

TRAVEL AND HOSPITALITY

## China to take largest global tourism market title by 2032: Accor, McKinsey

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*Six to 8 percent of carbon emissions generated by mainland China resulted from tourism, presenting a challenge as leaders look for new ways to lessen the growing industry's environmental impact. Image credit: CNW Group/Accor*

By AMIRAH KEATON

Arriving just as travel restrictions ease in mainland China, new research takes a closer look at the status of the region's growing tourism trade, drawing attention to sustainability considerations as the travel business booms.

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By 2032, the country is expected to house the globe's largest tourism market, per forecasts from the World Travel and Tourism Council. Global hospitality group Accor, plus partners McKinsey & Co. and Trip.com Group, have identified that just ahead of the pandemic, 6-8 percent of China's carbon emissions were the result of tourism alone in 2019 the fact grounds an educational whitepaper, as leaders look for new ways to lessen the growing industry's environmental impact.

"People and sustainability are at the heart of everything we do. When it comes to sustainability there are no individuals, only collectives, and this paper represents a major step-forward for this collaborative industry approach," said Sbastien Bazin, chairman and CEO of Accor, in a statement.

"Impactful change cannot be made alone; transformation happens together," Mr. Bazin said. "Traveling across China and around the world responsibly can connect people and Accor is proud to lead this collective journey, supporting local communities, protecting biodiversity, as well as sharing and engaging in more sustainable habits."

"Sustainability is crucial and we have been so pleased to work with our strategic partner Trip.com Group and trusted advisor and counselor McKinsey on this meaningful sustainability-focused White Paper to continue to drive positive change for our guests, talents and partners."

### Road to recovery

Prior to the pandemic, the international travel and tourism industry outpaced many major all economic sectors, adding \$8 trillion to the global economy, which amounts to around 10 percent of the global GDP.

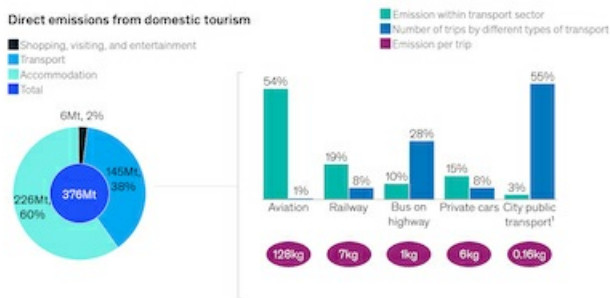
The industry accounts for between 8 and 10 percent of the world's emissions McKinsey's estimate includes direct and indirect emissions across the entire travel and tourism value chain.

In light of a shifting landscape, Accor is revealing just how intense an issue the next-up leading travel nation's policymakers may have on hand.

Exhibit 1

The accommodation sector has the largest share of carbon emissions in domestic tourism, followed by aviation in the transport sector.

Scope 1 and 2 carbon emission of China domestic tourism in 2019, CO<sub>2</sub>e



<sup>1</sup> Includes city buses, metro, and taxi. 20% of the trips through public transport is for travel purposes based on the assumption that each domestic traveler takes four public transport journeys per trip. Source: Press search; McKinsey analysis.

Image credit: Accor, McKinsey & Co. and Trip.com Group

Responsible for approximately 4 percent of the country's GDP, 6 billion domestic trips and 155 million outbound trips from mainland China resulted in \$1 trillion in travel spend in 2019, reaching new peaks just months before the pandemic's spread.

This overview paints a picture of the crucial role of inbound and outbound tourism revenues generated.

At the same time, experts are sounding the alarm regarding the sector's gradual activity increases, an immense cause for concern on the subject of carbon emissions.

Primary sources of this pollution include electricity consumption hotel heating and air conditioning top this list, as accommodations generated 60 percent of domestic travel emissions in 2019 and transport, with high energy consumption levels led by flights.

Global warming-wise, natural resource depletion, plastic pollution and waste generated in the name of travel also have experts on high alert.

Positioned for use as an informative industry reference tool for change, The Path Toward Eco-Friendly Travel in China outlines a number of timely issues currently negating net-zero targets.

Data from McKinsey's 2021 sustainable travel survey suggests 62 percent of Chinese travelers are concerned about climate change. On the whole, though, the population is unwilling to pay more for sustainable solutions.

McKinsey's findings reflect that only 20 percent said that they would pay 2 percent extra for carbon-neutral airline tickets, ranking near the bottom among surveyed countries.

An information gap could admittedly be at play here though, as more than half of survey respondents to a Trip.com Group prompt believe online travel providers can make sustainable options easier to find.

The expert's exercise surfaces a few consumer-facing tweaks in support of the environment.

By making smarter choices, travelers can almost halve their environmental footprint compared with base scenarios.

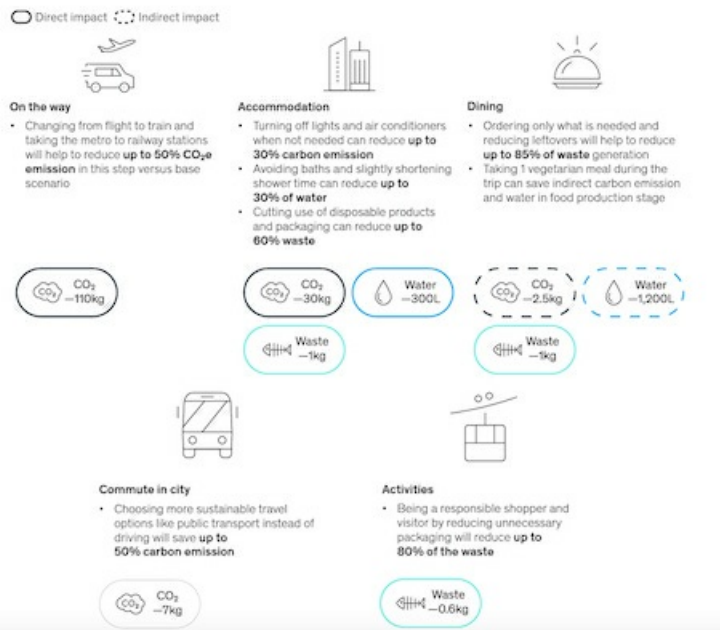


Image credit: Accor, McKinsey & Co. and Trip.com Group

The study identifies 1.6 million tons of waste that could be avoided each year if travelers in China opted out of their in-flight meals. 63 million cubic meters of water could be saved every year if each Chinese traveler decided not to have their towels washed for one day

The research exercise identifies a number of other, more immediate concessions that can be made by entities attracting globetrotters today.

Eco-friendly hotel infrastructure upgrades such as enhanced building insulation and solar panel use would work to push sustainability across the value chain.

Tapping machine learning solutions for real-time consumption pattern monitoring and optimization opportunities is also suggested.

Acknowledging sustainable actions taken by travelers with rewards programs and discounts marks yet another new frontier for the industry.

The full report can be accessed [here](#).

### Forward motion

If Accor's recommendations were to be implemented, by way of smarter individual consumer decisions as well as strategic company incentives, travelers could reduce their environmental footprint on a typical trip by 10 to 20 percent total.

This, paired with news that 83 percent of Fortune 500 companies acknowledge climate change and have set climate-relevant targets ([see story](#)), offers some optimism for hospitality's future.

All things considered, the fact stands that a 66 percent reduction in carbon emissions will be required to stay within the 2 C threshold agreed upon at COP21 ([see story](#)).

"The Chinese tourism industry is large enough to take the lead in advancing the sustainability agenda," said Jonathan Woetzel, senior partner of McKinsey & Company and director of McKinsey Global Institute, in a statement.

"As travelers resume their adventures, each step of their journey presents opportunities to make choices and take concrete actions that could immediately reduce their environmental footprint," he said. "But the burden is not on the traveler alone."

"Long-term change calls for collaboration between actors across the entire travel industry, from hotels and travel agencies to green investors and technology suppliers."

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