

# Distance Differentiates Business Travellers

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The business tourism market is not homogenous, show the SHTM's Professor Bob McKercher and Grace Ho in a recently published research paper. The "filtering effect" of distance influences the tourist profiles and behavioural patterns of business visitors from short- and long-haul source markets. Focusing on in-bound tourists to Hong Kong, the researchers reveal that despite general similarities, the two types of visitor have different profiles and travel, activity and expenditure patterns. Knowledge of these differences, they argue, will be beneficial to hospitality and tourism enterprises and the local destination marketing organisation.

## Travel Distance "Filters" Tourists

Knowledge about who travels to a destination and how they behave once there can be vital to the tourism industry. The researchers point out that one important factor influencing the profiles and behaviour of tourists from source markets is the distance travelled to reach a destination. Travel distance can act as a "filter", they write, because long distances effectively exclude certain people.

For instance, long-haul visitors are more likely to travel alone or with their spouses, whereas short-haul visitors are more likely to travel with relatives, friends and business associates. Offering a local example, the researchers note that long-haul visitors are more likely to "explore Hong Kong's cultural heritage", while short-haul visitors tend to engage in activities that reflect "rest, relaxation and escape".

There is, however, a particular type of travel that should be differentiated within this overall picture. Business travel is "fundamentally different" from pleasure travel, suggest the researchers, given its "non-discretionary nature" and because business trips are often paid for by employers rather than the travellers. Consequently, what the tourism industry knows about leisure travellers might not be applicable to the business tourism sector.

The researchers thus set out to "compare and contrast the profile of business tourists from short- and long-haul markets" to discover whether there are any differences in the behaviour of the two groups. If there were differences, the point was to determine "whether they can be attributed to the intervening effect of distance".

## Visitors to Hong Kong Considered

The researchers selected 14 major source markets for inbound travel to Hong Kong and classified them into short- and long-haul according to physical distance and air travel time from the destination. The short-haul markets were Taiwan, Japan, South Korea, Indonesia, Malaysia, Philippines, Singapore and Thailand, and the long-haul markets were the USA, Canada, the UK, Germany, France and Australia.

Next, the researchers collected tourism-related information from the Hong Kong Tourism Board's *Visitor Profile Report – 2010*. The report is based on interviews with travellers leaving the city, and includes information on a wealth of travel-related items such as the places that tourists visited and the activities they participated in, the shopping items they bought, their spending patterns and satisfaction with their trip.

## Distance Travelled Influences Visitor Type

In a general sense, the distance travelled seems to have had a bearing on whether a tourist was likely to visit Hong Kong for business. The researchers note that only up to a quarter of visitors from short-haul source markets were businesspeople, with up to two-thirds visiting for pleasure. Yet there was a discrepancy worth noting: Japan and Singapore were sources of more business tourists than their short-haul counterparts.

For the long-haul markets, the percentages of business tourists increased to around one third of the total, but pleasure tourists still constituted around half, depending on the market. The researchers point out another two interesting discrepancies here. As Hong Kong is the first major northward destination for Australian travellers despite the distance, they tend to have profiles similar to short-haul travellers. Canadians similarly complicate the picture, given the number who visit relatives in Hong Kong as a direct effect of increased migration to Canada before the handover of Hong Kong's sovereignty to China in 1997.

## Not All Business Tourists are Alike

Turning their full attention to business tourists, the researchers note that "while the profile of the long-haul business market is largely internally consistent, the profile

of the short-haul business market is not". Short-haul business tourists tended to be in their early forties, but other characteristics varied. There was some difference between source markets in terms of whether these people travelled together or alone. Korean, Singaporean and Thai business tourists were likely to travel with others, but their Japanese and Filipino counterparts were not. There were also more women business visitors from the Philippines (40% of the total), but many fewer from Japan and Korea.

In contrast, long-haul business tourists tended to have a more distinct profile. They were older than their short-haul counterparts, with a mean age of 45, most travelled alone (from 57 to 62% depending on the source market), and there were dramatically fewer women among them.

### Distance Determines Behaviour

Not surprisingly given the nature of the travel involved, the researchers write that few business travellers participated in sightseeing and recreational activities while visiting Hong Kong. For instance, across all source markets, less than 20% of them visited popular attractions such as the Peak Lookout and the Star Ferry, and fewer than 10% visited theme parks. Yet, "short-haul business tourists engaged in far more discretionary expenditure than their long-haul counterparts". These tourists visited theme parks slightly more often and were more active shoppers, with more cosmetics and leather goods bought as a reflection of the higher proportion of women tourists.

Long-haul business tourists, of whom only up to a third visited Hong Kong alone, seemed to see less novelty in their visits. They did, however, ride the Star Ferry more often and visited the Stanley market area more commonly than their short-haul counterparts.

In terms of expenditure per person each night for an average 3-5 night stay, short- and long-haul business tourists differed little, but there were significant differences in how budgets were allocated. Among the short-haul business tourists, hotel costs were only 30-40% of the overall budget, whereas shopping took up 40-45%. In contrast, the long-haul business tourists allocated 50-60% of their budgets to accommodation and 3-5% to entertainment. The researchers suggest that this discrepancy can be explained by the age differences in the two groups, with long-haul travellers more likely to be senior executives with greater interest in better quality accommodation and some entertainment.

### Differences Create Opportunities

Encouragingly, the researchers note that the business tourists from both groups of source markets were generally quite satisfied with their visits to Hong Kong. This is an important point to make because it suggests that if hospitality and tourism operators understand that business travellers are not homogeneous, they could develop targeted products and services. Hotels, for instance, could "consider the source of the tourist when developing in-house and in-room services". The local destination marketing organisation could also better target business tourists rather than solely emphasising meetings, incentives, convention and exhibition services. "Opportunities exist to increase yield through focused efforts that recognise differences between segments", the researchers conclude.

### Points to Note

- Distance travelled has a "filtering effect" on business tourists, influencing their profiles and behaviour while in destinations.
- Short-haul source markets send smaller proportions of business tourist to Hong Kong than do long-haul markets.
- The two groups of tourists differ in terms of demographics, behaviour and expenditure patterns.
- Tourism stakeholders in Hong Kong should recognise this heterogeneity to better target business tourist segments.

Ho, Grace and McKercher, Bob. (2014) "A Comparison of Long-Haul and Short-Haul Business Tourists of Hong Kong". *Asia Pacific Journal of Tourism Research*, Vol. 19, No. 3, pp. 342-355.