TRAVEL AND TOURISM

The Committee would like to express our sincere appreciation to the Tourism Bureau for its willingness to engage with our members and to understand our concerns on various issues in Taiwan’s travel and tourism industry. We are excited to learn that the Taiwan government has introduced “Tourism 2020 – Sustainable Tourism Development Strategies for Taiwan,” leveraging Taiwan’s unique local tourism resources and advantages and aiming to enhance Taiwan’s international competitiveness. The Committee would like to offer our support to the Tourism Bureau in the implementation of these strategies.

This year, the Committee offers three suggestions on issues impacting the development of Taiwan’s tourism industry. In addition, we believe that if the Taiwan government wishes to transform Taiwan into a major tourist destination in Asia, it is imperative for the tourism authority to be elevated to a higher level so as to expand resources available for tourism promotion. We understand that the government’s restructuring plan for the Ministry of Transportation and Communications (MOTC) is still awaiting review and approval by the Legislative Yuan. We call on the Executive Yuan and Legislative Yuan to give serious consideration to upgrading the Tourism Bureau to a ministry-level agency.

The Committee looks forward to continuing discussions with the Tourism Bureau and other relevant government agencies to find ways to bring improvements to Taiwan’s tourism market.

Suggestion 1: Apply international best practices to the refund policy for hotel bookings.

The Tourism Bureau recently amended the “Mandatory and Prohibitory Provisions of Standard Contracts for Tourist Hotels Enterprises and Hotel Enterprises and Home Stays’ Individual Travelers’ Room Booking.” We understand that the goal of these amendments is to protect customers’ rights when they cancel their booking within a certain number of days. However, since the operational practices of international chain hotels, local hotels, and individuals doing private business are quite different, a number of issues arise when all must follow the same rules.

In line with worldwide practice, international chain hotels do not charge a deposit and only impose a no-show charge of one night’s stay when the cancellation notice is made within 24 hours of the check-in time. This practice is more favorable to customers than that of local hotels or private proprietors. Only when international hotels launch early-bird packages to promote bookings during low seasons do they generally require non-refundable pre-payment in full. If some customers demand refunds under such early-bird packages, it would be unfair to other customers who paid the full rate and would also impact the hotels’ implementation of their
global pricing strategies.

When airlines provide special low-price offers, they always impose certain limitations, such as a non-refundable policy or extra fees in the case of cancellation or a change in travel dates. As long as customers are made aware of and agree to the terms and conditions when they make the booking, then those terms and conditions should apply. Pricing is always subject to demand and supply.

International hotels engage in the same practice as airlines. Several different kinds of products may be offered at the same time, and customers have the right to select which one they consider the most suitable for them in terms of the conditions and price. The products of international chain hotels are published on their websites, available for sale to customers worldwide. If hotels in Taiwan deviate from the refund policy published on the website for local customers, it will be unfair to foreign customers and discourage their travel to Taiwan.

If a hotel room is not occupied on the night for which it is booked, the business is lost. And just as air tickets are much more expensive during winter and summer vacation times, the price of hotel rooms is also subject to supply and demand. On special dates, for example New Year’s Eve or the Chinese New Year period, the price is higher – and a charge equal to one night’s stay is imposed if the cancellation is made within 30 days of the expected arrival. If hotels must follow current terms to refund the entire deposit if the cancellation is made within 14 days of the check-in date, then hotels will lose substantial potential revenue since it is difficult to find another customer within such a short period, as customers usually make vacation plans for such special dates six months or even a year in advance.

In addition, we would like to note that in the United States, European Union, Japan and many Southeast Asia countries, hotels follow the international standard practice whereby there is no obligation for hotels to refund the booking providing the terms and conditions of non-refundable package are clearly advertised and intentionally selected by the guests.

We ask that the Tourism Bureau consider the following suggestions to further revise the “Mandatory and Prohibitory Provisions of Standard Contracts for Tourist Hotels Enterprises and Hotel Enterprises and Home Stay’s Individual Travelers’ Room Booking”:

1. Allow non-refundable deposits under certain scenarios, such as (1) Early Bird Promotions, and (2) special holiday packages. These are usually the lowest rates and carry certain stipulations. The customer has chosen them from among the different room packages with different terms and pricing, and so should be fully aware of the consequences of that choice. This approach is standard practice for international hotels, and we should not be asked to treat foreign and local customers differently.

2. Remove the unreasonable and impractical rule that the refund be used as a deposit for future stays. It is unfair to other guests who are paying higher rates if lower-paying guests receive the same concessions.

3. Revise the standard contract template regarding non-refundable deposits in order to promote international tourism in Taiwan by aligning with global business practice. At the very least, hotels should not be penalized for following international policy and instead should be given the flexibility to make their own arrangements with customers when special cases arise.

Suggestion 2: Re-strategize and rebrand Taiwan’s tourism promotion efforts.

Taiwan has seen a sharp decrease in inbound mainland Chinese tourists since 2016, and it is likely that this trend will continue. In response, the Taiwan government has announced tourism promotional strategies to diversify target markets to areas including Japan, Korea, and Southeast and South Asia. Given these new strategies and new target markets, rebranding Taiwan’s tourism promotional effort is necessary and timely. The continuing use of “Heart of Asia” to brand Taiwan to these markets is both outdated and impractical as most Asian countries consider themselves the heart of Asia as well. More effective ways must be found to reach key markets with promotional messages that resonate with them and efficiently reflect Taiwan’s core values.

Taiwan is both modern and traditional. Its uniqueness is the comfort and convenience that tourists can find in modern and efficient facilities, combined with the friendliness and ethnic traditions reflected in all aspects of life. Taiwan is a destination with unusual diversity, with a blend of Hokien, Hakka, aboriginal, mainland Chinese, and Japanese cultures. Taiwan’s attractiveness lies in its beautiful mountains, seacoasts, and other natural scenery; the friendliness of its people; delicious snacks; pandas in one of Asia’s finest zoos; historic railways; incredible bikeways and hiking trails; phenomenal scuba diving; amazing temples (both old and new); and the world’s largest collection of Chinese antiquities. Excellent transportation options, including the Taipei MRT, high-speed railroad, special tourist trains and buses, and extensive freeway network, also make it easy and convenient to get around. Best of all, Taiwan is free of the street crime, religious tensions, and political instability that beset some other Asian tourist destinations.

Adapting Taiwan’s strengths into key tourism promotional messaging and slogans is the main challenge. It is a task that needs to be assigned to branding experts who have a thorough understanding of Taiwan and its attractions, and the professional skills and experience to reach an international audience with an all-new image of Taiwan as a
desirable tourist destination.

The widespread perception of the current tourism branding is that it is old, unimaginative, and boring. We recommend taking the following into consideration when planning a new branding campaign:

1. Use a bold, positive, and forward-looking slogan to create a dynamic and inspirational message. An example might be: “Taiwan: Never felt so good.”
2. Appoint internationally recognized superstars as brand ambassadors. With all due respect to famous Taiwanese stars, none of them enjoys worldwide celebrity status.
3. Use universally recognized pop music as the background song for the campaign – for example, Justim Timberlake’s “Love Never Felt So Good.”
4. Embark on a massive promotional campaign designed to increase the tourism sector’s contribution to GDP (direct and indirect) from the current 3.5% to 7% in 2020, and from 10 million tourists in 2016 to 13 million in 2020.

Suggestion 3: Make Taiwan more welcoming for independent travelers.

Travel and tourism are critical to Taiwan’s economy, but could contribute even more.

In addition to the GDP and traveler numbers cited above, the sector directly and indirectly provides 669,500 jobs – 5.9% of Taiwan’s total employment. The World Travel and Tourism Council (WTTC) expects these numbers to rise by 3.8% in 2017, and by 2027 to reach 814,000 jobs – 7.4% of Taiwan’s total employment. Annual expenditures by foreign visitors are expected to rise from the current NT$542 billion (US$17.8 billion) to over NT$722 billion (US$23.7 billion) by 2027. Still, Taiwan ranks below a number of neighboring countries on most measures in the WTTC report and has significant room for growth; it is in 173rd place out of 185 countries ranked in terms of the long-term growth forecast. Improvement would be directly beneficial to every part of the Taiwanese economy.

In the past, tourists to Taiwan came mainly in groups. While group travel offers some advantages (predictable demand, homogeneous travelers, regular patterns), there are also distinct shortcomings. Many parts of the country went unvisited, and only some enterprises (for example, large hotels) benefited from the business. In addition, the heavy dependence on Chinese traffic left the Taiwan tourism sector vulnerable whenever cross-Strait relations worsened.

Under this scenario, foreign independent travelers (FITs) are becoming ever more important. By making increased efforts to welcome them, Taiwan can advance against international competition. It is important to recognize, however, that addressing the needs of independent travelers is harder than meeting the needs of groups because FITs are more diverse. Some of the top issues facing FITs to Taiwan:

• Internet access. FITs are highly reliant on the internet, yet obtaining SIM cards and data packages in order to connect online can be quite difficult
• Easy access to international and innovative financial services
• Language barriers. Many independent travelers speak no Chinese, yet many of the people they interact with in Taiwan speak no other language
• Logistical difficulties in planning trips outside of Taipei
• Lack of information. FITs are difficult to reach in person as they may not come to tourism offices or attend travel fairs, yet much of the Tourism Bureau’s marketing depends on in-person distribution of brochures and coupons.
• Taiwan’s lack of international best practices in many areas.

We recommend the following steps to address these issues:

1. Give travelers more free choice by offering international best practices, including non-refundable room rates and short-term rentals by private hosts, and provide world-class training for tourism personnel.
2. Make internet access easier for foreigners, especially at airports, through convenient and cheap SIM cards and data packages.
3. Ensure that airports, taxis, and public transportation are all accessible with credit cards and other new, cashless payment methods.
4. Teach English more widely to help make Taiwan bilingual. Install bilingual signage in all public places and transport services, and offer free translation service by phone, as Korea does.
6. Move from paper to online marketing, and establish cooperation between the Tourism Bureau and online businesses, especially international online travel agencies (OTAs), to help market all accommodation types and all Taiwanese destinations to travelers, in order to bring in visitors from more countries.

Some of these steps can be done quickly; others will take longer. But if Taiwan wants to increase tourism revenues and boost international understanding, it needs to raise its game significantly. The benefits will be well worth the investment.