

China's Outbound Tourism

From Chinese Government's Perspective

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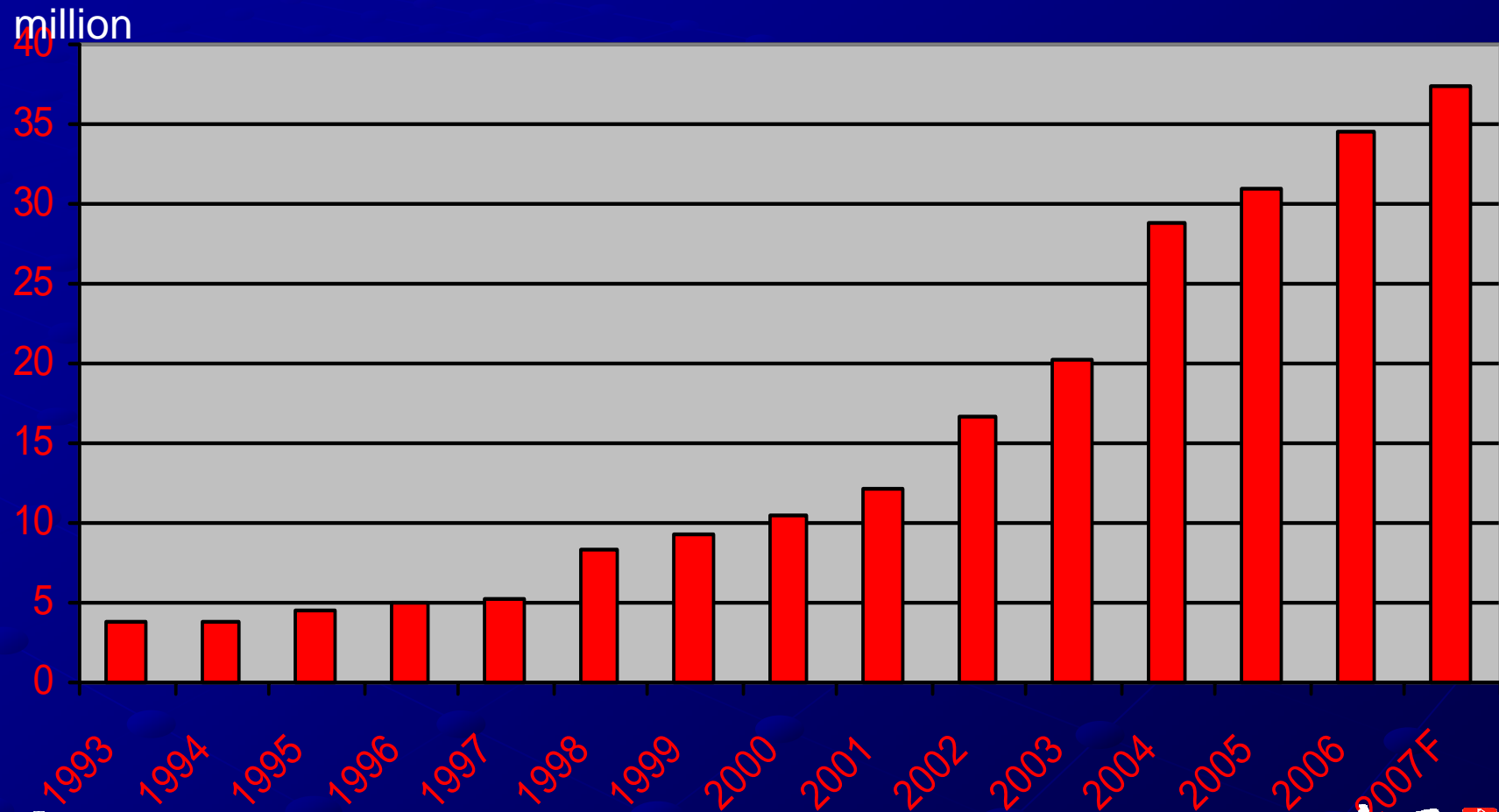


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China's Outbound Growth



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Contradictions

Socialism

- Central planning
- Production-driven
- Egalitarian value
- Harsh struggle
- Top-down
- Classless society

Tourism

- Marketing-oriented
- Consumption-driven
- Personal fulfillment
- Enjoyment
- Consumer-led
- Segmentation



社会主义荣辱观

- 以热爱祖国为荣、以危害祖国为耻。
- 以服务人民为荣、以背离人民为耻。
- 以崇尚科学为荣、以愚昧无知为耻。
- 以辛勤劳动为荣、以好逸恶劳为耻。
- 以团结互助为荣、以损人利己为耻。
- 以诚实守信为荣、以见利忘义为耻。
- 以遵纪守法为荣、以违法乱纪为耻。
- 以艰苦奋斗为荣、以骄奢淫逸为耻。

—— 胡锦涛



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Resolving the contradictions by Outbound Tourism Policy



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Outbound Tourism Policy

- Planning
- Legislation and regulation
- Controlling stimulation
- Social tourism
- Interest protection



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Planning

- Actively develop inbound tourism and scrutinize outbound tourism
- Tie outbound volume with inbound volume
- Control of currency
- Control of who can travel and where



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Planning

- Approved Destination Status (ADS)
 - Bilateral agreement for Chinese to undertake leisure travel in groups
 - 132 destinations with ADS in June 2007
 - Major holdouts: Taiwan, Canada, USA



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Planning

“Needless to say, the United States cannot give preferential treatment to selected travel companies and grant them the profits from all inbound Chinese travel business. It would violate our laws and our most basic ideas of fairness.”

Marriott Jr., 2006



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Planning

- Individual Visitor Scheme (IVS)
 - Politically-driven to support Hong Kong and Macau
- Encourage outbound travel during SARS
- Agenda item for international relations



Legislation & Regulation

- Licensing 700+ outbound travel agents in China and accrediting 9,000+ travel agents in ADS destinations
- Measures for Administration of Outbound Tours by Chinese Citizens



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Legislation & Regulation

- Spiritual Civilization Steering Committee
 - Make Chinese travelers aware of their bad habits
 - Enhance international reputation
 - Ensure rational consumption



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旅游文明行为公约

营造文明、和谐旅游环境，关系到每位游客的切身利益，做文明游客是我们大家的义务，请遵守以下公约：

1. 维护环境卫生。不随地吐痰和口香糖，不乱扔废弃物，不在禁烟场所吸烟。
2. 遵守公共秩序。不喧哗吵闹，排队遵守秩序，不并行挡道，不在公众场所高声交谈。
3. 保护生态环境。不踩踏绿地，不摘折花木和果实，不追捉、投打、乱喂动物。
4. 保护文物古迹。不在文物古迹上涂刻，不攀爬触摸文物，拍照摄像遵守规定。
5. 爱惜公共设施。不污损客房用品，不损坏公用设施，不贪占小便宜，节约用水用电，用餐不浪费。
6. 尊重别人权利。不强行和外宾合影，不对着别人打喷嚏，不长期占用公共设施，尊重服务人员的劳动，尊重各民族宗教习俗。
7. 讲究以礼待人。衣着整洁得体，不在公共场所袒胸赤膊；礼让老幼病残，礼让女士；不讲粗话。
8. 提倡健康娱乐。抵制封建迷信活动，拒绝黄、赌、毒。

中国公民出境旅游行为指南

中国公民，出境旅游；注重礼仪，保持尊严。讲究卫生，爱护环境；衣着得体，请勿喧哗。
尊老爱幼，助人为乐；女士优先，礼貌谦让。出行办事，遵守时间；排队有序，不越黄线。
文明住宿，不损用品；安静用餐，请勿浪费。健康娱乐，有益身心；赌博色情，坚决拒绝。
参观游览，遵守规定；习俗禁忌，切勿冒犯。遇有疑难，咨询领馆；文明出行，一路平安。



苏州市文明办 苏州市旅游局



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Controlling stimulation

➤ Controlling stimulation by destinations

➤ Australia, Canada, Czechoslovakia, Finland, Germany, Greece, Hawaii, Holland, Hong Kong, Ireland, Japan, Korea, Los Angeles, New Zealand, Nevada, Romania, Singapore, Switzerland, Thailand, Scandinavia



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Controlling stimulation

Government supported outbound events:

- **China International Travel Mart**
 - China National Tourism Administration
- **Beijing International Tourism Expo**
 - Beijing Municipal Bureau of Tourism
- **World Travel Fair**
 - Shanghai Municipal Tourism Administrative Commission



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Controlling Stimulation

Commercial outbound events:

- China International Business & Incentive Travel Mart
- China Outbound Travel & Tourism Mart
- International Forum on Chinese Outbound Tourism



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Social Tourism

➤ Social tourism in disguise:

- study trips
- technical visits
- familiarization trips
- extended training
- incentive trips
- discussion trips
- business trips



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Interest Protection

- Government to protect consumer rights
 - Zero-fare or negative-fare tours
 - Over-promise and sub-standard tours
 - Travel agents handling businesses outside their approved scope of business
 - Itineraries dominated by shopping
 - “Honest & Quality Hong Kong Tour”



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Fake-goods row spurs travel body to tighten protection for tourists

Lilian Goh

The Travel Industry Council is to tighten rules on agents to offer better protection for tourists after a row in which retailers have been accused of selling fake goods.

But it said reducing the problem would take some time.

Council chairman Ronnie Ho Pak-ting said yesterday that mainland tourism to the city had boomed in recent years and with it occasional complaints from visitors. The quality of service could not be guaranteed, he added.

The council launched a 14-day refund scheme in February 2002.

Travel agents wishing to take tourists shopping had to register stores they planned to visit with the council.

council would tell members not to take tour groups to the shops that had accumulated 30 demerits.

The council will hold a board meeting on April 17 to discuss the matter.

Mr Ho said it was considering tightening the scheme and had discussed publishing a list of the demerit points shops had received on the China National Tourism Administration's website.

After discussions with customs officials, the council had also proposed that shops be asked to describe goods accurately to reduce any misunderstanding.

Maisie Cheng Mei-sze, deputy commissioner for tourism, said there was a need to improve the consumer rights of visitors after mainlanders

"If the shop sells fake goods, it is easier to prosecute," she said. "But sometimes shops just mislead consumers. It is difficult to get evidence."

Ms Cheng said the government was considering strengthening legislation to deter shops from cheating tourists. It had also asked the Consumer Council to investigate how to better protect visitors.

She denied that the recent problem has shown the industry was poorly monitored. It was better to allow the industry to regulate itself as this would ensure greater flexibility in the free market, she said.

Last week, China Central Television reported that two jewel shops, the Majestic Watch & Jewellery Company and Kwa Wan Expo Global in Hong Kong, were

Charles Ng Kwong-wai, president of the Inbound Tour Operators Association, said the number of tour groups visiting during the mainland's Labour Day "golden week" next month could drop by at least 15 per cent compared with last year in the wake of the row.

Michael Wu Siu-ling, a Travel Industry Council board member, was worried that the industry would be severely damaged if the news spread to other countries, especially in Southeast Asia.

TV report sparks rush for refunds

More mainland tourists returned to Hong Kong yesterday seeking refunds for items ranging from Swiss watches to digital cameras after watching last week's CCTV report about fakes.

Li Hansheng, from Wuhan (武漢) in Hubei (湖北省), visited Majestic Watch Jewellery Company in To Kwa Wan, to return two watches he bought at the end of last month. The store was one of two the CCTV report accused of cheating mainland visitors.

His friend, a man surnamed Lei, bought to return 13 digital cameras to store on nearby Sung Wong Toi road after realising they were not Fujifilm models as requested.

The duo and their friends joined a tour in Guangzhou to visit Hong Kong at the end of last month. Each paid HK\$1,200 for a four-day visit.

The tour group took them to the watch company where Mr Li bought a pair of what he was told were Swiss-made Seculus watches for HK\$35,000. But the Seculus said it did not make such models.



Mr Lei hands back digital cameras to the shop. Photo: SMP Pictures

grade as Rolex and Omega watches. Why did we believe them? Because they said this brand didn't advertise. We used to trust Hong Kong people's integrity. We're very disappointed."

Mr Lei said: "I was told the cameras were Fujifilm. If he said it was a Taiwan brand, I would not have bought them. We bought 13 cameras."

A salesman blamed his colleagues' poor Putonghua. "If it was our communication in Putonghua that made him think he was buying a Fujifilm camera. We apologise."

The pair got the refunds. A woman who answered Majestic's customer hotline refused to disclose

Tourism chief wants cheaters banned from the retail business

Agnes Lam

Retailers who repeatedly cheat tourists should be banned from the industry, the tourism chief has said.

James Tien Pei-chun, chairman of the Hong Kong Tourism Board, made the comment yesterday as he called for the government to introduce tougher laws to punish unscrupulous retailers.

Mr Tien said shop owners caught cheating consumers could presently remain in business by changing the name of the outlet.

"I suggest changing the law to forbid these people from running retail or similar business again if they have been caught cheating consumers a certain number of times," he said.

"But the [tourism] board, Legco and the government have to hold more discussion on this to see if this is an effective solution."

Under the Travel Industry Council's penalty system, once a shop has accumulated 30 demerits, the council can either suspend or revoke its registration, which removes it from

the list of stores that have been approved for tour groups.

To make the system more effective, Mr Tien suggested the names of shops deregistered by the council be posted at the Lo Wu border checkpoint, the entry point for 80 per cent of tour groups from the mainland.

"A shop name should be announced publicly even if only five marks are deducted from it, and a reason for the deduction should also be revealed so that tourists will know they should not buy things at certain shops," he said.

Mr Tien said the board would discuss the matter with the Shenzhen Tourism Bureau as 70 to 80 per cent of mainland low-cost or "zero-fee" tour packages as travel agents have to cover their operation costs and make profits by getting commission from these shops.

Travel Industry Council chairman Ronnie Ho Pak-ting said the mainland's tourism market was very immature, but was developing rapidly.

"Hong Kong travel agents offer many low-budget package tours to other countries, but we do not experience the problems we have with mainland travellers," he said.

The council devoted 70 per cent of its resources to cases related to mainland package tours, Mr Ho said.

James Tien Pei-chun, chairman of the Hong Kong Tourism Board

SOUTH CHINA MORNING POST

THURSDAY, APRIL 5, 2007

Discredit for tour guides, agents and retailers on Net

Tourist sector offenders to be named, shamed

Dennis Eng

Travel agents, tour guides and retailers receiving complaints from tourists in the city are likely to be named and shamed on the China National Tourism Association website starting this month, Travel Industry Council executive director Joseph Tung Yao-chung said.

The move by the council and the mainland association is among several industry and government measures aimed at raising the tourism sector's image ahead of the Labour Day "golden week" peak holiday next month.

This follows a damning report by China Central Television over the weekend and a number of high-profile incidents involving mainland visitors' shopping experience in Hong Kong.

The council updates the association of any complaints it receives about local travel agents, tour guides and shops once every two months, but this information was previously not publicised. The association will decide on the details it will include on its website.

"The inclusion of these complaints by the China National Tourism Association on its website means that tourists and travel agents on the mainland will now have access to this information," Mr Tung said.

The council also is looking at taking a tougher stance with offenders through its demerit system. Offenders who accumulate 20 demerit points will be publicised on its website, but the highest penalty so far has been only 15. The maximum is 30 points.

The council hopes to have more concrete details by its next board meeting on April 17.

At the centre of the latest mainland tourist shopping scandal is a HK\$9,800 diamond pendant purchased from Expo Global in Hung Hom and a HK\$16,000 Seculus-brand watch bought from Majestic Watch & Jewellery Company in To Kwa Wan.

The CCTV report alleged that following tests it was found that the pendant's gold and gem content are not what was described by the shop, while the timepiece is not a model carried by the Swiss watch manufacturer.

Visitor influx

Of the 25.2 million total arrivals to the city last year, mainlanders comprise

13.5m

Both retailers had agreed to fully refund the purchases so they would not be subject to any demerit points, Mr Tung said.

Customs officials investigating the case said they are testing the pendant and are liaising with Seculus to determine whether the Trade Descriptions Ordinance has been breached.

Commissioner of Customs and Excise Timothy Tong Hin-ming pledged to investigate any complaints about counterfeiters from consumers and tourists.

Eva Cheng Yu-wah, permanent secretary for economic development and labour, also said that to better promote consumer education, there were plans to start informing visitors of their consumer rights and shopping tips when they pass through immigration.

The government also will work with the tourism and consumer trades to step up enforcement while the Consumer Council will revise the relevant legislation for consumer protection.

9 April 2007 SCMP

Conclusion

- China's policy on outbound tourism is a major force in shaping the tourist flow
- Adopts 'top-down' control/management in international tourism
- Politics and international relations a major consideration



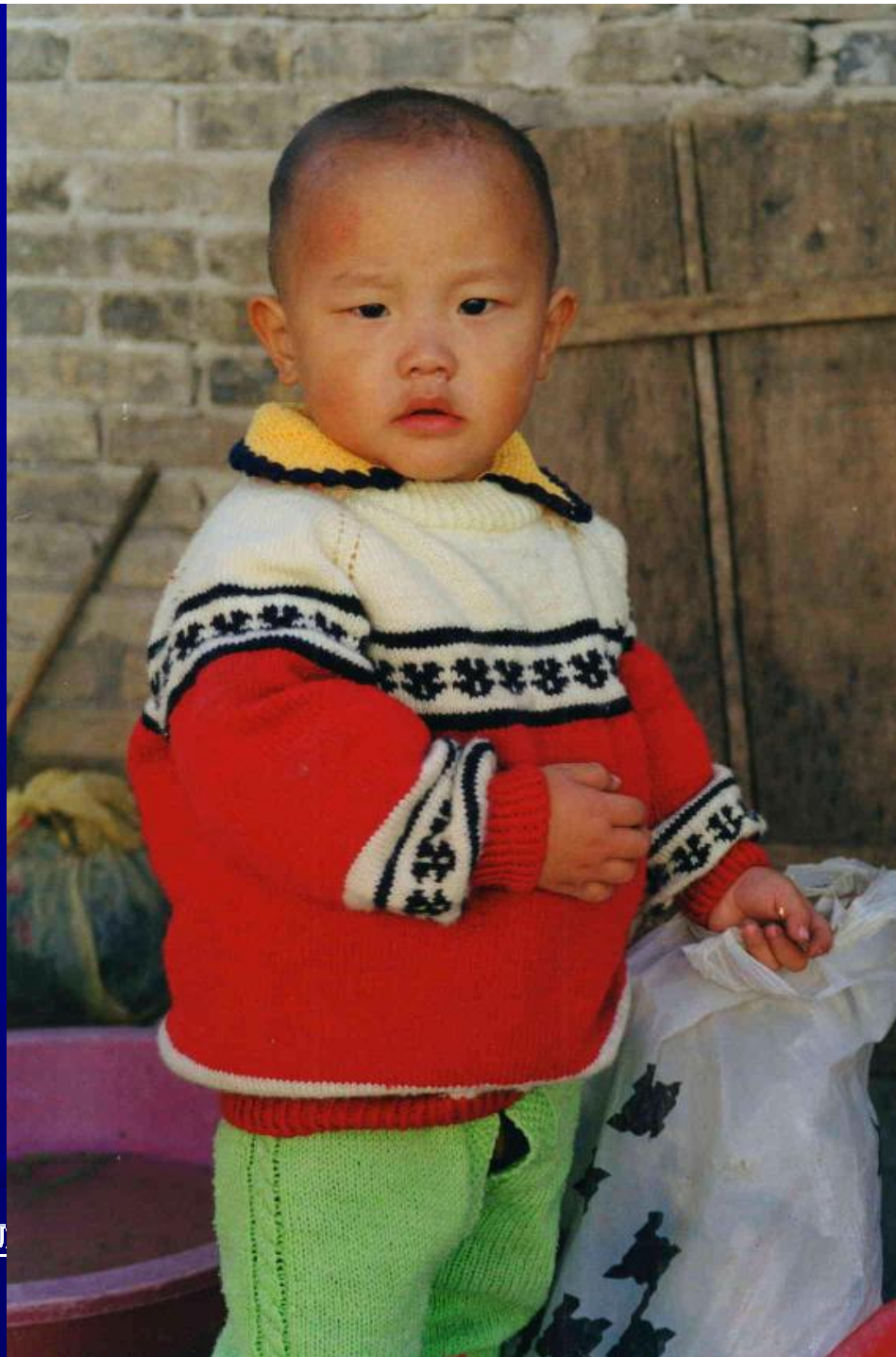
Conclusion

- Government realizes that tourism is consumer-led and policy has to be flexible and responsive to changing fashions
- Competition will lead to more choices and better offers, acting as a market force shaping the tourist flow in a socialist state
- “Socialist market economy”
- “Socialism with Chinese characteristics”



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