

## **Legco Panel on Economic Services**

### **Disney Theme Park**

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I would recommend the panel to consider the agreement reached between the Government and The Walt Disney Company from two perspectives, covering both the tangible and the intangible aspects of the agreement. The tangible aspects of the agreement are the ones which have been most widely publicized and the ones which have received most commentary, therefore this paper shall mention them only briefly. In my opinion there are several key intangible aspects relating to the establishment of the Disney Theme Park which I will attempt to highlight in this paper.

#### **Tangible Aspects**

These mainly concern areas of finance/economics, job creation, utilization of infrastructure and environmental issues.

Most of the information provided has focussed on the economic and financial issues of the project, including job creation, and these are the ones which have generated most commentary. Those issues will not be repeated here. My only comment is that I believe there are many more indirect benefits to be gained than the direct ones which have been published, as the economic multiplier effect is triggered. Unfortunately, Hong Kong, like many other destinations, does not have a technique of accurately measuring such indirect factors. A system known as Tourism Satellite Accounting has been developed by some countries and by the World Tourism Organization to accurately measure the total economic situation of tourism. Hong Kong needs to adopt such a system.

The bridge, road and rail infrastructure developments linking our new airport at Chek Lap Kok are still underutilized. Increased traffic flow to Lantau, generated by Disney and other tourism developments on the island, will help to fully utilize the existing infrastructure.

In relation to environmental issues, there are inevitably some negative consequences on the natural environment of such a large development. However, the base line for

comparison of the Disney Theme Park's impacts should not be the existing situation but the situation which would have been created after development of the already planned container terminal in Penny's Bay. Furthermore, Disney's high commitment to the environment should also be considered. In the Orlando development Disney has consistently exceeded standards and requirements set by state and local government. One of Disney's qualities as a successful business is to have a commitment to its local community. This not only shows as a corporate concern for the environment, but translates as good business in making the Park and its visitors a welcomed feature of the community. In relation to this is the need to balance the natural environment with the broader social and economic environment. The creation of jobs and increased income generated by the Park will significantly contribute to the overall well being of the community.

### **Intangible Aspects**

The main items identified here are service quality and human resources, and the local and international confidence factors.

#### **Service quality and human resource factors**

Following are some extracts from my department's recently published position paper, "The Future of the Hong Kong Tourism Industry" addressing the topics of service quality and human resources.

#### **Service Quality**

The trend in Hong Kong, especially among its residents is towards an increasing awareness of the need for consistent and high-quality service. Good service is no longer a luxury, it is essential to ensure repeat customers.

The variability of service provision poses the most dangerous threat to Hong Kong's tourism industry and its competitiveness as a tourist destination. Existing attempts to enhance tourism service provision such as media courtesy campaigns, staff training, and the Quality-mark (Q-mark) scheme tend to be ad hoc in nature and their effectiveness is limited. Moreover, these activities mainly react to and address the symptoms of variable service standards rather than address the root of the problems.

With some notable exceptions within the hotel sector, service attitude is a problem and educating service providers and the general public is necessary to ensure proper and high quality service provision. An additional area of concern has been reports of discriminatory practices against visitors from the Mainland.

## **Tourism Education and Human Resources**

The Asian Pacific Economic Committee (APEC) Tourism Working Group Survey in 1996 identified a series of barriers to tourism growth related to labour and employment issues. These include: shortage of skilled staff; lack of experienced managers; lack of training facilities; poor level of service quality; and, declining language skills. These labour and employment issues pose a threat to the successful development of tourism in the region. Other problems, such as increasing labour cost and the lack of a coordinated long-term strategy for manpower training for the industry as a whole in Hong Kong, are also pressing issues.

If Hong Kong is to continue to be a cosmopolitan city attracting so many tourists, communication has to play a significant role in promoting tourism. Due to the lack of use of spoken English in Hong Kong, sometimes tourists feel that people are rude and provide poor service.

The World Tourism Organisation has raised concerns that Asia will face a shortage of trained manpower which will hinder the growth of the tourism industry over the next twenty years. If it is not solved, Asian tourism could suffer as visitors look elsewhere for quality services - which can only be assured through quality education and training. A problem is the low priority given to training as no one wants to invest in something which does not create instant revenue.”

Disney’s commitment to and achievement of service standards and quality are second to none. By exposing the local community to these standards, as both staff and visitors, a higher level of service expectation will be created, and this expectation will require all service providers in Hong Kong to improve their own quality. This improved quality standard will not only benefit the local community, but also overseas visitors to Hong Kong. Thus the overall improvement of Hong Kong’s service quality reputation can be significantly influenced by Disney’s presence here.

Disney achieves its high standards by a dedicated approach to staff training and development. Through the process of annually sending students to Disney in Orlando my department has first hand experience of how well Disney helps students to become more mature, self-confident, creative and outgoing - in short how they become truly service-oriented. Hong Kong can only benefit as thousands of its people working in the local Disney become exposed to such high standards of personal development. If all tourism companies invested in their staff in this same way, there would be no need for WTO to have the concerns as stated above. Disney does invest considerable time and money to staff training and development.

## **Local and international confidence factors**

The impact on the local community in terms of the “feel good factor” associated with the positioning of such a major development here in Hong Kong should not be underestimated, but will not be fully realized until the Park is up and running. Not only will it provide a high quality leisure activity for our own community, but will also provide an obvious and visible source of community pride.

In addition to the direct employment created by the Park, as tourism flows increase there will be a potential for local tourism and other businesses to develop to capitalize on the increased flow. This increased wellbeing will have a positive impact on local confidence and civic identity.

At the international level, this development will be seen as the first major internationally branded project since Hong Kong’s return to Chinese sovereignty. This will act as a “seal of approval” in the eyes of the international business community, and publicly address the most common question asked to Hong Kong people travelling overseas - “what is it like since the handover?” The fact that Disney is based in Hong Kong will, in my opinion, be a key factor in helping to attract other international businesses to the SAR; and not only tourism ones, but businesses in general.

## **Overall Conclusions**

On balance, my professional and personal opinion is strongly in favour of the Hong Kong Disneyland. It will provide direct and indirect tangible benefits for our community. In addition, the intangible benefits to be gained are potentially even greater.