
„CITYFILM’S CHANCES IN HONG KONG”

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EXECUTIVE SUMMARY

This study is an attempt to determine how CityFilm can introduce their concept to the international market of Hong Kong. The choice for Hong Kong was made since CityFilm's life long dream is to enter the Asian market. Since Hong Kong is located strategically and acts as a gateway for the rest of Asia, it makes it the most attractive market for CityFilm to establish their office. This final project aims to research what CityFilm's opportunities are when entering the international market of Hong Kong. This final project provides CityFilm with multiple analyses to assess their business potential. This final project is fully focused on the research question "*How can CityFilm introduce their concept to the international market of Hong Kong?*" Thanks to market research, private contact, analysis such as SWOT, readiness test, competitive analysis, information and results were retrieved to answer the question. The SWOT analysis showed three key elements for CityFilm's export potential; their extensive broadcasting platform, CityFilm's success and experience in the international market and their strong financial position. Also, the tourism industry of Hong Kong provides CityFilm with multiple chances.

The readiness test was conducted to get insight on CityFilm's export potential. Results are that CityFilm can generate more income and profit while expanding their office to Hong Kong. Also, while creating a joint interest for investment, because of CityFilm's co-operation with many institutions. The healthy financial position of CityFilm also comes out as a positive point from the readiness test. The main conclusion that can be drawn from this study is that CityFilm would have a dominant market position in Hong Kong, because there are no other companies available in Hong Kong that produce a similar product like CityFilm. Therefore, this final project recommends CityFilm to enter the international market of Hong Kong. From the results the conclusion is drawn that introducing CityFilm's concept to Hong Kong means they will reach both leisure and business travelers, which is the ideal segmented target group for CityFilm.

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CHAPTER 1: INTRODUCTION

This study is an attempt to investigate what the opportunities are for the destination marketing company CityFilm for entering Hong Kong's international market. This chapter introduces the main research question, accompanied by the problem definition. Additionally, the sub-research questions are stated, to answer the main research question. The assignment provider, CityFilm, wishes to establish their first international office in Asia, in Hong Kong, therefore this final project dissertation complies with their request only to research the metropolitan city of Hong Kong. This final project provides CityFilm with knowledge about Hong Kong's culture, obstacles they need to overcome and what the possibilities are for operating in Hong Kong.

A short introduction to CityFilm

CityFilm is a young company that started in 2008, with their own unique vision. They specialize in developing entertaining travel programs, which are broadcasted throughout a large platform, which included Social Media, in-flight entertainment etc. CityFilm has its headquarters in Amsterdam, with regional offices in Sao Paulo, Dubai, Qatar and Johannesburg. CityFilm is Europe's market leader in creating entertaining travel programs that are broadcasted through various platforms. The destination marketing campaigns e.g.: Sao Paulo, Dubai and Amsterdam, result in top quality travel and business shows that are both entertaining and informing. CityFilm's creations are always in partnership with the public and private sector, thereby creating a joint initiative. CityFilm has successfully developed destination campaigns including cities in Europe, Africa and the Middle East. The aim of the destination marketing campaigns is to support local tourism boards, the Chambers of Commerce and other government entities in welcoming and informing visitors as well as increasing the spending of leisure and business travellers. Working together with governmental organizations, the private sector, companies and selected partners results in a strong impact and message to promote a city or destination nationally and internationally. CityFilm strives to attract, inspire and inform domestic tourism via a powerful multi-media platform that reaches a large number of viewers.

CityFilm's multi-media platform include different broadcasting methods such as:

- *Websites of CityFilm*
- *Websites of partners*
- *CityFilm's YouTube channel*
- *Social Media*
- *4 and 5 star Hotel in-room television system*
- *In-flight entertainment*
- *National television*

The product that CityFilm delivers is a compelling twenty-minute high quality travel program of the capital cities. A local television celebrity presents each "CityFilm" on five themes with regards to: Culture, Activities, Wining & Dining and Shopping that the destination has to offer. The target group that is reached by this travel program ranges from wealthy tourists to business travelers and opinion formers as well as residents of the destination. The domestic travel sector is inherent to CityFilm's concept; they always adapt their destination marketing campaigns to domestic travel instead of international travel. With CityFilm's already established international experience, for example: the destination campaigns in the Middle East and South Africa, and their highly developed international business skills, CityFilm has a good chance of being successful in the new foreign market. CityFilm's life long dream is to expand their business to Asia and in particular the international market of Hong Kong. Thus, this research is based on CityFilm's request.

Even though CityFilm has international experience, they lack business connections and knowledge of Hong Kong's market. Therefore, this report aims to provide CityFilm with adequate information and required necessities on how they can successfully introduce their concept to the market of Hong Kong. CityFilm's goal is to enter and establish their first Asian international office in Hong Kong. This final project of dissertation equips them with suitable information on where best to locate, what steps they need to take to start their business abroad and what difficulties and opportunities Hong Kong presents them. In order to perfectly fit CityFilm's concept, this dissertation consulted and compared different tourism authorizations; to get insight on the different travel campaigns that Hong Kong produces. Tourism authorities that were consulted are: Ctrip, CNTA, China Tourism and Hong Kong Tourism board (HKTB).

Problem definition

CityFilm has managed to enter the international markets in South Africa, Dubai and Qatar. However, commencing in the Asian market has been a long cherished dream. CityFilm needs to consider if their concept and product need adjustment for the new international market, or if they should adapt their business. All these questions raise challenges and exiting new opportunities.

Research goal and questions

Having started up in four different international markets, CityFilm is familiar with entering new markets. This final project outlines various issues that CityFilm needs to take into account, when entering Hong Kong's market. As a result, the main research question for this final project has been formulated as:

“How can CityFilm introduce their concept to the international market of Hong Kong?”

In addition to the research question, the sub-questions are as follows:

- What are the intercultural contrasts/similarities of Hong Kong's society?
- How can CityFilm deal with such cultural differences?
- What are the legislative rules, trade legislation, investment?
- What are the main obstacles for CityFilm to overcome to enter Hong Kong's market?
- What are the steps CityFilm needs to take to enter Hong Kong's market?

Personal contact with international business experts

First, Robert Collins has over 30 years of business experience in China. He currently works as a China consultant for companies that are seeking to enter the Chinese market. Also, an in-depth interview with Maikel Walker, the advisor of International Business from the RVO (Rijksdienst voor Ondernemend Nederland), was conducted via e-mail and telephone. Finally, an interview was conducted with Gwendolyn Tate, owner of ChinaWays, who provided necessary information on the culture differences between China and the West.

CHAPTER 2: METHODOLOGY

Research approach

In order to answer the research question as stated in the introduction, two main methods were used to complete this dissertation. Firstly, desk research was used to include secondary data on entering Hong Kong's international market. This study can be characterized as small scale, using organizational key persons as informants. When using this method the results are based on observations and patterns in the obtained data (Baker, 1999). Therefore, a structured interview was conducted with an expert on doing business in Hong Kong. This interview was done through a video conversation and supplemented by e-mail contact as well. The research that was achieved from the in-depth interview was extremely valuable for the rest of the final project. The interviewee was Robert Collins, CEO at Doing China Business LLC and Award Winning Author on China Business.

Work procedure

The advice, recommendations and information in this report are based on several aspects. The aspects are mentioned below in chronological order:

- Research based on subject literature and policy documents
- Books: Hofstede, G. *Cultures and organizations: Software of the mind* and Bentley, D. *Investing in Hong Kong and Mainland China*
- Several interviews were conducted with experts on how to do business in Asia, and how to be successful in Hong Kong. Also, the advisor of International Business (RVO) was consulted about his expertise. Additionally, the Chief Executive of Asia Pacific of the Hong Kong and Shanghai banking corporation, granted this report with excellent intelligence.

The use of interview methods was most appropriate because the practical part enhances the theory found through desk research. However, a theoretical framework was necessary as the basis for this dissertation. The theoretical framework functions to broaden the knowledge of the ever-changing Chinese market. Additionally, secondary data was reviewed through the university library using a range of informational sources such as the LexisNexis and Internet search engines.

CHAPTER 3: SPECIAL ADMINISTRATIVE REGION HONG KONG

Cultural comparison according to Geert Hofstede

Inequalities between individuals and their culture are acceptable and logical; still it is important that CityFilm knows how to deal with such contrasts. Lun Wang, a certified public accountant and tax agent in Shanghai, states that Chinese and Western cultures are very different from one another. However, these differences in culture do not alter the way CityFilm should proceed to enter the international market of Hong Kong. A sense of cultural awareness and a basic understanding of the behavior of Hong Kong's society, colleagues and business associates, is recommended for CityFilm. When CityFilm accepts that hierarchy is deeply integrated in Hong Kong and is part of the ancient culture, fewer conflicts may occur. Age, position and title determine how business encounters are accomplished. Respect towards the hierarchical order and to older employees is of significant importance. Furthermore, guanxi, relationships and relationship building are fundamental to succeed in Hong Kong. Business deals are often achieved through trust and are based on a mutual beneficial relationship. Therefore, it is extremely important for CityFilm to acquire good guanxi in order to avoid difficulties and frustrations.

According to Lun Wang having a good network of Hong Kong business partners is very beneficial with regards to relationship building, especially with the government (ECOVIS, 2014). Finally, the concept of face is imperative in Chinese society and should be acknowledged in business communication. In fact, "If a person loses lian and mianzi this might result in a loss of trust within a social network and authority" (Wang, 2014, p.15). Business relationships can be seriously damaged by the loss of face through humiliation or embarrassment, while complimenting someone in the presence of others is immensely respected and can aid with negotiations and working relationships.

This final project presents CityFilm with an understanding on the cultural differences between the Netherlands and Hong Kong by applying the cultural dimensions of Geert Hofstede. Hong Kong is home to the most modern cityscapes in the world and its people still reflect thousands of years of cultural heritage in many ways (Collins, personal communication, March 20, 2014). He states that most failures international companies suffer are caused by neglect of these cultural differences.

Zhang, who is a Chinese economic, states that since the globalization of the world economy, many opportunities for global collaboration among different countries have been created, along with creating a unique set of problems and issues relating to the effective management of partnerships with different cultures (Zhang 2004). Robert Collins strongly stresses that Chinese people place a preference on acting as a group. Therefore, CityFilm should try to reach consensus with colleagues and business partners rather than decisions made by one person.

To clarify the cultural differences between Hong Kong and the Netherlands, this study refers to Hofstede's four cultural dimensions, namely; power distance, collectivism, masculinity and uncertainty avoidance. Hofstede's definition of culture is "a collective programming of the mind, which distinguishes the members of one category of people from another" (Hofstede, 2010, p.10-26). Geert Hofstede explains that power distance is extremely high in Hong Kong's culture; power abuse by superiors is completely integrated within the Chinese society. Additionally, Hofstede states that Hong Kong has a score of twenty out of a hundred as being a highly collectivist culture, where people always act in the interest of a group in contrast to the interest of the individual. Hong Kong places high value on commitment to the organization of a company instead of the commitment to the people of the company.

In conclusion, CityFilm can adapt easily to Hong Kong's culture when their team adapts to the collectivistic culture. Furthermore, Hofstede argues that Hong Kong has a highly masculine culture – success oriented and driven. The necessity to ensure success can be shown by the fact that many Chinese sacrifice family and leisure priorities to work. In Chinese culture, people will go to extreme lengths to earn money; migrated farmers will leave their families behind and travel to faraway places in order to earn better pay. Thus, Hong Kong society is extremely business and success driven.

Lastly, Hofstede clarifies that Hong Kong scores low on uncertainty avoidance. This results in Chinese people being flexible when it comes to the adherence of laws and rules to suit the actual situation and its pragmatism. This is a hindrance for CityFilm, in terms of entering Hong Kong's market. Due to the ambiguity of the Chinese, CityFilm can be exposed to fraudulent behavior by potential business partners. In order to doing business successfully in Hong Kong in terms of culture, CityFilm must be well prepared, equipped with sufficient knowledge of the culture and investment in guanxi.

CityFilm comes from a culture where individuals prefer to work alone and are reluctant to cooperate. In contrast to the Chinese, who are more likely to work together in order to avoid risks. CityFilm can adjust their mindset by cooperating with Hong Kong colleagues in order to adhere to their culture. CityFilm is used to facing problems directly while using rational arguments, factual evidence and suggested solutions. Yet, in Hong Kong authority is used to suppress conflict and they settle things in private, in order not to lose face. In addition, the decision making process of both countries varies extremely. In Hong Kong you would not dare to make immediate and spontaneous decisions, which could deprive them of new opportunities in the future. In most cases, Chinese managers aim to make safer and less risky decisions at the expense of the business opportunity (Zhang, 2004). This is also a key factor that CityFilm should keep in mind.

From Hofstede's theories this report concludes that different elements need to be taken into account when dealing with culture in Hong Kong. Nevertheless, even though Hong Kong's culture is much alike the Chinese culture, it also resembles the Western culture in some ways; thanks to the British colonization Hong Kong has many Western influences and values. Their legal framework, politics and economy are strongly based on the British system and ways (Wong, Peter 2013). Therefore, Hong Kong is a beautiful fusion of Eastern and Western culture. Yet, Hong Kong is more modern and Western than traditional China. In Hong Kong the English and Chinese language are intertwined in daily life and this among other things, make the transition to doing business in Hong Kong very manageable for CityFilm (Tates, G, 2014). Because Hong Kong is also very business and success driven, and their society is highly modernized and globalized, it is the right place to locate for CityFilm. According to Peter Wong, Hong Kong is the bridge between China and the West, which makes it a far more accessible location to set up shop for a foreign business (G.Hofstede, 2010.).

By applying Hofstede's cultural dimensions, a cultural comparison between the Netherlands and Hong Kong has been made. By comparing Hofstede's cultural dimensions: power distance, collectivism, masculinity and uncertainty avoidance, conclusions of the two cultures can be measured. The findings of the comparison conclude that the Chinese prefer to avoid conflicts, use indirect forms of communication and take less risks and finally value guanxi to avoid losing face.

The table below summarizes the cultural differences between the Mainland China, the special administrative region Hong Kong and the Netherlands:

Table 1.

CULTURAL CONTRASTS	China	Hong Kong	The Netherlands
	Acting as a group	Acting as a group	Prefer to work alone
	Consensus	Consensus	Decisions made by one person
	High power distance	High power distance	Low power distance
	Collectivistic	Collectivistic	Individualistic
	Commitment to the company	Commitment to the company	Commitment to the people of the company
	Highly Masculine	Highly Masculine	Highly feminine

Hong Kong's corporate governance regime

In addition to the Western similarities that Hong Kong shares in terms of culture, Hong Kong also has one of the most flexible and supportive corporate governance regimes in the world, one in which foreign companies can adjust to quickly (Wong, P 2013). This is another reason for CityFilm to operate their business in Hong Kong. Possibilities for foreign companies to have fast and easy access to all the major markets in the region of Hong Kong are endless (Wong, Peter, 2013). Considering Hong Kong's superb central position makes it a very attractive city for CityFilm to do business. Furthermore, Hong Kong is a worldly region that is committed to transparent, timely and reliable information. Hong Kong enjoys constitutionally guaranteed freedom of speech and freedom of the press (Wong, P 2013).

Second, Peter Wong states that the Double Tax Agreement (DTA) is another advantage to doing business in China through locating in Hong Kong. In 2006 China and Hong Kong agreed to a comprehensive DTA to reinstate the limited scope agreement from 1998. This amendment of the tax agreement ensures that foreign companies can benefit from reduced withholding tax rates on dividends, interests and easier profit repatriation (Steve Barclay, 2012). Lastly, another great advantage for CityFilm to start their business in Hong Kong is that it is fairly easy and quickly arranged. According to Peter Wong, a legal entity in Hong Kong is rapidly organized within two weeks, in contrast to at least three months for establishing a business in China. The sources that have been consulted for this report all agreed that starting a business in Hong Kong is easily done (Wong, P, 2013). It is as effortless as taking a trip to register at the Chamber of Commerce of Hong Kong (Bentley, D, 2013). Because of Hong Kong's free enterprise, formalities for business registration are kept to a minimum. Another reason for CityFilm to choose Hong Kong is for their business establishment. Whereas China's regulations move at a slower pace, in Hong Kong it is just a matter of registering your foreign company and you are good to begin (Barclay, S, 2012). Rob Collins points out that starting a business successfully in Hong Kong, means understanding the rules of governing, procedures to follow and comprehending the investment systems.

Additional advantages for CityFilm to start their business in Hong Kong are: a sophisticated and well-arranged infrastructure, use of English language, similarity to the Western culture, well-educated employees, and great work ethics (Wong, P, 2013). This final project advises CityFilm to choose for Hong Kong, because, the travel market of Hong Kong is very mature and sophisticated, therefore makes it the perfect location for a destination marketing company like CityFilm.

From the research results the conclusion can be made that preparation is crucial for CityFilm to be successful in Hong Kong. A large number of benefits are provided by Hong Kong's business environment such as highly sophisticated infrastructure, central location, close to Western culture with a mix of East traditions, supported by a centrally located harbor, transparent legal system and low tax rate system. Essentially, there are more advantages than disadvantages for CityFilm to locate in Hong Kong. Next to the above-mentioned benefits, starting a business is perceived as rather easy. Although, there seem to be more benefits than red flags for CityFilm to start their business in Hong Kong; still comprehension of the culture and understanding of the procedures and rules are essential for carrying out their business successfully (Zarit, 2013). Finally, another important advantage mentioned earlier in this report is Hong Kong's business ethic. Everyone is success-driven, business oriented and willing to do engage in business together. Moreover, the tax system has many advantages too. CityFilm does not have to pay tax on income that is generated in Hong Kong. Hong Kong's provides a large number of beneficial aspects for doing business, such as an international financial center; supported by excellent telecommunications, port facilities, good infrastructure and low rate source-based taxation regime (Wong, P, 2013).

The following table provides a summarized overview of the economic differences between China and the special administrative region Hong Kong. The table makes clear why CityFilm should choose to locate in Hong Kong, and why China is disqualified.

Table 2.

ECONOMIC DIFFERENCES	China	Hong Kong
	Traditional society	Modernized society, central location (harbor)
	Closed, centrally planned system	International and open system
	Regulated and ambiguous legal system	Transparent legal system
	Maximum governmental influence	Minimum governmental influence
	Socialist market economy	Capitalist service economy - Advanced financial infrastructure

The macro environment

Hong Kong is the second largest economy in the world, after the United States and has had the fastest-growing economy four years as well. Hong Kong has experienced an immense transformation over the past 25 years, starting from a centrally planned socialist state to a semi-market driven economy. For over ten years, their gross domestic product has grown over 10% each year (Collins, 2014). Although, there has been a decline in their economy in 2012, a collapse of their nation is unlikely (Micheal Pettis, 2013). Despite the decline in economic growth, Hong Kong's overall economical situation is remarkable and in comparison with other countries the growth is above average. Additionally, Hong Kong's economy is ranked 'World's Freest Economy' for more than ten years, according to Peter Wong, who is CEO of the Hong Kong and Shanghai Banking Corporation Limited, Asia-Pacific.

Hong Kong's strong economy, culture, great infrastructure, social customs and its international business environment, make it the ideal base for CityFilm to open their international office. Since, adaption from Western society to Hong Kong is fairly easy (Tates, G 2014). This is one of the first reasons for CityFilm to enter Hong Kong's market. Secondly, Hong Kong continues to be Asia's second largest Foreign Direct Investment successor (Wong, March 2013). Hong Kong's business environment can be characterized as open and externally oriented according to William Zarit (W, Zarit, 2013); this is another reason for CityFilm to establish their first Asian office in Hong Kong. Also, Hong Kong's domestic market is becoming increasingly important, which provides foreign companies and investors with many opportunities (M. Walker, 2014). Moreover, Hong Kong's economy does not only provide CityFilm with great opportunities, their culture also shares few similarities with the Dutch culture, which makes it easier to transition (Tates, 2014). After having researched Hong Kong's international market, a readiness test has been conducted in order to determine whether CityFilm is ready to enter Hong Kong's market.

CHAPTER 4: CITYFILM'S READINESS TEST

Outcome of CityFilm's export potential

Before CityFilm can enter the international market of Hong Kong, they already can make a lot of effort that takes place in the Netherlands. In order to ensure that CityFilm can successfully enter Hong Kong's market, this final project has carried out a readiness test that determines if CityFilm is capable and ready to enter the international market of Hong Kong. By conducting a readiness test CityFilm will have better chances of succeeding in Hong Kong. The following findings provide the outcome of the readiness test. The readiness test determined whether CityFilm's business, concept and product are fit for purpose before implementing in the Hong Kong business environment. The readiness test was made by using U.S. Small Business Administration's Export Business Planner (Beesly, C. 2014). The outcome of the readiness test, outlined from letter A through D, are as follows:

A) Benefits and trade-offs for entering Hong Kong's market

The list of pro's and con's is based on the current assumptions of CityFilm's company, their concept/product and international market knowledge. Firstly, advantages and disadvantages were summarized, to assess if CityFilm should expand their concept to Hong Kong's market. Benefits for CityFilm are listed as below:

- increased sales and profits
- gain information about foreign competition
- entering a niche market, with oligopoly position

Disadvantages also exist, as were mentioned earlier in this final project. Listed are the greatest trade offs for CityFilm to enter Hong Kong's international market:

- potential loss of assets
- difficulty acquiring guanxi
- hire additional (Chinese) staff

B) CityFilm's business analysis

To assess CityFilm's potential growth opportunities, an analysis of their existing business was made. The business analysis consists of two aspects, namely; **Current Success** and **Competitive Advantage**. Below are the questions combined with the answers in order to assess CityFilm's business and success to entering Hong Kong's market:

☐ *Why is CityFilm's business successful in the domestic market?*

CityFilm is successful in the domestic market for several reasons. First, their strong relationship with partners and expanded network while creating a joint initiative with the government ensure that a mutual understanding and enthusiasm are established. CityFilm's goal with their video content is to attract more visitors to a certain destination and finally gaining more cash flow in that particular city. CityFilm strives to increase domestic travel in international markets and developing a joint initiative with the government and partners. Secondly, CityFilm produces a unique concept that is distributed through multiple broadcasting platforms;

- ☐ Social Media
- ☐ YouTube
- ☐ In-flight entertainment (Emirates and Qatar Airlines)
- ☐ TV channels in 4-5 star hotels
- ☐ Mobile phone application
- ☐ DVD

Not only does their large platform offer customers and partners a competitive advantage, yet also the co-operation with restaurants, hotels, companies and governmental institutions like tourism boards and Embassies make the concept successful and attractive for others to invest in.

☐ *What is CityFilm's annual growth rate?*

Since a complete financial overview of CityFilm's revenue is confidential, this report offers a scale of CityFilm's profit from their video content instead. Per destination marketing campaign CityFilm asks €25.000 from partners to help create it. Next to partners, tourism boards and governmental institutions also help fund the video product. €25.000 euros is a rough estimate for basic productions (J. Klinkers, 2014). Therefore, the total profit for a destination marketing campaign is between €120.000 and €150.000. In conclusion, because CityFilm develops each destination marketing campaign as a joint initiative this results into them not having to carry a lot of own costs. In short, due to the five fruitful destination marketing campaigns abroad, CityFilm's financial situation is strong and allows them to expand their market and enter Hong Kong's market.

□□ *What are the competitive advantages of CityFilm's concept over other international businesses?*

Hong Kong's international market offers CityFilm with many beneficial advantages, namely:

- **Increasing importance domestic market**; this generates more economical opportunities and chances for CityFilm.
- **Tourism** is a major pillar of Hong Kong's economy; it contributes for 5% of Hong Kong's GDP
- **Transparent legal system**; Hong Kong's legal system shares similarities with the Western legal system. However, they are not the same, the legal system is transparent and open.
- **Easy access and registration** at Chamber of Commerce; this was mentioned earlier in the report; it is fairly easy to register your company in Hong Kong and to start doing business.
- **Availability of a wide range of accommodation possibilities**; at the beginning of 2014 Hong Kong had a total of 217 hotels with 68.753 rooms (Gov, HK, 2013). Opportunities for the presence of hundreds of high-end hotels offer CityFilm with many opportunities in terms of expanding their partnership with hotels and broadcasting in all the various hotels available.

C) *Industry Analysis*

After the status of CityFilm's business has been assessed, the next step is to evaluate the overall tourism industry of Hong Kong. This was done by following the next three steps: *researching the overall tourism industry*, *assessing the competitiveness of Hong Kong's tourism industry* and *analyzing the international growth potential*.

How competitive is Hong Kong's tourism industry?

The competitive advantage of Hong Kong's tourism industry is easily sought after. The main key success factors for Hong Kong's tourism industry are:

- Sufficient marketing strategy and access to market information;
- Location, being a harbor city and its proximity to china (acting as the gateway to China);
- Great infrastructure and in-city transportation;
- High quality services and shopping varieties
- High-end tourist attractions;
- High quality business/convention facilities;
- Excellent law and order (J, Yim, 2011)

Besides the key success factors for Hong Kong's tourism industry, there is still a lot to improve and gain for the marketing side of the tourism industry in Hong Kong. As was stated in the competition analysis, Hong Kong's tourism industry lacks companies of CityFilm's caliber, which produce high-end quality video content/destination marketing campaigns. Companies that produce video content to promote their city/region are not available in large quantities in Hong Kong, thus the competition is very little. Also, in Hong Kong they are unfamiliar with promoting their destinations through video content. Although, the tourism industry is one that is unlike any other industry, since it is composed of many other industries/sectors being; air, sea and land transport, inbound/outbound travel agents, hotels, entertainment, restaurants and wholesale and retail (J, Yim, 2011).

What is Hong Kong's tourism industry's international growth potential?

The assessment of Hong Kong's tourism industry is hard to come by, when researching it from the Netherlands. Since this exploration needs in-depth research and conversations with Hong Kong's industry/colleagues/partners and also requires attending trade shows and conventions in the tourism industry, this part is put on pause until CityFilm will enter the Hong Kong market in the future. It is anticipated that the tourism industry will continue to grow and increase in the future, when Hong Kong adheres to the key success factors. However, thanks to statistics and information available online, three key findings for Hong Kong's barriers for the potential of growth were found;

- According to HKTA there is a shortage of tourism related-trained employees to handle the ever -growing needs of the tourism industry.
- High inflation affects retail and wholesale prices, which makes Hong Kong less desirable a shopping paradise and also less competitive in attracting foreign companies to set up offices (Yim, J. 2011)

D) Identifying CityFilm's concept for export potential

CityFilm offers one unique concept, which is the destination marketing campaign and delivers services as well, including the broad scope of media platforms through which the destination marketing campaign is circulated. This product definitely has export potential to Hong Kong's market. The SWOT analysis for CityFilm's product can be found in chapter six; the competition analysis.

To conclude, the readiness test gives multiple opportunities for CityFilm's goal to

enter Hong Kong's international market. First, the benefits outweigh the disadvantages to entering Hong Kong's market. CityFilm will enter a highly oligopoly market in which they can play the lead role with their unique concept. CityFilm can generate more income and profit while expanding their office to the international market of Hong Kong. Secondly, drawn from the readiness test is CityFilm's success in the domestic market. Over the course of five years they have established strong partnerships and relations with government officials and Embassies as well as with diverse Tourism Boards all over the world. With each destination marketing campaign the goal is to attract more visitors to that specific place, which in turn generates more profit. Thus, creating a joint initiative with everyone involved in the project. Thirdly, the way CityFilm distributes the concept comes out highly beneficial from the readiness test. Thanks to their multiple broadcasting platform. Next, creating a joint interest for investment, because of CityFilm's co-operation with restaurants, bars, hotels and shops is also one of the positive outcomes of the readiness test. The healthy financial position of CityFilm also comes out as a positive point from the readiness test.

In short, establishing CityFilm's next international office in Hong Kong comes with many advantages. Choosing to implement their legal entity in Hong Kong poses a variety of beneficiary reasons. Firstly, setting up CityFilm in Hong Kong prevents them from negative legal issues. Also, well-regulated and structured aspects characterize Hong Kong's tax and financial infrastructure. Furthermore, CityFilm can benefit from ownership transfer without governmental approval and interference. CityFilm can also benefit from protection of their own rights in Hong Kong. This is due to the IPR (intellectual property rights) regulation in Hong Kong, which is the most cost-effective way for CityFilm to protect its IP assets (Wong, P. 2013) Finally, Hong Kong's tax system is one of the greatest benefits for CityFilm. Peter Wong argues that taxes in Hong Kong are among the lowest in the world, including that the tax regime is rather simple and predictable. What is striking is that tax rates are equal for both foreign and local companies – which is 16.5 percent. Nowhere in other developed countries are the tax rates exceptionally lower than in Hong Kong, thus for CityFilm to decide to base their fourth international office here, is the most beneficial choice they can make.

In order to clearly display the advantages, derived from the results mentioned earlier, of which CityFilm can benefit from when choosing to operate in Hong Kong, a table has been created to provide the reader with all the benefits, with regards to Hong Kong's governmental regime, in a definite overview:

Table 3.

THE INTERNATIONAL MARKET OF	HONG KONG
	Beneficial tax regime (territorial taxation – non existent or minimal taxes – capital gains – reduced withholding tax on dividends)
	Legal system (British – western similarities)
	No media censorship
	Easy access and registration at the Chamber of Commerce
	Full ownership of enterprise -
	Advanced financial infrastructure
	Central location – sophisticated tourism market

Rob Collins provided this report with a risk analysis for CityFilm when operating in Hong Kong (Collins, R, personal communication 2014).

CHAPTER 5: HONG KONG'S TOURISM INDUSTRY

The micro environment

For this final project dissertation it was necessary to look at the Tourism Industry of Hong Kong, since CityFilm is specialized in this sector. Firstly, as mentioned earlier, Hong Kong's economical opportunities are extremely valuable for foreign companies and as the domestic market is becoming increasingly important, this generates even more chances for international companies and investors. Tourism is a major pillar of the economy in Hong Kong, in 2011 alone it contributed to 4.5 percent of Hong Kong's GDP. The travel market is booming, according to United Nations World Tourism Organization, Hong Kong has become the world's number one tourism source market in terms of spending in 2012 (Hong, Kaylene, 2013). Clearly, this sounds beneficial for CityFilm's business opportunities in Hong Kong. The domestic tourism of Hong Kong has experienced a continuous growth in the recent decade, which contributes over 4 percent to China's GDP (Law, John, 2013). Hong Kong is the skyscraper city, which is home to hundreds of luxury hotels. Hong Kong offers a wide range of accommodation possibilities; by the end of 2013 Hong Kong had 217 hotels with 68.753 rooms (Gov HK, 2013). Next to having a wide range of hotels to choose from, Hong Kong is known for being the International Convention, Exhibition and Tourism capital. Moreover, visitors also flock to Hong Kong for its casino entertainment (Tourism Gov. May 27, 2014).

In conclusion, Hong Kong attracts many different visitors: from business travelers to leisure seekers. CityFilm's target group is always based on these two types of travelers. For all of CityFilm's productions have their been destination marketing campaigns for the leisure traveler and for the business traveler. CityFilm caters to both wishes. In result, this allows CityFilm to target a large scale of travelers in order for them to be successful in Hong Kong. Secondly, according to Frank Budde, partner and managing director of the Boston Consulting Group (a global management consulting firm and the world's leading advisor on business strategy) carried out a study that argues that 49 percent of global passengers will be within the Asia-Pacific region by 2030. This is speculation of course and still in the far away future. However, it is based on statistics that have been generated over decades, by then China will account for the lion's share of this travel boom (F. Budde, 2013).

In 2012, the Chinese population carried out 500 million domestic and outbound travels alone (Tnooz, December 2013). As can be seen from the results, travel is integrated vastly in Hong Kong's culture, which fits perfectly with CityFilm's business product. Tnooz (December, 2013) states that competition between airlines and other means of transportation in Hong Kong are fierce, however, a new rise of domestic travel is prominent. Currently, many domestic trips are made via high-speed trains, which is becoming a rapidly growing network.

Booming domestic travel

Frank Budde explains that there are various strategies for foreign companies to succeed in Hong Kong. One of those advises that this final project would like to recommend to CityFilm is to approach the Chinese market by segmenting different groups of travelers. Hong Kong's travel industry is very much sophisticated and too diverse to use a one-size-fits-all approach. Therefore, CityFilm needs to observe traveler's behaviors and spending habits in order to obtain insight and deliver their services more effectively (Tnooz, December 2013). Likewise, catering to the preferences of the travel target group is essential to differentiate CityFilm from other companies and to win market share (Tnooz December 2013).

Frank Budde explains that these preferences change very quickly and Chinese tourists are different from their Western counterparts (F. Budde, 2013). In addition, Hong Kong's outbound leisure and business travel market is projected to grow to immensely. In result, this means that CityFilm has to anticipate new, high volume destinations (Tnooz December 2013). According to China's TripAdvisor website: "Hong Kong and Macau will see a fierce uptick in Chinese visitors" (China TripAdvisor, n.d.). China's Trip advisor's quote is, again, another good reason for CityFilm to start their business in Hong Kong, because the domestic travel is booming right now and they can anticipate on that since they are specialized in making destination campaigns regarding domestic travel.

CHAPTER 6: THE COMPETITION ANALYSIS

Competition analysis

Hong Kong's society is not familiar with promoting their touristic cities and attractions by the means of video content. They lack a sophisticated promotional market, which CityFilm has already established in the Middle East, South Africa and the Netherlands. Companies that produce video content to promote their city/region are not available in large quantities in Hong Kong, thus the competition is very little. Tourism authorities all over the world engage in Social Media to promote their countries, whereas Hong Kong tourism authorities stick with what they know, the more traditional means of tourism campaigns: trade shows and magazine advertising. Nonetheless, there are some local authorities that recognize the problem of not using sophisticated travel marketing, and as pioneers are changing their strategy to attract more tourists (Watt, L, 2013). CityFilm would enter a niche and can benefit from a great opportunity, to produce video content for the different tourism authorities in Hong Kong. Since there is a lack of valuable competition for CityFilm, it makes them a market leader in producing high quality destination marketing campaigns (Klinkers, J, personal communication, June 20, 2014). However, there are some companies that are starting to channel in on the wish of the costumer to produce promotional video content. Below is a list of CityFilm's four biggest competitors in the niche market of Hong Kong:

- **Discover Hong Kong** the promotional platform of HKTB
- **BookingHunterTV** a YouTube channel
- **VisitAsia** promo video "Welcome to Hong Kong"
- **TravelEguide** also a YouTube channel

Company summaries

- **Discover Hong Kong** is the website of the Hong Kong Tourism Board (HKTB) which is government-regulated to market and promote Hong Kong as a travel destination worldwide. The website Discover HK provides visitors with an online guide of what to do in Hong Kong. They have all kind of virtual tours that take the visitor through all the main attractions of Hong Kong. However, these virtual tours are merely equipped with a route via Google Maps and then show the user with images of the attractions, such as Hong Kong Island, Kowloon and the Shing Wong temple. Additionally, the website contains e-Guidebooks and a mobile app. The e-Guidebooks are a comprehensive traveller's guide that consist of all things Hong Kong, including popular attractions, hotel listings, shopping and dining tips. Although, Discover Hong Kong does not have any video content, yet they are the largest platform of tourism information in Hong Kong. Their promotion is done in the more traditional way, like trade shows, brochures and travel guides (Discover Hong Kong, n.d.)
- **BookingHunter TV** is a free travel search engine and has a YouTube channel with 11.660 subscribers. They have a 4-minute video on Hong Kong that has been published on March 27, 2013. This video has generated over 84.568 views. BookingHunter TV is also active on Ifood.tv & Roku guide.com, where they take viewers on a video tour of the world and share travel tips and deals.
- **VisitAsia** "Welcome to Hong Kong" is a promotional video provided, also, by the HKTB. VisitAsia is part of Charming Asia Tours that offers inexpensive, quality budget tours. Their 8-minute video was published on Juli 3, 2008 and has received 50.881 hits. However, since 2008 no new video has been released.
- **TravelEguide** – this is also a YouTube channel with 266 subscribers. They have

video content “Live it, Love it” which is a 1-minute video that has been uploaded 6 years ago and generated 57.000 views. In the video they show the viewer the entertainment areas of Hong Kong, heritage, attractions and restaurants. Although, this video does not really qualify as a video because it consists of still images. The YouTube channel does refer to the link of Hong Kong Eguide.com that is similar to Booking.com, where users can book their hotel room etc. (TravelEguide YouTube)

In conclusion, there are not many competitors prominent on the international market of Hong Kong that offer the same product as CityFilm. After careful consideration, the focus has been narrowed down to two of the largest competitors of CityFilm, namely: Discover Hong Kong and BookinghunterTV. The choice for these two has been made based on the lack of video content of the other 2 competitors and their outreach. Additionally, Discover Hong Kong is part of the Hong Kong Tourism Board, which makes them the official tourism authority that operates in Hong Kong. BookingHunter TV has been chosen because of their 11.000 subscribers, the quality of their promotional video and their outreach via various search engines. Furthermore, these two companies will be looked into further in terms of three components, namely: the SWOT analysis, company strategies and an overview of the market.

SWOT analysis of the competitors and CityFilm

CityFilm

S	W
<ul style="list-style-type: none"> ▪ Brand name in the Middle east & South Africa ▪ Strong market position in Europe ▪ International experience ▪ Professional in producing destination-marketing campaigns. ▪ Extensive multi-media mix that reaches a wide audience through multiple broadcasting platforms ▪ Annually expansion of distribution channels ▪ Internationally oriented team 	<ul style="list-style-type: none"> ▪ Focused on one specific market segment ▪ Absence of exact statistics on Hotel room television viewers ▪ CityFilm lacks knowledge of Hong Kong market ▪ Lack of established business network, government connections and guanxi in Hong Kong ▪ CityFilm's Segmentation, Targeting and Positioning is not strong enough
O	T
<ul style="list-style-type: none"> ▪ Broad variety of potential strong partners (VISA?) ▪ Very little competitors, which puts CityFilm in a oligopoly position ▪ Strong economical situation ▪ Growing demand for video promotion by suppliers in Hong Kong ▪ Hub for international companies ▪ Enhance brand awareness on a global scale 	<ul style="list-style-type: none"> ▪ Possible language barrier ▪ Lack of understanding of negotiation tactics ▪ Potential loss of business assets ▪ Subject to fraudulent behavior by potential business partners ▪ Substitution by indirect competition ▪ Hong Kong's developing travel market poses a threat of substitution by indirect competition

Table 4.

Over the years CityFilm has developed an exclusive concept, with an extensive distribution network including unique broadcasting channels. Since Hong Kong lacks a company that produces high quality video content for promoting their region/city, CityFilm offers them many possibilities regarding city marketing/ promotion. Contact with multiple hotels made it clear that there are few to no competitors in Hong Kong. Most hotels do not use these types of means of city promotion, through in-room television as CityFilm does. As mentioned before, the more traditional means of marketing are prominent in Hong Kong. Additionally, in Hong Kong marketing is mostly focused on business instead of leisure. Thus, an equivalent of CityFilm's concept is very new and has not been available yet in Hong Kong's tourism industry.

Discover Hong Kong

S	W
<ul style="list-style-type: none"> ▪ Overseas promotion collaboration with the government Economic and Trade Offices, Hong Kong Trade Development Council and Invest HK ▪ Promote HK tourism offerings to MICE visitors ▪ \$150 funding for MICE (meetings, incentives, conferences and exhibition) promotion ▪ Broad scope of travelers/people (not only MICE also business travelers etc) ▪ Reach out to sectors with growth potential ▪ Increasing existing hospitality offers ▪ Destination image building: New waves of thematic advertising campaign, Direct mailing campaign and Bi-monthly e-newsletter 	<ul style="list-style-type: none"> ▪ Lack of quality promotional video content ▪ Use of traditional means of promotion; booklets, trade shows, familiarization programs.
O	T
<ul style="list-style-type: none"> ▪ Development of modern ways of promoting Hong Kong ▪ Engage in Social Media ▪ Producing video content ▪ Increasing number of tourism travelers ▪ Reaching more people by the use of video content online etc. 	<ul style="list-style-type: none"> ▪ Specialized companies that will reach a specific target group with their video content ▪ Substitution by indirect competitors

Table 5.

Table 5 makes clear that Discover HK has an extensive way of promotion. Thanks to the collaboration with the government, Economic and Trade office, Hong Kong Trade Development Council and Invest Hong Kong a broad scale of travelers is reached. The greatest advantage Discover HK has is their expanded network of partners. Opportunities lie in the engagement of Social Media and by developing video content.

S	W
<ul style="list-style-type: none"> ▪ They have their own travel search engine website ▪ Collaboration with Ifood.tv & Roku guide.com ▪ Their promotional video on Hong Kong has been viewed 80.000 times ▪ 11.660 YouTube subscribers and ever growing 	<ul style="list-style-type: none"> ▪ Lack of quality video content opportunity ▪ Traditional means of promotional; booklets, trade shows ▪ Not solely focused on Hong Kong but other countries as well
O	T
<ul style="list-style-type: none"> ▪ Modern ways of promoting Hong Kong ▪ Creating more video content ▪ Branding & Positioning ▪ Development of yearly video updates 	<ul style="list-style-type: none"> ▪ Competition from other destination marketing companies ▪ Substitution by indirect competition

Table 6.

From table 6 the conclusion can be drawn that BookingHunter is a young online travel guide company, that does not have much information available online. Other than the affiliation websites Ifood & Roku, there is not anything else that describes what BookingHunter stands for. However, from the table the conclusion can be drawn that BookingHunter has many subscribers that view their video content. The quality of the video is fairly good as well, although it could be updated more often. This video is from 2013 and opportunities exist for them to make a yearly update, so that viewers are informed accordingly.

In conclusion

After matching up and comparing the internal and external aspects, three major

strengths were concluded for CityFilm: their broadcasting platform: YouTube, through partners, in flight entertainment, in-room entertainment, DVDs and Social Media. Furthermore, CityFilm's success and experience in the international market, give their company a strong position. These three strengths are the key elements in which CityFilm differentiates itself from the competitors. There are few competitors in Hong Kong's international market, thus the unique concept of CityFilm make it an extremely attractive market. Hong Kong's international market is highly oligopoly, which means that it is dominated by a small number of organizations that have the biggest part of the market share and thus the most power in the market. CityFilm differentiates itself by presenting their unique video content, with great quality and reach of the viewers through the various broadcasting platforms. The competitive rivalry in Hong Kong is not seemingly high, for there are only two organizations that have produced 1 promotional video on Hong Kong. However, Discover Hong Kong is a website with travel information via the means of traditional marketing promotion. BookingHunter TV has a good video, yet is not spread through a multimedia platform like CityFilm. Hong Kong's travel market lacks companies that produce or broadcast a similar product as CityFilm. Additionally, CityFilm has a GPS application as well as a phone app, which is even further than Hong Kong's means of city marketing.

Strategies used by the competitors to achieve their objectives

Discover Hong Kong

Discover Hong Kong has developed several strategies to generate more tourism. Discover Hong Kong is a segment of Hong Kong's Tourism Board (HKTb) and the Commerce and Economic Development Bureau carries out the strategies for Discover Hong Kong. The vision of HKTb is clear, they aim to promote Hong Kong as Asia's premier international city, a world-class destination for leisure and business travelers. They do this by means of trade shows, folders and familiarization programs (Tourism Gov, 2014).

The following bullet points indicate what strategies are prominent in Discover Hong Kong's organization:

- Conduct overseas promotion with the government, as well as with Economic and Trade Offices and finally with Hong Kong Trade;
- Development Council and Invest HK;
- Carrying out advertising campaigns;
- Participating in International MICE tradeshow;
- Set up new online business matching platform;
- Destination image building - Conventions & Exhibitions (Gov HK, 2013)

BookingHunter TV

Since Bookinghunter is a fairly small sized company, not much information on the company is available online or anywhere else for that matter unfortunately. Also, an attempt to e-mail contact was unsuccessful. Therefore, limited information and research were sought after everywhere possible online to make up for BookingHunter TV's strategies.

This final project found that BookingHunter TV promotes Hong Kong as:

- Asia's pre-eminent international and metropolitan city with a unique blend of eastern and western heritage and culture;
- Preferred gateway to the region and China's mainland;
- Maximum advantage of the location at the heart of Asia;
- Events capital of Asia

Target market

Discover Hong Kong's target market was easy to determine, since they focus on MICE. Thus, the target group are travelers for leisure, business, conventions and more. So, Discover Hong Kong speaks to a wide range of tourists. BookingHunter TV on the other hand, makes use of YouTube, which can be considered a younger platform to engage with. However, they both speak to pleasure and business travelers.

Market share

Unfortunately, a percentage of the market share for both competitors was not available. Therefore, this final project could not generate any information on this matter.

The five forces of Porter

The five forces of Porter framework is a useful and valuable tool in order to identify if new products have potential to be beneficial. The five forces are extremely important in order to assess the potential profit of CityFilm in Hong Kong (Porter, M 2008). To further determine if CityFilm will be successful in Hong Kong the outcome of the five forces of Porter are summarized below:

Supplier power

CityFilm always works in partnership with three organizations in order to create their product:

Now-Media

Now-Media takes care of CityFilm's maintenance regarding IT and the online video system. Another company that can do this is found fast, therefore Now Media's supplier power is weak.

Boy | Ontwerpt.

This organization develops all the design and animation of CityFilm's website, logo and DVD covers. Many web design providers are available now a day, therefore, Boy | Ontwerpt's supplier power is low, thus can be replaced easily by another company.

The FilmFactory

This is the production company of CityFilm, who have been there from the start and have a broad portfolio of high quality video content. The FilmFactory is responsible for filming, editing, script writing and producing CityFilm's concept. The supplier power of this company is high since CityFilm depends on them strongly and vice versa; CityFilm is their most important partner.

Buyer bargaining power

This indicates how much power consumers have on businesses to get them to

provide higher quality products at lower prices. Hong Kong is home to hundreds of restaurants, shops and entertainment establishments. However, the abundance makes it so that the buyer power is low. As CityFilm's unique concept is extremely new to Hong Kong's tourism market, this is a big advantage because a comparison of companies that provides a similar product, as CityFilm does not exist. Therefore, businesses are less likely to move to competitors if they feel the price is too high. Hotels in Hong Kong are mainly of 4/5 star quality, which means they are the target audience for CityFilm. Although, since there are many high-class hotels in Hong Kong, their buyer power is low.

Competitive rivalry

As was mentioned before, Hong Kong's tourism promotion is done primarily through traditional means of promotion (booklets, trade shows). The Tourism Board of Hong Kong carries out most promotion online. In conclusion, this means that competitive rivalry is very low, since there are no companies available that produce and broadcast video content that is even close to CityFilm's high quality video content. Additionally, CityFilm has 5 years of international experience and established a strong network that creates more value for potential partners.

Threat of substitution

Hong Kong's tourism industry is slowly, but certainly increasing and improving, in

terms of changing their promotional skills. As a result, some local tourism authorities recognize the problem of not engaging in sophisticated travel marketing, and as pioneers are changing their strategy to attract more tourists. In turn, this generates a certain threat of substitution by indirect competition for CityFilm. Although, CityFilm differentiates itself by their strong multi-media platform/broadcasting system, and with their application which is available on phones, tablets and computers. This keeps the threat of substitution fairly low. Another point is, CityFilm's products are translated into English, which is a benefit for Hong Kong's travel market.

Threat of new entry

The last aspect of the Five forces of Porter is quite high for CityFilm, because the concept of city marketing can be duplicated and new companies can enter the international market of Hong Kong fairly easy. Since CityFilm does not have a Chinese network yet, or connections with the HKTG, the threat of new entry is high. Still, Hong Kong is primarily focused on conferences, meetings, events and exhibitions instead of leisure. Which puts CityFilm in front of the competitors, since they produce business destination campaigns as well as leisure destination campaigns.

In conclusion

After considering all five forces of Porter's module, the conclusion can be made that CityFilm is not highly dependable on its suppliers, excluding the producing company the FilmFactory. Next, the buyer bargaining power is relatively low due to the abundance of establishments in Hong Kong. Including that CityFilm is one of the only companies in Hong Kong that produces high-end video content. The factor threat of substitution is quite low for CityFilm, since Hong Kong's promotional means for tourism are not as developed as CityFilm's approach. Lastly, the threat of new entry is highest of all five forces of Porter because, the concept can be copied and entering Hong Kong's market is done easily.

CHAPTER 8: CITYFILM'S OPPORTUNITIES

Market leader in destination marketing

To further determine if CityFilm is actually going to operate in Hong Kong, a competition analysis is crucial to assess their opportunities. Earlier in this report it was determined that China is the world's number one tourism source market in terms of spending (Hong, Kaylene, 2013). Taking this into consideration CityFilm will hit a virtual gold mine if successful. With so many different travelers, leisure and business related, they can reach a wide range of customers. To obtain knowledge of the different competitors in Hong Kong, this report consulted and compared different Tourism Authorizations, to get insight on the different travel campaigns that Hong Kong produces. Despite the billions of dollars travel and tourism have generated in Hong Kong since 2011, they lack a sophisticated marketing strategy. Tourism authorities all over the world engage in Social Media to promote their countries, whereas Hong Kong tourism authorities stick with what they know, the more traditional means of tourism campaigns: trade shows and magazine advertising. Nonetheless, there are some local authorities that recognize the problem of not having used sophisticated travel marketing, and as pioneers are changing their strategy to attract more tourists (Watt, L, 2013). CityFilm would enter a niche and can benefit from a great opportunity, to produce video content for the different tourism authorities in Hong Kong. Since there is a lack of valuable competition for CityFilm, it makes them a market leader in producing high quality destination marketing campaigns (Klinkers, J, personal communication, June 20, 2014).

Broadcasting platforms

Because the tourism industry is the sector CityFilm operates in, it is important to look at the availability of broadcasting and platforms in Hong Kong (Klinkers, J. personal communication, June 2014). Shanna Vermeer, operations director at CityFilm, stresses that is important to look at: airports, hotels, travelers from and to Hong Kong, in order to determine if Hong Kong is the right market for CityFilm (Vermeer, S. personal communication, June 2014) Hong Kong's International Airport has been awarded twice, as the best airports in the entire world (World Airport Awards, 2011). The airport operates on a 24-hour basis, with daily non-stop flights to major cities in Asia, North America, Europe, The Middle East and South Africa.

Considering CityFilm's destination marketing campaigns, this airport fits their concept like a glove. Every year, 60 million passengers travel from and to Hong Kong International Airport (HKIA, March 2014). Thus, this means that CityFilm can reach a wide scope of travel target groups. Moreover, Peter Wong mentions additional advantages for choosing to locate in Hong Kong. First, the availability of free flow of information is another core advantage Hong Kong offers its foreign businesses. The policy of Internet censorship does not exist in Hong Kong. Websites like Facebook, WordPress, Google and YouTube are all allowed. The absence of media censorship in Hong Kong is something that is in CityFilm's advantage, since their destination marketing campaigns are all broadcasted via Social Media, YouTube and websites (Wong, P. 2013). According to Jeroen Klinkers, when regulations regarding media censorship are restrictive, CityFilm is not able to produce any content or broadcast it. Luckily, this is not the case for Hong Kong, which adds value to the decision for CityFilm to establish their office here.

In conclusion, looking at promoting Hong Kong as a touristic destination, baring in mind the results of the competition analysis, the five forces of porter and the readiness test, CityFilm would be market leader in this situation. Furthermore, there is no competitor, or other company present in Hong Kong or for that matter in its Mainland China that promotes their nation through video content. Despite the large group of travelers in Hong Kong, promoting their region does not exist to generate and attract more tourism. Since the tourism industry in Hong Kong is highly sophisticated and Chinese travelers are number one in terms of spending, CityFilm will obtain the perfect target group – both leisure and business travelers. Thus, CityFilm can benefit from doing business successful in Hong Kong, considering their dominant market position (Klinkers, J. personal communication, June 20, 2014). Finally, the freedom of media use and speech makes it possible for CityFilm to produce their campaigns in Hong Kong. Also, the fact that the Hong Kong International Airport receives over 60 million passengers yearly, means CityFilm will reach a broad scope of travel target groups.

CHAPTER 9: HOW CAN CITYFILM START THEIR BUSINESS?

In conclusion, starting CityFilm's first international office in Hong Kong, in the special administrative region of Hong Kong is perceived as rather simple and can have an extremely successful outcome. Peter Wong explains: "Registration at the Chamber of Commerce of Hong Kong is easily done, within two days a company can start operating". After the conclusions of the SWOT and competition analysis, the outcome of the readiness test and the analysis of the five forces of Porter, the conclusion is drawn that CityFilm will have fair chances in succeeding to do business in the Hong Kong market.

In order to answer the main research question: "How can CityFilm introduce their concept to the international market of Hong Kong?" a clear and concise overview is established, summarizing the six steps CityFilm needs to take to officially register their international business to Hong Kong's international market:

- 1). Choose a company type
- 2). Apply for incorporation with the HKCR
- 3). Register with the Business Registration Office of the Inland Revenue Department
- 4). Banking
- 5). Find an office
- 6). Immigration and Visa

1). For CityFilm a Limited Company is the recommended company type (Klinkers, J. 2014) It is one of the most commonly-used types in Hong Kong. CityFilm wishes to operate physically in Hong Kong, so that they can benefit from the advantages of the tax regime, which was mentioned earlier in this final project (EUSME, n.d.)

2). Applying at the Hong Kong Company Registry is rather easy; CityFilm needs to simply submit three documents online; an Incorporation form, copy of CityFilm's Articles of Association and a Notice to Business Registration Office is needed.

3). Registration of CityFilm's business is required at the Business Registration Office of the Inland Revenue Department. CityFilm has to comply with this request within one month of starting their business. When CityFilm has registered their business at the Inland Revenue department they have to display their Business Registration Certificate at their place of business (Steimle, J, December 2013).

4). After registering at both the Business Registration Office and at the HKCR, CityFilm needs to apply for a bank account.

5). Choosing where to locate the next CityFilm office is a crucial decision. Hong Kong offers a wide range of business spaces in different areas to suit CityFilm, however, the most sought after location – the main business district – comes with a high price. Other popular areas are easily accessible thanks to Hong Kong's excellent public transport system. So for CityFilm it is recommended, to locate their office in an area that is more affordable, since they remain accessible for clients and staff through public transportation.

6). Finally, the last step in the start-up business process has arrived. Hong Kong has a separate visa policy from its Mainland China, which means that there are business-friendly immigration rules. CityFilm is allowed to enter Hong Kong for business negotiations on a visitor's visa before applying for a long-term visa. Capital Investment Entrant Scheme (CIES) is required for CityFilm's business plans in Hong Kong. Furthermore, all staff from CityFilm needs a Hong Kong Identity Card (InvestHK, 2014)

From the results mentioned in this final project it can be concluded that starting up CityFilm's business in Hong Kong is easily done, only a few registration documents are necessary. CityFilm is able to start their business as quickly as within two days (Wong, P. 2013).

CHAPTER 10: CONCLUSION

This study was an initiative to get insight into the chances for CityFilm to introduce their concept to Hong Kong's international market. This final project provides CityFilm with the first steps towards entering Hong Kong's market. Firstly, to answer the research question, it is definitely possible for CityFilm to introduce their concept to Hong Kong's market. Extensive desk research was done, as well as contact and interviews with Hong Kong business experts and finally conducting a readiness test (chapter four), Competition analysis (chapter six) and researching how to start CityFilm's business in chapter 9.

After conducting the readiness test in chapter four, the following recommendations are offered for CityFilm. First, CityFilm's success in the domestic market is exceptional thanks to their strong partnership and broad network with the government, tourism authorities and Embassies. Also, their goal to create a joint initiative, attract more visitors and thus generating more cash flow makes their concept fruitful. Second, CityFilm's unique concept is distributed through an expanded broadcasting platform, while reaching many viewers. Next, CityFilm has a healthy financial state, which enables them to expand their market to Hong Kong. Finally, CityFilm's concept creates a joint interest for investment because of the co-operation with restaurants, bars, hotels and shops. From the results of the competition analysis in chapter six, it became clear that CityFilm enters a oligopoly market in Hong Kong, because there very few companies that produce a similar product. However, there are not many competitors available that offer a concept of CityFilm's caliber, in terms of high-end quality video content.

While adding up the benefits, I conclude that CityFilm's well established experience and highly developed international business skills give them a good chance of succeeding in Hong Kong. The recommendations that I draw out of this final project is: choosing to operate as a limited company, since CityFilm wants to operate their business physically in Hong Kong. Next, it is recommended that CityFilm invest sufficient time in guanxi, in order to establish a strong network and relationship with partners to be successful. Only few competitors are prominent in Hong Kong's tourism market, thus CityFilm's unique concept enters a highly attractive market. By summarizing all aspects, I conclude that Hong Kong's international market gives CityFilm great opportunities of succeeding to introduce their unique concept.

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