

Structural Mismatch: The Tension Between Homogenized Supply and Diversified Demand in China's Tourism Industry

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Abstract. In the wake of China's post-pandemic tourism rebound, deep structural tensions have surfaced: a homogenized supply system is increasingly out of step with diversified, experience-driven tourist demand. This study investigates the mismatch through critical policy analysis, rural-urban case comparisons, and mechanism-based interpretation. While travelers now seek immersive, personalized, and culturally meaningful experiences, many destinations remain locked in a legacy "ticket economy", offering formulaic attractions and duplicated designs. The result is widespread dissatisfaction, service strain during peak periods, and wasted investment in copycat developments. Root causes are identified, including growth-centered governance incentives, policy misalignment, and fragmentation across planning and operational systems. The mismatch affects both rural and urban tourism, reflecting a system-wide inertia. The core argument is that China's tourism must transition from quantity expansion to quality governance centered on authenticity, experience design, and inter-agency coordination. Such a shift is essential to restore competitiveness and realize tourism's evolving role as a "happiness industry" and social value generator.

Keywords: tourism supply, consumption structure transformation, cultural homogenization, structural mismatch, cultural demand

1. Introduction

Tourism has emerged as a strategic pillar of China's economy and social life, notably after the pandemic accelerated domestic demand. By 2019, domestic tourism surpassed 6 billion annual trips. However, behind these headline figures lies a persistent tension: supply is no longer the bottleneck—misaligned supply is. While today's travelers increasingly seek unique, authentic, and participatory experiences, many destinations offer formulaic, one-size-fits-all attractions geared toward revenue rather than satisfaction.

This paper centers on the growing structural mismatch between homogenized tourism supply and diversified, upgraded tourist expectations; it aims to identify the forms and mechanisms of this mismatch, evaluate its impact on service quality and traveler satisfaction, and explore strategies for structural optimization. Methodologically, the study combines an academic literature review, rural-urban comparative observation, and a policy-mechanism framework for causal analysis. This paper argues that this mismatch is not accidental but the product of systemic policy incentives, developmental inertia, and institutional fragmentation. By integrating empirical examples and

academic research, we seek to clarify the roots of inefficiency in China's tourism model and propose targeted, practical solutions. This inquiry holds significance for understanding tourism governance in China and informing how rapidly modernizing economies can transition toward experience-based, culturally grounded, and socially sustainable tourism models in an era of shifting demand.

2. Evolving tourist expectations in a post-growth era

China's domestic travelers are fundamentally shifting from passive sightseeing to experiential, emotionally resonant tourism. Especially among younger generations, there is a growing demand for interactive, personalized, and memory-rich journeys that extend beyond the traditional checklist of landmarks. Recent consumer studies confirm that individualization and meaning-making shape destination choices [1]. Urban youth are increasingly drawn to small-town and rural settings that offer escape from urban overstimulation and opportunities for authentic engagement with local life. Experiences centered around food, music, cultural immersion, or thematic costume tourism have emerged as key motivators. This signals not a superficial trend but a more profound transformation in how tourism is perceived, not just as leisure but as identity expression and emotional replenishment. In the social media era, the desire for "shareable moments" further amplifies this shift. Tourism becomes a vehicle for personal fulfillment, social visibility, and lifestyle narration. Travelers expect not just to see, but to feel, connect, and create. The demand curve is no longer defined by volume, but by experiential depth.

3. Homogenization on the supply side

While demand has evolved, the supply side remains trapped in outdated logic. Many destinations, particularly those backed by local governments, still operate within a legacy "ticket economy" framework, prioritizing short-term visitor volume over long-term engagement. The result is a wave of template-based development: attractions built quickly, cheaply, and with minimal differentiation.

Driven by GDP-performance metrics, this model encourages replicating popular designs rather than cultivating unique, place-based experiences. In the late 1980s, the success of Zhouzhuang Town's "tourism-driven town" led to a boom in tourism development in Jiangnan ancient towns, which immediately brought huge economic benefits. However, experiments have found that while vigorously developing the tourism industry, excessive commercialization has led to the gradual homogenization of ancient town elements and caused serious damage to the historical features of the ancient towns. The result reflected on the demand side is that because of homogeneity, consumers' diverse needs cannot be met, tourists are aesthetically fatigued, resulting in a decline in satisfaction and a decrease in repeat visit rates [2]. This phenomenon is not only seen in Jiangnan ancient towns. The success of ancient town tourism has led to various places vying to follow suit, and even building multiple ancient towns in one place. However, overheated development has led to oversupply. Small towns lacking cultural characteristics have become rampant and are in a serious profit-loss situation, resulting in a large waste of resources. Li [1] finds that after visiting several rural destinations, many travelers experience "perceived homogenization", a psychological flattening of difference, directly reducing satisfaction and interest. From faux-ancient towns to cloned scenic parks, the oversupply of aesthetic sameness erodes the sector's competitiveness and cultural credibility.

Similarly, the homogeneity of the tourism souvenir market significantly restricts the quality of tourism revenue. Akerlof's [3] "adverse selection" theory points out that when product quality information is asymmetrically distributed, inferior goods will drive out high-quality products

through low-price competition. Yang Yong [4] introduced this mechanism into the field of tourism consumption, revealing the core contradiction of operators using their quality information advantage to implement opportunistic behavior: under the condition that tourists cannot effectively identify the quality of souvenirs, some merchants reduce prices by reducing material costs and process standards, causing high-cost high-quality products to be forced to withdraw from the market. This process is exacerbated by the failure of the consumer rights protection mechanism. After encountering quality problems, tourists generally choose to give up accountability (Yang Yong calls it "consumer inertia") because the cost of cross-regional complaints (time, economy, and energy) far exceeds the expected compensation benefits, and the results of rights protection have the attributes of public goods (easy to trigger "free-riding" behavior). The more far-reaching impact is that the phenomenon of cross-scenic area homogeneity makes tourists who have been deceived once form negative quality expectations, thereby reducing subsequent consumption and triggering the "no purchase" repeated game equilibrium. In the short term, suppliers of inferior products may make profits; but in the long term, the market will fall into a "low quality and low price" trap: high-quality supply will continue to shrink, consumer trust will collapse, and ultimately the entire industry will decline [4].

4. Service infrastructure under strain: holidays, hotspots, and uneven distribution

The mismatch between supply and demand becomes most visible during China's peak holiday periods. During Golden Weeks and major festivals, tourist flows surge across key nodes, revealing severe service bottlenecks in infrastructure and management capacity.

Despite having the world's largest high-speed rail network and massive urban transit systems, the sector struggles with temporal and spatial concentration. Popular destinations face overwhelmed toilets, hours-long queues, and transportation gridlock. In some cases, as documented by Huang [5], core service functions—parking, sanitation, navigation—collapse under holiday pressure, undermining even the most basic visitor experience.

Underdevelopment compounds the strain in rural destinations. Many small towns lack the amenities to support large influxes: poor road access, limited lodging, and inadequate emergency services create friction between expectations and reality. The promotional image of serene countryside often contrasts starkly with on-the-ground conditions.

Ultimately, these infrastructure failures are not isolated—they reflect a deeper governance gap, where reactive, fragmented planning cannot meet the complexity of modern tourism demand. Without structural coordination and smart, anticipatory design, peak-time chaos will continue to undercut the experience of travel.

5. Root causes of structural mismatch

The observed mismatch between tourism supply and demand in China is not incidental. It results from systemic policy, institutional, and market flaws.

Growth-Centric Development Incentives. For years, local governments have prioritized rapid tourism expansion, often measuring success by quantitative indicators such as ticket sales and tourist numbers. While effective for short-term gains, this growth-at-all-costs logic has discouraged investment in differentiated and sustainable offerings [6].

Flawed Policy and Evaluation Frameworks. National-level tourism rating systems have historically emphasized the presence of complex infrastructure—entrance gates, parking facilities, and visitor centers—over soft elements, such as visitor engagement, authenticity, or community

integration. As a result, many destinations conform to infrastructure checklists rather than innovating unique experiences.

Weak Intellectual Property Protection and Herd Behavior. The lack of a robust mechanism to safeguard creative tourism content has encouraged rapid imitation. Once a destination trend becomes popular, similar projects proliferate across regions with minimal differentiation. This herd mentality leads to shallow, undifferentiated tourism products.

Rigid Holiday Scheduling. China's concentrated holiday calendar—particularly the Golden Week periods—has entrenched temporal mismatches between peak demand and service capacity. The resulting surges overwhelm infrastructure and undermine the quality of the visitor experience.

Low Professionalization and Limited Community Participation. Many tourism projects suffer from a lack of trained personnel, particularly in rural areas. Inadequate service standards and insufficient engagement of local communities often result in culturally superficial offerings and reduced tourist satisfaction [7].

Finally, institutional fragmentation compounds these issues. Governance over tourism remains divided among transport, culture, emergency response, and environmental protection agencies, often operating in silos. This lack of coordination limits the system's responsiveness, especially during high-volume travel periods, and hinders holistic reform.

6. Toward reform: from quantity expansion to quality governance

A paradigm shift is needed to resolve the structural mismatch in China's tourism industry—from scale-driven expansion to quality-centered governance. The following five strategies outline key pathways toward sustainable reform.

6.1. Prioritize localized and authentic planning

To break the cycle of sameness, destinations must invest in locally distinctive, culturally grounded experiences. Guo [6] notes that current planning incentives favor fast-track projects with weak cultural content. Instead, planners should collaborate with local communities, artists, and scholars to develop unique narratives that leverage intangible heritage and regional identity. Strengthening trademark protections and creative IP laws will help prevent imitation and protect authenticity.

6.2. Redesign the tourist experience through innovation

Experiencing innovation, particularly through digital technologies, can enhance visitor engagement. Immersive storytelling, augmented reality, and interactive “slow tourism” formats offer greater emotional value. AI-based systems (e.g., real-time crowd guidance and dynamic pricing) can further personalize and optimize the tourist journey. Huang [5] highlights how such infrastructure upgrades are vital to addressing peak-period bottlenecks.

6.3. Promote the protection of intellectual property rights in tourist attractions

The awareness of intellectual property protection in the entire industry needs to be improved. The tourism industry should strengthen the publicity of intellectual property knowledge and special training, and deepen the industry's understanding of the value and rules of intellectual property rights. At the same time, the country should establish and strictly implement a system covering the entire chain of intellectual property creation, application, protection and management, provide solid support for innovative achievements and effectively guarantee the return on investment of

innovators. Forming an environment that respects innovation is conducive to encouraging tourism enterprises and talents to continue to innovate independently, create more differentiated products and inject new vitality into the tourism market.

6.4. Manage infrastructure and temporal peaks

Strategic investments are needed to support emerging rural destinations while alleviating pressure on well-known hotspots. Policy tools such as staggered holiday schedules, off-season promotions, and better public service coordination can help smooth out temporal demand spikes. Li emphasizes that sustainable rural tourism depends on balancing cultural appeal with adequate amenities such as restrooms, signage, and safety standards [1].

6.5. Reform incentives and strengthen professional capacity

A restructured incentive system should prioritize long-term value creation over short-term metrics. Instead of focusing on raw visitor numbers or construction scale, tourism evaluations should reward service excellence, creative content, and community integration. Widespread professional training in hospitality, experience curation, and heritage interpretation can elevate service standards and support innovation.

6.6. Deepen community participation and shared benefits

Finally, social sustainability requires inclusive development. Song argues that top-down implementation often leads to superficial culture-tourism projects [7]. A community-based model, where residents co-create and co-own tourism initiatives, fosters authentic experiences and equitable economic returns. Empowering rural hosts to become cultural ambassadors transforms tourism into a mutually enriching exchange.

7. Conclusion

China's tourism system now faces its most significant internal test—not a lack of visitors, but a failure to evolve in response to what visitors truly want. This study has shown how a deeply homogenized supply structure clashes with an increasingly nuanced, diverse, and emotionally driven demand. Tourists today want more than monuments—they want stories, comfort, participation, and meaningful interaction. However, too often, they encounter templated experiences, overbuilt infrastructure, and crowds that erode satisfaction. When faced with repetitive or poorly managed offerings, their dissatisfaction is not just a personal sentiment but a signal that the development model must change.

The research finds that homogenization on the supply side has indeed eroded China's tourism competitiveness and sustainability. Identical attractions and a reliance on ticket revenues may have delivered short-term gains, but they cannot foster loyalty or robust growth in the long run. The root causes lie in outdated incentive systems, fragmented governance, weak cultural innovation, and top-down planning divorced from local voices.

The path forward is clear: governance must lead the shift from quantity to quality. This means aligning policy with real traveler needs, funding original experiences, training service professionals, and enabling local communities to shape their tourism future. Encouraging signs exist—from new ticketing reforms to all-region tourism experiments—but the reform scale must match the problem's scale.

In the next chapter of China's tourism journey, success should be measured by GDP or arrivals, visitor joy, cultural richness, and long-term sustainability. Balancing the tourism equation in this way will ensure that the sector continues to be a true "pillar" of both economic development and social cultural enrichment in the years to come.

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