

**For discussion**  
**26 June 2006**

## **Legislative Council Panel on Economic Services**

### **2006-07 Business Plan of the Hong Kong Tourism Board**

#### **Purpose**

This paper presents the 2006-07 Business Plan of the Hong Kong Tourism Board (HKTB) to promote Hong Kong as the preferred tourist destination in the region. The Plan will also present an overview of Hong Kong's tourism industry in 2005, the outlook for tourism, and the strategic objectives of the HKTB.

#### **Background**

2. With a series of new tourism attractions opening in 2005 and 2006, including the Hong Kong Disneyland, A Symphony of Lights Phase II, Hong Kong Wetland Park and Ngong Ping 360, we need to capitalise on these opportunities to promote Hong Kong globally and reinforce Hong Kong as a "must-visit" destination in Asia. Against this background, the HKTB launched in May 2005 a global marketing campaign named "2006 Discover Hong Kong Year" (DHKY), strategic promotions that target at business and family visitors, and enhancement to the Quality Tourism Services (QTS) Scheme. Members noted the HKTB's two-year work plan at the Panel meeting on 2 June 2005.

3. The major core function of the HKTB is marketing and promotion. According to the HKTB Ordinance, the HKTB is responsible for promoting Hong Kong overseas as the preferred destination. The marketing work of the HKTB is involved in market research, product development and promotion. For the duration of the DHKY campaign, the HKTB has been stepping up its efforts to market and promote the diversity of Hong Kong's new and existing attractions, and its augmented programme of Mega Events to the travel trade, media and consumers in 16 key markets around the world. To achieve maximum return on investment, it targets high-yield and high-potential segments in all these markets, co-operating with travel-trade partners such as airlines, hotels and tour operators to market products and packages, and with print and broadcast media partners to promote the city. It is important to ensure that products and services are developed according to

market needs and requirements; and hence HKTB conducts extensive market research to gauge visitors' needs, feedback and satisfaction.

### **Overview of 2005 and outlook for 2006**

4. Concerted efforts of our tourism industry brought satisfactory performance in 2005. Visitor arrivals continued to grow. Total arrivals in 2005 reached 23 million, an increase of 7% over 2004. This took place in the context of a macro environment that was not only highly competitive, but also showed a slackening in international tourism arrivals from 10% in 2004 to 5.5% last year<sup>1</sup>. From 2001 to 2005, total visitor arrivals in Hong Kong have grown from 13.7 million in 2001 to 23 million in 2005, representing an annualised rate of increase of 14%, despite major global and regional challenges, such as the "911 Incident" and the Severe Acute Respiratory Syndrome (SARS). This demonstrates that Hong Kong tourism has been enjoying a steady and sustainable growth.

5. Other than steady growth in visitor arrivals, the length of stay remained unchanged from 2004, at 3.7 nights. Per capita spending of overnight visitors grew by 4.1% to HK\$4,663. Overall satisfaction of overnight visitors increased by 0.3 points to 8 out of a possible 10. A breakdown of these indicators by market regions is at Annex A.

6. The growth in visitor arrivals in 2005 was mainly driven by the good performance in overseas markets. Major long-haul markets such as Europe, the Americas, Australia and New Zealand, all recorded double-digit growth. For example, visitor arrivals from Europe, Africa and the Middle East grew by 25%; and Australia and New Zealand grew by 28% over 2004. The high potential short-haul markets of South Korea, the Philippines and Thailand also performed strongly, with growth of 19%, 16% and 20% respectively, while Singapore saw a surge of 24%.

7. We faced keen international competition with neighbouring destinations, particularly in the form of aggressive development of tourism infrastructure and major promotions. This is expected to intensify further in 2006. For example, both Singapore and Malaysia will open airport terminals for low-cost carriers in 2006. While Malaysia has stepped up promotion for its 2007 Visit Malaysia Year global campaign, Thailand has also launched its Thailand Grand Invitation campaign to celebrate the Thai King's 60<sup>th</sup> anniversary. Dubai is another up-and-coming competitor that cannot be ignored, with Phases 1 and 2 of its Festival City development already operational and the entire project due for completion in December 2006.

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<sup>1</sup> Source: UNWTO (World Tourism Organisation) World Tourism Barometer, January 2006

8. The growth of outbound travel in the Mainland slowed down from 42% in 2004 to 7% last year. Against this, Mainland arrivals in Hong Kong in 2005 achieved a modest growth of 2.4% over 2004. This however compared rather favourably with other destinations such as Malaysia, Singapore and Thailand<sup>2</sup> which experienced a drop of 36%, 2.5% and 6.5% in Mainland arrivals respectively in 2005. By March 2006, Mainland China had also granted Approved Destination Status (ADS) to 81 countries, a significant increase from the 14 countries in 2000. Many other destinations are eyeing on a share of arrivals from the Mainland, our biggest source market. Competition will intensify with the concomitant increase in direct flights to Mainland cities from many overseas destinations. Domestic travel in the Mainland also posed a challenge to us. The number of domestic travellers in the Mainland was 1.21 billion in 2005, representing about 10% growth over 2004. The development of domestic travel market in Mainland is expected to grow further in 2006.

9. In light of the global tourism environment, we have to step up our promotion efforts to market Hong Kong as a preferred destination proactively and effectively. The HKTB will continue its aggressive marketing for DHKY and its range of promotions targeting business and family visitors. It will join hands with the tourism industry to leverage on the synergy in marketing networks and promotional efforts amongst the hoteliers, airlines, tour operators, catering and retail businesses etc. Its strategic objectives and business plan for 2006-07 are discussed in the ensuing paragraphs.

10. For 2006, the HKTB will remain cautious on the outlook of the tourism industry in 2006. It projects that overall tourism arrivals to Hong Kong in 2006 will continue to grow steadily. It continues to build flexibility into all its plans and activities so as to remain responsive to changes in the global environment or other challenges such as health risks. For example, several activities planned for the launch of DHKY in short-haul markets were postponed from late 2005 to 2006 due to heightened fears of the spread of Avian Flu. To tie in with the launching time of major new attractions, such as Ngong Ping 360 and the Hong Kong Wetland Park in 2006, the HKTB has also rescheduled several major international promotions and activities linked to the 2006 DHKY campaign to the second half of 2006. The HKTB will continue to closely monitor the market and take proactive measures as appropriate.

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<sup>2</sup> Mainland arrivals in Thailand is from January to October 2005.

## **Strategic objectives for 2006**

11. The HKTB launched the DHKY global marketing campaign in May 2005 to capture the opportunities created by Hong Kong's new tourism attractions, to raise the city's profile internationally, to showcase its new image and to sustain the growth in visitor arrivals in the future.

12. The HKTB will continue to capitalise on Hong Kong's existing strengths as a destination, including shopping, dining, the East-meets-West culture, and the contrasts of city and countryside. It will also build on the very popular mega events, including the Chinese New Year Parade, the Culture and Heritage Celebration, Hong Kong Shopping Festival and WinterFest. With all these and the city's new attractions, the HKTB will position Hong Kong as a "must-visit" destination with diversified appeal to suit different markets and segments, to attract arrivals from identified high-yield and high potential segments, especially family and business visitors, and to stimulate their spending while in Hong Kong.

### Strategic focus

13. To achieve the above strategic objectives, the DHKY campaign will continue to be the core of the global marketing programmes and activities for 2006-07. On this basis, the HKTB aims to maintain a balanced portfolio of visitors and thus healthy growth in arrivals from all key markets. This is a prudent strategy designed not only to balance risks resulting from unforeseen events that may affect certain markets, but also to uphold Hong Kong's international image as Asia's World City, which is crucial to reinforcing perceptions of this metropolitan city as a "must-visit" destination.

14. The HKTB has tailored its marketing plans for different markets, based on its extensive market research. It has a comprehensive range of research tools including the Departing Visitor Survey, which is on-going and conducted at major exit ports, surveys on mega events to gauge visitors satisfaction, quantitative tracking surveys of potential visitors in key markets, as well as qualitative surveys, including the use of focus groups involving potential and previous visitors to Hong Kong, and in-depth interviews with representatives of the travel trade.

15. Based on its market research, the HKTB has a balanced portfolio of marketing plans focusing on 16 key markets that together contribute some 93% of total arrivals to Hong Kong. To ensure effective investment and marketing, and thus maximise return, these markets are prioritised into four categories. They are priority markets, primary markets, secondary markets, and emerging markets, based on their current contribution in the portfolio, future potential and strategic importance.

16. **Priority markets** for Hong Kong include Mainland China, Taiwan, Japan, South Korea, and the USA. In these markets, the HKTB aims to maintain visitor growth and volume by expanding its reach to secondary regions and cities, and tapping into growing high potential segments, such as consumption visitors in the Mainland<sup>3</sup>, incentives in Taiwan<sup>4</sup>, the weekend getaway young segment in Japan and South Korea, and ethnic segments<sup>5</sup> in the USA.

17. **Primary markets** for Hong Kong include countries such as Thailand, the Philippines, Singapore, Australia and the UK. The HKTB is leveraging on additional air capacity, either from increased frequencies or low-cost carriers, to exploit the full potential of such markets. In Southeast Asian markets, the focus is on the growing family and young segments, which have high interest in Hong Kong's new attractions. As to the long haul markets where the appeal lies in culture and heritage, the HKTB aims to expand the target base by including Hong Kong in multi-destination itineraries<sup>6</sup> or stop-over packages<sup>7</sup>.

18. **Secondary markets** for Hong Kong are countries such as Malaysia, Indonesia, Canada, Germany and France. The focus in such markets is to identify and invest in pockets of opportunity for growth, such as the Muslim segment in Malaysia, ethnic Asian segments in Canada, and multi-destination itineraries linking Hong Kong with Thailand or Vietnam for German visitors.

19. **Emerging markets** such as India, Russia and the Netherlands are still in the exploration and early development stages. In India, the HKTB is focusing on encouraging high end business visitors to bring companions, or to re-visit for leisure. In Russia, it is targeting the travel trade to establish an effective network and increase awareness and knowledge of Hong Kong. Preliminary analysis shows good potential from the Netherlands. The HKTB will conduct further research in this country to map out the development strategy.

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<sup>3</sup> Consumption visitors from the Mainland include short-stay arrivals in Hong Kong for shopping, entertainment etc under the Individual Visit Scheme (IVS)

<sup>4</sup> With the increase in new meeting and themed venues in Hong Kong, the HKTB has identified growth opportunities for corporate incentive travel from Taiwan

<sup>5</sup> Ethnic segments in the USA refer to Americans of Asian origin, eg, Chinese, Vietnamese, etc

<sup>6</sup> Multi-destination itineraries package Hong Kong together with other nearby cities around a theme, e.g. golf and relaxation; gourmet dining

<sup>7</sup> Stop-over packages refer to overnight stays on long-haul routes transiting via Hong Kong, e.g., Australia to Europe

## Segment development

20. To optimise overall return on investment and establish solid foundations for future growth, the HKTB has identified several high-yield and high potential segments. These include the meeting, incentive, convention and exhibition (MICE) segment, the business visitor segment, and the family segment.

21. To develop the high-yield *MICE segment*, the HKTB is capitalising on the Mainland's increasing importance as an economic powerhouse and Hong Kong's gateway role. The objectives are two-fold: to reinforce the city's position as a premier convention and exhibition destination; and raise its profile by maximising public-relations opportunities for major winning bids and events. For meeting and incentive visitors, greater emphasis is being placed on the Mainland and other short haul markets likely to be attracted by Hong Kong's new attractions.

22. To increase the contribution of the *business visitor segment*, the HKTB is leveraging on its DHKY global marketing campaign and mega events to induce extended stays, encourage companion travel and revisits for leisure, and stimulate higher spending at destination. The HKTB also partners with airlines and rides on business-related media and corporate databases to reach potential business travellers, and is expanding distribution of the *Leisure Guide for Business Travellers* through a range of channels overseas.

23. For the *family segment*, the HKTB positions Hong Kong as a family-friendly destination by packaging new attractions with existing favourites such as the Ocean Park and The Peak, and by leveraging on those mega events that tie in with the summer and winter school holidays. Especially in the Mainland, it also targets children to influence travel decisions through cooperation with education bureaux, school programmes, children's TV channels and family/child-related consumer brands. While most family-related activities are aimed at short haul markets, increased air capacity on the "kangaroo route" to Europe (where flights from Australia will take Hong Kong as a stop-over point) offers opportunities to target families in Australia. In the first few months of 2006, these segments performed satisfactorily.

24. Key segments showed satisfactory growth in the first quarter of 2006, with overnight business arrivals increasing by 11.9% and overnight family visitors by 25.8% over the same period last year.

### Product development

25. Apart from the market and segment prioritisation above, the HKTB will continue to dedicate resources in enhancing the quality of travel experience of visitors while they are in Hong Kong, through the development of tourism products that cater for the needs and taste of different markets and segments. Mega events will be staged to appeal to them. For example, the Culture and Heritage Celebration held in April and May 2006 and the Mid Autumn Lantern Festival to be held in September are a perfect choice for long haul markets as well as family and business visitor segments. The Hong Kong Shopping Festival and Winterfest will drive visitor arrivals from the short-haul markets, such as South East Asia and Japan.

26. On tourism itineraries, the HKTB will, for example, package cultural and heritage clusters to capitalise on the tourism assets on Lantau Island, highlighting the new attractions, such as Wisdom Path and Ngong Ping 360, as well as the all-time favourites such as Tai O, Po Lin Monastery and Giant Buddha, and Mui Wo. It will also explore new itineraries themed around our history that features Dr Sun Yat Sen Trail and other interesting colonial architectures. To meet the increasing interest in and demand for green tourism itineraries, a visitor-friendly “Nature Kaleidoscope” that features the green side of Hong Kong will be developed. It will complement the Hong Kong Wetland Park opened in May 2006.

27. To further enhance visitors’ experience and protect consumer interest, the HKTB will continue its efforts in enhancing the Quality Tourism Services (QTS) Scheme so as to reinforce Hong Kong’s reputation as a “Shopping Paradise”. Enhancement efforts include stepping up the promotion of Hong Kong’s image as a quality tourism destination, expanding coverage of the Scheme to include more tourism-related sectors, such as guesthouses, and stepping up surveillance and complaint handling mechanism to afford better protection to visitors.

### Engagement with the travel trade

28. To ensure the effectiveness of its activities, the HKTB remains continually and proactively engaged with its partners in the industry. In launching the DHKY campaign in May 2005, the HKTB joined hands with its local and international partners to identify possible areas for co-operation. The HKTB’s overseas offices work closely with the travel industry to ensure Hong Kong’s new and existing tourism assets are included in the travel packages and brochures being distributed by overseas travel agents. Subsequent familiarisation visits to Hong Kong were organised by the HKTB for product planners and travel agents from overseas. Such visits have

offered enhanced platforms for co-operation. The HKTB also works closely with airlines and hotels to create travel packages and promotions for targeted markets and segments, and to bring key partners to Hong Kong. For example, the Cathay Pacific Airways is a key partner in the Hong Kong Salutes the World<sup>8</sup> promotional platform in late June 2006, flying more than 320 members of the international trade and media to experience the city's diverse attractions. The travel trade is generally appreciative of the HKTB's efforts to promote Hong Kong's new tourism products and create business platform for the trade under the DHKY campaign. For example, the Taiwanese travel trade has created new itineraries involving premium offerings in Hong Kong to tap their high-end customers, while one of the largest German distributors, Gebeco, finds it particularly useful for the HKTB to promote the green and cultural side of Hong Kong, which add new and exciting dimensions to their offerings. The local tourism-related trade particularly values the business platform created by the various Mega Events.

### **Work Plan for 2006-07**

29. Based on the strategies, the HKTB has drawn up a two-year work plan for 2005-06 and 2006-07 to strengthen the promotion of the new image of Hong Kong. Apart from the on-going initiatives, the key components of the work plan are the DHKY global marketing campaign, the Family and Business Visitors Booster Programme and the enhancement of the QTS Scheme. The work plan is highlighted in paragraphs 30 to 32 and set out in further detail, with progress of implementation in 2005-06, at Annex B.

30. The 2006 DHKY Campaign is a new and special two-year global marketing campaign lasting from 2005-06 to 2006-07. The objective of the Campaign is to establish Hong Kong as a "must-visit" destination and promote a new image of Hong Kong by leveraging on the opening of various tourism projects in 2005 and 2006. The marketing initiatives will cover 16 key markets and other emerging markets. It helps to strengthen HKTB's regular marketing activities which together comprise a series of worldwide publicity and promotional activities targeting consumers, the travel trade as well as the media. Specifically, the HKTB has –

- (a) launched more promotions targeting the international travel trade to increase their know how of Hong Kong's new tourism products and hence desire to develop new tour itineraries of Hong Kong;
- (b) launched more vigorous promotions targeting the consumers to raise their awareness of Hong Kong's

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<sup>8</sup> Hong Kong Salutes the World is a global familiarisation programme for top travel trade and media partners.

- diversity, and desire to visit Hong Kong;
- (c) used both print and electronic media, as well as launched promotions with strategic partners such as retail trade, travel websites, travel magazines to leverage on their customer base and information dissemination channels;
- (d) stepped up promotions in Mainland China in particular to leverage on the growth potential of the market; and
- (e) stepped up efforts to generate publicity for Hong Kong overseas through the effective means of the media, including TV stations, radio stations, print media, internet and travel trade media.

31. The Family and Business Visitors Booster Programme aims at stimulating growth in visitor arrivals and tourism spending of the two high potential segments of family and business visitors. The additional funding enables the HKTb to stage and leverage on the mega events that are well received by visitors and introduce products and promotional activities targeting these two segments so as to attract them to extend their stay and stimulate their spending. To generate incremental arrivals, the HKTb will step up overseas promotions of the events and collaborate with the trade to offer attractive packages and complementary itineraries targeting these two segments so as to maximise their awareness and encourage them to visit Hong Kong.

32. The QTS Scheme will be enhanced to further the consumer protection of visitors. The HKTb will continue to expand the scope of the Scheme to cover more tourism-related sectors, for example, guesthouses. It will also continue to increase visitor awareness of the Scheme by stepping up targeted promotion and publicity in key markets such as the Mainland and North Asia, such as Japan and Korea.

### **Funding for promotional efforts**

33. For 2006-07, the subvention to the HKTb is \$466.15 million. In addition, a total of \$470 million non-recurrent additional funding was earmarked for 2005-06 and 2006-07 for the HKTb to launch the DHKY global marketing campaign and a promotional programme targeted at business and family visitors, and to enhance its QTS Scheme in 2005-06 and 2006-07.

34. Marketing and promotion will remain the core business of the HKTb. Marketing expenditure comprises 73% of its total expenditure. The rest is for staff and office expenses. Marketing expenditure is divided into

marketing resources directly allocated to 16 major markets<sup>9</sup> (45.7%), marketing support expenditure incurred in Hong Kong to support worldwide marketing activities (26.3%), and destination marketing expenditure (28%). As marketing expenditure has to be allocated to 16 markets, the HKTB has to set priorities carefully so as to reflect the strategy of developing a balanced market portfolio. Take 2006 for example, the marketing expenditure for our third largest source market, the USA, will be about \$36.7 million; and that for a short haul market, such as Malaysia, will only be \$3.87 million. Such marketing expenditure will be spent not only on advertisement, but also on consumer promotion such as consumer roadshows, and collaboration with the trade in promoting travel packages and offers.<sup>10</sup>

### **Monitoring Mechanisms**

35. The HKTB is a statutory organisation set up under the HKTB Ordinance. Its governing body, i.e. the Board, is appointed by the Chief Executive and consists of 20 members representing a wide spectrum of membership including passenger carriers, hotel operators, licensed travel agents, tour operators, retailers and restaurant operators, and relevant professionals. The HKTB is subject to a range of statutory and administrative checks and balances to ensure its transparency and accountability to the public in the performance of its statutory functions. For example, under the HKTB Ordinance, the annual financial statement of the HKTB is to be audited by an external auditor appointed by the Government; and its annual report of activities will have to be submitted to the Chief Executive and shall be laid before the Legislative Council. In addition, the HKTB is also a “public body” as defined under the Prevention of Bribery Ordinance and is subject to the Director of Audit’s scrutiny.

36. The HKTB has an established mechanism of financial monitoring and internal audit to ensure cost-effectiveness of its promotional activities. Its work plan and budget, progress and effectiveness of marketing programmes, financial procedures and guidelines are all vetted and monitored by relevant Committees established under the Board, namely –

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<sup>9</sup> 16 major market include the USA, Japan, Mainland, Taiwan, the UK, South Korea, Australia, Germany, Singapore, Canada, India, Thailand, France, the Philippines, Malaysia, and Indonesia.

<sup>10</sup> For example, the HKTB is currently promoting the 2006 Hong Kong Shopping Festival in the USA through an integrated nationwide campaign in co-operation with Cathay Pacific Airways and luggage manufacturer Samsonite. The campaign, which runs between April and August, is aimed at targeted segments in major cities, and involves in-store, internet, direct marketing, culture-centric, and print and broadcast media elements, as well as the celebrity endorsement of actor Michael York.

- (a) Audit Committee
  - to provide advice to the Board on corporate governance matters and adequacy of internal controls; review and endorse the annual audit plan of critical operations and annual audited financial statement before submission to the Board; review findings from the internal audit assignments and other external agencies, e.g. ICAC, and implementation of agreed actions.
- (b) Staff and Finance Committee
  - to monitor the HKTB's human resources and financial policies, including its annual budget, audited accounts, and also remuneration policies and salary adjustment levels;
- (c) Marketing and Business Development Committee
  - to provide strategic input and advice on the HKTB's marketing direction and business development, as well as review and endorse its business plan; and
- (d) Product and Event Committee
  - to review and approve the product and event strategy plan as well as the concepts and implementation of mega events, in order to monitor the cost effectiveness of the products and events.

37. Moreover, to track the effectiveness of the promotional programmes and activities, the HKTB has established four objective Key Performance Indicators (KPIs), including visitor arrivals, length of stay, satisfaction level and spending of visitors. These four KPIs are being constantly tracked and monitored through different surveys to ensure that the marketing efforts achieve the desired results. For example, the HKTB will conduct surveys after mega events like the International Chinese New Year Parade to check the visitor arrivals, length of stay and spending during the event period, and also track the response of visitors such as their satisfaction level of the event, their intention to revisit Hong Kong, their interest to participate in the same event again, whether they would recommend to friends and relatives, etc. This will measure the effectiveness of the event, and serve as useful reference for the HKTB for organising similar events in future.

38. For effective monitoring, the Government has requested the HKTB to maintain separate accounts for managing and auditing the additional funding for 2005-06 and 2006-07; and to submit a separate audited account and financial report to the Government. The Board submits quarterly reports to the Government to report on how it uses the additional funds and progress of the initiatives.

39. There is therefore an established mechanism in monitoring resources deployment by the HKTB, both by its governing body and by the Government. The HKTB will continue its efforts in promoting Hong Kong according to the strategic objectives identified for the two-year business plan in 2005-06 and 2006-07.

Hong Kong Tourism Board  
Economic Development and Labour Bureau  
20 June 2006

**Tourism performance indicators by market regions**

Region of Residence	Arrivals			Length of Stay (Overnight Visitors)		Per Capita Spending (Overnight Visitors)		Satisfaction (Overnight Visitors)	
	2004	2005	% Growth	2004	2005	2004	2005	2004	2005
The Americas	1,399,572	1,565,350	11.8%	3.4	3.4	\$5,250	\$5,477	8.2	8.6
Europe, Africa & the Middle East	1,379,992	1,725,552	25.0%	3.4	3.3	\$5,122	\$5,331	8.0	8.3
Australia, NZ & South Pacific	483,247	620,217	28.3%	3.5	3.4	\$5,072	\$5,068	8.0	8.2
North Asia	1,665,440	1,853,328	11.3%	2.2	2.2	\$4,112	\$4,300	7.4	7.9
South & Southeast Asia	2,077,684	2,412,974	16.1%	3.2	3.2	\$4,350	\$4,377	7.5	7.9
Taiwan	2,074,795	2,130,565	2.7%	2.5	2.5	\$4,789	\$4,916	7.3	7.7
Macau	484,038	510,031	5.4%	2.5	2.3	\$2,554	\$2,765	7.2	7.5
Mainland China	12,245,862	12,541,400	2.4%	4.3	4.2	\$4,355	\$4,554	7.7	8.0
TOTAL	21,810,630	23,359,417	7.1%	3.7	3.7	\$4,478	\$4,663	7.7	8.0

**HKTB's Work Plan of DHKY global marketing campaign,  
the Family and Business Visitors Booster Programme and the Enhancement of the QTS Scheme  
and progress of implementation in 2005-06**

**2006 Discover Hong Kong Year**

Key Objectives	Targets	Progress of Implementation in 2005-06
<b>I. Trade Promotions</b>		
<b>(1) Trade Launch of the "2006 Discover Hong Kong Year" (DHKY) campaign</b>		
(a) To introduce new attractions, itineraries and events to the international travel trade.	To invite about 220 global travel trade representatives (including tour wholesalers, travel agents, airlines and cruise companies) from 23 countries and regions to Hong Kong.	217 global trade representatives from 23 markets joined 225 local trade partners in Hong Kong to witness the DHKY campaign launch to the travel trade in May 2005.
(b) To provide web-based training programme for frontline staff of the travel trade.	To revamp the <i>Hong Kong Specialist Website</i> and arrange visits to Hong Kong for 100 frontline agents as an incentive to the programme.	The <i>Hong Kong Specialist Website</i> was enhanced with an educational on-line game " <i>DHKY Challenge</i> " to step up overseas travel agents' awareness of Hong Kong's new tourism products. 83 agent winners were invited to Hong Kong.

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
(c) To participate in travel trade shows in emerging markets and make use of shows to organise more activities, strengthen publicity and increase the level and scale of participation.	Newly added trade shows include the Moscow International Travel and Tourism Exhibition (MITT), while trade shows with enhanced participation include the International Travel Expo (ITE) in Hong Kong and the Pacific Asia Travel Association (PATA) Travel Mart in Malaysia.	Participated in the new tradeshow <i>MITT</i> and enhanced Hong Kong's presence in tradeshow such as <i>ITE, PATA Travel Mart</i> .
(d) To leverage on the 'Year of France in China' in 2004/05 to strengthen promotions in France.	Roadshows and seminars in cities such as Paris and Lyon to highlight Hong Kong's tourism developments and new business opportunities to the travel trade.	Staged a roadshow in France covering 9 cities reaching 1,200 travel agents.
(e) To advertise in influential travel publications and arrange for interviews.	Publications include <i>TTG China</i> and <i>Travel Weekly</i> .	Launched print advertising in high circulation magazines such as <i>TTN China, Travel Weekly Asia</i> to introduce DHKY to the travel trade.

Key Objectives	Targets	Progress of Implementation in 2005-06
<b>(2) Trade Familiarisation Visits</b>		
(a) To invite trade representatives and travel agents from emerging markets to visit Hong Kong.	To organise an <u>additional</u> 12 familiarisation visits for trade representatives from emerging markets like India and the Netherlands, with an estimated 180 participants.	Organised 4 additional familiarisation visits for 74 trade representatives from Northern Europe and Middle East.
(b) To increase participation in familiarisation visits from major markets.	To organise an <u>additional</u> 60 familiarisation visits for 1,620 trade representatives.	Organised 9 additional familiarization visits for 269 trade representatives from the key markets. Due to the delayed opening of the new attractions, will step up the number in 2006-07 to tie in with the opening of new attractions.
(c) To enhance global travel leaders' interest in Hong Kong.	To organise the 'Hong Kong Salutes the World' programme as a premiere to 2006 Discover Hong Kong Year. Some 200 CEOs and senior executives of the global travel trade will be invited to the event.	To be delivered in 2006/07.

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
(d) To showcase the attractiveness of Hong Kong to MICE organisations.	To leverage on the opening of the AsiaWorld-Expo to highlight the new travel experiences in DHKY to MICE (meetings, incentives, conventions and exhibitions) organisations and media guests.	Leveraged on a tradeshow staged in Asia World Expo in February 2006 to showcase DHKY experience to 200 senior exhibition industry executives.
(e) To showcase the attractiveness of Hong Kong to MICE organisations.	To organise the <i>Meeting Your Choice programme</i> . 50 MICE organisations will be invited to participate in the programme.	To be delivered in 2006-07.
<b>(3)Business Development</b>		
(a) To launch global publicity targeting the MICE sector.	To produce a new guides and brand new promotional videos.  Media advertising and direct mail promotions are expected to reach 30 million business travellers and an additional 50,000 MICE planners.	A new DHKY brochure " <i>Discover Even More Incentives to Choose Hong Kong in 2006</i> " and an on-line version produced and distributed to MICE organizers.  Print advertising, e-blasts, direct mail campaign reached 16 million business travellers and 56,000 MICE planners.

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
(b) To launch global publicity targeting the MICE sector.	To expand the scale of participation in four trade shows and organise more promotions before and after the shows to reach an additional 600 MICE organisations.	Enhanced the presence of Hong Kong in 3 tradeshow to date and reached 650 MICE organisers.
(c) To enhance the interest of global MICE organisations in Hong Kong.	To recruit 100 trade representatives to become Hong Kong Specialists, so as to bring more meetings, conventions, exhibitions and incentive travel to Hong Kong.	Invited 100 incentive buyers to Hong Kong under the <i>Imagine Hong Kong</i> programme.
<b>II. Consumer Promotions</b>		
<b>(1) To promote DHKY to consumers</b>	To launch “2006 Discover Hong Kong Year” consumer promotions in major markets in the 4th quarter of 2005. To invite over 1,000 travel trade representatives and media guests from the key source markets to witness and take part in the launching ceremony, and to create extensive global publicity through their support.	2006 DHKY was launched in long-haul markets in the last quarter of 2005. The launch in short-haul markets was deferred to the second quarter of 2006 due to the threat of Avian Flu. 1,440 travel trade and media guests attended the launch in the markets.

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
<p>(2) <b>To promote DHKY to consumers</b></p>	<p>To launch overseas publicity in 16 key markets, including the production and launch of TV and print advertising for “2006 Discover Hong Kong Year”, preparation and distribution of related publications and publicity materials. It is expected that the new advertisement will have 2,900 spots (on TV) and 460 insertions (in publications) each year, generating 879 million impressions.</p> <p>The number of consumer road shows and promotions in major source markets is expected to reach 74.</p> <p>To co-operate with strategic partners to stage joint promotions and make use of their customer/reader database for information dissemination. Aim to send one million direct mail and e-mail to customers.</p>	<p>2006 DHKY promotions were launched to build consumer awareness, through TV, radio and print advertising campaign, advertorials, web on-line promotion in all key markets; consumer promotions in collaboration with strategic partners such as travel agents, attractions, credit cards, magazines, railway stations, departments stores, travel portals. As a result, there were 1,342 spots (on TV), 517 insertions (in publications), generating 642 million impressions. 105 consumer shows were achieved.</p>

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
<p><b>(3) To step up promotions in Mainland China</b></p>	<p>Together with the local and Mainland travel trade, to step up activities in 24 Mainland cities by launching at least 50 co-op promotions targeting consumers, including the staging of road shows; follow-up with major trade partners on tactical promotions; and co-operation with media organisations to introduce Hong Kong's new attractions and existing unique appeal.</p> <p>To launch integrated promotions in high-potential cities during the Mega Event period.</p> <p>To reinforce publicity activities in Individual Visit Scheme (IVS) cities, including co-operation with media on regional consumer promotions; working with local Public Security Bureaux on information dissemination; staging consumer road shows; advertising, and promotion of special itineraries developed with travel agencies.</p>	<p>Integrated marketing campaigns involving travel trade partners, media partners, travel websites, consumer promotions were staged in the key cities. Promotions were intensified to promote Mega Events in 2005. 41 consumer promotions and road shows have been staged.</p> <p>Continued to work with the Public Security Bureau to disseminate information on IVS scheme; staged road shows, consumer shows, outdoor advertising; participated in tourism festivals; worked with travel agents to offer special packages.</p>

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
	<p>To set up Visitor Information &amp; Services Centres in Beijing and Shanghai to provide individual visitors with travel information prior to their visits to Hong Kong. The two centres can serve about one million visitors each year.</p> <p>With the support of education departments and schools in the Mainland, to promote travel to Hong Kong to school children and their families from major cities.</p>	<p>Visitor Centre set up in Beijing.</p> <p>Worked with the Education Bureau, 750 schools, media and travel agents and staged road shows to promote family travel.</p>

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
<p><b>(4) To develop the female market segment</b></p>	<p>To leverage on the 2005 Hong Kong Shopping Festival, launch print advertisement targeting female travellers in short-haul markets.</p> <p>To co-operate with famous women's magazines in eight overseas markets to produce guidebook for the female segment. Through endorsement and personal experience of celebrities overseas, stimulate female consumers' desire to visit Hong Kong.</p> <p>To make use of public relations activities and web publicity to attract female travellers in long-haul markets.</p>	<p>Leveraged on the 2005 Hong Kong Shopping Festival to attract female travellers to Hong Kong.</p> <p>Produced a female pampering guidebook for insertion in top magazines in short-haul markets to stimulate interest to visit Hong Kong.</p> <p>Worked with the media to showcase Hong Kong's trendiness, staged road shows and worked with agents / airlines to push special female packages.</p>

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
<p><b>(5) To enhance community awareness of 2006 Discover Hong Kong Year</b></p>	<p>To leverage on the influence of celebrities and produce promotional videos.</p> <p>To arrange for the media to cover the preparation of the DHKY activities and to launch outdoor advertising in busy districts and on public transport to increase community awareness and enthusiasm for DHKY.</p>	<p>Launched the “<i>e-invite</i>” Hong Kong community programme in January 2006 to increase awareness of DHKY and encourage friends and relatives overseas to visit Hong Kong during DHKY year.</p>
<p><b>(6) To strengthen meet-and-greet services</b></p>	<p>To strengthen meet-and-greet services at border control points and in-town publicity. Present welcome packs to visitors so that they can experience the festive ambience of DHKY.</p>	<p>‘Meet and Greet’ services were stepped up at border control points during the DHKY launch period and Mega Events. Greetings were extended to visitors by specially costumed characters. DHKY collateral materials were displayed by over 6,000 merchant outlets throughout Hong Kong.</p>

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
<p>(7) <b>To launch a mega event themed around the Mid-Autumn Festival</b></p>	<p>Building on the completion of several new attractions by the second half of 2006, the HKTB will organise a Mega Event themed around the rich heritage and traditional festivals, which are of special appeal to targeted segments. These are intended for fulfilling customers' expectations for a novel travel experience and also, strengthening Hong Kong's appeal so as to maximise the publicity value.</p>	<p>To be delivered in FY06/07.</p>

Key Objectives	Targets	Progress of Implementation in 2005-06
<b>III. Public Relations Activities</b>		
<b>(1) To launch national PR campaign in source markets</b>	<p>To co-operate with national media organisations and corporations in 16 key source markets to produce special features/programmes on Hong Kong's new image.</p> <p>To arrange for 1,000 media representatives to visit Hong Kong so as to create national reports and coverage on DHKY.</p>	<p>Conducted national PR campaigns with media from 15 key markets to produce special TV programmes, newspaper supplements, radio programmes to highlight "Hong Kong Discovery". Hosted 517 media representatives to visit Hong Kong during 2005-06.</p>
<b>(2) To strengthen publicity for DHKY in non-Chinese and non-English speaking markets (Thailand, Japan and South Korea)</b>	<p>To co-operate with media organisations to publish travel guides. Besides inserting the guides in magazines, additional copies will be published for distribution by travel agencies overseas, during consumer promotions and at border control points in Hong Kong.</p>	<p>Co-operated with media from Japan, Korea, Thailand and the Philippines to produce travel guides. Nearly 1m copies distributed in Japan and Korea. Distribution in Thailand and the Philippines to begin.</p>

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
<p><b>(3) To launch anchor events as premiere of DHKY</b></p> <p><b>(a) Hong Kong Salutes the World</b></p>	<p>To invite about 250-300 leaders of the mass media and famous media celebrities from around the world to Hong Kong to showcase our new attractions and tourism products. Aim to achieve extensive publicity worldwide through their positive word-of-mouth publicity and coverage.</p>	<p>To be delivered in 2006-07.</p>
<p><b>(b) Promote the new attractions, itineraries and events to the media</b></p>	<p>To invite some 40 international travel media representatives from 16 markets to take part in the Trade Launch and promoted “2006 Discover Hong Kong Year” campaign to them.</p>	<p>40 international media representatives travel to Hong Kong to witness the DHKY Campaign launch to the travel trade in May 2005.</p>
<b>IV. Other Promotions</b>		
<p><b>(1) To support the organisation of major international events</b></p>	<p>To support and promote two major international conventions to be held in Hong Kong, namely the ‘88th Lions Clubs International (LCI) Convention 2005’ and the 6<sup>th</sup> Ministerial Meeting of the World Trade Organisation (WTO) .</p>	<p>Done.</p>

<b>Key Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
(2) <b>To conduct tracking studies to assess the effectiveness of DHKY</b>	Two stages of tracking will be conducted in 2005 and 2006, covering 10-12 key markets, with over 7,000 short interviews and 3,000 long interviews.	Pre-campaign study and on-going tracking studies tying in with major promotions conducted in 14 markets.

### **Family and Business Travellers Targeted Promotional Activities**

<b>Mega Events</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
(1) <b>Hong Kong Shopping Festival</b>	<p>The Hong Kong Shopping Festival will be held in the summer (end June to August) - the traditional low travel season – so as to stimulate visitor arrivals and spending with a host of shopping privileges and activities.</p> <p>Apart from organising an attractive lucky draw to encourage more spending, the HKTb will publish a “Visitor’s Passport to Amazing Offers” and co-operate with merchants of retail, dining and other related sectors to provide more special privileges and offers for family and</p>	<p>The 2005 Hong Kong Shopping Festival was held from late June to end August. 4.6 million visitors visited Hong Kong during the period.</p> <p>The festival was expanded with the participation of over 7,100 merchants and dining outlets, 24 shopping malls and 5 department stores. Over 50% of the participants supported the “<i>Late night shopping &amp; dining</i>” theme by extending their opening hours to 10pm or beyond.</p>

<b>Mega Events</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
	<p>business visitors.</p> <p>Targeting the female segment (married women and young executives) this year, the HKTB will tailor-make special offers and privileges (such as cosmetics, fashion, jewellery and audio and video equipment) to induce their visits.</p> <p>To cater for family visitors, the HKTB will promote attractions and activities that meet their needs and interests, such as Ocean Park's 'Polynesian Summer Splash', and arrange special discounts and privileges for attractions and toys outlets.</p> <p>The HKTB has secured the support of major shopping malls in business districts to participate in the Festival this year, attracting and facilitating business visitors shop. The HKTB will also stage more diverse activities, such as special performances during weekends and launch thematic</p>	<p>The merchant participants provided special promotional offers to visitors</p> <p>Four themed product expos were staged by the trade during the festival period.</p> <p>An anchor event "<i>Symphony of Light show enhanced with pyrotechnic effect</i>" was staged every weekend, attracting 51,500 spectators during the festival.</p> <p>The lucky draw system was computerised and attracted close to 6 million entries, 24% more entries (hence tracked spending) than in 2004.</p>

Mega Events	Targets	Progress of Implementation in 2005-06
	<p>promotions in various food districts, including Lan Kwai Fong and Knutsford Terrace.</p>	
<p><b>(2) Hong Kong WinterFest</b></p>	<p>Riding on the school holidays in short-haul markets, especially Southeast Asia, the HKTB will introduce a range of activities with family elements to attract this segment.</p> <p>The HKTB will continue to enrich the elements of Christmas Wonderland, which have proved extremely popular with children. In addition to the Christmas Wishing Tree and festive lightings and decorations, the HKTB will design more children programmes for the families.</p> <p>The HKTB will also add in romantic elements to attract young travellers from the short-haul markets.</p> <p>Leveraging on the winter sale around Christmas time, the HKTB will</p>	<p>The 2005 Hong Kong Winterfest was staged from late November 05 to early January 06 in the heart of Central.</p> <p>2.9 million persons patronised the event</p> <p>The festival was based on the theme of “Santa’s Town” and the venue was extended to include Chater Garden with added display elements and interactive activities</p> <p>Three “<i>Symphony of Light show enhanced with pyrotechnic effect</i>” were staged during the festive period.</p> <p>Around 4,100 merchants and dining outlets staged special promotions during the period to support the festival.</p>

<b>Mega Events</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
	strengthen co-operation with travel trade to introduce more special privileges and offers on shopping and dining to stimulate visits and spending.	
<b>(3) International Chinese New Year Night Parade</b>	<p>Chinese New Year has always been a peak travel period for long-haul travellers, Mainland visitors and overseas ethnic Chinese. Using the theme of Chinese traditional festivals, the HKTb will put together the Parade and various activities, such as the firework displays to promote Hong Kong as the premier destination for celebrating the Chinese New Year and family reunion.</p> <p>The HKTb will collaborate with local catering and shopping sectors to provide visitors with special offers and privileges. To enhance the festive ambience and stimulate spending, the HKTb will strengthen its meet-and-greet services at the border control points, such as</p>	<p>The 2006 International Chinese New Year Parade was held on the first day of Chinese New Year. The parade celebrated its 10<sup>th</sup> anniversary and was held at night for the third time.</p> <p>Over 100,000 spectators viewed the parade inside the performance venue as well as along the parade route.</p> <p>40 groups (floats / performing groups) participated in the parade of which 11 made their first appearance in Hong Kong.</p> <p>More spectacular elements were added to the parade based on the “Moments of Discovery” theme.</p> <p>Special media effects were used to enhance the ambience and impact of the parade.</p>

<b>Mega Events</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
	<p>arranging promoters to dress as the God of Wealth to distribute the <i>Lai See of Amazing Offers</i> to visitors.</p>	<p>Apart from on-site spectators, the parade was watched on TV by 1.2 million households in Hong Kong, broadcast covering 200 Mainland cities, simultaneous webcast on internet and covered by 70 overseas media on site. Estimated publicity value generated is HK\$275 million.</p>
<p><b>(4) Mega Event themed around culture and heritage</b></p>	<p>The HKTB will leverage on the Cheung Chau Bun Festival and the celebrations of the Buddha's Birthday to organise a brand new mega event in 2006 and strengthen Hong Kong's culture and heritage appeal.</p> <p>These activities are popular for all ages and have special appeal to long-haul and business travellers. The HKTB will strengthen its promotions in long-haul markets, in particular to the business segment. The HKTB will work with the travel trade to develop special itineraries and packages to encourage the business visitors to bring along their families.</p>	<p>To be delivered in 2006-07</p>

<b>Mega Events</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
<b>(5) Golden Week and other festivities</b>	Targeting the Golden Week holidays and travel patterns in the Mainland market, the HKTB will organise family-friendly activities for visitors.	Eight “ <i>Symphony of Light show enhanced with pyrotechnic effect</i> ” were staged during the golden week holidays.

## Quality Tourism Services (QTS) Scheme

<b>Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
Penetration	To invite more retailers and restaurants to join the Scheme, aim at increasing the number of accredited merchant outlets from 5,200 to 6,000.	Number of QTS merchant outlets stood at 6,055 as at 31 March 2006 (vs target of 6,000 as at 31 March 2007).
Scheme promotion overseas	<p>To strengthen promotion in 16 key source markets, especially non-Chinese and non-English-speaking markets (e.g. Japan and Korea), and increase their awareness of the Scheme. At the same time, promotion in the Mainland, particularly in high-yield cities, will be stepped up.</p> <p>To strengthen local promotions, such as displaying banners and distributing “A Guide to Quality Shops and Restaurants” and QTS promotional leaflets at various border control points including the Airport, Lo Wu and Lok Ma Chau etc; displaying street banners and lamp-post buntings bearing the QTS Scheme logo in major tourist and</p>	<p>Promotion of the Scheme was stepped up in China, Korea and Japan via newspaper advertisement, co-op direct mail campaigns with strategic partners, travel trade seminars.</p> <p>Visitor awareness of the Scheme was raised in Hong Kong via collateral material display at entry points and in-town, literature distribution at entry points, promotion of QTS merchants via electronic devices such as PDA, spending stimulation programme with QTS merchants.</p>

<b>Objectives</b>	<b>Targets</b>	<b>Progress of Implementation in 2005-06</b>
	shopping areas to encourage visitors to shop and dine in accredited outlets; and providing promotional materials to the accredited merchant outlets.	
Scheme expansion	To discuss with the tourism trade and examine the feasibility of extending the Scheme to other tourism-related sectors.	Feasibility study has been done to expand the scheme. Work is currently underway to expand the Scheme to guest houses. Expansion of the Scheme to beauty service will follow.
Strengthening of scheme standard	To reinforce manpower to conduct surveillance, and review the current complaint handling mechanism with a view to improving the procedures and efficiency in handling complaints and thus affording better protection to visitors.	Surveillance visit was stepped up by 50% to ensure the standard of the Scheme is maintained. Policing of unauthorised QTS decal display was conducted throughout the year. The “Quality Ambassador Programme” and “Quality Host Workshop” training programmes targeting middle management and frontline staff of the retail and restaurant trade were launched in the latter part of 2005/06.