

# Analysis on the Problems and Strategies of the Tourism Service Trade in Hainan

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**Abstract.** This paper takes the international tourism island as the background, illustrating the current situation and advantages of tourism service and tourism service trade of Hainan. In this paper, we also analyze the current problems in developing tourism service trade, and put forward some targeted proposals.

## Introduction

Since the 1990s, the average annual growth rate of service trade has been 20%, which is the fastest growing sector and the focus of global economic competition is gradually transferring to service trade. In 2009, Hainan established the development strategy of international tourism island, which, in such background, bringing great opportunities to tourism service industry in Hainan---- moving towards the world. Vigorously developing the tourism service trade in Hainan, optimizing the structure of tourism service industry of Hainan, improving the development strength of tourism service industry of Hainan and adjusting the industrial layout of the tourism service trade in Hainan have been an important method of economic development transformation in Hainan and an important measure to achieve the building of international tourism island.

## An Overview of Tourism Service Trade of Hainan

**The Current Situation of Tourism Service Trade of Hainan.** Since the establishment of Hainan province, tourism industry has been developed as the pillar industry, turning all kinds of resources into industry advantages in Hainan. After decades of development, great achievements has been achieved in Hainan tourism industry. The tourism industry began to take shape, and the tourists are mainly international tourists, which were mainly domestic tourists before. In addition, the number of the international tourists increases rapidly, and the tourism trade volume is gradually increasing every year.

**The Development Level of Tourism Industry is Improving, and the Number of International Tourists Is Increasing.** There are two indexes to measure the development level of tourism in one area, namely, reception number and tourism income. In 2014, there were 47890800 tourists in Hainan province, a 10.6 percent increase year-on-year, and the total income of tourism reached 50653 million RMB, a 13.2 percent increase year-on-year. In 2014, the number of inbound tourists in Hainan was 6614000, of which 4216000 were foreign tourists, 2398000 were from Hong Kong, Macao and Taiwan. Compared with 2004, the inbound tourists in Hainan increased 114 percent.

**The Scale of Tourism Service Trade Is Expanding.** Compared with the goods trade, the service trade obviously falls behind. According to Haikou customs statistics, the total volume of foreign trade imports and exports in 2011 was 13020 million US dollars, a 20.4 percent increase year-on-year. The volume of service imports and exports was 1408 million US dollars, a 27.5 percent increase year-on-year. Although the total volume of service trade was lower than that of goods trade, its growth rate was high. The service trade mainly focuses on the areas of tourism, transportation, and consultation and so on. In 2011, the total volume of tourism imports and exports reached 545 million US dollars, the transportation 314 million US dollars, consultation 116 million US dollars and others 433 million US dollars. Therefore, we can see that the tourism service trade

took a large proportion. In 2011, among the service trade, tourism, transport achieved trade surplus, while the others were a deficit, Thus it can be seen that Hainan overseas tourist market has been vigorously developed, and the scale of tourism service trade continues to expand.

### **The Meaning for Hainan to Develop Tourism Service Trade**

**Driving the Development of Other Industries.** Tourism service industry is in the core position in the service industry of Hainan and is an comprehensive industry with high correlation, extensive involvement and driving force. It plays an important role to promote the development of other industries. According to the statistics of the United Nations, tourism industry can drive the development of 110 related industries, among which, it has the highest contribution to the lodging industry, which is more than 90 percent. The contribution of tourism industry to transportation is more than 80 percent, to entertainment industry is about 50 percent, and to food and beverage and retail is more than 40 percent. Driven by tourism service trade in Hainan, the service industries such as transportation, catering, hotels, scenic spots, trade develops fast, and meanwhile stimulates the development of agriculture, finance, insurance, real estate, modern service industry and other related industries in Hainan, promoting the economic level of Hainan.

**Creating Jobs.** Tourism service belongs to labor-intensive industry, which directly or indirectly creates many jobs, and accommodate a variety of skills of the labor force. According to the world travel and Tourism Council data, direct employment in tourism can indirectly impetus 4.3 people finding jobs. The tourism industry is one of the three pillar industry in Hainan, and its driving effect is more obvious. Until 2012, the tourism in Hainan directly or indirectly drove 19391000 people finding jobs, which accounted for 40.07 percent of the whole quantity of employment in Hainan.

### **Problems in Tourism Service Trade in Hainan**

Although Hainan has many advantages to develop tourism service trade, it still has many problems compared with the worldwide famous tourism places such as Bali Island, Hawaii and Phuket Island.

**Lacking of Cultural Construction, Product Development Is in Disorder.** Hainan has rich natural resources for tourism, but lacks of cultural resources, and cultural construction is in deficit. Tourism products mainly focus on natural scenery, island ecology, tropical rain forest, which are extensive and labor-intensive products. However, there are few deep cultural tourism products. The overall plan for tourism products is unreasonable and unscientific, causing great waste and destruction to tourism resources. As for a part of developed scenic spots, their infrastructure construction, design of tourism route, management of scenic spot, tourism services, external publicity is not in place, resulting in waste of resources and lacking of tourists. For the most developed scenic spots, there is no reasonable plan to receive tourists. In addition, numerous tourists coming in causing water dirty, land erosion, environmental pollution, ecological destruction and other ecological problems.

**Lacking of Further Development of Tourism Resources, Collaborations among Enterprises Are not enough.** Hainan has rich tourism resources with distinguishing features. Situated the same latitude with Hawaii, they have similar climate and natural resources. They are famous for natural resources such as beaches, volcanoes and tropical island as well as national characteristics, thus it can be developed as the Chinese Hawaii. However, judging from the tourism income structure in Hainan, the main purposes of coming to Hainan are sightseeing tourism, business tourism, while the proportion of health tourism takes small part, the tourism resources haven't further developed and its added value is low. Although there are numerous tourism companies, they are fragmented, scrambling for customers, low price competition and lacking of unified management, causing the whole tourism economic benefits in a bad situation and influencing the whole tourism image and tourism environment in Hainan.

**Inconvenience of Transportation has a Great Impact on Internationalization Process.** Hainan lies in central section of the Pacific Economic Circle, across the Qiongzhou Strait and Leizhou Peninsula from north, and across the sea from South and Southeast Asian countries.

Therefore, there are few tourists from home and abroad. Transportation becomes a serious constraint in the development of tourism service trade. Being blocked by Qiongzhou Strait, there is no land transportation, tourists can only take a plane to get there. And as for other transportation tools, they have to take a boat to get across the sea. However, Hainan is an island with monsoon climate, which can be easily influenced by natural synoptic. This single transportation seriously restricts the further development of tourism trade in Hainan. For the international tourists, taking a plane is the only direct way to get there. However, there are few international flights although Hainan lies in the center of Southeast Asia airline, thus it is very difficult and inconvenient to get to Hainan. Besides, after entering the island, self-driving tours are hard because of unreasonable path planning, incomplete traffic network, imperfect configuration and traffic jams. Thus it is inconvenient to travel between cities and counties. In addition, there are too many vehicle bursting during the peak traveling time. All of the factors become a bottleneck that restricts tourism service trade in Hainan.

**The Industrial Foundation Is Weak, the Development Is Imbalanced.** Hainan is a province with abundant tourism resources, but it is not a powerful tourism province, the benefits for being the tourism pillar industry are not obvious. In 2014, tourism revenue in Hainan accounted for the proportion of GDP reached a maximum value of 14.47 percent, which was higher than the global and national levels. However, being as a pillar industry, the effects is not ideal. Although the number of the tourists and the income increase progressively every year, the amount is small, so is the scale of the relative industries. Besides, the competitiveness is weak and the growth is slow. Tourism industry still belongs to extensive growth and the development of tourism trade is not in balance, representing in the fact that the eastern coastal areas, Haikou city and Sanya city develop faster, and their tourism service trade is more developed, while the mid-west areas develop slowly, and their economies are relatively backward. Therefore, forming a situation characterized as the fact that the east is stronger than the west and the south is more important than the north, the overall efficiency is low.

**The Government Management Is not in Place and the Policy Application Is not Comprehensive.** The management of tourism service trade in Hainan is not in place because there is no specific department to manage. The management department of service trade is Commerce Department and the management department of tourism is the Tourism Commission, so that their policies are not unified. In addition, multiple leadership makes the coordination harder. In order to promote the development of the tourism and the tourism service trade in Hainan international tourism island, the State Council gives many preferential policies and measures. In the file called Several Opinions on Promoting the Constructing of Hainan International Tourism Island, there are many policy supports in fiscal, investment and financing, land and other aspects. For example, to apply some international tourism sports projects in Hainan and explores and discover Guessing Lottery and International Sports Lottery, to support tourism enterprises to issue bonds and set up a fund. However, the application of the policies only stays in the surface or it is a short term process. It is not going into deep and using for long term.

### **The Strategies to Develop Tourism Service Trade in Hainan--The Government Departments Strengthen the Management and Optimize Tourism Service Trade Industry**

**Exerting the Leading Role of the Government and Developing Tourism Products Reasonably and Orderly.** We should exert the leading role of the government in tourism service trade, standardize the market, and strengthen the supervision to improve the environment of tourism service trade in Hainan. First of all, we should develop tourism products reasonably and orderly as planned and avoid the waste of tourism resources. To implement brand strategy for the developed products and apply scientific management to prevent the occurrence of the phenomenon that the increasing of the tourists causes environment pollution and confusion in management. In addition, we should improve the tourism facilities in the developed scenic spots, including improving tourism transportation, providing accommodation and catering services with high grades, full-service items and high standards. We should strictly regulate the supporting facilities of tourism service and

management such as the travel agencies. What's more, we should strengthen the construction of cultural resources and deeply dig the tourism resources values to make the tourism projects be refined and increase the added value of tourism resources.

**Strengthening the Construction of Transportation and Improving the Transportation System.** Tourism and transportation are complementary, convenient transportation can accelerate the development of tourism. Therefore, the government should strengthen the transportation building on access to the island as well as the transportation inside the island and construct perfect and convenient transportation network. First of all, promoting the construction of Qiongzhou strait tunnel or Sea-Crossing Bridge Project to connect the land transportation between Hainan and the mainland of China, overcoming the shortcomings such as the limited ability of train ferry, discomfort and limited wind resistance. Secondly, we should increase the quantity and quality of international flights and increase the quantity of flights from Hainan to Hong Kong and Taiwan regions and other cities in China. We should spare no efforts to open the route from Hainan to North America, East Asia, Southeast Asia, Russia, Australia and other countries, and we should set high standard to the flight routes in order to satisfy the requirements of the foreign tourists. Last but not least, we should strengthen the transportation construction inside the island, seizing the opportunity of One Belt, One Road and vigorously promoting the establishment of 'One high-speed rail and three lines' project, which involves in the construction of western high speed rail and three expressways so that to achieve the 'Two Hours Circle of Transportation' inside the island.

**Strengthening the Infrastructure Construction of Tourism Industry and Balancing the Regional Development.** Tourism industry is an industry group. Government should exert its role and conduct overall plan with the thought of 'largest tourism, industry, development', emphasizing the leading role of tourism among the industry groups and improving the proportion of tourism and tourism service trade in GDP. In addition, we should promote the development of tourism and at the meanwhile bring all-round development of finance, insurance, real estate, housekeeping services, education, health and pension and other service sectors. We are going to build a comprehensive tourism industry system, guiding capital investment in tourism industry, making preferential policies and taking measures to help tourism industry so that to provide high-quality service for tourism industry. Meanwhile, government should balance the regional economic development and pay attention to the exploitation and development of tourism resources in western and middle parts of China so that to promote the development of tourism service trade in mid-west.

**Strengthening the Management of Tourism Service Trade and Making Full Use of Policies.** We should set up specific institutions to manage and coordinate the tourism service trade, strengthen the management and supervision on tourism service trade and build a completed management system in tourism service trade. In order to promote the development of tourism service trade in Hainan, we can use the experiences of Beijing, Shanghai and other cities as reference, set up specific industry association for tourism service trade and implement supervision and management on the behavior within the industry. In order to promote the development of Hainan international tourism island, the State Department issued many preferential policies. Therefore, government should gather the talents and organize specific departments to study these policies, make full use of the policies and pooling of resources to create specific international tourism island and promote the development of tourism industry and tourism service trade.

### **The Strategies to Develop Tourism Service Trade in Hainan--Enterprises should Take Measures and Improve Their Quality**

**Providing Specific Products Service and Dig Branch Value.** As for the tourism enterprises in Hainan, they should create service products with national charm and local characteristics on the basis of Hainan characteristic. For example, style of Li and Miao Minority, specific culture of Hainan catering, unique flavor and marine culture products and others, forming their own competition advantages. The tourism enterprises in Hainan should pay attention to the building of cultural branches, establish their own brand, dig the value of the brand and implement brand-name strategy to improve its visibility in both national and international market.

**Improving the Industrial Chain and Establishing Strategic Alliance.** The tourism enterprises should bring in the advanced technology and management experience, implement industrial structure transformation and innovate and explore new products according to the requirement of the tourists. Besides, they should cooperate with travel agencies, transport enterprises, catering enterprises, accommodation business and insurance and medical enterprises to create a one-stop travel service model. The whole scale of the travel enterprises is rather smaller, and their influence is weaker. Therefore, in order to improve their own competitiveness, they should unify the famous enterprises both home and abroad or cooperate with multinational corporation so that to become a part of global strategy system of multinational corporation, exerting the scale effect, improving international influence, reducing operating costs and obtaining huge profits.

**Innovating Marketing Means and Strengthening the Propaganda.** The tourism enterprises should integrate all kinds of tourism marketing resources and cooperate with the government departments, news media and airline companies to develop the joint marketing and strengthen the promotion of tourism images. First of all, they should shoot and make promotion videos with cultural elements and tourism image. Besides, they can broadcast the videos about Hainan tourism through the national mainstream media such as China Central Television, and major satellite TV channels and the major domestic and foreign social networking platform. Besides, undertaking multiparty cooperation and going to other provinces and abroad to hold tourism promotion activities to conduct propaganda for the tourism products and service in Hainan.

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