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STRATEGIC MARKETING FOR TOURIST ATTRACTION
A Case Study of Zhongshan National Park in China

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CHAPTER 1. INTRODUCTION

Section 1. BACKGROUND

Nanjing (南京), where the object of this study, Zhongshan (钟山) National Park is located, is the capital city of Jiangsu (江苏), China. It is an ancient city which was the capital of 10 dynasties or states in the Chinese history, including the founding capital of Ming dynasty and Minggou (Republic of China, 民国). Tourism industry has generated 18% of city's GDP in recent years and Nanjing is planning to catch up with major tourism cities in the region and to be among top tourists destination in China.

Zhongshan National Park is the only 5A tourist attraction granted by China's National Tourism Administration in Nanjing and possesses two of the most valuable tourism assets of the city, namely, Dr. Sun Yat-sen's Mausoleum (中山陵) and the Ming Tomb (明孝陵). Dr. Sun Yat-sen's Mausoleum is the burying site and memorial hall for the founding father of Republic of China, 孙文, who is also widely considered as the founding father of modern China. Ming Tomb is the burying site of the first emperor of Ming dynasty, 朱元璋, and the structure of the Tomb became the model for the Tomb of 朱元璋's off-spring in Beijing. In 2003, Ming Tombs as a whole was granted the status of "World Culture Heritage" by UNESCO. Besides, the National Park has 24 km² of natural beauties, including forests and lakes dotted with pavilions and historic relics. It is therefore very important for Nanjing on its way to be a top-rank tourist destination to take full advantage of the assets and resources of the Zhongshan National Park.

Administration Bureau of Dr. Sun Yat-sen's Mausoleum is the managing agency of the National Park. Given its "public unit"¹ status, it has to fund its own operation with very little government support. Though it has to take care of all the maintenance and environment preservation

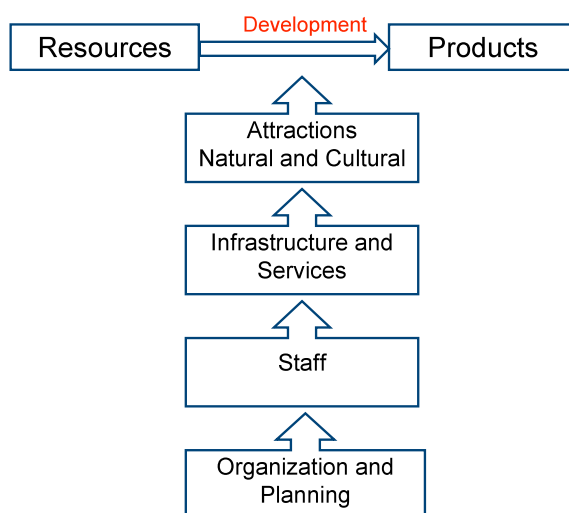
¹ The nature of the public unit will be explained in Chapter 2.

jobs in the area, it has no right on the revenue of all the scenic sites and facilities like hotels and guesthouses located in the National Park. Its main revenue is only from the ticket revenue of Dr. Sun Yat-sen's Mausoleum scenic area and Ming Tomb scenic area. To make it worse, the compensation revenue, the only support granted by the government will be gone for ever since 2010. On the expenditure side, it has the responsibility to take care of more than 2000 staffs, both on job and retired, and thus has a very high labor cost, about 57% of its annual expenditure. As a "public unit", its hands are tied up to restructure its staffs. In this context, it is important for the administration bureau to take full advantage of resources it has and to turn them into marketable assets, and to have a well developed marketing plan to increase its revenue.

Section 2. THESIS OBJECTIVE AND ISSUES

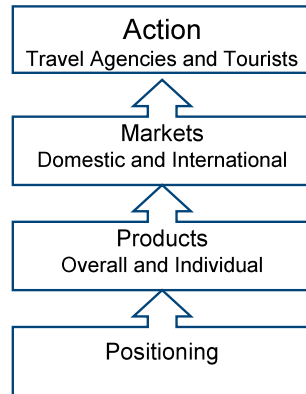
Marketing tourism attraction is a combination of two processes -- developing given resources and assets into certain tourist products and promoting the products among targeted tourists -- and involves the traditional 4Ps marketing mix -- product, price, promotion and place. The development and marketing process is summarized in Exhibit 1.1 and 1.2.

Exhibit 1.1 Process of Tourism Products Development (Conceptual)



Source: thesis writer's conceptualization

Exhibit 1.2 Process of Tourism Products Marketing (Conceptual)



Source: thesis author's conceptualization

Therefore, the thesis is to look at the product development opportunities the Zhongshan National Park has, the market segmentation it should look at and the areas it has to improve to market the products, and to give recommendations by identifying and prioritizing a basket of actionable alternatives regarding product-market mix and 4Ps. The issues involved in the research include the following:

Product gap -- the gap between the products the Nation Park has been providing and the products it could provide to the tourists. It is to identify potential products that can be developed to increase revenue in the long run. To do so, it is necessary to assess a combination of market opportunities and the untapped resources the National Park has.

Market opportunities -- the markets the administration bureau should focus on to increase ticket revenue in the following years. The research is mainly to identify promising markets between domestic and international.

Marketing mix -- the improvement that can be done to enhance marketing efforts. The

research is to assess the existing marketing efforts made by the Administration Bureau of Dr. Sun Yat-sen's Mausoleum and identify ways to improve them. In particular, the research is to study the tourist structure and tourist behaviors as reference to fine-tune the promotion plan in certain places, and to conduct a tourist satisfaction survey to identify where service should be improved.

Section 3. METHODOLOGY

a. Literature reviews

Books and journals on tourism marketing have been reviewed to gain insight into the study methodology and conceptual frameworks on tourism marketing. Cases have also been reviewed in terms of marketing tourist destinations and attractions as reference to final recommendations to the Zhongshan National Park.

b. Statistical data analysis

Data analysis has been key to the tourism marketing studies. Both primary and secondary data has been collected through various resources, including public statistics, internal data collected from Nanjing Tourism Administration and the Administration Bureau of Dr Sun Yat-sen's Mausoleum and data from the satisfaction survey result co-conducted by the thesis writer and the Administration Bureau of Dr Sun Yat-sen's Mausoleum.

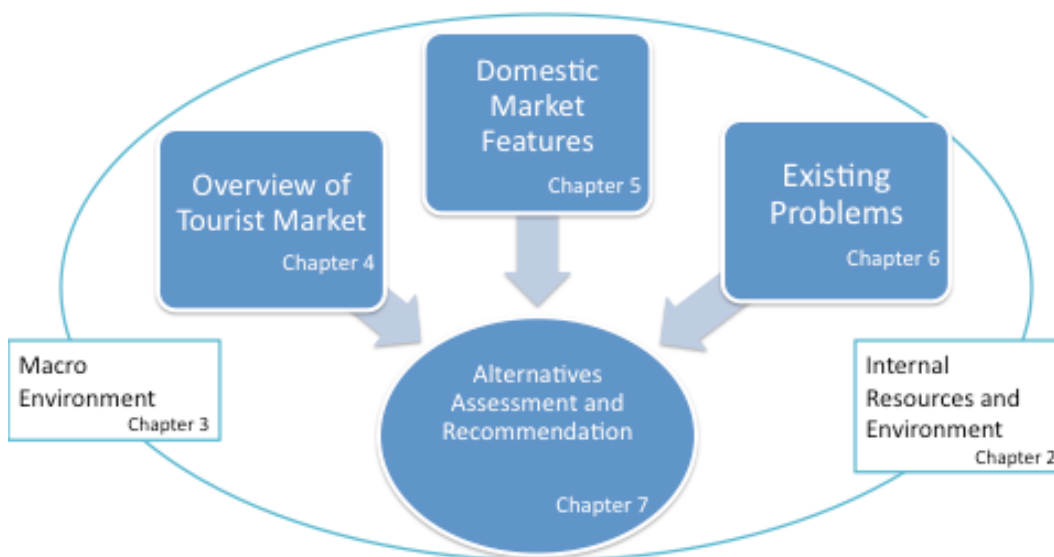
c. Interviews

Interviews have also been carried out through the studies with both senior managers in the administration bureau and front-line managers in the marketing unit to understand the existing efforts made by the administration bureau and also their insights into the markets.

Section 4. THESIS OUTLINE

The tourist attraction marketing strategy has to be based on auditing existing products, assessing the current market and forecasting future market trend. Besides, existing marketing efforts have to be examined so that action for improvement could be identified and corrective action put into place. In this light, the thesis is arranged according to Exhibit 1.3.

Exhibit 1.3 Thesis Logic Chart



Chapter 2 provides detailed background information on the Zhongshan National Park to familiarize the readers with the topic on hand. More importantly, this chapter audits the resources and assets the national park has as a base for further analysis, and states the limitations the administration bureau confronts.

Chapter 3 shows the general environment for tourism industry in China and its development over the past decade, in terms of both domestic and international markets. It identifies the major

tourists in the country and some key factors that will have influence on their consumption pattern in the years to come.

Chapter 4 compares the competitiveness of Nanjing, where the Zhongshan National Park is located, in both international market and domestic market vis-à-vis major tourist cities in the region, and emphasizes on factors that have negative impact on Nanjing and thus the Zhongshan National Park in the international market. This chapter also looks in a broad term the features of the international market so that hidden marketing opportunities could be located for the national park.

Chapter 5 digs deep into the domestic market to examine structure and behavior of tourists visiting the Zhongshan National Park. By understanding the features of its major visitor fountain and tourists' behavior, the administration bureau will be in a better position to formulate its marketing strategy.

Chapter 6 assesses the existing marketing efforts done by the administration bureau and points out the drawbacks in them.

Chapter 7 assesses the possible alternatives the administration bureau could take in terms of the product-market mix and the 4Ps mix, taken into consideration all the analysis done in the previous chapters. Based on the assessment, the chapter provides recommendations on marketing strategy in general and some detailed marketing actions to the administration bureau.

CHAPTER 2. INTRODUCTION OF ZHONGSHAN NATIONAL PARK

To present the background and build up a base for analysis, this chapter presents the resources, assets and facilities Zhongshan National Park has, the features of its resources and the current situation and problems of its managing agency, the Administration Bureau of Dr. Sun Yat-sen's Mausoleum. Section 1 presents an overview of the National Park; section 2 focuses on the major assets it boasts as a top-rank tourist attraction in the country; section 3 examines the minor assets and potential resources that can be tapped into; section 4 gives the basic information on the difficulties Administration Bureau of Dr. Sun Yat-sen's Mausoleum is facing, by presenting its nature and revenue and expenditure structure.

Section 1. OVERVIEW ON ZHONGSHAN NATIONAL PARK

Zhongshan National Park is a top-rank tourist attraction located in Nanjing (南京), capital of Jiangsu (江苏) province of China, which is just next to Shanghai (上海) and about 870km away from Beijing (北京) (Exhibit 2.1). It is the only 5A tourist attraction, a status given by China's National Tourism Bureau, in Nanjing. It is also the top attraction in Nanjing in terms of ticket revenue (Exhibit 2.2).

Zhongshan Mountain, or by itself the National Park, covering an area of 31 km² and its peak Toutuoling (头陀岭) towering 448 meters above the sea level, is the vantage point of the city of Nanjing, and has numerous stories and folklores about it in the history of Nanjing, an ancient capital for around 10 dynasties and warring states in the past 2500 years. It is a place combining eye-catching natural beauty with rich historical and cultural heritage. The mountain was originally called Jinling (金陵) Mountain in ancient times. The name Zhongshan Mountain, first heard in the Han dynasty (202B.C – 220 A.D), has been renowned as one of the “Four famous mountains in areas south of the Yangtze River (揚子江)” since ancient times. It is also known as Purple Mountain

Exhibit 1.1 Location of Nanjing



Exhibit 2.2 Comparison of Ticket Revenue of Some Tourist Attractions in Nanjing

2008-2009

Attractions	2009 mil RMB	2008 mil RMB
The Zhongshan National Park	264	273
The Presidential House	61	65
The Confucius Temple	63	51
The Xuanwu Lake	54	48
The Pearl Creek	88	68

Source: the Administration Bureau of Dr. Sun Yat-sen's Mausoleum.

(紫金山) for it is alleged that its peak has been frequented by purple clouds, which is considered a good sign for the rulers. Besides, the zigzagging shape of the Mountain is deemed by many as a crouching dragon, the symbol of the emperor. Hence, many rulers of states and governments in the history favored Nanjing as their capital and some of them chose Zhongshan Mountain as their resting place after death. Most famous among them are Dr. Sun Yat-sen (孙中山, 孙文), 朱元璋,

and 孙权, the occupants of the major scenic sites in the national park which will be further discussed later. There are 25 preservation sites in total in the National Park, 7 on the national level, 4 on provincial level and the rest municipal level, accompanied with another 111 historical and cultural attractions. Blessed with natural beauty and wilderness as well as architectural masterpieces of meticulous craftsmanship, Zhongshan National Park, with Dr. Sun Yat-sen's Mausoleum at the center, was approved by the national government as one of "Forty Best Tourist Resorts in China." It also won the title as "A National Civilized Scenic Area", and was listed as a "National Forest Park". Many tourists said that they were attracted by the magnificence and solemnity of Dr. Sun Yat-sen's Mausoleum, the vivid stone carvings on the tomb-path of the Ming Tomb, gorgeous plum blossom in early spring and vast forest dotted with ponds and lakes, and they found the National Park a worthy place to visit.

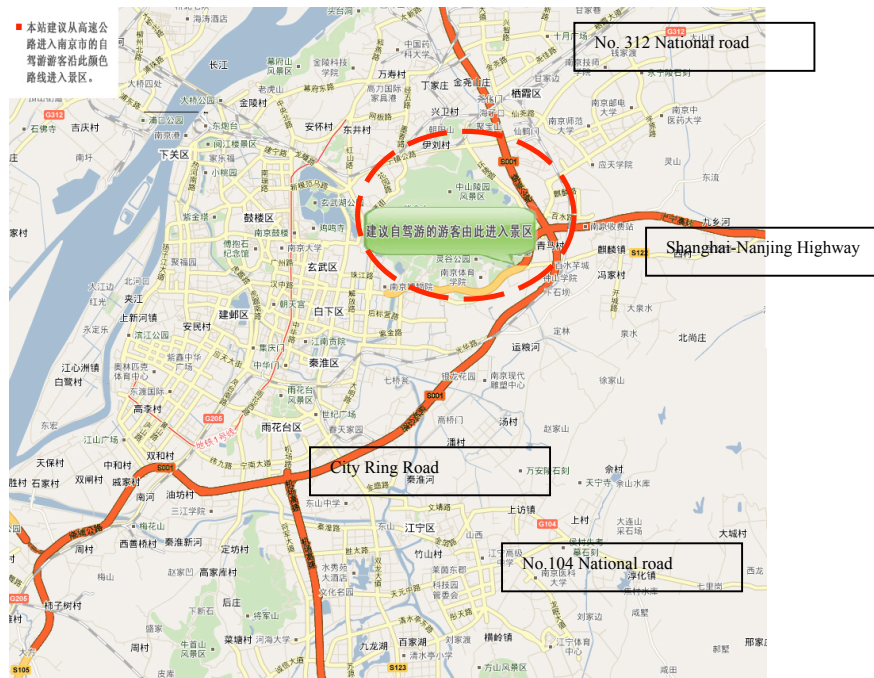
Besides the rich historical and cultural assets and natural resources, another advantage the Zhongshan National Park has is its easy accessibility. The mountain is located in the eastern part of city of Nanjing (Exhibit 2.3), next to the ancient city wall built in Ming dynasty (1368 A.D – 1644 A.D). It used to be the eastern outskirts of the city; however, with the expansion of the city in the last decades, it became part of the city itself. It is connected to the city center by major city arterial streets and is accessible with 4 bus routes. It can be reached within 30 minutes by bus or private car from the city center, 15 minutes if the traffic is light, far better than other national parks in other regions that are located far from the city. The Ming tombs located in the outskirts of Beijing, for example, is about 1 hour and half away from the city center by bus. In addition, it is next to the city ring road, Shanghai-Nanjing highway and No.104 and No. 312 national roads connected to the nearby cities in the region (Exhibit 2.4). In addition, the major scenic areas in the national park are well connected (Exhibit 2.5).

Exhibit 2.3 Location of Zhongshan National Park within City of Nanjing



Source: www.ly321.com

Exhibit 2.4 Accessibility of the National Park



Source: website of the Administration Bureau of Dr. Sun Yat-sen's Mausoleum

Exhibit 2.5 Internal Road Connection in the National Park



Source: website of the Administration Bureau of Dr. Sun Yat-sen's Mausoleum

Section 2. MAJOR SCENIC AREAS

There are numerous attraction sites in the National Park and most of them are grouped into three scenic areas with the most prominent attractions at the center of each area (Exhibit 2. 6). They are Dr. Sun Yat-sen's Mausoleum (中山陵) Scenic Area, Ming Tomb (明孝陵) Scenic Area and Linggu Temple (灵谷寺) Scenic Area. The most valuable assets in the park are with no doubt Dr. Sun Yat-sen's Mausoleum and the Ming Tomb.

Exhibit 2.6 Layout of Three Scenic Areas in the National Park



Source: website of the Administration Bureau of Dr. Sun Yat-sen's Mausoleum

2.2.1. Dr. Sun Yat-sen's Mausoleum Scenic Area

The scenic area of Dr. Sun Yat-sen's Mausoleum features the history of Minguo (民国, Republic of China). As the center of the area, Dr. Sun Yat-sen's Mausoleum is the tomb of Dr. Sun Yat-sen, the great forerunner of China's revolution in modern history. Dr. Sun Yat-sen (12 November, 1866 – 12 March, 1925) was the prominent Chinese revolutionary and political leader in the late 19th century and early 20th century. He played an instrumental role in overthrowing the Qing Dynasty (清朝, 1644 A.D -1911 A.D), the last imperial dynasty of China and served as the first provisional president of the Republic of China in 1912. He was also the co-founder and the first leader of the Kuomintang (国民党, KMT), the ruling party of the Republic of China. He is therefore considered founding father of modern China and revered amongst the people from both sides of the Taiwan

Strait. After Dr. Sun Yat-sen's death in 1925, the Mausoleum was constructed starting from 1926, and his coffin was moved from Beijing to be buried in the tomb-chamber of the Mausoleum on June 1, 1929. Covering an area of over 1.3 km², Dr. Sun Yat-sen's Mausoleum is located at the southern foot of Zhongshan Mountain. The mausoleum was designed by Lu Yanzhi (吕彦直), an outstanding Chinese architect who was concurrently the architect of tomb construction at that time. 700 meters long with a 70-meter difference in height, the complex consists of arched tablet, the tomb-path, the mausoleum gate, the tablet-pavilion, the sacrificial hall and the tomb-chamber situated symmetrically on the axis. The main buildings, covered with glazed blue tiles, appear magnificent, spectacular, tranquil and solemn.

Within the scenic area, there are also other sites that feature history of Minguo, including Dr. Sun Yat-sen Academy, Meiling Villa and the Depository of Buddhist Texts. Meiling Villa is the official residence of Chiang Kai-shek (蒋介石) and his wife Song Meiling (宋美龄). Depository of Buddhist Text, imitated after Lama Temple of the Qing dynasty, is now served as a museum of Minguo history, and in front of it stands the Bronze Statue of Dr. Sun Yat-sen presented in 1929 by Umeya Shokichi, a Japanese friend of him.

2.2.2. Ming Tomb Scenic Area

The Ming tomb scenic area features history of Ming dynasty. The Ming Tomb, situated at the southern foot of Zhongshan Mountain, is the burial place for Zhu Yuanzhang (朱元璋), the first emperor of the Ming dynasty. It was built in 1381 and is one of the largest imperial tombs existing in China so far. The Ming Tomb has experienced drastic changes and damages. Now, there remains the Tablet-Pavilion, the Tomb-Path, the Tablet Hall, Sacrificial Hall, the Square City, the Ming Tower and the Treasure City. It is famous for its sculptures along the tomb path. According to a senior manager of the Administration Bureau of the area, "the value of the Ming tomb is significant since it's the watershed of the tomb architecture in the Chinese history. Before the Ming tomb, all the

tomb complexes of emperors were symmetrically constructed but Ming tomb's outlay is like the Big Dipper² and the tombs after it all followed suits." On July 4, 2003, the Ming tomb, altogether with other 13 tombs of Ming dynasty located in Beijing, was listed as "World Cultural Heritage" by UNESCO.

Within the scenic area lies the tomb of Sun quan (孙权), ruler of a warring state in late Han dynasty, which is now known as the Plum Blossom Hill. Plum blossom is the city flower and loved by people in Nanjing. Covering 0.25 km², the Plum Blossom Hill possesses over 15,000 plum trees of around 230 types. It is where the International Plum Blossom Festival is held every year in late February or Early March.

2.2.3. Linggu Temple Scenic Area

The Linggu Temple scenic area features mostly Buddhism and is of less importance compared to the other two areas. Situated at the eastern foot of Zhongshan Mountain, it is a scenic area including Linggu Temple, Beamless Hall, Songfeng Pavilion and Linggu Pagoda, etc.; and is characterized by expansive pines, aromatic osmanthus, fragrant grass as well as serene and zigzag paths. The osmanthus garden with over 100 osmanthus trees is also well-known among locals and the Osmanthus Festival is held every year in October.

Beamless Hall is an attraction worth mentioning within the scenic area. Built in 1381, it is called boundless hall since Buddha of Boundless Longevity is worshipped here. It is also called beamless hall because it was constructed with bricks in an arched structure without any supporting beams. After 1929, it was changed into the sacrificial hall for the cemetery of officers and soldiers of national revolutionary army killed in the war, and thus became part of the Minguo legacy.

² Big Dipper is an asterism of seven stars that has been recognized as a distinct grouping in many cultures, and colloquially named "*The Seven Stars of the Northern Dipper*" in Chinese, 北斗七星.

Section 3. OTHER ATTRACTIONS AND SERVICES

2.3.1. Other attractions

There are many minor attraction sites dotted within and between three major scenic areas featuring mostly history of Minguo and Ming dynasty. However, the most valuable resource in addition to the attraction sites named in the last section is not these historic relics of less importance but the natural resources of the National Park. Within the park, forest covers 24 km², or 81% of the area, and accounts for 10% of the central city area. In comparison, major attraction sites only cover 1.4 km². There are more than 600 kinds of trees in the area, including 230 types of plum trees. Next to the Xuanwu (玄武) lake, the largest inner city lake, the National Park also has many lakes and reservoirs, most famous of which is Purple-glow lake close to the Ming tomb. Some lakes are dispersed along the outer rim of the scenic area and along the city road. “In recent year, there are around 2.7 to 2.8 million tourists coming to the scenic areas in the National Park annually by counting the ticket sales” one senior manager of the managing agency of the area said, “however, by rough estimation of our staffs, there are more than 4 million visitors each year in the park and the difference would be those climbing the Zhongshan mountain and enjoying the lakes lying in the outer rim and not buying tickets and visiting historical sites in the area.”

2.3.2. Services

With regard to accommodation, there are several hotels and guesthouse located in the National Park, including Nanjing International Conference Hotel, Dongyuan Hotel, Dongyuan Guesthouse and Youth Hostel.

With regard to food and beverage and shopping, there is a commercial street in front of the entrance of Dr. Sun Yat-sen’s Mausoleum with a service area totaling 4761m². In the streets are mainly restaurants and souvenir shops rented to private businesses. In addition, there are limited number of restaurants and kiosks within each scenic area.

The National Park provides paid guidance service and inner scenic area shuttle transportation service between major scenic attractions.

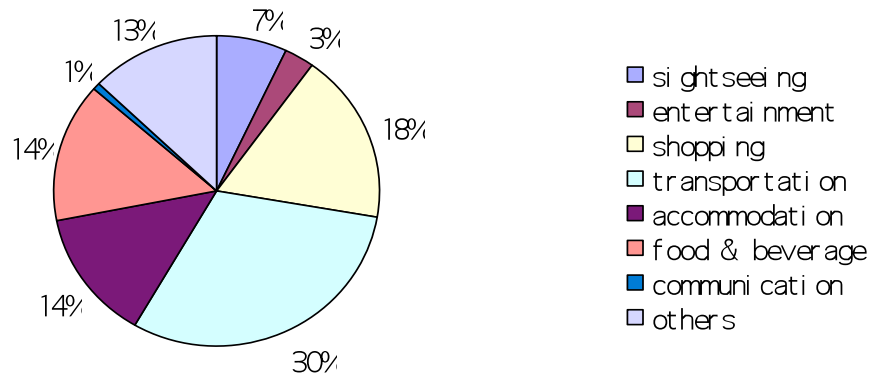
Section 4. NATURE OF ADMINISTRATION BUREAU OF DR. SUN YAT-SEN'S MAUSOLEUM AND ITS LIMITATIONS

The Administration Bureau of Dr. Sun Yat-sen's Mausoleum is the managing agency of the Zhongshan National Park. The administration is a "public unit" by nature, a kind of organization between government agency and private organization. In accordance with *the Provincial Regulation on the Registration of Public Unit* issued by China's State Council, a public unit is organized by the government or other organizations with state-owned assets and serving public interests in the area of education, culture, science and technology, public health, etc.. A public unit is normally a non-profit-seeking organization and there are three kinds of public unit in terms of financing. One is fully financed by the government, the second partly financed by the government and the third totally financed by its own revenue. The Administration Bureau of Dr. Sun Yat-sen's Mausoleum is unfortunately the third type of public unit, which means it has to stand on its own feet.

As a public unit, its obligations and benefits are highly regulated. It is responsible for the preservation of all the historical and cultural sites and the natural environment and the maintenance of most of the infrastructure facilities in the Park. However, its revenues are not generated from all the attractions and facilities in the National Park. Some attractions, like Purple Mountain Observatory, Sun Yat-sen Botanical Garden and Toutuo Ridge Scenic Area with cable service, are all located in the Park but under various authorities other than the administration and therefore their revenues are off-limits to the administration. To make it worse, no accommodation facilities in the Park are owned by the administration. The International Conference Center is owned by private business and the Dongyuan Hotel controlled by the provincial government. Accommodation accounts for a large part of revenue in tourism industry. For example, research done by the China's

Tourism Research Institute shows that 13.65% of the expenditure made by tourists between 1999 and 2007 goes to accommodation while the percentage for sightseeing is just close to 7% (Exhibit 2.7). However, the administration has no control of the accommodation revenue in the area at all.

Exhibit 2.7 Weighted Average Expenditure Structure of Domestic and International Tourists in China's Tourism Market 1999-2007



Source: China's Tourism Performance: Review and Forecast 2009-2010

In consequence, the majority of the revenue is from the ticket sales of the main scenic areas controlled by the administration, namely Dr. Sun Yat-sen's Mausoleum and the Ming Tomb. Take 2009 revenue for example (Exhibit 2.8), 81.56% of the revenue is from ticket selling with limited food and beverage revenues and none from accommodation. It is noticeable that around 6.65% of revenue comes from compensation and green land compensation (Exhibit 2.8). A senior manager in the administration revealed that these were disguised government subsidies but will be gone forever since 2010.

Exhibit 2.8 Revenue of the Administration Bureau of Dr. Sun Yat-sen's Mausoleum 2009

2009 Revenue	RMB	%
Total	264,075,800	100.00%
1. Service revenue	218,633,000	82.79%
Ticket	215,389,000	81.56%
Parking	3,022,500	1.14%
Sightseeing shuttle	221,500	0.08%
2. Operation	13,429,600	5.09%
Food and beverage	271,800	0.10%
Souvenir	430,100	0.16%
Construction	490,000	0.19%
Rent	6,898,200	2.61%
Royalty	1,852,500	0.70%
Underwater World rent	1,100,000	0.42%
Dihao property rent	1,200,000	0.45%
Others	1,187,000	0.45%
3. Others	32,013,200	12.12%
Planting	563,700	0.21%
Compensation	17,436,700	6.60%
Green land compensation	132,800	0.05%
Others	13,880,000	5.26%

Source: Administration Bureau of Dr. Sun Yat-sen's Mausoleum

On the expenditure side, the administration is responsible for the living of 2000 strong staff force, both on job and retired. Take 2009 as an example again, 57.71% of the expenditure went to the labor cost (Exhibit 2.9). However, a public unit by nature, the administration is, like a government agency, hand strung to cut cost by laying off staffs. As time goes by, the administration is facing ever increasing staff population and pension bills.

Exhibit 2.9 Expenditure of the Administration Bureau of Dr. Sun Yat-sen's Mausoleum 2009

2009 Expenditure	RMB	%
Total	202,090,000	100.00%
1.Labor	116,630,000	57.71%
Salary	75,260,000	37.24%
Welfare and benefit	25,940,000	12.84%
Pension	15,430,000	7.64%
2.Administration	16,920,000	8.37%
3.Equipment purchase	1,850,000	0.92%
4.Maintenance	7,950,000	3.93%
5.Operation	53,630,000	26.54%
6.oOthers	860,000	0.43%
7.Interest and tax	4,250,000	2.10%

Source: Administration Bureau of Dr. Sun Yat-sen's Mausoleum

In 2009, the administration bureau made a profit close to 62 million RMB. 49 million was used to pay the long-term bank loan, which stood at 174 million RMB at the end of fiscal year 2009, and the rest of the profit was for preservation work and further investment if necessary.

Section 5. SUMMARY

1. The Zhongshan National Park is a top-rank and the only 5A tourist attraction in Nanjing, having a significant role in Nanjing's tourism industry.

2. The Zhongshan National Park mainly features a combination of rich historical and cultural attractions of Ming dynasty and Minguo period in the Chinese history and wonderful natural scenery with forest and lakes very close to the city center.

3. The historical assets in the Zhongshan National Park has been fully utilized, as the main revenue of the Administration Bureau of Dr. Sun Yat-sen' Mausoleum, the managing agency of the Zhongshan National Park is from the ticket sales of major scenic areas including Dr. Sun Yat-sen's Mausoleum and the Ming Tomb.

4. The natural resources has not been fully tapped into as revenue fountain since the senior managers of the administration bureau observed and roughly estimated that over 1 million visitors entering the natural park every year are to enjoy the natural environment provided by the park and have no contribution to the ticket office of any scenic areas. Therefore, the natural resources may have the potential to be transferred into tourist assets.

5. As a public unit, the administration has to raise funds by its own and cover all the expenditure in the operation. However, since it has no control of the accommodation facilities located in the National Park, the administration misses a large revenue channel in the tourism industry. In addition, the disguised government subsidies will be gone forever starting from 2010. On the expenditure front, more than half of the operation cost is from labor cost. However, bound by its social obligations, the administration has difficulties in cutting off staffs and as time goes by, it is facing ever expanding labor cost. In summation, the administration is under pressure to increase its revenue through various means, including developing new products and better marketing.

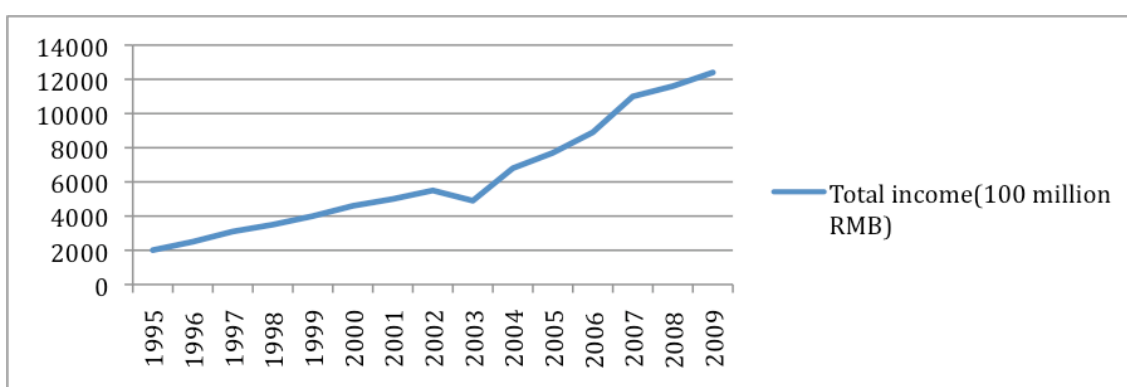
CHAPTER 3. MACRO ENVIRONMENT ANALYSIS

Before taking a close-up analysis on the international and domestic tourist markets for the Zhongshan National Park, it is necessary to take a look at the macro environment the National Park is in, i.e., the development of China's tourism market, in particular the features and trend in the marketplace. Section 1 presents the performance of China's tourism industry in recent decades while section 2 shows the features in the market place. Section 3 identifies the driving factors behind the tourism industry in China.

Section 1. OVERVIEW ON THE DEVELOPMENT OF CHINA'S TOURISM MARKETS

China's tourism markets have developed rapidly in the last decade. The total revenue from the tourism industry has rocketed from 460 billion RMB in 2000 to 1,240 billion RMB in 2009, a 2.7 times increase; and the average annual growth rate reaches 12.6%, an amazing double-digit increase considering the fact that the industry incurred 11% squeeze in 2003 because of the outbreak of SARS³ and a slow-down of international tourism revenue due to the bleak global economic crisis in recent years (Exhibit 3.1).

Exhibit 3.1 Total Income of China's Tourism Industry 1995-2009

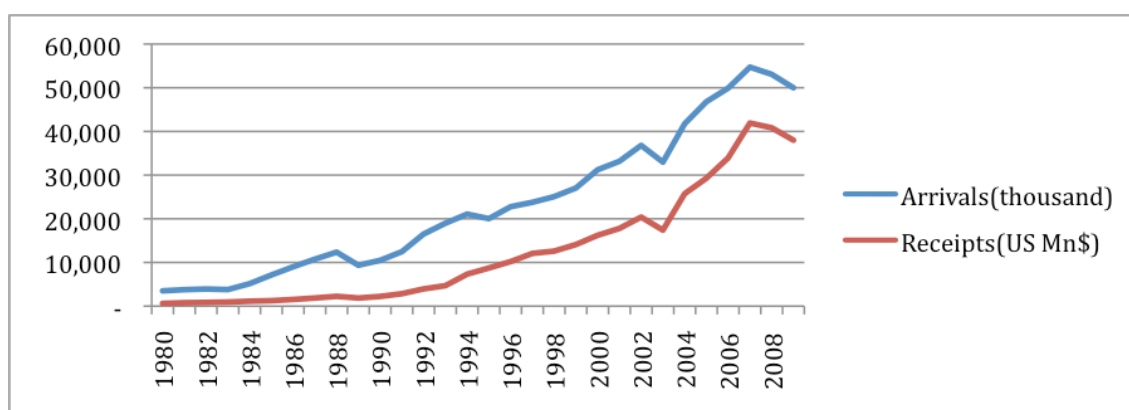


Source: Yearbook of China Tourism Statistics 2009; China's Tourism Performance: Review and Forecast 2009-2010

³ SARS stands for Special Acute Respiratory Syndrome.

China has an outstanding performance in the foreign tourist market over the last 3 decades, concurrent with China's opening to the outside world. The annual inbound overnight arrivals reached its peak of 54 million people in 2007 and slightly dropped to around 50 million in 2009 due to the global economic downturn. The average annual growth rate is 6.8%. The growth of inbound overnight receipts (income) is more impressive. The receipts topped to 42 billion US dollars in 2007 from a negligible 0.6 billion US dollars in 1980, and slightly decreased to 38 billion US dollars in 2009. The annual growth rate of the last decade is 11.6% (Exhibit 3.2). Now China ranks 4th and 5th in the world in terms of inbound overnight arrivals and receipts respectively.

Exhibit 3.2 Annual Inbound Overnight Visitor Arrivals and Tourism Receipts 1980-2009

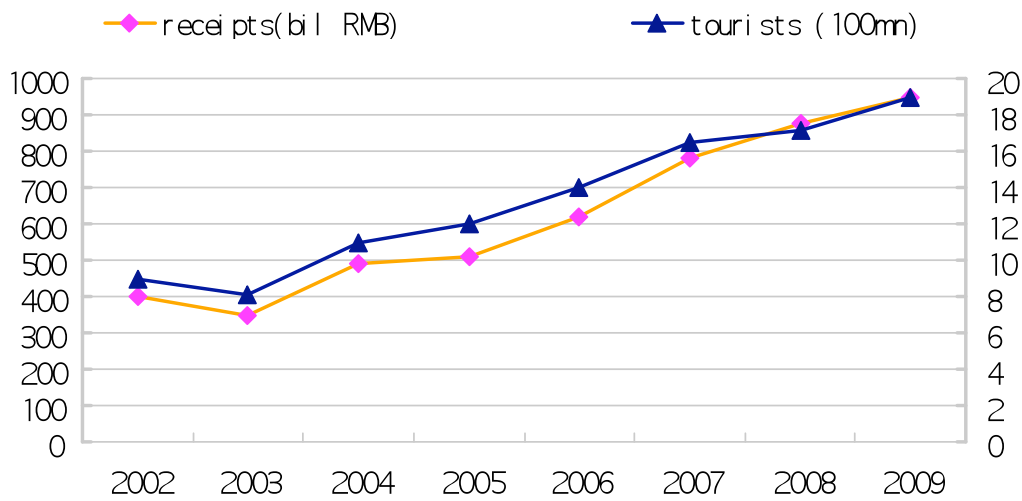


Source: World Tourism Organization; China Tourism Research Institute

Although number of China's outbound tourists has also risen in recent years, it is out of the scope of discussion in this paper.

The performance of the domestic market eclipses that of the international market. The average annual growth rates of domestic tourists and receipts between 2002 and 2009 are 11.85% and 13.7% respectively. It is most noticeable that in 2008 and 2009 when the international arrivals and income both suffered losses, the domestic market continued the growth momentum, though slightly slow than the previous years, and the number of tourists and income both peaked in 2009, at 1.9 billion people and 950 billion RMB respectively (Exhibit 3.3).

Exhibit 3.3 Domestic Tourism Statistics 2002-2009



Source: China's Tourism Performance: Review and Forecast 2009-2010

Section 2. FEATURES OF CHINA'S TOURISM MARKETS

This section presents some features of China's tourist markets worth noticing for individual tourist attractions to develop marketing strategy.

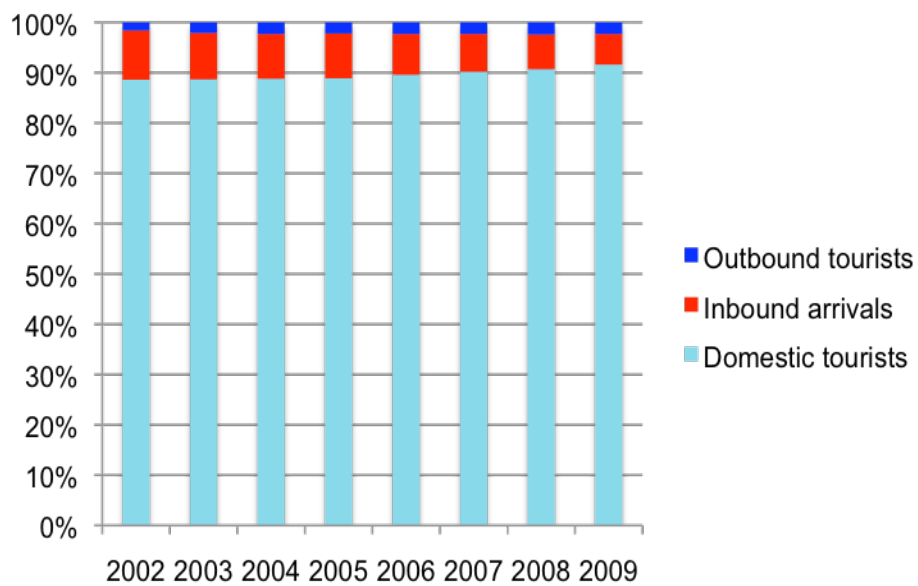
A. Domestic market is still the majority among three markets.

There are three tourist markets, inbound/international tourist market (including inbound visitors from Hong Kong SAR⁴, Macao SAR and Taiwan province), the domestic tourist market and the outbound tourist market. As far as this paper is concerned, the analysis focuses on the former two markets. In terms of the number of tourists, the domestic market has the lion's share and is still rising. The share of domestic tourists has risen from 88.2% in 2002 to 91.7% in 2009 (Exhibit 3.4). In terms of revenue, domestic market still ranks first in the marketplace; however the percentage has been around 60%, much lower than the 90% figure in terms of tourist number. It is understandable since most of the international travelers are from economically developed areas and thus have more

⁴ SAR stands for special administrative region.

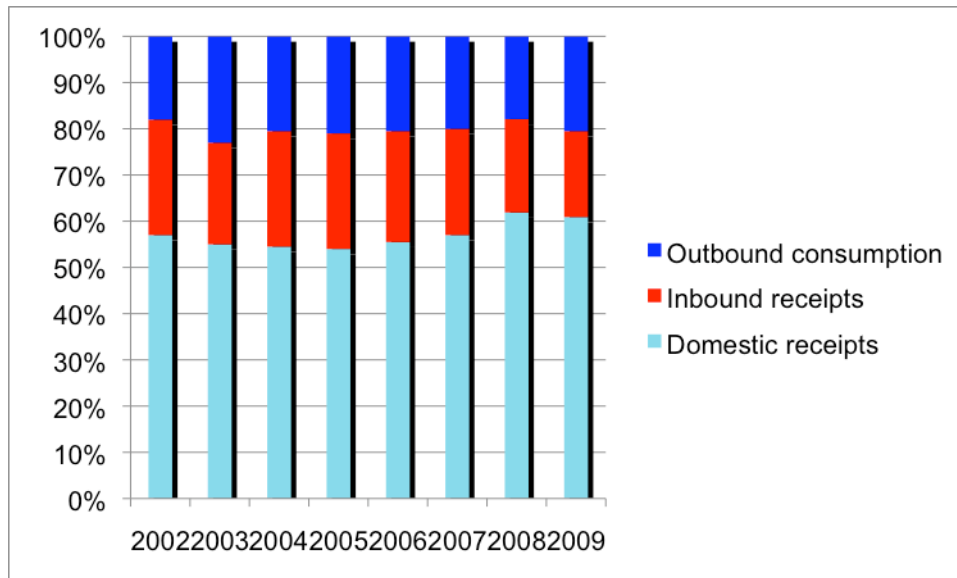
consumption prowess than the domestic tourists. It is more important to look at the trend rather than the absolute percentage point. There is a clear watershed in 2007. Before 2007, the share of the domestic tourism revenue was fluctuating around 55%, but was over 60% in both 2008 and 2009; by contrast, the share of the international tourist revenue, around 25% before 2007, dwindled to 18.6% in 2009 (Exhibit 3.5).

Exhibit 3.4 Market Structure in Terms of Number of Tourists 2002-2009



Source: China's Tourism Performance: Review and Forecast 2009-2010

Exhibit 3.5 Market Structure in Terms of Revenue 2002-2009



Source: China's Tourism Performance: Review and Forecast 2009-2010

It shows that domestic market will continue to be the majority of the marketplace at least in the short run given the current world economic situation and China's economic development momentum.

B. Urban residents are the main consumers of the tourist products.

There are two outstanding imbalances in China's economic development and both have their impact on the tourists market. One development imbalance is that between urban and rural areas. By and large, urban citizens have benefitted more from China's economic development and far more better off than their rural counterparts. As a result, urban residents tend to spend much more than the rural residents in traveling and sightseeing. In 2008, urban residents took up nearly 70 percent of the total domestic tourist expenditure while the rural residents made the balance. As shown in Exhibit 3.6, urban residents tend to travel more every year and spend more per capita. As China has driven to urbanize its population and many in the rural areas has immigrated and settled down in cities and towns, this market feature can only be strengthened in the years to come.

Exhibit 3.6 Statistics on Domestic Tourism Expenditure 2008

	Population (100 million)	Domestic visitors (100 million person times)	Travel rate %	Domestic tourism expenditure (100 million RMB)	Per capita expenditure (RMB)
Total	13.2	17.12	129.6	8749.3	511
Urban residents	4.2	7.03	167.4	5971.75	849.4
Rural residents	9	10.09	111.9	2777.55	275.3

Source: Yearbook of China Tourism Statistics 2009

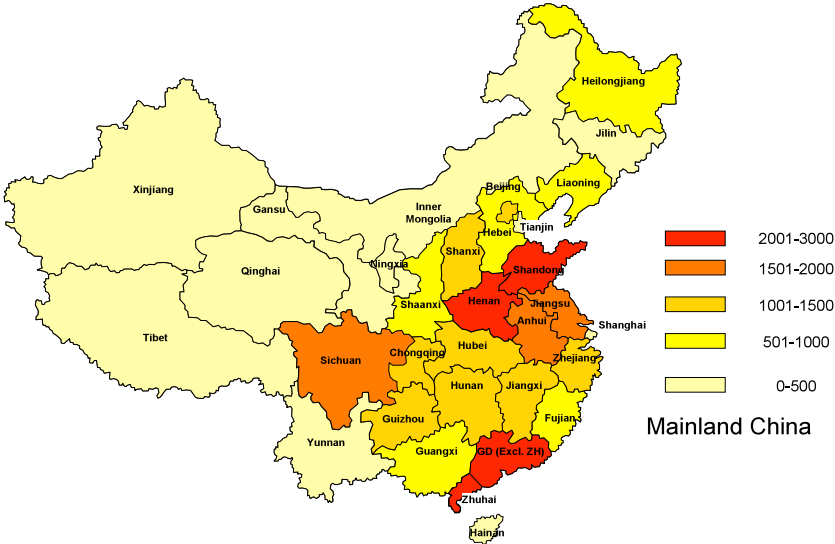
C. East China has the majority of both the visitor fountains and tourist destinations.

Another imbalance in China's economic development is regional disparity. Provinces in East China, in particular those along the coast line, are economically far ahead of those in the hinterlands in the west. As a result, East China has always been in the leading role in China's tourist markets. In the National Day Holiday⁵ in 2009, there were 14 provinces and municipalities⁶ in mainland China receiving more than 100 million tourists. Among them, most concentrates in the east part of China (Exhibit 3.7). The concentration effect is more obvious if looking at the inbound tourist market. During the first 9 month of 2009, all the provinces and municipalities in mainland China received over 5 million nights were located along the coastal line (Exhibit 3.8).

⁵ The National Day Holiday is a 3-day holiday from October 1st to October 3rd, and normally lasts 7 days by combining the two adjoining weekends, and therefore is considered a golden week by the Chinese.

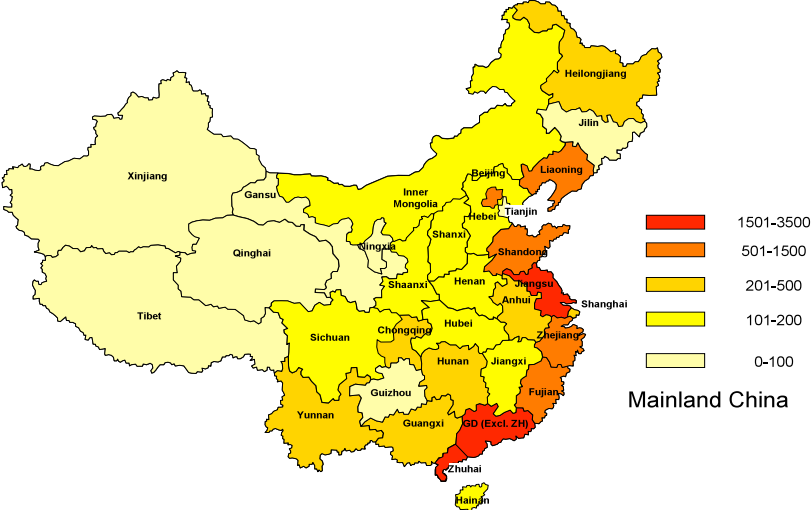
⁶ Municipalities directly under central government control and thus at provincial level, like Beijing and Chongqing.

Exhibit 3.7 Number of Tourists Received during 2009 National Day Holiday (10 thousand)



Source: China National Tourism Administration

Exhibit 3.8 Inbound Overnight Arrivals between Jan and Sep 2009 (10 thousand nights)



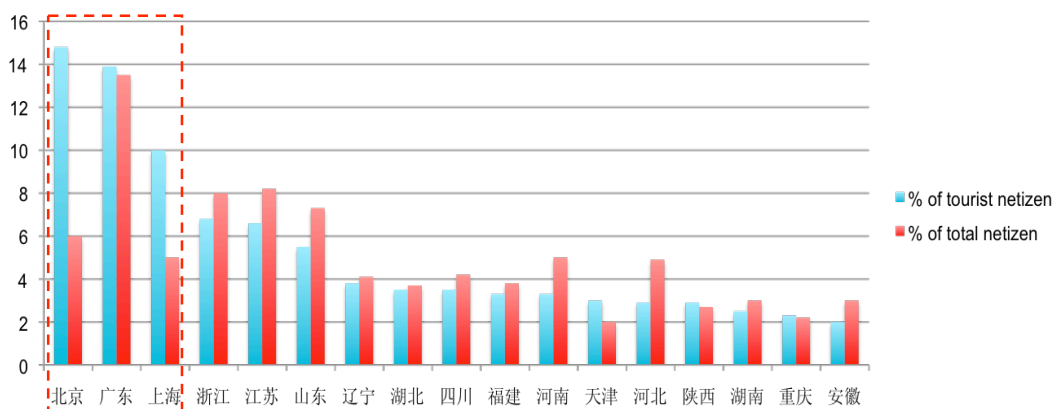
Source: China National Tourism Administration

The regional imbalance cannot be corrected in the near term despite government thrive to develop the west, so the feature will also remain for quite a long time.

D. Other features

Data from Baidu.com⁷ showed that tourists in the economic-advanced regions tended to use internet as a source for travel information more often than those in underdeveloped regions, and tourist netizen⁸ concentrated in 北京, 广东 and 上海 (Exhibit 3.9).

Exhibit 3.9 Distribution of Netizen and Tourist Netizen



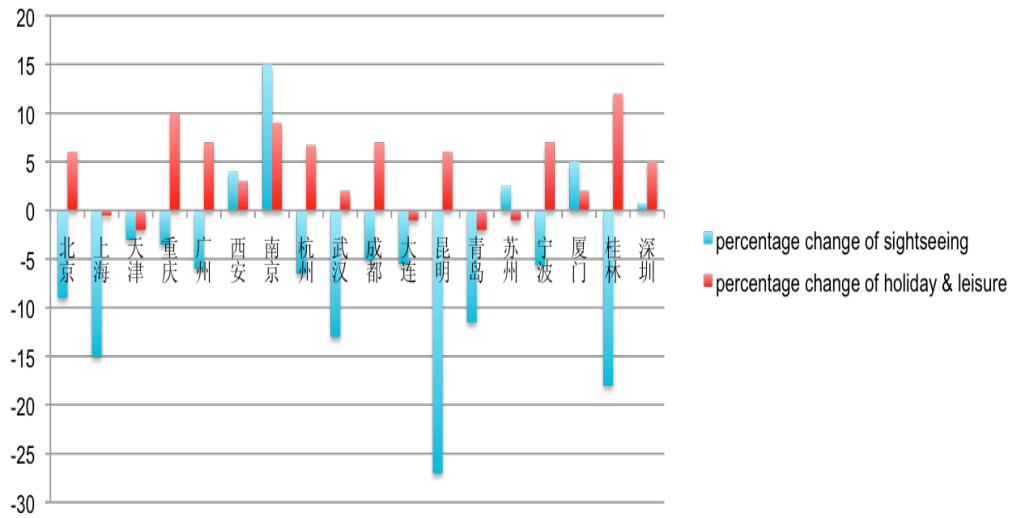
Source : China's Tourism Performance: Review and Forecast 2009-2010

Another interesting trend is that although sightseeing still ranks first by travel purpose, traveling for holidays and leisure is definitely catching up. A study benchmarked the percentage change by travel purpose in 18 major cities in 2007 against 2005 showed that more and more people in these cities liked to travel for leisure (Exhibit 3. 10).

⁷ The largest search engine in China

⁸ Tourist netizens are those often searching internet for travel information.

Exhibit 3.10 Percentage Change by Travel Purpose in 2007 against 2005 in Major Cities



Source: Report on urban tourism development in China 2009

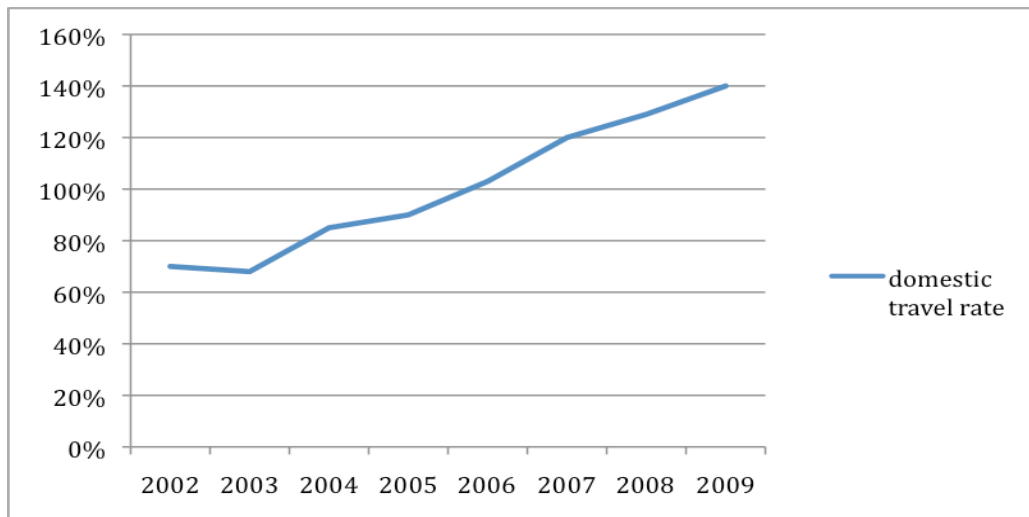
Section 3. DRIVING FACTORS TO THE CHINA'S TOURIST MARKETS

3.3.1. Economic Growth

The strong expansion of China's tourist markets, especially the outstanding performance of the domestic market, has everything to do with China's robust economic development with double-digit average annual GDP growth. In particular, China's economy has withstood the impact of global economic recession starting from 2008 with a huge stimulus programme, which partly explains a better performance of the domestic tourist market than the international one in 2008 and 2009. In addition, it is widely acknowledged in the industry that a surge of consumption in tourism will take place when the GDP per capita in the country surpasses the 3000 US dollars threshold. China's GDP per capita was over 2000 US dollars in 2006 and reached 3000 US dollars in 2008. As a result, the travel rate⁹ of domestic tourists was slightly over 100% in 2006 and stood at 129% in 2008 and 140% in 2009 (Exhibit 3.11). It is safe to say that as long as the economy is growing, China's domestic tourist market will continue the upward momentum.

⁹ Travel rate is the ratio of the number of travels to the number of population. 100% travel rate means on average every one in the country travels 1 time in a year.

Exhibit 3.11 Domestic Travel Rate 2002-2009



Source: China's Tourism Performance: Review and Forecast 2009-2010

3.3.2. Increased Disposable Income

Related to the economic development in China, Chinese are getting richer along with the country. There is no indicator more relevant than the disposable income that can reflect this fact. The disposable income per capita of urban residents increased more than 10 times from 1,510 RMB in 1990 to 15,781 RMB in 2008. With more money at hand, people tend to consume more, and as a result, are more willing to travel than before. A survey taken during the “National Tourism Promotion Week in 100 Cities” in 2009 showed that 95% urban residents planned to travel at least once within one year, among whom more than 30% would like to travel more than 2 times.

3.3.3. Increased holidays and leaves

Number of days off from national holidays has increased from 10 days to 11 days at the last national holiday reform in 2007; and the distribution of the days off has changed (Exhibit 3.12). As a result, number of 7-day long golden weeks was reduced from 3 to 2, but the number of short leaves increased from 1 to 5. This reform has obvious impact on people’s traveling pattern, for people tend

to have less long-distance travel but a few more short-distance ones. In addition, China improved its paid leave system when the new Regulation on Paid Leave for Workers went into effect in 2008. Many people, in particular those working for government agencies and public units, have gained guaranteed paid leave and thus tend to travel more in the future.

Exhibit 3.12 National Holiday Reform 2007¹⁰

	Total # of days	New Year's Day	Lunar New year	May 1 st	National Day			
Before reform	10	1	3	3	3			
						Tomb-sweeping day	Dragon boat festival	Mid-autumn festival
After reform	11	1	3	1	3	1	1	1

3.3.4. Improved Transportation

At the moment, China has 65 thousand kilometers of highway, ranking second in the world and more than 70 thousand kilometers of railway. In addition, China has been developing its high-speed train system in recent years and some routes have already been put into operation, changing the landscape of transportation. For example, the Nanjing-Wuhan line that was put into operation in April 2009 shortened the traveling time between two cities from 9 hours to around 3 hours. The Beijing-Shanghai line that is under construction will shorten the traveling time to around 5 hours between 2 cities. It is no doubt that the high-speed train will change people's traveling behavior and affect the tourism industry.

Another trend related to transportation is the increase of number of private cars. Take Jiangsu (江苏) province for example, in 2009, there were 2.2 million registered private cars, an 35.2%

¹⁰ Normally a 3-day holiday turns to a 7-day holiday by incorporating 2 weekends (before and after the holiday) into the holiday itself. Likewise, a 1-day leave sometimes turns to a 3-day holiday by incorporating 1 weekend.

annual increase, and there have been 1500 new registered cars every day. By 2009, Nanjing had 243 thousands private cars, and the figure 5 years ago was only 70 thousands. With increasing number of cars and well-connected high way system, “self-driving trip” has become popular in China, especially in developed regions like Yangtze delta region where Nanjing is located.

3.3.5. Exchange Rate

Chinese central government adjusted its foreign exchange policy to unpeg RMB from USD on July 21, 2005 and the exchange rate of RMB to USD had gradually strengthened from 8.12: 1 to 6.82~6.85 : 1 in July, 2008, when RMB was in reality pegged to USD again and has been stabled ever since. Besides, RMB has been gradually appreciated against Euro and Pound recently. The gradual strengthening of RMB favors domestic travel relative to inbound travel, as share of inbound tourist market has been shrinking recently; and travel abroad has been on the rise, but probably not affecting the domestic travel much since domestic market is still growing (Exhibit 3.4 and 3.5). The exchange rate movement implies that the tourist market structure will probably be maintained.

Section 4. SUMMARY

1. China's tourist markets have been expanding rapidly in the last decades, including both international and domestic markets.

2. Domestic market takes a larger share in China's tourist market and performed better than the inbound tourist market, partly due to better economic performance of China over most part of the world. It is quite safe to say that while inbound tourist market may incur some turbulence due to global economic downturn, the domestic market will continue its growth momentum. In addition, the relatively stable and slightly strengthened RMB implies that the current tourist market structure with increasing share of domestic travel and shrinking inbound travel will probably be maintained.

3. The principal players in the domestic market are urban residents in the eastern part of China, since they are better-off than people in the rest of the country.

4. In terms of traveling purpose, sightseeing is still at the top; however travel for leisure is catching up, which makes it a promising market for any players seeking market growth.

5. People, in particular those in advanced regions like 北京, 上海 and 广州 are getting used to gather traveling information through internet, which implies that additional to the traditional press media and travel agencies, internet becomes an important channel for travel promotion.

6. Increased disposal income, changing pattern of holidays and leisure time, and improved transportation and rising number of private cars may change Chinese people's traveling behavior. For example, "self-driving trip" is on the rise, especially in the region Nanjing is located. The administration bureau has to consider these changes when formulates its marketing strategy.

CHAPTER 4. OVERVIEW OF TOURIST MARKET AND INTERNATIONAL TOURIST MARKET ANALYSIS

This chapter intends to examine the inbound/international tourist market of Zhongshan National Park vis-à-vis the domestic market. There are two issues at hand. One is how competitive is the National Park in the international tourist market compared to the domestic market; in other words, which market is more promising. The other is how the National Park should deal with the international tourist market. There is no direct data on international tourist market of the National Park. However, since the National Park is the top attraction in Nanjing and features the most important historical and cultural heritage in the city, it is safe to assume that the National Park depends on the attractiveness of the city, or vice versa, to gain international tourists. In light of this assumption, the chapter focuses on the analysis of the international tourist market of Nanjing. Section 1 gives an overview of Nanjing tourist market development and the attractiveness of Nanjing in the international tourist market compared to the domestic one; Section 2 analyses the competitiveness of Nanjing in the international market; and Section 3 shows the international market structure and features.

Section 1. OVERVIEW OF NANJING'S TOURIST MARKETS

4.1.1. Overall Performance

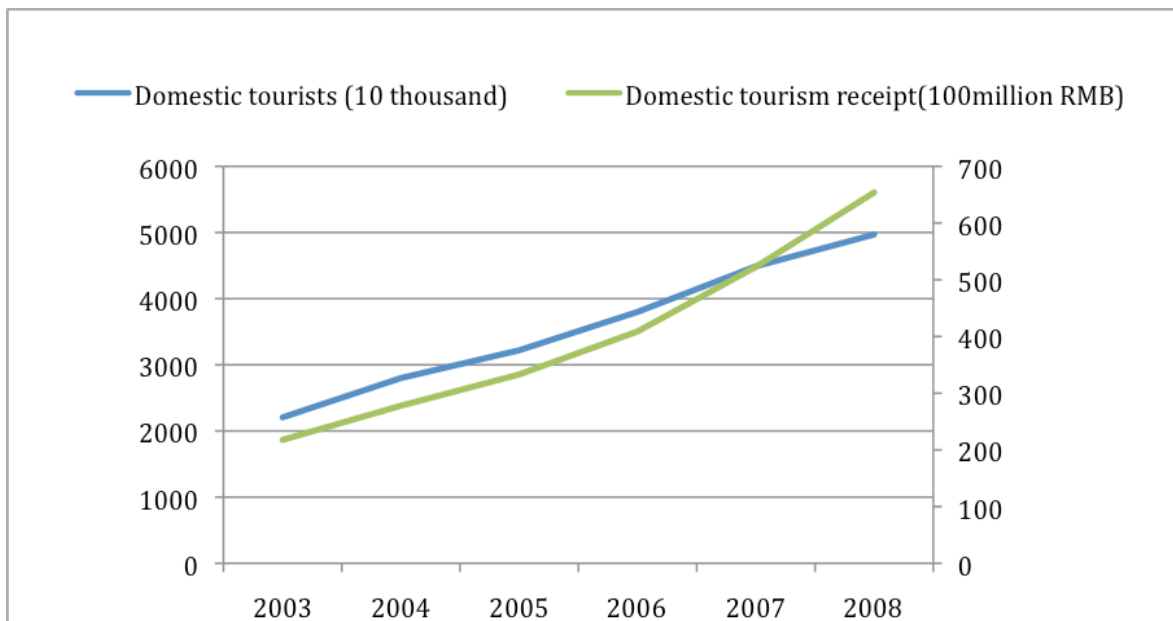
Located in the Yangtze Delta region and 300 kilometers west of Shanghai, Nanjing is the capital city of Jiangsu province, one of the most developed provinces in China. The city occupies a total area of 6597 km² and has a population of over 6 million. The annual disposable income per capita of its urban residents was 23,122 RMB in 2008, 53% more than the national average.

Nanjing is renowned as an ancient capital city in China with a history of over 2500 years. It

used to be the capital of Ming dynasty¹¹, Minguo (Republic of China) and other short-lived dynasties and warring states in the history. Therefore Nanjing has promoted the history of Minguo and Ming dynasty as two of its most important tourist assets, and tourism is one of the major revenues for Nanjing, accounting for around 18% of its GDP in 2007.

Nanjing has witnessed a rapid development in recent years in terms of tourist arrivals and receipts, from both inbound market and domestic market. During the period between 2003 and 2008, the number of domestic tourists to Nanjing has increased from 22 million to 49.7 million with an annual growth rate of 15.8% and its domestic tourist revenue has risen from 21.8 billion RMB to 65.4 billion RMB, growing 23.8% every year (Exhibit 4.1). In the meantime, the number of inbound tourists has jumped from 0.5 million to 1.2 million with 14% of annual growth and its international receipt from 317.7million US dollars to 871.7 million US dollars, an annual increase of 19% (Exhibit 4.2).

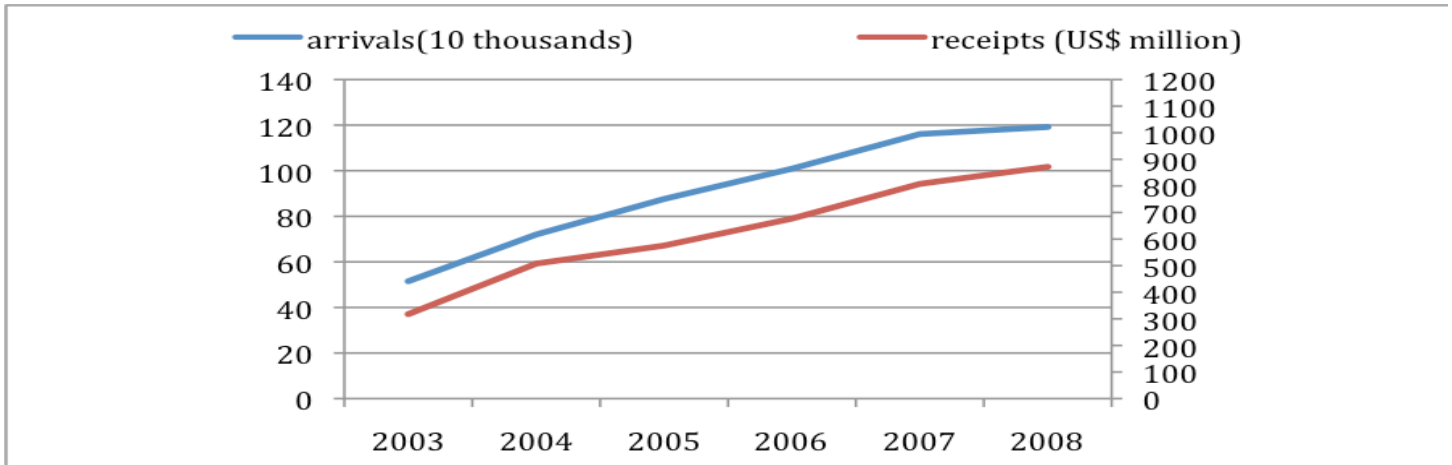
Exhibit 4.1 Domestic Tourism Statistics for Nanjing 2003-2008



Source: Report on Urban Tourism Development in China 2009; Social and Economic Development Report of Nanjing.

¹¹ The capital of Ming dynasty was later moved to Beijing.

Exhibit 4.2 International Tourism Statistics for Nanjing 2003-2008

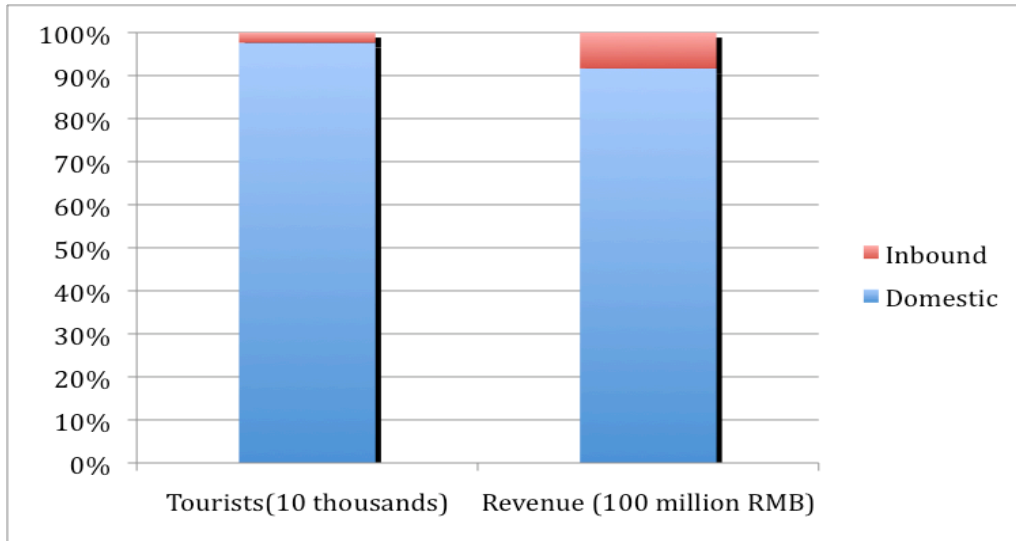


Source: Yearbook of China Tourism Statistics 2009; Report on Urban Tourism Development in China 2009.

It shows that both markets have a strong performance; however, in absolute terms, the inbound tourist market was marginal compared to the domestic market in terms of both number of tourists and revenue. Take 2008 for an example, the inbound arrivals only accounted for 2.4% of total tourists having visited Nanjing, and international tourist receipt accounted for 8.3% of annual tourist revenue ¹²(Exhibit 4.3). Compared with the data for China overall (Exhibit 3.4 and 3.5 in page 24 and 25), Nanjing is weak in attracting inbound tourists.

¹² At the end of 2008, the exchange rate of US dollar to RMB stood at 6.83:1. Given the exchange rate, the international receipt of 871.7 million US dollars was translated to 5.95 billion RMB.

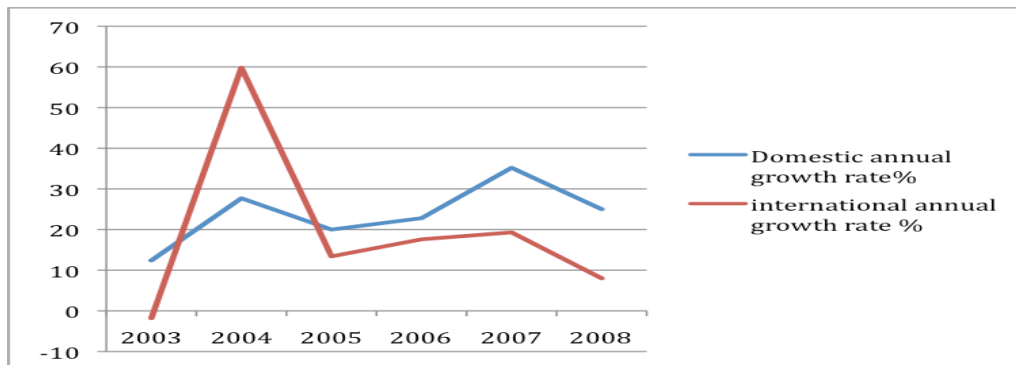
Exhibit 4.3 Percentages of Inbound and Domestic Tourists and Revenues 2008



Source: Report on Urban Tourism Development in China 2009; Social and Economic Development Report of Nanjing; Yearbook of China Tourism Statistics 2009.

In addition, the domestic growth rate outperformed that for the international market. In fact, the relatively high annual growth rate for the international tourist market is partly attributed to a big jump-back of 59% in 2004 from a negative growth of -1.8% in 2003 caused by the SARS crisis (Exhibit 4.4). So in general, the domestic market has grown more constantly than the international one.

Exhibit 4.4 Annual Growth Rate of Both International and Domestic Tourist Market in Terms of Revenue for Nanjing 2003-2008

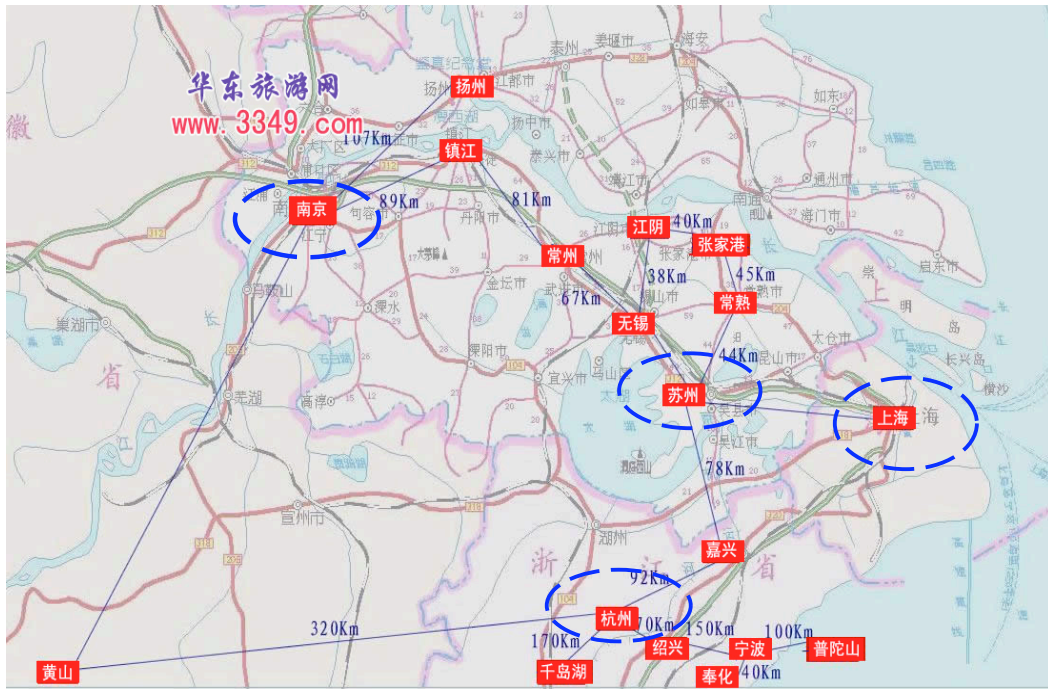


Source: Yearbook of China Tourism Statistics 2009; Report on Urban Tourism Development in China 2009; Social and Economic Development Report of Nanjing.

4.1.2. Competitiveness of Nanjing in International Market vs. Domestic Market

Nanjing is located in a region with well-developed tourism industry and some of the major tourist destinations in China. The most competitive cities in the region are Shanghai (上海), Hangzhou (杭州) and Suzhou (苏州) (Exhibit 4. 5). Shanghai is one of the biggest metropolises in China and probably in the world with a population of over 19 million people. It is the commercial and financial center of China, with branches and offices of transnational companies from around the world. It is widely considered the modernist and most prosperous city in China, and often holds large-scale international events, such as the APEC Summit in 2002 and the World Expo in 2010. Therefore the city attracts millions of tourists from within the country and abroad alike. Hangzhou is a picturesque city located 150 kilometers south-west of Shanghai. It has long been famous for its natural scenery which has been extolled by numerous scholars and poets in many literatures and poems. The most prominent attraction in the city is Western Lake (西湖), which features natural beauty and sites related to a well-known folklore concerning love affairs between a scholar and a white-snake-turned fair lady. Suzhou is a city within an hour drive from Shanghai. It used to be a small town well-known for its gardens owned by ancient local squires. A traditional Chinese saying goes “just as there is paradise in heaven, there are Suzhou and Hangzhou on earth”.

Exhibit 4.5 Map of the Region



Source: www.3349.com

Though development of tourist markets in Nanjing is behind those major tourist cities in the region, in terms of tourist arrivals and revenues, Nanjing has been able to narrow the gap in recent years. However, if looking into the details, domestic market is more promising for Nanjing than the international market vis-à-vis competitiveness and possibility of catching up in the short term as analyzed below.

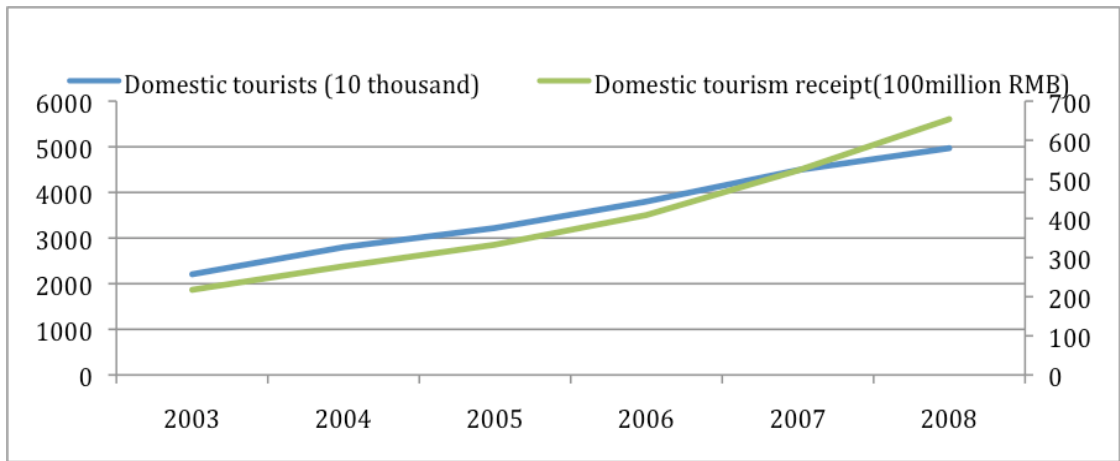
On the domestic front, Shanghai is far ahead of other cities in terms of visitors and revenues. The other three cities, Nanjing, Suzhou and Hangzhou are relatively on the same level, with visitors in the range of 50-60 million people and revenue around 65 to 75 billion RMB in recent 2 years. Though Suzhou is slightly ahead of other two cities, the difference is not significant (Exhibit 4.6). It is safe to say that Nanjing is as competitive as other major tourist destinations in the region.

On the contrary, the international tourist market is not promising for Nanjing. Shanghai is

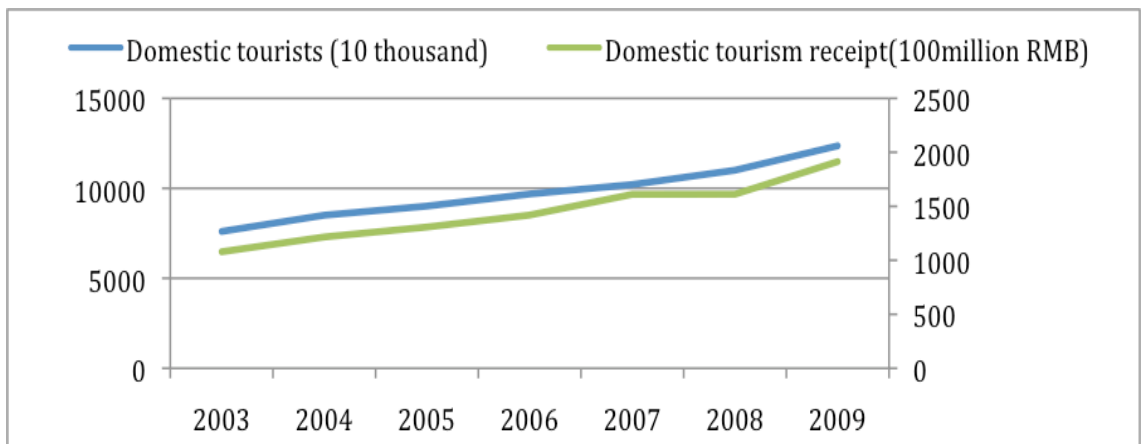
again far ahead of other 3 cities in terms of arrivals. Compared to this monster, the international arrivals for Nanjing, Suzhou and Hangzhou are relatively on the same level with Nanjing slightly lagging behind (Exhibit 4.7). However, it cannot disguise the fact that in 2008 the number of international arrivals to Nanjing is only half of Suzhou and 2/3 of Hangzhou. So Nanjing still has a long way to go to catch up with other major tourist destinations in the international market.

Exhibit 4.6 Comparison of Domestic Tourism Statistics for Major Regional Cities 2003-2008

南京



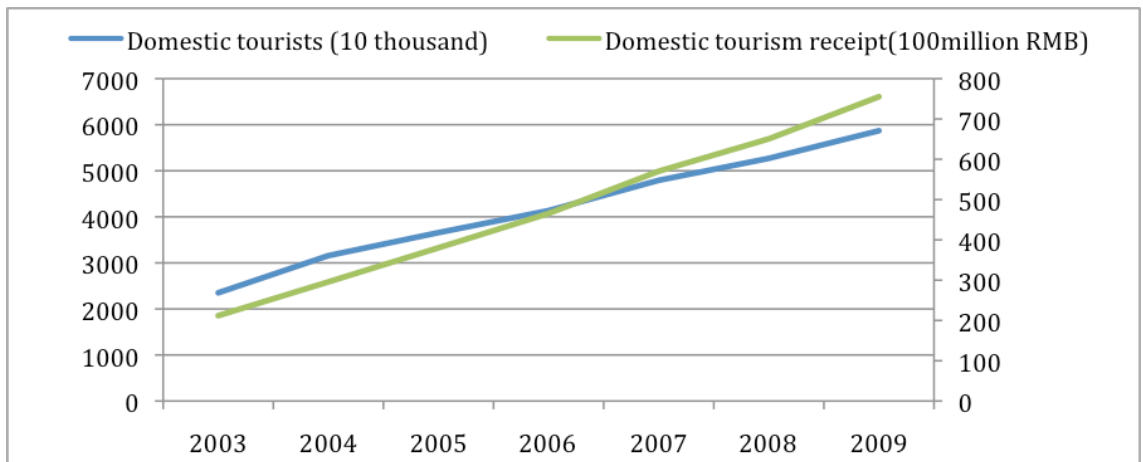
上海



杭州

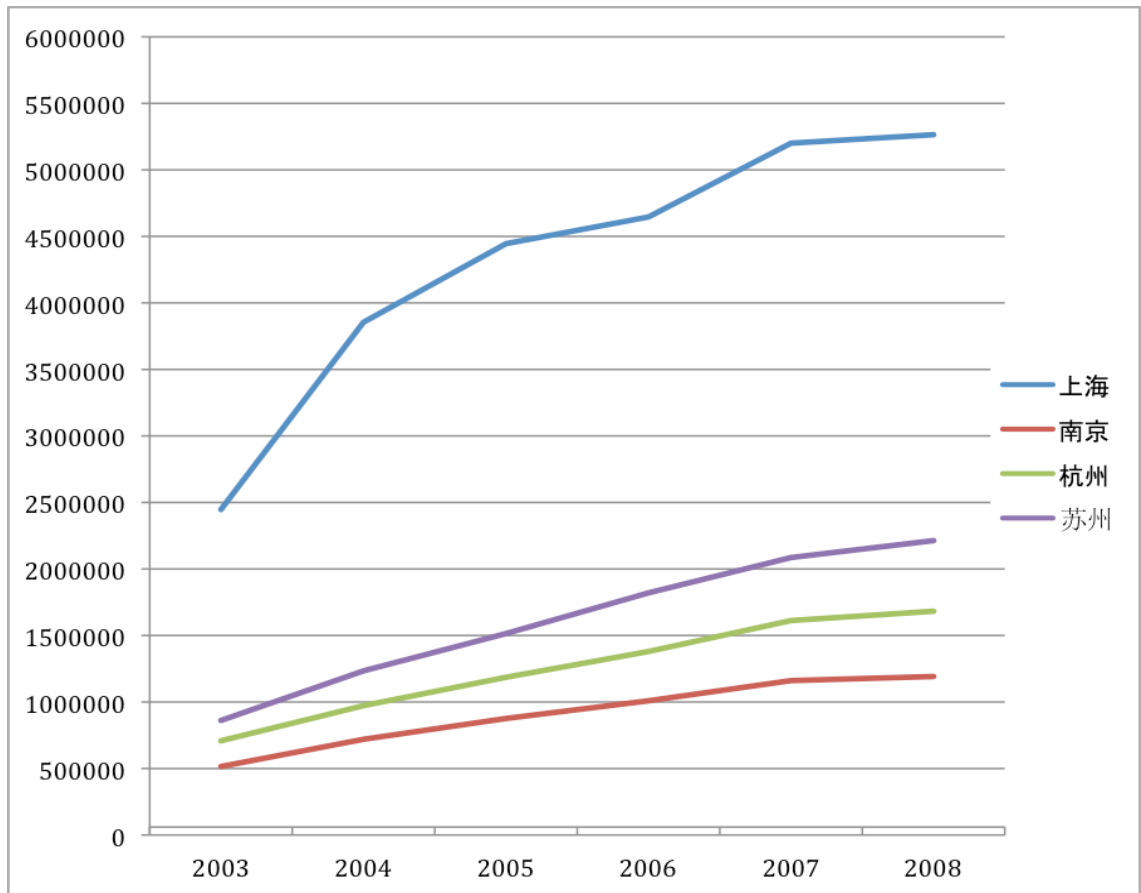


苏州



Source: Yearbook of Shanghai Tourism Statistics; Suzhou Tourism Development Report; Social and Economic Development Report of Shanghai, Nanjing, Hangzhou and Suzhou 2003-2009; Hangzhou Statistic Bureau Website www.hzstats.gov.cn

Exhibit 4.7 International Tourist Arrivals for Major Regional Cities 2003-2008



Source: Report on Urban Tourism Development in China 2009.

Section 2. ANALYSIS OF NANJING'S COMPETITIVENESS IN INTERNATIONAL TOURIST MARKET

Analyses of brand awareness, tourist product offerings, marketing position and infrastructure facilities show that Nanjing is not competitive in the international tourist market.

A. Low Brand Name in the International Market

Developing a highly recognized brand name is the foundation for exploring the overseas market for a city as tourist destination. Unfortunately, Nanjing is not well-known vis-à-vis other

tourist attractions in China among the international market, in particular in foreign countries.¹³ A survey done by the Nanjing Tourism Administration among 27 international travel agencies (2 from France, 5 from UK, 5 from Germany, 7 from the Netherlands and 8 from US and Canada) shows that due to low brand recognition, only 30% of them included Nanjing in their China tour package, far below Beijing (北京), Xian (西安), Shanghai (上海), Suzhou (苏州) and Hangzhou (杭州) (Exhibit 4.8).

Exhibit 4.8 Destination Package Operated by International Travel Agencies

Destination	% of travel agencies operating the destination package
北京	85.2
西安	85.2
上海	81.5
桂林	63.0
苏州	59.3
重庆	52.0
成都	48.1
杭州	44.4
昆明	44.4
丽江	37.0
武汉	33.3
南京	30.0

Source: Nanjing Tourism Administration

A survey done by the city's tourism authority shows that Dr. Sun Yat-sen's Mausoleum (中山陵) and the Ming Tomb (明孝陵) enjoys much higher level of brand recognition among domestic tourists than the international tourists. In the domestic market, Dr. Sun Yat-sen's Mausoleum has very high level of recognition, for 87% of domestic tourists know about the place before visiting Nanjing, far ahead of Confucius Temple which ranks second on the list. For international tourists, more people know about Dr. Sun Yat-sen (孙文) than his mausoleum (Exhibit 4. 9).

¹³ In China's concept, the international tourist market includes foreign countries, Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan province.

Exhibit 4.9 Brand Recognition Survey

Knowledge about Nanjing before visiting			
From international tourists		From domestic tourists	
Ancient City	73.10%	中山陵	87%
Historic and culture heritage	63.40%	Confucius Temple	32.8%
孙文	61.90%	Yuhuatai Memorial Hall	30.3%
Yangtze river	59%	President House	28.5%
Proximity to Shanghai	46.30%	明孝陵	16.6%
中山陵	33.6%	Xuanwu Lake	12%
Ancient city wall	29.10%	Qinghuai River	3.5%
Capital of 江苏	26.10%	Linggu Temple	2.8%
President House	15.70%	Muochou Lake	1.8%
蒋介石	14.20%	Purple Mountain	1.4%
明孝陵	10.50%	Zhonghuameng Gate	1.1%

Source: Nanjing Tourism Administration

B. Lack of Attractiveness of its tourist products

Closely related to its low brand recognition problem, Nanjing is in a very awkward position in terms of the product offerings to the international market. Though one of the ancient capital in the Chinese history, the product offerings by Nanjing in this regard, Dr. Sun Yat-sen's Mausoleum and the Ming Tomb, are less impressive to the international tourist market than the Imperial Palace and the Great Wall in Beijing and Terracotta Army in Xian. As the capital of one of the most developed provinces in China, Nanjing is still lagging behind in terms of modernity and internationalization than Beijing, Shanghai and even Shenzhen¹⁴. Moreover, though Nanjing is a city famous for its vast land of well preserved forest, it lacks the natural beauty that Guilin and Hangzhou has. So in short, Nanjing is unable to provide the international tourists a product that is unique or superior to its kind in China.

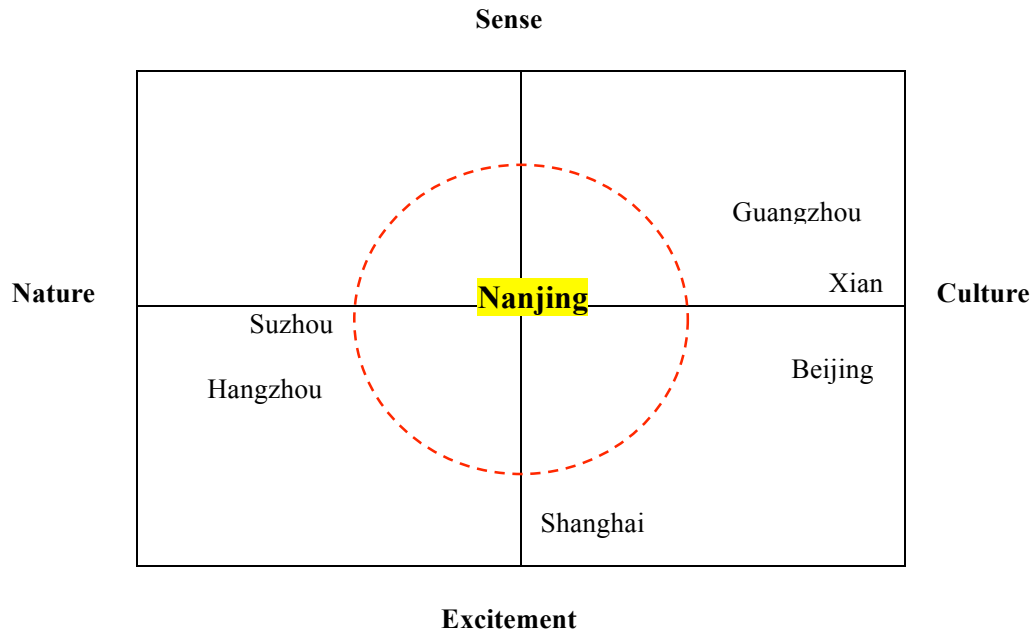
C. Confused Marketing Position in the International Market

Given the problem stated above, Nanjing also has a positioning problem in the international Market. Nanjing tourist authority seems to have created a vague and confusing marketing position.

¹⁴ Shenzhen (深圳), once a fishing village next to Hong Kong, is one of the first special economic zones in China and the showcase of China's economic reform.

Nanjing has promoted all the things it thinks worth promoting to the market, including its historical and cultural heritage, its museums, its landscape like lakes and mountains, and its shopping environment and friendly citizens. In comparison, other major tourist destinations have very clear marketing positions. Shanghai focuses on its image as an international metropolis; Beijing and Xian promote their long revered historical heritage, while Guangzhou is more on its cuisine; and Suzhou and Hangzhou widely publicize their natural scenery (Exhibit 4.10).

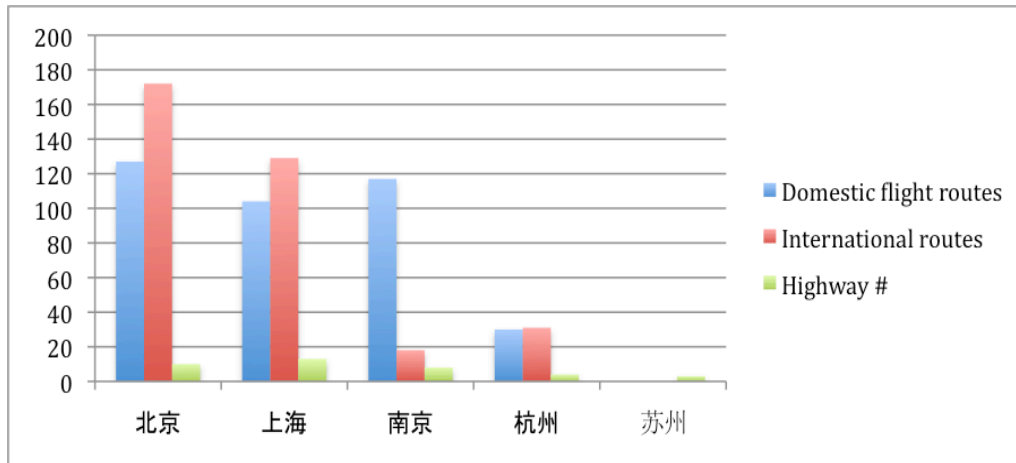
Exhibit 4.10 Marketing Position of China’s Major Cities



D. Lack of Facilities for International Tourists

Nanjing has very few international flights. In 2007, Beijing has 172 international flights, Shanghai 129, Hangzhou 31, while Nanjing only has 18 (Exhibit 4.11). Though Suzhou has no airport, it has easy access to the facilities in Shanghai. However, Exhibit 4.11 also shows that Nanjing is relatively on an equal footing with Beijing and Shanghai in the number of domestic flights and highways, proving its competitiveness in the domestic market again. In addition to limited number of international flights, Nanjing has fewer facilities for international events than Beijing and Shanghai, and has limited number of tourist service provided in foreign languages.

Exhibit 4.11 Transportation in Major Cities

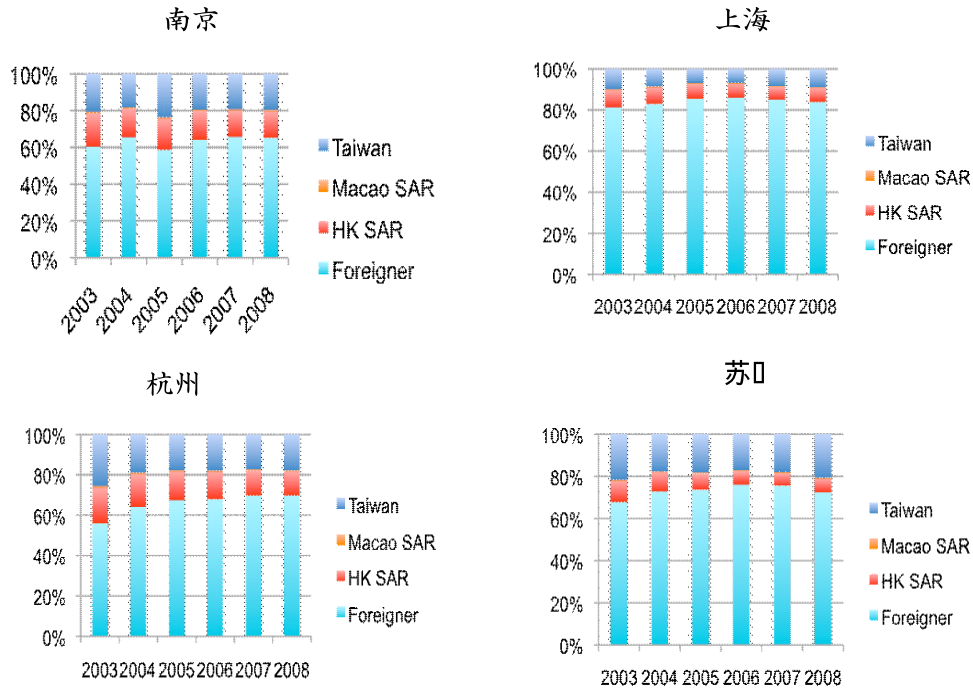


Source: Report on Urban Tourism Development in China 2009

Section 3. FEATURES OF NANJING'S INTERNATIONAL TOURIST MARKET

With regard to the structure of international tourists, the percentage of foreigners in Nanjing is lower than those in the major tourist cities in the region. Over 80% of international tourists to Shanghai, more than 70% to Suzhou and close to 70% to Hangzhou are foreigners while only 65% of international visitors to Nanjing are foreigners. Tourists from Taiwan province accounts for around 17%-20% of the total international visitors for Nanjing, Hangzhou and Suzhou, while only 8% for Shanghai. Nanjing has a higher percentage of tourists from Hong Kong than the rest of the cities in the region (Exhibit 4.12). The comparison shows that although Nanjing is less competitive in the foreign tourist market in light of the previous analysis, it has its position in the Hong Kong and Taiwan province markets vis-à-vis other cities in the region. This is partly due to the association of Nanjing with the capital of Republic of China by some people from Taiwan province and Hong Kong.

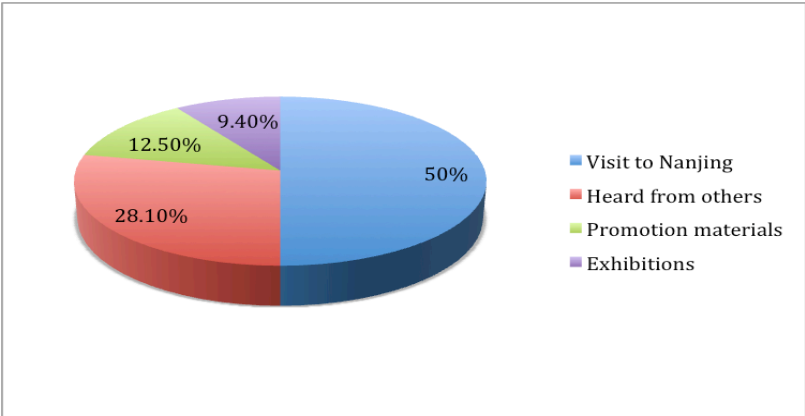
Exhibit 4.12 Structure of International Tourists for Major Cities in the Region 2003-2008



Source: Yearbook of China Tourism Statistics 2009; Report on Urban Tourism Development in China 2009.

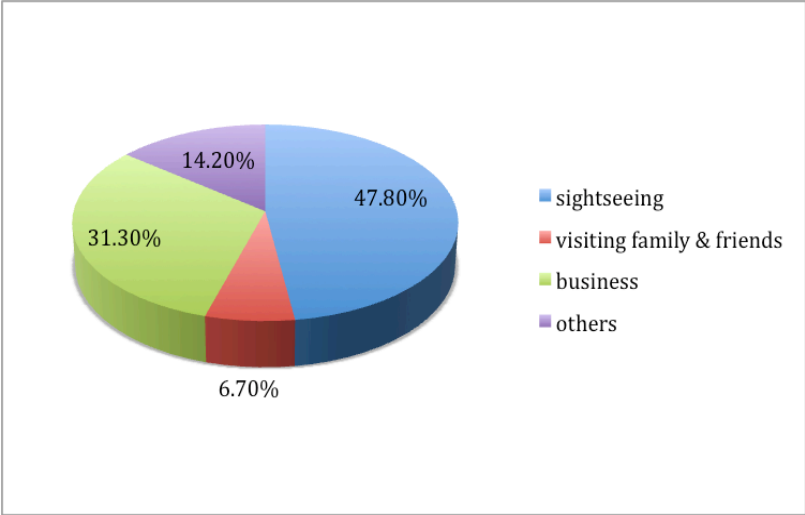
The survey with international travel agencies mentioned in the last section also shows that most of the agencies' representatives knew about Nanjing by field visits (50%) and through word-of-mouth (28.1%), but the effect of various promotion efforts like publications and exhibitions were quite marginal (Exhibit 4.13). Another survey shows that for those who visit Nanjing, 48% is for sightseeing and 1/3 is for business (Exhibit 4.14). Moreover, 64.2% of the international tourists traveled to Nanjing on their own while the rest were through travel agencies.

Exhibit 4.13 Survey on Means to Know Nanjing



Source: Nanjing Tourism Administration

Exhibit 4.14 Breakdown of International Tourists to Nanjing by Purpose



Source: Nanjing Tourism Administration

Section 4. SUMMARY

1. To analyze the international tourist market for the Zhongshan National Park, it is proper to examine the competitiveness and features of the tourist market of Nanjing.

2. The tourist markets for Nanjing has been expanded in recent years for both domestic and international, and the gap between Nanjing and other major tourist destinations in the region in terms of visitors and revenues has been narrowed.

3. However, the domestic market is much bigger and has a more constant growth rate than that of the international market for Nanjing, and more promising considering Nanjing's performance in the international market vis-à-vis other cities in the region. This is because that Nanjing is less competitive in the international tourist market than other major tourist destinations in China due to low brand image, lack of attractive tourist products, vague marketing position and underdeveloped facilities. In contrast, Nanjing has been catching up to the other major tourist destinations in the domestic market and Dr. Sun Yat-sen's Mausoleum enjoyed a high level of brand recognition among domestic tourists. These facts imply that international market should not be the priority for the national park, and the administration should put emphasis on the domestic market when considering any serious future growth.

4. As far as the international tourist market is concerned, Nanjing has relative competitiveness in Hong Kong market and Taiwan province market compared to Shanghai, Suzhou and Hangzhou, but still very weak in foreign markets. For representatives of foreign travel agencies, the most effective ways to know Nanjing are through field visits and word-of-mouth. This implies that rather than overseas exhibitions and promotional events, foreigners who visited Nanjing before, like foreign business people, would be more ideal and inexpensive media for the administration bureau to promote the National Park.

CHAPTER 5. DOMESTIC MARKET ANALYSIS

Domestic tourists are the majority visiting the Zhongshan National Park and therefore a close-up of the domestic market for the National Park is imperative and instrumental to the formation of future marketing strategy. Section 1 shows the major visitor fountains for the National Park, section 2 characteristics of the domestic tourists and section 3 their traveling preference and behaviors. Source of exhibits in this chapter is analysis by thesis author using market survey data.

Section 1. VISITOR FOUNTAIN ANALYSIS

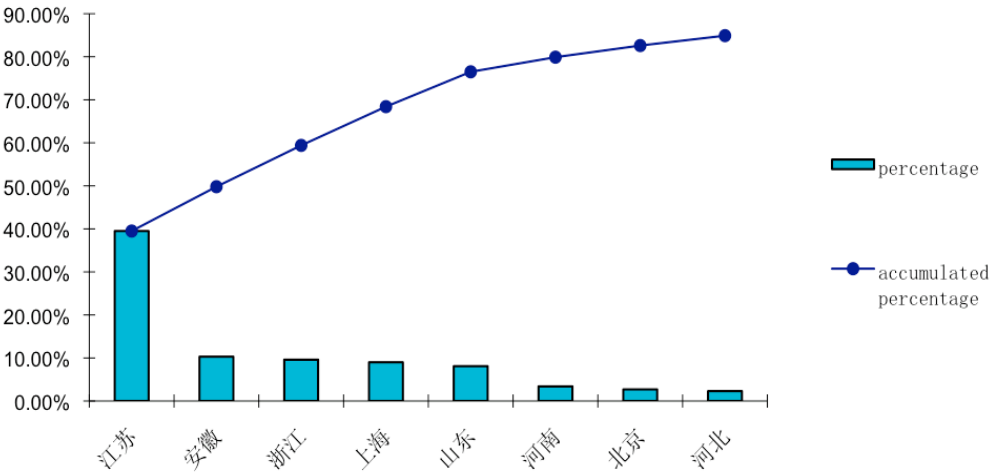
The majority of the tourists visiting the Zhongshan National Park are from domestic market. The managers in the administration bureau of the National Park have no detailed breakdown on the ratio between domestic tourists and international visitors, and they have different views on the number of the international tourists visiting every year. However, it is certain that the international tourists are marginal since among 2.7-2.8 million visitors the National Park has received annually in recent years, the highest number of international tourists estimated by the managers is around 200 thousands¹⁵. Therefore domestic market is the life line for the National Park in terms of visitor fountains. During the interview, the managers of the National Park presented the breakdown of the domestic market they have monitored over the years and it showed that the National Park was rather a regional player in the tourist market since most of the visitors were from Jiangsu (江苏) province and its neighboring provinces like Anhui (安徽), Zhejiang (浙江), Shanghai(上海), Shandong(山东), Henan(河南), Hebei (河北), and the farthest was Beijing(北京); and these provinces and cities made up close to 90% of the market (Exhibit 5.1).

¹⁵ Estimate on the lower side is about half of that amount.

Exhibit 5.1 Major Domestic Fountain for the National Park



Detailed Breakdown of Visitor fountain

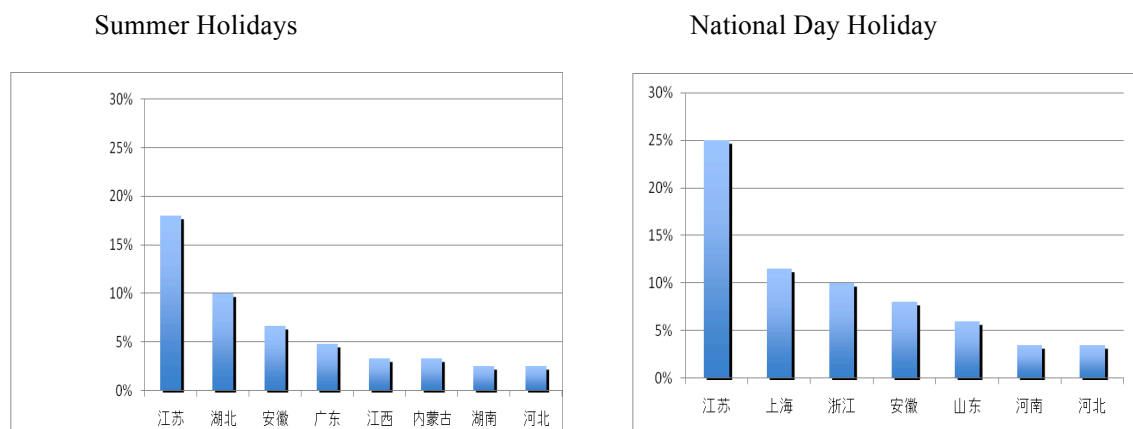


Source: the Administration Bureau of Dr. Sun Yat-sen’s Mausoleum¹⁶

¹⁶ The data in this chapter is from the same source except stated otherwise.

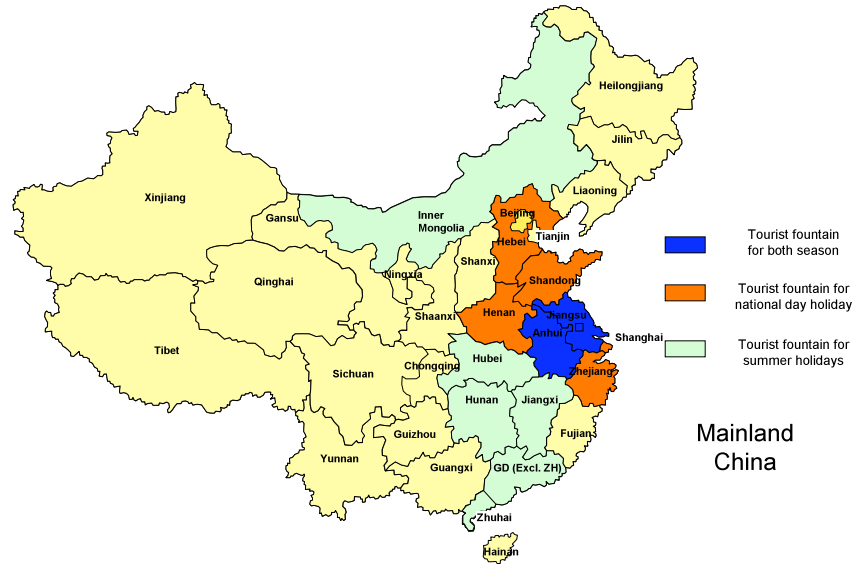
Visitor fountains are different between the summer seasons and the golden weeks. The results of tourist surveys done in both summer and the National Day Holiday¹⁷ in 2009 identified that Jiangsu (江苏) was definitely the most important market since it made around 1/5 to 1/4 of the market for both periods. During the golden week, people from nearby provinces like Shanghai(上海), Zhejiang (浙江), Anhui (安徽) and Shandong(山东) tended to visit the National Park, making up more than 5% share of the market each. However, during the summer vacations, the visitor fountains were more diverse with only 3 provinces making more than 5% of the total visitors and they could be from as far as provinces like Inner Mongolia (内蒙古) and Guangdong (广东) (Exhibit 5.2). It is worth noticing that tourists from Hubei (湖北, where Wuhan (武汉) is located) accounted for close to 10% of the total visitors, which could partly be explained by the operation of high-speed trains in April between Nanjing and Wuhan.

Exhibit 5.2 Survey Result of Visitor Fountains for Summer Holidays and the National Day Holiday in 2009



¹⁷ The National Day Holiday is one of the two golden weeks in China. The other one is the Lunar New Year.

Visitor Fountains Breakdown in Both Summer and National Day Holiday, 2009

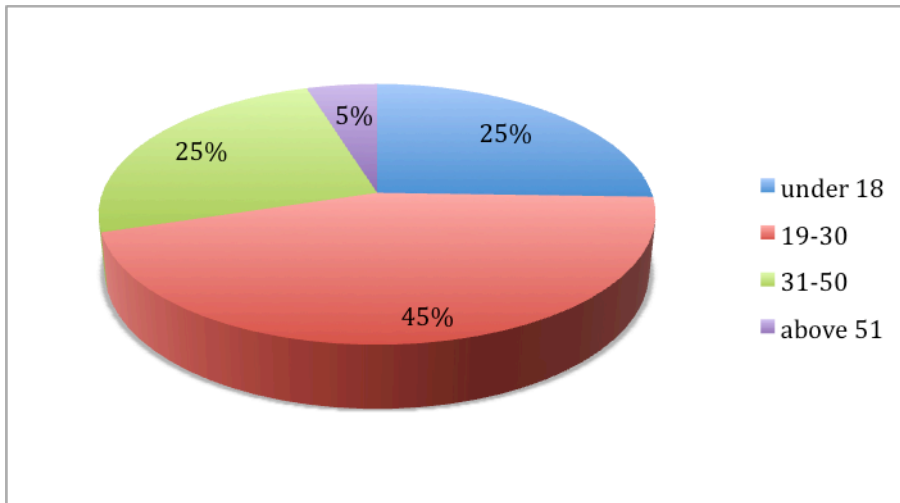


Section 2. VISITORS' CHARACTERISTICS ANALYSIS

The issue discussed in this section is what the tourists visiting the National Park look like and if a particular market segment stands out.

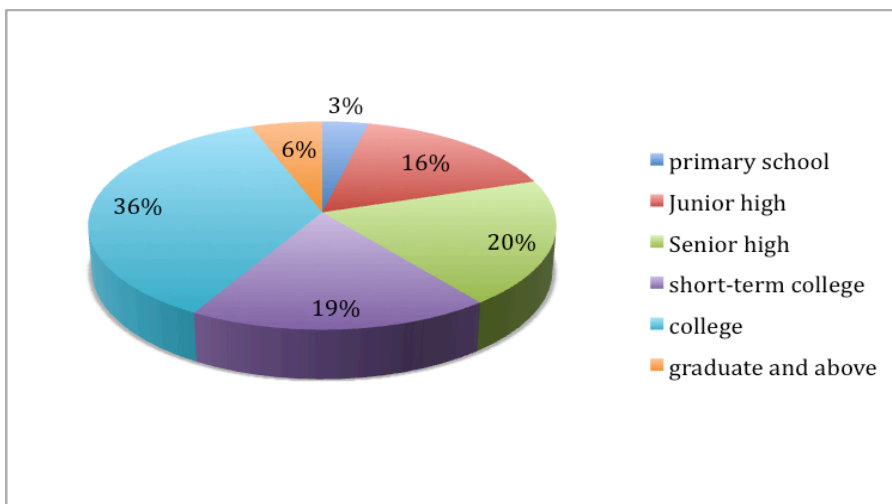
In terms of age, in general, people between 19 and 30 accounts for 45 % of the tourists, and both visitors under 18 and between 31-50 takes up 1/4, leaving senior tourists above 51 less than 5% (Exhibit 5.3).

Exhibit 5.3 Tourist Breakdown by Age



In terms of educational background, there are more than 60% of the visitors having a degree from the short-term college or above (Exhibit 5. 4). The percentage is lower than the national average of around 75%¹⁸, a research result found by the China Tourism Research Institute. Two figures cannot easily be compared since the research method and survey caliber adopted by the China’s Tourism Research Institute is unknown to the thesis writer; however, some of the difference could be explained by that there is a large portion of students in visitor fountain (Exhibit 5. 5).

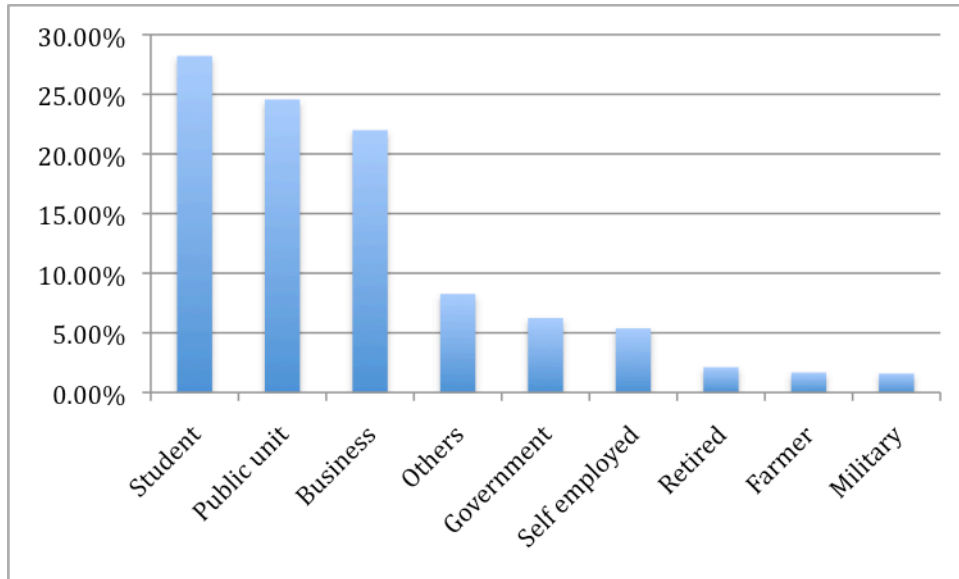
Exhibit 5.4 Tourist Breakdown by Educational Background



¹⁸According to China Tourism Research Institute, 75% of the tourists held a short-term college degree or above.

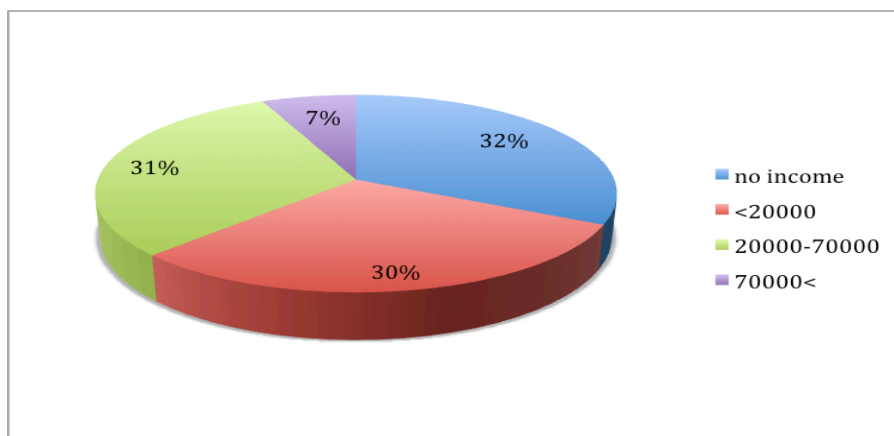
In terms of profession, tourists working for government and public unit take up 31%, students 28% and people in private sectors 22% (Exhibit 5.5). It also shows that most of the visitors are urban residents or people working in the cities, with farmers at a marginal 1.7% in general.

Exhibit 5.5 Tourist Breakdown by Profession



In terms of annual income, tourists with no annual income, income less than 20 thousand RMB, and income ranging between 20 and 70 thousands RMB account for around 30% each, and 7% of tourists earns more than 70 thousands RMB a year (Exhibit 5.6).

Exhibit 5.6 Tourist Breakdown by Income



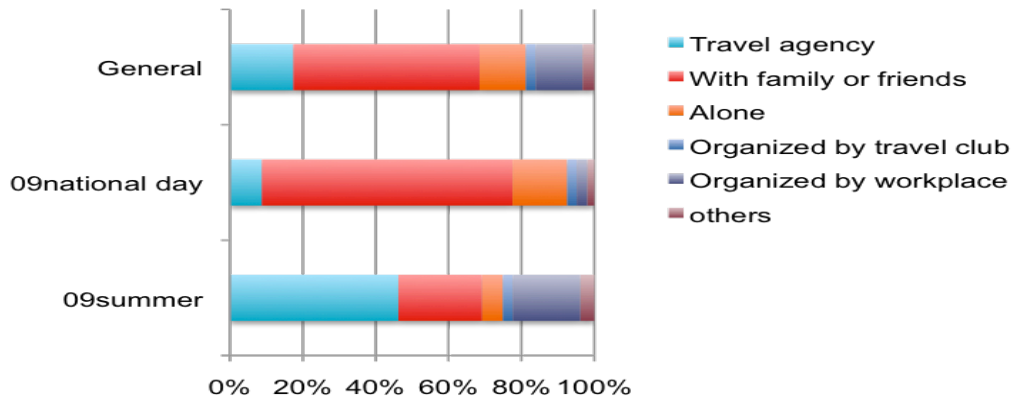
The analysis shows that tourists coming to the Zhongshan National Park are common urban residents across all walks of life, most of them with average income level in China. It properly has a greater portion of students in its tourist portfolio than the national tourist average. Given the existing visitors' structure, the National Park has to maintain the students market while capturing more tourists with high educational background and high purchasing power.

Section 3. TOURIST PREFERENCE AND BEHAVIOR ANALYSIS

In terms of travelling organizers, tourists visiting the National Park tend to come with their families and friends, as observed by the administration bureau. Travelling in this way accounts for over 50% in general. In addition, 17.4% are with travel agencies, 13% are organized by the workplace and another 12.7% come alone. However, the ratio of traveling organizers differed dramatically from season to season, as the survey results¹⁹ showed two strikingly different patterns. During the summer holidays, tourists tend to let the third party arrange the trip, like 46.2% through travel agencies and 18.6% by their workplace. On the contrary, they arranged the trip by themselves during the golden weeks like the National Day Holiday, as 69% travelled with their family members and friends and another 15% travelled alone (Exhibit 5.7). Travels made by on-line travel clubs (members of which are travel enthusiast and called "Lu You" in China) was stable at about 2.7%.

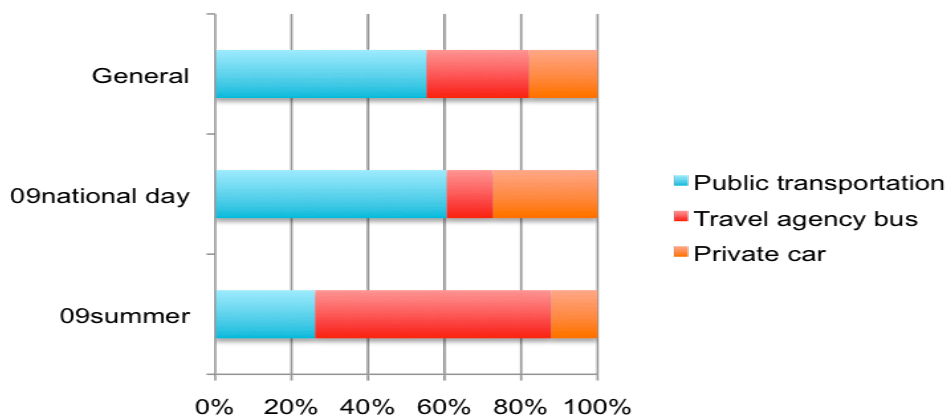
¹⁹ Tourist surveys that were done in summer holidays and the National Day Holiday, 2009.

Exhibit 5.7 Tourist Breakdown by the Organizers



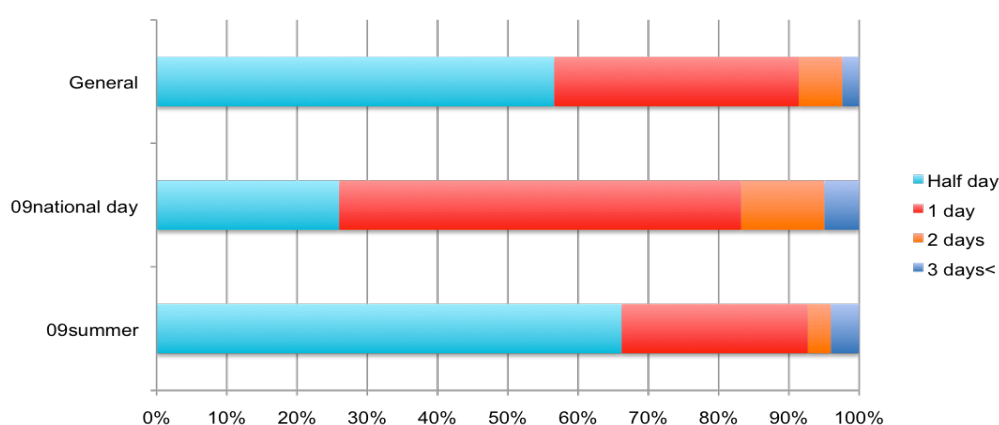
The different patterns of travelling observed above are also seconded by the pattern of transportation. In general, 55% visited the National Park by public transportations while close to 27% went in sightseeing bus arranged by the travel agencies. However, more than 60% actually went on a travel agency’s pre-arranged bus during the summer holidays and by public transportation in the National Day Holiday. Travelling by private car averaged at 18% but surged to 27.3% in the National Day Holiday and plumped into 12% in the summer holidays (Exhibit 5.8). Looking at the figure altogether with the visitor fountain data, it shows that tourists in the nearby region tend to visit the National Park by themselves and sometimes by their private cars while tourists in far-away provinces still prefer travel agencies.

Exhibit 5.8 Tourist Breakdown by Means of Transportation



Normally, tourists tend to stay in the National Park less than 1 day. In details, 56.6% stayed within half a day and 34.8% for 1 day. Only 8.6% stayed more than 1 day. However, during the National Day Holiday, tourist tend to stay longer in the National Park, for 57.2% stayed for 1 day and 11.8% stayed for 2 days while in the summer vacation, 66.2% stayed within half a day and 26.5% for 1 day (Exhibit 5.9). As explained by one marketing staff in the administration bureau, the pattern is closely related to the pattern of travel. Group tourists usually visited the National Park under various packages offered by the tourist agencies. Within a package, which normally includes other compelling tourist cities in the region, Nanjing normally takes up 1 day or 2 days at best, and thus the tourists organized by the travel agencies normally dropped by the scenic areas in the National Park within half a day. Since a large portion of the tourists visited the National Park in the summer was with travel agencies, their duration of stay tends to be shorter. So the duration of stay has a high correlation with the way the tourist travel. Since visitors staying longer are more likely to spend more, it seems that self-driving tourists from the nearby region are probably the most profitable group and thus need special attention.

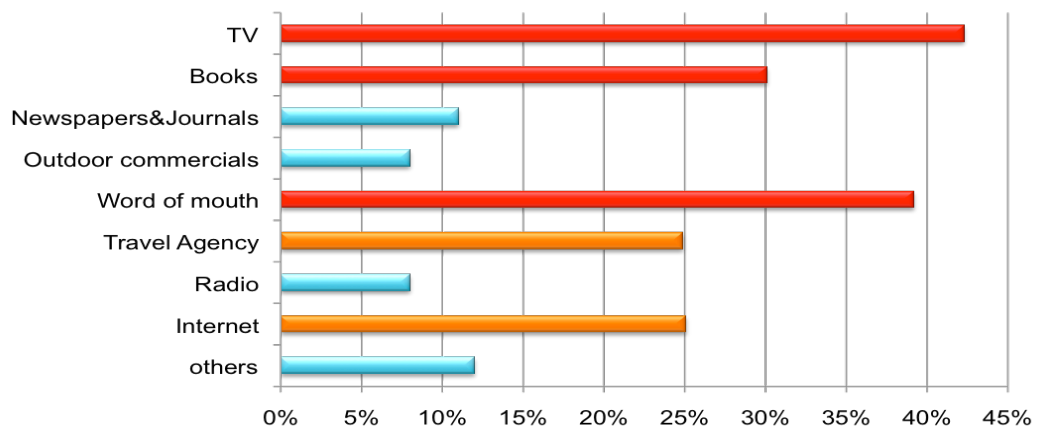
Exhibit 5.9 Tourist Breakdown by the Duration of Stay



With regard to the channels of getting to know about the National Park, 42.3% of tourists gained their information on TV, 39.2% through family member and friends, and 30% from the books (Exhibit 5.10). It is not surprising that TV and books are the major channels since Dr. Sun Yat-sen's

Mausoleum, the number one attraction in the National Park has some exposure on CCTV (China’s Central Television) news during the holidays and when top officials of KMT²⁰ visited mainland China and paid homage to the Party founder’s tomb, and an article about the Mausoleum has long been included in the high school Chinese textbook. It is noticeable that word-of-mouth is a significant channel for the tourists to get information on the National Park. In addition, travel agency and internet, the other two channels for information, are under represented with only 25% each; in particular, the percentage for internet is lower than the national tourist average found out by the China Tourism Research Institute.

Exhibit 5.10 Breakdown of Information Channels.



²⁰ KMT stands for Kuo Min Tang, the party founded the Republic of China and the ruling party of Taiwan province at the moment.

Section 4. SUMMARY

1. The domestic visitor fountain for the Zhongshan National Park concentrates on the Jiangsu province where Nanjing is located and nearby provinces in the region. However, the visitor fountain covers larger areas during the long summer holidays than 7-day golden holidays. It means the administration bureau should emphasize the regional market, especially during the increasing number of short national holidays when tourists in the region tend to visit, and should focus on different regions in different seasons.

2. Tourists coming to the National Park are general public covering all walks of life in China at average income level, and it has relatively higher percentage of students than the national tourist average. While keeping capturing the students' market, the administration bureau has to work hard to attract people with high educational background and high purchasing power.

3. Tourists preference and behaviors differ significantly between seasons. During the summer holidays, many tourists tend to be from government agencies and public units in the region and from distant provinces, many of them travel in group through travel agencies on a pre-arranged sightseeing bus, and normally stayed about half a day. They approached the travel agencies for travelling information. In comparison, during the golden weeks, many tourists tend to be from the region and they arrange the trip on their own and travel with family members and friends or by themselves. They tend to stay longer than half a day and get the information more through internet and their family members and friends. These seasonal differences require the administration bureau to take different marketing actions in different seasons and capture different tourist groups. It also shows that the individual tourists from the region, especially self-driving tourists, are probably the most profitable group and thus need special attention.

4. As to the channels to get to know the Zhongshan National Park, word-of-mouth is an

important media and internet is under-represented compared to the national tourist average. Therefore, the administration has to work on word-of-mouth promotion and formulate internet promotion strategy.

CHAPTER 6. PROBLEM ASSESSMENT

The chapter will scan the problems the Administration Bureau of the Dr. Sun Yat-sen's Mausoleum has now in three aspects as a base to further discuss the alternatives for the National Park to attract more tourists and to generate increasing revenues. Section 1 looks at the problems concerning the existing revenue structure for the National Park. Section 2 turns to the problems related to the existing marketing measures the administration bureau has taken. Finally, section 3 presents the results of a tourist satisfaction survey to show the problems the administration bureau has in operation that may dampen the image of the National Park and thus degrade its attractiveness.

Section 1. EXISTING REVENUE ANALYSIS

6.1.1. Overall revenue structure

As a tourist attraction, revenue could be from several avenues, including ticket selling, food and beverage, souvenir selling, accommodation and other services. However, when looking at the revenue structure of the Administration Bureau of Dr. Sun Yat-sen's Mausoleum, it is easy to see that its revenue is mostly from the ticket selling at the entrance of its two scenic areas (Exhibit 6.1), taking up 81.6% of the total revenue. There is no revenue from accommodation and it is understandable and excusable since no hotels located in the National Park is controlled by the administration bureau. However, the shares of the other revenue avenues are marginal and even negligible. The next biggest revenue for the administration bureau is various property rents, including royalties from Underwater World²¹ and Dihao property, and rents from private catering providers and souvenir shops located along the commercial street in front the entrance of Dr. Sun Yat-sen's Mausoleum scenic area, altogether account for only 4.2% of the total revenue. Other services, including parking and shuttle bus in the scenic areas account for a marginal 2.2%. Even worse, food and beverage and souvenir selling, usually important revenues for a tourist attraction,

²¹Underwater World is a sea world park strangely located at the foot of the Zhongshan mountain.

only earn a negligible 0.26%. This revenue structure makes the administration bureau very dependent and vulnerable to the factors affecting the number of people entering the scenic areas of the National Park and unable to dig into the pockets of these tourists as well as others who enter the National Park but not the scenic areas²².

Exhibit 6.1 Revenue Structure in 2009

2009 Revenue	RMB	%
Total	264,075,800	100.00%
1. Service revenue	218,633,000	82.79%
Ticket	215,389,000	81.56%
Parking	3,022,500	1.14%
Sightseeing shuttle	221,500	0.08%
2. Operation	13,429,600	5.09%
Food and beverage	271,800	0.10%
Souvenir	430,100	0.16%
Construction	490,000	0.19%
Rent	6,898,200	2.61%
Royalty	1,852,500	0.70%
Underwater World rent	1,100,000	0.42%
Dihao property rent	1,200,000	0.45%
Others	1,187,000	0.45%
3. Others	32,013,200	12.12%
Planting	563,700	0.21%
Compensation	17,436,700	6.60%
Green land compensation	132,800	0.05%
Others	13,880,000	5.26%

Source: the Administration Bureau of Dr. Sun Yat-sen's Mausoleum

By comparison, the revenue structure of one of the most famous tourist attraction in the

²² The National Park alone is free to access, however major scenic areas in the National Park require admission fees.

region and perhaps in the nation, the Western Lake (西湖), in Hangzhou is much better. The Western Lake was free to enter since 2002, though it did not mean that it gave up all the tickets revenue for good, for there are still 22 minor attractions within the scenic area that charge on average 15 RMB to enter, a much lower price compared to the ticket prices for the two scenic areas in the National Park. However, since the most valuable asset of the scenic area, the lake itself, is open to the tourists for free, the attraction focuses their revenues from business operations like restaurants, bars, souvenir shops and other commercial services along the lake's bank. In fact, the tourists entering those paid attraction sites only account for 28-30% of the tourists visiting the Western Lake, and the revenue from the ticket selling around 50% of the total revenue, a much lower percentage than the Zhongshan National Park²³. During the interview with one senior manager of the administration bureau, he also admitted that they has depended too much on the tickets and they should find ways to follow the example of the business model of the Western Lake and generate more revenues from various channels other than the ticket selling.

6.1.2. Ticket Revenue Structure

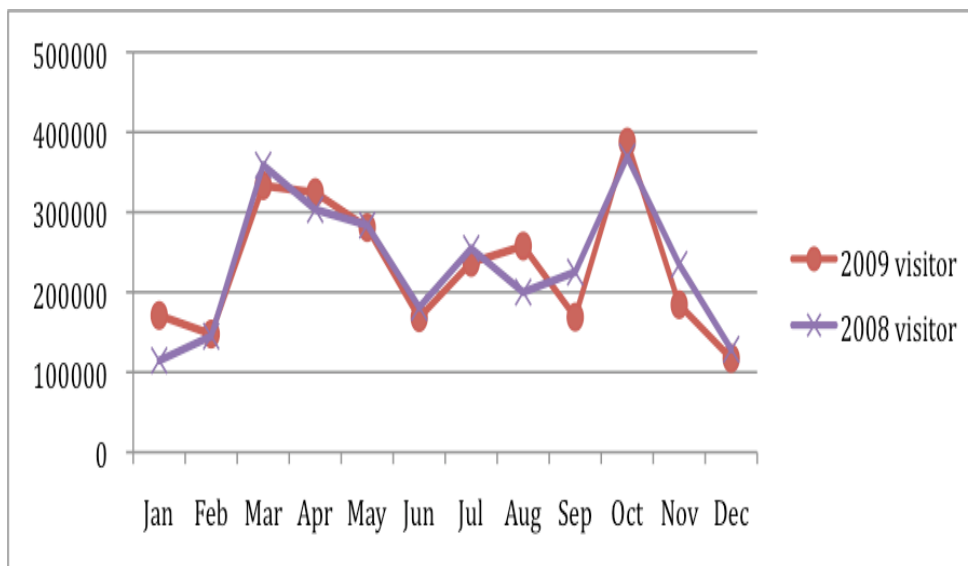
Similar to the unbalanced revenue structure, the ticket selling revenue is unbalanced too. The National Park has only two scenic areas that charge admission fees to the tourists. One is the scenic area of Dr. Sun Yat-sen's Mausoleum that groups Dr. Sun Yat-sen's Mausoleum, Linggu Temple and other small attractions like Music Platform, and the other is the Ming Tomb scenic area that group the Ming Tomb, the Plum Blossom Hill and other minor attractions like Purple-Glow Lake. However, the tourists concentrate in the Dr. Sun Yat-sen's Mausoleum and those visiting the Ming Tomb scenic area are marginal.

There are seasonal fluctuations concerning the number of tourists visiting the scenic areas (and therefore associated with the ticket revenue) over a year. Normally, the spring period (March to May) and October are the high season for the National Park while the winter period (November to

²³ Research on Economic Development of the Western Lake Scenic Area, Zhejiang Statistics, November, 2008.

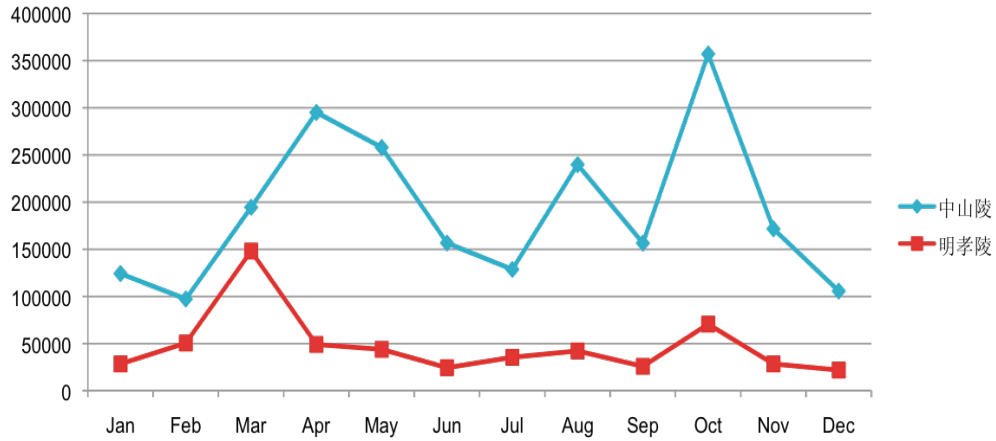
February) is the low season (Exhibit 6.2). The peak season has coincided with events like Plum Blossom festival in March and April, Tomb Sweeping Day and Labor’s Day in April and May, and the National Day Holiday, the golden week in October. However, the tourist seasonal fluctuation of the National Park resembles that of Dr. Sun Yat-sen’s Mausoleum, and number of tourists to the Ming Tomb slightly fluctuates throughout the year, except in March (Exhibit 6.3). This reflects the fact that more tourists visit Dr. Sun Yat-sen’s Mausoleum than the Ming Tomb, and the tourist coming to Ming Tomb is very small throughout the whole year except in March, when they visited the Plum Blossom Festival held within the Ming Tomb scenic area but not the tomb itself.

Exhibit 6.2 Seasonal Fluctuation of Number of Tourists in 2008 and 2009



Source: the Administration Bureau of Dr. Sun Yat-sen’s Mausoleum

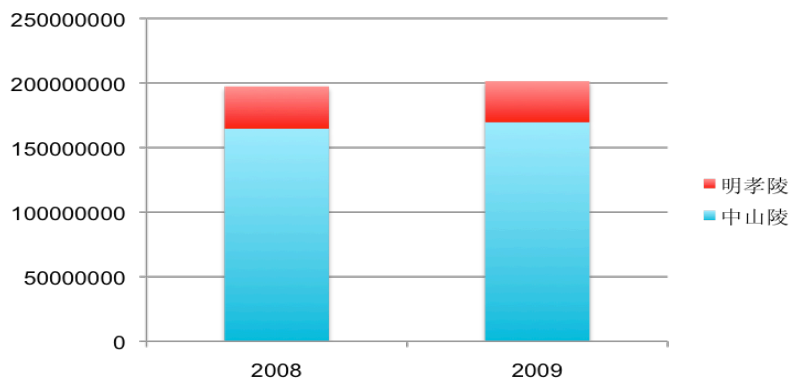
Exhibit 6.3 Breakdown of the Seasonal Fluctuation of Number of Tourists in Two Scenic Areas in 2009



Source: the Administration Bureau of Dr. Sun Yat-sen’s Mausoleum

The disparity of the number of tourists in the two scenic areas contributes to the disparity of ticket revenues from the two areas. In 2008 and 2009, the ticket revenues for Dr. Sun Yat-sen’s Mausoleum were over 164.6 million RMB and 169.6 million RMB respectively while the revenues for Ming Tomb were only 32.7 million RMB and 31.7 million RMB respectively (Exhibit 6.4). Therefore, it is easy to see that over 80% of the ticket revenue and around 65% of the total revenue is dependant on the Dr. Sun Yat-sen’s Mausoleum’s ticket selling (Exhibit 6.4).

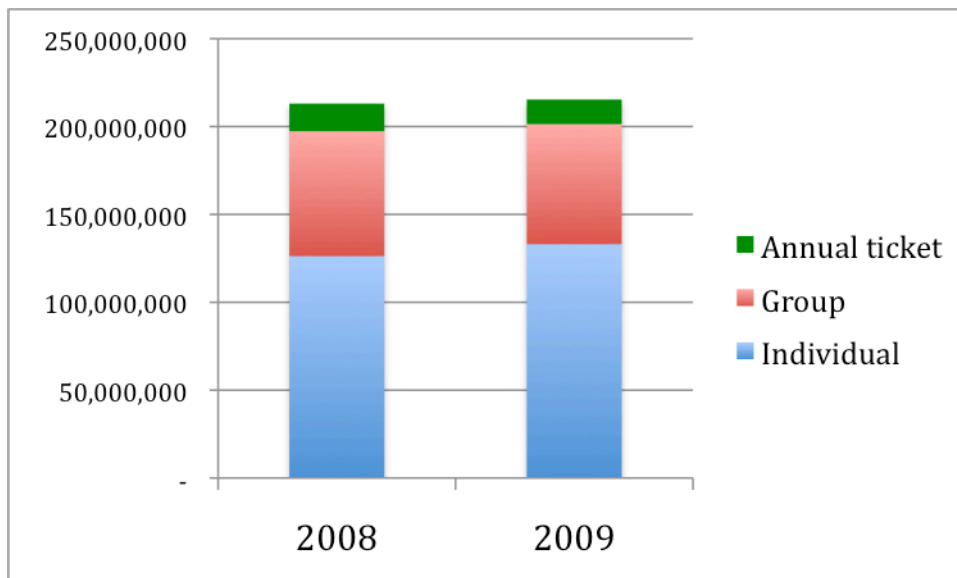
Exhibit 6.4 Ticket Revenue Breakdown for the Two Scenic Areas in 2009 (in RMB)



Source: the Administration Bureau of Dr. Sun Yat-sen’s Mausoleum

At first glance, the ratios between individual ticket and group ticket are more balanced, for the individual ticket has made up for around 60% of the total ticket revenue and group ticket around 32% with the balance made by other ticket selling like annual ticket (Exhibit 6.5). However, it disguises the fact that there are much fewer group tourists visiting the Ming Tomb. In both 2008 and 2009, the ratios between individual and group ticket revenue were about 6 to 4 for Dr. Sun Yat-sen’s Mausoleum scenic area while the ratio for Ming Tomb were astonishingly 8.6 to 1.4 (Exhibit 6.6). It shows that among limited number of tourists visiting the Ming Tomb, only a very small fraction of them are organized by the tourist agencies, which means that the Ming Tomb is in fact not attractive to the tourist agencies. It is not normal in the industry, since one senior manager in the national park referred that less famous attractions commonly lived more on group tours from travel agencies than the individual tourists, however, for the national park, the less famous Ming Tomb attract disproportionately less percentage of group tourists.

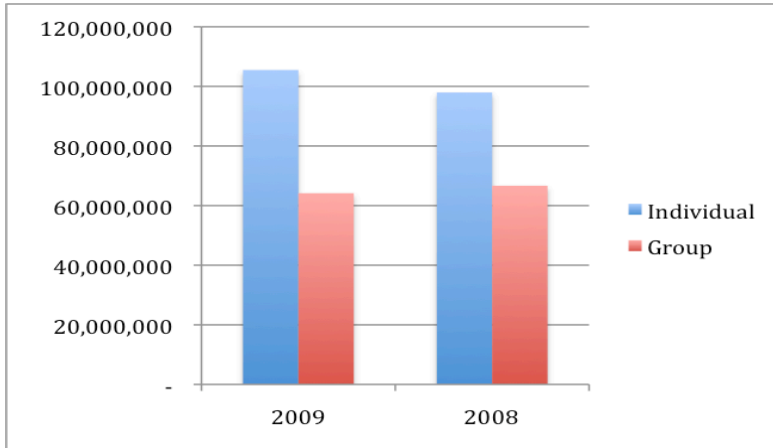
Exhibit 6.5 Ticket Revenue Breakdown by Type in 2008 and 2009 (in RMB)



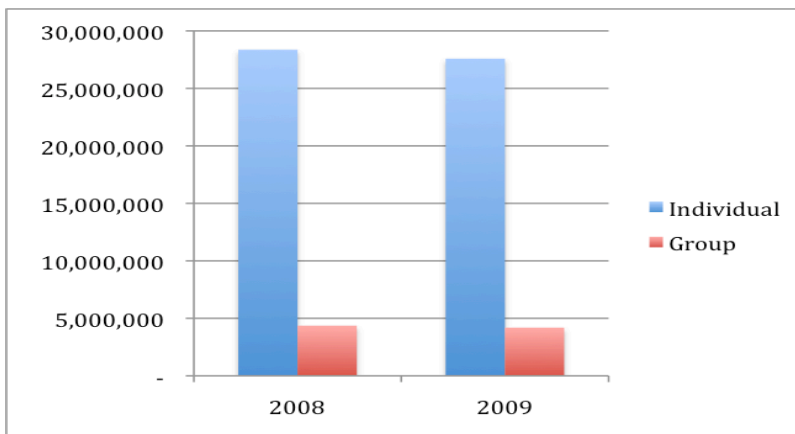
Source: the Administration Bureau of Dr. Sun Yat-sen’s Mausoleum

Exhibit 6.6 Tick Revenue Breakdown by Type for both Scenic areas (in RMB)

Dr. Sun Yat-sen's Mausoleum Scenic Area



Ming Tomb Scenic Area



Source: the Administration Bureau of Dr. Sun Yat-sen's Mausoleum

Section 2. EXISTING MARKETING EFFORTS ANALYSIS

6.2.1. Organization and Marketing Planning

There is no marketing division in charge of or coordinating the marketing function in the Administration Bureau of Dr. Sun Yat-sen's Mausoleum. The marketing functions are shared by different divisions. The ticket selling center is responsible for the ticket price setting and sales of all the tickets, including annual tickets and set tickets. The division of publicity and the division of

general affairs are, among many other functions, responsible for the annual promotional events, like Plum Blossom Festival, Ming Cultural Festival and Sweet Osmanthus Festival. There is also a Marketing and Tourist Guidance Service Company affiliated to the administration, and one of its function is to market its products, namely, the two scenic areas to the travel agencies. There are 4 people working on the tourist agencies in the company, one marketing manager and 3 staffs (one responsible for Jiangsu province, one for neighboring provinces like Zhejiang and Anhui, and one responsible for the rest of the country).

The marketing planning process is quite simple. They have a “Working Opinions on the Implementation of Marketing Efforts” annually at the beginning of the year, laying out the target for ticket selling, the markets to work on and the major events within the year. The contents in the “Working Opinion” are normally repeated year after year, more or less. For the recent two years, the target for the ticket selling is unchanged at 220 million RMB. The markets are mostly segmented by region, targeting the Jiangsu and cities in the neighboring provinces as the major markets and exploring the economic advanced regions like Beijing, Shanghai, Wuhan and Guangdong provinces as promising markets. The promotional events are the same every year. The plan is written in broad brush with no implementation details. It looks like a compilation of working plan of different divisions rather than an integrated and coordinated marketing plan. Moreover, there is no revision of the plan or review of the implementation during the year.

6.2.2. Product

The National Park, as discussed before, has many tourist resources, including many heritage attractions and natural sceneries like forests and lakes. However, the administration bureau only leverages the cultural assets in the National Park and clusters the heritage sites into two scenic area groups. So the administration bureau has very narrow product portfolio and the only serious products it sells are heritage sightseeing. While it sells the heritage sites in the ticket offices at the entrance of both scenic areas to individuals, it sells to the most of group travelers through travel agencies with

packages bundling the National Park with other major tourist attractions in the region. In particular, the classic route in the region, as the manager of the marketing division of the Marketing and Tourist Guidance Service Company mentioned, which is called Huadong (Eastern China) route and includes Shanghai, Hangzhou, Suzhou and Nanjing, contributes 1/3 of the group tourists to the National Park.

The Administration Bureau has very limited souvenir products to explore the depth of the tourists' pockets. It has limited number of medals, books and miniature sculptures in their souvenir product portfolio and it sells these souvenirs halfway between the entrance and the main memorial hall in both Dr. Sun Yat-sen's Mausoleum and the Ming Tomb, unlike most of the heritage attractions the thesis writer has observed in Europe and Japan, which locate their souvenir shops at the entrance. On the only commercial street in the National Park, which is located right in front of the entrance to Dr. Sun Yat-sen's Mausoleum, there is no single shop dedicated to the selling of souvenirs related to the attractions itself but general tourist products normally seen almost at every tourist attraction in the country, which one senior manager commented, are not very appealing to the tourists at all.

In addition, the administration bureau has not leveraged the natural sceneries as valuable assets and developed any products accordingly. In comparison, the Western Lake in Zhejiang province, which cancelled the admission fee to the lake in 2002, has took advantage of the lakeside view and developed an area along the lake with restaurants and bars, which provides catering and entertainment products alongside the sightseeing service in 22 attraction sites within the area to the tourists, making it a place ideal for people seeking relaxation after work and a getaway during the weekends. This diverse product portfolio has impact on its revenue structure, as shown in the last section that almost half of the revenue for the Western Lake has been in the form of rents and direct sales from these restaurants and bars, with the balance from ticket sales.

6.2.3. Price

The ticket prices for the scenic areas, said by many tourists and admitted by some of the senior managers, are relative high. The individual ticket for Dr. Sun Yat-sen’s Mausoleum Scenic Area is 80 RMB, for the Ming Tomb 70 RMB and the set ticket for both scenic areas 150 RMB. For the travel agencies, the National Park grants 20% discount for each scenic area, 65 RMB for Dr. Sun Yat-sen’s Mausoleum and 56 RMB for the Ming Tomb, and a 30% off for the set ticket at 105 RMB, and it also gives special discount for certain groups such as students and senior citizens (Exhibit 6.7). In addition, during the Plum Blossom Festival, the administration separates the Plum Blossom Hill from the Ming Tomb Scenic Area and adopts special price policy (Exhibit 6.8).

Exhibit 6.7 Ticket Price Table

Individual ticket (RMB)	
中山陵 (including 灵谷寺)	80
明孝陵 (including Plum Blossom Hill)	70
set ticket	150
Group ticket (RMB)	
中山陵 (including 灵谷寺)	65
明孝陵 (including Plum Blossom Hill)	56
set ticket	105
Discount Ticket	
Children under 1.3meter	Free
Student and children above 1.3 meter	80%
Local primary and high school student group	20 per site, 30 for set ticket
Nonlocal primary and high school student group	40 per site, 50 for set ticket
College student group (above 50)	40 per site, 60 for set ticket
Senior citizen 60-69	80%
Senior citizen above 70, disabled, serviceman, retired serviceman, guide, journalist	Free

Source: the Administration Bureau of Dr. Sun Yat-sen’s Mausoleum

Exhibit 6.8 Special Price Policy during the Plum Blossom Festival

Individual ticket	
明孝陵 excluding Plum Blossom Hill	20
Plum Blossom Hill	50, 10 for children
Group ticket	
Plum Blossom Hill	40
中山陵 and Plum Blossom Hill	100

Source: the Administration Bureau of Dr. Sun Yat-sen’s Mausoleum

The ticket price policy puts the Ming Tomb at a disadvantageous position. Compared to Dr. Sun Yat-sen’s Mausoleum, the Ming Tomb lacks uniqueness, since there are other 13 Ming Tombs in Beijing, and they bundled together, are the “World Cultural Heritage” recognized by UNESCO; and it has lower brand recognition, for only 16.6% of domestic tourists know about the place before visiting Nanjing while the percentage for Dr. Sun Yat-sen’s Mausoleum is 87%. In addition, it is very close to Dr. Sun Yat-sen’s Mausoleum and sometimes considered by many tourists a minor attraction attached to it rather than an independent attraction on its own merit, according to one senior manager of the bureau. Therefore, the Ming Tomb is less attractive than Dr. Sun Yat-sen’s Mausoleum as reflected in the number of annual tourists shown in the last section. However, the ticket price for individual is just 10 RMB less than that of Dr. Sun Yat-sen’s Mausoleum, and much expensive compared to other Ming Tombs in Beijing (Exhibit 6.9). In addition, the price policy gives no incentives to both individuals and groups to visit Ming Tomb. For individuals, the set ticket price is the simple add-up of those of two scenic areas, giving no discount to encourage tourists to visit both scenic areas when most of the tourists tend to give priority to Dr Sun Yat-sen’s Mausoleum. On the group’s front, though the administration provides 20% off to the Ming Tomb and 30% to the set ticket, the incentives given are not enough to attract travel agencies to include the Ming Tomb into their package. As one senior manager disclosed, as far as he knows, other attractions in Nanjing, such as President House for the Republic of China, grants up to 50% discount to travel agencies.

Exhibit 6.9 Ticket Price for the Ming Tombs in Beijing

Tomb	Price for High Season	Price for Low Season
昭陵	20	20
定陵	60	40
长陵	45	30

Source: [www. Bjlyw.com](http://www.Bjlyw.com)

Given the obvious disadvantage of the price policy, the senior managers are quite conservative and defensive to any reduction in ticket price. One open-minded manager provided

during the interview an example of the benefit of flexibility in price policy and the difficulty to achieve it. The administration used to be reluctant to give more than 50% discount to the student groups, which means 40 RMB for Dr. Sun Yat-sen's Mausoleum alone. However, the manager in case found out that the budget of many schools in Nanjing for the spring and autumn outings was 40 RMB per student, including transportation and entrance fee. Therefore the National Park cannot enter this market at all with the old price policy. It took that manager 2 years to persuade other senior managers to agree on the new price policy for student groups, which is 20 RMB. As a result, the National Park has a student outing market of 40 to 50 thousands visitors every year, contributing 1 million to the bottom line. However, this is a rare case and the thesis writer found in the "Working Opinion of the Implantation of Marketing Effort 2010" that the management is still thinking about raising the ticket price for the Ming Tomb, which will be a bad move if put into effect.

6.2.4. Promotion and Place

There are three regular annual promotional events in the National Park, namely, the Plum Blossom Festival around March, the Ming Cultural Festival in May and the Sweet Osmanthus Blossom Festival in late October. During the events, there are normally opening ceremonies and exhibitions on the subject within the attraction concerned. Sales efforts are made by the marketing team to the regional travel agencies. These events are also the occasions the National Park conduct PR campaigns, for there are some media exposures arranged in the local newspapers and televisions on the events. The promotional expenditure for the Plum Blossom Festival is around 1 million RMB each year, and 0.5 million RMB each for the other two, according to the manager directly involved in the events. As a result, the Plum Blossom Festival is the most well-received promotional event and there is an influx of tourists to the Plum Blossom Hill during that time (Exhibit 6.3), making the festival a local brand. The Ming Cultural Festival and the Sweet Osmanthus Blossom Festival are not very well received. The Ming Cultural Festival didn't bring additional tourists to the Tomb in 2009 (Exhibit 6.3), and the surge in October in 2009 was mainly due to the golden week rather than the Sweet Osmanthus Blossom Festival, for 210 thousands out of 387 thousands tourists in October,

2009 came during the first week of the month. All the promotional events target on a certain attraction in the National Park and there is no event promoting the National Park as a tourist attraction.

In addition to the promotional events, there are also some commercials in the print media targeting group tourists in both local market and some markets the administration bureau deems important like Shanghai, Wuhan and Beijing. It normally pays major tourist agencies in the markets to put advertisement of packages including Dr. Sun Yat-sen's Mausoleum on the local newspapers. There are few push efforts to sell the Ming Tomb to the tourist agencies and thus less exposure of the Ming Tomb in the travel package advertisement, according to the marketing manager. Besides the print media exposure, Dr. Sun Yat-sen's Mausoleum has some exposure on TV during the national holidays free of charge, since local news and even news from central television reporting on the tourist markets during holidays always spare a few seconds on it. However, it also shows lack of exposure of the Ming Tomb in the traditional media. Moreover, a senior manager also mentioned that Hangzhou and Suzhou, two major competitors in the region, often have commercials for the city on the central television's international channel, sponsored by the deep pocket of two city's government, giving them high exposure in the international markets, while Nanjing has none.

The other evidence that the promotion focuses on the group tourists is that the administration provides annual kickbacks to the travel agencies organizing more than 10 thousand tourists. It has roughly four levels of kickbacks, 1 RMB per person for travel agencies organized more than 10 thousand tourists, 1.5 RMB per person for over 30 thousand, 2 for over 70 thousand and 2.5 for over 100 thousands. In 2009, it handed out more than 1 million RMB to 11 travel agencies in this regard (Exhibit 6. 10). However, though it is hard to sell the Ming Tomb to the travel agencies, there is no special policy to promote the scenic area to them.

Exhibit 6.10 Kickbacks to Major Tourist Agencies in 2009

No	Agencies	Number of Toursits	Rewards (RMB)
1	中山陵大酒店	120,817	292,451
2	南京佰祥旅行社	87,328	191,984
3	南京德高旅游有限公司	73,680	151,040
4	南京嘉麟楼大酒店	71,715	145,145
5	南京凤凰假期旅行社	53,288	89,864
6	南京太平洋旅行社	45,942	71,884
7	南京大华旅行社	34,877	49,754
8	南京台旅观光旅游有限公司	22,566	25,132
9	南京大世界旅行社	13,358	13,358
10	南京畅游天下旅行社	12,448	12,448
11	浙江新世界国际旅游有限公司	10,415	10,415
	Total	546,434	1,053,475

Source: the Administration Bureau of Dr. Sun Yat-sen's Mausoleum

In addition to the traditional media, the administration bureau has given attention to the internet in recent years. It has improved its website in both Chinese and English. However, it only has limited promotion on the internet. According to the marketing manager, the National Park only promotes its products on the Ctrip.com, the largest travel website in China, and the only measure is to provide a discount of 5 RMB to group tourists booking online through Ctrip.com. There are only around 4 to 5 thousand tourists visiting the National Park through website booking, according to the calculation of this marketing manager.

Section 3. TOURIST SATISFACTION ANALYSIS

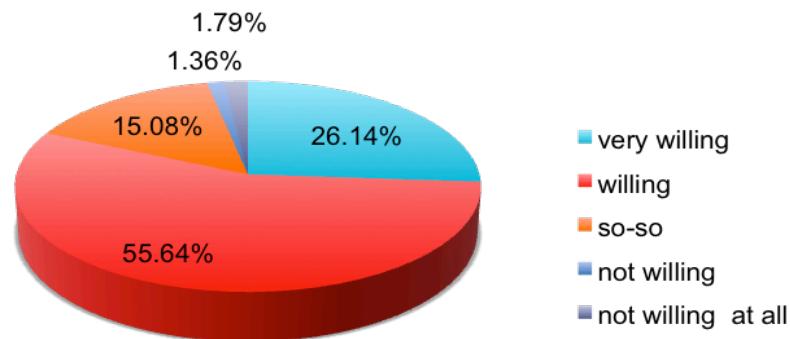
“Word-of-mouth” is one of the most important channels for the tourists coming to the Zhongshan National Park to get to know the park, just second to the TV news. As a crucial publicity channel for the National Park, the word-of-mouth is very much dependant on the satisfaction of the tourists who have visited the National Park before and their willingness to introduce the National Park to their friends and relatives. A close look at customer satisfaction will give the administration bureau some ideas about things left to be improved in the management in an effort to better market the National Park. Therefore, a survey on customer satisfaction was done during the Lunar New Year

holiday in February, 2010²⁴. The survey was conducted at the exits of both Dr. Sun Yat sen's Mausoleum and the Ming Tomb, and tourists were invited to preset tables where they could fill the questionnaires in Chinese. Considering that group tourists had limited time and therefore were hard to approach, travel agencies were contacted in advance so that survey on the group tourists could be arranged to avoid biased result from individual tourists. The survey was carried out from Feb 15th to Feb 17th and 2000 questionnaires were collected.

The overall result was very positive since more than 80% of the participants in the survey expressed their willingness to recommend the National Park to their friends and relatives and 65% of them said they were willing to visit the park again (Exhibit 6. 11).

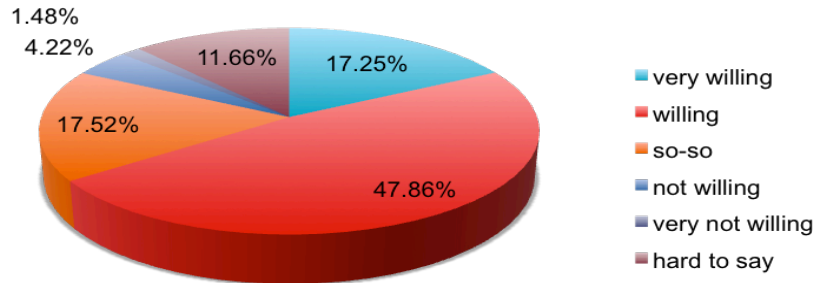
Exhibit 6.11 General Results of the Customer Satisfaction Survey

Willingness to Recommend the National Park to Friends and Relatives



²⁴ February 13th to February 19th, 2010.

Willingness to Visit the National Park Again



Despite the rosy picture presented by the survey, a detailed analysis is necessary to identify the factors that make the tourists dissatisfied and thus may danger the reputation of the National Park as a tourist attraction. Therefore, in addition to their willingness to recommend and come back, the tourists were asked to grade the National Park on a scale of 5, with 1 meaning very dissatisfied to 5 very satisfied, in 15 aspects including cultural content, vegetation, hygiene, organizing ability, safety, accessibility, internal transportation, road signs, introductory materials, guide, service, food and beverage, shopping, toilets and general impression. The general impression was close to 4, which means tourists involved in the survey were satisfied with the National Park and all the scores in other 14 aspects were above average score of 3 (Exhibit 6.12). However, the absolute scores are less instructive than the relative disparities among different factors, since the interviewees in the survey tended to be polite and kind to give high scores.

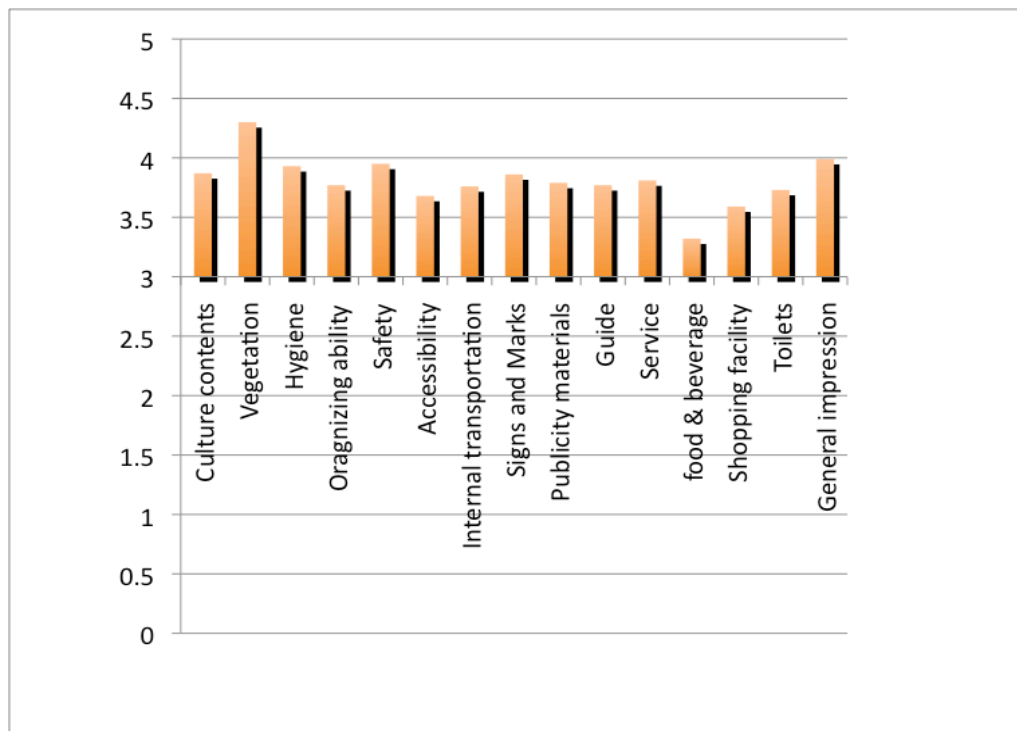
By comparing the 15 factors, it is easy to see that most of the tourists were very satisfied with the natural environment in the National Park, giving the highest score of 4.3 in vegetation, the only one above 4. In contrast, no other factors have got the satisfactory score of 4.

The worst two are food and beverage and shopping facilities. It was a foreseeable result since there are limited catering and shopping facilities around the scenic areas, mostly concentrated in the commercial street, and they are mostly run by small private businesses that pay rent to the

administration but not managed by it. The catering businesses normally provide minimum service and overpriced food to the tourists to maximize the profit since they think it is one-time purchase by the tourists. The souvenir shops run by small businesses carry low quality tourist products commonly seen in every attraction in the country.

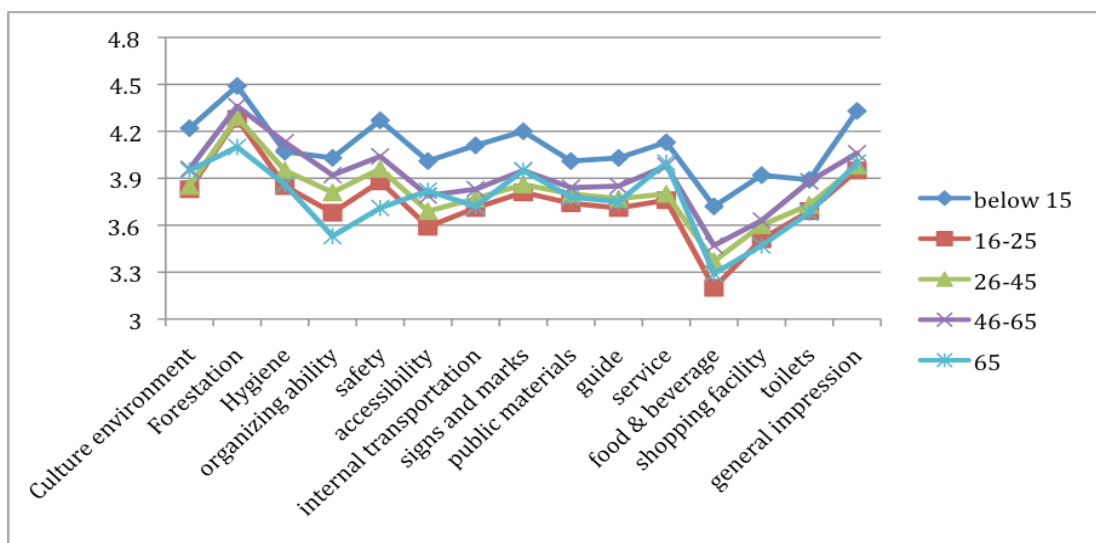
Another worrying factor is the cultural contents. The National Park considers the historical and cultural heritage its most valuable assets and the major attractions to the tourists, but the average score for cultural contents didn't reach the satisfactory score of 4, and was behind that of vegetation, hygiene and safety. It shows that the cultural products the National Park has provided are not sufficient. In fact, the administration bureau provides rich historic and cultural background information and knowledge in the Ming History Museum and the Museum on the History of Dr. Sun Yat-sen. However, both museums are quite far away from the main attractions, so the traffic to these museums is much less.

Exhibit 6.12 Detailed Customer Satisfaction Survey Result



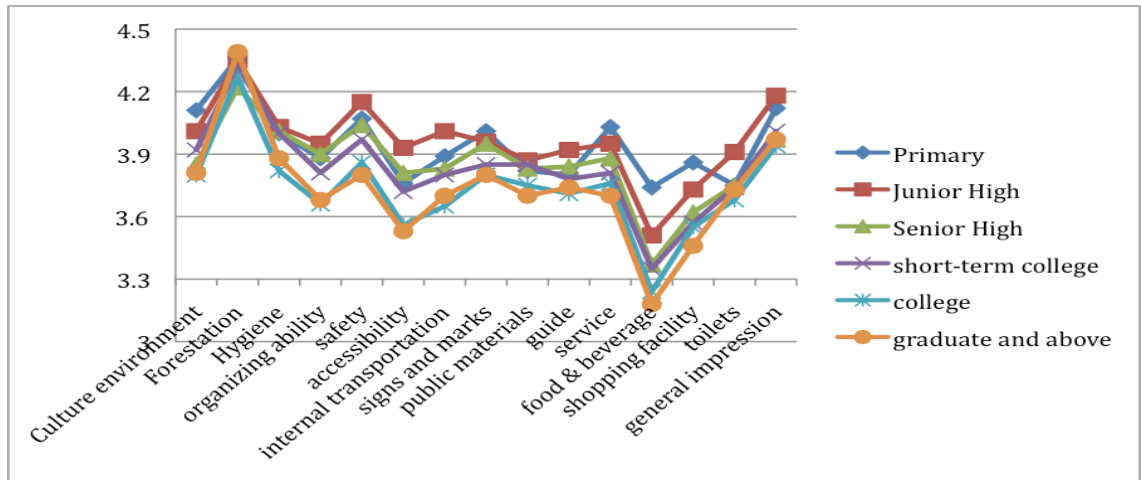
To further segment the survey results by age, it turned out that tourists under age of 15 were more satisfied with all aspects in the National Park than the rest of the groups (Exhibit 6.13). In contrast, tourists in the age group 16-25 and 26-45 are more picky and have low satisfaction level on most of the factors listed in the survey. Unfortunately, they are the majority of the tourists to the National Park.

Exhibit 6.13 Detailed Customer Satisfaction Survey Result by age



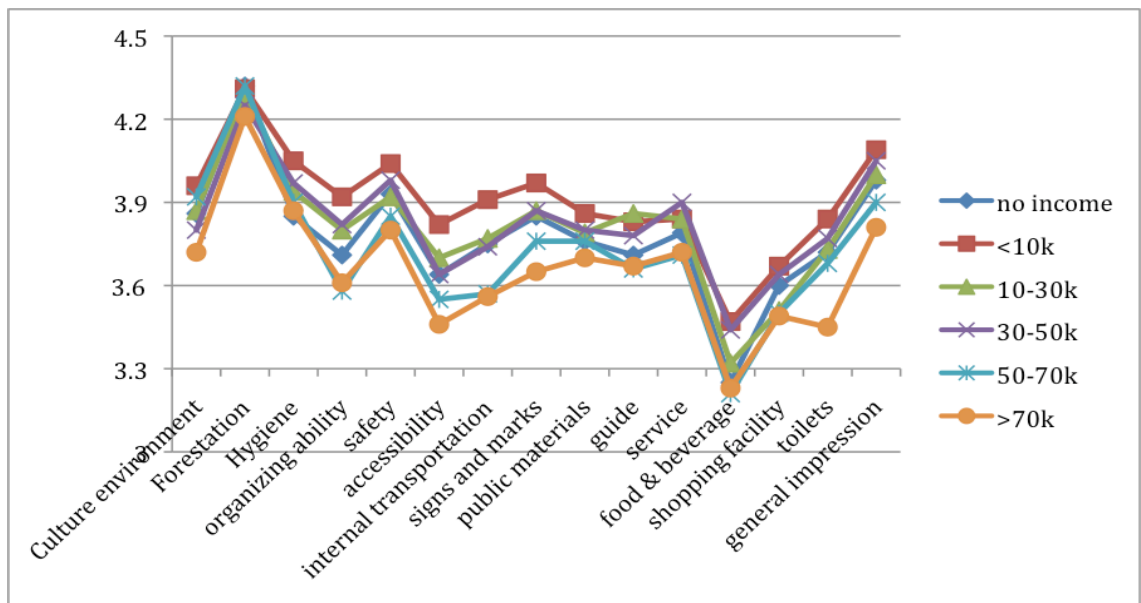
In terms of educational background, in general, the higher the educational background, the lower the satisfaction level (Exhibit 6.14). It is especially worrying that the tourists with higher educational background were less satisfied with the culture contents provided in the scenic areas, since the National Park has mainly promoted culture heritage as its main asset. It is also worth noticing that people with highest educational background also gave the highest score on vegetation.

Exhibit 6.14 Detailed Customer Satisfaction Survey Result by Educational Background



In terms of income, a direct indicator to consumption power, the survey showed that in general the higher the income, the lower the satisfactory level (Exhibit 6.15). It is a worrying result because it shows that the National Park has not done very well to satisfy the high worth tourists and therefore been unable to dig the depth of their pockets.

Exhibit 15 Detailed Customer Satisfaction Survey Result by Income



Section 4. SUMMARY

1. The Zhongshan National Park has unbalanced revenue structure, which concentrates on the ticket sales from Dr. Sun Yat-sen's Mausoleum Scenic Area and the Ming Tomb Scenic Area. There are negligible incomes from other services like food and beverage. Between the two scenic areas, the ticket revenue is mainly from Dr. Sun Yat-sen's Mausoleum with marginal revenue from the Ming Tomb. In the Ming Tomb, the group ticket revenue is very small compared to its individual ticket revenue. The revenue structure has to be balanced for further growth, in particular the income other than admission ticket should be increased and work has to be done to promote the Ming Tomb.

2. The marketing functions are distributed in different divisions and sub-organizations of the Administration Bureau and there is limited coordination among these functions. Organizational and/or process changes are needed to better transfer market research to targeted marketing actions.

3. The products of the National Park limit to heritage sightseeing, with no serious development of other products, including catering service and souvenirs. In addition, on the one hand, the natural scenery, an important resource in the National Park, has not been fully tapped and no product has been developed from it; and on the other hand, it was the most appreciated element in the National Park from the result of a tourist satisfaction survey. It implies that new product development tapping into the natural scenery is promising and thus worth considering.

4. The price policy of the National Park is unfavorable to the Ming Tomb and the management is not very flexible on the price policy. New price policy has to be adopted to give additional support to the Ming Tomb.

5. Among three annual promotion events, only Plum Blossom Festival is effective. However, all the promotion events focus on a certain attraction in the National Park but no promotion on the

park as a whole. Most promotion activities target the travel agencies channel and skew on Dr. Sun Yat-sen' Mausoleum. No sufficient attention has been given to promote the Ming Tomb. New promotional policies and events should be designed to promote the National Park as a whole and provide additional support to the Ming Tomb. In addition, promotion activities should refocus on the individual market which accounts for a large share of its tourist base.

6. Word-of Mouth is an important promotion channel for the National Park. According to the survey, tourists are satisfied with the National Park in general and most of them are willing to recommend it to their friends and relatives. However, a close-up showed that catering and shopping service were relatively not up to the tourists' expectation and the high worth tourists with higher consumption ability satisfied less than the rest of the tourists. To increase revenue, the National Park has to capture the high worth tourists, who are normally around 25-45 with high educational background and high purchasing power. In doing so, the National Park has to improve the satisfaction rate of these tourists since they would be the reference group in potential targeted tourist' decision-making process. Therefore, the administration bureau has to take measures to improve its food and beverage service, its shopping environment and to relate more culture contents to its attraction sites. In particular, the improvement in food and beverage service could directly lead to revenue growth.

CHAPTER 7. ALTERNATIVES ASSESSMENT AND RECOMMENDATIONS

The chapter examines the alternatives the Administration Bureau of Dr. Sun Yat-sen’s Mausoleum can take to increase their revenues, built upon the analysis in previous chapters; and gives recommendations accordingly. There are two levels of alternatives available. Section 1 looks at the strategy the administration bureau can take by seeking right growth avenue, and section 2 goes one level down to alternatives that can be done to improve the existing marketing mix. .

Section 1. GROWTH STRATEGY

Holloway and Plant (1992) developed a useful matrix to demonstrate the permutation of possible market/product interaction for the tourism industry (Exhibit 7.1), which is very similar to the Ansoff’s Product-Market Growth Matrix. It serves as a theoretical framework to scrutinize various growth avenues the administration bureau can take.

Exhibit 7.1 Product Options in New and Existing Markets

		Market	
		Existing	New
Product	New	Introduce new product to present market	Launch of new product to new market
	Existing	Modification to existing product for present market	Reposition present product to attract new market

Source: Marketing for Tourism, Holloway and Plant, 1992.

A. Product Alternatives

In terms of product, the administration bureau has two alternatives: to develop new type of products to utilize its not fully tapped resources and cater to the spotted trend in the marketplace, or to improve its existing products offer.

The study in the previous chapters shows that a trend towards getaway for leisure and holidays for a shorter period of time has been taking place in China, while percentage of travel for sightseeing has been dwindling, given the changing lifestyle and holiday pattern of China. Meanwhile, the resources audit in chapter 2 proved that the Zhongshan National Park, with its beautiful scenery highly regarded by the tourists and its easy accessibility to the people in Nanjing and surrounding cities, has the potential to provide leisure environment for holiday takers. The logic conclusion is straightforward: the Zhongshan National Park is able to develop new getaway products to gain new tourists base.

On the other hand, the administration bureau can also make efforts to improve its existing products offer to attract more visitors and dig deep into their pockets. It could provide more cultural contents in scenic areas, quality souvenirs and better food and beverage offerings.

B. Market Alternatives

In terms of market, there are two levels. The administration bureau can focus its effort in the existing domestic market or try to expand to the international market which is marginal at the moment. In fact, some managers in the administration bureau expressed their wishes to explore the international market in the interviews, given the stagnant revenues from domestic market in the last two years. On the domestic market front, from market analysis in chapter 5, the national park is in large part a regional player with some coverage in distant provinces. Therefore, the administration have to decide where the growth should come from, neighboring areas where already account for large part of its tourists, or distant but promising places like Beijing, Wuhan and Guangzhou.

C. Product-Market Growth Mix

Theoretically, there are four expansion alternatives given the product-market growth mix. However, taking the product potential and existing market reality, there are in general three combinations that make sense, and the administration bureau should prioritize their alternatives in the following order: improving the existing product offer to the domestic market (P-M1); developing new leisure products for the domestic market (P-M2); and expanding the existing product to the international market (P-M3) (Exhibit 7.2).

Exhibit 7.2 Product-Market Growth Matrix in Prioritized Order

		Market	
		International	Domestic
Product	Existing	3	1
	New	-	2

P-M1: it shows from the analysis that the domestic market is the lifeline of the National Park, and the region where the national park is located, is where tourists with high purchasing power concentrate. Therefore, domestic market, especially regional market, is still the priority for the National Park. Since the revenue source depends very much on the entrance ticket sales, it would be a natural source of revenue growth if the number of tourists is increasing. However, though the number of domestic tourists visiting Nanjing has increased over the year, those who visit the Zhongshan National Park has been stabilized at close to 2.8 million in the recent two years. In

addition, the cultural contents provided in the National Park have not met the expectation of its highly educated tourists. In this context, the logical solution for the administration bureau is to improve the product offerings within the existing product portfolio in order to attract more tourists, especially to the less visited Ming Tomb Scenic Area; and/or to dig into domestic tourists' pockets for things other than entrance tickets. The fine-tuning of the marketing mix and development of better cultural related products like books and souvenirs are relatively easy to implement and low in investment, and it is the natural extension of the existing business. Therefore, improving the existing product offerings to the domestic market should be the top priority for the administration bureau.

P-M2: located in one of the most advanced region in China where increasing number of middle-class urban citizens with private cars and changing lifestyle and travel pattern exists, it is the logical extension of the future business to the leisure and getaway segment in the domestic market, especially when there are untapped resources ready for new product development. It is a strategic shift from the existing business that may involve heavy investment, and the administration bureau has no expertise in the business. However, the sector is more promising in terms of investment returns given the observed trend in urban travel purpose in chapter 3 and the successful case of the Western Lake in chapter 6. Though not an immediate agenda on the table, it is imperative for the administration bureau to think it over for the long term development of the National Park.

P-M3: the international market is at the moment marginal to the National Park. In accordance with the analysis in chapter 4, the city where the national park is located is less attractive to the international market compared to other tourist destinations in the region like Shanghai, Suzhou and Hangzhou. Besides, Dr. Sun Yat-sen's Mausoleum, the No.1 attraction in the National Park, is less attractive to the international market than world-renown attractions like the Great Wall, the Terracotta Army and even the Western Lake. Therefore, to increase the market share in the international market will be a difficult task and may involve heavy marketing investment. However, the turnout is unpredictable given the existing fluctuation in international tourist market to both

China as a whole and Nanjing in particular. In addition, it is the municipal government tourism authority's responsibility to promote the city in general and thus the effect of the promotional efforts made by the Administration Bureau of Dr. Sun Yat-sen's Mausoleum in the international market will be largely subject to the effect of municipal authority's effort to market the city, which is an uncontrollable element to the administration bureau. Therefore, it should not be a priority for the administration bureau to try to expand its international market. Given the existing international tourist structure and behavior observed in chapter 4, it is more practical for the administration bureau to take some low cost measures to promote the national park to the international market. For example, it can form alliance with hotels in the city and promote the national park to the visiting business people in these hotels and depend on the word-of-mouth promotion to bring new international tourists. It can also refine its English web homepage to provide the same level of detailed information as its Chinese web homepage.

Section 2. MARKETING MIX

The existing marketing efforts, as analyzed, have to be improved, in areas such as organization, product, price, promotion and place. Some elements are interrelated and should be improved simultaneously.

A. Organization and Culture

The existing organization is lacking in marketing planning and coordination among different divisions. The best way to address it is to create a marketing division taking care of the marketing research, planning and implementation, so that the market efforts could target the right groups based on the research and take properly promotions accordingly, and be consistently monitored and assessed. However, this requires a cultural change within the organization. At the moment, the senior managers are usually transferred from the government agencies and run the administration bureau in such a way as to run a governmental institution. Although the senior management appointment

system cannot be changed, managers assigned to the administration should change their mentality and be more business minded and marketing-oriented. They also have to build up marketing capability within the organization since there are few marketing experts there, for existing marketing team acts more like a sales team to the travel agencies. However, it takes time to change culture. In the meantime, instead of creating a new marketing division, it may be more practical to create a marketing coordination mechanism in which a senior manager supervises the marketing function and bring together people in ticket selling, publicity and marketing regularly to formulate marketing plan and monitor the implementation. The mechanism may improve the marketing coordination in the organization and cultivate a marketing-oriented culture at the same time.

B. Product

Product improvement for domestic market is the top priority as concluded in the last section. There are several ways to improve the existing products:

- Quality books and souvenirs could be developed and the selling locations could be rearranged to boost sale. The National Park could have its own souvenir shops at the entrance of the scenic areas, especially on the commercial street in front of Dr. Sun Yat-sen's Mausoleum to sell its books and souvenirs, and it could sell these products through other channels such as bookstores in the city.

- The administration could also develop new spaces for food and beverage services that could increase sales, while it has to monitor the quality of the service for word-of-mouth promotion, which will be discussed later.

- The administration should also improve the cultural contents in the scenic areas. As mentioned in the previous chapter, there are museums for history of both Republic of China and Ming dynasty in the National Park but a little far from the main scenic areas. One of the options is to provide shuttle transportation between the main attraction sites and their related museums. Another option is to have regular exhibitions of these museums in the main attraction sites, but it is subject to the space available in the main attraction sites.

Moreover, new leisure product development should be considered for future growth strategy. The new products should take advantage of the natural scenery in the National Park and its proximity to regional high way and intra-city ring road to explore the getaway market in the city as well as in the region. The targeted tourist would be high worth tourists in the region, especially those self-driving travel enthusiasts.

C. Price

Price is “one of the earliest strategic decisions to be considered alongside the other three major elements of the marketing mix”, and “in general tourism is both price and demand elastic” (Seaton and Bennett, 1996). At the moment, the administration bureau has adopted value-pricing for both Dr. Sun Yat-sen’s Mausoleum and the Ming Tomb scenic areas. However, the competition structures are different for these two products and thus the pricing method should be differentiated. Compared to the Dr. Sun Yat-sen’s Mausoleum, the Ming Tomb is in a worse position since it lacks uniqueness vis-à-vis its direct competitions (there are 13 Ming Tombs in Beijing, with 3 open to public). This is reflected in the ticket revenue structure presented in chapter 6. Above said, there are several alternatives for the existing pricing policies to promote the two scenic areas as a whole and to give additional support to the Ming Tomb, which are not necessary mutually exclusive.

a. Lowering Set Ticket Price

The obvious first step with regard to the pricing policy is to lower the set ticket price, since the existing price of adding the prices of two scenic areas does not provide any incentives to the tourists who do not plan to visit the Ming Tomb initially and thus does not make any sense. Benefits of lowering the set ticket price will be twofold. It will leverage the Dr. Sun Yat-sen’s Mausoleum brand for the benefit of the Ming Tomb by encouraging and directing some of the visitors from the Dr. Sun Yat-sen’s Mausoleum to the Ming Tomb. Meanwhile, as adding one more attraction lengthens the stay, tourists tend to spend more on other things, like souvenirs and food and beverage, if improving existing product offerings in souvenirs and catering turns out to be successful.

In fact, with thesis writer's recommendation on pricing, the administration bureau has already adopted this alternative on a trial basis during the Labor's Day holiday²⁵ in early May, 2010, a 3-day national leave, and the effect was satisfactory. The price for the set ticket was lowered from 150 RMB to 140 RMB. Coupled with promotional materials of Ming Tomb distributed in the Dr. Sun Yat-sen's Mausoleum, 4000 more set tickets were sold in the 3-day holiday than that of the same period last year, which were around 7800. Additional 482,000 RMB revenue was generated accordingly. It showed right away the effectiveness of this alternative and therefore we could say that it should be continued.

b. Lowering the ticket price for the Ming Tomb

At the moment, the Ming Tomb has adopted value-pricing method, because the administration bureau thought the "World Cultural Heritage" was a big leverage to hoist up the perception of the tourists on the value of the attraction. However, the ticket sales statistics proved that the thinking may be completely wrong since the number of the tourists visiting the Ming Tomb has been marginal compared to Dr. Sun Yat-sen's Mausoleum. The existing price for the former is only 10 RMB less than that of the latter. Though "World Cultural Heritage" is an asset that should be continuously emphasized in the promotional materials, especially in the region, considering the nature and the competitive position of the Ming Tomb, it seems to be more rational to lower the price to be in abreast with other Ming Tombs in Beijing. A simulation was done to show the revenue gains possible for this price reduction (Exhibit 7.3), and the tourist number is based on the average individual visitors to the Ming Tomb between 2008 and 2009 (excluding individual entrance with set tickets), which was about 280,000. If price was reduced 14.3% to 60 RMB and if there were 20% increase in demand, the revenue could be increased by over half a million; if price was reduced 21.4% to 55 RMB, it would need 30% increase in demand to register revenue increase. Given the experiment on the price reduction of set ticket, a 10 RMB reduction in ticket price has the potential to generate over 20% increase in demand, therefore a 10 RMB reduction of Ming Tomb's ticket

²⁵ From 1st May to 3rd May, 2010.

could be reasonable, while reducing price by 15 RMB and expecting over 30% increase in demand could be riskier. A way to test the effect on the price reduction without big risk could be to reduce the price temporarily in the trough season, like in December.

Exhibit 7.3 Price Reduction Simulation

Existing Price	70				
Existing Tourist	280,000				
Existing revenue RMB	19,600,000				
Price reduction 1	60				
Market growth %	10%	15%	20%	25%	30%
Tourist #	308,000	322,000	336,000	350,000	364,000
Impact on revenue RMB	18,480,000	19,320,000	20,160,000	21,000,000	21,840,000
Increase in revenue RMB	-1,120,000	-280,000	560,000	1,400,000	2,240,000
Price reduction 2	55				
Market growth %	10%	15%	20%	25%	30%
Tourist #	308,000	322,000	336,000	350,000	364,000
Impact on revenue RMB	16,940,000	17,710,000	18,480,000	19,250,000	20,020,000
Increase in revenue RMB	-2,660,000	-1,890,000	-1,120,000	-350,000	420,000

c. Bundling of the Two Scenic Areas

Another alternative is to bundle the existing two scenic areas into one and charge a higher entrance fee in order to spillover the attractiveness of Dr. Sun Yat-sen's Mausoleum to the Ming Tomb. In fact, many minor attractions in the national park were bundled into two scenic areas that charged admission fees in October 2006 and the effect was immediate. The ticket revenue jumped from 160 million RMB in 2005 to the peak 230 million RMB in 2007 and stabilized at around 220 million in the last two years (Exhibit 7.4).

Exhibit 7.4 Ticket Revenues 2005-2009

Year	2005	2006	2007	2008	2009
Ticket Sales in million RMB	160	180	230	220	220

Source: the Administration of Dr. Sun Yat-sen's Mausoleum.

The revenue impact will be obvious for further bundling the existing two scenic areas. Presuming the bundling with 20 RMB increase in ticket price will result in 20% less of individual visitors (excluding individual entrance with set ticket and averaged by 2008 and 2009 figure), the revenue gain will stand at 2.8 million RMB (Exhibit 7.5). However, there are some difficulties to this bundling approach. According to a senior manager at the administration bureau, the ticket price has to be approved by the government price watchdog; and given the existing complaints on the price of the attractions, it might be difficult to have the new pricing policy get through. In addition, the bundling involves new product offer to the travel agencies and their reaction will be not clear; and consumer's opinion on the bundling will probably be negative and could damage the brand of the National Park.

Exhibit 7.5 Simulation on Bundling Scenario

	Ticket Sales RMB	# of Tourists	
Dr. Sun Yat-Sen's Mausoleum	88,000,000	1,100,000	
The Ming Tomb	19,600,000	280,000	
Total	107,600,000	1,380,000	
Bundling Scenario			
Bundling Scenario	Ticket Sales	# of tourists	Revenue Impact
Ticket Price	100		
% of # of Original Tourists			
100%	138,000,000	1,380,000	30,400,000
90%	124,200,000	1,242,000	16,600,000
80%	110,400,000	1,104,000	2,800,000
70%	96,600,000	966,000	-11,000,000

D. Promotion and Place

For promotion, the alternatives are among what to promote, how and where to promote it. Promotion is part of the prior communication to the tourists, which creates image upon which tourism decision is based (Seaton and Bennett, 1996). Exhibit 7.6 shows the consumer information mix with regard to prior communication. Therefore, the whole prior communication process has to be looked at.

With regard to what to promote, it is obvious from chapter 6 that Dr. Sun Yat-sen's mausoleum has been covered by all 4 aspects of prior communication and always the focus of the promotion while the Ming Tomb has not been fully communicated to the potential tourists. It is understandable; however, more attention and support should be given to the Ming Tomb than the existing level of efforts since it is the weak link and there are fewer non-commercial impersonal exposures for the Ming Tomb in books and news programmes.

Exhibit 7.6 the Consumer Information Matrix: Main Sources of Information

	Personal	Impersonal
Commercial	Commercial, personal Travel agents Tour operator reps Tour guides Tourist information center staff Telephone sales staff Organizational employees	Commercial, impersonal(mass media) Advertising Brochures Tourist board leaflets Videos and displays Teletext
Non-commercial	Non-commercial personal Friends Relatives School teachers Peer groups Hearsay	Non-commercial impersonal Media output: travel programmes, newspaper travel pages, guide books, news programmes, novels

Source: Seaton and Bennett, 1996

Within the existing promotional effort, incentives can be given to travel agencies which bring a certain level of group tourists to the Ming Tomb scenic area in addition to the overall incentive programme and the incentives should be on an equivalent term with those given by other attractions in Nanjing, which as the marketing manager estimated, is in the range of 3-5 RMB per tourist. In addition, more contents and routes consisting of the Ming Tomb have to be included in the promotion to travel agencies.

With regard to how to promote, existing efforts focus on the travel agencies with the group tourists. However, the research on the domestic market reveals obvious difference in types of tourists between seasons and regions. For short national holidays, including golden weeks, there are more individual tourists from the nearby region, who have different information sources and decision-making process from group tourists of distant regions. Therefore, the administration bureau has to adopt different promotional measures and channels to attract regional individual tourists. In this regard, Seaton and Bennett have the following observation:

Destination images are more affected by non-promotional communication than the efforts of tourism agencies, except in the case of new, little known places...Destination images are more affected by word of mouth report than most other influences. Numerous studies have shown that the holiday decision, including destination choice, is often more influenced by informal information networks (friends and relatives, peer group, etc.) than media sources.

This observation is seconded by the survey in chapter 5 that word-of-mouth is among the top 3 information channels for the tourist visiting the National Park, way ahead of travel agencies and other promotion media. Considering the fact that individual tourists are more profitable than the group tourists and they tend to stay longer in the National Park, the administration bureau therefore has to target individual tourist group with high purchasing power and work on the word-of-mouth promotion by improving its service with reference to the tourist satisfaction survey. The emphasis should be on food and beverage offering and shopping environment. The improvement in shopping environment will not only enhance customer satisfaction, but will also have impact on the word-of-mouth promotion, since most of the attractive souvenirs sold will probably end up in the hands of tourists' family members and friends. It requires the administration bureau to gain a tighter control over the quality these services provide. There are two alternatives to achieve the objective: one is to take over the business and manage catering and shopping under its direct control and the other is to create objective and verifiable qualifications to select proper private businesses to render the service. Under the current situation, the latter alternative is more plausible. Besides, in addition

to the existing PR they have done with local news papers and occasional exposures on national television news programme, new promotional places and events can also be adopted to attract the attention of individual tourists, like promoting through internet and holding new events, which will be discussed immediately.

With regard to the marketing place, the netizen survey in chapter 3 shows many tourists are now searching travel information online, especially in the markets important to the National Park, like Shanghai and Zhejiang. On the other hand, the survey in chapter 5 shows the share of tourists accessing the information on the National Park online is less than the national average, reflecting the insufficiency of online promotion efforts made by the administration bureau. To approach its consumers more effectively, it will be beneficial to take online promotional campaign in portal or tourism website favored in these cities.

Finally, promotional event can enhance tourist flow if done properly, as shown by the Plum Blossom Festival in March. New promotional events can be developed to showcase other natural assets highly regarded by the tourists. For example, in the tourist satisfaction survey, the vegetation/green environment has the highest score among all segments of the tourists, therefore, for example, a half marathon could be held inside the National Park (the road within the park amounts to around 23 kilometers) every year to promote this asset with at least a regional non-commercial media exposure. The event will draw attention of the potential tourists and influence them when there is a travel decision to make. It will be even more beneficial if the administration bureau will develop leisure products to the regional market in the long term.

Section 3. RECOMMENDATIONS

To summarize this section, it is recommended to prioritize the alternatives in the product-market growth mix in the following order:

1. to improve the existing product offer to the domestic market and fine-tune the market mix to reach out for the potential tourists.

2. to start studying on the possibility of developing leisure products for the getaway market in the region as a long-term strategy, targeting primarily high worth self-driving travelers.

3. not to promote in the international market with heavy investment, but to cooperate with the municipal authority to promote the city as a whole while focusing its individual effort on the business travelers in major hotels in the city.

With regard to the marketing mix, it is recommended:

1. to change the culture of the administration bureau to be more business minded and market-oriented;

2. to improve existing product offerings in souvenirs and catering service and to connect its main attraction sites with museums by shuttle transportation service.

3. to change its pricing policy to lower the prices for set ticket and ticket for the Ming Tomb;

4. to give more emphasis on the promotion of the Ming Tomb than before, including special incentives to the travel agencies and more contents in promotional materials with continuing emphasis on “World Culture Heritage”;

5. to take different marketing measures to different tourist groups in different regions. For individual tourists, marketing effort should put emphasis on word-of-mouth promotion by improving its service, especially developing systems to improve its food and beverage and shopping environment;

6. to develop online promotion plan in major cities;

7. to develop new promotional events to showcase its natural environment highly regarded by the tourists, e.g., annual half marathon race.

EXECUTIVE SUMMARY

To summarize the study, it is better to look at the logic chart introduced in chapter 1(Exhibit 8.1). Chapter 2 and 3 analyzed the internal environment constraints, audited the resources the Zhongshan National Park has and identified the trend and opportunities for future growth within the current external environment. Analysis in Chapter 4 identified the market the national park has to focus on and chapter 5 revealed the characteristics of the focused market. Based on the market analysis and coupled with analysis on the existing problems in the marketing efforts in chapter 6, chapter 7 listed the alternatives the administration bureau has for further revenue growth in terms of product-market mix and the marketing mix, and gives recommendations accordingly.

Exhibit 8.1 Logic Chart for the Study



The whole study can then be summarized in three sections: constraints and problems, market analysis and opportunities, and recommendations.

SECTION 1. CONSTRAINTS AND PROBLEMS

The revenue for the Zhongshan National Park has been stable for the last 3 years and the revenue structure heavily leans on ticket sales of two scenic areas, the Dr. Sun Yat-sen's Mausoleum and the Ming Tomb. The unbalanced revenue structure is caused in part by the fact that the administration bureau is a "public unit" that has no control over all the assets in the National Park, and it is excluded in particular any revenues from accommodation facilities in the park. However, it also reflects the fact that the administration bureau has not tapped fully into the natural scenery in the National Park, and developed new products to dig deeper into the tourists' pocket. The only natural beauty it has commercialized is the plum blossom that takes place only once a year and it takes for granted the fine "green" environment the tourists highly regard in the National Park.

Given its "public unit" status, it is hard for the administration bureau to restructure its workforce, which account for more than half of its expenditures, to save cost, and the end of disguised government fund will dampen the revenue for the years to come. Therefore the only way out for the administration bureau is to increase its revenue, by developing new and better products with right marketing efforts. However, by assessing the existing marketing mix, the price structure is not encouraging; the promotional efforts have not given enough support to the Ming Tomb scenic area, which is the weak link of the National Park; and the efforts mainly target group travelers through travel agency channel, missing the individual tourists market, which accounts for more than half of the visitor fountain for the National Park and more profitable than the other group, due to the higher ticket price and longer period of stay.

In addition, the food and beverage service and shopping environment are the least satisfied elements in a tourist's satisfaction survey, indicating things to be done to generate the word-of-mouth promotion that is a vital information channel for the individual tourists segment.

SECTION 2. MARKETPLACE ANALYSIS AND OPPORTUNITIES

The macro environment analysis shows strong growth of China's tourism industry over the last decade. However, the situation in recent years also shows that given the existing economic development in the world and at home, China's domestic market is more promising for the tourism industry than the international market that has bumped in the last couple of years. Further market analysis reveals that Nanjing, the city where the National Park is located, is weaker in terms of competitiveness in the international market than in the domestic market, compared to the other major tourist cities in the region, namely, Shanghai, Suzhou and Hangzhou. These mean that the revenue growth opportunity lies more likely in the domestic market than the international market for the National Park, at least in the near future.

Looking closer at the domestic tourism market, it concludes that the major consumers in the marketplace are urban dwellers mainly in the eastern part of China. They are becoming increasingly interested in travel for leisure and holidays in addition to the traditional sightseeing and they use more frequently the internet as a source of travel information. The National Park, which is located in the Yangtze River Delta where many developed cities in the eastern coastal exist, and which boasts natural scenery that is ready to turn into products for leisure and holidays, is in a good position to serve the tourists in the region and their getaway needs.

Analysis on the tourist structure and behaviors finds out that the National Park is mainly a regional player with longer distance coverage in the summer, serving all walks of life. For short holidays, the majority of the tourists are those in the region who plan their own travel rather than through travel agencies. They tend to stay longer and probably spend more, and their decision-making process involves heavily information from relatives and friends.

SECTION 3. RECOMMENDATIONS

Given the existing constraints and problems, as well as the market trend and opportunities identified, recommendations are given in terms of selecting proper product-market growth mix and improving marketing mix efforts.

With regard to the product-market growth mix, the most reasonable and doable alternative is to improve the existing product offer to the domestic, especially the regional market. It involves development of quality souvenirs and improvement of cultural contents in the existing scenic areas so that the tourists could have the willingness to spend more in the scenic areas rather than just pay the entrance fee. Moreover, taking into account the stabilization of the sightseeing demand from the tourists and their increasing interest in leisure and getaway, coupled with the successful story of the Western Lake, it is recommended to develop new leisure products to better-off people in the region who want weekend getaway. It is a big strategic move and probably needs a lot of investment, but is worth exploring the possibility since it will improve the revenue structure and bring in new revenues, probably in a large amount.

With regard to the marketing efforts, it is obvious that the administration bureau has to be more market-oriented; the price structure has to be modified immediately, especially to lower the price for the set ticket and ticket for the Ming Tomb. Bundling of the two scenic areas with single entrance ticket would boost the ticket revenue but it will have difficulty with the price watchdog of the government and the opposition from the travel agencies. The promotional activities should support the Ming Tomb more, e.g., through skewed purchase allowance to the travel agencies with additional incentive to those bring large number of tourists to the Ming Tomb. New promotional events such as half marathon should be considered. Moreover, more selective criteria for choosing food and beverage suppliers in the park has to be established to improve the service in the scenic areas, as a concrete effort to enhance word-of-mouth promotion to the individual tourists. Finally, the promotion should also target individual tourists using internet as their information source.

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