A sweet “lemon” in Hong Kong’s inbound tourism

While it appears that the root cause of “zero-fare” group tours is most straightforward, a detailed analysis reveals a very different picture.

Introduction

In his 1970 paper on the market for used cars in the United States, American economist George Akerlof argues that the average quality in the market deteriorates because of information asymmetry. Since sellers of used cars are better informed of the quality of their cars than buyers, the buyers will only be willing to pay the price of cars of average quality, thus making owners of good cars withhold them from the market. As a result, only “lemons” (American slang for bad cars) are traded, further reducing the average quality of cars on the market. This “lemons” problem was subsequently extended to capture various forms of inferior quality in other markets, such as cheating in the taxi market and shirking in the labour market. Akerlof and two other economists were jointly awarded the Nobel Prize for Economics in 2001 for their analyses of markets with asymmetric information.

A sweet “lemon” of “zero-fare” group tours

“Zero-fare” group tours have for the past decade dominated in Hong Kong’s inbound tourism from mainland China, and greatly besmirched the image of Hong Kong as a tourist destination. Indicators of “zero-fare” group tours range from price discrimination, misleading information, forced shopping and cheating. The Figure on the opposite page provides a framework for describing the problem of “zero-fare” group tours as three fundamental and interrelated elements. They are low price in the source market, low service quality at the destination, and the so-called “zero-fare” relationship between outbound tour operators in mainland China and inbound tour operators in Hong Kong.

This framework is an easy and manageable device to set low quality in “zero-fare” group tours apart from other types of low quality in package tours and even from those reported in other markets. It clearly indicates that “zero-fare” group tours are not of low service quality at the destination alone but of a complex of inferior quality. In other words, quality of travel services is related to low price in the source market and the relationship of sharing tour fares between outbound and inbound tour operators.

As a type of package tours, “zero-fare” group tours are sweet “lemons” for mainland tourists and for Hong Kong’s inbound tourism.
tourism as well. Because of low price, Chinese tourists can afford to travel to Hong Kong for a visit or an opportunity of shopping. On the other hand, Hong Kong has in recent years accommodated more than 60% of tourists from mainland China alone. Nevertheless, both tourists and Hong Kong are suffering low service quality in almost all sectors involved in package tours, leading to an erosion of Hong Kong’s image as a world-class tourist destination.

A theoretical account

Our explanation of “zero-fare” group tours starts with the nature of package tours as a product complex, which means that it is composed of a range of individual simple goods and services, including transport, accommodation, meals and attractions. Theoretically, low quality can be detected more in a product complex than in a simple product. Take a tour package and an apple. For a simple product like an apple, both buyers and sellers can immediately tell a good apple from a bad one. That means cheating on quality of an apple rarely happens. This is because an apple’s quality is exogenously determined by nature or cultivating techniques, leaving no room for sellers to manipulate quality. By contrast, low quality can happen in a product complex like a package tour because quality in this case is endogenously determined by a range of service sectors in producing the product complex. Each service sector may default on quality production, which results in low quality for the tour package as a whole. With regard to Hong Kong’s case, this service sector is shopping.

Information becomes asymmetric on the demand side as a simple
那他們就可能非常滿意，原因就是旅行團的品牌特點能夠切合他們的喜好而已。至於服務市場，這很直截了當，因為旅遊的目的，說到底就是把目的地所能提供的東西拿來消費罷了。

旅行團的品質，可從來源市場的信息和目的地的服務兩方面來解釋。一方面，不管目的地能提供甚麼服務，只要旅客的喜好不能和旅行團的品牌特點相切合，來源市場就會發生品質低劣的情況。倘若出境團體社故意歪曲產品信息，這類品質低劣的情況就會更為嚴重，結果導致逆向選擇的代理人問題，顯示旅客的需要與市場實際提供的服務並不吻合。事實上，來源市場的旅客大都選擇低價的旅行團，正清楚顯示逆向選擇的情況。

另一方面，服務品質低劣在種種情況下都可能發生，因為目的地的入境團體社縱使在品質上弄虛作假，旅客也難以察覺，於是就有誘因那樣做了。這個道德風險的代理人問題在目的地發生，表明入境團體社在提供旅遊服務時會故意敷衍，從而減低成本。不過，這還不是事情的全貌。我們的解釋最根本的地方是：逆向選擇由目的地的道德風險所產生，於是提供品質低劣的旅行團就成為一種持續的經營模式，這正好解釋了「零費用」團的問題。

何以是香港？何以是中國內地？
香港是「零費用」團的目的地，而中國內地則是客源市場，每逢談到這個問題時，就有很多事情要追問下去。「零費用」團這個問題，是香港的入境業和中國內地的出境業所獨有的嗎？既然上述兩個代理人問題在解釋產品低劣的問題上普遍適用，而且又可用於解釋「零費用」團，那麼究竟沒有證據顯示「零費用」團是旅遊業的普遍現象，但在理論上和實證上西方是否也可能出現過這類旅行團？

「零費用」團這一品質低劣的綜合體，不僅現正見於中國內地的出境市場及其他亞洲客源市場，而且至少從理論上說，還可能會出現於十九六零至八零年代的美國和歐洲。這是因為旅遊業在美、歐兩個地區將近百年的發展，使得區內及往區外去的旅行團業務所佔的市場份額急劇增長，而在那時候非常發達的旅行團行業出現了一些品質低劣產品是轉化為產品複雜，而對稱信息是品質惡化的顯著原因。市場對包團旅行的吸引無例外。這個市場可以被分解為一個基於來源市場的信息市場和一個基於目的地的服務市場。信息市場意味着遊客在做出目的地和套餐選擇前必須在來源市場積累信息。特別是如果遊客對其預算和時間分配給每個服務成分的分配有清晰的認識，其滿意度可能會很高，因為套餐旅行的性質可能匹配其偏好。服務市場是明確的，因為旅遊的最終目的是消費目的地提供的。品質的包團旅行可以用來解釋在來源市場的信息和目的地的服務市場之間。

一方面，不論目的地能提供甚麼服務，只要旅客的喜好不能和包團旅行的品牌特點相切合，來源市場就會發生品質低劣的情況。倘若出境團體社故意歪曲產品信息，這類品質低劣的情況就會更為嚴重，結果導致逆向選擇的代理人問題，顯示旅客的需要與市場實際提供的服務並不吻合。事實上，來源市場的旅客大都選擇低價的旅行團，正清楚顯示逆向選擇的情況。

另一方面，服務品質低劣在種種情況下都可能發生，包括目的地的入境團體社弄虛作假，旅客也難以察覺，於是就有誘因那樣做了。這個道德風險的代理人問題在目的地發生，表明入境團體社在提供旅遊服務時會故意敷衍，從而減低成本。不過，這還不是事情的全貌。我們的解釋最根本的地方是：逆向選擇由目的地的道德風險所產生，於是提供品質低劣的旅行團就成為一種持續的經營模式，這正好解釋了「零費用」團的問題。

何以是香港？何以是中國內地？
香港是「零費用」團的目的地，而中國內地則是客源市場，每逢談到這個問題時，就有很多事情要追問下去。「零費用」團這個問題，是香港的入境業和中國內地的出境業所獨有的嗎？既然上述兩個代理人問題在解釋產品低劣的問題上普遍適用，而且又可用於解釋「零費用」團，那麼究竟沒有證據顯示「零費用」團是旅遊業的普遍現象，但在理論上和實證上西方是否也可能出現過這類旅行團？

「零費用」團這一品質低劣的綜合體，不僅現正見於中國內地的出境市場及其他亞洲客源市場，而且至少從理論上說，還可能會出現於十九六零至八零年代的美國和歐洲。這是因為旅遊業在美、歐兩個地區將近百年的發展，使得區內及往區外去的旅行團業務所佔的市場份額急劇增長，而在那時候非常發達的旅行團行業出現了一些品質低劣

Quality of package tours can be explained with regard to in-
formation in the source market and service at the destination. On
the one hand, regardless of what the destination can provide in
terms of travel services, low quality can happen in the source market
when tourists’ preference does not match product characteristics of a
tour package. Low quality of this kind can be more severe when out-
bound tour operators intentionally misrepresent product information.
This may lead to the agency problem of adverse selection, indicating
a mismatch between tourists’ needs and what the market actually
serves. In fact, adverse selection is manifested that low-price tour
packages are largely selected by tourists in the source market.

On the other hand, low quality of service can happen by any
means since inbound tour operators at the destination have incentives
to cheat on quality, which is difficult to detect by tourists. This raises
the agency problem of moral hazard at the destination, indicating that
inbound tour operators can intentionally default on delivery of travel
services in order to reduce costs. Yet this is only part of the story. At
the base level of the explanation is that adverse selection is generated
by moral hazard at the destination, thus making low-quality package
tours a business model with momentum of its own, which provides an
explanation for the problem of “zero-fare” group tours.

Why Hong Kong? Why mainland China?
There are many questions to be asked when one relates the problem
of “zero-fare” group tours with Hong Kong as a destination and
mainland China as a source market. Is this problem unique to Hong
Kong’s inbound tourism and mainland China’s outbound tourism?
Given the generality of the two agency problems in explaining low quality in prod-
ucts, including “zero-fare” group tours, is it theoretically and empirically
plausible that “zero-fare” group tours may have happened in the West-
ern context in spite of the paucity of evidence available to indicate that
such group tours are ubiquitous in the industry?

“Zero-fare” group tours as a complex of inferior quality not only
has been happening in mainland China’s outbound tourism market and
other Asian source markets, but also, theoretically at least, might have
happened in the United States and Europe from the 1960s to 1980s.
是因為這兩十年來的兩地區的旅遊業發展中，市場份額的擴張尤其突出，這使得這高度發達的包裝旅遊業與此相關的一系列表現。這些表現包括學術研究對品質低劣的發現，以及旅遊業協會的建立以克服品質問題和保護旅客。這些協會頒行各種規範，以管束旅遊業者的行為，並且對旅行社的條款作嚴謹的法律定義，以減低信息模糊的可能。這些都表明西方也有相似的「零費用」團的問題。

亞洲多數客源市場的旅遊業自一九八零年代起開始放寬管制，中國大陸則始於一九九零年代末期，這種時期與歐洲在一九六零至八零年代間的情況相彷彿。特別是出現於亞洲客源市場的品質低劣現象，可能與開發國家所出現的狀況並無二致，一是在低劣的品質方面，二是在監管服務供應商的水準方面，譬如說，為保障入境旅客權益而成立一些制度化的機制，藉以定出品質標準。例子有香港的優質旅遊服務計劃。

由於「零費用」團問題的旅客大多來自亞洲，於是有一種流行的觀點，認為這是由文化決定的問題。由於沒有證據顯示旅遊團品質變差的本原因可以用文化來解釋，這種觀點很可能令人誤會。文化可用來解釋的，其實是旅客的喜好。例如購物是亞洲旅客的文化及社交喜好，而不是西方旅客的喜好。

阿克洛夫論述美國二手車市場的「檸檬」問題時，沒有明言品質變差的問題是美國獨有，或與文化有關；而且根本沒有這回事。他在論文中引述了一個說法：「在經濟不發達國家做生意並不容易」，這或許被誤以為是用文化決定論來解釋品質變差的證據。其實，根據阿克洛夫的看法，在經濟不發達國家隨處都有品質變差的情況，這與文化無關，卻與誠信的企業家精神關係密切，因為企業家精神在經濟不發達國家是一種稀缺的社會和人力資源。

陳勇博士(chen.yong@connect.polyu.hk)是香港理工大學酒店及旅遊業管理學院的副研究員，麥磊明博士則為學院的助理教授。

Dr Yong Chen (chen.yong@connect.polyu.hk) is a Research Associate of the School of Hotel and Tourism Management at The Hong Kong Polytechnic University. Dr Barry Mak is an Assistant Professor of the same school.