

# Prospects of the Hong Kong tourism industry

by Rob Law and  
Catherine Cheung

*Suggestions for future planning are offered to Hong Kong tourism practitioners and policy makers on the basis of estimated tourism demand, 1998 to 2007. The authors give an overview of the historical background of the Hong Kong tourism industry and use formal tourism forecasting techniques to estimate this demand.*

**A** former British Dependent Territory from 1892 to 1997, Hong Kong is a small city consisting of a geographical area of slightly more than 1,000 square kilometers on the south-eastern tip of China facing the South China Sea. It covers Hong Kong Island, the Kowloon Peninsula, and the New Territories, including 235 outlying islands.

Entry to Hong Kong is fairly easy. Visitors from most countries can enter without a visa for periods varying from seven days to six months. A visitor's adventure begins when landing at the 1248-hectare new airport at Chek Lap Kok. The new Hong Kong International Airport off the northern

coast of Lantau Island was officially opened on July 6, 1998. Any visitor arriving in Hong Kong by air can enjoy the views of Hong Kong's green islands, sandy bays, and harborside forests of skyscrapers.

From the mid-1960s until the change of political sovereignty in July 1997, Hong Kong had encountered significant growth in its tourism industry. As shown in Table 1, there had been positive relationship between the growth of tourism industry and its contribution to the Hong Kong economy.<sup>1</sup>

Hong Kong residents have been enjoying the smooth transition of a British colony to a Hong Kong Special Administrative Region (SAR) of the People's Republic of China since July 1, 1997. People in Hong Kong expected that most industries, including the tourism industry, would be smoothly transited. Unfortunately, the Hong Kong tourism industry presently experiences many difficulties which

**Table 1**  
**Tourist arrivals, tourism receipts, and national wealth in Hong Kong**

Year	Number of tourist arrivals	Total tourism receipts (HK\$mnn)	Percentage share		Annual growth of tourist arrivals	Annual growth of total tourism receipts
			Total GDP (HK\$mnn)	of total tourism receipts in total GDP		
1966	505,733	1,265	14,234	8.89 %		
1967	527,365	1,357	15,427	8.79 %	4.28 %	7.23 %
1968	618,410	1,538	16,475	9.33 %	17.26 %	13.36 %
1969	765,213	1,850	19,359	9.56 %	23.74 %	20.30 %
1970	927,256	2,309	23,015	10.03 %	21.18 %	24.79 %
1971	907,295	2,119	26,532	7.99 %	-2.15 %	-8.21 %
1972	1,082,253	2,545	31,973	7.96 %	19.28 %	20.12 %
1973	1,291,950	2,619	41,043	6.38 %	19.38 %	2.89 %
1974	1,295,462	2,812	46,900	5.99 %	0.27 %	7.36 %
1975	1,300,836	2,976	49,255	6.04 %	0.41 %	5.83 %
1976	1,559,977	3,888	62,751	6.20 %	19.92 %	30.66 %
1977	1,755,669	4,055	72,724	5.58 %	12.54 %	4.31 %
1978	2,054,739	5,107	85,206	5.99 %	17.03 %	25.92 %
1979	2,213,209	6,339	111,754	5.67 %	7.71 %	24.13 %
1980	2,301,473	6,472	141,796	4.56 %	3.99 %	2.10 %
1981	2,523,250	8,103	170,750	4.75 %	9.64 %	25.20 %
1982	2,592,012	8,711	192,488	4.53 %	2.73 %	7.50 %
1983	2,753,549	11,283	212,673	5.31 %	6.23 %	29.53 %
1984	3,107,737	13,821	256,493	5.39 %	12.86 %	22.49 %
1985	3,370,308	14,471	271,655	5.33 %	8.45 %	4.70 %
1986	3,733,347	17,863	312,561	5.72 %	10.77 %	23.44 %
1987	4,501,889	25,437	384,488	6.62 %	20.59 %	42.40 %
1988	5,589,292	33,328	455,022	7.32 %	24.15 %	31.02 %
1989	5,361,170	36,905	523,861	7.04 %	-4.08 %	10.73 %
1990	5,932,854	39,251	582,549	6.74 %	10.66 %	6.36 %
1991	6,032,081	39,607	668,512	5.92 %	1.67 %	0.91 %
1992	6,986,163	48,390	779,335	6.21 %	15.82 %	22.18 %
1993	8,937,500	60,026	897,463	6.69 %	27.93 %	24.05 %
1994	9,331,156	64,263	1,010,885	6.36 %	4.40 %	7.06 %
1995	10,199,994	74,914	1,077,145	6.95 %	9.31 %	16.57 %
1996	11,702,735	84,520	1,192,356	7.09 %	14.73 %	12.82 %
1997	10,406,261	72,100	1,333,938	5.41 %	-11.08 %	-14.69 %

*Note:* Monetary values are at current market prices.

*Source:* A Statistical Review of Tourism, 1976-1998, and Commissioner of Inland Revenue Annual Review, 1967-1997.

have never occurred in colonial history, for example, in 1997 the number of tourist arrivals declined by 11.08 percent and tourism income dropped even further to 14.69 percent. The number of visitors from North Asia (including Japan and South Korea), Hong Kong's traditional leading tourist market, decreased more than 55 percent since July 1997.<sup>2</sup> The entire Hong Kong tourism industry, as the major foreign-exchange earner, is inevitably affected, with a negative impact on related service industries such as airlines, hotels, restaurants, retail, arts, and entertainment.

Previous studies have provided forecasts for the Hong Kong tourism industry after July 1997,<sup>3</sup> but were not based on formal tourism forecasts. This study provides an overview of the tourism industry before and after the change of political sovereignty, scrutinizing the factors causing the changes in tourism demand and attempting to formally forecast future tourist arrivals in Hong Kong for 1998 to 2007. Suggestions are then provided to tourism policymakers and practitioners to reshape the tourism industry.

### **Industry has two periods**

The Hong Kong economy and tourism industry can be divided into two major time periods: the period of stabilization (pre-1961) and the period of expansion (1961 to 1997).

Hong Kong was ceded to Britain in 1842 when the British

fleet defeated the Chinese troops in the Opium War. In 1898, New Territories were leased to Britain for 99 years until June 30, 1997. Prior to the Second World War, Hong Kong relied almost completely on entrepôt trade conducted with Britain, India, China, European countries, Japan, and the United States. However, trade was seriously damaged when China was at war with Japan during World War II. The Japanese shipped out of Hong Kong in 1945 and left behind a run-down, war-ruined, pre-industrial society with no clear future. After the Japanese withdrawal, British troops returned to Hong Kong, and from 1947 to 1951, many industrialists, especially the owners of cotton mills in Shanghai, came to Hong Kong from China and established the cotton textile industry.

The world demand for clothing was rising very fast in the 1950s. At that time, Hong Kong had the advantage (as a member of the British Commonwealth) of preferential tariff treatment by Britain. In 1960, the textiles and clothing industries provided over 40 percent of manufacturing employment. In less than a decade, Hong Kong made its mark on world markets as a small but dynamic exporter of manufactured goods, principally textiles and clothing. At the same time, a great variety of other industries such as manufacturing of plastic products, shoes, gloves, torches, batteries, bulbs, and thermos expanded rapidly.<sup>4</sup> Unfortunately, due to insufficient tourism facilities and

associated infrastructural development, Hong Kong was not a popular tourism destination in this period of time.

### **Tourism begins to grow**

In 1961, Hong Kong started to become an exciting place to visit, and was accorded the distinction of being described as “a show window of capitalism in the East.”<sup>5</sup> The Hong Kong tourism industry started to boom in the late 1960s and the early 1970s. Commercial hotels were built in to accommodate the increasing number of visitors, and associated transportation infrastructures such as the Cross Harbour Tunnel and Mass Transit Railway (subway) were developed.

From the mid-1970s, the expansion of the financial and business sectors was much faster than manufacturing. This has diversified Hong Kong’s economy. Tourism and the import/export trades also outpaced the growth of manufacturing.

From the 1960s to 1997, the hardworking characteristics of the Hong Kong workforce, the geographical advantages of the city, and the British laissez-faire economic policy allowed Hong Kong to achieve significant economic progress and sustained growth.<sup>6</sup> The economic system was highly liberalized, allowing ample flexibility and competition as well as the free flow of capital, manpower, goods, and services. Geographically, Hong Kong is blessed with a natural harbor and is situated at the heart of East Asia and at the edge of China.

Additionally, human capital in the period of the 1960s to the 1980s was another advantage for Hong Kong’s businesses to grow. Members of Hong Kong’s workforce were diligent, disciplined, and cosmopolitan, many bilingual in English and Chinese and well connected with their counterparts in Western societies. In the late 1980s and 1990s, improved education, upgraded technology and skills, and a steady process of capital accumulation have led Hong Kong to impressive advances in productivity across various economic sectors, with tourism being the most prominent.

In the 1990s, the financial and service industries eclipsed manufacturing as Hong Kong’s major industrial sector. While most manufacturing was done in China, Hong Kong still served as a main exporter and re-exporter. National income and living standards continued to rise; Hong Kong boasted the highest number of cellular phones per capita.<sup>7</sup>

Hong Kong’s success as one of the world’s largest financial and service centers was attributed to a number of factors, including the lack of harsh government controls, sensible business practices, good geographical location, advanced telecommunication networks, and free economic policies.<sup>8</sup> As a result, Hong Kong achieved several international successes such as being Asia’s most popular tourist destination and the eighth largest trading entity in the world.<sup>9</sup> Ghitelman claimed, “Hong Kong is a place incentive groups cannot

just visit but must also revisit, a distinction it shares with Paris, London, and precious few other locales."<sup>10</sup> The driving forces that attracted visitors to visit Hong Kong could generally be divided into three major categories, dining, shopping, and touring.<sup>11</sup>

As the "culinary heart of Asia," Hong Kong had the world's highest number of restaurants per capita and the world's 10 busiest McDonald's restaurants.<sup>12</sup>

### **Shopping is tax-free**

Heung and Qu<sup>13</sup> stated the sole purpose of visiting Hong Kong for some tourists is to experience shopping with tax-free prices for such items as ivory, jade, jewelry, watches, cameras, and antiques.

The city's confined geographical area and efficient transportation system make it simple and easy to go touring city landmarks, theme parks, beaches, and harbors, temples and monasteries, and traditional Chinese villages. A person could find the coexistence of the recently-operated Airport Railway and half-century old trams, as well as the manually-operated sampans and modern luxury yachts. The suitable combination of the modern Western technologies and century-old Oriental civilization make Hong Kong a unique place in the world.

On average, the percentage contribution of total tourism receipts to total GDP was 6.64 percent in the period of 1966 to 1997 (see Table 1).

Politically, China has always remained firm against the treaties

signed about Hong Kong in the past century. China claims these treaties are unfair and prejudiced. therefore, it never recognizes them. In September 1984, the Sino-British Joint Declaration allowed for the People's Republic of China to resume sovereignty over Hong Kong on July 1, 1997, to be officially known as Hong Kong, China. However, the socialist system and policies adopted in China are not practiced in Hong Kong.

The new Hong Kong International Airport officially opened in July 1998 as part of the Port and Airport Development Scheme (PADS), a huge infrastructure project involving an overall investment of HK\$127 billion. Within the PADS, a six-lane highway leading to the airport, a bridge linking Tsing Yi with Lantau Island, a third cross-harbor tunnel, and a new town close to the airport have all been built. These transportation projects were planned to immensely advance the trade and tourist capacities.

While some of these aforementioned economical and geographical benefits still hold, the Hong Kong tourism industry is facing a challenge. The total number of tourist arrivals in 1997 was down 11.08 percent, and total tourism receipts reduced sharply by 14.69 percent. These figures are the largest decreases in Hong Kong's history. Table 2 compares the tourist arrivals before and after the political handover.<sup>14</sup>

Tourist arrivals from North Asia, Hong Kong's largest market

**Table 2**  
**A comparison of tourist arrivals based on market segment**

Market Segment	July, 96 - Dec., 96	July, 97 - Dec., 97	Percent Change	Jan., 97 - June, 97	Jan., 98 - June, 98	Percent Change
The Americas	486,488	484,991	-0.31 %	558,796	499,395	-10.6 %
Europe, Africa, and the Middle East	620,209	496,414	-19.96 %	679,773	515,067	-24.2 %
Australia, New Zealand, and South Pacific	185,623	161,287	-13.11 %	193,443	166,868	-13.7 %
North Asia	1,562,375	671,259	-57.04 %	1,055,267	504,843	-52.2 %
South and South East Asia	839,664	649,304	-22.67 %	849,161	570,344	-32.8 %
Taiwan	1,101,044	902,926	-17.99 %	879,654	864,466	-1.7 %
China	1,189,964	1,076,018	-9.58 %	1,221,110	1,186,074	-2.9 %
Total	5,985,367	4,442,199	-25.78 %	5,709,157	4,512,567	-21.0 %

Source: *A Statistical Review of Tourism, 1998, and Visitor Arrivals Statistics, January-June 1998.*

before handover, were down 57.04 percent in the second half of 1997. The decrease in North Asian arrivals continued in the first several months of 1998 with a 52.2 percent drop. Overall, Hong Kong experienced a 25.78 percent drop in total tourist arrivals in the second half of 1997, and from January to June 1998, a 21 percent drop. Even Amy Chan, executive director of the Hong Kong Tourist Association, agreed that Hong Kong has lost its unique colonial status which pushed visitor arrivals to record highs before the change of political sovereignty.<sup>15</sup>

#### Industry faces decline

The barriers leading to tourism decline in Hong Kong are multifaceted. Shortly after the political handover, the financial turmoil hit Asia, which seriously reduced the number of visitors that Hong Kong mostly wanted to attract, the emerging Asian middle class. Then, bird flu has affected the hygienic reputation of Hong Kong. These barriers, in addition to the environmental issues such as pollution and over-crowding, have sharply lessened tourist arrivals. An immediate negative impact to the hotel industry was a 5 percent staff cut.<sup>16</sup>

Associated with the fall in tourist arrivals are the drops in hotel room occupancy, tourism receipts, and employment rate in the tourism industry. In addition, Hong Kong's image as a shopper's paradise is diminishing. The strong Hong Kong dollars, expensive rents, and high labor costs have raised prices, and shopping malls in nearby cities such as Bangkok and Kuala Lumpur provide the same items with a much lower price tag.

#### **Forecasting would be beneficial**

It would be beneficial for the Hong Kong tourism policy-makers and practitioners to know demand for tourism over the next 10 years so that they can perform more accurate planning at strategic, tactical, and operational levels.

Tourism forecasting divides into qualitative and quantitative streams. In qualitative approaches, demand for tourism is "guessed" by some non-standardized ways.<sup>17</sup> Walle<sup>18</sup> classifies qualitative tourism forecasting techniques as "artistic" in nature where researchers are unable to generalize their findings. Quantitative tourism forecasting approaches consist of causal-relationship (also known as regression) techniques and time series techniques. A causal-relationship technique attempts to quantify the relationship of a dependent variable and a set of independent variables using a multivariate mathematical function through statistical analysis.<sup>19</sup> Although causal-relationship approaches

have attained a certain degree of success in tourism forecasting, these approaches are bounded by many limitations such as the huge costs involved, difficulty in data collection, and many predetermined rigid assumptions for the approaches to work.

In contrast to the causal-relationship approaches, time series forecasting techniques attempt to model a tourism relationship, using a univariate mathematical function between the current and past values of a time series. The advantages of time series forecasting approaches are that they are simple to apply, requiring only the past values of a data series, and no assumption about other variables is made. Time series forecasting approaches are well perceived in the tourism research field.<sup>20</sup>

In this research, two commonly used time series forecasting techniques, namely the Moving Average (7) and the ARIMA (also known as the Box-Jenkins), are used to forecast the numbers of visitors in Hong Kong from 1998 to 2007. A Moving Average (7) technique forecasts the value at time period  $t$  by averaging the values of the seven time periods prior to  $t$ . The ARIMA approach is a complex time series forecasting technique. To perform a forecast, an ARIMA approach goes through five different phases: preparation, identification, estimation, diagnostic checking, and forecasting.<sup>21</sup> An ARIMA (1,0,0) was found to be the most satisfactory model for the tourist arrival data (see Table 1). This model, in turn, was used to

**Table 3**  
**Forecasted number of visitors in 1998 – 2007**

Year	Number of Visitors (Moving Average)	Number of Visitors (ARIMA)
1998	9,085,127	10,339,222
1999	9,521,277	10,274,284
2000	9,883,436	10,209,340
2001	10,018,569	10,145,080
2002	10,116,771	10,081,495
2003	10,104,882	10,018,577
2004	9,876,618	9,956,316
2005	9,800,954	9,894,704
2006	9,903,215	9,833,733
2007	9,957,778	9,773,395

estimate the tourist arrivals in the next 10 years (1998 – 2007). Table 3 shows the forecasted values of tourist arrivals in Hong Kong in the period of 1998 to 2007.

Observing the forecasted visitor arrivals numbers from 1998 to 2007, both forecasting techniques indicate a decrease in tourism demand in Hong Kong over the next 10 years. Therefore, decision-makers in the Hong Kong tourism industry should plan for a diminishing demand for tourism.

The central Chinese government has pledged to maintain Hong Kong's lifestyle, free-market policies, and capitalist economy unchanged for 50 years. Since July 1997, the Basic Law (constitution of SAR) ensures this pledge remains unchanged when Hong Kong becomes a highly autonomous SAR of China. Different from the skeptical predictions in the past,<sup>22</sup> Hong Kong's tourism

industry still practices its freedom of management and operation since then. Apparently, most, if not all, of the problems and difficulties that currently affect Hong Kong tourism are unrelated to the Chinese governance.

#### **Problems are fundamental**

The problems that the Hong Kong tourism industry presently faces are fundamental ones which cannot be tackled and solved easily by introducing a few new tourism products. At present, the Hong Kong Tourist Association endeavors to re-advertise Hong Kong as a unique city with the most energetic people in the world, one of the world's five premier international cities, with the most concentrated diversity of experiences, which truly lives to its fullest.<sup>23</sup> Unfortunately, it is rare that a tourist is willing to come to expensive Hong Kong to experience these kinds of

uniqueness. The real uniqueness of Hong Kong in the past was probably the British flags flying in a Chinese city. People from everywhere came to this former British colony to personally find out how the British could manage to convert this "barren rock" into an international cosmopolitan city.<sup>24</sup> Unfortunately, this uniqueness has also gone away with the British departure. The event of "One Hundred Days of Wonders", shortly introduced after the political handover, was viewed as not much different from "One Hundred Days of Blunders."

### **Competition is high**

Currently, Hong Kong's surrounding competitors offer similar tourism products at a relatively lower cost. For instance, Singapore is a city with a good mixture of eastern and western cultures, and China would be a natural choice for western visitors to sense the Oriental history. Similarly, Tokyo is a world-class financial center, whereas Bangkok and Kuala Lumpur have shopping malls which sell most of the commodities that a person can find in Hong Kong.

What the Hong Kong tourism industry needs is a major restructuring and refocusing on market origins. For example, the introduction of casinos could help attract new visitors. Devaluation of Hong Kong dollars could increase the competitiveness of the Hong Kong tourism industry. New tourism products recently introduced in Hong Kong include

the opening of a new airport, theme dining festivals, Tsing-Ma Bridge, and the proposed hosting of the Hong Kong Exposition in the new millennium.<sup>25</sup> Unfortunately, most, if not all, of these items are not strong enough to boost tourism. There is still an absence of uniqueness in Hong Kong to attract international visitors to spend money to travel to Hong Kong.

What's more, China and Taiwan in 1997 for the first time overtook Japan as the leading market origins for the Hong Kong tourism industry (see Tables 4 and 5). The number of Japanese arrivals after July 1997 had the largest percentage decrease, whereas the China and Taiwan markets have the least percentage reduction. Reports were presented in Japan that Hong Kong hotels overcharged Japanese tourists significantly.<sup>26</sup> This, in turn, seriously affected the opportunities of recovery in the Japanese market. Accordingly, a sensible strategic movement for the tourism development in Hong Kong is to re-prioritize markets selected for promotion and concentrate on key markets as suggested by Hobson.<sup>27</sup>

### **Situation is unique**

Hong Kong's experience in tourism is unique in recent worldwide history and different from former communist countries in Eastern Europe that changed from state-owned to privately-owned. It basically remains the same since the handover. Fundamental problems such as expensive costs and

**Table 4**  
**Visitor arrivals by market segment**  
**(Numbers in bracket represent ranking)**

Market segment	1986	1991	1996	1997
The Americas	861,121 (1)	822,397 (6)	973,132 (6)	1,043,787 (6)
Europe, Africa and the Middle East	644,972 (4)	879,840 (4)	1,278,174 (5)	1,176,187 (5)
Australia, New Zealand, and South Pacific	306,756 (6)	284,965 (7)	381,901 (7)	354,730 (7)
North Asia	772,231 (3)	1,444,429 (1)	2,779,439 (1)	1,726,526 (3)
South and South East Asia	844,566 (2)	1,150,165 (3)	1,616,007 (4)	1,498,465 (4)
Taiwan	220,469 (7)	1,298,039 (2)	1,821,279 (3)	1,782,580 (2)
China	363,479 (5)	875,062 (5)	2,311,184 (2)	2,297,128 (1)

*Source: A Statistical Review Of Tourism, 1986-1998.*

external factors such as the regional financial crisis are the major driving forces that made the Hong Kong tourism industry decline.

The very high tourism receipts growth rates in the past have shielded many managerial and operational problems in the Hong Kong tourism industry. To illustrate, Hong Kong had an 88 percent hotel room occupancy rate in 1996, whereas the corresponding worldwide figure was less than 70 percent.<sup>28</sup> As a consequence, hotel investors and managers were all satisfied with past performance and reluctant to introduce major changes. The recent downturn in Hong Kong's tourism industry should provide reason for tourism practitioners and policymakers to bring in new facilities and management techniques that are

specifically applicable to their businesses.

An example would be to improve the usage of information technology (IT). Although IT usage was common in the Hong Kong tourism industry, it was mostly used at the level of application software such as word-processing and spreadsheets to support daily operations.<sup>29</sup> However, instead of simply using IT for mundane operational tasks, the process of computerization should be raised to a strategic level in order to assist senior executives in making decisions and planning businesses. In these areas, tourism managers had been overly conservative in bringing new technologies into their businesses. To re-stimulate tourism demand, policymakers should relax visa

**Table 5**  
**Rankings of the top 3 source countries by visitor arrivals**  
**(1986, 1991, 1996, and 1997)**

Rankings	1986	1991	1996	1997
1	Japan (727,219)	Taiwan (1,298,039)	Japan (2,382,890)	China (2,297,128)
2	USA (704,428)	Japan (1,259,837)	China (2,311,184)	Taiwan (1,782,580)
3	China (363,479)	China (875,062)	Taiwan (1,821,279)	Japan (1,368,988)

*Source : A Statistical Review Of Tourism, 1986-1998.*

entrance requirements for visitors. More training courses should be conducted to train/retrain service industry employees to be more professional. With cautious planning for related social issues, casinos with an Oriental style can be introduced in Hong Kong to attract new customers and to retain existing customers. Another possible promotional activity is to have Hong Kong team up with nearby cities in China to form a network. Visitors are then encouraged to stop in Hong Kong as part of a trip to China. However, Hong Kong should not only serve as a gateway between China and the world as it did in the past,<sup>30</sup> but should have its own added values for the China-originated and the China-bound visitors. In this process, income will be generated for the Hong Kong economy.

Hong Kong's researchers in tourism should perform more applied industrial-oriented research projects rather than theoretical ones. Regular meetings need to be held more often for

researchers, practitioners, and government officials to discuss policy issues that are related to the Hong Kong tourism industry.

The continuous stagnant, if not declining, tourist arrivals are almost a reality in coming years. Hong Kong needs to keep her tourism industry steady throughout the regional financial crisis and to minimize the decrease in tourism demand. Hong Kong was used to very high hotel occupancy rates and two-digit annual percentage increases in tourism receipts. In the past 30 years, Hong Kong had enjoyed smooth growth and steadily increasing profitability and had formulated its plans for the future on a confident prediction.<sup>31</sup> The results of 1997 and the projection for the future tourist arrivals surely come as an unpleasant shock. However, it is time to put the recent situation in perspective and be more realistic. In addition to exploring new markets for tourists, Hong Kong needs to recapture its major lost markets in Asia when the eco-

conomic situation in Asia has recovered. Hong Kong is unlikely to become a shopper's paradise again and will never be a British colony in the future; however, it can be a cultural center and a cosmopolitan opening in China. Hong Kong

be remodeled as a tourism destination primarily for visitors seeking high quality services and entertainment. A new and comprehensive vision of how Hong Kong's tourism industry should go forth in the next century is urgently required. Simply introducing a few new tourism products does not help solve the fundamental problems.

## References

- <sup>1</sup> Hong Kong Tourist Association, *A Statistical Review of Tourism* (Hong Kong Tourist Association, 1967-1998); Hong Kong Statistics Department, *Commissioner of Inland Revenue* (Hong Kong Statistics Department, 1967-1997).
- <sup>2</sup> Hong Kong Tourist Association, *Visitor Arrivals Statistics: January-May, 1998* (Hong Kong Tourist Association, July 1998).
- <sup>3</sup> F. Go, R. Pine and R. Yu, "Hong Kong: Sustaining Competitive Advantage in Asia's Hotel Industry," *Cornell H.R.A. Quarterly* (1994): 50-61; V.C.S. Heung, "The Hong Kong Tourism Industry in Transition," *Cornell H.R.A. Quarterly* (1997): 51-59.
- <sup>4</sup> A. J. Youngson, *Hong Kong Economic Growth and Policy* (Hong Kong: Oxford University Press, 1982).
- <sup>5</sup> Youngson, 7.
- <sup>6</sup> E. K. Y. Chen, "The Economic Setting," *The business environment in Hong Kong*; E. Chen, D. Lethbridge, and S. H. Ng, eds. (Hong Kong: Oxford University Press, 1995), 1-43.
- <sup>7</sup> J. McLaughlin, "Hong Kong: New Capitalist Mecca," *Restaurant Business* 24, No. 32 (August 1994).
- <sup>8</sup> K. S. Kwong, *Tourism and the Hong Kong Economy* (Hong Kong: City University of Hong Kong Press, 1997).
- <sup>9</sup> M. Bailey, "Hong Kong," *EIU International Tourism Reports* 4 (1995): 5-21; A. Granitsas, "Wish You Were Here," *Far Eastern Economic Review* (January 1998): 51.
- <sup>10</sup> D. Ghitelman, "Hong Kong" *Destination Guide* (July 1992): 121-124.
- <sup>11</sup> H. Qu and I. Li, "The Characteristics and Satisfaction of Mainland Chinese Visitors to Hong Kong," *Journal of Travel Research* 35, No. 4 (1997): 37-41; O. H. M. Yau and C. F. Chan, "Hong Kong as a travel destination in South-east Asia: a multidimensional approach," *Tourism Management* 11, No. 2 (1990): 123-132.
- <sup>12</sup> Hong Kong Tourist Association, *A Statistical Review of Tourism* (Hong Kong Tourist Association, 1976-1998).
- <sup>13</sup> V. C. S. Heung and H. Qu, *An analysis of tourism shopping and its impact on the retail trade in Hong Kong*. Proceedings of the Asia Pacific Tourism Association Conference, Taiwan, (August 1997): 321-323.
- <sup>14</sup> Hong Kong Tourist Association, *Visitor Arrivals Statistics: January-May, 1998* (Hong Kong Tourist Association, July 1998).
- <sup>15</sup> Granitsas: 51.
- <sup>16</sup> O. Poole and K. C. Ng, "Hotel staff warned of more cutbacks," *South China Morning Post* (March 5, 1998): B5.
- <sup>17</sup> D. C. Frechtling, *Practical Tourism Forecasting*, (Oxford: Butterworth-Heinemann, 1996).
- <sup>18</sup> A. H. Walle, "Quantitative Versus Qualitative Tourism Research," *Annals of Tourism Research* 24, No. 3 (1997): 524-536.
- <sup>19</sup> H. Qu and S. Lam, "A travel demand model for Mainland Chinese tourists to Hong Kong," *Tourism Management* 18, No. 8 (1997): 593-597.
- <sup>20</sup> W. P. Andrew, D. A. Cranage, and C. K. Lee, "Forecasting Hotel Occupancy Rates with Time Series Models: An Empirical Analysis," *Hospitality Research Journal* 14, No. 2 (1991): 173-181; A. Athiyaman and R. W. Robertson, "Time Series Forecasting Techniques: Short-Term Planning in Tourism," *International Journal of Contemporary Hospitality Management* 4 No. 4 (1992): 8-11.
- <sup>21</sup> Frechtling, 1996.

<sup>22</sup> J. S. P. Hobson and G. Ko, "Tourism and Politics: The Implications of the Change in Sovereignty on the Future Development of Hong Kong's Tourism Industry," 32, No. 4 (1994): 2-8; I. Macauley, "Hong Kong's Hotels: A Symbol of Optimism," *Hotels* (June 1991): 48-51.

<sup>23</sup> J. Baker, "Chan's Challenge," *Successful Meetings* (January 1993): 62-65.

<sup>24</sup> M. Adams, "Horizons: The Enduring Allure of Hong Kong," *Successful Meetings* (May 1989): 152-158; R. Amster, "Hong Kong," *Successful Meetings* (May 1994): 166-168.

<sup>25</sup> Hong Kong Tourist Association, *A Statistical Review of Tourism* (Hong Kong Tourist Association, 1967-1998).

<sup>26</sup> Mackey, 1998.

<sup>27</sup> J. S. P. Hobson, "Hong Kong: the transition to 1997," *Tourism Management* 16, No. 1 (1995): 15-20.

<sup>28</sup> Hong Kong Tourist Association, *A Statistical Review of Tourism* (Hong Kong Tourist Association, 1967-1998).

<sup>29</sup> R. Law and N. Au, "Hong Kong Hospitality: The Application of Information Technology to Achieve Competitive Advantage," Proceedings of the Hong Kong International Computer Conference '97 (October 1997, Day 1): 52-56.

<sup>30</sup> W. S. Chow, "Open Policy and Tourism between Guangdong and Hong Kong," *Annals of Tourism Research* 15, No. 2 (1988): 205-218; C. Mok and B. Slater, "Residents' attitudes toward tourism in Hong Kong," *International Journal of Hospitality Management* 10, No. 3 (1991): 289-293; T. Y. C. Wong and K. S. Kwong, "The Role of Hong Kong in Asia's Regional Economic Growth and

Development," *The business environment in Hong Kong*, E. Chen, D. Lethbridge, and S. H. Ng, eds. (Hong Kong: Oxford University Press, 1995): 162-189.

<sup>31</sup> J. A. Donoghue, "AAPA topic: Asian ailments," *Air Transport World* 1 (1998): 70-71.

---

**Rob Law** is an assistant professor and **Catherine Cheung** is a lecturer in the Department of Hotel and Tourism Management, The Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong.

**Acknowledgement:** A Hong Kong Polytechnic University Research Grant (under Account Number: A-PA26) supported this research, in part.