

3rd Hong Kong Tourism Symposium 2004

Session 2: China Market – Challenges and Opportunities

Room 301, HKCEC

9:30 – 11:00 am, 18 March 2004

Summary

[Moderator: Mr Eden Woon]

1. Penalists' Presentation

Mr Ronnie Ho

- Mr Ronnie Ho described China market as a “ Black Hole ” because of her vast country size and economic momentum and contribution through the World Trade Organisation and the implementation of CEPA.
- Mr Ho considered the Individual Visit Scheme (IVS) and CEPA are a reciprocal treatment to Hong Kong’s investment and economic contribution to the Mainland, but not a relief or a gift to Hong Kong as many press reports or commentators noted. The number of Hong Kong citizens visiting Mainland is much greater than the number of Mainland visitors coming to Hong Kong.
- China is extremely rich in tourism resources and assets and Mr. Ho forecast China would become the top tourist destination (137 million in 2020) if the following driving forces were maintained-
 - (a) increase of diversity of tourist attractions

- (b) improvement of infra-structures
 - (c) increase of direct air services between China and foreign countries
 - (d) close proximity to production / industrial bases
 - (e) cheap labour
- Mr Ho regarded the driving forces in the Mainland were real challenges to the tourism of Hong Kong and urged the industry to capitalize on the existing strengths and distinctiveness of Hong Kong to turn the challenges into opportunities.

Mr Andy Tung

- Mr Andy Tung gave an overview from the Airline prospective. DragonAir managed to achieve a business growth of 18% despite the impact of SARS in 2003 and expected there would be stable growth in the coming years.
- Mr Tung emphasized Hong Kong is a "must go" destination for Mainland travelers for its attractiveness as a shopping and dining paradise, international city, diversity and unique culture & lifestyle etc. This advantage must be maintained and expanded.
- Challenges to Hong Kong tourism from China were discussed and summarized-
 - (a) more destinations of Approved Destination Status (ADS) destination to Chinese citizens coupled with the change of consumer habit in traveling
 - (b) IVS scheme is restricted to coastal cities
 - (c) inadequate facilities such as hotels and boundary crossing points in

Hong Kong to meet the high demand particularly during the Golden Week

- (d) more direct flights between China and foreign countries
 - (e) unnecessary restriction from the Mainland such as long process time of entry permits and airports not open to Hong Kong etc
 - (f) lack of credit / payment infrastructures
- Mr Tung urged more investment in infrastructures and attractions development from Government.
 - The excellent service offered from Hong Kong Airport should be capitalized on to enhance the tourism industry.

Mr Tony Tse

- Mr Tony Tse presented the multi-faceted roles of university in the China tourism market by highlighting the opportunities and challenges a university faces as a Customer, as a Service Provider, as an Attraction and as an Enhancer.
- As a Customer
 - (a) He encouraged the industry to organize and participate international conferences in Hong Kong and the Mainland as conferences promote traveling and conference tourism.
 - (b) Mr Tse furthered that the industry and university should make their best effort to identify opportunities for academic and non academic conferences to be held in Hong Kong, in which participants from the

Mainland were most interested. Hong Kong could also act as a conduit for Mainland conference participants traveling overseas and vice versa.

- As a Service Provider

- (a) Mr Tse stated that universities should design and offer high quality course programme to the Mainland students as Hong Kong has been widely regarded as an international city. The course programme also attracts Visiting Friends and Relatives business through Mainland students studying in Hong Kong universities.
- (b) He also urged the universities to collaborate with the Mainland universities. Through collaboration, more Mainland students and academia would visit Hong Kong.
- (c) Mr Tse recommended the universities to be proactive to provide consultancy service and trainings and other tourism organization in Mainland.

- As an Attraction

- (a) Mr Tse briefed that universities had been approached by travel agencies to have the universities included in their itinerary for visitors with special interest. This opportunity should be explored to promote the status of university and Hong Kong tourism. Where necessary, universities could be packaged to become an attraction.
- (b) Student tours should be promoted, such tour not only ~~benefitted~~benefited the travel industry but also students themselves.
- (c) Universities should make use of their distinctive expertise to attract tourist from overseas and the Mainland such as the unique East-meets-West experience.

- As an Enhancer
 - (a) Mr Tse considered that universities should make more contribution to develop strategies to better capture the growing market from China. The formation of the QTS Association is one of the typical examples.
 - (b) He also suggested to have professional training course on MICE (Meeting, Incentive, Conference and Exhibition) organized by the universities for Hong Kong and Mainland practitioners between the MICE industry in Hong Kong and PRD.

Ms Clara Chong

- Ms Clara Chong highlighted the advantages of Hong Kong to become the preferred destination for Mainland visitors.
- Ms Chong identified the following challenges to Hong Kong from the Mainland -
 - (a) The Mainland market, as a source market, is a very complex market with vast geographical size, population and varying stages of development and behavior and cannot be regarded as a unified market.
 - (b) The increasing competition from overseas as more ADS destinations and direct air flights have been approved.
 - (c) The growing similarities between Hong Kong and other major China cities such as Shanghai would undermine Hong Kong's attractiveness to the Mainland visitors.
- Ms Chong urged the industry and the Government to take the challenges

seriously and work out appropriate measures to turn the challenges into opportunities. These measures include-

- (a) Upgrading the existing attractions
 - (b) Enhancing the consistency and quality of services to a deeper level of satisfaction. Malpractice should be eliminated.
 - (c) The industry should resist short term impulse to capitalize the immediate growth of Mainland visitors but to continue to maintain and build upon the distinctiveness of Hong Kong for long term gain.
 - (d) The need to focus marketing and promotion activities in areas and demographic segments in Mainland that offer the most potential.
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- Ms Chong described the research conducted by HKTB in which 24 high potential cities on outbound travel in China had been identified for market focusing. They are the cities at Pearl River Delta (PRD), Yangtze River Delta (YRD) and Bohai Rim (BR). Visitors from these regions have their own expectation (PRD –shopping, YRD- sophistication & advancement and BR- modernity & unique Hong Kong culture) on Hong Kong and the industry was reminded to pay particular attention to meet their need when they come to Hong Kong.

 - She also made strong recommendation to the industry to extend the marketing effort to cities at YRD and BR and maximize the potential available in Beijing, Shanghai, and PRD to generate repeated travelers.

 - The importance of long term growth was emphasized by Ms Chong and she urged the industry to take appropriate measures to secure the growth. These measures include-

- (a) promotion of family and Free Individual Travellers visit
- (b) refinement of visitors' experience
- (c) expansion of IVS Scheme
- (d) improvement and enhancement of tourist attractions
- (e) development of new products and transport links including border crossing
- (f) maintain high quality of service

2. Floor Discussion

- The salient points covered in the Q&A session were summarized below -
 - (a) There was a general consensus that continuous investment in infrastructures including the air link is required to maintain the competitiveness of Hong Kong.
 - (b) A member of the audience expressed worries whether the promotion and marketing in China had been effective. HKTB replied that there were mechanisms in place to measure the effectiveness of the promotion and marketing effort in China such as awareness for advertising and number of booking confirmed for trade promotion. It was noted that continuous effort must be in place to ensure the marketing and promotion effort in China is cost effective.
 - (c) There was discussion about horse racing which had become one of the main attractions to the Mainland visitors. Promotion of Hong Kong horse racing in China should be exploited. Suggestion included -
 - (i) packaging Happy Valley for other entertainment than horse racing.
 - (ii) promotion of horse racing as an international sport

- (d) There was a strong consensus the standard of Putonghua across the community need to be improved.

- (e) The service quality was again identified as the key concerns of Mainland travelers. The industry and Government must act together to enhance the level of service quality.