HONG KONG TOURISM SEES A DROP OF 59% IN MAINLAND VISITORS

This year's drop in the number of visitors from the Chinese mainland has made the Hong Kong tourism authorities less optimistic about the likelihood of things improving during the coming May holiday season.

According to the Chief of Hong Kong's Professional Tourist Guides General Union, Yu Li-Hua, in January 2015 the region saw 11,575 tour groups from the mainland China, while that number has dropped to 3,729 groups in January 2016. This represents a drop of 59 percent.

According to the chief, it is during this time of the year that there is usually an upsurge in visitors indicated by travel agencies' demand to get more beds in hotels. Currently, this is not the case.

Hong Kong tourism board has devised new ways of attracting tourists from mainland China including giving Alipay Coupons and discounts at the Harbor City mall to name but a few.

The situation might not be normal but the mainland tourist agencies still insist that things will improve during the holidays ahead. In a recent interview, an employee of Fu Journey, a travel agency based in Guangzhou, said that they will still include tours to Mong Kok which was rocked by riots last year. According to him shopping in Hong Kong will not be compromised by the Occupy protests that happened before.

On the other hand, the National Academy of Economic Strategy and Tourism Research Center claims that last year's protests have dented Hong Kong's image with the shopping malls suffering most from the decline in visitor numbers.

Popular American restaurant 'Dr. Ryans Chicago Grill' closed its doors after 27 years of success in Hong Kong and fans of American cuisine are yet to come to terms with this closure. The Landlord Swire Properties say the decision to end Dr. Ryans' lease was not an attempt to get more rent from a new occupant but rather to improve the mix of tenants and in draw more visitors.

Many landlords are also trying out new ways of attracting visitors after the slump in 2003 due to SARS and a lukewarm response to Hong Kong by wealthy shoppers from the mainland.

Spending patterns are clearly changing, according to Fiona Shiu of Pacific Place, and for that they are constantly revising the trade mix. UBS Group AG property analyst, Eva Lee, says that the biggest challenge for shopping malls today has become keeping them occupied. **She observes that rental properties are not adjusting well to the slump and predicts a further fall of 25% in the next couple of years.**

There has to be a new formula to prevent the free fall of businesses that were the biggest beneficiaries in the Hong Kong tourism boom of 2015. Currently it seems like the right formula is having local shoppers come to the scene through yoga, food and beverage outlets.

Transforming luxury stores into food outlets reduces the base rental income in an environment that obviously needs high end retailers to boost the traffic. As Hong Kong strategizes on how to increase local food outlets by 50% in the next two years, closed luxury brands like Dr. Ryans are still in operation in Taipei and Singapore - at least for now.

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