TOURISM AND HOSPITALITY STUDIES



# Introduction to Tourism

Fine-tuned version

# Manual on Module I
# Introduction to Tourism
## (Fine-tuned version)

By

Personal, Social and Humanities Education Section
Education Bureau

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# Introduction

A set of curriculum support package of tourism and hospitality learning and teaching materials is being developed by the Personal, Social and Humanities Education Section of Curriculum Development Institute, Education Bureau for the implementation of the senior secondary Tourism and Hospitality Studies fine-tuned curriculum in schools. The curriculum support package is comprised of five manuals, and they are developed to broaden students' knowledge of the five different units of the Tourism and Hospitality Studies curriculum.

The content of this manual – Introduction to Tourism, should enhance students' understanding of the dynamic nature of the tourism and hospitality industry. In addition, the manual includes activities to deepen students' understanding and help them to apply theories and concepts. Furthermore, students should be able to develop enquiry, problem-solving and decision-making skills through these activities.

All comments and suggestions related to this curriculum support package may be sent to:

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# 1. Introduction to Tourism

## 1.1. Travel and Tourism as an Integrated Discipline

Tourism embraces nearly all aspects of our society. Apart from its importance to economic changes, human socio-cultural activities and environmental development, tourism is related to other academic subjects such as geography, economics, history, languages, psychology, marketing, business and law, etc. Therefore, it is necessary to integrate a number of subjects to study tourism. For example, subjects such as history and geography help us understand more about the development of the historical and geographical resources of a tourist destination. Besides, subjects like marketing and business help us understand the promotion and marketing of tourism products. The study of information technology enhances our understanding of the importance of the global distribution system and its effect on tourism business. The study of religion and culture provides information on the cultural resources of a destination and opportunities to develop it as a cultural destination. Tourism is so vast, so complex, and so multifaceted that there is a wide range of subjects related to tourism. Figure 1.1 shows some academic subjects which are related to tourism studies with corresponding examples.

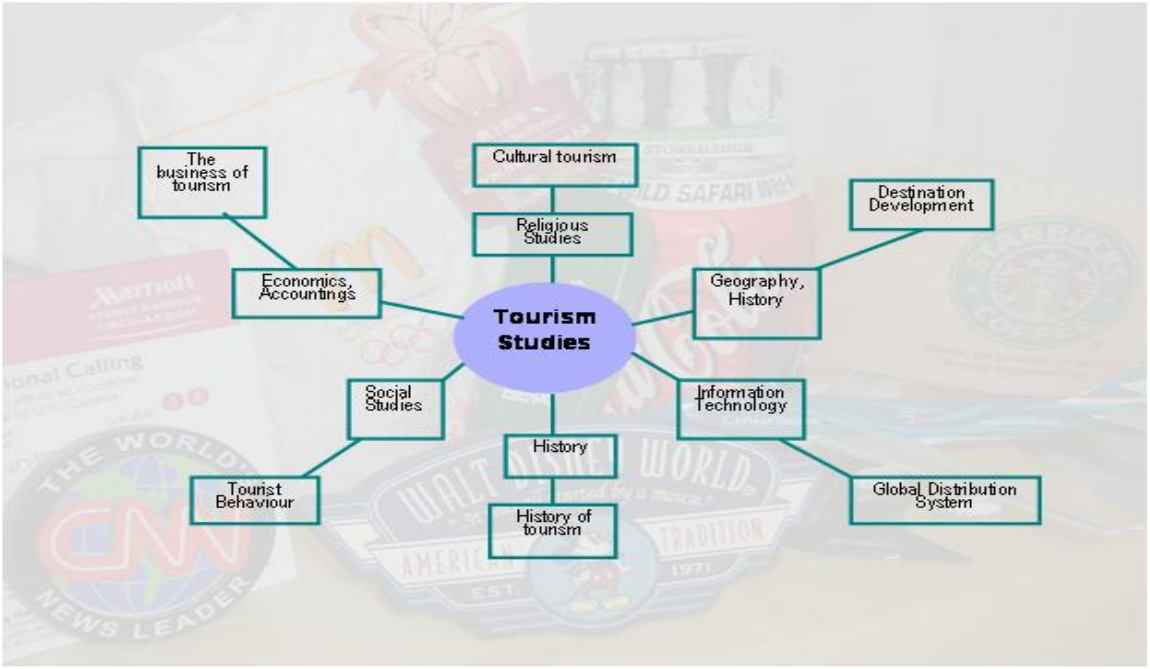


Figure 1.1 – Integrated Disciplinary Model of Tourism Studies

Source: Integrated Disciplinary Model (adopted from Jafari, Jafar, Ritchie, J.R. Brent, Towards a Framework for Tourism Education: Problems and Prospects, Annals of Tourism Research, 1981, VIII (1).

## 1.2. Integrated Model of Tourism

The vast majority of business organizations such as travel agents, meeting planners, and other service providers including accommodation, transportation, attractions and entertainment are classified as travel and tourism related business. In practice, these organizations are closely linked in the provision of services to the travellers. Tourism is so vast, so complex, and so multifaceted that the practitioners need to obtain a wide range of knowledge related to tourism.




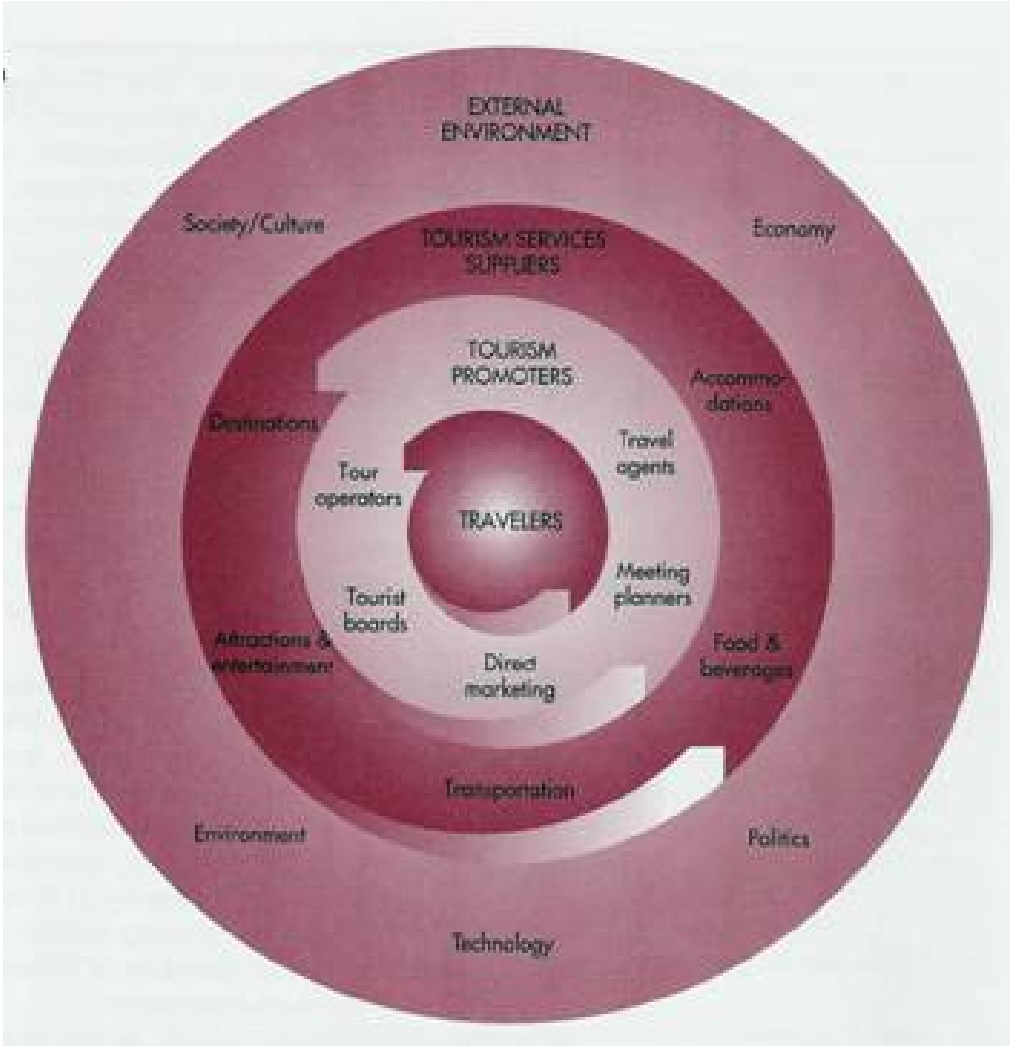


Figure 1.2 – Integrated Model of Tourism

Source: Cook, Roy A., Yale, Laura J., Marqua, Joseph J., Tourism – The Business of Travel, 2nd ed., Prentice Hall, 2001, p.6-8

### 1.2.1. Key Elements in the Integrated Model of Tourism

Figure 1.2 shows the key elements in the integrated model of tourism. This model summarizes how key tourism stakeholders interact with each other and respond to the changes of the external environment. Detail descriptions of these elements are provided as follow:

#### 1) Travellers

Travellers are at the centre of the model where all tourism activities are focused. Radiating from the centre are three large bands containing several interdependent groups of tourism participants and organizations.

#### 2) Tourism Promoters

Tourism promoters are in the first layer, in close contact with the travellers. Organizations in this layer include tourism boards, direct marketing companies, meeting planners, travel agents and tour operators. The tourism boards and direct marketing companies provide information and marketing services to travelers whereas travel agencies, tour operators and meeting planners provide services such as making travel arrangements and giving professional advice on tourism related matters. All these organizations usually deal directly with individual travellers.

#### 3) Tourism Service Suppliers

Tourism service suppliers, such as airline companies, bus operators, railway corporations, cruise ship operators, hotels and car rental companies, etc. usually provide services to travellers independently. The service suppliers may also collaborate to provide tour packages for travellers by combining the various services such as accommodation, air transportation, theme park entrance ticket, etc.

#### 4) External Environment

All of the participants, either individually or as a group, are constantly responding to a variety of societal/cultural, political, environmental, economic and technological forces. It is the interaction of these forces that determine how closely the individuals and organizations work together.

*(i)* *Societal/Cultural forces*

Such as the local skill and know how, the indigenous cultures of the destination and the attitude of local people towards the tourists would have a significant impact on the tourist experience in a destination. One example of encouraging the local community to take part in tourism is the “Be a Good Host” campaign launched by the Hong Kong Tourism Board. It aims at enhancing the tourist experience which helps to promote Hong Kong through “word-of-mouth”.

*(ii)* *Political forces*

Such as government support on infrastructure, its policy on tourism planning, the diplomatic relations between tourist generating countries and tourist destination countries, etc. determines the environment of tourism development. For example, because of political instability in the Middle East, tourism development in the region and the attractiveness of these countries to tourists has been adversely affected.

*(iii)* *Environmental forces*

Such as the problems of congestion, pollution, hygienic conditions, loss of green belts caused by excessive urbanization and development of tourism may destroy the pleasant ambiance of the destination which visitors look for. For example, Hong Kong's air pollution problem as a factor discourages tourists to come to Hong Kong.

*(iv)* *Economic forces*

Such as the disposable income of tourist and the affordability of a destination affect the desire to travel. For example, in Hong Kong, due to the economic crisis I 1997, the number of visitor arrivals in particular from Asia recorded a negative growth in 1998. (Statistical Review, Hong Kong Tourism Board, 1999). In the recent 2008 global financial crisis, Hong Kong Tourism Board showed that visitor arrivals in November was 1.1% less than in November 2007.

*(v)* *Technological forces*

Such as the popularity of using the Internet for searching information, reservation or purchasing of tourism products affect the tourists' buying behaviour. The traditional way of distributing tourism products through intermediaries, such as travel agents, tour wholesalers is facing a great challenge. Now that travellers can deal directly with the suppliers, such as airlines, hotels, operators of attractions to purchase tourism products, they can almost by-pass travel agents.

### 1.2.2. Factors that Encourage / Prohibit the Development of Tourism

As seen in the above section, changes of various factors, including social, cultural, political, environmental, economic and technological forces could lead to both positive and negative effects on tourism. The influences of these factors on tourism development are unique and could be different in different countries. Further explanations about their impacts on tourism and travel motivations are provided in Table 1.1 below.

| Factors | Description |
|---|---|
| Social Factors | Demographic trends and social changes will have important impacts on the future development of the industry. The fact that people are living longer, the fall in the number of young people, the increase in one parent households, more couples choosing not to have children or delay having children. They all point to the fact that the type of travel and tourism products and services will change radically. Example: the aging population will be an opportunity for the cruise travel market where seniors are their key target groups. |
| Political Factors | Political factors can lead to huge impacts on tourism development. The factors are the policies in encouraging tourism activities such as investment in tourism related infrastructures, openness in travel visa applications and favourable foreign tourism investments. Finally, the political stability of the country in particular is the major factor. One obvious example was the continuing clashes between government and demonstrators in the capital of Thailand – Bangkok in 2010. The political instability had resulted to serious negative effect on its' national tourism business. Many visitors decided to postpone and cancel their trips to Bangkok which finally led to severe loss of income generated by tourism businesses. |
| Economic Factors | Whether the global economic environment is healthy or not would affect people's intentions of travelling to other countries. People tend to spend more on travelling if they are under a favourable economic environment. For example, the appreciation of RMB to HKD has encouraged much more Mainland visitors travelling to Hong Kong since they perceived a higher value of their currency when spending their money in Hong Kong. |
| Cultural and Environmental Factors | A greater environmental awareness and a society that takes its health and fitness more seriously than it was in the past. This awareness has affected travel and tourism developments in the recent years. 'Green issues' such as the development of eco-tourism, green hotels and conservation of heritage sites are becoming more and more important which provide a basis for sustainable tourism development of a tourist destination. |
| Technological Factors | Travel and tourism has always been an industry that has made extensive use of new technological equipment. Computerized reservation system (CRS), the use of computers and sophisticated databases for marketing purposes are very common among travel agencies. Increasing competition within the industry force agencies to use new technology to its fullness. Latest developments in transportation make extensive use of new technology, for example the Mainland's High-speed Rail and the advances in aircraft design help opening up new long-haul destinations. |

Table 1.1 – Factors that Encourage or Prohibit the Development of Tourism
Source: The Development of the Travel and Tourism Industry and the Factors Affecting it Today. Retrieved from http://www.123HelpMe.com/view.asp?id=149199

## 1.3. History of Tourism

The history of tourism can be divided into 6 different stages as follow:

### 1) Roman Empire Period

During the Roman Empire period (from about 27 BC to AD 476), travel developed for military, trade and political reasons, as well as for communication of messages from the central government to its distant territories. Travel was also necessary for the artisans and architects "imported" to design and construct the great palaces and tombs. In ancient Greece, people traveled to Olympic Games. Both the participants and spectators required accommodations and food services. Wealthy Romans, in ancient times, traveled to seaside resorts in Greece and Egypt for sightseeing purpose.

### 2) Middle Age Period

During the Middle Age (from about AD 500 to 1400), there was a growth of travel for religious reasons. It had become an organized phenomenon for pilgrims to visit their "holy land", such as Muslims to Mecca, and Christians to Jerusalem and Rome.

### 3) 16th Century

In the 16th century, the growth in England's trade and commerce led to the rise of a new type of tourists - those traveled to broaden their own experience and knowledge.

### 4) 17th Century

In the 17th century, the sons and daughters of the British aristocracy traveled throughout Europe (such as Italy, Germany and France) for periods of time, usually 2 or 3 years, to improve their knowledge. This was known as the Grand Tour, which became a necessary part of the training of future administrators and political leaders.

### 5) Industrial Revolution Period

The Industrial Revolution (from about AD 1750 to 1850) in Europe created the base for mass tourism. This period turned most people away from basic agriculture into the town / factory and urban way of life. As a result, there was a rapid growth of the wealth and education level of the middle class, as well as an increase of leisure time and a demand for holiday tourism activities. At that time, travel for health became important when the rich and fashionable Europeans began to visit the spa towns (such as Bath in England and Baden - Baden in Germany) and seaside resorts in England (such as Scarborough, Margate and Brighton).

### 6) 19th to 20th Centuries

In the 19th and 20th centuries, the social and technological changes have had an immense impact on

tourism. Great advances in science and technology made possible the invention of rapid, safe and relatively cheap forms of transport: the railways were invented in the 19th century and the passenger aircraft in the 20th century. World War II (AD 1939-1945) was also the impetus for dramatic improvements in communication and air transportation, which made travel much easier today than in earlier times.

**-** *1980s*

The 1980s were called the boom years. Business and leisure travel expanded very rapidly. The baby-boomers were coming of age and had the money to spend. These travellers were looking for a variety of tourism products from exciting vacation options such as adventure travel, ecotourism and luxurious travel.

There was not only a significant expansion in the travel market but also in tourist destinations. The fall of the Berlin Wall in Germany in 1989 signified the doom of communism in Europe. Countries such as Russia and the Czech Republic became new tourist destinations both for vacation and business travellers.

**-** *1990s*

The Aviation Industry was facing high operational costs, including wage, oil prices, handling fee of Central Reservation System (CRS), landing charge of the air crafts and advertising fee etc. During this decade, CRS also marched towards more sophisticated technology. It became possible for agents to book a huge inventory of tourism products, such as hotels, car rentals, cruises, rail passes, and theatre tickets from the CRS.

The introduction of “ticketless traveling” (electronic ticket) brings benefits to the airlines by cutting the amount of paperwork and cost of tickets. At the same time, passengers do not have to worry about carrying or losing tickets. Although, electronic ticketing does not bypass the travel agents as intermediaries, it makes it easier for the airline to deal directly with consumers.

The advance in technology also allows the airlines and other travel suppliers to sell directly to travellers through the Internet and interactive kiosks at airports. The kiosks at the airport usually sell hotel accommodation, transfer tickets such as bus tickets between airport and downtown areas and coach tickets from one city to another.

Travellers can now log on to the Internet easily reach for travel information, book a simple ticket or hotel room through their personal computer at home. There are thousands of new destinations, tour products and discounted airfares for travellers to choose from.

## 1.4. Careers in the Tourism Sector

### 1.4.1. Job Opportunities

Travel and tourism industry and its' associated sectors provide various employment opportunities to students. Besides working in travel agencies, airlines, tour operators, theme parks, events and hotels, students can also have other options such as working in government tourism departments, customs services, airline catering, tourism promotions and sales, etc.

Source: Careers in Travel & Tourism. Retrieved from
http://www.highereducationinindia.com/career-options/careers-in-travel--tourism-30.php

The following is a list of some entry positions in the local tourism sector which are available for youngsters to apply.

| Tour and Travel Services | Travel and Transportation | Lodging | Food and Beverage |
|---|---|---|---|
| - Tour guide<br>- Tour escort<br>- Travel consultant<br>- Incentive travel agent<br>- Corporate travel agent<br>- Travel academy instructor<br>- Meeting planner, etc. | - Airline pilot<br>- Flight attendant<br>- Ground service staff<br>- Air traffic controller<br>- Cruise crews, etc. | - Receptionist<br>- Concierge<br>- Housekeeper<br>- Reservation staff<br>- Recreations instructor<br>- Bell attendant, etc. | - Waiter / waitress<br>- Banquet server<br>- Banquet sales manager<br>- Chef<br>- Bartender<br>- Cashier<br>- Hostess, etc.<br><br>**Others**<br><br>- Retailing<br>- Public relations<br>- Advertising<br>- Market research<br>- Human resources, etc. |

Table 1.2 – List of Career Opportunities in the Tourism Sector

Source: Colbert, J. (2004). Career opportunities in the travel industry. Travel Industry Association of America (TIA).

### 1.4.2. Career Development

The tourism industry offers different career pathways according to the different types of positions available in the market. Examples of three different career pathways:

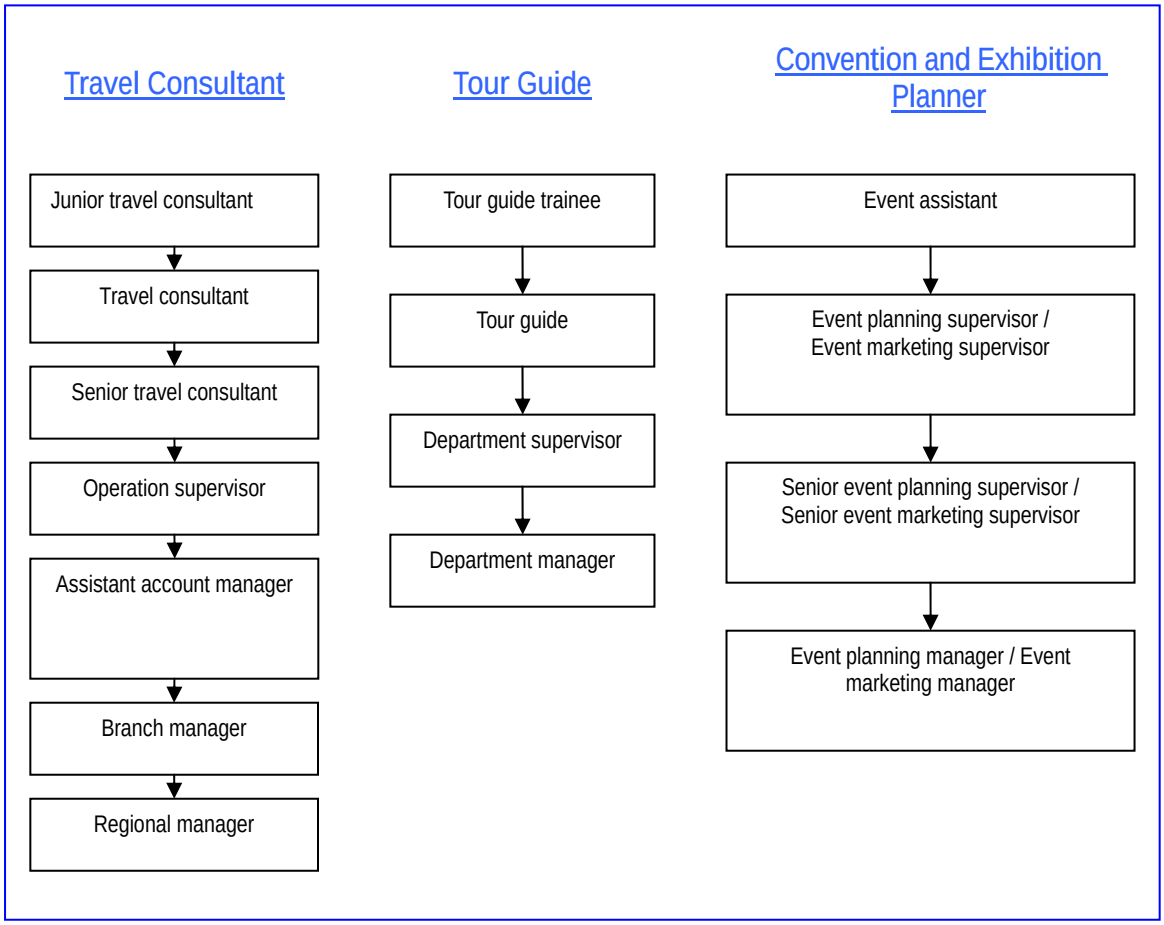


Figure 1.3 – Examples of Career Path in the Tourism Industry

Source: Employees Retraining Board (2012). Industry Overview. Retrieved from http://www.erb.org/Corp/media/coz_ind/tourism.pdf

## Activity 1.1

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### Case Study - Career Opportunities Provided by Travel Industries

**Newspaper Clipping: Applying for Flight Attendant Requires Inner Qualities**

Excerpt from: Ming Pao Daily. 2nd August, 2007

Since flight attendants can travel to different countries and broaden their horizons, this position is always popular among youngsters. Mr. Wong Wong-Fai (王煌輝), the manager of the Administration Department of the Japanese airline (JAL), states that, in addition to appearances, inner qualities cannot be disregarded when being recruited for the position of flight attendant. As the applicant enters the interview venue, every action will be "recorded," and every detail is crucial for successful recruitment. The company recruits 30 to 40 flight attendants every year, according to the needs of the market, and only an average of one out of 50 talented applicants can successfully gain a letter of employment.

**Requirements**

- F5. or above
- Fluency in English and Cantonese
- Fluency in Mandarin or other language is an advantage
- The ability to reach at least 208cm high with your hands
- Good at communications, kind and friendly
- Adaptable
- Independent, patient



- Inner qualities cannot be disregarded

The Dragonair Assistant General Manager states that since flight attendants belong to the service industry, besides an ability to communicate, qualities like an open and optimistic character, eagerness to help others and patience are also valued in order to cope with the needs of different customers. Moreover, the flights would change from time to time due to weather and other emergencies. Therefore, it requires high adaptability and the ability to work independently.



- Modest dress and an English-language interview

  The flight attendant interview routine for all airlines includes a measurement of the hand's reachable height, a self-introduction, a group interview, an oral test, a written test and role play. Interviews are usually conducted in English. Applicants should therefore prepare their answers in English. In terms of dress code, any clothing is fine as long as it is modest and tidy. There is no need to dress like a flight attendant.

- Height requirements

  Mr. Wong Wong-Fai (王煌輝) states that due to practical needs and safety reasons, applicants are required to measure their hand-reachable height. "The luggage racks are of a certain height. Although moving luggage to the rack does not fall into the duties of a flight attendant, they have the responsibility to serve people who are in need. Moreover, flight attendants should check whether the luggage racks are safely locked before takeoff. If they cannot reach the luggage rack easily, it would cause inconvenience to their work.".

- Understand the company

  Even if the applicant fits into all external criteria, sometimes he/she may lose marks in the interview due to a lack of understanding of the corporate culture. Mr. Au Kwok-Chuen (區國全) bluntly states that "Some applicants attend the interview with a 'talent test' attitude and do not know about the company history and the air routes at all. They thought that Japan Airlines only has routes that fly to Japan."

  

  Mr. Wong Wong-Fai (王煌輝) states that the salary of flight attendants generally includes a basic salary and a flying allowance. The starting salary is about HK$13,000.00. The company can promote the flight attendant to flight purser, senior flight purser and in-flight services manager, according to their seniority and performance.

## Questions for Discussion

1. Based on the above article, please explain why appearance and inner qualities are keys to getting successfully employed as a flight attendant?

2. Please explain the general duties/work situation of a flight attendant.

3. Apart from flight attendants, what are other positions in the aviation industry?

4. Imagine that you are a high school graduate this year planning to enter the aviation industry. Other than the position of flight attendant, please list out two other positions that you would like to apply for in this industry and indicate their respective job duties/service nature. You may refer to the Cathay Pacific website: http://www.cathaypacific.com/cpa/en_INTL/careershome

| I am applying for the position of _____ at _____ Airlines | | |
|---|---|---|
| Job Duty Category |  | Job duties/Service nature |
| A. | | |
| | | |
| B. | | |
| | | |

5. (a) Try to find a sample of a job advertisement related to the tourism industry from newspapers or recruitment websites. Paste the advertisement onto the box below. Please list out the job requirements.

| Job advertisement | Requirements: |
|---|---|
| | |
| | |
| | |
| | |

(b) Do you think you are qualified for the above position? Why or why not? Please explain your answer.

(c) Please quote two positions in the four core sectors of the tourism industry listed in the table below. You may refer to the websites of the Travel Industry Council of Hong Kong or other related industries.

- http://www.tichk.org/public/website/b5/job_vacancies/job_posting/index.phtml
- http://hk.careers.yahoo.com/chinese/job_listing.html?keyword=&industry=119
- http://hk.careers.yahoo.com/chinese/job_listing.html?keyword=&industry=149
- http://hk.careers.yahoo.com/job_listing.html?keyword=&industry=150&language=english

| Core Sectors in Tourism | Position (1) | Position (2) |
|---|---|---|
| • Lodging Industry<br> | | |
| • Travel Agents/ Travel Service<br> | | |
| <br>Source: Switzerland NTO<br>• Transport Industry (e.g. Airlines, Railway Corporations, Cruiser liners) | | |
| • Tourist attractions (e.g. theme parks and museums etc.)<br> | | |

Suggested Answers:

5 (c) Job categories in the tourist industry：

| Core sectors related to tourism services | Position Categories |
|---|---|
| • Lodging Industry (e.g. Hotels, Motels, cruise liners) | • Room service, accounting, room service, operator, luggage, catering, marketing, human resources |
| • Travel Agents/ Travel Services | • Leader/tour guide, travel consultant, ticketing officer, sales and marketing |
| • Transport Industry (Airline, Railway Corporations, Cruisers, Coach Services, Car Rental Services) | • Ticketing, booking, flight attendant, ground crew, marketing, tourism service, business |
| • Tourist Attractions (Theme Parks and Museums etc) | • Marketing and sales, docent |

---

# 2. The Meaning of 'Travel' 'Tourism' and 'Tourist'

## 2.1. Concepts of 'Travel' and 'Tourism'

'Travel' and 'tourism' have similarities and differences in their meanings:

### 1) Travel

Travel comprises all journeys from one place to another. It includes all journeys made by people who enter a country for leisure, to work, reside, study or who just pass through a country without stopping.

### 2) Tourism

A brief summary of the definition is as follow:

Tourism means the temporary short-term movement of people to destinations outside the places where they normally live and work, as well as their activities during their stay at these destinations. It should be noted that all tourism should have some travel, but not all travel is tourism.

Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for less than a year and whose main purpose of travel is other than the exercise of an activity remunerated from within the place visited. The term "usual environment" is intended to exclude trips within the area of usual residence and frequent and regular trips between the domicile and the workplace and other community trips of a routine character.

Based on the UNWTO definition on tourism, tourism could be categorized as:

- *Domestic Tourism*

Domestic tourism involves trips made by local residents within their own countries.

Example: An American, who lives in New York, takes a business trip to Los Angeles.

- *International Tourism*

International Tourism involves trips between 2 countries. To a certain country, visits by residents of that country to another country is her outbound tourism; visits to that country by residents of another country is her inbound tourism.

Example: Trips between Hong Kong and Japan. Hong Kong as the point of origin/point of destination:

- Visits made by Hong Kong residents to Japan are Hong Kong's outbound tourism;
- Visits made by Japanese to Hong Kong are Hong Kong's inbound tourism.

International tourists are those who travel to a country other than the one in which they normally live.




Figure 2.1 – Outbound and Inbound Tourism

According to Figure 2.1, the tourist leaves Country A (which is a tourist generating country) to Country B (which is a tourist receiving country). From the point of view of Country A, this person is an outbound tourist; but from the point of view of Country B, he or she is an inbound tourist.

## Top Tourist Destinations of the World

According to the figure compiled by UNWTO, international arrivals grew from 25 million in 1950 to 940 million in 2010. In 1950, destinations of the developed countries account for 98% of all the international arrivals. However, this percentage fell to 53% in 2010. In 2010, Europe accounted for 50.7%, Asia and the Pacific for 21.7%, Americas for 15.9%, the Middle East for 6.4% and Africa for 5.2% of the world's total international tourist arrivals. Meanwhile, Middle East region has experienced the highest annual tourist arrival growth rate at 9.6% since 2000. Africa came second at an annual rate of 6.4% and Asia and the Pacific came third at an annual rate of 6.3%.

| Rank | | International Tourist Arrival (million) 2010 |
|---|---|---|
| 1 | France | 76.8 |
| 2 | United States | 59.7 |
| 3 | China | 55.7 |
| 4 | Spain | 52.7 |
| 5 | Italy | 43.6 |
| 6 | United Kingdom | 28.1 |
| 7 | Turkey | 27.0 |
| 8 | Germany | 26.9 |
| 9 | Malaysia | 24.6 |
| 10 | Mexico | 22.4 |

Source: World Tourism Organization (UNWTO)

## Top Tourism Spenders of the World

| International Tourism's Top Spenders 2010 | | | |
|---|---|---|---|
| | International Tourism Expenditure (US$ billion) | Market Share (%) | Expenditure per capita (US$) |
| Germany | 77.7 | 8.5 | 952 |
| United States | 75.5 | 8.2 | 244 |
| China | 54.9 | 6.0 | 41 |
| United Kingdom | 48.6 | 5.3 | 780 |
| France | 39.4 | 4.3 | 625 |
| Canada | 29.5 | 3.2 | 866 |
| Japan | 27.9 | 3.0 | 219 |
| Italy | 27.1 | 2.9 | 449 |
| Russian Federation | 26.5 | 2.9 | 189 |
| Australia | 22.5 | 2.5 | 1,014 |

Source: World Tourism Organization (UNWTO) (Data as collected by UNWTO, June 2011)

## 2.2. Definitions of "Tourist"

Besides the term 'tourists', other terms such as 'travellers', 'excursionists' and 'visitors' are commonly used to describe people traveling to destinations outside their own residences and working places. In facts, there are some variations in the meanings of these terms and would be explained to you one by one as follow:

### 1) Travellers

Any person who is taking a trip within or outside his/her own country of residence irrespective of the purpose of travel, means of transport used, even though he/she may be travelling on foot.

### 2) Tourists (overnight visitor)

A tourist is a person who travels to destinations outside his/her residence and working place, and stays for at least 24 hours, for the purpose of leisure or business.

- *International Tourists*
  A visitor who visits another country and stays at least one night in a collective or private accommodation in the country visited.

- *Domestic Tourists*
  A visitor who stays at least one night in a collective or private accommodation in the place visited within his/her own country.

### 3) Excursionists (same-day visitor or day tripper)

An excursionist is a person who temporarily visits a destination and stays for less than 24 hours, for the purpose of leisure or business, but not for transit.

- *International Excursionist*
  A visitor who does not spend the night in a collective or private accommodation in the country visited.

- *Domestic Excursionist*
  A visitor who does not spend the night in a collective or private accommodation in the place visited within his/her own country.

Examples:

1. A Canadian resident takes a short trip to the USA without staying overnight.
2. A Hong Kong resident goes to
   - Shenzhen shopping without staying overnight.
   - Macau gambling without staying overnight.

## 4) Visitors

Any person travelling to a place other than that of his/her usual environment for a period not exceeding twelve months and whose main purpose of visit is other than the exercise of an activity remunerated from within the country visited.

- *International Visitor*

Any person who travels to a country other than that in which he/she has his/her usual residence but outside his/her usual environment for a period not exceeding twelve months and whose main purpose of visit is other than the exercise of an activity remunerated from within the country visited.

- *Domestic Visitor*

Any person residing in a country, who travels to a place within the country but outside his/her usual environment for a period of not exceeding twelve months and whose main purpose of visit is other than the exercise of an activity remunerated from within the place visited.

### World Tourism Organization's (UNWTO) Definitions of "Tourist"

The International Conference on Travel and Tourism Statistics convened by the World Tourism Organization (UNWTO) in Ottawa, Canada in 1991 reviewed, updated, and expanded on the work of earlier international groups. The Ottawa Conference made some fundamental recommendations on definitions of tourism, travelers, and tourists. The United Nations Statistical Commission adopted UNWTO's recommendations on tourism statistics on March 1993. Figure 2.2 shows the UNWTO's definition of tourist.

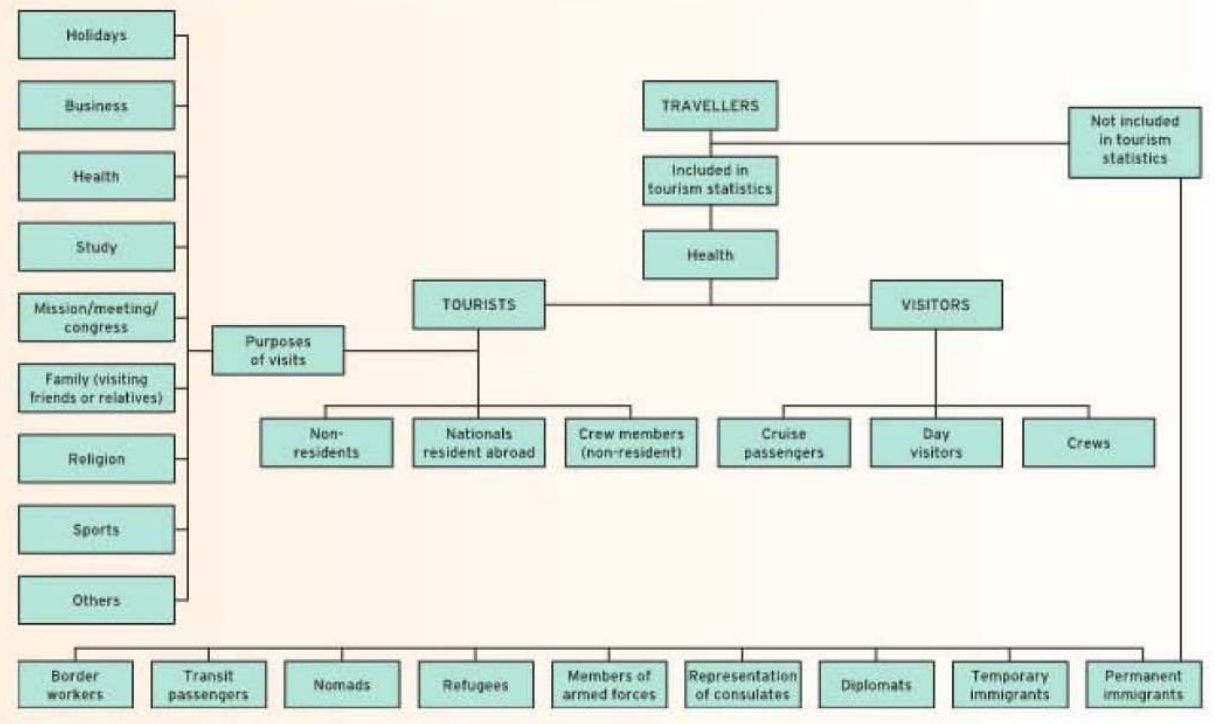


Figure 2.2 – Defining a Tourist

Source: Holloway, J. Christopher, The Business of Tourism, 2nd ed., Pitman, 1986, p. 4 (adapted from Methodological Supplement to World Trade Statistics, World Tourism Organization, 1978)

(a) Tourists: Visitors who spend at least one night in the country visited
(b) Crew members: Foreign air or ship crews docked or in lay over and who used the accommodation establishments of the country visited
(c) Excursionists: Visitors who do not spend at least one night in the country visited although they might visit the country during one day or more and return to their ship or train to sleep.
(d) Cruise passengers: Normally included in excursionists. Separate classification of these visitors is nevertheless preferable.
(e) Day visitors: Visitors who come and leave the same day.
(f) Crews: Crews who are not residents of the country visited and who stay in the country for the day.
(g) Members of armed forces: When they travel from their country of origin to the duty station and vice versa.
(h) Transit passengers: Who do not leave the transit area of the airport or the port in certain countries, transit may involve a stay of one day or more. In this case they should be included in the visitor statistics.
(i) Purpose of visit: Main purposes of visit as defined by the Rome Conference (1963).

According to UNWTO's definition, tourists are classified in 2 categories:

'Tourists', or 'overnight visitors' that would stay overnight in their trips, and 'Same-day visitors', or 'excursionists' that would not stay overnight in their trips.

## 2.3. Classification of Tourists

### 2.3.1. Cohen's Classification

Cohen's classification of tourist is based on the theory that tourism combines the curiosity to seek out new experiences with the need for the security of familiar reminders of home.

Most tourists prefer to explore the destinations from a familiar base. The degree of familiarity of this base underlies Cohen's typology in which he identifies four tourist roles:

| Role | Category | Characteristic |
|---|---|---|
| Organized mass tourists | Institutionalized tourism | - are dealt with in a routine way by the tourist establishments, such as travel agencies, travel companies, hotel chain and other tourism related institutions which cater to the tourist trade |
| Individual mass tourists | | |
| Explorer | Non-institutionalized tourism | - are loosely attached to the tourist establishment;<br>- act as a "spearhead for mass tourism" as well as<br>- a "demonstration effect" to the lower socio-economic groups of the host community |
| Drifter | | |

Table 2.1 – Cohen's Classification of Tourists

Source: Cohen Erik, Toward a Sociology of International Tourism, Social Research, vol. 39, No. 1, 1972

#### 1) The Organized Mass Tourist

The organized mass tourists are the least adventurous and spend most of their time in their comfortable "environmental bubble" throughout their trip.

"Environmental bubble" means the tourists surrounded by his/her similar living environment while he/she is abroad.

A guided tour in an air-conditioned bus traveling through the countryside is a typical example of the organized mass tourist. The itinerary is decided in advance, and all the attractions and stopping points are well fixed and guided. Tourists have almost no decisions on their trip.







## 2) Individual Mass Tourist

This type of tourists is similar to the organized mass tourist, except that the tour is not entirely fixed. The tourist has a certain amount of control over his/her time and itinerary, and is not bound to a group.

However, all the major arrangements are still made through a tour agency. The tour does not bring them much further afield than the organized mass tourists do. They are still confined by their "environmental bubble".

## 3) Explorer

This type of tourists arranges their trips alone. They try to go somewhere unusual, but still look for comfortable sleeping places and reliable means of transportation. They retain some of the basic routines and comforts of their native way of life. They try to mix with the people they visit and also try to speak their language. The explorers dare to leave their "environmental bubble" more readily than the organized mass tourists and individual mass tourists, but they are still careful about their ventures.



## 4) Drifter



This type of tourists goes further away from the "environmental bubble" and from the accustomed ways of life in their home countries. They keep away from any kind of connection with the tourism establishment, such as hotels and tour coaches. The drifters have no fixed itinerary or timetable. They tend to make their trips wholly on their own, live with the local people and often take odd-jobs to keep themselves going. They try to live the way the locals live, and to share their houses, food, and habits.

### 2.3.2. Plog's Classification

Stanley Plog proposes a theory that associates the popularity of a destination to the inherent personalities of travelers. Plog suggests that travelers can be classified into the following types based on their different personalities: allocentric, psychocentric and mid-centric.

#### 1) Allocentric Type

An allocentric tourist is a person who seeks new experiences and adventure in a variety of activities. This person is outgoing and self-confident in behavior. An allocentric person prefers to fly and to explore new and unusual areas before others do so. Allocentrics enjoy meeting people from foreign or different cultures.

They prefer good hotels and food, but not necessarily modern or chain-type hotels. For a tour package, an allocentric would like to have the basics such as transportation and hotels, but not be committed to a structured itinerary. They would rather have the freedom to explore an area, make their own arrangements and choose a variety of activities and tourist attractions.

#### 2) Psychocentric Type

Psychocentrics are more conservatively oriented. They tend to be inhibited and non-adventuresome. They prefer to return to familiar travel destinations where they can relax and know what types of food and activity to expect.

Psychocentrics prefer to drive to destinations, stay in typical tourist accommodations, and eat at family-type restaurants. When arranging a package tour, psychocentrics would prefer a heavily structured itinerary so that they know what to expect. Safety and security are very important to this group.

#### 3) Mid-centric Type

There is a large number of people falling between the allocentric and the psychocentric types of tourists. This type of tourists is called mid-centrics. Mid-centric tourists are not particularly adventurous, but they are receptive to new experience.

Examples of destination choices which reflect tourist different personalities are shown in Figure 2.3 below.

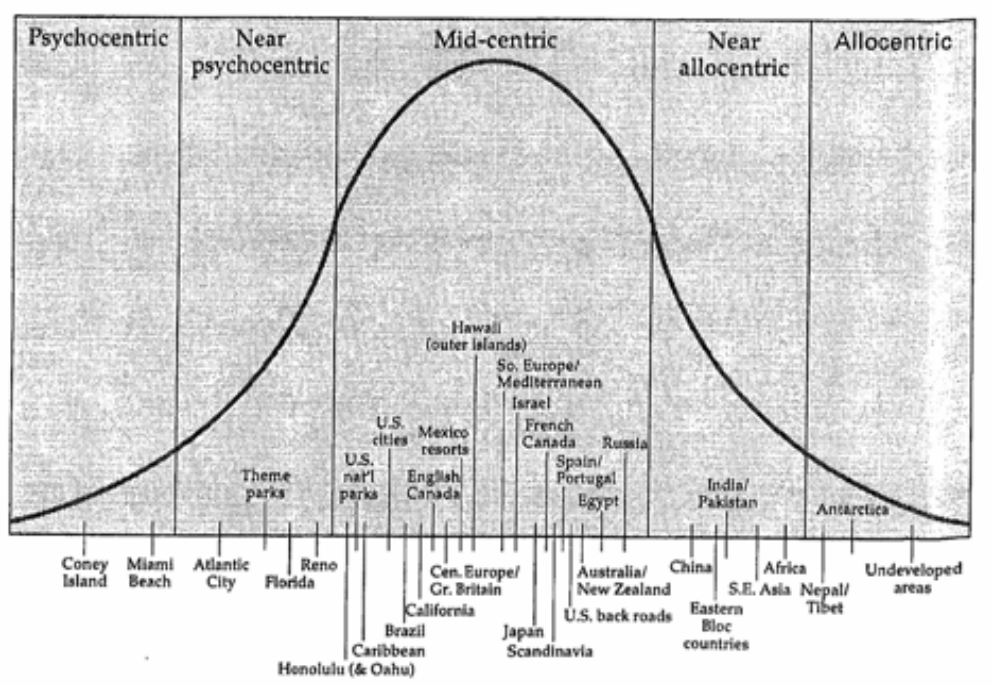


Figure 2.3 – Plog's Classification of Tourist Personalities

Source: Plog Research, Inc., Leisure Travel – Making It a Growth Market Again, John Wiley & Sons, 1974

Detail comparisons between the psychocentric and allocentric personalities of travelers are summarized in Table 2.2 below.

| Psychocentrics | Allocentrics |
|---|---|
| • Prefer familiar travel destinations<br>• Like commonplace activities in destinations<br>• Prefer relaxing sun-and-fun spots<br>• Prefer low activity level<br>• Prefer staying at familiar hotel chain, dining at restaurants offering cuisine of their home country<br>• Prefer familiar rather than foreign atmospheres<br>• Prefer purchasing complete tour packages featuring a full schedules of activities | • Prefer "non-tourist" destination and few developed tourist attractions<br>• Enjoy discovering new destinations before others have visited them<br>• Prefer unusual destinations<br>• Prefer high activity level<br>• Prefer simple services, such as adequate to good accommodations and food<br>• Enjoy interacting with people from different cultures<br>• Prefer tour arrangements that include basics (transportation and accommodations and allow for considerable flexibility) |
|  |  |

Table 2.2 - Psychocentric – Allocentric Personality Characteristics

Source: Plog, Stanley C. (1974, February). Why destinations rise and fall in popularity. The Cornell Hotel and Restaurant Administration Quarterly, 55-58

Based on Plog's theory, destinations of the Psychocentric-Allocentric for Hong Kong residents can be grouped as follows:

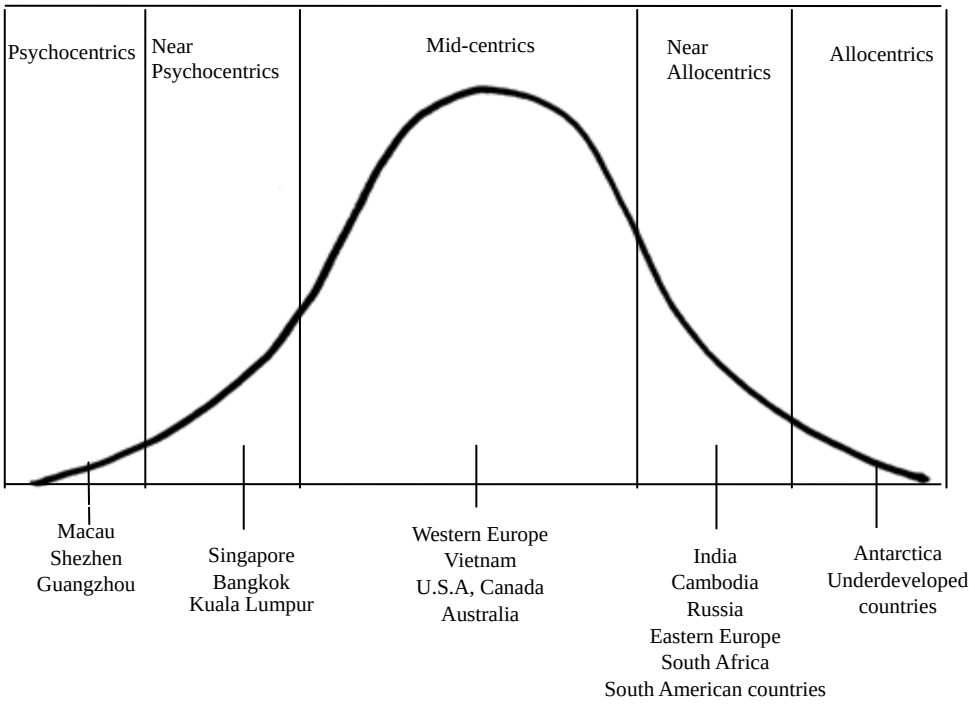


Figure 2.4 – Classifications of Hong Kong residents' personalities based on their choices of destinations

In the understanding of the typologies of tourists, this topic is highly complex and depends on a range of factors. We cannot hope to encompass the complex patterns of behaviour we see in the real world with one single typology. Some of the above historical research on tourists' needs, motivations and expectations may actually come up with fairly similar dimensions but may label them differently (Plog, 1987).

Furthermore, the dynamic nature of the tourism industry may not be able to represent the many changes in consumer behaviours which have taken place over the years (e.g. The introduction of the IVS by the Mainland's authority in 2003. Since then Hong Kong had experienced an influx of tourists from the Mainland which dramatically changed the visitor profiles of Hong Kong).

Finally, some typology concepts are generally applied in the study of tourists as if they can be universally applicable to all tourists (Plog's psychocentric position of destination is an example). However, they seem to ignore the national and cultural differences among the tourists, which surely weaken the validity of the concepts. In view of all these, we may need to study more typologies as there are many different types of tourism products, tourism markets, countries and cultures.

References

Plog, S. (1987). Understanding psychographics in tourism research. In Travel, Tourism, and Hospitality Research: A Handbook for Managers and Researchers (J.R.B. Ritchie and C.R. Goeldner, eds) John Wiley and Sons.

# 2.4. Tourist's Codes of Behaviour and Other Concerned Issues

## 2.4.1. Tourist's Codes of Behaviour

### 1) Tourist's Codes of Behaviour Based on the Global Code of Ethics for Tourism of the UNWTO

Based on the "Global Code of Ethics for Tourism" of the World Tourism Organization (UNWTO), tourists should take an active role in behaving themselves in order to achieve mutual tolerance and learn about the legitimate differences between peoples, cultures and their diversity. A few major points in making one's trip an enriching experience are as follow:

- Open your mind to other cultures and traditions – it will transform your experience, you will earn respect and be more readily welcomed by local people. Be tolerant and respect diversity – observe social and cultural traditions and practices.

- Respect human rights – Exploitation in any form conflicts with the fundamental aims of tourism. The sexual exploitation of children is a crime punishable in the destination or at the offender's home country.

- Help preserve natural environments – Protect wildlife and habitats and do not purchase products made from endangered plants or animals.

- Respect cultural resources – Activities should be conducted with respect for the artistic, archaeological and cultural heritage.

- Your trip can contribute to economic and social development – Purchase local handicrafts and products to support the local economy using the principles of fair trade. Bargaining for goods should reflect an understanding of a fair wage.

- Inform yourself about the destination's current health situation and access to emergency and consular services prior to departure and be assured that your health and personal security will not be compromised. Make sure that your specific requirements (diet, accessibility, medical care) can be fulfilled before you decide to travel to this destination.

- Learn as much as possible about your destination and take time to understand the customs, norms and traditions. Avoid behaviour that could offend the local population.

- Familiarize yourself with the laws so that you do not commit any act considered criminal by the law of the country visited. Refrain from all trafficking in illicit drugs, arms, antiques, protected species and products or substances that are dangerous or prohibited by national regulations.

Source: UNWTO (2005). The Responsible Tourist and Traveller. Retrieved from http://ethics.unwto.org/sites/all/files/docpdf/responsibletouristbrochureen.pdf

## 2) Behavior of a Responsible Tourist Promoted by Other Scholars

Example 1:

1. Travel in a spirit of humility and with a genuine desire to learn more about the people of the host country.
2. Be sensitively aware of the feelings of other people, thus preventing what might be offensive behavior on your part. This applies very much to photography.
3. Cultivate the habit of listening and observing, rather than merely hearing and seeing.
4. Realise that often the people in the country you visit have time concepts and thought patterns different from your own; this does not make them inferior, only different.
5. Instead of looking for that "beach paradise", discover the enrichment of seeing a different way of life, through other eyes.
6. Acquaint yourself with local customs - people will be happy to help you.
7. Remember that you are only one of the thousands of tourists visiting this country and do not expect special privileges.

Source :O'Grady,R."Third World Stopover:The Tourism Debate "

Example 2:

Tourism involves the movement of large numbers of people from their normal places of residence to new locations. Tourism results in certain impacts on the environment, social, cultural and economy of the host destinations. (Detail of tourism impact on host community will be further elaborate in module 3). In order to minimize the negative impact of tourism on the host destination and so as to enable tourists to enjoy the originality of the destination, tourists should be aware of the effect of their behaviour on the host destination.

*Understanding Human Differences*

Do not impose your thinking on the others. The local community may have a different concept of time, thought pattern, customs, values and the way they behave may be different from your home country.

- It is necessary to understand the taboos and protocols of a destination and to avoid any acts that may offend the host community.
- Appreciate all aspects of the host destination
- By understanding the indifferences, tourists should appreciate all aspects of the destination including their customs, heritage and environment.
- Protect the environment, heritage and be concerned with the feelings of the host community
- Tourists should assist in protecting the physical environment so that the attractiveness of the destination would not be depreciated.
- It is necessary to respect the culture of the host community.
- The tourists' own culture is not superior than the others and they should not expect any privileges from them.

**Understand** → **Appreciate** → **Protect**

When cultural tourism and ecotourism are the major forms of tourism of a destination, the code of behaviour of the travellers on culture and environment of the community is very important. For example, the Himalayas in Nepal is a popular trekking destination and a culturally distinct area. The British-based organization, Tourism Concern has set up a voluntary code of conduct for tourists as a guideline when they visit the country. This guideline was launched in 1991 which aims to:

- promote greater understanding of the impact of tourism on host communities and environments;
- raise awareness of the forms of tourism that respect the rights and interests of people living in tourist receiving areas, promoting tourism that is just, sustainable and participatory;
- work for change in current tourism practice such as vast tract of forest depleted in order to fulfil fuel-wood needs and accommodation for tourists. This has resulted in soil erosion and flooding;
- to enable tourists and travellers to travel with critical insight and understanding.




The Ruins of St Paul's, Macau

The guidelines were distributed to all British tour operators carrying visitors to the Himalayas. They also encourage tour operators to include the Code in their brochures. Copies were also sent to major ticket outlets, such as Campus, Trail-finders to ensure they reach independent travellers.

*The set of tourist code is as follows:*

- Limited deforestation– do not set open fires and discourage others from doing so on your behalf. Where water is heated by scarce firewood, use as little as possible. When possible choose accommodation that uses kerosene or fuel effective wood stoves

- Remove litter, burn or bury paper and taking away out all non-degradable litter. Graffiti are permanent examples of environment pollution.
- Keep local water clean and avoid using pollutants such as detergents in streams or springs. If no toilet facilities are available, make sure you are at least 30 metres away from water sources, and bury or cover wastes.
- Plants should be left to flourish in their natural environment –taking cuttings, seeds and roots is illegal in many parts of the Himalayas.
- Help your guides and porters to follow conservation measures.
- When taking photographs, respect privacy – ask permission and use restraint.
- Respect Holy places –preserve what you have come to see, never touch or remove religious objects. Shoes should be removed when visiting temples.
- Do not give to children as it may encourage begging. A donation to a project, health centre or school is a more constructive way to help.
- You will be accepted and welcomed if you follow local customs. Use only your right hand for eating and greeting. Do not share cutlery or cups, etc. It is polite to use both hands while giving or receiving gifts.
- Respect for local etiquette earns you respect – loose, light-weight clothes are preferable to revealing shorts, skimpy tops and tight fitting action wear. Hand holding or kissing in public are disliked by local people.
- Observe standard food and bed charges but do not condone overcharging. Remember that when you're shopping the bargains you buy may only be possible because of low income to others.
- Visitors who value local traditions encourage local pride and maintain local cultures, please help local people gain a realistic view of life in Western Countries.

Source: Davidson, Rob, Tourism, 2nd ed., Longman, 1995, p. 170-171

Additional Information:

- Useful website for tourist conduct: www.tourismconcern.org.uk

- The Nepal Tourism Board also inform tourists on some do's and don'ts through their website aiming to enable tourists to be aware of the local cultures and to minimize the conflicts between tourists and host communities. (www.welcomenepal.com)

- Global Code of Ethics in Tourism (UNWTO): http://www.unwto.org/code_ethics/eng/principles.htm

## 2.4.2. Concerned Issues While Traveling

Besides behaving oneself, safety is also the primary concern of a tourist. Other concerns include health hazards and the crime rate, especially theft at the destination.

### 1) Personal Safety

- Avoid places where crime rates are high, wars are taking place or where there is threat from terrorists.
- Find out the location of fire exits in the hotel one is staying in.

### 2) Money and Valuables

- Buy traveler's cheques to reduce the possibility of losing the cash.
- Keep the traveler's cheques, credit cards and cash in separate places.
- Put valuables in the hotel safe.
- Take good care of one's travel documents.
- Make photocopies of one's travel documents in case the original is lost.
- Keep a list of emergency telephone number

### 3) Health

- Find out whether the country one is traveling to is a plague area (whether inoculation is necessary).
- Find out the sanitation condition in that country (whether it is necessary to bring drinking water).
- Bring one's personal medication.
- Be careful with what to eat and drink. Avoid unclean food and water. Visit the Travel Health Service Website of the Hong Kong Department of Health when planning for a trip away from Hong Kong – www.travelhealth.gov.hk.




Source: Travel Health Service,
Hong Kong Department of Health

### 2.4.3. Tourists with Special Needs

Some tourists would have special needs while travelling to other places. Sometimes, service providers should cater the special needs of these types of tourists by adjusting the existing services or providing extra ones to them. The followings illustrate some examples of how airlines cater different types of tourists with their special needs.

#### 1) Very Important Persons (VIPs)

- VIPs are usually served by specially trained employees assisting in the departure or arrival procedures.
- On departure and on arrival, VIPs may benefit from having special immigrations and customs check different from that of normal passengers.

#### 2) Senior Travelers

- Airlines may provide special care for them, e.g. special meals.
- Senior travelers may request wheelchair or staff to assist them when boarding and disembarking the aircraft, as well as moving in and out of a hotel.

#### 3) Children

- Airlines may provide special meals and toys for them.
- If children fly without adults, airlines must provide staff to take care of them.

#### 4) Disabled

- Airlines allow the blind to bring along guide dogs on board.
- Airlines provide the therapeutic air for the needy.
- Airlines and hotels would provide wheelchairs for those who need.

#### 5) Religious Travelers

- Airlines prepare special meals for Jews, Muslims, etc.
- During the flight, they may ask the direction of the aircraft so as to pray to a holy center of their belief.
- They may ask for a praying room in the concourse area of an airport.

### 6) Pregnant Travelers

- Airlines will accept passengers with pregnancies up to 28 weeks. A medical certificate may be required at check-in.

### 7) Infant Travelers

- Most of the aircraft are equipped with special baby bassinets, diapers and baby food. Airlines may also offer meet and assist service for passengers travelling with infant when departing from and arriving at the airport.

### 8) Physical Challenge/ Travelers/ Travelers with Disabilities

- They are slow walkers, wheelchair travelers, dumb and deaf travelers. These travelers have unique needs and they cannot be fulfilled with traditional hospitality facilities. The tourism and hospitality operators must provide a barrier free travel for these travelers.

- The typical barriers for these travelers are accessibility, mobility and communication. Airlines, cruises, rails and hotels as well as attractions such as shopping malls, museums, airports, etc should consider of providing a barrier-free services to these travelers.

# 3. Travel Motivations and Tourist Flow

# 3.1. Travel Motivations
# - Reasons of Travel / Purposes of Travel

Before discussing the travel motivations of tourists, one question that should be answered first is - "Why do people travel?" The followings are some common forms of travel based on travelers' purposes of visiting a destination.

## 1) Leisure / Holiday Tourism

Leisure/Holiday tourism can be divided into 2 forms:

(i) Relaxation
(ii) Sightseeing

The destinations for relaxation tourism can be attractive scenery or sun, sea and sand. Examples of these tourist destinations are the coasts, beaches, countryside and mountainous regions.



Sun, sea and sand
Source: Philippines NTO

Sightseeing tourism includes the tourists who may travel around sightseeing and staying in different places. The main reasons for sightseeing tourism are a desire for self-education and for self-esteem. This kind of tourists take a lot of photographs. Urban centers are their common destinations, for example, Bangkok, Taipei, Seoul, etc.





Attractive scenery

## 2) Business Tourism



The business travelers may travel for various purposes, for example, trade, meeting, convention and exhibition. Business people buy similar products as do other tourists. They would also spend money on entertainment and recreation while they are at their destinations.




*The characteristics of business tourism are:*

- Business tourists frequently travel to destinations not usually seen as tourist destinations. Cities such as London, Frankfurt, New York, Tokyo and Hong Kong are important destinations for the business travelers.
- Business travel is relatively price-inelastic; business people cannot be encouraged to travel more frequently by the offer of lower prices, nor will an increase in price discourage them from traveling.
- Business travel is not greatly affected by seasonal factors such as variation in climate or holidays.
- Business tourists take relatively short but frequent trips to major business destinations.
- Business tourists may require different services, such as communication facilities or secretarial service.
- Business travelers expect, and generally receive, a higher standard of service. For example, many business travelers would choose first-class or business-class for their flight tickets, and thus receives higher levels of service from the suppliers, including the travel agencies.

## 3) Cultural Tourism

Cultural tourism is related to the transmission of knowledge and ideas of the destination area or host community.



As tourists are curious about different kinds of experiences and cultures in various parts of the world, they travel to learn and experience the culture of a tourist destination. This becomes the prime motivational force for their travel. This kind of tourist likes to visit different types of cultural attractions, ranging from concrete attractions such as museums and monuments, cultural performances to other cultural manifestations, such as the consumption of the way of life of certain cultures.

## 4) Eco-tourism



Tourists of this kind enjoy traveling to natural areas. They will minimize their impact on the environment as well as protect the natural resources during their travel. Therefore, eco-tourism is characterized as a force for conservation and preservation of nature.

For eco-tourism, the managing authority of wildlife areas (e.g. national parks) will spend most of the income from tourists (e.g. entrance fees and donations, etc.) on the conservation work in the area. In some areas, the authority may offer tour guides to educate tourists and modify their behavior so that they will cause less impact on the environment.

## 5) Study Tourism

Students travel to overseas learning or training centers, such as universities, for short or vacation courses. There is an increasing number of local study tours ranging from half-a-day to a week.








Study tour conducted on a cruise ship

## 6) Religious Pilgrimage

People are motivated by their religious beliefs. The demand for this kind of tourism is quite stable. The destinations of religious pilgrimages usually have a long tradition, such as Muslims to Mecca and Christians to Jerusalem.

## 7) Health Tourism

Since the development of spas (mineral springs) in the 18th century, there have been visitors to centers of medical treatment. The spas in the mainland of China and Japan are still popular attractions in some tour programs.





Health tourism

## 8) Visiting Friends and Relatives (VFR)

Some tourists travel abroad because they want to visit their friends and relatives. It is sometimes said that those visiting their friends or relatives (VFR) are not really tourists at all in the conceptual sense. They do not usually buy accommodation or much food or drink or other services at the destination; but they do consume food and beverages from the supermarkets used by their hosts, and household consumption of other services (e.g. electricity, water) is increased during their stay.

Some of the VFR tourists' destinations may not be tourist attractions, but they are the population centers where friends or relatives live. Tourists are therefore visiting “non-tourist” areas. In Hong Kong, the popular VFR destinations are the mainland of China, Canada, U.S.A. and Australia.

## 9) Sports Tourism

Many tourists travel for sports. They may:

- participate in sports, such as skiing or mountaineering;
- watch sports, such as attending the Olympic Games or World Cup Soccer.

For example, the International Rugby-Sevens Competition in Hong Kong attracts both sport players and spectators.




Rugby Seven, Hong



Scuba diving, Philippines
Source: Philippines NTO



White water rafting, Philippines
Source: Philippines NTO

The listing of the above examples can be considered as one classification of tourists based on their reasons of travel. In fact, there are numerous ways in analyzing the travel reasons and motivations of tourists, which will be further introduced and explained in the later sections of this chapter.

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## 3.2. The Importance of Travel Motivations and Its Effects on Travel Decisions

### 1) Definition of "Motivation"

A motivation is a wish that prompts people to take action, work hard to achieve a goal, and satisfy a certain kind of need. For example, when a person is hungry and there is a need to appease his or her hunger, a motivation to search for food is formed. Therefore, people's activities of all kinds are driven by their motivations, and they govern people's actions.

Travel motivations help explain the following questions:

- Why do we go travelling?
- Why do we choose to travel to a certain place?
- Why do we participate in a certain travel activity?

These are essentially questions about tourists' travel motivations. Travel motivations directly spur people's travel activities.

### 2) Formation of Travel Motivations

Travellers are motivated to satisfy a need, and they have a perception of what will satisfy their need. At the same time, travellers have a perception of the attractions of the destination and whether the attractions satisfy their needs. If both sides are agreed, travellers are motivated to visit that destination.

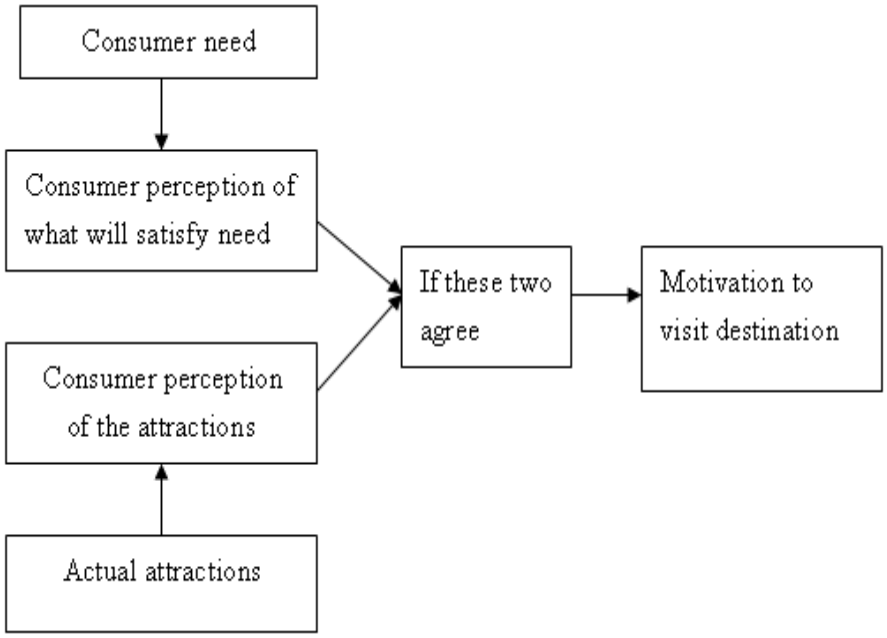


Figure 3.1 – Formation of Travel Motivations

Source: Holloway, J. Christopher, The Business of Tourism, 4th ed., Pitman Publishing, 1994, p.48

### 3) Travel Motivations to Travel Actions

In this section, we will use theories on consumer behaviour to further explain how travel motivations can lead to travel actions. Wierenga & Van Raaij (1987) define consumer behaviour as 'all the actions of individuals which are directly involved with the purchase, use and disposal of products and services in order to satisfy one's needs'. The tourism product is a complex mixture of services (e.g. aircraft seats, hotel rooms) and goods (e.g. food, souvenirs) (Holloway, 1989) which are bought by a special kind of consumers, namely tourists.

To provide a high-quality service to tourists effectively, you must understand what psychological factors can stimulate and influence people to make all types of travel decisions. Travel psychology is a science that involves researching tourists' psychological activities and their objective rules, the basic objective of which is to explain why people travel, what factors influence people's travel decisions, and how the motivations for such decisions are formed. Apart from the consumer behaviour approach we also use aspects of personality to describe travelling behaviour.

A travel motivation is the psychological need of a person to participate in travel activities, and this kind of need will directly promote the travel motivation; if you have a motivation, a travel action will result. However, in real life, the process from the formation of a travel motivation to the occurrence of an actual travel action is a complex one.

During this process, when people have a need to travel, they must also have corresponding individual factors and external environmental conditions, such as physical fitness, financial status, weather and transport, etc. Otherwise, this kind of need can only remain a wish, and no travel motivation or action will arise. As shown in Figure 3.2 below:

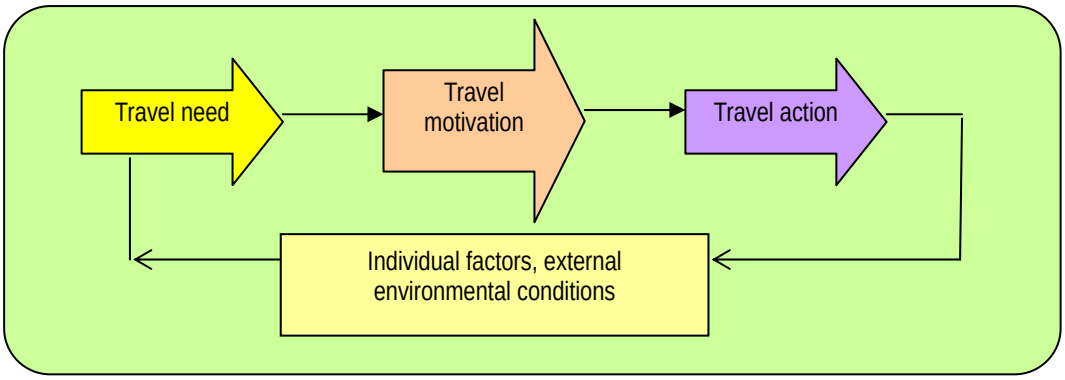


Figure 3.2 - The Formation of Travel Motivations and Travel Actions

## 4) Factors that Influence Travel Motivations and Actions

By referring to Figure 3.2, factors that influence one's travel motivations and decisions can be categorized into two different aspects: internal factors and external factors.

*(i) Internal Factors (Individual Factors)*

- *Economic Capacity*

Economic capacity is the basis on which all needs are formed. Because travel is a kind of consumer behaviour, the ability to pay the various types of charges involved is of course necessary. When a person's economic income can only support his or her basic living needs, he or she will not form a motivation to go travelling. As an economy develops, in countries and regions where citizens' income increases, the tourism industry becomes more developed, and the number of people who go travelling climbs, or drops when the opposite applies.

- *Spare Time*

Spare time refers to the time that people can freely allocate to taking part in pastimes and entertainment or anything else they enjoy participating in after their daily work, study, living and other compulsory time commitments. Travel necessarily takes up a certain amount of time, and if a person cannot get away from official business or family matters and has no spare time to freely allocate and set aside for his or her own pastimes, he or she cannot go travelling. Therefore, spare time is an important condition for the realization of travel activities. In developed countries, labour protection laws are relatively strong and workers have statutory holidays, both of which ensure that people can form travel motivations.

- *Sex, Age and Physical Condition*

Compared with females, males are psychologically more proactive, risk-tolerant and willing to seek novelty, which spurs them to form the desire to go travelling more easily than females.

Young people's need to explore nature and society is stronger than that of adults and older people, and they have curious minds and a psychological need to outdo others, as well as a great ability to accept new things. Therefore, when compared with other people, their travel motivations are less affected or limited by reality.

Physical condition is an important factor that influences travel psychology. For example, older people are limited by factors such as health and lack of strength. They will generally have a relatively large number of requirements relating to the travel destination, travel resources and the travel environment.

- *Psychological Factors*

Travel motivations are a form of individual psychological activity, and are inevitably influenced by various aspects such as individual interests, hobbies, profession, attitude to life, understanding of

the surrounding environment, level of education, and family.

*(ii) External Factors (External Environmental Conditions)*

- *Overall Development of the Tourism Industry*

It is only when the economy of a country or region is developed that it will have enough resources to improve and construct travel facilities, develop tourist attractions and promote transport development. Road transport facilities, accommodation, catering, and service standards at a destination are important factors in the tourists' choice of destination, and also affect their formation of travel motivations to a large degree, especially for tourists with relatively high hospitality expectations.

- *Group, Family and Social Atmosphere*

Group or social pressure can also influence people's travel motivations. For example, travel activities organized by enterprises, or travel awards, etc. encourage people to form their own travel motivations involuntarily, and travel activities subsequently take place.

Social surroundings can also influence people's travel motivations. Colleagues', friends' and relatives' travel behaviour and travel experiences can always influence others, or lead to the formation of a comparative psychology, making people form identical travel motivations, and leading to the formation of a kind of imitative travel behaviour.

## 3.3. Typologies of Travel Motivations

Table 3.1 is a summarized list which explains 7 types of common travel motivations.

| Common Travel Motivations | |
|---|---|
| 1. Relaxation, Health | ➢ People who have stressful or monotonous daily lives or work participate in travel activities such as relaxing travel and recuperation holidays in order to relax and loosen up, as well as keeping healthy and finding entertainment. For example, natural scenery, historical monuments, parks, the seaside, hot springs recuperation areas, etc., are all tourist choices for this type of travel motivation. |
| 2. Exploration, Risk-taking | ➢ Travellers who are curious, knowledgeable and adventurous, such as Himalayas climbing parties and North Pole explorers. |
| 3. Spirit and the Appreciation of Beauty | ➢ For travellers with this kind of motivation, their travel activities are mainly directed at distinctive, beautiful things and phenomena in the natural world, as well as to visiting museums, exhibition halls and famous tourist attractions, and participating in various types of theme-based travel activities, etc. |
| 4. Social Interaction | ➢ People all go travelling to meet friends and relatives, to find their roots and search for their ancestors, and to get to know new friends, etc. Travellers in this category require that the personal relationships they maintain in the course of their travels be friendly, cordial and warm-hearted, and want to be cared for. |
| 5. Religious Faith | ➢ People who have a religious faith go travelling to participate in religious activities and take part in religious studies, and those who travel driven by religious faith motivations do so mainly to satisfy their own spiritual needs. Religious travel is divided into two categories: pilgrimages, and missionary work. |
| 6. Business Affairs and Official Matters | ➢ People go travelling for various types of business and official activities, such as special trips to buy goods or diversions to a certain place to go travelling; business trips to a certain place to take part in academic observation, communicate, etc.; and travel activities participated in by groups, government delegations and business associations, etc., that go to a certain place for discussions, etc. |
| 7. Family Responsibilities | ➢ Because they are busy at work, people will normally neglect to take care of and look after their family members and friends. For these people, they go travelling to satisfy a responsibility or obligation to their parents, wife or children, or to relax and have fun with friends. Therefore, every summer, the number of family-based tour groups will increase greatly. |

Table 3.1 – Common Types of Travel Motivations

Apart from the above common travel motivations, different views about the concepts of travel motivations have been suggested by various scholars. Some examples are shown as below:

### 1) Maslow – "Hierarchy of Needs"

Maslow (1971) distinguished five different levels of psychological needs ranging from physiological needs to self-actualization. According to his theory, satisfaction of people's basic needs is a prerequisite for the satisfaction of the higher needs (Figure 3.3). Maslow argues that all behaviour is motivated by psychological needs, for behaviour serves to fulfill those needs.

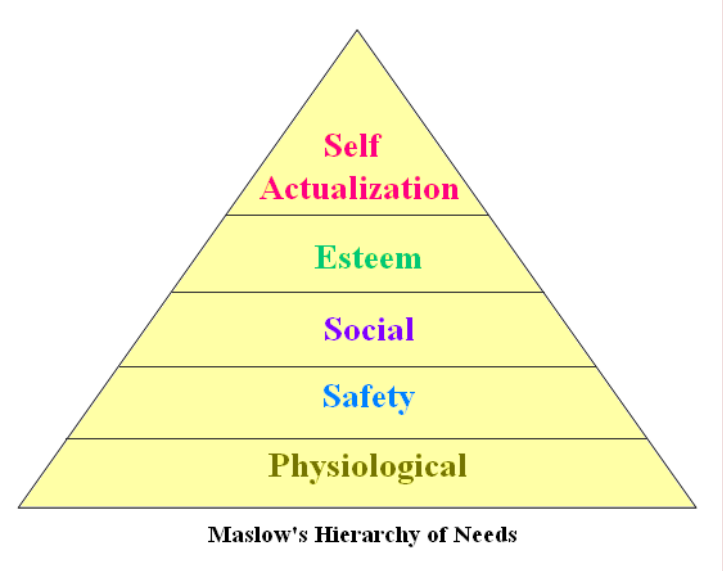


Figure 3.3 – Maslow's Hierarchy of Needs

*Physiological needs*

These are needs required by humans to sustain their existence and prolong their lives, and are the minimum basic needs, including needs relating to food, water, oxygen, sleep, a place to live and warmth, as well as clothing, food, shelter, mobility, sex and other psychological functions. If these needs cannot be fulfilled, human existence becomes a problem.

*Safety needs*

These are needs that represent human desires to protect their own bodies and minds from injury, and to guarantee safety and stability. For example, needs relating to health, a safe and orderly environment, a stable career and the avoidance of unforeseen accidents. When a person's physiological needs have been fulfilled, he or she will want to fulfill such safety needs.

*Personal interaction needs*

Personal interaction needs include the need for love and a sense of belonging. The need for love refers to the fact that people all hope to achieve harmonious relationships with friends and colleagues or to maintain friendships; everyone wants to love others and be loved.

In addition, the need for a sense of belonging refers to the fact that people all want to have a sense of belonging, and want to gain the acceptance of a certain group and to be included and valued by it, as well as for its members to care for and look after each other.

*Esteem needs*

These are human desires to gain other people's respect, a satisfactory status, due human rights, reputation and prestige, and to realize a certain social position.

*Self-actualization needs*

These are human desires for the needs to give full play to one's own potential and to realize one's own ideals and aspirations, including the seeking of knowledge, the appreciation of beauty, creativity, achievements, etc. Maslow considered self-realization to be mankind's highest level of needs, which signify a full, enthusiastic, wholehearted experience of life.

- ***Interpretation of Maslow's Theory in the context of Tourism Activity***

*Physiological*

To fulfill the physiological needs of travellers, tour operators may designate frequent rest stops in the tour itinerary. The food and beverage outlets are located in easily accessible areas. Motels are designed along highways to provide shelter for travellers using automobile as their means of transport.

*Safety*

To satisfy the safety needs of the travellers, tour organizers provide guided services for exotic or unfamiliar locations. Also travellers tend to prefer making reservations or travel arrangements through government approval agencies or services

*Belonging or love*

Airlines, hotels, restaurants usually provide frequent-user programs to fulfill the belonging and love needs of travellers. As members of these organizations, travellers develop a sense of belonging towards these organizations. Travellers would join tours or groups with a similar interest and/or background. They may also like to join tours to explore one's ancestral roots.

*Esteem or self respect*

The elite status of the frequent-user programs such as gold, silver, or bronze "membership" are established by the travel industry to fulfill the self esteem needs of the travellers. In recognition of special occasions, travel organizations sometimes offer flowers and champagne to travellers.

*Self-actualization*

Travellers join educational tours to fulfill their self-actualization needs. They may travel to testify their ability, such as climbing the Himalayas or achieve self-fulfillment by taking educational tours, etc.

Source: Maslow, A., Motivation and Personality, Harper and Row, 1954

## Extended Activity

According to the different levels of needs described in Maslow's Theory of Needs, list travel promotion products that can fulfill this needs. Then try to find a kind of travel promotion product that can fulfill multiple levels of needs.

## 2) Hudman's Motivators of Travel

*Health*

People travel for improving their health. They would go for leisure and medical treatment to relax and entertain themselves. Natural landscapes, historical sites, coastline, spa and resort are the destinations of these travellers.

*Curiosity*

People travel because of curiosity, inquisitiveness and adventure. Politics, culture, public figures, physical features and disaster would attract these travellers.

*Sports*

People travel for sports to release their pressure and fantasize about being an athlete. Being a spectator could experience the atmosphere of the competition, and have social contributions such as connecting with other audience and meet new friends.

*Pleasure*

Vocation relates to pleasure because it could give routine life a break. People would try new things and participate in activities that would make them feel happy, such as visiting art museums, watching operas and gambling etc.

*Religious and spiritual appreciation*

People travel for spiritual needs. They visit religious headquarters usually because of religious reasons. In this way they could have stronger believe in their religion. On the other hand, many travellers gain satisfaction by appreciation of natural landscapes, art performances, and visiting museums and historical sites.

*Professional and business*

People travel for business such as scientific expeditions, business meetings, conventions and education.

*Friends and relatives*

People travel because they want to visit their friends and relatives; it shows their care of family and friends.

*Roots syndrome*

People travel to trace the root of their family or the culture of their homeland. Pedigree research and hometown exploration are the common activities of these travellers.

*Esteem*

Many people travel for gaining respect from others and a satisfying social status because one with plenty of travel experience and knowledge of different countries is usually admired by others.

MOTIVATORS OF TRAVEL

| | | |
|---|---|---|
| **Health** | *Spectator* | Religious headquarters |
| Physical | Football | Historical sites |
| Mental | Baseball | Drama and musical productions |
| **Curiosity** | Track and field | **Professional and Business** |
| Cultures | Horseracing | Scientific expeditions |
| Politics | **Pleasure** | Conventions |
| Society or public figures | Travel | Business travel |
| Physical features | Art | Education |
| Disasters | Music | **Friends and Relatives** |
| **Sports** | Entertaining | **Roots Syndrome** |
| *Participating* | Gambling | Homeland |
| Hunting and fishing | Honeymoon | Family research |
| Golf and tennis | **Spiritual or Religious** | **Esteem** |
| Team competition | Pilgrimages | |
| | Meetings | |

Source: Lloyd E. Hudman, *Tourism: A Shrinking World* (Columbus, OH: Grid, 1980).

Table 3.2 – Hudman's Motivators of Travel

### 3) The Push-and Pull Theory

In 1977, Dann, a U.S. academic, put forward the push-pull theory of travel motivations. He considered that travel behaviour was influenced by both push factors and pull factors.

People travel because they are “pushed” into making travel decisions by internal, psychological forces, and “pulled” by the external forces of the destination attributes.

*Push factors*

These are internal or intangible factors that lead to the formation of travel desires among potential tourists. Anything that can relieve and fulfill tourists’ desires can thus become a focus or target. In short, these are socio-psychological factors that motivate or create a desire to satisfy a need to travel. Therefore, under the influence of push factors, tourists who go travelling do not necessarily have specific, clear choices.

For example, tourists who hope to improve their relationships with family members don’t really care where they go, the key is to spend quality time together with family.

*Pull factors*

These are factors that influence where tourists go travelling. Pull factors are the attractiveness or “drawing power” of the destination as perceived by the traveler, and they are likely help traveler to make an actual destination choice. Tourists form pull-type travel motivations on the basis of their perception, expectation and knowledge of destinations. Because of this, tourists who go travelling under the influence of pull factors always have a clear destination.

For example, a newly married couple may go to the sunshine and beaches of the Maldives to testify to their love, and will not choose other travel destinations.

Two comprehensive lists of push and pull factors as suggested by different scholars are provided in Table 3.3 and Table 3.4 as below:

| Push and Pull Model of Tourism Motivation | |
|---|---|
| **Push factors** | **Pull factors** |
| **Psychological Factors**<br>(psychological motivations)<br>· Escape<br>· Rest and relaxation<br>· Prestige<br>· Health and fitness<br>· Adventure<br>· Social interaction<br>· Benefits<br>· Interests<br>· Self-esteem | **Destinations Attributes and Type of Facilities**<br>(knowledge)<br>· Climate<br>· Historical sights<br>· Scenic beauty<br>· Sunshine<br>· Beaches<br>· Snow<br>· Cultural events<br>· Recreational opportunities<br>· Benefit expectations |
| **Socioeconomic and Demographic Factors**<br>· Age, gender, income, education, family life-cycle and size, race/ethnic group, occupation, second home ownership<br><br>**Market knowledge** | **Accessibility and Marketed Image**<br>(perceptions and expectations)<br>· Formed negative or positive destination image<br>· Quality of services<br>· Quality of facilities |

Table 3.3 – Push and Pull Model of Tourism Motivations

Source: Mahmood Khan, Michael Olsen and Turgut Var (1993) "VNR's Encyclopedia of Hospitality and Tourism – " Push and Pull model of tourism motivations" Motivation of Pleasure Travel and Tourism, Van Nostrand Reinhold, New York, pp798-810.

## Interpretation of Push and Pull Factors Often Used in Travel Motivation Research

| Push factors | Pull factors |
|---|---|
| 1. To see culture and history, admire beautiful | 1. Tourism products, tourism charges |
| 2. Increase knowledge | 2. Distinctive lifestyles at one's destination |
| 3. Experience different lifestyles | 3. Interesting nightlife |
| 4. Fulfill one's travel dreams | 4. All kinds of good food |
| 5. Visit family and friends | 5. Convenient transport |
| 6. Be together with family members or friends | 6. Accommodation, sports facilities, and information |
| 7. Establish friendships, develop relationships | 7. Quality of service |
| 8. Escape day-to-day life | 8. Abundant historical and cultural resources, |
| 9. Rest and relax body and mind | 9. Safety |
| 10. Relieve work pressure | 10. International metropolises |
| 11. Seek stimulation and excitement | 11. Peace, hygiene, comfort |
| 12. Physical challenges | 12. Familiarity |
| 13. Get close to and understand nature | 13. It's a good place to understand nature |
| 14. See different things | |

Table 3.4 - Push and Pull Factors Often Used

Source: Extract from Wu Qing Jin, "A Study of Tourist Consumer Behaviour," Tourism Education Publishing

***- Push and Pull Theory in One's Travel Experience***

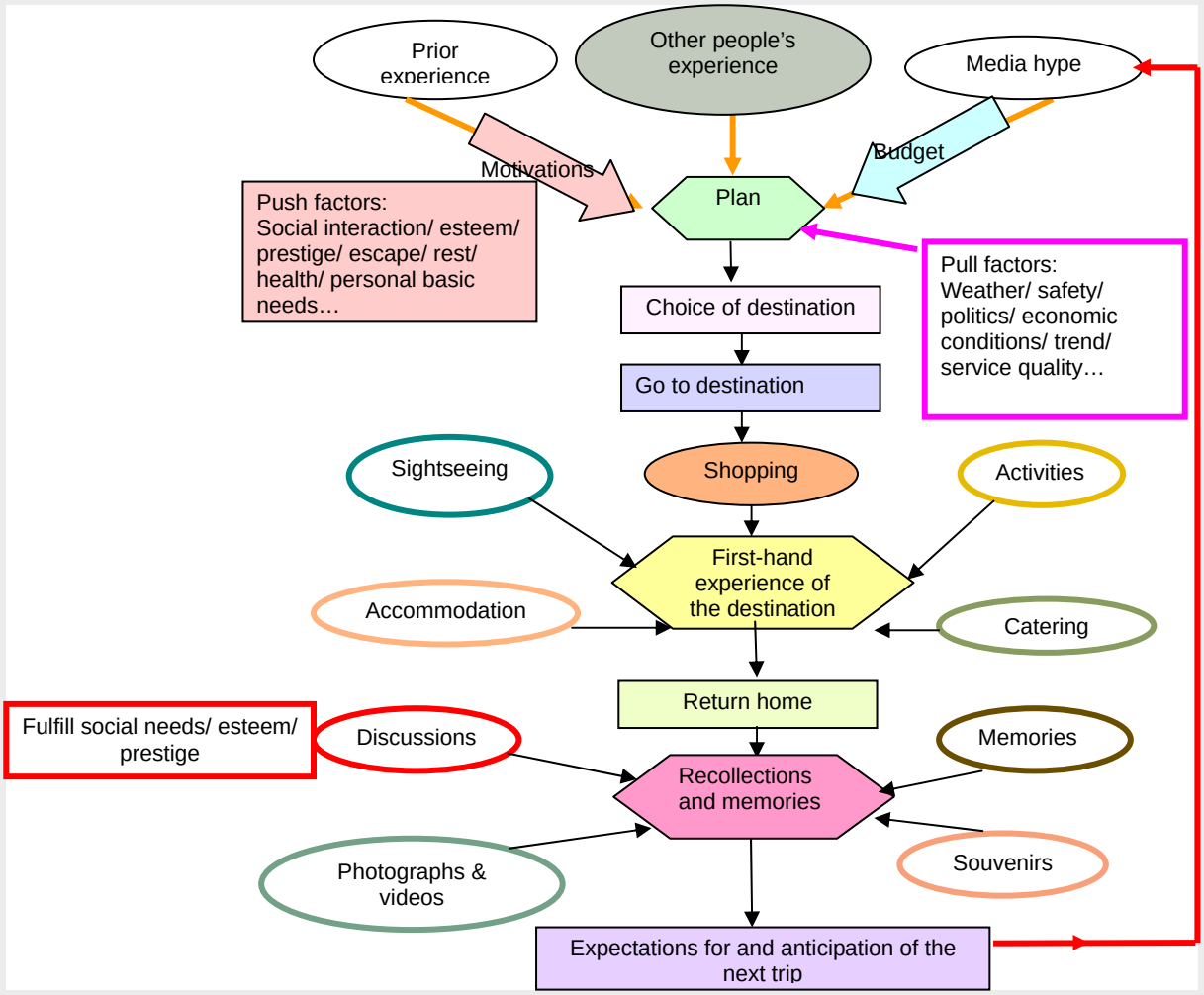


Figure 3.4 – The Roles of Push and Pull Factors in One's Travel Experience

Source: Adapted from Du Jing Chuan and Zeng Ping's translation of "Travel Relaxation", Yunnan University Publishing House, p. 14, Figure 1.4

***- Exercise:***

Michel decides to spend HK$15,000 to travel to Bali, Indonesia in the summer holidays. But after discussing with her family and friends, she decides to give up on her Bali travel plans. What reasons spurred Michel to change her original decision?

## Activity 3.1

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### Questions for discussion

Recall your most recent travel experience, and write down in the table below the factors you took into account when you went travelling and when you decided on your travel destination.

| Factors that influenced my decision to go travelling | Factors in my choice of travel destination |
|---|---|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

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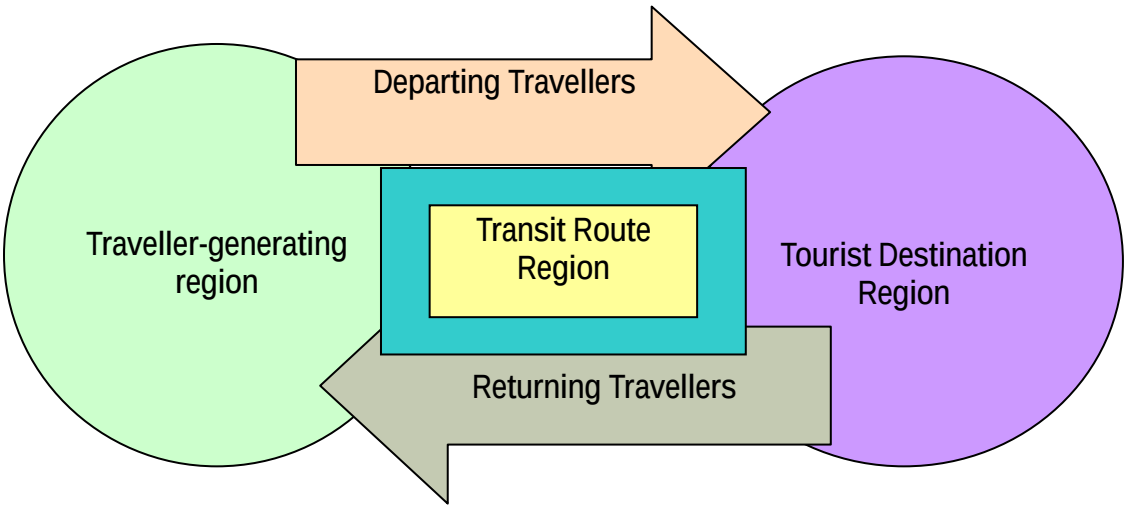
## 3.4. The Concept of Tourist Flows

Finally, we will look at why people travel with respect to the concept of tourist flows.

The push and pull theory (as mentioned in the earlier section) can be used in explaining travel patterns, and travel patterns could be considered as tourist flows.

'Tourist flows' refers to the statistical measure of the volume and direction of movement of tourists into or out of a destination for a given period of time or as a trend.

It is a form of spatial interaction between two areas with the destination area containing a surplus of a commodity such as tourist attractions (pull factors) and the generating area having a deficit, or demand for that commodity (push factors).




- The Transit Route Region represents the time of travel to reach the destination and the intermediate places which may be visited along the way.

Figure 3.5 – Model of Tourist Flows

Source: Leiper, 1990 (adopted from Cooper Chris, Fletcher John, Gilbert David, Wanhill Stephen, Tourism Principles and Practice, 2nd ed., Longman, 1998, p.5)

## 3.4.1. Factors Influencing Patterns of Tourist Flows

### 1) Macro Factors Influencing Patterns of Tourist Flows

Pull Factors

A destination faces with many different types of tourism factors. They are the attractiveness or "drawing power" of the destination as perceived and valued by the travellers. The attractiveness is called "pull factors".

Destination attributes can either by tangible resources or the perceptions and expectations of the travellers. Factors influencing patterns of tourist flows are:



Source: Philipine NTO

(i) *General attractiveness or attributes of the destination for the tourists:*

- *Natural and man-made attractions*

Tourist flow will be strong if one place can provide the attractions (e.g. beaches, landscapes or historic resources) that the other place lacks.

- *Climate*

There is a general trend of travel towards places of better (i.e. warmer, sunnier or drier) climatic conditions.

- *Political, cultural and business ties*

Other things being equal, travel is more likely to occur between places with stronger political (e.g. friendly relationships between countries, shared political system), cultural (e.g. common language and religion) or business ties.



- *Relative costs (cost of living and exchange rates)*

If 2 places have significantly different costs of living, tourist flow will be encouraged from the more expensive place to the place with lower living cost.

- *New cultural experience*

Many tourists are interested in experiencing a culture which differs from their own. Therefore, the culture of a host population is an important factor of attracting tourists to a particular destination.

- *Attitude of the host community (perception of destination image)*

Positive attitude of the host community towards tourism may increase tourist flow (attitude of the host community depends on how they perceive the impacts brought about by tourism).

*(ii)* *Political Factors:*




Government policies can affect both inbound and outbound tourism in two ways:

• currency control (more common in Communist countries); and

• the necessity of obtaining visas.

The long-term political stability of a place will make it relatively more attractive both for investors in tourism and for the tourists themselves. Wars with other nations, civil war within the country/region or terrorism will quickly reduce the demand for travel to that country or region.

## 2) Micro Factors influencing Patterns of Tourist Flows

Push factors

*(i)* *Traveller-generating region:*

It represents the generating market for tourism and in a sense provides the "push" to stimulate and motivate travel. Push factors are considered to be those socio-psychological constructs of the tourists and their environments that predispose the individual to travel and help explain the desire to travel. Most of the push factors are intangible desires of the individual travellers. Some of the psychological motivations are:

- escape
- adventure
- rest and relaxation
- social interaction
- prestige
- satisfying needs (based on Maslow's Hierarchy of Needs)
- health and fitness

*(ii)* *Economic Development of a Country:*

Everyone buys goods and services out of his/her income. The size of that income is then a very important factor of tourism demand. Therefore, for a country/region which is developing fast and increasing its income, tourism generation is likely to be greater. The mainland is a good example in Asia.

*(iii) Trend in Tourism:*

Tourism demand is easily affected by the changing trend. Some tourist destinations become more popular while others decline in popularity.

*(iv) Personal Factors:*

*- Income*

People with better jobs and higher income have greater demand for traveling. The frequency of traveling and the amount of travel expenditures increase rapidly as income increases.

*- Employment*

Those secured in their jobs are more likely to travel than those unemployed. People with employment uncertainty will have more domestic holidays, but less overseas holidays, shorter length of stay and lower spending levels.

*- Holiday entitlement and time availability*

The longer the paid leave people get, the greater distance they are likely to travel. In general, people with more free time travel more.

*- Education level*

Differences in education level affect the types of new experiences a person is willing to accept (university graduates are more willing to go somewhere unfamiliar). People with a high level of education generally earn more money and are of higher social status. They usually travel a lot more.

*- Personal attitudes and perceptions*

Differences in people's attitudes and perceptions have strong influence on travel decisions such as:

- Whether to travel or not;
- Tourist destinations; and
- Traveling styles, etc.

*(v) Other Factors:*

*- Transport routes*

Tourism between places will be encouraged where good transport infrastructure exists. Tourism will flourish particularly when travel between places can take place without a change of mode of transport.

*- Location of destination*

Tourist flow towards destinations on major transport routes will be stronger, e.g. Hong Kong lies in the major transport routes between the Mainland, Europe and North America.

Read and complete the following 2 case studies, these examples shown how Hong Kong can be affected by tourist flows.

## Activity 3.2

Newspaper Clipping: Mainland "One Month One Visa"
Excerpt from: Hong Kong Commercial Daily, 16 July, 2008

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### Case Study

In order to effectively avert PRC passport holders from entering Macau with the sole purpose of transiting to a third country, and to avoid the abuse of this border crossing policy, the Macau police authority has announced the following regulations:

- With effect from 1st August, 2008, the approved limit of stay for mainland visitors holding PRC passports will be reduced from the present 14 days to seven days as they cross the border of Macau SAR. Visitors who have re-entered the border without travelling outbound will be allowed to stay two days at most. A third entry will be rejected.

- With effect from 1st September, 2008, Mainland visitors travelling on an "Exit-Entry Permit for Travelling to Hong Kong and Macao" and a HK endorsement will not be permitted to enter Macao from Hong Kong SAR.

The travel industry estimates that the overall numbers of visitors to Macau will surpass Hong Kong for the first time this year. Yet the Mainland will tighten the policy of individual visit visas to Macau from May this year. Visas will be approved from once every month to once every two months. It is reported that the number of bus passengers between Mainland and Macau has started to reduce; a 15% reduction was seen in June when compared with the previous month.

Questions:

1. Ever since the Hong Kong and Macau Individual Visit Scheme (IVS) was implemented in the Mainland, to what extent has the passenger flow of Mainland visitors been affected? Why? Which type of passenger flow factor does this belong to?

2. Apart from the above factors, what other factors would affect passenger flow?

3. Apart from the direct influence on passenger flow, what other impacts could be brought about by the tightened policy?

---

## Activity 3.3

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### Case Study

Newspaper clipping: Crowdedness scares visitors
Excerpt from: Sing Pao, 20 July 2008

There is a decrease in the number of visitors compared to the same month last year. The Hong Kong Tourism Board believed it was because of the Olympics Equestrian Events. As the countdown to the Beijing Olympics has begun, the Hong Kong Tourism Board cooperates with travel agencies in Guangdong Province to promote package tours with the theme of watching the Equestrian Event.

Mr. Tien Pei Chun, the Chairman of Hong Kong Tourism Board, disclosed in RTHK program 'A Letter to Hong Kong' that the "Olympics Effect" encouraged visitors to stay at home to watch the Olympics events and travel less. Visitors might worrying about problems like difficult hotel bookings and traffic congestions etc, and choose to visit the Olympic city after the Olympic Games. Hong Kong Tourism Board discovered that number of international visitor in June this year has indeed decreased when compared with the same period last year.

Questions:

1. The hosting of a large-scale event like the Olympics is supposed to attract visitors. But according to the above news, the Olympics withheld visitors from travelling. Why?

2. Apart from for the above stated reasons, what are the other reasons preventing visitors from visiting Hong Kong?

3. Apart from the Olympic Games, try to list out large-scale events held in Hong Kong in recent years. (for example, large-scale exhibitions and conferences, etc.) Do you think these events could attract visitors to Hong Kong?

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# 4. Tourism Products – Attractions and Destination

# 4.1. Tourism Products

## 1) Scope of Tourism Products

Tourism products are various. They include air passenger transport, rail transport, ferry transport, accommodation services, catering services, meeting and tourist attraction activities, etc. Tourism products are a kind of service, and tourism consumers differentiate between tourism products provided by different providers on the basis of their own feelings about service quality when making their purchasing decisions. Therefore, tourism providers must pay attention to consumers' views on tourism services and improve clients' level of satisfaction.

## 2) The Characteristics of Tourism Products

Tourism products are intangible, are produced and consumed at the same time, can be differentiated from each other, are non-storable, are mutually complementary, and the ownership rights in them are non-transferable, etc. Each characteristic will influence consumer behaviour.

*Intangible Nature*

Tourists can never see, hear, taste or touch tourism products before they buy them. This is because what they purchase are the experiences travel gives them, including taking the plane, staying in hotels, visiting museums, enjoying drama performances, taking tourist boat trips, seeing famous mountains and great rivers, having fun, and relaxing in clubs, etc.



Source: Philippines NTO

After enjoying such services, tourists can only retain these experiences in their memory, and have no way of acquiring physical ownership. Even where tourism products require the use of tangible purchases to complete the service process, such as for food and beverages, they do not in any sense represent the ultimate goal of tourists who buy tourism products. Tourists hope to achieve intangible goals such as happiness, excitement, relaxation, etc., through their travel experiences.

*The Inseparability of Production and Consumption*

When organizations in the tourism industry provide services to tourists, this is the exact moment that tourists consume such services, and the two cannot be separated in terms of time. For example, when an airplane is in flight, the passengers are consuming flight services at the same time; when a hotel sells a hotel room to a guest for the night, the guest utilizes the hotel's room service at the same time.

*Differentiation*

This means that the elements that make up tourism products and their quality standards are difficult to control in a unified manner. This is because the core of tourism products is to serve people, even when a tourism enterprise can clearly regulate behavioural standards when service staff are in a certain kind of service situation, the work experiences, personal characteristics and work attitudes of staff will all be different. Because of this, services provided by different service staff in the same environment can never be completely the same.

In addition, the superiority or inferiority of tourism products is not only related to the service attitude and ability of service staff, but is also related to tourism consumers. As tourists directly participate in the production and consumption of services, their differences in tourists' knowledge, experience, interests and hobbies all contribute to differences in service quality and satisfaction.

*Perishability*

Tourism products cannot be stored like physical products and prepared for sale in the future. Unoccupied hotel rooms or unsold airline tickets have forever lost their chances to be sold. For example, airline companies have no way of storing up spare seats on night time flights to be used to cope with crowded morning or afternoon flights.






*Complementarity*




Tourism is made up of activities such as eating, accommodation, travel, entertainment and touring. Generally speaking, every trip requires the purchase of tourism services provided by various tourism organizations. For example, business travellers, in addition to buying air tickets, also have to pay for taxi transport services, meals and refreshments, and accommodation services provided by hotels. Because of this, one tourism product will always be affected by the elements of other tourism products. For example, when a famous hot springs tourist attraction becomes less popular, the number of tourists who go to restaurants and shops near the hot springs will also fall, and business on flights to the hot springs tourist attraction will also be affected. Although these products are not from the same organization, they are nevertheless closely linked with each other, and this type of relationship is called complementarity.

*Immobility of Ownership*

This refers to the fact that it is only when services are purchased that activities can be enjoyed or equipment can be used. Tourists will only acquire an experience, but not the ownership of the product. For example, after flying on a plane, a traveller is transported from one place to another, after which he or she acquires nothing other than an air ticket.




Source: Wu Qing Jin, "A Study of Tourist Consumer Behaviour," Tourism Education Publishing House, 2006, pp. 15-19

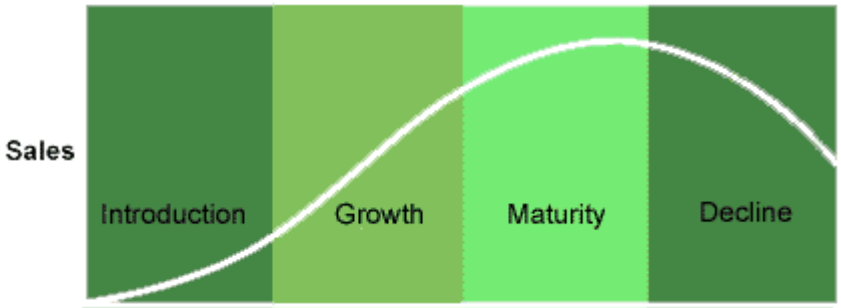
## 4.2. Planning of Tourism Products and Destinations

### 4.2.1. Product Life Cycle (PLC) and Its Applications in Tourism

#### 1) Product Life Cycle (PLC)

The concept of PLC is rooted in the theories of population ecology. It was originally used to describe the lifetime of manufactured products and has been increasingly applied in service and tourism as an explanatory tool. A standard PLC includes four different stages with their characteristics as shown in Figure 4.1 below:

*(i) Introduction*
*(ii) Growths*
*(iii) Maturity*
*(iv) Decline*




| Characteristics | | | | |
|---|---|---|---|---|
| **Sales** | Low sales | Radically rising sales | Peak sales | Declining sales |
| **Costs** | High costs per customer | High costs per customer | Low cost per customer | Low cost per customer |
| **Profits** | Negative | Negative | High | Declining |
| **Customers** | Innovators | Innovators | Middle majority | Laggards |
| **Competitors** | Few | Few | Stable number beginning to decline | Declining number |

Figure 4.1 – Product Life Cycle

Source: Kotler (1997). Marketing management: Analysis, planning, implementation, and control. Prentice Hall: Upper Saddle River, NJ

#### 2) Application of PLC – Analyzing a Tourism Product

Tourism product is a complex mixture of services and goods consumed by tourists (Holloway, 1989). Some considered it as a bundle of activities, services and benefits that constitute the entire tourism experience. Basically, classical evolutionary phases of PLC could also be applied to describe the evolution process of tourism products. Instead of the standard 4 PLC stages – '1 - introduction', '2 - growth' '3 - maturity' and '4 - decline', some suggested that the life cycles of tourism products should have more stages which give better descriptions of all kinds of products in the tourism sector. One

version of life cycle for tourism products is suggested by Rusu & Sabau (2008) which differs from the traditional PLC by adding one more stage 'Stage 0 – (product) development' before the stage of introduction. It describes the stage in which ideas of products are generated till the moment of the formation of the final products. Figure 4.2 shows the 5-stage product life cycle of tourism products:

- Stage 0: (Product) Development
- Stage 1: Introduction
- Stage 2: Growth
- Stage 3: Maturity
- Stage 4: Decline

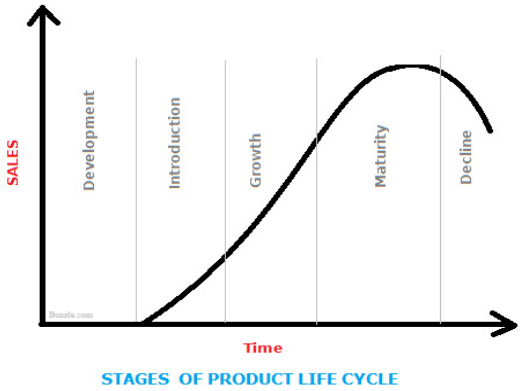



Figure 4.2 – ' 5-Stage' Product Life Cycle

Source: Johnson, P. (2012). Product Life Cycle Theory. Retrieved from http://www.buzzle.com/articles/product-life-cycle-theory.html

In fact, the actual PLC of a tourism product can be quite different from the typical ones as shown in Figure 4.1 and 4.2. It is always affected by many internal and external factors similar to other general products. Internal factors could be the aging of a tourism product which leads to a decline in its attractiveness, poor management or marketing activities, etc. External factors could be any issues relating to social, cultural, political and technological environment.

Taking Disneyland Paris as an example, Figure 4.3 shows the business performance of the theme park in term of its attendance since its opening in year 1992.

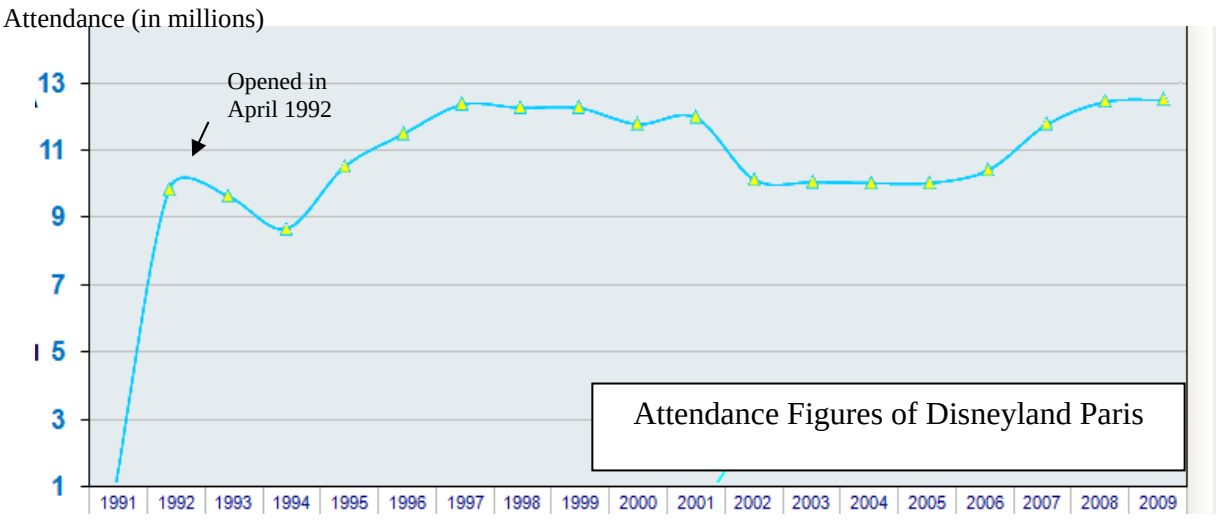



Figure 4.3 – Attendance Figure of Disneyland Paris

Source: The Disneyland Linkage – Linking You to Disneyland. Retrieved from http://www.scottware.com.au/theme/feature/atend_disparks.htm

Different from a typical PLC, the sales volume as reflected by the attendance in the introduction stage of Disneyland Paris (starting from its opening in 1992), has shown a significant decline instead of a 'growth' pattern. Such a decline was mainly due to various internal and external factors. Some examples of factors are listed follow:

| Internal Factors | External Factors |
|---|---|
| • High admission fees;<br>• Alcohol consumption were not allowed in the theme park;<br>• No outside-food was allowed;<br>• High staff turnover rate at the beginning stage which led to poor quality of service to tourists | • Coincided with a major recession in Western Europe;<br>• Unfavorable weather: cold, wet weather for part of the year;<br>• European people disliked the influence of American culture |

Table 4.1 – Factors Affecting the Performance of Disneyland Paris in Its Introduction Stage

Source: Swarbrooke, J. (2003). The Development and Management of Visitor Attractions, 2nd ed. Oxford, UK: Butterworth-Heinemann.

Besides the concerns as mentioned above, it should also be aware that the factor of 'seasonality', as a unique characteristic of tourism products, would also affect their general patterns of life cycle. For example, leisure travelers usually have their preferred times in joining a tour to Japan in every calendar year. Some examples of high seasons for joining tours to Japan can be referred to Table 4.2 below:

| High Seasons | Main Reasons of Travel |
|---|---|
| March – April | Blooming of Cherry Blossoms (Sakura) |
| July – Aug | Summer Sale Season |
| December – January | Winter Sale Season |

Table 4.2 – High Seasons of Traveling to Japan

Because of the effect of 'seasonality' as mentioned in the above example, the PLCs of some tourism products could be quite complicated and may not follow the evolution pattern as shown in Figure 4.1. In most cases, travel agents will adjust their products in order to smooth the seasonal pattern. For example, lowering the package prices or giving discounts to customers to attract more businesses during the low season. And it can be expected that a tourism product with no modification, e.g. a tour package, will repeat its unique PLC in every single calendar year until its disappearance in the tourism market.

Source 1: Rusu, S. & Sabau, F.The Tourist Product Life Cycle

Source 2: Medlik, S. & Middleton, V. T. C. (1973).Product Formulation in Tourism. In Tourism and Marketing (vol. 13). Berne: AIEST.

## Activity 4.1

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### Case Study - Analyzing the Performance of Hong Kong Ocean Park

Table 4.3 shows the total admission incomes received by Ocean Park from the period of 2000 to 2011.

| Fiscal Year (July – June of next year) | Admission Income (HKD in million) |
|---|---|
| 2000 – 2001 | 286.1 |
| 2001 – 2002 | 376.3 |
| 2002 – 2003 | 355.2 |
| 2003 – 2004 | 453.2 |
| 2004 – 2005 | 505.0 |
| 2005 – 2006 | 552.0 |
| 2006 – 2007 | 619.3 |
| 2007 – 2008 | 681.9 |
| 2008 – 2009 | 649.8 |
| 2009 – 2010 | 724.1 |
| 2010 – 2011 | 881.6 |

Table 4.3 - Total Admission Incomes Received by Ocean Park from the Period of 2000 to 2011

Questions:

a) According to the figures provided in Table 4.3, state whether Ocean Park had a tendency of 'growth' or 'decline' from the period of 2000 to 2011.

b) (i) Which fiscal years show a drop in admission income from the period of 2000 to 2011?

(ii) By referring to the park's annual reports, (Link - http://www.oceanpark.com.hk/html/en/footer/corporate-information/ar.html) or other sources of references, explain why the admission incomes have dropped in the fiscal years as mentioned in b) (i).

c) (i) Which fiscal year shows the most significant increase in admission income from the period of 2000 to 2011?

(ii) By referring to the park's annual reports, (Link - http://www.oceanpark.com.hk/html/en/footer/corporate-information/ar.html) or other sources of references, suggest one main reason which has contributed to the significant increase in admission incomes mentioned in c) (i).

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Suggested Answers:

a) Growth.

b) (i) 2002 – 2003 and 2008 – 2009 (ii) 2002 – 2003 (Outbreak of SARS) and 2008 – 2009 (global financial turmoil and outbreak of the human swine flu)

c) (i) 2010 – 2011 (ii) the opening of new zone – Aqua City

## 3) Application of PLC – Analyzing a Destination

The application of the Product Life Cycle (PLC) in analyzing a destination was firstly suggested by Butler (1980). He argued that it is possible to trace a cycle of evolution for destinations that is similar to the PLC as what being called - 'Destination Life Cycle'. As a kind of tourism products, a destination usually goes through six major stages which differ from the '4-stage' PLC mentioned above. Figure 4.4 shows the 'Destination Life Cycle' which describe the process of how a destination undergoes a cycle of evolution.

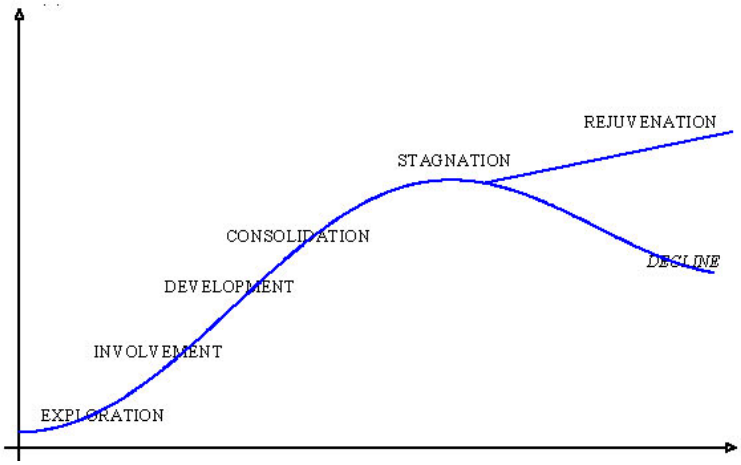


Figure 4.4 – Destination Life Cycle

Source : Butler, R.W. (1980) 'The concept of a tourist area cycle of evolution: implications for the management of resources', The Canadian Geographer 24(2): 5-12.

Table 4.4 is a summary of destination characteristics in different stages of the 'Destination Life Cycle', followed by their detail explanations.

| Stage | Characteristic |
|---|---|
| Exploration | • Few explorers or drifters, visiting sites with no public facilities<br>• Visitors attracted to the destination by a natural physical feature<br>• Specific visitor type of a select nature |
| Involvement | • Limited interaction between local residents and the developing tourism industry leads to the provision of basic services<br>• Increased advertising induces a definable pattern of seasonal variation<br>• Definite market are begins to emerge |
| Development | • Development of additional tourist facilities and increased promotional efforts<br>• Greater control of the tourist trade by outsiders<br>• Number of tourists at peak periods far outweighs the size of the resident population, inducing rising antagonism by the latter towards the former |
| Consolidation | • Tourism has become a major part of the local economy, but growth rates have begun to level off<br>• A well-delineated business district has taken shape<br>• Some of the older deteriorating facilities becomes less attractive to visitors<br>• Local efforts are made to extend the tourist season |
| Stagnation | • Peak numbers of tourists and capacity levels are reached<br>• The destination has a well-established image, but it is no longer in fashion |
| Post-stagnation | • Five possibilities, reflecting a range of options that may be followed, depending partly on the success of local management decisions. At either extreme are rejuvenation and decline |

Table 4.4 – Characteristics of Destinations in Different Stages of the Destination Life Cycle

Source: Agarwal, S. (1997). The Resort Cycle and Seaside Tourism: An Assessment of its Applicability and Validity. Tourism Management, 18(2), pp 65-73.

*(i) Exploration*

During the exploration phase, drifters discover a destination. They come in very small numbers and accept local conditions. Contact between hosts and tourists is mutually satisfactory, so the euphoria level on the Doxey scale applies. In this phase no disruption of local society occurs. No tourism facilities or accommodation are available. Although relationships between hosts and guests may be intense, overall impacts are small because numbers are small. Usually leakages from the local economic system are small, since most food and building materials, to name a few examples, are produced locally.

*(ii) Involvement*

Once the local population notices that tourism can be (financially) beneficial to them, local initiatives may be employed to build facilities and accommodation. This is the start of the involvement phase. Developments in this phase are usually quite slow, because of social or financial constraints. The destination's destiny is still firmly in local hands.

The phase of involvement involves a marked increase in the number of tourists. Tourists of the drifter type are replaced by explorers. These explorers revel in local conditions. Relationships between hosts and guests, although a little more formalized, are still personal and the scale of tourism and its growth rate are still manageable. Economic benefits per tourist can be quite large, since leakages are small.

*(iii) Development*

Take-off for the destination occurs in the development phase. Local people see opportunities for further growth of the tourism industry. However, not enough knowledge and investment capital are available within the region to fully capture the opportunities. Several solutions are possible to this problem. If sustained organic growth is regarded as desirable, tourism development is usually constrained financially. This means that development will be slow in terms of tourists and expenditure. However, impacts are also likely to be limited.

Another strategy is to aim at maximum tourism growth, which can only be achieved with the help of experts and money from outside the region. The construction of new facilities and accommodations make a rapid growth of tourist numbers possible. More tourist spending will occur. Together with numbers, the nature of the tourists will change. The maximum growth strategy has some serious drawbacks. Usually the necessary investors are financially strong and very competitive. Therefore, they are usually able to negotiate important advantages. For example, local authorities can be forced to give tax holidays or to build some infrastructural facilities.

Moreover, environmental protection systems often cannot keep up with rapid tourism development. Many problems occur with waste disposal systems, such as sewage systems. It also tends to be difficult to control tourism development physically. Often, the main tourist attractions are natural resources. It is very attractive for investors to build facilities close to the attractions. Often this wish is not consistent with environmental protection policy.

Many things change in a socio-cultural way as well. Local control over development greatly diminishes because ownership and management is in foreign hands. Very quick development leads to a large demand for labour, which may induce immigration or disruption of other sectors. As the industry expands, people begin to take the tourist for granted. He gradually becomes a target for profit-taking and contact on the personal level formalises. This is Doxey's apathy phase. Cultural shift becomes apparent.

*(iv) Consolidation*

When arriving at the consolidation phase enough facilities and accommodations are available to receive early mass tourists. These tourists come in a steady flow and look for Western amenities. In the consolidation phase tourism has become institutionalized. The destination has become a product which is marketed by international tour operators. Local control has diminished even further.

In economic terms, both initial tourist expenditure and leakages may be considerable. Because of the sheer number of tourists, much money enters the economy. However, much of the Western amenities these tourists look for are likely to be imports. And much of the profits and wages earned by foreign employees and companies leaks back to the metropolitan areas of the developed world.

Local support for tourism development may diminish because serious social and environmental impacts become apparent, while the economic benefits may be disappointing. In the Bjorkland diagram, this means a shift away from the "active promotion" response to tourism development.

Unlike in the development phase, in the consolidation phase it is not so much the growth rates that cause problems, but sheer numbers of tourists. These may cause large problems of congestion and may overwhelm any local cultural event, indicating the irritation phase on Doxey's index of tourist irritation.

Because of the large number of tourists, substantial damage can be done to the natural environment as well. Transport emissions and emissions from tourist facilities and accommodations can be quite high, although the initial capacity problems may have been partly resolved.

However, tourist interests can also aid conservation of natural and cultural resources. This can occur by pressure from the tourism industry or by gifts or entrance fees from the tourists themselves.

*(v) Stagnation*

Tourist numbers are highest in the stagnation stage, although growth rates are low. In this stage massive numbers of tourists come on fully standardized packages and they expect Western amenities. To be able to offer these, a destination often separates tourist resorts from the local population. For the tourists, a so-called "environmental bubble" is created in which the tourists can feel at home and safe.

However, this separation may have serious consequences for the host population. Often, for example, use of beaches is restricted to tourists.

Contact between hosts and tourists is highly institutionalized. Hosts and tourists only meet at scheduled moments along the itinerary which the tour operator has planned. The increasing distance between tourists and the host population may give rise to the formation of caricaturistic images of each other. The characteristics of Doxey's stage of antagonism may apply, in which irritations become more overt and the tourist is seen as the harbinger of all that is bad (Prosser, 1994).

The economic benefits may significantly decrease. On the one hand, initial expenditure – at least per tourist – can be expected to decrease due to bargaining by the tour operators. On the other hand, leakages are expected to increase. Control is now firm in the hands of foreigners, who tend to repatriate important shares of their profits and wages.

*(vi) Decline / rejuvenation*

After the stagnation stage the succession of tourist types, from drifter to organized mass tourist, has come to an end. Often, this means that tourists and the tourism industry lose interest in the destination. As growth comes to a standstill, so does investment.

Now several scenarios can be imagined, such as decline and rejuvenation. In the decline scenario, the destination does not succeed in changing its image. Tourist numbers will decrease and investors move on, using the destination as a cash-cow. They try to squeeze as much money out of it without investing in improvement.

So, in economic terms, benefits from tourism are gradually declining. People realize that their culture and the environment have changed irreversibly and that it is too late to do something about it. Doxey's so-called final level of tourist irritation may apply in such a case.

Another possible scenario is rejuvenation in which the destination tries to reposition itself in the tourism market. A destination may for example decide to offer more possibilities for an active vacation, whereas the focus used to be on quite passive vacations by the elderly.

## 4) Purposes of Analyzing the PLCs of Destinations and Tourism Products

The main utility of the product life cycle (PLC) is as an aid in understanding the evolution of tourism products and destinations and it thus provides guidance for strategic decision taking. This suggests that tourism businesses and destinations should adopt a long-term planning horizon in order to utilize the PLC as an organizing framework for (i) marketing and (ii) development decisions.

*(i) Marketing*

For example, the type of customers is different at different stages in the product life cycle, which means the marketing media used to reach them and the marketing messages they will respond to will likewise be different at each stage.

*(ii) Development Decisions*

For example, organizations need to recognize when they need to relaunch their products as this is a major exercise in product development that implies significant investment over and above the normal cost of marketing.

Source 1 : Witt, S.F. & Moutinho, L. (1989). Tourist Product Life Cycle. Tourism Marketing and Management Handbook.
Source 2 : Swarbrooke, J. (2003). The Development and Management of Visitor Attractions, 2nd ed. Oxford, UK: Butterworth-Heinemann.

## 4.2.2. Role and Importance of Planning in Destination Development

Effective destination planning can be used to balance the economic opportunities with the cultural and natural sensitivities of the area.

Planning destination at all levels is essential for achieving successful tourism development and management. The experience of many tourism areas in the world has demonstrated that, on a long-term basis, the planned approach to developing destination can bring benefits without significant problems, and maintain satisfied tourist markets. Places that have allowed tourism to develop without the benefit of planning are often suffering from environmental and social problems. These are detrimental to residents and unpleasant for many tourists, resulting in marketing difficulties and decreasing economic benefits. These uncontrolled tourism areas cannot effectively compete with planned tourism destinations elsewhere. They usually can be redeveloped, based on a planned approach, but that requires much time and financial investment.

There are several important specific benefits of undertaking destination planning. These advantages include:

- Establishing the overall tourism development objectives and policies - what is tourism aiming to accomplish and how can these aims be achieved.

- Developing tourism so that its natural and cultural resources are indefinitely maintained and conserved for future, as well as present, use.

- Integrating tourism into the overall development policies and patterns of the country or region, and establishing linkages between tourism and other economic sectors.

- Providing a rational basis for decision-making by both the public and private sectors on tourism development.

- Making possible the coordinated development of all the many elements of the tourism sector. This includes inter-relating the tourist attractions, activities, facilities and services and the various and increasingly fragmented tourist markets.

- Optimizing and balancing the economic, environmental and social benefits of tourism, with equitable distribution of these benefits to the society, while minimizing possible problems of tourism.

- Providing a physical structure which guides the location, types and extent of tourism development of attractions, facilities, services and infrastructure.

- Establishing the guidelines and standards for preparing detailed plans of specific tourism development areas that are consistent with, and reinforce, one another, and for the appropriate design of tourist facilities.

- Laying the foundation for effective implementation of the tourism development policy and plan and continuous management of the tourism sector, by providing the necessary organizational and other institutional framework.

- Providing the framework for effective coordination of the public and private sector efforts and investment in developing tourism.

- Offering a baseline for the continuous monitoring of the progress of tourism development and keeping it on track.

Source 1: Inskeep, E. (1994). National and regional tourism planning. London: Routledge

Source 2: Community tourism planning guide (2012).Retrieved from http://www.growourregion.ca/images/file/Tourism/Community_Planning_Tourism_Guide.pdf

## 4.3. Carrying Capacity

Tourism planning and development is not without cost. When the carrying capacity of a destination is exceeded, there will be a number of negative effects on different aspects.

### 1) What is Carrying Capacity?

Carrying capacity can be defined as "the maximum number of people who can use a destination without unacceptable changes in the environment and without unacceptable changes in the enjoyment gained by visitors."

### 2) Types of Carrying Capacity

There are five types of carrying capacity: physical, environmental, psychological, economical and social-cultural.

- *Physical carrying capacity*

The physical carrying capacity of a destination is related to:

- the amount of suitable land available for accommodation, tourist facilities, and services like roads and water supply;
- the number of people who can by physically accommodated on a given facility, such as car parking spaces, seats in theatres or restaurants; and
- the capacity of local transport systems e.g. maximum 3,000 cars per hour for Tate's Cairn Tunnel.

- *Environmental carrying capacity*

Irreparable physical damage begins to occur in many tourist destinations. These damages could be:

- the trampling of grassland at picnic sites;
- disturbance of wildlife; or
- physical erosion of important historic monuments by visitors' feet.

- *Psychological or perceptual carrying capacity*

The psychological or perceptual capacity of a destination is exceeded when the visitors' experience or enjoyment is significantly impaired. This depends on:

- visitors' demand;
- visitors' attitudes to both the number and behaviour of other users, e.g. crowded and noisy environment; and
- visitors' tolerance of the physical wear and tear or pollution at a destination.

- *Economical carrying capacity*

Excessive visitors may adversely affect the local communities' economy in some situations. For example,

- property prices raised to such an extent that local people can no longer afford to

purchase;
- prices of daily consumption products keep rising due to the continuous increase in visitors' demand.

- Social-cultural carrying capacity

This refers to the acceptance of tourists by the local population. The level of acceptance depends on previous experience and benefits that tourism brings. People who benefit from tourism such as those who own shops that cater to tourists or those who are employed in the industry tend to hold more favourable attitudes towards tourism than those that are not involved with it at all. One way to minimize the negative impacts that tourism may have is by educating local citizens and tourists about what they can expect of each other.

If the social-cultural carrying capacity is exceeded, the community begins to be irreversibly damaged by the tourist activities. For example,

- traditional handicrafts gradually disappear and are replaced by factory's mass production due to excessive demand of tourists.

## 3) How (Where) Do Carrying Capacity Problems Happen?

As a conclusion, whenever or wherever these capacities are exceeded, various problems occur.

For example, if too many people try to use a barbecue site at Sai Kung all at the same time, problems will occur. They may make too much smoke from their fire, occupy all the seats, and drop a lot of litter. Some people need to sit on the ground and wait a long time for a barbecue stand. The place gets very crowded. The picnic site becomes unpleasant rather than enjoyable. In other words, the barbecue site has exceeded its carrying capacity.

The problems may also arise:

- in tourist-generating areas, like Hong Kong, where public holidays and school holidays are fixed. This leads to a concentration of outbound demand at those particular times;
- on transit routes, e.g. Shenzhen and Guangzhou. Delays may occur at these bottlenecks if the transport system cannot cope with the demand; and
- in tourist-receiving areas, e.g. Beijing. Tourist resources such as the Great Wall and the Forbidden City may come under great usage pressure.

Due to the above reasons, putting different types of carrying capacity into considerations would be necessary in the planning and development stage of a destination.

# 5. Different Sectors of the Tourism Industry and Their Roles

## 5.1. Classification of Sectors and Their Linkages

Different sectors of the tourism industry are performing their particular roles in contributing to the success of a destination. Generally, these sectors can be classified into two different groups: (1) 'Private Sectors' and (2) 'Public Sectors'. Table 5.1 shows some common examples of sectors categorized under these two dimensions.

| Private Sectors | Public Sectors |
|---|---|
| • Hospitality<br>• Transportation<br>• Attractions<br>• Intermediaries<br>• Other Private Sector Facilitators<br><br>*(Note – some of the attractions, transportation and hospitality organizations can also be owned and managed by public organizations, such as the government )* | • Government<br>• Tourism Organizations<br>• Other Public Sector Facilitators |

Table 5.1 – List of Private and Public Sectors in the Tourism Industry

In order to facilitate the growth of the tourism industry and motivate more tourists to visit to a destination, different sectors take their own roles to enhance the experience of tourists in different stages. Table 5.2 shows 3 key stages which are commonly encountered by tourists in their travel experience and the corresponding sectors involved in different stages.

| Stages | Examples of Sectors Involved |
|---|---|
| • Setting up arrangements | • Travel services, e.g. tour operators and travel agents |
| • Getting you there | • Transport operators |
| • At the destination | • Hospitality, i.e. accommodation and food and beverage<br>• Tourism services, e.g. foreign exchange, retail shops<br>• Attractions<br>• Business facilities |

Table 5.2 – Different Sectors Involved in a Tourist's Travel Experience

It should be pinpointed that some sectors are not working alone but have a close coordination with other sectors. For example, travel agents usually take their role as intermediates and have to work closely with hotels and airlines in setting up travel arrangements for tourists. Figure 5.1 shows the linkages of different sectors in the tourism industry.

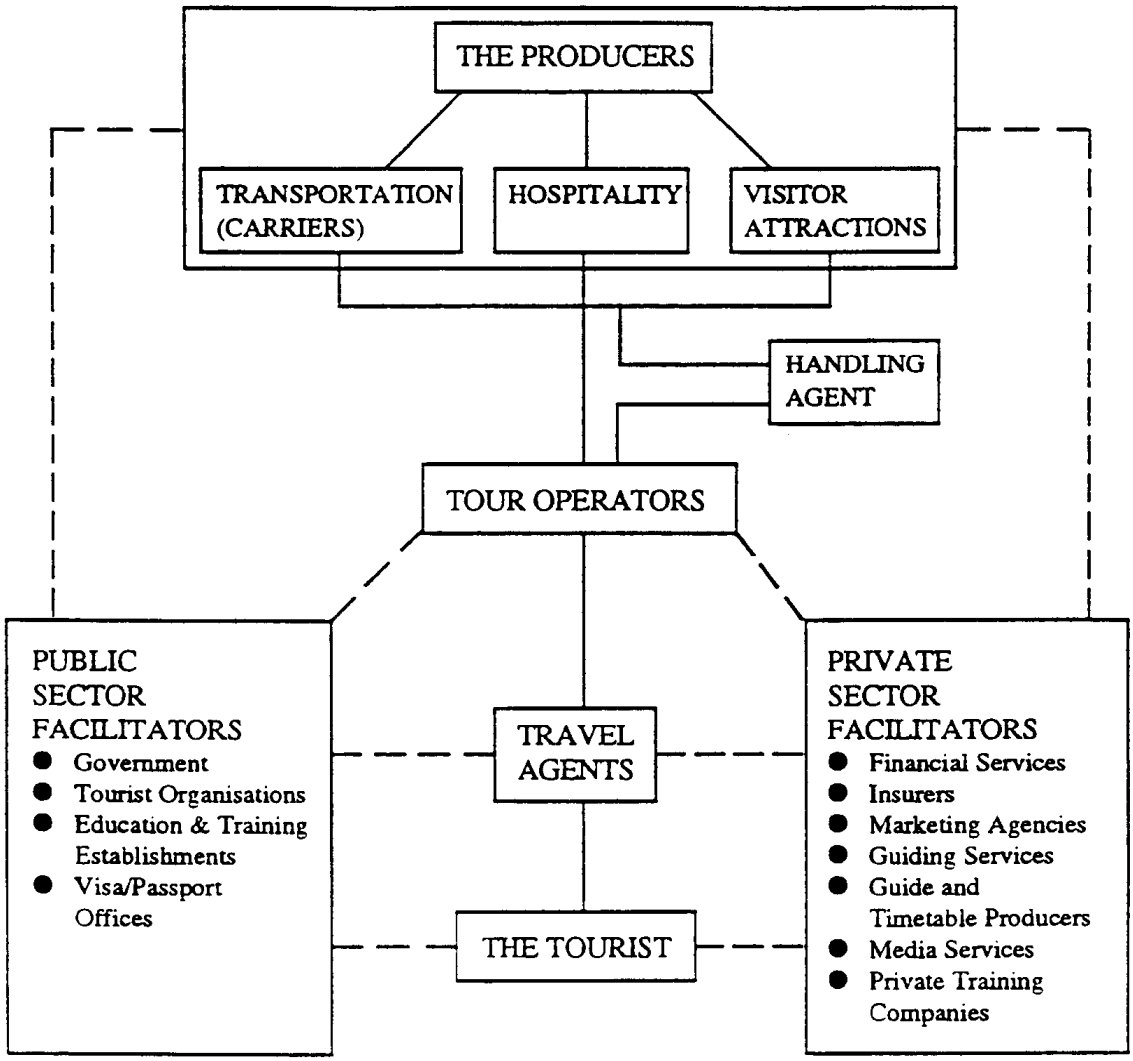


Figure 5.1 - Linkages of Different Sectors in the Tourism Industry

## 5.2. Private Sectors

The private sectors are commercial enterprises which are in business for making money and with 'profit maximization' as their primary aim. Examples of private sectors and their roles in the tourism industry, except 'attractions' which has been explained earlier, are explored as follow:

### 5.2.1. Hospitality

Hospitality sector refers to those companies or organizations which provide "food", "drinks" and / or "accommodations" to their guests. Usually, it can be further divided into 2 main sectors: (1) accommodation sector and (2) food and beverage sector and are explained as below:

#### 1) Accommodation

To an ordinary person, the essence of a good holiday away from home composes of three main elements - satisfactory *accommodation,* safe *transportation,* and suitable *entertainment.* However, to the members of the tourism industry, a good holiday or a good trip would also include the services of responsible *intermediaries* and the availability and provision of *travel related services.*

Accommodation is the temporary home for travelers. It ranges from simple sleeping places to deluxe suites for eating, entertainment, and sleeping. Travelers can stay overnight in any kind of lodging from an African tree house to a castle in Europe.

The accommodation industry is made up of hotels, motels (motor hotels), resort hotels, campgrounds, hostels and guesthouses. Hotels are classified in various ways. One of the most common ways is by location, such as resort, city center, airport, suburban, or highway.

The other way of classification is rating (grading), for example, five-star, four-star, three-star, two-star hotels. This grading system is commonly used in the Mainland.

As for Hong Kong, hotels are categorized depending on the published room tariff and staff / room ratio.















Note – Please refer to the Handbook of Unit 2 – "Introduction to Hospitality" for more information about the accommodation sector.

### 2) Food and Beverage

Similar to accommodation, the food and beverage sector is broad and it covers many different types of national cuisines and styles of services. Common types of food and beverage operations in Hong Kong include:

- *Fine dining restaurants*
- *Casual dining restaurants*
- *Fast food restaurants*
- *Cafes*
- *Bars*

The target segments of some food and beverage businesses are not only limited to local citizens but tourists, such as restaurants operating in hotels, airports, theme parks, other tourism attractions and transportations. Besides satisfying the basic needs of tourists by providing food and beverage services, restaurants with special themes or those which are famous for their high quality food and services become 'must-see' attractions to tourists. For example, the 'Al Mahara', one of the restaurants inside the Burj Al Arab Hotel in Dubai, is highly rated by tourists for its floor-to-ceiling aquarium at the center of the dining area.

Note – Please refer to the Handbook of Unit 2 – "Introduction to Hospitality" for more information about the food and beverage sector.

## 5.2.2. Transportation

### How can a traveler get to his/her destination?

The actual movement of travelers is usually categorized as air, water, road and rail. Transport is acknowledged as one of the most significant factors in contributing to the international development of tourism. It provides the essential link between tourism origin and destination areas. It also helps to facilitate the movement of travellers either for leisure or business.

There are a number of different types of transport modes: (1) air, (2) water, (3) road and (4) rail. The various types of transport modes can be subdivided as shown in Table 5.3:

| | |
|---|---|
| Air | • Domestic (Guangzhou to Beijing)<br>• Regional (Hong Kong to cities in the Mainland)<br>• International (Hong Kong to London) |
| Water | • Ferry<br>• Cruise |
| Road | • Coach/bus<br>• Private car |
| Rail | • Domestic (Guangzhou to Beijing)<br>• Regional (Hong Kong to Guangzhou)<br>• International (Beijing to Moscow) |

Table 5.3 – Various Types of Transportation Modes




## 1) Air Transport

In general, most of the airlines provide different classes of services on board; they are first, business and economy class.

First-class travelers enjoy the privacy of their own private cabin area with seats that can be converted into 6'6" flat beds. Plenty of good food, in-flight entertainment and personal video screen are provided. They are also welcome to use arrivals lounge.

Business-class travelers have wide comfortable seats with plenty of legroom. They can also enjoy good food, free drinks, and complimentary newspapers.

Economy-class travelers though have narrower seats, still are provided with suitable services and meals.

Some airlines, such as Virgin Atlantic and British Airways introduced 'premium economy class'. This class of service offers better individual service (e.g. more comfortable seat) to passengers at a lower price comparing with business class service.

Besides, two types of flight are commonly seen in the market:

*(i)* *Scheduled Flights*

- refer to those flights operated regularly according to a published timetables and fares.
- irrespective to the number of passengers to be carried on any one flight, they serve on a

routine basis.

*(ii)* *Non-scheduled Flights*

- also known as charter flights
- do not operate on any set schedule or have predetermined fare structure
- charter flights could go anywhere and at anytime when scheduled service do not covered, and very often they supplement the service on regular routes during peak seasons.

## 2) Water Transport

Two common types of water transport are: cruise ships and ferry services.

*(i)* *Cruise Ships*

What is a cruise? A cruise is a vacation trip by ship. This definition excludes travelling by water for primarily transportation purposes.

It offers the passengers a chance to relax in comfortable surroundings, with attentive service, good food, and a liner that changes the scenery from time to time.

Source: Ward D (2000), "Berlitz complete guide to cruising & cruise ships 2001", Princeton, N.J. Berlitz Pub., c2000.

It is projected that cruise ships make an important contribution to Hong Kong tourism. In 2008, there were more than 780,000 overseas travellers visiting Hong Kong. However, there has until now been a lack of detailed information about the market, and in particular, the type of experiences cruise visitors have in Hong Kong.



Despite the potential positive impact of cruise tourism to the local economy, there is also danger the local tourism industry faces is that cruise tourism can displace other forms of tourism as hotels and tours fill with cruise passengers, reducing capacity for other tourists.

Cruise ships are basically self-contained destinations where guests live, eat, are entertained, and travel. Cruises are voyages taken for pleasure and not only for the purpose of transport. Most cruises start and end at the same port.

A cruise with all-inclusive fare nowadays may combine:

- Transportation costs such as airfare between cruise passengers' point of origin and the destination port. Sometimes the cost of accommodation at the destination port is included in the all-inclusive fare.
- On-board activities; and
- Shore excursions

*(ii)* *Ferry Services*



Ferry service is a short distance sea-journey between ports. Both the local commuters as well as tourists use this mode of transport. The demand for ferry services between Hong Kong and Macau is very high with three operators offer year-round scheduled services.

## 3) Road Transport

Traveling by road is the most flexible and economical form of mass transportation. Modern motorway networks have made major cities easily accessible.

*(i)* *Coach services*

- Local – services operated in Hong Kong
- Regional – between Hong Kong and Shenzhen
- International express services – services between Canada and United States in North America
- Tour and sightseeing operations
- Shuttle buses for airport transfers



*(ii)* *Car services*

Car travelers have greater freedom in choosing their route, destination, and timing of their journey. Some common choices are:

- Private cars for rental;
- Taxis; and
- Private cars.

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Additional Information - Car rental:

Business and vacation travellers book car rentals for different reasons:

- Business travellers are looking for a convenient and reliable form of ground transportation to get them from point A to point B with minimum amount of fuss and bother.
- Vacation travellers are looking for a comfortable form of transportation to places where they plan to visit but these places are not easily accessible by public transportation.

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## 4) Rail Transport

The importance of rail travel has given way to private cars and air travel, but is picking up now since a number of services have been designed specifically for the tourist trade on a local and international level. Examples include “Orient Express” in Europe and “Indian-Pacific” across Australia. Others include the “Trans-Siberian Railway” and the “Bullet Train” of Japan.




Examples of Other Rail Transport:

- Underground train services in most urban city;
- Airport express train service; and
- Scenic rails

Examples of Some Scenic Rails:

One of the world’s eminent travelling experiences is to travel on luxury train. Traversing the world’s varied landscapes along alternative train routes, the train combines all the comfort and luxury of a five-star hotel with a globally unparalleled journey.

The Blue Train
Reference: http://www.bluetrain.co.za

Orient Express Trains
Reference: http://www.orient-express.com

| Table summarizes the major characteristics of various transportation modes: | | | | |
|---|---|---|---|---|
| Mode | Carrying unit and capacity | Advantages | Disadvantages | Significance for tourism |
| Air | • Aircraft<br>• Medium to High passenger capacity<br> | • Speed and range<br>• Suited to long distance journeys | • High fuel consumption<br>• Stringent safety regulations make air transport an expensive mode | <br>• Speed: shortened the travel distance and reduced the time of travel<br>• Range: Increased accessibility to places, opened up most parts of the world for tourism.<br>• Stimulate the growth of international mass tourism |
| Water | • Ship/cruise<br>• Can have a high degree of comfort<br>• Medium to High passenger capacity | • Suited to either long or short distance ferry operations<br>• Relaxation | • Comparatively slow<br>• Seasickness<br>• High labour costs<br>• Feeling of Confined while most of the activities limited in the cruise | • Cruising became a popular form of leisure travel since 1980.<br> |
| Road | • Car, bus, or coach.<br>• Low capacity for passengers | • Door-to-door flexibility.<br>• Suited to short distance journeys<br> | • Way shared by other users leading to possible congestion | • Door-to-door flexibility allows tourist to plan routes.<br>• Allows carriage of holiday equipment.<br>• Acts as a link between terminal and destination.<br>• Acts as mass transport network for excursions in holiday areas. |

Table summarizes the major characteristics of various transportation modes:

| Mode | Carrying unit and capacity | Advantages | Disadvantages | Significance for tourism |
|---|---|---|---|---|
| Rail | • Passenger carriages<br>• High passenger capacity | • Convenience: it usually arrives at and depart from the central business district of a city, thus saving transit time between city and airport.<br>• Suited to medium or long distance journeys, and to densely populated urban areas,<br>• Environmental friendly | • High fixed costs<br><br> | • In the mid-nineteenth century, it opened up areas previously inaccessible for tourism.<br>• Special carriages can be added for scenic viewing,<br>• Trans-continental routes and scenic lines carry significant volume of tourist traffic. |

Extracted & Modified from the Boniface Brian G., Cooper Chris (2001), "Worldwide Destinations, The geography of travel and tourism" 3rd ed. Butterworth Heinemann, ch 5. pp.57

Table 5.4 – Major Characteristics of Various Transportation Modes

## 5.2.3. Intermediaries

### 1) Linkages of Intermediaries with Customers and Suppliers

Intermediaries are “Middle-Men”, acting as a link between the customer and the supplier. In the travel business, intermediaries usually involve travel agencies and tour operators. The suppliers consist of airlines, cruise and ferry companies, coach/bus companies, railways, hotels and motels, and car rental agencies. The customers include holiday makers, business travelers, and those visiting friends and relatives. Figure 5.2 shows the linkages of intermediaries with customers and suppliers.

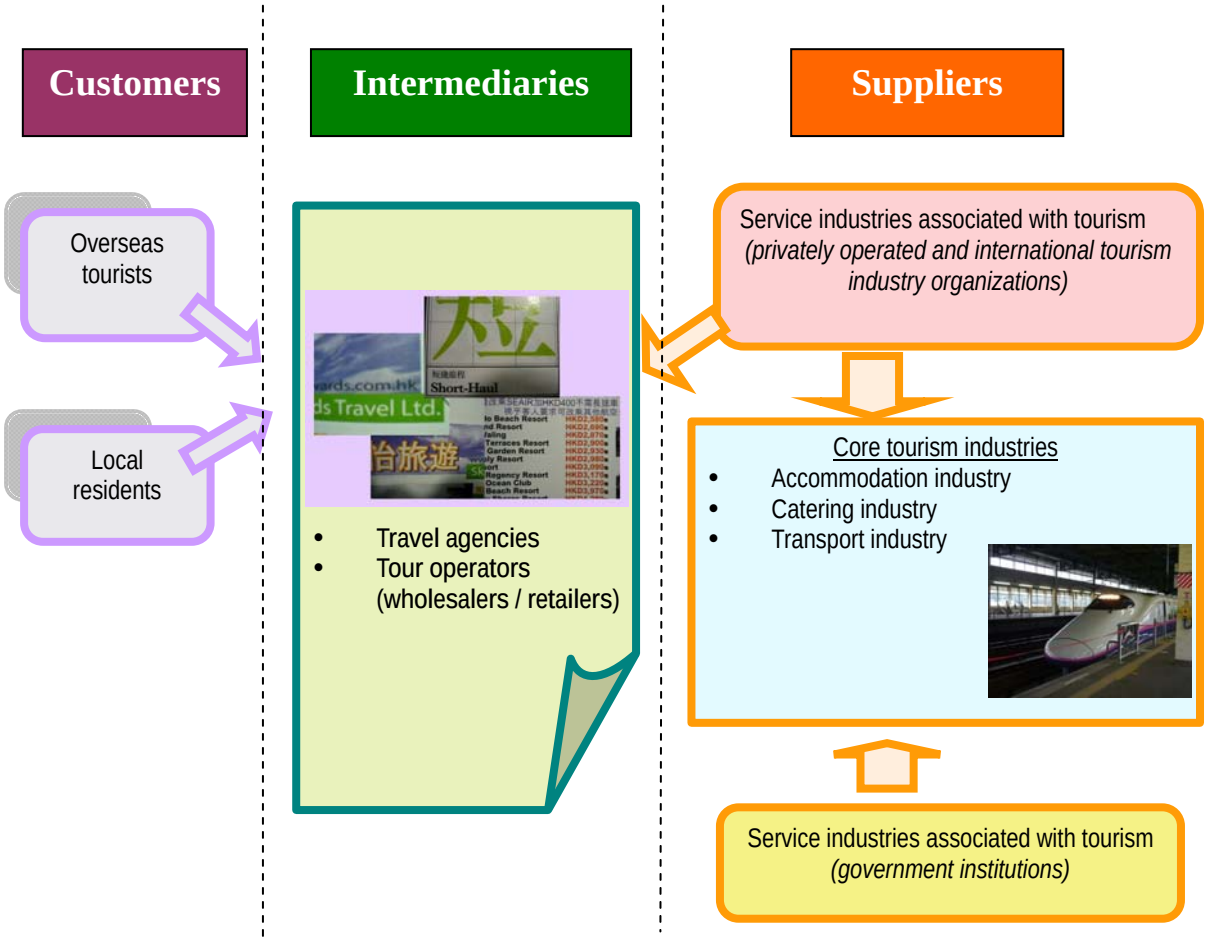



Figure 5.2 - Linkages of Intermediaries with Customers and Suppliers

- *Distribution Channels of Tourism Products*

Intermediaries acting as middle-men are no longer the only way that customers can purchase tourism products from suppliers. Distributions of tourism products have undergone evolutions and two different examples of how tourism products can be distributed nowadays are provided as follow:

*Example 1 - Traditional Tourism Product Distribution*

- Airlines, hotels, cruise companies, restaurants, attraction etc. ‘manufacture” the product or service.
- Tour Wholesaler or consolidators package the various products and offer them as packages to

the market.

- Travel agents acting as agents of the producers of the services or agents of the tour wholesalers sell the products and services for a commission.
- The consumer buys the tourism product from the travel agent

*Example 2 - 21st Century Tourism Product Distribution*

- Supplier/Manufacturer direct to consumer via the Internet no need for middlemen like travel agents
- Advantages for both parties – cost effective and quick
- Fast, efficient and reliable communications are at the fore-front of modern tourism. The days when most bookings were made through travel agents are well and truly over and the internet now plays a major role in the provision of travel information and in the booking of trips.

  Real example – ZUJI; Link - http://www.zuji.com

Through the above two examples, it can be observed that the role of intermediaries in a distribution system of travel services varies in different situations. In fact, there are three different forms of channels in the current travel distribution system. According to Figure 5.3, intermediaries perform their role as a middle-man in both bilateral and multilateral distribution channels. However, in a unilateral distribution, tourism products or services are directly distributed to customers from suppliers without the presence of any intermediaries. There could be a number of reasons which contributed to the direct distribution of tourism products and services from suppliers to customers. For example, the advancement of information technology, more well-educated customers and suppliers' intentions to reduce commissions to intermediaries have facilitated the unilateral mode of distribution in the travel distribution system.

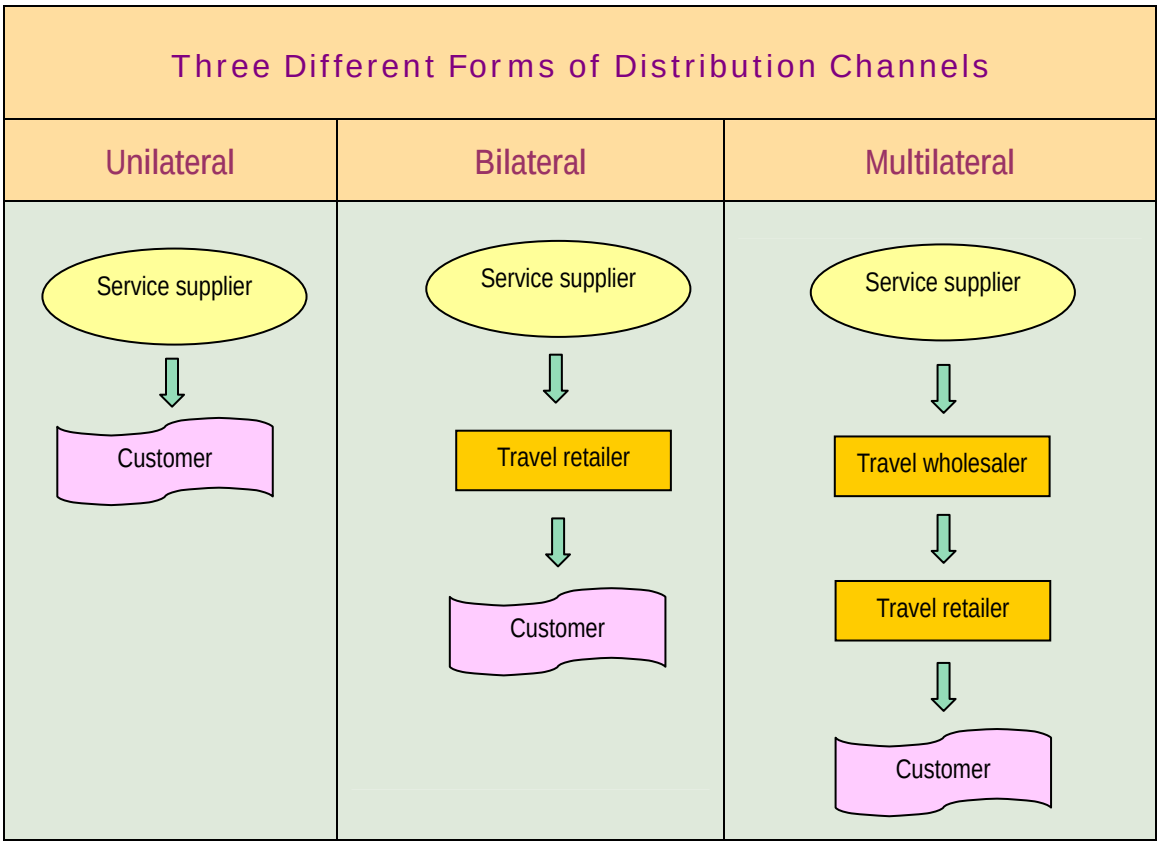



Figure 5.3 – Different Forms of Channels in a Travel Distribution System

Also, as suppliers can by pass the intermediaries and have direct interactions with customers vice versa, the linkages of different stakeholders in a travel distribution system could be a bit different from Figure 5.2. Figure 5.4 shows another version of linkages among different stakeholders in the tourism industry.

## Different Categories in the Tourism Industry

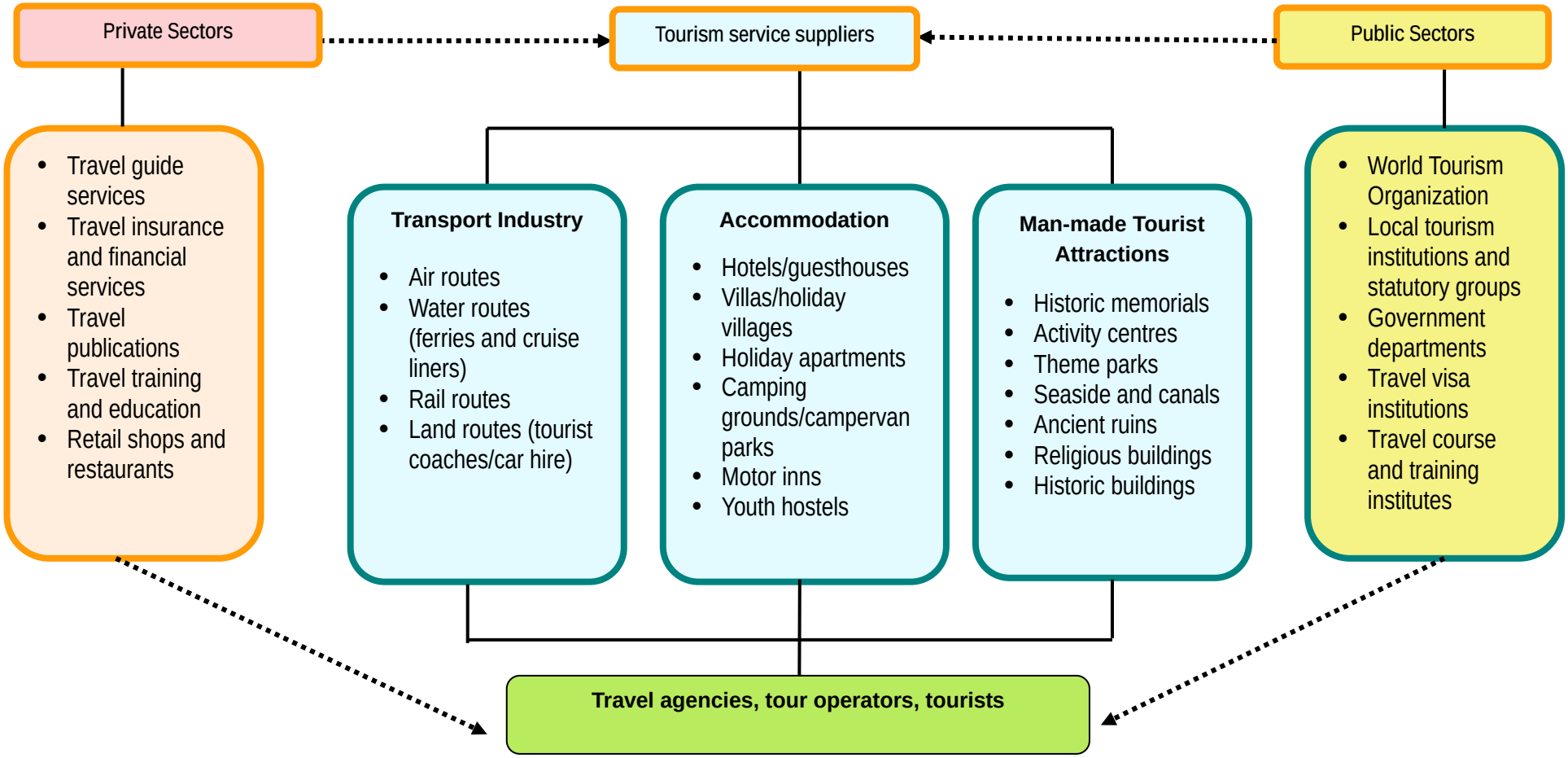



Figure 5.4 – Diagram Showing the Linkages Among Customers, Intermediaries and Suppliers of the Tourism Industry
Reference: Holloway, J.C., The Business of Tourism, 7th ed., Prentice Hall, 2006

## 2) Types of Intermediaries

As observed in Figure 5.2 and 5.4, intermediaries are chiefly divided into two categories: travel agencies and tour operators (wholesalers and retailers).

*(i) Travel Agencies*

- Wholesalers
- Retailers
- Inbound travel agencies / outbound travel agencies

*(ii) Tour Operators (wholesalers/retailers)*

- Inbound tour group operators / outbound tour group operators
- Corporate client travel services
- Sightseeing tour companies

## 3) Travel Agencies

*(i) Definition of Travel Agencies*

**(1) Outbound Travel Agent**

According to the Travel Agents (Amendment) Ordinance 2002, an outbound travel agent means a person who carries on business as an outbound travel agent, and such a person is required to obtain a travel agent's licence.

A person carries on business as an outbound travel agent if, in Hong Kong, he carries on the business of obtaining for another person:

(a) carriage, by any means of conveyance, on a journey which is to commence in Hong Kong and which thereafter is to take place mainly outside Hong Kong; or

(b) accommodation at a place outside Hong Kong for which payment is, or is to be, made to that person by or on behalf of that other person of an amount on account of the cost of that accommodation.

**(2) Outbound Travel Service**

According to the Travel Agents (Amendment) Ordinance 2002, a service is an outbound travel service if:

(a) it is provided or obtained by an outbound travel agent for the public;

(b) it is comprised of any two or all of the following:

(i) carriage, by means of conveyance, on a journey which is to commence in Hong

Kong and which thereafter is to take place mainly outside Hong Kong;

(ii) accommodation at a place outside Hong Kong;

(iii) arrangements for an activity (not ancillary to a service referred to in subparagraph (i) or (ii)) which is to take place outside Hong Kong and which, where included in the package, constitutes a substantial part of it;

(c) it is a package which is available only at an inclusive price; and

(d) the services or arrangements constituting the package have been determined in advance of being made available to the public.

A travel agent shall be liable to pay a levy, the amount of which is specified by the Secretary for Commerce and Economic Development, in respect of every outbound fare received by such a travel agent for the provision of an outbound travel service described above.

**(3) <u>Outbound Package Tour</u>**

An "outbound package tour" is a term commonly used by members and the public to refer to an outbound travel service specified in subsection (2), which includes the provision to a group or a person of services relating to transport, accommodation, activities, outbound tour escorts, local tourist guides, etc; or of such services as air-plus-hotel packages.

**(4) <u>Inbound Travel Agent</u>**

According to the Travel Agents (Amendment) Ordinance 2002, an inbound travel agent means a person who carries on business as an inbound travel agent, and such a person is required to obtain a travel agent's licence.

A person carries on business as an inbound travel agent if, in Hong Kong, he carries on the business of obtaining for a visitor to Hong Kong:

(a) carriage, by any means of conveyance, on a journey which is to commence outside Hong Kong and which either:

(i) terminates in Hong Kong; or

(ii) involves the visitor passing through immigration controls before departing from Hong Kong;

(b) accommodation in Hong Kong for which payment is, or is to be, made to that person by or on behalf of the visitor of an amount on account of the cost of that accommodation; or

(c) one or more of the following prescribed services:

(i) sightseeing or visits to local places of interest;

(ii) restaurant meals or other catered meals;

(iii) shopping trips;

(iv) local transport in connection with an activity referred to in subparagraph (i), (ii) or (iii).

**(5) Tour Operator**
A travel agent who operates a package tour.

**(6) Members of the TIC**
Those Ordinary and Affiliate Members of the TIC only.

Table 5.5 – Definition of Travel Agencies
Source: http://www.tichk.org/public/website/en/codes/codes_of_conduct/part_one/html

*(ii) Role and Functions of Travel Agencies*

Travel agencies, in their role as "middlemen," combine tourism activities originally carried out on an unconnected, individual basis, linking customers with tourism service suppliers and thereby promoting the development of the tourism industry.

The function of travel agencies includes the following 3 aspects:

*- Providing one-stop tourism products*

In the course of travel, customers have a wide variety of needs from the moment they leave home until they return to their home base, which includes food, accommodation, transport, touring and sightseeing, shopping, entertainment etc. To satisfy tourist needs in all respects, tourists have to be provided with relevant tourism products and services from different types of enterprises. This is where travel agencies come in, by linking tourists with tourism service providers. Playing the role of middlemen between the two parties, travel agencies transform a number of purchases made by the original customer from tourism product suppliers into a one-off purchase. They combine all tour operators' products and provide them to the customer. Therefore, the involvement of travel agencies breaks local boundaries.

*- It is the most important retail channel for tourism products*

Although core areas of the tourism industry, such as transport, accommodation and catering organizations will also sell their own products/services directly to travellers, in light of developments in modern-day mass tourism, different parts of their tourism products are sold to customers in the retail market via travel services. Therefore, the main function of travel services is to sell tourism products in the retail market.

*- Facilitating customers' tourism activities and promoting the development of the tourism industry*

Travel agencies bring together many types of services needed by customers, thereby facilitating customer purchases; in addition, travel agencies can book the relevant travel services before the customer departs, guaranteeing that the trip will go smoothly; furthermore, tourism agents also provide customers with information, assistance and professional opinions that can help customers

to plan their journeys.

Besides ‘travel agencies’, other related positions such as ‘travel planners’ or ‘travel consultants’ would also provide travel arrangement services for their customers. Detail descriptions about the general duties of a travel planner and some examples of products and services provided are introduced as follow:

### What Does a Travel Planner Do?

A travel planner is an agent that organizes vacation and travel packages for clients. They perform various tasks during and following consultation with a client, such as setting an itinerary, booking flights, arranging for the rental of a car or recreational equipment, all with the focus on making the trip go as smoothly as possible. The main priority for a travel planner is coordinating various aspects of a trip. The job requires multi-tasking, scheduling, negotiating and other interpersonal communication skills.

For vacations, a travel planner must consult closely with their client. In many circumstances, clients who seek the assistance of a travel planner for their vacations do so because they want to purchase a total package rather than having to coordinate each aspect of their vacation themselves. For example, a travel planner will have to determine whether the client should fly, set sail, or head out by auto or rail. Generally clients are able to articulate their precise requirements during a consultation, but in numerous cases the travel planner must draw it out through a question-and-answer session.

Once the method of transit is arranged, a travel planner will then have to find the accommodations that best suit the client's needs. Though this may sound simple, but many clients are not certain what type of place they would like to stay in. Many different factors come into play in determining the most suitable accommodations for a client — price, location in the destination city, proximity to particular attractions or activities, level of luxury and aesthetic sensibility, etc.

Travel planners usually arrange all of the things that their client will do on their vacation and ensure that no scheduling conflicts emerge. The planner will find the activities and excursions that best suit the tastes and interests of his clients, while ensuring that those activities fit within his client's budget. This requires that the trip planner become familiar with his or her clients and build a level of rapport with them, getting a sense of what they enjoy.

Travel planners are not confined to arranging vacations though. In many instances, they are hired to arrange business trips, which require a high level of coordination and competence. They may also be asked to organize corporate retreats, seminars and conventions, or just about anything else that requires the skills for coordinating travel itineraries for people.

Source: Wisegeek (2012). “What does a travel planner do?”
Retrieved from http://www.wisegeek.com/what-does-a-travel-planner-do.htm

*(iii) Factors Considered by a Travel Planner When Planning a Tour*

Considerations in tour planning can be numerous. Customer expectation plays a dominant role which gives directions to travel planners on how a tour should be planned. The following table shows some examples of considerations from customers' perspectives in the tour planning process.

| Factors for Considerations | Key Elements in a Tour | | | |
|---|---|---|---|---|
| | Hotels | Transports | Food | Itinerary |
| ***Preferences/ needs*** | e.g.<br>star rankings; location of hotels; request for certain room types, etc. | e.g.<br>mode of transport (by sea / air / road / rail);<br>departure and arrival time, etc. | e.g.<br>request for healthy food / religious food, etc. | e.g.<br>guided tour / self tour, etc. |
| ***Interest*** | e.g.<br>Wi-Fi / spa services / pool facilities, etc. | e.g.<br>in-flight entertainment and movie system, etc. | e.g.<br>local and traditional cuisines, etc. | e.g.<br>shopping / sightseeing / adventure, etc. |
| ***Budget*** | e.g.<br>standard / deluxe room/ suite, etc. | e.g.<br>first class / business class / economy class, etc. | e.g.<br>meals are included / excluded in the tour package, etc. | e.g.<br>entrance fees of theme park and other own expenses that are excluded from the tour package, etc. |
| ***Safety*** | e.g.<br>Is the hotel licensed? | e.g.<br>history of accidents under the brand, etc. | e.g.<br>risk of food poisoning, etc. | e.g.<br>risk of crimes and thefts in certain attractions, etc. |

Table 5.6 –Factors Considered by a Travel Planner When Planning a Tour

*- Other 'destination-related' considerations include the followings:*

- weather condition;
- seasonality and festivals;
- availability of service suppliers, e.g. hotel rooms, flight tickets and theme park tickets,etc.;
- social and political stability;
- exchange rate; and
- terrorism and natural disasters, etc.

*(iv) Product Knowledge Required by a Travel Agent*

A travel agent should have full product knowledge in the following dimensions:

| Product Knowledge | Examples |
|---|---|
| 1. Destinations | • Climatic conditions;<br>• Political situations;<br>• Special events and public holidays;<br>• Customs, culture and cuisine of country/destination;<br>• Major attractions;<br>• Health and other hazards;<br>• Currency exchange rates;<br>• Travel regulations and documents; and<br>• Accommodation facilities, etc. |
| 2. Airlines | • Reservation system;<br>• Route operations;<br>• Flight schedules;<br>• Fares;<br>• Types of airplanes;<br>• Services offered on board; and<br>• Connecting flights, etc. |
| 3. Airports | • Timings;<br>• Facilities;<br>• Custom and security regulations;<br>• Taxes; and<br>• Distances from cities, etc. |
| 4. Surface (Rail and Road) and Water Transport | • Time tables;<br>• Connections;<br>• Fares and car rentals;<br>• Facilities; and<br>• Reservation systems and procedures, etc. |
| 5. Principal Suppliers | • Image and financial standing;<br>• Service offered;<br>• Quality of service; and<br>• Commissions offered, etc. |
| 6. Knowledge of Other Aspects | • Package tours;<br>• Local excursions; and<br>• Special interest tours, etc |

Table 5.7 – Product Knowledge Required by Travel Agencies

Source: Indira Gandhi National Open University (2012). Managerial practices in tourism– 1, Unit 23– Travel agencies. Retrieved from http://www.egyankosh.ac.in/bitstream/123456789/36596/1/Unit-23.pdf

*- Other general knowledge and skills required by a travel agent:*

- Customer and Personal Service
  - Knowledge of principles and processes for providing customer and personal services. This includes customer needs assessment, meeting quality standards for services, and evaluation of customer satisfaction.

- Geography
  - Knowledge of describing the features of destinations, including their physical characteristics, locations, interrelationships, and distribution of plant, animal, and human life.

- Sales and Marketing
  - Knowledge of showing, promoting, and selling products or services. This includes marketing strategy and tactics, product demonstration, sales techniques, and sales control systems.

- Transportation (Other than human)
  - For example, knowledge of moving goods by air, rail, sea, or road, including the relative costs and benefits.

- English Language
  - Knowledge of the structure and content of the English language including the meaning and spelling of words, rules of composition, and grammar.

- Clerical
  - Knowledge of administrative and clerical procedures and systems such as word processing, managing files and records, stenography and transcription, designing forms, and other office procedures and terminology.

Source: Careerplanner.com (2012). Retrieved from http://job-descriptions.careerplanner.com/Travel-Agents-5.cfm

*(v) Accessing Relevant Information About a Destination or Attraction and Presenting the Information to Tourists*

In most cases, customers who approach travel agencies usually enquire about various information of a particular destination or attraction. For example: rates, schedules, location, facilities and services, availability, booking procedures, issuing of tickets/ vouchers, travel insurance and currency, etc.

Besides some basic information that can be easily accessed through the use of information technology (I.T.) such as global distribution system (GDS), agency websites and homepages of National Tourism Office (NTO) of different countries, agency staff usually utilize their own knowledge and experience in answering the questions of their customers about any destinations. Practically for some travel agents which operate outbound tours, counter staff are required to take the role of tour escorts as parts of their duties. These “first-hand” experiences gained by agency staff enable them to share some useful and up-to-date information to customers who may have some enquiries about their intended destinations. Training is another way which helps agency staff to equip themselves with some essential knowledge of destinations. Instead of organizing some in-house training, staff is always encouraged to read various printed materials, such as destination booklets provided by tourism organizations and itineraries of packages prepared by the product & development department. These kinds of printed materials are especially useful as means of information and as well, promotional items to be presented to customers in case of their enquiries.

Source: Buhalis, D. (2003). eTourism: Information technology for strategic tourism management. London, UK: Prentice Hall.

*(vi) Merits of Using Intermediaries (Travel Agency)*

There is usually an intermediary between the supplier and the customer in all channels of distribution. Although tourism industry suppliers such as airlines, hotels, restaurants and car rental companies may reach their customers directly, they can also use the distribution services provided by one or more intermediaries. The advantages are:

- offer suppliers' services available to large numbers of potential customers;
- serve as a one-stop shop for a wide variety of travel related services; and
- provide clients with information, assistance and personalized advice in making the travel arrangement.

## 5.2.4. Other Private Sector Facilitators - Travel-related Services

### 1) Travel Insurance

One important aspect of maintaining "peace-of-mind" while people travel is to purchase travel insurance, especially when travelers are using "special" tickets which are mostly non-refundable. This is because the insured travelers may get a partial compensation in case they are unable to get on the plane due to various reasons. By travel insurance, we usually refer to personal insurance, but in other cases, it is best to include vehicle insurance as well.

Why is it important to buy travel insurance?
It is because travel insurance usually covers the following:

- Medical and hospitalization expenses;
- Personal accident involving loss of life or limb;
- Loss of baggage (including a small amount of cash);
- Baggage delay over 12 hours after scheduled time of arrival (reimbursement for the urgent purchase of basic personal hygiene items such as toothbrush, underwear, basic medication, etc.);
- Cancellation charges in the event of illness, injury or death. This includes non-refundable deposits and tour costs;
- Some cash;
- Personal liability; and
- Losses involved in the event of a curtailment of the journey due to death, injury and illness (nowadays, some insurance companies include strikes, poor weather, hijacking, etc. as well).

Travel insurance is valid for specific periods of time, e.g. "within 7 days", "under 2 weeks", "1 month and a year". It is important that the travelers must make sure they are covered for the entire travel period, or else if anything happens in the period that is not insured, their coverage can be disqualified.

It is essential that the dates of travel are accurate. Please note that different insurance firms have different limits to age (some firms will not cover anyone over 75 years old), and special conditions of coverage.

## 2) Foreign Exchange

Nowadays, a lot of traveling expenses can be paid by credit cards, it seems that foreign currency exchange is no longer important. However, when it comes to shopping, hiring a taxi, or making a phone call, travelers would need cash in local currency and petty change. These can be obtained from banks (in some countries), post offices, large international hotels, some foreign exchange booths in busy business centers, airports, railway stations and quays.

## 3) Credit Cards

Credit card is important to the automated payment system of travel nowadays. It represents simplicity, instead of paying in cash or traveler cheques, purchase is charged to a credit account. Credit card offers speed, safety, security and convenience to travellers.




## 4) Retail Shops and Restaurants

Retail shops and restaurants are important areas of the tourism industry anywhere over the world. Shopping is one of Hong Kong's favorite tourist attractions. Tourists can also enjoy food of many countries, with a great price range that can fit with different tastes and budgets of the visitors.

## 5) Travel Publications

Travel publication is one of the booming travel-related industries nowadays. Tourists can obtain a wide range of travel information from various forms of publications.

To help readers get better prepared for traveling to an overseas country or destination, such guide books often contain basic information about the country or destination such as climate, geography, history, culture, religion and economy. Readers are also briefed on the formalities and operational aspects of traveling such as visas, customs, accommodation, transportation, tourist offices, postal services, and even laundry service.

Travel magazines show a similar variety of information and they can bring major up-dated information to readers. Many large operators and companies in the tourism industry and the consumer goods industry make use of these magazines to advertise their products and services. The advantage goes both to tourists, who can get in touch with the latest products and services and plan their trips accordingly, and to the operators, who can promote their seasonal products and services to the prospective consumers.

Hotels and airlines are among the major contributors of advertisement out of which the magazine publishers can make profit. Travel magazines also have their unique function of providing articles catering for specific travel needs and interests, as well as giving seasonal updates on different aspects of travel.

Electronic publication is a rapidly growing industry. It provides a real-time visual and audio base of information to computer users. Airlines, National Tourist Offices (NTOs), major hotel groups and some well-established travel intermediaries have already established their Internet websites to promote their products and services. They have also built up a two-way communication with their prospective customers. Tourists can obtain updated travel information from the Internet at a click of the mouse.

Moreover, all NTOs publish reading materials for tourists, including leaflets, brochures, magazines and CDs. Airline companies would also provide informative and interesting magazines for the passengers. Large hotel group publishes magazines, leaflets and brochures of nearby restaurants and attractions.

### 6) Internet Solution Provider

Electronic commerce on the Net provides customers with an opportunity to have direct access to the principal service providers such as airlines, hotels and car rental companies or to its distribution channels like travel agencies.

In addition to displaying the basic product features, potential customers can enjoy a variety of services such as information display, reservation, ticketing, accommodations, and entertainment.

A sample of travel related companies offering information on the Internet:

- Hong Kong Trade Development Council
- ANTOR
- Tourism Board
- Cathay Pacific Holidays Ltd
- Egl Tours
- Farrington American Express Travel Service Ltd
- Travelex Hong Kong Ltd



## 5.3. Public Sectors

Public sectors of the tourism industry refer to government departments and some public tourism organizations which provide a wide range of services in order to promote or to encourage tourism development of a destination.

Public tourism organizations can be further divided into government funded statutory bodies (e.g. the Hong Kong Tourism Board) and other non-profit organizations formed by enterprises under the same industry sector (e.g. the Hong Kong Hotel Association).

In general cases, different departments or organizations have their unique positions and are performing their specific functions or duties related to tourism. Different from the private sectors, their main objective is not for profit but to achieve wider social and economic aims for the community, such as creating jobs through tourism and improving tourist facilities which can be used by both visitors and local citizens. The roles of different public sectors in tourism development and their roles would be discussed as follow:

### 5.3.1. The Major Roles of Government in Tourism Development

There are 4 major roles performed by government in tourism development as shown in Figure 5.5:

#### 1) Planning and Facilitating Tourism

Governments devise policies and plans for development. These include the generation of guidelines and objectives for the growth and management of tourism, both in short and long term, and devising of strategies to achieve their objectives.

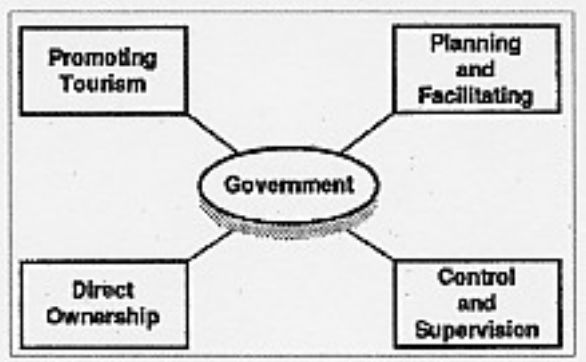



Figure 5.5 – Major Roles of Government in Tourism Development

The planning of tourism requires research. This is to access the level of demand or potential demand to the region, as well as to estimate the resources required to cater for that demand, and how these are best distributed. Planning implies the provision of training. Through hotel, catering and tourism schools, for the skills that the industry requires.

The planning and facilitating function of the government may be delegated to the National Tourism Office of that country.

#### 2) Control and Supervision of Tourism

The government plays an important part in controlling and supervising tourism. This is necessary

to prevent undesirable growth, to maintain quality standards, to help match supply and demand and to protect tourists against industrial malpractice of failure.

*(i) Refusal or granting of permission in planning*

Refusal or granting of planning permission is an obvious example of the exercise of control over tourism development.

*(ii) Control of the export currency*

Government sometimes exercise control over tourism flows for economic reasons. Government may protect their balance of payments by imposing currency restrictions or banning the export of local currency in an attempt to reduce the number of local tourists traveling abroad.

*(iii) Supervision of tourism industry*

Supervision and control is also exercised over the various sectors of the tourism industry. The need to ensure passenger safety has led not to licensing of airlines and other forms of public transport, but also of tour operators and travel agencies.

Perhaps the most common form of government supervision of the tourism industry in all countries is in the hotel industry, where compulsory registration and grading is imposed in many countries.

### 3) Direct Ownership of Components of the Tourism Industry

Some governments own parks, airlines and airports, galleries, museums, historic sites, streets and highways railways, buses, harbors and ferries, subways, hotels, resorts, swimming pools, golf course, and even liquor stores, so as to facilitate the development of the tourism industry.

### 4) Promoting Tourism to Home and Overseas Markets

Government produces and distributes maps, charts, and tourism literature; operate information centers; advertise, organize sales promotion and public relations activities directed at home and overseas markets.

Government attempts to increase tourism growth by effective marketing, concentrating their publicity on less popular attraction or geographical regions and doing more promotional work during off-season.

Besides the roles as mentioned above, government roles also cover the following areas:

### 1) Active Involvement

- Provision of information and advice to prospective investors
- Provision of government guarantees to investors
- Legislation which is conducive to foreign investment

### 2) Investment Support

- Provision of land by the government at less than market value

- Low interest rate

3) Operational Support
   - Increase operational efficiency, for example, provides or finances vocational training, or allows skilled foreign labours to be employed
   - Provide visa arrangements for tourists entering into the country
   - Negotiate with tourist generating countries on air traffic rights and airlines routes

4) Research and Planning
   - Carry out research to find out the most suitable places and ways to develop tourism
   - Plan for a well-built infrastructure to meet the needs of developing tourism
   - Evaluate the resources (attractions, facilities, labour) available in the country for further tourism development

Reference:
Bodlender J.A. & Gerty M.W. (1992) "Guidelines on Tourism Investment" 2nd ed., Horwath consulting, World Tourism Organization (UNWTO).
Holloway J.C. (1998), "The Business of Tourism", 5th ed., Longman

## 5.3.2. Government Departments and Public Tourism Organizations Involved in Tourism

Government departments and some public organizations are involved in tourism policy, planning control and education. For example, travel formalities are administered by consulates and departments in charge of immigration, border security and customs. There are departments responsible for monitoring, licensing and regulating major tourist businesses like hotels and travel intermediaries. Besides, the design and provision of career training in different schools also depend upon the support from the government. In all, the planning and co-ordination of future tourism development require the collaborative efforts of many departments.

The following are the possible tourism related departments and public tourism organizations:

- National tourism organizations (Example: Tourism Canada)
- Regional tourism organizations (different regions/ provinces, Example: Tourism New South Wales, Australia)
- Local tourism organizations (Example: Hong Kong Tourism Board)
- Departments of commerce (Local example: Commerce and Economic Development Bureau)
- Departments of policy (Local example: Tourism Commission)
- Marine departments (Local example: Marine Department)
- Immigration departments (Local example: Immigration Department)
- Customs departments (Local example: Hong Kong Customs and Excise Department)
- Departments of transportation (Local example: Transport Department)
- Departments of planning (Local example: Planning Department)
- Departments of environment (Local example: Environmental Protection Department)

- Departments of aviation (Local example: Civil Aviation Department)
- Departments of agriculture (Local example: Agriculture, Fisheries and Conservation Department)
- Health departments (Local example: Department of Health – Travel Health Service)

The daily cases of government departments getting involved in tourism can be simply reflected by their provision of services to travelers related to travel formalities, ranging from visa application to immigration. Below are some general examples of travel formalities which require the involvement of different government departments:

### Example 1: Passport

The most important travel document is passport. It is the official document with which the citizenship of a tourist can be clearly identified. Passports are issued by their respective sovereign governments, stating the status of citizenship of the holder and some basic personal information such as date of birth, gender, correspondence and emergency contact. The holder's photo is stuck on the main page with an official stamp/chop certifying the validity of the document. The issue date and valid period of the passport are also stated. The holder needs to renew his/her passport for usually every 10 or longer years.

Each passport contains blank pages, allowing embassies of other sovereign government to stick or stamp their visas, also allowing border officials of the host countries to stamp the dates of entry and exit. For national security reason, all passports are carefully designed and made to prevent forgery. Modern sophisticated printing technologies such as laser markings help this in a great deal.

A passport is an official document issued by a government to identify an individual, and it is usually issued for five to ten years. In general, the following items can be found in a passport:

- Name of passport holder
- Photo of passport holder
- Personal details (e.g. nationality, date of birth) of passport holder
- Date of issue
- Issuing authority
- Expiry date

Passport's holder often ignores the expiry date on the passport. Some countries require passports to be valid for a certain period, normally it requires no less than 6 months of validity for travelling abroad.

### Example 2: Visa

Along with passports, visas play the most significant role among other formalities. Tourists from an overseas country that has no strong political tie with the host country are often required to apply for a visa from the host country's embassy or representative office in their home country before departure.

Documents such as passport, an employer's letter, return air tickets, and receipt(s) of hotel booking or

proof of arranged accommodation in the host country are often required. Embassy officials may also ask for other papers such as bank statements (proving the applicant's financial capacity to travel) and travel insurance receipt. Applicant must submit photo(s) along with the application.

Every visa has a valid period. If a tourist wants to stay in the host country beyond that period, he/she must apply for an extension that can be arranged during the stay. Tourists who want to study abroad may be required to apply instead for a student visa. In this case, documents from the concerned educational institution would be necessary.

A visa specifies the authorized length of stay, the period of validity and the number of entries into the country allowed during the period. To apply for a visa, applicant may need to provide the following supporting documents:

- Proof of sufficient funds to cover the period of stay
- An employer's certificate (optional)
- A return ticket
- Proof of continuation of the trip
- Vaccination certificates (optional)

## Example 3: Health Requirements

To prevent the spread of epidemics diseases, tourists departing from a port which has been declared to have an epidemics problem are usually required to present a proof of health or vaccination issued by an officially recognized medical officer or institution. Aged travelers usually need a travel medical insurance receipt or even a medical certificate stating good health in order to get a visa.

The Hong Kong Travel Health Service (www.travelhealth.gov.hk) is run by the Port Health Office of the Department of Health. It aims at promoting and protecting the health of travelers as well as preventing the spread of diseases into Hong Kong.




Source: The Health Service, Hong Kong Department of Health

Travellers arriving from an 'infected area' are normally required to prove that they have duly been vaccinated against specific diseases. The World Health Organisation produces an international certificate of vaccination for this purpose.

If a passenger arrives in a country without evidence that he has had the necessary vaccinations, he could be:

- denied entry to the country
- put under medical surveillance
- put into quarantine
- vaccinated 'on the spot'

## Example 4: Customs and Taxes/duties

For trade, hygiene and security reasons, different host countries have their list of items of forbidden goods that overseas tourists and their citizens are not allowed to bring into their territory. Dangerous drugs are mostly strictly prohibited. Tourists bringing in firearms or other lethal weapons could face severe penalty or punishment. For example, tourists convicted of the offence of drug trafficking in some countries such as Thailand could face capital punishment.

Taxed items such as tobacco and alcoholic products are usually restricted to a limited amount (in weight or volume). Items other than travelers' accessories including electrical household appliances may also be taxed. Tourists who wish to travel with their pet(s) often need prior permission, and a proof of vaccination may be required. Some countries such as the United States have strict policies on bringing in agricultural produce or even herbs and plants. Tourists bringing in non-duty-free items need to fill in a custom declaration form and submit it at the point of entry.

Some host countries that adopt sales tax system offer tax refund benefit to tourists who are big spenders, so as to attract them to buy more during the stay. The customs office usually operates refunding procedure before the visitors return home. Most countries also have a policy on the value of both the foreign currency and their national currency that a tourist can bring into and out of their territory. Usually before arrival, transport operators help the host country distribute customs declaration forms and arrival cards to visitors to fill in and submit at the point of entry.

## Example 5: Public Security

Public security is one of the major issues to governments around the world, in particular public security at the airports. Many airports have adopted a tight security measure in ensuring the safety of air passengers. In addition, The Hong Kong SAR Government provides updated web-based travel advice for Hong Kong residents who are planning to travel aboard - http://www.sb.gov.hk/popup2.htm




Suggested link:
Information Services Department
Adoption of new security measures at Hong Kong International Airport
http://www.isd.gov.hk/eng/tvapi/07_ms156.html

## 5.3.3. The Case of Hong Kong – The Role and Work of the Hong Kong SAR Government and Key Local Tourism Organizations

### 1) Key Local Tourism Organizations and Statutory Bodies

*(i) Tourism Commission*



The Tourism Commission (TC) was established in May 1999 to coordinate within government various tourism development efforts and to provide better policy support and leadership on the part of government to the development of tourism in Hong Kong.

The Commission's objective is to establish and promote Hong Kong as Asia's premier international city, a world-class destination for leisure and business visitors. To fulfill this mission, the Commission ensures that tourism receives proper recognition as one of the major sectors of the economy, with the industry, the Hong Kong Tourism Board and the Government working in harmony, and bringing in the community at large.



Western Market

The Tourism Commission is responsible for formulating policy and overall strategy in promoting tourism, considering the feasibility of new tourism attractions; coordinating with other government bureaus and departments on tourism related matters; and working closely with the Hong Kong Tourism Board (HKTB).



Old Stanley Police Station

- *Strategy of Tourism Commission*

To position Hong Kong as a world-class destination, the following strategies have been developed.



- Preferred gateway to the region in general and the Mainland in particular, taking maximum advantage of our strategic location at the heart of Asia.
- Premier business and services centre in the Region, the natural home of trade and commence.
- Events capital of Asia, where something exciting is always happening.
- A kaleidoscope of attractions, a variety of sights and sounds with something for everyone.
- Asia's pre-eminent international and cosmopolitan city with a unique blend of eastern and western heritage and culture, distinct from other cities in China.

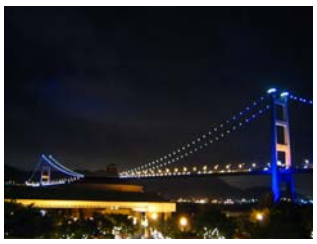
*(ii) Hong Kong Tourism Board (HKTB ): Promoting Hong Kong*

The HKTB is a statutory body setup to promote Hong Kong globally as a business and leisure destination and take initiatives to enhance the experience of visitors. In addition to the head office in Hong Kong, HKTB has 15 other offices and five representative offices around the world.

HKTB commissions extensive market studies to gauge industry trends and shares information with the Government and travel trade partners. The Board adopts a flexible and integrated approach to reach different markets and meet their needs, such as marketing Hong Kong's unique living culture to long-haul markets while promoting shopping and dining attractions to short-haul markets.

To promote Hong Kong, HKTB leverages the "Hong Kong – Live it, Love it!" marketing platform, adopting a diversified approach in advertising, through internet, consumer promotions and public relations activities.






HKTB strives to develop appealing and creative destination products. For example, HKTB develops education-cum-entertainment products which cater to family visitors. At the same time, it also organizes mega events to enrich the travel experience of our visitors.

The 6 objectives of the HKTB, as defined under the HKTB Ordinance 2001, are:

- to endeavour to increase the contribution of tourism to Hong Kong;
- to promote Hong Kong globally as a leading international city in Asia and a world-class tourist destination;
- to promote the improvement of facilities for visitors;
- to support the Government in promoting to the community the importance of tourism;
- to support, as appropriate, the activities of persons providing services for visitors to Hong Kong; and
- to make recommendations to and advise the Chief Executive (of the Hong Kong SAR) in relation to any measures which may be taken to further any of the foregoing matters.



Christmas in Hong Kong

Chinese New Year's fireworks



*(iii)* *Travel Industry Council of Hong Kong (TIC)*

The Travel Industry Council of Hong Kong (TIC) was set up in 1978 and became incorporated as a regulatory body for the outbound tourism industry under the Travel Agents Ordinance in 1988. On March 22, 1990, the Council was appointed a public body and was entrusted with the responsibility of implementing and overseeing various traveler protection measures.




- Objectives:
To maintain a high standard of professionalism within the industry to protect the interests of both the trade and the travelers.

- General roles:

- Under the Travel Agents Ordinance 1988, TIC membership became a "must" for obtaining the Travel Agent's License;
- To ensure self-regulation of the outbound tourism industry
- Assist in the implementation of customer protection schemes, which includes monitoring and publicizing the collection of levy for the "Travel Industry Compensation Fund".
- Subsidizing different training courses for travel agency staff.

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Additional Information:

Travel Industry Compensation Fund and the Package Tour Accident Contingency Fund Scheme

- A levy equal to 0.15% of the tour fare must be franked on all tour receipts, including deposit, balance, full payment and temporary receipts, and any documents acting as receipts.
- Charter tours, familiarisation tours, hotel-plus-air packages, and cruise packages are all regarded as package tours, the receipts of which must be franked.
- Obtain a franked receipt from the travel agent after you have paid the tour fare regardless of how you pay it. Check carefully whether all the details of the outbound tour have been set out in the receipt.
- Outbound package tour travellers with receipts showing the payment of the outbound travel service and the levy are protected by the Travel Industry Compensation Fund (TICF) . In the unfortunate case that the travel agent goes bankrupt, affected travellers are entitled to receive from the TICF an ex gratia payment of up to 90% of the tour fare paid.
- Outbound package tour travellers are also protected by the Package Tour Accident Contingency Fund Scheme . Financed by the TICF, the scheme renders financial relief of up to HK$300,000 to tour accident victims and their relatives.

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- According to the law, a package tour refers to an outbound travel service which consists of two or all of the following three components: transport which commences in Hong Kong, accommodation and organised activities. As such, one-day tours that assemble and dismiss outside Hong Kong are not regarded as package tours under the definition of law and travel agents need not frank the tour receipts concerned, with the result that participants of this kind of one-day tours are not protected by the TICF and the Package Tour Accident Contingency Fund Scheme.
- Ask your family members or friends to keep all franked receipts for you before departure and bring a photocopy of the receipts with you on the tour.

Reference: http://www.tichk.org/public/website/en/travellers/out_advice_1/html/

*(iv) Hong Kong Hotels Association (HKHA)*

Hong Kong Hotels Association (HKHA) was founded in 1961. Its role and functions are as follows:








- To co-operate and co-ordinate the hotel industry in Hong Kong;
- To protect the rights and benefits of members;
- To advise the government on hotel development in Hong Kong; and
- To work closely with all the educational institutions involved in hotel and catering training.

## 2) Different Actions Taken by the Hong Kong SAR Government in Tourism Development

*(i) Accommodations for Tourists*

The Government has undertaken a number of initiatives to promote hotel development to meet the diversified needs of our visitors. For example, a number of sites in different parts of Hong Kong have been designated as “hotel use only”. There are also initiatives to allow conversion of old industrial buildings and re-vitalization of heritage buildings into hotels, such as the project of Tai O Heritage Hotel being completed in March 2012.

*(ii) International Convention, Exhibition and Tourism Capital*



The Government strives to enhance the appeal of Hong Kong as an international convention, exhibition and tourism capital, by seeking to host more mega international conventions and exhibitions. To this end, the HKTB is stepping up efforts to promote Hong Kong as a leading destination for meetings, incentives, conventions and exhibitions (MICE), targeting event organizers, international

organizations and potential visitors. Additional fund is earmarked for the HKTB to raise Hong Kong's MICE profile and provide one-stop professional support for MICE events to be hosted in Hong Kong.

*(iii) Tourist Attractions and Facilities*

The Government continues to develop a wide range of diversified tourist attractions in Hong Kong with a view to enhancing Hong Kong's overall attractiveness as a premier tourist destination.

The Ocean Park is implementing its redevelopment plans. Upon completion of this phased project by 2012, it will become a world-class marine-themed park featuring more than 70 attractions. New attractions opened in past years include "Skyfair Celebration", "Amazing Asian Animals" and "Ocean Express". In January 2011, "Aqua City", consisting of one of the largest aquaria in Asia and an aquarium restaurant, was opened. Another new theme zone "Rainforest" featuring Expedition Trail and the Rapids, etc. was also opened in June the same year.

Hong Kong Disneyland, another popular theme park, is undertaking its expansion plan, which is expected to be completed in phases by 2013. Upon completion of the expansion, three brand new themed areas will be added to the park, namely "Toy Story Land", "Grizzly Gulch" and "Mystic Point". "Toy Story Land" is scheduled to open by the end of 2011. The expansion will enlarge the existing theme park by about 23 per cent, adding more than 30 new attractions, entertainment and interactive experiences, bringing the total number to over 100.

The Hong Kong Wetland Park, opened in May 2006, is a world-class conservation, education and tourism facility. It consists of a 60-hectare outdoor wetland reserve and a 10 000 square metres visitor centre with three exhibition galleries. As a major green tourism facility, it blends well with the surrounding.

Opened in September 2006, Ngong Ping 360 comprises a 5.7 km cableway ride lasting about 25 minutes, and a Buddhist themed village. The crystal cabin cable car ride launched in 2009 offers a spectacular panoramic view of the beautiful landscape of Lantau Island. Having visited the Buddhist themed village, visitors can proceed to visit the new Pai Lau, Bodhi Path, Di Tan and the Chinese landscaped garden in the 1.5-hectare Ngong Ping Piazza which was opened in August 2010, as well as the tourist attractions nearby, such as the Po Lin Monastery, Giant Buddha, and Wisdom Path. In addition, visitors can explore other intriguing parts of Lantau, including Tai O fish village and beautiful beaches on Southern Lantau.



*(iv) Cruise Hub*



The Government is committed to developing Hong Kong into a leading regional cruise hub, and is developing the new cruise terminal at Kai Tak in full swing. The terminal building and the first berth are expected to come into

operation in mid-2013, and the second berth is expected to be completed in 2014. The HKTB will also continue to strengthen its promotion efforts and drive consumer demand for cruise tourism. Upon completion of the new cruise terminal, together with the existing cruise terminal in Tsim Sha Tsui, Hong Kong will have four berths in total for cruise vessels.

*(v)* *Enhancement Projects of the Existing Popular Tourist Areas*




Completed projects include:

- enhancement of the Sai Kung waterfront;
- minor improvements to Lei Yue Mun;
- enhancement of the Central and Western District including Dr Sun Yat-sen Historical Trail;
- Visitor Signage Improvement Scheme;
- the Stanley Waterfront Improvement Project;
- the Peak Improvement Scheme;
- the Tsim Sha Tsui Promenade Beautification Project;
- the Transport Link in Tsim Sha Tsui East; and
- the Avenue of Stars, which is a joint venture with the private sector






*(vi)* *Cultural, Heritage and Eco-Tourism*

The Government has not lost sight of the fact that Hong Kong's traditional relics and assets, some of which date back six thousand years, offer visitors insight into the region's history. One fine example is the preservation and development of the former Marine Police Headquarters in Tsim Sha Tsui into a tourism facility by the private sector, which is recently opened to the public as "1881 Heritage".



To promote cultural tourism, the HKTB runs a Cultural Kaleidoscope cultural experience programme, which features activities ranging from Chinese cake-making to tai chi practice and architecture walk. A guidebook "Discover Hong Kong by Rail" has also been uploaded on its website www.discoverhongkong.com to promote the heritage sites and other attractions along the MTR East and West Rails.



To facilitate visitors to experience Hong Kong's fascinating culture, culinary delights and unique heritage, the HKTB has launched the "Ding Ding Hong Kong Tram Guide", which highlights local attractions along the tramline. In addition, the HKTB continues to work with the trade to promote traditional Chinese customs and festivals, such as the Tin Hau Festival parade in Yuen Long and Cha Kwo Ling, Tam Kung Festival in Shaukeiwan, the Cheung Chau Bun Festival and the Birthday of Lord Buddha celebrations at Po Lin Monastery. These four traditional festivals were bundled under the "Hong Kong Cultural Celebrations" promotion in April and May 2010 and visitors were encouraged to take part in the celebrations in different districts.







Flagstaff House now the Museum of Tea Ware

Leveraging Hong Kong's ecological richness and diversity, the Commission is promoting green tourism in Northeast New Territories and outlying islands, having regard to the principles of nature conservation and sustainable development. The HKTB launched the "Great Outdoors Hong Kong!" in 2009 to promote the Hong Kong National Geopark, the natural scenery of outlying islands, popular hiking trails and other green attractions. Guided tours were provided free of charge and participants were given a specially designed guidebook.

The HKTB also actively promotes cultural and arts activities in Hong Kong, such as the Hong Kong Arts Festival, Hong Kong International Film Festival and large-scale arts exhibitions in various local museums, so as to attract more tourists to Hong Kong. To introduce to visitors Hong Kong's arts and cultural attractions in different districts, the HKTB published "A Guide to Hong Kong Arts and Culture" in the second quarter of 2010. Moreover, the Commission, in collaboration with the HKTB, has joined hands with performing arts groups and the tourism sector to leverage on arts and cultural products to enrich visitors' nightlife and travel experience.

*(vii)* *Service Standards and Performance*

Since mid-2006, the Government has subsidised a series of new specialised courses for tourism practitioners. By the end of July 2011, some 4 700 members of the travel agents trade have enrolled in the new courses. To further encourage tourist guides to continuously better equip themselves to meet new market challenges, in July 2007, the TIC introduced a Continuous Professional Development Programme (CPD Programme) for tourist guides. Tourist guides are required to fulfill the training requirements of the CPD Programme for renewal of Tourist Guide Pass. This aims to ensure the continuous enhancement of the quality of tourist guide service.

Also, the HKTB continues to implement the Quality Tourism Services (QTS) Scheme, which aims to enhance the overall service standards among retailers, restaurants, hair salons and visitor accommodations. The Scheme provides visitors with better service and quality assurance. In mid-2011, a total of 7 242 retail, restaurant and hair salon outlets, as well as 9 visitor accommodation premises covering 713 rooms had received QTS accreditation.

The promotion of a community-wide hospitality culture is essential to the sustainable development of the tourism industry. The Tourism Commission launched the Hong Kong Young Ambassador Scheme in 2001 to train young people to be polite and helpful to visitors, as well as to promote a hospitality culture in schools and the community. From time to time, the Commission also co-organizes activities with the travel and related industries to encourage further improvement in the quality of service for our tourists.

*(viii)* *Accessibility: Accessing Hong Kong*




The Government continues to enhance Hong Kong's accessibility. Nationals from some 170 countries can visit Hong Kong visa free for periods ranging from seven to 180 days. Recently, it concluded a mutual visa-abolition agreement with Russia, which started on July 1, 2009.

As for Mainland visitors, the quota of the Hong Kong Tour Group Scheme of Mainland visitors was abolished in January 2002. The Individual Visit Scheme (IVS) allowing residents of designated Mainland cities to visit Hong Kong as independent travellers, without joining group tours The scheme was introduced in July 2003 which has been gradually extended and now covers 49 Mainland cities. As at June 2011, there were over 68.39 million visitor arrivals from the Mainland through the Individual visit Scheme (IVS) since its implementation.

Source: Hong Kong - The Facts. Retrieved from

http://www.gov.hk/en/about/abouthk/factsheets/docs/tourism.pdf

### 5.3.4. Key International Tourism Organizations

#### 1) United Nations World Tourism Organization (UNWTO)

The United Nations World Tourism Organization (UNWTO) is concerned with tourism on a global level. Its headquarters are in Madrid, Spain, and it maintains regional offices around the world.

The organization was established in its present form in 1975. The WTO acts as a clearinghouse for information on international and domestic travel. It encourages nations to regard tourism as a way to promote economic development and international understanding. It also advocates tourism as a way to ensure peace and protect human rights. The organization gathers and distributes statistics data on a host of tourism-related topics, including new technology, employment, and training.

In addition, it makes available information concerning travel facilities, special events, and legal protection available to those who travel. Its technical department studies the economic and trading factors that influence the flow of tourists.

Basically, the UNWTO has 5 principal responsibilities. These are to promote the following:

- The free and unhindered movement of tourists within individual countries and between all countries of the world;
- The role of tourism in world trade;
- The economic development of all countries and revival of declining areas of the globe through tourism;
- The social and cultural functions tourism fulfills within nations; and
- The interests of tourists and tourism in general.

In addition to promoting the positive aspects of tourism, the WTO lobbies against measures that it believes would be harmful to tourism.

Reference: UNWTO. Retrived from http://www.unwto.org/index.php

#### 2) Pacific Asia Travel Association (PATA)

Pacific Asia Travel Association (PATA) was founded in Hawaii in 1951 to develop, promote, and facilitate travel to and among the destination areas in the Pacific Ocean.

PATA brings together governments, airlines and steamship companies, hotel owners tour operators, travel agents, and a wide range of other tourism-related organizations.

PATA headquarters are in San Francisco, California, Branch offices are located in Singapore to serve the East Asia region and in Sydney to serve the South Pacific. Marketing representatives are located in London, Frankfurt, and Paris.

Roles and responsibilities:

- PATA represents countries in the Pacific and Asia that have united to achieve a common goal – excellence in travel and tourism growth in the vast region. Its work has been to promote tourism through programs of research, development, education, and training.

- The Association has become an important source of accurate and up-to-date information for its members in the fields of marketing, development, research, education, and other travel-related activities. PATA's marketing efforts are directed to influencing more individuals to travel and within the Pacific area.

- Development activities are geared to improving and advancing facilities and services in new destinations, increasing the handing capacity of existing destination, and preserving their heritage and quality. In research, PATA concentrates on the operation of an annual travel research conference, the publication of an annual pacific area statistical report, and the conduct of cooperative research studies.

Reference: PATA. Retrieved from http://www.pata.org/patasite/index.php?id=1804

### 3) International Air Transport Association (IATA)

The international Air Transport Association (IATA) was established in 1945 in order to promote safe, regular, and economical air transport. The members of IATA are individual international airlines.

Functions of IATA include:

- To act as a ticket clearing house ; and
- To ensure the standardization of prices, tickets, and baggage checks.

The main role of IATA is coordinating international commercial airline industry activities and compromising on international airfares.

Reference: IATA. Retrieved from http://www.iata.org/index.htm

## Activity 5.1

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### Tourist Confidence and the Role of Government

Tourist attractions are important elements in the travel industry, attracting tourists to a certain destination. However, the occurrence of serious incidents weakens the attraction of a destination, and causes tourists to lose confidence in travelling there. A recent string of incidents at Ngong Ping 360, and incidents in which mainland tourists have been cheated etc., have seriously damaged the image of the Hong Kong travel industry.

Question:

When such problems occur, how should relevant government authorities restore tourist confidence in Hong Kong?

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## Activity 5.2

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### Quiz: How much do you know about Hong Kong tourist attractions?

1. List four Hong Kong tourist attractions you like to visit and guess which category of tourist attractions they belong to:

| Hong Kong tourist attractions I like to visit | Different categories of tourist attraction<br>Please use a √ for each separate category of tourist attraction | | | | | | |
|---|---|---|---|---|---|---|---|
| | Natural landscapes | Historical remains | Culture and customs | Religious and sacred objects and sites | Architectural sites | Special items and programmes | Entertainment and leisure, sports activities |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| 4. | | | | | | | |

2. Have you ridden on the Ngong Ping 360 or gone to Ngong Ping village? What do you think of this tourist attraction? (Students may answer freely)



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## Activity 5.3

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Case Study

### Newspaper Clipping: Ngong Ping 360

Excerpt from: Ming Pao, 4 October 2007

Since its completion on 18 September 2006, more than 1.5 million passengers have ridden Tung Chung's Ngong Ping 360 cable car, with many being drawn to visit the shops and restaurants in Ngong Ping village. On 11 June 2007, one of Ngong Ping 360's cable cars flew off. Although no one was killed or injured in the incident, this accident damaged the reputation of Hong Kong's tourism industry.

After the accident, the government immediately announced that the cable car would be shut down until the cause of the accident could be determined. For the following three months, the number of visitors to Ngong Ping village plunged. The subway company exempted business owners from rental payments and promoted all-inclusive tickets, which allowed tourists to use such tickets to travel for free on the bus that ran between the subway station and Ngong Ping village, in the hopes that these measures would attract tourists. However, this hardly made up for the losses suffered by business owners. Some business owners chose to close down temporarily and cut their losses.

After three months of investigation, the government decided to withdraw Skyrail's operating rights early and turn operations over to the subway company.

To quote Tam Heung Man, Legislative Councillor of Accountancy, the most effective way of restoring city residents' confidence, in addition to the waived of rental payments for shop owners while the cable car was not running, was to maintain the relevant arrangements for a period of time after the cable car resumed operating, until the number of visitors to Ngong Ping village had recovered to the level before the cable car stopped running, and maintain it at a stable level for some time before ending such arrangements.

Questions for Discussion:

1. Describe how the special features of Lantau Island's tourist attractions (including famous spots such as the Tai O fishing village, Ngong Ping 360, Po Lin Temple and the Big Buddha) attract tourists.

2. Would you have ridden the Ngong Ping 360 cable car after it started running again? Apart from methods to restore tourist confidence mentioned in the article, please suggest two other measures that could be carried out by the government or the Hong Kong Tourism Board.

3. Apart from the impact the Ngong Ping 360 cable car incident had on the cable car operating company and businesses in Ngong Ping village, which other industries would have been affected by this?

4. Apart from the incident mentioned in the above article, try to cite three factors or incidents that would have a direct impact on the volume of travellers to Hong Kong.



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## Activity 5.4

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### Case Study

Newspaper Clipping: Travellers Ripped Off

Excerpt from: Ming Pao, 27 September 2007

On the eve of Golden Week on May 1st 2007, CCTV broadcast a report on mainland tourists who had been ripped off while shopping in Hong Kong, and local media at the same time exposed an increase in the number of complaints about cases of doubtful "zero-inclusive fee" shopping rip-offs, in which rogue shops had sold imitation goods and refused to give refunds.

At the end of 2006, the Hong Kong Tourism Board even signed a "Quality and Honest Hong Kong Tour," with mainland travel agencies guaranteeing that prices for travel groups would be clearly marked, while ensuring that there would be time to explore and shop freely. Nevertheless, there were still never-ending reports of mainland tourists being cheated, hitting confidence in domestic tourists who came to Hong Kong to shop.

Subsequently, the TIC (Travel Industry Council), in order to strike out at bad elements in the industry, promoted various preventive measures. Mr. Tung Yao-chung, Head of the TIC, indicated that the Council had decided to extend its 14-day money-back guarantee to three months and to ban specified shops from operating under new names, to prevent rogue shops from changing their names and cheating customers.

The then-Commissioner of Customs and Excise, Mr. Tong Hin-ming, also dispatched staff to Hebei and Switzerland to investigate mainland tourists who had complained of being ripped off, along with the owners of Swiss watch brand trademarks, and initiated prosecutions based on the results of the investigation. Customs, the Consumer Council and the TIC have also set up a notification system.

### Questions for Discussion:

1. Apart from the TIC, Customs and the Consumer Council, what forms of co-operation is the development of tourism in Hong Kong dependent on to restore confidence among travellers? Please explain your answer.

2. What method(s) does the TIC use to supervise specialist operations in the industry?



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# 6. The Local Tourism Industry

# 6.1. The Development of Tourism in Hong Kong

## 6.1.1. Overview of Tourism Performance



The tourism industry is a major pillar of the economy of Hong Kong. Total expenditure associated with inbound tourism amounted to HK$253 billion in 2011. According to Hong Kong Tourism Board's latest figure, the final visitor arrivals for 2011, which totalled 41,921,310, an increase of 16.47% on the 36 million arrivals welcomed in 2010.

The Mainland continued to be the largest source market with arrivals of 28.1 million in 2011, representing an increase of 23.9% more than in 2010 and accounting for 67.0% of the total visitor arrivals. Of these, 18.3 million arrived under the Individual Visit Scheme (IVS), 65.3% of the total and 28.8% more than in 2010.

Reference: Tourism Commission – Tourism Performance. Retrieved from http://www.tourism.gov.hk/english/statistics/statistics_perform.html

## 6.1.2. Factors that Facilitate the Development of Tourism in Hong Kong

There are various facilitating factors for tourism development in Hong Kong, those facilitating factors in the year 2011 are provided as follow:

### 1) Favorable macro-economic environment has leaded to sustainable tourism demand, which supported the tourism consumption market.

According to the forecast of the International Monetary Fund (IMF), the global GDP will have a 4.2% increase in year 2011. The economy of the Mainland will remain relatively stable and fast growing with its' GDP maintained at 8% growth in year 2011 as the beginning of the "Key Targets of China's 12th". Based on the information of the World Tourism Organization (WTO), global tourism will have a mild growth, at a rate of 4% to 5%. Under the variable growth of tourism in different countries and the relatively strong tourism growth in the Asian region, China Tourism Academy (CTA) predicted that the tourism industry of the Mainland will have a stable and healthy growth with its' market be further expanded. The total income generated from tourism will be increased by 11%. The favorable macro-environment will keep contributing to the growth of Hong Kong tourism industry at a rate higher than the global average.

### 2) The support of the Mainland's policies has further improved the growth environment of the Hong Kong's tourism industry by guaranteeing the visitor source.

The Mainland authority on expanding the scope for non-Guangdong residents in Shenzhen, including government staff, staff of enterprises and entrepreneurs of industrial and business companies to apply for endorsement under the Individual Visit Scheme (IVS) with effect from 15 December 2010. It is predicted that 4 million visitors will take the advantage of the arrangement and become a new source of visitors to Hong Kong. The Twelfth Five-Year Guideline also include a plan to gradually extend the Individual Visit Schemes of Hong Kong and Macau to more residents in the Mainland, and at the same time, the length of stay of visitors. It will also promote the accreditation of professional tourism qualifications in the Mainland, Hong Kong and Macau regions. Efforts would be put together to develop the Guangdong-Hong Kong-Macau region as a well-known and competitive international destination and distribution centre, which makes it as the hub for touring the region, and as a "must-visit" gateway on any China itinerary. The further confirmation of the supplementary agreement of statements in CEPA relating to tourism will enhance Hong Kong as a better environment for tourism development.

### 3) The new opportunities emerged from the Guangdong-Hong Kong-Macao cooperation have generated more rooms for development of Hong Kong tourism industry.

China National Tourism Administration (CNTA) has stated clearly the need of promoting the partnership of tourism businesses with Hong Kong and Macao in its 2011 work plan. The Hong Kong government has also taken an active role in promoting the travel mode of "multi-destination itineraries" so as to develop a brand name of "Guangdong-Hong Kong-Macao Travel Experience". Flights travelling to and from Hong Kong and the Pan-Pearl-Delta region are at a frequency rate of 200 weekly. The construction of an undersea tunnel connecting Shenzhen Baoan Airport and Hong Kong International Airport will contribute to the development of Hong Kong as a gateway city to the southern Pan-Pearl-Delta region and the whole Mainland. Supported by the strength of the Pan-Pearl-Delta region, the impact of Hong Kong tourism industry can be deepened. The Hong Kong government has also introduced corresponding promotional plans to strengthen regional co-operations and in promoting the "multi-destinations in one single trip" concept.

### 4) The Hong Kong government has a theme for the city – highlights it as a tourist destination in order to develop its brand name, increase the attractiveness of its tourism resources and carrying capacity.

By extending the experience of the "Hong Kong Wine and Dine Festival 2009" and "Festive Hong Kong 2010 ", Hong Kong will use the "World City of Asia" as its' theme and introduce ten large-scaled promotional programmes which illustrate the lifestyle of Hong Kong as an internationally recognized metropolis and a diversified city characterized with both the East-meet-West culture. The attractiveness of Hong Kong's tourism can be further enhanced after the completion of the "Sky 100" Observation Deck in the International Commerce Centre (ICC), the "Aqua City" and "Rainforest" in Hong Kong Ocean Park and "Toy Story Land" in Hong Kong Disneyland. In the 2011 Government's budget, the Hong Kong Government have decided to add 10 new sites for construction of hotels in order to tackle the problem of insufficient local supply of hotel rooms. New hotels will be built in both urban and sub-urban areas, and will provide approximately 9 thousands to 11 thousands rooms to the local market. The government has set restrictions on land use which will be limited only to hotel projects instead of the constructions of commercial buildings by the developers.

5) The Hong Kong government has jointly worked with the China's National Tourism Administration (CNTA) to strengthen the industry regulations and enhance the service standard of the tourism industry.

In order to resolve the problems of "Zero-charge" tours in the Hong Kong tourism market, the Travel Industry Council of Hong Kong has set up a task force to examine the issues related to the zero reception fees, negative reception fees, the conducts of tour guides as well as introducing ten improvement measures including "one guide per tour".

The Hong Kong government had conducted a comprehensive review of the operations of the tourism industry and its regulatory framework. Together with the China National Tourism Administration (CNTA), has jointly implemented the policy of "The Key Points in Contracts between Group Tour Operators for Mainland Residents' Hong Kong Tour and Receiving Travel Agencies in Hong Kong (Key Points), promulgated by the General Office of the National Tourism Administration, have standardized the tourism market for mainland residents' Hong Kong tour. This policy takes effect from February 1.2011. The joint effort will help both parties in standardizing and facilitating a healthy and orderly development of the Mainland residents' market visiting Hong Kong.

Source: 香港旅遊業 2011 年前景展望篇。 《中旅》月刊 2011 年 5 月號 (No.186)。

## 6.2. Visitor Profile

In the earlier chapter, we are aware of the importance of tourism statistics because it helps the tourism stakeholders to better understand their customers – visitors.

### 6.2.1. Analyzing Tourism Statistics

Researches in different scales are usually conducted by the government and other organizations with the objective of identifying certain patterns about the local tourism trends. Some common visitor statistics include the followings:

| | |
|---|---|
| • Visitor arrivals by major market areas ; | • Overnight & same-day visitor arrivals ; |
| • Total expenditure associated to inbound tourism ; | • Visitor spending patterns ; |
| • Purpose of visit ; | • Average length of stay ; |
| • Places visited ; | • Main items bought, etc. |

Table 6.1 – Examples of Statistics Reflecting Visitors' Characteristics

According to "Visitor Profile Report – 2011" and "Tourism Review 2011" compiled by HKTB on visitor profile, some key characteristics of visitors to Hong Kong can be observed through the following statistics (Table 6.2 – 6.5).

#### 1) Purpose of Visit

According to Table 6.2, the main purpose of visit for overnight visitor to Hong Kong is on vacation, followed by 'visiting friends and relatives' and 'business/ meetings'.

| Year | Vacation | Visiting Friends and Relatives (VFR) | Business/ Meetings | En Route | Others |
|---|---|---|---|---|---|
| 2011 | 60 | 17 | 16 | 3 | 4 |
| 2010 | 58 | 19 | 17 | 3 | 3 |

Table 6.2 - Purpose of Visit (in percentage)
Source: Visitor Profile Report – 2011, Hong Kong Tourism Board

## 2) Overnight Visitor Spending Patterns

While the visitors are in Hong Kong, they spend their money on accommodation, shopping, tours, meals outside hotels, entertainment and others. Among all these expenditures, overnight visitors spend most of their money (59.3%) on shopping. (See Table 6.3)

| Year | Shopping | Hotel Bills | Meals Outside Hotels | Tours | Entertainment | Others |
|---|---|---|---|---|---|---|
| 2011 | 59.3 | 20.7 | 11.2 | 3.1 | 0.4 | 5.3 |
| 2010 | 61.7 | 18.6 | 11.2 | 2.8 | 0.4 | 5.4 |

Table 6.3 - Overnight Visitor Spending Patterns (in percentage)
Source: Visitor Profile Report – 2011, Hong Kong Tourism Board

## 3) Same-day In-town Visitor Spending Patterns

Same-day In-town visitor has a similar spending pattern, shopping tops their total expenditures (See Table 6.4).

| Year | Shopping | Hotel Bills | Meals Outside Hotels | Others |
|---|---|---|---|---|
| 2011 | 88.1 | 0.4 | 3.9 | 7.5 |
| 2010 | 89.4 | 0.3 | 3.8 | 6.6 |

Table 6.4 – Same-day in-town Visitor Spending Patterns (in percentage)
Source: Tourism Review 2011, Hong Kong Tourism Board

## 4) Main Items Bought by Visitors

Table 6.5 revealed the top ten main items bought by overnight visitors.

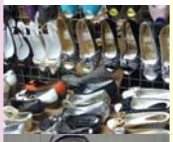
| Top Ten Main Items Bought by Visitors in Hong Kong 2011 (%) | | |
|---|---|---|
| Ready-made Wear |  | 46 |
| Cosmetics / Skin-care Products |  | 29 |
| Snacks / Confectioneries |  | 28 |
| Shoes/ Other Footwear |  | 21 |
| Handbag / Wallets/Belts |  | 17 |
| Souvenirs / Handicrafts |  | 12 |
| Medicine/ Chinese Herbs |  | 12 |
| Perfume |  | 9 |
| Personal Care |  | 8 |
| Gold Jewellery, without Stone |  | 7 |

Table 6.5 - Top Ten Main Items Bought by Visitors
Source: Visitor Profile Report – 2011, Hong Kong Tourism Board

## 5) Places Visited by Visitors

Based on the statistics, man-made attractions in particular shopping is the main pulling factor that influences visitors come to Hong Kong. Apart from shopping, Hong Kong also offers many fabulous attractions for visitors to explore. Whether you are a vacationer, business traveller, nature lover or cultural explorer, Hong Kong can cater for your every desire. According to HKTB, the top 10 places visited by visitors in 2011 are provided in Table 6.6.

| 排名Rank | | 曾遊覽之地方 | Places Visited | 百分比 % | |
|---|---|---|---|---|---|
| 2010 | 2011 | | | 2010 | 2011 |
| 1 | 1 | 星光大道 | Avenue of Stars | 28 | 28 |
| 2 | 2 | 太平山頂／山頂凌霄閣 | Victoria Peak / Peak Tower | 28 | 28 |
| 3 | 3 | 露天市場 – 女人街 | Open-air Market - Ladies Market | 22 | 21 |
| 5 | 4 | 香港迪士尼樂園 | Hong Kong Disneyland | 19 | 20 |
| 7 | 5 | 海洋公園 | Ocean Park | 17 | 19 |
| 8 | 6 | 露天市場 – 廟街 | Open-air Market - Temple Street | 16 | 14 |
| 6 | 7 | 尖沙咀海濱公園 | Tsim Sha Tsui Waterfront Promenade | 18 | 13 |
| 4 | 8 | 尖沙咀前九廣鐵路總站鐘樓 | Clock Tower at Tsim Sha Tsui | 20 | 13 |
| 9 | 9 | 香港會議展覽中心 *（包括金紫荊廣場）* | HK Convention & Exhibition Centre *(including Golden Bauhinia Square)* | 11 | 11 |
| 11 | 10 | 淺水灣 | Repulse Bay | 9 | 9 |

Table 6.6 – Top Ten Places Visited by Visitors in 2011

Source: Visitor Profile Report – 2011, Hong Kong Tourism Board

### 6.2.2. The Trends of Inbound Tourism Market in Geographic, Demographic, Psychographic and Socio-economic Aspects

The inbound tourism statistics, including those mentioned in the previous section, provide useful information about the characteristics of tourist arrivals. The characteristics of tourist arrivals in 4 different aspects: geographic, demographic, psychographic and socio-economic as reflected by some tourism statistics are shown in Table 6.7 below.

| Aspects | Common Examples of Tourism Statistics | Characteristics of Tourist Arrivals in Hong Kong |
|---|---|---|
| Geographic | e.g. country of origin | A huge proportion of tourist arrivals are from the Mainland China. |
| Demographic | e.g. income, gender, age, education, employment status, etc. | The number of female visitors is relatively higher than that of male visitors; Average age of visitors is generally near to 40. |
| Psychographic | e.g. personality, values, attitudes, interests, or lifestyles, etc. | Tourists tended to spend most of their money in shopping. |
| Socio-economic | e.g. social status, spending power, etc. | The average spending power of Mainland China arrivals is generally higher than those from other countries. |

Table 6.7 - Characteristics of Tourist Arrivals in Geographic, Demographic, Psychographic and Socio-economic Aspects

# 6.3. Tourism Resources in Hong Kong

## 1) How much do you know about the different tourism resources in Hong Kong?

Other than the top ten places visited by tourists, Hong Kong has many different types of tourism attractions for visitors to explore and enjoy. You'll be amazed by the diverse contrasts and close proximity of stunning cityscapes and soaring mountains, heritage sites and extensive green countryside.












# The Many Faces of Victoria Harbour

















## 2) Different Sources of Travel Information

There are many unique characteristics of the 18 districts in Hong Kong including sights, shopping, dining and entertainment options in each district. Some of the options are actually popular tourist attractions. The Home Affairs Department of the Government of the Hong Kong Special Administrative Region provides an exhausted list of information on these unique characteristics of the 18 districts for locals and visitors to explore and experience (referring to *Hong Kong Fun in 18 Districts,* http://www.gohk.gov.hk/eng/welcome/index.html ).

In addition, Hong Kong Tourism Board provides an updated list of local attractions for both the travel trade and tourists on its Internet homepage:
http://www.discoverhongkong.com/eng/attractions/sightseeing-guide.html .

Updated information about the different kinds of travel products in Hong Kong, e.g. local tours, events, and new attractions can also be referred to the website of the Hong Kong Tourism Board with the link provided as below (See Figure 6.1):

http://partnernet.hktb.com/en/e_marketplace/products_services/index.html?gvHelpers=INDUSTRYNAME&gvHelpera=false&gvHelperp=1

It provides some examples of travel products, which are available for visitors' selection according to their own interest when traveling to Hong Kong.




Figure 6.1 – Updated Information of Tourism Products

Source: Hong Kong Tourism Board. Retrieved from http://partnernet.hktb.com/pnweb/jsp/comm/index.jsp?charset=en&pageContent=%2Fjsp%2Fcont%2FtourismProd.jsp

## Activity 6.1

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### Matching Local Attractions with Specific Tourist Profile – e.g. "Purposes of Visit"

Compile a list of tourism attractions for visitors to explore while they are in Hong Kong. The objective of completing the list is to gain a better understanding of the different types of local tourism attractions and the different forms of tourism. Refer and apply the concepts in " 3.1.1. - Purposes of Travel " and "4.2.3. – Typology of Attractions" with the information provide by the links in the previous page to complete the list below.

| Local Attractions | Typology of Attractions | What types of visiting purpose are matched with the attractions? |
|---|---|---|
| | | |

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Additional Information

## Hong Kong Fun in 18 Districts

'Hong Kong Fun in 18 Districts' - Home Affairs Department of the Government of the Hong Kong Special Administrative Region.
http://www.gohk.gov.hk/eng/index.html

### Central & Western District

- City Hall
- Government House
- Legislative Council Building
- Lu Pan Temple
- Man Mo Temple
- The Bank of China Building
- The Central to Mid-Levels Escalator
- The Centre
- The Court of Final Appeal
- The Flagstaff House Museum of Tea Ware
- The Hong Kong Museum of Medical Sciences
- The HSBC Building
- The Old Mental Hospital
- The University of Hong Kong

### Eastern District

- Eastern District Tourist Trail (Shau Kei Wan Section)
- Hong Kong Film Archive
- Hong Kong Museum of Coastal Defence
- Law Uk Folk Museum
- Leaping Dragon Pavilion, Tidal Melody and Leafy Shade Paradise
- Mount Parker Road Green Trail
- Noonday Gun
- Old Cannons in Chai Wan Park
- Sai Wan War Cemetery
- Tai Tam Country Park (Quarry Bay Extension)
- Tam Kung Temple
- Tin Hau Temple in Causeway Bay
- Tin Hau Temple in Shau Kei Wan
- Relics of War-Time Cooking Ranges
- Victoria Park
- Woodside

### Islands District

- Cheung Chau
- Cheung Chau Ferry Pier
- Cheung Po Tsai Cave
- Discovery Bay
- Finger Hill
- Golden Flower Shrine
- Hau Wong Temple
- Hong Kong International Airport
- Hung Shing Ye Beach
- Hung Shing Temple
- Kamikaze Cave
- Kwan Gong Chung Yi (Pavilion)
- Kwan Tai Old Temple
- Kwun Yam Wan
- Lamma Island
- Lantau Island
- Lo So Shing Beach
- Lung Mo Temple

## Islands District

- Luo Hon Monastery
- Man Mo Temple
- Mui Wo Ferry Pier
- Ngong Ping 360
- Pak She Tin Hau Temple
- Pavilion
- Pak Tai Temple
- Peng Chau
- Peng Chau Ferry Pier
- Po Lin Monastery
- Po Toi
- Pui O Beach
- Pui O Camp Site
- Silver Mine Bay Beach
- Silver Mine Cave
- Silver Mine Waterfall
- Sok Kwu Wan Fish Rafts
- Sok Kwu Wan Tin Hau Temple
- Stilted House
- Tai O
- Tung Chung
- Tin Hau Temple
- Tong Fuk Beach
- Tung Chung Fort
- Tung Chung Station
- Tung Wan
- Upper Cheung Sha Beach
- Wisdom Trail
- Yeung Hau Old Temple
- Yung Shue Wan Ferry Pier
- Yung Shue Wan Main Street

## Kowloon City District

- Hoi Sham Park
- Hong Kong Baptist University and The Academic Community Hall
- Shang Sin Chun Tong
- Sung Wong Toi Garden
- The Harbourfront Promenade
- The Kowloon Walled City Park
- The Kwun Yam Temple, Hung Hom

## Kwai Tsing District

- Chun Kwan Temple
- Kwai Chung Container Terminals
- Kwai Tsing Reunification Health Trail
- Lantau Link View Point
- Tin Hau Temple
- Tsing Ma Bridge
- Tsing Tak Tong Tat-more Temple
- Tsing Yi Park

## Kwun Tong District

- Cha Kwo Ling
- Cha Kwo Ling Tin Hau Temple
- Child-Giving Rocks in Cha Kwo Ling
- Lam Tin Park
- Large Recreation Grounds in Kwun Tong Town Centre Area
- Lei Yue Mun Blessing Tree
- Lei Yue Mun Old Batteries
- Lei Yue Mun Tin Hau Temple
- The Hong Kong Public Records Building
- The Wilson Trail Stage 3

| North District | | |
|---|---|---|
| • Long Valley Wetland | • Lai Chi Wo | • Po Sang Yuen Bee Garden |
| • Produce Green Foundation | • Cheung Shan Temple | • Fung Ying Seen Koon |
| • Hau Ku Shek Ancestral Hall | • Kang Yung Study Hall | • Kat O Tin Hau Temple |
| • Liu Man Shek Tong Ancestral Hall | • Lo Wai | • Lung Yeuk Tau Heritage Trial |
| • Shek Lo | • Tang Chung Ling Ancestral Hall | • Tin Hau Kung |
| • Tin Hau Temple | • Tsung Pak Long Hakka Walled Village | • Wun Chuen Sin Kwon |
| • Yim Tso Ha Egretry, Sha Tau Kok | | |

| Sai Kung District | | |
|---|---|---|
| • Bluff Island | • Che Kung Temple at Ho Chung | • Clear Water Bay Country Park |
| • Clear Water Bay First and Second Beaches | • Hap Mun Bay | • Hong Kong University of Science and Technology |
| • Kau Sai Chau fish culture zone | • Kiu Tsui | • Kiu Tsui coral bay |
| • Kiu Tsui sand spit and lighthouse | • Leung Shuen Wan - Tung A and Sha Kiu Tau | • Lions Nature Education Centre |
| • Memorial Monument of Sai Kung Martrys of World War II | • Pak Tam Chung and MacLehose Trail | • Sai Kung Country Park |
| • Sea water crafted cave at Tiu Chung Chau | • Sheung Yiu Folk Museum | • Tin Hau Temple at Fat Tong Mun (Tai Miu) |
| • Tung Lung Island | • Yim Tin Tsai | |

## Sha Tin District

- Amah Rock (Mong Fu Shek)
- Che Kung Temple
- Chinese University of Hong Kong and its Art Museum
- Hong Kong Heritage Museum
- Lions Pavilion
- Ma On Shan Park
- Sha Tin Park
- Sha Tin Racecourse / Penfold Park
- Sha Tin Town Hall
- Shing Mun River
- Siu Lek Yuen Green Trail
- Snoopy's World
- Tao Fung Shan Christian Centre
- Ten Thousand Buddhas Monastery (Man Fat Sze)
- Tsang Tai Uk

## Sham Shui Po District

- Lei Cheng UK Han Tomb and Garden
- Lingnam Garden in Lai Chi Kok Park
- Mo Tai Temple
- Sam Tai Tsz Temple
- The Lung Cheung Road Lookout

## Southern District

- Aberdeen Harbour
- Aberdeen Reservoir/Aberdeen Country Park
- Aberdeen Typhoon Shelter
- Hung Shing Temple at Ap Lei Chau
- Old Stanley Police Station
- Pok Fu Lam Reservoir/Pok Fu Lam Country Park
- Shek O Country Park
- Tai Tam Country Park
- Tai Wong Ye Temple at Wong Chuk Hang
- Tin Hau Temple at Aberdeen
- Tin Hau Temple in Stanley
- The Hong Kong Correctional Services Museum
- The Old Police Station/Warehouse
- The Stanley Military Cemetery
- University Hall

## Tai Po District

- Hong Kong Railway Museum
- Kadoorie Farm
- King Law Ka Shuk Ancestral Hall
- Lai Chi Chong
- Lam Tsuen
- Man Mo Temple
- Pun Chun Yuen
- Sam Mun Tsai
- Tai Mei Tuk
- Tai Po Kau Nature Reserve
- Tai Po Waterfront Park
- Tai Wong Yeh Temple
- Tap Mun
- The Old District Office of Tai Po
- The Wilson Trail (Tai Po Section)
- Tolo Harbour Cycling Track
- Tung Ping Chau
- Wun Yiu Village

## Tsuen Wan District

- Airport Core Programme Exhibition Centre
- Chuk Lam Sim Yuen
- Jockey Club Tak Wah Park
- Ma Wan
- Sam Tung Uk Museum
- Shing Mun Reservoir
- Tai Mo Shan Country Park
- Western Monastery
- Yuen Yuen Institute

## Tuen Mun District

- Ching Chung Koon
- Ching Leung Nunnery
- Hau Kok Tin Hau Temple
- Hung Lau
- Lingnan University
- Lung Kwu Tan
- Miu Fat Buddhist Monastery
- The Emperor's Cave
- Tsing Chuen Wai
- Tsing Shan Monastery

## Wan Chai District

- Central Plaza
- Environmental Resource Centre (Old Wan Chai Post Office)
- Footbridge Gallery
- Golden Bauhinia Square
- Happy Valley Racecourse/Hong Kong Racing Museum
- Hong Kong Stadium
- Hung Shing Temple
- Lin Fa Kung Temple (Lotus Temple)
- Lovers' Rock
- Pak Tai Temple
- Police Museum
- Stubbs Road Lookout
- The Hong Kong Academy for Performing Arts
- The Hong Kong Convention and Exhibition Centre

## Wong Tai Sin District

- Chi Lin Nunnery
- Fa Zang Temple
- Fung Tak Park
- Guan Yin Temple
- Hau Wong Temple
- Lion Rock Park
- Morse Park
- Nga Tsin Wai Village
- Shatin Pass Road

| Yau Tsim Mong District | | |
|---|---|---|
| • Flower Market | • Fook Tak Temple | • Former Kowloon British School |
| • Former Kowloon-Canton Railway Terminus Clock Tower | • Kowloon Park | • Hong Kong Coliseum |
| • Hong Kong Cultural Centre | • Hong Kong Museum of Art | • Hong Kong Museum of History |
| • Hong Kong Observatory | • Hong Kong Science Museum | • Hong Kong Space Museum |
| • Hung Shing Temple | • Shui Yuet Kung (Koon Yum Temple) | • St. Andrew's Church |
| • Star Ferry | • The Goldfish Market | • The Mosque |
| • Tin Hau Temple | • Tsim Sha Tsui Promenade | • The Avenue of Stars |
| • Yuen Po Street Bird Garden | | |

| Yuen Long District | | |
|---|---|---|
| • Hong Kong Wetland Park | • Kam Tin Tree House | • Kat Hing Wai |
| • Lau Fau Shan | • Lok Ma Chau Garden (Lok Ma Chau Lookout) | • Man Tin Cheung Park |
| • Nam Sang Wai | • Organic Farm | • Pat Heung Old Temple |
| • Ping Shan Heritage Trail | • Reunification Memorial Pillar at Pat Heung | • Tai Tong |
| • Tai Fu Tai | • Tai Shu Ha Tin Hau Temple | • Tai Yuen Riding School |
| • The Mai Po Marshes | • Tsim Bei Tsui | |

## Activity 6.2

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### Case Study – Service Quality of Hong Kong

Newspaper Clipping:
Facilitate the Shooting of Batman
Demonstrate Sincerity Towards our Visitors

Excerpt from: Ming Pao, 7th November 2007

The film crew of "The Dark Knight" will come to Hong Kong for the filming of the movie. In order to strengthen the visual effects and facilitate the filming activities, the Hong Kong Tourism Board sent notices to 60 building blocks in Central and Western District asking if they could keep their lights on until late at night. This resulted in complaints by particular commercial tenants in the district. Complainant Rebecca indicated that it was unreasonable to request that tenants waste unnecessary electricity to assist in the shooting. She pointed out that company staff would not go back to the office to turn off the lights in the wee hours of the morning. In the end, the buildings would end up turned on overnight, which was evidently not environmentally friendly.

According to Green Sense, means which were not environmentally friendly should not be adopted in assisting in the movie production and the group advised tenants to ignore the request from the Hong Kong Tourism Board. Apart from the problem of lighting, Batman will also employ two helicopters and a fixed-wing aircraft flying at a low altitude for shooting, with the flight altitude as low as 500 metres, which will inevitably produce noise.



Moreover, the film crew would film fight scenes at Queen's Road Central and the Mid-Levels escalator, forcing road closure in busy areas, causing inconvenience to pedestrians. However, the Hong Kong Tourism Board believed that, by accepting Batman's filming in Hong Kong, it could take the opportunity to show the most beautiful side of Hong Kong to people around the world.

Since the release of the first feature movie in 1989, the Batman has been widely acclaimed and has broken many box office records. For the first time, the movie director paid visits to different places around the world with his producer to pick spots for the shooting of Batman, finally picking Hong Kong as the filming city. Regardless of whether it is day or night, Victoria Harbour displays fabulous sceneries, especially the resplendent and glamorous night scene which is one of the selling points of tourism in Hong Kong.




The filming of Batman in Hong Kong focuses on the night scene in the Central and Western district with the most advanced cinematic techniques. As a result, this would be the first time that the cityscape and scenery of Victoria Harbour are displayed to the world with the newest and best effects on the big screen. At the same time, the Victoria Harbour could present its unique features through Batman, to

reinforce the image of an “extraordinary sight at Victory Harbour.” It is also a golden opportunity to promote Hong Kong tourism and to attract tourists. And through welcoming the film crew of Batman, Hong Kong citizens also have a chance to show our sincerity towards our visitors, which is an important attribute in a tourist destination.

In the seven days of filming in Hong Kong, the film crew, which consists of about 80 people, will stay at the five-star Grand Hyatt Hotel. By rough estimate, with each twin room at about HK$2,500, the total bill would amount to at least $700,000. The movie will also bring job opportunities to Hong Kong as the film production, as the company will hire 200 local off-stage operators during the filming period. A rough estimate of the revenue generated by Hong Kong for this film comes to about $40-million. Each dollar invested by an overseas movie in Hong Kong brings $2.5 in income to Hong Kong. For example, “Lara Croft, Tomb Raider,” which was shot over eight days in Hong Kong, had already spent more than $15-million and brought in $40-million in income to Hong Kong.




## Questions for discussion

1. Advise the Hong Kong Tourism Board -- apart from using “Fabulous scene at Victoria Harbour,” “Gourmet Paradise” and “Shopping Paradise” as promotional taglines, could you suggest other attractions that can be promoted to foreign visitors as selling points? Please suggest two examples.

2. After reading the article above, try to point out the negative effect(s) brought to the region by the filming of Batman in Hong Kong.

3. Please list three reasons why greeting visitors with sincerity is an important attribute in the travel industry?

## Activity 6.3

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### Case Study – Service Quality of Hong Kong

Newspaper Clipping:

The decline of services of Hong Kong's retail sector

Excerpt from: Ming Pao, 20 September, 2007

Encountering a cold attitude during shopping is a common experience among many Hong Kong people. "As soon as the salesperson thought that I was not likely to buy anything, their attitude turned very cool." A Thai tourist, Mr. Lai, said that when he visited a shop in Causeway Bay for to buy electronic products, the salesperson did not take the initiative to introduce the product's functions. He only answered when questioned. "This is not service at all," he commented. It did not help him understand the product, and his desire to buy dropped tremendously.

12-year-old girl Sze once visited a Taiwanese restaurant in Eastern District where she bought a cold drink, yet the waiter gave her a hot drink. She recalled the incident, "When I demanded to have a new one, she immediately sighed and that annoyed me very much. I will go there less often."

| Top 5 Performance Factors of Hong Kong Retail Services | | | | | |
|---|---|---|---|---|---|
| Investigation period | Price | Service | Shopping Environment | Product | Customer devotion |
| 04/ Jul- Aug | 100 | 100 | 100 | 100 | 100 |
| 07/ Jan-Feb | 100.8 | 101.7 | 100.3 | 100.7 | 91.8 |
| 07/Jul-Aug | 99.6 | 101.2 | 98.3 | 98.6 | 88.8 |
| | ↓ 1.2% | ↓ 0.5% | ↓2.0% | ↓2.1% | ↓3.3% |
| * The result from the first survey in 2004 was used as the base number (100). If the index number is larger than 100, it shows that performance has increased. If it is lower than 100, then performance has declined. | | | | | |

Table 6.8 - Top 5 Performance Factors (Source: Faculty of Business, The Hong Kong Polytechnic University)

"Today, such a service attitude is not enough!" No matter how much Andy Lau reminds us, the service performance of the local retail industry continues to decline. According to a study by the Hong Kong Polytechnic University, both local and non-local customers are becoming less satisfied with the service of Hong Kong's retail sector. The Hong Kong Polytechnic University carried out a study on local retail services, using the five essential factors that influence Hong Kong's retail sector, including "price," "service," "purchasing environment," "product" and "customer devotion" (see Table 15).

A total of 3,554 local, mainland and foreign customers were interviewed. The result showed that interviewee satisfaction toward all five factors has declined. The most obvious decline was in customer devotion. Dr. Sherriff Luk, Director of PolyU Asian Centre for Brand Management, explained that, although there was a large increase in sales in July, shops in general put

excessive resources on advertising and neglect frontline staff training and product or service improvement, etc. This caused customers to spend much more time and effort to understand the quality of products.

## Questions for discussion

1. The above article mentioned incidents where visitors were treated poorly by salespersons while they were shopping. Do you think this type of behaviour will bring about negative effects to Hong Kong's tourism? Please explain.

2. Please list some non-verbal communication skills that the above-mentioned salespersons could use in order to present hospitality to visitors. Suggested link:

3. Communication between the salespersons mentioned above and the visitors is not very effective. Explain why effective communication skills are important in the tourism industry.

Suggested links: Information Services Department

- Friendly HK, You Make a Difference (1) - http://www.isd.gov.hk/eng/tvapi/umakediff1_e.html
- Friendly HK, You Make a Difference (2) - http://www.isd.gov.hk/eng/tvapi/umakediff2_e.html

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## Activity 6.4

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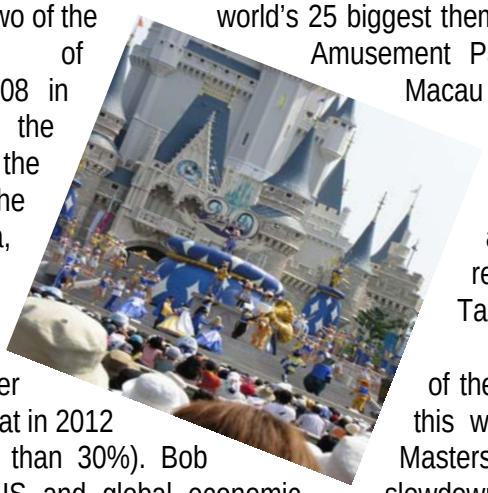
### Case Study – Theme Park Development

**Newspaper Clippings: The Scramble to Build Theme Parks in Asia**

Extract from: Ming Pao,11 July 2008

Theme parks that young and old can both enjoy are a good choice for the family holidays. Hong Kong, in spite of its small size, has two of the world's 25 biggest theme parks. At the opening of the International Association of Amusement Parks and Attractions (IAAPA) Asian Attractions EXPO 2008 in Macau yesterday, the development potential of theme parks in the Asia region was discussed, with the organizer holding the view that the development potential of theme parks in the Asia region is even bigger than that in North America, and that with appropriate mutual co-operation, the Asia region can accommodate even more theme parks (see Table16).



At present, the annual turnover of theme parks in the Asia region is US$6.4 billion. It is forecast that in 2012 this will rapidly increase to US$8.4 billion (an increase of more than 30%). Bob Masterson, Chairman of the IAAPA, noted that in spite of the US and global economic slowdown, this has not affected theme park development at all. Many internationally renowned companies such as Universal Studios and MGM Studios are actively investing in a number of theme parks in Asia. In the UAE alone, more than 20 theme parks will be completed by 2010.

He used the term "unlimited potential" to describe the Asian market: "While the annual number of visitors to North American theme parks is 300 million, the total population in North America is 330 million, so on average, each person makes one visit to a theme park each year; I believe this ratio will be even higher in Asia, even several times higher."

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Additional Information:

| Recent Theme Park Projects in Asia | Year of Opening | City/ Country |
|---|---|---|
| Ferrari World<br>http://www.ferrariworldabudhabi.com/ | 2010 | Abu Dhabi, UAE |
| Universal Studios<br>http://www.dubai-online.com/attractions/universal.htm | In progress | Dubai |
| Universal Studios<br>http://www.rwsentosa.com/en_universalstudio.html | 2011 | Singapore |
| Resorts World at Sentosa<br>http://www.sentosa.com.sg/ | 2010 | Singapore |
| Chime-Long Ocean Kingdom in Chime-Long International Ocean Resort<br>http://www.chimelong.com/enpark/news.aspx?classId=108&id=1193 | In progress | Hengqin, Zhuhai, China |

| | | |
|---|---|---|
| Happy Valley Shanghai<br>http://sh.happyvalley.cn/english/jianjie/ | 2009 | Sheshan, Shanghai, China |
| Universal Studios South Korea<br>http://www.investkorea.or.kr/InvestKoreaWar/work/reg/eng/ne/index.jsp?l_unit=90202&m_unit=90313&code=15202&no=608300004&page=6&bno=202100049&seq=100 | In progress | Hwaseong City, South Korea |

## Questions for discussion

1. The above article mentioned that Hong Kong has two of the 25 largest theme parks in the world. Do you know which two they are?

2. According to the article, more and more theme parks will be completed in Asia. How do you think these theme parks will affect the local environment?

3. What types of tourists do theme parks attract? Why?

Suggested links:
Park World Online: http://www.parkworld-online.com/
Theme Park Online: http://www.themeparkonline.com/parks/

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## Activity 6.5

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### Case Study – "Local Culture – Food"

Newspaper Clippings: Dai Pai Dong's Future

Excerpt from: Oriental Daily, 10th August, 2008



'The Link,' which manages most public housing shopping centres in Hong Kong, plans to contribute 70 million for the renovation of 58 'Mushroom Pavilions' (open air Dai Pai Dong) in its 26 public housing estates. The decision hopes to preserve the mere 20 or so Dai Pai Dongs in Hong Kong that are left in order to promote local cuisine, moulding them into Hong Kong's local featured restaurants.

Dai Pai Dongs can be said to be part of the traditional local cuisine. It not only provides numerous diners cheap and delicious food, the free and easy atmosphere is also unique. It is popular not only among foodies but also foreign visitors.

In the early '70s and '80s, in order to improve the city's hygiene, the government stopped giving out/issuing 'Dai Pai Dong' licenses, planning to gradually phase them out. Although the action was reasonable, the government did not encourage operators to improve the hygiene of Dai Pai Dongs and preserve this feature of "old Hong Kong." Instead, it chose to gradually "dry up" the business, which is quite an "escapist" mentality.



Why can't we learn from Singapore and promote the "traditional cuisine of the roadside," which properly manages the hygiene of Dai Pai Dongs and packages them into a featured attraction with local flavour?



A few years ago, the government started accepting license applications for open air restaurants from operators in the market, opening a convenient door for them. The only Dai Pai Dongs left can cntinue their business under this mode, while the government can also consider renting out food stalls for Dai Pai Dong operators in parks managed by the Leisure and Cultural Services Department.

1. Have you ever eaten at a Dai Pai Dong?



2. Do you think preserving Dai Pai Dongs can promote tourism development in Hong Kong? Why or why not?



3. If you were a government official, how would you balance the needs of environmental hygiene with the need to preserve cultural characteristics?



# 7. The Impacts of Tourism

# 7.1. The Social and Cultural Impacts of Tourism

## 7.1.1. Positive Impacts on the Social and Cultural Aspects

Tourism is an activity that involves the movement of people from one place to another. In the process, tourists bring along customs and cultures of their own countries to the host countries on the one hand, learn and bring those of the host countries back home.

Through these interactions and communications between tourists and the local community, various kinds of positive impacts can always be achieved when tourism is practiced and developed in a sustainable and appropriate way. Some of the examples are described as follow:

Social Aspects:

### 1) Improve the Way of Life

Positive changes in the way of life:

- tourism industry has the potential to promote social development through employment creation, income redistribution and poverty alleviation.
- Tourism supports the creation of community facilities and services that otherwise might not have been developed, it can bring higher living standards to a destination.
- Benefits can include upgraded infrastructure, health and transport improvements, new sport and recreational facilities, restaurants, and public spaces as well as an influx of better-quality commodities and food.

Reducing negative perceptions and stereotypes:

- the increase in tourism activities will also improve the reputation and visibility of host community to outsiders (tourists), increase social contacts, new ideas, new values, and new ways of life.
- Developing positive attitude towards each other (host and tourists).

Cultural Aspects:

### 2) Encourage Cultural Exchange

Traveling brings people into contact with each other and, as tourism has an educational element, it can foster understanding between peoples and cultures and provide cultural exchange between hosts and guests. Because of this, the chances increase for people to:

- Learn about each other's culture and custom
- Develop pride in, appreciation and understanding of, as well as respect and tolerance for each other's culture
- Develop and extend host countries' culture because of the demand for traditional entertainment, demand for traditional art, crafts and music.

## 3) Boost for Cultural Conservation

Tourism may in a sense serve as a mechanism through which to prevent the disappearance of certain artistic and cultural features:

- Tourism can boost the preservation and transmission of cultural and historical traditions, which often contributes to the conservation and sustainable management of natural resources, the protection of local heritage, and a renaissance of indigenous cultures, cultural arts and crafts. The below illustration of Bali shows the benefit of tourism development in preserving local heritage culture (see Illustration 1).

- Tourists' appreciation of local art, crafts, folklore, history, religion or language may create a desire among the local residents to renew their cultural pride. Along the process, tourists can help the residents appreciate their own cultural heritage and look for their national identity.

> "Tourism has forced the Balinese to reflect on their artistic output as just one cultural identifier. The presence of visitors who continually praise Balinese art and culture has given people a kind of confidence and pride in their art, and made them truly believe that their culture is glorious and thus worthy of this praise and therefore justly admired. This realization removed any possibility in the people's mind that their art was in any way inferior to the art of advanced nations, and plays an important role in conserving and developing the art in general."

Illustration 1: Preservation of Balinese culture

Source: UNEP website: http://www.unep.org/resourceefficiency/Business/SectoralActivities/Tourism/FactsandFiguresaboutTourism/ImpactsofTourism/Socio-CulturalImpacts/TourismandSocio-CulturalConservation/tabid/78782/Default.aspx

Suggested links on the definitions of cultural heritage:

| | |
|---|---|
| International Council on Monuments and Sites (ICOMOS) International Cultural Tourism Charter website | http://www.international.icomos.org/risk/2001/tourism.htm |
| For World Heritage List, please visit the website of United Nations Educational, Scientific and Cultural Organization | http://whc.unesco.org/en/35/ |

### 7.1.2. Negative Impacts on the Social and Cultural Aspects

Tourism development can bring about the benefits to a destination, but at the same time the host society may be adversely affected by it.

Community problems associated with tourism development can usually be categorized into the following aspects:

Social Aspects:

1) Lifestyles

*(i)* *Congestion* - By using facilities and resources in the destination, tourists can have a serious impact on host's daily life:

- Tourism may for example lead to water shortages as aggregate demand for water is greater than supply. This phenomenon may be worsened by the demographic processes. The described forms of congestion usually occur when a rapid pace of development or marked seasonality is combined with a large number of tourists compared with local population.
- Possible friction between visitors and local residents over shared usage of local recreational facilities.
- Additional demands on social services and supporting infrastructure
- Conflict of land use that leads to segregation where tourists stay in luxurious areas isolated from the host's residents.

*(ii)* *Transformation of forms and types of occupation*

- Tourism offers new employment opportunities, which may draw workers from other sectors of the economy - for example, agriculture - with consequent effects on class or social structure.
- Tourism can place people, especially women and young people, in a financially less dependent position. This can drastically alter hierarchical structures in society.

*(iii)* *Health problems*

- Tourism may give rise to health problems in at least two ways. First of all, by moving around the world tourists may spread diseases such as AIDS, cholera or malaria.
- Second, the movement of tourists or of people employed in the tourism industry may lead to excessive use of facilities such as sewage treatment which may present health risks.

2) Moral Issues

*(i)* *Prostitution and Sex Tourism*

The following hypotheses are usually used in explaining the increase in prostitution in tourist resorts:

- The processes of tourism have created locations and environments which attract prostitutes and their clients;
- By its very nature, tourism means that people are away from the puritanical bonds of normal living, anonymity is assured away from home, and money is available to spend hedonistically. These circumstances are conducive to the survival and expansion of prostitution;
- As tourism affords employment for women, it may upgrade their economic status. This, in turn, may lead to their liberalization and, eventually, to their involvement in prostitution to maintain or acquire new economic levels;
- Tourism may be used as a scapegoat for a general loosening of morals.

Although there have been many discussions on the relationship between tourism and prostitution based on the above hypotheses, not much evidence has been found concerning whether tourism directly leads to prostitution.

*(ii) Crime Generation*

Comparing with prostitution, it is easier to collect data on crime and delinquency. However, same as prostitution, it is believed that there is a relationship between tourism and crime although there is not much data to prove it. There are three factors that can influence relationship between tourism and crime rate are:

- The density of the population during the tourist season;
- The location of the resort in relation to an international border;
- The per capita incomes of hosts and tourists, large differences between them tending to encourage robbery

Source: Mathieson & Wall, 1992:149-150

Suggested links:

UNWTO website: http://www.unwto.org/code_ethics/eng/9.htm and http://www.unwto.org/code_ethics/eng/2.htm

UNEP website - http://www.unep.fr/scp/tourism/

## Cultural Aspects:

### 1) Demonstration Effects

- Local residents especially young people attracted by the tourists' clothing, eating habits, spending patterns and their lifestyles. Eventually, they are adopting tourist behaviours, and this is called the demonstration effect.
- The consequences associated with demonstration effect are often local residents' feelings of frustration, antagonism and resentment. Examples:

    - Antagonism developed in local residents especially young people when there are differences between their own lifestyles and that enjoyed by the tourists'.
    - Older people can also become frustrated with tourism development. On the one hand they see the advantages of tourism in terms of employment and income, but on the other hand they see the disadvantages, for example in terms of loss of culture. This ambiguous attitude may produce feelings of resentment.

### 2) Commodification of Culture

There should be no compromise between authenticity and tourists' preference. Unfortunately, culture is often modified to suit the tourists' preferences and packaged as a commodity with a price tag.

- Tourism often leads to the commercialization of art forms and especially handicrafts. Artefacts with cultural or religious meaning are sought by tourists as souvenirs. As more and more tourists visit a destination, souvenir production is increased, often leading to mass production. In the process, the cultural artefacts may lose their cultural meaning. Furthermore, the disappearance of traditional artistic design, art and crave forms, particularly those with deep religious and mythical affiliations
- Culture with a price tag: Cultural costs altering locally promoted ceremonial or traditional values to suit tourists' preferences. The pursuit of economic gain is conducted at the expense of cultural breakdown

## 7.1.3. Measurement of Social and Cultural Impact

### Doxey's Index of Tourist Irritation

With the development of the tourist industry and the influx of tourists, the contact of tourist-host becomes more frequent and intensified. Demonstrating effects and stereotyping are two of the issues that go along with tourism development in the host society. ***Unlike environmental and economic impacts, it is always difficult to measure how far tourism development influences the population of the host society.*** To get a clear picture on the local population responses towards tourists, Doxey (1976) has developed an index to measure the level of irritation generated by the contact between tourists and the host society.

According to Doxey's irritation index (see Table 7.1), tourist destinations will pass successively through stages, namely euphoria, apathy, irritation and antagonism, then eventually to the final stage. The number of tourists could be a determining factor in leading the sentiment of the local society to the final level. It is because an ever-increasing number of tourists will finally outweigh the capacity that local people can accommodate and consequently brings pressure to the host society. For example, local people may tolerate a few tourists who behave as if they are in their home country, e.g. dress code, but if the number of tourists exceeds certain level, it may be considered as an annoyance by the host society.

1. The level of euphoria

   People are enthusiastic and thrilled by tourist development. They welcome the stranger and there is a mutual feeling of satisfaction. There are opportunities for locals and tourists bring in money.

2. The level of apathy

   As the industry expands people begin to take the tourist for granted. He rapidly becomes a target for profit-taking and contact on the personal level begins to become more formal.

3. The level of irritation

   This will begin when the industry is nearing the saturation point or is allowed to pass a level at which the locals cannot handle the numbers without expansion of facilities.



Parking is a problem in Repulse Bay

4. The level of antagonism

   The irritations have become more overt. People now see the tourist as the harbinger of all that is bad. 'Taxes have gone up because of the tourists.' 'They have no respect for property.' 'They have corrupted our youth.' 'They are bent on destroying all that is fine in our town.' Mutual politeness has now given way to antagonism and the tourist is 'ripped off'.

5. The final level

All this while people have forgotten that what they cherished in the first place was what drew the tourist, but in the wild scramble to develop they overlooked this and allowed the environment to change. What they now must learn to live with is the fact that their ecosystem will never be the same again. They might still be able to draw tourists but of a very different type from those they so happily welcomed in early years. If the destination is large enough to cope with mass tourism it will continue to thrive.

Table 7.1 - Doxey's Index of Tourist Irritation

Source: Doxey, 1976:26-7 quoted from Mathieson & Wall, 1992:138

### 7.1.4. Conclusions

Tourism may seriously alter the social and cultural setting in a destination, especially when tourism development is rapid and economic and cultural distances between hosts and guests are large.

The actual assessment of social and cultural impacts is very difficult, because tourism is only one of the factors of societal change. Ascribing social and cultural developments to tourism is therefore a very difficult task. Moreover, a great handicap of the assessment of impacts appears to be the lack of a logically structured impact classification. The construction of such a classification seems to be an important research goal.

Acknowledgement: With permission from Drs. Bas Amelung, Global tourism towards an integrated approach, ICIS, 1995

# 7.2. The Economic Impacts of Tourism

## 7.2.1. Positive Impacts on the Economy

### 1) Creating Jobs

Tourism is a highly labour intensive industry. It depends very much on a large number of people with various levels of skills and abilities (e.g. waiters, tour guides, hotel managers, etc.). In general, tourism industry has a greater capacity to provide more job opportunities than any other industries. There are 2 main types of employment generated by tourism: direct and indirect.

*(i)* *Direct Employment*
- Which is employment generated from business that directly provides services to tourists

Examples:
- accommodation and catering (hotels)
- tourist attractions and business facilities (e.g. exhibition and convention centres)
- tourism promotion and information (e.g. travel agencies or tourist boards)

*(ii)* *Indirect Employment*
- Refers to jobs of those people who either:

  - serve both local people and tourists, or
  - manufacture goods and provide services which are bought or used by business and organisations which serve tourists directly.

Examples:
- taxi drivers
- shopkeepers
- factory workers manufacturing bedroom furniture for sale to hotels

Sectors which employ the most employees in the tourism industry are:
- food services
- accommodation
- transportation
- entertainment
- travel agencies and tour operators

### 2) Providing Tax Revenue

Tourists may pay tax like most other people. As they come from other regions or countries, their expenses result in an increased tax base for the host country. Government receives these taxes from:

*(i)* *Direct Taxes*
- Salary tax (on personal income)
- Profit tax (on business)
- An increase in tourist expenses would result in an increase in income of people working in the tourism industry

- Profit of business owners which therefore increases the tax revenue of the government

*(ii) Indirect Taxes*

- Turnover tax
- Expenditure tax
- Departure tax and hotel room tax

*- Turnover tax* is paid on consumption. Two major types are sales tax and value added tax. Sales tax is levied by the government on goods and services that are passed directly to consumers. Value added tax (VAT) is an indirect tax on goods and services. Tourists pay the tax without knowing the exact amount since it is included in the price of the goods and charge for the services.

*- Expenditure tax* is luxury tax paid on specific forms of consumption. They are often known as excise duties paid on goods like alcohol, tobacco and petrol. However, in order to promote international tourism, some countries provide exceptions, usually in the form of duty-free sales for tourists at major shipping and airline terminals.

*- Departure tax* is common in many countries for tourists to pay to the destination countries and *hotel room tax* is paid for staying overnight in a hotel room.

### 3) Improving the Balance of Payments

The balance of payments is an accounting of the flow of goods, services and capital in and out of a country during a given period (usually a year). If a country pays, or agrees to pay out more money than it receives, it has a deficit balance of payments. If it receives more money than it pays, it has a surplus balance of payments.

Every country wants a surplus balance of payments rather than a deficit one. A thriving tourism industry (especially an inbound tourism industry) can improve the balance of payments by bringing in a large amount of foreign exchange.

A country's inbound tourism is its invisible export as it brings in foreign exchange through providing services to overseas visitors. A country's outbound tourism is its invisible import as local residents spend money overseas. (But not all of their expenses would be earned by other countries as a portion of the expenses may be paid to local tour operators.) If inbound tourists spend more than outbound tourists do, a country will have a net surplus that will help improve the balance of payments.

Illustration 2: Economic Impact of Tourism

According to the UNWTO Tourism Barometer, international tourist arrivals reached 924 million, up 16 million from 2007, representing a growth of 2%.

Source: UNWTO http://unwto.org/facts/eng/pdf/barometer/UNWTO_Barom09_1_en_excerpt.pdf

### 4) Economic Growth and Living Standard

Most developing countries face a foreign exchange shortage problem and have difficulties financing their economic development. Tourism industry plays an important role as a foreign exchange earner. This is very important to those developing countries with limited potentials for exporting agricultural products and manufactured goods.

Tourism contributes greatly to the diversification of the economy. Through the linkages with other economic sectors such as construction, transport, food production industries, etc., the industry may spread its effect throughout the economy and bring about economic growth.

Tourism may also raise the living standard of local residents. They may have more jobs that are better paid than the traditional ones such as farming and fishing. Local people may enjoy better facilities and a wider choice of goods and services.

### 5) Generating Income and the Linkage Effect

Income is generated from wages and salaries, interest, rent and profits. In a labour-intensive industry such as tourism, a large part of income comes from wages and salaries earned by people who are directly or indirectly involved in the industry. Moreover, the benefits of tourism can spread throughout the whole economy by creating more jobs in other sectors of the economy. For example, a hotel receptionist may save up and buy a car or a TV set, thus creating business for manufacturing industries and shops; a tour bus driver may go out for dinner with his family and this creates more business for restaurants.

On the whole, income is greater in areas where a large number of tourists of high spending power is attracted to stay for a longer time. Furthermore, contribution of tourism to the income of a tourist destination is greatly increased by a process of tourism income multiplier. This occurs when money spent by tourists in an area is spent again by those who have received the initial amount of money. A detail explanation about the phenomenon of tourism multiplier is provided in Section 7.2.3 – the measurement of economic impact derived from tourism activities.

### 7.2.2. Negative Impacts on the Economy

Tourism profits motivate many countries in encouraging tourism development, however, there are costs to tourism.

#### 1) High Consumer and Land Prices

A flourishing tourism industry will place great pressure on the limited resources such as food, land, transport, electricity and water supply, etc. of the host economy.

An increasing demand on these resources and facilities may result in inflation, thus causing negative effects on local residents. Higher consumer and land prices may result.

#### 2) Over-dependency on Tourism

Tourism depends very much on external demand factors. A large proportion of expenditure of international tourism is generated from a small number of developed countries. A change in the economic condition of these countries will greatly affect the number of tourists going to tourist destinations. Also, tourists' taste is somewhat "fickle"; the once popular destination may become out of fashion quickly. High dependence on tourism should be avoided.

High dependence occurs when a region becomes too dependent on tourism. Subsequent decline in the tourist flow to that region may greatly affect the economy of the area.

#### 3) Leakage

Additional income generated from tourism may not be as much as it should be if there is leakage. Leakage is anything that causes the profits from tourism to drain out of the economic system. Leakage can be:

- expenditure on imported goods and services required by tourists
- expenditure on imported goods and services required by tourist business
- money earned and sent home in overseas countries by foreign workers in tourism industry
- profits of foreign-company-owned tourist facilities diverted overseas

Host countries enjoyed substantial economic benefits through the multiplier process (Indicated in Figures 7.2 and 7.3,). However, part of the revenues earned by tourism industry may leak out from local economy.

As claimed by UNEP, for most tourists who have purchased all-inclusive package tours, about 80% of their expenditures will go to companies in the private sector such as airlines, hotels and other international companies (who have their headquarters in the tourists' home countries), and not to local companies and workers. Such leakage is particularly serious in developing countries. For each US$100 spent by a tourist from a developed country on a vacation tour in a developing country, only about US$5 will actually be put back into the economy of the destination country (Figure 7.1 shows how the leakage happens).

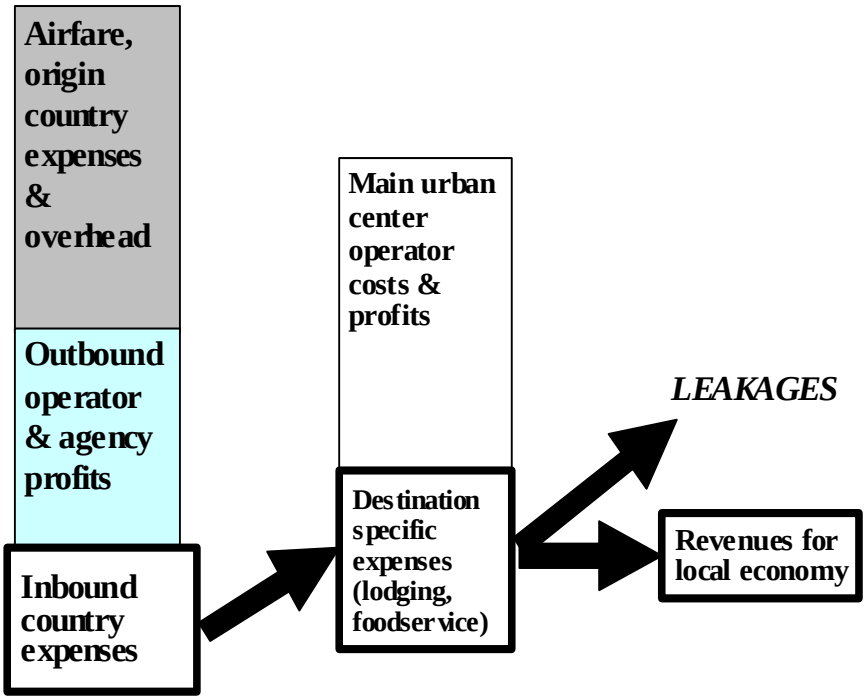


Figure 7.1 - How Leakages Happen?
Source: UNEP website, http://www.unep.fr/scp/tourism/sustain/impacts/economic/negative.htm

There are 2 types of leakage:

*(i) Import Leakage*

When the host country cannot supply the products required, it is common that destination countries will import goods and products from abroad to satisfy tourists' demands, e.g. equipment, foods and drinks. On the other hand, it is due to the inferior quality of the products provided by the host country that cannot meet the standards of the international hotel chain.

*(ii) Export Leakage*

As proclaimed by UNEP, 'multinational corporations and large foreign businesses have a substantial share in the import leakage. Often, especially in poor developing destinations, they are the only ones that possess the necessary capital to invest in the construction of tourism infrastructure and facilities. As a consequence of this, an export leakage arises when overseas investors who finance the resorts and hotels take their profits back to their country of origin.'

In other word, the host society 'exports' their products, which are the tourist facilities and services in the destination where visitors enjoy. But since most of these facilities and services suppliers are financed and controlled by foreign investors, the profits earned will be taken back to the investors' home country.

### 7.2.3. Measurement of Economic Impact

#### The Flow of Money - The Phenomenon of Tourism Multiplier

The concept of the multiplier is based upon the recognition that the various sectors which make up the economy are interdependent, that is, in addition to purchasing primary inputs such as labour, imports, etc., each sector will purchase intermediate goods and services produced by other establishments within the local economy. Therefore, any autonomous change in the level of final demand will not only affect the industry which produces that final good or service, but also that industry's suppliers' suppliers, etc. (Fletcher and Archer, 1991:28)

In order to gain insight into the net economic benefits, we will trace the flow of money from tourists through the economy of a destination area. Three steps are distinguished in this flow scheme; each of them will be discussed below.

*- First order effects*

The initial spending of tourists is at the start of the economic chain. Tourists can buy tourism products or services either directly or indirectly. In turn, these products and services can be provided either inside or outside the destination country. From these observations, the following table emerges:

| | Final recipient | |
|---|---|---|
| | ***Inside destination*** | ***Outside destination*** |
| **Direct purchase** | (a) accommodation, food | (c) tax free shopping |
| **Indirect purchase** | (b) accommodation via tour operator | (d) air-fare via tour operator |

Table 7.2 - A Classification of Tourist Expenditure with Some Examples

The inflow of money from tourism into the destination country (the gross effect on the balance of payments) depends on (a) and on the percentage of (b) the tour operator spends in the destination country. Clearly, if (b) is important compared to (a), the destination country is sensitive to changes in tour operators' spending patterns. Moreover, if (b) is large, tour operators can often negotiate a significant price discount, resulting in a smaller inflow of money.

*- Second order effects*

Having received the initial spending by tourists and tour operators, the tourism industry in its turn spends this extra income on inputs (consumption) and on the payment of the production factors, labour (wages), capital (interest) and entrepreneurship (profits).

*- Third order effects*

Returning to the flow of money, we see that buying inputs means extra consumption and sometimes also taxation in the form of value added taxes (Holloway, 1989). The owners of the production factors spend their income on consumption, savings or taxation. Savings and taxation can be seen as leakages from the spending cycle. However, these leakages are usually only temporary. Savings are simply postponed consumption, while part of tax revenues flow back into the economy in the form of government expenditure.

The extra consumption expenditures from buying inputs and from spending production factor income can be directed towards imported products or locally produced products. A large percentage spent on imports means a large import leakage, influencing the balance of payments.

It is good to remember that the net contribution of tourism on the balance of payments depends not only on initial spending, but also on the magnitudes of the import leakage and the repatriation of money.

*- Closing the cycle*

Now, the amount of money spent on locally produced goods enters the spending cycle again. This amount is, of course, smaller than the initial expenditure due to the various leakages. After having gone through the spending cycle for the second time, less money remains still and so on, until the effects of the initial expenditure have vanished. The cumulative effect of the initial tourist expenditure going through various spending cycles is called the tourism income multiplier (TIM).

Figure 7.2 and 7.3 illustrated how tourism expenditure can contribute to the economy of a destination.

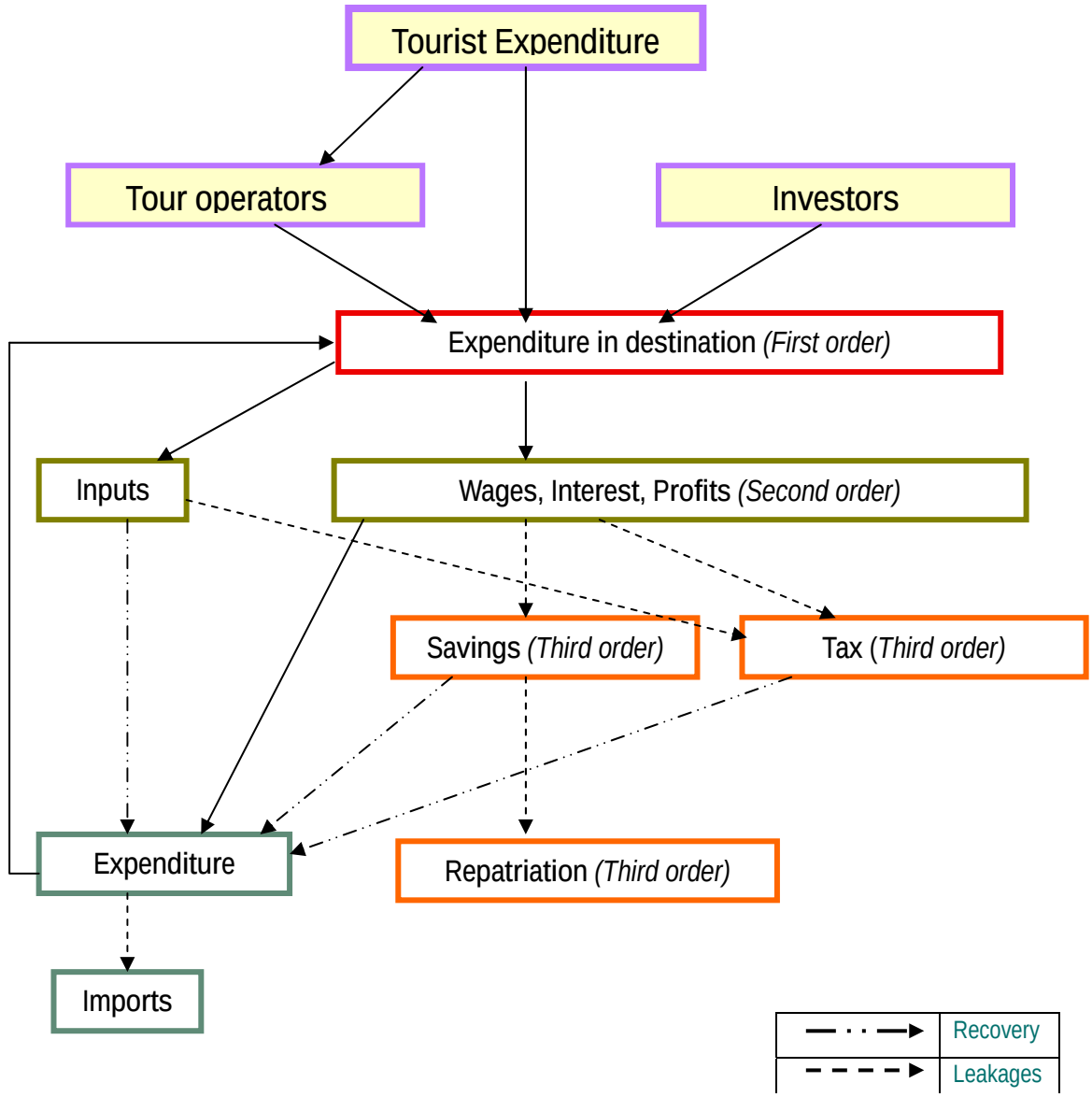


Figure 7.2 - Economic Impacts of Tourism

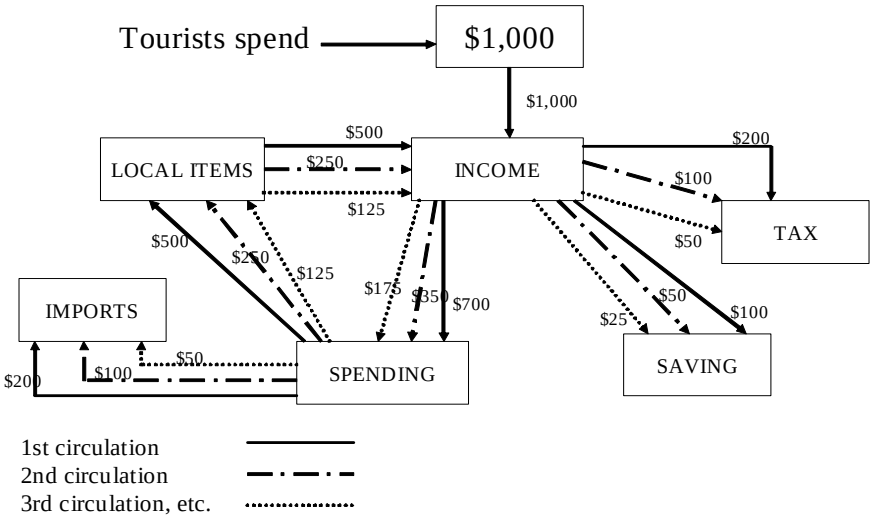


Figure 7.3 - The Tourism Income Multiplier at Work
Source: Extracted and modified from Holloway, 1992:175

Very often, only tourism-related sectors such as accommodation like hotels, transport like airlines, or tour operators and travel agents, are considered as the ones who are benefited from tourism development. However, tourism is virtually a multi-faceted industry, the revenue generated benefits various sectors of the economy. For example, manufacturers of electrical appliances and suppliers of foodstuff who provide their products and services to hotels are also benefited. In this sense, there is always a linkage amongst different sectors and industries that jointly support the running of the tourism business and in return, they are all benefited from tourism.

The initial spending of tourists triggers the economy boom of the host society. There are a number of multipliers working in the economic system including transactions multiplier, output multiplier, income multiplier, employment multiplier and government multiplier.

Transactions (or sales) multiplier
It measures the amount of additional business revenue created in an economy as a result of an increase in tourist expenditure.

Output multiplier
It measures the amount of additional output generated in an economy as a result of an increase in tourist expenditure. The principal distinction between transactions and output multipliers is that output multipliers are concerned with changes in the actual levels of production and not the volume and value of sales. Not all sales will be related to current production (some sales may have been made from inventories and some productive output may not be sold within the time frame of the model and, therefore, result in an increase in inventories). Therefore, the value of an output multiplier may well be larger or smaller than the value of the corresponding transactions multiplier.

Income multiplier
It measures the additional income (wages and salaries, rent, interest and profits) created in the

economy as a result of an increase in tourist expenditure.

Employment multiplier

It is a measurement of either the total amount of employment generated by an additional unit of tourist expenditure or the ratio of the total employment generated by this same expenditure to the direct employment alone.

Government revenue multiplier

It measures the impact on government revenue, from all sources, associated with an increase of tourist expenditure. This multiplier may be expressed in gross terms, that is the gross increase in government revenue as a result of an increase in tourist spending, or in net terms when the increase in government revenue is reduced by the increase in government expenditures associated with the increase in tourist activity.

Source：Cooper, Fletcher, Gilbert, Shepherd & Wanhill, 1998:134

This multiplier effect is explained as follows:

Tourists visit Hong Kong and spend money on their meals in restaurants. This provides income for the restaurant owners. They then pay tax, save some money and spend the rest. Some of what they spend goes to the purchase of goods and services from other suppliers and producers in Hong Kong. Some is spent as wages and salaries of staff and some is used to pay interest to banks and rents to landlords.

The people who receive money from the restaurant owners will pay tax, save some money and spend the rest for goods and services. Thus, the money spent by tourists is used again and again by other people. It is spread throughout the whole economy. As a result, the additional income created is far greater than the initial spending of the tourists.

Not all money circulates in the economy. Some has gone to pay tax; some has been saved or used for imported goods and services. Money which stays out of the circulation system will reduce the multiplier effect. The multiplier effect is great when there are strong linkages among various economic sectors. Linkages are strong and the income multiplier effect are high if all the goods and services are locally supplied.

### 7.2.4. Conclusions

As we saw in this unit, spending on tourism is huge on a global scale. However, this does not mean that tourism is the universal remedy for economic problems. The net contribution of tourism to a destination's economy depends largely on the spending leakages. If much of initial tourist spending leak away through imports, taxes and repatriation of profits and wages, net receipts may very well be small.

Acknowledgement: Reproduced With permission from Drs. Bas Amelung, Global tourism towards an integrated approach, ICIS, 1995

## 7.3. The Environmental Impacts of Tourism

### 7.3.1. Positive Impacts on the Environment

#### 1) Preservation and Conservation of Environment

One of the arguments in favour of tourism is that uncontrolled urbanization, modernization and industrialization cause great damages to the natural environment.

Tourism can be seen as an alternative economic development which provides the necessary motive and money for preserving the archaeological treasures and ancient monuments, and conserving the natural resources for the continued enjoyment of both tourists and local residents.

Wildlife and forest reserves have been set up and scenic lands have been preserved partly due to their ability to attract tourists. For example, some east African countries such as Kenya and Tanzania have established large natural parks and game reserves for wildlife as they know that wildlife is the most important tourist attraction in East Africa. Without the economic return provided by tourism, these areas might well be converted to agriculture, mining or other forms of industrial development which cause great harm to the natural habitats.

#### 2) Enhancement of Environment

It is often the environment itself that attracts tourists to a destination. An example is the beautiful mountain scenery of Switzerland. Any tourist destination hoping to attract tourists will try to improve its image by planting flowers, developing well-designed tourist facilities such as attractive landscaped hotels.

Tourism also provides incentive for “cleaning up” the overall environment. This can be done through control of air, water, and noise pollution, littering and other environmental problems.

#### 3) Increasing Environmental Awareness

Economic success of tourism will encourage local awareness (both the government and residents) of the importance of conservation of natural environment. This leads to the adoption of administrative controls and planning (e.g. stricter anti-pollution control, better land use zoning, etc.) by government to maintain the quality of the environment.

## 7.3.2. Negative Impacts on the Environment

The natural environment rarely escapes damage when a large number of tourists is found. The quality of water and air, the amount and species of vegetation and wildlife are inevitably changed in one way or another.

### 1) Environmental Pollution *(Impact on abiotic environment)*

*(i)* *Water pollution*

Water pollution in rivers, lakes, and the sea may result from recreational and tourist transportation. For example, oil spills from cruise ships in resort harbours, untreated sewage from kitchens and bathrooms of island resorts may cause adverse effect on the aquatic ecosystem and reduce the enjoyment of the tourists swimming there.

*(ii)* *Air pollution*

Air pollution from tourism development may result from excessive use of vehicles (cars, buses, and motorcycles) by and for tourists at major tourist attraction areas that are accessible only or mainly by road.



Shops and restaurants in Stanley's tourist areas installed their air-conditioners' exhaust outlets close to the local residents' homes.

*(iii)* *Soil pollution*

Litter is probably the most important emission of tourism to the soil and certainly the most visible. The problem of tourism-/recreation- induced littering is very old, as is illustrated by the ancient Dutch imperative: "Laat niet als dank voor het aangenaam verpozen, de eigenaar van dit bos de schillen en de dozen." (Do not leave, in gratefulness for your pleasant stay, your boxes and litter to the owner of this forest.)

*(iv)* *Noise pollution*

Noise may be generated by a concentration of tourists, vehicles, aircraft and motor boats. Sometimes certain types of tourist attractions such as amusement parks, car or motorcycle races may generate noise that is unacceptable and irritating.



Illegal parking in Repulse Bay

*(v) Visual pollution*

Visual pollution may result from several sources:

- Poorly designed buildings, e.g. hotels that are not compatible with local architectural style or environment
- Use of large and ugly advertising signs
- Overhead utility (electricity and telephone) lines and poles
- Buildings obstructing scenic views
- Poor maintenance of buildings

## 2) Ecological Disruption *(Impact on biotic environment)*

*(i) Vegetation*

Overuse of fragile natural environment by tourists may lead to ecological damage:

- Collection of flowers, plants and fungi may change the species composition
- Tourists trample the vegetation in parks and conservation areas
- Hikers and campers cut trees to make campfires and soil erosion results from overuse of hiking

*(ii) Wildlife*

- Wildlife loses their natural habitats wherever tourist facilities and roads are constructed
- Feeding and breeding patterns of animals may change as they are prevented from hunting or breeding in usual places

## 7.3.3. Measurement of Environmental Impact

### 1) The Importance of Environmental Impact Assessment

It has been agreed that limited environmental resources are being consumed by tourists and the tourism industry and in reality, the environmental impacts of tourism on the host country could be extensive. According to Romeril (1989), environmental impacts are generally categorized under three main headings: physical, biological and socio-economic (which includes cultural). Nowadays, both public and private sectors are becoming more and more concerned about the tourism impacts on the physical environment.

Environmental impact assessment (EIA) is often conducted for evaluating how serious the environment could be affected by new tourism development projects. It is believed that preventing the environment from being spoiled is easier and less costly than taking remedial action afterwards.

### 2) Key Considerations of Environmental Impact Assessment

Although EIA is widely used for evaluating tourism impacts, there are no generally accepted models. However, it is important to note the followings before conducting EIA:

- To understand the motivation that underlies a particular EIA before an appropriate methodology is selected. It is because certain types of EIA may concern about the cost of environmental correction. If so, the EIA is mainly for evaluating the net economic returns of tourism activity and there may be attempt to retrieve some of these costs from the industry.

- One of the functions for conducting EIA is to compare alternative developments so as to allocate resources more effectively. That is, to maximize the economic benefits of a development and to minimize the negative environmental impacts.

- Another function of EIA is to raise the profile of environmental issues.

Source: Cooper, Fletcher, Gilbert, Shepherd & Wanhill, 1998:012-153

### 3) OECD Framework in Assessing Tourism and Environment Stress

The criteria of environment impact assessment are various. Table 7.3 shows a framework for the study of tourism and environment stress by the Organisation for Economic Cooperation and Development (OECD).

| Stressor activities | Stress | Primary response environment | Secondary response (reaction) human |
|---|---|---|---|
| 1. *Permanent environmental restructuring*<br>(a) Major construction activity<br>- urban expansion<br>- transport network<br>- tourist facilities<br>- marinas, ski-lifts, sea walls<br>(b) Change in land use<br>- expansion of recreational lands | Restructuring of local environments<br>- expansion of built environments<br>- lands being taken out of primary production | Change in habitat<br>Change in population of biological species<br>Change in health and welfare of man<br>Change in visual quality | *Individual* – impact on aesthetic values<br>Collective measures<br>- expenditures on environmental improvements<br>- expenditures on management of conservation<br>- designation of wildlife conservation and national parks<br>- controls on access to recreational lands |
| 2. *Generation of waste residuals*<br>- urbanisation<br>- transportation | Pollution loadings<br>- emissions<br>- effluent discharges<br>- solid waste disposal<br>- noise (traffic, aircraft) | Change in quality of environmental media<br>- air<br>- water<br>- soil<br>Health of biological organisms<br>Health of humans | Individual defensive measures<br>Locals<br>- air conditioning<br>- recycling of waste materials<br>- protests and attitude change<br>Tourists<br>- change of attitude towards the environment<br>- decline in tourist revenues<br>Collective defensive measures<br>- expenditure of pollution abatement by tourist-related industries<br>- clean-up of rivers, beaches |
| 3. *Tourist activities*<br>- skiing<br>- walking<br>- hunting<br>- trial bike riding<br>- collecting | Trampling of vegetation and soils<br>Destruction of species | Change in habitat<br>Change in population of biological species | Collective defensive measures<br>- expenditure on management of conservation<br>- designation of wildlife conservation and national parks<br>- controls on access to recreational lands |
| 1. *Effects on population dynamics*<br>- Population growth | Population density (seasonal) | Congestion<br>Demand for natural resources<br>- land and water<br>- energy | *Individual* – Attitudes to overcrowding and the environment<br>*Collective* – Growth in support services, e.g. water supply, electricity |

Table 7.3 - A Framework for the Study of Tourism and Environment Stress

Source: Organisation for Economic Cooperation and Development quoted from Pearce, 1991:230-231

## 7.3.4. Conclusions

Tourism can have important impacts on both the biotic and the abiotic environment. Abiotic impacts arise from emissions to air, water and soil, while biotic impacts are caused by overuse of fragile natural environment by tourists, and changed land use for tourist facilities.

Additional information:

## Case Study:
## Ways in which tourism do harm to the environment

There are numerous cases found in Hong Kong and abroad regarding the direct relationship between physical environment and tourism impacts.

### Case 1

Owing to the huge profit generated by tourism business at Huang Shan, Anhui Province, China, many tourist facilities such as accommodation and restaurants have been or are being built at the core scenic areas. On 26 February 2002, The Sun reported that at present, there are 21 hotels/hostels built by local tourist companies and government agencies. The construction of such tourist facilities together with the incoming of tourists put much pressure on the environment. Water supply is one of the pollution problems that adversely affect the ecological system. As some of the river streams in the mountain have dried up already, trees and plants are not able to survive with no water supply. Consequently, a famous old pine tree that used to be a landmark in Huang Shan died, and was replaced by a plastic tree.

### Case 2

Very often, the building of new tourist facilities may spoil the vantage point of a tourist destination. For instance, the completion of the first cable car system at Hua Shan in Shaanxi Province, China in 1996 already met the existing tourism demand. In order to further attract more tourists, the second cable car system was confirmed to be built and work is already in progress. According to Apple Daily dated 10 March 2002, the local authority is considering to construct the third system recently. As claimed by the general manager of the existing cable car system, the capacity of Hua Shan is 1 million per year and the number of visitors has reached 700,000. So the carrying capacity will soon be exceeded. Besides the environmental problems brought about by the influx of tourists, the construction work of the cable car systems will inevitably damage the natural scenery of the mountain.

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