

**Box 3.1**

### Spending pattern of the Mainland visitors under the Individual Visit Scheme

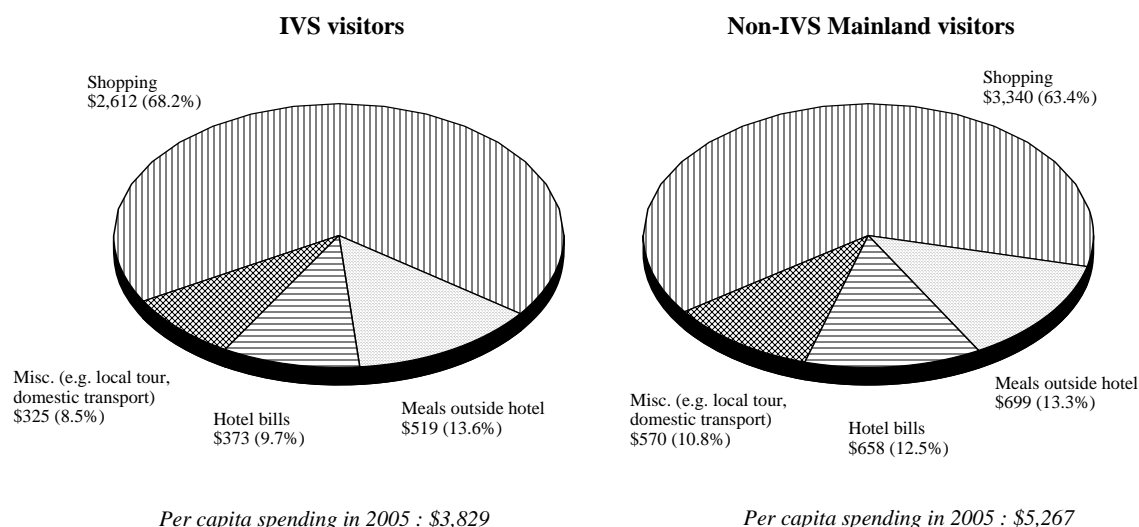
By end-March 2006, Mainland residents had made 12.3 million visits to Hong Kong under the Individual Visit Scheme (IVS). In 2005, the IVS visitors accounted for 24% of total visitor arrivals in Hong Kong. An understanding of their spending behaviour is important in maintaining Hong Kong's attractiveness to IVS visitors.

In 2005, about two-thirds of IVS visitors stayed overnight in Hong Kong and spent \$3,829 on average, considerably less than that of \$5,267 by other overnight Mainland visitors. Yet this difference has to be viewed against the much shorter stay by the former than the latter, at 2.4 nights versus 5.7 nights. Since more than 90% of the IVS visitors are from nearby cities in the Guangdong Province, they tend to make shorter yet more frequent trips to Hong Kong. After taking this factor into account, per-diem spending of the overnight IVS visitors was \$1,595, much higher than that of \$924 for overnight non-IVS Mainland visitors.

Similar to other overnight Mainland visitors, shopping is the largest expenditure category of overnight IVS visitors, with even higher share at 68% in 2005. This is conceivably due to the fact that many of the IVS visitors, especially those from the Guangdong Province, has been to Hong Kong before. Very often they come to Hong Kong again mainly for purchasing goods with better quality assurance, such as watches, jewellery, pharmaceutical and beauty products.

On the other hand, overnight IVS visitors spent relatively less on hotel accommodation and miscellaneous services (including domestic transport, local tours, etc.), with respective shares of 10% and 8% in their per capita spending in 2005. Familiar with the local condition, many overnight IVS visitors are able to save budget by using public transport and seeking larger discount off hotel tariffs. Besides, shopping-orientation of the short trips allows less time to spend on sightseeing and leisure.

#### Spending pattern of overnight IVS and non-IVS Mainland visitors



**Box 3.1 (cont'd)**

Contrary to the situation for overnight visits, the per capita spending of IVS visitors making same-day in-town visits to Hong Kong was much higher than the same-day in-town non-IVS Mainland visitors, at \$1,663 as against \$928 in 2005. This is largely due to the fact that many same-day in-town non-IVS Mainland visitors are group tourists and business travellers stopping over Hong Kong for transport linkages, or else Hong Kong is just one of the destinations in their travel itineraries.

Same-day in-town IVS visitors focused even more on shopping which accounted for \$1,459 or 88% of their per capita spending in 2005. This exceeded by a wide margin the corresponding figures of \$759 and 82% by same-day in-town non-IVS Mainland visitors. The amount of per capita spending on miscellaneous services and meals outside hotel were also higher for same-day in-town IVS visitors, albeit to a milder extent. Yet in relative terms, the shares of these two categories were lower at 7% and 5% due to the overwhelming size of shopping expenditure. Regarding hotel bills, the amount involved and proportions to the total were likewise insignificant for both same-day in-town IVS visitors and same-day in-town non-IVS Mainland visitors who basically do not need accommodation services.

**Spending pattern of same-day in-town IVS and non-IVS Mainland visitors**

