

Why a Prosperous Chinese New Year means Budget Quarantine Hotels



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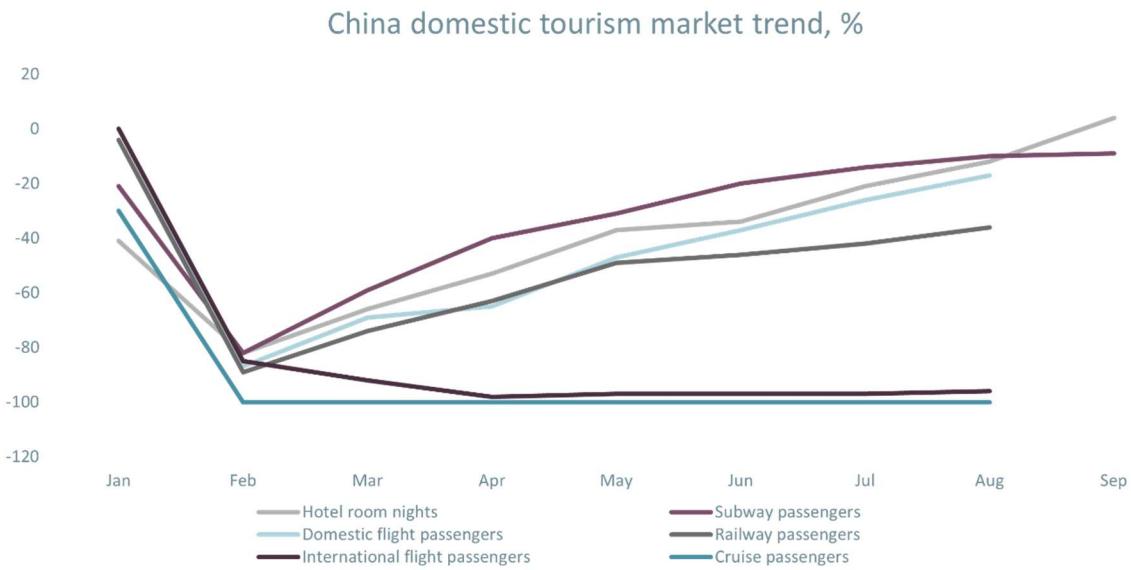
After enduring a shut-down lasting several months, China has bounced back from its lockdown to a spirited economic recovery — projecting a positive 1.6% growth GDP this year and probably the only country to achieve a positive result while the rest of the world continues efforts to stabilize. In an attempt to discover how the nation accomplished this feat, my journey to mainland China provides a clue how health codes and budget quarantine hotels symbolize the Red Dragon's economic success story.

Nobody likes quarantine hotels, but investors like what it means.

In 2019, around three billion passengers traveled for the Chinese New Year but earlier this year, the lockdown pressed pause on the so-called “spring migration” of travelers joining the festivities. Eight months later, however, an extensive strategy for travelers entering China made it possible to travel for the next big event in the Chinese calendar: Mid-autumn Festival and National Day. For many, this was considered as Spring Festival v2.0 — a chance to make up for what we missed in February.

The decision to fly to my hometown in Zibo, Shandong Province meant a stay at China’s quarantine hotels for a 14-day period in Zhuhai, Guangdong Province first, followed by a flight to Shandong. All travelers on my trip had no choice but to be sent to the same hotel for quarantine. It was a budget hotel, but budget quarantine hotels have become a sign of economic recovery in China. Most middle to high-end hotels have stopped serving quarantine guests because domestic tourism has largely recovered.

Despite the waiting periods placed on my trip, governed quarantine periods in hotels are making domestic travel possible and propping up the Chinese economy. According to McKinsey’s China Consumer Report 2021, domestic travel has bounced back to pre-pandemic levels. Hotel occupancy rates and numbers of domestic flight passengers have recovered to around 90% of 2019 levels by the end of August, and railway travel is now showing a strong return.



Waiting for Health Codes: the new travel ticket

From high-end digital contact tracing (i.e. Health Code) to paper seals on hotel doors, China has established an active process of identification of persons who may have come into contact with an infected person. All Chinese citizens are assigned a QR code which determines their ability to travel, and quarantine periods in governed hotels are mandatory for travelers. Despite the restrictions, the economic improvement in the Chinese domestic travel sector indicates that many like me are willing to comply with the rules so they can travel and still protect lives.



A short drive with lengthy caveats

To begin my journey, I needed to cross the HK-Zhuhai-Macau bridge, the longest sea-crossing bridge in the world. After purchasing my WeChat ticket and boarding the bus, I realized only 14 passengers traveled on the 55km-long bridge that has a worth of USD 20 billion.

I had ordered a COVID-19 testing kit online to enable me to pass through Customs prior to my trip. However, after filling in both paper-based and WeChat forms at Zhuhai port, another test was conducted before I could begin my 14-day quarantine.



The green light to fly

At the end of my hotel quarantine, I took another swab test which turned a negative result. Most importantly, my Health Code - a dynamic QR code indicating the level of COVID-19 risks - turned green. To check in at the airport, all passengers must present their negative test report, quarantine completion report, and their green QR code. Despite this multi-step process, the airport was busy as usual.

The final leg: one last quarantine, an ambulance and a police car

Because I traveled from the mid-to-high risk region of Hong Kong, I was guided by an official to stay in another quarantine hotel for another two days.

In mainland China, districts and sub-districts arrange airport transfers for residents arriving from overseas so that local communities can acknowledge the quarantine process for each individual resident. To my surprise, my 10-minute ride to the last quarantine hotel was an ambulance guarded by a police car!

Having taken a total of eight COVID-19 tests and more than two weeks of quarantine for this trip, I can clearly see the impact of this strict travel procedure; within 4.5 million residents of my hometown, Zibo city, there are only 30 confirmed COVID-19 cases with one death reported so far. I am grateful to the officials who made my traceable trip possible and safe for everyone.

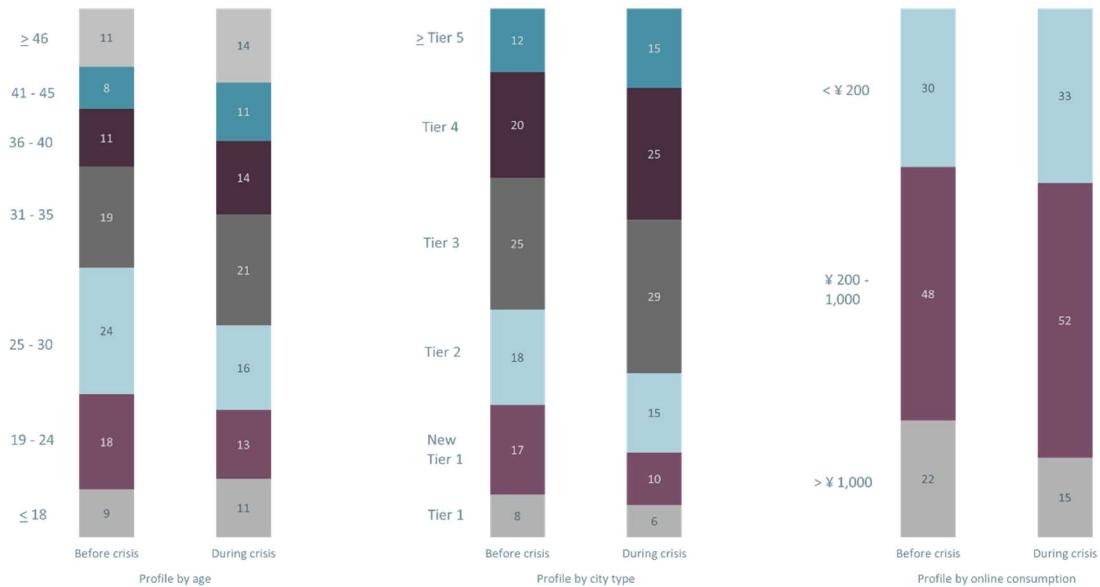
A summary of COVID-19 tests I had during my trip to Shandong

Date	Location	Deep Throat Saliva	Nasopharyngeal Swab	Throat Swab	Serological Testing
29-Sep	Hong Kong	1			
30-Sep	Zhuhai Customs		1	1	
13-Oct	Zhuhai Quarantine Hotel		1	1	
15-Oct	Shandong Quarantine Hotel			1	1
16-Oct	Shandong Quarantine Hotel			1	
	Total	1	2	4	1

Waiting, WeChat & WiFi: China's e-commerce success stars

COVID-19 has enhanced the penetration of online shopping in China. For the first ten months this year, online sales increased by 10.9% year-on-year. Live-streaming and e-commerce took off during the pandemic, providing a closer connection between customers and sellers. The boom of e-commerce on various platforms, including Taobao, JD.com, Douyin, Kuaishou, Little Red Book, covers products ranging from farm equipment and electronic items to luxury brands such as Louis Vuitton.

China E-commerce user profiles before and during COVID-19, %



Source: McKinsey – China Consumer Report 2021, SourceMobile

Part of China's success during this pandemic could perhaps be credited to its considerations for economic opportunity despite enforcing tough mobility restrictions. During our long wait time at the airport, we had access to WiFi and sharable chargers. Digital access is not only key for contact tracing, but also in pushing consumer demand.

During my 14-day quarantine, online shopping was convenient, accessible and tempting. Deliveries could only be brought to guestrooms by the hotel staff because if the paper seal on our hotel doors were broken, we would re-start our quarantine. This did not stop us, however, from ordering takeaways and shopping personal items online.



China's Recovery: From travel bans to economic rebound

Following the first quarter's GDP contraction of -6.8% year-on-year, Chinese GDP grew +3.2% during the second quarter and +4.9% in the third quarter. According to the projections of the World Bank, China's GDP is expected to grow +1.6% this year while the global economy is likely to contract -5.2%.

The re-start of domestic travel, the push for e-commerce and continued industrial output place the Chinese economy in a strong position — and quarantine hotels, strategic digitalization, and health codes show us that China's road to recovery, albeit restricted, is paved with well thought-out economic strategies.

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