Hong Kong Tourism Board Work Plan for 2009-10

Supplementary Information for the
Legislative Council Panel on Economic Development

(a) **Projection of Visitor Arrivals in 2009**

The Hong Kong Tourism Board (HKTB) projects that visitor arrivals in 2009 will decrease by 1.6% to 29 million. This projection was derived following a systematic and structured forecasting process that not only took into account various factors of the macro environment, as well as analysis and projections by international organisations, but also made detailed assessment of the socio-economic conditions, travel-related policies, tourism trends and patterns of major source markets.

The factors of the macro environment that the HKTB took account of include the economic indicators by organisations such as the International Monetary Fund and Economist Intelligence Unit, the fuel prices and any increase/decrease in air capacity. Reference was also made to the projections by international tourism organisations, including the United Nations World Tourism Organization (UNWTO), the Pacific Asia Travel Association (PATA) and the International Air Transport Association (IATA).

In addition to the above macro factors, the HKTB assessed the impact brought by new tourism infrastructure in Hong Kong, and the implementation of marketing campaigns or programmes supported by the regular subvention.

With the full year 2008 actual arrivals figures obtained in the beginning of January 2009 as the base, the HKTB conducted further review of the macro economic conditions and competitive environment, and worked out the 2009 arrival projections for different market regions and the overall tourism performance indicators. The following chart illustrates how the growth/decrease of arrivals in 2009 over 2008 was derived:

		Projection for 2009 vs. 2008 (%)	Projection of 2009 arrivals vs. 2008 ('000)
(a)	**2008 Arrivals = 29,507,000**		
	Less:		
	The Americas	-14.5%	(244)
	Europe & Africa (excluding Russia and the Middle East)	-13.9%	(261)
	Australia, New Zealand and South Pacific - *Performance of overall economy; consumer switching to short haul/domestic or intra-regional travel*	-10.1%	(77)
	South Korea - *Poor outbound due to weak WON*	-15.0%	(136)
	Southeast Asia - *High consumer inclination to travel via low-cost carriers directly to Macau / Mainland China and Thailand*	-0.7%	(19)
	Taiwan - *Anticipated loss of same-day visitors because of direct link*	-23.5%	(527)
(b)	*Sub-total*		**(1,264)**
	Add:		
	Russia and the Middle East - *Visa free policy in Russia*	+9.4%	20
	Japan - *Strong YEN and Hong Kong – Japan Tourism Exchange Year*	+0.5%	7
	South Asia - *Expansion of family segment and increased air capacity*	+11.0%	44
	Mainland China / Macau - *Non-registered residents of Shenzhen eligible to apply for endorsement under the Individual Visit Scheme and registered Shenzhen residents able to make multiple individual visits*	+4.1%	721
(c)	*Sub-total*		792
	2009 Forecast [(a)–(b)+(c)]	**-1.6%**	**29,034** [1]

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[1] Based on the calculation of the above figures before rounding.

(b) **Performance Measurement Framework of HKTB**

From 2009-10, the HKTB will implement a new framework to measure the performance against objectives of the organisation. In devising this framework, the HKTB made reference to the practices of national tourism organisations of various destinations, including Australia, Canada, Singapore, Thailand and the United Kingdom.

Under the new framework, the HKTB will continue to keep track of the existing four groups[2] of key performance indicators of the tourism sector, namely visitor arrivals, spending, length of stay and satisfaction. On top of that, the HKTB will bring in a new set of corporate performance indicators to measure the activities and the associated expected results from the HKTB's marketing programmes by strategic focuses.

Altogether there are close to 50 corporate performance indicators, with clear targets for each of them. The HKTB will employ different methods to track the results, such as mega event surveys to track the awareness and satisfaction of visitors, report on the publicity value achieved and system generated report to track the number of visits to the website. Below are some examples of the targets and results for 2009-10:

Strategic Focuses	Examples of Targets	Examples of Results
1. Strengthen Hong Kong's destination appeal	▪ Number of mega events organised	▪ Visitors' awareness of the mega events and their satisfaction
2. Adopt creative and effective communication approach	▪ Arrange overseas media familiarisation visits and co-operate with overseas media organisations on publicity programmes	▪ Publicity value generated from media coverage
3. Promote multi-destination itineraries through strategic partnership with the Mainland and Macau	▪ Promote combo itineraries in overseas markets	▪ Number of programmes rolled out
4. Foster win-win co-operation with business partners	▪ Invite trade partners to participate in trade shows	▪ Number of participants that took part in the trade shows
5. Grow MICE and cruise business	▪ Support MICE groups with value-added offers	▪ Satisfaction of MICE visitors

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[2] The four groups of key performance indicators comprise altogether 26 performance indicators.

Strategic Focuses	Examples of Targets	Examples of Results
6. Expand quality enhancement platforms	▪ Pilot-launch QTS Hair Salon scheme	▪ QTS scheme merchant base expanded
7. Drive organisational excellence	▪ Conduct audit reviews to strengthen internal control and monitoring	▪ Completion of the audits in accordance with the audit plan

(c) Variable Performance Pay of Band A Staff

As for the performance measurement of Band A staff, the HKTB has since 2008-09 adopted a new mechanism to assess their performance and determine their variable performance pay. The indicators and weightings are as follows:

Groups	Indicators	Weightings
Key Performance Indicators	Four key performance indicators of the tourism industry: ▪ Total visitor arrivals ▪ Average length of stay of visitors ▪ Per capita spending of overnight visitors ▪ Overall satisfaction of visitors Since 2008-09, the HKTB has added two more quantifiable indicators to better reflect the performance. These are: ▪ Revisit intention of visitors ▪ Visitors' intention to recommend Hong Kong to friends and relatives	30%
Key Strategic Focuses	Functional goals set against the objectives/targets of the organisation, as outlined in the HKTB's annual work plan. (5-point rating)	30%
Core Competencies	Examples: ▪ Leadership ▪ Decision-making ▪ Teamwork ▪ Managing change and growth ▪ Planning and organisation (5-point rating)	40%

(d) Satisfaction rating of visitors

The HKTB conducts surveys among departing visitors at eight control points (exit ports)[3] in Hong Kong throughout the year. The total annual sample size for these surveys is more than 380,000.

During the survey, respondents are asked to give their rating of Hong Kong (out of a 10-point scale) based on their overall experience in Hong Kong and their satisfaction with such aspects as shopping, dining, accommodation, sightseeing and hospitality of Hong Kong people.

Based on the latest survey findings, the weighted overall satisfaction score of Hong Kong among overnight visitors in 2008 was 8.2. The breakdown of satisfaction score by market regions is set out below:

Market Regions	Satisfaction rating
Long-haul regions	*8.5*
The Americas	8.7
Europe, Africa & the Middle East	8.5
Australia, New Zealand & South Pacific	8.5
Short-haul markets (excluding Mainland China)	*7.9*
North Asia	8.0
South & Southeast Asia	8.0
Taiwan	7.7
Mainland China	*8.3*
Overall	**8.2**

Hong Kong Tourism Board
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[3] The eight control points are Hong Kong International Airport, China Ferry Terminal, Macau Ferry Terminal, Hung Hom Control Point, Lok Ma Chau Control Point, Lok Ma Chau Spurline Control Point, Lo Wu Control Point and Shenzhen Bay Control Point.

Band A Staff Variable Performance Pay Assessment Mechanism
(Approved by Board in Mar 08 and implemented since 2008-09)

Key Performance Indicators 30%

6 performance indicators:

1.Visitor arrivals	4.Visitor Satisfaction
2.Visitor spending	5. Intention to Re-visit HK
3.Length of Stay	6. Intention to recommend to friends and relatives

Key Strategic Focuses 30%

Examples: **5-point rating**

Visitors' awareness of mega events
Publicity value from media coverage
Page views of website
Number of participants that took part in trade shows

Core Competencies 40%

Examples: **5-point rating**

Leadership   Manage sub-ordinates

Organisation skills   Manage change

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Projection of 2009 Visitor Arrivals – Work Process

Sep 08 ————————————→ Jan 09

Internal Discussion
- Worldwide Offices: Report on performance and tourism trends of overseas markets (Sources: Travel trade and consumers in respective markets)
- Head Office: Monitor and analyse tourism performance (Relevant data: visitor arrivals and performance of different market and visitor segments)

External Party Analysis
- United Nations World Tourism Organization: Provisional and revised projections of global tourism (Oct, Dec)
- International Monetary Fund/Economist Intelligence Unit: Assessment of macro economic environment and regular update (Monthly)
- International Air Transport Association: Projection of air capacity (Jan)

Board Discussion
- Board discussed provisional forecast (Nov)
- Further discussion by Committees (Jan)
- Final approval by Board (Jan)

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