

Executive Summary

Taiwan boasts a secure and dependable economy, responding positively to the global economy trends and market pressures. With this economic stability, Taiwan offers a highly potential outbound tourist market to the Pacific if several issues can be resolved and a greater understanding of the market is gleaned.

Approximately one third of the Taiwanese population (around 7.3 million people) travels annually. Furthermore, the disposable income of the Taiwanese people is also relatively high, with approximately 25% of income saved. This indicates a mobile population with enough income to travel comfortably offering a viable outbound tourist market. The Taiwanese traveler is an interested recipient of unique tourism packages, which can provide the much sought after rest, recreation and harmony to their busy lives. What is important to the Taiwanese traveler, is quality products, in areas of service, facilities, sanitation and hygiene and generally perceived value for the price; as well as a minimal time required for actual travel and connectivity between airlines.

With regards travel to the Pacific, for a holiday destination, there is a general lack of knowledge, perceptions and relevancy of the Pacific as a travel destination. Furthermore, there are many closer destinations, which offer products, which meet the travelers travel requirements.

The Pacific has to date not actively sought to gain a share of this market, partially due to lack of understanding of the potential of this market and limited marketing resources available, which have focused on alternative markets, perceived more viable.

Key considerations which need to be addressed in the Pacific to gain a significant share in this market include:

- Poor airline connectivity – there are no direct flights to the region and the need to transit in Australia or New Zealand before reaching the Pacific region. This is costly, inconvenient and time consuming;
- Time constraints – The majority of Taiwanese travelers take shorter vacations spread over the year. There is often not the available time which is necessary for distant travel;
- High Competition for the Pacific as a travel destination – value of travel has to be perceived to be greater than or equal to cost, however, with many similar destinations offering the same products, the costs are seen to outweigh the value of the travel in many cases.

However, despite these constraints the Taiwanese outbound tourist market is a potentially viable source market for the Pacific. This can clearly be identified by the importance of the Taiwanese tourist market to such destinations as Palau, Guam and Saipan, with significant tourism income earnings derived from Taiwanese travelers. Hence, a marketing strategy needs to be developed which aims at overcoming the constraints and boosts the strengths of the Pacific tourism industry in order to gain a share of this market.

Medium Term Strategies to penetrate the Taiwanese Outbound tourist market include:

- Target specific niches, such as Wedding and Honeymoon, Nature based travelers and Golf holiday travelers
- Develop promotion campaign, understanding that it may take approximately 2-3 years to successfully penetrate and gain a share of this market

- Improve airline connectivity through the successful finalisation of negotiations opening direct air links to key Pacific destinations, such as Fiji and Tahiti.

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TAIWAN TOURIST SOURCE MARKET ANALYSIS

1.0 INTRODUCTION

1.1 *Preamble*

This study was funded through Taiwanese funding assistance, providing a means to identify the potential and needs of the Taiwanese outbound tourism market.

All the assistance provided by government departments, NGO's, the private sector and civil society within Taiwan, as well as Pacific Island Embassies and Trade Representative staff is gratefully acknowledged. A grateful appreciation is extended for the service and dedication of the interpreter, Vivien Chang, without whose assistance this report would have not been a success.

Furthermore, the study does not claim to be an exhaustive consideration of the Taiwan outbound tourist market, but rather a broad consideration of the major factors influencing travel and travel decisions from Taiwan. The need for in-depth consideration of specific niches can be identified from this study for future consideration.

1.2 *The Taiwanese Economy*

Taiwan has been a strong partner in foreign trade for decades, with the necessary reduction of import tariffs in 1992. Continuous trade surpluses have resulted in Taiwan accumulating foreign exchange reserves standing at USD\$106.7 billion, the 4th highest in the world at the end of 2000 (Taiwan Govt website, 2002). In 2000, Taiwan's foreign trade rose 24.1% to USD\$288 billion, with a registered trade surplus of USD\$8.3 billion. This ranked it 14th amongst the worlds largest trading nations (Taiwan Govt website, 2002). Imports also rose significantly by 26%.

After a solid economic growth of 5.86% in 2000. Taiwan has faced the same sluggish growth in response to the world economic cooling since the end of 2000 that has affected many countries in Asia and worldwide. Growth rate dropped to 0.91% and 2.35% for the first two quarters of 2001, exports dropped 18.5% and imports dropped 23.7% (Taiwan Govt. Website, 2002). Although exports dropped, the subsequent fall in imports, resulted in a trade surplus of USD\$9.3 billion, an increase of 102.6%, offsetting much of the effects of the economic downturn.

To revive the economy the government instituted an infrastructure project “8100 Taiwan Starts Moving” in March 2001, aimed at increasing domestic demand and create jobs (Taiwan Govt Website, 2002). Furthermore, financial reforms, deregulation of investments, relaxation of the “patience over haste” cross-strait policy as well as other policy changes were proposed. These are currently being implemented.

Major Economic Indicators				
<i>Item</i>	<i>Unit</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>
Economic growth rate (real GDP increase)	%	4.57	5.42	5.86
Gross national product (GNP)	US\$ billion	268.6	290.5	313.9
Per capita GNP	US\$	12,333	13,235	14,188
Changes in consumer prices (CPI)	%	1.7	0.18	1.26
Exchange rate (average)	NT\$ per US\$	32.44	32.27	31.23
Unemployment rate	%	2.7	2.9	3.0
Foreign exchange reserves (end of the year)	US\$ billion	90.3	106.2	106.7
Source: Council for Economic Planning and Development/Taiwan Govt website, 2002				

1.3 Background

This report has been written to provide an insight into the potential for marketing Pacific Island Tourism products in their different forms to the Taiwanese tourist consumer.

Objectives include the following:

- To obtain relevant and detailed information on the nature and characteristics of the Taiwanese outbound tourism market;

- To obtain detailed information on the customer requirements and travel behavior of Taiwanese tourists;
- Determine the appeal of South Pacific Islands to the Taiwan tourist market;
- Determine the travel characteristics of the key market segments, which exist in the outbound tourist market;
- Determine the perceptions and expectations that travel to the South Pacific incurs;
- Determine the positioning opportunities available to the South Pacific, matching supply to demand, including product, social and emotive dimensions;
- Develop strategies and recommendations to exploit the Pacific region to the Taiwanese tourist.

The Tourism product in the Pacific follows a variety of different forms, including:

- Mainstream tourism including the large and medium scale enterprises, often foreign owned and self-sufficient in terms of staffing, training, codes of conduct and management.
- So called – “alternative” tourism, which can encompass the following tourism products
 - Ecotourism operations
 - Backpackers resorts
 - Activity based holidays, such as diving, fishing, hiking, white water rafting to name a few
 - Homestays

To consider the appeal of these travel and holiday forms, there is a need to fully understand the Taiwanese travel behavior and the outbound travel market from Taiwan.

Taiwan with a population of approximately 22 million people, has a booming outbound tourist market, with consistent growth over recent years and a recorded growth of 6 million travels in 1996 to 7.3 million in 2000 (Taiwan Tourist Bureau, 2000). Approximately 110 –120 flights a week fly from Taipei airport to overseas destinations (Robinson, per comm., 2002). This has been and continues to be a growth market. Factors which have influenced growth in this market are as follows:

- restrictions on travel were lifted in 1979;
- relaxation of currency controls in 1987;
- further growth occurred in 1998 with the introduction of a two day weekend, whereby banks and offices officially close on Saturdays, which has encouraged workers to make good use of their leisure time;
- The tying of the NT\$ with the USD\$ and the strengthening of the Taiwanese dollar against the Euro and the Australian dollar has also resulted in a positive influence to travel from Taiwan.
- This growth can also be attributed to changes in consumer behavior resulting from pressures of work, which will be discussed later in this report.

This strong outbound tourism growth trend does not indicate any downturn in the near future, although any softening of the economy in response to global pressures, as well as declines in air capacity to major destinations can have a negative impact. However, as noted Taiwan has managed to respond favourably to recent global economic downturns, placing the outbound tourism industry.

Many variables must be understood to successfully penetrate the outbound tourist market from Taiwan. In the Pacific there is a lack of clear understanding of the potential of this market as well as marketing variables related to this market. Furthermore, the Pacific as a tourist destination to the large majority of Taiwanese traveler holds few perceptions or relevancy at this time.

There is a high competition for the Taiwanese tourist for closer and cheaper destinations offering similar products to that of the “surf, sea and sun” offered by the Pacific. Such destinations include: Mainland China, Thailand, Philippines, Maldives, Hawaii, Palau, Guam and Singapore.

Therefore, to enable the Pacific to fully benefit from this viable tourist source market, there is a need for the development of strategies, which culminate in activities aimed at developing an awareness of the Pacific in Taiwan as well as awareness in the Pacific on

how to meet the tourist requirements for different Taiwanese market niches. There is also the expectation that this process through careful planning will take some time to fully realize the market potential (an expectation of 3-4 years).

2.0 RESEARCH METHODOLOGY

Although this report will not be exhaustive, it will provide a baseline study on the potential of the different tourism market niches from the Taiwan source market. If necessary, other in-depth studies can focus on specific lucrative market niches for different tourism products. The research for this study followed the following methodology:

2.1 Secondary Data

An overview of available publications relevant to the Taiwan outbound tourist market was initially undertaken. This included the following information sources:

1. Information from Taiwan Visitors Bureau
 - ❑ Annual Report on Tourism 2000, Republic of China.
 - ❑ Updates of annual report for 2001
2. Newspaper articles and presentations including:
 - ❑ Min Sheng Daily Newspaper
 - ❑ Asian Wall Street Journal
 - ❑ China Post Daily – Wednesday 24 April, 2002.
3. Key Taiwanese Travel magazines including Blanka and TOGO and Traveler, Australia.
4. Government Statistics from Website: <http://www.stat.gov.tw/> www.gio.gov.tw
5. On-Line Publications – Asia-Pacific Management Forum, January 10th 2002.
6. Published market research related to the Taiwan outbound tourist market.

2.2 Primary Data

Selection Criteria and mode of research

Interviews included the following respondents:

- Travel agents including airline representatives and managers were interviewed – two major airlines from Taiwan with direct links to the Pacific were interviewed. This included the manager of Air New Zealand and the Regional Director of Qantas/ Air Pacific
- Tour operators were interviewed through a questionnaire and face – to face interviews
- Questionnaire for the public, travelers and potential travelers e.g. in (up market) shopping malls and central parks;
- The Deputy Director, Taiwan Tourism Bureau;
- The Charge d'affairs from Palau;
- The Guam Visitors Bureau representative;
- The Fiji Trade and Investment Trade Representative and staff at the Fiji Office;
- Media – the most popular travel magazine (Blanca) and a leading Daily Newspaper travel reporter (Min Cheng Daily) were interviewed

Key areas discussed were:

1. Taiwanese traveler perceptions of the South Pacific islands;
2. General characteristics of the Taiwanese tourist (demand side) relative to the characteristics of South Pacific tourism products (supply side)
3. Potential for the development of the Taiwan outbound tourist market to the South Pacific
4. Factors influencing travel destination;
5. Impediments to the development of the Taiwan outbound tourist market to the South Pacific

Tour Operators and travel agents: Due to language difficulties with many tour operators, there was a need for face-to face interviews, utilizing the valuable services of an interpreter. Although English could be spoken at a basic level, the perceptions and ideas were only aired openly when spoken in Chinese. These face-to face interviews were undertaken during the period in country from 16 April – 30 April. The interviews were conducted either at the respondent's workplaces or in

restaurants, on a confidential, yet informal basis covering a wide range of key issues. Respondents were wholesalers and retail travel agents who were either the owner/managers or the most senior staff in these organizations. A list of those interviewed is attached in Annex 1.

The tour operators although all based in Taipei, represented larger establishments, some having up to 400 employees spread across the major cities of Taiwan, including Taichung and Kaohsiung. These operators had different sections operating within the organizations, such as FIT (Free Independent Travel), geographic regions specific and/or activity specific.

Although few travel agents sold much travel to the Pacific, there was no barrier to them doing so and they were keen to seek new destinations, noting the 'tired' nature of many current destinations.

Travelers/potential travelers: As travel is still considered a luxury item as far as household expenditure is concerned, the sample of those who were sought to fill in the questionnaire were recruited from areas, which boasted above average household income, such as in up-market malls and shops. However, of the 22 million population in Taiwan, the 7.3 million travelers annually confirm an actively mobile population (Taiwan Government Statistics, 2002).

Some difficulties were faced in undertaking interviews with potential travelers, as the most lucrative locations to interview non-biased samples of people, at the up market shopping malls and nearby bus stands, it was not permitted to carry out any formal interaction with customers. This restricted the sample to passerby's at central parks as well as malls in areas out of the center city area. A mixed sample of 156 young adults to middle aged people who had either traveled or planned to travel in the near future was undertaken. This sample aimed at a sample of people across different life stage levels.

Hence, although not an extensive sample, in consideration of the infancy state of this market in relation to Pacific tourism, it was adequate to broadly determine key areas of potential and necessary strategies to meet these areas of potential development.

This data aimed at identifying the following information:

1. Analysis of basic traveler characteristics;
 - Social and economic characteristics
 - Travel behavior characteristics
2. Cross analysis of major factors
 - Main traveler categories
 - Travel purpose and length of stay
 - Travel destinations
3. Analysis of expenditure patterns
 - Average expenditure
 - Expenditure structure

3.0 TOURISM MARKET SEGMENTS

The Taiwanese travel market is made up of several major segments. This can be redeveloped further, but for the needs of this study the noted segments will suffice:

1. Travelers who visit overseas relatives
2. Business travelers
3. Incentives travelers
4. Holiday travelers.

Different destinations have different travel make-up, for example

Destination	Business/relatives	Tourists
Japan	50%	50%
US	70%	30%

(source: Taiwan Visitors Bureau, 2002).

These characteristics of the outbound traveler market have a significant impact when it involves airlines and their seating arrangements as will be discussed under Air Connectivity.

3.1 Major Outbound Tourist Market Segments

The Tour Operators in Taiwan noted that the majority of travelers were from 30 – 45 age group, followed by the 45-60 age group (Taiwan market research, 2002).

3.1.1 Students: many students travel overseas to undertake studies, providing them with a taste of overseas destinations and travel. Many of these travelers are more international in outlook and comfortable in overseas destinations. These are the travelers who are often more interested in FIT travel, rather than package tours. Language is often not a barrier to these travelers.

A popular market for students is the summer study tours, college tours to improve English speaking skills as well as attendance at Conventions on various topics.

3.1.2 Families: are tending to travel more often, in particular to the closer and cheaper destinations. Distant destinations would often prove too expensive for family travel, however closer destinations at the package prices can fit in with available incomes.

3.1.3 Wedding and Honeymooners: 50% of the recipients interviewed noted that the possibility of a wedding and honeymoon in the Pacific was an important attraction. These travelers often prefer the more luxurious resorts with romantic accessories and are willing to spend more on their travel for this special occasion.



3.1.4 Golf Market: Approximately 1 million Taiwanese play golf, however the cost of a golf weekend is at least NT4,000, which can be quite expensive (Lin, per comm., 2002).

This is quite a sophisticated travel market, with a travel magazine and articles dedicated solely to golf holidays. Travel in this market niche take travelers all over the world to varied and exciting destinations, with the access to golfing facilities and greens as an essential element.

3.1.5 Incentives Market: Many corporations provide incentive travel, especially such companies as Insurance companies, large corporations and businesses, and sales operations. This makes travel achievable for many workers, based on their productivity at work.

With the cheap package tours available to many Asian destinations, such as Philippines and Indonesia, it is a small price for a firm to pay to encourage higher worker productivity.

4.0 PROFILE OF THE TAIWANESE TRAVELER

Taiwanese travelers like to travel to different destinations, the majority preferring package tours, however, there is a growing market for FIT travel. These more adventurous FIT travelers predominantly originate from the Taipei area. A study by Cheng-Te Lang et al (2002) noted that the all inclusive package travelers from Taiwan tended to be female, older, with lower incomes and less educated. These travelers seek holidays based on ‘show and tell’ attributes, ‘cost, ‘environment and scenery’ benefits, spending more money on trips and traveling in larger groups.

4.1 Home environment and reasons for holiday travel

It is important to understand the home environment of the Taiwanese people in order to appreciate the reasons for travel and the requirements of the traveler. Firstly, the majority

of Taiwanese live in apartments in large apartment blocks. It is often not safe to build on hillsides surrounding Taipei, as earthquakes and landslides are a very real risk. Hence, many people are living in a very limited land space. Land density is second highest in the world with 617 people living in an area of a square kilometer. Taipei and Kaohsiung City, for example have a density of over 9,700 people per square kilometer. (Republic of Taiwan Yearbook, 2002).



The cities tend to be polluted and overpopulated (Beal, 2002), with an abundance of vehicles, particularly motor scooters lining the walkways. In the period of the study, the air was polluted the whole time, with many Taiwanese traveling to work with facemasks on, noted to be a normal practice. Shopping malls can be up to 12 stories high and there is often a queue to ride on the escalators, even on weekends. This identifies that the average Taiwanese lives in a situation, which although appreciating hard work and discipline, is at odds with their needs for “harmony in all avenues of life”. It is therefore, understandable that to attain such harmony is important for at least a short time of the year, for physical and mental well-being. This can also explain why annual leave is often broken into shorter holiday breaks, rather than taking the holiday as a one longer break.



To achieve this harmony through travel, one can identify a need to become closer to the natural environment and experience a peaceful and relaxing travel experience. This can be ascertained by the questionnaire survey, which placed the greater importance on such activities. See Table 1 below.

Table 1: Survey of the level of importance of activities and attractions in the South Pacific that appeal to the Taiwanese traveler.

(Please note that data is expressed in percentage terms of total interviewees surveyed).

Activities and Attractions	LEVEL OF IMPORTANCE		
	Very Important	Somewhat important	Not important
Beaches	54 %	35 %	9 %
Nature & sightseeing	59 %	34 %	8 %
Adventure tours	25 %	33 %	40 %
Rest – relaxed atmosphere	68 %	20 %	10 %
Wedding & honeymoon	22 %	28 %	48 %
Diving and snorkeling	25 %	32 %	41 %
Shopping	18 %	27 %	54 %
Historical sites	20 %	47 %	29 %
Cultural tours	26 %	44 %	31 %
Marine sports	23 %	27 %	49 %

(Taiwan Market Research 2002)

4.2 Vacation periods

The average Taiwan traveler has between 7 – 30 days annual leave, often not all taken at the same time. Following the implementation of a two-day weekend in 1998, the

Taiwanese people are paying more attention to leisure activities (BLANCA rate card, 2001/2002). This has stimulated growth in holiday travel.

Hence travel must fit within the leave time available. In the study, 61% of respondents noted that *time* is an issue influencing travel decisions. This confirms the value of the package holiday to the travelers and notes the importance of closer destinations, less airline interruptions and a relaxing and comfortable holiday.

4.3 Expenditure patterns

Shopping has often been a key travel motive for Chinese travelers. For example one tour guide noted the following travel patterns, i.e. Singapore for electronics, Hong Kong for wristwatches and Macau to gamble (Asian Wall Street Journal, April 24th 2002).

Taiwanese have moved towards traveling for relaxation, rather than bargains, moving towards mainstream travel behavior patterns. This has been a result of increased incomes and leisure time, yet also increased work pressures and the need for a relaxing holiday as an important survival strategy.

Expenditure patterns note that Taiwanese travelers spent an average of USD\$1,364 per trip, separate from accommodation and travel (Outbound Tourist Expenditure and Trends Survey, 1999). Comfort and favorite foods are high on the list for travelers expenditure.

4.4 Profile of outbound travelers

Culture is important to the negotiation process and the way business is conducted. Asian values are generally based around hard work, family, discipline and collectiveness. The Taiwanese people are more likely to be influenced by members of their social group, such as family and friends. Important values include, giving, receiving and maintaining face; the maintenance of harmony in all aspects of life and a deep respect for education and authority (Luk, Fullgrave and Li, 1999). The collective aspect of their lives, favored positively travel to outside Asian destinations, however, any unfamiliar aspects of such travel were alleviated through package travel.

A study by Cheng-Te Lang et al (2002) noted that travel by outbound travelers from Taiwan to destinations outside of Asia, were positively related to higher income level, educational background, length of trip, party size, trip expenditure and an all inclusive package. Those who traveled within Asia were more likely to be on a budget travel package, with a comparable cost and experience travel.

4.5 Perceptions of the Pacific to the Taiwanese traveler

A popular image of the South Pacific as that of a clean tropical paradise, with relaxed atmosphere, beautiful sea and sky where people can for a short while escape their busy lives and relax (Survey Results, 2002).

However, although 53% of respondents noted these perceptions, another 25% had no image whatsoever of the Pacific. The possibility of visiting the Pacific as a travel destination remains remote and non-relevant, due to the lack of awareness, poor airline connectivity, distance and high costs related to Pacific travel (Survey results, 2002).

4.6 Seasonal Travel Patterns– Many Taiwanese prefer to travel out of Taiwan during the winter period to warmer destinations. The Pacific with its warm, sunny climate throughout the year can offer an added opportunity all year for the Taiwanese traveler.

5.0 REGULATORY FORCES

Visas

To travel to the South Pacific currently will require a transit visa to stopover through Australia or New Zealand. This can be time consuming, costly and inconvenient. Hence, direct travel will obviously be preferable as this will negate the need for transit visas.

The majority of Pacific Island countries allow a visitor to stay for a period of 30 days and up to 4 months without a visa or payment as long as they hold a return air ticket. A visa may be purchased for longer periods of stay.

6.0 ECONOMIC ANALYSIS

Level of quality of purchases is governed by **purchasing power, available time, airline connectivity** and availability of **alternative destinations**, which meet travelers needs. Added **issues of security and safety** are also featuring prominently.

A comparative study of Taiwanese travel relations with New Zealand and Canada in 1997 noted the prediction that “major Asia connected air travel markets will out-perform both the world and major western markets” (Beal, 1997). One of the main contributors to this growth has been Taiwan, due to the countries economic growth, creation of a middle class with disposable incomes, who seek to see the outside world. Relaxation of currency controls in 1987 triggered this growth (Beal, 1997).

6.1 Currency

The Taiwan economy is tied to the US economy and the US Dollar. The Taiwanese dollar exchange rate against the US Dollar is around NT350 equivalent to approximately US\$10. The currency has remained relatively stable, although has strengthened against the Australian dollar and the Euro, which can make these travel destinations more attractive.

6.2 Inflation and the Purchasing Power of Individuals in Taiwan

The Taiwanese economy has been growing at a slow, but steady pace in recent years, despite a downturn of -1.25% in 2001, whereby a globally experienced recession also impacted the Taiwanese economy. As the Taiwanese economy is closely tied to the US economy, any economic downturns in the US economy will also impact negatively on the Taiwanese economy (Market Profile Taiwan, 2000). The year 2002 forecasts a positive growth rate of 2.88% (see Table 2 below).

The Taiwan individual tends to have a relatively high disposable income with GDP/capita at around US\$27,000 or NT95,913 (Taiwan Government Statistics, 2002). Savings consist of an average of 26% of income, with 85% of Taiwanese owning their own home (Survey of Family Income and Expenditure, 2000). This notes a relatively comfortable

standard of living amongst the Taiwanese people. Approximately 31% of income recipients earn approximately 36% of national income in or around Taipei.

In 1999 the unemployment rate remained below 3%. Population growth averages less than 1% per annum and the population is relatively young, all of which are positive aspects for labor force growth and future travel (Market Profile Taiwan, 2000). However, efforts to stem the birth rate, which had been steadily increasing as a result of post-war baby booms, through the promotion of family planning were undertaken in the 1980 – 90s, which has tended to increase the age of the population, with approximately 70% of the population between the ages of 15 and 64. Continued economic growth and low unemployment rates can lead to increases in net disposable income, which will continue to maintain a growth in travel to international destinations.

Table 2: Gross Domestic Product and Economic Growth Rate of Taiwan 1992-2002

Period	Amount (100million NT\$)	Rate of Change%
1992	53,390	10.98%
1993	59,184	10.85%
1994	64,636	9.21%
1995	70,179	8.58%
1996	76,781	9.41%
1997	83,288	8.47%
1998	89,390	7.33%
1999	92,899	3.93%
2000	96,634	4.02%
2001	95,423	-1.25%
2002	98,171	2.88%

(Source: Taiwan Government Statistics, 2002)

7.0 DESTINATION COMPETITIVE ANALYSIS

Competition for the outbound tourist from Taiwan is very keen, with many overseas tourism destinations competing head on for a share in the market. This highlights the need for comparative studies on destination attributes to seek and exploit available comparative advantages of Pacific Island destinations to specific market niches.

Approximately 80% of travelers from Taiwan visit other Asian destinations. A study by Lang et al (1997) noted that Taiwanese travelers who undertook travel within Asia considered such issues as “safety net”, “cost and experience” and “budget travel”, whereas travel outside this region related positively to higher income, higher educational background, longer trip time available, party sizes, inclusive package, trip increased expenditure and improved lifestyles. Although Asia and US have been the main destinations for the Taiwanese traveler, figures since 1995 have indicated a growth of travelers to such Oceania destinations as Palau and New Zealand (Annual Report on Tourism 2000, ROC). This confirms discussions with tour operators noting the desire of the Taiwanese travelers for new destinations.

Pacific regional statistics (SPTO regional statistics 2002) note that Asian arrivals in 2001 made up 104,465 arrivals, of which 72,894 came from Japan. The other source countries in Asia are not differentiated. However, this denotes that only a small number of travelers came from Taiwan, particularly considering the other larger source Asian markets, such as Korea.

7.1 Key Traveler destinations:

7.1.1 Mainland China

This is the most favored destination for the Taiwanese travelers. Up to 50% of travelers from Taiwan travel to Mainland China for either business or holiday. It is a cheap, close and convenient travel destination, particularly as the language, food, climate and customs are similar. This is especially important for shorter holiday breaks, such as a weekend away. Furthermore, Mainland China also links to the history and relatives of many Taiwanese. There is also a considerable amount of business being conducted between Taiwan and China. This all makes it an ideal destination, which will continue to be an important travel destination.

7.1.2 Other Asian Destinations

Tough competition is also to other Asian destinations. Asian destinations as a whole continuously accounts for around 80% of all travel from Taiwan. This is due to a variety of reasons, which include: convenience, cheaper prices of air travel and package tours, proximity to Taiwan (less travel time) and similarities in food, service expectations and cultures.

- **Japan** – flights to Japan cost around NT8,000 return with packages from NT18,000. Furthermore, many of the older Taiwanese speak Japanese from the period of Japanese control.
- **Bali** – Charter flights cost around NT\$6,000 with packages ranging from NT12,000 upwards. Staying at Club Med can cost as little as NT19,000;
- **Philippines** – flights to Manila can be from as little as NT5,000 return;
- **Thailand** – flights to Thailand can cost from NT6,000, with package travel from around NT 15,000;
- **Korea** – travelers to Korea have remained relatively static over the last five years, with an average of around 100,000 travelers (Tourism Bureau Statistics, 2002). Prices to Seoul range from around NT10,400 return.

(Source: Travel agencies, Blanca, Min Cheng Daily, China Mail Daily, 2002).

7.1.3 The Americas (includes Canada)

The American market compiles approximately 11.36% of the Taiwanese outbound traveler market. This is a popular destination for Taiwan travelers, to visit relatives, undertake business as well as holiday.

7.1.4 Oceania

- **Palau** Since 1995 Palau has had an increasing number of Taiwanese travelers, offering the traveler a taste of the Pacific, boasting modern hotels, cultural displays and sun and sea based activities.

Palau has approximately 50 – 60,000 tourists a year, with only 1030 hotel rooms available. Of these travelers approximately 24% are from Taiwan, the second highest

source market for their tourists with approximately 10,731 tourists in 2001 (Palau Tourist Authority, 2002). Chinese speaking tour guides are available to host the visitors. A direct flight operates between Taipei and Palau taking approximately three and a half hours flight time on Far Eastern Airlines and Continental Airlines.

The majority of travelers from Taiwan are:

- i) In their 30-40s
- ii) affluent
- iii) adventurous
- iv) prefer package travel

The cost of airfares to Palau are between NT4-5,000, whereas package tours to Palau, inclusive of 5 days and 4 nights cost between NT23-33,000.

Palau is building a new airport facility, with an extended runway. This airport will be finished in 2004. This facility will have the capacity to handle 400 people per hour aimed at providing a better, more efficient service for tourists (Palau Charge d'affairs, Per comm., 2002).

- **Guam and Saipan** – There are now five flights a week to Guam and return. However, numbers to these destinations have decreased in recent years due to the expense of stay, the lack of *different* activities and the similarity to Taiwan. The price of a Guam package can be as little as NT10,000 and increase up to luxury priced visits.
- **New Zealand:** Approximately 51,000 Taiwanese travelers visited New Zealand in 2000. New Zealand with a growth in Taiwan tourists can boast the major attraction being the beautiful clean and unpolluted environment. New Zealand's logo promotes 100% Pure New Zealand. Some Taiwanese have named it as the 'last of the worlds cleanest lands'. If the Pacific also takes advantage of the clean and unpolluted environment, it can be a major promotional advantage to such countries as Taiwan, particularly as Taiwan is overpopulated and polluted.

Direct flights to New Zealand, attractive package offers and many different activities available for the traveler make this location an exciting and important holiday location.

- **Australia:** Australia has tended to decrease as a major travel destination for Taiwanese tourists over the last five years. However, increased campaigns to attract the Taiwanese traveler are currently being undertaken. Many Taiwanese must transit through Australia to travel to other Oceania destinations.

7.1.5 Europe.

The Netherlands is the most popular destination in Europe for Taiwanese travelers benefiting from a strong growth of Taiwanese travelers from 29,000 in 1995 to 137,000 in 2000 (Taiwan Tourism Bureau, 2000). This has been the main European destination for Taiwanese travelers and the only one experiencing strong growth. This destination offers one of the worlds top locations for international conferences, providing an important business environment for the traveler.

7.1.6. Other Destinations:

- **Maldives** is a growing market, also offering surf, sea and sand as well as a relaxing holiday for a less price than travel to the Pacific. Travel alone ranges from NT23 –28,000. A FIT holiday ranges from NT40,000 and a package luxury tour from NT43,000. Airlines to this destination are also regular traveling via India.



The Sun, Sand and Sea of Maldives

- **Destinations travelers want to visit**

Some travel agents specialize in ‘alternative’ style travel packages. A recent tour by a group of travelers and their travel agent traveled to Greenland to look at the wildlife and the glaciers. This can denote an interest in pristine environments and ecotourism aspects of the tourism package.

This same agent had taken a group of 20 travelers across several Pacific Island countries and expressed the desire to do so more often, however noted the difficulties with cost, connectivity and time taken for travel.

Table 3 : Main Destinations for Taiwanese Travelers

First Destination	2001 – main locations	2001 – Total
Asia		5,852,422
➤ Hong Kong	2,320,154	
➤ Macao	1,152,815	
➤ Japan	741,767	
➤ Thailand	540,158	
➤ Malaysia	253,568	
➤ Indonesia	217,934	
➤ Singapore	191,754	
➤ Vietnam	188,269	
America		681,907
➤ US	542,764	
➤ Canada	139,143	
Europe		263,966
➤ Netherlands	135,830	
➤ UK	15,710	
➤ France	24,599	
Oceania		104,451
➤ New Zealand	57,735	
➤ Australia	35,985	
➤ Guam	31,539	
➤ Palau	10,731	

(Source: Taiwan Visitors Bureau, 2002; Palau, Visitors Authority Monthly Report, 2002; Bureau Guam Visitors Bureau, 2002.)

As can be seen through this overview, there are many alternative destinations for the Taiwanese traveler. These destinations all can offer the relaxing atmosphere that the traveler seeks. World-class hotels are available in these destinations and the total package is often a far lower price than that of travel to the Pacific. Furthermore, and extremely important to the Taiwanese traveler, the time taken to travel to many of these destinations offer direct links and easy flight connectivity. This reduces, both time and cost, critical elements to the promotion of travel.

Therefore, there is a need to carefully assess what the Pacific can offer which will complement the travelers holiday making it unforgettable and unique and hence sought after.

8.0 *MARKETING MIX VARIABLES*

8.1. Travel Networks – the Airline Industry

8.1.1 *Airline Capacity*

Taiwan Visitors Bureau Annual Report 2000 noted that of the 13,174,040 available seats out of Taiwan for the year 2000, the average total load factor for the year was 77.21% or 10,171,159 passengers traveled out of Taiwan.

Taipei is the main international airport out of Taiwan. Expansion to the airport is near completion, whereby the airport has been divided into two terminals, providing greater access and service to travelers. Around 110 – 120 flights per week are now flying from this airport (Robinson, per comm., 2002).

8.1.2 *International Connectivity of Air Transport*

There are currently no direct flights from Taiwan to any of the member countries of SPTO. Direct flights only exist to Palau and Guam as Pacific destinations. Connections to the Pacific can be made through Japan, Korea, Hong Kong, New Zealand and Australia. This makes travel to the Pacific time consuming and expensive and has constrained the movement of travelers to the region, especially as time is a major constraint for the Taiwanese traveler.

Although it is not recorded in statistics, the Qantas regional director noted that approximately 800 bookings a year are made to visit Fiji (Robinson, per comm., 2002).

An air service agreement was set to be established between Taiwan and Fiji in October 2001. Approval has been made from cabinet in Fiji and negotiations are still underway to make this a commercial agreement, rather than a government-to-government agreement, enabling more flexibility, less bureaucracy or politics. This follows the similar lead by Australia and New Zealand. Robinson (2002) noted the restoration of the Air Pacific links with Taiwan in association with Qantas, which may offer the proposed link to Fiji.

Although Hawaii was a popular destination for tourists from Taiwan, this direct route has ceased to operate. This was identified to be not profitable for the airlines as almost all

travelers went to Hawaii on the cheaper package trips. The airlines are reported to need a balance between business travel, cargo and tourists to be profitable. Therefore at present the costs of travel to Hawaii have risen substantially as the passengers must first travel through Seoul, Osaka or Tokyo, before connecting to Hawaii. This emphasises the importance and nature of airline connectivity and profitability as key considerations and constraints to Pacific tourism development.

8.1.3 InterIsland Air Connections

Within the Pacific, flight connections between some of the islands are often infrequent and do not cater for tourists travel needs, hence access to these Pacific Island countries is poor. For example, the flight to Tuvalu is bi-weekly, which leaves most holiday travelers in Tuvalu for too long, with relation to available activities. Shorter visits would be more amenable to encourage travel across such smaller islands.

There is a need in many countries for improved airport services. Improved services, such as automated systems will help ensure reliability of flight connections, greater convenience for travel arrangements and less time taken in travel arrangements. Although there are automated systems in some Pacific Island countries, it is not available in all.

The key to travel is: Not many stopovers as it takes up too much time. Convenience and time are important issues for the Taiwanese traveler. This provides an advantage for closer countries, offering similar products, which have direct flights. For example, travel to Palau is by one flight, which takes approximately three and a half hours.

The linking of Fiji to Taipei via a single flight could facilitate travel to the region greatly.

8.2 The Travel Trade

8.2.1 Travel Agents / Wholesalers

Although travel agents do make bookings and travel sales, the majority of the travel sales are made through travel wholesalers and retailers. The largest companies are wholesalers with extensive retail outlets of their own. Some boast up to 500 employees across Taiwan

and in some overseas destinations, such as Guam. There are around 1,814 travel agencies across Taiwan noting the high competition for a share of travel destinations (Annual Report on Tourism 2000, ROC). Many tour operators operate between several travel agencies, airlines and destinations promoting the unique aspects of each destination.

High competition among travel operators have led to lower prices to popular destinations. For example at least 15 travel operators in Taipei alone have travel package sales to Palau. This increases competition and the result is a wide range of packages available with different frills and benefits at a range of prices. Often wholesalers specialize in specific forms of holidays, such as Golf holidays, wedding and honeymoons, water sports and adventure holidays.

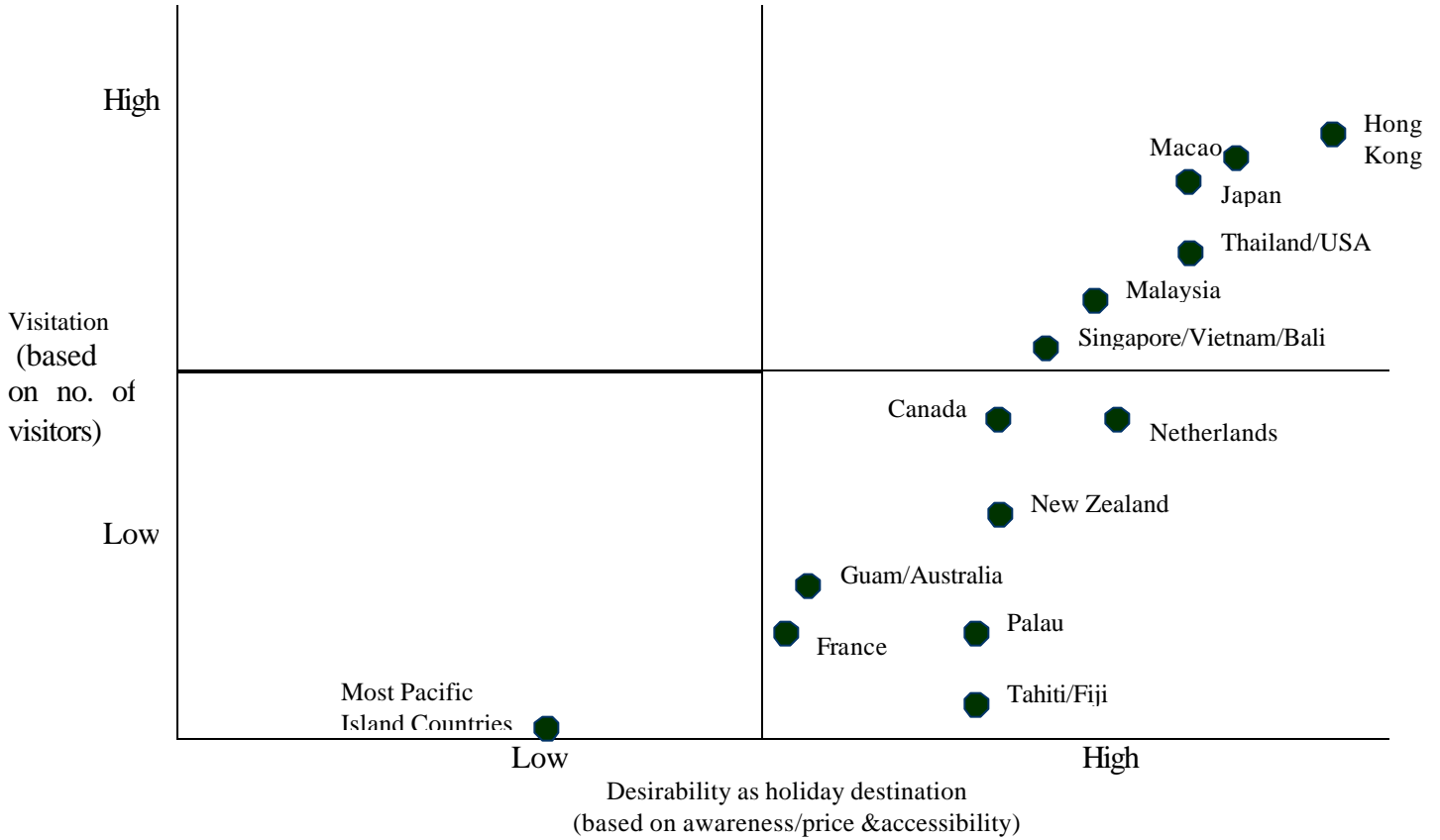
Some cooperation exists between travel agencies, travel magazines, airlines and hotels in the formulation of the packages to meet the travel needs and budgets of travelers.

8.2.2 Internet Bookings

There has been a growth in both access and use of the internet in Taiwan. This has led to many people in Taiwan now using the internet for their bookings. Sixty eight percent of Airlines catering for Taiwan have online bookings available (Blanca, 2002). Ratios of internet bookings was outside the scope of this study, however the importance of the travel magazines and newspaper publications can indicate that information regarding travel is mainly sourced from these medium, however, bookings are often made over the internet. It may be of value in the future to consider the growth of the Internet as a travel marketing tool, for both information and bookings.

8.3 Product

Perceptual Competitive Analysis



As mapped, the position of the Pacific Island Tourism Products are poor in the current competitive analysis. Although this will vary for different island states, hence Fiji, Tahiti and Palau, which generate perceptions amongst the Taiwanese travelers will be in improved positions from those which do not generate any perception. Furthermore, the potential and strategies to meet this potential will also vary to some degree across the region.

Many of the current tourism products and destinations are noted to be ‘tired’ by several tour operators, with the Taiwanese people wanting more diverse destinations, which appeal to the travelers needs and interests. There are several key elements to developing a tourism destination, which will appeal to the Taiwanese outbound tourists.

The key aspects which the Taiwanese respondents noted that they want from a travel destination include the following:

- ***Rest and Relaxation*** – 88% of respondents noted that this area is important for Taiwanese travel destinations;
- ***Nature tours and sightseeing*** is a key activity, both seeing and experiencing diverse beautiful destinations. 90% respondents noted that this was very important to their travel;
- ***Nice beaches*** – 89% of respondents noted the importance of beaches to their travel;
- ***Cultural tours*** – 70% respondents were interested in cultural tours;
- ***Historical sites*** - 67.5% respondents were interested in historical sites;
- ***Marine Activities*** - 50% were interested in marine sports activities including game fishing; 57% were interested in snorkeling and diving

See also Annex 2 for a detailed breakdown of this information (Taiwan market research, 2002).

These elements should be integrated into any tourism product in various degrees to cater for the different tourists needs.

8.4 Packaging

The majority of Taiwanese travelers prefer the package tours with set hotels and travel and tour arrangements. This is primarily for convenience, affordability and ease of travel in unfamiliar surroundings.

- Packages are ideally for 5-7 day tours
- Package tours are usually much cheaper than FIT

With the growing number of travelers, there is a greater competition for travelers, through the large number of travel agents offering many forms of package tours. These package tours are differentiated ranging from less expensive tours to the more expensive luxury tour packages. Prices and products offered vary depending on the type of package, date of departure and destination. Where the competition for destinations is keen, packages can be differentiated with specific additions in an effort to attract travelers, such as use of limousines, beachfront accommodation, different levels of luxury and private tours.

8.4.1 Characteristics of a Good Package Tour

- ***Airline Connections***

As time is of the essence, it is important that airline connections are reliable and regular.

Furthermore, the price of airfares must be perceived to be of value, that is the holiday must be worth the cost.

- ***Food and Restaurants***

Eating out and buying food, especially seafood's is an important norm for the Taiwanese people with sidewalk cafes boasting large quantities of different foods in Taiwan. Although Chinese foods are an important part of daily life in Taiwan, tastes have also become more global, with restaurants from many countries available in Taiwan. Hence, good restaurants, especially fresh seafood can also help complement the promotion of a holiday destination.

- ***Safety***

Safety remains a major concern, especially since September 11th 2001 and the two major crashes of aeroplanes to Taiwan in recent years. Of those respondents interviewed, 63% of respondents considered safety a very important concern in relation to travel to the Pacific. This is also important for in-country stability and civil unrest and crime rates, all of which act negatively to travel within a country.

Safety also includes hygiene and sanitation facilities available. Of respondents noting their concerns regarding travel to the Pacific, 82.5% considered the sanitation and health facilities as important. This was the highest concern of Taiwanese who wished to travel to the region.

- ***Chinese speaking guides***

Although many Chinese people can speak English, it is often limited and Chinese-speaking tour guides can provide a sense of belonging and comfort in strange travel surroundings, particularly where the language and culture is quite different.

Many travelers are happy to use their English for shopping or speaking to locals on tours, but are uncomfortable when it comes time to make transactions, such as ticketing, checking in and out of hotels or arranging tours.

Palau has noted that Chinese speaking tour guides is an important element in the success of their package tours.

- ***Activities***

Tour operators noted the importance of different activities to a tour package. This was highlighted in the need for new packages tours with the activities and hence the packages of some key locations becoming “tired”. This can be signified by decreases in repeat visitation rates.

8.4.2 Free Independent Travel (FIT)

Although, FIT travel is becoming increasingly popular, as opposed to fully escorted tours, the competition for this market has led to a form of value-added packages within the context of this market. Different choices of discount coupons, transportation and accommodation vouchers have virtually led to a different form of semi-packaged FIT travel. Furthermore, this form of travel also offers such different options for Group Independent Tours.

Hence, it appears that the nature of the FIT market from Taiwan leans towards a more customized travel package for travelers

8.5 Promotion

Tour operators in Taiwan want to promote new travel destinations, particularly as many of the usual destinations are tired. However there is little information available in Taiwan on the Pacific apart from Fiji, Palau, Guam and Tahiti, hence images are few and tend to only focus on these island states.

Furthermore, the Pacific is difficult to promote due to the current high prices of air travel as well as the route structure, which requires time-consuming stopovers.

8.5.1 Pacific Brand

Of the respondents interviewed 53% noted that tropical impressions came to mind when the Pacific was mentioned. These tropical impressions translated into tropical climates, beaches, sea and beautiful people. Some islands inspired impressions of stress free,

nature bound and harmony. Only 1.3% of respondents had any impression of different cultures within the region. Australia and New Zealand were often included as part of the Pacific

Twenty five percent of respondents had no impression of the Pacific at all. This means that any image of the Pacific has the potential of being developed to its best advantage, if carefully planned, as there are very limited images currently.

8.5.2 Sources of Information

There is a lot of information available on travel to different destinations from Taiwan, through magazines, newspapers, television and other media. What may have constrained travel to the Pacific for many Taiwanese travelers, is the absence of information on the Pacific as a travel destination.

The major means for promotion in Taiwan for travel includes the following:

- **Magazines** – *Blanka and Togo* are the two Chinese language travel magazines.. An example of the importance of the travel magazine can be seen in the breakdown statistics of Blanca Magazine Monthly. Of the 8,000 copies distributed monthly, 91.5% are purchased through retail, each of these copies have an estimated 9.5 readers (Blanca Magazine Monthly, Rate Card 2001-2002) demonstrating the interest of the Taiwanese consumer in travel.

An English written travel magazine, popular in Taiwan is *Traveler Australia*, which offers web-sites information and colorful advertisements on the worlds major travel destinations.

- **Television** – TVBS television station is very influential in providing potential travelers with information on destinations in Taiwanese. The introduction of cable television also opens the world to the Taiwanese traveler.

- **Newspapers** - are an important medium for promotion of travel destinations. This is a common form of information dissemination in Taiwan. It can be noted that travel sections of newspapers in English target a different traveler than those written in Chinese. Direct flights and flights without package frills are usually quoted, in comparison to the Taiwan traveler where package travel quotes are the norm.
- **Word of Mouth** is an important means for information dissemination, however this is not as important as the media in promoting perceptions of different destinations.
- **Internet** - The large majority (68%) of the airlines, which operate out of Taiwan have online bookings available. This is a growing area for both bookings as well as promotion and marketing.

The Fiji Trade and Investment Bureau has been active in the promotion of Fiji as a travel destination, as can be seen in travel magazines and newspapers (see attached example).

The tour operators noted the need for key information to better promote the region. The information which is required includes:

- Flight information to different island destinations
- Up to date hotel information; map of hotels, latest hotel rates and facilities on offer.
- Information for inbound operators on different locations
- Package prices
- Different destination information including restaurants and specific information on places of interest
- Visa information
- Travel guides, Visual promotion – Video, VCD, tapes and posters
- Travel agent information.

8.6 Price

The general rule is that price must not be higher than perceived value to be considered a worthwhile and viable deal. Prices of airfares to the Pacific region as well as between Pacific Island countries are too high for the large majority of travelers. For those travelers who wish to seek sun, sea and surf, other destinations at a fraction of the cost and closer destinations are available.

Airfares to Nadi are approximately as follows:

- Taipei → Seoul → Nadi return → NT 40,000
- Taipei → Sydney → Nadi return → NT 44 – 48,000
- Taipei → Auckland → NT36,000 → Nadi return ~NT12,000

This notes that unless airfares can be reduced, travel to the Pacific is only viable for the few wealthier Taiwanese, with attractive package tours to ensure the travel meets the requirements of the travelers. Travel in-group travel bookings can be slightly cheaper than these approximate amounts, however without direct flights to the region, the prices will remain high.

Airline costs to Mainland China have been reduced through an agreement with local government, whereby landing costs are subsidized. This may be an avenue through which to reduce costs through such means as governments subsidizing landing costs to Pacific Island destinations to keep airfares down.

9.0 *SWOT Analysis of the Pacific as a Holiday Destination for the Taiwanese Traveler*

9.1 Strengths

- *Clean Pristine Environment* – the Pacific promotes the region on its beautiful environmental aspects. Large areas of Taiwan are polluted and densely populated, the expanses of sea and unpolluted beauty of the Pacific environment is a strong attraction to the travelers, to promote a harmony in their busy lives. This can be integrated into different market niches.

- *Unique Cultures* – The mystery and romance of the diverse cultures of the Pacific can provide an attraction to niche markets such as Wedding and Honeymoon and those seeking adventure and ecotourism holidays.

The friendliness of the Pacific people, their smiles and genuine warmth are all a part of this Pacific cultural paradigm making the visitors feel at home in unfamiliar surroundings.

These two key elements provide the comparative advantage the Pacific can offer over other holiday destinations in the world. As environmentally and culturally based products do not follow the ‘usual’ product life cycle, and can have a prolonged maturity phase due to the uniqueness, scenic attributes, historical and cultural value of the products, these elements need to be preserved, protected and carefully exploited through ecotourism and responsible tourism practices. This will maintain the aspects important for the Taiwanese travelers needs for harmony.



What can lead to decline of these culturally/ environmentally based products on the product life cycle is the ‘gradual erosion’ of the empirical knowledge, cultural values and norms as well as the degradation of environmental conditions, through non-

sustainable tourism practices and exploitation of local communities in non-traditional ways. Without the strong participation of the community, maintaining cultural norms and values, conservation of the natural beauty of the environment and natural habitat, these tourist locations must compete with mainstream tourism operations as well as the competitors in the global marketplace. This puts them at a great disadvantage as they do not have the economies of scale and resources to operate thence.

- ***Relatively high disposable income of the Taiwanese people*** – Money although important, is not the prime concern of the Taiwanese traveler. Time available is a greater constraint. Hence there is a potential to provide unique holidays for the Taiwanese travelers if the airline connectivity issues are overcome.

9.2 Weaknesses

- ***Lack of awareness of the Pacific in the Taiwanese travel marketplace*** – few Pacific Island countries hold any perceptions in the mind of Taiwanese travelers. This translates into lack of relevance of the Pacific tourism product for the Taiwanese outbound travel market.
- ***High expense for travel to the region*** – due to lack of direct flights to the region as well as distance from Taiwan. The need to transit through Australia or New Zealand adds both time and costs to travel to the Pacific.
- ***Lack of understanding of the potential of the Taiwanese travel market in the Pacific*** – the relatively high disposable incomes of the Taiwanese people, the large percentage of the population who travel annually, as well as the interest of the Taiwanese traveler to ‘different’ travel destinations, especially nature based destinations all contribute to an important outbound tourist market, which if developed can provide a significant contribution to the regions earnings through tourism.
- ***Poor Airline Connectivity*** – between most island states, with infrequent travel, meaning that travelers may have to remain in smaller islands for some time, when they could have traveled to several island states in the same time with better connectivity.

9.3 Opportunities

- *Development of a Pacific Image in the minds of the Taiwanese travelers* - although this will take a period of time to achieve effectively, efforts have already begun, in particular on the part of Palau, Fiji and Tahiti.
- *Development of quality standards for 'alternative' tourism products across the Pacific* – as the Taiwanese traveler rates the hygiene and sanitation aspects of the travel as the most important, there is a need for specific standards of quality which meet international WTO global code of ethics for tourism to provide basic standards as well as reassurance to the tourists.
- *Development of attractive packages* - which will promote the relaxation and environmental harmony aspects of the Taiwanese way of life.

9.4 Threats

These threats are mainly related to instability within certain areas across the Pacific, compromising the security of the region as a whole. Currently the Pacific is recognized as a safe holiday destination with friendly and happy service providers. According to National Visitor Arrival Statistics, the Pacific has not had a major negative impact as a result of September 11th disaster, mainly because the region is perceived as a safe haven for travelers, with little safety hazards. Country instability as in the case of Solomon Islands and Papua New Guinea can provide a negative image to this perception and hence compromise tourist numbers.

9.5 Key Issues which need to be addressed

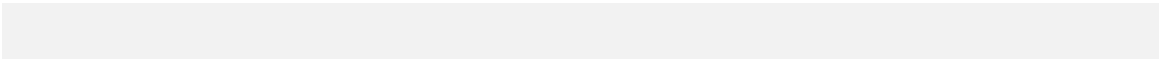
According to both tour operators and potential travelers, there are several main issues, which need to be addressed before travel to the Pacific will become a lucrative option. These are as follows

- Lack of awareness of the Pacific generally. Although some Islands incur an image in people's minds, the large majority are virtually unknown. There is a paucity of information available, with the exception of Fiji, Palau and Guam, who have

Trade Offices in residence and spend considerable time promoting the tourist aspects of their respective countries.

This is not an insurmountable problem, particularly as the Taiwanese traveler is seeking new travel destinations and information and promotion of the different destinations will help overcome these issues.

- Lack of direct Airlines to the Pacific, which results in delays and extra time needed for the travel process. This could be overcome if flights between islands were developed in consideration of tourism needs, rather than purely inter-regional travel requirements. A mixture of the business, cargo and travelers is required to ensure profitability for the airlines.
- High prices related to travel to Pacific destinations. With the large number of alternative packages, many of which also offer sand, sun and sea at a lower price, there is a need for the unique aspects of Pacific travel to be developed and promoted to meet the tourism industry requirements.



10.0 STRATEGIES TO MEET THE TAIWAN OUTBOUND TOURIST MARKET.

10.1 General Market Analysis based on the Boston Consulting Group (BCG) Matrix

Although the Taiwanese outbound tourist market experiences a steady growth, the Pacific region as a whole has a low share of this market. Hence, when considering the development and exploitation of this market the following issues must be considered:

- Given the dynamic and booming Taiwan travel industry, what is the potential for the Pacific Islands to gain a profitable share of Taiwanese travelers;
- Whether the Pacific can compete effectively, given the existence of more efficient rivals, who are further along the experience curve in relation to the Taiwanese outbound tourism market;
- Whether the Pacific can source the necessary funds to provide the cash injections needed to gain a competitive position in this viable and profitable market;
- Given the pre-existing constraints facing the Pacific to the development of the Taiwanese outbound tourism market, how best can the Pacific promote and exploit its products;
- Which core segments of the Taiwanese outbound tourism market should the Pacific target;
- How should these core segments best be targeted through upgrading existing products and other marketing variable strategies.

To gain a share of the Taiwanese outbound tourist market, can only be achieved through strategies, which aim to overcome the constraints and weaknesses facing the Pacific as well as developing strategies which take into account the key culturally determined perceptions of service and interpersonal relationships of host countries (Taiwan). This would require a partnership between major stakeholders, including tourism industry, airline, supply stakeholders as well as a comfortable relationship between the Taiwanese tour operators, media and the host promoters. This would take at least three years to become a sustainable reality, based on the high competition and the general lack of awareness of the region.

This lack of awareness on Pacific imagery can be turned into an advantage, providing a totally new concept to promote, promoting the unique and mysterious qualities of the islands, the people and their cultures.

10.2 Positioning

To meet the Taiwanese travelers needs for recreation and relaxation based holiday, there is a need for careful positioning of the Pacific tourism products, as there is a high competition in other destinations for the majority of tourism products the region has to sell. Areas in which the Pacific have a comparative advantage over other competitors, such as the eco-cultural experiences need to be preserved, highlighted and exploited, with information on the specific niches and their positions disseminated through appropriate channels.

These different unique eco-cultural aspects, boasting a competitive advantage in the Pacific include:

- The Pacific cultural experience – each island nation have different cultural attributes and characteristics, making the Pacific both exciting and mysterious to the traveler. This experience and its mystery needs to be exploited on a **commercial level**, whilst preserving the cohesive cultural structures for future generations. Note how Vanuatu promotes these unique aspects to tourists.

Vanuatu – Positioning its tourism product on mystery and culture

Naluan custom ceremony, North Ambrym

Naluan is a custom ceremony that takes place away from the community, only high ranked chiefs attend this ceremony. The ceremony was last performed in 1945, at Bogor village. This year, 57 years later, a highly respected Chief named Meleun Nimber Bangdor Gilbert from Bogor, one of the last paramount custom Chiefs will be performing the Naluan ceremony again. The purpose of the ceremony is to teach, regain, learn and keep individual respect towards custom; negotiate about what is to be used in the ceremony following custom; show and

hand over Naluan right to young generations, and to keep this old custom ceremony alive within the Melbera village.

1st North Ambrym Custom Festival

Ambrym is often referred to as the black Island. Its custom magic, as well as custom grade taking ceremonies, are alive and still being practiced today in North Ambrym. Along with the scary black magic and rich custom. North Ambrym is home to the best wooden carvings in all of Vanuatu. Come and support local custom chiefs, and Ni-Vanuatu men from north Ambrym, in celebrating their culture and preserving it for the generations to come.

The three day program (8 - 10 August, 2002), is three filled days of various custom dancing, carving and Craft fair, custom music and demonstrations (tamtam, flute, mansip, temarkorkor singing), traditional kava preparation and grade taking ceremony).

(Vanuatu Tourism Product Update, July 2002)

- Environmental Experience – the clean and pristine environment of the Pacific, with the warm, tropical climates, year round are important aspects, providing the islands with a competitive advantage over many other travel destinations globally. Beautiful beaches and seas with its wealth of marine life can offer the romantic and relaxing edge to the holiday that many Taiwanese travelers crave to maintain their harmony aspects of life. The sustainability of the environment is essential to ensure that this advantage is maintained for future generations of traveler.

Select market niches, such as Diving, Ecotourism, Golf and Wedding and Honeymoon niches can contain these major positioning elements and boast a unique product offering in the Pacific, however there is a need to ensure consistency of quality as well as maintenance of what makes the product unique.

This is a dynamic process as different aspects of the product offering may need to be highlighted to meet changing tastes.

10.3 Product

As the Taiwanese leisure market is growing and the need for relaxation is becoming increasingly important, the Pacific can boost the rest and recreation aspects of the travel package.

10.3.1 Large scale – ‘Mainstream’ Tourism Products

The Pacific boasts several world class up market hotels and resorts, the majority to be found in Fiji. What differentiates these resorts from other resorts in the world is the Pacific flavor.



This flavor can be translated into:

- Friendly, genuine and quality service
- A flavor of the Pacific cultures – seen in foods, dance and the people
- The surrounding tropical, warm and sunny environment
- A growing activity product including game fishing, golf and different action sports. Many of these sports are part of a package, which can reduce the costs of the total holiday package.

This Pacific flavor need to be maintained and promoted to exploit the benefits of this market

10.3.2 Responsible Tourism Products

This can include nature-based tourism, so-called ecotourism, community based tourism to name a few and should be promoted and further developed to maximize the promotion of culture and environment in a sustainable manner. The unpolluted environment and clean air is important to the Taiwanese traveler, with many originating from polluted cities in Taiwan. As noted, beaches, sea and beautiful people were the main perceptions of the Pacific. Although there is not yet a perception of different cultures, this can be developed. As noted, discipline is an important value in the Taiwanese character, which can be enhanced through responsible tourist attitudes and behaviors. The tourist can feel part of their holiday experience in a real and active way.

Hence, the perceptions which can be developed of the Pacific can include elements of responsible tourism, enabling the visitor to become part of the product and its development. This form of tourism is invaluable for the development of tourism in the region, yet is currently in the infancy stage of development. Many of the tourism operations are small, nationally owned, with few resources. There is a need to strengthen, upgrade and improve these products to meet international standards. With strengthening, many of these tourist operations will offer a nature and cultural based product, which can leave an unforgettable image in the mind of the Taiwanese traveler.

10.3.3 Quality Standards Development

The development of quality standards in line with WTO global codes of conduct is important for all tourism products. Although the larger scale tourism operations are graded according to international standards, many smaller and so-called 'alternative' operations have no minimal standards. There is a need to develop these to ensure that adequate facilities are available in every operation, which meet international standards.

For example, the significance of these standards are noted by the importance that the Taiwanese traveler places on hygiene and sanitation facilities, these should be developed on par with international standards (see questionnaire).

Furthermore, although facilities may be adequate, are the methods and equipment used sustainable in consideration of the environmental concerns. Hence, standards must also consider these environmental factors.

See the insert below, which offers an example of an Accreditation Program for Ecotourism products in Australia.

**National Ecotourism Accreditation Program – Ecotourism Association Australia
(NEAP)**

The NEAP application document is structured around eight principles of ecotourism, which are applicable to tours, attractions and accommodation. The principles are:

Ecotourism:

1. focuses on personally experiencing natural areas in ways that lead to greater understanding and appreciation;
2. integrates opportunities to understand natural areas into each experience;
3. represents best practice for ecologically sustainable tourism;
4. positively contributes to the ongoing conservation of natural areas;
5. provides constructive ongoing contributions to local communities;
6. is sensitive to, interprets and involves different cultures, particularly
7. consistently meets clients expectations; and
8. marketing is accurate and leads to realistic expectations.

(source: Ecotourism Association Australia, June 1999)

10.4 Pricing Strategies

Develop clear and concise wholesale and retail price lists based on the greater number of Taiwanese travelers that prefer package tours, there needs to be developed competitive packages, which offer optional activities at reduced and reasonable prices. Prices need to be competitive with other tropical destinations for air transport, accommodation and activities.

Package prices need to reflect what the Taiwanese traveler expects to pay for a Pacific holiday, whilst considering costs. The cheapest holiday package is not necessarily the most desirable or successful. This is particularly important for such travel as Weddings and Honeymoon travel and different activity travel. A range of packages and prices with different levels of frills should be available.

The Wedding and Honeymoon market can be further developed as there is less concern for price here and the romance and mystery of the Pacific can be exploited, utilizing the unique cultures and environment.

10.5 Channels

The key to boosting substantial numbers of Taiwanese tourists to the Pacific is through the provision of more direct air services. Discussions are currently being held between Government of Fiji and ROC to have a direct flight Taipei to Nadi. This will be beneficial for many of the regions countries, reducing travel time, need for visas and cost for the traveler to the Pacific. Furthermore, some initial discussions have been undertaken between Air France and Taiwan, which could benefit the French territories of New Caledonia and Tahiti.

Improved relationships between the industry and the airlines need to be developed to exploit the major economic potential of the Pacific region. “Promoting national interests without regard for economic reality” is noted to be counterproductive for the sustainability of the airline industry, noting the need for greater alliances between the airline industry and the key productive segments of the economy, including tourism (BCG, 2002).

The possibility of government subsidizing landing costs needs to be investigated, however for many Pacific Island countries this would not be an option and this would only be a short-term strategy, not considered productive for the long-term success of the airline industry (BCG, 2002).

The Cruise ship market was not discussed in this study as the number of Taiwanese tourists to the region remain very minimal, however, this could become an option for future investigation and development, bearing in mind that the Taiwanese traveler has limited time available for travel.

10.6 Promotion

Unique aspects of the Pacific need to be highlighted and promoted, such as the mysterious and cultural aspects. What is it that differentiates the Pacific from other locations, that also offer Sun, Sea and Surf and at a cheaper price with easier access. This branding cannot compete with other destinations, which offer the same at a fraction of the cost. The Pacific, currently promotes the *Discover Paradise* image, marketing to selected niches. This must be extended further, whereby the really unique aspects of the region are promoted, including the mysterious, romantic and environmentally unpolluted aspects, providing a comparative advantage over major competitors. Many of these aspects are cognitive in the nature of their promotion. This can encompass both niche markets and all aspects of the Pacific tourism promotion.

The development of an awareness of the Pacific product will take some time, at least two years to build up a lasting image in the mind of Taiwanese travelers, hence any actions should be consolidated and commenced immediately.

A successful long term promotion campaign will include the following elements:

10.6.1 Branding- Development of a “Pacific Brand”, which differentiates the different forms of holiday travel from that of other beach resorts, including Guam, Palau, Hawaii, Maldives, Bali and Philippines. Branding should include elements of:

- a) friendliness of the Pacific Island people;
- b) diverse culture of the Pacific;
- c) relative safety of locations;
- d) environmental pristineness of the Pacific

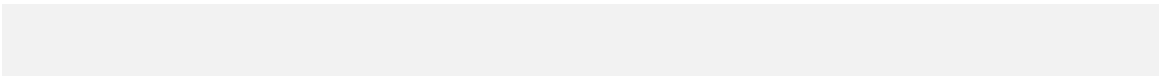
The tourist will be targeted through a cognitive based impact, allowing the Taiwanese traveler the opportunity to be part of a different culture in a different environment for a short time, giving them a feeling of responsibility and belonging. The development of an awareness of the Pacific product will take some time, at least two years to build up the Pacific image in the mind of Taiwanese travelers

10.6.2 Information and Communication Dissemination

The “word of mouth” and “seeing is believing” are important mediums to translate perceptions into realities. The following promotion strategies would be most effective to utilize and further these mediums:

- a. Familiarisation tours, which also involves the media, TVBS, magazines and newspaper travel editors. Any promotion strategy must include means to influence media writers. The inclusion of media in familiarization tours is a key strategy to initialize awareness of the Pacific region as a tourist destination, however there is a need to follow on strategies for maintenance of a promotional strategy.
- b. Improved destination information, which currently is very limited
- c. Press conference in Taiwan upon the launching of new package materials;
- d. Promotions must be in Chinese, including flight timetables
- e. Blanka have offered the possibility of a page of exposure for the South Pacific in return for membership to SPTO
- f. Magazines can be promoted in coffee shops and other places where people can spend time.
- g. The internet is a growing marketing tool, making marketing promotion cheaper, more effective and interactive.
- h. Attendance at Travel Fairs, which have a vital promotion role for Taiwan include:
 - International Travel Fair (ITF) held in November in Kaohsiung
 - China International Travel Mart held in November in Shanghai

10.6.3 Funding: These promotions will need to be funded by Pacific Island countries or through development assistance. For example, the Palau Government in realizing the importance of the promotion of Palau as a holiday destination, have provided funding for familiarization tours from Taiwan on an annual basis.



11.0 Medium Term Action Plan – Key Recommendations

1. Development of a three-year market penetration strategy - which will address major constraints and further opportunities to benefit from this lucrative market in a sustainable manner.

2. Target selective niches – which have greater disposable income available for holiday travel, such as Wedding and Honeymoon market, Golf and sea activities holidays. Develop attractive packages, which will meet the requirements for the selective niches.

3. Improve accessibility of the Pacific region to the Taiwanese traveler. This can realistically be facilitated through the provision of support for the proposal for direct flights from Taiwan to the Pacific, particularly to key destinations, such as Fiji, Tahiti and New Caledonia. Improved negotiations between the airlines and the tourism industry to ensure that the airlines are not divorced from the economic earning sources of the region.

4. Promotion – this will involve several key components

- **Branding** - develop a Pacific brand in line with the areas of comparative advantage of the region inclusive of the pristine environment, the unique cultural and mysterious qualities of the Pacific. This must also be developed in Chinese;
- **Chinese speaking tour guides** – developed to make the visitors feel at home and comfortable in the different environments;
- **Initiate familiarization tours to the Pacific** - for relevant travel industry stakeholders, including media, tour operators;
- **Disseminate information on the Pacific** widely to travel operators and utilize avenues, which reach the public, such as magazines and newspaper advertising. This must all be translated into Chinese;

- **Attendance at key travel shows** – which have a positive impact on the travel industry as well as the public;

5. Upgrade Small/Medium tourism operations, activities and associated

industries – in-line with global standards and codes of conduct, ensuring:

- Sustainability of ecological and cultural heritage of the host countries;
- Provide an opportunity for travelers to develop a basic understanding of different cultures and environments;
- Minimal facility levels, including ensuring hygiene and sanitation standards, which are also sustainable;
- Respect and sensitivity to all different cultures;

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Appendices

Questionnaires

Appendix 1: Questionnaire for Potential Out bound Travelers

1. Have you traveled overseas in the past five years?
 - Yes
 - No

2. If you have not traveled in the past five years, what stops you from traveling?
 - Money
 - Time
 - Job
 - Family commitments
 - Cultural barriers
 - other

3. If you travel overseas, how many times have you traveled over the last five years ?
 - Regularly (more than twice a year)
 - Annually
 - Occasionally
 - Never

4. Do you have a favorite location(s) to travel to? If so list three favorite travel destinations?

5. What are your main reasons for travel? :
 - Business
 - Adventure trip
 - Holiday
 - Visiting relatives
 - Sports trips
 - Workplace incentives

6. What influences your decision on holiday travel? Please mark in order of importance.

Influencing factors	Very influential	Somewhat influential	Not influential
Cost/ price			
Time factors			
Quality service			
Activities, e.g. swimming, diving, golf			
Quality accommodation & facilities			
Shopping availability			
Adventure, e.g. game fishing, volcano trips, absailing			
Relaxed atmosphere			
Efficiency of service provision			

Other? Please specify ____			
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7. When you think of the South Pacific, what comes to your mind

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8. Where do you get your information on travel destinations for your holidays? Please list in order of significance.

- Word of mouth
- Newspapers/ media
- Brochures
- Travel agencies recommendations
- Television
- Internet
- Past experience
- Other (specify) _____

9. What are the most important activities/ attractions that appeal to you for a holiday in the South Pacific?

	Very important	Somewhat important	Not important
Beaches			
Nature tours and sightseeing			
Adventure tours			
Rest – relaxed atmosphere			
Wedding & Honeymoon			
Diving/snorkeling			
Shopping			
Historical sites			
Cultural tours			
Marine sports, inc game fishing			
Others –(specify)			

10. What are some of your concerns on traveling to the South Pacific? How important are these concerns?

	Very important	Somewhat important	Not important
Relatively high cost			
Lack of awareness			
Lack of general interest			
Lack of activities			
Lack of shopping			
Concern over safety/security			
Anxiety over language difficulties			
Anxiety over lack of development of hotels and/or facilities			
Concern over distance and time spent traveling			
Concerns on the quality of service			
Concerns over lack of direct flights			
Concerns over reliability of travel connections			
Health and sanitation facilities			
Other (specify)			

15. What form of travel do you prefer?

- Package holiday
- Freestyle holiday
- Customised holiday

16. What would motivate you to visit the South Pacific?

17. Age group

- a. Under 20
- b. 20-30
- c. 30-45
- d. 45-60
- e. 60 +

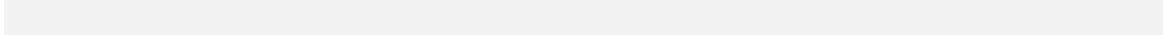
18. Marital status

- a. Married
- b. Single

19. Which annual income range do you fall into?

- a. Under \$10,000
- b. \$10-20,000
- c. \$20-30,000
- d. \$30-45,000
- e. \$45-60,000
- f. Above \$60,000

**THANK YOU SO MUCH FOR YOUR VALUABLE TIME AND HELPING
THE SOUTH PACIFIC CATER TO YOUR TRAVEL NEEDS**



Appendix 2 : Summary of Questionnaire 1 Responses: Travelers and Potential Travelers

Traveler Perceptions

When you think of the South Pacific, what comes to mind?

Number of people questioned (n)

n = 156

Countries	No Idea		Tropical Impressions		Relaxing & Stress free		Unfavorable	
	Number	%	Number	%	Number	%	Number	%
	28	17.9	39	25.0	95	60.9	12	7.7

Tropical Impressions:

Number of people questioned (n)

n = 156

	No. of respondents	%
Marine Life	9	5.8
Culture	2	1.3
People	8	5.1
Beaches	23	14.7
Tropical Climate	21	13.5
Tropical Islands	4	2.6
Sea	28	17.9
TOTAL		60.9

Note: the respondents had more than one impression of the South Pacific, therefore, allowances had to be made to include all their impressions

Countries of the Pacific, which came to mind:

Number of people Questioned (n)

n = 156

	No. of respondents	%
Guam	2	1.3
Palau	4	2.6
Saipan	2	1.3
Australia	8	5.1
New Zealand	1	0.6
Fiji	3	1.9
Tahiti	4	2.6
Hawaii	4	2.6
TOTAL		17.9

Note: the respondents thought of more than one country of the South Pacific, therefore, allowances had to be made to include all their impressions.

Main factors influencing Holiday Travel decisions :
--

(2 non-respondents for this section)

Influencing Factors	Very Influential		Somewhat Influential		Not influential	
	No. of respondents	%	No. of respondents	%	No. of respondents	%
Cost/Price	80	51.3	60	38.5	14	9.0
Time Factor	95	60.9	47	30.1	13	8.3
Quality Service	98	62.8	37	23.7	20	12.8
Activities: e.g. swimming	40	25.6	63	40.4	51	32.7
Quality Accommodation & facilities	82	52.6	55	35.3	17	10.9
Shopping availability	28	17.9	43	27.6	83	53.2
Adventure: e.g. absailing	24	15.4	50	32.1	80	51.3
Relaxed atmosphere	85	54.5	39	25.0	29	18.6
Effective Service Provision	89	57.1	37	23.7	28	17.9
Other	-	-	-	-	-	-

What are the activities/attraction that appeal to you the most for a holiday in the South Pacific?

Number of respondents interviewed (n) = 156 (2 non-respondents)

	Very Important		Somewhat Important		Not Important	
	No.	%	No.	%	No.	%
Beaches	85	54.5	54	34.6	14	9.0
Nature Tours & Sight seeing	92	59.0	53	34.0	13	8.3
Adventure tours	40	40	25.6	50	32.1	39.7
Rest – relaxed atmosphere	107	107	68.6	30	19.2	10.3
Wedding & Honeymoon	34	34	21.8	43	27.6	48.7
Diving & Snorkeling	40	40	25.6	49	31.4	40.4
Shopping	28	28	17.9	41	26.3	54.5
Historical sites	32	32	20.5	73	46.8	29.5
Cultural tours	41	41	26.3	68	43.6	31.4
Marine Sports, including game fishing	36	23.1	41	26.3	77	49.4
Hotel facilities	1	0.6				

What are some of your concerns for traveling to the South Pacific? How important are these concerns?

	Very Important		Somewhat Important		Not important	
	Response No.	%	Response No.	%	Response No.	%
Relatively high cost	82	52.6	56	35.9	6	3.8
Lack of awareness	67	42.9	55	35.3	13	8.4
Lack of general interest	56	35.9	47	30.1	18	11.5
Lack of activities	66	42.3	44	28.2	17	10.9
Lack of shopping	37	23.7	38	24.4	50	32.1
Concern over safety/security	99	63.5	29	18.6	1	0.6
Anxiety over language difficulties	50	32.1	51	32.7	28	17.9
Anxiety over lack of development of hotel/facilities	70	44.9	44	28.2	13	8.3
Concern over distance & time spent traveling	74	47.4	48	30.8	11	7.1
Concerns over the quality of service	98	62.8	28	17.9	4	2.6
Concern over lack of direct flights	67	42.9	48	30.8	18	11.5
Concerns over reliability of connections	76	48.7	42	26.9	8	5.1
Health and Sanitation facilities	104	66.7	24	15.4	2	1.3
TOTAL					156	100

Main reasons for Travel:

Number of respondents interviewed (n) = 156

Reason for travel	No. Of respondents	Total %
Leisure, recreation & Holiday	144	92.3
Visiting Friends and relatives	26	16.7
Business & Professional	36	23.1
Health Treatment	3	1.9
Religion/pilgrimages	6	3.8
Others	5	3.2

Favorite travel destinations :

Number of respondents interviewed (n) = 156
(27 non-respondents who favored more than one destination)

Destination:	No. in favor	% of those in favor
Asia	135	86.5
Europe	91	58.3
Pacific Islands	62	39.7
North America	43	27.6
South America	2	1.3
Africa	5	3.2

Favorite travel destinations: Pacific

Number of respondents interviewed (n) = 156

Destination	No. in favor	% of respondents in favor
Australia	32	20.5
New Zealand	12	7.7
Hawaii	10	6.4
Palau	6	3.8
Fiji	2	1.3

Favorite travel destinations : Asia

Number of respondents (n) = 156

Destination	No. in favor	% of respondents in favor
China	21	13.5
Japan	60	38.5
Thailand	17	10.9
Singapore	8	5.1
Hong-Kong	7	4.5
Indonesia-Bali	6	3.8
Korea	4	2.6
Malaysia	3	1.9
Thailand – Pukhet Is.	3	1.9
Vietnam	1	0.6
Philippines	1	0.6
Magnolia	1	0.6
Nepal	1	0.6
Maldives	1	0.6
Middle East	1	0.6

Travel in the last 5 years:

Total Number of Respondents (n) = 156

	No. of respondents	% of respondents
Yes	111	71.2
No	45	28.8

Restriction on travel in the last 5 years:

Only 45 out of the 156 respondents had traveled in the past 5 years.

Constraining Factor	No. Of respondents affected	% of respondents affected
Money	25	55.6
Time	34	75.6
Job	20	44.4
Family commitments	10	22.2
Cultural Barriers	2	4.0
Others		
Military Service	1	2.2
Study	1	2.2

Appendix 3: Questionnaire for Travel Agents and Tour Wholesalers

1. Name & address of organization and form of travel agency? (optional)

2. Does your travel agency handle travel to the South Pacific region?

- Yes
- No

3. What are the most common travel destinations for your clients?

4. Which niche markets do you promote?

5. The majority of Taiwanese people travel for the following reasons

- Holiday
- Visit relatives
- Business
- Conventions

6. What is the most common age group among travelers?

- 18-24
- 25-35
- 35-50
- 50-60
- 60 and over

6. How familiar are you with the following countries?

Country	Very familiar	Slightly familiar	Not familiar	very	Never heard of
American Samoa					
Cook Islands					
Federated States of Micronesia					
Fiji					
Kiribati					
Marshall Islands					
Niue					
Papua New Guinea					
Samoa					

Solomon Islands				
French Polynesia				
Tonga				
Tuvalu				
Vanuatu				

7. What impressions or images come to mind when the following countries are mentioned?

Country	Images - association
American Samoa	
Cook Islands	
Federated States of Micronesia	
Fiji	
Kiribati	
Marshall Islands	
Niue	
Papua New Guinea	
Samoa	
Solomon Islands	
French Polynesia	
Tonga	
Tuvalu	
Vanuatu	

8. How easily can you access travel information about each Pacific Island country?

Country	Very accessible	Somewhat accessible	Not very accessible	Don't know
American Samoa				
Cook Islands				
Federated States of Micronesia				
Fiji				
Kiribati				
Marshall Islands				
Niue				
Papua New Guinea				
Samoa				
Solomon Islands				
French Polynesia				
Tonga				
Tuvalu				
Vanuatu				

9. What kind of information do you require to sell Pacific Island countries as a travel destination?

--

10. Which areas do you consider are important for the promotion of South Pacific Island destinations?

	Very important	Somewhat important	Not very important	Don't know
Better airline connections				
More tour packages				
Improved destination information				
Familiarization tours for travel agents				
Anchoring of South Pacific islands to known destinations				
Commissions on hotel reservations				
Trade advertising				
Consumer advertising				
Familiarization tours for travel writers & TV presenters				
Public relations programs in press & TV				
Safety as a destination attraction				

11. How important are the following attractions in motivating Taiwanese travelers to visit the South Pacific?

	Very important	Somewhat important	Not important	Don't know
Beaches				
Nature tours				
Adventure tours				
Rest – relaxed atmosphere				
Wedding & Honeymoon				
Diving/snorkeling				
Shopping				
Historical sites				
Warm sunny beaches				
Cultural tours				
Marine sports, inc game fishing				
Others –(specify)				

12. How important is the cultural and environmental experience of an ecotourism based resort to Taiwanese travelers?

- Important
- Not very important
- Not interested in this experience
- Uncertain

13. What do you consider are the important reasons that the Taiwanese traveler would not visit the South Pacific in comparison to other tropical or beach resorts?

	Very influential	Somewhat influential	Not influential	Don't know
Relatively high cost				
Lack of awareness				
Lack of general interest				
Lack of activities				
Lack of shopping				
Anxiety over safety				
Anxiety over language difficulties				
Anxiety over lack of development of hotels and/or facilities				
Concern over distance and time spent traveling				
Concerns on the quality of service				
Concerns over lack of direct flights				
Concerns over reliability of travel connections				
Other (specify)				

14. What problems do you as a travel agency face in selling the South Pacific region?

15. Do the Taiwanese people prefer

- Package holiday
- Freestyle holiday
- Customised holiday

16. What do you think the South Pacific countries could do to attract more Taiwanese visitors?

17. What would motivate your company to sell more travel to the South Pacific?

18. Do you think that South Pacific countries could be better marketed as add-ons to other destinations, such as New Zealand and Australia?

- Yes
- No

19. If so, what combinations of countries do you think would be most marketable?

Combination 1 _____
Combination 2 _____
Combination 3 _____

20. How would you describe the type of customers to whom you have sold travel to the South Pacific region?

21. In your opinion, if the South Pacific was promoted better, as a selling proposition would they be:

- Very attractive
- Somewhat attractive
- Not very attractive
- Very unattractive

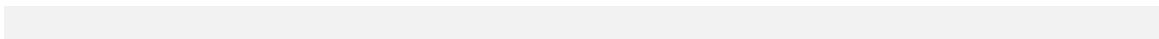
22. Do you think that travel to the South Pacific will increase in the future?

- Very much
- Somewhat
- Not at all

23. As the travel agent giving advice to the Taiwanese traveler, how much influence do you feel that you have in the choosing of one destination over another?

- Very much
- Somewhat
- Not at all

**THANK YOU SO MUCH FOR YOUR VALUABLE TIME AND HELPING US
TO PROVIDE A BETTER SERVICE TO THE TAIWANESE TRAVELER**



Annex 4 : Summary of Questionnaire 2 Responses: Travel Agents and Tour Wholesalers

Summary Report

Of the 13 travel agencies interviewed, 84.6% stated that they handled Pacific Island travel

Of these travel agencies and tour operators, 84.5% of respondents stated that the main reason that the Taiwanese people travel is for holiday purposes, although many also travel to visit relatives, business and education.

All groups (Total base n = 13)

Thailand	15.4%
Indonesia	7.7%
China	23.1%
Japan	15.4%
Malaysia	7.7%
Korea	7.7%
Canada	23.1%
USA	23.1%
Greece	7.7%
France	7.7%
England	7.7%
Palau	46.2%
Guam	30.8%
Fiji	15.4%
Tahiti	15.4%
Saipan	7.7%
New Zealand	23.1%
Australia	7.7%
South Africa	7.7%

*Note: One invalid response.

Most Common Age Groups among Taiwanese Travelers

Under 20	20-30	30-45	45-60	Over 60
7.7%	30.8%	76.9%	46.2%	23.1%

**Note there were two non-responses to this question.

How familiar are you with these countries?

Destination	Very Familiar		Slightly familiar		Not very Familiar	
	No. Respondents	%	No. Respondents	%	No. Respondents	%
American Samoa	1	7.7%	3	23.1%	4	30.8%
Cook Islands	1	7.7%	2	15.4%	5	38.5%
Federated States of Micronesia	3	23.1%	4	30.8%	2	15.4%
Fiji	6	46.2%	5	38.5%	1	7.7%
Kiribati	-		2	15.4%	5	38.5%
New Caledonia	-					
Niue	-		1	7.7%	3	23.1%
Palau	13	100.0%	-		-	
Papua New Guinea	1	7.7%	8	61.5%	2	15.4%
Samoa	-		4	30.8%	4	30.8%
Solomon Islands	-		6	46.2%	5	38.5%
French Polynesia	5	38.5%	6	46.2%	1	7.7%
Tonga	1	7.7%	8	61.5%	2	15.4%

Accessibility of travel information for each Pacific Island Country.

All Groups (Total Base n = 13)

Destination	Very Accessible		Somewhat Accessible		Not very Accessible		Don't Know	
	No.	%	No.	%	No.	%	No.	%
American Samoa	-		1	7.7%	7	53.8%	5	38.5%
Cook Islands	-		1	7.7%	6	46.2%	6	46.2%
Federated States of Micronesia	3	23.1%	1	7.7%	4	30.8%	5	38.5%
Fiji	7	53.8%	2	15.4%	1	7.7%	3	23.1%
Kiribati	-		1	7.7%	5	38.5%	7	53.8%
New Caledonia	-		-	7.7%	1	7.7%	12	92.3%
Niue	-		1	7.7%	5	38.5%	7	53.8%
Palau	12	92.3%	1	7.7%	-		-	
Papua New Guinea	1	7.7%	2	15.4%	5	38.5%	5	38.5%

Samoa	-		2	15.4%	5	38.5%	6	46.2%
Solomon Islands	1	7.7%	1	7.7%	6	46.2%	5	38.5%
French Polynesia	3	23.1%	1	7.7%	4	30.8%	5	38.5%
Tonga	-		3	23.1%	5	38.5%	5	38.5%
Tuvalu	-		1	7.7%	5	38.5%	7	53.8%
Vanuatu	-		3	23.1%	5	38.5%	5	38.5%

Which areas do you consider are important for the promotion of South Pacific Islands?

All Groups (Total base n = 13)

	Very Important	%	Somewhat Important	%	Not very Important	%	Don't Know	%
Better airline Connections	12	92.3	1	7.7	-		-	
More Tour Packages	6	46.2	4	30.8	1	7.7	2	15.4
Improved destination information	11	84.6	1	7.7	-		1	7.7
Familiarization Tours for travel agents	10	76.9	2	15.4	-		1	7.7
Anchoring of South Pacific Islands to Known Destinations	4	30.8	6	46.2	-		3	23.1
Commissions on Hotel reservations	4	30.8	4	30.8	3	23.1	2	15.4
Trade advertising	5	30.8	4	30.8	1	7.7	3	23.1
Consumer Advertising	5	38.5	6	46.2	1	7.7	1	7.7
Familiarization tours for travel writers and TV presenters	5	38.5	5	38.5	1	7.7	2	15.4
Public relations programmes in press & TV	5	38.5	6	46.2	1	7.7	1	7.7
Safety as a destination attraction	8	61.5	3	23.1	-		2	15.4

What problems do you as a travel agent or Tour Wholesaler face in selling the South Pacific region?

- Price and distance to the destination.
- Lack of information on travel to and holidaying in the Pacific.
- Airline services:
 - Expensive airline tickets; and
 - No direct flights to most Pacific Island Countries.
- Familiarity Problems:
 - Doubts about the food and facilities on offer; and
 - Unsure about the Pacific Island Countries.
- Strong competition in South East Asia:
 - A lot of Tropical Island resorts in South East Asia, such as, Phuket Island – Thailand and Bali – Indonesia.
- High cost of advertising.
- Price if group tours.

What kind of information do you require to sell Pacific Island countries as a travel destination.

- Flight information to the desired tourist destination.
- Up-to-date hotel information:
 - ❖ Map of hotels in a particular Pacific Island country; and
 - ❖ Latest hotel rates and facilities on offer (hotel brochures).
- Information of inbound operators promotional material.
- Package prices.
- Information on the desired destination:
 - ❖ Geographical;
 - ❖ Social / cultural; and

- ❖ Economic.
- Information on places of interest:
 - ❖ Ecotourism activities.
- Visa information and other relevant travel information.
- Market product to travel agents - Invite travel agents to the different Pacific Island countries, to experience the various tourism products on offer.
- Market South Pacific tourism through the media and provide easy access of information to the Taiwanese public.
- Travel guide, visual promotion through video, VCD, tapes and posters.
- Information on restaurants.
- Travel agent information for the arrangement of travel to Pacific Island countries.

<p>What do you think the South Pacific countries could do to attract more Taiwanese visitors?</p>
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- Recommendations by Travel Agents and Tour Wholesalers:
- Market beautiful beaches, water activities and luxury or specialized (ecotourism) hotels.
- Offer a 'more competitive price' of land content (e.g. hotel) in comparison to other tropical tourism destinations in the world.
- Promote tourism in the South Pacific, such as, beaches, seas, cultures and seafood. Through the use of the media.
- Direct flights to Taiwan from each individual Pacific Island country.
- Reasonable prices, promote unique attractions.
- Conduct tourism workshops:
 - Inform and promote the nations within the South Pacific in terms of tourism.
- Promote the tropical environment in the Pacific.

What would motivate your company to sell more travel to the South Pacific?

- If it was profitable.
- Unspoiled environment and a great place for a holiday.
- Chartered flights to the individual South Pacific destinations.
- More promotional activities carried out for tourism in the South Pacific – informative advertising.
- Marketing new products for the traveler.
- More surveys on the cost of a holiday, such as, family tours, in order to improve promotions.
- Direct flights.
- Co-operation of airlines in terms of package tours and direct flights.

How would you describe the type of customers to whom you have sold travel to the South Pacific region?

- Young adults: Sightseeing and Business trips.
- Golfers (between 30 – 50 years old)
- 25 – 45 years old:
 - Like nature and water;
 - Prefer FIT Travel; and
 - Stay between 5 – 7 days.
- Have been traveling for over 10 years and visiting countries not previously visited. People looking for a high quality holiday.
- Rich clientele who like to travel.
- Want to relax and are people friendly:
 - Under 50 years of age;
 - Educated or incentive group.

How important are the following factors in motivating the Taiwanese travelers to visit the Pacific?

Attraction	Very Important		Somewhat Important		Not Important		Not sure	
	No.	%	No.	%	No.	%	No.	%
Nature Tours	10	76.9%	2	15.4%	-		1	7.7%
Adventure Tours	7	53.8%	3	23.1%	2	15.4%	1	7.7%
Rest - relaxed atmosphere	10	76.9%	1	7.7%	1	7.7%	1	7.7%
Wedding & Honeymoon	4	30.8%	3	23.1%	5	38.5%	1	7.7%
Diving / snorkeling	9	69.2%	3	23.1%	1	7.7%	-	
Shopping	4	30.8%	6	46.2%	2	15.4%	1	7.7%
Historical sites	5	38.5%	7	53.8%	-		1	7.7%
Warm sunny beaches	8	61.5%	2	15.4%	1	7.7%	2	15.4%
Cultural tours	10	76.9%	3	23.1%	-		-	
Marine sports, inc. game fishing	6	46.2%	5	38.5%	1	7.7%	1	7.7%
Others - (safe destination)	3	23.1%	1	7.7%	-		9	69.2%

What do you consider the important reasons that the Taiwanese traveler would not visit the South Pacific in comparison to other tropical beach resorts? E.g. Hawaii and the Gold Coast, Australia?

	Very Influential		Somewhat influential		Not influential		Unsure	
	No.	%	No.	%	No.	%	No.	%
Relatively high cost	7	53.8	6	46.2				
Lack of awareness	4	30.8	7	53.8				
Lack of general interest	5	38.5	6	46.2				
Lack of activities	2	15.4	7	53.8				
Lack of shopping	-		5	38.5				
Anxiety over safety	3	23.1	6	46.2				
Anxiety over language difficulties	1	7.7	8					
Anxiety over lack of development of hotels / facilities	5	38.5	6					
Concern over time and distance spent traveling	7	53.8	4					
Concerns of quality of service	2	15.4	9					
Concern of lack of direct flights	9	69.2	3					
Concerns over reliability of travel connections	6	46.2	4					
Other (specify)	-	-	1					

How important is the cultural experience of an Ecotourism-based resort to Taiwanese Travelers?

Priority	No. Of respondents	% of respondents
Important	10	76.9
Not very important	3	23.1
No interested	-	
Uncertain	-	

(Take note that some respondents had more than one choice)

Do you think South Pacific Countries could be better marketed as add on to other destinations like Australia and New Zealand?

Total number of respondents Questioned (n) = 13

Opinion	No. Of respondents in Favor	% of respondents
Yes	10	76.9
No	3	23.1

In your opinion, if the South Pacific was promoted better, as a selling proposition would be:

Total Number of respondents interviewed (n) = 13

Respondents opinion	No. respondents	% of respondents
Very attractive	9	69.2
Somewhat attractive	4	30.8
Not very attractive	-	-
Very unattractive	-	-

Do you think travel to the South Pacific will increase in the future?

Total number of respondents questioned (n) = 13

Opinion	No. Of respondents	% of respondents
Very much	9	69.2
Some what	3	23.1
Not at all	1	7.7

Meetings held in Taipei

Interviews were conducted with the following people:

1. Chen Hua Lin (United Daily News)
2. Chin-Yuan, Chiu (Logistics coordinator/translator)
3. Mary Yao (Reservations & Ticketing)
4. Daphne Hsiesh (Perfect Travel agency)
5. Richard Lin (Perfect Travel agency)
6. Joyce Chao (Association of National Tourism Office Representatives in Taiwan)
7. Josaia Maivusaroko (Fiji trade and Tourism Representative in ROC)
8. Fred Peck (Firs Federal banking group)
9. Cola Tours
10. Gloria Tour
11. Maggie Chan
12. Yuli Chang (Superior Tourist service, Co)
13. Simon Wong (Travel Land)
14. Aaran An (Travel Land)
15. Paul Hsu (Air New Zealand – Tawian)
16. John Walton Wasi – Counselor (Solomon Islands Embassy)
17. Deputy Director, Taiwan Visitors Bureau
18. Barry Robinson – Regional Director, Qantas Airlines
19. Jeff - Charge d'affairs Palau Embassy
20. Guam Visitors Bureau Representative
21. Everlight Travel Service
22. Lily Tsung – Richmond International Travel & Tour Co
23. Raymond Tan – Phoenix Tour International Inc.

Taiwan Outbound Market Tourist Statistics

**Outbound Departures of Nationals of Republic of China by destination for the years
1995 – 20001.**

Main Destination	1995	1996	1997	1998	1999	2000
ASIA						
Hong Kong	1,909,593	2,135,092	1,948,356	1,746,424	1,958,946	2,311,095
Japan	498,565	600,146	651,597	674,089	720,903	811,388
Korea	100,959	93,602	88,244	87,043	89,325	108,831
Singapore	336,954	287,215	284,381	261,125	242,161	234,339
Malaysia	200,611	221,639	245,599	253,181	254,225	299,664
Thailand	402,828	372,005	343,182	362,346	424,926	557,184
Philippines	184,129	184,294	200,097	188,163	139,842	38,933
Indonesia	168,840	212,884	202,095	141,740	150,430	221,286
Brunei	0	0	4,452	2,336	3,779	9,105
Vietnam	0	0	146,627	140,748	169,201	199,470
Macao	0	0	498,090	574,973	787,750	1,032,638
Myanmar	0	0	8,867	25,655	26,117	26,251
Others	300,405	280,377	1,258	88	85	3,435
TOTAL	4,102,884	4,387,254	4,662,845	4,457,945	4,968,220	5,853,619
AMERICA						
USA	522,910	579,488	588,916	577,178	563,991	651,134
Canada	68,805	92,223	116,651	127,393	169,897	181,409
Others	833	2,825	0	0	0	0
TOTAL	592,548	674,536	705,567	704,571	733,888	832,543
EUROPE						
France	25,457	26,506	24,477	28,545	21,468	22,958
Germany	23,707	39,658	46,387	36,924	9,436	13,925
Italy	7,391	15,661	16,564	12,003	12,864	15,138
Netherlands	28,804	30,982	47,799	66,909	107,682	137,021
Switzerland	6,215	10,226	12,829	11,621	16,794	20,256
UK	36,505	42,202	39,466	35,547	36,393	40,277
Austria	10,489	0	0	3,964	20,428	22,874
Others	224	0	0	448	0	0
TOTAL	133,792	165,235	187,522	195,871	225,065	272,449
OCEANIA						
Australia	110,749	60,335	34,882	35,312	58,097	51,874
NZ	28,210	50,150	49,398	38,391	29,933	50,779
Palau	0	0	5,335	9,883	9,936	13,885
Others	0	0	0	112	0	0
TOTAL	138,959	110,485	89,635	83,698	96,966	116,538
AFRICA						
South Africa	14,062	15,283	1,387	0	0	0
Others	0	0	0	0	0	0
TOTAL	14,062	15,283	1,387	0	0	0
Others	206,413	360,742	554,976	470,298	534,524	253,635
GRAND TOTAL	5,188,658	5,713,535	6,161,932	5,912,383	6,558,663	7,328,784
GROWTH	9.4	10.1	7.8	-4.0	10.9	11.7

(Source: Annual Report on Tourism 2000, ROC)

Outbound Departures of Nationals of the ROC by Sex –1980 – 2001

Year	Male	Female	Total
1980	257,408	217,733	484,901
1981	298,679	264,395	575,537
1982	327,760	286,773	640,669
1983			
1984	385,083	346,651	750,404
1985	424,541	399,987	846,789
1986	410,938	382,433	812,928
1987	529,548	500,041	1,058,410
1988	858,072	701,805	1,601,992
1989	1,116,469	945,403	2,107,813
1990	1,585,482	1,355,301	2,942,316
1991	1,817,886	1,546,500	3,366,076
1992	2,290,837	1,922,599	4,214,734
1993	2,592,302	2,061,728	4,654,436
1994	2,670,349	2,074,085	4,744,434
1995	2,936,064	2,252,589	5,188,658
1996	3,220,647	2,492,888	5,713,535
1997	3,501,660	2,660,272	6,161,932
1998	3,450,722	2,461,655	5,912,383
1999	3,800,130	2,758,533	6,558,663
2000	4,255,656	3,073,128	7,328,784
2001	4,232,937	2,956,397	7,189,334

(Source: Annual Report on Tourism 2000, ROC)