

Implicit Limits of Long-Haul Travel Demand

Declines in long-haul tourist volume are related to the virtual disappearance of some market segments as distance from the source market increases, writes the SHTM's Professor Bob McKercher in a recently published research paper. Rather than cause an obvious decline across all types of travellers, distance has an implicit, cumulative effect on the willingness and ability of some to travel. Professor McKercher compares short and long haul arrivals in Hong Kong, employing a multi-market perspective to isolate the factors most likely to deter pleasure tourists from travelling long distances.

Distance and Tourism

The relationship between distance and tourism, writes Professor McKercher, has long been recognised but is now largely ignored. Yet the frictional effect of distance, otherwise known as the distance decay effect, is a fundamental aspect of tourism, causing demand to peak in locations close to the source market where the time and cost of travel is the lowest. This effect, notes Professor McKercher, varies depending on the mode of travel, the number of destination opportunities and the ease of market access in those destinations.

Also significant is whether the tourist is concerned with spending the maximum amount of time at the destination. Those with limited time budgets are less willing to travel longer distances, which increases the rate of distance decay, and those with greater time budgets have no need to restrict themselves and thus show a slower rate of decay.

The Implicit Effect of Distance

Professor McKercher notes that “distance does not affect destination choice explicitly” – no tourist would want to visit a destination based purely on how many kilometres it is from the source market. Rather, a number of factors have an implicit, cumulative effect that can limit the desirability of long-haul travel. These factors can include the high cost of long-haul air travel, the greater time

commitment previously mentioned and the common decision to travel to culturally similar destinations close to the home region.

Because these factors are implicit, they are often difficult to detect. Professor McKercher shows that when raw arrival figures for Hong Kong are considered, there is little apparent association between arrivals and proximity to the destination. However, when arrivals are “calculated as a share of total outbound traffic from the individual source”, Hong Kong clearly attracts “a greater share of outbound travel from nearby markets”.

Yet there is also variability in distance tolerance – travellers from Australia, for instance, are tolerant of travelling internationally over long distances because the population is concentrated in the south and the country shares no land borders.

Similar, but more likely to limit distance tolerance, are effective tourism exclusion zones, including physical voids such as mountains and oceans, population voids or areas of little interest to the source market. Hong Kong's exclusion zone, for instance, takes in the Pacific and Indian Oceans, Siberia, the former Soviet republics, the Gulf states and unpopulated northern Australia.

Hong Kong as an Ideal Setting

Professor McKercher suggests that the comparison of short- and long-haul travel from multiple sources to the same destination will ease the detection of differences in distance tolerance. He focuses on Hong Kong because it is an international aviation hub and gateway to Asia, acting as either a main or stopover destination and “appealing to a large number of visitors from a wide geographic region”.

Deriving arrival data from the Hong Kong Tourism Board's Visitor Profile Report, Professor McKercher focuses on pleasure tourists from 8 short-haul and 15

long-haul source markets. He excludes mainland China and Macau because they effectively act as Hong Kong's domestic market and no data are available on source cities within the Chinese mainland.

Short- and Long-Haul Travel Compared

During the year under consideration, approximately six million overnight visitors were generated from the 23 source markets. Short haul, Asian sources contributed a majority of the visitors. Most Asian visitors were vacation or pleasure tourists and represented 10-30% of all outbound tourists from their source markets.

In terms of market segments, writes Professor McKercher, "tourists from Asia account for two-thirds of all vacation overnight visitors". Western, long-haul source markets sent a roughly even number of business and pleasure travellers to Hong Kong.

Compared to their counterparts from long-haul source markets, visitors from short-haul markets were more often women and under the age of 45. The Asian visitors were more likely to be housewives, and the Western visitors were more likely to be retired. The Western visitors had roughly double the incomes of their Asian counterparts, and were more likely to travel alone than in groups. The long haul visitors tended to stay in Hong Kong longer, even though few indicated that the city was their only destination.

Professor McKercher also notes that Asian tourists were more likely to be repeat visitors than their Western counterparts, mainly because they were likely to use Hong Kong as a base for multiple short trips around the region. However, long-haul tourists were more likely to explore Hong Kong's cultural heritage and do more sight seeing than the Asian visitors, who were more interested in rest and relaxation. They also spent four to five times more than their Asian counterparts.

Distance and Marketing

Central to Professor McKercher's comparison of short and long haul visitors to Hong Kong is the fact that market segments such as group travellers, younger

travellers, women travellers and budget travellers virtually disappear from the travel market when it shifts from short to long haul. Other segments, such as retiree travellers, are not as heavily affected, which indicates that "the effect of distance is an implicit factor that drives the identification of target markets."

The challenge, writes Professor McKercher, is for destination marketing organisations to "identify those segments that are most likely to visit" and target them with the appropriate marketing.

Points to Note

- Increases in distance have a cumulative effect on the willingness of tourists to travel.
- Not all tourists are affected by distance the same.
- Short- and long-haul visitors can be compared to detect differences in distance tolerance.
- Destination marketing organisations should target the market segments most likely to visit.

McKercher, Bob (2008). The implicit effect of distance on tourist behavior: A comparison of short and long haul pleasure tourists to Hong Kong. *Journal of Travel and Tourism Marketing*, Vol. 25, No. 3-4, pp. 367-380.