

LCQ5: Measures to attract Mainland visitors to Hong Kong

Following is a question by the Hon Michael Tien and a reply by the Under Secretary for Commerce and Economic Development, Mr Godfrey Leung, in the Legislative Council today (May 18):

Question:

The value of total retail sales in February this year dropped by about 20 per cent as compared with that in the same month of last year, the biggest drop in 17 years. One of the reasons for the poor performance of the retail industry is a drop in Mainland visitor arrivals. Since April last year, Shenzhen permanent residents are no longer issued with one-year multiple-entry Individual Visit Endorsements (i.e. multiple-entry endorsements), and they may be issued only with the "one trip per week" Individual Visit Endorsements. The rate of increase of general Mainland arrivals under the Individual Visit Scheme (IVS) (i.e. excluding those arriving on the multiple-entry endorsements) showed an easing trend as early as two years ago, i.e. 15 per cent for the period from June 2013 to February 2014 down to 6 per cent for the same period in the succeeding year. Some Mainland visitors have indicated that Hong Kong is much less attractive to them than before. Meanwhile, according to the information provided by the Hong Kong Tourism Board, both the number and per capita spending of overnight non-IVS Mainland arrivals in 2015 were higher than those of the general Mainland IVS arrivals, and the percentage of non-IVS Mainland arrivals was also the highest among those of the various types of visitor arrivals. In this connection, will the Government inform this Council:

(1) of a breakdown of last year's 18 million non-IVS Mainland arrivals by the cities from which the visitors came, together with their respective percentages in the total number;

(2) whether the authorities concerned will focus their promotional strategies on the non-IVS Mainland visitors as the major target in promoting inbound tourism this and next year, and consider suggesting to the Mainland authorities, on the premise of introducing a quota system, the inclusion of more Mainland cities in IVS, as well as stepping up promotional efforts and offering travel concessions in those Mainland cities with potential so as to attract their people to visit Hong Kong; if they will, of the details; if not, the reasons for that; and

(3) given that some of the Mainland people have a negative perception of Hong Kong, of the remedial measures to be taken by the authorities?

Reply:

President,

The Mainland is Hong Kong's largest travel visitor source market. According to the statistics provided by the Hong Kong Tourism Board (HKTb), amongst the 59.31 million total arrivals in 2015, around 77 per cent, or 45.84 million arrivals, were from the Mainland. Hong Kong's tourism industry has experienced rapid growth through the support of the Mainland's Individual Visit Scheme (IVS) in the past 10 years or so. Since 2015, the local tourism industry has been facing keen competition as a result of a weakening external economy, devaluation of currencies of neighbouring travel destinations and their relaxation of visa requirements for Mainland tourists. A few unfortunate incidents directed against Mainland visitors have also affected the latter's desire to visit Hong Kong.

Facing the above challenges, our policy objective focuses on the steady, healthy and long-term development of the tourism industry. While ensuring the stable and orderly development of the tourism industry, we also seek to minimise as far as possible the inconvenience caused by increasing visitor arrivals to local residents, with a view to striking a balance between the impact of the tourism industry on Hong Kong's economy and the livelihood of the community. As regards Mainland visitors, following our conveyance of views to the Central Government, the Mainland implemented in mid-April last year the "one trip per week" Individual Visit Endorsements measure for permanent residents of Shenzhen. The "one trip per week" measure has been implemented for more than one year. The drop in Mainland visitor arrivals, in particular the number of same-day visitors, is within expectation.

The Government has always been attaching great importance to tourism promotion in the Mainland. In 2016-17, we will, through the HKTb, continue to promote Hong Kong's hospitable image in the Mainland. By utilising various channels, including digital and social media marketing and public relations initiatives, we will make greater efforts to promote Hong Kong's image as a hospitable city.

My replies to the three parts of the question raised by Hon Michael Tien are as follows:

(1) Last year, around 17.9 million Mainland arrivals travelled to Hong Kong under non-IVS endorsements (i.e. visitors travelling through tour groups, endorsements for visiting relatives or endorsements for business visits, etc.). The above figure includes visitors coming from IVS and non-IVS cities.

In addition, according to the results of the departing visitor survey undertaken by the HKTb, amongst the 45.84 million total Mainland arrivals in 2015, the HKTb estimates that about 5 per cent, or around 2 million arrivals, were from non-IVS cities. Due to the insufficiency in sample size, it was difficult for the HKTb to accurately estimate the arrivals from individual non-IVS city.

(2) As regards tourism promotion in the Mainland, the HKTb will enhance targeted promotion to attract more overnight visitors to visit Hong Kong. According to the HKTb's estimation, about 95 per cent of the total Mainland arrivals were from the 49 IVS cities. As such, the HKTb mainly focuses its promotion in these Mainland cities.

On promotion strategy, the HKTb will roll out promotion according to the preference of consumers in different regions of the Mainland. For example, for non-Guangdong regions, the HKTb will promote family travel during summer and winter vacations riding on the windows of summer promotion and Chinese New Year Celebrations. Leveraging on short holidays and weekend getaway opportunities, the HKTb will promote in different regions of the Mainland those exciting events that take place in Hong Kong. For instance, in the East China region, the HKTb will promote the "Hong Kong Halloween Treats" and the "Hong Kong Arts Month". Whereas in the Central, East and South China (non-Guangdong) regions, the HKTb will promote the "Wine and Dine Month" and the "Winterfest". As regards the Guangdong province, the HKTb will actively promote cruise tourism. Meanwhile, the HKTb will highlight Hong Kong's strength and appeal as a MICE (meetings, incentives, conventions and exhibitions) destination to MICE event organisers and corporations in the East and North China regions. To attract visitors' spending in Hong Kong, the HKTb will partner with Alipay, a key online transaction platform in the Mainland and Dianping, a major consumer information website in the Mainland, to promote offers provided by the local merchants and provide downloadable coupons to facilitate visitors' spending in Hong Kong.

In response to the opinion that the Government of the Hong Kong Special Administrative Region (HKSAR) should request the Central Government to include

more Mainland cities under the IVS, as mentioned by the Chief Executive before, currently the IVS is only applicable to 49 out of more than six hundred Mainland cities. On one hand, we are supportive of studying ways to continue to explore the Mainland market, but on the other hand, we should minimise as far as possible the inconvenience caused by increasing visitor arrivals to local residents and avoid creating conflicts. The HKSAR Government has no plan to request for the expansion of the IVS. We will continue to monitor the situation and maintain close liaison with the Central Government regarding the overall arrangement for Mainland residents travelling to Hong Kong.

(3) In 2016-17, the HKTb will make use of the Government's additional funding to step up promotion with a view to strengthening Hong Kong's position as a premier tourist destination in the region. By utilising digital media, the HKTb will work with personalities in different fields from Hong Kong and the Mainland to subtly promote Hong Kong's hospitable image and diverse tourism appeal through their online platforms such as blogs, Weibo and Wechat. The HKTb will also collaborate with Tencent, a portal with more than 800 million subscribers in the Mainland, to deliver positive messages about Hong Kong and latest tourism updates via its online news channel. Furthermore, the HKTb will enhance its promotion on "Quality and Honest Hong Kong Tours". In collaboration with the Quality Tourism Services Association, the HKTb will also organise road shows in Mainland cities in order to raise consumers' awareness of the Quality Tourism Services Scheme. Overall speaking, the HKTb will continue to collaborate with the Mainland's media organisations, travel websites and trade partners on public relations initiatives through various channels, with a view to rebuilding the hospitable image of Hong Kong.

Thank you.

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