 provides that main focus of the tourism sector development in Estonia is: conference and business tourism, cultural tourism, sports tourism, food tourism, natural and marine tourism, health tourism and family tourism [2]. Latvian Tourism Development Guidelines for 2014-2020 state that the tourism development in Latvia is strongly linked with the following factors: advantageous geographic location, connectivity by direct flights, culture and nature resources, human resources with creativity and entrepreneurial skills [3]. Based on these resources, business tourism, health tourism, nature tourism, cultural tourism and creative industries have been proposed as most competitive types of tourism in Latvia (*ibid.*). Lithuanian Tourism Development Programme 2014-2020 identifies four most competitive types of tourism in Lithuania: cultural tourism, nature tourism (ecotourism), business tourism and health tourism [6]. It is evident that the prioritized types of tourism are very similar in all three countries.

Based on the target market characteristics identified in Chapter 2, as well as the findings from expert interviews and national tourism documents of the Baltic States, Author proposes five dimensions of tourism that can be expressed in terms of resources relevant for

China tourism market. In this chapter each of these dimensions is discussed in depth in order to evaluate how suitable and attractive they are for China outbound tourism market. The proposed dimensions are: *Communication channels and visibility; Destination image; Transport connections and infrastructure; Human resources; Nature and cultural tourism.* The potential of each category is analysed using SWOT (strengths, weaknesses, opportunities, threats) analysis based on data acquired from primary and secondary sources.

3.2.1 Communication channels and visibility

The main national tourism policy and marketing documents, as well as interviews with experts confirm that communication with China is mainly carried out in cooperation between the three Baltic States. At the same time, each of the Baltic States has a separate national-level strategy for marketing and tourism development.

In wider international tourism context cooperation among the Baltic countries is based on a trilateral agreement that was signed in 2002 between Government of the Republic of Latvia, the Government of the Republic of Estonia, and the Government of the Republic of Lithuania (EM, 2019). As of May 2019 the document is still in effect. According to this agreement, Baltic countries commit to cooperate in the following tasks:

1. Promoting the Baltic area as a tourist destination;
2. Development of tourism product;
3. Development of tourism infrastructure and quality of tourism services;
4. Liberalisation of tourism formalities;
5. Collection of statistical information;
6. Participation in international tourism organisations [1].

Considering the abovementioned cooperation tasks, it can be concluded that the 2002 agreement establishes a solid basis for cross-border tourism development within the territory of the three countries both for the domestic and international tourism markets. It also establishes the intention of solidifying the tourism image of Baltics as a single destination. Since 2009 cooperation is implemented also via the EU platform *European Union Strategy for the Baltic Sea Region* which includes tourism as one of the covered policy areas for increasing the prosperity of the region (EUSBSR, 2019). The Baltic States are represented in European Travel Commission by their respective national tourism organizations. Hence, a platform is available to Baltic countries to collaborate also in a wider Baltic Sea region and European tourism context.

Cooperation among Baltic countries in targeting China outbound tourism market is considered to be the optimal solution due to the travelling patterns of Chinese tourists in the region – it is generally multi-destination travel including the three Baltic countries, as well as other neighbouring countries. At the same time it is recognized that cooperation on a supranational level can be complicated, which coincides with the established theoretical base of literature review.

“A big part of communication is a joint effort between Lithuania, Latvia and Estonia. It is almost impossible to be known separately for the Chinese audience, but the Baltic States / Baltic Sea might ring a bell. Also, the Chinese, when they come to Lithuania, are continuing to Latvia, Estonia and Poland/Finland/Russia, thus it is clear that joint products and marketing effort would have more effect. Nevertheless, it is not always easy to coordinate between the countries, as the attitude and the strategies differ, as well as time, priorities and resources given for certain activities in this market.” (Expert 1, 25.03.2019; e-mail interview)

Another reason for joint marketing approach is the opportunity to reduce costs, as illustrated by the below interview excerpt.

“We participate in various [travel] exhibitions as a Baltic region, because Latvia, Lithuania and Estonia are very similar destinations. And this way we are saving resources for marketing because exhibitions are very expensive.” (Expert 4, 12.04.2019; interview transcript, author’s translation)

The joint communication channels for accessing China tourism market include activities abroad (international travel exhibitions) and in the Baltic countries (local events). From the events organized in the Baltics, for China tourism market especially relevant is *Baltic Connecting* promoting the concept of “three-in-one holiday” in the Baltic countries.

“[...] there are different B2B matchmaking events. Every year in September or October there is Baltic Connecting that is organized by LIAA in cooperation with Lithuanian and Estonian tourism boards. During this event we invite tour operators, entrepreneurs, media not only from China, but from all long-haul markets. We show them the Baltic tourism product, take on visits and excursions.” (Expert 4, 12.04.2019; interview transcript, author’s translation)

According to the information on the official website of the event, *Baltic Connecting* is the “biggest and most important tourism platform in the Baltic States” with aim to inform tourism professionals from long-haul markets about Baltic countries as a destination and provide opportunity to establish business contacts with local tourism service providers [7]. In 2019 the event is planned to take place on 22-24 October in Riga, Latvia. Expert 3 representing the Tourism marketing Division at the Tourism Department of LIAA, remarks that such event as

Baltic Connecting can provide valuable opportunities for local tourism businesses. At the same time, since the employed format is business to business (B2B), it is a huge responsibility of the organizers to select and invite the travel trade representatives from China that would actually be interested in promoting the Baltics (Expert 3, 10.05.2019).

Another important communication channel with China is the CEE-China cooperation platform, also known as 16+1. The project was proposed by People's Republic of China as a platform for establishing closer relations with 16 European countries – 11 of them are EU member states, including the Baltics, and 5 are countries from the Balkan region [11]. In 2019 Greece became a member of the initiative, thus creating a platform of 17+1 (Kavalski, 2019). The participants of this initiative are mainly Central and Eastern European countries that are involved also in China's BRI, thus implying that these countries are considered strategically important by China. Tourism is one of the cooperation spheres covered by the CEE-China initiative, along with transport, science, education and others. In 2016 the annual summit of the participants was held in Riga [11] providing increased visibility for Latvia and the Baltic region.

In addition to the aforementioned joint communication channels, each Baltic State maintains individual connections with China tourism market via the national tourism administrations or agencies that fulfil the functions of DMOs. The communication with China in particular on the state level is conducted similarly to that on the regional Baltics level – it is mainly business to business format, meaning that local tourism companies communicate with Chinese tourism companies, not the end customer. According to the information provided by experts, the reason for this is that tourism in China is state-regulated, which corresponds to the findings of the previous chapter. Thus, the communication in tourism field is facilitated by a number of official agreements between responsible governmental institutions.

„The difference [between China and Latvia] is state governance. That's why we have a [national] strategy and we are working on the state level. [...] businesses cannot access China directly, there is a different form of government. Initially everything has to happen at state level. We have signed a number of memorandums with ministries and national administrations on tourism cooperation [...].”(Expert 4, 12.04.2019; interview transcript, author's translation)

Expert 4 also notes that the activities of state government are aimed at increasing the access of local tour operators to the China travel trade and promote cooperation between local and Chinese tour operators (Expert 4, 12.04.2019). This statement reconfirms the government-level interest in attracting China tourism market.

National level communication for the international tourism market is generally carried out online – through national DMO websites and social media accounts. *Estonian Tourist Board* is responsible for Estonia’s tourism brand *Visit Estonia* which is represented online by the official website www.visitestonia.com. As indicated on the website, communication is also carried out through these social media platforms: *Facebook, Instagram, YouTube, Vimeo, flickr, Pinterest* and *Twitter* [14]. Main online platform representing tourism brand *Magnetic Latvia* of Latvia is the website www.latvia.travel which is maintained by LIAA. Other communication channels indicated on the official website are accounts on the following platforms: *Facebook, Instagram, YouTube* and *Vimeo* [15]. The main online communication channel of Lithuania Travel is the official website www.lithuania.travel and, according to this website, the social media accounts representing brand *Lithuania. Real is beautiful* on these platforms: *Facebook, Instagram* and *YouTube* [16]. As established in Chapter 2, most of these social media platforms are not available in Mainland China; however, the official tourism websites of the three Baltic countries do not provide information about representation on Chinese social media platforms. Moreover, it should be noted that the official tourism websites of the Baltic countries are not available in Chinese language as of May 2019, but two downloadable brochures in Chinese language are available on the Latvian tourism website – a brochure containing general information about Latvia (economy, history, nature etc.) and a tourism map of the Baltics indication the main sights in each country [22].

While the official tourism websites of the Baltic countries do not convey this information, the use of different internet resources for China market was mentioned by some of the interviewed experts. Experts 1, 2 and 3 confirm that Baltic countries use Chinese social media platforms as communication channels in order to popularize the respective country as a tourism destination.

“China is a country that uses different digital solutions. [...] in Estonia there are different online platforms for different services. But in China there is WeChat that has everything in one place, you can access all the necessary services within one platform. It definitely differs from European market. You need to use channels that are accessed by Chinese tourists in China.” (Expert 2, 10.04.2019; phone interview transcript)

“We use digital campaigns to target Chinese audiences, content creation adapted to the Chinese tourist interests, we have partnerships with large travel platforms, organize digital advertising activities on their webpages. Social media, such as WeChat and Weibo are other channels for communication about Lithuania and the Baltic States as destination.” (Expert 1, 25.03.2019; e-mail interview)

As noted by Experts 2 (see following interview excerpt) and Expert 3, often it is necessary to use the services of companies based in China to act as intermediaries, for example, to manage the national tourism profiles in Chinese social media, as these companies have better knowledge resources about the target market. However, as remarked by Expert 3, in such cases it can be difficult to evaluate the effectiveness of marketing activities due to a lack of direct feedback from the consumer (Expert 3, 10.05.2019).

“Estonia currently works with B2C and with B2B. Our activities are targeting trade professionals in China who hold the majority of channels, like Ctrip. From one side it is travel trade professional channel – as a tour operator – but at the same time they also work with end consumers. So our work here is to find the right channels that work on different segments – B2B, B2C and PR.” (Expert 2, 10.04.2019; phone interview transcript)

Based on the established theoretical framework, the visibility of Baltic countries in the China tourism market is an aspect that can significantly influence the decision-making process of potential visitors. While awareness of Estonia, Latvia and Lithuania as political states has significantly increased over the years, there is still limited awareness of the touristic potential of these countries. Current Latvian Tourism Development Guidelines recognize that in some long-haul markets, including China, the three Baltic countries or even the whole Baltic Sea region is perceived as one destination [3]. At the same time the proposed aim in the context of tourist arrival from long-haul markets is to advance from being one destination in a multi-destination tour to being the main destination (ibid.). Relatively low visibility of Latvia as a destination in the international tourism market is one of the aspects that can hinder the process. Estonian Tourism Development Plan 2014-2020 provides that one of the main activities for Estonia in regard to Asia markets including China is to improve the awareness of Estonia as a tourism destination [2]. In regard to visibility the Lithuanian Tourism Development Program for 2014-2020 provides that efficient marketing is necessary to target long-haul destinations including China, especially via participation in travel exhibitions, implementation of e-marketing tools, popularization of the destination to the Chinese media and tour operators through various events and advertisement campaigns [4]. Hence, there is an awareness of the need to increase communication and visibility of the Baltics in China tourism market, and intent is expressed to improve the situation.

Similarly, Expert 3 emphasizes that currently the main task for Latvia and also the whole Baltic region together is to achieve recognition as a tourism destination in the China market (10.05.2019). According to the interviewed experts, even if the Baltics are included in Chinese tourist routes, most commonly it is only as one part of a larger tour consisting of several other countries within the Baltic Sea region. In addition to Finland and Poland that

have been established as known points in Chinese multi-destination travel within the region, the following excerpt identifies combination of the Baltics and Belarus in one tour as an emerging trend. Increased cross-border tourism cooperation with CEE countries like Poland and Belarus could be another opportunity to increase visibility as a destination, for example, by developing joint tourism routes and offers.

“Maybe 12 years ago some [Chinese] were surprised – what? Where? Is that a country? But now there are many companies [in China] that are selling [tours to the] Baltics, have included in itineraries, brochures. Of course, in combination [with other countries]. Some time ago it was Poland, now Belarus. Finland with Baltics and Belarus.” (Expert 5, 16.04.2019; interview transcript, author’s translation)

As established by earlier research, multi-destination travel can positively contribute to the visibility of smaller destinations. However, the fact that Baltic countries are often included in Chinese travel itineraries together with a number of other neighbouring countries infers that the number of overnights spent in the Baltics is quite limited. With increased awareness of the tourism potential of the Baltic countries Chinese travellers might be interested to stay longer within the territory of Baltics, thus this negative aspect of short stay might be reduced.

A contributing factor to the visibility of the Baltic countries is the membership of European Union. The year 2018 was chosen as “EU-China Tourism Year” (ECTY) with the aim to promote EU destinations for China market and improve the development of European tourism products to suit the needs of Chinese tourists. In 2018 the ITB China travel exhibition³ was designated as the official partner event of ECTY with a special ECTY Pavilion where European destinations including Estonia, Latvia and Lithuania were represented [9]. Membership of European Union was mentioned as a positive aspect in the expert interviews as well, especially in terms of global visibility and connectivity.

“We are unknown, we are small. You can rush through us in three days. Riga, especially. The standard – overnight in Tallinn, rush through Riga, overnight in Vilnius – still exists. It is difficult to break it. But it’s positive that we are a Schengen country and EU country.” (Expert 4, 12.04.2019; interview transcript, author’s translation)

The findings discussed in this sub-chapter can be summarized in as SWOT analysis (Table 6) thus identifying the strong and weak points, as well as possible opportunities and threats.

³ ITB China is a business to business travel exhibition of international importance focused on China travel market [8]

Table 6. SWOT analysis of Baltic country communication channels and visibility for China tourism market

Strengths	Weaknesses
<ul style="list-style-type: none"> • Cooperation among Baltic countries in destination marketing • <i>Baltic Connecting</i> event • CEE-China cooperation platform • Membership of European Union 	<ul style="list-style-type: none"> • Low international visibility • Low number of Chinese tourist overnights • Official tourism websites not available in Chinese language
Opportunities	Threats
<ul style="list-style-type: none"> • Increased cooperation with Finland, Scandinavia and CEE countries • Development of multi-destination routes and offers • Increased economic cooperation with China 	<ul style="list-style-type: none"> • Insufficient use of appropriate ICTs • Negative competition with Finland, Scandinavia and CEE countries • Negative competition among Baltic countries

To sum up, Estonia, Latvia and Lithuania generally recognize the necessity to use a different approach to China tourism market in comparison to more traditional tourism target markets like European countries. The national DMOs of Baltic countries are aware of the communication channels with China tourism market and attempt to use them for marketing. Cooperation among the three countries is established as an important tool for tourism communication with China. However, in addition to existing joint communication platforms, each of the Baltic countries is attempting to establish and secure individual connections with China, which might contribute to negative competition among the three countries. While it is recognized that Baltic countries benefit from cooperation when targeting Chinese outbound market, currently there is no common strategy for tourism development and marketing to the long-haul markets such as China. There are no plans to introduce such strategy in the future due to competition.

3.2.2 Destination image

Similarly to destination visibility, the destination image can affect the tourism demand. This applies to both the projected and perceived image; therefore, it is necessary to be aware of this dimension. The projected image can be communicated through tourism brand. The Baltic

countries as a joint destination currently do not have an official tourism brand or strategy for a common image. Because of this reason the tourism brands of each of the three countries are observed. Estonia uses a unified brand – *Brand Estonia* – for marketing activities in several spheres like trade and investment. The sub-brand *Visit Estonia* is used for tourism communication. According to the information on the official website of *Brand Estonia* (<https://brand.estonia.ee/>), the core values represented by the brand are: independent minds, clean environment and digital society [21]. Based on these values the projected image of Estonia is that of a Nordic, surprising and smart country (ibid.). The visual identity of the brand (see Appendix 3, Figure 1) attempts to represent the same values through use of simple, minimalistic design and mainly blue and white colours. Latvia uses a similar approach of unified marketing brand with concept *Magnetic Latvia* that is used for export, investment and tourism activities. The idea represented by the brand is the attraction of opposites, e.g. nature and technologies (LIAA, 2018), although the core values of the brand are not clearly stated. The visual representation of the brand (see Appendix 3, Figure 2) uses simplistic design and black and white colour scheme. Initially the brand was created for export and investment purposes, and later extended to tourism sphere. From the Baltic countries Lithuania is the only one with separate brand only for tourism sphere – “Lithuania. Real is beautiful”. The focus of the brand is cultural and nature tourism, and represented values are authenticity, unpolished and genuine experience (State Department of Tourism, 2017). The visual representation of the brand (see Appendix 3, Figure 3) is a logo shaped as a postal stamp; modifications of the original logo are used specifically for types of tourism like nature, active and cultural tourism. Noteworthy is the promotional video material supporting Lithuania’s tourism brand which features people of different nationalities/ethnicities, including Chinese, looking surprised in various settings that represent tourism products Lithuania [24]. This video confirms that China tourism market is one of the targets of the current tourism brand of Lithuania.

It can be concluded that the represented values of the projected tourism identities of Baltic countries somewhat overlap, mainly in regard to promotion of unspoiled nature as a tourism product, sustainability, simplicity and authenticity. Nevertheless, the projected images and values can be regarded as quite different. Estonia and Latvia attempt to create a unified image that integrates all spheres of business activity within the country, while Lithuania uses the approach of a separate brand specifically for tourism. Considering the economic cooperation on the BRI and CEE-China platform, as well as the earlier established positive correlation between general economic cooperation with China and Chinese tourist arrival, it can be hypothesized that the approach of a unified nation brand for all international

communication is more beneficial. Unified country image could increase both the international visibility and attractiveness for Chinese travellers.

Expert 7 argues that despite the projected national images the Baltic countries are currently in a position where strong tourism image of the region has not yet been formed in the Chinese tourists' perception. Therefore, it could be regarded as an opportunity to create a lasting and attractive image. At the same time opinion is expressed that a common strategy is required to achieve this goal.

“We are in a position where need to establish an image of ourselves in the China market – that could have a more long-lasting impression than specific marketing efforts. It is a difficult task to make an impression. Separate marketing strategies for each country will not work, it is necessary to form a common approach for Baltics as a common destination.” (Expert 7, 21.03.2019; interview transcript)

Interestingly, several other experts (Experts 2, 3 and 4; see Appendix 2) disagree to this view and believe that common image, brand or marketing strategy is not necessary to promote Baltic countries as a joint tourism destination. Moreover, as proposed by Expert 3, the focus should be on promoting the differences between Baltic countries to create a perception of a diverse region with different characteristics. In other words, each of the Baltic countries should maintain a separate and unique tourism image. Expert 4 remarked that the *Baltic Connecting* event could serve as the basis of a common destination image on a B2B level because it is recognized by Chinese tour operators as a platform that joins the three countries. In this case, however, it might cause a conflicting situation between the existing national tourism brands and *Baltic Connecting* as an alternate brand. It is evident that several different ideas exist regarding the destination image of Baltics as a tourism destination for China market but for now there are no plans to open a dialogue between the countries to address this topic.

In regard to perceived image both Experts 2 and 3 express an opinion that geographic proximity and cultural and historical links with Scandinavian and Nordic countries can positively contribute to the international tourism image of the Baltic countries. Expert 3 notes that due to the fact that Chinese travellers have a different perception of distance, the relatively short flight from Helsinki to Riga or ferry trip from Helsinki to Tallinn can facilitate the image of Baltic and Nordic countries as one destination (Expert 3, 10.05.2019). Moreover, the tourism connection with Finland is strengthened by organizing familiarization tours for Chinese tour operators and media representatives in cooperation with *Finnair* airline and *Visit Finland*, the official travel trade organization of Finland, which are well-known brands in China tourism market (Expert 3, 10.05.2019). Adopting elements of Scandinavian and Nordic

country images could increase both the visibility and image of Baltics as a destination with high added value and tourism product quality.

“Our strength, especially for Estonia, could be that we are perceived as a Nordic destination. The geographic location and climate in Estonia is more similar to the Nordic countries. And [it] could definitely be perceived as a quality, it gives a certain impression and motivation to come here because the Nordic countries and Scandinavia specifically is perceived as having a certain quality standard – clean, natural, sustainable. Thus being close to Scandinavia is a plus for Baltic countries, and we should definitely use that.” (Expert 2, 10.04.2019; phone interview transcript)

The cooperation between Finland and Baltics can potentially be beneficial for all involved destinations by providing more varied travel experience to visitors of the region. Especially since the destinations are already recognized as forming a cluster (ETC, 2018a) based on Chinese visitor travelling patterns. At the same time, if closer cooperation with Finland and other Nordic countries is not established, these destinations will remain strong competition for the Baltics. Furthermore, expert interviews disclose that competition for China outbound tourism market is a topical issue not only on the scale of Baltic Sea region, but also among the three Baltic countries. As noted by Expert 3 (10.05.2019), the joint efforts for targeting Japanese outbound market are more consolidated than towards China market – each of the Baltic countries attempts to maintain a separate strategy and approach to this target market.

It can be argued that while the Chinese traveller perception of the Baltic region has not yet fully formed, there is an emerging view of Baltic countries as an alternative or niche destination with unique tourism product. The Chinese visitor interest in authentic, unique tourism products is observed by tour operators who handle inbound tourism from China to the Baltic region. Considering that the Baltic countries is not a popular or highly demanded destination for Chinese outbound tourists, the region can be presented as a novelty, as a destination that is yet to be discovered.

“[Chinese tourists] want to see more than Riga or Sigulda. Many itineraries have Kuldīga, Liepāja as well. [...] Baltic countries are viewed as a different region, [Chinese] are looking for something else here, something different. They are interested in small towns, landscapes that are uncommon for them. They seek experience, something special that they would never see or do at home.” (Expert 5, 16.04.2019; interview transcript, author’s translation)

“I cannot say about a [common] image [of Baltic countries], but I know that it is important for Chinese [travellers] to have a ‘wow!’ moment at the destination they are visiting, something to tell about when they return home.” (Expert 6, 11.04.2019; e-mail interview, author’s translation)

Another aspect that contributes to the image of Baltic countries in the Chinese tourism market is that of safety and security. The Latvian Tourism Marketing Strategy 2018-2023 recognizes the safety of Baltic region as one of the strengths for tourism development (LIAA, 2018). Safety as a resource with positive influence on the destination image was emphasized by Expert 3, pointing out that the projected image of Baltics countries for China tourism market could be that of a “new, unique and safe” destination (Expert 3, 10.05.2019).

Based on the aforementioned findings regarding destination image of the Baltics in the China tourism market, it is possible to identify a number of positive and negative aspects, as well as opportunities for future development and potential threats. These are summarized in Table 7.

Table 7. SWOT analysis of Baltic country destination image in China tourism market

Strengths	Weaknesses
<ul style="list-style-type: none"> • Close proximity to Nordic countries • Image of a new, niche destination • Safe region 	<ul style="list-style-type: none"> • Low international awareness of tourism product • Projected image is not unified • Conflicting ideas about development of joint identity/brand of Baltic countries
Opportunities	Threats
<ul style="list-style-type: none"> • Extending Nordic country image to Baltic region • Relatively unknown in China – can be presented as novelty • Using differences as selling point for the region 	<ul style="list-style-type: none"> • Competition among Baltic countries • National tourism brands might clash with <i>Baltic Connecting</i> • Unwillingness to continue cooperation as a joint destination

The results of this analysis show that in terms of destination image the Baltic countries do not use a common approach. Moreover, the opinions about future development of the tourism destination image of the Baltic region are quite different. One aspect that might be considered a positive opportunity is adopting the Nordic image, and this can be linked with the findings of Avraham and Ketter (2015) who propose that adopting image of a popular destination might increase the attractiveness of a lesser known destination. As the findings suggest, this approach is already actively employed by Estonia. Nordic destinations like Finland are quite popular in China tourism market, therefore the use of this image might provide additional

visibility and create familiar associations for Chinese tourists. At the same time it is advisable to maintain the image of a novelty which could be attractive for Chinese tourists that have already visited Nordic countries and are looking for new, undiscovered travel destinations.

3.2.3 Transport connections and infrastructure

Well-developed transport connections and tourism infrastructure is an important resource for every tourism destination that can significantly affect its competitiveness. The Latvian Tourism Marketing Strategy for 2018-2023 states that good air transport infrastructure is one of the assets of Latvia as a tourism destination (LIAA, 2018); however, this statement is not valid in the case of Chinese travellers as there is no direct flight connection between China and the Baltic countries. National Tourism Development Plan 2014–2020 of Estonia establishes that good transport connections are the prerequisite for increasing the tourism volume between Estonia and target markets in Asia [2], [6]. Similar assertion can be found also in the Lithuanian Tourism Marketing Strategy 2016-2020 where lack of direct flight connection is mentioned as main disadvantage for Chinese tourism flow to Lithuania [5]. Although there have been plans to open a direct flight connection already for several years, as explained by Expert 4, the current tourism flow from China to the Baltics is not sufficient to proceed with these plans.

“The goal of the whole tourism strategy [for China market] is to open direct flights from China to Riga. The path to it is difficult, it is like a vicious cycle – while we don’t have direct flights, the number of tourists will not increase much. However, the direct flights will not be introduced unless we have a steady tourist flow. We are trying to break this cycle with this strategy.”
(Expert 4, 12.04.2019; interview transcript, author’s translation)

In terms of infrastructure, the lack of direct flight connection can be regarded as the biggest weakness for Baltic countries as a destination for Chinese travellers. Nevertheless, the interviewed experts agreed that once a direct flight connection is established, it would significantly increase the appeal and opportunities of the Baltic countries for the China market. Particular attention was brought to Riga due to central location and well-developed international airport.

“We should recognize our position as a transit destination – small, safe and cosy, but quite modern. If we open a direct flight, we can be even part of Shanghai-Riga-Paris route. Riga has the potential to become a central hub.” (Expert 7, 21.03.2019; interview transcript)

It can be expected that direct flight connection with China would facilitate Chinese tourist interest in the Baltic region, but it also exposes the fact that, even though marketed as a single

destination, all three Baltic countries are not in equal positions. The Latvian Tourism Development Guidelines for 2014-2020 state that the central geographic location of Latvia between other Baltic countries is an advantage, especially if the travellers visit only two out of three Baltic countries [3]. It is expected that such trend might emerge considering the growing numbers of individual travellers (Expert 2, 10.04.2019). Hence, if the flight connection is opened through Riga International airport, it would not provide equal opportunities for all three Baltic countries. As noted by Expert 4 (12.04.2019), the competition for China tourism market among the three countries remains quite evident despite the joint marketing activities. Moreover, the opportunity to use the Baltic countries as a transit hub to travel to another European destination might result in large number of arrivals by Chinese visitors, but low number of overnights, which would be a negative consequence for the all three countries.

Generally the Baltic countries are well connected in terms of transport links; however, as mentioned in Chapter 2, the Baltic region is not very well connected with the rest of the Europe, and it is reflected in the Chinese tourist travel patterns (2018a). Again, close geographic proximity to Finland can be regarded as a valuable asset due to the fact that Helsinki has a well-developed direct flight connection with Mainland China and a strong year-on-year growth of Chinese visitors. Within ten year time the number of Chinese overnight visitors in Finland has jumped from 98 100 in 2007 to 361 800 in 2017 (Xiaojin, 2018), and this high number of Chinese visitors to a country located within the same Baltic Sea region and in close distance to the Baltics could provide growth opportunity for the Baltic countries as well. Finland's national airline *Finnair* currently provides flight connections with six cities in China: Beijing, Chongqing, Guangzhou, Nanjing, Shanghai and Xi'an [13], which are among the largest source markets for Chinese outbound tourists. The frequency of flights and the relatively short time of the flight between China and Helsinki are believed to be the reason why China was the 5th main tourist source market for Finland in 2016 (Jacobsen, 2018). Increasing the awareness of Chinese tourists about the close proximity and convenient transport links between Finland and the Baltic countries might direct part of this tourist flow to the Baltics.

Another transport infrastructure development that might reflect positively on Chinese tourist arrival is the *Rail Baltica* project that would connect Baltic countries with Finland and Poland [17], which as mentioned as a positive aspect by Expert 4 (12.04.2019). Introduction of a high-speed railway connection between the Baltic Sea region countries might particularly contribute to the attractiveness of the region for independent travellers who travel in small groups and like to plan their own travel route, as opposed to package tour travellers. In addition, the project is expected to create new opportunities for economic cooperation

between Europe and Asia, including China, especially in regard to transshipment of cargo [17], (OECD, 2018). The increased economic cooperation with China might further facilitate tourist interest in the region.

Despite the drawback of flight connectivity, there is evidence that tourism infrastructure in the Baltics is becoming more adjusted to China outbound tourists. Possibility to pay with Chinese *UnionPay* bank cards has been introduced, and this can be regarded as a significant investment for the local tourism industry considering the high spending power of China outbound tourists. Payment with *UnionPay* bank cards is possible on board of *Tallink* ferries on the routes Finland-Estonia, Stockholm-Riga and Stockholm-Tallinn. In addition, payment with the popular Chinese mobile application *Alipay* is possible on routes Finland-Estonia and Stockholm-Tallinn [18], as well as in *Stockmann* department store in Tallinn [19]. Since spring 2019 the *UnionPay* cards are accepted in *Swedbank* Point of Sale terminals in Latvia [12] and Estonia [19]. These adjustments demonstrate that the economic importance of Chinese tourists is recognized and accordingly targeted in these Baltic countries.

Speaking of general tourism infrastructure, there are differences in the degree of development among the three countries. It should be noted that in the Baltics there is a high concentration of tourism infrastructure (hotels, restaurants, attractions etc.) in the capital cities: Tallinn, Riga and Vilnius. As currently a strong trend in China outbound tourism market is preference to visit large cities and towns, for the time being this aspect might not reflect negatively on the Chinese tourist experience in the Baltics. However, it is expected that with the rise of individual tourism from China the interest in visiting less popular, rural areas will increase (ETC, 2014; WTCF, 2018), and in this case lack of such tourism infrastructure as accommodation and catering establishments might become a problem. Expert 1 (see Appendix 2) notes that service quality in accommodation establishments is high and recognized as satisfactory by Chinese tourists, who commonly prefer 4 and 5-star hotels. However, Lithuanian Tourism Marketing Strategy 2016-2020 proposes that hotels are not sufficiently adjusted to Chinese tourist needs, and there is a lack of such services as Chinese breakfast, Chinese speaking staff and availability of Chinese TV channels [5], and this generally applies not only to Lithuania, but to Estonia and Latvia as well.

The reflections on the dimension of transport and tourism infrastructure are summarized in Table 8.

Table 8. SWOT analysis of transport connections and tourism infrastructure in Baltic countries for China market

Strengths	Weaknesses
<ul style="list-style-type: none"> • Good transport connections within region • Close proximity to Finland • Possibility to pay with Union Pay bank cards • High service quality 	<ul style="list-style-type: none"> • Lack of direct flights • Limited transport connection with other European regions • Services not adjusted to Chinese tourist needs
Opportunities	Threats
<ul style="list-style-type: none"> • Establishing direct flight connection with China • Rail Baltica railway connection to increase connectivity with rest of Europe 	<ul style="list-style-type: none"> • Baltic countries might be used only as a transit hub • Unequal geographic position – could increase competition

Based on the findings about this particular tourism dimension in Baltics, it can be concluded that lack of direct flight connection with Mainland China is the biggest and most topical issue, but it cannot be solved unless tourism flow from China is increased. In this regard it might be advisable to target Chinese tourists who visit Finland and increase the awareness of Chinese travellers about convenient transport links between Finland and the Baltics. As for other aspects of transport and infrastructure, advancements are made to adjust to China market, but further improvements are possible, especially in regard to provided services in accommodation establishments and restaurants.

3.2.4 Human resources

Interviews with tourism experts from the Baltic countries revealed a number of relevant points about human resources in the tourism sphere. In the context of catering to Chinese visitors, experts identified several issues, as well as some strong points. One of the highlighted issues is lack of knowledge in the local tourism industry about Chinese visitors and China altogether. Experts expressed an opinion that national DMOs and tourism service providers in the Baltics should contribute more time to learn about the characteristics of China outbound tourism market, especially due to the relatively large cultural differences. One of the mentioned aspects is that it might be very beneficial to closely observe the reactions of

visitors and ask to provide feedback about their experience in order to learn what Chinese travellers find interesting, exciting or maybe unacceptable (Expert 3, 10.05.2019). Similar idea is expressed by Expert 7 who remarks that cultural differences between receiving and source market might not be a problem if the receiving side possesses sufficient knowledge.

“Generally we are quite tolerant, so it should not be problematic to accept [different] cultures here. It is just a matter of knowledge about the market. Currently we know very little about China, and that is why they don’t know about us. [...] It should be a two-way communication.” (Expert 7, 21.03.2019; interview transcript)

There have been attempts to improve the situation and educate tourism service providers about China market. One of such educational programmes was delivered in Riga in 2018 – *Chinese Tourist Welcome Training* workshop hosted by China Outbound Tourism Research Institute (COTRI, 2018). The attendants of the workshop received certificates for having completed the training.

“Very important to attract [Chinese tourists] – [...] you have to provide certain things. For example, there is China Friendly [programme], last year there was certification, 25 companies received these certificates in tourism sphere, [...] proof that they have begun to introduce changes to be more friendly to China. [...] Generally those were hotels and tour operators [that received certificates], because they are the ones in contact [with Chinese tourists].” (Expert 4, 12.04.2019; interview transcript, author’s translation)

The fact that such workshops are organized indicates that institutions responsible for tourism marketing and management are aware of the need to educate tourism product suppliers about the characteristics of China outbound tourism market. Expert 3 (10.05.2019) expresses a hope that other similar workshops might be organized in the future, but with focus on more practical aspects of hospitality for Chinese tourists. It can be noted that there is an interest from the side of tourism companies in the Baltics to acquire more knowledge about China market. This notion is confirmed by the following excerpt from interview with Expert 6 who represents an inbound tourism company.

“We [as a company] participate in events organized by LIAA. I participated in ITB China [Travel] exhibition. [I] regularly take part in Chinese tour operator visits in Latvia, participate in work seminars.” (Expert 6, 11.04.2019; e-mail interview, author’s translation)

The expert interviews exposed to another aspect of China outbound tourism market that might require increased attention. These are differences in approach to business, which can cause difficulty for local tourism companies to adapt to China tourism market. This aspect is relevant since B2B form of communication is widely employed in the tourism relations

between Baltic countries and China. In order to establish efficient communication with China market, it might require a higher level of flexibility and use of non-traditional communication channels.

“[...] we still need to educate our own enterprises how to handle Chinese tourists and how to work with Chinese travel trade. China requires a quick reply. If they send a request, they expect you to reply very, very quickly. And the channels they use are not typical like email, they also do business via WeChat. So the Baltics still need to adapt to the way how Chinese do business.”
(Expert 2, 10.04.2019; phone interview transcript)

Moreover, additional effort might be required to maintain the established contacts with China tourism markets. Several experts mentioned the importance of establishing personal contact in order to earn the trust of Chinese partners (Expert 3, 10.05.2019; Expert 5, 16.04.2019). The importance of Chinese language in contacts with China tourism market is emphasized. It can be inferred that in this context the use of Chinese language serves two functions – first, it is practical as not all Chinese have good knowledge of English language, and, second, it serves as a form of hospitality (Holst Kjaer, 2014), as established in Chapter 2.

“Main activities to attract China [tourism] market are sales calls and maintaining personal contacts. Visiting partners in their offices [in China], but [meetings] have to be in Chinese language. It is difficult if you don't have a local representative there. It is important to have your own person in China that speaks Chinese.” (Expert 5, 16.04.2019; interview transcript, author's translation)

“[...] in almost every meeting it is asked if there is a Chinese-speaking employee in the company, because this market wishes to speak in Chinese.” (Expert 6, 11.04.2019; e-mail interview, author's translation)

The significant role of Chinese language use equally applies to the level of direct communication with customers, i.e. the potential and arrived Chinese tourists. Language barrier for Chinese visitors is identified as a disadvantage in the Lithuanian Tourism Marketing Strategy for 2016-2020 [5]. The issue of language skills especially concerns local tour guides who communicate directly with the visitors and have the task to introduce the tourism destination to them. Guide services are commonly used by package tour travellers during sightseeing, but, as established earlier, this market segment might have limited knowledge of foreign languages such as English. For this reason tour guides with Chinese language knowledge can be valuable asset for tourism destination. All experts recognize Chinese language knowledge as a necessity for tour guides working with tourists from China.

It was also recognized by several experts that there might not be sufficient number of guides with Chinese language knowledge in the Baltics.

“Chinese language is not a popular foreign language in Lithuania to learn, and the weakness is that there may not be enough guides who would be able to communicate with the groups (and know the history of the place at the same time).” (Expert 1, 25.03.2019; e-mail interview)

Interestingly, Experts 5 and 6, who represent local inbound tour operators, argue that with the current amount of Chinese visitors in Baltics the supply of Chinese-speaking tour guides is sufficient. At the same time experts point out that it would not be enough with the existing human resources if the tourist flow significantly increases.

“Resources like [Chinese] guides and restaurants in the Baltics are sufficient for the number of [Chinese] travellers that we have now. If suddenly the number of tourists increases, then it might be difficult. But for now we can manage. [...]It is enough for now.” (Expert 5, 16.04.2019; interview transcript, author’s translation)

“There will definitely be more tourists from China, so the industry has to prepare by promoting the increase of Chinese speaking guides. [We] should be able to offer menus and service in Chinese language.” (Expert 6, 11.04.2019; e-mail interview, author’s translation)

Similarly, Expert 7 notes that while the tourism service quality in Baltic countries is adequate, the hospitality industry is not prepared for China market. Providing information in Chinese language is mentioned as one of the aspects that could improve the travelling experience of Chinese visitors in the Baltics. Expert 7 believes that providing China-friendly services might increase the attractiveness of Baltic countries as a destination for Chinese travellers.

“Service quality is sufficient – hotels, restaurants. But are we capable to service [Chinese tourists] in Chinese-friendly way? In Finland and Moscow tourist information is written in Chinese. Such aspects of hospitality can be adopted to impress Chinese tourists. We cannot compete [with large destinations], but we can impress and attract [Chinese tourist] attention with such small gestures. We need to be aware of differences in hospitality culture.” (Expert 7, 21.03.2019; interview transcript)

The findings regarding human resources in the Baltic countries are summarized in a SWOT analysis in Table 9.

Table 9. SWOT analysis of human resources in tourism sphere of Baltic countries for China market

Strengths	Weaknesses
<ul style="list-style-type: none"> • Government support for receiving Chinese visitors • Started China-friendly education programmes for tourism service providers • Tourism companies express interest to learn about China tourism market • Sufficient service quality 	<ul style="list-style-type: none"> • Insufficient knowledge about China tourism market • Language barrier in business environment • Limited number of Chinese-speaking tour guides • Lack of Chinese-speaking service industry workers • Different business models
Opportunities	Threats
<ul style="list-style-type: none"> • Continuing education and certification • Using Chinese visitor feedback to increase service quality 	<ul style="list-style-type: none"> • Slow adjustment to Chinese tourism market • Unwillingness to learn about China tourism market needs

In regard of human resource suitability for the needs of China outbound tourism market, it can be concluded that a topical issue is lack of Chinese language knowledge, and this applies to both travel trade and hospitality service. Another barrier is different approach to business communications as China market requires a prompt reaction. A positive aspect is that local tourism industry specialists have recognized the need to increase knowledge about China outbound tourism market. To increase international competitiveness of Baltic countries as a destination for Chinese travellers it is necessary to adopt a more flexible business approach and be proactive in China-friendly hospitality service introduction.

3.2.5 Nature and cultural tourism

The Baltic region is renowned for having a large potential for both nature tourism and cultural tourism, and these tourism types are recognized as competitive advantages in the national tourism policy planning and marketing documents. Looking specifically at nature tourism, all the interviewed experts recognize unspoiled natural environment a resource that contributes to the attractiveness of the Baltic countries for China tourism market (see Appendix 2). Normative documents of the three countries support this idea and recognize natural resources

as a good basis for tourism product development. According to the current Latvian Tourism Marketing Strategy (LIAA, 2018), there are several categories of nature-related resources that could be further developed as tourism products, such as coastline and beaches, relaxation in the nature (fishing, bird watching, picking mushrooms and berries), active recreation (hiking, cycling, boat trips), nature in urban environment (botanical gardens and parks). In case of Estonia the long coastline and islands are emphasized as a valuable asset. Moreover, coastal and marine tourism as a sub-type of nature tourism is proposed in the current National Tourism Development Plan of Estonia as an opportunity to attract China outbound tourists by marketing cruise ship tours in the Baltic Sea that start and/or end in Tallinn port [2]. This notion corresponds to the EU strategy for coastal and maritime tourism development, and in this context discussions about development of regional Baltic Sea cruises have been initiated recognizing it as a potentially attractive tourism product for China market [23]. As a result, the development of Baltic Sea cruises as a tourism product for China might increase regional visibility, transport connection within the region and promote the nature resources.

The expert interviews reveal that low population density, uncrowded areas and small towns could be interesting for Chinese tourists, considering the huge, overcrowded cities where most of the Chinese outbound tourists originate from. This notion corresponds to the findings of earlier studies that identify urbanization and overcrowding in China as push factors for international tourism (ETC, 2014). Hence, the Chinese tourists might recognize the lack of crowds as a tourism resource of the Baltic countries.

Tourism seasonality is recognized as one of the negative aspects that affects nature tourism in the Baltic region [2], [3], [4], but in regard to China market this issue might be solved by considering the Chinese travelling trends disclosed in previous chapter. As the Nordic destinations including Finland are commonly visited by Chinese during the winter (ETC, 2018a), this provides an opportunity for Baltic countries to receive Chinese visitors also during the colder months of the year. This might be further facilitated by developing destination image based on the similarities with Nordic countries. An interesting opinion concerning climate is expressed by Expert 7 (21.03.2019) who notes that global climate change can be perceived as an opportunity for the Baltics to attract more Chinese visitors because the weather during summer in China is becoming increasingly hot, but in the Baltic region the climate is comparatively moderate.

A finding that concerns both nature and cultural tourism is that Chinese travellers highly value tangible evidence of their travel experience, such as souvenirs and photographs, as noted by Experts 1 and 3 (see Appendix 2). The following statement of Expert 1 suggests

that nature-related tourism products might be further developed in a way that offers personal involvement and opportunities to acquire unique mementos.

“Chinese tourists especially value amber and its products (especially the transparent one, and with inclusions), which Lithuania has to offer. They are also interested in taking a lot of pictures, they especially enjoy panoramic views.” (Expert 1, 25.03.2019; e-mail interview)

Chinese visitor interest in souvenirs, like amber, that are unique and characteristic to the region was noted also by Expert 5. These observations indicate that there is awareness in Chinese tourism market about the products that are distinctive for the Baltic region and a corresponding demand for them. At the same time it implies that there is a potential for developing and promoting a greater variety of “trademark” Baltic souvenirs, not just amber. In regard to general shopping, according to expert insight it can be concluded that it is not a popular activity of Chinese travellers in the Baltic countries. Expert 5 notes that it can be explained by a lack of international luxury brands coming from the three countries, while Expert 3 believes that shopping volume will increase along with introduction of China-friendly payment methods (Appendix 2) and because of this local brands like *Stenders* and *Madara* should be promoted more for China market.

Observing the cultural tourism in the national tourism policy and marketing documents of Baltic countries it can be concluded that a wide spectrum of resources are considered as potentially competitive. Cultural tourism is mentioned, for example, in the Latvian Tourism Development Guidelines 2014-2020 as one of the strengths of Latvia based on such resources as festivals, architecture, cuisine, design, museums and intangible heritage like traditional crafts and rituals [3]. The more recent Latvian Tourism Marketing Strategy for 2018-2023 identifies six categories of perspective tourism products in the culture tourism dimension: architecture, art and cultural events, traditions and history, restaurants and cuisine, entertainment, and night life (LIAA, 2018). The applicability of these resources to China tourism market, however, is not discussed in these documents. Unique culture and history as tourism resources are discussed in the Lithuanian Tourism Marketing Strategy for 2016-2020 where pagan heritage, ancient crafts, folk traditions and UNESCO World Heritage sites are mentioned as examples [6]. However, cultural differences between the Baltics and China should be considered in this context. Expert interviews highlight a potential issue of local supplier inability to recognize the business opportunities and potential of culture tourism products that could be suitable for China market. Expert 7 expresses opinion that it might be necessary to modify culture-related tourism products in order to adjust to China tourism market needs if attracting this market is a priority.

“We have to be more flexible and modify some of our cultural values to serve the needs of the China market. [...] it might be necessary to create a new product out of our available resources to cater to China. We don’t need to create a new product for [tourists from neighbouring countries], but for the culturally distant China market it is necessary.” (Expert 7, 21.03.2019; interview transcript)

According to Expert 7, the reason why new products might be necessary is the large cultural distance. Therefore additional explanations or simplified presentation of culture-based tourism products might be necessary to convey the meaning to Chinese visitors.

“Often [Chinese tourists] will not find the specific historical and cultural sites interesting, because it is far away and detached from their culture and history. If we wish to present them to China market, we need to be aware of Chinese tourist background and find a special approach – how to transmit the information about our culture and values in a way they can be relevant and understandable to Chinese people.” (Expert 7, 21.03.2019; interview transcript)

Similarly, Expert 3 notes that Chinese visitors highly value the opportunity to learn something new. Both Expert 3 and 7 also emphasize the need to recognize collectivism in Chinese society and offer group activities for Chinese visitors such as events and workshops. Based on these observations, it might be advisable to focus on educational aspects when developing and promoting cultural tourism products for China market in order to reduce the barrier of cultural distance.

Cuisine as a sub-type of cultural tourism should be mentioned in the context of China tourism market. An observation was mentioned that travellers from China “like to taste local food, but they tend to eat Chinese food during their trip” (Expert 1, 25.03.2019; e-mail interview). Similar notion is expressed by Expert 5 (see Appendix 2) saying that Chinese food is generally preferred during the tour, although there is an interest to try the local specialties. As further remarked by Expert 5, travellers from China – group package tour travellers in particular – occasionally even bring along their own food from China to eat during the tour. These observations regarding food overall correspond to global trends of China outbound tourism market. Because of this reason it might be advisable to promote traditional cuisine or local specialties for Chinese tourists as a unique experience in order to benefit from the large cultural difference. At the same time it should be recognized that availability of Chinese restaurants that can provide familiar food for Chinese visitors is an advantage. Similarly, popular Chinese food options at hotels could be perceived as expression of hospitality and make the Chinese visitors feel welcome.

The Table 10 summarizes the discussed findings in regard of nature and culture resources as basis of tourism products for China market.

Table 10. SWOT analysis of nature and cultural tourism resources in Baltic countries for China market

Strengths	Weaknesses
<ul style="list-style-type: none"> • Clean, green uncrowded natural environment • “Exotic”, picturesque landscapes • UNESCO heritage sites • Authentic traditions and crafts 	<ul style="list-style-type: none"> • Seasonality • Large cultural distance between Baltics and China • Tourism products not adjusted to China market • Lack of international luxury brands
Opportunities	Threats
<ul style="list-style-type: none"> • Development of coastal and marine tourism • Climate change • Development new niche products for China market • Promoting local brands as a luxury for China market • Development of products that involve educational and group activities 	<ul style="list-style-type: none"> • Insufficient understanding of Chinese tourist needs and wishes • Unwillingness to adjust local cultural values to create new products for China market • Low Chinese tourist interest in local cuisine

Nature and cultural tourism have been recognized as strong points of the Baltic region, and these tourism types have a potential for attracting Chinese tourists. In order to increase the attractiveness of nature and culture-related tourism products, it is advisable to develop new products specifically for China market considering the cultural differences. Understanding and knowledge of the China outbound tourism market is vital to be able to recognize the resources that suit the needs of Chinese visitors. In regard of nature resources, development of coastal and marine tourism, particularly cruise tourism in the Baltic Sea could provide opportunities of growth for Baltic countries as a destination. As for cultural tourism, educational tourism products might be appropriate for Chinese tourists, especially group activities and activities that offer high involvement opportunities like workshops.

Conclusions and proposals

Conclusions

1. As the importance of China in the international tourism is growing, tourism destinations around the world are competing for this market, and it is evident by the increasing interest in China outbound tourism market as a research subject.
2. China is proposed as a target market by Estonia, Latvia and Lithuania, and there is an undeniable growth in the number of Chinese tourist arrival to the Baltics. During the period 2010-2018, the numbers of overnight visitors from China have significantly increased: + 622% for Estonia, + 1058% for Latvia and + 483% for Lithuania. These figures demonstrate a strong positive trend, thus it can be expected that this growth will continue.
3. While the growth dynamic is impressive, the market share of Chinese tourists in all three countries is still quite insignificant when compared to tourists from other source markets. In 2017 the percentage of Chinese tourists from the total number of foreign tourists in the Baltics was 0.56% in Estonia, 1.17% in Latvia, and 0.60% in Lithuania. In regard to number of overnights spent at a destination, these figures are even smaller: 0.46%, 0.43% and 0.26% respectively, showing that Chinese tourists spend relatively little time in each country.
4. The trends of China outbound tourism to the Baltic region generally correspond to the trends observed on the global and European level with culture and nature related tourism products recognized as the most attractive for Chinese travellers. Main difference is that shopping is not a very popular activity for Chinese visitors in the Baltics, presumably due to limited availability of China-friendly payment methods and lack of internationally known luxury brands.
5. The Baltic countries are aware of different available communication channels for targeting China tourism market and attempt to employ these channels for marketing. The main communication channels used are participation in travel exhibitions in China, tourism business event *Baltic Connecting* and individual national-level communication on Chinese social media platforms. At the same time it is recognized that currently the **destination visibility in China market is insufficient** and should be increased.
6. The Baltic countries have a well-established basis for communication with China through China's Belt and Road Initiative and CEE-China cooperation platform, and

these can be further used to directly and indirectly promote tourism development in the Baltics. Tourism relations benefit from increased general economic cooperation with China through such activities as trade and investment, and for this reason it can be hypothesized that use of a unified nation brand for all economic cooperation with China (as opposed to separate brand for tourism) might positively contribute to the visibility and attractiveness.

7. Tourism communication with China is mainly organized as a joint effort of Baltic countries as a single destination, but simultaneously each of the three countries has an individual strategy and goals for the China tourism market, and this creates competition. There is **no common destination brand, projected image or strategy** for tourism marketing to China, and there are no plans to introduce such strategy in the future.
8. Chinese language is the only language that allows efficient communication with China market, but there is a **lack of Chinese-speaking tourism professionals** in both travel trade and hospitality service sphere in the Baltic countries. Moreover, tourism companies in the Baltic countries have limited knowledge about China outbound tourism market, and it can negatively affect the Chinese visitors' experience and perception of the quality of provided hospitality services. Therefore it is **necessary to acquire new skills and knowledge** to attract China tourism market.
9. The **lack of direct flight connection** between China and the Baltic countries is one of the main challenges for Baltic region as a tourism destination. This factor negatively affects not only the accessibility, but also the destination image of the Baltics because flight connectivity is one of the factors that influence the perceived attractiveness of a destination for Chinese tourists.
10. Geographic proximity to Scandinavia and Finland is a significant advantage for Baltic countries as a destination for China marked due to several factors. First, Nordic countries are well-known in China tourism market thus it can be hypothesized that adopting the **Nordic image would increase the popularity and attractiveness** of Baltic region. Second, there is a good direct flight connection between Nordic countries and China, and a good transport connection between Nordic countries and the Baltics, therefore Baltic region can be conveniently reached by Chinese tourists who visit Nordic countries.

Proposals

1. Tourism cooperation for targeting China market should be increased not only among the Baltic countries but also involving the countries that have been recognized as forming destination cluster according to Chinese tourist travelling patterns – Poland, Belarus, and Nordic countries, especially Finland. Joint routes and travel offers should be developed and jointly proposed to popularize the destinations and reduce negative competition.
2. Due to the relatively large cultural distance, new tourism products should be developed specifically for China market in the nature and culture tourism categories. Likewise, it is necessary to continue improvement of tourism infrastructure by providing services adjusted to the needs of China market – payment with mobile applications, signs in Chinese language, more Chinese food options etc.
3. To improve the effectiveness of travel trade communication with China it is necessary for local tourism businesses to adopt a more flexible and proactive approach. Use of non-traditional business communication channels (e.g. Chinese social media platform *WeChat* instead of email) and employment of Chinese speaking staff should be considered.
4. More luxury products should be promoted to China tourism market. Further development of coastal and marine tourism in the Baltic region and especially cruise tourism as a product with high added value should be considered due to recognized Chinese tourist demand for such products.
5. In regard of cultural tourism, products that provide high involvement and learning opportunities should be developed for China market, e.g. craft workshops, cooking classes, traditional festivities. Moreover, considering the collectivism in Chinese society, tourism products suitable for groups should be promoted.

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Appendices

Appendix 1: Outline of questions used in focus group interviews with experts

1. What is your experience/background in tourism, and current position?
2. How would you estimate the importance of Chinese tourist market for the Baltic States (or specifically for the country/company you represent)? Should Baltic States consider China as one of the priority markets?
3. How Chinese tourist market differs from other markets? In your experience, are there any special characteristics that you have noticed?
4. What marketing approaches and channels are currently used (in your country/company) to target Chinese tourists?
5. How would you evaluate the potential of Baltic States as a destination for Chinese tourist market? Do you think Baltic States are ready to receive Chinese tourists?
6. What, in your opinion, are the biggest strengths and weaknesses of Baltic States as a destination for Chinese tourists?
7. Do you think that Baltic States should cooperate to attract Chinese tourists?
8. What, in your opinion, should be the message or image of the Baltic States as a destination in order to attract tourists from China?
9. What is your opinion on future development of tourism from China in the Baltic States?

Appendix 2: Summarized statements from expert interviews

	Main statements					
Experts	Importance of China tourism market for the Baltics	Communication channels and visibility	Destination image	Transport and infrastructure	Human resources	Nature and cultural tourism
Expert 1	China is important because number of tourists is evidently increasing over years and recognized as a priority market in national marketing strategy of Lithuania	It should be a joint effort of the Baltic countries to communicate with China, but it is difficult to coordinate due to difference in strategies, priorities and allocated resources between the countries; familiarization trips for Chinese media, participation in travel exhibitions are the main communication channels	Chinese tourists choose to visit the Baltics after they have discovered the more popular European destinations, the Baltics for this market is an undiscovered treasure; Baltic region or Baltic Sea as common identity might be effective	Current infrastructure is suitable for Chinese travellers, especially in regard to inter-region transport links and hotel quality; Chinese travellers prefer 4-star and 5-star hotels, and in Lithuania the provided service in such hotels is of high level	Insufficient number of tour guides with Chinese language knowledge, Chinese language not a popular language to learn in Lithuania	Clean natural environment, uncrowded spaces, interesting landmarks and authentic culture as strength of the Baltics; picturesque landscapes that provide photography opportunities and amber are perspective tourism products; Chinese like to try the local food, but tend to eat mainly Chinese food during the trip
Expert 2	China should be prioritized due to growing number of outbound tourists; target segment in China market is the tourists who wish to	Baltic countries need to recognize and use the communication channels that are popular in China; Baltics considered as one region and	Close proximity to Nordic countries positively contributes to the image of the Baltics as clean, natural and sustainable	Lack of direct flight connection is the main weakness for Baltic countries in regard to China tourism market	Insufficient staff at hotels and restaurants with Chinese language knowledge; it is necessary to educate local tourism businesses how to	Strong point – geographic location and climate similar to Nordic countries; it is necessary to emphasize the resources that

	stay longer at the destination	combined with neighbouring countries in tours; Estonia works with B2B and B2C	destination; development of joint brand or image is not necessary, but also should not emphasize the differences between the countries		work with China market, to be more flexible and adapt to Chinese way of working	represent Baltics: clean air, forests, bogs, manors; Chinese tourists are not interested to learn deeply about local culture and history of Baltics
Expert 3	China market is considered strategically important because of high economic value of Chinese tourists; it is necessary to actively target China tourism market because many destinations around the world compete for the China market, this is evident also among the Baltic countries	China market is targeted in cooperation between Baltic countries by <i>Baltic Connecting</i> as a join platform; Finland should be involved more in the joint marketing activities; it is possible to increase visibility gradually by determinate actions	The geographic proximity to Nordic countries, especially Finland is a positive aspect for destination image of the Baltics; Baltic countries is a novelty, a destination with high added value, safe fresh and green; joint brand is not necessary, instead should emphasize that each country is different and unique, the whole region has a lot to offer	Lack of direct flight is a disadvantage, but the Baltic countries can be easily reached from Helsinki by plane or ferry, and that is a good marketing point; shopping and spending will increase more with introduction of <i>UnionPay</i>	It is necessary to continue education of local tourism businesses about China market, especially about practical aspects of working with China; personal approach, constant learning and feedback from visitors is important to understand how to better cater to China market	Chinese tourists value local design items and handicrafts, activities with high degree of involvement where they can learn something new and make something by own hands that would serve as a souvenir; strengths: niche products, nature and ecotourism, seaside, authentic traditions and crafts, Riga as a city with active nightlife; local brands should be promoted more

<p>Expert 4</p>	<p>Actively targeting China tourism market since 2017; Latvia interested in educated and experienced tourists, not mass tourism from China; not clear yet if it is profitable to invest a lot of resources in marketing for China</p>	<p>Communication with China is state-supported, signed tourism cooperation agreements with China; B2B as main format; <i>Baltic Connecting</i> event and CEE-China cooperation platform as the most efficient channels that increase visibility</p>	<p>Riga is perceived by Chinese tourists as an alternative, exotic destination that can be combined with more popular destinations in Europe; currently there is no common strategy, brand or image of the Baltics and it is not necessary, <i>Baltic Connecting</i> serves as a brand</p>	<p>Current tourism strategy for China tourism market is aimed at opening direct flights, for now lack of direct flights is a major disadvantage; steps are taken to adjust infrastructure for Chinese tourists, e.g. introducing possibility to pay with Chinese bank cards</p>	<p>Certification of China-friendly practices in tourism service industry started in 2018, but still more tour guides and staff with Chinese language skills is required</p>	<p>“Green” environment mentioned as strength; it is necessary to offer niche products, something that differs from the tourism products provided by the popular European destinations</p>
<p>Expert 5</p>	<p>For represented company tourist from China still is not a large market share, but over the years increase is evident; the future growth of the China market for the Baltics depends on the efficiency of marketing and communication</p>	<p>Personal contacts are important, to maintain good cooperation it pays off to visit Chinese partners in their offices in China; nowadays Chinese tour operators are aware of the Baltics and are selling it as a destination, but in combination with other neighbouring countries</p>	<p>Baltic countries are perceived as a region that differs from the rest of the Europe; in the Baltics Chinese tourists seek unique experience</p>	<p>The number of Chinese restaurants is sufficient in the Baltics; bigger problem is hotel availability because Chinese travellers are “last minute bookers”</p>	<p>It is necessary to have a company representative in China who speaks Chinese; tourism businesses need to adjust to Chinese communication style – this market requires a fast reaction</p>	<p>Chinese travellers are interested in small towns and landscapes that differ from China; Chinese tourists like to try local food, but Chinese meals is still a requirement during the tour; shopping is not a very popular activity in the Baltics due to lack of luxury brands, souvenirs like amber are preferred</p>

Expert 6	It is not necessary to prioritize China as a target market, but Baltic countries should be prepared to receive Chinese tourists	Common marketing activities of all three Baltic countries are necessary to attract Chinese tourists	It is necessary to provide original and memorable tourism image	Restaurants should be able to provide menus in Chinese language	The represented company participates in China tourism market related events like exhibitions in China and local business matchmaking events; necessary to prepare more Chinese-speaking staff in service industry	Wide open spaces and “green” areas is attractive tourism product for China
Expert 7	It is necessary to assess whether and how much the Baltic countries should invest in China tourism market	Baltic countries are still unknown in China, should focus on increasing international visibility; it is necessary to develop a joint marketing strategy for China tourism market, separate marketing strategies hinder the efficiency of marketing	Image of the Baltic region has not fully formed in Chinese tourists’ perception; Baltic countries should embrace the image of a small, safe and cosy, but modern destination	Lack of direct flight connection is the main weakness; in the future Riga International airport has a potential to become a central hub for Chinese tourist arrival to Baltics	Greater focus on hospitality is necessary, service industry should learn how to attend to Chinese visitors in a China-friendly way; if Baltics wish to attract more Chinese visitors, tourism industry has to be prepared to communicate in Chinese language	Attractive natural resources for China market: unspoiled nature, mild climate, low population density; should focus on specialized niche products for China market, promote group activities; due to large cultural distance it is necessary to modify local cultural values to create new tourism product suitable for the China market

Source: Compiled by the Author in accordance with the results of the conducted interviews

Appendix 3: Visual identity of national tourism brands of Baltic countries

Figure 1. Visual representation of tourism brand of Estonia



(Source: <https://brand.estonia.ee/design/wordmark>)

Figure 2. Visual representation of tourism brand of Latvia



(Source: <http://www.liaa.gov.lv/lv/turisms/marketinga-materiali>)

Figure 3. Visual representation of tourism brand of Lithuania



(Source: <http://www.tourism.lt/en/283>)

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Autore: Sabīne Jegi _____
/paraksts un datums/

Rekomendēju darbu aizstāvēšanai

Vadītāja: Prof. Dr. geogr. Zaiga Krišjāne _____
/paraksts un datums/

Recenzents: Dr. oec. Aija van der Steina

Darbs iesniegts Humanitāro zinātņu fakultātē _____

Lietvede: Agnese Kirovāne _____
/paraksts/

Darbs aizstāvēts maģistra gala pārbaudījuma komisijas sēdē _____

protokols Nr. _____, vērtējums _____

Komisijas sekretāre: lektore Dr. hist. Inese Runce _____
/paraksts/

