

Tourism is one of the four key industries in Hong Kong. In 2014 it generated value added of HK\$112.5 billion, which equates to 5.1% of Gross Domestic Product (GDP),¹ and employed 270,000 workers. It is a significant driving force of Hong Kong's economic growth.

The number of visitors to Hong Kong has seen double-digit growth since 2010. However, there was a decrease of 2.5%, to 59.31 million arrivals, in 2015, and visitor numbers dropped further in the first half of 2016, by 7.4%. Mainland visitor arrivals have dropped by 10.6% while non-Mainland visitor arrivals have increased by 4.1%.²

Most visitors to Hong Kong come from the Mainland. Though they have a key status in the Hong Kong tourism industry, Mainland visitors may also be a risk factor. In recent months, Mainland visitor arrivals via both the Individual Visit Scheme (IVS) and group tours have decreased. But the number of visits they make to other popular overseas destinations has accelerated,³ implying that Mainland Chinese are losing interest in Hong Kong. The number of Mainland visitors buying luxury products is also decreasing. The profile of visitors to Hong Kong and their consumption pattern have changed.

In view of the above, this Study aims to give recommendations on strategy and measures to boost tourism by analysing change in the pattern of inbound tourism and visitors' expectations. It is hoped that visitors' consumption will bring about better economic benefits and diversified development opportunities for young people in Hong Kong.

This Study used a survey to understand visitors' expectations. In addition, in order to understand the change in the pattern of inbound tourism, stakeholders including experts, scholars and young employees in the tourism industry were interviewed.

¹ Source: Census and Statistics Department. (Mar, 2016). The four key industries and other selected industries in the Hong Kong economy. In *Hong Kong monthly digest of statistics* (pp. FB1-FB12). HK: C&SD.

² Ibid.

³ Source: Legislative Council Secretariat. (Aug, 2015). Hong Kong's tourism industry. *Research Brief, 2014-2015*, 6.

Based on the findings of this Study, *Youth I.D.E.A.S.* puts forward six recommendations which focus on diversifying Hong Kong's attractions.

Key Findings

- 1. Most visitors surveyed said that they obtain tourist information from the internet, revealing that interactive information is more influential than traditional media.**

In June 2016, 570 visitors aged 15 and above were surveyed at three tourist hotspots in English, Putonghua or Cantonese. The results show that 66.0% of the respondents obtained tourist information from the internet, and 41.6% of these did so through social media or blogs; 29.3% said that they obtained information from friends and relatives. Only 19.5% and 14.7% said that their sources of information were magazines/travel books/newspapers and TV/radio, respectively. The figures reveal that the internet is more influential than traditional media in providing tourism-related information and that interactive media and sharing sites, such as social media and blogs, are more attractive than unidirectional promotion.

- 2. Respondents showed diverse interests and wish to understand something specific to Hong Kong. But there were tourist guides who thought that Hong Kong does not have many featured attractions.**

The survey found that 50.7% of the respondents were interested in visiting famous attractions/theme parks. But many were also interested in other attractions and activities, such as museums (26.8%), festivals/big events (25.4%), country parks/hiking (22.6%) and colonial architectures/old town areas (22.6%). This shows that visitors have diverse interests and wish to see something specific to Hong Kong. However, there were tourist guides who thought that Hong Kong does not have many featured attractions, so they are of little use in attracting visitors.

- 3. 71% of the respondents planned to spend less than USD1,500 in Hong**

Kong; budget travellers usually come from the Mainland and high-spending travellers usually come from Australasia.

The survey shows that 25.8% of the respondents planned to spend USD499 or less per person⁴ in Hong Kong, while 31.4% and 14.2% said that they planned to spend USD500-999 and USD1,000-1,499, respectively. Budget travellers, whose expected spending was USD499 or less, were mainly Mainland visitors (36.8%). Medium- and high-spending travellers, whose expected spending fell within the ranges USD500-999 and USD1,000-1,499, respectively, were mainly Australasian visitors, who represented 58.0% and 28.0% of the spending groups respectively. Mainland visitors focused on shopping: 51.4% of them expected to spend most on this. Western visitors focused on accommodation: more than 30% of them expected to spend most on this. Other Asian visitors showed more balanced spending on shopping, accommodation, food and sightseeing.

- 4. Stakeholders of the tourism industry think that the consumption pattern of Mainland visitors is changing. They are buying more average-priced products and less luxury goods.**

Experts on and young practitioners in the tourism industry interviewed generally agreed that the consumption pattern of Mainland visitors has changed. Those with high spending power now like to travel elsewhere rather than Hong Kong. Many Mainland visitors to Hong Kong belong to lower-spending groups. In the past, Mainland visitors loved to buy luxury goods, and to buy in bulk. Now they are buying products for personal use, such as cosmetics, daily necessities and garments. The amount they spend has therefore dropped significantly.

Main Discussion

- 1. The structure of visitors has changed significantly. The key to boosting tourism is to widen the source of visitors.**

⁴ Excluding the cost of coming to Hong Kong.

The number of visitors to Hong Kong has been dropping since last year. The retail market has also been severely affected. This indicates that the tourism industry was overly dependent on the single market of Mainland visitors in the past decade, thus creating extra-high risk. The main reason for the reduction of Mainland visitors concerns the tightening of the policy on multiple entry permits. It also reflects the fact that the weakening of foreign currencies and the gradually relaxing visa restrictions on Mainland visitors have increased their travel choices. Given this mega trend, Mainland visitors to Hong Kong may not rebound in the short term. The Hong Kong tourism industry should be well prepared to face this challenge. It should widen the source of visitors to ensure the healthy and balanced long-term development of the industry, especially in the short-haul markets with potential for further development.

2. The consumption pattern of visitors has changed significantly. Diversified tourism products and services are needed to attract visitors.

The spending power of Mainland visitors to Hong Kong has dropped. Their travel pattern has shifted from group tours to individual travel. Their buying target has changed from bulk purchases and luxury goods to average-priced products for personal use. Stakeholders of the industry said that Mainland visitors, especially the young, now want to learn more about the culture and history of Hong Kong and its community features. The results of the visitors' survey also show that Mainland visitors do not pay special attention to brand products and jewellery and their spending budget as a whole is generally average. This shows that the environment will become difficult for businesses which deal in luxury goods and group tours. The Hong Kong tourism industry should develop new tourism products in order to attract more visitors.

3. Hong Kong has the potential to develop featured and diversified travel. But it needs to explore new ideas and to strengthen the supporting measures.

Hong Kong should develop diversified travel by making use of its own

features. Over the past decade, Hong Kong focused on developing city travel. The tourism image created was overly focused on this one area, limiting its attraction. Some tourist guides even thought that Hong Kong has no attractions worth visiting. However, this Study finds that the visitors surveyed were interested in exploring the features of Hong Kong. They were also interested in diversified attractions and activities, such as country parks and colonial architectures. Developing diversified travel is a global trend within which cultural tourism is an area of focus and a source of significant income to the tourism industries of many countries. Though there are many places with cultural features in Hong Kong that are worth developing, the software and hardware conditions are insufficient. For instance, there is a lack of accredited tourist guides with relevant cultural or ecological knowledge. Supporting facilities also need to be strengthened.

4. Promoting humanized and personalized travel experience by making better use of information technology and youth creativity.

The popularity of mobile information and interactive media, as well as the increased travel experience of tourists, provide more opportunities to access travel information than ever before. This Study shows that the internet is more influential than traditional media in providing information to tourists. Interactive social media and blog sharing are more attractive than unidirectional promotion. This encourages visitors to formulate humanized and personalized travel routes and young visitors tend to expect more profound travel experiences. In addition, young people are good at technology and creativity. Young Hong Kongers can make use of this to design local tours and to receive young foreign people. This would help to establish personal connections between Hong Kong and foreign visitors.

5. Enhancing the hospitable culture of Hong Kongers in order to maintain the competitiveness of the Hong Kong tourism industry.

The strained relationship between Mainland visitors and Hong Kongers has affected the attitude of service workers and Hong Kongers in general, which in turn discourages Mainland Chinese from visiting

Hong Kong. Some young practitioners in the tourism industry said that the bad attitude of Hong Kongers may be related to the overcrowding caused by Mainland visitors. Sustainable development should therefore take into account the influence to local culture and interaction between visitors and local people. Only in this way can tourism be developed in a healthy way.

Recommendations

This Study offers the following recommendations based on the above findings in order to boost economic benefits by promoting the diversified development of tourism in Hong Kong:

- 1. Set up a “Native Expert” accreditation system. People who have professional knowledge of designated communities and specific areas are allowed to provide part-time travel guide services to explain community features and promote the diversified development of the Hong Kong tourism industry.**

- 2. Promote “Local Voyages” on new travel routes through cross-industrial collaboration. The Hong Kong Tourism Board can coordinate and invite ideas for featured attractions from local communities and then formulate new travel routes, which can be promoted to independent travellers.**

- 3. The government should devise an overall strategy on the opening of historical buildings in order to enhance their visitation and appreciation.**

- 4. Promote cycling tours. The government should further promote cycling routes so that visitors can visit local attractions while enjoying leisure time in Hong Kong.**

- 5. Invite friendly people to take part in the production of humanized and localized tourism promotion materials. Promotion can be effected via social media.**

6. **The visa-free arrangement enabling foreign visitors to go to the Pearl River Delta region should be extended to cover independent travellers.**