Destination Hong Kong, more than just a 'Stopover': An assessment of the inbound tourist market profile

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Abstract

Widely known as a *'shopping paradise'* and a confluence of both the Eastern and Western worlds, this study takes Hong Kong for a 'health assessment' of its inbound tourism market with an aim to identify visitors' underlying motives to travel amidst global financial crises. A 12-year period from 2006 to 2017 is selected for this study, and the 'Top 5' inbound tourist from short- and long-haul market segments are identified. Using secondary reports from the Hong Kong Tourism Board, this study looks into the source markets' visitor profile and travel behaviour. Additionally, a trip pattern is identified for both market categories. Using the NEST analysis, this study finds that almost all major markets are either 'stable' or leaning towards being 'tired' or in between, when placed in the Destination-Market Mix for Hong Kong. Ultimately, this study concludes with a prediction of future trends, considering how volatile the tourism industry is at this time and age.

Keywords: Tourism Volatility, Tourist Market Profile, Destination-Market Mix, NEST Analysis, Hong Kong

Introduction

The tourism industry ever since have been affected by various natural and man-made factors in the past few decades; taking examples of the 9/11 attacks (2001), Boxing Day Tsunami (2004), Hurricane Katrina (2005), Bali bombings (2005), Typhoon Haiyan (2013), the Barcelona attacks (2017) and earthquakes at various locations in the world. Furthermore, the Asian Financial crisis (1997-1998), global recession (late 2000), the global economic downturn (2008-2009, 2015-2016) as well as the SARS outbreak in 2003 and 2009's H1N1 pandemic had also taken a toll on countries/regions affected by the crises and countries/regions dependent on the tourism industry.

Within the world's volatility, there is somewhat a form of stability in travel demand to destinations. The UNWTO reported that 1,323 million people travelled around the world and the Asia Pacific region holds a 24% market share of international travels in 2017 for which Hong Kong, second to Mainland China (hereafter known as China), experienced the highest growth of international tourist arrivals (2.5%) in 2017 from 26.55 million in the previous year, accounting to USD32.617 million in tourism receipts . Given the economic impact of the tourism industry, Hong Kong continuously promotes the city as 'Asia's World City' and a popular destination particularly to neighbouring countries/regions such as Japan, South Korea and Taiwan, for its seven core experiences; dining, shopping, nightlife, attractions, arts and entertainment, sports and great outdoors, and living culture (Hongkong Tourism Board, 2018) .

From the past 25 years (Figure 1), there has been a tremendous growth of inbound international tourists in Hong Kong with an overall accumulated growth of 555% up to 2017 (1993; 8,932,750 million). Although Hong Kong is a developed economy, this Special Administrative Region of China did not escape from the downward spiral of tourist arrivals, which was affected by the world economy. Similar to many parts of the world, specifically in the Asia-Pacific, inbound tourist arrivals spiralled downwards in the years 1998, 2003, 2015 and 2016 as highlighted in Figure 1. Although years 2008 to 2009 were the period of worldwide financial turmoil and economic recession, Hong Kong did not experience a significant drop nonetheless maintained its arrival. Within the same period, visitors to Hong Kong are mostly on vacation (average, 55%) and the numbers have been increasing throughout the years, with an exception during the Asian financial crisis in the late 90s and during the SARS outbreak in 2003.

As tourism in many ways, is a volatile industry, this study would be meaningful by investigating the underlying motives of inbound travellers to Hong Kong over the last 12 years (2006-2017) by taking into consideration the impacts of the global financial crises within this period. Hence, the objectives of this study are to identify the source market categories, as well as to investigate the tourist market profile to Hong Kong. Apart from identifying the similarities and differences of demographic profile, travel behaviour and consumption patterns, and overall satisfaction of international tourists, the major contribution of this study is to assess the current 'health' of Hong Kong as a world-class destination. This study benefits marketers in terms of their strategies in promoting Hong Kong to specific target market groups, as well as to the academia, in building literature of travel demand in today's volatile world.
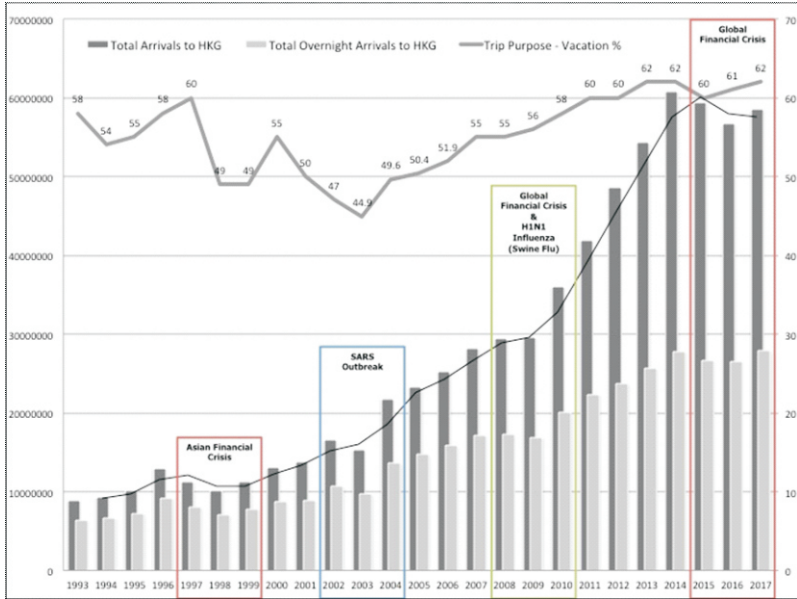
Figure 1 : An Overview of Visitor Arrivals, Overnight Stays and Vacationers (%) in Hong Kong (1993 – 2017)
Source: Hong Kong Tourism Board

Literature Review

There have been various studies enlisting crises and its negative impacts towards tourism, namely, terrorism, crime and violence, health risks, natural disasters and often enough, man-made disasters, such as financial crises .

Due to the nature of tourism as a volatile industry, demand for travel is highly susceptible to numerous shocks. The term *'crisis'* in tourism industry has been described differently by many scholars including referring it to *'an event that leads to a shock resulting in the sudden emergence of an adverse situation'*. Tourism demand is sensitive to issues concerning security and health, including diseases, war, natural disasters, terrorism and political instability , as they become key drivers in maintaining demand towards international and domestic market . Therefore, how are destinations coping to attract international tourists in large numbers, knowing that the tourism industry is a volatile one?

In a study of volatility in tourism demand, found that there were variances in the monthly inbound tourism demand for Korea in response to negative news shock (SARS). Negative messages would usually influence tourism demand, hence may influence tourist arrivals. However, international or mega-events can also play a role in positively affecting tourism demand. Affirmed by in the Travel and Tourism Competitiveness Report (World Economic Forum), that

these external changes or drivers are also known to impact the travel and tourism competitiveness of a destination.

As this study looks into one specific aspect of tourism demand which is the underlying motives of inbound tourists, it must also be noted that motivation too is a critical variable as it contributes to explaining tourist behaviour , and acts as a starting point in trip-related decisions. Motive is a driving force to reduce a state of tension and it may stem from physiological or psychological needs . Similar to the orientations of determining travel demand, tourist behaviour is influenced by many factors including their socio-demographic background such as age, income, length of stay and trip expenditure This is further substantiated by that travel demand overall is dependent on considerations of cost (in relation to income), time available, health and age, family obligations, and so forth.

Moreover, the 'push and pull' theory popularized by identified seven 'push' or socio-psychological motives (escape, self-exploratory, relaxation, prestige, regression, kinship-enhancement and social interaction) and two 'pull' or cultural motives (novelty and education), for which, cultural attributes strongly influence tourist consumption behaviour , making all tourists different. Earlier works by in the psychographic of travellers is a basis to understand the types of travellers based on their characteristics; far right of the population curve would have the 'allocentrics' (venture-type) and the far left, 'psychocentrics' (dependable). This personality scale helps to explain why destinations rise and fall in popularity, as tourists' personality characteristics determine their travel patterns and preferences . Additionally, as suggested by authors in studying international tourist profiles, the varying distance of the tourist destination can have an impact of trip characteristics (i.e. trip pattern and consumption), hence suggested in their study on distance decay that a threshold of a three-hour flight for a five-day trip before demand declined exponentially.

Despite an abundance of travel crisis related literature, little research has been done on comparing the change of travellers' market profile including their characteristics and consumption patterns pre- and post-crisis. As tourism demand is subject to crisis now and then, and it is imperative to investigate as tourist motivation may differ when consumption and behaviours change over time. urged more research on travellers' vacationing behaviours as travellers have become more sophisticated. In addition, reiterated that the study of psychographics has received little attention in the travel industry. As knowledge of people's travel motivations and its association with destination selection plays a critical role in predicting future travel patterns , this study is imperative to gain insights on the impacts of the global financial crises (2008-2009 and 2015-2016) of inbound tourism in Hong Kong and how it has changed

travellers' market profile in terms of tourist behavior and consumption patterns.

Methodology

This is an exploratory study, which takes a specific time period of 12 years (2006-2017). A general overview of the inbound market arrivals and categories are assessed using descriptive statistics as well as on past trends to investigate the underlying motives of international visitors' arrival in Hong Kong. Secondary data from the Hong Kong Tourism Board (HKTB) were used in this study. The 'Visitor Profile Report' is published on a monthly basis by the HKTB on its B2B website, PartnerNet, which contains the visitor's demographic data, travel activities, spending details and satisfaction indicators. These data are obtained from the 'Departing Visitor Research Project', which consist of the 'Travel Pattern Survey' and 'Main Visitor Survey' regularly conducted by the HKTB. The questionnaires are available in 15 languages and given to target respondents whom are overseas visitors aged 16 and above departing from major control point Hong Kong including the airport and ferry terminals . The data set was cleaned and checked for inconsistencies prior to extracting Hong Kong's 'Top 5' long and short-haul market categories. The source markets are then ranked from highest to lowest according to percentage changes for arrivals and overnight stays. Next, source markets' demographic profile, trip behaviour and consumption are contrasted on a yearly basis. Lastly, a summary of travel patterns and changes is summarised and presented.

Inbound Tourism Market to Hong Kong (2006-2017)

In identifying the market segments, the source markets are categorized according to the distance and trip time to Hong Kong being source markets within 3000 km are identified as short-haul markets and those more than 7000 km is grouped under the long-haul segment. Therefore, this study includes the 'Top 5' short-haul markets (Taiwan, South Korea, Japan, Singapore and the Philippines) and long-haul markets (the USA, the UK, Canada, Australia and Germany). As China remains as Hong Kong's largest inbound market source, accounting to more than three quarters (2013 – 2017) of the total visitor arrivals since the introduction of the Individual Visitor Scheme (IVS) in 2003, the data set will omit China as this study is designed to look at the impact of distance on demand for Hong Kong (short and long-haul segments), similar to a study by . Hence, this study will not include China as part of the short-haul market.

Based on Figure 2, both Taiwan and the USA represent the highest number of inbound arrivals for short and long haul markets respectively. It is evident that all inbound markets decreased their visits to Hong Kong in 2009 with South

Korea with the least arrivals (-32%) followed by Taiwan (-10%), Japan and the United Kingdom (-9%). Additionally, in 2013 was another year which Hong Kong saw less of the Japanese market (-16%). Nonetheless, neighbouring countries/regions, Taiwan and South Korea (0.5%) maintained their arrivals with the Filipino market leading at 5%. Visitor arrivals picked up in 2014 (with an overall growth of 12%) with the South Koreans leading (15%) the rest of the markets. The year 2017 marks a positive growth (3%) with both the Japanese and Filipino market leading at 15% each.
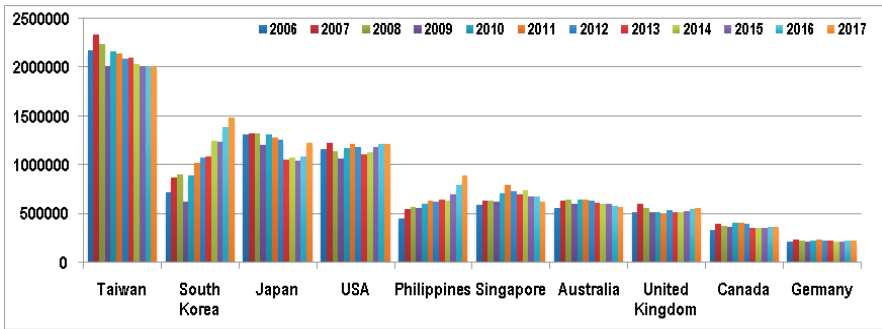
Note: Country/region positions are based on rank from highest to lowest number of total source arrivals
Figure 2 : Total Arrivals from 'Top 5' Long and Short Haul Inbound Markets to Hong Kong
Source: Hong Kong Tourism Board

For overnight visitors (Figure 3), South Korea ranked the highest in 2017 with a total of 1,160,700 visitors. All markets slumped in 2009, with South Korea plunging to almost half (-40%). Nevertheless, the Philippines grew at a mere 1% during this period. The Taiwanese market however, had a promising growth in 2013 onwards, but fell 2% in 2017. Similarly, the Japanese market took a big dip in 2013 and grew slightly over the years, with 2017 being its highest growth for overnight stays, almost matching its former glory years from 2006 to 2010. The Australian market has been on a decrease ever since 2010 and fell sharply in 2015 (-6%). Meanwhile, the Canadian market of the long-haul segment is slow to pick-up in arrival numbers since 2012 and there have not been any much changes to the German market.
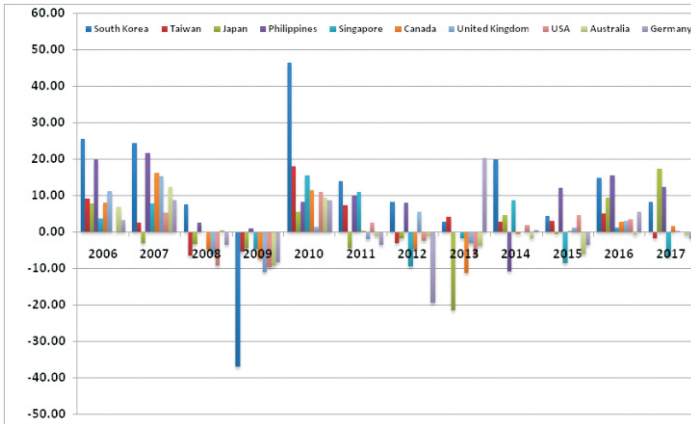
Note: Country/region positions are based on rank from highest to lowest number of overnight visitors.

Figure 3 : Total Overnight Stays for Long and Short Haul Inbound Markets to Hong Kong

Source: Hong Kong Tourism Board

Results

The demographic profile and travel behaviour of inbound tourists to Hong Kong from 2006 to 2017 are presented according to their market categories:

Short-Haul Market

Taiwan, South Korea, Japan, the Philippines and Singapore have dominated the 'Top 5' short-haul market for the last 12 years. Most importantly, the three neighbouring countries/regions, Taiwan, South Korea and Japan displayed a distinct shift in terms of their demographic profile and trip pattern. On the average 12-year period, the inbound market from the short-haul segment visits Hong Kong for vacation purposes (more than 50%) with the Korean market leading by an average of 74-83%. Nonetheless, in 2017, the Filipino market had more non-vacationers suggesting that visitors came for business (26%), VFR (17%) and included Hong Kong as a stopover (7%).

Over the years, there are more women visiting Hong Kong especially from the Philippines. The Singaporeans and Filipino markets stay longer at an average of 3 days throughout the years with the South Koreans staying one day less. Shopping is still popular throughout the years for all markets, except for the Japanese market with a reduction of 14% from the previous years. Additionally, day tours are still popular or the Philippines, Japan and South Korean segments, but lesser for the Filipino and Japanese on guided tours. All markets have rated their experience 70% above with the Philippines and Japan rating more than 80%. Visitors have the intention to revisit and recommend Hong

Kong (more than 80%).

For the Taiwanese market, their length of stay has decreased over the years and recently, slumped to an average of 2.4 days in 2017 compared to 3.6 days in 2016. However, there are more repeat visitors (74%) from Taiwan. The Korean market exhibits a balance of male and female visitors, except for the years 2008 to 2010 and 2013, where male visitors were below 40%. In the same years, the average visitor age is below 40 years old, in comparison to other years where the age group is above 40 years old with strong number from the above 56 years old age group. The Japanese are mostly married and from the working population. However, there is a decrease of working adults (-9%) to Hong Kong in 2017 in comparison to 2016 with 72%. The Japanese vacationers are the highest in 2017 (72%) with an average length of stay of 4 days. From 2010 onwards, they have began travelling in groups (20 – 34%). It was also recorded that there are more repeat visitors (54%) to Hong Kong in 2017.

Filipino male visitors have gradually increased over the years except a slight decrease (3%) in 2017. Mainly from the 35 below age group, a gradual decrease of married and repeat visitors started only after 2013. There are more single visitors (43 – 47%) from the working population. There are more first-time visits (more than 60%) since 2013. Male visitors from Singapore have only begun surpassing the female market after year 2010. The average age of visitors from Singapore is from 38 - 43 years old, for which there is more than a quarter above 56 year olds visiting Hong Kong in 2017. Most are married (above 42% - 65%) with the least in 2015 (39%).

Long-Haul Market

The 'Top 5' long-haul markets to Hong Kong are United States of America (USA), Australia, United Kingdom (UK), Canada and Germany (Table 1). In recent years, there have been more first-time visitors from the USA, the UK and Germany to Hong Kong. The gender ratio is balanced with the exception of the UK and Germany with more male visitors. Most markets have a multi-destination itinerary (80%) and there has been an increase in solo travels in the past 12 years, except the Australian market with less than 15% on average. Among the similarities of the long-haul markets is that visitors average age is 40-46 years old, with more than 60% from the working population. Almost 50% of the markets are on vacation, where married visitors come most from Australia (70%).

Table 1 : Tourist Market Profile for Selected 'Top 10' Inbound Markets to Hong Kong (2006 - 2017)

Table 1: Tourist Market Profile for Selected 'Top 10' Inbound Markets to Hong Kong (2006 - 2017)

SHORT-HAUL

SHORT-HAUL	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
TAIWAN												
Male	47	38	37	36	37	38	39	39	40	40	39	41
Age (Average)	35.8	36.5	35.6	35.8	35.4	35.6	36.1	35.8	35.5	35.9	36.3	36.2
Married	54	54	52	46	47	46	46	45	43	43	42	43
Working	84	81	83	80	81	82	80	79	78	78	80	81
Vacation	53	58	58	61	65	68	65	68	66	67	66	67
Length of Stay	2.5	2.4	3.5	2.3	2.3	2.2	2.3	2.3	2.3	2.3	2.3	2.4
Solo Traveller	11	11	9	8	8	6	8	8	9	12	10	14
Guided Tour	10	9	5	3	5	19	22	3	3	2	1	1
First Visit	34	38	38	36	39	37	40	30	29	30	29	27
Itinerary (HKG)	63	62	66	67	66	74	69	69	72	67	69	71
Day-Tour	7	4	5	4	4	2	3	7	8	3	6	6
Shopping	91	90	92	95	97	96	96	94	94	88	86	85
Experience Rating	77	77	77	76	80	77	76	75	75	76	77	79
Recommend HKG	93	92	94	94	96	94	93	95	93	91	92	92
Return Intention	93	95	93	93	97	92	92	93	90	92	91	92
SOUTH KOREA												
Male	50	38	36	36	37	34	35	36	34	35	36	36
Age (Average)	34	35.7	35.6	35.3	36.9	36.5	37.3	36.9	36.5	35.7	36.7	36.1
Married	52	51	52	47	53	52	53	51	48	45	47	69
Working	73	68	69	68	71	68	70	69	65	67	69	
Vacation	64	76	79	74	79	80	82	82	82	81	82	83
Length of Stay	1.9	2	2	2.1	2.1	2	2	1.9	2	2	1.9	2
Solo Traveller	12	11	10	10	10	10	10	9	10	13	14	14
Guided Tour	40	39	34	28	41	40	38	36	29	24	20	21
First Visit	78	75	75	72	68	71	70	67	64	67	69	64
Itinerary (HKG)	38	41	35	33	37	27	30	29	27	31	31	33
Day-Tour	12	11	12	12	13	11	12	9	13	15	21	21
Shopping	86	89	90	87	94	84	83	85	83	78	74	73
Experience Rating	79	79	79	79	81	79	80	79	78	78	78	80
Recommend HKG	93	95	93	94	99	94	94	94	95	95	94	93
Return Intention	88	90	87	86	90	87	87	86	85	85	84	83
JAPAN												
Male	52	48	46	44	44	45	48	48	50	51	48	49
Age (Average)	38.1	40.8	40.7	41	41.8	41.4	41.1	41.2	41.2	41.1	41.3	43.4
Married	56	60	58	57	59	56	55	55	53	51	49	56
Working	79	77	76	73	76	76	77	76	79	75	74	63
Vacation	58	63	60	67	66	65	66	59	63	64	67	72
Length of Stay	2.2	2	2	2	1.9	2	2.1	2.3	2.1	2.1	2	2
Solo Traveller	11	12	10	11	11	10	13	16	16	17	18	29
Guided Tour	23	27	23	26	36	34	29	23	19	15	10	3
First Visit	60	60	59	61	53	59	54	43	42	42	45	46
Itinerary (HKG)	53	46	41	41	44	40	39	50	51	49	48	54
Day-Tour	35	36	40	43	34	44	37	30	28	28	28	20
Shopping	88	88	87	90	95	91	88	89	86	78	76	62
Experience Rating	82	82	82	83	82	81	82	81	80	79	80	86
Recommend HKG	95	95	96	97	96	95	95	93	92	93	96	98
Return Intention	92	92	91	92	94	92	93	91	88	90	92	85
PHILIPPINES												
Male	49	35	35	36	39	38	38	38	38	39	37	38
Age (Average)	36.8	37.2	37.1	37.9	37.4	37.6	37.6	37.2	37.2	37.3	37.1	36.1
Married	59	57	63	60	55	53	52	49	48	47	45	45
Working	84	82	82	78	80	78	80	78	76	79	80	81
Vacation	70	74	76	76	79	78	80	79	77	81	83	84
Length of Stay	3.8	3.7	3.4	3.1	2.8	2.8	2.9	2.8	2.8	2.9	3	2.9
Solo Traveller	12	8	7	5	5	6	5	4	7	8	9	7
Guided Tour	14	18	7	11	20	17	15	15	14	13	10	8
First Visit	44	45	45	47	41	42	40	32	31	35	36	39
Itinerary (HKG)	61	61	53	52	48	51	51	54	57	52	55	55
Day-Tour	30	27	28	27	21	17	18	14	11	14	18	18
Shopping	91	93	95	94	96	91	92	90	91	82	83	83
Experience Rating	85	86	85	86	87	86	86	85	86	85	87	87
Recommend HKG	100	99	100	99	99	98	99	99	99	99	100	99
Return Intention	99	99	99	98	99	98	99	99	99	99	99	99
SINGAPORE												
Male	49	40	40	41	40	40	42	42	41	42	43	43
Age (Average)	37.3	39	39.2	39.8	39.2	39.5	39.7	40.2	39.8	40.4	40.8	40.1
Married	62	65	65	63	61	61	62	61	58	60	59	58
Working	82	78	79	76	78	78	77	78	77	77	78	81
Vacation	54	59	61	61	61	66	62	64	65	63	61	59
Length of Stay	3	3	3	3	2.9	2.9	3	3	3	3.1	3.2	3.2
Solo Traveller	12	8	7	7	7	8	6	7	9	9	9	12
Guided Tour	8	9	5	5	7	5	5	4	3	3	2	1
First Visit	28	24	24	25	25	26	23	19	18	15	15	16
Itinerary (HKG)	50	50	45	43	41	43	43	47	52	51	51	56
Day-Tour	16	13	12	10	9	12	10	9	5	5	5	5
Shopping	92	92	94	95	96	94	92	93	93	86	83	81
Experience Rating	75	76	76	76	77	76	76	75	74	74	75	76
Recommend HKG	95	97	97	97	96	96	96	98	96	96	95	94
Return Intention	94	95	95	96	96	96	96	96	93	94	93	93

LONG-HAUL

LONG-HAUL	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
USA												
Male	60	48	50	52	52	52	53	51	52	53	53	54
Age (Average)	44	45.6	45	43.8	43.3	43.1	44	44	43.6	44	43.4	42.6
Married	58	61	58	56	55	55	55	55	54	55	52	52
Working	71	66	68	66	67	66	66	64	66	68	69	71
Vacation	34	40	39	39	39	40	40	41	41	44	45	45
Length of Stay	3.3	3	3	3.2	3.2	3.3	3.4	3.2	3.2	3.2	3.2	3.2
Solo Traveller	24	23	20	21	27	22	23	20	24	27	24	30
Guided Tour	10	14	7	7	10	11	11	9	8	5	3	
First Visit	63	63	68	61	56	64	64	53	49	49	51	51
Itinerary (HKG)	6	5	6	4	7	6	6	8	8	6	8	
Day-Tour	19	20	23	21	15	21	19	18	16	17	16	16
Shopping	80	79	78	77	87	75	72	75	72	63	57	60
Experience Rating	88	88	88	88	89	88	88	88	88	88	87	89
Recommend HKG	97	97	98	98	97	98	98	99	99	97	98	97
Return Intention	88	88	85	89	93	85	85	89	87	88	91	89
AUSTRALIA												
Male	54	45	47	49	49	48	49	49	51	51	51	49
Age (Average)	42.8	44.4	44.9	44.2	44.5	44.4	44.8	44.8	45.3	45.8	45.9	46.2
Married	64	67	67	64	64	64	63	63	65	66	64	70
Working	78	74	74	74	73	73	72	70	70	70	69	70
Vacation	50	55	58	56	58	59	59	59	61	55	56	55
Length of Stay	3.7	3.5	3.5	3.5	3.6	3.6	3.8	3.8	3.8	3.6	3.6	3.7
Solo Traveller	15	14	11	11	14	12	15	13	15	17	15	14
Guided Tour	3	5	3	4	7	6	7	6	5	5	3	2
First Visit	56	59	55	55	50	50	50	43	42	40	42	41
Itinerary (HKG)	14	9	10	10	9	9	10	12	11	11	14	16
Day-Tour	27	28	23	25	21	25	24	26	26	20	21	21
Shopping	89	89	90	90	90	94	92	87	86	84	75	74
Experience Rating	84	85	84	85	87	87	85	83	83	83	84	85
Recommend HKG	97	98	98	98	99	97	98	98	98	97	97	96
Return Intention	90	92	91	90	95	91	92	89	89	87	88	87
UNITED KINGDOM												
Male	60	53	54	54	55	56	56	57	56	58	56	57
Age (Average)	40.9	43	44.3	43.3	43.8	43.5	44.4	43.7	44.3	44.4	44	43.5
Married	54	59	60	57	59	57	55	55	58	56	57	57
Working	75	73	69	67	68	68	68	66	66	67	66	68
Vacation	46	50	50	47	46	44	44	45	44	44	45	45
Length of Stay	3.7	3.6	3.6	3.6	4.1	4.1	3.8	3.9	3.9	3.8	3.7	3.7
Solo Traveller	20	19	18	19	17	18	20	19	23	22	22	25
Guided Tour	4	6	3	3	6	6	6	6	5	4	2	1
First Visit	75	74	73	71	58	65	66	57	51	55	58	59
Itinerary (HKG)	9	7	8	8	9	9	7	7	11	10	8	7
Day-Tour	21	20	19	19	16	22	24	23	22	19	20	20
Shopping	76	74	74	71	70	70	68	64	66	58	53	53
Experience Rating	86	86	86	86	88	87	88	86	87	87	87	88
Recommend HKG	98	97	98	98	99	98	98	99	98	91	98	97
Return Intention	86	88	89	88	96	87	87	84	87	85	87	85
CANADA												
Male	56	48	50	50	48	49	50	49	49	49	51	49
Age (Average)	41.2	43.5	42.1	42	43.4	43.9	44.2	44.2	42.7	43.5	43.9	43.4
Married	55	60	58	55	57	60	57	56	54	58	56	56
Working	70	69	71	66	66	65	62	63	61	63	64	63
Vacation	39	44	45	42	48	51	51	51	50	49	47	52
Length of Stay	3.7	3.5	3.5	3.4	3.5	3.8	3.6	3.9	3.9	3.7	3.5	3.9
Solo Traveller	27	22	21	22	26	25	20	18	18	26	28	29
Guided Tour	7	8	4	5	10	15	15	13	8	6	5	3
First Visit	61	62	65	58	50	64	66	48	45	42	45	46
Itinerary (HKG)	7	6	5	7	6	5	6	6	7	6	7	7
Day-Tour	17	17	17	14	15	22	21	21	19	18	20	20
Shopping	83	84	83	78	94	81	77	80	75	63	68	62
Experience Rating	84	85	85	85	83	86	87	85	84	85	86	86
Recommend HKG	97	98	98	98	99	98	98	97	97	97	97	98
Return Intention	88	90	86	88	94	85	82	85	86	85	87	85
GERMANY												
Male	66	58	59	58	60	59	60	62	60	61	61	60
Age (Average)	40.3	41.7	42.1	40.9	40	40	40.3	41.2	40.2	41.1	40.7	
Married	50	51	51	49	48	47	44	46	46	45	46	46
Working	76	75	73	72	75	71	72	75	71	72	71	70
Vacation	41	44	44	48	51	48	50	52	51	55	52	
Length of Stay	3	2.9	3	2.9	2.9	3.3	3.2	3.1	3	3	3.3	3.3
Solo Traveller	23	22	22	23	21	24	28	25	20	24	28	29
Guided Tour	8	13	4	9	14	14	10	9	8	6	5	4
First Visit	75	70	74	73	64	67	69	64	58	62	60	60
Itinerary (HKG)	10	11	11	10	9	11	6	6	7	8	9	9
Day-Tour	20	20	23	17	21	15	18	15	15	16	17	13
Shopping	74	71	73	73	83	73	69	63	62	50	49	53
Experience Rating	85	85	86	85	85	86	84	84	84	84	86	86
Recommend HKG	97	97	98	98	99	97	96	96	97	97	98	99
Return Intention	83	85	84	84	92	88	87	86	87	84	86	87

Note: The 'Tourism Market Profile' classifies each market under demographic, trip behaviour and consumption patterns

Source: Hong Kong Tourism Board

The average age of American visitors has decreased since 2008, where there are more below 35 year olds visiting Hong Kong with an average stay for at least 3 days. The number of visitors and overnight stays from the Australian market had been fluctuating since the beginning of the decade. A decrease on their arrivals and overnight stays is evident in years 2009, 2011 to 2017 (with the exception of a slight increase in arrivals in year 2015). Over the years, the market is highly represented by visitors from the below 35 years old age group and the length of stay has shorten from 4.1 days in 2010 to 3.7 days in 2017.

At least 45% of the UK market is on vacation with a length of stay for at least three days. The mean age for visitors from the UK is 43 years old. The Canadians visit Hong Kong with families, friends and others and will stay for up to four days. A steady flow of German visitors is seen throughout the 12-year period of study, with an exception for years 2009 and 2012 during the global economic crises. Not much have changed in terms of demographic profile of visitors. Markets like Germany and the UK have decreased their shopping over the years. There are also fewer visitors on guided tours over the years; however, day-tours are still popular for at least quarter of the long-haul markets. In a nutshell, all markets were between satisfied and extremely with their experience and would recommend the city (>90%) to others as well as 80% expressed their intent to returning to Hong Kong.

Inbound Tourists below 35 years old

There has been an increase of visitors below age 35 to Hong Kong throughout the years (Figure 4). In 2017, visitors from the UK had the highest percentage of this age group, a 20 % leap from the following year, followed by the Philippines (54%) and Australia (52%). However, the Taiwanese market was leading this age group in 2010 with 60%, nonetheless, decreased throughout the years, to 51% in 2017. Similarly in 2017, Japanese (-4%), Singaporean (-12%) and Canadian (-15%) markets have decreased number of visitors within this age group. The US market, however, has displayed a stable number of visitors, not exceeding 40% throughout the 12 years.
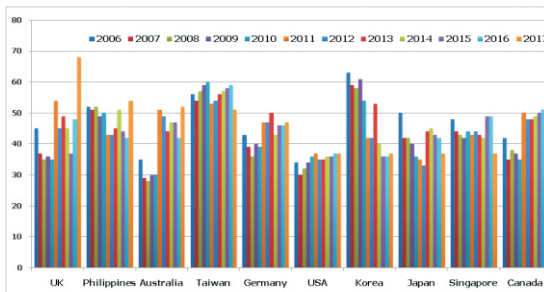
Note: Country positions are based on rank from the highest number of visitors age 35 below to the lowest

Figure 4 : Trend Patterns for Visitors Age 35 and Below for Inbound Markets to Hong Kong
Source: Hong Kong Tourism Board

Discussion

This study has provided insights on Hong Kong's inbound market categorized under the long and short haul categories. The tourist arrivals and overnight stays in Hong Kong were indeed affected by two significant financial crises in 2008-2009 (including H1N1 pandemic) and 2015-2016. During these times, it is evident that both long and short haul markets to Hong Kong decreased in their overall overnight stays (not necessarily in arrivals, for the case of 2015-2016). In recent years, all inbound markets, with the exception of South Korea, have decreased their reliance on guided tours, which suggests the popularity of DIY packages instead of package tours.

During the period of worldwide financial crisis in 2008-2009, all long-haul markets showed a decrease in arrivals and overnight stays. Nonetheless, only the Australian market was greatly affected during the financial crisis in 2015-2016. The short-haul market comprises of repeat visitors from Singapore, Taiwan and the Philippines. Although the mean age for visitors from the short-haul market is between the mean of 34 and 43 years old, it should also be highlighted that most of the visitors fall under the below 35 years old segment. Looking at the Japanese market, there has been an increase throughout the years on solo travels. Nonetheless, both short and long haul markets still travel with their families and friends to Hong Kong.

With all ten markets are significantly different in terms of their numbers and to a certain extent, trip pattern and visitor demographics, it must also be highlighted that not all vacation pleasure travellers see Hong Kong as a "must-visit" or ultimate destination for their holiday. Tourists are not visiting Hong Kong solely for the purpose of "being" in Hong Kong, as the city is also part of the many destinations during their trip journey (especially for the case of long-haul markets). It is evident that 80% and more long-haul visitors within the study period have extended their itinerary to visit neighbouring destinations, specifically, China, Macau, Taiwan and destinations in the Southeast-Asia.

Although there are first-time visitors in most markets (least from Korea and Japan for the short-haul segment, as well as Australia and Canada for the long-haul segment), the overall arrival and overnight stays have not shown anything more than a slight incline or decline, if not stagnation. To put this to test, the 'NEST Analysis' is used along with the 'Destination-Market Matrix (DMM)'. First introduced by , the DMM tool was used to test three destinations; The Gold Coast and Victoria (cities) and Australia (country). This tool functions as an overview for markets at a particular destination for which the relative importance of the market, lifecycle stage and 'age' within the lifecycle stage can be determined. Additionally, the DMM can be used to predict future

performance of the market, total number of markets attracted to an area, and the interrelationship that exists among all markets attracted to the area. This tool is used as a 'health' assessment and serves to evaluate the many source markets within a destination (Hong Kong) simultaneously.

From the assessment (Figure 5), short-haul markets are more spread out within the DMM in which three markets (South Korea, Philippines and Japan) are considered 'Expanding' whereas Taiwan is considered a 'Stable' market and Singapore is leaning towards a 'Tired' market. The Taiwanese market has always been one of the top inbound tourists as they enjoy a visa-free up to 30 days in Hong Kong. Inexpensive and direct flights are also the main factors in the surge of Taiwanese tourists. It is predicted that through the growing Filipino expatriate community, the VFR segment from this market will continue to surge in a few years to come (Blundy, 2016).
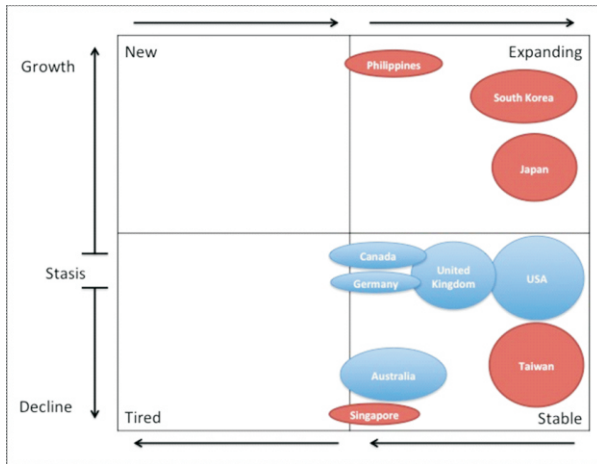
Note: The markets, depending on its growth of arrivals and overnight stays is reflected on its bubble size, is placed within the destination's (Hong Kong) matrix

Figure 5 : Destination-Market Matrix for Hong Kong based on 'Top 5' Short and Long-Haul Inbound Market

Meanwhile, most of long-haul tourists are contained in the 'Stable' matrix. Countries like Australia, Canada and Germany, tend to be leaning towards a mature market, yet there is a form of stable inflow of tourists yearly. The growth of the VFR segment is evident from frequent repeat visits and is also contributed by dual citizenships from Australia and Canada which contributes to this market's stability. The UK and the USA are two strong market economies, which will continue to remain in the 'Top 5' inbound markets in Hong Kong. Although there has been no positive growth of arrivals, tourists will usually stopover in Hong Kong before heading to North Asia or Southeast Asia.

By looking at the 'health' assessment through the DMM, a comparison of daily spending (Figure 6) by markets confirms the position of each market in its respective matrix. For an example, the Taiwanese market has been spending lesser daily in 2012 while maintaining the average stay of 2 days. Throughout the 12-year period, they spent a daily of $1,545.71 for 3.5 days in 2008 in comparison to $2,100 - $2,600 for 2.3 – 2.5 days in other years. In 2017, they spent $1,950.00 daily with an average stay of 2.4 days. The Korean market spent the least in 2009 at $1,583.81 on a 2.1 day average stay. The Japanese have been decreasing the amount they spend daily since 2015 while in their trip to Hong Kong. All markets decreased their daily spending in 2015 (except South Korea) and 2016 (except Taiwan) with Singapore (-16%) and the Philippines (-13%) spending the least. Similarly in 2008, all markets spent significantly less in comparison to the year before except for the Japanese and American markets. The Australian market, however, is spending less daily since 2012, nonetheless, spent the highest daily spending of $1,861.71 for a 3.5 day stay in comparison with Taiwan and Canada who stayed at the same period.
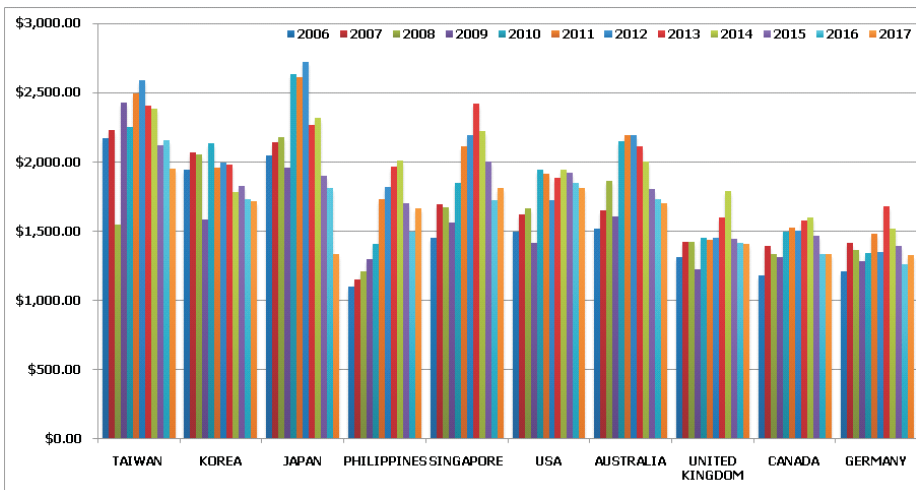
Note: Countries/regions are ranked from the highest daily spending in 2017 onwards for both short and long-haul market segments

Figure 6 : Average Daily Spending by Market Segments (2006 - 2017)

Source: Hong Kong Tourism Board

It must be clarified that Hong Kong continues to attract many international tourists, albeit the volatility present in the world today. The question truly lies on how Hong Kong can attract the ever-changing tourist segments we have in the world today. Hong Kong may be placed in between 'consolidation' and 'stagnation' in the Tourist Area Cycle of Evolution , where it attracts more near-psychocentric and psychocentric tourists . Positioned as Asia's World City, it is unlikely for Hong Kong to decline as a tourist destination as markets too have a

different life cycle as they enter and consume destinations differently according to their life cycle.

Conclusion & Future Research

Hong Kong is a destination that continues to thrive regardless of tourism volatility. Inbound tourism in Hong Kong is only greatly affected if the inbound source market's economy is affected with financial crises. Nonetheless, the impact of crises on the tourism industry in Asia itself did not affect the countries/markets in the region equally . Hence, based on this study, markets like Japan, Australia and South Korea are considered volatile markets as the influx of inbound tourists depends on the current state of global financial crises as well as other factors. Stable markets like Canada, the UK, the USA and Germany are considered stable markets, as they have maintained the number arrivals without any significant shift of numbers. Although, all markets faced the same global financial crises, its impacts did not significantly change the tourist profile in terms of their demography and consumption. This could be due to various promotional campaigns by DMOs to boost travel demand in times of uncertainties.

This study serves a number of limitations that could be further investigated. Firstly, the source data is only based on limited secondary data provided by the Hong Kong Tourism Board's B2B PartnerNet website, and is limited to published data of the overall mean results in their surveys. Aside from aggregate values and mistyping of data, it is unknown if there are missing data and how it is treated in their surveys. Additionally, the selection of tourism attractions contained in the survey does not reflect the 'Top 10' attractions highlighted in HKTB's website. Secondly, tourist consumption studies are needed for market and product segmentation for DMOs. It would be noteworthy to have a breakdown of overnight visitors' actual day-to-day budget and products they consume on which day of their trip. This could be key to identifying a buying pattern, hence predict future tourists' behaviours. As psychographies can explain the underlying motivations for travel and answers several important questions about the how, what, and why of travel , future studies could incorporate psychographic approaches in segmenting markets and understanding tourists' consumption and behaviour of inbound markets.

Last but not least, in relation to tourism volatility and tourist consumption, there is an underlying stability with reflects in the market profiles from certain countries/regions. Supported by the findings in this study, marketers may also look into lucrative inbound markets of the short-haul segments from the Philippines, South Korea and Japan as well as to diversify existing products to revive stable markets contained within the DMM. As Hong Kong is Asia's

busiest aviation hub, it is evident that the city is a main stopover for major long-haul and short-haul tourists. Perhaps in future studies, it is worth knowing if Hong Kong is the first, last or one of the many stopovers tourists take in their entire trip journey. This would assist the tourism and travel stakeholders in creating interesting packages for tourists depending which leg of the journey they are in.

Aside from that, this vibrant city also attracts tourists through it MICE industry as well as on-going arts and festivals throughout the year , fitting to the inbound travel trends in this study (more millennials from the below 35 age group and growth of solo travellers). Nonetheless, like any returning visitor to Hong Kong, perhaps in his 'Hong Kong Revisited' article, is right; *"The more the tourists come, the more the 'mystery of the East' evaporates"* and supported by in his ever-famous quote, *"destination areas carry with them the potential seeds of their own destruction, as they allow themselves to become more commercialized and lose their qualities, which originally attracted tourists"*.Perhaps, the future challenge for Hong Kong is to retain the uniqueness or bringing the city back to its nostalgic state in order to keep the interests of new, returning visitors and eventually, niche markets (i.e. segments like the cruise market, or older millennials) and even the high-rollers en-route to or from Macau.

Acknowledgment

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