PUBLIC POLICY RESEARCH FUNDING SCHEME

公共政策研究資助計劃

Project Number :
項目編號： 2013.A6.030.13A

Project Title :
項目名稱： Shaping Tourism Development: Anticipating Changes and Impacts, and Managing Consequences and Conflicts
塑造旅遊發展：掌握變化與影響，應對後果與衝突

Principal Investigator :
首席研究員： Dr TSE Sze Ming Tony
謝思明博士

Institution/Think Tank :
院校 ／智庫： The Hong Kong Polytechnic University
香港理工大學

Project Duration (Month):
推行期 (月) ： 12

Funding (HK$) :
總金額 (HK$)： 269,100.00

This research report is uploaded onto the webpage of the Public Policy Research Funding Scheme and Strategic Public Policy Research Funding Scheme for public reference. The views expressed in this report are those of the Research Team of this project and do not represent the views of the Government and/or the Assessment Panel. The Government and/or the Assessment Panel do not guarantee the accuracy of the data included in this report.

Please observe the "Intellectual Property Rights & Use of Project Data" as stipulated in the Guidance Notes of the Public Policy Research Funding Scheme and Strategic Public Policy Research Funding Scheme.

A suitable acknowledgement of the funding from the Government should be included in any publication/publicity arising from the work done on a research project funded in whole or in part by the Government.

The English version shall prevail whenever there is any discrepancy between the English and Chinese versions.

此研究報告已上載至公共政策研究資助計劃及策略性公共政策研究資助計劃的網頁，供公眾查閱。報告內所表達的意見純屬本項目研究團隊的意見，並不代表政府及／或評審委員會的意見。政府及／或評審委員會不保證報告所載的資料準確無誤。

請遵守公共政策研究資助計劃及策略性公共政策研究資助計劃申請須知內關於「知識產權及項目數據的使用」的規定。

接受政府全數或部分資助的研究項目如因研究工作須出版任何刊物／作任何宣傳，均須在其中加入適當鳴謝，註明獲政府資助。

中英文版本如有任何歧異，概以英文版本為準。

PUBLIC POLICY RESEARCH

SHAPING TOURISM DEVELOPMENT

ANTICIPATING CHANGES AND IMPACTS, AND MANAGING CONSEQUENCES AND CONFLICTS

塑造旅遊發展: 掌握變化與影響, 應對後果與衝突

(PROJECT REFERENCE NUMBER: 2013.A6.030.13A)



SCHOOL OF HOTEL AND TOURISM MANAGEMENT
THE HONG KONG POLYTECHNIC UNIVERSITY

February 2015

Abstract

Visitor arrivals in Hong Kong reached 60.8 million and tourism related spending is estimated to be HK$350 billion in 2014. According to World Travel and Tourism Council, the direct contribution of travel and tourism accounted for 8.9 percent of the GDP in Hong Kong in 2013, supporting 346,000 jobs (9.2 percent of total employment). Given the importance and growing complexity associated with tourism, Hong Kong would benefit from having long-term tourism planning to ensure good visitor experiences and quality of life in the local community. To develop a comprehensive tourism plan for Hong Kong, we need a robust framework which takes into consideration the particular situation in the destination, allows for consultation with key stakeholders, and ensures that all salient issues are considered. This study has been undertaken to:(1) to map out the evolution of tourism in Hong Kong: past, present and possible future, (2) to identify the economic, cultural, and environmental issues of tourism development in Hong Kong, and (3) to develop a robust framework for the long term development of tourism in Hong Kong. Through reviewing literature, analyzing tourism statistics, studying tourism planning cases of other destinations, forecasting tourism demand, interviewing industry experts, and conducting a survey, the research team has achieved the three objectives and demonstrated engagement with industry stakeholders and the community. The proposed framework comprises three levels: Leadership, Supply & Demand, and Strategies & Implementation. The Leadership sets the vision of tourism development and mobilizes and coordinates resources to achieve what it sets out to achieve. At the Supply & Demand level, the framework advocates community engagement, facilitation of private investment in tourism-related projects, forecasting tourism demand up to 10 years, planning destination marketing in selective source markets, and devoting more attention to legal issues. At the Strategies & Implementation level, the selection of options and strategies is based on available resources and additional resources, followed by monitoring and revision of strategies where needed.

摘要

2014 年，香港旅客達到 60, 800,000 人次，旅遊相關消費估計約為三千五百億港元。據世界旅行與旅遊議會的統計，2013 年旅行與旅遊對香港 GDP 的直接貢獻為 8.9%，提供了 346,000 份工作（占總就業人數的 9.2%）。由於旅遊愈加重要和複雜，香港應當做好長期旅遊規劃，從而確保旅客的良好體驗和本地社區的生活質素。為了制定香港綜合旅遊規劃，我們需要一個堅實的框架，考慮目的地之具體情況，征詢重要持份者之意見，並全面考慮所有突出的問題。本研究開展了：（1）繪制香港旅遊業的發展變化：過去、現在及可見未來；（2）確定香港旅遊發展的經濟、文化及環境問題；以及（3）為香港旅遊業的長期發展制定堅實的框架。通過回顧文獻、分析旅遊統計、研究其它目的地的旅遊規劃案例、預測旅遊需求、采訪業內專家以及進行廣泛調查，研究小組已經完成了上述三大　標，示範了行業持份者和社區的參與。本框架包括三個層面：領導、供求以及戰略實施。領導為旅遊發展指出發展願景　動員與協調資源以實現既定目標。在供給與需求層次，框架倡導社區參與、促進旅遊相關項目的私人投資、預測未來十年的旅遊需求、針對選定客源市場進行目的地營銷規劃，並更多關注法律問題。在戰略與實施層次，選項和戰略之選擇要基於現有資源與額外資源，然後進行監控與必要的戰略修正。

Executive Summary

Visitor arrivals in Hong Kong reached 60.8 million in 2014, with 45.6 percent being overnight and 54.4 percent same-day visitors. This means that about 350,000 peoplevisitedthe city each day. According to the World Travel and Tourism Council, travel and tourism's direct contribution to Hong Kong's GDP was HK$190.8 billion (8.9 percent) in 2013, supporting 346,000 jobs (9.2 percent of total employment). Visitor arrivals are forecast to reach 103.3 million in 2020, with mainland Chinese accounting for 85 percent.

Given the importance and growing complexity of tourism, the government's involvement and intervention is needed to meet wider objectives, direct transport and infrastructure development, facilitate private investments, tackle market failures, and resolve potential conflicts.Careful tourism planning ensurespositive visitor experiences and quality of life in the local community. Thus, Hong Kong would benefit from long-term tourism planning.

In developing a long-term tourism plan for Hong Kong, we need a robust framework that considersdestination-specific situations, allows for consultation with key stakeholders, and ensures that all salient issues are considered. This study aimedat developing such a tourism planning framework, through a literature review, an analysis of tourism statistics, an examination of tourismplanning cases, demand forecasting, interviews with experts, and a survey.

There are six broad classifications of tourism planning approaches: boosterism, economic and industry-oriented, physical spatial, community-oriented, sustainability-oriented, and demand and supply. These classifications are not exclusive, and their emphases can be destination-based.

Although tourism operates in a free market economy in Hong Kong, there are significant formal and informal links between the private and public sectors. The government's active role in the Hong Kong Tourism Board, Ocean Park, Hong Kong Disneyland Resort, Hong Kong International Airport, Kai Tak Cruise Terminal, and West Kowloon Cultural District Authority is exemplaryof its tourism development support.

It is important to assess Hong Kong's capacity to receive visitors. The government concluded in 2013 that, as a free port, Hong Kong treasures providing the freedom to enter or leave the region. Thus,as a small, externally oriented economy, Hong Kong cannot and should not limit visitor arrivals.Basedon projected visitor arrivals of over 70 million in 2017, the government has stated that Hong Kong will generally be able to receive visitor arrivals up to 2017, but that hotel rooms would continue to be in tight supply.

The tourism industry is concerned with embracing more visitors, assessing tourism demand, addressing workforce issues, engaging the community, and looking for leadership.

Embracing more visitors. The tourism industry welcomes policies that encourage and support more visitor arrivals. There are, however, nuances in subscribing to such an approach. It is important to differentiate between same-day and overnight visitors in terms of their economic contributions in addition to monitoring the spending power and patterns of mainland Chinese visitors to support more accurate targetingin terms of location, demographics, and lifestyle.

Assessing tourism demand. There are uncertainties in the total visitor arrivals, the continued growth of the China market, the demand for different types of hotel accommodations and convention facilities, and the mix of same-day and overnight visitors. Thus, accurate forecasting of tourism demand, not just in the following year, but in the next five to ten years, is needed.

Addressing workforce issues. There are concerns with the adequacy of the total number of people supplied, the appropriate level of education and training, and continuous professional development. The supply of people should meet with businesses' future demands to reinforce the importance of forecasting tourism demand.

Engaging the community. As tourism co-exists with the local host community, it is important to monitor the attitudes and sentiments of the latter. They should be informed ofthe imminent changes prompted by tourism and the cultural differences brought about by visitors. It is the lives of the local community members that visitors are influencing, and the former's voices deserve to be heard. They must be educated about thecommunal benefits of tourism.

Looking for leadership. Hong Kong would benefit from strong leadership and a more holistic tourism planning approach to ensure coordination across departments andindustry sectors for the benefit of the

city as a whole. The leadership roles may include forecasting tourism demand, spatial planning, human resources development, and cross-disciplinary coordination.

A community-based tourism planning framework begins with the tenet that community involvement, as an integral part of tourism development, is necessary to systematically gauge the community's attitudes and perceptions. The monitoring of community responses could be handled by means such as survey, town hall forums, scanning newspaper reports, and district consultation. Currently, the primary concerns among the community are the adequacy of tourism products, the need for control, and tourism's importance.

Hong Kong residents are generally favorable toward inbound tourism, and agree that it is important to the city socially, culturally, and economically. However, the views (on visitors in general and on Chinese visitors in particular) are significantly different in the following opinion areas. They agree that inbound tourism is considered important to Hong Kong culturally, but not in relation tovisitors from mainland China. They think that visitors bring challenges to local governance, more so in the case ofthose from mainland China. They tend to agree that there are obvious conflicts of interest with visitors, more so withmainland Chinese visitors. They believe that tourism causes price increases, more so because of visitors from mainland China. Finally, most would like to see measures limiting the number of visitors, particularlythose frommainland China.

The proposed framework comprises three levels: leadership, demand and supply, and strategies andimplementation. The leadership level sets the tourism development vision and mobilizes (and coordinates) the resources needed for its achievement. At the demand and supply level, the framework advocates community engagement, facilitation of private investment in tourism-related projects, forecasting up to 10 years, destination marketing planning in select source markets, and more attention to legal issues. At the strategies andimplementation level, option and strategy selection is based on available and additional resources, followed by the monitoring and revision of strategies where needed. The proposed framework is depicted in Figure 13.1 in Chapter 13.

Acknowledgements

The research team extends our gratitude towardthe 12 industry organizations we interviewed for this research project, as they provided us with invaluable insights. They are, in alphabetical order: Green Power, the Hong Kong Association of Amusement Parks and Attractions, the Hong Kong Association of Registered Tour Coordinators, the Hong Kong Association of Restaurant Managers, the Hong Kong Association of Travel Agents, the Hong Kong Exhibition and Convention Industry Association, the Hong Kong Hotels Association, the Hong Kong Retail Management Association, the Hong Kong Tourism Board, the Federation of Hong Kong Hotel Owners,the Tourism Commission, and the Travel Industry Council of Hong Kong.

We would like to thank Prof. Haiyan Song and his research team for sharing theirtourism demand forecasting model and providing input and advice for the discussion on tourism demand forecasting. The team would also like to thank the support provided by theCentre for Social Policy Studies atThe Hong Kong Polytechnic University in conducting the telephone survey. We thankDr. Thomas Bauer for sharing his insights and his work on “Hong Kong Tourism in 2025”. In addition, the team would like to recognize theservices of AH Editing,andto thank Mr. Michael Tompsett for giving us permission to use his artwork, “Hong Kong Skyline” on the front cover of this report.

Contents

Abstract 0
Executive Summary 3
Acknowledgements 7
Contents 9
List of Abbreviations 13
Chapter 1 Introduction 15
Chapter 2 Methodology 19
2.1 Archival research 19
2.2 In-depth interviews 21
2.3 Survey 23
Chapter 3 Tourism Overview 25
3.1 Hong Kong inbound visitors 1994-2014 25
3.2 Visitor mix 26
3.3 Mainland China as Hong Kong's largest source market 27
3.4 Overnight and same-day visitors 29
3.5 Tourist satisfaction 32
Chapter 4 Literature Review 33
4.1 Government's role in tourism planning 33
4.2 Getz and Hall 35
4.3 Inskeep 37
4.4 Gunn 38
4.5 Murphy, Keogh, Simmons, Jamal, Getz, and Dredge 40
4.6 Craik, Doxey, and Pearce 42
Chapter 5 Tourism Planning Cases 45

5.1 Australia 45
5.2 United Kingdom 47
5.3 Sri Lanka 48
5.4 Maltese Islands 50
5.5 France 52
5.7 Singapore 53
5.8 Insights from tourism planning cases 54
Chapter 6 Institutional Setting of Hong Kong Tourism 57
6.1 Private sector 57
6.1.1 Travel Industry Council of Hong Kong 57
6.1.2 The Federation of Hong Kong Hotel Owners 58
6.1.3 Hong Kong Hotels Association 58
6.1.4 Hong Kong Exhibition and Convention Industry Association 59
6.1.5 Hong Kong Association of Travel Agents 59
6.1.6 Hong Kong Association of Registered Tour Coordinators 59
6.1.7 Hong Kong Association of Amusement Parks and Attractions 60
6.1.8 Hong Kong Association of Restaurant Managers 60
6.1.9 Hong Kong Retail Management Association 60
6.2 Public sector 60
6.2.1 Tourism Commission 61
6.2.2 Economic Development Commission 62
6.2.3 Hong Kong Tourism Board 63
6.2.4 Hong Kong International Airport 63
Chapter 7 Infrastructure and Tourism-Related Projects 65
7.1 Cross-border transport 65
7.1.1 By air 65
7.1.2 By sea 66

7.1.3 By land 66
7.2 City transport 67
7.3 Attractions and theme parks 68
7.3.1 Ocean Park 68
7.3.2 Hong Kong Disneyland Resort 68
7.3.3 West Kowloon Cultural District 69
Chapter 8 Carrying Capacity 71
8.1 The concept of carrying capacity 71
8.2 Assessment report on Hong Kong's capacity to receive tourists 72
8.2.1 Overview of Hong Kong's carrying capacity 72
8.2.2 Way forward 73
Chapter 9 Forecasting Tourism Demand 75
9.1 Hong Kong Tourism Demand Forecasting System 75
9.2 Tourism demand forecast 2014–2020 76
Chapter 10 Tourism Planning: An Industry Perspective 79
10.1 Themes arising from the industry discussions 79
10.1.1 Embracing more visitors 80
10.1.2 Assessing tourism demand 81
10.1.3 Addressing workforce issues 82
10.1.4 Engaging the community 83
10.1.5 Looking for leadership 84
10.2 Constructing the industry perspective 86
Chapter 11 Community-based Tourism Planning 89
11.1 Profile of respondents 89
11.2 Community's attitude toward tourism 91
11.3 Analysis of the community's attitude 92
11.3.1 Analysis in respect to age 94

11.3.2 Analysis in respect to education attainment 95
11.3.3 Analysis in relation to income brackets 96
11.3.4 Analysis in relation to job nature 96
11.3.5 Analysis in relation to districts 97
Chapter 12 Issues Arising from the Rapid Growth of Mainland Chinese Visitors 101
12.1 Concerns and issues observed in the media 101
12.2 Hong Kong residents' views on inbound tourism and visitors in general 102
12.3 Hong Kong residents' views on mainland Chinese inbound tourism and visitors 104
12.4 Comparison of the two views 106
12.5 Addressing issues 107
Chapter 13 Policy Implications and Recommendation 111
References 117
Annex I Industry Responses 123
Annex II Survey Questionnaire (in Chinese) 157
Annex III Tourism Demand Forecast by Source Market 165

List of Abbreviations

AAHK	Airport Authority Hong Kong
ACE	Advisory Council on the Environment
ADLM-ECM	Auto-Regressive Distributed Lag – Error Correction Model
ANOVA	Analysis of Variance
APD	Air Passenger Departure
CAST	Computer-Assisted Survey Team
CNTA	China National Tourism Administration
CPI	Consumer Price Index
EIA	Environmental Impact Assessment
EU	European Union
FITs	Frequent Independent Travelers
GDP	Gross Domestic Products
HARTCO	Hong Kong Association of Registered Tour Coordinators
HATA	Hong Kong Association of Travel Agents
HKC&SD	Hong Kong Census and Statistics Department
HKAAPA	Hong Kong Association of Amusement Parks and Attractions
HKARM	Hong Kong Association of Restaurant Managers
HKBCF	Hong Kong Boundary Crossing Facility
HKECIA	Hong Kong Exhibition and Convention Industry Association
HKFHO	The Federation of Hong Kong Hotel Owners
HKHA	Hong Kong Hotels Association
HKIA	Hong Kong International Airport
HKRMA	Hong Kong Retail Management Association
HKSAR	Hong Kong Special Administrative Region
HKTB	Hong Kong Tourism Board
HKTC	Hong Kong Tourism Commission
HKTDFS	Hong Kong Tourism Demand Forecasting System
HZMB	Hong Kong-Zhuhai-Macao Bridge
ICTs	Information and Communications Technologies
IVS	Individual Visit Scheme
MICE	Meetings, Incentives, Conferences and Events
MTR	Mass Transit Railway
OECD	The Organization for Economic Co-operation and Development
PCA	Principal Component Analysis
QTS	Quality Tourism Services
SARS	Severe Acute Respiratory Syndrome
SD	Standard Deviation
SE	Standard Error

SMEs	Small and medium sized enterprises
STB	Singapore Tourism Board
TBL	Triple Bottom Line
TICHK	Travel Industry Council of Hong Kong
TM-CLK	TuenMun-Chek Lap Kok Link
TMWB	TuenMun Western Bypass
TSQI	Tourism Service Quality Index
UK	United Kingdom
UNWTO	United Nation World Tourism Organization
WKCD	West Kowloon Cultural District
WTTC	World Travel and Tourism Council

Chapter 1
Introduction

This document reports the results of the public policy research project entitled “Shaping tourism development: anticipating changes and impacts, and managing consequences and conflicts” undertaken by the Hong Kong Polytechnic University’s School of Hotel and Tourism ManagementfromFebruary 24, 2014 to February 23, 2015. The project’s objectives wereas follows:

- To map the evolution of tourism in Hong Kong: past, present, and possible future.
- To identify the economic, cultural, and environmental issues of tourism development in Hong Kong.
- To develop a robust framework for long-term tourism development in Hong Kong.

Tourism differsfrom other policy areas such as education and housing in that it mostly deals with visitors rather than local communities. By definition, visitors are transient andthey vary in terms of nationality, demographics, psychographics, needs, and wants. In addition, visitor arrivals change both annually and monthly. Tourism also differs from other established policy areas in that it straddlesnumerous sectors, including hotel, retail, restaurant, transportation, theme park, attraction, convention, and exhibition.

Tourism as a recognized policy area has a relatively short history of 16 years in Hong Kong, beginning in 1999 with the establishment of the Tourism Commission—an organization that has accomplished much in this complex policy area over such a short period. It has successfully overseen the completion of a number of tourism projects, and coordinates different government departments for major events while reviewing the travel industry regulatory regime and liaising with tourism authorities inmainland China and other countries.

In developing a tourism plan, the governmentmust have a destination- and situation-specific framework custom developed for Hong Kong, capable of ensuring that all salient issues are considered and key stakeholders are properly consulted. This reportprovides a robust framework and a practical approach to a tourism development plan designed to deliver positive tourist experiences and improved quality of life for local communities.

Although economic issues are most commonly raised in tourism policy, there are ramifications that exacerbate a range of social impacts and cultural changes. If the latter are ignored, itcan result indivergence. In recent years, a*laissez faire* approach to tourism development has been challenged by a call forthe government to play a more proactive role in establishing directions for development,creating strategies to enhance growth, removing impediments to growth, and monitoringindustry performance (Craik, 1995). While it might be debatable whether tourism in Hong Kong has developed under the *laissez faire* policy, it has been indicatedthat the destination would benefit from a long-term tourism development plan.

A long-term tourism development plan would serve the destination in the following ways.

- It would allow stakeholders with economic interests to plan their investments and business operations in ways that tie in with the industry trends and patterns byrevealing what is planned for tourism development and what is likely to happen in tourism.
- It would help the government plan for infrastructure and facilities to meet visitor demands by providing all government departments that deal with touristsplanning parameters for resources such as land, manpower, and budget.
- It would help the government and educational institutions allocate appropriate funding for tourism and hospitality education, at both the vocational and university levels.
- It would helpthe destination's local communities anticipate changes and consequences, giving themopportunities to decide their future outlook and the landscape of tourist facilities.
- It would ensure that the voices of different stakeholders are heeded, as they might have different views about tourism development at different times. Suchplanningwould give them opportunities to voice their opinions and reach consensus when moving forward.

This report reviews the relevant literature and analyzesthe available tourism statistics, in addition to providing the results of interviews with industry leaders and a survey conducted among community members to accomplish the stated objectives.

Chapter 2explains the quantitative and qualitative research methods used in this project. Chapter 3 maps out the evolution of tourism in Hong Kong by reviewing and analyzing the inbound statistics in Hong Kong over the past 20 years. Chapter 4 reviews the literature on government's role in tourism and major tourism planning approaches in the context of Hong Kong's tourism status, trends, and changes to explore

future directions and a possible tourism planning framework. Chapter 5 reviews the tourism planning in a number of destinations, which serves as reference to the development of a tourism planning framework for Hong Kong. Chapter 6outlines the roles and responsibilities of key organizations in both the private and public sectors. Chapter 7 reviews the major new infrastructures being developed and tourism projects related to attractions and theme parks in Hong Kong. Chapter 8 reviews the concept of carrying capacity and the government's assessment of Hong Kong's capacity to receive tourists. For the purpose of effective tourism planning, it is important to have good tourism forecasting, and Chapter 9 reviews a tourism demand forecasting system developed by the Hong Kong Polytechnic University. Chapter 10 outlines the industry perspective on tourism in Hong Kong, which shapes a framework for tourism planning with particular reference to theoretic approaches and the specificities of the destination. Chapter 11 examines how the host community is engagedin tourism planning and the changes they anticipate as a result of tourism development. In the course of discussion, salient issues are identified to develop a robust framework for community-driven tourism planning. Chapter 12 analyzes Hong Kong residents' attitudes toward mainland Chinese visitors, enriching the community-driven tourism planning. Chapter 13 concludes the report, with this project's key recommendationsand limitations.

This project's research team comprises the following members.

- Dr. Tony Tse (Principal Investigator), School of Hotel and Tourism Management, Hong Kong Polytechnic University.
- Prof. Bruce Prideaux (Co-Investigator), College of Law, Business and Governance, James Cook University.
- Miss Veronica Tam (Research Assistant), School of Hotel and Tourism Management, Hong Kong Polytechnic University.

Chapter 2
Methodology

This chapter describes thequalitative and quantitative research methods used in this project. To map the evolution of tourism in Hong Kong, the relevant statistics, website information, official reports, and available literature were analyzed. To identify theeconomic, cultural, and environmentalissues of tourism development in Hong Kong, industry leaders were interviewed, after which a survey was conducted. In addition, reference has been made to a number of academic studies on tourism planning and destination tourism planning cases. The proposed long-term tourism planning framework for Hong Kong is based on theaforementioned analysis of the statistics, reports, literature, interviews, and survey findings. The research methods used in this project are discussed under the following categories: archival research, expert interviews, and survey. Chapters 3 to 9 are based on the archival research, Chapter 10 is based on the expert interviews,and Chapters 11 and 12 are based on the survey.In the course of conducting this project, the members of the research team took the opportunity to attend the following workshops and seminars to remain current.

- 2014 Hong Kong Tourism Overview by the Hong Kong Tourism Board on March 19, 2014.
- The International Conference on Sustainable Tourism and Resilience in Urban Environments by the Chinese University of Hong Kong on April 4, 2014.
- Final Presentations by HKU's MSc Urban Planning and Design students on Tourism Development in Hong Kong on April 22, 2014.
- Seminar on "Social impacts as a function of place change" by Prof. Bob McKercher, School of Hotel and Tourism Management, Hong Kong Polytechnic University, on October 23, 2014.

2.1 Archival research

As defined by Lewis-Beck, Bryman, and Liao (2004), archival research is the location, evaluation, and systematic interpretation and analysis of sources found in archives. In archival research, original source materials may be consulted and analyzed for purposes other than those for which they were originally collected to ask new questions of old data, provide a comparison over time or between geographic areas, verify or challenge existing findings, or collect evidence from disparate sources to provide a bigger

picture. According to Timothy (2012), the researcher's role in archival research is to select what information to use and how to analyze it. Hence, this approach was chosen to cover the following areas.

1. Tourism statistics
   The Hong Kong Tourism Board (HKTB) has been publishing detailed tourism statistics, including visitor arrivals, tourist spending, and visitor profiles, for many years. The research team has access to the statistics published through the HKTB platform PartnerNet, as a registered user. The statistics wereused to mapthe evolution of tourism development from 1994 to 2014.

2. Tourism planning approaches
   Different tourism planning approaches have been discussed in the academic literature, to which the research team has accessthrough the Hong Kong Polytechnic University's library portal.

3. Tourism planning cases
   The research team alsoexamined the tourism planning documents prepared by a number of destinations, as theyserve as reference in the development of a tourism planning framework for Hong Kong.

4. Institutional setting of Hong Kong tourism
   To formulate an effective tourism plan, the institutional setting of Hong Kong tourism, including therespective roles and objectives of the major players involved, must be fully understood. The research team identified these details through the websites of the respective tourism organizations.

5. Infrastructures and upcoming projects
   The government and industry have been leading a number ofprojectsdesigned to improve tourism products and services, and they should be considered in future tourism planning. These projects were summarized through various means such as government publications, newspapers, and official websites.

6. Carrying capacity
   The concept of carrying capacity was examined through the relevant literature and official reportsissued by the Hong Kong government to provide an overview of the destination's carrying capacity.

7. Tourism forecasting

   One of the crucial elements in tourism planning is forecasting demand. The Hong Kong Tourism Demand Forecasting System (HKTDFS) (Hong Kong Tourism Demand Forecasting System [HKTDFS], 2013) is a proprietary forecasting system developed by the Hong Kong Polytechnic University's School of Hotel and Tourism Management. The system provides tourism demand forecasts for Hong Kong up to 2020. The Principal Investigator, Prof.Haiyan Song,supported this research project by providing access to the forecasting.

2.2 In-depth interviews

To solicit the tourism industry view, the research team conducted in-depth interviews with leaders in 12 of Hong Kong's tourism sectors fromMay 29 to August 27, 2014. We selected an organization or association from each industry sector that best represented the respective sector, and invited the head of the organization or association to be interviewed. This qualitative method allowedus to capture the interviewees' perceptions, ideas, and experiencesand gain the necessary insights. All interviewees were first invited by an e-mail that clearly stated the project's background and objectives.With their consent, the interviews were scheduled based on mutual convenience. Nine out of the 12 interviews were conducted in person, and three were conducted by written questions and responses. Each interview lasted for about an hour. All interviewees received the questions (in English) in advance. The face-to-face interviews were conducted in Chinese, and the conversations were recorded with the consent of the interviewee and subsequently transcribed into English. All written responses were provided in English. Table 2.1 shows the details of the 12 organizations that provided responses (refer to Annex I for detailed individual responses).

Table 2.1 Details of the 12 in-depth interviews

Industry sector	**Organization**	**Interviewee**	**Date**	**Interview format**
Exhibition and convention	Hong Kong Exhibition and Convention Industry Association	Chairman	29/05/2014	In person
Travel agencies	Hong Kong Association of Travel Agents	Vice Chairman	30/05/2014	In person
Tour guides	Hong Kong Association of Registered Tour	Chairman	06/06/2014	In person

	Coordinators			
Amusement parks and attractions	Hong Kong Association of Amusement Parks and Attractions	Chairman	06/09/2014	In person
Hotel management	Hong Kong Hotels Association	Executive Director	13/06/2014	In person
Restaurants	Hong Kong Association of Restaurant Managers	Chairman	26/06/2014	In person
Hotel owners	The Federation of Hong Kong Hotel Owners	Executive Director	04/07/2014	In person
Travel agencies (regulatory)	Travel Industry Council of Hong Kong	Executive Director	08/07/2014	In person
Environmentalist	Green Power	Chairman	26/08/2014	In person
Retail	Hong Kong Retail Management Association	N.A.	10/06/2014	E-mail
Destination marketing	Hong Kong Tourism Board	N.A.	25/08/2014	E-mail
Policy maker	Hong Kong Tourism Commission	N.A.	27/08/2014	E-mail

Each interviewee was presented with a customized set of open-ended questions before the interview. Open-ended questions allow interviewees to freely express their opinions, providing the researcherswith better insightsinto the perceived reality. The questions were selected from a pool of general questions (see Table 2.2), along with some questions specific to the respective industry sector. The interviews took a semi-structured approach (Hesse-Biber&Leavy, 2011) thatloosely relied on the questions designed before the interview. During the interview, the researchers guided the conversation by asking the predefined questions, but allowedit to flow naturally. Sometimes, the conversations went in unexpected directions, providing the researchers with information or knowledge that may not have come up when preparing for the interview. This allowed the researchers to explore new topics that are relevant to the interviewee, and to form deeper insights.

Table 2.2 General questions designed for the in-depth interviews

1	What are your definitions of both mid- and long-term development plans?
2	What are your views on the current situation of your industry?

3	What changes do you anticipate in the future foryour industry?
4	How has tourism development affected the landscape of your industry?
5	What is your opinion on government efforts to support the development of tourism/your industry in Hong Kong?
6	What is your opinion on the current availability of human resources in your industry?
7	Do you think that Hong Kong should control for the number of inbound tourists through regulations such as imposing a tourist tax? Why?
8	What is your opinion of the recent talks on limiting mainland tourists to Hong Kong?
9	Given the current developmentsin China outbound travel to Hong Kong, do you think the tourism development will be economically sustainable?
10	Given the current developmentsin China outbound travel to Hong Kong, do you think the tourism development will be socially sustainable?

The following process (six phases) of thematic analysis, developed by Braun and Clark (2006), was used to facilitate the construction of a potential industry-based tourism planning framework. Phase 1 involved familiarization with the data, specifically, the transcriptions of the interviews with industry professionals. The audio recordings and the transcribed scripts were studied and initial ideas noted. In phase2, initial codes were generated. Interesting features across all of the scripts were coded and those features relevant to each potential theme were collated. Phase 3 involved the search for themes, whereby the researchers collated codes into potential themes and gathered all features relevant to each potential theme. The themes werethen reviewed in phase 4, with the feature items relevant to each potential theme checked and a thematic map of the analysis generated. In Phase 5, thethemes emerging from the ongoing analysis were refined and defined. Some of the codes and themes developed initially were re-classified to arrive at a clear thematic map. Phase 6 involved producing the report. This final phase was about selecting vivid and compelling extract examples, relating the analysis to the research objectives, and producing a scholarly report on the analysis.

2.3 Survey

A survey was conducted to gauge the Hong Kong residents' attitudes toward visitors and tourism. A quantitative survey method was used to ensure that the results were representative of the community, and that the findings could be compared statistically. A telephone survey was usedas a practical method to achieve a relatively large sample size. A quota sampling method was used based on the proportions of the

population in the three main residential areas: Hong Kong Island, Kowloon, and the New Territories. According to the Census and Statistics Department (Census and Statistics Department [HKC&SD], 2013), the share of the population in each of the three residential areas was Hong Kong Island 17.9 percent, Kowloon 30.0 percent, and New Territories 51.1 percent. Consequently, the survey successfully interviewed 1,839 Hong Kong permanent residents aged 18 or above, with 338 on Hong Kong Island, 549 in Kowloon, 941 in the New Territories, and 11 who were unidentified.

The data collection process was outsourced to the Computer-Assisted Survey Team (CAST) under the Centre for Social Policy Studies of The Hong Kong Polytechnic University. CAST conducted the telephone interviews from 6:00-10:30pm on Mondays to Fridays and 2:00-10:30pm on Saturdays and Sundays fromJuly 15 to August 14, 2014. All of the interviewers were trained and qualified to conduct the telephone interviews and were supervised during the data collection process. The telephone interviews were conducted using a structured questionnaire incolloquial Chinese, or English, if needed. The Computer Assisted Telephone Interviews system was used to collect the required information. For each sample, the telephone number dialed was chosen using Simple Random Sampling and the respondent was selected by the last-birthday method within the sampled household. The enumerators were required to attempt at least three times to reach each sampled respondent until the interview was successfully completed or could not be pursued further.

Before the survey, a pilot test of 17 telephone interviews was conducted by the CAST, which provided constructive comments on the original set of questions. The survey questions were then amended based on the feedback to improve thesurvey operation and design. The final survey questionnaire comprised 63 closed-ended questions, of which 10 were demographic and general and 53 were about perceptions and opinions on Hong Kong's tourism. Of the questions about perceptions and opinions, 50 were five-point Likert-type questions and 3were multiple choice questions.The questionnaire (in Chinese) can be found in Annex II.

In the questions regarding perceptions and opinions, the participants were required to indicate their opinion using a five-point scale: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree. An extra category 9 was included if the information was not available. The data collected were analyzed using the Statistical Package for the Social Sciences (SPSS).

Chapter 3
Tourism Overview

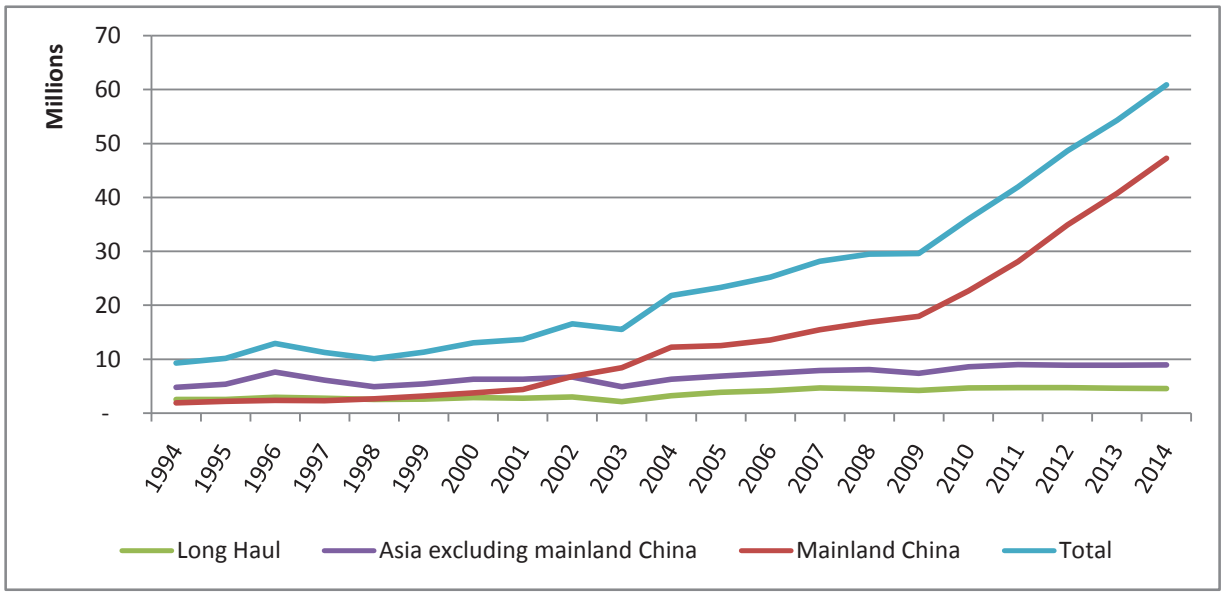
This chapter maps the evolution of tourism in Hong Kong by reviewing and analyzing the inbound statistics in Hong Kong over the past 20 years. Inbound tourism has flourished along with the development of Hong Kong's economic growth. Visitor arrivals increased from 9.3 million in 1994 to 60.8 million in 2014, with an average annual growth rate of 9.8 percent. Tourism has been identified as one of the four key industries in the economy, along with financial services, trading and logistics, and professional and producer services. Together, the four industries accounted for 58 percent of Hong Kong'sgross domestic product (GDP) in 2012, with tourism contributing 4.7 percent added value to the GDP and inbound tourism alone accounting for 3.9 percent (HKC&SD, 2014). According to the World Travel and Tourism Council (WTTC, 2014), travel and tourism's direct contribution to Hong Kong's GDP was HK$190.8 billion (8.9 percent) in 2013, supporting 346,000 jobs (9.2 percent of total employment). This chapter outlines the important trends and changes in the inbound tourism growth, primarily based on Hong Kong Tourism Board statistics.

3.1Hong Kong inbound visitors 1994-2014

The visitor arrivals can be categorized by source markets into (1) long haul,including the Americas, Europe, Africa, the Middle East, Australia, New Zealand, and the South Pacific; (2) Asia, excluding mainland China; and (3) mainland China. Figure 3.1 shows Hong Kong visitor arrival trends basedon thesecategories from 1994 to 2014.

In general, Hong Kong's total visitor arrivals experienced an upward trend between 1994 and 2013, with two dips in 1998 and 2003 and a rapid increase after 2009. In 1997, the handover of Hong Kong's sovereignty from the United Kingdom back to China created uncertainty among potential visitorsregarding Hong Kong's future economy and political landscape. Coupled with the Asian currency devaluation and financial crisis, Hong Kong's visitor arrivals in 1997 decreased by 1.7 million, a 13 percent drop from the previous year. Following1997, Hong Kong's visitor arrivalsrecovered steadily until the onset of the Severe Acute Respiratory Syndrome (SARS) pandemic in 2003. Visitor arrivals in 2003 were15.5 million, a 6percent decrease from 2002. The global financial turmoil in 2009 had a less severe impact on the visitor arrivals, and growth continued to 2014.

Figure 3.1 Hong Kong visitor arrivals 1994-2014



Source: Hong Kong Tourism Board

Visitor arrivals from the long haul and Asia (excluding mainland China) markets experienced modest growth over the 20 year period. The long haul market grew from 2.6 million in 1994 to 4.6 million in 2014, with an average annual growth of 2.9 percent, while Asia (excluding mainland China) increased from 4.8million to 8.9 million, with an average annual growth of 3.2 percent. The two markets were negatively affected by the global economic downturn and the 9/11 terrorist attack in 2001.

Visitor arrivals from mainland China, in contrast, have been increasing from 1994 to 2014, from 1.9 million to 47.2 million. Unaffected by the abovementioned events, except for a small drop of 1 percent in 1997, mainland China has been growing year on year, with anaverage annual growth of 17.3 percent. It is worth noting that visitors from the Mainland China market have overwhelmed the other two markets combined and contributed most tothe inbound tourism growth since 2004, mitigating the negative effectsof the global financial turmoil on the other two markets.

3.2 Visitormix

Thevisitor mixin Hong Kong has been undergoing changes. In 1994, Asia (excluding mainland China) accounted for the largest market share with 51 percent, followed by long haul with 28 percent and Mainland China with 21 percent. From 1994 to 2014, Asia (excluding mainland China) and long haul

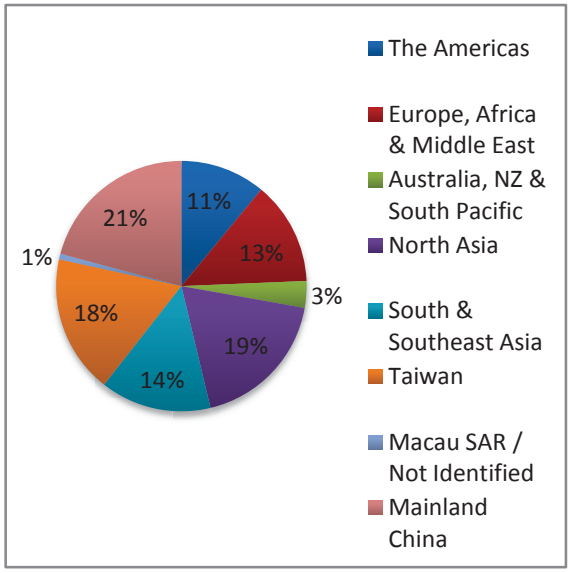
market sharesshrank to15percent and 8 percent, respectively, and Mainland China increased its market share to 78 percent.

A comparison of figure 3.2 and Figure 3.3 indicates the dramatic change in Hong Kong's visitor mix from 1994 to 2014. In 1994, the visitor mix was relatively balanced, with the top three markets—mainland China, Taiwan and North Asia—taking up similar market shares. By 2014, mainland China had dominated the market with 78 percent market share, followed by South and Southeast Asia (6 percent), North Asia (4 percent), and Europe, the Americas and Taiwan (3 percent each).The rapid growth of mainland Chinese visitor arrivals has dwarfed the growth of other markets.

Among the long-haul markets, the United States, the United Kingdom, and Australia are the top three source markets. Taiwan, Japan, and South Korea are the top three markets among the short-haul markets.

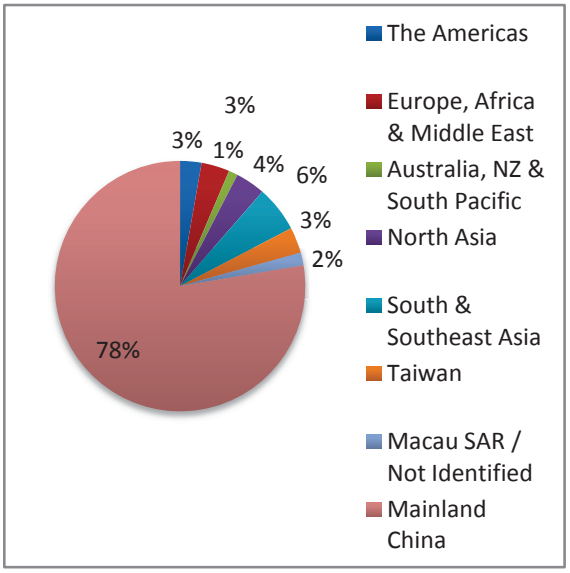
On average, the length of stay is 3.4 nights in 2013. Visitors from Europe, Africa & Middle East market tend to stay the longest with 4.1 nights, followed by The Americas with 4.0 nights.

Figure 3.2 Visitor mix—1994



Source: HKTB

Figure 3.3 Visitormix—2014



Source: HKTB

3.3 Mainland China as Hong Kong's largest source market

Mainland Chinese visitor arrivals have grown at an average annual rate of 17.4 percent, from 1.9 million in 1994 to 47.2 million in 2014.Mainland China has become Hong Kong's largest source market, as it has

benefited from China's strong growthin outbound tourism in the past decade. China's outbound tourism increased from 20.2 million departures in 2003 (China Economic Net, 2004) to 98.2 million in 2013 (China National Tourism Administration [CNTA], 2014), averaging a 17 percent annual growth. The major drivers behind the rapid growth in Chinese outbound travel have been the relaxation of government restrictions on international travel, growing disposable income, increased leisure time resultingfroman overhaul of the timing of public holidays, and the relaxation of foreign exchange controls (Prideaux&Tse, 2014). Hong Kong has consistently been the top destination for Chinese travelers since 2006 (CNTA, 2006-2013). Over 40 percent of outbound Chinese visitors chose Hong Kong as their destination in 2013 (CNTA, 2014), with its popularity arising from its geographical proximity, historical connections, family networks, convenience of travelling, and long standing reputation of being a shopping paradise. In fact, mainland China has been the major source market driving tourism growth in Hong Kong for some time.

Regarding the relaxation of travel policies, the introduction of the Individual Visit Scheme (IVS) in 2003 was the key factor contributing to the influx of mainland Chinese visitors in Hong Kong. Although the original intention of IVS,as introduced by the Chinese government, was to add impetus to the weak economy after the SARS pandemic in 2003 (Tse, 2013), the policy has had a significant impact on the tourism landscape. Before the enactment of IVS, Chinese residents could only travel to Hong Kong via group tours or with special purposes such as business, education, or cultural exchange. In contrast, the IVS allows residents in approved cities to travel to Hong Kong as independent persons. The IVS was first granted to ten cities in 2003, and by 2007, it had been extended to include 49 mainland cities. This includes all 21 cities in Guangdong Province, Shanghai, Beijing, Chongqing, Tianjin, Chengdu, Dalian, Shenyang, Jinan, Nanchang, Changsha, Nanning, Haikou, Guiyang, Kunming, Shijiazhuang, Zhengzhou, Changchun, Hefei, Wuhan,Fujian (Fuzhou, Xiamen, Quanzhou), Jiangsu (Nanjing, Suzhou, Wuxi), and Zhejiang (Hangzhou, Ningbo, Taizhou) (HKTC, 2014a). In 2009, the IVS was further relaxed for residents of Shenzhen from a single-entry permit, to a year-round multiple-entries permit (China Hospitality, 2011). The implementation of multipleentries in 2010 effectively gave 2.4 million Shenzhen residents unrestricted access to Hong Kong (Shenzhen Government, 2010).

Not only has the IVS contributed to the strong growth of mainland Chinese visitors, it has also given rise to a particular type of traveler; that is, the same-day visitors. While a tourist is defined as a visitor who stays in a destination overnight (World Tourism Organization [UNWTO], n.d.), the same-day Chinese visitors return to the mainland or leave for another destination on the same day that they crossed the mainland-Hong Kong border. It is noted that while the numbers of both overnight and same-day visitors

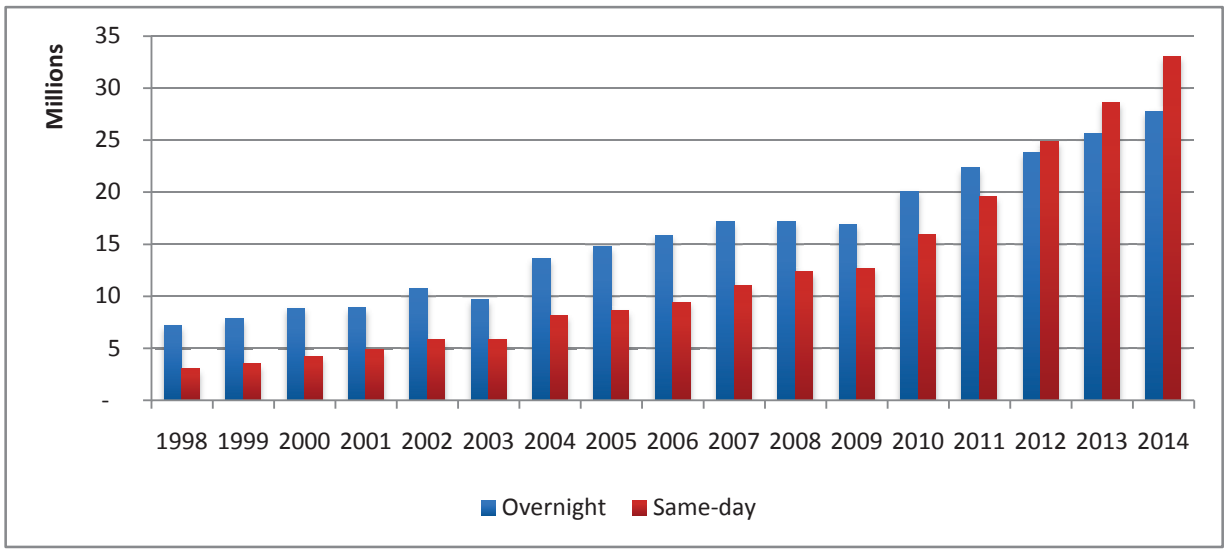
have been rising, the rate ofgrowth for same-day visitors is much higher than that of overnight visitors. In 2014, there were 28.2 million same-day visitors and 19.1million overnight mainland visitors.

The same-day and overnight Chinese visitors have distinct profiles. While vacation is the main reason that bothvisitor types visit Hong Kong, the overnight visitors tend to travel to Hong Kong to visit friends and relatives, more so than same-day visitors. Their spending patterns also differ. Overnight visitors spend triple the amount that same-day visitors spend per capita. Overnight visitors also tend to spend more on luxury goods such as jewelry, garments, and leather goods, whereas same-day visitors spend more on daily necessity items such as food, alcohol and tobacco, personal care items, and cosmetic goods.

3.4 Overnight and same-day visitors

In addition to mainland China, Taiwan and Macau are the other two markets that exhibit strong growth in same-day visitor arrivals. In fact, same-day visitor arrivals have a higher average annual growth of 16 percent compared to overnight visitor arrivals (9 percent)over the past 15 years. By 2012, the number of same-day visitors had surpassed that of overnight visitors. In 2014, the number of overnight visitors reached 27.8 million, accounting for 46 percent of the total number of inbound visitors while the same-day visitors climbed to 33.0 million, accounting for 54 percent of the total number of inbound visitors.Figure 3.4 illustrates the comparison between the total number of overnight and same-day visitors to Hong Kong from 1998to 2014.

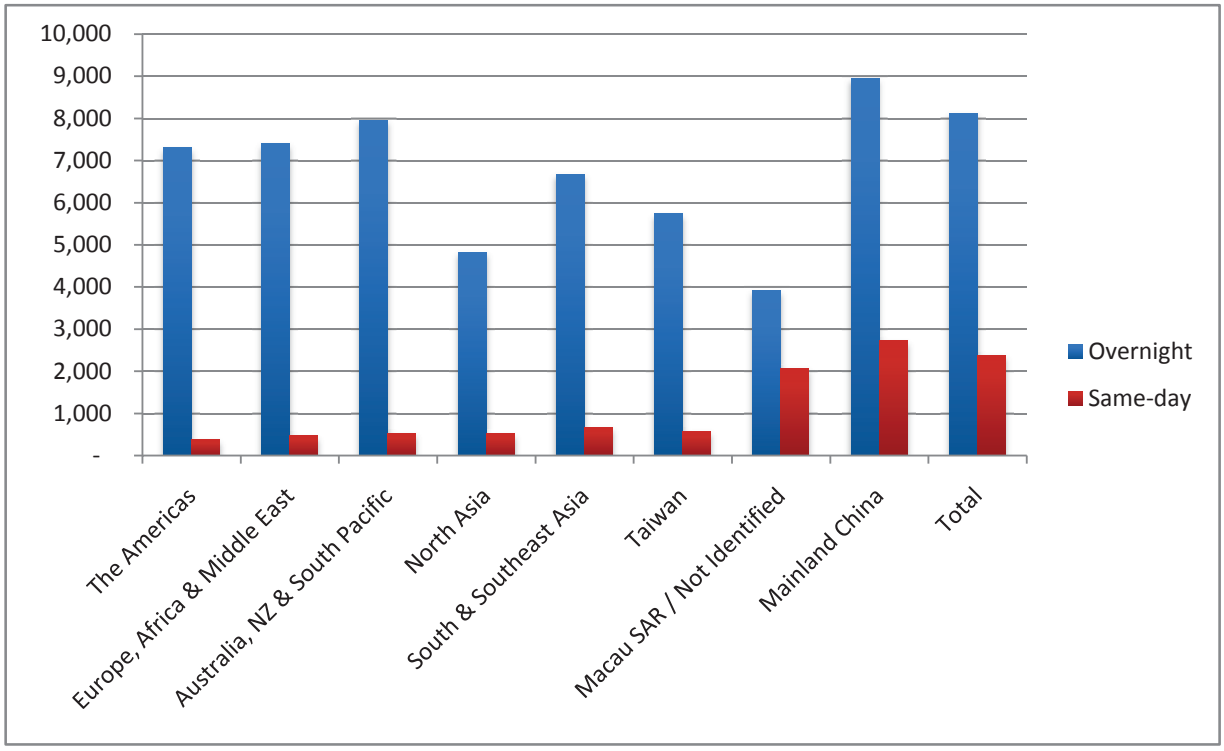
Figure 3.4 Overnight versus same-day visitors 1998-2014



Source: HKTB

In terms of spending power, HK$208.4 billion was spent by the overnight visitors and HK$68.0 billion by their same-day counterparts in 2013. The overnight visitors' spending per capita remained significantly higher than that of the same-day visitors, as shown in Figure 3.5. Mainland Chinese visitors took the lead in terms of spending per capita in both the overnight and same-day categories.

Figure 3.5Per capita spending of overnight and same-day visitors in 2013

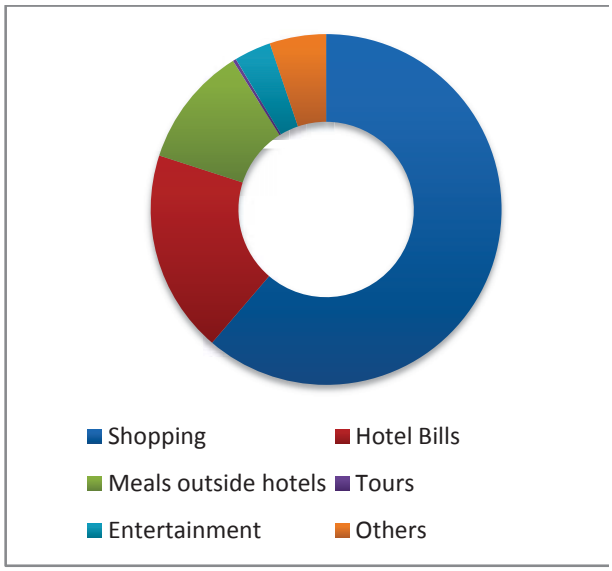


Source: HKTB

Visitors spend on items such as shopping, hotel bills, meals outside hotels, entertainment, and tours. Spending patterns of overnight visitors and same-day visitors are depicted in Figure 3.6 and Figure 3.7 respectively. Shopping accounts for the bulk of visitor spending: 61.2 percent among overnight visitors and 90.8 percent among same-day visitors. While overnight visitors tend to spend more in jewelry& watch, garments& fabric and leather& synthetic goods, same-day visitors tend to spend more in jewelry & watch and daily necessity items such as food, alcohol and tobacco. Figure 3.8 shows the composition of the main shopping items by overnight visitors and same-day visitors. The overall visitor expenditure

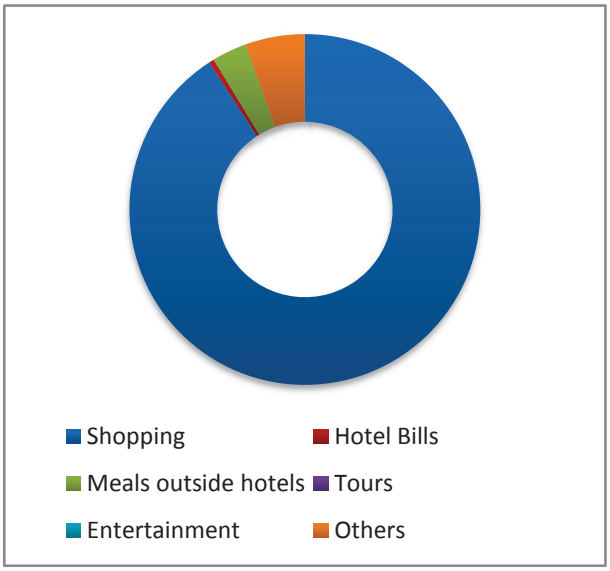
pattern largely reflects the pattern of mainland Chinese visitors, as they account for a very large market share and they spend more than the others.

Figure 3.6 Overnight visitors' spending categories



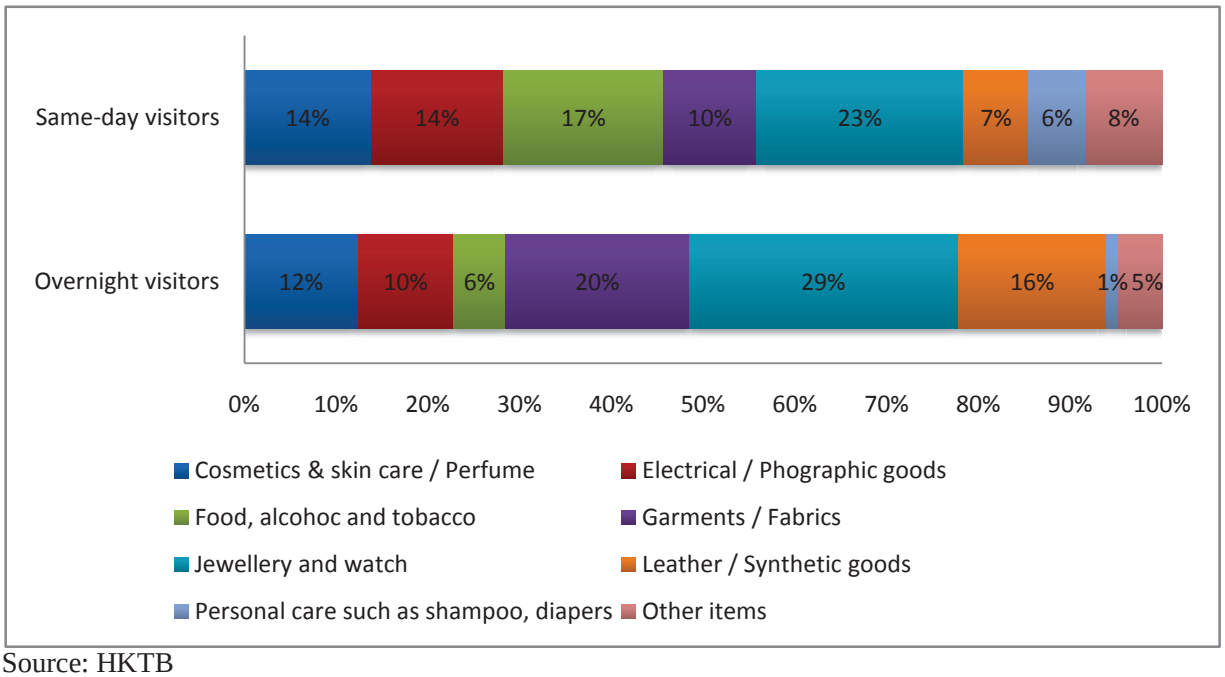
Source: HKTB

Figure 3.7 Same-day visitors' spending categories



Source: HKTB

Figure 3.8 Composition of main shopping items by overnight and same-day visitors



Source: HKTB

3.5 Tourist satisfaction

It is believed that the success of tourism depends on providing visitors with high quality experiences. It is therefore important to have accurate barometers of tourist satisfaction and service quality for the industry to benchmark its service performance with tourist expectations. The Hong Kong Polytechnic University's School of Hotel and Tourism Management launched the Tourist Satisfaction Index (TSI) in 2009 and the Tourism Service Quality Index (TSQI) in 2012. These two indices have since beenapplied to six tourism-related sectors in Hong Kong—attractions, hotels, immigration, restaurants, retail shops, and transportation—across Hong Kong's seven source markets.

The TSI reached 75.96 in 2013, increasing 0.89 points from 75.07 in 2012. The 2013 index indicated that tourists had become increasingly more satisfied with Hong Kong over time.The TSQI stood at 77.30 in 2013, an increase of 1.93 points from 75.37 in the previous year. The deviation between the two indices reveals areas where service performance failed to boost tourist satisfaction (Hong Kong Polytechnic University, 2014).

Chapter 4
Literature Review

Chapter 3highlighted the status of tourism in Hong Kong while identifying important trends and changes in its development. This chapter reviews the literature on government's role in tourism and major tourism planning approaches. The different tourism planning approaches include those advocated by Getz, Hall, Inskeep, Gunn, Craik, Murphy, Simmons, Jamal, Dredge, Doxey, and Pearce. The different planning approaches will be considered in the context of Hong Kong's tourism status, trends, and changes to explore future directions and a possible tourism planning framework.

4.1 Government's role in tourism planning

Government plays a vital role in a destination's planning and development. As a policy maker, government has the ability create a politically stable environment, provide a platform for financial development, and maintain public security by means of law and order. These are the necessary conditions for tourism to thrive (Elliot, 1997). Government also has the power to provide public goods and services, which are both non-rivalry and non-excludable, such as public health care programs and institutes, transport systems, and street lightings, all of which are important for a destination's residents and visitors. Moreover, government has the authority to discuss and sign agreements on cross-border relations and issues with other governments, such as immigration procedures, air rights, and airspace use. These are all important issues that directlyinfluence the development of a destination's tourism industry.
The level of a government's involvementin tourism industry development may vary (Inskeep, 1991), from passive to active and anything in-between. A passive role would suggest that the government takes a neutral stand in the development of tourism, neither encouraging nor discouraging it. The policies implemented are purely for the purpose of the country or area's general development instead of targeting tourism development per se. Even if policiesare not tourism focused, their consequences are likely to affecttourism development. An active role, in contrast, would not only require thata government set objectives and implement policies, legislations, and regulations supporting tourism development, it would also set aside a budget sufficient for tourism promotion and training programs and offer investment incentives for tourism-related development. A government may also wish to actively participate in the development of tourist attractions, accommodations such as hotels and resorts, and other tourist services and facilities if the private sector fails to provide them. As Jenkins and Henry (1982) noted, government

tends to take a more active role when developing a new tourism area, or within a developing country whose private sector is relatively weak with little experience in the emergent tourism industry.

The level of intervention, how tourism-related policies are being set, and what tourism-related infrastructures are developed all depend on the overall destination's political culture, power, and its views on tourism. According to Jeffries (2001, pp. 105-113) there are six main reasons forgovernments interveningin the tourism industry.

1. Completing wider objectives
   It is believed that tourism, compared with other industries, can better facilitate the success of a wider range of objectives set by the government in the general interests of the community. These objectives include but are not limited to social and political engineering, foreign exchange earnings, and income and living condition improvements.

2. Implementing transport policies, infrastructure, and regulations
   Physical transport infrastructure such as roads, ports, and airportsis important to tourism growth and normally provided by governments. The roles played by a state in transport development allow it to promote and manage tourism effectively through its control of transport systems.

3. Managing the complexity of tourism
   Tourism is a multi-faceted industry spanningthe accommodation and transportation sectors to the retail industry. Its complex combination of various sectors and products require careful coordination and cooperation, and the government is likely to be the only body in a destination with theability to organizedifferent sectors.

4. Tackling market failure
   Full interactions between a market's suppliers and customers may or may not be successful, and when stability cannot be reached, market failure can lead to weakness in certain areas, affecting the overall development of tourism. In contrast, if the market is left unrestricted, there is potential for the exploitation of the environment and public goods to which the tourism industry has free access. Hence, the government should sometimes intervene to prevent such situations.

5. Providing for leisure and recreation
   Some products, such as historic monuments, festive events, and ceremonies are designed for both the

local community and visitors such that itis impossible to segregate the two. These products are often large in scale and either provided or subsidized by the public sector. Most celebrations in a destination tend to have deeper meaning to the locals than to the visitors, who might just see them as recreational events without any underlying significance. Such events are nevertheless important pulling factors for a destination, and its government has obligations to both the local community and the tourism industry.

6. Resolving conflict

   Despitethe benefits of tourism, such as boosting income and employment, facilitating cultural exchanges, and diversifying economies, it can also generate conflicts within local communities. These conflicts vary in intensity, and it is incumbent upon the government to anticipate, prevent, and resolve such them.

In addition to the economic, political, environmental and social factors identified by Jeffries, for government to intervene, Blake and Sinclair (2007) put forward two other rationales: improving the locals' welfare by imposing a higher tax on the tourism sector, and regenerating deprived areas through tourism by providing or subsidizing the necessary infrastructure, marketing campaigns, and product development. However, the government, when intervening, should ensure that it is necessary, and measurements should be of moderate scale (Blake and Sinclair, 2007).

Getz, Hall, Inskeep, Gunn,Murphy, Keogh, Simmons, Jamal, Getz, Dredge, Craik, Doxey, and Pearce put forward different thoughts on and approaches to tourism planning that are reviewed in the following sections.

4.2 Getz and Hall

Getz identified four main approaches to tourism planning: boosterism, economic and industry-oriented, physical spatial, and community-oriented (1987, as cited in Hall, 2000; 20-39).

The underlying sentiment of boosterism is that tourism is considered inherently beneficial to a destination and should thus be developed. This approach has little consideration for any potential negative economic, social,or environmental impacts of tourism, to the extent that the exploitation of cultural and natural resources is considered acceptable. Moreover, the local community has little say in the decision-making and planning process, and they are assumed to support such tourism development, such that those who

opposeit may be considered “unpatriotic or excessively negative”.In this approach, tourism is promoted and developed until concrete evidence is shown of the depletion of resources, at which time it might be too late to reverse or mitigate the damage.

With the economic approach, tourism is seen as an industry, on par with others, that can generate economic growth, employment, and regional development. Marketing and promotions that target those types of visitors expected to provide the greatest economic benefits to the destination is a characteristic of this approach. To achieve it, government and industryemphasize market segmentation, identifytarget customers, and devise marketing strategies accordingly. While economic interests are prioritized over social and environment issues, the government also strives to ensure visitor satisfaction.

The physical and spatial approach is favored by geographers, land-use planners, and conservationists who are concerned with rationing natural resources through careful planning. The main aim is to minimize any possible negative impacts on the physical environment brought about by tourism development. With this approach, issues such physical and social carrying capacity, environmental thresholds, andacceptable/desirable place change rates are considered. The most common strategy is to manipulate the flow of visitors within the touristic zone. The spatial aspect of the approach stresses the positive relationship between the destination’s development and its markets and resources. Hence, tourism planning is heavily weighted on the available natural resources and the destination’s capacity to withhold tourism infrastructures, such thatthe social and cultural aspects are sometimes neglected.

The community-oriented approach views the community as the core aspect in tourism planning and supports a ‘bottom-up’ approach in which its involvement in the planning process is necessary for tourism growth.

In addition to Getz’s four approaches, Hall (2000) advocated a sustainable approach focusing on the coordinative, iterative, integrative, and strategic aspects of tourism development alongside community-based planning. Sustainable development can be attained through cooperative and integrated control systems, the development of industry coordination mechanisms, raising consumer awareness, raising producer awareness, and strategic planning to replace conventional approaches (Dutton and Hall, 1989, as cited in Hall, 2000).

Taking an integrated approach to tourism planning would mean a fairer distribution of the benefits and costs of tourism development. A better understanding of stakeholders’ needs would improve cooperation,

but industry groups are known to be fragmented, with different opinions and beliefs.Thus, it is vital for the government to create structures and processes that allow industry stakeholders to interact and create effective partnerships.

The sustainability approach also suggests that tourists' behavior may be altered to minimize any negative impacts on the destination by providing information, raising awareness, and setting a code of conduct. Strategic planning calls for the public's proactive involvement in the decision-making process, and requires the use of visitor management, marketing, and planning practices to achieve objectives such as the conservation of tourism resources, enhancedvisitor experiences, andmaximized economic, social, and environmental returns to stakeholders (McArthur and Hall, 1993 as cited in Hall, 2000; McArthur, 1998 as cited in Hall, 2000).

4.3 Inskeep

Inskeep (1991) believed that tourism is an integrated demand and supply system requiring continuous planning and coordination between government agencies and stakeholders. Demand signifies the market demand, and supply refers to the tourism products and services. Although it is important for the tourism products and services to cater to the needs and desires of the source market, Inskeep cautioned that

> A completely market-led approach to tourism development that provides whatever attractions, facilities, and services the tourist market may demand could result in environmental degradation and loss of socio-cultural integrity of the tourism area, even though it brings short-term economic benefits (Inskeep, 1991: 30).

Hence, a product-led approach may be more appropriate in balancing economic, environmental, and social goals in a sustainable development framework. Within this approach, only the attractions, facilities, and services with minimum impact on the local environment and society are provided.

With this in mind, Inskeep devised a comprehensive sequential tourism development plan comprising seven major steps: study preparation, determination of objectives, survey, analysis and synthesis, policy and plan formulation, recommendations, and implementation and monitoring.

At the study preparation stage, the government consults both the private sector and the public about whether to develop, improve, or even expand the tourism industry. An initial pre-feasibility

assessmentconsidering the overall potential and relative costs and benefits of the suggested project may be conducted if there are doubts concerning the feasibility of tourism development. The project only moves forward if the potential tourism development is deemed feasible and the benefits outweigh the anticipated costs. At this stage, the project scope, timeline, targets, and developmentstagesare stipulated.

The objectives determined in the second stage influence what follows, including the types of surveys and analyses conductedand which policies, plans, and recommendations are made. If the objectives are approved at the subsequent analysis stage, feedbackis provided again during policy, plan, and recommendation formulation. The objectives are then reviewed again and revised if necessary.

At the survey stage, quantitative and qualitative data relevant to the destination's economic, environmental, legal, and social aspects are collected. Field surveys of tourism attractions, transport, related facilities, and services are conducted in line with discussions involving relevant government officials, private sector representatives, and community spokespeople. Other means of data collecting such as reviewing existing documents may also be used to provide an overview of the destination.

The survey information is then analyzed and synthesized to identify the major opportunities and problems of tourism development for the destination. Subsequently, an optimal level of tourism development may be identified.

Policy and plan formulation encompasses the creation of tourism policies on all of the objectives, physical structures, and related issues. At this stage, the government, steering committee, and relevant parties participate in the discussion and review the suggested policies and plans. Those policies and plans that best meet the objectives with the least environmental and socio-cultural impacts are selected and finalized in detail. Recommendations such as developing education and training programs and implementing controls are then made accordingly.

Finally, successful tourism planning requires effective implementation and careful monitoring of progress. Once the plan has been rolled out, it is essential to watch for any deviations from the plan or negative impacts, and adjustments and measures are required should any such problems bedetected.

4.4 Gunn

Gunn (1994) modeled the functioning tourism system with two main components: a demand side and a supply side, similar toInskeep (1991). The demand side is essentially the market demand andthe supply side is the development of tourism products and services provision within the destination. Gunn (2002) believed that only when the supply and demandsidesare well matchedcan tourism be developed in the right direction, preventing negative social and environmental impacts. It is important to realize that reaching demand–supply balance is a dynamic and continuous process, as development policies and market trends continue to change, and thus all of the parties involved should be flexible.

On the demand side, Gunn identified four major factors influencing the decision to travel for leisure or business: motivation to travel, financial ability to afford facilities and services, time, and physical ability such as health status and disabilities. Other factors that may also affect demand are destination policies, personal preferences, currency exchange, and destination diversity. Accurate demand forecasting is crucial to a destination's stakeholders in making informed and decisions on devising strategies targeting preferred markets.

Gunn identified the following products and services on the supply side: attractions, services, transportation, information, and promotion. All products and services are governed by three types of organizations: government, non-profit organizations, and private commercial enterprises. Gunn stressed the importance of the interdependence within the functioning tourism system and the understanding and cooperation between the components. The policies and actions of all three types of organizations must be integrated intothe planning for tourism to function properly. Apart from the factors mentioned, the tourism system is also subject to the influence of external factors such as natural resources, cultural resources, entrepreneurship, finance, labor, competition, community, government policies,organization, and leadership. These factors must be analyzed and considered when planning for the best outcome.

Gunn also noted the concept of sustainability, which leads to enhanced visitor satisfaction, improved economy and business success, protected resource assets, and the integration of the communitywith the surrounding area.

Unlike conventional planning, which does not typically involve the public in the decision-making process unlessit is at a very late stage, Gunn advocated an approach that begins with and maintains such interaction throughout the process from the belief that tourism is managed by a range of owners including government, non-profit organizations, and private commercial enterprises. Apart from the influence ofthe parties mentioned, tourism can affect many other factors such as local residents, financial institutions, and

market demand (Gunn, 2002: 4). Hence, a participative process allows stakeholders with experiences, opinions, and constructive recommendations to be included in shaping the planning and implementation processes (Gunn, 1994: 20).

4.5Murphy, Keogh,Simmons, Jamal, Getz, and Dredge

Murphy (1983) believed that a win-win situation between the tourism industry and the local community can be achieved. He advocatedthat tourism be viewed as a community industry, anchored by a close relationship between the tourism sector and the community. A community industry should act as a corporate enterprise whose main goal is to attract visitors and remain competitive, with the end goal of succeeding in the global market. Tourism planning and decision making should also consider the long-term interests of the host community, from government and private enterprises to individuals, as it provides a destination's tourismassets such as landscapes, heritage, parks, hospitality, and services. The community's individuals, businesses, and government are the tangible tourist products thatshape a destination's brand and image. It follows that if the local community's needs and desires are satisfied, those of the tourists will also be met. In a rather fragmented tourism industry and market that crosses so many political, geographic, and administrative boundaries, efforts are needed to coordinate the resources into meaningful tourism products and experiences. A framework is needed to pull these general trends together and integrate tourism into the established planning practices and policies (Murphy, 1985).

In addition to recognizing the importance of the host community's participation, Keogh (1990) believed that providing the public with adequate information on upcoming tourism development is one of the fundamentals of public participation. He noted the potential biases of the groups or individuals during public consultation and suggestedthat the focus be on identifying the real issues within the community and recognizing the attitudes of all concerned residents. The information provided to the residents is important for meaningful community participation, particularly during the early planning stages. Simmons (1994) alleged that community residents are an important element within the tourism industry, suchthat visitor satisfaction and local residents' benefits can be reached simultaneously through public participation. Furthermore, given that the perceptions and impacts of tourism may change over time, the residents' participation and the planning process should be ongoing and adaptive in different developmental stages. For sound community participation, Simmons believed that the public's knowledge of tourism is critical, and that public education would help fulfill the objective of allowing the residents to contribute to tourism byplaying their essential role in the visitors' wider hospitality experience.

Jamal and Getz (1995) advocated collaboration in community-based tourism planning due to the interdependence among many stakeholders in the industry. The collaboration process isdivided into three stages—problem setting, direction setting, and implementation—with the following six propositions for facilitating the collaboration process.

1. Recognition of a high degree of interdependence within the community, i.e. the stakeholders and the physical environment. As they are inter-related, their desired outcome will be directly or indirectly linked to their actions, enhancing the motivation to collaborate.

2. Realization of the mutual benefits created in the collaboration process, includingeffective tourism development, environmental and social-cultural sustainability, and reduced conflicts. Recognizing the mutual benefits may act as an incentive for the stakeholders to collaborate.

3. The mentality that the decisions made will be implemented, such that the process has the legitimacy and power to influence or make planning decisions. This legitimacy and power stems from the inclusion of stakeholders, clear external and internal mandates, and the presence of adequate resources to complete the process and implementation. Thisencourages participation and collaboration.

4. Collaboration can achieve cost-efficiency if the key stakeholders can be selected to be representative of community views, reducing the need for costly and time-consuming referendums and surveys.

5. A convener, who possesses the necessary legitimacy, expertise, resources, and authority, is required to initiate and facilitate the community-based tourism collaboration, and hence may be from a different background, depending on the issues faced.

6. Formation of a vision statement on the desired tourism development, joint formulation of goals and objectives, and self-regulation of planning and development through a collaborated organization is important for the ongoing adjustment of the established strategies to achieve the desired outcome.

Ashworth and Dietvorst argued that it is essential to integrate tourism into local place management policy (Ashworth &Dietvorst, 1995, as cited in Dredge, 1999). Tourism relieson a community's stock of natural and human resources, but these resources are frequently planned and managed under other planning regimes such as land use planning, natural resources management, and community economic

development schemes. Most of these regimes are conducted independently of tourism planning initiatives. Dredge (2006) believed that for public–private synergy to be achieved, the local community and the industry must acknowledge thedifferences in theircapabilitiesso that their roles and responsibilities can be clearly articulated and focused. Moreover, rules of conduct should be openly discussed and negotiated. Dredge (2006) doubtedthat the government could be representative of the wider community because the issues and interests perceived by the former may differ from the actual concerns.She believed that the involvement of the wider community along with the cooperation of the government and private sectors are essential in tourism planning.

In her recent investigationof public interests in the context of place change and tourism development conflict, Dredge (2010) reiterated her concern that the state institutes alone do not necessarily ensure policy-making for the common public interest, althoughone of the state's key roles is to protect and enhance public interests. The perspectives on public interests can be categorized as rational, neoliberal, specific, and participatory. From the rational perspective,public interests are defined bureaucratically using scientific processes to evaluate planning and public management andreach a fair and transparentdecision.From the neoliberal perspective, the corporation or the market define public interests, often in terms of economic features such as competitiveness, employment, and investment. The specific interests perspective is based on the concept of elitism, where only a select few hold significant power in society and the government responds favorably in their interests. Hence, the public interest is defined by those elites. From the participatory perspective, the public interest is defined by the community using consultative processes and communicative actions. Dredge advocated the fair and open consideration of the values of difference aspects, common and diverse interests, and the majority opinions on tourism development.

4.6Craik, Doxey, and Pearce

The economic benefitsof tourism are well recognized, and many destinations are developing tourism industriesto improve their economies. However, tourism can also have negative economic impacts, such as inflation, expenditure on infrastructure, income leaks, and environmental and social-cultural problems. Craik (1995) identified the potential positive and negative social-cultural impacts of tourism on a destination. The positive impacts include enhancing the destination's facilities, building pride and a sense of identity in the community, supporting community entertainmentand enterprises, providing new training and employment opportunities, maintaining community stability, and broadening horizons through inter-cultural contact. The negative impacts include conflicts in the potential use of a site involving

environmental, cultural, economic, and visual debates; regional disparity between tourism-oriented and other sites, cultural drift and commodification, increased crime rate often related to prostitution, drugs, gambling, and theft;undermined local traditions and ways of life; increased risk of exposure to infectious diseases and pollution; and stresson the existing services and facilities. Despite the positive impacts of tourism development, an increasing number of local communities are expressing mixed feelings (Craik, 1991: 79-106, as cited in Craik, 1995). The balance of positive and negative impacts depends on the characteristics of the destination and its community. Craik (1995) further suggested that the impacts, be they positive or negative, can be categorized into four types in relation to the host community: changes in the destination community's characteristics, changes in the destination's culture that may lead to the commodification of traditions for the benefit of the tourists' experience, the introduction of external elements into the destination culture that may undermine, replace, or enhance the traditional culture, and lifestyle disruptions.

Doxey(as cited in Leiper, 2004:236) found that over time, when numbers approach and pass a destination's social carrying capacity, hosts' attitudes toward guests go through a sequence of stages that vary in duration and from destination to destination, depending on how long they have been receiving visitors. The four stages—euphoria, apathy, annoyance, and antagonism—respectively portray the progression of a host community's responses to tourism: when the number of tourists is small and activity is limited in the initial stagewhen tourists are welcomed by the local community; as tourist numbers increase, when tourists are taken for granted and their relationship with the host takes a more formal stancethrough which hosts become indifferent toward tourists; when the number of tourists grows significantly to a point of saturation and concerns about its impacts arise; and when the host community eventually bears hostility toward tourists, leading to conflicts (Reisinger, 2009). Martin and Usyal (as cited in Johnson, Snepenger&Akis, 1994), in their study of the relationship between carrying capacity and tourism lifecycle, made a similar assertion that there is an inverse relationship between the development stages of a tourism area and the residents' responses. The local residents are ecstatic with tourism in the initial stages due to the perceived economic benefits. However, as the physical environment and type of tourist being attracted undergo unwanted changes, the residents' attitudes toward tourism grow increasingly negative. Cooke (1982) took a more extremist view, recommendingthat all tourism planning consider residents' objectives as fundamental and that the promotion of local attractions earn the residents' approval.

As Macnaught (as cited in Pearce, 1995) noted, touristsare unlikely to spend money to stay in a destination where they do not feel welcome,particularly if they encounteroutright hostility. Hence,

understanding the community's perceptions of tourism's impacts is important (Ap, 1992),reflected in the extensive amount of research on the topic (Lankford and Howard, 1994). Andereck and Vogt (2000) found that while most researchrevealsan overall positive attitude toward tourism among residents, there are nuances in each study. Liu, Sheldon, and Var (1987) compared three destinations: Hawaii in the United States, North Wales in the United Kingdom, and Istanbul in Turkey. They found Hawaii to be most concerned with government control over the environmental impact. Both North Wales and Istanbul were most concerned with traffic congestion caused by tourists, whereas North Waleswas worried aboutforeigners purchasing property and Istanbul was concerned with the facilities, hospitality, and promotional development. In a study on the residents of Nadi, Fiji, conducted by King, Pizam, and Milman (1992), the residents clearly identified tourism's economic benefit, but theyfocused on the improvements in standard of living, work attitudes, quality of life, courtesy, hospitality to strangers, and confidence among people. There was also an awareness of increased incidence of alcoholism, individual and organized crimes, drug addictions, openness to sex, and traffic conditions. Andriotis and Vaughan (2003) found that the residents of Crete were supportive of tourism development, particularly those who were reliant on tourism for employment, but those with higher education tended to be less favorable. A six-year longitudinal study conducted in Idaho in the United States by Johnson, Snepenger, and Akis (1994) showed that the majority of the residents did not agree that tourism would provide any positive economic, social,or environmental impacts.

Pearce (1995) believed that the main causes of host communities' negative attitudes toward tourists are culture shock and/or cultural arrogance. Culture shock can be experienced by both tourists and local residents, with the formerfinding themselves confused by unfamiliar surroundings and ways of life and the latter confronting rule-breaking behaviorfrom the former. Cultural arrogance is exhibited when visitors continue to practice their own cultural behavior, disregarding the cultural rules of the local community. Pearce (1995) suggestedthat empowering visitors, training tourism professionals, and educating host communities in cultural interactionsmay mitigate culture shock and cultural arrogance.

Chapter 5
Tourism Planning Cases

This chapter reviews the tourism planning in a variety of destinations to inform the development of a tourism planning framework for Hong Kong. Although different destinations have different backgrounds and priorities, and hence different emphases in tourism approaches, it is nonetheless useful to reference such cases. The cases reviewed in this chapter include Australia, the United Kingdom, France, Sri Lanka, the Maltese Islands, and Singapore. Australia, the United Kingdom, and France are developed destinations and thus may have experienced similar patterns of growth to those in Hong Kong. Sri Lanka and the Maltese Islands are developing destinations, and they are most concerned with environmental protection apart from economic growth. Singapore is the destination most similar to Hong Kong in terms of location and size.

5.1 Australia

At the federal level, Australia's Department of Resources, Energy, and Tourism has identified the significance of the tourism industry inthe country'seconomic and infrastructural development. It describes the industry as a "supply chain that generates significant economic multipliers", reiterating tourism's importance in the country's economy (Tourism Australia, 2011).

Competitive advantages such as Australia's nature, heritage, and diverse population are mentioned, followed by an analysis of its current challenges and opportunities. The challenges include increased competition and the rise of the Australian dollar. The report also calls for investment in new products, a boost in productivity, an expanded uptake of digital technology, and an approach for dealing with labor and skills shortages. The opportunities include Australia'snatural, cultural, and man-made attractions, Asian markets, and a national broadband network.

The government has been working closely with the industry under the National Long-Term Tourism Strategy (launched in December 2009), which forecasts the total overnight expenditure for both international and domestic tourism until 2020 andanalyzes the human resources, hotel and aviation capacity, and online travel agencies.

The following strategic areas have been identified, each with objectives, action plans, deliverables, and measurements.

1. Grow demand from Asia.
2. Build competitive digital capability.
3. Encourage investment and implement the regulatory reform agenda.
4. Ensure that tourism transport environment supports growth.
5. Increase supply of labor, skills, and indigenous participation.
6. Build industry resilience, productivity, and quality.

At the state level, South Australia, for example, has issued a Tourism Plan that indicates the key objectives and the envisioned future of tourism both nationally and globally for the 2009-2014 period. The plan identifies critical areas to be addressed, including effective communication, developing new signature experiences, improving distribution channels, improving air access, ensuring a positive policy environment, and building industry capability(South Australian Tourism Commission, n.d.).

The vision is outlined as follows, “By 2020 South Australia will have capitalized on its massive tourism potential and will be a world’s best destination supporting a sustainable and profitable industry.” The four key focus areas and 13 strategies established are as follows.

1. Communicate
    - Better communication with target audience regarding what they want to buy.
    - Leverage partnerships to help achieve effective communication.
2. Develop
    - Create new and different tourism developments.
    - Develop Adelaide’s tourism by upgrading its special places and spaces.
    - Remove any external planning and policies that are harmful to sustainable tourism development.
3. Leverage
    - Develop new and existing festivals and events.
    - Encourage investments in South Australia’s assets such as food, wine, and nature.
    - Market Adelaide as an ideal destination for business events.
    - Build Adelaide’s reputation as a global study destination to encourage visitation.
    - Capture visitors’ attention through storytelling.
4. Activate

- Improve the accessibility to and affordability of Adelaide and South Australia.
- Find the best channel of sale for converting the demand into booking.
- Build a strong body that takes responsibility and leads operators.

5.2 United Kingdom

In March 2011, the Department for Culture, Media and Sport of the United Kingdom (UK) issued a Government Tourism Policy thatillustrated tourism'seconomic importance, reflected in aspects such assize, job creation, contributing to rebalancing the economy away from finance, construction inSouth East England,and the regeneration of rundown neighborhoods (Department for Culture, Media,and Sport, 2011).

With the aim of attracting four million more visitors since 2011,the UK's strategies can be divided into four areas: changes to tourism bodies, raising industry standards, making industry more competitive, and improving transport infrastructure.

1. Changes to tourism bodies
    - The tourism industry has relied heavily on public funds for destination marketingdue to the high proportion of small and medium-sized enterprises (SMEs) and the great variety of destinations—both of which makepartnership and cooperation difficult. The public funding, however,takes a toll on the government's fiscal situation and new and independent tourism bodies should be created to allow the industry to take its future into its own hands.
    - An example of the partnership marketing approach is the funding model for the London 2012 Olympics campaign, which brought together different private partners such as British Airways, and LastMinute.comto market Britain as a destination.
    - VisitBritain will focus solely on researching, creating, and delivering a series of marketing campaigns to attract inbound travelers to the UK.
    - Local tourism bodies play important roles in effectively promoting different destinations,and partnering with local tourism firms has been found to provide better and measureable results. Stronger partnerships with local enterprises are encouraged, and the funding for large-scale projects will rely more on partnerships with local tourism firms or with the local authorities.
2. Raising industry standards

- The rating system will be reformed and left in the hands of the industry regarding how to modernize, shrink, or close the existing state-sponsored scheme and providetourists with more accurate rating information through VisitEngland.
- Consumer feedback provides a better way to stimulate standard upgrades, so the government encourages the industry to give visitors ways to provide feedback.
- Better consumer protection is considered, particularly for travelers and holiday makers.
- Information for visitors is enhanced, such as the availability of updated information and the ability to launch information via different channels.
- Destination diversification is vital, sothe creationof destinations that can rival London will be considered.

3. Making industry more competitive
    - Providingtrainingfor staff members in related industries.
    - Making destinations and attractions ‘all-weather’ products wherever possible, and takingadvantage of the various weather conditionsto turn them into attractions.
    - The movement ofnational holidays to create a new peak season is being considered.
4. Improving transport infrastructure
    - Different measures have been taken to improve the flying experience. For example,entry visas will be processed more quickly, check-in procedures will be simplified and shortened, and more e-Passport gates will be introduced.

The UK’s government charges a heavy air passenger departure (APD) tax. Effective April 1, 2015, depending on the travelling class, the APD tax for short haul (under 2,000 miles) will be at least£13 and for long haul (above 2,000 miles) a minimum of£71 (HM Revenue and Customs, 2014).

5.3 Sri Lanka

The Sri Lankan Ministry of Economic Development has issued a Tourism Development Strategy for the period from 2011 to 2016. It aims to position Sri Lanka as a model tourist destination and identifies its advantages as its culture, heritage, exotic beaches, greenery, and friendly people. The strategy also lists the following key objectives (Ministry of Economic Development, 2011):

1. Increase tourist arrivals to 2.5 million by 2016 from 650,000 in 2010.
2. Attract foreign direct investment of US$3,000 million.

3. Increase tourism-related employment from 125,000 to 500,000 by 2016 and further develop tourism-based industries.
4. Distribute the economic benefits of tourism to a wider scope within society and integrate tourism into the real economy.
5. Increase foreign exchange earnings from US$500 million in 2010 to US$2.75 billion by 2016.
6. Improve international trade and economic links.
7. Position Sri Lanka as the world's most treasured island for tourism.

The strategy also covers the following main waysto achieve the aforementioned objectives.

1. Creating an environment conducive to tourism
    - Addressing related policies such as the restoration of a simple tax regime, simplify licensing procedures, reduce high electricity tariffs, unifying regulatory environment and creating a single body for promoting tourism, setting up "one stop shopping" for tourism-related investments, streamlining the process of providing government land for tourism development projects, attracting reputable international hotels and environmentally friendly urban development.
    - Introducing new guidelines and regulatory frameworks for tourism-related industries such as hotels, travel agencies, eco-lodges, safaris, and whale and dolphin watchingto ensure ecological preservation and promote clean cities—allowing the maximum benefit of tourism to be passedon to the community.
    - Revising tax regimes to create a tourism-friendly environment. For example, the upfront costs of investing in leisure and tourism-related activities, plants, machinery, and consumer products are subjected to lower taxation; vehicle duties have been reduced to promote tourism-related services; and the taxesimposed at various levels have been consolidated.
    - Developing a set of national tourism guidelines to improve performance standards.
    - Making sure that infrastructures can accommodate the estimated arrival of 2.5 million tourists by 2016. For example, allocating lands toward the development of resorts to attract foreign investment, develop a land bank to be made available to investors, encouraging investors to develop facilities such as golf courses, water parks, and adventure sports facilities.
    - Developing various transportation means such as seaplanes and light aircraft, improving rail tracks and train carriages, introducing tour bus service to various destinations, increasing air service into the country and airport taxi services.
    - Promoting community-based activities such as handicrafts, festivals, and cultural programs.
    - Providing training in accommodation and service sectors.

2. Identifying and attracting the right type of tourists and generating marketing communications and activities with the targeted sector in mind.
3. Ensuring the satisfaction of departing tourists by taking initiatives to improve efficiency and services at borders, introducetourist police to minimize tourist harassment, and focusing on the cleanliness of tourist attractions.
4. Improving domestic tourism by creating awareness of lesser-known attractions using the various media accessible to the domestic tourists, and by increasing government participation in accommodations for domestic tourists.
5. Improving the global image of Sri Lanka by connecting with the international media and major tour operators, promote tourism-related investment opportunities among potential investors, using Sri Lanka Airlines as a joint promotional agency, and encouraging different agencies to work together under a common theme.

5.4 Maltese Islands

The Tourism Policy for the Maltese Islands 2012–2016 aims to boost Malta's accessibility, tourism products, and marketing effectiveness to provide a framework that supports a stronger competitive edge. The policyacknowledges theexpectation that the tourism industrybecomemore diversified, less seasonal, and less dependent on tour operators.Hence,a different set of strategies is given to keep Maltese Islandsviable (Ministry for Tourism, Culture, and the Environment, 2012).

The policyalso recognizes that the industry is highly influenced by the international situation, andthus mustadapt quickly toward global drivers of change in tourism, which are economic, political, environmental, technological, demographic, and social. As Malta is part of the European Union (EU), it will also take the EU's Tourism Policy Framework into account. At the EU level, the focuses are stimulating competitiveness in the European tourism sector; promoting the development of sustainable, responsible, high-quality tourism; consolidating the image and profile of Europe as a collection of sustainable, high-quality tourist destinations; and maximizing the potential of EU financial policies and instruments for developing tourism.

At the national level, tourism is a main focus of the national agenda and thus has economic, environmental, and social goals. The economic goals include increasing foreign income and adding value to the economy, contributing to public finances,and sustaining air links between Malta and other countries. The environmental goal is to ensure that tourism and the environment complementandsupport each other.

The social goals include training a workforce that contributes to and enjoys a fair return of sustainable economic activity, and conserving local crafts and traditions.

The types of tourists the country wants to attract are as follows:

1. Tourists from different countries to counter the effects of economic failures of any one particular source market.
2. Tourists who appreciate and make use of the niche offerings and products offered
3. Tourists who respect Malta's infrastructures, natural beauty, and heritage.
4. Tourists with the propensity and resources to spend.

Some of the visitor segments identified include Sun and Sea;Meetings, Incentives, Conferences, and Exhibitions (MICE); Learning English as a Foreign Language;Heritage and Culture;Gozo holidays; and Sports and Cruise. The policy aims to support these segmentsby promoting destinations, events, and festivals at various levels, building infrastructures, bringing together stakeholders and local associations,enforcing legislation, and exploring niche markets. It is also part of the policy to diversify tourist activities and encourage the growth of tourism in rural areas to ultimately promote a fair distribution of income and achieve positive multiplier effects that reach the grassroots of the society.

The policy also addresses the need to improve tourism products to keep Malta competitive, including the country's accessibility (by air and sea), accommodations (hotel ratings and availability), andmobility (public transport, car hire, coaches, tours, ferry-links, and supporting infrastructure). Quality service is recognized an important element inattracting and retaining tourists for sustainable success, hence the importance of training people.

Because the island of Gozo is an important tourism product of the Maltese Islands, an entire chapter of the policy is dedicated to outlining its objectives and sustainable goals. It aims to market Gozo as a distinct and unique eco-tourism destination and build on its competitiveness by presenting and preserving its natural ecological and biodiverse assets, ensuring sustainable economic, environmental, and social development.

Finally, the policy emphasizes the optimal governance approach, which ensures that the government and industry work closely and effectively together to support competitive and sustainable tourism growth. The government will continue to act as a facilitator and regulator by providing direction to tourism industry.

The Minister for Tourism, Culture, and the Environment has been appointed to drive tourism initiatives and efforts, monitor the performance of tourism activity, and formulate relevant tourism policy responses.

5.5 France

The reportentitled “Tourism Trends and Policies 2012 for France”issued bythe Organisation for Economic Co-operation and Development (OECD)presents the destination’s global positioning, its visitor mix, and the importance of tourism to the economy (OECD, 2012). It provides an organizational chart of the tourism bodies and an overview of each section’s responsibilities. The tourism organization structure can be divided into three areas: the state, operators and consultative bodies, and local authorities. The state sets the national tourism policy and the framework for legislative and regulatory issues. It also provides guidelines on international cooperation, bringing together public and private initiatives to support the local authorities. Atout France is the state agency in charge of promoting tourism, implementing government policies, classifying tourist accommodations, and the registry of tours and chauffeur-driven tourist car operators.

The local authorities can be further divided into regions, departments, and communes, charged with setting medium-term objectives; creating regional tourism committees for promoting tourism; formulating, promoting, and marketing tourism products; and operating tourist information offices.The main goals of the tourism policy are as follows.

1. Renovate and modernize tourism products—Apart from encouraging upgrades, quality improvement, and renovation of accommodations, a wider adoption of the “Tourism Quality” label is encouraged.
2. Exploit the historical, cultural, and living heritage—Focus on food and wine attractions and develop potential sectors such as MICE, cruises, pleasure boating, cycling tourism, itinerary tourism, urban tourism, and quality destinations.
3. Improvepromotion of France abroad—Improve the co-ordination of actions between the institutes involved in tourism. A new web site “Rendez-vousen France” was created topromote France as a global destination.
4. Improvewelcome—Quality will be assessed every year by an international independent consultancy firm and Internet users can provide feedback on their trips using mobile applications.

France is active in sustainable tourism at multiple levels. The country incorporates tourism in the overall sustainabledevelopment policy, takes part in the Calypso Project and European Destinations of

Excellence competition, promotes social tourism, combines economic growth with sustainable development, and chairs the Global Partnership for Sustainable Tourism. Finally, the report indicates a legislative and regulatory framework covering the organization of tourism, tourism-related activities and professions, accommodations, and travel operators.

5.7 Singapore

The Singapore Tourism Board (STB) issued a Discussion Paper for the Tourism Industry Conference 2013 (Singapore Tourism Board, 2013)thatassesses the medium-term outlook for the tourism sector and outlines the STB's strategies to ensure quality tourism growth. The paper identifies four main salient trends of the tourism industry in Singapore:increasingly discerning travelers; intensifying regional competition; slower work force growth; and increasing impact of tourism on resident population. "Quality tourism growth"comprisesthe following key dimensions of success.

1. Tourism will continue to be developed as an important economic driver for Singapore, makinga significant contribution to the overall GDP.
2. Tourism development will result in productive and innovative industries and subsequently provide good jobs for Singaporeans.
3. Tourism will continue to nurture public engagement and participation as part of its development.

To ensure quality tourism growth,the report outlines the following medium-term strategies and approaches.

1. Pursuing a yield-driven marketing approach
   The STB will take a portfolio management approach that considers tourism receipt contributions and areas where they can influence through marketing. The focus for Asian markets will involve enhancing the appeal of Singapore as a single travel destination, whereas that forthe European and Oceania marketswill be on Singapore's value as a destination in a multi-destination trip. Singapore will be positioned as a leading business destination for MICE events. The STB will also explore how venues can cater to the evolving needs of event organizers, and be more flexible inmeeting customers' needs.
2. Enhancing destination attractiveness
   The STB will work to establish a National Art Gallery and Singapore Sports Hub, and provide a steady pipeline of new leisure products and developments by investing in sites such as Gardens by the

Bay, the Jurong Lake District, and Mandai area.In addition, new attractions such as the Port of Lost Wonder, Singapore's first kids' club beach, and iFly Singapore—the world's largest indoor skydiving venue—are being developed. The Tourism Product Development Fund was created to nurture new tourism products and experiences.It is also part of the strategies supporting the development of unique home-grown Singapore brands and companies, such asZoukOut and Singapore Art Week. Sporting events such as the Singapore Grand Prix and Youth Olympic Games will be added to increase potential tourism. The retail landscape will be enhanced by injecting new and exciting brands along with unique and authentic local concepts and labels. Singapore will host events such as Asia's 50 Best Restaurants and the World Street Food Congress and collaborate with top culinary institutions such as Basque Culinary Centre and the Culinary Institute of America to develop programs that encourage innovation and nurture local talent. The Cruise Development Fund has been established to help cruise companies cultivate demand and development for cruises; working with cruise lines and travel agents to develop appealing itineraries and cruise packages.

3. Supporting industry competitiveness
   To help tourism-related companies and workers become more competitive, innovative, and productive, the STB will provide support in building workforce capacity and capability, encouraging innovation in business models, adopting the use of technology, enhancing service capabilities, and providing a pro-business regulatory framework.
4. Building local engagement
   The STB will work with the industry to nurture public engagement and participation, consulting the locals widely and allowingtheir input on major tourism projects and precinct developments, harnessing local ideas and energies for community benefits.

5.8 Insights from tourism planning cases

The above casesreveal the differences in tourism planning frameworks from one destination to another. Each destination has its own unique characteristics and faces distinctive opportunities and challenges. Tourism planning should be formulated to achieve specific goals, enhance each destination's core attractions, and tackle explicitissues. Moreover, the institutional setting, state of development, and government of each destination may requirespecialized tourism planning approaches.

Although the aforementioned tourism planning cases differ in many ways, some common themes do emerge from the review. First, all of the destinations try to identify the most appropriate target visitors and grow the demand. Second, they all strive to enhance their infrastructures and facilities to appeal to the

target visitors. Third, theyall try to attract investment in tourism byproviding a vision of the future and some kind of regulatory regime. Fourth, they see the importance of nurturing a tourism-related workforce. Fifth, they stress aclose working relationship between the government and tourism industry. Sixth, they recognize the importance of engaging the public in the long-term development.

Clearly, there is no “one-size-fits-all” tourism plan. By recognizing the state of tourism and tourism trends in Hong Kong, reviewing other tourism planning cases, analyzing the institutional setting, and engaging industry and community perspectives, we develop a robust and specific tourism planning framework for Hong Kong.

Chapter 6
Institutional Setting of Hong Kong Tourism

While tourismdoes operate in a free market economy in Hong Kong, there are significant formal and informal links between the private and public sectors. It is apparent that the close cooperation between thetwo sectors is a key element in the proposed tourism planning framework. This chapter outlines the roles and responsibilities of key organizations in both the private and public sectors. The organizations in the private sector covered in this chapter include the Travel Industry of Hong Kong, the Federation of Hong Kong Hotel Owners, the Hong Kong Hotels Association, the Hong Kong Exhibition and Convention Industry Association, the Hong Kong Association of Travel Agents, the Hong Kong Association of Registered Tour Coordinators, the Hong Kong Association of Amusement Parks and Attractions, the Hong Kong Association of Restaurant Managers, and the Hong Kong Retail Management Association. The organizations in the public sector covered in this chapter include the Tourism Commission, the Economic Development Commission, the Hong Kong Tourism Board, and the Hong Kong International Airport.

6.1 Private sector

The private sector is the engine room of Hong Kong's success as an international destination. By skillfully building on its comparative advantages of location, a skilled work force, and efficient government administration, the city has developed an internationally strong competitive tourism industry. Before the rapid growth in Chinese tourism, the city had developed an international reputation as a shopping and leisure destination, in part through the efforts of a range of private sector bodies that included the predecessor of the current Hong Kong Tourism Board. The success of the city's tourism industry is underpinned by the private sector firms'ability to simultaneously cooperate and compete while working with the government through a number of membership-based organizations.

6.1.1 Travel Industry Council of Hong Kong

The Travel Industry Council of Hong Kong (TICHK) is aself-regulatory industry organization registered as a company limited by guarantee. The TICHK is responsible for regulating outbound and inbound travel agents under the Travel Agents (Amendment) Ordinanceto maintain a high standard of professionalism within the industry and protect the interests of both the trade and tourists. Membership in the TICHK is

compulsory for all licensed travel agencies, and members are fined for breaching relevant regulations (Travel Industry Council of Hong Kong [TICHK], 2015).

In mid-2010, a series of incidents concerning the receiving arrangements for mainland inbound tours and suspected coerced shopping not only tarnished the reputation of Hong Kong's tourism sector, but also raised concerns over the effectiveness of the TICHK's regulatory regime in ensuring proper conduct within tourism trade. The possibility of a conflict of interestsin the TICHK having the power to regulate tourist guides was also questioned.

Responding to this criticism, the Hong Kong government conducted a review into the operation and regulatory framework of the entire tourism sector (Commerce and Economic Development Bureau, 2011). After consulting with the tourism sector and the public, the Hong Kong government proposed to establish an independent statutory body, tentatively named the Travel Industry Authority (TIA), with non-trade members constituting the majority of its board. The TIA will undertake the current regulatory and licensing functions of the TICHK, raise the minimum capital requirement for travel agencies, introduce a statutory licensing system for tourist guides and tour escorts, and establish an independent appeal mechanism against the TIA's decisions (Commerce and Economic Development Bureau, 2013a). Once the changes have been implemented (by 2016), the TICHK will continue to function as an industry organization without its current regulatory and licensing functions.

6.1.2 The Federation of Hong Kong Hotel Owners

The Federation of Hong Kong Hotel Owners (HKFHO) is an industry organization formed with the objectives of safeguarding the interests of hotel owners and providing service to and advising members on industry-wide issues. The HKFHO provides hotel managers and operators with guidelines governing the hotel industry, and negotiates with the government on issues relevant to the hotel industry. In addition, it promotes and supports the education and training of hotel industry workers. The HKFHO supports the development of the tourism industry by coordinating with other trade associations, political bodies, and hospitality and tourism organizations(Federation of Hong Kong Hotel Owners [HKFHO], 2007).

6.1.3 Hong Kong Hotels Association

The Hong Kong Hotels Association (HKHA) draws its membership from hotel general managers and was established to promote greater industry unity and co-operation among its members. By providing useful information and data to members on related industry matters, it also ensures greater professionalism in the

industry. As the official voice of Hong Kong's hoteliers, the HKHA represents the collective views of the industry on all matters affecting hotel operation. It also performs a consultative role in proposed legislation arising from new government policies and measures. A key objective of the HKHA is to ensure and uphold consistency in service and quality standards while promoting greater internationalism of the hotel industry through the introduction of new technology and management techniques (Hong Kong Hotels Association [HKHA], n.d.).

6.1.4 Hong Kong Exhibition and Convention Industry Association

The Hong Kong Exhibition and Convention Industry Association (HKECIA)represents the voices of its members in the exhibition and convention industries and their best interests by dealing with government, legislative, and statutory bodies, the media, and other public organizations. It also acts as an advisory body to its members in promoting the industry's well-being and status, striving to position Hong Kong as the major international exhibition and convention capital in the region and the world. Through facilitating the collection and circulation of industry information and statistics, the HKECIA enhances the communication among members from different sectors of the industry to ensure the greatest benefits. It also provides training and education programs to continually polish professionalism and operational standards in the industry (Hong Kong Exhibition & Convention Industry Association [HKECIA], n.d.).

6.1.5 Hong Kong Association of Travel Agents

The Hong Kong Association of Travel Agents (HATA) serves as a forum for discussing problems, suggestions, or grievances presented by its travel and tourist agent members. It also ensures fair competition and that the minimum qualificationsfor experience and good behavior are met by the members. Moreover, itoffers assistance and suggestions to governments inconnection with travel matters, and maintains the standard of ethics within the travel industry(Hong Kong Association of Travel Agents [HATA], n.d.).

6.1.6 Hong Kong Association of Registered Tour Coordinators

The Hong Kong Association of Registered Tour Coordinators (HARTCO) aims to continually improve the service standard of tour coordinators in Hong Kong while enhancing their professional status locally and overseas by providing opportunities and facilities for members to exchange ideas about, experiences with, and knowledge on tour co-ordination. The HARTCO also assists and represents its members in dealing with the government and other tourism industry parties regarding the members' collective interests (Hong Kong Association of Registered Tour Coordinators [HARTCO], n.d.).

6.1.7 Hong Kong Association of Amusement Parks and Attractions

The Hong Kong Association of Amusement Parks and Attractions (HKAAPA)helps theamusement parks and attractions in Asia work closely together to promote safety, connect members with manufacturers and suppliers, anddevelop young professionals. The HKAAPA acts as an ambassador, promotingthe industry's positive image and serving as a representative in dealing with the government and public on related matters. The founding members of the HKAAPA areAsiaWorld-Expo, Hong Kong Disneyland Resort, Madame Tussauds Hong Kong, Ngong Ping 360, Noah's Ark Hong Kong, Ocean Park, Sky100 Hong Kong Observation Deck, and the Peak (Hong Kong Association of Amusement Parks and Attractions [HKAAPA], n.d.)

6.1.8 Hong Kong Association of Restaurant Managers

The Hong Kong Association of Restaurant Managers (HKARM) reflects the industry's opinion and seeksits common benefit through communication and liaison with relevant government departments. The HKARM has continually contributed to the development of the industry through proactive involvement in various social services and by promoting Chinese food culture. By holding different training courses and workshops, the HKARM nurtures industry professionals. (Hong Kong Association of Restaurant Managers [HKARM], n.d.)

6.1.9 Hong Kong Retail Management Association

The Hong Kong Retail Management Association (HKRMA) is the leading organization representing the retail industry in Hong Kong, with members representing more than 7,800 retail outlets and employing over half of the local retail workforce. The HKRMAmakes regular submissions to the government on behalf of its members on industry related issues. They initiate discussions with members on major policies to ensure their opinions are heard, and facilitate the exchange and sharing of information. Through education and training, the retail industry aims to raise the status and professionalism of retailing(Hong Kong Retail Management Association [HKRMA], n.d.)

6.2 Public sector

The public sector has a significant level of involvement in the tourism industry through regulation, direct and indirect investment, and industry assistance and, to a lesser extent, through planning. The government has established a framework that allows the private sector to self-regulate, respond rapidly to new market

opportunities, and undertake long-term investments. The current framework also allows the government to investment directly in strategic tourism activities (e.g. Ocean Park and Disneyland) and key tourism infrastructure, including the Hong Kong International Airport and the Kai Tak Cruise Terminal. The government also provides extensive marketing support through the marketing activities undertaken by the Hong Kong Tourism Board.

Current direct government involvement occurs through the Tourism Commission, the Economic Development Commission, and the Hong Kong Tourism Board. By 2016 the newly launched TIA will take over a number of regulatory powers from the TICHK.

Although the tourism sector is well represented in the Hong Kong bureaucracy at the commissioner level, it is not represented at a senior secretary (minister) level within the Hong Kong government. To date, the government has not developed a long-term tourism strategy for the Hong Kong tourism sector. Nevertheless, the Tourism Commission is heavily involved in policy making and the future direction of the tourism industry through planning, such as that undertaken by the government-owned Hong Kong Airport Authority and the Kai Tak Cruise Terminal. The Kai Tak Cruise Terminal was constructed by the Hong Kong government and leased to a private consortium, which is required to pay a fixed rent to the government in addition to a percentage of the consortium's gross receipts.

The relationship between Hong Kong and China's governments in tourism related issues is a key consideration. Changes to policy made by the Chinese government can have a rapid impact on Hong Kong, as demonstrated by the impacts of changes made by the introduction of the IVS in 2003, its modification in 2010, and the introduction of the Tourism Law of China in October 2013. There remains considerable scope for further interventions by the central government through its ability to extend the IVS to other cities.

6.2.1 Tourism Commission

Established in 1999, the Tourism Commission is responsible for mapping and implementing the government's tourism development policy and strategy, and providing a focal point for liaisons with the tourism sector (Hong Kong Tourism Commission [HKTC], n.d.). It also coordinates the work of other government bureaus and departments on policies and initiatives influencing tourism development. The Tourism Commission has had a major role in positioning Hong Kong to take advantage of the rapid growth in mainland tourism. Other functions include formulating inbound and outbound tourism

policies,liaising with tourism organizations in Hong Kong and mainland authorities on initiatives in tourism promotion and development (e.g. IVS), overseeing major tourism development projects and events (e.g. Ocean Park, Hong Kong Disneyland, Kai Tak Cruise Terminal), promoting service quality in the tourism sector, and handling emergencies.

The Tourism Commission is headed by a senior administrative officer (the Commissioner for Tourism) who also sits on a number of tourism-related boards including the HKTB, TICHK, Ocean Park, Hong Kong Disneyland, and the Airport Authority. As part of its operation, the Tourism Commission consults with industry members and other interested parties on an issue-by-issue basis.

The Tourism Commission worked closely with a number of stakeholders to develop the cruise market for Hong Kong residents and visitors. Activities included the planning and funding of a Cruise Terminal and the provision of market research. The Commissioner for Tourism chairs the Advisory Committee on Cruise Industry, which is tasked with providing input on issues relating to cruising from other sectors of the government, plus the private sector.

Other duties undertaken by the Commissioner for Tourism include chairing the Tourism Strategy Group, which draws its members from the tourism industry and academia. The aim of the Tourism Strategy Group is to provide the government with tourism development recommendations from a strategic perspective.

The Tourism Commission is currently overseeing the review of the operation and regulatory framework of Hong Kong's tourism sector, which involves the aforementioned restructuring of the TICHK.

6.2.2 Economic Development Commission

In early 2013, the Hong Kong government formed the Economic Development Commission, led by the Chief Executive. Four working groups were established under the commission, one of which is responsible for the convention and exhibition sectors in addition to tourism (Hong Kong Government, 2013). The aim of this Working Group is to explore opportunities to capitalize on Hong Kong's tourism resources and its geographic proximity to the mainland to create high-quality job opportunities for long-term economic development. The Working Group's initial position is that Hong Kong cannot close its doors to visitorsbecause it is an open economy and an open city that should adopt more proactive marketing to attract high spenders without banning low-incomevisitors. The Working Group stated that

more tourists translate into more business opportunities, and to take advantage of this opportunity, it is necessary to increase the city's hardware, including hotel rooms and tourist attractions. The Working Group projects that the number of tourists could reach 100 million by 2023, and suggests that the city double its supply of hotel rooms in the next 10 years to accommodate the rapidly growing number of tourist arrivals (Nip & Lam, 2013).

6.2.3 Hong Kong Tourism Board

The Hong Kong Tourism Board (HKTB) is a government-subvented body tasked with marketing Hong Kong as an international travel destination, and with enhancing the visitor experience once visitors arrive. The HKTB was formed in 2001 when it took over the functions of the Hong Kong Tourist Association, established in 1957.The HKTB's objectives (HKTB, 2014) are to: increase tourism's contribution to Hong Kong, promote Hong Kong globally, promote the improvement of facilities for visitors, support the government's efforts to in promoting the importance of tourism among the community, support the appropriate activities of persons providing services for visitors to Hong Kong, and make recommendationsto and advise the Chief Executive about aspects of tourism.

In fulfilling its objectives, the HKTB works in partnership with relevant government departments and organizations, travel-related businesses, and other entities directly or indirectly related to tourism. Its cooperation includes regular consultation with stakeholders and participation in a number of strategy groups and forums.

The HKTB administers the Quality Tourism Services (QTS) Scheme, whichcertifies retailers, restaurants, and visitor accommodationsthat have met high standards of product quality and service. The QTS Scheme helps visitors and local customersidentify quality tourism service providers, recognizes merchants who meet the prescribed standard of service, assists merchants in conducting self-assessments, strengthens service providers' support of the tourism industry, and elevates Hong Kong's tourism service standards. The HKTB maintains a list of QTS-certified merchants on their website for public access (HKTB, n.d.).

6.2.4 Hong Kong International Airport

The Hong Kong International Airport is operated by a statutory body, the Airport Authority Hong Kong (AAHK). The AAHK has a continuing 20-year planning process, and every 5 years it issues a revised 20-year master plan. The most recent Master Plan (Airport Authority Hong Kong [AAHK], 2013)

acknowledged the importance of tourism, the need for a third runway, and the fact that Hong Kong competes with the international airports in Macao, Zhuhai, Shenzhen, and Guangzhou.

Chapter 7
Infrastructure and Tourism-Related Projects

Chapter 6 outlined the roles and responsibilities of key organizations in both the private and public sectors.As discussed in Chapter 4, one of the six main reasons why governments intervene in the tourism industry is to implement transport policies and infrastructure. In addition, one of the tourism planning approaches, the spatial approach, stresses the positive relationship between the destination's development and its markets and resources. This chapter reviews the major infrastructures being developed and tourism projects related to attractions and theme parks in Hong Kong.

7.1 Cross-border transport

7.1.1 Byair

The Hong Kong International Airport's two-runway system handles 59.9 million passengers, 4.12 million tons of cargo and the movements of 372,040 aircraft per year (AAHK, n.d.a). The airport is expected to reach its maximum capacity of 420,000 aircraft movements sometime between 2019 and 2022.By 2030, the demand is estimated to reach 102 million passengers and 8.9 million tons of cargo (AAHK, n.d.b). After studying the pros and cons of maintaining a two-runway system or expanding to a three-runway system, the airport concluded that a third runway is necessary for Hong Kong to position itself as an international aviation hub and maintain its competiveness. A third runwaywill not onlyaddress the fast-approaching maximum capacity, but also bring about more direct jobsand a higher long-term economic contribution to Hong Kong (AAHK, 2013).

The proposed third runway infrastructure will also include the following (AAHK, n.d.b).

1. Reclamation of about 650 hectares of land to the north of the existing airport island.
2. Construction of the runway, taxiway systems, and airfield infrastructure.
3. Construction of a new passenger concourse.
4. Expansion of Terminal 2.
5. Extension of the Automated People Mover System.
6. Extension of the Baggage Handling System.

7. Improvement of road networks, land-side transportation, and car park facilities.
8. Other modifications and improvements to the existing facilities.

In March 2012, the government granted in-principle approval to adopt the three-runway system for planning purposes as a future development direction. Studies were then conducted for Environmental Impact Assessment (EIA) purposes to determinethe project's potential environmental impact. The EIA report was submitted to the Environmental Protection Department in April 2014 and was subject to public inspection from June to July 2014 (AAHK, n.d.c). The EIA report was reviewed and endorsed by the Advisory Council on the Environment (ACE) in September 2014(AAHK, 2014) and the permit was granted in November 2014.The Airport Authority will submit its recommendations on how to take the project forwardto the government, including financial consideration and the completion of other statutory procedures, including a management plan for the marine park. Construction is slated to begin in 2016 withthe third runway system fully operational in 2023 (Kao, 2014a).

7.1.2 By sea

The Kai Tak Cruise Terminal has two berths, each with the ability to accommodate the largest cruise vessel in the world and clear 3,000 passengers per hour through customs and immigration. The first berth began its operation in June 2013 and the second is expected to be functional in2015 (HKTC, 2014b).

The terminal building itself is a three-story multifunctional facility. Apart from efficient passenger clearance facilities, service areas, waiting halls, and retail shops, the building features the largest rooftop garden in Hong Kong with a 360-degree harbor view. The building also offers itself as a venue for hosting events (Kai Tak Cruise Terminal, 2014).

7.1.3 Byland

The 26-km Express Rail Link currentlyunder construction will connect Hong Kong to Shenzhen and other Chinese mainland cities by merging with the 16,000-km national high-speed railway network, reducing the traveling time significantly. The system is expected to be operational in 2018. Not only does it reinforce Hong Kong's position as the southern gateway to the mainland, but also enables the formation of closer social and economic ties across the border, leading to new tourism opportunities (MTR, 2013a).

The Hong Kong-Zhuhai-Macao Bridge (HZMB), to be completed in 2016, is a mega-sized sea crossing linkbetween the Hong Kong Special Administrative Region (HKSAR), Zhuhai City of Guangdong

Province, and the Macao Special Administrative Region. The HZMB comprises the main bridge and tunnel; boundarycrossing facilitates in Hong Kong, Zhuhai, and Macao; and link roads in all three regions (Hong Kong-Zhuhai-Macao Bridge [HZMB], 2009). The project signifies the establishment of a new land transport link between the east and west banks of the Pearl River region, enhancing the economic and sustainable development of all three regions (HZMB, 2010).

The Hong Kong Link Road will connect Hong Kong's traffic network to the HZMB while the Hong Kong Boundary Crossing Facility (HKBCF) will become the transport hub and clearance facilities for goods and passengers. To meet the anticipated traffic demand and strategically provide a north–south highway corridor linking the Northwest New Territories with HKBCF and, subsequently, the HZMB, the TuenMun-Chek Lap Kok Link (TM-CLK) and the TuenMun Western Bypass (TMWB) will be constructed, with target completion in 2016 (HZMB, 2010)

7.2 City transport

Within the city, the Mass Transit Railway (MTR) Corporation has a number of projects to extend the current metro system's coverage, including the West Island Line, the South Island Line (East), theShatin to Central Link, and theKwun Tong Line Extension.

The West Island Line extends the existing MTR Island Line with three new stations at the Sheung Wan end: Sai Ying Pun, HKU, and Kennedy town. Part of the extension is already in operation, and the project will be completed in early 2015 (MTR, 2014).

The South Island Line (East) will connectthe Admiralty to South Horizons through the following stations: Admiralty, Ocean Park, Wong Chuk Hang, Lei Tung, and South Horizons. Its construction is scheduled for completion in 2016 (MTR, 2013b; MTR, 2013c).

The Shatin to Central Link will include two sections: Tai Wai to Hung Hom and Hung Hom to Admiralty, allowing passengers and visitors from Lo Wu and Lok Ma Chau to reach Hong Kong Island directly.The first section is scheduled for completion in 2018 and the second in 2010(MTR, 2013d; MTR, 2013e).

The Kwun Tong Line Extension will allow Kwun Tong Line passengers to travel beyond Yau Ma Tei station to Ho Man Tin and Whampoa (MTR, 2012a). The construction should be complete in 2015 (MTR, 2012b).

7.3 Attractions and theme parks

7.3.1 Ocean Park

Ocean Park opened in 1977 with construction funded by the Hong Kong Jockey Club and land provided by the Hong Kong government. Today, the Ocean Park Corporation is a statutory body with a Government-appointed board operating as a financially independent, non-profit organization. In 2012, Ocean Park became the first theme park in Asia to win the Applause Award from the International Association of Amusement Parks and Attractions. In 2013, it received 7.45 million visitors, making it the world's 12th most visited theme park.

In January 2014, Ocean Park revealed its plan to build 30 additional attractions,including a world-class water park (Ocean Park, 2014). Funded with a HK$2.3 billion government loan, the water park is designed to meld into the natural surroundings of Tai Shue Wan and is expected to open in 2017, enticingtourists to stay extra three-quarters of a day in the city (Nip, 2014).

Ocean Park is planning a 495-room hotel to be built at the park's main entrancethat is scheduled to open in 2017 (Tsang, Liu&Ng 2013).

7.3.2 Hong Kong Disneyland Resort

Hong Kong Disneyland Resort is owned and managed by Hong Kong International Theme Park, a joint venture between The Walt Disney Company and the Hong Kong government. The resort opened in 2005with three properties:Hong Kong Disneyland theme park, the 400-room Hong Kong Disneyland Hotel, and the 600-room Disney's Hollywood Hotel. The theme park received 7 million visitors in 2013, and has plans to expand its facilities, in one instance by building a third hotel with 750 rooms scheduled for completion in 2017.

7.3.3 West Kowloon Cultural District

The West Kowloon Cultural District (WKCD) project, supported by aHK$21.6 billionendowmentawarded by the government (West Kowloon, 2012a), is the largest cultural project in Hong Kong to date.WKCD is envisioned as an integrated arts and cultural district with top-notch facilities to promote arts and cultural among theHong Kong public and strengthen the city's position as an international arts and culture destination (Home Affairs Bureau, 2014).

Located at the southern tip of the West Kowloon reclamation area, WKCD will consist of 17 core arts and cultural venues, 30,000 square meters of art educational space, and 23 hectares of public open space. Among the 17 core arts and cultural venues, 15 will be dedicated to the performing arts, including a visual culture museum, a concert and recital hall, a mega performance venue, and theatres of various sizes and functions. The project will be completed in phases, with the first batch of facilities due to open in 2015-16 (Home Affairs Bureau, 2014; West Kowloon, 2012b).

Chapter 8
Carrying Capacity

Chapter 7 reviewed the major new infrastructures being developed and projects related to attractions and theme parks in Hong Kong. Such developments are of high importance as they determine a destination's carrying capacity. This chapter reviews the concept of carrying capacity and the government's assessment of Hong Kong's capacity to receive tourists. Based on the assessment, the government suggests attracting high value-added visitor segments, diverting visitors from popular tourist areas, and moving forward with the IVS.

8.1 The concept of carrying capacity

According to Wall (1999), theconcept of carrying capacity dates back to the end of the 18th century, when Thomas Robert Malthus advocated that the global population was destined to exceed the capability of the world's food source to sustain it. The results of this were thereafter known as the "Malthusian checks" of famine, disease, and war. On a smaller scale, Wall pointed out that cattle range managers employ the concept in the form of the maximum number of stock supported per unit of land. Managers of outdoor recreational facilities usea modified version of this concept to embody both environmental and behavioral components. Hence, the carrying capacity of parks and protected areas has been defined as the maximum number of people that can use an area without an unacceptable change in the environment or an unacceptable decline in the quality of the recreational experience.

In the context of tourism, O'Reilly (1986) stated that tourism capacity can be simply defined as the maximum number of tourists that can be contained in a certain destination area. He identified two main schools of thought regarding tourism capacity. One envisagesit as the destination's capacity to absorb tourism before negative impacts ariseand are felt by the locals. In this version, the focus is on how many tourists the host country wants rather than how many the destination can attract. The other school of thought considerstourism capacity to be the level of tourists the destination can receive before the tourist flow declines. When this happens, the destination can no longer satisfy and travelers subsequently turn to alternative destinations.

To ensure sustainable tourism growth, a balance must be maintainedbetween the physical environment and the quality ofthetourists' experience. This balance dependson the destination's carrying capacity, or the maximum number of people who can use a site—be it a beach, a resort, or a town (O'Reilly, 1986). Mathieson and Wall (1982, p. 21 as cited in Inskeep, 1991) defined carrying capacity as "the maximum number of people who can use a site without an unacceptable alteration in the physical environment and without an unacceptable decline in the quality of experience gained by visitors."Inskeep (1991) added "without an unacceptable adverse impact on the society, economy and culture of the tourism area" to the definition.

Although the concept of carrying capacity is generally accepted, there are difficulties in measuring and calculating the thresholds, thus limiting the use of the concept as a planning tool (Barkham, 1983 as cited in O'Reilly, 1986). O'Reilly further noted that acceptable levels of crowding may differ from one society to another, as some types of developments can accommodate more people than others, even when the size of the area is the same.Management techniques can also influence physical and environmental carrying capacities.

The concept of carrying capacity is useful in tourism planning, but there are limitations to its application and interpretation.

8.2 Assessment report on Hong Kong's capacity to receive tourists

8.2.1 Overview of Hong Kong's carrying capacity

The Hong Kong government conducted a study on the destination's carrying capacity, and the "Assessment Report on Hong Kong's Capacity to Receive Tourists" was released at the end of 2013 (Commerce and Economic Development Bureau, 2013b). The report concludes that, as a free port, Hong Kong treasures providing the freedom to enter or leave the region. Thus,as a small, externally oriented economy, Hong Kong cannot and should not limit visitor arrivals. Basedon projected visitor arrivals of over 70 million in 2017, the government has stated that Hong Kong will generally be able to receive visitor arrivals up to 2017, but that hotel rooms would continue to be in tight supply.

The assessment report covers IVS, border control points, tourism attractions, hotels, public transport, and impact on community livelihood. It states that with the increasing number of people (including Hong Kong residents and tourists) crossing the borders, it is important to ensure the effectiveness of

immigration control. Currently, there are 14 immigration control points in Hong Kong, and by 2018 four more are expected to be fully operational. The government will be continually seeking to enhance these points' handling capacity by improving the facilities and introducing related information technology. As long as an adequate amount of manpower is being allocated, it is believed that the border control points can accommodate the number of visitor arrivals.

Regarding tourism attractions, the report covers the major tourist facilities in Hong Kong including Hong Kong Disneyland Resort, Ocean Park, Ngong Ping 360, Peak Tram, and Sky Terrace. As Hong Kong Disneyland Resort and Ocean Park are slated to undergo various expansions, it is believed that they will be able to handle the projected number of visitors. Ngong Ping 360 and Sky Terrace are believed to have spare capacity to receive tourists while the Peak tram will have to increase the frequency of tram service and introduce special crowd control measures during peak hours. Overall, the tourism attractions will have the capacity to receive more visitors. It is noted that hotels in Hong Kong reached an average occupancy rate of 80-90 percent in the past decade. By June 2013, 99 hotel projects had been approved and 16,000 rooms are expected to be availableby 2017, bringing the hotel room supply to approximately 84,000 in 2017. However, it is believed that the supply of hotel rooms is considered to be tight, and with the continuous high occupancy rate, it will drive room rates up and subsequently reduce visitors' desire to stay or shorten their duration in Hong Kong.

In anticipation of the projected increase in visitor arrivals, there are projects to expand MTR services and extensions, in an attempt to re-direct the traffic flow to relieve crowdedness, especially during peak hours. As for the effect on community livelihood, the assessment report focused mainly on law and order, noting the need to strengthen the front-line police officers for crime prevention and anti-crime operations.

8.2.2 Way forward

Based on the assessment, the report also outlines the way forward and specific recommendations; specifically, continuous enhancement of capacity to receive tourists, attracting high value-added visitorsegments, directing visitors from popular tourist areas, andhow to implement the IVS.

The government will continue to enhance facilities and visitor resources at immigration control points, support the expansion of facilities in Ocean Park and Hong Kong Disneyland, increase hotel room supply by adjusting land policies, and expand the various transport networks mentioned in Chapter 7.

Married males or femalesaged below 45 travelling without kids (“Mid-careers”), males or females aged between 46 and 60 (“Achievers”), and overnight business and MICE visitorshave the highest spending power. To attract these preferred visitor segments, Hong Kong will develop the Kai Tak Fantasy and Lantauinto two specialized tourism clusters with new attractions and facilities, such as hotels, restaurants, and shopping malls.

Hong Kong offers a wide spectrum of tourism products and diverse attractions in different districts. At present, visitors often flock to traditional popular tourist areas such as Mongkok, Tsimshatsui, and Causeway Bay. This not only leads to congestion during the peak travel season, but also inconveniencesthe locals. Thus, it is important todivert visitors to tourist attractions in different areas through promotion and publicity by the HKTB.

The report states that the Hong Kong government understands that the continuous growth in visitor arrivals has indeed exceeded the public’s psychological acceptability, resulting in tangible impacts on community livelihood in some areas. Hence, the Chief Executive has conveyed public concerns about the continuous growth in visitor arrivals to the Central government on a number of occasions,maintaininga close relationshipwith them regarding the situation in Hong Kong. To maintain the stable and orderly development of Hong Kong’s tourism industry, the Central government and the Hong Kong government have agreed not to increase the number of IVS cities or expand the scope of the multiple-entry permit at the current stage. In fact, the number of cities under the IVS has remained at 49 since January 2007. Mainland residents from regions outside the 49 cities who wish to visit Hong Kong must apply for endorsements for a group visit and join group tours at their respective places of residence or in Shenzhen.

Chapter 9
Forecasting Tourism Demand

In the tourism approaches discussed in Chapter 4, two important elements are often mentioned: demand and supply. Demand signifies the market demand, and supply refers to the tourism products and services. Tourism supply, which is managed by a range of owners including government, non-profit organizations, and private commercial enterprises, is affected by the market demand. Thus, tourism demand plays an important role in the decision-making processes of all tourism-related businesses and the allocation of the destinations' resources. For informative judgments to be made, policy makers and businesses must realize the potential trends and demands. Effective tourism planning relies on good tourism forecasting. There is no universally agreed-upon method for tourism demand forecasting, and this chapter reviews a tourism demand forecasting system developed by The Hong Kong Polytechnic University.

9.1 Hong Kong Tourism Demand Forecasting System

The Hong Kong Polytechnic University's School of Hotel and Tourism Management has developed a proprietary forecasting system known as the Hong Kong Tourism Demand Forecasting System (HKTDFS) (Hong Kong Tourism Demand Forecasting System [HKTDFS], 2013), constructed by generating statistical forecasts and then further refining them through expert judgmental adjustment.The system uses an econometric forecasting approach for statistical forecasting; specifically, the autoregressive distributed lag – Error Corrected Model (ADLM-ECM) in a log-linear form is employed to forecast tourism demand in Hong Kong.

One of the frequently used functions for modeling tourism demand is:

$$lnQ_{it} = \alpha_0 + \sum_{j=1}^{p} \alpha_j \ln Q_{it-j} + \sum_{j=0}^{p} \beta_j \ln Y_{it-j} + \sum_{j=0}^{p} \gamma_j \ln RP_{it-j} + \text{Dummies} + \varepsilon_{it}$$

where Q_{it}measures tourist arrivals from origin *i* to Hong Kong at time *t*; Y_{it} represents the income of tourists from origin *I* at time *t*, measured by the Gross Domestic Products (GDP) ; RP_{it} represents the cost of living for tourists in Hong Kong relative to the cost of living in origin *i* at time *t* with exchange rate accounted for; dummies were used to reflect the seasonal variables or one-off socioeconomic events such

as SARS in 2003; ε_{it}represents other factors that might influence the quantity demanded which are not included in the function.

9.2 Tourism demand forecast 2014–2020

For the purpose of illustrating tourism demand forecasting,tourism demand forecastsof visitor arrivals from 2014 to 2020 have been generated for this study based on the HKTDFS. It would be ideal to provide a 10-year forecast, however,its accuracy would be compromised by the lack of historic data. Due to time constraints, the research team did not undertake the process of refining the forecasts through expert judgmental adjustment.

According to the tourism demand forecasts, the total tourism demand shows a continuous growth trend, reaching 103.3 million visitor arrivals in 2020 (Figure 9.1). All of the markets with the exception of Europe show positive growth (Figure 9.2). The average annual growth rates vary from market to market. Asia shows a much higher average annual growth rate than the others, at 10.3 percent. Not surprisingly, the number of inbound visitors from Asia is the highest, reaching 98.7 million and a market share of 95.5 percent in 2020. Within Asia, China's tourism demand is the highest, forecasted at 88.3 million visitor arrivals and a market share of 85.4 percent in 2020.

By 2020, the Americas would have overtaken Europe as the second largest source market with 1.9 million visitor arrivals and a 1.8 percent market share. Europe would become the third largest market with 1.8 million visitor arrivals anda 1.7 percent market share. Please refer to Annex III for all of the forecasted visitor arrivals and market shares.

Figure 9.1Total and Asia tourism demand forecasts 2010–2020

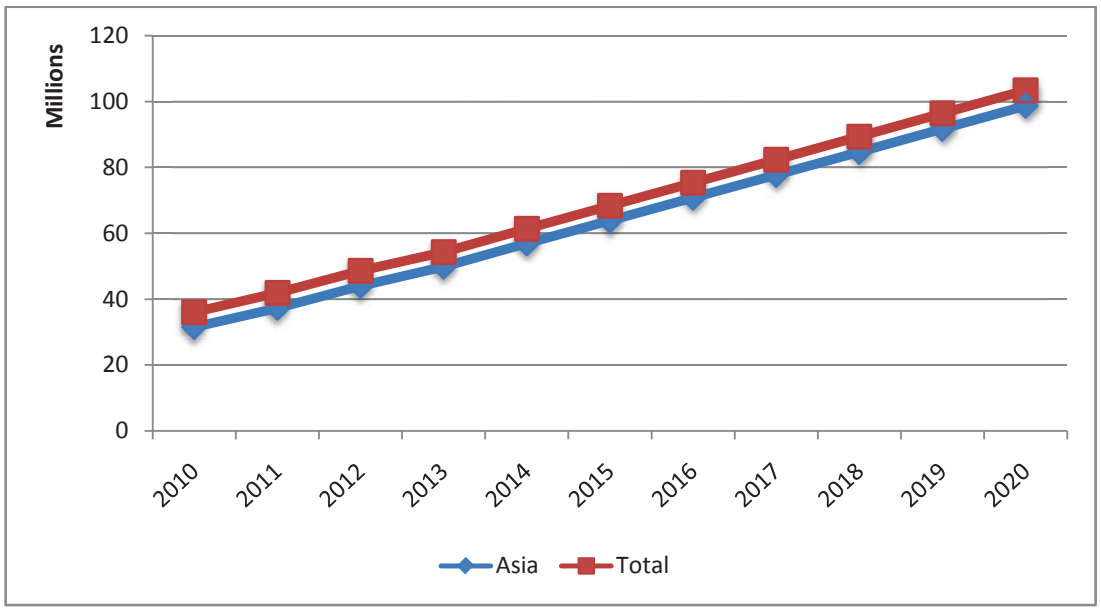
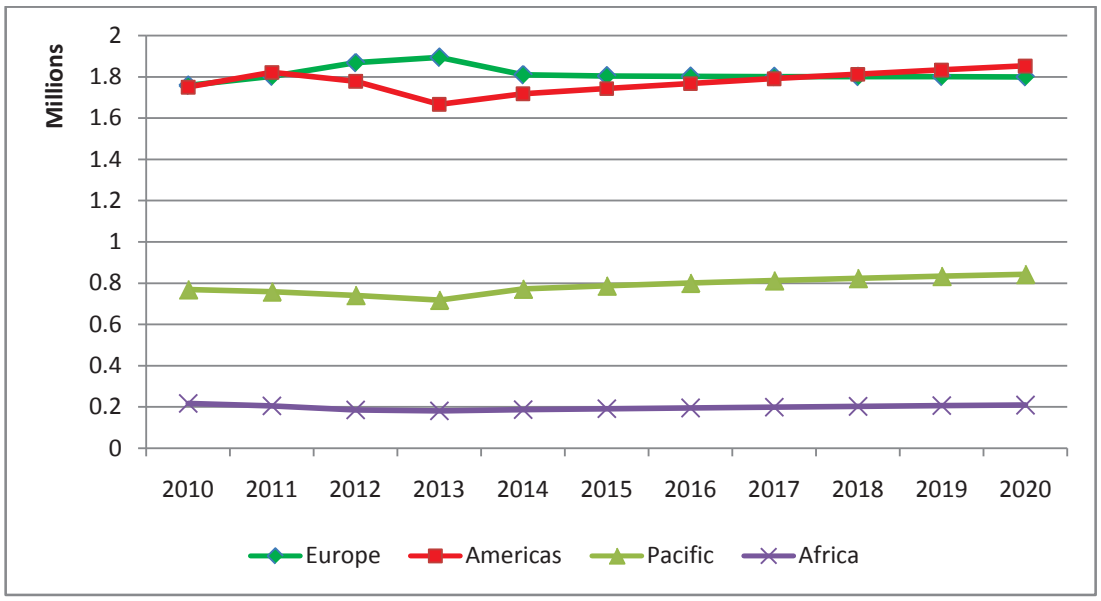


Figure 9.2Europe, Americas, Pacific, and Africa tourism demand forecasts 2010–2020



Chapter 10
Tourism Planning: An Industry Perspective

Chapter 4 outlined a number of different approaches to tourism planning, all of which consider the industry a key stakeholder and advocate the incorporation of its views into tourism policy development. This chapter evaluateswhether the different approaches have adequately considered the industry and its role in Hong Kong's policy development, and how the practice of tourism policy development in Hong Kong has actually implemented such theoretical approaches. Key informants from 12 different sectors in Hong Kong's tourism industrywere interviewed in the context of tourism policy development, as explained in Chapter 2. Their responsescollectively serve as the industry perspective in tourism planning. This chapter outlines the themes that emerged from the in-depth interviews,whichare used to construct the industry perspective.

10.1 Themes arising from the industry discussions

In-depth interviews, in the forms of face-to-face or e-mail correspondence, were conducted with 12 key industry stakeholders: Green Power, the Hong Kong Association of Amusement Parks and Attractions, the Hong Kong Association of Registered Tour Coordinators, the Hong Kong Association of Restaurant Managers, the Hong Kong Association of Travel Agents, the Hong Kong Exhibition and Convention Industry Association, the Hong Kong Hotels Association, the Hong Kong Retail Management Association, the Hong Kong Tourism Board, the Federation of Hong Kong Hotel Owners, the Tourism Commission, and the Travel Industry Council of Hong Kong. The interview questions were constructed to engage the interviewees' perspectives on and insights intoHong Kong's current tourism situation and their respective industries. The face-to-face interviews were conducted mainly in Chinese and were recorded and transcribed into English. All responses were then coded according to the process (six phases) of thematic analysis by Braun and Clark (2006) to facilitate the identification of arising themes (refer to Section 2.2 for a more detailed methodology).

Some tourism planning concepts and theories surfaced in the discussions. Concepts such as demand and supply, economic benefits, community engagement, sustainability, and industry coordination were commonly expressed by the industry, suggesting that the tourism planning approaches have grasped the fundamentals of the industry perspective. Getz and Hall's different planning approaches have received

afavorable response in Hong Kong. The theoriesdo not tell which approach is most appropriate for a destination, and it is up to the policy maker to decide. Inskeep took a zero-based approach, which may not be very realistic in the case of developed or developing destinations such as Hong Kong.Inskeep's seven steps seem more suitable for a project within a destination rather than for overall destination planning. Murphy's community-based tourism planning is echoed by some of the industry practitioners, but very little has been done in Hong Kong in this area. Gunn's integrated approach sounds very convincing, and forecasting is acknowledged as an important element in the planning process.

The following themes emerged from the analysis of the industry perspective: (1) embracing more visitors, (2) assessing tourism demand, (3) addressing workforce issues, (4) engaging the community, and (5) looking for leadership.

10.1.1 Embracing more visitors

The industry respondents generally subscribed to a boosterism approach in which they saw clear economic benefits for the industry from having more visitors and thus would expect policies encouraging and supportingincreased visitor arrivals. In this regard, they did not support imposing restrictions on visitation or taxes on visitors. There are, however, nuances in subscribing to such a boosterism or industry-oriented approach. One, it differentiates between same-day and overnight visitors in terms of their economic contributions. As the multiple visit arrangement in Shenzhen has contributed much to the rapid increase in same-day visitors, the industry would consider a review of the arrangement to be appropriate. Two, itindicates that China will continue to be an important market, but the spending power and patterns of Chinese visitors are changing. More careful targeting in terms of location, demographics, and lifestyle is needed. Three, in the long run, it advocates expanding markets other than mainland China to maintain a more balanced portfolio.

> Hong Kong should not say 'no' to visitors, however should differentiate between visitors and traders who travel across the border multiple times a day. … Tourism tax should not be imposed as this discriminates [against] tourists (Travel agencies).

> Hong Kong as an international city should not impose a limit to visitors because this violates the city's international image, leading others to doubt [that] Hong Kong [is] a free port. For the same reason, tourism tax should not be imposed (Travel agencies, regulatory).

Hong Kong should nurture MICE visitors because they contribute to the economy both directly and indirectly(Exhibition and convention).

Government should [prioritize] policy … to expand our tourist reception capacity soonest, which includes [the] expansion of retail and hospitality facilities, new tourist attractions, and equally important is the promulgation of service excellence and hospitality culture(Retail).

Even when facing the increasing number of tourists, Hong Kong should not impose tourism tax … mainly due to political sensitivity issues, huge administrative costs, and complexity of the operation (Hotel owners).

We should not be imposing any limits on the number of visitors. … The government should open the Individual Visit Scheme to more cities which are far away from Hong Kong. This will attract more affluent and quality visitors to Hong Kong with the purpose of shopping, eating, and sightseeing. They are likely to travel by air, stay longer, and spend more (Hotel management).

In view of the continuous growth in visitor arrivals, the Assessment Report recommended that Hong Kong should enhance the capacity to receive tourists in different aspects. Along the recommendations in the Assessment Report, we are currently working on various fronts to enhance our capacity to receive tourists. … At the same time, with a view to achieving a diverse visitor portfolio and uphold[ing] Hong Kong's image as Asia's World City and a world-class travel destination, the majority of the HKTB's marketing resources will be allocated to the international(non-Mainland) markets (Policy maker).

10.1.2 Assessing tourism demand

The industry respondents generally subscribed to the tourism demand and supply concept, but there were some uncertainties in the demand component, including total visitor arrivals, continued growth of the China market, different types of hotel accommodations, convention facilities, andthe mix of same-day and overnight visitors. They were looking for more accurate forecasting of tourism demand, not just in the following year, but in the next five to ten years. Tourism policy should encompass some detailed forecasting so that the industry has something on which to base their business planning.

The phenomenon of tourist mix tilting toward short-haul travelers has been occurring for a while. Traditionally, Hong Kong focused on long-haul visitors and only included mainland visitors in the past decade. After SARS, the Chinese government has implemented the Individual Visit Scheme … although it greatly boosts the economy, Hong Kong may end up relying too much on China(Hotel owners).

Accommodation-wise, there are sufficient five- to six-star hotels in Hong Kong, but three-star hotels and youth hostels face shortages especially during peak seasons. There have been an increasing number of requests for student tours, and travel agencies often find themselves in a difficult situation when sourcing these budget hotels and youth hostels due to the limited supply (Travel agencies).

There is a decrease in the demand for travel agents as a lot of travelers have become frequent independent travelers. The trend is especially prominent [among the] Taiwanese and Japanese (Travel agencies, regulatory).

According to a study on mainland visitors by Nielsen released in late 2012, visitors from China's non-tier 1 cities grow faster than those fromtier 1 cities. However the purchasing power of visitors from non-tier 1 cities is lower than that of those from tier 1 cities(Retail).

Although venues are available during low seasons, it is the peak seasons where we see shortages, driving away MICE business elsewhere. … With the geographical advantage and also improvement of MICE product qualities, it is highly likely that in five to ten years' time, manufacturing exhibitions in China will become the first destination for buyers to attend, displacing Hong Kong (Exhibition and convention).

10.1.3 Addressing workforce issues

While the industry respondents weregenerally optimistic about the future of inbound tourism, they expressed various concerns with manpower resources. Some were concerned with the adequacy of total people supply while otherswondered about the appropriate level of education and training. They generally wanted to see that the supply of people could meet with business demands. There is room for tourism policies to consider the supply of people with suitable education and training, the latter referring to both training before employment followed by continuous professional development.

Human resources is another issue which the hotel industry is facing. There are plenty of graduates with relevant degrees, however, not many enter the industry or they tend to leave shortly after (Hotel owners).

Supply of manpower for the travel agent industry is not a major problem because the academic level required to take up these roles is not very high … however we need more of those who are willing to make the effort to equip themselves and innovate. Training programs to develop skills in setting itineraries are needed to groom talent (Travel agencies, regulatory).

Human resources remains one of the biggest challenges in the operation of theme parks in Hong Kong. It is a labor-intensive industry as it requires customer interactions, and in Ocean Park, 60 percent of the cost is allocated to human resources. It is often the front-line sector which experiences a shortage (Theme parks and attractions).

The sustainable development of the retail industry is seriously impeded by an acute shortage of labor (Retail).

The industry is experiencing a shortage in this sector, where the demand is often larger than supply in English-, Russian-, Thai-, Korean-, Vietnamese-, and Indonesian-speaking tour guides (Tour guides).

One way of changing the behavior of tourists is through education. Environmental protection knowledge can be incorporated into the assessment of or in Continuing Professional Development program for tour guides (Environmentalist).

10.1.4 Engaging the community

Even with a boosterism and industry-oriented approach, the industry respondents expressed the need to address community issues, voicing an appreciation that tourism co-exists with the local host community. It is important for the community to be informed of the imminent changes generated by tourism and preparedfor the cultural differences brought about by visitors. Thus, their general consensus should be sought for tourism development. The industry respondents realized the need to engage the community in further developing tourism, but the answer lay more clearly in the policy arena than in the private sector.

Hong Kong should review what kind of visitors it should target and what the society wants. An evaluation on the impact of reducing the number of 'unwanted' visitors should be done and the government should aim to strike a balance between the local sentiment and the economic impact (Hotel owners).

With the current social sentiment, it is hard to believe that it [Chinese tourism] will be sustainable and that the locals and Chinese tourists will interact harmoniously, unless something is to be done to improve the situation (Environmentalist).

Citizens' needs and wants should not be ignored and the government should also take care of them. The government can re-structure and re-zone the city to ease the impact of tourism on the everyday lives of the locals. Moreover, the government should identify the voices of the opposition and understand and address their concerns. More conversations and discussions should be held with the opposing people and grassroots. The government also has the responsibility to make the citizens realize tourism actually benefits the whole society directly and indirectly (Theme parks and attractions).

It is important to preserve the local cuisine and ensure that the heritage and traditions of Hong Kong restaurants are not lost. … Government should also educate the locals regarding the positive influences of tourism (Restaurants).

It is important to strive to maintain a balance between tourism development and social well-being (Destination marketing).

10.1.5 Looking for leadership

As mentioned above, with the demand and supply approach, the industry was looking for some accurate forecasting of the demand component. Regarding the supply side, the industry respondents realized that they would have to take care of it themselves. However, government plays a vital role in influencing the tourism supply through land use planning, which directly affects the supply of hotel accommodations, theme park attractions, and major tourism projects. The respondents realized that there is a need for a more holistic approach in tourism planning to ensure coordination across departments, across industry sectors, and for the benefit of the city as a whole. There is room for the government to play a leadership

role in forecasting tourism demand, spatial planning, human resources development, and cross-disciplinary coordination.

> Many destinations have their own tourism bureau or minister, such as Taiwan and Macau, and Hong Kong government should establish a bureau for tourism alone for better tourism development, customizing a 'mission and vision' for the industry (Hotel owners).

> The government may consider setting up a permanent structure/organization to oversee the entire development of tourism and related industries, including the retail trade. With a focused and holistic approach, the said setup may help promote synergy among various industries and rationalize the use of resources to achieve sustainable growth (Retail).

> The government should look into ways to take better care of the visitors and meanwhile to further grow the number of tourists to Hong Kong. They should also actively find and encourage investors to fund the building infrastructures such as transport and roads (Theme parks and attractions).

> Hong Kong's Tourism Commission does not have enough power to negotiate with other government departments. In order to improve Hong Kong's tourism-supporting facilities, [its] government should establish a bureau for tourism and take the initiative to invest in tourism products and support infrastructures to lead the commercial side (Travel agencies, regulatory).

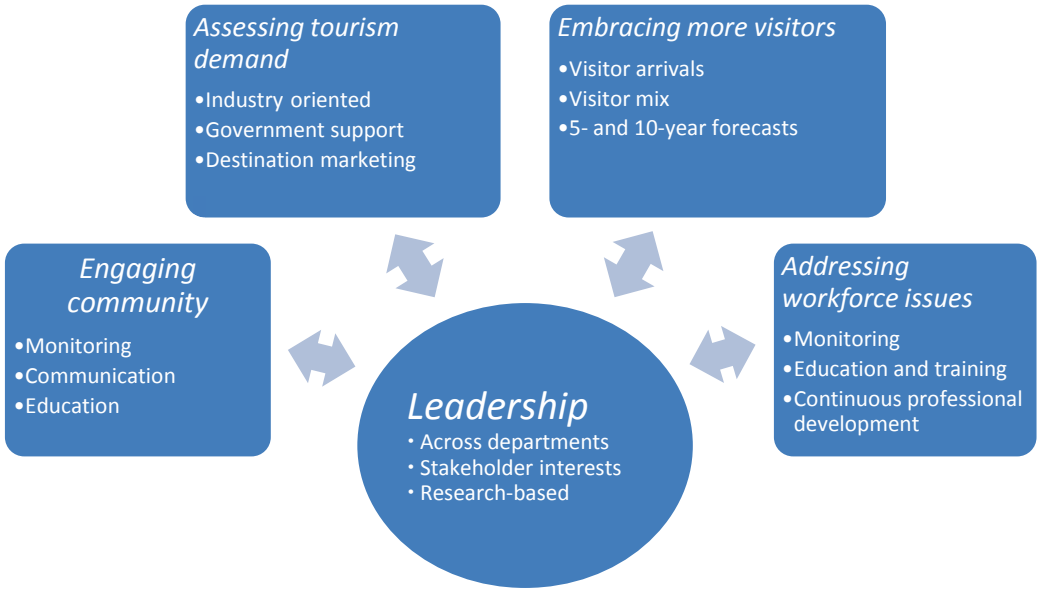
> Developing new large-scale tourism attractions or complexes is a must to sustain visitors' interest and extend Hong Kong's tourism product varieties. For example, other than Disneyland, are there any other theme parks we can build in Hong Kong to attract visitors? The government can develop tourism spots such as a resort area in Lantau and develop transportation for hotels to be developed in places away from the city center (Travel agencies).

> It has been suggested that government should put in place more measurements toward protecting the environment to prevent erosion from tourism. Government should also enforce the monitoring of environmental-related regulations (Environmentalist).

10.2 Constructing the industry perspective

Based on the themes that emerged from the in-depth interviews, the research team constructed the industry perspective (Figure 10.1).

Figure 10.1Construction of the industry perspective



The perspective comprises five components:embracing more visitors, assessing tourism demand, addressing workforce issues, engaging the community, andleadership.

*Embracing more visitors*refers to accurately estimatingfuture visitor arrivals over five to ten years. It is very difficult to forecast beyond ten years, but every effort should be made to paint a picture five to ten years from now. The industry could help indicate what types of details the forecasting should include, and how the forecasts can be used. Good forecasting would help set the scene and vision for the industry and all other stakeholders. The industry may subscribe to a market-led approach today, and they may lean toward a sustainability approach tomorrow. Values may change, and the preferred approach may change in relation. It is up to the industry to arrive at a consensus on the approach for the next five to ten years.

It should be noted that forecastsare just forecasts, and by their nature may or may not be accurate. *Assessing tourism demand*is up to the industry and its sectors in the way they target different markets and visitor segments. The tourism framework could help by providing forecasting transparency, communication about research data, and information.

Addressing workforce issues will remain an issue most of the time. There may be an over-supply in one year and an under-supply in another. There may not be enough front-line staff in one year and not enough middlemanagement in another. Workforce issues cover both young people graduating with the appropriate academic qualification and work experience, and continuous professional development.

Engaging the community is important in the planning process, because it is their lives that visitors are entering into, and they must bear with the changes created by tourism. Their voices deserve to be heard, and theyshould be educated about what tourism brings to the community.

The *leadership*is responsible for creating or supporting platforms for embracing more visitors, assessing tourism demand, addressing workforce issues, and engaging the community. In addition, the leadership must share the physical and spatial planning responsibility and cross-disciplinary coordination. The leadership should avoid making decisions with only tourism in mind, and honorthe fact that tourismis part of the city.

Chapter 11
Community-based Tourism Planning

Chapter 10outlined the industry perspective on tourism in Hong Kong, which will shape atourism planningframework with particular reference to the theoretic approaches and the specificities of the destination. The perspective comprises five components: embracing more visitors, assessing tourism demand, addressing workforce issues, engaging the community, and leadership.This chapter examines the community component in more detail; that is, how the host community is engagedin tourism planning and their anticipation of the changes generated by tourism development. The discussion contributes to the establishment of values, rules, and processes through which public and private stakeholders achieve common objectives and make destination managementdecisions. In the course of discussion, salient issues are identified for developing a robust framework for community-driven tourism planning. The discussion is based on the survey gaugingHong Kong residents' attitudes toward visitors and tourism, as explained in Chapter 2.

11.1 Profile of respondents

A telephone survey was conductedto gauge Hong Kong residents' attitudes toward visitors and tourism. The survey involved1,839Hong Kong permanent residents, and the questionnaire comprised 63 closed-ended questions of which 10 were demographic and 53 were about perceptions and opinions of Hong Kong's tourism. Of the questions about perceptions and opinions, 50 were five-point Likert-type questions and three were multiple choice questions. The questionnaire (in Chinese) can be found in Annex II, and please refer to Section 2.3 for the details of the methodology.

The demographic profile of the 1,839 respondents is depicted in Table 11.1. Females accounted for slightlymore than half of the respondents (55.5 percent) and over 60 percentwere married. Over half of the respondents (55.3 percent) were managers, administrators, and professionals. Personal income groups were widely distributed, with 18.8 percent of the respondents falling into the high income bracket of HK$40,000 and above. The majority (88.1 percent) reported having a secondary education or above. Age groups were widely distributed, from age 18 to above 70.

Table 11.1 Demographic profile of respondents

Demographic variable	Percentage
Gender (n= 1,839)	
Male	44.5
Female	55.5
Marital status (n=1,818)	
Single	34.9
Married	61.1
Others	4.0
Occupation (n=972)	
Managers and administrators	22.2
Professionals	13.1
Paraprofessionals	20.0
Clerks	21.2
Service workers including shop assistants	12.3
Craftsman and related workers	2.3
Plant and machine operators	3.9
Elementary occupation	5.0
Personal monthly income in HK$(n=994)	
0-9,999	14.5
10,000-14,999	20.1
15,000-19,999	14.3
20,000-29,999	20.3
30,000-39,999	12.0
40,000-49,999	6.3
>50,000	12.5
Education (n=1,832)	
No schooling	1.9
Primary	10.0
Secondary/Matriculation	44.7
Tertiary	11.4
Bachelor or above	32.0
Age (n=1,823)	
18-29	17.7
30-39	11.8
40-49	17.9
50-59	24.1
60-69	14.5
>70	14.1

11.2 Community's attitude toward tourism

The mean and standard deviations of the 24 items pertaining to community attitudes toward visitors and tourism are shown in Table 11.2. The respondents were most likely to agree that (a) Hong Kong would become overcrowded due to tourism, (b) government should impose restrictions to preserve the environment and conserve tourism resources, and (c) the development of tourism changed the local appearance of Hong Kong. They were inclined to disagree that (a) they felt comfortable in tourism attractions even in the peak tourist season, (b) the tourism attractions in Hong Kong have become increasingly attractive, and (c) the tourism market in Hong Kong is mature and competitive compared with other tourism destination markets.

Table 11.2 Descriptive analysis of the respondents' views on visitors and tourism

Opinions	**Mean**	**Std. Deviation**
Hong Kong has become overcrowded because of tourism.	4.08	1.10
Government should impose restrictions to preserve the environment and conserve tourism resources.	4.04	1.08
The development of tourism has changed the local appearance of Hong Kong.	3.79	1.07
Overall, inbound tourism is important to Hong Kong economically.	3.65	1.03
The competitiveness of Hong Kong's tourism industry is weakening compared with other tourism destination markets.	3.64	0.98
Overall, inbound tourism is socially and culturally important to Hong Kong.	3.55	1.06
I think more tourists will visit Hong Kong in the future.	3.52	0.99
Hong Kong provides a rich supply of different tourism products.	3.47	1.02
Do you agree the government should impose tourist taxes to improve community welfare?	3.47	1.36
The increase of taxes related to the tourism industry has raised the government revenue.	3.34	1.11
Overall, visitors bring challenges to local governance.	3.29	1.09
I would like to see more visitors coming to Hong Kong.	3.29	1.17
A great number of Hong Kong residents will lose their jobs when the tourism shrinks in Hong Kong.	3.28	1.17

Hong Kong has to limit the number of visitors.	3.28	1.27
The government should impose restriction to suppress price levels.	3.21	1.23
I am satisfied with the medical facilities provided by the government, even though there are many visitors.	3.13	1.13
I am satisfied with transport facilities provided by the government, even though there are many visitors.	3.07	1.20
There are obvious conflicts of interest between Hong Kong residents and visitors.	3.05	1.12
The seasonal variation in the tourism industry is significant in Hong Kong.	3.02	1.04
The tourism in Hong Kong is developed in a fair and socially just way.	2.96	1.09
I am satisfied with the protection of tourism resources in Hong Kong, including cultural and historic sites.	2.93	1.17
The tourism market is more competitive than other tourism destination markets.	2.86	1.02
The tourism attractions in Hong Kong have become increasingly attractive.	2.63	1.08
I feel comfortable in tourism attractions even in the peak tourist season.	2.24	1.14

11.3 Analysis of the community's attitude

To further understand the residents' perceptions, the researchteam applied principal component analysis (PCA) with Varimax (orthogonal) rotation to the 24 questions related to Hong Kong's general tourism. In the initial stage of the analysis, all 24 items related to the questions were included, and items with a loading score smaller than 0.4 were eliminated (Field, 2009). In addition, items with loading scores on more than one component (i.e. cross-loading) and those with loading scores on different components greater than 0.4 were also excluded, as this meant that the item had an affinity for more than one component. After the elimination, 14 out of the 24 questions/items were retained in the final analysis.

Three components had Eigenvalues over Kaiser's criterion of one, and in combination, they explained 54.27 percent of variance. The scree plot, a graph of Eigenvalues for all of the components listed in descending order of their Eigenvalues, also supported retention of the three components, as the point of inflexion, i.e. the cut-off point (Cattel, 1966 as cited in Field, 2009) was at the fourth Eigenvalue and

those before the inflexion were to be retained. The items that clustered on the same components suggested that each component could represent those respective items. The components are labeled as(a) adequacy of Hong Kong tourism products,(b) need for control, and (c) importance of inbound tourism (Table 11.3). These three components, which represent their respective clusters, were then further analyzed against the demographic of the respondents, using independent t-tests and one way analysis of variance (ANOVA), accordingly, to gain a deeper understanding of the community's attitude toward visitors and inbound tourism.

The component "adequacy of tourism products" had the highest Eigenvalue of 3.921, explaining 19.4 percent of the total variance. The items that contributed to this component were: (a) the tourism attractions in Hong Kong have become increasingly attractive, (b) the tourism market in Hong Kong is mature and competitive compared with other tourism destination markets, (c) I feel comfortable in tourism attractions even in the peak tourist season, (d) I am satisfied with the protection of tourism resources in Hong Kong, and (e) Hong Kong provides a richer supply of different tourism commodities.

The component "need for control" had an Eigenvalue of 2.347, explaining 18.4 percent of the total variance. The items that contributed to this component were: (a) government should impose restrictions to preserve the environment and conserve tourism resources, (b) Hong Kong has to limit the number of visitors, (c) government should impose restrictions to suppress prices, (d) Hong Kong will become overcrowded because of tourism, and (e) visitors bring challenges to local control.

The component "importance of tourism" had an Eigenvalue of 1.329, explaining 16.4 percent of the total variance. The items that contributed to this component were: (a) inbound tourism is economicallyimportant to Hong Kong, (b) a great number of Hong Kong residents will lose their jobs when the tourism shrinks in Hong Kong, (c) the increase of taxes related to the tourism industry has raised the government revenue, and (d) inbound tourism is important to Hong Kong socially and culturally.

Table 11.3 Factor analysis of respondents' attitudes toward visitors and tourism.

Item/Component	Loading	Eigenvalue	Variance Explained (%)	Cronbach's Alpha
Adequacy of tourism products		3.921	19.418	.787
The tourism attractions in Hong Kong have become increasingly attractive.	.762			

The tourism market in Hong Kong is mature and competitive compared with other tourism destination markets.	.742			
I feel comfortable in tourism attractions even in the peak tourist season.	.699			
I am satisfied with the protection of tourism resources (e.g. traditional culture or historical sites) in Hong Kong.	.671			
Hong Kong provides a richer supply of different tourism commodities.	.665			
Need for control		2.347	18.442	.745
Government should impose restrictions to preserve the environment and conserve tourism resources.	.742			
Hong Kong has to limit the number of visitors.	.721			
The Government should impose restrictions to suppress prices.	.693			
Hong Kong will become overcrowded because of tourism.	.683			
Overall, visitors bring challenges to local control.	.649			
Importance of tourism		1.329	16.406	.731
Overall, inbound tourism is economicallyimportant to Hong Kong.	.789			
A great number of Hong Kong residents will lose their jobs when the tourism shrinks in Hong Kong.	.774			
The increase of taxes related to the tourism industry has raised the government revenue.	.690			
Overall, inbound tourism is important to Hong Kong socially and culturally.	.612			
Total			54.266	

11.3.1 Analysis in respect to age

The analysis showed that the residents in different age groups had significant differences in their attitudes toward tourism development. Table 11.4 shows that those aged between 18 and 59 were somewhat concerned with the adequacy of tourism products, those aged between 60 and 69 were neutral, and those aged 70 or above were somewhat positive. The bulk of the community was concerned about whether the

tourism attractions would remain attractive, whether the market would be competitive, whether the resources would be well protected, and whether there would be an adequate supply. There was consensus among all age groups on the need for control over tourism development. The younger age groups had a significant tendency to express a stronger desire for such control. All age groups acknowledged the economic, social, and cultural importance of tourism, and the older age groups tended to feel more strongly about the importance of tourism.

Table 11.4 Analysis of respondents' age

	18–29		30–39		40–49		50–59		60–69		>70		Welch's test	
	Mean	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	***F* value**	***p* value**
Adequacy of tourism products	2.57	.62	2.51	.71	2.65	.75	2.83	.75	3.09	.80	3.39	.91	46.77#	<.001*^
Need for control	3.77	.65	3.76	.69	3.65	.86	3.50	.85	3.50	.85	3.31	.90	14.04#	<.001*^
Importance of tourism	3.27	.74	3.34	.76	3.45	.82	3.52	.81	3.55	.81	3.60	.91	7.21#	<.001*^

^ Assumption of homogeneity of variance was violated. Hence, Welch's test was used instead of ANOVA.
# Asymptotically F distributed.
* Significant at .05 level.

11.3.2 Analysis in respect to education attainment

The analysis showed that residents with different levels of education had significant differences in their attitudes toward tourism development. Table 11.5 shows that those with tertiary, degree education, and above had an unfavorable attitude toward the adequacy of tourism products, and those with less education tended to think more positively about their adequacy. Similarly, those who were more educated thought that there wasa greater need for exercising control over tourism development. All residents, regardless of their education level, acknowledged the economic, social, and cultural importance of tourism.

Table 11.5 Analysis of respondents' educational attainment

	No schooling		Primary		Secondary/ Matriculation		Tertiary		Bachelor or above		Welch's test	
	Mean	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	***F* value**	***p* value**
Adequacy of tourism products	3.24	1.16	3.36	.87	2.92	.77	2.67	.73	2.58	.74	38.83#	<.001^*

Need for control	3.10	1.18	3.42	.83	3.63	.81	3.59	.81	3.57	.80	3.89[#]	.005^*
Importance of tourism	3.27	1.09	3.51	.88	3.51	.88	3.42	.78	3.38	.78	3.39[#]	.01^*

^ Assumption of homogeneity of variance was violated. Hence, Welch's test was used instead of ANOVA.
[#] Asymptotically F distributed.
* Significant at .05 level.

11.3.3 Analysis in relation to income brackets

The analysis showed that the residents in different income brackets had significant differences in their attitudes toward tourism development. Table 11.6 shows that the residents were somewhat unfavorable toward the adequacy of tourism products across all income brackets, and those with higher incomes seemed to be more unfavorable than those with lower incomes. Similarly, the residents felt that there was need for control across all income brackets, and those in the lower income brackets tended to feel more strongly about the need for control. All residents, regardless of their income level, acknowledged the economic, social, and cultural importance of tourism.

Table 11.6 Analysis of respondents' personal monthly income (in HK$)

	0-9,999		**10,000-14,999**		**15,000-19,999**		**20,000-29,999**		**30,000-39,999**		**40,000-49,999**		**>50,000**		**ANOVA / Welch's test**	
	Mean	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**	***F* value**	***p* value**
Adequacy of tourism products	2.91	.75	2.71	.69	2.65	.68	2.51	.76	2.55	.69	2.61	.74	2.54	.76	5.40	<.001*
Need for control	3.65	.69	3.74	.72	3.77	.72	3.67	.80	3.52	.91	3.54	.82	3.39	.95	3.22[#]	.004^*
Importance of tourism	3.45	.70	3.33	.80	3.34	.80	3.40	.79	3.36	.81	3.38	.88	3.48	.91	.67	.68

^ Assumption of homogeneity of variance was violated. Hence, Welch's test was used instead of ANOVA.
[#] Asymptotically F distributed.
* Significant at the .05 level.

11.3.4 Analysis in relation to job nature

The respondents' job nature was divided into those related directly or indirectly to tourism and those not related to tourism at all. Table 11.7 shows that those with job natures related or not related to tourism both somewhat disagreed with the adequacy of tourism, and those with tourism-related jobs felt significantly better.Both groups agreed strongly that there was a need for control and about the economic, social, and cultural importance of tourism, and those with related jobs felt significantly stronger.

Table 11.7 Analysis of respondents' job nature

	Related to tourism		Not related to tourism		T-test	
	Mean	**SE**	**Mean**	**SE**	***t* value**	***p*value**
Adequacy of tourism products	2.75	.05	2.63	.03	-2.11	.04*
Need for control	3.60	.05	3.62	.03	.30	.76
Importance of tourism	3.51	.05	3.37	.03	-2.50	.01*

* Mean difference is significant at the .05 level.

11.3.5 Analysis in relation to districts

The respondents' residence districtswere divided into tourist and non-tourist districts. Using the software ArcGIS (ArcGIS, n.d.), we classified those districts with the number of attractions per square kilometers above one as tourist districts, and those with the number of attractions per square kilometers below one as non-tourist districts. As such, the following districts were classified as tourist districts: YauTsimMong, Central and West, Wan Chai, Sham Shui Po, and Wong Tai Sin.The following districts were classified as non-tourist districts: East, South, Kowloon City, Kwun Tong, Tsuen Wan, KwaiTsing, Sai Kung, Sha Tin, Tai Po, Northern district, TuenMun, Yuen Long, and the Islands. Table 11.8 shows that the residents who resided in both tourist and non-tourist districts somewhat disagreed with the adequacy of tourism. Both groups agreed strongly that there wasa need for control. Both groups felt strongly about the economic, social, and cultural importance of tourism, and those residing in non-tourist districts felt significantly stronger.

Table 11.8 Analysis of respondents' district of residence

	Tourist district		Non-tourist district		T-test	
	Mean	**SE**	**Mean**	**SE**	***t* value**	***p* value**
Adequacy of tourism products	2.83	.04	2.83	.02	-.03	.98
Need for control	3.54	.04	3.58	.02	-.91	.36
Importance of tourism	3.38	.04	3.48	.02	-2.13	.03*

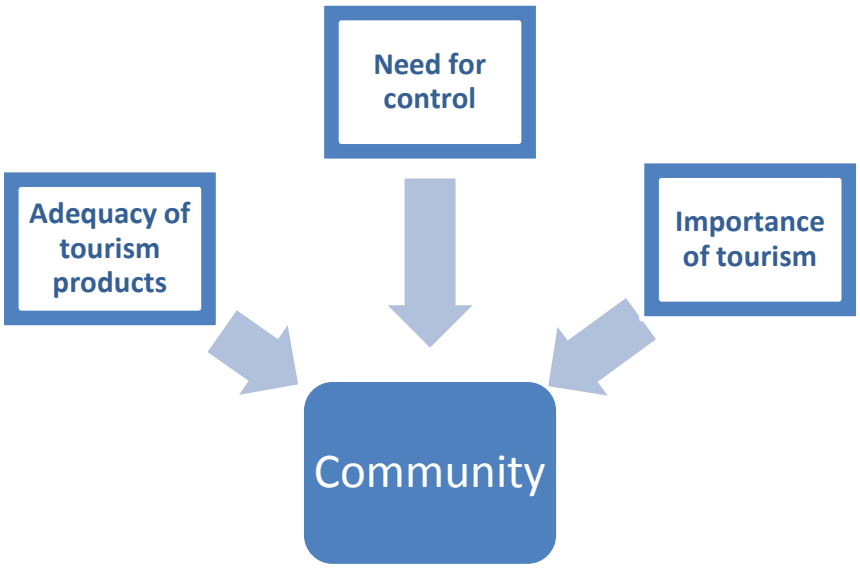
* Mean difference is significant at the .05 level.

11.4 Tourism planning from community-based approach

Hong Kong has experienced strong growth in inbound tourism in the past two decades, and the analysis of the residents' perceptions showed that the community recognized theeconomic, social, and cultural importance of tourism. This recognition cut across all age groups, income groups, and education levels, regardless of the residents' job nature and residing district. The community has embraced inbound tourism because they see the industry benefits. However, destination evolution is a dynamic process, and each destinationis in a different stage of development over time. Tourism planning must consider a destination's stage of development and anticipate the related opportunities and issues.

A community-based tourism planning framework begins with the tenet that community involvement and engagement is an integral part of tourism development. Although the impacts of tourism felt by the community may be positive now, this may change over time, and it is necessary to gauge the communities' attitudes and perceptions on a regular basis. The monitoring of community responses could be handled by means of survey, town hall forums, scanning of newspaper reports, and district consultation.

Figure 11.1 Community factors to be considered when developing a tourism framework



A community-based tourism planning framework should encompass an appreciation of the residents' attitudes. In the case of Hong Kong, the primary concerns among the community are adequacy of tourism

products, need for control, and importance of tourism (Figure 11.1). The community is somewhat concerned with the adequacy of tourism products; specifically, whether they are attractive, competitive, well protected, and if the supply meets the demand. It is interesting to note that those with more education and those in higher income groups are more concerned with the adequacy of tourism products. The concern is related to whether the respondents' job nature is tourism-related or not, and is not so much related to whether they reside in tourist districts. There is strong advocacy to exercise some control over tourism. Many agree that government should limit the number of visitors and impose restrictions to preserve the environment and resources, largely because they feel that the destination is overcrowded and too much tourism activity drives prices up. The issues and concerns may vary by destination, district, job nature, and demographic group. The framework should allow for such issues and concerns to be identified, acknowledged, and addressed.

A community-based tourism planning framework should not just appreciate community sentiments but also help identify the way forward. Once the issues and concerns are identified, there should be a platform for government, private organizations, and community to jointly design the road map. It would be in everyone's common interest for tourism to enhance a destination's facilities, build sense of identity in the community, provide new employment opportunities, and maintain community harmony. The community should also recognize that a high degree of interdependence within the communityis needed to avoid tourism's negative impacts. Mutual benefits must be negotiated through compromise and collaboration. It is vital for all to have the mentality that the decisions made will be implemented, and the legitimacy and power should stem from the inclusion of community stakeholders in the decision process. A convener with the necessary legitimacy, expertise, resources, and authority is required to initiate and facilitate the community-based tourism collaboration.

A final element in a community-based tourism planning framework is education. Education may include effort to arouse community interest in tourism, explaining to them the positive and negative impacts of inbound tourism, cultivating host attitudes, and informing them of the impending changes to the local landscape. Education may also target visitors by informing them of the local culture and ethos, forewarning them of the community sanctions and expectations. The purpose of this endeavor is to minimize the impact of culture shock and arrogance.

Chapter 12
Issues Arising from the Rapid Growth of Mainland Chinese Visitors

As discussed in Chapter 3, mainland China has become the single most important source market for Hong Kong as a destination, accounting for more than 75 percent of the visitor arrivals. The large number of mainland Chinese visitors and the rapid growth of this market has also created various concerns and conflicts within the destination. The issues created by the rapid growth of Chinese tourism have escalated to a point where some locals have developed strong anti-mainland Chinese sentiments. The concerns and conflicts havebeen reported by newspapers and in social media as individual cases, and the communication has subsequently gone viral. Such reports are anecdotal in nature, and it would be helpful to find out the actual extent of such concerns and conflicts. This chapter analyzes Hong Kong residents' attitudes toward mainland Chinese visitors based on the survey explained in Chapter 2. The analysis enriches the community-driven tourism planning, as explained in Chapter 11, and has policy implications for the overall tourism planning in Hong Kong.

12.1 Concerns and issues observed in the media

Despite the economic benefits, the sheer volume of mainland Chinese visitors has created various concerns and conflicts within the community. It was reported that tour buses and tour groups were a nuisance to the local community in areas such as Tokwawan. Tokwawan is one of the designated shopping areas for mainland Chinese tour groups, and there were incidents of groups alighting at prohibited areas at improper times, inconveniencing local residents by blocking the building entrances. While waiting to be seated at restaurants or waiting for tour buses, large crowds of tourists often occupy the pavement, create a great deal of noise, and leave litter behind, upsetting the locals (Luo, 2013).In addition, Chan (2014) pointed out that the large tour groups often occupy the pavement to such a degree thatpassers-by have to resort to walking on the road, endangering their safety.Border shopping by same-day visitors tends to target daily necessity products and have negatively affected the locals by creating increases in product prices and shortages. Some of these same-day visitors are parallel traders who make a number of trips each day to ship as many goods as possible. In areas where same-day visitors and parallel traders are more concentrated, the prices of products were found to be up to 20 percent higher than the respective products from other districts (Lu, 2013). Moreover, retailers and residents blame these visitors for shortages and they wish to see restrictions on the IVS multi-entry scheme (Lau, 2013). There

have also been reports on illegally parked tour buses with engines running while waiting for the return of tourists at scenic spots such as Repulse Bay (Kao, 2014b).

The issues have led some extremists to take up anti-mainland visitors movements and even harass mainland Chinese visitors during their protests (Chan, 2014). In one of the protests organized to urge the government to curb the number of mainland Chinese visitors, the protesters branded the mainland Chinese visitors as ‘locusts’ for overwhelming the city and its resources, and scuffles broke out between them and passers-by in Canton road, where luxury stores are concentrated (Siu, 2014). A survey revealed that over 60 percent of citizens in Hong Kong admitted that the volume of mainland China visitors has reached such a level that they havebeen inconvenienced in their daily lives, 57.2 percent believed that the number of mainland Chinese visitors should be controlled, and 61.8 percent agreed to placing a cap on the number of mainland China visitors (Hong Kong Institute of Asia-Pacific Studies, 2014).

According to the forecasting in this report, Hong Kong’s visitor arrivals will reach 103 million in 2020, with 85.4 percent being mainland Chinese visitors. Thus, the trend of rapid growth in mainland Chinese visitors is likely to continue in Hong Kong, and the perceived concerns and conflicts in the community may well persist. The survey mentioned in Chapter 2 contains two sets of questions: those related to inbound tourism and visitors in general, and those related to mainland Chinese visitors in particular. The survey findings help determine the extent of the concerns and conflicts mentioned in the press and social media, and whether they are due to the sheer volume of visitors in general or specifically related to their origin.

12.2 Hong Kong residents’ views on inbound tourism and visitors in general

Table 12.1 shows Hong Kongresidents’ views on inbound tourism and visitors in general. The results show that Hong Kong residents were generally favorable toward inbound tourism. They tended to agree that inbound tourism is socially, culturally, and economically important, that the city provides a rich supply of tourism products, and that they would like to see more visitors coming to Hong Kong. The community as a whole was neutral in their satisfaction with the protection of tourism resources and the provision of transport and medical facilities, despite many visitors. In fact, they were also neutral on whether there is a conflict of interests between residents and visitors. However, they found that tourism has changed the local appearance and that the city has become too crowded.They agreed that visitors bring challenges to local governance and many did not feel comfortable in tourism attractions during peak season. The local residents were of the view that the city’s competitiveness in tourism is weakening, and

that the government should impose restrictions to preserve the environment, conserve tourism resources, and suppress price levels. They agreed that Hong Kong should limit the number of visitors and the government should impose tourist taxes to improve community welfare.

Table 12.1 Hong Kong residents' views on inbound tourism and visitors in general (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree).

Opinions	**Mean**	**Std. Deviation**
Hong Kong has become overcrowded because of tourism.	4.08	1.10
The government should impose restrictions to preserve the environment and conserve tourism resources.	4.04	1.08
The development of tourism has changed the local appearance of Hong Kong.	3.79	1.07
Overall, inbound tourism is economicallyimportant to Hong Kong.	3.65	1.03
The competitiveness of Hong Kong's tourism industry is weakening compared with other tourism destination markets.	3.64	0.98
Overall, inbound tourism is socially and culturally important to Hong Kong.	3.55	1.06
I think more tourists will visit Hong Kong in the future.	3.52	0.99
Hong Kong provides a rich supply of different tourism products.	3.47	1.02
Do you agree that the government should impose tourist taxes to improve community welfare?	3.47	1.36
The increase of taxes related to the tourism industry has raised the government revenue.	3.34	1.11
Overall, visitors bring challenges to local governance.	3.29	1.09
I would like to see more visitors coming to Hong Kong.	3.29	1.17
A great number of Hong Kong residents will lose their jobs when tourism shrinks in Hong Kong.	3.28	1.17
Hong Kong should limit the number of visitors.	3.28	1.27
The government should impose restrictions to suppress price levels.	3.21	1.23
I am satisfied with the medical facilities provided by the government, even though there are many visitors.	3.13	1.13

I am satisfied with transport facilities provided by the government, even though there are many visitors.	3.07	1.20
There are obvious conflicts of interest between Hong Kong residents and visitors.	3.05	1.12
The seasonal variation in the tourism industry is significant in Hong Kong.	3.02	1.04
The tourism in Hong Kong is developed in a fair and socially just way.	2.96	1.09
I am satisfied with the protection of tourism resources in Hong Kong, including cultural and historic sites.	2.93	1.17
The tourism market is more competitive than other tourism destination markets.	2.86	1.02
The tourism attractions in Hong Kong have become increasingly attractive.	2.63	1.08
I feel comfortable in tourism attractions even in the peak tourist season.	2.24	1.14

12.3 Hong Kong residents' views on mainland Chinese inbound tourism and visitors

Table 12.2 shows Hong Kong residents' views on mainland Chinese inbound tourism and visitors. The findings showed that Hong Kong residents realized that mainland Chinese visitors are economically important because they create jobs, enhance the tourism market, and travel in great numbers. The residents' views were negative on whether Chinese visitors can help Hong Kong people understand cultural diversity; whether Chinese visitors follow rules, keep order, and maintain public hygiene; and whether the measures taken by the government for dealing with the problems caused by mainland visitors are satisfactory. They agreed that mainland visitors tend to exhibit uncivilized behavior; cause social problems; and generate numerous complaints. The local residents also felt that they were treated with less courtesy than mainland visitors, and that the visitors have negatively influenced price levels. They agreed that there are obvious conflicts of interest between local residents and mainland visitors, that the visitors bring challenges to local governance, and that community resources are occupied by mainland visitors. As a result of the negative sentiments, the residents agreed that Hong Kong should limit the number of mainland visitors. Nevertheless, the IVSwas viewed positively for bringing social and economic benefits to Hong Kong.

Table 12.2 Hong Kong residents' views on mainland Chinese visitors (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree).

Opinions	**Mean**	**Std. Deviation**
I heard a lot of complaints on mainland visitors.	4.00	1.05
Mainland visitors cause a great number of social problems.	3.88	1.13
Hong Kong should not depend too much on goods and services from foreign countries, but should provide more local products to satisfy mainland visitors' needs.	3.84	1.07
Hong Kong should limit the number of mainland visitors.	3.72	1.29
A great number of mainland visitors will visit Hong Kong many times.	3.70	1.07
I saw some uncivilized behavior from mainland visitors.	3.66	1.20
Mainland visitors negatively influence local price levels.	3.63	1.17
I have been treated with less courtesy than mainland visitors.	3.60	1.09
Hong Kong residents are more willing to go overseas for holiday to avoid mainland visitors.	3.51	1.15
The IVShas brought economic benefits to Hong Kong.	3.49	1.07
Visitors from mainland China bring challenges to local governance.	3.48	1.14
There are obvious conflicts of interest between Hong Kong residents and mainland visitors.	3.42	1.19
Mainland visitors bring more job opportunities.	3.41	1.10
Community resources are occupied by mainland visitors.	3.35	1.18
Mainland visitors foster the tourism development in Hong Kong.	3.32	1.09
The IVShas brought social benefits to Hong Kong.	3.22	1.12
Mainland visitors cause many security problems.	3.05	1.14
The Hong Kong government should continue the IVS in the future.	3.05	1.25
I have seldom heard complaints from mainland visitors.	2.92	1.10
I think most mainland visitors are satisfied with travelling in Hong Kong.	2.88	1.04

The positive benefits brought by mainland visitors are greater than their negative influence on Hong Kong.	2.81	1.17
Mainland visitors can help Hong Kong residents understand cultural diversity.	2.80	1.19
Hong Kong should impose restrictionson mainland visitors' activity areas to save public facilities for the locals.	2.78	1.32
Most mainland visitors follow rules, keep order, and maintain public hygiene.	2.49	1.10
I am satisfied with the measures taken by the Hong Kong government to deal with the problems caused by mainland visitors.	2.41	1.21
The increase in my income was related to the development of the tourism industry after the IVS.	1.81	1.11
I bought some extra commodities, due to the demonstration effect of mainland visitors.	1.59	0.90

12.4 Comparison of the two views

The above analysis indicates that the local residents' views on inbound tourism were positive in terms of economic benefit, and they believed that tourism helps create jobs, more so because of mainland Chinese visitors. However, their other views on mainland Chinese visitors in particular were more negative compared with the views on visitors in general. The findings in Table 12.3 show that the views (on visitors in general and on Chinese visitors in particular) were significantly different in the following opinion areas. The local residents agreed that inbound tourism is culturally important to Hong Kong, but not among mainland Chinese visitors. They thought that visitors bring challenges to local governance, more so among mainland Chinese visitors. They tended to agree that there are obvious conflicts of interest with visitors, more so with mainland Chinese visitors. They believed that tourism causes price increases, more so because of mainland Chinese visitors. Thus, they would like to see some measures to limit the number of visitors, more so in the case of mainland Chinese visitors.

Table 12.3 Paired t-test of Hong Kong residents' views on visitors in general and mainland Chinese visitors in particular (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree).

No.	Opinion	Mean of ratings toward visitors in general	Mean of ratings toward mainland Chinese visitors	Paired differences		t-value	Df
				Mean	S.D.		
1	Inbound tourism is culturallyimportant to Hong Kong.	3.55	2.81	0.75	1.24	25.33*	1780
2	More tourists will visit Hong Kong.	3.52	3.70	-0.18	1.25	-6.04*	1774
3	Visitors bring challenges to local governance.	3.29	3.48	-0.20	0.86	-9.75*	1779
4	There are obvious conflicts of interest between residents and visitors.	3.06	3.42	-0.36	1.01	-15.18*	1798
5	Tourism helps create jobs.	3.28	3.41	-0.13	1.12	-4.90*	1809
6	Hong Kong should limit the number of visitors.	3.28	3.73	-0.45	1.03	-18.50*	1803
7	Tourism negatively influences price levels.	3.21	3.63	-0.42	1.17	-15.16*	1773

*Significance at $p<0.01$.

12.5 Addressing issues

Based on Hong Kong residents' attitudes toward visitors in general, asreflected in the survey and Doxey's model, the community can be described as transitioning from the first stage of euphoria into the second stage of apathy. Becausemainland China is such a dominant market, and the host residents' views on Chinese visitors are so different compared to the overall views, the destination can be described as transitioning from the second stage of apathy into the third stage of annoyance. This presents a more complex version of Doxey's Irritation Index Model in the sense that the progression is not necessarily linear and singular. The stage of progression could be different depending on the source market's strength and situation. Theoretically, it is feasible that, with appropriate tourism policies and planning, the first stage of euphoria and the second stage of apathy can be prolonged, thus preventing or delaying the

appearance of the third and fourth stages. Tourism planning should consider the following issues to sustain tourism growth while minimizing the potential negative effects. This type of tourism policy and planning would mean continued community involvement in and sustainable development of a destination.

Role of host government. The government should anticipate the rapid growth of inbound Chinese visitors given the more liberal travel policy adopted by the Chinese government. China is a very large potential market that could become a dominant source market in a short period. The allocation of funding for promoting the Chinese market should be considered vis-à-vis other markets in terms of likely impacts and consequences. There is a need to avoid over-reliance on a single market. Issues related to aviation, visas, business relations, and security should be handled at a diplomatic level with the receiving country using its equivalent to the China National Tourism Administration to undertake negotiations and build long-term relationships.

Role of private sector. To maximize the opportunity presented by the Chinese market while minimizing the level of conflict, the public and private sectors should discuss and, if possible, reach a consensus on the level of reliance that will be placed on China as a source market. It is important to realize that the destination is likely to be dealing with inexperienced first-time tourists in the early stages of growth, and the profile of Chinese visitors is changing rapidly. The pace of change might vary over time and from destination to destination, depending on political and diplomatic relationships.

Destination marketing. China is far from being a homogenous source market. There is much diversity, offering destinations the opportunity to focus on specific cities and provinces. Given Chinese visitors' changing lifestyles and desires, they exhibit a very wide range of shopping needs, from inexpensive items to valuables and daily necessities to luxury goods. Destinations should consider the strength and sustainability of their shopping sectors and other tourism resources. Chinese tourists are becoming more experienced, more discerning, and more demanding. It is essential that destinations target Chinese segments that best suit the destinations' suite of experiences rather than letting the tourist flow develop without planning.

Long-term destination sustainability. Destinations may consider social carrying capacity and infrastructure enhancement if receiving destinations are likely to encounter problems with supplying essential services, or the quality of the tourist experience is compromised due to large tourist numbers. Host governments should consider not just the economic benefits but also other issues such as community

harmony, law and order, transportation, and border control points when supporting the anticipated tourist flows.

Human resources. To maximize available opportunities, destinations need a skilled and well-educated workforce. As the Chinese market could grow rapidly and put pressure on human resources with the appropriate language, communication, and emotional skills, destinations should open up the market in line with the availability of human resources in the tourism industry.

Legal aspects. As tourism phenomena are often cross-jurisdictional (source market and destination) social processes, it is also important to consider the reciprocity of any legal implications across the jurisdictions. Given tourism's increasing commercialization, it is paramount that the relevant legal aspects be considered in tourism policy and planning. A comprehensive understanding and appreciation of the nuances in the Tourism Law of China (CNTA, n.d.) would be helpful for destinations to prepare for the Chinese market.

Responses and views of the local community. This is particularly important when there is a rapid and large increase in the number of Chinese tourists. Issues that need to be considered include the physical carrying capacity of key attractions, visitor management strategies, the need to expand existing infrastructure or build new infrastructure, and the emotional tolerance level of the host community. Where there is evidence of push-back from the local community there may be a requirement to mount education campaigns to bridge any cultural gaps that may arise (Prideaux&Tse, 2014).

Chapter 13
Policy Implications and Recommendation

The research team conducted a study to develop a robust framework for the long-term policy and planning of tourism in Hong Kong. The study analyzed the relevant statistics, website information, official reports, and literature available; interviewed industry leaders; and conducted a survey among the community to gauge their views on visitors and tourism. In addition, referenceswere made to a number of academic studies on tourism planning and destination tourism planning cases.

Inbound tourism has flourished along with the development of Hong Kong's economic growth, and tourism has been identified as one of the four key industries in the economy, along with financial services, trading and logistics, and professional and producer services. In 2014, total visitor arrivals reached 60.8 million, of which 45.6percent were overnight visitors and 54.4percent were same-day visitors. Tourism-related spending is estimated to be HK$350 billion. Mainland China has become by far the largest source market, accounting for 77.6 percent of the total visitor arrivals. Although tourism's economic impact is well recognized, the rapid growth of mainland Chinese visitor arrivals has created social issues and concerns among the community. Visitor arrivals are forecast to reach 103.3 million in 2020, with 85 percent mainland Chinese.

While tourism operates in a free market economy in Hong Kong, there are significant formal and informal links between the private and public sectors. The roles and responsibilities of key organizations in both the private and public sectors are well defined, and they work in harmony to foster growth in tourism businesses. The Hong Kong government and various statutory organizations play active parts in planning and developing infrastructures including airports, bridges, railways, highways, and subways—all of which are crucial to tourism development. In addition, the government is actively involved in the development of attractions and theme parks.

The industry seems to have consistent views on tourism policy and planning. Itgenerally embraces policy and planning that welcome more visitors, help assess tourism demand more accurately, address shortages in and relevant training for the workforce, and engage the community. The industry is earnestly seeking tourism policiesthat provideleadership and a clear tourism vision.

Although demand is recognized as an important element in tourism planning, there is not much demand forecasting done in tourism planning in Hong Kong. This study introduces the Hong Kong Tourism Demand Forecasting System, which can serve as a forecasting tool. The proposed system does have limitations, and more work could be done by both the private and public sectors to further enhance both the system and the forecasting.

The proposed framework comprises three levels: leadership, demand and supply, and strategies andimplementation (Figure 13.1).

Leadership sets the vision of tourism development and mobilizes (and coordinates) resources to achieve that vision. As tourism straddles various policy areas and departments, the leadership must advocate for and coordinate the related policies and departments within Hong Kong. The related policy areas include land, transport, security, education, and finance. As the representative of the Hong Kong jurisdiction, the leadership has the power and obligation to negotiate with other governments, including the mainland Chinese government,on cross-border matters such as air-rights and visa arrangements. For the purpose of long-term planning, Hong Kong would benefit from having a central tourism resource managing the repertoire of statistics, research data, and project information under the auspices of the leadership.

At the demand and supply level, the framework has four components: community engagement, industry supply, visitor demand, and institutional setting.

The community tends to agree that inbound tourism is socially, culturally, and economicallyimportant to the city. However, they find that tourism has changed the local appearance and the city has become too crowded; they tend to agree that visitors bring challenges to local governance; and many do not feel comfortable in tourism attractions during peak season. The local residents are of the view that the city's competitiveness in tourism is weakening, and the government should impose restrictions to preserve the environment, conserve tourism resources, and suppress price levels. There is a need to monitor community perceptions and sentiments on a regular basis to seek consensus on tourism development. Environmental and conservationissues related to tourism should also be addressed at the community level. Meanwhile, the community can be educated about the benefits, changes, and issues tourism may bring to the destination.

Tourism in Hong Kong relies mostly on the supply provided by the private sector in a free market environment. Nonetheless, it is the government's policy to actively participate in the supply chain by

being shareholders or board members in theme parks, airports, cruise terminals, and public transport, which seems to be working well. The proposed framework indicates the need to monitor the strengths and weaknesses of the destination, address the human resources needs, and maintain high service quality and visitor satisfaction to ensure the smooth operation of the industry. For the long-term development, the framework suggests having a mechanism to develop and maintain new tourism products, including advisory services and assistance to facilitate private and public investments in tourism-related projects.

On the demand side, the framework advocates forecasting tourism demand not just for the following year but over a five- toten-year period. The forecasts should cover visitor mix, spending patterns, accommodation types, and proportion of overnight vs. same-day. This would have implications for the industry in terms of whether the demand could be met, the service level could be maintained, and the workforce supply would be adequate. Part of the work on the demand side is to monitor competitive activities, their new projects, and their innovations in the use of technology and marketing. Planning destination marketing is the core of visitor demand, and it should be supported by activities such as major events and visitor information services.

The institutional setting in Hong Kong is well established and evolving. The framework suggests having a mechanism to provide inputs to major infrastructure and transportation projects. This may include the development of Lantau, anticipating tourist flows brought about by the Hong Kong Zhuhai Macau Bridge, and the provision of coach parking. As legal issues in tourism get more complicated, the framework advocates that more attention be devoted to the issues arising from the IVS Tourism Law of the PRC, which came into effect in 2013, the implications of the Competition Ordinance (2012) and the Trade Descriptions Ordinance (2013), and the new regulatory regime (Travel Industry Authority) expected in 2016. The institutional setting also involves providing inputs to educational institutes regarding the type of education and training needed.

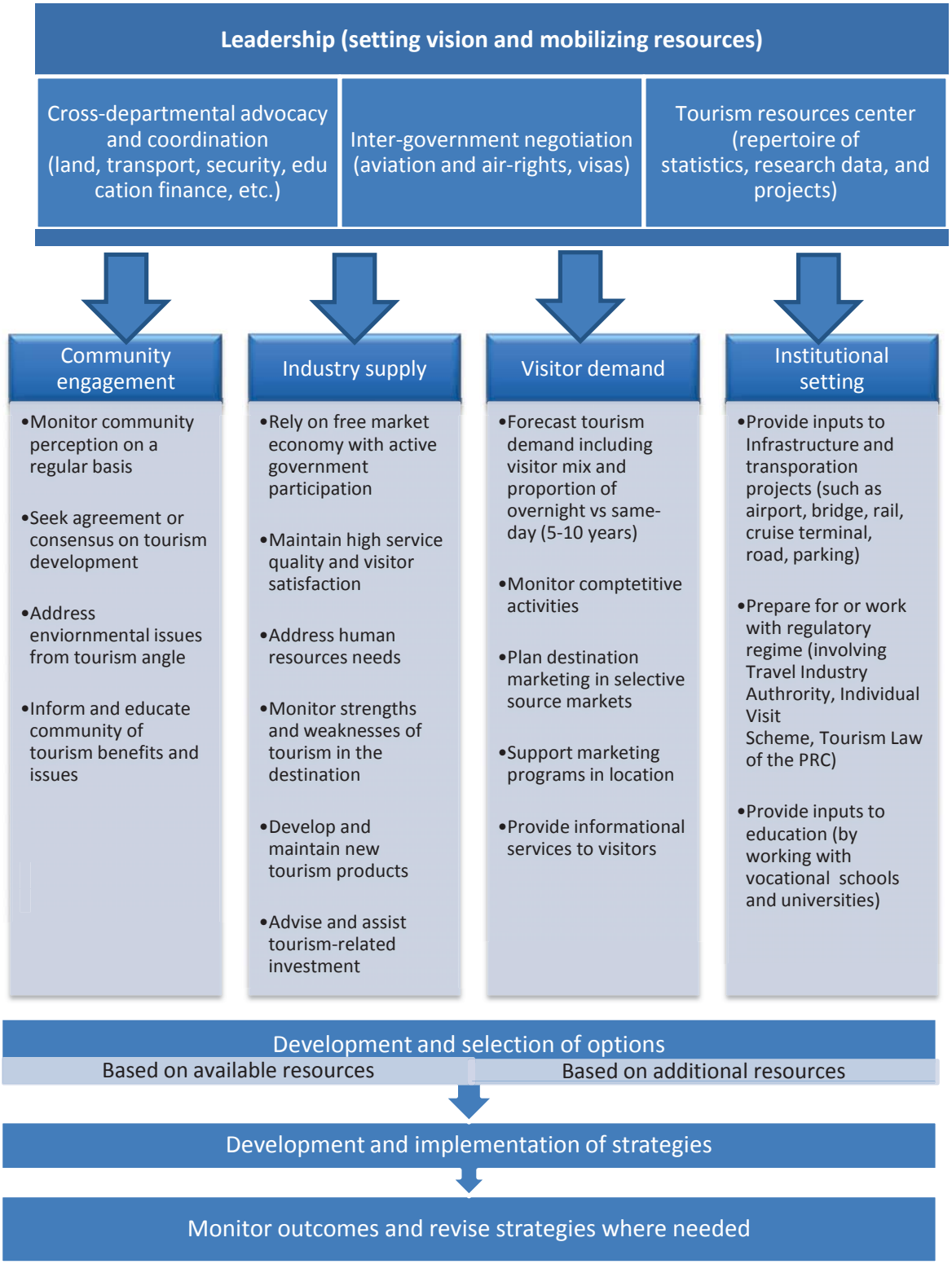
At the third level of strategies andimplementation, the framework comprises the development and selection of options and strategies based on available and additional resources. The leadership is in the position to lobby for more resources with a well-argued proposition and options that consider all stakeholders' interests and the city's long-term benefits. The selection of options and strategies is followed by their monitoring and revision where needed.

Limitations of the Study

There are two major limitations in this study. First, it has not given due consideration to the issue of sustainability. Sustainability, as defined in the Brundtland Report (UNWCED, 1987, as cited in Adams, Frost, and Webber, 2004, p. 17) is “development that meets the needs of the present world without compromising the ability of future generations to meet their own needs.” This study has not given due consideration to a tourism planning approach concerned with the sustainability of the environment, culture, and heritage in Hong Kong. The Triple Bottom Line (TBL) concept, for example, developed by John Elkington for measuring corporate performances against economic, social, and environmental parameters and publicly reporting the indicators, could be used in the tourism planning framework (Elkington, 2004, p. 1; Stoddard et al., 2012). The first bottom line refers to the traditional measure of corporate “profit,” the second represents the “people”and measures the level of social responsibility an organization has undertaken, and the third, “planet,” measures the level of environmental responsibility. The TBLapproach emphasizes the importance and interdependence of economic, social, and environmental performances through management and performance assessments.

Second, this study has not given due consideration to the rapid development ofinformation and communication technology (ICT) as one of the changing factors in the tourism industry. Overtime, ICT has provided travelers with more accurate and reliable information in addition to allowing them to make reservations with less time,cost, and inconvenience compared with the conventional methods (O’Connor, 1999). Buhalis and Law (2008) believed that ICT development will play a major role in the emergence of a “new” tourist group, with linguistic and technological skills and the mentality to function in multicultural and demanding overseas environments. With the aid of ICT development, these tourists/consumers are becoming more knowledgeable and they seek exceptional value for their money and time. They tend to have less interest in the generic packaged tours and prefer to plan according to their own preferences and schedules. ICT has made it possible for them to interact and make requests directly with suppliers to customize their trips. With the advancement of ICT, the travelers are able to better understand and interact with the local. The United Nation World Tourism Organization, for example, published a 2014 edition of the Handbook on E-marketing for Tourism Destinations (UNWTO, 2014), outlining the e-marketing trends, strategies, and key concepts. In addition, it provides specific information such as e-commerce business models, e-marketing and search engine optimization to support the travel industries at the destination, along with ways to measure and evaluate e-marketing activities.

Figure 13.1 Tourism Planning Framework



References

Adams, C., Frost, G and Webber, W. (1994). Triple Bottom Line: A review of the literature. In Henriques, A. and Richardson, J. (Eds.), *The Triple Bottom Line: does it all add up?* (pp. 17-25). UK and USA: Earthscan.

Airport Authority Hong Kong [AAHK] (2013) *Hong Kong International Airport Master Plan 2030*. Hong Kong: Airport Authority of Hong Kong.

Airport Authority Hong Kong [AAHK]. (2014, September 15). Press release: Airport Authority welcomes Advisory Council on the environment's recommendation to endorse the EIA Report for expanding HKIA into a three-runway system with conditions. Retrieved from http://www.threerunwaysystem.com/en/Information/Press_release_detail_20140915.aspx

Airport Authority Hong Kong [AAHK]. (n.d.b). Project overview: Three-runway system. Retrieved from http://www.threerunwaysystem.com/en/Overview/Three_runway_system.aspx

Airport Authority Hong Kong [AAHK]. (n.d.c). Project overview: Background. Retrieved from http://www.threerunwaysystem.com/en/Overview/Background.aspx

Airport Authority Hong Kong [AAHK].(n.d.a.).Three-runway system. Retrieved from https://www.hongkongairport.com/eng/future/long-term-development/three-runway-system.html

Andereck, K. L. and Vogt, C. A. (2000). The relationship between residents' attitudes toward tourism and tourism development options. *Journal of Travel Research, 39* (1), 27-36.

Andriotis, K. and Vaughan, R. D. (2003). Urban residents' attitudes toward tourism development: The case of Crete. *Journal of Travel Research, 42*(2), 172-185.

Ap, J. (1992). Residents' perceptions on tourism impacts. *Annals of Tourism Research, 19*(4), 665-690.doi:10.1016/0160-7383(92)90060-3

ArcGIS.(n.d.).ArcGIS. Retrieved from http://www.arcgis.com/home/index.html

Blake, A. and M. T. Sinclair (2007). 'The Economic Rationale for Government Intervention in Tourism', report for the Department for Culture, Media and Sport, United Kingdom.

Braun, V. & Clark, V. (2006).Using thematic analysis in psychology.*Qualitative Research in Psychology, 3*(2), 77-101. doi: 10.1191/1478088706qp063oa

Buhalis, D. and Law, R. (2008). Progress in information technology and tourism management: 20 years on and 10 years after the Internet – The state of eTourism research. *Tourism Management, 29*(4), 609-623.doi:10.1016/j.tourman.2008.01.005

Census and Statistics Department [HKC&SD]. (2013). Population and household statistics analysed by district council district 2012. Retrieved from http://www.statistics.gov.hk/pub/B11303012012AN12B0100.pdf

Census and Statistics Department [HKC&SD]. (2014). The four key industries and other selected industries in the Hong Kong Economy. Retrieved from http://www.statistics.gov.hk/pub/B71404FB2014XXXXB0100.pdf

Chan, B. (2014, April 25). Anger towards mainland visitors likely to worsen unless problems addressed.*South China Morning Post*. Retrieved from http://www.scmp.com/lifestyle/travel/article/1495953/anger-towards-mainland-visitors-likely-worsen-unless-problems

China Economic Net.(2004). 2003 China Tourism Statistics. Retrieved from http://www.ce.cn/travel/lyfg/lytj/200409/17/t20040917_1785394.shtml

China Hospitality. (2011, January 5). Shenzhen Extends Individual Visitor Scheme. *China.org.cn.* Retrieved from http://www.china.org.cn/travel/2011-01/05/content_21674188.htm

China National Tourism Administration [CNTA].(2006). 2005 China Tourism Statistics. Retrieved from http://www.cnta.gov.cn/html/2010-11/2010-11-25-9-49-48723.html

China National Tourism Administration [CNTA].(2007). 2006 China Tourism Statistics. Retrieved from http://www.cnta.gov.cn/html/2008-6/2008-6-2-14-52-59-213.html
China National Tourism Administration [CNTA].(2008). 2007 China Tourism Statistics. Retrieved from http://www.cnta.gov.cn/html/2008-9/2008-9-10-11-35-98624.html
China National Tourism Administration [CNTA].(2009). 2008 China Tourism Statistics. Retrieved from http://www.cnta.gov.cn/html/2009-9/2009-9-28-9-30-78465.html
China National Tourism Administration [CNTA].(2010). 2009 China Tourism Statistics. Retrieved from http://www.cnta.gov.cn/html/2010-10/2010-10-20-10-43-69972.html
China National Tourism Administration [CNTA].(2011). 2010 China Tourism Statistics. Retrieved from http://www.cnta.gov.cn/html/2011-11/2011-11-1-9-50-68041.html
China National Tourism Administration [CNTA].(2012). 2011 China Tourism Statistics. Retrieved from http://www.cnta.gov.cn/html/2012-10/2012-10-25-9-0-71726.html
China National Tourism Administration [CNTA].(2013). 2012 China Tourism Statistics. Retrieved from http://www.cnta.gov.cn/html/2013-9/2013-9-12-%7B@hur%7D-39-08306.html
China National Tourism Administration [CNTA].(2014). 2013 China Tourism Statistics. Retrieved from http://www.cnta.gov.cn/html/2014-9/2014-9-24-%7B@hur%7D-47-90095.html
China National Tourism Administration [CNTA].(n.d.).Tourism Law of the People's Republic of China. Retrieved from http://en.cnta.gov.cn/html/2013-6/2013-6-4-10-1-12844.html
Commerce and Economic Development Bureau. (2011). Review of the Operation and Regulatory Framework of the Tourism Sector in Hong Kong: Consultation Paper. Retrieved from http://www.tourism.gov.hk/english/papers/files/consultation_paper_en.pdf
Commerce and Economic Development Bureau. (2013a). Legislative Council Panel on Economic Development: Latest Progress in Taking Forward the Reform of the New Regulatory Regime for the Tourism Sector in Hong Kong. Retrieved from http://www.tourism.gov.hk/resources/english/paperreport_doc/legco/2013-07-15/LegCo_ED_Panel_paper_eng.pdf
Commerce and Economic Development Bureau.(2013b). Assessment Report on Hong Kong's Capacity to Receive Tourists. Retrieved from http://www.tourism.gov.hk/resources/english/paperreport_doc/misc/2014-01-17/Assessment_Report_eng.pdf
Cooke, K. (1982). Guidelines for socially appropriate tourism development in British Columbia.*Journal of Travel Research, 21*(1), 22-28. doi: 10.1177/004728758202100106
Craik, J. (1995). Are there cultural limits to tourism? *Journal of Sustainable Tourism, 3*(3), 87-98.
Department for culture, media and sport.(2011). Government Tourism Policy. Retrieved from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78416/Government2_Tourism_Policy_2011.pdf
Dredge, D. (1999). Destination place planning and design.*Annals of Tourism Research, 26*(4), 772-791.doi:10.1016/S0160-7383(99)00007-9
Dredge, D. (2006). Policy networks and the local organization of tourism.*Tourism Management, 27*(2), 269-280.doi:10.1016/j.tourman.2004.10.003
Dredge, D. (2010). Place Change and Tourism Development Conflict: Evaluating public interest. *Tourism Management*, 31(1), 104-112.doi:10.1016/j.tourman.2009.01.004
Elkington, J. (1994). Enter the Triple Bottom Line. In Henriques, A. and Richardson, J. (Eds.), *The Triple Bottom Line: does it all add up?* (pp. 1-16). UK and USA: Earthscan.
Elliot, J. (1997). *Tourism: Politics and public sector management*. London and New York: Routledge.
Field, A. (2009). *Discovering statistics using SPSS* (3rd Edition). London, United Kingdom: SAGE Publications Ltd.
Gunn, C. A. (1994). *Tourism planning: basics, concepts*, cases (3rded.). Washington, D.C.: Taylor & Francis.
Gunn, C. A. (2002). *Tourism planning: basics, concepts*, cases (4rded.). New York: Routledge.

Hall, C. M. (2000).*Tourism planning: policies, processes and relationships*. Harlow: Prentice Hall.
Hesse-Biber, S. and Leavy, P. (2011) *The Practice of Qualitative Research.* Thousand Oaks, California: Sage.
HM Revenue & Customs. (2014). Air passenger duty: banding reform. Retrieved from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/293853/TIIN_6063_air_passenger_duty_banding_reform.pdf
Home Affairs Bureau.(2014). West Kowloon Cultural District. Retrieved from http://www.hab.gov.hk/en/policy_responsibilities/Culture/wkcd.htm
Hong Kong Association of Amusement Parks and Attractions [HKAAPA].(n.d.).About us. Retrieved from http://www.hkaapa.org/PublishWebSite/hkaapa/gallery/getCMSPage.asp?url=/PublishWebSite/hkaapa/en/contentPage38886.htm
Hong Kong Association of Registered Tour Coordinators [HARTCO].(n.d.).About HARTCO. Retrieved from http://www.hartco.org/about/about_01introduction_e.htm
Hong Kong Association of Restaurant Managers [HKARM].(n.d.).Introduction of the association (in Chinese). Retrieved from http://www.arm.com.hk/catalog/info.php?target=association_introduction
Hong Kong Government. (2013, January 17). Press Release: Economic Commission established to maintain Hong Kong's long-term competitiveness. Retrieved fromhttp://www.info.gov.hk/gia/general/201301/17/P201301170640.htm
Hong Kong Hotels Association [HKHA]. (n.d.). Mission & Objectives. Retrieved from http://www.hkha.org/
Hong Kong Institute of Asia-Pacific Studies.(2014). Survey Findings on Views about the Individual Visit Scheme Released by Hong Kong Institute of Asia-Pacific Studies at CUHK. Retrieved from http://www.cuhk.edu.hk/hkiaps/tellab/pdf/telepress/14/Press_Release_20140402.pdf
Hong Kong Retail Management Association [HKRMA].(n.d.).About us. Retrieved from http://www.hkrma.org/en/about/about.html
Hong Kong Tourism Board.(n.d.).Quality Tourism Services (QTS) Scheme. Retrieved from http://www.discoverhongkong.com/eng/plan-your-trip/qts-scheme/index.jsp#ixzz3PvB5AOWc
Hong Kong Tourism Commission[HKTC].(2014a). Visitor Information Individual Visit Scheme. Retrieved from http://www.tourism.gov.hk/english/visitors/visitors_ind.html
Hong Kong Tourism Commission[HKTC]. (2014b). Hardware Development: Kai Tak Cruise Terminal. Retrieved from http://www.tourism.gov.hk/english/ctkt/hw_nctkt.html
Hong Kong Tourism Commission[HKTC]. (n.d.). Welcome to Hong Kong and special welcome to the Tourism Commission's homepage. Retrieved from http://www.tourism.gov.hk/english/welcome/welcome.html
Hong Kong Tourism Demand Forecasting System [HKTDFS]. (2013). Hong Kong Tourism Demand Forecasting System. Retrieved from http://www.tourismforecasting.net/hktdfs/
Hong Kong Tourist Board.(2014). Corporate Information. Retrieved from http://www.discoverhongkong.com/au/about-hktb/corporate-information.jsp
Hong Kong-Zhuhai-Macao Bridge [HZMB]. (2009). Introduction to Hong Kong-Zhuhai-Macao Bridge. Retrieved from http://hzmb.org/en/bencandy.asp?id=2
Hong Kong-Zhuhai-Macao Bridge [HZMB]. (2010). Project overview: HZMB Main Bridge. Retrieved from http://www.hzmb.hk/eng/about_overview_01.html
Inskeep,E. (1991). Tourism Planning: An integrated and sustainable development approach. New York: John Wiley & Sons, Inc.
Jamal, T. B. & Getz, D. (1995).Collaboration theory and community tourism planning.*Annals of Tourism Research*, *22*(1), 186-204.
Jeffries, D. J. (2001).*Governments and Tourism*. Oxford: Butterworth Heinemann.
Jenkins, C. L. and Henry, B. M. (1982).Government involvement in tourism in developing countries. Annals of Tourism Research, 9(4), 499-521. doi:10.1016/0160-7383(82)90070-6

Johnson, J. D., Snepenger, D. J. &Akis, S. (1994). Residents' Perceptions of Tourism Development.*Annals of Tourism Research, 21*(3), 629-642. doi:10.1016/0160-7383(94)90124-4
Kai Tak Cruise Terminal. (2014). Kai Tak Cruise Terminal: MICE venues. Retrieved from http://www.kaitakcruiseterminal.com.hk/mice-venues/
Kao, E. (2014a, November 08). Environmental report on Chek Lap Kok airport runway plan approved. *South China Morning Post.* Retrieved from http://www.scmp.com/news/hong-kong/article/1634642/environmental-report-chek-lap-kok-airport-runway-plan-approved
Kao, E. (2014b, January 22). Locals fume as polluting tour buses choke scenic Repulse Bay. *South China Morning Post*. Retrieved from http://www.scmp.com/news/hong-kong/article/1410157/locals-fume-polluting-tour-buses-choke-scenic-repulse-bay
Keogh, B. (1990). Public participation in community tourism planning.*Annals of Tourism Research, 17*(3), 449-465.doi:10.1016/0160-7383(90)90009-G
King, B., Pizam, A. and Milman, A. (1993). Social impacts of tourism host perceptions. *Annals of Tourism Research, 20*(4), 650-665.doi:10.1016/0160-7383(93)90089-L
Lankford, S. V. and Howard, D. R.. (1994). Developing a tourism impact attitude scale. Annals of *Tourism Research, 21*(1), 121-139.doi:10.1016/0160-7383(94)90008-6
Leiper, N. (2004). *Tourism management* (3rd ed).Frenchs Forest: Pearson Education Australia.
Lewis-Beck, M., Bryman, A. & Liao, T. (2004).*The SAGE Encyclopedia of Social Sciences Research Methods*. Retrieved from http://srmo.sagepub.com/view/the-sage-encyclopedia-of-social-science-research-methods/n20.xml
Liu, J. C., Sheldon, P. J. and Var, T. (1987). Resident perception of the environmental impacts of tourism. *Annals of Tourism Research, 14*(1), 17-37.doi:10.1016/0160-7383(87)90045-4
Liu, Y. (2014, September 8). Hong Kong's tourism policy should meet needs of tourists and residents. *South China Morning Post*. Retrieved from: http://www.scmp.com/business/economy/article/158\7688/hong-kongs-tourism-policy-should-meet-needs-visitors-and-residents
Lu, C. J. (2013, July 25). TuenMun and SheungShui prices the most expensive in the New Territories because of individual visitor parallel trade (in Chinese). *Apple Daily*, p.A11.
Luo, J. W. (2013, July 10). Mainland tour group occupying Tokwawan (in Chinese).*Oriental Daily*, p.A24.
Ministry for Tourism, Culture and the Environment. (2012). Tourism Policy for the Maltese Islands: 2012-2016. Retrieved from https://secure2.gov.mt/tsdu/downloads/tp12-16.pdf
Ministry of Economic Development. (2011). Tourism Development Strategy: 2011-2016. Retrieved from http://www.sltda.lk/sites/default/files/English.pdf
MTR. (2012a). Kwun Tong Line Extension: Alignment. Retrieved from http://www.mtr-kwuntonglineextension.hk/en/project-details/alignment.html
MTR. (2012b). Kwun Tong Line Extension: Programme. Retrieved from http://www.mtr-kwuntonglineextension.hk/en/project-details/programme.html
MTR. (2013a). Express Rail Link: Connections to Mainland. Retrieved from http://www.expressraillink.hk/en/ticketing-info/type-guangdong.html
MTR. (2013b). South Island Line (East): Background. Retrieved from http://www.mtr-southislandline.hk/en/key-information/background.html
MTR. (2013c). South Island Line (East): Programme. Retrieved from http://www.mtr-southislandline.hk/en/key-information/programme.html
MTR. (2013d). Shatin to Central Link: Background. Retrieved from http://www.mtr-shatincentrallink.hk/en/project-details/background.html
MTR. (2013e). Shatin to Central Link: Programme. Retrieved from http://www.mtr-shatincentrallink.hk/en/project-details/programme.html
MTR. (2014). Project details: Key Information. Retrieved from http://www.mtr-westislandline.hk/en/project-details/key-information.html

Murphy, P. (1983). Tourism as a community industry - An ecological model of tourism development.*Tourism Management, 4*(3), 180-193. doi:10.1016/0261-5177(83)90062-6
Murphy, P. (1985). *Tourism: a community approach*. London and New York: Routledge.
Nip, A and Lam, A. (2013, November 23). City's doors must remain open to tourists. *South China Morning Post*. Retrieved from http://www.scmp.com/news/hong-kong/article/1280496/citys-doors-must-remain-open-tourists-jack-so
Nip, A. (2014, May 22). Revealed: First images of Ocean Park's new water park due to open in 2017. *South China Morning Post.* Retrieved from http://www.scmp.com/article/1517061/ocean-park-looks-future-state-art-water-park?page=all
O'Connor, P. (1999). *Electronic information distribution in tourism and hospitality.* Wallingford England: CAB.
O'reilly, A. M. (1986). Tourism carrying capacity: Concept and issues. *Tourism Management, 7*(4), 254-258.
Ocean Park. (2014, January 22). Press Release: Ocean Park adds 30 attractions with new round of development projects/Three Executive Directors assumed roles in January to drive marketing, hotel projects and design. Retrieved from http://www.oceanpark.com.hk/html/en/footer/corporate-information/press/press.php?id=646
Pearce, P. (1995). From Culture shock and culture arrogance to culture exchange: Ideas towards sustainable socio-cultural tourism. *Journal of Sustainable Tourism, 3*(3), 143-154.
Prideaux, B., & Tse, T. (2014). UNWTO Knowledge Network Issue Paper Series I: *Issues arising from the rapid growth of tourists from China to Hong Kong, China between 2002 and 2013*.
Reisinger, Y. (2009). *International tourism: cultures and behavior.* Oxford, United Kingdom: Butterworth-Heinemann.
Shenzhen Government.(2010). Shenzhen Statistics 2010. Retrieved from http://www.sz.gov.cn/cn/xxgk/tjsj/tjnj/201012/t20101224_1620341.htm
Simmons, D. G. (1994).Community participation in tourism planning.*Tourism Management, 15*(2), 98-108.doi:10.1016/0261-5177(94)90003-5
Singapore Tourism Board. (2013). Discussion paper: Tourism Industry Conference 2013, Navigating the next phase of tourism growth. Retrieved from https://www.stb.gov.sg/news-and-publications/publications/Documents/TIC%20Discussion%20Paper%202013.pdf
Siu, P. (2014, February 18). Anti-mainlander protest urging curbs on visitor numbers tarnished city, say top officials. *South China Morning Post*. Retrieved from http://www.scmp.com/news/hong-kong/article/1429558/locust-protest-urging-curbs-mainland-visitors-tarnished-city-say-top
South Australian Tourism Commission.(n.d.). South Australian Tourism Plan 2009-2014 Summary. Retrieved from http://www.tourism.sa.gov.au/assets/documents/About%20SATC/sa-tourism-plan-2012-2014.pdf
Stoddard, J. E., Pollard, C. E. and Evans, M. R. (2012). The Triple Bottom Line: A framework for sustainable tourism development. International Journal of Hospitality & Tourism Administration, 13(2), 233-258. doi: 10.1080/15256480.2012.698173
The Federation of Hong Kong Hotel Owners [HKFHO]. (2007). Objectives. Retrieved from http://www.fedhotelowners.com.hk/e-index.html
The Hong Kong Association of Travel Agents [HATA].(n.d.).Main objectives of the association. Retrieved from http://www.hata.org.hk/objectives.htm
The Hong Kong Exhibition & Convention Industry Association (HKECIA).(n.d.).About HKECIA. Retrieved from http://www.exhibitions.org.hk/english/about_ass.php
The Hong Kong Polytechnic University.(2014). PolyU Tourist Satisfaction Index and Tourism Service Quality Index. Retrieved from http://www.touristsatisfaction.org/
The Organisation for Economic Co-operation and Development [OECD].(2012). "France" in OECD Tourism Trends and Policies 2012. Retrieved from http://www.oecd-ilibrary.org/industry-and-

services/oecd-tourism-trends-and-policies-2012/france_tour-2012-16-en;jsessionid=18yclttu8jdpu.x-oecd-live-02
Timothy, D. (2012). Archival research.In L. Dwyer, A Gill, & N. Seetaram (Eds.), *Handbook of research methods in tourism* (pp. 403-416). Cheltenham: Edward Elgar Publishing.
Tosun, C. (2006). Expected nature of community participation in tourism development.*Tourism Management, 27*(3), 493-504.doi:10.1016/j.tourman.2004.12.004
Tourism Australia. (2011). Tourism 2020: Whole of government working with industry to achieve Australia's tourism potential. Retrieved from http://www.tourism.australia.com/documents/tourism_2020_overview.pdf
Travel Industry Council of Hong Kong [TICHK]. (2015). The Council. Retrieved from http://www.tichk.org/public/website/en/council/introduction/html
Tsang, A., Liu, Y. and Ng. K.C. (2013, October 11). Firm of tourism chief Peter Lam to Build hotel at Ocean Park. *South China Morning Post.*Retrieved from http://www.scmp.com/news/hong-kong/article/1328855/firm-tourism-chief-peter-lam-build-hotel-ocean-park
Tse, T. (2013).Chinese Outbound Tourism as a Form of Diplomacy.*Tourism Planning & Development,10*(2), 149-158. doi: 10.1080/21568316.2013.783738
Wall, G. (1999).Carrying Capacity. In Alexander, D. E. and Fairbridge, R. W. (Eds.), *Encyclopedia of Environmental Science* (pp. 72-73). Dordrecht ; Hingham, Mass. : Kluwer Academic Publishers.
West Kowloon. (2012a). West Kowloon: Background. Retrieved from http://www.westkowloon.hk/en/the-authority/background
West Kowloon. (2012b, March 09). Press release: West Kowloon Cultural District Authority announces design competition for its First Arts Venue. Retrieved from http://www.westkowloon.hk/en/newsroom/news/west-kowloon-cultural-district-authority-announces-design-competition-for-its-first-arts-venue/
World Tourism Organization [UNWTO].(n.d.).Understanding Tourism: Basic Glossary. Retrieved from http://media.unwto.org/en/content/understanding-tourism-basic-glossary
World Tourism Organization [UNWTO]. (2014). Handbook on E-marketing for Tourism Destinations – Fully revised and extended version 3.0. Madrid, Spain: World Tourism Organization and the European Travel Commission.
World Travel & Tourism Council.(2014). Travel & Tourism Economic Impact 2014 Hong Kong. Retrieved from http://www.wttc.org/~/media/files/reports/economic%20impact%20research/country%20reports/hong_kong2014.ashx

Annex I

Industry Responses

Interview with Mr. Daniel Cheung, Chairman of Hong Kong Exhibition &Convention Industry Association(HKECIA) and General Manager of Hong Kong Exhibition Services Limited

Date: 29 May, 2014
Time: 10:00am – 11:30am
Venue: Unit 1203, 12/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong

Current Meetings, Incentives, Conferences and Exhibitions (MICE) Situation

MIC (Meetings, Incentives, and Conferences) and E (Exhibitions) have very different natures. The success of Exhibitions relies heavily on the proximity and availability of market players to the exhibition held i.e. the locations of buyers and sellers. Some manufacturing industries have relocated their exhibitions from Hong Kong to Mainland China because the manufacturing hub is closer and also due to the development of China's exhibition industry. However, Hong Kong still plays a leading role in exhibition, holding international trade shows of both export type, e.g. jewelries and toys, and import type, e.g. HOFEX. The venues are often given priority to these exhibitions as they tend to be recurrent. The peak seasons are March to May and September to November.

The success of MIC, on the other hand, rest heavily on sponsorships and delegate fees and not so much on the location of venue. Hence, with the majority of venues being occupied by exhibitions in Hong Kong, MIC then turn their eyes to other cities and countries, which is one of the reasons for the slow decline of MIC sector in Hong Kong. Currently, Hong Kong is ranked 38th by ICCA (International Congress and Convention Association) in 2012. Moreover, even if a slot is available during peak season, the hotel rates around the venue is likely be too high for the delegates, since they have to pay for their own accommodation in most cases, while the exhibitions' buyers and sellers can reimburse as business expenses. This factor may deter delegates from participating, subsequently affecting the success of the MIC.The sustainability of the industry itself was believed to be quite high. This is because exhibitions are not greatly affected by economic downturn.

Challenges

Although venues are available during low seasons, it is the peak seasons where we see shortages, driving away MICE businesses to elsewhere. Meanwhile, other cities and countries such as Mainland China, have been actively developing their MICE industries, absorbing the customers which Hong Kong was unable to accommodate and cater for. With the geographical advantage and also improvement of MICE product qualities, it is highly likely that in 5-10 years time, manufacturing exhibitions in China will become the first destination for buyers to attend, displacing Hong Kong.

Key Competitors:

- Mainland China especially in Shenzhen, Guangzhou, Dong Guan, Shanghai.
- Singapore
- Malaysia
- Korea

Opportunities

At the moment, Hong Kong still holds a geographical advantage because of its proximity to the Pearl River Delta region, where the manufacturing of the light consumer products are based. It provides an ideal platform for SMEs to enter China's market. However, Hong Kong should focus more on 'lifestyle' product exhibitions as the manufacturing side is slowly shifting towards Mainland China, where it has an even better geographical advantage.

Having said that, Hong Kong still plays a leading role in holding major international trade shows, mainly due to the guaranteed quality of suppliers and buyers. To maintain this position, Hong Kong should monopolize the exhibition players through doubling the current venue size available, and the exhibitions can set up more booths to accommodate more exhibitors, hence attracting more buyers. Although doubling the current venue size may still be smaller than what is offered in other cities or countries, however, it is not size which matters, but the quality of the service provided and also the class of buyers and sellers. By absorbing more quality exhibitors, it will set an even higher standard for other countries, fortifying Hong Kong's position.

As for MIC, Hong Kong should look at attracting and accommodating conferences in medicine, information technology and finance, where the destination excels at. When compared to Mainland China, Hong Kong still has the advantage of an international culture and vision, which can better comply with the standards of global conferences.

Hong Kong should nurture MICE visitors because they contribute to the economy both directly and indirectly. The MICE visitors from Mainland China benefit the economy and rarely do they pose cultural nuisance to the general public such as shopping in the busy streets with their luggage behind, nor letting children relieving themselves on the street.

Planning Horizon

Maximum 3 years and exhibitions may be subject to risks of local political situation.

Interview with Mr. Richard Willis, Vice Chairman of Hong Kong Association of Travel Agents (HATA), Managing Director of Diethelm Travel Hong Kong, Corporate Development Director of Vigor Group

Date: 30 May, 2014
Time: 11:00 am – 12:00 pm
Venue: Unit A-C, 12/F, 8 Hart Avenue, Tsim Sha Tsui, Kowloon, Hong Kong

Outlook of travel agencies

Intra-Asia travelling has been and will continue to lead as the main trend. Travel agencies which specialize in the inbound long haul visitors should rethink where they should place their resources at. Short haul visitors will be increasing in demand and likely be repeat travelers especially with the commencement of LCC and high speed rail. Compared to westerners, they themselves come from countries with focus in service industry and are likely to have a higher standard and expectation, subsequently more demanding. Moreover, short haul visitors from places such as India, Vietnam, have different culture, food and language and may require special needs such as translation and Halal meals.

View on clamping down number of visitors

Hong Kong should not say 'no' to visitors, however should differentiate between visitors and traders who travel across border multiple times a day. They are the groups which cause inconvenience to locals and price hikes of daily products. Their activities should be regulated by administrative measures such as adjusting the multiple entry permit arrangement to once a day, which should be more than enough if they are travelling to Hong Kong as a tourists. This may have an economic impact on retail industry but not quite on travel agencies.

Tourism tax should not be imposed as this discriminates tourists. However, general tax such as sales, airport can be revised. Moreover, as cross-border by land is heavily used, taxing those travelling cross-border on land should be considered, though the administration may be troublesome.

Post-meeting notes:
As of end of 2013, 2.7million visitors enter Hong Kong by air, 1.3million by sea and 36.9million by land.

Challenges

Human resource is one of the main problems faced within the industry. There is a lack of English and other languages, such as Russian, Hindu, Vietnamese, proficient guides in Hong Kong and the overall language capability in the industry is also a challenge.

Information technology is another area which is believed to a challenge. SMEs are struggling to keep up with the forever changing trend, especially in mobile and social media, and they face a threat of being phased out. Moreover, more customers tend to book with hotels and airlines directly, further affecting the industry's business.

Accommodation wise, there are sufficient five to six stars hotels in Hong Kong but three stars hotels and youth hostels face shortages especially during peak seasons. There have been increasing number of requests for student tours and travel agencies often find themselves in a difficult situation when sourcing these budget hotels and youth hostels due to the limited supply.

Opportunities

There are retirees of other ethnic origins in Hong Kong who speak fluent foreign languages and the industry can recruit them into becoming tour guides in Hong Kong, filling the language barrier. Meanwhile, the government should be aware of the current language capability of the youngsters and also current workforce, and provide support to improve their language skills.

The government should also provide support to the SMEs on the transition towards a more technology based environment and give various trainings, wherever needed, to prevent the phasing out of large amount of SMEs. At the same time, the SMEs should also be innovative in conducting their businesses to counter the phenomenon of booking directly with hotels and airlines.

With various abandoned buildings in Hong Kong, they should be put into good use such as converting them into budget hotels and youth hostels to alleviate the shortages faced at the moment.

The sustainability of the industry and even Hong Kong's economy is dependent on the Chinese economy. Although the growth has been slowing down and the austerity program may have an impact on spending, China still is a strong country with much room to grow. Hong Kong should be more accommodating when it comes to Chinese visitors because it does take time to educate and change their cultural understanding. Hong Kong travelers were once discriminated against in Western countries due to

theirbehaviors as well and with time and education, we, too have changed. Hence, we should also aim to be patient and show them the correct etiquette, instead of discriminating the Chinese visitors.

In order to keep Hong Kong as a competitive destination, Hong Kong needs a long-term plan instead of piece meal projects. Developing new large scale tourism attraction or complexes is a must to sustain visitors' interest and extend Hong Kong's tourism product varieties. For example, other than Disneyland, are there any other theme parks we can build in Hong Kong to attract visitors? Also, the government can develop tourism spots such as a resort area in Lantau and develop transportation for hotels to be developed in places away from the city centre.

Hong Kong should also take advantage of its location, which sets a platform for businesses to enter China's market, giving rise to high number of business travelers to Hong Kong and also to MICE business.

With all the five stars and six stars hotels in Hong Kong, it is still considered a luxury destination; however, Hong Kong's luxury products are limited. Hence, Hong Kong should look to expand its attraction sites to provide a diverse experience for consumers.

Planning Horizon

In practice, travel agents planning horizon is roughly a year. Diplomatic relations, destinations' economies, currencies, weather, nature, health situations are too volatile, creating a risky environment for long term planning.

Interview with Mr. Wing Wong, Chairman of Hong Kong Association of Registered Tour Coordinators (HARTCO) and Managing Director of W Travel Service Limited

Date: 6 June, 2014
Time: 1:30pm – 2:00pm
Venue: Green, Hotel Icon

Outlook of tour guides

In Hong Kong, there is an abundant number of tour-guides who specialize in Chinese tours (hereafter, Chinese tour guides) and they typically face the following issues:

1. There is no guide fee paid to them
2. They have to pay 'cash advances' for bookings such as cars and restaurant bills, which will be reimbursed by the companies at a later date.
3. The two issues above create the incentive for tour guides to take up shopping tours where they receive commissions from the partnered shops. This in turn generates risks of complaint as the tour guides are more likely to place pressure on visitors to shop, creating a less pleasant experience.

As for Hong Kong tour guides with other language skill sets such as Russian and English (hereafter, foreign tour guides) tend to receive better remuneration package and are less likely to be involved in shopping tours. However, the industry is experiencing a shortage in this sector, where the demand is often larger than supply in English, Russian, Thai, Korean, Vietnamese and Indonesian speaking tour guides.

Regulatory bodies

The Travel Industry Council (TIC) was initially established to protect the interests of travel agencies. It was then appointed by the government to oversee the regulations of both inbound and outbound travel agencies. Most board members are the travel agents themselves, which provides a solid structure as they know the market very well. However, non-industry personnel may think that complaints were dealt with lightly because the organization is being lenient towards its peers.

With the newly established Travel Industry Authority (TIA), it mainly deals with the disciplinary side whilst the TIC is still responsible with the training and issuing travel agent licenses. It is believed that TIA may have a bigger bargaining power when it comes to suggesting law re-enforcements or other industry related amendments.

Training

Currently, sufficient training is provided for becoming a tour guide but the industry still requires more workshops in areas such as ethical issues and information of new attractions for the sustainable development of tour guides.

Sustainability

China is Hong Kong's long term source market. Moreover, Hong Kong is the first destination for Mainland travelers. This is mainly because of its proximity, accessibility and minimal language barrier. From Chinese visitors' point of view, their satisfaction level towards Hong Kong is still relatively high, despite the recent anti-Mainland-Chinese-visitors protests. However, the zero-fare shopping tours continue to pose a threat to the industry and Hong Kong's image. Although Chinese Government has enacted the National Tourism Law of PRC in October 2013 with banning zero fare shopping tour as one its intention, the impact was short-lived. It is believed that the Law should also stipulate the protection towards tour guides, protecting their rights and payment fees, which may in turn deter tour guides from leading zero-fare shopping tours.

Regarding the local sentiment, undoubtedly the increase of Mainland visitors has created inconvenience to some of the locals to a point of nuisance. However, this is only confined to certain locations and the government should think of how to redirect the flow of traffic. Locals should not be discriminating those who lack public etiquette. Instead, they should promote and educate the proper code of conduct to them. After all, Hong Kong travelers were once looked down upon as well due to their anti-social behavior abroad and through time and education, Hong Kong travelers also learnt how to behave and reach today's standard.

Interview with Mr. Paul Pei, Chairman of Hong Kong Association of Amusement Parks and Attractions (HKAAPA) and Executive Director of Hotel & Hospitality of Ocean Park Corporation

Date: 9 June, 2014
Time: 11:00am – 12:00pm
Venue: Executive Office Meeting Room, Ocean Park.

Theme Parks Outlook

In recent years, the focus of the amusement park industry has been on Asia. The region is experiencing a proliferation of new parks from Mainland China to Korea to India and the industry sees the highest growth in China. The new parks have access to land resources, manpower and other resources, which can easily dwarf Hong Kong's parks and they may no longer be as competitive as they once were.

In the long run, Hong Kong should not let its guard down because it may lead to the downfall of amusement park industry, otherwise. The government should look into ways to take better care of the visitors and meanwhile to further grow the number of tourists to Hong Kong. They should also actively find and encourage investors for funding of building infrastructures such as transport and roads. The government should also facilitate the process of obtaining land for attractions' use in Hong Kong.

Competitors

Within the region, the main competitors are Hengqin, Shanghai, Singapore and India. Within Hong Kong, although theme parks compete with each other, they also complement each other. This is because each provides critical mass, bringing more businesses to one another.

Capacity

Although Ocean Park is currently receiving 7.5million in a year, the venue is yet to reach capacity, but crowd management will be required during peak seasons. Dynamic ticket pricing is one way to help spread out the visitations as travel agents tend to offer packages at a lower price for low seasons. Moreover, Ocean Park is increasing its capacity through expansions to provide a variety of new products with the aim of creating a greater experience to attract new visitors and retaining existing ones. Disneyland is believed to have the ability to accommodate more visitors and is also undergoing expansions. As for other attractions in Hong Kong such as Noah's Ark and Ngong-Ping 360, they are far from reaching capacity and have great room to grow. More efforts should be placed in marketing to attract visitors.

Human Resources

Human resources remain to be one of the biggest challenges in the operation of theme parks in Hong Kong. It is a labor intensive industry as it requires customer interactions and in Ocean Park, 60 percent of the cost is allocated towards human resource. It is often the front-line sector which experiences a shortage. Furthermore, the language proficiency is also a concern within the industry.

The government should provide more vocational training such as re-training of housewives, advocate more part-time labor to ease shortage and improve language skills.

Sustainability

The industry relies heavily on tourism, which contribute greatly towards the economy. In order for the industry to be economically sustainable, Hong Kong has to look after tourists. Hong Kong citizens should not be shunning those with cultural differences, instead, they should be patient and educate the proper etiquette to them. It is important to realize that the economy can only bloom and grow with tourism in the picture.

Having said that, citizen's needs and wants should not be ignored and the government should also take care of them. The government can re-structure and re-zone the city to ease the impact of tourism on every-day lives of the locals. Moreover, the government should identify the voices of opposition, understand and address their concerns. More conversations and discussions should be held with the opposing people and grassroots. The government also has the responsibility to make the citizens realize tourism actually benefits the whole society directly and indirectly.

Planning Horizon

The planning horizon typically provides 3 to 5 years projection. The plans made should be visionary and serve as a preparation for the future.

Interview with Mr. James Lu, Executive Director of Hong Kong Hotel Association (HKHA)

Date: 13 June, 2014
Time: 3:00pm – 4:00pm
Venue: 508-511 Silvercord Tower Two, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong

Tourist Mix and Satisfaction level

Although the percentage of short-haul markets grows at a faster pace than that of long-haul markets, the change of mix will not affect hotel industry greatly. The visitors may behave differently in terms of language and purchasing habits, however, from the hotels' point of view, a visitor is a visitor and does not make a lot of difference.

It has been reported that the hotel satisfaction level rated by the visitors is generally lower in the short haul segment, especially Mainland China. This may be due to the hotel staff subconsciously discriminate against the Mainland visitors because of their behaviors. Some hotels service at lower price prices and compete with other hotels while some hotels charge at a higher price to discriminate clientele, trying to avoid Mainland Chinese visitors. However, price is not an issue for some of the mainlanders and they even request for the most expensive room of the hotel.

Both legal and illegal guesthouses, on the other hand, offer nicer and friendlier services.

View on day-trippers and cross-border shopping

Regarding cross-border shopping, it is a natural phenomenon because of various disparities such as currency value, pricing differences, taxation, attractions and food. It is commonly seen across the world such as USA vs. Canada and Pakistan vs. India. As for cross-border shopping from Mainland China in Hong Kong, an additional reason is that Hong Kong's products are fo higher quality and have better guarantee. There is nothing wrong with cross-border shopping and we shouldn't be imposing any limits on the number of visitors. Having said that, Hong Kong should also be weary of how its border is opened up to the Mainland cities. It should be opening up step by step instead of a wide opened floodgate and should revise multiple entry visa policy.

It has been reported that parallel trading is one of the by-products of cross-border shopping and the IVS scheme. However, it is believed that the majority of parallel traders are in fact Hong Kong citizens, less than 2,000 parallel traders are Mainlanders due to the strict travel regulations towards Mainlanders.

Sustainability

It is believed that the hotel industry has a bright future ahead as there will be visitors coming even if the growth rate is slower than before. Moreover, Hong Kong's hotel industry is blessed because of Mainland visitors and as long as they are visiting Hong Kong, we should not be shutting them off as they are crucial to the industry's sustainability.

Despite the positive outlook, there are a few challenges ahead such as issues in human resources, high room rates and land resources. Some hotel graduates are reluctant to join the hotel industry due to its old traditions and inability to evolve. The operations revolve around rules and regulations, policies and procedures, systems and processes, brand standards and image, which lacks appeal to youngsters who seek aspirations and inspirations.

In Hong Kong, many hotels are owned by property developers and often they would want to maximize profit and hence pushing the prices as high as possible and this should be monitored to avoid the skyrocketing of hotel room prices.

The procedure of obtaining land in Hong Kong is slow and is mainly in Government's hands. Hence, the government should simplify the procedures and allot more pieces of land for building hotels. It is believed that building hotels away from the North and South side of the Victoria Harbour may be able to help direct the flow of visitors. The best type of hotels to build is 4-star hotels, which proves to be most sustainable and lucrative. Moreover, Hong Kong should use Tokyo as an example where hotels can be found at any corner of Tokyo. This is only possible because of its advanced transport routings. Hence Hong Kong should also review its transport routings to provide maximum coverage of places providing convenience to visitors.

Government's role

The hotel industry does not wish the government to interfere with any policies and regulations and tourism tax is strongly opposed. However, outside of the industry, it is believed that the government should look into several issues. The government should attempt to slow down the grown rate of same day visitors and revise the multiple entry visa policy. At the same time, it should open the IVS to more cities which are far away from Hong Kong. This will attract more affluent and quality visitors to Hong Kong with the purpose of shopping, eating and sightseeing. They are likely to travel by air, stay longer and spend more. These overnight visitors can more than compensate for the slower growth of day trippers.

Interview with Mr. Wong Wing Chee, 黃永帜, Chairman of the Hong Kong Association of Restaurant Managers (HKARM)

Date: 26 June 2014
Time: 5:00pm – 6:00pm
Venue: Dragon King Restaurant, 3/F, Whampoa Gourmet Place, Hung Hom

Importance of Tourism

Tourism has a certain impact towards the restaurant industry in Hong Kong and the growth of the industry has been assisted by the increase of tourists. In general, 10 to 20 percent of the customers are tourists. However, this percentage may increase during vacation period. Over the last few years, an increase of Mainland tourists has been witnessed, while the number of tourists from Taiwan and East Asia has remained roughly the same. As for the long haul sector, a diminishing in market share has been noticed.

Factors affecting the industry

One of the major factors affecting the restaurant industry in Hong Kong is the political changes of the market source. There have been significant changes in the industry before and after the appointment of the Chinese President Xi Jinping , who sees cracking down on corruption as one of the government's objectives. Prior the appointment, hosting a HKD 20-30K meal in Hong Kong is not uncommon for Mainlanders when treating guests. The reason of why they are willing to spend this amount, other than showing off their status, is because of the trusted quality of Hong Kong's food, with the level of hygiene and toxicity highly regulated. However, with this spending power, the service quality expected by the host is equally high and demanding. After the announcement of the crackdown of corruption, the number of high spending meal for entertainment purposes has decreased by 50 – 60 percent. With this change, the restaurants industry turned its target towards middle to low spending clienteles, averaging on HKD 2, 000 to HKD 3, 000 per table. In order to maximize the profit, most restaurants aim to accommodate two sittings per table per night.

The outlook of other industries also affects the restaurants' revenue. For example, whenever a deal has been made in the real estate sector, a celebration meal will be held for the team. With the slowing down of the real estate sector, fewer meals of such occasions were held, hence affecting the restaurants' business. Other economic fluctuations also affect the restaurants businesses.

Challenges and opportunities

Human resource is one of the major challenges that the industry is facing, both managerial level and front line staff. Even if all those who are receiving training return to the restaurant industry, the industry will still see a shortage of labor. Moreover, most of those who received training tend to go for restaurants of higher class instead of the grass root type restaurants.

Other than human resource, a lot of restaurants with historical significance are closing down due to high rental. It is important to preserve the local cuisine and ensure the heritage and traditions of Hong Kong restaurants are not lost.

Sustainability

It is believed that there is a positive outlook on the restaurant industry's future. This is because Hong Kong is relatively politically stable and everyone needs to eat, be it locals or tourists. As long as there are not major shocks and political changes, Hong Kong's restaurant industry will remain strong.
Moreover, it is vital to retain the Chinese visitors for the industry to be sustainable. The government should have better controls over tour guides to inhibit forced shopping tours. Moreover, the tourism related products from immigration to hotel to transport should be improved, especially at cross-border points and number of hotels. Government should also educate the locals regarding the positive influences of tourism.

Interview with Mr. Michael Li, Executive Director of the Federation of Hong Kong Hotel Owners (HKFHO)

Date: 4July 2014
Time: 10:00am – 11:30am
Venue: Room B201, B2 InterContinental Grand Stanford HK, 70 Mody Road, Tsim Sha Tsui East

Tourism in General

The phenomenon of tourist mix tilting towards short-haul travelers has been occurring for a while. Traditionally, Hong Kong focused on long haul visitors and only included Mainland visitors in the past decade. After SARS, the Chinese Government has implemented Individual Visit Scheme, allowing Mainland visitors to travel to Hong Kong individually as well as in groups. This scheme is essentially two sides of the same coin. Although it greatly boosts the economy, Hong Kong may end up relying too much on China. At the moment, Hong Kong's tourism is reaching a critical point. It is difficult for USA's and Japan's economy to reach their previous peak and the short haul market, which comparatively has a smaller spending power than long haul market, is now the main source of tourists for Hong Kong.

Even when facing the increasing number of tourists, Hong Kong should not impose tourism tax, especially for land transport, mainly due to political sensitivity issues, huge administrative cost and complexity of the operation.

Opportunities and Challenges

Hong Kong Government lacks foresight in tourism planning and should refer to Singapore's tourism policy as an example. Many destinations have their own tourism bureau or ministers such as Taiwan and Macau, and the Hong Kong Government should establish a bureau for tourism alone for better tourism development, customizing a 'mission and vision' for the Industry.

Currently, the suggestions for Lantau Island development alternate between resort area and mega shopping malls. It is believed to be a suitable place to build a resort, especially with its scenery. It is also a great venue to develop Meetings, Incentives and Conferences markets. However, the government should first review the transportation to and within the Island. Majority of the hotel customers in Lantau Island are locals, partly due to the accessibility to the hotels. There are access restrictions causing the inability of tourists taking taxis to some of the hotels, which causes inconvenience to them, especially when they are hauling luggage. Signage for hotels is inadequate, causing confusion to potential and existing customers.

Some believed the completion of Hong Kong – Zhuhai- Macau Bridge will bring about even more tourists to Hong Kong. However, with the transport link established between Macau and Mainland China, it may lead to MICE customers by-passing Hong Kong and eventually affecting the MICE business. Hong Kong's MICE industry itself at the moment is slowly losing its edge compared with Macau's growing market share in conferences and incentives. One of the indicators of the less prosperous MICE is the hotel prices around the Convention Exhibition Centre. At its prime, the prices remain high at times of exhibitions and conferences, regardless of high and low season. Currently, high prices only occur during peak season of MICE.

Moreover, Hong Kong has limited MICE venue, however, the industry is highly seasonal. Hence, there is only shortage of venues during peak seasons. Moreover, Hong Kong needs a mega show which can attract international travelers. HKTDC, being the venue owner and organizer, should also cooperate with other local and overseas organizers to attract more businesses to Hong Kong. Hong Kong should have made use of the land in West Kowloon or in Kwun Tong (Kai Tak) area to build more venues for MICE. One possible opportunity is to integrate the MICE venue in a multipurpose building, similar to the concept of International Commerce Centre in West Kowloon.

The newly built cruise terminal is not being fully utilized at the moment and the facilities, such as transport, have not been well organized. If hotels were to build around the cruise terminal, the sustainability of those hotels may not be viable due to the inconvenience of location, lack of transport links and most importantly, demand.

Hotel Issues

Currently, Hong Kong hotels are clustered on North and South side of the harbor. With limited available land in prime location, hotel sites should be spread across Hong Kong provided there is sufficient transport to and from the hotels. Offices and residential can be converted into hotels of 3-star and 4-star rating.

Hotel staff is the crucial software of hotel operation and the quality of services is vital. However, recently, the Tourist Satisfaction Index and Tourist Quality Service Index showed that short haul visitors rated their experiences lower than that of long haul visitors. This may be due to the underlying discrimination factor by Hong Kong people, where they tend to have higher tolerance towards tourists of Caucasian ethnicity than Asian.

The hotel industry is also facing problems in human resources. There are plenty of graduates with relevant degrees, however, not many enter the industry or they tend to leave shortly after.
There is a need to distinguish by law the differences between Hotels and Guesthouses. At the moment there is no clear definition for both and some accommodation with guesthouses features brand themselves and hotels, giving false impressions to visitors.

After meeting notes:
According to Mr. Li, the Government has agreed to study the issue on the need of distinguishing by law the differences between Hotels and Guesthouses.

Sustainability
Overall, the industry undergoes ups and downs and there are a lot of uncertainties ahead. However, it is predicted that there won't be too many changes. It is worth noting that the number of hotels available in Hong Kong should be taken with care as a domino effect may take place. If the hotel supply is far beyond demand, then the hotels would need to lower their prices to survive, which will in turn affect the service quality, subsequently downgrading the rating of the hotel, affecting the profit margin, which may lead to exiting of market.

The sustainability of China will continue but changes in spending and travelling pattern should be taken into account. Along with time, their thinking and demand will be different. With growing prosperity, they have more choices to choose from for holidays and can buy luxury goods from Paris, London instead of Hong Kong. More mainland visitors will be buying daily goods instead of luxury items.

A quota should not be set upon the inbound Mainland visitors. There is increasing number of high spending mainland travelers with moreeducated background visiting Hong Kong while Hong Kong should educate those of grass-root level. Hong Kong should review what kind of visitors it should target and what the society wants. An evaluation on the impact of reducing the number of 'unwanted' visitors should be done and the government should aim to strike a balance between the local sentiment and the economic impact.

Interview with Mr. Joseph Y. C. Tung, Executive Director of Travel Industry Council of Hong Kong (HKTIC)

Date: 08 July 2014
Time: 4:00pm – 4:45pm
Venue: 17/F, Fortress Tower, 250 King's Road, North Point, Hong Kong

Current Outlook of Travel Agent

Overall, there is a decrease in the demand for travel agents as a lot of travelers have become Frequent Independent Travelers (FITs). The trend is especially prominent with Taiwanese and Japanese. For those who still use travel agents, the main reasons are for deals on flight and hotel packages and for convenience.

Travel agents favor long haul market, as opposed to short haul, because they tend to travel in group and the need of providing itineraries for themare higher, generating higher revenue for the travel agents. Moreover, the general trend of long haul packages often includes multiple destinations such as Pearl River Delta and Macau.

Short haul market wise, the largest source market is Mainland China. This sector can be further divided into day trippers and overnight visitors. Although the number of Mainland visitors continues to rise, it does not benefit greatly towards the travel agent industry because only 10 percent of the visitors join group tours. Moreover, the group tours which are catered for Mainland tourists are dominated by only a handful of agents. They are those who organize zero-fare shopping tours,which are popular amongst the segment of budget-conscious Mainlanders. This is because they believe that they aretaking advantage of low priced package. These zero-fare shopping tours often force tourists into shopping, affecting the customers' experiences and pose a threat towards Hong Kong's image as a destination. This phenomenon does not benefit the travel agent industry.

The increase of mainland visitors can only benefit the industry if all tours are priced reasonably and fairly. Currently, there are very limited reasonably priced tour packages to Hong Kong available and the itineraries often include only Disneyland and Ocean Park, allowing the customers to tour freely around Hong Kong, acting like Individual Visitor Scheme travelers.

Overall Tourism in Hong Kong

Hong Kong as an international city should not impose a limit to visitors because this violates the city's international image, leading others to doubt of Hong Kong being a free port. For the same reason, tourism tax should not be imposed either.

There have been voices saying Hong Kong is losing its edge in this sector when compared to other destinations. This is because Hong Kong does not have many venues which are capable of holding large concerts and shows. The last venue built which can cater for large concert and entertainment purpose is AsiaWorld-Expo in 2005 and the other one is Hong Kong Coliseum in Hung Hom.

At the moment the Government should review its planning on the facilities supporting tourism products such as transportation. The newly built cruise terminal is one example of poorly organized project with inadequate planning for directing flow of traffic. Hong Kong Government must take action to review its transport links and facilities with the establishment of Hong Kong-Zhuhai-Macau Bridge in mind to ensure convenience for the visitors.

At the same time, Hong Kong's Tourism Commission does not have enough power to negotiate with other Government departments. In order to improve Hong Kong tourism supporting facilities, Hong Kong Government should establish a bureau for tourism and take initiative to invest into tourism products and supporting infrastructures to lead the commercial side. Moreover, Hong Kong government should also be consistent with its political views and policy directions to secure the confidence of potential investors.

Opportunities and Challenges

Supply of manpower for travel agent industry is not a major problem because academic level required to take up these roles is not very high therefore it can provide much employment. However, we need more of those who are willing to make the effort to equip themselves and innovative. Training programs to develop skills in setting itineraries are needed to groom talents.

Knowledge in both airline and hotels are vital to the travel agent industry. For travel agents conducting both inbound and outbound services, wide range of choices as well as in-depth knowledge of the destinations are required to service the customers of modern travelling. The travel agents should seek to develop new itineraries and be innovative for the industry to survive.

Sustainability of Chinese visitors

Although the number of mainland Chinese visitors is increasing, the mode of travelling will be different. Instead of focusing on luxurious items, they will start buying daily products because of the trusted quality products sold in Hong Kong. Hence, economically, the sustainability is weak and Hong Kong should take the changing of shopping pattern in account.

Moreover, if the vocal groups who wish change China into a more politically open country, Hong Kong should absorb more tourists instead of shutting them off. This is because after visiting Hong Kong, Mainlanders realize that they need to queue and behave themselves and adhere to different social restrictions. Their scope of horizon will be wider which will lead to their change of behaviors and thoughts.

Last but not least, TIC need to handle those forced shopping tours in Hong Kong organized by unlicensed travel agencies in mainland. This is to protect the tourists' right and also Hong Kong's image.

Interview with Dr. Eric Tsang, Chairman of Green Power and Associate Professor of Department of Science and Environmental Studies at The Hong Kong Institute of Education

Date: 26 August, 2014
Time: 15:00pm– 16:00pm
Venue: Room 40, 1/F, D3, Hong Kong Institute of Education, 10 Lo Ping Road, Tai Po

Outlook of Ecotourism and nature-based tourism in Hong Kong

Ecotourism is a kind of tourism which advocates sustainability and embracing culture and heritage. It focuses largely on behavior of the tourists, where the ecotourism guides will educate what actions are appropriate in preserving the environment. Nature-base tourism, on the other hand, tends to focus on the experience of tourists, providing them information about the site. At the moment, Hong Kong has attractions such as Geopark and dolphin watching and it is believed that Hong Kong has a huge opportunity to develop nature-based tourism and ecotourism, in terms of availability of natural resources. It will benefit the locals to interact with the environment more often, providing them more opportunity to learn about the nature.

However, there are conflicting issues faced when dealing with the development of ecotourism and nature base tourism. In order to preserve the natural habitat and surrounding environment, it will be ideal to impose policies such as placing a cap on the number of visitors to the sites, yet this will limit the potential making profit, conflicting with the business goals of the tour operators. Regulations targeting appropriate behavior of tourists, such as anti-littering, can be enforced. However, the monitoring of violations of such regulations may be difficult as this will require a large amount of manpower.

Efforts by government and tourism industry

Government efforts in promoting ecotourism and nature base tourism are very limited. It has been suggested that government should put in place more measurements towards protecting the environment to prevent erosion from tourism. Government should also enforce the monitoring of environmental related regulations.

The tourism industry's efforts in environmental protection have been recognized, such as introducing policies with low carbon footprints. However, it has been realized that it is hard for the industry to embrace environmental protection because this will most likely have a negative effect on their profit generation.

Potential man-made island and third runway

Creating a man-made island is opposed from an environmental point of view because reclamation will definitely harm the marine habitat.

Environmental Impact Assessment Report has been underway for the third runway project. After several meetings, Environmental Impact Assessment (EIA) Subcommittee has filed in many concerns and questions for The Airport Authority of Hong Kong to answer. The Environmental Impact Assessment Report will then be reviewed by the Advisory Council on the Environment (ACE), which will then be passed on to the Environmental Protection Department for approval of an Environmental Permit along with setting any necessary conditions. If the permit is issued, the Town Planning Board's approval will be required as land planning is involved.

Opportunities

Instead of limiting the number of tourists, it will be better to change the behavior of tourists. Both imposing tax and limiting number of tourist is considered to be an easy way out with only a temporary measure. Both are not recommended.

One way of changing the behavior of tourists is through education. Environmental protection knowledge can be incorporated into the assessment of or in Continuing Professional Development program for tour guides. The tour guides can then act as a media to influence and educate the tourists the correct behavior and at the same time allow the tourists to learn how to appreciate the environment.

Sustainability (China specific)

It is believed that Chinese tourists can provide economic sustainability in general. However, their interest in ecotourism and nature based tourism is limited.

Social sustainability wise, with the current social sentiment, it is hard to believe that it will be sustainable and that the locals and Chinese tourists will interact harmoniously, unless something is to be done to improve the situation.

Response from Hong Kong Retail Management Association (HKRMA). Received on 10 June 2014

1. How would the retail industry define the periods for mid- and long term plan?

In the medium and long term, retailers of Hong Kong will face increasingly stringent and difficult business environment in view of the following challenges:

a) **Uncertain economic outlook**: The prevailing weak economic prospect of the US and the European markets continues dampening Hong Kong's growth prospect.

b) **Escalating compliance cost**: An increasing number of business related laws and policies have been enforced in most recent years. They include the Plastic Shopping Bag Levy, Nutritional Labeling, Statutory Minimum Wage, the Producer Responsibility Scheme covering different forms of municipal wastes, Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance, Competition Law, the proposed legislation on Standard Working Hours and more. Retailers need to put extra resources and manpower to ensure their operations complying with these laws and policies.

c) **Acute shortage of labor**: The sustaining development of retail industry is seriously impeded by an acute shortage of labor. With the introduction of Individual Visitor Scheme (IVS) since 2003, the industry's rapid development is unmatched by its growth of manpower, which creating a lot of bottlenecks in operation that damaging service level and prohibiting long term development.

d) **Skyrocketing rental**: Due to tight land supply in Hong Kong, the total retail space only grew 17% over the period of 2003 to 2013, from 9,305,600 sq.m. in 2003 to 10,882,700 sq.m, in 2013. (Source: Rating and Valuation Department). As a result, Hong Kong is suffering from the world's highest rent for prime retail properties. According to a Reuter report in 2013, for comparable districts, rental of Hong Kong was nearly 50% more than Manhattan, and forth times more than London and Paris.

Amidst these challenges, retailers are positive about the industry's prospect in view of the following opportunities:

a) **Closer economic ties with China:** The ever closer economic integration with China provides Hong Kong with abundant opportunities for long term development.

b) **Status as the world's shopping paradise:** With reliable products, extensive range of merchandise, quality customer service, and ease of travel, Hong Kong will maintain its pivotal role as the world's shopping paradise.

c) **New infrastructure projects**: At the moment, there are a number of infrastructure developments going on in Hong Kong, such as the Kai Tak cruise terminal, High Speed Rail, Hong Kong-Zhuhai-Macao Bridge, and likely the Third Airport Runway. These projects will increase Hong Kong's connectivity to the world and reinforce its status as the world's tourist destination.

2. With the rapid increase of Chinese tourists, especially IVS, what is the impact of the change of mix of tourists to Hong Kong's retail landscape?

According to a study on mainland visitors by Nielsen released in late 2012, visitors from China's non-Tier 1 cities grow faster than that of Tier 1 cities. However, the purchasing power of visitors from non-Tier 1 cities is lower than that of those from Tier 1 cities. Therefore, despite the continuous growth in number of mainland tourists, the retail sales receipts do not grow proportionately.

In addition, visitors from Tier 1 cities mainly purchase cosmetic products, jewelry and watches, electronic products and high-end fashion while visitors from non-Tier 1 cities focus more on mid-range priced and even mass consumption products, such as drugs/ Chinese medicines and daily consumerables.

The overall spending of mainland tourists witnessed a decreasing trend especially on jewelry and watches, premium or luxury products in the last 12 months. For example, the sales value of jewelry, watches and clocks, and valuable gifts recorded a year-on-year increase of 60% in April 2013, however, a drop of 39.9% was registered in April 2014.

The growth momentum in mainland tourists' spending has been obviously slowing down primarily due to the change of tourist mix, the cooling down of China's economy, coupled with stringent anti-corruption measures imposed by the Chinese Central government.

Since Hong Kong's retail market is highly competitive and extremely responsive to market factors such as tourist mix, we believe the policy direction of IVS will remain a key factor in shaping the retail landscape.

3. There has been discussion on building mega shopping malls near the border to divert flow of cross-border shopping tourists.

a. What is your opinion on this?
b. What factors should be taken into consideration when building such a mall?

The Association has been persistently urging the Government to increase retail space and enhance tourist reception capacity in recent years. We welcome the suggestion of building shopping malls near the border. We think that new shopping malls can divert shoppers to different areas effectively, and provide tourists with more shopping options.
To ensure success of these mall developments, the Government should adopt a holistic approach in the overall planning which should include well-thought supporting and peripheral facilities that are seamlessly integrated with the already established tourist clusters in Hong Kong.

The Association urges the Government to conduct Policy Impact Study before implementing any new policy relating to retail industry.

4. How does HKRMA support the retail industry in Hong Kong in serving the needs of local community and tourists?

The Association supports the industry in the following aspects:

(a) Serving as the voice of the retail industry

As the leading organization representing the retail industry in Hong Kong, the Association works diligently as a bridge between its members and the Government and has maintained a high profile as a leading voice of the retail industry.

(b) Advocating retail manpower development

The prevailing manpower shortage problem has been impeding the industry in delivering quality service to both local customers and the large number of tourists. The Association has been advocating the development of a bigger pool of qualified manpower for the retail industry. As a result of our strong push, the Financial Secretary announced in his 2014-15 Budget that HK$130 million will be provided for a series of initiatives put forward by the Task Force on Manpower Development of the Retail Industry.

These initiatives include both immediate measures, such as job fairs dedicated to the retail industry and a technology matching fund to help SME retailers enhance their productivity, and long term projects to support the sustainable growth of the trade, namely the Earn & Learn Pilot Scheme for the retail industry and the rebranding exercise of retail industry.

The Earn & Learn Scheme is a pilot training and support program designed for young people, combining classroom learning and work placement. This structured apprenticeship program is one of the attempts to address the current manpower shortage. The Association will collaborate with the VTC in this Scheme subsidized by the Government in 2014-2015 academic year.

At the same time, the Association has been working closely with the Government on ways to rebrand the industry's image in an attempt to attract young people joining the industry and promulgate to the public that the industry is professional with attractive prospect.

(c) Upholding HK's customer service excellence

The Association is strongly committed to continuously enhancing customer service excellence in Hong Kong. The Association organizes various awards to foster a healthy competitive environment and recognize quality service providers. These awards include the Service & Courtesy Award launched since 1985 which is reputed as the Oscars of the retail industry, the Mystery Shoppers Program that benchmarking service level across the industry, and the Hong Kong Awards for Industries: Customer Service.

The Association is one of the issuing bodies of "No Fakes Pledge" Scheme of the Government's Intellectual Property Department. Through promoting the Scheme to its members, the Association helps promulgating sales of genuine good and ethical trading practices.

(d) Uplifting retail professionalism

The Association organizes a wide range of seminars and workshops on a regular basis on topics meeting the latest needs of the industry. The Association also collaborates with educational institutes to provide retail related courses for in-service practitioners. For example, the Association organizes a Professional Diploma in Retail Management jointly with the VTC since 2013.

In 2009, the Association had taken the lead to work with the Education Bureau to establish Qualification Frameworks (QF) for retail industry. The first set of Specification of Competencies (SCS) for the retail industry is released in 2013, laying a solid foundation for a comprehensive reference on retail vocational training and thus enhancing the overall manpower quality in Hong Kong.

In late 2014, the Recognition of Previous Learning (RPL), a key mechanism under the QF framework to recognize practitioners' prior learning and working experience will be rolled out. This will represent a great leap forward in strengthening the industry's professionalism.

5. What aspects do you suggest the government to focus on, with the increasing of tourists in mind?

(a) About the Individual Visit Scheme (IVS)

There are concerns in the community recently about the continued influx of mainland tourists and its negative impacts. However, the Government should accurately assess the benefits that the IVS has been bringing to the economy since its introduction in 2003, especially in spurring significant growth in tourist receipts, creating employment and generating many other economic gains to Hong Kong.

Before a full impact study is in place, the Association urges that the Government should maintain its current policy on IVS and not to impose any restrictive measures. At the same time, the spirit of free trade port should be well protected.

(b) Expand tourist reception capacity

As many countries in the world are now fighting fiercely to attract tourists, we suggest the Government should give policy priority to expand our tourist reception capacity the soonest, which includes expansion of retail and hospitality facilities, new tourist attractions, and equally important is the promulgation of service excellence and hospitality culture.

In order to diversify tourists and shopping clusters, the Government should step up the development of North Lantau Island into a new one-stop tourist hub, taking advantage of its proximity to the airport, Disneyland, Asia World-Expo, and Hong Kong-Zhuhai-Macao Bridge.

(c) Adopt a holistic approach in tourism & retail development

At the moment, the development initiatives of the Government in tourism and retail industry are often piece-meal, fragmented or sector-specific, while without a broad and long term perspective on its implication to Hong Kong as a whole.

The Association suggests the Government may consider setting up a permanent structure/organization to overseeing the entire development of tourism and related industries including the retail trade. With a focused and holistic approach, the said setup may help promote synergy among various industries and rationalize the use of resources to achieve sustaining growth.

6. What changes do you anticipate in the future of retail industry? Also, what is your view towards the high-end and low-end markets in the future and what would they include?

Retailers in Hong Kong are operating in a highly concentrated and sophisticated market, which will be influenced by the following trends:

(a) **Mounting regulatory pressures**: Retailers are facing heightening pressures from a growing number of government regulatory measures on their business. They feel that regulatory uncertainty hampers growth and is becoming a growing concern to their business.

(b) **Technology trending up:** Retailers are facing increasing pressure in using social media and mobile technology to enhance their business and customer experience. To improve business efficiency, use of technology will also be increased in retailers' operation such as logistics and inventory controls.

(c) **Fierce competition**: With rapid advance in technology, ever increasing free flow of information, continued influx of international brands, as well as escalating high cost structure, retailers will face cut-throat competition and have to be strategically positioned their business models to maintain survival.

(d) **Cautious investment strategy**: Challenged by economic uncertainties and high volatility in the marketplace, retailers will act cautiously on investing capital to spur growth.

Both the high-end and mass retail segments will be affected by the above trends in Hong Kong in the time to come.

7. Given the current development of China outbound travel to Hong Kong, do you think that the market development will be sustainable from economical point of view? For economic sustainability, we mean destination attractiveness, employment opportunities, visitor satisfaction, and development control etc.

Hong Kong's tourism combined with the vigor of retail industry will enjoy much greater growth potential in the time to come, and will increasingly become a key source of foreign receipts and an engine for employment. However, the Government should step up its efforts immediately to enhance the tourist reception capacity and to ease the negative sentiments of local residents towards mainland tourists.

8. Given the current development of China outbound travel to Hong Kong, do you think that the market development will be sustainable from social point of view? For Social sustainability, we mean local satisfaction, local perception, local complaints, visit behavior, and community wellbeing etc.

As the retail industry will inevitably remain as one of the major pillars of Hong Kong's economy, it is pivotal for the Government to carry out a holistic study on the industry's long term development together with other peripheral industries, not only on the economic sustainability but also on its social implications.

Amongst all, the mega trend of economic integration and closer ties between Hong Kong and the mainland at large, and the resulting challenges and opportunities of such development should be carefully assessed. We believe without a wider perspective supported by solid findings, it is difficult for Hong Kong to develop an appropriate and realistic stance in receiving mainland tourists, and on other related matters pertaining to its sustaining growth.

Response from Hong Kong Tourism Board (HKTB). Received on 25 August 2014

What is your opinion on the current phenomenon of Hong Kong's visitor mix with its source market heavily leaning towards Mainland China?
How would you describe the visitors which Hong Kong is targeting to attract?
What are the strategies to reach out for more of these visitors?

- It has always been a key objective of the Hong Kong Tourism Board (HKTB) to maintain a diverse visitor portfolio for Hong Kong. In recent years, the HKTB has been focusing on investing in 20 global markets, which together contribute about 95% of all arrivals to Hong Kong, in order to maximise the effectiveness of its resources.

- It is also one of the HKTB's missions to maximise the economic contribution made by tourism to the Hong Kong community. To this end, it invests the majority of its marketing resources in the international (non-Mainland) markets and the non-Guangdong regions in the Mainland, with a view to attracting overnight visitors, especially the high-value segments, includingthe Mid-career, Achiever and MICE segments.

- Meanwhile, the HKTB has identified various new markets with high potential for investment, including Russia, India and the countries in the Gulf Co-operation Council (GCC), to open up new visitor sources.

- Considering the compound average growth rate (CAGR) of overnight arrivals to Hong Kong between 2009 and 2013, all market regions experienced growth:

  Overnight visitor arrivals to Hong Kong (2009 Vs 2013)

('000)	**2013**	**2009**	**CAGR13 vs. 09**
Total overnight	25,661	16,926	+11.0%
Mainland China	17,090	9,664	+15.3%
Short Haul	4,899	3,901	+5.9%
Long Haul	3,058	2,929	+1.1%
New Markets	614	433	+9.2%

- Growth of the Mainland market could be attributed to a number of factors, including the robust development of the Mainland economy, tourism policies including the Individual Visit Scheme implemented by the Central Government, and the geographical proximity between the Mainland and Hong Kong.

- As for the short-haul, long-haul and new markets, notwithstanding numerous unfavourable factors, including sustained global economic uncertainties, as well as natural disasters, currency exchange issues and geopolitical tension, among others, which affected individual markets, their overnight arrivals still recorded positive growth.

- The HKTB will continue to diversify its investment and allocate resources to its target markets flexibly according to marketneeds and changes in the macro environment.

There have been voices about Hong Kong requiring other international events which have the same impact as the Hong Kong Sevens. Are there any events or shows which the HKTB is currently developing with this objective in mind?

- Hailed as Asia's events capital, Hong Kong has a solid year-round events calendar. From January to December, the calendar is packed with a wide variety of major events organised by the HKTB and other parties.

- Some examples are the HKTB-organised Hong Kong Dragon Boat Carnival in the summer, the Hong Kong Wine & Dine Festival in early winter, and the International Chinese New Year Night Parade during the Chinese New Year, as well as world-renowned arts and cultural events like Art Basel, the Hong Kong Arts Festival and the Hong Kong International Film Festival, and international sports events like the Hong Kong Marathon and the Hong Kong International Races.

- The HKTB strives to hype up destination excitement not only by enhancing its events and supporting events by other parties, but also by organising new events. For example, in winter this year, it will organise the first-ever Cycle Hong Kong, a mass cycling event and carnival, to generate publicity for Hong Kong and enrich visitors' experience.

What is your view on Hong Kong's tourism supporting facilities such as transportation, restaurant, accommodation, and immigration?
What do you think the Government should do to support the growth of this industry?

- Hong Kong's tourism facilities are up to international standards. For instance, its transportation system is widely recognised for its safety, affordability and efficiency.

- In addition to infrastructure and facilities, the HKTB believes that service quality is of great importance to Hong Kong's image as a travel destination. Recently, we have noticed a decline in visitors' satisfaction level. In the first half of 2014, overall satisfaction was 8.2, compared to 8.3 in 2013. The HKTB and the tourism trade find it imperative to address this decline and are working closely to improve overall service standards so as to maintain Hong Kong's image as a hospitable destination.

- To our understanding, the HKSAR Government is conducting research and devising long-term strategies to enhance Hong Kong's tourism supporting facilities. The HKTB is in support of the Government's initiatives in this regard.

There has been a decrease in group tours from Mainland China. Do you think this is attributed to the recent anti-Mainland protests?

- When the Tourism Law was implemented in October 2013, group tour arrivals from Mainland China did go down. However, the figure started to rebound since December 2013, just two months after the implementation of the law.

- According to the HKTB's data, group tour arrivals from Mainland China in the first half of 2014 reached 2.9 million, a 24.9% increase year on year.

What is the outlook of Hong Kong tourism industry?
Given the current development of China outbound travel to Hong Kong, do you think that the tourism industry will be sustainable from economical point of view? For economic sustainability, we mean destination attractiveness, employment opportunities, visitor satisfaction, and development control etc.

Given the current development of China outbound travel to Hong Kong, do you think that the tourism industry will be sustainable from social point of view? For social sustainability, we mean local satisfaction, local perception, local complaints, visit behaviour, and community wellbeing etc.

- Tourism is an important pillar of Hong Kong's economy. In 2013, total tourism expenditure associated with inbound tourism (TEAIT) exceeded HK$332 billion (14.8% year-on-year growth). In addition to tourism receipts, the industry provides over 230,000 direct jobs, and even more indirect employment opportunities in other service industries, such as the retail, catering and transport sectors.

- The HKTB believes that a diverse visitor portfolio is essential for the long-term sustainable growth of Hong Kong's tourism industry, and it will continue its investment and visitor segment strategies to diversify the visitor mix. Meanwhile,the HKTB understands that it is important to strive to maintain a balance between tourism development and social wellbeing.

Response from the Hong Kong Tourism Commission on (HKTC). Received on 27 August 2014

Given our close geographical proximity with the Mainland, together with the sustainable growing Mainland economy and favorable tourism policy set by Mainland authority towards Hong Kong, it is only natural that Mainland market contributes the majority of our visitor arrivals. Last year, we received 54.3 million visitors with Mainland arrivals accounting for 75% of the total. As for the number of Mainland inbound group tours, we understand that the number for the first half of 2014 has been more or less the same (or even slightly increased) as compared with the corresponding period last year. You may wish to approach the Travel Industry Council of Hong Kong direct for the detailed figures if necessary.

We expect that Mainland's outbound tourism industry will continue to expand steadily in the years ahead in line with the continuous growth in its economy. It is reasonable to expect that the number of Mainland visitors to Hong Kong will continue to grow in the years ahead and provide momentum to our tourism industry. That said, we are facing intensified competition among travel destinations in the region. Tourist destinations around the world are stepping up their efforts to entice visitors through investing substantially to develop new tourism facilities and launching large-scale marketing campaigns. Some destinations have relaxed visa requirements for travelers, in particular Mainland visitors.

We understand the Hong Kong community's concerns about the impact of the continuous growth in visitor arrivals on people's livelihood. Over the past period, the Government has done much work on various fronts for this issue. The Chief Executive announced in September 2012 that the relevant Mainland authorities would liaise and work closely with the Government to ascertain the receiving capacity of Hong Kong before considering implementing multiple-entry Individual Visit Endorsements for non-permanent residents of Shenzhen, and arranging the orderly issuance of exit endorsements for non-permanent residents in six cities.

The Government completed the Assessment Report on Hong Kong's Capacity to Receive Tourists (Assessment Report) at the end of last year. The areas taken into account include the handling capacity of boundary control points, capacity of tourism attractions, receiving capacity of hotels, carrying capacity of public transport network, impact on the livelihood of the community, and economic impact, etc.

In view of the continuous growth in visitor arrivals, the Assessment Report recommended that Hong Kong should enhance the capacity to receive tourists in different aspects. Along the recommendations in the Assessment Report, we are currently working on various fronts to enhance our capacity to receive

tourists. First of all, we endeavor to increase the supply of hotel rooms, including actively identifying ways for the gradual release of the six sites facing Victoria Harbour within the "hotel belt" adjacent to the Kai Tak Cruise Terminal to the market starting from the end of next year. Also, the hotel project at the MurrayBuildingsite has been successfully tendered. Upon commissioning, this hotel, together with the Ocean Hotel in the Ocean Park and the third hotel in the Hong Kong Disneyland, will provide a total of over 1 500 rooms.

Second, on tourism facilities, the Ocean Park Corporation will develop an all-weather indoor cum outdoor waterpark at Tai Shue Wan. It is expected to be completed in 2017. As a landmark tourism infrastructure in Hong Kong, the Government has been, in collaboration with the Walt Disney Company, dedicated to developing the Hong Kong Disneyland (HKDL) to be the premier vacation and entertainment resort destination in the region. The HKDL will unleash a series of brand new initiatives in the coming years, including the new night time parade "Disney Paint the Night" in October 2014, a new themed area based on Marvel's heroic character Iron Man by late 2016. Meanwhile, the HKDL is actively pursuing studies to build out to the existing theme park in the coming decade. Furthermore, the Government is also committed to developing cruise tourism in Hong Kong. The first berth of the Kai Tak Cruise Terminal was open in June 2013 and can accommodate the largest cruise vessels in the world. The second berth will be in operation within 2014 for berthing of normal-sized cruise vessels. Together with the Ocean Terminal in TsimShaTsui, the commissioning of the Kai Tak Cruise Terminal will make Hong Kong a major cruise hub in the Asia-Pacific region.

Thirdly, to encourage visitors to visit the diverse tourist attractions in different districts and experience the city's tourism offerings, the Tourism Commission, in collaboration with the HKTB,has all along been encouraging visitors to explore, visit and spend in different districts, so as to broaden the overall economic benefits brought about by the tourism industry to Hong Kong. In recent years, the HKTB has promoted a number of themed routes bundling various attractions in different districts.The HKTB also works closely with the travel trade in the source markets to package and promote events held in different districts of Hong Kong that coincide with their travel seasons, including the mega events organized by the HKTB. The HKTB will further strengthen the promotion of attractions in different districts in 2014-15, including setting up a dedicated webpage "Insider's Guide" in a progressive manner to showcase various tourism offerings in the 18 districts. The webpage features unique historical attractions and buildings, living culture, dining delights, themed shopping streets and specialty markets, etc., so as to offer more choices to visitors. The HKTB will also continue to encourage the travel trade to develop new and attractive themed tours taking visitors to explore and spend at different districts through the New Tour

Product Development Scheme (the Scheme). Examples of themed tours developed under the Scheme include the "Sham Shui Po Foodie Tour" which takes visitors on a local culinary journey and the "Six Senses Heritage Experience" which features a cycling tour in Yuen Long and a big bowl feast in the walled village.

Regarding the carrying capacity of our public transport network, the MTR Corporation Limited and franchised buses will, whenever practicable, continue to increase service frequency during peak hours as necessary. Meanwhile, the Government will continue to expand the railway network, so as to increase the passenger capacity of the overall public transport network and help re-distribute visitor flow.

As regards the handling capacity of boundary control points, the Immigration Department and the Customs and Excise Department will implement various measures flexibly, including the enhancement of existing facilities of control points, the flexible deployment of manpower, the streamlining of workflow and the further use of information technology so as to enhance its handling capacity for passenger throughput.

We consider that the proposal to introduce a land arrival tax on visitors not feasible. If the tax were to be imposed on Mainland visitors, we could not just hope that the Mainland would not impose the same tax on Hong Kong people in return. It should be noted that about 180 000 Hong Kong residents go to the Mainland every day. Besides, the travel trade also largely opposes the proposal and considers that it will adversely affect the tourism, retail and food and beverages sectors, etc.

Taking into account the community's continued concerns about Hong Kong's capacity to receive tourists, the Chief Executive indicated in April this year that the Government was looking into ways to adjust the growth in visitor arrivals and the composition of visitors, and would announce the outcome as soon as possible upon discussion with the Central Government and relevant Mainland authorities.At the same time, with a view to achieving a diverse visitor portfolio and uphold Hong Kong's image as Asia's World City and a world-class travel destination, the majority of the HKTB's marketing resources will be allocated to the international (non-Mainland) markets.

Annex II

Survey Questionnaire(in Chinese)

香港理工大學
應用社會科學系
社會政策研究中心

旅遊業可持續發展意見調查

2014 年 7 月

程序A: 自我介紹

「喂，你好，我地係香港理工大學社會政策研究中心打嚟嘅，受香港理工大學酒店及旅遊業管理學院嘅委託，而家進行緊一項關於**旅遊業可持續發展嘅問卷調查**。訪問所得嘅資料只會用於學術研究同埋協助我哋更了解本地居民對旅客嘅觀感，訪問嘅內容絕對保密。呢個調查嘅訪問對象係 **18 歲或以上嘅香港居民**，請問先生／小姐你嘅年　喺唔喺 18 歲或以上嘅呢？（如受訪者合資格）先生／小姐介唔介意幫我哋完成呢份問卷呢？」

住戶反應:
（記錄）

1. □答應合作----------->〔開始程序 B〕
2. □接通即拒絕/拒絕合作/中途拒絕----------->〔結束〕
3. □電話有問題(長鳴、怪聲不能分辨)----------->〔結束〕
4. □非目標樣本(沒有受訪對象、FAX、非住宅)-------->〔結束〕
5. □無人接聽/電話留言機/暫時唔得閒/線路正在使用-->〔須重試〕

程序B:　出合適受訪者

(Official Use)

[v1] Telephone#

[v2] 呢個調查嘅訪問對象係 18 歲或以上嘅人士，請問府上有幾多位呢類家庭成員呢？

【如多過一個以上，訪問員請用 Last Birthday Rule，邀請剛剛過左生日位家庭成員接受訪問。】

[v3] 根據抽樣結果，唔該請剛剛過左生日位家庭成員嚟聽電話。

1. 我係　→[開始問卷 – 程序 C]　→ [如有需要，請讀出簡介文字]
2. 唔方便講　→[必須確認] -→ [核實或預約時間: _____]→ [結束訪問]　→[記錄]
3. 　唔係度　→[預約時間: _____]　→ [結束訪問]　→[記錄]

程序 C：問卷開始

如果最終受訪者不是接聽電話人士，請向最終受訪者讀出：「喂，你好，我地係香港理工大學社會政策研究中心打嚟嘅，受香港理工大學酒店及旅遊業管理　嘅委託，而家進行緊一項關於**旅遊業可持續發展嘅問卷調查**。閣下所提供嘅意見，我哋係會絕對保密嘅，請您放心。」

甲部：對旅遊業及遊客嘅意見

請就以下說法表達您嘅意見，由 1 至 5 分，1 分代表非常唔同意，5 分代表非常同意 （不用讀出：9 代表唔知道 / 唔明白 / 好難講）							
		1	2	3	4	5	9
Q1	整體嚟講，入境遊對香港嘅社會同文化好重要。	☐	☐	☐	☐	☐	☐
Q2	內地遊客嘅到嚟，可以幫助香港居民理解唔同嘅文化。	☐	☐	☐	☐	☐	☐
Q3	絕大多數嘅內地遊客，都可以遵守規則(例如：保持公共秩序、維護公共衛生)。	☐	☐	☐	☐	☐	☐
Q4	我認為內地遊客對嚟香港旅遊好滿意。	☐	☐	☐	☐	☐	☐
Q5	我好少聽到內地遊客對香港抱怨。	☐	☐	☐	☐	☐	☐
Q6	我認為好多內地遊客會多次嚟香港旅遊。	☐	☐	☐	☐	☐	☐
Q7	內地遊客引發咗好多香港本地嘅社會問題。	☐	☐	☐	☐	☐	☐
Q8	內地遊客引發咗好多香港嘅治安問題。	☐	☐	☐	☐	☐	☐
Q9	旅遊業嘅發展，改變咗香港原有嘅城市面貌。	☐	☐	☐	☐	☐	☐
Q10	我好滿意香港對旅遊資源嘅保護，包括傳統文化同歷史景點等等。	☐	☐	☐	☐	☐	☐
Q11	由於旅遊嘅關係，香港變得越嚟越擠迫。	☐	☐	☐	☐	☐	☐
Q12	我聽過好多香港人抱怨內地遊客。	☐	☐	☐	☐	☐	☐
Q13	我見過一啲內地遊客唔文明嘅行為。	☐	☐	☐	☐	☐	☐
Q14	我好滿意香港政府處理內地遊客嘅措施。	☐	☐	☐	☐	☐	☐
Q15	整體嚟講，遊客嚟到香港，增加咗管治本港嘅難度。	☐	☐	☐	☐	☐	☐
Q16	內地遊客嚟到香港，增加咗管治本港嘅難度。	☐	☐	☐	☐	☐	☐
Q17	現時，香港居民同所有遊客有好明顯嘅利益衝突。	☐	☐	☐	☐	☐	☐
Q18	現時，香港居民同內地遊客有好明顯嘅利益衝突。	☐	☐	☐	☐	☐	☐
Q19	內地遊客佔據咗好多社會資源。	☐	☐	☐	☐	☐	☐
Q20	即使有好多遊客嚟香港旅遊，我仍然好滿意香港嘅公共交通設施。	☐	☐	☐	☐	☐	☐
Q21	即使有好多遊客嚟香港旅遊，我仍然好滿意香港嘅公共醫療	☐	☐	☐	☐	☐	☐

	設施。						
Q22	內地遊客對香港嘅正面影響，多過對香港嘅負面影響。	☐	☐	☐	☐	☐	☐
Q23	我覺得喺香港做生意嘅人，對待內地遊客會比對待我更加有禮貌。	☐	☐	☐	☐	☐	☐
Q24	香港嘅旅遊業，係朝公平公正嘅方向發展緊。	☐	☐	☐	☐	☐	☐
Q25	整體嚟講，入境遊對香港嘅經濟好重要。	☐	☐	☐	☐	☐	☐
Q26	香港嘅旅遊景點，變得越嚟越有吸引力。	☐	☐	☐	☐	☐	☐
Q27	香港提供咗大量豐富嘅旅遊產品畀遊客, 如美食, 購物,景點等。	☐	☐	☐	☐	☐	☐
Q28	我認為未來繼續會有更多嘅遊客嚟香港旅遊。	☐	☐	☐	☐	☐	☐
Q29	我樂意見到更多遊客嚟香港旅遊。	☐	☐	☐	☐	☐	☐
Q30	對比其他旅遊目的地嘅旅遊市場，香港更具有競爭力。	☐	☐	☐	☐	☐	☐

請就以下說法表達您嘅意見，由 1 至 5 分，1 分代表非常唔同意，5 分代表非常同意
（不用讀出：9 代表唔知道 / 唔明白 / 好難講）

		1	2	3	4	5	9
Q31	內地遊客促進香港旅遊市場嘅發展。	☐	☐	☐	☐	☐	☐
Q32	相對其他目的地嘅旅遊市場，香港嘅競爭力正在減弱。	☐	☐	☐	☐	☐	☐
Q33	內地遊客為香港帶嚟咗更多嘅就業機會。	☐	☐	☐	☐	☐	☐
Q34	如果香港旅遊業萎縮，好多香港市民會失業。	☐	☐	☐	☐	☐	☐
Q35	我嘅收入喺因為自由行增加咗。	☐	☐	☐	☐	☐	☐
Q36	政府嘅收入會因為旅遊　關行業嘅稅收上升而增加咗。	☐	☐	☐	☐	☐	☐
Q37	因為內地遊客嘅示範效應，我買咗好多額外嘅商品。（例如您見到遊客穿著LV或者用比較好嘅包包，您都去買咗類似嘅物品。）	☐	☐	☐	☐	☐	☐
Q38	香港應該提供更多本地生產嘅旅遊產品，而唔係總係進口外國產品，嚟滿足內地遊客嘅需要。	☐	☐	☐	☐	☐	☐
Q39	香港旅遊業季節性變化好顯著。	☐	☐	☐	☐	☐	☐
Q40	即使旅遊旺季，我依然覺得去香港嘅旅遊景點玩係好舒服嘅。	☐	☐	☐	☐	☐	☐

Q41	為咗避開內地遊客，香港居民更願意去海外旅遊。	□	□	□	□	□	□
Q42	香港必須限制全體遊客嘅數量。	□	□	□	□	□	□
Q43	香港必須限制內地遊客嘅數量。	□	□	□	□	□	□
Q44	政府應該制定相關嘅限制規定，以保護香港嘅環境同節約香港嘅旅遊資源。	□	□	□	□	□	□
Q45	為咗優先考慮本地人對公共設施嘅需求，香港政府應該限制內地遊客嘅活動區域。	□	□	□	□	□	□
Q46	政府通過限制整體遊客嘅數量，可以控制物價上漲。	□	□	□	□	□	□
Q47	內地遊客對本地物價有負面影響。	□	□	□	□	□	□
Q48	支持香港未來繼續實行自由行政策。	□	□	□	□	□	□
Q49	自由行為香港帶嚟社會效益。	□	□	□	□	□	□
Q50	自由行為香港帶嚟經濟效益。	□	□	□	□	□	□
Q51	您同唔同意政府徵收旅遊稅嚟改善香港本地嘅社會福利？ (如受訪者回答非常唔同意或唔同意，跳至 Q53)	□	□	□	□	□	□

Q52	如果對嚟港嘅遊客徵收旅遊稅用作香港發展，您認為對每個成年人每天收幾多稅較為合理？	□	1	港幣 1-10 元
		□	2	港幣 11-20 元
		□	3	港幣 21-30 元
		□	4	港幣 31-40 元
		□	5	港幣 41-50 元
		□	9	唔知道 / 唔明白 /好難講
Q53	您認為香港旅遊業應該最為優先發展邊一種旅遊？ (請讀出 1-5 嘅選項，只可以選一項)	□	1	發展購物旅遊
		□	2	發展自然觀光旅遊
		□	3	發展人造景點(例如主題公園)
		□	4	開發文化景點旅遊
		□	5	開發歷史景點旅遊
		□	9	唔知道 / 唔明白 /好難

				講
Q54	您係過去嘅一年去過內地（不包括澳門）幾多次？	☐	1	0 次
		☐	2	1-5 次
		☐	3	6-10 次
		☐	4	11-15 次
		☐	5	16-20 次
		☐	6	21 次或以上
		☐	9	唔知道 / 唔記得 /好難講

乙部：個人背景資料

Q55	性別（訪問員自行填上）	☐	1	男
		☐	2	女
Q56	請問你嘅婚姻狀況係	☐	1	單身
		☐	2	已婚
		☐	3	其他
		☐	9	拒絕回答
Q57	請問你嘅年齡係	☐	1	18-29 歲
		☐	2	30-39 歲
		☐	3	40-49 歲
		☐	4	50-59 歲
		☐	5	60-69 歲
		☐	6	70 歲或以上
		☐	9	拒絕回答
Q58	請問你嘅教育程度係	☐	1	未受教育 / 幼稚園
		☐	2	小學
		☐	3	初中或高中
		☐	4	專上教育
		☐	5	大學學位或以上

		☐	9	拒絕回答
Q59	請問你現時有無工作？	☐	1	有
		☐	2	無（跳至 Q63）
		☐	9	拒絕回答（跳至 Q63）
Q60	請問你嘅職位係	☐	1	經理及行政級別人員
		☐	2	專業人員
		☐	3	輔助專業人員
		☐	4	文書支援人員
		☐	5	服務工作及銷售人員
		☐	6	工業及有關人員
		☐	7	機台及機器操作員及裝配員
		☐	8	非技術工人
		☐	9	唔知道 / 唔明白 /好難講
		☐	10	拒絕回答
Q61	請問你嘅工作同旅遊業有無直接或者間接關係？	☐	1	直接相關
		☐	2	間接相關
		☐	3	無關
		☐	9	唔知道 / 唔明白 /好難講
Q62	請問你現時嘅個人每月平均收入係	☐	1	9,999 元或以下
		☐	2	10,000-14,999 元
		☐	3	15,000-19,999 元
		☐	4	20,000-29,999 元
		☐	5	30,000-39,999 元

		☐	6	40,000-49,999 元
		☐	7	50,000 元或以上
		☐	8	唔知道 /好難講
		☐	9	拒絕回答
Q63	請問你嘅住喺香港邊一個地區？	☐	1	中西區
		☐	2	灣仔區
		☐	3	東區
		☐	4	南區
		☐	5	油尖旺區
		☐	6	深水埗區
		☐	7	九龍城區
		☐	8	黃大仙區
		☐	9	觀塘區
		☐	10	荃灣區
		☐	11	葵青區
		☐	12	西貢區.
		☐	13	沙田區
		☐	14	大埔區
		☐	15	北區
		☐	16	屯門區
		☐	17	元朗區
		☐	18	離島區
		☐	99	唔知道 / 唔明白/好難講

問卷調查已經完成，多謝閣下為我哋提供寶貴嘅資訊。

Annex III

Tourism Demand Forecast by Source Market

Asia

Figure1China forecast (‘000)

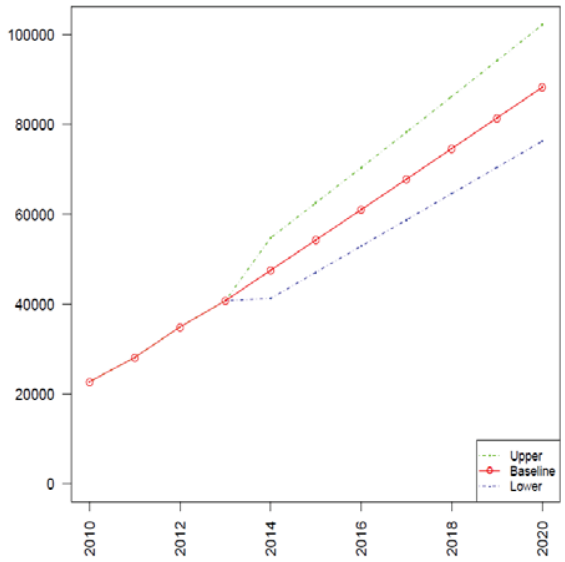


Figure 2Macao SAR forecast (‘000)

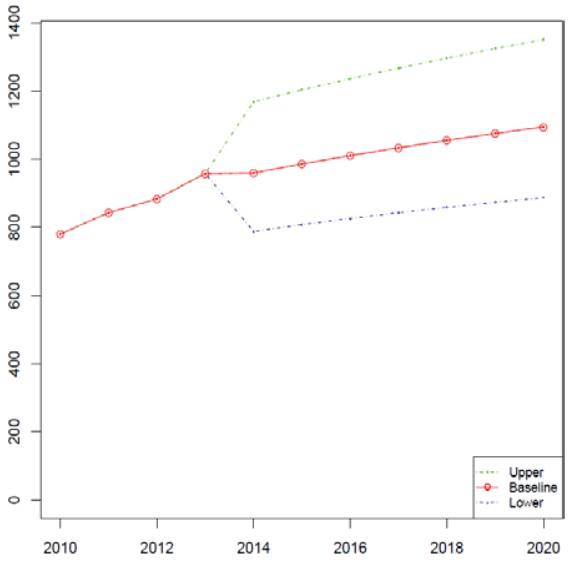


Figure 3 Chinese Taipei forecast (‘000)

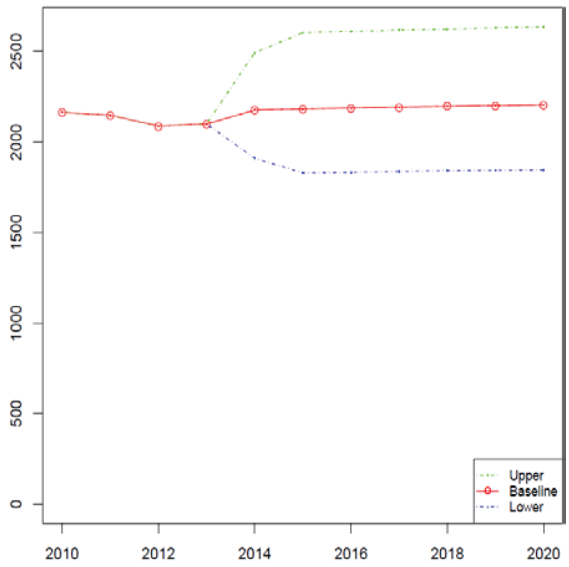


Figure 4 Japan forecast (‘000)

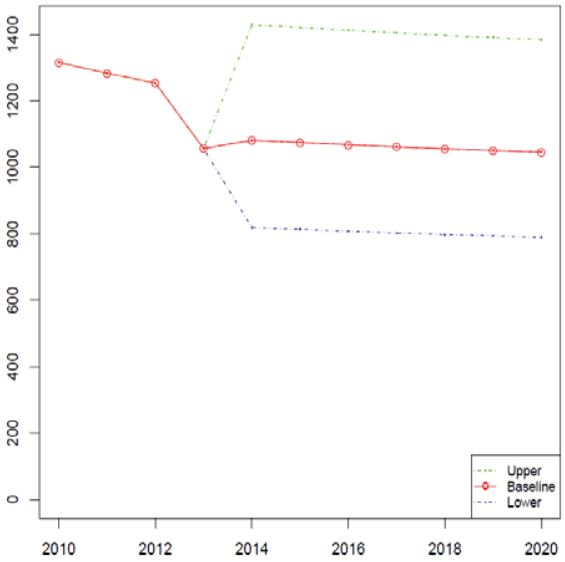


Figure 5Korea forecast (‘000)

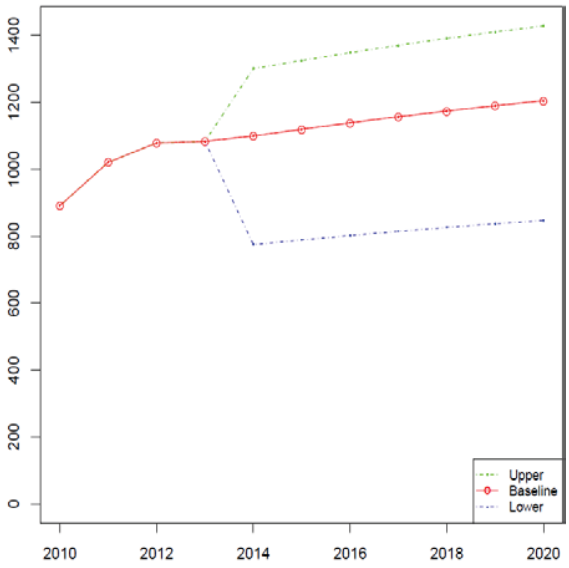


Figure 6Singapore forecast (‘000)

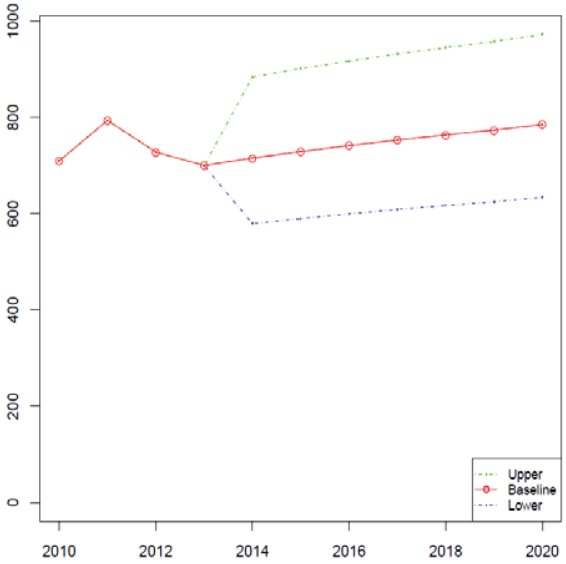


Figure 7Malaysia forecast (‘000)

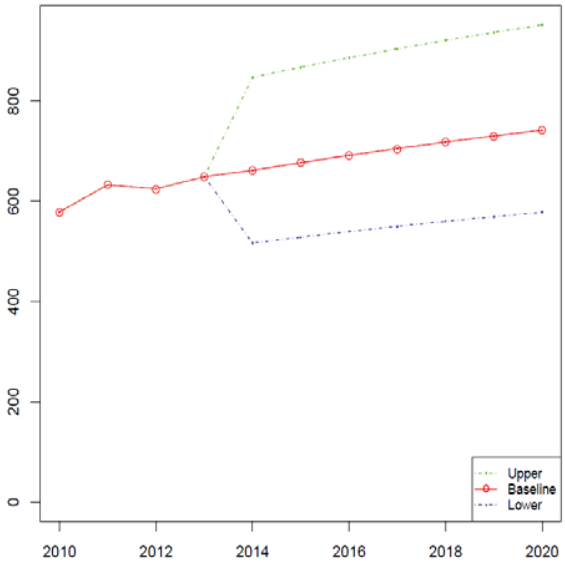


Figure 8Thailand forecast (‘000)

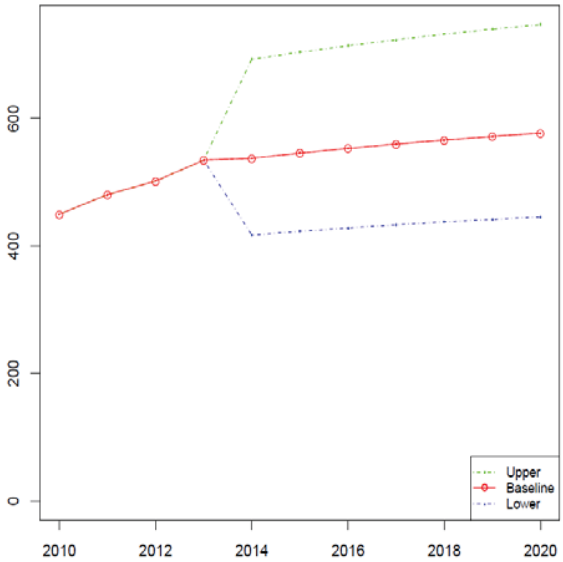


Figure 9 Philippines forecast (‘000)

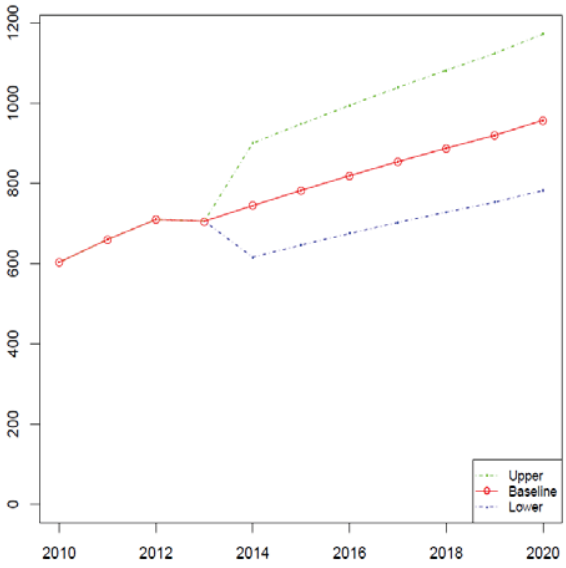


Figure 10 Indonesia forecast (‘000)

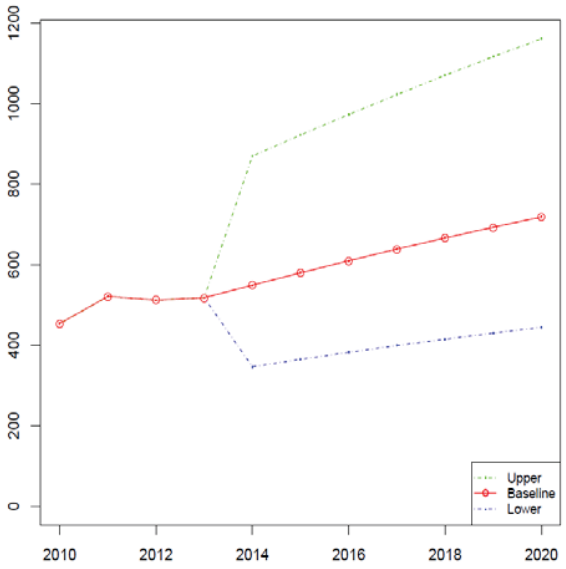


Figure 11Vietnam forecast (‘000)

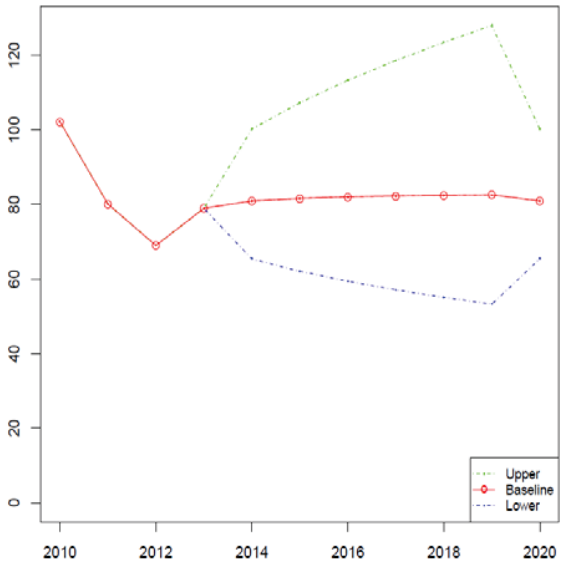


Figure 12Other Southeast Asia forecast (‘000)

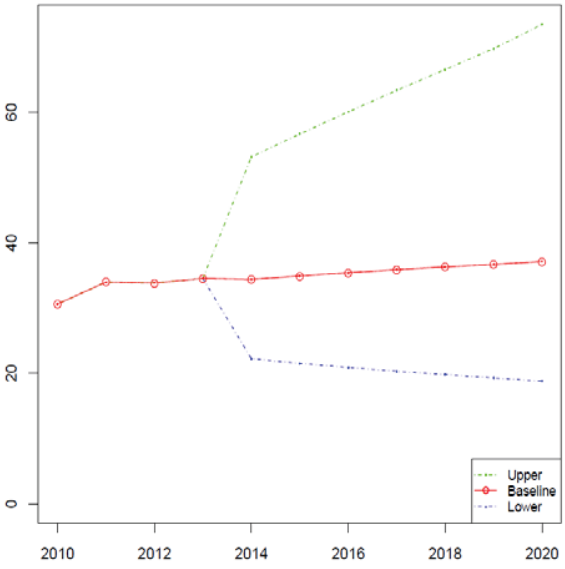


Figure 13India forecast (‘000)

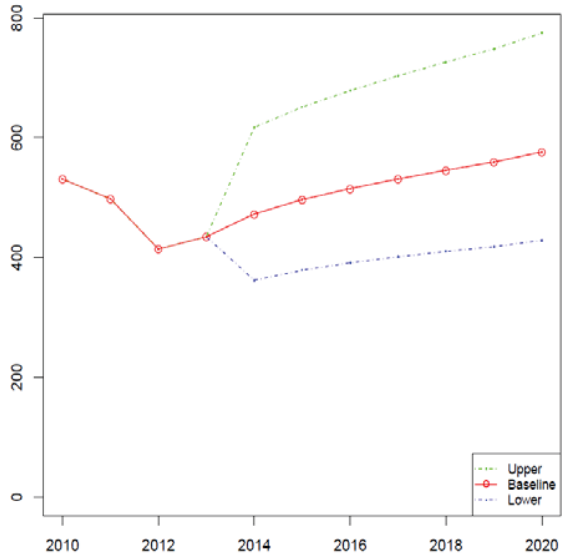


Figure 15 Egypt forecast (‘000)

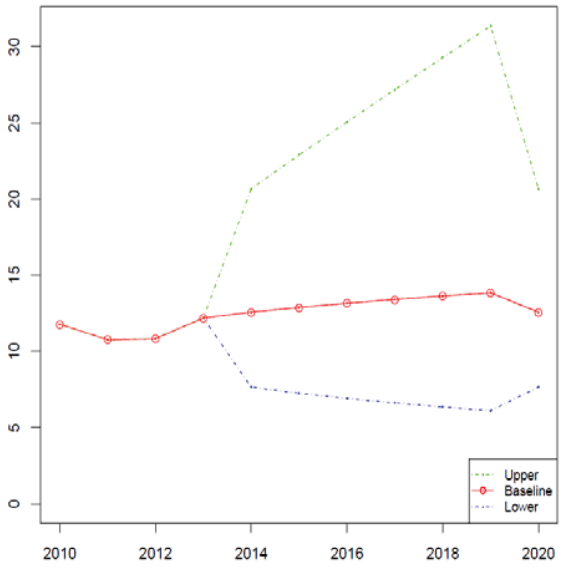


Figure 14 Bahrain forecast (‘000)

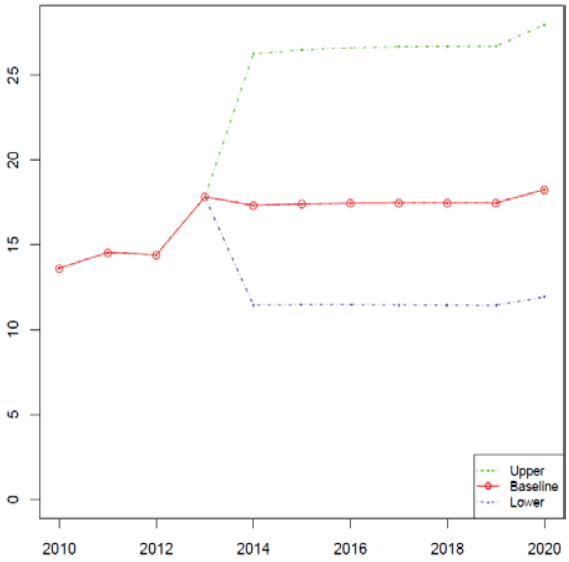


Figure16 Israel forecast (‘000)

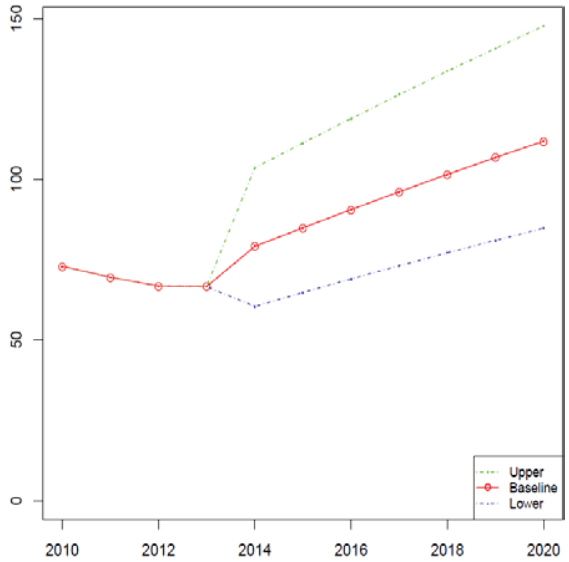


Figure 17Jordon forecast (‘000)

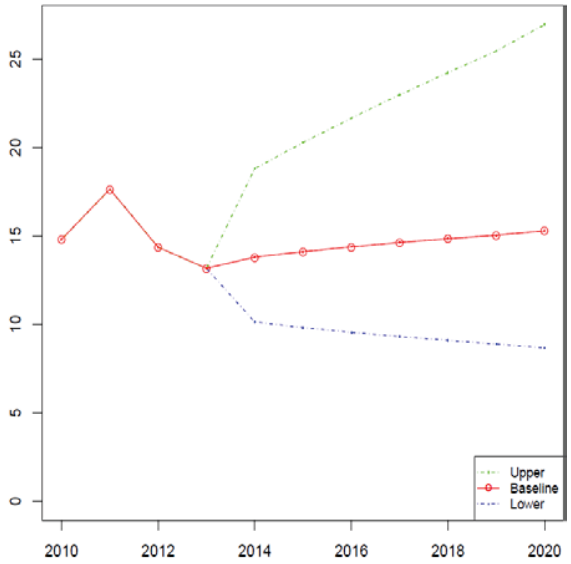


Figure 19 Saudi Arabia forecast (‘000)

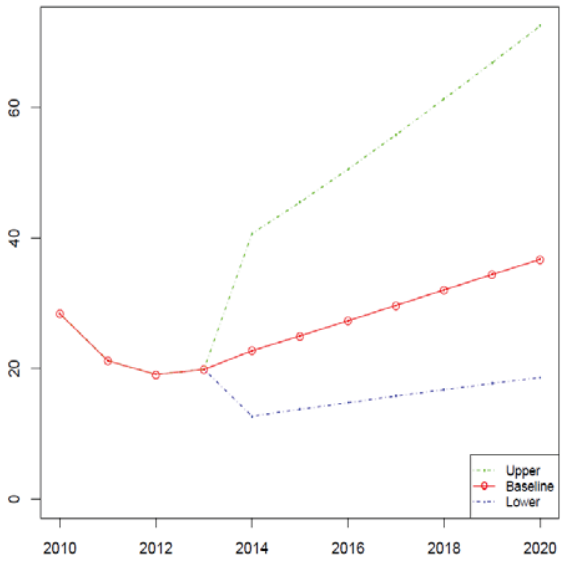


Figure18 Kuwait forecast (‘000)

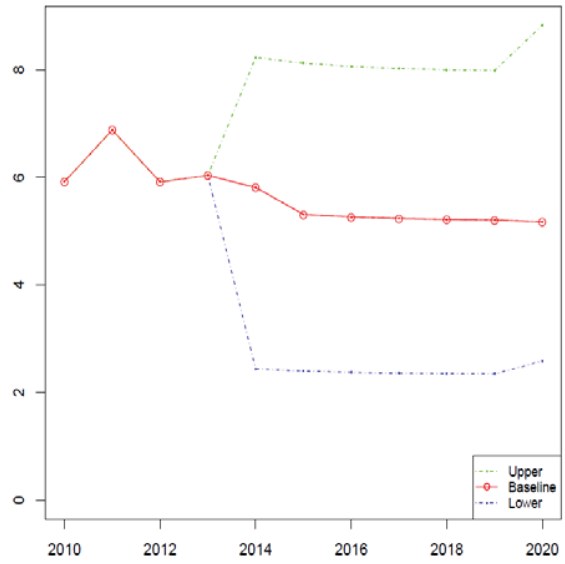


Figure 20Turkey forecast (‘000)

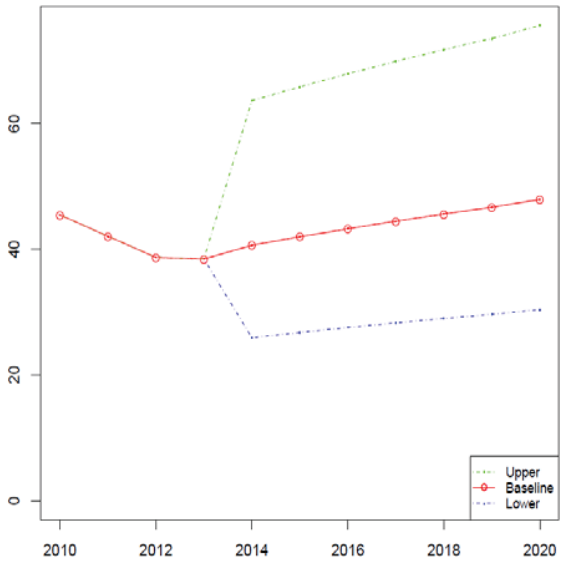


Figure 21 United Arab Emirates forecast (‘000)

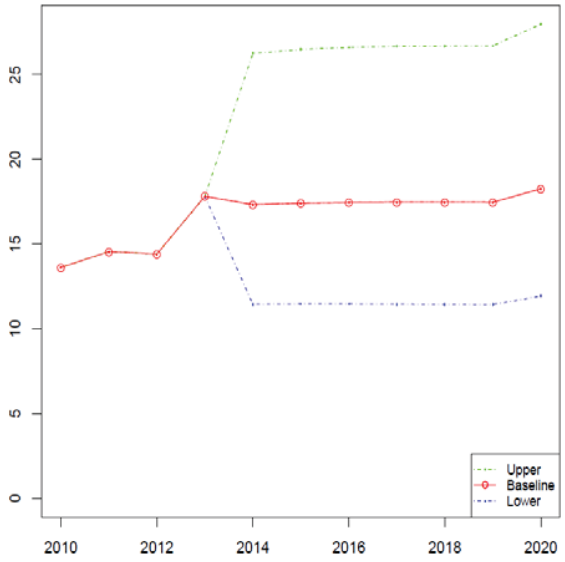


Figure 22 Other West Asia forecast (‘000)

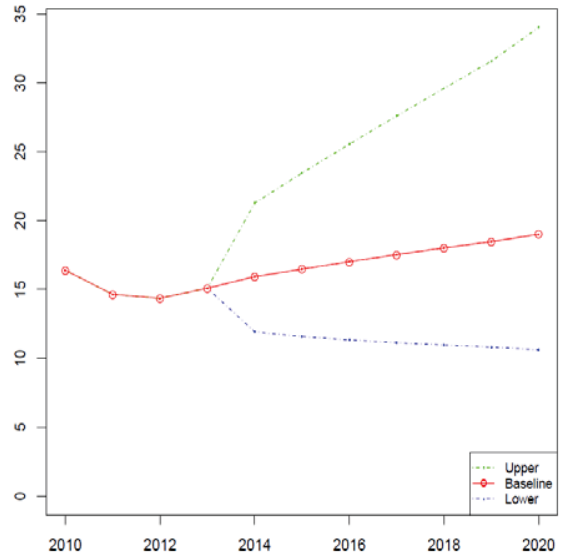
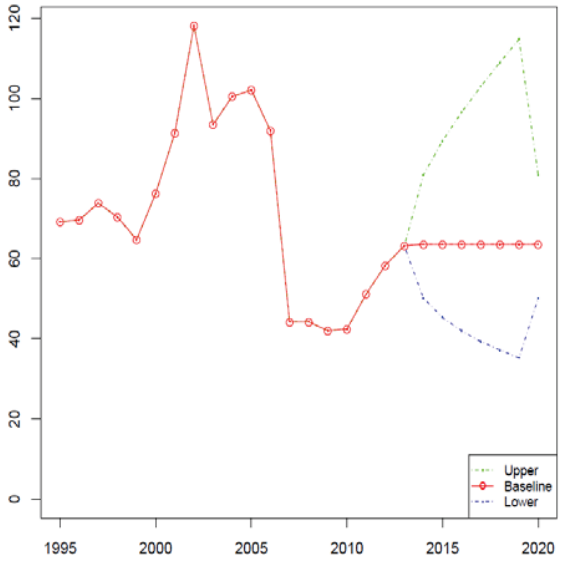


Figure 23 Other Asia forecast (‘000)



The Americas

Figure 24United States of America forecast (‘000)

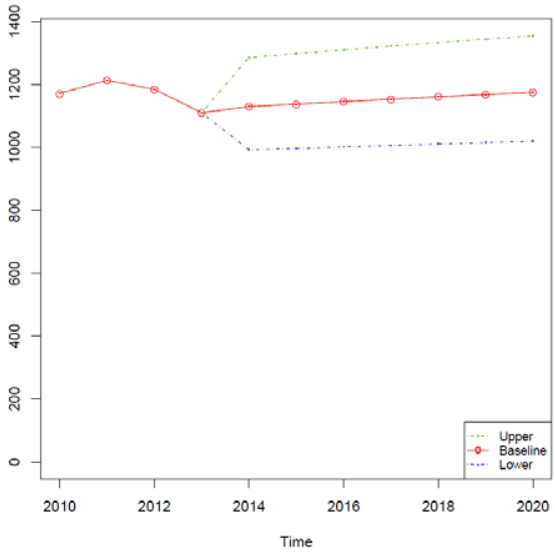


Figure 25Canada forecast (‘000)

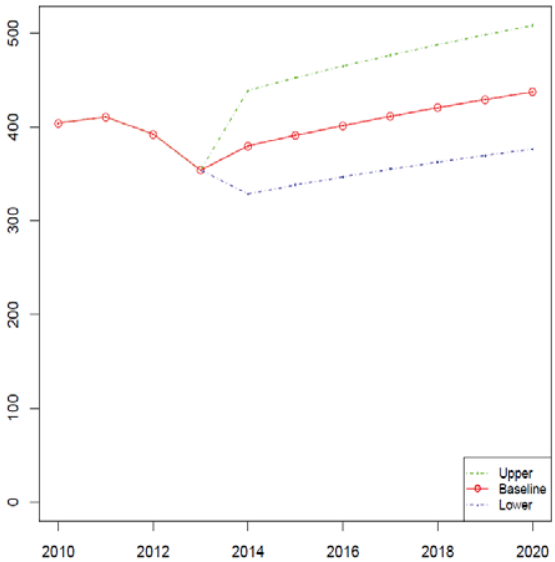


Figure 26 Mexico forecast (‘000)

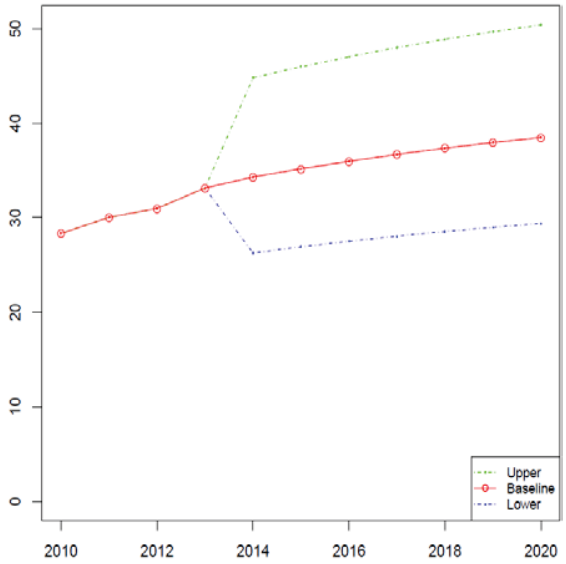


Figure 27 Honduras forecast (‘000)

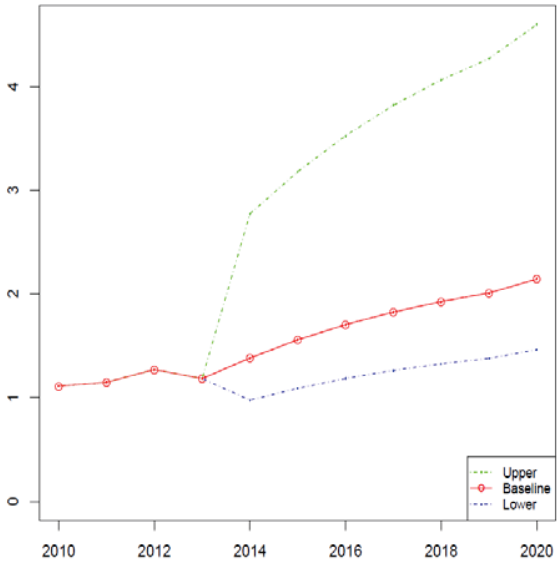


Figure 28 Other Central America forecast (‘000)

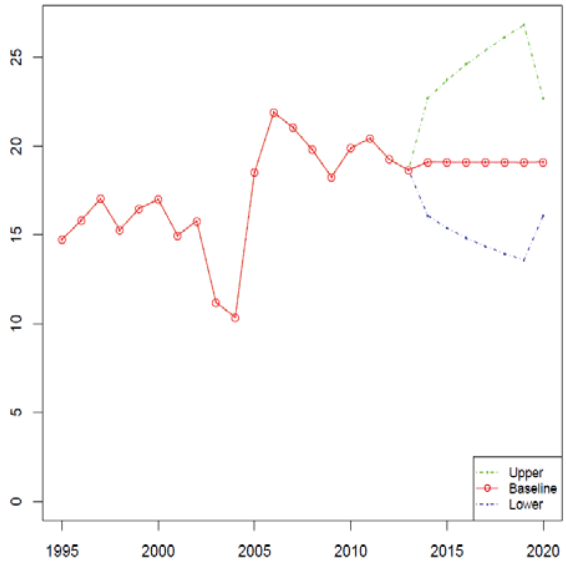


Figure 29Argentina forecast (‘000)

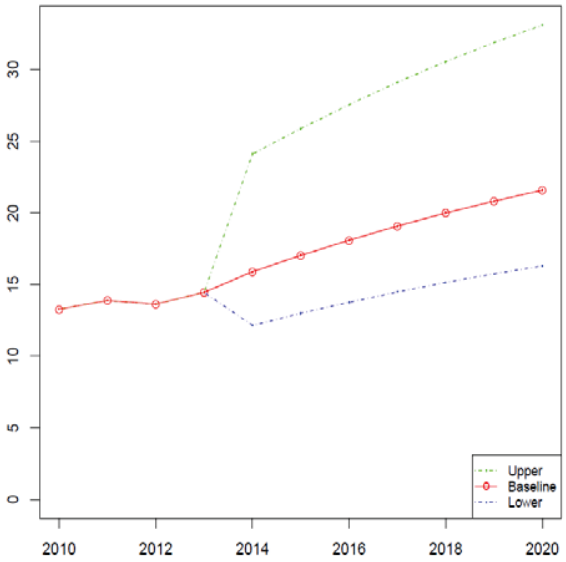


Figure 30Brazil forecast (‘000)

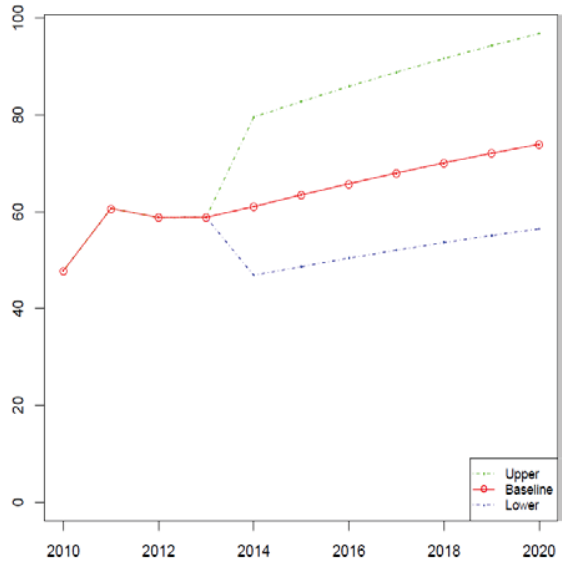


Figure 31 Venezuela forecast (‘000)

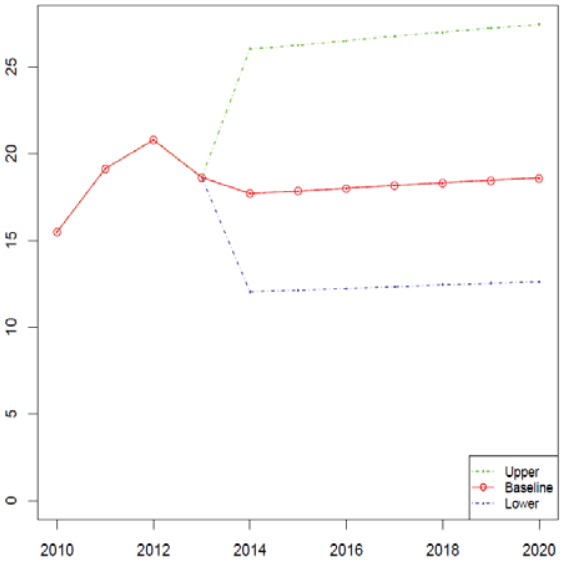
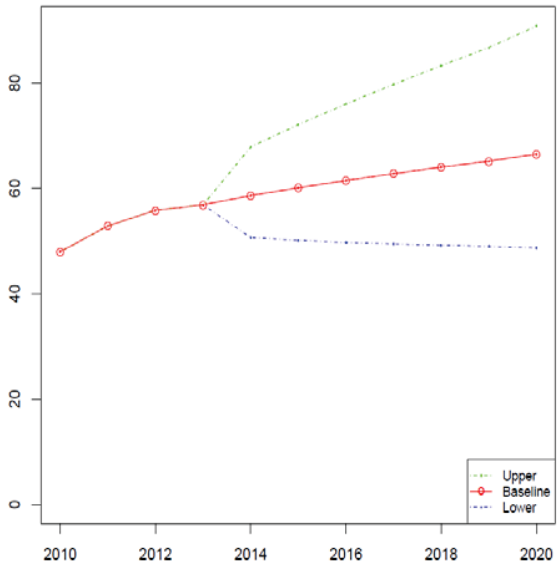


Figure 32 Other South America forecast (‘000)



Europe

Figure 33 United Kingdom forecast (‘000)

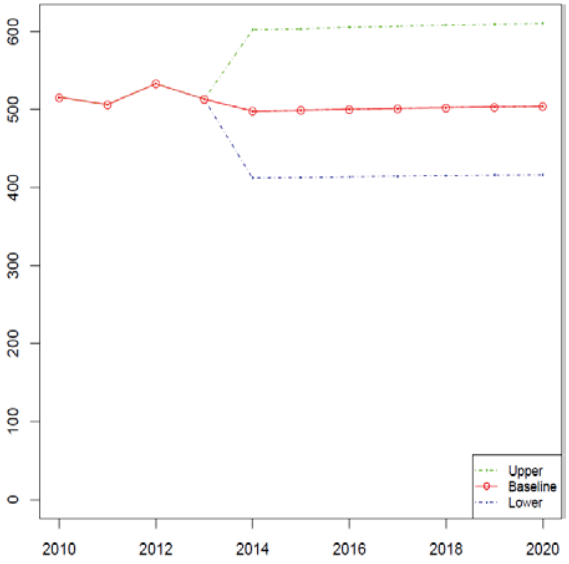


Figure 34 Netherlands forecast (‘000)

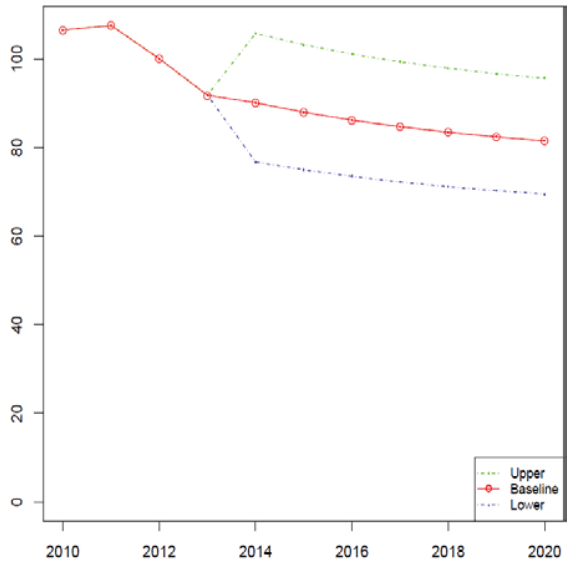


Figure 35 Denmark forecast (‘000)

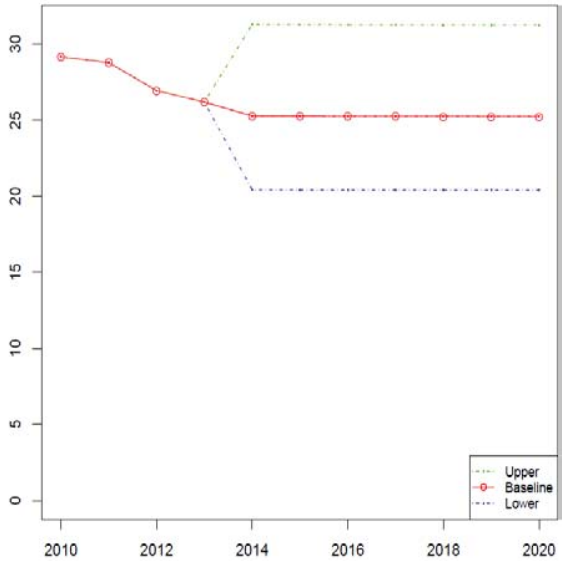


Figure 36 Finland forecast (‘000)

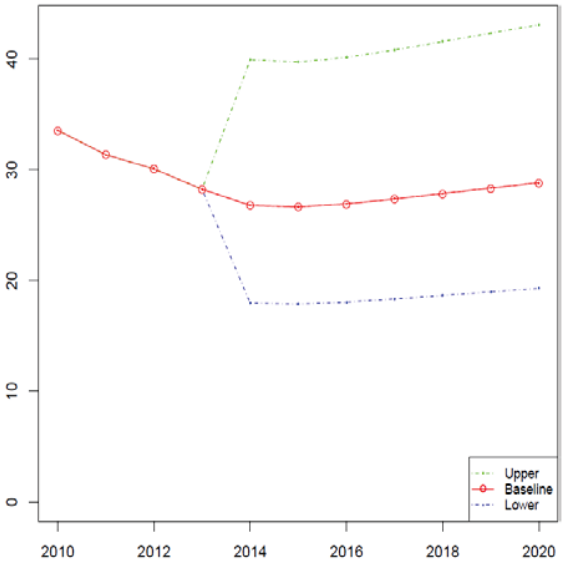


Figure 37 Norway forecast (‘000)

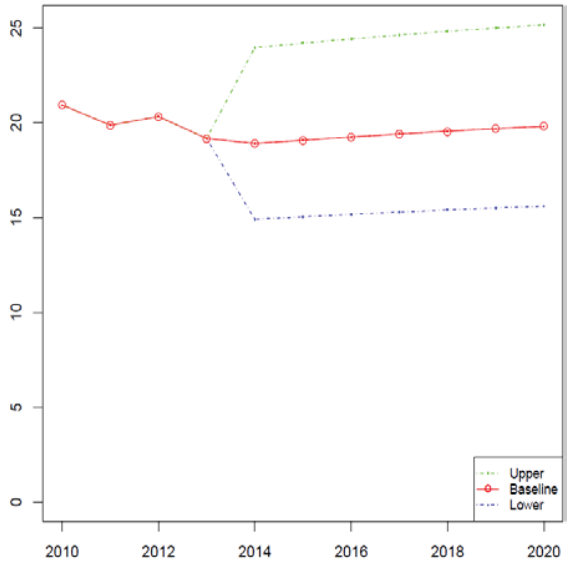


Figure 38Sweden forecast (‘000)

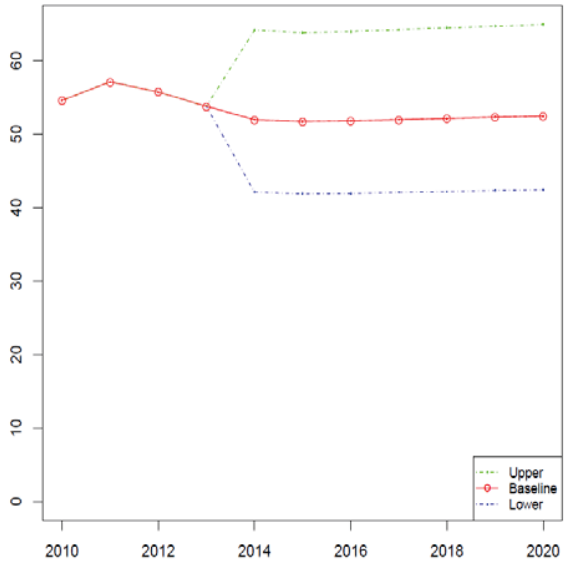


Figure 39 Austria forecast (‘000)

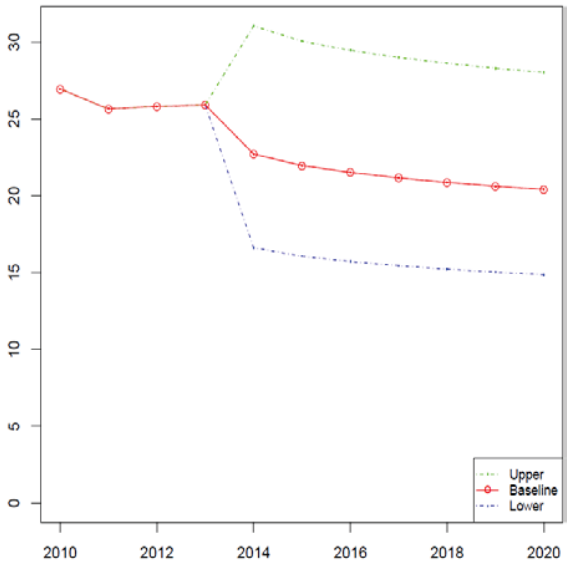


Figure 40 Germany forecast (‘000)

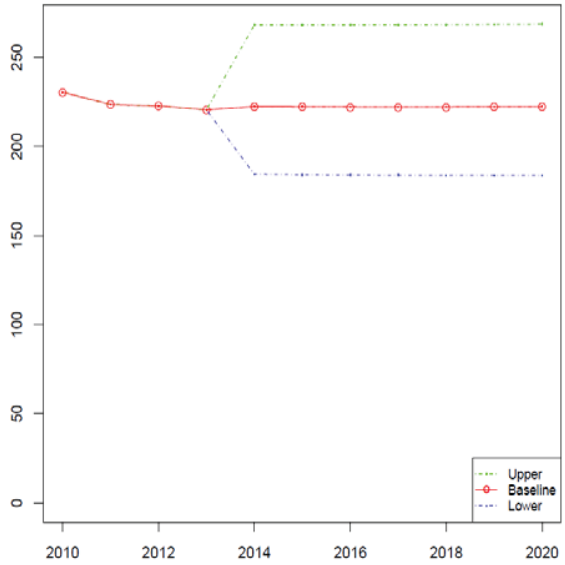


Figure41 Switzerland forecast (‘000)

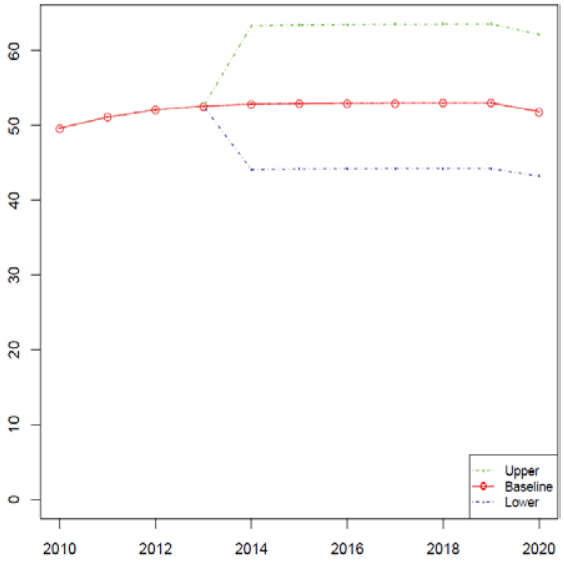


Figure 42 France forecast (‘000)

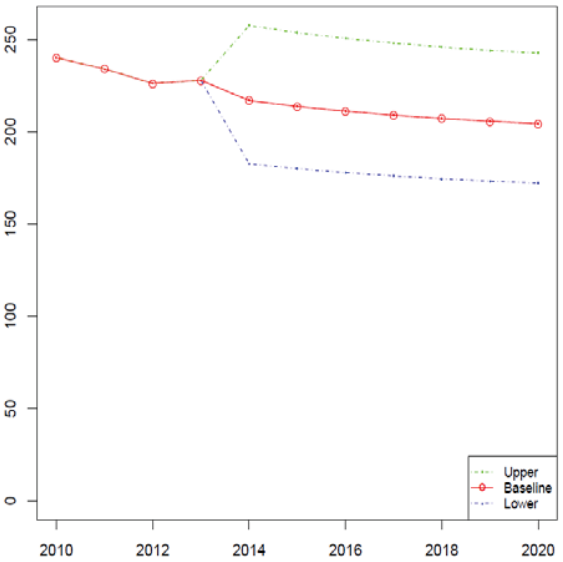


Figure 43 Belgium forecast (‘000)

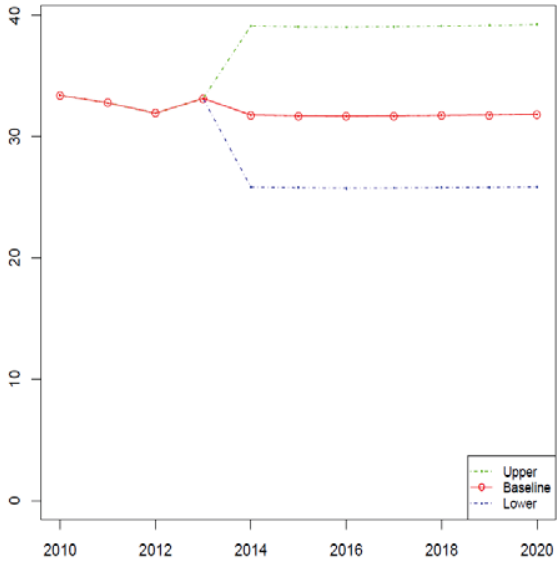


Figure 44Italy forecast (‘000)

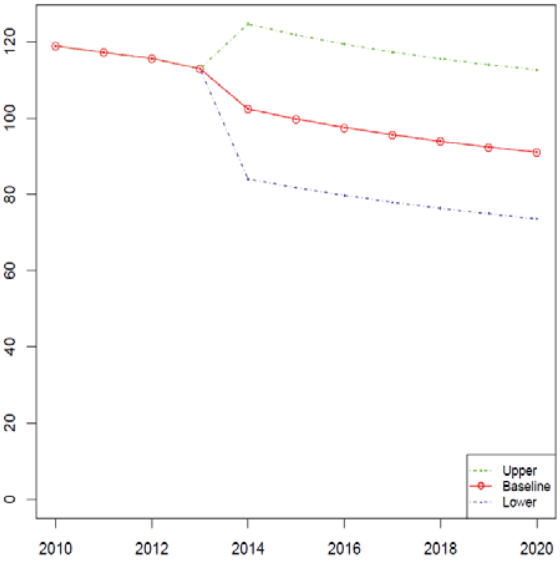


Figure 45 Portugal forecast (‘000)

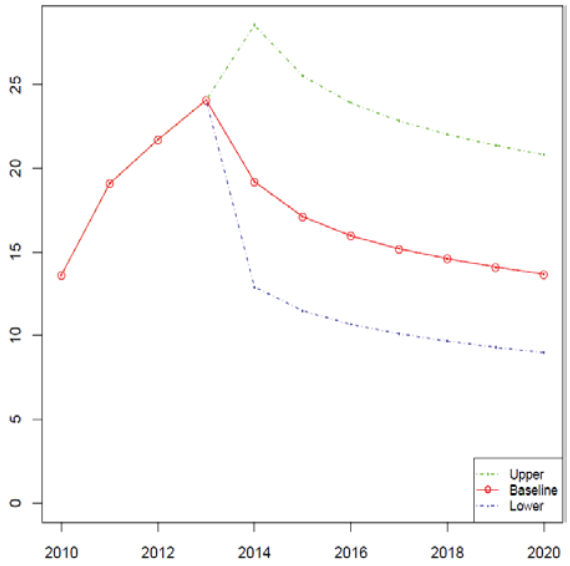


Figure 46Spain forecast (‘000)

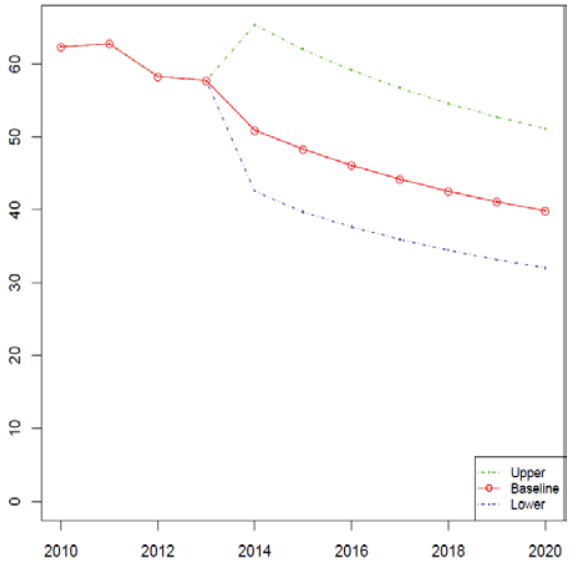


Figure 47 Russian Federation forecast (‘000)

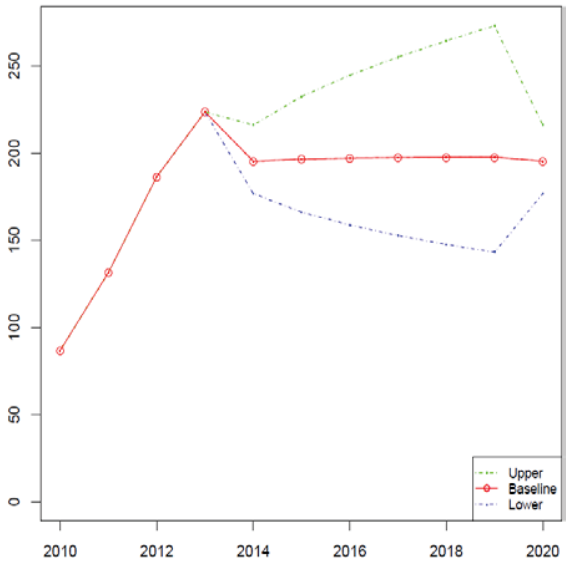
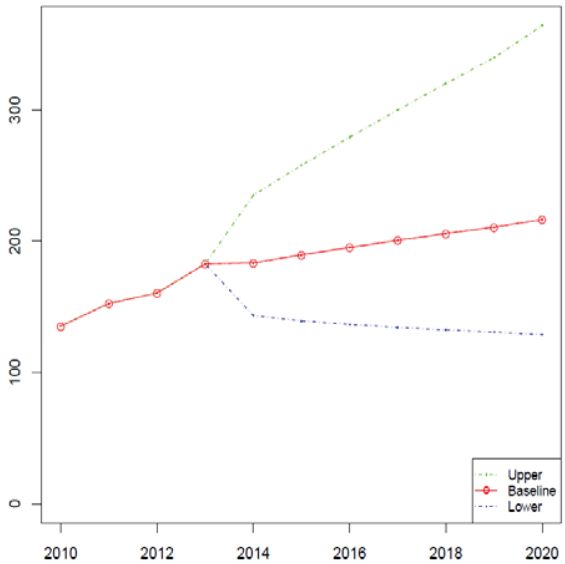


Figure 48Other Europe forecast (‘000)



Pacific

Figure49Australia forecast (‘000)

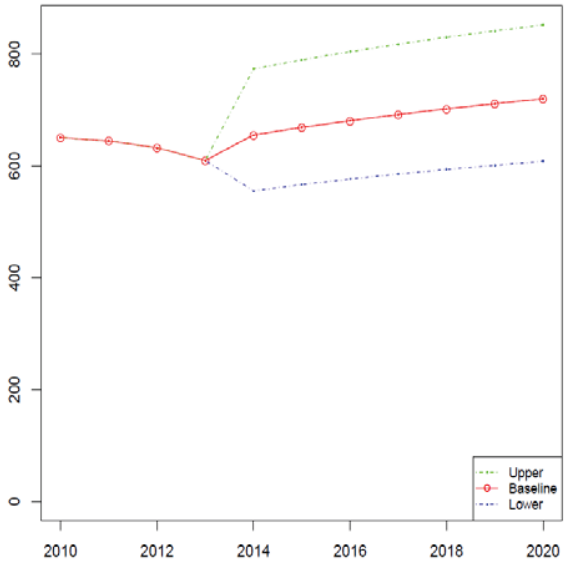


Figure51 Other Pacific forecast (‘000)

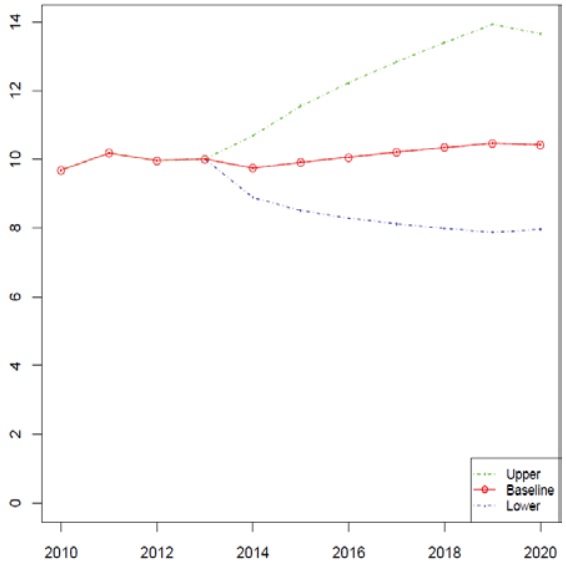
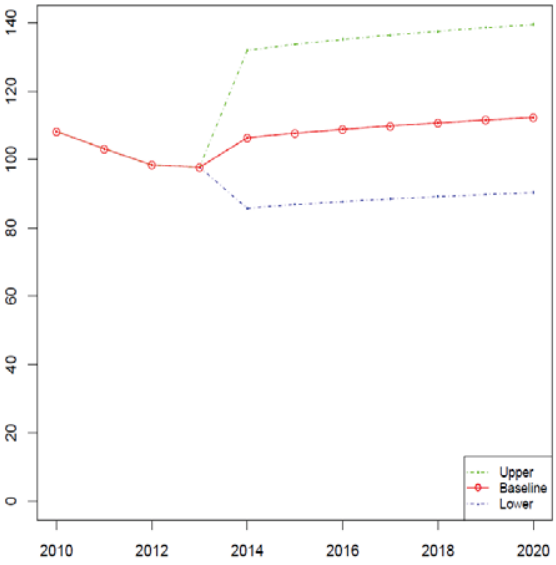


Figure50 New Zealand forecast (‘000)



Africa

Figure 52 South Africa forecast (‘000)

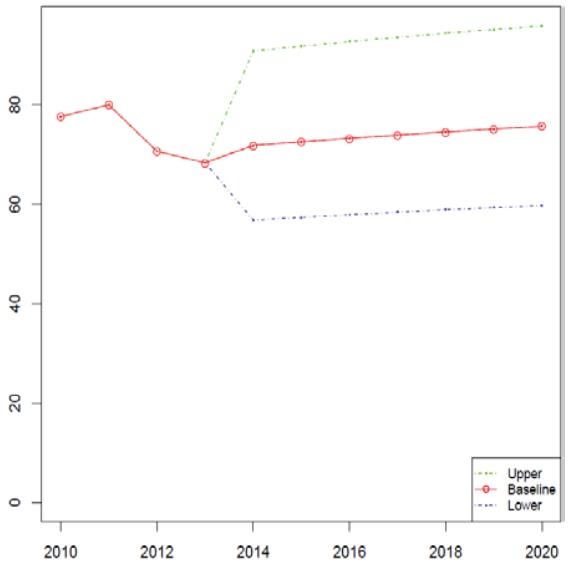


Figure53 Other Africa forecast (‘000)

