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Research on issues related to the recovery of Hong Kong's cruise tourism industry from the perspective of the coordinated development of the GBA

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Abstract

With the gradual release of the entry quarantine policy, it is a good opportunity for Hong Kong to revive the cruise tourism industry, which is also a good opportunity for the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to deepen inner cooperation. However, the cruise tourism industry in Hong Kong has been suspended for nearly 3 years which makes it difficult to restart. The author believes that the GBA should seize this opportunity to restart the cruise tourism industry in Hong Kong and promote the development of cruise tourism in Shenzhen, Guangzhou, Macao, Zhuhai. In this paper, the significance of reviving the cruise industry in Hong Kong, the advantages and disadvantages of it, and the development strategies of it are summarized by literature research method, comparative summary method and field research method, so as to provide reference for the efficient development of cruise activities in the GBA and help to construct the international Bay Area.

Keywords: Cruise tourism, Hong Kong, GBA, post-pandemic era

1. Introduction

Since 2023, Hong Kong's entry quarantine policy and epidemic prevention have been gradually released, and the development of cruise tourism in Hong Kong has resumed. The Hong Kong Tourism Board (HKTB) announced that it has successfully secured the return of at least 16 cruise companies to Hong Kong this year, providing at least 82 voyages to recover the tourism industry ^[1].

The recovery of cruise tourism in Hong Kong will boost Hong Kong's economy, tourism industry and the development of the GBA. As one of the four major Bay areas in the world, the GBA is of great strategic significance in the overall development of the country. Tourism was mentioned 46 times in the Outline of the Development Plan for the GBA issued by the CPC Central Committee and The State Council in 2019, and one of the five strategies clearly proposed to promote the construction of Hong Kong, Guangzhou and Shenzhen international cruise ports in an orderly manner.

1.1 Cruise

Cruise refers to the large ships with fixed routes and regular voyages on the ocean and is positioned as a means of transportation. Cruise tourism is a new tourism consumption model developed and derived from ocean liner since the 1960s. Known as "floating resort on the sea" and "floating five-star hotel", Cruise itself is a tourism destination. It is a comprehensive service platform for leisure vacation and a combined Marine leisure tourism product.

1.2 Cruise economy

Cruise economy refers to the overall economy generated by taking cruise tourism as the core product to drive the development of related industries ^[2]. Due to the comprehensiveness of cruise tourism, the economic benefits of cruise economy cover transportation economy, shipping economy, Marine economy and tourism economy, which enables cruise tourism to drive the economy of many industries in the region.

1.3 Classification of cruise ports

Cruise ports are generally classified into three types: home port, port of call and small port. The home port is the base of the cruise ship, which provides various services for the cruise.

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The port of port is the replenishment port of the cruise ship, where the cruise usually generally stays here for about half a day, and the tourists can go on shore for sightseeing. At the same time, tourists can get on or off the cruise ship at the port of call. The small port is only shore sightseeing and there is generally no supplies.

The home port is different from the port of call, which will play a bigger role in driving the economy in terms of transportation, accommodation and ship maintenance. Due to the large number of passengers of large cruise ships, not only the home port city, but also the surrounding cities will be the source of passengers. In the process of tourists going to the home port city, transportation costs will be generated, which can promote the transportation development of the home port city and its surrounding cities. At the same time, after the passengers go to the home port city, they will more or less stay in the home port city for a period of time, during which they will incur accommodation and food costs, which will promote the development of accommodation services in the home port city. At the same time, the cruise ship will stay in the home port for maintenance and berthing for a long time, which is bound to generate a large number of jobs and promote the economic development of the home port city.

In a word, cruise tourism will greatly promote the development of the service industry, tourism and logistics industry of the home port city and stimulate the economic growth of the port city and its surrounding areas [3].

2. Hong Kong's cruise tourism after the pandemic

In 2020, the COVID-19 pandemic has caused a huge impact on the world economy, trade and industry, and the cruise industry has also forced to shut down, resulting in a global shutdown. The cruise industry has become one of the most severely damaged industries in the world, and the development of the industry faces supply and demand problems. Cruise companies have stopped production on a large scale around the world, there are no ships calling at cruise ports, travel agencies are unable to organize cruise passenger sources, and the revenue of related businesses has declined significantly. In 2020, Carnival Cruise Group, the world's largest cruise company, lost about 10.2 billion dollars, Royal Caribbean Cruises lost about 5.8 billion dollars, and Noble Cruises lost about 4 billion dollars [4].

The suspension of the cruise industry has brought huge operating pressure to cruise companies, and the resumption of cruise ships has become an urgent demand and significant topic for cruise companies. The China Cruise and Yacht Industry Report (2021-2022) shows that by November 2022, 375 cruise ships of 85 cruise brands worldwide had resumed operations, accounting for 86 percent of the total, with overall capacity restored to 94 percent.

In the post-pandemic period, the global cruise industry is facing a rare opportunity for development.

In August 2022, the "Implementation Opinions on Accelerating the Development of Cruise and Yacht Equipment and Industry" was issued, which was the first guiding policy document issued at the national level after the shutdown of the cruise industry, fully reflecting the importance the country attaches to the cruise industry.

In the post-pandemic era, it is not only important but also necessary for Hong Kong and the GBA to vigorously develop cruise tourism.

First, jointly developing the cruise tourism industry with the GBA can address the lack of demand in the cruise industry. "With 400 million middle-income people among the 1.4 billion population and a per capita GDP of more than \$10,000, China is the world's largest and most promising consumer market." Wang Hong believes that China is the world's largest emerging market for the cruise industry. China is one of the most important and dynamic cruise markets in the world. Before the Covid-19 epidemic, around two million tourists sailed from Chinese ports every year[5]. Since 2017, China has become the second largest cruise passenger source country in the world after the United States [6].

Second, the GBA enjoys unique advantages in developing cruise tourism. In ancient times, Guangzhou used to be the only sea passage in China. Today, Hong Kong is one of the major transportation hubs in Asia, and Victoria Harbor is one of the three major natural harbors in the world. The development of the cruise economy in the GBA has both preconditions and space for development, which is a correct strategic decision [7].

Third, the economic effect of cruise can bring about a win-win situation between Hong Kong and the mainland. The economic effect of cruise ships can directly drive the economic development of the GBA, boost GDP growth, and improve the quality of life of citizens in the GBA. The cruise tourism industry can drive the development of tourism in the GBA and provide more tourists to visit scenic spots in the area. The cruise tourism industry can strengthen the links between important coastal cities in the GBA. When one of the ports becomes the home port of the cruise, the other cities are more likely to become the ports of call.

Fourth, the coordinated development of cruise tourism within GBA will not only boost the economy but also promote cultural exchanges. To implement the Outline Plan for the Development of the GBA and deepen cooperation in culture and tourism, the Ministry of Culture and Tourism, the Office of the Leading Group for the Development of the GBA and the People's Government of Guangdong Province jointly issued the Plan for the Development of Culture and Tourism of the GBA in December 2020. The development of the cruise industry in Hong Kong will contribute to the development of the Bay Area for Culture and Leisure.

3. Strengths and weaknesses of Hong Kong in building itself into a first-class cruise tourism destination

To build a first-class cruise tourism destination, a port city should not only meet the natural conditions, but also have a sound economic foundation. The system composition of cruise tourism destinations include mature port terminals, rich tourism resources, convenient transportation conditions, broad tourism market, high-quality professionals, preferential policy support, etc. [8].

3.1 Advantages

Hong Kong has obvious advantages in the following areas: location, berths, terminals, cruise facilities, supplies, baggage handling, external transport, car parking, accommodation.

First of all, Hong Kong's geographical location, warm climate and natural deep-water port make it an important port in the Asia-Pacific region. Combined with its diverse tourism facilities, Hong Kong has always held a pivotal position in the Asia-Pacific cruise market.

The Kai Tak Cruise Terminal in Hong Kong can accommodate the largest and most advanced cruise ships in the world today. Together with the Marine terminal in Tsim Sha Tsui, Hong Kong will have four cruise berths that can accommodate cruise ships of different types and sizes, providing a favorable foundation for the long-term development of the cruise industry in Hong Kong and the Asia-Pacific region. The completion of the Kai Tak Cruise Terminal will end Hong Kong's awkward history of not being able to berth the world's largest cruise ships. It will enable Hong Kong to better utilize its tourism and commercial resources.

At the same time, the development of cruise tourism in Hong Kong started early and is relatively mature, with great advantages in infrastructure construction, operation management and other aspects. It has complete infrastructure such as terminal, cruise facilities and parking lots. After a long period of developing the cruise industry, Hong Kong is experienced and relatively mature in terms of supplies, baggage handling, accommodation and other services.

Hong Kong is also a world-class transport hub. Internationally, Hong Kong International Airport operates 24 hours a day and is served by more than 120 airlines. Domestically, Hong Kong has more and more diversified transport links with the mainland. The MTR, cross-boundary buses, ferries and other means of transport can meet the different needs of tourists.

3.2 Disadvantages

Hong Kong is rich in tourism resources, but lacks profound cultural heritage compared with other Chinese cities. Tourism resources in Hong Kong mainly consist of shopping streets, food streets, theme parks, etc., which makes Hong Kong difficult to attract tourists to stay for a long time, and the tourism income generated is not sustainable, which does not stimulate the maximum consumption potential of tourists.

Meanwhile, Hong Kong's land resources are scarce and its per capita land occupancy is small. In this case, the transformation of urban infrastructure will be difficult, and Hong Kong is prone to the problem of obsolete infrastructure.

Hong Kong's high human costs, especially after the pandemic, could hamper the recovery of the cruise industry. During the cruise industry shutdown, Hong Kong lost a lot of talent working in the cruise industry, and in a few years, a lot of them moved into other industries. How to balance the talent shortage with the cash-strapped dilemma is one of the pressing issues facing cruise lines as they have to spend more money to successfully recall cruise industry talent.

4. Suggestions

Hong Kong's tourism industry is facing its best development opportunity in five years with the resumption of customs clearance and Hong Kong's cruise tourism industry. In order to seize this precious opportunity, I would like to suggest the following for Hong Kong's promotion.

4.1 To optimize policies for the cruise industry

The cruise industry is a complex industry, involving design and manufacturing, tourism, transportation, service industry, finance and insurance, as well as production, circulation and consumption. It plays a positive role in promoting economic

development, providing jobs and increasing tax contributions.

Due to the economic, political and cultural particularity of Hong Kong, its development can have a great impact on the GBA. Therefore, in terms of industrial policies, not only Hong Kong should formulate facilitation policies, but also the GBA should provide certain policy support.

4.2 To improve the level and standard of industrial hardware facilities

Hong Kong's cruise tourism industry started early and its infrastructure is relatively complete. However, this is not only an advantage, but also one of the disadvantages of the development of Hong Kong cruise tourism. It is precisely because of the early construction of cruise tourism hardware facilities in Hong Kong, there will be problems of varying degrees of old, backward technology, hardware facilities need to be constantly updated to meet the increasing requirements of consumers.

After experiencing the pandemic, the public pays more attention to health and safety issues, so the cruise tourism industry in Hong Kong needs to meet the needs of this part and actively build relevant facilities and supporting services.

4.3 To improve the service of cruise tourism

During the pandemic, the cruise tourism industry was virtually shut down, while the information technology industry boomed. During 2019-2023, more and more people got used to using smart mobile terminals. Hong Kong's cruise industry also needs to improve its service in this aspect, actively build an online service platform, and optimize all aspects of tourists' cruise travel process, including but not limited to booking, ticket purchase, payment, security check, waiting for the ship, boarding, etc..

4.4 To optimise tourism products

Tourism industry is an important component of the cruise industry. The optimization of tourism products can attract more international cruise ships, thus enriching the cruise product system and attracting more tourists to spend on cruise tourism.

4.5 To promote cruise cooperation in the GBA and develop the internal cycle of cruise tourism

In addition to Hong Kong, Shenzhen, Guangzhou, Macau, Zhuhai within GBA, due to similar geographical conditions, all have good ports of different sizes. Among them, Guangzhou's cruise tourism industry has a long development time, a variety of supporting facilities are relatively perfect, with many mainland tourists, Shenzhen has the first high-end cruise *Merchants Yi Dun* hanging the five-star red flag, with good prospects for development. The joint development of the cruise industry in the GBA and the promotion of the internal circulation of tourism can enable Hong Kong and the mainland to achieve a win-win situation.

Such cruise enterprises as Royal Caribbean International Cruises, MSC Cruises, Star Tours Ocean Cruises International, Sanya International Cruises, Blue Dream International Cruises jointly launched the "China Cruise Safety Resumption Initiative". The Initiative calls for considering regional pilots as a breakthrough, including opening the pilot to Chinese and foreign cruise enterprises with international route operation qualifications. These pilot

routes take domestic residents as the tourist source, and take Shanghai, Tianjin, Guangzhou, Shenzhen, Xiamen, Sanya, Dalian and Qingdao as the home ports. At the same time, routes from the above ports to Hong Kong can also be opened^[7].

To promote cooperation in cruise tourism in the GBA, Hong Kong may enrich its cruise product portfolio, tap domestic demand for cruise tourism and expand the categories of domestic Tours. The cost of domestic cruise Tours is much lower than that of international cruise Tours, which meet the consumption level of most Chinese residents.

4.6 To strengthen publicity efforts and diversify publicity channels

During the COVID-19 pandemic, the frequency of tourism activities of tourists around the world has decreased to varying degrees. After the policy liberalization, people are likely to carry out retaliatory tourism consumption behavior, and people will pay more attention to tourism activities. Under such conditions, Hong Kong can seize the opportunity to strengthen the publicity of the cruise tourism industry, enrich the publicity channels and attract more potential users. A variety of promotion and marketing schemes should be adopted to form an overall marketing brand image. Various media should be used to publicize cruise tourism knowledge, popularize cruise culture, change residents' consumption concept, open up more source markets, and promote the formation of a truly mature cruise tourism market. Make full use of the Internet, video platforms, e-commerce and other new media, form a new model of "Internet + cruise tourism", and gradually increase the market penetration and repurchase rate. Set up a special publicity department to strengthen cooperation with tourism websites. Innovate the sales model of cruise tourism products, carry out word-of-mouth marketing, do a good job in service, and improve tourists' satisfaction.

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