

**For discussion  
2 June 2005**

**Legislative Council Panel on Economic Services**

**Use of additional funding by the Hong Kong Tourism Board**

**Purpose**

This paper explains the use of additional funding by the Hong Kong Tourism Board (HKTB) in the coming two years and how the Government monitors the operation of HKTB.

**Background**

2. With the concerted efforts of the tourism trade in the past year, tourism performance continued to flourish. Total visitor arrivals reached 21.8 million and the total tourism expenditure amounted to HK\$91.8 billion in 2004. The growth momentum sustained in the first quarter this year. Visitor arrivals increased by 11% year-on-year, and the long-haul markets performed even better and grew by 20.4%. With a series of new tourism attractions opening later this year and early next year, including Hong Kong Disneyland, "Ngong Ping 360" (formerly known as Tung Chung Cable Car), Hong Kong Wetland Park and A Symphony of Lights Phase II, we need to capitalise on these opportunities to promote Hong Kong globally and establish Hong Kong as a "must-visit" destination in Asia.

3. To prepare for the opening of various major tourism facilities in 2005-06, the HKTB will leverage on this opportunity to launch a global marketing campaign and strategic promotions. The HKTB will make use of the \$440 million funding to launch a series of strategic promotions worldwide in the coming two years, including a thematic global marketing campaign named "2006 Discover Hong Kong Year" – a time-limited campaign to showcase the new image of Hong Kong and promote Hong Kong as a "must-visit" destination in 2006; and a promotional programme targeted at business and family visitors, leveraging on mega events and new tourism products to attract them to visit and spend in Hong Kong. Separately, the HKTB will deploy \$30 million to enhance its Quality Tourism Services Scheme in the coming two years.

4. According to the HKTB's estimate, the above campaign will generate 1.2 million additional visitors, 2 million additional nights of stay, \$10.4 billion of additional spending and a total of \$1.36 billion worth of publicity value. Besides, the campaign will establish a new image for Hong Kong, enhance its attractiveness, strengthen the cooperation with global travel trade and media partners and maintain the status of Hong Kong in the international travel market. Such impact will sustain beyond 2007.

### 2006 Discover Hong Kong Year

#### (a) Objectives and Target

5. On **trade promotion**, the trade refers to the tourism and related trades, including travel agents, airlines, cruise lines, convention & exhibition and event organisers etc. The local trade is a key partner of the HKTB to promote Hong Kong to overseas counterparts. The objectives of trade promotions are:

- (i) to promote to the international trade the series of tourist attractions that will be opened in the coming year and leverage on the existing tourism resources to build a new image of Hong Kong beyond the traditional image of a shopping and dining paradise, and offering a rich and diversified experience for our visitors. The HKTB will also work to convince the trade that 2006 is the perfect time to visit Hong Kong and thus they should design and promote creative itineraries for their customers;
- (ii) leverage on the completion of various hotels, tourist attractions, and convention venues that provide more choices for convention and exhibition activities, to attract more corporations to use these new facilities in Hong Kong to host functions and meetings with a view to boosting leisure travel as well;
- (iii) leverage on the marketing platform of "2006 Discover Hong Kong Year" campaign, to expedite the development of emerging markets such as India and the Netherlands, etc and to launch promotions in the secondary cities of major markets including the Mainland, Korea, the Philippines and Thailand, and disseminate messages of the Campaign to the trade globally; and
- (iv) to cooperate with local trade to promote new itineraries to their overseas counterparts.

Key deliverables	Targets
(1) Trade Launch of the “2006 Discover Hong Kong Year” campaign	
(a) Introduce new attractions, itineraries and events to the international travel trade	About 220 global travel trade representatives (including tour wholesalers, travel agents, airlines and cruise companies) from 23 countries and regions attended.
(b) Provide web-based training programme - <i>Discover Hong Kong Year Hong Kong Specialist</i> - for frontline staff of the travel trade	Revamp <i>Hong Kong Specialist</i> web site and arrange visits to Hong Kong for 100 frontline agents as an incentive to the programme.
(c) Participate in travel trade shows in emerging markets and make use of the shows to organise more activities, strengthen publicity and increase the level and scale of participation	Newly added trade shows include the Moscow International Travel and Tourism Exhibition (MITT) while trade shows with enhanced participation include the International Travel Expo (ITE) in Hong Kong and the Pacific Asia Travel Association (PATA) Travel Mart in Malaysia. Increased public relations and direct mail promotions before and after the shows to enhance travel trade’s awareness of HKTB’s promotions.
(d) Leverage on the ‘Year of France in China’ in 2004/05 to strengthen promotions in France	Roadshows and seminars in cities such as Paris and Lyon to highlight Hong Kong tourism developments and new business opportunities to the travel trade.
(e) Advertise in influential travel publications and arrange for interviews	Publications include <i>TTG China</i> and <i>Travel Weekly</i> .

(2) Trade Familiarisation Visits	
(a) Invite trade representatives and travel agents from emerging markets to visit Hong Kong	To organise an <u>additional</u> 12 familiarisation visits for trade representatives from emerging markets like India and the Netherlands, with an estimated 180 participants.
(b) Increase participation in familiarisation visits from major markets	To organise an <u>additional</u> 60 familiarisation visits for 1,620 trade representatives.
(c) Organise the 'Hong Kong Salutes the World' programme as a premiere to 2006 Discover Hong Kong Year	Some 200 CEOs and senior executives of the global travel trade will be invited to the event.
(d) Opening ceremony of the AsiaWorld-Expo	Leverage on the opening of the AsiaWorld-Expo to show the MICE (meetings, incentives, conventions and exhibitions) organisations and media guests the new travel experiences in 2006 Discover Hong Kong Year.
(e) Organise the <i>Meeting Your Choice</i> programme	50 MICE organisations will be invited to participate in the programme.

(3) Business Development	
(a) Launch global publicity targeting the MICE sector	Produce a new ' <i>Discover Hong Kong Year</i> ' <i>Incentive and Meeting Product Guide</i> and brand new promotional videos.  Media advertising and direct mail promotions are expected to reach 30 million business travellers and an additional 50,000 MICE planners.
(b) Participate in international travel shows	Expand the scale of participation in four trade shows and organise more promotions before and after the shows to reach an additional 600 MICE organisations.
(c) Introduce a <i>Hong Kong Incentive Specialist</i> training programme	Recruit 100 trade representatives to become Hong Kong Specialists, so as to bring more meetings, conventions, exhibitions and incentive travel to Hong Kong.

6. On **consumer promotion**, our targets are the consumers from the 16 key markets<sup>1</sup>. The objectives of consumer promotion are:

- (i) to vigorously promote the diversity of our tourism projects to consumers globally through the media (including print and electronic media and the internet);
- (ii) to cooperate with strategic partners (e.g. travel trade, retail trade, travel websites, and travel magazines etc) to launch joint promotions, and make use of their customer base and information dissemination channels to broaden the promotion coverage, and invite internationally renowned personalities to participate in the consumer promotion activities with a view to enhancing the marketing effectiveness;

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<sup>1</sup> 16 major markets include The United States of America, Canada, United Kingdom, Germany, France, Australia, Mainland, Taiwan, Japan, South Korea, Singapore, Malaysia, Thailand, the Philippines, Indonesia and India.

- (iii) to promote “2006 Discover Hong Kong Year” locally with a view to increasing the awareness of the community and promote a hospitality culture; and
- (iv) to strengthen the meet-and-greet service at the border control points to enhance visitors’ experience.

<b>Key deliverables</b>	<b>Targets</b>
(1) 2006 Discover Hong Kong Year Consumer Launch	To launch “2006 Discover Hong Kong Year” consumer promotions in major markets in the 4th quarter of 2005. To invite over 1,000 travel trade representatives and media guests from the key source markets to witness and take part in the launching ceremony, and to create extensive global publicity through their support.
(2) 2006 Discover Hong Kong Year consumer promotions	<p>To launch overseas publicity in 16 key markets, including the production and launching of TV and print advertisement on “2006 Discover Hong Kong Year”, preparation and distribution of related publications and publicity materials. It is expected that the new advertisement will have 2,900 spots (on TV) and 460 insertions (in publications) each year, generating 879 million impressions.</p> <p>The number of consumer roadshows and promotions in major source markets is expected to reach 74.</p>

<p>(2) 2006 Discover Hong Kong Year consumer promotions (cont'd)</p>	<p>To co-operate with strategic partners to stage joint promotions and make use of their customer/reader database for information dissemination. Aim to send one million direct mail and e-mail to customers.</p>
<p>(3) Step up promotions in Mainland China</p>	<p>Together with the local and Mainland travel trade, to step up promotions in 24 Mainland cities by launching at least 50 co-op promotions targeting consumers, including the staging of roadshows; follow-up with major trade partners on tactical promotions; and co-operation with media organisations to introduce Hong Kong's new attractions and existing unique appeal.</p> <p>To launch integrated promotions in high potential cities during the mega events.</p> <p>To reinforce publicity activities in cities under the Individual Visit Scheme (IVS), including co-operation with media on regional consumer promotions; working with the local Public Security Bureaux on information dissemination; staging of consumer roadshows; advertising, and promotion of special itineraries developed with the travel agencies.</p> <p>To set up Visitor Information &amp; Services Centres in Beijing and Shanghai to provide individual visitors with travel information prior to their visits to Hong Kong. The two centres can serve about one million visitors each year.</p>

<p>(3) Step up promotions in Mainland China (cont'd)</p>	<p>With the support of education departments and schools in the Mainland, to promote travel to Hong Kong by the school children and their families in major cities.</p>
<p>(4) Promotions targeting the female segment</p>	<p>To leverage on the 2005 Hong Kong Shopping Festival, launch print advertisement that targets the female travellers in short-haul markets.</p> <p>To co-operate with famous female magazines in eight overseas markets to produce guidebook for the female segment. Through endorsement and personal experience of celebrities overseas, stimulate female customers' desire to visit Hong Kong.</p> <p>To make use of public relations activities and web publicity to attract female travellers in the long-haul market.</p>
<p>(5) Enhance community awareness of 2006 Discover Hong Kong Year</p>	<p>To leverage on the influence of celebrities and produce promotional videos.</p> <p>To arrange for the media to cover the preparation of the "2006 Discover Hong Kong Year" activities and to launch outdoor advertising in busy districts and on public transport to increase the community's awareness and enthusiasm for "2006 Discover Hong Kong Year".</p>

(6) Strengthen meet-and-greet services	To strengthen meet-and-greet services at border control points and in-town publicity. Present welcome packs to visitors so that they can experience the festive ambience of “2006 Discover Hong Kong Year”.
(7) Mega event themed around the Mid-Autumn Festival	Building on the completion of several new attractions by the second half of 2006, the HKTB will organise a mega event themed around the rich heritage and traditional festivals, which are of special appeal to targeted segments. These are intended for fulfilling customers’ expectations for a novel travel experience and also strengthening Hong Kong’s appeal so as to maximise the publicity value.

7. For **publicity and PR**, the major target is the media, including TV stations, radio stations, print media, internet, and travel media. Through arranging familiarization visits for this group, the HKTB aims at enhancing their awareness and knowledge on the tourism development in Hong Kong, so that they could help in the promotion of “2006 Discover Hong Kong Year” and increasing the popularity of Hong Kong globally.

<b>Key deliverables</b>	<b>Targets</b>
(1) National PR campaign in source markets	<p>To co-operate with national media organisations and corporations in 16 key source markets to produce special features/programmes on Hong Kong’s new image.</p> <p>Arrange for 1,000 media representatives to visit Hong Kong so as to create national reports and coverage on “2006 Discover Hong Kong Year”.</p>

<p>(2) Co-operate with the media to produce travel guides</p>	<p>To strengthen publicity for “2006 Discover Hong Kong Year” in non-Chinese and non-English speaking markets (Thailand, Japan and South Korea), the HKTB will co-operate with the media organisations to publish travel guides. Besides inserting the guides in magazines, additional copies will be published for distribution by travel agencies overseas, during consumer promotions and at border control points in Hong Kong.</p>
<p>(3) Premiere of 2006 Discover Hong Kong Year</p> <p>(a) Hong Kong Salutes the World</p> <p>(b) Promote the new attractions, itineraries and events to the media</p>	<p>To invite about 250-300 leaders of the mass media and famous media celebrities worldwide to Hong Kong to showcase our new attractions and tourism products. Aim to achieve extensive publicity worldwide through their positive word-of-mouth publicity and coverage</p> <p>Invited some 40 international travel media representatives from 16 markets to take part in the Trade Launch and promoted “2006 Discover Hong Kong Year” campaign to them.</p>

8. For **other promotions**, the HKTB will participate in organising international events and activities to promote the cosmopolitan image of Hong Kong and increase the overseas awareness of Hong Kong. The HKTB will also conduct market tracking surveys to evaluate the effectiveness of the campaign and the activities.

<b>Key deliverables</b>	<b>Targets</b>
(1) Organise major international events	To support and promote two major international conventions to be held in Hong Kong, namely the '88th Lions Clubs International (LCI) Convention 2005' and the 6 <sup>th</sup> Ministerial Meeting of the World Trade Organization (WTO).
(2) Market tracking studies	<p>Conduct tracking studies to assess the effectiveness of the "2006 Discover Hong Kong Year" campaign.</p> <p>Two stages of tracking will be conducted in 2005 and 2006, covering 10 to 12 key markets, with over 7,000 short interviews and 3,000 long interviews.</p>

**(b) Budget Break-down**

9. The total budget for implementing the "2006 Discover Hong Kong Year" campaign in the coming two years is 276 million. Detailed budget breakdown is shown below –

	<b>2005/06 Budget (\$ million)</b>	<b>2006/07 Budget (\$ million)</b>	<b>Total (\$ million)</b>
<b>Trade Promotions</b>	<b>15.6</b>	<b>13.0</b>	<b>28.6</b>
1. Trade Launch of the "2006 Discover Hong Kong Year" campaign	6.2	4.6	10.8
2. Trade Familiarisation Visits	4.2	3.4	7.6
3. Business Development	5.2	5.0	10.2

	<b>2005/06 Budget (\$ million)</b>	<b>2006/07 Budget (\$ million)</b>	<b>Total (\$ million)</b>
<b>Consumer Promotions</b>	<b>96.2</b>	<b>87.7</b>	<b>183.9</b>
1. 2006 Discover Hong Kong Year Consumer Launch	2.4	0	2.4
2. 2006 Discover Hong Kong Year global consumer promotions	59.3	44.4	103.7
3. Publicity and promotions in Mainland China	19.0	13.0	32.0
4. Promotions targeting the female segment	10.0	0	10.0
5. Enhance the community's awareness of 2006 Discover Hong Kong Year	0.9	0.4	1.3
6. Strengthen meet-and-greet services for visitors upon arrival	4.6	1.8	6.4
7. Mega event themed around Mid-Autumn Festival	0	28.1	28.1
<b>Public Relations Activities</b>	<b>10.7</b>	<b>12.3</b>	<b>23.0</b>
1. National PR campaign in source markets	7.0	12.3	19.3
2. Media co-op travel guide	3.7	0	3.7
3. Launch of 2006 Discover Hong Kong Year	0	0	0
(a) Hong Kong Salutes the World			
(b) Trade Launch			
		(Included in Trade Promotions)	
<b>Others</b>	<b>37.5</b>	<b>2.9</b>	<b>40.4</b>
1. Organise major international events	34.7	0	34.7
2. Market tracking studies	2.8	2.9	5.7
<b>Total</b>	<b>160.0</b>	<b>116.0</b>	<b>276.0</b>

## Family and Business Travellers Targeted Promotional Activities

### (a) Objectives and Target

10. The HKTB will launch promotion activities targeting family and business travellers in the coming two years. Through different surveys and studies, including visitor exit survey, in-market study, visitor spending survey and assessment of economic conditions of different markets, etc, the HKTB has identified the target visitor segments with high potential, and understood their travel and spending patterns, their propensity to spend and their interests, etc. According to the survey, 36% of overnight vacation visitors are young couples with children, but only 24% of them bring along their children when visiting Hong Kong, indicating that the family segment has good growth potential. As for business segment, about 25% of all overnight visitors are business travellers. The proportion for the long-haul markets and Japan is even higher, which exceeds 35%. In addition, the average per capita spending of business visitors is 20% more than the average visitors, so this segment also has strong growth potential. Therefore, the HKTB has chosen these two groups of high potential travelers and launch strategic promotions targeting at them.

11. According to the HKTB's survey, mega events can enrich visitors' experience and directly affect their travel intention: 66% indicated that they would revisit Hong Kong to take part in the events; 73% agreed that the mega events enriched their experience in Hong Kong; and 94% said that they would recommend Hong Kong and the mega events organised by the HKTB to their friends and relatives. Many mega events organised by the HKTB in the past, e.g. the Hong Kong Winterfest and the Chinese New Year International Night Parade, had relied on non-recurrent additional funding, such as the funding for post-SARS global tourism relaunch campaign in 2003 or from the reserve of the HKTB. These mega events have become signature events of Hong Kong and proven successful in sharpening our competitive edge as in highlighting the shopping and dining, and East-meets-West uniqueness of Hong Kong.

12. In the coming two years, the HKTB will make use of the additional funding to refine and enhance the content of the mega events that are well-received by visitors, and leverage on the marketing platform of these mega events to launch new products targeting family and business visitors. Details of these mega events are as follows –

<b>Mega Events</b>	<b>Objectives &amp; Major Elements</b>
(1) Hong Kong Shopping Festival	<ul style="list-style-type: none"> <li data-bbox="647 322 1378 528">■ The Hong Kong Shopping Festival will be held in the summer (end June to August) – the traditional low travel season – so as to stimulate visitor arrivals and spending with a host of shopping privileges and activities.</li> <li data-bbox="647 577 1378 869">■ Apart from organising an attractive lucky draw to encourage more spending, the HKTB will publish a “Visitor’s Passport to Amazing Offers” and co-operate with merchants of retail, dining and other related sectors to provide more special privileges and offers for family and business visitors.</li> <li data-bbox="647 918 1378 1164">■ Targeting the female segment (married women and young executives) this year, the HKTB will tailor-make special offers and privileges (such as cosmetics, fashion, jewellery and audio and video equipment) to induce their visits.</li> <li data-bbox="647 1214 1378 1460">■ To cater for family visitors, the HKTB will promote attractions and activities that meet their needs and interest, such as Ocean Park’s ‘Polynesian Summer Splash’, and arrange special discounts and privileges for attractions and toys outlets.</li> <li data-bbox="647 1509 1378 1935">■ The HKTB has secured the support of major shopping malls in business districts to participate in the Festival this year, attracting and facilitating business visitors to do shopping. Furthermore, the HKTB will stage more diverse activities, such as special performances during weekends and launch thematic promotions in various food districts, including Lan Kwai Fong and Knutsford Terrace.</li> </ul>

<p>(2) Hong Kong WinterFest</p>	<ul style="list-style-type: none"> <li>■ Riding on the school holidays in the short-haul markets, especially Southeast Asia, the HKTB will introduce a range of activities with family elements to attract this segment.</li> <li>■ The HKTB will continue to enrich the elements of the Christmas Wonderland, which have proved extremely popular with children. In addition to the Christmas Wishing Tree and festive lightings and decorations, the HKTB will design more children programmes for the families.</li> <li>■ The HKTB will also add in romantic elements to attract young travellers from the short-haul markets.</li> <li>■ Leveraging on the winter sale around Christmas time, the HKTB will strengthen co-operation with travel trade to introduce more special privileges and offers on shopping and dining to stimulate visits and spending.</li> </ul>
<p>(3) International Chinese New Year Night Parade</p>	<ul style="list-style-type: none"> <li>■ Chinese New Year has always been a peak travel period for long-haul travellers, Mainland visitors and overseas ethnic Chinese. Using the theme of Chinese traditional festivals, the HKTB will put together the Parade and various activities, such as firework displays to promote Hong Kong as the premier destination for celebrating the Chinese New Year and family reunion.</li> <li>■ The HKTB will collaborate with local catering and shopping sectors to provide visitors with special offers and privileges. To enhance the festive ambience and stimulate spending, the HKTB will strengthen its meet-and-greet services at the border control points, such as arranging</li> </ul>

	promoters to dress as the God of Wealth to distribute the <i>Lai See of Amazing Offers</i> to visitors.
(4) Mega Event themed around culture and heritage	<ul style="list-style-type: none"> <li>■ The HKTB will leverage on the Cheung Chau Bun Festival and the celebrations of the Buddha's Birthday to organise a brand new mega event in 2006 and strengthen Hong Kong's culture and heritage appeal.</li> <li>■ These activities are popular for all ages and have special appeal to long-haul and business travellers. The HKTB will strengthen its promotions in long-haul markets, in particular the business segment. The HKTB will work with the travel trade to develop special itineraries and packages to encourage the business visitors to bring along their families.</li> </ul>
(5) Golden Week and other festivities	<ul style="list-style-type: none"> <li>■ Targeting the Golden Week holidays and travel patterns of the Mainland market, the HKTB will organise family-friendly activities for the visitors.</li> </ul>

13. To attract more family and business visitors, the HKTB would strengthen its overseas promotional efforts and provide attractive offers to participate in the mega events. On global promotions, the HKTB will focus on 16 key source markets with high development potential by launching strategic promotion targeting the family and business visitors. The relevant advertisements are expected to cover 35.2 million target audiences, with over 1,040 million hits, and \$664 million worth of publicity value within the two year period.

14. To develop the family and business segments, the HKTB will launch the following new products for these two segments to enrich their experience and offer better services to them -

(a) Family visitors

## (i) Introduce itineraries suitable for families

The HKTB will develop and introduce various itineraries that are suitable for families. For example, in the major short-haul markets, the HKTB will tie in the Mega Events with school holidays and co-operate with the travel trade to introduce family itineraries for parents travelling with children. Whereas in the long-haul markets, the HKTB will introduce special thematic packages that target the overseas ethnic Chinese families, encouraging them to bring their children back to Hong Kong for visiting relatives and searching their ancestry. The HKTB will also co-operate with the travel trade to introduce special ‘edutainment’ products to suit the needs of different markets, such as nature appreciation, cooking class, cuisines and dining etiquette. These are only a few examples. Taking into account the changing trends of these markets and visitors’ needs in the coming two years, the HKTB will continue to work with the travel trade to develop more new and creative itineraries.

## (ii) Publish travel guide for the family segment

The HKTB will update the travel guide *Hong Kong Family Fun Guide* that has been designed for the family visitors, and include in the guide more itineraries and activities that are suitable for families. Also, the content of the *Junior Explorer’s Passport* specifically designed for children will be reinforced to provide more dining and shopping offers for families travelling with children.

(b) Business Visitor Segment

## (i) Design suitable itineraries for business visitors

The HKTB will develop new and flexible tour itineraries, incorporating the new tourism attractions for sightseeing before departure. Business travellers will be encouraged to complete check-in procedures in the city centre, and then take part in mega events, visit attractions or go shopping before departure. Through collaboration with the travel trade, the HKTB will introduce special packages and offers to entice business travellers to bring along their families. The HKTB will leverage on mega event like the Hong Kong Shopping Festival and co-operate with the travel trade to package attractive itineraries to lure visits by the young and middle-aged executives.

## (ii) Produce travel guide for business visitors

The HKTB will update the *Hong Kong Leisure Guide for Business Travellers* to include more relevant leisure activities and introduce new attractions and events.

(iii) Launch PDA version of *Hong Kong Leisure Guide for Business Travellers*

Targeting the needs of business visitors, the HKTB has launched a PDA leisure guide. The PDA guide allows visitors to access a comprehensive, interactive guide with recommended events, shopping, dining, sightseeing information, as well as a digital map and useful travel information about Hong Kong, to facilitate business visitors in exploring the city amidst their busy schedules. The PDA guide is available in English, traditional and simplified Chinese.

15. The estimated expenditure of the promotional activities targeted family and business visitors is as follows:

	<b>Initiatives &amp; Details</b>	<b>05/06 Budget (\$ million)</b>	<b>06/07 Budget (\$ million)</b>	<b>Total (\$ million)</b>
<b>1.</b>	<b>Organise Mega Events</b>	<b>52.3</b>	<b>59.0</b>	<b>111.3</b>
	<b>Mega Events in the next 2 years</b>	<b>Expenditure</b>	<b>Expenditure</b>	
	1. Hong Kong Shopping Festival	8.6	8.6	
	2. Hong Kong WinterFest	20.2	18.5	
	3. International Chinese New Year Night Parade	18.3	17.3	
	4. Mega Events themed around culture and heritage	—	9.7	
	5. Golden Week and other festivities	5.2	4.9	
<b>2.</b>	<b>Promotions for Mega Events and related tourism products in overseas markets</b>	<b>23.7</b>	<b>29.0</b>	<b>52.7</b>
	<b>Total (1) + (2)</b>	<b>76.0</b>	<b>88.0</b>	<b>164.0</b>

## **Quality Tourism Services (QTS) Scheme**

18. The HKTB launched the QTS Scheme in 1999 to accredit shops and restaurants that meet the stringent standards of service excellence. The HKTB promotes the Scheme to visitors to enable their identification of reliable shops and restaurants. At present, over 5 200 merchant outlets have joined the scheme.

19. The HKTB will deploy HK\$30 million in the coming two years to strengthen the QTS scheme to enhance consumer protection and reinforce Hong Kong's reputation as a "Shopping Paradise". The objectives of the enhancement programme include:

- (a) Stepping up promotion: to strengthen Hong Kong's image as a quality tourism destination, encourage visitors to shop at the accredited merchant outlets, reinforce visitors confidence in shopping and dining in Hong Kong, so that they will come back again and spend more;
- (b) Expanding coverage of the Scheme: to encourage participation of the trade and expand the coverage of the Scheme to other tourism-related sectors; and
- (c) Strengthening the Scheme: to step up surveillance and reviewing the current complaint handling mechanism to afford better protection to visitors.

18. Out of the HK\$30 million funding, about HK\$14 million will be used for promotion and HK\$16 million for scheme expansion. Key deliverables are as follows:

- (a) to strengthen the promotion in 16 key source markets, especially the non-Chinese and non-English markets (e.g. Japan and Korea), and increase their awareness of the Scheme. At the same time, promotion in the Mainland, in particular the high-yield cities, will be stepped up;
- (b) to strengthen local promotion, such as displaying banners and distributing "A Guide to Quality Shops and Restaurants" and QTS promotional leaflets at various border control points including the Airport, Lo Wu and Lok Ma Chau etc; displaying street banners and lamp-post buntings bearing the QTS Scheme logo in major tourist and shopping areas to encourage visitors to shop and dine in the accredited outlets; and providing promotional materials to the accredited merchant outlets;

- (c) to reinforce manpower to conduct surveillance, and review the current complaint handling mechanism with a view to improving the procedures and efficiency in handling complaints and thus affording better protection to visitors;
- (d) to invite more retailers and restaurants to join the Scheme, aim at increasing the number of accredited merchant outlets from 5 200 to 6 000; and
- (e) to discuss with the tourism trade and examine the feasibility of extending the Scheme to other tourism-related sectors.

### **Basis for estimating the economic benefits brought by the Campaigns**

19. According to the HKTB's estimate, the above campaigns will generate 1.2 million additional visitors, 2 million additional nights of stay, \$10.4 billion of additional spending. In terms of return on investment, the return will exceed 20 times, i.e. every dollar of investment achieves more than \$20 in return.

20. The above projection is measured by a set of systematic economic data and tourism statistics. The HKTB has developed a statistical forecasting tool that incorporates an econometric regression model for forecasting arrivals and other key tourism indicators. Using this tool, the HKTB has determined a set of base plan forecast, taking into consideration the expected growth brought along by IVS and new tourism attractions, the economic conditions of the source markets and the effectiveness of marketing activities that are supported by the regular subvention funding. Based on findings from researches conducted for similar campaigns launched in the past and also surveys to assess the potential and appeal of the new initiatives, the HKTB has estimated the effectiveness of the initiatives supported by the new funding in driving visitor arrivals, extending length of stay and increasing spending. With all the above information, HKTB has worked out the incremental arrivals, number of nights stayed and tourism expenditure induced.

### **Monitoring role of the Government**

#### **(a) HKTB's monitoring mechanism**

21. The HKTB has in place an established mechanism in its day-to-day management and financial monitoring to ensure the cost-effectiveness of its promotional activities. The HKTB is required to conduct independent audit

and comply with stringent internal audit control. Its annual financial statement is audited by an external auditor appointed by the Government.

22. The work plan and budget, progress and effectiveness of its programmes, financial procedures and guidelines are all vetted and monitored by various committees under the Board. The division of work among the four Committees is as follows –

*(1) Audit Committee*

- responsible for ensuring that sound corporate governance is in place and that the HKTB complies with relevant legislation, regulation and internal policies; and approving the audited account before submission to the Board;

*(2) Staff & Finance Committee*

- responsible for monitoring the HKTB's human resources and financial policies, including its annual budget, audited accounts, and also remuneration policies and salary adjustment levels;

*(3) Marketing & Business Development Committee*

- responsible for providing strategic input and advice on HKTB's marketing direction and business development, as well as reviewing and endorsing its annual business plan; and

*(4) Product and Event Committee*

- responsible for reviewing and approving the product and event strategy plan as well as the concepts and implementation of mega events, in order to monitor the cost effectiveness of the products and events.

23. The Chairman and members of these Committees are all members of the Board. The Board comprises 20 members, who represent a wide spectrum of membership, including passenger carriers, hotel operators, licensed travel agents, tour operators, retailers and restaurant operators etc. The Commissioner for Tourism is also a member of the Board and all the Committees. The membership list of the Board and the Committees is at Annex.

(b) Monitoring of the implementation of HKTB's work

24. There is an established and stringent process in vetting and approving HKTB's Annual Business Plan and Budget. The Business Plan and Budget are required to be vetted and endorsed by the Marketing & Business Development Committee and the Staff & Finance Committee respectively before submitting to the Board for approval. The HKTB is also required to submit Annual Business Plan and the Budget to the Government.

25. Before implementing individual campaigns, launching mega events or new products, the HKTB is required to submit detailed plans, concept of the activities as well as implementation plans, etc, to the respective Committees (Marketing & Business Development Committee or Product and Event Committee) as appropriate. These Committees will vet and endorse individual project items and monitor the effectiveness of the promotional activities, products and events. The HKTB has to report regularly to the Board its progress of work. The Audit Committee will also instruct the Internal Auditor to sample check the operation of individual project items to ensure its compliance with the required procedures. Upon completion of the year's work, the HKTB has to prepare an Annual Report and accounts that has to be audited by the external auditor appointed by the Government, and then submitted to the Audit Committee and the Board for approval. The HKTB also has to submit the Annual Report and the audited account to the Government, and the Government to table the respective documents to the Legislative Council in accordance with the HKTB Ordinance.

26. To ensure comprehensive monitoring of the operation of the HKTB, the Government vets the work plan of HKTB through the Commissioner for Tourism's participation in the HKTB Board and Committees; and examines and approves its Business Plan and Budget, as well as appoints an external auditor to audit its account according to the HKTB Ordinance.

(c) Other monitoring measures

27. Apart from the above monitoring mechanism, there are other measures to monitor the HKTB's spending of additional funding. The Government has requested the HKTB to maintain separate accounts for managing and auditing the additional funding, and to submit a separate audited account and financial report to the Government. Moreover, the HKTB is required to submit quarterly reports to update the Government on the latest position of how the HKTB uses the funds.

## **Conclusion**

28. As a government subvented statutory body, the main role of the HKTB is to establish and promote overseas Hong Kong as a popular tourist destination, enhance visitors' experience in Hong Kong, and to provide recommendations to the Government and relevant bodies in respect of the provision and quality of tourism facilities. The HKTB has an established mechanism in monitoring its resources deployment. The HKTB Board comprises members from various sectors, assuming the role of monitoring the operation of the HKTB independently. The framework of abovementioned global marketing campaign has been scrutinised in detail and approved by the Board. The detailed plans of individual items under the Campaign will be vetted by the respective Committees in due course. The Government will regularly monitor the deployment of resources by the HKTB to ensure public money is properly utilised.

**Economic Development and Labour Branch**  
**31 May 2005**

**Hong Kong Tourism Board and Committees**Membership List

- (1) Hon Mrs Selina CHOW LIANG Shuk-ye, Chairman of HKTB;
- (2) Secretary for Economic Development and Labour or Commissioner for Tourism, Deputy Chairman of HKTB
- (3) Prof Andrew CHAN Chi-fai;
- (4) Ms Vivien CHAN;
- (5) Dr CHAN Wai-kwan;
- (6) Mr Philip CHEN Nan-lok;
- (7) Mr Paul CHIU Kai-wo;
- (8) Mr CHOW Chung-kong;
- (9) Mr Robert CHOW Yung;
- (10) Hon Vincent FANG Kang;
- (11) Mr Ronnie HO Pak-ting;
- (12) Mr Michael HUI Koon-man;
- (13) Mr Stanley KO Kam-chuen;
- (14) Mr Frederick LAM Tin-fook;
- (15) Mr Mark LETTENBICHLER;
- (16) Mr LO Sui-on;
- (17) Mr George MAGNUS;
- (18) Mr TANG Kwai-nang;
- (19) Mr James Tak WU;
- (20) Mr YU Pang-chun; and

Audit Committee

Mr Philip CHEN Nan-lok (Chairman), Ms Eva CHENG, Mr CHOW Chung-kong, Ms Vivien CHAN, Dr CHAN Wai-kwan

Staff & Finance Committee

Mr Stanley KO Kam-chuen (Chairman), Ms Eva CHENG, Mr Mark LETTENBICHLER, Mr James Tak WU, Hon Vincent FANG Kang

Marketing and Business Development Committee

Mr TANG Kwai-nang (Chairman), Ms Eva CHENG, Mr Paul CHIU Kai-wo, Prof Andrew CHAN Chi-fai, Mr Michael HUI Koon-man, Mr Frederick LAM Tin-fook

Product and Event Committee

Mr Robert CHOW Yung (Chairman), Ms Eva CHENG, Mr Ronnie HO Pak-ting, Mr LO Sui-on, Mr George MAGNUS, Mr YU Pang-chun