

The evolution of holiday system in China and its influence on domestic tourism demand

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Abstract

Purpose – The purpose of this paper is to focus on the reforms in the public-holiday-policy system and their influence on the domestic tourism in China. The major reforms in the Chinese holiday system in the last 20 years and the overall changes in the demand for domestic tourism are analyzed in this paper to provide a better understanding of China's holiday-system reform for policy makers in the future.

Design/methodology/approach – This paper summarizes the development and reform of the holiday system in China. Policy review and domestic tourism statistics were applied to study the intrinsic relationship between the holiday system and the domestic tourism. The statistics of domestic tourism are cited, including the growth rates of both urban and rural tourists, the domestic tourism expenditure per capita, etc. Finally, this research explains the trends of these rates in a comprehensive background.

Findings – The increasing length of holidays positively affects the domestic tourism demand by increasing the leisure time. Yet, the holiday-tourism activities lead to a series of problems, such as a huge pressure on transportation, overloaded tourist attractions, and threats to safety precautions. Paid leave, price leverage, and more reasonable tourist-attraction arrangements will be effective in easing China's holiday rush.

Originality/value – Through studying the intrinsic relationship between the holiday system and the domestic tourism, this paper points out the problems of excessive concentration of domestic tourism demand in a particular time, caused by the holiday system. Solutions and suggestions are provided on the basis of the analysis.

Keywords China, Domestic tourism, Holiday system, Leisure time, Travel demand

Paper type Viewpoint

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1. Introduction

Mainland China has witnessed a series of holiday-policy reforms, which are regarded as an important force shaping the development of domestic tourism (Zhang, 2008a). This paper focuses on the reforms in the public-holiday-policy system and their influence on the domestic tourism in China. The major reforms in the Chinese holiday system in last 20 years and the overall changes of the demand for domestic tourism are analyzed in this paper to provide a better understanding of China's holiday-system reform.

As early as December 23, 1949, the State Council published the *Regulation on Public Holidays for National Annual Festivals and Memorial Days*, which was the first legal attempt to identify the residents' leisure time. After the opening-up policy in the 1980s, China has adjusted its holiday system more than 40 times, reducing the working hours continuously. The provisions in the revision carried out on September 18, 1999 gave priority to the official start of the "Golden Week." On December 9, 2007, China adjusted the legal holiday time again, reducing the number of vacation days for "May Day," also known as the "International Labor Day," and adding the Tomb-Sweeping Day, the Dragon Boat Festival, and the Mid-Autumn Festival as national legal holidays. At present, China has 115 days of holiday in a year. On January 1, 2008, China officially implemented the "Announcement of the State Council on the Regulations of Paid Annual Leave of Employees."

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Meanwhile, the holiday system in China has experienced a major reform in the last 20 years, and the domestic tourism industry has also been booming. In terms of domestic tourism, the number of arrivals increased from 524 million in 1994 to 2.103 billion in 2010, an increase of almost four times. The leisure time is guaranteed by the holiday system, which is a significant factor affecting the domestic tourism demand. The rapid development of domestic tourism in the last 20 years in China is integratedly influenced by various conditions, including residents' disposable income, economic development, and so on. However, the holiday-system reforms in China have significantly impacted the domestic tourism. China's domestic tourism demand has had changes at the macro level corresponding to the timing of the holiday-system reform.

However, the public has gradually started to recognize the negative impacts of the "Golden Week" holiday system on sustainable development and social issues (Wu *et al.*, 2012). According to previous studies, "Golden Week" not only disrupts the regular weekday schedule, resulting in the entire economy operating abnormally, but also produces demand and supply imbalances in the tourism industry with the following negative outcomes: crowding at major attractions, increasing prices, and declining service quality during Golden Weeks. Together, these significantly reduced customer satisfaction at destinations.

Taking this into consideration, a number of experts said that the existing holiday system needs to be reformed. The matter drew the attention of various sectors of Chinese society and a fierce debate ensued over the holiday-policy reform. Accordingly, it will be worthwhile to provide solutions to the problems caused by "Golden Week" holiday, based on the investigation of the impacts that the holiday system has on tourism development.

This paper looks into the influences that "Golden Week" holiday system has on tourism in China. This study will mainly focus on urban residents' travel demand in the scope of analysis because of the fact that the audience of the holiday system are basically the people working in urban enterprises, whereas rural residents are not significantly affected by the holiday system. The result provides further support for the hypothesis that there may be a link between holiday and domestic tourist demand. Moreover, this paper points out the risks of holiday-tourism activities and suggests three options to avoid the mentioned risks.

2. Background: historical review of the holiday system in China

2.1 Public holiday system in China

As a system that determines the residents' leisure time at national level, public holiday system can control the leisure time factor as a whole, thus affecting the travel demand. Chinese residents' leisure time has evolved from a single holiday to a two-day weekend, and then to long holidays such as Golden Week holiday, and from the scattered "Golden Week" to "small long vacation", as shown in Table I.

On December 23, 1949, the State Council published the *Regulation on Public Holidays for National Annual Festivals and Memorial Days*, which was for the first time in the form of a legislation to determine the residents' leisure time. The law stipulated New Year's day (January 1), Spring Festival (the New Year's Day of lunar year, the second and third day of the first month of the lunar year), Labor Day (May 1), National Day (October 1, 2) as the whole-day holidays, and Women's Festival (March 8), Youth Festival (May 4), Children's Day (June 1), and Memorial Day for the founding of the People's Liberation Army (August 1) as the half-day holidays for relevant personnel. For the festivals of Chinese minority nationalities, local governments decided by themselves. The regulation also stipulated that every Sunday was a day off for everyone.

In 1994, in order to boost domestic demand, China published *Provisions on Working Hours of Workers and Staff*, which reduced the working hours from 48 hours to 44 hours a week, and then to 40 hours a week after the amendment of *Provisions on Working Hours of Workers and Staff*. Therefore, the total length of China's circulation holiday was doubled from 52 days to 104 days, from single weekend to double weekend.

On September 18, 1999, the State Council issued the revised *Regulation on Public Holidays for National Annual Festivals and Memorial Days*, deciding to increase the public statutory holidays

Table I The reform of Chinese residents' vacation system

Time	Policy	Details
December 23, 1949	Published <i>Regulation on Public Holidays for National Annual Festivals and Memorial Days</i>	New Year's day (January 1), Spring Festival (The New Year's Day of lunar year, the second and third day of the first month of the lunar year), Labor's Day (May 1), National Day (October 1, 2)
February 3, 1994	Published <i>Provisions on Working Hours of Workers and Staff</i>	Changed the worker's working hour from 48 hours to 44 hours a week (the working day was changed from six days to five-and-a-half days)
May 1, 1995	Amend <i>Provisions on Working Hours of Workers and Staff</i>	Changed the worker's working hour from 44 hours to 40 hours a week (the working day was changed from five-and-a-half days to five days)
September 18, 1999	Amend <i>Regulation on Public Holidays for National Annual Festivals and Memorial Days</i>	The statutory holiday of Spring Festival, May Day, and National Day were adjusted for a three-day holiday each
December 16, 2007	Amend <i>Regulation on Public Holidays for National Annual Festivals and Memorial Days</i>	Shortened the three-day Labor Day vacation to one day; added traditional festivals such as Tomb-sweeping Festival, Dragon Boat Festival (the fifth lunar month) and Mid-Autumn Festival (lunar calendar August 15), each has a one-day holiday

by three days by adjusting the Spring Festival, May Day, and National Day. According to the vacation time arrangement system, and on the basis of not changing the total length of the holiday, three seven-day offs in a year were introduced by adjusting the double cease day before and after the holiday, which is commonly known as "Golden Week." On the anniversary of the National Day in 1999, China implemented the "Golden Week" holiday system.

On December 16, 2007, the Chinese Central Government announced the revised "Regulation on Public Holidays for National Annual Festivals and Memorial Days." The latest arrangement of the holiday canceled May Day's Golden Week, shortening the three-day holiday to one day. In addition, Chinese citizens have had days off for traditional festivals, such as Tomb-sweeping Festival, Dragon Boat Festival, and Mid-Autumn Festival, by adjusting the weekends of these festivals to organize three three-day continuous holidays, which is known as "small long holiday." The Spring Festival Break was changed so that it starts from the Chinese New Year's Eve to the sixth day of the first month of the lunar year.

2.2 Other holiday systems in China

Public holiday system targets the whole population in China and thus determines the overall leisure time at national level. The leisure time for some of the Chinese residents is also affected by other holiday systems, such as paid annual leave, special holiday, etc. In Table II, the corresponding holiday-system reforms are reviewed.

For on-the-job employed labor force, the corresponding holiday system is mostly the paid annual leave system. "Labor Law" article 45 stipulates that laborers who have worked continuously for one year or more shall be entitled to annual vacation with pay. For this, concrete measures should be formulated by the State Council. Thus on January 1, 2008, a specific law, i.e. "Announcement of the State Council on the Regulations of Paid Annual Leave of Employees," was enforced: employees in organizations, groups, enterprises, public institutions, and private non-enterprise entities, and individual industrial and commercial households hiring labor, who have worked continuously for one year or more, are entitled to paid annual leave. Employers shall guarantee employees' such right. According to the provisions of the labor remuneration during the vacations, employees shall be paid for annual leave equally similar to normal working hours. An employee who has served one full year but less than ten years accumulatively is entitled to five days of annual leave. For the person who has served ten full years but less than 20 years, annual leave is ten days. For the person who has served for 20 full years, annual leave is 20 days. For each day of the annual leave time which is due but not taken by the employee, the entity shall pay the employee 300 percent of his daily wage income.

Table II The reform of other holiday systems in China

<i>Holiday system</i>	<i>Content</i>
Paid Annual Leave System	In 1995, "Labor Law" stipulated that laborers who have worked continuously for one year or more shall be entitled to annual vacation with pay. Concrete measures shall be formulated by the State Council In 2008, "Announcement of the State Council on the Regulations of Paid Annual Leave of Employees" was published and stipulated that every employee who has served one full year but less than ten years accumulatively is entitled to five days of annual leave. For the employee who has served ten full years but less than 20 years, annual leave is ten days. For the employee who has served for 20 full years, annual leave is 20 days
Permanent Holiday System	In 1978, <i>State Council Provisional Regulations on Retirement and Resignation of Workers</i> was published. It stipulated that the national legal retirement age of employee should be 60 for male workers, 50 for female workers, and 55 for female cadres
Other special holiday system (such as marital leave, funeral leave, maternity leave, home leave, Winter holiday and Summer holiday)	No significant changes

The following is targeted at the retirees, that the retirement system is the basic content of their permanent vacation. China's current legal retirement system is based on the *State Council Provisional Regulations on Retirement and Resignation of Workers* No. 104 Document of State Council (1978) published on May 24, 1978, which is still in effect, and is approved by the Second Meeting of the Standing Committee of the Fifth National People's Congress. So far, this system has not experienced any significant reforms. The document stipulates that the national legal retirement age of companies' employees should be 60 for male workers, 50 for female workers, and 55 for female cadres. Retirement age for people working in environments that are harmful to health is up to 55 years for male workers and 45 for female workers. China is currently planning to postpone the retirement age because of its ageing population, but it has not yet become a specific policy.

At last, but not the least, is the special holiday system, which includes marital leave, funeral leave, maternity leave, home leave, Winter holiday, and Summer holiday. The special holiday system has not experienced any significant reforms, similar to the retirement system, because the audiences are more dispersed. Therefore, this research will focus on China's circulation system of annual vacation leave, legal holiday, and the influence of the reform on China's domestic tourism.

3. Literature review

3.1 The "Golden Week" holiday system influences the tourism development

China's tourism boom may be attributed to a wide range of policy initiatives and measures instituted by China's Central Government (Zhang *et al.*, 1999). Of the various tourism policies, the "Golden Week" holiday system implemented in 1999 is considered as having been the most influential. This policy not only caused an expansion of the tourism industry, but also contributed to China's economic stability during the Asian financial crisis by providing a major stimulus to domestic demand and consumption (Zhang, 2008a, b).

In the previous study on "Golden Week" holiday, Guo (2007) found that this holiday system had provided considerable contribution to China's economic development. When it comes to tourism development, the forces are chiefly conspicuous. Acknowledged widely, tourism is a sector of political, economic, and social facets typified by diversity and a number of organizations and issues (Elliot, 1997). Specifically, increased leisure time has long been regarded as a critical

determinant of tourism development (Wahab and Pigram, 1997). Hence, the “Golden Week” holiday system significantly increased domestic tourism demand by lengthening the leisure time of Chinese citizens; data from pertinent studies support this conclusion. According to Guo (2007), a wave of holiday travel swept across the whole country when the first National Day “Golden Week” holiday came in 1999: 28 million people travelled during this period, generating a total tourist income of RMB14.1 billion yuan. In 2007, the income generated by tourism reached RMB64.2 billion yuan.

In short, the holiday system has significantly boosted domestic demand, stimulated consumption, and promoted economic growth on a large scale. It has also caused a major expansion in long-distance travel trips. It is now well established that since the system produced a “golden” economic yield, the holidays were aptly labeled as “Golden Weeks” to reflect the enormous opportunities they had created, especially for the tertiary sector.

However, apart from the holiday system, there are some other important factors that affect demand for tourism as well. When analyzing the influence of the holiday system on tourism demand, previous studies neglect the impacts from other existing factors like newly implemented laws or an unexpected epidemic. This paper combines several potential factors and thus establishes a more convincing causal relationship between the holiday system and domestic tourism demand.

3.2 The “Golden Week” holiday system gives rise to problems

Although the “Golden Week” holiday system has played a significant role in promoting economic development and changing Chinese people’s concept of consumption and way of living (Guo, 2007), there is evidence that this holiday system has led to many social problems that pose obstacles for sustainable tourism development (Wu *et al.*, 2012).

A great deal of previous research into the “Golden Week” holiday system has focused on the negative effects, such as overloaded tourist attractions, traffic congestion, insufficient hospitality facilities, decrease in service quality, and increase in security risks, which lead to the deterioration of environment and unpleasant travel experience (Li, 2006a, b).

There are a large number of published studies revealing that the negative effects are directly attributable to the time-place clustering of “Golden Week” holiday tourism activities. Li and Lin (2001) suggested that Chinese holiday-tourism activities have presented a high time concentration and an obvious convergence in the selection of traveling destinations currently. Moreover, they analyzed this convergence in destination selection with a psychology perspective: because of the group psychology, people tend to flood tourist attractions that are popular but few in number and thus give rise to a crowding-out effect. Wu (2002) provided further reflection by indicating that people have a strong preference for the famous tourism product brands. With regard to the role of travel agencies, Xie (2001) pointed out that travel agencies apply centralized propaganda as well as the capital investment and staff input only on main travel routes, thereby resulting in the limited and similar destination selection. Li and Tong (2003) viewed this topic in the context of tourism product design, demonstrating that there is a causal relationship between comparatively monotonous tourism products and similar travel decisions.

As explained by Yan (2000), holiday-tourism market is the seller’s market and so the tourism operators do not have to provide good service to get high profits. This situation will lead to a decline in the quality of tourism services, hence damaging the interest of the most tourists. Others argued that the decline in service quality is the result of the negative configuration function of the tourism market. Gao (2005) noted that holiday tourists’ surge, much beyond the tourism industry and related industries’ bearing and management capacity, will inevitably lead to a lower quality of service. As a consequence, Yang (2005) concluded that when the market configuration function fails to actively adjust the contradiction between tourism supply and demand, the market will sell the low-quality products at a high price in order to restrain the tourism demand forcibly, leading to disastrous effects on the tourism industry in the long term.

The concentrated nature of holiday tourism not only affects the quality of traveling experience, but also exerts a negative impact on traveling destination. Li and Lin (2001) pointed out that the

holiday tourism has brought air and noise pollution to the destination area. Tourism resources will inevitably move to an irreversible breakdown unless environmental protection is taken. Fan further maintained that if not controlled in time, resource depletion will induce a shorter tourism product life cycle and the destruction of tourism brands, damaging the long-term economic benefits.

Xie and Zheng (2001) discussed the impact of the holiday-tourism peak on the social life in the destination and pointed out that the peak destroys the cultural tradition and environment, and even changes the development direction of the local area. The tidal wave of tourists, as He (2002) mentioned, will do disservice to the interests of local community, causing an over-commercialized folk culture.

Because of the negative effects of the “Golden Week” system, a better holiday policy is needed. Given the problems mentioned, this paper provides countermeasures for solutions in the following part.

4. The domestic tourism changes in China

This research will mainly present tourism demand by the number of tourists' person-time, tourism expenditure, and per capita spend on tourism (Table III).

From 1994 to 2014, China's domestic trips, of both urban residents and rural residents, have shown a growing trend generally, except in 1998 and 2003; Chinese residents' travel demand has been increasing every year, for the past 20 years. From 1994 to 2014, the number of urban residents traveling within the country has more than decupled, from 205 to 2,483 million.

The domestic tourism demand of the residents presents four relatively significant points of annual growth rate – 1995-2000: 1995 and 2000 are two peaks, whereas 1996-1998 is the trough; 2000-2004: 2000 and 2004 are two peaks, whereas 2002 and 2003 is the trough; 2004-2009: 2004 and 2009 are two peaks, but the years 2005-2008 showed a two magnitude smaller band,

Table III Statistics of domestic tourism demand

Year	Domestic Tourists (million person-time)			Tourists' expenditure (billion yuan)			Expenditure per capita (yuan)		
	Urban residents	Rural residents	Total	Urban residents	Rural residents	Total	Urban residents	Rural residents	Total
1994	205	319	524	84.8	17.5	102.4	415	55	195
1995	246	383	629	114	23.6	137.6	464	61	219
1996	256	383	640	136.8	27	163.8	534	70	256
1997	259	385	644	155.2	56.1	211.3	600	146	328
1998	250	445	695	151.5	87.6	239.1	607	197	345
1999	284	435	719	174.8	108.4	283.2	615	250	394
2000	329	415	744	223.5	94	317.6	679	227	427
2001	375	409	784	265.2	87.1	352.2	708	213	450
2002	385	493	878	284.8	103	387.8	740	209	442
2003	351	519	870	240.4	103.8	344.2	685	200	396
2004	459	643	1,102	335.9	135.2	471.1	732	210	428
2005	496	716	1,212	365.6	163	528.6	737	228	436
2006	576	818	1,394	441.5	181.5	623	766	222	447
2007	612	998	1,610	555	222	777.1	907	223	483
2008	703	1,009	1,712	597.2	277.8	874.9	849	275	511
2009	903	999	1,902	723.4	295	1,018.4	801	295	535
2010	1,065	1,038	2,103	940.4	317.6	1,258	883	306	598
2011	1,687	954	2,641	1,480.9	449.7	1,930.5	878	471	731
2012	1,933	1,024	2,957	1,767.8	502.8	2,270.6	915	491	768
2013	2,186	1,076	3,262	2,069.3	558.4	2,627.7	947	519	806
2014	2,483	1,128	3,611	2,422	609.2	3,031.2	975	540	840

Source: China Statistical Yearbook (1995-2015)

where the growth rate is low in the years 2005 and 2007, whereas higher in the years 2006 and 2008; 2010-2012: 2011 is the peak with the highest growth rate in the past 20 years. When it comes to 2013 and 2014, the fluctuation of growth rate is comparatively small.

As shown in Figure 1, compared to China's urban residential domestic tourists, the changes to rural residents are less fluctuant. In Figure 2, we can find that the urban residents' per capita spend on domestic tourism from 1994 to 2014 is relatively small, but there is still a growing trend in general: from 415 yuan per capita in 1994 to the peak of 907 yuan per capita in 2007; although the figure fluctuated during the following three years, it still kept around per capita 800 yuan, and in 2012 the expenditure per capita reached another peak at 915 yuan. The expenditure kept rising from 2013 to 2014.

Although rural residents are basically not affected by the holiday system, by comparing urban residents' domestic tourism demand to that of the rural residents, we can highlight the effects of the holiday reform better.

First, from 1994 to 1995, China's circulation holiday system transited from "a six-day week" to "a five-day week," and from "one-day off" to "double cease," which nearly doubled the leisure time of China's urban residents. Thus, the 20.1 percent annual growth rate of the urban residents' domestic travel trip in 1995 is also the second-highest point, except atypical growth in 2004. In fact, weekends are also a two-day off, compared to one-day off per week, and this also has a quality level of influence on tourists' travel motivation.

Figure 1 The domestic tourist growth rate of urban residents and rural residents

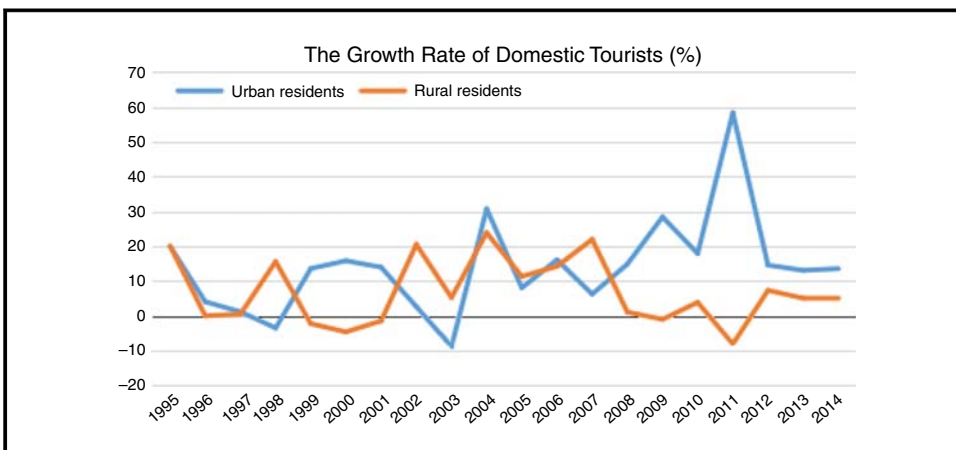
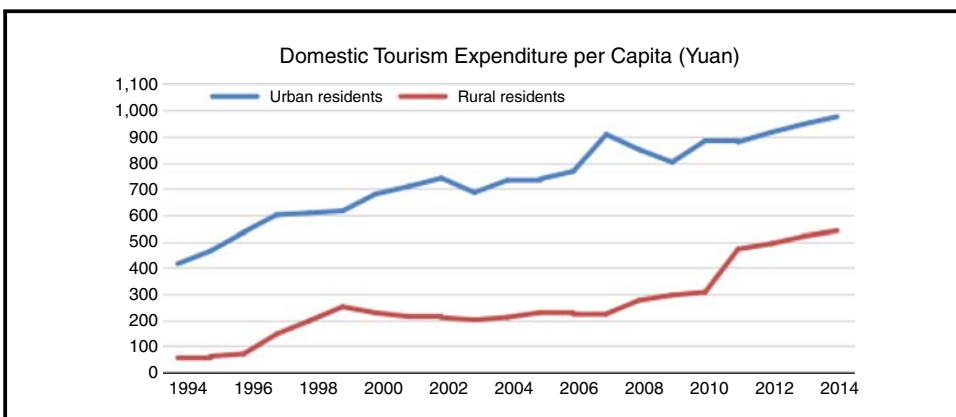


Figure 2 The domestic tourism expenditure per capita (unit: yuan)



Therefore, due to China urban residents' consumption habits, the change in the cost per capita was not that obvious. Although the residents have the leisure time, and they are willing to make full use of the leisure time to travel, they are still relatively thrift when it comes to spending money; but even so, during 1995-1997, tourism spending per capita still remained above 10 percent of the growth level, and respectively the second to the fourth peak. This can also be seen as residents are getting used to the increase of the leisure time, and spend more money on tourist activities during the leisure time.

Second, from 1999 to 2000, China started to implement the seven-day "Golden Week" holiday system. The annual growth rate of urban residents' travel person-time in 1999 is 13.6 percent, it not only changes the negative value in 1998, the annual rate in 2000 was also continuing go up after complete implemented three "Golden Week", it remains at 15.8 percent, it even can still keep the position 14 percent next year. Furthermore, the influence and the significant effect of tourism in "The Golden Week" have outperformed the numbers during the ordinary weekends. Although, the double cease day is the main body of Chinese urban residents' total holiday length, based on time consumed in travels, the length of holiday will directly lead to an improvement in the motivation of tourists and the grade of tourism. Most importantly, around the year 2000 the transportation technology and the popularity of transportation was far less than it is nowadays; thus, sufficient leisure time, especially long-distance travel, is significantly more important now. The simplest way to identify tourism class or travel distance is to investigate the tourists' per capita travel expenses. In 2000, tourists' spend per capita increased significantly, and the annual growth rate reached 10.4 percent. In view of the Chinese residents' conservative spending habits, this growth rate is quite high. Moreover, in the same year the rural residents' per capita travel costs were down by almost 9.2 percent. Compared to 1994, tourists' per capita travel expenses had increased by more than six times in 2000.

Third, the global economic crisis of 2008, should have inevitably affected the domestic tourism industry to a certain degree, even though China was less affected. However, in 2008 and 2009, the domestic tourism industry in China had experienced a growth of 14.9 and 28.4 percent, respectively; the annual growth rate in 2009 even reached the atypical retaliatory rebound peak of 2004. This may be associated with the increased number of holidays. Although the number only increased by one day before legal holiday reforms on the total length, it increased three times by adding "Tomb-sweeping Day," "The Dragon Boat Festival," and "Mid-Autumn Festival." The degree of tourist motivation for residents from "small long holiday" probably would not be less than the "Golden Week", but the seven-day off "Golden Week" will let the residents have a longer holiday period and further tourist motivation. On the other hand, the three-day off "small long holiday" would let residents have a short-distance travel motivation, as compared to completely no-tourist motivation. For example, even though "May Day" holiday had shortened from seven days to three days during the revolution, it will not let the residents lose travel motives; instead it will just let them give up some long-distance tourism activities and choose some excursion activities. As a result, due to the increasing number of vacations, the number of urban residents' trips increase, and because of the influence of economic crisis, and also because residents are not used to the new holiday system, the number of trips rose relatively modestly in 2008. In 2009 however, tourist trips increased by 28.4 percent, which is the highest level except the atypical growth in 2004.

This viewpoint has also been supported by the decline of urban residents' per capita domestic tourism cost between 2008 and 2009; this is because, due to the decline of the even leisure time, some tourists will turn to shorter tourism activities, in order to decrease the travel expense. Although during the economic crisis, the drop of per capita spending is mainly affected by the economic downturn, but the way, China's impact is relatively small, so far as the per capita consumption of urban residents, 13,653 yuan in 2008 than in 2008 increased by 12.6 percent of 12,130 yuan, 14,904 yuan in 2009 than in 2008 increased 9.2 percent; and second, at the same year the rural residents' domestic tourism spending than last year, respectively, rose 23.7 and 7.3 percent, so the decline in tourism spending is also likely because of the result of the change of the holiday system in 2008.

Finally, on January 1, 2008, the "Announcement of the State Council on the Regulations of Paid Annual Leave of Employees," which had been clear about the way of annual vacation with pay, safeguarded the rights of every worker's paid annual leave, and increased their leisure time. Most of the workers can enjoy five or ten days' paid vacation, which when joined with the

weekends is equivalent to one or two “Golden Week,” and this will stimulate domestic tourism demand. During 2008-2010, for three consecutive years, the annual growth rate of urban residents’ travel person-time was close to or more than 15 percent. The growth continued and accelerated from 2011, and reached a dramatic 58.4 percent of the annual growth rate for urban residents. In 2013 and 2014, the implementation of the new tourism law, which was designed to get rid of flaws such as wanton price hikes and unfair competition, improved the performance of tourism business. Taken together, these facts were in accordance with the growing trend of urban residents’ per capita domestic tourism cost, although the annual growth rates of urban residents in 2013 and 2014 were relatively lower than that in 2011.

5. The negative influence of Chinese holiday system on domestic tourism: intensive travel problems caused by the two reforms of the system of statutory holidays

Although the reform of the China’s holiday system has greatly increased workers’ leisure time, the increase in leisure time led to the tourism activities, but at the same time, it also completely released the huge domestic tourism market demand in those particular holidays. Compared to holidays that occur more times, and are of shorter cycle length, and more scattered special holidays, statutory holidays are longer (Golden Week has at least seven days, small long holiday has at least three days), and occur less times (there are seven legal holidays, but before 2008, the holiday system only stipulated four legal holidays). The travel habits of China’s urban residents are relatively conservative, although they rise almost year by year. The travel rate was only 166.3 percent in 2007, which means, each urban resident traveling an average of only 1.66 times a year. The “Golden Week” seven-day off is undoubtedly the perfect time to stimulate the urban residents, which generates a travelling average of 1.66 times a year. As Qing and Bi (2009) point out, the more leisure time is continuous, the higher travel index is as compared to leisure time, and thus tourists will focus more on the strongest leisure time continuity of “Golden Week,” which inevitably leads to the “blowout” travel case. Keeping in mind the Chinese traditions, most people will choose to go home during the Spring Festival holidays to visit their relatives. On the contrary, for some popular scenic spots the load stress is not bigger than the other two “Golden Week;” however, it also indirectly implies that tourism demand will be more focused on “May Day” and “National Day”.

The “blowout” travel problems of tourists during the “May Day” Golden Week are often more serious than during the “National Day” Golden Week. Therefore, in order to disperse the tourist reception pressure during “May Day,” as well as other problems brought by the “blowout” of excessive travel demand releasing on a point, the State Council amended the “Regulation on Public Holidays for National Annual Festivals and Memorial Days” on January 1, 2008, and shortened the three-day Labor Day vacation to one day, and the seven-day “Golden Week” vacation to the three-day “small long holiday.” In order to maintain the total length of the legal holiday for urban residents, the government also added the “Tomb-sweeping Festival,” “Dragon Boat Festival,” and “Mid-Autumn Festival” as three legal holidays; in addition to the “New Year’s Day” and “May Day”, they formed the five “small long vacation.” This is also the second reform to the legal holiday system.

However, the system reform did not seem to alleviate the pressure, and instead brought a bigger problem. According to Li’s (2009a, b) analysis of the load rate of 106 key scenic spots in China, in the first year of the new holiday system, which is 2008, the daily load rate did not decline; in fact, it rose from 92.662 in 2007 to 95.976 in 2008. That is to say, at least in 2008, the tourism pressure had not been significantly reduced during the “May Day” small long holiday.

And what is worse, the new system not only has a limit on alleviating the travel pressure during “May Day,” but also intensifies the “National Day” tourism “blowout” problem. As urban residents’ long-distance travel has objectively existed, and Spring Festival is the time for people to go back home for family reunion, a travel demand that needs more leisure continuity time will be more focused on “National Day” Golden Week. Thus, hot spots faced a greater reception pressure, the average daily load rate of 106 key scenic spots jumped from 72.830 in 2007 to 83.756 in 2008.

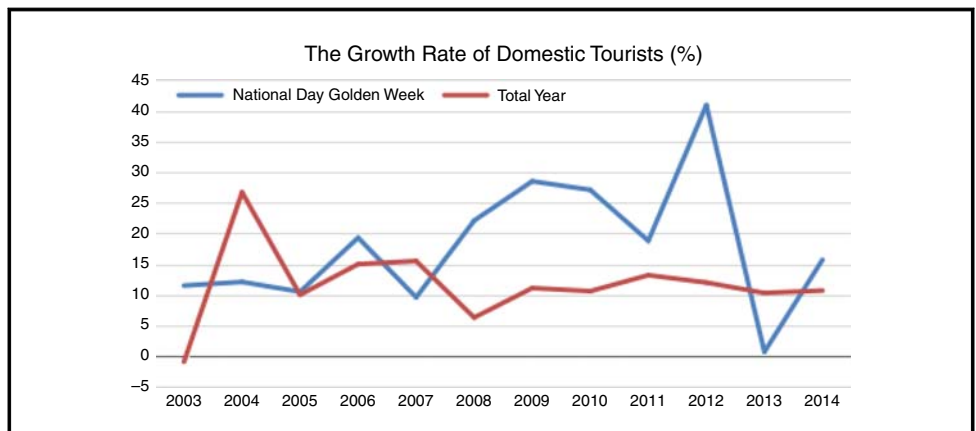
Although China has revoked the “May Day” “Golden Week” in the hope that it can reduce the continuity of urban residents’ leisure time in China, in order to alleviate China’s current tourism “blowout” problem, the reality is counterproductive. As shown in Table IV and Figure 3, before the second holiday-system reform in 2008, the growth rates of domestic tourists during

Table IV Statistics of domestic tourists during the “National Day” Golden Week and across the year

Year	“National Day” Golden Week		Total year	
	Million person-time	Growth rate (%)	Million person-time	Growth rate (%)
2003	89	11.5	870	-0.9
2004	101	12.1	1,102	26.7
2005	111	10.5	1,212	10
2006	133	19.3	1,394	15
2007	146	9.6	1,610	15.5
2008	178	22.1	1,712	6.3
2009	228	28.5	1,902	11.1
2010	254	27.1	2,103	10.6
2011	302	18.8	2,641	13.2
2012	425	40.9	2,957	12
2013	428	0.7	3,262	10.3
2014	475	15.7	3,611	10.7

Source: *China Statistic Yearbook* (2004-2015)

Figure 3 The domestic tourist growth rate during the National Day Golden Week and the total year



the National Day “Golden Week” were around 10 percent, and after the reform, the growth rate soared to 22.1 percent in 2008, 28.5 percent in 2009, 27.1 percent in 2010, 18.8 percent in 2011, and a dramatic 40.9 percent in 2012. However, the growth rate underwent a sharp decrease in the following year, 2013, in which the growth rate was only 0.7 percent. On October 1 of 2013, China’s first tourism law came into effect. Approved in April, 2013, the law aims to promote the sustainability of the industry growth, through measures of tourist safety, unfair competition, and forced shopping. Facing the new regulations, tour operators hiked the prices of tourism products, which led to the decrease of group tour. Some unexpected events also exerted great effects on tourism during the National Day vacation, 2013. Typhoon Fitow brought torrential rainfalls to the coastal area, which reduced the number of tourists to a large degree. To make matters worse, the outbreak of H7N9, a kind of bird flu virus which was first reported to have infected humans in Anhui Province, in 2013, somewhat affected the tourism industry.

The “blowout” phenomenon during the Golden Week caused many severe problems. First of all, the passenger transportation experienced huge pressure, which mainly showed up as peak capacity constraints in hot tourist routes. Travel inconvenience due to overcrowding is common during the “Golden Week,” which displays the most significant contradiction between supply and demand. The imbalance between supply and demand is very conspicuous when considering tourists’ travel and return time by the civil aviation, railways, and highways in “Golden Week”, such as the

“thousands mile long dragon” highway entrances and exit, as well as the transport during the Spring Festival period; it is incredibly hard to get a train ticket.

The second problem is the capacity of the scenic spots, which mainly shows up as crowding of hot scenic spots, aggravation of environmental load, and decline in the tours and service quality. Scenic spots are another aspect of contradiction between the supply and demand during “Golden Week.” Visitors complained that rather than looking at the scene, they had to look at other tourists’ heads and shoulders. Thus, when the number of visitors is too large, it will inevitably lead to a drop in the quality of tourism services and harm the tourism resources of scenic spots.

The last problem is the potential safety concerns. The overexploitation of the capacity of tourist arrivals will greatly increase the security and environment risks. There have been many reports about the security accidents, facility damages, trash pollution, and traffic overload in the tourist destinations throughout the country during the “Golden Week.”

6. Discussions and implications for the future

This paper examines the correlation between “Golden Week” holiday system and domestic tourism demand in mainland China in the last years, and explains the trends by analyzing the effects of holiday system on domestic tourism demand. Besides, problems caused by the system were also discussed. Based on the findings above, this paper provides three feasible solutions for future development of domestic tourism in China.

First, the current holiday policy applied in China results in a highly centralized tourism demand during the “Golden Week” period. The seriously dense demand is not only due to the “Golden Week,” which provides such a long and continuous leisure time that brings about a long distance trip, but also caused by the unity of the legal holidays. As for the majority of urban residents, the private leisure time is relatively limited and determined by the public-holiday policy. Thus, the urban residents, together with the hundreds of millions of other people, are forced to arrange their travel activities within the “Golden Week” vacation. Not surprisingly, the overcrowding of the visitors in the tourist attractions is unavoidable.

The solution to this problem may be a more flexible holiday-system design: the paid annual leave. Under this reform, each employee gets to enjoy the total length of fixed paid annual leave, but the selection of days in which to take holidays is completely determined by the employee himself. Therefore, in the system of paid annual leave leading to long continuous leisure time, the probability that the tourists will massively select the same time travel is very low, i.e. the number of tourists travelling at the same time period will be greatly reduced, which means the flexibility of paid leave can disperse the visitors’ travel very well.

Better still, through paid annual leave, the residents can separate their leisure time and traditional holidays, such as the Spring Festival. The residents will be able to arrange their tourism and leisure activities during paid annual leave and celebrate the legal holidays in the traditional ways, restoring the essence and cultural heritage of the festivals.

Second, as for the holiday travel peak, the price leverage is a very effective means to suppress the abnormally high tourism demand. It is reasonable for the well-known tourist attractions to raise the admission fee, and the profits of the tourist attractions will not be reduced as long as the increase in ticket prices is equitable. On the contrary, tourist attractions may upgrade their market presence by lifting the ticket prices and establish the status of upscale tourism products in tourists’ minds. This chain reaction is conducive to the long-term development of tourist attractions. Another impact of price leverage is restraining the arrival of tourists by comparatively high pricing, so as to achieve the purpose of limiting the occurrence of abnormal peaks. However, the price increase during holiday should be regarded as a special economic behavior that is different from usual price adjustments. Tourists are supposed to distinguish the two kinds of increases in price, otherwise there will be a negative impact on the development of tourist attractions. Of course, the price strategy should be varied according to sub-periods and distinct areas, rather than just a simple increase in ticket price. The leverage should be a comprehensive utilization.

Finally, tourism development should be carried out with the comprehensive planning and rational design of scenic tourism products, trying to create a combination of long-, medium- and,

short-term tourism activities and sightseeing, vacationing, and leisure activities. Therefore, tourists will have more choices when facing positive diversification of tourism products. For a single tourist area, there will be a number of different attractions. A good planning can lead to a more even distribution of tourists. For instance, the tourist areas can build attractions for tourists' split-flows. With a balanced distribution of visitors among different attractions, the environmental tensions will be relieved. In conclusion, design and arrangement are of much importance to a certain tourism area. Regarding the ecological influences, this method is undoubtedly essential.

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