

**Business Facilitation Advisory Committee
Wholesale and Retail Task Force**

***Hong Kong Tourism Board
Work Plan for 2019-20***

Purpose

The paper at Annex sets out the Hong Kong Tourism Board (HKTB)'s work plan for 2019-20 for Members' information.

Background

2. The HKTB is a statutory body established in 2001 under the Hong Kong Tourism Board Ordinance (Cap. 302). Its core function is to promote Hong Kong globally as a leading international city in Asia and a world-class tourist destination.

3. The HKTB's activities are primarily funded by the Government. Each year, the HKTB maps out its work plan for the year ahead, taking into account the macro environment and the tourism policy of the Government. In drawing up the work plan, the HKTB conducted extensive consultation with various tourism stakeholders, including travel agents, airlines, hotels, retailers, restaurants, attractions, as well as the academia. The work plan at the Annex has incorporated their views. It also gives an overview of the tourism performance in 2018.

4. The work plan will be submitted to the Secretary for Commerce and Economic Development for approval under Section 17B of the Hong Kong Tourism Board Ordinance. The subvention for the HKTB will form part of the Appropriation Bill, the passage of which is subject to the Legislative Council's approval.

5. Members are invited to note the HKTB's Work Plan for 2019-20 at the Annex.

HONG KONG TOURISM BOARD WORK PLAN FOR 2019-20

PURPOSE

1. This paper presents the work plan of the Hong Kong Tourism Board (HKTB) for 2019-20. It also gives an overview of Hong Kong's tourism industry in 2018 and the outlook for 2019, which form the background for developing the objectives, strategic focuses and key initiatives of the HKTB for 2019-20.

BACKGROUND

2. The HKTB is a statutory body tasked with marketing and promoting Hong Kong as a preferred travel destination worldwide. Each year, the HKTB undertakes a structured planning process to map out its strategies and initiatives for the year ahead, taking into account various factors in the macro environment, such as global economic conditions and market trends, as well as the relevant policy directions of the Government. In 2019-20, the HKTB will take active steps to enhance visitor arrivals by stepping up its marketing efforts in source markets, organising mega events, and promoting other tourism-related initiatives. The HKTB will also strive to maintain high visitor satisfaction levels and stimulate their spending to maximise the benefits from tourism to Hong Kong's economy and the community at large.

3. In devising the work plan for 2019-20, the HKTB conducted a series of consultations with stakeholders in the local tourism industry to solicit their views, including travel agents, airlines, hotel owners and management, retailers, food and beverage caterers, attraction operators, and academics.

OVERVIEW OF 2018 TOURISM PERFORMANCE

Total visitor arrivals

4. Sustaining the upward trend in 2017, total visitor arrivals recorded 11.4% growth in 2018, reaching 65.15 million. A breakdown of the figures is as follows:

| | Visitor arrivals | | |
|-----------------------------|------------------|---------------|---------------|
| | 2018 | 2017 | 2018 vs. 2017 |
| The Mainland ('000) | 51,038 | 44,445 | +14.8% |
| Non-Mainland markets ('000) | 14,109 | 14,027 | +0.6% |
| Short-haul markets ^ ('000) | 8,858 | 8,907 | - 0.6% |
| Long-haul markets * ('000) | 4,514 | 4,390 | +2.8% |
| New markets ** ('000) | 738 | 730 | +1.1% |
| Total ('000) | 65,148 | 58,472 | +11.4% |

Remarks: Owing to rounding, the total may differ from the sum of the individual figures.

^ Excluding the Mainland, Vietnam and India

* Excluding markets in the Gulf Co-operation Council (GCC), the Netherlands and Russia

** New markets include India, the GCC markets, the Netherlands, Russia and Vietnam.

5. The Mainland remained the largest visitor source market for Hong Kong and the driving force behind the growth in overall arrivals. After two stagnant years in 2015 and 2016, the Mainland market picked up again in 2017, and the growth trend continued in 2018. Furthermore, the opening of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) and the Hong Kong-Zhuhai-Macao Bridge (HZMB), which enhance the land connections between Hong Kong and the Mainland and provide a novel experience for visitors, has put Hong Kong in a favourable position at the top of the travel list for Mainland visitors.

6. Driven by these factors, overall Mainland arrivals in 2018 rose 14.8% year on year. Nevertheless, Hong Kong faced numerous challenges, including the fluctuating Mainland economy and RMB caused by the Sino-US trade conflict, and intensifying competition caused by convenient visa policies, large-scale events and tactical promotions launched by other destinations in vying for the Mainland market. It is expected that such situation will continue.

7. For the short-haul markets, visitor numbers were at a historical high in 2017, with record-breaking arrivals from a number of markets including South Korea and the Philippines. In 2018, the region underwent a downward adjustment, with Taiwan and South Korea registering a decrease in arrivals of 4.3% and 4.5% respectively. Meanwhile, the persistent strengthening of the US dollar, to which the Hong Kong dollar is pegged, that began in January 2018

made Hong Kong more expensive and thus less appealing as a travel destination among price-conscious consumers in Southeast Asia. Hong Kong also faced fierce competition in the Southeast Asian market, where places in North Asia like Japan, South Korea and Taiwan stepped up their efforts to draw visitors. In summary, total short-haul arrivals fell 0.6% in 2018.

8. Thanks to increased air capacity between Hong Kong and numerous long-haul markets, the long-haul markets showed better performance than their short-haul counterparts, with overall long-haul arrivals up 2.8% year on year. As for individual markets, the US registered a 7.3% increase, given its steady economic growth. Across the ocean, political and economic uncertainties affected travel sentiment in Europe. Nonetheless, arrivals from the UK and Germany went up during the year.

9. For the new markets, the performance varied from market to market. Backed by a relatively stable economy, arrivals from Russia surged 9.3% year on year. The Indian market, on the other hand, was affected by the drastic depreciation of the rupee against the Hong Kong dollar in the second half of 2018. Increased direct flights by low-cost airlines between Hong Kong and New Delhi, however, helped narrow the decrease in arrivals to 1.6%, compared to the two-digit decrease in the previous year. Overall, arrivals from the new markets went up 1.1% year on year in 2018.

Overnight visitor arrivals

10. In 2018, overnight visitor arrivals amounted to 29.26 million, a 4.9% increase over that of 2017. Overnight arrivals from the Mainland and long-haul markets rose. A breakdown of the figures is as follows:

| | Overnight visitor arrivals | | |
|-----------------------------|----------------------------|--------|---------------|
| | 2018 | 2017 | 2018 vs. 2017 |
| The Mainland ('000) | 19,902 | 18,526 | +7.4% |
| Non-Mainland markets ('000) | 9,361 | 9,358 | - |
| Short-haul markets ^ ('000) | 5,605 | 5,694 | -1.6% |
| Long-haul markets * ('000) | 3,227 | 3,139 | +2.8% |
| New markets ** ('000) | 529 | 525 | +0.7% |
| Total ('000) | 29,263 | 27,885 | +4.9% |

Remarks: Owing to rounding, the total may differ from the sum of the individual figures.

^ Excluding the Mainland, Vietnam and India

* Excluding the GCC markets, the Netherlands and Russia

**New markets include India, the GCC markets, the Netherlands, Russia and Vietnam.

- Figure change is less than 0.05%

11. The performance of individual markets was as follows:

- (A) The Mainland: As mentioned in paragraph 5, the upward growth trend in 2017 continued . Moreover, the opening of the XRL, which plugged Hong Kong into the Mainland high-speed rail network, drew overnight visitors from not only South China but also other areas in the market. As a result, overnight Mainland arrivals were up 7.4% in 2018.
- (B) Short-haul markets: Influenced by factors like fluctuating exchange rates and competition from other destinations in the region, short-haul overnight arrivals dropped 1.6% year on year, with only Japan (+4.8%), Thailand (+4.5%), the Philippines (+0.6%) and Malaysia (+0.1%) recording growth.
- (C) Long-haul markets: Total overnight arrivals from the long-haul markets rose 2.8%. Benefiting from expanded flight capacity, the two North American markets, the US and Canada, registered an increase of 7.1% and 1.3% respectively. Among the European markets, the UK and Germany recorded growth of 2.0% and 3.6% respectively, whereas overnight arrivals from Australia also went up 2.4%.
- (D) New markets: While overnight arrivals from Russia (+6.3%) increased, India (-0.9%) registered decline owing to the depreciation of the rupee against the Hong Kong dollar. Since India accounts for a larger share of new market arrivals, its performance inevitably affected the overall performance of the market region. Overall, overnight arrivals from the new markets slightly increased by 0.7% during the year.

Business and Meetings, Incentive, Conventions and Exhibitions (MICE) visitors

12. With strengthened air connections between the Mainland and other regions, more business travellers are taking direct flights to the Mainland instead of stopping over in Hong Kong, placing a negative impact on total business arrivals to Hong Kong. Nonetheless, the HKTb's strategy of actively promoting MICE tourism was effective in making up for the loss of general business travellers. In 2018, with Hong Kong selected for an increased number of incentive activities, overnight MICE arrivals rose 2.1% to reach 1.967 million, narrowing the decrease in total overnight business arrivals to 0.3%, which amounted to 3.937 million.

| | Overnight MICE visitor arrivals | | Other overnight business visitor arrivals | | Total overnight business visitor arrivals | |
|-----------------------------|---------------------------------|----------|---|---------|---|---------|
| | 2018 | vs. 2017 | 2018 | vs.2017 | 2018 | vs.2017 |
| Total ('000) | 1,967 | +2.1% | 1,970 | - 2.6% | 3,937 | -0.3% |
| Non-Mainland markets ('000) | 1,008 | +7.2% | 882 | -1.8% | 1,890 | +2.8% |
| Mainland China ('000) | 959 | -2.9% | 1,088 | -3.3% | 2,047 | -3.1% |

Remarks: Owing to rounding, the total may differ from the sum of the individual figures.

Please refer to Attachment I for a detailed breakdown of visitor arrivals from individual markets in 2018.

Visitor spending and average length of stay

13. Visitor spending and the average length of stay by overnight visitors in 2018 are shown in the table below:

| | 2018 | 2017 | 2018 vs. 2017 |
|--|--------|--------|---------------|
| Average length of stay by overnight visitors (nights) | 3.1 | 3.2 | -0.1 |
| Per capita spending (PCS) by overnight visitors*(HK\$) | 6,607 | 6,443 | +2.5% |
| Total expenditure associated with inbound tourism (TEAIT) ^{1*} (HK\$ billion) | 332.62 | 296.70 | +12.1% |
| Visitor satisfaction level* [^] (out of 10) | 8.6 | 8.4 | +0.2 |

* Projection made in January 2019

[^] Excluding same-day, in-town visitor arrivals

14. The average length of stay by overnight visitors in 2018 was 3.1 nights, a decline of 0.1 night over 2017. This was mainly because the average length of stay by overnight visitors from the Mainland, which accounted for 68.0% of total overnight arrivals, fell from 3.1 to 3.0 nights, while visitors from short-haul markets (excluding the Mainland) spent an average of 2.9 nights in Hong Kong, which was on par with that of the previous year. Visitors from long-haul markets spent an average of 3.8 nights in Hong Kong, a drop of 0.1 nights. These trends align with visitors' latest preferences of travelling during short breaks.

15. The PCS of all overnight visitors in 2018 increased by 2.5% to HK\$6,607 owing to a host of factors, such as changes in currency exchange rates and hotel room rates. TEAIT increased by 12.1% over 2017 to HK\$332.6 billion. Visitor satisfaction increased by 0.2 points to 8.6 on a 10-point scale.

¹ The tourism expenditure figures were calculated according to methodology recommended by the United Nations World Tourism Organization (UNWTO). The two components of TEAIT are: (1) Total Destination Consumption Expenditure – the sum of all payments made by visitors for goods and services consumed in Hong Kong, including accommodation, shopping, meals and entertainment. This information is collected from the HKTB's Departing Visitors Survey; (2) Passenger International Transportation Expenditure – receipts of Hong Kong-based carriers for cross-boundary transportation of non-resident passengers by air, sea or land. The data is provided by the Census and Statistics Department.

TOURISM OUTLOOK FOR 2019

Uncertain and volatile global economic outlook

16. Sustaining the trend in 2017, global economic growth remained steady in the first half of 2018, but began to slacken in the second half of the year due to political and trade conflicts among the major economic powers and fluctuating currency exchange rates. These factors, coupled with internal issues faced by various economies, may destabilise the global economy in 2019. In sum, instability at the global level and uncertainties on the individual market level are expected to affect the global economy in 2019 and make it less predictable.

17. For the Mainland, the RMB weakened and the economic growth slowed down in 2018 due to the trade conflict with the US and multiple interest rates hikes by the US Federal Reserve during the year. The Mainland economy is expected to remain susceptible to the impact of these factors in 2019, and uncertainties in the external environment may cause fluctuations in the RMB, which may affect Mainland consumers' travel and spending desire. This notwithstanding, it is believed that various policies implemented by the Central Government will be able to maintain a stable economic growth.

18. On the international front, the US diplomatic relations with China, especially the Sino-US trade conflict, remain uncertain. Meanwhile, the Federal Reserve raised the interest rates four times in 2018 and this policy will probably continue in 2019, leaving much uncertainty about the frequency and magnitude of the hikes. Since the US is the largest economy in the world, any developments in its trade or interest rates policies are bound to have an impact on the global economy, including currency exchange rates.

19. In Europe, economic development will remain under the shadow of uncertainty in 2019. In particular, there are many unknowns surrounding the implementation of Brexit under the Withdrawal Agreement, and the exact impact of Brexit on the UK and the rest of Europe. Furthermore, possible leadership changes in a few major European Union (EU) countries may have a far-reaching impact, especially on the reform of the EU and the euro. The continent will also have to keep watch on other risk factors, including separatism, the refugee crisis and terrorism. How the European economy will turn out will remain to be observed.

20. Turning to the short-haul markets, the weak Japanese economy is in hope of some revival upon possible implementation of more vigorous economic measures. There are, however, two sides to every coin. On the one hand, an improved economy along with the approaching Tokyo 2020 Olympic Games can boost spending and travel desire. On the other hand, a further increase in the

consumption tax and the implementation of the International Tourist Tax in 2019 will dampen travel sentiment.

21. In Taiwan, the government has been pushing economic growth through actively investing in infrastructure. But whether such policies will benefit the public directly is still unknown. In South Korea, whose economy is export-led, fierce competition from its neighbouring countries makes it difficult to improve wages and stimulate internal consumption. In fact, the country's unemployment rate had climbed up in 2018, and the conditions may not improve in 2019, which would make outbound travel less favourable for Korean consumers. As in South Korea, exports are a driving force behind economic growth in a number of Southeast Asian countries, which means that any changes in the policies and economic conditions of their export markets can affect their economic development.

22. As for the new markets, the continued rise in international oil prices since early 2018 had been conducive to the growth of the Russian economy. Since October, however, the trend began to reverse. If this persists in 2019, the situation may become unfavourable to the Russian economy, which is also facing economic sanctions by various Western countries. In India, internal consumption has improved as the impact of the abolition of the old currency and the introduction of the Goods and Services Tax in 2017 gradually wore off. Growth of the manufacturing industry has also picked up, with rapid development expected for the overall economy in 2019.

23. Currency-wise, as mentioned in paragraph 18, the US Federal Reserve has announced its policy to gradually raise the interest rate against the backdrop of a recovering US economy, with possible further hikes in 2019. The performance of the US economy, the fiscal policy of the US administration and the global financial situation are all going to affect the frequency and magnitude of the rises, so a great deal of uncertainty remains. Owing to the US interest rates hikes in the past year, the RMB, euro, pound sterling and the currencies of numerous Southeast Asian countries have depreciated in varying degrees against the US dollar since mid-2018. This trend is expected to continue in 2019. Since the Hong Kong dollar is pegged to the US dollar, the price factor may affect the travel and spending desire of consumers in the concerned markets to visit Hong Kong.

Intensifying competition in source markets

24. Tourist destinations around the world have stepped up their marketing efforts in the tourism industry, giving rise to fierce competition in the region. Several Asian destinations, including the Mainland, Taiwan, Japan, South Korea, Thailand, Singapore and Malaysia, have introduced policies to facilitate

the entry of foreign visitors, by relaxing visa approvals, simplifying application procedures, and allowing longer stays. These destinations have also proactively developed their tourism industry by launching marketing campaigns to attract visitors and enhancing their tourism facilities. In particular, the Japanese yen has remained weak in the past several years, making Japan a more appealing destination.

25. According to China Tourism Academy² statistics, the number of departures from the Mainland reached 142 million in 2018, up 9.0% year on year. Many countries and regions will continue to actively attract Mainland visitors, resulting in more intense competition. On the other hand, in view of the possible fluctuations in Mainland visitor arrivals due to political situations, destinations such as Japan, South Korea and Taiwan have stepped up their marketing promotions in other key source markets apart from developing the Mainland market to avoid the risk associated with concentration of visitor source markets. We therefore expect it to be increasingly challenging to attract short-haul visitors, Southeast Asian visitors in particular, to Hong Kong in the future.

26. Hong Kong has long been an aviation hub in the region, with an established edge in air connectivity. However, in recent years, a number of cities in the region have actively developed their air connectivity with overseas source markets. According to the International Air Transport Association (IATA)³, in 2018, there was significant growth in the capacity of direct flights to Thailand (+11%), Japan (+6.7%) and Singapore (+4.9%) while the growth of those to Hong Kong was only a moderate 2.0% resulting from a near saturated capacity of the Hong Kong International Airport. It is expected the situation will remain unchanged in 2019 which may affect Hong Kong's competitive edge.

27. At the same time, according to the IATA's outlook for 2019, some airlines will reallocate their resources, cutting capacity of direct flights between Hong Kong and several short-haul markets, including South Korea (-9.3%) and Taiwan (-5.6%), to increase direct flight capacity to other Asian destinations.

28. For long-haul markets, the IATA expects the capacity of direct flights from Germany (+5.7%), the US (+4.3%), the UK (+4.2%) and Canada (+2.6%) to Hong Kong will increase. However, many Southeast Asian countries including the Philippines (+19.2%), Indonesia (+8.3%) and Singapore (+6.4%) will also proactively expand their footprints to strengthen their air connectivity with long-haul markets.

² Data from China Tourism Academy in July 2018.

³ Data from the IATA on 10 January 2019.

29. Besides, low-cost carriers (LCCs) are rapidly expanding in some Asian countries and regions, such as South Korea, Taiwan, Japan and Southeast Asia. The relatively lower airfares have helped divert visitors to these countries for short visits. LCC development in Hong Kong has been lacklustre compared with that in nearby destinations, putting pressure on Hong Kong's competitiveness as a travel destination.

Opportunities arising from tourism-related policies and infrastructure development

30. The Government always strives to invest in infrastructure projects in an effort to enhance connectivity between Hong Kong and the neighbouring regions to facilitate the development of source markets. The new transportation infrastructure connecting the Mainland and Hong Kong, such as the XRL and the HZMB, which were completed last year will take tourism development of Hong Kong to the next level. The XRL connecting Hong Kong to the Mainland's high-speed rail network will strengthen Hong Kong's crucial role as the Mainland's southern gateway, attracting more foreign visitors to travel via Hong Kong to other cities in the Mainland and providing another option to Mainland visitors for travelling to Hong Kong. The Hong Kong–Zhuhai–Macao Bridge will provide an opportunity for the Guangdong–Hong Kong–Macao Bay Area (Greater Bay Area) to develop into a region that offers an integrated mixture of tourism features and experiences to further promote multi-destination tourism.

31. To facilitate communications between trade partners from local and source markets and leverage the tourism potential of the Greater Bay Area development, the Government joined hands with the HKTB and the Tourism Industry Council of Hong Kong to hold the Hong Kong International Tourism Convention late last year. Around 1,000 participants from 34 source markets including government officials, representatives of tourism authorities and trade members attended the Convention and engaged in exchanges with the local trade. They also experienced the convenience of the XRL and the HZMB through site visits.

32. In addition to the new momentum for Hong Kong's tourism development arising from major infrastructure projects, the Government in 2017 issued the Development Blueprint for Hong Kong's Tourism Industry, which outlines its vision and mission for the tourism industry, with four development strategies, 13 implementation goals and various short-, medium- and long-term initiatives to boost Hong Kong's competitive edge. With the funding provided by the Government, the HKTB launched promotions in key source markets to develop a more diversified market base, and nurture the development of tourism initiatives and products with local and international characteristics with a view to enhancing in-town tourism appeal and attracting more overnight visitors to Hong Kong.

33. In 2019, the HKTB will continue to focus on attracting more overnight visitors, and will ensure the sustainable development of Hong Kong's tourism industry by conducting marketing and PR promotions in source markets, organising and promoting various mega events in Hong Kong, providing support to the travel trade on product diversification and market development and developing MICE and cruise tourism. To enrich Hong Kong's tourism offerings, the HKTB has been revamping the "A Symphony of Lights" and launching creative light shows with additional funding provided by the Government for a three-year term. The enhanced A Symphony of Lights and Hong Kong Pulse Light Festival were organised during winter last year, injecting glitter and glamour into the city's wonderful night view. With the reopening of The Avenue of Stars in 2019, the tourism appeal of Victoria Harbour and the harbourfront will be further enhanced.

34. To promote mega events, in an effort to highlight Hong Kong's gourmet delights, dynamism and local culture, the HKTB, with the additional funding offered by the Government for a three-year term, has been stepping up its promotion of four home-grown events, including the Hong Kong Dragon Boat Carnival, the Tai Hang Fire Dragon Dance, the Hong Kong Cyclothon, and the Hong Kong Wine & Dine Festival, to develop them as signature events in Asia. Related promotions will continue this year. Details are mentioned in subsequent sections of this paper. The Government is also planning to organise activities on a pilot basis at Yim Tin Tsai covering art, history and green tourism, to promote Hakka culture, installation art and historical architecture to raise Hong Kong's tourism appeal.

35. On planning for tourist attractions, a number of new cultural and heritage tourist attractions will be completed soon. With the completion of the revitalisation of the Dr Sun Yat-sen Historical Trail (the Trail) in Central and Sheung Wan by the Government last year, the HKTB expanded the Old Town Central promotion to include the Trail, PMQ and Tai Kwun (the former Central Police Station Compound) to transform Central and Western District into a brand new historical and cultural hub. In the medium term, the imminent opening of various West Kowloon Cultural District (WKCD) attractions, including the Xiqu Centre (January 2019), the M+ Museum for visual culture (2020), the Lyric Theatre Complex (2021) and the Hong Kong Palace Museum (2022), will make WKCD the focal point of Hong Kong's cultural tourism. Furthermore, the Tai Hang Fire Dragon Heritage Centre is expected to commence operations in 2020, introducing visitors to the traditional fire dragon dance, which epitomises the local culture of Hong Kong.

36. At the same time, the two major amusement parks have also been actively enhancing their facilities and attractions. Ocean Park has been developing its new water park and two hotel projects, one of which commenced

operations in 2019 and the other is expected to open in or before 2021. Hong Kong Disneyland is also working diligently on the theme park's expansion and development with a view to introducing new attractions in the coming few years, thus enhancing the attractiveness and competitiveness of the theme park. Meanwhile, the Government will also continue with its planning studies in respect of the Lantau development, including examining the development of North Lantau for leisure and tourism use.

37. The commencement of the HZMB and the XRL has raised the competitive edge of Hong Kong in connecting with the rest of the Greater Bay Area, benefiting MICE tourism. However, Hong Kong continues to face challenges, including the insufficient supply of large-scale MICE venues, mounting operational costs and fierce competition from nearby cities.

38. The Mainland cruise market, including Hong Kong, has been rapidly developing in the past five years and has risen to become the world's second largest cruise source market. However, the development of cruise tourism slowed down in 2018 as a result of the demand-supply imbalance which, to some extent, affected cruise development in Hong Kong. The HKTB will adopt tailored strategies to provide support for the cruise lines, encouraging them to maintain the number of ships deployed to Hong Kong and to promote Hong Kong as a cruise destination.

39. According to the current plan, hotel room supply will continue to increase. By 2022, the total number of hotel rooms is expected to reach around 90,000 (statistics as of December 2018), an increase of approximately 9,606 rooms over that in 2018, offering more choices for visitors.

PROJECTIONS FOR 2019

40. Having taken into account the above factors in the macro environment, including risks and opportunities, tourism-related policies, trends of development in key source markets, changes in available capacity on direct flights, and analysis and forecasts by international organisations, the HKTB has made the following projections for various key tourism performance indicators in 2019:

| Key Tourism Performance Indicators | 2019 Projection | 2018 | Growth Rate |
|--|-----------------|--------|-------------|
| Total visitor arrivals ('000) | 66,405 | 65,148 | +1.9% |
| Arrivals from Mainland ('000) | 52,128 | 51,038 | +2.1% |
| <i>Overnight arrivals</i> | 20,374 | 19,902 | +2.4% |
| <i>Same-day, in-town arrivals</i> | 31,754 | 31,136 | +2.0% |
| Arrivals from short-haul markets ('000) | 8,950 | 8,858 | +1.0% |
| Arrivals from long-haul markets ('000) | 4,573 | 4,514 | +1.3% |
| Arrivals from new markets ('000) | 754 | 738 | +2.1% |
| Average length of stay by overnight visitors* (nights) | 3.1 | 3.1 | Unchanged |
| Visitor satisfaction^* (out of 10) | 8.6 | 8.6 | Unchanged |
| PCS by overnight visitors* (HK\$) | 6,195 | 6,607 | -6.2% |
| TEAIT* (HK\$ billion) | 327.45 | 332.62 | -1.6% |

^ Excluding same-day, in-town visitors

* Comparison based on preliminary figures made in January 2019

FOCUSES OF THE 2019-20 WORK PLAN

41. The focuses of the 2019-20 HKT B Work Plan are as follows :

| |
|--|
| <p><u>Focus 1: Focus on driving overnight arrivals</u></p> <ul style="list-style-type: none"> • Fine-tune investment mix and continue to focus on drawing overnight visitors |
| <p><u>Focus 2: Reinforce Hong Kong’s image as a world-class destination with diverse travel experiences</u></p> <ul style="list-style-type: none"> • Promote 10 core experiences focusing culture, the outdoors and the arts • Strengthen Hong Kong’s branding as the Events Capital of Asia and uplift visitors’ in-town experiences |
| <p><u>Focus 3: Deepen and promote Hong Kong’s tourism brand to a wider audience</u></p> <ul style="list-style-type: none"> • Encourage visitors to discover Hong Kong like a local through new promotions • Strengthen public relations effort especially through collaboration with major international media • Extend consumer reach through digital platforms • Build a smart travel platform with the latest technologies |
| <p><u>Focus 4: Leverage the Greater Bay Area and Belt & Road initiatives to promote multi-destination itineraries</u></p> <ul style="list-style-type: none"> • Capitalise on the opening of the Hong Kong-Zhuhai-Macao Bridge and the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link to forge the Guangdong-Hong Kong-Macao Greater Bay Area tourism brand |
| <p><u>Focus 5: Creating new business opportunities for the travel trade</u></p> <ul style="list-style-type: none"> • Study potential markets and visitor segments to tap new visitor sources |
| <p><u>Focus 6: Elevate visitors’ satisfaction levels</u></p> <ul style="list-style-type: none"> • Expand visitor service scope using new technology • Promote quality tourism services to enhance service standards |
| <p><u>Focus 7: Proactively bring in MICE and cruise visitors</u></p> <ul style="list-style-type: none"> • Grow the MICE market with a segment-targeted strategy • Stimulate demand for cruise travel through intensive promotion • Strengthen regional collaboration through Asia Cruise Cooperation |
| <p><u>Focus 8: Maintain strong trade support</u></p> <ul style="list-style-type: none"> • Support the local travel trade to develop tour products with local characteristics • Step up promotion to attract families and the young segment • Foster closer collaboration to create business opportunities • Further enhance the user experience on PartnerNet |
| <p><u>Focus 9: Strengthen corporate governance</u></p> <ul style="list-style-type: none"> • Setting objectives • Enhance cost management • Proactively seek additional resources |

Focus 1: Focus on driving overnight arrivals

Fine-tune investment mix and continue to focus on drawing overnight visitors

42. In 2019-20, the HKTB will focus its promotion in various source markets on the diverse tourism experiences visitors can have in Hong Kong to differentiate the city from other destinations. The HKTB will focus its resources in attracting more overnight visitors from different markets to maximise the economic benefits brought by the tourism industry.

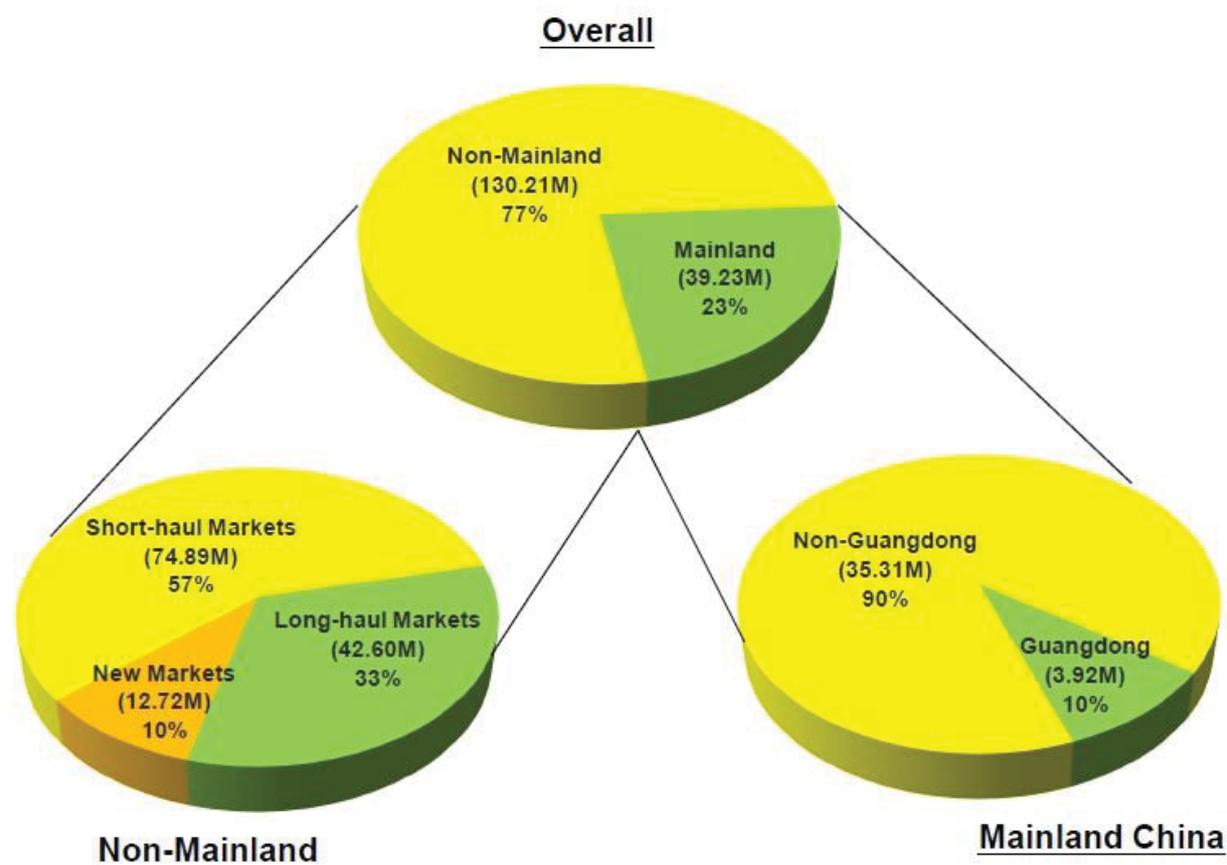
43. In 2019-20, the HKTB will continue to focus its resources on 20 key markets, which together generate approximately 96% of all visitor arrivals to Hong Kong. To maintain a diverse market portfolio and balanced visitor mix, and uphold Hong Kong's image as Asia's world city and a world-class destination, the HKTB will continue to invest most of its marketing resources in the non-Mainland markets.

44. The HKTB's total marketing budget in 2019-20 is estimated to be HK\$433.34 million, of which HK\$169.44 million will be invested in visitor source markets. Of this, 77% will be allocated to non-Mainland markets while 23% will go to the Mainland market.

45. Of the resources allocated to non-Mainland markets, 57% will be invested in short-haul markets, including Taiwan, Japan, South Korea and Southeast Asia in view of the intensified competition from neighbouring destinations; 33% will be used in long-haul markets, including the US, Canada, the UK, France, Germany and Australia; and the remaining 10% will be invested in key new markets, with focus in India and Russia. Among the resources invested in the Mainland market, 90% will go to non-Guangdong areas.

46. The HKTB will regularly review its market priorities and investments in different markets and report to the Board, and will maintain flexibility in its resource allocation. It will also closely monitor the market situation in order to make swift adjustments in response to any unforeseeable changes in the macro environment and step up its promotion in major markets to attract more visitors to Hong Kong.

The following diagram shows the distribution of resources in different visitor source markets in 2019-20:



(A) The Mainland market

To increase tourism receipts from this market, the HKTb will continue to focus on attracting overnight visitors while fine-tuning its investment, allocating 90% of the market’s promotional resources to the non-Guangdong areas in 2019. In particular, as the XRL facilitates direct five-hour travel between Hong Kong and the central and western parts of China at a lower cost than air travel, greater resources will be invested in these areas to attract first-time visits to Hong Kong. Meanwhile, repeat visits by high-spending visitors will be encouraged through continued investment in first-tier cities like Beijing and Shanghai.

Related initiatives include strengthening collaboration with online media to promote Hong Kong unique features and diversified offerings through posts, images, videos and animation; partnering with airlines and online travel agencies to roll out themed tourism products around mega events targeting the young segment; intensifying cooperation with lifestyle e-commerce platforms and mobile applications to further raise awareness of the Quality Tourism Services (QTS) Scheme among consumers and to increase exposure for the QTS merchants.

(B) Short-haul markets

- (i) In response to short-haul visitors' positive feedback on the Old Town Central and Sham Shui Po district promotion, the HKTB will continue to approach this market region with district promotions and introduce a new neighbourhood in 2019-20, inviting visitors to explore different districts in Hong Kong by piquing their interest with the local lifestyle, living culture and in-depth travel experiences.
- (ii) Considering short-haul visitors' tendency to decide where to travel not long before their holidays begin, the HKTB will continue to join airlines, hotels, attractions and other travel trade partners to launch family and young segments-targeted tourism products that are complementary to the HKTB's mega events during school holidays and hotel low seasons, with a view to creating an urge for visitors to confirm Hong Kong as their holiday destination.
- (iii) Since 2019 is Hong Kong Japan Tourism Year, the HKTB will step up its promotional effort in Japan through public relations and digital marketing. In particular, Japanese celebrities will be invited to film travelogues in Hong Kong which will then be broadcast on Japanese TV channels. With support from the travel trade, the HKTB will launch special offers, and work with the Japanese travel trade and Hong Kong attractions to devise tourism products targeting the educational tour market and reach out to schools in Japan to gauge market reaction.

(C) Long-haul markets

- (i) Consumers in the long-haul markets are more inclined to fix their travel destination ahead of their holidays, which makes it crucial to maintain sustained exposure for Hong Kong in these markets. To do so and to extend reach to consumers, public relations and digital marketing initiatives will be heavily adopted in the long-haul markets.
- (ii) Another travel pattern among long-haul visitors is multi-destination travel. Highlighting the convenience brought by the HZMB and the XRL, the HKTB will continue to work with the tourism organisations in the Pearl River Delta, as well as Taiwan and Southeast Asia, to encourage visitors to explore Hong Kong and other cities in the Greater Bay Area and the region on multi-destination itineraries. And with the travel trade, multi-destination tourism products featuring Hong Kong will be developed.

- (iii) Long-haul visitors are also found to take greater interest in Hong Kong's local culture, natural scenery and outdoor activities. Focusing on these areas, the HKTB will produce travelogues in collaboration with both traditional and online media in these markets, calling for visitors to explore Hong Kong first-hand.

(D) New markets

In 2018, the five new markets, namely India, Russia, the Gulf Co-operation Council, Vietnam and the Netherlands showed varying performances as a result of economic and other factors, and the situation is expected to continue in 2019. The HKTB will continue to conduct tailored promotions catering for the characteristics of the individual markets. For example, the HKTB will continue to promote cruise and MICE travel in India and work with neighbouring destinations to promote multi-destination travel in Russia.

Attachment II shows the breakdown of the HKTB's investment in promotion by market.

Focus 2 – Reinforce Hong Kong's image as a world-class destination with diverse travel experiences

Promote 10 core experiences focusing on living culture, the outdoors and the arts

47. To differentiate Hong Kong from other travel destinations, the HKTB will strengthen its promotion of Hong Kong's 10 authentic core experiences: living culture, the arts, the outdoors, dining, sports, entertainment, attractions, festivals, nightlife and shopping. In response to visitors' needs, the HKTB had also shifted its promotion focus from shopping to other tourism experiences over the past few years. In an effort to tie in with the branding strategy in 2019-20, the HKTB will focus its promotion on living culture, the outdoors and the arts, raising the awareness of these experiences among visitors through mega events, marketing promotions and PR and digital marketing campaigns.

(A) Living culture

In the past two years, the HKTB launched two "Hong Kong Neighbourhoods" district promotions – Old Town Central and Sham Shui Po promotion which repackaged the two non-tourist areas with arts and culture, historical architecture, and gourmet and entertainment elements, complemented by intriguing, authentic stories of the locals to captivate

visitors. Both visitors and the travel trade have been positive about the promotions, which have helped promote historical, heritage and cultural tourism, and encouraged visitors to lengthen their stay and explore Hong Kong like a local.

The HKTB is currently conducting research on other neighbourhoods for the next promotion and will consult the relevant district councils later. At this stage, no conclusion has been made. Meanwhile, the HKTB will continue to include new attractions and elements in the Old Town Central and Sham Shui Po promotion in tune with the development of the areas.

(B) Outdoor activities

Since 2009, the HKTB has been promoting green tourism and showcasing Hong Kong's natural scenery through the Great Outdoors Hong Kong platform. To diversify the city's green tourism products portfolio, an enhanced platform called Great Outdoors Hong Kong 2019: Hong Kong Back Garden will be introduced to promote Hong Kong's hidden green treasures under five themes to visitors:

- Sai Kung: Hong Kong UNESCO Global Geopark: Spectacular super volcano
- Southern District: Pristine beaches and picturesque reservoirs
- Ha Pak Nai and Lau Fau Shan: Enchanting sunset
- Fung Yuen and Hok Tau: Eye-opening biodiversity
- Tai O: Traditional fishing village

Moreover, parallel to the Great Outdoors Hong Kong promotion, 18 qualifying trail running races of the Ultra-Trail du Mont-Blanc will be staged. The most popular among overseas and Mainland runners is the "Hong Kong 100", an Ultra-Trail® World Tour (UTWT) event that was elevated to the Series level in 2018 to become the only UTWT event at this level in Asia. The HKTB will collaborate with the event organiser to seek an increase in quota so that more runners from outside of Hong Kong can take part in the event.

(C) The arts

The arts is a core experience promoted by the HKTB to visitors in recent years. The opening of the Xiqu Centre in January 2019 signified the gradual commissioning and opening of the West Kowloon Cultural District. In March 2019, the HKTB will organise Hong Kong Arts Month 2019, highlighting various international arts events to draw art lovers from around the world to the world-class arts events in Hong Kong. Well-known

arts installations will be leveraged to generate global publicity and social media exposure. In addition, the latest arts venues and up-and-coming artsy neighbourhoods, together with the wide variety of arts events across town, will be introduced in Hong Kong Arts Month 2019 to promote a territory-wide ambience and enrich visitors' experience.

Riding on the commissioning of the M+ Museum, which is dedicated to visual culture in the WKCD in 2020, the HKTB will consolidate and promote year-round local and international arts and cultural activities, anchored by major events, namely Art Basel, Le French May, the Clockenflap Music and Arts Festival and Business of Design Week, to highlight the great variety of arts experiences in Hong Kong. The HKTB is also exploring the feasibility of organising an arts and design-themed mega promotion in 2020.

Strengthen Hong Kong's branding as the Events Capital of Asia and uplift visitors' in-town experiences

48. Each year, the HKTB stages a series of mega events and projects to promote the city's festive celebrations, international events, arts and cultural performances, sports events and programmes organised by major attractions to highlight Hong Kong's tourism edge and enhance the city's image as the Events Capital of Asia. These mega events not only enrich the visitor experience, but also put Hong Kong under the international spotlight and create business opportunities for merchants in local districts by diverting visitor traffic to the districts where these events are held.

49. The Government has provided additional funding on a three-year term to support the HKTB's efforts since 2017 to enhance the promotion of four home-grown events and develop them into Asian brand events: the Hong Kong Dragon Boat Carnival, the Tai Hang Fire Dragon Dance, the Hong Kong Cyclothon and the Hong Kong Wine & Dine Festival. These events showcase Hong Kong's gourmet delights, dynamism and local culture. The additional funding also provides resources for the enhancement of the A Symphony of Lights show and the introduction of the Hong Kong Pulse Light Festival to build Hong Kong's own brand of light attraction. In 2019-20, the HKTB will continue to enrich its mega events and step up related promotions complementing the new brand video "Hong Kong Asia's Events Capital" using the additional funding to consolidate Hong Kong's position.

50. In recent years, a number of large-scale international sports events have been held in Hong Kong, including the Hong Kong Tennis Open, the Hong Kong Golf Open, the FIA Formula E Hong Kong ePrix, the Hong Kong 100, the Hong Kong Marathon and the Hong Kong Sevens. The HKTB will produce a promotional video "Hong Kong World of Sports" featuring exciting scenes of

various sports events to highlight Hong Kong’s image as a hub for world-class sporting events.

51. In addition, many large-scale cultural events are held in Hong Kong, such as the Clockenflap Music and Arts Festival, the Hong Kong Arts Festival and Art Basel. The HKTB will continue to promote these events and activities staged by other organisations and groups to reinforce Hong Kong’s image as a cosmopolitan international city and maximise the city’s exposure on the global stage.

52. Following is a list of mega events organised and supported by the HKTB, covering Chinese and Western festivals, sports and the outdoors, and the arts, culture and entertainment.

| Tourism strength(s) to be highlighted | Mega Events (Tentative Time) |
|--|--|
| Sports & outdoors | <ul style="list-style-type: none"> • Hong Kong Sevens (April) • Hong Kong Cyclothon (October) • Hong Kong Tennis Open (October) • Great Outdoors Hong Kong (November 2019 to March 2020) • Hong Kong Golf Open (November) • Oxfam Trailwalker (November) • Hong Kong International Races (Horseracing) (December) • The FIA Formula E Hong Kong E-Prix (tentative) • Hong Kong 100 (January 2020) • Hong Kong Marathon (February 2020) • Masters of Hong Kong (February 2020) |
| Arts & culture | <ul style="list-style-type: none"> • Sonar HK (April) • Affordable Art Fair (May) • Le French May Arts Festival (May to June) • Fête des Lumières (November) • Hong Kong Philharmonic (November) • Arts in the Park (November) • Heritage Vogue · Hollywood Road (November) • deTour (December) • DesignInspire (December) • Hong Kong Arts Festival (February to March 2020) • Hong Kong Arts Month (March 2020) • Art Basel (March 2020) • Art Central (March 2020) |

| | |
|-------------------------------|---|
| | <ul style="list-style-type: none"> • Wall Street Art Festival (March 2020) • HK Urban Canvas (March 2020) • Art Gallery Night (March 2020) |
| Entertainment | <ul style="list-style-type: none"> • Ani-Com & Games Hong Kong (July) • Clockenflap Hong Kong Music & Arts Festival (November) |
| Chinese and Western festivals | <ul style="list-style-type: none"> • Cheung Chau Bun Festival (May) • Hong Kong Dragon Boat Carnival (June) • The Dragon Boat Water Parade of Tai O (June) • Mid-Autumn Festival and Fire Dragon Dance (September) • Hong Kong Pulse Light Festival (November) • Hong Kong New Year Countdown Celebrations (December) • Chinese New Year Celebrations (January 2020) |
| Shopping | <ul style="list-style-type: none"> • Summer Fun (July) |
| Wine & Dine | <ul style="list-style-type: none"> • Hong Kong Wine & Dine Festival (October) • Hong Kong November Feast (November) |

Focus 3: Deepen and promote Hong Kong’s tourism brand to a wider audience

Encourage visitors to discover Hong Kong like a local through new promotions

53. In the past two years, the HKTb has deepened the promotion of Hong Kong’s diverse tourism appeal and first-rate travel experiences through the “Best of all, it’s in Hong Kong” brand campaign, with positive feedback from both the travel trade and visitors. Efforts have also been intensified on the digital marketing front to expand consumer reach. In 2018, DiscoverHongKong.com, which forms the backbone of the HKTb’s digital marketing effort, recorded over 100 million page views, while the organisation’s fans and followers on various social media platforms broke the 10-million mark. These compelling contents and effective channels provide a sturdy platform for further promotion of Hong Kong’s brand image.

54. In view of travellers’ growing interest in unique, in-depth travel experiences, the HKTb will build upon last year’s promotion and further jazz up the “discover Hong Kong like a local” brand message in 2019-20. To this end, new promotions featuring “places”, “people” and “perspectives” will be launched to showcase the spirit of the local people (“sincere”, “innovative”, “proactive” and “energetic”), the essence of the dynamic city (“non-stop intensity”, “compact variety”, “fascinating contrasts”, “distinctly trendy” and “safe and hospitable”),

and the city's contrasting features (“concrete jungle and nature”, “busy roads and interesting streets and alleys” and “tourist hotspots and secret local hangouts”).

55. Captivating online content is crucial to tourism promotion these days, as a large number of consumers refer to videos, reviews and other information on social media platforms and websites when planning a trip. To capture consumers' attention, the HKTB is planning to engage travel and lifestyle magazines and websites, TV and streaming channels (e.g. NatGeo), and local and overseas personalities and organisations to produce over 200 authentic stories featuring the core travel experiences offered by Hong Kong. These stories will be narrated from the local perspective through a creative, storytelling approach with the aid of the latest filming technologies (e.g. 360-degree panoramic views, drone photography and the virtual reality technology), and distributed through a variety of channels.

Strengthen public relations effort especially through collaboration with major international media

56. The HKTB has been employing public relations means to generate exposure for Hong Kong in various visitor source markets. In 2018, publicity value generated by the related activities amounted to almost HK\$ 7 billion.

57. Every year, addressing to the interest of target visitor segments in source markets, the HKTB invites media representatives from different visitor source markets to Hong Kong during the staging of relevant mega events. Through their coverage of the events, Hong Kong's unique travel experiences are presented to the global audience. In 2019-20, the HKTB will also invite the global media to cover three core travel experiences – living culture, the outdoors and arts – and work with professional photographers, especially expatriates, to produce globally released news footages filmed from travellers' perspectives.

58. To generate positive exposure for Hong Kong in the various visitor source markets and the world at large, the HKTB has adopted the strategy of forging partnerships with well-known international media networks. In 2019-20, it will continue to work with big names in the global media industry to create dedicated websites featuring Hong Kong travel information, experiences and mega events. With international and regional TV channels and production companies, TV programmes featuring different travel experiences will be produced. Meanwhile, photos and videos capturing unique features and major events held in Hong Kong will be distributed to media organisations worldwide through international newswires and stock photo agencies to maximise exposure for Hong Kong.

59. International films are effective platforms for showcasing the appeal of Hong Kong to a wide audience in multiple markets at the same time. To attract

more international film projects to Hong Kong, the HKTB will provide support to production companies that film in the city, such as by offering advice and assistance on filming locations and liaising with venue providers. And when the films are released, promotional campaigns will be launched through public relations, and digital and social media channels to arouse awareness and interest.

Extend consumer reach through digital platforms

60. As mentioned, the HKTB's DiscoverHongKong.com website, which recorded over 100 million page views in 2018, and its various social media accounts, which have accumulated over 10 million fans and followers, provide a solid foundation for its digital marketing work. The HKTB will continue to promote Hong Kong's diverse travel experiences through digital media, including internet and social media, by enriching the content of its digital platforms and strengthening collaboration with leading social and digital media players that boast extensive consumer reach and market penetration. Related work includes the followings:

- (A) Leveraging Google's various travel-related applications and functions, including Google Maps, Google Posts, Google Events, Google Trips and Destinations, the HKTB will provide visitors with all-round travel information throughout their journey, from pre-trip planning to exploring the city during their stay.
- (B) The HKTB will strengthen collaboration with TripAdvisor, a veritable social media platform for travellers, to provide users with content on Hong Kong's diverse travel experiences and share visitors' Hong Kong travel tales.
- (C) Through working with Facebook, the HKTB will encourage Facebook users to share their travel experiences in Hong Kong on their accounts and repost the related videos, texts and images to increase promotional effectiveness. Authentic user-generated content will be made use of to trigger interest in Hong Kong among other users.
- (D) In addition to airlines, online travel agencies and travel portals, online collaboration will be extended to partners in the catering and fast-moving consumer goods sectors to promote Hong Kong's mega events and unique tourism products through thematic content. Lucky draws and quizzes will also be organised to drive sales of tourism products.

Build a smart travel platform with the latest technologies

61. In view of the popularity of digital tools among visitors for trip planning and destination exploration, the HKTB will transform its

DiscoverHongKong.com website into a platform for “smart travel”, using new technologies. Related work has commenced and the upgrade of the DiscoverHongKong.com website is expected to be completed in 2020:

(A) Revamping DiscoverHongKong.com

- (i) More customised content will be introduced to users based on the data they provided and their browsing habits.
- (ii) The HKTB will work with Google to create seamless integration among websites on desktop, mobile and tablet. The HKTB mobile app, My Hong Kong Guide, will be integrated with the HKTB website so that users can use Google functions like Google Maps Navigation and Google Trips and Destinations without downloading or installing the application. Push notifications will also be sent to users about travel information, such as attractions, mega events, and dining and shopping options near their current location, and related e-coupons offered by the local trade.

(B) QR codes will be displayed at attractions for visitors to get more related information, such as historical background, interesting facts and recommended routes. Meanwhile, the VR and AR technologies, voice and video navigation and live streaming will be employed to enhance user interaction.

Focus 4: Leverage the Greater Bay Area and Belt & Road initiatives to promote multi-destination itineraries

Capitalise on the opening of the Hong Kong-Zhuhai-Macao Bridge and the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link to forge the Guangdong-Hong Kong-Macao Greater Bay Area tourism brand

62. Hong Kong stole the international spotlight in late 2018 when two significant infrastructure projects – the HZMB and the XRL– were completed. On the one hand, the new bridge has greatly enhanced land transport connections between Hong Kong and the rest of the Greater Bay Area, allowing better synergy for exploiting the tourism resources of the various destinations. Leveraging the complementary tourism offerings of Guangdong, Hong Kong and Macao, a “Guangdong-Hong Kong-Macao Greater Bay Area” tourism brand and corresponding multi-destination tourism products can be developed to promote the tourism development of the area as a whole. On the other hand, the XRL, which plugs Hong Kong into the Mainland high-speed rail network, provides a new transportation means for visitors to travel from Hong Kong to the Mainland. With the addition of the new infrastructure, together with strong air connections with the Mainland through the Hong Kong International Airport, Hong Kong’s position as the southern gate of China and a must-visit stop in multi-destination itineraries featuring the Mainland is cemented.

63. In 2019-2020, the HKTb will continue to build upon the platform of the Guangdong, Hong Kong & Macao Tourism Marketing Organisation. Through strengthened collaboration with the tourism organisations in Guangdong Province and Macao and intensified promotion of the “Guangdong-Hong Kong-Macao Greater Bay Area” tourism brand, the HKTb will actively promote multi-destination itineraries and tourism products featuring Hong Kong to overseas consumers. It will also conduct joint promotions in the long-haul markets with other neighbouring destinations to bring more international visitors to the region while upholding Hong Kong’s status as a regional travel hub. Related initiatives include:

(A) Collaboration with Guangdong Province and Macao

- (i) A gourmet-themed TV programme hosted by food celebrities, produced by the HKTb in collaboration with the tourism organisations of Guangdong and Macao, will be released via TV channels and video streaming sites in Southeast Asia and North America in the first quarter of 2019. Tying in with this initiative, the HKTb will work with the travel trade to develop multi-destination tourism products targeting ethnic Chinese visitors in overseas markets.

- (ii) Targeting Southeast Asia, South Korea and India, the HKTB will encourage the travel trade to develop multi-destination tourism products that allow visitors to make use of the 144-hour Convenient Visa and the HZMB and the XRL.
- (iii) To encourage Southeast Asian consumers to visit the Greater Bay Area on multi-destination travel mode, travel programmes hosted by celebrities from the markets will be produced to showcase the different travel experiences offered by Guangdong, Hong Kong and Macao and the convenience offered by the HZMB and the XRL.
- (iv) Trade familiarisation tours will be organised for the overseas travel trade to help them develop multi-destination tourism products featuring the Greater Bay Area.
- (v) Joint promotions will be conducted at large-scale overseas trade fairs to promote multi-destination itineraries and products featuring the Greater Bay Area.

(B) Collaboration with Belt and Road countries and other travel destinations

Vietnam is an increasingly popular travel destination among long-haul travellers, particularly those from North America, as evidenced by the sustained growth of North American visitors to the country despite the lack of direct flights. The HKTB has in fact collaborated with Vietnam previously to promote multi-destination tourism products featuring Hong Kong and Vietnam which were met with positive market response in North America. In 2019-20, the HKTB will intensify promotion of the Hong Kong-Vietnam combo by encouraging visitors flying from the US and Canada to stop over in Hong Kong en route to Vietnam.

In addition to Vietnam, the HKTB will seek collaboration opportunities with the tourism organisations of other Belt and Road countries, such as Thailand and the Philippines, to conduct joint promotions in the US, Canada, Russia and other suitable markets to draw international travellers to Hong Kong and the region at large.

Meanwhile, Hong Kong has been working with Taiwan Tourism Bureau on multi-destination promotion in North America since 2016. In 2019-20, Hong Kong will deepen its collaboration with Taiwan and conduct joint promotions in various European markets, including the UK, Germany and Russia. It will also work even more closely with airlines and travel agencies in both Hong Kong and Taiwan to devise new multi-destination tourism products.

Focus 5: Creating new business opportunities for the travel trade

Study potential markets and visitor segments to tap new visitor sources

64. In addition to the current 20 visitor source markets, the HKTB will explore the possibility of conducting long-term promotions in countries connected to Hong Kong with direct flights and whose nationals enjoy visa-free entry to Hong Kong, such as Italy, Spain, Belgium, Turkey and Kazakhstan, and the Belt and Road countries like Cambodia, with a view to opening up new visitor source markets. Tourism products will be launched with airlines in these countries to test market response. In the long run, the HKTB will keep an eye on the potential of markets to which Hong Kong-based airlines operate new direct routes.

65. The HKTB will also study the potential of the Muslim visitor segment and the opportunities and challenges faced by the local travel trade in tapping into the potential of this group, in preparation for possible investment in the future.

Focus 6: Elevate visitors' satisfaction levels

Expand visitor service scope using new technology

66. In 2019-20, the HKTB will continue to enhance the efficiency of its visitor service and expand its service coverage through the use of new technology. In terms of service quality, the HKTB will strengthen its face-to-face services to ensure visitors receive quality, thoughtful services. Related initiatives include:

- (A) New technologies will be introduced to help visitors plan their trip and enhance their in-town experience, making smart travel a reality. For example, chatbots making use of artificial intelligence, supported by travel-related information databases of the HKTB and the travel trade, will be used to provide visitors with basic travel information on Facebook messenger around the clock.
- (B) In keeping with the trend of free independent travel, the HKTB launched a mobile chat service through a messaging application to answer visitors' enquiries instantly. In 2019-20, the HKTB will further promote the service to visitors through hotels and display of QR codes at selected MTR stations and big shopping malls so that visitors can reach HKTB staff for information and help more easily and efficiently.
- (C) Tying in with the opening of the XRL and the HZMB, the HKTB has set up Visitor Centres at the new border checkpoints to provide assistance to

visitors travelling to Hong Kong using the new infrastructure. In 2019-20, the HKTb will also install self-service kiosks at all its Visitor Centres to enhance their capacity.

- (D) The HKTb has set up a hotline dedicated to helping the concierges of local hotels and shopping malls answer enquiries and provide assistance to visitors. By the end of 2018, 117 hotels, 5 QTS-accredited accommodation providers, nine shopping malls, 9 QTS-accredited department stores, 8 tourist attractions and 14 MTR stations had subscribed to the hotline service. In the coming year, the HKTb will expand the hotline service to cover more local hotels, attractions and shopping malls.
- (E) As the Hong Kong Pals volunteer programme enters its 10th year, the HKTb plans to further expand the coverage of the programme by providing travel information and local recommendations to visitors through not only face-to-face interaction at Visitor Centres and mega events but also instant online messaging software. More volunteers will be recruited to serve the needs of the expanding programme and allow more members of the public to become Hong Kong tourism ambassadors.

Promote quality tourism services to enhance service standards

67. The Quality Tourism Services (QTS) Scheme encourages merchants to continuously improve their service standards. As at the end of 2018, the Scheme had around 1,250 merchant members, covering over 8,000 retail and dining outlets as well as visitor accommodation. Riding on the 20th anniversary of the QTS Scheme in 2019, the HKTb will continue to support local merchants to enhance their service standards and further expand the coverage of visitor services. Related initiatives are as follows:

- (A) Riding on the scheme's 20th anniversary, a series of celebrations will be held and spending privileges will be provided to both local residents and visitors to encourage spending at the accredited outlets.
- (B) The HKTb will continue to expand the QTS network through recruiting new merchants and outlets that hold an appeal to visitors. It will also review and fine-tune the accreditation mechanism according to the evolving business environment. New accreditation categories and criteria, such as Muslim-friendly establishments, may be included to expand the scope and penetration of the scheme and serve the needs of different visitors.
- (C) To encourage spending at the QTS merchants, merchant information and the HKTb website link together with e-coupons will be made available to visitors through Google's various travel-related applications and functions.

- (D) Awareness campaigns will be held in the Mainland through means of advertising, digital marketing and public relations. Meanwhile, through continued partnerships with leading digital payment platforms, consumer review platforms and online travel agencies in the market, visitors will be prompted to download the QTS merchants' spending offers and privileges from HKTB's website.

- (E) Leveraging the network and market influence of the Quality Tourism Services Association (QTSA), the HKTB will endeavour to attract more merchants to join the scheme and provide spending offers to visitors via the HKTB's promotions and communication channels. This will help not only raise awareness of and satisfaction with the scheme, but also generate business opportunities for the QTS merchants.

Focus 7: Proactively bring in MICE and cruise visitors

Grow the MICE market with a segment-targeted strategy

68. The HKTB's approach in drawing high-yield MICE visitors has been a segment-targeted one. Faced with insufficient supply of traditional venues and mounting operational costs, the HKTB will, on top of adopting the usual approach, launch a new MICE tourism brand campaign in 2019-20. This new campaign, which will repackage various districts into thematic MICE hubs, is intended to impress MICE event organisers and visitors with new venues and experiences. Backed up by the unique travel experiences Hong Kong offers and the HKTB's neighbourhood promotions and mega events, the campaign will help bolster Hong Kong's image as "The World's Meeting Place".

69. Currently, the HKTB offers subsidies to local MICE event organisers in bidding for large-scale conferences of strategic value. In 2019-20, the HKTB will also use this strategy to bring in more medium-sized meetings and MICE activities that feature cruise elements. The HKTB will continue to support the travel trade in attracting smaller-scale meetings, incentive activities and conferences to Hong Kong, and consider continuing the practice of waiving half of the fee for local trade partners to participate in overseas trade shows, trade delegations and travel missions.

70. At the same time, the HKTB will continue to provide both MICE event organisers and participants with attractive, customised services and privileges to enhance the appeal of Hong Kong for MICE events of different scales.

71. Initiatives for promoting the various MICE segments in 2019-20 include the following:

(A) Meetings and incentive (M&I) travel

- (i) Resources will be focused on the Mainland (mainly targeting Mainland and foreign corporations operating in the Greater Bay Area), South Korea, India, Southeast Asia (primarily Indonesia and Thailand) and the US, and on attracting companies in the direct selling, insurance and finance, information technology, pharmaceutical and manufacturing sectors.
- (ii) The latest tourism products, venues and travel experiences will be promoted to corporate clients and the overseas travel trade under the new MICE tourism brand campaign to reinforce while injecting freshness to Hong Kong's image as "The World's Meeting Place".

- (iii) To engage the overseas M&I travel trade, the HKTB will continue to organise an award programme to recognise their performances and contributions, and host workshops and seminars to keep them updated on the latest developments and unique experiences in Hong Kong as well as the HKTB's market strategies in the area of M&I travel.
- (iv) The HKTB will take part in M&I-related tourism fairs in key markets with Hong Kong trade partners and deepen their connections with their overseas counterparts, event organisers and corporate decision makers.
- (v) Collaboration will be strengthened with M&I associations in the major markets to bring not only large-scale but also more medium-sized and small M&I activities to Hong Kong.

(B) Professional association events

- (i) Keeping the focus on the medical and high-tech industries, the HKTB will strive to solicit more large-scale association events to Hong Kong through strategic investment. To this end, the competitive advantages of Hong Kong, especially its close transport connections with the Mainland, will be promoted under the new MICE tourism brand campaign to persuade more professional associations to choose Hong Kong as the host city for their events.
- (ii) In view of the flexibility enjoyed by professional associations in Asia-Pacific (APAC), which is reflected by their medium scale and more frequent change in hosting destinations, the HKTB, in 2019-20, will allocate more resources to encourage professional associations in the APAC region, particularly those representing innovative technology companies and start-ups, to take their events to Hong Kong.
- (iii) In the European and US markets, investment will be maintained at the current level, with the focus on attracting more medium-sized meetings. The HKTB will strengthen existing and form new strategic partnerships with professional associations and professional conference organisers, and proactively reach out to and persuade these associations' decision makers to organise their events in Hong Kong.
- (iv) The HKTB will partner with local trade to showcase Hong Kong's appeal to professional conference organisers at major international trade shows in Europe and the US like IMEX, and connect Hong Kong trade partners with these people by organising networking activities during the trade shows.

- (v) Connections will be strengthened with professional associations in the Mainland, especially medical industry associations. Familiarisation tours will be organised for representatives of these associations to network and discuss with corresponding Hong Kong associations and travel trade about the possibility of organising conferences jointly.

(C) Exhibitions

- (i) To consolidate Hong Kong's reputation as "Asia's Fair Capital", the HKTb will continue to showcase the strengths of Hong Kong in staging exhibitions at international industry events with local trade partners. It will also strengthen collaboration with local venues to bring more small and medium-sized exhibitions to Hong Kong.
- (ii) Support will be provided to exhibition organisers to draw buyers and exhibitors from the Belt and Road countries to the exhibitions in Hong Kong.

Stimulate demand for cruise travel through intensive promotion

72. As mentioned earlier, the landscape of the regional cruise market started to shift in 2018 as a result of demand-supply imbalance. Confronted by a market changes and fierce competition from other ports in the region, the HKTb will strive to stimulate demand in the coming year through providing continued marketing support for cruise lines and developing new "Express Rail Link and cruise" and "fly-cruise" itineraries. In addition, funding and other support schemes will be put in place to encourage cruise lines to maintain or even increase their cruise deployments to Hong Kong. Related initiatives include:

- (A) The HKTb will support cruise lines' marketing efforts in targeted visitor source markets where Hong Kong's unique, unrivalled travel experiences combining onboard experiences and onshore excursions will be promoted to consumers. In addition, cruise tourism products tying in with the HKTb's mega events and Western and Chinese festive celebrations will be launched to attract consumers to start their cruise trip in Hong Kong.
- (B) Competitive fly-cruise products will be developed with airlines, cruise lines, hotels, attractions and other local trade partners and launched in various markets, encouraging travellers to start their cruise holiday in Hong Kong and tour the city before or after their cruise trip.
- (C) Capitalising on the opening of the XRL and the HZMB, the HKTb will introduce and promote tourism products bundling the Express

Rail Link and cruise travel to consumers in the central, western and southern parts of China and encourage them to embark on their cruise journey in Hong Kong.

- (D) The HKTB will roll out a funding programme to encourage cruise lines to maintain their ship deployments to Hong Kong instead of switching to competing ports. The funding support will be used to elevate the experiences of visitors both during their cruise journey and on shore.
- (E) Corporate charter cruises are a profitable business for cruise lines. To encourage cruise lines to deploy more ships to Hong Kong, the HKTB will support them in soliciting these charter cruises through a subsidy scheme.

Strengthen regional collaboration through Asia Cruise Cooperation

73. In 2014, the HKTB and the Taiwan Tourism Bureau set up the Asia Cruise Fund, which aims to promote cooperation among ports in the region and the development of Asian cruise tourism by pooling resources to subsidise cruise lines in developing and marketing cruise products featuring the member ports. The participation of Hainan, the Philippines, Xiamen and South Korea had further bolstered the strategic alliance, which was elevated to Asia Cruise Cooperation (ACC) to better reflect its commitment to the growth of cruise tourism in Asia.

74. In 2019-20, the HKTB will hold conferences in international cruise events to introduce the latest development of the ACC member ports to the management of the major cruise lines and encourage them to include Hong Kong and other member ports into their itineraries through subsidies provided by the ACC. The ACC also plans to proactively reach out to consumers in key source markets through joint promotions to attract consumers to choose cruise products featuring the member ports, especially Hong Kong.

Focus 8: Maintain strong trade support

Support the local travel trade to develop tour products with local characteristics

75. In order to enrich the in-town visitor experience, the HKTB launched the New Tour Product Development Scheme⁴, which aims to encourage the local travel trade to develop new creatively themed tour products by subsidising part of the costs for marketing the tours. By late 2018, the scheme had subsidised 56 tour products.

76. In 2019-20, the New Tour Product Development Scheme will be renamed as Explore Hong Kong Tours in an effort to amplify the synergy between the scheme and the HKTB's marketing strategies by subsidising new tour products with themes of local culture, outdoor activities and arts.

77. The opening of the XRL and HZMB, which consolidates the abundant tourism resources of Greater Bay Area, offers enormous business opportunities to the local trade. The HKTB will support its trade partners to develop multi-destination tourism products through the Explore Hong Kong Tours platform.

78. Furthermore, the HKTB, in 2019-20, will launch a pilot scheme to develop tourism products targeting the educational tour market in Japan in cooperation with the institutes and schools. To gauge market reaction, the HKTB will encourage trade partners to develop related tour products through Explore Hong Kong Tours.

79. The HKTB will continue to promote the latest tour products developed under the Explore Hong Kong Tours platform through its DiscoverHongKong.com website, PartnerNet website, public relations initiatives, and trade co-op platforms, such as trade familiarisation tours and trade shows, both locally and in visitor source markets. It will also partner with major online travel portals and online travel agents to raise awareness of these tour products internationally to attract more visitors to explore the dynamic experiences Hong Kong offers.

⁴ Under the New Tour Product Development Scheme, successful applicants, selected by an evaluation panel, will receive dollar-for-dollar subsidies from the HKTB, amounting to no more than HK\$500,000, for one to three years to market the approved products.

Step up promotion to attract families and the young segment

80. To step up our promotion of Hong Kong as a preferred travel destination for families and young travellers, the HKTB has partnered with travel agents, airlines, local attractions, hotels, retail and catering, museums and exhibitions to roll out special travel products in the Mainland and short-haul markets since 2016-17. These offers included discounts for air tickets and accommodation for accompanying children, and entry fees to attractions. The promotion has generated positive feedback from our trade partners and visitors over the past three years. However, in response to the intense competition from nearby destinations, price-cutting is not the only option. In 2019-20, the HKTB will shift the focus of its promotion, not only offering discounts for air tickets, hotel accommodation and entry fees to attractions, but also providing more catering and entertainment offers along with free admission to HKTB's events, giving souvenirs and free gifts targeting family visitors and offering value-for-money tourism products to attract visitors travelling to Hong Kong during school breaks.

81. The HKTB will continue to engage the young segment by collaborating with various trade partners to roll out special tour products, including deals on air tickets, hotel accommodation and admission to attractions and mega events during hotel's low-season (for example, June and September), to encourage young travellers to spend their short breaks in Hong Kong.

82. The two programmes will be rolled out in various source markets to coincide with school holidays (for family promotions) and low travel seasons (for young segment promotions), and integrated with the promotional windows of mega events to increase their attractiveness. In 2019-20, the HKTB will strengthen its partnership with online travel agents to promote special tour products targeting families and young visitors.

Foster closer collaboration to create business opportunities

83. To explore more business opportunities for its trade partners, the HKTB will continue to work closely with them in 2019-20 on promotions in visitor source markets.

84. In 2019-20, the HKTB will take part in 23 travel trade events held in various source markets. These events, including consumer shows, large-scale trade shows, cruise trade shows, MICE travel shows, travel missions and networking events, help create business opportunities and facilitate exchanges between the local and overseas travel trade. If the budget allows, the HKTB will also consider initiatives, such as continuing its fee waiver for the local travel trade to join these events to encourage participation.

85. Consumer travel fairs in Asia are key platforms for Hong Kong's travel trade to connect with local consumers and drive product sales. To generate more business opportunities, the HKTB will work with the local and overseas travel trade and theme parks to step up promotion in various consumer fairs. Furthermore, the HKTB will join hands with the tourism organisations of nearby destinations to participate in travel fairs in order to provide more options of tourism products and enhance attractiveness.

86. To enhance overseas travel trade and MICE partners' understanding of Hong Kong's tourism appeal and its latest facilities for leisure and MICE travel, the HKTB will organise familiarisation tours for the overseas travel trade in 2019-20, inviting them to experience the latest offerings developed under Explore Hong Kong Tours. The HKTB will also organise networking events for the local and overseas trade to strengthen their ties and explore business opportunities.

Further enhance the user experience on PartnerNet

87. The HKTB's PartnerNet website is an all-in-one interactive business to business platform that provides our trade partners with the latest information and helps them with business building. So far, 14 market versions in eight languages have been launched.

88. In 2019-20, the HKTB will continue to enhance the features of its PartnerNet website, including updating the system infrastructure to enhance user experience for different markets. At the same time, the HKTB will ensure the synchrony of resources between the DiscoverHongKong.com and PartnerNet websites in view of the former's revamp.

89. The HKTB will also continue to promote the Hong Kong Specialist programme, and through a membership privilege programme, offer qualified trade partners priority in attending trade networking events and experiencing brand new tour products to encourage more travel industry practitioners to enrol in training offered by the programme. In the meantime, the training content will be renewed to include the city's various tourism experiences, latest tour products and thematic information, such as, the Greater Bay Area, the XRL, the HZMB, district promotions and Muslim tourism, deepening members' knowledge of the latest tourism developments in Hong Kong and raising their service excellence.

Focus 9: Strengthen corporate governance

Setting objectives

90. When carrying out its work in visitor source markets, the HKTB strives to continuously enhance its corporate governance by regularly conducting audits and reviews of its financial policies and procedures to ascertain compliance and ensure stringent internal controls. It also identifies areas for improvement and enhances its accountability through consultation with academics and other stakeholders. To ensure the effective use of public resources, the HKTB has drawn up a set of objectives for measuring the effectiveness of its promotions, based on the strategic focuses of 2019-20.

91. Given the volatility in the global economic and tourism environments, the HKTB will regularly review developments and its investments in individual source markets, and flexibly adjust its investments and strategies as required after consulting the Board with a view to responding to contingencies and changes in the macro market environment.

Enhance cost management

92. The HKTB will continue to exercise caution in investing its marketing resources. The HKTB's projected marketing budget for the Mainland, international markets and Head Office in 2019-20 is approximately HK\$433.34 million, of which about HK\$169.44 million (approximate 39%) will be allocated to promotions by its Worldwide Offices.

93. The remaining portion of the budget, which is around HK\$263.90 million, will be used mainly by the Head Office for global and regional promotions, and for organising mega events and implementing other initiatives, such as marketing of the QTS Scheme and providing visitor information and other services in Hong Kong. Attachment III sets out the detailed breakdown.

94. At the same time, the HKTB will vigorously control costs. Currently, the HKTB has a worldwide network of 15 offices and representatives in six markets. In 2019-20, the HKTB's total headcount in its Head Office and Worldwide Offices will remain at 377.

Proactively seek additional resources

95. In addition to enhancing its promotional activities through innovative and cost-effective methods, the HKTB will continue to solicit sponsorship for its mega events and other promotions, and maintain the revenue from advertising on its websites and in its publications.

96. The HKTB has an established mechanism for seeking sponsorship for mega events. In addition, after staging each mega event, the HKTB immediately follows up with the sponsoring organisations and discusses further cooperation, with the objective of securing sponsorship agreements lasting more than one year. The HKTB has already started discussions with different organisations on sponsorships for the mega events in 2019-20. The HKTB aims to generate around HK\$80 million in cash sponsorships and other commercial sponsorship income in 2019-20. In the event that the HKTB is unable to identify suitable sponsors before the promotion of a mega event starts, it will initiate the contingency mechanism and consult the Board and its Product and Event Committee regarding alternative strategies.

CONCLUSION

97. In 2018-19, the tourism industry enjoyed steady growth. The HKTB won a number of awards in 2018, which are listed in Attachment IV.

98. The HKTB will continue to invest according to its market prioritisation model and flexibly deploy its resources to maintain a diverse visitor portfolio. In 2019-20, the HKTB will concentrate on drawing overnight visitors to maximise the economic benefits brought by tourism. In addition, the HKTB will continue to grow its MICE and cruise businesses to expand the consumer base and attract more high-yield visitors.

99. The tourism industry is always susceptible to various external factors. Considering the current global economic and political situations and the changing environment in the source markets, 2019 is expected to be a challenging year. Nevertheless, the Hong Kong's tourism industry offers many advantages and opportunities. The HKTB will seize the opportunities and continue to work closely with the travel trade to promote Hong Kong's unique and appealing travel experiences to attract more overnight visitors and promote business growth, by undertaking various promotional initiatives locally and in its source markets. The HKTB will also join hands with the travel trade to enhance service excellence in the tourism industry to maintain Hong Kong's competitive edge in the long run for the sustainable development of the industry, and under the direction of the Government, uphold Hong Kong's position as a preferred world-class travel destination.

Hong Kong Tourism Board
February 2019

2018 Visitor Arrivals by Market

| | (‘000) | 2018 | 2017 | 2017 vs. 2018 |
|----------------------------|--------|---------------|---------------|---------------|
| The US | | 1,304 | 1,216 | +7.3% |
| Canada | | 378 | 370 | +2.1% |
| Central and South Americas | | 190 | 196 | -2.8% |
| Europe | | 1,938 | 1,901 | +1.9% |
| The UK | | 573 | 555 | +3.1% |
| The Netherlands | | 94 | 95 | -1.0% |
| Nordic Countries | | 134 | 140 | -4.0% |
| Germany | | 227 | 225 | +0.7% |
| France | | 202 | 204 | -1.1% |
| Italy | | 103 | 105 | -2.1% |
| Iberia | | 93 | 90 | +2.8% |
| Russia | | 162 | 148 | +9.3% |
| Europe Others | | 351 | 339 | +3.5% |
| South Africa | | 69 | 65 | +5.1% |
| Africa Others | | 60 | 65 | -7.7% |
| The Middle East | | 165 | 170 | -2.8% |
| GCC Markets | | 39 | 39 | +0.8% |
| Non-GCC Markets | | 126 | 131 | -3.9% |
| Australia | | 580 | 568 | +2.2% |
| New Zealand | | 110 | 107 | +2.7% |
| South Pacific Others | | 14 | 12 | +11.8% |
| Japan | | 1,288 | 1,230 | +4.7% |
| South Korea | | 1,421 | 1,488 | -4.5% |
| Southeast Asia | | 3,133 | 3,181 | -1.5% |
| Indonesia | | 427 | 482 | -11.4% |
| Malaysia | | 511 | 517 | -1.2% |
| The Philippines | | 895 | 894 | - |
| Singapore | | 611 | 628 | -2.7% |
| Thailand | | 572 | 560 | +2.0% |
| Vietnam | | 57 | 56 | +2.1% |
| SEA Others | | 62 | 44 | +41.4% |
| India | | 387 | 393 | -1.6% |
| Other Asian & Indian Sub. | | 52 | 53 | -2.2% |
| Taiwan | | 1,925 | 2,011 | -4.3% |
| Macao SAR | | 1,095 | 1,001 | +9.4% |
| The Mainland | | 51,038 | 44,445 | +14.8% |
| Non-Guangdong | | 10,957 | 10,763 | +1.8% |
| Guangdong | | 40,082 | 33,682 | +19.0% |
| Total | | 65,148 | 58,472 | +11.4% |

Remarks: Owing to rounding, the total may differ from the sum of the individual figures.

- Figure changes are less than 0.05%

2018 overnight arrivals: 29.26 million

2018 same-day arrivals: 35.88 million

2019-20 Proposed Marketing Budget

| (HK\$M) | 2019-20 Proposed Budget (percentage of overall marketing budget) | 2018-19 Revised Estimates (percentage of overall marketing budget) |
|--|--|--|
| <i>The Mainland</i> | 39.2 (23.1%) | 66.8 (30.0%) |
| South China | 7.8 (4.6%) | 20.0 (9.0%) |
| <i>Non-Guangdong</i> | 3.9 (2.3%) | 6.7 (3.0%) |
| <i>Guangdong</i> | 3.9 (2.3%) | 13.4 (6.0%) |
| Central China | 11.8 (7.0%) | 15.4 (6.9%) |
| East China | 7.9 (4.6%) | 11.4 (5.1%) |
| North China | 11.8 (7.0%) | 20.0 (9.0%) |
| <i>Short-haul Markets</i> | 74.9 (44.1%) | 96.5 (43.3%) |
| Japan | 12.3 (7.3%) | 15.6 (7.0%) |
| Taiwan | 12.1 (7.2%) | 19.3 (8.7%) |
| South Korea | 15.2 (8.9%) | 18.5 (8.3%) |
| Singapore | 4.4 (2.6%) | 4.8 (2.2%) |
| The Philippines | 8.1 (4.8%) | 11.3 (5.1%) |
| Malaysia | 6.5 (3.9%) | 7.3 (3.3%) |
| Indonesia | 7.1 (4.2%) | 9.6 (4.3%) |
| Thailand | 9.2 (5.4%) | 10.0 (4.5%) |
| <i>Long-haul Markets</i> | 42.6 (25.1%) | 44.8 (20.1%) |
| The US | 14.9 (8.8%) | 16.3 (7.3%) |
| Australia | 8.5 (5.0%) | 8.5 (3.8%) |
| The UK | 7.6 (4.5%) | 8.3 (3.7%) |
| Canada | 4.1 (2.4%) | 4.2 (1.9%) |
| Germany | 4.8 (2.8%) | 4.8 (2.1%) |
| France | 2.8 (1.7%) | 2.8 (1.3%) |
| <i>New Markets</i> | 12.7 (7.5%) | 14.7 (6.6%) |
| India | 7.9 (4.7%) | 9.9 (4.4%) |
| Russia | 3.0 (1.8%) | 3.0 (1.3%) |
| The GCC Markets | 0.9 (0.5%) | 0.9 (0.4%) |
| Vietnam | 0.5 (0.3%) | 0.5 (0.2%) |
| The Netherlands | 0.4 (0.2%) | 0.4 (0.2%) |
| Total Marketing Budget for Source Markets | 169.4 (100.0%) | 222.9 (100.0%) |
| Total Marketing Budget for Head Office | 263.9 | 484.1 |
| Total Proposed Marketing Budget | 433.3# | 707.0* |

Remarks: Owing to rounding, the total may differ from the sum of the individual figures.

This amount does not include the possible additional fund from the Policy Address and Budget for this fiscal year to be announced later.

* The revised estimates include the additional fund provided to the HKTb by the Government in the 2018-19 Budget announced in February last year.

2019-20 Proposed Marketing Budget
(By Strategic Focus)

| Strategic Focus (HK\$M) | Head Office (percentage of overall marketing budget) | Worldwide Offices (percentage of overall marketing budget) | Total (percentage of overall marketing budget) | 2018-19 Revised Estimates (percentage of overall marketing budget) |
|---|---|---|---|---|
| 1. Consolidate “Hong Kong · Asia’s world city” brand and step up public relations promotions | 21.0 (8.0%) | 48.9 (28.9%) | 69.9 (16.1%) | 87.7 (12.4%) |
| 2. Intensify digital marketing | 32.3 (12.2%) | 40.7 (24.0%) | 73.0 (16.8%) | 118.9 (16.8%) |
| 3. Strengthen the appeal of mega events | 121.1 (45.9%) | 9.7 (5.7%) | 130.9 (30.2%) | 233.4 (33.0%) |
| 4. Promote Hong Kong as the hub for multi-destination travel in the region | 1.4 (0.5%) | 1.1 (0.6%) | 2.5 (0.6%) | 21.5 (3.0%) |
| 5. Drive MICE business | 27.1 (10.3%) | 18.1 (10.7%) | 45.2 (10.4%) | 73.9 (10.5%) |
| 6. Build cruise demand | 12.0 (4.6%) | 2.0 (1.2%) | 14.0 (3.2%) | 31.7 (4.5%) |
| 7. Strengthen trade support and partnerships | 11.1 (4.2%) | 41.9 (24.7%) | 53.0 (12.2%) | 89.2 (12.6%) |
| 8. Maintain quality service | 18.1 (6.8%) | - (0.0%) | 18.1 (4.2%) | 23.6 (3.3%) |
| 9. Uphold corporate governance (Includes resource management, financial management, application of information technology, visitor surveys and strategic planning) | 19.8 (7.5%) | 1.6 (0.9%) | 21.4 (4.9%) | 22.2 (3.1%) |
| 10. Others | - (0.0%) | 5.5 (3.3%) | 5.5 (1.3%) | 4.8 (0.7%) |
| Grand Total | 264.0 (100.0%) | 169.5 (100.0%) | 433.5# (100.0%) | 707.0* (100.0%) |

Remarks: Owing to rounding, the total may differ from the sum of the individual figures.

This amount does not include the possible additional fund from the Policy Address and Budget for this fiscal year to be announced later.

* The revised estimates included the additional fund provided to the HKTb by the Government in the 2018-19 Budget announced in February last year.

Awards Won by the HKTB in 2018

1. Destination – Hong Kong

- MICE Destination of the Year 2017, 2017 Miracle Workers MICE Award, *China BTMICE* magazine
- Best City for Meetings in Asia, Best In Travel Poll 2018, *Smart Travel Asia* magazine
- Asia's Leading City Break Destination 2018, World Travel Awards 2018
- Asia's Leading Meetings & Conference Destination 2018, World Travel Awards 2018
- World's Leading Business Travel Destination, World Travel Awards 2018
- The Most Influential MICE International Destination, Goldfinger Award of China Event Industry 2018, *Events Fortune* magazine and *China Festival* magazine
- Favourite Business City in the World, *Business Traveller China* magazine
- The Most Popular Travel Destination in 2018, Tencent
- The Most Popular Outbound Travel Destination, 9th The Vote of The Favourite Destination and Brands of Cantonese in 2018, *Southern Metropolis Daily*
- The Most Popular Destination, GITF Organizing Committee
- Most Popular Tourist Destination, 2018 Red Coral Award of Asia Tourism
- Travel and Gourmet Destinations, 2018 Global Cuisines

2. Hong Kong Tourism Board

- The Most Helpful Company in the “Government and Related Bodies” category, “At Your Service” Service Appreciation Campaign Award, Hong Kong International Airport
- Asia's Leading Tourist Board 2018, World Travel Awards 2018
- The Best of Bureaus in Asia Pacific, *CEI* Readers’ Choice Awards 2018
- Best Marketing Creativity Award, Lvmama
- The Best Organisation Prize, CITIE 2018
- Bronze Prize, 2018 Golden Mouse Digital Marketing Awards

3. HKTB's Initiatives

Art is Everywhere

- Grand Award in the “Heritage and Culture” category, PATA Grand and Gold Awards 2018

"Best in Hong Kong – A Traveller's Guide"

- Gold Award in the “Custom Publications: Travel/ Entertainment” category, Astrid Awards 2018
- Honours Award in the “Design – Bound Publications – Travel/ Tourism” category, Galaxy Awards 2018

“Best of all, it's in Hong Kong” launch

- Bronze Award in the “Integrated Marketing Campaign” category, HSMAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2017

“Best of all, it's in Hong Kong” booth design

- Silver Award in the “Design – Various – Trade Show Booth” category, Galaxy Awards 2018

“Best of all, it's in Hong Kong” brand TV commercial

- Honours Award in the “Advertising: Television Ads – Campaign” category, Mercury Awards 2017/18

“Best of all, it's in Hong Kong” 30-min program on Global TV

- Gold Award in the “Branded Entertainment” category in the 14th Davey Awards 2018 (New York)

“Best of all, it's in Hong Kong” influencer campaign

- Bronze Award in the “Digital Marketing/ Social Media/ Social Networking” category, HSMAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2017

Better Late Than Never

- Bronze Award in the “Public Relations/ Feature Placement Television” category, HSMAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2017

Cruise Planners' Passenger Acquisition Test

- Gold Award in the “Integrated Marketing Campaign” category, HSMAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2017

DiscoverHongKong Facebook Page

- Silver Award in the “Self-Promotion” category, Astrid Awards 2018
- Silver Award in the “Social - Corporate Communications” category, W3 Awards 2018
- Bronze Award in the “Social Media” category, iNova Awards 2018

Discover Hong Kong Like A Local x Jackson Wang

- Silver Award, IAI Travel Awards

“Family Fun” Online campaign

- Gold Award in the “The Best Website Design” category, Click Awards 2018

“Fashion X Hong Kong and Thailand Tourism” by Fashion Magazine

- Silver Award in the “Most Effective: Travel and Leisure” category in the Content Council Pearl Awards 2018

Fast Acting Social

- Silver Award in the “Digital Single Item – Social Media/ Social Networking” category, HSMIAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2018

Fast Acting Social Marketing at Work Leveraging Hong Kong’s Great Outdoors!

- Gold Award in the Destination Marketing – Campaign – Advertising/Marketing category, Travel Weekly Magellan Awards 2018

Great Outdoors Hong Kong – “Believe it or not, it’s in Hong Kong!”

- Silver Award in the “Most Effective PR Campaign” category, PR Awards 2018, *Marketing* magazine

Hong Kong Arts Month – A to Z Hong Kong Arts

- Silver Award in the “Video – Arts” category, iNova Awards 2018

Hong Kong Cyclothon

- Golden Bicycle Award, China Bicycle Annual Selection

Hong Kong Cyclothon – Real Pros Amongst Us

- Grand Award in the “Sports” category, iNova Awards 2018
- Gold Award in the “Sports” category, iNova Awards 2018

Hong Kong Live in Kuala Lumpur campaign

- Silver Award in the “Corporate Branding” category, Malaysia Public Relations Awards 2018
- Bronze Award in the “Product Brand Development” category, Malaysia Public Relations Awards 2018

Hong Kong Neighbourhoods campaign

- Silver Award in the “Redesign/Relaunch – Tourism” category, iNova Awards 2018
- Honours Award in the “Websites – Non-Profit Organisation” category, Galaxy Awards 2018

Hong Kong Shingo Art – Leveraging the J-POP Influence

- Gold Award in the “Excellence in KOL Partnership” category, Marketing Excellence Awards 2018, *Marketing* magazine
- Winner in the “Influencer Communications” category, Asia-Pacific Excellence Awards 2018

Hong Kong Summer Fun campaign site

- Gold Award in the “Websites/ Mobile Media: Travel/ Tourism” category, Mercury Awards 2017/18
- Bronze Award in the “Non-profit Organisations: Website” category, Astrid Awards 2018
- Bronze Award in the “Non-Profit Organisations” category, iNova Awards 2018

HKTB Annual Report 2015/16

- Winner of “External Publication or Report” category, Nonprofit Awards 2018, PR News
- Silver Award in the “Website/ Mobile Media: Interactive Annual Report” category, Mercury Awards 2017/18
- Bronze Award in the “Annual Reports – Overall Presentation: Tourism” category, Mercury Awards 2017/18

HKTB Annual Report 2016/17

- Grand Award in the “Online Annual Report” category, Questar Awards 2018
- Gold Award in the “Innovation in Annual Reports” category, Asia-Pacific Stevie Awards 2018
- Gold Award in the “Mobile Media: Annual Report” category, Questar Awards 2018
- Silver Award in the “Corporate Publications” category, PR Awards Asia 2108
- Bronze Award in the “Non-profit Organisation: Online Annual Report” category, ARC Awards 2018
- Honours Award in the “Annual Reports – Online” category, Astrid Awards 2018

Hong Kong Travel Trade Manual 2017/18

- Silver Award in the “Non-profit Organisations: Custom Publication” category, Astrid Awards 2018

Hong Kong Wine & Dine Festival 2017 website

- Gold Award in the “Microsite” category, iNova Awards 2018
- Bronze Award in the “Website/ Mobile Media: Event Site” category, Mercury Awards 2017/18
- Honours Award in the “Websites – Travel/ Tourism” category, Galaxy Awards 2018
- 2018 Guangdong Top 10 Governmental Tourism Marketing Innovation Cases, Sina Guangdong

Hong Kong Winter Festival campaign site

- Silver Award in the “Best Interactive Video” category, Digital Singularity Awards 2018
- Silver Award in the “Best Campaign Website and Mobile Application” category, Digital Singularity Awards 2018
- Silver Award in the “Best Use of Technology” category, Digital Singularity Awards 2018
- Silver Award in the “Best Website Design” category, 4A (Association of Accredited Advertising Agents of Taipei R.O.C) Award 2018
- Bronze Award in the “Best Use of Technology” category, 4A (Association of Accredited Advertising Agents of Taipei R.O.C) Award 2018
- Bronze Award in the “Best Digital Campaign” category, 4A (Association of Accredited Advertising Agents of Taipei R.O.C) Award 2018
- Bronze Award in the “Best Interactive Digital Campaign” category, 4A (Association of Accredited Advertising Agents of Taipei R.O.C) Award 2018
- Merit Award in the “Best Interactive Campaign” category, 4A (Association of Accredited Advertising Agents of Taipei R.O.C) Award 2018

International Chinese New Year Night Parade 2017

- Bronze Award in the “Special Events: Holiday Celebration” category, Mercury Awards 2017/18
- Bronze Award in the “Public Relations/ Special Event” category, HSMAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2017

My Hong Kong Buddy campaign

- Gold Award in the “Best Use of Digital” category, MARKies Awards 2018
- Gold Award in the “Best Use of Content” category, MARKies Awards 2018
- Gold Award in the “Campaigns” category, Astrid Awards 2018
- Gold Award in the “Video – DVD & Online: Social Media” category, Astrid Awards 2018
- Gold Award in the “Websites – Multi-platform Digital Content” category, Galaxy Awards 2018
- Gold Award in the “Campaigns – Integrated Campaign” category, W3 Awards 2018
- Gold Award in the “Marketing campaign – Young Travellers” category, PATA Grand and Gold Awards 2018
- Gold Award in the “Marketing Media – Web Site” category, PATA Grand and Gold Awards 2018
- Silver Award in the “Promotion/ Marketing: Social Media Campaign” category, Mercury Awards 2017/18
- Silver Award in the “Best Idea - Digital” category, MARKies Awards 2018
- Silver Award in the “Best Use of Social” category, MARKies Awards 2018
- Silver Award in the “Special Projects: Content Marketing Campaign” category, Astrid Awards 2018
- Silver Award in the “Website: Microsite” category, Astrid Awards 2018
- Silver Award in the “Digital Strategy – Online Content” category, Tangram Awards 2018
- Silver Award in the “Promotion – Local Attractions” category, Galaxy Awards 2018
- Silver Award in the “Marketing - Use of Photography” category, W3 Awards 2018
- Silver Award in the “Marketing – Social Media” category, W3 Awards 2018
- Silver Award in the “Websites – Tourism” category, W3 Awards 2018
- Bronze Award in the “Social Media: Integrated Digital Campaign” category, Mercury Awards 2017/18
- Bronze Award in the “Video – DVD/ Online: Special Project” category, Mercury Awards 2017/18

My Hong Kong Guide mobile app

- Winner in the “Enhancing Social & Cultural Awareness” category, Best M-Government Service Award 2018, United Arab Emirates Government
- Silver Award in the “Mobile Apps” category, iNova Awards 2018

“Nightlife x Hong Kong Sevens”

- Silver Award in the “Videos – DVDs, URLs & USBs – Travel/ Tourism” category, Galaxy Awards 2018

“Old Town Central” campaign

- Grand Award, in the “Promotion” category, Astrid Awards 2018
- Grand Award in the “Marketing” category, PATA Grand and Gold Awards 2018
- Grand Award in the “Promotion” category, Galaxy Awards 2018
- Gold Award in the “Promotion – Local Attractions” category, Galaxy Awards 2018

- Gold Award in the “Publicity: Media Exposure” category, Mercury Awards 2017/18
- Silver Award in the “Campaigns” category, Astrid Awards 2018
- Bronze Award in the “Campaigns – Non-Profit/ Public Affairs: Marketing Communications” category, Mercury Awards 2017/18
- Bronze Award in the “Video – DVD/ Online: Online Video” category, Mercury Awards 2017/18
- Bronze Award in the “Design & Crafts – Design Single – Digital and Interactive Design” category, Kam Fan Awards 2018
- Honours Awards in the “Non-profit Organisations: Tourism” category, Astrid Awards 2018
- Honours Award in the “Design – Various – Travel/ Tourism” category, Galaxy Awards 2018
- Honours Award in the “Promotion – Tourism” category, Galaxy Awards 2018
- Merit Award in the “Design & Crafts – Design Single – Brand Environments and Space Design” category, Kam Fan Awards 2018

“Old Town Central” – Engaging Consumers with Advocates

- Gold Award in the “Best Use of Influencer/Advocates” category, Marketing Events Awards 2018

“Old Town Central” – Global Campaign, Local Promotions

- Honours Award in the “Promotion” category, Astrid Awards 2018

“Old Town Central” – Interactive Art Projection

- Gold Award in the “Special Projects: Interactive Tourist Experience” category, Astrid Awards 2018

“Old Town Central” – Old Town Central Dogs

- Grand Award in the “Video” category, Astrid Awards 2018
- Grand Award in the “Videos” category, Galaxy Awards 2018
- Gold Award in the “Videos – DVDs, URLs & USBs – Travel/ Tourism” category, Galaxy Awards 2018

“Old Town Central” Q Art Code

- Grand Award in the “Graphic Design” category, Astrid Awards 2018

Passion Passport

- Gold Award in the “Digital Marketing – Digital Campaign – Social Media Campaign” category, HSMIAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2018

Passion Passport Influencer Campaign

- Gold Award in the “Destination Marketing – Campaign – Advertising/Marketing” category, Travel Weekly Magellan Awards 2018

Reframing Hong Kong

- Silver Award in the “Campaigns – Non-Profit Campaign” category, iNova Award 2018

“Regional Media Fam”

- Silver Award in the “Public Relations – PR Campaign – Marketing Programme – Consumer” category, HSMAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2018

“Sea Gals”

- Silver Award in the “Public Relations – PR Campaign – Special Event” category, HSMAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2018

“Segmenting Consortia”

- Bronze Award in the “Integrated Marketing Campaign” category, HSMAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2018

“Segmenting PBS for Maximum Relevancy and Gain”

- Bronze Award in the “Public Relations/ Feature Placement Television” category, HSMAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2017

Sham Shui Po – Every Bit Local

- Silver Award in the “Outdoors – Outdoors Campaign – Creative Use of Field Marketing and Event” category, Kam Fan Awards 2018
- Bronze Award in the “Design & Crafts – Design Single – Advertising Posters Design” category, Kam Fan Awards 2018
- Merit Award in the “Design & Crafts – Print Crafts Single – Art Direction” category, Kam Fan Awards 2018
- Merit Award in the “Media – Media Single – Best Use of Outdoor” category, Kam Fan Awards 2018

Sham Shui Po – Treasures of the heart

- Silver Award in the “Design & Crafts – Copy Crafts Single – Best Film Script (Chinese)” category, Kam Fan Awards 2018
- Bronze Award in the “Film – TVC Film Campaign” category, Kam Fan Awards 2018
- Bronze Award in the “Design & Crafts – Film Craft Single – Cinematography” category, Kam Fan Awards 2018
- Bronze Award in the “Design & Crafts – Film Craft Single – Directing” category, Kam Fan Awards 2018
- 4 Merit Awards in the “Film - TVC Film Single - Entertainment, Leisure & Travel” category, Kam Fan Awards 2018

“Skyscraper”

- Silver Award in the “Digital Marketing – Digital Campaign – Contest/ Sweepstakes” category, HSMAI (Hospitality, Sales & Marketing Association International) Adrian Awards 2018

4. Visitor Services

2018 Certificate of Excellence

- 2018 Certificate of Excellence, TripAdvisor

Joyce Lam, Arthur Ho, Catalina Mock Lo, Candy Tse, Cecilia Tsang and Kathy Kung

- The Most Helpful Staff, Hong Kong International Airport – “At Your Service” Service Appreciation Campaign Award

Josephine Lam

- Individual Award, Hong Kong International Airport – Customer Service Excellence Programme 2018

Lochlan Cheng, Chung Man Cheng

- Corporate Excellence Award, Hong Kong International Airport – Customer Service Excellence Programme 2018

HKIA Environmental Management Recognition Scheme

- “Good Class” in the “F&B sector, Retail sector and Office & other sectors” category

“Hong Kong Travel Buddy” – Mobile Chat Service

- Winner in the “Best Chat Support” category, ICMI Global Contact Centre Awards 2018
- Gold Award in the “Best Use of Mobile” category, Customer Experience Asia Excellence Awards 2018
- Merit Award in the “Service Innovation” category, HKACE Customer Service Excellence Award 2017

“Meet the Hong Kong Pals” programme

- Gold Award in the “Innovation in Customer Service Management, Planning & Practice: All Other Industries” category, Asia-Pacific Stevie Awards 2018